

1 A Okay.

2 Q So just looking at all these, these have all been
3 effected -- they all went into effect in the year 2008,
4 correct?

5 A Yes.

6 Q And so you would have been receiving this rental
7 money -- or not this rental money, these interest payments or
8 these -- are these interest only payments or are these
9 principal --

10 A Interest only, yes.

11 Q Okay. So these interest only payments you've
12 received during a portion of 2008, all of 2009 and so far all
13 of 2010; is that correct?

14 A Yes.

15 Q And what did you do with those rental monies?

16 A All the monies would flow into Banone.

17 Q Okay. So they go into the Banone account?

18 A Yes, sir.

19 Q All right. Did you share any of those rental monies
20 with Lynita?

21 A No, sir.

22 Q Okay. Now moving to the bottom section. We've got,
23 starting with Amanda's notes, can you explain what we're
24 looking at here? Again, these are all promissory notes very

1 similar to what we've just discussed?

2 A Yes, sir.

3 Q But many of them you've put off until --

4 MR. JIMMERSON: January 1 or April 1 -- I'm sorry,
5 January of 2011.

6 THE WITNESS: No. It actually says in the notation,
7 number 18, first payment, 1/1/11. Here's one that's 4/1/10,
8 and it did start at 4/1/10, 3/1/11. So the reference on when
9 they start is in the pink.

10 BY MR. DICKERSON:

11 Q Okay. So looking at line item 16, Amanda's note.
12 Is Amanda paying the 630 a month?

13 A Yes, sir.

14 Q And then the 30,000, that's the --

15 A That's the gift.

16 Q Okay. You didn't discuss that. That is what?

17 A A -- according to IRS rule, we can only gift --

18 Q Well, what is that -- what is the 30,000?

19 A That is the -- what I put for the down payment for
20 her.

21 Q Okay.

22 A And then we gift that over a period of time, me and
23 Lynita, until it's gone.

24 Q Okay. So that money's not going to be recovered?

1 A That's unrecoverable, that 30,000, that's correct.
2 Q So when you get down to your bottom number 867,
3 that's not really correct, that's at least 30,000 off?
4 A Unless we enforce the \$30,000 payment.
5 Q All right. Then you've got J.D. Ramos Trust; is
6 that --
7 A That's Joan.
8 Q Joan.
9 A Yes.
10 Q Now, you have -- she put how much down, a \$520 down
11 payment?
12 A No, that's the payment amount.
13 Q Oh, I'm sorry. You're right. What's the down
14 payment?
15 A I don't believe there was a down payment with
16 Joan's.
17 Q All right. So -- and then you deferred it until
18 January 1st of 2011?
19 A Yes, sir.
20 Q Okay. Now, you were -- you said -- testified here
21 earlier today that you were unaware that -- that -- now this
22 is the -- the woman that's been working with you for 22 years?
23 A Yes, sir.
24 Q Okay. And you said earlier today in your testimony

1 that you were unaware that she's in bankruptcy?

2 A She's contemplated it, I'm not sure she's filed.

3 Q Well, do you recall being at her deposition?

4 A No. Well, yes, but I don't recall the exact
5 conversation of the bankruptcy. I'm sorry.

6 Q Well, you were at the deposition; is that correct?

7 A Yes, sir.

8 Q And Mr. Jimmerson was at her deposition; is that
9 true?

10 A I believe so.

11 Q And her deposition was taken at my office on June
12 22nd of this year?

13 A Yes, sir.

14 Q And Ms. Provost was the attorney representing your
15 wife at -- at that deposition, correct?

16 A Yes.

17 Q And do you recall -- do you recall the question
18 being asked of Ms. Ramos:

19 "Q Okay. In looking at that response that you
20 provided it indicates that you filed for Chapter 7
21 bankruptcy protection."

22 Her answer:

23 "A Correct.

24 Q When was that filed?

1 A It's been within the last two months."
2 Now, in latter portion of it, now, this -- this -- this
3 promissory note from her is with respect to the Gateway lot;
4 is that correct?

5 A No.

6 Q Oh, this is her condo?

7 A This is her house, yes, sir.

8 (Whispered conversation)

9 Q Okay.

10 MR. JIMMERSON: Jesus Christ.

11 Q All right.

12 MR. JIMMERSON: He let her buy a house.

13 BY MR. DICKERSON:

14 Q So with respect to a -- how did it come -- how did
15 it come to be that -- that she received your seven Gateway
16 lots?

17 A That was from the Wyoming Down transaction. It's
18 actually eight lots at the time. When we completed and made
19 about \$13-million, Joan was the project coordinator on that
20 deal. I had purchased those lots --

21 Q No, that's her testimony. I'm not asking that
22 question. This was --

23 A Oh, I thought you asked that question. I'm sorry.

24 Q Do you recall her saying that she was going to be

1 turning the Gateway lots back?

2 A She has indicated that she's put the -- was thinking
3 about turning the lots back.

4 Q Well, she's in bankruptcy would you agree?

5 A I'm not sure if she's in bankruptcy.

6 Q Okay.

7 A But I believe she's -- she's heading toward
8 bankruptcy, yes, sir.

9 Q Well, she said she filed two months ago --

10 A I'm not sure what the meaning --

11 Q -- when we took her deposition --

12 A -- of it is, Bob.

13 Q -- in June.

14 A Does it matter?

15 Q Okay. So that is a house now. Is that -- is that
16 home secured by a deed of trust?

17 A First deed of trust.

18 Q Okay. So that home appears is going to be coming
19 back to you; is that correct?

20 A I said I --

21 MR. JIMMERSON: Objection, that calls for
22 speculation.

23 MR. DICKERSON: Well, she's in bankruptcy, sir.

24 MR. JIMMERSON: So what she's in bankruptcy. She

1 can affirm the house, affirm the debt and keep the house.

2 THE COURT: She can affirm it, she can walk away
3 from it.

4 THE WITNESS: That's a cheap payment.

5 THE COURT: So --

6 THE WITNESS: It's 540. That's cheap.

7 THE COURT: Okay. So she -- but you haven't filed a
8 claim yet in her --

9 THE WITNESS: No.

10 THE COURT: All right.

11 BY MR. DICKERSON:

12 Q All right. So, looking at these then, we see that
13 during the month of January you received roughly 2600,
14 correct?

15 A That's collectively as far as the showing what we'd
16 have collected. Again --

17 Q Well, that's just for the two notes. Nicky's note
18 and -- and Amanda's note?

19 A Yes.

20 Q Okay. So you --

21 A That section, yes.

22 Q -- you received twenty --

23 A I believe that would be correct, yes.

24 Q You received \$2630, correct?

1 A Yes.

2 Q Same thing for February?

3 A Yes, sir.

4 Q Same thing for March?

5 A Yes, sir.

6 Q And then you had an increase in April?

7 A Yes, sir.

8 Q That you went up to a little over 3500?

9 A Yes, sir.

10 Q You received 3500 for the next two months, so a

11 total of three months, correct?

12 A Yes, sir.

13 Q And then it moved back down to roughly 1500; is that

14 correct?

15 A Yes, sir.

16 Q Why?

17 A Let's see, because Nicky hasn't paid me.

18 Q Okay. So Nicky is two -- two months in arrears?

19 A Just August.

20 Q Looks like he didn't pay July either, sir.

21 A Excuse me?

22 Q Looks like he didn't pay in July either.

23 MR. JIMMERSON: I don't know where you're talking

24 about. I'm staring at it, it says \$2000 in July the 10th.

1 THE WITNESS: I've got yeah, July -- I'm not sure,
2 yeah. I have 2000 on mine.

3 BY MR. DICKERSON:

4 Q I don't have that.

5 A Well, what -- what date do you have?

6 MR. JIMMERSON: July, you've got it right --

7 THE WITNESS: No, no, no, no, the update here. This
8 date here. I'm sorry, Bob. This is probably it.

9 BY MR. DICKERSON:

10 Q Oh. Mine says 8/11/2010.

11 A Okay. This is 8/29.

12 Q Oh, so I'm --

13 A Okay. So --

14 Q Okay.

15 A This one's 8/29. You got the 29? I didn't --

16 MR. DICKERSON: Thank you.

17 THE WITNESS: Throw you a curve ball.

18 BY MR. DICKERSON:

19 Q Okay. All right. Well, that's all right.

20 MR. JIMMERSON: We didn't, he just xeroxed the wrong
21 one.

22 MR. DICKERSON: What's that?

23 MR. JIMMERSON: Well, I said you didn't throw you --
24 my client didn't throw you a curve ball --

1 THE WITNESS: No, I -- I actually handed them --
2 MR. JIMMERSON: -- he didn't go to the xerox
3 machine.
4 MR. DICKERSON: That's exactly what --
5 THE WITNESS: I handed him a wrong one.
6 MR. DICKERSON: You all gave us --
7 THE WITNESS: I handed him the wrong one.
8 MR. DICKERSON: Okay.
9 MR. JIMMERSON: Well, wait a minute. You gave him
10 one for --
11 THE WITNESS: I gave --
12 MR. JIMMERSON: August 29.
13 THE WITNESS: I gave him the wrong ones. I was just
14 doing this --
15 MR. DICKERSON: Jim, if you recall, this was when he
16 was on the --
17 THE WITNESS: These are just my notes. They're off
18 --
19 MR. DICKERSON: Yeah, I remember. This is the one
20 --
21 THE WITNESS: I get these weekly, Your Honor.
22 THE COURT: All right.
23 BY MR. DICKERSON:
24 Q It doesn't matter. Let's move on. I got it. So he

1 has --

2 MR. JIMMERSON: Hang on one second. Do you have the
3 one through August 29th?

4 MR. DICKERSON: Yeah, I do, you just gave it to me.

5 THE COURT: Is that the updated one?

6 MR. DICKERSON: He just gave it to me.

7 MR. JIMMERSON: Okay.

8 MR. DICKERSON: All right.

9 BY MR. DICKERSON:

10 Q He did pay for July, but he's now -- has not paid
11 for August?

12 A That's correct.

13 Q So we see that -- you have another month there then
14 during July you received 3500, correct?

15 A In July, yes, sir.

16 Q And so far this month you've received roughly 1500?

17 A Exactly, yes, sir.

18 Q And what did you do with those monies?

19 A I put -- those monies would have gone into --
20 depending on who the notes are, these notes would have gone
21 into probably Banone.

22 Q Okay.

23 A With the exception some of them may have gone into
24 Nelson and Associates.

1 Q That's -- Nelson and Associates is?
2 A The d.b.a. for Nelson Trusts.
3 Q That's you?
4 A Yes.
5 Q Eric Nelson?
6 A Yes, sir.
7 Q All right. So, you know which ones went to you,
8 Eric Nelson, and which ones went to Banone?
9 A Oh yeah, it says right here; note holder, the second
10 line item. That would have gone -- Nicky would have gone to
11 me and the other ones would have gone to Banone Nevada.
12 Q Okay. So you've received at least \$2000 a month
13 this entire year from -- from Nicky; is that right?
14 A Yes, it reflects that --
15 Q Except for this month.
16 A -- through July. Yes, sir.
17 Q Now, Nicky's note started in -- in 2007?
18 A Yes, sir.
19 Q Now, has he consistently paid you that 2000?
20 A No, sir.
21 Q And when did he stop?
22 A Well, originally it was like 7 percent and then he
23 missed some miscellaneous payments, he did some work on the RV
24 park for me, so I forego a few payments. And this just tracks

1 2010. I apologize. I -- we sure got -- we may have 2009, I
2 don't know. I --

3 Q All right.

4 A -- I doubt it, but --

5 Q But the point being is you -- every payment that
6 Nicky's paid you Eric Nelson have received; is that right?

7 A No, no, no, it would go into Nelson and Associates.

8 Q All right.

9 A It's a --

10 Q That's --

11 A That's different.

12 Q That's your business.

13 A I wouldn't cash the check. It's made out to the
14 Nelson Trusts.

15 Q Well, the Nelson Trust is you?

16 A No.

17 Q You're --

18 A I'm Eric Nelson --

19 Q -- trustee?

20 A -- sole and separate individual. The Nelson Trust
21 is my trust and we flow money accordingly to that.

22 Q All right.

23 A So I try to -- any -- any checks, Your Honor, that
24 would go to the trust would go to Nelson Associates or the

1 trust.

2 Q Okay.

3 A It's its own entity.

4 Q So if we look -- so as we look at those bottom line
5 numbers at the -- each -- each month and the ones even prior
6 to that, did you give any portion of those monies to your wife
7 Lynita?

8 A Small amounts, if any. But I gave -- yes.

9 Q Well, isn't it true during -- since -- during -- you
10 -- you separated in June of 2008?

11 A Yes, sir.

12 Q And from June of 2008 until today, you've given her
13 \$500, isn't that correct?

14 A Well, it would be --

15 Q Sir, do you understand my question?

16 A Yes.

17 Q You've given her \$500 since June of 2008, correct?

18 A Well --

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

21 Q June of 2008.

22 A I'd like to answer that question, please.

23 MR. JIMMERSON: Object to the form of the question
24 to the extent that you're ignoring \$2.6-million.

1 THE WITNESS: Well, no, no, that -- that's it. As
2 community assets she has 2.6-million where her flow of cash
3 was 15,000 a month. So if it's community, estate, she --

4 BY MR. DICKERSON:

5 Q Sir, do you understand my question?

6 A -- has had that. Yes, sir.

7 Q Since June of 2008 --

8 A Yes, sir.

9 Q -- you have given your wife Lynita a grand total of
10 \$500, correct?

11 MR. JIMMERSON: Objection to the form of the
12 question.

13 THE WITNESS: Well, it's not true, Mr. Dickerson.
14 I've given her 2.6-million of the community.

15 BY MR. DICKERSON:

16 Q I see. All right.

17 THE COURT: Other than the 2.6-million that they
18 said she --

19 THE WITNESS: There we go.

20 THE COURT: -- had taken out on that, have you given
21 her any other payments that you made directly to her since
22 June '08 is I think is the question?

23 THE WITNESS: Just a couple thousand dollars or 500
24 or whatever.

1 BY MR. DICKERSON:

2 Q \$500 to her, isn't it?

3 A 500.

4 Q Correct?

5 A Okay.

6 Q And you haven't given her any child support since
7 June of 2008, correct?

8 A That's correct.

9 Q Okay. Now, if we move to the next page, if you can
10 explain this to me. These are the rental payments on each of
11 these properties that you're receiving each month; is that --

12 MR. JIMMERSON: Judge, can I -- can I just note one
13 thing? I heard a question that we just heard -- last question
14 was and you've given no child support since June of 2008.
15 There's never been an order for child support?

16 THE WITNESS: Yeah, but I take that back, too. I
17 have given substantial amount of money in 2008 and 2009, Your
18 Honor.

19 BY MR. DICKERSON:

20 Q What did you give?

21 A Okay. Let me just check if I could, refer to my
22 notes.

23 Q Sure. Okay. Good. Tell me every dime you've given
24 Lynita since June of 2008, please.

1 A I've paid for \$16,000 in 2009 through 6/10 --
2 Q For what?
3 A -- \$16,487 on the healthcare.
4 Q Oh, you paid the --
5 A From 1 --
6 Q -- healthcare for the children?
7 A Well --
8 Q Correct? You didn't give her any money, correct?
9 A Hold on.
10 Q No --
11 A Well, do you want --
12 Q -- would you answer my question, sir?
13 A I don't -- okay.
14 Q My question's very simple.
15 A Okay.
16 Q How much money did you hand over to Lynita --
17 A Okay.
18 Q -- to support your children since June of 2008?
19 A Hold on. I'd have to refer back, it's a substantial
20 amount in 2008 and a substantial amount in 2009. Lana Martin
21 can pull those figures up and I can have them here in two
22 hours if you'd like, if I can find her.
23 Q Are you tell -- this is actual money that you --
24 A Checks.

1 Q -- put in your hand --
2 A Checks.
3 Q -- and given --
4 A Checks.
5 Q -- to Lynita?
6 A Not cash; checks.
7 Q Okay.
8 A That say Lynita Nelson. Yes, sir.
9 Q All right. Now, back to Exhibit 199.
10 A Would you like me to bring that amount in?
11 Q No, sir. I'll -- we'll move back here.
12 A Okay.
13 Q Actually, yes, I would.
14 A Okay.
15 Q Please. I'd like to know exactly how much money you
16 personally have given to her since June of 2008.
17 MR. JIMMERSON: Judge, may I just ask the relevance?
18 When you take \$2.6-million of community money --
19 MR. DICKERSON: Well, he --
20 MR. JIMMERSON: -- whether or not you --
21 MR. DICKERSON: -- has more than \$2.6-million.
22 MR. JIMMERSON: -- whether or not you've paid 50,000
23 or 100,000 or whatever, I don't understand the issue.
24 MR. DICKERSON: Okay.

1 MR. JIMMERSON: It's never been an issue of temp
2 fees and allowances.
3 MR. DICKERSON: Is that an objection?
4 MR. JIMMERSON: It's never request --
5 MR. DICKERSON: Is that an objection --
6 MR. JIMMERSON: It is an objection.
7 MR. DICKERSON: -- based on an evidentiary rule?
8 MR. JIMMERSON: Yes, it's irrelevant. The question
9 --
10 MR. DICKERSON: Well, what's --
11 MR. JIMMERSON: The question's irrelevant.
12 THE WITNESS: Let's go on.
13 THE COURT: It may, it may not.
14 THE WITNESS: It's all right.
15 THE COURT: They're going about spousal support,
16 what's paid on that. The probative value --
17 MR. JIMMERSON: And he's not going to --
18 THE COURT: -- may not be very --
19 MR. JIMMERSON: -- through discovery exercises --
20 THE COURT: -- much.
21 MR. JIMMERSON: -- in trial.
22 THE COURT: A lot of issues we went through at -- on
23 the direct.
24 MR. DICKERSON: My question is he hasn't paid her a

1 dime.

2 THE WITNESS: No, no, no, I --

3 THE COURT: Well, the fact is --

4 MR. JIMMERSON: That's not true.

5 THE COURT: -- we'll get there. When we get there
6 we'll see what money's paid on that, and if you think that
7 there's waste, there's other payments to do, when we get there
8 I'm going to -- focus --

9 MR. DICKERSON: Sure.

10 THE COURT: -- on the future, see where we're going.
11 If I think some people short-changed them in the past, we'll
12 make that up in the property settlement, but we'll get there.

13 THE WITNESS: And Your Honor, it's important,
14 because if I'm mistaken, I need to be corrected, but if
15 Lynita's mistaken, Bob, she has to understand she's forgetting
16 that she's getting --

17 BY MR. DICKERSON:

18 Q Thank you.

19 A -- money.

20 Q Let's move to the next question, may I?

21 THE COURT: You can come on redirect, he can ask you
22 if you --

23 THE WITNESS: Okay. Thank you.

24 THE COURT: -- made payments.

1 BY MR. DICKERSON:

2 Q All right. Now we move to the next page and these
3 are the rental payments that Banone --

4 A Yes, sir.

5 Q -- which is -- you're the -- Banone's an LLC in
6 which you're the sole member?

7 A Yes, sir.

8 Q Okay. So you as the sole member as -- as Banone
9 you've been receiving these payments; is that correct?

10 A Yes, sir.

11 Q All right. Now, I notice that --

12 A Well --

13 Q -- you don't put any begin date for these.

14 A I apologize, I'm not quite sure why there isn't.

15 Q All right. Do you know when the begin date was,
16 what years?

17 A Well, these were the Arizona ones. Let's see here,
18 we hadn't formed Arizona until 2009, so nothing before 2009,
19 because it wasn't even operating in 2008.

20 Q So during 2009 each of these properties were sold?

21 A No, they're not sold. Those are -- those are --

22 Q Oh.

23 A -- properties we own.

24 Q That you're renting?

1 A Yeah.

2 Q So do you -- you -- do you recall when -- you

3 purchased all these about the same time?

4 A In a period of -- purchased all those in probably in

5 a period of six months, yes.

6 Q And probably in that period -- the first six months

7 of 2009, isn't that correct?

8 A I think so. Took probably about six months to rehab

9 them.

10 Q All right. So if we look at it then, bottom line we

11 see that during the month of January you received a little

12 over 14,000, correct?

13 A That's correct.

14 Q And so we follow that across, 15,000 plus in

15 February; 16,000 plus in March, 16,000 plus in April, all the

16 way across to another 15,000 plus in August, correct?

17 A Yes, sir.

18 Q Now where did those monies go?

19 A These are gross amounts; is that what you wanted to

20 know?

21 Q No. I -- where did these monies go?

22 A These went into Banone Arizona account for booking

23 purposes. That's the account here, Your Honor, that lost

24 219,000.

1 Q Why don't you -- let me ask you a question, sir.
2 A Yes, sir.
3 Q You are the sole member of the Banone Arizona,
4 correct?
5 A Plus all the employees, but I'm the sole member,
6 yes, sir.
7 Q Okay. And so these rental monies you deposited into
8 Banone?
9 A Yes, sir.
10 Q Now you say -- you want to talk about employees.
11 A Yes, sir.
12 Q The employees for Banone are your family members,
13 isn't that correct?
14 A Well, not all of them.
15 Q Let's go through them. Your employees for Banone.
16 A Yes, sir.
17 Q Let's list them, everyone. Who's the employees for
18 Banone?
19 MR. JIMMERSON: Could I -- could I just -- so we
20 have a good -- better record, you were talking about Banone
21 Arizona, Mr. Dickerson. Which one are you talking about now?
22 MR. DICKERSON: This Banone Arizona. Let's --
23 THE COURT: Banone Arizona.
24 MR. DICKERSON: -- start with Banone Arizona.

1 BY MR. DICKERSON:

2 Q Who are the employees?

3 A Banone Arizona would be Ryan Nelson that was
4 assisting down there.

5 Q Okay. Now --

6 A Paul Nelson that was assisting down there. Kevin
7 Bailey that was assisting down there.

8 Q Kevin is a nephew?

9 A No, he's a son-in-law of Paul.

10 Q I'm sorry?

11 A The son-in-law of my brother Paul.

12 Q Okay.

13 A And Eric Taylor. And they would have --

14 Q And Eric Taylor is --

15 A Paul's son.

16 Q Paul's son. So your nephew.

17 A And so all are related to Paul.

18 Q Okay.

19 A And then all their subworkers would be, you know,
20 the day help that help them fix all these units up.

21 Q Okay. But those are the main employees.

22 A Yes.

23 Q Subworkers are just people that they hire to come in
24 and do some repairs, right?

1 A Yes, air conditioning guys.
2 Q So they aren't employees of Banone Arizona?
3 A That's correct.
4 Q All right. The only employees of Banone Arizona are
5 family members of Eric Nelson, correct?
6 A Yes, sir.
7 Q Okay. Now, does Banone have any employees?
8 A At this time?
9 Q Yes.
10 A No, sir.
11 Q Okay. When is the last time Banone has had an
12 employee?
13 A In March when we made the deal, I believe it was
14 March or April, with Cal -- now, the contingent liability with
15 Cal, he's still repairing --
16 Q Who -- who were the employees for Banone?
17 A Excuse me?
18 Q Who were the employees for Banone prior to March of
19 this year?
20 A Okay. It's my brother Cal.
21 Q Okay.
22 A His son Bryce, his daughter Stacy, his son-in-law
23 Lance, were the primary workers.
24 Q Okay. Thank you. Now, back to this page showing

1 the bottom lines of each month at least during this year and
2 portions of last year, did you give any portion of those
3 monies to Lynita?

4 A No, sir.

5 Q Let's move to the next page.

6 A Yes, sir.

7 Q The next page are more rentals; is that correct?

8 A Yes, sir.

9 Q Now tell me about these? Your -- your subtotals,
10 why are these different from the ones on the previous page?

11 A That's a good question. Okay. The one rentals --
12 that's a good question there.

13 Q Take a -- the page we just went through, the ones
14 that are in Banone Arizona, how is that different than the
15 ones on the next page?

16 A We were making I believe, these were a -- we were
17 making the transfer over and I can't tell you which group. 20
18 of these properties are the ones that were given to Frank
19 Soris. We are still indirectly managing those properties
20 through Kevin. So Kevin is managing those for Soris, but I'm
21 tracking those funds so we can do the guarantee and do the tra
22 -- do the pass off as I describe it, to the Soris management
23 team, Stewart Larson.

24 Q Okay. So what properties have you given away to

1 Frank Soris?

2 A We didn't give anything away.

3 Q How many properties did you give to Frank Soris?

4 A Didn't give him anything. We sold him 20
5 properties.

6 Q Okay. And are these -- which 20 are they?

7 A I couldn't tell you. I would assume that it would
8 be this list here, 2 through 56 on the second page, we --
9 would be his properties.

10 Q 2 through 56?

11 A Yes. Because these are more -- these -- may not be
12 necessarily collected rents because the second -- the third
13 page would be -- I'd be much more in tune to what's going on
14 with my properties and on the -- and they would yellow those
15 out, so I'd be tracking who's in, who's out.

16 MR. JIMMERSON: Judge, just to help the parties,
17 that second page does -- is exactly 20 homes.

18 THE WITNESS: Oh, good, then that's it.

19 MR. DICKERSON: All right.

20 MR. JIMMERSON: So it may be Soris is all I'm
21 saying.

22 THE WITNESS: Those are Soris'.

23 BY MR. DICKERSON:

24 Q So.

1 A Oh, yeah, Soris Rentals, I'm sorry; second page on
2 top of it, it says Soris Rentals status.

3 MR. JIMMERSON: It does right on the face.

4 BY MR. DICKERSON:

5 Q Now you didn't cut your deal with Mr. Soris until
6 February of this year isn't that correct?

7 A I believe so.

8 Q All right. That was about February 10th if I
9 recall, maybe February 3rd?

10 A I don't recall.

11 Q All right. So did you receive all this rental money
12 in January?

13 A I believe so.

14 Q Now you're only giving Mr. Soris \$10,300 a month; is
15 that right?

16 A That's correct.

17 Q So, everything above that you're keeping?

18 A Expenses, sir.

19 Q Okay. But everything above that you're keeping?

20 A Yes, sir.

21 Q Now, the expenses -- well, for what employees now
22 are your expenses? There are no employees, correct?

23 A But you'd have taxes, you'd have insurance, you'd
24 have repairs.

1 Q Why -- isn't Mr. Soris the owner of the property,
2 sir?

3 A They own them, but under our management agreement
4 that we would manage the facilities and maintain them until
5 they took them over.

6 Q Where is that management agreement? I didn't see it
7 in your exhibits.

8 A I have -- it was one of those two exhibits, the
9 extended liability list where we continue to manage and
10 guarantee his net.

11 Q All right. So for all practical purposes for the
12 Court, the Court can ignore this page because these are all
13 the properties that you've given to Mr. Soris, correct?

14 A If they want to ignore it.

15 Q Okay.

16 MR. JIMMERSON: Objection, Your Honor, you wouldn't
17 ignore it to the extent --

18 MR. DICKERSON: This is not --

19 MR. JIMMERSON: I'm sorry.

20 BY MR. DICKERSON:

21 Q Are these assets of yours that the Court needs to
22 divide up?

23 A Well, these are liabilities that if I don't -- I
24 promised Mr. Soris that I would --

1 Q Did you hear my question?
2 A Mind if --
3 Q Are these assets that belong to you?
4 A No.
5 Q You transferred every one of those properties to Mr.
6 Soris, didn't you?
7 A Yes, sir.
8 Q And you did that in February of this year?
9 A I believe so.
10 Q If we now take a look at the next page, sir.
11 A Yes, sir.
12 Q The note rental payments.
13 A Yes, sir.
14 Q Okay. Now these, items 3 through 58.
15 A Yes, sir.
16 Q You in fact own those?
17 A Yes, sir.
18 Q All right. And the rental income then is reflected
19 at the bottom?
20 A Yes, sir.
21 Q Similar. Now again, you -- there's only a couple
22 here. There's only one that you put a begin date. A good
23 portion of these began in 2009, did they not?
24 A I believe so.

1 Q All right. So, if we take a look at that bottom
2 line so the Court is looking at the income as being generated
3 from these properties, what -- where did you -- what did you
4 do with that income?

5 A Put it in Banone Arizona.

6 Q Okay. And again, I assume your answer's the same,
7 you didn't give any portion of that money to Lynita; is that
8 right?

9 A That's correct.

10 Q Okay. Now the bottom list here, the bottom portion,
11 starting with Baxter, Number 1 through 16, what are these?

12 A These are Banone Nevada properties. That's what
13 they are.

14 Q Okay.

15 A Banone properties.

16 Q So why did you separate them from the ones at the
17 top?

18 A The Arizona ones are Arizona. Even though they're
19 Banone, we book them as Banone LLC Arizona.

20 Q Okay. All right. So we can go through this and who
21 -- what does the yellow mean on -- on these?

22 A Yellow means unpaid or vacant or defer -- or they
23 hadn't done the full amount of the payment, some prob -- some
24 problem with it.

1 Q Okay. All right. So we see that your rental income
2 from this year alone on these properties ranges anywhere from
3 just short of 10,000 a month up to roughly 14,000 a month; is
4 that correct?

5 A It'd be closer to the 14. The ten would only
6 reflect because some haven't paid for August, but they're
7 probably in the works. So until the checks clear, we don't
8 book --

9 Q Okay.

10 A -- them.

11 Q Now where did you put that money?

12 A In Banone Arizona.

13 Q Now why would that one go into Banone Arizona?

14 A I'm sorry, where -- are you talking from three to --

15 Q The bottom. Bottom.

16 A I'm sorry. Those would be Banone Nevada. Thank
17 you.

18 Q Okay. And did you give any portion of those monies
19 to Lynita?

20 A No, sir.

21 Q Okay. Now, if you take a look at the next page of
22 your Exhibit 199.

23 A Yes, sir.

24 Q Help us here. What is this explaining to us?

1 A These are actually the rentals at -- on the Lindell
2 properties. These are the tenants.

3 Q All right. Now, this is a -- a -- this is an asset,
4 the building is owned 50 percent in your trust and 50 percent
5 in Lynita's trust; is that correct?

6 A Yes, sir.

7 Q Okay. And taking a look at the -- the rentals, that
8 shows how much you received each month on the rentals?

9 A Yes, sir.

10 Q Now, you've not given any portion of that money to
11 Lynita, have you?

12 A No, sir.

13 Q Notwithstanding the fact that Lynita is a 50 percent
14 owner; isn't that true?

15 A The expenses exceed the income, sir.

16 Q Okay. Sir, how come in the past -- do you recall in
17 the past Lynita was receiving -- Lynita was receiving \$6000 a
18 month as her share of the rentals and you cut her off I
19 believe it was March of last year?

20 A It was a -- we automatically --

21 Q Did you understand my question?

22 A Yes, I'm --

23 Q You were giving her \$6000 a month as her share of
24 the rentals on Lindell; is that correct?

1 Whatever they --

2 MR. JIMMERSON: Do you want to call him?

3 THE COURT: -- want to accommodate the witnesses.

4 MR. DICKERSON: He's already down here.

5 MR. JIMMERSON: I can certainly call him and tell
6 him 3:30 or so.

7 THE COURT: Whatever your guys' preference is. If
8 you want to get him done first, I mean, I'm or -- take him out
9 of order. I just -- I don't know if --

10 MR. DICKERSON: So you won't be taking him today or
11 --

12 MR. JIMMERSON: I don't know if we finish the order
13 of witnesses (indiscernible) finish my client.

14 MR. DICKERSON: Do you want to take him -- if you
15 finish with Eric, do you want to then take Joe?

16 MR. JIMMERSON: I was going to take Joe or Lynita or
17 --

18 MR. DICKERSON: No, I mean before I would cross
19 examine Eric, do you --

20 MR. JIMMERSON: No, no, no, no, I want you to finish
21 Eric -- the witnesses as they are.

22 THE COURT: Yeah, I don't know what you need in
23 order to --

24 MR. JIMMERSON: The judge needs to hear the cross.

1 THE COURT: -- examine or cross examine --
2 MR. DICKERSON: -- asking me to find out --
3
4 MR. JIMMERSON: The judge needs to hear the cross.
5 MR. DICKERSON: Well, no, no, no. I mean it's how
6 long do you think you'll be with Joe?
7 MR. JIMMERSON: 15 minutes.
8 MR. DICKERSON: Yeah, that's what I mean. Bring Joe
9 in for 15 minutes and then I'll cross examine Eric after.
10 MR. JIMMERSON: It's up to you.
11 THE COURT: Whatever you guys want to do. I'm fine
12 --
13 MR. DICKERSON: I would go with that.
14 THE COURT: I like to accommodate --
15 MR. DICKERSON: I just don't want --
16 THE COURT: I like to accommodate witnesses,
17 especially if they come down.
18 MR. DICKERSON: Why don't we do it that way because
19 I paid him to already come down here.
20 THE WITNESS: Can we limit the time that Joe has 20
21 minutes, 10 and 10, Your Honor.
22 THE COURT: We're going to get him done today. If
23 we got Joe out there, I mean --
24 THE WITNESS: Because I think it's important he

1 cross examines me. I want to know the issues.

2 THE COURT: Yeah, we can get you.

3 MR. JIMMERSON: Well, Judge, let's just do it that
4 way.

5 MR. DICKERSON: I'll cross examine him.

6 MR. JIMMERSON: That's not a problem. I've complete
7 my direct examination and I'm not going to call Mr. Leauanae
8 out of order. I want to hear the cross of my client.

9 THE WITNESS: Good, I think so. That's more
10 important.

11 MR. DICKERSON: So why -- yesterday I was told to
12 have him here at 1:30.

13 MR. JIMMERSON: Because I thought we'd be done with
14 the cross by noon.

15 MR. DICKERSON: All right.

16 MR. JIMMERSON: So I didn't know that direct would
17 take as long. We've worked together on a number of items.
18 It's not all just cross time -- or direct time, I mean.

