

1 January 22nd, 2010.

2 (Plaintiff's Exhibit 200 admitted)

3 BY MR. DICKERSON:

4 Q All right. Mr. Nelson, who prepared Exhibit 200?

5 A Lana Martin (ph).

6 Q Under your direction?

7 A Yes, sir.

8 Q And so what does she purportedly do, review bank
9 account statements?

10 A Ask her to take your asset debt summary and any of
11 the ones that were had questions to trace where those funds
12 went.

13 Q Okay. Have you personally reviewed this?

14 A Not completely.

15 Q Okay. Taking a look then back on Exhibit A-1, Page
16 11.

17 A Yes, sir.

18 Q The very top is a bank account that was -- that
19 ended in 1301 in the name of Eric L. Nelson Trust; is that
20 correct?

21 A Yes, sir.

22 Q Now take a look at Exhibit 200. Is --

23 A Okay.

24 Q Is that account listed on Exhibit 200?

1 A It looks like it is Bank of America, the second
2 ledger af -- well, the third ledger now.

3 Q Oh, I see. It's at the very top. I missed that.
4 Okay. So okay.

5 So if I'm understanding this correctly, it's your
6 position that you closed this account on or about March 4th of
7 2010 and you transferred the -- all the monies that were in
8 the account at that time to the account number 2 -- ending in
9 2/7/98 in the name of Nelson & Associates; is that correct?

10 A Yes, sir.

11 Q Okay. Then moving down on -- back to Exhibit A-1.
12 We see that the next bank account is another Bank of America
13 account ending in 4118. And that was held in the name of Eric
14 L. Nelson Nevada Trust; is that correct?

15 A Yes, sir.

16 Q And you've attempted to do -- to do an accounting
17 then on Exhibit 200 of those monies?

18 A Yes, sir.

19 Q So we see that during the pendency of this divorce
20 action there was an excess of \$350,000 in that account, you
21 agree?

22 A Yes, sir.

23 Q Now you -- on April -- excuse me. On September 1st
24 of -- of 2009 you transferred \$300,000 of those monies to

1 Benone; is that correct?

2 A For a thousand worth of cashiers checks.

3 Q Okay. But you -- you transferred that money to

4 Benone; is that right?

5 A Well, in essence, yes.

6 Q And why?

7 A For purchasing properties at auction and courthouse
8 steps. And Joe said he had accounted for all the cashiers
9 checks.

10 Q Okay. My question is just to you.

11 A That's right.

12 Q I just want -- pretty simple. What did --

13 A Yes, sir.

14 Q -- you do with that money?

15 A We either purchased real estate.

16 Q Okay.

17 A Those are big properties in Arizona, because they
18 take deposits of like for instance \$10,000 or \$5,000 or if you
19 buy them at the courthouse step you have to do them in
20 cashiers check for the full amount. If it's a hundred
21 thousand, you need a hundred thousand cash. Here's a check.

22 Q So that money would have gone to the Benone account;
23 is that right?

24 A No, the money would have been actual cashiers

1 checks, but it would reflect that now the money has gone from
2 Nelson & Associates flow down to as far as booking purposes
3 has hit the Benone properties.

4 Q Okay. We see then that you on September 8th of 2009
5 you transferred \$20,000 to Nelson & Associates?

6 A Yes, sir.

7 Q And do -- why did you do that?

8 A Nelson & Associates probably needed it.

9 Q And then two days later you transferred it back in,
10 correct?

11 A Well, it had been a cashiers check probably. So --

12 Q Okay.

13 A -- or an innerbooking I'm not quite sure why they
14 did it. I take that back. I don't know.

15 Q But you -- you noticed that in two day period you
16 just transferred money in and out apparently for Nelson &
17 Associates.

18 A Well, I didn't. The girls did. I don't do any of
19 this.

20 Q Do you know why that was done?

21 A No.

22 Q Do you know why on November 3rd \$10,000 was
23 transferred to Nelson & Associates?

24 A I know we were prepared to close the account.

1 Outside of that, I -- probably for operation purposes.

2 Q Okay. And then if we have the same thing another
3 10,000 on December 2nd.

4 A That's all we have it for, yes.

5 Q No, my question is was that \$10,000 taken? What was
6 it for?

7 A You can easily ask Lana Martin. I mean, if you want
8 to -- this -- this was providing where the funds were. Then
9 if you had a question on them, you would ask what are the --
10 whether to go or what was it for and we'd have to at least
11 supply that to you.

12 Q So Lana -- Lana Nelson is the only who have
13 personally --

14 A Lana Martin.

15 Q Lana Martin, she's the only one with personal
16 knowledge on this?

17 A Depending on who's the account. For instance
18 Rachelle McGown handles half the accounts and Lana handles
19 several accounts.

20 Q Okay. So sir, if you take a look at the accounts on
21 Page 11 of A-1. Is there anything there that if you go
22 through that, is there anything there that you disagree with?

23 A I'm sorry?

24 Q Is there anything you disagree with with respect to

1 the accounts that are listed on -- on Page 11 of Exhibit A-1?

2 A Well, let's see here. I haven't reviewed it. What
3 do you mean disagree with?

4 Q Well --

5 A All of it's reflected. We got all accounted for.

6 Q Well, let's go through them. So you -- you agree
7 that you had closed account 4118?

8 A I remember -- there was -- we're consolidating and
9 remember when we had been -- we were trying to consolidate the
10 account to make it easier. And also we had been Citi
11 National. All our code words have been violated. And so this
12 is account for some of the accounting.

13 Now Joe said up through --

14 Q Sir.

15 A -- March that he was good with everything.

16 Q Listen to my question.

17 A All right.

18 Q It's pretty simple.

19 A I'm sorry.

20 Q You closed account number 4118, did you not?

21 A Yes.

22 Q And moving down you had another Bank of America
23 account number in the name of Eric L. Nelson Nevada Trust
24 doing business as Nelson & Associates. And that account

1 number ended in 2798, correct?

2 A Yes, sir.

3 Q Let's take a look at Exhibit DD, please.

4 A I'm sorry, which one?

5 Q Exhibit double D.

6 A Okay. Got it.

7 Q Is that -- does that bank statement correspond -- is
8 this the account that we're referring to that end in 2798?

9 A I believe so.

10 Q And it appears here that from this account that you
11 had a -- if we -- if we look through this you had a beginning
12 balance if 7 -- just sort of \$77,000; is that correct?

13 A Yes.

14 Q And you closed this account on May 17th of 2009.

15 A Yes.

16 Q Is that true?

17 A Yes.

18 Q And you agree, sir, that we take a look at the
19 second page of this exhibit that you had as much as \$98,545.31
20 in that account during the month of May of 2009; is that true?

21 A Yes.

22 Q Okay. Moving down to the next account, the one
23 ending in 4354. This is another account held in the name of
24 -- let's see. This one is held in the name of Eric L. Nelson,

1 trustee of the Eric L. Nelson Nevada Trust; is that correct?

2 A Yes, sir.

3 Q And you closed that account during the year 2010,
4 did you not?

5 A Yes, sir.

6 Q Take a look at Exhibit --

7 MR. DICKERSON: Your Honor, move for admission of
8 Exhibit double D.

9 THE COURT: Any objections, counsel?

10 MR. JIMMERSON: No, it's a bank statement. I have
11 no objection.

12 THE COURT: Hereby admitted as Exhibit DD.

13 (Defendant's Exhibit DD admitted)

14 BY MR. DICKERSON:

15 Q Okay. Please take a look at Exhibit double E.

16 A Yes, sir.

17 Q Do all these bank statements here relate to the
18 account that we're now discussing, the one that ends in 4354?

19 A Well, double D I got 2798.

20 Q No, Exhibit EE, double E.

21 A Double E. Okay. Okay.

22 Q All right. And these are all bank statements that
23 are relating to the account that ends in 4354; is that
24 correct?

1 A Yes, sir.

2 MR. DICKERSON: All right. Move for the admission
3 of Exhibit double E.

4 MR. JIMMERSON: No objection, Judge.

5 THE COURT: Hereby so admitted as Exhibit EE.

6 (Defendant's Exhibit EE admitted)

7 BY MR. DICKERSON:

8 Q All right. Moving to -- let's move over to Page 12.
9 All right. The next account number is another Bank of America
10 account that you closed during the year 2010.

11 A Yes, sir.

12 Q And you closed that in in May of 2010

13 A Yes, sir.

14 Q And that's the account number ending in 5227.

15 A Yes, sir.

16 Q We move down to the next account. It's a Wells
17 Fargo account that you also closed --

18 MR. DICKERSON: Actually, I think the date there is
19 wrong where -- Your Honor, where it says zero as of
20 12/31/2010. That should be '09.

21 Q So you closed that account in -- sometime in 2009
22 during the month of December?

23 A 6521?

24 Q Yes.

1 A Sorry. It looks like February 3rd, 2010 we closed
2 it.

3 Q Let's go back just a second. Exhibit GG, if you
4 took a look at Exhibit GG, please. Those are the account
5 statements relating to the account that we referred to as a
6 first account on Page 12 5227; is that right?

7 A Which one?

8 Q The -- the very first, Exhibit GG.

9 A GG?

10 Q GG.

11 A GG.

12 Q No, G -- let me find it. It should be right at the
13 -- the very next one, sir, if you were --

14 MR. JIMMERSON: The next one would be FF, counsel.
15 And you didn't reference that. You skipped it.

16 Q Okay. Let me get you GG. And you take a look at
17 all those statements.

18 A Okay.

19 Q Under the tab.

20 A Okay. Eric Nelson Auctioneering. Yes, sir.

21 Q These are all accounts relating -- these are all
22 bank statements relating to account number 5227; is that
23 correct?

24 A Yes, sir.

1 Q All right.

2 MR. DICKERSON: Move for the admission of Exhibit
3 GG, Your Honor.

4 MR. JIMMERSON: No objection, Judge.

5 THE COURT: All right. So admitted.

6 (Defendant's Exhibit GG admitted)

7 MR. JIMMERSON: Do the documents in evidence, Mr.
8 Dickerson, when they -- this account was closed?

9 MR. DICKERSON: Let me look here.

10 MR. JIMMERSON: And is it May of 2010?

11 MR. DICKERSON: Yeah, it looks as if it was closed
12 -- if you take a look at that -- it looks -- yeah, that's the
13 one we were referring to. It is closed on May 17th --

14 MR. JIMMERSON: Thank you.

15 MR. DICKERSON: -- of 2010.

16 BY MR. DICKERSON:

17 Q All right, sir. The -- take a look at Exhibit
18 double I.

19 A Oh, that was right. I'm sorry. Okay. What's that?

20 Q Exhibit double I.

21 A Okay.

22 Q I'm looking for the account number on here. Help me
23 find it, please.

24 A Let's see here.

1 Q Oh, here it is. It's the account ending in 6521.
2 A Okay..
3 Q And this statement relates to the account that we
4 referred to on Page 12 corresponding with that same number at
5 Wells Fargo; is that correct?
6 A Yes, sir.
7 MR. DICKERSON: Move for the admission of Exhibit
8 double I.
9 MR. JIMMERSON: No objection.
10 MR. DICKERSON: All right. So admitted.
11 (Defendant's Exhibit II admitted)
12 BY MR. DICKERSON:
13 Q All right. Take a look at Exhibit JJ, sir.
14 A Okay.
15 Q Exhibit JJ is another -- relates to another account
16 that you closed sometime in January of 2010; is that right?
17 A Yes, sir.
18 MR. DICKERSON: Move for the admission of Exhibit
19 JJ.
20 MR. JIMMERSON: Does this relate to the account 6 --
21 MR. DICKERSON: Yeah.
22 MR. JIMMERSON: -- 005?
23 MR. DICKERSON: Yes.
24 THE COURT: Wells Fargo.

1 MR. JIMMERSON: So it was in January 2010. No
2 objection, Judge.

3 THE COURT: It's hereby admitted as double J.

4 (Defendant's Exhibit JJ admitted)

5 BY MR. DICKERSON:

6 Q All right. Sir, so all of the accounts that we
7 referred to so far up to this point on Pages 11 through 12.

8 A Yes, sir.

9 Q Those were all accounts that were under your control
10 that you closed at various points during the course of the --
11 the litigation of your divorce case; is that true?

12 A Yes, sir.

13 Q And you're telling us that Exhibit 200 is prepared
14 by Lana Martin and she is the only one that can explain where
15 the monies went?

16 A Well, it -- it shows you where the money went.

17 Q Well, who can explain to where the money went?

18 A She could. I mean, she could and Rachelle.

19 Q And I understand you cannot?

20 A Yeah, all these monies are tracked and that all the
21 monies that have flowed down into other accounts that we
22 closed, it's very, you know, pretty simple on that side.
23 Other deposits went into cashiers checks. Those were traced
24 back to the actual properties and --

1 Q But then this is what you -- well, I was asking you
2 questions why was it transferred to Benone prop -- well, you
3 told me that one. Why was it transferred to Nelson &
4 Associates and you didn't know. Is Lan -- will Lana Martin
5 know?

6 A For your -- for the purpose of operations it would
7 have been transferred for and (indiscernible) for the
8 particular reason. That day I don't know, but all of it's
9 done for operational purposes to benefit the community. We
10 simplified all the accounts as we could. We did closed all
11 the accounts because we were laying off people and we are
12 changing that --

13 Q Well, let's take a look at -- let's take at your
14 Exhibit 200.

15 A Okay, sir.

16 Q Let's move down to the -- the third account, the one
17 that is 2798.

18 A Yes, sir.

19 Q And we see that --

20 A Oh, I'm sorry, what number?

21 Q 2798.

22 A 2798. What page? Okay. Got it. Okay.

23 Q Your page -- your number 200.

24 A Okay.

1 Q All right. We see then that on May 10th of 2010 you
2 personally took a draw of \$8,000.

3 A Yes, sir.

4 Q Okay. And what was that for?

5 A It was for living expenses.

6 Q So my understanding from your testimony earlier is
7 that you have indicated that you have made no income this
8 year.

9 A The income exactly has been derived from actual
10 savings. Like Lynita's been living on her 2.6 million. I've
11 been living on my savings in those areas there as modestly as
12 I can.

13 Q All right. Then moving to the next exhibit, Exhibit
14 KK.

15 A KK. Yes, sir.

16 Q Now KK, bank statements -- a bank statement relating
17 to your Mellon account; is that correct?

18 A Yes.

19 Q Now with respect to that Mellon, at least as of --
20 of August 31, 2010 you agree that the amount held in that
21 account was \$3,009,691?

22 A Approximately. I'm not quite sure how they booked
23 that, the 2,980,000. So I -- I can't tell you if it's
24 3,000,000 or the two million nine. Maybe Lana could --

1 MR. JIMMERSON: May I also object to the question.
2 You referenced that it be August 31, counsel.

3 MR. DICKERSON: I said what?

4 THE WITNESS: Oh, I'm sorry. It's July.

5 MR. DICKERSON: I did what?

6 MR. JIMMERSON: Your question, you included through
7 August 31. That would not be accurate.

8 MR. DICKERSON: That would not be accurate.

9 THE WITNESS: To July --

10 MR. DICKERSON: It would be --

11 THE WITNESS: To July 31st.

12 MR. DICKERSON: -- through July 31st. Let me see
13 this statement. Sir, if you take a look at -- Your Honor move
14 for the admission of Exhibit KK.

15 MR. JIMMERSON: No objection, Judge.

16 THE COURT: It's hereby so admitted.

17 (Defendant's Exhibit KK admitted)

18 BY MR. DICKERSON:

19 Q Sir, if you take a look at the second page of
20 Exhibit KK.

21 A Yes, sir.

22 Q We see that if we take in that first column where it
23 talks market value.

24 A Yes, sir.

1 Q Do you see that the market value plus accrued
2 interest as of July 31st, 2010 --

3 A Yeah.

4 Q -- was \$3,009,691.51, do you agree?

5 A Yes. I would say yes, I see that.

6 Q Okay. Now you have a line of credit that is tied to
7 this account; is that right?

8 A Yes, sir.

9 Q Has this account increased in value since we were
10 last in court and -- well, has it --

11 A It's decreased.

12 Q -- increased in value since July 31st?

13 A It's gone down.

14 Q Okay. And what is it today?

15 A Today is approximately 2,970,000, 60,000.

16 Q And do you have statements reflecting that?

17 A Yes, I believe they're in your information there.

18 Q And has the line of credit increased?

19 A Yeah, the line of credit would have increased I
20 believe several hundred thousand.

21 Q And what was that for?

22 A For repairs, the properties and operational areas.

23 Q So where did the money go?

24 A It would have flowed into Benone and then into the

1 operations of repairing properties in those areas including
2 Bella Kathryn be one of them.

3 Q And you -- and -- and as you sit here today, you do
4 not know how much more money you put into Bella Kathryn?

5 A I don't, but we could sure have it by tomorrow.

6 Q All right. Then you also had another Mellon
7 account. If you take a look at Exhibit LL.

8 A Yes, sir.

9 Q Is this an account that you closed at some point
10 during the course of this litigation?

11 A I'm not quite sure. They have a floater account. I
12 think they were working on some other things. I don't know
13 what it is, but it shows no money in it.

14 Q Okay. So you agree that there is zero in this
15 account right now.

16 A Yes.

17 Q And is that true today still?

18 A Yeah. Sometimes they would have like two accounts,
19 but there would be one sum of money would actually held if
20 they have foreign investments or something like that.

21 Q Okay. If we --

22 MR. JIMMERSON: Are you referring to 5829, counsel?

23 MR. DICKERSON: No, I'm --

24 THE WITNESS: 1780 is the account number.

1 MR. DICKERSON: 1780, the bottom of Page 12.

2 MR. JIMMERSON: Oh, I got it. Thank you very much.

3 MR. DICKERSON: Move for the admission of Exhibit
4 LL, please.

5 MR. JIMMERSON: And does LL relate to the bank
6 statements --

7 MR. DICKERSON: Yes.

8 MR. JIMMERSON: -- of 17?

9 MR. DICKERSON: Yes.

10 MR. JIMMERSON: No objection, Your Honor.

11 THE COURT: It's hereby admitted as double L.

12 (Defendant's Exhibit LL admitted)

13 BY MR. DICKERSON:

14 Q Okay. Mr. Nelson, moving to the next page. You --

15 A Yes, sir.

16 Q You have an account at Bank of America right now
17 today ending in 5829; is that right?

18 A I believe I do not.

19 Q You do not?

20 A I believe it has been closed, hasn't it?

21 Q Well, according to your numbers as of July 30th,
22 2010 you had \$40,074 in that account.

23 A Let's see.

24 Q Let's take a look at --

1 A I'm sorry, where are you at?

2 Q I'm on -- take a look at Page 13 of Exhibit A-1.

3 A Yeah.

4 Q Very first account at the -- at the top ending in
5 5829.

6 A Okay. Yeah. Okay.

7 Q Okay. Do you agree that as of -- of July 30th of
8 this year you had \$40,074 in that account.

9 A Well, I apologize. I -- I don't see it on my
10 ledger. So I would say no, it's not correct.

11 Q Okay.

12 A I mean, if it's on my ledger, it would be -- be more
13 accurate.

14 Q Which ledger are you looking at?

15 A At the court options -- I mean, at the division of
16 marital properties. So let -- well, let's see here. Let's go
17 to Lana's worksheet here. It shows 5829 and it says it was
18 closed 7/30 -- 7/30/2010.

19 Q Okay. So it was closed 7/30/2010 and you --

20 A Yes, sir.

21 Q -- withdrew Oh, I see. So this is the last page --
22 MR. DICKERSON: Your Honor, if you take a look, last
23 page of Exhibit 200.

24 Q So this is an account that you closed a day before

1 the -- the date that you want to use as the cutoff date of
2 July 30th -- 31st; is that correct?

3 A Apparently so, yes.

4 Q And --

5 A Well, it was -- looked like it was -- yeah, I guess
6 so.

7 Q Okay. So it appears then that the day before you
8 want to use as a cutoff date you withdrew \$42,074?

9 MR. JIMMERSON: Object to the form of the question.
10 It's what the Court had it entered.

11 MR. DICKERSON: It appeared --

12 MR. JIMMERSON: It's not --

13 MR. DICKERSON: It --

14 MR. JIMMERSON: -- what you want to use. It --

15 THE WITNESS: Well, I apologize.

16 MR. JIMMERSON: It's argumentative --

17 MR. DICKERSON: Objection's understood.

18 MR. JIMMERSON: The question is argumentative.

19 MR. DICKERSON: I'll rephrase it. I mean, I -- I
20 learned in school all you need to do is make an objection and
21 the judge rules on it. All right.

22 BY MR. DICKERSON:

23 Q We'll move to the next one. July 30th. You
24 withdrew \$42,074 from this account; is that right?

1 A Well, I don't know. I can't see -- I -- it looks
2 like this account still does exist of 42,074. So that's
3 probably one these existing accounts. Here I'm not quite
4 sure.

5 Q All right. Now can you show me on your option A or
6 option B where this account is listed?

7 A I apologize. I can't -- they didn't put the bank
8 account numbers down. They could be the Arizona rental
9 account, was at a Bank of America or the Nevada rental
10 account.

11 Q But I don't see any --

12 A But let's see if it -- if that went in there --

13 Q Correct me if I'm wrong --

14 A -- it would probably be --

15 Q -- but I -- I noticed the date on your option A and
16 option B is July 30th, 2010, correct?

17 A I'm sorry?

18 Q On your option A and option B, the date at the very
19 top is July 30th, 2010, correct?

20 A Oh, let's see here. Which one you're talking about?

21 Q Your -- your option A and option B.

22 A Okay. Well, let me get it. I got option C here.
23 Well, anyway, it should be the same. Okay.

24 Q Okay. The date at the top is 7/ --

1 A 30.
2 Q -- 30/2010, correct?
3 A Yes, sir.
4 Q Now this account is in the name of ELV
5 Nevada Trust?
6 A Okay. Yes, sir. Now I got it.
7 Q What is ELV Nevada Trust?
8 A EL, that's the Eric Nelson separate property trust.
9 That's a deviate for Nelson & Associates.
10 Q So that's a mistake. It -- it should be E -- ELN.
11 A Eric Nelson Trust, yeah.
12 Q Okay. Now where is that account listed on either
13 these two --
14 A Number 18.
15 Q Number 18?
16 A Yes, sir.
17 Q Okay. And you have listed it as --
18 A We listed at 44.
19 Q 44.
20 A But I might had a booking in between there or not.
21 I'm not sure.
22 Q Okay. All right. So we've got that account
23 accounted for. And that account is in existence today?
24 A Yes, sir.

1 Q And do you know what the account balance is today?

2 A I do not.

3 Q Now I forget.

4 MR. DICKERSON: Mr. Stephens, have you -- have you
5 given me those papers yet or did I?

6 MR. STEPHENS: I gave them to you and took them
7 back.

8 MR. DICKERSON: You gave them and took them back.
9 Okay. Now at this point, Judge, I guess we're -- we're
10 dealing with accounts that are open that I think maybe the
11 current balance -- I mean what -- what's Your Honor's thought
12 on that? I mean, my thought is we need to -- we need to see
13 what's happened. I don't care what date we use, but we need
14 to see what's happened since July 31st with -- with these
15 accounts.

16 THE WITNESS: Your Honor, if I could. I have no
17 problem with that, because the ledge numbers would go up and
18 down. All the money was accounted for. We just needed a
19 cutoff date. They're welcome to that.

20 THE COURT: Yeah, I think the updates won't be a
21 problem on that. We had pick that cutoff date as a way,
22 because the -- the properties keep changing. We try to get
23 values at that point.

24 THE WITNESS: But the cutoff date can be very

1 helpful, because we can use those values. Meaning if I'm
2 spending money like for instance in -- information an area
3 that they're not happy with, they're credited with a higher
4 amount. It's only to their advantage, the 7/30 date.

5 MR. DICKERSON: And I don't have a problem with
6 that, but is money is coming in I'd like to know where it's
7 coming from.

8 THE COURT: Mincing words then.

9 THE WITNESS: Yeah, you've got all the records.

10 THE COURT: He said he's okay with the updates.

11 MR. DICKERSON: Here -- here's what my suggestion
12 is.

13 THE COURT: So we get the updates as the accounts.
14 Do you get regular monthly statements on these accounts?

15 THE WITNESS: I -- no, we have daily accounts. I --
16 they can get it weekly and daily if they want it. We'll do it
17 daily transferring it to Joe.

18 MR. JIMMERSON: The one with the same -- same
19 information likewise --

20 THE COURT: Okay.

21 MR. JIMMERSON: -- because historically from this
22 case Mom has spent a lot more than Dad has.

23 THE WITNESS: But every check that's written is
24 accounted for.

1 MR. DICKERSON: Well, I think you can find that
2 that's an increased statement.

3 THE COURT: So you would like updates -- you would
4 like updates on accounts and --

5 THE WITNESS: But they -- we can assume that there's
6 no money stolen and if you can find it --

7 MR. DICKERSON: And I'm not --

8 THE WITNESS: -- I'll times it.

9 MR. DICKERSON: I'm not alleging that.

10 THE WITNESS: That's what I'm saying.

11 MR. DICKERSON: I'm not --

12 THE WITNESS: So we're wasting a lot of energy.

13 MR. DICKERSON: I'm not even suggesting that. You
14 don't need --

15 MR. JIMMERSON: But you had, counsel, in March,
16 April and May that's exactly what you said. I know that you
17 are retracting from that, because everything has been shown.
18 But that was an issue in February, March and April.

19 THE COURT: Well, right now you would like to get --

20 THE WITNESS: business that's here or there.

21 THE COURT: You would like to get an update of --

22 MR. DICKERSON: Well, that's just not the case.

23 THE WITNESS: Okay. It's right here. They have all
24 the updated through August 30th, Your Honor.

1 THE COURT: So in answer to your question they could
2 update it daily for all those accounts.

3 MR. DICKERSON: Well, what -- what my suggestion
4 would be, Judge, at this point we're at the top of Page 13.
5 And the accounts to go over to half of the next page, Page 14,
6 are all the accounts that I believe are open right now. Maybe
7 it would be helpful if -- if we had the exchange of the -- of
8 the bank statements and we can just see what exist today and
9 probably have a stipulation as to what you can -- what to do
10 with these accounts.

11 MR. JIMMERSON: You're right.

12 MR. DICKERSON: This is -- this -- from this point
13 here is simple. The -- you know, the accounts are there.

14 MR. JIMMERSON: We have them listed. We just have
15 July 30th to date. So I think we ought to update them. I
16 agree with that.

17 THE COURT: Okay. You got some major ones, the
18 national bank, the 146,000. So you got some sizable accounts
19 there, the 1.355, the Charles Schwab. The other ones have
20 some thousands here or there or 11,000.

21 MR. DICKERSON: But -- but I don't have a problem --

22 THE WITNESS: But I think we're missing the point.

23 MR. DICKERSON: -- using these values. I don't have
24 a problem using the values as of July 31st. However, when he

1 has for example he's indicated that he has money going in,
2 more money going in to Bella Kathryn. If that money is coming
3 from an account and we can see that yes, there's been nothing
4 added to that account and it's just coming from that account
5 that we can square this up, but the problem is I don't want
6 you ordering okay, they're going to divide this account and
7 then it doesn't have the amount of money that he has that's in
8 there.

9 THE WITNESS: Well, if it doesn't have the amount,
10 Mr. Dickerson, I'll make it up. That's what I'm saying.

11 MR. DICKERSON: Okay.

12 THE WITNESS: So there's a flow of capital.

13 MR. JIMMERSON: So that works both ways, because --

14 THE WITNESS: Yeah.

15 MR. JIMMERSON: -- the wife has written in, you
16 know, many, many thousand dollars in checks and attorney's
17 fees. Why should you be bearing that responsibility.

18 THE WITNESS: Well, for her account it would be her
19 responsibility as of 7/30 too. So I'm --

20 MR. DICKERSON: You can make --

21 THE WITNESS: -- hold her responsible --

22 MR. DICKERSON: You can make that as an argument.

23 THE WITNESS: -- for those sums. I don't care where
24 she's --

1 THE COURT: Yeah, we can --
2 THE WITNESS: -- so --
3 THE COURT: Yeah, we can work that, but right now --
4 THE WITNESS: So 7/30, it's --
5 THE COURT: Right now in answer to your question
6 he's fine giving you the updated on those balances --
7 MR. DICKERSON: Okay.
8 THE COURT: -- so --
9 THE WITNESS: Okay.
10 THE COURT: -- we can do it and trace it and --
11 THE WITNESS: I think it's fair.
12 MR. DICKERSON: Then may I have them now and --
13 THE WITNESS: Yeah.
14 MR. DICKERSON: -- look at them during the lunch
15 then?
16 THE WITNESS: Definitely. Have them now. If you
17 want us, we'll give you daily check registers. We'll shoot
18 them to you.
19 THE COURT: I think the afternoon is not going to
20 work today. I keep getting an email and they said they don't
21 think they're going to have coverage for my drug court, but --
22 MR. JIMMERSON: What kind of influence do you have
23 around here?
24 THE COURT: None.

1 MR. JIMMERSON: I'm kind of disappointed.

2 THE COURT: None.

3 MR. JIMMERSON: Throw your weight around, man. You

4 --

5 THE COURT: I was trying to get one of the senior
6 judges that said today would cover it.

7 THE WITNESS: Can we take the rest of the day to see
8 if we can settle the case before here?

9 THE COURT: Absolutely. If they want to do that,
10 absolutely. We can --

11 THE WITNESS: We can sit here for four hours and I'm
12 sure we can get it done. I can give reps and warranties.

13 THE COURT: And I will make myself available to meet
14 with the parties, you know, in between -- after tomorrow and
15 other hearings I'll make myself available if the parties want
16 to sit down there.

17 MR. JIMMERSON: You and your staff have been great,
18 Judge. We thank you so much --

19 THE COURT: Yeah, we'll be glad to --

20 MR. JIMMERSON: -- for the time you had given us.

21 THE COURT: He has some questions about using the
22 afternoon for the attorneys to talk. I said that's fine. I
23 said that's fine if -- if that's what the attorneys want to
24 do.

1 THE WITNESS: Let's sit down and see if we can
2 settle this.

3 MR. JIMMERSON: All right.

4 THE COURT: It's up to you guys.

5 MR. JIMMERSON: I think that's a great idea.

6 THE COURT: What would you guys need --

7 MR. STEPHENS: Can I ask Eric a question?

8 THE COURT: Sure.

9 MR. STEPHENS: I'm going to be turning this over.

10 MR. JIMMERSON: What is -- is this August
11 (indiscernible) --

12 MR. STEPHENS: This file here, is this one set for
13 Joe that I can just give to Bob?

14 THE WITNESS: I don't know.

15 MR. STEPHENS: Oh, okay.

16 THE WITNESS: I don't know. We can duplicate it to
17 give him the whole thing.

18 MR. STEPHENS: Okay. I'll just give it to Bob, I
19 guess. Sorry, Judge. Go ahead.

20 THE COURT: That's okay.

21 MR. STEPHENS: I apologize for interrupting.

22 THE COURT: You okay with what --

23 THE WITNESS: It's probably two sets.

24 MR. STEPHENS: I want to make sure he writes that.

1 MR. JIMMERSON: Oh, it is (indiscernible).
2 THE COURT: Do you want to see what -- what they're
3 giving you --
4 MR. JIMMERSON: Well, there's two sets -- oh, that
5 is, yes.
6 THE COURT: Do you want to look at that for the
7 record --
8 THE WITNESS: Why don't you see if it's two sets.
9 THE COURT: -- so we get what's being presented or
10 --
11 MR. DICKERSON: If the -- if your conference room
12 upstairs is not being used, can we use --
13 THE COURT: And so we'll -- we'll find someone for
14 you. I'll find someone for you.
15 MR. DICKERSON: Okay. I'd like to do that.
16 MR. JIMMERSON: Could we use this room?
17 THE COURT: No. No. No. I have the drug court to
18 be here.
19 MR. JIMMERSON: Oh, I'm sorry. I thought --
20 THE COURT: Yeah, that's the problem, yeah.
21 MR. JIMMERSON: Oh, it's here. I got it.
22 THE WITNESS: Can you use yours? No, I'm just --
23 THE COURT: Yeah, what happened I was going to move
24 the drug court down even though the judge did a drug court and

1 then they couldn't do it and they were trying to get some
2 coverage.

