

Banone, LLC
For the period of 1/1/09 through 6/15/11

Income	
Intercompany Transfers	2,847,006.55
Related Individuals	477,938.60
Sale of Assets	5,929,852.11
Rental Income	537,655.58
Interest Income	71,853.56
Refunds	555,964.92
Line of Credit	4,195,000.00
Total Income	<u>14,615,271.32</u>

Expenses	
Eric Nelson	385,867.56
Lynita Nelson	2,300.00
Related Individuals	3,222,157.08
Bella Kathryn	1,602,171.25
Investments	4,157,235.09
Credit Cards	109,664.16
Line of Credit	3,077,268.42
Professionals	391,293.72
Intercompany	983,200.08
Rental Expenses	380,303.00
Operating Expenses	83,004.83
Other Individuals	97,461.64
Other Companies	81,571.24
Total Expenses	<u>14,573,498.07</u>

Banone, LLC

	Total	2009	2010	2011*
Income				
Intercompany Transfers				
Dynasty Development Group	47,000.00	5,000.00	7,000.00	35,000.00
Eric Nelson Auctioneering, Inc.	1,970,000.00	1,950,000.00	20,000.00	-
Nelson & Associates	605,006.55	500,716.86	104,289.69	-
Banone-AZ, LLC	195,000.00	-	180,000.00	15,000.00
Eric Nelson NV Trust	30,000.00	-	30,000.00	-
Related Individuals				
Aleda Nelson (Eric's Sister)	220,000.00	220,000.00	-	-
Cal Nelson (Eric's Brother)	150,172.50	130,000.00	20,172.50	-
Paul Nelson (Eric's Brother)	50,000.00	50,000.00	-	-
Eric Nelson	57,766.10	3,000.00	54,766.10	-
Sale of Assets	5,929,852.11	3,574,945.40	2,008,925.10	345,981.61
Rental Income				
Banone Houses	393,672.78	206,330.22	135,777.48	51,565.08
Lindell	100,781.80	-	56,641.80	44,140.00
Russell Road	35,001.00	-	-	35,001.00
RV Park	8,200.00	-	-	8,200.00
Interest Income	71,853.56	44,544.14	16,123.22	11,186.20
Refunds	555,964.92	540,706.09	15,158.72	100.11
Line of Credit	4,195,000.00	2,700,000.00	1,195,000.00	300,000.00
Total Income	14,615,271.32	9,925,242.71	3,843,854.61	846,174.00
Expenses				
Eric Nelson	385,867.56	218,151.63	147,562.18	20,153.75
Lynita Nelson	2,300.00	-	2,300.00	-
Related Individuals				
Aleda Nelson (Eric's Sister)	854,700.00	234,700.00	620,000.00	-
Aubrey Nelson (Eric & Lynita's Daughter)	14,275.69	1,000.00	13,275.69	-
Bryce Nelson (Eric's Nephew)	56,000.00	48,000.00	8,000.00	-
Cal Nelson (Eric's Brother)	-	-	-	-
Cal's Blue Water Marine	96,200.00	96,200.00	-	-
Big Fish LLC	1,100.00	-	1,100.00	-
Direct Payments	130,000.00	100,000.00	30,000.00	-
Cashier's Checks	1,325,000.00	1,325,000.00	-	-
Reimbursement	193,950.19	168,732.62	23,919.08	1,298.49
Chad Ramos (Eric's Nephew)	20,504.22	17,355.62	356.00	2,792.60
Chelsea Nelson (Eric's Niece)	12,500.00	9,500.00	3,000.00	-
Chris Stromberg (Eric & Lynita's son-in-law)	17,252.00	-	17,252.00	-
Eric T. Nelson (Eric's Nephew)	3,347.71	3,347.71	-	-
Jesse Harber (Eric's Nephew)	1,000.00	-	-	1,000.00
Kjersten Bailey (Eric's Niece)	321.40	-	321.40	-
Lance Liu (Eric's Brother-in-law)	60,708.95	48,000.00	8,000.00	4,708.95
Paul Harber (Eric's Brother-in-law)	-	-	-	-
Paul Nelson (Eric's Brother)	-	-	-	-
Direct Payments	392,326.00	360,350.00	25,976.00	6,000.00
Reimbursement	14,052.60	10,273.01	3,779.59	-
Ryan Nelson (Eric's Nephew)	13,918.32	10,918.32	-	3,000.00
Stacey Liu (Eric's Sister)	15,000.00	10,000.00	5,000.00	-

* Through June 16, 2011

See Accompanying Notes

Banone, LLC

Non-Business				
Bella Kathryn	1,602,171.25	401,984.00	1,193,834.60	6,352.65
Investments	4,157,235.09	4,109,735.09	47,500.00	-
Credit Cards	109,664.16	20,585.09	57,227.97	31,851.10
Line of Credit	3,077,268.42	2,027,268.42	800,000.00	250,000.00
Professionals				
Kissinger, Bigatel & Brower	10,000.00	10,000.00	-	-
Stephens, Gourley & Bywater	76,245.88	-	48,274.95	27,970.93
James Jimmerson, Esq	239,678.34	-	201,145.41	38,532.93
Solomon Dwiggens	17,032.50	-	-	17,032.50
Michael Branch	5,000.00	-	-	5,000.00
Gerety & Associates (Accountant)	33,337.00	-	22,738.00	10,599.00
Larry Bertsch, CPA & Associates (Court)	10,000.00	-	-	10,000.00
Intercompany				
Banone-AZ, LLC	205,000.00	101,000.00	95,000.00	9,000.00
Dynasty Development Group	218,500.00	5,000.00	75,500.00	138,000.00
Eric Nelson Auctioneering, Inc.	209,700.08	109,700.08	-	100,000.00
Eric L Nelson NV Trust	350,000.00	100,000.00	250,000.00	-
Rental Expenses				
Lindell Expenses	12,300.82	-	7,884.68	4,416.14
HOA Fees	28,970.28	13,018.30	13,759.08	2,192.90
Insurance	16,421.37	7,369.81	4,753.18	4,298.38
Utilities	61,162.14	39,124.62	17,202.87	4,834.65
Rental Expenses	120,864.01	81,789.13	36,129.38	2,945.50
Taxes	140,584.38	64,610.43	56,653.06	19,320.89
Operating Expenses				
Interest Expense	55,433.42	13,692.41	25,543.09	16,197.92
Other Expenses	27,571.41	19,264.69	6,373.80	1,932.92
Other Individuals				
David Ramos	9,500.00	7,118.00	2,382.00	-
Joan Ramos	2,176.31	1,000.00	1,122.00	54.31
Diego Correa	3,670.00	3,670.00	-	-
Joseph Chad Lawson	31,568.09	16,208.37	9,320.95	6,038.77
Keith Little	12,728.98	2,228.98	8,500.00	2,000.00
Bobby DeBorde	200.00	200.00	-	-
Lana Martin	8,012.50	1,000.00	5,000.00	2,012.50
Lisa Klein	1,000.00	1,000.00	-	-
Nancy Stewart	1,000.00	1,000.00	-	-
Rochelle McGowan	7,230.76	1,000.00	3,000.00	3,230.76
Joseph Beltran	500.00	500.00	-	-
Kevin Bailey	6,000.00	6,000.00	-	-
Stanley Mullner	2,500.00	2,500.00	-	-
Wayne Catalano	7,375.00	-	-	7,375.00
Briana Ramos	4,000.00	-	-	4,000.00
Other Companies				
Harber Investments	64,402.94	22,500.00	41,902.94	-
CNR Real Estate (Chad Ramos)	17,168.30	-	17,168.30	-
Total Expenses	14,573,498.07	9,851,596.33	3,957,758.20	764,143.54

* Through June 16, 2011

See Accompanying Notes

Banone, LLC

Income

Intercompany Transfers

- Dynasty Development Group – This represents deposits from Dynasty Development Group.
- Eric Nelson Auctioneering, Inc. - This represents deposits from Eric Nelson Auctioneering.
- Nelson & Associates - This represents deposits from Nelson & Associates.
- Banone-AZ, LLC - This represents deposits from Banone-AZ, LLC
- Eric Nelson NV Trust - This represents deposits from the Eric Nelson NV Trust

Related Individuals

- Aleda Nelson – Represents deposits from Aleda Nelson which is Eric's sister
- Cal Nelson – Represents deposits from Cal Nelson which is Eric's brother
- Paul Nelson – Represents deposits from Paul Nelson which is Eric's brother
- Eric Nelson – Represents deposits from Eric is the Defendant in this case

Other Income

- Sale of Assets - This represents the various income from the sales of investments (Notes Receivable and sales of homes)
- Rental Income – This account represents rental income from houses in Nevada and Arizona.
- Lindell - This account represents rental income from the office complex on Lindell Road in Las Vegas.
- Russell Road - This account represents rental income from the Russell Road building in Las Vegas.
- RV Park - This account represents rental income from the RV Park located in Mississippi.
- Interest Income - This account represents interest income from various notes receivable.
- Refunds - This account represents income from refunds. Refunds often came in the form of returned Earnest Money from house purchases and returns of deposits and/or credits of utilities when a property was sold.
- Line of Credit – This account represents the income from the Line of Credit

Expenses

- Eric Nelson – This amount represents payments associated with Eric Nelson such as Draws, kids expenses, Personal Expenses and Bella Kathryn Bills
- Lynita Nelson - This amount represents payments to Lynita Nelson

Related Individuals

- Aleda Nelson – Represents payments made directly to Aleda Nelson which is Eric's sister.
- Aubrey Nelson - Represents payments made directly to Aubrey Nelson which is Eric and Lynita's daughter.
- Bryce Nelson - Represents payments made directly to Bryce Nelson which is Eric's Nephew.
- Cal Nelson – Represents payments made directly to Cal Nelson and/or Cal Nelson controlled entities. Cal is Eric's brother:
 - Cal's Blue Water Marine – This is a company owned by Cal Nelson which closed in 2008. Banone, LLC began paying this entity in late 2009 and classifying the payments as "rent".
 - Big Fish LLC - This is a company owned by Cal Nelson.
 - Direct Payments – These payments include amounts paid directly to Cal Nelson
 - Cashier's Checks – These payments represent money withdrawn from Banone LLC and given to Cal to purchase homes. The records do not show if all money was spent on homes or returned to Banone or another entity.
 - Reimbursement - Represents payments made to Cal Nelson in order to reimburse him for expenses associated with various projects.
- Chad Ramos - Represents payments made directly to Chad Ramos, which is Eric's Nephew.
- Chelsea Nelson - Represents payments made directly to Chelsea Nelson, which is Eric's niece.
- Chris Stromberg - Represents payments made directly to Chris Stromberg, which is Eric & Lynita's son-in-law.
- Eric T. Nelson - Represents payments made directly to Eric T Nelson, which is Eric's Nephew.
- Jesse Harber - Represents payments made directly to Jesse Harber, which is Eric's Nephew.
- Kjersten Bailey - Represents payments made directly to Kjersten Bailey, which is Eric's Niece.
- Lance Liu - Represents payments made directly to Lance Liu, which is Eric's Brother-in-law.
- Paul Harber - Represents payments made directly to Paul Harber, which is Eric's Brother-in-law.
- Paul Nelson - Represents payments made directly to Paul Nelson, which is Eric's Brother.
 - Direct payments - These payments include amounts paid directly to Paul Nelson
 - Reimbursements - Represents payments made to Paul Nelson in order to reimburse him for expenses associated with various projects.

- Ryan Nelson - Represents payments made directly to Ryan Nelson, which is Eric's Nephew.
- Stacey Liu - Represents payments made directly to Stacy Liu, which is Eric's Sister

Other

- Bella Kathryn – This account includes the initial purchase of the Bella Kathryn House and vacant lot. It also includes the various improvements made to both properties.
- Investments – This account represents payments for the purchase of rental properties.
- Credit Cards – This account represents payments made to credit card companies. Expenses associated with the Bella Kathryn property were excluded from this account as they are included in the Bella Kathryn account.
- Line of Credit – The accounts includes payments towards the line of credit.

Professionals

- Kissinger, Bigatel & Brower – Represents payments to this law firm.
- Stephens, Gourley & Bywater - Represents payments to this law firm.
- James Jimmerson, Esq - Represents payments to this law firm.
- Solomon Dwiggins - Represents payments to this law firm.
- Michael Branch - Represents payments to this law firm.
- Gerety & Associates (Accountant) - Represents payments to this accounting firm.
- Larry Bertsch, CPA & Associates (Court) - Represents payments made for the purpose of the divorce case.

Intercompany

- Banone-AZ, LLC – Represents payments made to this entity.
- Dynasty Development Group - Represents payments made to this entity.
- Eric Nelson Auctioneering, Inc. - Represents payments made to this entity.
- Eric L Nelson NV Trust - Represents payments made to this entity.

Rental Expenses

- Lindell Expenses – Represents expenses associated with the maintenance of the office park located on Lindell in Las Vegas.
- HOA Fees – Represents payments for various homeowners associations where many of the rentals are located.
- Insurance – Represents payments made for insuring the rental properties.
- Utilities – Represents various utilities for the rental properties.
- Rental Expenses – Represents maintenance and/or improvements to the rental properties.
- Taxes – Represents taxes paid on the rental properties.

Operating Expenses

- Interest Expense – Represents payments made for interest expenses associated with the Line of credit and bank accounts.
- Other Expenses – Represents expenses associated with operating the various businesses Eric maintains. Includes office supplies, licenses, signs for the rentals, and other fees.

Other Individuals – Represents payments to unknown individuals (unless indicated below)

- David Ramos
- Joan Ramos
- Diego Correa
- Joseph Chad Lawson
- Keith Little
- Bobby DeBorde
- Lana Martin – Employee of Eric Nelson Auctioneering
- Lisa Klein
- Nancy Stewart
- Rochelle McGowan – Employee of Eric Nelson Auctioneering
- Joseph Beltran
- Kevin Bailey
- Stanley Mullner
- Wayne Catalano
- Briana Ramos

Other Companies

- Harber Investments – Represents payments made to this entity. According to the Nevada Secretary of State, Harber Investments, LLC's officers are Paul and Nola Harber, which are Eric's Brother in law and sister, respectively.
- CNR Real Estate - Represents payments made to this entity. According to the Nevada Secretary of State, CNR Real Estate, LLC's officer is Chad Ramos which is Eric's nephew.

Banone, LLC

	Total	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Income													
Intercompany Transfers													
Dynasty Development Group	5,000.00											5,000.00	
Eric Nelson Auctioneering, Inc.	1,950,000.00	900,000.00		650,000.00	100,000.00		200,000.00						100,000.00
Nelson & Associates	500,716.86		500,000.00	716.86									
Banone-AZ, LLC													
Banone, LLC													
Eric Nelson NV Trust													
Related Individuals													
Aleda Nelson (Eric's Sister)	220,000.00												220,000.00
Cal Nelson (Eric's Brother)	130,000.00		130,000.00										
Paul Nelson (Eric's Brother)	50,000.00		50,000.00										
Eric Nelson	3,000.00			3,000.00									
Sale of Assets	3,574,945.40			49,731.98			103,159.00	379,285.40	40,906.82		785,169.86	747,659.50	1,469,032.84
Rental Income													
Banone Houses	206,330.22	9,520.00	13,460.00	12,310.00	11,110.00	18,660.00	23,200.04	19,183.60	19,292.01	17,827.00	22,184.00	17,850.00	21,733.57
Lindell													
Russell Road													
RV Park													
Interest Income	44,544.14	1,015.78	2,515.50	25,109.31	5,250.28	2,512.26	2,631.79	1,732.00	1,672.45		1,123.38	117.13	864.26
Refunds	540,706.09	1,039.30	16,601.43	116,393.56	200,221.11	54,966.58	59,217.53	14,252.65	21,584.70	22,164.81	23,100.11	1,847.45	9,316.86
Line of Credit	2,700,000.00				200,000.00	500,000.00			500,000.00	1,000,000.00			500,000.00
Total Income	9,925,242.71	911,575.08	712,576.93	857,261.71	516,581.39	576,138.84	388,208.36	414,453.65	583,455.98	1,039,991.81	831,577.35	772,474.08	2,320,947.53
Expenses													
Eric Nelson	218,151.63	55,000.00	100,000.00	9,177.83	2,094.86	1,578.25	4,637.58	1,598.58	5,226.18	4,439.99	15,046.12	526.35	18,825.89
Lynita Nelson													
Related Individuals													
Aleda Nelson (Eric's Sister)	234,700.00						1,837.50		3,675.00	1,837.50	1,837.50	221,837.50	3,675.00
Aubrey Nelson (Eric & Lynita's Da	1,000.00										1,000.00		
Bryce Nelson (Eric's Nephew)	48,000.00	8,000.00	4,000.00	4,000.00		4,000.00	8,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	
Cal Nelson (Eric's Brother)													
Cal's Blue Water Marine	96,200.00									51,200.00	15,000.00	15,000.00	15,000.00
Big Fish LLC													
Direct Payments	100,000.00	10,000.00	5,000.00	5,000.00		5,000.00	10,000.00	5,000.00	5,000.00	5,000.00	5,000.00	20,000.00	25,000.00
Cashier's Checks	1,325,000.00	100,000.00	100,000.00		150,000.00			25,000.00	450,000.00	500,000.00			
Reimbursement	168,732.62	7,392.74	9,766.61	16,644.85	4,468.06	7,530.30	7,193.28	5,561.87	5,632.74	24,287.12	40,899.22	23,903.72	15,452.11
Chad Ramos (Eric's Nephew)	17,355.62	618.50	21.78	786.59		2,990.91	2,650.00	2,650.00	3,000.00	3,269.99		367.85	1,000.00
Chelsea Nelson (Eric's Niece)	9,500.00								1,500.00	2,000.00	2,000.00	2,000.00	2,000.00
Chris Stromberg (Eric & Lynita's s													
Eric T. Nelson (Eric's Nephew)	3,347.71			347.71		3,000.00							
Jesse Harber (Eric's Nephew)													
Kjersten Bailey (Eric's Niece)													
Lance Liu (Eric's Brother-in-law)	48,000.00	8,000.00	4,000.00	4,000.00		4,000.00	8,000.00	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00	
Paul Harber (Eric's Brother-in-law)													
Paul Nelson (Eric's Brother)													
Direct Payments	360,350.00	100,000.00	2,500.00	14,850.00	213,000.00	5,000.00							25,000.00
Reimbursement	10,273.01			7,166.77	1,764.05						1,342.19		
Ryan Nelson (Eric's Nephew)	10,918.32		1,155.58	3,169.44	3,430.76	3,162.54							
Stacey Liu (Eric's Sister)	10,000.00								2,500.00	2,500.00	2,500.00	2,500.00	
Non-Business													
Bella Kathryn	401,984.00												401,984.00
Investments	4,109,735.09	249,449.30	786,241.83	499,985.71	203,398.14	634,030.55	88,861.94	255,864.96	80,158.86	593,727.80	250,000.00	250,000.00	218,016.00
Credit Cards	20,585.09		592.19	1,037.06	1,089.39	1,171.76	244.16	231.33	3,369.73	4,484.29	2,046.87	3,057.57	3,260.74
Line of Credit	2,027,268.42											300,000.00	1,727,268.42
Professionals													

Banone, I.L.C

	Total	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Kissinger, Bigatel & Brower	10,000.00							10,000.00					
Stephens, Gourley & Bywater													
James Jimmerson, Esq													
Solomon Dwiggins													
Michael Brunch													
Gerety & Associates (Accountant)													
Larry Bertsch, CPA & Associates (
Intercompany													
Banone, LLC													
Banone-AZ, LLC	101,000.00		2,000.00	10,000.00		54,000.00					15,000.00	20,000.00	
Dynasty Development Group	5,000.00									5,000.00			
Eric Nelson Auctioneering, Inc.	109,700.08				50,000.00		1,837.51		13,675.02	36,837.51	1,837.51	1,837.51	3,675.02
Eric I. Nelson NV Trust	100,000.00						100,000.00						
Rental Expenses													
Lindell Expenses													
HOA Fees	13,018.30	826.55	1,029.41	1,120.83	1,086.79	1,057.44	960.83	728.46	967.39	832.40	2,406.25	723.60	1,278.35
Insurance	7,369.81	2,318.01	397.50				1,054.30			3,600.00			
Utilities	39,124.62	1,009.91	1,521.29	2,457.29	4,595.13	2,766.19	2,293.48	3,075.16	3,524.39	3,570.72	4,995.62	4,705.85	4,609.59
Rental Expenses	81,789.13			17,671.69	26,037.19	11,410.07	3,326.90	1,957.50	3,344.60	4,479.95	7,572.15	2,732.18	3,256.90
Taxes	64,610.43	6,013.69		6,296.56	12.22	4,257.11	1,169.57		15,804.00	758.93	24,237.89	5,613.23	447.23
Operating Expenses													
Interest Expense	13,692.41	3,300.24	2,019.02				693.37	822.22		361.11	1,500.00	2,634.34	2,362.11
Other Expenses	19,264.69	160.49		844.12	8,612.51	70.75	8.65	851.06	8.45	8.45	1,922.45	5,188.09	1,589.67
Other Individuals													
David Ramos	7,118.00	510.00	642.00	696.00	564.00	672.00	660.00	288.00	360.00	630.00	708.00	588.00	800.00
Joan Ramos	1,000.00												1,000.00
Diego Correa	3,670.00											3,370.00	300.00
Joseph Chad Lawson	16,208.37	537.55	1,412.70	2,515.48	942.51	1,225.39	1,529.84	1,113.48	1,363.73	2,200.55	1,700.40	840.22	826.52
Keith Little	2,228.98									557.98		500.00	1,171.00
Bobby DeBorde	200.00												200.00
Lana Martin	1,000.00												1,000.00
Lisa Klein	1,000.00												1,000.00
Nancy Stewart	1,000.00												1,000.00
Rochelle McGowan	1,000.00												1,000.00
Joseph Beltran	500.00										500.00		
Kevin Bailey	6,000.00				3,000.00	5,955.05	(2,955.05)						
Stanley Mullner	2,500.00									2,500.00			
Wayne Catalano													
Briana Ramos													
Other Companies													
Harber Investments	22,500.00											22,500.00	
CNR Real Estate (Chad Ramos)													
Total Expenses	9,851,596.33	553,136.98	1,022,299.91	607,767.93	674,095.61	752,878.31	242,003.86	322,742.62	607,110.09	1,262,084.29	407,052.17	918,426.01	2,481,998.55

Bunone, LLC

	Total	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Income													
Intercompany Transfers													
Dynasty Development Group	7,000.00	7,000.00											
Eric Nelson Auctioneering, Inc.	20,000.00					20,000.00							
Nelson & Associates	104,289.69				30,000.00	74,289.69							
Bunone-AZ, LLC	180,000.00										125,000.00	5,000.00	50,000.00
Bunone, LLC													
Eric Nelson NV Trust	30,000.00									30,000.00			
Related Individuals													
Aleda Nelson (Eric's Sister)													
Cal Nelson (Eric's Brother)	20,172.50								20,172.50				
Paul Nelson (Eric's Brother)													
Eric Nelson	54,766.10					54,766.10							
Sale of Assets													
	2,008,925.10	826,273.92	698,573.78	266,475.87	76,411.07			13,199.56		127,990.90			
Rental Income													
Bunone Houses	135,777.48	14,525.00	12,575.00	12,680.00	10,227.47	8,457.47	9,978.38	9,140.16	8,308.00	12,680.00	10,030.00	13,448.00	13,728.00
Lindell	56,641.80						8,030.00	9,468.40	8,318.00	7,374.00	6,668.40	8,374.00	8,409.00
Russell Road													
RV Park													
Interest Income	16,123.22	756.97	747.13	791.07	868.26	7,461.24	878.91	1,005.88	1,303.94	126.97	756.97	1,298.91	126.97
Refunds	15,158.72	9,789.71	300.29	2,910.39	930.98	558.94	398.32		68.34	165.75			36.00
Line of Credit	1,195,000.00	620,000.00				275,000.00	200,000.00					100,000.00	
Total Income	3,843,854.61	1,478,345.60	712,196.20	282,857.33	118,437.78	440,533.44	219,285.61	32,814.00	38,170.78	178,337.62	142,455.37	128,120.91	72,299.97
Expenses													
Eric Nelson	147,562.18	20,277.95	5,887.07	27,019.54	457.13	10,684.85	9,507.10	13,457.28	1,940.95	13,017.55	36,726.63	6,632.29	1,953.84
Lynita Nelson	2,300.00	2,300.00											
Related Individuals													
Aleda Nelson (Eric's Sister)	620,000.00	620,000.00											
Aubrey Nelson (Eric & Lynita's Da)	13,275.69			3,000.00				5,275.69			5,000.00		
Bryce Nelson (Eric's Nephew)	8,000.00	4,000.00	4,000.00										
Cal Nelson (Eric's Brother)													
Cal's Blue Water Marine													
Big Fish LLC	1,100.00			1,100.00									
Direct Payments	30,000.00	5,000.00	5,000.00						20,000.00				
Cashier's Checks													
Reimbursement	23,919.08	6,792.23	7,471.41	630.04	1,758.59	184.77	367.43		1,253.49	1,821.38	368.28	3,271.46	
Chad Ramos (Eric's Nephew)	356.00			356.00									
Chelsea Nelson (Eric's Niece)	3,000.00	3,000.00											
Chris Stromberg (Eric & Lynita's st)	17,252.00							17,252.00					
Eric T. Nelson (Eric's Nephew)													
Jesse Harber (Eric's Nephew)													
Kjerston Bailey (Eric's Niece)	321.40		321.40										
Lance Liu (Eric's Brother-in-law)	8,000.00	4,000.00	4,000.00										
Paul Harber (Eric's Brother-in-law)													
Paul Nelson (Eric's Brother)													
Direct Payments	25,976.00		25,000.00							558.00	418.00		
Reimbursement	3,779.59				1,400.13	1,037.59	1,341.87						
Ryan Nelson (Eric's Nephew)													
Stacey Liu (Eric's Sister)	5,000.00	2,500.00	2,500.00										
Non-Business													
Bella Kathryn	1,193,834.60	141,032.98	155,619.65	150,630.30	230,205.23	311,204.46	57,187.11	26,358.71	28,779.31	56,298.85	12,646.16	16,175.84	7,696.00
Investments													
	47,500.00									47,500.00			
Credit Cards	57,227.97	1,681.74	1,228.77	5,424.09	496.73		6,534.54	16,571.57		4,737.27	8,619.46	6,933.80	5,000.00
Line of Credit	800,000.00		200,000.00	600,000.00									
Professionals													

Banone, LLC

	Total	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Kissinger, Bigatel & Brower													
Stephens, Gourley & Bywater	48,274.95			3,120.40			7,148.18			15,800.11	7,677.76	7,001.50	7,527.00
James Jimmerson, Esq	201,145.41					10,000.00		43,759.08		47,758.62	30,673.08	53,954.63	15,000.00
Solomon Dwiggens													
Michael Branch													
Gerety & Associates (Accountant)	22,738.00											11,369.00	11,369.00
Larry Bertsch, CPA & Associates (
Intercompany													
Banone, LLC													
Banone-AZ, LLC	95,000.00			35,000.00						25,000.00	20,000.00	15,000.00	
Dynasty Development Group	75,500.00	7,000.00						30,000.00	11,000.00	5,000.00	10,000.00	12,500.00	
Eric Nelson Auctioneering, Inc.													
Eric L Nelson NV Trust	250,000.00	250,000.00											
Rental Expenses													
Lindell Expenses	7,884.68									950.00	6,789.68		145.00
HOA Fees	13,759.08	5,842.63	1,359.30	457.30	896.65	596.65	756.65	596.65	326.65	326.65	326.65	1,406.65	866.65
Insurance	4,753.18	1,399.96		1,932.42	1,420.80								
Utilities	17,202.87	2,437.74	3,360.48	2,185.68	1,500.95	1,136.67	1,870.75	2,030.46	452.43	547.73	357.89	721.60	600.49
Rental Expenses	36,129.38	19,497.56	3,336.19	6,748.05	320.00	2,517.48	460.00	1,890.13	350.00	400.00	435.04		174.93
Taxes	56,653.06	13,131.77	11,350.43	7,882.85	13.92	4,625.25	4,473.51	210.00	9,750.96		5,214.37		
Operating Expenses													
Interest Expense	25,543.09	923.23		2,650.35	4,614.42		1,088.51	2,284.51	2,682.13	2,682.13	2,595.62	2,943.24	3,078.95
Other Expenses	6,373.80	1,268.45	164.10	29.75	538.90	23.45	288.21	574.43	399.84	2,174.49	314.73	48.08	549.37
Other Individuals													
David Ramos	2,382.00	720.00	582.00	594.00	420.00	66.00							
Joan Ramos	1,122.00											73.00	1,049.00
Diego Correa													
Joseph Chad Lawson	9,320.95	1,031.57	1,255.59	628.11	546.44	431.29	930.70	799.33	968.90	935.85	420.00	633.17	740.00
Keith Little	8,500.00	500.00	8,000.00										
Bobby DeBorde													
Lana Martin	5,000.00										5,000.00		
Lisa Klein													
Nancy Stewart													
Rochelle McGowan	3,000.00			1,000.00									2,000.00
Joseph Beltran													
Kevin Bailey													
Stanley Mullner													
Wayne Catalano													
Briana Ramos													
Other Companies													
Harber Investments	41,902.94	41,902.94											
CNR Real Estate (Chad Ramos)	17,168.30		10,000.00	3,118.30	1,500.00	1,500.00	1,050.00						
Total Expenses	3,957,758.20	1,156,240.75	450,436.39	853,507.18	246,089.89	344,008.46	93,004.56	161,059.84	77,904.66	225,508.63	153,583.35	138,664.26	57,750.23

Banone, LLC

	Total	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Income													
Intercompany Transfers													
Dynasty Development Group	35,000.00				35,000.00								
Eric Nelson Auctioneering, Inc.													
Nelson & Associates													
Banone-AZ, LLC	15,000.00	15,000.00											
Banone, LLC													
Eric Nelson NV Trust													
Related Individuals													
Aleda Nelson (Eric's Sister)													
Cal Nelson (Eric's Brother)													
Paul Nelson (Eric's Brother)													
Eric Nelson													
Sale of Assets													
	345,981.61			345,981.61									
Rental Income													
Banone Houses	51,565.08	11,730.00	11,428.00	10,527.08	9,120.00	8,760.00							
Lindell	44,140.00	8,974.00	8,374.00	8,974.00	8074	9,744.00							
Russell Road	35,001.00	11,667.00	11,667.00	11,667.00									
RV Park	8,200.00				4,635.00	3,565.00							
Interest Income	11,186.20	756.97	630.00	883.94	756.97	8,158.32							
Refunds	100.11				100.11								
Line of Credit	300,000.00		100,000.00			200,000.00							
Total Income	846,174.00	48,127.97	132,099.00	378,033.63	57,686.08	230,227.32							
Expenses													
Eric Nelson	20,153.75	2,613.95	10,211.66	3,546.63	1,032.53	2,298.98	450.00						
Lynita Nelson													
Related Individuals													
Aleda Nelson (Eric's Sister)													
Aubrey Nelson (Eric & Lynita's Da)													
Bryce Nelson (Eric's Nephew)													
Cal Nelson (Eric's Brother)													
Cal's Blue Water Marine													
Big Fish LLC													
Direct Payments													
Cashier's Checks													
Reimbursement	1,298.49	224.84		1,073.65									
Chad Ramos (Eric's Nephew)	2,792.60				(707.40)	3,500.00							
Chelsea Nelson (Eric's Niece)													
Chris Stromberg (Eric & Lynita's s)													
Eric T. Nelson (Eric's Nephew)													
Jesse Harber (Eric's Nephew)	1,000.00				1,000.00								
Kjersten Bailey (Eric's Niece)													
Lance Liu (Eric's Brother-in-law)	4,708.95				2,275.95	2,233.00	200.00						
Paul Harber (Eric's Brother-in-law)													
Paul Nelson (Eric's Brother)													
Direct Payments	6,000.00					3,000.00	3,000.00						
Reimbursement													
Ryan Nelson (Eric's Nephew)	3,000.00				3,000.00								
Stacey Liu (Eric's Sister)													
Non-Business													
Bella Kathryn	6,352.65	1,701.02	699.08	2,682.28		661.78	608.49						
Investments													
Credit Cards	31,851.10	4,000.00	11,129.93	11,221.17		5,500.00							
Line of Credit	250,000.00			250,000.00									
Professionals													

Banone, LLC

	Total	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Kissinger, Bigatel & Brower													
Stephens, Gourley & Bywater	27,970.93		11,772.25	5,432.83	6,304.85	4,461.00							
James Jimmerson, Esq.	38,532.93	15,000.00	18,532.93			5,000.00							
Solomon Dwiggins	17,032.50			10,000.00		7,032.50							
Michael Branch	5,000.00					5,000.00							
Gerety & Associates (Accountant)	10,599.00				6,750.00	3,849.00							
Larry Bertsch, CPA & Associates	10,000.00				10,000.00								
Intercompany													
Banone, LLC													
Banone-AZ, LLC	9,000.00			9,000.00									
Dynasty Development Group	138,000.00	16,000.00	32,000.00	31,500.00	58,500.00								
Eric Nelson Auctioneering, Inc.	100,000.00					100,000.00							
Eric L Nelson NV Trust													
Rental Expenses													
Lindell Expenses	4,416.14	1,370.51		1,135.88	802.30	1,107.45							
HOA Fees	2,192.90	446.65	326.65	326.65	326.65	326.65	439.65						
Insurance	4,298.38					4,298.38							
Utilities	4,834.65	445.87	271.55	1,200.19	1,397.15	1,519.89							
Rental Expenses	2,945.50	1,477.75		181.13	286.62	700.00	300.00						
Taxes	19,320.89	4,124.16	5,691.71	8,803.25	701.77								
Operating Expenses													
Interest Expense	16,197.92	3,293.25	3,371.02	3,117.02	3,404.35	3,012.28							
Other Expenses	1,932.92	366.55	310.22	134.34	39.95	1,081.86							
Other Individuals													
David Ramos													
Joan Ramos	54.31				54.31								
Diego Correa													
Joseph Chad Lawson	6,038.77	1,107.00	926.00	1,238.80	1,070.73	1,102.39	593.85						
Keith Little	2,000.00					2,000.00							
Bobby DeBorde													
Lana Martin	2,012.50					2,012.50							
Lisa Klein													
Nancy Stewart													
Rochelle McGowan	3,230.76					3,230.76							
Joseph Beltran													
Kevin Bailey													
Stanley Mullner													
Wayne Catalano	7,375.00					7,375.00							
Briana Ramos	4,000.00					2,000.00	2,000.00						
Other Companies													
Harber Investments													
CNR Real Estate (Chad Ramos)													
Total Expenses	764,143.54	52,171.55	95,243.00	340,593.82	96,239.76	172,303.42	7,591.99						

Exhibit “B”

Exhibit “B”

Nelson v. Nelson
Dynasty Development Group
Income and Expenses Report

July 11, 2011

Larry L. Bertsch, CPA & Associates

Larry L. Bertsch, CPA, CFF

Nicholas S. Miller, CFE, CSAR, MBA

Contents

1. Summary
2. Income and Expenses per year
3. Notes to the Income and Expenses
4. Income and Expenses per month

Larry L. Bertsch, CPA & Associates reserves the right to update this report upon the production of additional documents. The information contained within this report is for use only in the conjunction with the surrounding Clark County District Court case Nelson v Nelson.

Dynasty Development Group
For the period of 1/1/09 through 6/15/11

Income

Intercompany Transfers	287,558.42
Related Individuals	3,159.27
Silver Slipper	289,842.26
Hideaway Casino	104,968.38
Refunds	<u>7,163.25</u>
Total Income	692,691.58

Expenses

Eric Nelson	97,463.43
Lynita Nelson	-
Related Individuals	1,521.76
Other Expenses	144,981.24
Professionals	76,321.00
Intercompany	40,000.00
Community Asset Expenses	52,321.93
Operating Expenses	228,394.39
Other Individuals	<u>80,724.99</u>
Total Expenses	721,728.74

Dynasty Development Group

	Total	2009	2010	2011*
Income				
Intercompany Transfers				
Nelson & Associates	65,505.66	65,505.66	-	-
Banone, LLC	218,500.00	5,000.00	75,500.00	138,000.00
Bay Resorts	3,552.76	-	3,552.76	-
	-	-	-	-
Related Individuals				
Cal Nelson (Eric's Brother)	3,159.27	-	3,159.27	-
	-	-	-	-
Silver Slipper	289,842.26	78,776.18	133,484.47	77,581.61
Hideaway Casino	104,968.38	82,500.00	22,468.38	-
Refunds	7,163.25	2,951.79	552.00	3,659.46
Total Income	692,691.58	234,733.63	238,716.88	219,241.07
Expenses				
Eric Nelson	97,463.43	18,606.47	25,989.81	52,867.15
Lynita Nelson	-	-	-	-
Related Individuals				
Aleda Nelson (Eric's Sister)	1,270.00	1,270.00	-	-
Paul Nelson (Eric's Brother)	-	-	-	-
Direct Payments	-	-	-	-
Reimbursement	251.76	251.76	-	-
Vehicles	26,876.36	18,997.81	6,433.00	1,445.55
Health/Life Insurance	99,703.27	35,812.11	45,146.56	18,744.60
Credit Cards	18,401.61	11,195.63	4,862.04	2,343.94
Professionals				
William Armstrong, Jr., P.A	11,039.00	-	-	11,039.00
Blackwells Lawyers & Counselor	10,000.00	-	-	10,000.00
Harold W Duke PA	40,981.00	-	5,981.00	35,000.00
R. Vaughn Gourley, P.C	900.00	-	900.00	-
Gerety & Associates (Accountant)	13,401.00	-	6,651.00	6,750.00
	-	-	-	-
Intercompany				
Banone, LLC	40,000.00	5,000.00	-	35,000.00
	-	-	-	-
Community Asset Expenses				
Lindell Expenses	1,219.44	619.08	410.36	190.00
Insurance	8,139.64	3,444.88	4,694.76	-
Utilities	2,393.31	1,863.72	529.59	-
Rental Expenses	17,191.25	2,756.25	10,060.00	4,375.00
Taxes	23,378.29	299.47	12,895.15	10,183.67
	-	-	-	-

*Through June 16, 2011

See Accompanying Notes

Dynasty Development Group

Operating Expenses	-	-	-	-
Utilities	23,118.93	11,232.23	9,961.34	1,925.36
Payroll	159,315.86	92,691.34	51,679.93	14,944.59
Other Expenses	33,983.90	14,391.70	15,468.88	4,123.32
Cell Phone	11,975.70	5,695.11	4,996.46	1,284.13
	-	-	-	-
Other Individuals	-	-	-	-
Briana Ramos	24,000.00	4,000.00	12,000.00	8,000.00
Cliff McCarlie	3,900.00	3,400.00	500.00	-
Joan Ramos	37,024.00	33,024.00	4,000.00	-
Joseph Chad Lawson	1,140.99	1,103.76	37.23	-
Lana Martin	11,660.00	5,660.00	6,000.00	-
Rachael Slaughter	3,000.00	-	3,000.00	-
	-	-	-	-
	-	-	-	-
Total Expenses	721,728.74	271,315.32	232,197.11	218,216.31

*Through June 16, 2011

See Accompanying Notes

Dynasty Development Group

Income

Intercompany Transfers

- Nelson & Associates - This represents deposits from Nelson & Associates.
- Banone-AZ, LLC - This represents deposits from Banone-AZ, LLC
- Bay Resorts - This represents deposits from Bay Resorts

Related Individuals

- Cal Nelson – Represents deposits from Cal Nelson which is Eric's brother

Other Income

- Silver Slipper – This account represents deposits from the Silver Slipper Casino.
- Hideaway Casino - This account represents deposits from the Hideaway Casino.
- Refunds - This account represents income from refunds. Refunds often came in the form of returned Earnest Money from house purchases and returns of deposits and/or credits of utilities when a property was sold.

Expenses

- Eric Nelson – This amount represents payments for Eric Nelson such as Draws, kid's expenses, and Personal Expenses.
- Lynita Nelson - This amount represents payments to Lynita Nelson

Related Individuals

- Aleda Nelson – Represents payments made directly to Aleda Nelson which is Eric's sister.
- Paul Nelson - Represents payments made directly to Paul Nelson, which is Eric's Brother.
 - Reimbursements - Represents payments made to Paul Nelson in order to reimburse him for expenses associated with various projects.

Other

- Vehicles – This account represents payments towards car payments or insurance payments.
- Health/Life Insurance – This account represents payments towards health and life insurance.
- Credit Cards – This account represents payments made to credit card companies.

Professionals

- William Armstrong, Jr., P.A – Represents payments to this law firm.
- Blackwells Lawyers & Counselor - Represents payments to this law firm.
- Harold W Duke PA - Represents payments to this law firm.

- R. Vaughn Gourley, P.C - Represents payments to this law firm.
- Gerety & Associates (Accountant) - Represents payments to this accounting firm.

Intercompany

- Banone, LLC – Represents payments to Banone, LLC

Community Asset Expenses

- Lindell Expenses – Represents expenses associated with the maintenance of the office park located on Lindell in Las Vegas.
- Insurance – Represents payments made for insuring the rental properties.
- Utilities – Represents various utilities for the rental properties.
- Rental Expenses – Represents maintenance and/or improvements to the rental properties.
- Taxes – Represents taxes paid on the rental properties.

Operating Expenses

- Utilities – Represents payments made for utilities associated with Eric's office.
- Payroll - Represents payments made for payroll associated with Eric's office.
- Other Expenses – Represents expenses associated with operating the various businesses Eric maintains. Includes office supplies, licenses, signs for the rentals, and other fees.
- Cell Phone - Represents payments made for cell phones associated with Eric's office.