19 MR. DICKERSON: Well, it's just for professionals
20 like that, one would think we would accommodate him.

21 MR. JIMMERSON: I mean, this is the guy who showed
22 up at 9:45 yesterday and 9:23 this today, Judge. I don't know
23 if he has a special arrangement with the Court where he can
24 show up later.

1 THE COURT: Well, I let the attorneys to anything
2 they want. If they want to talk to him, if they want to do
3 it, I'll accommodate the parties. You want to do it out of
4 order, I'll do it out of order. If not, we do what we need to
5 do. If not, I'll accommodate him. If you want, maybe I can
6 stick him in tomorrow morning. I've got another trial, but I
7 can sneak him in in the morning if they want to do his time.
8 I just want to --

9 THE WITNESS: We're available.

10 THE COURT: But I'd like to get him done. If we can
11 sneak him in this afternoon, I --

12 MR. JIMMERSON: We'll definitely do that, Judge.

13 THE COURT: -- just a professional courtesy to the
14 expert, I try to get them done when they come.

15 MR. DICKERSON: Shall I just tell him then to go
16 back to his office?

17 THE COURT: Yeah, I would and then give him a --

18 MR. DICKERSON: Okay. Then he won't be testifying
19 today?

20 MR. JIMMERSON: I don't know how long it'll take --

21 THE COURT: Can you get him later today do you think
22 or would -- if we get done with the cross, I'll sneak him in
23 today, but I just don't see the cross being -- I just don't
24 see us getting done with the cross. I would --

1 MR. DICKERSON: If the cross is over by 3:00 or
2 4:00, I'd love to have the guy come in, 15 minutes.

3 THE WITNESS: And Laurie and Ray will stay late.

4 MR. JIMMERSON: But if it's going to be all day
5 long, then have him come in tomorrow morning.

6 MR. DICKERSON: So what do we do, just let him sit
7 out here and wait?

8 THE COURT: No, we send him home now and tell him --
9 if we give him a time certain -- if we can't agree, I could
10 sneak him in tomorrow morning between my other hearings if you
11 want, between 9:00 and 10:00. If you could be done, we could
12 have him come tomorrow morning. But I'm not going to have him
13 say --

14 MR. DICKERSON: I mean, he can testify in the
15 future, whatever -- you're going to set this for another day,
16 I would assume.

17 THE COURT: Yeah. I mean, if he's all ready to go
18 and he came down, you wanted to get him done, I could
19 accommodate.

20 MR. DICKERSON: Oh, no he's just here -- I'm not --
21 I'm going to be calling him in my case in chief. Mr.
22 Jimmerson wanted him --

23 THE COURT: I'd send him home. I don't want to tie
24 him up --

1 MR. JIMMERSON: I agree.

2 THE COURT: -- for three or four hours.

3 MR. JIMMERSON: I agree.

4 THE COURT: He's a professional --

5 MR. JIMMERSON: I agree.

6 THE COURT: -- just tell him to forget about today
7 because it's not fair to bring him back and stuff like that
8 and make him hang around, just not fair to him. Why don't we
9 take a lunch recess. We'll come back, finish up your direct,
10 jump into our cross examination and see where we're at.

11 MR. JIMMERSON: Thank you, Judge.

12 THE COURT: But tell Mr. Joe just to go home and
13 don't worry about it today because it's not fair to keep him
14 hanging on there with his time as a professional -- and then
15 we'll deal with it afterwards and see what -- at the end of
16 today we'll do some housekeeping matters. All right. We'll
17 be in recess until 2:00 o'clock.

18 MR. JIMMERSON: Thank you, Judge, for your time.

19 (COURT RECESSED AT 12:06:34 AND RECONVENED AT 13:59:40)

20 THE COURT: This is the time reconvening in the
21 matter of Eric Nelson and Lynita Nelson, Case Number D-411537.
22 We took a lunch recess, we're picking up with Mr. Nelson on
23 the stand.

24 Mr. Jimmerson, do you want to state your appearance

1 just for the record, please?

2 MR. JIMMERSON: I do please, Your Honor. Thank you,
3 Your Honor. Jim Jimmerson on behalf of Eric Nelson. And my
4 co-counsel Mr. David Stephens also on behalf of Eric Nelson.

5 THE COURT: Thank you, Mr. Jimmerson.

6 MR. DICKERSON: Bob Dickerson and Katherine Provost
7 on behalf of Mrs. Nelson.

8 THE COURT: Thank you. Everybody can sit down and
9 get comfortable.

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(See Vol. III)

FILED

OCT 20 2010

ORIGINAL

EIGHTH JUDICIAL DISTRICT COURT

Ann L. Sullivan
CLERK OF COURT

FAMILY DIVISION

CLARK COUNTY, NEVADA

ERIC L. NELSON,

Plaintiff,

vs.

LYNITA NELSON,

Defendant.

CASE NO. D-09-411537-D

DEPT. O

BEFORE THE HONORABLE FRANK P. SULLIVAN
DISTRICT COURT JUDGE

TRANSCRIPT RE: NON-JURY TRIAL - VOL. III

TUESDAY, AUGUST 31, 2010

APPEARANCES:

THE PLAINTIFF:
FOR THE PLAINTIFF:

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D-09-411537-D NELSON v. NELSON 8/31/2010 TRANSCRIPT

VERBATIM REPORTING & TRANSCRIPTION, LLC

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DIRECT EXAMINATION CONTINUED

BY MR. JIMMERSON:

Q Mr. Nelson, I just have a few cleanup questions, then we'll turn you over to opposing counsel.

You file tax returns annually I presume?

A Yes, sir.

Q And you -- you have filed for example, 2006, 2007, 2008, but you've not yet filed 2009; you got an extension?

A Yes, sir.

Q I'd like to show you your tax returns which were filed I believe as Exhibits 85, 86 and 87. And as I understand these exhibits, they are your 2006, 2007 and 2008 tax returns respectively. Would you please confirm that?

MR. DICKERSON: Exhibits what, Jim?

MR. JIMMERSON: 85, 86 and 87.

MR. DICKERSON: Thank you.

MR. STEPHENS: I think it's 206.

MR. DICKERSON: I think it's 86, 87, 88. I -- '06, '07, '08.

MR. JIMMERSON: 86 --

MR. DICKERSON: No, '06, '07, '08.

MR. JIMMERSON: Okay. No, our marking shows 85 to be 2006, 86 to be 2007 --

MR. DICKERSON: Yeah.

1 MR. JIMMERSON: -- and 88 to be --

2 MS. PROVOST: Did they mess them up in the books?

3 MR. DICKERSON: No.

4 MR. STEPHENS: No, they're right.

5 MR. JIMMERSON: Move the admission of Exhibit 85,
6 the 2006 personal tax returns.

7 MR. DICKERSON: No objection, Your Honor.

8 THE COURT: All right, will be admitted as Exhibits
9 85, 86, and 87, the tax returns for the years 2006, 2007 and
10 2008.

11 (Plaintiff's Exhibits 85 through 87 admitted)

12 BY MR. JIMMERSON:

13 Q And do you have an understanding of what's your
14 profit or loss? In other words, making money or losing money
15 will be for 2009?

16 MR. DICKERSON: Objection, be speculative, Your
17 Honor.

18 THE WITNESS: I would antic -- anticipate --

19 THE COURT: Do you have any -- have you done any
20 preliminaries or are you just pulling it out of the sky or
21 have you done some preliminary?

22 THE WITNESS: Yes, the preliminaries that I think
23 Dan Garrity could testify to the fact we're anticipating about
24 a \$700,000 loss. Now that's reflected on taxable income,

1 because we'll have asset increase where are deferred gains,
2 Your Honor, so we're working as hard as we can to pay our fair
3 share, but not too much.

4 BY MR. JIMMERSON:

5 Q So now if we wanted to trace Eric Nelson's own
6 personal expenses, we would look at your Bank of America -- or
7 excuse me -- yeah, Bank of America account; is that right?

8 A Yeah, you would -- the majority of businesses -- I'm
9 sorry or Banone and those relative areas there and traveling
10 areas, then I would have a -- I don't have a -- a -- I had a
11 credit card at one time but because of the confusion, now I've
12 been using cash. I don't know if that makes sense, but --

13 Q And to -- for example, you indicated that you
14 thought your personal lifestyle was 6000 normally a month up
15 to \$10,000?

16 A Yes.

17 Q Would we be able to look at your Bank of America
18 account where you develop -- you deposit your Mellon income --

19 A Yes.

20 Q -- and see your personal use of money?

21 A To a degree. Then you're going to see where my
22 person -- where my withdrawal, like 5000 in cash and then I'd
23 spend it.

24 Q Okay. All right. Thank you.

1 A But you would be able to track every dime in and out
2 of the account.

3 Q Now I'd also like to show you what's been marked as
4 proposed Exhibit 197E.

5 (Cell phone ringing)

6 MR. JIMMERSON: I hate that when it happens. I
7 changed that, Your Honor. It used to be Big Papa was my ring.
8 I was in court when that went off and -- and I never lived it
9 down, so --

10 THE COURT: Yeah, I see; yeah.

11 MR. JIMMERSON: -- I changed that, Your Honor. It
12 was unbelievable. You learn your lesson.

13 BY MR. JIMMERSON:

14 Q I'm showing you what's been marked as proposed
15 Exhibit 197E. Have you summarized how the companies have been
16 doing?

17 A Yes, sir.

18 Q Okay. Over the last two year -- three years, 2007
19 through 2009. Okay.

20 (Whispered conversation)

21 MR. JIMMERSON: Your Honor, may I approach the
22 bench?

23 THE COURT: Sure.

24 BY MR. JIMMERSON:

1 Q What is Exhibit 197E please?

2 A This would be the entities that are LLC that ramp up
3 the Nelson Trust.

4 Q Okay.

5 A They are ran with different -- different operating -
6 - for instance, like Banone 2007, Banone Arizona, they were
7 not operating, Your Honor. These are holding companies. It
8 started in 2008, this is when I'm hiring individuals,
9 investing money into these companies as along with Eric Nelson
10 Auctioneering, we're investing capital.

11 Now we do have revenue that's coming into Eric
12 Nelson Auctioneering because we're selling hundreds of homes
13 for different lenders in those three years, where ten years
14 prior we were completely retired out of the auction business.
15 We were preparing for the greatest recession of all time.
16 However, if I may, the recession didn't go as planned and the
17 bank -- and the government interverence (sic) and didn't allow
18 real estate auctions to be a vital tool and the side that I
19 deal in. So, you know, that's part of the reason ENA is no
20 longer ENA, Eric Nelson Auctioneering.

21 But these show our losses for '08, '09 and then
22 through '010 according to my -- my accountants, Lana, Rochelle
23 and Joan --

24 Q These are employees or --

1 A Are my employees.

2 Q 1099 employees?

3 A Yeah, and that shows from 7/31/2010. Now that will
4 show a -- going into the black, Your Honor, and the reason why
5 is because now I've laid off 14 employees, shut down these
6 operations. It's a different style. We're now adjusting for
7 splitting the assets 50/50 so when you hit January we'll have
8 80,000 in gross income, 60,000 net, because the employees are
9 gone, it's a different philosophy, we're -- now we're trying
10 to provide Lynita monthly revenue. Whereas before, everything
11 that we made on my side would go into the building of these
12 companies, the building of these assets, and then we would
13 pull off what we need as we went year -- every year for the
14 last, I don't know how many years.

15 Q All right. And these --

16 A Too many.

17 Q -- entities are Schedule C entries on your personal
18 return; is that right?

19 A Yes.

20 Q Okay.

21 MR. JIMMERSON: So we'd move admission Exhibit 197E.

22 MR. DICKERSON: I -- I object, Your Honor. There's
23 no basis or foundation for laying this. We don't have the
24 documents that support it. In particularly with respect to

1 2010. I just don't know if he has the expertise. I mean, if
2 this is something Mr. Garrity wants to go into and can provide
3 us with the documentation that we can check and see --

4 THE COURT: I think I agree. I think his
5 accountants, whoever did the documents where they came up
6 there could be better to testify as to --

7 MR. JIMMERSON: Well, can I be heard briefly on
8 that?

9 THE COURT: Sure.

10 MR. JIMMERSON: The tax returns on Mr. Nelson
11 reflect these numbers for 2007 and 2008. They are on his
12 Schedule C. So when Mr. Dickerson says there's no basis for
13 this, we know exactly what's reflected on his tax returns,
14 which were just now admitted into evidence.

15 THE WITNESS: These 2009 are actual from my office.

16 MR. JIMMERSON: I understand, but they're not on
17 your tax returns because --

18 THE COURT: Not on the tax return.

19 MR. JIMMERSON: -- we haven't completed your tax
20 return.

21 MR. DICKERSON: But his --

22 THE COURT: Yeah.

23 MR. DICKERSON: -- tax return show -- 2006 showed
24 \$9-million.

1 THE WITNESS: Yes, that was a sale of Wyoming Downs.
2 That's where an asset is sold where we use those assets for
3 the rest of the following years.

4 BY MR. JIMMERSON:

5 Q I understand that, but for these companies --

6 MR. DICKERSON: But you don't have 2009 even in
7 here. You have 2006, 2007, 2008.

8 THE WITNESS: This is what we did. This is facts.
9 I have -- my accountants will be here if Your Honor.

10 MR. JIMMERSON: Anyway, Judge --

11 THE COURT: Well, your income, your 2007 and 2008,
12 those numbers show it. I can get that off this --

13 MR. JIMMERSON: Show these losses.

14 THE WITNESS: Yeah, show losses.

15 THE COURT: -- I can get that off his income tax
16 returns.

17 MR. JIMMERSON: From these companies.

18 THE WITNESS: From these -- yeah, the tax returns
19 will reflect that.

20 THE COURT: So I can -- so the 2007, 2008 these
21 numbers are reflected in the tax returns, so I can look at
22 your tax returns and get these numbers for Eric Nelson
23 Auctioneering, Dynasty and all those?

24 THE WITNESS: Yes.

1 THE COURT: Then I think that's the better document
2 because at least you've got it on the income tax return and I
3 can look at the whole document.

4 MR. JIMMERSON: All right, Judge.

5 BY MR. JIMMERSON:

6 Q Now, do you know what your operations were in 2009,
7 Banone and the rest of the companies here?

8 A As listed, yes.

9 Q So for example, I'm just trying to add. If you look
10 through 2007 tax return, you might see a gain because of a
11 sale of an asset, but as it relates to these five entities,
12 these are the results?

13 A Yeah, there's no income out of those entities. More
14 likely you're going to see me buying assets for below value
15 and do -- doing exchanges or deferred gains which are not
16 listed.

17 Q Right.

18 A Like the Sugar Daddies deal was a gain of
19 approximately a million dollars, but it's deferred until I can
20 get it into a long-term gain versus a short term gain.

21 Q And to save the taxes 40 percent versus 15 percent?

22 A That's correct.

23 Q Or whatever capital gains goes to. All right.

24 MR. JIMMERSON: So Judge, as I understand it, 2007,

1 2008, are in evidence, and you'll allow me to discuss this
2 further with Mr. Garrity.

3 THE COURT: Absolutely.

4 MR. JIMMERSON: If the need arises regarding the
5 2008 and -- I'm sorry, 2009 and 2010.

6 THE COURT: Yeah. And the 2007 and 2008 are income
7 tax returns, right? These losses are shown on your Schedule C
8 of your tax returns?

9 THE WITNESS: Yeah, and I don't prepare this. Lana
10 Martin would --

11 THE COURT: Okay.

12 THE WITNESS: -- prepare all these and she's in my
13 office. She can testify. I think she's a witness too.

14 THE COURT: We need to bring her in on that.

15 THE WITNESS: She has a working relationship.

16 THE COURT: So I won't admit this -- 197E won't be
17 admitted, but I got the tax returns for 2007, 2008 where these
18 losses will be shown as part of your Schedule C.

19 MR. JIMMERSON: Thank you, Judge.

20 THE WITNESS: Thank you.

21 THE COURT: And then we'll bring out the -- your
22 expert if we need to do it and really get these more in detail
23 if we need to bring an expert.

24 MR. JIMMERSON: All right.

1 BY MR. JIMMERSON:

2 Q Now, you have some miscellaneous sources of revenue
3 that I just want to touch on. One is a management agreement
4 that you have with Silver Slipper Ventures that you've
5 indicated has not been paid in the last four months.

6 A Yes, sir.

7 Q You indicated that the average for 2009 was about
8 75,000?

9 A It's reflected -- yeah, 75,000 -- 77,000 actually.

10 Q And you received about \$50,000 you said in 2010?

11 A Approximately, yes.

12 Q Stopping in roughly March or April of 2010?

13 A April.

14 Q Okay. Do you have expenses against that income?

15 A Yes, sir.

16 Q And what expenses -- and first of all, where is that
17 income deposited?

18 A Well, it would be actually reflected on this best.
19 It would be in the Dynasty side of it where we're upside down
20 \$337,000.

21 Q Okay. But the point is, for 2009 you reported
22 \$75,000, whatever it was, \$77,000?

23 A Yes.

24 Q And then you would have expenses against it?

1 A Yes. In addition --

2 Q Okay.

3 A -- to that you'd have the RV park that had about
4 3000 a month.

5 Q Okay. And so for the operations of Dynasty as it
6 relates to that -- receipt of that management money, and then
7 the expenses; did you make money or lose money?

8 A We lost money.

9 Q Okay. All right. Now, what else do I have here.

10 MR. JIMMERSON: All right. Judge and Mr. Dickerson,
11 I just want to admit maybe by stipulation Exhibits 57A through
12 H, the Lindell property deeds and --

13 MR. DICKERSON: The deed to the Lindell property?

14 MR. JIMMERSON: Yeah. It's --

15 MR. DICKERSON: No objection.

16 MR. JIMMERSON: The (indiscernible) was 57A through
17 H.

18 MR. DICKERSON: A through H.

19 THE WITNESS: 57A through --

20 THE COURT: Do you want to check those out, Exhibits
21 57A through H. Give Mr. Dickerson a chance to look, see if
22 he's --

23 (Pause)

24 MS. POLSELLI: This would be in book 5.

1 MR. JIMMERSON: Sorry, it's book 5 if it helps you.
2 MR. DICKERSON: No objection to A.
3 (Pause)
4 MR. DICKERSON: This -- these are the deeds to --
5 MS. PROVOST: Exhibit A.
6 MR. DICKERSON: -- the Lindell property; is that
7 right?
8 MR. JIMMERSON: Yes. Exhibit D is that went from --
9 MR. DICKERSON: No -- no objection to B.
10 MR. JIMMERSON: This I think is the original
11 acquisition; C.
12 MR. DICKERSON: Yeah, no objection to C. There's
13 nothing in D.
14 MR. JIMMERSON: Agreed. E is the income statement
15 for July 31, 2010. If you want, I can have Eric speak to it.
16 MR. DICKERSON: No, I have no objection to E. And I
17 have no objection to F.
18 MR. JIMMERSON: And G are the tenant leases.
19 MR. DICKERSON: Oh, I'm sorry. It's just the master
20 lease; it's a blank lease, right?
21 MR. JIMMERSON: Yeah, but it has the tenants I
22 think.
23 MS. POLSELLI: G and H.
24 MR. JIMMERSON: First and last page are provided of

1 each tenant currently leasing a suite.

2 MR. DICKERSON: Just so the Judge knows so the first
3 -- G is just the master lease --

4 MS. POLSELLI: Right.

5 MR. DICKERSON: -- what they use and then H just is
6 the first page or first and last page?

7 MR. JIMMERSON: First and last.

8 MR. DICKERSON: No objection.

9 MR. JIMMERSON: All right. Good.

10 THE COURT: Admitted 57A through H be admitted
11 without objection.

12 MR. JIMMERSON: Yes, Your Honor.

13 (Plaintiff's Exhibits 57A through H admitted)

14 MR. JIMMERSON: Exhibits 13, 14 and 16 please, madam
15 clerk.

16 THE CLERK: 13, 14 and 15?

17 MR. JIMMERSON: 13, 14 and 16.

18 (Pause)

19 BY MR. JIMMERSON:

20 Q Mr. Nelson, as part of this exchange of documents
21 and information between yourself and your wife, did you obtain
22 certain bank records from her bank accounts?

23 A Yes.

24 Q Exhibit 13. And showing you what's been marked as

1 Exhibit Number 14 proposed; it's just that the clerk hasn't
2 pulled 13. Number 14 is a series of bank accounts?

3 A Yes.

4 Q At Cumorah Credit Union?

5 A Yes.

6 Q All right. And they set forth balances as July 31,
7 2010; is that right?

8 A That's correct.

9 Q And there is four bank accounts and four balances?

10 A Yes.

11 Q And these are Lynita's?

12 A Yes.

13 MR. JIMMERSON: Move for the admission of Exhibit
14 14, four Cumorah bank accounts specified, the numbers which
15 are specified on the summary sheet. I can read them into the
16 record for the record.

17 MR. DICKERSON: Well, Jim, are these -- are these
18 the exact doc -- copies of the documents you got from the
19 bank?

20 MR. JIMMERSON: Yes.

21 MS. POLSELLI: Yes.

22 MR. DICKERSON: Okay. No objection.

23 MS. POLSELLI: Pursuant to subpoena.

24 MR. JIMMERSON: And the summary sheet evidence is

1 the account numbers, Your Honor, ending in 1471, 1401, 19271
2 and 9101.

3 THE COURT: And those will be the listed on your --

4 MR. JIMMERSON: Yes, Your Honor.

5 THE COURT: -- (indiscernible) and Cumorah.

6 MR. JIMMERSON: All right.

7 THE COURT: Exhibit Number 14's hereby admitted.

8 (Plaintiff's Exhibit 14 admitted)

9 BY MR. JIMMERSON:

10 Q 13; Exhibit 13 is -- this is -- is Mrs. Nelson's
11 Schwab account?

12 A Yes.

13 Q Is that right?

14 A That's correct.

15 MR. JIMMERSON: Move for the admission of Number 13.

16 MR. DICKERSON: No objection.

17 MR. JIMMERSON: Schwab account.

18 THE COURT: Number 13, Schwab/Capstone.

19 MR. DICKERSON: No objection.

20 THE COURT: Hereby admitted as Exhibit 13.

21 (Plaintiff's Exhibit 13 admitted)

22 BY MR. JIMMERSON:

23 Q And by the review of this do -- these series of
24 documents, this Court, counsel and myself, can observe the \$2-

1 million balance down to 1.3 in addition to the 600,000 she had
2 in another account?

3 A If you tie it to the original Mellon account, then
4 it went over to the Schwab account.

5 Q Okay. So they started at Mellon, transferred \$2-
6 million over to Schwab, and then taken down from there?

7 A The amount of 2-million was transferred over. It
8 was set in 2-million, she had control of the 2-million. How
9 that flowed out exactly I'm not exactly sure, but --

10 Q But we see the deductions --

11 A -- it did transfer --

12 Q -- for a year --

13 A -- all the funds to the exact amount, I don't know
14 the exact amount.

15 Q Thank you. And lastly number 16 proposed --

16 (MR. JIMMERSON AND CLERK CONFERRED BRIEFLY)

17 BY MR. JIMMERSON:

18 Q All right. Thank you. Exhibit 16 proposed are the
19 Lisa S -- excuse me, the Lynita S. Nelson accounts, Silver
20 State Bank?

21 A Yes.

22 Q Okay. And speaking to two bank accounts ending in
23 3601 and 3680?

24 A Yes.

1 MR. JIMMERSON: Move the admission of Exhibit Number
2 16.
3 MR. DICKERSON: No objection.
4 THE COURT: Hereby admitted as Exhibit 16.
5 (Plaintiff's Exhibit 16 admitted)
6 BY MR. JIMMERSON:
7 Q Mr. Nelson, did you read the complaint and divorce
8 --
9 A I did.
10 Q Did you read the complaint for divorce --
11 A I did.
12 Q -- before you signed it?
13 A I'm sorry?
14 Q Did you read the complaint for divorce that was
15 filed on your behalf by Mr. Kainen on or about May 9th --
16 A Yes.
17 Q -- 2009? Were all the allegations in that complaint
18 true?
19 A I believe so.
20 Q You alleged in that complaint that you and your wife
21 Lynita had become an incompatible marriage; is that true?
22 A That's true.
23 Q That your likes and dislikes are widely divergent?
24 A Yes.

1 Q And that there's no longer any peace or harmony in
2 your marriage?

3 A That's true.

4 Q And you have lived physically separate and apart
5 since the summer of 2009 -- 2008, excuse me?

6 A Yes.

7 Q Is there any possibly of reconciliation?

8 A I don't believe so.

9 Q You are a resident of Clark County, Nevada?

10 A Yes.

11 Q How long have you lived in Clark County, Nevada?

12 A Born and raised.

13 Q All right. And so you are claiming and you assert
14 you are a bonafide resident of Clark County, Nevada; is that
15 right?

16 A Yes.

17 Q You have five children the issue of your marriage?

18 A Yes.

19 Q We discussed the fact that three have now
20 emancipated themselves over the age of 18?

21 A Yes.

22 Q And two are still with you and your wife?

23 A Yes.

24 Q We've reached a custodial arrangement in October

1 15th of 2008 memorialized by stipulation and order in roughly
2 February of 2010; is that right?

3 A That's correct.

4 Q Okay. And that agreement, because of the, you know,
5 the access of both parties to quite literally a million or two
6 of dollars, didn't result in any determination of child
7 support, correct?

8 A That's correct.

9 Q Okay. So post-divorce living in separate homes, and
10 recognizing that Lynita has a greater timeshare than you do, a
11 child support may be ordered by the Court; do you understand
12 that?

13 A Yes.

14 Q And depending upon your income, it can be \$100 a
15 month up to whatever the Court determines with a presumptive
16 cap of 995 a child; do you understand that?

17 A Yes, sir.

18 Q As we discussed, are you requesting the Court to
19 enter an order of child support of 995 a month per child for
20 the two children?

21 A Yes.

22 Q Terminating according to statute?

23 A Yes.

24 Q And you also, in addition thereto, will pay the

1 monthly \$700 per month schooling for Carli at Las Vegas Day
2 School?

3 A Yes.

4 Q And you will continue to cover both children on your
5 medical insurance?

6 A Yes.

7 Q Okay. And the cost of that you told me is roughly
8 300 a month per child; is that right?

9 A I believe so.

10 MR. JIMMERSON: Thank you very much, Your Honor.
11 Thank you, Mr. Dickerson. No further questions.

12 MR. DICKERSON: Judge, could I have five minutes?
13 I'm embarrassed to say I need to use the restroom.

14 THE COURT: Sure. Why don't we take a break on
15 that. Do you have an affidavit of resident witness already in
16 the file or will you stipulate to the residency? He's
17 testified he --

18 MR. DICKERSON: We can stipulate to residence.
19 They've been here forever -- well, they were --

20 THE COURT: All right.

21 MR. DICKERSON: -- you know, since high school.

22 THE COURT: All right. So stipulation as to
23 residency. We'll be in recess for about five, ten minutes.
24 Let me know when everyone's ready.

1 MR. JIMMERSON: Thank you, Your Honor.

2 THE BAILIFF: All rise.

3 (COURT RECESSED AT 14:19:55 AND RECONVENED AT 14:30:56)

4 THE COURT: Continuing in the matter of Eric Nelson
5 and Lynita Nelson, Case Number D-411537. Mr. Dickerson is
6 about to commence his cross examination.

7 At your convenience, Mr. Dickerson.

8 MR. DICKERSON: Thank you, Your Honor. Ms. Clerk,
9 if I may have Plaintiff's Exhibit 199, please. And while
10 you're at it, if I can have their option (indiscernible).

11 CROSS EXAMINATION

12 BY MR. DICKERSON:

13 Q Showing you what's been admitted into evidence as
14 Plaintiff's Exhibit 199.

15 A Yes, sir.

16 Q I'd like you to explain this to me.

17 A Yes, sir.

18 Q Let's start on the first page, see if we can
19 understand this. At the top of the first page you've listed
20 all of the promissory notes that pertain to the Mesa Vista
21 project; is that correct?

22 A Yes, sir.

23 Q And each of these promissory notes is secured by a
24 deed of trust; is that true?

1 A Yes, sir.

2 Q Now, I notice here you've put the begin date for
3 each of those. Those are the dates payments began?

4 A Yes, sir.

5 Q Is that right? And so taking a look at this can you
6 give us an idea -- so are you telling us, for example, the
7 month of January you received \$770 in rents from these --
8 these --

9 A Yes, sir.

10 Q -- these promissory notes?

11 A Yes, sir.

12 Q And so that bottom line is what you've received
13 since January through August; is that right?

14 A Yes --

15 Q So you've received --

16 A -- basic --

17 Q -- roughly 770 a month; the last month, August,
18 you've received 656; is that true?

19 A Not necessarily. The -- for instance, some of these
20 notes, like let's say you have number 3 as an example. The
21 individual has elected to pay in advance, could have been 18
22 months or whatever, but it looks like they paid in advance
23 through December payment. And so it's already been booked the
24 other year, but this gives me a running total. This is more

1 for my help to know if they're current or not. But they -- so
2 they prepaid something, it's done.

3 Q All right. So but we notice then that three of them
4 have prepaid at least through December; is that right?

5 A Four, right.

6 Q Or four of them, yes.

7 A Yes.

8 Q So we wouldn't expect any money coming in from those
9 four promissory notes -- for example, if Lynita had got all
10 those four promissory notes today --

11 A Right.

12 Q -- those four she would get no payment?

13 A Right, they've already been accounted for in --

14 Q Just listen --

15 A -- whenever before.

16 Q -- to my question.

17 A To the community, yes, sir. Sorry.

18 Q Did you understand my question?

19 A Yes, yes.

20 Q So it's true that she -- if she took those
21 promissory notes, she would not receive any monies at least
22 through the rest of this year for those four promissory notes,
23 correct?

24 A Yes, that's why I (indiscernible).

1 Q Now, do you know how long -- have they prepaid into
2 next year?

3 A I don't believe so. Lana, Martin or Rochelle,
4 whatever, but I would say no.

5 Q Okay.

6 A Generally they -- we just take a payment source not
7 to exceed 2010.

8 Q So that being the case then, all that would be
9 received on these promissory notes would be \$133.22 or .20,
10 whatever?

11 A .20.

12 Q Is that right?

13 A If they pay.

14 Q If -- if they pay. Well, have they all -- have they
15 paid?

16 A Well, they paid for August, but they haven't paid --
17 that 132 that you're looking at hasn't paid for September yet.

18 Q Okay. Well, we're not quite in September.

19 A Follow me that?

20 Q All right.

21 A If you just take line number 5 I believe, they've
22 paid all the way to August 10th, but they haven't made their
23 September payment.

24 Q All right.

1 Q 78, Nicky Cvitanovich note, spelled C-v-i-t-a-n-o-v-
2 i-c-h note.

3 A Correct.

4 Q \$200,000, divided half 100,000 each, rent \$2,000 --
5 or mortgage payment, excuse me, \$2,000, divided half a
6 thousand each.

7 A Yes, sir.

8 Q What is Exhibit 28, tell -- 78, tell me about this
9 transaction, please.

10 A Well, the transaction was I had structured a
11 transaction with about 10 individuals to buy 4 or 5,000 acres
12 on the Mississippi River. In doing so, I was counseling them
13 and all of them had to deliver funds into an escrow account
14 that was irrevocably -- would go bad if any of them removed --
15 removed the money. Nicky worked for me, he needed 200,000 at
16 the last minute, and I got a note on it that he's been
17 faithfully 2,000 at 12 percent only. It does have good
18 security on it, however, the note is due and payable. I just
19 haven't enforced it because he hasn't been able to pay it off.
20 But he does make the \$2,000 payment.

21 Q Okay. So this transaction was done on or about May
22 1 of 2009?

23 A Before that probably.

24 Q Well, I'm going to move for the admission of 78 --

1 A May -- what year?

2 Q -- and then we'll go into it.

3 A What year is it?

4 Q I said -- one note was December 18th, 2007.

5 A 2007. I thought you said 2009.

6 Q And then there's a second note dated May 1, 2009.

7 A Well, because I -- yeah, because we amended it.

8 MR. JIMMERSON: So I'll move for admission of
9 Exhibit 78.

10 MR. DICKERSON: No objection.

11 THE COURT: Hereby admitted as Exhibit 78.

12 (Plaintiff's Exhibit 78 admitted)

13 BY MR. JIMMERSON:

14 Q Now that it's admitted, let's talk about --

15 A Sorry.

16 Q -- its terms a little bit more. No problem. Three
17 years ago, or two and a half years ago, I guess three years
18 ago, December 18th of 2007, you made this \$200,000 loan?

19 A Yes, sir.

20 Q Okay. And you took a security and interest in 17
21 and a half acres located in Biloxi, Mississippi on the corner
22 of Highway 15 and Larmy (sic) Bridge Road?

23 A That's correct.

24 Q And then you indicated that in May 1 of 2009, the

1 note was amended?

2 A Yes, sir.

3 Q All right, because he didn't come up with the
4 200,000?

5 A That's correct.

6 Q But he was paying the \$2,000?

7 A No, he was paying 7 percent less at that time.

8 Q 7 percent less, and so did you increase his payment?

9 A I did.

10 Q And so it's now \$2,000 per month?

11 A Yes, it went from at a .7 to 9 to 12 percent.

12 Q Okay. So it went from 7 percent to 12 percent --

13 A And he's paying 12.

14 Q Okay. And a 12 percent rate, was it a pretty good
15 rate of return, would you say?

16 A For money, yeah.

17 Q Okay. And how long has he been paying \$2,000 per
18 month?

19 A I think for the last year. Let's see here, here at
20 B; beginning from November 1st, 2009.

21 Q Okay. So he's been paying 2,000 since November 9 of
22 last year --

23 A Uh-huh (affirmative).

24 Q -- through the present?

1 A Yes, sir.

2 Q All right. And at some point he needs to pay
3 \$200,000 or you're going to foreclose on the real estate?

4 A That's correct.

5 Q Okay. But because he hasn't -- he hasn't paid the
6 \$200,000 but because he's paying his monthly payments, you've
7 not enforced your rights?

