

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.

Supreme Court Case No. 66772

**District Court Case No. D-09-
411537**

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Clerk of Supreme Court

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.

Consolidated With:

Supreme Court Case No. 68292

**RECORD ON APPEAL
VOLUME 1**

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Supreme Court Case 66772 Consolidated with 68292 In the Matter of: Klabacka v. Nelson et al.

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FILED

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Ed Nelson
CLERK OF THE COURT

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DISTRICT COURT

CLARK COUNTY, NEVADA

11 ERIC L. NELSON,)
12)
13 Plaintiff,)
14 vs.)
15)
16 LYNITA SUE NELSON,)
17)
18 Defendant.)

CASE NO. D-09-411537-D
DEPT NO. 0
Date of Hearing: N/A
Time of Hearing: N/A

COMPLAINT FOR DIVORCE

18 COMES NOW, Plaintiff, ERIC L. NELSON, through his
19 attorneys, HOWARD ECKER, ESQ., and EDWARD L. KAINEN, ESQ., of the
20 law firm of ECKER & KAINEN, CHARTERED, and states his cause of
21 action against Defendant, LYNITA SUE NELSON, as follows:

22 I.

23 That Plaintiff is a resident of the State of Nevada, and
24 for a period of more than six weeks before commencement of this
25 action has resided and been physically present and domiciled
26 therein, and during all of said period of time, Plaintiff has had,
27 and still has, the intent to make said State of Nevada, his home,
28 residence and domicile for an indefinite period of time.

ECKER & KAINEN CHARTERED
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II.

That Plaintiff and Defendant were intermarried in St. George, Utah, on or about the 17th day of September, 1983, and are husband and wife.

III.

That there are two (2) minor children the issue of said marriage, to wit: Garrett Nelson, born September 13, 1994; and Carli Ann Nelson, born October 17, 1997; and three (3) adult children, Amanda Nelson, Aubrey Nelson, and Eric Nelson. There are no children adopted by the parties and, to the best of Plaintiff's knowledge, Defendant is not pregnant.

IV.

That the parties have entered into a Stipulated Parenting Agreement, dated October 15, 2008, by which all matters relating to custody and visitation relating to the minor children have been resolved.

V.

That said Stipulated Parenting Agreement should, by its terms, be ratified, approved and confirmed by the Court, and shall be merged into, and made a part of, any Decree entered herein.

VI.

That both parents have an obligation to support said minor children, pursuant to statute, until such time as each child, respectively, (1) becomes emancipated, or (2) attains the age of eighteen (18) years, the age of majority, unless each child is still attending secondary education when each child reaches

1 eighteen (18) years of age, in which event said child support
2 payments shall continue until each child, respectively, graduates
3 from high school, or attains the age of nineteen (19) years,
4 whichever event first occurs.

5
6 VII.

7 That Plaintiff shall continue to provide major medical
8 insurance coverage for the minor children herein. Further, that
9 the parties should equally divide all medical, dental (including
10 orthodontic), psychological and optical expenses of said minor
11 children not covered by insurance, until such time as each child,
12 respectively, (1) becomes emancipated, or (2) attains the age of
13 eighteen (18) years, the age of majority, unless each child is
14 still attending secondary education when each child reaches
15 eighteen (18) years of age, in which event said medical coverage
16 shall continue until each child, respectively, graduates from high
17 school, or attains the age of nineteen (19) years, whichever event
18 first occurs.

19
20 VIII.

21 That neither party is entitled to alimony from the other
22 party herein.

23 IX.

24 That there is community property of the parties herein
25 to be adjudicated by the Court, the full nature and extent of
26 which is unknown to Plaintiff at this time and Plaintiff prays
27 leave of the Court to amend this Complaint when additional
28 information becomes available.

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X.

That there are community and joint debts of the parties herein to be adjudicated by the Court, the full nature and extent of which is unknown to Plaintiff at this time and Plaintiff prays leave of the Court to amend this Complaint when additional information becomes available.

XI.

That there exists separate property of the parties to be adjudicated by the Court, the full nature and extent of which is unknown to Plaintiff at this time and Plaintiff prays leave of the Court to amend this Complaint when additional information becomes available.

XII.

That there exists separate debt of the parties to be adjudicated by the Court, the full nature and extent of which is unknown to Plaintiff at this time and Plaintiff prays leave of the Court to amend this Complaint when additional information becomes available.

XIII.

That Plaintiff requests this Court to jointly restrain the parties herein in accordance with the terms of the Joint Preliminary Injunction issued herewith.

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XIV.

That Plaintiff has been required to retain the services of ECKER & KAINEN, CHARTERED, to prosecute this action, and is therefore entitled to reasonable attorney's fees and costs of suit.

XV.

That the parties hereto are incompatible in marriage.

* * *

WHEREFORE, Plaintiff prays judgement as follows:

1. That the bonds of matrimony now and heretofore existing between Plaintiff and Defendant be dissolved; that Plaintiff be granted an absolute Decree of Divorce; and that each of the parties hereto be restored to the status of a single, unmarried person;

2. That the Court ratify, approve and confirm the Stipulated Parenting Agreement entered into by the parties on October 15, 2008;

3. For the Court to confirm that both parents have an obligation to support said minor children, pursuant to statute, until such time as each child, respectively, (1) becomes emancipated, or (2) attains the age of eighteen (18) years, the age of majority, unless each child is still attending secondary education when each child reaches eighteen (18) years of age, in which event said child support payments shall continue until each child, respectively, graduates from high school, or attains the age of nineteen (19) years, whichever event first occurs;

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4. For the Court to confirm that Plaintiff shall continue to maintain the existing major medical insurance coverage for the minor children herein, with the parties equally dividing all medical, dental (including orthodontic), psychological or optical expenses of said minor children not covered by insurance, until such time as each child, respectively, (1) becomes emancipated, or (2) attains the age of eighteen (18) years, the age of majority, unless each child is still attending secondary education when each child reaches eighteen (18) years of age, in which event said medical coverage and payment of each child's non-covered medical expenses shall continue until each child, respectively, graduates from high school, or attains the age of nineteen (19) years, whichever event first occurs;

5. That neither party be required to pay alimony/spousal support to the other.

6. That this Court make an equitable division of the community assets;

7. That this Court make an equitable division of the community obligations;

8. That the Court confirm to the parties their respective separate property and separate debt.

9. That this Court issue its Joint Preliminary Injunction enjoining the parties pursuant to the terms stated therein;

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10. That Defendant be ordered to pay a reasonable sum to Plaintiff's counsel as and for attorney's fees, together with the cost of bringing this action; and

11. For such other and further relief as the Court may deem just and proper in the premises.

Dated this 5th day of May, 2009.

ECKER & KAINEN CHARTERED

By: 

HOWARD ECKER, ESQ.
Nevada Bar No. 1207
EDWARD KAINEN, ESQ.
Nevada Bar No. 5029
300 S. Fourth St., Suite 901
Las Vegas, Nevada 89101
Attorneys for Plaintiff

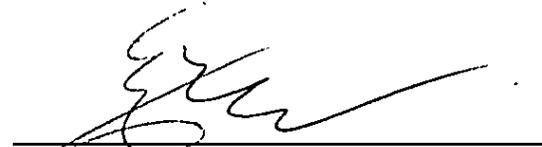
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VERIFICATION

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

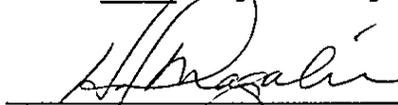
ERIC NELSON, being first duly sworn, deposes and says:

That I am the Plaintiff herein; that I have read the foregoing Complaint for Divorce and the same is true of my own knowledge, except for those matters which are therein stated upon information and belief, and as to those matters, I believe them to be true.

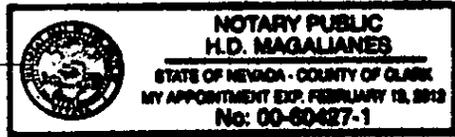


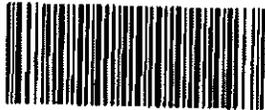
ERIC NELSON

SUBSCRIBED AND SWORN to before me
this 5th day of May, 2009.



NOTARY PUBLIC in and for said
County and State





D-09-411537-D
T 118650

CLARK COUNTY, NEVADA

FILED

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ERIC L. NELSON,)
)
 Plaintiff,)
)
 v.)
)
 LYNITA SUE NELSON,)
)
 Defendant.)

MAY 18 10 59 AM '09

CASE NO. D-09-411637-D
 DEPT NO. *E. A. Friedland*
 CLERK OF THE COURT

D-09-411537-0

JOINT PRELIMINARY INJUNCTION

NOTICE! THIS INJUNCTION IS EFFECTIVE UPON THE PARTY REQUESTING SAME WHEN ISSUED AND AGAINST THE OTHER PARTY WHEN SERVED. THIS INJUNCTION SHALL REMAIN IN EFFECT FROM THE TIME OF ITS ISSUANCE UNTIL TRIAL OR UNTIL DISSOLVED OR MODIFIED BY THE COURT. DISOBEDIENCE OF THIS INJUNCTION IS PUNISHABLE BY CONTEMPT.

TO: Plaintiff and Defendant:

YOU ARE HEREBY PROHIBITED AND RESTRAINED FROM:

1. Transferring, encumbering, concealing, selling or otherwise disposing of any of your joint, common or community property of the parties, or any property which is the subject of a claim of community interest, except in the usual course of business or for the necessities of life, without the written consent of the parties or the permission of the court.
2. Molesting, harassing, disturbing the peace of or committing an assault or battery upon your spouse or your child or step-child.
3. Removing any child of the parties then residing in the State of Nevada with an intent or effect to deprive the court of jurisdiction as to said child without the prior written consent of the parties or the advance permission of the court.

Issued at the direction of:
 THE DICKERSON LAW GROUP

EDWARD A. FRIEDLAND
 CLERK OF COURT

By *Denise Gentile*
 DENISE L. GENTILE, ESQ.
 Nevada Bar No. 004271
 1745 Village Center Circle
 Las Vegas, Nevada 89134
 Attorneys for Plaintiff

By *Barbara McMillan* MAY 12 2009
 Deputy Clerk Date
 Clark County Courthouse
 Family Court Division
 601 N. Pecos
 Las Vegas, Nevada 89101-2417
 BARBARA MCMILLAN

AFFIDAVIT OF SERVICE

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

That at all times herein affiant was and is a citizen of the United States, over 18 years of age, and not a party to or interested in the proceeding in which this affidavit is made. That affiant received a copy of the Joint Preliminary Injunction on the ___ day of ___, 200___, and served the same on the ___ day of ___, 200___, by:

- 1. delivering and leaving a copy with the plaintiff/defendant at (state address)
2. serving the plaintiff/defendant by personally delivering and leaving a copy with, a person of suitable age and discretion residing at the plaintiff/defendant's usual place of abode located at (state address)

Signature of Affiant

SUBSCRIBED AND SWORN to before me this ___ day of ___, 2009.

Notary Public in and for said County and State.

** SEE ATTACHED RECEIPT OF COPY**

1 ANS
2 THE DICKERSON LAW GROUP
3 ROBERT P. DICKERSON, ESQ.
4 Nevada Bar No. 000945
5 DENISE L. GENTILE, ESQ.
6 Nevada Bar No. 004271
7 1745 Village Center Circle
8 Las Vegas, Nevada 89134
9 (702) 388-8600

10 Attorneys for Defendant, Lynita Sue Nelson

11 DISTRICT COURT
12 FAMILY DIVISION
13 CLARK COUNTY, NEVADA

14 ERIC L. NELSON,
15 Plaintiff/Counterdefendant,
16 v.
17 LYNITA SUE NELSON,
18 Defendant/Counterclaimant.

CASE NO. D-09-411637-D
DEPT NO. "O"

ANSWER TO COMPLAINT
FOR DIVORCE AND
COUNTERCLAIM FOR
DIVORCE and DECLARATORY
RELIEF

19 ANSWER TO COMPLAINT FOR DIVORCE

20 COMES NOW Defendant, LYNITA SUE NELSON ("LYNITA") or
21 "Defendant"), by and through her attorneys, ROBERT P. DICKERSON, ESQ., and
22 DENISE L. GENTILE, ESQ., of THE DICKERSON LAW GROUP, and as and for her
23 Answer to the Complaint for Divorce (the "Complaint") filed herein by Plaintiff, ERIC
24 L. NELSON ("ERIC" or "Plaintiff"), admits, denies, alleges, and states as follows:

- 25 1. Defendant denies all allegations of Plaintiff's Complaint not
26 specifically admitted herein.
- 27 2. Answering paragraphs 1, 2, 3, 4, 5, 13, and 15 of the Complaint,
28 Defendant admits each and every allegation contained therein.

FILED

JUN 22 3 13 PM '09

Earl B. Smith
CLERK OF THE COURT

1 3. Answering paragraphs 8, 11, and 14 of the Complaint, Defendant
2 generally and specifically denies each and every allegation contained therein.

3 4. Answering paragraph 6 of the Complaint, Defendant admits the
4 allegations contained therein that both parents have an obligation to support said
5 minor children to age of majority, or if attending high school until the age of 19 years
6 whichever occurs first. However, Defendant affirmatively alleges that Plaintiff is well-
7 able to pay, as and for support and maintenance of the parties' minor children, an
8 amount not less than twenty five percent (25%) of his average gross monthly income
9 from all sources, but in no event less than \$100.00 per month, per child. Such child
10 support is necessary in order to allow the children to maintain their present lifestyle
11 and standard of living. LYNITA requires such child support in order to provide and
12 maintain housing, food, clothing, maintenance, necessities, and incidentals for the
13 parties' minor children. ERIC additionally is well-able to provide major medical and
14 health insurance coverage for the children and to pay all the children 's medical,
15 surgical, dental, optical, psychological and orthodontic expenses not otherwise covered
16 by such insurance.

17 5. Answering paragraph 7 of the Complaint, Defendant admits that Plaintiff
18 should continue to provide major medical insurance coverage for the minor children
19 herein. With respect to the remaining allegations contained in paragraph 7 of the
20 Complaint, Defendant generally and specifically denies each and every allegation
21 contained therein; and, Defendant affirmatively alleges that Plaintiff should pay all of
22 the children's medical, surgical, dental, optical, psychological and orthodontic expenses
23 not otherwise covered by such insurance

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1 III.

2 There are are two (2) minor children born the issue of the parties' marriage,
3 namely: Garrett Nelson, born September 13, 1994; and Carli Ann Nelson, born October
4 17, 1997. LYNITA is not pregnant, and the parties have no other children the issue
5 of the parties' relationship, including any adopted children, who have yet to reach the
6 legal age of majority as of the date of the filing of this Counterclaim for Divorce. The
7 parties have three (3) adult children the issue of their marriage to each other, namely:
8 Amanda Stromberg, Aubrey Nelson, and Erica Nelson, all of whom were raised
9 primarily by LYNITA during the parties' lengthy marital relationship.

10 IV.

11 All questions relating to custody of the parties minor children have been resolved
12 by that certain Stipulated Parenting Agreement ("Parenting Agreement") entered into
13 by and between LYNITA and ERIC on October 15, 2008. A copy of the parties'
14 Parenting Agreement is attached hereto as Exhibit I. At the time of trial of this
15 divorce matter, the parties' Parenting Agreement, or a copy thereof, will be offered into
16 evidence for the purpose of having the Court ratify, confirm and approve the same, and
17 such Agreement should be incorporated and merged into the Court's Decree of Divorce.

18 V.

19 ERIC is a skilled real estate developer, investor, and business entrepreneur and
20 is well-able to pay, as and for support and maintenance of the parties' minor children,
21 an amount not less than twenty five percent (25%) of his average gross monthly
22 income from all sources, but in no event less than \$100.00 per month, per child. Such
23 child support is necessary in order to allow the children to maintain their present
24 lifestyle and standard of living. LYNITA requires such child support in order to
25 provide and maintain housing, food, clothing, maintenance, necessities, and incidentals
26 for the parties' minor children. ERIC additionally is well-able to provide major medical
27 and health insurance coverage for the children and to pay all the children's medical,
28 surgical, dental, optical, psychological and orthodontic expenses not otherwise covered

1 by such insurance. ERIC further is able to maintain one or more life insurance policies
2 insuring his life in an amount sufficient to secure and provide for the payment of such
3 child support should ERIC die prior to the children reaching the age of majority.
4 LYNITA should be the irrevocable beneficiary of such life insurance, with LYNITA to
5 use any life insurance proceeds received therefrom for the benefit of the parties'
6 children .

7 VI.

8 LYNITA is financially dependent upon ERIC for her support. LYNITA is
9 without professional skills with which to support herself, and is financially unable to
10 support herself and the parties' minor children. LYNITA, thus, is entitled to an award
11 of alimony pendente lite, permanent alimony, rehabilitative alimony, and other support
12 and maintenance from ERIC in such amounts that LYNITA is able to live as nearly as
13 possible to the station in life she has enjoyed during the parties' marriage. Moreover,
14 ERIC is financially able, and should be ordered to pay, a sufficient sum necessary to
15 maintain LYNITA and the parties' minor children in the standard to which they have
16 become accustomed. The Court should make a permanent alimony award in such
17 amount as to equalize the income of the parties, as recognized by the Nevada Supreme
18 Court in *Gardner v. Gardner*, 110 Nev. 1053, 881 P.2d 645 (1994). Such alimony
19 payments should continue until the death of LYNITA. ERIC additionally is well-able
20 to provide major medical and health insurance coverage for LYNITA and to pay all
21 medical, surgical, dental, optical, psychological, and orthodontic expenses not otherwise
22 covered by such insurance. ERIC further is able to maintain one or more life insurance
23 policies insuring his life in an amount sufficient to secure and provide for the payment
24 of such support, with LYNITA being the irrevocable beneficiary thereof.

25 VII.

26 There is certain community and jointly owned property of the parties, the full
27 character, nature, and extent of which currently are unknown to LYNITA, and the
28 same should be adjudicated by the Court. Pursuant to NRS 125.150(1), *Putterman v.*

1 *Putterman*, 113 Nev. 606, 939 P.2d 1047 (1997), and *Lofgren v. Lofgren*, 112 Nev. 1282,
2 926 P.2d 296 (1996), compelling circumstances exist which support an award to
3 LYNITA of greater than one-half (1/2) of the community and jointly owned property of
4 the parties. Such compelling circumstances include, but are not limited to, ERIC 's
5 waste, dissipation, and/or concealment of community and jointly held property,
6 LYNITA's inability to obtain access to information regarding community and jointly
7 held property; LYNITA's inability to actually receive her one-half (1/2) share of any
8 community and jointly owned property; and the condition in which LYNITA will be
9 left following the divorce.

10 VIII.

11 There may be other assets which are LYNITA's separate property; however,
12 LYNITA currently is unaware of the full character, nature, and extent of such
13 additional separate property. All LYNITA's separate property should be confirmed to
14 LYNITA as her sole and separate property.

15 IX.

16 There are community and joint debts and financial obligations of the parties, the
17 full character, nature, and extent of which currently are unknown to LYNITA, and the
18 same should be adjudicated by the Court.

19 X.

20 The Court should issue its Joint Preliminary Injunction enjoining the parties
21 from transferring, encumbering, concealing, selling or otherwise disposing of any of the
22 joint, common or community property of the parties, or any property which is the
23 subject of a claim of community interest, except in the usual course of business or for
24 the necessities of life, without the written consent of the parties or the permission of
25 the Court.

26 XI.

27 It has been necessary for LYNITA to retain the services of attorneys to represent
28 her in this divorce action. The Court should award LYNITA the reasonable attorneys'

1 fees, expert fees, and costs of suit she has incurred and will continue to incur as a result
2 of this divorce action. Such fees and costs are necessary and essential to afford LYNITA
3 her day in court without destroying her financial position and to allow her to meet
4 ERIC in the courtroom on the equal basis to which she is entitled pursuant to *Sargeant*
5 *v. Sargeant*, 88 Nev. 223, 227, 495 P.2d 618 (1972).

6 XII.

7 LYNITA and ERIC are incompatible in their tastes, natures, views, likes and
8 dislikes, which have become so widely separate and divergent that the parties have been
9 and currently are incompatible to such an extent that it now appears that there is no
10 possibility of reconciliation between LYNITA and ERIC. There currently remains such
11 an incompatible temperament between LYNITA and ERIC that a happy marital
12 relationship can no longer exist.

13 DECLARATORY RELIEF

14 XIII.

15 LYNITA repeats, re-alleges, and incorporates herein by reference each allegation
16 contained in Paragraphs I through XII, of her Counterclaim as though stated in full
17 herein.

18 XIV.

19 On or about April 28, 1993, ERIC induced LYNITA to execute a document
20 titled "Separate Property Agreement" hereinafter ("Agreement").

21 XV.

22 At the time of the execution of such purported agreement, ERIC represented to
23 LYNITA that such Agreement was not intended to fix community property rights of
24 the parties, but was being executed for purposes of asset protection from third party
25 claims.

26 XVI.

27 At that time that ERIC induced LYNITA to execute such purported agreement,
28 ERIC may have known that those representations may have been false when made.

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XVII.

At that time that ERIC induced LYNITA to execute such purported agreement, ERIC may have made those representations with the intent that LYNITA rely upon such representations which may have been false when made.

XVIII.

At that time that ERIC induced LYNITA to execute such purported agreement, LYNITA fully relied upon such representations which may have been false when made.

XIX.

ERIC's representations, and each of them, may have been designed to prevent LYNITA from adequately protecting her own interests by preventing LYNITA from among other things, conducting a full investigation into the extent and value of the community property and interests which were then and their stated to be divided, and securing adequate legal representation, amongst other measures, both before and after the execution of such purported Agreement.

XX.

A full disclosure of the value of the property and debt which was purportedly being transferred under such purported separate property agreement was never made from ERIC to LYNITA.

XXI.

A full disclosure of the full extent and value of the community property and debt in existence at the time of the execution of the purported Agreement was never made by ERIC to LYNITA.

XXII.

A full disclosure of the full extent and value of the community property and/or separate property and debt, if any exists, has never made by ERIC to LYNITA.

...

...

1 XXIII.

2 At all times herein mentioned, ERIC has, and has had, full knowledge, control
3 and understanding of the extent and value of the community property and debt of the
4 parties.

5 XXIV.

6 Notwithstanding the purported Agreement, ERIC continued to devote
7 community time, effort, and expertise to the development and growth of the
8 community property which was purported to be allocated to each party as well as both
9 parties' alleged sole and separate property under the purported agreement.

10 XXV.

11 ERIC continued and does continue to exercise total and absolute control over
12 the property of the parties, either individually or through numerous and various trusts
13 which have since been created by him or at his behest, including such property as was
14 purported to be allocated to each party as that parties' sole and separate property,
15 treating all such property as community.

16
17 XXVI.

18 No consideration, or insufficient consideration was exchanged for such
19 Agreement.

20 XXVII.

21 The community property of the parties which is purported to be divided by such
22 Agreement has been co-mingled to such a degree that it is impossible to distinguish
23 which property, if any, would be allocated as separate property to each of the parties
24 under the purported agreement, if any.

25 XXVIII.

26 Upon ERIC's decision to seek a divorce from LYNITA, ERIC has indicated his
27 intent to seek enforcement of the parties' alleged Agreement, whereby placing the
28 interpretation, validity, and enforceability of such Agreement at issue.

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XXIX.

A controversy exists as to the interpretation, validity, and enforceability of such Agreement whereby LYNITA seeks a Declaration from this Court as to such Agreement's interpretation and that said Agreement is null and void, of no cause or effect, invalid, and unenforceable.

XXX.

A controversy exists with regard to whether the Agreement was procured by fraud.

XXXI.

A controversy exists with regard to whether the Agreement was abandoned whether at its inception or an in the sixteen (16) years that followed.

XXXII.

In accordance with NRS 30.010 *et seq.*, LYNITA is entitled to a Declaratory Judgment that said Agreement is null and void, of no cause or effect, invalid, and unenforceable.

XXXIII.

In accordance with NRS 30.010 *et seq.*, LYNITA is entitled to a Declaratory Judgment as to whether the Agreement was procured through fraud.

XXXIV.

In accordance with NRS 30.010 *et seq.*, LYNITA is entitled to a Declaratory Judgment that the Agreement has been abandoned.

XXXV.

In accordance with NRCP 57 LYNITA requests a speedy hearing on this request for Declaratory Relief in accordance with NRCP 57.

XXXVI.

LYNITA has been required to retain the services of attorneys to represent her to prosecute this action, and therefore is entitled to an award of attorneys' fees and costs of suit incurred herein.

1 WHEREFORE, LYNITA respectfully prays that the Court enter judgment as
2 follows:

3 1. That ERIC take nothing by virtue of his Complaint for Divorce filed in
4 this action.

5 2. That the bonds of matrimony now and heretofore existing between
6 LYNITA and ERIC be dissolved, set aside and forever held for naught, and that
7 LYNITA be awarded a Decree of Divorce and the parties hereto and each of them be
8 restored to their status of being a single, unmarried person.

9 3. That the Stipulated Parenting Agreement entered into by and between the
10 parties on or about October 15, 2008, be ratified, confirmed and approved by the
11 Court, and be incorporated and merged into and become a part of the Court's Decree
12 of Divorce to the same extent as if fully set forth therein.

13 4. That LYNITA and ERIC be awarded joint legal custody of the parties'
14 minor children, with LYNITA having primary physical custody of the children, subject
15 to ERIC's right of reasonable specified visitation, with such custodial and timeshare
16 arrangements being as set forth in (the Stipulated Parenting Agreement) Exhibit 1
17 attached hereto.

18 5. That ERIC be ordered to pay to LYNITA, as and for support of the
19 parties' minor children, at least twenty five percent (25%) of his average gross monthly
20 income from all sources.

21 6. That ERIC continue to provide and maintain major medical and health
22 insurance coverage for the parties' minor children and to pay all the children's medical,
23 surgical, dental, orthodontic, optical, and psychological expenses not covered by such
24 insurance.

25 7. That ERIC be ordered to provide one or more life insurance policies
26 insuring his life in an amount sufficient to provide for the child support awarded to
27 LYNITA by this Court, with LYNITA to use any life insurance proceeds received
28 therefrom for the benefit of the parties' children .

1 8. That ERIC be ordered to pay such other sum necessary for the support
2 of the parties' children as the Court determines to be just and reasonable under the
3 circumstances.

4 9. That ERIC be ordered to pay alimony and spousal support to LYNITA
5 as requested in this Counterclaim for Divorce, and in such amounts sufficient to
6 maintain LYNITA and the parties' minor children in the standard to which they have
7 become accustomed.

8 10. That the Court equitably divide the parties' community and jointly owned
9 property by awarding LYNITA with greater than one-half (1/2) of all such community
10 and jointly owned property, taking into consideration the condition in which the
11 parties will be left after their divorce and all other compelling circumstances supporting
12 such an unequal division.

13 11. That the Court confirm to LYNITA her separate property.

14 12. That the Court equally equitably divide the community and joint debts
15 of the parties.

16 13. That the Court issue its Joint Preliminary Injunction enjoining the parties
17 from transferring, encumbering, concealing, selling or otherwise disposing of any of the
18 joint, common or community property of the parties, or any property which is the
19 subject of a claim of community interest, except in the usual course of business or for
20 the necessities of life, without the written consent of the parties or the permission of
21 the Court.

22 14. That LYNITA be awarded the reasonable attorneys' fees, expert fees,
23 and costs incurred by LYNITA in this action.

24 15. For a Declaration that the purported Separate Property Agreement
25 executed on or about April 28, 1993, is null and void, not valid, is not enforceable, has
26 been abandoned, and as otherwise pled under Paragraphs XXXII-XXXIV of LYNITA's
27 Counterclaim.

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VERIFICATION

STATE OF NEVADA)
) SS:
COUNTY OF CLARK)

LYNITA SUE NELSON, being first duly sworn upon oath, deposes and says:
That she is the Defendant/Counterclaimant in the above-entitled action; that she read
the foregoing Answer to Complaint for Divorce and Counterclaim for Divorce and
knows the contents thereof, and that the same is true of her own knowledge except for
those matters therein stated on information and belief, and as for those matters, she
believes the same to be true.

Lynita Sue Nelson
LYNITA SUE NELSON

Subscribed and sworn to before me
this 27 day of June, 2009.

Jennifer L. Meacham
Notary Public in and for said
County and State.



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RECEIPT OF COPY

RECEIPT OF COPY of the foregoing Answer and Counterclaim is hereby
acknowledged on this 22 day of June, 2009. 01:12pm.

ECKER & KAINEN, CHTD.

By **Howard Ecker** Kain
HOWARD ECKER, ESQ.
Nevada Bar No. 01207
300 S. Fourth Street, Suite 901
Las Vegas, Nevada 89101
Attorneys for Plaintiff

1 responsibilities and rights insofar as the children are concerned. Each parent agrees to
2 communicate and cooperate with the other parent with respect to all matters relating to
3 their children. The parents understand and agree that the best interests of their children
4 will be served by the parents continuing to openly and freely communicate with each
5 other in a civil manner and to cooperate with each other in raising their children.
6

7 I. LEGAL CUSTODY PROVISIONS:

8 The parents shall have joint legal custody of the minor children, which entails the
9 following:
10

11 Each parent shall consult and cooperate with the other in substantial questions
12 relating to religious upbringing, educational programs, significant changes in social
13 environment, and health care of the children. The parents agree that the children shall
14 continue to be raised in the LDS faith. Further, in raising the children, both parents
15 express their desire and intent to incorporate the principles found in the *Strength of the*
16 *Youth* pamphlet as a guideline for conduct.
17

18 Each parent shall have access to medical and school records pertaining to their
19 children and be permitted to independently consult with any and all professionals
20 involved with the children.
21

22 All schools, day care providers, and counselors for the children shall be selected
23 jointly by the parents.
24

25 All health care providers, including all psychological counselors and mental health
26 providers, for the children shall be selected jointly by the parties.
27

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1 Each parent shall be empowered to obtain emergency health care for the children
2 without the consent of the other parent. Each parent shall notify the other parent as
3 soon as reasonably possible as to any illness requiring medical attention, or any
4 emergency involving the children.
5

6 Each parent shall provide the other parent, upon receipt, with any information
7 concerning the well-being of the children, including, but not limited to, copies of report
8 cards; school meeting notices; vacation schedules; class programs; requests for
9 conferences; results of standardized or diagnostic tests; notices of activities involving the
10 children; samples of school work; order forms for school pictures; all communications
11 from health care providers, and the names, addresses, and telephone numbers of all
12 schools, health care providers, regular day care providers, and counselors.
13
14

15 Each parent shall advise the other parent of school, athletic, church, and social
16 events in which the children participate, and each agrees to so notify the other parent
17 within a reasonable time after first learning of the future occurrence of any such event
18 so as to allow the other parent to make arrangements to attend the event if he or she
19 chooses to do so. Both parents may participate in all such activities with the children,
20 including, but not limited to, such activities as open house, attendance at all school and
21 church activities and events, athletic events, school plays, graduation ceremonies, school
22 carnivals, and any other events involving the children.
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25 Each parent shall provide the other parent with the address and telephone number
26 at which the minor children reside, and to notify the other parent at least ten (10) days
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1 prior to any change of address and provide the telephone number of such address
2 change as soon as it is assigned.

3 Each parent shall provide the other parent with a travel itinerary and, whenever
4 reasonably possible, telephone numbers at which the children can be reached whenever
5 the children will be away from that parent's home for a period of two (2) nights or more.

6 The parents shall encourage liberal communication between the children and the
7 other parent. Each parent shall be entitled to reasonable telephone communication with
8 the children; and each parent agrees that he or she will not unreasonably interfere with
9 the children's right to privacy during such telephone conversations. Each parent agrees
10 to be restrained, and is restrained, from unreasonably interfering with the children's right
11 to privacy during such telephone conversations.

12 Should either parent require children care to be provided by someone other than
13 himself or herself for a period of four (4) hours or more while the children are in his or
14 her physical care, the other parent shall be advised and given the opportunity to provide
15 such care for the children before other arrangements are made for such children care.

16 Neither parent shall interfere with the right of the children to transport his or her
17 clothing and personal belongings freely between the parents' respective homes.

18 Neither parent shall disparage the other in the presence of the children, nor shall
19 either parent make any comment of any kind that would demean the other parent in the
20 eyes of the children. Additionally, each parent agrees to instruct their respective family
21 and friends that no disparaging remarks are to be made regarding the other parent in the
22 presence of the children. The parents shall take all action necessary to prevent such

1 disparaging remarks from being made in the presence of the children, and shall report
2 to each other in the event such disparaging remarks are made.

3 The parents further agree to communicate directly with each other regarding the
4 needs and well being of their children and each parent agrees not to use the children to
5 communicate with the other parent regarding parental issues.
6

7 II. PHYSICAL CUSTODY PROVISIONS:

8 A. LYNITA shall have primary physical custody of the minor children, subject
9 to ERIC's visitation during the following four-week rotating visitation cycle:
10

11 I. ROTATING BI-WEEKLY VISITATION:

12 (a) WEEK ONE: ERIC shall have visitation commencing on
13 Thursday of each such week at 6:00 p.m., at which time he may pick-up the children
14 from LYNITA. Visitation during Week One shall continue until Monday morning, at
15 which time ERIC shall take the children to school (or drop-off the children to LYNITA
16 at 9:00 a.m. if there is no school).
17

18 (b) WEEK THREE: ERIC shall have visitation commencing on
19 Thursday of each such third week at 6:00 p.m., at which time he may pick-up the
20 children from LYNITA. Visitation during Week Three shall continue until Monday
21 morning, at which time ERIC shall take the children to school. ERIC's visitation shall
22 resume at 6:00 p.m. on each such Monday, at which time he may pick-up the children
23 from LYNITA. Such visitation shall conclude Tuesday morning, at which time ERIC
24 shall take the children to school (or drop-off the children to LYNITA at 9:00 a.m. if
25 there is no school).
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1 2. SUMMER VACATION: Both ERIC and LYNITA shall be entitled
2 to take the children with him or her, for a period not to exceed three weeks, on any
3 vacations either parent may take while the children are out of school for their summer
4 vacation break from school. ERIC and LYNITA agree to cooperate and work with each
5 other for the purpose of scheduling their respective vacations so as to avoid planning
6 their vacations at the same time. Each party shall designate their vacation time by
7 January 15th of each year. Thus, by way of example, each party shall designate their
8 respective 2009 summer vacation time by January 15, 2009.
9
10

11 3. CHRISTMAS: The parents intend to be flexible in sharing the
12 Christmas holiday together with their children. If the parents are unable to agree as to
13 the manner in which the holiday will be shared, LYNITA will make the final decision as
14 to specific holiday arrangements in even numbered years, and ERIC will make the final
15 decision as to specific holiday arrangements in odd numbered years.
16

17 4. THANKSGIVING VACATION: The parents intend to be flexible
18 in sharing the Thanksgiving holiday together with their children. If the parents are
19 unable to agree as to the manner in which the holiday will be shared, LYNITA will make
20 the final decision as to specific holiday arrangements in odd numbered years, and ERIC
21 will make the final decision as to specific holiday arrangements in even numbered years.
22

23 5. EASTER: The parents intend to be flexible in sharing Easter
24 together with their children. If the parents are unable to agree as to the manner in
25 which the holiday will be shared, LYNITA will make the final decision as to specific
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1 holiday arrangements in even numbered years, and ERIC will make the final decision as
2 to specific holiday arrangements in odd numbered years.

