

1 one-acre lots?

2 A You want me to count them?

3 Q Yes, 28 one-acre lots, 1 two-acre lot, and there are
4 two lots totaling 10 acres. Is that correct?

5 A Yes, sir. Okay.

6 Q Do you agree?

7 A That's what it shows here, yes, sir.

8 Q All right. And you agree that those are at \$4500 an
9 acre?

10 A Excuse me?

11 Q You -- didn't you agree that -- that those are all
12 at \$4500 an acre?

13 A No, sir.

14 Q You do not?

15 A Well, no, sir.

16 Q Okay. All right. Now I have a question. Lot
17 number 7 -- excuse me -- 379. It's on the second page.

18 A Yes, sir.

19 Q I can't find that lot.

20 A Which one is that?

21 Q Three seventy-nine. Are you certain that Lot 379 is
22 in Lynita's name?

23 A I don't know, sir.

24 Q The reason I ask that -- if you'll take a look at --

1 can you go to the Exhibit that's part of this but at the top
2 says "County of Mojave"?
3 A Yes, sir.
4 Q Okay. I'm actually looking at Lot 379 with a parcel
5 number that is 317-06-321.
6 A Yes, sir.
7 Q And if you'd take a look at what we --
8 A Well, I don't see it but --
9 Q -- what we've obtained from Mojave County, I cannot
10 find that parcel number on this.
11 A Okay.
12 Q That's the -- can you -- do you have any explanation
13 as to where -- there's a mistake somewhere, correct?
14 A Yes, sir.
15 Q So do you know --
16 A There's a mistake.
17 Q -- if she owns this lot?
18 A I don't know.
19 Q All right. If you take a look at the next Exhibit
20 in here, it starts -- says "Gateway acres joint lots
21 spreadsheet." Now you prepared this, is that correct?
22 A I'm sorry, where are we at?
23 Q Take a look at the bottom. It's your -- your Bates
24 stamp number 763.

1 A I'm lost. Are we in the big book? Are we in --
2 Q We're in the big book.
3 A Okay. Big book. Big book and I see Gateway lots
4 number. Yes, sir. I'm sorry.
5 Q Okay. Now you put this together to show what lots
6 Lynita owns with -- with other individuals. Is that right?
7 A Joan put this together, yes, sir.
8 Q Okay. At your request?
9 A She would do it automatically on -- if this were her
10 account would be the Gateway. She manages these lots.
11 Q Well, now you provided this document to us for the
12 purpose of showing us what lots are jointly owned. Is that
13 correct?
14 A I believe that's what Joan was requested to do.
15 Yes, sir. Or I think Melissa asked Joan this, so she prepared
16 it for Joan to clarify it for Melissa.
17 Q Okay. Do you agree here, sir, that there are a
18 total of -- of 10 lots and the total acreage is 26.25 acres?
19 A (Indiscernible) lots. I don't know.
20 Q Can you count them up, sir?
21 A There's 10 lots in which Lynita has a 25 percent
22 interest. Is that what we're talking about?
23 Q No. I'm asking the acreage. If you'll --
24 A I'm sorry.

1 Q -- go to side -- lot size. By my calculations,
2 that's 26.25 acres.

3 A I'm not quite sure. I don't follow you. I'm sorry.
4 If you just you show me where we're at --

5 Q Okay. Do you see where it says lot size on there,
6 sir?

7 A Where -- not on this one, I don't see lot size.

8 Q Take a look at the next page, sir.

9 A The next page? Okay. Got it.

10 Q Okay.

11 A Is Ben Harbor? I got my next page is Ben Harbor.

12 (Pause/whispered conversation)

13 THE WITNESS: Oh, on the first page. Okay. Yes,
14 sir. Okay.

15 MR. DICKERSON: Okay. These are actually numbered,
16 so it was -- we've gone through -- we've gone through I-1 --

17 THE WITNESS: Okay.

18 THE DEFENDANT: Move for the admission of I-1.

19 MR. STEPHENS: No objection, Your Honor.

20 MR. DICKERSON: We've gone through I-2. Move for
21 the objection (sic) of I-2.

22 MR. STEPHENS: No objection to that either, Your
23 Honor.

24 THE COURT: I-1 and I-2 are hereby admitted.

1 (Defendant Exhibits I-1 and I-2 admitted)

2 MR. DICKERSON: We -- I-2 is -- it includes -- well,
3 it includes everything in this packet.

4 THE WITNESS: Okay.

5 MR. DICKERSON: Okay. The next one is the -- the
6 County reference. Is that correct?

7 THE WITNESS: Yes, sir.

8 MR. DICKERSON: And then we have the summary which
9 is supposed to be in a different location, but that's all
10 right. If you don't mind.

11 MR. STEPHENS: Mine, too.

12 MR. DICKERSON: I'll look at yours if it's okay.
13 That's fine. You know what, I think yours are going to be
14 over -- yes. I'm sorry.

15 MR STEPHENS: All right.

16 MR. DICKERSON: Mine is out of order, so actually
17 have you look at J.

18 THE WITNESS: Okay.

19 MR. DICKERSON: Thank you. Exhibit J is -- what do
20 you have as J?

21 MS. PROVOST: J --

22 MR. DICKERSON: Why is --

23 MS. PROVOST: -- 2.4, the 29 vacant lots Lynita
24 owns. I'm looking at --

1 MR. DICKERSON: (Indiscernible)
2 MS. PROVOST: -- I -- we own.
3 MR. STEPHENS: We have Nelson Lots as our Exhibit J.
4 MR. DICKERSON: No, that's not right.
5 MR. STEPHENS: Eric Nelson --
6 MR. DICKERSON: That's not right.
7 MS. PROVOST: Under J, I've got Eric Nelson lots.
8 MS. POLSELLI: Yeah, that's what we've got, Eric
9 Nelson lots. And we've got the 25 percent lots as K, the join
10 lots as K.
11 (UNIDENTIFIED SPEAKER): That's what I have, too.
12 MR. STEPHENS: Yeah, that mentioned mine, too.
13 (Pause/sorting exhibits)
14 MR. DICKERSON: I've got a bad sheet.
15 MS. PROVOST: His sheets are backward. The -- looks
16 like the sheets are backwards.
17 MR. DICKERSON: I'm sorry, Your Honor. All right.
18 BY MR. DICKERSON:
19 Q Do you find the one in there then on the joint lots?
20 A Yes, sir.
21 Q Okay. Would you please -- there are a total of 10
22 lots in which Lynita owns a 25 percent interest. Is that
23 correct?
24 A Yes, sir.

1 Q And would you total the lot acreage, the -- the lot
2 size there? I total it up to 26.5 acres. Is that correct?

3 A Yes. It looks -- appears to be correct.

4 Q Okay. Now, sir, if you -- you've also indicated --
5 do you see an exhibit in there with a -- an email from Joan
6 Bledsoe?

7 A I don't see it here.

8 Q Let me see if I can find it for you.

9 A It's not in -- it's not in K.

10 Q Well, there are two additional lots, sir, that are -
11 - that need to be foreclosed upon. Is that correct?

12 A Yes, sir. I believe that's correct.

13 Q Why don't we do it this way. If you'd take a look
14 at Page 3 --

15 A Page 3.

16 Q -- of Exhibit A.

17 A Okay. Yes, sir. Got it.

18 Q You go through this -- let's start right at the top.
19 We go through -- we've -- we've noted the 28 one-acre lots.

20 A Yes, sir.

21 Q You agree that there's 28 one-acre lots?

22 A I believe that is correct.

23 Q You agree that there's 1 two-acre lot that's in the
24 name of Lynita's trust, is that correct?

1 A I believe that's -- to be correct.

2 Q You agree that there's 2 lots totaling 10 acres.

3 Those are lots 39 and 42 that are in Lynita's trust?

4 A I believe that's correct.

5 Q And you agree that there's a total of 10 lots in
6 which Lynita has a 25 percent interest, that the trust does,
7 for a total of 26.25 acres. Is that correct?

8 A I believe that's correct.

9 Q And then you've indicated that there are two lots
10 that were recovered through a foreclosure. That is it would
11 be Lots 173 and 174?

12 A Yes, sir.

13 Q And have -- has that been done all ready?

14 A We haven't been able to do that because Lynita won't
15 sign any documents.

16 Q Okay. So th -- this has to be done, and what --
17 what does Lynita need to sign for you to get this done?

18 A We have to file foreclosure and those properties are
19 in her trust if I understand correctly. And Joan -- Joan
20 could better -- give you that better description of what needs
21 to get done.

22 Q Okay. So these lots then need to be foreclosed
23 upon, and then they will be back in the name of the trust? Is
24 that correct?

1 A Yes.

2 Q Right now --

3 A Or if we can --

4 Q -- right now there are promissory notes that are in
5 default?

6 A Yes, sir.

7 Q And then there are a total of -- of -- okay, there's
8 a total of 8 lots that you sold to Joan Ramos?

9 A Yes, sir.

10 Q Okay. And if you take a look -- I have as Exhibit J
11 --

12 A J?

13 Q -- warranty deed, if you take a look, is Exhibit J,
14 a warranty deed.

15 A Okay. Yes, sir.

16 Q Are those the -- does that set out the lots that
17 you've sold to --

18 MS. POLSELLI: No. No. This is -- this should be
19 L.

20 THE COURT: What's that?

21 MS. POLSELLI: It should be -- no. The -- the deed
22 should be L --

23 THE WITNESS: Wait a minute. I have it as L also.

24 MR. DICKERSON: I guess that shows you just need to

1 do it yourself. You know?

2 THE COURT: I got the warranty deed as part of J

3 behind his listing of his individual lots under --

4 MR. DICKERSON: I have --

5 THE COURT: (Indiscernible) and L is the promissory

6 note.

7 THE WITNESS: Where is that at?

8 MR. STEPHENS: There's a deed after the note, Your

9 Honor. There's a --

10 MR. DICKERSON: My L is the Wyoming Partnership.

11 THE COURT: Oh, yeah.

12 THE WITNESS: That's what I have as --

13 MS. PROVOST: That's --

14 THE WITNESS: Mine's the note. Right here. Here it

15 is. I found it. My -- under L is Joan's note. Yes, sir.

16 THE COURT: Show L being the note and then there's a

17 settlement after that. And it looks like there's a warranty

18 deed

19 MR. STEPHENS: Correct.

20 MS. PROVOST: Which is also our 79C.

21 THE WITNESS: Ye --yes, sir.

22 THE COURT: (Indiscernible) --

23 THE WITNESS: Yeah, that's it. That's the warranty

24 deed, the escrow instructions, closing statement. Yes, sir.

1 BY MR. DICKERSON:

2 Q All right. The eight lots that were given to Joan,
3 they were all one-acre lots?

4 A I believe so.

5 Q And have those -- you understand that those lots are
6 coming back?

7 A I do not.

8 Q And why is that?

9 A Joan has not -- I checked today. Joan has not
10 officially filed bankruptcy as today, so I don't know her true
11 intent. But she'll be on the witness stand soon.

12 Q And then, sir, you own 29 Arizona lots?

13 A Yes, sir.

14 Q And that would be your Exhibits 6A and 6B reflect
15 those, if I recall?

16 A I believe that's correct.

17 Q And those -- there's a total of 29 one-acre lots.
18 Is that true?

19 A Yes, sir, I believe so.

20 MR. DICKERSON: All right. Judge, apparently, the
21 Exhibits are different. L is -- L is not the partnership
22 agreement for Wyoming --

23 MS. PROVOST: That's --

24 THE WITNESS: L is -- I got the notes -- Joan's

1 notes --

2 THE COURT: I got --

3 THE WITNESS: -- and a closing statement for L.

4 THE COURT: -- I got M as the partnership agreement
5 of the Wyoming Equestrian Estates.

6

7 THE WITNESS: Okay. M --

8 MR. DICKERSON: Why don't we move that over, and
9 I'll make that N and hopefully -

10 THE WITNESS: Oh, there it is. There's a blank
11 spot. That might be a good sign.

12 (Pause/coordinating exhibits)

13 MR. DICKERSON: So I've really fowled Lorie up here
14 I thin, but --

15 MR. STEPHENS: Hopefully, Lorie's book matches ours,
16 not yours.

17 MS. PROVOST: Your book might be the only one --

18 MR. DICKERSON: No. What do you have for --

19 MS. PROVOST: He has --

20 MR. DICKERSON: -- what do you have as Exhibit N?
21 It says "reserved"?

22 THE CLERK: It says reserved.

23 MR. STEPHENS: Oh, on her list of Exhibits. I see
24 what you're saying.

1 (Pause/coordinating exhibits)

2 MR. DICKERSON: Well, let's just --

3 MS. PROVOST: I is all the SLA Gateway stuff. J is
4 all the ELN Gateway stuff. K is the joint lots. L is the
5 Joan lots, and then M picks up with the Wyoming Equestrian
6 Estates.

7 MS. POLSELLI: And that's what we have in ours as
8 well.

9 MR. STEPHENS: Correct. That mirrors what we have.
10 That's correct.

11 THE COURT: Yeah. And that's what the Court has as
12 well.

13 MR. DICKERSON: All right.

14 MS. PROVOST: So "I" would be the -- "I" would be
15 the LSN. J would be the ELN.

16 (Whispered conversation)

17 MR. DICKERSON: All right. So let's then --

18 THE COURT: K is the joint.

19 MR. DICKERSON: Okay. So why don't we then -- let's
20 start then -- let's get to the Wyoming, and we'll make that M?
21 That's --

22 THE WITNESS: M?

23 THE COURT: M as in marries.

24 MR. DICKERSON: -- M in everybody's book except

1 mine. That'll be where we'll go.

2 THE COURT: As far as -- have you moved to get J in?

3 I want to make sure where we're at on the --

4 MR. DICKERSON: I move for --

5 THE COURT: -- sort out the others --

6 MR. DICKERSON: -- I move for J and I move for I.

7 THE COURT: I's already been admitted, right? I's
8 been admitted. How about J? Any objection to J?

9 MR. DICKERSON: And I move for K.

10 MR. STEPHENS: I don't want to object. I just want
11 to make sure we all have the same J. I don't have an
12 objection to J as long as it's what I show. J for me is the
13 Gateway lots owned by Eric Nelson's trust.

14 THE COURT: ELN, that's what I have.

15 MR. STEPHENS: I have no objection to that.

16 MR. DICKERSON: Okay.

17 MR. STEPHENS: I just wanted to make sure we're on
18 the same page.

19 MR. DICKERSON: And K is the joint lots.

20 MR. STEPHENS: And as long as that's joint lots, I
21 have no objection to K either, Your Honor.

22 MR. DICKERSON: So we will now put L as reserved,
23 and my concern on this, Lorie, is I think -- although I'm a
24 number off on all of these unfortunately --

1 MS. PROVOST: L is Joan's lots.
2 MR. STEPHENS: Yeah, actually, I have it open.
3 MR. DICKERSON: L is Joan's lots?
4 MS. PROVOST: L is Joan's lots.
5 MR. DICKERSON: Okay.
6 MR. STEPHENS: Yeah.
7 MS. PROVOST: You wouldn't have a reserved. H, J,
8 and K are already in evidence anyway.
9
10 MR. DICKERSON: Okay. So --
11 MS. PROVOST: They're our Exhibits 5, 6 --
12 (Counsel confer regarding exhibits)
13 MR. DICKERSON: Well, now you know why I was late on
14 Monday.
15 THE WITNESS: Thank you.
16 BY MR. DICKERSON:
17 Q All right. So we'll move to what is now Exhibit M.
18 That is the partnership agreement for Wyoming Equestrian
19 Estates. Is that correct?
20 A Yes, sir.
21 THE COURT: So you got I, J, and K admitted?
22 THE CLERK: I, J and --
23 THE COURT: I got I, J, and K hereby admitted
24 without objection.

1 MR. STEPHENS: Correct. I -- my list matches what
2 the Court has, so I don't have an objection to those, Your
3 Honor.

4 (Defendant's Exhibits I, J, and K admitted)
5 BY MR. DICKERSON:

6 Q Okay. Moving to the Wyoming property, if you take a
7 look at Exhibit M --

8 A Yes, sir.

9 Q -- this is the partnership agreement for Wyoming
10 Equestrian Estates.

11 A Yes, sir.

12 Q Now is this an LLC? This is a partnership then that
13 you created for the purpose of having Lynita have an ownership
14 interest with your brother Paul and your sister Aleda?

15 A Yes, sir.

16 Q And there are a total of 200 hundred-acres in the --

17 A Approximately.

18 Q -- in this development in Wyoming. Is that right?

19 A That's correct, sir.

20 Q Describe it for us?

21 A It was a -- it's a cattle field with part of a
22 gravel pit on it, and we had it successfully -- we acquired it
23 with a plotted acres of 80 plotted lots, not -- not recorded
24 though. That's very important. It's not recorded but it was

1 platted. It's -- so it's a plat map subdivision they call it.
2 Q Okay. So it's a total of 80 acres?
3 A No, no, 200 acres, 80 lots.
4 Q Oh.
5 A I'm sorry if I misspoke.
6 Q Oh, 80 -- yeah, I'm sorry, 80 lots --
7 A One to three acre parcel -- one to three acres.
8 Q And on your Exhibit -- your Options A and B, you
9 indicate that the value of that is \$800,000, correct?
10 A Well, I -- for booking purposes, that's correct. I
11 -- I booked -- that's not the value, of course, but --
12 Q And if I understood your testimony, you felt that
13 it's going to be significant -- worth more significantly more
14 than that when you get it -- you and your brother and sister
15 get it developed?
16 A If we're successful in plotting it and the economy's
17 done and has an uprise. Vacant land is impossible to sell
18 right now, so the future probably, I'd say three to five years
19 out, I -- I would guesstimate, and this is only a guest (sic)
20 right now, that hopefully people can buy land again and start
21 developing it. So it's very futuristic.
22 Q Well, now you -- you gave your brother a 50 percent
23 interest in this property?
24 A Yes, sir.

1 Q And you gave him that just because you felt that he
2 deserved it for things that he did for you in the past?

3 A No, sir.

4 Q Okay. Why did you give him the 50 percent interest?

5 A We were working on Wyoming Downs. It's a big
6 racetrack. Lynita and me were very -- very, very fortunate
7 that we had sold the racetrack for about \$13.5 million cash
8 that went to the Eric L. Nelson Trust. We also had a motel
9 that had approximately 100 units. Paul successfully, from the
10 Desert Inn Hotel, took all the doors and all the furniture out
11 of approximately 100 rooms and completely refurbished the
12 motel, the High Country Inn at the time. He also did all the
13 construction work on the OTB and the repair, and he also did
14 all the groundwork and repair for the racetrack to start it up
15 and to close it. At the same time, his main -- one of his
16 main focuses was that he was to develop these lots and move it
17 through on zoning. So he went to multiple zoning -- at -- at
18 -- in the -- the council in Evanston. And so he was living in
19 Salt Lake working on this project there. And so the Wyoming
20 Downs project actually was his project. He was the project
21 coordinator along with Joan.

22 And so these lots here, when we sold it, we had --
23 me and Lynita had reaped the rewards, Your Honor, of over \$13
24 million profit on this property, not just getting our capital

1 back. This is all pure profit, and Paul was to participate in
2 that. However, I felt that if he -- and one of his main focus
3 was to develop all this if he continued to focus on that.
4 However, it stopped and what happened was it was interrupted.
5 I promised him this 50 percent interest in all this, and I
6 said, well, let's do this. I said, you have a 50 percent
7 interest. I have an opportunity to sell that property to sell
8 that property under an option. And Eric Spector stepped in,
9 whose paid the \$13 million and said -- because these 80 lots
10 at the time -- we were getting closer -- would have been worth
11 at least, I felt, \$100,000. That would have been about \$8
12 million. And so Paul had -- really had some upside about \$4
13 million dollars on this parcel there. But since it didn't
14 move forward, I said, well, let's move forward and accept this
15 offer because the guy who wants to buy Wyoming Downs, Eric
16 Spector, insisted that this property be removed and that they
17 had an option on that parcel. And Aleda and Paul consented,
18 and so that was part of the compensation for all the work and
19 energy that he did in addition to a small salary that he
20 received.

21 Q Okay. Now my question was -- is --

22 A Yes, sir.

23 Q -- why did you give him the properties? You gave
24 him, of the -- was it \$13 million that you sold the property

1 for?

2 A I thought I just explained why I gave it to him. I
3 didn't give him anything. He earned it.

4 Q Did you -- how much did you receive from the sale of
5 the racetrack property?

6 A About \$13.5 million.

7 Q And how much of that \$13 million did you give to
8 Paul?

9 A Maximum, \$100,000 or \$200,000 thousand.

10 Q And how much of that did you give to your sister?

11 A Not sure if I gave Aleda anything on that.

12 Q All right. But this is a project then -- some
13 property that your -- your brother owns a 50 percent interest
14 in. Your sister owns a 60 percent interest, and you titled
15 the remaining 40 percent in the name of Lynita's trust. Is
16 that true?

17 A Well, if I heard you correctly, 50 percent to Paul,
18 10 percent to Aleda, and 40 percent to Lynita.

19 Q Okay. And this was the way you organized and
20 designed it, correct?

21 A Yes, sir.

22 Q What, if any, involvement did Lynita have with
23 respect to this Wyoming property?

24 A Well, Lynita actually would travel up to the horse -

1 - it was a quarter horse track. And so we'd raise quarter
2 horses in the summertime. So we'd bring our kids there at
3 summertime and she would join us, and we'd watch the races and
4 we'd have fun and bet on the horses. It's legal if you're the
5 owner, you can still bet on the horses. So, you know, she'd
6 go through and stay at the High Country Inn, and we'd always
7 make a summer vacation out of it. And she would understand
8 the lay of the land, and that would be about it, just more of
9 enjoyment, not so much on the business end. Joan and Paul
10 were designated for that.

11 Q Thank you. All right, sir, if we -- you've noticed
12 that have put the Wyoming property on your side of the ledger.
13 Is that acceptable to you?

14 A No, sir.

15 Q Okay. We then move, sir, to the Mississippi
16 property.

17 A Yes, sir.

18 Q My hope is this is Exhibit N. Is it N-1?

19 A It is for me.

20 Q Okay. Good. Now I'm -- I think I'm on track. Sir,
21 if you take a look at Exhibit N. It specifically -- let's
22 take a look at N-1.

23 MR. DICKERSON: Your Honor, I move for the admission
24 of Exhibit N, please?

1 MR. STEPHENS: No objection, Your Honor.

2 THE COURT: Hereby admitted.

3 (Defendant's Exhibit N admitted)

4 MR. DICKERSON: And while I'm at it, move for the --
5 have you taken a look at everything in N.

6 THE WITNESS: Let me look real quick.

7 MR. DICKERSON: I'll go through it.

8 BY MR. DICKERSON:

9 Q What is the -- N-1? That's -- Bates stamp number at
10 the bottom is 787.

11 A That would be the number of parcels, all the parcels
12 that are held, I believe, in Mississippi.

13 Q Okay. And if we go through this, we see that Rada
14 (ph) owns 75 acres?

15 A No. They own 25 acres. In the description though,
16 it's 25 acres. Actually three parcels that make up 25 acres.

17 Q So are you telling us that those three parcels total
18 25 acres and they're not 25 acres each?

19 A Yeah. If you see the tax I.D. numbers --

20 Q Yes.

21 A -- the 000001002, so that makes up the one, but we
22 break it down. I don't know why they identified it like that.
23 I guess you could have done it various ways, but for some
24 reason, it's -- that's the gross, 25 acres for all three.

1 Q Okay. So whatever those tax parcel numbers are and
2 whatever the acreage is, that's what is owned in the name of
3 Rada (ph). Is that correct?

4 A Yeah. It's approximately 25 acres for all three of
5 those parcels. I'm sorry. I'm just looking at the names
6 here.

7 Q All right. So then we go through and we see that --
8 if you move past the LSN Nevada Trust, we see that Bay Harbor
9 Beach Resorts LLC owns a total of six lots?

10 A Yes, sir.

11 Q Do you know the acreage of those six lots?

12 A I don't know, sir.

13 Q And it appears, sir, that if we go over to the last
14 page, we see that Emerald Bay owns one lot?

15 A Yes, sir.

16 Q We see that Bal Harbor LLC owns one lot?

17 A Yes, sir.

18 Q And we see that Dynasty owns one lot?

19 A Yes, sir.

20 Q Now you're the one that put title to those parcels
21 that we've talked about in the name of Dynasty, Bal Harbor,
22 Emerald Bay, Bay Harbor Beach Resorts and (indiscernible)
23 Financial Partnerships. Is that correct?

24 A I believe so, yes.

1 Q And you're the one that also put title in the name
2 of -- all the remaining lots in the name of LSN Nevada Trust.
3 Is that true?

4 A Yes, sir.

5 Q Now you know that Lynita had an appraisal done on
6 this property that indicated that the value of these lots was
7 somewhere between \$2 to \$4.5 million?

8 A Yes, sir.

9 Q You're aware of that?

10 A Yes, sir.

11 Q And you disagree with that appraisal?

12 A Yes, sir.

13 Q In fact, you believe these lots are worth how much?
14 How much do you put on yours over here?

15 A Well, I put the basis of what the properties were
16 purchased at, approximately \$1.5 million. And so I think it
17 fluctuated. The way I designated it was -- remember you have
18 a DD -- a debt of \$1 million. We know we have a significant
19 amount of encumbering of environmental concerns on all that
20 parcel, the majori --

21 Q I'm a -- I'm a little confused because you -- you
22 put all the liabilities down at the bottom, and if we take a
23 look at your Options A and B?

24 A Yes, sir.

1 Q Okay. Now I'm a little confused. It looks as if
2 that's your line item 8.

3 A I group with all of Mississippi Hideaway -- I group
4 all of them. In the color-coded part of them all rounded up
5 into the number 8. So number 44, 43, 40, 39, 38, and 33
6 rolled up to number 8. I believe that -- that's how Jim had
7 described them.

8 Q Okay. So you've lumped the casino in there?

9 A See, the cross -- I don't want --

10 Q Answer my question, please.

11 A Do you want me to explain? I'm sorry.

12 Q You lumped the -- the casino in number 8, and you've
13 lumped all the real property in number 8, is that correct?

14 A Yes, sir.

15 Q Anything else that you've lumped in number 8?

16 A I put the liabilities -- let's see here. I put the
17 Hideaway liability, Silver Slipper liability, the tax
18 liability, the Mississippi environmental liability, the
19 (indiscernible) lawsuit one and two. I also put in the Grotto
20 interest because it all is tied together in essence, and it's
21 all in Mississippi with the attorneys and stuff.

22 Q Okay. So that's all under number 8 that you value
23 at \$1 million dollars?

24 A I -- we had a range between 500 to 1.5 and I -- and

1 this valuation shows 1 million I believe.

2 Q Do you understand that question?

3 A I'm sorry?

4 Q All of that you lumped in number 8, and you value it
5 on your Option A and Option B at \$1 million dollars?

6 A No. That was for a booking purpose that I put a
7 number down there, because if we split it, it didn't really
8 care or if it -- if you want to bid on it or whatever. I'm
9 just trying to --

10 Q Sir --

11 A -- to start some negotiation.

12 Q -- take a look at Exhibit B.

13 A Yes, sir.

14 Q You put Exhibit B on your side of the ledger under
15 Option B for a million dollars, and what -- what does that
16 million dollars include?

17 A That includes everything that we just talked about,
18 all the liabilities and everything.

19 Q Now if we go down to the bottom, we see that you now
20 want -- on Hideaway number 33, you want an additional -- take
21 off an additional 300,000. I thought you said that was
22 included in number 8.

23 A It is actually.

24 Q Okay. And how about the Silver Slipper liability.

1 You want another deduction for 300 and --

2 A No, no, no, no that's -- I -- I said all this stuff.
3 We have these liabilities plus the property. We're grouping
4 it all together.

5 Q Did you put this together or did your attorney put
6 this together?

7 A I put that together, sir.

8 Q So when we go down and we look at everything that
9 was highlighted in yellow at the bottom under the liabilities,
10 Hideaway liability, SS -- that stands for Silver Slipper --
11 liability --

12 A Yes, sir.

13 Q -- the SS tax --

14 A Yes, sir.

15 Q -- the MS environmental --

16 A Yes, sir.

17 Q -- and the McManus lawsuits that are listed all
18 there --

19 A Yes, sir.

20 Q -- okay, now you list -- you're telling us that
21 those are all included in your valuation of a million dollars
22 in number 8?

23 A Well, I was splitting everything, so I was using
24 some of the valuations.

1 Q Take a look at B. What are you doing --

2 A But that -- yeah, my total --

3 Q -- on number B?

4 A -- that's -- these are not exact valuations, Mr.

5 Dickerson. I was trying to use some numbers and calculate --

6 I have always said between five hundred and a million five.

7 For simplification, let's put a million down here. It didn't
8 really matter if we were splitting it.

9 Q Do you understand my question?

10 A I think I did.

11 Q Take a look at Option B.

12 A Okay.

13 Q Okay.

14 A It's a suggestion.

15 Q Option B -- Option B is the one that you think the
16 Court should do because you think you have the expertise and
17 the knowledge of handling everything in Mississippi, correct?

18 A Yes, sir.

19 Q Right. Now, we see that you valued everything in
20 Mississippi at a million dollars.

21 A Yes, sir.

22 Q And what you've told us that -- that's in line item
23 number 8, and that includes all the liabilities that you've
24 referenced?

1 A Yeah. If you come down here, I've erased all --

2 Q Listen to my question, please.

3 A Okay.

4 Q That includes -- and the line item 8 includes all
5 the liabilities --

6 A Yes, sir.

7 Q -- correct? And so if we look at your total for
8 real estate, you come up with like 9.5 million, correct?

9 A Yes, sir.

10 Q Okay. And then we go down and we see your
11 liabilities.

12 A Yes, sir.

13 Q You're now deducting the liabilities once again,
14 aren't you?

15 A That be a mistake.

16 Q And so --

17 A That was not my intent.

18 Q -- what you're looking for under your scenario is
19 you want another 2 million taken off for liabilities that
20 you're going to be assuming?