Other Individuals – Represents payments to unknown individuals (unless indicated below)

- Briana Ramos
- Cliff McCarlie
- Joan Ramos
- Joseph Chad Lawson
- Lana Martin
- Rachael Slaughter

Dynasty Development Group

	Total	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Income													
Intercompany Transfers													
Nelson & Associates	65,505.66			15,505.66	10,000.00				20,000.00		20,000.00		
Banone, LLC	5,000.00									5,000.00			
Bay Resorts													
Related Individuals													
Cal Nelson (Eric's Brother)													
Silver Slipper	78,776.18				39,475.00	13,000.60		1,084.98		13,215.20		12,000.40	
Hideaway Casino	82,500.00		15,000.00		7,500.00		22,500.00	7,500.00		15,000.00	7,500.00		7,500.00
Refunds	2,951.79			22.60	1,331.11		565.60	282.48					750.00
Total Income	234,733.63		15,000.00	15,528.26	58,306.11	13,000.60	23,065.60	8,867.46	20,000.00	33,215.20	27,500.00	12,000.40	8,250.00
Expenses													
Eric Nelson	18,606.47	1,355.00	502.50	502.50		8,149.09	2,221.97	1,079.76	1,152.42	1,193.91	1,462.21	336.33	650.78
Lynita Nelson													
Related Individuals													
Alda Nelson (Eric's Sister)	1,270.00	315.00		630.00	325.00								
Paul Nelson (Eric's Brother)													
Direct Payments													
Reimbursement	251.76	251.76											
Vehicles	18,997.81	2,819.07	1,841.25	2,761.39	3,083.33	1,936.58	3,112.67	397.83	1,092.41	106.17	524.76	561.17	561.18
Health/Life Insurance	35,812.11	3,276.66	3,312.66	4,018.56	3,059.36	7,230.78	3,252.66	223.64	2,439.38	5,058.09	111.82	3,716.68	111.82
Credit Cards	11,195.63	293.33	177.71	572.61		2,252.82	66.11	1,029.63	1,007.16	2,821.71	90.85	2,883.70	
Professionals													
William Armstrong, Jr., P.A													
Blackwells Lawyers & Counselor													
Harold W Duke PA													
R. Vaughn Gourley, P.C													
Gerety & Associates (Accountant)													
Intercompany													
Banone, LLC	5,000.00											5,000.00	
Community Asset Expenses													
Lindell Expenses	619.08	96.33	233.76		96.33			96.33			96.33		
Insurance	3,444.88	261.80	261.80	261.80	261.80	261.80	261.80	569.51	73.69	307.72		615.44	307.72
Utilities	1,863.72	49.28	73.17	103.29	276.74	62.96	73.45	127.97	752.77	38.48		38.48	267.13
Rental Expenses	2,756.25							750.00	2,006.25				
Taxes	299.47	299.47											
Operating Expenses													
Utilities	11,232.23	580.59	1,465.84	540.08	1,588.76	511.01	682.14	1,656.23	875.61	813.27	1,428.34	399.82	690.54
Payroll	92,691.34	3,550.26	8,869.75	4,234.49	7,811.62	8,563.28	8,755.85	7,596.59	8,449.93	4,244.47	7,854.58	8,430.51	12,330.01
Other Expenses	14,391.70	366.08	1,027.40	2,475.17	1,210.43	850.47	1,274.22	1,538.63	900.54	1,961.41	527.06	1,166.77	1,093.52
Cell Phone	5,695.11		376.52	371.24	385.33	1,213.05	881.98	419.16		821.49	407.17		819.17
Other Individuals													
Briana Ramos	4,000.00		2,000.00						2,000.00				
Cliff McCartie	3,400.00	800.00	800.00	800.00	800.00	400.00					(200.00)		
Joan Ramos	33,024.00	1,377.00	3,377.00	1,892.80	2,000.00	4,692.20	3,377.00	4,754.00		3,554.00	4,000.00	2,000.00	2,000.00
Joseph Chad Lawson	1,103.76	51.35	444.62	73.58	45.51	242.53	43.17	17.04			99.86	86.10	
Lana Martin	5,660.00	1,540.00	1,640.00	1,760.00	720.00								
Raehael Slaughter													
Total Expenses	271,315.32	19,282.98	26,403.98	20,997.51	21,664.21	36,366.57	24,003.02	20,456.32	20,750.16	20,920.72	16,402.98	23,235.00	18,831.87

Dynasty Development Group

	Total	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Income													
Intercompany Transfers													
Nelson & Associates													
Banone, LLC	75,500.00	7,000.00						30,000.00	11,000.00	5,000.00	10,000.00	12,500.00	
Bay Resorts	3,552.76			3,552.76									
Related Individuals													
Cal Nelson (Eric's Brother)	3,159.27			1,670.76		496.17	496.17	496.17					
Silver Slipper	133,484.47	10,430.60	12,615.20	10,679.80	15,636.16	12,551.40	11,250.00	16,483.40	3,920.00	14,863.39	4,065.00	4,630.00	16,359.52
Hideaway Casino	22,468.38	7,500.00	14,968.38										
Refunds	552.00					400.00	152.00						
Total Income	238,716.88	24,930.60	27,583.58	15,903.32	15,636.16	13,447.57	11,898.17	46,979.57	14,920.00	19,863.39	14,065.00	17,130.00	16,359.52
Expenses													
Eric Nelson													
Lynita Nelson	25,989.81	182.86	418.83	1,517.49	1,149.51	1,071.50	2,417.40	13,037.90	502.80	2,702.50	637.73	1,079.26	1,272.03
Related Individuals													
Aleda Nelson (Eric's Sister)													
Paul Nelson (Eric's Brother)													
Direct Payments													
Reimbursement													
Vehicles													
Health/Life Insurance	45,146.56	1,914.25	7,648.07	3,671.85	4,376.27	4,264.45	111.82	8,447.08		3,398.93	3,771.28	3,771.28	3,771.28
Credit Cards	4,862.04		1,401.21	1,859.52	403.96	678.80	7.50	238.90				272.15	
Professionals													
William Armstrong, Jr., P.A													
Blackwells Lawyers & Counselor													
Harold W Duke PA	5,981.00												5,981.00
R. Vaughn Gourley, P.C	900.00							900.00					
Gerety & Associates (Accountant)	6,651.00							4,101.00		2,550.00			
Intercompany													
Banone, LLC													
Community Asset Expenses													
Lindell Expenses	410.36	102.59				102.59		102.59					102.59
Insurance	4,694.76	307.72	615.44		615.44	307.72	1,596.00	622.60		314.92	314.92		
Utilities	529.59	237.92	40.71	40.71			127.13						83.12
Rental Expenses	10,060.00					250.00	250.00	5,250.00	2,410.00	1,650.00	250.00		
Taxes	12,895.15			11,772.48	305.51	97.16	700.00				70.00		
Operating Expenses													
Utilities	9,961.34	1,247.25	838.29	612.88	1,630.37	485.79	454.47	1,806.95	51.76	682.46	384.13	1,268.70	498.29
Payroll	51,679.93	7,214.87	3,995.14	3,687.17	3,682.86	3,719.86	5,474.05	3,742.55	3,733.86	3,624.72	3,624.72	3,136.99	4,043.14
Other Expenses	15,468.88	1,316.37	1,936.95	2,487.54	918.88	406.26	846.29	923.41	207.96	1,742.72	824.27	1,588.15	2,270.08
Cell Phone	4,996.46		801.85	415.66	444.66	425.14	413.55	418.61		413.44	840.67	409.78	413.10
Other Individuals													
Briana Ramos	12,000.00							2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
Cliff McCarlie	500.00									500.00			
Joan Ramos	4,000.00	2,000.00						2,000.00					
Joseph Chad Lawson	37.23	37.23											
Lana Martin	6,000.00						1,000.00	1,000.00	1,000.00	2,000.00	1,000.00		
Rachael Slaughter	3,000.00							3,000.00					
Total Expenses	232,197.11	15,016.06	18,255.49	26,513.28	15,186.07	11,706.68	13,509.71	49,693.09	10,022.38	22,665.69	13,667.72	15,628.90	20,332.04

Dynasty Development Group

	Total	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Income													
Intercompany Transfers													
Nelson & Associates													
Banone, LLC	138,000.00	16,000.00	32,000.00	31,500.00	58,500.00								
Bay Resorts													
Related Individuals													
Cal Nelson (Eric's Brother)													
Silver Slipper	77,581.61	12,542.41	2,875.00	15,060.31	47,103.89								
Hideaway Casino													
Refunds	3,659.46		3,659.46										
Total Income	219,241.07	28,542.41	38,534.46	46,560.31	105,603.89								
Expenses													
Eric Nelson	52,867.15	1,903.62	579.49	19,398.92	30,985.12								
Lynita Nelson													
Related Individuals													
Aleda Nelson (Eric's Sister)													
Paul Nelson (Eric's Brother)													
Direct Payments													
Reimbursement													
Vehicles	1,445.55	260.66		1,184.89									
Health/Life Insurance	18,744.60	3,771.28	3,771.28	11,202.04									
Credit Cards	2,343.94	868.53		1,475.41									
Professionals													
William Armstrong, Jr., P.A.	11,039.00				11,039.00								
Blackwells Lawyers & Counselor	10,000.00				10,000.00								
Harold W Duke PA	35,000.00		15,000.00	10,000.00	10,000.00								
R. Vaughn Gourley, P.C													
Gerety & Associates (Accountant)	6,750.00			6,750.00									
Intercompany													
Banone, LLC	35,000.00				35,000.00								
Community Asset Expenses													
Lindell Expenses	190.00			190.00									
Insurance													
Utilities													
Rental Expenses	4,375.00	2,575.00		250.00	1,550.00								
Taxes	10,183.67	10,183.67											
Operating Expenses													
Utilities	1,925.36	435.83	460.52	938.87	90.14								
Payroll	14,944.59	3,847.52	3,712.48	3,690.95	3,693.64								
Other Expenses	4,123.32	438.70	1,092.54	2,164.26	427.82								
Cell Phone	1,284.13	432.70		851.43									
Other Individuals													
Briana Ramos	8,000.00	2,000.00	2,000.00	2,000.00	2,000.00								
Cliff McCarlie													
Joan Ramos													
Joseph Chad Lawson													
Lana Martin													
Rachael Slaughter													
Total Expenses	218,216.31	26,717.51	26,616.31	60,096.77	104,785.72								


CLERK OF THE COURT

1 **NOTC**
2 Larry L. Bertsch, CPA, CFF
3 Nicholas S. Miller, CFE
4 LARRY L. BERTSCH, CPA & ASSOCIATES
5 265 East Warm Springs Rd., Suite 104
6 Las Vegas, Nevada 89119
7 Telephone: (702) 471-7223
8 Facsimile: (702) 471-7225

9 *Forensic Accountants*

10 **DISTRICT COURT**
11 **FAMILY DIVISION**
12 **CLARK COUNTY, NEVADA**

13 ERIC L. NELSON,

14 Plaintiff,

Case No. D-09-411537-D
Dept. O

15 v.

16 LYNITA SUE NELSON,

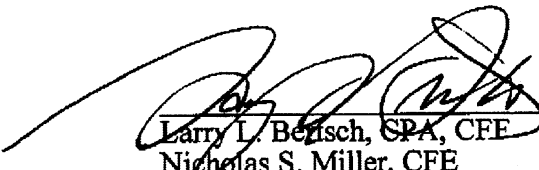
17 Defendant.

**NOTICE OF FILING
INCOME AND EXPENSE
REPORTS FOR BANONE-AZ, LLC**

18 Larry L. Bertsch, CPA, CFF, and Nicholas S. Miller, CFE, of the accounting firm of LARRY
19 L. BERTSCH, CPA & ASSOCIATES, hereby file the Income and Expense Report for Banone-AZ,
20 LLC. Said report is attached hereto as **Exhibit A**.

21 DATED this 15th day of July, 2011.

LARRY L. BERTSCH CPA & ASSOCIATES



Larry L. Bertsch, CPA, CFE
Nicholas S. Miller, CFE
265 East Warm Springs Rd., Suite 104
Las Vegas, Nevada 89119

Forensic Accountants

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CERTIFICATE OF SERVICE

I hereby certify that on the 15th day of July, 2011, I mailed a copy of the **Notice of Filing Income and Expenses Reports for Banone-AZ, LLC** to the following at the last known address, by depositing the same in the United States mail in Las Vegas, Nevada, first class postage prepaid and addressed as follows:

David A. Stephens, Esq.
STEPHENS, GOURLEY & BYWATER
3636 N. Rancho Drive
Las Vegas, NV 89130
Attorneys for Plaintiff Eric L. Nelson

Robert P. Dickerson, Esq.
THE DICKERSON LAW GROUP
1745 Village Center Circle
Las Vegas, NV 89134
Attorneys for Defendant Lynita Sue Nelson

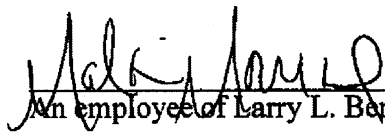

An employee of Larry L. Bartsch, CPA & Associates

Exhibit “A”

Exhibit “A”

Nelson v. Nelson
Banone-AZ, LLC
Income and Expenses Report

July 15, 2011

Larry L. Bertsch, CPA & Associates

Larry L. Bertsch, CPA, CFF

Nicholas S. Miller, CFE, CSAR, MBA

Contents

1. Summary
2. Income and Expenses per year
3. Notes to the Income and Expenses
4. Income and Expenses per month

Larry L. Bertsch, CPA & Associates reserves the right to update this report upon the production of additional documents. The information contained within this report is for use only in the conjunction with the surrounding Clark County District Court case Nelson v Nelson.

Banone-AZ, LLC
For the period of 1/1/09 through 5/30/11

Income	
Intercompany Transfers	405,332.46
Eric Nelson	50,000.00
Rental Income	689,481.46
Soris Note Interest	31,225.05
Refunds	43,914.24
Line of Credit	<u>300,000.00</u>
Total Income	1,519,953.21
Expenses	
Eric Nelson	68,480.40
Lynita Nelson	-
Related Individuals	339,702.42
Investments	357,331.81
Intercompany Transfers	195,000.00
Rental Expenses	245,247.69
Operating Expenses	2,654.67
Other Individuals	<u>291,373.67</u>
Total Expenses	1,499,790.66

Banone-AZ, LLC

	Total	2009	2010	2011*
Income				
Intercompany Transfers				
Eric Nelson Auctioneering, Inc.	100,332.46	100,332.46	-	-
Nelson & Associates	100,000.00	100,000.00	-	-
Banone, LLC	205,000.00	101,000.00	95,000.00	9,000.00
Related Individuals				
Eric Nelson	50,000.00	50,000.00	-	-
Rental Income				
Banone Houses	689,481.46	187,041.00	365,978.38	136,462.08
Soris Note Interest	31,225.05	18,735.03	12,490.02	-
Refunds	43,914.24	20.00	43,864.24	30.00
Line of Credit	300,000.00	-	300,000.00	-
Total Income	1,519,953.21	557,128.49	817,332.64	145,492.08
Expenses				
Eric Nelson	68,480.40	65,931.25	2,549.15	-
Lynita Nelson	-	-	-	-
Related Individuals				
Eric T. Nelson (Eric's Nephew)	161,324.81	22,000.00	100,836.27	38,488.54
Kevin Bailey (Eric's nephew-in-law)	92,940.87	27,226.68	65,714.19	-
Paul Nelson (Eric's Brother)	-	-	-	-
Direct Payments	40,376.18	31,794.86	5,581.32	3,000.00
Reimbursement	4,898.02	2,024.49	2,873.53	-
Ryan Nelson (Eric's Nephew)	40,162.54	22,162.54	18,000.00	-
Investments	357,331.81	120,900.60	236,431.21	-
Intercompany Transfers				
Banone, LLC	195,000.00	-	180,000.00	15,000.00
Rental Expenses				
HOA Fees	1,019.19	777.19	242.00	-
Insurance	7,664.37	3,081.96	4,582.41	-
Utilities	5,538.69	5,507.09	31.60	-
Rental Expenses	135,893.86	134,152.75	1,741.11	-
Taxes	95,131.58	30,009.65	46,429.14	18,692.79
Operating Expenses				
Other Expenses	2,654.67	1,008.93	1,352.73	293.01
Other Individuals				
Soris Enterprises (Frank Soris)	234,668.22	48,900.00	141,814.00	43,954.22
Soris Expenses	54,705.45	-	37,744.72	16,960.73
Jose Rico Moran	2,000.00	-	-	2,000.00
Total Expenses	1,499,790.66	515,477.99	845,923.38	138,389.29

* Through May 30, 2011

See Accompanying Notes

AAPP 1719

Banone-AZ, LLC

Income

Intercompany Transfers

- Eric Nelson Auctioneering, Inc. - This represents deposits from Eric Nelson Auctioneering.
- Nelson & Associates - This represents deposits from Nelson & Associates.
- Banone, LLC - This represents deposits from Banone, LLC

Related Individuals

- Eric Nelson – Represents deposits from Eric is the Defendant in this case

Other Income

- Rental Income – This account represents rental income from houses in Arizona.
- Soris Interest Income - This account represents interest income from the Soris Note.
- Refunds - This account represents income from refunds. Refunds often came in the form of returned Earnest Money from house purchases and returns of deposits and/or credits of utilities when a property was sold.
- Line of Credit – This account represents the income from the Line of Credit.

Expenses

- Eric Nelson – This amount represents payments associated with Eric Nelson such as Draws, kid's expenses and Personal Expenses.
- Lynita Nelson - This amount represents payments to Lynita Nelson.

Related Individuals

- Eric T. Nelson - Represents payments made directly to Eric T Nelson, which is Eric's Nephew.
- Kjersten Bailey - Represents payments made directly to Kjersten Bailey, which is Eric's Niece.
- Paul Nelson - Represents payments made directly to Paul Nelson, which is Eric's Brother.
 - Direct payments - These payments include amounts paid directly to Paul Nelson
 - Reimbursements - Represents payments made to Paul Nelson in order to reimburse him for expenses associated with various projects.
- Ryan Nelson - Represents payments made directly to Ryan Nelson, which is Eric's Nephew.

Other

- Investments – This account represents payments for the purchase of rental properties.

Intercompany

- Banone, LLC – Represents payments made to this entity.

Rental Expenses

- HOA Fees – Represents payments for various homeowners associations where many of the rentals are located.
- Insurance – Represents payments made for insuring the rental properties.
- Utilities – Represents various utilities for the rental properties.
- Rental Expenses – Represents maintenance and/or improvements to the rental properties.
- Taxes – Represents taxes paid on the rental properties.

Operating Expenses

- Other Expenses – Represents expenses associated with operating the various businesses Eric maintains. Includes office supplies, licenses, signs for the rentals, and other fees.

Other Individuals – Represents payments to unknown individuals (unless indicated below)

- Soris Enterprises (Frank Soris)
- Soris Expenses – Expenses Associated with Frank Soris houses in AZ paid by Banone-AZ, LLC
- Jose Rico Moran

Banone-AZ, LLC

	Total	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Income													
Intercompany Transfers													
Eric Nelson Auctioneering, Inc.	100,332.46						100,332.46						
Nelson & Associates	100,000.00		2,000.00	10,000.00		100,000.00					15,000.00		20,000.00
Banone, LLC	101,000.00					54,000.00							
						50,000.00							
Eric Nelson	50,000.00					50,000.00							
Rental Income													
Banone Houses	187,041.00			7,380.00	7,380.00	13,465.00	18,291.00	19,470.00	24,166.00	21,499.00	22,815.00	25,380.00	34,575.00
Soris Nove Interest	18,735.03						20.00				6,245.01	6,245.01	
Refunds	20.00												
Line of Credit													
Total Income	557,128.49		2,000.00	10,000.00	7,380.00	217,465.00	118,643.46	19,470.00	24,166.00	21,499.00	44,060.01	31,625.01	60,820.01
Expenses													
Eric Nelson	65,931.25					50,000.00	1,723.66	2,730.06	4,000.00	1,171.49	1,207.74	2,549.15	2,549.15
Lymia Nelson													
Related Individuals													
Eric T. Nelson (Eric's Nephew)	22,000.00					3,250.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,750.00
Kevin Bailey (Eric's nephew-in-law)	27,226.68					5,955.05	3,000.00	3,000.00	5,271.63	3,000.00	3,000.00	3,000.00	4,000.00
Paul Nelson (Eric's Brother)						30,000.00							
Direct Payments	31,794.86										897.43		897.43
Reimbursement	2,024.49								1,403.56		620.93		
Ryan Nelson (Eric's Nephew)	22,162.54					3,162.54	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	3,000.00	4,000.00
Investments	120,900.60					84,264.07	36,636.53						
Intercompany Transfers													
Banone, LLC													
Rental Expenses													
HOA Fees	777.19					50.00	50.00		66.00	296.19	43.50	176.50	145.00
Insurance	3,081.96					3,081.96							
Utilities	5,507.09					811.33	809.11	1,138.04	1,446.89	1,066.49	235.23		
Rental Expenses	134,132.75			10,535.56	10,535.56	20,858.95	29,070.00	23,911.88	18,247.34	10,650.96	7,775.39	5,503.71	7,598.96
Taxes	30,009.65					100.00			1,199.56		27,147.96	1,562.13	
Operating Expenses													
Other Expenses	1,008.93			4.00	4.00	280.17	42.50	5.40	49.69	329.05	142.40	55.77	99.95
Other Individuals													
Soris Enterprises (Frank Soris)	48,900.00										16,300.00	16,300.00	16,300.00
Soris Expenses													
Jose Rico Moran													
Total Expenses	515,477.99			10,539.56	10,539.56	186,314.52	83,781.35	36,785.38	37,684.67	22,514.18	63,370.58	35,147.26	39,340.49

Banone-AZ, LLC

	Total	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Income													
Intercompany Transfers													
Eric Nelson Auctioneering, Inc.													
Nelson & Associates				35,000.00						25,000.00	20,000.00	15,000.00	
Banone, LLC	95,000.00												
Related Individuals													
Eric Nelson													
Rental Income													
Banone Houses	365,978.38	20,997.00	38,302.39	30,082.00	32,802.00	26,903.00	33,626.00	29,963.00	28,752.00	27,742.00	29,101.99	31,901.00	35,806.00
Soris Note Interest	12,490.02	6,245.01		6,245.01									
Refunds	43,864.24	51.93		132.09	712.35			133.00	12,751.34	6,375.00	22,493.92	656.76	555.85
Line of Credit	300,000.00										200,000.00		100,000.00
Total Income	817,332.64	27,293.94	38,302.39	71,459.10	33,514.35	26,903.00	33,626.00	30,098.00	41,503.34	59,117.00	271,595.91	47,557.76	136,361.85
Expenses													
Eric Nelson	2,549.15	2,549.15											
Lynita Nelson													
Related Individuals													
Eric T. Nelson (Eric's Nephew)	100,836.27	8,000.00	13,000.00	4,231.28	4,657.47	8,056.82	6,020.52	2,982.79		9,273.37	16,273.23	12,212.10	16,128.69
Kevin Bailey (Eric's nephew-in-law)	65,714.19	8,000.00	13,000.00	3,000.00	3,000.00	3,000.00	400.00	4,965.99		14,000.00	10,348.20		6,000.00
Paul Nelson (Eric's Brother)										3,750.00			
Direct Payments	5,581.32	897.43	933.89										
Reimbursement	2,873.53	1,317.62	402.11								713.00		440.80
Ryan Nelson (Eric's Nephew)	18,000.00	8,000.00	10,000.00							45,000.00	113,431.24	17,500.00	60,499.97
Investments	236,431.21												
Intercompany Transfers													
Banone, LLC	180,000.00										125,000.00	5,000.00	50,000.00
Rental Expenses													
HOA Fees	242.00				242.00								
Insurance	4,582.41	1,399.96				3,182.45							
Utilities	31.60	31.60											
Rental Expenses	1,741.11			241.11			500.00			1,000.00			
Taxes	46,429.14	3,294.23		2,210.48		29,335.96	540.05	830.44		1,224.66	8,177.12		816.20
Operating Expenses													
Other Expenses	1,352.73	81.95	51.15	89.35	48.35	559.75	75.15	68.35	53.72	53.15	43.75	171.11	56.95
Other Individuals													
Soris Enterprises (Frank Soris)	141,814.00	16,300.00	16,557.00	16,557.00	10,300.00	10,300.00	10,300.00	10,300.00	10,300.00	10,300.00	10,300.00	10,300.00	10,000.00
Soris Expenses	37,744.72			23,650.00			14,094.72						
Jose Rico Moran													
Total Expenses	845,923.38	49,871.94	53,944.15	49,979.22	18,247.82	54,434.98	31,930.44	19,147.57	10,333.72	84,601.18	284,286.54	45,183.21	143,942.61

Banone-AZ, LLC

	Total	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Income													
Intercompany Transfers													
Eric Nelson Auctioneering, Inc.													
Nelson & Associates													
Banone, LLC	9,000.00			9,000.00									
Related Individuals													
Eric Nelson													
Rental Income													
Banone Houses	136,462.08	30,047.00	34,807.00	35,147.00	16,047.08	20,414.00							
Sorts Note Interest													
Rebonds	30.00	30.00											
Line of Credit													
Total Income	145,492.08	30,077.00	34,807.00	44,147.00	16,047.08	20,414.00							
Expenses													
Eric Nelson													
Lynita Nelson													
Related Individuals													
Eric T. Nelson (Eric's Nephew)	38,488.54		12,683.46	8,971.55	7,800.00	9,033.53							
Kevin Bailey (Eric's nephew-in-law)													
Paul Nelson (Eric's Brother)													
Direct Payments	3,000.00		3,000.00										
Reimbursement													
Ryan Nelson (Eric's Nephew)													
Investments													
Intercompany Transfers													
Banone, LLC	15,000.00	15,000.00											
Rental Expenses													
HOA Fees													
Insurance													
Utilities													
Rental Expenses													
Taxes	18,692.79	643.12	6,444.24	436.68	10,299.28	869.47							
Operating Expenses													
Other Expenses	293.01	66.75	54.55	88.36	61.95	21.40							
Other Individuals													
Sorts Enterprises (Frank Sorts)	43,954.22	300.00		43,654.22									
Sorts Expenses	16,960.73		16,960.73										
Jose Rico Moran	2,000.00					2,000.00							
Total Expenses	138,389.29	16,009.87	39,142.98	53,150.81	18,161.23	11,924.40							

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Larry L. Bertsch, CPA, CFF
Nicholas S. Miller, CFE
LARRY L. BERTSCH, CPA & ASSOCIATES
265 East Warm Springs Rd., Suite 104
Las Vegas, Nevada 89119
Telephone: (702) 471-7223
Facsimile: (702) 471-7225

Forensic Accountants

**DISTRICT COURT
FAMILY DIVISION
CLARK COUNTY, NEVADA**

ERIC L. NELSON,

Plaintiff,

v.

LYNITA SUE NELSON,

Defendant.

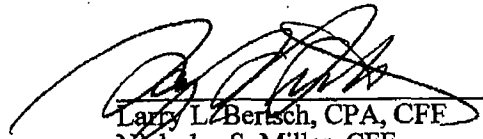
Case No. D-09-411537-D
Dept. O

**NOTICE OF FILING
INCOME AND EXPENSE REPORTS
FOR ERIC L. NELSON NEVADA TRUST**

Larry L. Bertsch, CPA, CFF, and Nicholas S. Miller, CFE, of the accounting firm of LARRY L. BERTSCH, CPA & ASSOCIATES, hereby file the Income and Expense Report for Eric L. Nelson Nevada Trust. Said report is attached hereto as **Exhibit A**.

DATED this 19th day of July, 2011.

LARRY L. BERTSCH CPA & ASSOCIATES



Larry L. Bertsch, CPA, CFF
Nicholas S. Miller, CFE
265 East Warm Springs Rd., Suite 104
Las Vegas, Nevada 89119

Forensic Accountants

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CERTIFICATE OF SERVICE

I hereby certify that on the 19th day of July, 2011, I mailed a copy of the **Notice of Filing Income and Expenses Reports for Eric L. Nelson Nevada Trust** to the following at the last known address, by depositing the same in the United States mail in Las Vegas, Nevada, first class postage prepaid and addressed as follows:

David A. Stephens, Esq.
STEPHENS, GOURLEY & BYWATER
3636 N. Rancho Drive
Las Vegas, NV 89130
Attorneys for Plaintiff Eric L. Nelson

Robert P. Dickerson, Esq.
THE DICKERSON LAW GROUP
1745 Village Center Circle
Las Vegas, NV 89134
Attorneys for Defendant Lynita Sue Nelson

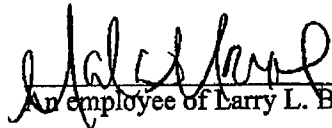

An employee of Larry L. Bertsch, CPA & Associates

Exhibit “A”

Exhibit “A”

Nelson v. Nelson
Eric L Nelson Nevada Trust
Income and Expenses Report

July 19, 2011

Larry L. Bertsch, CPA & Associates

Larry L. Bertsch, CPA, CFF

Nicholas S. Miller, CFE, CSAR, MBA

Contents

1. Summary
2. Income and Expenses per year
3. Notes to the Income and Expenses
4. Income and Expenses per month

Larry L. Bertsch, CPA & Associates reserves the right to update this report upon the production of additional documents. The information contained within this report is for use only in the conjunction with the surrounding Clark County District Court case Nelson v Nelson.

Eric L Nelson Nevada Trust
For the period of 1/1/09 through 6/15/11

Income	
Intercompany Transfers	2,532,453.29
Related Individuals	44,168.05
Sale of Assets	4,398,402.72
Silver Slipper Casino	2,529.11
Rental Income	156,143.59
Interest Income	114,989.16
Refunds	110,597.52
Line of Credit	<u>1,160,000.00</u>
Total Income	8,519,283.44

Expenses	
Eric Nelson	959,306.57
Lynita Nelson	42,180.00
Related Individuals	196,325.83
Investments	2,627,279.86
Credit Cards	19,441.72
Line of Credit	2,670,000.00
Professionals	29,186.68
Intercompany Transfers	2,533,389.69
Rental Expenses	132,799.78
Operating Expenses	2,270.38
Other Individuals	29,479.80
Other Companies	<u>177,100.22</u>
Total Expenses	9,418,760.53

Eric L Nelson Nevada Trust

	Total	2009	2010	2011*
Income				
Intercompany Transfers				
Dynasty Development Group	10,000.00	10,000.00	-	-
Eric Nelson Auctioneering, Inc.	2,267,453.29	2,231,500.00	35,953.29	-
Nelson & Associates				
Banone-AZ, LLC	-	-	-	-
Banone, LLC	250,000.00	-	250,000.00	-
Bay Resorts, LLC	5,000.00	5,000.00	-	-
Eric Nelson NV Trust	-	-	-	-
Related Individuals				
Brock Nelson (Eric's Nephew)	3,000.00	3,000.00	-	-
Harber Investments LLC / Nola Harber (Eric's)	6,930.06	6,092.56	837.50	-
Eric Nelson	34,237.99	20,000.00	14,237.99	-
Sale of Assets				
Silver Slipper Casino	4,398,402.72	4,398,402.72	-	-
	2,529.11	2,529.11	-	-
Rental Income				
Lindell	156,143.59	116,490.70	37,548.43	2,104.46
Interest Income				
Soris Note Interest	52,539.06	22,496.28	20,042.78	10,000.00
IRS Refund	62,450.10	56,205.09	6,245.01	-
Refunds	106,184.02	-	106,184.02	-
Line of Credit	4,413.50	3,509.57	783.85	120.08
	1,160,000.00	820,000.00	240,000.00	100,000.00
Total Income	8,519,283.44	7,695,226.03	711,832.87	112,224.54
Expenses				
Eric Nelson	959,306.57	699,820.36	209,417.85	50,068.36
Lynita Nelson	42,180.00	42,180.00	-	-
Related Individuals				
Aleda Nelson (Eric's Sister)	2,242.00	-	2,242.00	-
Aubrey Nelson (Eric & Lynita's Daughter)	64,250.00	6,000.00	42,000.00	16,250.00
Brock Nelson (Eric's Nephew)	6,000.00	6,000.00	-	-
Cal Nelson (Eric's Brother)				
Cal's Blue Water Marine	32,000.00	32,000.00	-	-
Direct Payments	10,000.00	10,000.00	-	-
Reimbursement	2,540.00	2,540.00	-	-
Carlene Gutierrez (Eric's Sister)	30,000.00	10,000.00	20,000.00	-
Chad Ramos (Eric's Nephew)	3,000.00	3,000.00	-	-
Erica Nelson (Eric & Lynita's Daughter)	5,000.00	-	-	5,000.00
Eric T. Nelson (Eric's Nephew)	5,000.00	5,000.00	-	-
Paul Harber (Eric's Brother-in-law)	13,318.83	13,318.83	-	-
Paul Nelson (Eric's Brother)				
Direct Payments	19,975.00	19,975.00	-	-
Ryan Nelson (Eric's Nephew)	3,000.00	3,000.00	-	-
Investments	2,627,279.86	2,296,465.87	250,000.00	80,813.99
Credit Cards	19,441.72	19,167.42	274.30	-
Line of Credit	2,670,000.00	2,670,000.00	-	-
Professionals				
Freudenthal & Bobnds, P.C.	595.00	595.00	-	-
Jeffrey Burr, LTD.	2,500.00	2,500.00	-	-
Stephens, Gourley & Bywater	5,323.68	42.50	5,281.18	-

* Through May 30, 2011

See Accompanying Notes

Eric L Nelson Nevada Trust

Gaston Resolution	10,000.00	-	10,000.00	-
Gerety & Associates (Accountant)	10,768.00	10,768.00	-	-
Intercompany Transfers	-	-	-	-
Banone, LLC	2,284,289.69	2,150,000.00	134,289.69	-
Banone-AZ, LLC	100,000.00	100,000.00	-	-
Dynasty Development Group	20,000.00	20,000.00	-	-
Eric Nelson Auctioneering, Inc.	83,600.00	73,600.00	10,000.00	-
Eric L Nelson NV Trust	20,000.00	20,000.00	-	-
Bay Resorts LLC	25,500.00	25,500.00	-	-
Rental Expenses	-	-	-	-
Lindell Expenses	33,886.70	18,560.77	15,325.93	-
HOA Fees	960.00	960.00	-	-
Insurance	2,460.00	-	2,460.00	-
Rental Expenses	28,672.19	28,606.77	65.42	-
Taxes	66,820.89	48,125.82	18,695.07	-
Operating Expenses	-	-	-	-
Other Expenses	2,270.38	1,914.29	356.09	-
Other Individuals	-	-	-	-
David Muir	12,000.00	12,000.00	-	-
Joseph Chad Lawson	874.80	793.31	81.49	-
Keith Little	3,000.00	3,000.00	-	-
Lana Martin	5,030.00	-	5,030.00	-
Lisa Klein	4,500.00	4,500.00	-	-
Ronald Baird	600.00	-	600.00	-
Cliff McCarlie	3,475.00	3,475.00	-	-
Other Companies	-	-	-	-
Soris Enterprises	146,700.00	146,700.00	-	-
The Larsen Company	4,000.00	4,000.00	-	-
On The House, LLC. (Jesse Harber)	25,025.00	25,025.00	-	-
Wyoming Racing, LLC.	1,375.22	1,375.22	-	-
Total Expenses	9,418,760.53	8,540,509.16	726,119.02	152,132.35

* Through May 30, 2011

See Accompanying Notes

Eric L Nelson Nevada Trust

Income

Intercompany Transfers

- Dynasty Development Group – This represents deposits from Dynasty Development Group.
- Eric Nelson Auctioneering, Inc. - This represents deposits from Eric Nelson Auctioneering.
- Banone, LLC - This represents deposits from Banone, LLC
- Banone-AZ, LLC - This represents deposits from Banone-AZ, LLC
- Bay Resorts, LLC - This represents deposits from Bay Resorts, LLC

Related Individuals

- Brock Nelson – Represents deposits from Brock Nelson which is Eric's Nephew
- Harber Investments LLC - Represents deposits from Harber Investments, LLC, which is managed by Nola and Paul Harber, which is Eric's Sister and Brother-in-law
- Eric Nelson – Represents deposits from Eric is the Defendant in this case

Other Income

- Sale of Assets - This represents the various income from the sales of investments (Notes Receivable and sales of homes)
- Silver Slipper Casino - This account represents deposits from the Silver Slipper
- Lindell - This account represents rental income from the office complex on Lindell Road in Las Vegas.
- Interest Income - This account represents interest income from various notes receivable.
- Soris Interest Income - This account represents interest income from a note receivable from Frank Soris.
- IRS Refund – Represents deposits from IRS tax returns.
- Refunds - This account represents income from refunds. Refunds often came in the form of returned Earnest Money from house purchases and returns of deposits and/or credits of utilities when a property was sold.
- Line of Credit – This account represents the income from the Line of Credit

Expenses

- Eric Nelson – This amount represents payments associated with Eric Nelson such as Draws, kids expenses, Personal Expenses and Bella Kathryn Bills
- Lynita Nelson - This amount represents payments to Lynita Nelson

Related Individuals

- Aleda Nelson – Represents payments made directly to Aleda Nelson which is Eric's sister.
- Aubrey Nelson - Represents payments made directly to Aubrey Nelson which is Eric and Lynita's daughter.
- Brock Nelson - Represents payments made directly to Brock Nelson which is Eric's Nephew.
- Cal Nelson – Represents payments made directly to Cal Nelson and/or Cal Nelson controlled entities. Cal is Eric's brother:
 - Cal's Blue Water Marine – This is a company owned by Cal Nelson which closed in 2008. Banone, LLC began paying this entity in late 2009 and classifying the payments as "rent".
 - Direct Payments – These payments include amounts paid directly to Cal Nelson
 - Reimbursement - Represents payments made to Cal Nelson in order to reimburse him for expenses associated with various projects.
- Carlene Gutierrez - Represents payments made directly to Carlene Gutierrez, which is Eric's Sister.
- Chad Ramos - Represents payments made directly to Chad Ramos, which is Eric's Nephew.
- Erica Nelson - Represents payments made directly to Erica Nelson, which is Eric and Lynita's daughter.
- Eric T. Nelson - Represents payments made directly to Eric T. Nelson, which is Eric's Nephew.
- Paul Harber - Represents payments made directly to Paul Harber, which is Eric's Brother-in-law.
- Paul Nelson - Represents payments made directly to Paul Nelson, which is Eric's Brother.
 - Direct payments - These payments include amounts paid directly to Paul Nelson
- Ryan Nelson - Represents payments made directly to Ryan Nelson, which is Eric's Nephew.

Other

- Investments – This account represents payments for the purchase of rental properties.
- Credit Cards – This account represents payments made to credit card companies. Expenses associated with the Bella Kathryn property were excluded from this account as they are included in the Bella Kathryn account.
- Line of Credit – The accounts includes payments towards the line of credit.

Professionals

- Freudenthal & Bobnds, P.C.– Represents payments to this law firm.
- Jeffrey Burr, LTD. - Represents payments to this law firm.
- Stephens, Gourley & Bywater - Represents payments to this law firm.
- Gaston Resolution - Represents payments to this law firm.
- Gerety & Associates (Accountant) - Represents payments to this accounting firm.

Intercompany

- Banone, LLC – Represents payments made to this entity.
- Banone-AZ, LLC – Represents payments made to this entity.
- Dynasty Development Group - Represents payments made to this entity.
- Eric Nelson Auctioneering, Inc. - Represents payments made to this entity.
- Eric L Nelson NV Trust - Represents payments made to this entity.
- Bay Resorts, LLC – Represents payments made to this entity.

Rental Expenses

- Lindell Expenses – Represents expenses associated with the maintenance of the office park located on Lindell in Las Vegas.
- HOA Fees – Represents payments for various homeowners associations where many of the rentals are located.
- Insurance – Represents payments made for insuring the rental properties.
- Rental Expenses – Represents maintenance and/or improvements to the rental properties.
- Taxes – Represents taxes paid on the rental properties.

Operating Expenses

- Other Expenses – Represents expenses associated with operating the various businesses Eric maintains. Includes office supplies, licenses, signs for the rentals, and other fees.

Other Individuals – Represents payments to unknown individuals (unless indicated below)

- David Muir
- Joseph Chad Lawson
- Keith Little
- Lana Martin – Employee of Eric Nelson
- Lisa Klein
- Ronald Baird
- Cliff McCarlie

Other Companies

- Soris Enterprises – Represents payments made to Soris Enterprises
- The Larsen Company – Represents payments made to this company which is presumed to be owned by Frank Soris.
- On The House, LLC. – Payments to this company indicated a relationship to Jesse Harber, which is Eric's Nephew
- Wyoming Racing, LLC. – Represents payments made to this entity. Relationship status is to be determined, if any.