3 6. MARTIN LUTHER KING DAY: ERIC shall have the children the
4 entire three-day Martin Luther King Day holiday-weekend (i.e., that being the Monday
5 in which Martin Luther King's birthday is observed nationally as a holiday, and the
6 weekend immediately preceding the said nationally observed Monday holiday in which
7 the children are out of school in each and every even numbered year, commencing the
8 Friday before said holiday weekend, immediately after the children get out of school, and
9 continuing through the following Monday at 6:00 p.m. LYNITA shall have the children
10 during the entire said vacation period during each odd numbered year.

11 7. PRESIDENTS DAY: ERIC shall have the children the entire three-
12 day Presidents Day holiday-weekend (i.e., that being the Monday in which Presidents
13 Day is observed nationally as a holiday, and the weekend immediately preceding the said
14 nationally observed Monday holiday) in which the children are out of school in each and
15 every odd numbered year, commencing the Friday before said holiday weekend,
16 immediately after the children get out of school, and continuing through the following
17 Monday at 6:00 p.m. LYNITA shall have the children during the entire said vacation
18 period during each even numbered year.

19 8. MEMORIAL DAY: ERIC shall have the children the entire three-
20 day Memorial Day holiday-weekend (i.e., that being the Monday in which Memorial
21 Day is observed nationally as a holiday, and the weekend immediately preceding the said
22 nationally observed Monday holiday) in which the children are out of school in each and
23

1 every even numbered year, commencing the Friday before said holiday weekend,
2 immediately after the children get out of school, and continuing through the following
3 Monday at 6:00 p.m. LYNITA shall have the children during the entire said vacation
4 period during each odd numbered year.

6 9. INDEPENDENCE DAY: ERIC shall have the children on
7 Independence Day, July 4, of each and every odd numbered year, from at least 6:00 p.m.
8 on July 3, until 10:00 a.m. on July 5. LYNITA shall have the children during the entire
9 said vacation period during each even numbered year.

11 10. LABOR DAY: ERIC shall have the children the entire three-day
12 Labor Day holiday-weekend in which the children is out of school in each and every
13 even numbered year, commencing the Friday before said holiday weekend from at least
14 4:00 p.m., and continuing through the following Monday at 6:00 p.m. LYNITA shall
15 have the children during the entire said vacation period during each odd numbered year.

17 11. NEVADA ADMISSION DAY: ERIC shall have the children the
18 entire three-day Nevada Admission Day holiday-weekend (i.e., that being the Friday in
19 which Nevada Admission Day is observed as a holiday, and the weekend immediately
20 following the said observed Friday holiday) in which the children are out of school in
21 each and every odd numbered year, commencing the Thursday before said holiday
22 weekend immediately after the children get out of school and continuing through the
23 following Monday morning at 8:00 a.m. LYNITA shall have the children during the
24 entire said vacation period during each even numbered year. If, however, the said
25 Nevada Admission Day holiday is observed on a Monday instead of a Friday, with the
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1 children being out of school on such Monday instead of the preceding Friday, the
2 holiday shall commence on Friday immediately after the children get out of school and
3 continue through the following Tuesday morning at 8:00 a.m. Additionally, if
4 Halloween falls during the Nevada Admission Day holiday period specified above, the
5 party who has the children during such time period shall have the children for the
6 entirety of Halloween. Conversely, if Halloween does not fall during the Nevada
7 Admission Day holiday, then the party who did not have the children during such
8 holiday shall have the children on Halloween from the time the children get out of
9 school on Halloween until the following morning at 8:00 a.m.

12 12. VETERAN'S DAY: ERIC shall have the children from the time the
13 children get out of school on November 10th, and shall continue to have the physical
14 custody of the children until the morning of November 12th, when he takes the children
15 to school, of each and every odd numbered year. However, if the Veteran's Day holiday
16 is celebrated or observed in some other fashion during the years in which the children
17 are to be in the physical custody of ERIC so as to make the same a three-day holiday or
18 vacation period in which the children are not in school, ERIC shall have the children
19 during the entire said three-day period. LYNITA shall have the children during the
20 entire said vacation period during each even numbered year.

24 13. FATHER'S DAY: Regardless of which parent is entitled to have the
25 children on the Sunday which is designated "Father's Day," ERIC shall be entitled to
26 have the children from 4:00 p.m. on the Friday before Father's Day, until 6:00 p.m. on
27 Father's Day.
28

1 14. MOTHER'S DAY: Regardless of which parent is entitled to have the
2 children on the Sunday designated as "Mother's Day," LYNITA shall be entitled to have
3 the children from 4:00 p.m. on the Friday before Mother's Day, until 6:00 p.m. on
4 Mother's Day.
5

6 B. ERIC's specific visitation schedule set forth above in the Weekend Custody
7 provisions set forth in subparagraph A(1), shall be subject to review in the event either
8 party remarries.
9

10 C. The parents hereby acknowledge and agree that the visitation provisions
11 as they apply to both parents as set forth above in subparagraphs A(2) through A(14)
12 shall take precedence over the weekend and weekday visitation provided in subparagraph
13 A(1) of this Section II.
14

15 D. The parents agree that in effectuating and implementing the
16 aforementioned visitation arrangements, the parent to whom the physical custody of the
17 children are to be transferred at any such time that the physical custody of the children
18 are to be changed from one parent to the other shall be responsible for picking up the
19 children at the other parent's residence (i.e., when ERIC is to have the actual physical
20 custody of the children, ERIC shall be responsible for picking up the children at
21 LYNITA's residence; and, conversely, when LYNITA is to have the physical custody of
22 the children, LYNITA shall be responsible for picking up the children at ERIC's
23 residence).
24
25

26 E. The parents agree that the children shall be picked up, and shall be
27 available to be picked up, at the designated times set forth above. Should a delay
28

1 become necessary, the parent responsible for such a necessary delay shall immediately
2 notify the other parent to advise him or her of the problem. For example, if the receiving
3 parent is unable to pick up the children at the designated time, such receiving parent
4 shall immediately notify the other parent of that fact. Conversely, if the children are not
5 available for the receiving parent to pick up at the designated time, the receiving parent
6 shall be notified immediately by the other parent. Moreover, in the event any scheduled
7 time cannot be kept due to the illness or other unavailability of the children and/or the
8 receiving parent, the parent unable to comply with the schedule shall notify the other
9 parent and the children as soon as reasonably possible. In the event the time-shared
10 arrangement cannot be kept due to the illness or other unavailability of the children, the
11 receiving parent shall be entitled to comparable time within thirty (30) days after the
12 occurrence of such missed time with the children.
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16 F. The parents hereby covenant and agree that should either parent intend to
17 move his or her residence to a place outside the State of Nevada, and take the minor
18 children with him or her, such parent must, as soon as possible, and before the planned
19 move, attempt to obtain the written consent of the other parent to move the minor
20 children. If the other parent refuses to give that consent, the parent planning the move
21 shall, before he or she leaves the State with the minor children, petition the Court for
22 permission to move the children. The failure of the parent planning the move to comply
23 with this provision may be considered as a factor if a change of custody is requested by
24 the other parent. This provision does not apply to vacations planned by either parent.
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1 G. The parties intend that the provisions set forth herein shall be incorporated
2 into their Decree of Divorce and recognized as Orders of the Court. The parents hereby
3 acknowledge and understand that NRS 125.510(6) provides as follows with respect to
4 either parent's violation of such Orders:
5

6 PENALTY FOR VIOLATION OF ORDER: THE ABDUCTION,
7 CONCEALMENT OR DETENTION OF A CHILD IN VIOLATION OF
8 THIS ORDER IS PUNISHABLE AS A CATEGORY D FELONY AS
9 PROVIDED IN NRS 193.139. NRS 200.359 provides that every person
10 having a limited right of custody to a child or any parent having no right
11 of custody to the child who willfully detains, conceals or removes the child
12 from a parent, guardian or other person having lawful custody or a right of
13 visitation of the child in violation of an order of this court, or removes the
14 child from the jurisdiction of the court without the consent of either the
15 court or all persons who have the right to custody or visitation is subject
16 to being punished for a category D felony as provided in NRS 193.130.

17 H. The parties understand and acknowledge that, pursuant to NRS
18 125.510(7) and (8), the terms of the Hague Convention of October 25, 1980, adopted
19 by the Fourteenth Session of the Hague Conference on Private International Law,
20 applies if a parent abducts or wrongfully retains a child in a foreign country. Further,
21 the parties stipulate and agree that the minor child's habitual residence is located in the
22 County of Clark, State of Nevada, within the United States of America. NRS
23 125.510(7) and (8) specifically provide as follows:

24 Section 7. In addition to the language required pursuant to
25 subsection 6, all orders authorized by this section must specify that the
26 terms of the Hague Convention of October 25, 1980, adopted by the 14th
27 Session of the Hague Conference on Private International Law, apply if a
28 parent abducts or wrongfully retains a child in a foreign country.

Section 8. If a parent of the child lives in a foreign country or has
significant commitments in a foreign country:

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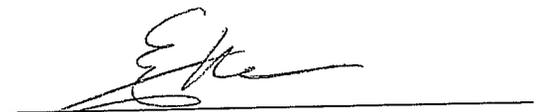
(a) The parties may agree, and the Court shall include in the Order for custody of the child, that the United States is the country of habitual residence of the child for the purposes of applying the terms of the Hague Convention as set forth in Subsection 7.

(b) Upon motion of the parties, the Court may order the parent to post a bond if the Court determines that the parent poses an imminent risk of wrongfully removing or concealing the child outside the country of habitual residence. The bond must be in an amount determined by the Court and may be used only to pay for the cost of locating the child and returning him to his habitual residence if the child is wrongfully removed from or concealed outside the country of habitual residence. The fact that a parent has significant commitments in a foreign country does not create a presumption that the parent poses an imminent risk of wrongfully removing or concealing the child.

* * * * *

The above Parenting Agreement reflects the rights and obligations of each parent as they pertain to the legal and physical custody of the parties' minor child. The parties hereby agree to fully comply with the same; and in witness whereof, the parties hereto have hereunto set their hands to this Parenting Agreement the year and date written below each parties' respective signature.


LYNITA NELSON
Mother

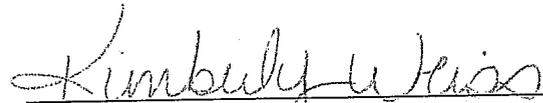

ERIC NELSON
Father

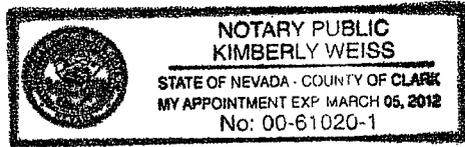
DATE 10-15-08

DATE 10-15-08

1 STATE OF NEVADA)
) SS:
2 COUNTY OF CLARK)

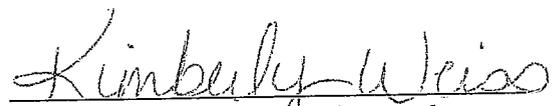
3 On this 15th day of October, 2008, personally appeared before me, a notary
4 public, Lynita Nelson, personally known (or proved) to me to be the person whose name
5 is subscribed to the above instrument, and who acknowledged that she executed the
6 instrument.

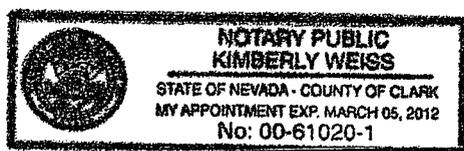
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8 
9 Notary Public in and for said
County and State.



14 STATE OF NEVADA)
) SS:
15 COUNTY OF CLARK)

16 On this 15th day of October, 2008, personally appeared before me, a notary
17 public, Eric Nelson, personally known (or proved) to me to be the person whose name
18 is subscribed to the above instrument, and who acknowledged that he executed the
19 instrument.

20
21 
22 Notary Public in and for said
County and State.



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ORIGINAL

FILED
OCT 20 2010

EIGHTH JUDICIAL DISTRICT COURT *Frank P. Sullivan*
CLERK OF 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. I

MONDAY, AUGUST 30, 2010

APPEARANCES:

THE PLAINTIFF:	ERIC L. NELSON
FOR THE PLAINTIFF:	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 DIRECT CROSS REDIRECT RECROSS

PLAINTIFF'S WITNESSES:

ERIC L. NELSON 27 -- -- --

DEFENDANT'S WITNESSES:

NONE

* * * * *

TUESDAY, AUGUST 31, 2010

PLAINTIFF'S WITNESSES:

ERIC L. NELSON 231 426 -- --

DEFENDANT'S WITNESSES:

NONE

* * * * *

WEDNESDAY, SEPTEMBER 1, 2010

PLAINTIFF'S WITNESSES:

ERIC L. NELSON -- 632 -- --

DEFENDANT'S WITNESSES:

NONE

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I N D E X O F E X H I B I T S

Admitted

BY THE PLAINTIFF:

8R, 8S, 33C, and 9I	229
12 - Grotta LLC	245
13 - Schwab statements	420
14 - Cumorah statements	420
16 - Silver State School statements	422
28 - IRS tax letter - audit	268
29 - Grizzly lawsuit	256
43A - Maness lawsuit	239
57A through H - 3611 Lindell Road	418
61 - Mesa Vista Lot 67	308
62 through 70 - MV-Lots (Notes)	305
72 - JB Ramos Trust	316
73 - 1601 Knoll Heights note	319
74 - 7933 Dover Shores note	322
75 - 1025 Academy note	324
77 - 8619 W. Mohave, AZ note	330
78 - Nicky Cvitanovich note	332
79 A, B, and C - Gateway notes	338
85 through 87 - 2006 thru 2008 tax returns	406
90, 91, 92 - Billing records	384
93 - Bank statements - Defendant	275

I N D E X O F E X H I B I T S (CONT)

Admitted

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BY THE PLAINTIFF:

197B - Lynita lifestyle documents	373
197C - Lynita lifestyle documents	380
197D - Lynita lifestyle documents	280
197E - Lynita lifestyle documents	384
198 - Ownership summary	230
199 - Note/rental payments	292

BY THE COURT:

A and B - Options	515
-------------------	-----

BY THE DEFENDANT:

A - Asset/debt summary	514
E1 - Summary statement	517
F1 - Summary statement	537
G2 - Chicago Title closing statements	575
G3 - Grant, bargain, sale deed	580
G4 - Promissory note	583
G5 - Option agreement	598
G7 - Addendum to lease agreement	617
G9 - National Bank statement	646
H Delinquent tax notice	649
I-1 - Summary statements	655
I-2 - Summary statements	655

I N D E X O F E X H I B I T S (CONT)

	<u>Admitted</u>
1	
2	
3	BY THE DEFENDANT:
4	I and K - Gateway documents 666
5	N - Documents 672
6	N-1 - Documents regarding Mississippi parcels 682
7	N-2 - Mississippi land cost basis 683
8	O - Quit claim deed to Clay/Arnold property 693
9	P-1 - Summary statement --
10	P-2 - Zillow.com --
11	P-3 - Grant, bargain, sale deed --
12	Q-1 - Banone Secretary of State information 699
13	Q-2 - Summary sheet - Banone --
14	Q-4 - Assets 754
15	R-1 - R&D Customer Builders, Inc. Promissory Note 736
16	R-2 - Advantage Construction, Inc. Note 738
17	R-3 - Gerald and Linda Fixin Note 738
18	R-4 - Gerald and Linda Fixin Note 738
19	R-5 - Joe Williams and Sherry Fixin Note 739
20	R-6 - Bitco, Inc. Note 739
21	R-7 - Carrie and Troy Fixin Note 740
22	R-8 - Michael and Lydia Note 740
23	R-9 - Amanda and Chris Stromberg Note --
24	R-10 - Ramos Trust Note --

I N D E X O F E X H I B I T S (CONT)

	<u>Admitted</u>
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3	BY THE DEFENDANT:
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 --
8	S-1 - Nevada Secretary of State Printout 751
9	Regarding Banone Arizona
10	S-2 - Summary sheet --
11	T-1 - Dynasty Development LLC Amended 756
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1 LAS VEGAS, NEVADA

MONDAY, AUGUST 30, 2010

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P R O C E E D I N G S

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(PROCEEDINGS BEGAN AT 9:35:18)

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THE COURT: This is the time set in the matter of Eric Nelson and Lynita Nelson, Case Number D-411537. Could we have everybody's appearance for the record? We'll start with Mr. Jimmerson.

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MR. JIMMERSON: Good morning, Your Honor, may it please the Court, Jim Jimmerson of Jimmerson Hansen on behalf of -- of plaintiff, Eric Nelson. Also present is David Stephens.

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MR. STEPHENS: Good morning, Your Honor.

MR. JIMMERSON: And my bar number's 264. The presence of Mr. Nelson is also noted.

THE COURT: Thank you. Mr. Dickerson?

MR. DICKERSON: Bob Dickerson, bar number 0945 and I have the pleasure of being here today with Lynita Nelson.

THE COURT: Okay. Everybody can kind of sit down and get comfortable. This is on for the contested hearing. We gave you today and tomorrow. Hopefully we can get this done because I don't know how -- how else I can sneak it in if we don't get it done by tomorrow because I've got full juvenile and I think I'm stacked five trials deep every day

1 through the -- October, but we'll see how far we get.

2 I have read the pre-trial memos and reviewed the
3 files and all the pleadings. This case was filed on May 6th,
4 2009 for the complaint for divorce. The trial's been
5 continued a couple times. We do want to get this done so this
6 family can move on with their lives. I have read the issues
7 of basically a long-term marriage going on 27 years in
8 September, so it looks like it's really just going to be what
9 are the assets, what are the debts and pretty well split them
10 up other than if there's any separate property issues that I
11 haven't seen yet. Basically, I guess, child support and
12 request for spousal support, but I guess all those will be
13 kind of conditioned upon the property settlement as well, so I
14 have read everything.

15 I know there's some allegations of potential marital
16 waste (indiscernible) waste but it's pretty straightforward,
17 so I think just a matter of what the assets are and what the
18 debts are and if there's any waste and then go from there.

19 So, Mr. Jimmerson, I did see that you had filed with
20 your -- your supplemental pretrial statement you also had
21 filed a motion in limine?

22 MR. JIMMERSON: I did, Your Honor.

23 THE COURT: It is to basically preclude the
24 testimony of Mr. Liananu(phonetic). I'm not sure I pronounced

1 that name. I don't know, counsel, you get a chance to --

2 MR. DICKERSON: Lialini

3 MR. JIMMERSON: Lialini.

4 MR. DICKERSON: I have not seen the motion in
5 limine.

6 THE COURT: That's what I figured.

7 MR. JIMMERSON: I only filed it Friday night.
8 You'll get it this morning.

9 MR. DICKERSON: Okay.

10 MR. JIMMERSON: But this is what the -- the motion's
11 aimed at. We took the deposition of Mr. Lialini and I usually
12 make (indiscernible).

13 MR. JIMMERSON: Lialini.

14 MR. DICKERSON: Lialini. And he had no opinions as
15 to any valuation of any assets, period. So the motion in
16 limine is not to preclude him from testifying if he wants to
17 testify as to work he's done, and we know the work is done.
18 The -- the testimony would -- for him to try to come in now
19 just eight or ten days after his deposition and say now I have
20 opinions about values of companies or assets, that is where
21 the motion in limine goes because --

22 MR. DICKERSON: He won't be knowing that.

23 MR. JIMMERSON: Yeah, that -- that's --

24 MR. DICKERSON: He will not be testifying as to

1 value. He'll be testifying as to forensic issues.

2 THE COURT: Okay. All right. So it looks like
3 that's --

4 MR. JIMMERSON: All right.

5 THE COURT: -- pretty well resolved that he'd be --
6 his testimony will be as to forensic issues, not as to values.

7 MR. JIMMERSON: All right.

8 THE COURT: I guess that resolves that.

9 MR. JIMMERSON: Okay.

10 THE COURT: Did you want any opening statement?

11 MR. JIMMERSON: Very brief, Judge.

12 (Counsel confers)

13 MR. JIMMERSON: May I approach the bench, Your
14 Honor?

15 THE COURT: Sure. Thanks, counsel.

16 (Counsel confer)

17 MR. JIMMERSON: May it please the Court, Your Honor.
18 I am new counsel to the case. I came in to the case on June
19 1, approximately, of this year. This case, as the Court
20 noted, has been pending formally since May 6th of 2009,
21 approximately 15 months. Before that, counsel and parties
22 were involved since the previous August or September of 2008.
23 Approximately two years, therefore, have been devoted to this
24 case.

1 The parties achieved an early agreement regarding
2 custody of the parties in October of 2008 and they had the
3 promise between the counsel then that the whole case would be
4 put to bed by the end of that year. That agreement of October
5 of 2008 was finalized in a stipulation and order of February
6 15th of 2009, one of the first -- or 2010, excuse me, the case
7 had been started since the previous May, but it was formalized
8 in February of 2010 and the parties have been living by that
9 agreement, generally speaking, since the fall of 2008 to the
10 present date.

11 It calls for both parties to have shared joint --
12 joint legal custody with Mom having primary physical custody.
13 The parties have five children of their marriage. They were
14 married in 1983, a 27-year marriage, separating in the summer
15 of 2008 and there are two minor children remaining, three
16 adult children. Two is Garrett who is age 15 turning 16 in
17 just two weeks, the 17th, I believe, of September and then
18 there's Carli who is 12, turning 13 in October, I think maybe
19 around the middle of October, 2010. So essentially 16 and 13,
20 presently 15 and 12. Turning the ages (indiscernible). So
21 Mom would be -- that issue is not an issue here. I notice in
22 the pretrial memorandum by opposing counsel he made a comment
23 that Mr. Nelson breaks the order of the Court in communicating
24 directly to his wife by email. You will -- it -- it -- if

1 it's an issue, Mr. Dickerson can bring up whatever emails he
2 wishes, but these parties have restrained themselves in what
3 has been a, by any definition you would find, would be a high-
4 conflict divorce, unfortunately, and that's what I inherited
5 when I came in to assist Mr. Stephens.

6 So you have no stipulated issues other than the
7 parties agree you have jurisdiction over the subject matter
8 and over the case. However, as a practical matter, this is a
9 case that if you'll allow some questions and answers and then
10 perhaps ask Mr. Dickerson to be involved, we will, within an
11 hour or two, have a -- a large asset case rather well-handled
12 for you.

13 And so I would like to just tell you that my client
14 and the defendant grew up here in Las Vegas, a graduate of
15 Western High School. That was the extent of his education.
16 He did attend a couple of college classes and as he whispers
17 to me, they would never invite me back. Lynita herself went
18 through high school and has gone through a couple years of
19 college, so she has a bit more formal education than he does.

20 As I've indicated, he's a business person. You'll
21 hear about him largely working in distressed assets and
22 properties -- properties you and I and maybe Mr. Dickerson
23 wouldn't, Mr. Stephens wouldn't particularly get close to, but
24 he thrives in taking properties that are in distress, in

1 bankruptcy largely, and hopefully buying low and selling high.
2 You have before you a list of properties which I'll
3 explain to you in just a minute, but to give you an overview,
4 give or take on cost basis about 18, 19 million dollars in
5 assets which would be divided under our proposals nine and
6 nine, but what I think you need to understand is that two
7 years ago or three years ago, and maybe some time in the
8 future, what we're really dividing, Judge, is assets that
9 probably total 30 million or 40 million because all these
10 numbers you have before you are at cost basis. And now today
11 they may not have much of a higher value than cost basis,
12 although it seems that almost all of these assets do have a
13 higher value than the cost basis.

14 So that's why when I see this I consider to be
15 half-hearted effort at a -- at a, you know, exaggerate his
16 child support payment or an alimony claim it's just going to
17 fall by the wayside when you recognize that each party, on --
18 on a cost basis, is going to get approximately \$9 million in
19 assets and on a real fair market value basis, something
20 considerably more. And more importantly, we're dividing
21 everything that these parties have, including their
22 businesses, in half plus or minus one or two adjustments and
23 this will realize starting approximately January 1 of this
24 year in a forty-thousand-dollar per month -- per month, per

1 person income for the parties. And from that gross income of
2 roughly \$480,000 per year, they will have, and we're
3 estimating, approximately \$120,000 a year or \$10,000 a month
4 in expenses; for example the properties being awarded to Mom
5 or to Dad will have, some of them, homeowner's association
6 monthly expenses or property taxes and so they'll -- and they
7 may need, you know, may need a person to, a bookkeeper, I know
8 that's been employed by the defendant or a bookkeeper employed
9 by the plaintiff to help manage the properties and that
10 includes a wage there too.

11 So typical in this business, as you'll hear from my
12 client is that the cost of managing these properties is 20 to
13 25 percent of the gross revenue. So we're figuring a generous
14 number of 25 percent for each. So the net numbers for these
15 parties, after all expenses, is \$30,000 per month, \$360,000
16 per year, and that would exceed either party's need for monies
17 or ever use of monies during the course of their 27 years.

18 Unfortunately, my client has been most unhappy with
19 his wife in -- and the fact that the professionals around his
20 wife have been able to successfully influence her conduct.
21 You will see expenditures, Visa credit cards, for 27 years
22 that never exceeded through 2007 10 or \$12,000 a month on a
23 bad month and since that time, which at least as of February
24 of 2009 when the case was handed over from prior counsel to

1 the Dickerson law firm, her expenditures now have gone up to
2 as much as \$56,000 a month. But an average of 25, \$28,000 a
3 month, still below the \$30,000 a month, but it's just wasteful
4 spending, which you will -- you will determine.

5 The point being, that an equal division of assets
6 and liabilities will result in income to both parties allowing
7 them to -- to live and that there would not be an alimony
8 award under any definition, and Springer vs. Springer tells
9 you that the condition of parties when they leave is an
10 important consideration when you have the division of these
11 assets and that certainly will cover that. I will tell you
12 that I have not seen in my life experience ever tried one or
13 two cases that when a wife receives more than \$3 million in
14 assets, and particularly earning capacity assets, there's
15 never been an award given in a contested case of alimony to
16 that person.

17 I will also want to say that the assets, as you will
18 hear, are going to be sold in the next year or two. That will
19 result in large chunks of money in Wyoming, for example,
20 Wyoming -- Wyoming Downs Real Estate. They'll -- each party
21 will receive about \$800,000 in the next couple of years in
22 that asset alone in chunks of cash. If there's a waste claim,
23 and there's none that I know of from the defendant, but if
24 there is, we'll learn about it. The defendant, you may

1 recall, filed that -- I call it an (indiscernible) motion in
2 April of 2010 -- April 6th, where there was an allegation of
3 waste.

4 Well, we took the deposition of, of course, the
5 defendant, and of course their expert Mr. Lowenau (phonetic)
6 that they've made reference to here and his testimony is very
7 explicit that "Do you believe these transactions were fair to
8 the marital estate? Answer: I believe the transactions
9 enhanced the community, yes." So that's why the motion went
10 by the by. You never heard it; and an opposition was never
11 filed and it has not come on for hearing and now we simply
12 have a trial. But if there's waste, it's on the part of
13 Lynita Nelson who took \$2.6 million in cash in the fall of
14 2008 and today has \$1.3 left; an expenditure of \$1.3 million
15 for which she can account for \$310,000 in attorney's fees and
16 expert witness fees. So she spent \$1 million on her own or
17 she has it in cash undisclosed to the parties.

18 In taking her deposition, she said she had at least
19 \$50,000 in cash but couldn't tell me how much more she had
20 because she hadn't counted it. So I served a subpoena for her
21 for trial to come to court today, Judge, and we ask her the
22 question I asked her by command of subpoena that she count the
23 cash in hundred-dollar-bills and come and tell you how much
24 more than \$50,000 that she has. We look forward to that

1 testimony, that answer.

2 Each party bears their own costs and attorney's fees
3 in this case. My client has approximately a million one net
4 of cash. He has \$3 million -- or \$2.9 million in cash. He
5 has \$1.8 million in mortgage so he's got a 1.1, \$1.2 million
6 in cash that he can expend to pay Mr. Stephens and myself as
7 reference to Lynita has \$1.3 million plus in cash. She can
8 cover the balance of costs for Mr. Dickerson and so that would
9 be the requested order on that so that we have a denial of any
10 alimony request, each party abide their own costs of
11 attorney's fees for fees and that with regard to child support
12 you simply order the 995 per month and the reason for that is
13 this.

14 My client will continue to pay the private schooling
15 of their youngest daughter, Carli, which is about \$700 a month
16 and he will continue to maintain all the children to the
17 extent that he can. They're starting to get beyond 22 and 23
18 and 24 so at that point other arrangements have to be made,
19 but at least for the two minor children, continue to keep the
20 two minor children on the medical and health insurance and the
21 parties will divide equally their unreimbursed medical
22 according to statute.

23 When you figure that, then he's actually paying
24 closer to 2,000 in a month or more for each of the children

1 beyond the request which I read here was 2,000 directly to
2 Mom. The 2,000 directly to Mom would just simply be disguised
3 alimony and it's not warranted here and we'll be going through
4 those numbers.

5 If I could now ask you to briefly turn your
6 attention to Options A and B, I'd like to discuss this with
7 you. The difference between Option A and B is it just turns
8 on two assets, okay? Option A is an equal division of all
9 assets and liabilities, Judge, except for the cash that each
10 of them have on their own, so we didn't divide the cash Lynita
11 has in her six or seven bank accounts and we didn't divide
12 Eric's cash that he has in his four or five bank accounts.
13 They take their own -- they take their own cars, you know, the
14 -- they take their own personal property. They take their own
15 furniture and furnishings that they have plus or minus some
16 things that could be exchanged. But the two assets that are
17 -- that are -- that -- that create an issue are if you look at
18 item number 8 and item number 9.

19 Now, the 8 you'll see in yellow and you'll see it's
20 8, 12 and if you drop down you got 33, 38, 39, 40. The things
21 in yellow are Mississippi assets or liabilities. So when you
22 talk about Mississippi assets and liabilities, we've grouped
23 them so that you see yellow because it is our position that
24 you either divide all of them in half as we have in Option A

1 or you divide in -- or -- or that you give all of the
2 Mississippi assets to one of the parties, either Husband or
3 Wife.

4 Now, as a practical matter we think in the end
5 honestly, for the best of the community, you'll probably
6 decide to go with Option B and award all of Mississippi to
7 Dad, but as I've learned in my newness to the case there is
8 this great paranoia on the part of Lynita or rationality on
9 the part of Lynita about what does Mississippi contain, what
10 does it consist of, what are its issues, so naturally, Mr.
11 Stephens and I, you know, cajoled her -- cajoled her through
12 counsel to have her hire Mississippi counsel and for her to,
13 you know, learn what's about that. They've professed and
14 they've signed affidavits that they have a complete
15 understanding of these assets and liabilities.

16 So the difference between A and B is this, Judge. A
17 has divided everything in half. Now, this -- these two assets
18 are important, 8 and 9, because they also speak to cash flow.
19 Mississippi, my client estimates, is a value of a million
20 dollars. You'll hear testimony that he's, on various earlier
21 copies of this and testimony, he ranks it between \$500,000 and
22 a million five, so we put a million dollars down as the value
23 for Mississippi.

24 The next part we divided half and half or it's all

1 awarded to Husband, and you could have Option C, where it's
2 all awarded to Wife, but to be transparent, we also want to do
3 half and half, but you'll see some of the -- some of the
4 issues that are involved in doing half and half, including
5 Wife having to obtain a gaming license in Mississippi and then
6 there's a lot of other things you'll hear about, but if that's
7 the way you want to go, certainly that's one safe way for you
8 to go is that everything divided half and half, you can't
9 possibly be erring one side versus the other. It may make
10 more sense to award all of this to one party rather than to
11 divide it.

12 And then Line Number 9 is Russell Road Building.
13 This is a building that is operated at Triple Net Lease by a
14 church. It's on Boulder Highway, and if you drive -- drove by
15 it, you'd see that property there that is operated by a
16 church. The rent is -- effective October 1 -- is 20,000 to
17 the parties, to the community a month and 10,000 a month to
18 the brother, Mr. Nelson's brother, Clarence, or Cal. Call him
19 Clarence or Cal. And so you have a choice. Therefore, if you
20 divide Russell half and half it's \$10,000 per month income to
21 each party. Or if you award all to Wife, which is what B is,
22 is she gets all \$20,000 a month.

23 So the difference between A and B is A is everything
24 divided in half except for cash and for cars and B is

1 everything divided in half except for cash and cars except
2 that Mississippi would go to Husband and Russell would go to
3 Wife. You can reverse it, if you were, all of Mississippi to
4 Wife, then you can give Husband all of Russell Road and just
5 reverse it and it'll all work out.

6 And then once you decide Mississippi and Russell
7 Road, Judge, everything else by -- by -- by definition, by
8 requirement, kind of takes care of itself in terms of getting
9 down to the numbers at the end that are 10 million to wife and
10 8 million to Husband on A and -- on B, excuse me, and A is \$9
11 million each.