8 A That's correct.

9 Q Okay. And dividing this asset with Lynita, you'd
10 have to have communication with her relative to are we going
11 to foreclose, do you want to foreclose, that kind of thing?

12 A That's correct.

13 Q Or you just may let it --

14 A Let it ride out until --

15 Q -- let it ride for a while.

16 A Yeah.

17 MR. JIMMERSON: So 78 is admitted, Laurie. Asset 79
18 is the Gateway notes, and I believe we covered those, Judge,
19 and we discussed Gateway. I went through both the --

20 THE COURT: Those are the Arizona Gateway lots 31 --

21 MS. POLSELLI: Do you have those marked as admitted,
22 though, the actual exhibits?

23 THE COURT: 5 and 6?

24 MS. POLSELLI: 79 ABC -- ABC -- A, B, and C?

1 THE CLERK: It hasn't (indiscernible - away from
2 microphone).

3 MR. JIMMERSON: Okay. Could I then ask for the
4 admission of Exhibit 79, maybe call upon that from you?

5 MR. DICKERSON: 79 is Nicky?

6 THE COURT: 79A, B, and C, that's the Gateway, the
7 Gateway lots.

8 (Whispered conversation)

9 MR. JIMMERSON: Exhibit 79 is the summary of Gateway
10 notes.

11 MR. DICKERSON: Yeah, I have -- I have no objection.

12 MR. JIMMERSON: A is the three lots.

13 MR. DICKERSON: So can we just explain what they
14 are, if you go through them. It looks as if the --

15 (Whispered conversation)

16 MR. JIMMERSON: A and B -- I can make the
17 representation. A and B are two -- A and B are the two in
18 default to Black Gold who we're either going to foreclose upon
19 or try to collect, that's the two.

20 BY MR. JIMMERSON:

21 Q Is that right, Mr. Nelson?

22 A Yeah, those two are in LSN Trust, so I'll have to
23 work with Lynita in reacquiring those.

24 Q They're presently in Lynita's trust and Lynita

1 and/or you in dividing these in half or whatever the Court
2 orders, the proper course of action is to foreclose and
3 collect that property back; right.

4 A That's correct.

5 Q And then B is the --

6 A Same thing.

7 (Whispered conversation)

8 Q Two different lots, so A is one lot, I believe. Is
9 it four lots or two lots?

10 A It's two.

11 MR. DICKERSON: No objection.

12 MR. JIMMERSON: B is the other lot, 173 and 174.

13 And then C were the eight lots that Joan Ramos acquired and
14 here's here note, that we had discussed yesterday that Lynita
15 Nelson, your client, had signed.

16 THE WITNESS: That's all due and payable.

17 MR. JIMMERSON: Bates stamp number 1826.

18 THE WITNESS: That is not in default at this time.

19 MR. JIMMERSON: To refresh your, Mr. Dickerson, and
20 that's when you said well, that's because she'll sign anything
21 you put in front of her.

22 MR. DICKERSON: You'll hear that. Anything put in
23 front of her, she signs.

24 MR. JIMMERSON: So anyway, this is one of those

1 documents that she signed because it was put in front of her,
2 according to you.

3 MR. DICKERSON: Well, who prepared it?

4 THE WITNESS: The note and deed?

5 MR. DICKERSON: And who handed it to her and who
6 told her to sign it?

7 THE WITNESS: I don't know, but let's take that
8 back. These notes and deeds were prepared by generally title
9 companies.

10 MR. JIMMERSON: And --

11 THE COURT: That note's not in default?

12 THE WITNESS: It's not in default. It's all due and
13 payable. There's no payments on that, Your Honor, it just
14 comes all due and payable.

15 MR. DICKERSON: Isn't she in bankruptcy right now?

16 THE WITNESS: Joan is considering bankruptcy from
17 what I understand. In all likelihood --

18 MR. JIMMERSON: She's not in bankruptcy now.

19 THE WITNESS: -- we may be receiving all those
20 properties back.

21 MR. DICKERSON: She specified in her deposition she
22 was.

23 MR. JIMMERSON: Well, then maybe she is.

24 THE WITNESS: I don't know. Maybe she is now. Who

1 knows.

2 MR. JIMMERSON: Okay. So do we have an admission for
3 the Exhibit 79 A, B, and C?

4 THE COURT: Any objections, Mr. Dickerson, to
5 Exhibit 79 A, B, C?

6 MR. DICKERSON: No objection.

7 MR. JIMMERSON: Related to Exhibits 5 and 6. Thank
8 you, Judge.

9 THE COURT: They'll be admitted as 79 A, B, C.

10 (Plaintiff's Exhibits 79 A, B, and C admitted)

11 BY MR. JIMMERSON:

12 Q Turning to the next page then.

13 A Yes, sir.

14 Q Doing totals, this results in an asset division, if
15 the Court were to order the same, of assets that we've
16 identified here to each of the parties based upon cost values
17 --

18 A Yes, sir.

19 Q -- of \$9,014,000 to Lynita and \$9,071,000 to Eric.

20 A Yes, sir.

21 Q Okay. Then in the bottom right-hand corner, or
22 middle right-hand corner are the children's trusts and we've
23 indicated that has some -- (indiscernible) have a bank
24 account, small amounts, and two lots from Gateway?

1 A I'm sorry, where was that?
2 Q The children's trust.
3 A Oh, yes. Okay. Sorry.
4 Q I understand. I was just summarizing yesterday what
5 you said to refresh the Court.
6 A Yes.
7 Q Of \$25,000 total you indicated.
8 A Right.
9 Q All right. Now, let's look at listed LLCs and
10 companies.
11 A Okay.
12 Q (Indiscernible) to create a divorce, the lawyers and
13 the judge and the parties would say we're going to be
14 assigning, you know, companies.
15 A Yes.
16 Q Okay. So Eric Nelson Auctioneering, Inc. is your --
17 A Yes.
18 Q -- former business or your business of
19 auctioneering?
20 A It's still my -- that's my broker license
21 (indiscernible).
22 (Whispered conversation)
23 Q And is it a --
24 MR. DICKERSON: Are you looking at an exhibit right

1 now?

2 MR. JIMMERSON: I'm in Court Option A.

3 MR. DICKERSON: Oh, okay.

4 THE WITNESS: Last page.

5 MR. JIMMERSON: Just going through this last page.

6 MR. DICKERSON: Okay.

7 MR. JIMMERSON: No problem.

8 BY MR. JIMMERSON:

9 Q Is Eric Nelson Auctioneering actually -- is that a
10 DBA or a separate company.

11 A That's an S corp.

12 Q S corp. And does it have any value today?

13 A The value is it holds 50 percent interest in Russell
14 Road and then my broker's license is hung there along with
15 Chad's license and Aleda's license. There is no revenue. We
16 could show you the revenue charts of it.

17 Q All right. And so it has a value because it has the
18 family's two-thirds?

19 MR. DICKERSON: Objection; form of the question.

20 MR. JIMMERSON: That's right.

21 BY MR. JIMMERSON:

22 Q The value of Eric Nelson is because it owns Russell
23 Road?

24 MR. DICKERSON: Object to the form of the question.

1 THE COURT: It owns Russell Road; is there value to
2 it?

3 THE WITNESS: Only the half of Russell Road it owns
4 because of the FDIC exchange deal on it. Outside of that,
5 there's no value to the business.

6 BY MR. JIMMERSON:

7 Q And then there is the op -- we've already discussed
8 this, the opportunity to acquire the next 15 percent?

9 A That next 15 percent is in Nelson Trust, unrelated.
10 But it -- the total of 65 percent as the agreement states.

11 Q All right.

12 A But that was done by design and by tax purposes.

13 Q Okay. Now, I just have to ask the question. If we
14 divide -- if the Court divides as you have requested, Russell
15 Road will either go all to Wife or half and half to you,
16 Option A or B, is there any tax consequences that we need to
17 be aware of?

18 A We just need to -- Eric Nelson Auctioneering should
19 stay with me. The asset itself should flow down to Lynita, if
20 she takes half or all.

21 Q And is there any tax consequence as far as you know
22 that would --

23 A If we transfer the property, you'd have to ask Dan
24 Garrity. We'd looked at a couple different ways already.

1 Just by a simple agreement, we could cloud the title and
2 that's all we need to do until the sale, or we could put the
3 property in trust with Dan Garrity.

4 Q Okay. And when you say cloud the title, you just
5 mean to make sure that Lynita is protected and --

6 A That's right. You lee -- you have an agreement, you
7 record it against the property. That's as good as a deed of
8 trust in position.

9 Q All right. Then Emerald Bay, Mississippi LLC owned
10 50 percent by Lynita Nelson and 50 percent by Eric Nelson
11 Trust, 50/50.

12 A That's correct. These are the designated LLCs that
13 have been a bone of contention. That is the parent company
14 owned 50/50. The six below it are where properties should be
15 held in Mississippi that flow up to Lynita depending on how
16 the outcome of this deal is, Your Honor. So they should go
17 with whoever gets Mississippi.

18 Q And -- okay. So whoever gets Mississippi, Emerald
19 Bay would go and the six subsidiaries?

20 A That's correct.

21 Q And if it's divided in half, it'd be dividing the
22 membership interest --

23 A If it's at --

24 Q -- in those seven companies?

1 A There's nothing you'd need to do except supply the
2 deeds to these -- to these entities.

3 Q And you would supply the deeds to these entities so
4 they would be the owners of the respective properties?

5 A Excuse me?

6 Q And why would you need the -- why would you need to
7 supply the deeds within the meaning of your last answer?

8 A In order to clear the title between me and Lynita,
9 they -- they would require a ramp up in all the deeds to be --
10 to be uncleared to take care of the lawsuit and things like
11 that.

12 Q Okay. And so this is speaking to the 120 acres
13 that's got the (indiscernible) lien against it and the other
14 80 acres.

15 A Yeah, Lynita can do -- if she was going to deed it
16 all to me, a quit claim deed of all the assets in that county
17 is -- is sufficient and made very simple.

18 Q All right. Gateway Water Association, what is that,
19 please?

20 A Gateway Water Association was a -- an LLC that was
21 formed in order for us to get a public report. I'm using it
22 right now to -- to move forward on the I believe 29 lots.
23 This would be where if Lynita takes the 31 lots, she needs to
24 work with us and assist, but that's the association to -- to

1 get us done with a public report in order to sell these lots
2 individually.

3 Q And you were talking about the Banone property; is
4 that right?

5 A These are the Gateway lots.

6 Q Gateway lots, I'm sorry.

7 A 31, 30 -- they -- it's at line item number 5 --

8 Q Oh, yes, items --

9 A -- and 6.

10 Q -- 5 and 6.

11 A Yes.

12 Q Sorry, I mis -- my sheet fell apart.

13 A It has no value except it helps you get done the end
14 result of the public report.

15 Q And what is this public report? You've mentioned it
16 a couple of times.

17 A We actually sold some of the properties because we
18 thought we had already complied with a public report. That's
19 -- but a public report gives notice to the public on the --
20 the issues of water power and easements and to make sure
21 you're in compliance with the state on being able to have a
22 piece of property you can actually build on, or notifying the
23 public of what the actual intent of what that property is.

24 Q These are located in Mojave County, Arizona?

1 A These are in Arizona. This -- this is in White --
2 White Hills or someplace.

3 Q Just kind of over the bridge.

4 A On the other side of the bridge, yeah.

5 Q All right. The bridge that's never been built,
6 yeah.

7 A No, it's done.

8 Q I know. It's three years behind. Three years
9 behind and they still haven't opened it.

10 A Exactly. That's why we -- actually that's a good
11 point. That's why we held off further, but the recession hit,
12 knocked out the sales and the public report. However, with
13 the bridge coming over, it should be helpful in the value.

14 Q So here's my -- again, I'm just -- again, I'm trying
15 to close my eyes and imagine what we have to do to help
16 complete this case. You're going to -- if you go with the 31
17 and 29 as you proposed, what are you doing? Are you dividing
18 --

19 A Either/or --

20 Q -- Gateway Water Association --

21 A -- parties could --

22 Q -- half and half or what are you doing? Let me
23 finish my question. What are you doing about it?

24 A Either/or party could enjoy the benefit of the

1 Gateway Water Association.

2 Q And so if they do divide it half and half, you'd be
3 dividing it whatever ownership interest you have in this LLC
4 half and half; is that right?

5 A Yeah, I guess. I'm not quite sure how that'd be
6 done. Yeah, the member -- yeah, I guess you're right.

7 Q She'd become a member, you'd be going on --

8 A Yes.

9 Q You're already are a member.

10 A Right.

11 Q All right. New item, REO Holdings, what is the --
12 what is this company.

13 A That's no value. That's an LLC prepared to be a
14 holding company for a piece of property that we haven't
15 designated. That should -- that should stay with me, it'd be
16 no value to Lynita.

17 Q And you haven't designated a property for that
18 company to --

19 A That's correct.

20 Q -- so it doesn't own anything yet?

21 A Right.

22 MR. DICKERSON: When was this formed? I'm not
23 familiar with this one.

24 THE WITNESS: REO Holding, we're just list -- we're

1 just listing every and any LLC that may be -- I think it's --

2 MR. JIMMERSON: But you didn't listen. He's not --

3 MR. DICKERSON: I'm not quarreling --

4 MR. JIMMERSON: -- quarreling with you on that --

5 MR. DICKERSON: Yeah.

6 MR. JIMMERSON: -- he's with you on that. He's just
7 asking --

8 MR. DICKERSON: I don't really care, but I mean, I
9 haven't seen this --

10 BY MR. JIMMERSON:

11 Q When did you form this?

12 A Oh, I'm not quite sure, probably several years ago,
13 three, four years ago maybe.

14 Q It's not a recent entity?

15 A No, it's just a holding company that we put an asset
16 in. It has no asset value. But an LLC already prepared, if
17 we come across something that's -- we don't know all the title
18 issues, we'll stick it in there.

19 Q So you know it costs you \$800 to pay the secretary
20 of state to create an LLC; that's the idea, right?

21 A That's correct.

22 Q Okay. Hideaway Casino, we do know that company, all
23 right, and Hideaway, if it's awarded all to one party, in
24 Mississippi, all one party, fine; if not, it'll be divided

1 half and half or awarded to the other party?

2 A That's correct.

3 Q Presently Hideaway Casino LLC is owned 100 percent
4 by yourself?

5 A By the trust.

6 Q By the trust, ELN Trust. Fine. And we've already
7 talked about that contingent liability. Riverwalk
8 Entertainment; this I understand is a -- I guess a parent
9 company to Dynasty Development; is that right?

10 A Yeah, that would be part of Hideaway, supposed to be
11 -- I'm not sure it's the parent, it could be the management
12 company that would be involved in the Hideaway. But it's --
13 it's all in -- strategy-wise, it goes with the Hideaway, has
14 no value.

15 Q All right. Let me just -- that's not my
16 understanding and so I want you to tell me how I'm
17 misunderstanding. My understanding of Riverwalk was it was a
18 parent company to Dynasty involving the Silver Slipper.

19 A No.

20 Q Okay. Then I'm wrong.

21 A Riverwalk is of Hideaway, not of Silver Slipper.

22 Q So Riverwalk is a parent company of Hideaway.

23 A I believe so.

24 Q And then above Riverwalk would be Eric Nelson Trust?

1 A Yes.

2 Q Okay. So all right, I'm with you. And that's
3 right, that is what you told me.

4 MR. JIMMERSON: So, Judge, just so we have an
5 understanding, Hideaway is the operating entity that Eric has
6 of -- owns a hundred percent of that had the failed boat
7 investment in Greenville and with Mr. Berry (ph) being the
8 threatening party there as he lost his investment -- or the
9 company lost his investment.

10 BY MR. JIMMERSON:

11 Q Riverwalk Entertainment is the owner of Hideaway
12 Casino LLC?

13 A I believe so, and it could be just the management
14 company. But I do tell you one thing, I guarantee it goes
15 with the Hideaway Casino and it has --

16 MR. DICKERSON: I agree with that.

17 THE WITNESS: Okay.

18 MR. JIMMERSON: All right.

19 MR. DICKERSON: They're tied together. But his
20 trust owns Hideaway.

21 THE WITNESS: Right.

22 BY MR. JIMMERSON:

23 Q And then the -- okay, that's fine. So I'm just --
24 what I'm saying to you for purposes of writing in order, if

1 the Court gives all of Mississippi to you, then not much to be
2 done. If you go half and half, then Hideaway Casino would be
3 divided in half or there would be some orders that affect her
4 half interest ownership there if that were the case. And that
5 would also have to address Riverwalk Entertainment when you
6 address Hideaway; is that right?

7 A That's correct.

8 Q Fair enough. All right, now a change in assets.
9 Silver Slipper Casino. The company is Silver Slipper Casino
10 Ventures, LLC is the operating entity of which Dynasty
11 Development Group owns 42 percent according to your testimony
12 yesterday?

13 A That's correct.

14 Q All right. I understand it can be diluted down to
15 34 percent if DDJ exercises warrants.

16 A That's correct.

17 Q All right. So if the asset of Silver Slipper is
18 awarded to one party, you or to Lynita, then all 30 -- then
19 all the interest in Dynasty Development would be awarded to
20 that individual?

21 A Subject to all the --

22 Q Subject to all the gaming regulations and the rest,
23 I understand, and all rules.

24 A Yes.

1 Q All right. And it was -- all right, fine. And if
2 it's divided in half, then we have to subject to it to
3 licensing and the like and division of the shares of that
4 company?

5 A Right.

6 Q All right. Silver Dollar Land Holding Company, LLC
7 -- now, can I just ask is Dynasty Development Group an LLC?

8 A Yes.

9 Q Okay. So normally I use the word members or
10 membership interest in an LLC and not shares.

11 A I'm a member -- I'm the 100 percent member of that
12 --

13 Q All right.

14 A -- or whatever the --

15 Q And Silver Dollar Land Holding Company, LLC is what,
16 please?

17 A That's just a holding company that we were holding
18 for Mississippi to buy property or exchange properties there.
19 It has no value. I believe it has no value.

20 Q And to your knowledge --

21 A If it held anything -- no, it doesn't hold anything.
22 It never got done.

23 Q All right. Banone, LLC, we've talked about, that's
24 a Nevada LLC --

1 A Yes.

2 Q -- and it owns Nevada assets?

3 A Yes.

4 Q Okay. It also owns your home on Bella Kathryn?

5 A Yes.

6 Q All right. Ban -- and so the Court would have to

7 make some -- when you divide the assets and the Court makes

8 those orders, then the Court could leave Banone, LLC with you?

9 A Yes.

10 MR. DICKERSON: Technically it also owns the Arizona

11 properties with the exception of one.

12 MR. JIMMERSON: That is true, it does. I think we

13 need to make that clear.

14 BY MR. JIMMERSON:

15 Q Technically, Banone owns all but one property in

16 Arizona?

17 A That's correct.

18 Q Although your books and records --

19 A But for booking purposes --

20 Q -- you're treating them as you divided them under

21 exhibits --

22 A Yes.

23 Q -- above, 10 and 11. All right. And we also have

24 Banone Arizona, LLC. Are you the sole -- are your trusts the

1 sole member of Banone?

2 A Yes.

3 Q For both Banone LLC and Banone Arizona?

4 A Yes.

5 Q Thank you. Wyoming Rodeo Events, what is that,
6 please?

7 A That was going to be a holding event in the event
8 that we had gaming rights that expired with the Wyoming Eric
9 Spector transaction. It has no value --

10 Q And who is the --

11 A -- because they --

12 Q -- who is the owner of Wyoming Rodeo Events, LLC?

13 A Eric Nelson Trust.

14 Q So again, and just to dispose of the asset, that
15 would be confirming your membership interest in that being
16 awarded to you or divided in half?

17 A That's correct.

18 Q Grotta Group, we've spoken about. Grotta Group is
19 an LLC?

20 A Yes.

21 Q And the members of the group are the five brothers
22 and sisters and Lynita?

23 A Yes.

24 Q So they each own one-sixth of Grotta Group, LLC?

1 A Yes.

2 Q And Grotta Group's main asset is the contract at
3 Mississippi?

4 A Yes.

5 Q Which you indicated had a value you would say of
6 \$25,000?

7 A That's what I place the value at.

8 Q Fair enough. And what is Grotta Financial
9 Partnership, please?

10 A That's the one that I hold the tax, eminent domain,
11 and exchange that has the 25 acres in Mississippi.

12 Q Now, I just have a question. Can you -- I mean, is
13 it possible to divide Grotta Financial Partnership half and
14 half?

15 A I would say by simple agreement.

16 Q And what would that do when you -- when you -- what
17 is the asset --

18 A I would get --

19 Q -- that you're going to dispose of and how is it
20 being disposed? I'm trying to give us an understanding of how
21 we solve this one or divide this one.

22 A Well, you'd just say that Eric -- let's say I was to
23 take half, Lynita already has that one-sixth interest, and so
24 the Court would say Eric, you receive 50 percent of the

1 interest upon sale.

2 Q So one-half of one sixth, or a twelfth to each of
3 you? All right. And upon sale would be what, please?

4 MR. DICKERSON: It's an LLC. She could -- I mean,
5 that he -- could each have half -- whatever half of 16, so --

6 THE WITNESS: We can go one-twelfth, I don't see why
7 we couldn't go one-twelfth.

8 MR. DICKERSON: That would be 8.3 --

9 MR. JIMMERSON: Whatever --

10 MR. DICKERSON: -- percent.

11 MR. JIMMERSON: 3333 percent.

12 MR. DICKERSON: Uh-huh (affirmative).

13 BY MR. JIMMERSON:

14 Q And when you say upon sale, upon sale of what,
15 please?

16 A If we sold and made money at the Silver Slipper,
17 whatever, there would be some revenue driven up. We -- so
18 whatever interest that would be, I just leave it out there, I
19 -- I put it at very minimal. It's -- anyway, that's what I
20 valued it at.

21 Q All right.

22 MR. JIMMERSON: Could I have Exhibit 8Q, please.

23 This is the operating agreement for the Silver Slipper.

24 (Whispered conversation)

1 who's -- who's the priority lien. Usually it's last money in
2 is the priority or whatever. My money was first when I
3 structured the deal that we created what they call a perceived
4 created value of \$5 million in that capital account. It's
5 been reduced to 3.4. But of that, the other partners that
6 contributed to show my faith in it and to get a larger
7 percentage, the 43 percent, is I said I'll be the last out,
8 meaning if that property sells for 60 million and it covers
9 all my other partners and not me, I get zero. That puts faith
10 in the transaction and it shows a good will towards me. I am
11 at the bottom of that scale in that waterfall area.

12 Q And is that detail --

13 A So the 3.4 is at the bottom of the waterfall.

14 Q So you'd have to overcome the 57 men that's owed,
15 the 13.5 men on the lease --

16 A Not only that --

17 Q -- and all of that?

18 A -- is they really don't care if I get paid or not,
19 my partners because why? If anything, if they're upset at me,
20 it has actually put a bigger target on my back in those areas.

21 Q And those waterfall was specified, was in this
22 contract, 8Q, in evidence?

23 A That's correct.

24 Q And specific --

1 MR. DICKERSON: And you had referenced 5.1.8; is
2 that the correct section?

3 MR. JIMMERSON: I believe it --

4 THE WITNESS: I think you had the majority of --

5 MR. DICKERSON: That's major decisions.

6 THE WITNESS: -- approval of the members.

7 MR. JIMMERSON: Do you know where the -- is it
8 Article 7, Mr. Stephens?

9 MR. STEPHENS: It looks like Article 7, yes.

10 MR. JIMMERSON: What page is that, please?

11 MR. STEPHENS: 41.

12 MR. JIMMERSON: The article you just showed me
13 reflected that the --

14 MR. JIMMERSON: I'll come back to it.

15 BY MR. JIMMERSON:

16 Q And does Article 7, 7.1 and the pages beginning at
17 41 going on discuss the waterfall effect?

18 A Somewhere in those documents it does.

19 Q All right. Now I want to return to what I was
20 speaking about, 5.1.8, major decisions. What does this
21 provision provide --

22 A That --

23 Q -- as it relates to your rights in acting with the
24 majority owners, the 57 percent owners?

1 A It allows me to vote with the owners there and it
2 also talks about in the event that new members are coming in
3 or selling and interest and they can reject -- bottom line is
4 they can reject Lynita or they could idle my position in those
5 areas, and I'm not quite sure how exactly it works.

6 Q Okay. So the language specifically states 5.1.8,
7 major decisions, notwithstanding the provisions of section
8 5.1.1, 5.1.3, and 5.1.7, except as otherwise provided for in
9 an approval of annual plan as defined below, in which case the
10 board is authorized to proceed to implement any master -- any
11 matter set forth in and consistent with the terms of such
12 annual plan without further approval of any member. It is
13 (indiscernible) with regard to each of the following matters,
14 each, a quote, major decision shall be required to be approved
15 by the required voting members prior to being implemented by
16 the board, end quote; is that right?

17 A That's correct.

18 Q And then it identifies what some of those major
19 decisions are.

20 A Change of ownership is one of them.

21 Q Okay. And that would include a division of assets
22 and becoming an owner by Lynita in her own on this asset?

23 A I believe that would be the interpretation.

24 MR. DICKERSON: Can you please point out the

1 specific provision you're relying upon?

2 THE WITNESS: Any change of ownership in Mississippi

3 --

4 MR. DICKERSON: Where is it in here, what specific

5 --

6 THE WITNESS: -- would require Mississippi gaming
7 approval.

8 THE COURT: Is it in the -- stated in the agreement?

9 MR. JIMMERSON: I don't see a -- Judge, I don't see
10 a provision that says change of ownership.

11 THE WITNESS: But, Your Honor, just so you -- so
12 it's clear, any -- any bo -- any membership change, it has to
13 be approved by the Mississippi Gaming Commission. I'm not
14 saying Lynita couldn't --

15 MR. DICKERSON: The Gaming Commission.

16 MR. JIMMERSON: That's what he said.

17 MR. DICKERSON: The Gaming Commission, yeah, but
18 it's not in here.

19 THE WITNESS: But everything in this document says
20 you have to comply with the Mississippi Gaming Commission; do
21 you understand? Everything is subject to the Mississippi
22 Gaming Commission.

23 MR. JIMMERSON: That's all --

24 MR. DICKERSON: I mean --

1 MR. JIMMERSON: -- I wanted to point out.
2 MR. DICKERSON: -- why mislead?
3 MR. JIMMERSON: That's all I wanted to point out.
4 THE WITNESS: I'm not arguing with you. She can get
5 licensed.
6 THE COURT: Basically the agreement doesn't address
7 the change of ownership?
8 MR. DICKERSON: The agreement does not.
9 MR. JIMMERSON: The agreement establishes --
10 THE COURT: The gaming has -- the gaming has the
11 gaming rules, you always have to comply with gaming.
12 MR. DICKERSON: She would have to be --
13 THE COURT: They basically --
14 MR. DICKERSON: She would have to be licensed if she
15 had an interest.
16 THE COURT: So whatever the gaming requires, they
17 have to comply with it or they'd shut them down.
18 MR. DICKERSON: She has attorneys in Mississippi
19 helping her with that.
20 THE COURT: Gaming is heavily regulated and they can
21 do what they want, so basically you've got to comply with the
22 gaming or they shut you down.
23 (Whispered conversation)
24 MR. JIMMERSON: Could I see that document one more

1 time?

2 THE COURT: 8Q, I think it was.

3 MR. JIMMERSON: What was that provision, please?

4 MR. STEPHENS: 6.1.2, page 38.

5 MR. JIMMERSON: So we don't simplify this too much.

6 MR. DICKERSON: Which provision?

7 MR. STEPHENS: 6.1.2.

8 MR. DICKERSON: 6.1 --

9 MR. STEPHENS: It's on page 38.

10 MR. DICKERSON: -- .2

11 BY MR. JIMMERSON:

12 Q Is there a provision 6.1.2, page 38 of 8Q, that
13 talks about prohibitions to transfers and admission of new
14 members.

15 A That's real specific on that, yes. It -- as except
16 for permitted transfer.

17 Q Okay. So I understand that you believe that when
18 it's all said and done, the assets should be all awarded to
19 your wife or to you, but if it were divided in half, okay,
20 would -- if it was divided in half, under this agreement it
21 would potentially require the approval of the other members?

22 A That's my understanding and it definitely would be
23 superseded by the Gaming Commission that would require any --

24 Q And this document 8Q does refer to the Mississippi

1 gaming control?

2 A Well, if I can, Your Honor, if I could just speak
3 freely on this for one second. It's important that I --

4 THE COURT: I hope you've been speaking honestly for
5 the last day and a half, I hope.

6 MR. JIMMERSON: That's exactly right.

7 THE WITNESS: Probably not at lunchtime, I'll tell
8 stories. But the Mississippi Gaming Commission, of course, in
9 these areas, the tax returns were set in motion to divide --
10 one of the purposes that we'd separated the trusts was the
11 transaction at the Silver Slipper. The other part of that is
12 Mississippi Gaming Commission said, Eric, we're -- we have
13 never checked on your fam -- your -- Lynita's trust.

14 MR. DICKERSON: Objection, Your Honor. I mean,
15 again, it's all hearsay.

16 THE WITNESS: I'm just trying to help out.

17 THE COURT: Well, the gaming all looks at that and
18 characters and anyone involved with it to make sure you don't
19 undesirables --

20 THE WITNESS: And they never did --

21 THE COURT: -- that are using --

22 THE WITNESS: -- look at Lynita's --

23 THE COURT: -- you as a straw person.

24 THE WITNESS: -- because the separate trusts, they

1 said if she's separate, she's not involved in it --
2 THE COURT: Then they won't check.
3 THE WITNESS: -- we don't have to check her.
4 THE COURT: And if she did -- anybody involved and
5 checked, they did to make sure people don't --
6 THE WITNESS: And so we didn't have to check her,
7 but now she'll have to be checked by (indiscernible). I'm
8 just saying I want everyone to know my liabilities and her
9 liabilities.
10 THE COURT: Anybody involved that they have to, that
11 was to avoid the mobsters having straw people like --
12 THE WITNESS: Yeah, so --
13 THE COURT: -- Vegas was accused of having which we
14 never had, of course.
15 THE WITNESS: Well, we just -- we were able to get
16 around not having my wife checked out because it was all on my
17 side because of the trust.
18 THE COURT: You have no problem being checked out,
19 right?
20 THE WITNESS: Yeah, she doesn't have. I'm just
21 saying I need to -- I think it's important --
22 THE COURT: Any owner would have to be -- anyone
23 involved with gaming's got to be approved --
24 MR. DICKERSON: Yeah, absolutely, Judge.

1 THE DEFENDANT: Fine.

2 THE COURT: -- by the gaming board. Yeah.

3 THE WITNESS: And that's fine.

4 MR. DICKERSON: We fully understand that.

5 THE WITNESS: That's good.

6 MR. JIMMERSON: All right. Okay that covers those

7 LLCs, all right.

8 BY MR. JIMMERSON:

9 Q Now, I just want to speak briefly on the request by

10 your wife of division of income and income of her and that she

11 has a sort of backup alimony plan, I guess is the way I would

12 figure it.

13 A Yes, sir.

14 Q Look at Court Option A and Court Option B, please.

15 A Yes, sir.

16 Q I want to focus upon the income after February or

17 March of 2011 --

18 A Yes, sir.

19 Q That would be received by each of you depending upon

20 the division of assets.

21 A Yes.

22 Q And I want to speak first to a division, court

23 opinion -- Option A. Are you representing that if the tenants

24 pay according to their promises and their notes and in their

1 agreements that there will be approximately --

2 MR. JIMMERSON: Where is the right one.

3 MS. POLSELLI: Top of the third page.

4 MR. JIMMERSON: I don't have that note.

5 BY MR. JIMMERSON:

6 Q Approximately -- on page -- top of the third page of
7 Exhibit -- of Court Option A, \$41,524 to (indiscernible)
8 Lynita's trust and \$39,024 to yourself.

9 A That's correct.

10 Q All right. And then under Court Option B, the
11 difference being that under Court Option B, all of Mississippi
12 is awarded to you and all of Russell Road is awarded to her --

13 A Yes, sir.

14 Q -- and she would receive \$37,000 in income and you
15 would receive 43,000?

16 A Yes, and I think it's very critical to understand
17 this, that the 37 actually nets more because Russell Road is
18 -- is triple net. It's important to know that if I take
19 Mississippi on, that that is not a cash flow position. These
20 are based on gross. Gross net is very difficult, so she'll
21 actually net more than me under plan B, even though it
22 reflects on the gross that I'm receiving more because again,
23 under the Russell Road she is getting net -- triple net 20,000
24 a month. And under my scenario, I still have to have all my

1 employees to manage the Mississippi project as designed here.
2 So there's an extensive amount of costs. The cash flow for
3 Mississippi from the management and from the RV park has not
4 met the -- the negative cash flow from Dynasty and those
5 areas.

6 Q So those assets in Mississippi have a negative --

7 A Yeah. I'm not trying to promote Mississippi one way
8 or the other. I'm just telling you the facts, though. Her
9 counsel can tell Lynita and she can hear it, that everything's
10 been disclosed to her fully.

