

IN THE SUPREME COURT OF THE STATE OF NEVADA

NUVEDA, LLC, A NEVADA LIMITED LIABILITY COMPANY; SHANE M. TERRY, A NEVADA RESIDENT; AND JENNIFER M. GOLDSTEIN, A NEVADA RESIDENT, Appellants,
v.
PEIMAN BADY; AND POUYA MOHAJER, Appellees.

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Supreme Court Case No. 69648
District Court Case No. A-15-728510-B, Department XI (Elizabeth Gonzales)

**JOINT APPENDIX
VOLUME 5**

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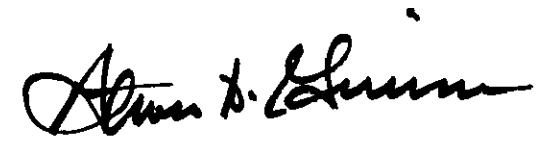
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CLERK OF THE COURT

TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

NUVEDA LLC, et al.

Plaintiffs

vs.

PEJMAN BADY, et al.

Defendants

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CASE NO. A-728510

DEPT. NO. XI

Transcript of
Proceedings

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

PRELIMINARY INJUNCTION HEARING - DAY 2

WEDNESDAY, JANUARY 6, 2016

APPEARANCES:

FOR THE PLAINTIFFS:

ERIKA A. PIKE-TURNER, ESQ.

FOR THE DEFENDANTS:

ALVIN W. MAUPIN, ESQ.
JOHN M. NAYLOR, ESQ.
VINCENT J. AIELLO III, ESQ.
MATTHEW T. DUSHOFF, ESQ.

COURT RECORDER:

TRANSCRIPTION BY:

JILL HAWKINS
District Court

FLORENCE HOYT
Las Vegas, Nevada 89146

Proceedings recorded by audio-visual recording, transcript
produced by transcription service.

1 LAS VEGAS, NEVADA, WEDNESDAY, JANUARY 6, 2016, 10:37 A.M.

2 (Court was called to order)

3 THE COURT: All right. Can we swear the witness,
4 Dulce.

5 THE CLERK: Yes, Your Honor.

6 SHANE TERRY, A PLAINTIFF HEREIN, SWORN

7 THE CLERK: Thank you. Please state and spell your
8 name for the record.

9 THE WITNESS: Shane Terry. First name is Shane,
10 S-H-A-N-E, last name Terry, T-E-R-R-Y.

11 MS. PIKE-TURNER: Good morning, Your Honor. I just
12 learned that Mr. Kennedy has been sitting in the courtroom
13 during the hearing. We didn't invoke the exclusionary rule,
14 but probably should. I didn't realize who he was.

15 THE COURT: Is there any objection to invoking the
16 exclusionary rule at this point?

17 MR. MAUPIN: Here's been here the entire time. He's
18 a member of the company.

19 THE COURT: Is he here as the company's
20 representative?

21 MR. MAUPIN: No, no. He's here as a -- he's a
22 member of the LLC.

23 THE COURT: Okay. But he's not here as a party or a
24 party representative?

25 MR. MAUPIN: No, he's not been named as a party.

1 THE COURT: Okay. Mr. Kennedy, if you would wait
2 out in the hallway until counsel call you.

3 All right. Anything else before we resume?

4 MS. PIKE-TURNER: No, Your Honor.

5 THE COURT: Your turn.

6 MS. PIKE-TURNER: Thank you.

7 DIRECT EXAMINATION (Continued)

8 BY MS. PIKE-TURNER:

9 Q Mr. Terry, if you'd turn to Exhibit 7 already in
10 evidence in the black book. Did you execute this action by
11 written consent?

12 A Yes, I did.

13 Q And you did it by the DocuSign method?

14 A Yes, I did.

15 Q And prior to executing the action by written consent
16 did you determine cause for expelling the defendants?

17 A Yes, we did. Yes, I did.

18 Q And was there any event or events that kind of broke
19 the camel's back that culminated in this action by written
20 consent?

21 A Yes --

22 MR. AIELLO: Object as to "broke the camel's back."

23 THE COURT: Overruled.

24 THE WITNESS: Yes. There was actually a long
25 sequence of events that happened up to this point, but the

1 most significant one was the discovery of a phantom interest.

2 MR. MAUPIN: Excuse me, Your Honor. There's --
3 after "yes" --

4 THE COURT: Yes?

5 MR. MAUPIN: -- he's not answering the question
6 anymore.

7 THE COURT: Overruled.

8 THE WITNESS: So there was a sequence of events that
9 occurred to this, but the straw that broke the camel's back
10 was the discover of a phantom interest by previous investors
11 in NuVeda -- or, I'm sorry, debt lenders to NuVeda.

12 Q And why was that an issue for you?

13 A One, it's a clear violation of state and local law.
14 It jeopardizes our licenses and, quite frankly, puts the
15 entire company at risk.

16 Q And what do you mean by phantom interests?

17 A It was disclosed to me by both Pej and Pouya that
18 the first one that they had borrowed \$600,000 from a Mehjed
19 Golpa in exchange for about 5-1/2 percent of equity that was
20 undisclosed to the company. Apparently that was taken into
21 them in October of 2014, on or about, and then they used
22 basically that money for -- to support their own ownership
23 interest. That was never disclosed to us until months after.
24 When it was brought to our attention by Pej and Pouya they
25 asked if we, myself, Jennifer, and the rest of the members of

1 the company, would share the burden in bringing them forward
2 as official investors.

3 We also discovered that there was an additional 2
4 percent undisclosed membership interest, undisclosed to the
5 company, to Mohsen Bahri, and so there were two gentlemen,
6 then, that were now making claims of ownership to the company,
7 one of them that threatened me personally with litigation and
8 suit and threatened the company with lawsuits.

9 Q If you'd go to Exhibit 6 already in evidence. Is
10 the -- there's an email dated October 14th, 2015. Is that on
11 or about the time that you discovered these phantom interests?

12 A Yes, it was.

13 Q Now, you said that that was the event that -- it's
14 my term -- broke the camel's back. What was the timing of the
15 prior issues that you testified about at the last hearing, the
16 2113 transaction and the 2Prime.

17 A So the 2113 transaction, as far as the company was
18 concerned, we discovered that around December of 2014, late
19 December, early January. The full extent of our concerns over
20 self dealing didn't come until later, when we discovered
21 operating agreements and ownership interests. The 2Prime --
22 we had exiting promissory notes from 2Prime to the company
23 that probably started in early 2015, but we discovered that
24 Pej had an undisclosed ownership interest in 2Prime in around
25 August or September of 2015.

1 Q And then the phantom interest was October 2015. Why
2 is the action by consent executed in November, towards the end
3 of November? What was the delay?

4 A We had exhausted -- or I had exhausted all efforts
5 to try to address this with Pej and Pouya, and we had been
6 asking for team meetings since the end of October, we had been
7 trying to get them to discuss it to really figure out what was
8 going on and, you know, what we needed to address.

9 They refused to meet with us. They denied to -- or
10 they refused to show up to our typical team meetings. When I
11 reached out to them personally I was trying to get -- work
12 through a business advisor to get them to come to the table
13 and have these discussions. But basically they were citing
14 the operating agreement saying they couldn't meet with us due
15 to a notice requirement. So we then set meetings that would
16 adhere to the notice requirement, and they still refused to
17 meet. And we were not able to meet with them face to face
18 until I believe it was November 18th, on or about.

19 Q And now, to break that down, you have regular team
20 meetings at NuVeda?

21 A Yes, we do.

22 Q And when are those typically held?

23 A Every Tuesday morning at a minimum.

24 Q And who attends the Tuesday meetings?

25 A It would be -- typically is myself; Jennifer

1 Goldstein; Pej Bady; Pouya Mohajer; Wells Littlefield, who's a
2 worker for NuVeda; Joe LaPuma, who's a worker for NuVeda;
3 Andrew Gennuso, who's a worker for NuVeda; and any
4 subcontractors that would be relevant. But that's pretty
5 rare.

6 Q So defendants stopped attending the team meeting?

7 A Correct.

8 Q Both of them?

9 A Correct.

10 Q And when was the last time they attended a team
11 meeting?

12 A The only official team meeting that they showed up
13 to, I believe the date was November 18th, 2015.

14 Q Okay. And during that November 18th -- well, did
15 you meet with defendants at any point in November prior to
16 November 18th?

17 A In November, on or about that time, I know Pej and I
18 were at the same conference, so we ran into each other there.
19 But as far as a team meeting to address these issues, this is
20 what I've been trying to work on since October, and they just
21 were not being addressed. We had bills to pay, we had -- the
22 company needed to move forward, and we just simply couldn't
23 move past this point.

24 Q On November 18th what happened at that meeting?

25 A Finally Pej decided that he would call a team

1 meeting, and ironically asked all of us to waive the notice
2 requirement. So we did, because we wanted to meet. Pej ran
3 the meeting as a company president. He put together the
4 agenda. It was our expectation that after all this effort at
5 this meeting we were going to address these issues and figure
6 out how we need to deal with them. Like I mentioned, our
7 licenses are at risk with the state and local jurisdictions.

8 During the meeting there was no discussions of any
9 of the bad acts, and the only thing that I would say was of
10 significance at the meeting was there was one point in the
11 meet where we were supposed to discuss any potential
12 investments that were on the table. This was the first time
13 that I disclosed the -- not the first time, but we were
14 addressing the 4Front offer. We addressed the 4Front offer,
15 we addressed one other potential investment that Pej had
16 found.

17 At the end of that I asked, is there anything else
18 that hasn't been discussed as a possible investment; and Pej
19 said, no, and began to move the -- to adjourn the meeting.
20 And it was the last meeting -- or the last item on the agenda,
21 and he moved to adjourn the meeting.

22 At that time I said, there's nothing else that we
23 need to discuss; the answer was no. Then I produced the CW
24 Nevada LOI that was given to me by Brian Padgett and not
25 disclosed to me by Pej or Pouya. In that LOI and along with

1 my conversations previously with Brian Padgett he said that
2 him and Pej had been working on the deal, they had come to
3 terms, and this was the LOI that they had agreed on.

4 When I asked, you know, why wasn't this disclosed,
5 they reacted that -- they just basically didn't address it,
6 and we concluded the meeting.

7 Q And it was after that meeting that you took the
8 action to expel the defendants?

9 A Yes, it was.

10 Q Now, describe succinctly, please, for the Court what
11 you believe Pej and Pouya did together that justified
12 expelling them from NuVeda.

13 MR. AIELLO: It's asked and answered, Your Honor.

14 THE COURT: Overruled.

15 THE WITNESS: In addition to the phantom interests
16 -- the phantom interests were the major point of concern for
17 me at that time. It was a clear violation and concern for the
18 protection of our licenses and the fact that they wouldn't
19 even address it to discuss what had happened or figure out how
20 we could protect the company was extremely concerning. There
21 was time after time after time of disruption and perceived
22 damage that was happening to the company, and we had exhausted
23 all options trying to get them to address these issues, and we
24 just simply couldn't.

25 //

1 BY MS. PIKE-TURNER:

2 Q Since that November 18th meeting has -- have the
3 defendants participated in any of the regular business of
4 NuVeda?

5 A Not to my knowledge, no.

6 Q Have at attended any team meetings?

7 A No.

8 Q Have they paid a bill?

9 A Not to my knowledge.

10 Q Have they done anything -- you talked about the
11 special permit being extended. Did they have any discussion
12 with you about that?

13 A No. We were the only ones that showed up.

14 Q And have you received any assurance that any bills,
15 such as the mortgage, that there's any intention to contribute
16 towards those bills from the defendants?

17 A No. I confirmed with the mortgage company recently
18 that my payment was the only one that they received.

19 Q So you paid all the bills in December, as far as you
20 know?

21 A And January's, as well.

22 Q From your pocket?

23 A Correct.

24 Q And have you received any indication from the
25 defendants that they intend to participate in the defense of

1 the lawsuit commenced by 2113 against NuVeda?

2 A No.

3 Q Now, before we cut off last week you talked about
4 2113 and escrow documents. Do you recall that?

5 A Yes, I do.

6 Q All right. If we can --

7 MS. PIKE-TURNER: Exhibit 35. I'm sorry. Proposed
8 Exhibit 35.

9 (Pause in the proceedings)

10 THE COURT: I can't look at them till they're
11 admitted, so --

12 MS. PIKE-TURNER: That's fair.

13 THE COURT: You can put proposed exhibits there all
14 you want. I just won't touch them.

15 BY MS. PIKE-TURNER:

16 Q Okay. I handed you, and I provided a copy to
17 counsel for the defendants, Proposed Exhibit 35. It's Bates
18 number NUVEDA434 through 456. Can you identify that document?

19 A Yes. It's looks like escrow documents.

20 Q All right. In particular what's the -- what is the
21 document that is set forth at Proposed Exhibit 35?

22 A The one on the first page is a escrow instructions
23 for NuVeda LLC to purchase a building from the North Las Vegas
24 Redevelopment Agency.

25 Q And have you seen this document before?

1 A Yes, I have.

2 MS. PIKE-TURNER: And I'm going to propose to admit

3 the Exhibit 35.

4 THE COURT: Any objection to 35?

5 MR. AIELLO: No.

6 THE COURT: 35 will be admitted.

7 (Plaintiffs' Exhibit 35 admitted)

8 BY MS. PIKE-TURNER:

9 Q Okay. Now, in this first --

10 MS. PIKE-TURNER: You probably want a copy now, Your

11 Honor.

12 THE COURT: Sure. Or you can wait till you get 36

13 if you're going to do it at the same time.

14 BY MS. PIKE-TURNER:

15 Q All right. If you look at the next document, which

16 I've provided to counsel for defendants, it says, "Assignee

17 Instructions." Do you see that?

18 A Yes, I do.

19 Q Have you seen this document before?

20 A After it was executed, yes.

21 MS. PIKE-TURNER: Okay. I'll move to admit

22 Exhibit 36.

23 MR. AIELLO: I have no objection, Your Honor.

24 MR. NAYLOR: None.

25 THE COURT: Be admitted. Now I'll take them both.

1 (Plaintiffs' Exhibit 36 admitted)

2 BY MS. PIKE-TURNER:

3 Q As set forth in Exhibit 35, NuVeda entered into a
4 purchase and sale agreement with the City of Las Vegas -- or
5 North Las Vegas?

6 A Yes.

7 Q And if you go to Exhibit 36, the assignee
8 instructions assigning NuVeda's position to 2213 Investors, do
9 you see that?

10 A Yes, I do.

11 Q When was the first time you saw these assignee
12 instructions?

13 A I believe maybe a few months after this one was
14 executed, Exhibit 36. Probably January, February.

15 Q Did you -- the document purports to be signed by
16 Pouya Mohajer. Do you recognize that signature?

17 A Via DocuSign, yes.

18 Q Is that Mr. Mohajer's DocuSign signature?

19 A Looks to be.

20 Q And was that assignee instruction executed with your
21 approval?

22 A No, it was not.

23 Q With your knowledge?

24 A No.

25 Q Did you discover that the -- NuVeda's position in

1 the purchase and sale agreement had been assigned prior to
2 closing?

3 A I'm sorry. Can you repeat that, please.

4 Q Prior to closing escrow with the City of North Las
5 Vegas did you know that the position of NuVeda had been
6 assigned to 2113?

7 A No. I thought NuVeda was closing escrow.

8 Q Now, what was the plan for funding the purchase on
9 behalf of NuVeda?

10 A In exchange for the ownership interest that Pej Bady
11 got for NuVeda LLC he was supposed to provide capital to
12 include a line of credit that was going to be used for the
13 purchase of our properties for NuVeda.

14 Q Now, do any improvements need to be made to the
15 property purchased by 2113?

16 A Yes, they do. Significant.

17 Q And did 2113 agree to pay for those tenant
18 improvements?

19 A No. 2113 said that NuVeda would pay for the tenant
20 improvements.

21 Q So NuVeda pays 22,000 a month in rent. You
22 testified to that last time; correct?

23 A Correct.

24 Q Is that a rental price as developed, or tied to the
25 fair market value of the property?

1 A That would be a price as developed.

2 Q And then NuVeda has to pay for the development?

3 A Correct.

4 Q Does NuVeda get reimbursed by the increase in value
5 to the property acquired by 2113?

6 A No.

7 Q Now, after the last hearing when you were -- did you
8 receive documents from defendants that they said encompassed
9 the due diligence done on CW?

10 A We received a very limited and incomplete due
11 diligence, yes.

12 Q Did you review the documents?

13 A Yes, I did.

14 Q Do you have any concern about the proposed or
15 conditional sale with CW Nevada?

16 A Absolutely. Significant concerns.

17 Q From NuVeda's standpoint, or from yours personally?

18 A Well, from both. Mainly NuVeda's standpoint both in
19 the context of the purchase agreement and also in the methods
20 that due diligence was conducted.

21 Q Okay. What was concerning about the due diligence
22 conducted?

23 A I had never seen anything that incomplete for a
24 transaction that large. It was not an apples-apples
25 comparison whatsoever. When I first looked at it I believe

1 their conclusion was that after four years NuVeda would have
2 about a \$2 million net loss, where the CW deal with a six or
3 \$8 million gain to the company. That was just grossly
4 miscalculated. And there is a few reasons that -- the obvious
5 ones were there's only four years of income that was
6 attributed to the value of the 4Front deal versus five years
7 from CW. The 4Front deal was taxed at a 40 percent federal
8 tax rate, and the CW deal didn't include a single dollar paid
9 to tax. The cultivation, our primary revenue driver, was
10 never considered for the 4Front comparison. There are
11 probably a few others. Those were the major concerns. It was
12 -- when I looked at it at face value it was just not an
13 apples-apples comparison.

14 Q Did you see any proof of funds for CW?

15 A No. It was lacking proof of funds, it was lacking
16 ownership structure. That is a main concern of ours for CW.
17 It was lacking any investigation to very public accusations of
18 fraud by -- involving CW. We had a lot of concerns about the
19 credibility and the reputation of that company. None of that
20 was investigated.

21 Q Were you provided any opportunity to discuss those
22 concerns with the defendants prior to them executing that
23 conditional sale agreement?

24 A Zero.

25 Q Now, do you have -- well, in the CW deal there was

1 an element where a NewCo is formed. Did you have any
2 discussion with defendants a forming a NewCo?

3 A I did. And to add one more thing that I think was
4 critical to my concern over the purchase agreement was the
5 inclusion of \$600,000 of what appears to be Pej's personal
6 debt that would be paid off from CW Nevada, and NuVeda is the
7 one that is giving up ownership interest and equity to pay off
8 that personal debt. So that was the other one that was
9 concerning.

10 And so to answer your question about the NewCo, yes,
11 that is a tactic that I have seen before. In fact, early on
12 when we were deciding on our percentages one of the options
13 that Pej had offered one of our members was a nondilutable
14 ownership interest to which he said yes to. After that, when
15 I think Pej realized that it was a mistake, he was looking for
16 ways to dilute that ownership interest and change it to
17 nondilutable shares. And it was a topic of heated discussion
18 throughout our company's lifetime.

19 At one point, I don't remember exactly the date, but
20 I would say it would be mid Quarter 2-ish of 2015, Pej asked
21 me to accompany him in a meeting with Kolesar & Leatham, and
22 at that meeting they discussed a tactic to transfer all of
23 NuVeda's assets into a new company and we would basically
24 create a new operating agreement, everything in that new
25 company that would dilute Jennifer Goldstein's shares.

1 Q Did you see anything in the CW due diligence of the
2 agreement itself that indicates there were any safeguards put
3 in place to avoid dilution of your interest or the other
4 members' interests in the NewCo or in -- as a result of
5 formation of the NewCo?

6 A No. We saw no operating agreement. There were some
7 references to terms that would be further discussed and
8 included, and in fact some of those terms were direct
9 violations of local regulations.

10 Q Have you tried to investigate whether any other
11 property of NuVeda has been sold or attempted to be sold by
12 defendants?

13 A Yes, I have.

14 Q And do you have any concern beyond the interests
15 that are set forth in the CW conditional sale agreement where
16 you have not been a part of the discussion and have been
17 denied participation in the discussion to sell other property
18 belonging to NuVeda or its subsidiaries?

19 A Yes, I have. In the CW deal there's no mention of
20 over \$2 million in debt that NuVeda has and also a 15-1/2
21 acres of land up in North Las Vegas, in Mountain View
22 Industrial Park, and our two licenses in North Las Vegas.
23 That was never addressed and was excluded by any mention in
24 the CW deal. So I did have concern over how those licenses
25 were going to be addressed.

1 Q And did you -- do you have any concern about that
2 property up in the Mountain View Business Park being sold
3 without your participation?

4 A Yes, I do. And I would say about two months ago a
5 land broker for Mountain View Industrial Park approached
6 myself and a couple members of our team and asked if we --
7 told us that our property had no value --

8 MR. AIELLO: Objection, Your Honor. It's hearsay.

9 THE COURT: Sustained.

10 BY MS. PIKE-TURNER:

11 Q If you could just -- without getting into the detail
12 of the discussion that somebody had with you, did you -- have
13 you received information -- well, strike that.