3 MR. JIMMERSON: Where's Jack Lambert when you need
4 him?

5 THE COURT: Yeah, he's just got a nice reward a
6 couple months for starting that up. As far as the time it's
7 about 20 to 12:00. Is it a good time to break now or do you
8 want to do some more questioning or we can spend the next 10
9 to 15 minutes maybe working on logistics to see what you'd
10 want to do or do you want to finish up with the question?

11 I'm okay if you want to go another hour or so to try
12 to finish where you're at.

13 MR. DICKERSON: Can I -- yeah, can we just -- I'd
14 like to get to the tax returns.

15 THE COURT: Sure. Certainly.

16 THE WITNESS: Great.

17 THE COURT: Sure. Sure. While we -- we notice that
18 -- well, what did you provided, Mr. Stephens, just for the
19 record?

20 MR. STEPHENS: Oh.

21 THE COURT: I see you gave a big --

22 MR. STEPHENS: It's copies of accounts that -- that
23 Joe had asked for through August 31st, 2010.

24 THE COURT: Okay. That'll be establishing the

1 accounts that we're -- that we're referencing and we've been
2 talking about?

3 MR. STEPHENS: Yes, those are still open. And
4 there's also some March, February statements that we had
5 provided earlier that we thought we provided. Joe said he
6 didn't have them.

7 THE COURT: Thanks, counsel.

8 MR. STEPHENS: Thank you.

9 THE COURT: You can proceed with your questioning,
10 Mr. Dickerson.

11 BY MR. DICKERSON:

12 Q Mr. Nelson, with respect to the federal tax
13 carryforwards and -- and investment interest expense, you're
14 saying that \$10,000,000 is now up to \$16,000,000?

15 A Yes, sir. My understanding it is.

16 Q And Mr. Geraty is going to testify with respect to
17 that issue?

18 A Yes, sir.

19 MR. JIMMERSON: I think it has to do, Bob, with
20 calculating 2009 additional losses from the Silver Slipper.

21 MR. DICKERSON: Okay.

22 BY MR. DICKERSON:

23 Q All right. Now if you take a look at Exhibit WW.

24 A Okay.

1 Q All right. Sir, if you'll take a look at that
2 exhibit. The first page is a stipulation order that was
3 signed by Mr. Stephens and myself --

4 A Yes, sir.

5 Q -- and entered as an order of the court on May 20th
6 of 2010; is that correct?

7 A Yes, sir.

8 Q Now at that time I provided three checks to Mr.
9 Stephens that were to be held by Mr. Stephens.

10 A Yes, sir.

11 Q Do you agree?

12 A Yes, sir.

13 Q And you were in agreement with what the stipulation
14 says?

15 A Yes, sir.

16 Q All right. So --

17 MR. JIMMERSON: Can -- can we help on that? Mr.
18 Stephens says he has two of the three.

19 MR. STEPHENS: Actually, I have three.

20 MR. JIMMERSON: You have --

21 MR. STEPHENS: I --

22 MR. JIMMERSON: Are you sure you have three?

23 MR. STEPHENS: I -- I have them now. Yeah, I just
24 recognized that one, but I do have it. I have all three.

1 MR. JIMMERSON: Fine. I will point out though,
2 Judge, just because it passes the time Mr. Stephens is
3 concerned that the \$58,000 check is stale and may not be
4 cashable at the moment.

5 THE COURT: After 90 days, yeah.

6 MR. DICKERSON: Well, actually what the problem is
7 with that 58 -- let's go into that \$58,000.

8 THE WITNESS: Yeah, let's do that, Mr. Bob.

9 MR. DICKERSON: Okay. Thank you, sir.

10 THE COURT: Okay. Let's -- let's remain civil of it
11 all.

12 MR. JIMMERSON: I was just trying to that --

13 MR. DICKERSON: Let's go into that \$58,000.

14 MR. JIMMERSON: It wasn't where I was going at all,
15 Your Honor.

16 MR. DICKERSON: Mr. Stephens, for the record --

17 THE WITNESS: Just when it was settling down.

18 MR. DICKERSON: -- you're -- you're still holding a
19 hundred and ten-thousand dollar check, Mr. Stephens?

20 MR. STEPHENS: You -- what?

21 MR. DICKERSON: You still have a hundred and
22 ten-thousand dollar check?

23 MR. STEPHENS: I have that -- I deposited that in my
24 account before it went stale. So I don't have the check, but

1 I do have the money in my trust account.

2 MR. DICKERSON: Okay. And then the -- the three --
3 \$3.86.

4 MR. STEPHENS: I also deposited that in my trust
5 account. It was in my trust account still.

6 MR. DICKERSON: Okay. And why did you not deposit
7 the 58,000?

8 MR. STEPHENS: I think the bank told me they
9 wouldn't take it because it was stale dated. That's my
10 recollection. My secretary --

11 THE WITNESS: No, it's been cashed before --
12 BY MR. DICKERSON:

13 Q I think the reason is -- is -- let's go into that,
14 sir.

15 A It's been cashed.

16 Q You actually contacted the IRS --

17 A Yes, sir.

18 Q -- and had them send you another check for \$58,136,
19 isn't that correct?

20 A Yes, sir.

21 Q And you did that sometime after May 20th of 2010,
22 isn't that right, sir?

23 A Yes, sir.

24 Q When did you do that?

1 A What happened was so the facts are real clear I went
2 to my wife Lynita and I said Lynita, I believe I have several
3 IRS refund checks. I need --

4 Q Is there any chance you can answer my question?

5 A -- those checks.

6 Q Is there -- can I get you --

7 A Okay.

8 Q -- to answer the question?

9 A This is -- this is the answer to the question. She
10 said nothing. I don't have them, blah, blah, blah. So I went
11 to the IRS and said we lost two checks in the mail. And as we
12 went through this course to get new checks we went to Judge
13 Gaston's office. And what came out? Bob Dickerson shows two
14 checks, one of which we -- and they sent me a replacement
15 check on that I cashed. The other check here they would not,
16 because it's a long fir -- long form deal.

17 So thought they were stolen, took huge amounts of
18 time. And then all of a sudden he's holding the checks. All
19 you had to tell me you have the checks. Then I could have
20 accounted for it, but I spent a lot of time from the IRS to
21 regenerate new checks.

22 Q All right. Well, let's look at -- when did you cash
23 the \$58,136 check?

24 A That I'm not quite sure.

1 Q What account did you put it into, sir?

2 A It would have been in one of these accounts. I can

3 --

4 Q Well, help me with that.

5 A -- assure you that. Well, let's find it. If we got
6 it in here, it's going to be -- it's going to be accounted for
7 like everything else is.

8 Q Okay. Take a look at Exhibit 200 and tell me where
9 it is.

10 A Well, I'm not saying it's -- I can find it because
11 we have all the other paperwork, but it's in your paperwork.
12 The girls can surely find it.

13 MR. JIMMERSON: Can I -- can I suggest maybe it said
14 the 5/10/2010 entry, Bob, \$58,000 Bank of America 2798.

15 MR. DICKERSON: Which one is it?

16 MR. JIMMERSON: The first page.

17 THE WITNESS: Where is it?

18 MR. DICKERSON: The first page?

19 MR. JIMMERSON: I'm guesstimating, guys.

20 MR. DICKERSON: No, where -- which one, Jim?

21 MR. JIMMERSON: I -- I said Bank of America 2798,
22 May 10th, 2010, a 58,000 debit or credit. But maybe that's
23 not it. I'm just trying to find --

24 THE WITNESS: Where is it at? I don't see it.

1 2798?

2 MR. JIMMERSON: Yeah. There's a \$58,000
3 subtraction. I don't know if it's called a draw. So maybe
4 that's not it.

5 MR. DICKERSON: Oh, no. That couldn't be it, no.

6 THE WITNESS: No, that's not it.

7 MR. DICKERSON: No, it would be a deposit into an
8 account.

9 THE WITNESS: Would have been a deposit.

10 MR. JIMMERSON: What -- I understand.

11 BY MR. DICKERSON:

12 Q Do you see anywhere in here that it's been deposited
13 into any of these accounts?

14 A I can assure you that it has.

15 Q Okay. My question is on Exhibit 200 do you see
16 anywhere where it's been deposited into any of these accounts?

17 A Between this and that paperwork if you give me time,
18 I'll find it. And if I can't find it, I'm going to times it
19 by two and give it to you.

20 Q All right.

21 MR. JIMMERSON: Judge, I think the answer is I don't
22 see a deposit for 58,000. And the odd dollars \$136 --

23 THE COURT: But the question is it --

24 MR. JIMMERSON: -- on Exhibit 200.

1 THE COURT: But the question is can you trace where
2 the 58,136 went. And he's saying be counted for somewhere on
3 there, give him a chance to look at the paperwork to see if he
4 can track it down.

5 Right now we don't -- right now looking at the
6 paperwork and looking at the Exhibit 200 I can't seem to
7 identify it, but so that's one issue we need to identify where
8 the 58,136.

9 BY MR. DICKERSON:

10 Q All right, sir. So for the purposes of these --

11 A But more importantly is a thievery occurred here.
12 All right. Let's forget it.

13 Q No, go ahead, sir.

14 A Well, I just -- I just can't understand how you can
15 steal that mail, Mr. Dickerson, and not tell us. It was made
16 out to Eric Nelson personally. The postmaster had to call you
17 to have it delivered today.

18 Q Do you have anything else you would like to say,
19 sir?

20 A I just don't think it's fair. I'm playing by the
21 rules and you folks don't.

22 THE COURT: We got all the checks accounted for.
23 We're just trying to see where the --

24 THE WITNESS: Right.

1 THE COURT: -- 58,136 --
2 THE WITNESS: Yes, sir.
3 THE COURT: -- that was the replacement --
4 MR. DICKERSON: For the record --
5 THE COURT: -- check for the refund for the --
6 THE WITNESS: Yeah.
7 THE COURT: -- 2008 --
8 THE WITNESS: But I'll -- I'll do that.
9 THE COURT: -- tax refund.
10 THE WITNESS: Yes, sir.
11 THE COURT: We'll -- we'll track it.
12 THE WITNESS: That's more than fair.
13 THE COURT: We'll find it.
14 BY MR. DICKERSON:
15 Q For the record then with respect to these -- the
16 issues of tax refunds, tax issues listed on Page 14, are we in
17 agreement that the -- the first check of -- Mr. -- Mr.
18 Stephens is holding the first two, the -- the \$3.68 check
19 which I can't imagine what that relates to.
20 MR. STEPHENS: Me neither.
21 Q The \$110,128 check.
22 MR. DICKERSON: You have those monies; is that
23 correct?
24 MR. STEPHENS: They're in my trust account, yes.

1 Q And we're in agreement that the 58,136 is -- has
2 been cashed by Eric, correct? Is that --

3 A Yes.

4 Q -- true, Eric? Okay. All right. And then with
5 respect to the federal tax carryforward, you -- you -- Mr.
6 Geraty is going to be testifying on that?

7 MR. STEPHENS: That's right.

8 MR. JIMMERSON: He has --

9 THE COURT: We had the additional 15,003 on that
10 accounted for. We're talking about the three checks, but it
11 looks like there's --

12 MR. DICKERSON: That's Lynita's.

13 THE COURT: That's Lynita's. Okay.

14 THE WITNESS: Yes.

15 THE COURT: So that would be Lynita's.

16 THE WITNESS: In other words, they're holding. They
17 should cash it.

18 THE COURT: Okay. Yeah, it shows in Lynita's.
19 Okay.

20 MR. DICKERSON: And we double counted? And as she
21 -- I -- I may have double counted, because I thought she was
22 holding it and she's deposited in one of her accounts. So now
23 I've got to figure that one out. Okay.

24 BY MR. DICKERSON:

1 Q With respect to the automobiles on Page 15 --

2 MR. JIMMERSON: Do we just agree that if there's a
3 tax thing it would be put on more as deposit and we can
4 deposit on stale check issues? Why are we still holding
5 checks out?

6 THE COURT: Yeah, I don't think anybody has any
7 objection to that.

8 MR. DICKERSON: I don't think we have.

9 THE COURT: Yeah.

10 MR. DICKERSON: I -- I think she -- she --

11 MR. STEPHENS: Why, I waited until like August --

12 THE COURT: Yeah.

13 MR. STEPHENS: -- and they put them in because I was
14 afraid they --

15 THE COURT: If you got any objection (indiscernible)
16 trust counsel and that's stale, because trying to get
17 replacement checks is a big hassle. So yeah.

18 MR. STEPHENS: Definitely. Our worst nightmare.

19 THE COURT: Plus you get some interest in your trust
20 account. Not very much, but -- and it makes it a little
21 better.

22 BY MR. DICKERSON:

23 Q I thought we reached a stipulation on the
24 automobiles. I'm looking for my notes on that.

1 A Yeah, she got hers, I got mine.

2 Q Did we reach a stipulation on the automobiles?

3 MR. JIMMERSON: Not -- not a written document.

4 MR. DICKERSON: Huh?

5 MR. JIMMERSON: Not a written document.

6 MR. DICKERSON: Okay.

7 MR. JIMMERSON: First day of testimony both parties

8 said they would take the cars if they have -- and she saw that

9 (indiscernible) would keep the money and you said you would

10 stick with the Kelley Blue Book on a (indiscernible).

11 MR. DICKERSON: Right.

12 THE COURT: Okay.

13 MR. JIMMERSON: So I mean, it's not a written

14 document, but I think the Judge's notes will reflect who's

15 getting what.

16 MR. DICKERSON: I think we agreed to specific values

17 on those. So let's -- let's find -- I think we take --

18 MR. JIMMERSON: We agreed to the 13,000 on the

19 beatle, Bob. And you said so orally.

20 MR. DICKERSON: Okay.

21 MR. JIMMERSON: And I'm not certain about the

22 values.

23 MR. DICKERSON: Oh, no. That's right. We've -- I

24 -- I -- I've got it written here. Stipulate --

1 THE COURT: You've got it right there with the
2 stipulated amounts.

3 MR. DICKERSON: So these stipulated to these amounts
4 on the three cars. Okay. We're together.

5 THE WITNESS: But I want to go back on one thing.
6 Your Honor, I have taken full responsibility of these monies
7 here, do you know what I'm saying? I'm not hiding the money.
8 It's there on here.

9 THE COURT: Yeah.

10 THE WITNESS: So whether it's deposited or not is
11 irrelevant, because I've taken responsibility.

12 THE COURT: Well, that's why we're going through and
13 see --

14 THE WITNESS: So we're just doing -- hashing things
15 around in circles in my opinion.

16 THE COURT: We'll see if we can get all the money --

17 MR. DICKERSON: Well --

18 THE COURT: All the money that came in and where it
19 went. That's all that matters.

20 THE WITNESS: Yeah, I -- that's fine, but I'm saying
21 it has been -- the ledger is here. It's -- it's there.

22 BY MR. DICKERSON:

23 Q Sir, then help me. The exhibits. If you take a
24 look at your option A and option B, can you tell me where the

1 \$58,000 tax refund is? Am I missing it?

2 A Okay. It would have been in one of the accounts.
3 So we'll find it. I -- I apologize. I shouldn't say
4 anything.

5 Q So what was the purpose of that last statement?

6 A All the money's in here. So --

7 Q All right.

8 MR. DICKERSON: Judge, would this be a good time to
9 -- for a break?

10 THE COURT: Are you okay to get through?

11 MR. DICKERSON: Yeah.

12 THE COURT: We'll try and get you a conference room
13 upstairs. I'll -- I'll find one for you. We just sent an
14 email to -- is there anything that this Court can -- can help
15 you guys with as -- as far as some guidelines to help you?

16 As I said, we'll have all day tomorrow. We can stay
17 a little bit longer if you want and then we can set up some
18 meetings afterwards and get through some more testimony to see
19 where we're at. I say a major issue is the Mississippi
20 property. Now would -- why don't you guys think about
21 overnight and see if you can get the deposition of Mr. Alanis
22 if that would help as quite -- answer some of your questions.

23 But specifically, what we're trying to accomplish
24 and as I said, I haven't read his deposition to really be more

1 clarified exactly what you see as the points of contention.
2 So we try to overcome those to help the parties reach a
3 settlement on that, because I -- you know, we -- so while we
4 kind of think about that.

5 So tomorrow after the end of testimony maybe can
6 meet a little bit with counsel and see if we can really
7 clarify what you see is your major bones of contention. So
8 maybe I can help you guys meet before the next group of court
9 dates to try to help settle the case and see where you're
10 really at and anything that I can do to help you out.

11 If there's some information you need -- what's going
12 on is -- is -- so Mr. Nelson, what they're trying to do is
13 they're trying to track all the money. Mr. Dickerson has an
14 obligation to his client to make sure they can see if --

15 THE WITNESS: No question.

16 THE COURT: -- everything is account for in A and B
17 and --

18 THE WITNESS: No question.

19 THE COURT: -- it's complicated to tracking the
20 money. So the thing you provides today, see if the 200 help
21 tracking the money from the accounts. It's just some matter
22 -- it's kind of a work in progress.

23 So as the questions come up we'll see if we can
24 answer those questions, where the money came, where it went.

1 And if we identify that --

2 THE WITNESS: That's fair.

3 THE COURT: -- then we see which ones that we're
4 looking that you have questions about where it's at and then
5 we can home in on those and then narrow down what the real
6 questions are and then maybe some type of additional discovery
7 or help from the Court can help identify really what other
8 major issues, what things that you're looking for you think
9 hasn't been explained. Then -- then we can really narrow it
10 down to what the issues are, maybe just an evaluation issue.

11 But right now we want to make sure that everything
12 is account for.

13 MR. DICKERSON: All right. You know, Judge, as far
14 as that conference room goes -- it's exhibit -- we probably
15 don't need the exhibits. I could -- we could meet at one of
16 our offices.

17 I mean, I'll go to Jim or --

18 THE COURT: I mean, you can leave your exhibits
19 here.

20 MR. STEPHENS: Jim's is the closest.

21 THE COURT: We'll just put them on the side so
22 they'll be fine for tomorrow. We just --

23 MR. JIMMERSON: Maybe some of these is in our
24 office.

1 THE COURT: -- maybe have the -- our drug court
2 people coming in. So we can just pile that right up to where
3 it's real convenient for tomorrow so we don't need to tear
4 everything down for you at this time.

5 MR. DICKERSON: Yeah.

6 THE COURT: You can just even right -- you can even
7 leave them right over there if you want. That would be fine.
8 Thank you, Judge.

9 THE WITNESS: We made progress.

10 MR. DICKERSON: May I leave them here?

11 THE COURT: Absolutely.

12 MR. DICKERSON: Is it --

13 THE COURT: You can just pile them right --

14 MR. DICKERSON: -- oh that's perfect then.

15 THE COURT: -- on top of there --

16 MR. DICKERSON: Great.

17 THE COURT: -- and that way we can leave them in
18 those corners. That'll be fine. That way you won't have to
19 be carrying them back and forth. And then if there's any time
20 you got anything that the Court can help you with, I'll be
21 glad --

22 MR. JIMMERSON: Call Eric.

23 THE COURT: -- to help you out in any way we can.
24 And then we'll -- we'll take all day tomorrow.

1 MR. JIMMERSON: May we come back at 1:00 or 1:30
2 when you're back in court and then have one of our staff bring
3 back one of these sets of exhibits to my office?

4 THE COURT: Sure.

5 MR. JIMMERSON: I have three sets of exhibits here.
6 Maybe we can have one at the office there. You'll still have
7 two here in case we're missing something.

8 THE COURT: Absolutely.

9 MR. JIMMERSON: And then --

10 THE COURT: Whatever you need. Whatever you're
11 comfortable with.

12 MS. NELSON: We gave it to her.

13 THE COURT: Yeah, all the exhibits -- yeah, all the
14 exhibit basically we get back all the exhibits to my clerks to
15 see how -- if anyone's got an exhibit date on it we make sure
16 you got it all.

17 THE WITNESS: So you're going to meet at 1:00
18 o'clock at Jim's office?

19 MR. JIMMERSON: Let's make it 1:30.

20 MS. POLSELLI: Yeah, that's fine by me.

21 MR. STEPHENS: Eric, make sure you got all your --
22 anything with a blue or yellow on it you have to give back to
23 the clerk.

24 MR. DICKERSON: If I get there early, Jim, can I --

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MR. JIMMERSON: Using my conference room?

MR. DICKERSON: -- get into the conference room? So
I -- I just -- I want to read some of this stuff.

MR. JIMMERSON: Okay. So -- and of course.

THE COURT: This one --

MR. STEPHENS: We should have a regular A here
somewhere.

THE COURT: Here's 199.

MR. STEPHENS: Is the regular A? Yeah, right here.

MR. JIMMERSON: I'll give you the one, Bob.

THE WITNESS: Thank you. Good seeing you again.

* * * * *

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



Adrian Medrano, Transcriptionist

1 TRANS

2 FILED

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4 ORIGINAL

5 *Ann L. Sullivan*
CLERK OF COURT

6 EIGHTH JUDICIAL DISTRICT COURT

7 FAMILY DIVISION

8 CLARK COUNTY, NEVADA

9
10 ERIC L. NELSON,

11 Plaintiff,

12 vs.

13 LYNITA S. NELSON,

14 Defendant.

)
)
) CASE NO. D-09-411537-D
)
)

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16
17 BEFORE THE HONORABLE FRANK P. SULLIVAN
DISTRICT COURT JUDGE

18 TRANSCRIPT RE: NON-JURY TRIAL

19
20 WEDNESDAY, OCTOBER 20, 2010

1 APPEARANCES:

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* * * * *

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1 LAS VEGAS, NEVADA

WEDNESDAY, OCTOBER 20, 2010

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

3 (THE PROCEEDINGS BEGAN AT 9:41:27)

4
5 THE COURT: It's the time set in the matter of the
6 continuation of the adjudicatory hearing as to Eric and Lynita
7 Nelson, Case Number D-411537.

8 We'll get counsel's appearances for the record.
9 Let's start with Mr. Jimmerson.

10 MR. JIMMERSON: May I please the Court, Your Honor.
11 Jim Jimmerson on behalf of Eric Nelson. And my bar number is
12 264. Mr. Nelson is present in court. Our paralegal Shahana
13 Polsell is also present.

14 I'd like to apologize on behalf of Mr. David
15 Stephens. He will be joining us, but he had another court
16 matter that recalled his attention this morning, sir.

17 THE COURT: Thank you, counsel. Mr. Dickerson.

18 MR. DICKERSON: And Bob Dickerson, bar number 0945
19 on behalf of Lynita Nelson.

20 THE COURT: All right. We kind of picked up where
21 we left off or do we have any --

22 MR. DICKERSON: Yes, Your Honor.

23 THE COURT: -- preliminary? I know that counsel
24 have talked with this morning. As a way of housekeeping what

1 I thought we do we get some more testimony from Mr. Nelson
2 today. I thought at the end of the day we got to be done at
3 about 4:00 o'clock, because I have a swearing in I have to do
4 with one of my former law students who passed the bar.

5 So he's coming to be sworn in with his mom. So I
6 promised to get that done for him. But then I thought we'd
7 talk and see any ways I can help you, what ideas you have.

8 What I would like to do is see what real questions
9 or obstacles that Mr. Dickerson needs that needs to be
10 answered. If we need some more information --

11 MR. DICKERSON: Correct.

12 THE COURT: -- Mr. Alanis to see what really are the
13 impediments to see what real questions need to be answered so
14 we could try to get those resolved so the parties may be able
15 to resolve it instead of going through five or six more days
16 of trial.

17 Either way, we'll get there, but we'll try to sit
18 there to see if we can really clarify what the issues that we
19 know. Mississippi is one of the issues. If we need to get
20 some clarification from Mr. Alanis if that will help and
21 counsel is agreeable to that, maybe we can do some depositions
22 or get them on the phone or something we can do to really to
23 try to see what are the barriers.

24 Most of the projects are laid out there. I know we

1 were doing some questioning yesterday about where the money
2 was -- went to the different accounts. So we got some issues
3 on that. We may need to follow up to really see what are the
4 real issues that people have, because it's a pretty
5 straightforward and it's all community property, just what's
6 out there and split equally.

7 And it's -- so that's kind of where we're at right
8 now, but we'll -- I think that's helping by the more testimony
9 we get the more issues started coming out there where we see
10 and maybe we can narrow it down and help the parties get
11 resolution.

12 It's a very trying situation. Divorce is -- death
13 and divorce are very emotionally -- I mean, with the finances
14 on it just makes it real difficult for everybody so I do want
15 to try to help everybody get this through as timely and as
16 painless as we can, as -- as it takes some time to deal and
17 move on this.

18 I do recognize that from the parties.

19 MR. DICKERSON: So, were you planning then at -- at
20 some point today to -- to have that type of discussion with
21 us?

22 THE COURT: Yeah, I thought we could sit there and
23 then if not maybe we can come back next week if we need some
24 time, but really -- yeah, maybe like early today and spend

1 maybe a half hour seeing what are the real issues you guys
2 think that has been faired out and what you like to see done
3 that may help answer some of the questions we have.

4 MR. DICKERSON: I think it would be helpful and
5 actually I -- I think maybe if may suggest at our next -- at
6 our next meeting would be helpful if we actually included the
7 clients.

8 THE COURT: Yeah. Absolutely. To exactly where
9 they're at and see what questions we need to answer to try to
10 help out the parties so they get where they need to get to.

11 MR. DICKERSON: Okay. Great.

12 MR. JIMMERSON: Does that go up?

13 MR. STEPHENS: Yes.

14 MR. NELSON: I'm sorry.

15 THE COURT: Yeah, well --

16 THE CLERK: Please raise your right hand.

17 You do solemnly swear the testimony you're about to
18 give in this action shall be the truth, the whole truth and
19 nothing but the truth so help you God?

20 THE WITNESS: I do.

21 ERIC L. NELSON

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

24 CROSS EXAMINATION CONTINUED

1 BY MR. DICKERSON:

2 Q If we can just start with this one. We'll get to
3 that one. All right.

4 Good morning, Mr. Nelson. How are you?

5 A Good. Thank you.

6 Q Mr. Nelson, I believe yesterday we -- we left off
7 with respect to the cars talking about the cars. And we -- we
8 reached a stipulated agreement with respect to the Volkswagen
9 bug, the Escalade and the Mercedes SL550, you agree?

10 A Agree.

11 Q If you take a look at Exhibit 1-A. Do you have that
12 in front of you?

13 A 1-A?

14 Q A-1, A-1. That's the --

15 A AAA?

16 Q -- asset debt summary, the revised asset --

17 A Oh, I'm sorry.

18 Q -- debt summary.

19 A Okay.

20 MR. JIMMERSON: Can we talk about the cars just so I
21 have a clear -- you wouldn't understand who is getting what.
22 I don't know that we agreed to the values.

23 MR. DICKERSON: Yeah, we did. The values are --

24 MR. JIMMERSON: Can we go over them?

1 have to analyze. They take depositions and things like that
2 over the next year and figure out exactly where the damages
3 are.

4 Q Well, but who's been damaged?

5 A I believe myself and my -- my partners and Lynita.

6 Q Well, the stock -- the stock is held in the name of
7 Dynasty; is that correct?

8 A Yes, sir.

9 Q And there is some stock -- or no, all the stock is
10 held in the name of Dynasty; is that true?

11 A Yes, sir.

12 Q It is owned by you.

13 A Yes, sir.

14 Q All right. So is it Dynasty that's going to be
15 initiating the lawsuit?

16 A Part of it Grata is talked about it, because they
17 have an environmental issue that we had entered into and
18 agreed to. And Silver Slipper's not keeping up with their
19 bargain in maintaining their property.

20 Q Well, Grata -- oh, so Grata has an issue then with
21 respect to land that is owned by Grata.

22 A Yes, sir.

23 Q Okay. But Grata also has an interest in the Silver
24 Slipper as a result of having an interest in Dynasty; is that

1 true?

2 A Yes, sir.

3 Q All right. Now I'm going to get back to Grotto and
4 Dynasty in just --

5 A Okay.

6 Q -- a bit. So what is your complaint? You -- what
7 -- what are you saying has gone wrong or what's the purpose if
8 the lawsuit?

9 A I'm not sure. I'm just saying that there's been
10 some misgivings that I've -- receptions that I've got to
11 investigate between the lender and the potential holders of --
12 my -- my other partner is (indiscernible) some more and stuff
13 like that.

14 Q Okay. So when you say that you're going to sue all
15 of them, you don't have a clue as you sit here today what
16 you're going to sue them for?

17 A Not completely. Just, you know, I'm just out there
18 looking at some issues there and so I'm preparing for those
19 areas.

20 Q And so what issues are you looking at?

21 A Are you -- just everything involved in the
22 transaction.

23 Q Okay. So in other words, it's just -- this is just
24 one of Eric Nelson's threats? I'm going to sue everybody or

1 is there something out there? Is it really --

2 A Maybe it's a strategy. What I do is -- is in the
3 chaos of a property going into bankruptcy that they won't
4 force. So I'm taking a look at different strategies to delay
5 the foreclosure of the property possibly.

6 And -- and if they had some misgivings, Mr.
7 Dickerson, then possibly it would delay some of those areas.
8 And so I'm trying to salvage everything and anything I can in
9 that investment for this community.

10 Q Anything else?

11 A And that's probably it in --

12 Q All right.

13 A -- in a nutshell.

14 Q All right. So now since we were last in court on
15 September 1st of this year, have you had conversations with
16 Paul Alanis?

17 A I believe two or three, that's it.

18 Q Over the phone or in person?

19 A Over the phone.

20 Q And have you told Mr. Alanis that you're going to
21 sue him?

22 A No.

23 Q Have you made --

24 A Well, I -- I apologize. I have -- we have said that

1 we're looking at the -- the transaction itself and he
2 understands what we're talking about.

3 Q All right. And did you tell Mr. Alanis not to speak
4 to Lynita?

5 A No.

6 Q Did you tell him you would prefer that he not speak
7 to Lynita?

8 A I told Mr. Alanis personally you can do whatever you
9 want. If -- but if there is a conflict in some areas, then
10 that -- that would be of concern. So I don't want to take
11 away from his legal rights to talk to Lynita, but I do not
12 want him to injure my legal rights.

13 Q Okay. So you told him you felt it would be a
14 conflict for him to speak to Lynita?

15 A I disagree. No. I said I don't care what you do.

16 If he wants to talk to Lynita, fine. But I'm not
17 going to say yes or no or give him any kind of permission,
18 meaning I'm not going to allow him to backdoor any area that
19 isn't -- and -- and he was defeating my legal rights.

20 I didn't want to give him any legal rights to run
21 over me.

22 Q So what legal rights would he be running over you
23 with? What are your legal rights?

24 A I have no idea. I have -- the man's a master in

1 what he does. He's a very good man. I enjoy him, I like him,
2 but he also is an attorney.