21 A That's not what I want.

22 Q All right. Take a -- move for admission of Exhibit
23 N-1 if I have not already done so.

24 THE COURT: Any objection, Mr. Stephens?

1 MR. STEPHENS: As I understand N-1, it's the
2 Mississippi parcels plus a Mississippi cost basis, I have no
3 objection to that.

4 MR. DICKERSON: No. The cost basis is in 2.

5 THE WITNESS: Your Honor?

6 MR. STEPHENS: Oh, okay. I don't have that divided.

7 THE WITNESS: Your Honor, I --

8 MR. STEPHENS: N-1, no objections.

9 THE WITNESS: Mr. Dickerson, I think it was correct
10 down here. It says the total net cash with liabilities,
11 849,000, so I'm not quite sure if that totals up. I don't --
12 I believe we're not trying to be deceptive. We -- it could be
13 an anticipated total loss, and then they have the 849.
14 Actually, that may be going the wrong direction on your side.
15 BY MR. DICKERSON:

16 Q Well, sir, if you'll take a look -- if you'll take
17 total cash --

18 A Yes.

19 Q -- and total liabilities --

20 A Yes, sir.

21 Q -- that's the net cash with additional liabilities.

22 So what you've done --

23 A No -- no, the cash is --

24 Q -- what you've done, sir, is that you've deducted

1 everything up in number 8, and you've deducted it down again
2 at the bottom but it --

3 A I don't believe so.

4 Q That's fine.

5 A I don't believe so.

6 Q The document will speak for itself.

7 A Okay. Yes, and I'll verify it.

8 Q So is the -- I just can't --

9 A And it does show here the Mississippi liability has
10 increased greatly. Value is between 500 to 1.5. Okay.

11 (Whispered conversation)

12 MR. DICKERSON: Do we have a divider for N-1 and N-
13 2?

14 MR. STEPHENS: I don't in my book.

15 MR. DICKERSON: Your Honor?

16 THE COURT: Yes.

17 MR. DICKERSON: You do have it divided?

18 THE COURT: N-1 was the Mississippi parcels, listed
19 51 of them.

20 MR. DICKERSON: Yes.

21 THE COURT: And N-2 is the Mississippi land cost
22 basis.

23 MR. DICKERSON: Okay. Let's move -- move for
24 admission of N-1 which is just the first page.

1 MR. STEPHENS: No objection to N-1, Your Honor.

2 MR. DICKERSON: Okay.

3 THE COURT: Hereby admitted.

4 (Defendant's Exhibit N-1 admitted)

5 BY MR. DICKERSON:

6 Q Now if you'll -- sir, if you'll turn to N-2?

7 A N-2?

8 Q Yes.

9 MR. STEPHENS: Stipulate to foundation on that one,
10 Your Honor.

11 THE WITNESS: Yes, sir.

12 BY MR. DICKERSON:

13 Q Now this N-2 is a document that you put together,
14 correct?

15 A I believe so.

16 Q All right. And what the purpose of this document is
17 to show us what all the land or what you purport to be all the
18 land in Mississippi that is listed in N-1, it -- is this the
19 cost of that land? Is that correct?

20 A I believe so. Yes, sir.

21 Q So the land that you're throwing in and lumping in
22 with the casino and everything else cost you \$1.5 million. Is
23 that right?

24 A Yes, sir.

1 Q And these are properties that you bought in the
2 ordinary course of your business as a person buying distressed
3 properties?

4 A Yes, sir.

5 Q Okay.

6 A This is all -- but if you want me to note, these are
7 with the houses on them before Katrina wiped out the houses.

8 Q Thank you, sir. Well, the -- they weren't bought
9 for the houses, were they, sir?

10 A Yes, sir. They were rental income.

11 MR. DICKERSON: Move for admission of N-2.

12 MR. STEPHENS: No objection.

13 THE COURT: Hereby admitted as N-2.

14 (Defendant's Exhibit N-2 admitted)

15 BY MR. DICKERSON:

16 Q Sir, let's move back to N-1.

17 A N-1? Yes, sir.

18 Q Yeah. Your last comment that you wanted to throw in
19 about Katrina and the houses?

20 A Yes, sir.

21 Q Let's look at N-1. Tell me, how many of these have
22 houses on it?

23 A Well, if you were --

24 Q It looks to me that the vast majority -- let's take

1 the 25 acres owned by Grotta. There is no houses on those, is
2 there?

3 A There is no houses on that --

4 MR. STEPHENS: We're talking right now?

5 MR. DICKERSON: Yes.

6 MR. STEPHENS: Okay. Thank you.

7 MR. DICKERSON: All right.

8 BY MR. DICKERSON:

9 Q Well, there were never any houses on that?

10 A Never houses.

11 Q Okay. And we see the -- the number 4. There was
12 never a house on that vacant lot?

13 A Where are we at?

14 Q Number 4 on N-1.

15 THE COURT: N-1, the Mississippi parcels.

16 THE WITNESS: I'm lost. I'm sorry.

17 THE COURT: Should be the N-1. It says --

18 MR. DICKERSON: N-1, your item number 4.

19 THE COURT: -- Mississippi parcels.

20 THE WITNESS: N-1. Okay. I'm sorry. Okay.

21 THE COURT: It's got the 51 listings.

22 BY MR. DICKERSON:

23 Q Okay. There was never --

24 A Oh, yes, here we go. Please.

1 Q -- there was never a house on number 4, isn't that
2 correct?

3 A That's correct.

4 Q There was never a house on number 6?

5 A That's correct.

6 Q Okay. Was there -- there -- there wasn't even a
7 house on number 5, was there?

8 A I don't know on that one.

9 Q Okay. There has never been a house on number 7?

10 A That's correct.

11 Q Okay. There's never been a house on number 9?

12 A Number 8. You misstate.

13 Q Well, 8 there's a house, isn't there?

14 A Yes.

15 Q Okay. Well, I -- I'm asking the questions. I'm
16 smart enough to figure out an address.

17 A I'm sorry. I thought you skipped one.

18 Q All right? All right?

19 A I apologize.

20 Q There is -- there's never been a house on number 9?

21 A I'm smart enough to see there's addresses, too.

22 Q All right. I'm smart -- number 9, no house, right?
23 Never been a house?

24 THE COURT: Make the record complete, I'm smart

1 enough to figure it out, too, so make it full.

2 THE WITNESS: Yes.

3 BY MR. DICKERSON:

4 Q All right. So we go through everything here that
5 says "vacant" or "acreage" has never had a house on it. Isn't
6 that correct?

7 A Eight houses were on this property as I have stated.

8 Q All right. So when your statement was about how
9 this was after Katrina, you're talking about eight houses?

10 A Eight houses.

11 Q Okay. Now, the eight houses are still there.

12 A No, sir.

13 Q Okay.

14 A They're gone.

15 BY MR. DICKERSON:

16 Q Every one of them?

17 A A fork -- no, there wasn't even a fork left.
18 Katrina wiped them out. The most devastating storm in 500
19 years.

20 BY MR. DICKERSON:

21 Q Take a look at Exhibit N-2, sir.

22 A M-2?

23 Q N-2, N-2.

24 A Yes, sir.

1 Q Show us which one of these cost items relate tot he
2 eight houses?

3 A Okay. It would be -- well, starting from the bottom
4 up, the \$89,000 dollar, that's one. The one for 156,000,
5 that's one. There's one for 152,000 -- that's one. There's
6 one for 69,000 -- that's one. Well, here we are. We have the
7 addresses right here. And so -- well, they re-book -- we re-
8 booked some, but those are the other ones there. Let's see
9 here -- we got 89,000, 156,000, 152,000, 69,000, and the other
10 houses, I couldn't tell you exactly.

11 Q Well, sir, if you take a look at that, the only ones
12 --

13 A I apologize. You're right. They re-booked them.

14 Q -- one, two, three, four, five, six, seven -- so you
15 really, when you were telling us and giving those numbers of
16 89,000, 156,000, 150, you weren't really being truthful, were
17 you?

18 A As truthful as I could be.

19 Q All right. The ones that have houses is -- is the
20 52-55 Beach, correct?

21 A I stand corrected.

22 Q Okay, 52 -- 57 Beach?

23 A Let's see here. I -- I apologize. Some of the
24 parcels could have been identified as addresses and they may

1 be not, are just land.

2 Q Okay. So those ones one, two, three, four, five,
3 six, seven there, those were destroyed in Katrina?

4 A (Counting to self).

5 Q Is that correct, sir?

6 A I'm not sure.

7 Q All right. Now, we move down -- the only other
8 house that you have is the Arnold home, and that is still
9 there, isn't it?

10 A Yes, sir. That's in Greenville, Mississippi.

11 Q Thank you.

12 THE WITNESS: Yeah. Lot -- lot 92, I believe --

13 MR. DICKERSON: Move to --

14 THE WITNESS: -- is a house and 103 is a house, the
15 big ones, 156, the 1 --

16 MR. DICKERSON: Thank you, sir.

17 THE WITNESS: -- 32.

18 BY MR. DICKERSON:

19 Q All right. If we move down, sir, then, the Arnold
20 lot --

21 A Yes, sir.

22 Q -- on your Exhibits, your Options A and B, have you
23 included the Arnold lot separately, or is that included in --

24 A Let's see here.

1 Q -- your \$1 million dollar figure?
2 A Arnold, Arnold. Don't know where Arnold is. Where
3 is it? I don't see. Where is the Arnold house?
4 Q Oh, okay. The -- okay, you call it the Clay house.
5 A Clay house.
6 Q So number 60 on your two options is the same thing
7 of what I put here as 830 Arnold Avenue?
8 A Yeah apparently we have a \$40,000 figure on that.
9 Q Now you have 40?
10 A Yes, sir.
11 Q You brought it down -- you re -- you -- in the past,
12 you had it at 50?
13 A I'm not sure if I did or not.
14 Q You have any problem with selling that house
15 immediately, put it on the market for sale and splitting the
16 proceeds with Lynita?
17 A I have no problem.
18 Q Do you have any problem with Lynita retaining a real
19 estate agent in Mississippi to handle that?
20 A There is a leasing agent on the property, so it
21 probably be more appropriate. The leasing is an -- is a real
22 estate agent. I have no --
23 Q I'm talking about selling the property.
24 A Yes. She's an agent. She could -- she could

1 probably sell the property, so I would -- I'd prefer to use
2 the agent who's worked hard on it for years for us.

3 Q Do you have any opposition or any objection to
4 taking all the other real property that you own in Mississippi
5 that is reflected on Exhibit N-1 with the -- do you have any
6 objection to those properties being immediately placed for
7 sale and you and Lynita equally sharing the net settlement --

8 A One hundred percent, yes, I have a definite problem
9 with that.

10 Q You have a problem with that?

11 A Yes.

12 Q Okay. And why is that?

13 A Those properties are tied to the casino. Those
14 properties are tied with environmental issues. Those
15 properties are tied to lawsuits. Those properties give us
16 leverage in the Silver Slipper facility. To sell those things
17 with all those liens and encumbrances and -- it would be
18 destroying the value down there. It would be one of the
19 biggest and greatest travesty to even do that. It would
20 destroy the value of the Silver Slipper at the same time in my
21 personal opinion. So I have a -- a strong, strong statement
22 that I don't believe that's in the best interest of Lynita's
23 trust or my trust. I do not have a problem doing 50/50, but I
24 think it's absolutely ridiculous to try to sell be -- before

1 the lawsuit is settled, the slandered case, and all the other
2 issues, Mr. Dickerson.

3 Q Well, the slander case -- you could not sell the
4 properties that are involved in the slander case because a lis
5 pendens been filed against those properties, agreed?

6 A I don't know.

7 Q All right. So the -- the -- the slander ca -- the --
8 - basically, it's a -- to clear up the title? McManus is ask
9 -- filed the lawsuit for the purposes of clearing up the
10 titles to land that he believes he owns?

11 A No, sir. Now it has gone from just clearing up a
12 piece of property into a full-blown \$4 million dollar request,
13 because he could not sell the property in the height of the
14 market. All it did -- it could have corrected it year --
15 several -- 18 months ago, but we were rejected on giving those
16 deeds. We had a good opportunity --

17 Q The height of the market was 18 months ago, sir?

18 A -- to clean that up. Excuse me?

19 Q The height of the market was 18 months ago according
20 to your testimony?

21 A No, no. But I'm just saying we could have -- the --
22 this lawsuit's been pending for a while, sir. We did these
23 deeds mistake -- if you can -- if you reference back to it, it
24 shows -- shows Dynas -- it's my --

1 Q Exhibit -- the Exhibit for the --
2 A -- company. It shows Eric Nelson. That's my
3 company. We put them into Lynita's for community protection,
4 and she would not cooperate.
5 Q You put them --
6 A Yes, sir.
7 Q -- into Lynita's? Yes, sir.
8 A Yes, sir --
9 Q All right. Sir --
10 A -- for community wealth.
11 Q -- if we'll move down to Pebble Beach?
12 A Yes, sir.
13 Q Actually, Exhibit O, Your Honor -- Mr. -- Mr.
14 Nelson, if you'll take a look at Exhibit O, that is the quit
15 claim deed --
16 A Yes, sir.
17 Q -- that Mr. Lawson --
18 A Sorry.
19 Q -- executed at your request to have this property
20 put in the name of LSN Nevada Trust. Is that right?
21 A Yes.
22 MR. DICKERSON: Move for admission --
23 THE WITNESS: Your Honor, I don't mean any
24 disrespect --

1 MR. DICKERSON: Move for the admission of --
2 THE WITNESS: -- when I checklist. Just that these
3 are old friends, and I see their names and their signatures,
4 and that's pretty funny, because this guy -- it's a funny
5 story -- moved from New York City to Greenville, Mississippi
6 and, boy, that was a funny story that went down there. He's a
7 good man.
8 MR. DICKERSON: Move for the admission of Exhibit O.
9 MR. STEPHENS: I'm just not clear what Exhibit O is.
10 I know it's a deed, but what property is --
11 MR. DICKERSON: It's the deed to the Clay property.
12 MR. STEPHENS: Oh, the Clay property. No objection,
13 Your Honor.
14 THE COURT: I got a quit claim deed --
15 THE WITNESS: Or Arnold.
16 THE COURT: Yeah.
17 THE WITNESS: Yes, sir.
18 MR. STEPHENS: I'm okay then. No objection.
19 (Whispered conversation)
20 THE COURT: (Indiscernible) admitted is a quit claim
21 deed, Exhibit O.
22 (Defendant's Exhibit O admitted)
23 (Whispered conversation)
24 BY MR. DICKERSON:

1 Q All right, sir, if we'll take a look then at the
2 next item, Pebble Beach. This is what you've termed as
3 Thelma's home?

4 A I'm sorry. Did we review the quit claim deed, or --
5 or do we move onto that?

6 Q I just wanted to have you identify it.

7 A Oh, yes, sir. I'm sorry.

8 Q We move to Exhibit P.

9 A Okay. Yes, sir.

10 Q Sir, the McManus lawsuit, the second amended
11 complaint was filed on December 4th of 2008, is that correct?

12 A I believe so, yes, sir.

13 Q How long prior to that were you involved in the
14 lawsuit?

15 A Probably from 2006 or 2000 -- when it was noted --
16 2000 -- somewhere around 2005 -- 2006 I think it is. I'm not
17 quite sure. I apologize. Shouldn't speculate. I don't know.
18 It's been ongoing for a long time.

19 Q All right. What are you proposing that we do with
20 the Pebble Beach home?

21 A Well, I -- I would prefer to, if Lynita would like,
22 I will take it and set it in a -- my separate trust or my name
23 or something for the benefit of Thelma Slaughter. I would
24 prefer, Your Honor --

1 Q Benefit of who? Oh, Thelma Slaughter.
2 A Thelma Slaughter.
3 Q Okay.
4 A I would prefer not to transfer it in her name,
5 because if she encumbered the property, she would lose it.
6 She's in great need of money. I help pay her -- some of her
7 children's college expenses, and I help their health
8 insurance. She's unemployed right now and I believe that she
9 might get desperate and sign something, so that's -- but
10 whatever you guys want to do, that's -- I'm fine with it.
11 Q But you've defined her as being mentally challenged.
12 A Well, because --
13 Q Those were your wor -- those were your words on the
14 stand --
15 A Yes, sir.
16 Q -- that she is mentally challenged.
17 A Because when she leaves a voice message, she'll
18 leave three voice messages and fill up my whole box.
19 Q So that's the reason she's mentally challenged?
20 A Part of it. Don't mean to make fun. You asked me.
21 Q Well --
22 A I think she has her challenges.
23 Q -- you've described her as mentally challenged. How
24 is she different than Lynita?

1 A Not very much.
2 Q Okay. Thank you.
3 MR. DICKERSON: Move for the admission of Exhibit P
4 --
5 THE WITNESS: I love Thelma and I love lynita.
6 MR. DICKERSON: Move for admission of Exhibit P,
7 please.
8 THE COURT: Any objections?
9 MR. STEPHENS: As to P, no, Your Honor.
10 MR. DICKERSON: So that will be P -- P-1. P-2 is
11 the deed, is that correct, sir? If you take a look at P-2?
12 (Pause/conferring regarding exhibit)
13 MR. DICKERSON: P-2 is the grant bargain sale of the
14 --
15 THE WITNESS: I'm sorry. My ears are ringing today.
16 Is it "B" or "P"?
17 MR. STEPHENS: P as in problem.
18 (Pause/parties coordinating exhibits)
19 MR. DICKERSON: Move for P-3.
20 THE COURT: Got the bargain deed.
21 MR. STEPHENS: No objection to P-3, Your Honor.
22
23
24 BY MR. DICKERSON:

1 Q Sir, do you agree that you -- you purchased this
2 home for \$70,000?

3 A I have no clue. I have no idea.

4 Q If you take a look at -- if you'd take a look at,
5 again, P-1, that's your summary sheet, is it not?

6 A Didn't purchase it. I paid off the mortgage.

7 Q You have on -- you have on P-1, sir -- you didn't'
8 purchase it. You paid off the mortgage. Is that --

9 A Yes, sir.

10 Q -- what I heard you say?

11 A Yes, sir.

12 Q Okay. So when you paid off the mortgage, what did
13 you pay?

14 A Whatever the mortgage was.

15 Q It says here on number C, cost basis and how it came
16 about basis, \$70,000.

17 A Yes, sir.

18 Q Okay. So when you paid off the mortgage, you paid
19 \$70,000?

20 A Sounds like it, yes.

21 Q Okay. And title then was put in the name of
22 Lynita's trust at your --

23 A Yes, sir.

24 Q -- at your behest, correct?

1 A Yes, sir.

2 Q All right. So you're quibbling here as to whether
3 you didn't -- you purchased that home?

4 A I'm not -- you -- I am not doing anything. You
5 asked me a response.

6 Q All right. Thank you.

7 A I paid off the mortgage. I didn't buy the house
8 from her. I paid off the mortgage, put it in Lynita's name
9 for -- so they would be comfortable and her sister wouldn't
10 think there was anything -- any foul play going on.

11 Q Okay. All right. If we move then to -- let's move
12 to Page 5 of Exhibit A.

13 A Yes, sir.

14 Q And we'll move to Exhibit Q. Hopefully, everybody's
15 Exhibit Q pertains to Banone.

16 A What is it, Q?

17 Q Q.

18 (Pause/coordinating exhibits)

19 BY MR. DICKERSON:

20 Q Sir, if you take a look at Exhibit Q-1, I can
21 represent to you that this is from the Nevada Secretary of
22 State website showing Banone and the information with respect
23 to Banone --

24 A Yes, sir.

1 Q -- indicating that you are the manager of Banone.

2 A Yes, sir.

3 Q Is that correct?

4 A That's correct.

5 Q Is -- is all the information on here correct?

6 A I think Rochelle is the registered agent, so I

7 believe this --

8 Q And it --

9 A -- to be correct.

10 Q -- it indicates here it was formed in November 15th,
11 2007, that it's active, and that you're the manager, correct?

12 A Yes, sir.

13 MR. DICKERSON: Okay. Move for the admission of
14 Exhibit Q-1, Your Honor.

15 MR. STEPHENS: No objection.

16 THE COURT: I admit it as I Q-1.

17 (Defendant's Exhibit Q-1 admitted)

18 BY MR. DICKERSON:

19 Q Now you had indicated that this is an LLC in which
20 you are the sole member.

21 A I believe so, yes

22 Q Okay. Well, you know that's the case?

23 A Unless the girls changed it on me -- not to be a
24 smart Alec, but yes, I should be.

1 Q Thank you. If you'd now move to Exhibit Q-2,
2 please?

3 MS. PROVOST: The summary sheet. His summary sheet.

4 MR. DICKERSON: Q-2's the summary sheet?

5 MS. PROVOST: Uh-huh (affirmative).

6 (Pause/counsel conferring)

7 BY MR. DICKERSON:

8 Q Q-2 is your summary sheet, is that correct?

9 A Yes, sir.

10 Q Now what you've done in your summary is you've
11 simply listed the ten properties that are reflected in -- let
12 me see the rest of yours --

13 MS. PROVOST: Um-hmm.

14 MR. DICKERSON: Is that it? Is that all --

15 MS. PROVOST: That's --

16 MR. DICKERSON: -- that we ever give?

17 MS. PROVOST: Yes. That's it in Q.

18 MR. DICKERSON: Okay.

19 (Pause/counsel confer)

20 MR. DICKERSON: Your Honor, at the break, if we
21 could have copies of Q-4 made. Q-4 is simply a -- a listing
22 of all the properties that are held in the name of Banone.

23 BY MR. DICKERSON:

24 Q Would you take a look at Q-4, sir? This is a

1 document that you put together. Is that correct?

2 A Yes, sir.

3 Q And the first page lists ten properties that you

4 have, for book purposes, under the name of Banone. Is that

5 correct?

6 A Yes, sir.

7 Q Okay. And page 2 --

8 A Yes, sir.

9 Q -- lists the properties in Arizona that you book

10 under the name Banone Arizona, correct?

11 A Yeah. That -- that ties to --

12 Q I understand.

13 A Okay.

14 Q Okay. But the point --

15 A Yes, sir.

16 Q -- being is all of the properties in Arizona with

17 the exception of one --

18 A Yes, sir.

19 Q -- is held in the name of Banone. Is that right?

20 A Yes, sir, uh-huh.

21 Q Okay. So for our purposes, at least for the

22 purposes of what we need to do with respect to this -- this

23 divorce --

24 A Yes, sir.

1 Q -- and how to handle it is we've got to treat these
2 properties based upon the name that they're titled in.
3 A Yes, sir.
4 Q We come up with the same number I believe?
5 A Yes, sir.
6 Q Okay. What I've done here -- sir, if you take a
7 look at page 5 --
8 A Yes, sir.
9 Q -- now page 2 there has numbers (indiscernible)
10 value.
11 A Yes, sir.
12 Q Yeah. So take a look at Q-4.
13 A Yes, sir.
14 Q Now I want -- I'm going to ask you to take a look at
15 Q-4 as I go through each of these properties that -- that are
16 listed on Page 5, 6, and 7 --
17 A Yes, sir.
18 Q -- and going over to -- on -- on it to page 8.
19 A That's 8?
20 Q Yeah. Well, start right on page 5.
21 A Page 5? Okay..
22 Q Okay? Banone owns the Harbor Hills home that we've
23 already talked about, correct?
24 A Yes, sir.

1 Q Banone also owns the -- both the Bella Kathryn home
2 and the Bella Kathryn vacant lot?

3 A Yes, sir.

4 Q Is that correct?

5 A Yes, sir.

6 Q And we've already discussed those, and those were
7 discussed on page 1.

8 A I believe so.

9 Q If we move now to the next series, you have
10 suggested that the lots that are reflected at the bottom of
11 page 5 all be put up for sale and split equally between you
12 and Lynita. Is that correct?

13 A Well, I don't believe we should sell the vacant
14 land, no, sir. My intentions was if they're split, they
15 should be held for three to five years because the vacant land
16 is only going to be worth 15 to 20 cents on the dollar.

17 Q Well, let's look at -- at Exhibit Q-4 that you have.

18 A Q-4?

19 Q Yes. That's the one that I just gave you that,
20 unfortunately, none of us have a copy of.

21 A Okay. Got it.

22 Q Okay.

23 A It's the ten houses.

24 Q Yeah. Let's start with Baxter.

1 A Okay.

2 Q You --

3 A That -- that's not on there.

4 Q Baxter is not on there?

5 A No.

6 Q Okay.

7 A The -- what we did on this --

8 Q You have Baxter on your Q -- your -- your Options,
9 don't you?

10 A Yeah. It went onto this one. It would be number 50
11 because there were some properties we separated out because we
12 were trying to free up some more cash.

13 Q All right. But Baxter is not on those lists?

14 A On what list? No, no. They're -- the -- these ten
15 are number 10 on this list, and num -- and the Arizona ones
16 are number 11 -- 10 and 11. And then we pulled some of the
17 Ban properties out of it that needed to be sold and split.
18 Just for leveling purposes, I was trying to make those
19 adjustments to make it easy. I figured anything that was
20 split was simple.

21 Q All right. Well --

22 A But it gave us more flexibility to level off the
23 trusses [sic] or level off this at divorce agreement.

24 Q Well, if we can go through this, then let's take a

1 look at your Options A and B and just make sure that we're on
2 the same page.

3 A Yes, sir. Okay.

4 Q Baxter you valued at 92,522?

5 A That's our cost, yes.

6 Q Okay.

7 A And then that -- I'm not saying value. I'm just
8 saying that's our cost. It could be it's worth less.

9 Q You believe it's worth less?

10 A I believe so because we -- we bought that early on.

11 Q And that's why you're suggesting that if you sold
12 it, each of you bear the risk on that?

13 A It be fair, yes.

14 Q Okay. And you notice that Lynita accepts that and
15 she's willing to split that in half with you ?

16 A Yeah, that's fine subject to all the other stuff.

17 Q But she's anticipating that you're going to put it
18 up for sale immediately?

19 A If she would like, that's fine -- with the houses
20 are fine.

21 Q All right. You see the next one, 5317 Clover
22 Blossom Court?

23 A Yes, sir.

24 Q You have valued that -- or you put it on your list

1 as \$118,805. Is that correct?

2 A Yes, sir.

3 Q And you also believe that that's worth less than

4 that amount?

5 A I'm not quite sure. It -- that would probably be a

6 little bit less.

7 Q Okay.

8 A Could be about that price.

9 Q And again, you'll notice that Lynita has no

10 objection to having that property sold and the two of you

11 equally sharing it? Is that acceptable?

12 A That's -- yeah, that'd be fine.

13 Q We move next to 1301 Heather Ridge Road.

14 A Yes, sir.

15 Q You have valued that \$128,459?

16 A Yes, sir.

17 Q And you believe it's actually worth less than that.

18 Is that right?

19 A it's getting \$1200 a month. It's not going to be

20 much less than that. It's probably pretty close.

21 Q All right. And so Lynita has no objection to that

22 being put up for sale immediately and you splitting the

23 proceeds. Is that acceptable to you?

24 A That would -- or we could trade two for two or

1 something so we're not splitting it. She could take two. I
2 could take two.

3 Q Okay.

4 A Pig-in-a-poke. She'd take one. I'd take one.

5 Q Sir, did you hear my question?

6 A (No audible response)

7 Q Okay. You have --

8 A I'm saying the options. I don't have a problem with
9 selling it -- but there are other solutions.

10 Q I didn't ask you if you had an option. I'm asking
11 if you a simple question. Do you have an objection --

12 A No, sir.

13 Q -- to putting that property up for sale and the two
14 of you --

15 A If it would -- if it would quicken --

16 Q -- and the two of you equally sharing.

17 A -- the pace and make it easy, sell it.

18 Q Okay. The next one you have listed here that's --
19 if you take a look at your chart, you've taken the property at
20 6313 Anaconda Street and you put a value of 91,411 on that
21 one. Is that correct?

22 A Yes, sir.

23 Q All right. And you -- again, you believe it's worth
24 less than that amount?

1 A Well, it's 1150 rent. It's probably worth about
2 that much.

3 Q All right. Then Lynita's suggesting -- or your
4 suggestion has been -- and accepting your suggestion that we
5 put that property up for sale and the two of you equally split
6 the proceeds. Is that acceptable to you?

7 A That would be acceptable, yes, sir.

8 Q Okay. The next one, 1608 Rustic Ridge Lane.

9 A Yes, sir.

10 Q You have valued that at \$77,526, is that correct?

11 A Yes, sir. That's the basis of renting.

12 Q And you have any objection to that property being
13 put up for sale immediately and you and Lynita sharing in the
14 proceeds?

15 A Yes, sir.

16 Q You -- you do have an objection to that?

17 A Yes, sir.

18 Q Why?

19 A That's my daughter's house, my little child, Erica.
20 She's 20 years old. But if you want to sell it, sell it.

21 Q So Rusty Ridge is your daughter's?

22 A It says right on there, daughter's house. That's
23 Erica's house, but let's sell it if that's -- if that would
24 make it easier for you.

1 Q Okay. Now tell me -- Erica -- this is the home --

2 A I would not object to selling it.

3 Q -- here in Las Vegas?

4 A Yes, sir.

5 (Whispered counsel)

6 BY MR. DICKERSON:

7 Q Well, didn't you suggest that it be sold?

8 A No. On 54, it shows I take it.

9 Q On which one?

10 A On B -- for Option B, I take it. However, I would
11 be willing to sell it if Lynita wants to sell it. I prefer
12 not to. It's been very hard --

13 Q Well, your -- your daughter --

14 A -- this divorce on Erica.

15 Q -- though is not living in the home right now, is
16 she?

17 A Yes.

18 (Whispered conversation)

19 BY MR. DICKERSON:

20 Q Isn't your daughter living with Lynita?

21 A She's a home protecting the kids right now because
22 she should be off to college, Mr. Dickerson.

23 Q Sir --

24 A And she spends half the time there. Yes, she's at -

1

-

2

Q Is your daughter --

3

A -- she lives half the time at the house and half-

4

time at her house. She's at college at Southern Nevada. When

5

she's at college, she stays at the college. During the

6

summertime, she's been spending a lot of time with Lynita.

7

Q This is a home that you simply have her living in,

8

is that correct?

9

A What -- simply living at? That's her house, her

10

bed, her couch, her TV, her computer system there. What do

11

you mean just living there?

12

Q Hasn't she spent the entire summer living at

13

Lynita's home?