Eric L Nelson Nevada Trust

	Total	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Income													
Intercompany Transfers													
Dynasty Development Group	10,000.00								10,000.00				
Eric Nelson Auctioneering, Inc.	2,231,500.00	50,000.00		1,823,300.00	303,200.00			35,000.00	10,000.00		10,000.00		
Nelson & Associates													
Banone-AZ, LLC													
Banone, LLC													
Bay Resorts, LLC	5,000.00						5,000.00						
Eric Nelson NV Trust													
Related Individuals													
Brock Nelson (Eric's Nephew)	3,000.00								3,000.00				
Harber Investments LLC / Nola Ha	6,092.56		1,000.00	1,000.00			3,726.31	366.25					
Eric Nelson	20,000.00											10,000.00	10,000.00
Sale of Assets													
Silver Slipper Casino	2,529.11										2,529.11		
Rental Income													
Lindell	116,490.70	17,371.25	4,580.00	7,310.00	5,260.00	10,510.00	10,980.00	9,380.00	10,476.25	8,173.00	12,840.20	5,580.00	14,030.00
Interest Income	22,496.28	5,704.49	4,661.68	213.61	3,788.90	760.20	1,797.50	1,061.92		1,000.00		2,000.00	1,507.98
Sorin Note Interest	56,205.09	6,245.01	6,245.01	6,245.01	6,245.01	6,245.01	6,245.01	6,245.01	6,245.01	6,245.01	6,245.01		
IRS Refund													
Refunds	3,509.57	2,787.00									15.36	707.21	
Line of Credit	820,000.00	120,000.00	20,000.00	20,000.00	520,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00		20,000.00	20,000.00
Total Income	7,695,226.03	2,606,643.09	1,036,486.69	2,608,068.62	938,493.91	37,515.21	191,616.20	72,053.18	59,721.26	35,418.01	25,384.67	38,287.21	45,537.98
Expenses:													
Eric Nelson	699,820.36	104,707.00	2,257.00	7,349.28	106,566.26	7,686.29	357,500.93	56,795.18	11,138.59	11,140.98	12,895.33	12,405.34	9,378.18
Lynita Nelson	42,180.00	6,000.00	6,400.00	6,000.00	5,000.00	10,000.00	8,000.00		780.00				
Related Individuals													
Aleda Nelson (Eric's Sister)													
Aubrey Nelson (Eric & Lynita's Da	6,000.00								6,000.00				
Brock Nelson (Eric's Nephew)	6,000.00						6,000.00						
Cal Nelson (Eric's Brother)													
Cal's Blue Water Marine	32,000.00							32,000.00					
Direct Payments	10,000.00								10,000.00				
Reimbursement	2,540.00											2,540.00	
Carlene Gutierrez (Eric's Sister)	10,000.00											5,000.00	5,000.00
Chad Ramos (Eric's Nephew)	3,000.00			3,000.00									
Erica Nelson (Eric & Lynita's Dau													
Eric T. Nelson (Eric's Nephew)	5,000.00		2,000.00	3,000.00									
Paul Harber (Eric's Brother-in-law)	13,318.83			13,318.83									
Paul Nelson (Eric's Brother)													
Direct Payments	19,975.00	10,000.00					9,975.00						
Ryan Nelson (Eric's Nephew)	3,000.00			3,000.00									
Investments	2,296,465.87		10,000.00	2,286,465.87									
Credit Cards	19,167.42		2,977.28	8,700.31				701.94	5,633.25	1,154.64			
Line of Credit	2,670,000.00	1,550,000.00	500,000.00		500,000.00		100,000.00				20,000.00		
Professionals													
Freudenthal & Bobnds, P.C.	595.00	595.00											
Jeffrey Burr, LTD.	2,500.00			2,500.00									
Stephens, Gourley & Bywater	42.50												42.50
Gaston Resolution													
Gerety & Associates (Accountant)	10,768.00	1,900.00								1,957.00		6,911.00	
Intercompany Transfers													
Banone, LLC	2,150,000.00	900,000.00	900,000.00	250,000.00	100,000.00								
Banone-AZ, LLC	100,000.00				100,000.00								
Dynasty Development Group	20,000.00				10,000.00				10,000.00				

Eric L Nelson Nevada Trust

	Total	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Oct-09	Nov-09	Dec-09
Eric Nelson Auctioneering, Inc.	73,600.00	50,000.00	23,600.00										
Eric L Nelson NV Trust	20,000.00								20,000.00				
Bay Resorts LLC	25,500.00		2,500.00			10,000.00	13,000.00						
Rental Expenses													
Lindell Expenses	18,560.77			386.14	588.47	1,770.53	622.63	822.73	5,836.23		7,104.04		1,430.00
HOA Fees	960.00	160.00	160.00	160.00	160.00	160.00	160.00						
Insurance													
Rental Expenses	28,606.77			2,000.00		20,623.12	203.65	3,105.00	1,000.00				1,675.00
Taxes	48,125.82	5,173.95		4,963.75	259.97		354.00				36,246.32	201.99	925.84
Operating Expenses													
Other Expenses	1,914.29	418.75	223.56	72.20	117.00	91.01	126.92	337.00	9.80	93.00	15.00	50.00	360.05
Other Individuals													
David Muir	12,000.00	10,000.00						2,000.00					
Joseph Chad Lawson	793.31		226.33	261.45	18.15	94.29	137.31					35.67	20.11
Keith Little	3,000.00		3,000.00										
Lana Martin													
Lisa Klein	4,500.00		3,000.00	1,500.00									
Ronald Baird													
Cliff McCarlie	3,475.00							1,000.00		1,975.00			500.00
Other Companies													
Soris Enterprises	146,700.00	16,300.00	16,300.00	16,300.00	16,300.00	16,300.00	16,300.00	16,300.00	16,300.00	16,300.00			
The Larsen Company	4,000.00	4,000.00											
On The House, LLC. (Jesse Harber	25,025.00		25,025.00										
Wyoming Racing, LLC.	1,375.22										1,375.22		
Total Expenses	8,540,509.16	2,659,254.70	1,497,669.17	2,608,977.83	839,009.85	66,725.24	512,380.44	113,061.85	86,697.87	32,620.62	77,635.91	27,144.00	19,331.68

Eric L Nelson Nevada Trust

	Total	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Income													
Intercompany Transfers													
Dynasty Development Group													
Eric Nelson Auctioneering, Inc. Nelson & Associates	35,953.29	35,953.29											
Banone-AZ, LLC													
Banone, LLC	250,000.00	250,000.00											
Bay Resorts, LLC													
Eric Nelson NV Trust													
Related Individuals													
Brock Nelson (Eric's Nephew)													
Harber Investments LLC / Nola Ha Eric Nelson	837.50	837.50											
	14,237.99			14,237.99									
Sale of Assets													
Silver Slipper Casino													
Rental Income													
Lindell	37,548.43	10,712.00	3,380.00	9,480.00	4,645.55	8,000.00					430.88	450.00	450.00
Interest Income	20,042.78	2,042.78			4,000.00		4,000.00	2,000.00	2,000.00		2,000.00	2,000.00	2,000.00
Notes Note Interest	6,245.01			6,245.01									
IRS Refund	106,184.02				58,136.00					48,048.02			
Refunds	783.85	40.61				246.28	250.00		146.96			100.00	
Line of Credit	240,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00
Total Income	711,832.87	319,586.18	23,380.00	49,963.00	86,781.55	28,246.28	24,250.00	22,000.00	22,146.96	68,048.02	22,430.88	22,550.00	22,450.00
Expenses													
Eric Nelson	209,417.85	5,985.00	25,866.76	58,684.46	20,090.00	9,000.00			3,000.00	56,198.86	13,000.00	8,581.58	8,011.19
Lynita Nelson													
Related Individuals													
Aleda Nelson (Eric's Sister)	2,242.00									2,242.00			
Aubrey Nelson (Eric & Lynita's Da)	42,000.00	6,000.00			2,000.00	6,000.00	7,000.00		15,000.00			6,000.00	
Brock Nelson (Eric's Nephew)													
Cal Nelson (Eric's Brother)													
Cal's Blue Water Marine													
Direct Payments													
Reimbursement													
Carlene Gutierrez (Eric's Sister)	20,000.00	5,000.00	5,000.00	10,000.00									
Chad Ramos (Eric's Nephew)													
Erica Nelson (Eric & Lynita's Daug)													
Eric T. Nelson (Eric's Nephew)													
Paul Harber (Eric's Brother-in-law)													
Paul Nelson (Eric's Brother)													
Direct Payments													
Ryan Nelson (Eric's Nephew)													
Investments	250,000.00	250,000.00											
Credit Cards	274.30		274.30										
Line of Credit													
Professionals													
Freudenthal & Bobnds, P.C.													
Jeffrey Burr, LTD.													
Stephens, Gourley & Bywater	5,281.18			1,780.56	3,500.62								
Gaston Resolution	10,000.00			5,000.00	5,000.00								
Gerety & Associates (Accountant)													
Intercompany Transfers													
Banone, LLC	134,289.69				30,000.00	74,289.69					30,000.00		
Banone-AZ, LLC													
Dynasty Development Group													

Eric L Nelson Nevada Trust

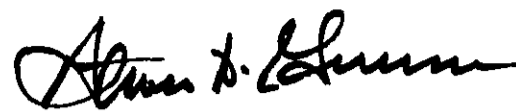
	Total	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10
Eric Nelson Auctioneering, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-
Eric L Nelson NV Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Bay Resorts LLC	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Lindell Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
HOA Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Individuals	-	-	-	-	-	-	-	-	-	-	-	-	-
David Muir	-	-	-	-	-	-	-	-	-	-	-	-	-
Joseph Chad Lawson	-	-	-	-	-	-	-	-	-	-	-	-	-
Keith Little	-	-	-	-	-	-	-	-	-	-	-	-	-
Lana Martin	-	-	-	-	-	-	-	-	-	-	-	-	-
Lisa Klein	-	-	-	-	-	-	-	-	-	-	-	-	-
Ronald Baird	-	-	-	-	-	-	-	-	-	-	-	-	-
Cliff McCarlie	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Companies	-	-	-	-	-	-	-	-	-	-	-	-	-
Soris Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
The Larsen Company	-	-	-	-	-	-	-	-	-	-	-	-	-
On The House, LLC. (Jesse Harber	-	-	-	-	-	-	-	-	-	-	-	-	-
Wyoming Racing, LLC.	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	152,132.35	22,250.00	9,000.00	8,000.00	13,000.00	99,882.35	-	-	-	-	-	-	-

Eric L Nelson Nevada Trust

	Total	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Income													
Intercompany Transfers													
Dynasty Development Group													
Eric Nelson Auctioneering, Inc.													
Nelson & Associates													
Banone-AZ, LLC													
Banone, LLC													
Bay Resorts, LLC													
Eric Nelson NV Trust													
Related Individuals													
Brock Nelson (Eric's Nephew)													
Harber Investments LLC / Nola Ha Eric Nelson													
Sale of Assets													
Silver Slipper Casino													
Rental Income													
Lindell	2,104.46	432.00	450.00	375.00	437.46	410.00							
Interest Income	10,000.00	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00							
Soris Note Interest													
IRS Refund													
Refunds	120.08	120.08											
Line of Credit	100,000.00	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00							
Total Income	112,224.54	22,552.08	22,450.00	22,375.00	22,437.46	22,410.00							
Expenses													
Eric Nelson	50,068.36	16,000.00	9,000.00	8,000.00	8,000.00	9,068.36							
Lynita Nelson													
Related Individuals													
Aleda Nelson (Eric's Sister)													
Aubrey Nelson (Eric & Lynita's Da	16,250.00	6,250.00							10,000.00				
Brock Nelson (Eric's Nephew)													
Cal Nelson (Eric's Brother)													
Cal's Blue Water Marine													
Direct Payments													
Reimbursement													
Carlene Gutierrez (Eric's Sister)													
Chad Ramos (Eric's Nephew)													
Erica Nelson (Eric & Lynita's Daug	5,000.00					5,000.00							
Eric T. Nelson (Eric's Nephew)													
Paul Harber (Eric's Brother-in-law)													
Paul Nelson (Eric's Brother)													
Direct Payments													
Ryan Nelson (Eric's Nephew)													
Investments	80,813.99					80,813.99							
Credit Cards													
Line of Credit													
Professionals													
Freudenthal & Bobnds, P.C.													
Jeffrey Burr, LTD.													
Stephens, Gourley & Bywater													
Gaston Resolution													
Gerety & Associates (Accountant)													
Intercompany Transfers													
Banone, LLC													
Banone-AZ, LLC													
Dynasty Development Group													

Eric L Nelson Nevada Trust

	Total	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11
Eric Nelson Auctioneering, Inc.	-	-	-	-	-	-	-	-	-	-	-	-	-
Eric L Nelson NV Trust	-	-	-	-	-	-	-	-	-	-	-	-	-
Bay Resorts LLC	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Lindell Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
HOA Fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Individuals	-	-	-	-	-	-	-	-	-	-	-	-	-
David Muir	-	-	-	-	-	-	-	-	-	-	-	-	-
Joseph Chad Lawson	-	-	-	-	-	-	-	-	-	-	-	-	-
Keith Little	-	-	-	-	-	-	-	-	-	-	-	-	-
Lana Martin	-	-	-	-	-	-	-	-	-	-	-	-	-
Lisa Klein	-	-	-	-	-	-	-	-	-	-	-	-	-
Ronald Baird	-	-	-	-	-	-	-	-	-	-	-	-	-
Cliff McCarlie	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Companies	-	-	-	-	-	-	-	-	-	-	-	-	-
Soris Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-
The Larsen Company	-	-	-	-	-	-	-	-	-	-	-	-	-
On The House, LLC, Jesse Harber	-	-	-	-	-	-	-	-	-	-	-	-	-
Wyoming Racing, LLC	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	152,132.35	22,250.00	9,000.00	8,000.00	13,000.00	99,882.35	-	-	-	-	-	-	-



CLERK OF THE COURT

1 NEO
THE DICKERSON LAW GROUP
2 ROBERT P. DICKERSON, ESQ.
Nevada Bar No. 000945
3 KATHERINE L. PROVOST, ESQ.
Nevada Bar No. 008414
4 1745 Village Center Circle
Las Vegas, Nevada 89134
5 Telephone: (702) 388-8600
Facsimile: (702) 388-0210
6 Email: info@dickersonlawgroup
7 Attorneys for Defendant, Lynita Sue Nelson

8
9
10 DISTRICT COURT
FAMILY DIVISION

11 CLARK COUNTY, NEVADA

12 ERIC L. NELSON,)
13 Plaintiff/Counterdefendant,)
14 v.)
15 LYNITA SUE NELSON,)
16 Defendant/Counterclaimant.)

CASE NO. D-09-411537-D
DEPT NO. O

17
18 NOTICE OF ENTRY OF STIPULATION AND ORDER

19 TO: ERIC L. NELSON, Plaintiff; and
20 TO: DAVID A. STEPHENS, ESQ., of STEPHENS, GOURLEY & BYWATER, P.C.,
21 Attorneys for Plaintiff:

22 ...
23 ...
24 ...
25 ...
26 ...
27 ...

28

1 PLEASE TAKE NOTICE that a STIPULATION AND ORDER was entered in
2 the above-entitled matter on August 9, 2011, a copy of which is attached hereto.

3 DATED this 9th day of August, 2011.

4 THE DICKERSON LAW GROUP

5
6 By 

7 ROBERT P. DICKERSON, ESQ.
8 Nevada Bar No. 000945
9 KATHERINE L. PROVOST, ESQ.
10 Nevada Bar No. 008414
11 1745 Village Center Circle
12 Las Vegas, Nevada 89134
13 Attorneys for Defendant

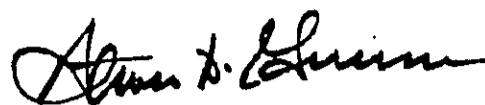
14 CERTIFICATE OF MAILING

15 I HEREBY CERTIFY that I am serving via U.S. Mail, a true and correct copy of
16 the foregoing NOTICE OF ENTRY OF ORDER to the following at his last known
17 address on this 9th day of August, 2011.

18 David A. Stephens, Esq.
19 Stephens, Gourley & Bywater, P.C.
20 3636 N. Rancho Drive.
21 Las Vegas, Nevada 89130
22 Attorney for Plaintiff

23
24
25
26
27
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An employee of The Dickerson Law Group



CLERK OF THE COURT

1 SAO
2 THE DICKERSON LAW GROUP
3 ROBERT P. DICKERSON, ESQ.
4 Nevada Bar No. 000945
5 KATHERINE L. PROVOST, ESQ.
6 Nevada Bar No. 008414
7 1745 Village Center Circle
8 Las Vegas, Nevada 89134
9 Telephone: (702) 388-8600
10 Facsimile: (702) 388-0210
11 Email: info@dickersonlawgroup.com

12 Attorneys for Defendant, LYNITA NELSON

13 DISTRICT COURT
14 FAMILY DIVISION

15 CLARK COUNTY, NEVADA

16

17 ERIC L. NELSON,
18 Plaintiff/Counterdefendant,

19 v.

20 LYNITA SUE NELSON,
21 Defendant/Counterclaimant.

CASE NO. D-09-411537-D
DEPT NO. "O"

22

23 STIPULATION AND ORDER

24 COME NOW, Plaintiff, ERIC L. NELSON, by and through his attorney,
25 DAVID A. STEPHENS, ESQ., of STEPHENS, GOURLEY & BYWATER, P.C., and
26 Defendant, LYNITA SUE NELSON, by and through her attorneys, ROBERT P.
27 DICKERSON, ESQ., and KATHERINE L. PROVOST, ESQ., of THE DICKERSON
28 LAW GROUP, and hereby stipulate and agree as follows:

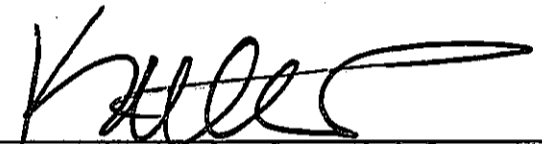
IT IS HEREBY STIPULATED AND AGREED that the ERIC L. NELSON
NEVADA TRUST dated May 30, 2001, shall be joined as a necessary party,
intervening in this action, as complete relief cannot be accorded among the parties
without the ERIC L. NELSON NEVADA TRUST dated May 30, 2001 being named
a party and the disposition of the action in the absence of the ERIC L. NELSON
NEVADA TRUST dated May 30, 2001 will impair or impede its ability to protect its

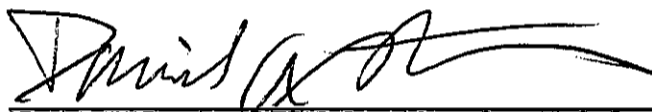
1 interests and add risk of incurring double, multiple, or otherwise inconsistent
2 obligations.

3 IT IS FURTHER STIPULATED AND AGREED that the LSN NEVADA
4 TRUST dated May 30, 2001, shall be joined as a necessary party, intervening in this
5 action, as complete relief cannot be accorded among the parties without the LSN
6 NEVADA TRUST dated May 30, 2001 being named a party and the disposition of the
7 action in the absence of the LSN NEVADA TRUST dated May 30, 2001 will impair
8 or impede its ability to protect its interests and add risk of incurring double, multiple,
9 or otherwise inconsistent obligations.

10 Submitted by:
11 THE DICKERSON LAW GROUP

Approved as to form and content:
STEPHENS, GOURLEY &
BYWATER

12 
13 _____
14 ROBERT P. DICKERSON, ESQ.
15 Nevada Bar No. 0945
16 KATHERINE L. PROVOST, ESQ.
17 Nevada Bar No. 008414
18 1745 Village Center Circle
19 Las Vegas, Nevada 89134
20 Attorney for Defendant

21 
22 _____
23 DAVID A. STEPHENS, ESQ.
24 Nevada Bar No. 000902
25 3636 N. Rancho Drive
26 Las Vegas, Nevada 89130
27 Attorney for Plaintiff

18 ...
19 ...
20 ...
21 ...
22 ...
23 ...
24 ...
25 ...
26 ...

1 ORDER

2 Based upon the Stipulation of the parties as set forth herein:

3 IT IS HEREBY ORDERED that the ERIC L. NELSON NEVADA TRUST dated
4 May 30, 2001, shall be joined as a necessary party, intervening in this action, as
5 complete relief cannot be accorded among the parties without the ERIC L. NELSON
6 NEVADA TRUST dated May 30, 2001 being named a party and the disposition of the
7 action in the absence of the ERIC L. NELSON NEVADA TRUST dated May 30, 2001
8 will impair or impede its ability to protect its interests and add risk of incurring double,
9 multiple, or otherwise inconsistent obligations.

10 IT IS FURTHER ORDERED that the LSN NEVADA TRUST dated May 30,
11 2001, shall be joined as a necessary party, intervening in this action, as complete relief
12 cannot be accorded among the parties without the LSN NEVADA TRUST dated May
13 30, 2001 being named a party and the disposition of the action in the absence of the
14 LSN NEVADA TRUST dated May 30, 2001 will impair or impede its ability to protect
15 its interests and add risk of incurring double, multiple, or otherwise inconsistent
16 obligations.

17 DATED this 4 day of August, 2011.

18 
19 _____
20 DISTRICT COURT JUDGE

20 Respectfully Submitted:

FRANK P. SULLIVAN

21 THE DICKERSON LAW GROUP

22 
23 _____
24 ROBERT P. DICKERSON, ESQ.

25 Nevada Bar No. 0945
26 KATHERINE L. PROVOST, ESQ.

27 Nevada Bar No. 008414
28 1745 Village Center Circle
Las Vegas, Nevada 89134
Attorneys for Defendant

1 **NOTC**
2 Larry L. Bertsch, CPA, CFF
3 Nicholas S. Miller, CFE
4 LARRY L. BERTSCH, CPA & ASSOCIATES
5 265 East Warm Springs Rd., Suite 104
6 Las Vegas, Nevada 89119
7 Telephone: (702) 471-7223
8 Facsimile: (702) 471-7225

9 *Forensic Accountants*

10 **DISTRICT COURT**
11 **FAMILY DIVISION**
12 **CLARK COUNTY, NEVADA**

13 ERIC L. NELSON,
14 Plaintiff,
15
16 v.
17 LYNITA SUE NELSON,
18 Defendant.

Case No. D-09-411537-D
Dept. O

NOTICE OF FILING
INCOME AND EXPENSE REPORTS
FOR ERIC NELSON AUCTIONEERING

19 Larry L. Bertsch, CPA, CFF, and Nicholas S. Miller, CFE, of the accounting firm of LARRY
20 L. BERTSCH, CPA & ASSOCIATES, hereby file the Income and Expense Report for Eric Nelson
21 Auctioneering. Said report is attached hereto as **Exhibit A**.

22 DATED this 15 day of August, 2011.

LARRY L. BERTSCH CPA & ASSOCIATES



Larry L. Bertsch, CPA, CFF
Nicholas S. Miller, CFE
265 East Warm Springs Rd., Suite 104
Las Vegas, Nevada 89119

Forensic Accountants

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CERTIFICATE OF SERVICE

I hereby certify that on the 15 day of August, 2011, I mailed a copy of the **Notice of Filing Income and Expenses Reports for Eric Nelson Auctioneering** to the following at the last known address, by depositing the same in the United States mail in Las Vegas, Nevada, first class postage prepaid and addressed as follows:

David A. Stephens, Esq.
STEPHENS, GOURLEY & BYWATER
3636 N. Rancho Drive
Las Vegas, NV 89130
Attorneys for Plaintiff Eric L. Nelson

Robert P. Dickerson, Esq.
THE DICKERSON LAW GROUP
1745 Village Center Circle
Las Vegas, NV 89134
Attorneys for Defendant Lynita Sue Nelson

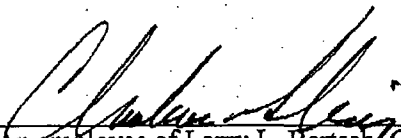

An employee of Larry L. Bertsch, CPA & Associates

Exhibit “A”

Eric Nelson Auctioneering

Income

Intercompany Transfers

- Eric L Nelson Nevada Trust - This represents deposits from Eric L Nelson Nevada Trust.
- Banone, LLC - This represents deposits from Banone, LLC

Other Income

- Sale of Assets - This represents the various income from the sales of investments (Notes Receivable, Commissions on sales of houses and sales of homes)
- Refunds - This account represents income from refunds. Refunds often came in the form of returned Earnest Money from house purchases and returns of deposits and/or credits of utilities when a property was sold.
- Line of Credit - This account represents the income from the Line of Credit

Expenses

- Eric Nelson - This amount represents payments associated with Eric Nelson such as Draws, and Personal Expenses.
- Lynita Nelson - This amount represents payments to Lynita Nelson.
- Amanda Stromberg - Represents payments to Eric & Lynita's daughter.
- Aubrey Nelson - Represents payments to Eric & Lynita's daughter.
- Erica Nelson - Represents Payments to Eric & Lynita's daughter.

Related Individuals

- Aleda Nelson - Represents payments made directly to Aleda Nelson which is Eric's sister.
 - Direct Payments - Represents payments made directly to Aleda Nelson
 - Expenses - Represents payments towards expenses relating to Aleda Nelson.
 - Nelson Auctioneering - Represents payments made to Aleda's company
- Cal Nelson - Represents payments made directly to Cal Nelson and/or Cal Nelson controlled entities. Cal is Eric's brother:
 - Cal's Blue Water Marine - This is a company owned by Cal Nelson which closed in 2008.
 - Direct Payments - These payments include amounts paid directly to Cal Nelson
- Chad Ramos - Represents payments made directly to Chad Ramos, which is Eric's Nephew.
 - CNR Real Estate - Represents payments made to Chad's company
 - Direct Payments - Represents payments made directly to Chad Ramos
 - Expenses - Represents payments towards expenses relating to Chad Ramos
- Eric T. Nelson - Represents payments made directly to Eric T. Nelson, which is Eric's Nephew.

**CHANGE OF DISTRIBUTION TRUSTEESHIP
FOR THE
ERIC L. NELSON NEVADA TRUST**

THIS CHANGE OF DISTRIBUTION TRUSTEESHIP, dated February 22, 2007, is made in accordance with ARTICLE XI, Section 11.3, entitled Trust Consultant, as provided in the Trust Agreement, dated May 30, 2001.

Witnesseth:

WHEREAS, ERIC L. NELSON, as Trustor, established the ERIC L. NELSON NEVADA TRUST on May 30, 2001, wherein ERIC L. NELSON was appointed as the Investment Trustee, LANA MARTIN was appointed as the Distribution Trustee and JEFFREY BURR, LTD., formerly known as JEFFREY L. BURR, LTD., a Nevada corporation, was appointed as Trust Consultant; and

WHEREAS, pursuant to the power reserved to JEFFREY BURR, LTD., as the Trust Consultant, in Section 11.3 of the within referenced Trust Agreement, the Distribution Trustee shall now be changed, such that LANA MARTIN shall cease to serve as the Distribution Trustee of the within referenced Trust Agreement and NOLA HARBER shall now serve as the current Distribution Trustee instead, effective immediately. If NOLA HARBER should become deceased, unable or unwilling to serve as the Successor Distribution Trustee, then CLARENCE NELSON shall serve as the Successor Distribution Trustee in her stead. If CLARENCE NELSON should become deceased, unable or unwilling to serve as Successor Distribution Trustee, then ROBERT MARTIN shall serve as Successor Distribution Trustee.

NOW, THEREFORE by executing this Change of Distribution Trusteeship, the Trust Consultant herewith removes LANA MARTIN as the Distribution Trustee of the within referenced Trust Agreement and appoints NOLA HARBER to serve as the current Distribution Trustee, effective immediately. If NOLA HARBER should become deceased, unable or unwilling to serve as the Successor Distribution Trustee, then CLARENCE NELSON shall serve as the Successor Distribution Trustee in her stead. If CLARENCE NELSON should become deceased, unable or unwilling to serve as Successor

Distribution Trustee, then ROBERT MARTIN shall serve as Successor Distribution Trustee.

THIS CHANGE OF DISTRIBUTION TRUSTEESHIP is accepted, made, and executed by the Trust Consultant on the day and year first above written.

TRUST CONSULTANT:

JEFFREY BURR, LTD.,
a Nevada corporation

BY: Jeffrey Burr
JEFFREY L. BURR, ESQ.

ACCEPTANCE BY DISTRIBUTION TRUSTEE

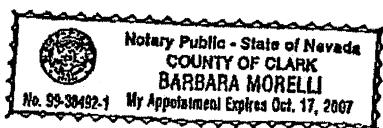
I certify that I have read the foregoing Change of Distribution Trusteeship and the within referenced Declaration of Trust and understand the terms and conditions for my service as Distribution Trustee. I accept the Declaration of Trust in all particulars.

Nola Harber
NOLA HARBER

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

On February 22nd 2007, before me, the undersigned, a Notary Public in and for said County of Clark, State of Nevada, personally appeared JEFFREY BURR, ESQ., personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.

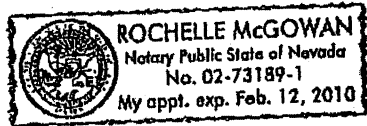


Barbara Morelli
NOTARY PUBLIC

STATE OF NEVADA)
) ss.
COUNTY OF CLARK)

On February 28, 2007, before me, the undersigned, a Notary Public in and for said County of Clark, State of Nevada, personally appeared NOLA HARBER personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that she executed the same in her authorized capacity, and that by her signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

WITNESS my hand and official seal.



(Rochelle McGowan)

NOTARY PUBLIC

CERTIFICATE OF IRREVOCABLE TRUST

Contemporaneously with the execution of this Certificate, the undersigned, ERIC L. NELSON, a resident of Clark County, Nevada, has executed that certain document entitled, the "ERIC L. NELSON NEVADA TRUST" dated May 20, 2001, which provides in pertinent parts as follows:

1. **GRANTOR:** The Grantor under the terms of said Trust is ERIC L. NELSON.
2. **INVESTMENT TRUSTEE:** The Investment Trustee under said Trust is ERIC L. NELSON. Upon the death or incapacity of the original Investment Trustee, LYNITA SUE NELSON shall serve as the Successor Investment Trustee hereunder.
3. **DISTRIBUTION TRUSTEE:** The Distribution Trustee under said Trust is LANA MARTIN.
4. **BENEFICIARY:** The beneficiary of this Trust is the Trustor.
5. **IRREVOCABLE TRUST:** This Trust is irrevocable and may not be altered, amended or revoked at any time.
6. **POWERS OF TRUSTEE:**
 - (a) To register any securities or other property held hereunder in the name of Investment Trustee or in the name of a nominee, with or without the addition of words indicating that such securities or other property are held in a fiduciary capacity, and to hold in bearer form any securities or other property held hereunder so that title thereto will pass by delivery, but the books and records of Trustee shall show that all such investments are part of his respective funds.
 - (b) To hold, manage, invest and account for the separate Trusts in one or more consolidated funds, in whole or in part, as he may determine. As to each consolidated fund, the division into the various shares comprising such fund need be made only upon Trustee's books of account.
 - (c) To lease Trust property for terms within or beyond the term of the Trust and for any purpose, including exploration for and removal of gas, oil, and other minerals; and to enter into community oil leases, pooling and unitization agreements.
 - (d) To borrow money, mortgage, pledge or lease Trust assets for whatever period of time Trustee shall determine, even beyond the expected term of the respective Trust.

- (e) To hold and retain any property, real or personal, in the form in which the same may be at the time of the receipt thereof, as long as in the exercise of his discretion it may be advisable so to do, notwithstanding same may not be of a character authorized by law for investment of Trust funds.
- (f) To invest and reinvest in his absolute discretion, and he shall not be restricted in his choice of investments to such investments as are permissible for fiduciaries under any present or future applicable law, notwithstanding that the same may constitute an interest in a partnership.
- (g) To advance funds to any of the Trusts for any Trust purpose. The interest rate imposed for such advances shall not exceed the current rates.
- (h) To institute, compromise, and defend any actions and proceedings.
- (i) To vote, in person or by proxy, at corporate meetings any shares of stock in any Trust created herein, and to participate in or consent to any voting Trust, reorganization, dissolution, liquidation, merger, or other action affecting any such shares of stock or any corporation which has issued such shares of stock.
- (j) Except as limited in Section 3.3 above, to partition, allot, and distribute, in undivided interest or in kind, or partly in money and partly in kind, and to sell such property as the Trustee may deem necessary to make division or partial or final distribution of any of the Trusts.
- (k) To determine what is principal or income of the Trusts and apportion and allocate receipts and expenses as between these accounts.
- (l) Except as limited by Section 3.3 of the Trust Agreement, to make payments hereunder directly to any beneficiary under disability, to the guardian of his or her person or estate, to any other person deemed suitable by the Trustee, or by direct payment of such beneficiary's expenses.
- (m) To employ agents, attorneys, brokers, and other employees, individual or corporate, and to pay them reasonable compensation, which shall be deemed part of the expenses of the Trusts and powers hereunder.
- (n) To accept additions of property to the Trusts, whether made by the Trustor, a member of the Trustor's family, by any beneficiaries hereunder, or by any one interested in such beneficiaries.
- (o) To hold on deposit or to deposit any funds of any Trust created herein, whether part of the original Trust fund or received thereafter, in one or more savings and loan associations, bank or other financial institution and in such form of account, whether or not interest bearing, as Trustee may determine, without regard to the

amount of any such deposit or to whether or not it would otherwise be a suitable investment for funds of a trust.

- (p) To open and maintain safety deposit boxes in the name of this Trust.
- (q) Except as limited to by Section 3.3 of the Trust Agreement, to make distributions to any Trust or beneficiary hereunder in cash or in specific property, real or personal, or an undivided interest therein, or partly in cash and partly in such property, and to do so without regard to the income tax basis of specific property so distributed. The Trustor requests but does not direct, that the Trustees make distributions in a manner which will result in maximizing the aggregate increase in income tax basis of assets of the estate on account of federal and state estate, inheritance and succession taxes attributable to appreciation of such assets.
- (r) Except as limited by Section 3.3 of the Trust Agreement, the powers enumerated in NRS 163.265 to NRS 163.410, inclusive, are hereby incorporated herein to the extent they do not conflict with any other provisions of this instrument.
- (s) The enumeration of certain powers of the Trustee shall not limit his general powers, subject always to the discharge of his fiduciary obligations, and being vested with and having all the rights, powers, and privileges which an absolute owner of the same property would have.
- (t) To invest Trust assets in securities of every kind, including debt and equity securities, to buy and sell securities, to write covered securities options on recognized options exchanges, to buy-back covered securities options listed on such exchanges, to buy and sell listed securities options, individually and in combination, employing recognized investment techniques such as, but not limited to, spreads, straddles, and other documents, including margin and option agreements which may be required by securities brokerage firms in connection with the opening of accounts in which such option transactions will be effected.
- (u) To sell any property in the Trust estate, with or without notice, at public or private sale and upon such terms as the Trustee deems best, without appraisal or approval of court.
- (v) To invest and reinvest principal and income in such securities and properties as the Trustee shall determine. The Trustee is authorized to acquire, for cash or on credit (including margin accounts), every kind of property, real, personal or mixed, and every kind of investment (whether or not unproductive, speculative, or unusual in size or concentration), specifically including, but not by way of limitation, corporate or governmental obligations of every kind and stocks, preferred or common, of both domestic and foreign corporations, shares or interests in any unincorporated association, Trust, or investment company,

including property in which the Trustee is personally interested or in which the Trustee owns an undivided interest in any other Trust capacity.

- (w) To deposit Trust funds in commercial savings or savings bank accounts in unlimited amounts for an unlimited period of time, with or without interest and subject to such restrictions upon withdrawal as the Trustee shall agree; any Trustee may sign on such account without any Trustee co-signature unless the signature card shall provide otherwise.
- (x) To borrow money for any Trust purpose upon such terms and conditions as may be determined by the Trustee, and to obligate the Trust estate for the repayment thereof; to encumber the Trust estate or any part thereof by mortgage, deed of trust, pledge or otherwise, for a term within or extending beyond the term of the Trust.
- (y) To grant options and rights of first refusal involving the sale or lease of any Trust asset and to sell upon deferred payments, or to acquire options and rights of first refusal for the purchase or lease of any asset, to purchase notes or accounts receivable whether secured or unsecured.
- (z) To employ and compensate, out of the principal or income or both, as the Trustee shall determine, such agents, persons, corporations or associations, including accountants, brokers, attorneys, tax specialists, certified financial planners, realtors, and other assistants and advisors deemed needful by the Trustees even if they are associated with a Trustee, for the proper settlement, investment and overall financial planning and administration of the trusts; and to do so without liability for any neglect, omission, misconduct, or default of any such person or professional representative provided such person was selected and retained with reasonable care.
- (aa) To invest and reinvest all or any part of the assets of any trust in any money management or registered investment advisory service which would provide for professional management of any such assets. In this regard, the Trustor specifically allows the Trustee to authorize the advisory service to have the discretionary authority to invest and reinvest the assets transferred to such advisor by the Trustee without the requirement of prior approval of the Trustee on any transactions.
- (bb) Notwithstanding the prohibitions under N.R.S. 163.050 and any such Successor provisions, or notwithstanding any prohibitions against "self-dealing" as are provided under the laws of any other jurisdiction pursuant to which laws this Trust may be administered, any Trustee shall not be prohibited from engaging in acts of self-dealing with Trust property, either directly or indirectly, so long as such act of self-dealing is disclosed to the Distribution Trustee, and so long as the Trustee, in selling his, her or their own property or selling other properties in an

agency or other fiduciary capacity to the Trust or in purchasing Trust assets for his, her or their personal account or in purchasing Trust assets in an agency or other fiduciary capacity, gives fair consideration in exchange for all Trust properties received. Where Trustees have engaged in acts of self-dealing for fair and adequate consideration, and has/have given notice to the Distribution Trustee, Trustee shall be relieved of any liability, sanction, and allegation of wrongdoing for such acts by any Court or other legal authority.

- (cc) To retain for any period of time any property which may be received or acquired, even though its retention by reason of its character or otherwise would not be appropriate apart from this provision.
- (dd) In the event the purchase, use or disposition of any trust property gives rise to either threatened or actual liability such that, in the sole opinion of the Trustees, the remaining assets of the Trust are thereby placed at risk of exposure to such liability, the Trustee shall be empowered to take such further and necessary steps as he deems prudent to protect and preserve the remaining assets of the trust, including but not limited to transferring such property giving rise to the threatened or actual liability to a separate trust formed to hold said property. The Trustee shall be further empowered to appoint an independent third party to act as Trustee over the newly-formed trust, and such trust shall be administered according to, and governed by the terms of, this Trust Agreement. The Beneficiaries of the new trust shall be the same beneficiaries as herein, and their interests in the new trust shall be in the same proportion as indicated herein. The Trustee of the new trust shall maintain records and books of accounts which are independent of and separate from the records and accounts maintained hereunder.
- (ee) The Trustee shall have the power to deal with matters involving the actual, threatened or alleged contamination of property held in the Trust estate (including any interests in partnerships or corporations and any assets owned by such business enterprises) by hazardous substances, or involving compliance with environmental laws. In particular, the Trustee may:
 - (1) Inspect and monitor trust property periodically, as necessary, to determine compliance with any environmental law affecting such property, with all expenses of such inspection and monitoring to be paid from the income or principal of the trust;
 - (2) Respond (or take any other action necessary to prevent, abate or "clean up") as it shall deem necessary, prior to or after the initiation of enforcement action by any governmental body, to any actual or threatened violation of any environmental law affecting any of such property, the cost of which shall be payable from trust assets;

capacity, and that by his signature on the instrument, the person, or the entity upon behalf of which the person acted, executed the instrument.

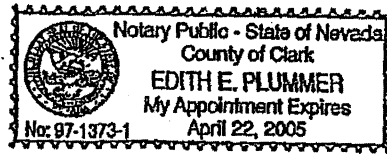
WITNESS my hand and official seal.

Edith E. Plummer

NOTARY PUBLIC

APPROVED AS TO FORM:

Jeffrey L. Burr
JEFFREY L. BURR, ESQ.
ATTORNEY FOR GRANTOR



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MOFI

DISTRICT COURT
FAMILY DIVISION
CLARK COUNTY, NEVADA

Eric L. Nelson,)
Plaintiff/Petitioner)
-vs-)
Lynita Nelson,)
Defendant/Respondent)

CASE NO. D-09-411537-D

DEPT. L

**FAMILY COURT MOTION/OPPOSITION
FEE INFORMATION SHEET (NRS 19.0312)**

Party Filing Motion/Opposition: Plaintiff/Petitioner Defendant/Respondent

MOTION FOR/OPPOSITION TO _____

Notice

Motions and Oppositions to Motions filed after entry of final Decree or Judgment (pursuant to NRS 125, 125B & 125C) are subject to the Re-open Filing Fee of \$25.00, unless specifically excluded. (See NRS 19.0312)

Excluded Motions/Oppositions

- Motions filed before final Divorce/Custody Decree entered (Divorce/Custody Decree NOT final)
- Child Support Modification ONLY
- Motion/Opposition For Reconsideration (Within 10 days of Decree)
Date of Last Order _____
- Request for New Trial (Within 10 days of Decree)
Date of Last Order _____
- Other Excluded Motion _____
(Must be prepared to defend exclusion to Judge)

NOTE: If no boxes are checked, filing fee **MUST** be paid.

Motion/Opp IS subject to \$25.00 filing fee Motion/Opp IS NOT subject to filing fee

Date: 6/23, 2011

David A. Stephen
Printed Name of Preparer

DMWA
Signature of Preparer

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NOTC
Larry L. Bertsch, CPA, CFF
Nicholas S. Miller, CFE
LARRY L. BERTSCH, CPA & ASSOCIATES
265 East Warm Springs Rd., Suite 104
Las Vegas, Nevada 89119
Telephone: (702) 471-7223
Facsimile: (702) 471-7225

Forensic Accountants

DISTRICT COURT
FAMILY DIVISION
CLARK COUNTY, NEVADA

ERIC L. NELSON,

Plaintiff,

v.

LYNITA SUE NELSON,

Defendant.


Case No. D-09-411637-D
Dept. O

**NOTICE OF FILING ASSET SCHEDULE
AND NOTES TO ASSET SCHEDULE**

Larry L. Bertsch, CPA, CFF, and Nicholas S. Miller, CFE, of the accounting firm of LARRY L. BERTSCH, CPA & ASSOCIATES, hereby file as Exhibit "A" their Asset Schedule and Notes to Asset Schedule pursuant to Judge Sullivan's Order in this matter.

DATED this 5th day of July, 2011.