3 Q And so your point?

4 A Is I don't understand the degree of what he can tell
5 Lynita by me giving her permission. I said you can do
6 whatever you want. I did not withhold him from saying talk to
7 Lynita or talk to you.

8 Q Now was there supposed to be -- were you during this
9 last five weeks I guess we're now almost six -- six, seven
10 weeks since September 1st, were -- were you making plans to go
11 to New York City for the purpose of meeting with the lender
12 that is -- has the loan transaction for Silver Slipper?

13 A No, I was going to meet with my daughter in New York
14 City and had to cancel because I had thought there was going
15 to be a meeting set up with your organization which didn't
16 happen.

17 Q All right. So any new developments on Lyndell (ph)?

18 A I rented three spaces.

19 Q So we've got three spaces that are now rented?

20 A Yes.

21 Q And so it's producing more rental income?

22 A No.

23 Q Why not?

24 A I had to give allowances for six months on some of

1 them and offset some of the expenses. So when you ran it,
2 sometimes you got to do some repairs. Sometimes you got to
3 get them free rent.

4 It's more important in my opinion that the Sil -- in
5 commercial properties right now that you fill them up with the
6 current market values and get them rented. So one of the, I
7 think starts in six months. I couldn't tell you exactly on
8 the other two.

9 Q Now Lynita is a 50 percent owner. Lynita's trust is
10 a 50 percent owner of the Lyndell property.

11 A Yes, sir.

12 Q Have you provided Lynita with those -- those lease
13 agreements?

14 A I -- it -- my normal course of business, Mr.
15 Dickerson, is to rent all the rental properties. So I'm
16 conducting a normal course of business. It would not be
17 normal course of business to give those to Lynita.

18 Q Okay. So you did --

19 A No, I did not.

20 Q You have not. And you believe right now in the
21 middle of a divorce you're in the normal course of business?

22 A I've sworn to -- yes. Yes.

23 Q Okay.

24 A Yes.

1 Q Now how can Lynita get copies of those leases from
2 you?

3 A She has full access to the office. We're just going
4 to make sure they sign off. Our office is open every day
5 Monday through Friday from 8:00 a.m. to 5:00 p.m. We've given
6 all the leases to Joe and Melissa. And if they come in we've
7 invited them in and they haven't come in at all, that's a yes.

8 Q Okay. You've been asked to -- you've been asked to
9 provide those type of documents and you --

10 A I don't believe we have. When?

11 Q Okay. Well, we'll go through that --

12 A As of 7/30, now it's key date in -- in my world as
13 we had provided you every document up to 7/30. Now we're
14 going to change the dates, the cutoff date. That's changing
15 and that I'm not made aware of it.

16 So if we want to change the dates and just update --
17 update everything just to charge fees or whatever we're doing,
18 that's fine. There's been no cash flow. There's only been
19 more expenses and more expenses.

20 They're all legal, legal, legal.

21 Q Okay. Now with respect to those leases --

22 A Yes, sir.

23 Q -- can I get a copy of those leases?

24 A Put it in writing, send it to my office and we'll

1 get them to you.

2 MR. JIMMERSON: Judge -- Judge, he doesn't need to
3 put it in writing. However, there's been a huge issue about
4 the Defendant claiming they don't have documents when we know
5 they have been provided. So we are requesting written
6 acknowledgment of received the documents. So I will do a
7 receipted copy, Judge.

8 THE COURT: Permission to copy it. And so --

9 MR. JIMMERSON: And I will deliver it to Mr.
10 Dickerson tomorrow.

11 THE COURT: All right. Thanks, counsel.

12 MR. JIMMERSON: You're welcome.

13 BY MR. DICKERSON:

14 Q Do you recall the --

15 MR. JIMMERSON: I knew there was a question. Are
16 there three documents, three leases -- are there three written
17 leases. I don't --

18 THE WITNESS: I believe so, yes.

19 MR. JIMMERSON: I don't own a promissary that
20 doesn't exist. Three written --

21 THE WITNESS: I believe are for sale or --

22 MR. JIMMERSON: Fine.

23 THE WITNESS: -- or whoever is doing it in the
24 office --

1 MR. JIMMERSON: Thank you, sir.

2 THE WITNESS: -- I don't do that.

3 MR. JIMMERSON: Go ahead.

4 BY MR. DICKERSON:

5 Q Who are the new tenants?

6 A I couldn't tell you. Oh, one's a church. Excuse
7 me. They took more space at the end. The other one just
8 lined up. So that's six months ago. And the other one my
9 brother-in-law Paul Harbor (ph) is going on a Mormon mission,
10 is leaving and his son said he wanted to take it. So it was a
11 good opportunity to rent it to him.

12 Q Rent what to him?

13 A Ben (ph) Harbor or whatever his investment company
14 is.

15 Q So what was in that space before?

16 A Paul Harbor.

17 Q Oh, so Paul Harbor left and you just replaced him
18 with his son.

19 A Yeah, we had it vacant. We could have rented it at
20 any time. We couldn't find tenants. We had three vacant
21 spots. And it just so happens that Ben said hey, I'm looking
22 for a spot and I said well, this is a good spot here.

23 You -- you know, your dad's been out for a long
24 time, we have three spaces. He said I'll take this one. But

1 I think we acknowledged that on our last for rent roll there
2 for you.

3 Q So what was Ben Harbor's business?

4 A Look at Suite 103. What does that say?

5 Q 103 says Smart Investment Assets.

6 A That would be him, I believe.

7 Q And so --

8 MR. JIMMERSON: So is this closed before
9 (indiscernible) --

10 Q -- when did your brother -- now Ben Harbor is your
11 brother-in-law?

12 A No, Ben Harbor's my nephew -- nephew.

13 Q Okay. And who was in there originally? Who -- what
14 was Smart Assets Investments?

15 A Originally we had a --

16 Q I thought it was his father.

17 A No, that's -- I'm sorry. That -- we must have
18 rented it to Ben back then.

19 Q Well, it says here vacant.

20 A Four. There must have been only two new tenants.

21 Q It says here -- oh, I'm sorry. So it shows nothing
22 is paid. So Ben is not paying any rent?

23 A We gave him some rent allowances like we do everyone
24 else.

1 Q Okay. So he's been there six months?
2 A No, I don't believe so.
3 Q Well, the --
4 A Well, if it says that, he's been there six months.
5 Q It appears that at least from January of this year
6 he was there; is that correct?
7 A I don't know.
8 MR. JIMMERSON: I don't see that part.
9 Q How many --
10 MR. JIMMERSON: Oh, there's a zero there.
11 Q I'm trying to figure -- how many months of free rent
12 did you give your nephew?
13 A I don't know. It's then generally up to six months
14 we'll give tenants to get them in there in this -- in this
15 recession.
16 Q And what is his lease payment now? Is he paying
17 now?
18 A I'm not quite sure. You're looking at the paper. I
19 mean, do you want me to --
20 Q There's nothing on it, sir.
21 MR. DICKERSON: Maybe we can give him Exhibit 199 --
22 Plaintiff's Exhibit 199.
23 MR. JIMMERSON: There it is. It's called paid 6 --
24 THE WITNESS: I got it. Okay.

1 MR. JIMMERSON: -- \$650.

2 BY MR. DICKERSON:

3 Q Do you have 199 there?

4 A Yeah, I've got it.

5 Q Okay. Now is your -- does your Exhibit 199 say as
6 of August 29, 2010?

7 A No, and I'm sorry.

8 Q You don't have it?

9 A Oh, wait. That's in here. It appears --

10 MR. JIMMERSON: Just look -- well, that's the same
11 one (indiscernible).

12 A -- Ben started in -- here it is. If Ben started in
13 January and he started paying rent in July.

14 Q So you've updated Exhibit 199 and it appears to me
15 you have one that is dated October --

16 A 6th.

17 Q October 6th.

18 A Yes, sir.

19 Q So you have updated this exhibit.

20 A Yeah, you're welcome to it. I mean, I only have one
21 copy.

22 MR. JIMMERSON: Well, can we just look at it first?
23 We used 199 so we can get a record and then if you want to
24 update to the document. 199 shows --

1 BY MR. DICKERSON:

2 Q May I see the page -- may I see the page -- the --
3 the last page.

4 MR. JIMMERSON: Judge, 199 for the record shows for
5 Space 103 Smart Asset Investment that no rent was received
6 January through June and that rent is marked paid starting
7 July 1, 2010 through the end of the year. And my notes
8 because of the examination that Mr. Dickerson had with Mr.
9 Nelson on -- on September 1 or on August 31 was that the rent
10 was 650 a month, but that's what my notes reflect, but I'm can
11 stand to be correct. But that's what I think the record is
12 through September 1 in this case.

13 BY MR. DICKERSON:

14 Q Is that true, sir, 650 a month?

15 A I'm not sure, but it probably is a fair -- fair rate
16 in today's market, yes. We had no TIs I believe to do on that
17 -- that suite.

18 Q And the -- the other lease then was to the church;
19 is that correct?

20 A The church and the new one in Suite 102, I don't
21 know the new tenant. They're an un -- unrelated third-party.

22 Q And what were you -- do you recall what you're
23 leasing those out at per square foot?

24 A You know, I apologize. I don't know.

1 Q And since we were last in court on September 1st,
2 have you paid any rent for your space?

3 A I have not.

4 Q Is there any new development on Russell Road?

5 A Russell Road we're in the midst of a negotiation on
6 the lease. We had run into a problem with the sewer being --
7 it's on septic. And I wasn't aware of it, but a school
8 requires to be on city sewer. And so with that there's going
9 to be addition TI investments that we're negotiating out right
10 now what the terms and conditions are going to be on that.

11 Q So what are you telling us? So it -- has the lease
12 changed?

13 A It's -- it's changed to that we're going to defer
14 some of the rents for a period of time. It's anticipated that
15 we defer until December 15th.

16 Q Okay. So when we were talking on September 1st that
17 as of October 1st that you would be receiving \$20,000 a month
18 that's changed?

19 A Yes, sir.

20 Q Okay. So you're not receiving \$20,000 a month.

21 A We're receiving nothing right now because of the
22 building concerns or problems we've had getting it through the
23 county and the city.

24 Q And this was the property that you felt that should

1 be taken by Lynita so that she would receive the \$20,000 a
2 month beginning October 1st; is that correct?

3 A No, I said we could split it. So there was no
4 intent. I was just improving the community with that
5 investment. I still believe it was a very good investment.

6 Q Now is your brother receiving any rental monies?

7 A No, sir.

8 Q So now if I recall then from your testimony when the
9 church entered into the lease of February of this year you
10 made an agreement with your brother that he could keep a
11 hundred percent of the rentals; is that correct?

12 A Portions of them, yes. If we were doing some of the
13 repairs it was more to do with the bad one. We're
14 consolidating all of the promised that we had and working out
15 all the issues.

16 Q And we went through that, but --

17 A Yes.

18 Q -- my -- my question is this. Isn't it true, Mr.
19 Nelson, that since the church entered into the lease of that
20 property in February of this year, you, Eric Nelson, have
21 received zero --

22 A That's correct.

23 Q -- from that. And Lynita has received zero from
24 that property.

1 A That is correct.

2 Q Mr. Nelson, if you take a look at -- take -- take a
3 look at Page 3 of Exhibit A.

4 A Yes, sir.

5 Q Let's dealing with the --

6 MR. JIMMERSON: Is that A or A-1, counsel?

7 MR. DICKERSON: It doesn't really matter.

8 MR. JIMMERSON: Well, it does, because the Court
9 ordered A-1 to be stricken as it relates to --

10 BY MR. DICKERSON:

11 Q For Mr. Jimmerson's sake, use A-1, all right? If
12 you want to use A-1, use A-1.

13 MR. JIMMERSON: What's with the sarcasm? The Court
14 makes a ruling and the -- and the --

15 THE COURT: Wait. Wait. Wait. We'll use --

16 MR. JIMMERSON: -- lawyer makes a fun joke of it?

17 THE COURT: We'll --

18 MR. JIMMERSON: He introduces a document that's
19 incompetent?

20 THE COURT: We'll substitute Exhibit A-1 for A so
21 that A is -- A-1 has the sanitized version without the
22 reference to JPI violations. So we'll -- we'll refer for
23 official record to Exhibit A-1.

24 MR. DICKERSON: A-1, sir.

1 BY MR. DICKERSON:

2 Q I'm just hoping that the -- the pages may have
3 changed a bit, because I noticed that I -- I made a mistake on
4 one and -- and inserted the -- what was supposed to be at the
5 head in the middle, but I -- I don't think it's here. So take
6 a look at the Arizona properties, sir.

7 A Yes, sir.

8 Q Have there been any changes there of any of those
9 lots sold to --

10 MR. JIMMERSON: What --

11 A Not that I believe so.

12 MR. DICKERSON: On Page 3 of A-1, Mr. Jimmerson.

13 MR. JIMMERSON: Thank you.

14 Q So none of the lots that are referenced there. None
15 of the 28 one acre lots have sold?

16 A I don't believe -- no.

17 Q How would you know this?

18 A Well, I would have to get my update dated. It does
19 -- I thought we were doing everything from 7/30, Mr.
20 Dickerson. If we continue to change dates, it's very
21 difficult for me.

22 Q Well, let me ask you this. If a lot sold, where
23 does the money go?

24 A It would go into Benone and it would either go to

1 the operating expenses which we are saying whatever value it
2 is, it would be a cash value to Lynita.

3 For instance, if something sold for \$10,000, so we
4 would put \$10,000 on the rec book there. And she would have
5 the benefit to take five or 10,000 and split it. So it's all
6 leveled off in the books there.

7 Q So it's just -- you don't believe that's important
8 information for us to know whether a lot has been sold and
9 where that money is?

10 A It will be in the events you took that lot. For
11 instance, if I took that lot, it really doesn't matter, does
12 it?

13 Q No, it doesn't, sir. I agree with you.

14 A Okay. So --

15 Q But if you didn't --

16 A -- let me just -- she can have anything she wants
17 50/50.

18 Q No, we -- we went through that last time with you
19 and we were seeing that that wasn't exactly the case. So
20 let's go -- let's look at these.

21 A Okay.

22 Q Is there -- you -- you say to pay administrative
23 expenses. Those are the salaries of your family members that
24 are working for Benone?

1 A Nobody works for Benone except for -- the only
2 employees I have, Mr. Dickerson, are Rachelle McGown (ph).
3 Lana (ph) works two days a week and Joan (ph) works two days a
4 week.

5 Q Okay.

6 A That's it.

7 Q So the --

8 A I don't pay my brothers, sisters, my nephews,
9 nieces, anyone except for the management fees that they would
10 collect in Arizona because of the -- Eric is -- is managing
11 those properties there for Benone and so is Kevin (ph)
12 managing half the properties.

13 Q And who's selling the properties?

14 A We're not selling them.

15 Q You're not selling any of these lots in Arizona?
16 Take a look at --

17 A They're on hold. Yeah, they're -- they're not -- we
18 can't really -- the recession, it would be a terrible time to
19 sell any vacant lot.

20 In addition to that, we want to see if we can get
21 the payoff on the notes. And if we can get the payoff of the
22 notes which are coming due in November and December, then
23 we'll press forward on the foreclosure areas.

24 I can't really press forward on the foreclosure

1 areas, because some of those lots I believe are in Lynita's
2 name.

3 Q All right. So again just very simply. If you take
4 a look at Page 3 of A-1, just --

5 A Okay.

6 Q -- go through that, take a look at it. And is
7 everything there accurate to your best knowledge and belief?

8 A I'm sorry, A-1. Yes, I believe it's exactly the
9 same.

10 Q Okay. All right. Now the -- any changes with the
11 Wyoming property?

12 A I'm sorry, no. No changes with the Wyoming
13 property.

14 Q And any developments with respect to getting the
15 property developed?

16 A We're at a standstill until we know exactly what the
17 -- the vacant land is -- would be premature to figure out what
18 we're going to do until this divorce and what direction you
19 give me with Lynita. She wants me to manage it. That's an
20 asset that can sit.

21 Some assets you can't sit on. This asset you can
22 sit on. It's not hurting its value, because it's vacant land.

23 Q With respect to the -- the 200 acres or
24 approximately 200 acres of Mississippi property, the property

1 in Mississippi.

2 A Yes, sir.

3 Q Any developments or changes on that?

4 A No.

5 Q Any changes on the Arnold Avenue property?

6 A No, we did pay off all the construction and now
7 we're I believe receiving rent. Let me see. We can go back
8 to the rent earlier. Let's see. Let's see here. Yeah, we
9 did receive October 10th \$430.

10 So from April through September we did all of the
11 repairs as per the leasing agent third-party requested.

12 Q Now where did that money go?

13 A To the repairs.

14 Q Well, the repairs had already been made, hadn't
15 they?

16 A For the 430?

17 Q Yes.

18 A The 430 went to I believe would be Benone. That
19 would be accounted for there. We can give you a profit and
20 loss statement at the time we conclude this for every month
21 from August, September, October, November, December, January.

22 Q At the time we conclude what?

23 A The divorce, if ever.

24 Q The important thing that we have is that we have

1 that information now. Do you understand that?

2 A Well, if you would ask for it, I could give it to
3 you.

4 Q Well, you know something, we'll go into that in just
5 a second.

6 A Yes, sir.

7 Q You're saying that there was no request made by Joe
8 Lee-Alanie for updated documents?

9 A We just gave them to you. Now I asked Joe to sign
10 off for them. We invited him to our office. He refused to
11 come in.

12 Q We'll go through that in just a second --

13 A Okay.

14 Q -- all right?

15 A Very good.

16 Q How about the Pebble Beach property? Anything --
17 any new development there?

18 A No changes.

19 Q All right. If you take a look at Page 5 of -- of
20 Exhibit A-1.

21 A Okay.

22 Q Any changes -- any of those properties have been
23 sold?

24 A Not that I'm aware of.

1 Q Okay. How would you be made aware of it? I mean,
2 you're on top of this on an everyday basis, aren't you? This
3 is your business?

4 A Well, it is. And I just didn't know if any of the
5 -- the -- none of these I believe would have been sold, no.

6 Q Who was selling these properties?

7 A We're not selling it.

8 Q Well, who is selling it? Who is responsible for
9 selling it?

10 A Me.

11 Q Okay. So --

12 A I would know. You're asking me today. I wasn't
13 prepared to -- on that side of it. I was prepared at 7/30.
14 I'd tell you exactly where everything was.

15 Q Well, but you would know what you've done within the
16 last seven weeks. If you're telling me you're the only person
17 that sells the property.

18 A Yes.

19 Q And --

20 A I said I believe no.

21 Q And so you have no recollection as you sit here
22 today at (indiscernible).

23 A Yeah, like I said, I believe no. Some people had
24 said hey, we're going to pay off. Do they pay off this

1 morning? I don't know.

2 Q Well, these are real property. We're not talking
3 about any loans yet.

4 A Right. And I said I do not believe any of these
5 properties sold.

6 Q Okay. How about Page 6 of Exhibit A-1?

7 A I don't believe that they all should be the same.

8 Q How about Page 7?

9 A Also be the same.

10 Q How about Page 8?

11 A Let's see. I believe all to be the same.

12 Q Okay. If we move over to Page 9, we have -- again,
13 a continuation with promissary notes that are -- let's move
14 back to Page 8 just a second.

15 A Yes, sir.

16 Q You'll see from about other than maybe the top three
17 inches it says Benone real notes. It actually just says
18 Benone notes. The word real doesn't belong there. But these
19 are all the promissary notes that we've referenced before that
20 are owned by Benone, correct?

21 A I believe so.

22 Q And do you -- have you received any monies on these
23 notes over the past seven weeks, eight weeks?

24 A I don't believe so. I believe all the notes were

1 had been prepaid through the end of the year that have been
2 paid. There are three that are delinquent. Two that are in
3 default that are in Lynita's name on the Gateway lots.

4 Q Okay. So you had them all prepaid.

5 A We talked about this last time.

6 Q Right.

7 A It went into Benone.

8 Q And you went into Benone and that's the -- the
9 monies that you then used to build your home, correct?

10 A No.

11 Q Isn't the -- isn't the money to build a home coming
12 from Benone?

13 A You said my home it's to build Benone that was an
14 investment property. And so also to do all the repairs in
15 Benone, also to pay any employees in Benone, also to pay any
16 taxes in Benone, insurance in Benone, operating expenses.

17 Q Okay. The 1.3 million that you had put or invested
18 into --

19 A Yes, sir.

20 Q -- Bella Kathryn loan came from Benone; is that
21 right?

22 A Yes. Well, it was diverted -- the money came
23 actually the majority of it, not 99.9 came from the line of
24 credit into that investment property.

1 Q So these promissary notes that are listed on Page 8
2 and Page 9, have there been any changes in any of these
3 promissary notes?

4 A Not that I'm aware of.

5 Q Now we get to Benone Arizona and Benone Arizona owns
6 the one piece of property and that's this Berkley Road
7 property. Has -- had there been any change in that?

8 THE COURT: Where are we at?

9 MR. DICKERSON: Page 9.

10 THE COURT: Okay.

11 Q Okay. You see the Berkley Road property that's
12 owned by Benone Arizona?

13 A I believe it's the same. Yeah, it's the same, I
14 believe.

15 Q Now any changes in Dynasty?

16 A Yeah, Dynasty is in -- is this Silver Slipper
17 properties.

18 Q So any changes other than what you've already
19 discussed?

20 A Oh, the capital contribution to this here, no.

21 Q Now with respect --

22 A No, the capital contribution -- I -- I want you to
23 be clear on that. We don't own all that Dynasty. A lot of
24 that has gone to the Grotto individuals or whoever that were

1 entitled to portions of that. So we gave you the profit
2 shared agreements. And those profit shared agreements it
3 shows dollar amounts that go to different individuals
4 including Lynita, including the McCarlys (ph). These funds
5 that were dedicated for that.

6 Q Moving to Grata.

7 A Yes, sir.

8 Q Now I don't know if we went into this last time, but
9 Grata had -- we -- Grata has a 7.5 percent interest in
10 Dynasty, correct?

11 A I'm not quite sure the exact. It says 16.7 interest
12 here. 17.5 percent Dynasty.

13 Q I'm sorry.

14 A I don't know. Those are your numbers.

15 Q What do you -- what do you believe that they own?

16 A Just let me look. It looks like -- yeah, there's
17 approximately between Cliff (ph), Decure (ph), Grata, Paul and
18 Martin with total somewhere in the area of 15 percent of the
19 34 percent.

20 Q So --

21 A Now you'll hear the number 43 percent, Mr.
22 Dickerson. That's before dilutions from the lender of 20
23 percent. 34 percent is a net figure.

24 MR. DICKERSON: The Court's indulgence, please.

1 Q All right. So I'm a little confused here then, I'm
2 sorry. It is my understanding that the Grata -- these -- it's
3 the Grata financial partnership that owns interest in Dynasty?
4 A Yes, sir.
5 Q And --
6 A One of them.
7 Q One of them. What do you mean?
8 A Meaning that you have Micure (ph). Cliff McCarly
9 has a -- profit shared agreement. Paul Nelson has a --
10 Q I'm not there yet.
11 A -- separate profit shared agreement.
12 Q I'm -- I'm getting there. Okay. So Grata owns a
13 7.5 percent interest in Dynasty, does it not?
14 A I believe so.
15 Q So where was this 15 percent number coming from?
16 A I thought you were asking the --
17 Q I'm simply asking on Grata. I'm --
18 A What Dynasty owned.
19 Q Look at Page 10.
20 A Oh, Grata. Excuse me. Okay. Yes. I believe Grata
21 has a --
22 Q It has a 7.5 percent interest in Dynasty, does it
23 not?
24 A It appears to be.

1 Q Which converts to a 2.612 percent interest in the
2 Silver Slipper.

3 A Yes, sir.

4 Q Now Grata also owns 75 acres of real property in
5 Mississippi.

6 A 25 acres.

7 Q 25 acres. That was where the confusion lied. There
8 -- last time you -- there were -- there were three lots that
9 indicated 25 acres only.

10 A Yes, sir.

11 Q What -- explain that.

12 A Three lots, eight acres, 11 acres, four acres equal
13 25 acres. So the three parcels, those three parcels were
14 identified as one parcel or the Grata 25 acres --

15 Q All right. Now --

16 A -- although they actually have three different
17 parcels.

18 Q The -- with respect to Grata, if they -- if the
19 Silver Slipper sold --

20 A Yes, sir.

21 Q -- Grata would receive its share of the monies -- or
22 its share of the monies as a result of that sale, correct?

23 A Yes, sir.

24 Q And if those 25 acres sold --

1 A Yes, sir.

2 Q Grata would receive those monies, correct?

3 A Those monies probably would never be received. That
4 was derived we talked about by a -- it's not a 1031, excuse
5 me, like a 1034 that where it's an eminent domain exchange.

6 And so we took property that was exchanged in West
7 Flamingo that the Grata group owned. We deferred it over to
8 that piece of property there. That's where that \$3,000,000
9 note is that we referred to as worth zero, the \$3,000,000
10 note.

11 Q Well, Grata --

12 A They didn't have the whole note.

13 Q Grata, that's the one down here, the -- the
14 promissary note that is to you --

15 A Yes.

16 Q -- in the amount of \$3,025,000.

17 A Right.

18 Q Okay. That exists, correct?

19 A Yes.

20 Q And that is -- it -- if Grata sells these assets,
21 your note is going to be paid off before any of the owners of
22 Grata receive a dime, isn't that correct?

23 A Yeah.

24 Q Why is that so?

1 A Only on the bank -- it's only on the piece of
2 property. It's not on the Dynasty stock. It's not on
3 Dynasty's capital account. It's only on the 25 acres.

4 Grata will never pay that 25 acres or it will engage
5 probably a million dollars in tax, 450,000 in taxes.

6 Q So you've never provided us with that promissary
7 note. Where is it?

8 A I don't believe -- if -- if they would have asked,
9 the answer is let's ask Lana Michelle (ph), Joe knew about it
10 and Melissa about. And my girls will testify to that.

11 Q Well, bring them.

12 A Well, if you don't have it, I don't know.

13 Q Sir, if you'll take a look at Exhibit U4.

14 A I'm sorry, what?

15 Q U4.

16 A U4?

17 Q Yes.

18 A Okay. U4.

19 Q Take a look at the second to the last page.

20 A Yes, sir.

21 Q That lists your note that the -- the Grata note that
22 is owed to you, isn't that correct?

23 A The last page I don't have that.

24 Q The second to the last page, sir.

1 A The second to the last. I don't have that either.

2 Q Take a look under where it says mortgage notes more
3 than one year \$1,025,000.

4 A I don't see it here.

5 Q Are you on U4?

6 A Yeah, I believe so.

7 Q The -- here's U4, sir.

8 A Okay.

9 Q And the (indiscernible) tax return --

10 A Okay.

11 Q -- for 2008, correct?

12 A Yes, sir.

13 Q Look at the second to the last page of this
14 document.

15 A Yes, sir.

16 Q The note that is listed here of \$3,025,000.

17 A Yes, sir.

18 Q That is the note that is owed to you.

19 A Yes, sir.

20 Q That's the money that's owed to you. Where in there
21 does it say that it is only secured by the property?

22 A Well, that's a tax return. So if you take a look at
23 the note or the agreement it would state in there that it's a
24 deed of trust against the piece of property. So it was

1 designed tax exchange to defer gains from Grata that are
2 specially exclusively set up for condemnation actions where
3 Las Vegas condemn some properties in Las Vegas for the freeway
4 and we defer -- we designated a piece of property which could
5 be by note.

6 Q Let me ask you this, sir.

7 A So I received none of those capital.

8 Q Let me ask you this. Have you provided your
9 attorneys with a copy of that note and deed of trust?

10 A I believe so. There's only 3,000 documents, but I
11 know we discussed it with Joe and Melissa, but it was when you
12 can have it, a hundred percent of it

13 Q Yet you also agree, sir, that if you look at your
14 exhibit -- your Exhibit A and the options that you provided,
15 Exhibit -- option A and option B --

16 A Yes, sir.

17 Q -- that no where on either of those documents is the
18 promissary note that the --

19 A Yes --

20 Q -- 3,000,000 --

21 A -- it's listed.

22 Q Okay. And it's listed where, sir?

23 A The debt value, Mr. Dickerson, let's go back to your
24 documentation here. If you take a look at number 12, Grata

1 was partnership number eight. The equity value is
2 approximately 25,000 in today. Everything's been written down
3 to the true market value in that particular investment.

4 That note is worth zero value. It's placed in the
5 Grata side of things there.

6 Q Well, the Grata note is not owned by Grata. Grata
7 owns the -- owes the money to you, correct?

8 A It has no val -- oh, sorry.

9 Q Sir, do you understand?

10 A Excuse me, I take that back. I take that back.
11 That's in --

12 Q Grata owes --

13 A -- it's the number eight. The number eight. That's
14 where everything is placed with my equity is placed in there,
15 the Mississippi in there. All my equity is in Mississippi.

16 Q So your testimony is that the million dollars that
17 you put down for all the -- your -- all -- everything in
18 Mississippi includes the \$3,000,000 note that we're referring
19 note.

20 A Yeah, the real -- \$3,000,000 note is worthless. You
21 can get it right now to Lynita, the whole thing. And that is
22 reflected in that conversation with Joe and Melissa not just
23 by me, but my staff too.

24 Q All right. So moving down then we get to the

1 Emerald Bay property.

2 Any changes there, sir?

3 A No. No. That's part of the Mississippi number
4 eight.

5 Q What -- what is part of it?

6 A It's part of the land in Mississippi.

7 Q How about the promissary note from Emerald Bay to
8 you or to -- to Em --

9 A That's just the booking value. It has zero value.
10 It's the interoffice booking has no value.

11 Q Why is that?

12 A Because when we had it we were keeping track of
13 dollars back and forth between the companies. So the net
14 result would be zero at the end of the day.

15 We're just -- it's for tracking purposes on -- on
16 banking.

17 Q So your accounting procedure that you really want us
18 to follow, it's just let's net everything out and take it --
19 take it at your word; is that right?

20 A You can fully disclose all these document to Melissa
21 and Joe.

22 Q All right. Well, we can debate that, sir. Now if
23 these properties that are owned by Emerald Bay sold, that
24 promissary note of \$45,500 would be paid off, isn't that true?

1 A No, it's innerbooking. I mean, you can innerbook
2 it, paid off. It's -- it's just an innerbooking.

3 Q What do you mean by that?

4 A It meaning how much money we invested in some areas
5 there. It was part of the value but on the Mississippi and
6 those with the Mississippi value.

7 Q And it's money --

8 A That is all our equity value.

9 Q That's not my question, sir. That is money that is
10 owed to you by Emerald Bay Mississippi LLC, isn't that
11 correct?

12 A Well, Dynasty is owned by me.

13 Q Sir, listen to the question.

14 A Because I pay myself.

15 Q Sir, listen to me.

16 A Okay.

17 Q That is money, the \$45,500, is money that is owed to
18 Nelson & Associates by Emerald Bay Mississippi LLC, isn't that
19 correct?