12 Now, there has not been, to my knowledge, after many
13 meetings and many conversations, a dispute over these numbers
14 and we are the first one to tell you that -- that -- that
15 there have not been appraisals done for the -- for any of
16 these properties as far as I know. They have all been listed
17 by cost basis and everybody -- everybody meaning both sides --
18 have agreed to these numbers being the appropriate value.

19 Nonetheless, since they're being divided in half
20 that value is kind of irrelevant to the extent that you know
21 that they're each getting half. But it's not irrelevant for
22 you to understand that you're really dividing up to 30 or \$40
23 million of assets here, not 18 or 20. And that's important
24 because obviously it negates any claim by the wife, no matter

1 how (indiscernible) of the request for alimony.

2 Did want to say that there is -- is a fair amount of
3 conflict between Lynita and her counsel and Mr. Nelson when I
4 came into the case, and it remains. In a nutshell, I would
5 just say the defendant has never made an offer to settle this
6 case.

7 MR. DICKERSON: To which I object. That is
8 absolutely totally wrong.

9 MR. JIMMERSON: I -- I've never seen an offer --

10 MR. DICKERSON: Counsel wasn't -- he was not at any
11 of the mediation sessions. For -- for -- for him to even make
12 that representation --

13 MR. JIMMERSON: Right, I said since I was in the
14 case. First counsel --

15 MR. DICKERSON: For him to even make that
16 representation is (indiscernible - simultaneous speech).

17 MR. JIMMERSON: Yes, sir, you have to listen to what
18 I said. Since I arrived in the case on June 1 --

19 THE COURT: June 1st.

20 MR. JIMMERSON: -- there's not been an offer made to
21 resolve this case.

22 MR. DICKERSON: And what relevance does that have?

23 MR. JIMMERSON: Because --

24 MR. DICKERSON: And why -- I mean, basically it is

1 unethcal for him --

2 MR. JIMMERSON: Because of --

3 MR. DICKERSON: -- to even make that statement.

4 MR. JIMMERSON: -- part of the -- no, hardly
5 unethcal. That -- that's humorous coming from this counsel.

6 THE COURT: I never get into settlement proceeds or
7 discussions, of course, because I leave it to the parties to
8 do that, but you (indiscernible - simultaneous speech).

9 MR. JIMMERSON: What I -- what I -- the -- the
10 necessity of that, therefore, would be I would ask you to have
11 a bit of an open forum as we go through these assets, if we
12 could have a commitment by Wife, for example, that she'd like
13 to have her car. Would she like the house she's living in?
14 Let's get some basic fundamentals covered, and we can get this
15 case done, at -- at least for purposes of your understanding,
16 all these assets within about a three or four hour
17 (indiscernible - simultaneous speech).

18 MR. DICKERSON: Well, Mr. Stephens has been involved
19 for the entire process that we went through at the mediation
20 process, so he has knowledge of what --

21 THE COURT: All right.

22 MR. DICKERSON: -- has happened.

23 THE COURT: Mr. Dickerson, do you want to --

24 MR. DICKERSON: Your Honor, if I may, I'd like to

1 reserve my opening for the start of our case in chief.

2 MR. JIMMERSON: All right. I'd like to call Mr.
3 Nelson to the witness stand, Your Honor?

4 (Counsel and Plaintiff confer)

5 THE COURT: Yeah. And you can move those around so
6 you don't --

7 MR. NELSON: Okay.

8 THE COURT: -- get hurt. There's too many lawyers
9 in this room. There'll be a lawsuit somewhere.

10 MR. NELSON: Break my neck, I won't (indiscernible)
11 today.

12 THE COURT: There'll be a lawsuit somewhere.

13 MR. NELSON: My day in court, Your Honor. I
14 appreciate it. I appreciate your patience.

15 MR. JIMMERSON: Do we have -- do we have a set of
16 these for --

17 MR. DICKERSON: Your Honor, may I request a closed
18 hearing?

19 THE COURT: Okay, do we have any -- do we have
20 witnesses? I'm not sure who's in the courtroom. I see three
21 people. I see three people. I'm not sure if they're
22 witnesses or not witnesses or --

23 MR. JIMMERSON: We have no witnesses here.

24 MR. DICKERSON: I -- I still request a closed

1 hearing, Your Honor.

2 THE COURT: Who's in the courtroom? I don't know --

3 MR. JIMMERSON: Sister to the plaintiff and

4 sister-in-law. I might be confused.

5 MR. NELSON: Mother-in-law.

6 MR. JIMMERSON: Yes, and mother.

7 MR. NELSON: Lynita's, but I -- that's fine, Your

8 Honor. I think it should be closed.

9 MR. JIMMERSON: His mother-in-law.

10 THE COURT: Closed, okay. We'll have it closed.

11 MR. DICKERSON: We would ask that it be closed.

12 Thank you.

13 THE COURT: We'll have the people leave at the
14 request of the parties to have it closed because it does get
15 into some personal financial --

16 MR. NELSON: That's because Erica, you guys.

17 THE COURT: Yeah. I think it's fair for everybody
18 that, I'll have everybody leave, then, on both sides, then to
19 make it fair.

20 MR. NELSON: Whoa, whoa, excuse me. Unless Lynita
21 would like her mother-in-law to stay here, that's fine with
22 me.

23 MR. DICKERSON: No.

24 MR. NELSON: But this is strictly between Lynita and

1 her. I'm open on anything.

2 MR. DICKERSON: Well, we'd like to have closed
3 proceedings, Your Honor.

4 THE COURT: Okay.

5 MR. DICKERSON: Thank you.

6 THE COURT: It'll be closed. We'll ask them
7 (indiscernible) everybody, will everybody leave, then, at the
8 request.

9 (Counsel confer)

10 ERIC L. NELSON

11 called as a witness on his own behalf as the Plaintiff, having
12 been duly sworn, testified as follows:

13 MR. NELSON: Your Honor, also, Lynita has several
14 close friends that are very close to her outside. They're
15 welcome to come in if she wants them to come in for her
16 support.

17 THE COURT: Okay. Okay, I'll leave it up to Mr.
18 Dickerson's --

19 MR. DICKERSON: No thank you, Your Honor.

20 (Pause)

21 THE WITNESS: Thank you.

22 DIRECT EXAMINATION

23 BY MR. JIMMERSON:

24 Q Mr. Nelson, I just want to cover a few basics.

1 Ready?

2 A Yes, sir.

3 Q Okay. Mr. Nelson, please state your name and your
4 residence address for the record, please?

5 A Eric Nelson, do I spell it? E-r-i-c Nelson, N-e-l-
6 s-o-n. Residency at this time 2911 Bella Catherine Circle.

7 Q Las Vegas, Nevada?

8 THE COURT: Mr. Nelson, I'm going to ask you to
9 close anything you have unless counsel is going to refer you
10 to --

11 MR. JIMMERSON: Right.

12 THE COURT: We want you to testify from your own
13 information. If he's going to do foundation, then he'll have
14 you open it exhibit by exhibit, okay? I just want to make
15 sure you're testifying from your own knowledge and as you need
16 documents to -- to refresh memory they'll go to that or
17 exhibits he'll draw your attention to, okay?

18 THE WITNESS: Okay. I apologize. I'm not sure if
19 this is -- if -- if this is -- this is --

20 MR. JIMMERSON: (Indiscernible -- away from mic).

21 THE WITNESS: If I could, please, the, if we could
22 have somewhat of an open forum, Your Honor, a little bit of
23 what I do for a living is bankruptcy negotiations as far as
24 settling cases. This is a trial summary of my notes because I

1 was going to be trying to be as effective as possible to you
2 and tell you what I was going to testify today, what you'd
3 like to hear, what -- all these exhibits are -- are in here,
4 but it's my notes to follow along to get this case moving
5 along. This is not a case about Lynita Nelson being on trial
6 or Eric Nelson. This is a case about my children.

7 My children, for over two years, have suffered and I
8 would -- would prefer to keep that if possible, if you could
9 just glance at it. There's nothing in there except for --

10 THE COURT: Well, why don't you let Mr. Dickerson
11 look at it and see what (indiscernible - simultaneous speech).

12 MR. DICKERSON: Yeah, I -- I'd prefer that he just
13 -- he -- he answer the questions, Your Honor. I'd prefer we
14 do it the traditional way.

15 MR. JIMMERSON: And Your -- and Your Honor --

16 THE COURT: If you want to keep it face down and
17 what you can do --

18 THE WITNESS: If I could please.

19 THE COURT: -- when you take breaks on that, you'll
20 take break with counsel so you can review it during that time
21 just things you missed.

22 THE WITNESS: The -- the reason why it -- is because
23 of the nature of it, it'd be much more effective to settle the
24 case there, and there is no advantage in it, but anyway, with

1 that being said, we're going to turn it down.

2 THE COURT: We'll get -- we're going to take some
3 breaks on --

4 THE WITNESS: Yeah.

5 THE COURT: -- and then during breaks you can go
6 with counsel and then maybe we can --

7 THE WITNESS: And -- and possibly you could revisit
8 that area.

9 THE COURT: Okay.

10 MR. JIMMERSON: All right.

11 BY MR. JIMMERSON:

12 Q Just tell me a little about your background. I mean
13 I -- I told the Court in my opening that you were born -- I
14 guess born and raised here, a graduate from Western High
15 School, so walk me through that briefly.

16 A I was born in Las Vegas in 1959. I'm the youngest
17 of six children born of Carl and Norma Nelson, long-time
18 residents. I'm the, you know, I think I'm the youngest of
19 six.

20 Q Your family are practicing LDS members?

21 A Yes, we are.

22 Q All right. And you have had five children of your
23 marriage?

24 A Yes.

1 Q All right, and two minor children?

2 A Two minors.

3 Q Garrett and Carli?

4 A Yes.

5 Q And Garrett's -- has a birthday in September and
6 Carli has a birthday in October?

7 A Garrett's going to be 16 years of age, Carli will be
8 13 of age. When this started they were 13 and 10.

9 Q Okay. And you went to Western High School?

10 A Yes, I went to Western High School.

11 Q What-- what year -- what year did you graduate?

12 A 1977, Gibson Junior High, Twin Lakes Elementary
13 School.

14 Q Okay. Well, that probably explains a lot of things.

15 A Yeah, Western High -- he's a Western grad, so he's,
16 you know, (indiscernible - simultaneous speech).

17 Q I mentioned that you attended some minimal college.
18 Will you explain that to the Court, please?

19 A Went to UNR for one semester. My desire and love of
20 life was real estate and so I took my real estate courses
21 outside of the UNR classes, became a real estate broker in a
22 short period of time. Also went to BYU Hawaii for a half a
23 semester. Didn't get much schooling done.

24 Q Yeah. So you've been a real estate broker since an

1 early age?

2 A 1980.

3 Q All right. Now did you begin any businesses in the
4 decade that followed?

5 A Before 1980?

6 Q Before 1990, the next -- next 10 years after you got
7 your real estate license what'd you do?

8 A After I got my real estate license, I actually was
9 -- I'll take you from there. In 1979 I actually took my
10 license and in '79 I received my broker/salesman license.
11 After probably four or five years I actually became a broker
12 and had my own company which was called Eric Nelson
13 Auctioneering. I actually started that company, Eric Nelson
14 Auctioneering, all we sell exclusively is real estate. We
15 sold over \$1 billion in real estate. It was a massive amount,
16 the majority of it in Las Vegas, which would deal with
17 bankrupt properties and repos.

18 From there, that's been my primary focus, anything
19 with real estate and a non-performing asset. The hairy it is,
20 the crazier it is, the better I am because I'm at a position
21 to be able to negotiate that, so that's my primary focus is
22 managing all my assets and Lynita's assets so we manage our
23 community assets, and that's where our primary revenue is
24 driven.

1 Q Okay. And have you worked in conjunction with your
2 brothers and sisters?

3 A All my life.

4 Q And would you explain who they are, their names,
5 please?

6 A Alita Nelson is my oldest sister. She went to
7 Western High School, but she is the president of Eric Nelson
8 Auctioneering. Since then I've taken her and she's basically
9 is retired. She does have a company called Nelson
10 Auctioneering. She is a salesman. I -- I'm sorry, do you
11 want me to list them all?

12 Q Please.

13 A And then --

14 Q Because the Judge is going to hear these names as we
15 go along.

16 A Yeah. And so we've been close working for many,
17 many years in the auction real estate field. That's her
18 primary area.

19 Q Okay.

20 A My brother, Paul, is in the general contracting
21 business. He's basically retired with the exception he does a
22 lot of work with me from many years in his construction. When
23 I was working real estate I'd work construction. I could cut
24 mud, could -- we had -- he had -- him and Clarence had a

1 concrete company and I'd cut mud to supplement my income as a
2 realtor because I didn't make much money, one year \$10,000 for
3 -- to support me and Lynita.

4 So we worked from there. We've worked on fixing up
5 homes. He is absolutely a brilliant individual that has done
6 major projects, the Fitzgerald's in Mississippi, which you
7 will hear, Your Honor, was our site person for Jerry Turk and
8 Phil Griffith, my partners on that project.

9 Q Those are the same owners of Fitzgerald's here in
10 Las Vegas, right?

11 A Yes.

12 Q Okay, go ahead.

13 A They were the primary owners there at the time.
14 Then we -- my brother, Cal, extremely talented, same thing.
15 You give him a project, and I'll refresh you with the Las
16 Vegas Casino, but we've worked on homes and houses. He does
17 all the repair work, sets everything up. Both of them are
18 extremely -- all my family has always been extremely close,
19 extremely honest. We grew up in a thousand square foot
20 three-bedroom house, three boys, three girls, so we were
21 literally close, and he's the extremely talented individual
22 that built the Las Vegas Casino, has had -- they all have had
23 their own businesses too, but we've been jointly doing
24 businesses for many years. My sister --

1 Q And Cal goes by the name of Clarence, right?

2 A Clarence, but he goes by Cal.

3 Q Okay, and keep going. Fourth, please?

4 A Carlene, she was one of my partners at Eric Nelson
5 Auctioneering. She's since retired and moved to Mexico.

6 She's extremely talented individuals. Your Honor, we have a
7 dog and pony show for you here to move this together very
8 quickly.

9 Q Okay.

10 A This is very much like what we do in the auction
11 world, what I do for the FDIC, what I do for bankruptcy court
12 to settle estates in a short period of time.

13 Q Okay, and if --

14 A If we have a party that will negotiate with us.

15 Q And your fifth --

16 A And Carlene, well, she was very involved, excuse me.

17 Q Okay, got Carlene.

18 A Then Nola was the same. She was more my kid sister.
19 She worked in the auction company. She has worked with me on
20 special projects. They have all worked with me in my auction
21 company on set-up along with Lynita. We'd all be a family
22 auction company and we were very successful and sold, you
23 know, way over a billion dollars worth of assets throughout
24 the country.

1 Q All right. And you married Lynita in 1983?

2 A Love of my life, 1980. We actually met while I was
3 filing Eric Nelson Auctioneering at the courthouse. She was a
4 good -- she was a friend of -- of my best friend and we dated,
5 had a lot in common. We married. We have had a fantastic
6 love affair and a fantastic family and we've lived basically
7 in the same home all our time, a beautiful home on an acre
8 with a tennis court, swimming pool, guest house, eleven-car
9 garage, and section 10. We've been very stable for those
10 years.

11 Q That's the home --

12 A Just so you're aware --

13 Q Is that the home on Palmyra?

14 A Yes.

15 Q All right.

16 A I still have great fond feelings of Lynita which of
17 course you can tell I do not like her counsel whatever, but
18 Lynita is the mother of my five children and that is far more
19 important, and I want to stress this again. Your Honor, I
20 need to resolve this for my children. This is a case about
21 these children here. I'm going to yell and jump and she's
22 drowning in this situation here with Mr. Dickerson. I'm going
23 to yell as loud as I can. I need someone to help split this
24 up one way or the other. This is a simple case. All these

1 assets are free and clear. Sorry, I got drifting.

2 Q Okay. And that's one of the points that is so
3 unusual for this Judge. All of these assets, with maybe one
4 or two exceptions, are all free and clear.

5 A That is correct. This is as easy as pumpkin pie,
6 and Mr. Gaston had it done in four hours.

7 Q Okay. You lived in a three-bedroom one and
8 three-quarter bath home in Twin Lakes?

9 A Yes, sir.

10 Q And then when you got married?

11 A Well, when we got married, we moved into Dayton
12 Circle, 6108 Dayton Circle, and we lived in the basement of a
13 400 square foot house that I own and the people above actually
14 paid the rent for me and Lynita but we owned it. From there
15 we moved out to 5285 Riley, which is on two and a half acres
16 and it was a house with no air conditioning. I loved it. It
17 had a swamp cooler. It was out in the boonies, but the most
18 important thing was I traded three properties, Your Honor, and
19 had a house free and clear for me and Lynita. She was
20 terrified at it, but we had a great time out there.
21 Immediately after that we moved into a condo while we built
22 our dream home.

23 Q Okay. And then the address of Palmyra is what,
24 please?

1 A 7065 Palmyra.

2 Q All right. Now the history of your divorce is -- I
3 just want to have the testimony to back up my opening
4 statement. You're married approximately 24, 25 years --

5 A Yes, sir.

6 Q -- until the summer of 2008 --

7 A Yes, sir.

8 Q -- when there is a -- a -- a -- a difference between
9 you and your wife and you move away; is that right?

10 A Yes.

11 Q And you moved away when, please?

12 A Well, we've had, you know, we had been in counseling
13 for four or five years. I wasn't even aware when we went to
14 the counseling at one stage that we were entertaining divorce.
15 I thought it was just a general course, in my opinion --

16 MR. DICKERSON: It's non-responsive, Your Honor.

17 THE WITNESS: Excuse me?

18 THE COURT: Well --

19 MR. DICKERSON: The question was when did you
20 separate.

21 THE WITNESS: And so anyway, so I would say
22 approximately -- I'd been in and out of the house, so it -- so
23 it's difficult, but in 1908 (sic) --

24 BY MR. JIMMERSON:

1 Q You mean 2008?

2 A -- the summer of '08 I officially moved out a
3 hundred percent.

4 Q I know you don't mean 1908.

5 A I mean --

6 Q Do you mean 2008?

7 A 2008. It -- it feels that long, Your Honor. I like
8 my old life. I like my old life. I miss it.

9 Q And prior to September of 2008 were you in
10 counseling with your wife for approximately four or five
11 years?

12 A Yes, sir.

13 Q And it didn't work out?

14 A Apparently it did not work out.

15 Q All right. But the point being that Lynita asked
16 you to leave the residence, correct?

17 A Yes, sir.

18 Q Okay. And where did you move to when you moved out
19 of the Palmyra residence?

20 A We were dealing with issues and -- and because of
21 our resources, Lynita had found a house that she wanted to
22 feel comforted that she had a backup house, 2721 Harvard
23 Hills. We had that house since November of '07, I believe,
24 when we closed on it, so I assisted buying the property. It

1 was in her name and it was vacant for a period of time while
2 we tried to see if we could work anything out and it didn't
3 work and so I -- I pleaded with her to stay in the Palmyra
4 house because that's where our children were from, they're
5 more comfortable, and I -- me and the dogs went to the dog
6 house, I called it.

7 Q All right. And so the Court understands, the
8 Palmyra residence was purchased when, please?

9 A Oh, we built it when Amanda was a baby, so we built
10 it on a one acre. I apologize. We were only from -- a year
11 from our -- maybe a year and a half from our marriage, so
12 '84/'85.

13 Q Okay. So you've lived in the home --

14 A '85, since 1985.

15 Q -- for 25 years?

16 A Yes, sir.

17 Q Okay. That's what I wanted to know so the Court
18 knows, and you lived in the home for 23 of the 25 years, until
19 the fall of 2008?

20 A Yes, sir.

21 Q All right. And you also indicated that as you're
22 going through these marital difficulties, one of the issues or
23 concerns that Lynita had was to buy the Harbor Hills
24 residence; is that right?

1 A That's correct, sir.

2 Q Okay. And so you bought the home in November of
3 2007?

4 A Yes. Now that --

5 Q Okay.

6 A -- that home was bought in her name, and I think I
7 need to elaborate on that. In '08 when it was apparent that I
8 was moving into it, it became very difficult for the children,
9 and we had tried to -- took several large trips together --

10 MR. DICKERSON: Objection, Judge; there's no
11 question pending.

12 THE WITNESS: -- and involved in --

13 MR. JIMMERSON: Okay. I --

14 THE WITNESS: -- in that title, though, Your
15 Honor --

16 MR. DICKERSON: Objection, Your Honor.

17 MR. JIMMERSON: I can structure that. I can --
18 please, Eric?

19 THE WITNESS: I'm sorry.

20 THE COURT: Sustained.

21 MR. JIMMERSON: Give me a chance. You're doing
22 fine, all right?

23 BY MR. JIMMERSON:

24 Q As you were separating with your wife and as divorce

1 became more imminent, she's making more and more demands that
2 you move out did you make --

3 MR. DICKERSON: Objection to the leading nature of
4 the question, Your Honor.

5 BY MR. JIMMERSON:

6 Q -- did you make arrangements as to how you were
7 going to share the Palmyra residence?

8 A Yes, sir.

9 Q What would you tell the Court about that.

10 A She would take possession of the Palmyra residence
11 and that would be her and the children's primary base and
12 since I was in the Harbor Hills house, which was more up in
13 the air, I would be up there.

14 Q Okay. Was there some conversation about each party
15 moving out, leaving the children in Palmyra, and then you
16 would come into Palmyra for a period of time and wife --

17 MR. DICKERSON: Object --

18 BY MR. JIMMERSON:

19 Q -- would (indiscernible - simultaneous speech)?

20 MR. DICKERSON: Object to the leading nature of the
21 question, Your Honor.

22 THE COURT: Can you rephrase the question. Did you
23 have an agreement --

24 BY MR. JIMMERSON:

1 Q What conversations, if any, did you have about
2 having the children stay in Palmyra and each one of you moving
3 in and out of Palmyra?

4 A Well, it was -- the discussion was basically,
5 Lynita, I want you to stay here with the children because I
6 thought it was very important. She liked the other house
7 because it was very simple, very easy. In doing so, the
8 conversation was for -- that she agreed that she would stay
9 there with the children.

10 Q Okay. So you moved into the Harbor House residence?

11 A Yes, sir.

12 Q Okay. Now more recently, just in the last, I think,
13 30 or 45 days, you moved into your current residence that you
14 announced in your first answer to my question of stating your
15 name and residence, 2911 Bella Catherine Circle?

16 A Yes, sir.

17 Q All right. And so you live at that residence and
18 what is the status of 2721 Harbor Hills that you moved away
19 from?

20 A Well, my understanding was Lynita wants that house,
21 so we are -- we're in -- we're preparing it as any home we
22 would that she can or I can lease the property depending on
23 the outcome of this.

24 Q Okay.

1 A And so it's being repaired right now.

2 Q All right.

3 MR. JIMMERSON: So, Judge, if we could focus just
4 for a moment on Court Option A and B. They're identical
5 except for the two items 8 and 9, we'll take a look at number
6 1, 7065 Palmyra, okay? Now, one of the things that exhibit,
7 Your Honor, it's -- I call it Court Option A. It's been
8 marked Court Option A, is -- it's called LSN Trust.

9 BY MR. JIMMERSON:

10 Q So we haven't talked about your trust or her trust,
11 so let's talk about briefly what is the LSN Trust which is
12 Lynita Nelson Trust?

13 A There are basically two trusts. However, there are
14 three trusts, Your Honor. And if -- can I elaborate a little
15 bit or would, you know, and -- and I think you'd get a greater
16 sense, Your Honor, of where we're at with this because these
17 are very simple assets to split up. If we could ask Lynita
18 and Bob conversations back and forth --

19 Q Well get there. We'll get there.

20 A Okay. All right.

21 Q I just asked you, please, tell the Court about the
22 trusts --

23 A LSN Trust --

24 Q -- how they came about.

1 A -- was designed and set up and my trust, EN Trust,
2 or Eric Nelson's Trust was for asset protection purposes.

3 Q Okay.

4 A In the event that something happened to me, I didn't
5 have to carry life insurance. I would put safe assets into
6 her property in her assets for her and the kids. My assets
7 were much more volatile, much more -- I would say daring;
8 casino properties, zoning properties, partners properties, so
9 we maintained this and these -- all these trusts were designed
10 and set up by Jeff Burr. Jeff Burr is an excellent attorney
11 and so I felt comfortable. This protected Lynita and her
12 children and it gave me the flexibility because I do a lot of
13 tax scenarios, to protect her and the kids and me and we could
14 level off yearly by putting assets in her trust or my trust
15 depending on the transaction and protect -- the basic bottom
16 line is to protect her.

17 Q Okay. And would you describe the Palmyra residence?
18 How many --

19 A The Palmyra residence --

20 Q -- square feet?

21 A -- is approximately -- we have boards on that. Can
22 we use a reference board? You've submitted it for --

23 Q Yeah, let's do that. The -- is that board 1?

24 JOHANA: Uh-huh.

1 THE WITNESS: Palmyra is a beautiful home. I'm not
2 sure if we can give the Judge pictures. A pictures says a
3 thousand words, but --

4 BY MR. JIMMERSON:

5 Q Well --

6 A -- believe me, Your Honor, I have 5,000 words on
7 everything.

8 Q I think you're underestimating yourself.

9 A But I have a hard time speaking English and I have a
10 hard time hearing. That's why I can do numbers.

11 (Counsel confers)

12 MR. DICKERSON: Your Honor, before we get into the
13 exhibit, may we have the laying of a foundation, please?

14 MR. JIMMERSON: Of course.

15 THE WITNESS: And maybe you need to just go through
16 all the assets, recap them, and then come back to the
17 individual assets on values.

18 MR. JIMMERSON: All right. We can do that. That'll
19 be fine.

20 THE WITNESS: And not do a -- a -- a cost analysis
21 on any of them.

22 (Counsel confers)

23 BY MR. JIMMERSON:

24 Q Then, so as we look at the --

1 A Do you want me to explain this sheet, Jim? You gave
2 it to me. I'm happy to explain it.

3 Q I don't know. I want to go -- yeah, we'll go over
4 that now, but --

5 A Okay.

6 Q -- if you look at this sheet, this is a list of
7 assets and liabilities of you and Lynita, correct?

8 A Yes --

9 MR. DICKERSON: Which one are you --

10 THE WITNESS: Yes, sir.

11 MR. DICKERSON: Which one are we looking at right
12 now, sir?

13 MR. JIMMERSON: A. A.

14 THE WITNESS: This is a --

15 MR. DICKERSON: And that's Exhibit what?

16 MR. JIMMERSON: Court Option A.

17 THE WITNESS: This is what I've designed since --

18 MR. JIMMERSON: How it's been called, Court Option
19 A.

20 MR. DICKERSON: Oh, it's not an exhibit?

21 MR. JIMMERSON: It is. It's marked as Exhibit Court
22 Option A and Court Option B.

23 THE WITNESS: Your Honor, what this is, is I've
24 designed this because --

1 THE COURT: So that's 1A?

2 THE WITNESS: -- this is basically a way I felt to
3 -- to easily explain the assets, to simplify it for Joe, Bob
4 and Melissa, Mr. Gaston, anyone else that'd look at our
5 estate, and so I listed the property -- you'll see that these
6 properties are designated in somebody's trust; LSN Trust or
7 Eric's Trust. The majority of them if it's a sub-company it's
8 going to flow up to my trust by design.

9 Then you're going to have who we anticipate wanted
10 these properties was Lynita had indicated at one time number 1
11 and 2. She wanted both of them, so it was -- it was I wanted
12 3 and 4; that's where me and the kids are living now.

13 MR. DICKERSON: Which -- I -- I'm going to object,
14 Judge, to any testimony as to respect to who wants what.

15 THE WITNESS: Okay.

16 MR. DICKERSON: I mean, it would be getting into
17 discussions. I mean, he can testify as to what the assets are
18 and what he believes the value is and he should be -- they
19 should lay a --

20 THE WITNESS: Very good.

21 MR. DICKERSON: -- foundation for that.

22 THE COURT: Think of it as a proposal instead of --

23 THE WITNESS: This was just --

24 THE COURT: -- who want anything, and it's his

1 proposal.

2 MR. JIMMERSON: I have -- I have one objection to
3 that. When are we going to hear from Mrs. Nelson, other than
4 the deposition I took, as to what assets she wants or how
5 they're going to be divided? It'd be a lot easier, Judge, if
6 you would direct Mr. Dickerson to ask the defendant does she
7 have a particular position as we go along. That way we could
8 do an update at lunch or we could do an update overnight so
9 that we would have an understanding of how these are going to
10 be divided. I'm confident that you're going to hear that the
11 vast majority of these can be sold and divided, and I'm
12 confident that she's going to tell you she wants Palmyra and
13 -- and Harbor Hills, because that's what she said in her
14 deposition.

15 MR. DICKERSON: The problem we have with both those
16 assets is that we're both over-valued.

17 MR. JIMMERSON: Well, we're not talking about
18 values. We're talking --

19 THE WITNESS: Your Honor, forgetting --

20 MR. JIMMERSON: -- who is getting what. The --

21 THE WITNESS: Forget the values.

22 MR. DICKERSON: They're both over-valued.

23 MR. JIMMERSON: -- Court can make decisions on
24 values.

1 THE COURT: Well -- well then why don't we get his
2 -- why don't we get his testimony.

3 MR. DICKERSON: I mean he wants -- he wants her to
4 take it at 910,000? No way.

5 THE WITNESS: No, no, no. That --

6 THE COURT: Why don't we -- why don't we get his
7 testimony. What I intend to do is then meet with everybody,
8 try to clarify exactly what the issues are; is it the
9 allocations issues or it's the value given to them so I can
10 try to narrow down what the real issues are. Is it that she
11 wants those two residences.

12 MR. JIMMERSON: I mean, we don't have --

13 THE COURT: If she thinks they're undervalued, then
14 we can see what the value is just to see what the agreement on
15 so we can kind of narrow the issues to the -- to the parties
16 on --

17 MR. JIMMERSON: Well, that's needed. That -- that's
18 (indiscernible - simultaneous speech)--

19 MR. DICKERSON: Your Honor, so you're aware, we
20 believe the value of Palmyra is in the neighborhood of around
21 438 to 440,000. So our issue that we have is we certainly
22 have no problem with putting the house up for sale, seeing
23 what it gets, and giving either of them the first right of
24 refusal. She'd love to live in the home, but not buying it at

1 \$910,000.

2 THE WITNESS: Your Honor, if I may?

3 THE COURT: Well, so the issue is to value --

4 THE WITNESS: Let me --

5 THE COURT: -- of some of --

6 MR. DICKERSON: Yes.

7 THE COURT: I'll let --

8 THE WITNESS: That -- and that's fine.

9 THE COURT: I'll let Mr. Jimmerson kind of --

10 MR. JIMMERSON: Right.

11 THE COURT: -- take him through that because that
12 gives me -- you gave two potential options on that, and we
13 kind of have Mr. Jimmerson take you through those options and
14 we can --

15 MR. DICKERSON: That'll be fine.

16 THE COURT: -- I intended to meet with both counsel
17 when we have a break on it and exactly try to clarify somewhat
18 the issues are. Is it the allocation or is it the value given
19 to that allocation so I can kind of start narrowing down what
20 the real issues are.

21 THE WITNESS: Your Honor, and I appreciate that, if
22 I could finish my question exactly what this is.

23 THE COURT: Well, when Mr. Jimmerson --

24 MR. JIMMERSON: All right.

1 BY MR. JIMMERSON:

2 Q (Indiscernible).

3 A Okay, so, Your Honor, so I prepared this document to
4 allow us to anticipate who wanted some of the assets. It is
5 so important that I get divorced that I'm willing to split
6 every asset 50/50. I want you to make that very clear. Now
7 some assets aren't wise. It would be wise for her to take the
8 Palmyra at a fair value, me, at my fair value.

9 And so what I did was design this sheet here for
10 your convenience, and it looks long, but it's not. For
11 instance, if you get into the cash and investment, she takes
12 all her account, I take all mine, it's done. We're done if we
13 agree to that. Her cars, if she wants her car, it's done. I
14 want my two car, it's done. We can get to -- the values mean
15 nothing to me. I move units where people move cash. This is
16 all I do for a living is manage my assets. This is a
17 worksheet that I've had since 2008.

18 So these -- so anyway, so we can -- if she'll
19 indicate that she'd like that, that gives me the opportunity
20 -- it comes down to two areas and the whole thing's done; what
21 we do with Las -- with the Mississippi properties; either she
22 takes it all, I take it all, or we split it 50/50. There are
23 only three options. And the other one will be Russell Road.
24 Once we do those two items, Your Honor, I can assist you and

1 Bob and Jim in fixing this for Lynita and it's done. We
2 should do this in four hours.

3 Just a little history, if I may be open. I was in
4 the -- in court in 1998 in front of Judge Jones. I was doing
5 the Jockey Club deal and a bankruptcy. In 30 days I solved
6 the whole bankruptcy deal and he said "Eric, that's the
7 fastest bankruptcy of all time on a strip property." So if I
8 can't figure out these assets that are all free and clear with
9 the exception of Mississippi, I -- I got to get out of court.
10 But I got to have an answer do you at least want a car? Seven
11 hundred and four days, Your Honor, he's been hired. He has
12 never been come to the court.