14

A I'm not sure.

15

Q All right.

16

A No, that's not true.

17

Q All right.

18

A We call it the "Four Seasons." But if you'd like to

19

sell it -- Your Honor, if you -- I don't mean any disrespect.

20

If it makes it easier, I will do anything and the kids will

21

adjust.

22

(Whispered conversation)

23

THE COURT: But you prefer not to sell it because

24

it's your daughter's house and your Option B was you keep it?

1 THE WITNESS: I would try to but now I may be forced
2 to sell it under these conditions that Mr. Dickerson has
3 proposed. Things have changed radically. If the waste issues
4 are found to be guilty here, then I have -- then I have a hard
5 time in my world, but I'll have to deal with it.

6 THE COURT: Okay.

7 BY MR. DICKERSON:

8 Q Let's move down, sir, at the bottom of Page 5 of my
9 Exhibit A. We have the Mesa Vista lots.

10 A Yes, sir.

11 Q There's five acres.

12 A Yes, sir.

13 Q Mesa Vista, five acres?

14 A Yes, sir.

15 Q Are there lot -- do you have lot numbers for those
16 first?

17 A Do I?

18 Q Yes. You've only, throughout this litigation, just
19 identified it as --

20 A Mesa Vista, five acres.

21 Q -- Mesa, five acres.

22 A That's just identification. It's probably just one
23 parcel.

24 Q Okay. Do you know the parcel number or the lot

1 number?

2 A I -- Rochelle or Joan, whoever's in charge of that
3 file would.

4 Q Now on your list, you valued this property at
5 \$100,000. Is that correct?

6 A That's our basis.

7 Q All right. And do you have any objection to putting
8 that property up for sale immediately and splitting the
9 proceeds with Lynita?

10 A It be foolish.

11 Q Why?

12 A You can get 15 cents on the dollar on vacant land --
13 or 20 cents.

14 Q Then why did you value it at \$100,000?

15 A For convenient purposes, that's what the book value
16 was.

17 MR. STEPHENS: Objection to the value. That's what
18 he paid for it.

19 MR. DICKERSON: Okay. So --

20 MR. STEPHENS: We test -- it's all cost basis. This
21 whole thing is cost --

22 THE WITNESS: This is basically all cost basis.

23 MR. STEPHENS: -- would be cost. There's no --

24 BY MR. DICKERSON:

1 MR. DICKERSON: The bank -- thank you.

2 MR. JIMMERSON: The church.

3 BY MR. DICKERSON:

4 Q The church.

5 A Yes, sir.

6 Q The church; you're going to have 1.1 -- \$1,155,000
7 that is going to be paid to you and Cal, correct?

8 A No.

9 Q Who's it going to be paid to?

10 A Cal.

11 Q Why?

12 A I haven't entered an agreement to buy.

13 Q Pardon me?

14 A I haven't entered into the agreement to purchase --
15 to purchase Russell Road. I wasn't planning on purchasing
16 Russell Road at this time.

17 Q We're talking about now, today.

18 A We're talking -- no, you're taking -- you're taking
19 this in October '09 is all going to go to Cal, the 5.3-
20 million, American Bank of Commerce is going to continue their
21 2.8-million.

22 Q How about today, sir?

23 A Call was going to do -- carry back all the balance
24 of the funds. I wouldn't have an interest in it.

1 Q Sir, let me wind you forward now.
2 A Okay. There you go.
3 Q Let's get to today.
4 A Now we sit here today --
5 Q Okay.
6 A -- this is different, okay.
7 Q Okay. Now, when the bank exercises the option to
8 purchase the property --
9 A The church.
10 Q -- you -- the church, thank you; you and Cal will be
11 receiving \$1,155,000.
12 A No.
13 Q Who will receive that money?
14 A Okay. Now we will be, but at this time when this
15 was written --
16 Q Let me make it simple for you, sir.
17 A -- it was different. It's very important --
18 Q Sir.
19 A -- because the contract --
20 Q Let me make it --
21 A -- and the contents of that contract --
22 Q -- make it simple for you.
23 A -- is very important.
24 Q Sir, you own at least --

1 A Now we own 65 percent --
2 Q You're telling us you own --
3 A -- of it --
4 Q -- 65 percent.
5 A -- yes.
6 Q Now, we're talking the future.
7 A Yes.
8 Q The bank hasn't -- the -- the church hasn't
9 purchased the property yet, have they?
10 A That's correct.
11 Q So we're talking sometime in the future.
12 A Yes, sir.
13 Q We're going to get to that. When the -- when the
14 church purchases the property, you and Cal will be receiving
15 \$1,155,000, correct?
16 A You know, and I apologize. I would have to review
17 the documents because the -- the plan at this point in time
18 was them to pay cash for the entire property. So I don't know
19 if we've had additional exhibits that would change on this or
20 not.
21 Q Well --
22 A According to this document, the worst scenario is
23 we're getting a million two, we get 65 percent of it, and we
24 would have a carry back for -- for four years.

1 Q Okay.

2 A That's still not too bad for me.

3 Q Now, how about let's -- let's focus --

4 A Well, hold on. I -- so if you're going to go with

5 that train of thought --

6 Q Can you --

7 A -- I'm fine with that.

8 Q Can you focus on my question?

9 A Yes, sir.

10 Q Try to make it simple for you.

11 A Yes, please.

12 Q Okay. According to this document --

13 A According to this document.

14 Q -- that you put together and negotiated.

15 A Yes, sir.

16 Q Whenever the church purchases the property, they've

17 got to -- you and Cal will be receiving \$1,155,000.

18 A They'll have several options. They can pay cash,

19 they get a much lower rate from a church lender, or, this was

20 a backup scenario, and we'd get them 1.2-million, Lynita and

21 myself would get 65 percent, and then we'd be receiving triple

22 net \$31,000 a month for four years.

23 Q Well, it's no longer triple net because you've sold

24 the property.

1 A Now it's triple triple net.
2 Q Well, now you've sold the property.
3 A Yeah. So it's all interest. Okay?
4 Q All right. Well --
5 A So you're getting another payment --
6 Q -- no, it's not interest --
7 A -- of \$31,000.
8 Q -- sir. It's --
9 A Did you see that?
10 Q It's the repayment of that \$4-million in community
11 monies that you used and gave to your brother in February of
12 this year. It's repayment of those monies.
13 MR. JIMMERSON: Objection, there's no \$4-million.
14 THE WITNESS: What are you talking about?
15 MR. JIMMERSON: My God.
16 THE WITNESS: So that's good. Bob, did you
17 understand that we had a half -- we had 500,000 almost in tax
18 savings, that we to took a non-secured note of 522,000.
19 BY MR. DICKERSON:
20 Q No sir, I don't.
21 A We had a non-secure -- we had non-performing note of
22 --
23 Q May I ask my next question?
24 A -- 700,000. And we have the money in the bank

1 earning 1 percent. In today's economy in a recession --

2 Q Now --

3 A -- I don't even understand how it's even conceivable

4 that you would think that was an inside deal.

5 Q -- let's talk about the 1 percent. You have not

6 received any portion of the rent since February, have you?

7 A I don't believe so.

8 Q Okay. In fact, you've given every portion, every

9 dime, that the church has paid in rent on this property,

10 notwithstanding you having a 65 percent interest, 100 percent

11 has gone to Cal, correct?

12 A The reason for it was repairs --

13 Q Is that correct?

14 A -- and maintenance.

15 Q Am I correct?

16 A The answer is yes.

17 Q Thank you.

18 A I don't like to be misled because it makes me feel

19 --

20 Q Thank you, sir.

21 A -- like you're saying I'm a thief, which I am not.

22 Q Thank you, sir.

23 A We understand who that is.

24 Q Now, you have not collected one dime from Cal but

1 you have it arranged that you will start collecting rents
2 October 1st?

3 A That's how we have planned it. And we may have to
4 even defer those rents.

5 Q Now, is it just a coincidence that it happens to be
6 after the divorce?

7 A After? This divorce could be another year. Are you
8 kidding me? If I stopped interrupting this, this has gone on
9 for 705 days, I cannot plan on a divorce anywhere in my life
10 with you in dealing with this.

11 Q Okay. So --

12 MR. JIMMERSON: And I'll lay you money they're not
13 divorced by October 1.

14 THE WITNESS: Yeah, I can -- I'd bet \$10,000 that
15 the Dickerson law firm can get it done, I'm on the record,
16 I'll pay you \$10,000 bonus if we can settle all the estates
17 here. Ray, you get 1000.

18 MR. JIMMERSON: Judge, he's just missing a zero or
19 two, I think the deal could get done.

20 THE WITNESS: Lynita, you got some money. I'll give
21 you an extra \$50,000, Lynita, if you can get it done by that
22 date.

23 MR. JIMMERSON: October 1 in other words didn't have
24 anything to do with the divorce.

1 THE WITNESS: No, that's -- that's -- I'm serious on
2 that, Your Honor.

3 MR. JIMMERSON: That's pretty clear.

4 BY MR. DICKERSON:

5 Q Where is it written in these documents that -- where
6 -- give me one exhibit that says in February of this year
7 where it says that Cal -- that you're going to delay getting
8 anything until October? Where is it?

9 A Okay. We're going to have to look at the agreements
10 here. We have an agreement if we go back to Cal's promissory
11 note, let's see here. Where is that promissory note? You
12 guys know where it is. The 2-million.

13 Q Let's move on. Let's just move on.

14 A No, no, no, we're going to find it. You asked me a
15 question, I'm going to find it, because you make me look like
16 an idiot up here and I'm going to find it.

17 Q Let's move on.

18 MS. POLSELLI: G4.

19 THE WITNESS: It says -- where is it?

20 MR. JIMMERSON: G4.

21 MS. POLSELLI: G4.

22 THE WITNESS: G4. You asked a question, I get -- I
23 get the right to answer it. G4?

24 MS. POLSELLI: Is the promissory note.

1 THE COURT: G4 the promissory note?
2 BY MR. DICKERSON:
3 Q So where's the G4 -- where's it say that Cal gets
4 100 percent of the rental money until October 1st? Where in
5 there?
6 A Okay. You're lucky on this one. But, there is an
7 agreement --
8 Q Where is it, sir?
9 A There is an agreement and the agreement we'll find
10 and I'll produce it tomorrow, that says that Cal -- in our
11 agreement, that he reserves the right to do that. Do we have
12 an additional agreement with Cal?
13 Q So on the -- on the \$2,777,861 in community cash
14 that you gave out to your brother in February of this year --
15 MR. JIMMERSON: Objection, Your Honor, he --
16 Q -- there's not been any --
17 MR. JIMMERSON: -- didn't give out anything.
18 Q -- interest earned; is that correct?
19 A I didn't --
20 MR. JIMMERSON: Your Honor --
21 A -- give nothing.
22 MR. JIMMERSON: -- excuse me.
23 THE COURT: You object to the characterization as it
24 being --

1 MR. JIMMERSON: When I make an objection I would
2 like to just be heard before we -- both of you --

3 MR. DICKERSON: How about letting me finish the
4 question and then --

5 MR. JIMMERSON: You did and then I object to the
6 form of the question, argumentative, it's also contrary to the
7 testimony to this point in time.

8 MR. DICKERSON: I will re-word this.

9 THE COURT: Does that mean sustained, Your Honor?

10 THE COURT: Sustained.

11 MR. JIMMERSON: Thank you.

12 BY MR. DICKERSON:

13 Q In -- since February --

14 A Yes, sir.

15 Q -- of this year.

16 A Yes, sir.

17 Q When you used two million, seven hundred seventy
18 seven thousand --

19 A Yes, sir.

20 Q -- eight hundred and 61 dollars of community cash --

21 A Yes, sir.

22 Q -- to purchase this 65 percent interest --

23 A Yes, sir.

24 Q -- in the Russell Road property, you've earned zero

1 interest on that money since then, isn't that correct?

2 A I have earned --

3 Q Okay. Do you understand my -- do you understand my
4 question?

5 A Zero interest.

6 Q Thank you.

7 A I'm not going to argue with you all day over a good
8 deal versus a bad deal. This is what I do for a living. I
9 can improve the community estate and Lynita, you know it.

10 THE COURT: Don't yell at her.

11 THE WITNESS: Somebody does -- needs to.

12 THE COURT: Just answer the questions. Just relax.
13 We'll get you guys done; it's only money.

14 BY MR. DICKERSON:

15 Q Let's move to the next --

16 MR. DICKERSON: Has G5 been admitted?

17 MR. JIMMERSON: You know, give the Judge some credit
18 to remember your testimony about all the things Cal's done for
19 you.

20 THE WITNESS: I'll start yelling at the Judge -- no,
21 I won't; sorry, as far as her, but --

22 BY MR. DICKERSON:

23 Q Moving, sir, to G6.

24 A I'm sorry?

1 Q G6.

2 A G6.

3 Q Now, this is the commercial lease agreement that you
4 negotiated on behalf of your brother in October of last year
5 with the church; is that correct?

6 A I believe so.

7 Q And what interest, if any, does your brother have in
8 Nelson and Associates?

9 A None.

10 Q Okay. Now, if we take a look at page 2, says
11 payment of rent shall be made by lessee to lessor at the
12 following address: Nelson and Associates.

13 A Yes, sir.

14 Q That's your office; is that correct?

15 A That's Cal's office. We just went over that. He
16 offices there since he went out of business. He's had
17 physical office.

18 Q Then why doesn't it say shall be to the following
19 address, Cal Nelson, at this address?

20 A Because he isn't on the mailing address. It would
21 probably get to me, but I can guarantee one thing, if it says
22 Nelson and Associates, 100 percent it's going to get there.
23 And since I'm the broker there, it's a financial matter that
24 involves real estate, it's not unusual for anything to come

1 through that office so I'd take a look at it, but he would get
2 it.

3 MR. DICKERSON: Move for admission of Exhibit G6,
4 Your Honor.

5 MR. JIMMERSON: No objection, and it is matching 9F.

6 THE COURT: 9A is it?

7 MR. JIMMERSON: F; 9F. It's the commercial lease
8 agreement, Your Honor.

9 THE COURT: Thank you.

10 BY MR. DICKERSON:

11 Q Now, sir, if you'll move to Exhibit G7.

12 MR. JIMMERSON: October 15th, 2009.

13 THE WITNESS: I'm sorry?

14 BY MR. DICKERSON:

15 Q If you'll move to Exhibit G7, please.

16 A G7, yes, sir.

17 Q Okay. Now, this is an addendum to the lease; is
18 that correct?

19 A Oh, let's see. I'm getting there, I'm getting
20 there, I'm getting there. Yes, sir.

21 Q Now this was done just a few days later in October
22 of 2009; is that right? Now, we took a look at the other
23 agreements were apparently signed around the 15th of October.

24 A Yes, sir.

1 Q So roughly five days later you enter into this
2 addendum?

3 A Yes, sir.

4 Q And --

5 A It's a letter of a clarification to make sure that
6 all tenants are fully aware of what they're signing.

7 Q Well, what we -- we have here is that it says that
8 the closing date shall be on or before January 15th, 2010.
9 That's the closing date for the option, correct?

10 A I believe so, yes.

11 Q Okay. Now --

12 A That makes more sense.

13 Q -- now we're past January 15th of 2010.

14 A Yes.

15 Q So they didn't exercise the option by that date?

16 A That's correct.

17 Q Correct? And it says closing shall be simultaneous
18 -- simultaneous close with Nevada Title. What is this escrow
19 number? What is that?

20 A They were going to close on a property, transfer
21 their -- their million two into escrow from their sale of
22 their church. It didn't happen.

23 Q Okay.

24 A They were li -- they were delayed on their side of

1 it.

2 Q And then we have three; rental payments for the
3 months of October, November and December 2009 shall be
4 discounted the amount of \$15,000 per month due on the 15th of
5 each month?

6 A Yes, sir.

7 Q Okay. And your brother's testimony that it was
8 actually 20,000 so what -- do you know what the rents are
9 being received?

10 A 20,000.

11 Q Okay. So since October, the church has been paying
12 \$20,000 --

13 A Yeah, we have --

14 Q -- a month?

15 A -- made some modifications and changes to the
16 church.

17 Q All right. And today, how much is the church
18 paying?

19 A 20,000.

20 Q Okay. And when does it move to 30,000?

21 A I believe the 30,000 is October 1st, I believe that
22 is when it's supposed to be designated.

23 Q And I think we've already established --

24 A Or October 15th I think it is.

1 Q -- that the entire --
2 A I think they pay in the middle of the month.
3 Q -- that entire \$20,000 that the bank has paid since
4 October --
5 A Church.
6 Q -- of last year has gone to Cal?
7 A Yes, sir.
8 Q All right.
9 A Of which we're only entitled to 65 percent of it,
10 but we had a lot of repairs.
11 Q Thank you, sir. I'll ask the next question please.
12 A Okay.
13 Q Okay. So it says here full lease payment of \$30,000
14 per month shall begin on the earlier of close of escrow but no
15 later than January 15th. So, why is it that they are not
16 paying \$30,000 per month since January 15th?
17 A We made some adjustments in the rent because we
18 couldn't get some of the zoning done and they couldn't get
19 their plans approved, so it delayed some of their improvements
20 and so they -- they had to stop in some of those areas. We
21 were somewhat responsible because we had represented that it
22 would be a fairly easy process to get there. So we had to
23 change some of the key dates.
24 Q So being the good business man that you are, you put

1 that in writing?

2 A I believe it is.

3 Q I haven't seen that document. Do you have it?

4 A I'm not sure if I do. We'd have to check.

5 Q Well --

6 A I can sure check and provide it if it's there.

7 Q -- I don't think it's any of these nine --

8 A That's right. Out of nine volumes if we're missing

9 one page, that's a hell of a good day.

10 Q Thank you.

11 MR. DICKERSON: I'll take -- move for admission of

12 Exhibit G7.

13 THE COURT: Any objections to G7? I don't know if

14 it's already in there. That is the addendum to the lease?

15 MS. POLSELLI: We did not admit this.

16 THE WITNESS: No objections.

17 MR. JIMMERSON: That's the lease addendum, Your

18 Honor, we have no objection.

19 THE COURT: Admitted as G7.

20 MR. JIMMERSON: Thank you, Your Honor.

21 (Defendant's Exhibit G7 admitted)

22 THE COURT: Now is probably a good time to break

23 since it's almost 5:30. Is that -- how do you guys look

24 tomorrow morning? I can sneak you in --

1 THE WITNESS: Yes.

2 THE COURT: -- in the morning if you guys are
3 available. I have a trial that I just may be kicking, so --

4 THE WITNESS: We'll be here.

5 MR. DICKERSON: Hold on one second. I --

6 THE WITNESS: Katherine can do it.

7 THE COURT: Mr. Jimmerson, how do you look tomorrow
8 morning? I could -- I got a TPR that I'm kicking, I've got
9 five in the afternoon, I'm going to kick one, make it six, why
10 not.

11 MR. JIMMERSON: This is my answer to you. Mr.
12 Stephens will be here tomorrow at 9:00. I have two court
13 appearances, one -- two -- a Family Court appearance -- I'm
14 sorry. One Family Court appearance here and -- I'm sorry,
15 downtown, Judge Ritchie, and I have a 9:00 court appearance in
16 the civil division, Bonnie Bulla Discovery Commissioner.

17 So I can be here by approximately 10:30. However, I
18 have my client's permission, with Mr. Stephens' presence, to
19 commence at 9:00 and go forward.

20 THE COURT: Okay. And if we get to cross examine
21 and redirect, then it may give us some issues to meet with
22 counsel to try and narrow what exactly is disputed on that,
23 because --

24 MR. JIMMERSON: Thank you, Judge. And your guidance

1 will help narrow the issues I'm confident.

2 THE COURT: Because your next court date's going to

3 be way -- a while off, I don't know if I can get you in.

4 THE WITNESS: How long would we have tomorrow

5 morning?

6 THE COURT: All morning.

7 THE WITNESS: Well, that'd be great.

8 THE COURT: 9:00 to 12:00 if the people can --

9 MR. DICKERSON: I will --

10 THE COURT: If they can, we'll get you in there to

11 try to get this done. What it does then gives me some issues,

12 maybe I can try to give some direction, help the people narrow

13 down the issues or even maybe settle it.

14 THE WITNESS: I'll have an affidavit when --

15 MR. DICKERSON: I may need to just be a few minutes

16 in --

17 (WITNESS AND MS. POLSELLI CONFERRING)

18 MR. DICKERSON: -- that -- I have one hearing, but I

19 will either get somebody to handle it, but if I'm there I'll

20 be short, so --

21 THE COURT: Or just let Mr. Stephens -- if you have

22 Mr. Stephens' cell phone, let him know if you're running a

23 little bit late so he can let his clients know. You guys have

24 cell phones in case he's running late? I'm here, I'll be

1 upstairs, so I got -- I don't have a life so I'll be upstairs
2 --

3 MR. JIMMERSON: Your Honor, I know how that --

4 THE COURT: -- anyway, so -- I wait until they tell me --

5 MR. JIMMERSON: I know how that feels, man, I'm
6 telling you.

7 THE COURT: They tell me when you guys are here, I
8 come down, so I mean I -- if you're running late, I just don't
9 want to have Mr. Stephens getting here and then having to wait
10 a half hour. He's still go another hearing --

11 MR. DICKERSON: Well, I'll be here -- I'll be here
12 at 9:00 for sure.

13 MR. STEPHENS: Okay.

14 MR. DICKERSON: I'll be here at 9:00, I might be in
15 another courtroom, but I think I can get Rena to handle that.

16 MR. STEPHENS: Okay.

17 THE COURT: All right. If you do just let --

18 MR. STEPHENS: So we'll plan on 9:00 then.

19 THE COURT: 9:00 tomorrow morning and we'll give you
20 up until lunch because then I've got like six TPRs set in the
21 afternoon, so that's going to be a disaster.

22 THE CLERK: Adjudicatory hearings.

23 THE COURT: Oh, that's right, they're not -- they're
24 adjudicatory hearings, not trials, that's right. Only five of

1 them, so that'll be half a day's work.

2 All right. We'll be in recess until 9:00 tomorrow
3 morning. You can leave everything here. We'll lock
4 everything up for you.

5 THE WITNESS: Thank you.

6 (The proceedings concluded at 17:18:37)

7 *****

8 ATTEST: I do hereby certify that I have truly and
9 correctly transcribed the digital proceedings in the
10 above-entitled case to the best of my ability.

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Kimberly C. McCright, CET

FILED

OCT 20 2010

John J. Sullivan
CLERK OF COURT

ORIGINAL

EIGHTH JUDICIAL DISTRICT COURT

FAMILY DIVISION

CLARK COUNTY, NEVADA

ERIC L. NELSON,

Plaintiff,

VS.

CASE NO. D-09-411537-D

LYNITA NELSON,

DEPT. O

Defendant.

BEFORE THE HONORABLE FRANK P. SULLIVAN
DISTRICT COURT JUDGE

TRANSCRIPT RE: NON-JURY TRIAL - VOL. IV

WEDNESDAY, SEPTEMBER 1, 2010

APPEARANCES:

THE PLAINTIFF:
FOR THE PLAINTIFF:

ERIC L. NELSON
JAMES J. JIMMERSON, ESQ.
DAVID STEPHENS, ESQ.
415 South Sixth Street, Suite 100
Las Vegas, Nevada 89101
(702) 388-7171

THE DEFENDANT:

LYNITA NELSON
ROBERT P. DICKERSON, ESQ.
CATHERINE L. PROVOST, ESQ.
1745 Village Center Circle
Las Vegas, Nevada 89134
(702) 388-8600

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I N D E X O F W I T N E S S E S

MONDAY, AUGUST 30, 2010

	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>
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PLAINTIFF'S WITNESSES:

ERIC L. NELSON	27	--	--	--
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DEFENDANT'S WITNESSES:

NONE

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TUESDAY, AUGUST 31, 2010

PLAINTIFF'S WITNESSES:

ERIC L. NELSON	231	426	--	--
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DEFENDANT'S WITNESSES:

NONE

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WEDNESDAY, SEPTEMBER 1, 2010

PLAINTIFF'S WITNESSES:

ERIC L. NELSON	--	632	--	--
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DEFENDANT'S WITNESSES:

NONE

* * * * *

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Admitted

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20	79 A, B, and C - Gateway notes	338
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I N D E X O F E X H I B I T S (CONT)

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2		<u>Admitted</u>
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4	R-11 - Nephew Chad promissory Note	--
5	R-12 - Alicia Harrison Note	--
6	R-13 - Keith Little Note	--
7	R-14 - Eric T. Nelson Note	--
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1 LAS VEGAS, NEVADA

WEDNESDAY, SEPTEMBER 1, 2010

2 P R O C E E D I N G S

3 (PROCEEDINGS BEGAN AT 9:21 A.M.)

4

5 THE COURT: Apologize everybody. We should have put
6 this at 9:30. This time, Mr. Dickerson's on time and I'm
7 late, right? There is no justice.

8 This time is set in the matter of Eric and Lynita
9 Nelson, Case Number D-411537. We'll get everybody's
10 appearances for the record. We'll start with Mr. Stephens.

11 MR. STEPHENS: Yes, your Honor. David Stephens, Bar
12 Number 0902. With me, I have Eric Nelson who's currently on
13 the witness stand, and Shahana Po --

14 MS. POLSELLI: Polselli.

15 MR. STEPHENS: -- who is a paralegal assisting us
16 today. Also, for the record, Your Honor, I believe Mr.
17 Jimmerson will be joining us around 10:00, and he will
18 probably take over as lead counsel at that point once again.

19 THE COURT: All right. Mr. Dickerson?

20 MR. DICKERSON: Your Honor, Bob Dickerson, Bar
21 Number 0945, with Catherine Provost, representing Lynita
22 Nelson.

23 THE COURT: It's good to see everybody again.
24 Everybody can sit down and get comfortable except for Mr.

1 Nelson. We'll get him sworn in, and we'll let you sit down
2 and get comfortable.

3 THE CLERK: You do solemnly swear the testimony
4 you're about to give in this action shall be the truth, the
5 whole truth, and nothing but the truth, so help you God?

6 THE WITNESS: Yes.

7 THE COURT: We're going to kind of pick up where we
8 left off I'd just make a note. We want everybody to be kind
9 of respectful. I know people get excited in the heat of
10 battle and that, but we want to maintain the integrity of the
11 Court and respect of the parties and to both of you. We're
12 going to get through this together.

13 MR. DICKERSON: Thank you.

14 THE COURT: You will get divorced and -- and the
15 issue on there, we make it as hard or as easy as we can on
16 that. There's a lot of emotions involved, relationship
17 ending. You guys got to keep in mind though that your
18 relationship is not ending. It's just in transition. You're
19 going to have children -- you got children so you're going to
20 be -- contact each other for the rest of the life, so we try
21 to minimize the damage to each other. And again, it's easier
22 said than done because I know the emotion on that. It's a
23 very difficult time difficult time for both of you. I do
24 respect that. We try to kind of get through and just try to

1 keep the big picture in mind that you're going to move forward
2 on that, and you're going to have lots of kids graduate, get
3 married and do all that. So we kind of really want to try to
4 minimize the damage with the relationship, because it's not
5 over, it's just a transition. So I know that's easier said
6 than done.

7 I do recognize the emotions involved on that. And
8 you guys had a long time together on that, so neither one of
9 you could be as bad as people think they are at that time. So
10 just try to keep the big picture in mind, and we'll work out
11 the financials for you, and try to be fair and just to both
12 parties.

13 THE WITNESS: Thank you, Your Honor.

14 THE COURT: Mr. Dickerson, you can --

15 MR. DICKERSON: Thank you, Your Honor.

16 THE COURT: -- pick up.

17 MR. DICKERSON: Ms. Clerk, may I have the
18 Plaintiff's Exhibits, Options A and B?

19 THE WITNESS: I put this down here or up here.
20 Where do you want this?

21 MR. DICKERSON: Put that right here.

22 THE COURT: Yeah, we're --

23 ERIC L. NELSON

24 called as a witness on his own behalf as the Plaintiff, having

1 been duly sworn, testified as follows:

2 CROSS EXAMINATION CONTINUED

3 BY MR. DICKERSON:

4 Q Mr. Nelson, I'm handing you Plaintiff's Exhibit A
5 and B, which are your Options A and B, and we left off
6 yesterday -- we were actually talking about the Russell Road
7 property, but if I may just back up one second. You go back
8 up to the Bella Kathryn Circle, the 2911 Bella Kathryn Circle.

9 A Yes, sir.

10 Q You have on both your schedules a dollar amount of
11 \$1,289,222, is that correct?

12 A Yes, sir.

13 Q And that is the amount of community cash that you
14 invested into that property as of July 30th of this year. Is
15 that correct?

16 A Yes, sir.

17 Q And since July 30th, here we are at now September
18 1st, you have invested additional monies into that investment,
19 have you not?

20 A Yes, sir.

21 Q And how much have you invested?

22 A I have no idea.

23 Q How would we find that out?

24 A We could easily have Rochelle pull that up in -- in

1 moments if you want to make a phone call.

2 Q Can you tell me what improvements you've done over
3 the last month that you've had to pay for?

4 A Probably some blocked wall, some pavers. I think
5 that's about -- not a whole bunch, because after 7/30, we
6 haven't done a bunch, some electrical. That's probably about
7 it.

8 Q Was it more than \$100,000?

9 A No, sir.

10 Q Is it approximately a hundred thousand?

11 A I don't know, Sir.

12 Q Okay. All right. So if we --

13 A Did you want the Zilla one. I had mentioned I had
14 the Zilla for Bella Kathryn. It was like 650 for the Zilla.

15 Q What do you mean --

16 A The --

17 Q -- did I want that?

18 A I thought you mentioned Zilla.

19 Q All I'm interested, sir, in the amount of community
20 cash that you put into that.

21 A Oh, I'm sorry.

22 Q Okay?

23 A Okay. I'm sorry. I thought you said Zilla
24 yesterday. I got some information on that.

1 Q I did, too, sir, but I'm -- I'm interested in the
2 amount of community cash that you put into that.

3 A Yes, sir.

4 Q Thank you. So if we may move back to Russell Road,
5 and in regards to Russell Road, if I can ask you if you'd
6 please turn to Exhibit G9?