20 A All owned by Eric Nelson.

21 Q Pardon me?

22 A All owned by Eric Nelson.

23 Q So the answer to that is yes.

24 A I'm going to pay myself.

1 Q So the an --
2 A So it's irrelevant. It's not even a book entry.
3 Q Thank you, sir. I --
4 A Thank you.
5 Q -- appreciate your ruling on that.
6 A Thank you.
7 Q Now the answer to that is yes?
8 A The answer is all the assets are placed under number
9 eight. All the book values. So you're not anticipating some
10 additional value that you're creating with the \$3,000,000 and
11 over --
12 Q Any --
13 A -- \$45,000,000 or --
14 Q Any --
15 A -- \$45,000,
16 Q Any change in the Nicki (ph) note?
17 A No change.
18 Q You've received any monies on the Nicki note since
19 we were last in court?
20 A August was the last payment. But I don't know -- I
21 don't know -- I can't tell though if that is a payment in --
22 in total or not.
23 Q What do you mean?
24 A July 30 -- yes, so that would be an additional

1 payment in August.

2 Q So what was paid in August?

3 A \$2,000.

4 Q Where did that money go?

5 A Nelson & Associates.

6 Q And then where did that money go?

7 A That's in Nelson & Associates's account.

8 Q Is it right now?

9 A Well, the 2,000 is going to be used for ordinary
10 operating expenses for Nelson & Associates. We have to run a
11 business there still. Managing these notes, managing the
12 properties, managing the office, managing the bill.

13 Q Well, who --

14 A So it's all accounted for.

15 Q I thought you said you only have three employees.

16 A Yeah, they -- they cost money. So they cost money.
17 You think they're free? They're not free.

18 I don't mean to be a smart Alec, but --

19 Q Well, so it sounds to me like the money's from --
20 Benone's going to pay your employees, the money's from Nicki
21 note is going to pay your employees. Pretty much everything
22 that you make you put into this entity and you say it's
23 administrative expenses, correct?

24 A Well, not completely. There's profit. We can

1 allocate the profit. We'll show every dime that we make and
2 every dime that we lose.

3 Q When are you going to do that?

4 A Whenever you want.

5 Q Well, right now.

6 A Whatever you're going to sell.

7 Q Right now.

8 MR. JIMMERSON: Judge, this --

9 A You got it right there.

10 MR. JIMMERSON: This has already been provided.

11 MR. DICKERSON: No, it hasn't been provided.

12 A And we provided it's a 7/30, Your Honor. We're
13 never going to stop this process. Every day it changes, Bob.

14 Q Well, sir --

15 MR. JIMMERSON: Every bank account --

16 Q -- isn't it true --

17 MR. JIMMERSON: -- every payment --

18 Q -- that while you're --

19 MR. JIMMERSON: -- has been shown --

20 BY MR. DICKERSON:

21 Q -- while you're collecting all this money you still
22 during 2010 have not given your wife a dime?

23 A We have lost money the whole time in 2010, Mr.
24 Dickerson.

1 Q So the answer to that question is yes?

2 A You've destroyed our companies.

3 Q So the answer is --

4 A The answer is no, I'm not giving her or me money
5 from profits. She has \$2.6-million dollars in the bank.

6 Q All right. Moving to the Riverside Entertainment
7 and Hideaway Casino we last testified about. Have there been
8 any changes and any new developments with respect to those
9 properties?

10 A No.

11 Q All right. I believe that's where we left off, sir.
12 Now our next exhibit is -- thank you. This will be
13 quadruple B. I'm showing you what has been marked for
14 identification purposes as Defendant's Exhibit quadruple B.

15 A Yes, sir.

16 Q Now Rachelle McGown works for you; is that correct?

17 A That's correct.

18 Q And she sent this email to Joe Lee-Alanie pursuant
19 to your request; is that correct?

20 A I asked her to type a letter to Joe in response.

21 Q Okay. So she sent this pursuant to your request?

22 A Yes.

23 Q And the attachment to it is something that was
24 prepared under your direction?

1 A I asked her to prepare for all of the documents that
2 Joe had requested.

3 Q Okay.

4 MR. DICKERSON: Your Honor, move for admission of
5 Exhibit quadruple B.

6 MR. JIMMERSON: No objection, Judge.

7 THE COURT: Hereby admitted as quadruple B.

8 (Defendant's Exhibit BBBB admitted)

9 BY MR. DICKERSON:

10 Q Now sir, going through this, since we were last in
11 court on September 1st, Joe Lee-Alanie sent you a -- a list of
12 documents that he would like you to update for preparations
13 for these -- these proceedings today; is that correct?

14 A Yes, sir.

15 Q And what you've done here is you've set out all of
16 Mr. Lee-Alanis's requests. And then those are all in black.
17 And what's in red is your responses or requests; is that
18 right?

19 A I believe so.

20 Q Okay. So if we go through the first thing he asks
21 was the electronic Peachtree files maintained for the entities
22 listed below with transactions through August 31, 2010.

23 Now can you explain to the Court the Peachtree
24 files. What do they include?

1 A They include your bookings and stuff with numbers.
2 I understand -- I don't know exactly of all your accountings
3 in electronic form.

4 Q Okay. So basically it's keep you track of
5 everything that you own? Is that pretty -- pretty clear?

6 A I -- plus whatever the girls were doing possibly
7 too, private stuff.

8 Q You -- the -- the red here, that's under your
9 direction, you said the Peachtree will not be provided.

10 A The reason why just because --

11 Q Is that true?

12 A -- we have given this to Mr. -- to you, to Mr.
13 Duckworth (ph), to Mr. Berr (ph), to Denise, to Joe multiple
14 times, to Melissa. So we're now insist that you sign off that
15 you received these documents and then we're all comfortable
16 that you have received them and you want multiple ask us for
17 these. It is inappropriate for you not to sign off for these
18 documentations, I believe.

19 Q So sir, you believe that you have provided them
20 through August 31st of this year?

21 A Yeah, they're all right here. We've provided them.
22 As soon as you give us your orders, we'll give you ours.
23 They're right here.

24 Q So you're saying here today that's the documents.

1 Have I received them yet?

2 A Half the documents that you request on the 15th that
3 we prepared and -- and so yes, I just received yours today, I
4 believe. So thank you, yes. We're exchanging documents, I
5 understand.

6 Q So you're telling me that you now provided those
7 Peachtree files.

8 A The Peachtree files are written hard form. All
9 these accounts that he re -- that he -- he's not going on a
10 fishing expedition.

11 We took our Peachtree and gave it to him. It had
12 certain codes in it. They violated -- somebody violated Citi
13 National Bank and called them with all our codes and all our
14 memory numbers.

15 We had to shut accounts down because of the
16 fraudulent activity I was getting. Those were because I
17 believe we gave that material went out on the open market.

18 Q All right. So moving down.

19 Everything in red here then is what you've directed
20 your office to -- to communicate to Mr. Lee-Alanis.

21 A Yes, and then it's here. It's available like it
22 always has been.

23 Q Okay. So instead of making him copies you wanted
24 him to go to your office; is that right?

1 A I go to his office -- his off -- I want them signed
2 off this time by initial. We want everything initialed off
3 that he's received it.

4 Q Well, you agree that you never gave him the -- the
5 statements for August of -- of this year.

6 A Yeah, but it -- when we get them, I want him to
7 initial it that he got it. I want to hand it to him and have
8 him initial it.

9 Q All right.

10 A We gave him multiple documents he said he never
11 received and we had to do it again and do it again.

12 Q Okay. Let's move to Eric Nelson engineering. Now
13 we're at the bottom of Page --

14 MS. NELSON: Auctioneering.

15 MR. DICKERSON: Auctioneering. What did I say?

16 THE WITNESS: Engineering. Close enough.

17 MR. DICKERSON: I do that every time, don't I? All
18 right.

19 BY MR. DICKERSON:

20 Q Eric Nelson Auctioneering, the bottom of Page 10. I
21 believe we're in new territory now.

22 A Okay.

23 Q Tell us what is Eric Nelson Auctioneering?

24 A It was our auction company that we tried to auction

1 off foreclosed properties and things like that. It actually
2 -- actually, it does hold my brokers license.

3 Q And this is the -- what -- the only asset according
4 to you is the bank account?

5 A Well, it would have -- yeah, that's just about it,
6 me. That would be it. That's the only asset is me. If I
7 leave, it's gone.

8 Q Well, but it has a bank account; is that correct?

9 A I'm not sure if it does or not. I think we closed
10 it.

11 Q I thought we just talked about earlier the \$2,000
12 from the Nicki note went into the Eric Nelson Auctioneering.

13 A No, Eric Nelson & Associates.

14 Q Okay. And what is the difference between Eric
15 Nelson & Associates and Eric Nelson Auctioneering?

16 A Eric Nelson Auctioneering is an escort. And an
17 escort gets its own filing of -- of its business. Its
18 business is primary business as a real estate company to sell
19 at auction real estate.

20 The Nelson & Associates deviate for Eric Nelson
21 trust. The trust itself is a managing agent. So all the LLCs
22 and S-corp would flow up to Nelson & Associates, the DBA of
23 which is Eric Nelson's trust.

24 Q All right. Move over to Page 11, please. Now in

1 going through these accounts starting with the first one you
2 had a -- an account in Bank of America ending in 1310; is that
3 correct?

4 A Yes, sir.

5 Q And on -- you closed that account during the
6 dependency of this divorce again, didn't you?

7 A Yes, sir.

8 Q And you withdrew -- the -- the last money you
9 withdrew from there was \$14,237?

10 A Yes, sir.

11 Q And what did you do with that money, sir?

12 A Mr. Dickerson, I took the liberty to have the
13 tracking of unaccountable funds per your request. And I
14 documented where those funds went in all of those accounts.
15 Lana provided us to your -- your company and to Joe.

16 Q When?

17 A It is actually the tracing of these funds.

18 Q When was that?

19 A The tracing of the funds shows this was transferred
20 to the account of 2798 Nelson & Associates. It looks like it
21 was copied -- rough copied 9/22. So it would have been
22 shortly after that.

23 Q Okay. So do you have an extra copy for me?

24 A I think we do, don't we?

1 THE CLERK: Yeah, it will be an exhibit.

2 MR. DICKERSON: It's an exhibit?

3 THE CLERK: It will be.

4 THE WITNESS: But that should answer all -- that
5 will answer all the waste items --

6 MR. DICKERSON: Any chance I can see it now?

7 THE WITNESS: -- that you've entailed.

8 BY MR. DICKERSON:

9 Q That might save some time. So you -- you produced
10 this document when, sir?

11 A At the end of September, I believe. After we took
12 -- when was the end of our trial last time? September 1. So
13 we were preparing it -- so it would have been out probably the
14 third week of September to your office. Just to show you
15 where the funds were.

16 But we took the liberty to do all the tracings so we
17 wouldn't have to waste time and energy.

18 THE CLERK: It will be.

19 Q Now yours has colors on it. Do you -- the one that
20 you're holding up there, I saw red. Which column -- which
21 column is in red or --

22 A Let's see here. The debit -- debit apparently would
23 be in red.

24 Q Oh, I see. Okay. So the ones that are probably

1 lighter.

2 A Yeah.

3 MR. DICKERSON: Your Honor, would this be a good
4 time to take a short break so I can review this and may see --

5 THE COURT: Yeah, I'll give you a chance to review
6 that. We'll take --

7 MR. DICKERSON: Yeah.

8 THE COURT: -- a 10 minute break and then we'll
9 review that. Maybe get this admitted into evidence so that it
10 might help everybody out to work off.

11 MR. JIMMERSON: Mine is proposed 200, Your Honor.

12 THE COURT: Proposed 200. Okay. We'll take a 10
13 minute recess, give everybody a chance to stretch and --

14 MR. DICKERSON: Great.

15 THE WITNESS: And honestly, I'm sorry again to
16 everybody in this court. I just get you crazy.

17 THE COURT: We're good. We're making progress.
18 We're getting to it. But I appreciate your courtesy and
19 respect to counsel. I appreciate it.

20 (WHEREUPON, COURT RECESSED AT 10:36:49 AND RECONVENED AT
21 10:55:11.)

22 THE COURT: This is reconvening the matter of Eric
23 and Lynita Nelson, Case Number D-411537. We took a brief
24 recess.

1 Counsel, you can proceed --

2 MR. DICKERSON: May I proceed?

3 THE COURT: -- at your --

4 MR. DICKERSON: Thank you.

5 THE COURT: -- pleasure.

6 BY MR. DICKERSON:

7 Q Before -- before going further and looking at the
8 bank account, sir, would you please take a look at Exhibit AA?

9 A Do I have it?

10 Q Yes. It's in the booklet right there.

11 A Over here. Okay. Sorry. Thank you.

12 Q That one right there.

13 A Okay.

14 Q And Mr. Nelson, I believe it's that one right there
15 that --

16 A Okay. Sorry. Got it. Okay.

17 Q Okay. Mr. Nelson, the -- the first attorneys that
18 you -- that you employed in this case or you retained to
19 represent you was the Law Firm of Ekran Keenan (ph); is that
20 correct?

21 A Yes, sir.

22 Q And sir, if you'll take a look at the last page of
23 Exhibit 3 -- 3, you'll see that on May 13th of this year -- or
24 excuse me -- May 13th of 2009, a copy of the joint preliminary

1 injunction which is the first two pages of Exhibit double A
2 were served upon your legal counsel, do you agree?

3 A Yes, sir.

4 Q And you saw this at or shortly after this point in
5 time, isn't that correct?

6 A I'm not aware if I --

7 Q Okay.

8 A I'm sure I did.

9 MR. DICKERSON: Your Honor, move for admission of
10 Exhibit double A.

11 MR. JIMMERSON: For purposes of AA to the Court, no
12 objection. Judicial notice I believe is the better way under
13 the rules of evidence, but either way is fine.

14 THE COURT: We'll admit Exhibit AA, just --

15 (Defendant's Exhibit AA admitted)

16 BY MR. DICKERSON:

17 Q All right. So back to the accounts.

18 MR. DICKERSON: Your Exhibit 200, did you -- do you
19 want to move for admission of 200 now?

20 MR. JIMMERSON: Yes, that would be fine.

21 MR. DICKERSON: I have no objection to their 200,
22 Your Honor.

23 THE COURT: Hereby admitted as Exhibit Number 200 as
24 the tracking of quote unaccounted for monies rough copy

1 MR. JIMMERSON: Just like ours.

2 THE COURT: -- to see what property, but I do agree
3 with you that the comments were totally inappropriate.

4 MR. JIMMERSON: So we move that that be stricken and
5 they resubmit Exhibit A without the red.

6 MR. DICKERSON: Well, so you don't even want me to
7 suggest that it be sold? I don't --

8 THE COURT: No. I mean I'm okay with
9 (indiscernible). I mean --

10 MR. JIMMERSON: No, no, no. I'm just talking about
11 the --

12 THE COURT: -- some of the comments about the JPI
13 violations and stuff --

14 MR. JIMMERSON: -- argumentative stuff, all of that.

15 THE COURT: -- like that. I mean --

16 MR. DICKERSON: I'll take JPI violations out ***

17 THE COURT: I mean those are more -- anything that
18 would be more arguative (sic) -- your position on ***

19 MR. JIMMERSON: And the commentary, too. I mean if
20 you have a suggestion. Like, for example, on page 10 of 20
21 that it should be one-half each, that's fine. I mean --

22 MR. DICKERSON: So you don't want -- well -- I'm
23 just trying to help.

24 MR. JIMMERSON: I want all the red out. Okay --

1 MR. DICKERSON: I -- listen --

2 MR. JIMMERSON: -- my motion is all the red out. It
3 was improperly admitted. I didn't seek -- I -- I do believe
4 that the Court --

5 MR. DICKERSON: I respectfully disagree because it
6 has no evidentiary value other than to show what our position
7 is. All it is. And that's the sole purpose --

8 MR. JIMMERSON: That's why it's not admissible.

9 MR. DICKERSON: -- is to show what her position is.

10 THE COURT: I think if you want to give me a cleaned
11 up document without the red, that'll be fine.

12 MR. JIMMERSON: Thank you, Judge.

13 THE COURT: I think we can make those arguments
14 (indiscernible) some stuff, so I do agree with that, and I
15 knew it when I --

16 MR. JIMMERSON: One -- one second.

17 THE COURT: -- when I did let it in. I think you're
18 right on the rules. I was using it more as a summary look at
19 (indiscernible) wasn't so worried if I had a jury looking at,
20 that could impact them. With me, I know it's their argument,
21 their position, so I'm really looking at --

22 MR. JIMMERSON: And I know you can make the
23 distinction --

24 THE COURT: I compare you guys with that and make

1 notes (indiscernible) more helping me clarify where all the
2 property is and the truth therein, we'll handle it through
3 testimony. But I think you're right with the -- I --should be
4 without the commentary.

5 UNIDENTIFIED SPEAKER: Your Honor, everything I've
6 given is a hundred --

7 MR. JIMMERSON: Objection. Be quiet, please.
8 Second point. With the observations that have been expressed
9 on the record by opposing counsel, Judge, do you think we can
10 settle this case? I think we're staring at a six or seven-day
11 trial beyond today. So the --

12 THE COURT: I agree with you.

13 MR. JIMMERSON: -- I -- I very much appreciate the
14 October dates. I will tell you my own availability on those
15 two is I'm available the 19th and 20th, but not the 18th. I'm
16 in a mediation with Judge Marin on the 18th, but the 19th and
17 the 20th for myself is satisfactory subject to Mr. Dickerson
18 and Mr. Stephens's availability.

19 MR. STEPHENS: Works for me to, Judge.

20 THE COURT: The other things I can do is if you're
21 looking at more time, you're talking like end of November,
22 15th, 16th, 17th and following up that week, the 22nd or 23rd,
23 because I didn't book anything around Thanksgiving. I mean
24 that's if you need five or six days you're looking --

1 MR. JIMMERSON: Here's another issue or practical
2 point. YOU had said by virtue of several court appearances
3 ultimately that July 31 be the cutoff date for the --

4 THE COURT: The valuing.

5 MR. JIMMERSON: -- valuing. Now --

6 MR. DICKERSON: I don't think you specifically said
7 that. You said -- look, at one point in time, we were using
8 December.

9 MR. JIMMERSON: That's true. That was --

10 MR. DICKERSON: At one point in time, you know, he
11 says --

12 MR. JIMMERSON: February of (indiscernible)

13 MR. DICKERSON: -- we're trying to get us to a point
14 in time when we had a trial set at an earlier date.

15 MR. JIMMERSON: So my question to you is: because
16 the laboring of all these documents is on Mr. Nelson, are we
17 staying with the July 31 cutoff, which is what I -- we would
18 suggest, or are we obliged to -- because here's the other
19 part.

20 MR. JIMMERSON: He has to conduct his business. He
21 has to pay bills, so I just need a --

22 MR. DICKERSON: He totally closed his business.

23 THE COURT: I'm inclined to go by the value --

24 MR. JIMMERSON: I'm talk paying the rents and

1 collecting rents and all the things that you see in 199.

2 MR. DICKERSON: Well, but she owns half of that.

3 MR. JIMMERSON: We understand that. The point being
4 that what are we doing regarding valuation dates?

5 THE COURT: I'm inclined by going by the values we
6 have as of July 31st. If (indiscernible) thinks there's some
7 fraud or been a major change, and of course, I'll hear it on
8 that basis --

9 MR. JIMMERSON: Hundred percent.

10 THE COURT: The issue -- if I got the property
11 identified, the value is the question. The value, what they
12 put on their books is not the value. The value's what
13 somebody's willing and able to pay, and we won't know that
14 until we go on the market and -- and --

15 MR. JIMMERSON: So we're relying --

16 MR. DICKERSON: So that you understand, why I listed
17 those properties (indiscernible), they're generating rental.
18 And I'm trying together income instead of out.

19 THE COURT: Exactly.

20 MR. JIMMERSON: So are we.

21 THE COURT: And I think that --

22 MR. DICKERSON: So we're trying to figure ways how
23 do we get her income and not having her tied to him, because
24 you see the control --

1 THE COURT: No. They don't need to be tied
2 together. That's why we're getting divorced. You need to do
3 your finances. You need to do his. And you get that -- that
4 clean break so he can do his business and you can go on with
5 your life. I am trying to let you -- get you some cash flow
6 in lieu of spousal support, because then I know you're going
7 to get that, or you can sell it. Then you're in control. If
8 I do a spousal support, depends (indiscernible) can you
9 collect it or then they have bad business, and you're into
10 always chasing that money. So I'm trying to do something and
11 there's enough assets, sir. I can give you a lump sum
12 (indiscernible) and say you can do that, cash flow. I think
13 it's a good question. If you wanted to do (indiscernible),
14 I'll be glad. Do you think meeting with me with just the
15 attorneys after I had a chance to read the testimony, go
16 through some Exhibits to kind of give some feedback --

17 MR. JIMMERSON: If it's fruitful.

18 THE COURT: -- because I'll be glad to meet with you
19 guys any way we can. It's your guys life.

20 MR. DICKERSON: I would love to.

21 THE COURT: There's money out there and see if we
22 could try to help you.

23 MR. DICKERSON: Whenever -- do you want to contact
24 us --

1 MR. JIMMERSON: (Indiscernible) want it legally --

2 THE COURT: Yeah. I'll have my Law Clerk contact
3 both offices with some timeframes and with Mr. Stephens and
4 see what looks good so we got a block of time we can really
5 sit there and talk turkey. I want some time to read
6 everything so I'm a little bit more prepared on that and see
7 if we can get some directions and have you guys really think
8 honestly of what you really want to get out of this. I mean
9 you always -- you're always (indiscernible) when you negotiate
10 -- what you're really looking for a home run, what's the
11 bottom line, anything in there you kind of (indiscernible).
12 I'm not asking you to play out your positions right now, but
13 the fact is what you really want to get, what's your bottom
14 line so at least your counsel kind of knows where the thing --
15 so we can really narrow that down and see is this really an
16 issue or is just a valuation. Is this a real issue. Right
17 now I see Mississippi being a major issue, at least the
18 casino. I see that being a major issue.

19 MR. JIMMERSON: Well, it is because if you're going
20 to try and separate the parties, putting them back in bed
21 together with Mississippi is a challenge for the Court and for
22 the parties.

23 THE COURT: Yeah. It's a major issue -- is that the
24 value is --

1 MR. JIMMERSON: Third point -- third point I have is
2 a bifurcation of the divorce, Your Honor, if the Defendant
3 would agree.

4 THE COURT: They want to get divorced in this --

5 MR. DICKERSON: I don't feel comfortable doing that.
6 And particularly, the issues that are discussed in
7 (indiscernible).

8 MR. JIMMERSON: I can't force you. That's the
9 answer.

10 THE COURT: Yeah. It's got to be by -- the parties
11 have -- the parties have to agreed because of the fact that --

12 MR. JIMMERSON: Requires a stipulation.

13 THE COURT: Yeah. All right. If you guys change
14 your mind and you want to do that, fine. Again, I would --
15 and if anything opens, I will call counsel right away if I get
16 any opening.

17 MR. JIMMERSON: Can we presently as we leave the
18 Court today look to November 19th and 20th and the 14th, 15th
19 and 16th, or i sit the 15th, 16th, and 17th --

20 THE COURT: The 15th, 16th, 17th, 22nd, 23rd, and
21 24th -- we'll keep those open until I talk to you guys next
22 week. We'll also keep the October 18th, 19th, and 20th open.
23 You said the 18th doesn't work for you?

24 MR. JIMMERSON: Correct.

1 (The Court confers with the Clerk)

2 THE COURT: I got the Drug Court. I'll get someone
3 to do the Drug Court.

4 MR. JIMMERSON: Here's the point. We could -- we
5 could -- I may move that around or I can just have Mr.
6 Stephens conduct that day --

7 THE COURT: Okay. We'll keep these dates open --

8 MR. JIMMERSON: -- if you have the 18th available --

9 THE COURT: -- and I'll talk to you guys next week.

10 MR. JIMMERSON: -- -- let's just -- let's keep it.

11 MR. DICKERSON: 18, 19, and 20th.

12 THE COURT: It's October 18th, 19th, and 20th.

13 MR. DICKERSON: And November what?

14 MR. JIMMERSON: 15, 16, 17 --

15 THE COURT: November 15th, 16th, 17th --

16 MR. DICKERSON: -- 22, 23, and 24.

17 THE COURT: -- 22, 23, and 24. We won't book
18 anything and I'll talk to you guys next week. We won't book
19 anything. We'll keep all those open and try to talk turkey,
20 and I'd like each party to kind of be candid with their
21 counsel and really thing about it, because this goes off
22 another five or six days, it's going to -- you're just going
23 to -- be ugly, but as far as -- what do you want to do with
24 your Exhibits? Do you want them leave them here? We can

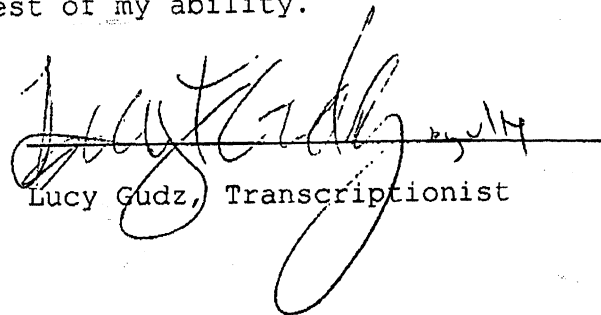
1 store them here, in corners, but it's kind of up to what you
2 guys want to do or -- anything you leave here, we will store
3 up here for you. Everything else, you'll -- make sure you get
4 all your Exhibits.

5 (Proceedings concluded at 12:23:37.)

6 * * * * *

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

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Lucy Gudz, Transcriptionist

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John P. Sullivan
CLERK OF COURT

5
6 EIGHTH JUDICIAL DISTRICT COURT

7 FAMILY DIVISION

8 CLARK COUNTY, NEVADA

9
10 ERIC L. NELSON,)

11 Plaintiff,)

CASE NO. D-09-411537-D

12 vs.)

DEPT. O

13 LYNITA S. NELSON,)

14 Defendant.)

15
16
17 BEFORE THE HONORABLE FRANK P. SULLIVAN
DISTRICT COURT JUDGE

18 TRANSCRIPT RE: NON-JURY TRIAL

19
20 TUESDAY, OCTOBER 19, 2010

1 APPEARANCES:

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DEFENDANT'S WITNESSES

None

* * * * *

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PLAINTIFF'S WITNESSES

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DEFENDANT'S WITNESSES

None

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

ADMITTED

TUESDAY, OCTOBER 19, 2010

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ADMITTED

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1 LAS VEGAS, NEVADA

TUESDAY, OCTOBER 19, 2010

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

3 (THE PROCEEDINGS BEGAN AT 9:10:47)

4

5 THE COURT: It's the time set in the matter of Eric
6 and Lynita Nelson, Case Number D-411537. This is continuing
7 the evidentiary hearing that we started early and had some
8 testimony.

9 As far as some housekeeping matters, I had coverage
10 from my drug court this afternoon, but that may fall through.
11 So I'm waiting to hear back. If that falls through, I got to
12 cover my drug court this afternoon. I could give you guys
13 Thursday afternoon to make up. I don't know how you look.

14 MR. DICKERSON: I'm in trial all day Thursday.

15 THE COURT: I should get an email before the lunch
16 break to let me know if I got that coverage. I have coverage
17 for the drug courts.

18 I'll give you the whole day today and the whole day
19 tomorrow. I apologize for having taking yesterday away from
20 you, but we had a sex abuse trial that I needed to finish up
21 with -- with the child and it had taken about four or five
22 days. We needed to get that done. So I'll let you know about
23 this afternoon.

24 I'm waiting to hear an email about getting coverage

1 so we can do the whole day today and tomorrow. But for
2 Thursday, it wouldn't work for you're in trial, Mr. Dickerson,
3 for the rest of the week?

4 MR. DICKERSON: I'm in trial before Judge Moss all
5 day, Your Honor.

6 THE COURT: Okay. So we'll take that where we're
7 at.

8 And as far as housekeeping, Mr. Nelson had done
9 examination. He had done cross examination and we kind of
10 left off with him doing under cross examination.

11 I think he had left off testifying as to the Grata
12 Group, LLC (ph) on Exhibit Number 5. He also testified on
13 Emerald Bay. I think we left off talking about the promissary
14 note to Nikki (ph). And also the hideaway I think is where we
15 left off was Riverwall Entertainment, LLC, (ph) the holding
16 company and talking about the -- the loan that was outstanding
17 and the first lien on the river boat and left off talking
18 about the balance sheet of August 31st, 2009 with the assets
19 and liability.

20 So that's where I saw that we left off as far as the
21 present.

22 MR. DICKERSON: Right. I believe that's exactly
23 where we concluded is with Exhibit -- the series of Exhibit Z
24 on the Hideaway Casino.

1 THE COURT: And that's kind of what -- what my notes
2 show as well. This Court did meet with counsel to see if we
3 can clarify some of the issues and -- or an attempt to try to
4 help the parties resolve the case. We'll still kind of work
5 throughout the proceedings.

6 I'm always wanting to try as -- as litigation
7 progresses to see if there's ways to try to resolve some of
8 the issues. I'm pretty clear of what the issues are between
9 the parties.

10 I think we need to get some more evidence out there
11 just so everybody can kind of get a better position of where
12 they're at. This is a real straightforward case. Basically,
13 there's really nothing of -- and separate property claims.

14 It's pretty much with the length of the merge and
15 marital property. And there's a couple of issues as to
16 arguments about marital waste, but pretty much it's -- pretty
17 much a real straightforward case as far as property and no
18 major issues about separate property that has come back so
19 far.

20 So it's really just going to be a matter of what the
21 assets out there, what is the value and dividing those equally
22 and the issues of not to waste or other issues raised by
23 either parties. So that's kind of where we're at right now.

24 At this time, are we ready to jump right in, Mr.

1 Nelson?

2 MR. JIMMERSON: We are, Your Honor. I had just one
3 question of --

4 THE COURT: Sure.

5 MR. JIMMERSON: -- Mr. Dickerson.

6 There was some communication between Mr. Dickerson
7 and Mr. Stephens last week relative to whether or not there
8 was an appetite to spend an hour or two with the judge this
9 morning in an effort to try to narrow the issues later,
10 resolve the case, God forbid.

11 I didn't know -- it's Mr. Dickerson's cross of Mr.
12 Nelson. So I'm not here to interrupt his case. I did want to
13 make a note -- mention of that.

14 MR. DICKERSON: Well, let me tell you. I couldn't
15 think of anything more that I'd rather do than sit down and
16 figure a way to settle this case. I don't know if it's
17 possible.

18 Mr. Stephens and I last Friday made arrangements to
19 have a telephone conversation with Paul Alanis who is the
20 managing partner of the Silver Slipper. And that conversation
21 was to occur yesterday at 9:00 o'clock. Mr. Alanis did not
22 feel comfortable talking to just me alone unless Mr. Stephens
23 was on the phone and -- and therefore obviously Eric Nelson
24 giving his consent to that conversation.

1 The 9:00 o'clock rolls along and unfortunately Mr.
2 Nelson refused to allow Mr. Stephens to participate in the
3 conversation. Mr. Alanis obviously and understandably was not
4 -- felt uncomfortable just talking to me alone.

5 So the point being is how do you settle a case when
6 we're trying to get up to speed for today to find out what is
7 the status, what's happening in Mississippi, what's happening
8 with that casino? Has anything occurred over the last five
9 weeks since we were -- we're here?

10 I mean, something like that I think would be --
11 would be helpful and I -- I would suggest that we set
12 something up. And I think even if we had Mr. Alanis assist us
13 and get him on the phone here. The Court could ask him
14 questions, Mr. Jimmerson can ask him questions, Mr. Stephens
15 could ask him questions.

16 We just need to know what's happening.

17 MR. JIMMERSON: My only response on that point. Mr.
18 Nelson didn't refuse anything, but with putting two lawyers on
19 the stand with somebody on the telephone as Mr. Dickerson
20 proposed, you make both lawyers witnesses.