LARRY L. BERTSCH CPA & ASSOCIATES



Larry L. Bertsch, CPA, CFF
Nicholas S. Miller, CFE
265 East Warm Springs Rd., Suite 104
Las Vegas, Nevada 89119
(702) 471-7223 Telephone
(702) 471-7225 Facsimile
Forensic Accountants

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CERTIFICATE OF SERVICE

I hereby certify that on the 5th day of July, 2011, I mailed a copy of the **Notice of Filing Asset Schedule and Notes to Asset Schedule** to the following at the last known address, by depositing the same in the United States mail in Las Vegas, Nevada, first class postage prepaid and addressed as follows:

David A. Stephens, Esq.
STEPHENS, GOURLEY & BYWATER
3636 N. Rancho Drive
Las Vegas, NV 89130
Attorneys for Plaintiff Eric L. Nelson

Robert P. Dickerson, Esq.
THE DICKERSON LAW GROUP
1745 Village Center Circle
Las Vegas, NV 89134
Attorneys for Defendant Lynita Sue Nelson

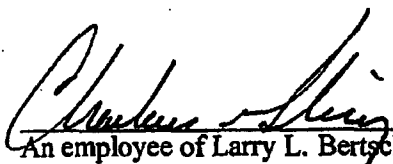

An employee of Larry L. Bertsch, CPA & Associates

Exhibit “A”

Exhibit “A”

Nelson v. Nelson
Asset Schedule

July 5, 2011

Larry L. Bertsch, CPA & Associates

Larry L. Bertsch, CPA, CFF

Nicholas S. Miller, CFE, CSAR, MBA

Nelson v. Nelson
Asset Schedule

	NOTE	Lynita Value	Eric Value	Asset Titled	Income Producing
Real Estate					
7065 Palmyra - Las Vegas, Nevada	1	650,000	910,000	Lynita - Trust	NO
2911 Bella Kathryn Circle - Las Vegas	2	TBD	900,000	Eric Trust - Banone	NO
2911 Bella Kathryn Circle - Las Vegas	2	TBD	175,000	Eric Trust - Banone	NO
AZ-31 Gateway Lots	24	139,500	139,500	Lynita Trust	NO
AZ-29 Gateway Lots	17	139,500	139,500	Eric - Trust	NO
<u>Russell Road Property (65%)</u>	3				
Owned by Eric Nelson Auctioneering (50%)	3a	TBD	2,000,000	Eric - Trust	YES
Owned by Eric Nelson Trust (15%)	3b	TBD	2,000,000	Eric - Trust	YES
Receivable from CJE & L, LLC	3c	742,368	TBD	Eric - Trust	Unknown
Brianhead, Utah	4	2,000,000	2,000,000	Each Trust - 50%	NO
3611 Lindell - Las Vegas	5	TBD	1,400,000	Each Trust - 50%	YES
5913 Pebble Beach	6	75,000	75,000	Lynita - Trust	NO
Wyoming - 200 acres (40%)	7	TBD	800,000	Lynita - Trust	NO
Mississippi Properties					
830 Arnold Ave. (Clay House) - Greenville, Miss.	8	40,000	40,000	Lynita - Trust	YES
<u>MS Bay 200 Acres - allocated</u>	9				
<u>Emerald Bay, LLC (Holding Company)</u>	9a	45,500	None	Each Trust - 50%	NO
Bal Harbour, LLC	9b	TBD		Each Trust - 50%	NO
Bay Beach Resorts, LLC	9c	TBD		Each Trust - 50%	NO
Bay Resorts, LLC	9d	TBD		Each Trust - 50%	NO
<u>MS Bay allocated acreage- Lynita Trust</u>					
Lynita Trust - not used	9e	TBD		Lynita - Trust	NO
RV Park	9f	TBD		Lynita - Trust	YES
<u>Dynasty</u>	10	TBD		Eric Trust - Dynasty	
Silver Slipper	10a	TBD		Eric Trust - Dynasty	YES
MS Bay allocated acreage Titled to Dynasty	10b	TBD	937,500	Eric Trust - Dynasty	NO
MS Bay allocated acreage Titled Frank Soris Trust	10c	TBD	312,500	Eric Trust - Dynasty	NO
<u>Grotta, LLC -- 16.67% interest</u>	11	TBD		Lynita - Trust	NO
Dynasty profit sharing agreement	11a	TBD		Lynita - Trust	NO
MS Bay allocated interest - titled to Grotta, LLC	11b	TBD	16,667	Lynita - Trust	NO
<u>Grotta Financial Partnership</u>	11c				NO
<u>Riverwalk Ent. (Holding Company for Hiaway Casino)</u>	12	Unknown	None	Eric - Trust	NO

TBD = To Be Determined

Notes to Asset Schedule are an integral part of this schedule

Other Investments						
Banone, LLC						
4412 Baxter - Las Vegas	13,13a	62,522	82,522	Eric Trust - Banone	YES	
5314 Clover Blossom Court - North Las Vegas, Nevada	13	108,705	108,750	Eric Trust - Banone	YES	
1301 Heather Ridge - North Las Vegas	13	118,459	118,459	Eric Trust - Banone	YES	
6213 Anaconda - Las Vegas	13	81,411	81,411	Eric Trust - Banone	YES	
1608 Rusty Ridge Lane - Henderson (Daughters House)	13	77,526	77,526	Eric Trust - Banone	NO	
Mesa Vista (5 acres)	13	100,000	100,000	Eric Trust - Banone	NO	
Mesa Vista - Lot 68	13	21,229	21,229	Eric Trust - Banone	NO	
2209 Farnmouth Circle - Nevada	13	88,166	88,166	Eric Trust - Banone	YES	
3301 Terra Bella Drive - Nevada	13	65,013	65,013	Eric Trust - Banone	YES	
4133 Compass Rose Way - Nevada	13	67,820	67,820	Eric Trust - Banone	YES	
4601 Concord Village Drive - Nevada	13	61,070	61,070	Eric Trust - Banone	YES	
4612 Sawyer Ave - Nevada	13	49,304	49,304	Eric Trust - Banone	YES	
4820 Marnell Drive - Nevada	13	23,643	23,643	Eric Trust - Banone	YES	
5113 Churchill Ave. - Nevada	13	58,070	58,070	Eric Trust - Banone	YES	
5704 Roseridge Ave. - Nevada	13	61,510	61,510	Eric Trust - Banone	YES	
6301 Cambria Ave. - Nevada	13	68,244	68,244	Eric Trust - Banone	YES	
6304 Guadalupe Ave. - Nevada	13	41,599	51,499	Eric Trust - Banone	YES	
Mesa Vista - Lot 67 - Arizona (Deeded Back)	14	21,263	21,263	Eric Trust - Banone	NO	
1628 W. Darrel Road - Arizona	14	37,882	37,882	Eric Trust - Banone	YES	
1830 N. 66th Drive - Arizona	14	24,791	24,791	Eric Trust - Banone	YES	
1837 N. 59th Street - Arizona	14	29,050	29,050	Eric Trust - Banone	YES	
2220 W. Tonto Street - Arizona	14	30,906	30,906	Eric Trust - Banone	YES	
3225 W. Roma Ave. - Arizona	14	31,299	31,299	Eric Trust - Banone	YES	
3307 W. Thomas Road - Arizona	14	35,383	35,383	Eric Trust - Banone	YES	
3332 N. 80th Lane - Arizona	14	29,924	29,924	Eric Trust - Banone	YES	
3415 N. 84th Lane - Arizona	14	35,368	35,368	Eric Trust - Banone	YES	
3424 W. Bloomfield Road - Arizona	14	43,084	43,084	Eric Trust - Banone	YES	
3631 N. 81st Ave. - Arizona	14	30,063	30,063	Eric Trust - Banone	YES	
4141 N. 34th Ave. - Arizona	14	21,804	21,804	Eric Trust - Banone	YES	
4541 N 76th Ave. - Arizona	14	32,540	32,540	Eric Trust - Banone	YES	
4816 S. 17th Street - Arizona	14	19,633	19,633	Eric Trust - Banone	YES	
5014 W. Cypress Street - Arizona	14	30,324	30,324	Eric Trust - Banone	YES	
5518 N. 34th Drive - Arizona	14	27,641	27,641	Eric Trust - Banone	YES	
6172 W. Fillmore Street - Arizona	14	39,871	39,871	Eric Trust - Banone	YES	
6202 S. 43rd Street - Arizona	14	27,772	27,772	Eric Trust - Banone	YES	
6720 W. Cambridge Ave. - Arizona	14	32,563	32,563	Eric Trust - Banone	YES	
6822 W. Wilshire Drive - Arizona	14	40,477	40,477	Eric Trust - Banone	YES	
6901 W. Coolidge Street - Arizona	14	32,583	32,583	Eric Trust - Banone	YES	
Banone, LLC - AZ						
4838 W Berkeley Rd. - Arizona	15	TBD	32,622	Eric Trust - Banone	YES	
8 Homes - Arizona	15	TBD	251,000	Eric Trust - Banone	NO	
Banone Nevada Notes Receivable						
R & D Custom Builders - DMV Lot 16-17 (secured)	16a	46,463		Eric Trust - Banone	YES	
Advantage Construction - MV Lot 37 (secured)		20,081		Eric Trust - Banone	YES	
Gerald & Linda Fixsen - MV Lot 52 (secured)		22,838		Eric Trust - Banone	YES	
Gerald & Linda Fixsen - MV Lot 53 (secured)		22,838		Eric Trust - Banone	YES	
Joe Williams & Sherry Fixsen - MV Lot 54 (secured)		22,838		Eric Trust - Banone	YES	
Bideo, Inc. - MV Lot 61 (secured)		21,263		Eric Trust - Banone	YES	
Cary & Troy Fixsen - MV Lot 98 (secured)		22,838		Eric Trust - Banone	YES	
Amada & Chris Stromberg (secured by Condo in PA)	16b	133,357		Eric Trust - Banone	YES	
JB Ramos Trust (secured by 436 Europa Way)	16c	78,000		Eric Trust - Banone	YES	
Katherine Stephens (secured by 1601 Knoll Heights)	16d	83,000	63,000	Eric Trust - Banone	YES	
Chad Ramos (secured 7933 Dover Shores)	16e	60,000		Eric Trust - Banone	YES	
Alicia Harrison (secured by 1025 Academy)		68,620		Eric Trust - Banone	YES	
Eric T. Nelson (secured by 8619 W. Mohave - AZ)	16f	95,000		Eric Trust - Banone	YES	
Michael & Lyndia Asquith - MV Lot 50 (secured)	16g	23,625		Eric Trust - Banone	NO	

TBD = To Be Determined

Notes to Asset Schedule are an integral part of this schedule

Other Receivables						
Frank Soris (Contingent)	17	TBD	1,000,000	Eric - Trust		YES
Nikki Cvintavich	18	200,000	200,000	Eric Nelson		YES
Family Loans						
Chad Ramos	19	261,675	-	Eric - Trust		Unknown
Jesse Harber	20	47,000	25,000	Eric - Trust		Unknown
Brock Nelson		10,000	10,000	Eric - Trust		Unknown
Autos/Vehicles						
2008 Escalade EXT SUV (Owned) (Eric's)	21	40,475	38,840	Eric - Trust		NO
2007 Mercedes SL 550 (Owned) (Eric's)	21	50,115	42,845	Eric - Trust		NO
2011 Audi (Leased) (Lynita's)		Lease	Lease	Lynita		NO
ATV's and Snowmobiles	21a	TBD	TBD	Unknown		NO
Tax Situation						
2006 Tax Refund (Held by Dave Stephens, Esq.)	22	110,125	110,128	Eric Nelson		NO
Cash & Investment Accounts						
Lynita's Accounts						
Schwab Capstone Capital- 2834 (3/31/2011)	23	1,016,969		Lynita - Trust		
Credit Union 1 37214-01 (3/31/2011)	23	5		Lynita - Trust		
Credit Union 1 37214-22 (3/31/2011)	23	48,274		Lynita - Trust		
Silver State 3736-01 (3/31/2011)	23	2,020		Lynita Nelson		
Silver State 3736-80 (3/31/2011)	23	3,767		Lynita Nelson		
Eric Accounts						
Bank of America 5010-0976-5829 (3/31/2011)	23		82,781	Eric - Trust		
Bank of America 5010-0716-2754 (3/31/2011)	23		13,685	Eric Trust - Banone		
Bank of America 0050-1157-7064 (3/31/2011)	23		3,533	Eric Trust - Banone		
Bank of America 5010-1100-6958 (3/31/2011)	23		7,439	Eric Trust - EN Auct		
Citi National Bank 363201539 (3/31/2011)	23		84,919	Eric Trust - Banone		
Citi National Bank 363005152 (3/31/2011)	23		4,304	Eric Trust - Dynasty		
Citi National Bank 363250807 (3/31/2011)	23		13,316	Eric Trust - Banone		
Mellon - 10594001700 (3/31/2011)	23		2,757,160	Eric - Trust		
Liabilities						
Frank Soris Contingent Liability	17		(562,981)	Eric - Trust		
Due on Line of Credit (3/31/2011)	23		(1,807,369)	Eric - Trust		

TBD = To Be Determined

Notes to Asset Schedule are an integral part of this schedule

Nelson v. Nelson
Notes to Asset Schedule

July 5, 2011

Larry L. Bertsch, CPA & Associates

Larry L. Bertsch, CPA, CFF

Nicholas S. Miller, CFE, CSAR, MBA

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Larry L. Bertsch, CPA & Associates reserves the right to update this report upon the production of additional documents. The information contained within this report is for use only in the conjunction with the surrounding Clark County District Court case Nelson v Nelson.

Note 1 - 7065 Palmyra

This is the current residence of Lynita Nelson. It has been alleged that improvements have been made to the property in the last two years. The parties do not agree on the value of the Property.

Since there is no agreement on the value of the property, it is recommended an appraisal be made on the property directed by an independent third party.

Note 2 - 2911 Bella Kathryn

This is the current residence of Eric Nelson which includes an adjacent vacant lot for which Eric is conducting improvements. Eric has valued the property as \$900,000 for the residence and \$175,000 for the adjoining lot. Lynita does not agree and her issue is stated below.

According to the detailed records of Eric Nelson, a total amount of \$1,362,612.57 has been spent towards the property which contains the house. The house was initially purchased for \$381,984.00 on 12/28/2009 and improvements have been made to the property as of 06/11/2011 amounting to \$980,628.57.

In reviewing the details of the house improvements on the general ledger kept by Eric Nelson, there was only one payment recorded to a relative, Paul Nelson, in the amount of \$25,000 and designated as contract labor in building the Residence. There were other payments recorded to relatives for reimbursement of materials and supplies used on the building of the residence. None of the reimbursed amount appeared material or not related to the residence. Those reimbursed payments were made to Paul Nelson, Cal Nelson, and to Big Fish, LLC, a company owned by Cal Nelson.

The adjoining lot was purchased on 08/11/2010 for a cost of \$175,000. As of 06/11/2011, improvements have been made towards the lot in the amount of \$64,558.68. In total, the purchase price and additional improvements towards this property amount to \$239,558.68.

Therefore the aggregate costs of the residence and adjoining lot at 06/11/2011 amounts to \$1,602,171.25.

Since there is no agreement on the value it is recommended an appraisal be made of the property directed by an independent third party or a decision that funds expended for the property be the criteria of value.

At issue - Lynita claims Eric has used community funds to build this residence and feels regardless of an appraisal, she should receive 50% on the costs to buy and build the property.

Note 3 - Russell Road Property

History

Property consisting of 3.3 acres at 5220 E. Russell Road was purchased on November 11, 1999 for \$855,945 by the Lynita Nelson Trust and the down payment from Cal Nelson amounting to \$20,000. Lynita then became a 50% partner with Cal Nelson in a partnership named CJE&L, LLC which was formed for the purpose of renting the property to Cal's Blue Water Marine.

Shortly thereafter, CJE&L, LLC obtained a loan from Business Bank of Nevada in the amount of \$3,100,000. The purpose of this loan was to build a building for the operations of Cal's Blue Water Marine, Inc. The loan was to be guaranteed by Clarence and Jeanette, individually as well as their Trust dated May 31, 2001 and also Cal's Blue Water Marine, Inc.

Sometime in 2004, Lynita signed a guarantee on the flooring contract for the inventory of Cal's Blue Water Marine, Inc. On 01/01/2005, Lynita withdrew her guarantee of the flooring contract and in return, Lynita signed an assignment or forfeit of her interest in the partnership to remove her from the property records. (The Examiner has not seen the flooring agreement that was signed by Lynita, although requested - Each of the parties claims the other has the contract). According to the records, the forfeiture of partnership interest was transferred to the capital account of Cal Nelson there being no cash attached to the transaction.

The boat business failed in 2008. At that time, the Bank demanded a \$300,000 pay down to keep the loan in performing status. Eric paid the \$300,000 which was secured by property owned by Cal Nelson and located in Utah.

Eric's purchase of the interest in property

On or about 02/10/2010, Eric Nelson decided to purchase a 65% interest in the property. Eric's 65% interest is said to have cost \$4,000,000; which is comprised of the following amounts:

- 1) In 2009, Eric purchased an FDIC note on a property in Phoenix commonly known as "Sugar Daddy's" for approximately \$520,000. The source of these funds came from the Line of Credit. The property was sold with proceeds amounting to \$1,520,597.88. Since this was designed as a 1031 exchange, the proceeds were used in 2010 to purchase Eric's interest in the Russell Road Property.
- 2) As indicated above, Eric had previously paid \$300,000 to pay down the Bank Loan which was secured by property in Utah. In addition, Eric paid off the mortgage on Cal's house amounting to \$400,000. Both amounts were paid from Eric's Line of Credit. These two amounts aggregating \$700,000 were then used as a credit towards the purchase price for Eric's interest.

3) Eric gave a credit amounting to \$522,138.47 which represented future agreements with Cal and the termination of any present verbal partnership agreements. This also included money on rental payments given to Cal.

4) The remaining amount to fulfill the obligation of the purchase price was to borrow \$1,257,263.67 from the Line of Credit in 2010.

Therefore the purchase of Eric's interest is comprised of the following:

Pay down of Bank Loan	\$ 300,000.00
Pay off of personal residence of Cal Nelson	400,000.00
Credit to Cal Nelson for prior payments	522,138.45
Amount to pay Bank Note from Sugar Daddy's	1,520,597.88
Amount to pay Bank Loan from Line of Credit	1,257,263.67
	<u>\$ 4,000,000.00</u>

Therefore the amount of cash contributed directly to the interest in the property by Eric in 2010, amounts to \$2,777,861.55 (1,520,597.88 + 1,257,263.67). The cash reportedly paid off the original loan held by Business Bank of Nevada.

According to CJE&L's tax returns and representations made by Cal Nelson, Cal Nelson's capital account includes \$855,000; which represents the purchase price of the land originally purchased on November 11, 1999 by the Lynita Nelson Trust as well as \$501,529 in leasehold improvements made by Cal's Blue Water Marine. The summary document supporting the leasehold improvements contribution was believed to be at cost and not the net depreciated value. As prior indicated Cal's Blue Water Marine eventually failed in 2008. Since the Business failure in 2008, Cal Nelson has taken distributions from CJE&L of \$11,096 in 2009 and \$73,978 in 2010, aggregating to \$85,074.

The current ownership of the 5220 E. Russell Road property is 50% by Eric Nelson Auctioneering (an asset of the Eric Nelson Trust), 15% by the Eric Nelson Trust and 35% by CJE&L, LLC. (See below).

Note 3a - 50% in Russell Road owned by Eric Nelson Auctioneering

In the purchase of the Russell Road Property, the ownership of 65% of the property purchase from CJE & L, LLC was described above to be \$4,000,000. Eric Nelson says that 50% of the interest was designated to be owned by Eric Nelson Auctioneering and the other 15% by the Eric Nelson Trust.

Note 3b - 15% sale back to Cal Nelson for 15% interest by Eric Trust

The 15% interest is evidenced by a note in the amount of \$2,000,000 the principal amount is due in seven years from 2/3/2010 from Cal Nelson to Eric Nelson Trust. The note is secured by 15% of the real property owned by CJE & L, LLC and 15% of all rents collected from the property will be recognized as interest on the note.

Note 3c - Receivable from CJE & L, LLC amounting to \$742,368.

According to the 2010 tax return of CJE&L, LLC (owned 99% by Nelson Nevada Trust (Cal's Trust) and 1% by Cal Nelson), the company reports a liability in the amount of \$742,368 is due to Eric Nelson Auctioneering (Reported under Eric Trust - Eric Nelson Auctioneering). We have not received information as to the nature of this note.

Because of the controversy on this property, it is recommended that an appraisal of the property be made directed by an independent third party.

At issue, Lynita believes that Cal Nelson has not put any capital into the investment and therefore the amount of this asset is 100% owned solely by Lynita and Eric Nelson.

Also at issue is that Lynita bought the land for \$855,000 and was forced to forfeit her interest through an assignment to Cal Nelson. This issue is over a guarantee made by Lynita on a flooring arrangement on boats for a company owned by Cal Nelson, named Cal's Blue Water Marine.

Subsequent Transaction

The property was sold to the Oasis Baptist Church on 05/27/2011, prior to this transaction, the church held an option to purchase for \$6,500,000. The payments on the note were to begin on 09/01/2011. Until this date, the Oasis Baptist Church was to pay \$17,500 each month for the months of June, July, and August. Then starting on 09/01/2011 the Oasis Baptist Church will pay interest only at 6% on \$6,000,000 for 5 years and then will have a balloon payment due of \$6,500,000.

This contract was amended on 06/15/2011 because the Church could not get an exemption from property taxes unless they own the property. Therefore the original financial arrangement has been amended.

The Oasis Baptist Church needs additional improvements in order to bring their school over to the Russell Road property. In order to do this, they need an additional \$300,000 in funds for improvements to the property. Currently, they are paying \$20,000 per month space rental for them to conduct their school.

As of 06/15/2011, Julie Brown loaned \$300,000 to the Oasis Baptist Church and has a 1st Note/Deed on the property.

A 2nd Note/Deed is placed on the property to recapture all back rents and taxes in the amount of \$295,000. The 2nd Note/Deed is shared 1/3rd to Eric Nelson Auctioneering, 1/3rd to the Eric Nelson Trust and 1/3rd to CJE&L, LLC.

Therefore the remaining amount of \$6,500,000 through subordination has become a 3rd Note/Deed in the favor of shared 1/3rd to Eric Nelson Auctioneering, 1/3rd to the Eric Nelson Trust and 1/3rd to CJE&L, LLC.

The current terms are to pay \$17,500 per month until 09/01/2011 and \$30,000 thereafter. However they may ask that the payments be extended to 12/01/2011 before they begin to pay \$30,000 per month for their purchase of the property.

We understand there is a servicing agreement to collect the mortgage payments. We do not know the entity that the servicing arrangement is contracted.

The servicing agency is an issue with Lynita.

Note 4 - Brianhead, Utah

The property located in Brianhead, Utah includes a cabin on 150 acres. In addition to the property and building, the ownership includes water rights.

Eric originally valued the asset at \$3,000,000 but now believes the property has a value of approximately \$2,000,000. Lynita states the property should bring \$2,000,000 at sale, which is her preference.

It appears there is an agreement on the value of this property. However, there is no agreement on the disposition of the asset. As a result, a third-party appraisal may be required to determine the value either party should pay to buy the other one out.

Note 5 - 3611 Lindell

This property is an office complex. The complex has 13,040 square feet and is the location of Eric Nelson offices. Eric collects the monthly rents as well as pays for the monthly maintenance.

Both income and expenses will be listed in the Sources of Income and Expenses report.

Since there is a disagreement about the value of the office building, it is recommended an appraisal by made of the property by an independent third party.

Note 6 - 5913 Pebble Beach

This property is owned by the LSN Nevada Trust and is occupied by Lynita's sister, Thelma. The mortgage of \$69,000 has been paid off and the property is currently unencumbered. It appears that neither party is interested in the property and may become a non-issue.

Note 7 - Wyoming (200 acres)

This property consists of 200 acres located in Evanston, Wyoming and owned 40% by Lynita's Trust, 50% by Paul Nelson (relative) and 10% by Aleda Nelson (relative). This property could be developed into 84 Lots and are in the name of Equestrian Estates, LLC.

Eric has given a value for Lynita's 40% interest in the property of \$800,000. Lynita has not determined a value,

It is recommended an appraisal be made by an independent third party to obtain a value of the 40% interest.

Note 8 - 830 Arnold Ave.

This is a 1,300 sq. ft. house located in Greenville Mississippi. The house is being rented at \$500 per month and the rent is being collected and deposited into Banone's Bank Account. Eric has valued the property at \$40,000, which is believed to be the initial purchase price of the property.

Because there are so many other issues, it is recommended the purchase price be considered the value based upon the current economic conditions,

Note 9 - MS Bay (200 acres)

This is 200 acres located in Mississippi. The ownership and titles to the property are not clear and need to be addressed. Currently the property is titled as follows:

	<u>Acres</u>
Bal Harbour, LLC (Note 9b)	4.7790560
Bay Harbour Beach Resort, LLC (Note 9c)	2.7996560
Emerald Bay, LLC (note 9a)	0.2217080
Grotta (Note 11)	25.3773880
Lynita Trust - RV Park (Note 9e)	20.6856080
Lynita Trust (Note 9f)	41.0152290
	<u>94.8786450</u>
Dynasty (Note 10b)	91.0927580
Frank Soris Family Trust (Note 10c)	30.1382120
	<u>121.2309700</u>
Total Acres	<u>216.1096150</u>

Note 9a - Emerald Bay, LLC has .221708 acres titled in its name, which was purchased for \$55,000. Emerald Bay, LLC (formally Paradise Bay Mississippi, LLC was formed in 2005 and changed name in 2007) is a holding Company whose purpose was to assemble property of 120

acres about 2 miles from the current Silver Slipper Casino to develop a resort type project. The subsidiaries of the Company were Bal Harbour, LLC, Bay Harbour Beach Resort, Montgage Resort, LLC, Bay Resorts, LLC, and Paradise landing, LLC. This project is not currently operating and is at a standstill.

In 2008 the ownership in this property went from 100% ownership by Eric Trust to an ownership of 50% to Lynita Trust and 50% to Eric Trust.

At issue, Emerald Bay owes Nelson & Associates \$45,500.

The amount due from Emerald Bay, LLC were funds advanced to pay for expenses in the assembling process. Emerald Bay does not have funds and therefore doubtful to repay Nelson & Associates back.

Note 9b - Bal Harbour, LLC has 4.779056 acres titled in its name.

Note 9c - Bay Harbour Beach Resort, LLC has 2.799656 acres titled in its name.

Note 9d - Bay Resorts, LLC currently does not have any ownership in land. This entity operated the RV Resort, had its own Bank Account until the law suit was filed. The Bank Account was closed and the rental income from Silver Slipper was the deposited into Banone.

Note 9e - Lynita Trust has 41.0152290 titled in its name. This property is not being used.

Note 9f - RV Park is owned by Lynita's Trust. The property designated for its use is 20.6856080 acres. The Silver Slipper is leasing this property and pays an amount of approximately \$4,000.00 per month.

Since there are different owners and the property is being used differently, it is recommended either an appraisal for the separate parcels be made or that the entire 200+ acres be appraised altogether, then the value could be allocated to the individual owners. In either case, the appraisal should be directed by an independent party.

Note 10 - Dynasty

Dynasty is an entity that is included in the Eric Nelson Trust consisting of various types of investments as described below.

Note 10a - Silver Slipper (Owned by Dynasty)

Dynasty has a 34% interest in the Silver Slipper Casino. If options were to be exercised, then the interest could increase to 43%.

There is currently a dispute between Eric Nelson and the other partners of the Silver Slipper Casino. In the operating agreement of Silver Slipper is a buyout provision. The other partners are attempting to exercise that provision and have offered \$1,586,000 and are pushing Eric Nelson to accept.

The other partners have filed a law suit in Los Angeles to force Eric Nelson to accept their offer. Eric Nelson is unwilling to accept the current position of the other partners. In order to oppose the other partners, Eric Nelson did put Dynasty into Bankruptcy, filing in Mississippi.

The other partners filed a motion to have the Bankruptcy dismissed as a bad faith filing. It is understood that hearing has taken place and the Bankruptcy has been dismissed. Therefore it is back to defending the law suit filed in Los Angeles.

There are other issues affecting the ownership interest in the Silver Slipper, one of which being that Lynita is not currently licensed by the Mississippi Gaming Authorities and therefore not qualified to own an interest in a gaming property.

It is recommended that a Business Valuation be directed by an independent third party to determine the value of the Silver Slipper and also to determine the value of the percent interest owned by Dynasty.

Note 10b - Dynasty owns 91.092758 acres. There has been a lien of \$1,000,000 placed against the property by BBJ, a lender to Silver Slipper.

Note 10c - This land consisting of 30.1382120 acres was deeded to Frank Soris Family to collateralize the \$1,300,000 owed from the 2002 transaction between Soris and Lynita Trust. (See Note 17 for the Soris transactions). It has been stated that this acreage has been quitclaimed back to Dynasty when the property in Banone was substituted as collateral for the \$1,300,000 note to Soris. The quitclaim has not been recorded.

Eric Nelson stated the value of the property, both what Dynasty owns and the Frank Soris property totaling 121.230970 acres is valued at \$1,250,000.

It is recommended that an appraisal be made of the property owned by Dynasty and the property currently owned by Frank Soris. Such an appraisal should be conducted as recommended in Note 9.

Note 11 - Grotta, LLC

Lynita's Trust owns a 1/6th interest or 16.67% with Eric Nelson's relatives owning the remaining 5/6th interest. Grotta, LLC controls various investments as described below:

Note 11a - Dynasty Profit Sharing Agreement

Eric Nelson states that this Company has an interest in a Profit Sharing agreement whereby Grotta, LLC is to receive 10% of Dynasty's Profits. (No determination has been made to ascertain if that is an investment and/or operating profits). There have been no profits to-date; therefore no payments from Dynasty have ever been made to Grotta, LLC.

Note 11b - Mississippi Land

The Grotta, LLC owns 25.377388 acres of the 200 acres described in Note 9 as MS Bay 200 acres. Eric states the value of that land is approximately \$100,000.

Eric values Lynita's trust ownership in this land at \$16,667. Lynita does not have a separate value for the property owned by Grotta, LLC.

Note 11c - Grotta Financial Partnership

The Grotta Financial Partnership owned land on Flamingo Road in Las Vegas, Nevada, which was condemned for the purpose of using the land to construct the "Beltway". The condemnation was used as an IRS Section 1033 exchange. Cash amounting to \$3,025,000 which was in the Grotta Financial Partnership, was transferred to the Eric Nelson Trust for future investing purposes in order to comply with the IRS Section 1033 exchange provisions. Therefore, the cash on the books of Grotta Financial Partnership was replaced with a Note Receivable to the Eric Nelson Trust. The investments made by Eric Nelson through the Eric Nelson Trust would at this time be included in the current asset schedule.

If the Eric Nelson Trust were to pay Grotta Financial Partnership the amount of \$3,025,000 or any part thereof, it would then create the situation that the amount would become taxable because the transaction would be treated as a loan which does not qualify under the IRS Section 1033 exchange rules.

At issue, there is a Note Receivable in the amount of \$3,025,000 booked on Grotta Financial Partnership financial statements from the Eric Nelson Trust. The transaction contains various issues relating to taxable consequences if paid back.

Note 12 - Hideaway Casino

This was an Investment between Eric Nelson and Steve Bieri. Eric Nelson has not spent community funds in his effort to develop a casino. The investment was not viable and thus failed. Eric states that there may be a law suit against Eric Nelson to the extent of the loss suffered by Mr. Bieri amounting to approximately \$3,000,000.

Note 13 - Banone, LLC (Nevada)

These properties are located in Nevada and titled in the name of Banone, LLC, which is in Eric Nelson Trust. The value indicated on the schedule is the purchase price of the property including repairs thereto. In discussion with Lynita, she appeared to have a willingness to accept those values, with the exception of 4412 Baxter as described below:

Note 13a - 4412 Baxter - According to Lynita, the amount booked for 4412 Baxter is \$20,000 greater than it should be. Lynita claims the proper amount should be \$62,522; instead of \$82,522.

Note 14 - Banone, LLC (Arizona)

These properties are located in Arizona and titled in the name of Banone, LLC which is in Eric Nelson Trust. The value indicated on the schedule is the purchase price of the property including repairs thereto. In discussion with Lynita, she appeared to have a willingness to accept those values.

Note 15 - Banone AZ, LLC

There is one property in Banone AZ, LLC that is income producing. During 2010, 8 additional homes were purchased at a cost of \$251,000; at which time we have not received indication that they are income producing.

Note 16 - Notes Receivable

To date, we have not received copies of the documents relating to the various notes receivable. Eric represented that the notes were secured by property but we have not examined appropriate evidence to determine the validity of the collateral.

a. This note is in default. Roger Nelson is owner of RD Builders. Roger Nelson is not a relative.

b. Amada & Chris Stromberg are the daughter and son-in-law of Eric and Lynita Nelson.

c. JB Ramos Trust is related to an employee of Eric Nelson

d. Niece - At issue by Lynita, Purchased by Banone on 03/02/2010 and questions the down payment of \$20,000 and if that money came from Community Funds.

- e. Chad Ramos is a Nephew to Eric
- f. Eric T. Nelson is a Nephew to Eric
- g. Have received deed in lieu of foreclosure.

Note 17 - Soris Transaction

History

This first transaction commenced in 2002 when Frank Soris made an investment as mortgage holder in the Wyoming operations. Mr. Soris loaned \$2,300,000 to the Lynita Trust on a building that was to be used for Off Track Betting to support a Race Track owned at that time by the Nelson's. The operations in the building were outlawed and the operations had to cease.

The \$2,300,000 was an amount needed by Frank Soris to complete a 1031 exchange (Tax Code provision to defer taxes). The amount actually loaned is \$1,300,000 and a note payable to Lynita's Trust for \$1,000,000. Sometime between the date of the 1031 and 2010, the promissory note was transferred to the Eric L Nelson Nevada Trust. We have not received indication as to why the note was transferred out of Lynita's Trust or if any consideration was given in return for the transfer. Information has been received that interest of \$75,000 was received in 2009 relating to the \$1,000,000 note which is being serviced by U. S. Loan Servicing.

When the Off Track Betting business failed, Mr. Soris insisted on collateral to replace the building in Evanston, Wyoming. Eric Nelson then collateralized the note with property in Phoenix, Arizona. Upon failure of that collateral, Eric Nelson then collateralized the note with property in Mississippi. Since there was ongoing litigation in Mississippi, Mr. Soris again sought collateral for the amount due him. It was then, in early 2010, when Eric made a decision to take the better of the Banone properties in Arizona and transfer those rental properties to the Frank Soris Family Trust.

It was understood from Eric Nelson that there was a deal with Frank Soris that if the properties were to sell in excess of the \$1,300,000, Eric would be entitled to monies from such sales. In documents received there was a written agreement that upon the transfer of the Banone properties, the \$1,000,000.00 note made payable to the Eric L. Nelson Nevada Trust is cancelled and considered satisfied. We have not received further documentation as to why the note was cancelled or satisfied. We have yet to determine which position is current. Of course, if the properties sell for less than \$1,300,000, the concerns of the \$1,000,000 will be dispelled.

Current Situation

The cost of the current twenty properties transferred to Soris has a book value of \$737,018.67. Therefore the aggregate amount of collateral against a debt of \$1,300,000 leaves a contingent liability of \$562,981.33. In addition, Eric has pledged to use 8 lots from his investment in AZ-29 Gateway Lots, but actual lots are to be determined at a later date according to the February 19, 2010 agreement between Soris and Eric Nelson.

The contingent asset may or may not have value if the properties sell for more than \$1,300,000, depending on the outcome of the agreement to share or if the note has been cancelled.

The interest on the \$1,300,000 note is being paid by the rents collected on the properties.

At issue, Lynita believes Eric gave Soris the best properties from Banone. Eric agrees with that statement.

Note 18 - Nikki Cvintavich Note Receivable

This is a loan made by Eric Nelson to Nikki Cvintavich, an employee in Mississippi. This loan has no direct connection to the Mississippi investments. We have not received documentation evidencing if this note is collateralized by any type of property.

Note 19 - Family Loan (Chad Ramos)

This was money given to start several businesses. The businesses have all failed. This money was given to him prior to 01/01/2009 and should be considered as community participation and be eliminated as an issue.

It is recommended that this item be eliminated from any settlement.

Note 20 - Family Loan (Jesse Harber)

We have not received documentation relating to the terms and conditions of this receivable. As a result, we cannot determine a value of the outstanding amounts due or if there was or is any collateral against the receivable.

Note 21 - Autos/Vehicles

The values given by each party was from Kelly Blue Book. It has not been determined what was used as mileage, accessories, or wholesale or retail suggested prices.

Note 21a – Both parties have indicated the presence of several ATVs and snowmobiles.

It is recommended a determination by an independent third party at a selected date determined by the Court.

Note 22 - Tax Situation

It has been understood that the 2006 taxes were filed jointly. Thereafter the Federal Income Tax Returns have been filed as Married filing Separate. It has been stated that a 2006 refund in the approximate amount of \$110,125 is currently held by Eric Nelson's attorney in a separate bank account.

Note 23 – Bank Accounts

It is recommended that all of the Banking Accounts be brought up to a date determined by the Court and that all transactions be reviewed for subsequent transactions.

Note 24 - AZ-31 Gateway Lots

The property in this account consists of the following:

1. 29 parcels that are titled to the Lynita Trust.
2. 8 parcels where the Lynita Trust has a 25% interest, Harber Investments has a 25% interest, Louis Walter has a 25% interest, and Gary & Margaret Zahlen have a 25% interest.
3. 2 lots that were in foreclosure. As of the date of this report, we have not received documentation relating to the disposition of the foreclosure proceedings.
4. 7 lots from Joan Ramos. Joan Ramos filed bankruptcy and all lots were to be deeded back to Lynita's Trust. As of the date of this report, all seven lots are currently in the name of "Ramos Joan B Trustee".

1 **NOTC**
2 Larry L. Bertsch, CPA, CFF
3 Nicholas S. Miller, CFE
4 LARRY L. BERTSCH, CPA & ASSOCIATES
5 265 East Warm Springs Rd., Suite 104
6 Las Vegas, Nevada 89119
7 Telephone: (702) 471-7223
8 Facsimile: (702) 471-7225

9 *Forensic Accountants*

10 **DISTRICT COURT**
11 **FAMILY DIVISION**
12 **CLARK COUNTY, NEVADA**

13 ERIC L. NELSON,
14 Plaintiff,

15 v.

16 LYNITA SUE NELSON,
17 Defendant.

Case No. D-09-411537-D
Dept. O

NOTICE OF FILING
INCOME AND EXPENSE REPORTS FOR:
(1) BANONE, LLC, AND
(2) DYNASTY DEVELOPMENT GROUP

18 Larry L. Bertsch, CPA, CFF, and Nicholas S. Miller, CFE, of the accounting firm of LARRY
19 L. BERTSCH, CPA & ASSOCIATES, hereby file the following reports:

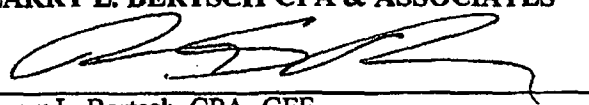
20 **Exhibit A - Income and Expense Report for Banone, LLC**

21 **Exhibit B - Income and Expense Report for Dynasty Development Group**

22 Please be advised that reports on the remaining two companies, Banone-Az, LLC and the
23 Eric L. Nelson Nevada Trust, will be filed within a week due to the large amounts of
24 transactions.

25 DATED this 11 day of July, 2011.

26 **LARRY L. BERTSCH CPA & ASSOCIATES**



27 Larry L. Bertsch, CPA, CFF
28 Nicholas S. Miller, CFE
265 East Warm Springs Rd., Suite 104
Las Vegas, Nevada 89119
Forensic Accountants

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CERTIFICATE OF SERVICE

I hereby certify that on the 11th day of July, 2011, I mailed a copy of the **Notice of Filing Income and Expenses Reports for: (1) Banone, LLC and (2) Dynasty Development Group** to the following at the last known address, by depositing the same in the United States mail in Las Vegas, Nevada, first class postage prepaid and addressed as follows:

David A. Stephens, Esq.
STEPHENS, GOURLEY & BYWATER
3636 N. Rancho Drive
Las Vegas, NV 89130
Attorneys for Plaintiff Eric L. Nelson

Robert P. Dickerson, Esq.
THE DICKERSON LAW GROUP
1745 Village Center Circle
Las Vegas, NV 89134
Attorneys for Defendant Lynita Sue Nelson


An employee of Larry L. Bertsch, CPA & Associates

Exhibit “A”

Exhibit “A”

Nelson v. Nelson
Banone, LLC
Income and Expenses Report

July 11, 2011

Larry L. Bertsch, CPA & Associates

Larry L. Bertsch, CPA, CFF

Nicholas S. Miller, CFE, CSAR, MBA

Contents

1. Summary
2. Income and Expenses per year
3. Notes to the Income and Expenses
4. Income and Expenses per month

Larry L. Bertsch, CPA & Associates reserves the right to update this report upon the production of additional documents. The information contained within this report is for use only in the conjunction with the surrounding Clark County District Court case Nelson v Nelson.

1 Q It certainly would impact the gaming licenses that
2 are in one person's name as opposed to another, correct?

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

4 I -- that's absolut -- first of all, it's wrong, but I -- it's
5 just -- it -- he doesn't necessarily have the expertise. If
6 he wants to lay a foundation, do so.

7 BY MR. JIMMERSON:

8 Q Do you understand that the --

9 THE COURT: Sustained.

10 BY MR. JIMMERSON:

11 Q Do you understand that Mr. Nelson's trust is a
12 licensee for --

13 MR. DICKERSON: No, Mr. Nelson's trust --

14 Q -- gaming purposes?

15 MR. DICKERSON: -- is not a licensee, so I object to
16 the form of the question.

17 BY MR. JIMMERSON:

18 Q Is it your understanding Mr. Nelson's trust owns the
19 asset of which Mr. Nelson is a gaming licensee?

20 A Yes.

21 Q Okay. And it is under a separate property trust?

22 A Yes.

23 Q And the basis for Mrs. Nelson not being investigated
24 for suitability years ago is because it was under a separate

1 property trust?

2 A Yes.

3 MR. DICKERSON: To which I object. That --

4 BY MR. JIMMERSON:

5 Q So now does the Court have the order --

6 MR. DICKERSON: To which I object --

7 THE COURT: Do you know about the gaming law or --

8 THE WITNESS: Yes.

9 THE COURT: Have you re -- so you feel comfortable
10 answering his question as far as --

11 THE WITNESS: I'm pretty familiar with the gaming
12 laws and regulations, yes.

13 MR. DICKERSON: In Mississippi?

14 THE WITNESS: Oh, not in Mississippi, no.

15 BY MR. JIMMERSON:

16 Q But you feel comfortable in Nevada?

17 A In Nevada, yes.

18 Q So you -- if you amended a tax return, would that
19 require Mrs. Nelson to become licensed because now you're
20 declaring separate property income to be joint community
21 property income?

22 A Not by amending the tax return, no.

23 Q Are the changes that Lynita has made, do they affect
24 the character of the property between the parties in the

1 documents that she's executed with you in January and February
2 of 2009?

3 A No.

4 Q Now, so the issue turns on whether or not the asset
5 is separate or community; is that right?

6 A Yes.

7 Q Because if it's separate then the Court would not
8 have the authority to order anything to do with the separate
9 asset, correct?

10 A That'd be my opinion, yes.

11 Q And so -- did your -- did there come a time in the
12 course of your representation of Lynita Nelson in 2008 where
13 deeds to property in Mississippi were prepared by your office?

14 A Yes.

15 Q Tell us about that.

16 A Eric had put together a lot of real estate in
17 Mississippi, contiguous properties and kind of newer where he
18 had some gaming ventures as far as I know, and he also had
19 some real estate investments that were being done there. And
20 there were some title issues surrounding the property and this
21 is the best of my recollection; Eric felt that in order to
22 clean up these title issues and to deal with litigation
23 matters there, that it was important to create one entity that
24 could control the property and allow him to negotiate and deal

1 with the property. So we helped come up with a plan where
2 Lynita and Eric would each share a 50 percent interest in this
3 entity, but it would consolidate ownership so that it would
4 facilitate settlement in the management of the property.

5 Q And did Mrs. Nelson sign those documents?

6 A Not that I recall.

7 Q Okay. And when you prepared those deeds, the
8 concept was to put them into a series of LLCs; is that right?

9 A I believe there was a master LLC, that each one of
10 them have their own LLC underneath the master.

11 Q All right. And did there come a time when Denise
12 Gentile, on behalf of Mr. Dickerson's firm, gave you a
13 document for Eric to sign as a condition to Lynita signing the
14 deeds?

15 A I don't recall.

16 Q Do you recall there was a document prepared by
17 Denise Gentile that required Eric to set aside a separate
18 property trust as a condition to her signing the deeds that
19 they needed to correct title in Mississippi?

20 A I -- I believe -- I remember there was some
21 discussion, but I don't think I ever saw that document. But
22 if you had -- had it here, I could certainly look at it.

23 Q Did you ask Mr. Nelson to sign that document -- a
24 document --

1 A Okay.

2 Q -- that would have as an exchange you agree that the
3 separate property trusts are in effect in exchange for my
4 agreement that I'll sign the deeds?

5 A Okay. I -- okay, I think what you're referring to
6 is the fact that at that point in time some of the property
7 was owned I believe in Eric's trust, some in Lynita's. And I
8 think more of the assets were in Lynita's trust than Eric's, I
9 believe. I -- this is the best of my recollection.

10 Q The properties were owned by each of the trusts?

11 A Right, by each of the trusts. And so, again, the
12 idea was for the moment, at least from my involvement in the
13 settlement, we were trying to foster a 50/50 division of the
14 assets. So there was a concern that one of the trusts was out
15 of balance and so it would be important, if we're going to
16 both have them cooperate together, to have them both
17 acknowledge that the trusts should be ignored and they should
18 have 50 percent ownership.

19 Q Where -- in your opinion -- did you ever have an
20 opinion that the trusts were out of balance when you consider
21 assets as well as liabilities?

22 A Well, I just relied upon the statements that Eric
23 had given me and it appeared they were out of balance.

24 Q How were they out of balance; in what regard?

1 A It appeared that there was more value in Eric's
2 trust than Lynita's.

3 Q In what regard? (Indiscernible - away from
4 microphone)?

5 A I think it was mainly the way the -- the gaming was
6 valued because that was a moving target, that when you -- at
7 that point in time, you know, we hadn't had the big economic
8 downturn, I believe it was '07. And the value being placed on
9 the gaming assets in particular caused -- caused the assets to
10 be out of balance, if I recall.

11 Q And did there come a time when Mrs. Nelson refused
12 to sign the Mississippi deeds to place them in to the
13 respective LLCs?