14 Did NuVeda make a determination previously that
15 selling that property in Mountain View Business Park --

16 That's Apex; right?

17 A That is correct.

18 Q Apex. -- that that was in NuVeda's best interest or
19 not in NuVeda's best interest?

20 A Yes. And Faraday Automotive has made a very public
21 move to the Apex area, and they are going to build a billion-
22 dollar facility that the governor signed off on at the end of
23 December. With part of this move we have 15-1/2 acres, which
24 is the largest, most valuable property in the Apex area, and
25 they were quite frankly right in the middle of where they want

1 to build. So when the -- when we looking and assessing at
2 broker option to sell this property back at the same exact
3 cost that we were going to purchase it, you know, we had done
4 our own analysis and knew that the property was significantly
5 more valuable than that. The infrastructure that was always a
6 concern there was going to be built by Faraday. The fact that
7 a billion-dollar plant -- you know, we were in the way of the
8 construction of a billion-dollar plant. We knew that there
9 was a lot better options for NuVeda to have discussions direct
10 with Faraday about that property.

11 Q And so did you turn down the offer that was
12 communicated previously to NuVeda?

13 A I did in the sense that I told the broker that we
14 were not interested in moving, it seemed like whether we moved
15 or stayed it would be a win/win for the company. And I told
16 them that the best interest of the company would be to stay
17 put. Granted, I knew that this was before the Faraday deal
18 had closed, and after it closed with the -- officially closed
19 and was announced by the State, then we would have more
20 leverage to discuss that deal.

21 Q And was that a unilateral decision that you made, or
22 was it made in conjunction with the other members?

23 A It was made in conjunction with the other members. I
24 actually presented that at a team meeting that Pej and Pouya
25 were present.

1 Q And have you circled back around to that broker to
2 determine if there's any discussions between he and the
3 defendants? That's yes or no.

4 A Yes.

5 Q As a result of that communication do you have
6 concern that the Apex property is the subject of negotiations
7 or sale?

8 A Yes.

9 Q Without your involvement?

10 A Correct.

11 MS. PIKE-TURNER: All right, Your Honor. I'll pass
12 the witness.

13 THE COURT: Cross-examination?

14 MR. MAUPIN: Can I have the Court's indulgence for a
15 moment?

16 THE COURT: You can.

17 (Pause in the proceedings)

18 CROSS-EXAMINATION

19 BY MR. MAUPIN:

20 Q Good morning.

21 A Good morning.

22 Q Let me just go through a couple things that you
23 added this morning. One of the first things you said is I
24 think it was Exhibit 7 you received a letter of intent from
25 him about the CW agreement. It was then that you determined

1 you -- there was cause to expel Dr. Bady?

2 MS. PIKE-TURNER: Objection. Misstates prior
3 testimony.

4 THE COURT: Overruled. Sir, if you believe it
5 misstates your testimony, you can explain.

6 BY MR. MAUPIN:

7 Q No. But you did determine after that that there was
8 cause to expel them; correct?

9 A Are you asking me because of the CW LOI?

10 Q Well, I have a note here that Exhibit 7 had
11 something to do with it. But at some point you made a
12 determination that you had cause to expel them; is that
13 correct?

14 A Yes, that is correct.

15 Q And that was your determination?

16 A It was a collective determination. I was a --

17 Q Yes or no?

18 A Yes.

19 Q And so one of your --

20 THE COURT: Can we move our cell phones back from
21 the microphones.

22 BY MR. MAUPIN:

23 Q And so one of your concerns about the \$600 [sic]
24 Golpa loan is that Pej gave him -- exchanged equity for that
25 loan; is that correct?

1 A 600,000. Yes.

2 Q Any resolution of the company in which the interests
3 in the NuVeda was actually transferred to Dr. Golpa?

4 A No.

5 Q So the transfer never occurred, did it?

6 A No.

7 Q Same thing with the Dr. Bahri loan; is that correct?

8 A Correct.

9 Q But your complaint was that they transfer interests
10 to both Dr. Golpa and to Dr. Bahri? It says in your complaint
11 that that is so. So is that your complaint, that they
12 transferred interests?

13 A We were trying to determine that.

14 Q Say yes or no.

15 A I do not know.

16 Q Well, you alleged it in your complaint. I mean, is
17 that true? Everything in there is true; right?

18 A I cannot -- I don't think I can answer that without
19 a quick explanation.

20 Q Well, you're filing a very serious lawsuit against
21 these two defendants in which you have made, in my view, very
22 serious, inexcusable --

23 MS. PIKE-TURNER: Your Honor --

24 MR. MAUPIN: Hold it.

25 MS. PIKE-TURNER: No. Your Honor, this is arguing.

1 THE COURT: He's got to finish his question. It's
2 not argument yet. He hasn't finished the question. Let's see
3 if he finishes and that's a question.

4 BY MR. MAUPIN:

5 Q You made those -- but you made those allegations,
6 and now you're not clear about them?

7 A We were very concerned.

8 THE COURT: Overruled.

9 BY MR. MAUPIN:

10 Q Now -- but you just said a few minutes ago that they
11 transferred the interests, and now you're saying they didn't,
12 that those transfer of interests never happened; correct?

13 A Based on their testimony --

14 MS. PIKE-TURNER: Objection. Misstates prior
15 testimony.

16 THE COURT: Overruled.

17 THE WITNESS: Based on their testimony they told me
18 that they had --

19 BY MR. MAUPIN:

20 Q No. Hold it. Not based on anybody's testimony.
21 You said that they transferred interests illegally without
22 approval from you or the company in exchange for these loans,
23 and now you're saying that didn't happen?

24 A I do not know if that happened.

25 Q Oh. You don't know now. Okay.

1 Trying to read my notes here.

2 So you were talking about 2Prime, and you said that

3 Pej had an undisclosed ownership in that; correct?

4 A Correct.

5 Q That's Pej, not Dr. Mohajer.

6 A Correct.

7 Q And same thing with the Bahri loan? That's Pej that

8 had an undisclosed interest, according to your first

9 testimony, but this is not Dr. Mohajer.

10 A Which Bahri loan?

11 Q Any of them.

12 A I guess I don't understand --

13 Q Three ten to start with?

14 A I'm sorry?

15 Q No. I'm just saying you're talking about transfers

16 of interests, but did Dr. Mohajer testify any interest to

17 anybody?

18 A I do not know.

19 Q Well, certainly not in your corporate records, is

20 there?

21 A Correct.

22 Q And there was no meeting in which you had to

23 unanimously approve any transfer?

24 A Correct.

25 Q So there was no transfer?

1 A Correct.

2 Q Now, at this meeting on November 18 you said that no
3 bad acts that you were concerned about were discussed with
4 them; correct?

5 A Correct.

6 Q And you discussed the 4Front proposal, and then you
7 brought up the CW proposal because you heard about it and they
8 had not brought it up; correct?

9 A Correct.

10 Q Did -- well, I'll come back to that in just a
11 second, because there's some other issues here. But I'm just
12 covering what we just heard.

13 Now, that was November 18th; correct?

14 A On or about, yes.

15 Q Well, everybody I think stipulates it's November 18.
16 But there was also a letter from a lawyer named Martina -- I
17 think that's her name -- Jaccarino in which -- that was sent
18 to Pej the very same day in which all sorts of allegations of
19 fraud and tax fraud and self dealing were alleged, and she
20 said she was investigating these claim -- these claims and
21 that you better come clean and you need to do some deal;
22 correct?

23 A Yes.

24 Q So how long had -- when did you retain -- was it you
25 that instigated this investigation by this lawyer?

1 A I was the one that reached out to Martina Jaccarino,
2 yes.

3 Q How about Ms. Goldstein?

4 A She was not in town.

5 Q All right. So she wasn't in on this. o the
6 Jaccarino letter doesn't say anything about attending a
7 meeting two days later at which the question of their
8 expulsion was going to be resolved. There's nothing in that
9 letter about that, is there?

10 A No.

11 Q And you didn't invite either one of them to the
12 expulsion party, did you?

13 A Correct.

14 Q Now, you just said a few minutes ago that since
15 November the 18th they have not been at all involved in the
16 running of the company; is that correct?

17 A To my knowledge.

18 Q Well, in this lawsuit you claim that all of your
19 rights to manage the company come from the expulsion on 20th;
20 correct?

21 A I don't know about that.

22 Q Well, you better know about it. It's what you said
23 in your complaint. Is the complaint wrong, or you don't
24 understand your complaint?

25 A Would you like me to read the complaint for context,

1 or --

2 Q I'm just asking whether you know.

3 A Could you rephrase the question.

4 Q I mean, you know a lot of things here, so maybe you

5 would know about your complaint.

6 MS. PIKE-TURNER: Your Honor, this is argumentative.

7 THE COURT: Overruled. Sir, you need to answer the

8 question.

9 MR. MAUPIN: Want to read it back? It's too long.

10 THE COURT: We can't read back.

11 MR. MAUPIN: Oh. Okay.

12 THE COURT: This is video. We can play it, but we

13 can't read back.

14 MR. MAUPIN: Oh. I wouldn't pretend to go into

15 that.

16 BY MR. MAUPIN:

17 Q No. In your complaint you allege that you expelled

18 them; correct?

19 A Correct.

20 Q And you had a lawyer say, of course, the one you

21 hired, says, we did it perfectly; correct?

22 A No.

23 MS. PIKE-TURNER: Objection. Misstates prior

24 testimony.

25 THE COURT: Overruled.

1 BY MR. MAUPIN:

2 Q Well, your lawyer said they were properly expelled;
3 correct?

4 MS. PIKE-TURNER: Objection.

5 THE WITNESS: You said that I was the one that hired
6 the attorney. That's incorrect. Pej actually hired the
7 attorney.

8 BY MR. MAUPIN:

9 Q Oh. Very good.

10 THE COURT: What's your objection? I've got to have
11 something.

12 MS. PIKE-TURNER: That it misstates prior testimony.

13 THE COURT: Overruled.

14 BY MR. MAUPIN:

15 Q That's very interesting. She was hired by Pej way
16 back in the summer; correct?

17 A To my knowledge.

18 Q Right. But who -- but a second ago you said
19 something I don't think you meant to say, but you were the one
20 that deployed her to conduct this investigation.

21 A Which attorney are we talking about?

22 Q Jaccarino.

23 A Oh. I'm sorry. No. Then that is -- I apologize.
24 I was talking about our corporate counsel that Pej hired.

25 Q Well, the lawyer isn't -- Jaccarino said that she

1 was deployed to investigate these two over these claims.

2 A Correct.

3 Q That was November -- that was November 18, the same
4 day of this meeting where you discussed these other issues.

5 A Yes. She was investigating it. She did not execute
6 the expulsion.

7 Q No, I know. But when was she deployed to do this?

8 THE COURT: And you're referring to Jaccarino, as
9 opposed to Stevenson?

10 MR. MAUPIN: Correct.

11 THE COURT: Okay.

12 THE WITNESS: Jaccarino would have been the weekend
13 of the 18th. I don't remember the exact date.

14 BY MR. MAUPIN:

15 Q All right. But obviously before the meeting.

16 A I believe so, yes.

17 Q Well, it couldn't be other way. This letter is
18 long, detailed, and has a --

19 A I met with her on a Sunday, so it would have been --
20 the 18th I believe was a Tuesday or Wednesday, and I met with
21 Jaccarino the previous --

22 Q Well, just to be -- just to be more accurate, the
23 letter -- the email to Dr. Mohajer was on the early morning of
24 the 17th.

25 A Correct.

1 Q So you were planning on terminating their
2 memberships while you were in this meeting on the 18th?

3 A It was an option, yes.

4 Q Oh, no. The question is were you contemplating
5 this.

6 A Contemplating?

7 Q You were planning -- were you planning to terminate
8 their memberships as of the time you walked in that meeting?

9 A No.

10 Q Really?

11 A Really.

12 Q So why did you hire the lawyer before that?

13 A I was -- the hiring of the attorney was --

14 Q Jaccarino, the lawyer Jaccarino.

15 A Correct. Yes. We hired Jaccarino to run the
16 investigation and really assess what the damage was done to
17 the company. What we had always hoped to do -- what I had
18 always hoped to do was to settle this without the attorney
19 getting involved.

20 Q There's -- you've answer the question quite a few
21 sentences ago. But that letter is so detailed it could not
22 possibly, would you agree, have been drafted and constructed
23 and analyzed for accuracy after your meeting; isn't that true?

24 A We met with her on Sunday, and I believe the meeting
25 was on a Tuesday or Wednesday.

1 Q All right. So this was afoot before that meeting.
2 A Correct.
3 Q And you found out about an agreement with CW. You
4 didn't like it, did you?
5 A No, I did not.
6 Q And you have a 4Front agreement that -- or at least
7 a proposal that you do like?
8 A In terms of it's better than the CW one, yes.
9 Q But you would -- I think I got the impression that
10 if you walk out of here with control of the company that you
11 -- if it was your preference you'd do the 4Front deal.
12 A Simply comparing those two offers the 4Front deal is
13 better for the company than the CW deal.
14 Q What else you got besides the 4Front deal?
15 A We -- as far as terms of LOIs or purchase
16 agreements?
17 Q Somebody who says he's ready to perform.
18 A I think the 4Front one is the one that we explored
19 prior to that meeting. After the meeting I didn't want to
20 waste --
21 Q Well, I don't -- I didn't ask you about after the
22 meeting. I'm talking about you're in a meeting with them
23 talking about proposals and while that's going on you're --
24 you've got a plan afoot to get rid of them; correct?
25 A If their acts --

1 Q Correct?

2 A -- were not addressed, yes.

3 Q The answer --

4 A Yes.

5 Q Oh. I see. But it was afoot. They were -- she's

6 writing all this up and analyzing these concerns you've had

7 before this meeting; correct?

8 A She was investigating it, yes.

9 Q The answer is before the meeting yes or no?

10 A Yes.

11 Q You're a pilot. You might want to think about

12 turning the automatic pilot to "yes." But I'm just kidding.

13 THE COURT: That's not funny.

14 MR. MAUPIN: I'm not funny anymore. I'm no

15 longer --

16 THE COURT: Yeah. You're no longer a judge.

17 MR. MAUPIN: Yeah. Nobody laughs at my stuff

18 anymore.

19 THE WITNESS: Fighter jets don't fly on auto pilot.

20 BY MR. MAUPIN:

21 Q Well, I wouldn't imagine so. But you are familiar

22 with that device.

23 Anyway, well, I got --

24 MS. PIKE-TURNER: Maybe have some respect for a

25 veteran, Bill.

1 MR. MAUPIN: Excuse me?

2 MS. PIKE-TURNER: Maybe have some respect for a
3 veteran

4 THE COURT: Guys. Let's -- wait --

5 MR. MAUPIN: Oh. I object to that comment entirely.

6 THE COURT: Guys! We are not going to have a
7 discussion among ourselves. The person who is supposed to be
8 involved in the decision making is me. I'm happy to listen to
9 testimony, argument, and look at exhibits. But I don't really
10 care about your back biting among each other. So if we could
11 keep going, please.

12 BY MR. MAUPIN:

13 Q But to clarify the record, I have every respect for
14 your service to this country.

15 A Thank you, sir.

16 Q Now, with regard to the CW proposal you said
17 something along the line of you've never seen such an
18 incomplete proposal. And that's in all of your --

19 By the way, when did you separate from the military?

20 A April of 2014.

21 THE COURT: Wait. I thought you were referring to
22 the due diligence when you said that.

23 THE WITNESS: I was.

24 THE COURT: Okay.

25 THE WITNESS: Both, actually.

1 MR. MAUPIN: Well, he doesn't like the agreement.
2 BY MR. MAUPIN:
3 Q You don't like the agreement, the CW agreement?
4 Yes, no?
5 A Yes.
6 Q Oh. You like it?
7 A Yes, you are correct. I do not like the agreement.
8 Q Not like it. Very good. Well done.
9 So this was your first civilian job after you
10 separated from the military --
11 A I had a couple going in parallel.
12 Q -- working at NuVeda?
13 A Couple in parallel.
14 Q And so your entire adult life had been in the
15 military up until the time you went to CW -- or to NuVeda?
16 A I was working on civilian business while I was in
17 the military.
18 Q Well, that wasn't my question. You may have been
19 working on civilian, but this is was your first civilian,
20 actual civilian employment; correct?
21 A If I am considered employed by NuVeda, yes.
22 Q Well, I guess that remains to be seen. But -- so
23 this was -- had you seen purchase agreements of marijuana
24 establishments while you were in the military?
25 A I've seen purchase agreements, but obviously not of

1 marijuana in the military.

2 Q I wouldn't think so. So in all those years this is
3 just the worst you ever saw?

4 A Yes.

5 Q Now, I think I asked this question before. But at
6 November 18th meeting you never talked about any of the bad
7 acts that you were contemplating when several days later you
8 hired the lawyer Jaccarino; is that right?

9 A No, that is not correct.

10 Q Well, you said -- I think you said that in your
11 direct examination, that no bad acts were discussed at the
12 meeting and you went to a discussion of the various proposals.

13 A That is correct. We wanted to address the bad acts
14 at the meeting, yes.

15 Q Well, that's not my question. I think what you said
16 was -- maybe you can correct your testimony, but what we heard
17 was that you never talked about the bad acts at that meeting
18 on the 18th where you ended up confronting them with the CW
19 agreement.

20 A At the meeting we did not discuss the bad acts, you
21 are correct.

22 Q Thank you. Let's talk for just a second about the
23 4Front proposal. Is 4Front committed to going forward at this
24 point, today, right now?

25 A Yes.

1 Q In what respect?

2 A They have money in escrow for the dispensaries and
3 are ready to go with the cultivation. They will -- in all
4 respects of the normal due process of an investment.

5 Q So -- but you haven't signed an agreement?

6 A I would not enter a signed agreement in good faith
7 with all the pending litigation.

8 Q Well, also it just so happens you're a minority
9 member in this company.

10 A You're right. I have a fiduciary duty outside -- in
11 addition to that.

12 Q Unless you -- unless, of course, somehow this vote
13 you took by resolution is upheld; right?

14 A Correct.

15 Q Now, let's say the 4Front deal goes forward. What
16 do you end up with?

17 THE COURT: Individually, or as a shareholder?

18 MR. MAUPIN: Individually.

19 THE COURT: Okay. Thank you.

20 MR. MAUPIN: Well, he can't -- he can't get anything
21 out of it other than as a member of the company.

22 THE COURT: Member.

23 THE WITNESS: Correct. So I would have my --

24 BY MR. MAUPIN:

25 Q Well, I'm assuming there's no side deals going on,

1 so --

2 A Well, careful with those assumptions. For me, no.
3 So as far as what I would get out of the 4Front deal, I would
4 get my NuVeda interest in NuVeda.

5 Q Okay. What would Doctors Bady and Mohajer -- how
6 would they fit into all this?

7 A Whatever our operating agreement says.

8 Q And what's that?

9 A So they would get -- whatever their interest in
10 NuVeda is they would receive.

11 Q Haven't these -- hasn't 4Front made it clear to you
12 that they don't want to do this deal unless this litigation is
13 cleared up?

14 A The litigation needs to be cleared up, you are
15 correct.

16 Q And hasn't it been suggested that one way to do that
17 is to have the memberships of Dr. Bady and Dr. Mohajer
18 terminated and given to the purchasers?

19 A Are you asking me is that a contingent of the LOI?

20 Q Yep.

21 A No, it is not.

22 Q Well, but they have sent you a letter that suggests
23 that that is so, isn't it?

24 A They suggest that that is a option.

25 (Pause in the proceedings)

1 MR. MAUPIN: Your Honor, if I may approach and have
2 this marked.

3 THE COURT: Okay. Next in order, Dulce?
4 Do we need copies?

5 THE WITNESS: It might be in the 4Front thing
6 already. It's definitely in the complaint.

7 MR. AIELLO: One other matter. I understand that
8 Mr. Wells Littlefield is here in the gallery, and he'd also
9 probably be called, potentially be called as a witness. So
10 the same prohibition for him to wait outside should apply.

11 MS. PIKE-TURNER: Are you intending to call him?

12 MR. AIELLO: I don't know. I have to see how it
13 goes.

14 THE COURT: Okay. Well, let's go to Step 1. Do you
15 need copies?

16 MR. MAUPIN: Sorry about that.

17 THE COURT: Kevin, could you make seven copies.

18 THE CLERK: It's Exhibit Proposed 131.

19 THE COURT: Okay. So do you intend to call Wells
20 Littlefield as a witness?

21 MR. AIELLO: I may, Your Honor, when I go through my
22 cross, only because I understand that there were payments made
23 to Mr. Littlefield from NuVeda. It's possible that I may have
24 a series of questions.

25 THE COURT: Well, but he's a consultant or

1 something. He's been on a lot of the paperwork; right?

2 MS. PIKE-TURNER: COO.

3 MR. AIELLO: To the extent he's on the paperwork I
4 don't know, but I just have a series of questions about his
5 dealings.

6 THE COURT: Well, I've seen his name in them, in the
7 documents.

8 MR. AIELLO: I did, too.

9 THE COURT: Okay.

10 MR. AIELLO: So it's conceivable, yes, I could have
11 some questions about him. I don't know if that answers your
12 question directly.

13 THE COURT: No, it didn't.

14 MR. AIELLO: Okay.

15 THE COURT: I'm trying to figure out if you really
16 are thinking of calling him as a witness or if you just think
17 you might.

18 MR. AIELLO: It's the latter. I think I might.

19 THE COURT: Okay.

20 MR. AIELLO: I'd still prefer that he wasn't here.

21 THE COURT: If you could wait out in the hallway.
22 Sorry. It's less comfortable out there.

23 MR. AIELLO: Thank you, Your Honor.

24 THE COURT: You know, I've had other people who
25 sometimes do and sometimes don't, and it's --

1 MR. AIELLO: It's too soon to tell.

2 THE COURT: As soon as I get your copy --

3 Yes?

4 MS. PIKE-TURNER: Your Honor, Mr. Littlefield wasn't

5 subpoenaed or requested to be here. He is not an employee.