21 And there's no ability to observe the demeanor of
22 Mr. Alanis. He's hardly without agenda. He has quite his own
23 agenda and that is at cross purposes with both Lynita and Eric
24 Nelson's rights.

1 He is the majority -- represents the majority
2 interest in that investment as sour as it may be. And that's
3 why it didn't go forward. We have his deposition we intend on
4 reading all or sections of it or asking you to read it as you
5 would on -- on -- when you have time.

6 I mean, there's so much else to do, but so you'll
7 have the benefit of his point of view. And that's the only
8 point. Mr. Nelson will speak to whatever is new from
9 September 1 when we last met together.

10 MR. DICKERSON: Well, that's the concern is Mr.
11 Nelson's speaking to -- and -- and if you --

12 MR. JIMMERSON: Well, then have Mr. Alanis come
13 here.

14 MR. DICKERSON: If you read Mr. Alanis's dep -- you
15 know, with the Court's permission, I would like then if
16 they're not going to allow us to talk to him on the phone, I
17 would like the Court's permission that over the next recess
18 period that we have that I'd be allowed to take Mr. Alanis's
19 deposition.

20 We need to get up to speed as to what's happening.
21 Mr. Alanis is as candid and as honest as you can get. I mean
22 --

23 MR. JIMMERSON: Oh, my gosh.

24 MR. NELSON: Oh, my God.

1 MR. DICKERSON: -- you read his deposition
2 transcript and he -- and he lays it out for us. This argument
3 that Mr. Stephens and I would become witnesses, that's not it
4 at all.

5 The effort is if they have a desire to settle this
6 case which I don't believe they do, but if they had a desire
7 to settle this case, that conversation would have gone through
8 yesterday so we could figure out do we have problems with the
9 Silver Slipper and how do we handle it.

10 And you know what our position is. It's -- it's
11 equal risk down the line right here. We're simply asking that
12 everything be divided in half and that we have an organized
13 structured sale of each of these assets. That's all we're
14 asking.

15 But at -- at this point, we can't provide Your Honor
16 with any additional information as to what's -- what has
17 happened with respect to that property.

18 MR. JIMMERSON: Well, we --

19 THE COURT: Okay. Well, why don't we finish up
20 today and tomorrow, get some testimony to see where we're at.
21 As far as additional depositions, I think that's appropriate.

22 We can entertain that. The issue is they don't
23 trust the information they're getting from Mr. Nelson so they
24 want to go that. Mr. Alanis may have some conflicts.

1 Defendant, he's got financial interests that could skew his
2 position on that, but I'll make it real clear to the parties
3 that my intent is basically if -- if we don't get a resolution
4 to sell everything.

5 And -- and make sure that nobody is in control of
6 that. I would get an independent special master to accumulate
7 and sell and collect money to pay the things and then sell it
8 and distribute it. And that would include the Mississippi
9 gaming, that -- to sell it on the market and sell all that
10 thing out there that's basically liquidate which could take a
11 significant period of time because I'm not going to do a
12 wholesale -- you know, Texas bidding ain't going to happen.

13 I'm in no rush to get rid of the estate. You guys
14 worked hard to get that estate. So my issue would be to
15 basically get someone -- a special master under the rules or
16 something that has the expertise to accumulate, sell
17 everything in a reasonably commercial manner and then see what
18 we got and then split it 50/50 and then deal with the issues
19 of marital waste on both sides on that.

20 So that's where I'm kind of leaning on that, because
21 I -- I don't intend to go through property by property, say
22 that one's yours, this one's his, that one's yours, that one's
23 his, because then you try to equate and try to equalize and
24 becomes a mess, because then I need evaluations on every piece

1 of property and that could take quite a period of time.

2 And Alanis, depending on that if we need some
3 further so you can talk to him and kind of get what those
4 issues are, great, I don't want to do it court with that,
5 because I like to use it more as a settlement issue where you
6 guys can talk and figure out where the real -- where the
7 rubber meets the road on that.

8 And why don't we get Mr. Nelson up here and start
9 today. See hopefully I can get all day. If not, we'll do
10 this morning all day tomorrow. And then between our recess
11 with our other up -- upcoming dates which is set in the
12 November time frame on that.

13 We can set up some other meetings and see if we can
14 get some stuff. And if we need to do a deposition of Mr.
15 Alanis, we can get that set up there if that will get some
16 movement, because during the settlement negotiations we had
17 counsels basically Mississippi the -- the value of the gaming
18 property was a real issue on that.

19 They believe you were kind of lowballing it. They
20 think there's a value to it. I mean, that's their -- their
21 position. They just don't trust you on that and we need to
22 find out if -- if that's a major barrier if we can get that
23 resolved, the case probably will settle if we get that
24 resolved, because the property is pretty straightforward that

1 you have is with the gaming and the value on that.

2 And again, if we have to all else comes, I'm just
3 going to end up selling everything and splitting it 50/50 and
4 just deal with issues of spousal support which I normally do
5 up front with a lump sum settlement so that I don't taste the
6 money later on, because I'm going to end up litigating that
7 business is bad, I can't afford.

8 So that's kind of what we'll get there. So just so
9 everybody knows kind of where I'm thinking on that, because
10 there's a lot of property here and I'm not going to get into
11 the Beanie Babies, you get this one, you get that one, you get
12 this one.

13 So I'm basically just liquidate everything and a
14 manner on that and split the proceeds 50/50 and deal with
15 spousal support and realtor waste. I mean, so the case is
16 simple in that case, but it's -- of course there's a lot of
17 property at risk or -- from 18 to \$19,000,000 or 10,000,000,
18 30 to 40,000,000 depending on what value you put on it. So
19 there's a sizable state.

20 So why don't we do this morning and hopefully this
21 afternoon. If we can't -- if not, this morning, all day
22 tomorrow. Then we do strategy about if we need more
23 depositions, Mr. Alanis, to get that set up and then maybe do
24 some other meetings with us with the court and with the

1 parties to see if we can get some movement going, we're all
2 right.

3 Because the Mississippi game and property seems to
4 be one of the major issues that is really going to prohibit
5 settlement at this time, because that's a major issue and they
6 just don't trust you on that to be quite honest and that ain't
7 going to happen with the history here to just the trust factor
8 which happens in divorces that people have a problem trusting
9 each other probably financially or otherwise. And -- and
10 until we get that Mississippi assets resolved on that, that's
11 going to be probably a barrier to any type of settlement.

12 Okay. Why don't we start out with again Mr. Nelson
13 up here again and continue his cross examination for the
14 morning and -- and then see where we're at. And I do -- I do
15 appreciate both attorneys with their -- you got to make sure,
16 sir, on your exhibits that you don't cover the microphone.
17 They had a trouble that the -- when he was reading the books
18 on that that it was covering the microphones.

19 So they couldn't hear it real good on the
20 recordings. So they told me to be real good on the recording.
21 So they --

22 MR. NELSON: Yes, sir.

23 THE COURT: -- you have to be real careful on that,
24 because it's a voluminous number. We got to make sure we

1 don't cover the microphone. All right.

2 MR. NELSON: I guess these -- they only met 70
3 minutes since our last break. That was Friday at lunch time.

4 THE COURT: That's okay.

5 MR. NELSON: So --

6 THE COURT: We'll -- we'll work on that. And again,
7 if they think the time were better spent with me, we'd do that
8 as well.

9 We want to have you guys get control of your case.

10 MR. NELSON: You know, if I may, I think if you hear
11 the testimony on Mississippi, Paul Alanis's testimony won't be
12 needed.

13 THE COURT: Yeah.

14 THE CLERK: Please stand and raise your right hand.

15 You do solemnly swear the testimony you're about to
16 give in this action shall be the truth, the whole truth and
17 nothing but the truth so help you God?

18 MR. NELSON: I do.

19 ERIC NELSON

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

22 CROSS EXAMINATION CONTINUED

23 BY MR. DICKERSON:
24

1 Q Mr. Nelson, before we pick up where we left off last
2 time, you -- you have a tendency -- you sent out divorce
3 updates to family members, various individuals with respect to
4 these divorce proceedings; is that true?

5 A I have I think twice.

6 Q Okay. I believe there's three. We're going to go
7 through those three, but I think the most recent one was
8 September 10th right after we -- we -- I -- our -- our last in
9 court here was September 1st, do you recall that?

10 A Yes, sir.

11 MR. DICKERSON: It's a new exhibit, Your Honor.

12 Q I'm showing you what's been marked as Exhibit ZZZ.

13 A Thank you.

14 Q Is that the divorce update that you sent out to all
15 the individuals listed at the top?

16 A I believe so, yes.

17 Q So everyone of those individuals you sent it to?

18 A Yes, I believe so.

19 Q All right. So if we can go through this here,
20 you're updating them and you're telling them what?

21 A Well, I'm just telling them what is happening with
22 my children's lives. The -- my main focus is my children.

23 Q Okay.

24 A People want to know why this is going on for over

1 two years. And so I was updating them with what was happening
2 and what the dates were and things like that.

3 Q Okay. So if we go through this and I'm -- tell me
4 if I'm reading it correctly. After two and a half days on the
5 stand, Judge Sullivan set aside six more days if needed.

6 A Yes, sir.

7 Q I believe the two and a half days provide -- I
8 believe the two and a half days provide -- provide a
9 credibility to our hard work. I'm being very honest and put
10 into question Bob Dickerson and Joe Lee-Alanie (ph) and
11 Melissa Antanasio (ph).

12 MR. JIMMERSON: Can I just interrupt, counsel?
13 Rather than read the document, can you have it admit it into
14 evidence and then you can read from the document?

15 MR. DICKERSON: Yeah, that -- thank you.

16 THE COURT: Any objection?

17 MR. JIMMERSON: No, Judge.

18 THE COURT: Hereby admitted as just triple Z?

19 MR. JIMMERSON: Three Z, Your Honor. Yes, sir.

20 THE COURT: Hereby admitted as Exhibit triple Z.

21 (Defendant's Exhibit ZZZ admitted)

22 BY MR. DICKERSON:

23 Q Continue where I left off. I'm very disappointed in
24 all three. I believe they've harmed my children and lied to

1 Ms. Lyn -- Lynita. Honestly appears to be prevailing. And
2 then you put the next court dates down for everybody; is that
3 correct?

4 A Yes, sir.

5 Q And the location and Judge Sullivan. In addition,
6 the courtroom is closed. I am encouraged though that the
7 judge had a preliminary ruling that July 30, 2010 would be our
8 accounting cutoff date. Lynita is to receive no alimony, no
9 cash flow until the divorce is over and reject that Mr.
10 Dickerson's asset debt summary sheet where he listed that I
11 had violated the JPI joint preliminary injunction. I find it
12 funny and very sad how professional people at the time when
13 help was needed play games, use trickery and flat lie for
14 money. Thank you all for your prayers.

15 And that's your signature?

16 A Yes, sir.

17 Q Now that is not the -- the first one you sent out;
18 is that correct?

19 A I believe there is one other.

20 Q Okay. Let's take a look here.

21 MR. DICKERSON: If I can have this marked as the
22 next exhibit in order. That would be (indiscernible).

23 Q I'm showing you what has been marked as AAAA, four
24 As.

1 A Thank you.

2 Q Now this is a similar divorce update that you sent
3 out on August 6th of 2010; is that correct?

4 A Yes, sir.

5 Q The -- the last three names of the individuals that
6 you sent to are your three adult children.

7 A Yes, sir.

8 Q And if we can go through this, you did prepare this
9 yourself?

10 A I didn't prepare it. I wrote it, I believe.

11 Q Okay.

12 MR. DICKERSON: Your Honor, I move for the admission
13 of Exhibit AAAA.

14 MR. JIMMERSON: No objection, Judge.

15 THE COURT: Advised. So admitted.

16 (Defendant's Exhibit AAAA admitted)

17 MR. DICKERSON: If the Court may take a minute then
18 to just read that. I won't read it into the record.

19 THE WITNESS: Okay. Are you going to read this?

20 MR. DICKERSON: No, I -- it's admitted as -- I'm
21 forgetting. The last time I think we used the witness copy,
22 didn't we, instead of using the actual exhibits?

23 MR. JIMMERSON: We did what?

24 MR. DICKERSON: I believe we used the witness copy.

1 THE COURT: Yeah, we used the witness copy.

2 MR. DICKERSON: All right. So --

3 THE COURT: Yeah, just make sure you don't block the
4 microphone, because that was the problem they had last time.

5 MR. DICKERSON: Yes, sir. Why don't we put these
6 then down around right here.

7 THE WITNESS: Okay.

8 BY MR. DICKERSON:

9 Q Let me take you to one more exhibit. Exhibit XXX.
10 Take a look at that, XXX, sir.

11 Is that a -- another divorce update that you have
12 provided to the people listed?

13 A It appears to be, but I'm not quite sure. Let's
14 see. One -- yep. Yes, it is.

15 MR. DICKERSON: Your Honor, I move for the admission
16 of Exhibit XXX.

17 MR. JIMMERSON: No objection, Your Honor.

18 THE COURT: Exhibit admitted as triple X.

19 (Defendant's Exhibit XXX admitted)

20 THE COURT: Do you have that copy of it?

21 BY MR. DICKERSON:

22 Q Now Mr. Nelson, if we may back up just a bit then.
23 And see if we can get an update from you on some of the issues
24 that we discussed last time.

1 I believe the last time we -- referring to a
2 September 1st is the last time you testified, do you recall?

3 A Yes, sir.

4 Q If you take a look -- if you'll open up the book
5 that's on the floor to Exhibit A.

6 A Exhibit A. Yes, sir. I don't have anything here on
7 A. Is this it you're talk -- this --

8 Q There's nothing there?

9 A There isn't. There's nothing in A. But I have a
10 copy. Is that your redline item?

11 Q Yes. Correct.

12 A Okay.

13 Q I think it's the original of the exhibits.

14 MR. DICKERSON: Your Honor, at the conclusion of the
15 last trial you asked me to prepare a -- a new Exhibit A that
16 deleted the reference to joint preliminary -- a violation of
17 joint preliminary junction.

18 THE COURT: Correct.

19 MR. DICKERSON: I have done that and maybe we can
20 have this -- I mean, I don't care whether we strike from
21 Exhibit A everything that says violation of joint preliminary
22 junction, but I have made those revisions. Also correct a few
23 spelling errors.

24 If we can have this marked this as Exhibit A-1.

1 Thank you.

2 BY MR. DICKERSON:

3 Q Okay. Mr. Nelson, I'm handing you what's been
4 marked as Exhibit A and Exhibit A-1.

5 A Okay.

6 Q For this purpose, I don't care which one you use.
7 We can -- let's start with the -- your home on Palmyra.

8 A Yes, sir.

9 Q Excuse me, not -- let's -- let's start with the
10 Bella Kathryn.

11 A Yes, sir.

12 Q 911 Bella Kathryn Circle. That's the home in which
13 you're currently living in; is that correct?

14 A Yes, sir.

15 Q And have you put any more money -- invested any more
16 money in that property since I believe this was as of August
17 30th; is that correct?

18 A This is as of 7/30 the answer is yes.

19 Q Okay. So the number of just short of 1.3 million
20 was as of 7/30?

21 A I believe so.

22 Q And how much have you invested -- how much
23 additional monies have you invested as of this date?

24 A Well, that I'm not quite sure. I wasn't prepared to

1 answer that, Your Honor.

2 I was thinking that 7/30 was the preliminary ruling
3 that the cutoff date was very important. So my -- my people
4 didn't add up all the new numbers, because we were supposed to
5 be using 7/30 as the cutoff date.

6 If we're going into the future, I don't know how to
7 do that. We just have to add up everything and throw out the
8 7/30 date. So I don't know if it's appropriate question or
9 not.

10 Q So your test -- your --

11 MR. JIMMERSON: Eric, if you can if you can give
12 your estimate. If there is --

13 THE WITNESS: Well, I -- I don't have --

14 MR. JIMMERSON: -- one dollar --

15 THE WITNESS: I -- I don't know --

16 MR. JIMMERSON: -- or 5,000 or --

17 THE WITNESS: -- if it's a hundred thousand. I
18 don't even -- I don't really know --

19 MR. DICKERSON: Okay.

20 THE WITNESS: -- Jim. I apologize. I wasn't
21 prepared to do that. We're just preparing the house,
22 preparing it for sale.

23 BY MR. DICKERSON:

24 Q But you again have -- you again -- you -- you have

1 invested money since July 30th. Is it --

2 A Now how that would work, Your Honor; is that is --

3 Q Is that true?

4 A -- money that would come out of my cash account
5 would go into this, but I'm still liable for the same entire
6 cash amount as of 7/30.

7 Q Well, that's what I want to get to.

8 A And the answer is --

9 Q Let me --

10 A -- yes.

11 Q Let me just ask you. You have invested --

12 A Yes.

13 Q -- additional money since July 30th, correct?

14 A Yes.

15 Q And those monies have come from what you are
16 continuing to bring into your cash account, correct?

17 A No, that it -- it is existing cash. I took that
18 existing cash. So I have lower cash now today than I have on
19 7/30. The amount of equity that I put in it has gone up. So
20 they offset each other.

21 The cash has gone down, but I'm taking
22 responsibility for the money that I put in there at that time
23 unless of course, you know, we sell the property and then I
24 would be -- I -- I think warranted a reimbursement for the

1 final repairs of the home from 7/30.

2 Q Now the -- the money -- you're saying the cash
3 account, that's the cash in your Mellon account?

4 A Yes, sir.

5 Q Okay. Now have you made any deposits into that
6 Mellon account since July 30th --

7 A No, sir.

8 Q -- of this year? So the Mellon account has stayed
9 completely intact?

10 A No, sir. I had used money from the line of credit
11 to help finish this property off.

12 Q Now have you been working since July 30th?

13 A Work? I'm out -- I'm unemployed. I shut down the
14 auction company. We're basically unemployed. I've laid off
15 14 people a year ago.

16 Q And why did you do that, sir?

17 A Because of this divorce I can't buy, sell anything
18 you're telling me. I was running -- I set up upstart business
19 that if I didn't have Lynita's support they're already
20 negative cash flowing in between the divorce and the -- the
21 recession. It's the greatest recession of all time hitting.

22 I was under water these businesses. And for
23 business purposes and to -- to set -- to save as much in our
24 community estate, I was forced to lay people off, generate

1 cash flow so Lynita would have the cash flow from these
2 properties in the future.

3 So I was doing what I was asked by Joe and Melissa.
4 And I do that, I get crucified, I don't do it, I get
5 crucified.

6 Q Well, Joe --

7 A So the answer is between the hardest recession in
8 real estate and a divorce we lost 14 employees?

9 Q Well, isn't it true, sir nobody told you to just
10 shut -- shut your doors and stop doing business, did they?

11 A That's false. Melissa said it's time you stop doing
12 anything.

13 Q Okay.

14 A Make it a lot easier she said to Eric. And we
15 fought for a 7 -- a 12/31/09 date as a cutoff date. And you
16 refused to and the judge set 7/30 out in the future back then.
17 And so now today.

18 Q Yeah, and since 12/31, sir, we've seen what you done
19 -- you've done with respect to taking money and putting it
20 into the Bella Kathryn home.

21 A Yes, sir.

22 Q And we've seen what you've done with taking money
23 and putting it into the Russell Road property, correct?

24 A All ordinary current case of business, all good

1 deals to save money for the estate.

2 Q So the answer to that is yes.

3 A Yes.

4 Q All right. Sir, so what else -- can you update us
5 on anything else that you think may have any significance
6 since we were last in court?

7 A Yes, sir.

8 Q Tell us.

9 A In Mississippi since the deposition of Paul Alanis,
10 things have come extremely hostile. Lynita made two personal
11 calls to Paul Alanis which I -- I could appreciate.

12 Paul Alanis and his partner are in odds with me. We
13 are in now in the preliminary stage of a force buy sell
14 agreement. He has tendered me the agreement to offer him
15 money, though I'd have to be forced to buy him out.

16 Now it strikes me odd that after two years --

17 MR. JIMMERSON: Eric --

18 THE WITNESS: Okay. Sorry.

19 MR. JIMMERSON: Answer it. Answer it.

20 THE WITNESS: So yes, let me finish the answer.

21 MR. JIMMERSON: But -- but --

22 MR. DICKERSON: Your Honor --

23 MR. JIMMERSON: -- slow down and give some
24 background.

1 MR. DICKERSON: Your Honor, that's improper what Mr.
2 Jimmerson just did.

3 MR. JIMMERSON: Well, what's improper is I want him
4 to answer the question.

5 MR. DICKERSON: Well, you know something, that would
6 be -- I'm the examiner and -- and if --

7 THE WITNESS: Yes, I agree.

8 MR. DICKERSON: -- I want the Court just have him
9 stop --

10 THE COURT: Absolutely. Let -- let's calm down.

11 THE WITNESS: I apologize. Okay.

12 THE COURT: What happens is there -- I know there's
13 some personalities here and issues on that, but we need to get
14 through this. It just makes it more difficult.

15 THE WITNESS: Exactly.

16 THE COURT: Everybody -- you're upset. The issue is
17 you guys are going to be divorced. The properties will be
18 separated. We can make it as hard as we can (indiscernible)
19 or as easy as you want, but let's just get through it. And it
20 is what it is.

21 Divorce is happening. The property is going to be
22 distributed. So whoever's fault it is it really doesn't
23 matter. The issue is let's just deal with the things and get
24 out.

1 THE WITNESS: I agree.

2 THE COURT: All right. You -- you can restate your

3 --

4 THE WITNESS: But however, on Mississippi it's
5 critical, Your Honor, this is the most critical thing in
6 Mississippi. This is important for Lynita and my children.
7 No one else seems to understand or has taken the time, but Dan
8 Geraty, I asked him what we've accelerated the losses to, the
9 loss carryforwards that we talked about. They're up to
10 \$16,000,000.

11 Your Honor, I have an irrevocable trust with me and
12 Lynita. Dan -- Dan Geraty I hope will testify to the effects
13 of that. That \$16,000,000, Bob, is very critical, because
14 it's not transferable even by the courts. And in the event
15 that that property is closed down and Lynita takes half or
16 all, she will hit me -- hit with I believe approximately
17 \$10,000,000 in cash taxes.

18 So yes, it's evaluated from 6,000,000 now up to
19 \$16,000,000. So it's absolutely in my opinion financial
20 suicide for Lynita.

21 BY MR. DICKERSON:

22 Q And why is it not financial suicide for you, sir?

23 A Because the \$16,000,000 is placed on my book to the
24 time of issue. We cannot transfer those. And so they're on

1 my books I can absorb the 16,000,000 loss carryforwards that
2 were exactly preserved only for the Silver Slipper that we had
3 indicated that those losses could be used on the Russell Road.
4 The answer to that is false. They can not be.

5 Dan -- I believe Dan Geraty will testify to that
6 too. And so those loss carryforwards are very critical.

7 Now you -- you and Lynita have to make that --
8 that's the number one thing of any substance that has moved,
9 but it was such a critical amount from 6,000,000 to
10 \$16,000,000 that it was an alarming.

11 In addition to that, now Mississippi is in full
12 pledge buy sell where the lenders are forcing Paul Alanis to
13 start that process. We're trying to do a friendly scenario
14 where they'll buy us out. However, because of the waterfall
15 effect, our bid is almost nothing. I'd have to come in with a
16 super grand slam and have somebody supported a hundred percent
17 and borrow in my opinion six and a half million dollars just
18 to get to zero.

19 So we have some serious problems in Missis --
20 Mississippi with the alleged fraudulent activity possibly with
21 the lender and things like that. So it's just -- you know,
22 I'd like someone to analyze that for your -- on that behalf.
23 That's -- that's my main thing.

24 I don't know what else there -- is that's really

1 changed. A little bit of money here and there on houses we
2 fixed. We haven't really had any income. We've been
3 stalemated.

4 Q All right. Well, we've listed the capital loss
5 carryforwards in our Exhibit A and Exhibit A-1.

6 A Yes, sir.

7 Q Okay. Now you're telling us that -- that number now
8 is up to 16,000,000?

9 A 16,000,000. And we just turned our tax returns in.

10 Q Okay. And I have provided -- I have tax -- may we
11 exchange tax returns? Because I have Lynita's.

12 Do you have problem --

13 A Yeah, we have -- yes, sir. You can do -- okay.

14 MR. JIMMERSON: Did we bring it, David?

15 MR. STEPHENS: Yeah, I think we brought it.

16 MR. DICKERSON: For the record, I'll provide them
17 with a copy of Lynita's 2009 tax return.

18 MR. STEPHENS: And for Mr. Dickerson 2009 tax return
19 for Eric Nelson.

20 THE COURT: Let the record reflect that the counsels
21 have exchanged the 2009 tax returns from their respected
22 parties.

23 THE WITNESS: I'm sorry, Your Honor. I'll calm
24 down. I -- I apologize to Mr. Dickerson and my tone of voice.

1 THE COURT: I appreciate that.

2 BY MR. DICKERSON:

3 Q All right. So we -- if I understand you correctly
4 then you're telling us that you have \$16,000,000 that you're
5 able to write off on future income; is that true?

6 A Only the Silver Slipper. For instance, let me give
7 you an example. The Silver Slipper let's say costs
8 \$16,000,000.

9 Through the depreciation of slot machines and all
10 the real estate it's \$44,000,000 is book value today let's
11 say. This is an example. Well, at the same time an offer
12 comes in at 16 -- at \$60,000,000. That gives you a
13 \$16,000,000 tax, because the -- remember, when you're
14 depreciating it's just a deferral. That deferral comes due.

15 Due to the waterfall effect in the Silver Slipper,
16 that 16,000,000 hits my books. Unfortunately, we can't split
17 it 50/50 and we're -- I'm fine with splitting it 50/50, but
18 Lynita would not get any of those loss carryforwards. So she
19 would be hit with \$8,000,000 of ordinary income between
20 Mississippi and federal it would be a minimum of 50 percent.

21 So the worst scenario or the best scenario she owes
22 \$4,000,000. The worst scenario showed \$10,000,000 in taxes if
23 she buys the hundred percent of it.

24 Q All right. So -- and you're telling us that Dan

1 Geraty is going to come in and tell us that.

2 A I believe so. I hope so.

3 Q Okay. And would he be here today?

4 A If you call him in, he'll be here. He was scheduled
5 for tomorrow.

6 Q Well, he's not my witness. He -- he's your witness.
7 Is he scheduled for tomorrow then?

8 A I think we should get him on the phone.

9 Q Well, all right. So why did you refuse to allow me
10 to speak with Mr. Alanis yesterday?

11 MR. JIMMERSON: Objection. That's a mis --
12 mischaracterization.

13 MR. DICKERSON: Why --

14 MR. JIMMERSON: He did not refuse.

15 MR. DICKERSON: Okay. You -- were -- you were --

16 THE COURT: Well, why don't you ask him did -- did
17 you refuse --

18 THE WITNESS: No.

19 THE COURT: Why don't you followup with that line.

20 BY MR. DICKERSON:

21 Q You're -- you're aware that a telephone conference
22 was set up yesterday morning?

23 A We were in -- I was -- I was made aware yesterday
24 when we met at Mr. Jimmerson's office -- or excuse me.

1 Yesterday I was made aware of it in the morning by Ms. -- by
2 Dave and I didn't even have time to think about it. And I
3 don't -- but anyway, I -- I -- that's when I was made aware
4 it.

5 I'm talking too much.

6 Q And do you have any objection to me speaking with
7 Mr. Alanis?

8 A To the degree that I don't know. I have to have my
9 counsel. I'd have to visit with my counsel on that. The
10 reason why is because we are in litigation, pending litigation
11 with the Silver Slipper, there's no question. Paul Alanis or
12 and the lenders will be named in that suit. And this has
13 gotten to be a very volatile situation as you can imagine.

14 Things that you could say or do can injure the
15 estate. If it's in testimony form, I believe I could read it.
16 However, the mere fact if you just listen to Dan and the one
17 fact on the tax scenario, even if he was to purchase you for
18 many millions, you would still be in the hole because of the
19 IRS purposes.

20 Q Who's you? I'm -- I'm missing your -- your --

21 A You. You -- you and Lynita would be in the hole
22 from that investment.

23 Q I don't know how we just got from all of that. Do
24 you have any objection to me speaking to Mr. Alanis?

1 A I have to talk to my counsel.
2 Q But you did that yesterday.
3 A No, you just -- I mean --
4 MR. JIMMERSON: What we discussed, Your Honor --
5 THE WITNESS: -- a day before the trial --
6 MR. JIMMERSON: -- I object to the form --
7 THE WITNESS: -- you put that on me --
8 MR. JIMMERSON: -- of the question --
9 THE WITNESS: -- in two years.
10 MR. JIMMERSON: -- but I just -- excuse me, Mr. --
11 MR. DICKERSON: I didn't ask them what they --
12 MR. JIMMERSON: When I speak, Mr. Nelson, please be
13 quiet.
14 MR. DICKERSON: I didn't ask what --
15 MR. JIMMERSON: I object to the form of the question
16 in that he's asking for communications between counsel and the
17 client.
18 THE COURT: And the issue on that is you're going to
19 talk to your counsel and see about maybe it setting up a
20 conference with Mr. Alanis. That may be real helpful, because
21 that may resolve the (indiscernible) issues on the tax.
22 And I want to give you a chance to talk to Mr. --
23 when -- when we take a break when you get a chance talk to Mr.
24 Jimmerson. Maybe we can hammer out something like that --

1 MR. JIMMERSON: Nothing precludes Mr. Dickerson or
2 Lynita Nelson from calling Mr. Alanis, period. They can --

3 THE COURT: Are the issues --

4 MR. JIMMERSON: -- do that any time. They don't
5 need my consent. They don't need my client's consent. They
6 can do it any time.

7 THE COURT: The main issue is probably Mr. Alanis is
8 --

9 MR. DICKERSON: Mr. Alanis does not feel comfortable
10 --

11 THE COURT: -- probably going to very close to the
12 vest -- he's going be close the vest because he doesn't know
13 what's going on. He's worried maybe he's getting set up or
14 it's something like that I imagine. So he just probably
15 doesn't feel warm once they're both there.

16 So he figures he's being straight up on that. But
17 we'll give you a chance to talk to your counsel, Mr. Stephens
18 and Mr. Jimmerson. We can take a break on that. Maybe you
19 can work out something with Mr. Alanis if the people are
20 comfortable with if -- if that's a major issue with the
21 Mississippi properties.

22 There's a lot of money involved in that and tax
23 consequences. I want to make sure everybody's comfortable,
24 because that's a major issue.

1 MR. JIMMERSON: But his deposition has already been
2 taken, Your Honor. It can be read to the court.

3 MR. DICKERSON: So as of that point in time, but it
4 -- taking Mr. Jimmerson's comment then -- then I can speak
5 with Mr. Alanis. All I need then is written authorization
6 from Mr. Jimmerson, Mr. Nelson or -- or Mr. Stephens to do
7 that.

8 MR. JIMMERSON: There's no privilege. There's no
9 requirement for a written authorize. Pick up the phone --

10 MR. DICKERSON: That's what --

11 MR. JIMMERSON: -- and give him a call.

12 MR. DICKERSON: That's what Mr. Alanis is
13 requesting.

14 MR. JIMMERSON: Well, then --

15 MR. DICKERSON: He wants to know.

16 MR. JIMMERSON: -- then take his deposition again.

17 THE COURT: Okay. What we do on -- yeah.

18 MR. DICKERSON: And -- and we will. We'll go down
19 to California just exactly what your client wants to do is to
20 spend the money, we'll do it. That's fine.