7 A I'm sorry.

8 Q G9.

9 A D9?

10 Q G as in --

11 A G.

12 Q -- George.

13 A Okay. G9.

14 MR. DICKERSON: Your Honor, you don't have a G9 in
15 yours. I got a copy for you.

16 (Pause/whispered conversation)

17 THE WITNESS: I have it, G9.

18 MR. DICKERSON: Yes.

19 BY MR. DICKERSON:

20 Q If you'll look through this, these are various bank
21 accounts -- statements with checks that are in accounts that
22 you're in control of. Is that correct --

23 A Yes, sir.

24 Q -- if you take a look at that? You're in control if

1 City National Bank?

2 A I don't personally write the checks. That would be,
3 I believe, Rochelle.

4 Q Okay. Now listen to my question. You are in
5 control of the City National Bank account, are you not, sir?

6 A Yes, sir.

7 Q That's the Banone account?

8 A Yes, sir.

9 Q Right. Let's take a look at the first statement,
10 and if we can go to the second page, there is a check there.
11 It's check number 1144 down towards the bottom, November 19th,
12 2008?

13 A Yes, sir.

14 Q It's a check made payable to your brother, Carence -
15 - Clarence Nelson, in the amount of \$30,000.

16 A I can't see it but I believe so.

17 Q Okay. Which tells -- what was that check for? Why
18 were you giving your brother, Clarence, \$30,000 on -- in
19 November of 2008?

20 A Those were the -- when he was failing at the Blue
21 Water Marina and I was loaning him money for the facility --

22 Q Okay.

23 A -- to assist him.

24 Q All right. If we move over to the next bank

1 statement, it's another -- on City National Bank, Banone, and
2 if you take the second page of that. If you'd look for check
3 number 1171. It was --

4 A Yes, sir.

5 Q -- dated here -- it's 12/23/2008, another \$30,000
6 check made brother to your -- made payable to your brother,
7 Clarence Nelson.

8 A Yes, sir.

9 Q Is that the same -- same reason?

10 A Same reason.

11 Q Okay. If we take a look, sir, at the next bank
12 statement which is, again, another City National Bank
13 statement. And if you take a look at the next page right
14 behind that, we have check number 1174. The date on that is
15 4/13/2009 in the amount of \$100,000 made payable to your
16 brother, Clarence Nelson. What is that for?

17 A I'm not quite sure. It could have been one of the
18 same reasons.

19 Q So why would you be giving your brother \$100,000 in
20 April of 2009?

21 A I would believe it would be to assist him in his
22 expenses at the Cal's Blue Water Marina.

23 Q Take a look, sir, the next bank statement is one
24 for Eric Nelson Auctioneering, Inc. Now that -- again, that's

1 a --

2 A Yep.

3 Q -- company that is owned by you? Is that correct?

4 A Eric Nelson Option -- yes, sir.

5 Q Okay. Now that's, again, a bank account which
6 you're in control of?

7 A Yes, sir.

8 Q If you take a look at the next page of that, there's
9 a check that is dated June 17th, 2009. It's check number 6049
10 made payable to Cal's Blue Water Marine in the amount of
11 \$30,000. What is that for?

12 MR. STEPHENS: Just for the record, I think it's
13 5049 not 6049.

14 MR. DICKERSON: Oh, 5049, yes.

15 THE WITNESS: I'm sorry.

16 MR. DICKERSON: My dyslex --

17 THE WITNESS: What page are we on?

18 MR. DICKERSON: We're on the page -- if you take a
19 look right after the -- the statement for Eric Nelson Inc.
20 It's the -- the register for one of your checks. Do you see
21 that \$30,000 check?

22 THE WITNESS: I don't see it, but I'll --

23 MR. DICKERSON: Let me find it for you.

24 THE WITNESS: -- but I'll -- I'll believe you.

1 MR. DICKERSON: Right here, sir.

2 THE WITNESS: Yes, sir.

3 BY MR. DICKERSON:

4 Q Now that's a \$30,000 check dated June 17th, 2009
5 made payable to Cal's Blue Water Marine. That's --

6 A Yes.

7 Q -- a business owned by your brother, Clarence
8 Nelson, is that correct?

9 A Yes, sir.

10 Q What was that check for?

11 A That would have been for the -- the -- I believe it
12 was for the Cal's Blue Water Marine to assist him in those
13 areas.

14 Q Okay.

15 A Now in some -- in some instances, we did pay him
16 when he started to work for Banone, so I can't answer all
17 together that it was exactly for that, because when he was
18 coming on for Banone --

19 Q Well, you're you going to pay him--

20 A -- in the Banone accounts --

21 Q -- out of the Banone account though --

22 A Yeah, yeah, the Banone accounts.

23 Q See--

24 A So this could be that.

1 Q This is --

2 A These here now recall look like more like Cal's Blue

3 Water, so --

4 Q This is Eric Nelson --

5 A Auctioneering.

6 Q -- Auctioneering.

7 A Yes, sir.

8 Q Okay. You didn't pay him out of that for any work

9 that he did, correct?

10 A I would not believe so.

11 Q All right. So what was -- what's that \$30,000 check

12 for?

13 A Well, I'm not quite exactly sure what it was booked

14 for, because -- now you have to understand, too, if we did

15 have Sugar Daddy's --

16 Q Well, it says on their "rent." See the check?

17 A Then it would probably be rent.

18 Q Rent for what?

19 A It would probably be classified as rent where the

20 girls would make some classification that he's renting or he's

21 leasing or whatever for his facility. Like it could have been

22 a mortgage payment, but they classified it as rent. I'm not

23 quite sure.

24 Q Okay. So it's actually --

1 A I didn't type that.

2 Q -- it's actually money that you would give to your
3 brother --

4 A Yes, sir.

5 Q -- so that he could make his mortgage payment to the
6 bank. Is that correct?

7 A I believe so.

8 Q Okay. And so this is the same loan we're talking
9 about that you paid off when you bought your interest in it,
10 correct?

11 A I believe so.

12 Q All right. Now if we move to the next statement,
13 again, another one, Eric L. Nelson Nevada Trust.

14 A Okay.

15 Q That's another account --

16 A Yes, sir.

17 Q -- that you're in control of, is that correct?

18 A Yes, sir.

19 Q And we see that if you take a look at the next page,
20 there is a check number -- it is check number 2491 in the
21 amount of \$32,000 --

22 A Yes, sir.

23 Q -- made payable to Cal's Blue Water Marine.

24 A Yes, sir.

1 Q What is that for?

2 A That -- now some of these checks, I believe the
3 majority of these were the loans into the property to assist
4 him. However, there were payments being made to him or
5 advances in the Banone because we were partners, and he'd have
6 advance draws in some of those areas. So I couldn't tell you
7 exactly until I looked at the books and records.

8 Q Well, let me ask you this: Why would you make it to
9 Cal's Blue Water Marine --

10 A I'm not quite sure. I don't write the checks.

11 Q -- on this date? What we're talking about -- the
12 date is July 20th of 2009.

13 A Yes, sir. I'm not sure. I don't want to elaborate
14 too much, but I'm not quite sure because five -- there was
15 approximately 522,000 of unsecured debt on that \$4 million
16 dollars that was placed into advances for Cal to assist him,
17 so I'm not quite sure. There are also --

18 Q So --

19 A -- he was an employee in the startup company for
20 Banone.

21 Q But why would you make it payable to Cal's Blue
22 Water Marine? Cal's Blue Water Marine went out of business in
23 --

24 A Yes, sir.

1 Q -- September of 2008, is that correct?

2 A Yes, sir.

3 Q So September of 2008, it went out of business?

4 A Yes, sir.

5 Q And we see that all these payments that we've
6 referenced right now that have been made to Cal's Blue Water
7 Marine are in 2009, the last two.

8 A Yes, sir.

9 Q Why are you making them to Cal's Blue Water Marine
10 in 2009 after Cal's Blue Water Marine went out of business?

11 A If -- the business went out of business not
12 completely. He still had some unwind for those properties, so
13 if -- I'm sure the girls could tell you how the accounting
14 went.

15 Q Okay.

16 A And we either did pay or it was advance as an
17 unsecured loan and we were assisting him. So I don't mean --

18 Q Okay.

19 A -- I just say I'm not exactly sure on that.

20 Q Okay. If we take a look -- we'll go to the next
21 bank statement. It is another from City National Bank, and
22 it's for Banone, LLC. And if you take a look at the page,
23 next page at the very bottom, it's a check -- it's check
24 number 1478 written on 9/3/2009 in the amount of \$21,200. Do

1 you know what that is for?

2 A I do not but I assume some of the same situation --

3 Q And that's made payable to --

4 A -- same --

5 Q -- Cal's Blue Water Marine.

6 A -- the same answer as before.

7 Q Okay. If you'd take a -- if you take a look at the
8 next one, sir? This is a -- again, another bank -- another
9 check drawn -- it's check number 1487 --

10 A Yes, sir.

11 Q -- made payable to Cal's Blue Water Marine in the
12 amount of \$30,000 on September 17th, 2009.

13 A Yes, sir.

14 Q What is that for?

15 A I believe the same answer as before.

16 Q All right. If we move over, sir, we see the next
17 bank statement also is for Banone on the City National Bank
18 account, and if you turn to the next page, you'll see that on
19 October 27th, 2009, there's a check made payable to Cal's Blue
20 Water Marine in the amount of \$15,000.

21 A Yes, sir.

22 Q What is that, sir?

23 A Would be the same answer as before.

24 Q Let me now just see if it refreshes your

1 recollection.

2 A Please.

3 Q You entered in at approximately -- you entered into
4 the lease agreement and the option to purchase with the church
5 in early October.

6 A Yes, sir.

7 Q In fact, I believe the addendum is dated -- believe
8 -- I believe the agreements were dated approximately October
9 15th. The addendum is dated October 20th.

10 A Yes, sir.

11 Q And here we are after that date, you're giving your
12 brother \$15,000. What was that for?

13 A That would probably be for same answer as before.

14 Q Now the church at the time that they signed those
15 documents --

16 A Yes, sir.

17 Q -- put up a \$15,000 earnest money deposit, did they
18 not?

19 A Well, I guess I'd need to re-answer that question.
20 You have to remember that Cal's doing Banone. In addition to
21 that, he's doing -- being the general contractor on the Hide
22 Away Casino. And so this --

23 Q This says "rent" on it.

24 A Well, I'm -- I'm -- yes, sir. I'm not trying to

1 argue with you.

2 Q So what is that for?

3 A I couldn't answer it completely until --

4 Q Okay.

5 A -- I talk to the girls and see how they booked it.

6 Q All right. If we move to the next statement, this

7 is --

8 A Yep.

9 Q -- again, another City National Bank --

10 A Yes, sir.

11 Q -- account, and if we take a look at the next page,

12 it's check number 1575. It -- it has the date 11/23/2009,

13 \$15,000, check made payable to Cal's Blue Water Marine.

14 A Yes, sir.

15 Q Okay. So why in November of 2009 when you have the

16 church leasing the building, why are you giving your brother

17 \$15,000?

18 A It would be for the same reason as I stated before.

19 Q Sir, if we take a look -- next bank statement is

20 another City National Bank.

21 A Yes, sir.

22 Q And if you take a look at the next page, there's a

23 check number 1642, appears that this was -- the date here on

24 this is December 31st, 2009, again, time that the church is

1 leasing the building. Is that correct?

2 A I don't believe they're moved in at this time. I
3 think they're -- I'm not quite sure if they're in the -- in
4 the property or not --

5 Q Didn't the lease call for it to go into effect?

6 A -- so. I think it called into effect, but there may
7 have been some delays from the church standpoint in some of
8 those areas, so the answer would basically be the same --

9 Q Okay.

10 A -- so.

11 Q So then this is money that you're giving to him so
12 that he can continue making payments --

13 A Yes, sir.

14 Q -- on that building? Okay. Now, sir, if you take a
15 look -- do you have our -- our Exhibit A out? Why don't we
16 pull Exhibit A out of the book?

17 A Okay.

18 Q (Indiscernible) have that in your hand.

19 THE COURT: Are you moving in for G9 to be --

20 MR. DICKERSON: Yes, please, Your Honor.

21 MR. STEPHENS: No objection.

22 THE COURT: Okay. G9 will hereby be admitted. Do
23 you have G9?

24 (Defendant's Exhibit G9 admitted)

1 THE WITNESS: Shahana, can we get a copy of that so
2 I can go ahead and verify with the girls if that's
3 appropriate. Thank you. Lyn will be able to testify to that
4 under test -- when she testifies.

5 BY MR. DICKERSON:

6 Q Sir, if you take a look at Exhibit 8. If you go
7 over to page two --

8 A Yes, sir.

9 Q -- the -- the entry there on Russell Road?

10 A Yes, sir.

11 Q We have here, as you'll notice, Lynita has put
12 Russell Road -- well, let's go back to your testimony. If I
13 recall your testimony on direct examination, you described
14 this investment in three different ways. You first said it
15 was a great transaction.

16 A Yes, sir.

17 Q You next said it was a strong investment.

18 A Yes, sir.

19 Q And you next said it was an excellent investment.

20 A Yes, sir.

21 Q Okay. You'll notice that Lynita has put this asset
22 on your side of the ledger at \$4 million. Is that --

23 A Yes, sir.

24 Q -- acceptable to you?

1 A No, sir.

2 Q Okay. Thank you. Now, sir, if you'll move to Brian

3 Head Cabin.

4 A Yes, sir.

5 Q If you take a look, please, at Exhibit H? Exhibit H

6 is just a series of delinquent tax notices that deal with the

7 Brian Head cabin.

8 A Yes, sir.

9 Q It appears that they're all sent to LSN Nevada Trust

10 --

11 A Yes, sir.

12 Q -- at your address, your business address.

13 A Yes, sir.

14 Q Did you -- have you paid these?

15 A I believe all have been paid, yes.

16 Q So are the taxes current on that property?

17 A I believe so, yes, sir.

18 Q Now you've noticed here that Lynita, if you take a

19 look at Exhibit A, is suggesting that each, that that property

20 be put up for sale --

21 A Yes, sir.

22 Q -- immediately?

23 A Yes, sir.

24 Q And that the two of you split the -- the proceeds

1 from that sale?

2 A Yes, sir.

3 Q Is that acceptable to you?

4 A Yes, sir.

5 Q Okay. If we can move then, sir, to -- turn to Page
6 3 of Exhibit A?

7 A Yes, sir.

8 Q We move to the property in Arizona, the various
9 Gateway lots. And if you'd turn to Exhibit I, please?

10 A I'm sorry, sir.

11 Q Exhibit I.

12 A Okay. Yes, sir.

13 MR. DICKERSON: Your Honor, move for the admission
14 of Exhibit H.

15 MR. STEPHENS: No objection.

16 THE COURT: Hereby admitted as Exhibit H.

17 (Defendant Exhibit H admitted)

18 BY MR. DICKERSON:

19

20 Q All right. Sir, the first page of Exhibit I is your
21 summary that you put together with respect to the Gateway
22 lots, is that correct?

23 A Yes -- yes, sir

24 Q All right. The second page of Exhibit I also is a

1 document that you put together, is that true?

2 A I didn't but it looks like the office did.

3 Q Okay. But under your direction. Is that right?

4 A No.

5 Q No, it's not under your direction? The office puts
6 it --

7 A Well, the office is under my direction, but the
8 girls keep their own world, so.

9 Q Okay. Well, the first page of this, can you tell us
10 what it purports to represent, this --

11 A It appears --

12 Q -- the first document?

13 A -- that these are the parcels that Lynita owns.

14 Q Okay. And there are a total of 31 lots. Is that
15 correct?

16 A I believe so.

17 Q If you take a look on the second page, it says 31.

18 A Yes, sir.

19 Q Now you agree, sir, and -- and we've -- I believe we
20 have stipulated on the record that the value of these lots
21 we're going to be using is \$4,500 an acre?

22 A I think that's what was calculated.

23 Q Okay. Now if we take a look at these, sir, would
24 you agree with me that if we go through this, there are 28

1 correct?

2 A Of Lindell?

3 Q Yes.

4 A Well, I li -- for purposes of assets split, a
5 million/million, it doesn't really matter what value you put
6 on it.

7 Q I understand, but throughout you've been taking the
8 position --

9 A This is the number that --

10 MR. JIMMERSON: Your Honor, I'm objecting to the
11 introduction of the appraisal, period.

12 THE WITNESS: This is the number they used, and if
13 we're going to split it 50/50, I was just using their number.
14 It's not worth \$2 million, we know that. It's not August of
15 '08 anymore.

16 BY MR. DICKERSON:

17 Q Okay. Well, then what is it worth in your mind?

18 A I have not a clue. It doesn't matter because we're
19 going to sell it.

20 Q Well, you don't have a clue --

21 A Why does it matter if we're going to sell it, Your
22 Honor?

23 Q You don't have a clue as to the value?

24 MR. JIMMERSON: Give your best opinion.

1 THE WITNESS: Why would I even care?
2 MR. DICKERSON: All right. Thank you.
3 MR. JIMMERSON: Mr. Nelson --
4 MR. DICKERSON: Thank you very much.
5 MR. JIMMERSON: -- rather --
6 MR. DICKERSON: We'll move on.
7 THE WITNESS: I'm sorry, but --
8 MR. JIMMERSON: -- rather than allowing --
9 THE WITNESS: -- makes no sense to me.
10 MR. DICKERSON: We'll move on.
11 MR. JIMMERSON: -- opposing counsel to irritate you,
12 just answer the questions.
13 BY MR. DICKERSON:
14 Q G1, please.
15 A I do not know. I haven't analyzed that from that
16 sales standpoint. In the biggest recession of all time, you'd
17 be foolish to sell that property.
18 Q Thank you. So you'd be foolish to sell it?
19 A Yes.
20 Q So what do you want to do with it?
21 A We should rent it for a period of time and then sell
22 it.
23 Q Okay. And you be in there rent free?
24 A No, I said I would pay for if she takes half of it

1 and we continue forward.

2 MR. JIMMERSON: That's exactly what he said, Your
3 Honor.

4 THE COURT: He said he'd be willing to pay a fair
5 market lease value unless he was getting something to trade of
6 by managing her assets and he'd want a reduction in kind for
7 the services he provided, that's what he said.

8 THE WITNESS: Sorry, I won't get upset no more.

9 MR. JIMMERSON: Eric, please, calm down.

10 BY MR. DICKERSON:

11 Q Now, take a look at Exhibit G1. You indicate here
12 it's approximately 8.25 acres with a building that's
13 approximately 38,878 square feet; is that correct?

14 A What -- what is that, where are you at?

15 Q Russell Road.

16 A Okay. Where are you at again?

17 Q Take a look at G1. This is the -- this is your
18 writing; is that correct?

19 A Okay. 8.25 acres.

20 Q Uh-huh (affirmative).

21 A Okay.

22 Q And the building?

23 A 38,000 square feet approximately.

24 Q Okay. Now, in February -- let's take a look at the

1 next exhibit.

2 MR. JIMMERSON: By the way, Bob, I think this
3 document is already in evidence.

4 MR. DICKERSON: Yeah, it is.

5 MR. JIMMERSON: Okay.

6 MR. DICKERSON: I move for the admission of Exhibit
7 G1.

8 MR. JIMMERSON: No objection. It is a counterpart
9 exhibit, something like 12 -- excuse me, Exhibit 9.

10 BY MR. DICKERSON:

11 Q Now, Mr. Nelson --

12 A Yes, sir.

13 Q -- if I may, take a look at the second page of G1.

14 A Okay.

15 Q Now, as we go through here, we see on number 2 that
16 apparently because of this divorce you decided that you were
17 going to do some -- take some measures; is that right?

18 MR. JIMMERSON: Objection to the form of the
19 question.

20

21 BY MR. DICKERSON:

22 Q Well, it says right here on number 2, correct me if
23 I'm wrong, because of Eric's divorce, Eric chose to end the
24 above-stated business relationships, renegotiate all verbal

1 promises made by Eric Nelson releasing all previous
2 partnership agreements.

3 A Yes, sir.

4 Q Okay. And that -- this was all being done again in
5 the ordinary course of business?

6 A Yes, sir.

7 Q All right. And so what you agreed to do is that you
8 were going to buy a 50 percent interest in Cal's part?

9 A 65 percent.

10 Q Okay. And what happened is you -- in February of
11 this year, you received cash of \$1,520,597.88 as a result of
12 the sale of your Sugar Daddy's exchange funds?

13 A No.

14 Q Tell me about it, okay?

15 A The funds are placed in an exchange. You don't
16 touch the funds. You touch the funds, they're taxable.

17 Q Okay. Well, tell --

18 A So they go to a tax-deferred fund.

19 Q Okay.

20 A The tax deferred funds are stuck there to defer \$1
21 million which would have been 400,000 in tax. So I didn't
22 have my hands on cash.

23 Q Sir, now you sold what?

24 A Sugar Daddy's.

1 Q And you sold Sugar Daddy's for what price?
2 A 1,700,000 net, in here, approximately 1.5 million,
3 two.
4 Q And so from the sale of Sugar Daddy's --
5 A Yes, sir.
6 Q -- cash was paid by the purchaser --
7 A Yes, sir.
8 Q -- of 1,520,000 roughly \$600?
9 A Yes, sir.
10 Q All right. And you had that money put into an exch
11 -- held by a --
12 A Accommodator --
13 Q -- a mediator --
14 A Accommodator.
15 Q -- accomodator, held by an accommodator --
16 A Uh-huh (affirmative).
17 Q -- because if you touch the money it's could
18 arguable -- could arguably affect a 1031 exchange?
19 A That's correct.
20 Q All right. But there is other theories of that.
21 You could take the money and immediately go and purchase
22 another property and still probably satisfied --
23 A No.
24 Q -- the legal requirements?

1 A If you -- if it -- no, there -- if that's the link,
2 you couldn't if -- you have to identify --
3 Q I will accept that.
4 A -- the property, Bob.
5 Q I will accept that. But there was cash then of that
6 amount, roughly \$1.5 million, that was put in with the
7 accommodator?
8 A Yes.
9 Q Okay. And that was -- you agree that that was
10 community cash that went to the accommodator?
11 A It was ma -- yes.
12 Q Okay. And then you took, it's right here,
13 \$1,257,263.67 in cash from Mellon Bank Savings?
14 A Yes, sir.
15 Q Now, what is Mellon Bank Savings?
16 A That is the line of credit where I established three
17 million cash in bonds. I -- I liquidated some of the bonds
18 and -- and flowed it over to -- oh, into Ban -- wherever it
19 went to, Nelson Trust, and converted it into that --
20 Q Okay. Well, let me ask you then. Is your Mellon
21 Bank Savings listed anywhere on your options 8 -- A or B?
22 A Yes.
23 Q Which -- what is it?
24 A It's three million.

1 Q Okay. So it's the \$3 million --
2 A Bond account.
3 Q -- basically that's a investment account, it's not
4 --
5 A Yes, sir.
6 Q Okay.
7 A I redes -- reduced it -- that amount to reduce the
8 exposure to the bond market.
9 Q So you sold off bonds --
10 MR. JIMMERSON: Line number 17, counsel, of Exhibit
11 A, our Exhibit A.
12 BY MR. DICKERSON:
13 Q So you sold off bonds, received roughly \$1.25
14 million for those bonds, correct?
15 A Yes, sir.
16 Q Now, you agree that that was cash?
17 A Yes, sir.
18 Q And you agree that the 1.5 million was cash?
19 A Net about a million because if we touch it, it goes
20 down --
21 Q Sir --
22 A -- goes to a million.
23 Q Sir --
24 A Just so you're aware of it.

1 Q You had 1.5 million in cash, correct?
2 A Yes. I don't mean to argue with you.
3 Q So roughly we're looking then at you took \$2,777,861
4 --
5 A Yes, sir.
6 Q -- of community cash?
7 A Yes, sir.
8 Q And you gave that to your brother?
9 A No, sir.
10 Q What'd you do with it?
11 A I bought two-thirds of his building --
12 Q Okay.
13 A -- making an effective rate of return closer to 9
14 percent.
15 Q Now, who did you give -- who -- who got that money?
16 A It was the ordinary course of business.
17 Q Who got that money?
18 A Who got the money?
19 Q Who received that \$2,777,861?
20 A The bank did.
21 Q What bank?
22 A Business Bank, I believe. We paid off the first
23 mortgage.
24 Q So there was a mortgage on this property, correct?

1 A Yes, sir.

2 Q Okay. And the purpose of that -- do you recall what
3 the mortgage was?

4 A It was about \$2.8 million.

5 Q Was roughly that exact amount, wasn't it?

6 A Approximately, yes.

7 Q So what you did is you went in, took your community
8 cash, and paid off and obligation that was owed to the bank by
9 your brother, Cal, that was encumbering that property,
10 correct?

11 A No.

12 Q What did you do?

13 A I gave it to the escrow company and he had to pay,
14 provide the property free and clear of all liens and
15 encumbrances. He took the money and went over there and paid
16 off the bank.

17 Q Okay. And so Cal got no money out of this, he just
18 paid off the bank?

19 A Yes, sir.

20 Q So now you --

21 MR. JIMMERSON: Objection, Judge. That question is
22 so unfair.

23 THE WITNESS: Let he --

24 MR. JIMMERSON: He obviously got \$2.8 million.

1 THE WITNESS: I think Your Honor understands it, but
2 let's go over it, Bob, because I think he's got it.

3 MR. DICKERSON: All right. Thank you.

4 BY MR. DICKERSON:

5 Q Now, so you paid off the bank -- paid off the bank
6 and now you own the property, you and your brother own it free
7 and clear?

8 A And Lynita.

9 Q Okay. Now, your brother was having difficulties
10 making those loan payments, wasn't he?

11 A Yes, sir.

12 Q In fact, for approximately two years, three years
13 was it --

14 A Eighteen months.

15 Q Eighteen months you were giving him \$20,000 a month
16 or was it \$30,000 a month?

17 A Twenty, 25.

18 Q Okay. So for eighteen months prior to February of
19 this year, you were giving your brother roughly 20, \$25,000 a
20 month so he could make the mortgage payment on that loan to
21 the bank, correct?

22 A I was not giving it to him, I was loaning it to him.
23 As reflected, I received back all the money.

24 Q All right. But that's what you were doing --

1 A Yes, sir.

2 Q -- is you were giving him the money, you were
3 treating it as a loan?

4 A Yes, sir.

5 Q And you were doing that during the period of time
6 that we were in these divorce proceedings?

7 A It started way before the divorce, I believe.

8 Q And went all the way through the time of the divorce
9 until February of this year when you finally decided to heck
10 with that, I'm going to pay off the entire loan, right?

11 MR. JIMMERSON: Objection; that's not the testimony.

12 THE WITNESS: Well, not quite like that. It was --
13 it was a designed sale, a very good investment. A lot of
14 though pross (sic) went into this. It is an excellent
15 transaction of mind -- mine. It was an excellent transaction
16 of Judge Gaston. It was an excellent transaction of Dan
17 Garrity. You're the only one that has a problem with it that
18 I'm aware of.

19 BY MR. DICKERSON:

20 Q Thank you. Now, you want -- let's -- can we get
21 back to my --

22 A Let's keep going at it.

23 Q Can we get to my questions?

24 A Yes, sir.

1 Q All right. So what you did then is during this
2 period of time of the divorce, you're giving your brother
3 roughly 20, \$25,000 a month so he could make the loan payment,
4 correct?

5 A Yes.

6 Q And you also -- did you give your brother the
7 \$85,000 that he needed to pay the tax lien on the property?

8 A I'm not sure. Maybe.

9 Q All right. And so you calculated it all out that he
10 owned you over this period of time roughly 700 --

11 A 522,000.

12 Q Pardon me?

13 A 522,000.

14 Q Actually it's the 700,000, isn't it?

15 A No, the 700,000 is the first on his house and the
16 first on his land.

17 Q Okay.

18 A That I paid at the time of his closure, his failure
19 of his business, to help him save his house and land.

20 Q So then the loans that you made to him totaled
21 \$522,138.45?

22 A Yes, sir.

23 Q All right. And again, that was for monies --
24 community monies that you previously gave your brother so that

1 he could make the loan payment on that property, right?

2 A Yes, sir.

3 Q All right. Where did you get that 20 to \$25,000 a
4 month that you were giving to your brother, Cal, during this
5 period of time that this divorce was going on?

6 MR. JIMMERSON: Objection. It pre-dated the
7 divorce. It pre-dated May of 2009.

8 MR. DICKERSON: I want to just limit it to since
9 approximately May of 2009.

10 THE WITNESS: Okay. Banone.

11 BY MR. DICKERSON:

12 Q That's Banone, LLC, right?

13 A Yes, sir.

14 Q Not the Arizona one?

15 A Not the Arizona one.

16 Q Okay. Now, you previously lent Cal \$700,000 of
17 community funds so that he could buy his home?

18 A No. He had to pay off his -- his home and pay off
19 -- no, he had some additional loans to the bank and so I took
20 his house and his land as collateral. The reason why I took
21 it as collateral was in the event that he filed bankruptcy, I
22 wanted to be in first position.

23 Q Okay. So explain this to me.

24 A He --

1 Q You gave him \$700,000 for what purpose?

2 A In 2008, he was -- he was -- he was upside down. He
3 wanted to go into business in Banone, but I had to have a firm
4 partner and a strong partner. And so I loaned him the money
5 because I had it and Lynita had it and he was going into
6 business with us. I felt secure in those investments there.
7 I put the money in there in the event he filed bankruptcy I'd
8 be in first position, and then he could probably still save
9 his house if I could work some scenario in bankruptcy court.

10 Q Okay. Now, do you have that promissory note for the
11 700,000?

12 A Yes, sir.

13 Q That was approximately when was that, roughly
14 November of 2008 time frame?

15 A Oh, I don't know, sir.

16 Q Where is that promissory note?

17 A It's available I'm sure --

18 Q Now, that --

19 A -- somewhere in one of these documents forever.

20 Q That promissory note called for Cal to pay no
21 interest; isn't that true?

22 A I don't believe that. I'm not sure.

23 Q Okay. And you're telling us you had it secured with
24 a deed of trust. Just --

1 A On the 400,000 secured for sure and the other one
2 you'd have to ask Lana if they -- if they got it recorded, but
3 I think it was a deed of trust. I'm not sure if it got
4 recorded against the land.