11 THE COURT: We're referring to -- counsel, you're
12 looking at the upper right-hand corner when you talk about --

13 THE WITNESS: Page 3.

14 THE COURT: -- page 3 where it says rents/interest
15 payments per month?

16 MR. JIMMERSON: Yes. That's just a total of all the
17 income that each would received --

18 THE WITNESS: Gross.

19 MR. JIMMERSON: -- under each option in gross
20 dollars, understanding that, for example, and the church is
21 not a gross number, it's a net number, it's a triple net --

22 THE WITNESS: That's a triple net number.

23 MR. DICKERSON: That's the number they're not
24 receiving right now, correct?

1 MR. JIMMERSON: They're getting October 1, you're
2 right, in a month and a half. Okay.

3 BY MR. JIMMERSON:

4 Q Now, I'm not fully done with that or with this
5 issue. You receive -- if I ask you this question, today,
6 2010, you know, what do you earn for yourself; what do you
7 take out of any company to support yourself, food, groceries,
8 you know, entertainment with your children?

9 A Oh, I'd say between 6 to 10,000; minimal, probably
10 on an average 6, maybe 8.

11 Q Per month?

12 A Per month.

13 Q All right. And so your wife is choosing to spend
14 more dollars on her choices?

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

17 THE COURT: Sustained.

18 BY MR. JIMMERSON:

19 Q More than you; is she spending more money than you
20 are?

21 A Her lifestyle as it shows and her checkbook shows
22 she is spending a lot more money.

23 Q All right. Why does your lifestyle -- what was your
24 lifestyle and cost per month?

1 A Excuse me?

2 Q Historically, what has been your lifestyle and cost

3 --

4 A Me and Lynita had no -- virtually no assets. When
5 we started, I probably had a \$100,000 worth of assets. And so
6 we lived under \$5,000 total means with mortgage payments,
7 everything. We did without life -- health insurance, life
8 insurance for many, many years. Probably the only last 10
9 years that we -- the fruit of our labor, being debt free,
10 started to come in and she escalated up maybe \$7500, but less
11 -- less than \$10,000 we lived on for many, many years.

12 Q Okay. And let me show you 179D.

13 MS. POLSELLI: 97.

14 MR. STEPHENS: 197.

15 MR. JIMMERSON: 197, thank you.

16 MR. DICKERSON: 197, what number?

17 MS. POLSELLI: D.

18 MR. JIMMERSON: I've got to go through all --

19 MS. POLSELLI: It's Bates stamp number 3931.

20 MR. JIMMERSON: I've got to go through all of them.

21 MS. POLSELLI: It's Volume 11.

22 (Pause and whispered conversation)

23 BY MR. JIMMERSON:

24 Q Do you believe there is any basis under the division

1 of these assets as you have proposed them, either Option A or
2 Option B, or any other reasonable division of an equal
3 division of asset and liability, would there be any basis for
4 your wife to claim alimony?

5 MR. DICKERSON: Objection, Your Honor; that calls
6 for a legal conclusion and that's for the Court to decide.

7 MR. JIMMERSON: I'm asking for his understanding,
8 Your Honor. I'm not asking for the Court's determination.

9 MR. DICKERSON: It's for the Court to decide.

10 THE COURT: I'm sure he doesn't want to pay spousal
11 support. I never met -- very few people do. The Court looks
12 at the need and ability to pay on that, but you felt with the
13 property settlement on that there'd be no need for her to
14 receive spousal support, right?

15 THE WITNESS: That's correct.

16 THE COURT: I take that as a given.

17 BY MR. JIMMERSON:

18 Q And as evidence in these two proposed divisions,
19 it's a \$40,000 per month income for her?

20 A Well, my opinion because these are free and clear
21 assets, they're all tied based to actual basis in the property
22 so there's very little tax ramifications in any of it, I
23 cannot imagine how she could not live within that means, with
24 the exception if she has expensive professional people in any

1 degree that run things out of control.

2 Q Now, Melissa Attanasio is a consultant that did some
3 work for your wife; is that right?

4 A That's correct.

5 Q And she prepared a lifestyle analysis, Exhibit 197?

6 A Yes.

7 (Whispered conversation)

8 MR. JIMMERSON: I'd move for admission Exhibit 197.

9 MR. DICKERSON: Was this 197 -- just plain 197?

10 MR. JIMMERSON: Yeah. I mean, I don't even know
11 what we're talking about --

12 MR. DICKERSON: Yeah, I have no objection.

13 MR. JIMMERSON: All right. So, Judge, 197, the
14 first of page would Bates stamp 3867.

15 (Whispered conversation)

16 MR. JIMMERSON: And (indiscernible - away from
17 microphone) 197A is the (indiscernible - away from
18 microphone).

19 (Whispered conversation)

20 BY MR. JIMMERSON:

21 Q Okay. Let me show you Exhibit 197B and
22 (indiscernible - away from microphone).

23 A Do you want to do a board?

24 Q Yeah.

1 MR. DICKERSON: So what are we doing now? We're
2 comparing 197 to 197B?

3 MR. JIMMERSON: A single sheet of paper, I
4 apologize. The marking is 197B.

5 (Pause and whispered conversation)

6 BY MR. JIMMERSON:

7 Q Now, based upon your review of Exhibit 197A --

8 A Yes.

9 Q -- the Attanasio review of 2007 expenditures --

10 A Yes.

11 Q -- did you prepared Exhibit 197B proposed?

12 A Yes.

13 Q And is 197B also set forth here on this board?

14 A Yes.

15 Q And what is Exhibit 197B?

16 A Those would be some inconsistencies or consistencies
17 with Melissa's versus what I felt reasonable from being the
18 head of the household and paying these expenses through the
19 years. And so I made some adjustments here, areas or
20 suggestions for Lynita that possibly she could look at in
21 these areas. I was --

22 MR. JIMMERSON: Move for admission of Exhibit 197B.

23 MR. DICKERSON: I just need to see the exhibit. Is
24 it this one?

1 MR. JIMMERSON: It's that board, but you also have a
2 copy.

3 MR. DICKERSON: I don't have it yet (indiscernible -
4 away from microphone).

5 THE COURT: Try to get a copy of that first, make
6 sure that he's --

7 THE WITNESS: These would be, Bob, areas of what
8 Melissa had outlined and her numbers --

9 MR. DICKERSON: Of what his analysis is or for the
10 -- to the extent that it is a summary taken for that purpose,
11 I have no objection.

12 THE COURT: Okay. Go ahead and admit it for -- as a
13 summary, not the truth contained therein.

14 (Plaintiff's Exhibit 197B admitted)

15 (Whispered conversation)

16 BY MR. JIMMERSON:

17 Q I know you stated and the judge fully understands.
18 If you divide assets that have \$40,000 a month in gross
19 income, have of which is triple net like Russell Road, there's
20 no alimony, I understand that. But I don't know how the
21 Court's going to go, so I need you just to explain your
22 criticisms at least, or your observations about Attanasio's
23 statement. So what is Exhibit 199B (sic) now in evidence?

24 A Well, I think it's important. I controlled all the

1 money in the household, which was not necessarily a good
2 thing, even though Lynita had freedom to access the 2.6
3 million, get \$15,000 month which she could do whatever she
4 wanted with. My concern with Melissa's deal is she never
5 provided one that would provide something to live below your
6 means, which was always the goal of our family and our success
7 was not to have debt. Lynita has had a crushing blow in her
8 financial world of approximately 1.3 million the way I
9 calculate it. So I thought it was -- if she doesn't want to
10 take the suggestions, that's fine.

11 So I put some suggestions up here, Your Honor, and I
12 could talk about them because I want Lynita to find someone
13 that can assist her to live below her means, and it looked
14 like Melissa was elevating and escalating these expenses in my
15 humble opinion, that I could not believe that for all these
16 years we never -- I'd have to make this -- 35,000, I'd have to
17 make 55,000 a month to give her 35,000 because I'd have to pay
18 taxes. It was im -- it was just so mind boggling what Melissa
19 -- and when Melissa said -- I said what happened if I died,
20 Melissa, or we didn't have all these assets? Were you going
21 to help her establish a budget below her means? And she said
22 no, that's not my job.

23 MR. DICKERSON: Objection, Your Honor; it's hearsay.

24 THE WITNESS: That's true. Anyway, that's what the

1 nature is. If you want to walk through this --

2 MR. DICKERSON: She'll be here to testify as to --

3 THE WITNESS: I'll be happy to do it.

4 MR. DICKERSON: -- what she actually said.

5 THE WITNESS: Okay, great.

6 MR. JIMMERSON: (Indiscernible - away from
7 microphone) her job.

8 THE WITNESS: That'll be hearsay.

9 BY MR. JIMMERSON:

10 Q Did Melissa ever provide to you a budget, proposed
11 budget for Lynita?

12 A She did.

13 Q Okay. And what was that budget?

14 A The budget showed a bunch of expenses, some expenses
15 I paid, some of them taking into consideration that I was
16 going to pay half of the expenses, some of them taking into
17 consideration I was paying all the expenses, and it showed
18 some number here between 26,000 to 30,000 a month.

19 Q Prior to February of 2009 when she retained her
20 current counsel, had you ever had those kind of expenditures
21 of 25 or 28,000 a month?

22 A Not that I'm aware of, no.

23 Q In your whole marriage?

24 A Never.

1 Q Please identify where you believe that there has
2 been, to say the least, excessive items; where you have the
3 conclusion or believe that a more reasonable sum per month
4 still exists at 15,000 (indiscernible - away from microphone).

5 A Yeah, there's things in here like for --

6 Q Let's walk through it since it's in evidence.

7 A Well, let me just go through it real quick then. I
8 mean, we don't need to spend a lot of time on this and I think
9 that it's excessive. You start down here at children's
10 travel, \$1250 a month. I don't need to even say any more. I
11 have the kids I think 10 or 12 days of the month. Tuition,
12 well, that goes away. Garrett is -- that \$1,000, Carli's only
13 got two more years and I've already paid a full year in
14 advance, so she's got one more year of that.

15 The whole horse (indiscernible - away from
16 microphone) is the most ridiculous thing. It's a broken down
17 horse that should be put out to pasture. They don't even ride
18 it, I don't believe. The horse is so old it's ridiculous.
19 She needs to get rid of the horse. It's a hard -- it's a hard
20 decision to get rid of a horse, but you've got to get rid of
21 it. You can't board and keep it in shape and feed it. That's
22 more -- I mean, that's more than I eat on in a month.

23 Health care, I pay that, I believe. Clothes, I pay
24 part of the kids' clothing. That's -- I mean, that's a lot of

1 money, \$835. Activities, I have the kids --

2 Q \$835 a month, that'd be what, about \$10,000?

3 A \$10,000.

4 Q Okay. For kids' clothes.

5 A Travel I think is excessive. I just went through
6 some items that I believe for her to consider -- church
7 tithing. When -- you don't pay church tithing. You pay 10
8 percent, Your Honor. You don't pay -- if you pay in excess of
9 10 percent, then it's -- in my opinion, it's wonderful, but if
10 you pay it, it's your own choice. She's not going to have any
11 income for two or three years except for what she collects on
12 her gross revenue. We haven't made money for two, three
13 years, so we would reduce the amount of money. Now, I have
14 written checks for hundreds of thousands of dollars to my
15 church, but that's when I get paid from the sale of an asset.

16 Lynita, on the other hand, has been paying for
17 principle, which is fine, but she needs to take a look at it.
18 If you only owe a thousand, I want you to consider -- not to
19 tell her what to do -- pay 10 percent, don't pay 25 percent or
20 whatever.

21 Driving one car, that might be something to reduce
22 your payments there. It's just something to consider. I like
23 two cars, so I'm going to keep two cars, but I keep them free
24 and clear. And I paid for mine, she wanted to lease one. The

1 estimated cost per Melissa, that's two car versus one.

2 Water, here's another excessive one. We need -- she
3 has an acre of property, she needs to go to some desert
4 landscaping or cut off some of the water; 700 to \$1,000 per
5 month for water is ridiculous. So I just got in here and said
6 you've got to have some kind of budget. It's my suggestion.
7 It's her money, but I'd like to see someone besides Melissa --
8 I would like -- or Melissa, say pound this down to the ground
9 so you know what you can live on if you don't have any money.
10 If you don't have any car payments, you don't have any house
11 payments, you don't have any debt, live below your means
12 whether it's 20,000 or 30,000.

13 If she takes Mississippi, that affects her value,
14 what she's going to have left to live on. So she's going to
15 have to live lower on a standard. If she takes Russell Road,
16 then she's going to be able to accelerate that lifestyle with
17 no worries. This is it. Take half of Mississippi, that's
18 fine. I'm at a point I want to get divorced, but I want
19 Lynita to be successful. She's taking care of my five kids,
20 Your Honor, and I have a vested interest in it, and she's
21 going to be the grandmother of my grandchildren and great-
22 grandchildren, and there'll be plenty of them.

23 Q Okay. Thank you.

24 A I'm sorry.

1 Q Not a problem. So you believe respectfully that if
2 the Court were to look at an alimony award, which the Court
3 may not do, the point is that you think it would be \$15,000 --

4 A Not only would it be --

5 Q -- not \$28,000 that she's created in the last year?

6 A It'd be -- it would be a mistake for the Court to
7 over-reward her monthly payments because as we can see, she is
8 starting to spend everything because she's been promised
9 she'll get it back from one way or the other. In my belief,
10 it would be a crime.

11 Q All right. And have you analyzed some of the credit
12 card expenditures that we've talked about and introduced the
13 credit cards of your wife?

14 A This is the Chase credit card from January 2007.
15 These were all the records we have.

16 Q I'm sorry, this is Exhibit 197C.

17 A Thank you.

18 Q All right. And that is just some observations of
19 her use of the Chase credit card from January of 2007 to July
20 2010, which I believe we introduced into evidence by
21 stipulation, right?

22 A We have, yes.

23 Q And then there's credit cards to back that up
24 attached to it.

1 A Yes, and there's -- yeah, but I -- there -- the ones
2 that -- you're going to want to get the ones that I have
3 there, the full book that's hundreds and hundreds of charges
4 each month.

5 MR. JIMMERSON: Move for the admission of Exhibit
6 197C.

7 MR. DICKERSON: No objection.

8 THE COURT: Hereby admitted as Exhibit 197C.

9 (Plaintiff's Exhibit 197C admitted)

10 MR. DICKERSON: With the understanding -- what
11 you're telling is the first page is his anal -- what he
12 purports to be his analysis of everything behind it?

13 MR. JIMMERSON: Right. And let me say this. I
14 don't know if every Chase document has yet been admitted --

15 MR. DICKERSON: Well --

16 MR. JIMMERSON: -- so I'm going to ask your help and
17 we'll do the same, make sure that every Chase (indiscernible)
18 between January of '07 and --

19 MR. DICKERSON: (Indiscernible) --

20 MR. JIMMERSON: -- (indiscernible) 2010 is admitted.
21 Okay. And that is part of Exhibit 93, you remember. Let's
22 just make sure we have those (indiscernible - away from
23 microphone).

24 THE COURT: I imagine we're missing some because it

1 shows nothing for December --

2 THE WITNESS: That's correct.

3 THE COURT: -- '07, January '08, February '08, March
4 '08, April '08, so just by that being omitted, I would assume
5 they don't have the records for that.

6 MR. JIMMERSON: Just couldn't find that.

7 THE WITNESS: That's correct.

8 MR. JIMMERSON: He couldn't find it.

9 THE WITNESS: Rochelle and Joan --

10 MR. DICKERSON: Where's it coming?

11 THE WITNESS: -- and Lana will testify to the effect
12 of where they come with all this information.

13 (Whispered conversation)

14 MR. JIMMERSON: You produced them, we couldn't find
15 them. You produced to us, we couldn't find them.

16 MR. DICKERSON: Oh, no no -- okay.

17 MR. JIMMERSON: If you have them, I'd love to
18 introduce them, but we --

19 MR. DICKERSON: Oh, you're just talking about
20 December of '07 through April?

21 THE COURT: Yeah, through '08.

22 BY MR. JIMMERSON:

23 Q Okay. So what did you find in summarizing her
24 expenditures just for one card, she has more than one card,

1 but her card, Chase credit card?

2 A Well, I don't know if she has more than one, but
3 based on this one here, this a lot of my frustration, Your
4 Honor. I had asked for this for months and months and months,
5 and Melissa wouldn't give them to me. And I can see why she
6 wouldn't give them to me because you can see where her
7 payments were and then all of a sudden the accelerations here
8 have gone up all the way to \$56,000 in one month.

9 Q Do in May of '09 when the lawsuit began?

10 A That's correct. But then they've fallen off because
11 I think they got cut off on the credit cards, then we didn't
12 have any further information. She still has a tremendous
13 amount of professional fees. This is only up to -- I don't
14 know if you want me to put this other board up, but
15 (indiscernible - away from microphone) fees that we analyzed
16 at the same time. Do you want that?

17 Q Have we marked that next?

18 A That in combination shows me the amount of money --

19 Q Yeah, hand that to me.

20 MR. DICKERSON: Is this -- is this an exhibit?

21 THE WITNESS: I'm sorry. I get a little passionate
22 in this, Jim.

23 MR. JIMMERSON: Let me do my work. Okay? I
24 understand.

1 THE WITNESS: All right. I'm sorry.

2 MR. JIMMERSON: I do understand.

3 BY MR. JIMMERSON:

4 Q Have you prepared an analysis based upon the
5 production of documents that we requested and subpoenaed from
6 the Dickerson Law Firm relative to professional expenses?

7 A I have.

8 Q Dickerson as well as Attanasio, as well as Anthem?

9 A I have.

10 Q As well as Duke King, her Mississippi counsel?

11 A I have.

12 Q Have you summarized then on Exhibit 197E --

13 A To the best of my ability, yes.

14 MR. JIMMERSON: Move for the admission of Exhibit
15 197E, Your Honor.

16 MR. DICKERSON: Do we have the backup material for
17 that?

18 MS. POLSELLI: Yes. It will be -- one second, I'll
19 give you the numbers. 90 is the documents produced pursuant
20 to subpoena from Mr. Dickerson's office. 91 is Attanasio's
21 office. 92 is Anthem Forensics.

22 MR. DICKERSON: Have those been admitted?

23 MS. POLSELLI: No.

24 MR. JIMMERSON: Move for admission of Exhibit 90,

1 91, and 92.

2 MR. DICKERSON: No objection, with the understanding
3 that what he's doing is summarizing those documents.

4 THE COURT: They'll be so admitted with that
5 understanding.

6 (Plaintiff's Exhibits 90, 91, 92, and 197E admitted)

7 MR. JIMMERSON: 90, 91, and 92, and the Court is
8 certainly capable of (indiscernible - away from microphone).

9 BY MR. JIMMERSON:

10 Q These are for the law firm, (indiscernible - away
11 from microphone) June 30th of 2010; is that right?

12 A That's where we calculated that we found bills
13 totaled \$194,000.

14 MR. JIMMERSON: And, Your Honor, I'd like to
15 introduce as Exhibit 197F the subpoenaed credit card records
16 of Mrs. Nelson for Chase for the 30-day time period, July 1
17 through July 31. So you'll see this summary is June 30th.

18 MS. POLSELLI: It's already admitted as 93A.

19 MR. JIMMERSON: Okay. So then I'd like to point out
20 to the Court Exhibit 93A, that the Court can add \$43,238 to
21 the charges of the Dickerson Law Firm for the single month of
22 July of 2009 -- or 2010. Payments of 3333, 5,097.91, 10,888,
23 and 14,226 totaling \$43,238.

24 MR. DICKERSON: 43-what?

1 MR. JIMMERSON: 43,238. Please confirm this,
2 Shahana, before I go forward.

3 MS. POLSELLI: Yes.

4 (Whispered conversation)

5 THE WITNESS: She gave the Dickerson Law Firm this
6 credit card.

7 (Whispered conversation)

8 MR. DICKERSON: July's bill was 17,700.

9 MR. JIMMERSON: I take that what I had. The bill
10 for July is an additional \$17,000, and the 43,000 contained in
11 the dollars I just referenced here. So 10,888, 43,000 and
12 587.

13 BY MR. JIMMERSON:

14 Q All right. And so she has through her own choice,
15 she's been charged based -- to the best of your understanding
16 based upon the subpoenaed documents we obtained from
17 Dickerson, from Attanasio, and from Anthem (indiscernible -
18 away from microphone), \$310,000 through June 30th and another
19 17,000 (indiscernible - away from microphone).

20 A I don't know if it was by her choice. She literally
21 I believe gave her their credit card and they just bill as
22 they desire, my understanding. They have a -- by agreement,
23 they just charge her credit card.

24 MR. DICKERSON: Who does?

1 THE WITNESS: My understanding is I have in your
2 records and your bills that per your agreement with Lynita
3 Nelson, that you can charge her credit card.

4 THE COURT: Well, we'll leave that --

5 THE WITNESS: Anyway, I'll pull it out in his -- in
6 his bill.

7 THE COURT: Well, other than that, Miss Lynita can
8 testify to her payment arrangement with counsel. She can
9 testify to what her arrangement is.

10 (Whispered conversation)

11 BY MR. JIMMERSON:

12 Q Now, let's talk about the liquidation of these
13 assets.

14 A Yes, sir. I'm sorry, Your Honor, I just get -- I
15 worked hard for those dollars.

16 Q Okay. You're doing fine. You're going to have --
17 it's apparent to me, you're going to have a division of
18 property whether Mississippi's awarded all to you or half and
19 half, whether Russell Road is half and half or all to Lynita,
20 you're going to have a division of assets and liabilities that
21 provide approximately \$80,000 in income starting the first of
22 the year.

23 A That's gross. Take 25 percent off for operating,
24 about 60 net.

1 Q About 30,000 aside -- 30,000 aside --

2 A Yes.

3 Q -- net. Okay. But there's also going to be a
4 liquidation cost and one of the things the judge is going to
5 do, I would think, is reserve jurisdiction, I would certainly
6 ask him to do that, and with the idea that we will sell the
7 assets that are specified on Court Option A or Court Option B.

8 A Some areas will affect the cash flow, like Lindell
9 will affect the cash flow, will give her cash. However,
10 Wyoming is pure cash, meaning that there is no cash flow, so
11 she'll enjoy the minimum possibly from 400 to 800,000 in a
12 windfall at some point in time.

13 Q Okay.

14 A So there's windfall in addition, this is a base of
15 it. Now, it's very selective. If she elects -- Jim, I want
16 to be clear on this -- to take assets that are volatile,
17 there's going to be huge attorney's fees and we can see --
18 this is a simple case, Your Honor. You get to Mississippi,
19 we're going to step it up. I spend millions of dollars in
20 legal fees at the Silver Slipper -- millions. So we've you
21 beat on that, Bob; millions and millions of dollars with DDJ
22 and the counsel down there.

23 THE COURT: Now, we don't need the comments.

24 THE WITNESS: I'm sorry, I'm just so frustrated.

1 THE COURT: I've given you a lot of leeway, we're
2 trying to get this done and --

3 THE WITNESS: Let's get it done.

4 THE COURT: -- your behavior's been a lot better
5 than it's been before. We're getting this done --

6 THE WITNESS: But I do want to -- but I'd want the
7 Court to understand --

8 THE COURT: He can charge his -- he's a
9 professional, you're a professional, you get highly
10 compensated for what you do with your business transactions.
11 He gets compensated for what he does. Mr. Jimmerson, everyone
12 gets compensated for what they do, and I get underpaid by
13 everybody, but it's because I'm not the smartest, so --

14 THE WITNESS: Well, that's probably true.

15 MR. JIMMERSON: That's why you get the big bucks,
16 Your Honor. Let's continue.

17 THE WITNESS: I appreciate it very much and --

18 THE COURT: Let's just move forward --

19 THE WITNESS: -- I apologize for taking --

20 THE COURT: -- try to get this done.

21 THE WITNESS: -- time away from children.

22 THE COURT: We'll try to get this done.

23 BY MR. JIMMERSON:

24 Q Now, what I'm trying to also point out is that these

1 assets will be sold in the future?

2 A Yes, there's windfalls in there.

3 Q Or there will be, as we've seen in the notes
4 receivable, payouts in a year?

5 A Yes, sir.

6 Q Several houses have one year all due and payable
7 notes.

8 A These are solid assets right to the ground, they're
9 first deeds of trust.

10 Q So in addition to receiving this income of 40,000
11 gross, 30,000 net to each of you and you'll also receive cash
12 -- you know, it's not really a windfall, you've both, you
13 know, earned it, you've both worked hard for it --

14 A Right, right.

15 Q -- so but the point is you'll get cash --

16 MR. DICKERSON: Both have worked, counsel.

17 MR. JIMMERSON: Well, that's what my words were.

18 MR. DICKERSON: I object.

19 BY MR. JIMMERSON:

20 Q So it would be a cash windfall -- you mean, cash at
21 a particular time, it would be a payoff where you would get
22 47,000 here or 90,000 here or 100,000 there or 30,000 there
23 based upon these notes, right?

24 A Words have many meanings. Windfall to me is a fresh

1 of breath air (sic) or a fresh of new cash.

2 THE COURT: You get some lump sum payments based on
3 liquidation --

4 THE WITNESS: Yes, sir.

5 THE COURT: -- or this or that.

6 THE WITNESS: That's correct.

7 BY MR. JIMMERSON:

8 Q Probably a better way to say it, at least I would
9 use that word. And that also would include, like you say, the
10 sale of Wyoming; it would include the sale of --

11 A Lindell.

12 Q -- Lindell or the other properties?

13 A Yes. The cabin.

14 Q The Utah cabin.

15 A Yes.

16 Q All right. And so were you to liquidate all these
17 assets based only upon the costs, not considering any
18 appreciate in value, fair market value, or maybe depreciation
19 of value, fair market value, depending upon each asset, of
20 roughly 18 to \$20 million over the next few years --

21 A That's true.

22 Q -- which you have agreed would be divided in half?

23 A That's true.

24 Q Or if you were to be awarded Mississippi, as I

1 understand your testimony, if you would have it awarded to
2 you, crediting your wife at a million dollars to a million
3 five; is that right?

4 A That's correct.

5 Q And otherwise we divide it in half.

6 A That's correct.

7 Q You've been advised by me that whatever the judge
8 decides, she doesn't want all of Mississippi, correct?

9 A I'm sorry?

10 Q You've been advised by me, though, that she's
11 advised us that she does not want all of Mississippi?

12 MR. DICKERSON: No, that wasn't the --

13 THE WITNESS: That's an option.

14 MR. DICKERSON: -- I thought you were -- I thought
15 you were coming back with that option to me. I hadn't heard
16 anything.

17 THE WITNESS: So, I mean, I think it's a ridiculous
18 option but -- and I wouldn't want that option, but I mean, I'm
19 -- Your Honor, you're the man. But anyway, go ahead.

20 BY MR. JIMMERSON:

21 Q And have you worked for the benefit of your wife and
22 yourself and your five kids?

23 A I have worked as diligently and as honestly an pay
24 taxes and provided for my wife, provide an asset protection

1 plan, as hard as anyone I know. I'm not -- I leave deals
2 where it's a win-win, I hope, where people make money from
3 deals. My reputation I would hope would not be on how money I
4 made, but on how my fatherhood would be with my five children.
5 And it pains me greatly to see her be of such great waste when
6 we have lived all our life below our means. And maybe it's
7 not waste. Maybe this is a good thing and we'll all grow
8 better and stronger people. And maybe Lynita will had an
9 education, which I have, because I have never paid personally
10 in so many areas and suffered. And so the answer is I hope
11 I've been seen that I'm trying to be as fair as I can, and
12 I've worked hard.

13 Q And the transactions that you have performed in the
14 last year or two, since May of 2009, have been consistent with
15 those principles?

16 A It is so --

17 MR. DICKERSON: Objection to the leading nature of
18 the question, Your Honor.

19 THE COURT: Sustained. I imagine you worked hard to
20 do best for the family like everybody does and now people are
21 getting divorced on the issues, what's the value of the
22 property and how they want to split it, but I'm sure you
23 worked hard to --

24 THE WITNESS: I want to make sure that -- I --

1 THE COURT: -- support your family.

2 THE WITNESS: -- think the question was I would
3 never hide assets from my children and my wife. That would be
4 against my complete nature and my God. And to be accused of
5 this is -- that motion -- I haven't even taken into
6 consideration -- it would throw me out of the Gaming
7 Commission, would have taken my license away if you had put me
8 in jail that day.

9 BY MR. JIMMERSON:

10 Q Now, relative -- I want to have you go back to the
11 houses because we'll hear from Lynita in a few minutes, but
12 regarding the houses, what would be your proposition? I mean,
13 if we can't agree on values -- if we can't agree on values,
14 would you be willing to sell all three houses?

15 A All the houses? I would agree to anything to get
16 divorced. That's the number one priority.

17 Q All right. And what would be in your children's
18 best interest and your own best interest; what would be your
19 desire relative to these three houses?

20 A To somehow find a way that she can keep her house
21 and I can keep my house. Now, the comment on my house, Your
22 Honor, I bought that in 2009 at the very end. It's an
23 architectural unusual house. My son wants to go to school as
24 an architect. He got excited that we got it. We can sell

1 that property, that's why it's on the Banone. I don't have a
2 problem. It's more important we walk from this as soon
3 possible. I can buy another house. I can build another
4 house. It's just that it's right next to the -- my kids.
5 It's closer to Lynita. He doesn't have to cross the street.
6 I would like for her to stay in her house. We built that.
7 It's a -- 25 years, it's been the kids' house. Garrett wants
8 the house when he's done, she has quoted. So I'd like to see
9 it somehow work out.

10 Now, if I'm snowballed or blind-sided by some areas
11 that I'm not aware of -- alimony, if she got awarded 35,000
12 alimony, I'd have to sell my house. I couldn't do -- give her
13 half the asset, double dip. The kids would be upside down on
14 it. But it's more important that the kids have some safety
15 here, or understand where they're going to live. So I would
16 like to do that, long -- long answer, too long.

17 Q You also indicated that with the division of all
18 these assets in half, that that would adversely affect your
19 ability to make a living. Why is that?

20 MR. DICKERSON: I'm sorry, I missed the question.

21 BY MR. JIMMERSON:

22 Q You've also testified that the division of these
23 assets in half and a division of the income, half and half,
24 would diminish your ability to earn a living through Eric

1 Nelson and Associates.

2 MR. DICKERSON: To which I object. I don't recall
3 that testimony.

4 MR. JIMMERSON: I remember it clearly, but I'll
5 (indiscernible).

6 BY MR. JIMMERSON:

7 Q Would the division of assets, regardless of who gets
8 Mississippi and regardless whether your wife gets half or all
9 of Russell Road, would the division we've seen in Court Option
10 A or Court Option B affect your ability to earn a living; yes
11 or no?

12 A The assets are designed that we grow the asset from
13 within and expand. So what we do is we manage our assets.
14 That's my real business; it's not the auction company, it's
15 not Banone, it's nothing of those related areas, it's that
16 we're growing. If she takes half the assets, that's half the
17 business. I don't have the ability to grow her half. Now, if
18 she would assist -- allow me to assist her in managing those
19 assets, her estate would grow, there's no question. She could
20 have control of that. I'm not asking for that. All I'm
21 saying is yes.

22 Q All right. And you explained why, which I
23 appreciate.

24 A I'm sorry.

1 Q I understand, and you've explained why. You also
2 explained the why.

3 THE COURT: How much longer do you have, Mr.
4 Jimmerson? It might be a good --

5 THE WITNESS: You've got five minutes, Jim. We're
6 hungry.

7 THE COURT: How long do you --

8 MR. JIMMERSON: Five minutes.

9 THE COURT: I think the real key is we won't get
10 anywhere until we get some cross examination because that's --

11 MR. JIMMERSON: Right.

12 THE COURT: -- once we get the cross examination
13 then we'll have some idea what the real issues are.

14 MR. DICKERSON: Just for housekeeping purposes --

15 THE WITNESS: Yeah, I think that's great.

16 MR. DICKERSON: -- Mr. Jimmerson has subpoenaed Joe
17 Leauanae and requested that he be here today at 1:30. I --

18 THE COURT: I doubt that we'll get through --

19 MR. DICKERSON: Well --

20 THE COURT: -- cross exam. I mean --

21 MR. JIMMERSON: I agree, Bob. You know, I work with
22 him like you do. I'm don't try -- I'm not trying to
23 inconvenience him.

24 THE COURT: Unless you want to get him first.

1 because of the slander of title issues, even though they were
2 made aware of it. And Man -- Jim Maness kept that property.
3 So he was getting sued because he couldn't see the property
4 and he didn't want give back his earnest money deposit, in a
5 nutshell.

6 Q So there's a potential of him coming after you on
7 that second suit?

8 A Well, the individual lost 200, 300,000 wants to come
9 -- he thinks he has a suit against us, too.

10 Q Okay. And then you mentioned briefly yesterday, I
11 just want to state it in order, the Chris Stromberg School,
12 this is a relative that you have supported, you and Lynita
13 have supported in the past?

14 A That's my son-in-law.

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

17 THE COURT: Sustained.

18 MR. JIMMERSON: What is -- well, that's what he
19 testified yesterday and I was trying to, as an indication,
20 Judge, summarize his testimony --

21 THE COURT: He said it's his son-in-law.

22 MR. JIMMERSON: -- which is entirely appropriate.

23 THE COURT: Yeah, I think he said --

24 MR. DICKERSON: Well, that's not exactly what his

1 testimony was yesterday, the way (indiscernible).

2 MR. JIMMERSON: Let's cover it.

3 BY MR. JIMMERSON:

4 Q What is the Chris Stromberg School obligation
5 negative 40,000, please?

6 A Well, I didn't want the kids, and me and Lynita
7 discussed this, to come out of college in debt. And so when
8 the time was appropriate, we paid the first year of his
9 college education, approximately 20,000. And now he's in his
10 second year, we've paid part of that. And it may be a couple
11 more, I had calculated about \$40,000 in his college scenario.
12 Those were guaran -- those weren't guarantees. Those were if
13 we could afford it and we thought it was appropriate and he
14 got good grades and they're working hard.