13 THE COURT: Counsel, we got to get to -- why don't
14 you follow up, Mr. Jimmerson --

15 MR. JIMMERSON: All right. Thank you.

16 THE WITNESS: I'm sorry.

17 MR. JIMMERSON: That's no problem.

18 BY MR. JIMMERSON:

19 Q So there are three residences and the fourth is the
20 land underneath the Bella Catherine residence?

21 A That's correct.

22 Q Okay. And as you anticipate it now, okay, again,
23 we're not talking values, what you've been told in the
24 deposition of Lynita Nelson was that she wanted Palmyra and

1 Harbor Hills?

2 A That's correct.

3 Q And that's what she's told you personally?

4 A That's correct.

5 Q All right. You would take the house that you've
6 completed building, right?

7 A Yes, I'm working on that. Those are base numbers,
8 Your Honor, and actually real dollars into those areas there.

9 Q The actual value of Bella Catherine might actually
10 be less than the --

11 A That -- that's --

12 Q -- cash involved.

13 A -- if we're going to go to Zillow we could get
14 there.

15 MR. DICKERSON: Object to the leading nature of the
16 question, Your Honor.

17 THE COURT: Sustained.

18 THE WITNESS: All right. Let's -- let's move on.

19 MR. JIMMERSON: All right.

20 BY MR. JIMMERSON:

21 Q What is item number 5, Arizona 31 Gateway lots?

22 A These were lots at -- one-acre lots kind of by -- on
23 the other side of Hoover Dam. We bought them. We placed half
24 of them in Lynita's name, half in my name. They were designed

1 to sell for investment properties.

2 Q Okay.

3 A They're all free and clear.

4 Q All right. And they're owned how? By the LSN Trust
5 and the --

6 A Half LSN --

7 Q -- EN Trust?

8 A -- basically, half Eric Nelson's trust.

9 Q Very good. Okay. And then there is a house that's
10 lived in by Lynita's sister, Thelma?

11 A Thelma Slaughter.

12 Q 5913 Pebble Beach?

13 A Yes, that's Lynita's sister. She -- she's in need
14 and we have assisted her and I have just recently paid her
15 health insurance. I pay her -- assist all of her children in
16 college to some degree.

17 Q So what's been --

18 A And --

19 Q -- what's been proposed by you here is you take the
20 house at zero value --

21 A She can have it. She prefers I assist and manage
22 it, so I've been holding it in Lynita's trust to protect her
23 sister. We paid it off because she's divorced. She had seven
24 kids. She's down to three in the house.

1 Q Okay. But under this proposal, under both
2 proposals, Pebble Beach would be awarded to you and you would
3 continue your support of Thelma?

4 A That's correct.

5 Q All right. And --

6 A But that's Lynita's option, completely, and we'll
7 sell it if she wants.

8 Q And then there's Mississippi, of which is quite a
9 bit involved. I'm going to pass over that, but Court
10 understands that involves a -- an interest in an entity that
11 operates a casino in --

12 MR. DICKERSON: Judge, I want to object to the
13 leading nature of the question, Judge --

14 MR. JIMMERSON: -- with -- may -- may I --

15 MR. DICKERSON: -- because what they want to do is
16 they want to take -- there -- there are numerous assets in
17 Mississippi and what this gentleman wants to do is he wants to
18 take all of them and lump them in as one. They're separate
19 assets, so why don't we go through the separate assets?

20 THE COURT: (Indiscernible - simultaneous speech).

21 MR. JIMMERSON: We are. I -- I just --

22 THE COURT: Let's see --

23 MR. DICKERSON: Well then I --

24 THE COURT: This is --

1 MR. DICKERSON: -- that's not -- then I'm objecting
2 to the leading nature --

3 THE COURT: -- (indiscernible - simultaneous speech)
4 and so that maybe --

5 MR. JIMMERSON: Correct. There's a -- there's a --

6 THE COURT: -- break it down (indiscernible).

7 MR. JIMMERSON: There's a casino there, Judge.
8 There's approximately 200 acres --

9 THE COURT: And --

10 THE WITNESS: If I could --

11 MR. JIMMERSON: Okay.

12 THE WITNESS: If I could explain what that
13 asset's --

14 MR. JIMMERSON: No. No.

15 THE WITNESS: -- okay, I thought you wanted me to.

16 THE COURT: Looks like those are the two big --

17 MR. JIMMERSON: We -- we -- we'll go over that.

18 THE COURT: -- Mississippi. We need to break that
19 down.

20 MR. JIMMERSON: And then Russell Road is a building
21 in which the church is a tenant.

22 THE WITNESS: That's correct.

23 MR. JIMMERSON: Presently. Okay. We'll go over the
24 history of that, okay? And that has --

1 THE WITNESS: The only thing you should net -- I
2 mean, note, is number 8 is the only asset on from 1 through 12
3 that is highly encumbered more than the value of the asset.

4 BY MR. JIMMERSON:

5 Q Right.

6 A That's number 8.

7 Q Okay. And Russell Road is free and clear?

8 A And the other thing to note is 8 and 12 are only
9 percentages where we owned a percentage. Everything else we
10 own free and clear a hundred percent between me and Lynita.

11 Q But Mississippi is not something you own free and
12 clear, and it's not something that you own a hundred percent
13 of?

14 A Yeah, we have 60 owners in it, that's correct.

15 Q Okay, 60 owners. All right.

16 A Plus.

17 Q All right. Now there is real estate in Las Vegas
18 and in Arizona under the ownership name of Ban One; is that
19 right?

20 A Yeah, that -- that is a holding company. What I do,
21 Your Honor, is I buy properties -- they're not businesses. We
22 hold properties in holding companies and then we -- we're a
23 little different on the way this capital is distributed. All
24 cash flow goes to pay debt and repairs and we use our assets

1 that I sell or savings to -- to produce our revenue, and then
2 we can do our fruits of labor, which has changed since March.

3 Q Okay.

4 A But they're all free and clear.

5 Q And these values are 594,000 and 665,000
6 respectively are cost numbers?

7 A These are cost-based, yes, sir.

8 Q All right. Their fair market value would be in
9 excess of these numbers?

10 A They could be a little more. Because of the
11 recession we bought some of these properties. We do it in a
12 flow. You buy some high, some low. We put them in a grouping
13 there. I have prepared an A and B list and I've listed them 1
14 through 10, 1 to 40, take either 20 properties or 10
15 properties. There -- I tried to name them so it'd be as fair
16 as I can to Lynita if she wants real estate and I don't get
17 something else.

18 Q All right. Okay. And then Grotta is what, please?

19 A Grotta is the family --

20 Q We're going to come back to this in more detail. I
21 just want to him an overview.

22 A Yes, sir. Grotta is a family partnership. Because
23 of Lynita's, in my opinion, her paranoia, she wanted to be
24 involved in the company. I have five other brothers and

1 sisters. I put Lynita in that partnership, Grotta, which is
2 my mother's maiden name, and we had bought properties jointly
3 on West Flamingo. Now, they've invested in Mississippi. The
4 casino they invested in. This was their way of all
5 participating in it and I -- and I thought that was a nice
6 thing and a nice gesture.

7 Q All right.

8 A But it is part -- all the assets now really do flow
9 into Mississippi.

10 Q Okay. And then --

11 A Which is minimal.

12 Q Okay. Then items, please, 13 through 16, and
13 there's one 13 and there's four 14s, one 15 and three 16s are
14 accounts controlled exclusively by Lynita; is that right?

15 A Yeah, up to, yeah, 14 through 16 and also her -- we
16 do file separate taxes, and that would be number 83. The tax
17 refund would be Lynita. Her cash is her cash, and then the
18 bottom one from 17 to 28 will be mine. So those accounts are
19 fully in control of Lynita or fully in control of me, Your
20 Honor.

21 Q All right. And then there is -- there is an IRS
22 liability for number -- item 28 of \$154,000?

23 A Yes, that is a joint liability due to the Silver
24 Slipper -- we have a partnership dispute there. They reported

1 incorrectly to the IRS some information. You'll hear that
2 testimony from Dan Garrity. With that being said, it is on a
3 joint return because our separate trust that started in 2007,
4 2006, I believe, I'm not quite sure, filing tax return for
5 safety purposes, our --

6 Q And this has been --

7 A -- we would be defending that.

8 Q -- assessed against the community?

9 A Yes, sir.

10 Q And you are -- you've told us all that you're
11 seeking to challenge that in tax court; is that correct?

12 A Well, because of the nature of that it could lead to
13 other problems in the future with the Silver Slipper.

14 Q All right.

15 A It was engaged specifically on reports that came
16 from the Silver Slipper to the IRS which were false.

17 Q For your tax return -- joint tax return --

18 A Yes.

19 Q -- 2005?

20 A But -- but --

21 Q All right.

22 A -- we're still -- with the IRS we still -- we -- we
23 owe them 154,000, bottom line.

24 Q 29 and 30 Grizzly liability is a negative 65,000;

1 what's that about?

2 A Those are two judgments against me personally.

3 Q Okay. And then there are cars, Eric Nelson car and
4 Garrett Nelson car -- Erica Nelson car, excuse me, and Garrett
5 Nelson car?

6 A Yeah, these are two things. Erica, when she
7 graduated from high school, I promised her a new car as we do
8 with all our children. She foregoed (sic) it because she
9 wanted to save it for a later year. It's a 30,000 liability
10 for both of us that we promised her.

11 Q Okay.

12 A Garrett is turning 16. We always buy the kids
13 approximately a twenty-thousand-dollar car, so I listed that
14 as a liability.

15 Q Okay. And Hideaway, which is in yellow --

16 MR. JIMMERSON: And the reason they're in yellow is
17 all the yellows relate to Mississippi, Your Honor.

18 BY MR. JIMMERSON:

19 Q So what is Hideaway 33?

20 A That is a proposed casino project that we've spent
21 approximately \$3 million in, that we borrowed \$3 million.
22 It's gone. We have a demand statement for four million. I
23 believe there's no personal guarantees on that; however, it's
24 been contentious. Needless to say, the money -- the man wants

1 his money back and he's saying that he may try to pierce the
2 deal. He has rejected that property in taking it back and so
3 it's -- it's a liability.

4 Q Okay.

5 A I mean, the -- we can't get hotel financing, we
6 can't get anything, especially in a divorce.

7 Q And the 300,000 was estimated to do what? It was
8 300,000, four million --

9 A Three hundred to defend a lawsuit.

10 Q -- on the low side is the attorney's fees?

11 A Yeah. Yeah, four million he wins, 300,000 that's
12 what it'll cost me to defend the lawsuit.

13 Q All right. And Silver Slipper, liability of part of
14 number 8, negative 300,000; what's that about?

15 A That is -- that's going to be because we're going
16 to, as testimony will show by Paul Alanis that we did their
17 deposition that we're probably heading toward a bankruptcy
18 scenario. It is a partnership dispute. It is a hostile
19 atmosphere and that atmosphere between me and my partners and
20 the lenders, all of us fighting, is approximately 300 for
21 legal fees.

22 Q All right. Then social -- Silver Slipper tax is
23 unknown?

24 A Unknown.

1 Q Okay.

2 A It's -- there's phantom income, I believe, that
3 could possibly hit us with that property.

4 Q Okay. And --

5 A If it -- if it goes into bankruptcy, where we're
6 an --

7 Q And then Mississippi on the bottom (indiscernible -
8 simultaneous speech) --

9 MR. DICKERSON: Objection, Your Honor; speculation.

10 THE WITNESS: Speculating, yes.

11 THE COURT: Okay. Sustained.

12 MR. JIMMERSON: That's why I said no.

13 BY MR. JIMMERSON:

14 Q And Mississippi Environmental? The negative
15 300,000?

16 A We'll get in more detail on that.

17 Q Okay.

18 A The Silver Slipper took property that -- what is --
19 that is in that 200 acre, Your Honor, and they did work on it
20 to take property to swap it back and forth. The Department of
21 Marine Resources is requiring them to fix all this property.
22 Unfortunately, all the property I gave them is part of the
23 Silver Slipper deal. That's why it all ties together with the
24 liability down there.

1 Q Okay. And then there's a Maness lawsuit,
2 Mississippi?

3 A Maness lawsuit, we have -- because of Mr.
4 Dickerson's refusal to deliver titles that go 50/50 into what
5 Jeff Burr had prepared, we are in a Maness -- and -- and the
6 Maness lawsuit is a slander title issue that we have -- we
7 accidentally encumbered his property with a title issue. It's
8 in, you know, we don't know. I think I can win the case. If
9 we lose, we lose three, four million dollars.

10 Q Okay. On the next page you have automobiles owned
11 by the parties?

12 A We had Chris Stromberg's school.

13 Q Oh, yes, I'm sorry.

14 A That is my son-in-law. As far as I could go I
15 wanted the kids not to go into debt so I paid his first year
16 of college. I paid his second year of college. Me and Lynita
17 did. We agreed to do this. And with that, I put it down as a
18 liability because we still have one or two more years to go.

19 Q And then we'll talk later about 41 and 42, the Soris
20 contingent liability and the Paul Nelson liability.

21 A Okay, yeah, that's just --

22 Q And you have automobiles at the top of the next
23 page?

24 A If I can, the majority of this stuff just goes away,

1 if she takes it all or I take it all or if we split it, it
2 doesn't matter. It's done. And so that -- we're -- we could
3 waste a lot of time and worrying all about it, but at some
4 point if somebody tells me what they want, I can work around
5 the issues, Your Honor. They're all free and clear.

6 Q Okay.

7 A Except for Mississippi.

8 Q All right, well, we're going over the liabilities.

9 A Okay, I'm sorry.

10 Q All right, no problem. The liabilities are not free
11 and clear, that's why I have to go -- spend some time with
12 them. You have the cars, which we understand, and do Blue
13 Book. And then --

14 A And my understanding is she may have sold her car.
15 I don't know. The kids told me that, so that would be zero.
16 I don't know what she did with the money, which I don't, you
17 know, think --

18 Q Yeah, we'll find out.

19 A But I'm -- I'm happy to take my vehicles. If -- if
20 Bob would say I could take my vehicles, then we can put that
21 down as Eric and we'll have got something done that we haven't
22 done in 700 days.

23 Q All right, so the 2008 Escalade is the car you
24 drive?

1 A Yes.

2 Q And the three-year-old or four-year-old Mercedes
3 is --

4 A That's mine too, yes.

5 Q That's yours too, okay, so you asked to be awarded
6 those two automobiles?

7 A I don't have to. We can sell them. I mean, if
8 we're forced to.

9 Q All right.

10 A But I'm willing to take them for -- until we
11 (indiscernible - simultaneous speech).

12 Q I'm confident the Court is not going to require the
13 parties to sell their cars.

14 A But, if it's okay, I -- still, it's my children,
15 Your Honor, and this needs to be resolved. So I'm going to
16 work as hard as I can to resolve this in a fashion that -- and
17 I'll still take care of and assist Lynita in the future,
18 because she is the mother of my children.

19 Q Okay. Let's go over items 50 through 56.

20 A Those are --

21 Q These are seven properties that can be sold and
22 split in half, right?

23 MR. DICKERSON: Which ones are you on, Jim, I'm
24 sorry?

1 THE WITNESS: Those --

2 MR. JIMMERSON: Fifty through 56.

3 THE WITNESS: Fifty to 56 are properties that are --

4 MR. JIMMERSON: Below the cars.

5 THE WITNESS: They're actually held in Ban One, but
6 they're all free and clear. To free up some capital, now,
7 either one party could take it, I could take it, or we could
8 sell it, and they're all free and clear to add more cash to
9 either one, if necessary. So we've separated these. Now,
10 Lynita has indicated that she may want some of them. That's
11 fine. They all are -- have the potential to have rent income,
12 but they all are rented right now with the exception of 54,
13 which is my daughter's house. She's going to college and so I
14 pay for her utilities and everything else on --

15 BY MR. JIMMERSON:

16 Q Okay. Which daughter has Rusty Ridge?

17 A Erica. She's 20 years old.

18 Q And she's not -- the parents -- you and your wife
19 are not making her pay rent right now?

20 A No, not yet.

21 Q Okay. Fair enough. But the point is, the others
22 are receiving some rental. Okay. Now, there's a lot in Mesa
23 Vista which --

24 A Yeah.

1 Q -- can be sold, right? Five-acre lot?
2 A Yeah, it just could be sold or split.
3 Q Then you got 56, lot 68, same thing, to be sold or
4 split?
5 A That's correct.
6 Q All right. Fifty-seven is a small office building,
7 I guess, (indiscernible).
8 A It's our office building. I -- there's about a
9 13,000 square foot office. I -- I maintain 3,000 square feet
10 where I manage all the assets that we own here and it -- it's
11 proposed that it's split. We could sell it. I have different
12 ways to sell it, you know, that's a different deal anyway, but
13 enough on that.
14 Q And it's located at Lindell and where?
15 A It's off of Spring Mountain by Southwest Gas.
16 Q All right, so the 13,000 square foot building, it's
17 in -- it's in nice shape, it's near Southwest Gas. Okay.
18 A And it's 80 percent occupied right now. It has --
19 Q You have -- you have it --
20 A -- its challenges.
21 Q -- as a cost value of \$2 million?
22 A That's what it cost me.
23 Q Okay. Worth that or more?
24 A. It -- it -- it could go down. It could fluctuate,

1 but it doesn't -- if we split it, it doesn't matter; the value
2 doesn't matter, Jim.

3 Q I understand.

4 A Okay.

5 Q And right now it would -- it would generate
6 approximately \$10,000 in rent?

7 A Ten thousand in rent, approximately.

8 Q Okay.

9 MR. DICKERSON: Which one? Lindell?

10 MR. JIMMERSON: Lindell.

11 THE WITNESS: Lindell.

12 BY MR. JIMMERSON:

13 Q All right, which you would divide equally if you
14 divided it, right?

15 A That's correct.

16 Q Okay.

17 A It fluctuates. Right now we have vacancies. We've
18 had -- moved tenants in and out.

19 Q All right. And your office is there?

20 A Yes, sir.

21 Q And it's on a month-to-month?

22 A Well, we don't pay rent because we're managing all
23 the assets, so I don't pay myself to pay Lynita because we --
24 it's all community.

1 Q Okay. But if you have the building owned by the two
2 of you as landlords you could agree to a rent?

3 A I could pay portion rents or I could trade it for
4 work I'll do on these assets here while we work things out.

5 Q Okay.

6 A If it's suggested, or we'll pay. We'll do anything
7 that is required or suggested I'm open on. I could move out
8 tomorrow if that assists the estate too.

9 Q All right. Now there's a large acreage, a beautiful
10 acreage just north of Brian -- Brian Head?

11 A Hundred and fifty acres.

12 Q You call it Brian Head (indiscernible - simultaneous
13 speech).

14 A With a 10,000 square foot cabin or whatever it is,
15 8,000 or 6,500 square foot.

16 Q And --

17 A Ten thousand under the roof.

18 Q -- you have discussed this with -- with your wife?

19 A We talked about -- the kids wanted -- Carli and
20 Garrett, they're --

21 MR. DICKERSON: Objection, Your Honor.

22 THE WITNESS: -- 12 and 15. They --

23 MR. DICKERSON: Objection to anything dealing with
24 settlement discussions.

1 THE WITNESS: Okay.

2 MR. JIMMERSON: I didn't ask anything --

3 THE WITNESS: Okay, that's fair.

4 MR. JIMMERSON: -- about settlement.

5 THE WITNESS: I'm sorry, what was the question?

6 BY MR. JIMMERSON:

7 Q My question had nothing to do with settlement. My
8 question, had you talked to your wife about what -- how to
9 dispose of or how to treat this asset?

10 A That's what I did -- I talked to Lynita.

11 MR. DICKERSON: When? Then you've got to lay a
12 foundation, please.

13 MR. JIMMERSON: Hang on a second. Hang on a second.
14 Mr. Dickerson, I'll do the examination. I'm not going to
15 listen to you.

16 MR. DICKERSON: Your Honor, objection; I'd like --
17 lay a foundation.

18 THE COURT: (Indiscernible - simultaneous speech).

19 MR. DICKERSON: If it's during the -- these
20 proceedings, then it's --

21 MR. JIMMERSON: Now he knows how to make an
22 objection.

23 THE COURT: Well, we just want to make sure we get
24 into any settlement (indiscernible - simultaneous speech) --

1 MR. JIMMERSON: I don't want to talk about any
2 settlement conversations.

3 THE COURT: All I'm trying to -- identify the
4 property right now.

5 MR. JIMMERSON: Right.

6 THE COURT: You say you've got about a 6,000 square
7 foot cabin up there, about 180 acres?

8 THE WITNESS: Hundred and fifty acres.

9 THE COURT: Hundred fifty acres you value about
10 three million in cash value?

11 THE WITNESS: That's correct.

12 THE COURT: Okay. Thank you.

13 THE WITNESS: Discussion with Lynita was that we
14 were going to keep it at one time.

15 THE COURT: Yeah, we -- we don't want to get into
16 discussion of (indiscernible - simultaneous speech).

17 THE WITNESS: That's fine.

18 BY MR. JIMMERSON:

19 Q What is the size of the --

20 A That's fine.

21 Q What is the size of the cabin?

22 A It's about six to 10,000 square feet. I don't know
23 what it is.

24 Q Large.

1 A Very large.

2 Q Yeah. It's larger than the Palmyra residence.

3 A Yes, it is.

4 Q Okay. And under this proposal, Court Option A,
5 you're selling the asset and dividing the proceeds?

6 A Well, it's anticipated, now, one of the things I
7 anticipated was --

8 Q Listen to me.

9 A Okay.

10 Q Under this Court Option A, that's --

11 A Yes.

12 Q -- the proposal?

13 A Yes.

14 Q Okay. Now, did you have a comment about that?

15 A Well, we could do a 90-day cooling off period too
16 and then we could go into an arrangement if Lynita requests it
17 to be sold, we'll sell it. Some of these things are volatile
18 in those areas, but it makes it easy for (indiscernible -
19 simultaneous speech).

20 Q And some of the things are reactions that may be
21 viscerally emotional that may calm down over time.

22 MR. DICKERSON: Object to the leading name of the
23 question, Your Honor.

24 THE WITNESS: That's correct.

1 BY MR. JIMMERSON:

2 Q Is that what you mean? Okay. Number 59, Wyoming,
3 200 acres. As the Court will hear, you developed a race track
4 up there?

5 A Yes, sir. I took over a non-performing asset, a
6 race track -- horse track, quarter horse.

7 Q When did that occur?

8 A I believe it was in 1998. It was 400 acres of which
9 we've sold everything but this last 200 acres.

10 MR. JIMMERSON: Okay. And the Court will see that
11 one of the -- this is one of the most spectacular things for
12 the family. They made \$13 million in the sale of the race
13 track, Judge, in the last 12 years.

14 BY MR. JIMMERSON:

15 Q Two hundred acres remain, and you would divide the
16 -- you would sell the proceeds -- sell the acreage and divide
17 the proceeds?

18 A Yes. We -- we own the 40 percent, or Lynita --
19 Lynita's trust does, 50 percent with my brother Paul and 10
20 percent my sister Alita so it's -- but it is free and clear.

21 Q And is there a general consensus amongst your
22 brother Paul, who owns half, and your sister Lita 10 percent
23 that you might develop the property and try to sell it?

24 A Well, it's already plat matted -- plat mapped for 80

1 lots which would be horse houses, you know, where you're right
2 next to the race track, anywhere from one and a half to three
3 and a half acre estates and they're anticipated to be worth
4 anywhere from 80 to 120,000 a piece, so yes, they would do it
5 and they would assist in whatever fashion they could.

6 Q All right. And you estimated a net profit of
7 \$800,000 that draws?

8 A That's the minimum number. The property's closer to
9 probably four or five million in three years from now. If you
10 sold it today, I don't even know if you could get 200 for it.

11 Q Right. Okay. And then next is a playhouse in
12 Mississippi. There's a single house in Mississippi owned by
13 the Lynita S. Nelson Trust and you would sell that and divide
14 the proceeds?

15 A Yes, sir.

16 Q All right. And Mesa Vista lot, what is that about,
17 please?

18 A Mesa Vista lot, a deeded-back note. I mean, it was
19 some lots that I had purchased in -- we sold it. The person
20 defaulted and so we took it back. The note was 21, so I just
21 said well, we'll resell the lot, actually, so I guess now
22 apparently it has been deeded back. It was a non-performing
23 asset. Now it is a -- actually, we own it, so split it.

24 Q All right. And then I count nine lots, 62 through

1 69, MV lot, 16, 17, I guess there's two, three, four, five,
2 six, seven, eight, nine lots that you'll sell and divide?

3 A Well, no. Sixty-two to 79 are actually --

4 Q Oh, no, I'm not going up to 79.

5 A -- Phillips.

6 Q Sixty-two to 69.

7 A Notes, excuse me, 62 to 69 are first deeds of trust.

8 Q Oh, okay, then first --

9 A We receive revenue on those. I sold those
10 properties -- I bought them and sold them. That's my
11 business. We carry these properties back -- we'll have a
12 sheet to show what their cash flow scenario is.

13 Q Yeah.

14 A It's off to the right.

15 Q And you would just simply divide the net receipts as
16 the come in --

17 A Yeah.

18 Q -- half and half?

19 A Like for instance 62 and 69 it shows off to the
20 right they're in default, so I'm not collecting money; I'm
21 going to have to foreclose on those parcels there.

22 Q Right.

23 A Or get a deed in lieu of foreclosure.

24 Q Okay, these are first deeds of trusts that you're

1 receiving monies on or you'll take the money -- property back?

2 A Right.

3 Q All right.

4 A That's correct. They're vacant land.

5 Q And you essentially had carried the -- the -- the --

6 A First deed of trust.

7 Q -- purchase money?

8 A Yes, sir.

9 Q Okay. Item number 70, deeded back, see number 61?

10 I guess that's a repetition of that.

11 A Oh, apparently that's another one that came back,
12 okay.

13 Q And then what are items 71 through 78, please?

14 A Let's see here. To 78, those are all first deeds of
15 trust that we borrowed money out on. All of them are eight
16 percent or better. Some of them have kick-ins, meaning they
17 kick in over a period of time, but all should be performing, I
18 believe, by January 1 of 2011.

19 Q All right. And then Gateway lots --

20 A But they're all -- all first deeds of trust and
21 they're all free and clear.

22 Q And Gateway lots relate back to the items of the
23 first page, items 5 and 6?

24 A That's correct.

1 Q All right. And then these are cost based values of
2 a division of -- of assets. And could you explain the top of
3 the next page? Summary sheets?

4 A Yes. Let's see here. Well it basically says the
5 total real estate in cash, cars, assets if we split it up
6 basically it comes out even. If we split everything, it
7 should come out to almost on the dime. You could have a
8 level-off provision with cash where she would get 30,000 more
9 in cash, apparently, but it's laid out -- the additional --
10 you want me to continue?

11 Q Yeah, that's fine, just a --

12 A The LLCs --

13 Q -- just a summary of all this --

14 A -- are all just holding companies, the children's
15 trusts. They're only worth 5,000 a piece, which if Lynita
16 wants them she can have them or I'll assist her in managing
17 them if we can have a 90-day cooling off period.

18 Q So the trusts that are listed there, the five
19 trusts, have about \$5,000 total in --

20 A Each -- each one of them, between I think a couple
21 thousand in cash and a couple pieces of property.

22 Q Okay, so maybe \$25,000 in total assets?

23 A Total. Total. Five thousand a piece.

24 Q Got it. I -- I got it.

1 A Jeff Burr set all of them up and this is probably
2 one of the reasons while we're getting divorced.

3 Q And then there are listed LLCs and companies that is
4 part of formulating a final order there would need to be some
5 orders that speak to awarding these companies to your or to
6 Lynita or half each, correct?

7 A Well, they're holding companies. They're all for
8 IRS purposes, protection purposes. I -- I like to do asset
9 protection, Your Honor, so whoever gets the asset would get
10 that, meaning if I got Mississippi I'd take the
11 Mississippi-related assets. If she gets it, she takes them.
12 Some of them would have to be corrected, I don't know, but
13 Jeff Burr has basically done the majority of all of these and
14 so --

15 Q I understand, but the reason --

16 A -- they're all (indiscernible - simultaneous
17 speech).

18 Q -- that I've listed them is that in trying to write
19 a decree of divorce there's going to have to be language that
20 the Court will need --

21 A Somebody's got to, yeah --

22 Q -- to direct us --

23 A -- or split them.

24 Q -- on what we're doing with these companies.

1 A Yeah.

2 Q Or at least splitting them, yes, thank you. All
3 right.

4 (Counsel confers)

5 BY MR. JIMMERSON:

6 Q And then what -- would you just look at page 2. I
7 missed this item. This item, 197(d) -- 97 -- 197(d) is
8 Lynita's community personal expenditures, \$24,000?

9 A Community personal expenditures, I don't know what
10 that is.

11 Q Then we'll cover it. We'll go through it. All
12 right.

13 A That's --

14 Q Let's -- let's return, then, to Exhibit 1. You
15 heard Mr. Dickerson say well she might take Palmyra, but she's
16 not taking it at \$910,000, right, you heard the comment?

17 A Yes.

18 Q All right. So let's address that item --

19 A Okay.

20 Q -- and how they got that, okay? Look at Exhibit 1,
21 please?

22 A And if -- if I could say, I don't know if you
23 object, Bob, I'm completely negotiable in areas. I'm not hung
24 up on a number on anything in particular. I'm more hung up on

1 Lynita resolving these issues and stopping the flow of 500,000
2 to her professionals. That hurts me more than anything. But
3 more than that, if my children, and I can get into that,
4 what's happened to them, this has gotten to be a child abuse
5 case more than a separation of assets, here.

6 Q All right, let's talk about Palmyra, please. We've
7 covered some other bases. You bought it in approximately 1985
8 according to my recollection of your testimony, right?

9 A That's correct. Yeah, I built it --

10 Q All right.

11 A Lynita built it.

12 Q Okay. And --

13 A Does everybody have the pictures?

14 Q First I want to identify them.

15 A I'm sorry.

16 Q Page 1 of Exhibit 1 is your summary of Palmyra,
17 right?

18 A Yes, sir.

19 Q Okay. And so it -- it speaks to who owns the
20 property, how it's deeded, the size of the property?

21 A That's correct.

22 Q Spending of dollars to improve it?

23 A That's correct.

24 MR. JIMMERSON: Okay. Move for admission of Exhibit

1 1. Front page only.

2 THE COURT: Any objections, Mr. Dickerson?

3 MR. DICKERSON: It's being admitted for what
4 purpose?

5 MR. JIMMERSON: Sort of a summary of his testimony.
6 It'd help the Judge, and if you have any objections to any
7 things here, let me know, but I -- I thought in our pretrial
8 offer we have a summary for each assets so when the Judge goes
9 behind closed doors tonight or whatever he'll have a -- some
10 basic information that encapsulates my client's testimony,
11 maybe your client's testimony as to what this is about. We
12 understand that you're going to -- we have a issue over value,
13 but I don't think we have a issue over the size of it, how it
14 was utilized and its present condition.

15 THE COURT: Any objections to page 1 I think is the
16 only page they were offering at this time.

17 MR. DICKERSON: Well, to the extent, I mean, for
18 example, my client tells me it's not a nine-car garage, it's
19 probably a six-car garage, so I mean, what does it matter?

20 MS. NELSON: And he said 11, yeah.

21 MR. DICKERSON: He said 11 earlier on the stand, so
22 I mean, what do we hear? He said 11-car, now he says nine,
23 she says six.

24 THE COURT: He's going to show the --

1 THE WITNESS: It's big.

2 THE COURT: -- breakdown. Like he just said, the
3 value, I have no idea what the value is but this is a
4 description of the property; is that what's coming?

5 MR. JIMMERSON: Right, and we have a summary like
6 this for every asset.

7 THE COURT: So it's a multi-car garage, whether
8 it's --

9 MR. JIMMERSON: Right.

10 THE COURT: -- six, nine, 11, it's a multi-car
11 garage.

12 THE WITNESS: I stand corrected. It's nine.

13 MR. DICKERSON: And again, Judge, I mean, for --
14 relevancy, for example. I mean, you know, whether they put in
15 a hundred-thousand-dollar pool and \$200,000 in landscaping,
16 what does it mean? It doesn't -- you don't get dollar for
17 dollar.

18 THE COURT: Value of the (indiscernible -
19 simultaneous speech).

20 MR. DICKERSON: So, I mean, value is --

21 MS. NELSON: The pool's 13 years old.

22 THE COURT: What you could get -- what you could get
23 for it today is what it's --

24 MR. JIMMERSON: This is part --

1 THE COURT: -- what it's worth -- is what somebody's
2 willing to --

3 MR. JIMMERSON: -- each part is --

4 THE WITNESS: That's exactly right.

5 MR. DICKERSON: I don't mind him describing the
6 home, but I mean really it boils down to what is the value.

7 MR. JIMMERSON: I agree.

8 MR. DICKERSON: And the value is what could they get
9 on the market. What -- what would a willing buyer purchase
10 the house for.

11 THE WITNESS: The values are -- doesn't mean a lot
12 right now. We're just trying to describe the asset.

13 THE COURT: Yeah. It's not the best time to be
14 selling things, obviously.

15 THE WITNESS: Yeah.

16 THE COURT: He's just showing, basically, the
17 investment that they had in the property, but again, I think
18 the relevancy basically is what it's worth today on the
19 market.

20 MR. JIMMERSON: That's right.

21 MR. DICKERSON: But again --

22 THE WITNESS: And there's a way to resolve that.

23 MR. JIMMERSON: So may I --

24 MR. DICKERSON: And again, our suggested resolution

1 is we can certainly put the market up for sale --

2 THE WITNESS: We could have a auction in this
3 courtroom right now and call Texas Shootout.

4 MR. DICKERSON: We can do that too, Your Honor, if
5 he -- if that's what he wants --

6 THE COURT: That's all -- that's good.

7 MR. DICKERSON: -- but we can put it up for sale and
8 --

9 THE WITNESS: It's --

10 MR. DICKERSON: -- give her the first right of
11 refusal to purchase it, but to -- to put a number of 910 on
12 this is ridiculous.

13 THE WITNESS: Well --

14 THE COURT: That's all right, well, I mean -- as --
15 as far as I want to --

16 THE WITNESS: That's an opinion.

17 THE COURT: -- just deal with the exhibit right now,
18 you want to offer it as a summary of the investment. As I
19 said, the relevancy is probably marginal. I think it's more
20 for its summary purposes.

21 MR. JIMMERSON: So with that it's admitted, Your
22 Honor?

23 THE COURT: Any objections to it?

24 MR. DICKERSON: Yeah, I object to it on that

1 purpose, Your Honor.