5 Q So you know the importance of having that deed of
6 trust is to protect your interest just in case Cal would file
7 bankruptcy, correct?

8 A Yes, sir.

9 Q Uh-huh (affirmative). So in this entire
10 transaction, you relieve Cal of roughly 1.2 million, yeah, so
11 you take the 700,000 -- my math is terrible now -- take the
12 700,552, you relieved him of those obligations that he owed
13 you as a result of loans that you previously made to him,
14 correct?

15 A Yeah, several secured notes and some --

16 Q Correct?

17 A -- unsecured notes?

18 Q Is that --

19 A Yes.

20 Q -- is that statement correct?

21 A Sure.

22 Q Thank you.

23 MR. JIMMERSON: Wasn't it 522?

24 MR. DICKERSON: 522.

1 BY MR. DICKERSON:

2 Q And then you took cash even though you had it
3 deposited with the -- the -- what do you call them, the --

4 A Accommodator.

5 Q -- accommodator, you took cash totaling over almost
6 \$2.8 million in community cash and you bought into this
7 property?

8 A Yes, sir.

9 Q Okay. Now, let's take a look then what you did.
10 Let's take a look at G2.

11 A G2?

12 Q Yes.

13 A Okay.

14 Q Now, if you take a look at G2, the first document in
15 G2 is the settlement statement from the sale of Sugar Daddy's
16 in Phoenix, Arizona; is that correct?

17 A I'm sorry, where are you looking at?

18 Q Take a look at D2 (sic).

19 A Yes.

20 Q All right. What -- the first document, master
21 settlement statement.

22 A Yes.

23 Q That's the settlement statement dealing with your
24 transaction involving Sugar Daddy's, correct?

1 A Well, the one I've got, no. The first one I have is
2 the settlement statement for Russell Road.
3 Q Is that the first one?
4 A Yeah. That's okay, I'll go back to -- the next one
5 would be Sugar Daddy's.
6 MR. DICKERSON: Is yours the same?
7 MR. JIMMERSON: Russell Road, yes.
8 MR. DICKERSON: Okay. Then mine's out of order.
9 BY MR. DICKERSON:
10 Q Okay. So let's -- let's do -- let's go back to the
11 second document then.
12 A Okay.
13 Q That's Sugar Daddy's; is that correct?
14 A Yes, sir.
15 Q And if we take a look at that, we see that that
16 escrow closed, settlement date was January 15th of 2008; is
17 that correct?
18 A Yes.
19 Q I mean, 2010, correct?
20 A Yes, sir.
21 Q So January of this year?
22 A Yes, sir.
23 Q And as a result of that transaction, if we take a
24 look, we see that what you netted out of it was the

1 \$1,520,597.88, correct?

2 A I believe so.

3 Q And you had that -- that's the money you had
4 transferred to the accommodator so that you could do a 1099
5 exchange?

6 A Yes, sir.

7 Q Or 1041 exchange, excuse me.

8 A Whatever.

9 Q Now, sir, you indicated that you did that because
10 you would have to pay taxes on that; is that correct?

11 A Yes, sir.

12 Q Now, sir, you have -- do you know how many millions
13 of dollars in tax loss carryforwards you have?

14 A Yes, sir.

15 Q How many?

16 A About six million.

17 Q Okay. And isn't it true, sir, that had you taken
18 that income and chosen not to invest it with your brother that
19 you would not have paid a tax on it?

20 A It would have been foolish, and do you want me to
21 tell you why, Bob?

22 Q Sir, can you answer my question?

23 A Because I'm an expert in the field. Do you want me
24 to tell you why?

1 Q You're an expert, yes, you are. You tell us.
2 A I will tell you why, because the deferred gain,
3 which Dan Garrity will talk about, at the Silver Slipper we
4 have a loss carry. In the event of a bankruptcy we'll have a
5 \$6 million gain. I can offset that with my \$6 million
6 carryover losses that have been preserved extric -- simply for
7 the fact of the matter for the Silver Slipper.
8 Q Well, we're going to get into your cash.
9 A Yes, we are.
10 Q We're going to get into your loss carryforwards --
11 A Yes.
12 Q -- but you had probably in excess of 10 --
13 A That will balance out, Your Honor. The Silver
14 Slipper, if they file bankruptcy, or if they ever stake --
15 start making money --
16 Q Right, sir --
17 A -- they'll call me gains, those gains will be
18 deferred out --
19 Q How about allowing --
20 A -- because I'll never receive them.
21 Q May I ask a question?
22 A Yes, sir.
23 Q Thank you. So isn't it true, sir, when you tell us
24 that there would have been a 4,000 -- or \$400,000 tax on it,

1 that's not true?

2 A But me in jail if I lie. Put you in jail if you
3 lie. The answer is yes.

4 THE COURT: Just -- we don't need the drama. Just
5 answer the questions. I've given a lot of patience, just get
6 along. If you don't know how --

7 THE WITNESS: I'm sorry, Ray.

8 THE COURT: -- to conduct yourself with respect,
9 I'll lock you up.

10 THE WITNESS: Okay. This has gone --

11 THE COURT: I give respect to everybody, I expect
12 everyone to give respect. So let's just answer the question.
13 He's just asking the questions, Mr. Jimmerson --

14 THE WITNESS: Okay.

15 MR. DICKERSON: Okay. Sir --

16 THE COURT: -- will get a chance on redirect.

17 THE WITNESS: These are a different kind of gains
18 and losses.

19 BY MR. DICKERSON:

20 Q Sir, what -- what are you -- what were your taxes
21 last year; how much in taxes did you pay last year?

22 A Zero.

23 Q Okay. How much in taxes are you expecting to pay
24 this year, sir?

1 A Zero.

2 Q Thank you. Now, you then took that money --

3 A I think we've got to finish answer the questions,
4 Your Honor.

5 Q You then took that money --

6 A There's two different kind -- cost -- carryforward
7 losses.

8 Q You then took your -- may I ask my question, sir?
9 Thank you.

10 THE COURT: Mr. Jimmerson will get a chance to
11 follow up on redirect.

12 BY MR. DICKERSON:

13 Q All right. So you took that money and give it to
14 the exchange, the coordinator, the -- what do you call him.

15 MR. JIMMERSON: Accommodator.

16 MR. DICKERSON: Accommodator.

17 BY MR. DICKERSON:

18 Q And you -- then we get to this first page of Exhibit
19 G2. And this is the final closing sheet for purchase of your
20 interest in the Russell Road property; is that correct?

21 A Yes, sir.

22 Q Now, if we take a look at it, it indicates that the
23 total consideration is only \$2 million; right?

24 A Yes, sir.

1 Q And it indicates here that the sales proceeds,
2 obviously you see the \$1,520,579.88?

3 A Yes, sir.

4 Q Okay. That's the monies from the Sugar Daddy?

5 A Yes, sir.

6 Q All right. And then it shows closing fund of
7 \$520,000, correct?

8 A Yes, sir.

9 Q So the total amount that actually went through the
10 escrow company for your purchase of the interest in Russell
11 Road was this \$2,040,597.88, correct?

12 A Through this portion of the escrow, yes.

13 Q Now, was the bank paid off with this money or
14 something else?

15 A It would have been paid off with a combination. The
16 total funds that were required are -- are described down here.
17 We can take a payoff statement from the bank and -- and put
18 them at the same time. It's the business I do. You don't
19 have to use the escrow to do all the -- all the funding
20 transactions. My staff can record deeds. They can type
21 deeds. They can do everything from that office. They can pay
22 off demand statements, they can do it all. They're trained
23 for this and so I can tell you one thing.

24 Q Sir, where'd the --

1 A I can't tell you exactly --
2 Q -- money come from --
3 A -- the way it went down.
4 Q -- to pay off the bank?
5 A Excuse me?
6 Q Where'd the money come from to pay off the bank?
7 A It came from right here. It came from the Mellon
8 account --
9 Q It -- it wasn't done through this escrow, was it,
10 sir?
11 A A portion -- yes, that -- that money would flow to
12 the escrow company.
13 Q Does it show it going to the escrow company? I
14 don't see it. This is the closing statement.
15 A It doesn't show -- show where it goes.
16 Q All right.
17 A But it -- I will assure you that 100 percent of
18 those funds made it to the bank and not to Cal Nelson.
19 Q All right. So let's take a look then at --
20 MR. DICKERSON: Your Honor, move for --
21 MR. JIMMERSON: He's had two years to look at it.
22 MR. DICKERSON: Move for the admission of Exhibit
23 G2.
24 MR. JIMMERSON: No objection, Your Honor.

1 THE COURT: Hereby admitted as Exhibit G2.
2 (Defendant's Exhibit G2 admitted)
3 BY MR. DICKERSON:
4 Q Now, let's take a look at G3.
5 A G3.
6 Q G3 is the grant bargain sale deed, correct?
7 A I don't see -- okay, yes, sir.
8 Q Now, this was -- this was prepared by the title
9 company, Chicago Title?
10 A Yes, sir.
11 Q And this is -- we see from this ti -- this deed that
12 CJE&L, LLC, that's the entity which owned 100 percent of the
13 property?
14 A Yes, sir.
15 Q And that stands for Clarence, what's his wife's
16 name?
17 A Jeanette.
18 Q So that's Clarence, Jeanette, Eric and Lynita, LLC,
19 correct?
20 A Well, I'm not sure what the E is.
21 Q Okay.
22 A It might be my initial, but it has nothing to do
23 with me.
24 Q So that was originally created by you, was it not?

1 A No, it was originally created by Clarence, Jeanette,
2 and Lynita.

3 Q All right. Well --

4 A I'm trying to be factual.

5 Q -- are you telling us that you didn't establish this
6 for Lynita to get Lynita involved in originally?

7 A I assisted her.

8 Q Thank you, sir. In fact, you had all the documents
9 drawn --

10 A Well, you say it's me. It's not me.

11 Q All right. Thank you. Now, we look at this deed
12 and it says that you only have a 50 percent interest --

13 A Yes, sir.

14 Q -- in the property.

15 A Yes, sir.

16 Q And you took title in the name of Eric Nelson
17 Auctioneering.

18 A Right.

19 Q Why is that?

20 A That shows you up here the reason why we did the 50
21 percent interest. Your Honor, what we did basically was Eric
22 Nelson Auctioneering bought an FDIC note and that FDIC note
23 was Sugar Daddy's. Sugar Daddy's I foreclosed on. Once I
24 foreclosed on it, the owner of that property became Eric

1 Nelson Auctioneering. Eric Nelson Auctioneering sold that
2 property and rolled it up into the Russell Road property.
3 Once it rolled it up to the Russell Road property, I wanted to
4 pull it out. Dan Garrity said you can't pull it out, Eric,
5 it's a S corp, you have to do it this way. So before we got
6 it all done, it got stuck there and that was a way to take
7 title.

8 Q The short answer to that is is that you needed to
9 put it in Eric Nelson Auctioneering in order to have the 1031
10 exchange work properly?

11 A That's correct.

12 Q Okay.

13 MR. JIMMERSON: You said 1041 earlier.

14 MR. DICKERSON: 1041, that's what I said.

15 MR. JIMMERSON: 31.

16 MR. DICKERSON: Yeah, we -- the 1041 exchange. I
17 was 10 off.

18 BY MR. DICKERSON:

19 Q All right. Now, we get over and we see the part of
20 this deed, we see the declaration of value.

21 A Yes, sir.

22 Q Now, you're putting here that the -- now, your
23 brother signed this?

24 A I signed it and my brother.

1 Q You both signed it.

2 A Yes, sir.

3 Q Now, you're declaring then to the tax assessor here
4 in Las Vegas that the total value of the property is only \$4
5 million; is that right?

6 A Based on that scenario, yes.

7 Q Okay. So what you're saying though is this total
8 lot that's sitting out there that you're now telling us has a
9 value of at least 6.5 in February of this year -- what's the
10 date here -- in February of this year you told the tax
11 assessor that the value was four million, correct?

12 A Well, that's the way the transaction went down
13 actually.

14 Q Well, you did the transaction this way so that you
15 would not have to pay a significant transfer tax, correct?

16 A It wasn't so much the transfer tax. It was the
17 structure of the deal itself, so --

18 Q Well, your transfer tax would have been double, it
19 would have been \$20,400, would it not, had you have
20 represented that you had actually given \$4 million to your
21 brother?

22 A I don't think that's a substantial amount. It
23 wasn't based on that. \$10,000 isn't going to swing me one way
24 or the other.

1 Q Right. Now, at this point after the transaction
2 that closed through Chicago Title, Eric Nelson Auctioneering
3 only owns 50 percent interest in the Russell Road property,
4 correct?

5 A That's correct.

6 Q All right. Now --

7 A No, no, I'm sorry. Did you say at the end of the
8 transaction?

9 Q At the end of the transaction with Chicago Title --

10 A No, at the same time --

11 Q -- you walked away with --

12 A -- simultaneously we did the -- we had to have the
13 agreement for the 15 percent.

14 Q Okay. So let's take it --

15 MR. DICKERSON: Move for admission of Exhibit G3.

16 MR. JIMMERSON: I object, Judge, and on this basis
17 only; all these are duplicates of prior exhibits and if
18 they're not, we can make it up. But here's my point. I don't
19 know how we're resolving this, but if I argue before you and
20 I'm arguing Exhibit Number 9A and (indiscernible) Exhibit G,
21 you know, 2, we're going to have duplication. And one of the
22 things that I've asked my staff to do at the conclusion of
23 tonight is to work with Mr. Dickerson or just work with his
24 exhibit books, now that we have them, and remove the

1 duplicates that are in evidence. So anyway, my objection --
2 MR. DICKERSON: You don't need to remove duplicates.
3 MR. JIMMERSON: -- is not to admission of the
4 document. My objection is now this is the fourth or fifth
5 exhibit that's a duplicate.
6 THE WITNESS: This goes round and round, Bob.
7 THE COURT: Yeah, that would be --
8 MR. DICKERSON: There is no need, Judge, of removing
9 exhibits.
10 THE COURT: That would be admitted --
11 MR. DICKERSON: -- I mean, we can both have the same
12 exhibits and use them --
13 THE COURT: Admit Exhibit 3 (sic), we just -- if we
14 need to do any clarification, we'll clear it out.
15 (Defendant's Exhibit G3 admitted)
16 MR. JIMMERSON: Well, now you're making the judge
17 memorize, you know --
18 MR. DICKERSON: I don't think --
19 MR. JIMMERSON: -- two sets of exhibits that are the
20 same document.
21 THE COURT: Well, if they are, we'll have to look at
22 and see and I've got all of the one listed, so.
23 MR. DICKERSON: Well, then we will -- we will take
24 out the Plaintiff's exhibits then.

1 MR. JIMMERSON: I just don't -- that'd be fine, that
2 would be helpful.

3 MR. DICKERSON: G4.

4 MR. JIMMERSON: And we can do the same thing.

5 MR. DICKERSON: So is there a -- may I have a ruling
6 then, Your Honor, on --

7 THE COURT: It'd be -- be admitted. G3 is hereby
8 admitted.

9 BY MR. DICKERSON:

10 Q Move over to G4.

11 A Yes, sir.

12 MR. JIMMERSON: Anyway, it was -- you had sought to
13 admit G3. You didn't see to admit G4.

14 MR. DICKERSON: No, I'm moving to G4.

15 MR. JIMMERSON: You just said you were admitting
16 Exhibit G4.

17 MR. DICKERSON: No. I am --

18 MR. JIMMERSON: The tape says G4 --

19 MR. DICKERSON: No.

20 MR. JIMMERSON: So let's just agree that G3 is in
21 evidence (indiscernible) --

22 MR. DICKERSON: Yeah, G3 is in evidence. I didn't
23 -- I didn't move for the admission of G4. I'm saying I'm
24 moving on to G4.

1 MR. JIMMERSON: Okay. Misunderstood.

2 BY MR. DICKERSON:

3 Q Take a look at Exhibit G4. Now, this is something
4 you prepared; is that correct?

5 A I'm sorry, what?

6 Q This is something you prepared, this promissory
7 note?

8 A Yes, sir.

9 MR. JIMMERSON: We have no objection to its
10 admission, although it duplication, I'd like to avoid it.
11 It's Exhibit 9C in evidence.

12 MR. DICKERSON: Well, it's what I have.

13 MR. JIMMERSON: It can be referred to as 9C instead
14 of G4. Why are we duplicating the efforts?

15 MR. DICKERSON: Thank you. Your Honor, I'd move for
16 the admission of G4.

17 MR. JIMMERSON: In any other case, Judge, you'd have
18 only one set of exhibits and not duplicates of every exhibit.

19 THE COURT: What we'll do at the end of the day,
20 we'll go through and see which ones duplicates, to make sure
21 if they are, then we'll make a better record on it. I haven't
22 looked at all my notes. I'll have to go through and see which
23 one that are duplicates, then we'll -- I'd rather have two
24 than none, so we'll clarify if we need to.

1 MR. DICKERSON: I -- I've condensed mine into two
2 binders. I've got two binders.
3 MR. JIMMERSON: That's true.
4 MR. DICKERSON: They've got --
5 THE DEFENDANT: Nine.
6 MR. DICKERSON: -- nine binders.
7 THE WITNESS: That's right.
8 MR. JIMMERSON: Your right, and we have a better
9 case. So what do you do about it?
10 MR. DICKERSON: Yeah, you know, because you're a
11 better lawyer. So let's move on.
12 MR. JIMMERSON: It's ridiculous.
13 THE COURT: Well, those, I'll waive them and take
14 them --
15 MR. JIMMERSON: Quit complimenting me.
16 BY MR. DICKERSON:
17 Q All right. Promissory note, you drafted --
18 A Okay. Go ahead,
19 Q -- you drafted G4; is that correct?
20 A I drafted it; yes, sir.
21 MR. DICKERSON: Has G4 been admitted?
22 THE COURT: Yes.
23 (Defendant's Exhibit G4 admitted)
24 MS. POLSELLI: Yeah, it's 9C.

1 BY MR. DICKERSON:

2 Q Now, you entitled this promissory note?

3 A Yes, sir.

4 Q Now, you know what a promissory note is?

5 A Yes, sir.

6 Q A promissory note is a negotiable instrument, is it
7 not?

8 A Yes, sir.

9 Q And I've noticed that every other promissory note
10 that you have drafted that we've seen on any of the properties
11 that you do in the ordinary course of your business, it is --
12 indicates payable to the order of; is that true?

13 A Yes, okay, this is --

14 Q Understanding importance of the words payable to the
15 order of or to the order?

16 A Okay. It is a -- it is a mistake. It should be --

17 Q This is nothing more than a promise to pay --

18 A Oh, no, Eric L. -- no, it says -- it says Eric L.
19 Nelson Nevada Trust. I thought it said Eric Nelson. It says
20 the Nevada trust. Okay, it's correct.

21 Q But it doesn't say or order, does it?

22 A Well, I don't know about that. I've got to be
23 honest with you. Who knows? I don't know the notes per se.

24 Q Every other note, and we'll go through them later

1 because they're in here, but every other note that you've
2 prepared indicates or order.

3 A I will give a rep and warranty that this is a
4 guarantee.

5 Q You understand, sir, that without those words, this
6 is a non-negotiable instrument?

7 A Well, all I can tell you --

8 Q Do you understand?

9 A -- Your Honor, is I will guarantee my brother will
10 pay this. I will give a rep and warranty to this Court here
11 and I in now way would ever try to be -- indicate that I did
12 anything on the sly with my brother, Your Honor. It's just
13 not true.

14 Q But, Mr. Nelson, you were at your brother's
15 deposition?

16 A Yes.

17 Q And at his deposition, he said he could never pay
18 this unless the property sold.

19 A He -- he -- if he doesn't pay it, we get -- we get
20 the 15 percent. We get 65 percent just exactly what we
21 negotiated.

22 Q Sir, you said you --

23 A So I don't --

24 Q -- guarantee your --

1 A -- understand what you're saying.
2 Q -- brother will pay.
3 A What you're indicating --
4 Q At your --
5 A -- is over my head.
6 Q At your brother's deposition --
7 A Right.
8 Q He indicated he couldn't possibly pay this \$2
9 million --
10 A And I don't know what he said.
11 Q You were there.
12 A Yes, he could pay it if we pay the Russell Road off.
13 It's encumbered against it. He can't touch two-thirds of the
14 money.
15 Q We're going to get to that.
16 A I think it's pretty clear on that.
17 Q So, sir, this is what you got is your brother's
18 promise to pay you \$2 million, correct?
19 A I think it's important to note --
20 Q Sir, can you answer that question?
21 A -- that we will fix anything as per the Court would
22 want subject to taxes and Dan Garrity.
23 Q Answer that question, sir.
24 A What.

1 Q This is your brother's promise to pay you the
2 additional \$2 million that you gave him in February of this
3 year?

4 A And his handshake.

5 Q All right. Now, you don't have a deed of trust
6 securing this, do you?

7 A You know why?

8 Q Sir, it says here, note will be secured against 15
9 percent of all property owned by CJ&E, LLC (sic) located at
10 the address.

11 A That's correct.

12 Q Says see attached Exhibit A. There's no Exhibit A,
13 is there?

14 A Well, I don't know if there is or not. Apparently
15 we don't have on right now, so I don't know.

16 Q Sir, I can represent to you there is no deed of
17 trust --

18 A Where does it say Exhibit A?

19 Q Third paragraph, see Exhibit A.

20 MR. JIMMERSON: Judge, in our direct examination we
21 established that there's no recorded deed of trust on this
22 property and Mr. Nelson, as Mr. Dickerson pointed out, said --
23 and he can certainly have (indiscernible).

24 MR. DICKERSON: I can certainly ask him the

1 question.
2 BY MR. DICKERSON:
3 Q There is no recorded deed of trust oh this?
4 A Yes, there is on recorded deed of trust.
5 Q What you did is there's nothing, you have no
6 document securing this, do you?
7 A This is my normal course of business with my family.
8 Millions of dollars, over 30 years, this is exactly the course
9 of business I would do, Your Honor.
10 Q Well, now wait a second.
11 A No one ever stiffed me in my life from my family,
12 and if they did, I'd probably give them the money.
13 Q Now, wait a second. When --
14 THE COURT: The simple question was no and then Mr.
15 Jimmerson can follow up --
16 THE WITNESS: Okay, good --
17 THE COURT: -- why you don't --
18 THE WITNESS: I'm sorry --
19 THE COURT: -- need it, but basically --
20 THE WITNESS: Okay, I don understand at all.
21 THE COURT: -- there is no deed securing the
22 payment.
23 THE WITNESS: I don't know where we're going with
24 it.

1 BY MR. DICKERSON:

2 Q When we talked about the \$700,000 --

3 A Yes, sir.

4 Q -- that you gave to your brother --

5 A Yes.

6 Q -- we talked about getting a deed of trust to
7 protect yourself --

8 A From bankruptcy.

9 Q -- should your brother go into bankruptcy.

10 A Yes, sir.

11 Q Your brother still isn't --

12 A No, sir, he has no debts on his house, his land. He
13 has an income and he has not other outstanding liabilities.

14 Q And that's because of the --

15 A He's got \$2 million --

16 Q -- \$700,000 you gave him --

17 A -- equity in Russell Road.

18 Q And that's because of the \$700,000 you gave him to
19 get out of the loan on the home and that's because of the
20 transaction that we're talking about here with Russell Road;
21 isn't that correct?

22 A We got the \$700,000 -- right, it's because of the
23 Russell Road transaction, all the hard work he put into that
24 property and because of the Banone transaction --

1 Q All right.

2 A -- and Sugar Daddy's. There's a lot of factors in
3 there, so I'm not going to concede. That was a good deal and
4 extremely fair and honest.

5 Q Okay. Now, sir, do you understand that you cannot
6 negotiate this instrument and give it to Lynita or give it to
7 a bank. A bank can't but this from you. There's no -- it's
8 not --

9 A I don't know that.

10 Q -- a non-negotiable instrument.

11 A Why not? I don't know that. I can --

12 MR. JIMMERSON: That's not true, Judge.

13 THE COURT: A negotiable instrument requires a
14 signed in writing unconditional promise to pay a sum certain
15 in order of bearer or demander. Specific time it doesn't have
16 order or bearer --

17 MR. DICKERSON: Thank you, Your Honor.

18 THE COURT: -- so it's non-negotiable because it
19 meets the six elements that you get on the contract
20 assignment, but you cannot enforce it as a negotiable
21 instrument.

22 THE WITNESS: But he asked if I knew that. The
23 answer is I didn't know that.

24 THE COURT: The (indiscernible) is not negotiable

1 because it's missing.

2 THE WITNESS: And he can't sell Russell Road without
3 paying me off on this note, though.

4 MR. JIMMERSON: It's his (indiscernible).

5 THE COURT: So the answer, it's a non-negotiable
6 instrument because it does not have order of bearer.

7 MR. JIMMERSON: Correct.

8 THE WITNESS: But we will correct whatever you would
9 want to get Lynita's 50 percent interest or 100 percent
10 interest.

11 BY MR. DICKERSON:

12 Q Now, what are you suggesting that we do then in
13 order to confirm that this community owns 65 percent interest
14 in that property?

15 A We can draft a document to clarify the position and
16 I'd have my brother sign it, I would sign it, Lynita would
17 sign it, that's all we would need to do.

18 Q Okay. Now, really, this is a handshake transaction
19 between you and your brother?

20 A Hell, no.

21 Q Well, I thought you said it was a promise, it was a
22 handshake earl -- so I miss -- I -- sorry, I misunderstood.

23 A The handshake is stronger than the signature and
24 stronger than a first deed of trust.

1 Q Okay.

2 A Don't ever take my words like that. We have a deed
3 of trust on this property, we've got 50 percent, we have a
4 promissory note here, we have an agreement in place that
5 states that he's going to pay 65 percent of all the rents and
6 65 percent of all the proceeds.

7 Q And -- and you --

8 A And a handshake.

9 Q And you trust him?

10 A I'd trust him with my life.

11 Q Now that's why, sir, if you take a look at ex -- our
12 schedule, we put Russell Road over on your side.

13 A Well, yeah, I worked diligently --

14 Q Are you prepared --

15 A -- and hard for the community, to improve the
16 community.

17 Q Are you --

18 A You've twisted these things in trickery --

19 Q Is that acceptable?

20 A -- of words --

21 Q Thank you, sir.

22 A -- to make it sound like a bad deal. Everybody
23 concedes it's a good deal.

24 Q Is that acceptable to you?

1 A But Bob Dickerson.

2 Q Is that acceptable to you, sir?

3 A That is not.

4 Q So you do not want Russell Road given to you 100

5 percent, do you?

6 A I -- I would like it to be split 50/50 and sell it

7 over a course of time.

8 Q Now --

9 A If that's -- I don't want to be forced to take

10 anything, Your Honor. I said I would either take it upon

11 agreement or Lynita could take it upon agreement or we would

12 split something 50/50. I don't know how much fairer we could

13 get that than that.

14 MR. JIMMERSON: Exactly right.

15 THE WITNESS: But you twist it like it's a

16 fraudulent transaction, I'm very offended on it, I'm very

17 offended on your motions of lies, I'm very offended on some of

18 these things that you've done.

19 Taken the IRS mail. Things like that, Bob, have --

20 have infuriated me and my integrity has been questioned for

21 704 -- 5 days now.

22 THE COURT: Well, let him ask the questions and

23 we'll get done with it, so --

24 THE WITNESS: The question is?

1 MR. DICKERSON: Anything else?

2 THE COURT: He said that he basically showed it to

3 you on his thing as being all --

4 THE WITNESS: Oh, that's right.

5 THE COURT: -- and you said no, you'd prefer it to

6 be 50/50 or her take it. Is that fair?

7 THE WITNESS: That was my position, however,

8 anything's negotiable once we understand what the heck

9 anybody's taking.

10 BY MR. DICKERSON:

11 Q Well, we're now in court --

12 A We got the cars done.

13 Q We're now in court for the Judge to decide because

14 we were unable to resolve this issue.

15 A Well, you --

16 MR. JIMMERSON: You never made an offer --

17 A -- never made an offer.

18 MR. JIMMERSON: -- for Christ sake -- geez -- never.

19 BY MR. DICKERSON:

20 Q All right. Let's move to Exhibit --

21 MR. DICKERSON: You know, you really shouldn't make

22 those representations.

23 MR. JIMMERSON: When I (indiscernible) he said

24 never.

1 THE WITNESS: You never made an offer.

2 MR. DICKERSON: You've got an ethical obligation,
3 and he knows.

4 MR. JIMMERSON: I have asked him and he says you've
5 never made an offer.

6 THE WITNESS: You never made an offer.

7 MR. JIMMERSON: Why don't you ask him?

8 THE COURT: What we're going to do on that, let's
9 get through the examination and we'll --

10 MR. DICKERSON: G5, let's move to G5.

11 MR. JIMMERSON: Call (indiscernible) say there was
12 never an offer made by you.

13 THE WITNESS: I have a lot of faith in Judge
14 Sullivan making some decisions here.

15 THE COURT: We're gonna get this done.

16 THE WITNESS: I appreciate it, Judge.

17 BY MR. DICKERSON:

18 Q G5.

19 A Okay. I'm sorry. What?

20 Q G5. That is the option agreement.

21 A G5?

22 Q Yes.

23 A Okay. Yes, sir.

24 Q G5. Now, you had indicated that you negotiated this

1 entire deal for your brother; is that right?

2 A The majority of it, yes, sir.

3 Q Okay. Well, you prepared the option agreement, did
4 you not?

5 A I don't believe I prepared it. There's two outside
6 brokers on it, one representing Cal, Clint Clifford, and one
7 representing the church, I can't recall the gentleman's name.

8 Q Okay. Well now, explain something to me, first of
9 all, turn to page -- well, the date of this agreement is
10 October 15th of last year, correct?

11 A Yes, sir, '09.

12 Q All right. And you were negotiating the transaction
13 with the church?

14 A Yes, sir.

15 Q And if you go over to page -- page 14, it says if to
16 seller -- this is for notice --

17 A Yes, sir.

18 Q -- advising -- advising the buyer, the church, who
19 to send any notice to.

20 A Yes, sir.

21 Q It says to Eric and Cal Nelson at Nelson Associates,
22 at 3611 South Lindell. Now, that's your office building; is
23 that correct?