15 Q Okay. And this is Erica --

16 A He's in Penn State.

17 Q This is your daughter Erica's husband?

18 A No, this is Amanda's husband.

19 Q Amanda's husband. Thank you very much. Mr.
20 Stephens whispered to me it was Erica, so there you go. I
21 went with it and --

22 MR. STEPHENS: I (indiscernible) --

23 MR. JIMMERSON: I got bad information.

24 THE WITNESS: That's okay because that'll be a good

1 one to tell Amanda because Erica likes Chris, so.

2 BY MR. JIMMERSON:

3 Q Okay. Anyway, stop that. Amanda, your daughter --
4 oldest daughter Amanda's husband, Chris Stromberg.

5 A She's a registered nurse in Pennsylvania and in the
6 emergency room and so they've done really good, they're
7 working hard. But I just don't want to see the kids come out
8 in debt.

9 Q Right. And he has approximately what, two years of
10 school left?

11 A Two years or less, I believe.

12 Q So another 40,000 should cover the two years?

13 A Yes, sir. Just -- yeah, just the tuition.

14 Q All right. Thank you. All right.

15 (Whispered conversation)

16 MR. JIMMERSON: Madame Clerk, could I have Exhibit
17 28, please?

18 (Whispered conversation)

19 BY MR. JIMMERSON:

20 Q Yesterday, we touched upon, and I'm just, you know,
21 trying to get through this, failed to admit the underlying
22 documents. We spoke to this \$154,000 IRS obligation; are you
23 familiar with that?

24 A Yes, sir.

1 Q All right. And as I look at it, that would be item
2 number 28.

3 A Yes, sir.

4 Q IRS liability 2005 (indiscernible) of \$154,512.00,
5 right?

6 A Yes. That does not include my attorney fees and
7 accountant fees that'll go into that.

8 Q I'm showing you what's been marked as Exhibit 28.
9 Are these true and correct copies of IRS documents evidenced
10 in that liability of yourself and Lynita on the joint tax
11 return of 2005?

12 A It is.

13 MR. JIMMERSON: Move for admission of Exhibit Number
14 28, Your Honor.

15 MR. DICKERSON: No objection.

16 THE COURT: It's hereby admitted as Exhibit 28.

17 (Plaintiff's Exhibit 28 admitted)

18 BY MR. JIMMERSON:

19 Q Okay. I'm going to turn the page. Still focusing
20 on Court Option A and B, which is the same on all of these
21 items that we're covering now. We've covered the cars?

22 A Yes.

23 Q All right. So Wife gets Excursion subject to debt,
24 Volkswagen, and you get Escalade and Mercedes?

1 A Yes.

2 Q All right.

3 (Whispered conversation)

4 MR. JIMMERSON: Madame Clerk, may I call for 197D,
5 please? Volume 11.

6 (Whispered conversation)

7 BY MR. JIMMERSON:

8 Q Mr. Nelson?

9 A Yes, sir.

10 Q When you're ready.

11 A I'm ready.

12 Q Is it a fair statement that you have been -- are you
13 disappointed at your wife's expenditure of a million three in
14 two years?

15 MR. DICKERSON: I'm sorry, Jim, I didn't hear that
16 question.

17 BY MR. JIMMERSON:

18 Q Are you disappointed with your wife's expenditures
19 of approximately \$1.3 million between October of 2006 and now
20 (indiscernible)?

21 A Yes.

22 Q And have you observed that the level of expenditures
23 of your wife have dramatically increased after February of
24 2009?

1 MR. DICKERSON: Objection, Your Honor; without the
2 laying of foundation.

3 THE COURT: Sustained.

4 MR. JIMMERSON: Can I at least have an answer to the

5 --

6 THE COURT: I think you need to show what she was
7 spending and give some basis.

8 BY MR. JIMMERSON:

9 Q So is the answer yes?

10 A Yes.

11 Q All right. And have you studied her --

12 MR. DICKERSON: Object to the leading nature of the
13 question, Judge.

14 MR. JIMMERSON: What -- have you studied is not
15 leading. Have you --

16 MR. DICKERSON: Well, no, I mean (indiscernible) so
17 far with -- with you -- him answering yes, those are leading
18 questions.

19 MR. JIMMERSON: They're not leading questions. I
20 asked him has he studied her expenditures to some regard -- in
21 some regard. That's my question.

22 THE WITNESS: Yes.

23 MR. JIMMERSON: All right.

24 BY MR. JIMMERSON:

1 Q And what did you observe with regard to her spending
2 between the \$2.6 million in October of 2008 through the
3 present date?

4 MR. DICKERSON: May we have a foundation as what he
5 studied?

6 THE COURT: Have you looked at expense accounts,
7 credit card accounts or did you do monthly? I guess they need
8 some background as to your awareness of what she spent before
9 or after, so they need a little foundation; if you wrote the
10 bills, she wrote the bills while you guys were together or
11 whatever.

12 MR. JIMMERSON: Right. Great.

13 THE WITNESS: Yes. The way we had designed it,
14 she'd get X amount from her Mellon account that she'd put in
15 her savings and her -- and pay personal bills like hair
16 styling, things like that, approximately 15,000. And we would
17 pay all the bills that were relative to the house and things
18 -- you know, natures of that. The other part I studied was
19 Melissa's lifestyle report. In addition to that, I studied
20 her credit card reports and I studied her checks that she had
21 written.

22 BY MR. JIMMERSON:

23 Q You've looked at some of the Chase accounts --

24 A Yes.

1 Q -- Chase credit card accounts of Lynita Nelson?

2 A Yes.

3 Q And did you observe a significant increase in
4 expenditures after --

5 A I actually have a billboard --

6 Q Listen to me. Did you observe from those records a
7 significant increase in expenditures by her on credit cards
8 after February of 2009?

9 MR. DICKERSON: Object to the leading nature of the
10 question, Your Honor.

11 BY MR. JIMMERSON:

12 Q What did you observe with regard to those credit
13 cards?

14 A The credit card, I observed that generally she'd be
15 spending well less than, you know, 5 to 10,000 per year and it
16 accelerated at one month all the way to 54 thou -- \$56,000.

17 Q And after February of 2009, what did it -- what was
18 it's levels if you --

19 A It jumped to 15 to 20, and like I said, one time
20 \$56,000, off the charts.

21 Q Now, focusing your attention on Exhibit 179D --

22 MS. POLSELLI: 197.

23 MR. JIMMERSON: I'm sorry, 197D, Bates stamp number
24 3931 --

1 (Whispered conversation)

2 BY MR. JIMMERSON:

3 Q I'll just show you what's been marked as proposed
4 Exhibit 197, the next to last page, Bates stamp 3931 only,
5 just that single piece of paper.

6 A Yes, sir.

7 Q Did you observe that during the course of this
8 divorce -- during the course of this divorce your wife has
9 undertaken significant travel and jewelry purchases?

10 MR. DICKERSON: May I inquire, is this something he
11 made, is this --

12 MR. JIMMERSON: Yes, it's something he made and it's
13 a summary of the documents you produced.

14 MR. DICKERSON: Is it a summary of the documents
15 that are this entire packet?

16 MR. JIMMERSON: No, no. It's a summary -- it's his
17 itemization of expenditures --

18 MR. DICKERSON: Then I object to it without the
19 providing of the documents that he's relying upon to come up
20 with these numbers.

21 MR. JIMMERSON: I agree with that.

22 THE WITNESS: There actually are credit card
23 statements --

24 MR. JIMMERSON: I understand. So we're going to

1 move --

2 MR. DICKERSON: But the credit card statements are
3 hers.

4 MR. JIMMERSON: -- to introduce her credit card
5 statements.

6 MR. DICKERSON: I mean, if these are them, if that's
7 your representations that this is what it's based upon, I
8 don't have a problem. But, I mean, and it can come in only as
9 his analysis. Whether it's right or wrong, I mean, it's his
10 summary of what he believes is in there. But if it's based
11 upon this, I have no objection. If it's not --

12 MR. JIMMERSON: I'm going to introduce, if we can by
13 stipulation, all of her Chase credit cards expenditure,
14 period.

15 MR. DICKERSON: That's fine.

16 MR. JIMMERSON: Then that'll be the underlying
17 documents for which she can demonstrate she spent \$24,000 in
18 jewelry about eight months ago.

19 MR. DICKERSON: Okay.

20 MR. JIMMERSON: Jim, along with her --

21 MS. POLSELLI: Exhibit 93 are the Chase statements
22 that we got pursuant to our subpoena.

23 MR. JIMMERSON: I'd move the admission of Exhibit 93
24 by stipulation.

1 MR. DICKERSON: Now, does that include -- were the
2 Chase credit card statements (indiscernible)?

3 THE WITNESS: And, Jim, some of these are checks
4 that she provided, too.

5 THE DEFENDANT: No (indiscernible).

6 THE COURT: Well, I'm saying 93, I don't know what
7 he -- the stipulation to 93 or not. They said those are the
8 Chase cards -- Chase receipts that you allegedly provided him?

9 MR. DICKERSON: I have no objection -- I have
10 absolutely no objection to anything we've given, and in fact,
11 we -- she was subpoenaed, they served -- well, the subpoena
12 was served on my office for some additional credit card
13 statements and I've run those off and you need -- I ran off
14 enough for copies -- or for -- if you want to include those as
15 part of your exhibit.

16 (Plaintiff's Exhibit 93 admitted)

17 MR. JIMMERSON: That's fine, too.

18 THE COURT: Do you want that all to be part of 93 or
19 make that a separate doc -- do you want to look at that and
20 see if you want it all as one all inclusive or --

21 MR. JIMMERSON: Sure, want it as one, Judge.

22 THE COURT: Okay.

23 (Whispered conversation)

24 BY MR. JIMMERSON:

1 Q Focusing your attention on 197, the next to the last
2 page, did you observe that from the credit cards of your wife
3 and checks written by your wife that she purchased jewelry,
4 diamonds, in the last nine to ten months?

5 A Yes.

6 Q And did you detail those in the document, next to
7 the last page of 179 (sic), Bates stamp number EN3931?

8 A Yes, I did.

9 Q And what did you observe with regard to these
10 expenditures -- I would just note to that -- what did you
11 observe with regard to travel and jewelry?

12 A She'd -- she'd stated that she was taking all the
13 girls on a trip and sure enough she -- it shows on her credit
14 card she took all the girls -- not -- not my girls, her
15 friends, she took her friends on an outing to Cabo.

16 Q Okay. Is that summarized here through the \$15,693?

17 A I believe that to be correct. I don't believe that
18 the Paradise Island Venture -- well, it's at the 9400, I think
19 is more with that friendship -- friend. I don't know about
20 the other stuff.

21 Q All right. And then did you itemize the jewelry
22 that she purchased in 2009 --

23 MR. JIMMERSON: And I'll just represent to the
24 Court, we have dates of 12/16/2010, and that's a typo, it's

1 2009, and 12/22/2010, which is 2009, and April 2009, June of
2 2009, January of 2010, February of 2010, February of 2010, and
3 March of 2010.

4 THE WITNESS: Yes, sir.

5 BY MR. JIMMERSON:

6 Q And do these Treasure Island jewelry purchases,
7 Ultra Diamonds, Huntington Jewelers add up to \$24,044.18?

8 A I believe they do.

9 Q And is that the item that we've listed as 197D,
10 Lynita community personal expenditures?

11 A Yes, sir.

12 MR. DICKERSON: I'm sorry, 190-what?

13 MR. JIMMERSON: 7D. Right here.

14 MR. DICKERSON: Okay.

15 (Whispered conversation)

16 MR. JIMMERSON: And, Your Honor, from the statements
17 that were just produced this morning that we've just added
18 that you may have identified as 93A, there's an entry of
19 February 5, 2010, Huntington Jewelers, for the 9729 that he
20 had found earlier that is referenced here as February 5, 2010,
21 Huntington Jewelers, 9729. All right.

22 THE COURT: Do you know that's to the payment due
23 date of March 4th, 2010 in the summaries that show 2/5
24 Huntington Jewelers, Las Vegas, 9,729?

1 MR. JIMMERSON: Yes, Your Honor.

2 THE COURT: Okay.

3 BY MR. JIMMERSON:

4 Q So did your wife consult with you when she bought
5 these diamonds?

6 A No.

7 Q And as such, it's a community property asset?

8 MR. DICKERSON: Can I ask -- I mean, you say
9 diamonds. Where is it in any credit card that says that
10 they're diamonds? That's -- I mean, you -- may I -- Your
11 Honor, I'm objecting.

12 MR. JIMMERSON: Well, she bought (indiscernible)
13 diamonds.

14 MR. DICKERSON: I mean, it says jewelry, Huntington
15 Jewelry, so okay?

16 MR. JIMMERSON: I'll modify the question.

17 MR. DICKERSON: Thank you.

18 BY MR. JIMMERSON:

19 Q Did you -- were you consulted with regard to her
20 purchase of Huntington Jewels, Ulta Diamonds, and Treasure
21 Island jewelry?

22 A No.

23 Q Or from the jewelers?

24 A No.

1 Q All right, owned by Mordecai?
2 A No.
3 Q Okay. Thank you.
4
5 MR. JIMMERSON: Move for admission of 3931, Your
6 Honor.
7 MR. DICKERSON: I'm sorry, what exhibit?
8 MR. JIMMERSON: It's 197D, the next to the last
9 page, single page only at this time. I will get to the
10 others.
11 MR. DICKERSON: B?
12 MR. JIMMERSON: D.
13 MS. POLSELLI: D and in David.
14 MR. JIMMERSON: And it's Bates stamp number 3931.
15 MR. DICKERSON: It's just this?
16 MR. JIMMERSON: Just a single piece of paper.
17 MR. DICKERSON: I have no objection -- well, what I
18 do have an objection -- are these admitted, the credit card
19 statements --
20 MR. JIMMERSON: Yes.
21 MR. DICKERSON: -- that these rely upon? Okay. And
22 what are those exhibit numbers?
23 MR. JIMMERSON: We just -- so we have a little bit
24 of confusion. Madame Clerk, Laurie, do you have admitted 93

1 and 93A by stipulation?

2 THE CLERK: Yes.

3 MR. JIMMERSON: All right. Thank you. Then they're
4 in.

5 MR. DICKERSON: Yes.

6 THE COURT: Those should be all the credit cards. I
7 haven't looked at them, but those should be the credit card
8 documentation. Okay.

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

10 (Plaintiff's Exhibit 197D admitted)

11 MR. JIMMERSON: And now this page is in by
12 stipulation, Your Honor?

13 THE COURT: Any problem with the other page he gave?
14 I guess this is the summary, I guess. Any objection to 93D,
15 Mr. Dickerson?

16 MR. DICKERSON: 93D is the credit cards?

17 THE COURT: D, I think, D as in David, his summary?

18 MR. DICKERSON: Oh, no, no objection, with the
19 representations that they have --

20 MS. POLSELLI: No, 197D, Your Honor.

21 MR. DICKERSON: -- that it's based upon these
22 documents.

23 THE COURT: You say that's his summary of it --

24 MR. DICKERSON: Yeah, and I'll go through --

1 THE COURT: -- and based on those documents, we'll
2 give you a chance to look at that, see if it's accurate, but
3 we'll admit it just that that's his representation of what
4 those -- summary of those documents, not that that necessarily
5 is true. I'll give you a chance to look at that --

6 MR. JIMMERSON: And then the other Chase credit card
7 expenditures have not been admitted that have been provided.
8 I'm going to have to find those, introduce those as well
9 because I personally haven't gone through every credit card to
10 match this. My staff has, so --

11 THE COURT: The last one I have is for the due date
12 August 4, 2010, so it should be pretty (indiscernible).

13 THE WITNESS: I have them all in the truck.

14 MR. JIMMERSON: Well, they don't do good in the
15 truck.

16 THE WITNESS: Well, like I say, Shahana can get
17 them.

18 MR. JIMMERSON: Thank you.

19 BY MR. JIMMERSON:

20 Q All right. So that covers asset 197D. All right.
21 Now, let's go to assets to be sold or split, item number 50.
22 Are you with me?

23 A Yes, sir.

24 Q All right, under Court Option A or B. Let's speak

1 if we can to the -- speaking now only to the houses down to
2 let's say item 56. So we're talking 50 to --

3 A It'd be 54.

4 Q 50 to 54.

5 A 55 and 56 are vacant land.

6 Q Very good. So let's go 50 to 54; what's this about,
7 please?

8 A These were the base amounts that we purchased the
9 homes. They're all free and clear and I had taken upon
10 myself, said let's sell some, raise some extra cash. These
11 are four that could be -- Lynita could take them or we could
12 sell them.

13 Q Presently under this option, they're to be divided?

14 A Yes, sir.

15 Q All right.

16 A 54, however, was my daughter's condo, Erica, and the
17 way -- if it lays out, if possible, I'd like to have either
18 Lynita or myself. I'd prefer not to sell it.

19 Q And that's where Erica is living now?

20 A Yes, sir.

21 Q Okay. On 1608 Rusty Ridge Lane?

22 A Yeah.

23 Q Asset 54?

24 A Yes.

1 Q All right. And so if you are awarded it, you would
2 be -- you would take 77,000 or if she were awarded, she would
3 take it for 77,000?

4 A You've got to read -- yes, this is base --

5 Q Or you could take -- hang on. Or you could divide
6 it half and half with your understanding that you could own
7 the house together jointly as tenants in common, but the idea
8 would be not to evict your daughter and not to sell it.

9 A That's correct.

10 Q Okay.

11 A Yeah, it could be separate property, 50 percent, 50
12 percent. Now, this is based on Lynita taking all of Russell
13 Road, this Exhibit B, Your Honor --

14 Q All right.

15 A -- because it allowed me to take some assets to
16 level off the trusts at the end.

17 Q And A is dividing everything in half, including --

18 A With a lot of flexibility, yes, sir.

19 Q All right. So these are -- these are reasonable
20 investments?

21 A These are --

22 MR. DICKERSON: Objection to the nat -- the form of
23 the question, Your Honor.

24 BY MR. JIMMERSON:

1 Q Are these good investments for the family?
2 MR. DICKERSON: Objection to the form of the
3 question.
4 THE COURT: Sustained.
5 MR. DICKERSON: Vague and ambiguous.
6 THE COURT: (Indiscernible) good investments. Right
7 now they're owned free and clear, though; 50 through 54 are
8 all free and clear; is that correct?
9 THE WITNESS: That's correct, sir.
10 MR. JIMMERSON: Judge, I don't understand. He can't
11 testify as to whether or not they're good investments?
12 MR. DICKERSON: Well, he can testify.
13 MR. JIMMERSON: Well, I asked him --
14 THE COURT: I mean, if they're free and clear, I
15 imagine they're --
16 MR. JIMMERSON: -- are these good investments. You
17 objected as to the form. Judge sustained.
18 MR. DICKERSON: When you use the word good, the
19 answer -- so why don't you ask him how would he describe these
20 investments?
21 MR. JIMMERSON: That's fine. How -- because choose
22 not to.
23 THE COURT: Not sure if they're good investments or
24 not. He just shows the value. I have no idea what he paid

1 for them, so I guess --

2 THE WITNESS: This is what we paid for them, Your
3 Honor. The majority of all these numbers are actually our
4 basis, and I'm -- so I'm trying to utilize basis.

5 THE COURT: So these aren't the fair market value.
6 It could be even higher or lower depending --

7 THE WITNESS: Be higher or lower, yeah, depending on
8 when we got them, and I don't really know because most of the
9 properties I don't ever see.

10 BY MR. JIMMERSON:

11 Q How long ago did you purchase 4412 Baxter?

12 A 50 to 53 would be when we had -- those would
13 probably have been early on properties, so it'd probably be
14 2008.

15 Q Okay. And so that's 50, 51, 52 --

16 A 2009.

17 Q -- 53? Okay. 54 is Erica's condo?

18 A And 54 was within the last nine months because she
19 needed place to live, last year.

20 Q All right. Now 55, this is vacant land?

21 A Vacant land in Mojave County, Arizona.

22 Q Now, when we -- when you look at the line items,
23 assets to be sold or split like Baxter, is there a rent there?

24 A They's rented, yes. In fact, to the right, you see

1 the gross rent on those four.

2 Q That's what I'm trying to cover.

3 A So it's rented for \$700.

4 Q So there's an occupant now?

5 A They're all rented, yeah. All are occupied.

6 Q And they are paying the gross sum that you've
7 indicated, \$700, a thousand, 1200, 1150?

8 A Yes, sir.

9 Q And then we're dividing the rents in half because
10 you'd be dividing the houses in half.

11 A Yes. And how it works, Your Honor -- if I may, Bob
12 -- all the rents, the tenants are actually given a deposit
13 slip and the deposit slip automatically goes into an account,
14 so everything is accounted for to the penny. We know when
15 they deposit it, blah, blah, blah.

16 Q And then there are expenses that have to be paid?

17 MR. DICKERSON: No, he said that was net rent.

18 THE WITNESS: Yeah, we don't take any cash. We take
19 all checks to the bank. I'm sorry, yeah, then we have
20 expenses. That's why it's gross.

21 BY MR. JIMMERSON:

22 Q So what expenses would you have in managing these
23 properties, collecting these rents?

24 A Repairs and --

1 MR. DICKERSON: So that there's no confusion --
2 excuse me. So there's no confusion, I thought he said these
3 were the net rents.

4 THE WITNESS: No, no, no, no, not these. These --
5 net and net gross, meaning that this is what we get. Less
6 gross means that's what they pay out of expenses. Triple net
7 like on Russell Road is it's one check, the tenant pays all
8 the expenses including the taxes on Russell Road.

9 BY MR. JIMMERSON:

10 Q That's what I'm trying -- these four properties,
11 you're receiving a gross rent of \$700?

12 A Right.

13 Q Okay. \$1,000, 1200, 1150, depending on whether
14 you're talking items 50 through 53?

15 A That's correct.

16 Q All right. So now -- and you also told us that the
17 checks are deposited directly into the account, there's no
18 deductions taken, you can trace exactly what's been deposited?

19 A Yeah, what I'm getting at is we don't take case.
20 Everything's got to be reported for IRS purposes, for
21 accounting purposes, and we have -- we have -- I can show you
22 all the rent rolls, when everybody's paid, not paid, Your
23 Honor, if you want that, too.

24 Q Okay. And you run that on a regular bases?

1 A Either Michelle will run it, Michelle, yeah, or
2 Joan. Joan and Michelle are the collections side of things.

3 Q Okay. And they would --

4 A And Lana, I'm sorry. All three of them.

5 Q And they would bring to your attention if somebody
6 had defaulted or if somebody hadn't paid and you --

7 A I get a weekly update. I have a report right here
8 that might be helpful for Bob, too; a weekly update that says
9 every property, every rent, who's paid, who hasn't paid,
10 including the management contracts, the RV park, and every --
11 everything that comes through the office.

12 Q Now, as --

13 MR. DICKERSON: Can I get a copy of that?

14 MR. JIMMERSON: Of course you can.

15 MR. DICKERSON: That would be helpful.

16 THE WITNESS: Sure. I think it would be.

17 BY MR. JIMMERSON:

18 Q Now, as an example, with regard to Baxter, will
19 there be -- since they're free and clear, I'm presuming that
20 the only expenses are going to be either a property tax
21 payment or maybe an extraordinary repair that is not covered
22 by the tenant; is that the idea?

23 THE COURT: Why don't we make copies and did you --

24 THE WITNESS: These may be a week apart.

1 THE COURT: Did you see this, Mr. Jimmerson?

2 MR. JIMMERSON: I don't know that I have, but --

3 THE WITNESS: Yeah, that's similar to what we've
4 gone over.

5 THE COURT: He said it's a note, rental payments as
6 of 8/29/10. If you want to look at it before the Court looks
7 at it --

8 MR. JIMMERSON: We'll probably make it an exhibit.

9 (Whispered conversation)

10 THE COURT: Can we mark it as an exhibit and get
11 that in, would that be --

12 MR. JIMMERSON: That's fine, Your Honor, absolutely.
13 I mean --

14 MR. DICKERSON: I would have no objection, just if
15 he can explain what it is for us.

16 THE WITNESS: Well, sorry, Jim, if I jumped the gun
17 on you --

18 MR. JIMMERSON: (Indiscernible) but let's get a good
19 record. Madame Clerk, what number will you be -- 198? 199?

20 THE CLERK: 199.

21 MR. JIMMERSON: Thank you. Mark this as exhibit
22 199.

23 BY MR. JIMMERSON:

24 Q Would you explain what 199 is proposed?

1 A This shows every -- every note, every house. It
2 shows what the amount that came in, when it came in -- not
3 necessarily when, but if it was paid, by color coding. Some
4 of the properties will get four months free rent, three months
5 free rent and so we color code them that they prepaid. Or
6 some will prepay for six months in advance.

7 Q And you'll do that in order to get rented for
8 example, offers of free rent to get them rented?

9 A Yeah. Then I keep track of my management people. I
10 have one management firm here that does houses, one that does
11 the office building, one that does Arizona. And this allows
12 me to do this, a weekly update with Joan and where we're at,
13 in and out, late payments, and things like that.

14 Q And if an eviction is required, you'll know to -- an
15 eviction.

16 A The Gaming Commission likes this because they know
17 I'm tracking every dime.

18 Q Okay. Very good. Now, just as an example then,
19 what kinds of expense would come out of this account?

20 A Depending on, of course, the property, but for
21 instance, you know, air conditioning repair people, management
22 people, all fair market value generally; I mean, third party.
23 Now, in the case of my -- the majority of my maintenance stuff
24 in Las Vegas, my brother, Cal, does it. Up to a period I

1 think of October we agreed as part of the Cal Blue Water deal
2 that you take care of these properties, I wouldn't have to pay
3 him anything, you're going to go out there, you're going to
4 fix them, I'll pay for the supplies.

5 Q Okay. But you are also giving him 100 percent of
6 the rent of the \$20,000, the reduced rent you gave to the
7 church, for the last year essentially?

8 A No. He gets a -- he got a portion of that. You've
9 got to remember that he would get one-third of that, so 20,000
10 he'd be entitled to one-third of that. So about 14,000 --

11 Q So 66 -- 56 (indiscernible) --

12 A -- of our 100 percent he was entitled to that. Now,
13 just to be clear on that, that was for some additional repairs
14 on the Russell Road property and for the additional
15 maintenance; in addition to that, some of the severance of the
16 Banone situation, that was the deal.

17 Q Okay. And so his receipt of your and Lynita's
18 14,000 so to speak to cover the past obligations you had to
19 him from Blue Water, from Banone and the rest, ends with the
20 September 2010 payment?

21 A I believe that to be correct.

22 Q And then the 30,000, or 20,00 if you make that deal
23 --

24 A It would be 30, it would be --

1 Q -- 30, would go 10 and then 20 to the community
2 divided half and half is what you're proposing, or she gets it
3 all, right?

4 A That's correct.

5 Q All right. Fine. So I think we've covered these
6 four houses. And then the 54, which is Erica's house. And so
7 it can either be given to either one of you understanding
8 Erica's living there, or it can be divided in half and then
9 Erica would be your tenant, just like it is now?

10 A That's correct.

11 MR. DICKERSON: Object to the form of the question.
12 If counsel --

13 THE COURT: Do you want 199 admitted?

14 MR. JIMMERSON: Yes, Your Honor, I did.

15 THE COURT: Did you, Mr. Dickerson, the 199?

16 MR. DICKERSON: 199, no objection.

17 THE COURT: The one he just gave us, 199, that's the
18 thing that he just gave.

19 MR. DICKERSON: No objection, Your Honor.

20 THE COURT: That'd be admitted as 199 and we'll get
21 that (indiscernible) --

22 (Plaintiff's Exhibit 199 admitted)

23 THE WITNESS: Just a note, Your Honor. The majority
24 of all of these assets are free and clear. That's why it's

1 pretty simple on splitting them or taking one or whatever.

2 THE COURT: And that itemization may help out. I
3 mean, go through it. It looked like you had a lot of things
4 from Banone LLC, Banone Arizona, so it might give you some
5 chance to digest it a little bit.

6 THE WITNESS: If I could say something just without
7 -- just being -- just to explain that a little bit more.
8 Lynita's and my -- Your Honor, I'm not sure it's helpful,
9 everything we make we put back into the property in repairs,
10 employees, and I have 14 employees I laid off. We've had a
11 change in venue because people say well, you have \$80,000 in
12 cash flow, gross cash flow, why don't you have it. The reason
13 why is because I just laid those people off in March. It was
14 a downtime period. All this will be performing as of
15 definitely 1/1/2011. And anyway, so that's why I don't have
16 an income because I've invested it all back in the company and
17 only take out principle stuff from Mellon account or
18 something. It was just a different way of doing accounting.
19 But it's helpful for Lynita because she can see the future now
20 that we don't have any employees.

21 BY MR. JIMMERSON:

22 Q So you reduced the overhead of operating the bus --
23 these properties?

24 A Well, you have 14 employees, that alone on an

1 average of \$4,000 would be 56 to \$60,000.

2 Q Per month in savings?

3 A That's correct.

4 Q By laying these people off?

5 A That's correct.

6 Q But sort of necessitated by the divorce because your
7 wife's going to get half --

8 A Well, there's no question.

9 Q -- and you're going to get half.

10 MR. DICKERSON: Objection to the leading nature of
11 the question.

12 MR. JIMMERSON: I withdraw. Thank you.

13 BY MR. JIMMERSON:

14 Q Can we go back now to item 55?

15 A I'm sorry.

16 Q No problem, sir. Mesa Vista, five acres; it
17 indicates five acres of land, it's not a house, it's vacant
18 land?

19 A Vacant land.

20 Q All right. And you estimate the cost value to be
21 \$100,000?

22 A That's my basis I figured.

23 Q Okay. And again, the fair market value could be
24 higher?

1 A I am not sure if it's higher or lower.

2 Q All right. And you proposed under court exhibit

3 (sic) A or B that it be divided half and half, right?

4 A Yeah, option's wide open.

5 Q And of course it can be put up for sale?

6 A We could sell it, that's right.

7 Q And my point is the Court could order a tenant in

8 common deed that divides the property in half and that all

9 these assets be put up for sale.

10 A Yeah, I think -- I don't know -- I don't see why the

11 Court would have to do a deed. Just the stipulation itself

12 would cloud the title. That in itself would surface (sic)

13 until the sale of the property and save a lot of paperwork.

14 (Whispered conversation)

15 Q And then another property is lot -- is item property

16 56, lot 68, Mesa Vista, 21,229, your cost?

17 A Yes, sir.

18 Q Divide that in half?

19 A Well, no, that's not our cost. I apologize, number

20 68, that was a note I foreclosed on and so we rebooked it at

21 the note value.

22 Q Okay. So you sold it, the buyer had given you a

23 note, didn't perform, and you foreclosed on the note?

24 A Paid about 5,000 for the lot -- or 8,000 for the

1 lot, sold it for 21, so I figured that was new book value.
2 Now, that's vacant land, it's slide -- slid now. And so it's
3 probably not worth quite the 21,000.

4 Q That's --

5 A I mean, it won't go back up, but it is free and
6 clear.

7 MR. DICKERSON: I'm sorry, he confused me. He said
8 68, but he's referring to lot 67 that he took over; is that
9 right?

10 MR. JIMMERSON: No, no. He's talking about lot 68,
11 item 56.

12 THE WITNESS: I'm sorry. Lot 56, lot -- yeah,
13 number 56.

14 MR. JIMMERSON: Item 56.

15 MR. DICKERSON: Okay. Okay.

16 MR. JIMMERSON: He called it lot 68 because that's
17 the name of the lot. He said he sold it for 21,000, man
18 didn't pay, they foreclosed --

19 THE WITNESS: Sold it for 26,000, took 5,000 down,
20 and repossessed the property.

21 BY MR. JIMMERSON:

22 Q So you got money for the -- your base you got
23 covered?

24 A Yes, sir.

1 Q So this is all profit, whatever it sells for?
2 A I believe so.
3 Q All right. And so it would be divided half and
4 half. And you have no objection if these properties are put
5 on the market for sale, do you?
6 A No.
7 Q All right. Also, I mean, to the converse, you have
8 no objection in talking with your wife that maybe you don't
9 sell today because it's not the best time to sell?
10 A I believe there's enough assets that she could take
11 one, I could take one, and then her advisors could say sell in
12 down market or I could say I'm just going to keep the majority
13 of the real estate of the down marked --
14 Q All right.
15 A -- ay not be the best scenario.
16 Q And then you do -- but you do have these first four,
17 50, 51, 52, 53 rented presently?
18 A Yeah.
19 Q All right. Let's go down to item 57, asset 57, 3611
20 Lindell. You mentioned this is an office building?
21 A Yes, sir.
22 Q 13,000 square feet?
23 A Yes, sir.
24 Q And you would divide that 50/50 with your wife?

1 A Yes, sir.

2 Q All right. And that has income you estimate on
3 January 1 of 2011 of \$10,000?

4 A Yes, sir.

5 Q 5,000 to each party?

6 A Yes. That's reflected in that other document, the
7 tenants that are paying; yes, sir.

8 Q Reflected in exhibit 198 (sic) that we just had
9 admitted into evidence?

10 A Yes, every tenant.

11 Q All right. Thank you.

12 (Whispered conversation)

13 Q Now we want to speak to acreage at Brianhead, Utah.

14 A Yes, sir.

15 Q Number 58; first of all, how many acres is it?

16 A Approximately 150 acres.

17 Q All right. And the family owns 40 percent?

18 A No. On 58, the acreage in Utah, we own 100 percent,
19 me and Lynita.

20 Q Okay.

21 A And its approximate value 3 million. That's
22 probably our basis.

23 Q All right. And where -- in terms of Brianhead,
24 maybe the judge has been up there, where is it located?

1 A It's actually situated on a 300-acre parcel owned
2 half by my sister and brother-in-law, 150, and we own half.
3 It's five minutes above Brianhead, you know, right at the T in
4 the road up there.