21 THE COURT: If you need to do it, then we'll do
22 that. We'll give everybody a chance to think about it. I
23 mean, this is a major --

24 MR. DICKERSON: It's a simple little --

1 THE COURT: -- issue with Mr. Alanis and that's the
2 way to try to get the --

3 MR. JIMMERSON: Why are we conducting depositions --

4 THE COURT: -- Mississippi properties out.

5 MR. JIMMERSON: -- in the middle of trial?

6 THE WITNESS: Yeah, this is --

7 THE COURT: Now to see the update --

8 THE WITNESS: -- two years.

9 THE COURT: -- see what they're going. And like I
10 said, I haven't looked at the deposition yet. So if I need to
11 read that before, I'll read it if we need to to see where
12 we're at.

13 We're just trying to see if we can get some movement
14 on the Mississippi property. That's a major deal breaker on
15 that. And I think it would help resolve it, we will. If not,
16 listen, I can read a deposition tonight if I need to.

17 BY MR. DICKERSON:

18 Q Now you talk, sir, about you're initiating a lawsuit
19 against the Silver Slipper?

20 A Yes, sir. I believe I'm going to.

21 Q Now who is -- who is -- you personally, you as an
22 individual?

23 A Me personally, yes. I probably be -- I'm not quite
24 sure. We haven't really resolved those issues that how -- we

1 A Yes, sir.

2 Q And this company was formed on April 15th, in 2009.

3 A Yes, sir.

4 Q All right. Is everything on this sheet correct?

5 Does it correctly describe Banone Arizona? It's a Nevada LLC?

6 A Yes, sir.

7 MR. DICKERSON: Okay. Move for the admission of S-1

8 MR. STEPHENS: No objection, Your Honor.

9 THE COURT: Hereby so admitted as S-1.

10 (Defendant's Exhibit S-1 admitted)

11 BY MR. DICKERSON:

12 Q Now if you look at S-2, sir?

13 A Yes, sir.

14 Q S-2, the very last property, 21, that is the
15 Berkeley Road property, is that correct?

16 A Yes, sir.

17 Q And you've listed that at \$32,622. Is that correct?

18 A Yes, sir.

19 MR. DICKERSON: Move for the admission of S-2.

20 MS. PROVOST: Have that as a summary sheet.

21 MR. STEPHENS: I don't have a S-2 that's matching

22 Mr. --

23 MS. PROVOST: (Indiscernible) probably missing that.

24 MR. STEPHENS: I have no problem with the Exhibit,

1 but it doesn't match, so --

2 (Counsel conferring regarding exhibit)

3 THE COURT: Yeah, all I got -- the S-2 I got says
4 Section 2.9 --

5 MR. STEPHENS: That's what mine says, yes.

6 THE COURT: -- a non-Arizona LLC, (indiscernible)
7 asset. It just goes down but doesn't give -- it shows the
8 total of the 21 properties at 665,582.

9 MR. STEPHENS: Right. That's what I have --

10 MR. JIMMERSON: We're happy to -- we're happy to
11 admit it, but that's not what I -- I think Mr. Dickerson's
12 referring to.

13 (Counsel conferring regarding exhibit)

14 THE COURT: I show that as S3 -- I think the one you
15 were looking at, Mr. --

16 BY MR. DICKERSON:

17 Q Take a look at Q-4 again, sir? Do you have Q-4?

18 A Where am I looking at?

19 Q Q-4.

20 A 2-4 -- 2 --

21 Q It might be loose there. I got -- I think that's it
22 right there.

23 A Q-4, Q-4, yeah, sorry. Yes, sir.

24 Q Second page of Q-4.

1 A Uh-huh.

2 MR. DICKERSON: Did we have --

3 MR. JIMMERSON: It's Plaintiff's Exhibit 11, Your
4 Honor.

5 MR. DICKERSON: -- a copy made.

6 (Counsel conferring regarding exhibit)

7

8 THE WITNESS: Twenty-one is 4838.

9 MR. JIMMERSON: Plaintiff's 11.

10 MR. DICKERSON: Second page of Q-4, very last one --

11 THE WITNESS: Yes, sir.

12 MR. DICKERSON: -- item. That's the Berkeley Road?

13 THE WITNESS: Uh-huh (affirmative).

14 MR. DICKERSON: Is that yes?

15 THE WITNESS: Yes.

16 MR. DICKERSON: And that's \$32,622?

17 THE WITNESS: Yes.

18 MR. DICKERSON: Do you have any problem on putting
19 on that property up for sale immediately and you and Lynita
20 sharing it?

21 THE WITNESS: No problem. It's an option.

22 (Whispered conversation)

23 MR. DICKERSON: Your Honor, move for the admission
24 of Q-4.

1 MR. STEPHENS: No objection, Your Honor.

2 THE COURT: Hereby admitted as Q-4.

3 (Defendant's Exhibit Q-4 admitted)

4 (Whispered conversation)

5 THE WITNESS: I'm sorry, you're ask (indiscernible)
6 to leave. You're -- you're not -- you're not supposed to be
7 in here.

8 MR. STEPHENS: No, he's okay.

9 MR. STEPHENS: He's with Mr. Jimmerson.

10 THE COURT: He's -- he's with Mr. -- he's with your
11 firm, Mr. Jimmerson's firm.

12 THE WITNESS: I still don't like him. No, I'm --

13 (Laughter)

14 THE COURT: You just don't want to pay him.

15 THE WITNESS: That's right.

16 THE COURT: You can watch, but you're not getting
17 paid, counsel.

18 THE WITNESS: That doesn't get any Brownie points
19 around here.

20 (Laughter)

21 MR. JIMMERSON: You're not going to reflect my
22 client doesn't like him, Judge?

23 BY MR. DICKERSON:

24 Q Okay, sir, let's move into Dynasty Development LLC.

1 A Okay. I'm sorry.

2 THE COURT: What are we doing? We got S-1 in but we
3 have that S-2. Did you --

4 MR. DICKERSON: S-2 is -- no, we'll -- I don't need
5 S-2. My --

6 MS. PROVOST: Your Q covered it.

7 MR. DICKERSON: Yeah, I think Q covers it, Your
8 Honor.

9 THE COURT: The Q-4's got it? Okay.

10 MR. DICKERSON: Yes.

11 BY MR. DICKERSON:

12 Q Your Dynasty Development, again, if you take a look,
13 sir, then at T-1.

14 A Yes, sir.

15 Q That is the amended and restated operating agreement
16 for Dynasty Development, is that correct?

17 A Which -- which letter is it?

18 Q T-1.

19 THE COURT: T as Tom.

20 THE WITNESS: T -- okay.

21 MR. JIMMERSON: It's Plaintiff's Exhibit 8-B, Your
22 Honor.

23 THE WITNESS: Yes, sir.

24 THE COURT: 8-B is it?

1 THE WITNESS: Yes, sir.

2 BY MR. DICKERSON:

3 Q And you are the sole member of this LLC. Is that
4 correct?

5 A Yes, sir.

6 Q And is this a Nevada LLC?

7 A Yes, sir.

8 MR. DICKERSON: Move for the admission of T-1, Your
9 Honor.

10 MR. STEPHENS: No objection.

11 THE COURT: I note that it looks like it's already
12 8-B. Just for the record, try to keep those clear for
13 everybody, but I'll let Mr. Dickerson refer to the ones that
14 you want because it makes it easier because that's how he's
15 prepared his case, and let you guys refer to your Exhibits
16 because that's how you prepared yours, because it may get more
17 confusing, but we'll figure it out.

18 (Defendant's Exhibit T-1 admitted)

19 MR. STEPHENS: Thank you, Your Honor.

20 BY MR. DICKERSON:

21 Q Okay, sir, if you'd look at Exhibit T-2, this is a -
22 - this has been put together by you or someone at your office
23 your direction -- is that correct -- T-2?

24 A Yes, sir.

1 Q And T-2 lists the shareholders of the Silver
2 Slipper. Is that right?

3 A That's correct.

4 MR. JIMMERSON: The Board,

5 BY MR. DICKERSON:

6 Q And we go down and we look at Dynasty Development
7 Group, LLC?

8 A Yes, sir.

9 Q Isn't it true, sir, that Dynasty Development Group
10 LLC has 34,820 shares of the Class B stock?

11 A It appears so.

12 Q Is that true?

13 A I believe so.

14 Q Okay. And, sir, if we take a look at the capital
15 and additional capital?

16 A Yes, sir.

17 Q And we total those up, your capital -- the capital
18 contribution of Dynasty Development Group, LLC is \$4,757,986,
19 Is that correct?

20 A \$3,450,000, the majority out of of \$3.4 million is
21 what they call a perceived capital account. The \$1,307,000 is
22 actually true cash basis account.

23 Q Okay. Now, I'm going to ask the question again,
24 sir. Isn't it true that the capital contribution that's

1 reflected on the books --

2 A Yes, sir.

3 Q -- for Silver Slipper -- or Dynasty Development
4 reflects that Dynasty Development's capital contribution is
5 \$4,757,986?

6 A You have to understand the capital, Mr. Dickerson.
7 It's a waterfall event meaning the first \$1,307,000 will come
8 out if we have capital left at the first and the land lease.
9 The second one is a tail end meaning that after all other
10 partners receive their capital, the \$3.450 -- so I appreciate
11 for -- you understand that they do not equal the \$4,700,000 in
12 the same equate. The \$1,307,000 is probably worth about 60
13 cents on the dollar, potentially, if you sell property. The
14 other one is probably worth zero basis, as (indiscernible) --
15 as Paul (indiscernible) said the same thing.

16 Q Now, sir, could you answer my question?

17 MR. JIMMERSON: I believe he did, Your Honor.

18 THE WITNESS: I did. I just answered. There's two
19 different parts of it. You got --

20 MR. DICKERSON: Isn't it true, sir --

21 THE WITNESS: -- you combined them. They're not the
22 same value. They're two different completely capitals.

23 MR. DICKERSON: Sir, isn't it true that the total --

24 THE COURT: Listen, just --

1 MR. DICKERSON: -- the total cap --
2 THE COURT: -- follow-up with a question.
3 MR. DICKERSON: -- the total capital contribution
4 that's been made into Silver Slipper by Dynasty LLC --
5 MR. JIMMERSON: Objection. It's misleading and --
6 MR. DICKERSON: -- is \$4,757,986?
7 MR. STEPHENS: Asked and answered --
8 THE WITNESS: As shown as these, yes.
9 MR. STEPHENS: -- and misstates what he said.
10 MR. DICKERSON: Well, hasn't been -- hasn't been
11 answered.
12 THE WITNESS: It has been answered.
13 THE COURT: Yeah.
14 MR. DICKERSON: All right.
15 THE COURT: Answer his question or yes or no you've
16 explained --
17 THE WITNESS: Yes.
18 THE COURT: - about the di --
19 THE WITNESS: I think I put a little start on it.
20 MR. DICKERSON: Yes, you have.
21 THE WITNESS: Thank you.
22 MR. DICKERSON: Thank you.
23 THE WITNESS: Okay, what else? Sorry.
24 THE COURT: Just -- just relax. We'll get through

1 this.

2 MR. DICKERSON: Move for the admission of Exhibit T-

3 2.

4 (Whispered conversation)

5 MR. JIMMERSON: Your Honor, one objection I have is
6 we've never seen the document before. It's never been
7 produced to us.

8 MR. DICKERSON: Absolutely. You guys prepared it.
9 1 He said it was prepared by you -- by Mr. -- It's his
10 document.

11 THE WITNESS: It's a Silver Slipper document.

12 MR. JIMMERSON: Well, I've never -- it's not been
13 provided to us.

14 THE WITNESS: I'm just saying -- I'm saying where it
15 came from. I'm not saying you saw it, so.

16 MR. JIMMERSON: All right.

17 MR. STEPHENS: Let me just clarify.

18 THE COURT: Sure.

19 MR. STEPHENS: It came from you guys, Eric?

20 THE WITNESS: Yes, sir.

21 MR. STEPHENS: No objection then, Your Honor.

22 THE COURT: Hereby admitted as T-2.

23 (Defendant's Exhibit T-2 admitted)

24 THE WITNESS: Yes.

1 BY MR. DICKERSON:

2 Q Take a look at Exhibit T-3, sir. These, again, are
3 documents that you have produced to us. Is that right?

4 A That's correct.

5 Q And we take a look -- this is the financial
6 statements -- documents consist of the financial statements
7 for the period ending May 1, 2010?

8 A I'm sorry. I'm a little behind. Where we at?

9 Q Take a look at T-3.

10 A T-3?

11 Q Yes.

12 A Okay. Yes, sir.

13 Q All right. If you turn over to the -- the third and
14 fourth pages of T-3, those show the balance sheet --

15 A Yes, sir.

16 Q -- and the income statement --

17 A Yes, sir.

18 Q -- for Silver Slipper. Is that correct?

19 A Yes, sir.

20 MR. DICKERSON: Move for the admission of Exhibit T-
21 3, Your Honor.

22 MR. STEPHENS: No objection, Your Honor.

23 THE COURT: Hereby admitted as T-3.

24 MR. JIMMERSON: Plaintiff's Exhibit 8-K, Your Honor.

1 THE COURT: 8-K. Okay, we cross reference those.
2 (Defendant's Exhibit T-3 admitted)

3 BY MR. DICKERSON:

4 Q And, sir, we previously established through Exhibit
5 -- when we were talking about the Mississippi property, I
6 believe that was Exhibit -- in Exhibit N -- oh, no. Actually,
7 this is where I think we fouled up, didn't we -- Exhibit M.

8 MS. PROVOST: (Indiscernible)

9 MR. DICKERSON: Yeah.

10 MR. DICKERSON: Take a look at Exhibit M, sir -- or
11 -- no, it's N-1?

12 MR. JIMMERSON: Is that --

13 THE WITNESS: That's N?

14 MR. DICKERSON: Yes, N-1. Those are the parcels of
15 property in Mississippi, is that correct?

16 THE WITNESS: Yes, sir.

17 BY MR. DICKERSON:

18 Q All right. And we've already gone through that that
19 the -- that Dynasty owns one lot in Mississippi. Is that
20 correct?

21 A Yes, sir, 120 acres.

22 Q All right, sir, if we -- we move on to -- now with
23 respect to Dynasty --

24 A Yes, sir.

1 Q -- do you have any objection to the Court awarding
2 Lynita half of property value, sir?

3 A One hundred percent, yes.

4 Q Okay. Sir, next move to Grotta? If you take a
5 look, sir, at Exhibit U? Exhibit U-1 is your summary sheet
6 for Grotta, is that correct?

7 A Yes, sir.

8 MR. DICKERSON: Move for the admission --

9 THE WITNESS: I'm sorry. Which one's this, U-1?

10 MR. DICKERSON: -- U-1.

11 THE WITNESS: Okay.

12 MR. DICKERSON: That's your summary sheet?

13 THE WITNESS: Summary sheet, yes, sir.

14 MR. DICKERSON: Yeah. Move for the admission of U-
15 1, Your Honor.

16 MR. STEPHENS: No objection.

17 THE COURT: Hereby admitted as U-1.

18 (Defendant's Exhibit U-1 admitted)

19 BY MR. DICKERSON:

20 Q If you take a look at U-2, sir, that --

21 MR. JIMMERSON: That's Plaintiff's Exhibit 12, just
22 for comparison.

23 BY MR. DICKERSON:

24 Q Exhibit U-2, that's the -- again, the Nevada

1 Secretary of State printout with respect to the Grotta Group,
2 LLC. Is that correct?

3 A What was the question? I'm sorry.

4 Q Grotta --

5 A Yes.

6 Q Take -- okay --

7 (Whispered conversation)

8 BY MR. DICKERSON:

9 Q Let's explain Grotta. There are two entities in
10 Grotta?

11 A Yes, sir.

12 Q So one is Grotta Financial Partnership?

13 A Yes.

14 Q And the other is Grotta LLC?

15 A I believe so, yeah.

16 Q And how do they -- how do they interact with each
17 other?

18 A Well, Grotta Group is kind of like the parent
19 company I believe, and the partnership is a unique tax
20 exchange that holds a deferred gain from a condemnation action
21 where they took the West Flamingo property, City of Las Vegas.

22 Q Okay. And you own a -- or Lynita's LLC owns 16.67
23 percent in both those entities? Is that correct?

24 A I believe so.

1 Q Okay. And that's because that's the way you set it
2 up as per --

3 A I didn't set it up. That's the way -- it's six
4 brothers and -- five brothers and sisters and Lynita.

5 Q Well, now I recall on your testimony, sir, that you
6 had indicated that you formed these companies for your
7 brothers and sisters and that you included Lynita's 16.6 --
8 16.67 percent interest in Lynita's trust.

9 MR. JIMMERSON: Objection. That misstates his
10 testimony from yesterday. He indicated they were setting it
11 up and he was the one insisting that Lynita be part of it even
12 though it was the Nelson family. Objection. It misstates the
13 testimony.

14 THE WITNESS: Yeah. I -- I might have overstated if
15 I did say that. I believe Jeff Silver set it up for my
16 sister, Aleda, and I -- I had voted that I would prefer that
17 Lynita would participate in it, because she wanted to be
18 involved in -- in that area. I think that was my testimony.
19 That's the the way I --

20 MR. DICKERSON: All right.

21 THE WITNESS: -- you know.

22 BY MR. DICKERSON:

23 Q Now, if you take a look then at U-2, that is the
24 Nevada Secretary of State printout for Grotta Group, LLC. Is

1 that correct?

2 A Yes, sir.

3 Q And is everything on there true and correct to your
4 best understanding?

5 A I believe so, yes, sir.

6 Q Okay. Move for the admission of U-2.

7 MR. STEPHENS: No objection, Your Honor.

8 THE COURT: Hereby admitted as U-2.

9 (Defendant's Exhibit U-2 admitted)

10 BY MR. DICKERSON:

11 Q If you'd take a look at Exhibit U-3, please? U-3
12 the balance sheet for Grotta Financial Partnership, is that
13 correct?

14 A Yes, sir.

15 Q As of August 31st, 2009?

16 A Yes, sir.

17 Q And that reflects total assets of \$1,631,897.98?

18 A Yes, sir.

19 Q And it lists liabilities on the next page being
20 \$3,025,000. Is that correct?

21 A Yes, sir.

22 Q And that is a note payable to Eric L. Nelson Nevada
23 Trust. Is that correct?

24 A I believe so, yes, sir.

1 Q So in other words, Grotta Financial Partnership that
2 consists of your brothers and sisters and Lynita owes you,
3 Eric Nelson, \$3,025,000? Is that correct?

4 A Where the note appears, yes, sir.

5 Q Pardon me?

6 A Yes, sir.

7 Q Now tell me something? Take a look at your Exhibits
8 Options 1 -- A and B.

9 A Yes, sir.

10 Q Show us on here where you've listed this \$3 million
11 plus note?

12 A Tell you it's listed under Number 12.

13 Q Grotta Financial Partnership, \$25,000.

14 A That's the value.

15 Q So you're telling us that the promissory note that
16 is made payable only to you, Eric Nelson --

17 A Yes, sir.

18 Q -- is intended to be in this --

19 A Yes, sir. That's the 25 acres as I was describing.

20 Q Thank you, sir.

21 A That's the deferred from the Flamingo property. I
22 own the 25 acres. I sold it up -- up to them as a hotel site
23 due in 30 years.

24 MR. DICKERSON: Sir, if you'd take a look at -- I

1 move for the admission of Exhibit U-3.

2 MR. STEPHENS: Financial statement?

3 MR. DICKERSON: Yes.

4 MR. STEPHENS: No objection.

5 MR. DICKERSON: Sir --

6 THE COURT: Is hereby so admitted.

7 (Defendant's Exhibit U-3 admitted)

8 BY MR. DICKERSON:

9 Q Sir, if you'd take a look at Exhibit U-4, this is
10 the 2008 tax return for Grotta Financial Partnership. Is that
11 correct?

12 A I'm sorry, where we at?

13 Q U-4.

14 A Yes, sir.

15 Q If you take a look, sir, at -- at that document --
16 can you go to -- well, first of all, starting with the first
17 page, it -- it indicates that this Grotta Financial Group
18 started in January 1st of 1988. Is that correct?

19 A I'm sorry, when?

20 Q January 1st, 1998.

21 A Yes, sir.

22 Q And it reflects that the total assets of the com --
23 of the business or this partnership is \$1,632,962?

24 A Yes, sir.

1 Q Okay. Now if we go to the -- the back, sir, can you
2 find -- go to Statement 4.

3 A What page? What page or Statement 4? I don't un --

4 Q So let's do this: Go to -- go to Statement 4. Do
5 you see at the bottom of page 4-6?

6 A I don't have any 4-6.

7 Q Okay. Let me get it for you. Let me count the
8 pages back. That might be easier for all of us. If we back
9 one, two, three, four, five, six, seven -- go back 13 pages.

10 A Okay.

11 Q Okay. Are you on the page that says Federal
12 Statements and --

13 A Yes, sir.

14 Q -- Statement 4, other current assets?

15 A Yes, sir.

16 Q If we look at this, it appears as if the Silver
17 Slipper owes the partnership \$525,000. Is that correct?

18 A I believe so.

19 Q And it also shows that your brother, Paul Nelson,
20 owes the partnership \$48,000?

21 A Yes, sir.

22 Q And it shows that your nephew, Eric Taylor Nelson,
23 owes the partnership \$34,350, correct?

24 A Yes, sir.

1 Q What is the receivable "WHR"?
2 A Wyoming Horse Racing.
3 Q Okay. So Wyoming Horse Racing owes the partnership
4 \$51,901?
5 A It appears so, yes, sir.
6 Q Now sir, if you'll go to the second to last page of
7 this Exhibit?
8 A Second to last page?
9 Q Yes.
10 A Okay.
11 Q Again, it says Federal Statements, showing down at
12 the bottom where it says Form 1065 Schedule L Line 19, are you
13 there? Bonds payable one or more years?
14 A Yes, sir.
15 Q Okay. It says mortgage notes more than one year,
16 total \$3,025,000. That is the note that the partnership owns
17 -- owes to you, is that correct?
18 A Oh, I'm not -- I'm not there where you're at
19 Q Okay. Let me help you get there. Second to last
20 page.
21 A Oh, I got it.
22 Q Okay.
23 A Okay. Yes, sir.
24 Q The -- the -- that -- that -- that liability for the

1 partnership, that is money that is owed to you, Eric L.

2 Nelson, correct?

3 A Yes, sir.

4 MR. DICKERSON: Move for the admission of Exhibit --

5 MS. PROVOST: U-4.

6 MR. DICKERSON: -- U-4?

7 MS. PROVOST: U-4.

8 MR. STEPHENS: No objection.

9 THE COURT: Hereby admitted as -- where you at -- U-
10 4, is that where it's at? Yeah.

11 (Defendant's Exhibit U-4 admitted)

12 Q Sir, if you'd take a look at Exhibit U-5?

13 A Z-5, V-5?

14 Q U-5. U-5 is the partnership tax return for Grotta
15 Group, is that correct, Grotta Group, LLC?

16 A V -- V-5.

17 Q U-5.

18 A U-5, sorry. All right.

19 Q Okay. And as we see from U-5, this is the Grotta
20 Group LLC, that's the -- another entity, a separate entity,
21 correct?

22 A I believe so.

23 Q And this is the -- the tax return -- 2008 tax return
24 for Grotta Group LLC --

1 A Yes, sir.

2 Q -- reflecting that this company was started November

3 21st, 2003?

4 A I believe so, yes.

5 Q And it shows the total assets of this company as

6 being \$231,970?

7 A Okay.

8 Q Is that correct?

9 A Yes, sir. I believe so.

10 Q And, sir, I believe, as we previously established in

11 your testimony, and I believe that, again, is Exhibit N-1, was

12 it, the -- this Grotta Financial Partnership owns three lots

13 that you've indicated is a total 25 acres. Is that correct?

14 A Yes, sir.

15 Q So I am mistaken -- reading your -- what you

16 provided me, it indicated to me it was 25 acres each, but

17 you're telling us that that's a mistake, it's only 25 acres?

18 Is that right?

19 A Yes, sir.

20 Q And that's of land in Mississippi?

21 A That's correct.

22 MR. DICKERSON: Move for the admission of Exhibit --

23 MS. PROVOST: U-5.

24 MR. DICKERSON: -- U-5, Your Honor.

1 MR. STEPHENS: That's the tax return?
2 MR. DICKERSON: Yes.
3 MR. STEPHENS: No -- no objection.
4 THE COURT: Hereby admitted as U-5.
5 (Defendant's Exhibit U-5 admitted)
6 BY MR. DICKERSON:
7 Q Okay, sir, Emerald Bay -- if you'll move to -- well,
8 on page 10 of Exhibit A, and if you will move to Exhibit V?
9 A Yes, sir.
10 Q Okay. Emerald Bay Mississippi, LLC, this is the --
11 if you take a look at V-1, that is the operating agreement for
12 the Emerald Bay Mississippi LLC?
13 A I'm sorry, V-1?
14 Q V as in Victor.
15 A Okay. I got the total amended restatement of
16 Emerald Bay. Yes, sir.
17 Q Okay. And that is the operating agreement. Is that
18 correct?
19 A Yes, sir, prepared by Jeff Burke, uh-huh.
20 MR. DICKERSON: And move for the admission of V-1,
21 Your Honor.
22 MR. STEPHENS: No objection.
23 THE COURT: Hereby so admitted.
24 (Defendant's Exhibit V-1 admitted)

1 BY MR. DICKERSON:

2 Q Now as I understand it, sir --

3 MR. JIMMERSON: It's also part of Plaintiff's
4 Exhibit 8-A, Your Honor.

5 THE COURT: 8-A, okay.

6 BY MR. DICKERSON:

7 Q As I understand it from your testimony is that
8 Lynita's trust owns 50 percent interest in this LLC, and your
9 trust owns a 50 percent interest in this LLC?

10 A I believe so.

11 Q All right.

12 A Yes. I think that's the parent of the six. Yeah --

13 Q Okay.

14 A -- six flow up to this one, yes.

15 Q Okay. So if six companies that are listed there,
16 you're telling us that this is a holding company for Bal
17 Harbor LLC, Bay Harbor Beach Resorts LLC, Montage Resorts LLC,
18 Bay Resorts LLC, Paradise Landing LLC, and Paradise Harbor
19 LLC? Is that correct?

20 A Yes, sir.

21 Q Now if we take a look, sir, at Exhibit V-2, this is
22 a schematic that you have provided to us before? You're
23 familiar with this, is that right?

24 A I'm sorry. Where we at?

1 Q V -- V-4.
2 A B-4?
3 Q Oh, V-2. Excuse me. V-2.
4 A B-2.
5 THE COURT: V as in victory.
6 (Counsel conferring regarding exhibits)
7 THE WITNESS: Two. Okay. Thank you.
8 BY MR. DICKERSON:
9 Q Are you there?
10 A Yes.
11 Q Now you've -- you've seen this before?
12 A Yes, sir.
13 Q In fact, you have made this? This is your
14 schematic, is that correct?
15 A This is one of many that we gave to Lynita to
16 comfort her, yes.
17 Q All right. Now what is at the top, says loans ELV
18 Nevada Trust, what's that?
19 A That's a flow of capital.
20 Q Coming into Emerald Bay?
21 A Yes, sir.
22 Q Now loans meaning that your trust has lent money to
23 Emerald Bay?
24 A Yes, sir, for booking purposes.

1 Q Okay. And we're going to find that Emerald Bay
2 actually owes you a little money, too, don't they?

3 A Yes, sir.

4 Q Okay. Now Emerald Bay -- then it lists here -- it
5 shows the tax I.D. number, and it shows that your trust owns
6 50 percent and Lynita's trust owns 50 percent, correct?

7 A Yes, sir.

8 Q And then we get down -- if you go -- move down, and
9 we'll see the other entities, this suggests that your trust
10 owns 100 percent of those entities. Is that correct or am I
11 just reading this wrong?

12 A I'm not sure. That's what it shows here.

13 (Whispered conversation)

14 BY MR. DICKERSON:

15 Q All right. So however they may be held, you agree
16 that these are supposed to be holding companies -- it would
17 seem to me that they would have been owned by Emerald Bay, but
18 that's not what this indicates.

19 A Right. It indicates that they're (sic) all flow up
20 to Emerald Bay, yes.

21 Q Okay. And Bay Resorts LLC, that's the entity that
22 has the RV park?

23 A Apparently so, yes, so.

24 Q And that's where the Silver Slipper Casino is

1 leasing?

2 A No, sir.

3 Q Aren't they --

4 A Oh, yes, yes. I'm sorry. They are leasing. That's
5 a portion of it. I think a couple of those, 4 and 5 actually,
6 hit that.

7 MR. DICKERSON: Your Honor, move for the admission
8 of V-2.

9 MR. STEPHENS: No objection.

10 THE COURT: Hereby admitted as V-2.

11 (Defendant's Exhibit V-2 admitted)

12 BY MR. DICKERSON:

13 Q Sir, if we take a look at Exhibit V-3, this is the
14 balance sheet for Emerald Bay Mississippi LLC as of August 31,
15 2009. Is that correct?

16 A Yes -- yes, sir.

17 Q And if we look at this, this shows that the -- the
18 total capital of this company is \$469,103.05. Is that
19 correct?

20 A As dated August 31st, 2009 --

21 Q Okay.

22 A -- apparently so, yes, sir.

23 Q And that is after deducting a liability here that
24 says due Nelson and Associates, \$45,500, correct?

1 A I believe so --
2 Q You see that?
3 A -- yes, sir.
4 Q Now that loan still is outstanding? It has not been
5 paid, has it?
6 A I don't believe so.
7 Q Okay. Now tell me, sir -- again, look at Options A
8 and B, your Options A and B. Will you show us where this
9 promissory note is listed on Exhibits -- on your Options A or
10 B?
11 A Yes. It's Number 8.
12 Q So in with Number 8, again, okay -- so --
13 A Everything in Mississippi is Number 8.
14 Q -- (indiscernible).
15 A How many times have I said that?
16 Q So, sir, you agree, as we sit here today, Emerald
17 Bay Mississippi LLC owes Eric Nelson and Associates \$45,500?
18 A For booking purposes, yes.
19 Q Okay. Eric Nelson LLC made a loan to Emerald Bay
20 Mississippi LLC in the amount of \$45,500, isn't that correct?
21 A Probably a seri -- series of capital contributions.
22 Q And, sir, back on that previous Exhibit that we were
23 talking about, the Mississippi parcels --
24 A Yes, sir.

1 Q -- we saw that Bay Harbor Beach Resorts holds title
2 to six lots. Is that correct?
3 A Yes, sir.
4 Q We'd also see that Emerald Bay holds title to one
5 lot?
6 A Yes, sir.
7 Q And we'd also that Bal Harbor LLC holds title to one
8 lot?
9 A Yes, sir.
10 (Whispered conversation)
11 BY MR. DICKERSON:
12 Q All right, sir, if we'd take a look at --
13 MR. JIMMERSON: Judge, could I just ask for a
14 reasonable termination. I have to be in Court again at 1:00
15 o'clock after my 9 and 9:30 today.
16 THE COURT: Yeah. I told them we'd be done.
17 MR. JIMMERSON: What Exhibit did --
18 MR. DICKERSON: 12:15.
19 THE COURT: (Indiscernible) figure out if we can --
20 tell them we'll be done by 12:15?.
21 MR. JIMMERSON: Thank you., Judge.
22 THE COURT: (Indiscernible)
23 MR. DICKERSON: I move for the admission of V-3,
24 Your Honor.