24 A Yes, sir.

1 Q That's not Cal's office building, is it?
2 A Yes, sir.
3 Q That's true, right?
4 A Well, his office is in there, yes. His -- Nancy,
5 his bookkeeper, is there in that office.
6 Q Now, explain to me why in October of 2009 when you
7 purportedly do not have an interest in this property --
8 A Yes, sir.
9 Q -- do you have the seller sending it to you?
10 A Because I am the broker of my family's business.
11 Anything relating to any real estate, I look at, I negotiate
12 the contract. I negotiated the lease, I negotiated the sale,
13 that's why that goes there.
14 Q Now --
15 A Cal is my brother and I protect him.
16 Q -- in October of 2009 --
17 A Yes, sir.
18 Q -- when you signed this agreement --
19 A Yes, sir.
20 Q -- Cal's office was not at the Lindell address, was
21 it?
22 A Yes, it was.
23 Q Are you sure, sir?
24 A I believe it was, yes.

1 Q Do you know when he moved in?

2 A Let's see, when he closed his business, which was --

3 oh, let's see here, when was it? Fall of 2008, we set up an

4 office for him.

5 Q All right. Now, if we take a look at Exhibit G5.

6 MR. DICKERSON: Move for the admission of Exhibit

7 G5, Your Honor.

8 MR. JIMMERSON: G5 is Exhibit Plaintiff's 9F; same

9 objection. I'd like to avoid the duplication; I understand

10 it. I have no objection to the substance of the document.

11 We've already -- we're the ones that put it in evidence.

12 MR. DICKERSON: Okay. Your Honor, I'd move for the

13 admission.

14 THE COURT: It'll be admitted and again, we'll

15 clarify all the double ones we have to make sure it's clear.

16 (Defendant's Exhibit G5 admitted)

17 BY MR. DICKERSON:

18 Q Let's turn to page 2.

19 A Page 2.

20 Q Okay.

21 A On what?

22 Q Of the --

23 A Lease?

24 Q -- of the option agreement.

1 A Okay.

2 Q Now, this ag -- this is the option agreement by
3 which the church has the option to purchase the property; is
4 that correct?

5 A Yes, sir.

6 Q Now if we look at this we see that the option price
7 under number 2 is 6.5-million?

8 A Yes, sir.

9 Q And we see that it calls for them to put up an
10 earnest money deposit of \$30,000, correct?

11 A Yes, sir.

12 Q And that was supposed to be done upon the signing of
13 this agreement, wasn't it?

14 A I'm not sure. I believe so.

15 Q Okay. We're talking about around October 15th,
16 2009, the church gave somebody \$30,000.

17 A Would have gave Cal or the brokers.

18 Q Okay. And we get down to how the balance of the
19 purchase price. So the balance of the purchase price, and
20 this is -- I think this is significant for us. We see that on
21 or before closing, and the closing is defined as -- let's see.
22 Can you help me here? Where is the closing -- let's find it.

23 Talk about the closing, this is -- upon the ex --
24 exercise of the option --

1 A Yeah, that would be probably more in tune to the
2 lease. This is the option to purchase and not the lease.

3 Q Right. But this is -- we're talking about on or
4 before closing, buyer shall deposit \$1.2-million, less the
5 earnest money option money credit of 45,000, equaling
6 \$1,155,000, with the escrow agent, by wire transfer or other
7 immediately available federal funds. Okay?

8 A Yes, sir.

9 Q Right? So they're to put up at the time of the
10 closing roughly 1.155-million, correct?

11 A Yes, sir.

12 Q And then they're going to sign an all inclusive
13 promissory note prepared by escrow in favor of seller,
14 securing an all inclusive deed prepared by escrow, on the
15 property in the amount of \$5,300,000 --

16 A Yes, sir.

17 Q -- bearing interest at 6 percent simple interest,
18 with monthly payments of \$31,776.18, with the unpaid balance
19 all due and payable in four years, correct?

20 A Yes, sir.

21 Q All right. So, when and if the bank closes,
22 exercises their option to purchase the property --

23 MR. JIMMERSON: You mean the church?

24 THE WITNESS: I'm sorry?

1 a park.

2 Q No, I'm talking about on Bella Kathryn.

3 A No, Bella Kathryn, no, there's just houses.

4 Q Okay. So there's a house right next door to you?

5 A Yes, sir.

6 Q On both sides?

7 A Yes, sir.

8 Q So the lot you actually purchased is directly across
9 the street from you, correct?

10 A No, it -- it connects to my lot. It's a -- it's in
11 a knuckle of a cul-de-sac. The knuckle of the cul-de-sac,
12 there's probably 200 feet or 150 feet in depth that connects
13 together.

14 Q Okay.

15 A It's not an exact square lot.

16 Q Do you --

17 A But they connect.

18 Q -- do you own the -- do you own the area in between
19 or is that a common area?

20 A I own the area in between. These are -- I'm -- in
21 fact, I'm connecting the two lots right now to be one -- one
22 parcel number.

23 Q And what it really is, is because of the way your
24 house on Bella Kathryn is situated, the lot you purchased is

1 directly across the street, isn't it?

2 A No. It connects. You want me to draw it on a map,
3 I'll do it for you, so that -- so I'm --

4 Q Sure.

5 A -- trying to show you or Lynita or Your Honor.

6 MR. JIMMERSON: It's not across the street, Judge.

7 THE WITNESS: No, you're mistaken, Bob. The lots
8 are connected.

9 BY MR. DICKERSON:

10 Q Okay. Well, why don't we draw it for us?

11 A Okay.

12 THE COURT: We have there and we have over here if
13 you want to get a better -- big one or whatever you want to do
14 or you can draw it right on that. We need to move that out so
15 the people can see it or if they can see it from there, why
16 don't you draw it so we can --

17 (Pause)

18 BY MR. DICKERSON:

19 Q Can you use another pen or -- can you use blue?

20 MR. JIMMERSON: Your Honor, they can't even agree on
21 what pen he's supposed to use. After we settle this case.

22 BY MR. DICKERSON:

23 Q Now what is that?

24 A That's the five acre parcel.

1 MR. JIMMERSON: Yeah, let -- let him finish, guys.
2 THE WITNESS: That would represent the road.
3 MR. JIMMERSON: Either that or Nagasaki. One or the
4 other.
5 THE WITNESS: And this is my house, this is my lot,
6 (indiscernible) here. This is a house, house, house, house,
7 (indiscernible) house. House, house (indiscernible). Anyway
8 it's eight houses.
9 BY MR. DICKERSON:
10 Q Okay.
11 A (Indiscernible) out.
12 Q All right. Now, the front of your house is --
13 basically looks out towards the -- the lot, correct?
14 A Yes.
15 Q Okay. Which -- how does it go; looks straight out,
16 correct?
17 A Okay.
18 Q So what you have is from -- you walk out the front
19 of your door, you walk straight ahead to your lot, correct?
20 A Okay.
21 Q Is that correct?
22 A Not completely.
23 Q Let's put it this way. By purchasing that lot you
24 now have an unobstructed view of the Las Vegas strip, do you

1 not?

2 A No. I still have houses here that block off the
3 view.

4 Q Those are single -- you're up -- you're elevated,
5 isn't that correct, sir?

6 A No, these are two story houses.

7 Q All right. Okay. That's fine.

8 A You --

9 Q That's fine. Thank you.

10 A You cannot see the strip on the first level, you can
11 barely see it from the second level.

12 Q And, if I understand it, you -- as you -- if you
13 take a look at Exhibit E please. Exhibit E --

14 A I'm sorry?

15 Q -- Exhibit E1.

16 A E -- E1.

17 Q Now again, this is another one of your summary
18 sheets?

19 A Yes, sir.

20 Q And so we look here, you indicate that you purchased
21 this lot -- first of all, the address that you've put on there
22 is incorrect, it is 2910; is that right?

23 A I believe so.

24 Q Okay. And you indicate here that you purchased that

1 lot to improve the value of 2911 --
2 A Yes, sir.
3 Q -- Bella Kathryn home?
4 A Yes, sir.
5 MR. JIMMERSON: Is the correct address to be clear
6 2910?
7 THE WITNESS: It is 2910. The lots are being
8 parceled together to lower the tax base. So --
9 MR. JIMMERSON: Okay.
10 THE WITNESS: -- the future address would be 2910.
11 MR. JIMMERSON: And what was the question? Was
12 there a past time when it was 2911?
13 BY MR. DICKERSON:
14 Q The one you're living in right now is --
15 A Oh, 2911; I'm sorry, yeah. But I'm -- both of them
16 are going to be 2911.
17 MR. JIMMERSON: Okay. That's -- see, I'm trying to
18 -- what is the address for the home at 29 Bella Kathryn
19 Circle?
20 THE WITNESS: 2911.
21 MR. JIMMERSON: Okay.
22 THE WITNESS: I think.
23 MR. JIMMERSON: Then why do you say there's a
24 correction?

1 THE WITNESS: 2910 was the vacant lot.

2 MR. JIMMERSON: Got it.

3 THE WITNESS: Are we doing the vacant lot? Yeah,
4 okay.

5 BY MR. DICKERSON:

6 Q We're on the -- we're on the lot.

7 A Okay.

8 Q So you purchased that lot because you wanted to
9 increase the value of Bella Kathryn and you feel that the kids
10 would suffer if that were sold?

11 A Yes, sir.

12 Q Okay.

13 A Garrett plays tennis --

14 Q And again you -- you did this transaction, if we can
15 take a look at Exhibit E2, this is the -- the deed to the
16 property; is that right?

17 A Yes, sir.

18 Q And we noticed that you actually closed escrow just
19 this month, just actually 20 days ago?

20 A Yes, sir.

21 Q And -- but you entered into the transaction
22 originally in February 22nd was it?

23 A Yes, sir.

24 Q Or excuse me, February 28th?

1 A Yes, sir.

2 Q And did -- when did you have to give the 175,000?

3 A Well, if I can explain it. Cumorah Credit Union

4 owned it, they entered into a contract with me where --

5 Q When did you have to give the hundred and seven --

6 A -- we were legally bound and so then another credit

7 union purchased them. By contract I had to deliver --

8 Q Do you understand my question?

9 A Yeah. In 60 days from the contract date I had to

10 deliver it.

11 Q Okay. So when did you give -- when did you put the

12 \$175,000 in escrow?

13 A We were prepared and had a cashier's check because

14 it was unclear. Bob, if you just let me finish.

15 Q About --

16 A It was a title --

17 Q My question's pretty simple.

18 A -- defect issue with -- with two ti -- with the two

19 credit unions buying out. If they would have called me and

20 said we need a check, Your Honor, I had to deliver the check

21 immediately because I didn't want to lose the lot for that

22 price.

23 Q Okay. I'll ask you one more time.

24 A Yes, sir.

1 Q When did you put the \$175,000 into escrow?
2 A Prior to the closing.
3 Q It -- so, that was just about 20 -- 20 days ago,
4 correct?
5 A The cashier's check was --
6 Q Sir --
7 A -- probably five months old.
8 Q Okay. But it was 20 days ago that you gave them the
9 cashier's check, correct?
10 A I didn't have it, Rochelle had the cashier's check
11 and didn't deposit it with them.
12 Q And who's Rochelle?
13 A She works in my office.
14 Q Pardon me?
15 A She is a bookkeeper.
16 Q So instead of taking that cashier's check and
17 putting it back into one of your community marital accounts --
18 A Would have been Banone.
19 Q -- you held onto the check that you had issued in
20 February, correct?
21 A That sounds very possible.
22 MR. JIMMERSON: Judge, when you have time I'd like
23 to ask for a five minute afternoon break.
24 THE COURT: Sure.

1 MR. JIMMERSON: Doesn't have to be now, I'm not
2 trying to interrupt any flow or anything, it's not terribly
3 exciting at this point, but whenever we can, I would like to.

4 THE WITNESS: Are we going to the next one?

5 BY MR. DICKERSON:

6 Q Yes, we'll take a look --

7 MR. DICKERSON: Your Honor, I move -- oh boy, I move
8 for the admission of Exhibit -- Exhibit A, B, D and E1 and E2.

9 MR. JIMMERSON: Well, I object to Exhibits A and B
10 for the same reason that opposing counsel objected to my A and
11 B and you did not admit A and B.

12 MR. DICKERSON: I have no objection to your -- I
13 didn't object --

14 MR. JIMMERSON: Yes, you did.

15 MR. DICKERSON: You didn't offer them.

16 MR. JIMMERSON: You sure did.

17 MR. DICKERSON: No, I didn't -- the --

18 MR. JIMMERSON: Court --

19 MR. DICKERSON: They weren't offered.

20 MR. JIMMERSON: -- Option A and Option B, I offered
21 and you said no.

22 MR. DICKERSON: Were they offered?

23 THE COURT: I think we got Option A and B were
24 admitted, weren't they? Or no? Were they admitted, A and B?

1 I thought so.

2 MR. JIMMERSON: They weren't.

3 MR. DICKERSON: They were never offered, were they?

4 THE CLERK: They were offered.

5 MR. DICKERSON: Okay. So I was correct.

6 MR. JIMMERSON: They were -- they were offered.

7 MR. DICKERSON: I have no objection --

8 MR. JIMMERSON: I'm not objec -- I'm objecting to
9 your --

10 MR. DICKERSON: I never made an objection to them, I
11 would want the Court to have you're a -- your Option --

12 MR. JIMMERSON: These are summary of our positions.

13 MR. DICKERSON: Yes, I have no --

14 MR. JIMMERSON: Considering the argument that is in
15 red ink, they're proposed A and B, all of which is hearsay and
16 misrepresentations of fact.

17 MR. DICKERSON: To the ext -- well, to the extent
18 we'll go through everything and --

19 MR. DICKERSON: Then they should not be admitted
20 into evidence. There's no witness here can identify or
21 authenticate those exhibits. We talk about Rules of Evidence,
22 we should comply with them.

23 MR. DICKERSON: Everything in here is --

24 MR. JIMMERSON: They should not be admitted. I have

1 no objection, Judge, if you consider them in the same manner
2 you consider our Court Exhibit Option A, Exhibit B, at the
3 time of making a final order if we cannot resolve this case,
4 and it's certainly apparent by the discussions that I'm
5 hearing that we'll never resolve this case. But I don't
6 believe they should be admitted into evidence any more so than
7 a traffic report should be admitted.

8 THE COURT: There's a lot of comments on several
9 documents --

10 MR. JIMMERSON: So much. I mean, you could power
11 pack that.

12 THE COURT: -- that have been in their stuff, that
13 highlighted I know and some of your -- saw on there some stuff
14 you wrote down about this is BS and stuff like that.

15 MR. JIMMERSON: Correct.

16 THE COURT: And Cal would never lie for you, said
17 let that stuff in there, he says a lot of stuff about
18 violations of JPI.

19 MR. JIMMERSON: Exactly right.

20 THE COURT: I'd be more concerned if it was a jury,
21 but --

22 MR. DICKERSON: All right. Then I'll go --

23 THE COURT: -- I'm okay --

24 MR. DICKERSON: I will go through --

1 THE COURT: -- with them in there as your summary of
2 what your proposal would be, I'll admit you're a and B, I
3 thought we had admitted A and B because I've been writing on
4 Options A and B throughout, so I thought we had admitted
5 those. If not, we will admit Exhibits --
6 MR. JIMMERSON: Judge, I --
7 THE COURT: -- Option A --
8 MR. JIMMERSON: -- didn't -- I didn't power pack
9 this stuff with a bunch of argument and misrepresentation or
10 misstatements.
11 MR. DICKERSON: Well, we'll see.
12 MR. JIMMERSON: Or statements.
13 MR. DICKERSON: We'll see at the end of the trial --
14 THE COURT: Hold on.
15 MR. DICKERSON: -- how much misrepresentation is on
16 here, okay?
17 MR. JIMMERSON: Absolutely.
18 THE COURT: All I'm --
19 THE WITNESS: We will, Bob.
20 MR. JIMMERSON: But it's not --
21 MR. DICKERSON: We will see.
22 MR. JIMMERSON: Excuse me, Your Honor, it is not --
23 you can -- Judge, I -- I trust you and I trust you can
24 different between, you know, argument versus fact. I just

1 would say that under the rules of evidence I object, they
2 should never be admitted.

3 THE COURT: I agree with you that the commentary
4 shouldn't be in there. I'll tell you the truth, when I use
5 them I'll look through both of them in detail to see if
6 there's any properties that's -- one listed that the other one
7 didn't list to see the value so I can get an idea of what --
8 if everything on this one's the same thing he listed. If I
9 see they've got them all listed, then it's just a matter of
10 valuation.

11 So, I mean, I haven't looked through it yet to see
12 all the properties listing to see if they jibe with all the
13 ones that he just --

14 MR. DICKERSON: So what are you telling me, you're
15 not going to even look at it?

16 THE COURT: No, I'm look -- I said I will compare
17 this --

18 MR. DICKERSON: Oh.

19 THE COURT: -- with their A and B to see if there's
20 any missing.

21 MR. DICKERSON: Because I -- I intend to go through
22 each one and I intend to establish everything that's written
23 there. And he wants --

24 THE COURT: Okay.

1 MR. DICKERSON: -- to tell me that I'm wrong, let
2 him tell me I'm wrong and we'll cross it out.

3 MR. JIMMERSON: You cannot do it that way. You
4 can't enter it as a document that --

5 MR. DICKERSON: Well, I'll do it.

6 MR. JIMMERSON: -- has legal argument as part of the
7 document, it's not admissible.

8 MR. DICKERSON: Well, there's no legal argument.

9 MR. JIMMERSON: Tell me, please, violation of JPI is
10 not legal argument?

11 THE COURT: Other stuff, violation of JPI.

12 MR. DICKERSON: What is the -- what is --

13 THE COURT: It'll be admitted. I will notice that
14 your objection beyond going that there's a lot of commentary,
15 argument and stuff about violation of JPI and things that are
16 in the red or --

17 MR. DICKERSON: I'll do that right now, Your Honor.

18 THE COURT: -- orange, whatever you want to call it,
19 but I'm okay with that is I -- I've done enough of these I can
20 ignore that, so I'll admit that. Will note your ongoing
21 objection. Will also admit Court Option A and B if we didn't.
22 I thought we had admitted those. That might have been my
23 oversight.

24 (Defendant's Exhibit A admitted)

1 (Exhibits - Options A and B admitted)

2 BY MR. DICKERSON:

3 Q Sir, if you'd please take -- turn to Exhibit AA
4 that's in that booklet.

5 THE COURT: How about B? Did you get B? Did you
6 object to B? Let me get those straightened out first. I will
7 let A in and note the objection.

8 MR. JIMMERSON: Yes, Your Honor, object to B as
9 well. It's hearsay, rank hearsay. We didn't try to introduce
10 Zillow. Zillow as the value of these properties is
11 ridiculous.

12 MR. DICKERSON: Well, wait a second. Is B -- hold
13 on -- well, I haven't gotten there.

14 MR. JIMMERSON: It is a Zillow. You offered it.

15 MR. DICKERSON: Okay. I haven't offered that.
16 Okay?

17 MR. JIMMERSON: You did offer it.

18 MR. DICKERSON: Okay, Jim, I made a mistake, okay?
19 I didn't mean to because I didn't even question him on B.

20 THE WITNESS: Because I have Zillow in my --

21 THE COURT: Okay. You didn't ask him any questions
22 on that, but --

23 MR. DICKERSON: So B is -- I -- I -- if I said B, my
24 mistake.

1 MR. JIMMERSON: All right.
2 MR. DICKERSON: I apologize.
3 MR. JIMMERSON: So what are you offering then
4 please.
5 MR. DICKERSON: I'm just not that perfect.
6 THE COURT: A, B -- I mean, A, D --
7 MR. DICKERSON: C. Questioned him on C which is are
8 his handwritten notes -- or his -- his notes.
9 MR. JIMMERSON: For C1 we have no objection.
10 MR. DICKERSON: And --
11 MR. JIMMERSON: You never asked --
12 MR. DICKERSON: C1.
13 MR. JIMMERSON: -- him about anything else.
14 MR. DICKERSON: And --
15 THE COURT: See, when was your -- for Harbor Hills
16 notes, 2721.
17 MR. DICKERSON: And Exhibit D.
18 MR. JIMMERSON: E, right?
19 MR. DICKERSON: D.
20 MR. JIMMERSON: I'm sorry, did you say D?
21 THE WITNESS: Am I on A or BB?
22 MR. DICKERSON: Exhibit D right now is --
23 MR. JIMMERSON: D1 we have no objection.
24 MR. DICKERSON: Okay. Exhibit E1.

1 MR. JIMMERSON: And by the way, I don't see a D2
2 just so you look at it --
3 MR. DICKERSON: There isn't.
4 MR. JIMMERSON: Okay. Very good.
5 THE COURT: Yeah, there's only one D.
6 MR. DICKERSON: It was taken out.
7 MR. JIMMERSON: And E, I don't see -- E is --
8 MR. DICKERSON: E1.
9 MR. JIMMERSON: E1, no objection.
10 THE COURT: E1 will be admitted without objection.
11 (Defendant's Exhibit E1 admitted)
12 THE COURT: E2, let's see.
13 MR. JIMMERSON: E2, we have no -- we have no
14 objection. I think we maybe even introduced it. But anyway,
15 we have no objection to it.
16 MR. DICKERSON: All right.
17 BY MR. DICKERSON:
18 Q Now, I haven't gotten to E3 yet, but if you'll
19 please turn --
20 THE COURT: Do you have all those marked in that are
21 -- okay.
22 BY MR. DICKERSON:
23 Q If you'll please turn to Exhibit AA, sir.
24 A Yes, sir.

1 Q Okay. You -- you initially hired the law firm of
2 Ecker and Kainen to represent you in this matter; is that
3 right?

4 A Yes, sir.

5 Q And they filed a complaint for divorce on your
6 behalf on May 18th of last year, 2009?

7 A I believe so.

8 Q Is that correct?

9 A I believe so.

10 Q And at the time you had them issue the court
11 standard joint preliminary injunction; is that right?

12 A I'm not sure if I understand exactly what?

13 Q The Court's -- take a look at Exhibit AA.

14 A Yes.

15 Q Okay. Actually, I see that I had that issued, okay.
16 So my office had this issued.

17 A Yes, sir.

18 Q And if you'd take a look at the last page, it
19 appears that it was served upon your counsel on May 13th of
20 2009?

21 A Yes, sir.

22 Q Okay. Now sir, this indicates you are hereby
23 prohibited and restrained from transferring, encumbering,
24 concealing, selling or otherwise disposing of any of your

1 joint, common or community property of the parties or property
2 which is the subject of a claim of community interest, except
3 in the usual course of business or for the necessities of life
4 without the written consent of the parties or the permission
5 of the court.

6 A Yes, sir.

7 Q Now, do you understand that?

8 A Yes, sir.

9 Q And can you explain to me did you get the permission
10 of this Court to spend approximately \$1.3-million of community
11 cash to purchase this home and the lot that we're talking
12 about on Bella Kathryn circle?

13 A I believe, yes.

14 Q You got the Court's permission?

15 A I believe I did, right here. It says except in the
16 usual course of business. I transfer, Your Honor, in '07 120
17 homes and major commercial projects in '08, 120 homes and lots
18 and major commercial projects in '09, 120, 30, 40 homes, and
19 major million dollar properties '010, several multi-million
20 dollar properties, along with fix and repair hundreds of
21 homes. I think this was a very good investment.
22 Unfortunately, it cost me a lot more to repair and fix because
23 of engineering things I weren't aware of.

24 Q Now sir --

1 A Can't hit a home run all the time.

2 Q -- if I recall in your direct testimony you
3 indicated that purchasing a home to live in is not an
4 investment.

5 A No. I said the option was first I bought it as the
6 potential to -- as an investment no question. However --

7 Q So --

8 A -- if it worked for the children and it worked for
9 Lynita, I would be fine with it. I didn't think she objected
10 to it.

11 In -- in December, Your Honor, things were a lot
12 more --

13 Q So your testimony --

14 A -- friendlier and we -- when I wasn't going a little
15 --

16 Q Excuse me

17 A -- irate on trying to get a situation resolved.

18 Also, the children and me were not comfortable in the Harbor
19 Hills home. There was nothing for us to do in that house. I
20 couldn't have a tennis court, we couldn't park vehicles in the
21 thing, it was obsolescent for the family it didn't work, it
22 didn't feel like a home. So, the worst scenarios, I move them
23 over there and if you guys weren't happy with it like the
24 potential could be, it was still a -- a good investment. We

1 might lose some money on it, I'm sorry about that, but I did
2 it to enhance the community.

3 I in addition am fed up and tired of this divorce,
4 because my children have suffered, Bob, and this has been
5 dragging on forever, and --

6 THE COURT: You're going to --

7 THE WITNESS: Okay.

8 THE COURT: We're going to cut the commentary.

9 THE WITNESS: I'm sorry.

10 THE COURT: The question was you felt that it did
11 not violate the JPI because --

12 THE WITNESS: I did not violate it --

13 THE COURT: -- you felt it was in the usual --

14 THE WITNESS: -- in my personal opinion.

15 THE COURT: -- course of business or for a necessity
16 of life, you felt this was in a usual course of business.

17 THE WITNESS: I'll hold back, Your Honor.

18 THE COURT: It's an investment.

19 MR. JIMMERSON: It was also titled in Banone and not
20 in his name, Judge, in the investment company.

21 THE WITNESS: This is in even -- yeah, it's even in
22 Banone, Your Honor.

23 THE COURT: And that was --

24 MR. JIMMERSON: Could I have our break, please?

1 THE COURT: -- his answer, you felt that it was the
2 usual course of business. Why don't we finish.

3 THE WITNESS: Yes.

4 THE COURT: Anymore on this one and we'll take a
5 break.

6 BY MR. DICKERSON:

7 Q So that's your position is that you purchased this
8 in the normal course of business, correct?

9 A Yes, sir.

10 Q All right.

11 MR. DICKERSON: We can take our break and we'll come
12 back to it.

13 THE COURT: Take a five, ten minute break.

14 (COURT RECESSED AT 1546:32 AND RECONVENED AT 15:58:22)

15 THE COURT: This is reconvening the matter of Eric
16 Nelson and Lynita Nelson, D-411537. We took a brief recess
17 and we're doing cross examination. Mr. Dickerson, proceed at
18 your pleasure.

19 MR. DICKERSON: Thank you, Your Honor.

20 BY MR. DICKERSON:

21 Q Mr. Nelson, you understand you're still under oath?

22 A Yes, sir.

23 Q Now you had indicated that in the ordinary course of
24 your business during the year 2006, I believe --

1 A 7.

2 Q 2007; you bought and purchased how many homes?

3 A Approximately 120 homes and lots.

4 Q Okay. 120 homes and lots. During 2008 in your

5 ordinary course of your business you bought -- bought and sold

6 how many?

7 A Approximately 120.

8 Q How about during 2009, you bought and sold how many?

9 A Approximately 120.

10 Q All right. So far this year?

11 A Approximately 30.

12 Q Now, you've stressed throughout your testimony that

13 you're in the business of buying distressed property?

14 A Yes, sir.

15 Q And the concept is to buy a piece of distressed

16 property and sell it at a greater price?

17 A Hopefully.

18 Q Okay. And you believe you have the expertise to do

19 that, to know that the price of a particular property is --

20 that you honestly think you could probably sell it for -- for

21 more than what you're buying it for.

22 A Well --

23 Q Is that correct?

24 A -- let me -- I have the expertise, but it's not so

1 much the price. We can lose money on one and make money on
2 two, I still make money on the overall transaction. And it's
3 important when we're formulating this game plan with Eric
4 Nelson Auctioneering, that we're trying to get a unit going,
5 Your Honor, where I can buy property, sell them in the auction
6 mode, plus bring in bank repos.

7 Even on the Bella Kathryn house, I didn't buy that
8 -- go out and shop for it, Your Honor. I want to be perfectly
9 clear.

10 Q Did you understand my question?

11 A Yeah, I'm try -- explaining this.

12 Q Well, the --

13 A It was a foreclosure --

14 Q -- my question was very simple.

15 A -- auction. I buy them at auction, sell them at
16 auction, that was a courthouse auction sale.

17 Q All right.

18 A Okay?

19 Q Thank you.

20 A All right.

21 Q So let's take the year 2007 of the 120. Can you
22 tell me how many of that 120 homes or properties that you
23 bought and purchased exceeded one million dollars?

24 A The -- yes. The 120 was about four and a half

1 million dollars with one asset I bought from a lender with
2 about the -- Mesa Vista, approximately 23 homes and somewhere
3 about a hundred and something lots, individual lots. So it
4 was a large purchase.

5 Q Okay.

6 A Large asset purchase.

7 Q So the entire 120 homes and properties that you --
8 you purchased during 2007, the total was 4.5-million?

9 A Yes, sir.

10 Q Okay. How many of those one parcels were in excess
11 of a million dollars?

12 A That was a bulk sale, just one.

13 Q Okay.

14 A Now there's multiple other ones, but that was the
15 one that recalls.

16 Q Okay. But -- but that was 120 total homes; is that
17 correct?

18 A And lots.

19 Q All right. How about during 2008, the 120 you sold
20 (sic). How many of those were in excess of a million dollars?

21 A Hmm, that's a good question. 2008 I'm not sure if
22 we had any in 2008 with --

23 Q Have you ever --

24 A -- without looking at my records, we were in

1 negotiations on multi-million dollar properties, I don't know
2 how many we got done in 2008.

3 Q Well, sir --

4 A We made --

5 Q -- how many -- how many --

6 A We made multiple bids if that was the question.

7 What we ended up with I couldn't tell you without looking at
8 my records.

9 Q I'm not talking total, sir.

10 A Yes.

11 Q I'm talking about one single family residence.

12 A Yes, and you're -- and if I may --

13 Q How many -- how many single family residence have
14 you purchased in the -- as a distressed property that the cost
15 was in excess of a million dollars?