6 He's a consultant. So we're going to let him go if he can't

7 sit in.

8 THE COURT: Then let him go.

9 MS. PIKE-TURNER: Okay. I don't know how you plan

10 on questioning him.

11 THE COURT: So, Mr. Maupin, here are your copies.

12 Now you can get it marked as Proposed 131 and hand out the

13 copies to your friends.

14 MR. MAUPIN: And neighbors?

15 THE COURT: Friends.

16 MR. MAUPIN: Can I approach the witness?

17 THE COURT: You can. Does he have a marked copy?

18 It's okay.

19 MR. MAUPIN: I was just asking whether we needed to

20 mark all of them.

21 THE COURT: You've just got to mark one; right?

22 Dulce always likes the witness to have a marked

23 copy. I have --

24 MR. MAUPIN: So let's write Exhibit 131 on it.

25 THE COURT: Well, no. She's got a sticker.

1 Where's the one with the sticker?

2 MR. AIELLO: It's on the podium, I think.

3 (Pause in the proceedings)

4 THE COURT: Mr. Maupin, give that one with the

5 sticker to the witness. All right. You don't remember being

6 a trial judge, which meant that you had to do whatever your

7 clerk said because they're in charge of the documents.

8 MR. MAUPIN: No, I don't. It's coming back.

9 MR. AIELLO: For clarity, Your Honor, this would be

10 130?

11 THE COURT: Proposed 131 is what Dulce says.

12 Right, Dulce?

13 BY MR. MAUPIN:

14 Q If you would like look at Proposed 131 and read

15 through it briefly.

16 A Uh-huh.

17 Q Got it?

18 A Yes.

19 Q Okay. Second paragraph, it says, "We discussed

20 various structures for your legal team to evaluate. One

21 structure for consideration is for NuVeda Holdings to issue

22 note in exchange --"

23 THE COURT: Hang on a second. Before you read from

24 it, since it's not admitted, is there an objection to the

25 admission of 131?

1 MR. AIELLO: I have no objection, Your Honor.

2 MS. PIKE-TURNER: No.

3 THE COURT: Be admitted.

4 (Defendant Mohajer's Exhibit 131 admitted)

5 THE COURT: All right. Now you can read.

6 BY MR. MAUPIN:

7 Q "We discuss various structures for your legal team
8 to evaluate. One structure for consideration is for NuVeda
9 Holdings to issue note in exchange for all equity interests
10 from the two founders. Repayment of the NuVeda Holdings would
11 be from proceeds of current fundraising initiative from
12 NuVeda's share of profits from dispensary operations. All
13 assets, including both licenses, will be ring-fenced from
14 NuVeda Holdings and all its existing future entities."

15 Doesn't this say that they want to disengage Doctors
16 Bady and Mohajer from NuVeda?

17 A No, it does not.

18 Q Well, it says, "One structure for consideration is
19 for NuVeda Holdings to issue a note in exchange for all equity
20 interest from the two founders." Is that what it says?

21 MS. PIKE-TURNER: That's not what it says.

22 MR. MAUPIN: It isn't? I --

23 THE COURT: Overruled.

24 MR. MAUPIN: I read it exactly.

25 MS. PIKE-TURNER: "...from two of the founders."

1 It's the second time.

2 MR. MAUPIN: Oh. Better yet. Yes, two of the
3 founders, not just one of them.

4 THE COURT: Can you guys just stop and ask the
5 witness questions.

6 BY MR. MAUPIN:

7 Q So it does say that; right?

8 A You asked --

9 Q No, no. I asked you does it say that.

10 A You actually did not ask me that.

11 Q All right. Does it say that?

12 A It does say one structure for consideration, yes.

13 Q Right. That's exactly what it says.

14 A Previously you had asked me if that was their
15 intention was to take the equity.

16 Q What was all that about? What happens if you follow
17 that one potential structure?

18 A So the 4Front proposal as reflected in the LOI is a
19 proposal for them to invest in NuVeda. It does not change the
20 NuVeda ownership structure whatsoever -- I'm sorry, the
21 investments of [inaudible]. So it doesn't change the NuVeda
22 ownership structure whatsoever. Whatever we decide to do as a
23 team, that's internal.

24 Q So, I mean, where does it leave it? Are they still
25 majority shareholders in NuVeda?

1 A Yes. Absolutely. NuVeda is NuVeda. It doesn't
2 change anything for NuVeda. It just changes subsidiaries.

3 Q What is their right to -- under this 4Front proposal
4 what are their rights to manage and control the company?

5 A So again --

6 Q No. Do they have any rights to do that?

7 A All their rights with the NuVeda, yes.

8 Q So they're still majority shareholders in NuVeda?

9 A This deal does not change any of the NuVeda
10 operating agreement.

11 Q Interesting. So tell me where this leaves NuVeda
12 after all this.

13 A In which sense, sir?

14 Q Where does it leave NuVeda, this 4Front proposal if
15 it goes through?

16 A NuVeda would be fully intact as a holding company,
17 and the 4Front investments would go into the subsidiary LLCs
18 that just affect the dispensary and cultivation. So it would
19 not affect NuVeda's holding company, NuVeda's operating
20 agreement, or NuVeda ownership structure.

21 Q So Doctors Bady and Mohajer don't have any ownership
22 in the subsidiaries, then, other than through their holding
23 company?

24 A In the same sense that --

25 MS. PIKE-TURNER: Objection. Calls for a legal

1 conclusion.

2 THE COURT: Sustained. Can you rephrase your
3 question, please.

4 MR. MAUPIN: No.

5 THE COURT: Okay.

6 BY MR. MAUPIN:

7 Q Now, let's talk about the separation from the
8 military. I don't want to get into anything other than you
9 served for 14 years on active duty in the United States Air
10 Force.

11 A Yes.

12 Q And obviously from your testimony you enjoyed a very
13 distinguished career.

14 A Yes.

15 Q And you were the top-ranked United States Air Force
16 pilot when you separated; is that what you said?

17 A That is by decoration, yes.

18 Q And were you the top-rated commander in the United
19 States Air Force Air Combat Command? Is that correct?

20 A By decoration, yes.

21 THE COURT: Are you saying by decoration?

22 THE WITNESS: By decoration, ma'am, as in that's
23 what was written in my performance reports to accompany
24 medals, citations, whatnot.

25 THE COURT: Is it decoration, or declaration?

1 THE WITNESS: Decoration.

2 THE COURT: Okay. I'm sorry. I had to -- I have
3 trouble sometimes.

4 MR. MAUPIN: I couldn't even mark an exhibit this
5 morning.

6 BY MR. MAUPIN:

7 Q And so at some point you made a decision to leave
8 all that and get into the medical marijuana business; correct?

9 A Yes.

10 Q And what were the reasons for you doing that? What
11 were the incentives for you to do that?

12 A It was a business opportunity. And I wanted to
13 start the business with Pej, Pouya, Jennifer.

14 Q And so this was -- I mean, you were six years from
15 retirement, and with a record like you had and being from the
16 Academy, you were probably a fast burner in the military;
17 correct?

18 A Correct.

19 Q So you left -- so essentially this was a decision
20 about financial considerations weighed against the rest of
21 your career in the Air Force.

22 A It was obviously more than a financial
23 consideration, but that was part of it.

24 Q So, I mean, but primarily this is an opportunity for
25 you to get well.

1 A I looked at it less of a financial incentive as more
2 than a professional challenge to me personally.

3 Q To leave the position as the top-rated Air Force
4 pilot in the -- since you're in the Air Force, has to be the
5 world. At least that's what I think. So you did that because
6 this was an opportunity that was both financial and taking you
7 in another direction.

8 A I was very happy with my success in the military and
9 that experience that I had, and I was looking to be challenged
10 elsewhere.

11 Q Sounds like you were.

12 How did you obtain the funds to join as a member of
13 NuVeda?

14 A Through sweat equity, a loan from Dr. Bady, and
15 whatever personal funds that I had to put into it.

16 Q Did you have to loan money other than the Dr. Bady
17 -- borrow money other than the Dr. Bady loan?

18 A In the beginning?

19 Q Yes.

20 A Maybe a little bit from friends, family, sale of a
21 house.

22 Q Now, according to your lawyer, at least in a
23 question she asked yesterday or when we were last here, the
24 deadlines for buildouts of infrastructure have been extended
25 by the State. Is that true?

1 A That is true. Well, I think I would need to --

2 Q What I'm talking about is the Website and -- I think
3 the Website was quoted from in the record, but it said
4 something to the effect, "The Division intends to take no
5 action on the MME certificate at the 18-month, May 3rd, 2016,
6 deadline. However, if the MME is not making an effort to
7 become operational, is unresponsive, or submits misleading or
8 incorrect renewal information, the Division reserves the right
9 to investigate and revoke the MME's registration." That's
10 what the Website says; correct?

11 A Yes.

12 Q And so on that --

13 THE COURT: Did anyone want that marked? Because I
14 think it's not been marked yet. We had a problem because of
15 the boxes that appeared on the document that we were going to
16 try and clarify.

17 MR. AIELLO: We should go ahead and mark that, Your
18 Honor, if we can.

19 MR. DUSHOFF: We believe it's 133A, Your Honor.

20 THE COURT: Right. How can we be at 133A if we
21 marked it 131 this morning? Hold on a second. Dulce.

22 MR. DUSHOFF: 33. It's theirs.

23 THE CLERK: This would have been Plaintiffs' --

24 THE COURT: 33A.

25 MR. DUSHOFF: Yeah. And, Your Honor, just for

1 clarity, yesterday you asked me when I --
2 THE COURT: Yesterday?
3 MR. DUSHOFF: I apologize.
4 THE COURT: December 28th.
5 MR. DUSHOFF: December 28th. Thank you. When we
6 started and we admitted exhibits it started at -- you wanted
7 me to start it at 200. Now it's at 131. I'm just for clarity
8 purposes --
9 THE COURT: No. He's at 131. You and he have
10 different people.
11 MR. DUSHOFF: Okay.
12 THE COURT: You're 200.
13 MR. DUSHOFF: We're at 200. Okay.
14 THE COURT: His series is 100, yours is 200, hers
15 started at 1.
16 MR. DUSHOFF: Got it. Just for clarity. Thank you.
17 THE COURT: 33A. Do we have the unboxed one? Is
18 that what Dulce has? Does anybody know?
19 MR. AIELLO: If we look at it, we can tell.
20 MR. DUSHOFF: Your Honor, we --
21 MR. MAUPIN: I can represent --
22 MR. DUSHOFF: It's the unboxed one.
23 MR. MAUPIN: I can only represent to the Court that
24 I'm reading from the transcript.
25 THE COURT: Because I did read it off the Website.

1 Because of the box issue, I was trying to confirm what was or
2 was not in.

3 THE CLERK: Your Honor, we already have 33A.

4 THE COURT: Oh. You've already got it?

5 THE CLERK: It's already admitted, and it's in that
6 book.

7 THE COURT: Okay. So 33A.

8 All right. So keep going. And you may discuss as
9 much of 33A as you want, because it was admitted last time.

10 BY MR. MAUPIN:

11 Q So, according to your lawyer, the deadline for these
12 buildouts has been extended by virtue of this Website
13 announcement; correct?

14 A I'm familiar with the Website announcement, and it
15 implies that they will be lenient with the deadline if certain
16 conditions are met.

17 Q Excellent. So it's not a formal extension of any
18 deadline, is it?

19 A Technically there's no deadline.

20 Q Well, technically you just said there's an
21 implication that there were deadlines. I'm just talking about
22 what your lawyer said to you. So is this a formal deadline?

23 A I don't believe so.

24 Q All right. But it's implied that they will waive
25 any deadlines that would apply; correct?

1 A I would read it in the same sense as you would.

2 Q Well, that's now how I -- I'm quoting you. You said

3 implied.

4 A Yes.

5 Q And so on that implication if you were down to your

6 last million dollars -- there's a lot of people'd like to be

7 in that situation. But if you're down to your last million

8 dollars, would you invest in this enterprise based upon this

9 implication? Just based on that implication --

10 A Potentially.

11 Q -- that there's a deadline and the whole thing could

12 blow up, would you invest in this deal with your last million

13 dollars?

14 A Are you asking me if I had a million dollars left

15 would I invest in NuVeda?

16 Q No. Would I invest in NuVeda solely based upon this

17 implication in this Website statement?

18 A Would I be comfortable investing? I'm sorry. I'm

19 trying to understand.

20 Q Yeah. Right. Would you be comfortable --

21 A Based on that statement?

22 Q Yeah.

23 A I would need to dig deeper, but in general yes.

24 Q In general yes. But you would have to dig deeper.

25 A Correct.

1 Q Because there's a lot of things that can happen that
2 could cause that to blow up by the very language in this
3 Website; correct?

4 A Yes. Absolutely.

5 MR. MAUPIN: That takes care of that.

6 Court's indulgence for just a second?

7 THE COURT: Sure. And then I need to break at noon
8 from noon to 1:15 for lunch.

9 (Pause in the proceedings)

10 BY MR. MAUPIN:

11 Q So in this meeting on November the 18th, where you
12 discussed these proposals, did you discuss which one you
13 preferred?

14 A We discussed that we would continue to explore the
15 proposals.

16 Q Well, but of the three that were discussed which did
17 you prefer the most at that point?

18 A The only one that had a financial value tied to it
19 was the 4Front deal.

20 Q Which did Jennifer prefer, as she stated?

21 A I don't know.

22 Q Did Pej have a preference?

23 A I don't know.

24 Q And you don't know about Pouya, either?

25 A I don't know.

1 Q All right. So there'd been no prior discussions
2 among the four of you about any of these proposals?

3 A The 4Front one, yes. The Arizona one, yes. The CW
4 one, no.

5 Q Now, did Pej and Pouya voice any objections to the
6 Arizona proposal and the 4Front proposal?

7 A Yes.

8 Q And so as of that meeting it appeared that they were
9 going with the CW proposal and not the ones you wanted;
10 correct?

11 A No, that is not correct.

12 Q So what was said, then?

13 A Well, when I brought up the CW proposal they
14 pretended to really not know anything about it, so it didn't
15 get discussed.

16 Q But did they say anything about whether they liked
17 the other two deals?

18 A We made multiple comments on both deals, yes.

19 Q Well, the question is did they express some
20 negativity about the two other deals.

21 A Pros and cons, yes.

22 Q Pros and cons. So going back to November 8, you
23 knew that -- 18, you knew that Ms. Jaccarino was getting ready
24 to write a letter of some sort of indictment of Dr. Bady in
25 particular?

1 A I knew that she was writing a letter, yes.

2 Q And are you familiar with the contents of the

3 letter?

4 A Yes.

5 Q Does the letter to Dr. Bady say anything about what

6 Dr. Mohajer did?

7 A I would have the reread the letter. But it was

8 presented to her, yes. I'm sorry. What was the exhibit, sir?

9 Q 109.

10 THE COURT: 109.

11 THE WITNESS: Thank you.

12 BY MR. MAUPIN:

13 Q Do you have the letter in front of you?

14 A I do. I wish it was electronic and we had a word

15 search.

16 Q Well, we probably won't need one. Paragraph 1 talks

17 about allegations of self dealing and deception; right?

18 A Yes, it does.

19 Q And then it talks about transfer of shares without

20 State approval; right?

21 A Yes, it does.

22 Q But you've now agreed that no such transfer

23 occurred; correct?

24 A I agreed that we were trying to figure that out,

25 yes.

1 Q Is there any resolution giving them those shares?

2 A If there is paperwork that I don't know of, then

3 obviously it exists. But, to my knowledge has the transfer

4 been effected? No.

5 Q Did you ever sign such a thing?

6 A I did not.

7 Q All right. So it wouldn't work if you didn't sign

8 it; right?

9 A I was not the one that pledged the ownership

10 interest to them.

11 Q Well, no. But, I mean, signature would have been

12 required on such a transfer.

13 A As far as I know.

14 Q Well, your operating agreement says 100 percent for

15 transfers of shares; correct?

16 A In accordance with our operating agreement I would

17 -- yes.

18 Q Okay. Very good.

19 Now, there's a section in here about your

20 investigation of fellow shareholders, and it talks again about

21 Dr. Bady. And then it says in the second sentence, "There is

22 some evidence that shareholder Pouya Mohajer was a party to

23 your malfeasance, but that remains to be further

24 investigated." Is that what it says?

25 A Yes.

1 Q So you made a series of allegations against them as
2 a group, but two days before this, according to your lawyer,
3 all of this was under investigation as to Dr. Mohajer;
4 correct?

5 A Yes. We were trying to investigate this for a
6 month.

7 Q Whup. Automatic pilot to yes.

8 A Got it.

9 Q So it doesn't say anything about other than they're
10 investigating possible complicity by Dr. Mohajer; correct?

11 A Correct.

12 Q Now, two days later you entered into a resolution I
13 believe that was prepared by Ms. Stevenson that terminated the
14 majority interests in this company; correct?

15 A Yes.

16 Q And in that resolution it doesn't make any specific
17 allegations of anything other than some general violation of
18 fiduciary duty; correct?

19 A Correct.

20 Q And so the vote was -- in order to get a majority
21 you bundled these two together as coconspirators and treated
22 them the same; correct?

23 A The interested parties, correct.

24 Q And -- excuse me, Your Honor, just a second. Trying
25 to read my own handwriting here. It's a challenge.

1 Okay. In the Jaccarino letter there was a request
2 for Dr. Bady to respond; correct?

3 A Correct.

4 Q And -- but there's no invitation in that letter to
5 attend the expulsion party, is there?

6 A Not in this letter.

7 Q Would you have -- Ms. Stevenson said they weren't
8 invited.

9 A I'm sorry?

10 Q Ms. Stevenson said that they weren't invited to the
11 party.

12 A Correct.

13 Q So they weren't notified to show up and defend
14 themselves, were they?

15 A Well, you asked about this letter. They were
16 parallel efforts, but not necessarily working together.

17 Q Okay. But there's no -- they weren't invited to
18 show up.

19 A Correct.

20 Q And so was it somehow inconvenient to have them show
21 up and discuss with all of you what you're talking about --

22 A We had --

23 Q -- in terms of these indictments against them? Was
24 it inconvenient for you?

25 A No, absolutely not.

1 Q Okay. Excellent. It was not inconvenient. And you
2 were CEO of the company at the time --

3 A Correct.

4 Q -- and you very well could have seen to it that a
5 formal meeting was concerned -- was convened, couldn't you?

6 A No.

7 Q No?

8 A I could not.

9 Q Well, how do you -- how do you act within this
10 company under the operating agreement with a formal meeting?

11 A That is why we did not notice them for the formal
12 meeting, because I had to play by the operating agreement.
13 And in accordance with the operating agreement --

14 Q Well, that's -- no. I'll live with that answer.
15 Maybe you might want to read the operating agreement.

16 But, in any event, you had no trouble whatsoever
17 with convening a meeting of the Winmill Group, Jennifer and
18 yourself, and off these two members as members?

19 A We did not have a meeting. It was an action by
20 written consent.

21 Q Oh. So this wasn't -- you guys didn't talk about it
22 or anything, you just sent a letter and it came out?

23 A We definitely tried to talk about everything even
24 with Pej and Pouya.

25 Q Well, certainly they weren't invited to defend

1 themselves. And you took no evidence whatsoever that might
2 have mitigated these charges; correct?

3 A Are you asking me if I had the ability to call a
4 meeting and invite them?

5 A No. I didn't ask you that. I'm saying you did not
6 give them a chance to come and answer those charges at any
7 point based upon when you decided to do this resolution.

8 A That is not correct.

9 Q Well, why -- you've said before they weren't
10 invited.

11 A There was no meeting, and they --

12 Q But if they weren't invited --

13 A We had been trying to have a meeting for months.

14 THE COURT: Wait. Only one of you can talk at a
15 time. So, Mr. Maupin, if you will finish your question.

16 And then, sir, if you will let him finish, then you
17 can answer.

18 THE WITNESS: Yes, Your Honor.

19 BY MR. MAUPIN:

20 Q They were not invited to any meeting, right, to
21 discuss these charges?

22 A Correct. Well, no, that is not correct.

23 Q They weren't invited to a meeting with -- at which
24 time you guys voted.

25 A We invited them to multiple meetings to discuss the

1 charges.

2 Q Well, we haven't heard anything about that yet. But
3 what happened is your lawyer lodged a bunch of charges, and
4 then two days later, without inviting them to discuss the
5 charges during that period, you terminated the majority
6 interests in this company, didn't you?

7 A Are you saying between the meeting of the Jaccarino
8 letter and the execution?

9 Q Correct.

10 A That is not correct.

11 Q When were they invited to discuss this with the
12 membership?

13 A Probably on a daily basis for over 30 days leading
14 up to that point.

15 Q I see. But they weren't invited to that meeting
16 when you offed them.

17 A There was no meeting.

18 Q I know you say there's no meeting, but there had to
19 be a --

20 THE COURT: Wait. You've got to let him finish.

21 Sir, were you done with your answer?

22 THE WITNESS: There was no physical meeting to
23 invite them to, and I as a CEO did not have the authority to
24 call a meeting. That is why we executed an action by written
25 consent.