5 Q Okay.

6 A Out in Timbucktoo.

7 Q All right. And it would be divided?

8 A I suggest -- well, this is an item that, you know, I
9 had suggested that we have a cooling off period because the
10 little kids want to keep it. I think it has a lot more value,
11 Your Honor, in the future because of land exchanges I do with
12 the BLM and other areas of that because it is right in the
13 heart of national forests. And they have indicated they want
14 the property, so I'm trying to be up front and honest. I
15 would believe that we could maintain this, but if either one
16 of them -- either one of us wanted to sell it, we can get rid
17 of it. I had addressed it in the marital division part of it
18 that I -- that I wrote. Just my ex -- my experience at
19 bankruptcy court on how to disport -- disperse things in Texas
20 shootout, disperse where one or the other party wanted to sell
21 it. And so I figure, well, we should try to keep it, preserve
22 it unless the need of cash is required for an estate, it's
23 probably better to split -- however, I have it down here as
24 split and so if she elects that she would like to sell it,

1 that's fine.

2 Q Okay. Wyoming, we've talked about that briefly.

3 You have 200 remin -- 200 acres remaining from all the
4 property you had in Wyoming?

5 A Yes, sir.

6 Q All right. And the Lynita Trust owns 40 percent?

7 A Yes, sir.

8 Q And we talked about when it's sold we anticipate it
9 being sold for 4 or \$5 million, Lynita's portion being 800 --
10 I'm sorry, the community's portion being approximately 800,000
11 in the future?

12 A Well, 40 percent of whatever the value is. Today
13 the book value is -- we sold it once before for 2 million
14 about four years ago, then I booked it on the low end. Once
15 the property is fully improved into 81 -- 80 individual lots,
16 I think it'd be at least double that value.

17 Q Okay. So anyway, it would be divided in half?

18 A Yes, sir.

19 Q Thank you. Mississippi Clay House, we talked about
20 that being a small home in Mississippi --

21 A Yes.

22 Q -- to be divided half and half?

23 A Yes.

24 Q All right. And then 61, Mesa Vista, Lot 67 deeded

1 back --
2 A Yes.
3 Q -- what was that about?
4 A Same thing as 50 -- 68 --
5 Q You mean number -- item 56?
6 A Item 56, lot 68.
7 Q Right.
8 A The property was deeded back in lieu of foreclosure.
9 We took 5,000 down, people couldn't afford it, and they gave
10 it back.
11 Q Okay. And so you've taken it back. And that
12 property would be divided half and half?
13 A That's what I suggested --
14 Q All right.
15 A -- or whatever. This -- this one shows me taking
16 it. I'd prefer not to take the lots, but to level off the
17 deal, I thought that was a scenario.
18 Q Court Option A has you dividing it equally.
19 A Yeah, I'm -- I'm sorry, I thought you were going on
20 B.
21 Q I wasn't.
22 A You were or weren't?
23 Q I was not.
24 A Oh, on count A, I have it split -- okay, here we go,

1 I'm sorry, everything split. My fault.

2 Q That's all right, you're fine. And here's my only
3 question about that asset is have you foreclosed successfully
4 on that so that the property is now back with you?

5 A A deed in lieu of foreclosure. That's been
6 successfully taken back.

7 Q Thank you very much. All right. Now, let's focus
8 on item 62 going forward. Okay, 62 through 70.

9 A Yes, sir.

10 Q These are all MVs, lots and I believe MV stands for
11 Mojave; is that right?

12 A These are -- they are single family lots, house,
13 lots fully improved.

14 Q In Mesa Vista.

15 A In Mesa Vista.

16 Q And is that here in town?

17 A No, that's in Arizona in Fort Mojave.

18 Q All right. So now these are one, two, three, four,
19 five, six, seven, eight, nine lots; is that right?

20 A That's correct, nine different --

21 Q All right. And you have sold these?

22 A We sold them.

23 Q So these are trust deeds that you're receiving money
24 -- payments on a monthly basis as they acquire this property?

1 A That's correct.

2 Q All right. And this is a Mesa Vista development in
3 Arizona?

4 A Yes.

5 Q Okay. So do we have, therefore -- do we have an
6 accurate statement of what's going on with these?

7 A These are reflected, Bob, on that one sheet right
8 here, it's reflected, every note. Some of these had paid in a
9 year in advance. Anything that was paid was benefitted to the
10 community, went into Banone, and so you could -- it would be
11 reflected and Jo did track it. However, I would probably
12 suggest that she take half the notes, I take half the notes,
13 or I'm happy to collect them and flow them out when they come
14 in.

15 Q Okay. And you've set forth what the notes are
16 paying, right?

17 A Yes.

18 Q Okay. So they're paying -- for example, the first
19 one is in default on lot 16 and 17?

20 A That's correct.

21 Q All right. So at some point either you or you and
22 Lynita will have to take some action to foreclose?

23 A To foreclose. Yeah, we have actually put
24 foreclosure notices on the ones that are in default.

1 Unfortunately, we've got to find the people to serve the
2 paper.

3 Q All right.

4 A So we're taking, you know, a different action now.

5 Q All right. And then the others are performing looks
6 like to me?

7 A Yeah, they're all performing.

8 Q \$117 for 63, \$130 for asset 64, \$133 for asset 65,
9 \$129 for asset 66?

10 A Yes.

11 Q \$124 for asset 67, \$133 for asset 68, and asset 69,
12 lot 50, is in default?

13 A Yes, sir.

14 Q And again, simply dividing the notes receivable
15 50/50?

16 A Yes, sir.

17 Q All right. And this is income to you and income to
18 Lynita?

19 A Yes.

20 Q Now, you have item number 71.

21 (Whispered conversation)

22 A Yes. Oh, yeah, 70; do you see 70?

23 Q Hang on a second.

24 (Whispered conversation)

1 MR. JIMMERSON: Madame clerk, may I have exhibits,
2 please, proposed 62 through 70? Judge, 62 through 70 has a
3 cover sheet that summarizes the asset and then the promissory
4 note itself. With Mr. Dickerson's consent, I'd move for the
5 admission of Exhibit 62 through 70 inclusive.

6 THE COURT: (Indiscernible) chance to review that?

7 MR. DICKERSON: So 62 your telling me would just be
8 promissory notes?

9 MR. JIMMERSON: 62 is a summary sheet of the asset
10 and notes (indiscernible) and but the (indiscernible), Bob, I
11 think is --

12 MR. DICKERSON: Yeah, if it's all -- you know, I
13 have all of them marked, too, so I mean -- oh, you've got the
14 deed of trust in here.

15 MR. JIMMERSON: I have the deed of trust itself
16 behind it.

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

18 THE COURT: Hereby admitted, Exhibit 62 through 70
19 inclusive.

20 (Plaintiff's Exhibit 62 though 70 admitted)

21 BY MR. JIMMERSON:

22 Q And, Mr. Nelson, would you properly identify what
23 these exhibits are (indiscernible - away from microphone) just
24 to confirm what we admitted by stipulation.

1 A On the lots, deeds --
2 Q A summary sheet followed by the promissory note.
3 A Yes, sir, (indiscernible) --
4 Q And the deed of trust if they're (indiscernible)
5 collected.
6 A That's correct.
7 Q For all those assets we just referenced?
8 A Yes, sir.
9 Q Thank you.
10 MR. DICKERSON: We're talking 62 through 69; is that
11 right?
12 MR. JIMMERSON: Through 70.
13 MS. POLSELLI: Through 70.
14 MR. DICKERSON: Through 70. Thank you. Well, no,
15 70 was deeded back, wasn't it?
16 MS. POLSELLI: Oh, yes, you're correct.
17 MR. DICKERSON: 70's deeded --
18 MS. POLSELLI: That's just the summary. 70 is just
19 the summary.
20 THE COURT: 70 was 61 -- was lot 67 that was deeded
21 back, in lieu of foreclosure?
22 MS. POLSELLI: So the exhibit is just the summary.
23 THE WITNESS: That was just recent. That's why it's
24 noted like this. This sheet gets updated every month at the

1 end of the month so it kind of changes.

2 (Whispered conversation)

3 MR. JIMMERSON: 70 is Mr. Nelson's summary of the
4 notes for that asset that's been taken back (indiscernible -
5 away from microphone) by stipulation as well, Your Honor.

6 MR. DICKERSON: Just the point being it's now a hard
7 asset that you have, you own the land back and it's just up
8 for sale again?

9 THE WITNESS: It was referenced on other ones that
10 we've given, yeah --

11 MR. DICKERSON: Right, it's up --

12 THE WITNESS: -- so you just want to --

13 MR. DICKERSON: -- it's (indiscernible) 61.

14 THE WITNESS: -- make sure it's clear, yeah. So it
15 goes up to 61, yeah.

16 MR. DICKERSON: Yeah, I'm with you. No objection.

17 (Whispered conversation)

18 MR. JIMMERSON: Could I have proposed 61, Laurie,
19 please? I believe I'm going to show you the deed that was
20 foreclosed upon for 70.

21 MR. DICKERSON: That's not in here. It's just a
22 summary.

23 MR. JIMMERSON: (Indiscernible - away from
24 microphone) summary.

1 MR. DICKERSON: 61?

2 (Whispered conversation)

3 MR. JIMMERSON: I believe -- my understanding of
4 this document is that it is the supporting documents for item
5 -- asset 70. It's on our list, you'll see 70, Mesa Vista lot
6 67 deeded back, see number 61. And I think 61 is the deed in
7 lieu of foreclosure for that asset, lot 67. And, Bob, if you
8 look right here, it says lot 67.

9 MR. DICKERSON: Yeah, I got it.

10 MR. JIMMERSON: Okay.

11 MR. DICKERSON: Fine.

12 MR. JIMMERSON: So, Judge, this is the underlying
13 document to demonstrate that they have been able to
14 successfully obtain a deed in lieu of foreclosure for asset
15 lot number 60 -- lot 70 -- item asset 70, which is Mesa Vista
16 lot 67.

17 MR. DICKERSON: Well, actually it's up in 61.

18 MR. JIMMERSON: Right.

19 MR. DICKERSON: So he has it up in 61 as property.

20 MR. JIMMERSON: So move the admission of 61, Your
21 Honor.

22 MR. DICKERSON: No objection.

23 THE COURT: It'll be so admitted. It's so admitted.

24 (Plaintiff's exhibit 61 admitted)

1 MS. POLSELLI: And that includes A and B?

2 MR. JIMMERSON: That's Exhibit 61 A and B, which is
3 the deed. All right.

4 BY MR. JIMMERSON:

5 Q We've covered 70. Now, I want to go over other
6 promissory notes -- I mean, other promissory notes owed to you
7 or to Lynita.

8 A Yes, sir.

9 Q Starting with item 71.

10 A Yes, sir.

11 Q And we'll go through it down. Okay? So please
12 discuss what asset number 71, Amanda note, is about, \$133,357
13 and under Court Option A or B, we divide it equally.

14 A That's my daughter at Penn State. She -- she is
15 working as a registered nurse. We do take care of their
16 college, but they do pay rent and they do pay on time. That's
17 the first deed of trust on the property.

18 Q To have a child pay on time is a remarkable thing,
19 isn't it?

20 A Yes, it's a most amazing thing because she -- when
21 she sent me a check, the office celebrated because we never
22 seen anything in our life that one of my children would send
23 us money.

24 Q But actually this has been in place for some time;

1 is that right?

2 A Yes, I think about a year.

3 Q All right. And she's performing --

4 A Oh, yes, she's very --

5 Q -- and she's paying the total rent that's referenced
6 here of what is it, \$630?

7 A That's correct.

8 Q Okay. So --

9 A That's probably more -- these -- these -- actually
10 the grosses here are a little deceiving. These are actually
11 net checks here.

12 Q What do you mean by that?

13 A Net means we don't have a servicing of notes. And
14 so the 630 is net. We don't have taxes, we don't have
15 insurance, we're not paying anything.

16 Q Got it.

17 A So that's a -- these would be net --

18 Q All right.

19 A -- as from 62 and 69, they show a net, the notes
20 from 70 to -- well, all of the notes remaining 70 to 79C,
21 these would actually be net, Your Honor. It says gross, but
22 they're net.

23 Q Who is paying the property taxes?

24 A They -- the individual who owns the house, Amanda.

1 Q Okay. So then it's net to you as receiving the
2 money.
3 A That's correct.
4 Q So the word gross should be net --
5 A That should be net.
6 Q -- for items 71 through 77 -- or
7 A 79C.
8 Q -- 78, right?
9 A Right.
10 Q Okay. I'll make that note. All right. And again,
11 divided equally, each of you would own that note, half of the
12 note, and each would receive half of the rent?
13 A That's correct.
14 Q And is -- by my looking at these assets, 71 through
15 79 -- or 78, they're all performing; is that right?
16 A 78 -- yes, they're all performing.
17 Q Are some of them coming due on January 1 of 2011?
18 A Some of these are employees or relatives.
19 Q Well, let's go through them one by one. So we know
20 Amanda, that's the daughter, we've got that covered.
21 A That's paying on time.
22 Q 72, asset 72, note receivable JB Ramos Trust, I
23 guess secured by a deed of trust on 436 Europa Way; is that
24 right?

1 A That's Joan Ramos. She was a 22-year employee of
2 mine. I laid her off due to the divorce. And she does work
3 two days a week.

4 MR. JIMMERSON: Can I have Exhibit 72, Madame Clerk?

5 THE WITNESS: So but anyway, what I'm getting at is
6 I believe her payment starts January 1, '11. Now, in that --

7 MR. JIMMERSON: 198, list of --

8 THE WITNESS: -- 198 reflect when the payments kick
9 in, when they don't, what's that called, the -- that one up
10 there in front of Lynita, Bob, you'll see it color coded.
11 That color code says when these payments kick in. Now,
12 further, I'd just go -- I'm not sure if I'm jumping ahead of
13 you -- any of these lots from 71 through 77, I'll personally
14 guarantee that they will be paid in full.

15 BY MR. JIMMERSON:

16 Q Why would you do that?

17 A Well, I know these individuals and if they don't pay
18 and Lynita takes them and then she'd have to foreclose on
19 them, I'll write her a check for them.

20 MR. DICKERSON: 71 through what?

21 MR. JIMMERSON: 77.

22 THE WITNESS: 71 through 77.

23 BY MR. JIMMERSON:

24 Q Now, let's just go through them because these people

1 aren't always -- these aren't -- you know, these are friends
2 or relatives, but --

3 A Well, employees.

4 Q -- certainly arm's length transactions, you have
5 recorded deeds of trust.

6 A Oh, yeah, they're -- yeah, they're legit.

7 Q And they're performing?

8 A That's correct.

9 Q Or will perform, you anticipate --

10 A Okay.

11 Q -- if their rent starts January 1 of -- let's just
12 go by it one by one.

13 MR. DICKERSON: Let's not lead him (indiscernible)

14 --

15 MR. JIMMERSON: Let's don't lump them.

16 BY MR. JIMMERSON:

17 Q Joan Ramos is a 22-year employee with you?

18 A That's correct.

19 Q Did you lay her off?

20 A I did.

21 Q Okay. When did you lay her off?

22 A Oh, I think in March.

23 Q Okay. Now, I have asked her to help me regarding
24 some of these properties myself in preparing for this trial,

1 correct?

2 A Yes, sir.

3 Q All right.

4 A Excuse me, I laid her off, but she does come in two
5 days a week.

6 Q Okay. And so you pay a modest salary to her?

7 A Modest daily fee, right.

8 Q All right. Now, what is the transaction here
9 regarding 435 -- 436 Europa Way?

10 A That was my basis at that -- she had looked at the
11 houses. I paid 78,000 for it. I said, Joan, you've been
12 here, it's a good deal, fair market value, might be below fair
13 market value, but it was at my basis, Your Honor, that's the
14 thing. So I gave them the advantage of what I paid for it and
15 so she said, you know, we came up with an arrangement where
16 she starts to pay -- all these notes are basically 8 percent
17 except for Nicky's at 12 percent.

18 Q Okay.

19 A And everybody paid.

20 Q Okay. You're doing great.

21 A But a first deed of trust.

22 Q But stay with it asset by asset, please?

23 A I'm sorry.

24 Q Okay.

1 A 8 percent.

2 Q All right. So it's an 8 percent note and we can

3 call for Exhibit 72. And would you describe what

4 (indiscernible - away from microphone) Exhibit 72 is as it

5 relates to the Joan Ramos note? So this is her home, right?

6 A This is her home.

7 Q This is where --

8 A She lives, yes.

9 Q Okay. What's Exhibit 72?

10 A It's a straight note and it reflects 78,000. And it

11 starts February 1st, 2011. That's the first installment,

12 meaning that it starts January 1, but the first payment would

13 be received February 1st.

14 Q Okay. 2011, four months, five months from now?

15 A And it's all due and payable December 13th, 2014.

16 Q All right. And --

17 A With the exception there are monthly payments.

18 Q Okay. And the monthly payments according to your

19 schedule is --

20 A Five hundred.

21 Q -- \$520 per month?

22 A Yes, sir.

23 MR. JIMMERSON: Move the admission of Exhibit 72.

24 MR. DICKERSON: I'm sorry?

1 MR. JIMMERSON: Move for the admission of Exhibit
2 72.
3 MR. DICKERSON: Is that her note?
4 MR. JIMMERSON: It is.
5 MR. DICKERSON: No objection.
6 THE COURT: Hereby admitted as --
7 (Whispered conversation)
8 MR. DICKERSON: No objection, Your Honor.
9 THE COURT: Hereby admitted as 72.
10 (Plaintiff's exhibit 72 admitted)
11 MR. JIMMERSON: 73, please.
12 BY MR. JIMMERSON:
13 Q And why did you delay the commencement of rent --
14 MR. DICKERSON: Excuse me, that last exhibit number
15 was what?
16 MR. JIMMERSON: 72. Matches item 72 here.
17 MR. DICKERSON: Thank you.
18 BY MR. JIMMERSON:
19 Q Why did you delay her first payment by agreement
20 with her where she had acquired this home, she agreed -- she
21 agreed to pay you rent starting February 1. Why the delay
22 between now and February 1?
23 A Well, I was trying to help her prepare for the
24 future. One is either I give her a cash bonus that she may

1 spend, who knows, but I thought it was more appropriate to
2 give her a period of relief in her house payment to get her
3 feet on the ground and get started, where it -- you know,
4 that's why.

5 Q Did Joan Ramos make a down payment, pay you cash for
6 the purpose of 435 (sic) Europa Way for which you took this
7 deed of trust?

8 A You know, that I don't know, but I can tell you that
9 it's at our basis or better.

10 Q Excuse me?

11 A It's at the basis what I paid for the property or
12 better.

13 Q All right. Now, let's focus on the asset number 73;
14 Note receivable from K. Stephens.

15 A Yes, sir.

16 Q Secured by 1601 Knoll Heights. Tell me this
17 transaction, please.

18 A That's Lynita's niece, Kathryn (ph), I believe, and
19 she put 20,000 down. We -- I think we paid approximately
20 83,000. And she's car -- we carried a note on that to help,
21 she just got married, to help her carry -- get in the house --
22 but she's -- they're paying on that. That was from day one
23 they've been paying faithfully.

24 Q And so again dividing that asset --

1 A But that was a down payment I know of 20,000.
2 Q Dividing that asset would be a \$420 rent -- net
3 rent, \$210 a person?
4 A Uh-huh (affirmative).
5 Q All right. And this is Lynita's niece?
6 A Yes, it is.
7 MR. DICKERSON: Does that mean it's his niece, too,
8 or what?
9 THE WITNESS: Excuse me?
10 MR. DICKERSON: I mean, is it your niece --
11 MR. JIMMERSON: A niece-in-law?
12 MR. DICKERSON: -- why is it Lynita's niece? A
13 step-niece?
14 THE WITNESS: No, her sister's --
15 MR. DICKERSON: A step-niece?
16 THE WITNESS: -- her sister's -- I don't know what
17 it is.
18 MR. JIMMERSON: the point is there would be a
19 (indiscernible) --
20 THE WITNESS: Somebody.
21 MR. JIMMERSON: -- that's what he's trying to say.
22 THE COURT: Any objection to 73, Mr. Dickerson?
23 THE WITNESS: It's Thelma's daughter, I'll tell you
24 that, so -- and I like her, no disrespect to anybody.

1 BY MR. JIMMERSON:

2 Q And 73 is the note?

3 A That's the note.

4 THE COURT: Any objection to that, Mr. Dickerson, to
5 73, the note?

6 MR. DICKERSON: No objection.

7 THE COURT: Hereby admitted as 73.

8 (Plaintiff's Exhibit 73 admitted)

9 MR. JIMMERSON: Your Honor, 73 also encloses the
10 deed of trust on the property (indiscernible) and the deed of
11 trust.

12 MR. DICKERSON: May I see that first, just -- well,
13 I'll pull it out --

14 MR. JIMMERSON: 73, note and deed of trust.

15 (Whispered conversation)

16 BY MR. JIMMERSON:

17 Q Okay. Asset 74 is a note receivable from Chad
18 Ramos.

19 A Yes, sir.

20 Q 79 -- secured by 7933 Dover Shores and note and deed
21 of trust?

22 A Yes, sir.

23 Q All right. Who is Chad Ramos?

24 A That's my sister's son.

1 Q Okay.

2 A An employee of mine.

3 Q And so that would be under my understanding your
4 nephew?

5 A Yes.

6 Q And did he make a down payment on his house?

7 A He did not. This one here, Your Honor, was sold for
8 below the value and the reason why is Chad was -- and created
9 and worked extensively in the creativity of the auction
10 company and the website. We spent hundreds of thousand
11 dollars in developing this website. And Chad was the agent
12 involved in selling the Banone properties in Las Vegas. He
13 was required to list them and sell them. I had agreed with
14 Chad to give him a bonus --

15 Q Does he have a real estate license?

16 A Yes, he does.

17 Q Okay. Go ahead.

18 A He was -- I had agreed to give him a bonus that I
19 would keep on my ledger for each house that was sold. I think
20 it was approximately \$1500. Well, we probably fold -- sold
21 60, 70 homes. We didn't make money on all the houses, so I
22 had the right to reserve to change the deal. Chad isn't the
23 best with dollars and cents, so I said, Chad, you're going to
24 -- your house, you can buy it, I'm going to reduce it to this

1 amount here. I think I gave him a \$30,000 credit, \$40,000
2 credit from what was owed to him and -- so I didn't have to
3 pay for it. I sold him the house and carried back a note.

4 Q All right. And so when you sold him the house at
5 7933 Dover Shores, which he agreed to pay \$60,000 on the note
6 and deed of trust we're going to talk about in a second, what
7 did you believe when you sold it to him was the fair market
8 value of Dover Shores; how much of a break were you giving him
9 by --

10 A Probably worth --

11 Q -- 60,000?

12 A It probably was worth 90 to 100,000.

13 Q And this is a way for you to compensate him for his
14 work on the website?

15 A Yeah, he was a -- he was a paid employee. He got a
16 guaranteed 3 to I think 4,000 plus a car payment, so it was
17 about 5,000 a month. He was guaranteed to be in the -- you
18 know, work in this office here. He -- he was actually the
19 broker -- not the broker of record, but agent of record of all
20 the files in the office for all these transactions. And it
21 seemed to like to be a fair scenario for him and his new wife.

22 Q All right. And about 70 homes he helped broker and
23 sell?

24 A Minimum, probably more.

1 Q All right.

2 A No, more. More.

3 Q So let's look at 74, please. So looking at Exhibit

4 74 then --

5 A Yes.

6 Q -- right here --

7 A Yeah, I've reviewed it. It's the first deed of

8 trust.

9 Q Okay. I just want to make a record for the Court.

10 Does 74 contain your summary sheet and the note secured by a

11 deed of trust?

12 A Yes.

13 MR. JIMMERSON: Move for the admission of Exhibit

14 74, Your Honor.

15 THE COURT: Any objection?

16 MR. DICKERSON: No objection, Your Honor.

17 THE COURT: All right. Admitted as 74.

18 (Plaintiff's Exhibit 74 admitted)

19 BY MR. JIMMERSON:

20 Q Again, this note is at 8 percent?

21 A Yes, sir.

22 Q And becomes due and payable on January 1 of 2011?

23 A Let's see, I think it's the first payment so that's

24 --

1 Q The payment, right?

2 A -- starts -- increase to there, and it's due and

3 payable --

4 Q In full on December 31, 2011 --

5 A Yeah, one year. He's got one year to re-fi it.

6 Q All right. So making interest-only payments for

7 that one year time period?

8 A Yeah, that's correct.

9 Q First payment January 1 of 2011?

10 A That's correct.

11 Q All right. Let's see Exhibit -- now item number 75.

12 MR. JIMMERSON: Do you have 74 in evidence, Madame

13 Clerk?

14 THE CLERK: I do.

15 BY MR. JIMMERSON:

16 Q 75, asset 75. Is it a note receivable?

17 A Yes.

18 Q From Alicia Harrison --

19 A Yes.

20 Q -- that's secured by a property at 1025 Academy?

21 A Yes.

22 Q All right. Tell me about this transaction, please.

23 A Alicia Harrison cuts my hair. She's a friend of

24 mine. Her house went into foreclosure. I bought it at the

1 courthouse -- no, excuse me. I bought it on a short sale and
2 I brokered her house. I offer back any house I buy with a
3 tenant in it, whether I know the tenant or not, I'll offer
4 them back the house as I have on other properties for what I
5 pay for it for a period of time just as a goodwill gesture.
6 She did put a down payment on it, I couldn't tell you the
7 exact amount. This the carryback arrangement and I'll stand
8 behind it and I'll guarantee it. And she pays faithfully
9 every month. I don't see the payments. Again, they go
10 directly into all the accounts.

11 Q And she's been paying \$458 of rent --

12 A That's correct.

13 Q -- for some prior time through the present day.

14 A Or the note would reflect it if you want to know the
15 exact date.

16 Q The 198 -- exhibit 198 would reflect the receipt of
17 that money?

18 A That's correct.

19 MR. JIMMERSON: So, Mr. Dickerson, I'm moving to
20 admit Exhibit Number 75.

21 MR. DICKERSON: No objection.

22 THE COURT: Hereby admitted as Exhibit 75.

23 (Plaintiff's Exhibit 75 admitted)

24 BY MR. JIMMERSON:

1 Q And the \$68,000 that were borrowed here that's due
2 is all due and payable on March 1 of 2012: is that right, sir?

3 A That's correct.

4 Q That's terms.

5 A Eight -- should be at 8 percent.

6 Q Okay. It is. Thank you. All right. Let's look at
7 asset number 76.

8 A Just for Court history, the 8 percent is not a
9 favorable rate, but I encourage the people to pay it off early
10 if they can.

11 Q And they can borrow cheaper if they can get their
12 credit?

13 A Exactly, (indiscernible) times.

14 Q It's sort of motivation to refinance?

15 A It does.

16 Q In any event, it's secured by these different houses
17 that they live in?

18 A That's right.

19 Q Do I understand that these are homes that the people
20 are living in?

21 A I believe so except for Chad. I think he moved in
22 with his mother-in-law or something like that. So he's
23 renting that out right now.

24 Q Okay. But Kathryn Stephens lives in her home on

1 Knoll Heights?

2 A Yes. That I'm aware of, everybody does, yes.

3 Q So now Exhibit 76 is a note receivable from Keith
4 Little, 7817 Leavorite, L-e-a-v-o-r-i-t-e; is that right?

5 A Yes.

6 Q Okay. And tell me about this transaction, this note
7 receivable of --

8 A Keith --

9 Q -- \$95,000.

10 A Keith worked for the office for several years
11 creating the Eric Nelson Auctioneering auction company, re --
12 reinvented the company. He was over actually the FDIC,
13 acquiring the information to buy notes. We were successful in
14 buying several notes, one in -- or two notes and one we sold
15 in 2009. That's the Sugar Daddy, was 2010, made several
16 million dollars. Keith is a very talented individual, very
17 hard working. So his severance was you're out, I think I gave
18 him \$5,000 and a house for a period of time that he was living
19 in at my basis, and that he had to pay me off in I think some
20 period of time.

21 Q I'll be happy to show it to you.

22 MR. JIMMERSON: We have -- Judge, if you'll look on
23 77, \$95,000 split \$47,500 each and rent is 697, which is the 8
24 percent. But I want to confirm the rent does not begin until

1 March 1.

2 THE COURT: I think we're doing -- we're doing
3 number 76 now, aren't we, not 77?

4 MR. JIMMERSON: 77.

5 MS. POLSELLI: 76.

6 THE COURT: Yeah, we're at 76, which is 127901; is
7 that correct?

8 MR. JIMMERSON: I'm looking at the wrong document.

9 THE COURT: I think we're talking about Keith Little
10 at the 7817 Leavorite?

11 MR. JIMMERSON: That's right. And payment's been
12 made since March 1, 2010 of this year going forward in the
13 amount of \$852.67.

14 THE WITNESS: I believe with Keith it is modified,
15 that he doesn't make a payment -- does that say he's making
16 payment?

17 MR. JIMMERSON: No, it says since March 1 of 2010.

18 MR. DICKERSON: No, but zero percent interest.

19 THE WITNESS: At zero. Yeah, he makes no payments
20 until January, that's when it kicks in, January 1.

21 MR. JIMMERSON: Of 2011?

22 THE WITNESS: Yeah. He -- he bought it on this date
23 here. Some of these notes were prepared by different title
24 companies and so they do them a little different.

1 BY MR. JIMMERSON:

2 Q Okay. But under the terms of this note, he begins
3 his rent payment of 852.67 on January 1 of 2011.

4 A It's not rent, it's a mortgage payment.

5 Q Mortgage payment, you're right. And then that
6 mortgage payment would be divided between you and Lynita?

7 A Right.

8 Q Okay. And the entire principle amount of this sum
9 of \$127,000 would be due just in a short time, one year,
10 December 31 of 2011?

11 A The majority of them are one year unless they
12 pleaded for longer terms.

13 Q Okay. But the point is they have to refinance?

14 A Right. I'm saying some asked for a little extra
15 time, you know, some of those notes. That's why they don't
16 all line up. Generally you give them one year, it gives them
17 time to refi it .

18 Q Well, I think for the Court's perspective, he wants
19 to know that in 12 months --

20 A That's correct.

21 Q -- you're going to get \$60,000 each. I mean, that's
22 --

23 A That's correct.

24 Q Okay.

1 A Jim's getting mad at me, Your Honor.

2 Q No, I'm not. I'm trying to get through it. You're

3 doing great. 77, Eric T. Nelson, this is Eric Taylor Nelson?

4 A That's my brother Paul's son.

5 Q They had the nerve to name him after you?

6 A Probably a mistake.

7 Q Did they get your consent?

8 A No.

9 Q And what is this transaction, please, 77?

10 A I'm sorry, it's the house he bought and I said I

11 would back him because he had moved out from Salt Lake and one

12 of the promises I -- that I made to him was he got there, if

13 he could find a house, buy it, and I would finance it, and

14 over a period of time free rent and then he would have to kick

15 in and make the payments and pay us off.

16 Q Okay. And so he bought home at 8619 West Mojave?

17 A Yes.

18 Q In Arizona?

19 A Yes, sir.

20 Q And he lives in Arizona having moved from Utah?

21 A Yes, sir.

22 Q Okay. And that created a note receivable to you of

23 \$95,000?

24 A Yes, sir.

1 Q 47,500 each if divided by the Court to you and
2 Lynita?
3 A Yes, sir.
4 Q All right. And can I just look at 77 to confirm the
5 term. This is the one I was mistaken for -- this is the one
6 where the payments begin March 1 of 2011?
7 A Yes, sir.
8 Q Okay. And they are based upon the -- is it 8
9 percent?
10 A It comes all -- right, 8 percent, all payable due
11 and payable March 1st --
12 Q And they're all due and payable one year later,
13 March 1 of 2012?
14 A That's correct.
15 Q Of \$95,000?
16 A Right.
17 MR. JIMMERSON: Move the admission of 77, Your
18 Honor.
19 MR. DICKERSON: No objection.
20 THE COURT: Hereby admitted at Exhibit 77.
21 (Plaintiff's exhibit 77 admitted)
22 MR. JIMMERSON: And 77, like all of these, have the
23 note and deed of trust attached to them.
24 BY MR. JIMMERSON:

IN THE SUPREME COURT OF THE STATE OF NEVADA

MATT KLABACKA, Distribution Trustee
of the Eric L. Nelson Nevada Trust dated
May30, 2001,

Appellant/Cross Respondent.

vs.

LYNITA SUE NELSON, Individually and in
her capacity as Investment Trustee of the
LSN NEVADA TRUST dated May 30,
2001; and ERIC L. NELSON, Individually
and in his capacity as Investment Trustee of
the ELN NEVADA TRUST dated May 30,
2001;

Respondents/Cross-Appellants.

MATT KLABACKA, as Distribution
Trustee of the Eric L. Nelson Nevada Trust
dated May30, 2001,

Appellants,

vs.

ERIC L. NELSON; LYNITA SUE
NELSON, INDIVIDUALLY; AND LSN
NEVADA TRUST DATED MAY 30, 2001,

Respondents.