16 A How many did I make bids on or --

17 Q How many did you --

18 A -- how many did I -- was successful --

19 Q -- purchase, sir?

20 A -- on?

21 Q How many did you purchase, sir?

22 A Successful I'm not sure any, but I'd have to check
23 my records.

24 Q Now, sir, I've gone through your records.

1 A Okay.

2 Q And the home that you purchased at 1301 Heather

3 Ridge Road here in Clark County.

4 A Yes, sir.

5 Q You purchased for \$128,459.

6 A Yes, sir.

7 Q Do you -- do you agree with that?

8 A I believe so.

9 Q Okay. Isn't that the most expensive home --

10 A Individual home?

11 Q -- individual home that you purchased?

12 A Hmm, no, sir.

13 Q Okay. What home did you purchase that exceeded

14 128,459?

15 A On Val -- on Harbor Hills I purchased a house for

16 approximately 432,000 in addition to the Harbor Hill house

17 that Lynita purchased.

18 Q Okay. And so when did you purchase that Harbor

19 Hill?

20 A I believe that was in '08.

21 Q Okay. And when did you sell that home?

22 A '08.

23 Q How long after you purchased it?

24 A 60, 90 days.

1 Q What -- what is the address of the home in Harbor
2 Hills that you're saying that you purchased?
3 A I'm not sure.
4 Q Okay. At the -- where was it in relations to the
5 home that you and Lynita own at 2721 Harbor Hills?
6 A It's Julie's house. It's next door or something, I
7 don't know.
8 Q Who's Julie?
9 A She's a friend of our family.
10 Q Okay. And you purchased that home for how much?
11 A I think it was about 467,000.
12 Q And when did you sell it?
13 A It was a short sale, about 90 days later, I believe.
14 Q And how much did you sell it for?
15 A Just about the same amount. And the reason why, let
16 me take --
17 Q You sold it back to Julie, didn't you?
18 A The reason why --
19 Q Sir, you sold it back to Julie, didn't you?
20 A Because I bought the Harbor Hills.
21 Q Sir, did you understand my question?
22 A Yes, sir.
23 Q You sold it back to Julie?
24 A Yes, I offered it back --

1 Q Now what happened was Julie was not able to make her
2 mortgage payments; is that correct?

3 A That's correct.

4 Q And the house was -- went into foreclosure?

5 A Yes, sir.

6 Q So you went and you took \$467,000 of community
7 monies and purchased Julie's home?

8 A Yes, sir.

9 Q And then sold it back to her for the same amount?

10 A I offer every home that --

11 Q Is that true? Is that true, sir?

12 A -- we -- will you listen? I offer every --

13 Q Sir, is --

14 A -- home back, Your Honor, to anybody -- any house I
15 buy, people lose it, I offer it back to them for the same
16 price. She's able to raise the capital and pay me off. Yes,
17 sir.

18 Q Okay. Now, other than Julie's home on Harbor Hills.

19 A Yes, sir.

20 Q Isn't it true that the most expensive home that you
21 have purchased since 2007 is the home on Heather Ridge, 1301
22 Heather Ridge Road, for \$128,459?

23 A I believe so.

24 Q And --

1 A I take it back. I purchased the properties in Fort
2 Mojave, the 4.6-million; some of those were close to 180, 170,
3 160.

4 Q Where?

5 A In Fort Mojave. When I purchased the homes for
6 \$4.6-million, the allocated price were somewhere around 155,
7 160,000 on some of them.

8 Q Okay. So the most you've ever spent for a home was
9 roughly 160,000?

10 A It was -- yeah, I didn't mean to drive you around
11 the street. The answer's probably yes

12 Q Thank you, sir. SO in the ordinary course of your
13 business when you took \$1.3-million of community cash to
14 purchase the Bella Kathryn Circle home and the additional
15 \$175,000 cash, when are you putting those properties up for
16 sale?

17 A That's a misstatement.

18 MR. JIMMERSON: Objection to the form of the
19 question and that's mis -- completely --

20 BY MR. DICKERSON:

21 Q Pardon me, sir?

22 A I paid 380,000 at a trustee's sale at the courthouse
23 steps.

24 Q Okay.

1 A With Banone's money.

2 MR. JIMMERSON: Your question was \$1.3-million,

3 counsel. He didn't pay 1.3-million.

4 THE WITNESS: I paid 380,000 for the home.

5 BY MR. DICKERSON:

6 Q All right.

7 A I repaired -- the additional repairs.

8 Q Well, you -- you purchased a home that was 70

9 percent complete for \$382,000?

10 A Yes, sir.

11 Q Community cash.

12 A Yes.

13 Q And then you put in excess of a million dollars to

14 improve it?

15 A Yes, sir.

16 Q Okay.

17 A Well, approximately.

18 Q And then -- and then you purchased the lot next door

19 facing directly out your door towards the strip to improve the

20 value of the Bella Kathryn home?

21 A I bought that home so it's perfectly --

22 Q And you bought that --

23 A -- clear, ordinary course of business, at a

24 trustee's sale. I brought my son over there and he said dad,

1 I want to live here. I changed my mind, asked Lynita and she
2 thought it was fine.

3 Q All right. Thank you, sir.

4 Now, if we move to Exhibit E3.

5 A Yes. What is it?

6 Q This is -- this is the real estate purchase
7 addendum.

8 A I'm sorry, what number?

9 Q E3.

10 A E3, yes, sir.

11 Q This is the contract for your purchase of the Bella
12 Kathryn home; is that correct?

13 A E -- Double-E?

14 Q E -- no, E --

15 A Okay.

16 Q -- 3.

17 A Okay. Which one?

18 Q E3.

19 A E1, 2 -- yes, sir.

20 Q All right. So this is the contract?

21 A Yes, sir.

22 Q Now you indicated earlier in your testimony that you
23 made a thousand dollar commission on this?

24 A On this lot here, no. I made a commission of

1 somewhere in the area of 5000, 6000.

2 Q Now, if we take a look at page 12 of this, the
3 buyer's agent, your agent was Chad Ramos; is that correct?

4 A Yes, sir.

5 Q That \$5000 went to Chad Ramos, didn't it?

6 A No, sir.

7 Q It went to you?

8 A Went to Eric Nelson Auctioneering and I gave him
9 \$1000 for doing the transaction.

10 Q Okay. Now, I thought, if I understood you correct,
11 and correct me if I'm wrong, but you said earlier that Cha --
12 you never -- you never shared in Chad's commissions, that he
13 always got 100 percent of his commissions.

14 A This is my contract.

15 Q Did I mis -- did I misunderstand that?

16 A Okay. This is my contract.

17 Q Okay. I did misunderstand that then.

18 A No. You heard exactly. This is not Chad's escrow,
19 this is Eric Nelson's escrow. Eric Nelson got paid and gave
20 him a contract for following the contract for \$1000.

21 Q So why didn't Eric Nelson put his name down here as
22 the buyer's agent and get the full 5000?

23 A That's because I had him doing the running.

24 Q Okay.

1 A I'm a broker of Eric Nelson Auctioneering.
2 MR. DICKERSON: Move for admission of Exhibit E3,
3 Your Honor.
4 MR. JIMMERSON: Yeah, we have no objection. I
5 thought we had introduced it ourselves.
6 MR. DICKERSON: Okay. Think you have.
7 MR. JIMMERSON: You think I did?
8 MR. DICKERSON: I think you have, yes. I think you
9 have. I don't -- but you have so many exhibits I won't be
10 able to find yours.
11 MR. JIMMERSON: I know, but I mean, we talked about
12 this.
13 MR. DICKERSON: Yes.
14 MR. JIMMERSON: So I --
15 MR. DICKERSON: We -- it --
16 MR. JIMMERSON: I think maybe I've already
17 introduced it.
18 MR. DICKERSON: All right.
19 MR. JIMMERSON: But it doesn't matter.
20 BY MR. DICKERSON:
21 Q All right. Sir, if we may then move to the --
22 MR. JIMMERSON: Is 4A in evidence?
23 MR. DICKERSON: Is what?
24 MS. POLSELLI: 4A of ours.

1 MR. JIMMERSON: Our 4A in evidence.
2 MR. DICKERSON: Okay. It is 4A, the 4A is in
3 evidence.
4 THE CLERK: Yes.
5 MS. POLSELLI: It is?
6 MR. JIMMERSON: Okay. So it is a duplicate.
7 MR. DICKERSON: Yes.
8 MR. JIMMERSON: My memory is still intact.
9 MR. DICKERSON: It is.
10 MR. JIMMERSON: For another 24 hours.
11 MR. DICKERSON: Okay. All right, sir.
12 BY MR. DICKERSON:
13 Q Move to the Lindell property.
14 A And what -- what is that?
15 Q The Lindell property.
16 A I know, but which --
17 Q If you'd take -- take a look at page 2 of my Exhibit
18 A. Just, sir.
19 A And I'm sorry, oh, okay.
20 Q Okay. Now, with respect to the Lindell property,
21 it's correct that this is 13,040 square feet; is that correct?
22 A Approximately, yes, sir.
23 Q And it's the commercial property from which you
24 conduct your business operations; is that right?

1 A Yes, sir.

2 Q And you are not as we established earlier, you're

3 not paying any rent?

4 A I'm sorry?

5 Q You're not paying any rent for the space that you're

6 leasing?

7 A That's correct.

8 Q And you're leasing -- you have the entire top floor,

9 it's two -- it's two -- two floors; is that correct?

10 A Two small suites; 3200 square feet.

11 Q So I am correct that it's 3200 square feet, correct?

12 A Yes, sir.

13 Q All right. And in -- if you take a look, sir, at

14 Exhibit F1.

15 A F1?

16 Q Yes.

17 A Yes, sir.

18 Q Now, you describe this property, you say that it's

19 Eric's office building, 1340 (sic) square feet, is all that

20 correct that you've written there?

21 MR. JIMMERSON: 13400 --

22 MR. DICKERSON: Thousand forty --

23 MR. JIMMERSON: Yeah.

24 THE WITNESS: That's approximately right yeah.

1 BY MR. DICKERSON:

2 Q So those are your words describing it?

3 A I believe so.

4 Q Okay. Now, if you take a look, sir, at --

5 MR. DICKERSON: Move for Exhibit (sic) of F1?

6 THE WITNESS: F1?

7 MR. JIMMERSON: No objection at all.

8 THE COURT: All right. Admitted as F1.

9 (Defendant's Exhibit F1 admitted)

10 BY MR. DICKERSON:

11 Q Okay. Move over to Exhibit F2.

12 A F2.

13 Q I believe this was one of your exhibits also.

14 MR. JIMMERSON: It was.

15 BY MR. DICKERSON:

16 Q This is one of the last ones. This is -- shows the
17 income that has been generated from that property so far this
18 year; is that correct?

19 A There it is right there.

20 Q Now, when looking at this, sir, it shows that net
21 income is \$35,882.

22 A Yes, sir.

23 Q All right. That's the net income. That's after the
24 payment of expenses, isn't it?

1 A Yes, sir.

2 Q All right. So, roughly 5000 a month?

3 A No.

4 Q Well, July 31st that -- let's see --

5 A Yeah, this is --

6 Q January --

7 A This is net without the -- with the vacant units.

8 We had some vacant units, we have a couple more people that

9 have moved in.

10 Q So for the first seven months of this year you've

11 made roughly \$5000 a month --

12 A Yes, sir.

13 Q -- net?

14 A Yes, sir.

15 Q And again, you've not shared any portion of that

16 with Lynita who owns 50 percent of that building, correct?

17 MR. JIMMERSON: Objection, Judge. There's no

18 suggestion there's an obligation to share when you have

19 divided assets and a --

20 MR. DICKERSON: Is that an objection?

21 MR. JIMMERSON: It is.

22 MR. DICKERSON: And my -- the question --

23 MR. JIMMERSON: The question is argumentative and

24 misstates what the law would require. There's no obligation

1 on the part of him to do that --

2 MR. DICKERSON: The question's simple.

3 MR. JIMMERSON: -- or her to reverse.

4 THE COURT: (Indiscernible) said ask him a question
5 if he --

6 MR. JIMMERSON: She didn't share her 2.6 million
7 with him.

8 MR. DICKERSON: My question is very simple. You
9 didn't share any portion --

10 THE COURT: I think -- it's overruled. They can ask
11 the question did she get any of those rent proceeds, not that
12 he had an obligation to or didn't. That's the question.

13 MR. JIMMERSON: And that's all. That's fair.
14 That's --

15 MR. DICKERSON: That wasn't in my question.

16 MR. JIMMERSON: -- not suggesting he has an
17 obligation.

18 BY MR. DICKERSON:

19 Q My question is pretty simple -- maybe it wasn't.
20 Did you share any portion of that \$5,000 a month with Lynita?

21 A No, sir.

22 Q Now, we move over --

23 MR. DICKERSON: Move for admission -- I think we --
24 move for admission of Exhibit F2.

1 MR. JIMMERSON: What is F2, the sheet of paper?
2 Yeah, no objection. And it's part of, Your Honor, Exhibits
3 57A continuing.

4 MR. DICKERSON: Thank you. Move to Exhibit F3.

5 MR. JIMMERSON: No objection, it's already in
6 evidence.

7 MR. DICKERSON: Thank you.

8 BY MR. DICKERSON:

9 Q F3 sets out all the leases; is that correct?

10 A Yes, sir.

11 Q Now, we testified earlier -- or you testified --
12 well, let's do this. The -- Dr. Stock, he's paying \$1.31 a
13 square foot?

14 A Yes, sir.

15 Q Okay. And has 1600 square feet; is that right?

16 A Yes, sir.

17 Q And Smart Investments paying \$125?

18 A I believe so --

19 Q \$1.25 a square foot?

20 A I'm not quite sure if that's right. It doesn't
21 sound right.

22 Q Doesn't sound right?

23 A No.

24 Q Well, isn't their rent \$1,000 a month?

1 A Yeah, that's going to be incorrect. I believe it's
2 \$600. I just rented it.

3 Q Let's take a look at your records.

4 A If we have that lease, yeah, that would show it. So
5 I believe that's wrong.

6 Q Well, let's see. This is Smart Investments. If you
7 take a look -- do you still have Exhibit 119?

8 A Yes, sir.

9 MR. DICKERSON: No, it's not that one -- is it 119?

10 MR. JIMMERSON: He has 199.

11 MR. DICKERSON: 199, yeah.

12 THE WITNESS: 199, yes.

13 BY MR. DICKERSON:

14 Q You still have Exhibit 199?

15 A Yes.

16 Q Last page.

17 A Yes, sir.

18 Q Smart Investments, it looks like you're not
19 receiving any rent from them.

20 A No, they -- they -- it's got paid and I don't know
21 why it doesn't have a number, but I think it's \$650.

22 Q So why -- now you -- your office put this together;
23 is that correct, your --

24 A I believe so.

1 Q -- your staff?

2 A The old amount was a thousand in that suite there,
3 but we've had to adjust the rents down just to fill up the
4 office space.

5 Q So --

6 A We don't want -- we don't want any empty building.

7 Q So this is incorrect then indicating it's effect --
8 the rent rolls as of --

9 A Just 103 is incorrect. I think the other ones are
10 correct, except for Freshwater Holdings has -- is delinquent
11 and we've been working with them, and Od -- well, Odormast --
12 well, they're right. Okay.

13 (Whispered conversation)

14 Q Smart Investments, the owner of Smart Investments is
15 your sister's stepson?

16 A My nephew, yes, sir.

17 Q Okay. So Smart Investments was paying \$1,000 a
18 month and then you've reduced it?

19 A No, sir.

20 Q Well, how many other family members would have
21 office space in there?

22 A That's it. Chad has an offices because he works the
23 real estate part of it. Aleda works the real estate part of
24 it.

1 Q But they're out of your office --
2 A They're out of my office, yeah.
3 Q -- the one in which you pay no rent for?
4 A Right. They --
5 Q So of any of these other tenants, Dr. Stock, no
6 relation?
7 A No relation.
8 Q Smart Investments though we now know that that's --
9 is a family member?
10 A Yes, sir.
11 Q Okay. Freshwater Holdings, any family member there?
12 A No, sir.
13 Q How about Odor Busters?
14 A No, sir.
15 Q How about New Life Church?
16 A No, sir. I'll rent to anybody. Sorry.
17 MR. JIMMERSON: I was wondering, where was the
18 covenant not to compete there?
19 THE WITNESS: He is a competitor. That's what's
20 funny though.
21 BY MR. DICKERSON:
22 Q Sir, if you'd take a look at Exhibit F4.
23 A I'm sorry, what one?
24 Q Exhibit F4.

1 A F4? I've got it.

2 Q Now, Exhibit F4 was -- it indicates here it was
3 prepared at the request of Mr. Bryce Duckworth and it appears
4 as if it was prepared August of 2008.

5 A Yes, sir.

6 Q This was prepared with your knowledge, correct?

7 A I'm not aware of this.

8 Q Well, do you -- you've seen this, have you not?

9 A I don't believe so -- oh, yeah, I have, I take it
10 back. Yep, I believe so, yes.

11 Q Now, in August of 2008, your wife, Lynita, was being
12 represented by Mr. Duckworth; is that correct?

13 A Yes, sir.

14 Q Now, do you know when she started being represented
15 by Mr. Duckworth?

16 A I'm not quite sure exactly, but if you give me a
17 minute, I would think it would be -- yeah, he was prompt, he
18 was moving things around, so I'd say July. So he was on top
19 of what he had concerns with.

20 Q Okay. And so obviously then as of --

21 MR. JIMMERSON: What did he say, July of 2008?

22 MR. DICKERSON: July of 2008.

23 THE WITNESS: I believe so.

24 MR. JIMMERSON: Thank you.

1 BY MR. DICKERSON:

2 Q And I'm assuming that it's --

3 A Well, I can tell you right now for a fact if you
4 want me to take a look at the chart. Do you want me to get
5 that specific?

6 Q Whatever you want, sir.

7 A Now I can't find my (indiscernible - away from
8 microphone) -- but that's approximately that's right.

9 Q And so the two of you were contemplating going
10 through a divorce at that time?

11 A Yes, she -- well, she had retained counsel. I
12 didn't believe I needed counsel because --

13 Q All right. Sir --

14 A -- I'm going to exclose (sic) everything 125 percent
15 to my wife and children. I don't hide any dimes.

16 Q Thank you, sir. We will go into that. Now, do you
17 agree -- do you agree with the value that Mr. Morris came up
18 with, approximately two million?

19 A In August it was worth two million. I don't know
20 what it's worth today.

21 Q That also Mr. Morse makes the assumption pointing
22 out that you -- that it would only be based upon fair rent for
23 your property?

24 A In August of '08. Rents have probably slipped 50

1 percent.

2 Q So are you telling us, sir, that you want to
3 continue to own that building jointly with Lynita, but you
4 don't want to pay any rents; is that what you're telling us?

5 A It'd be fair if I was managing some of the assets.
6 If she's not taking her half and I'm not managing any of her
7 hasse -- assets, then it would be fair that I pay some rent.

8 Q Okay. Do you have any problem with us putting that
9 property immediately up for sale?

10 A I have no problem at all.

11 Q And do you have any problem paying rent while --
12 until it is sold?

13 A Fair market value, yes.

14 MR. JIMMERSON: I think we have a double negative
15 there. I think he said he would be willing to pay fair market
16 value rent, Your Honor.

17 THE WITNESS: Yeah, if it's -- and subject to if I'm
18 having to manage some of her assets and worth them out, either
19 she's going to pay me one way or she's going to get me a
20 discount to work with me. I think it'd be only fair, Your
21 Honor, but Your Honor, you have full authorization to let me
22 know. I can always move out if she did -- if we don't agree
23 on a rent.

24 BY MR. DICKERSON:

1 Q Now, sir, do you agree that you stopped paying any
2 rental income to Lynita since May of 2009?

3 A I don't know when the last thing, but Lynita didn't
4 ever receive rental income, let's get that straight. She
5 received a check from me to assist in some areas of whatever
6 she needed assistance in. We never calculated that she got
7 some percentage of any rents or whatever. That's not the way
8 we do our business.

9 Q Sir, have you filed your 2009 tax return yet?

10 A And Garrity should be filing that any moment. As
11 soon as the 1099 --

12 Q So I take it --

13 A -- comes in, it'll be filed.

14 Q -- the simple answer to that is no, you haven't, I
15 take it?

16 A Well, we filed an extension.

17 Q I'm assuming a simple answer to my simple question
18 is no, you have not filed your 2009 --

19 A It's not that simple. The answer is --

20 Q Have you filed your 2009 taxes?

21 A For ENA, I think the answer is yes. Portions of
22 these corporation taxes have been filed. Portions for my
23 final return have not been filed.

24 Q Now, isn't it true, sir, that you -- it's your

1 intent that you intended to take all the tax benefits and
2 deductions relating to that building on your personal 2009 tax
3 return?

4 A That I'm not sure.

5 Q All right, sir, if we may move to Russell Road.

6 A Yes, sir.

7 Q Now, Russell Road --

8 A And where -- which number is that?

9 Q It's --

10 A Oh, I'm sorry --

11 Q -- on our --

12 A -- I'm on the wrong thing. Were we done with this
13 book for right now?

14 Q No.

15 A Okay.

16 Q We're not.

17 A But we're looking at this?

18 Q Yes.

19 A Okay.

20 Q All right. So Russell Road is approximately how
21 many acres?

22 A I think eight and a half acres net, gross is about
23 10 -- 10 acres.

24 Q And there's a building on this; is that correct?

1 A Yes.

2 Q And your brother purchased this property when?

3 A Oh, I can get the chart out. Do you want me to go
4 through the chart again?

5 Q I'm just curious as to when he purchased it. Yeah,
6 if it helps you --

7 A Yeah, let's pull that chart up if I could --

8 Q -- whatever you need to look at.

9 A -- because that helps me recall exact dates so we
10 don't get jumping all over the place.

11 Q Do you know a year?

12 A I will when this board comes up. Okay. So you --
13 okay, that one's --

14 (Whispered conversation)

15 A He purchased it 1999, the Russell Road property.

16 Q And purchased for how much?

17 A \$875,000.

18 Q Now, in February of this year, you used community
19 cash to purchase an interest in this property; is that
20 correct?

21 A Yes, sir.

22 Q Now, let's go through that just so I understand it.
23 Take a look, please, at Exhibit G1.

24 A G1?

1 Q Yes.

2 A Okay. Got it.

3 MR. DICKERSON: And did I move for the admission of
4 Exhibit F4?

5 THE COURT: Any objection, Mr. Jimmerson, to F1
6 (sic)?

7 (Whispered conversation)

8 THE WITNESS: Are we going to 5:30, Your Honor?

9 THE COURT: Yeah.

10 THE WITNESS: Thank you.

11 (Whispered conversation)

12 MR. JIMMERSON: Okay. My client said it's probably
13 not the value today, but for --

14 MR. DICKERSON: Well, you --

15 MR. JIMMERSON: -- we understand --

16 MR. DICKERSON: -- you have it on your --

17 MR. JIMMERSON: -- we're doing half and half, we're
18 proposing the same divisions.

19 MR. DICKERSON: You guys listed it at two million.

20 MR. JIMMERSON: I understand that.

21 MR. DICKERSON: (Indiscernible).

22 THE WITNESS: I'm sorry, what's that? I'm sorry.

23 BY MR. DICKERSON:

24 Q You listed the value of this as being two million,

IN THE SUPREME COURT OF THE STATE OF NEVADA

MATT KLABACKA, Distribution Trustee
of the Eric L. Nelson Nevada Trust dated
May30, 2001,

Appellant/Cross Respondent.

vs.

LYNITA SUE NELSON, Individually and in
her capacity as Investment Trustee of the
LSN NEVADA TRUST dated May 30,
2001; and ERIC L. NELSON, Individually
and in his capacity as Investment Trustee of
the ELN NEVADA TRUST dated May 30,
2001;

Respondents/Cross-Appellants.

MATT KLABACKA, as Distribution
Trustee of the Eric L. Nelson Nevada Trust
dated May30, 2001,

Appellants,

vs.

ERIC L. NELSON; LYNITA SUE
NELSON, INDIVIDUALLY; AND LSN
NEVADA TRUST DATED MAY 30, 2001,

Respondents.

Supreme Court Case No. 66772

District Court Case No. D-09-

411537

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**RECORD ON APPEAL
VOLUME 3**

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Supreme Court Case 66772 Consolidated with 68292 In the Matter of: Klabacka v. Nelson et al.

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1 A No, sir.

2 Q And in March --

3 A No, sir. I said no, sir.

4 Q Oh, how much were you giving her, sir?

5 A I was giving her money that I would flow into the

6 Lindell account, even if we didn't collect rent, I'd put

7 additional money in it from Nelson Trust so she would get an

8 additional 6000 periodically.

9 Q Okay. So --

10 A But generally, she didn't get the --

11 Q Well, you gave her \$6000 --

12 A -- six --

13 Q -- every month --

14 A Excuse me.

15 Q -- from that.

16 MR. JIMMERSON: Can we just agree not to talk over

17 each other, Mr. Dickerson?

18 THE WITNESS: I'm sorry, my fault.

19 MR. JIMMERSON: And allow him to answer.

20 MR. DICKERSON: I'll ask the question again.

21 THE COURT: Let him finish the answer.

22 BY MR. DICKERSON:

23 Q You gave her \$6000 every month, didn't you?

24 A Okay. Let me explain it. I paid the bills, so I

1 didn't give her anything. Then when she took over the bills
2 and she was getting used to paying the bills of her house and
3 other areas in her living expense, I was paying her 6000 to
4 assist in that.

5 Q So it's your testimony that you go back to two
6 thousand --

7 A Five.

8 Q -- five.

9 A Yes.

10 Q That you were not having \$6000 a month deposited
11 into her account?

12 A Not for the bills that you're talking about.

13 Q No, but you were having \$6000 a month --

14 A I'm not aware of it, sir.

15 Q Okay.

16 A Maybe.

17 Q All right. Now, so you're telling us that you're
18 upside down on this. These are really -- you're not making
19 these rents?

20 A I'm sorry?

21 Q You say that you -- you're in a loss on Lindell?

22 A No.

23 Q Well, so, did you receive these monies?

24 A Yes.

1 Q Okay. And what was the net amount that you
2 received?

3 A Well, these -- these are -- yeah, the -- we run the
4 office, some office expenses out of there, some insurance out
5 of there and some mutual expenses out of like the cabin, some
6 of those expenses, would come out of there, some of the joint
7 properties.

8 Q Okay. So you really use that to pay ex -- living
9 expenses?

10 A Those aren't living.

11 Q Well, the cabin.

12 A The cabin is leased and so but that's -- that's a --

13 Q The cabin is what?

14 A That's Lynita's and my asset together, a joint
15 asset.

16 Q It's a living expense.

17 A I guess if that's hers, that's mine, it's a living,
18 I apologize.

19 Q So what -- what are your expense that are related to
20 Lindell that would have to be paid from these rental monies?

21 A You would have all repairs, property taxes,
22 insurance, we'd have common water, common power.

23 Q Okay. So have you provided the Court with anything
24 that we can look at that would let us know what Lynita will

1 actually make if she has a half interest in this or has a
2 whole interest in this?

3 A I believe so.

4 Q Where is it?

5 A I'm not sure. Rochelle had given us some
6 documentation --

7 Q All right.

8 A -- on the -- on the Lindell account.

9 Q Okay. So again, if I haven't asked it, it's true
10 that you did not give her any of those monies that you've
11 received?

12 A I did not give her --

13 Q Since at least --

14 A -- that I'm aware of.

15 Q -- March of last year, correct?

16 A Well, no, I'm not quite saying that. I'm saying
17 this year. Last year was last year and I --

18 Q Okay.

19 A -- had given her sources of money, so the answer was
20 I -- I wouldn't agree with that.

21 Q All right. So let's --

22 A But I'll check.

23 Q -- take a look --

24 A I will check.

1 Q Let's take a look then at the bottom portion of this
2 exhibit. What does this represent?

3 A This represents the Greenville, Mississippi house,
4 Clay's house we call it. And it also reflects Silver Slipper
5 Gaming, they have -- are supposed to give me, you know, that
6 management contract. Also, the RV park and the gravel check
7 on the 200 acres that we don't receive any money. But it's
8 pending future income stream possibility, you get \$200, we've
9 got to book it somewhere.

10 Q All right. So, let's start with the Clay house,
11 that's the one on -- the Arnold house?

12 A Yes, sir.

13 Q Taking a look for April, May, June, July and August,
14 what does that mean; repairs owed to leasing agent, what is
15 that?

16 A They did a -- had to paint the house for some reason
17 and they charged us oh, a couple thousand, but they didn't
18 okay it with me and so then it wasn't -- so I didn't pay them,
19 I said take it out of future rents.

20 Q Do you still owe them?

21 A Apparently I still owe them \$469.

22 Q And so you just didn't pay that?

23 A Yes, sir.

24 Q Now, when Mr. --

1 A No, excuse me. So I didn't pay the thing, so they
2 didn't send me any money.

3 Q All right. So now, the -- the Clay house, that is
4 on the corner of Arnold and Clay, but it's being -- you're
5 leasing it to a gentleman by the name of Clay; is that right?

6 A No.

7 Q Who do you --

8 A Well, I don't know. You might -- it's in
9 Greenville, Mississippi.

10 Q Okay. And who -- who's the tenant?

11 A Oh, I don't know. I don't know.

12 Q Okay. And --

13 A But it -- these people manage it for me. It's
14 referred to Clay's house because he -- it was his house, I
15 moved him down from New York to run the casino, and he wanted
16 -- he wanted me to take it over so I took it back and never
17 got rid of it.

18 Q All right. And Clay is not living in it now?

19 A No, he's not living there now.

20 Q Okay. So the rental company sends you this roughly
21 450 a month?

22 A Yes, sir.

23 Q And where does that go?

24 A That's a good question, let's see here. I think

1 that goes into the Lindell account, it doesn't say here so I'm
2 not quite sure.

3 Q Okay. And --

4 A No, no, I take that back. That would go into the
5 Dynasty because it's a Mississippi property and everything in
6 Dyna -- in Mississippi flows through Dynasty.

7 Q Okay. Now your management fee. We see that you've
8 received oh, approximately at least 12 thou -- average of
9 12,000 plus a month for the months of January, February, March
10 and April; is that right?