2 THE COURT: I'm --

3 MR. DICKERSON: It's just a summary of his
4 testimony.

5 THE COURT: I'll hold the objection. I'll admit it
6 just as a summary. As I said, the -- the value's going to be
7 what it's worth, and there's other ways we can resolve that.
8 If that's what it is, we can figure that out --

9 MR. JIMMERSON: Let me --

10 THE COURT: -- different ways to sell it, but I'll
11 let it in just for summary purposes to maybe help the Court --
12 Court to get an idea what's going on, but not as the value of
13 it.

14 MR. JIMMERSON: This is going to be the second page.
15 The third page are pictures of the house.

16 BY MR. JIMMERSON:

17 Q Please identify those pictures of the house?

18 A That's the front of the one-acre estate, yes, sir.

19 Q Do -- do they -- these pictures, the last four pages
20 of Exhibit 1, do they accurately depict what is physically
21 present at the Palmyra residence?

22 A Unfortunately it doesn't show the pool, but it does.
23 The first one is the entrance of the property, the second one
24 is the side entrance up to the front of the property to the

1 street. It has three -- it has several driveways. And it
2 shows -- the next one shows the tennis court with a large
3 gazebo that has a full sauna, bathroom, a full kitchen area
4 with a full refrigerator. The next one will show a guest
5 house that's a thousand square foot plus 1,100 square foot
6 garage, a garden area. The last one is actually the gazebo
7 that shows -- reflects the -- the refrigerator, the sauna,
8 there's a full bathroom on -- at the facility there. But
9 unfortunately we're not -- we missed the pool, which is a
10 beautiful, gorgeous pool area with a waterfall and the slide.

11 Q Okay.

12 MR. JIMMERSON: Move for the admission of the
13 pictures, Your Honor.

14 THE COURT: Any objections --

15 MR. JIMMERSON: Everything but the second page.

16 THE COURT: Any objections to the pictures?

17 MR. DICKERSON: No. No objection, Your Honor.

18 THE COURT: Hereby admitted.

19 MR. JIMMERSON: All right.

20 BY MR. JIMMERSON:

21 Q Now in our Court Option A and Court Option B, you
22 have the same, listing Palmyra as the number one asset, item
23 number one, and you have it valued at \$910,000?

24 A Yes, sir.

1 Q Why do you have it valued at \$910,000, focusing now
2 on proposed Exhibit 2 for the second page of Exhibit 1.

3 A Well, just a little, Your Honor, it just so happens
4 that I am a -- this is what I do is real estate and so I do
5 replacement cost analysis, I do square footage. I was an
6 appraiser. I've testified professionally in bankruptcy court
7 in estate matters through the years, over 30 years of
8 experience, but I preface this that there's always ways to
9 resolve values, but on my value, originally I placed --

10 MR. DICKERSON: Can I take him on voir dire, then,
11 if he's -- he -- he -- he sounds like he's telling me he's
12 testifying as an expert.

13 THE COURT: (Indiscernible - simultaneous speech).

14 MR. JIMMERSON: No, he's testifying as an owner of
15 real estate.

16 THE COURT: I think he can base --

17 MR. DICKERSON: Well, but he -- he -- he's --

18 THE COURT: I think he can testify as to what he got
19 the 910,000. I will not admit it as an expert witness --

20 MR. JIMMERSON: And that's what it is.

21 THE WITNESS: I'm just showing you that I have some
22 experience. I just didn't come off the cuff on this.

23 THE COURT: Yeah, --

24 MR. DICKERSON: But if replacement value --

1 THE WITNESS: The house is replacement --

2 MR. DICKERSON: -- is irrelevant, Your Honor.

3 THE WITNESS: Well, it probably is. The cost --
4 replacement cost, the house at \$110 square feet, which is
5 difficult to achieve, the land, the guest house, pool, tennis
6 court, the garage, the landscaping, 1.3 million. That was the
7 number in 1908 (sic) when we reflected that.

8 THE COURT: You mean 2008.

9 THE WITNESS: In 2008 when we talked about the --

10 THE COURT: Back in 1908?

11 THE WITNESS: Yeah, that was before the great fall,
12 there, so that was probably easily achieved, that number
13 there, and it is on a one-acre -- a one-acre lot in that area.
14 Lots at that time were selling -- in one acres were selling up
15 to 500,000 in the neighborhood.

16 The next one would be a cost approach in today's
17 value, so I broke down a -- a cost with the house at \$90 a
18 square foot, reduced the lot 150,000, reduced the guest house
19 to 60,000, did an adjustment on the pool, the tennis court,
20 the garage area, it says 916,000 in today's market, if you can
21 get that done.

22 The last one is the summary with a 35 percent
23 adjustment, which is just about the adjustment you would give
24 to real estate in today's value gives you a fair market value

1 at 910,000, approximately. As you note, Clark County
2 Assessor, the taxable value is 967, which is always low, and
3 their low -- at their low is 967, I don't want to run Lynita
4 out of her house, and so I'm extremely negotiable to get that
5 house, and they know it, into her hands and so yes, I put a
6 fair market value on it, which I thought was good. We all
7 concluded 910 was the number. Now she --

8 MR. DICKERSON: Oh, that's -- I -- I object. I -- I
9 totally object because that is such a false misstatement. We
10 have never, ever agreed to 910.

11 THE COURT: I'll note that and --

12 THE WITNESS: Okay.

13 THE COURT: -- I've got no agreement as far -- he's
14 just -- I'm going to admit his testimony just for how he got
15 to what he thinks the value is, not as an expert, but ma'am,
16 you can testify what you think the value is. You don't have
17 to be an expert and you can -- people put a lot of values on
18 things that may be reasonable or not, but we'll just limit his
19 testimony as to how he got his values at 910.

20 MR. JIMMERSON: I will say, Judge, that one of the
21 failings of maybe both counsel are guilty of because there are
22 so many properties is none of us went and got an appraisal of
23 anything, so --

24 THE COURT: Okay.

1 MR. JIMMERSON: -- unfortunately you're only going
2 to have a couple assets they're going to have a difference of
3 opinion, and this will not be the testimony, for example, on
4 Harbor Hills or the rest. But --

5 MR. DICKERSON: Yes, it will be on Harbor Hills too.

6 MR. JIMMERSON: -- on both parties -- well, Zillow
7 is hardly the -- the guideline in today's market. It's
8 ridiculous.

9 MR. DICKERSON: Well, it -- it's sure a lot closer
10 than this.

11 MR. JIMMERSON: Oh, not a chance.

12 MR. DICKERSON: It's --

13 THE WITNESS: Okay, then we'll use Zillow on my
14 house.

15 MR. DICKERSON: Zillow is acceptable.

16 THE WITNESS: Have you done it?

17 MR. DICKERSON: Yeah. You know something, and we'll
18 go -- we'll go through your house.

19 THE WITNESS: Okay, very good. You've got your
20 chance.

21 MR. DICKERSON: Okay.

22 THE WITNESS: We'll sell it, move my kids out. I'll
23 sell it.

24 THE COURT: Okay, let's -- let -- let's move

1 forward.

2 MR. JIMMERSON: Okay, thank you.

3 THE WITNESS: Let's just keep it to the testimony.

4 MR. JIMMERSON: So I'd move the admission of Exhibit
5 -- second page of Exhibit 1, the cost summary based upon my
6 client's testimony.

7 MR. DICKERSON: Objection on relevance, Your Honor.

8 MR. JIMMERSON: As to his opinion of 910,000 being
9 the approximate fair market value of Palmyra.

10 MR. DICKERSON: No, that's not his testimony. His
11 testimony, Your Honor, is that's the replacement cost.

12 MR. JIMMERSON: No, that's not true.

13 MR. DICKERSON: He has nothing to testify as to what
14 the fair market value is of what a willing buyer would
15 purchase that house for.

16 MR. JIMMERSON: And Mr. -- I thought he had
17 testified to that, but (indiscernible).

18 BY MR. JIMMERSON:

19 Q What is your opinion as to the fair market value?

20 A Fair market value as printed, \$910,000.

21 Q Okay. And on the basis of what you've already told
22 us here?

23 A Yes, sir.

24 Q Okay.

1 THE COURT: I'll let the exhibit in. I'll note the
2 ongoing objection as to the relevancy as, again, valued as
3 what a reasonable person is willing and able to pay in today's
4 market. It could be more, it could be less. It's not a good
5 time to sell, but we just used it for his testimony not as an
6 expert, just how he valued it on his suggested division of
7 marital property. That's where he came up with the 910,000.

8 MR. JIMMERSON: Thanks, Your Honor.

9 THE COURT: So it'll be in for that limited purpose
10 only.

11 BY MR. JIMMERSON:

12 Q What is a Texas Shootout Auction? You used those
13 words?

14 A Texas Shootout Auction is designed to allow parties
15 that would want to settle something immediately. For
16 instance, not that I'd do it on this particular asset here
17 because it's, you know, there's a lot of things that go into
18 wanting Lynita to get it, but that's okay, here or there.
19 What the auction itself is, I'd say I'll have to -- I'll give
20 you \$500,000. Lynita said I'll give you 600. I'll say I'll
21 take 650. She would take 700. I'll take 750. She doesn't
22 raise the bid, we've got the value, it's up and it's done and
23 we're down the road.

24 Q Okay. And we could do that on this asset or any

1 other asset understanding that there --

2 A Thirty years of experience, I can do it.

3 Q Okay. You (indiscernible - simultaneous speech).

4 A And Lynita's experience and that's it.

5 Q And so, because the parties have not appraised --

6 A Uh-huh.

7 Q -- these assets, and don't -- there's not a current
8 appraisal of a current (indiscernible - simultaneous speech).

9 A Let me tell you about appraisals.

10 Q But, hang on a second. Because there's not an
11 appraisal, because, okay, and we have now -- each party have
12 their own opinion and then Mr. Dickerson in his opening
13 statement says 400,000 or 450,000 for Zillow for this house,
14 you could say well, listen, I'm happy to pay 500 for the house
15 right now, right?

16 A That's correct.

17 Q Knowing that it's worth closer to 910 --

18 A That's correct.

19 Q -- than it is 500,000.

20 A That's correct.

21 Q All right. That's what (indiscernible -
22 simultaneous speech).

23 A But an appraisal, I -- I think I need to go back to
24 your question of appraisals. As opinion of value, a true

1 market value is what a willing and able buyer is able to buy
2 today in today's marketplace, and that's what an auction does
3 set. It is a true market value.

4 Q Okay. All right. Okay. Now let's look to, please,
5 the asset is owned by the old Lynita Nelson trust?

6 A Yes. That's owned -- that's owned by the -- but for
7 asset protection purposes we left it in that trust there as a
8 sole community -- the -- the sole, excuse me, the sole asset
9 of that trust there.

10 Q All right. And the assessor's value of the house is
11 967,000?

12 A That's correct.

13 MR. DICKERSON: Objection, Your Honor; it'd be
14 hearsay.

15 THE COURT: Sustained.

16 BY MR. JIMMERSON:

17 Q Now --

18 THE COURT: You'd have to bring a document
19 (indiscernible) from the County Record, but we'll
20 (indiscernible).

21 MR. JIMMERSON: We did, Your Honor, Exhibit 1 --

22 THE COURT: Well --

23 MR. JIMMERSON: -- (a). 1(a).

24 (Counsel confers)

1 BY MR. JIMMERSON:

2 Q Showing what's been marked as proposed Exhibit 1(a),
3 is this a xeroxed copy of your downloading of the assessor's
4 number for this house?

5 A That is.

6 Q Okay.

7 MR. JIMMERSON: Move for its admission, Your Honor.

8 THE COURT: Any objection, Counsel?

9 MR. JIMMERSON: I will represent to the Court it's
10 not certified, but he personally downloaded it off the
11 computer and knows it's what you'd find if the Court dialed in
12 right now.

13 THE COURT: Any objection to State's Exhibit 1(a)
14 with --

15 MR. DICKERSON: So that I understand it, then, what
16 we're looking at here is the assessor's value of the -- the --
17 the land at 43,750 and the building at 146,186?

18 MR. JIMMERSON: No, if you turn the page, the
19 taxable value, land plus improvements, is nine hundred and --

20 MR. DICKERSON: That was last year.

21 MR. JIMMERSON: -- sixty-seven thousand three
22 hundred and twenty-six dollars.

23 MR. DICKERSON: That was last year.

24 MR. JIMMERSON: All right.

1 MR. DICKERSON: You look at 2010 and it's at -- at
2 542,674. That's a lot closer to Zillow than your client's.
3 I'll -- I have no objection.

4 MR. JIMMERSON: I don't understand. You're talking
5 about a document that I've not introduced into evidence. Nice
6 speech.

7 MR. DICKERSON: Well, I -- take a look at it. It
8 has right there 2010, 2011, the -- the value, and you've had a
9 significant drop in the last year.

10 MR. JIMMERSON: That's true.

11 MR. DICKERSON: It's 542,674 according to the --
12 this tax assessor.

13 MR. JIMMERSON: I don't know what you're talking
14 about, but the document I have in front of me, 1(a) proposed,
15 is \$967,000. That's --

16 MR. DICKERSON: Look at the year, counsel.

17 MR. JIMMERSON: I am.

18 THE COURT: Is -- is that an --

19 MR. JIMMERSON: 1(a) is 2000 --

20 THE COURT: Is it the same one you're referring to,
21 Mr. Dickerson, the same --

22 MR. DICKERSON: Yes. Yes.

23 THE COURT: -- the same document?

24 MR. DICKERSON: May I see -- may I see what he's

1 referring to? His 1? May I approach?

2 (Counsel confer)

3 MR. DICKERSON: Yes. I have no objection.

4 MR. JIMMERSON: Okay.

5 THE COURT: Okay. Exhibit Number 1(a) will be
6 admitted without objection.

7 MR. JIMMERSON: Okay.

8 (Counsel confers)

9 BY MR. JIMMERSON:

10 Q Now, if -- if there is a wide divergence in the
11 position of Mrs. Nelson versus yourself on the value of
12 Palmyra, would you be willing to engage into a Texas Shootout
13 Auction?

14 A I would.

15 Q Okay. You'd rather not because of the children
16 living there, correct?

17 A That's correct.

18 Q All right. But if we can't just revise it, we could
19 simply do that or sell the residence?

20 A That's a possibility or -- or we list it or we just
21 come to a value depending on the number of assets and what
22 else the -- the thing is. I have a lot of give and take in
23 this.

24 Q Okay. Very good. Thank you. Let's turn back to

1 Court Option A, Exhibit Number 2, Harbor Hills. Tell me about
2 Harbor Hills now specifically.

3 A Harbor Hills, I believe the property was purchased
4 by Lynita's trust at seven hundred and, I think, fifty, sixty
5 thousand dollars and Melissa came with a -- with a original
6 Zillow number --

7 MR. DICKERSON: Objection, Your Honor.

8 THE WITNESS: -- of 641.

9 MR. DICKERSON: Objection, Your Honor, to any
10 hearsay, anything -- any discussions on settlement.

11 MR. JIMMERSON: I -- I agree with that. I don't
12 want to hear about settlement. The question didn't call for
13 it.

14 THE COURT: Sustained.

15 THE WITNESS: But Melissa came with 641, so I --

16 MR. DICKERSON: Objection --

17 THE WITNESS: -- used that number, 641.

18 MR. DICKERSON: -- Your Honor, it would be hearsay.

19 THE COURT: Well, he said the purchase price was --

20 THE WITNESS: Seven hundred sixty thousand.

21 (Counsel and clerk confer)

22 BY MR. JIMMERSON:

23 Q And this home at 2721 Harbor Hills is owned by an
24 entity called Ban One?

1 A That's a holding company that owns that, which ramps
2 up to my trust.

3 Q When you use the word "ramps up" it means Ban One is
4 owned by the Eric Nelson Trust?

5 A Yes, sir.

6 Q Okay. So in -- in -- in essence, it's a subsidiary
7 of your trust?

8 A Yes, sir.

9 Q Okay. Another way to say it, okay. And that's how
10 it's held and you have -- do you have a fair market value as
11 to its -- do you have an opinion as to its fair market value?

12 A It was 641 that they had suggested. We had
13 purchased it -- or Lynita purchased it for I think
14 approximately \$760,000. I used that number because that's the
15 number that Melissa came with.

16 Q Okay. So you're willing to live by that number,
17 correct?

18 A At this time, yes.

19 Q All right. Thank you.

20 MR. DICKERSON: What number?

21 MR. JIMMERSON: Six forty one, the one that's in the
22 exhibit -- Court Option A and Court Option B.

23 THE COURT: It shows 641,500.

24 MR. JIMMERSON: Yes, that's right, 641,500.

1 BY MR. JIMMERSON:

2 Q All right. The third is the home that you live on
3 at numbers -- items -- assets 3 and 4 is the Bella Catherine
4 Land and then the Bella Catherine Circle construction of the
5 home?

6 A That's correct.

7 Q All right. So tell me about 2911 Bella Catherine
8 Circle where you presently live and you --

9 A The --

10 Q -- live there with your children when they spend
11 time with you?

12 A Yeah. Ban One purchased the property from a
13 foreclosure auction at the end of December. It was
14 approximately 70 percent -- with the numbers that are
15 reflecting, they are actually the cost base as of 7/30, Your
16 Honor. That's the cutoff date that you suggested a long time
17 ago. That -- and so that, the -- we've -- I've invested more
18 money into that. We've had some engineering concerns and
19 problems in that property. We have got it final, and it's
20 closer to Lynita, it's closer to Carli best friend, my little
21 daughter, it's closer to Garrett's best friend, and it made
22 sense and I thought I had Lynita's permission to buy that
23 house there and have the kids there closer because I have them
24 basically a third of the time.

1 Q Okay.

2 A That's the cost basis, Your Honor, what I'm getting
3 at, is what I spent in it. It may be foolish that I spent so
4 much, but it's for my children.

5 Q Okay. So presently you would like to have that
6 house awarded to you?

7 A Presently, but I am prepared to sell the property.

8 Q Okay. And do you have -- we know what you've paid
9 to it, because you've kept dollar for dollar approximately
10 \$1.3 million. What is its current fair market value?

11 A I haven't determined that. I wasn't prepared to --
12 to give you a fair market value. It would probably be less.
13 Homes generally you don't use as investments, but, and the
14 reason why is because you live there and your children, so I
15 have probably put extra improvements in that home anticipating
16 that I would get it, however, I thought that we could, if we
17 had to sell it, it wouldn't be that bad of investment.

18 Q Okay.

19 A So I -- I can't really give you a comment on exactly
20 of a value there. I'd give you the cost approach. Nothing's
21 going up in the market. It's only sliding further.

22 Q Okay. All right. And the number you have -- have
23 here is based upon the actual cost of construction?

24 A That's correct.

1 Q Originally you bought the lot, then you built the
2 home on it; is that right?

3 A No. I bought it when it was 70 percent finished.

4 Q Oh, 70 percent finished. Okay. Thank you.

5 A Very difficult in taking it over in the middle of
6 the river (indiscernible - simultaneous speech).

7 Q All right. Now, did you buy a lot adjoining the
8 house?

9 A The home had some functional deficiencies in it.
10 One of it is it's hard to position even two cars in the home,
11 so I bought the lot next to it from the bank for 175,000 so I
12 could have a tennis court for my son. He plays tennis at
13 Spring Valley. Lynita won't let me play tennis at our house
14 anymore, and it's right next to Carli best friend. It's very
15 important that she's with her friends and her family right
16 now. It's critical for these kids to be --

17 Q The lot is --

18 A -- and --

19 Q -- by her friends; is that what I --

20 A -- let me back up if I could.

21 Q -- did I understand that correctly?

22 A I'm going to tell you right now one thing, Your
23 Honor. In the -- on the Harbor Hill, Judge Duckworth and Burr
24 gave me that home to keep the kids settled. I've asked and

1 pleaded and begged that we could settle these house issues for
2 the last two years and he's rejected it always.

3 THE COURT: Well, we're going to get there.

4 MR. JIMMERSON: Exhibit 4, please?

5 THE COURT: The 175,000 is a cost basis; that's what
6 you paid for the land?

7 THE WITNESS: Yes, sir.

8 THE COURT: Okay.

9 THE WITNESS: Little kids.

10 BY MR. JIMMERSON:

11 Q Now is this the purchase contract for, excuse me,
12 identify Exhibit 4 for me, please? 4(a)?

13 A That is the purchase contract of the lot, yes, sir.

14 MR. JIMMERSON: Move for its admission.

15 MR. DICKERSON: 4(a)? Is that right?

16 MR. JIMMERSON: That's what it is.

17 THE WITNESS: This property's foreclosed by -- by
18 Cumorah Credit Union --

19 MR. DICKERSON: I have no objection.

20 THE WITNESS: -- and they offer it for sale.

21 THE COURT: All right. Admitted without objection
22 is Exhibit 4(a).

23 MR. JIMMERSON: All right.

24 BY MR. JIMMERSON:

1 Q And so together what -- what amount of land is the
2 house sitting on plus --

3 A It's --

4 Q -- the adjoining lot?

5 A -- a little less than -- than an acre, approximately
6 what we had at Palmyra.

7 Q All right. Thank you. And would you describe the
8 size of Bella Catherine, please, square footage?

9 A I think it's approximately 6,000 square foot, the
10 house. It has a three -- presently two, three car garage and
11 hopefully we'll construct an additional four car garage and
12 put a tennis court in.

13 Q All right.

14 A Similar to what the kids had in the other home.

15 Q All right. Thank you. And again, you will do
16 whatever the Court directs; sell the home, keep the home?

17 A I'll do whatever is necessary to end this divorce.

18 Q Texas Shootout Auction presently before the parties?
19 All right.

20 A We'll auction it off, we can list it. It's free and
21 clear. We have a lot of opportunities.

22 Q All right.

23 A But forget about the kids. That's always been the
24 situation, it seems.

1 Q All right. Thank you. Now let's look then -- let's
2 talk about -- that -- it covers the three houses --

3 A Yeah, it does.

4 Q -- owned by the parties, right?

5 A Yeah.

6 Q So now we're going to start looking at investments.
7 We've already talked about the cars; you're willing to take
8 the two cars we talked about, right?

9 A Yeah, that might be a great place to start. If we
10 got on the easiest subject is the cars, we could make an X
11 here and move faster than 700 days. So --

12 MR. DICKERSON: He's got a deal.

13 THE WITNESS: -- ask him -- I want my two cars, yes,
14 that's the Blue Book value. I don't know if Lynita has her
15 car. I don't -- just something would be gratifying.

16 MR. JIMMERSON: Judge, is it possible to do that?

17 THE WITNESS: Can we do that? Just settle on a car?
18 Just -- and -- and we can change it, Your Honor.

19 THE COURT: The parties want to --

20 THE WITNESS: We can change it any time because
21 you're going to -- depending on which way she goes.

22 THE COURT: Mr. Dickerson, the question was that is
23 she okay with him keeping the cars? The --

24 MR. DICKERSON: He can take the Escalade and the

1 Mercedes.

2 THE COURT: -- Escalade and the Mercedes or did she
3 want those or --

4 MR. DICKERSON: Yes, she'll take the -- she'll take
5 the -- well, the Escalade is a lease, so it has -- let me just
6 get to my page, all right, Your Honor? One second, please?

7 THE COURT: See where we're at, and maybe we can get
8 that done for you.

9 (Counsel and parties confer)

10 MR. JIMMERSON: Mr. Dickerson, I think you're in
11 error on that.

12 MR. DICKERSON: The -- the Escalade's a lease.

13 THE WITNESS: Okay. Does she want her Escalade?

14 MR. DICKERSON: Well, he has it right there that
15 it's a lease.

16 (Counsel and respondent confer)

17 THE WITNESS: I know. Do you want it.

18 MR. DICKERSON: I'm not -- I'm not -- not Escalade,
19 I'm sorry, the Excursion.

20 THE WITNESS: The Excursion. Do you want the
21 Excursion, excuse me, Bob, that was my fault.

22 MR. DICKERSON: Yes, she --

23 MS. NELSON: Expedition.

24 MR. DICKERSON: The Excursion. What?

1 MS. NELSON: It's a Expedition.

2 THE COURT: It shows -- excuse me, it shows a lease
3 here.

4 MR. DICKERSON: Oh, Expedition.

5 MR. JIMMERSON: I would say an Escalade is his car.

6 MR. DICKERSON: Expedition is a lease, okay, which
7 he has there. The Volkswagen she will take at that value.

8 THE WITNESS: Okay, so those two are done.

9 MR. DICKERSON: The Escalade, Eric will be taking at
10 that value and the 2007 Mercedes Eric will be taking it at
11 that value, so I have -- that's -- we have no objection to
12 those, Your Honor.

13 THE COURT: Thanks, counsel.

14 MR. DICKERSON: Can I ask one question of the
15 defendant, Your Honor?

16 THE COURT: Sure.

17 MR. DICKERSON: I'm advised that she sold the
18 Volkswagen. Is that true?

19 MR. DICKERSON: That is true.

20 MR. JIMMERSON: How much cash did she receive?

21 THE WITNESS: But, to be honest with you, that's
22 okay. If she wants to keep it for 15,000 --

23 MR. DICKERSON: She got less than that amount.

24 THE WITNESS: Well --

1 MR. DICKERSON: She got less than that amount.

2 MR. JIMMERSON: Understand, so she's taking it at
3 13,365?

4 (Counsel and respondent confer)

5 THE WITNESS: As far as the (indiscernible), that's

6 --

7 MR. JIMMERSON: Good. We got rid of that, Judge.

8 THE COURT: Thanks. And you want to --

9 (All talking)

10 THE WITNESS: Lynita, you wanted the lease?

11 MR. JIMMERSON: She does. She wants the lease.

12 That's what I heard her say.

13 MR. DICKERSON: Slightly under 11,000, Jim, is what
14 she got.

15 MR. JIMMERSON: And she's affirming keeping the
16 Excursion with the lease?

17 THE WITNESS: Okay, so --

18 MR. DICKERSON: She's going to keep the Excursion
19 with the lease. She'll take the Volkswagen at that 13,365
20 number.

21 MR. JIMMERSON: All right. Good. He'll take the
22 other two.

23 MR. DICKERSON: He'll take the other two.

24 MR. JIMMERSON: Okay. We've made some progress.

1 Could I ask, it's just jumping the gun, Judge, but I -- I have
2 -- and just, I'm into solutions.

3 Bob, can you give me a range in which she wants to
4 take Palmyra? We know she wants to keep the house. Can you
5 give me the range.

6 THE COURT: Wait a second. Why don't we --

7 MR. DICKERSON: What she wants --

8 THE COURT: Why don't we take a lunch break at about
9 11:30 and I can meet with counsel for a little bit in the back
10 to kind of try to narrow the issues, maybe to about noon and
11 then we can come back about two o'clock because I got a 1:30
12 decision I have to do on a termination of parental rights. I
13 thought we'd take a break about 11:30 so I could get counsel
14 in the back, you guys go to lunch, whatever you want, so we
15 really go through and try and narrow down what the issues are
16 so I get a better handle on what we really need to do, so --

17 MR. JIMMERSON: Well, 1:30's a heavy matter too,
18 Judge. I say, 1:30's a heavy matter too.

19 THE COURT: Yeah.

20 MR. JIMMERSON: It's not exactly a light --

21 THE WITNESS: Do we come back after 1:30?

22 THE COURT: Yeah. We'd be back at two o'clock to --

23 THE WITNESS: Great, thank you.

24 THE COURT: -- take some testimony. I just have a

1 1:30 --

2 MR. JIMMERSON: All right.

3 THE COURT: -- decision I have to give on a
4 termination issue.

5 BY MR. JIMMERSON:

6 Q Now having covered -- discussed houses, not
7 resolving them, having resolved the cars, now we're going to
8 investments, okay?

9 A Okay.

10 Q All right. So the first investment, just by the way
11 it's been written up over the litigation are items 5 and 6,
12 which have to do with 60 Gateway lots, right?

13 MR. DICKERSON: Which one are you on, then, Jim?

14 THE WITNESS: Well, are we going to get the
15 approximate values that they want?

16 BY MR. JIMMERSON:

17 Q They've taken them at -- the cars are taken at the
18 values on our sheet.

19 A No, no, I'm talking about Palmyra, Harbor Hills, or
20 whatever.

21 Q No, he's not going to give that to them. The Judge
22 is going to talk to us later --

23 A Oh, I'm sorry.

24 Q The Judge is going to formally --

1 A I thought --

2 Q -- get that --

3 A Okay.

4 Q -- off the record.

5 A Okay.

6 Q So we will have it hopefully by two o'clock, Mr.

7 Nelson.

8 A Okay.

9 Q All right. Good. All right. I want you to explain
10 the Gateway lots, an overview please, focusing on Exhibits 5
11 and 6.

12 A Well 5 and 6 is one of my frustrations, Your Honor.
13 When we bought these lots, we bought approximately 320 between
14 four investors. Me and Lynita are equally, in essence, we --
15 we have deeded some off to other people, sold some of them.
16 We need a public report. They won't cooperate on us to assist
17 Lynita on a public report, so I can't fairly work on all these
18 assets because they refuse to sign the documents on the public
19 report that would only benefit them.

20 So as of presently I have it that we'll split the
21 ones that are in her name, 31, at the same value that I take
22 the 29. I don't know how much fairer you can get. If, in
23 that cooling off period, she wants me to assist her, I'm happy
24 to do that at no cost. It's just the cost -- the hard cost to

1 go forward in that area.

2 These are great investments. I bought them for
3 approximately \$4,000 a piece. I had sold them up to \$40,000 a
4 piece when the economy was good in 2007, 2008 with a
5 carry-back. The carry-back was going to interest-driven
6 income. However, my understanding is that they wanted to give
7 them all to me. I'd consider that too, depending on what
8 happens with Russell Road and Mississippi. That's going to be
9 the key is how Mississippi goes will say who gets what and
10 everything because if she takes all of Russell Road, which I'm
11 not opposed to, then I get basically all the other notes and
12 real estate to equal out the estate.

13 MR. JIMMERSON: Now, Judge, so we have a -- a -- a
14 good record, I need to ask -- lay some foundation about this,
15 if I might?

16 THE COURT: Sure.

17 BY MR. JIMMERSON:

18 Q Gateway was an investment between you and three
19 other men of 330 parcels, approximately?

20 A That's correct, 330, you're correct.

21 Q Of which there are four partners who took 80 parcels
22 each. And 80 times four being 320?

23 A Three twenty.

24 Q Okay.

1 A And then 10 of them had 25 percent --

2 Q Will you let me ask the questions?

3 A Okay, sorry.

4 Q You're doing great. I know you know it better than
5 anybody, but --

6 MR. DICKERSON: Please, he is leading.

7 BY MR. JIMMERSON:

8 Q And what happened to the remaining 10 lots?

9 A The last 10 were held in Lynita's trust, that 25
10 percent are owned jointly and once we got the public report
11 done, then we could exercise divisions and things like that
12 easier.

13 Q Okay. So the last 10, then, are 10 lots owned 25
14 percent by the Lynita Trust. It's community property, I
15 understand --

16 A Yes.

17 Q -- but it's owned by the Lynita Trust and three
18 other guys?

19 A Yes.

20 Q Okay. So --

21 A Each 25 percent.

22 Q -- when it comes to what there is to divide, you
23 started with 10 owned 25 percent by Lynita Trust and three
24 other people, 25 percent each.

1 A That's correct.

2 Q Eighty by the community?

3 A Yes.

4 Q All right. Now there's down to 60, 31 and 29.

5 Okay?

6 A Uh-huh.

7 Q All right. So I need to explain where the other 20

8 went, okay? Three thirty minus 10 owned commonly down to 320

9 divided by four is 80. All right? We have 60 here.

10 A Yes.

11 Q Where did the other 20 go?

12 A Two to each one of the -- the children's trusts.

13 Q Okay, so --

14 A So that's 10.

15 Q -- two lots each times five children is 10 lots.

16 A Yes, sir.

17 Q And that's why when you say the children's trust

18 that we went over in the overview --

19 A Yes.

20 Q -- they owned the cash, so a few thousand dollars in

21 cash and two lots --

22 A Yes.

23 Q -- each? Okay. And that comes from Gateway?

24 A Yes, that -- yes.

1 Q All right. And then the last 10 lots, what happened
2 to them?

3 A Eight were sold to Joan Ramos as portion of a -- a
4 bonus to her because of -- we made \$13 million on her project
5 and I sold them to her for our base.

6 Q Okay, sold it for your cost basis?

7 A Yes.

8 Q Eight of them?

9 A Yes, sir.

10 Q And the other two were sold to whom?

11 A To some investment company which I think they're
12 noted on 79 (a) and (b). They defaulted on those two notes.

13 MR. JIMMERSON: Yes, Your Honor, so that you note
14 that those two were sold to what is known as Black Gold, an
15 unrelated third party purchaser, lots 173 and 174 for \$35,000
16 each, understand they paid four or five thousand, so it's a
17 nice mark-up.

18 THE WITNESS: They -- they are in --

19 THE COURT: They defaulted?

20 THE WITNESS: They're in Lynita's trust --

21 MR. JIMMERSON: They have defaulted.

22 THE WITNESS: -- and they're defaulted and we need
23 to move forward or she needs to move forward in -- in
24 foreclosure.

1 MR. JIMMERSON: Okay.

2 BY MR. JIMMERSON:

3 Q So you are proposing, because you're proposing an
4 equal division and actually giving her the best of it, 31 lots
5 going to her at a cost value of 139,500 and 31 lots reduced to
6 29 lots going to you, right?

7 A That's a suggestion, yes.

8 Q All right. And as it turns out, just because of the
9 way they were acquired, 31 lots are owned by LSN, her trust,
10 and 31 -- and 29 are owned by your trust?

11 A Yeah, that's why we offered it.

12 Q Okay. So if you divide it in half, essentially she
13 would get the lots referenced in item 5 and you get the lots
14 referenced 6, right?

15 A That's correct.

16 Q Okay, now, can we look at Exhibit 5 and 6, because
17 you have the exact -- you've broken down the 31 lots, correct?
18 And the 29 lots?