14 MR. DICKERSON: Objection without the laying of
15 foundation.

16 BY MR. JIMMERSON:

17 Q Do you know whether or not Mrs. Nelson refused to
18 sign deeds your office prepared?

19 MR. DICKERSON: Objection to the form of the
20 question. Did -- I don't know if we've established his office
21 prepared those or whether --

22 MR. JIMMERSON: He already answered --

23 THE COURT: Did you prepare them?

24 MR. DICKERSON: I don't know if we established that.

1 THE COURT: Do you know, did you prepare the deeds?
2 Do you know what deeds he's talking about specifically?

3 THE WITNESS: We did prepare the LLC agreements. I
4 don't know if Eric's office prepared the deeds or we did, but
5 the best of my recollection, Lynita never signed -- never
6 signed them.

7 BY MR. JIMMERSON:

8 Q Were you aware that Mr. Nelson was asking the deeds
9 be signed in order to correct title to the (indiscernible)
10 property in Mississippi?

11 A I know that Eric had asked them to be done to -- to
12 correct title issues, yes.

13 Q From what you understood in 2009, did Lynita and
14 Eric's trust each have their own separate bank accounts?

15 A I became aware of that, yes.

16 Q And they had their each -- they had their own
17 distribution trustee at one time (indiscernible - away from
18 microphone), right?

19 A Yes.

20 Q And did the chain --

21 MR. DICKERSON: I'm going to object to the form of
22 the question because it is leading and it -- there was --
23 there's a step in there that I think Mr. Burr forgot.

24 BY MR. JIMMERSON:

1 Q Was there another trustee for a moment in time
2 between Lana Martin and the Van Borens in relation to Lynita's
3 separate property trust?

4 A I don't recall.

5 Q Would you remember if I suggest the name Nora
6 Harper; would that help?

7 A No, I don't remember.

8 Q That's Sarah's (ph) sister.

9 A Okay. I remember -- I know Nora Harper, but I don't
10 recall --

11 Q (Indiscernible - away from microphone). Do you know
12 whether or not Lynita has moved her trust to another attorney
13 beside yourself?

14 A I'm not aware of it.

15 Q How many times did you meet with Lynita between 2001
16 and when you were retained by Eric in the fall of 2008?

17 A Once or twice at the most, best of my recollection.

18 Q The trusts were set up to protect from -- their
19 assets from creditors (indiscernible), correct?

20 A Yes.

21 Q So let's discuss the types of creditors, because
22 those trusts (indiscernible - away from microphone)?

23 A That's a big -- there's a big debate about that.

24 Q Well, what's the debate?

1 A There's just a case I'm aware of that's ongoing
2 right now where they're trying to protect a trust from IRS
3 attachment. I don't know the result of that yet, it's still
4 undetermined by case law at least. The statute seems to be
5 drafted in a way that allows protection from the IRS.

6 Q And how about if the gaming commission
7 (indiscernible - away from microphone) protected against the
8 gaming commission --

9 A I -- my opinion would be no. It's an 800-pound
10 gorilla.

11 Q From your observation as Lynita's counsel in the
12 fall of 2008, did the parties seem to follow the express
13 intent expressed 15 years earlier in 1991 and '93 about the
14 risk (indiscernible) Eric's trust and (indiscernible - away
15 from microphone).

16 A Well, it appeared with time the parties had become
17 more and more comfortable with gaming they'd had for so many
18 years now. It -- some of the risks that were of a concern
19 early on seemed not to be as big of a concern later on.
20 That's just my opinion.

21 Q You mean in 2008?

22 A Right.

23 Q And when you say not as much a concern, in other
24 words she was comfortable with invest -- more comfortable with

1 the investment?

2 A No, she -- I think she still wanted Eric to be the
3 licensee and to deal with all the gaming property. I'm just
4 saying the issue of liability may not have been as big a
5 concern and -- as it was early on.

6 Q But she still wanted Eric to be the licensee
7 (indiscernible - away from microphone) but she was less
8 concerned about attack from creditors?

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

10 MR. JIMMERSON: (Indiscernible - away from
11 microphone) you testimony, I just heard your last answer.

12 THE WITNESS: In my opinion that was the case.

13

14 BY MR. JIMMERSON:

15 Q Now, you also had the benefit of Eric bringing you
16 schedules of the assets owned by him or his trust, by Lynita
17 or her trust in 2008 and 2009, correct?

18 MR. DICKERSON: Object to the form of the question
19 without laying a foundation.

20 MR. JIMMERSON: He already said he brought it to
21 him.

22 MR. DICKERSON: He didn't say they were accurate
23 schedules.

24 THE COURT: He said he brought some schedules and

1 some things that you used to discuss possible settlement.

2 THE WITNESS: Yes, I saw some schedules that were
3 brought to me.

4 BY MR. JIMMERSON:

5 Q To the best of your knowledge, did Mr. Nelson appear
6 to be hiding in terms of disclosure what the parties owned?

7 A To the best of my knowledge, no.

8 Q Knowing the issues that you had and you discussed
9 with me today, Mr. Burr, and understanding that the Court can
10 do -- I guess order what it chooses to order in terms of
11 dividing assets or not, for purposes of both parties, do you
12 have an opinion as to whether or not the Court should award
13 Mississippi to Husband and compensate to Wife, or whether or
14 not the Court should divide the asset in half, understanding
15 the tax issues that were discussed as well as the other issues
16 (indiscernible); and if so, which way and why?

17 A Well, I think you have regulatory issues that are
18 always a concern and I'm not -- you know, I'm not a gaming
19 attorney. My opinion is that the parties always intended to
20 have their property divided equally among -- between
21 themselves. That was always kind of my discussion with them,
22 too.

23 Q Nobody's trying to get over. I'm saying compensate
24 here, which way should the Court go?

1 A Am I -- am I free to answer that question?

2 MR. DICKERSON: I haven't objected, but I don't
3 think -- I think the problem he has to understand is that we
4 don't have a definitive value of an asset to determine that.

5 MR. JIMMERSON: That's true.

6 MR. DICKERSON: So with the understanding that we
7 have no definitive value, I mean, I don't mind him throwing in
8 his two cents.

9 THE WITNESS: My opinion is Lynita should stay out
10 of Mississippi because I -- gaming is just a whole different
11 ball game. It's -- there's just a lot of, you know,
12 regulatory issues and partner issues and, I mean, to the
13 extent she could get assets of compensating value, I -- that'd
14 be my opinion. That's all it is right now, it's just an
15 opinion.

16 MR. JIMMERSON: I want to thank you for your time,
17 sir. No further questions.

18 THE COURT: Okay. Want to take a five or 10-minute
19 break?

20 MR. DICKERSON: Please, Your Honor.

21 THE COURT: Okay. We'll be in recess for 10
22 minutes.

23 (THE REQUESTED PORTION CONCLUDED AT 15:03:40)

24 (THE REQUESTED PORTION BEGAN AT 16:23:52)

1 MR. JIMMERSON: Depending upon the Court's and
2 opposing counsel's wishes, I'd like to call Mrs. Nelson back
3 to the stand, (indiscernible).

4 THE COURT: If you want to do it -- it's already
5 4:30, I don't know if you want to do anything for half --

6 MR. DICKERSON: May she use the restroom shortly and
7 --

8 THE COURT: Yeah, why don't you use the restroom and
9 I'll talk to the attorneys and do some --

10 MR. DICKERSON: Okay.

11 (Whispered conversation)

12 THE COURT: Yeah, let me see what you want to do
13 with the -- I'll go back, see if we can do some housekeeping,
14 see if you can look for time --

15 (THE REQUESTED PORTION CONCLUDED AT 16:24:11)

16 (THE REQUESTED PORTION BEGAN AT 16:39:47)

17 THE COURT: This is reconvening in the matter of
18 Eric and Lynita Nelson, Case Number D-411537. Due to the late
19 hour there'd be no purpose served by starting again, we'd just
20 have to go over the testimony we have to do. We were hoping
21 to do this this week, but we lost those two days as -- due to
22 the holiday.

23 The next day I have, I have the December 10th all
24 day mandatory training that got cancelled, so I have my

1 morning truancy court and my mental health court. So I
2 thought we could sit down in the afternoon on the 10th if it
3 serves any purpose.

4 I'll tell the parties we can't be doing half day or
5 day just wasting everybody's time. We're looking at Mr.
6 Jimmerson is thinking he needs five days to put his case on in
7 chief, Mr. Dickerson would be at least five days, so we're
8 looking at ten days. We're talking sometime in March. I'm
9 double booked on sex abuse trials through February and those
10 are my top priority because of my assignment, so I'm trying to
11 be honest with the parties. I know you're trying to get
12 things done by the end of December because of tax
13 consequences.

14 I'll be honest to both parties. As far as the tax
15 loss allocation, I'm not worried about that, that's you guys'
16 concern. If I make a decision that screws you guys out of tax
17 loss allocation, so be it. I mean, I'd rather not have that
18 happen, but after the testimony today of Attorney Burr, and
19 there might be new evidence presented, but right now based on
20 his intent I would still deem this to be all community
21 property, that's debts and liabilities.

22 When you look for community property you look for
23 pre or post-nuptial agreements to where the parties
24 specifically sit down and say we understand our community

1 property rights, but here's what we want to do in case of a
2 divorce, that's why we do it, so we separate the property.
3 From what the attorney said today it looked like most of those
4 trust agreements were for the intent to protect you guys from
5 creditors, not as a distribution of marital property, that's a
6 problem that you guys have. So if I ruled today I would say
7 everything even in those trusts were community property and
8 that's debts and assets. And if I was to order those things
9 out that probably would destroy the whole benefit of the
10 trusts from protection of third parties, but so be it. Again,
11 I'm not there to protect you guys' assets, so I hope you guys
12 can look at that.

13 The issues I see of course is the gaming and that's
14 a big ticket issue on that. The value of that. Again, I can
15 only strongly encourage the parties. What we'll do on
16 December 10th we'll look at, we'll give you some trial dates
17 so I know exactly where we're set so you guys know that. We
18 can talk with the parties if you think it'd be beneficial.
19 Again, I'm hoping what to do is I will review the testimony of
20 Attorney Burr, review the testimony of Mr. (Indiscernible). I
21 was hoping we got those people and Mr. Geraty had testified,
22 was hoping those would take it out of Eric said/Lynita said,
23 Eric thought/Lynita thought, as these experts and there's some
24 disagreement as to the loss allocations, other issues.

1 But again, I want to kind of tell both parties, I'm
2 not there to preserve your estate. Comes down right now I'm
3 going to split it down the middle, have a special master sell
4 everything and as they sell it, they'll split it, as
5 liabilities come up, they'll split the liabilities. And
6 again, that might not be the best way to handle, but right now
7 that's what I'd be inclined to do so I'm trying to tell both
8 parties where I'm at right now.

9 Right now I still deem everything to be community
10 property subject to more testimony coming forward.

11 MR. DICKERSON: Thank you, Judge.

12 MR. JIMMERSON: All right.

13 THE COURT: All right. We'll see everybody December
14 10th at 2:00 and if you don't think it'd be beneficial let me
15 know, because I don't want to waste the parties' time either.

16 MR. JIMMERSON: Understood.

17 MR. DICKERSON: Okay.

18 MR. JIMMERSON: Thank you, Judge, so much.

19 THE COURT: Have a good Thanksgiving, everyone.

20 MR. STEPHENS: Thanks, Judge. You too.

21 MR. JIMMERSON: Happy Thanksgiving, Your Honor.

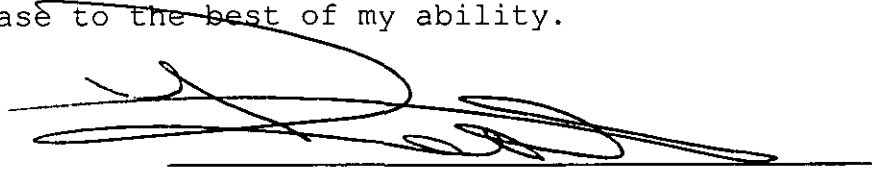
22 (PROCEEDINGS CONCLUDED AT 16:43:11)

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



Kimberly C. McCright, CET

ORIGINAL

Alvin D. Quinn
CLERK OF THE COURT

MOT
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DISTRICT COURT

CLARK COUNTY, NEVADA

ERIC L. NELSON,)	Case No.	D-411537
)	Dept. No.	QL
Plaintiff,)		
)		
vs.)	Hearing Date:	7/26/11
)	Hearing Time:	10:00am
LYNITA SUE NELSON,)		
)		
Defendant.)		

MOTION TO JOIN NECESSARY PARTY; OR IN THE ALTERNATIVE; TO DISMISS CLAIMS AGAINST THE ERIC L. NELSON NEVADA TRUST DATED MAY 30, 2011

Eric L. Nelson, by and through his counsel, Stephens Gourley & Bywater, files the instant Motion to Join Necessary Party, or in the Alternative, to Dismiss Claims Against the Eric L. Nelson Nevada Trust dated May 30, 2011. This Motion is based upon the papers and pleadings on file herein, the points and authorities attached hereto, and any arguments made by counsel at the hearing.

Dated this 22nd day of June, 2011.

David A. Stephens
David A. Stephens, Esq.
Nevada Bar No. 00902
3636 N. Rancho Drive
Las Vegas, NV 89130
Attorneys for Eric Nelson

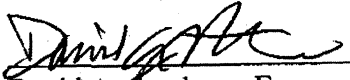
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NOTICE OF MOTION

To: Lynita Nelson, Defendant and Counterclaimant;
To: Robert P. Dickerson, Esq., Attorney for Lynita Nelson

PLEASE TAKE NOTICE that Eric Nelson will bring his Motion To Join Necessary Party;
Or In The Alternative; To Dismiss Claims Against The Eric L. Nelson Nevada Trust Dated May 30,
2011 on for hearing before the above entitled Court on the 20 day of July, 2011, at the
hour of 10:00am

Dated this 22nd day of June, 2011.


David A. Stephens, Esq.
Nevada Bar No. 00902
Stephens Gourley & Bywater
3636 N. Rancho Drive
Las Vegas, NV 89130
Attorneys for Eric Nelson

I. INTRODUCTION

Lynita S. Nelson ("Lynita") seeks affirmative relief against a necessary party that has not been named in the aforementioned action. Indeed, Lynita asserts a community property interest in the ERIC L. NELSON NEVADA TRUST dated May 30, 2001 ("Eric L. Nelson Trust"), an entity separate and distinct from Eric L. Nelson ("Eric"); yet, she has failed to name the Eric L. Nelson Trust, its trustees or beneficiaries as parties. In addition to violating the Nevada Rules of Civil Procedure, Lynita's action/inaction is in direct contravention of Nevada case law, which mandates that a trust be joined as a necessary if it holds legal title of assets that are the subject matter of an action. Consequently, the Eric L. Nelson Trust should be joined as a necessary party.

1 Alternatively, if for some reason the Eric L. Nelson Trust cannot be made a party, this Court
2 should dismiss Lynita's claims against the Eric L. Nelson Trust pursuant to NRCP 19(b).

3
4 **II. STATEMENT OF PERTINENT FACTS**

5 On May 30, 2001, the Eric L. Nelson Trust was established by Eric L. Nelson. The Eric L.
6 Nelson Trust is a single settlor trust established pursuant to NRS 166 for the benefit of Eric L.
7 Nelson and his five children.¹

8 The Trust is irrevocable and "may not be altered, amended or revoked."² The Trust was
9 funded, in part, by assets that were wholly owned by the ERIC L. NELSON SEPARATE
10 PROPERTY TRUST dated July 13, 1993.

11 At all times relevant herein, Eric L. Nelson has served as Investment Trustee,³ but only the
12 Distribution Trustee, Lana Martin, has "the power to authorize distributions of principal and/or
13 income to the beneficiaries hereunder at times and in amounts as determined in the sole discretion
14 of the Distribution Trustee."⁴

15
16 As this Court is well aware, Lynita contends that some or all of the assets owned by the Eric
17 L. Nelson Trust is community property, and as such, are subject to division in the instant divorce
18 proceeding. Notwithstanding said contention, Lynita has failed to name the Eric L. Nelson Trust,
19 the Distribution Trustee, the Investment Trustee, or any of the beneficiaries as parties to the instant
20 litigation. At the very least, the Eric L. Nelson Trust is entitled to its day in Court and must joined.
21
22 Consequently, this Court should join the Eric L. Nelson Trust as a party in the aforementioned
23

24 ¹ See Eric L. Nelson Trust, at Article II, attached hereto as **Exhibit 1**.

25 ² See Eric L. Nelson Trust, at Article VIII

26 ³ See Eric L. Nelson Trust, at Article XI.

27 ⁴ See Eric L. Nelson Trust, at Article XII, Section 12.2.

1 action.

2 **III. LEGAL ARGUMENT**

3 A. The Eric L. Nelson Trust Is A Necessary Party And Must Be Joined In The Instant
4 Action.

5
6 As early as 1897, Nevada courts have “required that all persons materially interested in the
7 subject matter of the suit be made parties so that there is a complete decree to bind them all.”⁵ If the
8 interest of absent parties may be affected or bound by the decree, they must be brought before the
9 court or it will not proceed to decree.”⁶ Indeed, NRCPC 19(a) provides:

10 **Persons to Be Joined if Feasible.** A person who is subject to service
11 of process and whose joinder will not deprive the court of jurisdiction
12 over the subject matter of the action shall be joined as a party in the
13 action if (1) in the person’s absence complete relief cannot be
14 accorded among those already parties, or (2) the person claims an
15 interest relating to the subject of the action and is so situated that the
16 disposition of the action in the person’s absence may (i) as a practical
17 matter impair or impede the person’s ability to protect that interest or
18 (ii) leave any of the persons already parties subject to a substantial
19 risk of incurring double, multiple, or otherwise inconsistent
20 obligations by reason of the claimed interest. If the person has not
21
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25 ⁵ *Gladys Baker Olsen Family Trust By and Through Olsen v. Eighth Judicial Dist.*
26 *Court*, 110 Nev. 548, 553, 874 P.2d 778, 781 (Nev. 1994) (the failure of a real party in interest to
27 join a trust as a party was fatal error, where the trust owned all the assets at issue and was therefore
a necessary party under NRCPC 19(a)).

28 ⁶ *Id.*

1 been so joined, the court shall order that the person be made a party.

2 If the person should join as a plaintiff but refuses to do so, the person
3 may be made a defendant, or, in a proper case, an involuntary
4 plaintiff.
5

6 “Rule 19 is designed to protect the interests of absent parties, as well as those ordered before
7 the court, from multiple litigation, inconsistent judicial determinations or the impairment of interests
8 or rights.”⁷ “[A]ll persons materially interested, either legally or beneficially, in the subject-matter
9 of a suit, are to be made parties to it, either as plaintiffs or as defendants, however numerous they may
10 be, so that there may be a complete decree which shall bind them all.”⁸ In suits respecting trust
11 property, the trust, beneficiaries, and trustees are necessary parties.⁹ Indeed, on at least two occasions
12

13
14 ⁷ *CP Nat. Corp. v. Bonneville Power Admin.*, 928 F.2d 905, 911 (9th Cir. 1991)
15 (defendant was necessary party to utility’s appeal of denial of increase in average system cost, where
16 joining defendant removed any threat of unnecessary litigation, and there was no prejudice by joining
17 defendant as party.).

18 ⁸ *Robinson v. Kind*, 23 Nev. 330, 47 P. 1 (Nev. 1896) (citation omitted) (in a suit by
19 one of the grantors to annul a deed of trust, which gave defendant trustee the control of the property
20 merely to pay a certain debt of the grantors, the other grantors are necessary parties).

21 ⁹ *Id.* at 330, 3 (“The trustees have the legal interest, and therefore they are necessary
22 parties. The cestuis que trust, or beneficiaries, have the equitable and ultimate interest to be affected
23 by the decree, and therefore they are necessary parties.”). *See also Schwob v. Hemsath*, 98 Nev. 293,
24 646 P.2d 1212 (Nev. 1982) (judgment reversed and case remanded with directions to allow the
25 corporation that held legal title to the property in controversy to become party); *In re Ashton*, 266
26 S.W.3d 602 (Tex.App.–Dallas 2008) (trial court erroneously granted relief against trust in divorce
27 proceeding as husband was sued individually, and not in his capacity as trustee of trust); *DeGarmo*
28 *v. DeGarmo*, 269 Ga. 480, 482, 499 S.E.2d 317, 318 (Ga. 1998) (“When one party to a divorce
proceeding alleges there has been a fraudulent conveyance of property to defeat that party’s rights,
joinder of additional parties involved in the allegedly fraudulent conveyance is proper.”); *In re*
Marriage of Zabel, 210 Wis.2d 336, 565 N.W.2d 240 (Wis. App. 1997) (joinder of husband’s
mother as third-party in divorce action was proper where wife alleged that real property titled in
mother’s name was marital property and subject to division as part of divorce); *Ashourian v.*
Ashourian, 483 So.2d 486 (Fla. App. 1 Dist. 1986) (in divorce proceeding, trial court has no power
to order a transfer of corporate assets without joinder of the corporation).

1 the Nevada Supreme Court has held that a party's failure to join a trust was "fatal to the district
2 court's judgment."¹⁰

3
4 In *Olsen*, Olsen's wife ("Betty") obtained a divorce decree in 1985, but was unsuccessful in
5 satisfying the divorce decree against him.¹¹ In 1988, a revocable trust, established by Olsen's mother,
6 purchased a home and permitted Olsen to live there rent free, and Olsen also borrowed funds from
7 the trust to purchase a car.¹² Betty then sought a writ of execution against the home and car to satisfy
8 the outstanding judgment against Olsen.¹³ The district court issued an order which, *inter alia*,
9 permitted Betty to execute a lien against the home and car, both legally owned by the trust.¹⁴

10
11 As a result, the trust filed a writ of prohibition with the Nevada Supreme Court asserting that
12 the district court did not have jurisdiction to issue orders and judgments against it because it was
13 never a party to the district court action.¹⁵ Betty argued that even though the trust was not a party to
14 the underlying action, it is bound by the district court's judgment because legal counsel for Olsen and
15 the trust had notice that its interest could be affected and the trust should have intervened pursuant
16 to NRCPC 24(a)(2). The Nevada Supreme Court rejected Betty's argument and declared the district
17 court order void on the basis that Betty was required to join the trust, which held legal title to and
18 absolute ownership of all assets that were the subject matter of the action, as a party.¹⁶

21 ¹⁰ *Olsen*, 110 Nev. at 554, 874 P.2d at 782.

22 ¹¹ *Id.* at 549, 779.

23 ¹² *Id.*

24 ¹³ *Id.*

25 ¹⁴ *Id.* at 550, 780.

26 ¹⁵ *Id.* at 552, 781.

27 ¹⁶ *Id.* at 553, 781.

1 Similarly, in *Guerin v. Guerin*, 114 Nev. 127, 132, 953 P.2d 716, 719 (Nev. 1998), abrogated
2 on other grounds by *Pengilly v. Rancho Santa Fe Homeowners*, 116 Nev. 646, 646, 5 P.3d 569, 569
3 (2000), the Nevada Supreme Court directed the Clerk of the Court to issue a writ of prohibition
4 precluding the district court from enforcing its April 8, 1996, order to the extent that it ordered the
5 Hill Family Trust to transfer certain assets to a receiver because the Hill Family Trust was not a
6 named party to the action at the time the order was entered.

8 Just like in *Olsen* and *Guerin*, the Eric L. Nelson Trust is a necessary party as Lynita seeks
9 an order from this Court that the assets owned by the Eric L. Nelson Trust are community property.
10 Despite this fact, and for reasons unknown to Eric, Lynita has failed to join the Eric L. Nelson Trust
11 as a party. This Court should join the Eric L. Nelson as a necessary party in this proceeding because
12 (1) complete relief cannot be accorded among the parties without the Eric L. Nelson Trust being
13 named a party;¹⁷ and (2) the disposition of the action in the absence of the Eric L. Nelson Trust will
14 impair or impede its ability to protect its interest and at risk of incurring double, multiple, or
15 otherwise inconsistent obligations.¹⁸ Indeed, even if this Court were to find that the assets owned by
16 the Eric L. Nelson Trust are community property, the Eric L. Nelson Trust, the Trustees and/or the
17 beneficiaries would be able to re-litigate the same, or similar, issues in another proceeding.

20 As such, pursuant to NRCP 19(a) and the Nevada Supreme Court's holding in *Olsen* and
21 *Guerin*, the Eric L. Nelson Trust should be joined as a necessary as a party.

23 B. Lynita's Claims Against The Eric L. Nelson Trust Should Be Dismissed If It Is Not
24 Joined As A Necessary Party.

25 If the Eric L. Nelson Trust cannot be made a party for any reason, this Court should exercise

26
27 ¹⁷ See NRCP 19(a)(1).


28 ¹⁸ See NRCP 19(a)(2).

1 its equitable authority and dismiss Lynita's claims against the Eric L. Nelson Trust pursuant to NRCP
2 19(b).¹⁹ As indicated *supra*, the Nevada Supreme Court has repeatedly held that a trust is a necessary
3 party. Indeed, in both *Olsen* and *Guerin* the Nevada Supreme Court precluded the district court from
4 enforcing orders and from issuing any additional orders affecting the rights of a trust until said trust
5 was property joined as parties. Consequently, Lynita's claims against the Eric L. Nelson Trust should
6 be dismissed if it is not joined.
7

8 **IV. CONCLUSION**

9 For the foregoing reasons, this Court should join the Eric L. Nelson Trust as a necessary party,
10 or alternatively, dismiss Lynita's claims against the assets held by such Trust.
11

12 DATED this 22nd day of June, 2011.

13
14 
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25

26 ¹⁹ See also *Potts v. Vokits*, 101 Nev. 90, 692 P.2d 1304 (Nev. 1985) (If in equity and
27 good conscience the action cannot proceed without the necessary party, that party is "indispensable"
28 and the case must be dismissed pursuant to NRCP 19(b)).

EXHIBIT "1"

THE ERIC L. NELSON NEVADA TRUST

Dated May 30, 2001

**Prepared by
Jeffrey L. Burr & Associates
4455 South Pecos
Las Vegas, Nevada 89121**

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Trust Agreement

OF THE ERIC L. NELSON NEVADA TRUST

THIS TRUST AGREEMENT made this 24th day of May, 2001, by and between ERIC L. NELSON, a resident of Clark County, Nevada (hereinafter sometimes referred to as "Trustor" or "Grantor"), and ERIC L. NELSON (hereinafter referred to as "Investment Trustee") and LANA MARTIN (hereinafter referred to as "Distribution Trustee"). For purposes of this Trust Agreement both Investment Trustee and Distribution Trustee shall sometimes hereinafter collectively be referred to as "Trustees";

Witnesseth:

WHEREAS, the Trustor desires by this Trust Agreement to establish an Irrevocable Trust upon the conditions and for the purposes set forth in this instrument.

NOW, THEREFORE, the Trustor hereby gives, grants and delivers irrevocably, IN TRUST, unto the Trustees, the properties described in the Asset Inventory, TO HAVE AND TO HOLD THE SAME IN TRUST, and to manage, invest, and reinvest the same, and any later additions thereto, subject to the terms and conditions thereto.

ARTICLE I

ADDITIONS TO TRUST

Additional property may be accepted by the Investment Trustee at a later time. The Trust shall be on a calendar year, ending December 31st of each year, for Trust tax and accounting purposes. Property subject to this instrument is referred to as the "Trust estate."

ARTICLE II

BENEFICIARIES AND TRUST NAME

2.1 Beneficiaries. The Trust shall be for the benefit of ERIC L. NELSON, and for other beneficiaries named herein. The name of the now living spouse of the Trustor is LYNITA SUE NELSON. The names of the five (5) now living children of the Trustor are AMANDA NELSON, AUBREY NELSON, ERICA NELSON, GARETT LEE NELSON, and CARLI ANN

Jeffrey L. Burr & Associates
Attorneys at Law

NELSON and they shall hereinafter be referred to, for purposes of the Trust Agreement, as the "children of the Trustor," who shall also be permissible beneficiaries. This Trust may also be for the benefit of the following tax-exempt charities, which qualify as such under the laws of the United States of America by the Internal Revenue Service or other agency of the government of the United States of America for which contributions to such qualified charity may qualify for the charitable income tax deduction under Code Section 170 or any successor legislation thereto.

2.2 Name. The Trust created in this instrument may be referred to as the "ERIC L. NELSON NEVADA TRUST."

ARTICLE III
DISTRIBUTION OF INCOME AND PRINCIPAL
DURING THE LIFE OF THE TRUSTOR

3.1 Distribution of Income and Principal. During the lifetime of the Trustor, any property which is directed to be held in accordance with the terms and conditions set forth in this Article shall be held, by the Trustees, IN TRUST, for the following use and purposes: To manage, invest and reinvest the same, to collect the income thereof, and to pay over or apply the net income and/or principal thereof, and in such amounts and proportions, including all to one to the exclusion of the others, and at such time or times as the Trustees, in their sole and absolute discretion, shall determine, to or for the benefit of such one or more members of the class consisting of the Trustor, the Trustor's issue and other beneficiaries named herein or as described in Section 2.1 above, until the death of the Trustor. Any net income (which may be the whole of such income) not so paid over or applied shall be accumulated and added to the principal of the trust at least annually and thereafter shall be held, administered and disposed of as part thereof.

3.2 Trustor's Veto Right. During the life of the Trustor, at least ten (10) days prior to making any payment or application of income or principal to any beneficiary other than the Trustor, the Distribution Trustee shall advise the Trustor of the Trustees' intention to pay over or apply income or principal to a beneficiary other than the Trustor and the Trustor may veto any such intended payment or application by directing the Distribution Trustee in writing not to make and/or authorize the payment or application, and, if such veto is exercised by the Trustor, the Distribution Trustee shall not make and/or authorize the intended payment or application to

the intended beneficiary. The Trustor retains the right to renounce the veto power granted to the Trustor in this Article III by delivery of an acknowledged written instrument to the Trustees renouncing such veto power.

3.3 Distributions to a Trustor. Notwithstanding anything above to the contrary, any decision to make a distribution to the Trustor may not be made by the Trustor, even though the Trustor may be serving as a Trustee hereunder. Prior to any distribution to the Trustor of either income or principal of the Trust estate, a meeting of a majority of the Trustees, which majority must also include the Distribution Trustee, shall be held. At such meeting, the Trustees shall discuss the advisability of making a distribution of the Trust estate to the Trustor. Upon the vote of the Distribution Trustee and a majority of the other Trustees in attendance at such meeting, which vote must in all events include the affirmative vote of the Distribution Trustee, the Trustees may authorize and carry out the distribution of Trust income and/or principal to the Trustors.

Notwithstanding the foregoing, a meeting of the Trustees shall be effective whether held in person or by telephone or other electronic means. In addition, the Trustees may also effect a valid meeting hereunder by execution of a written consent in lieu of Trustees' meeting, which shall specifically state the amount of the Trust estate to be distributed to Trustor. However, for any written consent to be effective, it must be a unanimous written consent, subscribed to by all Investment Trustees and all Distribution Trustees.

3.4 Unauthorized Distributions to the Trustor. In the event any distribution of any of the Trust estate shall be made to the Trustor, and if such distribution is not previously authorized by the Trustees in the manner as required pursuant to Section 3.3 above, then such distribution made to the Trustor shall be void and the Distribution Trustee shall have a lien against the Trust estate distributed to the Trustor and such lien shall also extend if necessary to make the Trust estate whole, to any and all other assets of the Trustor. For as long as any of the Trust estate has passed without proper authorization out of Trust to the Trustor, upon return of the unauthorized distribution, the Trustor shall return to the Trust estate the value of the unauthorized distribution plus interest on the value of such unauthorized distribution, at a rate of One Percent (1%) per month, compounded monthly. In the event of any such unauthorized distribution, the Distribution Trustee shall give notice of the unauthorized distribution to the other named non-charitable beneficiaries hereunder as set forth in Section 2.1 above.

Furthermore, the Distribution Trustee shall have all other rights and powers as shall be necessary to recover from the Trustor the unauthorized distributions and make the Trust estate whole.

3.5 Power of Appointment. While the Trustor is living, he shall have the testamentary power to direct the Trustees to pay over and distribute Trust principal from the Trust estate in the manner provided in a special testamentary power of appointment signed by the Trustor and delivered to the Trustees. The Trustor's power to appoint beneficiaries of the Trust shall be unlimited; provided, however, that the Trustor may not appoint Trust estate, or any part thereof, to the estate of the Trustor or to creditors of the Trustor's estate. The power of appointment shall not be limited with regard to the shares or proportions to be allocated or with regard to whether a distribution shall be outright or held in trust. If the Trustor has failed to appoint beneficiaries as provided above, then the remaining assets of the Trust shall be distributed as provided for in Article IV below.

3.6 Trustor's Retained Powers of Administration. Notwithstanding any provisions contained herein to the contrary, the Trustor, whether or not acting in capacity as an Investment Trustee hereunder, shall have the power to reacquire the Trust corpus by substituting therefore other property of an equivalent value. This power may be exercised by the Trustor in a nonfiduciary capacity without the approval or consent of any Trustee, Co-Trustee or other person acting in a fiduciary capacity with respect to the Trusts created hereunder other than the right in the Trustee(s) to require fair appraisals of property received from Trustor or transferred to the Trustor in such substitution. This power of substitution shall apply only to the Trustor and shall not override N.R.S. 163.050 with respect to a trustee's acts of buying from or selling to an affiliate other than as specifically provided herein with respect to transfers between the Trustees and Trustor for fair value. Trustor understands that retention of such powers shall cause the Trust income to be taxable to him under Subchapter J, Subpart E of the Internal Revenue Code of 1986, as amended, and agree to pay all income taxes attributable to such Trust income. A Trustor may irrevocably relinquish this power of substitution at any time by a writing given to the Trustee.

ARTICLE IV

DISTRIBUTION AND ADMINISTRATION

AFTER THE DEATH OF THE TRUSTOR WITH HIS SPOUSE SURVIVING

4.1 **Decedent and Survivor Defined.** Upon the death of the Trustor, if his spouse is then living, the Trustee shall administer and divide the Trust estate, including all property received by the Trustee by reason of Trustor's death as follows:

- (a) The Trustee may, in the Trustee's sole discretion, pay from the income and/or principal of this Trust estate, the administrative expenses for the Trustor's estate; provided, however, that all such expenses shall first be paid by the Trustees of the ERIC L. NELSON SEPARATE PROPERTY TRUST, established on July 13, 1993, if the assets of such trust are sufficient to pay all such administration expenses. The Trustee may also pay the expenses of the funeral of the Trustor, but only if such expenses are not otherwise payable from the remaining assets of the ERIC L. NELSON SEPARATE PROPERTY TRUST. *Notwithstanding the terms and conditions set forth herein, under no circumstances shall the proceeds from any Individual Retirement Account (IRA), 401(k) or other retirement accounts assigned to this Trust be utilized to pay the taxes, debts, expenses or administrative costs owed by the Trustor, his or her estate and this Trust.*

- (b) The remainder of the Trust estate and the property received by the Trustee by reason of Trustor's death shall be divided into two separate trusts and administered as hereinafter provided:
 - (1) **The Nevada Exemption Trust.** The Trustee shall first allocate to the Nevada Exemption Trust, a sum not to exceed the maximum amount that can pass to the Trust free of Federal Estate Tax, after taking into account all available deductions, the unified credit and the state death tax credit (provided use of this credit does not result in an increase in the state death taxes paid) allowable to the Trustor's estate, and after also taking account of property disposed of by previous articles in this Trust and property passing outside of this Trust which is includible in the Trustor's gross estate and which does not qualify for the marital or charitable deduction, and after taking account of charges to principal that are not allowed as deductions in computing the deceased spouse's Federal Estate Tax. This allocation may be satisfied in cash or in kind, including undivided interests in property.

 - (2) **The Nevada Marital Trust.** If the spouse of the Trustor survives him by a period of 180 days, the Nevada Marital Trust shall consist of the rest of the Trust estate, after allocations have been made to the Nevada Exemption Trust. If the spouse of the Trustor does not survive him, the remaining Trust estate shall be distributed to the Nevada Exemption Trust.

(3) Disclaimer. If the surviving spouse of the Trustor disclaims any of her interest in the remaining property destined for the Nevada Marital Trust, such disclaimed property shall be distributed to the Exemption Trust hereunder. Any such disclaimed property, which is added to the Nevada Exemption Trust, shall not be subject to any powers of appointment granted to the surviving spouse of the Trustor, except for those powers that would not cause such disclaimer to fail to be a qualified disclaimer under the regulations and rulings issued under Sections 2046 and 2518 of the Internal Revenue Code in effect at the time of such disclaimer.

- (c) The values to be used in computing the property to be allocated to the Nevada Exemption Trust shall be the value of such assets on the date of allocation. The property to be allocated by the Trustee to the Nevada Exemption Trust shall be selected by the Trustee and, subject to the limitation set out hereinbelow, the values of the assets so allocated shall be those above directed to be used in computing the amount of the applicable exemption. In selecting property for allocation to the Nevada Exemption Trust, the Trustee shall comply with the following rule: The value of the property, including cash, so allocated shall be selected in such a manner as to have an aggregate fair market value fairly representative of appreciation or depreciation in value, to the date or dates of each allocation, of all property then available for such allocation in satisfaction of this devise and bequest to the Trustee of the Nevada Exemption Trust. In selecting assets to comply with the above rule, the Trustee is authorized to allocate property in appropriate undivided interests. It is not intended that the Nevada Exemption Trust shall qualify for the marital deduction under federal revenue laws then in force at the Trustor's death.
- (d) In the event the Trustee receives property by inter vivos or testamentary transfer and directions are contained in the instrument of transfer for allocation to or among the respective trusts contained herein, the Trustee shall make allocations in accordance with such directions, anything to the contrary herein notwithstanding.

4.2 Nevada Exemption Trust. The Investment Trustee shall hold, manage, invest and reinvest the Nevada Exemption Trust estate and shall collect the income therefrom and dispose of the net income and principal as follows:

- (a) During the lifetime of the surviving spouse of the Trustor, the Investment Trustee, in her absolute discretion, shall pay to the Trustor's spouse such amounts of the net income of the Nevada Exemption Trust estate as shall be necessary for her health, education, maintenance, and support.
- (b) The surviving spouse of the Trustor shall have the discretionary power during her lifetime or upon her death to direct the Trustee to pay over and distribute trust principal from the Nevada Exemption Trust in the manner provided in a power of appointment signed by the Trustor's spouse and delivered to the Trustee. The

power to appoint beneficiaries of the Nevada Exemption Trust shall be limited to the issue of the Trustor and shall exclude the Trustor's surviving spouse, her estate, her creditors, and creditors of her estate. The power of appointment shall not be limited with regard to the shares or proportions to be allocated or with regard to whether a distribution shall be outright or held in trust. If the spouse of the Trustor has failed to appoint beneficiaries as provided above, then the remaining assets of the Nevada Exemption Trust shall be distributed as provided for below.

- (c) If, in the opinion of the Trustee, the income from all sources of which Trustee has knowledge shall not be sufficient for the health, education, support and maintenance of the Trustor's surviving spouse, the Trustee is authorized to use and expend such part of the Trust principal as is necessary to meet such needs.
- (d) If some or all of the Trustor's generation-skipping exemption is allocated to the property (or exempt portion of the property) that is otherwise to constitute the Nevada Exemption Trust and if that Trust would thereby have an inclusion ratio greater than zero, the Trustee shall instead establish two separate trusts so that each has a generation-skipping inclusion ratio of either zero (the "Exempt Nevada Exemption Trust") or one (the "Nonexempt Nevada Exemption Trust"), and the Trustee shall accomplish this by allocating to the Nonexempt Nevada Exemption Trust the maximum fractional portion of the property (described in paragraph (2) above) that is necessary to establish that trust with an inclusion ratio of one, while leaving the Exempt Nevada Exemption Trust with an inclusion ratio of zero.
- (e) The Trustee's duty to report information or account to the beneficiaries of the Nevada Exemption Trust, other than the Trustor's spouse, is hereby waived.
- (f) Upon the death of the Trustor's spouse, the Trustee shall administer the entire remaining income and principal of this Trust in accordance with Article V below.
- (g) The Trustee of the Nevada Exemption Trust shall respect and comply with any directions given and provisions made by the Trustor's Will for the payment of debts of the Trustor and the expenses and other obligations of his estate, and for the payment and allocation of any death taxes resulting from his death. To the extent these matters are not covered by the Trustor's Will, the Trustee of the Nevada Exemption Trust shall (without charge to any beneficiary) pay all federal, state and foreign death taxes payable on or with respect to any property which passes or has passed under this agreement, under the Trustor's Will or otherwise and which qualifies for the federal estate tax marital deduction; in all other respects the liability for and burden of federal, state and foreign death taxes imposed by reason of the Trustor's death, shall be paid by the person or from the property upon which an inheritance tax is specifically imposed or, in the case of estate or other taxes, shall be allocated or apportioned in accordance with federal and Nevada law; and the Trustee of the Nevada Exemption Trust may, in the Trustee's discretion, pay debts, last illness and funeral expenses of the Decedent

and the administrative expenses and other obligations of his estate. If, however, what would otherwise have been the Nevada Exemption Trust is instead established as two separate trusts under paragraph 4.2(d) above, the payments to be made from the Nevada Exemption Trust under this paragraph (a) shall be made first from the Nonexempt Nevada Exemption Trust.

4.3 Nevada Marital Trust. The Investment Trustee shall hold, manage, invest and reinvest the Nevada Marital Trust Estate and shall collect the income therefrom and dispose of the net income and principal as follows:

- (a) The Investment Trustee shall pay to the surviving spouse of the Trustor, during her lifetime, all of the net income of the Nevada Marital Trust in convenient, regular installments, but not less frequently than quarter annually. (N.R.S. Chapter 166 provides that the Trustee of a Nevada trust may not be required to make distributions of either principal or income to the Trustor of the Nevada trust. Because the Nevada Marital Trust is funded only with assets from the Trustor's separate property and/or the Trustor's one-half (1/2) interest in community property, the surviving spouse of the Trustor is not the Settlor of the Nevada Marital Trust and, therefore, this required distribution of income is not contrary to the terms of N.R.S. Chapter 166.)
- (b) If, in the opinion of the Investment Trustee, the income and principal from all other sources of which the Investment Trustee has knowledge shall not be sufficient for the education, health, support or maintenance of the surviving spouse of the Trustor in her accustomed manner of living at the date of the Trustor's death, the Investment Trustee is authorized to use and expend such part of the Trust principal as is necessary to meet such needs.
- (c) The surviving spouse of the Trustor shall have the discretionary power upon her death to direct the Trustee to pay over and distribute trust principal from the Nevada Marital Trust in the manner provided in a power of appointment signed by the surviving spouse of the Trustor and delivered to the Trustees. The power to appoint beneficiaries of the Nevada Marital Trust shall be limited to the issue of the Trustor. The power of appointment shall not be limited with regard to the shares or proportions to be allocated or with regard to whether a distribution shall be outright or held in trust. If the surviving spouse of the Trustor has failed to appoint beneficiaries as provided above, then the remaining assets of the Nevada Marital Trust shall be distributed as provided for below.
- (d) Upon the death of the Trustor's surviving spouse, the net income of the Trust which has not been distributed shall be distributed to the Nevada Survivor's Trust or to her estate. The Trustee shall administer the remaining principal of this Trust in accordance with Article V.
- (e) Upon the death of the Trustor's surviving spouse, the Trustee shall pay from the Trust estate the entire increment in taxes in the estate of the Trustor's spouse

payable by reason of the Trustor's death (including any interest or penalties thereon) to the extent that the total of such taxes is greater than would have been imposed if this Trust estate were not taken into account in determining such taxes. If more than one qualified terminable interest property trust is created as authorized by 4.3(h) and if any portion of the estate tax is required to be charged against and paid from a qualified terminable interest property trust, then such taxes shall be first charged against and paid without apportionment out of the principal of the trust as to which the special election provided by Section 2652(a)(3) of the Code is not applicable. Notwithstanding the terms and conditions set forth herein, under no circumstances shall the proceeds from any Individual Retirement Account (IRA), 401(k) or other retirement accounts assigned to this Trust be utilized to pay the taxes, debts, expenses or administrative costs owed by the Trustor, his estate and this Trust.