1 BY MR. MAUPIN:

2 Q And that's because you're the minority interest?

3 A And not the president. Only the president can call
4 a meeting or majority of the members.

5 Q All right. So they weren't going to call a meeting
6 to expel themselves, were they?

7 A I would hope they would call a meeting to address
8 the facts.

9 Q Well -- automatic pilot to yes.

10 THE COURT: Sir, if it's not a yes answer, you don't
11 have to do automatic pilot despite what Mr. Maupin says.

12 BY MR. MAUPIN:

13 Q Well, the president didn't call a meeting?

14 A No, he did not.

15 Q And so you did it by resolution.

16 A Correct.

17 Q And so the resolution process did not involve them
18 or did not afford them an opportunity to discuss those
19 charges, it was just written up after you all agreed and
20 signed by DocuSign; correct?

21 A No, that is not correct.

22 Q All right. What's not correct about it?

23 A We had given them plenty of opportunities to discuss
24 it, and we had asked them to discuss it. We had asked them to
25 call a meeting to discuss it. And they refused.

1 Q Well, this is the first we've heard of that. But
2 I'm -- because you haven't said anything about that yet. But
3 what you seem to be resisting here is that when the four of
4 you voted to expel the majority they were not invited to
5 deliberate in the process that led to the resolution.

6 A As disinterested members we -- that was the
7 remaining members, so we operated --

8 Q I'm sorry, but -- I'm sorry, but --

9 THE COURT: Sir, that was a yes or no that he asked
10 you.

11 BY MR. MAUPIN:

12 Q It's a yes or no question.

13 A Okay. Sorry. I didn't catch the yes or no part,
14 then.

15 Q Well, there was a resolution; correct?

16 A Yes.

17 Q It wasn't -- and it was signed by you, Jennifer, and
18 the Winmill Group.

19 A Correct.

20 Q And so obviously this was being discussed in some
21 way.

22 A Correct.

23 Q You had to interface with them somehow. And while
24 this was going on to render this discussion -- the resolution
25 did you invite the two doctors to come in --

1 A Yes.

2 Q -- and deal with this resolution in the resolution
3 process itself?

4 A Are you asking me did we include them in the
5 DocuSign process? Would that help clarify?

6 Q No, no. You're have a little trouble with what you
7 already said. So let's try it again.

8 MS. PIKE-TURNER: Objection, Your Honor. Move to
9 strike.

10 THE COURT: Overruled. Keep going.

11 MR. MAUPIN: But I apologize in any case.

12 THE COURT: It's okay. We've got four minutes
13 before we're breaking for lunch. I'm trying to get an answer
14 to this question so we can break.

15 BY MR. MAUPIN:

16 Q Well, you did sign a resolution?

17 A We signed a resolution, yes.

18 Q Anyplace for them to sign?

19 A No.

20 Q So that was -- so Ms. Stevenson drafted up the
21 resolution; correct?

22 A Correct.

23 Q And in the process of -- in the process of once she
24 was told to draft the resolution was there any invitation to
25 these two doctors to answer those charges by the time it got

1 signed?

2 A I believe so.

3 Q Well, how did that work?

4 A They refused to meet.

5 Q Yeah. You can't refuse to meet when you're not
6 invited. And you said they were not invited to the party.

7 MS. PIKE-TURNER: Objection. Move to strike.
8 Misstates prior testimony.

9 THE COURT: Overruled, denied.

10 MR. MAUPIN: Record is what it is.

11 BY MR. MAUPIN:

12 Q All right. I understand from your prior testimony,
13 and this will -- this is where we'll wrap this up, I think it
14 was Dr. Golpa has drafted a lawsuit that names you in it. It
15 hasn't been filed, though?

16 A I think it was Mohsen Bahri.

17 Q Oh. Was it Mohsen Bahri? Okay. Either one.

18 The allegations in that complaint are in your
19 opinion ridiculous, aren't they?

20 A Yes.

21 Q And you in fact said they were false or frivolous or
22 something like that; is that right?

23 A Yes.

24 Q And let's just say for a second they filed their
25 complaint and served you with it and before you had a chance

1 to file an answer in court they took the complaint down to the
2 court and told the judge, hey, listen, we've alleged fraud
3 against Mr. Terry and he is a fraud and you don't need to hear
4 anything more about it and so just give me a judgment against
5 Mr. Terry. That would be a serious miscarriage of justice,
6 wouldn't it?

7 A I would assume so in court.

8 Q You would assume. I mean, wouldn't you be outraged
9 if you found out that you didn't have a chance to litigate the
10 charges, that all of a sudden out of nowhere you were found to
11 be a fraud and had a judgment entered against you?

12 A You're asking me about a hypothetical situation that
13 would violate court procedure?

14 Q I certainly am.

15 A Yeah. Absolutely. Definitely.

16 Q And would you also be outraged if you went down to
17 the court, talked to the judge, and the judge says, well, the
18 allegations were made and because they were made you have no
19 right to contest them? That would be an outrage, wouldn't it?

20 A Yes.

21 Q Isn't that exactly what you did to them?

22 A No.

23 Q Well -- oh. I'm sorry. Except the court in this
24 case was you. You were the one with this resolution that
25 adjudicated these claims; correct? Within the company you

1 adjudicated the claims and found them to be true in that
2 resolution.

3 A In your comparison, then, the judge would be the
4 operating agreement?

5 Q I think you need to listen to the question. The
6 judge isn't the operating agreement. In this instance when
7 you -- the actual judge in this deal was you and Jennifer and
8 the Winmill Group, because they signed the resolution.

9 A Yes.

10 Q All right. And in the process of discussing the
11 resolution after the Jaccarino letter, as you said, they
12 weren't invited to the party.

13 A There were multiple processes. So, yes, they were
14 invited to the party.

15 Q Oh. They were?

16 A Yes.

17 Q Got a letter saying to show up?

18 A I've got all my --

19 Q Got an email says for them to show up, we're about
20 to write a resolution about you?

21 A Yes. In regards to the resolution, no. But to
22 address what the resolution says, yes.

23 Q You've answered the question. You've answered the
24 question. I know it's a problem because it doesn't help you.
25 But --

1 THE COURT: Is this a good time to break for lunch?

2 MR. MAUPIN: Yep, with the last --

3 THE COURT: See you guys at 1:15 or so.

4 MR. MAUPIN: No further questions.

5 THE COURT: Well, I'll let you think about it,
6 because you'll think of something over lunch.

7 (Court recessed at 12:01 p.m., until 1:19 p.m.)

8 THE COURT: Mr. Maupin, do you have any additional
9 questions you wanted to ask?

10 MR. MAUPIN: Yes. I retract. I do have a couple of
11 questions.

12 THE COURT: Amazing how I knew that would happen.

13 CROSS-EXAMINATION (Continued)

14 BY MR. MAUPIN:

15 Q All right. Let's go back to the meeting on November
16 the 18th where you brought up the CW agreement to the group.
17 You did that; correct?

18 A Correct.

19 Q Now, one of the other things you said, that you guys
20 did not bring up the bad acts or the bad acts that you're
21 alleging in this case were not discussed at that meeting.

22 A Correct.

23 Q And these acts, at least the way you've alleged them
24 in the complaint, are pretty egregious, aren't they?

25 A Yes.

1 Q And you had determined that they justified -- you
2 yourself had determined that they needed to be expelled for
3 this; correct?

4 A No.

5 Q Well, that's what you said in the first question I
6 asked of you this morning. You made a determination that they
7 needed to be expelled.

8 A Myself along with others.

9 Q Well, I mean, I'm talking about you. You're the
10 only one on the stand right now.

11 A Yes.

12 Q So it was you. You had determined yourself.

13 A I did, yes.

14 Q Okay. Now, you had hired, again, the Attorney
15 Jaccarino before the meeting on the 18th.

16 A Yes.

17 Q And she had drafted up a letter that was sent after
18 the 18th meeting?

19 A Yes.

20 Q After that -- the creation of this resolution did
21 you advise Dr. Mohajer or Dr. Bady that the resolution had
22 been made? You yourself.

23 A I don't recall.

24 Q That was done by Ms. Stevenson the 24th; correct?

25 A Okay.

1 Q And so going back to the meeting, you did not --
2 again, you didn't bring up any bad acts, but they were so
3 egregious you didn't talk about them; right?

4 A I can't answer that without explaining more.

5 Q Well, you didn't -- you said you didn't discuss the
6 bad acts; right?

7 A I wanted to.

8 Q Automatic pilot. Yes or no?

9 A No.

10 Q But you brought up the CW agreement and discussed
11 that?

12 A Yes.

13 Q And then two days later you ordered the resolution
14 prepared expelling them?

15 A No.

16 Q Well, who did order it?

17 A General counsel did. Or, I'm sorry, corporate
18 counsel did.

19 Q All right. Corporate counsel didn't have the votes
20 to order such a thing. Who advised her that she needed to do
21 that?

22 A She advised herself.

23 Q She had no interplay with you over that?

24 MS. PIKE-TURNER: Objection. Calls for attorney-
25 client privilege.

1 THE COURT: Overruled.

2 THE WITNESS: So did she ask me about what happened?

3 THE COURT: Sir, the question is was any interplay
4 with you, not what the content of the interplay was, but
5 whether there was any interplay.

6 THE WITNESS: Yes. Understood, Your Honor. Yes,
7 there was.

8 THE COURT: Thank you.

9 BY MR. MAUPIN:

10 Q Now, at any point after you decided to make this
11 resolution or in the process -- when it was in the process of
12 being circulated and signed did you tell Dr. Bady that this
13 resolution was being circulated?

14 A No.

15 Q Did you tell Dr. Mohajer that this resolution was
16 being circulated?

17 A No.

18 Q And again, you didn't circulate the resolution to
19 them, either, did you?

20 A I did not circulate the resolution, period.

21 Q Now, based on your military career when you take
22 some action and it has to be documented that would have to be
23 done very carefully, wouldn't it?

24 A Sure.

25 Q Yeah. I mean, it goes without saying. And in this

1 particular case with regard to transfers of interest following
2 the execution of the operating agreement there were no formal
3 resolutions signed transferring any shares to anybody after
4 the signature on the -- signatures, excuse me, on the
5 operating agreement?

6 A Correct.

7 Q And the operating agreement in this case is the
8 bible for the whole operation of this company; correct?

9 A No.

10 Q It's not?

11 A Define --

12 Q Don't you have to follow the operating agreement?

13 A Define "bible," please. As in?

14 Q Okay. How about constitution? It's what you have
15 to follow. It's the overriding governing document for this
16 company; correct?

17 A I would say state law is.

18 Q Well, that's a good point. State law doesn't say
19 anything about making resolutions, does it?

20 A Nope. Well -- LLC Act? I don't know.

21 Q The law that you say -- the law that's designated as
22 the governing law in this agreement is the Nevada Limited
23 Partnership Act; right?

24 A If you're asking me for my legal analysis --

25 Q That's what it says in the agreement.

1 A -- then I'm not qualified to say that.

2 THE COURT: Only one of you can talk at a time.

3 Sir, were you done?

4 THE WITNESS: I said if you're asking me about my
5 legal analysis of the Nevada Limited Partnership Act, I'm not
6 qualified to comment on it.

7 BY MR. MAUPIN:

8 Q No, I'm not asking you what your legal analysis is.
9 Your lawyer earlier, and do you agree with her, said that the
10 Partnership Act doesn't speak to governance through
11 resolution? Do you have any reason to believe otherwise?

12 A No.

13 Q Okay. And so again there was no resolutions of any
14 kind that were signed unanimously by the members ever changing
15 those numbers that were in the exhibit to the operating
16 agreement?

17 A For the transfer you mean?

18 Q Yeah.

19 A No.

20 Q Now, one last line of questioning. At the 2113
21 closing where were you when that happened?

22 A Overseas.

23 Q And you were in Bali?

24 A Correct.

25 Q And you were there with Dr. Bady?

1 A I was there with my girlfriend. I did meet Dr. Bady
2 there for a few days, yes.

3 Q All right. So he was there with you for a few days?

4 A Part of it, yes.

5 Q All right. Didn't he tell you about the mechanics
6 of having to use the 2113 entity to close this deal?

7 A No.

8 Q No?

9 A No.

10 MR. MAUPIN: Nothing further.

11 CROSS-EXAMINATION

12 BY MR. AIELLO:

13 Q Good afternoon, Mr. Terry. My name is Vincent
14 Aiello. I represent Mr. Bady.

15 A 'Afternoon.

16 Q So I've got a few followup questions here and some
17 questions that I'd like to ask you.

18 And think you testified that you're familiar with
19 running businesses of this sort; isn't that true?

20 A Yes.

21 Q Okay. And you gained that experience in the Air
22 Force; correct?

23 A And through this business, yes.

24 Q And you felt like you had enough experience to run
25 this business, didn't you?

1 A Yes.

2 Q And for you this was something where you had enough
3 knowledge to serve as the COO and then eventually the CEO;
4 correct?

5 A I felt that way, yes.

6 Q All right. And you have expressed at any time that
7 you didn't have enough experience to do this job, did you?

8 A Could you be more specific?

9 Q On what part of the question should I be more
10 specific on?

11 A Did I -- did I ever say that I wasn't qualified to
12 be a CEO? Is that what you're asking, or --

13 Q Is there any point in time where you ever expressed
14 to any of the other members that you felt you lacked the
15 qualifications to serve as COO or CEO for NuVeda?

16 A I'm not sure.

17 Q You don't know if you expressed that?

18 A Could I expand further on it?

19 Q I think it's either, yes, I expressed it, or, no, I
20 didn't, or do not recall.

21 A I do not recall.

22 Q You don't recall. Okay.

23 So I've got a document that I received. It's an
24 email. I'd like to admitted it. I believe it's an email to
25 you. It's from Mr. Jeff Fried. And --

1 THE COURT: Is it a proposed exhibit?
2 MR. AIELLO: It's a proposed exhibit, Your Honor.
3 THE COURT: Do you have enough copies for everybody?
4 MR. AIELLO: I've got five.
5 THE COURT: Great. So the clerk will give you an
6 exhibit sticker on your document.
7 THE CLERK: 201.
8 THE COURT: The clerk needs a copy.
9 MR. AIELLO: I'm working on it.
10 THE COURT: Oh. Okay.
11 MR. AIELLO: Sorry. I'm not quite that fast. I'll
12 get it to you.
13 Your Honor, can I approach the witness and give him
14 a copy?
15 THE COURT: You can. She wants you to give him the
16 one that has the sticker on it.
17 MR. AIELLO: Yeah. Perfect.
18 BY MR. AIELLO:
19 Q Okay. If you could, sir, please take a moment and
20 review that for me.
21 I'll give you some more time to read it, but do you
22 generally recognize that?
23 A Yes.
24 Q Is it an email that you drafted?
25 A Yes.

1 Q And you sent it to Jeff Fried?

2 A Fried. Yes.

3 Q Fried. Sorry. And Mr. Cleat McQuinn?

4 A Yes.

5 MR. AIELLO: Okay. So this is Exhibit 201 proposed.
6 I'd like to admit it, if I could.

7 THE COURT: Any objection?

8 MS. PIKE-TURNER: No.

9 THE COURT: 201 will be admitted.

10 (Defendant Bady's Exhibit 201 admitted)

11 BY MR. AIELLO:

12 Q So I'd like to go through this email with you,
13 because, you know, it's interesting to me and I want to better
14 understand it.

15 The second paragraph down it says, "First, I take
16 complete responsibility for communications between our
17 parties, as my team was not involved in most of the
18 discussions. As such, they relied almost solely on me for
19 explanations. That being said, collectively we will always
20 live by our word and our commitments."

21 What are you referring to right there?

22 A I was referring to the fact that I handled the
23 majority of the negotiations between what will be referred to
24 as Team Ivey, which is Phil Ivey, his business advisor and
25 attorney Jeff Fried, and his CFO Cleat McQuinn. So when I

1 said that up to this point -- and keep in mind the date on
2 this is February 28th. So after they had decided to not
3 fulfill their investment. I had worked with Team Ivey for
4 about eight months to get to the point of getting them to
5 commit money. At that point Pej got involved, and it went
6 downhill pretty quickly. So, yes, I was the one that took
7 care of the majority of the discussions with them.

8 Q Can you turn to paragraph 11. If you count strategy
9 with Number 1 and just go down to 11.

10 A Which -- is that the third page?

11 Q It's the paragraph above your signature block. And
12 it's three up. Maybe four if you count to the last sentence.

13 THE COURT: "I really believe"?

14 MR. AIELLO: Yes.

15 BY MR. AIELLO:

16 Q It says, "I really believe that everyone has acted
17 with honor and integrity throughout this whole process. This
18 being my first major business transaction outside the
19 military, I can't tell you how much I personally learned from
20 both of you and respect that I've built in the short time
21 we've gotten to know each other."

22 So you testified that you have plenty of experience
23 to run this company, yet an investor you're trying to secure
24 \$10 million from, you're telling them you have no experience.

25 A I don't think I said that at all.

1 Q When I read this it says, "It's my first major
2 business transaction."
3 A Uh-huh.
4 Q Your job is the CEO; correct?
5 A That is correct.
6 Q You're also the COO --
7 A Correct.
8 Q -- more or less at that time?
9 A Yes.
10 Q Okay. Your job is to raise funds for this company.
11 Your job is to make sure that you're bringing in investments.
12 A Uh-huh.
13 Q How much money up to that date had you brought into
14 this company?
15 A From outside investors?
16 Q From outside investors.
17 A I don't believe the company had taken any.
18 Q None?
19 A Correct.
20 Q So no money in August of 2014, and no money all the
21 way through February 28th of 2015; correct?
22 A Outside of our membership group, not that I -- not
23 that I recall. No, I don't think so.
24 Q All right. How much money had Dr. Bady given you --
25 or given the company? Let me clarify that. How much money

1 had Dr. Bady given to NuVeda as of January 1st, 2015?

2 A I don't know.

3 Q Okay. As the CEO are you responsible for the

4 financials of the company?

5 A Absolutely.

6 Q Do you feel that you should know how much was given

7 to you?

8 A Absolutely.

9 Q But you don't know, do you?

10 A Correct.

11 Q You don't know because you didn't keep track of it,

12 did you?

13 A Can I expand on that?

14 Q No.

15 A That is incorrect.

16 Q Okay. Why is it incorrect?

17 A Because I was not the one that was supposed to keep

18 track of that. Pej was assigned to be the financial -- you

19 know, take care of all the accountings, the reportings, and he

20 never provided that despite us asking for it.

21 Q But you were the CEO.

22 A Correct.

23 Q And you worked in the Air Force.

24 A Yes.

25 Q And you believed in rules.

1 A Absolutely.

2 Q And you believed in order.

3 A Yep.

4 Q You believed in taking notes?

5 A In taking notes?

6 Q Corporate minutes and notes for the company.

7 A Sure.

8 Q So you also believed -- just so that they don't

9 answer the question, I want to make sure you're looking at me.

10 A I'm looking at you.

11 Q Okay. Good. So you want to make sure that your

12 client -- excuse me, your company is taken care of, don't you?

13 A Absolutely.

14 Q Because that's your job; right?

15 A Yes.

16 Q Okay. But you didn't do that, did you?

17 A In which sense?

18 Q You didn't take any notes, you didn't take any

19 minutes, you didn't keep track of an corporate resolutions.

20 A That is not completely true.

21 Q Okay. I'd like you to read the first sentence of

22 paragraph 12. It's the next one down.

23 THE COURT: And this is, "I also take the

24 responsibility"?

25 MR. AIELLO: Yes, Your Honor.

1 BY MR. AIELLO:

2 Q "I also take the responsibility to protect my
3 partners from my mistakes. And if the conclusion is that Phil
4 Ivey keeps --" I inserted Ivey, sorry.

5 A Uh-huh.

6 Q "-- Phil Ivey keeps his 3 percent even without an
7 investment, I intend that the 3 percent will come from me and
8 not affect the rest of the team." You made that statement;
9 correct?

10 A Yes, I did.

11 Q Okay. If you flip back one page to the eighth
12 paragraph --

13 THE COURT: "I want to stress"?

14 MR. AIELLO: Yes, Your Honor.

15 THE COURT: Okay.

16 BY MR. AIELLO:

17 Q The last two sentences, "Once again, by no means am
18 I placing blame. I will always take responsibility for the
19 financial success and failures of NuVeda." Do you still feel
20 that way, sir?

21 A I'm sorry. I'm trying to figure out where you are.

22 Q Okay.

23 A I got, "I want to stress...."

24 Q "Once again, by no means am I placing blame." So
25 you go up from the bottom of the page three paragraphs. It's

1 the last two sentences there.

2 A Got it. So not "I want to stress." "I take full
3 responsibility." That's the paragraph you're looking at?

4 Q Right. That's what I'm looking at.

5 A Understood.

6 Q Okay. So it says, "Once again, by no means am I
7 placing blame. I will always take responsibility for the
8 financial successes and failures of NuVeda. In part I was
9 confident with six licenses and the fact that we were honored
10 our original pre-license valuations to Phil we would easily
11 close a deal that was very lucrative for us all."

12 So the question is are you still accepting financial
13 responsibility for NuVeda.

14 A Yes. As chief executive officer, yes.

15 Q Okay. And at that time you were also the COO?

16 A Not necessarily. Can I expand?

17 Q That you can.

18 A Like you mentioned, we do not have very proper
19 corporate governance, so technically there is no transition
20 from COO to CEO. I just assumed the CEO role, and I was
21 probably -- I was covering more duties than just a CEO.