19 A Yes, sir.

20 Q All right. That's what I want to help the Court
21 with.

22 MR. DICKERSON: Exhibit 5 and 6 are you talking
23 about?

24 MR. JIMMERSON: Five and 6, you bet. So, Judge,

1 would you look, please at Exhibit 5(a).

2 MR. STEPHENS: It looks like 5(b) is a
3 spreadsheet --

4 MR. JIMMERSON: I understand.

5 MR. STEPHENS: -- (indiscernible - simultaneous
6 speech).

7 MR. JIMMERSON: 5(a).

8 (Counsel confers)

9 MR. JIMMERSON: 5(a) is the 10 lots.

10 THE COURT: Okay. You got any oppositions before I
11 look at them since they're not --

12 MR. DICKERSON: No, I don't have any objection.

13 THE COURT: (Indiscernible) 5(a)?

14 MR. DICKERSON: Jim got the same exhibits, so --

15 THE COURT: And that's Exhibit 5(a)?

16 MR. JIMMERSON: Okay, Judge. 5(a) are the 10 lots
17 owned 25 percent by the Lynita Trust and 75 percent by the
18 three other men, and the exact lots are attached to the second
19 page. So I'd move for the admission of 5(a).

20 MR. DICKERSON: No objection.

21 THE COURT: (Indiscernible - away from mic). Any
22 objections to --

23 MR. DICKERSON: No objection, Your Honor.

24 THE COURT: Hereby admitted as Exhibit 5(a).

1 (Counsel confer)

2 MR. JIMMERSON: Now, we need to make a note because
3 in our list of assets, and I don't know if I -- Mr. Dickerson
4 has a list of asset I haven't seen it, but if we're offering
5 off the same sheet of paper, all of us didn't list the 25
6 percent on those 10 lots as a separate asset.

7 MR. DICKERSON: I have.

8 MR. JIMMERSON: Yeah. Okay. I did not, so I would
9 not want you to note, Judge, that 5(a) would be the
10 community's ownership interest in, if you want 12 and a half
11 percent or 25 percent total of 10 lots of -- that are detailed
12 in 5(a). Okay.

13 MR. DICKERSON: But it's actually 26.25 acres. So
14 they own 25 percent of 26.25.

15 MR. JIMMERSON: Twenty-six point -- I wasn't trying
16 to detail the -- the -- I just called them the lots, but 10
17 lots, but there are 26 acres, is right.

18 THE WITNESS: Can I write on these?

19 MR. JIMMERSON: Okay. Now, Exhibit 5(b), Judge, is
20 a -- is the list of 31 lots that would be awarded to Lynita
21 and they are titled in her trust presently and they are
22 detailed specifically there. Again, average cost around
23 \$4,000 per lot, \$139,500 as the cost basis. So again, I -- I
24 -- I --

1 MR. DICKERSON: That's -- that's 35 -- that's 45 a
2 lot -- that's 45 an acre.

3 MR. JIMMERSON: Forty-five hundred an acre, exactly
4 right. So, again, this is where an open forum would be
5 helpful because if Mr. Dickerson would say, Jim, yes, we'll
6 take these, and Husband gets two less at 29, then we could
7 divide these as we go along, but that being the case, I move
8 for that --

9 MR. DICKERSON: I think that -- I mean, I think
10 we're on agreement that the -- the --

11 MR. JIMMERSON: I move the admission of Exhibit
12 5(b).

13 MR. DICKERSON: No objection.

14 MR. JIMMERSON: All right.

15 THE COURT: Okay. Exhibit 5(b) hereby admitted
16 without objection.

17 MR. DICKERSON: No objection, Your Honor.

18 MR. JIMMERSON: Where is -- and then if you look to
19 Exhibit 6, Your Honor? 6(a) is the warranty deed for the 29
20 lots and the sheet below it is the exhibit to the lots -- the
21 29 lots that would be awarded to Eric that are presently owned
22 by the Eric Nelson Trust.

23 BY MR. JIMMERSON:

24 Q Have I accurately set that forth, Mr. Nelson?

1 A I'm sorry?

2 Q I've set forth --

3 A That's correct.

4 MR. JIMMERSON: Yeah, okay, so move for the
5 admission of Exhibit 6 and 6(a).

6 THE COURT: Any objections to that?

7 MR. DICKERSON: Let me just look at the spreadsheet.
8 6(a) is the warrant? 6(a) is the warrant.

9 MR. JIMMERSON: The warranty deed -- the -- the --
10 it's basically a --

11 MR. DICKERSON: Okay, so the warranty deed, no
12 objection.

13 MR. JIMMERSON: And then the list of 29 lots.

14 MR. DICKERSON: No objection.

15 THE COURT: Hereby admitted as Exhibit 6(a) and (b).

16 MR. JIMMERSON: All right.

17 THE COURT: With no objection.

18 MR. JIMMERSON: And again, even though this is about
19 a \$9,000 benefit to Wife, he's willing to take it and trade it
20 evenly, 31 and 29.

21 BY MR. JIMMERSON:

22 Q Is that right, Mr. Nelson?

23 A That's correct.

24 Q All right. Now, so we have a little background on

1 this, when -- when --

2 THE COURT: Just for the record, we got Exhibit --
3 we have Exhibit 5 broken down to Exhibit 5, Exhibit 5(a),
4 Exhibit 5(b)?

5 MR. JIMMERSON: They're all admitted, Judge.

6 THE COURT: And then we had Exhibit 6(a), 6(b), yep.
7 And then this (indiscernible - simultaneous speech).

8 MR. DICKERSON: I have (c), (b). 6 -- 5(a) --

9 MR. JIMMERSON: 6(a) only. The reason for having
10 6(b) is I -- if you needed it I could show you what the trust
11 was all about, but it's confirmed -- it's stipulated that the
12 31 are owned by the Lynita Trust and the 29 are owned by the
13 Eric Nelson Trust. So 6(a) is in evidence. Okay.

14 MR. DICKERSON: 5(a), 5(b) are admitted and 6(a) and
15 6(b).

16 MR. JIMMERSON: Right. Okay.

17 BY MR. JIMMERSON:

18 Q And again, for purposes of division here, both in
19 Court Option A and Court Option B, each one has them being
20 divided as set forth, 31 awarded to Wife, 29 awarded to
21 Husband and then the community, you and she would have twelve
22 and a half percent in the 10 of the lots; is that right, Mr.
23 Nelson?

24 A That's correct as described right now. It might be

1 more convenient at some point where she just takes that full
2 because they're already deeded in her area. It cost money to
3 make all those transfers.

4 Q And so, hang on --

5 A So we could level off the trusts that way --

6 Q At \$2,250, half of \$4,500 times 10, she could write
7 you a check for \$22,500 and own the last 10 -- own the 25 --

8 A Or we could --

9 Q -- percent or other -- or you could reverse it?

10 A Exactly.

11 Q All right. Fine.

12 A We could reverse it. There's different options and
13 opportunities there.

14 Q All right. All right. All right, then moving on,
15 we've talked about --

16 MR. DICKERSON: So we are in agreement, then, it's
17 45 -- \$4,500 an acre, correct?

18 MR. JIMMERSON: Forty-five hundred an acre is what I
19 believe the purchase price is. Five -- item 5 to you, 31
20 lots, item 6 to Eric, 29 lots. Okay? And then the parties
21 are presently dividing equally their 25 percent interest in
22 the 10 lots.

23 THE WITNESS: And just for -- for clarification,
24 that 139,500 is a -- a guesstimation (sic) because we bought

1 parcels at a different time there. That 139,500 came from
2 Melissa and I didn't object to it because that -- that's
3 approximately what our -- our basis is in that property, so
4 it --

5 MR. JIMMERSON: Yeah, and Melissa's Ms. --

6 THE WITNESS: If we're splitting it, it doesn't
7 matter.

8 MR. JIMMERSON: Ms. Antanacio (phonetic) is
9 (indiscernible).

10 MR. DICKERSON: To which I object. To -- again, to
11 which I object. All -- all she's doing is going through
12 numbers that Eric provides to her, so --

13 THE COURT: Now --

14 MR. DICKERSON: I mean, let's be --

15 THE WITNESS: But I'm just -- just stating where --

16 MR. DICKERSON: -- okay.

17 THE WITNESS: -- where they're coming from. Go
18 ahead.

19 THE COURT: Four thousand five hundred dollars per
20 acre comes out to the 139,500.

21 THE WITNESS: That's correct.

22 THE COURT: Are we in agreement with the 4,500 per
23 acre?

24 MR. DICKERSON: We are, yes, we are.

1 THE COURT: How about the distribution? Okay with
2 that or not? The -- the proposal was that --

3 MR. DICKERSON: The distribution we have an issue
4 with that we -- that we need to address.

5 THE COURT: But we're okay with the 4,500 value --

6 MR. DICKERSON: Yes, we are.

7 THE COURT: -- per acre? All right.

8 MR. DICKERSON: Yes.

9 THE COURT: Now's a good time to break a break
10 out --

11 THE WITNESS: Well I think we got an easy one,
12 number 7, is Pebble Beach. Do you want it, Lynita, or do you
13 want me to have it?

14 MR. JIMMERSON: Well, come on, it's fair.

15 MR. DICKERSON: Judge -- Judge, why don't you
16 control your courtroom?

17 THE WITNESS: I'm sorry, Your Honor.

18 THE COURT: You -- you okay with that one if we
19 got --

20 MR. DICKERSON: No.

21 THE COURT: -- issue Pebble Beach?

22 MR. DICKERSON: 7 -- Pebble Beach?

23 THE COURT: Yeah, that's the -- he said it's his --

24 MR. JIMMERSON: She testified she wanted Eric to

1 have it.

2 THE WITNESS: But if -- if she wants it she can have
3 it.

4 MR. DICKERSON: No, no, well Pebble Beach, we're
5 putting no value on Pebble Beach.

6 MR. JIMMERSON: Right, and that's what she agreed to
7 as well.

8 MR. DICKERSON: Yeah, no, we're putting no value on
9 Pebble Beach and he can have it, but with the understanding
10 that he is going to be conveying it to Thelma.

11 THE WITNESS: No, no, no, no, no, no. We can --

12 MS. NELSON: Yeah.

13 THE WITNESS: We can -- that -- no. I'm not going
14 to have any conditions whatsoever.

15 THE COURT: So --

16 THE WITNESS: If Thelma gets it, she --

17 MS. NELSON: Okay, fine.

18 THE WITNESS: -- she may blow it.

19 THE COURT: (Indiscernible).

20 MS. NELSON: Okay.

21 THE WITNESS: I (indiscernible) in protection of it.

22 THE COURT: So your issue on -- are you okay with it
23 if it's transferred to Thelma, but not if it's not transferred
24 to Thelma?

1 THE WITNESS: I'm happy to transfer it to Thelma if
2 that's what he wants.

3 MR. DICKERSON: Can we -- can we -- can she answer
4 that question after lunch?

5 THE COURT: Sure. Absolutely. You want --

6 MR. DICKERSON: After lunch.

7 MS. NELSON: After lunch.

8 THE COURT: Yeah. Why don't we take a lunch break
9 now and I'll get counsel in the back and try to see -- see if
10 we can hammer some of the issues and give some people some
11 things to think about. As far as the Thelma, we'll leave
12 that, as I said. You guys know what's going on with that. If
13 you guys (indiscernible).

14 MR. DICKERSON: May we leave --

15 THE COURT: Yeah, you can leave your stuff there.

16 MR. DICKERSON: -- these -- push things over --

17 THE COURT: (Indiscernible).

18 (Pause)

19 MR. JIMMERSON: Did you want to meet with us now,
20 Your Honor?

21 THE COURT: Yeah. You'll have a chance to clean
22 up --

23 UNIDENTIFIED SPEAKER: So what time am I due back?

24 THE COURT: Two o'clock we'll be back.

1 UNIDENTIFIED SPEAKER: Okay.

2 (Counsel and parties confer)

3 (Recess from 11:27:38 a.m. to 16:03:35 p.m.)

4 THE COURT: This is the continued matter of Eric
5 Nelson and Lynita Nelson, case number D-411537. We took a
6 brief recess. Mr. Nelson's still on the stand, so you may
7 proceed at your pleasure, Mr. Jimmerson.

8 MR. JIMMERSON: Thank you, Your Honor. Judge, I'd
9 like to drop down for a small item, item number 41, the Source
10 contingent liability minus \$500,000.

11 BY MR. JIMMERSON:

12 Q (Indiscernible - away from mic).

13 A Yes.

14 Q All right. Who is Mr. Sorris (phonetic).

15 A Frank Sorris is an individual that I, in the early
16 '90s I sold properties to apartment buildings that either I
17 owned or the RTC owned.

18 MR. DICKERSON: Excuse me. Is this -- is this an
19 exhibit that I could look at?

20 MR. JIMMERSON: 41.

21 MR. DICKERSON: 41?

22 MR. JIMMERSON: It matches the schedule.

23 MR. DICKERSON: Okay.

24 (Counsel confer)

1 THE WITNESS: But he's a rough and rugged guy. I
2 really like him. He treats me like a son. I trust him, he
3 trusts me. We've made money together, though I can't remember
4 the exact (indiscernible), apparently 2001 he came to me with
5 his broker, Stuart Larson, and Stuart said we are selling one
6 of the apartment buildings for 2.3 million sixty. He says, is
7 there any way we can do a deferral? Frank wants to be netting
8 somewhere around \$10,000; you got any suggestions?

9 At that time I said in fact, I do. It took me a
10 couple weeks to come up with a scenario that would work that
11 would qualify for a 10/31 exchange, I could benefit, Frank
12 could benefit. And what we did was we sold a -- a -- a
13 building I had in Wyoming, an off-track betting parlor that
14 was a full restaurant, a OTB, a -- I think it was like 20,000
15 square feet itself, the building. I sold it to him for
16 2,360,000 and he received in cash 1,360,000. He had a
17 carry-back of one million. So I did the same thing. I took
18 his cash, 1,360,000 and he deferred the gain. I carried a
19 first mortgage of \$1 million and in that I agreed to pay a --
20 a lease-back of the property, because I needed to lease it for
21 my OTBs. We were going to put potential slot machines in this
22 off-track betting parlor in Wyoming, Your Honor, and very
23 similar to equipment lease.

24 Q And you had to show a lessee, right?

1 A Show a lessee, and he -- and so I leased it from
2 him, my Wyoming Downs property was owned in one of the trusts.

3 Q Let me show you a Sorris original mortgage for the
4 Wyoming property dated January 21, 2002, Exhibit proposed
5 41(c).

6 A Yes.

7 Q Can you identify that document?

8 A Yeah, that's the -- that's -- we -- we loaned -- we
9 carried back a first mortgage.

10 Q (Indiscernible - away from mic) mortgage there?

11 A Approximately \$1 million, yes.

12 MR. JIMMERSON: Move for admission of Exhibit 41(c).

13 THE COURT: Any objections?

14 MR. DICKERSON: No objection.

15 THE COURT: Hereby admitted as 41(c).

16 BY MR. JIMMERSON:

17 Q Okay. So now we're 2002. You've taken the cash
18 that would be his. You've agreed to pay him money, I guess,
19 in exchange for that loan or that lease-back --

20 A We were being creative, but perfectly legal. What
21 we did was I agreed to lease the property for, excuse me,
22 \$16,000 and he agreed that he'd be paying me on the first
23 mortgage 6,000 so he would net about \$10,000. Very, very
24 similar to equipment leases and worked well. I needed the

1 property, I needed to lease it back and on my taxes earned
2 since 2001 I've been paying him \$10,300 approximately every
3 month.

4 Q Okay. Now there's a transaction which was the
5 subject of the April 6th motion that Mr. Dickerson filed on
6 behalf of his client --

7 A Yes?

8 Q -- that I wanted to call to the Judge's attention.
9 The transaction that you made with Mr. Sorris in January,
10 February, March of 2010; is that right?

11 A That's correct.

12 Q Please explain the time frame of which you call the
13 Sorris deal, this is your board, relative to that -- that
14 transaction. Before you do, I -- I think what I've marked
15 just for the purposes of completing the record, did you make a
16 modification agreement with Mr. Sorris dated August 24th,
17 2007?

18 A I did.

19 Q And is this document a true and correct copy of that
20 modification? And in fact it's called "Modification
21 Agreement," in 2007?

22 A Yes, it is.

23 MR. JIMMERSON: Move for the admission of Exhibit
24 4(b). 41(b), excuse me. 41(b).

1 THE COURT: Any objections?

2 MR. DICKERSON: No objection.

3 THE COURT: Hereby admitted without objection,

4 Exhibit 41(b) (indiscernible).

5 BY MR. JIMMERSON:

6 Q All right. Now we're in winter of 2010. What
7 occurs with Mr. Sorris' and your obligation to him of \$1.3
8 million?

9 A Well, Mr. Sorris is very flexible and I'm flexible
10 in our transactions and so we did a replacement, periodically
11 -- we sold the Wyoming property, but he still wanted the
12 arrangement to stay true, so I had to find something else I
13 had that I was utilizing that was similar to nature, and that
14 was a warehouse in, actually, Arizona that we did the -- we
15 did the transfer modification of collateral. We actually took
16 it from there because we sold that facility and moved it to
17 Mississippi because we were going to build a very large RV
18 park and we're very excited about it and he could participate
19 and he wanted to get more involved in a transaction.

20 But, however, due to economic hard times in there,
21 that -- that transaction was not developing. The RV park was
22 completely at a standstill with the Silver Slipper, and that
23 was stopped. And so I had proposed to, for well over a year,
24 I had proposed that what we would do is I had -- was buying

1 properties in Arizona or Ban One Arizona, Your Honor, had --
2 had purchased 41 properties. I'd converted those properties
3 for approximately 860,000, which included all the basic
4 repairs to the property, had a basis of 862.

5 Frank was more interested in having something closer
6 to home. I was interested in getting him on his own, so we
7 did what I call a blue sky agreement that I'll guarantee it
8 that hey, this is working for me. I'll manage it. It'll work
9 for you, and if it doesn't, I'll be guaranteeing that
10 liability portion of it.

11 The transaction itself was very, very good. We
12 traded 20 homes, which was for -- I paid 862 and in January of
13 2010 he agreed to take those 20 homes and release the debt of
14 \$1,360,000.

15 Q So he forgave the debt of \$1.36 million dollars, and
16 I understand there's a contingency there, so please explain
17 that.

18 A Dint of liability is that I'd guarantee an allocated
19 value per house. If he sold them for less after a period of
20 time, that I would -- that I would have the option to buy
21 those properties, and it was designed that it was protecting
22 me, but it was also giving him a guarantee allocation price on
23 these properties here and so it was at a -- a total exchange
24 amount of going back to the 2,365,000 where I was carrying a

1 portion of the second on these properties there.

2 It was for replacement value, but the bottom line,
3 Jim, is that we take this debt off our books, replace it for
4 this for a net gain of approximately \$500,000. And so it
5 appeared to me that it was a very good transaction and it was
6 a step closer of getting Mr. Sorris, who you have to
7 understand has four children, he's approximately 80 years old
8 and he's getting ornerier every day, part of it is, is that he
9 could give five homes to each one of his kids is what my
10 discussion with Mr. Larson was and this was a good transaction
11 all the way around, plus it released debt out of our community
12 that definitely we'd been paying since 2001 and it was a good
13 time to start unwinding Mr. Sorris from our liabilities.
14 That's it.

15 Q You'd be interested to know Mr. Dickerson called it
16 a genius transaction (indiscernible) genius to do that. Now,
17 let's talk about the contingent liability of 500,000. That's
18 reflected on Line 41 of our balance sheet and it would be, in
19 this particular case you were going to, you know, take that, I
20 guess, as a negative to reduce your assets and what -- what --
21 what is the contingent liability based upon, please?

22 A Mr. Sorris and myself have a relationship that --
23 that dates back, you know, many years, and he was -- he wanted
24 to say Eric, you and -- will guarantee me this money and I

1 said Frank, this is a good deal. I said I don't have this
2 much money in these homes. You know that. I fully disclosed
3 where we're at, but I can tell you that they're going to be
4 worth this much money if the economy recovers. If it doesn't,
5 I'll work with you substantially in getting there. I did give
6 him some additional lots that were on my side of the ledger
7 from the -- from the 29 lots I had as additional collateral
8 and he felt comfortable.

9 So anyway, there is a contingent liability and
10 because of the divorce and because of depositions and things
11 like that, he's a little nervous. I don't know if I can
12 settle him down or not. If he called all the money down, I
13 would have to -- to consider paying -- selling those
14 properties and getting that 1,360,000 back to him.

15 Q Okay. And was his deposition taken by the defendant
16 in this case?

17 A It was.

18 Q All right. What was the interest rate that you were
19 paying to Mr. Sorris?

20 A I -- I think it was approximately nine percent.

21 Q And was that worth it to you, at least in previous
22 years when you're carrying \$1 million, million three of his
23 money?

24 A Well, it is to the extent that I can tag it to a

1 particular property, Your Honor. For instance, in Wyoming, I
2 had cash flow on that OTB of about \$80,000 a month from the
3 off-track betting facility and so it made sense because the
4 equipment I was purchasing for about a million dollars to
5 upgrade that facility produced that \$80,000. So it's easily
6 to make the sixteen-thousand-dollar payment. Unfortunately,
7 in Wyoming is the Attorney General overturned the Racing
8 Commission that these machines were not legal and so we had to
9 shut those down.

10 That cash flow became concern there. However, I did
11 have a warehouse in Arizona and that worked for him for a
12 period of time, but the transaction going into Mississippi was
13 a grander scale where I was going to promise him -- verbally
14 promise him some equity position in the RV park if it worked
15 as well. Of course we ran into hard times there, and so we
16 made arrangement for a much more secure position for him plus
17 I profit from him, but it's better for his kids too.

18 Q And you get rid of a million three six obligation?

19 A Yes, sir.

20 Q All right.

21 MR. JIMMERSON: I just want to introduce an exhibit,
22 41(a), Your Honor, the agreement reached between Mr. Sorris
23 and (indiscernible) February of 2010.

24 BY MR. JIMMERSON:

1 Q Can you identify 41(a) as the Sorris agreement of
2 February 19th of 2010 between yourself and Mr. Sorris?

3 MR. DICKERSON: Which one?

4 MR. JIMMERSON: 41(a). It's a two-page agreement.

5 MR. DICKERSON: Well what is --

6 MR. JIMMERSON: Let me show it to him.

7 THE WITNESS: Yes, sir.

8 MR. JIMMERSON: It's just these two pages.

9 (Counsel confer)

10 BY MR. JIMMERSON:

11 Q Can you explain what this -- what this document is,
12 this board is that was signed by Mr. Sorris and yourself
13 February 19th, 2010?

14 A This -- there's two documents. This is a standard
15 purchase agreement, and so this would be -- the top portion of
16 that, of course, is -- is the deal itself in a nutshell.
17 These are some further agreements between my company --

18 Q This -- this --

19 A -- and Mr. Sorris and some promises and how the
20 transaction actually is -- is carried through as originally
21 from the one from Wyoming.

22 Q So there's actually two agreements; a letter of
23 understanding --

24 A Yes.

1 Q -- and -- and the -- and the document that's -- that
2 we'll have to get into?

3 A Yeah, the letter of understanding is more for the
4 property management side of it, that we're going to be
5 working, collecting the rents, assisting him to make the
6 transition easy, and we've designated a -- a third party,
7 which is Kevin, a -- my niece's husband, to manage these
8 properties. He's managing for me and I would guarantee it for
9 a period of time until his broker, Stuart Larson, was
10 comfortable enough in taking them over.

11 Q Okay. Okay. And they're Bates stamped 604 and 605,
12 they're part of 41(a) and they're two agreements called
13 "Letter of Understanding," which is you say the marketing
14 side, or the maintenance side, and the actual agreement
15 between the two of you, which is this document?

16 A Yes, sir.

17 MR. JIMMERSON: Move for admission, Your Honor, of
18 Exhibit 41(a).

19 THE COURT: Any objection, Mr. Dickerson, to 41(a)?

20 MR. DICKERSON: No objection.

21 THE COURT: Hereby admitted as Exhibit 41(a).

22 MR. JIMMERSON: Thank you.

23 BY MR. JIMMERSON:

24 Q Okay. Let's go on to (indiscernible) about

1 Mississippi.

2 A Okay. Your Honor, just out of curiosity do we go to
3 5:30 or six o'clock, or what time?

4 THE COURT: Let me see what I was -- what does
5 counsel schedule look like?

6 THE WITNESS: Eight o'clock?

7 MR. JIMMERSON: That's fine.

8 THE WITNESS: Stay here as long as we can?

9 THE COURT: About 5:30?

10 MR. DICKERSON: Yeah, that'd be good.

11 THE COURT: I -- I try not to keep my staff too
12 late.

13 MR. JIMMERSON: Yeah, that's great.

14 THE COURT: I used to work them until eight o'clock
15 and --

16 THE WITNESS: I'll pay them extra.

17 THE COURT: -- all my staff always changed on me.

18 THE WITNESS: I'll double their pay.

19 MR. JIMMERSON: That's easy for you to do.

20 THE WITNESS: No, I can do that. Is that -- is that
21 an option, Your Honor?

22 THE COURT: I wish you could. You could double mine
23 as well. I'd be -- I'd be all for it.

24 THE WITNESS: For the -- for the X hour.

1 THE COURT: Let's see where we're at.

2 THE WITNESS: It would -- it'd be -- it'd be a
3 bargain, if you know what I'm saying.

4 THE COURT: Yeah, well, we'll see how -- yeah, we'll
5 see how we're doing.

6 THE WITNESS: Yes, sir.

7 BY MR. JIMMERSON:

8 Q All right. Line item 8 in our options has, in Court
9 Option A, (indiscernible) equal division of assets between
10 Mississippi and Russell Road, correct?

11 A Correct.

12 Q And Court Option B, second choice, was Mississippi
13 to you and Russell Road all to Wife.

14 A That's correct.

15 Q All right. So I want to go through this asset and
16 liability and what's involved in Mississippi and there's
17 several sections, okay?

18 A Yes, sir.

19 Q All right. So let's start with a little bit of
20 history about Mississippi. First you talked briefly about Las
21 Vegas Casino and where was Las Vegas Casino located?

22 A Las Vegas Casino is located in Greenville,
23 Mississippi.

24 Q Yeah. And it was the first casino that the Nelsons

1 had been involved in?

2 A Yes, that was solely owned by my -- my trust.

3 Q And your brother, Cal, was involved in constructing
4 it?

5 A Yes.

6 Q All right. And you developed it and then you sold
7 it. A partner was Mr. Billy Walker, who we've seen?

8 A Yeah.

9 Q (Indiscernible) Billy over the years.

10 A Yeah, that was a colorful Bill.

11 Q (Indiscernible) to Balli Hi (phonetic). I mean,
12 he's got more lives than a cat.

13 A And my sister designed it, which is a -- or my
14 sister and brother-in-law designed the Las Vegas Casino.

15 Q So this is really a family effort all these things,
16 it looks like.

17 Q Oh, yes, definitely.

18 A Okay. So now, that's successful, and then you
19 mentioned a second casino venture that you got involved with
20 called Fitzgerald's, if I --

21 A Yes, sir.

22 Q -- I -- my recollection's correct.

23 A Fitzgerald.

24 Q What year was that please?

1 A Approximately about six months later I started
2 construction on the Fitzgerald's Casino.

3 Q What is it, '93, '94 time period?

4 A Yes, same period of time.

5 Q Thank you. Please continue.

6 A My brother, Paul --

7 Q What was the result of that (indiscernible)?

8 A My brother Paul, excuse me, was the point person.
9 Generally we would designate a point person. Cal was the
10 point person to the general contractor and Paul reported
11 actually to Jerry Turk, the owner of the Fitzgerald's here.
12 My interest was 20/25 percent of the total operations in
13 Tunica. We were very excited. Turned out to be about a
14 hundred-million-dollar facility. Unfortunately, the roads got
15 so jammed up Paul's point person did the same thing that Cal
16 did. Tremendous amount of time and energy but much more
17 extensive and -- and moved more dirt at that facility than we
18 -- than moved at the MGM Hotel here in Las Vegas.

19 Q Big project.

20 A Big project.

21 Q How'd it turn out?

22 A Beautiful. Actually worked well. Unfortunately,
23 Jerry had entered into some -- at the financial side of it he
24 got caught, because you get short term financing and once you

1 finish you get long-term. We got muddled and the long-term
2 financing wasn't available, became very contentious. I had a
3 minimal amount of money invested in it. I had tied the
4 property up for a steal and so I took a hundred thousand
5 dollars and said, guys, good luck, because they personally
6 signed on it and I didn't sign anything.

7 Q Okay. All right, so you got your hundred thousand
8 back?

9 A I got it back, and they ended up losing the
10 facility.

11 Q They ended up losing the (indiscernible)?

12 A I believe they lost it or had to sell it for below
13 the mortgage amount.

14 Q Got it.

15 A Very difficult, but he rebounded.

16 Q All right. I see that. All right, now, another
17 project in chronological time is called Hideaway?

18 A That's correct.

19 Q Okay.

20 (Counsel confers)

21 Q Now, Hideaway liability, which is, I call, part of a
22 -- part of Mississippi, this actually in terms of chronology
23 was ahead of the Silver Slipper; is that right?

24 A Only to the degree that the Las Vegas Casino, when I

1 sold that facility, there was three sites that were available
2 in Greenville, Mississippi. Las Vegas -- there was three
3 sites available. I had designated one and called it --
4 informed the company, they called it the Hideaway. The
5 clients that bought the Las Vegas Casino had a non-compete to
6 do that casino for a period of time, and so I put down the
7 project, kept quiet, and said this is a very good piece of
8 property in Greenville, Mississippi.

9 Q Okay. But because of the covenant not to compete,
10 you weren't able to develop it for a period of time?

11 A That's correct.

12 Q Okay. And we had some exchanges, discussions off
13 the record with the Court, so I want to put it on -- on the
14 record. What is the Hideaway investment and when was it made?

15 A Well basically, if I can tie it so everybody can
16 understand it, at the Silver Slipper we had a river boat. I
17 contributed a river boat. I foreclosed on a -- a company
18 called Phoenix Leisure that I had invested money with, so I
19 had an interest in at Phoenix Leisure.

20 So I foreclosed on Phoenix Leisure's interest
21 because they ran out of capital doing some of the ventures
22 that we did in Mexico City in opening a casino and some other
23 ventures in these areas.

24 With that I received back a river boat because of

1 the -- we had had the opportunity to purchase the President
2 river boat, my partners and me, when we were getting ready to
3 be under construction at the Silver Slipper. The President
4 river boat fell into bankruptcy and I'd worked with the -- the
5 purchaser who bought the property -- he had no interest in the
6 casino -- to acquire a forty-million-dollar river boat with
7 all the slot machines on there for a mere \$6 million. And so
8 the partners were excited about that transaction, asked me if
9 I would take the Hideaway Casino river boat, which is the
10 river boat that the Hilton Corporation had sold me and I'd
11 contributed to the Silver Slipper, you're following me, and
12 they got a hold of the President river boat, operated it
13 there, and asked me to reduce my capital account \$1 million
14 because I had a capital contribution designated -- I didn't
15 have that much invested, only a couple hundred thousand
16 dollars.

17 I put together the whole deal, the lease, the
18 contracts and everything at the Silver Slipper, and so I took
19 the river boat back, reduced my capital account to \$4 million.
20 They asked me to remove the river boat and I took the river
21 boat and floated it. I said, where could I take this boat? I
22 said hey, my non-compete isn't working. I've got me a new
23 deal. I created a deal called the Hideaway Casino in
24 Greenville, Mississippi. I found an investor named Steve

1 Berry. He invested \$3 million. This brings us to the board
2 here, which we ran out of money. Steve had some hard times,
3 financing drawed (sic) up. He had some money owed him.

4 The --

5 MR. DICKERSON: Excuse me. I just -- what exhibit
6 are we talking about now?

7 MR. STEPHENS: 33.

8 MR. JIMMERSON: Exhibit 33, I think.

9 MR. DICKERSON: 33?

10 MR. STEPHENS: I think it's 33.

11 MR. DICKERSON: Thank you.

12 THE WITNESS: And so what happened is in August 2009
13 Steve Berry said I need my money, Eric. I don't have a
14 personal guarantee on -- on it, Your Honor, however he would
15 not take the project back because he doesn't want it. He
16 wants me to do it. He wants his money back because he got --
17 he lost approximately, my understanding, is about \$50 million
18 in the marketplace. This investor is gone.

19 The gaming site is on -- is -- just about ready to
20 expire. The land lease, that's incorrect, is not going to
21 expire, but on 12/30, it's paid until 12/30, then I got to
22 start paying 5,000 a month, but it is not expired. It cost me
23 about 10 million to finish the project. The gaming license is
24 much easier for me to get site approval because I have the

1 Silver Slipper Casino. I did a casino in Las Vegas Casino
2 already and the -- the conversation has been that he wants his
3 money back one way or the other and he feels I was somewhat
4 derelict in the duties in -- in developing the -- the facility
5 itself because we spent \$3 million. The additional million
6 dollars is interest, Your Honor. And so I figured it'd cost
7 about 250 to defend the lawsuit. If we lost, then he could
8 pierce -- pierce the veil, we'd lose up to \$4 million. It's
9 very real.

10 BY MR. JIMMERSON:

11 Q All right. And could I move to admission or first
12 show you Exhibit proposed 33(b), correspondence dated August
13 27, 2009 from Mr. Berry to Hideaway Casino, LLC? Can you
14 identify that correspondence?

15 A Yeah, this is the demand letter.

16 MR. JIMMERSON: Move for its admission, Your Honor.

17 MR. DICKERSON: Which one?

18 THE COURT: Any objection?

19 MR. DICKERSON: (c)?

20 UNIDENTIFIED SPEAKER: 33(b).

21 MR. JIMMERSON: 33(b), I misspoke.

22 MR. DICKERSON: No objection.

23 THE COURT: Hereby admitted as 33(c).

24 BY MR. JIMMERSON:

1 Q And by this document now being admitted, it's a
2 demand for \$3.533 million by Greenville Entertainment, LLC
3 through Steven Berry Company to Hideaway Casino LLC; is that
4 right?