- (f) The surviving Trustor shall have the right to require the Trustee to invest the property subjected to this Trust into productive, income producing property.
- (g) It is the Trustor's intent that the property comprising the Trust estate of this Trust qualify for the marital deduction allowed by the Federal Estate Tax law applicable to the Trustor's estate. All questions applicable to the marital deduction and this Trust shall be resolved accordingly. To this end, the powers and discretions of the Trustee with respect to allocations of property to this Trust, and with respect to administration of the Trust during the spouse's lifetime, shall not be exercised or exercisable except in a manner consistent with the Trustor's intent as expressed in this paragraph.
- (h) If the special election provided by Section 2652(a)(3) of the Code is exercised as to any property held in this Trust, the Trustee of this Trust is authorized, at any time in the exercise of absolute discretion, to set apart such property in a separate trust so that its inclusion ratio, as defined in Section 2642(a) of the Code is zero.

ARTICLE V

DISTRIBUTION AND ADMINISTRATION

AFTER THE DEATH OF THE TRUSTOR AND THE TRUSTOR'S SPOUSE

5.1 Distribution of Trust Assets. Upon the death of the Trustor and the Trustor's spouse, any remaining unappointed property, both income and principal of this Trust estate, shall be distributed in the same manner and for the same beneficiaries as provided for in the ERIC L. NELSON SEPARATE PROPERTY TRUST, dated July 13, 1993. The Trust estate shall in no event be administered as part of the ERIC L. NELSON SEPARATE PROPERTY TRUST, dated July 13, 1993, unless the Trustor shall specifically so provide pursuant to the powers of appointment as provided for in Section 3.4 above. In the event such Trust has been revoked,

then the remaining unappointed Trust estate shall be divided into as many equal shares as there are children of the Trustor who are then living and children of the Trustor who are deceased leaving issue then living, and these shares shall be distributed or retained as follows:

- (a) If any child of the Trustor is then over the age of Thirty-five (35) years, his or her Trust share shall be distributed to him or her, outright and free of Trust.
- (b) For each child of the Trustor who is then under the age of Thirty-five (35) years, his or her Trust share shall be retained in a separate Trust and shall be administered and distributed as follows:
 - (1) Until the child attains the age of Nineteen (19) years, the net income and principal from each Trust share shall be distributed to the child as is necessary, in the discretion of the Trustee, for the support, maintenance, education or health needs of the child. Any excess income that is not distributed for these purposes shall be accumulated and added to principal.
 - (2) When the child attains the age of Nineteen (19) years, income and principal may only be used, in the discretion of the Trustee, for the education or health needs of the beneficiary.
 - (3) Upon attaining the age of Thirty (30) years, Ten Percent (10%) of the then value of the child's Trust share shall be distributed to him or her, outright and free of Trust. Upon attaining the age of Thirty-five (35) years, the entire remaining balance of the child's Trust share shall be distributed to the child, outright and free of Trust.
 - (4) In addition to the terms above, the Trustee may also distribute to a child of the Trustor, from his or her respective Trust share, money or property to start a business, buy a home or transact other necessary legal matters if the Trustee, in the Trustee's sole discretion, feels it to be in the best interest of the beneficiary to do so.
 - (5) If prior to full distribution a child becomes deceased, his or her remaining Trust share shall be distributed outright equally to his or her issue who are then living under the terms and conditions as set forth in 5.1(c) below or, if there are no then living issue of the child, his or her remaining share shall be distributed outright to the then living issue of the Trustor, by right of representation. However, if any such distributee is one for whom a Trust is then being administered under this Article V, the share of such distributee shall, instead of being distributed outright, be added to that Trust and administered and distributed in accordance with its terms.
- (c) One equal share shall be held in a separate Trust for the issue of each child of the Trustor who is then deceased leaving issue then living, each such Trust shall be divided into as many equal shares as there are children of the Trustor's deceased

child who are then living (hereinafter referred to as "grandchildren of the Trustor" or "grandchild of the Trustor") and grandchildren of the Trustor who are deceased leaving issue then living, and these shares shall be distributed or retained as follows:

- (1) If any grandchild of the Trustor is then over the age of Thirty-five (35) years, his or her share shall be distributed to him or her, outright and free of Trust.
- (2) For each grandchild of the Trustor who is then under the age of Thirty-five (35) years, his or her share shall be retained in a separate Trust and, until the grandchild attains the age of Nineteen (19) years, the net income and principal from each Trust share shall be distributed to the grandchild as is necessary, in the discretion of the Trustee, for the support, maintenance, education or health needs of the grandchild. Any excess income that is not distributed for these purposes shall be accumulated and added to principal.
- (3) After the grandchild attains the age of Nineteen (19) years, the net income and principal may only be used, in the discretion of the Trustee, for the education or health needs of the beneficiary.
- (4) Upon attaining the age of Thirty (30) years, Ten Percent (10%) of the then value of the grandchild's Trust share shall be distributed to him or her, outright and free of Trust. Upon attaining the age of Thirty-five (35) years, the entire remaining balance of the grandchild's Trust share shall be distributed to the grandchild, outright and free of Trust.
- (5) In addition to the terms above, the Trustee may also distribute to a grandchild of the Trustor, from his or her respective Trust share, money or property to start a business, buy a home or transact other necessary legal matters if the Trustee, in the Trustee's sole discretion, feels it to be in the best interest of the beneficiary to do so.
- (6) If prior to full distribution a grandchild becomes deceased, his or her remaining share shall be distributed outright equally to his or her issue who are then living under the same terms and conditions as set forth in this section or, if there are no then living issue of the grandchild, his or her remaining share shall be distributed outright to his or her then living siblings. If the deceased grandchild has no then living siblings, his or her remaining Trust share shall be distributed to the issue of the Trustor by right of representation. However, if any such distributee is one for whom a Trust is then being administered under this Article V, the share of such distributee shall, instead of being distributed outright, be added to that Trust and administered and distributed in accordance with its terms.

5.2 Last Resort Clause. In the event that the principal of the Trust administered under this Article V is not disposed of under the foregoing provisions, the remainder, if any, shall be distributed, in equal shares and outright and free of Trust, to the then living brothers and sisters of ERIC L. NELSON.

ARTICLE VI
TRUSTEE'S DISCRETION ON DISTRIBUTION
TO PRIMARY BENEFICIARIES

Notwithstanding the distribution provisions of this Trust Agreement, with respect to the distributions provided for in Articles IV and V above, the following powers and directions are given to the Distribution Trustee:

- (a) If, upon any of the dates described herein, the Trustee for any reason described below determines, in the Trustee's sole discretion, that it would not be in the best interest of the beneficiary that a distribution take place, then in that event the said distribution shall be totally or partially postponed until the reason for the postponement has been eliminated. During the period of postponement, the Trustee shall have the absolute discretion to distribute income or principal to the beneficiary as the Trustee deems advisable for the beneficiary's welfare.
- (b) If said causes for delayed distribution are never removed, then the Trust share of that beneficiary shall continue until the death of the beneficiary and then be distributed as provided in this Trust Instrument. The cases of such delay in the distribution shall be limited to any of the following:
 - (1) The current involvement of the beneficiary in a divorce proceeding or a bankruptcy or other insolvency proceedings.
 - (2) The existence of a large judgment against the beneficiary.
 - (3) Chemical abuse or dependency, or the conviction of the beneficiary of a felony, involving drugs or narcotics, unless a five year period has followed said conviction.
 - (4) The existence of any event that would deprive the beneficiary of complete freedom to expend the distribution from the Trust estate according to his or her own desires.
 - (5) In the event that a beneficiary is not residing in the United States of America at any given time, then the Trustee may decline to transmit to him or her any part or all of the income and shall not be required to transmit to him or her any of the principal if, in the Trustee's sole and uncontrolled judgment, the political and/or economic conditions of such

place of residence of the beneficiary are such that it is likely the money would not reach him or her, or upon reaching him or her, would be unduly taxed, seized, confiscated, appropriated, or in any way taken from him or her in such a manner as to prevent his or her use and enjoyment of the same.

- (6) The judicially declared incompetency of the beneficiary.
- (c) The Trustee shall not be responsible unless the Trustee has knowledge of the happening of any event set forth above.
- (d) To safeguard the rights of the beneficiary, if any distribution from his or her Trust share has been delayed for more than one (1) year, he or she may apply to the District Court in Las Vegas, Nevada, for a judicial determination as to whether the Trustee has reasonably adhered to the standards set forth herein. The Trustee shall not have any liability in the event the Court determines the Trustee made a good faith attempt to reasonably follow the standards set forth above.

ARTICLE VII

DISTRIBUTIONS IN KIND

The Trustee is authorized and empowered, in the Trustee's sole discretion, to make distributions in kind, or partly in cash and partly in kind, or by granting, transferring or assigning an undivided interest. The judgment of the Trustee concerning the valuation for the purposes of such distribution of the property or security shall be binding and conclusive on all parties interested herein.

ARTICLE VIII

IRREVOCABLE TRUST

The Trust is irrevocable and may not be altered, amended or revoked. Should any power or interest be held, retained or hereafter acquired by the Trustor or Trustee, which would cause or appear to cause the Trust estate for any reason to be subject to the claims of any creditors, then the Trustor and Trustee shall be permitted to abandon or release any such powers or interests.

ARTICLE IX

ADDITIONAL PROPERTIES

It is agreed by and between the parties hereto that the Trustor shall have the right, at any time, to devise, bequeath, grant, convey, give or transfer additional real, personal or mixed properties to the Trust by inter vivos act or by will, subject to the same terms and conditions

as the original provisions of this Trust Agreement, and said additions shall be evidenced by receipt therefore signed by the Trustee.

ARTICLE X

INCOMPETENCY OF BENEFICIARIES

During any period in which a beneficiary may be declared judicially incompetent, or if in the sole judgment of the Trustee the beneficiary is unable to care for himself or herself, the Trustee(s) may pay over to, or use for the benefit of such beneficiary the net income or any part or all of the principal of the Trust estate which has been set aside for that beneficiary, in such manner as the Trustee(s) shall deem necessary or desirable for such beneficiary's best interests.

ARTICLE XI

PROVISIONS RELATING TO TRUSTEESHIP

11.1 Successor Investment Trustee. Upon the death or resignation of ERIC L. NELSON, then LYNITA SUE NELSON shall serve as the Successor Investment Trustee hereunder. If LYNITA SUE NELSON should become deceased, unable or unwilling to serve, NOLA HARBER shall serve as the Successor Investment Trustee hereunder. If NOLA HARBER should become deceased, unable or unwilling to serve as the Successor Investment Trustee, CLARENCE NELSON shall serve as the Successor Investment Trustee hereunder.

11.2 Successor Distribution Trustee. Upon the resignation or removal of the original Distribution Trustee, then LANA MARTIN shall serve as the Successor Distribution Trustee hereunder; provided, however, that in the event of the death of the Trustor, the Distribution Trustee shall cease to serve as Trustee hereunder, and the administration and distribution of the Trust estate shall thereupon be under the exclusive control of the Investment Trustee(s).

11.3 Trust Consultant. JEFFREY L. BURR, LTD., a Nevada corporation (herein known as the "Consultant" to the Trust), shall have the right and power by giving ten (10) days written notice to the Trustee to remove any Trustee named herein (except the Trust Consultant may not remove the Trustor as a Trustee hereunder) and/or any Successor Trustee, and to appoint either (1) an individual who is an "independent" Trustee pursuant to Internal Revenue Code Section 674, as amended, or (2) a Nevada bank or Trust company to serve as Trustee or as Co-Trustees of the Trusts created hereunder. In the event of the death, resignation, incompetency, dissolution or failure to serve of any Trustee, then the Trust Consultant shall have the power to appoint a Successor Trustee as provided above. In the event he shall fail to appoint

a Successor Trustee, then a majority of the Adult Beneficiaries may appoint a banking institution or trust company to so serve. At all times at least one Trustee serving shall be a Nevada Trustee, as defined in Section 10.12 below, unless the Trustees shall choose to administer the Trust under a jurisdiction outside the State of Nevada, as allowed pursuant to Section 12.1 below.

11.4 Resignation Of Trustee and Accounting. Any Trustee named herein, and any Successor Trustees, shall have the right to resign at any time by rendering a proper accounting and by giving ninety (90) days written notice to the Trustor, during his lifetime, or to the Beneficiaries after the death of the Trustor.

11.5 Liability Of Successor Trustee. No Successor Trustee shall be liable for the acts, omissions, or default of the prior Trustees. Unless requested in writing by an adult beneficiary of a Trust hereunder, within sixty (60) days of appointment, no Successor Trustee shall have any duty to audit or investigate the accounts or administration of any such Trustee, and may accept the accounting records of the predecessor Trustee showing assets on hand without further investigation and without incurring any liability to any person claiming or having an interest in the Trust.

11.6 Acceptance By Trustee. A Trustee shall become Trustee or Co-Trustee jointly with any remaining or surviving Co-Trustees, and assume the duties thereof, immediately upon delivery of written acceptance to the Trustor, during his lifetime and thereafter to any Trustees hereunder, or to any beneficiary hereunder, if for any reason there shall be no Trustee then serving, without the necessity of any other act, conveyance, or transfer.

11.7 Majority. Subject to any limitations stated elsewhere in this Trust Indenture, all decisions affecting any of the Trust estate shall be made in the following manner: While three or more Investment Trustees are in office, the determination of a majority shall be binding. If only one or two Investment Trustees are in office, they must act unanimously. While three or more Distribution Trustees are in office, the determination of a majority shall be binding. If only one or two Distributions Trustees are in office, they must act unanimously.

11.8 Expenses and Fees. Any Trustee, while serving hereunder, shall be entitled to be reimbursed for expenses incurred on behalf of the Trust and to reasonable compensation for services rendered on behalf of the Trust. In no event, however, shall the fees exceed those fees

that would have been charged by state or federal banks in the jurisdiction in which the Trust is being governed.

11.9 Acknowledgment By Trustee of Trust Property. The Investment Trustee hereby acknowledges receipt of, and accepts the property and the Trusts created hereunder on the terms and conditions stated and agree to care for, manage and control the same in accordance with directions herein specified; to furnish the Trustor, the Distribution Trustee and the non-charitable beneficiaries annually if requested to do so, in writing, a statement showing the condition of the respective Trust properties, the character and amounts of the investments and liabilities and the receipts, expenses and disbursements since the last previous statement. The books of account of the Investment Trustee in connection with the investment and the books of account of the Distribution Trustee shall at all times be open to the reasonable inspection of the Trustor while living and to the other beneficiaries after the death of the Trustor, or his duly qualified representatives and such person or persons as he may designate for that purpose.

11.10 Trustee Actions. Any Trustee may freely act under all or any of the powers of this agreement given to the Trustee in all matters concerning the Trust, after forming judgment based upon all the circumstances of any particular situation as to the wisest and best course to pursue in the interest of the Trust and the beneficiaries hereunder, without the necessity of obtaining the consent or permission of any person interested herein (subject to the Trustor's veto power granted pursuant to Section 3.1 above and subject to the distribution authorizations as provided for in Section 3.2 above), or the consent or approval of any court, and notwithstanding that the Trustee may also be acting individually, or as Trustee of other Trusts, or as agents of other persons or corporations interested in the same matters, or may be interested in connection with the same matters as stockholders, directors or otherwise; provided, however, that the Trustee shall exercise such powers at all times in a fiduciary capacity, primarily in the interest of the beneficiaries hereunder.

11.11 Bond. No bond shall ever be required of any Trustee hereunder, unless requested by the Trustor or, following the death or incapacity of the Trustor, a majority of the beneficiaries hereunder, in which event the Trust estate shall pay for such bond or shall reimburse the Trustee for any payment made by the Trustee for a bond.

11.12 Nevada Trustee. A Nevada Trustee is a person who/which is either (a) a natural person who resides in or is domiciled in the State of Nevada, or (b) a bank or trust company organized under federal law or under the laws of the State of Nevada or another state which maintains an office in the State of Nevada for the transactions of business. "Nevada Trustee" is also defined to include any person which qualifies as a Nevada Trustee pursuant to Nevada Revised Statutes Chapter 166.

11.13 Distribution Trustee. Any Trustee designated as a Distribution Trustee shall only be allowed to exercise discretion over distributions of the Trust estate. Said Trustee shall not be responsible for investment decisions for the Trust or for reporting, accounting or tax filings of the Trust. The Investment Trustee, by accepting such Trusteeship, agrees to indemnify and hold harmless the Distribution Trustee for all actions made by the Distribution Trustee in its capacity as Distribution Trustee, except for willful misconduct or actions of gross negligence.

11.14 Investment Trustee. The Investment Trustee(s) shall at all times have the exclusive custody of the entire Trust estate and shall be the legal owner of the Trust estate. The title to Trust properties need not include the name of the Distribution Trustee, and all Trustee powers, as set forth in Section 11.1 below, may be effected under the sole and exclusive control of the Investment Trustees, subject to the requirements for authorization of distributions to Trustor as set forth in Section 3.3 above.

ARTICLE XII

TRUSTEE POWERS AND LIMITATIONS

12.1 Trustee's Powers. No Trustee shall be liable to any beneficiary or heir of the Trustor for the Trustee's acts or failure to act, except for willful misconduct or gross negligence.

The Investment Trustee shall have the following powers, all of which are to be exercised in a fiduciary capacity:

- (a) To register any securities or other property held hereunder in the name of Investment Trustee or in the name of a nominee, with or without the addition of words indicating that such securities or other property are held in a fiduciary capacity, and to hold in bearer form any securities or other property held hereunder so that title thereto will pass by delivery, but the books and records of Trustee shall show that all such investments are part of his respective funds.
- (b) To hold, manage, invest and account for the separate Trusts in one or more consolidated funds, in whole or in part, as he may determine. As to each

consolidated fund, the division into the various shares comprising such fund need be made only upon Trustee's books of account.

- (c) To lease Trust property for terms within or beyond the term of the Trust and for any purpose, including exploration for and removal of gas, oil, and other minerals; and to enter into community oil leases, pooling and unitization agreements.
- (d) To borrow money, mortgage, pledge or lease Trust assets for whatever period of time Trustee shall determine, even beyond the expected term of the respective Trust.
- (e) To hold and retain any property, real or personal, in the form in which the same may be at the time of the receipt thereof, as long as in the exercise of his discretion it may be advisable so to do, notwithstanding same may not be of a character authorized by law for investment of Trust funds.
- (f) To invest and reinvest in his absolute discretion, and he shall not be restricted in his choice of investments to such investments as are permissible for fiduciaries under any present or future applicable law, notwithstanding that the same may constitute an interest in a partnership.
- (g) To advance funds to any of the Trusts for any Trust purpose. The interest rate imposed for such advances shall not exceed the current rates.
- (h) To institute, compromise, and defend any actions and proceedings.
- (i) To vote, in person or by proxy, at corporate meetings any shares of stock in any Trust created herein, and to participate in or consent to any voting Trust, reorganization, dissolution, liquidation, merger, or other action affecting any such shares of stock or any corporation which has issued such shares of stock.
- (j) Except as limited in Section 3.3 above, to partition, allot, and distribute, in undivided interest or in kind, or partly in money and partly in kind, and to sell such property as the Trustee may deem necessary to make division or partial or final distribution of any of the Trusts.
- (k) To determine what is principal or income of the Trusts and apportion and allocate receipts and expenses as between these accounts.
- (l) Except as limited by Section 3.3 above, to make payments hereunder directly to any beneficiary under disability, to the guardian of his or her person or estate, to any other person deemed suitable by the Trustee, or by direct payment of such beneficiary's expenses.

- (m) To employ agents, attorneys, brokers, and other employees, individual or corporate, and to pay them reasonable compensation, which shall be deemed part of the expenses of the Trusts and powers hereunder.
- (n) To accept additions of property to the Trusts, whether made by the Trustor, a member of the Trustor's family, by any beneficiaries hereunder, or by any one interested in such beneficiaries.
- (o) To hold on deposit or to deposit any funds of any Trust created herein, whether part of the original Trust fund or received thereafter, in one or more savings and loan associations, bank or other financial institution and in such form of account, whether or not interest bearing, as Trustee may determine, without regard to the amount of any such deposit or to whether or not it would otherwise be a suitable investment for funds of a trust.
- (p) To open and maintain safety deposit boxes in the name of this Trust.
- (q) Except as limited to by Section 3.3 above, to make distributions to any Trust or beneficiary hereunder in cash or in specific property, real or personal, or an undivided interest therein, or partly in cash and partly in such property, and to do so without regard to the income tax basis of specific property so distributed. The Trustor requests but does not direct, that the Trustees make distributions in a manner which will result in maximizing the aggregate increase in income tax basis of assets of the estate on account of federal and state estate, inheritance and succession taxes attributable to appreciation of such assets.
- (r) Except as limited by Section 3.3 above, the powers enumerated in NRS 163.265 to NRS 163.410, inclusive, are hereby incorporated herein to the extent they do not conflict with any other provisions of this instrument.
- (s) The enumeration of certain powers of the Trustee shall not limit his general powers, subject always to the discharge of his fiduciary obligations, and being vested with and having all the rights, powers, and privileges which an absolute owner of the same property would have.
- (t) To invest Trust assets in securities of every kind, including debt and equity securities, to buy and sell securities, to write covered securities options on recognized options exchanges, to buy-back covered securities options listed on such exchanges, to buy and sell listed securities options, individually and in combination, employing recognized investment techniques such as, but not limited to, spreads, straddles, and other documents, including margin and option agreements which may be required by securities brokerage firms in connection with the opening of accounts in which such option transactions will be effected.

- (u) To sell any property in the Trust estate, with or without notice, at public or private sale and upon such terms as the Trustee deems best, without appraisal or approval of court.
- (v) To invest and reinvest principal and income in such securities and properties as the Trustee shall determine. The Trustee is authorized to acquire, for cash or on credit (including margin accounts), every kind of property, real, personal or mixed, and every kind of investment (whether or not unproductive, speculative, or unusual in size of concentration), specifically including, but not by way of limitation, corporate or governmental obligations of every kind and stocks, preferred or common, of both domestic and foreign corporations, shares or interests in any unincorporated association, Trust, or investment company, including property in which the Trustee is personally interested or in which the Trustee owns an undivided interest in any other Trust capacity.
- (w) To deposit Trust funds in commercial savings or savings bank accounts in unlimited amounts for an unlimited period of time, with or without interest and subject to such restrictions upon withdrawal as the Trustee shall agree; any Trustee may sign on such account without any Trustee co-signature unless the signature card shall provide otherwise.
- (x) To borrow money for any Trust purpose upon such terms and conditions as may be determined by the Trustee, and to obligate the Trust estate for the repayment thereof; to encumber the Trust estate or any part thereof by mortgage, deed of trust, pledge or otherwise, for a term within or extending beyond the term of the Trust.
- (y) To grant options and rights of first refusal involving the sale or lease of any Trust asset and to sell upon deferred payments, or to acquire options and rights of first refusal for the purchase or lease of any asset, to purchase notes or accounts receivable whether secured or unsecured.
- (z) To employ and compensate, out of the principal or income or both, as the Trustee shall determine, such agents, persons, corporations or associations, including accountants, brokers, attorneys, tax specialists, certified financial planners, realtors, and other assistants and advisors deemed needful by the Trustees even if they are associated with a Trustee, for the proper settlement, investment and overall financial planning and administration of the trusts; and to do so without liability for any neglect, omission, misconduct, or default of any such person or professional representative provided such person was selected and retained with reasonable care.
- (aa) To invest and reinvest all or any part of the assets of any trust in any money management or registered investment advisory service which would provide for professional management of any such assets. In this regard, the Trustor specifically allows the Trustee to authorize the advisory service to have the discretionary

authority to invest and reinvest the assets transferred to such advisor by the Trustee without the requirement of prior approval of the Trustee on any transactions.

- (bb) Notwithstanding the prohibitions under N.R.S. 163.050 and any such Successor provisions, or notwithstanding any prohibitions against "self-dealing" as are provided under the laws of any other jurisdiction pursuant to which laws this Trust may be administered, any Trustee shall not be prohibited from engaging in acts of self-dealing with Trust property, either directly or indirectly, so long as such act of self-dealing is disclosed to the Distribution Trustee, and so long as the Trustee, in selling his, her or their own property or selling other properties in an agency or other fiduciary capacity to the Trust or in purchasing Trust assets for his, her or their personal account or in purchasing Trust assets in an agency or other fiduciary capacity, gives fair consideration in exchange for all Trust properties received. Where Trustees have engaged in acts of self-dealing for fair and adequate consideration, and has/have given notice to the Distribution Trustee, Trustee shall be relieved of any liability, sanction, and allegation of wrongdoing for such acts by any Court or other legal authority.
- (cc) To retain for any period of time any property which may be received or acquired, even though its retention by reason of its character or otherwise would not be appropriate apart from this provision.
- (dd) In the event the purchase, use or disposition of any trust property gives rise to either threatened or actual liability such that, in the sole opinion of the Trustees, the remaining assets of the Trust are thereby placed at risk of exposure to such liability, the Trustee shall be empowered to take such further and necessary steps as he deems prudent to protect and preserve the remaining assets of the trust, including but not limited to transferring such property giving rise to the threatened or actual liability to a separate trust formed to hold said property. The Trustee shall be further empowered to appoint an independent third party to act as Trustee over the newly-formed trust, and such trust shall be administered according to, and governed by the terms of, this Trust Agreement. The Beneficiaries of the new trust shall be the same beneficiaries as herein, and their interests in the new trust shall be in the same proportion as indicated herein. The Trustee of the new trust shall maintain records and books of accounts which are independent of and separate from the records and accounts maintained hereunder.
- (ee) The Trustee shall have the power to deal with matters involving the actual, threatened or alleged contamination of property held in the Trust estate (including any interests in partnerships or corporations and any assets owned by such business enterprises) by hazardous substances, or involving compliance with environmental laws. In particular, the Trustee may:
 - (1) Inspect and monitor trust property periodically, as necessary, to determine compliance with any environmental law affecting such property, with all

expenses of such inspection and monitoring to be paid from the income or principal of the trust;

- (2) Respond (or take any other action necessary to prevent, abate or "clean up") as it shall deem necessary, prior to or after the initiation of enforcement action by any governmental body, to any actual or threatened violation of any environmental law affecting any of such property, the cost of which shall be payable from trust assets;
 - (3) Settle or compromise at any time any claim against the Trust related to any such matter asserted by any governmental body or private party;
 - (4) Disclaim any power which the Trustee determines may cause it to incur liability as a result of any such matter, whether such power is set forth herein, or granted or implied by any statute or rule of law.
- (ff) The Trustee shall not be personally liable to any beneficiary or other party interested in the Trust, or to any third parties, for any claim against the Trust for the diminution in value of Trust property resulting from such matters, including any reporting of or response to (1) the contamination of Trust property by hazardous substances; or (2) violations of any environmental laws related to the Trust; provided that the Trustee shall not be excused from liability for his, its or their own negligence or wrongful willful act.
- (gg) When used in this document the term "hazardous substance(s)" shall mean any substance defined as hazardous or toxic or otherwise regulated by any federal, state or local law(s) or regulation(s) relating to the protection of the environmental or human health ("environmental law(s)").
- (hh) Notwithstanding any contrary provision of this instrument, the Trustee may withhold a distribution to a beneficiary until receiving from the beneficiary an indemnification agreement in which the beneficiary agrees to indemnify the Trustee against any claims filed against the Trustee pursuant to any federal, state or local statute or regulation relating to clean up or management of hazardous substances.

12.2 Powers of Distribution Trustee. The Distribution Trustee shall have the power to authorize distributions of principal and/or income to the beneficiaries hereunder at times and in amounts as determined in the sole discretion of the Distribution Trustee, subject only to the veto power vested in the Trustor, according to the standards set forth in Section 3.1 above. Upon the death of the Trustor, the Successor Investment Trustee shall distribute the Trust estate as required pursuant to a duly exercised power of appointment, if any, and as otherwise provided herein, with respect to any of the Trust estate not so appointed by the Trustor.

1 A Yes.

2 Q Okay. You can't protect an asset that's not in the
3 name of the asset protection trust?

4 A Right.

5 Q The two years doesn't start until you've placed it
6 into the trust if I understand your testimony.

7 A Yes.

8 Q Okay. Thank you. All right. So let's talk about
9 then what was created in 2001.

10 UNIDENTIFIED VOICE: 80 and 81.

11 MR. JIMMERSON: Madam clerk, Exhibits 80 and 81,
12 please. And Judge, you would have copies of these, but I have
13 other copies if you'd like, (indiscernible) whether they are
14 at your fingertips.

15 THE COURT: If you'd just unplug that -- that the
16 witness? They're going to plug back in your thing and see if
17 we can get rid of the feedback.

18 MR. DICKERSON: Let me see 80 and 81 and just see
19 what they are.

20 (Pause)

21 (COUNSEL CONFERRED BRIEFLY)

22 UNIDENTIFIED VOICE: Bob, it's book 6.

23 (COUNSEL CONFERRED BRIEFLY)

24 BY MR. JIMMERSON:

1 Q And now these exhibits, Mr. Burr, 80 and 81, have
2 been admitted by prior testimony into evidence, so we don't
3 need to go through that, but 80, can you identify what Exhibit
4 80 in evidence is?

5 A Looks like Exhibit 80 is the Eric L. Nelson Nevada
6 Trust.

7 Q Okay. And that -- was that -- was that the name
8 given to the -- this irrevocable and separate property trust?

9 A Yes.

10 Q Okay. And 81 is a trust called the LSN Nevada
11 Trust, also dated May 30th of 2001?

12 A Yes.

13 Q And was this Lynita Nelson, LSN, being Lynita
14 Nelson's initials, her separate property irrevocable trust?

15 A Yes.

16 Q Okay. Now, we talked about just briefly, I want to
17 restate it, are -- are trusts under the Asset Protection Trust
18 statute, NRS 166 or the Self-Settled Spendthrift Trust Act,
19 are those trusts created under that statute by definition or
20 to qualify irrevocable?

21 A Yes.

22 Q Okay. So what's gone on here is a legislative
23 change -- change in 1999 that allows this asset protection, a
24 greater asset protection level, using irrevocable trusts and

1 then keeping them if you will in place for two years; is that
2 right?

3 A Yes.

4 Q Okay. So why for purposes of the Nelsons, each of
5 them were trying to accomplish, why would the use of this
6 trust be superior than the revocable separate property trust
7 that they were using since 1993?

8 A Okay. I -- can I give a long answer?

9 Q Of course you can.

10 A Basically when we did the planning in '93 --

11 Q If you're not gathering this, you're kind of an
12 important witness in this case.

13 A Okay. In these types of trusts, the self-settled
14 spendthrift trusts were not available in any state at that
15 time, and so the onl -- the best we could do for asset
16 protection purposes was to try to divide assets equally
17 between the spouses, thus protecting the less risky spouse
18 from hopefully a lawsuit for -- from -- on the risky spouse's
19 side, because as we all know, if you have community property
20 debt, all the community property is exposed to liability. So
21 back then, that was kind of the best plan we had to at least
22 protect one-half of the value of the estate.

23 Q All right.

24 A And so as time moved forward, this special trust is

1 passed and now because they already have these other trusts
2 that they've created, there's still some utility in dividing
3 the assets between those two trusts from a creditor protection
4 point of view and then you layer on top of that or you -- in
5 conjunction with that by transferring to an asset protection
6 trust the fact that now after two years have elapsed, not only
7 is the less risky spouse protected but also the more risky
8 spouse hopefully is protected after two years elapse from
9 liabilities that could occur. So it was just a way of
10 enhancing the asset protection planning that we had tried to
11 put in place before.

12 Q All right. And have other states besides the four
13 through 1999 passed this self-settled spendthrift trust
14 legislation?

15 A Some version of it, yes.

16 Q Okay. So it's become a popular estate planning
17 device in many states across the country; is that right?

18 A Yes.

19 Q Okay. Is there -- has it been passed in almost all
20 states or is it just --

21 MR. DICKERSON: No, I think he just said eight,
22 didn't he?

23 THE WITNESS: A total of eight additional after our
24 Act, so it's about 12 total.

1 BY MR. JIMMERSON:

2 Q 12, okay, very good. Thank you. That's what I was
3 asking. Okay. Now, okay. Did you explain this legislative
4 change and why this could be an advantage to Lynita Nelson to
5 Lynita Nelson?

6 A I've got to say again, in fairness, Lynita, because
7 she wasn't involved in the business and she struggled to
8 understand totally, you know, all the intricacies of what was
9 going on, the technicalities, but, you know, she trusted Eric
10 pretty much to make those kinds of decisions.

11 Q Okay.

12 A And so -- so together we -- we had a discussion but
13 she pretty well admitted look, I -- this is kind of Greek to
14 me, you know, but if you say it's a good thing to do and we'll
15 move forward. That's my best recollection in all honesty.

16 Q She signed those trusts eighty -- her trust being
17 81?

18 A 2001.

19 Q And if I may, Exhibit 81.

20 A Oh, I'm sorry.

21 Q The 2001 trust, she signed that document?

22 A Yes.

23 Q Okay.

24 A Yes.

1 Q Did she do so voluntarily?

2 A Yes.

3 Q Did she do so knowingly?

4 MR. DICKERSON: Well, what is he -- how do we know
5 that?

6 BY MR. JIMMERSON:

7 Q Well, did she express to you that she understood the
8 basic concepts of the trust?

9 A Yes, she was willing to go forward with the
10 planning.

11 Q And what did you explain to her were the basic
12 concepts of the trust, the irrevocable trust of 2001, Exhibit
13 81?

14 A Just that this additional statute would provide an
15 extra layer of protection for her, Eric and the family from
16 creditors.

17 Q And was there a schedule of assets assigned to her
18 trust?

19 A No.

20 Q Was there a schedule of assets assigned to Eric's
21 trust?

22 A No, not -- not that we prepared, no.

23 Q Okay. So, how were the assets divided between the
24 parties if you know?

1 A Eric just said he would take that upon himself.

2 Q Okay.

3 A And his office.

4 Q And did you subsequently learn that all of the
5 parties' assets found themselves in one of the two irrevocable
6 separate property trusts?

7 A Yes.

8 Q And how did you learn that?

9 A Mainly as an incident to these proceedings.

10 Q To the divorce proceedings?

11 A Right.

12 Q Okay. Which you had a role sometime in the past; is
13 that right?

14 A Yes.

15 Q A more active role than being a witness on the
16 witness stand. See, no good deed goes unpunished, Mr. Burr.

17 A Right.

18 Q Okay. Now, did she understand in 2001 from your
19 conversation with her the concept of irrevocable, what the
20 word irrevocable meant?

21 A I believe so, yes.

22 Q And the trust itself tells you what the word
23 irrevocable means, isn't that true?

24 A I'd have to review --

1 Q You should know your own forms.
2 A I'd have to review it.
3 Q You should know your own forms better than you do.

4 This is Exhibit 81. This is the LSN Nevada Trust.

5 A Right.

6 Q May 30th of 2001.

7 A Right.

8 Q Exhibit 81 in evidence. Okay.

9 THE COURT: Page 13 (indiscernible).

10 MR. JIMMERSON: Thank you, Judge.

11 THE COURT: Page 13.

12 MR. JIMMERSON: Yes, 13.

13 BY MR. JIMMERSON:

14 Q Article 8, irrevocable trust page 13. Quote, the
15 trust is irrevocable and may not be altered, amended or
16 revoked, end quote, do you see that?

17 A Yes.

18 Q Okay. Would you agree with me that not only would
19 she be able to understand the word irrevocable because of your
20 conversation with her, but she could understand that it may
21 not be altered, amended or revoked?

22 A I must interject now that I explained to both
23 parties that irrevocable is kind of a term of art in the trust
24 world. Any trust can basically be revoked or amended by

1 transferring all of the assets out of it when it becomes
2 unfunded and they have -- each have the power to do that
3 pretty much as investment trustee with the distribution
4 trustee's authority.

5 Q Right.

6 A And then the statute gave them a continuing power of
7 appointment over the assets so they could change the
8 beneficiaries, the -- the dispositive provisions at any time.
9 So one thing I -- we tell all our clients that do these
10 because they get all concerned about well, this is
11 irrevocable, I don't know if I want to do it, we stress the
12 flexibility of these trusts still because the statute provides
13 a lot of flexibility still with the trustor and allows for
14 them to if they want, if it ever becomes obsolete or it
15 becomes no longer necessary in the planning, they could pretty
16 much get rid of the trust just by transferring the assets out
17 of the trust.

18 So it's not your typical like with gift planning and
19 when you're trying to avoid estate tax, you really button up
20 the trust and you make it so it's really irrevocable without
21 independent trustee approval and all that kind of -- these
22 types of trusts are very flexible. It's a term of art, even
23 the statute as you read it, talks about irrevocability, but it
24 gives all these powers to the trustor.

1 Q All right.

2 A So I want to make sure that's clear, that's all.

3 Q I think so.

4 A Okay.

5 Q But there's a lot of (indiscernible). The word
6 irrevocable plain language means a subject to change, correct?
7 Would you agree?

8 A In plain language, yes.

9 Q Okay. And by statute it means that it's irrevocable
10 for purposes of asset protection, correct?

11 MR. DICKERSON: And to which I object. He's already
12 testified to that.

13 MR. JIMMERSON: I'm just asking.

14 BY MR. JIMMERSON:

15 Q I understood you to say that the statute gives
16 flexibility --

17 A Right.

18 Q -- to the trustee. I understood you to say that as
19 a practical matter, if the trustee, with the distributors
20 trustee, the two of them, the investment trustee and Lynita
21 and the distributors trustee, whoever she appoints, and she's
22 appointed somebody else here in the last year we know that,
23 but the two of them, can distribute assets to whom they wish
24 or how they wish, correct?

1 A Yes.

2 Q Okay. But the trust is nevertheless irrevocable
3 even when they do that, correct?

4 A The trust terms -- well, I -- I don't mean to dance
5 around this.

6 Q Well, you're doing a pretty good job.

7 A No, I -- it's difficult. It's -- this type of trust
8 is really an unusual type of trust. That's all.

9 Q Okay. But here's where --

10 A So when you say irrevocable --

11 MR. DICKERSON: May he finish his question, Your
12 Honor -- answer.

13 THE COURT: Yeah, let him finish.

14 MR. JIMMERSON: I'm sorry.

15 THE WITNESS: When we talk about irrevocable,
16 there's so many ways still to change terms of the trust.
17 That's -- I have to in fairness say that, but you're right,
18 the term -- if you look up Webster's Dictionary, and you look
19 at that provision, irrevocable means you can't change it.

20 Q And the irrevocability aspect of the it is what
21 makes the asset a trust. That's different than an revocable
22 trust.

23 A Yes.

24 Q Now, here's where I think we're on the same

1 wavelength, but I don't know that you explained yourself well.
2 The flexibility doesn't have anything to do with
3 irrevocability at all -- or irrevocability. The flexibility
4 is that you can distribute, if you wish to do so, assets out
5 of the trust, and if you distribute all of them, there'd be
6 virtually no purpose to the trust and the trust would afford
7 no protections to anybody because it's not funded, correct?

8 A That's one of the reasons, yes.

9 Q But here to me is the question I think is important
10 for the Judge to look at. The things that you say about the
11 flexibility because it's an irrevocable trust are things that
12 the trustee can do by will, by voluntary choice, correct?

13 A Yes.

14 Q Can a court order assets to be removed from an
15 irrevocable trust as defined under Chapter 166?

16 A I think in certain circumstances, yes.

17 Q How is that possible?

18 A I believe that you'd have -- any document like that,
19 you'd have to look at who the grantor is and if the grantor
20 really didn't possess or own the property by him or herself.
21 That's one reason the Court could order the revocation or
22 amendment of the trust.

23 Q But that doesn't apply to the facts of this case.

24 MR. DICKERSON: Well, objection.

1 THE COURT: (Indiscernible).

2 BY MR. JIMMERSON:

3 Q Each party has half -- has assets in the trust. Are
4 you telling me that Judge Sullivan has the power to order
5 against the grantor's wish, against the trustee's wish, being
6 the same person -- I don't want to transfer assets Lynita
7 says. Can Judge Sullivan order her to transfer assets over to
8 her husband?

9 A I believe so, yes.

10 Q And what's the basis for that?

11 A Well, you have to go back to the separate property
12 agreement, for example, that was done. That agreement, even
13 though it did alter certain assets and their character at the
14 time it was created, you'll notice there's no provision in
15 there directing how community property will be split going
16 forward; for example, earned income, personal service income.
17 So you've got this ongoing issue of after that date there's
18 going to be community property created and separate property
19 that is attributable to the division that occurred. So you're
20 going to have community property issues that arise -- that
21 arise. And so maybe one spouse in doing the transfers and
22 funding the trust was actually funding it with community
23 property. So that's what I was trying to get to.

24 Q All right. Let me -- there was a lot in your

1 answer, I'd like to break it down. The parties declare to
2 each other and to the government and to the State of Nevada
3 and to you that they're dividing their assets and that each of
4 their assets are their irrevocable -- are their separate
5 property --

6 MR. DICKERSON: To which I object. That is not what
7 he's testified to.

8 MR. JIMMERSON: That's exactly what he's testified
9 to.

10 MR. DICKERSON: No.

11 MR. JIMMERSON: I'm not talking about after-acquired
12 anything. I'm talking about in 1993 and in 2001, there are
13 assets A through Z that are divided equally between the
14 parties and they declare each of those assets to be one
15 party's separate property.

16 MR. DICKERSON: And I object. He has yet to testify
17 as to what the agreement was between the parties vis-a-vis the
18 parties.

19 MR. JIMMERSON: You haven't listened to the
20 testimony. He's --

21 MR. DICKERSON: I have listened to --

22 MR. JIMMERSON: -- already testified --

23 MR. DICKERSON: -- the testimony.

24 MR. JIMMERSON: -- to that.

1 THE COURT: Basically --

2 MR. DICKERSON: He has not said vis-a-vis the
3 parties what their agreement was as to how each of these
4 purported separate assets that are being put -- made separate
5 assets for creditor purposes. He's not testified to that.