22 Q So just help me with that. Because you just assumed
23 the CEO role?

24 A No. It was all discussed, it was all -- I wouldn't
25 say voted on. It was agreed upon, discussed at meetings, and

1 I was granted the CEO role from Pej.

2 Q Is that a process that you learned in the military,
3 that transition sort of just automatically from one position
4 to another within an organization?

5 A It wasn't automatic. It was appointed.

6 Q It was appointed. Okay. But there are no minutes
7 and no documents and no documentation for that?

8 A That is correct.

9 Q Okay. So these pages aren't numbered, so it's a
10 little difficult. Go back to the first page.

11 THE COURT: You don't get to complain about your own
12 exhibit.

13 MR. AIELLO: Pardon.

14 THE COURT: You don't get to complain about your own
15 exhibit.

16 MR. AIELLO: I'm sorry to everyone.

17 BY MR. AIELLO:

18 Q So first page. Second page, if you count down three
19 paragraphs, the middle of the sentence -- or, excuse me,
20 middle of the paragraph, it says something here. It says, "I
21 now that we were being artful --"

22 Sorry. Did you find the place before I start?

23 A Yes, I did.

24 Q Okay. "I know that we were being artful with
25 drafting of the letters to fulfill the State's requirements in

1 actual percentages."

2 What percentages are you referring to, sir?

3 A It would have been Phil's 3 percent.

4 Q Anyone else's percentages?

5 A Not that I can recall.

6 Q Why would you use the word "percentages" instead of,
7 Phil's 3 percent?

8 A I can't recall.

9 Q What are the LOCs, the next word?

10 A Line of credits.

11 Q "The equity offering were expected to change, but
12 this was all in the context of our collective expectation of a
13 more comprehensive investment, an equity position as long as
14 NuVeda provided favorable terms."

15 So what do you mean by being artful in the filing of
16 documents with the State?

17 A So one of Phil Ivey's team's concerns was that if
18 they wrote a document that gave them a 3 percent that they
19 would be required to fulfill every single -- you know, the
20 3 percent for -- I forgot what the amount of money in there
21 was, but it was in the millions of dollars, I believe. And
22 what we had set this up for was we -- his 3 percent was
23 vesting for a larger --

24 Q Just stop. I didn't ask you what the effect was. I
25 asked you what you mean by being artful.

1 A This is what I'm trying to explain.

2 Q Were you being deceptive?

3 A No.

4 Q Were you being completely honest?

5 A Yes.

6 Q What do you mean by using the word "artful"? What
7 does that mean?

8 A It meant that we were setting up an agreement with
9 Phil to facilitate a larger investment and exactly that, to
10 facilitate that and not bound him to this specific investment,
11 because there was a bigger picture.

12 Q So you were crafting it in such a way that you could
13 get this deal done, but it might not have actually reflected
14 the real allocation of ownership interests?

15 A We expected there to be a larger investment that
16 would be greater than 3 percent, as further referenced in the
17 letter.

18 Q So you cast the deal in terms that were artfully
19 drafted so that you could change them later?

20 A With a follow-on investment, yes.

21 Q Did that ever happen?

22 A No.

23 Q Why didn't that happen?

24 A They said that it was -- that they decided to not go
25 forward with the deal.

1 Q Okay. So as the COO and the CEO you were in charge
2 of doing all this fundraising; correct?

3 A Correct.

4 Q And presumably you were familiar with Regulation A?

5 A I'm not sure if Regulation A had been modified at
6 that time, but I'm vaguely familiar with it, yes.

7 Q What familiarity did you have with it?

8 A In what sense?

9 Q You're the CEO of a company; correct?

10 A Correct.

11 Q You're raising millions of dollars; correct?

12 You've got valuations for hundreds of millions of dollars
13 presumably. One we heard the last time you testified was at
14 least 50 million. You're taking money from strangers, other
15 people's cash, OPC --

16 A Uh-huh.

17 Q -- and presumably you had some duty of disclosure to
18 these investors. Regulation A might cover that. So the
19 question is were you familiar as the COO and the CEO with
20 those regulations?

21 A Familiar as in could I recite every word in it, or
22 did I --

23 Q Did you comply with them?

24 A I would have to read the regulation and see what we
25 complied with.

1 Q You either did comply with them or you did not.
2 You're the COO and the CEO. Little fuzzy at that time.
3 A Uh-huh.
4 Q But it's your responsibility. You're the commander.
5 You lead the ship. Did you comply or did not comply?
6 A I would argue that the president leads the ship.
7 But -- again, I would have to read the Regulation A, and I
8 will step through it and I can tell you if we complied or not.
9 Q So the answer is you don't know; correct?
10 A At this time I do not know, correct.
11 Q Did you comply with Regulation D?
12 A Unknown.
13 Q Unknown.
14 A The same exact argument would apply to Regulation D.
15 Q So you -- I'm still over here.
16 A I understand that.
17 Q So the issue is --
18 THE COURT: Counsel, you've got to stay near the
19 mike.
20 MR. AIELLO: Sorry.
21 THE COURT: So you don't get to move to block
22 plaintiffs' counsel's view.
23 BY MR. AIELLO:
24 Q So the issue is you're not sure if you followed the
25 regulations for disclosures and raising capital for this

1 company, but you're in charge of running the company.

2 A That is correct.

3 Q Okay. When you were in the Air Force were you a
4 contracting officer?

5 A In which sense?

6 Q Were you responsible for entering into contracts on
7 behalf of the U.S. military?

8 A I had inputs in them, yes.

9 Q That's not what I'm asking. Were you actually given
10 a designation as a contracting officer with authority and a
11 warrant to serve in such a capacity that you could buy
12 products or sell products for the U.S. military?

13 A As a commander I had authorization to enter
14 contracts, yes.

15 Q The question is do you hold a warrant as a
16 contracting officer.

17 A For being a commander in the military I'm not
18 exactly sure what you're talking about.

19 Q Okay. So you don't know. If you went through your
20 personnel file, you would go through it and you wouldn't be
21 able to tell if you had a warrant as a contracting officer?

22 A Are you asking me if I had the authority to enter
23 contracts?

24 THE COURT: Sir, he's asking you if you had a
25 specific document called a warrant that was issued to you.

1 That's all he's asking.

2 BY MR. AIELLO:

3 Q That's all I'm asking.

4 A No. I don't know if that document exists, so no,
5 not to my knowledge.

6 Q The transcript that we have from the 28th at page
7 101 through 136 you testified that you were doing all of the
8 work for NuVeda at the time of raising this money. Is that
9 true?

10 A Partially, yeah.

11 Q Okay. That you were primarily responsible for
12 finding investors and making disclosures to investors. Is
13 that true?

14 A Yes.

15 Q Okay. You'd also testified that at one point during
16 your direct examination if you were unsuccessful in raising
17 the million dollars within a two-week period subsequent to
18 this time frame that you'd walk away from this company as CEO.
19 That was at 116, lines 6 through 18. Did you ever walk away
20 from this company?

21 A No.

22 Q Okay. So the first six months of serving as CEO and
23 COO you raised how much money again?

24 A The company did not bring in any money.

25 Q How much money did you in your capacity as the

1 promoter of this company raise for the company?

2 A Between which dates?

3 Q The inception of the company until January 1st,

4 2015.

5 A January 21st, 2015, none.

6 Q None. How much did you raise from January 1st,

7 2015, through November 20th?

8 A \$200,000 maybe.

9 Q Where did -- where did that money come from?

10 A Dr. Daniel.

11 Q Has any other money been lent to the company to

12 date?

13 A Yes.

14 Q Who has lent money to the company?

15 A Pej and Pouya's friends.

16 Q Pej and Pouya's friends.

17 A Friends.

18 Q Friends. All right.

19 How much money in total did Dr. Bady actually

20 contribute to this company?

21 A I would love to know.

22 Q Well, you're the COO.

23 A Correct.

24 Q And you're the CEO. And you're also a military

25 officer that managed \$5.5 billion in assets. But when it came

1 to a million dollars you have no idea where that money's at.

2 A So you understand my frustration.

3 Q You have no idea where you spent the money?

4 A Which -- I'm not following your -- spent the million
5 dollars for which?

6 Q Well, you're the CEO; right?

7 A Yes.

8 Q You must have been authorized to spend money on
9 behalf of the company.

10 A Correct.

11 Q Did you spend money on behalf of the company?

12 A Yes, I did.

13 Q Okay. How much money did you spend?

14 A Could I get access to our records if you want an
15 exact amount, or --

16 Q I understand that you have access to all the
17 records, sir.

18 A That is not correct.

19 Q You still feel you do not have access to the
20 financial records?

21 A 100 percent.

22 Q Okay. Who set up -- we talked about this before.
23 Who set up the Google drive?

24 A I did.

25 Q Okay. You have authorization to access the Google

1 drive?

2 A I do.

3 Q Have you had that from the inception of the -- the

4 genesis of the company, if you will?

5 A It's my personal account.

6 Q But you donated that or you allowed the company to

7 use it; correct?

8 A Parts of it.

9 Q Okay. And were all the corporate records stored on

10 that Google drive?

11 A Unknown. I do not think so.

12 Q Were the bank account records stored on the Google

13 drive?

14 A I do not think so.

15 Q Tax return information?

16 A I do not think so.

17 Q Any other financial records for the company, were

18 they stored on that Google drive?

19 A The financial -- sorry. Yes or no? I do not know.

20 Q Do not know. Okay. And again, you're the CEO and

21 you said to outside investors that you take full financial

22 responsibility for this company. And you feel that way today;

23 right?

24 A Yes.

25 Q Okay. And you had said at the transcript at 117 --

1 page 117, lines 17 through 20, that the reason you couldn't
2 raise money was because it was Dr. Bady's fault. Do you feel
3 that way?

4 A I'd have to look at transcript if I said that.

5 Q Even without looking at the transcript, do you feel
6 it was Dr. Bady's fault that you weren't able to raise money?

7 A In some cases, yes.

8 Q Then why would you tell an investor who wanted
9 potentially to give you up to \$10 million that you had no
10 experience in running a company?

11 A I don't think I said that.

12 Q You said, "This is the first company I've ever run."

13 A Can you show me where I said that?

14 Q Sure.

15 THE COURT: In Exhibit 201.

16 MR. AIELLO: 201. Sorry, Your Honor.

17 BY MR. AIELLO:

18 Q Last page, third paragraph up, second sentence,
19 "This being my first major business transaction outside the
20 military, I can't tell you how much I personally learned from
21 both of you and respect -- and the respect that I've built in
22 the short time we've gotten to know each other." You've never
23 worked on any other transaction where you've been charge of
24 raising money; isn't that true?

25 A No, that is not true.

1 Q Okay. What other businesses have you been in charge
2 of where you're obligated to raise money?

3 A And just so I understand, you asked me if this is
4 first company that I ever ran. I said no. You said that I
5 had said that. I said no. And this says, "This is the first
6 major business transaction"; correct? So what I would
7 consider a major business transaction of being in a tune of
8 \$10 million, absolutely. This was the very first one. This
9 is the first investment group we had worked with on that scale
10 for a \$10 million investment.

11 Q So let's take it a step further. How many
12 transactions had you worked on between zero and \$500,000 prior
13 to this one?

14 A Prior to this Ivey deal?

15 Q Outside of the military, prior to the Ivey deal how
16 many transactions between zero and \$500 [sic] did Shane Terry
17 work on?

18 THE COURT: 500, or 500,000?

19 MR. AIELLO: Zero to 500,000. Sorry.

20 THE COURT: Just checking.

21 MR. AIELLO: I slip up every once in a while.

22 THE WITNESS: I would have no idea how to answer
23 that. Can I explain?

24 BY MR. AIELLO:

25 Q How many transactions outside the military between

1 zero and 500,000 did you work on before this transaction?

2 A My best guess would be between one and a hundred.

3 Q One and a hundred.

4 A Sure.

5 Q So from the time you left the military in April 2014
6 to the fall of 2014 you worked on between one and -- zero --
7 you said -- did you say zero?

8 A I did not.

9 Q You didn't say zero. So it was one to a hundred.

10 A So I was a part of almost every transaction that
11 NuVeda did, real estate, marketing contracts --

12 Q I didn't ask you that.

13 A I think you did.

14 Q I said, how many transactions outside the military
15 between zero and \$500,000 did you work on before you worked
16 for NuVeda.

17 A Oh. Before I worked for NuVeda?

18 Q Yes.

19 A Dozens.

20 Q Dozens. Between April and August, four months, you
21 worked on dozens of transactions with a value of up to
22 500,000?

23 A You asked me transactions outside of NuVeda and
24 outside the military; correct?

25 Q Yeah.

1 A Yes.

2 Q Who did you do that work for?

3 A Other companies, independent contractors, other
4 business that I was exploring.

5 Q Uh-huh. At the transcript from December 28th on
6 page 118, lines 1 through 7, you testified that Dr. Bady
7 ruined the Ivey deal, did you not?

8 A I don't remember particularly, but, yes, I do not --
9 I don't know if I said that he ruined it, but I can tell you
10 that it fell apart after he got engaged.

11 Q Well, why would you take responsibility for it if
12 Dr. Bady ruined it?

13 A Because I'm trying to protect my company and the
14 people that work with me.

15 Q At all costs you'd protect the company?

16 A Not at all costs, no.

17 Q But you'd be willing to --

18 A Within my legal bounds.

19 Q You'd be willing to take the fall for something that
20 someone else did?

21 A Depends on what that was.

22 Q Okay. I understood that you left the military
23 because of the opportunity with NuVeda. Is that true?

24 A In part, yes.

25 Q So were there other opportunities besides NuVeda

1 that occurred between April 2014 and August of 2014?

2 A Yes.

3 Q Other business opportunities.

4 A Between those dates?

5 Q Yeah.

6 A No. In April, when I left the military, NuVeda was
7 my full-time commitment.

8 Q Okay. Further on in Exhibit 201, in the eighth
9 paragraph, it again says, "I take full responsibility for not
10 solidifying everything earlier and requiring a commitment to
11 escrow." Do you see that?

12 A I saw it previously. I know what you're talking
13 about.

14 Q Right. All right. At what point in time did you
15 stop taking responsibility for these business acts of NuVeda?

16 A I still take -- excuse me. I still take
17 responsibility for NuVeda.

18 Q Okay. Now, I understand from your testimony that
19 the Dr. Daniels deal, that it didn't go through. And I think
20 this is at page 118, lines 19 through 25, that you testified
21 that Dr. Daniels did not go through with his deal because of
22 Dr. Bady's relationship with 2113 Investors. Do you recall
23 that?

24 A I don't recall saying that was the only reason. But
25 in part, yes.

1 Q That's not true, is it? That's not true that the
2 relationship between Dr. Bady and Dr. Daniels -- excuse me,
3 Dr. Bady's relationship with 2113 was the reason why the
4 Daniels deal didn't go through. It's not true, is it?

5 A It's not the only reason.

6 Q When exactly did you, the CEO, voice a concern to
7 the other members about Dr. Daniels concerning Bady's
8 involvement with 2113 Investors? When did you actually raise
9 a concern with that?

10 A As soon as Dr. Daniel told me.

11 THE COURT: Wait. Can you rephrase your question.
12 Because I think you have an inconsistency in it.

13 BY MR. AIELLO:

14 Q Sure. When did you voice concerns to Dr. Daniels
15 about Dr. Bady's involvement with 2113 Investors?

16 A I did not. He voiced them to me.

17 Q You never voiced those concerns to Dr. Daniels?

18 A Dr. Daniel voiced them to me.

19 Q Okay. Just making sure I understand.

20 So there's another email that you received that I
21 would like you to take a look at. So let me get it out of the
22 book here.

23 THE COURT: Is that going to be Proposed 202?

24 MR. AIELLO: Yes, it will be.

25 (Pause in the proceedings)

1 MR. AIELLO: Approach the witness?
2 THE COURT: Uh-huh.
3 BY MR. AIELLO:
4 Q Have you had a chance to review that?
5 A I'm familiar with it, yes.
6 Q You are familiar with it. Okay. You were -- this
7 is an email -- just so I can read certain sections of it into
8 the record, this is an email from October 2nd, 2015 --
9 THE COURT: You can't read from it until it's
10 admitted.
11 MR. AIELLO: Sorry.
12 THE COURT: Is there an objection?
13 MS. PIKE-TURNER: No, Your Honor.
14 THE COURT: Be admitted.
15 (Defendant Bady's Exhibit 202 admitted)
16 THE COURT: Now you can read from it.
17 BY MR. AIELLO:
18 Q October 2nd, 2015, at 4:09. This was drafted by
19 Pantea Stevenson.
20 A Correct.
21 Q And you were included on the communication?
22 A Correct.
23 Q And she drafted it to third parties.
24 A Correct.
25 Q And who are those third parties, if you recall?

1 A This would have been Dr. Daniel's attorneys
2 representing him in the deal.

3 Q This is Dr. Daniel's attorneys.

4 A Tim is one of Dr. Daniel's attorneys, yes.

5 Q Tim is one of Dr. Daniel's attorneys. Okay. Thank
6 you very much.

7 A Far as I know.

8 Q All right. So inside --

9 THE COURT: Can I get a copy?'

10 MR. AIELLO: Oh. Yeah.

11 THE COURT: Thank you.

12 BY MR. AIELLO:

13 Q So it looks like Pantea sent a letter to Tim and
14 cc-ed other members, yourself included, and Ms. Goldstein
15 about concerns with the Daniels deal.

16 A Yes.

17 Q In the first paragraph if you go down and if I count
18 from the bottom it's four sentences up and starts -- if
19 everyone's there, it start, "The term sheet called for
20 customary controls. This is not customary. In short, it is
21 not part of the deal. It will destroy the company's future
22 prospects, and we will not accept it."

23 Is there anything in those sentences that talks --

24 THE COURT: So you're in the first paragraph, the
25 fourth line up?

1 MR. AIELLO: Yes.

2 THE COURT: Okay. Or fourth sentence up.

3 MR. AIELLO: Fourth sentence up, "The term sheet
4 called for customary --"

5 THE COURT: No. I was there, just in a different
6 place than you originally said.

7 MR. AIELLO: Sorry.

8 THE COURT: It's okay.

9 BY MR. AIELLO:

10 Q So it says -- is there anything in there that says
11 there's a problem with Dr. Bady's relationship with 2113
12 Investors?

13 A Nope.

14 Q "In short, it is not part of the deal. It will
15 destroy the company's future prospects, and we will not accept
16 it. Dr. Daniel is welcome to control expenditures of his own
17 funds, but not the contributions of others."

18 Was Dr. Daniels trying to control the expenditures
19 for the entire company?

20 A Yes.

21 Q Was that acceptable to you as the CEO?

22 A Nope.

23 Q Was it acceptable to you as the COO?

24 A Nope.

25 Q At that time, in October 2nd, 2015, were you

1 officially the CEO?

2 A As officially as we were in our capacity, yes.

3 Q In an undocumented capacity.

4 A Correct.

5 Q Okay.

6 A Other than I will clarify there was documentation to
7 the State, to the local jurisdictions. There was just nothing
8 ratified in our corporate governance.

9 Q If you go down to the next paragraph, the last
10 sentence, it says, "Good controls are established through good
11 corporate governance, not through unilateral decision making."

12 Do you believe in that statement?

13 A I do.

14 Q Okay. And as a core value for your business as a
15 CEO did you adopt that statement? Meaning do you agree with
16 the statement?

17 A I agree with the statement, yes.

18 Q Do you feel it embodies what your company is about?

19 A I believe it embodies what we should be about.

20 Q And is that the type of, for lack of a better term,
21 core value that you feel you have in being the CEO for NuVeda?

22 A Is which part?

23 Q "Good controls are established through good
24 corporate governance."

25 A I think -- I do not think we had good corporate

1 governance.

2 Q Okay. Do you think you made unilateral decisions as
3 the CEO?

4 A Sometimes.

5 Q Was it a unilateral decision to get rid of Dr. Bady
6 and Dr. Mohajer?

7 A Definitely not.

8 Q Did you give them an opportunity to vote or
9 participate in the investigation that led to their expulsion?

10 A Participate? Absolutely yes. Vote? No.

11 Q Did they participate?

12 A No.

13 Q They didn't.

14 A Well, I take that -- can I expand on that?

15 Q Either they did or they didn't.

16 A Yes, they did participate.

17 Q Okay.

18 A Can I expand on that?

19 Q No. I've got a different question now.

20 "The requested terms --" further down, I'm sorry,
21 third paragraph, last sentence, it states, "The requested
22 terms harm the company to the benefit of a single person,
23 which is not and will not be acceptable to NuVeda."

24 Do you have any concerns with that type of statement
25 with respect to your management as the CEO for NuVeda?

1 A In respects to my management?

2 Q Uh-huh.

3 A I would be very concerned that if a single person

4 was benefitting it would make me concerned, and that would not

5 be acceptable to my company.

6 Q In the 4Front deal did it require the expulsion of

7 Dr. Bady and Dr. Mohajer?

8 A Definitely not.

9 Q They could have stayed in as president?

10 A Correct.

11 Q As chief medical officer?

12 A Correct.

13 Q There was no one that ever approached you and said

14 they needed to be expelled [sic] for that deal to go forward?

15 A No. And I think that's reflected in the deal.

16 Q So in this email, we've talked about certain

17 sections, you've had an opportunity to review it, is there any

18 concerns about Dr. Bady's relationship with 2113 Investors?