1 THE COURT: Any objections as to V-3?
2 MR. STEPHENS: No, Your Honor.
3 THE COURT: Hereby admitted as V-3.
4 (Defendant's Exhibit V-3 admitted)
5 BY MR. DICKERSON:
6 Q Sir, the Nicky note --
7 A Yes, sir.
8 Q -- take a look at Exhibit Y --
9 A Yes, sir.
10 Q Y-1.
11 A Uh-huh.
12 MR. DICKERSON: And for Your Honor's purpose, the
13 Nicky note there, it's Y-1. It's supposed to be through Y-3,
14 not V-3.
15 BY MR. DICKERSON:
16 Q If you take a look at Exhibit Y-1, that is the note
17 that Mr. -- let's see, what's his full name --
18 MS. PROVOST: It's also known as Dominick.
19 MR. DICKERSON: Dominick.
20
21 BY MR. DICKERSON:
22 Q How do you pronounce his last name?
23 A You're asking me, that's the wrong guy.
24 Q Pardon name?

1 A I can't even hear it, let alone say it.
2 Q This is the Nicki note that you're referring it, is
3 that correct?
4 A Nicki note, yes.
5 Q And he owes you \$200,000?
6 A Yes, sir.
7 Q And this is the -- the current note that -- that
8 we're talking about. Is that right?
9 A Yes, sir.
10 Q Now it says that this is secured -- it says this
11 note -- if you take a look at the bottom of page one --
12 A Yes, sir.
13 Q -- it says this note is secured by a lien on the
14 following. It says security interest and one-third interest
15 of ownership of Dominick whatever his last name is in RCD
16 Properties LLC, a Mississippi Limited Liability Company.
17 A Yes, sir.
18 Q Okay. Now if you take a look at V-2 -- Y-2.
19 A Let's see here. I don't think -- oh Y-2. Okay,
20 yes, sir.
21 Q Is that the security interest that we're talking
22 about?
23 A Yes, sir.
24 Q Why didn't you secure it with the land?

1 A Harold Duke prepared this, my attorney. There were
2 some -- this was the way he prepared it, and I signed it
3 accordingly.

4 Q Okay. So what is that you have a security interest
5 in?

6 A I think it's his -- let's see -- valuable
7 consideration for an interest in a one -- he has an -- he
8 secured an interest in one-third interest ownership of the RCM
9 Property LLC.

10 Q What have you done to perfect the security interest?

11 A I hired Harold Duke and he prepared these documents.

12 Q Has he filed a UCC-1?

13 A I'm not sure, Your Honor -- I mean, Mr. Dickerson.

14 Q Okay. Your Honor, if -- move for Exhibit admission
15 of Y-1 and Y-2.

16 MR. STEPHENS: No objection.

17 THE COURT: So admitted.

18 (Defendant's Exhibits Y-1 and Y-2 admitted)

19 MR. STEPHENS: That's our 7 and 8, Your Honor, just
20 to cross reference.

21 THE COURT: Seven and eight,

22 BY MR. DICKERSON:

23 Q And if you take a look, sir, at Exhibit Y-3?

24 A Yes, sir.

1 Q We see from Y-3 this is a account register that you
2 prepared. Is that correct?

3 A Rochelle would have prepared it, not me.

4 Q And so this was done under your direction by your
5 employees?

6 A One of my employees did this.

7 Q Okay. And this shows that Dominick has been making
8 payments on this note that go back to at least June. In June
9 he made payments totaling \$6,000, and in July he made payment
10 of \$2,000. Is that correct?

11 A If you check that schedule that I gave you
12 yesterday, it's real clear on that.

13 Q All right. Well, do you agree with this?

14 A I believe so, yes.

15 Q Okay. So it appears that just June and July alone,
16 he's paid you \$8,000?

17 A Yes, sir.

18 Q What portion of that did you give to Lynita?

19 A None.

20 MR. DICKERSON: Move for the admission of Exhibit Y-
21 3.

22 MR. STEPHENS: No objection.

23 THE COURT: Hereby admitted as Exhibit Y-3.

24 (Defendant's Exhibit Y-3 admitted)

1 MR. DICKERSON: All right, sir, the -- this is
2 wrong, too. So the next Exhibit is Z, Your Honor, and it's
3 River Walk Entertainment LLC and Hideaway. These -- this is
4 going to be under Exhibit Z instead of Y.

5 BY MR. DICKERSON:

6 Q Sir, River Walk Entertainment and Hideaway Casino,
7 they are somehow related, is that right?

8 A Yes, sir.

9 Q And you bunch them together as one entity?

10 A Yes, sir.

11 Q But you are the sole member of both those entities.
12 Is that right?

13 A Yes, sir, I believe so. Now I got to -- I'm not
14 quite sure. We had a management contract that was going to be
15 set up in one of them. I don't know if Harold Duke is
16 involved in that or not.

17 Q Okay.

18 A He was going to come on and participate in that for
19 -- in lieu of fees.

20 Q Well, Hideaway Casino was the entity that -- the LLC
21 in which you're the sole member --

22 A Yes, sir.

23 Q -- that was going to operate the Casino. Is that
24 correct?

1 A That was going to be the ownership and then the
2 operator would be one of the other LLCs.

3 Q Okay. So it would own it and then what, River Walk
4 Entertainment would operate it?

5 A Yeah. I think it might have been Delta and that was
6 Harold's company, and I was going to participate in that.

7 Q (Indiscernible)

8 A YOU know, I -- I hadn't formed it, hadn't agreed to
9 any of the terms and conditions, so.

10 Q Okay. Now, sir, you have signed no personal
11 guarantees to Mr. Bieri with respect to any obligation that is
12 owed by River -- Hideaway Casino. Isn't that correct?

13 A That's correct.

14 Q You take a look, sir, at Exhibit Z-1, that is your -
15 - your notes with respect to Hideaway liability?

16 A Yes, sir.

17 Q And you recognize there a note that there's no
18 personal guarantees?

19 A Yes, sir.

20 MR. DICKERSON: Move for the admission of Z-1.

21 MR. STEPHENS: No objection.

22 THE COURT: Hereby admitted as Z-1.

23 (Defendant's Exhibit Z-1 admitted)

24 BY MR. DICKERSON:

1 Q Okay. Would you take a look at Z-2? This is
2 another schematic that you put together attempting to explain
3 the operation of these entities that we're referring to, the -
4 - the River Walk Entertainment LLC and Hideaway Casino?

5 A That's how it would flow out at the end of the day,
6 yes. That makes more sense.

7 Q Okay. So, again, there would be loans -- or you
8 have made loans from Eric L. Nelson Nevada Trust to River Boat
9 Entertainment. Is that correct?

10 A If we have, it would be a minimal amount.

11 Q Well, I don't believe that -- well, we'll get to
12 that. Okay? So you -- you believe some minimal loans have
13 been made?

14 A That I don't know. I'm just saying if there were,
15 the funding came from Steve Bieri --

16 Q Okay.

17 A -- that loaned into the Hideaway Casino.

18 Q All right. So apparently then, River Walk
19 Entertainment is supposed to fall above or be a holding
20 company for Hideaway Casino or not?

21 A That's how it's designed, yes.

22 MR. DICKERSON: Move for the admission of Z-2, Your
23 Honor.

24 MR. STEPHENS: No objection.

1 THE COURT: Hereby admitted as Z-2.
2 (Defendant's Exhibit Z-2 admitted)
3 BY MR. DICKERSON:
4 Q And, sir, if you take a look at Z-3?
5 A Yes, sir.
6 Q This is the balance sheet for Hideaway Casino LLC as
7 of August 31st, 2009?
8 A Yes, sir.
9 Q You provided this to us?
10 A I believe so, yes.
11 MR. DICKERSON: Move for the admission of Exhibit Z-
12 3, Your Honor.
13 MR. STEPHENS: No objection.
14 THE COURT: Hereby admitted as Exhibit Z-3.
15 (Defendant's Exhibit Z-3 admitted)
16 Q And Exhibit Z-4, sir --
17 A Yes, sir.
18 Q -- this is the -- referring to the Hideaway
19 liability?
20 A Yes, sir.
21 Q This is the demand that you're referring to that is
22 set out in Z-4, is that correct?
23 A Yes, sir.
24 MR. DICKERSON: Move for the admission of Z-4, Your

1 Honor.

2 MR. JIMMERSON: Objection. We moved for the same
3 document to be admitted on direct, and it was objected to by
4 counsel, sustained by the Court.

5 MR. DICKERSON: No. It was actually admitted. It
6 was admitted.

7 THE COURT: Was it admitted?

8 MS. PROVOST: Yeah, it's crossed out. It was not --

9 THE COURT: We don't show it admitted.

10 MR. JIMMERSON: It was not admitted.

11 (Parties confer regarding Exhibit)

12 MR. JIMMERSON: You're in charge there, Madam Clerk.
13 Tell us -- put us out of our misery.

14 THE CLERK: 33 --

15 MR. DICKERSON: The demand was admitted. It was the
16 letter from his lawyer that was not.

17 THE CLERK: -- B and 33-A.

18 THE COURT: 33-A and B?

19 THE CLERK: 33-B was not admitted. 33-C was --

20 MS. PROVOST: And 33-A --

21 THE COURT: And what was 33-C?

22 MR. DICKERSON: What's 33-C?

23 THE COURT: What was 33-C?

24 THE CLERK: August 27th letter.

1 THE COURT: Oh, the first Bates Entertainment, the
2 August 27th '09 letter from Greenville Entertainment, that was
3 admitted?
4 MR. DICKERSON: Thank you, Your Honor.
5 THE COURT: Was it?
6 MR. DICKERSON: Counsel was just mistaken.
7 THE COURT: Yeah.
8 MR. JIMMERSON: It happens.
9 THE COURT: That was admitted?
10 MS. PROVOST: It's crossed out --
11 THE COURT: We're trying to see if it was --
12 MS. PROVOST: -- list.
13 MR. JIMMERSON: On our list, it's crossed out, Your
14 Honor. That's why --
15 MS. PROVOST: The list I got from the last --
16 MR. DICKERSON: On my list, it was admitted.
17 MS. PROVOST: -- has it checked and crossed off.
18 MR. DICKERSON: I -- I did not object to this one.
19 THE CLERK: It's an extra line that I put there. It
20 has been admitted.
21 MR. STEPHENS: Okay. So -- just so I'm clear --
22 THE COURT: Just the letter though, not the --
23 MS. PROVOST: The letter.
24 THE COURT: -- not the attachment, right? It was

1 just --

2 MS. PROVOST: The demand letter.

3 MR. DICKERSON: NO, no --

4 THE COURT: It wasn't the demand letter. It was jut
5 the note from --

6 MR. DICKERSON: No. Everything that -- it was just
7 his demand letter -- his demand letter consists of what my
8 Exhibit Z-3 is -- that's his entire -- Z-4 -- excuse me --
9 it's (sic) consists of five -- five pages.

10 THE COURT: Okay. But was this one already admitted
11 one with the August 27th --

12 MR. JIMMERSON: No, Your Honor.

13 THE COURT: Let me see if that one's the same as
14 this.

15 THE CLERK: August 27th is the one that was objected
16 to.

17 MR. JIMMERSON: There are also two letters of August
18 27th in this proposed Exhibit and other schedules.

19 THE COURT: Yeah. There's one from the note from
20 Greenville, then the other one from --

21 MR. DICKERSON: The one I objected to is the one
22 from Harold Duke, his lawyer. I did not object to the demand.

23 THE COURT: This is the demand from Stephen Bieri.

24 MR. DICKERSON: This is the demand from Mr. Bieri.

1 MR. JIMMERSON: Can we just see Exhibit 33?
2 THE COURT: Yeah. Let's look at it and see if we do
3 on that, then see if it's already been admitted. Then fine.
4 If not --
5 MR. JIMMERSON: Absolutely.
6 THE COURT: -- yeah -- which one we have to see what
7 the --
8 (Pause)
9 THE COURT: So 33-B was admitted?
10 THE CLERK: B was not.
11 THE COURT: B was not?
12 MS. POLSELLI: And B was the August 27th, 2009
13 letter.
14 THE COURT: And B is -- B is the same one they have
15 as -- it's two pages at least? So B was not admitted, is that
16 correct?
17 MR. DICKERSON: C -- C was admitted, right?
18 MR. STEPHENS: C's admitted, right.
19 MR. JIMMERSON: B was not admitted.
20 MR. DICKERSON: C was admitted.
21 (UNIDENTIFIED FEMALE SPEAKER): Which is their Z-4.
22 MR. DICKERSON: Okay. But you didn't include the
23 attachments?
24 MR. STEPHENS: No. We didn't have the attachments.

1 THE COURT: A was -- A was not, right? That was the
2 letter from Duke to his attorney. B was not?

3 THE CLERK: Just C.

4 THE COURT: Only C was.

5 MR. STEPHENS: Sir, Exhibit C from --

6 THE COURT: Only C.

7 MR. STEPHENS: -- 33-C, Your Honor, is the first two
8 pages of Mr. Dickerson's Exhibit and then an attachment that I
9 believe Eric put together which, by the Court's record, has
10 been admitted into evidence. But we don't have the rest of
11 the Exhibits attached to Mr. Dickerson's --

12 THE COURT: You don't have the summary attached to
13 it. You just have the first two pages, the August 27th note
14 from Greenville and the company letter -- the Hideaway Casino,
15 just those two but not the attachment that --

16 MR. JIMMERSON: -- all over it, Judge. Yes, sir.

17 MR. STEPHENS: That's correct.

18 THE COURT: All right. Then to be fair to him,
19 we'll just admit -- it's already been admitted, this -- those
20 first two pages --

21 MR. DICKERSON: And I'll withdraw -- I'll withdraw
22 my -- I don't need it.

23 THE COURT: Okay.

24 MR. DICKERSON: We got --

1 THE COURT: All right.
2 MR. DICKERSON: Okay.
3 THE COURT: It will not be admitted. We'll just do
4 the 33--
5 MR. DICKERSON: So I'll withdraw it.
6 THE COURT: Why don't we wind it up (indiscernible)
7 probably is a good time to --
8 MR. DICKERSON: Okay.
9 THE COURT: -- to break, because I think we're ready
10 to -- did you have anything else on the River Walk or Hideaway
11 to finish up before we --
12 MR. DICKERSON: No, I'm done.
13 THE COURT: Okay. That's a good way to break,
14 because then the rest deals with Eric Nelson account --
15 Auctioneering, then the banks investments.
16 As far as dates on that, as I -- you can just -- you
17 can go back next to counsel where you get comfortable. We
18 (indiscernible) as far as dates, as I told you, I'm booked
19 solid through September with sexual abuse trials three and
20 four deep. The next time I can give you any block of time,
21 I'm going to have to change schedules around, but we're
22 talking probably October 18th, 19th, and possibly the 20th.
23 Would settlement help at all as far as discussing -- know
24 you've been through a lot. The reason to have the marathon

1 settlements coming up with the senior judges. I think it's
2 Judge Marin and forgot whose the other judge. I don't know if
3 that would serve any purpose because they're asking -- they're
4 coming down with their marathon three hours each. I don't
5 know if that would serve any purpose, but let me see when that
6 is.

7 MR. DICKERSON: Judge, you've listened to the
8 testimony. Do you think there is any possibility?

9 THE COURT: At this point, probably not, not until
10 we get through the other testimony. I'm -- plan on maybe
11 meeting with counsel, and I have a chance to digest some of
12 this before then to see what the real issues are and help out
13 parties, give you some feedback where I'm at, at least from
14 this point of testimony. I haven't heard, as I said, from the
15 experts or Ms. Lynita as well, but I think I got a pretty good
16 idea what the major points of contention are. So I'll let my
17 office contact you guys if you want to come down and talk, not
18 so much settlement because I don't want to make anybody
19 uncomfortable, but kind of see maybe some direction --

20 MR. STEPHENS: Your Honor, appreciate that.

21 THE COURT: I do have the --

22 MR. STEPHENS: It might speed things up.

23 THE COURT: -- As I said, think about it. There is
24 the marathon. As I said, I don't know, since you been through

1 so much, if it's a waste of your time, but I'll throw that
2 out. I'm trying to think when they sent the email just so you
3 know. If you do, let me know. We can get you on that. But
4 again, I don't know at this point if we're going to get
5 anywhere, but I'll be glad to meet with you guys maybe next
6 week where I have a chance to look at everything, look at the
7 testimony, go through the Exhibits, and give you some -- so
8 I'm trying to think when that marathon is.

9 MR. DICKERSON: Judge, does -- your schedule that
10 you have with you (indiscernible) does some, like, days ever
11 open up?

12 THE COURT: No, because I got them so the problem is
13 -- if they do, I'll let you know, but if they get booked -- I
14 got them booked five deep which means always one or two are
15 going, so we're actually taking those and kicking. We're
16 starting one trial, kicking the other. Two or three may prove
17 (indiscernible), but we always got one or two going. What
18 I've been doing now is I've been doing five deep. Two are
19 going. I'm starting one, kicking the other one. Then kick
20 something else down. Those go three or four days with the
21 sexual abuse, because you got to get the child and the
22 doctors. So that's the problem in September. We really
23 quadruple book. I mean something could open, but if it be, it
24 be in the afternoon only. So it's really not a lot of time.

1 So we did look at October 18th, 19th, and 20th if we can move
2 some things around and open those up for you. I hate to wait
3 that long because of the -- the longer it goes, just -- this
4 is like an open sore we have that's just festering, and we
5 need to try to get everybody done.

6 Same token, I don't know if the settlement would be
7 --

8 MR. DICKERSON: All those days are --

9 THE COURT: -- worth any of your time, but if you're
10 interested, let me know. I think it's coming up September -
11 mid-September, the first week of October that they're giving
12 the senior judges -- Judge Marin is one. I can't think of who
13 the other senior judge was, but it wasn't -- I think it's
14 somebody maybe from up North. But if you're interested, let
15 me know. I'll try and see if I can find that to let you know
16 right now. But of course, when I look at it, I can't find it.
17 (Indiscernible) let me give you -- see the Judge. If you
18 think would serve -- as I said, I'm not hopeful at this point
19 without more testimony (indiscernible) everybody kind of knows
20 what the -- what the issues are. To be quite honest, the way
21 I see it right now, their concerned, sir, that a lot of these
22 transfers you did with your family might have been ways to
23 just cheat her out of her shares on that. The proposals I got
24 right now with the property, I'm not going to give her all the

1 property and give you all the notes. I'm not --
2 MR. STEPHENS: Thank you.
3 THE COURT: -- that ain't going to happen either --
4 MR. JIMMERSON: Fine.
5 THE COURT: -- (indiscernible) people on.
6 MR. DICKERSON: That's fine.
7 THE COURT: I'm not --
8 MR. DICKERSON: As far as I'm concerned, we can sell
9 everything. We were just trying to come up with something
10 that makes sense.
11 THE COURT: No. I'm not -- I'm just saying just so
12 people --
13 MR. DICKERSON: Oh, I didn't --
14 THE COURT: -- know on that. I didn't see either
15 one realistic right now at this point. The bottom line,
16 there's so much property, if we get to that point on it and I
17 can't figure out values or what's hidden -- I see the
18 Mississippi, you think there might be a lot of value if you
19 can develop it. You obviously want that. Right now what it's
20 worth, I don't know. The thing is if you can make that pull
21 together, there's a lot of money in gaming. So -- and that's
22 what your concern is. That's why we were talking about the
23 shares. I realize that's a major issue, the Russell Road,
24 there's some things with the \$2 million dollars to his brother

1 and that note, whether is being -- you had a chance to get
2 that money. I know your concerns on that, but the issue is we
3 need to look at that, really be honest in what you're really
4 looking for and what you're really looking for. We can sell
5 everything. I got no problem selling everything and then
6 splitting the notes 50/50, whatever we need to do. The
7 problem with that, that'll take forever, and I'm not going to
8 go through Mr. Nelson's Auctioneering to kind of sell those,
9 because you guys would have a fit with that. (Indiscernible)
10 option, if you go property-by-property, it'll take you forever
11 to get that done.

12 There is a cost to emotional going on and the
13 anguish, so just (indiscernible) people can really be honest
14 with their counsel, see what they're really looking for, to be
15 honest, because right now I don't think we got either party
16 really playing all their cards out yet, because you don't
17 trust him. You think there's a lot of issues out there now
18 that you're getting comfortable with trying to find out what's
19 out there. Same toke, sir, you've been kind of trying to
20 control the issues and control the finances, and maybe you
21 mean -- think it's best for her, but she's got to decide
22 what's best for her.

23 Spousal support in cases like this, I'm not big on
24 spousal support. What I normally do is give that in the

1 property settlement. If I do spousal support, what happens is
2 six months later, he comes in, business is bankrupt, I can't
3 afford it. Then we're modifying or contempt to try to collect
4 it. So I look at the front end, so if I was going to give you
5 a million dollars in spousal support, what's that worth today?
6 Maybe \$500,000. Right there -- so that's what I try to do
7 because otherwise, we're always into re-litigating all these
8 post trials.

9 I'm trying to give the people some ideas where I'm
10 at. If you're really interested in the Mississippi property,
11 you need to be honest, because I think the value is -- I
12 thought it was really under valued. And I thought a lot of
13 stuff you did with the Grotta and stuff was under valued, and
14 that's where they're coming off, showing wait a minute, you
15 got all these notes out there. And you think there's been a
16 lot of thing with family that have been less than above board.
17 And that's kind of where we're at right now. And I don't know
18 where we're at. We're going to have to see the brother's
19 testimony and the sister. I assume his family has been
20 involved in the business before? I mean if they just came in
21 at the end when you got separated, then I'm more concerned,
22 because then it looks like all of a sudden everything is in
23 family. Then I get worried. But I don't know.

24 MR. JIMMERSON: They've been involved for 20 years,

1 Judge.

2 MR. DICKERSON: Oh, no, no. He's been paying the
3 family forever.

4 THE COURT: That's -- I mean that's what I need to
5 see, but been going on there --

6 MS. PROVOST: But not --

7 MR. JIMMERSON: That's ordinary course of business.
8 Judge, I have two -- I have two items if I could, Judge.

9 THE COURT: Sure.

10 MR. JIMMERSON: One is just because I want to
11 preserve the record. I did believe, respectfully, and I defer
12 to the Court, and the Court knows my respect for you -- I
13 think you made an error in admitting Defense Exhibit A with
14 all the --

15 THE COURT: Which is the one with their comments.

16 MR. JIMMERSON: -- all the red.

17 THE COURT: I think you're absolutely right. And
18 what we could do for the record, if you want, them to resubmit
19 it without the commentary.

20 MR. JIMMERSON: That would be fine.

21 THE COURT: The reason I'm using it for, it helps
22 me. I'll use yours, A and B.

23 MR. JIMMERSON: Just like ours.

24 THE COURT: I make notes on both. It helps --

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

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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
8	08/24/2011	Summons directed to Lynita Sue Nelson	1783 -1786
11	04/05/2012	Supplement to Opposition to Motion for Payment of Attorneys' Fees and Costs, and Countermotion for Receiver, Additional Injunction, and Fees and Costs	2624 – 2629
	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
20, 21	08/01/2013	Transcript Re: All Pending Motions	4991 – 5039
21	09/05/2013	Transcript Re: All Pending Motions	5154 – 5229
22	10/21/2013	Transcript Re: All Pending Motions	5288 – 5347
25	01/26/2015	Transcript RE: All Pending Motions	6077 – 6225
22, 23	06/04/2014	Transcript RE: Decisions	5495 – 5552

20	06/19/2013	Transcript Re: Motion	4813 – 4846
20	07/22/2013	Transcript Re: Motion	4876 – 4990
10	02/23/2012	Transcript regarding Decision	2390 – 2424
10	01/31/2012	Transcript relating to Motion	2273 – 2361
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
1, 2	08/30/2010	Transcript, Non-Jury Trial, Volume 1 from August 30, 2010	40 – 258
2	08/31/2010	Transcript, Non-Jury Trial, Volume 2 from August 31, 2010	259 - 441
2, 3	08/31/2010	Transcript, Non-Jury Trial, Volume 3 from August 31, 2010	442 – 659
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
14, 15	07/18/2012	Trial Transcript Re: Non-Jury Trial	3407 – 3584
22	05/30/2014	Trial Transcript RE: Non-Jury Trial	5348 – 5494
15	07/19/2012	Trial Transcript Re: Non-Jury Trial – Vol. I	3585 – 3714
16	07/23/2012	Trial Transcript Re: Non-Jury Trial – Vol. I	3839 – 3943
17	07/24/2012	Trial Transcript Re: Non-Jury Trial – Vol. I	4050 – 4187
18	07/25/2012	Trial Transcript Re: Non-Jury Trial – Vol. I	4279 – 4447
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
17, 18	07/24/2013	Trial Transcript Re: Non-Jury Trial – Vol. II	4188 – 4278
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 Q When did you purchase the Mesa Vista five acre lot?
2 A Excuse me?
3 Q When did you purchase those?
4 A That \$4.5 million dollar transaction, I believe, in
5 2007.
6 Q Okay. So you then are suggesting on these -- for
7 example, that one you're suggesting then that you and Lynita
8 continue to be partners on a piece of property?
9 A It doesn't seem that difficult to me. However --
10 Q Is that what your suggesting?
11 A -- if it pleases the Court, she could take it for a
12 hundred --
13 Q Did you understand my question?
14 A -- I could take it for a hundred.
15 Q Did you understand the question?
16 A I would propose if -- let me take this back. This
17 is only a proposal. I'm not requesting or demanding anything.
18 Q My question was is are you suggesting --
19 A Yes, sir.
20 Q -- that you and Lynita --
21 A We could. One of the options, yes.
22 Q All right. Mesa Vista lot 68, you value that at
23 \$21,229, is that correct?
24 A That's the cost basis. It's -- let me take that

1 back. That's not the cost basis. The Mesa Vista lots, the
2 cost basis are probably about 8,000. This is a note value
3 when we foreclosed on the note. I just put it over there for
4 convenience purposes. It's probably only worth about 8,000.

5 (Whispered conversation)

6 BY MR. DICKERSON:

7 Q So why did you list at 100,000 on one and 21,000-
8 plus on the the other?

9 A Because the - because of the transfer of the book.
10 What happened was the Mesa Vista five acres is booked on the -
11 - on our tax returns at 100,000. The 21,229, it's we
12 foreclosed on it, so they put the note value at 21,229,
13 because that was the last known value meaning that someone put
14 5,000 down. We carried \$21,229. And so the girls would
15 adjust it to that book value even though probably the true
16 market value is closer to the 8,000, our original booking
17 value.

18 Q So at least with those two properties, Mesa Vista
19 lots, the value that you provided on your Option A and B
20 really mean nothing. Is that right?

21 MR. STEPHENS: Objection. We've always said we did
22 this based on cost basis. We've never --

23 MR. DICKERSON: Well, you did, but his testimony was
24 it's not even cost. His cost was \$8,000.

1 THE COURT: He said this one is not cost basis.

2 MR. STEPHENS: It's cost based on the note.

3 THE WITNESS: I was just -- I was trying to make an
4 adjustments -- ease -- I'm not making an offer. This is not a
5 firm offer here.

6 THE COURT: You said you did that because that was
7 the value of the note, the 21,229 --

8 THE WITNESS: Yes, sir.

9 THE COURT: -- but you had foreclosed on that note,
10 and your original booking was 8 grand.

11 THE WITNESS: I would take it for that value if we
12 settled everything else. I was trying to make it easier for
13 the estate to do this.

14 MR. DICKERSON: I'll tell you, we -- Lynita is --
15 was willing to share these with you because you had been
16 suggesting that they be sold. But now we understand something
17 different. You're now suggesting at least those lots should
18 be kept. Is that right?

19 THE WITNESS: I would not suggest to sell any of the
20 vacant land.

21 MR. DICKERSON: All right. If you move to --

22 THE WITNESS: We've had a lot of different
23 discussions, Mr. Dickerson.

24 MR. DICKERSON: If you'd please move to Page 6 of --

1 THE COURT: And your basis for that is vacant land
2 is bringing about 15 cents to the dollar based on your
3 understanding.

4 THE WITNESS: Fifteen, twenty cents on the dollar.
5 BY MR. DICKERSON:

6 Q Okay. If you'll move to Page 6? Now these
7 properties -- if you'll take a look then at Q-4 that you have
8 in front of you, the document that I gave you and
9 unfortunately none of us have a copy of.

10 A Yes, sir.

11 Q Okay. Do you have Q-4?

12 A Yes, sir.

13 Q Okay. I want to go through Q-4. As I go each of
14 these properties, I just want to confirm that I have properly
15 listed the values that you've put down for these properties.
16 Okay?

17 A Okay.

18 Q And -- and these are supposed to be the cost basis.
19 Is that correct?

20 A They should be, yes, sir.

21 Q Now when I ask you a property that you believe --
22 would you tell us whether you believe it to be higher than the
23 cost value or lower than the cost value. So let's start with
24 2209 Fair -- Fairmouth -- Fairmouth Circle.

1 A Okay. I got to --
2 Q I've got \$88,166. Is that correct?
3 A I haven't even seen -- 80 percent of these
4 properties, I've never seen.
5 Q Okay.
6 A So I couldn't answer that.
7 Q Then --
8 A I could base it on the rent and give you the
9 approximate value would be --
10 Q That's all right.
11 A So --
12 Q What we can do then is --
13 A -- approximately in these areas.
14 Q -- just confirm that these are the amounts that you
15 have listed?
16 A Yes, sir.
17 Q \$88,166, is that correct?
18 A Yes, sir.
19 Q 3301 Terra Bella Drive, \$65,013, correct?
20 A Yes, sir.
21 Q 4133 Compass Rose Way, \$67,820?
22 A Yes, sir.
23 Q 4601 Concord Village Drive, \$61,070?
24 A Yes, sir.

1 Q 4612 Sawyer Avenue, \$49,304?
2 A Yes, sir.
3 Q 4820 Marnell Drive, \$23,643?
4 A Yes, sir.
5 Q 513 Churchill Avenue, \$58,070?
6 A Yes, sir.
7 Q 5704 Roseridge Avenue, \$61,510?
8 A Yes, sir.
9 Q 6302 Cabria Avenue, \$68,244?
10 A Yes, sir.
11 Q 6304 Guadalupe Avenue, \$51,499?
12 A Which one?
13 Q Guadalupe.
14 A Okay, yes, sir.
15 Q Okay, \$51,499?
16 A Yes, sir.
17 Q 1628 West Daryl Road, \$37,882?
18 A Okay. On what one?
19 Q Daryl Road. It's in Arizona. Oh, that's -- now
20 you're going to have to move --
21 A Okay.
22 Q -- to the second page --
23 A Okay.
24 Q -- of Q-4.

1 A Okay.

2 Q Okay. Guadalupe Avenue, that -- that's in Arizona,

3 correct?