6 BY MR. JIMMERSON:

7 Q I'll ask you again because I think you have. What
8 were the parties agreeing to do as it relates to dividing
9 their assets and characterizing their assets as their
10 respective separate property in 1993 and redone again in an
11 irrevocable nature in 2001?

12 A In '93, it's clear that they were dividing their
13 estate equally into two separate trust, into two separate prop
14 -- and into separate property. In 2001, you'll notice there's
15 not that language in that trust declaring it to be separate
16 property. At that point in time, you know, I don't see any --
17 there was not attempt really to define community property
18 rights at that time. And again, the intent all along was to
19 protect them from third-party creditors, from guarantees, and
20 (indiscernible) for them from the very beginning that I
21 thought these trusts would not -- should not be relied upon
22 for dissolution rights; I mean, because their intent all along
23 was to keep the balance of ownership.

24 Q And you didn't say that before, so are you telling

1 us that you discussed --

2 MR. DICKERSON: You didn't ask him the question
3 before --

4 MR. JIMMERSON: Sure, I did.

5 MR. DICKERSON: -- to which I object. That's
6 exactly what --

7 THE COURT: Let's let him -- I'll (indiscernible)
8 the question, he gave his answer.

9 MR. JIMMERSON: Mr. Dickerson may love the answer, I
10 don't know.

11 MR. DICKERSON: No. The problem is the question
12 wasn't asked.

13 MR. JIMMERSON: Can we have him stay off the record,
14 Your Honor? This is my direct examination.

15 THE COURT: Calm down. What happens on that, Mr.
16 Burr's very bright, he knows estates better than any of us
17 well do. He can answer the questions that he understands.
18 You asked him the question. They asked you more specifically,
19 he gave his answers. He sees it's people argue, what they
20 think is community property, separate. (Indiscernible) the
21 key is the intent --

22 MR. JIMMERSON: Correct.

23 THE COURT: -- of the agreements. They say what
24 they say. The issue is what the intent of the parties were

1 for asset protection or was the intent to take separate
2 property or community property and divide it into separate
3 property. (Indiscernible) legal issue based on all the facts,
4 but you can testify as to what your understanding what it did
5 and I think you have testified.

6 BY MR. JIMMERSON:

7 Q 2001, (indiscernible) what were the parties'
8 understanding and intent as you understood it, as you prepared
9 the documents, relative to whether or not there still retained
10 a community property interest in assets they declared to be
11 each party's separate property, vis-a-vis themselves?

12 A Again --

13 Q And not a third-party creditor?

14 A Again, to be -- I mean, clear, vis-a-vis themselves,
15 this trust -- this planning was never meant to alter rights in
16 the event of dissolution or divorce. And that was never
17 discussed. I mean, the whole discussion focused on how can
18 the family best protect itself from potential liabilities to
19 third parties. And so that was basically what was discussed.

20 Q Just so I have a current understanding, would that
21 be true, your answer be true, for all of the asset protection
22 trusts your firm has prepared since 1999 when the statute
23 passed?

24 A Yes.

1 Q So none of Jeff Burr's separate property irrevocable
2 trusts under NRS 166 is a defense to community property
3 rights?

4 A Well, I -- I have to give you a long answer, if I
5 can.

6 Q Well, I (indiscernible) answer yes or no, because if
7 you went further than that --

8 MR. DICKERSON: Then it's a leading question, Your
9 Honor. I object to the leading nature of the question.

10 THE COURT: Well, can you answer? Give him a chance
11 to answer. If it takes a long answer, I'll give you the right
12 to answer the question. He asked you a question on that, I
13 want you to answer it as you see --

14 THE WITNESS: I think it's important for the Court
15 and everyone to understand, when this type of planning is done
16 you've got husband and wife in a marriage that's working and
17 viable. And they come and they're looking to protect
18 themselves from frivolous lawsuits, from creditors. And
19 today, the division of property isn't as important as it was
20 in '93 because now with the asset protection trusts, you know,
21 we can get that protection by doing joint trusts. There's
22 some utility to dividing, you know, trusts up, but in the
23 discussion we have with all our clients between -- you know,
24 in a married couple setting, is we tell them that these trusts

1 are not intended to establish rights in the event of divorce
2 or dissolution.

3 Now, whether they do or not, that's going to be up
4 to the Court's interpretation and how they operated the trust
5 and other factors. But we basically are just trying to protec
6 their family from these outside creditors.

7 Now, it's a fine line, it's a line you've got to
8 walk and, you know, what might happen in the dissolution arena
9 is something that the courts have to decide and the -- you
10 know, it has to be adjudicated. But the intent, and I'll say
11 this very clearly, our intent when we do this planning for
12 them is not to somehow create with that planning some type of
13 pre-dissolution event or pre-dissolution planning for the
14 couple. That's not why they come to us for it. We tell them
15 to go see divorce attorneys for that. So they come to us
16 together trying to find protection from outside creditors
17 being.

18 BY MR. JIMMERSON:

19 Q Okay. Specifically as it relates to Lynita Nelson
20 and Eric Nelson, did you have a conversation with Eric Nelson
21 and Lynita Nelson where you explained to them that the
22 execution of the irrevocable trust in 2001 was not a
23 protection against each other as it relates to community
24 property rights?

1 A I explained -- my best of my recollection, because I
2 try to do this in every case, I tried to tell them that these
3 trusts should not be relied upon in a dissolution setting.

4 Q All right. Very good. Now, then another change
5 occurred after 2001 that we've observed and that is in --
6 excuse me, 2006, each of the parties started filing separate
7 tax returns. Are you aware of that?

8 A Yes.

9 Q So they didn't do that in 2001 after they created
10 the irrevocable trust of Exhibits 80 and 81, but four or five
11 years later, in the beginning of January 1, 2006, they do.
12 What role, if any, did you have, and what conversations, if
13 any, with Lynita or Eric Nelson did you have relative to why
14 they would now take this estate planning a step further, and
15 not only do they have irrevocable separate property trusts,
16 but now they're starting to file separate property tax
17 returns? What's going on then now in 2006 with this family?

18 A I didn't have any role in that decision.

19 Q Okay. And did you subsequently learn that they
20 filed separate property returns?

21 A Yes.

22 Q I misspoke, not separate property, income tax
23 returns?

24 A Yes.

1 Q And how did you learn that, Mr. Burr, (indiscernible
2 - away from microphone)?

3 (Whispered conversation)

4 A I believe I first learned that in reviewing some
5 documents that Eric had given me in my attempt to help them
6 settle this dispute. And then I also talked to Mr. Dan
7 Garrity by phone and --

8 Q Now, so the decision to start filing separate tax
9 returns by Lynita Nelson and by Eric Nelson beginning 2006 was
10 not something you had a role in?

11 A No.

12 MR. DICKERSON: Again, and I'm going to object to
13 the form of the question because it's assuming that was
14 Lynita's decision, which it was not.

15

16 MR. JIMMERSON: Of course it was, Judge. She signs
17 an independent tax return.

18 MR. DICKERSON: After she's told to do so.

19 MR. JIMMERSON: Nobody's got a gun to her head.
20 Eric may Lynita, this is a good thing to do --

21 MR. DICKERSON: And then I object to --

22 THE COURT: Let's not -- hey, hey, that's not what
23 we do here. The fact is he doesn't know, he didn't fill the
24 forms out for them. The facts speak for themselves. He signed

1 a form 2006 separate. She filed a separate form for whatever
2 they did on that. But obviously with the thing, there were
3 separate filing as of 2006. There was not prior. And your
4 question was you became advised of that in part of your role
5 as trying to settle the matter?

6 THE WITNESS: Yes.

7 THE COURT: Okay. You can follow up, counsel.

8 MR. JIMMERSON: Thank you.

9 THE WITNESS: Counsel, could I get some water?

10 MR. JIMMERSON: No, I'll starve you out till I get
11 the truth.

12 THE WITNESS: I won't be able to talk.

13 THE COURT: We've got to keep the attorneys dry so
14 they can't talk as long.

15 MR. JIMMERSON: By the way, no restroom break
16 either.

17 THE WITNESS: Uh-oh, it's been a while.

18 BY MR. JIMMERSON:

19 Q Okay. Does the trust, the 2001 irrevocable trust,
20 the asset protection trust (indiscernible - away from
21 microphone), do they allow the parties to file either joint
22 tax returns or separate tax returns?

23 A Yes, because the trusts are grantor trusts and they
24 are treated by law as being owned by the parties and not the

1 trust.

2 Q And the structure of these trusts as I review them
3 (indiscernible) opposing counsel is we have two trustees. We
4 have the grantor, which would be Lynita Nelson in one, Exhibit
5 81, and Eric Nelson for his trust, Exhibit 80. Then there are
6 -- they are each their respective investment trustees,
7 correct?

8 A I'd have to review --

9 Q Go ahead.

10 A -- the document.

11 Q Then they have a distributor trustee, I believe.

12 A Oh, yes, they're -- they're their each trust -- they
13 each of them are their own trustee, yes -- investment trustee.

14 Q And the kids are the beneficiaries; do you see that?

15 A After each -- after Lynita and Eric, yes.

16 Q Okay. I think you've got it wrong. Eric and Lynita
17 are not beneficiaries to the others.

18 A Oh, yes. Yes, they are. Yeah.

19 Q Where?

20 A Right here, on the death of trustor, which is --
21 this is Lynita's --

22 Q (Indiscernible) --

23 A -- her spouse shall be --

24 Q Okay.

1 A If her spouse is living, the trust it to be divided
2 into the exemption, marital, so Eric is the beneficiary of her
3 trust and she's the beneficiary of his trust.

4 Q So that works in reverse?

5 A Yes.

6 Q In other words, it works opposite depending on which
7 trust?

8 A Right, right.

9 Q Okay. And then the beneficiary -- are the children
10 also beneficiaries?

11 A They are the beneficiaries of the trust also, yes.

12 Q Okay. Now, when Lynita signed the 2001 trust,
13 Exhibit 81, did she understand from you had told her what she
14 was doing?

15 A Yeah, the 19 -- the 2001 trust?

16 Q Yes, sir.

17 MR. DICKERSON: Object to the form of the question.
18 Lay a foundation, please.

19 MR. JIMMERSON: Be happy to.

20 BY MR. JIMMERSON:

21 Q Did you have communications with Lynita Nelson about
22 her signing Exhibit 81?

23 A Yes.

24 Q And what communications did you have with regard to

1 making sure she understood what's going on?

2 A I made every attempt to help her understand the
3 trust and she indicated that she understood it enough to sign
4 it, yes.

5 Q And was she appearing in your presence when she
6 signed it?

7 A I don't think so.

8 Q Okay. So how would you have the meeting to go over
9 the documents where she says that she understood it well
10 enough to sign it --

11 A Typically, I would sit down with a client and
12 explain the important provisions. And then one of my staff
13 members would finish out the execution and then notarize the
14 documents.

15 Q Okay. But you have the final document in your
16 presence when you're discussing it with Lynita and discussing
17 it with Eric?

18 A Yes.

19 Q Okay. So it's not like somebody's making more
20 changes after you have the conversation with her before she
21 signs it?

22 A Right, no, there would be no more changes unless I
23 saw them and reviewed them.

24 Q And as far as you know from observing her demeanor

1 and her words, did she enter into the document voluntarily?

2 A Yes.

3 Q Now, 2006 we saw separate tax returns.

4 MR. JIMMERSON: Did we mark those, Madam Clerk? I'd
5 like to introduce by stipulation the 2005 tax return, which is
6 226, the last joint return of the parties.

7 MR. DICKERSON: No objection.

8 MR. JIMMERSON: 227, 228, 229, and 230 being -- do
9 it one (indiscernible). 230 -- 227 is the separate tax return
10 of Lynita Nelson for 2006. We move that for admission at this
11 time.

12 MR. DICKERSON: Do we have Eric's 2006?

13 MS. POLSELLI: No, they're in the exhibit books that
14 are already admitted into evidence; 85, 86, 87, and 201 is
15 2009.

16
17 MR. DICKERSON: Give me those numbers again one more
18 time.

19 MS. POLSELLI: 85, 86, 87, that's 2006, 2007, 2008.
20 And then Exhibit 201 is 2009. And those are already admitted.

21 THE COURT: Those are Eric's tax --

22 MS. POLSELLI: Yes, sir. Book six of the exhibit
23 books.

24 MR. DICKERSON: I have no objection, Your Honor.

1 MR. JIMMERSON: So 227 is Lynita Nelson's 2006
2 separate tax return. 228 proposed is the 2007 Lynita Nelson
3 separate tax return.

4 MR. JIMMERSON: No objection.

5 THE COURT: All right. Admitted 227 and 228 without
6 objection.

7 (Plaintiff's Exhibits 227 and 228 admitted)

8 MS. POLSELLI: 229 is 2007 tax information backup.

9 MR. DICKERSON: I don't see 220 -- what's 229?

10 MR. JIMMERSON: 229 is the backup of the earlier
11 document. 229 is backup for Exhibit 228, 2007 tax return. I
12 don't have it. Oh, is this -- yes, I do have it. Sorry.
13 229, got it. No objection.

14 MR. JIMMERSON: And 230, Your Honor, is Lynita
15 Nelson's 2008 separate tax (indiscernible - away from
16 microphone).

17 MS. POLSELLI: And we have 2009, also.

18 MR. DICKERSON: Can I go back to 29? Where's 229
19 from?

20 MS. POLSELLI: It was produced by Mr. Halderman (ph)
21 in response to a our subpoena (indiscernible) the documents
22 that are just provided.

23 MR. DICKERSON: Okay. No objection.

24 MS. POLSELLI: And this is Exhibit (indiscernible)

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MR. JIMMERSON: (Indiscernible) admission of Exhibit 230, Your Honor, the 2008, the Lynita Nelson separate property -- not separate -- Lynita Nelson separate tax return.

THE COURT: Any objection, counsel?

MR. DICKERSON: No objection.

THE COURT: It's hereby admitted as Exhibit 230, 2008 tax return, Ms. Lynita.

(Plaintiff's Exhibit 230 admitted)

MR. JIMMERSON: And then Exhibit 202, Your Honor, is Lynita Nelson's separate property -- tax return for 2009.

MR. DICKERSON: This is what, 202?

MR. JIMMERSON: 202.

MR. DICKERSON: No objection.

THE COURT: Hereby admitted as Exhibit 202 without objection.

(Plaintiff's Exhibit 202 admitted)

DIRECT EXAMINATION CONTINUED

BY MR. JIMMERSON:

Q Now, you had a more role with these parties as it relates to this unhappy divorce action; is that right?

A Yes.

Q Okay. So I wasn't there. I think I understand, but I'm not going to lead you here (indiscernible) setting. Tell

1 me what -- you were contacted and who you were retained by and
2 what happened related to your role in this divorce case.

3 MR. DICKERSON: Can I stop one second and ask Jim a
4 question?

5 (COUNSEL CONFERRED BRIEFLY)

6 MR. JIMMERSON: I'll withdraw the question, Your
7 Honor, for a moment.

8 (Pause)

9 BY MR. JIMMERSON:

10 Q Okay. 236B is a document called the Total Amendment
11 Restatement of the Nelson Trust, originally dated July 13th,
12 1993. And this document was executed on or about February
13 17th of 2009. Do you see that?

14 A Yes.

15 Q Okay. And was this document prepared by you and
16 your office?

17 A Yes.

18 Q And was it signed by Lynita Nelson?

19 A Yes.

20 Q Okay. And do you recognize her signature on page 30
21 of the document?

22 A Yes.

23 Q And did she also accept (indiscernible) role as
24 trustee on that same page, page 30 of Exhibit 236B proposed?

1 A Yes.

2 MR. JIMMERSON: Move for the admission of Exhibit
3 236B, Your Honor.

4 MR. DICKERSON: No objection.

5 THE COURT: It's hereby admitted as Exhibit 236B.

6 (Plaintiff's Exhibit 236B admitted)

7 BY MR. JIMMERSON:

8 Q I'm going to discuss this with you as part of your
9 role in how we got here, okay?

10 A Okay.

11 Q My understanding is that you're retained by Lynita
12 Nelson to help her regarding this divorce in 2008; is that
13 correct?

14 A Yes.

15 Q Okay. And it required a waiver of conflict letter
16 that you asked Mr. Nelson to sign; is that correct?

17 A Well, actually to be correct, Mr. Nelson asked me to
18 get involved --

19 Q Okay.

20 A -- and to try to help Lynita and him solve this
21 issue and he thought that if I could work with Lynita, it
22 would help her understand the issues and foster a settlement.

23 Q And he asked her to serve as her lawyer, correct?

24 A Yes.

1 Q Okay. And we know from the documents we've
2 discussed, that there's a couple things going on. First, just
3 to recap, in 1991 you represent both parties and you do a
4 revocable trust. In 1993, the relationship changes. She has
5 her own counsel, Mr. Koch (ph), and they sign a separate
6 property agreement and this revocable separate property trust
7 of 1993, correct?

8 A Yes.

9 Q Then you're back representing both, if you will, in
10 2001 for the irrevocable asset protection trust, Exhibits 80
11 and 81, correct?

12 A Yes.

13 Q All right. Now we're jumping to 2008 where, because
14 you had represented both parties, that Eric asked you to get
15 involved, and to become her counsel, you required a waiver of
16 conflict?

17 A Yes.

18 Q I'm showing you what's been marked and not yet
19 admitted as Exhibit 213.

20 MR. JIMMERSON: Madam clerk, do you have that, a
21 single piece of paper.

22 BY MR. JIMMERSON:

23 Q I'm showing you what's been marked as proposed
24 Exhibit 213, waiver of conflict. Can you identify this

1 document?

2 A Yes.

3 Q What is that document, 213 proposed?

4 A This is just informing Eric and get his permission
5 for me to represent Lynita in these proceedings and informing
6 him of his right to separate counsel now that he -- he'd
7 waived his right.

8 Q All right.

9 A And he was aware of the conflicts that existed.

10 MR. JIMMERSON: Move for the admission of Exhibit
11 213, Your Honor.

12 MR. DICKERSON: No objection.

13 THE COURT: Hereby admitted as Exhibit 213.

14 (Plaintiff's Exhibit 213 admitted)

15 BY MR. JIMMERSON:

16 Q The date of that, Mr. Burr?

17 A The date of this is October 28th, 2008.

18 Q Okay. So my recollection or my question is correct,
19 you became Lynita's lawyer in pre-divorce discussions, that is
20 to say pre-commencement of divorce lawsuit, which didn't occur
21 until May of 2009, on behalf of Lynita Nelson as her counsel?

22 A Yes.

23 Q And did Mr. Nelson seek to retain (indiscernible)
24 counsel or did he at that time represent himself?

1 A He represented himself.

2 Q Okay. And so I don't want you to violate your
3 attorney/client privileges with Lynita, but as it relates to
4 working Eric and working with Lynita, what happened in general
5 terms; were there meetings, were there discussions? Tell me
6 what happened.

7 A We had various meetings. I would meet with Eric and
8 he would bring schedules of assets to me and -- and proposals
9 for settlement and I then I would meet with Lynita alone and
10 sometimes we attempted to meet together just to see if we
11 could come up with an amicable division of -- of the property.

12 Q Okay. And for what period of time did you serve as
13 Lynita's lawyer? I mean, if it began in roughly September of
14 2008 or October of 2008, when did you cease your efforts?

15 A Pretty well ceased my efforts when Mr. Dickerson
16 assumed the role as her counsel.

17 Q Okay. And would that have been in May of 2009?

18 A I don't recall.

19 Q Okay. Now, how many occasions did you meet with
20 Lynita Nelson outside of Eric Nelson's presence; in other
21 words, in an attorney/client setting?

22 A There were several. I couldn't come up with an
23 exact number, but several meetings.

24 Q Without discussing what was said, did Lynita Nelson

1 understand -- appear to you to understand your words to her?

2 A Yes.

3 Q Okay. And did she respond with words to you that
4 you understood?

5 A Yes.

6 Q Okay. Were you able to understand her words?

7 A Yes.

8 Q Okay. She appeared competent to you in 2008?

9 A Yes.

10 Q Okay. She appeared able to give an opinion?

11 A Yes.

12 Q She would tell you her goals and her desires?

13 A Yes.

14 Q Okay. You weren't dealing with somebody you felt
15 was mentally infirm, were you?

16 A No.

17 Q So she would have her desires, her goals, her wish
18 list, and Eric might have his and they may not be the same?

19 A Right.

20 Q And so you were attempting to represent her and
21 talking with Eric to get her a reasonable settlement,
22 financial settlement, as well as custody settlement on her
23 behalf; is that right?

24 A Well, I -- I wish I could say just yes, but the --

1 the purpose of me doing this was to actually try to foster a
2 fair settlement for both parties. But I couldn't represent
3 both parties at that time, so Lynita was my client. But my --
4 my goal, stated goal to both of them was to try to foster a
5 mutually beneficial settlement. I wasn't so much advocating
6 for her rights as I was just trying to help them solve the
7 matter before -- before it went further down the road.

8 Q And you had also advised, as written here, Mr.
9 Nelson of a potential conflict as a result of your prior
10 representation of the parties?

11 A Right.

12 Q (Indiscernible) consented to and he waived those
13 rights by this waiver of conflict; is that true?

14 A Yes.

15 Q Okay. And now, were -- did you bill for your time?

16 A Yes.

17 Q Okay. And do you recall what hourly rate you were
18 charging in the fall of 2008 and winter of 2009?

19 A I believe it's \$550 an hour.

20 Q Okay. That's outrageous. That happens to be mine,
21 that's why I know it's outrageous.

22 A That's good to know.

23 Q And over a year length representation of Lynita
24 Nelson, how much did you charge her?

1 A I don't know. There was -- there was quite a few --
2 quite a bit of time and several meetings. So I know it was
3 several thousand dollars. I'm not sure of the exact amount.

4 Q And why did your representation of Lynita Nelson
5 stop?

6 A Because I had agreed, at least it's my recollection,
7 between both parties that I would go as far as I could trying
8 to foster a settlement, and once it appeared that I wasn't
9 going to be useful (indiscernible) or that I wouldn't be able
10 to accomplish that, that both parties should seek competent
11 divorce counsel to help them get to the end of this basically.

12 Q Okay. And now, what is the role of now the
13 Honorable, but prior Bryce Duckworth in this (indiscernible)?

14 A He was the first attorney that I had told Lynita to
15 see or recommended that she see because at that time it was
16 Eric's hope that only one counsel would be involved, that they
17 could have a settlement, and that Bryce, although representing
18 Lynita, could put together the documentation and all the
19 different, you know, property settlement agreement and custody
20 agreements and everything, and pending his review and
21 acceptance of it, that they could solve the matter with just
22 him as counsel for Lynita.

23 Q Okay. And so when you (indiscernible) withdrew
24 (indiscernible - away from microphone), but when you withdraw,

1 and it's taken over, Lynita's new counsel is Bryce Duckworth?

2 A I believe I was still intimately involved while --

3 Q Oh, okay (indiscernible) --

4 A -- Bryce was involved.

5 Q -- had a second lawyer. See, I didn't understand.

6 So she hires him as a second lawyer to work with you?

7 A Right.

8 Q And what did you think Mr. Duckworth brought to the
9 table that Jeff Burr maybe didn't bring to the table --

10 A All I --

11 Q -- or what was the reason for adding him?

12 A My -- my hope was just to deal with the property
13 settlement and to help them perhaps come to an agreement in
14 splitting their assets. And I don't know anything about the
15 intricacies of divorce law and custody issues; you know,
16 formalized court orders for settlement of the divorce and
17 everything. So he was to be there to represent Lynita in
18 relation to all those matters.

19 Q And there was some success regarding custody matters
20 early on in this relationship; do you recall?

21 A To the best of my recollection, yes.

22 Q By the first quarter of 2009, there had been an
23 agreed custody and visitation and child support arrangement;
24 do you recall that?

1 A Yes.

2 Q And it was signed off by Mr. Duckworth and Mr.
3 Nelson representing himself.

4 A I don't remember the signing of it, but I remember
5 --

6 THE PLAINTIFF: Yes, they signed it.

7 BY MR. JIMMERSON:

8 Q Now, how does Denise Gentile get involved in this
9 case representing Lynita, a third lawyer representing her?

10 A My best recollection is that she was Bob Dickerson's
11 law (indiscernible).

12 Q So to commit -- I interfered -- I interrupted, I
13 apologize. Finish up, Mr. Burr.

14 A And Bryce Duckworth was running for Family Court and
15 as time kept moving on, it appeared less and less likely that
16 there was going to be a settlement like we all hoped for. And
17 so he helped her -- helped transition Lynita into Mr. Dick --
18 Dickerson's law group.

19 Q More and more like he was going to win that race,
20 right?

21 A Yes.

22 Q I know we tried to help. Okay. So that's how
23 Denise gets involved. All right. And so after that then, did
24 your role end as it relates to divorce counsel for Lynita

1 Nelson sometime in 2009?

2 A Best of my recollection.

3 Q All right. Now, your role continued with regard to
4 Lynita as her lawyer in estate planning matters even after
5 withdrawing as a divorce negotiator?

6 A Yes.

7 Q Tell us what your role with Lynita has been since
8 that, you know, since the 2009 -- first half of 2009.

9 A We had one con -- meeting -- well, we had a
10 conversation about how in Nevada only a dissolution of divorce
11 would terminate a dispositive provision of a will or even
12 perhaps a trust, and if she wanted to change that to where
13 Eric was no longer beneficiary in her documents, that she
14 needed to take action and make some amendments.

15 Q And she took that action, correct?

16 A Yes.

17 Q So let's identify those documents, Mr. Burr. One of
18 them as we discussed, we talked about briefly, was she changed
19 her last will and testament; is that right?

20 A Yes.

21 Q Okay. And we didn't assign that number --

22 MS. POLSELLI: 220.

23 MR. JIMMERSON: I guess we did assign that. You can
24 tell where the brains of the outfit is on my side. Madam

1 clerk, would you mark this as Exhibit 220?

2 BY MR. JIMMERSON:

3 Q I'm showing you what's been marked as Exhibit 220.

4 Do you recognize this as the last will and testament of Lynita
5 Nelson?

6 A Yes.

7 Q All right. And did she come to your office and sign
8 that document on or about the date indicated?

9 A Yes, it appears so.

10 Q And that date indicated is February 17 of 2009?

11 A Yes.

12 Q Okay. As part of that will, she withdrew her
13 husband as the executor and replaced him with Reed Van Boren
14 (ph) and Connie Jan Van Boren (ph); do you see that?

15 A Yes.

16 Q Okay. And did she also remove him as any type of a
17 beneficiary under her will?

18 A Let's see, I believe so. Yes.

19 Q That's at page 1 of the Exhibit 220 that she
20 indicates that I am married to Eric Nelson, however, I have
21 intentionally and with full knowledge fail to provide for him
22 in my will in the Nelson Trust originally established on July
23 13th, 1993, and the LSN Nevada Trust established on May 30th,
24 2001, and he shall be disinherited, end of quote; is that

1 right?

2 A Yes.

3 Q Okay.

4 MR. JIMMERSON: Judge, if I haven't already done so,
5 move for the admission of Exhibit 220.

6 MR. DICKERSON: No objection.

7 THE COURT: Exhibit Number 220 is hereby admitted
8 without objection.

9 (Plaintiff's Exhibit 220 admitted)

10 BY MR. JIMMERSON:

11 Q Does she also amend her irrevocable trust of 2001,
12 Mr. Burr?

13 A She did, yes, in what's called an Exercise of Power
14 of Appointment. I don't know if I see it there.

15 Q I don't know that I see it either.

16 MS. POLSELLI: 221.

17 MR. JIMMERSON: Well, that's assuming I can find it.
18 There we go.

19 MR. JIMMERSON: Bob, do you have this?

20 MR. DICKERSON: Exercise of power of appointment?

21 MR. JIMMERSON: Yes.

22 MR. DICKERSON: 221? I have no objection.

23 MR. JIMMERSON: Move admission of 221, Your Honor,
24 Exercise of Power of Appointment.

1 THE COURT: All right. So admitted without
2 objection.

3 (Plaintiff's Exhibit 221 admitted)

4 BY MR. JIMMERSON:

5 Q And what is Exhibit 221, the Exercise of Power of
6 Appointment for the LSN Nevada Trust?

7 A This his the procedure that one follows with the
8 asset protection trust to amend it. And so in this document,
9 called Exercise of Power of Appointment, she then has taken
10 Eric out as a beneficiary of her Nevada trust, her asset
11 protection trust.

12 Q All right. And does she also change the distributor
13 trustee?

14 A I believe so. Actually -- technically, no. I think
15 I was the trust advisor and I think I did that for her in a
16 separate document, I believe.

17 Q So another document that we don't -- maybe don't
18 have right in front of us at the moment.

19 MR. JIMMERSON: Do we?

20 MR. DICKERSON: You have it front of you, Jim.

21 MR. JIMMERSON: Which one is it?

22 MR. DICKERSON: I don't remember your number.

23 MS. POLSELLI: 225.

24 MR. DICKERSON: 225. It's entitled Change of

1 Distribution Trustee (indiscernible).

2 BY MR. JIMMERSON:

3 Q Showing you what's been marked -- will be marked as
4 Exhibit 225. Is that the document you're referring to?

5 A Yes.

6 Q And what is that document?

7 A This is a document exercised by the trust protector,
8 which is my company, wherein Eric was removed as distribution
9 trustee and -- oh, wait, no, actually Lana Martin, I'm sorry,
10 was the distribution trustee -- wait, wait, wait. Yeah, Lana
11 Martin was the distribution trustee and Connie Jan Van Boren
12 (ph) was substituted in as a distribution trustee.

13 Q Now, in those (indiscernible) since this case has
14 become more contested (indiscernible)?

15 A Yes.

16 Q And these were done in 2009 --

17 A Yes.

18 Q -- is that right?

19 A Yes.

20 Q Just let me check that date, I don't want to
21 mislead. Again, in Jan -- the successor trustee -- successor
22 distribution trustee was occasioned on January 27 of 2009; is
23 that right?

24 A Yes.

1 Q In the exercise of the power amendment -- the
2 Exercise of Power of Appointment (indiscernible) and the
3 Exercise of the Change of the Distribution Trustee, did Lynita
4 Nelson appear to know what she was doing?

5 A Yes.

6 Q Did she appear to understand the documents she was
7 asking you to prepare and that she was signing?

8 A Yes.

9 Q She came to you and told you what she wanted to
10 accomplish, correct?

11 (COUNSEL CONFER BRIEFLY)

12 BY MR. JIMMERSON:

13 Q So she came to you and said I want you to disinherit
14 my husband, we're going through a divorce, from my last will
15 and testament, right?

16 A Yes.

17 Q And that's accomplished. She says I want to
18 exercise my power of appointment to remove my husband as a
19 beneficiary under the LSN separate property trust?

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

22 MR. JIMMERSON: It is leading, Judge.

23 BY MR. JIMMERSON:

24 Q And did she -- what did she ask you with regard to

1 the LSN Nevada Trust?

2 A She wanted to remove Eric and put her children as
3 the beneficiary.

4 Q And you did so; you wrote the documents that
5 accomplished that and she signed those documents?

6 A Yes.

7 Q And she appeared to do so voluntarily and knowingly;
8 she knew what she was doing, right?

9 A Yes.

10 Q You told her this is what you would prepare, that
11 she signed to accomplish her state goals?

12 A Yes.

13 Q And then let me show you what's been marked as
14 Exhibit 223. I have an extra copy.

15 MS. POLSELLI: Amended certificate of revocable
16 trust for the Nelson Trust.

17

18 BY MR. JIMMERSON:

19 Q Did she then ask you to prepare an amended
20 certificate of revocable trust, in our proposed 223?

21 A Well, basically what she instructed us to do was to
22 make her children the beneficiaries of all her different
23 estate planning documents. And we did in fact still have this
24 trust that had been drafted in '93 and so we wanted to also

1 change that in case some assets had remained -- had remained
2 there.

3 MR. JIMMERSON: Move the admission of Exhibit 223.

4 MR. DICKERSON: No objection.

5 THE COURT: It's hereby admitted, Exhibit 223.

6 (Plaintiff's Exhibit 223 admitted)

7 Q As a practical matter, though, in 2009 when you're
8 preparing this document and she's signing it, it is your
9 understanding and Lynita's that all the assets are in the
10 irrevocable trust of 2009?

11 A That was my understanding.

12 Q But as a protection in terms of titling, somebody
13 misses something, maybe there's still -- something's still,
14 you know, around from the 1993 trust, this cured that as well
15 and disinherited Eric as a beneficiary?

16 A Yes.

17 Q Okay. Have you seen any cases in Nevada that allow
18 the Court to order the transfer of an asset titled in an
19 irrevocable separate property trust of the type you created in
20 2001 under NRS 166 to another spouse?

21 A Have I seen an order?

22 Q A Nevada case. Any case of --

23 A I'm not aware of it.

24 Q In fact, the words of the -- the words of the

1 documents themselves, 80 and 81, as you already testified
2 require the voluntary transfer of properties to occasion the
3 transfer, correct? In other words, because it's an asset
4 protection trust, a creditor can't take an asset and transfer
5 it out in order to execute on it?

6 A Right. A creditor cannot, you're right.

7 Q And the language is written, the plain language of
8 80 and 81, is that it has to be voluntarily done, correct?
9 That's the flexibility you're talking about under the statute?

10 A I think certainly as -- as it relates to creditors,
11 that's true.

12 Q And you don't know whether it applies in a divorce
13 case?

14 A I don't.

15 Q Okay. Here's a big issue, maybe you're aware of it,
16 maybe not. By virtue of the operation and the performance of
17 these separate property trusts by Eric and by Lynita
18 separately, and then they filed tax returns to, you know, beef
19 it up even more, there's a net loss carry forward of \$16-
20 million that's on Eric's column as part of his separate
21 property assets if it's an asset at all, okay? I don't want
22 this Judge to make a mistake by making an order to divide it
23 in half if he can't do it and it's against the law. I want
24 the Judge to make it up in some other fashion rather than lead

1 him down the primrose path of committing error.

2 I'm asking you plainly, and you're there, and you
3 know more about this stuff than maybe other people in this
4 room, can the Judge divide a tax net loss carry forward that
5 is under a separate property trust of Eric Nelson by virtue of
6 its being created under NRS 166?

7 A Yes.

8 Q And how can the Court do that?

9 A Basically when have parties that are married in
10 Nevada, a community property state, obviously you have the
11 power to file separately or jointly. And they elected I guess
12 in 2006, they obviously filed separate returns. But there's a
13 specific regulation that I did bring, I have a number for it,
14 one -- regulation 1.6013, IRS Regulation 1.6013-2(B), and this
15 is just one point I want to make.

16 When parties file separately, they can go back and
17 amend their returns to a joint return. Now, if you -- it's
18 interesting, the rule is if you file jointly you can't amend
19 to a separate return. But in this case, if the Court were to
20 order that the property were the community property of the
21 spouses, then based on the ability to go back and file amended
22 returns, especially is my opinion that those losses could be
23 divided between the parties.

24 Q Well, that's your understanding, but is that your

1 knowledge?

2 A That's my knowledge.

3 Q So have you talked to Dan Geraty about his views on
4 this matter, same question?

5 A Yes.

6 Q And what is his understanding?

7 A He feels that the irrevocable trust and the separate
8 property agreement created pure separate property in the case
9 of Eric and that only Eric would be allowed to take those
10 losses.

11 Q It's a different view than yours?

12 A Yes.

13 Q Okay. Now, if I follow what you're saying, okay, it
14 would be required, the amendment of four years of tax returns?

15 A There's some difference of opinion on that matter,
16 but my -- my opinion would be it would require the Court at
17 least to make a determination that that asset was community
18 property. And it would be incident to a settlement agreement
19 the parties could enter into with a court order supporting
20 that settlement agreement. Well, just the court ordering that
21 it's community property basically they could accomplish that.

22 Q So the tax returns would not have to be amended?

23 A My -- my advice would be to amend the tax returns.
24 I think it's safer if you want to go ahead and divide those

1 losses, I would amend them.

2 Q And okay. Have you ever seen a case where a court
3 has ordered tax returns for four years to be amended
4 retroactively?

5 A I haven't seen a case, no. I know it's their right
6 to do so.

7 Q Well, I understand, but what if one person says no,
8 we had an agreement, this is separate property or no, we had
9 an agreement, this wasn't separate property, I'm not re -- I'm
10 not reversing anything that's gone on for so many years.

11 MR. DICKERSON: So in other words, ignore court
12 order?

13 MR. JIMMERSON: No, no. I'm saying, that they take
14 that position.

15 BY MR. JIMMERSON:

16 Q Can the court -- have you ever seen a case where the
17 court orders the amendment of four years past tax returns?

18 A I think if the court orders the property is
19 community, then it -- by -- I think the accountant is under an
20 obligation -- well no, hold on. Let me think about this for a
21 minute.

22 I don't know if the parties are under an obligation
23 to file an amended return, but it would impact the allocation
24 of a loss.