19 A Yes. Absolutely.

20 Q Where? Can you show me where?

21 A Well, it led to the control that Dr. Daniel wanted.

22 Q Well, I don't -- I don't see any response here from

23 your lawyer addressing an allegation that Dr. Bady's

24 relationship with 2113 Investors is the reason they can't do

25 the Daniels deal.

1 A That's not the context of the email.

2 Q Well, the context of the email is about control, is
3 it not?

4 A It absolutely is.

5 Q It's about maintaining control.

6 A Uh-huh.

7 Q And you weren't prepared to give that up, were you?

8 A Dr. Daniel wanted unilateral control of the funds
9 going in and out of NuVeda. That was not acceptable to us.

10 Q As of October 2nd, 2015?

11 A I think they responded in negotiations prior that
12 they wanted to increase their corporate controls to give him a
13 unilateral option that was not acceptable to us.

14 Q What corporate controls as the CEO and formerly the
15 COO did you have in place to address spending in this company?

16 A Our operating agreement.

17 Q Anything else?

18 A Voting rights.

19 Q Is that also found in the operating agreement?

20 A Our voting rights are in our operating agreement,
21 yes.

22 Q Okay. Any other documents -- besides the section
23 that talks about in the operating agreement, any other
24 documents other than the voting rights section that were put
25 in place for corporate controls over finances?

1 A When we did take minutes and if during the meetings
2 that we took minutes we had financial expenditures, it was
3 documented in the minutes.

4 Q And then you testified at page 196 of the
5 transcript, lines 1 through 3, that you believed in providing
6 transparent information amongst the members of NuVeda;
7 correct?

8 A I imagine. That would sound like something I would
9 say.

10 Q Because you believe in transparency; isn't that
11 true?

12 A Yes.

13 Q You believe in the exchange of information?

14 A Yes.

15 Q Right. And you believe that it's important that
16 people be aware of what's happening inside the company?

17 A Definitely.

18 Q Okay. But you didn't do anything to document that,
19 did you?

20 A To document that I believed in transparency?

21 Q To document the fact of what was occurring in your
22 company concerning corporate control. You've never documented
23 your corporate controls, did you?

24 A In which sense? We took minutes from time to time,
25 not as much as we should have. I mean, our operating

1 agreement s govern some corporate controls.

2 Q Did you have time to document the transfers of
3 ownership interests amongst the members?

4 A Yes.

5 Q You did? How much time did you have to document?
6 You were working for NuVeda full time --

7 A Uh-huh.

8 Q You had about 40 hours a week?

9 A I wish.

10 Q Okay. You had ample time to document; isn't that
11 true?

12 A Sure.

13 Q Okay. But at the transcript on page 147, lines 24
14 through 25, when you were specifically asked, "Did you
15 document transactions you said you didn't have time to do
16 that, you didn't have time to document it.

17 A Some cases the's true.

18 Q And for an outside investor like Dr. Daniels they
19 might do due diligence and take exception with the corporate
20 controls; isn't that true?

21 A Take exception in which sense?

22 Q They might impose a burden upon the company where
23 they could participate in that corporate control process;
24 isn't that true?

25 A Customary, yes.

1 Q But that that wasn't acceptable to you, was it?

2 A This was not a customary control.

3 Q Because in Exhibit 202 you didn't want to give Dr.

4 Daniels control of the company, did you?

5 A Sorry. This is 202; correct?

6 Q Yes, sir.

7 A Okay. Not in that fashion, no.

8 Q Not in any fashion.

9 A That is incorrect.

10 Q Was there a particular fashion of control that you

11 felt you'd be willing to let Dr. Daniels have?

12 A Absolutely.

13 Q What control would that be?

14 A Consistent with the control as chairman of the board

15 of a major investor with his voting percentages all

16 [unintelligible], and that's the reference to customary

17 controls.

18 Q Your counsel here said that the only thing that he

19 got control over was where his money would be spent. Isn't

20 that what she said?

21 A No. In fact, I think she also mentions being

22 chairman of the board. She does. Second paragraph, end of the

23 sentence.

24 Q "He will not have --" second sentence says, "He will

25 not have unbridled control as requested, as such unilateral

1 decision making would be fatal to future investments and
2 belies the contributions of the other partners in NuVeda."

3 A I was talking about the second paragraph, first
4 sentence. He said, "He'll have an influential voice in all
5 decisions going forward in keeping with the roll of chairman."
6 It's because we offered him a chairman role.

7 Q Right.

8 A And when you're asking were we uncomfortable with
9 him having unilateral control, you're correct, we were.

10 Q Okay. You had raised another issue during your
11 testimony on December 28th about tax issues; is that true?

12 A Yes.

13 Q That was at page 166, lines 24 through 25. You had
14 stated you had done some research into tax issues and that
15 supported your decision to expulse Dr. Bady and Dr. Mohajer.

16 A Yes.

17 Q Do you recall specifically what you reviewed when
18 you made the determination that Dr. Bady and Dr. Mohajer's
19 conduct justified expulsion -- when I say reviewed I'm
20 referring to 704.

21 A Yes.

22 Q Do you recall what you reviewed?

23 A Yes.

24 Q Okay. What did you review?

25 A I reviewed -- this first came about from their self

1 admittance to me when they told me that they had shifted the
2 losses. And then from that point I reviewed the K-1. I
3 requested the K-1 from Joe Kennedy. Joe Kennedy gave me an
4 amended K-1, and I requested the original ones. I took those
5 amended K-1s to a CPA, to three different enrolled agents, and
6 a tax attorney.

7 Q Okay. But ultimately --

8 (Pause in the proceedings)

9 BY MR. AIELLO:

10 Q Did you review IRC Code 704?

11 A Yes.

12 Q And you testified to that effect. That was at lines
13 24 and 25 at page 166. That's all you testified to. You
14 never testified that you went and saw enrolled agents before;
15 right?

16 A Correct.

17 Q Did you make any minutes with respect to your visit
18 with the enrolled agents?

19 A I took notes, and I disseminated that to corporate
20 counsel.

21 Q Did you have any formal minutes documenting your
22 endeavors to substantiate your allegation there was a
23 violation of 704?

24 A Formal minutes?

25 Q Yes.

1 A No.

2 MR. AIELLO: So I have another proposed exhibit, but

3 I don't have copies of this one.

4 THE COURT: Kevin.

5 MR. AIELLO: So I apologize for that.

6 The URL is not on that, either. It's the IRS

7 Website information page.

8 THE COURT: I'm not worried about the URL.

9 MR. AIELLO: All right. Just making sure.

10 THE COURT: I have to take a break at 2:30, so in 18

11 minutes or so we've got to take a break for a short bit.

12 (Pause in the proceedings)

13 THE COURT: All right. So we're up to Proposed 203.

14 THE CLERK: Yes, Your Honor.

15 MR. AIELLO: Can I approach?

16 THE COURT: You can.

17 MR. AIELLO: Thank you, Your Honor.

18 THE COURT: Give it to your friends --

19 MR. AIELLO: I will.

20 THE COURT: -- so when I ask them if they have an

21 objection they will be able to intelligently answer.

22 MR. AIELLO: And I'll represent to the Court and

23 counsel that I copied this this morning from the IRS Website,

24 so we know where it came from, and printed the information and

25 brought it to court.

1 THE COURT: Any objection?

2 MS. PIKE-TURNER: I don't object to the document
3 based on Counsel's representation.

4 THE COURT: Thank you.

5 THE CLERK: Admitted?

6 THE COURT: Yes.

7 (Defendant Bady's Exhibit 203 admitted)

8 BY MR. AIELLO:

9 Q Okay. If you could just generally review the first
10 page or so. And give me a minute while I staple this.

11 THE COURT: And give me one, too, please.

12 BY MR. AIELLO:

13 Q Have you had a chance to take a look at that?

14 A Briefly, of course.

15 Q All right. So if you go down -- you go below --

16 THE COURT: Can I get one?

17 MR. AIELLO: Oh. Yeah. I thought I gave you one.

18 THE COURT: Thank you.

19 BY MR. AIELLO:

20 Q So if you start at "Introduction," the word
21 "introduction" that's underlined and you go down below the
22 bullet points, it says, "This chapter will describe," and it
23 goes through some of the information here, what is described.

24 And it says -- this next paragraph, it says, "This
25 chapter will summarize a complex system of rules which have

1 been designed to curb abuse. IRC Section 704 was intended to
2 prevent partners from allocating partnership items based on
3 purely tax, rather than economic consequences. These rules
4 govern partnership allocations. IRC Section 704(b) and its
5 accompanying regulations have been criticized as being some of
6 the most difficult and complex," there's a word that's left
7 off there in my opinion, difficult and complex in the context
8 of the Code. Do you see that?

9 A Yes.

10 Q Okay. So when you testified on December 28th you
11 testified that you reviewed IRC 704, which by an IRS
12 publication is some of the most difficult and complex code
13 that they have.

14 A Correct.

15 Q So my question is for your -- for NuVeda, as the CEO
16 and the COO, what was the tax characterization that you used
17 for 2014 for the entity?

18 A In which case? Or, sorry. What do you mean?

19 Q How did you classify the entity for tax purposes in
20 2014?

21 A I would have to take a look at the K-1s. I believe
22 it was a partnership.

23 Q Okay. And when you went through this is there a
24 particular reason why it's set up as a partnership for tax
25 purposes?

1 A Other than that's what -- I do not know.

2 Q You do not know. Okay. And are you familiar --
3 because you reviewed it and I just want your opinion, not a
4 legal opinion, just you as a lay person, did you happen to
5 read the Substantial Economic Effect Test?

6 A I have.

7 Q Okay. And when you read it did you feel like there
8 was a violation?

9 A Felt it was very difficult and complex.

10 Q Okay. So you really weren't able to make a
11 determination if there had been a rule violation of 704?

12 A I think I could make a determination.

13 Q But it's complex.

14 A Uh-huh.

15 Q And, forgive me, you're essentially a lay person,
16 you don't specialize in tax or tax law; correct?

17 A Correct. Which is -- correct.

18 Q Okay. And it's some of the most difficult code
19 section, and the IRS even publishes that. But I'm trying to
20 understand how you came to the decision that your review
21 supported the expulsion of Dr. Bady and Dr. Mohajer.

22 A Uh-huh.

23 Q So how is that?

24 A That's exactly why I consulted four to five other
25 tax professionals.

1 Q And who paid for that?

2 A I did.

3 Q And where did the money come from to pay for that?

4 A My personal account.

5 Q You didn't borrow any money to pay for that?

6 A Came from my personal account.

7 Q Okay. And you have receipts for those?

8 A Okay.

9 Q And you got notes from those tax professionals?

10 A Notes as in?

11 Q They gave you some advice, presumably.

12 A Sure. Yes.

13 Q And did they write any of that advice down?

14 A I took notes.

15 Q So the answer is, no, they did not write any of the

16 advice down to you?

17 A They did an email.

18 Q They sent you emails?

19 A Uh-huh.

20 Q Do you have any copies of those emails?

21 A Sure.

22 Q Did you share those emails with Dr. Bady and Dr.

23 Mohajer?

24 A Nope.

25 Q Why wouldn't you share those with them?

1 A It was -- from the tax attorneys? From the tax
2 attorney and all the enrolled agents and the CPA that we
3 consulted it was pretty cut and dry.

4 And to answer your question about substantial
5 economic effect, that clause, what I was told, does not apply
6 because the first clause says that it will be allocated with
7 your partnership agreement. So just from that we have two
8 issues that we discussed with the attorney. One, it's either
9 allocated within a partnership agreement --

10 Q Stop.

11 A -- or, two, it's changed in your operating
12 agreement. Neither of those things happened.

13 Q I didn't ask you that question. Do you remember the
14 question I asked you?

15 A Yeah. You asked me how I assessed it and why I
16 assessed it that way.

17 Q No, that's not what I asked you. I asked you
18 whether or not they provided you with any written information
19 about potential violations under 704.

20 A Then you asked me a follow-on question saying how
21 did I come to the conclusion.

22 Q Well, you don't know -- admittedly, you don't
23 understand 704, so you sought advice.

24 A Early on I sought advice to confirm what I thought I
25 knew.

1 Q Okay. And they must have given you that advice.
2 A That's correct.
3 Q And they sent it to you in an email?
4 A Some in emails, some verbally.
5 Q And you never provided any of that information to
6 your business partners, did you?
7 A No.
8 Q You never confronted them about that?
9 A I did.
10 Q Specifically with the information from the
11 accountants?
12 A I told them that it was wrongful.
13 Q Okay. And the accountants had an opportunity to
14 review your financial records and books?
15 A No.
16 Q They conducted an audit?
17 A No, they did not.
18 Q So they didn't review the books, they didn't review
19 the financials, they weren't familiar with the income for the
20 business? That's true? These are all questions.
21 A Correct. True.
22 Q True; right?
23 A True.
24 Q They weren't familiar with the expenses of the
25 business.

1 A True.

2 Q They were not familiar with the contributions in the
3 business.

4 A Not true.

5 Q They were familiar with the contributions. So when
6 do you recall seeing the advisor? What period of time?

7 A It would have been from late October to literally
8 two days -- the 26th, something on or about that time in
9 December.

10 THE COURT: Of December?

11 THE WITNESS: Yes.

12 BY MR. AIELLO:

13 Q Of this year?

14 A It was right prior to our court hearing.

15 Q Okay.

16 A I believe the Friday prior. I think we met on
17 Monday.

18 Q So would you be able to provide me with the notes
19 and records from the meetings that you had with these advisors
20 and the accountants?

21 A As in the notes that I took?

22 Q No. The notes or emails, the information.

23 A Sure.

24 Q You can provide those?

25 A Sure.

1 Q Okay. But at that time they hadn't reviewed any of
2 the expense reports, they hadn't reviewed any of the
3 contributions; correct?

4 A Correct.

5 Q Okay.

6 A Sorry. Not correct. They had not reviewed the
7 expense reports. They had reviewed the amended K-1s, but
8 nothing else.

9 Q Okay. So did they perform an audit?

10 A I'm sorry. I take that back. They also reviewed
11 our operating agreement.

12 Q Oh. Okay. Did they perform an audit?

13 A No.

14 Q They didn't do anything else except review what you
15 provided them with; true?

16 A Correct.

17 Q And that was the financial records; correct?

18 A No.

19 Q What was it?

20 A We have been trying to get the financial records,
21 and we have not been provided them. So the only thing that I
22 could provide them -- I've asked for the 1065s and I've asked
23 for the original K-1s. They have not been provided to me.
24 The only thing I could provide them with is the amended K-1
25 and the operating agreement. Those were the relevant

1 documents. And they said that there is nothing of relevance
2 that they would need to know.

3 Q Okay. Did they give you any other information about
4 their opinions or thoughts on your -- concerning your issues
5 with the 704 allocations --

6 A Yes.

7 Q -- K-1 allocations?

8 A Yes, they did.

9 Q And they provided that to you in writing?

10 A Verbally and in writing.

11 Q Okay. But everything that you could relate to us
12 about that information you could send to us in an email;
13 correct?

14 A Could I comprise the email? I could forward you
15 some emails, the ones that were obviously emailed to me.

16 Q Yep.

17 A The ones that were told to me verbally I could put
18 in an email and email that to you, if you cared.

19 Q Okay. Yes, we would like that. And we'll ask your
20 counsel for that.

21 A Okay.

22 Q Now, I've got some questions concerning this alleged
23 collusion on the 2113 deal. So we shift gears a little bit
24 from the tax issues we were just discussing.

25 And my recollection at page 164 of the transcript,

1 lines 25 all the way into line 2 of 165, the Court had asked
2 you a question -- and I recall that questioning -- "Why do you
3 think that Dr. Bady and Dr. Mohajer were working together on
4 these issues --" i.e., how were they colluding with respect to
5 2113? I have the same question.

6 A And that was the one that I said the evidence shows
7 from that -- from the fact that Pouya signed the document that
8 they were working on that deal together, the transfer of
9 interest document.

10 THE COURT: And by that document you're talking
11 about the assignment document which is --

12 THE WITNESS: Yes, Your Honor.

13 THE COURT: Okay.

14 THE WITNESS: The one that's signed by Pouya Mohajer
15 transferring the interest from NuVeda to 2113 Investors.

16 THE COURT: Okay. And I think that document we
17 marked this morning, and it was like 131?

18 MS. PIKE-TURNER: It's just 36, Your Honor.

19 THE COURT: 36. Sorry. Yep.

20 BY MR. AIELLO:

21 Q Because of that assignment document you inferred --
22 is it safe to say that you inferred there was collusion
23 amongst Dr. Bady and Dr. Mohajer?

24 A There's more than that.

25 Q More than collusion?

1 A More than just the document to get to those
2 conclusions.

3 Q Okay. And I think you testified that they admitted
4 they worked together. Is that your testimony? I don't want
5 to misstate it, I'm just trying to understand it.

6 A The one that I mentioned that they had self admitted
7 was in regards to tax. The 2113 Investors, like you
8 mentioned, I was in Bali along with Pej. At that time we were
9 not in the same location, so we were talking via phone. And
10 when Pej told me, will you get my back, do you trust you --
11 and I remember this specifically -- and I said, yes. And he's
12 like, I'll handle it from here. And that's all I knew.

13 And then he circumvented Jennifer and had Pouya sign
14 the documents. So along with that documents that's where I
15 concluded that they were working together on it.

16 Q And you believe in transparency in the operation of
17 your business as CEO; correct?

18 A I do.

19 Q Okay. And it's important that the members
20 communicate, isn't it?

21 A I believe so.

22 Q And you would expect that your general counsel would
23 communicate with you -- don't tell me what she says, I'm not
24 going to ask you about any of those questions. But she would
25 communicate to you issues of significance, wouldn't she?

1 A Yes.

2 Q Okay. Purchasing -- excuse me. Bidding on a
3 building that was up for auction would be significant,
4 wouldn't it?

5 A Yes.

6 Q And it would be significant if it was very
7 expensive, wouldn't it?

8 A Yes.

9 Q And something that was close to two and a half
10 million dollars is fairly expensive for NuVeda, isn't it?

11 A Absolutely.

12 Q That's because you as the CEO weren't able to bring
13 in any money.

14 A That's not true.

15 Q Well, you had said that you brought in zero outside
16 investment money during the time this company has been in
17 existence until the present date. Didn't you just testify to
18 that?

19 A You asked about this -- about this 2113 auction.

20 Q No. I asked you about how much money you brought
21 into the company.

22 A During specific dates.

23 Q From its inception. From the genesis of this
24 company until today how much money has Shane Terry brought
25 into the company?

1 A I would have to look at records, but probably about
2 \$75,000 that is currently on our books, other money that I've
3 put in since we kind of had the divergence in our ownership.

4 Q That's odd. You said 200,000 a few minutes ago. Do
5 you even know how much money you brought in?

6 A You asked me --

7 THE COURT: Your question was different, Counsel.

8 THE WITNESS: Yes, it was. Thank you. Thank you,
9 Your Honor.

10 You asked me how much money I put into the company,
11 so I'm telling you that now. The 200,000, you asked how much
12 money did I get investors to put into the company, which was
13 200,000.

14 MR. AIELLO: All right.

15 THE COURT: All right. We're going to take a break
16 for about 15 minutes.

17 (Court recessed at 2:29 p.m., until 2:44 p.m.)

18 THE COURT: All right. Ready?

19 MR. AIELLO: I'm ready.

20 THE COURT: Sir, you're still under oath.

21 THE WITNESS: Yes, ma'am.

22 THE COURT: Let's go.

23 BY MR. AIELLO:

24 Q So, Mr. Terry --

25 THE COURT: We don't have all the lawyers, so I'm

1 still --

2 MR. AIELLO: Do you want me to wait?

3 THE COURT: No. They're walking slowly.

4 All right. Now you can go.

5 BY MR. AIELLO:

6 Q Okay. Mr. Terry, I understand from your prior
7 testimony that Dr. Mohajer completely went around you without
8 authority to go into the 2113 deal. Is that true?

9 A He probably got his authority from Pej. That's what
10 I would assume.

11 Q Okay. But he -- your testimony was that he never
12 had authority to do what he did, not from you, not from the
13 company?

14 A I wouldn't say -- I'm not sure I understand. That
15 was not in his normal job obligations.

16 Q You never gave Dr. Mohajer authority to enter into
17 the 2113 deal, did you?

18 A I did not.

19 Q Okay. No one else -- it's your understanding that
20 no one else in the company gave him any authority to enter
21 into the 2113 deal; that is correct?

22 A That is not correct.

23 Q Someone else gave him authority. Who was it?

24 A I would assume it would be Pej.

25 Q Okay. But nobody else?

1 A Not to my knowledge.

2 Q And you believe that Dr. Mohajer circumvented your
3 authority as the CEO; correct?

4 A I don't know if he necessarily circumvented it. I
5 think they were two kind of different chains of command maybe.
6 But that is not our normal business practice to have Dr.
7 Mohajer sign a document like that.

8 Q Okay. So let me ask you. You have the belief with
9 no uncertainty that Dr. Mohajer was acting outside his
10 authority when he entered into the 2113 deal?

11 A I do not know.

12 Q Did he circumvent Jennifer's authority, Jennifer
13 Goldstein's authority when going into the 2113 deal?

14 A Yes.

15 Q And you're the CEO of the company; correct?

16 A Correct.

17 Q We've already established that. And you're
18 responsible for this company; isn't that correct?

19 A Correct.

20 Q And you're responsible for the goings on. You've
21 admitted that to outside investors, that you take full
22 responsibility for this company, don't you?