11 A Yes, sir.

12 Q And you have not received anything since April?

13 A That's correct.

14 Q Did you share any of those monies with Lynita?

15 A No, I did not.

16 Q Now, you heard -- you were at Paul Alanis'
17 deposition, were you not?

18 A Yes, sir.

19 Q And you heard Mr. Alanis' testimony that --

20 MR. JIMMERSON: Objection, hearsay. To use a
21 deposition, can't be quoting something out of court.

22 MR. DICKERSON: I can't? Well, you've done it
23 several times I believe.

24 MR. JIMMERSON: ' And I think you objected as hearsay

1 and I think you were sustained on those few occasions that I
2 did.

3 BY MR. DICKERSON:

4 Q Well, I -- I want to know. Do you agree that --
5 well, we'll leave it.

6 THE COURT: You can do a hypothetical to him if you
7 want.

8 MR. DICKERSON: Just bring -- do it through his
9 deposition, okay.

10 BY MR. DICKERSON:

11 Q We move down to the -- now, that amount you plan on
12 continuing to receive that in the future; is that right?

13 A I don't plan on it, no, sir.

14 Q By the way, I meant to go back. Go back to Lindell.

15 A Yes, sir.

16 Q I'm sorry, I -- I notice on the Lindell rental --

17 A Yes, sir.

18 Q Now, you've -- you're paying no rent; is that right?

19 A That's correct, sir.

20 Q And I see that you've extended that zero into
21 September, October, November and December. Is it your intent
22 to pay rent, sir?

23 A No, sir.

24 Q And why is that?

1 A Unless we -- if -- I don't know. I just it down
2 there, I wasn't anticipating it. I'm managing all the assets,
3 so I --

4 Q You would agree that the fair rental value of your
5 space is 5000 a month, would you not?

6 A No, sir.

7 Q Well, sir, you're renting these at roughly about a
8 hundred and -- or \$1.30 a square foot?

9 A No, sir.

10 Q Okay. Well, we'll go over that one then. All
11 right. Back to that last page. What is the -- back to that
12 last page. The RV park.

13 A Yes, sir.

14 Q What are those payments that you receive? It
15 appears that you've received payments in March, April, May,
16 June and July?

17 A Yes, sir.

18 Q What are those payments?

19 A Those are payments that the Silver Slipper pays me
20 to -- they lease the RV park from me on a per unit basis.

21 Q And why is it a different amount?

22 A Because more occupied the park is on a day to day
23 basis it goes up and down.

24 Q Okay. Explain that. Does the casino have mobile

1 homes on the lot?

2 A RVs. They come in --

3 Q All right.

4 A -- they stay three nights. They pay like 12 bucks a

5 night. I get 6 and they get 6 or something like that's the

6 arrangement.

7 Q And where does that money go?

8 A It goes into Dynasty Development.

9 Q Okay. And what is the last entry there, the Seherr

10 Brothers?

11 A That -- we had a small active gravel pit in Wyoming,

12 very small, and it'd send out periodic checks, two, \$300,

13 hasn't paid in two years. There's no work going on.

14 Q All right. Now, sir, if you'll take a look, let's

15 now move to your options. Option A and Option B.

16 A Yes sir.

17 Q Can we move -- let's look at the last page of each

18 of those.

19 A Yes, sir.

20 Q Now, under Option A you're suggesting that you and

21 Lynita essentially equally divide the assets; is that right?

22 A I'm sorry?

23 Q You -- that you guys essentially have half ownership

24 of the assets; is that the one that's --

1 A Yes sir.

2 Q -- half of -- so if that were the case, you're
3 representing that the income as generated from these
4 properties is \$80,552 a month?

5 A That is a projected number based on us with no
6 employees, what each individual would do.

7 So for instance, on my side, I'm going to have my
8 own expenses because I'm managing my properties, and I may
9 manage them different. On Lynita's, if she has -- manages
10 them with different people, that's her 41,000.

11 Generally with a rule of thumb it's 25 percent to
12 manage assets.

13 Q Uh-huh (affirmative).

14 A However, like a triple net check for 20,000 that
15 takes zero amount of effort. If it's the --

16 Q Well, let me ask you this if I may. Other than
17 Lynita's bank accounts which over on the income section you
18 don't represent any income, you're in control of all of these
19 assets, isn't that true?

20 A No.

21 Q Which assets are you --

22 A Well, I manage them but she has ownership in -- in
23 --

24 Q Well --

1 A -- whatever.

2 Q You're in control of them. You're the one that is
3 receiving all this income that's being generated from these
4 assets; is that true?

5 A And paying all the expenses.

6 Q Okay. All right. Now, sir, are we to read this to
7 mean that through this entire divorce period you've been
8 making in excess of \$80,000 a month?

9 A No, sir.

10 Q Okay. So how much have you been making?

11 A Nothing.

12 Q So you really then have no income?

13 A Yes, sir.

14 Q So you're telling us that your expenses exceed
15 80,000 a month?

16 A No, what I'm trying to explain to you is the way
17 that -- yes -- yes, sir.

18 Q So your expenses exceed 80,000, okay.

19 A If you like -- okay.

20 Q Thank you.

21 A What -- excuse me. As reflected, Your Honor, on
22 7/31 you can see the change in cash flow in Banone and Banone
23 Arizona. You can see the downturn of the negative cash flow
24 in Eric Nelson Auctioneering, Dynasty and Nelson Associates.

1 But since March it was a negative; January, February, March,
2 April, and then the cash flow started to swing up.

3 Q And so tell us, how much -- what does this number
4 tell us? I mean, it's a number on a page that you're trying
5 to tell us that Lynita would make 37,000 plus under one
6 scenario and she'd make \$41,000 plus under the other?

7 A Those are gross numbers so she can project --

8 Q Thank you.

9 A -- which way she wants to go with it. She probably
10 would need an accountant to explain it to her and you.

11 Q Thank you.

12 MR. JIMMERSON: And also, by the way, does not
13 include, Your Honor, all the income she can earn on the \$1.45-
14 million she has in cash.

15 THE WITNESS: No, I believe it does.

16 MR. DICKERSON: Thank you. Is that an objection?

17 MR. JIMMERSON: Yes.

18 MR. DICKERSON: I didn't -- I missed that one.

19 MR. JIMMERSON: Yes, it is.

20 MR. DICKERSON: I didn't remember that from evidence
21 101.

22 THE COURT: And we'll strike it.

23 MR. JIMMERSON: Well, you should attend my class.

24 THE COURT: We'll strike that. We've had a lot of

1 talk about the money.

2 MR. JIMMERSON: Be glad to refresh --

3 MR. DICKERSON: All right.

4 MR. JIMMERSON: -- your recollection.

5 THE COURT: We're going to get there.

6 THE WITNESS: For clarity for you, Your Honor, no,

7 it does include the 1.3-million income based on about 6

8 percent. Same with my income based on 6, 7 percent.

9 THE COURT: Okay. Thank you.

10 THE WITNESS: As a reasonable rate of return.

11 BY MR. DICKERSON:

12 Q If I may, Exhibit A.

13 MR. DICKERSON: Your Honor, Exhibit A is my version
14 of their Exhibit A options. If I may, I'll provide Your Honor
15 with a copy.

16 THE WITNESS: Bob, this better be good, because you
17 do this for a living too now.

18 BY MR. DICKERSON:

19 Q Showing you what's been marked as Exhibit A.

20 A Thank you, sir.

21 Q Exhibit A is -- as I mentioned, my version of --

22 A Okay. I have it.

23 Q -- your -- of yours. So, what I'd like to do is
24 let's start, if we may, with Palmyra.

1 A Yes, sir. I like it.

2 Q You agree, sir, that the -- you purchased that land
3 in -- in 1986 and you built the home in 1987?

4 A Yes, sir.

5 Q The home then today is 23 years old?

6 A Yes, sir.

7 Q It's a 500 square foot home and it has a 1000 square
8 foot guesthouse; is that correct?

9 MR. JIMMERSON: Objection, Your Honor, I think it
10 misstates the testimony. I thought it was 5000 square feet.

11 MR. DICKERSON: That's what --

12 MS. PROVOST: You said 500.

13 MR. DICKERSON: It's 5 -- oh.

14 THE COURT: You said 500.

15 MR. DICKERSON: Did I say 500?

16 MS. PROVOST: Yeah.

17 MR. DICKERSON: Okay.

18 BY MR. DICKERSON:

19 Q It's a five thou -- that's a small home.

20 MR. JIMMERSON: Nice way to slip it in. It's a tiny
21 home, Your Honor, 5000 square feet.

22 MR. DICKERSON: It's a 5000 --

23 MR. JIMMERSON: It's a casita.

24 MR. DICKERSON: Well, I'd move into the guesthouse

1 then.

2 MR. JIMMERSON: That's just because you're always in
3 the doghouse.

4 BY MR. DICKERSON:

5 Q It's a 5000 square foot home with a 1000 square foot
6 guesthouse; true?

7 A Yes, sir.

8 Q And Lynita presently lives there with the two minor
9 children?

10 A Yes, sir.

11 Q All right. Now, you have a total of how many
12 children?

13 A Total of five.

14 Q And the -- the house has how many bedrooms?

15 A Five bedrooms.

16 Q So every child had a room to their own or --

17 A There used to be six bedrooms, we converted one to a
18 double -- double size.

19 Q So every child had a room, correct?

20 A Yes, sir.

21 Q Wonderful house to raise the children, wouldn't you
22 agree?

23 A Yes, sir.

24 Q Now, there are only two children in the home today?

1 A Erica spends quite a bit of time there.

2 Q Now I noticed on your Exhibit -- Exhibit 197B.

3 MR. DICKERSON: May I have that please?

4 THE WITNESS: I think I got it. Yes, sir. Okay.

5 (Pause)

6 BY MR. DICKERSON:

7 Q Tell me about the lawn throughout, it's landscaped
8 beautifully?

9 A It's a massive lawn that needs to be reduced, yes.

10 Q Well, is there a reason, sir, that you didn't reduce
11 it when you lived there?

12 A Because Lynita told me not to.

13 Q Well, you're indicating that it's excessive for the
14 lot because she has too much land there; is that correct?

15 A No, it's just got lots of grass. As the pictures
16 would reflect

17 Q Showing you your Exhibit 197B.

18 A Thank you, sir.

19 Q Now, you've indicated that you think that the water
20 that is being spent on that home is excessive. That's the
21 water that was -- the water bill that you had when you lived
22 there, isn't that true?

23 A Yes, sir.

24 Q Okay. And the repair and maintenance that you had,

1 that's all when you were there also, isn't that true?
2 A I'm not sure.
3 Q You know you were critical of Melissa Attanasio's
4 analysis.
5 A Extremely.
6 Q Okay. Do you understand, sir, that those were
7 expenses for the year 2007?
8 A Not all of them.
9 Q You sure of that, sir?
10 A Yes, because she took some expenses and she
11 projected them up.
12 Q Okay.
13 A Meaning that she rounded them off with using cash
14 analysis of anticipated tips at \$800 --
15 Q You --
16 A -- and --
17 Q -- you agree --
18 A -- things like --
19 Q -- sir --
20 A -- that.
21 Q -- that when she was looking at --
22 MR. JIMMERSON: Can he at least finish the answer,
23 Your Honor? Objection. Quit interrupting him.
24 THE COURT: Okay. Well --

1 THE WITNESS: I'm sorry; yes, sir.

2 BY MR. DICKERSON:

3 Q Do you agree, sir, that she was looking at an
4 analysis of how Lynita and you lived in the year 2007 before
5 you separated?

6 A Yes, sir.

7 Q Okay. Now, you indicate that the pool expense, what
8 do you want her to do with that pool now? You want her to cut
9 down, what -- don't have the pool boy come over?

10 A The pool is 150 a month. I can do it for \$80, my
11 pool guy.

12 Q Okay.

13 A So what I'm saying is --

14 Q But the same --

15 A -- I was --

16 Q -- pool guy -- it's the same pool guy that you've
17 had there all the time, isn't that correct?

18 A Never liked him.

19 Q All right.

20 A It --

21 Q Let's move to landscaping.

22 A I'm serious.

23 Q Same thing with your landscaping.

24 A Yes, sir.

1 Q You had -- that was about the expenses that you were
2 incurring when you lived there, isn't that --

3 A I don't believe so.

4 Q All right. All right. Now, you would agree, sir
5 that has -- if I understand your testimony, when you and
6 Lynita were talking about separating, Lynita picked the home
7 out on Harbor Hills?

8 A Yes, sir.

9 Q And she picked that home out because that's where
10 she wanted to move with your two children when the two of you
11 separated, correct?

12 A I don't know if she wanted to take the kids.

13 Q All right. Let's leave the kids at home, you know,
14 somewhere else and put them out on the streets. She wanted
15 the home on Harbor Hills --

16 MR. JIMMERSON: Objection, Your Honor, I'd direct
17 the --

18 Q -- isn't that correct?

19 MR. JIMMERSON: -- I would instruct the witness not
20 to answer the questions.

21 THE WITNESS: That's okay, Jim. I'm sorry, the
22 question?

23 MR. JIMMERSON: It's argumentative.

24 BY MR. DICKERSON:

1 Q She wanted the home on Harbor Hills --

2 MR. JIMMERSON: Excuse me, may I --

3 THE COURT: The kids weren't going to be on the
4 street, the question was did you know she wanted to go to the
5 Harbor Hills Lane with the children I think was the question.

6 MR. DICKERSON: His -- his answer is --

7 THE WITNESS: I apologize. I don't mean to be
8 argumentative.

9 BY MR. DICKERSON:

10 Q Well, you know that she's -- that the kids are going
11 with her, do you not, sir?

12 A Not exactly at that time.

13 Q Where are the kids going?

14 A I was going to keep them at one time possibly. I'm
15 sorry.

16 Q All right. So she wanted the Harbor Hills home?

17 A Yes, sir.

18 Q And as you testified in your direct examination, you
19 told her no, I want you to stay in Palmyra, it's a better
20 place for the kids?

21 A Yes, sir.

22 Q All right. And you knew the kids were staying with
23 her?

24 A I was expecting to --

1 Q All right.

2 A -- have them one-third to 40 percent of the time.

3 Q All right. Sir, now the issue that we're dealing

4 with with the Palmyra home is we really have an issue here as

5 to what is the value, would you agree?

6 A That's a part of the issue.

7 Q What's the other part of the issue?

8 A The most important issue, does she want the house?

9 Q Well, how about if we do this, sir.

10 A Okay. I'm willing to do it.

11 Q Don't we have another option here is that you do

12 agree, as you testified in your testimony, that the market in

13 this economy, it's -- it's at the deepest slide that you've

14 seen, correct?

15 A That's correct.

16 Q All right. And would it be wise if maybe you and

17 Lynita continue to jointly own that home? You -- you want

18 your children to live there; is that right?

19 A Listen, I --

20 Q You want your children to live there?

21 A Not necessarily. She has another house that she

22 would like to go there and move to, and I'm fine.

23 Q So you don't mind if she moves out of it, we can

24 sell that house?

1 A I don't mind.

2 Q All right. Would you have any objection to the two

3 of you continuing to own the home until Carli graduated from

4 high school and sell the home at that time?

5 A If we cannot value it in part of the estate.

6 Q Pardon me?

7 A Meaning that if I don't have to value my house and

8 she doesn't have to value her two houses, that would be a

9 wonderful idea.

10 Q Well sir, what's going to happen is if each of you

11 were a joint owner of this property --

12 A Yes, sir.

13 Q -- and simply want the kids to remain in the same

14 neighborhood.

15 A Yes, sir.

16 Q When Carli graduates from high school and goes off

17 to college --

18 A Yes, sir.

19 Q -- the house could be sold --

20 A Yes, sir.

21 Q -- and Eric Nelson could get his 50 percent and

22 Lynita Nelson can get her 50 percent.

23 A That is a wonderful idea and my house at the same

24 time; so she'd get half of my house, I'd get half of her

1 house, we'll sell them --

2 Q We're going to get to your house in a second, sir.

3 A Okay.

4 Q So, do you have a problem with that?

5 A Yes.

6 Q What is your problem with it?

7 A It's her house the way she maintains it. I don't
8 think I should restrict her from moving across the street, I
9 don't think I should restrict her from improvements on the
10 house, I don't think I should restrict her anything she wants
11 to do in her home.

12 Q Why would you restrict her, sir? we're simply
13 talking about a solution as to what we do with this home.

14 A Subconsciously she may not carpet the house for the
15 kids. Subconsciously she may not change the furniture the way
16 she would want to because she'd be thinking that I own part of
17 it.

18 Q Well, sir, you wouldn't own the furniture, you own
19 the home, the real property --

20 A And I --

21 Q -- the building.

22 A I may not --

23 Q The wood.

24 A I may not be satisfied the way she's maintaining it.

1 Q Ah. So your answer to that option is no, you do not
2 want to continue to be a joint owner and sell it when Carli
3 graduates from high school?

4 A I do not want to do that.

5 Q All right. So, sir --

6 MR. JIMMERSON: Record should reflect that would be
7 more than five years, Judge.

8 THE COURT: I don't know if it's five years, I
9 believe she's what, 14 now?

10 MR. JIMMERSON: She's 13 -- she's 12 right now, 13
11 next month.

12 THE WITNESS: She's 12, she turns 13 soon. She's in
13 7th -- just entered 7th --

14 THE COURT: October 17th.

15 THE WITNESS: -- grade, Your Honor, so it's about
16 six years.

17 THE COURT: Be about five years, six years.

18 THE WITNESS: Six years.

19 MR. JIMMERSON: Five or six years.

20 BY MR. DICKERSON:

21 Q Now your Exhibit 1A, which is the tax assessor's
22 valuation of this home, shows a value of \$542,674.

23 A Yes, sir.

24 Q All right. Moving to Harbor Hills.

1 A Yes, sir.

2 Q I understand your testimony, this was the home that
3 Lynita picked out because she wanted to move into it?

4 A Yes, sir.

5 Q Okay. Do you have any objection to just selling
6 that home, sir?

7 A No, sir.

8 Q Okay. So Harbor Hills we can sell, put on the
9 market for sale?

10 A Yes, sir.

11 MR. JIMMERSON: Judge, for helping to try to bring
12 this case to -- close to a possible resolution, when Mr.
13 Dickerson asked this question of the father I'm asking him
14 directly or the Court to ask him can we obtain whether or not
15 -- like when he says can we sell it, does that mean that the
16 wife is agreeing to sell so we can kind of make --

17 THE WITNESS: Yeah, that'd be helpful.

18 MR. DICKERSON: Yeah, absolutely. That house --

19 MR. JIMMERSON: -- make notes and go along? That's
20 all I'm asking --

21 MR. DICKERSON: Well --

22 MR. JIMMERSON: -- just because we'd never heard it
23 --

24 MR. DICKERSON: -- what does it say on Exhibit A?

1 MR. JIMMERSON: I haven't seen it.
2 MR. STEPHENS: Oh, I haven't seen it.
3 MR. DICKERSON: You have it right in front of you.
4 MR. JIMMERSON: Well, I understand, but I didn't
5 have the benefit of studying it for the week.
6 MR. DICKERSON: It says that --
7 THE COURT: These are your proposed divisions? This
8 is your proposed division or --
9 MR. DICKERSON: Yes, this is our proposed division.
10 THE COURT: Okay.
11 MR. DICKERSON: So we can -- we can sell the --
12 MR. JIMMERSON: Judge, we got it today. We got it
13 after lunch today. So when he says to me why don't I read it,
14 I mean, please.
15 MR. DICKERSON: Well, when did I get your Exhibit A
16 and B? Options 1 and 2.
17 MR. JIMMERSON: Yesterday morning.
18 MR. DICKERSON: Yeah, okay. Well, I'm sorry.
19 THE COURT: Well, have him go through it.
20 MR. JIMMERSON: Ask me to read something I haven't
21 even had a chance to see.
22 MR. DICKERSON: I mean, what's the -- why cry about
23 it?
24 THE COURT: Maybe I should be divorcing the

1 attorneys I think. I think you guys get better along than the
2 attorneys on that perhaps, but --

3 MR. JIMMERSON: You know, the disrespect to the
4 Court you show is remarkable.

5 THE COURT: -- we'll get there. We'll go through
6 item by time like we did with Mr. Nelson.

7 THE WITNESS: Let's do it. I like it.

8 BY MR. DICKERSON:

9 Q So now, let's move to --

10 A Okay. But did we finish Harbor Hills? We're going
11 to sell it, is that what you're suggesting; I would be in
12 favor of it, yes.

13 Q Harbor Hills we can sell and put it on the market.
14 Now sir, let's talk about Harbor Hills.

15 A Yes, sir.

16 Q We need a listing agent. Do you mind Lynita picking
17 a lese -- a listing agent, or a -- a listing agent to sell the
18 property?

19 A But I -- I'm not agre -- excuse me, on Harbor Hills
20 I'm not agreeing to the -- if we both have a mutual right of
21 refusal with a Texas shootout that's the way we'd do that.

22 Q I don't understand you.

23 A For instance, if you sold Harbor Hill, you'd list it
24 let's say at 700,000. An offer comes in at six. Lynita says

1 she wants it at six, I'd say 610, she'd say 620, I'd say you
2 own it. That's a Texas shootout.

3 I wrote it out in the marital settle -- settlement
4 agreement, that's how I always do it in bankruptcy court, it
5 works well with everybody, everybody has the first right of
6 refusal, and nobody can gang up on the other person.

7 Q Well, maybe what -- maybe what if we did it this
8 way.

9 A Yes, sir.

10 Q What if we put it on the market for sale.

11 A Yes.

12 Q First of all, answer my question about the real
13 estate agent. Do you have any objection to Lynita picking the
14 real estate agent to list that home and the Palmyra home for
15 sale?

16 A I do not have a problem with that. If she'd like me
17 to do it, I'll do it for free.

18 Q Well --

19 MR. JIMMERSON: But Judge, that is a consideration.
20 I mean, notwithstanding the animosity she has for her husband,
21 we could save three percent and Mr. Nelson has the ability to
22 sell assets. We've certainly seen that. Just something we
23 should consider, Judge.

24 THE WITNESS: Harbor Hill I could probably list.

1 Her personal residence she wouldn't want me around, have
2 somebody else.

3 BY MR. DICKERSON:

4 Q Well, she would prefer to have somebody totally
5 independent involved.

6 A Give them 90 days then switch over to my firm.

7 Q You -- when's the last -- when's the last house you
8 sold as a real estate agent?

9 A My firm, I sold hundreds of them.

10 Q When is the last house you sold as a real estate
11 agent?

12 A As an agent? I sell them all the time. In my
13 homes, I'm the real estate agent and I do it. On that lot --

14 Q When is --

15 A Excuse me if you'd --

16 Q -- the last time --

17 A -- let me --

18 Q -- you've sold somebody else's home?

19 A That I got paid a commission?

20 Q Yes.

21 A Oh, about a month ago I closed on the lot with
22 Cumorah and got a commission on the lot.

23 Q That was your lot, wasn't it, sir?

24 A Yes, sir.

1 Q Okay. So did you understand that question?

2 A Well, I thought you meant when did I broker as a

3 house?

4 Q When is the last time -- when is the last time --

5 A I'm MLS, I have eight -- Chad works for me. He

6 sells homes and lists them. The last one that was sold was 30

7 days ago, it was another party's home, it was a -- it wasn't

8 mine. So we sell them in the office all the time.

9 Chad gets the majority of the commission, but I'm

10 the broker of record overseeing him.

11 Q So what business is that?

12 A Eric Nelson Auctioneering.

13 Q So --

14 A I don't receive any of the commission from Chad

15 Ramos, he gets 100 percent of it.

16 Q Well then, when's the last time you sold somebody

17 else's home?

18 A Me?

19 MR. JIMMERSON: Objection, Judge. He asked --

20 Q That wasn't something that you were --

21 MR. JIMMERSON: -- the same question --

22 Q -- purchasing?

23 MR. JIMMERSON: -- four times. He doesn't like any

24 of the answers.

1 THE WITNESS: I just --

2 MR. DICKERSON: I don't understand his answer.

3 THE WITNESS: I sell homes all the time. My sister
4 is an agent, she has sold -- she's the broker of record for
5 Hudson and Marshall, they just sold 300 homes.

6 BY MR. DICKERSON:

7 Q All right. All right.

8 A So lots of --

9 THE COURT: I guess the question, do you go out and
10 show the houses yourself or does your company sell?

11 THE WITNESS: I can sell them, yeah, MLS, I mean, no
12 brainer.

13 THE COURT: Is your question last time he took
14 someone out there and sold it, hands on?

15 MR. DICKERSON: Yeah, when's the last time he's
16 actually sold a home.

17 THE COURT: The meaning being where you actually
18 take them out, you're the listing agent, you take them out and
19 you show the house, do the paper --

20 THE WITNESS: I don't do that.

21 THE COURT: Okay.

22 MR. DICKERSON: Okay.

23 THE WITNESS: Never have.

24 THE COURT: All right.

1 THE WITNESS: Well, I have I guess a little bit.
2 BY MR. DICKERSON:
3 Q Let's move to Bella Kathryn.
4 A I'm sorry, don't be argumentative.
5 Q Please take a look at Exhibit D.
6 A Okay.
7 (Pause - whispered conversation)
8 Q Exhibit here and if we move to Exhibit D.
9 A Yes, sir.
10 Q Exhibit D1.
11 A Yes, sir.
12 Q Now -- actually it's -- there's only one exhibit in
13 D, isn't that right?
14 A Yes, sir.
15 Q Yes. So it's just Exhibit D. Now this is a sheet
16 that you put together; is that right?
17 A These are my notes and apparently --
18 Q Okay.
19 A -- they got typed up.
20 Q Well, you dictated them to your staff to have them
21 typed up; is that right?
22 A I believe so.
23 Q All right. Now, you've indicated here square
24 footage, you left that blank, it's 6655 square feet, isn't it,

1 sir?

2 A I believe so.

3 Q Okay. And you indicate that the purchase price is
4 400, but actually looking at it, it was -- it was a little bit
5 less than that, it was \$382,000 purchase on December 28th of
6 last year; is that right?

7 A That's correct.

8 Q So on December 28th of last year, that's when this
9 case was going on?

10 A Yes, sir.

11 Q And where did you get the \$382,000 in cash you used
12 to purchase that property?

13 A Banone.

14 Q And so that was cash that was coming in from the
15 sales of the properties we talked about earlier?

16 A It could be or it was money that flowed through the
17 Mellon account down to Banone.

18 Q Okay. You agree, sir, that the acreage is .47
19 acres?

20 A Half acre approximately; yes, sir.

21 Q Now, looking at this, you indicate here that you --
22 you purchased this home because this is where you want to live
23 with your two children when the children are with you; is that
24 correct?

1 A Ye, sir.

2 Q All right. Now, sir, since December 28th of 2009,
3 when you took \$382,000 of community cash to buy this lot, now
4 you indicated earlier it was a home that was 70 percent built?

5 A Yes, sir.

6 Q Okay. Yet that home that was 70 percent built you
7 now have expended a little more than a million dollars more in
8 order to improve it; is that right?

9 A Yes, sir.

10 (Pause - parties address unknown individual in courtroom;
11 individual leaves courtroom)

12 THE COURT: I think he wanted to watch two legends
13 in -- three legends in action.

14 MR. STEPHENS: Three, Judge.

15 BY MR. DICKERSON:

16 Q All right. So, you've spent in excess --

17 A Better add yourself, Your Honor.

18 MR. JIMMERSON: A legionette, Your Honor.

19 BY MR. DICKERSON:

20 Q You've spent in excess of a million dollars more to
21 get that 30 percent finished; is that right?

22 A Yes, sir.

23 Q Okay. Now, where did that excess of million dollars
24 come from?

1 A It'd come from Banone.

2 Q Okay. And that was cash that you used, correct, you

3 used cash for that, correct?

4 A In essence, yes.

5 Q Okay. Well, you didn't take a loan?

6 A Right.

7 Q So you've used community cash to put into that home?

8 A Yes.

9 Q And this is the home that you want to live in?

10 A Not necessarily.

11 Q All right. Now, you indicated in your testimony

12 that -- your words were interesting. You said you thought

13 Lynita gave you permission to go out and buy this home and to

14 put an additional million dollars into it.

15 A Yes, sir.

16 Q Okay. Where did you get that thought process? How

17 did that work?

18 A I told her I was looking at the house in Ern -- by

19 Ernie and in the neighborhood to be closer and would it be

20 okay if I moved closer to her so that Garrett wouldn't have to

21 drive across a three-lane or four-lane highway and that Carli

22 wouldn't have to walk back and forth between a dangerous

23 street. She said do whatever you want to do.

24 So I figured well, it's a consideration that at

1 least I can move in the neighborhood closer.

2 Q Now as a result of this transaction of yours, the
3 community has expended or you've taken community cash totaling
4 almost 1.3-million since December of last year and it's no
5 longer liquid; is that right?

6 A Well --

7 Q Would you agree with that?

8 A No.

9 Q Okay.

10 A Because I --

11 Q That's fine. Your answer is no.

12 A I can -- in the auction company we can liquidate
13 within 60 days almost anything.

14 Q Okay.

15 A So I'm fairly liquid. Not liquid in the sense that
16 you say liquid. Liquid in my world --

17 Q Thank you.

18 A -- means for a period of time.

19 Q I have no question, sir.

20 MR. JIMMERSON: All right. I have some redirect,
21 Your Honor.

22 MR. DICKERSON: Okay.

23 BY MR. DICKERSON:

24 Q Now, on February 22nd of this year, we're going to

1 move to the other Bella Kathryn lot. There are -- this --
2 this is a cul-de-sac that you live on?
3 A Yes, sir.
4 Q And there's what, four lots?
5 A No, there is eight lots.
6 Q Eight lots. And you -- your home faces towards the
7 strip; is that correct?
8 A Yes, sir.
9 Q All right. So the lot you actually purchased you
10 had the -- the last two lots in the cul-de-sac; is that right?
11 A On one end, yes.
12 Q Okay.
13 A The north end.
14 Q And in the middle is a -- a park so that you don't
15 own the land right in between your two lots; is that correct?
16 A No, sir.
17 Q What is -- is that a yes or what do you mean?
18 A No, there's houses there. There's no park.
19 MR. JIMMERSON: He answered no, sir.
20 THE WITNESS: No park.
21 MR. JIMMERSON: Negative.
22 BY MR. DICKERSON:
23 Q What is there?
24 A If you're ta -- are you talking Bell Harbor, there's