5 A That's correct.

6 Q Is the -- now, Hideaway Casino, LLC is the limited
7 liability company that developed the Hideaway Casino; is that
8 right?

9 A Well it's not -- yeah, it's a boat and a big hole in
10 the ground.

11 Q Okay. But it was the entity to which Mr. Berry or
12 his company --

13 A Correct.

14 Q -- deposited his three-million-dollar loan?

15 A Yes.

16 Q All right? And it's the entity to which you
17 contributed the boat?

18 A Yes.

19 Q And your efforts and ideas?

20 A Yeah, Paul and Cal did both -- everything. I never,
21 you know, --

22 Q Right.

23 A -- they dug a huge hole.

24 Q I understand. It was a project that, as I

1 understand it, was built this way looking for permanent
2 financing?

3 A Yes, but it's not as simple as it sounds. The boat
4 had to float up the Mississippi River. We moved thousands and
5 thousands of yards to put the boat into land. We had to get
6 all the environmental things over the hump, so a tremendous
7 amount of work and energy, plans, engineering, everything was
8 completed by Paul and Cal, so I don't want to discount their
9 work and energy in it. However, being my brothers, they don't
10 get paid unless I get paid.

11 Q And so this has been -- as it turns out, a failed
12 investment, maybe what, because of the economy? Because
13 there's no money to develop it?

14 A Yes, it was impossible to raise money and capital
15 right now for hotel projects and casino projects.

16 Q And the ownership interest of Hideaway LLC is owned
17 by whom?

18 A By me, or my trust.

19 Q By your trust, okay. So Hideaway Casino, LLC, the
20 operating entity is owned by Eric Nelson. Now, Mr. Nelson, by
21 virtue of your work at Las Vegas Casino --

22 A Yes?

23 Q -- and then maybe later at Fitzgerald's and
24 certainly at Silver Slipper, are you licensed by the

1 Mississippi Gaming Officials?

2 A Yes, I am.

3 Q Okay. And do you have an unrestricted license?

4 A Yes, I am.

5 Q Is Lynita Nelson licensed by the Mississippi Gaming
6 Authority?

7 A No.

8 Q Is she licensed by the Nevada Gaming Authority?

9 A No.

10 Q All right. So as -- for -- for purposes of this
11 particular item, this is an investment that you made through
12 this LLC, owning a hundred percent of it through your trust
13 that has gone -- that has failed?

14 A Yes.

15 Q This co-investor of, is it Greenville, through Mr.
16 Berry has -- has invested his money. The entity has lost its
17 money and this is where it stands?

18 A It's where it stands today, yes.

19 Q Okay. The down side for the community, for you and
20 Lynita, is to respond to a lawsuit that may or may not be
21 filed --

22 A That's true.

23 Q -- in the future by Mr. Berry?

24 A Yes.

1 Q Okay. Relative to an asset going forward, okay, is
2 there any value to Hideaway Casino, LLC?

3 MR. DICKERSON: We will stipulate it has no value.

4 MR. JIMMERSON: We will so -- accept that
5 stipulation. Completes the examination of Mr. Nelson on
6 Hideaway Casino.

7 BY MR. JIMMERSON:

8 Q All right. Now, there's another portion of the
9 Mississippi story, correct?

10 A Yes, sir.

11 Q And that is this Silver Slipper investment and
12 related property?

13 A Yes.

14 Q Okay.

15 A I think we should leave that one up because it
16 (indiscernible).

17 Q Okay. That's fine.

18 (Pause)

19 Q Okay, now this is number 8. All right. Now you've
20 made two boards which are part of Exhibit 8.

21 MR. DICKERSON: And which exhibit is this?

22 MR. JIMMERSON: 8. 8. 8.

23 THE WITNESS: There'd still be more.

24 MR. JIMMERSON: This is 8.

1 (Counsel confers)

2 THE WITNESS: Hey, Jim, if I -- can I grab my book
3 here, these four boards, so I can refer to these four boards? .

4 MR. JIMMERSON: Yeah, sure. Let me show it to you.

5 (Counsel confers)

6 BY MR. JIMMERSON:

7 Q Now, Mr. Nelson, we're looking at item number 8 on
8 our Court Options A and B?

9 A Yes, sir.

10 Q All right. A has it being divided -- all these
11 assets being in half?

12 A Yes.

13 Q Including the liabilities?

14 A Yes.

15 Q And B being -- Mississippi and all the liabilities
16 going to you?

17 A Yes.

18 Q All right. (Indiscernible).

19 A Yes.

20 Q There's two choices the Court can make. All right.

21 Las Vegas Casino, Fitzgerald's Casino, Hideaway initially,

22 Hideaway later, now we have, at least from what I understand,

23 these are fourth investment in Mississippi, the Silver Slipper

24 Casino; is that right?

1 A Yes, sir.

2 Q And I use the words "Silver Slipper Casino"
3 advisedly, because there's not a hotel there.

4 A No hotel.

5 Q There's no captured rooms there.

6 A Correct.

7 Q Okay. So it must have been built at a time when
8 they didn't require rooms, I guess, right?

9 A That's correct.

10 Q Like here we have 150-room minimum --

11 A Right.

12 Q -- my -- that's what my understanding is. All
13 right. So when did you make the Silver Slipper -- Silver
14 Slipper Casino investment, please?

15 A Well --

16 Q In Mississippi, and this is in Waveland,
17 Mississippi?

18 A Yes.

19 Q How far away from Greenville is Waveland?

20 A Well, it's closer to New Orleans. It's on the
21 Mississippi gulf, so it'd be about four hours from Greenville.

22 Q Okay, and Greenville is not on the gulf?

23 A It's on the Mississippi River.

24 Q It's on the Mississippi River and not on the gulf,

1 okay.

2 A Yes.

3 Q So it has -- they're both in the State of
4 Mississippi?

5 A Yes.

6 Q And this one, Waveland, is right -- if you look at a
7 map, it'd be almost on the Louisiana/Mississippi line?

8 A Sixty miles east of New Orleans, 60 miles west of
9 Buluxi.

10 Q All right, very good. So, now what is the
11 investment of Silver Slipper and how does it begin, in what
12 year?

13 A 1998 I was involved in --

14 Q So 12 years ago?

15 A Excuse me?

16 Q Twelve years ago?

17 A Twelve years ago.

18 Q Right.

19 A I was involved in the Jockey Club transaction. I
20 was trying to take over the piece of property, the Jockey
21 Club, the eight acres where the Cosmopolitan sits. And at
22 that time there, an individual came of which we were
23 successful in doing, in selling the interest, in essence, but
24 the Mississippi -- the casino developed that a gentleman came

1 to -- and visited with me, he was in a bankrupt situation
2 there on the gulf called Bayou Caddy Site, which is now the
3 Silver Slipper site. He owned 30 acres and the gentleman's
4 name, Mike Cure (ph). And he said, you know, he showed me the
5 proposal. I tendered a check for \$100,000, purchased the
6 property and then worked with the company that I was
7 associated with, Phoenix Leisure, and we ended up buying the -
8 - or developing a lease and -- and moving forward with the
9 operations of that facility.

10 Unfortunately, during that period of time Phoenix
11 Leisure went defunct on the transaction that we jointly moved
12 on in Mexico. From there, their full focus was in
13 Mississippi. They didn't have enough capital. They run out
14 of capital. They owed me capital and I foreclosed on it, so I
15 took full control of it under Dynasty. So Dynasty at that
16 time --

17 Q Okay, so Dynasty Development Company, for the
18 Court's edification, and we saw a bank account earlier that I
19 discussed --

20 A Yes.

21 Q -- is the name of the company that owns Lynita and
22 Eric's interests in Silver Slipper?

23 A Yes, under my trust.

24 Q All right.

1 A Lynita's not party to that, I mean, with the -- with
2 side of the -- the trust side of it.

3 Q The trust owns it and Eric Nelson --

4 A The community -- yes.

5 Q -- Trust, but she has a community interest, and
6 that's the entity --

7 A Right.

8 Q -- that -- Dynasty is the entity you used to put in
9 your interest in this asset, I take it?

10 A And so going through it, we -- we were successful in
11 securing financing with a gentleman that agreed to be the
12 operator, Paul Alanis and Loren Ostrich (indiscernible). They
13 have a company called CORE (phonetic).

14 Q Alanis and Lauren Ostrich?

15 A Alanis and Lauren Ostrich. They had a big history
16 with Jack Binion. He was his chief financial officer, CEO at
17 one time for the Binion Corporation and when they sold out he
18 moved on to different companies, I believe it was Pinnacle.
19 He came to me and said I'd like to be your partner in this
20 transaction there and I hired a firm called Libra Financial,
21 which had been one of my partners and they actually found
22 Paul. They put together the capital, I put some capital in, I
23 came up with the design, the river boat and the lease, they
24 put up additional capital. That put into our capital account.

1 We borrowed approximately, I think it was going to be about
2 \$24 million.

3 In that process, though, we found it and discovered
4 that we could have purchased the -- the President river boat,
5 so we went back and refi'd it with DDJ, a higher amount now,
6 because it was a bigger and better facility, and we're going
7 to float the President river boat over to this operation.

8 Q The one from the Hilton?

9 A No, that's the -- that's the Hideaway boat -- yeah,
10 the Hideaway boat went up to Greenville and started the
11 Hideaway --

12 Q Right.

13 A -- at that time. And so now the President river
14 boat, everything's going fine. We're under construction
15 finally. This is years, in 2004/2005. I'm excited to get
16 something built at this site. I've had it for '98. In that
17 time, Your Honor, I had acquired approximately 200 acres
18 surrounding the casino in -- in that area there of which the
19 majority of it is wetlands, though. So it's -- it's wet
20 property, 200 sounds big. Only probably five or six acres is
21 available really for development on the -- on the -- on the
22 waterfront. You can't use it for a casino. It's basically
23 for just RV parks or potentially a hotel or anything else I
24 could dream up.

1 Well, on comes Katrina and the President river boat
2 ends up on the Holiday Inn. The state laws changed
3 drastically at that time; you could build on land. We were
4 already out of the foundation with our infrastructure for the
5 -- where you would be dropped off your restaurants, and
6 everything else, and the river boat was gone, so this was
7 perfect. So we were able in one year from Katrina to open up
8 the first land-base from scratch casino on the Mississippi
9 coast.

10 Q Mississippi's legislators reacted to the loss of
11 income by now allowing -- removing the restrictions of
12 requiring water boats, even as phony as they may have been in
13 a pool --

14 A Yes.

15 Q -- to land -- land property.

16 A Yeah. Because of the storm situation, it caused
17 total chaos, of course Katrina was -- was one of five hundred
18 years, of which, you know, I -- we had homes -- we had seven
19 homes on the Mississippi coast. Every one of them disappeared
20 with no insurance, me and Lynita. With -- with Dynasty
21 Development. Every one of them gone. Not even a stick. The
22 eye of the storm went right over the property. The most
23 miracle part about the whole thing is 30 days earlier I had
24 moved the river boat to Greenville with no insurance. It

1 would have been a disaster. Anyway, so -- well, maybe not.
2 It would have -- might have been better.

3 But so what happened then is they agreed then to
4 reevaluate the note, raise the note to \$43 million. So the
5 \$43 million, when we started construction, we built the
6 facility, we opened up. Shortly after open we had a cash
7 (indiscernible) --

8 Q What year are you opening up? 2006?

9 A 2006, I believe.

10 Q Please continue. Thank you.

11 A And so Paul Alanis and CORE are the management
12 company. I'm personally licensed in that too and I receive 20
13 percent of their management contract on a side agreement, all
14 fully disclosed with the Gaming Commission, Your Honor.

15 At the same time, Dynasty had gone -- had been doing
16 so much with my brothers and sisters and Paul and Cal were
17 going to assist us here, and so they had an option -- a
18 profit-shared agreement. There was approximately eight of
19 them along with Mike Cure, the landowner, because he was
20 participating with it too with me, he was my partner down
21 there, because he owned other land down there, and so we had a
22 -- Dynasty has full control of all my partners. We own about
23 43 percent of this operation here, and we're giving them away
24 about 20 percent in warrants to the lenders that they can

1 exercise.

2 Me being well-versed in this area, this was fine
3 with me, and I felt protected. There's about 60 owners, Paul
4 being the biggest one. He's -- him and Lauren control about
5 47; I control 43 and Libra Financing controls 10. However,
6 the 800-pound gorilla is DDJ, a billion-dollar hedge fund in
7 New York that has not been friendly to us at all.

8 Q And they're the lender?

9 A They are the lender.

10 Q And they are the one that holds the warrants?

11 A Yes, and I --

12 Q Okay, hang on.

13 A Okay.

14 Q So the -- as we sit here today, the Dynasty
15 Development, the Nelsons and the relatives who have the option
16 contracts have 43 percent?

17 A That's correct.

18 Q Subject to dilution?

19 A Yes.

20 Q If DDJ converts their warrants to stock?

21 A Yes, sir.

22 Q All right. And what would that dilution be down to?
23 Is it about six percent, I think you've told me?

24 A Yeah, we -- we'd be -- basically we'd be down to

1 about 34 percent --

2 Q Thirty-four percent?

3 A -- because of the way it actually pencils out.

4 Q Roughly about 11 percent?

5 A Yeah, uh-huh.

6 Q Forty-three (indiscernible) --

7 A About 25 percent that we have.

8 Q -- 43 or 44?

9 A Give or take some.

10 Q Okay. And the other 57 percent is owned, as you've
11 indicated, through -- the -- the entities are Alanis and
12 Osfour (ph) --

13 A Paul Alanis and Lauren through CORE and their group
14 of people, about 40 people.

15 Q Okay, and then 10 percent is another group?

16 A To the lender, Libra, the guys that put this -- the
17 investment bankers that put the deal together.

18 Q Okay. Now there is -- so when you -- did you open
19 for business?

20 A We did. We had operation -- we had a little bit of
21 a problem because of the opening the parking garage was subbed
22 out -- thousand-car parking garage was subbed out to an
23 individual that didn't get it done on time, so we opened
24 without parking. Caused a hardship on our facility because

1 you couldn't park at the facilities. So we had a
2 three-million-dollar cash call of which I'm obligated to 1.3
3 million which I funded along with a couple of the partners. I
4 think my brother, Paul, put up about 80,000. I'm not quite
5 sure if anybody else did, but they -- but anyway, we covered
6 our -- our cash call of \$1.3 million.

7 Q Out of the three million was your end?

8 A So we don't get diluted. If we get diluted, we get
9 to -- huge hits at that time.

10 Q And these -- all the transactions, the agreements
11 that allowed Silver Slipper, LLC to operate were disclosed to
12 the Mississippi Gaming Commission?

13 A Every one of them.

14 Q And the control board?

15 A Yes, sir.

16 Q All right. And you were subject to full scrutiny?

17 A Very, very much.

18 Q (Indiscernible). And these -- the three people who
19 got licenses were yourself, Oster and Alanis; is that right?

20 A Yes.

21 Q Okay. Now, take us to the top. It's my
22 understanding that now all of these loans are in default, so
23 tell me what's going on here.

24 A Well, if you take a look at, in going back, excuse

1 me, to the opening of it, Your Honor, is part of the property
2 of the lease did fit the blueprint that we needed to get to
3 open up the Silver Slipper and -- and the parking garage, and
4 there was about three acres where we had to move a road into
5 highly-sensitive wetland areas. I came up with an idea to --
6 to induce them to come along is that I would trade some my
7 wetland properties and highland properties and they could make
8 -- create more wetland properties on 120 acres and a 25-acre
9 piece that's owned by Grotta Financial, my brothers and
10 sisters and Lynita.

11 So they did this work on it. They were supposed to
12 transfer some of the properties around them to us and maintain
13 the property. They have done neither, and so a situation is
14 that has caused a little anxiety, needless to say, because
15 they haven't fixed the property where we took about a 10-foot
16 beam, we scraped the highlands into wetland around which is,
17 you know, probably a mile plus, on 120 acres and we gave them
18 the wetlands. So now we built the hotel, but it's tying the
19 land and the casino together.

20 Q So the land is tied to the casino. They're not
21 exactly contingent, but they're -- they're -- they're tied
22 together by this road?

23 A Exactly.

24 Q You had to make the road -- you had to add --

1 contribute three acres and make a trade so that you could
2 three acres --

3 A So DDJ will loan us the money.

4 Q Got it.

5 A Now it's not quite done yet. It already had gotten
6 contentious just before we were signing contracts. I said,
7 guys -- they wanted all the land that we owned down there,
8 Lynita and me, which was in my trust, to go into the operation
9 and the security. I refused. In fact I refused so much I
10 said I'm going to transfer a majority of these properties into
11 Lynita's trust to make sure they're fully aware that these
12 properties aren't going off. I'm going to do a leveling of
13 the trusts.

14 I recorded the deeds incorrectly. Lana typed them
15 up. There were some verbiage problems and when we transferred
16 them to Lynita, they clouded the title.

17 Q Okay. So in transferring the Eric Trust and -- and
18 owned portion of 200 acres to the Lynita Trust for the asset
19 protection you've indicated, and to make it clear, it wasn't
20 going to be subject to a security interest on a casino --

21 A Yes, sir.

22 Q -- and the DDJ loan, you clouded some of a adjoining
23 landowners property?

24 A Yeah, right.

1 Q All right. Now what did you do to correct -- that's
2 Mr. Maness?

3 A Yes.

4 Q Okay, what did you do to correct that?

5 A So we -- it became to our knowledge that we had
6 actually encumbered or claimed that we owned a gentleman's
7 property, about three acres that was on the waterfront area
8 there and we --

9 Q And this was accidental on your staff's part?

10 A It was an accident. We -- we were making the
11 corrections in these areas. We went to Jeff Burr. I
12 explained the situation to him and I said Jeff, what we need
13 to do is I need to deed all my interests in these property and
14 Lynita needs to deed whatever she has and we would form, if I
15 can -- this -- this is probably one of the biggest, saddest
16 moments in my life as far as business transaction, is Jeff
17 formed six LLCs --

18 (Counsel conferring)

19 THE WITNESS: We had at least 80 properties or more,
20 or whatever. Not only are we correcting all the title issues,
21 Your Honor, I have environmental issues I'd worked on for
22 years.

23 BY MR. JIMMERSON:

24 Q This is involving the wetlands?

1 A Wetland issues, liability issues, right of way
2 issues, and I'd decided to drop them into six LLCs. And to
3 make sure everybody was comfortable because it -- because of
4 the contentious part of everything there, we put it into a
5 parent company, Emerald Bay Mississippi owned these six, owned
6 half by Lynita, half by me.

7 Q Okay.

8 A We'd clear all the title issues, start working on
9 the lawsuits, not lose all the -- all the environmental issues
10 that were out there. We could -- we could enforce some areas
11 with the Silver Slipper. Unfortunately, these deeds were
12 prepared, they were signed by Lynita. Jeff Burr had them, but
13 Lynita's counsel, Denise, said no we're not going to give them
14 to him.

15 Q Denise Gentile? And so -- and then we've made
16 demands of Mr. Stephens and -- and it's been an issue before
17 the Court (indiscernible).

18 A I begged for these deeds, because it would clear
19 areas, and I've given up, so, but anyway, with that being
20 said, the Mississippi casino, in addition to that, Your Honor,
21 the environmental things we talked about, there's a one-
22 million-dollar lien because of the situation of me foreclosing
23 on Phoenix Leisure, DDJ wasn't comfortable that -- and this is
24 the 120 acres -- is that the -- I had to give them a lien

1 position that if Phoenix Leisure sued me that I would have to
2 defend that and they wanted some protection if I didn't have
3 the money, so I -- I pledged a lien against 120 acres. That
4 property should be held -- hold by Dynasty, I believe. That
5 is part of the 200 acres, Bob.

6 Q And that's a million-dollar lien?

7 A Yes.

8 Q Okay, now, so far the lien has -- is not exposed
9 because Phoenix Leisure has made no suit against you?

10 A Right. Their indications and verbally was we'll
11 just wait and see.

12 Q Okay.

13 A There wasn't nothing really to get, however, it's
14 gone probably past the statute of limitations to some degree.
15 However, DDJ has claimed -- or could claim that there was
16 additional claims. They have a lien. They have -- they won't
17 release the lien. I've made requests to get the lien
18 released, and they won't do it.

19 Q The \$10 million lien?

20 A Yes.

21 Q Okay. Even though it's (indiscernible -
22 simultaneous speech) --

23 A Now we have an additional 20 acres of Grotta that
24 Silver Slipper has taken and they have failed, and so they --

1 that encumbers all those properties again, now with the
2 lawsuits there, which is unrelated.

3 Q And don't you -- don't pass over that so fast. Say
4 -- say that again please.

5 A Well, it is a critical part -- if Silver Slipper
6 fails and goes into bankruptcy, which is okay, because that's
7 where I want to put them, but if they fail and I'm not there
8 to protect some of those areas, the landowners of this 120
9 acres, in addition to Grotta, are going to have to fix that
10 acreage. It could be come very, very expensive.

11 Q And the landowners are your trust and Lynita's trust
12 ultimately. We're going to have to --

13 A Not necessarily. This is Dynasty, the -- I believe
14 the 120 acres, but it flows up to me and Lynita.

15 Q Right.

16 A And the 20 -- 20 acres or whatever it is that Grotta
17 owns is Lynita and the five brothers and sisters. So anyway,
18 so that's a concern, so I have been working diligently to
19 figure out a resolve with Silver Slipper. They -- they will
20 not negotiate this because they know it's a leverage point on
21 me at this point.

22 Q What does that mean they will not negotiate this
23 (indiscernible - simultaneous speech) --

24 A It makes a hot (indiscernible) -- there's nothing I

1 can do to enforce it because I cut my own nose off to spite my
2 face if I bring it to the attention of the -- the DMR. So now
3 Phoenix Leisure, like we had talked --

4 Q Could we -- DMR is whom, please?

5 A Excuse me?

6 Q DMR is department of whom?

7 A Department of Marine Resources.

8 Q Okay.

9 A So now the threat of lawsuit for Phoenix Leisure,
10 that was the parent company that I went in business with with
11 Dynasty to get the lease. Then when they failed, I foreclosed
12 on the race track facility and I foreclosed on the asset down
13 the base -- the Bayou Caddy, the lease. At the time they
14 didn't have any value, but I took those non-performing assets
15 and worked with legislation and worked with finding financing
16 and created value. But, I don't know if they have a claim or
17 not. I don't know. They're shareholders that I still see
18 that still remind me of the obligation that they used to have.

19 Slander of title is tied to this property here
20 because of the RV park that it sits on the Manise lawsuit, is
21 leased by the Silver Slipper. And so that's, you know, so now
22 we're tied into the Silver Slipper in leasing parts of the
23 property because we're trying to develop some of that area.

24 Q Not only because of the road, but now they have an

1 actual lease for the RV?

2 A Yeah, within -- and if we don't lease it through
3 their entity, we're not going to be leasing, I don't believe,
4 a lot of units, and we don't do anything. The option to
5 purchase pending the lawsuit, same as above, I'm sorry, let me
6 see here. Okay. And then it ties the land, because 10
7 percent of this Mississippi land, or the majority of it, is
8 owned by the Grotta group. Ten percent of the land that
9 Dynasty owns is owned by -- by that so it ties it to the
10 casino because they own a portion of the casino options, of
11 the 43 percent.

12 So it's all tied together, the family, the friends,
13 the relatives, they're tied together in this, just like past
14 history has been.

15 Q Okay. Now one of the things that I want to bring
16 current because, you know, we're talking the last couple of
17 years, how have you attempted to protect yourself and Lynita
18 relative to the 50 separate percent people, Oster and Alanis
19 and their 40 investors, is there any type of a veto provision
20 that you have?

21 A There is. I -- I --

22 Q Could you explain that to the Court?

23 A -- possess a veto vote on the sale of this facility
24 where we get wiped out. If that is interrupted, the problem

1 we have is a major problem with my partners, the 57 percent
2 owners.

3 Q Explain how that works, please?

4 A DDJ is -- there's one of three lenders, but they're
5 the major lender that is a hedge fund. The note's due 12/31,
6 so it's overdue. The reason why we're still operating is
7 because the mortgage amount's going up which I can reflect and
8 Dan Garrity can tell you more of that, that we're upside down,
9 but the lenders had tied in with my partners because they sold
10 an interest of that first mortgage to my partners. In doing
11 so, it's created a huge conflict. You can't serve two
12 masters. The interest rate has gone from 11 to 13 to 15
13 percent.

14 They had given the lenders great warrants, they're
15 better than favorable warrants. They won't -- I have
16 suggested many times let's put the property in bankruptcy and
17 do a cram-down. How do you do that on your own self? They
18 have a more of allegiance in my humble opinion with DDJ that
19 has other transactions worth a billion dollars plus than with
20 myself, but shareholders should come first. And so it's a tug
21 of war in this area and this area and because of the
22 non-compliance with Lynita and her team, which makes -- I
23 still haven't figured it out why they won't do this if she's
24 going to be protected and I can go to work on it. I mean, we

1 are talking hundreds of thousands of dollars of time and
2 energy to perfect these deeds.

3 Now if you take a look at the balance sheet, Your
4 Honor, --

5 Q The deeds were over -- developed over how many
6 years?

7 A Ten years.

8 Q Okay.

9 A Now, if you take a look at the balance sheet, Your
10 Honor, I'll let Dan Garrity do this. They originally had 43
11 million. It increased in 2009 up to 52 million. Also,
12 another -- as you can see in the moving the numbers, now --

13 MR. DICKERSON: What exhibit is this?

14 MR. JIMMERSON: Looking at the balance sheet,
15 Exhibit number --

16 UNIDENTIFIED SPEAKER: 8(k).

17 MR. JIMMERSON: 8(k)? Thank you.

18 MR. DICKERSON: 8(k)?

19 UNIDENTIFIED FEMALE: 8(k).

20 THE WITNESS: So we have now a balance of \$57
21 million. We have --

22 BY MR. JIMMERSON:

23 Q So you're telling me the -- the first mortgage is --
24 is -- is -- the second mortgage from the DDJ is 57 million?

1 A Yes.

2 Q Okay. Is there a first mortgage of the property?

3 A Excuse me. That's the lien position. There is the
4 land lease, which is actually the first lien position on the
5 property for 13 and a half million.

6 Q That's what I'm trying to understand. The -- the
7 property -- the Silver Slipper is on a lease?

8 A Yes, sir.

9 Q It started out originally with a 30-year lease?

10 A I designed the lease for 30 years with the
11 anticipation that we would buy it for approximately 11 and a
12 half, now it went to 13 and a half million.

13 Q Yeah, but do -- do we start the lease from 1998
14 or --

15 A Yes.

16 Q Okay, so we're 10 or 12 years into a 30-year lease?

17 A Plus with the -- right.

18 Q Okay, so call it 20 years?

19 A Yes.

20 Q All right. And the 13 and a half million is what?
21 Is it an option to purchase the lease?

22 A It is.

23 Q Okay, so anybody who wants to have fee title to the
24 property needs to pay Mr. Cure 13 and a half million dollars?

1 A No.

2 Q Okay.

3 A The answer is Silver Slipper is the only ones that
4 can exercise the option.

5 Q Oh, okay, so Silver Slipper has the right, only them
6 (indiscernible - simultaneous speech).

7 A I've had investors and myself that have gone to them
8 for years and asked if we can buy that lease out. DDJ has
9 rejected that, which they shouldn't be able to, because they
10 feel it gives me too much power to the facility.

11 Q So, somebody wants to buy this place and -- and
12 finance it and is going to have to take care of the first in
13 some fashion, 13 and a half million, and now the second has
14 grown to a whopping \$57 million?

15 A Well, the answer's no. You could assume the 13 and
16 a half million dollars. However, in today's atmosphere with a
17 20-year lease you're going to be wiser to -- to do the 13 and
18 a half. Now that 13 and a half million goes to approximately
19 15 million in October of 2010. And so that's going to make a
20 -- a substantial jump on --

21 Q That's just 30 days from now.

22 A That's correct. Well, no, it should be about 60,
23 well, some time -- end of October, I think it is.

24 Q Okay.

1 A So it's about 60 days out.

2 Q Do I gather that the reason that this has gone from,
3 you know, 44 million to 52 million to 57 million is because
4 Silver Slipper's not paying the mortgage?

5 A That's correct. They're deferring portions of the
6 interest.

7 Q Okay, so it's just accumulating second mortgage on
8 the note?

9 A We're paying, yeah, we pay quarterly.

10 Q And then when you look at the note you'll see a
11 jump, from what I recall, non-default interest --

12 A Yes.

13 Q -- 11 or 12 percent to 13 and a half or 14 percent?

14 A That's correct.

15 Q I think you said it's gone up to 15 percent?

16 A Right.

17 Q And why is that?

18 A That's default rate.

19 Q All tied to the promissary note?

20 A Yep.

21 Q Okay. And so although you make some payments,
22 you're not making enough and this is just the accrued
23 obligation?

24 A Right. Their concern and the -- and -- go ahead.

1 Q Oh, no, that's okay. All right. So whether you
2 take all of Mississippi or Wife takes all of Mississippi or
3 you divide Mississippi in half, you have 43 percent interest
4 to be reduced potentially to 34 percent interest, Grotta has
5 an interest to a project that has \$67 million in mortgages?

6 A Approximately, yes, sir.

7 Q So we heard in an off-the-record discussion of a \$65
8 million offer. Did this Silver Slipper receive any type of
9 entreaty from somebody supposedly having a number of \$65
10 million for the Silver Slipper?

11 A DDJ had -- had proposed that we put this on the open
12 market. Against my better judgment, the -- but the partners
13 agreed and I agreed to go with them if it wasn't a binding
14 situation. They put out approximately 100 solicitations from
15 my understanding, 50 to 100 solicitations to all the casino
16 operators. They did receive three or four back from Churchill
17 Downs to the people that own the casino next to us, Casino
18 Magic, and of that the deal was so cockeyed that we weren't
19 going to get any money. We had to leave it in escrow, any
20 portions of it, and the lender was going to be still involved
21 in the transaction, and they were taking all the money.
22 Everybody rejected that offer.

23 Q Okay. What does the future hold for the Silver
24 Slipper Casino (indiscernible).

1 A It needs to build a hotel to save the facility or
2 enter into bankruptcy and try to do a cram-down on DDJ.

3 Q So lower the four -- the 57 million down to a -- a
4 -- a serviceable sum?

5 A Yes.

6 Q Okay. And is there also a dispute between the 57
7 percent owners, Mr. Alanis and Mr. Oster, as opposed to Eric
8 Nelson?

9 A Oh, no question.

10 Q Okay. And do -- in taking the deposition of Mr.
11 Alanis, did you learn his position relative to your request --
12 your desire to place Silver Slipper, LLC into bankruptcy?

13 A Well, I didn't learn anything new. He -- his
14 position they would prefer not to because of his reputation
15 and I'm probably more equipped to do the bankruptcy side of it
16 and they have a larger relationship with DDJ and they are
17 getting paid in operation a fee.

18 Q Okay. And since things have become more heated
19 between Alanis and Oster and DDJ maybe on the one hand and
20 Eric Nelson and his group, wife and -- and the Grotta on the
21 other, have they stopped paying your 20 percent management
22 fee?

23 A Yes.

24 Q And when did they stop paying you the 20 percent

1 management --

2 A I think four months. Four months.

3 Q Four months ago?

4 A They -- I think they average 60, 70,000 in 2009 so
5 they're never current and I did get I think about 50 to 60,000
6 in 2010. It's been four straight months and I haven't seen a
7 payment.

8 Q All right. Now --

9 A And just so you are aware, those payments don't
10 exceed the expenses of attorneys and taxes and everything else
11 that I run in -- in the operation.

12 Q No, I didn't say it's a profit center, it's just an
13 income source. You have expenses against it, right?

14 A Right.

15 Q Okay. Now this, Exhibit A(k) -- 8(k), is the Silver
16 Slipper balance -- Silver Slipper Casino Adventure LLC balance
17 sheet as of July 31 of 2010.

18 A Yes, sir.

19 Q Also showing the same relations for a year earlier?

20 A Yes, sir.

21 MR. JIMMERSON: Move for the admission of Exhibit
22 A(k). 8(k).

23 MR. DICKERSON: I've never -- I've never seen this
24 before, and it's not Bates stamped. I've gone through pretty

1 much thousands and thousands of documents --

2 MR. JIMMERSON: (Indiscernible - simultaneous
3 speech) absolutely have --

4 MR. DICKERSON: -- and I've never seen this.

5 JOHANA: It's -- it's the updated version of 8(1),
6 which was previously produced. Which is Silver Slipper
7 (indiscernible).

8 MR. DICKERSON: L?

9 THE WITNESS: However, this -- this document has
10 been given month after month after month to Mr. Joe and
11 Melissa, so they're -- they're fully updated and --

12 MR. DICKERSON: I -- I don't have a problem, I mean,
13 I really -- I don't have a problem with it. I mean, it --

14 THE WITNESS: I just want to do it as --

15 MR. DICKERSON: -- no objection.

16 MR. DICKERSON: -- of the July 30th date, Your
17 Honor.

18 MR. DICKERSON: No objection. I -- I understand it
19 and --

20 THE WITNESS: Okay.

21 THE COURT: Hereby admitted without objection.

22 MR. JIMMERSON: Thank you.

23 BY MR. JIMMERSON:

24 Q What does this document show the Court and the

1 parties and counsel?

2 A It just shows you that we're going down steam with
3 the -- the financing. It shows you the equity's upside down.
4 It's gone -- shifted over greatly. The reduced equity
5 position of the facility itself, it just shows that we're in a
6 tough position; we're not servicing completely all our date --
7 debt and we're hoping for a blue sky scenario; either generate
8 more income with a hotel or find someone that would be an
9 investor or sell it, but delay things as long as you can.
10 Testimony from Paul said that they -- if things done develop,
11 it will probably go into a Chapter 11. However, that's going
12 to be a contentious day (indiscernible) that. That would be
13 my better scenario.