23 A Yes.

24 Q This is Proposed Exhibit 204.

25 A Thank you.

1 THE COURT: Did you give some to --

2 MR. AIELLO: I did. If there's no objection, Your

3 Honor, I'd like to move to have this admitted.

4 THE COURT: Any objection to 204? Is 204 okay?

5 MS. PIKE-TURNER: No objection, Your Honor.

6 THE COURT: Okay. Be admitted.

7 (Defendant Bady's Exhibit 204 admitted)

8 THE COURT: Can I have one?

9 MR. AIELLO: Yes. Soon as I find my extra.

10 THE COURT: Thank you.

11 BY MR. AIELLO:

12 Q Mr. Terry, your testimony consistently on

13 December 28th and now, all morning long, has been that you

14 had no idea what was going on in your company. And I think

15 it's clear. This is a written consent --

16 MS. PIKE-TURNER: Objection. Misstates prior

17 testimony.

18 THE COURT: Are you going to ask a question?

19 MR. AIELLO: That's not a question. I was just

20 making a statement.

21 THE COURT: Yeah. Well, you're not supposed to do

22 that right now. Okay. Keep going.

23 BY MR. AIELLO:

24 Q You have no idea what Mr. Mohajer was doing; isn't

25 that true?

1 A In respect to transferring ownership to
2 2113 Investors that is true.

3 Q Okay. Well, obviously that's not true. That's an
4 outright lie.

5 MS. PIKE-TURNER: Objection. Move to strike.

6 THE COURT: Denied.

7 BY MR. AIELLO:

8 Q I mean, this is a written consent --

9 MR. AIELLO: Sorry.

10 THE COURT: It's okay. You can keep going.

11 BY MR. AIELLO:

12 Q Okay. This is a written consent that's signed by
13 Jennifer Goldstein six days, maybe seven days before the LOI
14 is executed. And it says in the last paragraph, "Further
15 resolved that in connection with the agreement that Pouya
16 Mohajer in his capacity of member -- as member and chief
17 medical officer of the company is authorized and directed to
18 execute any and all further documents as may be necessary and
19 required in order to effectuate the foregoing resolution and
20 consummating the acquisition of the subject assets." And it
21 specifically says in the "Whereas" section, "2113 North Las
22 Vegas Boulevard."

23 You were in Bali; right?

24 A Uh-huh.

25 Q You had no idea what was going on with your company,

1 did you?

2 A I did.

3 Q Really? Why didn't your general counsel tell you
4 about this?

5 A I would say this doesn't address the issue that
6 we're talking about.

7 Q Okay. Because you lied earlier. The issue is that
8 you're not being truthful.

9 MS. PIKE-TURNER: Objection. Move to strike, Your
10 Honor.

11 THE COURT: The request is granted.

12 Counsel, that's an inappropriate way to handle this.

13 BY MR. AIELLO:

14 Q The issue that we've got here --

15 THE COURT: Counsel, you can't call him a liar.

16 MR. AIELLO: All right.

17 THE COURT: Okay. Next?

18 BY MR. AIELLO:

19 Q Okay. The issue that we've got here is that we've
20 got here is that there was authority, one of the few written
21 consents, specifically on point to go out and purchase a piece
22 of property that was acknowledged by the general counsel and
23 the other members of the company, is it not?

24 A That is true, yes.

25 Q Okay. And Mr. Mohajer went out and he did what he

1 was instructed to do. They use the word "shall" in that
2 directive, that you shall do what is necessary to acquire this
3 property. And he did that.

4 A No, he did not.

5 Q Yes, he did.

6 THE COURT: Counsel, you don't get to argue with the
7 witness. I want to hear the witness's testimony, not yours.

8 BY MR. AIELLO:

9 Q You testified at page 169, lines 19 through 22, on
10 December 28th, that Dr. Bady and Dr. Mohajer were acting in
11 concert alone with respect to the 2113 property. That's what
12 you testified to. You said that the exhibits, Plaintiffs'
13 Admitted Exhibits 5 with respect to the letter of intent was
14 never authorized by anyone at NuVeda. That is also not true.

15 A Which is the letter of intent?

16 Q Exhibit Number 5. Plaintiffs' Exhibit 5 is the
17 letter of intent to purchase real property.

18 THE COURT: It's in the other book. It's in the
19 black book, black binder.

20 THE WITNESS: Got it. The transfer. Yes.

21 BY MR. AIELLO:

22 Q But you were in Bali at that time; correct?

23 A Correct.

24 Q You were not managing your own business, were you?

25 A Through email.

1 Q You were on vacation.

2 A Correct.

3 Q Who were you on vacation with?

4 A My girlfriend. It was Christmas.

5 Q Okay. And your company was in the middle of

6 acquiring a key asset it needed to secure the licensing; isn't

7 that true?

8 A Yes.

9 Q But you were not there.

10 A Correct.

11 Q And you did not know what was going on. Because if

12 you did know what was going on, you would have seen a copy of

13 the written consent.

14 A Of this one?

15 Q Yes. You had testified also at page 122, lines 19

16 through 24, that Pouya Mohajer signed the letter of intent to

17 purchase real property instead of your general counsel,

18 Jennifer Goldstein, because -- meaning Mr. Terry believes that

19 they, referring to Dr. Bady and Mr. Kennedy, knew that

20 Jennifer as general counsel would object to this arrangement

21 with 2113. Ms. Goldstein never objected to this. She

22 participated in the written consent to authorize it.

23 A I disagree with that statement -- or that

24 assessment.

25 Q Well, she signed it, didn't she? Do you agree that

1 she signed it via DocuSign?

2 THE COURT: And you're saying 204?

3 MR. AIELLO: Excuse me. 204, Your Honor.

4 THE COURT: Okay.

5 THE WITNESS: I agree that she signed this written
6 consent. I do not believe that this written consent gives
7 Pouya authorization to transfer it to a new company.

8 BY MR. AIELLO:

9 Q And it specifically references that they are to
10 acquire this property.

11 A NuVeda did not acquire this property.

12 Q Jennifer Goldstein never contacted you and objected
13 to the acquisition of 2113, did she?

14 A We didn't discover it until after. So when she
15 discovered it, yes, she objected to it.

16 Q Were there any minutes of that objection?

17 A Emails from Jennifer and other members of the team.

18 Q Were there any report minutes entered into the books
19 and records of the corporation documenting her objection?

20 A No. We don't have good corporate minutes.

21 Q Okay. Were there any minutes in the corporate books
22 and records documenting your objection?

23 A Not that I recall. Normal communication minutes not
24 that I recall.

25 Q Was Jennifer Goldstein available to participate in

1 the acquisition of 2113?

2 A Yes, she was.

3 And I would like to go back --

4 THE COURT: Sir, there's not a question pending.

5 BY MR. AIELLO:

6 Q I just want to go back and understand, because this
7 document is executed --

8 THE COURT: Which document?

9 MR. AIELLO: 204.

10 THE COURT: Thank you.

11 BY MR. AIELLO:

12 Q Document 204 is executed seven days prior to the
13 execution of the letter of intent to purchase real property;
14 isn't that correct?

15 A Correct.

16 Q Okay. Did Jennifer Goldstein conspire with Dr. Bady
17 and Dr. Mohajer to acquire 2113?

18 A Not to my knowledge.

19 MR. AIELLO: Give me one second, Your Honor?

20 THE COURT: Sure.

21 (Pause in the proceedings)

22 BY MR. AIELLO:

23 Q So I want to draw your attention again back to the
24 last paragraph. I would like you to read it for me, if you
25 don't mind.

1 A Sure.

2 Q Okay. Go ahead and read it, please.

3 A Which document are you talking about?

4 Q Document 204. I'm sorry.

5 A "In witness thereof the members of NuVeda LLC have
6 caused this presents to be signed this 23rd day of December
7 2014."

8 Q I'm sorry. The one right before, where it says,
9 "Further resolved."

10 A "Further resolved that in connection with the
11 agreement that Pouya Mohajer in his capacity of member and
12 chief medical officer of the company is authorized and
13 directed to execute any and all further documents as may be
14 necessary and required in order to effectuate the foregoing
15 resolution in consummating the acquisition of the subject
16 assets."

17 Q "...to execute any and all further documents..."; is
18 that what that says?

19 A "...in the acquisition of the subject assets."

20 Q "...in acquisition of the subject assets." So it
21 clearly states right there that Dr. Mohajer can execute any
22 and all additional documents necessary to effectuate the
23 acquisition of the subject property.

24 A By NuVeda, yes.

25 Q It doesn't say NuVeda in that sentence, does it?

1 A It's a NuVeda action by written consent. I would
2 assume that it applies to NuVeda.

3 Q But it doesn't say it inside there, does it?

4 A No, it does not.

5 Q It does not say that. Okay.

6 A I'd like to go through some of the corporate
7 formalities that you engaged in. I know we've talked around
8 those issues. I do have some other questions concerning
9 those. So if you'll bear with me.

10 I asked you this question once before, but just to
11 kind of refocus us, since we've been talking about other
12 things, I'll ask it again.

13 So the Court again at 146 had asked a question, "How
14 did you go about documenting all of the changes in membership
15 interests?" Do you recall that question?

16 A Yes.

17 Q Okay. And how did you go about documenting the
18 changes in membership interests?

19 A Mainly through correspondence with other investors
20 during due diligence, during things that we provided to the
21 State and to local governments.

22 Q You never had any formal minutes; correct?

23 A Not correct.

24 Q Not correct. You had formal minutes that documented
25 the changes in ownership percentages?

1 A You said we never had any corporate minutes. That
2 statement is not correct. We have -- if you're asking do we
3 have very limited and --

4 Q I'm not asking that.

5 A So then you are not correct.

6 Q Okay. I'm asking if you had corporate minutes to
7 document the change in ownership --

8 A We did not.

9 Q -- of the percentages as exist in NuVeda. You did
10 not?

11 A Did not.

12 Q Okay. How many iterations, how many versions of the
13 percentages are there for your company, NuVeda?

14 A Roughly six.

15 Q Maybe seven?

16 A Maybe.

17 Q So --

18 A I provided a document earlier for that.

19 Q -- this company's been in existence for 15 months,
20 maybe 16 months; would that be fair?

21 A True.

22 Q Virtually every two months it changes. Every few
23 months the ownership percentages change.

24 A Not necessarily.

25 Q Not necessarily?

1 A No.

2 Q But they changed at least six times, maybe seven

3 times.

4 A They were not periodically spaced out, but yes,

5 roughly.

6 Q They did change.

7 A Correct.

8 Q And each and every time they changed you never

9 documented them, did you?

10 A Correct.

11 Q You never asked permission from any of the other

12 members to make a change to the ownership percentages?

13 A That's not true.

14 Q You asked permission?

15 A It was agreed upon with the other members.

16 Q And you wrote that permission -- those questions

17 down in the corporate minutes, didn't you?

18 A No, not in corporate minutes.

19 Q You wrote those changes down in written consents,

20 didn't you?

21 A Nope.

22 Q So no corporate formalities were ever followed with

23 respect to the change in ownership interests in NuVeda.

24 That's true, isn't it?

25 A That is true.

1 Q Okay.

2 A That is not true, actually. I take that back. We
3 took a vote for the Winmill Group vesting. That was probably
4 the one time where we actually had a legitimate vote on
5 membership interests.

6 Q So there was zero consistency, let's say.

7 A That is probably accurate.

8 Q There is zero consistency in any change in ownership
9 percentages for this company; isn't that true?

10 A True.

11 Q Okay. Now, we've got an Exhibit that's marked 101.
12 I think that's been admitted. That's the operating agreement;
13 correct? I don't have a copy of that up here with me, but --

14 THE COURT: It's also 1 in the other book, which the
15 witness has, which is the black book.

16 THE WITNESS: Black book, Number 1.

17 THE COURT: And since it's a number of pages of 24,
18 if you'll tell us which page to go to, that will be helpful.

19 MR. AIELLO: I just was generally referring to it.
20 I want to make sure we've got it.

21 BY MR. AIELLO:

22 Q And when you see -- this is the operating agreement
23 for NuVeda; correct?

24 A Yes.

25 Q And you had a chance to review it before you signed

1 it; correct?

2 A Yes.

3 Q And before executing the NuVeda operating agreement
4 how many other operating agreements had you executed for
5 companies here in Nevada?

6 A One.

7 Q Okay. And when you execute these operating
8 agreements you obviously review them, don't you?

9 A Yes.

10 Q Become familiar with the provisions inside of the
11 agreements?

12 A As much as I can. Of course.

13 Q And with respect to the NuVeda agreement you were
14 familiar with Section 6.2 of that agreement?

15 A Yes.

16 Q And you were familiar with Section 6.3 of the
17 agreement, weren't you?

18 A Yes.

19 Q Okay. I believe there were several documents that
20 we had referred to today where you had said that you believed
21 in transparency. Do you still believe that with respect to
22 corporate governance?

23 A I do.

24 Q Do you think the actions that you undertook as the
25 CEO made it transparent as to what happened within this

1 company?

2 A Yes.

3 Q You think it was very clear what transpired inside
4 your company as CEO?

5 A To the other members, yes.

6 Q Okay. And do you believe that it's clear and
7 transparent with respect to any of the filings that you made
8 with the State?

9 A Clear and -- which?

10 Q The ownership interests that you've filed with the
11 State. Are those clear? Are they easily understandable?

12 A I believe so, yes.

13 Q And you testified at the transcript at 195, lines 22
14 through 25, that transparency is so important because you
15 could lose your licenses; correct?

16 A Yes.

17 MR. AIELLO: Okay. So because we have so many
18 iterations, Your Honor, of the ownership percentages, we've
19 got a demonstrative exhibit, and we'd like to use it. But
20 it's a PowerPoint presentation.

21 THE COURT: Have you shared it with Counsel?

22 MR. AIELLO: No, I haven't.

23 THE COURT: Okay. You need to share it with
24 Counsel.

25 MR. AIELLO: I will. This is a paper copy of it.

1 MS. PIKE-TURNER: Is it a summary of voluminous
2 documents?

3 THE COURT: He said it's demonstrative. It
4 basically maps out all of these changes.

5 THE COURT: He says it's demonstrative. So I'll let
6 you look at it to see if it's representative. Because if I
7 admit it, it would only be for purposes of demonstrative, as
8 opposed to for evidentiary purposes.

9 MR. AIELLO: Your Honor, while they consider that
10 can I ask a followup question?

11 THE COURT: Yeah.

12 BY MR. AIELLO:

13 Q Mr. Terry, the Winmill Group never got unanimous --
14 you never -- there was never unanimous approval for the
15 Winmill Group's vesting, was there?

16 A There was not.

17 Q Okay. So there were objections to how the Winmill
18 Group was going to vest; isn't that true?

19 A There was objections in the vote, if that's what
20 you're asking, if they vested or not, not necessarily how they
21 were going to vest.

22 MS. PIKE-TURNER: Your Honor, I object to the
23 proposed exhibit for lack of foundation. And I know of no
24 basis --

25 THE COURT: It's okay. So you're objecting to its

1 use as a demonstrative exhibit.

2 MS. PIKE-TURNER: Yes.

3 THE COURT: Okay. Somebody want to tell me why I
4 should let you use it?

5 MR. AIELLO: Well, Your Honor, the reason that I
6 believe that we should be able to use it is because it's
7 simply a copy in larger print that we can all read of
8 Section 6.2. And it's accurate, and it reflects what's
9 in Section 6.2. And it also includes a Section on 6.3 which
10 is larger and easier for us to read. And, as Mr. Terry had
11 testified, there are multiple iterations, by his own
12 acknowledgement, of the ownership percentages for this
13 company.

14 THE COURT: I'm happy to let you use a bigger
15 version, a blown-up version of 6.2, which is text, or 6.3,
16 which is text. But I got the impression from you when you
17 described the proposed demonstrative exhibit that it tracked
18 the membership changes in percentages, as opposed to the
19 language in the operating agreement.

20 MR. AIELLO: That is correct. It does track --

21 THE COURT: Okay.

22 MR. AIELLO: It does track it. And I can --

23 THE COURT: So there appears to be an objection that
24 the information contained in the proposed demonstrative
25 exhibit may not be accurate, so I need you to address that

1 issue.

2 MR. AIELLO: Well, the issue of the accuracy is, in
3 my opinion, how I see it, it starts off with the operating
4 agreement itself, the percentages that are in the operating
5 agreement.

6 THE COURT: Right.

7 MR. AIELLO: And then it goes to the percentages
8 that are in Plaintiffs' Proposed Exhibit Number 8. So it's
9 their exhibit that forms the second slide, okay.

10 The next slide is Plaintiffs' Exhibit 4 at page 38,
11 which is also their document.

12 The fourth one is Plaintiffs' Exhibit 4 at pages 43
13 and 46.

14 Now, the one exhibit that is not plaintiff's which
15 is in our chain, I don't know if I should show this to you
16 just yet, but it's not in our graph here, is the defendant's
17 exhibit, which is the August 28th, 2015, letter from the
18 State. I didn't author it, no one on our side authored it, it
19 came directly from the State.

20 And the remaining two are Plaintiffs' Exhibit 30 and
21 plaintiffs' reply brief at pages 3 and 4.

22 All we've done is simply compiled them and make it
23 easy for us to understand so that we can talk about the
24 various changes.

25 THE COURT: Okay. I don't think I need that to help

1 me make my decisions. All right. I think we would all agree
2 it's a mess. Keep going.

3 MR. AIELLO: All right. I will.

4 BY MR. AIELLO:

5 Q So my understanding is and the operating agreement
6 was originally signed that the ownership interests were
7 46-1/2 percent for Pej Bady, 21 percent for Dr. Mohajer, Shane
8 Terry at 21 percent, Jennifer Goldstein at 7 percent, Joe
9 Kennedy 1 percent subject to vesting, and Penders 1.7 percent
10 and Winmill 1.7 percent. Isn't that true?

11 A It might be 1.75 percent for Penders and Winmill,
12 but --

13 Q 1.75.

14 A Yes.

15 Q Okay. When the 2014 K-1s are filed the percentages
16 change again. You're the CEO of the company. You're familiar
17 with how your business is being managed. What are the new
18 ownership percentages that had been filed in the K-1?

19 A Great question. I've been asking for those.

20 Q Well, your attorney proposed that they were
21 46.5 percent for Dr. Bady, 19.5 for Dr. Mohajer, 19.5 for
22 Shane Terry. Jennifer Goldstein stayed the same at 7, Joe
23 Kennedy 1 percent, which appears to be vested, 1.75 for
24 Winmill, 1.75 for Penders, and suddenly 3 percent for Ivey.

25 MS. PIKE-TURNER: Objection to the question. Lack

1 of foundation.

2 THE COURT: Sustained.

3 BY MR. AIELLO:

4 Q So this is the document --

5 THE COURT: I sustained the objection. Can you ask
6 a new question.

7 MR. AIELLO: Yes.

8 BY MR. AIELLO:

9 Q So can I have you turn to Plaintiffs' Exhibit 8.

10 A Black book?

11 THE CLERK: Proposed.

12 BY MR. AIELLO:

13 Q Proposed Exhibit 8 in the black book.

14 THE COURT: Any objection to the admission of 8?

15 MS. PIKE-TURNER: No, Your Honor.

16 THE COURT: Be admitted. It's your own exhibit,
17 so --

18 MS. PIKE-TURNER: Yeah. I thought it was already
19 in. Sorry.

20 THE COURT: Okay. It's in now.

21 (Plaintiffs' Exhibit 8 admitted)

22 BY MR. AIELLO:

23 Q Okay. Instead of me reading through what they are,
24 have you had an opportunity to review that exhibit?

25 A Yes.

1 Q Now that you've had an opportunity to review it can
2 you confirm that the percentages I just read are accurate?

3 A I can confirm that the percentages that you just
4 read are reflected on the K-1.

5 Q Okay.

6 A I cannot confirm that they are accurate.

7 Q All right. Why was there a change between the
8 operating agreement -- or, excuse me. Strike that.

9 Did you document the change as the CEO between the
10 21 percent interest of Dr. Mohajer and your interest of 19.5?
11 Did you document that change?

12 A I don't think there should have been a change. So
13 no.

14 Q Okay. Did you have any corporate minutes that ever
15 discussed that change?

16 A No.

17 Q Did you ever have a consent between any of the
18 members as to that change?

19 A Absolutely not.

20 Q Okay. So I'm going to have you turn to Plaintiffs'
21 Exhibit 4. I believe it's --

22 MR. AIELLO: Is that proposed?

23 THE CLERK: It is admitted.

24 MR. AIELLO: It is admitted?

25 THE CLERK: Yes.

1 MR. AIELLO: Hard to keep track of them all.

2 THE WITNESS: White book?

3 THE COURT: Black book.

4 BY MR. AIELLO:

5 Q Black book. Have you had an opportunity to review
6 that? Excuse me. Losing my voice. Have you had an
7 opportunity to review the Plaintiffs' Exhibit 4, the June 1st,
8 2015, cover letter?

9 A Yes.

10 Q Okay. And on that cover letter do you see
11 percentages that are listed?

12 A Yes.

13 Q Ownership percentages.

14 A Some.

15 Q Okay. I understand that in that document the
16 ownership percentages are reflected as Dr. Bady 47.46 percent.

17 A Yes. Correct.

18 Q Dr. Mohajer 20.52 percent.

19 A Correct.

20 Q Mr. Terry at 20.52.

21 A Correct.

22 Q Ms. Goldstein at 7 percent.

23 A Yes, yes, yes, and yes.

24 Q Yes and yes. Okay. So very good. So here we are.

25 Now, were there -- these numbers are different than the

1 numbers that are on the K-1; correct?