Supreme Court Case No. 66772

District Court Case No. D-09-

411537

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VOLUME 2**

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

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26	05/30/2001	Letter to Mrs. Nelson from Jeffrey L. Burr & Associates (Admitted as Intervenor Trial Exhibit 27)	6438 - 6441
26	05/03/2002	Letter to Mrs. Nelson from Jeffrey L. Burr & Associates (Admitted as Intervenor Trial Exhibit 40)	6447
26	03/26/2003	Letter to Mrs. Nelson from Jeffrey L. Burr & Associates (Admitted as Intervenor Trial Exhibit 44)	6448
26	05/03/2004	Letter to Mrs. Nelson from Jeffrey L. Burr & Associates (Admitted as Intervenor Trial Exhibit 51)	6449
26	05/04/2005	Letter to Mrs. Nelson from Jeffrey L. Burr & Associates (Admitted as Intervenor Trial Exhibit 57)	6450
26	02/09/2009	Letter to Mrs. Nelson from Jeffrey L. Burr & Associates (Admitted as Intervenor Trial Exhibit 79)	6453 - 6457
26	02/09/2009	Letter to Mrs. Nelson from Jeffrey L. Burr & Associates (Admitted as Intervenor Trial Exhibit 80)	6458 – 6461
26	00/00/0000	Letter to Nevada Legal News from Jeffrey L. Burr & Associates (Admitted as Intervenor Trial Exhibit 29)	6445 – 6446

26,	07/13/1993	Letter to Richard Koch with Separate Property Agreement (Admitted as Intervenor Trial Exhibit 3)	6262 - 6272
11	05/15/2012	Limited Objection to Application of Forensic Accountants for Allowance of Fees and Reimbursement of Expenses for the period from April 4, 2011 through March 31, 2012	2710 – 2712
8	09/30/2011	Lynita Sue Nelson's: (1) Answer to Claims of The Eric L. Nelson Nevada Trust; and (2) Claims for Relief Against Eric L. Nelson Nevada Trust dated May 30, 2001, Lana Martin, Nola Harber, Rochelle McGowan, Joan B. Ramos, and Does 1 through X (Whether Designed as a Counterclaim, Cross-Claim and/or Third Party Complaint)	1818 - 1853
9	12/20/2011	Lynita Sue Nelson's: (1) First Amended Answer to Claims of the Eric L. Nelson Nevada Trust and (2) First Amended Claims for Relief Against Eric L. Nelson Nevada Trust dated May 30, 2001, Lana Martin, Nola Harber, Rochelle McGowan, Joan B. Ramos, and Does 1 through X (Whether Designed as a Counterclaim, Cross-Claim and/or Third Party Complaint)	2140 - 2182
30	05/07/2013	Memorandum from Robert P. Dickerson in Support of AB378 (Exhibit 8)	7480 - 7487
27	00/00/0000	Miscellaneous Documents produced by Defendants (Admitted as Intervenor Trial Exhibit 167)	6513 – 6549
29, 30	03/01/2002	Mississippi Deeds (Admitted as Nelson Exhibit 8A)	7069 - 7393
10	03/06/2012	Motion for Payment of Attorneys' Fees and Costs	2461 – 2494
19	06/05/2013	Motion for Payment of Funds Belonging to Defendant Pursuant to Court's Decree to Ensure Receipt of the Same, and for Immediate Payment of Court Appointed Expert	4743 – 4752
8	11/07/2011	Motion to Dismiss	1885 - 1908
9	01/17/2012	Motion to Dismiss Amended Third-Party Complaint and Motion to Strike	2190 - 2224
8	11/29/2011	Motion to Dissolve Injunction	1916 - 1999
7	06/24/2011	Motion to Join Necessary Party; or in the Alternative; to Dismiss Claims Against The Eric L. Nelson Nevada Trust dated May 30, 2011	1606 - 1661
23	10/20/2014	Notice of Appeal	5576 – 5578
25, 26	06/23/2015	Notice of Appeal	6249 – 6251
21	09/10/2013	Notice of Entry of Injunctions from September 4, 2013 Hearing	5230 – 5241
10	01/31/2012	Notice of Entry of Order	2264 – 2272
11	05/29/2012	Notice of Entry of Order	2739 – 2745
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12	07/11/2012	Notice of Entry of Order	2914 – 2920
12	07/11/2012	Notice of Entry of Order	2921 – 2929
19	08/07/2012	Notice of Entry of Order	4517 – 4520
	06/03/2012	Notice of Entry of Order	4691 – 4742
8	11/14/2011	Notice of Entry of Order and Order – August 24, 2011 Hearing	1909 - 1915
21	09/03/2013	Notice of Entry of Order Denying Countermotion to Stay Payments and Transfer Property Pending Appeal and/or Resolution to the Nevada Supreme Court for an Extraordinary Writ	5148 – 5153
23	09/22/2014	Notice of Entry of Order Determining Disposition of Dynasty Development Management, Inc. AKA Wyoming Downs	5553 – 5561
19	10/10/2012	Notice of Entry of Order from July 16, 2012 Hearing	4683 – 4690
19	08/31/2012	Notice of Entry of Order from April 10, 2012 Hearing and Injunction	4531 – 4539
19, 20	08/31/2012	Notice of Entry of Order from February 23, 2012 Hearing Partially Granting ELN Trust's Motion to Dismiss Third-Party Complaint Without Prejudice.	4540 – 4550
23	09/22/2014	Notice of Entry of Order from July 22, 2013 Hearing on Lynita Nelson's Motion to Amend or Alter Judgment for Declaration and Related Relief	5562 – 5575
21, 22	09/30/2013	Notice of Entry of Order from September 4, 2013 Hearing Regarding Payment of Lindell Professional Plaza Income	5247 – 5254
19	08/29/2012	Notice of Entry Of Order Granting Motion for Relief from Automatic Stay and Denying Motion to Dismiss Without Prejudice	4521 – 4527
12	06/05/2011	Notice of Entry of Order regarding Findings of Fact and Order dated June 5, 2012	2771 – 2782
7	08/09/2011	Notice of Entry of Stipulation and Order	1742 - 1746
8	09/14/2011	Notice of Filing a Summary Appraisal Report of a Two- Story Office Building (3611 Lindell Road, Las Vegas, NV)	1789 - 1801
10	02/27/2012	Notice of Filing Amendment to Source and Application of Duns for Lynita Nelson	2249 – 2460
10	01/27/2012	Notice of Filing Amendment to Source and Application of Funds for Emerald Bay Mississippi, LLC Filed December 8, 2011	2257 – 2263
10	02/27/2012	Notice of Filing Amendment to Source and Application of Funds for Eric L. Nelson Nevada Trust	2425 – 2248
7	07/05/2011	Notice of Filing Asset Schedule and Notes to Asset Schedule	1662 - 1683
9	12/23/2011	Notice of Filing Corrected Asset Schedule by Ownership	2186 - 2189
7	07/15/2011	Notice of Filing Income and Expense Reports for Banone-AZ LLC	1713 -1724

8	08/15/2011	Notice of Filing Income and Expense Reports for Emerald Bay Resorts, LLC	1762 – 1769
7	07/19/2011	Notice of Filing Income and Expense Reports for Eric L. Nelson Nevada Trust	1725 - 1741
7, 8	08/15/2011	Notice of Filing Income and Expense Reports for Eric Nelson Auctioneering	1747 - 1761
9, 10	01/26/2012	Notice of Filing Income and Expense Reports for Eric Nelson Auctioneering	2225 -2256
8	09/28/2011	Notice of Filing Income and Expense Reports for Lynita Nelson	1806 - 1817
7	07/11/2011	Notice of Filing Income and Expense Reports for: (1) Banone, LLC and (2) Dynasty Development Group	1684 - 1712
10	02/16/2012	Notice of Filing Source and Application of Funds for Banone-AZ, LLC	2362 – 2389
11	04/11/2012	Notice of Filing Source and Application of Funds for Dynasty Development Group, LLC	2645 – 2677
9	12/08/2011	Notice of Filing Source and Application of Funds for Eric L. Nelson Nevada Trust	2060 - 2095
11	04/23/2012	Notice of Filing Source and Application of Funds Pursuant to April 10, 2012 Hearing	2678 – 2709
8	10/03/2011	Notice of Filing Summary Appraisal Report of +202.50 Acres of Agricultural/Residential Land (Uinta County, Wyoming)	1854 - 1859
8	10/06/2011	Notice of Submission of First Billing for Fees and Expenses of Forensic Accountants	1860 -1884
11	04/09/2012	Opposition to Countermotion for Receiver, Additional Injunction and Fees and Costs	2630 – 2642
21	08/23/2013	Opposition to Imposition of Charging Order and Appointment of Receiver	5043 – 5066
10, 11	03/26/2012	Opposition to Motion for Payment of Attorneys' Fees and Costs, and Countermotion for Receiver, Additional Injunction, and Fees and Costs	2495 – 2594
20	06/18/2013	Opposition to Motion for Payment of Funds Belonging to Defendant Pursuant to Court's Decree to Ensure Receipt of the Same, and for Immediate Payment of Court Appointed Expert; and Countermotion to Stay Payments and Transfer Property Pending Appeal and/or Resolution to the Nevada Supreme Court for an Extraordinary Writ	4799 – 4812
16	07/20/2012	Opposition to Motion in Limine to Exclude to Exclude from Trial the Testimony and Report of Daniel T. Gerety, CPA, Layne T. Rushforth, Esq. and Any Purported Experts Testimony Regarding the Interpretation of Law, and Application of Facts to Law; to Strike the Eric L. Nelson Nevada Trusts' Pre-Trial Memorandum; and Counter-Motion to Continue Trial and for Attorneys' Fees and Costs	3803 – 3838

8, 9	12/01/2011	Opposition to Motion to Dismiss and Countermotion for an Award of Attorneys' Fees and Costs	2000 - 2040
9	12/07/2011	Opposition to Motion to Dissolve Injunction and Countermotion for an Aware of Attorneys' Fees and Costs	2041 - 2059
30	07/11/2012	Order entered in Case D-09-411537-D	7471 - 7479
20	06/19/2013	Order for Payment of Funds Pursuant to June 3, 2013 Decree of Divorce	4847 - 4850
30	08/09/2011	Order in Case No. D-09-411537-D	7400 - 7402
6	11/17/2010	Partial Transcript, Non-Jury Trial, November 17, 2010	1256 - 1435
6	11/22/2010	Partial Transcript, Non-Jury Trial, November 22, 2010	1436 - 1499
6, 7	11/22/2010	Partial Transcript, Non-Jury Trial, November 22, 2010	1500 - 1605
21	09/27/2013	Plaintiff Eric Nelson's Response to Lynita's Response to Court Ordered Accountings Provided by Eric Nelson	5242 - 5246
19	08/31/2012	Post-Trial Brief of Eric L. Nelson Nevada Trust Dated May 30, 2001	4551 - 4610
30	01/28/2005	Promissory Note in favor of Lana Martin	7488
30	01/28/2005	Promissory Note in favor of Robert A. Martin	7489
29	09/25/1999	Real Estate Records for 5220 E. Russell Road, Las Vegas, Nevada (UUUU)	7017 - 7049
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8	09/19/2011	Reply to Counterclaim and Answer to Cross - Claim	1802 - 1805
24, 25	01/14/2015	Reply to ELN Trust's Opposition to Defendant's Motion to Enforce the June 3, 2013 Decree of Divorce, Address Issues Relating to Property Awarded to Defendant in the Divorce, and for Related Relief and Eric Nelson's Opposition to Defendants Motion to Enforce June 3, 2013 Decree of Divorce, Address Issues Relating to Property Awarded to Defendant in the Divorce, and for Related Relief and Opposition to Eric Nelson's Countermotion	5941 - 6076
11	05/22/2012	Reply to Limited Objection to Application of Forensic Accountants for Allowance of Fees and Reimbursement of Expenses for the period from April 4, 2011 through March 31, 2012 filed by the Eric L. Nelson Nevada Trust and Reply to Limited Objection to Application of Forensic Accountants for Allowance of Fees and Reimbursement of Expenses for the period from April 4, 2011 through March 31, 2012 filed by Eric Nelson	2713 - 2738
22	10/14/2013	Reply to Opposition to Countermotion/Petition for Appointment of Authorized Trustee and for Fees and Costs	5255 - 5265

20	07/11/2013	Reply to Opposition to Defendant's Motion to Amend or Alter Judgement, for Declaratory and Related Relief and Joinder to Opposition	4851 – 4869
21	08/30/2013	Reply to Opposition to Imposition of Charging Order and Appointment of Receiver and Requests for Injunction and Fees and Costs	5067 – 5087
11	04/04/2012	Reply to Opposition to Motion for Payment of Attorneys' Fees and Costs	2595 – 2623
9	12/09/2011	Reply to Opposition to Motion to Dismiss and Countermotion for An Aware of Attorneys' Fees and Costs	2096 - 2123
9	12/09/2011	Reply to Opposition to Motion to Dissolve Injunction and Opposition to Countermotion for an Aware of Attorneys Fees and Costs	2124 -2139
22	10/15/2013	Reply to Plaintiff Eric Nelson's Response to Court Order Accountings	5266 - 5287
27, 28, 29	07/05/2012	Report of Gerety & Associates (Admitted as Intervenor Trial Exhibit 168)	6550 – 7014
21	08/30/2013	Response to Court Order Accountings Provided by Eric Nelson	5088 – 5147
19	09/28/2012	Response to Defendant Lynita S. Nelson's Post-Trial Memorandum on Trust Issues	4628 – 4657
29	01/21/2002	Soris Original Mortgage – (Wyoming Property) – (Admitted as Nelson Exhibit 41C)	7050 – 7068
8	08/24/2011	Summons directed to Eric Nelson	1779 -1782
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	10/08/2012	Supplement to Verified Memorandum of Attorneys' Fees and Costs	4658 – 4682
26, 27	05/30/2001	The Eric L. Nelson Nevada Trust (Admitted as Intervenor Trial Exhibit 86)	6475 – 6508
12	07/06/2012	The Eric L. Nelson Nevada Trust's Pretrial Memorandum	2783 – 2849
26	07/13/1993	The Eric L. Nelson Separate Property Trust (Admitted as Intervenor Trial Exhibit 7)	6313 – 6341
26	05/30/2001	The LSN Nevada Trust (Admitted as Intervenor Trial Exhibit 25)	6395 - 6433
26	07/13/1993	The Nelson Trust (Admitted as Intervenor Trial Exhibit 5)	6283 - 6311
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4	10/19/2010	Transcript, Non-Jury Trial, October 19, 2010	849 – 990
4, 5, 6	10/20/2010	Transcript, Non-Jury Trial, October 20, 2010	991 – 1255
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3,4	09/01/2010	Transcript, Non-Jury Trial, Volume 4 from September 1, 2010	660 –848
13, 14	07/17/2012	Trial Transcript Re: Non-Jury Trial	3181 – 3406
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15, 16	07/19/2012	Trial Transcript Re: Non-Jury Trial – Vol. II	3715 – 3802
16, 17	07/23/2012	Trial Transcript Re: Non-Jury Trial – Vol. II	3494 -4049
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18, 19	07/25/2012	Trial Transcript Re: Non-Jury Trial – Vol. II	4448 -4514
12, 13	07/16/2012	Trial Transcript Volume I	2930 – 3120
13	07/16/2012	Trial Transcript Volume II	3121 – 3180
26	02/17/2009	Trust Agreement of the Total Amendment and Restatement of the Nelson Trust (Admitted as Intervenor Trial Exhibit 14)	6351 – 6381
30	03/31/2011	Trust Ownership-Distribution Report of Larry Bertsch (Admitted as Exhibit GGGGG at Tab 9)	7397 – 7399
19	09/28/2012	Verified Memorandum of Attorneys' Fees and Costs	4611 – 4627

1 MR. JIMMERSON: 8(k) is a balance sheet.

2 UNIDENTIFIED SPEAKER: The May 31st balance sheet is
3 the fifth page of 8(k).

4 MR. JIMMERSON: That's right.

5 UNIDENTIFIED SPEAKER: And the income statement is
6 the sixth page of 8(k).

7 MR. DICKERSON: It's 2747.

8 MR. JIMMERSON: 2747 Bates stamp is here. So the
9 board we've shown you has already been admitted into evidence
10 as 8(k), Your Honor. Bates stamp number 2787 -- or the --

11 THE COURT: You okay, there, Mr. Dickerson?

12 MR. DICKERSON: Yes.

13 THE COURT: Because I didn't realize there was
14 (indiscernible).

15 MR. DICKERSON: Yeah, it's -- it's 2747.

16 MR. JIMMERSON: So you have all of it there. Then
17 I'd like to introduce please, Exhibit 8(n), option to purchase
18 LLC profit interest between Dynasty Development and the
19 optionees that are detailed in the exhibit.

20 BY MR. JIMMERSON:

21 Q Are you familiar with this document?

22 A Yes.

23 Q Okay. Is this the what I call Grotta Auction
24 Interest?

1 A Well, yes. The -- including all the Grotta
2 individuals. You have one for Cliff McCarley (ph) and you'd
3 have one for Mike Cure.

4 MR. DICKERSON: Which Exhibit are you looking at
5 now?

6 MR. JIMMERSON: 8(n), proposed.

7 BY MR. JIMMERSON:

8 Q And so it's for Lynita's trust, five of your
9 brothers and sisters --

10 A Yes.

11 Q -- and -- and two other people?

12 A Yes. Orlando, Mike Cure and then another partner of
13 mine, Cliff McCarley.

14 Q And is this a true and correct copy of this document
15 dated November 22, 2004?

16 A I believe it is, yes.

17 Q Six years ago?

18 A Yes.

19 MR. JIMMERSON: Move into admission, Your Honor.

20 THE COURT: Let me see what they --

21 MR. DICKERSON: Jim, (n)?

22 THE COURT: 8(n) as in Nancy?

23 MR. DICKERSON: N as in Nancy is the option --

24 MR. JIMMERSON: To purchase LLC profit interest.

1 JOHANA: For Dynasty and Grotta is Exhibit 12.
2 MR. DICKERSON: Yeah, this isn't for Grotta.
3 MR. JIMMERSON: This is for Dynasty, is it, not for
4 Grotta, I misstated.
5 BY MR. JIMMERSON:
6 Q This is the option for Grotta.
7 A For --
8 Q Or excuse me, for Dynasty.
9 A For Dynasty, right.
10 Q All right.
11 A This is the instrument that the Mississippi Gaming
12 Commission approved. It allowed me to have -- individuals to
13 have an interest in the casino if I had full control, and they
14 were fully aware of their --
15 Q Without their having to be licensed fully?
16 A Yes. Yes.
17 Q All right.
18 A None of them exceeded five percent rule, though.
19 THE COURT: Any objection to 8(n), Mr. Dickerson?
20 MR. DICKERSON: No. No objection.
21 THE COURT: Hereby admitted as 8(n) as in Nancy.
22 (Counsel conferring)
23 MR. JIMMERSON: I'd move for admission of Exhibit
24 8(q), Your Honor, the second amended and restated operating

1 agreement of Silver Slipper Casino Adventure, LLC dated April
2 1 of 2005.

3 BY MR. JIMMERSON:

4 Q Is that a true and correct copy of this document?

5 A I believe it is.

6 Q You and I secured it last night, right?

7 A Yes.

8 Q Okay. Thank you.

9 (Counsel conferring)

10 MR. DICKERSON: Is (q) in this booklet?

11 THE WITNESS: It is.

12 (Counsel conferring)

13 MR. DICKERSON: No -- no objection.

14 THE COURT: 8(q) is hereby admitted without
15 objection.

16 BY MR. JIMMERSON:

17 Q Can you tell me about this concept of veto that you
18 talked about earlier, please? Flesh that out a little bit?

19 A It's very contentious area where I can hold at bay
20 the other 57 percent on major transactions.

21 Q How --

22 A Meaning that -- excuse me?

23 Q How do you do that?

24 A I veto what they -- didn't want to accept a -- a

1 proposal. Now in -- in doing so, it's -- it's -- it -- you
2 got to be careful, because they could push possibly a rule
3 that you have to match the offer. However, in that process
4 there I can veto and slow them down in drowning me out in
5 proposals that dilute me or sell the facility. In essence,
6 we're not getting any of the -- of the funds or tying funds up
7 that we'll never see.

8 Q Okay.

9 A And only litigate areas.

10 Q And as opposed to either one of you being awarded
11 all of the Silver Slipper interest in Dynasty -- Dynasty's
12 interest in Silver Slipper --

13 A Yes.

14 Q -- if that were divided in half, how would that
15 affect your ability to veto the 57 percent majority owners?

16 A I'm not even sure. It could idle it. It could -- I
17 -- I -- I have no idea. It's such a -- that's a -- that's a
18 very good question, but I know one thing; if both parties
19 weren't working together on it very closely, it could be
20 devastating.

21 Q You mean you and your wife?

22 A Yes.

23 Q All right. And --

24 (Counsel conferring)

1 BY MR. JIMMERSON:

2 Q What is -- we're going to look at the next item and
3 we'll finish that up here and -- no, we're already done. I
4 think we should end now.

5 THE WITNESS: I agree. Grotta's worth nothing. I
6 mean, in essence, it's a one-sixth interest as you go to
7 Mississippi.

8 MR. DICKERSON: I missed that answer to the
9 question.

10 MR. JIMMERSON: I just said we're going to -- I --
11 I'm going to delay Grotta to tomorrow morning.

12 MR. DICKERSON: Oh, okay.

13 THE WITNESS: Is there anything I can do, Your
14 Honor, to answer anything or you Bob, that I can bring to
15 assist you guys in your research? Or I don't know. I don't
16 know. I've never been here on this side of the --

17 THE COURT: It's just a matter of getting all the
18 documents admitted and examined by you and then Mr. Dickerson
19 will get to cross-examine. That's kind of where all the
20 issues start coming out when you get to cross-examination what
21 they're really challenging, not challenging, and then once I
22 get ideas, what comes out, then I can determine on the
23 examination, cross-examination and the exhibits if there's
24 dispute what I think as a fact finder.

1 THE WITNESS: Good. I think the witnesses can
2 answer things and --

3 THE COURT: That's what --

4 THE WITNESS: -- contest Lynita's hearings and mine.

5 THE COURT: As far as -- you can leave all your
6 stuff here. We'll lock everything up.

7 MR. DICKERSON: Great.

8 THE COURT: We'll convene tomorrow at nine o'clock.
9 If the attorneys want to come early, if you think further
10 discussion, I'll be glad to meet with you early. I'll be up
11 in my chambers, so if you want to meet earlier, 8:30, let me
12 know. Do you think it'd serve any purpose? I don't know if
13 you've talked to your clients. I'm not -- I think we're going
14 to need the examination and cross-examination, I'm sure --

15 MR. DICKERSON: Yes, we do.

16 THE COURT: -- before we really get any movement
17 either way, so, but if you want to, just let me know if --

18 MR. DICKERSON: Thank you, Judge.

19 THE COURT: Yeah.

20 MR. JIMMERSON: We appreciate it.

21 THE COURT: Just both show up or call me and show up
22 at 8:30. You can let me know you're there and I'll be glad to
23 meet with both of you. If not, we'll be in recess until nine
24 o'clock tomorrow morning. If you both decide it'd be

1 beneficial, just both show up and give me a call or you can
2 just come up to the chambers and we'll sit down and go through
3 some things for you.

4 MR. JIMMERSON: Your Honor, we -- on behalf of Mr.
5 Nelson, we will be here at 8:30, Judge.

6 THE COURT: Okay.

7 THE WITNESS: Thank you very much (indiscernible)
8 and Bob, move it along.

9 (Counsel and parties conferring)

10 THE COURT: If you want to leave your wallets, we'll
11 lock those up too.

12 MR. JIMMERSON: Well, you wouldn't need to lock mine
13 up.

14 * * * * *

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

18

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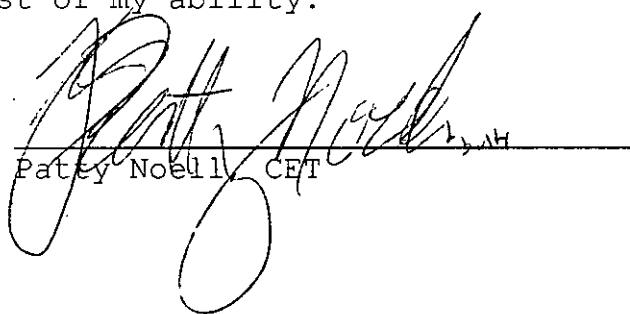
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Day 2

FILED

OCT 20 2010

ORIGINAL

EIGHTH JUDICIAL DISTRICT COURT

Ann L. Sullivan
CLERK OF COURT

FAMILY DIVISION

CLARK COUNTY, NEVADA

ERIC L. NELSON,

Plaintiff,

vs.

LYNITA NELSON,

Defendant.

CASE NO. D-09-411537-D

DEPT. O

BEFORE THE HONORABLE FRANK P. SULLIVAN
DISTRICT COURT JUDGE

TRANSCRIPT RE: NON-JURY TRIAL - VOL. II

TUESDAY, AUGUST 31, 2010

APPEARANCES:

THE PLAINTIFF:
FOR THE PLAINTIFF:

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LYNITA NELSON
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(702) 388-8600

D-09-411537-D NELSON v. NELSON 8/31/2010 TRANSCRIPT

VERBATIM REPORTING & TRANSCRIPTION, LLC

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

DIRECT CROSS REDIRECT RECROSS

MONDAY, AUGUST 30, 2010

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

* * * * *

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

Admitted

1	BY THE PLAINTIFF:	
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3	8R, 8S, 33C, and 9I	229
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5	13 - Schwab statements	420
6	14 - Cumorah statements	420
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Admitted

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* * * * *

1 LAS VEGAS, NEVADA

TUESDAY, AUGUST 31, 2010

2 PROCEEDINGS

3 (THE PROCEEDINGS BEGAN AT 9:19:48)

4

5 THE COURT: This is the time set in the matter of
6 the continuation of the trial as Eric and Lynita Nelson, Case
7 Number D-411537. We'll get everybody's appearances for the
8 record. We'll start with Mr. Jimmerson.

9 MR. JIMMERSON: May it please the Court, Your Honor,
10 Jim Jimmerson on behalf of the Plaintiff, Eric Nelson. Also
11 present is -- go ahead.

12 MR. STEPHENS: David Stephens, Your Honor. Good
13 morning.

14 MR. JIMMERSON: And Mr. Nelson's present.

15 THE COURT: Thank you.

16 MR. DICKERSON: And Bob Dickerson and Catherine
17 Provost on behalf of Mrs. Nelson. I -- Your Honor, I
18 apologize for being late this morning. We were trying to run
19 off some records that Mr. Jimmerson wanted and my client got
20 tied up taking the kids to school and it just didn't work out
21 as -- timewise it didn't work out as fast as we thought we'd
22 get it done.

23 THE COURT: No problem, we'll get it. Everybody sit
24 down and get comfortable. Have Mr. Nelson sworn in and pick

1 up where we left off

2 THE CLERK: Please stand and raise your right hand.
3 You do solemnly swear the testimony you're about to give in
4 this matter will be the truth, the whole truth, and nothing
5 but the truth, so help you God?

6 THE WITNESS: I do.

7 (Whispered conversation)

8 THE COURT: Proceed at your leisure, Mr. Jimmerson.

9 MR. JIMMERSON: If it please the Court, Your Honor,
10 I'd like to move for the admission of Exhibits 8R, 8S, 33C,
11 41B, 9I and 9 -- I can't read it (indiscernible - away from
12 microphone).

13 (Whispered conversation)

14 THE COURT: Did you get a chance to review those
15 documents, Mr. Dickerson?

16 MR. DICKERSON: Yes, Your Honor.

17 THE COURT: Any objections to any of them?

18 MR. DICKERSON: If you'll look at them a second --

19 THE COURT: I'm going to start with 8R.

20 MR. DICKERSON: Judge, if you feel that those
21 provide you with any assistance, all they are is -- I mean,
22 they're his self-serving handwritten statements, his thoughts.
23 They're not really any documents that are relevant or
24 pertinent to the issues. So to the extent you feel that that

1 helps you better understand what his testimony is, I have no
2 objection.

3 MR. JIMMERSON: I do think they'd be helpful to the
4 Court.

5 THE COURT: I think I'll admit them at this time. I
6 don't know how much probative value they would have. The
7 testimony is of course of more value on that, but anything I
8 have, why I look at all the paper, I pull things together,
9 take anything I can look at can help to pull everything
10 together. But --

11 MR. JIMMERSON: Thank you, Judge. Move to admit
12 Exhibit 198, Judge, as a new exhibit.

13 THE COURT: These are exhibits will be admitted
14 without objection.

15 (Plaintiff's exhibits 8R, 8S, 33C, and 9I admitted)

16 THE COURT: What was the other one, 198?

17 MR. JIMMERSON: Yes, Your Honor. This is a -- it's
18 an ownership summary. It seems to me it'd be helpful to you
19 to have all the assets written out and so you would know who
20 owns what.

21 THE COURT: These are Mississippi deeds it looks
22 like and --

23 MR. JIMMERSON: That's all the assets of all the
24 parties.

1 MR. DICKERSON: 198?

2 MR. JIMMERSON: Yes, Your Honor -- or yes, Mr.
3 Dickerson.

4 THE COURT: That's pretty good --

5 MR. JIMMERSON: (Indiscernible) he can walk in here
6 23 minutes late and waltz in, I guess (indiscernible - away
7 from microphone).

8 THE COURT: You just got elevated to the bench.
9 It's the good news. The bad news is you lost about one-tenth
10 of the salary you're normally making, so.

11 MR. DICKERSON: I have no objection. The sole
12 purpose being what, is representations, is that --

13 THE COURT: A list of the property. This Court
14 won't admit it as far as the truth contained therein. I think
15 it's just a matter of trying to show all the property that
16 people -- that the community owns.

17 MR. DICKERSON: This is really a summary of what all
18 his deeds show, correct? I have no -- to that extent, no
19 objection.

20 THE COURT: All right. Admitted as Exhibit 198.

21 (Plaintiff's exhibit 198 admitted)

22 (Whispered conversation)

23 MR. JIMMERSON: Let me show 198 to Mr. Nelson,
24 please.

1 ERIC L. NELSON
2 called as a witness on behalf of the plaintiff, testified as
3 follows on:

4 DIRECT EXAMINATION CONTINUED

5 BY MR. JIMMERSON:

6 Q Mr. Nelson, good morning.

7 A Good morning.

8 Q I'd like to show you what's been now admitted by
9 stipulation Exhibit 198, but I just want you to tell for the
10 court record what that document is.

11 A These look like the different trusts. There's
12 actually three trusts; the Nelson Trust, which holds the
13 Palmyra House, which Lynita holds; the LSN Trust, which is
14 Lynita's trust dated 2001 that she controls; the Eric Nelson
15 Nevada Trust which I control. These would be where those
16 properties rest.

17 Q And any transactions that involve Lynita's trust
18 that we discussed or we'll discuss today, but yesterday and
19 today, she would have had to have executed documents -- she
20 would have personally signed documents to cause those changes
21 to occur, transfers to occur; is that right?

22 MR. DICKERSON: What's the question?

23 MR. JIMMERSON: When a transfer was made of property
24 in the Lynita Trust, would Lynita be obliged to sign the deed?

1 MR. DICKERSON: To which I object. Obviously not,
2 not when something's transferred in. For it to be transferred
3 out, yes.

4 MR. JIMMERSON: Okay. That's all I was asking,
5 (indiscernible - away from microphone) --

6 THE WITNESS: Transferred out.

7 BY MR. JIMMERSON:

8 Q Transferred out?

9 A Yes. The answer is yes. An example would be like
10 the Lindell property. Half of it's in Lynita's trust, half is
11 in mine, so I would not be able to sell or encumber that asset
12 there. An example would be Lynita could move her money, the
13 two million, which was proper, she could move it any time she
14 wants. I could do anything in my trust as an ordinary course
15 of business that -- if it reflected a non-ownership in her
16 interest at that time.

17 Q Yes, sir. NOW, we had talked about the Maness, and
18 it's spelled M-a-n-e-s-s lawsuit that was brought against both
19 yourself and your trust and Lynita's trust; is that right?

20 A Yes, sir.

21 Q Your Honor, I'd like to call -- move for the
22 admission of Exhibit 43 and ask you just a few foundational
23 questions. What is Exhibit 43?

24 A That's the history, also it's the complaint from the

1 -- I believe from the other attorney. It basically outline
2 the history of the lawsuit and information on it.

3 Q It has a notice of taking deposition and other court
4 documents; is that right?

5 A That is correct. I --

6 Q Do you understand these to be true and correct
7 copies of the Mississippi litigation in which you and your
8 wife are named defendants and your trusts are named
9 defendants?

10 A Yes.

11 MR. JIMMERSON: Move for admission of Exhibit 43.

12 THE COURT: I'll give Mr. Dickerson a chance to
13 locate it.

14 MR. JIMMERSON: Sure.

15 MR. DICKERSON: So everything under 43?

16 MR. JIMMERSON: Yes, A through F.

17 MR. DICKERSON: Well, Judge, if I may go through
18 each one individually, and I don't have a problem with you
19 looking at it. The -- first of all, the very first page, all
20 right, I object to. He states in here, you know, Lynita has
21 not assisted at all by not signing -- all he's doing is --

22 MR. JIMMERSON: I have no problem -- I have no
23 problem deleting that, Mr. Dickerson, it's not an issue.

24 MR. DICKERSON: Second page, the next one is a

1 letter from his attorney. Again, written for whatever purpose
2 -- it's writ -- I don't think it's appropriate for this. I
3 think the complaint is -- the pleadings are appropriate. So I
4 have no objection to the complaint which is -- that's the
5 second amended complaint which is A. I --

6 MR. JIMMERSON: The correspondence on 43A, Mr.
7 Dickerson, is from Mr. Woodall to Mr. Duke. And it's the two
8 parties. I mean, I don't know why that would not be
9 admissible.

10 THE WITNESS: Duke is my attorney.

11 MR. JIMMERSON: Right, and Woodall is
12 (indiscernible).

13 MR. DICKERSON: Because it's hearsay. I have no way
14 of cross examining either Mr. Duke or Mr. Woodall with respect
15 to anything in that.