14 Q Okay. One of the things that you found offensive by
15 DDJ was, and maybe -- maybe Alanis's group -- but was the
16 acquisition of equity by -- by DDJ?

17 A Yes. DDJ increases with their proposal their --
18 they get all the money plus they still get a bigger percentage
19 of ownership of the facility. It's a very, very difficult and
20 when they induced Paul and Lauren two, three years ago to buy
21 into the first mortgage, that -- that -- three or four years
22 ago, that was meant to be a very, very difficult thing to
23 discuss.

24 Q So the 50 percent owners or a large portion of the

1 50 percent owners of Silver Slipper Adventures, LLC now have
2 bought some of the DDJ debt?

3 A My understanding is yes.

4 Q Do you consider that to be a conflict of interest?

5 A That has gotten to be -- it wasn't a conflict when
6 the place was making money and we were going to be able to
7 make money. It's become a huge issue since.

8 Q Okay. And would that be something that you would
9 try to use for your benefit or Lynita's benefit if it were in
10 bankruptcy to be able to perhaps point that out to the
11 bankruptcy court judge?

12 A No, question, yes.

13 Q Okay. So do you have an opinion as to the value of
14 Dynasty Development's 43 percent interest that could be
15 reduced to 34 percent if the warrants were exercised by DDJ?

16 A Well, Your Honor, the way I did Mississippi, this is
17 a very, very difficult one to do. There's no question about
18 it. My solution was this could -- that I put all these
19 assets, because they're all tied together, with licensing
20 issues, lawsuit issues, put them all together and one party
21 should get them; Lynita or myself or we split them. I can't
22 see how Lynita could survive these scenarios here as written,
23 but every time I bring this up it's like this is the Golden
24 Goose out there.

1 This is a difficult situation that could sink Lynita
2 and me in some areas if they prevailed in any degree of their
3 lawsuits. But I am more comfortable if I could take the asset
4 and we could bid it out and get some fair value that they're
5 comfortable with and take all of Mississippi. My attorney for
6 17 years, Harold Duke, works on all of these. He knows these
7 like the back of his hand. We're prepared to react to that.
8 There are some liabilities that I probably can't foresee on
9 me.

10 The -- if I turn over the lawsuit to Lynita on the
11 Manise situation there, I don't know if she'll even respond.
12 She spent \$5,000 on one attorney who didn't show up for when I
13 was being depo'd. She's never been licensed. She's never
14 seen the Hideaway site. She doesn't know the environmental
15 problems. The list goes on and on, but I don't want to egg it
16 on that this is the greatest asset in the world. I just want
17 to resolve the divorce. Would I be happy with a 50/50
18 solution? Yes, and she can get licensed, if required, or I
19 would like to buy the facility for fair value in court here
20 today or tomorrow.

21 Q Okay. I -- I just want to make a point. If the
22 Court were to not award all of the Mississippi assets and
23 liabilities to you or to her, but were to divide them, would
24 you -- do you have some advice for the judge relative to what

1 needs to be done as part of that type of a court order?

2 A Well, she has definitely --

3 Q Why don't you tell us about the licensing.

4 A -- be conditioned upon her getting licensed. So --
5 and she may not need to get licensed, but, Your Honor, it's
6 five percent. I've not known anybody that can take an
7 interest of a direct ownership facility like that. The
8 problem we have too, if me and Lynita own this together, it
9 could drown each other out in between fighting -- because we
10 can't even decide on getting the deeds transferred correctly
11 to go to 50/50. The amount of attorney fees would be
12 astronomical. If I can't do this myself with Harold Duke,
13 this would be very, very problematic. Does the extended
14 liability roll into me and my trust? Everything's on my tax
15 return. Nothing's on Lynita's tax returns.

16 I can't even begin to imagine the nightmare that has
17 developed here. It was, hey, it was all -- when everything
18 was gelling it was good. Part of it's Lynita's fault; part of
19 it's my bad judgment. The bottom line is the economy has
20 changed. This is turmoil. All the -- I don't know anybody
21 that would be different on this except for my partners, Paul
22 Allantis** and Lauren, who's looking for blue sky because
23 they're collecting the management fee. But they have not
24 produced anybody that can buy the facility; they haven't

1 produced anybody that can step up and finance the hotel.

2 Q Are they looking to you to be the saving grace?

3 A Yeah, I'm the blue knight. I'm the white knight,
4 yes.

5 Q Okay. So we've talking about the Silver Slipper
6 Casino. We've talked about the road that you had to trade
7 your wetlands for to help and we talked about the RV park. By
8 the way, how's the RV park doing?

9 A Well, actually from the oil spill it's gone down.
10 We -- we didn't get that much anyway, three, four, five,
11 \$6,000. All that revenue doesn't even come close to paying
12 for the fees to run the office, to run this direction here,
13 and this is with the attorney putting everything at a later
14 date to pay.

15 Q All right.

16 A If we had to pay him, this -- this would -- and --
17 and hopefully he can make it here to testify to that.

18 Q So just as an example, there would be the expense of
19 operating the RV, one half would fall upon Lynita if this was
20 an asset divided half and half?

21 A If the Silver Slipper didn't run it. See, the
22 Silver Slipper runs it right now, but the problem is you still
23 have taxes you got to pay, you still got to make appearances
24 down there, and if they go into bankruptcy, they could close

1 your facility down.

2 Q And what do they pay Dynasty if they pay -- who is
3 the owner of the real estate that RV park's on?

4 A Well the, it's the community. It's under Lynita's
5 trust right now. It came from my trust into her trust. It's
6 clouded title. That's the property -- the 70 or 60 or 70
7 acres that's in the Manise lawsuit. Manise sits right in the
8 middle of that. And now I also got to note that the RV park
9 that was closed during Katrina is reopening up and that's
10 close, so we've got 40 units, they got 400 units, and they're
11 signing a contract with the Silver Slipper upon opening.

12 Q Okay, so this could result in --

13 A But we've made -- I think one month we made \$3,500.

14 Q Okay. Are they paying on that on a regular basis?

15 A Not always, but they're pretty more apt to do that
16 one because it's third-party contract.

17 Q All right. Now, we've talked about real estate, up
18 to 200 acres, you -- you indicated, five or six maybe
19 developed, all balanced with wetlands. When -- you acquired
20 that in the years between '98 and 2010?

21 A Yes, I used that for leverage with the casino.

22 Q Okay. How did you do that?

23 A Well basically because 120 of that 200 acres has
24 been environmentally impact. That's problematic for them and

1 for me, but at least we're tied together.

2 Q Well what -- what does that -- what does that mean,
3 though?

4 A It means that they are going to have to fix that and
5 they just can't sell the facility without -- that's an
6 additional claim in bankruptcy.

7 Q That is 120 acres environmentally impacted. Was
8 that the property that was impacted by granting the other
9 three acres to make the roadway?

10 A Yes.

11 Q Okay. I'm following this now. All right.

12 A Yeah.

13 Q So, what is the obligation of you and Lynita and the
14 others if Silver Slipper fails as it relates to remedying the
15 120 acres?

16 A We've got to either restore it to -- I don't know
17 how you'd do it, to be honest with you, but you're going to
18 have to restore it back to wetland area and make due in
19 maintenance for, I think, the five to seven years.

20 Q And then there are 80 -- 80 other acres,
21 approximately?

22 A There's a -- another, yeah, about 80 other acres,
23 yes.

24 Q Okay. And now I want to understand, is any of the

1 hundred and -- 200 acres developable?

2 A Yeah, you could build houses on them.

3 Q Okay. And how do you solve the wetland issue?

4 A Well, the wetland -- let me take that back.

5 Probably 75 percent of that 80 acres is an undevelopable.

6 Q Okay. But you could probably build some homes --

7 A Yeah, houses or whatever, yeah.

8 Q Okay. And have you ever had any -- any intention to
9 develop that property for house sites?

10 A Not for house sites, no. Just -- I -- I really have
11 held it. We had talked about doing hotels. That is history
12 at this point in time, at least for the next 10 years with --
13 besides the casino that'd be about the only hotel facility
14 being built down on the coast that could utilize it would be
15 the casino side of it.

16 Q Okay. And the physical location of the 200 acres
17 isn't exactly adjoining the 30 acres of the Mississippi --

18 A Casino.

19 Q -- Silver Slipper Casino?

20 A That's correct. It's all within three miles off --
21 I mean, some as close as, you know, walking distance and the
22 other one would be you're going to have to get in the car and
23 drive.

24 Q Okay. So now I would identify three components of

1 Mississippi as it exists in 2010; Silver Slipper, 200 acres,
2 and the Hideaway, that correct?

3 A That's correct.

4 Q Hideaway we've discussed. It's a zero or a loss?

5 A Yes.

6 Q Mississippi Silver Slipper is --

7 A Zero or loss.

8 Q -- a zero or loss. What is the value of the real
9 estate, 200 acres, give or -- understanding that 120 are
10 subject to that one-million-dollar lien that DDJ is refusing
11 to release?

12 A Well, you still have a basis of about 1.5 million.
13 I think Lynita said she had an appraisal of 2.5 to 4 million
14 on the acreage, but it was a blue sky appraisal. Didn't take
15 in consideration of any of the liens, any of the environmental
16 problems, and it did not take in consideration 18 to 24 months
17 and then no properties have sold in three years around it.

18 Q Do you have an opinion as to what the range of value
19 is for all three entities in Mississippi; Silver Slipper
20 Casino, 200 acres and Hideaway?

21 A Five hundred to a million five. However --

22 Q And -- and for your purposes of your Option A, your
23 Option B, you put a million dollars down?

24 A I just put something in the middle.

1 Q All right.

2 A And so I want -- I wanted to be fair and start the
3 bidding on that. I, Your Honor, truly believe one individual
4 would own that. I would hope it would be me, but in all
5 fairness to Lynita, her money's just as good as mine and if
6 she wants to go in business and do that operation down there
7 and take that over and spend a tremendous amount of time on
8 money and energy, her and the kids, that's fine. I know it
9 like the back of my hand. It's what I've done for 10 years;
10 it's what I do for a living.

11 Q Okay. Thank you. I don't have any other questions
12 on this issue.

13 MR. JIMMERSON: Your Honor, do you want to continue
14 for another 15 minutes? I can find another issue, for sure.

15 THE COURT: Can we get an issue done in 15 minutes?
16 Sure.

17 THE WITNESS: Yeah. I think we can get through -- I
18 think we're just about done.

19 MR. JIMMERSON: Not exactly. Not exactly.

20 THE WITNESS: Your Honor, is there any way you could
21 rule on this in 15 minutes?

22 THE COURT: It'd take me 20.

23 THE WITNESS: There you go. No, with all fairness,
24 if -- whatever we could do to resolve the issues here. This

1 has been so contentious on my children I can't even believe
2 it.

3 MR. JIMMERSON: Well one thing I want to ask Mr.
4 Dickerson to contemplate overnight is whether or not you'll
5 stipulate to (indiscernible) bifurcation, divorce now, if we
6 don't finish the trial tomorrow night.

7 MR. DICKERSON: I will think about it.

8 MR. JIMMERSON: I thank you very much.

9 MR. DICKERSON: And I'll explain it to my client.

10 MR. JIMMERSON: Okay.

11 THE WITNESS: Your -- also if we could be firm on
12 the --

13 MR. DICKERSON: (Indiscernible) married to this man
14 --

15 THE WITNESS: -- 7/30 date so we don't have to
16 continue to do -- to create more files on her. That was your
17 date and I'd like to get divorced to clear a few things up,
18 one step at a time.

19 THE COURT: That's what they asked me to consider.

20 THE WITNESS: Thank you.

21 THE COURT: About getting divorced tomorrow if we
22 don't finish all the testimony.

23 THE WITNESS: Your Honor, I'll just give you a
24 reflection. I had a --

1 MR. DICKERSON: Well, but you know, as -- as was
2 pointed out in the Gojack (phonetic) case, the difficulties
3 and the problems that cause. Somebody passes away, what
4 happens?

5 THE WITNESS: She gets it all.

6 MR. DICKERSON: Not if you're divorced. That's the
7 problem.

8 THE WITNESS: Well, let me tell you, Bob. My
9 twelve-year-old little girl was in a hospital in Mexico
10 without me because this divorce is going on. I was supposed
11 to be there, Your Honor. Thank you for moving the date the
12 other day because I got to go hiking with my son for five
13 straight years of Boy Scout camp.

14 THE COURT: Okay.

15 MR. JIMMERSON: 8(k), Your Honor, is how many pages
16 do you have? I think it's three pages, but I may have only
17 given you the first page. 8(k) is the balance sheet.

18 THE COURT: I don't think I got the balance sheet.
19 Are you going to give -- you didn't give me a copy of it.

20 MR. JIMMERSON: 8(k)? Maybe I didn't. 8(k) is this
21 document here.

22 THE COURT: Okay. I didn't get --

23 JOHANA: That's the first page.

24 THE COURT: -- you didn't give me a -- you didn't

1 give me a --

2 MR. JIMMERSON: Can we give him all of 8(k) please?

3 THE COURT: You gave me this one.

4 THE WITNESS: I think -- I think we've -- we've done
5 everything but the notes and all the houses to be split.

6 MR. JIMMERSON: Well I understand, but I want to
7 introduce some exhibits under 8.

8 THE WITNESS: Yeah, but that's all -- okay.

9 THE COURT: The --

10 (Counsel confers)

11 THE COURT: Do you want the May 31st? You got May
12 31st, July 31st. Did you just want the July 31st?

13 MR. JIMMERSON: Yes, Your Honor.

14 THE COURT: Because you also have -- the May 31st
15 was attached to it.

16 MR. JIMMERSON: Right, we'll I'd like to move them
17 both in because that was what he had seen before -- Mr.
18 Dickerson had seen before was the June 31 and May 31.

19 THE COURT: They submitted the Silver Slipper Casino
20 July 31st, the one that he went through, but he also attached
21 the May 31st. I don't know if you want it.

22 MR. DICKERSON: I think that's the --

23 JOHANA: That's all of -- all of 8(k).

24 MR. DICKERSON: That's (l)? Oh, yeah, I have no --

1 no objection.

2 THE COURT: Okay. Okay. Then all be is --

3 MR. JIMMERSON: All right. I'm going to go through

4 8 -- can I go 8 with you, please?

5 MR. DICKERSON: 8?

6 THE COURT: 8(1).

7 MR. JIMMERSON: All of 8? Maybe --

8 MR. DICKERSON: Yeah, sure.

9 MR. JIMMERSON: Judge, I'm going to move for the
10 admission of Exhibit 8(a) to (q) but I want to work it with
11 Mr. Dickerson. A lot of this you can glance at 8 -- 8(a) is
12 the Mississippi deeds or the subject matter of my client's
13 testimony regarding Mississippi. It also includes the prior
14 deeds beginning -- so the original -- the -- the Mississippi
15 deeds that were asked to be signed and not signed begin at
16 Bates stamp 8 -- 784 and ended at 887. Prior deeds, the
17 original deed, begins at Bates stamp 888, also is part of
18 8(a), continuing.

19 MR. DICKERSON: Judge would you read all these
20 tonight, please?

21 MR. JIMMERSON: To 959 and then the current deeds --
22 deeds start at 960 through the balance of the exhibit.

23 MR. DICKERSON: I have no objection.

24 THE COURT: Hereby admitted without objection. You

1 got them all marked, you know where they're at? Let's just go
2 through 8 to see where you're at.

3 MR. JIMMERSON: All right. We're now at 8(b).

4 THE COURT: Okay. Let me see what you got.

5 (Court and clerk confer)

6 THE COURT: Okay. We'll make sure we got them all
7 -- okay.

8 MR. JIMMERSON: 8(b) is the amended and restated
9 operating agreement of the Dynasty Development Group, LLC.

10 MR. DICKERSON: Objection.

11 THE COURT: 8(b), you got 8(b)?

12 (Counsel confers)

13 THE COURT: It'll be admitted without objection.

14 MR. JIMMERSON: All right. Thank you. The -- 8(c)
15 is the present value summary. No wonder they (indiscernible)
16 this.

17 MR. DICKERSON: It's the -- it's the cost. I have
18 no problem with -- yeah.

19 MR. JIMMERSON: Okay.

20 MR. DICKERSON: I -- I --

21 MR. DICKERSON: Let me just move for the admission
22 of 8(c), then.

23 THE COURT: No objections on these?

24 MR. JIMMERSON: All right. This is Mississippi land

1 cost basis, Your Honor.

2 THE WITNESS: It was about 1.5.

3 MR. DICKERSON: I don't know where you --

4 MR. JIMMERSON: (Indiscernible).

5 MR. DICKERSON: I mean, the present value summary is
6 -- is misleading. That's the cost of the land, right?

7 MR. JIMMERSON: Correct.

8 MR. DICKERSON: Yes.

9 MR. JIMMERSON: That's what it says on the top, but
10 that, you're right, the previous sheet --

11 MR. DICKERSON: Nothing.

12 MR. JIMMERSON: -- there's no (indiscernible).

13 THE COURT: Okay with 8(c), Mr. Dickerson?

14 MR. DICKERSON: Yeah, no objection, Your Honor.

15 THE COURT: Admitted as 8(c).

16 MR. JIMMERSON: All right. Skipping --
17 intentionally skipping 8(d).

18 BY MR. JIMMERSON:

19 Q The deeds that you had developed over many years
20 that you delivered to Denise Gentile and to your wife --

21 MR. DICKERSON: I think he first delivered them to
22 Bryce.

23 MR. JIMMERSON: Who were they --

24 MR. DICKERSON: If I recall.

1 MR. JIMMERSON: Okay.

2 BY MR. JIMMERSON:

3 Q Were they delivered to Mr. Duckworth first?

4 A Yes.

5 Q Okay.

6 A Yes.

7 Q Then -- then he -- then when he took the bench he
8 continued the case delivered it to Ms. Gentile?

9 A Yes.

10 Q Okay, and then to Mr. Dickerson?

11 A Yes.

12 Q And to your knowledge your wife or that law firm
13 possesses those deeds today?

14 A Yes.

15 Q All right.

16 A Signed.

17 MR. DICKERSON: I think they first went through -- I
18 think they first went through Jeff Burr.

19 THE WITNESS: He -- yeah, he -- he was the trust
20 attorney that set up the LLCs, that suggested it all be signed
21 like this.

22 BY MR. JIMMERSON:

23 Q Now showing you what's been marked as proposed
24 Exhibit 8(e). Is this the list of deeds that you need Lynita

1 to deliver to you? I mean, the physical deeds are with her,
2 but the list of the transferred deeds that you need is
3 outlined -- summarized in 8(e); is that right?

4 A Yes.

5 Q Okay.

6 MR. JIMMERSON: Move for admission of 8(e), Your
7 Honor.

8 MR. DICKERSON: So 8(e) is just a summary of his
9 wish list, is that how he'd like the property conveyed?

10 MR. JIMMERSON: Yes, the summary of the deeds that
11 was delivered to Bryce Duckworth, to Bernice Gentile and to
12 Robert Dickerson. Not delivered back.

13 BY MR. JIMMERSON:

14 Q How many thousands of dollars in attorney's fees
15 have you expended attempting to have these deeds returned to
16 you to solve the (indiscernible) --

17 MR. DICKERSON: Well the --

18 BY MR. JIMMERSON:

19 Q -- after filing them in these lawsuits?

20 MR. DICKERSON: I -- I object to that question.

21 THE WITNESS: Hundreds of thousands of dollars.

22 MR. DICKERSON: I mean, I think that's just totally
23 improper and she has counsel in Mississippi.

24 MR. JIMMERSON: Well, Your Honor, if this -- if

1 there's an issue of community waste with regard to her failure
2 to cooperate and he spent thousands and thousands of dollars
3 doing so, I don't know why that would be improper.

4 THE WITNESS: Not thousands, hundreds of thousands.

5 MR. DICKERSON: Because he's so trustworthy?

6 THE WITNESS: Five years.

7 THE COURT: We'll get there in her testimony to get
8 (indiscernible) but right now these are the -- as far as that
9 exhibit, those are the deeds?

10 MR. DICKERSON: I don't -- I -- I -- I -- I can't
11 say that. I mean, I -- I understand this to be his wish list
12 as to how he was planning for the property to be distributed
13 into these -- that's what my understanding of this --

14 MR. JIMMERSON: No, Your Honor. This has nothing to
15 do with distribution.

16 MR. DICKERSON: No.

17 MR. JIMMERSON: This has to do with the deeds
18 being --

19 MR. DICKERSON: It's how title -- that's how he
20 wanted title held. Well, then, I don't understand the
21 document.

22 MR. JIMMERSON: To correct the slander of title.

23 BY MR. JIMMERSON:

24 Q Is that right, sir?

1 A That's just one portion of it designed by Jeff Burr,
2 her attorney. The seven LLCs, he prepared these LLCs. We
3 drew up -- I -- I signed deeds, she signed deeds, we cleared
4 the title, the environmental areas and things like that ramped
5 up to a 50/50. I don't know how much easier it gets.

6 MR. DICKERSON: But he's just -- he's misstating
7 entirely. Jeff Burr wasn't representing her with respect to
8 this; he was representing him.

9 THE WITNESS: That's -- that's -- that's not
10 correct.

11 MR. DICKERSON: Okay, then we'll bring Jim in.

12 THE COURT: We'll get the testimony and if we need
13 to bring Jeffrey, we will. But --

14 MR. JIMMERSON: That's exactly right. Bring him in
15 and have him say that. He will --

16 THE COURT: As far as the deeds, I don't know if
17 it'd be offered as to --

18 MR. DICKERSON: So if Jeff is representing her, why
19 would he --

20 THE WITNESS: But it -- it doesn't matter. Who
21 cares?

22 THE COURT: I'll -- the deeds, I don't know if
23 they're being offered as what deeds --

24 MR. DICKERSON: I don't think they really --

1 THE COURT: -- need to be executed by the parties
2 or --

3 MR. DICKERSON: Judge --

4 MR. JIMMERSON: Judge, if the deeds --

5 MR. DICKERSON: -- the deeds will be handled by the
6 attorneys --

7 MR. JIMMERSON: -- would have been signed, they
8 would have been placed --

9 MR. DICKERSON: -- in -- in -- in Mississippi.

10 THE COURT: Mississippi property.

11 MR. DICKERSON: It's dealing with the lawsuit in
12 Mississippi, excuse me, and I mean, it's just --

13 THE COURT: (Indiscernible - simultaneous speech) --

14 MR. DICKERSON: -- and, I mean --

15 THE COURT: -- (indiscernible - simultaneous speech)

16 --

17 MR. DICKERSON: -- it just -- it's the type of thing
18 that Mississippi counsel should be handling. I don't think
19 any Nevada lawyer should be handling these --

20 MR. JIMMERSON: That's nice to say when you've
21 failed to cooperate, delivered deeds, and allow a lawsuit to
22 be filed. If they had of delivered the deeds there'd be no
23 lawsuit.

24 MR. DICKERSON: You know something, if you'd be

1 involved in this from the start, I mean, it's so improper for
2 you to even suggest that, Jim?

3 MR. JIMMERSON: What are you talking about?

4 MR. DICKERSON: It's just improper. Failed to
5 cooperate?

6 MR. JIMMERSON: Why did you -- if you'd delivered
7 the deeds, there was never a lawsuit.

8 MR. DICKERSON: Okay, so Mr. Burr fails to
9 cooperate, Mr. Duckworth fails to cooperate, Ms. Gentile fails
10 to cooperate --

11 THE WITNESS: They have the deeds I need.

12 MR. DICKERSON: -- I failed to cooperate -- we're
13 just all a bunch of jerks.

14 MR. JIMMERSON: That's not what I said.

15 THE COURT: All right, the deeds (indiscernible -
16 simultaneous speech) --

17 MR. JIMMERSON: That's not what I said. Mr. Burr
18 said --

19 THE WITNESS: Her half.

20 MR. JIMMERSON: -- he would deliver the deeds --

21 MR. DICKERSON: Well --

22 MR. JIMMERSON: -- except for your counsel -- or
23 your ex-wife's counsel not to do so.

24 MR. DICKERSON: Well you -- Mr. Burr may need to

1 come in --

2 THE COURT: We'll get (indiscernible - simultaneous
3 speech) --

4 MR. DICKERSON: -- and testify what he thought about
5 that, I guess.

6 THE WITNESS: I would like to hear it.

7 MR. JIMMERSON: Exhibit 8(i), Your Honor, is the
8 deed of trust --

9 THE COURT: You object to the deeds, Mr. Dickerson?

10 MR. DICKERSON: Yes -- the deeds?

11 THE COURT: Well, I don't know what (indiscernible -
12 simultaneous speech).

13 MR. JIMMERSON: I didn't offer the --

14 MR. DICKERSON: I -- they haven't offered the deeds.
15 They're --

16 MR. JIMMERSON: It's a list of deeds.

17 MR. DICKERSON: I don't -- I don't --

18 THE COURT: That list?

19 MR. DICKERSON: Listen, I -- I don't object to that
20 piece of paper, but it means nothing. It's just my
21 understanding of that piece of paper is that's how he wanted
22 the property transferred into those entities.

23 THE WITNESS: Three years ago.

24 MR. DICKERSON: Well then what relevance does it

1 have?

2 MR. JIMMERSON: That's what we're trying to get done
3 to solve a lawsuit, Judge. That's all.

4 THE COURT: So I'm not sure --

5 MR. DICKERSON: That has nothing to do -- that has
6 nothing to do with the divorce.

7 THE WITNESS: I believe it has, how uncooperative it
8 is. If we had something jointly, how difficult it would be to
9 run a business opportunity, not rental properties. That's
10 easy.

11 MR. DICKERSON: All right.

12 MR. JIMMERSON: All right.

13 MR. DICKERSON: Maybe if there's a full disclosure.

14 BY MR. JIMMERSON:

15 Q Deed of trust against 125 acres is marked as Exhibit
16 8(i) --

17 THE COURT: Hereby admitted, but I'm not sure how
18 much the probative value is but we will admit his list --
19 summary of them.

20 MR. JIMMERSON: Thank you, Judge.

21 BY MR. JIMMERSON:

22 Q Proposed 8(i) is the deed of trust on the 125 acres
23 (indiscernible)?

24 MR. DICKERSON: What is it? (i).

1 THE RESPONDENT: 8(i)
2 MR. JIMMERSON: 8(i), yes, sir.
3 THE COURT: Is that for the million-dollar lien?
4 MR. JIMMERSON: Yes, sir.
5 THE COURT: Now is it a 120 or 125?
6 THE WITNESS: Actually it's --
7 THE COURT: On the paper it said 125. I think he
8 said 120.
9 THE WITNESS: I believe it's 120. I don't know what
10 it is.
11 MR. JIMMERSON: It's 120.
12 THE WITNESS: 120.
13 MR. DICKERSON: I need you to explain this just a
14 little bit. This is a deed of trust to DDJ?
15 THE WITNESS: This is another fact-finding.
16 MR. DICKERSON: I'm trying to understand, how did
17 that have to do with Paradise Ventures?
18 THE WITNESS: Silver Slipper required Phoenix
19 Leisure -- Phoenix -- DDJ --
20 MR. DICKERSON: Phoenix Leisure.
21 THE WITNESS: Phoenix Leisure I foreclosed on.
22 MR. JIMMERSON: Right.
23 THE WITNESS: When I foreclosed on them, they were
24 concerned, DDJ, who was loaning us the money if I had

1 perfected the foreclosure correctly to -- to foreclose on
2 Phoenix Leisure on the river boat.

3 MR. JIMMERSON: Can I just talk for a second?

4 THE WITNESS: Yes, sir.

5 BY MR. JIMMERSON:

6 Q The original loan by DDJ to Silver Slipper
7 Adventures, LLC was in what sum?

8 A Hmm. I think approximately 24 million.

9 Q And it's grown to \$57 million?

10 A Yes.

11 Q Because of non-payment?

12 A Well, no, no, 24 then we went up to a bigger boat,
13 the President, took it to 34, I believe, and then we took it
14 to 43 when the President washed up on the -- the deal. But
15 the very first transaction they required me to put up a
16 million dollars of cash or collateral. I -- and I opt to --

17 Q Go ahead -- go ahead and answer his question, then,
18 continue to answer the question.

19 A Well the -- well the answer is so they required it
20 in order to do the transaction and so I put it up.

21 Q This is from the original twenty-two-million-dollar
22 loan?

23 A Along with the environmental stuff -- yeah, this was
24 part of my deal to get the deal done for me and my partners.

1 MR. DICKERSON: But this was before you even
2 foreclosed on Phoenix Leisure, isn't it?

3 THE WITNESS: I don't believe so.

4 MR. DICKERSON: 2005?

5 THE WITNESS: No. No. No, no, no, that would have
6 been after. Yeah, it would have been after. Or it might have
7 been during that process. I take that back, Bob, you might be
8 correct.

9 MR. DICKERSON: I mean, I just can't -- I mean, I
10 understand what this is, but I don't -- I can't figure out
11 what the heck it has to do with the Phoenix Leisure
12 transaction.

13 THE WITNESS: Well, Phoenix Leisure, they were
14 concerned, DDJ, that I wouldn't defend the lawsuit and that I
15 didn't foreclose on Phoenix Leisure's interests in the river
16 boat and their capital account.

17 MR. DICKERSON: But is -- Phoenix Leisure simply
18 owned an interest in Dynasty --

19 THE WITNESS: No. No, no, sir. I'm sorry. They
20 owned their sole and separate interest. They owned
21 approximately 20 percent, I owned about 20 percent. I
22 foreclosed on it and got 40 percent.

23 MR. DICKERSON: They owned an interest in Dynasty.

24 THE WITNESS: No, they owned an interest in -- they

1 -- they owned the lease and they own the deal itself. I
2 transferred the lease to them. They defaulted. I -- I got
3 back the lease from them.

4 MR. DICKERSON: All right. I have no objection.

5 THE WITNESS: I -- they had the river boat; I
6 foreclosed on the river boat. I put all those -- that
7 collateral together jointly. It was a joint operation with
8 Phoenix Leisure and myself. They couldn't fund some money,
9 they went defunct, so I foreclosed on them. (Indiscernible).

10 BY MR. JIMMERSON:

11 Q And this is in or about April of 2005?

12 MR. DICKERSON: Well --

13 THE WITNESS: Yes, sir.

14 MR. JIMMERSON: All right. Move for its admission,
15 Your Honor. I guess --

16 MR. DICKERSON: No objection. So the point being is
17 there's a lien on the property for a million dollars?

18 THE WITNESS: Yes.

19 MR. JIMMERSON: For 120 of the 200 acres, yes,
20 that's right.

21 THE WITNESS: By the current lender, DDJ.

22 MR. JIMMERSON: Maybe the current owner.

23 Judge, for comparison purposes, I would like to just
24 mark and introduce into evidence 8(1), which is a December 21,

1 2009 letter with attachments from Jack Sukmann, director of
2 finance, to a Josh McCarty of DDJ which enclosed the Silver
3 Slipper Casino Adventure statement of cash flows for the year
4 2008 to 2009, so it'd give you another year of that and the
5 reason for it -- the relevance of it is to -- you'll see the
6 tremendous deterioration of the company from '08 where they
7 had better income as to the present --

8 MR. DICKERSON: Why don't we get into what they're
9 doing today?

10 MR. JIMMERSON: I'm happy to do that. So if you
11 have that document, I'll be happy to stipulate to it being
12 admitted.

13 THE WITNESS: Well, bid on it. Let's just do an
14 open bid on the whole thing.

15 MR. DICKERSON: Why don't we just flip a coin?

16 THE COURT: On the admissibility of the --

17 MR. JIMMERSON: Move for admission of Exhibit
18 number --

19 THE COURT: -- prior year?

20 MR. DICKERSON: No objection.

21 MR. JIMMERSON: -- all of 8(1).

22 MR. DICKERSON: No objection. I don't have --

23 MR. JIMMERSON: Then you'll have 8, 9 and 10, Judge.

24 THE COURT: Hereby admitted.

1 MR. DICKERSON: I don't have any objection with --

2 MR. JIMMERSON: Can't be more recent than July 31 of
3 2010, Mr. Dickerson. Maybe (indiscernible) records, I don't
4 know. Beginning as part of -- 8(1) is all in evidence, Your
5 Honor?

6 THE COURT: Yes.

7 MR. JIMMERSON: Okay, thank you. (m), let me see if
8 I can skip this.

9 MR. DICKERSON: May I inquire where July of 2010 is?

10 MR. JIMMERSON: You were just given it. It --
11 it's --

12 MR. DICKERSON: I don't see it here.

13 MR. JIMMERSON: It's in (r). There's 8(k), 8(k),
14 but you tied it back to 8(1). 8(1) I think was June 30,
15 wasn't it, or May 30th?

16 THE COURT: May 30th.

17 MR. DICKERSON: Which one?

18 MR. JIMMERSON: I thought 8(1) was May 30th or 31st.
19 And then we gave you --

20 THE COURT: 8(1).

21 MR. JIMMERSON: -- the board that we've used and we
22 gave you that document. It's 8(k).

23 MR. DICKERSON: There's nothing of July
24 (indiscernible).

1 THE COURT: What is that? Balance sheet, July 31st?

2 (Counsel conferring)

3 THE COURT: Okay, we show that as being 8(k). We

4 show --

5 MR. DICKERSON: It's a balance sheet.

6 THE COURT: -- is that -- balance sheet.

7 MR. DICKERSON: It's not an income statement.

8 THE COURT: Right, just a balance sheet from the --

9 MR. DICKERSON: Right.

10 THE COURT: -- Silver Slipper from July 31st and

11 attached to -- part of that is the one from May 30th.

12 MR. JIMMERSON: (Indiscernible - simultaneous

13 speech) income statement?

14 MR. DICKERSON: Income statement generally would be

15 done at the same time.

16 MR. JIMMERSON: The income statement is the second

17 page of 8(k), okay.

18 THE COURT: Okay, that was an income statement; is

19 that correct?

20 MR. JIMMERSON: Do you have two statements in 8(k),

21 two pages; one's an income statement, one's a balance sheet?

22 MR. DICKERSON: We're checking right now.

23 (Counsel confer)

24 THE COURT: 8(k) (indiscernible).