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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8	09/30/2011	Lynita Sue Nelson’s: (1) Answer to Claims of The Eric L. Nelson Nevada Trust; and (2) Claims for Relief Against Eric L. Nelson Nevada Trust dated May 30, 2001, Lana Martin, Nola Harber, Rochelle McGowan, Joan B. Ramos, and Does 1 through X (Whether Designed as a Counterclaim, Cross-Claim and/or Third Party Complaint)	1818 - 1853
9	12/20/2011	Lynita Sue Nelson’s: (1) First Amended Answer to Claims of the Eric L. Nelson Nevada Trust and (2) First Amended Claims for Relief Against Eric L. Nelson Nevada Trust dated May 30, 2001, Lana Martin, Nola Harber, Rochelle McGowan, Joan B. Ramos, and Does 1 through X (Whether Designed as a Counterclaim, Cross-Claim and/or Third Party Complaint)	2140 - 2182
30	05/07/2013	Memorandum from Robert P. Dickerson in Support of AB378 (Exhibit 8)	7480 - 7487
27	00/00/0000	Miscellaneous Documents produced by Defendants (Admitted as Intervenor Trial Exhibit 167)	6513 – 6549
29, 30	03/01/2002	Mississippi Deeds (Admitted as Nelson Exhibit 8A)	7069 - 7393
10	03/06/2012	Motion for Payment of Attorneys’ Fees and Costs	2461 – 2494
19	06/05/2013	Motion for Payment of Funds Belonging to Defendant Pursuant to Court’s Decree to Ensure Receipt of the Same, and for Immediate Payment of Court Appointed Expert	4743 – 4752
8	11/07/2011	Motion to Dismiss	1885 - 1908
9	01/17/2012	Motion to Dismiss Amended Third-Party Complaint and Motion to Strike	2190 - 2224
8	11/29/2011	Motion to Dissolve Injunction	1916 - 1999
7	06/24/2011	Motion to Join Necessary Party; or in the Alternative; to Dismiss Claims Against The Eric L. Nelson Nevada Trust dated May 30, 2011	1606 - 1661
23	10/20/2014	Notice of Appeal	5576 – 5578
25, 26	06/23/2015	Notice of Appeal	6249 – 6251
21	09/10/2013	Notice of Entry of Injunctions from September 4, 2013 Hearing	5230 – 5241
10	01/31/2012	Notice of Entry of Order	2264 – 2272
11	05/29/2012	Notice of Entry of Order	2739 – 2745
12	06/05/2012	Notice of Entry of Order	2759 – 2770

12	07/11/2012	Notice of Entry of Order	2914 – 2920
12	07/11/2012	Notice of Entry of Order	2921 – 2929
19	08/07/2012	Notice of Entry of Order	4517 – 4520
	06/03/2012	Notice of Entry of Order	4691 – 4742
8	11/14/2011	Notice of Entry of Order and Order – August 24, 2011 Hearing	1909 - 1915
21	09/03/2013	Notice of Entry of Order Denying Countermotion to Stay Payments and Transfer Property Pending Appeal and/or Resolution to the Nevada Supreme Court for an Extraordinary Writ	5148 – 5153
23	09/22/2014	Notice of Entry of Order Determining Disposition of Dynasty Development Management, Inc. AKA Wyoming Downs	5553 – 5561
19	10/10/2012	Notice of Entry of Order from July 16, 2012 Hearing	4683 – 4690
19	08/31/2012	Notice of Entry of Order from April 10, 2012 Hearing and Injunction	4531 – 4539
19, 20	08/31/2012	Notice of Entry of Order from February 23, 2012 Hearing Partially Granting ELN Trust’s Motion to Dismiss Third-Party Complaint Without Prejudice.	4540 – 4550
23	09/22/2014	Notice of Entry of Order from July 22, 2013 Hearing on Lynita Nelson’s Motion to Amend or Alter Judgment for Declaration and Related Relief	5562 – 5575
21, 22	09/30/2013	Notice of Entry of Order from September 4, 2013 Hearing Regarding Payment of Lindell Professional Plaza Income	5247 – 5254
19	08/29/2012	Notice of Entry Of Order Granting Motion for Relief from Automatic Stay and Denying Motion to Dismiss Without Prejudice	4521 – 4527
12	06/05/2011	Notice of Entry of Order regarding Findings of Fact and Order dated June 5, 2012	2771 – 2782
7	08/09/2011	Notice of Entry of Stipulation and Order	1742 - 1746
8	09/14/2011	Notice of Filing a Summary Appraisal Report of a Two-Story Office Building (3611 Lindell Road, Las Vegas, NV)	1789 - 1801
10	02/27/2012	Notice of Filing Amendment to Source and Application of Duns for Lynita Nelson	2249 – 2460
10	01/27/2012	Notice of Filing Amendment to Source and Application of Funds for Emerald Bay Mississippi, LLC Filed December 8, 2011	2257 – 2263
10	02/27/2012	Notice of Filing Amendment to Source and Application of Funds for Eric L. Nelson Nevada Trust	2425 – 2248
7	07/05/2011	Notice of Filing Asset Schedule and Notes to Asset Schedule	1662 - 1683
9	12/23/2011	Notice of Filing Corrected Asset Schedule by Ownership	2186 - 2189
7	07/15/2011	Notice of Filing Income and Expense Reports for Banone-AZ LLC	1713 -1724

8	08/15/2011	Notice of Filing Income and Expense Reports for Emerald Bay Resorts, LLC	1762 – 1769
7	07/19/2011	Notice of Filing Income and Expense Reports for Eric L. Nelson Nevada Trust	1725 - 1741
7, 8	08/15/2011	Notice of Filing Income and Expense Reports for Eric Nelson Auctioneering	1747 - 1761
9, 10	01/26/2012	Notice of Filing Income and Expense Reports for Eric Nelson Auctioneering	2225 -2256
8	09/28/2011	Notice of Filing Income and Expense Reports for Lynita Nelson	1806 - 1817
7	07/11/2011	Notice of Filing Income and Expense Reports for: (1) Banone, LLC and (2) Dynasty Development Group	1684 - 1712
10	02/16/2012	Notice of Filing Source and Application of Funds for Banone-AZ, LLC	2362 – 2389
11	04/11/2012	Notice of Filing Source and Application of Funds for Dynasty Development Group, LLC	2645 – 2677
9	12/08/2011	Notice of Filing Source and Application of Funds for Eric L. Nelson Nevada Trust	2060 - 2095
11	04/23/2012	Notice of Filing Source and Application of Funds Pursuant to April 10, 2012 Hearing	2678 – 2709
8	10/03/2011	Notice of Filing Summary Appraisal Report of +202.50 Acres of Agricultural/Residential Land (Uinta County, Wyoming)	1854 - 1859
8	10/06/2011	Notice of Submission of First Billing for Fees and Expenses of Forensic Accountants	1860 -1884
11	04/09/2012	Opposition to Countermotion for Receiver, Additional Injunction and Fees and Costs	2630 – 2642
21	08/23/2013	Opposition to Imposition of Charging Order and Appointment of Receiver	5043 – 5066
10, 11	03/26/2012	Opposition to Motion for Payment of Attorneys' Fees and Costs, and Countermotion for Receiver, Additional Injunction, and Fees and Costs	2495 – 2594
20	06/18/2013	Opposition to Motion for Payment of Funds Belonging to Defendant Pursuant to Court's Decree to Ensure Receipt of the Same, and for Immediate Payment of Court Appointed Expert; and Countermotion to Stay Payments and Transfer Property Pending Appeal and/or Resolution to the Nevada Supreme Court for an Extraordinary Writ	4799 – 4812
16	07/20/2012	Opposition to Motion in Limine to Exclude to Exclude from Trial the Testimony and Report of Daniel T. Gerety, CPA, Layne T. Rushforth, Esq. and Any Purported Experts Testimony Regarding the Interpretation of Law, and Application of Facts to Law; to Strike the Eric L. Nelson Nevada Trusts' Pre-Trial Memorandum; and Counter-Motion to Continue Trial and for Attorneys' Fees and Costs	3803 – 3838

8, 9	12/01/2011	Opposition to Motion to Dismiss and Countermotion for an Award of Attorneys' Fees and Costs	2000 - 2040
9	12/07/2011	Opposition to Motion to Dissolve Injunction and Countermotion for an Award of Attorneys' Fees and Costs	2041 - 2059
30	07/11/2012	Order entered in Case D-09-411537-D	7471 - 7479
20	06/19/2013	Order for Payment of Funds Pursuant to June 3, 2013 Decree of Divorce	4847 - 4850
30	08/09/2011	Order in Case No. D-09-411537-D	7400 - 7402
6	11/17/2010	Partial Transcript, Non-Jury Trial, November 17, 2010	1256 - 1435
6	11/22/2010	Partial Transcript, Non-Jury Trial, November 22, 2010	1436 - 1499
6, 7	11/22/2010	Partial Transcript, Non-Jury Trial, November 22, 2010	1500 - 1605
21	09/27/2013	Plaintiff Eric Nelson's Response to Lynita's Response to Court Ordered Accountings Provided by Eric Nelson	5242 - 5246
19	08/31/2012	Post-Trial Brief of Eric L. Nelson Nevada Trust Dated May 30, 2001	4551 - 4610
30	01/28/2005	Promissory Note in favor of Lana Martin	7488
30	01/28/2005	Promissory Note in favor of Robert A. Martin	7489
29	09/25/1999	Real Estate Records for 5220 E. Russell Road, Las Vegas, Nevada (UUUU)	7017 - 7049
	06/06/2013	Receipt of Copy regarding Motion for Payment of Funds Belonging to Defendant Pursuant to Court's Decree to Ensure Receipt of the Same, and for Immediate Payment of Court Appointed Expert	4753 - 4754
8	09/19/2011	Reply to Counterclaim and Answer to Cross - Claim	1802 - 1805
24, 25	01/14/2015	Reply to ELN Trust's Opposition to Defendant's Motion to Enforce the June 3, 2013 Decree of Divorce, Address Issues Relating to Property Awarded to Defendant in the Divorce, and for Related Relief and Eric Nelson's Opposition to Defendants Motion to Enforce June 3, 2013 Decree of Divorce, Address Issues Relating to Property Awarded to Defendant in the Divorce, and for Related Relief and Opposition to Eric Nelson's Countermotion	5941 - 6076
11	05/22/2012	Reply to Limited Objection to Application of Forensic Accountants for Allowance of Fees and Reimbursement of Expenses for the period from April 4, 2011 through March 31, 2012 filed by the Eric L. Nelson Nevada Trust and Reply to Limited Objection to Application of Forensic Accountants for Allowance of Fees and Reimbursement of Expenses for the period from April 4, 2011 through March 31, 2012 filed by Eric Nelson	2713 - 2738
22	10/14/2013	Reply to Opposition to Countermotion/Petition for Appointment of Authorized Trustee and for Fees and Costs	5255 - 5265

20	07/11/2013	Reply to Opposition to Defendant's Motion to Amend or Alter Judgement, for Declaratory and Related Relief and Joinder to Opposition	4851 – 4869
21	08/30/2013	Reply to Opposition to Imposition of Charging Order and Appointment of Receiver and Requests for Injunction and Fees and Costs	5067 – 5087
11	04/04/2012	Reply to Opposition to Motion for Payment of Attorneys' Fees and Costs	2595 – 2623
9	12/09/2011	Reply to Opposition to Motion to Dismiss and Countermotion for An Aware of Attorneys' Fees and Costs	2096 - 2123
9	12/09/2011	Reply to Opposition to Motion to Dissolve Injunction and Opposition to Countermotion for an Aware of Attorneys Fees and Costs	2124 -2139
22	10/15/2013	Reply to Plaintiff Eric Nelson's Response to Court Order Accountings	5266 - 5287
27, 28, 29	07/05/2012	Report of Gerety & Associates (Admitted as Intervenor Trial Exhibit 168)	6550 – 7014
21	08/30/2013	Response to Court Order Accountings Provided by Eric Nelson	5088 – 5147
19	09/28/2012	Response to Defendant Lynita S. Nelson's Post-Trial Memorandum on Trust Issues	4628 – 4657
29	01/21/2002	Soris Original Mortgage – (Wyoming Property) – (Admitted as Nelson Exhibit 41C)	7050 – 7068
8	08/24/2011	Summons directed to Eric Nelson	1779 -1782
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

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

MONDAY, NOVEMBER 22, 2010

DIRECT CROSS REDIRECT RECROSS

FOR THE PLAINTIFF:

JEFF BURR 6 -- -- --

FOR THE DEFENDANT:

NONE

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

Admitted

BY THE PLAINTIFF:

202	67
210	29
211	28
213	71
220	80
221	81
222	28
223	85
227 and 228	66
230	67
236A	9
236B	69

BY THE DEFENDANT:

NONE

* * * * *

1 LAS VEGAS, NEVADA

MONDAY, NOVEMBER 22, 2010

2

P R O C E E D I N G S

3

(PROCEEDINGS BEGAN AT 13:11:36)

4

5

MR. JIMMERSON: -- Nelson, Case Number D-411537.

6

Can we have everybody's appearances for the record and we'll

7

get this show on the road. We'll start with Mr. Jimmerson.

8

MR. JIMMERSON: Thank you. Good afternoon, Your

9

Honor. Jim Jimmerson on behalf of Eric Nelson. My bar number

10

is 264. Also present is David Stephens, bar number --

11

MR. STEPHENS: 902.

12

MR. JIMMERSON: And Ms. Shahana Polsell, our

13

paralegal, in the presence of Mr. Nelson, Your Honor.

14

THE COURT: Thank you. Mr. Dickerson.

15

MR. DICKERSON: Bob Dickerson, bar number 0945, and

16

I'm here with Mrs. Nelson.

17

THE COURT: Good to see everybody again. We're

18

becoming old friends.

19

MR. JIMMERSON: Yes, Your Honor. It's unfortunate -

20

- unfortunately true.

21

THE COURT: Yeah, we'll get there a step at a time.

22

I guess as far as what's our game plan for today?

23

Do you have witnesses you want to go so we can accommodate our

24

witnesses?

1 MR. JIMMERSON: Yes, Your Honor. May it please the
2 Court by virtue of our joint conversation with opposing
3 counsel and the Court we're going to call Jeff Burr now.

4 THE COURT: Okay.

5 MR. JIMMERSON: And get him off the stand and then
6 resume with Lynita Nelson.

7 THE COURT: Okay.

8 MR. JIMMERSON: That should take us to 4:30 or 5:00.
9 So on behalf of the Plaintiff, I'd like to call Mr. Burr to
10 the witness stand please. Jim.

11 THE COURT: Good to see you, counsel.

12 MR. BURR: Good to see you, Your Honor.

13 THE CLERK: Please remain standing and raise your
14 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 THE WITNESS: Yes.

19 THE COURT: Somehow I don't think I need to explain
20 the court process to you, counsel.

21 THE WITNESS: Right.

22 MR. JIMMERSON: Just four words of advice, Mr. Burr;
23 don't screw it up. Okay?

24 THE WITNESS: Okay. I'll try. I still get nervous

1 when I come here, you know. I don't do a lot of this.

2 JEFF BURR

3 called as a witness on behalf of the Plaintiff, testified as
4 follows on:

5 DIRECT EXAMINATION

6 BY MR. JIMMERSON:

7 Q Mr. Burr, would you just state your name and your
8 business address for the record, please?

9 A Yeah, my name is Jeffrey Burr, and I -- my main
10 office is 2600 Paseo Verde Parkway, Henderson, Nevada 89074.

11 Q And Mr. Burr, you are an attorney licensed in the
12 state of Nevada?

13 A Yes.

14 Q Are you licensed anywhere else?

15 A Yes. I'm licensed in California and Arizona.

16 Q And how long have you been a licensed attorney here
17 in Nevada?

18 A Since 1979.

19 Q And is there a particular field that your firm or
20 yourself emphasize in the practice of law?

21 A Yes, we are estate planning, probate, trust
22 attorneys.

23 Q Okay. And you've indicated that's a business that
24 is sort of recession proof?

1 A Well, hopefully.

2 Q People die in good and bad days, huh?

3 A Yes.

4 Q And as part of estate planning, did there come a
5 time when you were asked to assist the Nelson family?

6 A Yes.

7 Q And we have subpoenaed your records to complete the
8 records that Eric and Lynita had already brought to court, so
9 I think we have a fairly complete record of your work. I'm
10 going to spend some time with you on that, okay?

11 A Okay.

12 Q It's my understanding that the Nelsons first
13 consulted you for trust work in roughly 1991, about 19 years
14 ago. Is that consistent with your recollection?

15 A Yes.

16 Q What do you recall in that regard?

17 A They came to me at the time and they wanted to do
18 some estate planning and we helped draft a joint family trust
19 for them.

20 Q Let me show you what that is, the document. I think
21 it's 231, the top one.

22 MR. JIMMERSON: May I approach the bench, Your
23 Honor?

24 THE COURT: Sure.

1 BY MR. JIMMERSON:

2 Q Mr. Burr, I'm going to show you Exhibit proposed
3 231. It's a group of exhibits, need a copy for the Judge.

4 UNIDENTIFIED VOICE: Okay.

5 BY MR. JIMMERSON:

6 Q The first document's called change in successor
7 trusteeship for the Calico Springs Trust -- I'm sorry, this
8 isn't the one I want -- I don't want to show you this one.
9 These are the kids' trusts. We will get to that, but not
10 (indiscernible).

11 MR. JIMMERSON: 236, which are these group of
12 exhibits.

13 MR. DICKERSON: Is it this one?

14 (COUNSEL CONFERRED BRIEFLY)

15 MR. JIMMERSON: Exhibit 236 is the subpoena to Mr.
16 Burr's offices and we have certain documents within that
17 document that we'll speak to, Judge. I'm going to put them in
18 the right order. Follow along, would you guys?

19 BY MR. JIMMERSON:

20 Q I'm turning to what's marked as 236.

21 MR. JIMMERSON: Did you have a copy for the Judge?

22 UNIDENTIFIED VOICE: Yes.

23 BY MR. JIMMERSON:

24 Q Would you identify the document, please?

1 A Yes, this is the Eric L. Nelson and Lynita Sue
2 Nelson family trust.

3 Q Now --

4 MR. DICKERSON: Are we looking at the one dated May
5 23rd, 1991?

6 THE WITNESS: Dated May 23rd, 1991.

7 MR. JIMMERSON: Move for its admission, Your Honor;
8 236A.

9 MR. DICKERSON: And does that include the
10 certificate of revocable family trust?

11 MR. JIMMERSON: Yes, it does.

12 MR. DICKERSON: No objection, Your Honor.

13 THE COURT: All right. It'll be admitted as Exhibit
14 236.

15 MR. DICKERSON: It's 236A.

16 MR. JIMMERSON: A.

17 THE COURT: A? Be admitted as 236A without
18 objection.

19 MR. JIMMERSON: Thank you, Judge.

20 (Plaintiff's Exhibit 236A admitted)

21 BY MR. JIMMERSON:

22 Q All right. Just focus your attention; what is the
23 purpose of the certificate of revocable family trust as a
24 document distinguishing from the thicker Eric Nelson and

1 Lynita Sue Nelson family trust, May 23 of 1991?

2 A The certificate of trust is meant to be a short form
3 version of the trust agreement, which basically lays out the
4 trustee powers and who the trustees are and just the basic
5 terms of the trust.

6 Q Okay. Now, as part of the document, you know, you
7 look at towards the end, the last couple pages, you see Eric's
8 signature and Lynita's signature on page 27?

9 A Yes.

10 Q All right. And you see the next page, that's their
11 role I believe as what you might call trustor and grantor; is
12 that right?

13 A Yes.

14 Q And then the next page is their acceptance as their
15 role as trustee; is that right?

16 A Yes.

17 Q All right. And you see their signatures as well?

18 A Yes.

19 Q And they both signed in front of a notary public who
20 I believe at that time was employed by your firm, Melanie
21 (indiscernible)?

22 A Yes.

23 Q All right. So were you present when they signed
24 these documents?

1 A I may or may not have been, I don't recall.

2 Q Quite a while, okay. Now, what is the -- what was
3 the purpose in 1991 for creating the Eric Nelson and Lynita
4 Sue Nelson family trust?

5 A They wanted to delineate what happened in the event
6 one or both of them became incompetent or passed away and they
7 wanted to do a trust to help -- help avoid probate in case
8 they had a catastrophe in their family.

9 Q All right. Is this document what we would call a
10 revocable trust?

11 (COMMENTS RELATED TO RECORDING FEEDBACK NOT TRANSCRIBED)

12 Q Okay. So tell us, what is the difference between a
13 revocable trust which is what's created in 1991 and then from
14 '93 to 2001 the idea of an irrevocable trust? So let's start
15 with revocable trust first.

16 A Well, a revocable trust of course is one that can be
17 revoked or amended or changed at any time.

18 Q And was that the type of trust that these parties
19 asked you to provide for them in 1991?

20 A Yes.

21 Q Now, I don't see it here, Mr. Burr, but I presume
22 that there would be some discussion as to what assets might be
23 placed into the trust.

24 A Yes.

1 Q And when I said I don't see a schedule of assets
2 that are attached to the documents you provided to us this
3 morning, do you see one?

4 A No.

5 Q Do you have a recollection of whether or not there
6 was discussion of a house, car, piece of property being placed
7 into the revocable trust in 1991?

8 A I know we discussed putting all the assets in the
9 trust because that's our recommendation at all times.

10 Q All right. Now, let's continue. Was Lynita Nelson
11 present when you -- when she signed this document at your
12 office?

13 A Yes.

14 Q Now, prior to her actual execution, I want to know
15 what communications you had with Lynita Nelson relative to
16 educating her to tell her about the significance of what she
17 was signing. I will tell you she claims that you didn't
18 explain things too much to her, so I need to know --

19 MR. DICKERSON: To which I object, absolutely
20 object.

21 MR. JIMMERSON: It's exactly what he said.

22 MR. DICKERSON: Well --

23 THE COURT: Sustained.

24 MR. JIMMERSON: I'll revise the question.

1 THE COURT: Why don't you ask him what he advised
2 her to.

3 BY MR. JIMMERSON:

4 Q Just tell us what communications you had with Lynita
5 Nelson in 1991 prior to her signing that document.

6 A I know we talked together, the three of us, and I
7 made every effort to explain how trusts work and --

8 (COMMENTS RELATED TO RECORDING FEEDBACK NOT TRANSCRIBED)

9 A Yeah, I explained how --

10 (COMMENTS RELATED TO RECORDING FEEDBACK NOT TRANSCRIBED)

11 Q So what conversations would you have had in 1991
12 with Lynita Nelson regarding her agreement and participation
13 in the creation of the revocable trust of 1991?

14 A I would have attempted to explain to both of them
15 why trusts are needful in Nevada and how they're separate
16 legal documents and how creating a trust and funding it with
17 your assets would allow for the avoidance of probate if one or
18 both of them were to pass away.

19 Q And by reviewing the terms of that document which I
20 have done and you have done, it follows a general pattern of a
21 trust, correct?

22 A Yes.

23 Q There's a decedent's trust, there's a survivor's
24 trust, and there is a -- the general grant to the survivor of

1 all the income, whatever it may be, and then there may be
2 discussion in the document about a power of appointment; is
3 that true?

4 A Yes.

5 Q Okay. And was the concept to place all of the
6 parties' property as it then existed in 1991 into that trust?

7 A That was my recommendation.

8 Q To your knowledge, prior to 1991, had the Nelsons
9 had a trust?

10 A Not to my knowledge.

11 Q And did you understand by their engaging you and
12 your firm that they were seeking your legal advice to provide
13 to them the best estate planning that you would think would be
14 appropriate for them and their assets as you understood it in
15 1991?

16 A Yes.

17 Q Okay. Now let's continue. Just want to go through
18 some other documents here if we could; have a lot of questions
19 about them.

20 (Pause)

21 Q Now, I note one of the documents here that we'll
22 discuss in a few minutes is the Last Will and Testament of
23 Lynita Nelson dated 2009.

24 A Yes.

1 Q Okay. Did she execute a Last Will and Testament in
2 2000 -- excuse me, 1991?

3 A Yes.

4 Q Okay. While it wasn't provided by your office, it's
5 not crucial to our case (indiscernible) here, but would there
6 have been signed a Will by both Mr. Nelson and Mrs. Nelson as
7 part of the revocable trust estate planning in 1991?

8 A Yes.

9 Q Okay. Now, we know through the documents at least,
10 about two years past and then they returned to you for
11 additional estate planning; is that true?

12 A Yes.

13 Q Okay. Now, at that time there is in 1993 a separate
14 property agreement, a document that's signed where the two
15 parties have separate lawyers and they negotiate this separate
16 property, they sign the document, the lawyers sign the
17 document and the lawyers certify that each party has been
18 independently represented and that the parties know what
19 they're doing. Do you recall those events?

20 A Yes.

21 Q All right.

22 MR. JIMMERSON: We've already introduced that
23 (indiscernible).

24 THE CLERK: Yes.

1 MR. JIMMERSON: Okay.

2 BY MR. JIMMERSON:

3 Q Now, what was the purpose of the separate property
4 agreement which I'll show you here?

5 A The Nels --

6 MR. DICKERSON: Exhibit 210.

7 MR. JIMMERSON: Okay. Madam clerk, do you have
8 Exhibit 210? We discussed it at the last --

9 THE CLERK: Thank you, Bob.

10 MR. DICKERSON: You're welcome.

11 UNIDENTIFIED VOICE: I have an extra copy if you
12 want it, Judge.

13 MR. JIMMERSON: Let's make sure she has it.

14 (Pause)

15 MR. JIMMERSON: Judge, we'll mark this as Exhibit
16 210 (indiscernible). Bob, do you have it?

17 MR. DICKERSON: Yes.

18 MR. JIMMERSON: This is 210 proposed, Your Honor.

19 BY MR. JIMMERSON:

20 Q All right. Showing you what's been marked as
21 proposed Exhibit 210, apparently not admitted quite yet, is
22 the document that I believe you and I were discussing. Would
23 you concur?

24 A Yes.

1 Q All right. And take a look at the last page; pages.
2 Richard Cook (ph) as I recall was wife's counsel; is that
3 true?

4 A Yes.

5 Q And were you Mr. Nelson's counsel?

6 A Yes.

7 Q All right. And why is there the need to have
8 separate counsel when the parties execute a separate property
9 agreement as they did here in 1993?

10 A When this is done, marital property rights at the
11 time are being altered, and property is being separated and so
12 each party should be represented by attorneys, so we do
13 recommend that.

14 Q There -- and Nevada is a community property state?

15 A Yes.

16 Q Okay. And as you've indicated when you're going to
17 do a post-marriage, post-nuptial agreement, you generally --
18 or you're going to have an agreement that certain assets are
19 one party's separate property and certain assets another
20 party's separate property, they're asked to see independent
21 counsel?

22 A Yes.

23 MR. DICKERSON: Objection to the form of the
24 question, Your Honor.

1 BY MR. JIMMERSON:

2 Q And why did you recommend to Lynita that she seek --
3 THE COURT: Overruled. We know what the rules are
4 for pre and post-nuptial; the law's pretty clear on that.

5 BY MR. JIMMERSON:

6 Q And why as related to this post-nuptial agreement,
7 why did you ask Lynita to seek her own counsel, Mr. Cook?
8 What did you tell her?

9 A Just told both of them that they needed to be
10 represented by separate counsel in the execution of this
11 agreement (indiscernible).

12 Q Now, because it changes the nature of the property
13 from community property to separate property of each of the
14 parties and they have their own independent counsel,
15 presumably to try to get a feeling that it's roughly an equal
16 division of property and I presume that's the big thing; is
17 that right?

18 A Yes.

19 Q Okay. So what I want to know is what are you being
20 told by either Eric or Lynita or what are you telling them in
21 response as to why they want a separate agreement now in 1993?
22 And the documents that went along to implement that?

23 A Well, they came to me and Eric was getting ready or
24 just already begun involvement in what they both felt were

1 risky ventures. There was some gaming that he wanted to be
2 involved in. And he was going to have to sign some guarantees
3 and the concern was that we didn't want all the a -- they
4 didn't want all the assets subject to creditors. And so they
5 were looking for ways to protect a portion of the assets from
6 potential liabilities down the road.

7 Q And was Mrs. Nelson present to hear these exchange
8 of words between yourself and Mr. Nelson and herself?

9 A Yes.

10 Q And did Mrs. Nelson evidence to you any objection to
11 the estate planning that was going on now in 1993?

12 A No.

13 Q Did she from your observation in your joint meetings
14 appear to understand what you were communicating to her and
15 what she was communicating back to you?

16 A She appeared to, yes.

17 Q Okay. And did you know whether or not the -- I
18 mean, what conversation you had with Mr. Nelson we can talk
19 about separately, but as relates to a joint session, were you
20 ever advised that Mrs. Nelson didn't particularly care for
21 investments either into gaming or into liquor?

22 A Yes.

23 Q Okay. What did she say in that regard?

24 A Just at that time she and Eric had a little

1 disagreement, that she wasn't as excited as he was for them to
2 be involved in those types of investments.

3 Q Okay. And did you agree with both parties that
4 gaming or gaming and liquor investments, in this case I think
5 it was in Mississippi, would be a riskier investment than
6 owning passively a piece of vacant real estate, for example?

7 A I don't think I really gave an opinion.

8 Q All right. So it was their input to you is that
9 what you're saying?

10 A Yes.

11 Q Okay. And so now having been told that they want to
12 convert their community property as separate property and
13 render certain assets protected away from creditors of riskier
14 investments, what did you do to -- to put into place Lynita's
15 and Eric's request?

16 MR. DICKERSON: Objection to the form of the
17 question. I believe that question is assuming facts that have
18 not come into evidence and that's not his testimony as to -- I
19 think what we need to first --

20 BY MR. JIMMERSON:

21 Q Have I -- have in any way misstated your testimony,
22 Mr. Burr?

23 THE COURT: Why don't you restate the question? I
24 think what he said is it hasn't been developed yet; if it was

1 the intent of --

2 MR. DICKERSON: Hasn't been developed as to what the
3 purpose --

4 THE COURT: -- to make community property to be
5 separate property --

6 MR. DICKERSON: -- of this was.

7 THE COURT: -- issue was to protect creditors, then
8 you can explore it further, but sustained what you're --

9 BY MR. JIMMERSON:

10 Q Did you explain to Lynita Nelson that by signing the
11 separate property agreement and then to implement that, the
12 separate property trust, that she was relinquishing her
13 community property interest as it relates to assets that were
14 being placed in Eric's separate property trust as Eric was
15 relinquishing community property interest being placed in
16 Lynita's separate property trust?

17 MR. DICKERSON: Object to the form of the question
18 as leading.

19 MR. JIMMERSON: You can answer the question.

20 MR. DICKERSON: Oh, he can answer it? He's going to
21 rule --

22 THE COURT: Overruled. He can answer.

23 MR. DICKERSON: He can answer that?

24 THE COURT: Yeah, he can.

1 MR. DICKERSON: It's a leading question.

2 THE COURT: You can answer it.

3 THE WITNESS: Okay. This is where it gets a little
4 tricky. The discussion of course was clear and concise about
5 trying to protect the assets from third party creditors and
6 from guarantees and that type of thing. And in order to
7 accomplish that, it was my opinion this -- the property needed
8 to be separated. So, did we discuss in detail, you know,
9 marital property rights as to each other, we did have a
10 discussion about that. And the property was divided equally
11 at the time. And my advice to them was, you know, going
12 forward they should balance the assets on a periodic basis to
13 maintain their 50/50 ownership, because again, these were two
14 people that were doing well in their marriage, getting along,
15 and they were primarily focusing on outside creditors and
16 frivolous lawsuits, that kind of thing.

17 So -- so there wasn't a big discussion about, you
18 know, dissolution rights and that type of thing.

19 BY MR. JIMMERSON:

20 Q Okay.

21 A It was more just protecting them against third party
22 creditors.

23 Q All right. And was there any discussion then about
24 whether or not the separate property trust would be confirming

1 or converting it from community property that existed in 1991
2 to each party's respective separate property in 1993?

3 A Yes.

4 Q Okay. What was said on that topic?

5 A Just the agreement as clear there that at that point
6 in time they were doing an equal division of their community
7 property into separate property with each having one-half --
8 the goal being one-half of the value in each trust.

9 Q And the importance of that is why you had each of
10 the parties represented by separate counsel, correct?

11 A Yes.

12 Q So this was one form of a post-nuptial agreement,
13 correct?

14 A Yes.

15 Q Okay. And the words of the trust are pretty self-
16 explanatory, would you agree?

17 A The trusts that were created at the same time?

18 Q Yes.

19 A Yes.

20 Q Okay. That is to say that they are the trustee,
21 they may have successor trustees, but husband has no rights,
22 wife has no rights, to the other trust, correct?

23 A Well, each of them remained the beneficiary of each
24 other's trust.

1 Q Okay. But they were not in control of the operation
2 of the trust?

3 A But they each made -- they each were put in as their
4 own trustee for their own trust.

5 Q So there was -- the spouses were not trustees?

6 A Right.

7 Q Of the other spouse?

8 A Right.

9 Q Okay. Which rendered to each person exclusive
10 control over their trust?

11 MR. DICKERSON: We -- again, I need -- first, he's
12 allowed to lead for some reason.

13 THE COURT: Yeah, why don't you ask the question --

14 MR. DICKERSON: I don't understand it.

15 THE COURT: -- instead of suggesting the answers on
16 them. Why don't you ask the question what they talked about.
17 We all know the theory of the case, but you've got to ask a
18 more generic question. You are kind of leading him down the
19 road, so --

20 MR. JIMMERSON: Judge, one thing I'll tell you about
21 Mr. Burr. Like Mr. Dickerson and myself, we can't be easily
22 led.

23 THE COURT: Well --

24 MR. DICKERSON: I'd like to hear his testimony.

1 MR. JIMMERSON: He's going to respond according to
2 the truth as he understands it. I hope that's true for all
3 the witnesses in this case.

4 THE COURT: I have no doubt he'll be forthright at
5 the issues. Why don't you ask more questions and stay away
6 from the leading nature.

7 BY MR. JIMMERSON:

8 Q So now let's take a look at what we'll mark as -- is
9 that 216A? Let's mark it as 216B. This is the total
10 amendment and restatement of the Nelson trust.

11 MR. DICKERSON: What's that?

12 MR. JIMMERSON: 216B.

13 MR. DICKERSON: 216 --

14 UNIDENTIFIED VOICE: 236, Jim.

15 MR. JIMMERSON: I want to make sure -- 236.

16 MR. DICKERSON: 236B. All right.

17 MR. JIMMERSON: So we'll mark that 236B.

18 MR. DICKERSON: Is it just the one document?

19 MR. JIMMERSON: Just the one document, yes.

20 MR. DICKERSON: Does it include the --

21 MR. JIMMERSON: Hold on.

22 MR. DICKERSON: Does it include the amended
23 certificate also or not?

24 MR. JIMMERSON: No. Just this.

1 BY MR. JIMMERSON:

2 Q All right. Now showing you what's been marked as
3 proposed Exhibit 236B again from your files, is the total
4 amendment and restatement of the Nelson Trust (indiscernible)
5 dated July 13th, 1993; do you see that?

6 A Yes.

7 Q And this document is quite a bit later, February
8 2009; do you see that?

9 A Yes.

10 Q (Indiscernible) get back to 1993, there it is. The
11 Nelson Trust dated July --

12 MR. DICKERSON: I think you did the wrong document,
13 Jim.

14 MR. JIMMERSON: Excuse me?

15 MR. DICKERSON: I think you wanted this one first.

16 MR. JIMMERSON: I did.

17 MR. DICKERSON: Okay.

18 MR. JIMMERSON: (Indiscernible).

19 UNIDENTIFIED VOICE: Which is 222, Jim.

20 MR. JIMMERSON: 222?

21 UNIDENTIFIED VOICE: Yes.

22 MR. DICKERSON: 2-what?

23 MR. JIMMERSON: 222.

24 UNIDENTIFIED VOICE: 222. The Nelson Trust dated

1 July 13th, 1993.

2 MR. DICKERSON: Oh, it's already been marked? Okay.

3 MR. JIMMERSON: (Indiscernible), marked.

4 UNIDENTIFIED VOICE: Should have been part of that
5 packet I gave you, Bob.

6 MR. DICKERSON: Yeah.

7 UNIDENTIFIED VOICE: Okay.

8 MR. JIMMERSON: Sorry, Judge. Got them out of
9 order.

10 BY MR. JIMMERSON:

11 Q All right. So now we're still in 1993. Would you
12 identify what Exhibit 222 is, the Nelson Trust?

13 A 222 is the Nelson Trust that was created in 1993 by
14 Lynita Nelson, as her -- as a revocable trust.

15 MR. DICKERSON: I'm sorry, I didn't hear.
16 Revocable?

17 THE WITNESS: Revocable trust.

18 MR. DICKERSON: Okay.

19 BY MR. JIMMERSON:

20 Q And does this document divide the assets in
21 accordance with the separate property agreement that you had
22 signed also in 1993?

23 A This document was meant to receive the assets that
24 were divided through the separate property agreement. Lynita

1 Nelson's half of the assets.

2 Q And let me show you what's been marked as 211. This
3 is Eric's half of this same document.

4 UNIDENTIFIED VOICE: Bob, you should have that from
5 last time. If not, I have a copy.

6 MR. DICKERSON: I've got it.

7 UNIDENTIFIED VOICE: It's not been entered yet.

8 BY MR. JIMMERSON:

9 Q And did you prepare a similar trust for Eric Nelson
10 also July 2000 -- of 1993? Excuse me.

11 A Yes.

12 Q Proposed Exhibit 2 --

13 UNIDENTIFIED VOICE: 211.

14 THE WITNESS: Yes.

15 MR. JIMMERSON: And I'd move for the admission of
16 Exhibit 211 and 222, respectively, Your Honor.

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

18 UNIDENTIFIED VOICE: And 210.

19 (Whispered conversation)

20 THE COURT: 211 be admitted without objection, along
21 with Exhibit 222 be admitted without objection.

22 (Plaintiff's Exhibits 211 and 222 admitted)

23 MR. JIMMERSON: And then, Your Honor, I'd like to
24 also move for the admission of the separate property agreement

1 we've already discussed, proposed Exhibit 210.

2 MR. DICKERSON: No objection.

3 THE COURT: (Indiscernible) admitted as Exhibit 210.
4 Do you have that one?

5 MR. JIMMERSON: That's this document, Judge. All
6 right.

7 (Plaintiff's Exhibit 210 admitted)

8 BY MR. JIMMERSON:

9 Q Now you were advised through the communication with
10 Lynita Nelson and -- and Eric Nelson that he was going to
11 invest in a gambling venture in Mississippi; is that true?

12 A To the best of my recollection.

13 Q Or maybe he had already invested, but that was the
14 cause for the separate property agreement, separate property
15 trusts?

16 A Right.

17 Q Okay. Now --

18 A Well, I don't think -- I'm not sure it was
19 Mississippi, I just remember gaming, but --

20 Q Fair enough. And these parties lived with these
21 trusts that were revocable, separate property, for about eight
22 years until 2001 --

23 MR. DICKERSON: Again --

24 MR. JIMMERSON: -- when they converted them to

1 irrevocable trusts; is that right?

2 MR. DICKERSON: To which I'm going to object --

3 THE COURT: Why don't you ask --

4 MR. DICKERSON: -- to the form of the question.

5 THE COURT: Yeah.

6 MR. DICKERSON: Because I still don't think he's
7 been asked a proper question with respect to that separate
8 property agreement as to what the intent was. They're
9 ignoring that.

10 MR. JIMMERSON: I --

11 THE COURT: I figured you'd bring it up on cross
12 examination.

13 MR. DICKERSON: Well then --

14 MR. JIMMERSON: I've only asked him twice --

15 MR. DICKERSON: -- I'm going to have to object to
16 the form of the question, because --

17 THE COURT: All right.

18 MR. DICKERSON: -- he's putting the language
19 incorrectly.

20 THE COURT: You want to ask him what he did next,
21 what was the next document he prepared or --

22 MR. JIMMERSON: Mr. Dickerson doesn't like Mr.
23 Burr's responses.

24 MR. DICKERSON: No, I do like Mr. Burr's responses,

1 but --

2 MR. JIMMERSON: I'll ask the question again.

3 MR. DICKERSON: -- I don't like your questions that
4 don't --

5 MR. JIMMERSON: You don't like my question --

6 MR. DICKERSON: -- don't characterize his response.

7 MR. JIMMERSON: -- (indiscernible).

8 THE COURT: Okay. I don't --

9 BY MR. JIMMERSON:

10 Q Mr. Burr, tell me what the intent was of the
11 separate property agreement for now the third time.

12 A The separate property agreement was to divide their
13 assets at that point in time in equal shares to separate
14 property.

15 Q And attached to the -- and attached to the separate
16 property agreement were the Schedules A's of the Eric Nelson
17 Separate Property Trust, Schedule A, and Schedule B, of the
18 Nelson Trust?

19 A Yes.

20 Q And the titles are a little different, but Nelson
21 Trust as you and I are using the words means Lynita's Separate
22 Property Trust, correct?

23 A The trust created by Lynita, yes.

24 Q In 1993?

1 A Yes.

2 Q And the words Eric L. Nelson's Separate Property
3 Trust would be Eric's?

4 A Yes.

5 Q So for the language we're talking about, the
6 separate property trust of Lynita is Exhibit 222, that's the
7 Schedule B, and Schedule A refers to the assets going to 211,
8 the Eric Nelson Separate Property Trust?

9 A Yes.

10 Q Now, what -- between 1993 and 2001, what were the
11 communications between yourself and Eric Nelson and Lynita
12 Nelson as a threesome, in other words, the two of them and you
13 and maybe you have others to help you, but at least the three
14 of you regarding their estate plan in that eight year time
15 period?

16 A I don't recall a lot of discussion that occurred.
17 I'd have to look at my records and see when we met. I don't -
18 - it'd be unusual we went a full eight years without some type
19 of meeting, but I don't have any recollection (indiscernible)
20 to share with you.

21 Q Would your general recollection understanding now
22 it's a decade ago, even longer, be that you had met with
23 Lynita and Eric maybe every two or three years?

24 A Not necessarily. I'm just -- (indiscernible) each

1 client's different and some go a long time. We try to get
2 them to come in on a regular basis, no more than two or three
3 years, but I just don't have the recollection.

4 Q All right. Well, one of the things that you
5 indicated that the parties agreed to specifically Lynita and
6 Eric in 1993, was that there would be, you know, a leveling
7 off or an updating of the trusts to try to keep them roughly
8 even, do you recall your testimony?

9 A Yes.

10 Q Okay. And what did you communicate to them in that
11 regard?

12 A Just that it would be important to, you know,
13 periodically rebalance the trusts.

14 Q Okay.

15 A Because there's an unlimited marital deduction, so
16 they have -- they could do that without any tax consequence.

17 Q And would you explain that to the Court when you
18 talk about unlimited marital deduction?

19 A Well, whenever you transfer property to someone,
20 you've got to have -- you have to worry about gift tax
21 implications. But when you're transferring property between
22 spouses there's an unlimited deduction for gifts or transfers
23 made to the other spouse.

24 Q Okay. All right. And did you -- for example, did

1 you learn from either Eric or Lynita that they changed the
2 deeds and did the things necessary to put bank accounts in
3 either Lynita's separate property trust, the Nelson Trust, or
4 Eric Nelson's separate property trust?

5 A I -- I never -- I don't recall learning that.

6 Q Okay. So if -- if -- in other words, if they kept
7 their money separate, she exercised the bank accounts that
8 were only in that trust and he did nothing about it and wasn't
9 even a signatory and vice versa, would you not know that then?
10 In other words, that they performed the -- the agreement, were
11 you ever told about that between either Lynita or Eric in the
12 years of '93 to 2001?

13 A I know I didn't take very much care in following
14 what happened after the separate property trust was created.
15 I knew that they continued to use the trusts, I knew that, and
16 that Eric, you know, was involved in gaming and that type of
17 thing, but I don't -- I don't really have any recollection of
18 meeting with them and talking about assets in which trust,
19 that type of thing.

20 Q All right. Now, can we advance to 2001?

21 A Yes.

22 Q Now, from the -- I don't want to ask leading
23 questions, but as I understand it, 2001 there's now a new
24 trust executed that are now irrevocable; is that true?

1 A Yes.

2 Q Please tell the Court how that came about?

3 A In 1999 Nevada passed the Nevada self-settled
4 Spendthrift Trust Act under NRS 16 -- Section 166, which
5 allowed for the creation of a passive protection trust and
6 call it the Self-Settled Spendthrift Trust. And --

7 Q Hang on a second, let me get that down.

8 A Okay.

9 Q That's a tongue twister. Self-Settled --

10 A Self-Settled Spendthrift Trust.

11 Q -- Spendthrift Trust?

12 A Spendthrift.

13 Q Spendthrift. Sounds like something that my wife
14 needs. And what is the nature of NRS 166, the Nevada Self-
15 Settled Spendthrift Trust?

16 A Well, until Nevada passed that Self-Settled
17 Spendthrift Trust Act, these two trusts as revocable trusts --

18 Q 211 and 222, exhibits.

19 A Right. Were subject to creditor attack, wherein --
20 except if they then converted them -- or -- or transferred the
21 property from these trusts to a self-settled spendthrift
22 trust, an asset protection trust if I can call it that; it's
23 easier to say, asset protection trust; then, after two years
24 have elapsed since the transfer, the assets in those trusts

1 should be protected from creditors.

2 Q Okay. All right. And so by statute then there is a
3 provision that -- that after two years and if the assets
4 placed in a separate property, self-settled spendthrift trust
5 or asset protection trust, would be immune from creditors, is
6 that -- was that a federal rule or a state rule? Is that a
7 state statute?

8 A That's a state statute.

9 Q Okay. Sometimes in the law we have statutes that
10 many states pass, you know, like uniform statutes, okay; was
11 the asset protection trust, the self-settled spendthrift trust
12 of 1999, something that was being passed in other states as
13 well?

14 A Yes, we were the fourth state to pass that type of
15 statute.

16 Q Okay.

17 A And since then there have been around eight other
18 states that have passed similar close -- close statutes,
19 basically.

20 Q And were you involved in the lobbying efforts to get
21 that passed?

22 A Yes.

23 Q I thought so. I mean, because of your advertising
24 and your firm does the like, I would think you might be a

1 leader in this, and certainly, this would be beneficial to
2 your practice as well.

3 A Yes.

4 Q And so Nevada was one of the leaders in the United
5 States to take the lead in passing this type of asset
6 protection trust; is that right?

7 A Yes.

8 Q Okay. Now, I presume therefore, without leading
9 you, that after 1999 there's some communication between
10 yourself, Mr. Nelson and Lynita Nelson, about this statute; is
11 that right?

12 A Yes.

13 Q Okay. So please tell us what communications
14 happened between you, Lynita and Eric Nelson regarding hey
15 guys, there's a new law on the books that may be of some
16 advantage to you?

17 A Well, keep in mind that the dynamics between Lynita
18 and Eric, Eric was pretty much the business guy and so, he was
19 the one I would predominately communicate with.

20 Q Okay.

21 A And we sent letters out, communication to our
22 clients, informing them of this opportunity to utilize this
23 special trust and Eric and -- and Lynita came in I believe
24 together and we talked about, you know, how these asset

1 protection trusts could be layered on top of the other trusts
2 they'd done and in other words, and give more protection to
3 them as a couple, as a family.

4 Q Now, is the statute by virtue of this two year
5 provision, is that essentially to defeat any creditors' claims
6 of a fraudulent transfer or improper conveyance; is that the
7 idea?

8 A Well, you're talking about the interplay between the
9 Fraudulent Conveyance Act and the two year statute.

10 Q I am, yes.

11 A That's meant to give a safe harbor, yes. And so if
12 two years have elapsed, then at least my opinion is that you
13 won't have fraudulent conveyance issues if you funded the
14 trust and two years elapsed before someone brings an action
15 against the trust.

16 Q And that, your last answer brings me to the next
17 point. Whereas in 1993 we -- I'm sorry, 1991 we saw the
18 revocable trust, we didn't see a list of assets, at least in
19 your file, we didn't see what assets, you know, they had in
20 1991 when they had that revocable trust; do you recall that?

21 A Yes.

22 Q But now two years later in 1993 we do see the list
23 of assets that are placed in each of their separate property
24 trusts that they had, their -- an independent representation

1 about, correct?

2 A Yes.

3 Q All right. So when you use the word in the next
4 last answer about funded, the key thing here to initiate the
5 two years I presume is you have to fund the trust, I mean, you
6 have to place whatever assets you're seeking to protect in the
7 name of the irrevocable trust?

8 A Yes.

9 Q Okay. So one of the things that the parties are
10 doing with your assistance is placing the assets they have
11 into one of the two trusts so that all their assets aren't in
12 one of the trusts; is that right?

13 A Well, actually --

14 Q They're funding the trusts?

15 A Actually, Eric, because he's in real estate and very
16 knowledgeable, had a pretty competent staff, he pretty much
17 always wanted to be in control of the funding and do that.

18 Q I think that's true.

19 A So we didn't really participate much in the funding
20 of the trust, just in advising them of -- of what they should
21 do.

22 Q Okay. But the point is that to make -- to begin the
23 two year safe harbor, the trusts, each of them have to be
24 independently funded?