4 A Let's see here.

5 Q Now Guadalupe's in Arizona. I'm sorry --

6 A No. That's in --

7 Q -- Daryl Road.

8 A -- yeah, that's in Nevada. That's number one.

9 Q Daryl Road we're on.

10 A Okay. I'm sorry.

11 Q Daryl -- the Daryl Road property --

12 A Yeah, that's -- yes.

13 Q -- 37,000 --

14 A Okay.

15 Q -- \$37,882?

16 A Yes, sir.

17 Q 1830 North 66th Drive, \$24,791?

18 A Say it again?

19 Q 66th Drive -- 1830 North 66th Drive, \$24,791?

20 A Yes, sir.

21 Q 1837 North 59th Avenue --

22 A I'm sorry. I'm lost.

23 Q Pardon me?

24 A Oh, no. I'm sorry. I apologize. These properties

1 here appear to be the Suarez's properties. Maybe not. Let me
2 just see. Let me find -- what one did you just say?
3 Q 59 -- 1837 North 59th Avenue.
4 A Oh, yeah. I'm sorry. Yes, here it is. Okay.
5 Q Okay. That's not the Suarez property, is it?
6 A No, it's not.
7 Q Okay.
8 A My -- my mistake.
9 Q That's \$29,050?
10 A Yes, sir.
11 Q 2220 West Tonto Street, found that one?
12 A Yes, sir.
13 Q \$30,906?
14 A Yes, sir.
15 Q 3225 West Roma Avenue, \$31,299? Found that, Roma
16 Avenue?
17 A Yes, sir.
18 Q \$31,299, correct?
19 A Yes.
20 Q 3307 West Thomas Road, you found that one?
21 A Yes, sir.
22 Q \$35,383?
23 A Yes, sir.
24 Q Moving on to Page 7 of Exhibit A, we have the next

1 property as 3332 North 80th Lane, found that one?
2 A Yes, sir.
3 Q It's \$29,924?
4 A Yes, sir.
5 Q The next property, 3415 North 84th Lane, found that
6 one, North 84th Lane?
7 A Yes, sir.
8 Q \$35,368?
9 A Yes, sir.
10 Q All right, \$35,368, correct?
11 A Yes, sir.
12 Q 3424 West Bloomfield Road --
13 A Yes, sir.
14 Q -- \$43,084?
15 A Yes, sir.
16 Q 3631 North 81st Avenue --
17 A Yes, sir.
18 Q -- \$30,063?
19 A Yes, sir.
20 Q 4141 North 34th Avenue, \$21,807?
21 A Yes, sir.
22 Q 4541 North 76th Avenue, 23 -- excuse me -- \$32,540,
23 find that one?
24 MR. DICKERSON: Take a break, Your Honor?

1 MR. STEPHENS: Can we take a break, Your Honor?

2 THE COURT: Yeah, we'll take a break now. We can
3 make a copy of the document for you. We'll recess about 10
4 minutes and --

5 MR. STEPHENS: Thank you, Your Honor --

6 THE COURT: -- get a chance to --

7 (Court recessed at 10:51:41 a.m., and the
8 proceedings resumed at 11:07:56)

9 THE COURT: This is reconvening the matter of Eric
10 Nelson and Lynita Nelson, Case Number D-411537. We took a
11 brief recess. We're going to pick up where we left off. As
12 far as housekeeping, I figure we'll go about another hour, be
13 about 12:15 then, because I got four or five cases I have to
14 prepare for during lunch. So go about another hour, and then
15 we'll sit through and do some housekeeping at the end and see
16 where we're at.

17 Okay. Mr. Dickerson, you can proceed at your
18 pleasure.

19 CROSS EXAMINATION CONTINUED

20 BY MR. DICKERSON:

21 Q Mr. Nelson, you understand you're still under oath?

22 A Yes, sir.

23 Q I believe we left off -- I believe the last property
24 we talked about was the 34th Avenue, the 3141 North Avenue.

1 So if we'll move to the next one -- are you looking at Page 7
2 of Exhibit A?

3 A Yes, sir.

4 Q Okay. And what I'm going to do is I'll give -- once
5 again, I'll give you the name of the address. If you could
6 find it on Exhibit Q-4 and just confirm that these are the
7 values that you've put.

8 A Yes.

9 Q 4541 North 76th Avenue, \$32,540.

10 A Yes. And I'm not agreeing to that. We're giving
11 them to Lynita. I'm just agreeing that we've got something to
12 negotiate, and you can split them up any different ways.

13 THE COURT: Right now, he's just asking you about
14 the value.

15 MR. DICKERSON: Well, I'm asking you values.

16 THE WITNESS: Yes, sir.

17 THE COURT: Yeah, the value.

18 BY MR. DICKERSON:

19 Q Was that the correct value?

20 A I'm not saying it's the value. It's the base value
21 that's been assigned to the property.

22 Q Sir, take a look at Exhibit -- your Options A-1 or
23 --

24 A Yes, sir.

1 Q You put values down there for Banone --
2 A Yes, sir.
3 Q -- and Banone Arizona.
4 A Yes, sir.
5 Q Where did you get those values?
6 A They are my bases in those properties, sir.
7 Q So those are the values that you're providing to the
8 Court. Is that correct?
9 A Yes, sir.
10 Q All right. Now we can probably go through this and
11 we're going to find that the totals are going to be the same.
12 A Great.
13 Q But the Court needs to deal with each parcel.
14 A I don't think I've been inconsistent on my
15 statements, Mr. Dickerson.
16 Q All right. Let's move on.
17 A You're always arguing with -- and you're always
18 talking down to me, and I don't appreciate it.
19 Q Let's move on, sir.
20 THE COURT: If we added all these up, the Banone
21 would come out to the 594,337, and the Banone Arizona would
22 come up to 665,582 if we added up all these properties?
23 THE WITNESS: Yes, sir.
24 MR. DICKERSON: I believe so, Your Honor. But

1 again, what -- what our issue here is is that they're not all
2 in Banone Arizona. Only one is in Banone Arizona.

3 THE COURT: Only one is actually owned by Banone
4 Arizona. I believe the testimony has been every -- all the
5 property except on is actually under Banone LLC.

6 MR. DICKERSON: And what we've attempted to do here
7 is to list them by parcel number so that we can have
8 everything at our fingertips with respect to how the Court
9 would order with respect to each parcel and how we would
10 handle deeds and how we'd handle the transactions.

11 THE COURT: Absolutely.

12 BY MR. DICKERSON:

13 Q All right, sir, I believe we just went through 76th
14 Avenue. You confirmed that that's \$32,540?

15 A Yes, sir.

16 Q Next one is 4816 South 17th Avenue. That's \$19,633?

17 A Yes, sir.

18 Q Next one, 5014 West Cypress Street, \$30,324?

19 A Yes, sir.

20 Q 5518 North 34th Drive, \$27,641?

21 A Yes, sir.

22 Q 6172 West Fillmore Street?

23 A Yes, sir.

24 Q \$39,871?

1 A Yes, sir.

2 Q 6202 South 43rd Street, \$27,772?

3 A Yes, sir.

4 Q Now the next property, sir, on Palm Lane, it's 6520

5 West Palm Lane, and I've highlighted this one because I

6 believe this is a property, a percent that you conveyed or are

7 supposed to have conveyed to Frank Suarez. Can you --

8 A Yes. It's not listed on my list.

9 Q So you -- you can confirm that that is a parcel that

10 you've conveyed -- one of the -- how many parcels did you

11 convey on this?

12 A Twenty.

13 Q Twenty to Mr. Parcel --

14 A Twenty.

15 Q -- or Mr. Suarez.

16 A Suarez.

17 Q All right. Do you under -- do you realize or

18 understand that I believe that deed may not have been recorded

19 yet because --

20 A I -- I don't know.

21 Q -- it's still with the County -- the Maricap --

22 Maricopa County Records that reflects that this property is in

23 Banone's name?

24 A I'm not aware of that.

1 Q Okay. But for our purposes, I -- I have put no
2 value on that. I put an "x" and put it in your spot, because
3 I'm assuming that that is a parcel of property that you need
4 to somehow get to Mr. Suarez. Is that fair?

5 A It's fair.

6 Q Okay. 6720 West Cambridge Avenue, \$32,563?

7 A Yes, sir.

8 Q 6822 West Wilshire Drive, \$40,477?

9 A Yes, sir.

10 Q 6901 West Coolidge Street, \$32,582?

11 A Yes, sir.

12 Q Now if you take a look at these properties, they're
13 listed on Pages 6 and 7 --

14 A Yes, sir.

15 Q -- starting with the back -- excuse me -- starting
16 with the Fairmouth property --

17 A Yes, sir.

18 Q -- and going down to the Coolidge property, with the
19 exception of that West Palm Lane property that is Mr. Suarez's
20 property --

21 A Yes, sir.

22 Q -- I take that back. Let's -- yeah -- no, all -- do
23 you have any objection to those properties being awarded to
24 Lynita?

1 A I think it's completely unfair.

2 Q Now why is that?

3 A Because I gave two descriptions where she would take
4 five, I would take five. She had the choice of an -- of the
5 two choices. The other side we described -- that I would take
6 10 and she would take 11 or either choice of.

7 Q Well, sir, as far as Lynita's concerned, you can
8 have them all.

9 A Okay, great.

10 Q Okay. But then --

11 A They're given to me as a gift.

12 Q -- we need to figure out how we're going to equalize
13 the distribution. So where is the cash going to come from to
14 buy her out? Going to get it back from your brother, or you
15 going to take it out of your home?

16 A Are you being mean to me again?

17 MR. STEPHENS: It's argumentative, Your Honor. Hang
18 on, hang on. Don't -- don't do that.

19 THE COURT: Do you have the (indiscernible
20 crosstalk) --

21 MR. DICKERSON: (Indiscernible crosstalk) --

22 THE WITNESS: Why's he keep being mean. I don't
23 think it's fair.

24 THE COURT: Yeah, that's out. Yes. Do you have the

1 resources to buy her out I guess is what the question was.

2 THE WITNESS: Yes.

3 MR. DICKERSON: If we give all these properties do
4 you, is the resources going to be buy her out?

5 MR. STEPHENS: They're unfair.

6 THE WITNESS: Well, I'm just -- there's about --
7 let's see here, Mr. Dickerson -- since we've been over this
8 400 times. There's 80 different allocations of property here
9 with line items. So some take some, some take others. It's a
10 very simple process. We could con -- continue to go over this
11 all-in-all, and I don't understand why you have to confront
12 this time and time again.

13 MR. DICKERSON: Well, you haven't agreed to one
14 suggestion so far.

15 THE WITNESS: Are you kidding me? I said split
16 everything and sell it. I don't know how, Your Honor, I could
17 be more fair than to say take five, I take five.

18 MR. DICKERSON: Well, when I suggest --

19 THE WITNESS: Then you just said you got to take
20 them all. I don't think anybody should be forced to take
21 anything. You are the one that is driving this. Lynita
22 doesn't have a clue at this. So I'm being fair to her estate
23 and her children. I have a protection of my children and my
24 wife in the future who is going to be the grandmother someday

1 of these children. Whether they will allow her to ever visit,
2 that will be a good question, or I because of the length of
3 this.

4 MR. DICKERSON: So this is the same woman in the
5 presence of both mr. Stephens and myself --

6 THE WITNESS: It will work out.

7 MR. DICKERSON: you've told us that you hate her
8 guts?

9 MR. STEPHENS: Argumentative, Your Honor.

10 THE COURT: Yeah. Let's -- let's --

11 THE WITNESS: Hate her guts, that's true.

12 THE COURT: -- let's not get there.

13 THE WITNESS: On that particular day, I did, but I
14 love her, Your Honor.

15 THE COURT: Okay. Let's not go. You guys were
16 married for almost 30 years, so I'm sure you had a --

17 THE WITNESS: Some days you're going to hate
18 somebody, Bob.

19 THE COURT: -- sure you had a good marriage, bad
20 marriage, like everybody else goes through on it. We're
21 ending this marriage, not the relationship. We're ending the
22 marriage. It's all about --

23 THE WITNESS: That's right.

24 THE COURT: -- it's only about property. We can

1 fight, squabble, open the wounds, call each other all the
2 names we want. It's not going to get anything. The question
3 was you object to all those properties going to Lynita. You
4 said you didn't think that was fair, you'd rather have some to
5 you, some to her --

6 THE WITNESS: Yes. So I --

7 THE COURT: -- however you agreed on that. Then his
8 other question -- follow-up was Lynita's okay giving you all
9 those properties. And you said, yeah, you're okay with that.
10 And then the follow-up was how could you buy her out. I think
11 that's kind of where we are.

12 THE WITNESS: But it's possible. I mean if we knew
13 some of this -- if we can go and get Mississippi and Russell
14 Road done, everything else kind of falls into its line.

15 MR. STEPHENS: Part of our problem with -- is just
16 if we concede this, it messes everything else up. We -- we
17 want to be as reasonable as we can, Judge, but it's hard to
18 just say sitting here we're going to give all Banone --

19 MR. DICKERSON: That's our problem. You can't --
20 concede anything. Go -- let's go to the last page --

21 THE WITNESS: Are you kid --

22 THE COURT: I'm sorry. We'll get there. That's all
23 right.

24 MR. DICKERSON: Go to the very last page of this.

1 MR. STEPHENS: I'm not going to argue.

2 MR. DICKERSON: Go to the very last page --

3 THE COURT: The issue on that, it's a total package
4 on that. The Mississippi property is a property. The Russell
5 Road -- this by itself is part of the package on that, but you
6 can't do one until get the global --

7 THE WITNESS: Exactly.

8 THE COURT: -- settlement to everything.

9 MR. STEPHENS: And we have to be able to afford it.

10 THE COURT: We'll look at it on that.

11 MR. STEPHENS: We have to be able to afford it,
12 Judge.

13 THE COURT: But you would be okay buying out --

14 THE WITNESS: Exactly.

15 THE COURT: -- Lynita on those properties that he
16 said? And the the question is do you have the resources to
17 buy her out but --

18 THE WITNESS: Yes, yes.

19 THE COURT: -- you're okay?

20 THE WITNESS: I think you've got it. Thank -- I --
21 I think that's correct. I -- I don't mean to be --

22 MR. STEPHENS: Judge, there are no resources to buy
23 them out under this proposal so --

24 THE WITNESS: Yes, exactly.

1 MR. DICKERSON: No. There are no resources because
2 all the cash has been used for the Bella Kathryn home and
3 Russell Road.

4 THE WITNESS: That is not fair, Your Honor.

5 MR. JIMMERSON: The \$3 million in cash these parties
6 have --

7 THE WITNESS: That's just not fair.

8 MR. JIMMERSON: -- and you don't think -- consider
9 that cash.

10 THE COURT: (Indiscernible)

11 MR. JIMMERSON: It's ridiculous.

12 THE COURT: We can liquidate that.

13 THE WITNESS: Everything -- improve the community.

14 THE COURT: There's some cash. We'll get to --
15 yeah, we'll get there.

16 THE WITNESS: It (indiscernible) -- it improved --

17 THE COURT: How about the \$8 million that was in his
18 Melon account?

19 THE WITNESS: -- for Lynita but it didn't improve
20 for Mr. Dickerson.

21 THE COURT: We'll get there. Just get in and let's
22 move forward and --

23 BY MR. DICKERSON:

24 Q Okay. So we'll move to the next page, sir, Page 8.

1 A Thank you.

2 Q There's a Mesa Vista lot 67. Take a look. You got

3 -- you put that on your ledger, Option A and B, at \$21,263.

4 Is that correct?

5 A Yes, sir.

6 Q Okay. Do you have any objection to take -- you

7 taking that property?

8 A Yes, sir.

9 Q Why, sir?

10 A I -- I explained before. All the Mesa Vista lots,

11 as I will explain it again and again, has an \$8,000 base.

12 That is the book value of the note, Mr. Dickerson. We

13 foreclosed on it and received it back. All the lots in Mesa

14 Vista are under water, but the people are still trying to make

15 payments on them.

16 Q Sir, you've listed this on yours as being a value --

17 A Yes, sir.

18 Q -- of that amount. So now you're --

19 A Yes, sir.

20 Q -- telling us that the value that you provided is

21 not correct?

22 MR. STEPHENS: Judge, we're going back to the cost -

23 -

24 THE WITNESS: Oh, my gosh.

1 MR. STEPHENS: -- which is the value we -- we
2 entered a cost basis on that whole thing.

3 THE WITNESS: We can argue for life, til the moon
4 comes over on this.

5 THE COURT: That they put value --

6 MR. DICKERSON: Well, we need to figure out, Judge,
7 what we're using. We look at his and it appears as if it's
8 totally worthless. This is the number you've given us isn't?

9 THE WITNESS: I used it as a --

10 THE COURT: That's a number he says is a cost basis.

11 THE WITNESS: I don't look at anything as dollar
12 amounts. They're units. So you can go unit back and forth
13 fairly easy, Mr. Dickerson. If I had the capital, for
14 convenience, I put it on my side because it leveled things
15 off. So I'm just trying to do my best.

16 MR. DICKERSON: So you're telling us no, that's not
17 acceptable to you either?

18 THE WITNESS: That is not acceptable.

19 MR. DICKERSON: All right. Let's look --

20 THE WITNESS: It's not fair. Let's say that.

21 MR. DICKERSON: -- let's look at the Banone real
22 property note, so the -- the -- the Ban note -- that should be
23 Ban one notes.

24 THE WITNESS: Yes, sir.

1 BY MR. DICKERSON:

2 Q Okay. If you take a look -- let's start with
3 Exhibit R. Move to Exhibit R.

4 A I don't have Exhibit R. Is it here?

5 Q It's in the book here, sir, yeah. If you turn to R-
6 1. You on R-1, sir?

7 A Yes, sir.

8 Q What I'm going to do is I'm going to just have you
9 confirm your promissory note that's listed. So if you look at
10 R-1, is that the R&D Customer Builders, Inc. Note?

11 A Yes, sir.

12 Q Isn't that -- is that in the amount of \$46,463?

13 A Yes, sir.

14 MR. DICKERSON: Move for the admission of Exhibit R-
15 1, Your Honor.

16 MR. STEPHENS: No objection.

17 THE COURT: Hereby admitted as R-1.

18 (Defendant's Exhibit R-1 admitted)

19 THE WITNESS: There's R-1.

20 MR. DICKERSON: Take a look, sir, at --

21 THE WITNESS: Note.

22 (Whispered conversation)

23 THE WITNESS: No. I didn't agree to take it.

24 THE COURT: No. Just that that's the note.

1 THE WITNESS: Okay. Because that's a non-performing
2 note, and that's a Mesa Vista lot that -- that's not being per
3 --

4 THE COURT: Your testimony today is not agreeing to
5 take it or not at the end.

6 THE WITNESS: Yeah. That's not fair.

7 THE COURT: It's basically you're just saying
8 (indiscernible) --

9 THE WITNESS: Yes, sir.

10 THE COURT: -- confirm those are the notes
11 receivable from R&D.

12 THE WITNESS: Yeah. That's very unfair.

13 THE COURT: Okay.

14 BY MR. DICKERSON:

15 Q Sir, if you take a look at R-2, is that the
16 Advantage Construction, Inc. note?

17 A Yes, sir.

18 Q \$22,081?

19 A Yes, sir.

20 Q Take a look at the next -- move for admission of R-
21 2, Your Honor.

22 MR. STEPHENS: No objection.

23 THE COURT: Hereby admitted as R-2, the Advantage
24 Construction.

1 (Defendant's Exhibit R-2 admitted)

2 BY MR. DICKERSON:

3 Q Take a look at R-3, sir. Is that Linda -- Gerald
4 and Linda Fixin (ph)?

5 A Yes, sir.

6 Q Is it \$22,838?

7 A Yes, sir.

8 MR. DICKERSON: Okay. Move for the admission of R-3

9 MR. STEPHENS: No objection.

10 THE COURT: Hereby admitted as R-3.

11 (Defendant's Exhibit R-3 admitted)

12 BY MR. DICKERSON:

13 Q Take a look, sir, at R-4. Is that another note from
14 Gerald and Linda Fixin (ph)?

15 A Yes, sir.

16 Q \$22,838?

17 A Yes, sir.

18 MR. DICKERSON: Move for the admission of R-4, Your
19 Honor.

20 MR. STEPHENS: No objection, Judge.

21 THE COURT: Hereby admitted.

22 (Defendant's Exhibit R-4 admitted)

23 BY MR. DICKERSON:

24 Q R-5, sir, is that the Joe Williams and Sherry Fixin

1 note?

2 Q Yes, sir.

3 A \$22,838?

4 Q Yes, sir.

5 MR. DICKERSON: Move for the admission of R-5, Your
6 Honor.

7 MR. STEPHENS: No objection.

8 THE COURT: Hereby so admitted.

9 (Defendant's Exhibit R-5 admitted)

10 BY MR. DICKERSON:

11 Q Take a look at R-6, sir.

12 A Yes, sir.

13 Q Is that the Bitco Inc. note?

14 A Yes, sir.

15 Q \$21,263?

16 A Yes, sir.

17 MR. DICKERSON: Move for the admission of R-6.

18 MR. STEPHENS: No objection.

19 THE COURT: So admitted.

20 (Defendant's Exhibit R-6 admitted)

21 BY MR. DICKERSON:

22 Q Sir, R-7, is that Carrie and Troy Fixin note?

23 A Yes, sir.

24 Q \$22,838?

1 A Yes, sir.

2 MR. DICKERSON: Move for the admission of R-7.

3 MR. STEPHENS: No objection.

4 THE COURT: So admitted.

5 (Defendant's Exhibit R-7 admitted)

6 BY MR. DICKERSON:

7 Q If you'll move to R-8, sir?

8 A Yes, sir.

9 Q Is that the Michael and Lydia Esquith (ph)?

10 A Yes, sir.

11 Q Is that \$23,625?

12 A Yes, sir.

13 Q Okay. Now -- move for the admission of --

14 MS. PROVOST: R-8.

15 MR. DICKERSON: -- R-8, Your Honor.

16 MR. STEPHENS: No objection, Your Honor.

17 THE COURT: So admitted.

18 (Defendant's Exhibit R-8 admitted)

19 MR. DICKERSON: Now is where I think it's fouled up.

20 Do you have all these -- have you marked these notes?

21 MR. STEPHENS: I don't -- have we marked the

22 Stromberg note? I'm not sure.

23 BY MR. DICKERSON:

24 Q Amanda and Chris Stromberg, that's your daughter and

1 son-in-law, is that correct?

2 A Yes, sir.

3 Q And you -- I believe if we take a look at your Q --

4 excuse me -- your Exhibits Option A and B --

5 A Yes, sir.

6 Q -- we have that -- that's listed as Number 71 on

7 yours, Amanda note?

8 A Yes, sir.

9 Q It's actually both Amanda and Chris owe you that

10 money, is that correct?

11 A Yes, sir.

12 Q And is it true, sir, that that's in the amount of

13 \$133,357?

14 A Yes, sir.

15 Q And, sir, if you take a look at Line Item Number 72

16 on your two options, that's the JD Ramos Trust note --

17 A Yes, sir.

18 Q -- is that correct?

19 A Yes, sir.

20 Q And again, this is Ms. Ramos who's been your

21 employee for 22 years?

22 A Yes, sir.

23 Q And the amount of that note is \$78,000?

24 A Yes, sir.

1 Q And Katherine Stephens note, that is listed as your
2 Number 43?

3 A Yes, sir.

4 Q And that's secured by the property that's listed
5 there on Noah Heights. Is that correct?

6 A Yes, sir.

7 Q Is that \$63,000?

8 A Yes, sir.

9 Q All right. An -- and this is your niece. Is that
10 correct?

11 A Lynita's.

12 Q Okay. And the -- as we indicate --

13 A For divorce purposes. She is my niece.

14 Q Okay. We end up on the Stromberg note up above,
15 that is secured by real property in Pennsylvania?

16 A I believe so, yes.

17 Q Okay. Do you have a deed of trust on that property?

18 A I hope so. That's my daughter. I don't know. I
19 sent the money.

20 Q Well, your daughter and son-in-law plan on moving
21 from Pennsylvania here in the near future --

22 A I think it is a note. I -- I -- it should be. If
23 it's not, they're going to have to get one on --

24 MR. STEPHENS: We have a copy of that note as

1 Exhibit 71, Your Honor, if somebody wants to look at.

2 MR. DICKERSON: Okay, 71 that's great.

3 (Whispered conversation)

4 THE WITNESS: Okay. Good.

5 MR. DICKERSON: Move for the admission of Exhibit
6 71.

7 MR. STEPHENS: No objection, Your Honor.

8 THE COURT: Hereby so admitted as Exhibit 71.

9 MS. PROVOST: And all the other one had been
10 admitted.

11 (Pause/conferring regarding exhibits)

12 BY MR. DICKERSON:

13 Q So we're correct then on Katherine Stevens is
14 \$63,000?

15 A Yes.

16 Q Now Chad Ramos -- Chad's your nephew?

17 A Yes.

18 Q And --

19 A And Lynita's.

20 Q -- and his promissory note is -- well, that's your

21 --

22 A My sister's.

23 Q -- your sister's son, correct?

24 A Yeah. We're not divorced yet.

1 Q And you owe him \$60,000?

2 A Yes.

3 Q I mean he owes you \$60,000?

4 A Yes.

5 Q And it's secured by his home at 7933 Dover Shores?

6 A Yes.

7 Q Take a look at the next page -- Alicia Harrison,

8 that's on your line item as Number 75, \$68,620?

9 A Yes.

10 Q And now this is your hairstylist and friend. Is

11 that correct?

12 A Yes.

13 Q You had a dating relationship with this woman?

14 A Yeah, we see each other. She's a nice girl. Yes.

15 I see other girls, too.

16 Q All right. Keith Little --

17 A Yes, sir.

18 Q -- now he is another employee of yours?

19 A Yes, sir.

20 Q He is your line item 76, and that's -- his

21 promissory note is for \$127,901?

22 A Yes, sir.

23 Q And that's secured by the property there that's

24 listed on Leavorite -- if I'm pronouncing that right?

1 A Yes, sir.

2 Q And then the final promissory note is Eric T.

3 Nelson. That's your nephew?

4 A Yes, sir.

5 Q Okay. And that's whose son?

6 A Paul's.

7 Q Paul's son. And he owes \$95,000?

8 A Yes, sir.

9 Q And that's secured by his property on West Mojave?

10 A Yes, sir.

11 Q And that's in Arizona, correct?

12 A Yes, sir.

13 Q So those dollar amounts are correct?

14 A I believe so.

15 Q Now if you take a look at those notes that we've

16 just listed, sir, beginning on Page 8, starting with the R&D

17 Customer Builders note --

18 A Yes, sir.

19 Q -- through the Eric T. Nelson note --

20 A Yes, sir.

21 Q -- Lynita is suggesting that you take those

22 promissory notes.

23 A Totally ridiculous.

24 Q Okay. So tell us why that is ridiculous?

1 A Well, first, the --
2 Q Tell us wh -- first of all, tell us which ones
3 you're willing to take.
4 A Well, if you notice, Mr. Dickerson, on Court Option
5 --
6 Q Which ones are you willing to take?
7 A If you notice on Court Option B, Lynita gets all of
8 Russell Road as she had indicated she wants. Then I had
9 suggested I would take them all. If you notice on Court
10 Option A, Russell Road is \$4 million, \$2 million to me, \$2
11 million to Lynita. We split all of them.
12 Q Okay, sir, so if you weren't splitting --
13 A Yes, sir.
14 Q -- if we're trying to take the two of you apart so
15 that --
16 A Yes, sir.
17 Q -- she does not have to be --
18 A Yes, sir.
19 Q -- associated with you in the future --
20 A Uh-huh (affirmative).
21 Q -- which ones are you willing to take?
22 A The -- all the Arizona notes -- it's okay, Dave --
23 MR. STEPHENS: Okay.
24 A -- all the Arizona notes are not of value so that in

1 all -- so those values there should be split, or you take
2 every other note, because some of them are performing, but the
3 base value of those notes, Your Honor, worth less because
4 these people bought it when -- before the recession hit. And
5 a lot -- they are starting to go delinquent as we have
6 noticed. The note to Amanda, the note to Ramos, Katherine,
7 Chad, Alicia, Keith, and Eric Taylor, I will either take them,
8 give them. But if I give them, I'll personally guaranty them,
9 that they'll all pay off at the time of their pay off once --
10 if you had to foreclose on them. So I will personally
11 guaranty 100 percent on them to give you more flexibility, Mr.
12 Dickerson, on what you'd like to do with Lynita.

13 MR. DICKERSON: The Judge is going to be making that
14 decision, not I.

15 THE WITNESS: That's good.

16 BY MR. DICKERSON:

17 Q Now, starting with the Stromberg note, the bottom of
18 Page 8 --

19 A Yes, sir.

20 Q -- you're willing to take that, the Ramos, the
21 Stephens, the Chad Ramos, the Alicia Harrison, the Keith
22 Little, and the Eric T. Nelson notes. Is that correct?

23 A If she takes all of Russell Road, that is correct.

24 Q That's the only way you want to do that, isn't it?

1 A No. There's a lot of different ways.
2 Q Then tell us, sir. I mean tell us how we resolve
3 this case.
4 A Your Honor, he's being argumentative the whole time.
5 If he -- she takes \$2 million and I take \$2 million of Russell
6 Road. Okay, that's one of the angles. I might take Amanda's
7 note. I might take Alicia's note.
8 Q All right.
9 A She might take that note.
10 Q All right.
11 A This might be that note --
12 Q Thank you, sir. You've shown us --
13 A -- the other note.
14 Q -- our problem that we've (sic) having here. So
15 let's move on.
16 A Are you kidding?
17 Q Arizona --
18 MR. STEPHENS: Your Honor, object.
19 MR. DICKERSON: -- Banone Arizona --
20 THE WITNESS: This is 707 days --
21 THE COURT: Yeah, I --
22 THE WITNESS: Five little kids are in hospitals.
23 MR. DICKERSON: Seven hundred and seven days --and I
24 can't even figure out --

1 THE COURT: Well, when they get done --

2 MR. DICKERSON: -- which note you're willing to
3 take, sir.

4 THE COURT: -- let -- move forward.

5 THE WITNESS: You haven't even made an offer.

6 He said he would guaranty the fact is the thing will be a
7 global settlement when we get down there, and one depends on
8 the other with the value on that, but basically, he's not
9 willing to take all 100 percent of the notes as put out in a
10 proposal. He'd think it'd be unfair as some are non-
11 performing. Some of the Arizona notes are not of value, but
12 you would be willing to personally guaranty the ones that you
13 indicate.

14 THE COURT: Yes, sir, the ones that are the friends
15 or relatives, even her niece, I will guaranty so she can sleep
16 at night that she has income from those notes. I'm concerned
17 that if Lynita gets cash, her professional people will dispose
18 of it quickly.

19 THE COURT: Or Lynita can -- Lynita can spend the
20 money any way she sees fit. It be her money. She can give it
21 all to me --

22 THE WITNESS: That's ex --

23 THE COURT: -- if she wants to. I don't care. It's
24 her business.

1 THE WITNESS: I agree.

2 THE COURT: All right. Let's move forward.

3 BY MR. DICKERSON:

4 Q All right, sir, Banone Arizona, only --

5 MR. JIMMERSON: I'll prepare the order, Your Honor.

6 (Laughter)

7

8 THE COURT: You have to do it fast. I'll sign off
9 on that quick.

10 THE WITNESS: Yes, sir.

11 BY MR. DICKERSON:

12 Q Sir, the Banone Arizona only -- only owns one asset,
13 is that correct?

14 A Yes, sir.

15 Q And that's the property at 4838 West Berkeley Road
16 in Maricopa County, Arizona?

17 A Let's see here. I'm (indiscernible). Yes, sir.

18 Q Okay. Sir, if you take a look at Exhibit, what I'm
19 hoping, S-2 and S-3. Take a -- let's start with, first of
20 all, S-1. That's the -- that is the Nevada Secretary of State
21 printout dealing with Banone Arizona --

22 A Okay.

23 Q -- indicating that you are the manager of this
24 company.