16 MR. JIMMERSON: Fair enough, counsel. It's not
17 important. That's fine, no problem.

18 MR. DICKERSON: Okay. The --

19 MR. JIMMERSON: Do you have any objection to the
20 second amended complaint?

21 MR. DICKERSON: No, none at all.

22 MR. JIMMERSON: Thank you.

23 THE COURT: 43A will be admitted. How about --
24 let's see, 43B is --

1 MR. DICKERSON: Judge, B is a letter from --
2 THE COURT: -- letter from the --
3 MR. DICKERSON: -- his attorney.
4 THE COURT: -- couns -- his attorney to Mr. Nelson.
5 MR. DICKERSON: Again, I have --
6 MR. JIMMERSON: That's no problem. He has no way to
7 cross examine him. We'll call Mr. Duke to the witness stand.
8 Option agreement for the purchase of real estate, that is the
9 option agreement to -- that exists between the Manesses
10 regarding this property that is subject to this litigation.
11 MR. DICKERSON: And what though -- but this has
12 nothing to do with our clients, right?
13 MR. JIMMERSON: Well, I think it has to do with Mr.
14 --
15 MR. DICKERSON: This is what -- Mr. Maness is
16 claiming his rights?
17 MR. JIMMERSON: That's right. That's correct.
18 MR. DICKERSON: Again, I don't see --
19 THE COURT: This is his option agreement for the
20 purchase of real estate, that's to -- what you're talking
21 about?
22 MR. JIMMERSON: That's right.
23 MR. DICKERSON: Again, this would be -- this would
24 be hearsay. I would have no way of being able to cross

1 examine on anything on this. And quite frankly, I have not
2 seen this. As you see, there are no numbers at the bottom
3 showing that these have been Bates stamped --
4 MR. JIMMERSON: These were exhibits during the
5 deposition in this case, so if your --
6 MR. DICKERSON: Which one?
7 MR. JIMMERSON: -- client is following this matter
8 at all, she will have seen these documents because they were
9 utilized in a deposition.
10 MR. DICKERSON: Which deposition?
11 MR. JIMMERSON: Either Mr. Maness or --
12 MR. DICKERSON: Well, Mr. Maness' deposition hasn't
13 been taken in this case, counsel.
14 MR. JIMMERSON: No, not in this case, but in
15 (indiscernible) --
16 MR. DICKERSON: I haven't seen them. I have not
17 seen them before today.
18 MR. JIMMERSON: Well --
19 MR. DICKERSON: So I have -- I do object to those
20 documents that -- so we're dealing with everything under B, I
21 object to. Under C, I object to --
22 MR. JIMMERSON: Correspondence from Mr. Duke to Mr.
23 Nelson enclosing the deposition of James and Phyllis Maness
24 that you say was never taken.

1 MR. DICKERSON: No, it wasn't --
2 MR. JIMMERSON: It taken (indiscernible) --
3 MR. DICKERSON: -- taken in this case.
4 MR. JIMMERSON: No, I understand.
5 MR. DICKERSON: I don't have a clue what's going on
6 in Mississippi.
7 MR. JIMMERSON: Well, you have an obligation to have
8 a clue because your client has a lawyer in Mississippi and --
9 MR. DICKERSON: No, I don't. She has lawyers --
10 MR. JIMMERSON: -- I'm trying to demonstrate to this
11 Court --
12 MR. DICKERSON: -- that are handling that.
13 MR. JIMMERSON: -- what's going on and you are
14 asking for half of Mississippi and I -- we're suggesting we --
15 at least we have a record here of what that would entail when
16 she would take half the responsibility of this asset and this
17 liability.
18 MR. DICKERSON: I've never seen any of these
19 documents before. None of them have any relevance to this
20 proceeding. They're the proceedings in Mississippi, Your
21 Honor. So I have no objection to the second amended
22 complaint. I think that gives you a good explanation as to
23 what the lawsuit's about.
24 MR. JIMMERSON: Would you at least, Your Honor,

1 consider it also adding the deposition of the two people,
2 Exhibit 12D?

3 MR. DICKERSON: A deposition transcript is not
4 admissible. I have no way of cross examining these people.

5 MR. JIMMERSON: Nor will I.

6 MR. DICKERSON: I wasn't present at the deposition.

7 MR. JIMMERSON: Nor do I.

8 MR. DICKERSON: Well, then you can't offer it.

9 MR. JIMMERSON: I'm offering it because I want the
10 Court to understand the extent and what's relevant here is
11 that there is litigation pending against these two people.
12 There's a liability involved and your client wants to buy into
13 half of this nonsense that you know nothing about.

14 MR. DICKERSON: Well, fine. Thank you, counsel.

15 THE COURT: I think that's -- I think that's
16 (indiscernible) research. As far as that, I'm not interested
17 in the deposition. The complaint gives me a feel for what's
18 going on. The parties are going to have to figure out what
19 the value is of that, what's the liability because that's the
20 whole issue on that and that's what I think the cross
21 examination will be. I think this case can move forward
22 hopefully after we get the examination and cross examination
23 to be honest on that. To kind of cut right to the chase on
24 that, they think there might be -- that you're undervaluing

1 issues or you're hiding things. So I think until we get the
2 examination and cross done, we won't move very much. I want
3 to give them their chance to address that and we might need to
4 get Lynita on the stand to examine and cross examine and to
5 see kind of what the real issues are, but we're not going to
6 move forward until we've had a good chance to examine you and
7 cross examine because you obviously have the business
8 transaction business. And until they're comfortable that
9 nothing's being hidden or values aren't being secreted, we
10 won't get anywhere on this.

11 I will admit 43A, which is the second amended
12 complaint. There's obviously a lawsuit out there. I think
13 you testified as to the value of it where depending on what
14 happens you're going to have attorney's fees. And if they can
15 split the corporate veil, you could have some liability --

16 MR. DICKERSON: Well, Judge --

17 THE COURT: -- all the way up --

18 MR. DICKERSON: Sorry.

19 THE COURT: -- to however it comes out there. So we
20 will let 43A in.

21 (Plaintiff's Exhibit 43A admitted)

22 MR. JIMMERSON: Thank you, Your Honor.

23 THE COURT: And the other --

24 MR. DICKERSON: And if I may, if we take a look at

1 43A, the complaint, and again, I will stipulate all we're
2 dealing with is a cause of action for adverse possession, for
3 quiet and confirmed title, and for slander of title.

4 THE COURT: Yeah, I think he testified as to the --
5 testimony being about title, slander of title, so I think he's
6 testified to -- we'll admit -- 43A will be admitted. And we
7 won't admit the other at this time and we can always get more
8 testimony if we need to do it.

9 MR. JIMMERSON: Your Honor, I'd like to also correct
10 a misrepresentation, misstatement by Mr. Dickerson that he's
11 never seen these documents before. They were produced to him,
12 Bates stamp EN2445 through 2411, and I have copies of the same
13 if Mr. Dickerson wants to look at them again.

14 THE COURT: I'll give him a chance to --

15 MR. JIMMERSON: They were served on Mr. Dickerson
16 well before this trial.

17 THE COURT: Give him a chance to look at those and
18 again we can always --

19 MR. JIMMERSON: The fact he hasn't seen it --

20 MR. DICKERSON: When were these served on me?

21 MR. JIMMERSON: -- just means he hasn't seen
22 (indiscernible).

23 MS. POLSELLI: The copies in the exhibit book were
24 replaced because --

1 MR. DICKERSON: When were they served on me?

2

3 MR. JIMMERSON: When were these produced?

4 MS. POLSELLI: I don't have the date. I can find
5 out though.

6 MR. DICKERSON: Okay. Thank you.

7 THE COURT: If we need that, we can always admit
8 them later if we need to to give you a chance on that. We've
9 got to --

10 MR. DICKERSON: They're the same documents that we
11 just went through, so again it'd be the same objection.

12 MS. POLSELLI: I can look it up on a break and tell
13 you the exact date.

14 MR. JIMMERSON: I just wanted to correct the
15 misrepresentation made by counsel --

16 THE COURT: Then why don't we move forward. As I
17 said, we really need to get --

18 MR. JIMMERSON: -- that he never saw them.

19 MR. DICKERSON: My misrepresentation -- now that
20 we're talking about misrepresentations then, why don't we
21 correct the misrepresentation that Mr. Jimmerson made
22 yesterday about my client in the deposition saying that she
23 wanted both the Palmyra home and the Harbor Hills. Maybe he
24 would like to review that transcript --

1 MR. JIMMERSON: I have reviewed it --

2 MR. DICKERSON: -- and then come back into court --

3 MR. JIMMERSON: I took the deposition.

4 MR. DICKERSON: -- and then tell Your Honor really
5 what she said.

6 THE COURT: Okay. And we'll look at that, we'll get
7 there.

8 MR. JIMMERSON: I know exactly what she said. We're
9 going to ask her again today.

10 THE COURT: Come on, gentlemen. Let's -- it's okay
11 to be -- to disagree, but not be disagreeable. Let's kind of
12 move forward. They have enough -- we're kind of missing the
13 issue on that we need to get these people divorced and get
14 them resolved so they can both move on with their lives and
15 the attorneys should move on with their lives, so.

16 DIRECT EXAMINATION CONTINUED

17 BY MR. JIMMERSON:

18 Q Where we left off yesterday, we had talked about
19 Mississippi and some of the liabilities. You indicated why it
20 could be divided in half but it probably would be better if
21 (indiscernible) for you and we've gone through that. And now
22 I'd like to discuss on last section of the -- of the
23 Mississippi assets and liabilities, and that is reference to
24 item 12, Grotta. Would you tell us what Grotta is? You

1 mentioned it yesterday, but I want to have you explain.

2 A Well, you have to go back to the early nineties --

3 Q I'm referring to the asset that is identified as
4 number 12, Grotta FSPS, LLC, part of Mississippi. Go ahead,
5 sir.

6 A You have to go back to the early nineties. When my
7 mother passed away, her name is Grotta. And so my brothers
8 and sisters wanted to form -- we got some money, they wanted
9 to form a trust. I agreed to assist it with the only
10 objection I had, I wanted to put my wife in it so she'd be
11 more included. This is not fair, Lynita, you're talking about
12 my mom. So anyway, so when the money was placed, they formed
13 Grotta Financial. They bought some property in West Flamingo
14 and I assisted. And everybody put up their money that my mom
15 gave us and that was in Lynita's trust. So it's all my
16 brothers and sisters and one-sixth is Lynita. And we were
17 very successful, made millions of dollars on the land
18 acquisitions in West Flamingo and that's pretty much it. And
19 this is a roll-down. All the funds have been basically
20 dispersed. There's one piece of property in Mississippi that
21 is designated -- that is a holding property for a tax-deferred
22 exchange that was orchestrated by myself and that's the Grotta
23 piece, approximately 25 acres. The other asset would be they
24 have an interest in the casino individually under Grotta. The

1 group does, that gives them the one-sixth of a profit shared
2 agreement, whatever their percentages is.

3 Q I'm showing you what's been marked as proposed
4 Exhibit 12. Is this a true and correct copy of the Grotta
5 Financial partnership agreement signed in 1998?

6 A It is.

7 MR. JIMMERSON: Move for it's admission, Your Honor.

8 MR. DICKERSON: Which number?

9 MR. JIMMERSON: 12.

10 THE COURT: Number 12.

11 MR. DICKERSON: Can I just see it a second?

12 MR. JIMMERSON: Sure.

13 MR. DICKERSON: Again, I have no objection to the --
14 to the agreement itself. I would just point out that the
15 first page Exhibit 12 again is another one of his summaries --

16 MR. JIMMERSON: Summary --

17 MR. DICKERSON: -- just basically stating his
18 thoughts. So with respect to the agreement, I think the
19 agreement is definitely admissible, and with the other, to the
20 extent that you believe that it helps you or at least
21 understands his position, that's fine.

22 THE COURT: And again, there was some commentary in
23 a lot of those exhibits that were put in there, were not
24 necessary. I'd be more concerned if we had a jury, of course,

1 with them seeing it, but here I think I can disregard the
2 commentary and the other comments they made on it, so.

3 THE WITNESS: My intention wasn't to have those
4 passed on, Your Honor. That was just reference to the
5 attorneys and stuff, and (indiscernible) did a good job of
6 typing them even.

7 THE COURT: It's hereby admitted as Exhibit Number
8 12.

9 (Plaintiff's Exhibit 12 admitted)

10 BY MR. JIMMERSON:

11 Q Looking at your summary on that top page, you put --
12 you have it listed as item 12 on both Court Option A or Court
13 Option B, it's the Grotta partnership. It owns today as it
14 relates to Mississippi what property?

15 A There's a 25-acre parcel. I don't know which one
16 owns that, but from a tax standpoint we've isolated one
17 transaction that was inside of Grotta. The's the other piece
18 of the Grotta. And both -- all their assets rely in
19 Mississippi now, all the cash was dispersed. With the falling
20 of the casino value, of course, that value has been somewhat
21 eliminated, if that good at all.

22 MR. DICKERSON: Objection, Your Honor; it's
23 conclusory. Move to strike.

24 THE WITNESS: Sorry. But my sister, Aleda --

1 MR. DICKERSON: Can I get a ruling on it. I didn't
2 hear you.

3 THE COURT: Yeah, as far as that we don't -- as far
4 as that right now, you say the cash has been dispersed.

5 THE WITNESS: Yes, sir.

6 THE COURT: And right now they have property
7 holdings in Mississippi, 25 acres?

8 THE WITNESS: And a tax-deferred exchange that holds
9 that piece and makes it impossible to sell it because it would
10 disrupt a -- not a complicated, but on a road condemnation
11 act. I have special provisions that allow me to -- to
12 designate a property later and designate a value. And that's
13 what I did on this particular property. My sister, Aleda, and
14 Paul, I believe, are the -- in charge of both of those --
15 Grotta. I have nothing to do with it.

16 BY MR. JIMMERSON:

17 Q Okay. And Lynita Nelson's trust is a part of it?

18 A She has one-sixth of it.

19 Q One-sixth. And the other five are your relatives;
20 Aleda, your sister, Paul, your brother, Clarence, your
21 brother, Carlene (ph), your sister, and Nola (ph), your
22 sister?

23 A Yes.

24 Q All right. And do you have a opinion as to the

1 value of Grotta assets in total, which I guess would be just
2 the Mississippi assets or part of the (indiscernible) assets?

3 A At this time, I had placed it at 25,000.

4 Q How did you calculate it; what's the basis for your
5 (indiscernible)?

6 A Just because there's -- there's little value in some
7 of those areas with how much it's been diluted down. With the
8 dilution, the casino aspect and the value there, the other
9 part of it, the land is -- actually has no value because you
10 couldn't sell it. If you sell it, it would engage a multi-
11 million dollar tax liability.

12 Q And that's because of prior transactions and
13 deferments?

14 A Yes. (Indiscernible) that's the -- it's a little
15 bit complicated because the deminent -- doma -- eminent domain
16 allows you to special things under the IRS rulings.

17 Q Okay. And was there prior eminent domain actions
18 which led to this deferment?

19 A The property on West Wamego, we wanted to be close
20 to the freeway when I selected this 10-acre parcel up there.
21 Little did I know the freeway would run right through it and
22 so they took it.

23 Q All right. And so then the (indiscernible) --

24 A That's 215 on West Flamingo.

1 Q And then you used that money to buy (indiscernible)

2 --

3 A To buy other assets, but most of it was dispersed to
4 the brothers and sisters. That came at a good time to pay off
5 their homes. Cal invested in Cal's Blue Water Marina. Just
6 people did whatever they want with the money.

7 Q Okay. Thank you. And just since we're on the
8 subject, I don't know that I asked you this, or if I did, I'm
9 going to ask you a second time, I don't think so, what is your
10 opinion as to the value of Silver Slipper Ventures, LLC
11 (indiscernible - away from microphone) interest in that
12 presently?

13 A More of a liability. That would be a negative
14 position at this point.

15 Q It's a zero or negative number?

16 A Undetermined, to be honest with you.

17 Q What do you believe the 200 acres is worth
18 presently, understanding (indiscernible - away from
19 microphone).

20 A Well, the -- our basis is approximately 1.4, 1.5
21 million. It's probably right back to the basis of what we
22 did. We -- we suffered some very adversable title issues now
23 where they over time properly could be correct, environmental
24 issues. We have a lien against the property, but I still

1 value above the liens in those areas, somewhere in the area of
2 1.5 million. But the property isn't free and clear. Those
3 are those assets that have pending issues, let's just say.

4 Q Thank you. So from our discussion yesterday
5 afternoon and this morning, Mr. Nelson, do you believe that we
6 have covered the Mississippi properties sufficiently or is
7 there anything else you wish to add at this time?

8 A I think to --

9 MR. DICKERSON: Object to the form of the question,
10 Your Honor. It's not an appropriate question.

11 THE COURT: Yeah, you got a question you want to ask
12 him specifically or -- is there a Mississippi property --

13 BY MR. JIMMERSON:

14 Q Are there any other issues or any other liabilities
15 about Mississippi that you'd like to speak to the Court about?

16 MR. DICKERSON: Again, Your Honor, that's -- he can
17 ask him questions, but that's basically such an open-ended
18 question --

19 MR. JIMMERSON: It is open and it calls for him to
20 give an answer.

21 MR. DICKERSON: Basically it's calling for a
22 narrative, Your Honor.

23 THE COURT: Yeah, do you have any -- as far as that,
24 you've gone through all the property I think in excruciating

1 pain.

2 THE WITNESS: I think the experts, Dan Garrity (ph),
3 possibly Harold Duke, could reflect those issues better.

4 MR. JIMMERSON: All right. Thank you. All right.
5 Do you have -- may I have Court Exhibit A, Option A
6 (indiscernible - away from microphone).

7 BY MR. JIMMERSON:

8 Q Do you happen to have (indiscernible - away from
9 microphone).

10 A Sorry, I was just trying to save you time.

11 THE COURT: Okay. You've got the ones that are
12 marked?

13 MR. JIMMERSON: Yes, he did.

14 (Whispered conversation)

15 BY MR. JIMMERSON:

16 Q So now we've covered, I believe, 1 through 12, and
17 then we've gone through the cash. And we've talked about the
18 tax refund, Number 83, that's held by Mr. Stephens and the
19 different accounts, the IRS liability, we talked about that.
20 Now, we did not talk about Grizzly liability. So let's speak
21 to item 29/30. What is Grizzly liability?

22 A In early 2000, I participated four mini casinos in
23 Washington State. I was successful in the closing of three of
24 them, the last being the Grizzly Casino. In the process

1 there, I did sell it. All the funds from the proceeds went
2 into the community estate. There was a note that was carried
3 back and also I guarantor on some of the equipment and a
4 guarantor on the lease. When the gentleman defaulted on the
5 casino, we did not receive any funds for the note. And these
6 two became judgments against me for 65,000 from the rent and
7 from some of the equipment list. And Eric Nelson owes that
8 amount, so I put it as a liability.

9 Q All right. And what -- you know, what negotiations
10 with your counsel in Washington or opposing counsel in
11 Washington, are there any negotiations regarding how this is
12 to be resolved?

13 A It's just the -- the equipment lease is a judgment,
14 it's done. I mean, I owe about 30,000 on it, I think. The
15 other portion on the lease, it's -- you know, it's going up in
16 value. They want more money and I haven't really started
17 negotiations on it to any great extent. I have tendered a few
18 offers, they've rejected them. They want more than the --
19 more that is listed here, let's just say that.

20 Q All right. And in any event, you and Lynita, the
21 community, are exposed to at least \$65,084 in --

22 A That's correct.

23 Q -- judgments and claim?

24 A And I don't --

1 MR. DICKERSON: Objection, Your Honor; that's not
2 his testimony. He says -- the judgment was \$30,000, the rest
3 is speculation, is it not?

4 MR. JIMMERSON: No, it's not speculation.

5 BY MR. JIMMERSON:

6 Q Would you please tell the Court why the money owed
7 is approximately \$65,000 or more; and I know you -- made up of
8 a judgment of \$30,000 plus an additional liability relating to
9 the lease. Would you give us more detail?

10 A Yeah, I think we have -- approximate is at 30,
11 there's so many issues, Your Honor, but approximately 30,000
12 is a judgment that's been in place for about three or four
13 years. The other portion of it was a lease, and I concur that
14 I guarantored X amount on the lease if the tenant ever failed.
15 When we -- when the purchase of that property went down, it
16 had to require that I would guaran -- for the -- for the owner
17 to allow that lessee to step in, I had to sign on that I would
18 guarantee a portion of it, and it's approximately I think
19 about 35,000 now. They've run it up with attorney fees and
20 interest and things like that. But safely to say, it exceed
21 65,000, but I thought that was a reasonable number so we
22 wouldn't argue about it so much.

23 Q And what --

24 A And we've had demand letters in that area -- and I

1 -- and I think there is a judgment. I don't know, you'd have
2 to look it up, Shahana, to see if they actually did get
3 something signed off by the judge.

4 Q Who is Kelso Longview Elks Lodge Number 1418?

5 A That's the landlord.

6 Q Okay. And have they brought a lawsuit against you
7 here recently in 2010?

8 A They have.

9 Q All right. June 21 of 2010?

10 A They have.

11 Q All right.

12 MR. JIMMERSON: I'd like to call the Court's
13 attention to proposed exhibit 29. I'd like to have the
14 summons and complaint for monies owed against Eric Nelson and
15 Cleopatra's Wild Grizzly Casino marked and moved into
16 evidence.

17 THE COURT: And this would be on the lease portion
18 from the landlord, suing you for the lease portion?

19 THE WITNESS: Yeah, it --

20 MR. DICKERSON: Is the judgment in here?

21 MR. JIMMERSON: I do not think the judgment is in
22 the two exhibits I have.

23 MR. DICKERSON: I'm sorry?

24 MR. JIMMERSON: I have only one exhibit and that's

1 -- it's not a judgement, it's the lawsuit that was brought on
2 June 21. And Exhibit 30 is a cover letter to Mr. Nelson and
3 that does include the notice of entry of judgment, so yes, the
4 judgment is (indiscernible - away from microphone).

5 MR. DICKERSON: So the judgment is against a LLC and
6 a corporation?

7 THE WITNESS: It personally guarantees, I believe,
8 in those areas. I'm not quite sure exactly.

9 MR. DICKERSON: Oh, I see. Okay.

10 MR. JIMMERSON: The judgment is --

11 MR. DICKERSON: Is against Eric Nelson. I got it.

12 MR. JIMMERSON: -- TGF (ph) Financial versus Eric
13 Nelson, individually. The amount of the judgment, Your Honor,
14 is (indiscernible - away from microphone) --

15 MR. DICKERSON: It looks like it's a default
16 judgment.

17 (Whispered conversation)

18 THE WITNESS: You can call Rochelle (ph).
19 Rochelle's going to meet us at 12:15, so she can bring those
20 documents.

21 MR. DICKERSON: So we can get the full default
22 judgment before you --

23 MR. JIMMERSON: Yeah, let's do that. That makes a
24 better record, I agree.

1 MR. DICKERSON: So that's 30 and then 29 is another
2 lawsuit (indiscernible).

3 MR. JIMMERSON: We can move for admission of Number
4 29, Judge. (Indiscernible - away from microphone) on 30 and
5 I'll get the full document.

6 THE COURT: Hold off on Number 30.

7 MR. DICKERSON: May I just inquire? I notice that
8 this was the lawsuit, Number 29, there's a stamp on here of
9 June 30th. Has this been served? Has Mr. Nelson been served
10 with this?

11 THE WITNESS: Yes.

12 MR. JIMMERSON: It's seeking to enforce a judgment
13 of \$38,309, so we know what the amount of the underlying
14 judgment is because it specifically reference that Bates stamp
15 224 --

16 MR. DICKERSON: No, no, no, you're dealing with a
17 different action, Jim. That's they're prayer. This is the --
18 Number 29 is the case ongoing. So they're asking for 38,000.

19 THE WITNESS: And that's what was granted.

20 THE COURT: And that's for the lease? The
21 judgment's for the equipment, 30,000, and this is for the
22 lease part of it?

23 THE WITNESS: This is just the lease, the 38, I
24 believe.

1 THE COURT: They're asking about 38,000.

2 THE WITNESS: Yeah.

3 THE COURT: That's where you came up with the 65,
4 about --

5 THE WITNESS: About 65.

6 THE COURT: -- 30,000 for the equipment and about 38
7 for the lease.

8 MR. JIMMERSON: So are we okay on (indiscernible),
9 Mr. Dickerson?

10 MR. DICKERSON: Yeah, I have no objection with
11 Number 29.

12 MR. JIMMERSON: We'll work on trying to get the
13 second page. It's just a xerox error.

14 THE COURT: We'll hold off on 30 until we get the
15 full document, but 29 will be admitted.

16 (Plaintiff's Exhibit 29 admitted)

17 MR. DICKERSON: And again, just so that there's no
18 misunderstanding, again the first page of that exhibit is his
19 summary, but the documents itself, I have no objection.

20 BY MR. JIMMERSON:

21 Q And what was the transaction, you may have
22 testified, what was the transaction that led up to this
23 liability?

24 A Well, we opened a facility, approximately a million

1 dollar mini casino at 20 --

2 Q And this is in the year what?

3 A Oh, I'm sorry, 19 -- let's see, probably 2000 -- and
4 I apologize, '02, something like that?

5 Q Eight, nine, 10 years ago?

6 A Yeah.

7 Q All right.

8 A And we opened a facility at 150 -- oh, I had about
9 250 employees at that facility, a big restaurant, big bar
10 facility, 15 table games, including poker, Your Honor, an off-
11 track betting parlor. And my -- you don't want to hear
12 (indiscernible), but it didn't work. But anyway, we sold it
13 -- sold it and that was what it was. I sold the interest, got
14 back about 150,000 which we put in the community estate,
15 carried back about 250,000, which the individual defaulted and
16 I elected not to reopen the licensing up there at that
17 facility.

18 Q Okay.

19 A And so these are extended liabilities I forgot about
20 that I had guarantored some of these areas because he had
21 operated for about a year successfully.

22 Q Okay. Why did you -- why did it -- why was a
23 default judgment entered against you?

24 A The equipment lease was -- some equipment was put in

1 the property and somehow it got back to me personally. I
2 never okayed the equipment, but it was a judgment that came up
3 and it was on some UCC agreement that they enforced. The
4 other one was a lease. In order to allow the new tenant to
5 come in, I had to guarantee a portion of the lease, I think it
6 was like four or five months; that he -- in the event he did
7 default, I felt I could sell the assets inside to cover it.
8 They did auction off all the assets, all the casino property,
9 but did not cover these two judgment areas.

10 Q So this is (indiscernible) suing on the personal
11 guarantee that you had posted --

12 A Yeah, the portion that wasn't collected.

13 Q -- eight years ago. Okay. And have you re -- are
14 you now obliged to retain counsel to defend this case in the
15 Superior Court of Washington County?

16 A That's correct.

17 Q All right. And do you have a defense or is this
18 just an obligation that you're going to try to negotiate and
19 pay off over time?

20 A It would cost me more to defend it than it's worth.

21 Q So what is your plan relative to this community
22 allocation?

23 A I'll just pay. I figured I pay it out and negotiate
24 it after the divorce.

1 Q All right. Let's continue now, please. You have
2 before you a Court Option A and B. These are all identical
3 here. 31, we're talking about Eric Nelson's car, we talked
4 about that yesterday --

5 A Yes.

6 Q -- that was money that you would be obliged to pay
7 for her new car.

8 A Yes.

9 Q All right. Eric Nelson car, \$20,000, an agreement
10 you had reached with your wife about buying him a car?

11 A Yes.

12 Q Okay. So these negatives are assigned to you --

13 MR. DICKERSON: May I object to the leading nature
14 of the questions, Judge.

15 THE COURT: Sustained. Yeah, we talked --

16 BY MR. JIMMERSON:

17 Q What is your intention relative to these -- to
18 negative assets being awarded to you relative to these
19 automobiles?

20 A Both the kids are straight A students and we had
21 always, with the two prior kids -- buy them a car in high
22 school when they turn 16, and then when they get on the road
23 to go to college, like to have new wheels on their car. Erica
24 elected not to go to a college, so she held back. She's much

1 more conservative than the other kids. Garrett turns 16 in two
2 weeks. We had set aside \$35,000 that Melissa's holding for --
3 for herself or for Lynita or whatever, I don't know, but she
4 has that check.

5 Q And that is --

6 A We talked about everything but the Paul
7 (indiscernible).

8 Q Is that the Garrett stock account?

9 A That's right. That -- my thought was that Lynita
10 could control that, however, with the mishandling of her
11 assets, in my opinion, I think it'd be better if she splits
12 it, I take back half, she takes back half. The check was made
13 out to me, it was in my stock account, Your Honor. It's --
14 and I endorsed it over to Lynita. I did not endorse it over
15 to Melissa. There was no intention to pay Melissa's legal
16 fees with that.

17 Q Her accounting -- professional fees.

18 A Professional fees.

19 Q All right. Numbers -- we talked about 31, 32;
20 talked about 33, 38, 39, and 40. I want to speak to them
21 again briefly. Hideaway liability, we already covered.
22 That's the attorney's fees in the event there's a lawsuit?

23 A Yes.

24 Q Okay. That's something to be decided in the future?

1 A That's right.

2 Q All right. Silver Slipper liability, \$300,000; that
3 is based upon litigation costs if there is litigation with the
4 partners?

5 A Yes.

6 Q All right. Silver Slipper tax (indiscernible)
7 number eight is unknown.

8 A That will be addressed with Dan Garrity, I think.

9 Q You talked about phantom income and the like. Okay.
10 And number 40, environmental liabilities of \$300,000. That's
11 the moving of land and preserving -- the potential -- it's a
12 contingent obligation of Silver Slipper not (indiscernible) to
13 do regarding the lands; is that right?

14 A Yes. Yeah, I do have documentation from the
15 Department of Marine Resources in some areas that we were red
16 flagged, they call it, but I don't know if I ever shared them
17 with you. There's so many documents I thought it would --
18 didn't mean anything anyway at the end of the day.

19 Q All right. Soris contingent liability, we've
20 already spoken to. Paul Nelson liability, what is that,
21 please?

22 A Paul's my brother. He built the Fitzgerald. We've
23 been lifetime partners in transactions similar to Cal. Paul
24 moved his son and his wife and their child to Arizona to buy

1 non-performing assets in Banone Arizona. He also moved his
2 daughter, her husband, their child to Arizona. They were
3 employed exclusively by me to -- to go and buy and repair.
4 Paul had the knowledge, so he suck -- he went out, seeked out
5 about 41 REO properties. He bought them all, I never saw any
6 of them. They fixed them up. That became the Ban-One Arizona
7 properties, those 41. I told Paul the same thing, Paul, we
8 are done. We are going to split these assets out, I need you
9 out, and I have a liability. I -- just for the Court's
10 record, we've had a conversation. It's just a handshake with
11 my brothers. I've agreed to give him the best house and the
12 worst house in Phoenix, if he would choose them. But I said
13 it'd have to be agreed to by Lynita. That's a total of about
14 \$60,000 total. So that's our agreement as of a week ago. He
15 will pretty much concede to any scenario that the Court would
16 want because of the man and his nature.

17 Q And by -- there's been kind of an issue --

18 A But he lived down -- he did live -- he went back and
19 forth and stayed for a solid year providing -- the blue sky to
20 him was we're going to buy hundreds of these properties, buy
21 and sell just like my brother, Cal, did here. He's extremely
22 knowledgeable, works hard, and he didn't have a job at the
23 time, still doesn't have a job. He's half retired and he's
24 back up in Salt Lake now, you know, doing his own thing. The

my
community

1 boys are no longer any of my employee. They do -- I do get a
2 service from them, but that's it.

3 Q All right. So let me cover this. You have made an
4 oral agreement because of the work he's done at Ban-One over
5 the last two years to allow him to select two houses?

6 A Take -- yeah, two houses, about \$60,000.

7 Q All right. And then you have a negative 200,000 as
8 --

9 A That would be -- that liability would go away, that
10 -- the relationship of me and Paul, which he understands
11 because of the divorce, would be done. He -- he went down
12 there with a blue sky approach. He understood it didn't work
13 out, and even though we're probably short-changing him on it,
14 that was the thing. If the Court likes it --

15 Q Okay. I want to --

16 A -- great, don't like it, I don't --

17 Q -- I'm listening to this and this is a little
18 different than what we had known about a month or two ago.

19 A Yes.

20 Q You told me you talked to him. So do I understand
21 that -- would it be proper for the Court, Mr. Dickerson, and I
22 to modify the item 42 Paul Nelson liability to negative
23 60,000, not negative 200,000?

24 A I'd prefer to say that the best of the 21 houses,

1 which is about 35,000, and the worst of the house, number 21.

2 Q Okay. So 1 and 21?

3 A On the -- on the A and B list in Arizona. However,
4 if we gave him 60 or 65,000, that'd be just the same. He
5 could buy some new houses.

6 Q So I'm going to put on my sheet of Court Option A
7 and Court Option B on line 42 that it's minus 60 and not minus
8 200,000.

9 A Yes, sir.

10 Q Understanding that the discussion was an award of
11 two houses of Ban One, 1 and 21.

12 A Right.

13 Q Thank you. Thank you very much. Maness lawsuit we
14 talked about, this is a -- this is your estimate of the
15 attorney's fees --

16 A Yes, sir.

17 Q -- defending the case, \$200,000, and the second
18 lawsuit that he's threatened and that would be a contingent
19 liability because there has not been a second lawsuit filed;
20 is that right?

21 A Yes, that's -- I think it's involved in the Maness
22 lawsuits or the depositions where they had -- Maness had
23 actually sold the property. And individual had lost several
24 hundred thousand of the deposit because he wouldn't close