2 A Yes.

3 Q Okay. And you prepared this, didn't you? Because
4 you submitted it to the State; correct?

5 A General counsel prepared it, but I was well aware of
6 it, of course.

7 Q And you reviewed it for accuracy, didn't you?

8 A Yes.

9 Q And do you feel that those numbers are accurate?

10 A At the time of the writing of this letter, yes.

11 Q Okay. And those are the numbers that reflect the
12 ownership and voting interests within NuVeda; correct?

13 A At that time that is what I believed, yes.

14 Q Okay. All right. Did you ever document any of the
15 changes in ownership interests and voting percentages in
16 NuVeda to reflect this? Again --

17 A Outside of this letter, no. This is -- this was one
18 of the examples that I was talking about.

19 Q Okay. So you never -- there were never any written
20 consents?

21 A No.

22 Q There were never any corporate minutes?

23 A No.

24 Q And there was never any documentation --

25 A Nope.

1 Q -- with respect to any changes in allocations?
2 A Not that I'm aware of.
3 Q Okay. No votes taken under 6.2?
4 A Not -- not that I'm aware of, no.
5 Q No votes taken under 6.3?
6 A Not that I'm aware of.
7 Q Okay.
8 A Again, with the exception of the Winmill vote.
9 Q Okay. And this -- as of that date that was the
10 intended ownership, wasn't it?
11 A It was.
12 Q And the ownership interests are different than the
13 K-1 ownership interests?
14 A Correct.
15 Q And they're different than the operating agreement?
16 A Correct.
17 Q And we just discussed that there are no consents to
18 any of those changes.
19 A Correct.
20 Q So the next exhibit that I would like you to look at
21 is -- I also have it marked as Plaintiffs' Exhibit 4, but it's
22 different pages within that exhibit. It's pages 40, 43, and
23 46. And same exercise here, if you wouldn't mind. I can do
24 it, or, if you care to, you can. I'd like you to read what
25 the ownership percentages are.

1 A You just want me to go line by line through three
2 pages?
3 Q If you prefer, I can do it here. I have them in
4 order. You can validate them. It's 45.5 percent for Dr.
5 Bady.
6 A Correct.
7 Q 21.5 percent for Dr. Mohajer.
8 A Before or after the change?
9 Q I have 21.5 percent.
10 A Well, I have 20 percent on the top line if you're
11 asking about before.
12 Q I'm asking at --
13 THE COURT: There's two sets of numbers in the
14 exhibit, Counsel.
15 THE WITNESS: Which -- before or after the change?
16 BY MR. AIELLO:
17 Q After the change.
18 A After the change. Got it.
19 Q After the change what is it?
20 A 45.5 percent for Pej, 21.5 for myself and Pouya,
21 7 percent Jen, 1 percent Joe Kennedy, 1.75 for Ryan Winmill,
22 1.75 for John Penders. And because it's after the change,
23 that's where we had removed Phil Ivey's 3 percent.
24 Q And this is -- this is also the current -- as of
25 that time this is also the current percentage allocation for

1 ownership and voting, isn't it?

2 A At that time that's what we believed, yes.

3 Q But the cover letter that you reviewed as a CEO
4 doesn't even match the filings with the State; correct?

5 A Let me take a look. That actually does reflect it.
6 And I can explain.

7 Q No, I don't think it does. I think there's --

8 THE COURT: Counsel, you don't get to argue with
9 him.

10 MR. AIELLO: Okay.

11 THE WITNESS: But, to answer your question, that is
12 the --

13 THE COURT: There's not -- sir, there's not a
14 question pending.

15 THE WITNESS: Okay. Sorry.

16 MR. AIELLO: Okay. So give me one second, Your
17 Honor.

18 THE COURT: Sure.

19 MR. AIELLO: I need to get one exhibit.

20 So we have another exhibit, Your Honor, which was
21 stipulated for admission. It's Defendant's Exhibit 105.

22 THE COURT: Uh-huh.

23 MR. AIELLO: And I just want to make sure everyone
24 has access to that before I start asking questions.

25 THE COURT: It's in the black book, sir.

1 THE WITNESS: Thank you, Your Honor.

2 THE COURT: Or, I'm sorry, the little book.

3 Sorry, Dulce. Trying to help, and I'm making it
4 worse.

5 THE WITNESS: I'm with you. White book; correct?

6 BY MR. AIELLO:

7 Q Yes.

8 A 105.

9 Q Just so we're on the same exhibit to make sure, this
10 is a letter dated August 28th, 2015, addressed to you, Shane
11 Terry?

12 A That is correct.

13 Q Okay. Have you had a chance to review it?

14 A Yes.

15 Q Okay. And you'll see a column there that has a list
16 of numbers.

17 A That is correct.

18 Q Okay. And it has a list of names.

19 A Yes.

20 Q And if you could, could you simply read through the
21 ownership percentages at that time.

22 A Well, at least what the State believes is Pej 45.5,
23 Pouya 21.5, Shane 21.5, Jennifer 7, Joe 1, Ryan 1.75,
24 John 1.75.

25 Q Okay. And the August 28th letter is different than

1 the June 1st submission, isn't it?

2 A Correct.

3 Q It's different than the information that's in the
4 cover letter, isn't it?

5 A Correct.

6 Q Okay. And the two numbers don't add up, they don't
7 match?

8 A They do not.

9 Q Okay. And the numbers for -- that we mentioned
10 which were tabulated after, those numbers are different, as
11 well. Those are the actual numbers inside the exhibit at
12 pages 40, 43, and 46. And I'm referring to --

13 A Oh. Right, right. Yes.

14 Q Remember that?

15 A Yep.

16 Q Okay. And those numbers don't match.

17 A Correct.

18 Q But the State believes and has sent you a letter
19 that this is the correct allocation of ownership interest.

20 A Correct.

21 Q Did you ever object to that?

22 A Yes.

23 Q You specifically called out all the errors with
24 this?

25 A Yes.

1 Q So there's another exhibit, which is Plaintiffs'
2 Exhibit 30 --

3 THE COURT: And that should be in the black book,
4 sir.

5 MR. AIELLO: And I believe that this is admitted.
6 BY MR. AIELLO:

7 Q All right. And if you could in that exhibit read to
8 me what the ownership interests and percentages are.

9 A For which entity?

10 Q For NuVeda.

11 A So I'm using page 292.

12 Q Pardon?

13 A I'm using page 292, and you find it for NuVeda, and
14 I can explain why.

15 Q Okay. Because it's Clark NMSD?

16 A Correct.

17 Q Yeah. Mr. Dushoff corrected me.

18 But if you wouldn't mind, would you please read what
19 those ownership percentages are.

20 A Yes. 45.86 to Pej, 22.88 for myself, 19.76 for
21 Pouya, 7 for Jen, 1.75 for John, 1.75 for Ryan, 1 percent to
22 Joe.

23 Q There was never a vote to change those percentages
24 were there?

25 A Not an official vote, no.

1 Q And these percentages mirror NuVeda, don't they?

2 A They should, yes.

3 Q Okay. And there was never a written consent to make

4 the change to this allocation, was there?

5 A You're correct.

6 Q Okay. And you have got permission in accordance

7 with the operating agreement to make a change to these

8 numbers, did you?

9 A Not in accordance with the operating agreement.

10 Q You just simply changed these when you made the

11 December 15th filing, didn't you?

12 A That is not true.

13 Q Well, the next exhibit, your Counsel's reply

14 brief --

15 THE COURT: That's not an exhibit, Counsel.

16 MR. AIELLO: It's not?

17 THE COURT: I don't know.

18 MS. PIKE-TURNER: The reply brief? No.

19 THE COURT: It's a pleading.

20 MR. AIELLO: I thought we had --

21 THE COURT: No evidentiary basis at all.

22 MR. AIELLO: Gotcha.

23 BY MR. AIELLO:

24 Q You had an opportunity to review the reply brief,

25 sir, didn't you, before it was filed?

1 A I think so.

2 Q Did you review the exhibits that were included with
3 that reply brief?

4 A I'm sure I did.

5 Q Did you agree with the documentation that was
6 included in that reply brief specifically with respect to the
7 allocation of ownership percentages?

8 A I'm sure I did.

9 Q And you never raised an objection with your counsel
10 about the allocation of the ownership percentages?

11 A Did we --

12 MS. PIKE-TURNER: Objection. It calls for attorney-
13 client privilege.

14 THE COURT: Sustained.

15 BY MR. AIELLO:

16 Q Did those ownership percentages equal what's in the
17 operating agreement? Do they match?

18 A Which ones? These here on page 292?

19 Q From the reply brief. No from the reply brief do
20 they match what's in the operating agreement?

21 A Probably not, no.

22 Q But you had an opportunity to review them, didn't
23 you?

24 A I believe I did.

25 MR. AIELLO: Okay. Give me just one second, Your

1 Honor.

2 (Pause in the proceedings)

3 MR. AIELLO: Your Honor, can I provide the witness
4 with copy of the reply brief that was filed?

5 THE COURT: For what purpose, Counsel?

6 MR. AIELLO: For review of the actual percentages
7 that are listed inside --

8 THE COURT: So are you asking if he agrees with an
9 argument made by his attorney?

10 MR. AIELLO: I'm asking if he agrees with the
11 factual representation made by his attorney.

12 THE COURT: Well, but that's not an exhibit, it's
13 not an affidavit, it's not a declaration. So it's an argument
14 made by his counsel. Is that what you're asking him? And, if
15 so, how does that help move me forward to the decision I have
16 to make in this case?

17 MR. AIELLO: As a validation of the actual ownership
18 percentages that existed in the operating agreement.

19 THE COURT: Let's go to a new subject.

20 MR. AIELLO: All right.

21 THE COURT: Thank you.

22 BY MR. AIELLO:

23 Q So I want to backtrack a little bit. We talked
24 about the value of the 2113 property, specifically the dollar
25 value of that property. My recollection was from your

1 transcript testimony at 125, lines 3 through 6, that you
2 testified the value of the property is 350,000. Is that true?

3 A I believe that's the existing as-is value of the
4 property now.

5 Q Okay. And what's the value of the property when you
6 factor in the licenses?

7 A Well, we paid 2.5 million for it.

8 Q Okay. And did you bid on that property at public
9 auction?

10 A We did.

11 Q Okay. And does the appraisal that you reviewed
12 refer to that valuation?

13 A No.

14 Q It does not?

15 A No.

16 Q Okay.

17 A The 2.5 million?

18 Q The value of 2.1 million.

19 A I would have to look at the appraisal.

20 MR. AIELLO: Okay. I have multiple copies of a
21 proposed exhibit, which would be --

22 THE CLERK: 205.

23 MR. AIELLO: -- 205. It's the appraisal.

24 THE COURT: Any objection to the appraisal?

25 MS. PIKE-TURNER: I don't think so. I haven't seen

1 it.

2 THE COURT: Okay. If you could give her a copy of
3 205.

4 (Pause in the proceedings)

5 MR. AIELLO: Can I approach?

6 THE COURT: Uh-huh.

7 MR. AIELLO: Thank you.

8 MS. PIKE-TURNER: Your Honor, objection. Hearsay.

9 THE COURT: Okay. Don't give it to me. She's
10 objected. So we've got 205, I have a hearsay objection.

11 MR. AIELLO: So my response to the objection, Your
12 Honor?

13 THE COURT: Uh-huh. I'm listening.

14 MR. AIELLO: It's something that they relied on in
15 determining whether or not to use -- to purchase this
16 property, and it's certainly a record used in business when
17 they made their decision as to whether or not to purchase this
18 property. And it has credibility and value insofar as it
19 discusses the licenses and the valuation of the properties
20 that have been cast into issue by the plaintiff and the
21 witness. So it's worthy for us to review it at least for a
22 moment.

23 THE COURT: The objection's sustained. But that
24 doesn't mean you can't ask the witness questions about it as
25 long as you don't read from it.

1 BY MR. AIELLO:

2 Q Okay. So did you ever have an opportunity to review
3 this appraisal?

4 A Yes.

5 Q Okay.

6 A I'm familiar with it.

7 Q All right. And when you had a chance to review it
8 did you note anything inside of it that discussed the medical
9 marijuana licenses?

10 A Yes.

11 Q Okay. And did that -- did the value of those
12 licenses have any licenses have any effect on the value of the
13 property?

14 A Based on the appraisal, they claimed it did.

15 Q Okay. What did they claim -- if you recall, what
16 impact do you recall it having on the value of the property?

17 A I remember that the impact was considered irrelevant
18 because we knew that in order to win this at auction we had to
19 bid excessively over what we assumed anybody else would bid.

20 Q And I believe you testified at line 126 -- excuse
21 me, page 126, lines 6 through 9, that the rent was \$21,500 per
22 month and that was derived from the purchase price. Correct?

23 A I believe I went back and said either twenty-one
24 five or twenty-two five. I don't remember exactly. It
25 depended if you include CAMS or not.

1 Q But you never apprised the Court or us that that
2 also included the value of the licenses, did you, at the time
3 you testified?

4 A Because this purchase -- is it a yes or no question?

5 Q Yes.

6 A Can you please repeat it.

7 Q Okay. You never informed the Court that the
8 valuation included the licenses.

9 A I believe we did. And I can explain further.

10 Q No. It's a yes or no question.

11 The \$350,000 number that you had originally
12 testified to, that hasn't been a valid number since 2004;
13 right?

14 A I can't comment on that. I don't know.

15 Q But you're the CEO, and this is a critical asset
16 that you need for your business, isn't it, sir?

17 A Not for -- that valuation was irrelevant to this
18 decision.

19 Q So the value of the property was irrelevant to the
20 decision?

21 A Yes.

22 Q So it wouldn't matter what the value of the property
23 was at all?

24 A It would matter.

25 Q Okay. You had alleged in your testimony that Dr.

1 Bady and Dr. Mohajer had conspired with respect to the
2 acquisition of the 2113 property; correct?

3 A Correct.

4 Q Okay. And you had said that on December 29th in the
5 initial filing of the 2113 articles of organization Dr. Bady
6 was listed as a member; correct?

7 A Correct.

8 MR. AIELLO: Okay. So we have another proposed
9 exhibit, Your Honor.

10 THE COURT: So this is 206?

11 MR. AIELLO: 206. This one I need copies of,
12 Proposed 206.

13 (Pause in the proceedings)

14 BY MR. AIELLO:

15 Q Okay. Could you review that exhibit for me, please.
16 Have you ever seen this exhibit before -- or this document
17 before? Excuse me.

18 A Limited portions of it.

19 Q So you had testified that there was a change of
20 ownership with respect to this document.

21 MR. AIELLO: Well, before I begin, is there any
22 objection to having it admitted?

23 THE COURT: Any objection to 206?

24 MS. PIKE-TURNER: 205?

25 THE COURT: 205 was the sustaining of your objection

1 to the appraisal report.

2 MS. PIKE-TURNER: Okay. 206? No objection.

3 THE COURT: Be admitted.

4 (Defendant Bady's Exhibit 206 admitted)

5 BY MR. AIELLO:

6 Q You had testified at lines 128, 1 through 5, that
7 there was a change of ownership in 2113 Investors; correct?

8 A Yes.

9 Q And you testified that when you voiced your concerns
10 Dr. Daniels voiced his concerns that Pej was an owner of 2113,
11 that Dr. Bady and Mr. Kennedy, that they went back and
12 ratified that Pej would no longer be an owner of 2113;
13 correct?

14 A Not in that sequence.

15 Q Okay. Well, your testimony at the time was that you
16 raised concerns and then Dr. Daniel voiced concerns that Pej
17 was an owner of 2113 and then that was the reason why Dr.
18 Daniels wouldn't make an investment. Wasn't that true?

19 A Those parts are true. But the sequence you
20 mentioned was inaccurate to the best of my knowledge.

21 MR. AIELLO: Okay. Change actually takes place in
22 103 and another proposed exhibit that we have, Your Honor.
23 And this would be 207.

24 THE WITNESS: This looks like the same document.

25 //

1 BY MR. AIELLO:

2 Q Did I give you a duplicate?

3 A Same exact one, yes.

4 Q I apologize. I need to correct it.

5 THE COURT: So was 207 different from 206?

6 MR. AIELLO: 207 is different from 206.

7 THE COURT: But the witness has --

8 MR. AIELLO: Another copy of 206.

9 THE COURT: And does that have the sticker on it

10 that says 207?

11 THE WITNESS: Yes, it does.

12 THE COURT: All right. Then you've got to come up

13 with a new number for 208. So you need a new --

14 MR. AIELLO: 207A?

15 THE COURT: You could do 207A.

16 MR. AIELLO: All right. We'll do 207A.

17 BY MR. AIELLO:

18 Q So let's do 207A. Set that one to the side. I

19 apologize.

20 THE COURT: It's okay.

21 MS. PIKE-TURNER: 207 is just the same as 206.

22 THE COURT: I don't know. They're not admitted. I

23 don't look at them.

24 THE WITNESS: It looks different. Thank you.

25 MS. PIKE-TURNER: I've got it.

1 MR. AIELLO: You've got it?

2 MS. PIKE-TURNER: Yeah.

3 BY MR. AIELLO:

4 Q Okay. Have you had a chance to review that exhibit?

5 A Yes.

6 Q Have you seen this document before?

7 A Yes.

8 THE COURT: And this is 207A.

9 MR. AIELLO: This is 207A. All right. So I'd like
10 to have this exhibit admitted, Your Honor.

11 THE COURT: Any objection to 207A?

12 MS. PIKE-TURNER: No, Your Honor.

13 THE COURT: 207A will be admitted.

14 (Defendant Bady's Exhibit 207A admitted)

15 BY MR. AIELLO:

16 Q Okay. This document that we've got here shows that
17 Dr. Bady was taken off of 2113 Investors, as far as I can
18 tell, on February 23rd, 2015.

19 A Correct.

20 Q And your prior testimony on December 28th was the
21 reason Dr. Daniels didn't want to make an investment was
22 because Dr. Bady's connection in the 2113 investment; isn't
23 that true?

24 A Not completely.

25 Q Okay. But you had led us to believe that Dr.

1 Daniels wouldn't make his significant investment into your
2 company because of Dr. Bady's relationship with Mr. Kennedy in
3 the 2113 business; isn't that true?

4 A That is true.

5 Q Okay.

6 A Not the sole reason.

7 Q All right. But Dr. Bady six months -- perhaps more
8 than six months, February 23rd until October 2nd, almost eight
9 months later, he was never involved with 2113. He was taken
10 off of the business of 2113; isn't that correct?

11 A Sure. Yes.

12 Q Okay. And --

13 A Well, sorry. He was involved with 2113. He said he
14 never was. He was.

15 Q And the email from Pantea Stevenson, that email
16 doesn't even reference anything about 2113 and Dr. Bady's
17 involvement, does it?

18 A Doesn't reference any allegations, no.

19 Q Okay. It references corporate control.

20 A Correct.

21 Q And it references the fact that Dr. Daniels wants to
22 maintain corporate control.

23 A Correct.

24 Q It does not reference anything to do with 2113.

25 A Correct.

1 Q Okay.

2 THE COURT: And for the record, you're referring to
3 202 when you said Pantea's email?

4 MR. AIELLO: Yes, Your Honor.

5 BY MR. AIELLO:

6 Q So with respect to the deadlines to open these
7 businesses I think you testified earlier that you're not aware
8 of what the State -- excuse me, you're not aware of what the
9 City's -- you're not aware if the City is going to change the
10 opening deadline with respect to the NuVeda business; is that
11 correct?

12 A I'm not sure I'm following the question. There's a
13 City and a State differentiation. That's why I just want to
14 make sure we're clear.

15 Q We're talking about the City. And you had testified
16 earlier that you believed that those were hard deadlines;
17 true?

18 A The City of Las Vegas?

19 Q Yes.

20 A Hard opening deadlines?

21 Q Hard opening deadlines. You have to be open by
22 April or May of this year; isn't that true?

23 A I don't believe so, and I don't -- if I said that,
24 then I was mistaken.

25 Q You believe that those deadlines can be pushed out?

1 A I believe that the reason of a -- of the City
2 Council meeting in April is to then let them make a decision
3 if they're -- where they're going to push those deadlines to.

4 Q If you don't meet those deadlines is there potential
5 to have the licenses revoked in May of 2016?

6 A From the State?

7 Q Yes.

8 A Yes.

9 Q But you never informed the Court about any of the
10 deadlines for Nye County or Clark County, did you?

11 A We're not a part of Clark County.

12 Q Okay.

13 A And I am not aware of any deadlines for Nye County.

14 Q As of today as the CEO of NuVeda you had absolutely
15 no plan to get open by those deadlines, do you?

16 A It's not true.

17 Q Do you have any money in the bank account for NuVeda
18 today that will allow you to become operational by April or
19 May of 2016?

20 A There is zero money that I know of in NuVeda's bank
21 account.

22 Q Okay. The money that you're using for this
23 litigation today, did you borrow it?

24 A It is my personal money.

25 Q You personally took the money from your savings?

1 A That is correct.

2 Q No other third party is funding the expenses for
3 this litigation?

4 A I have borrowed -- I have taken loans, yes.

5 Q You took loans for the expense of handling this
6 litigation; is that your testimony?

7 A Not necessarily for the litigation. I've taken
8 personal loans to sustain my well being.

9 Q How much money did you personally invest into
10 NuVeda?

11 MS. PIKE-TURNER: Objection. Asked and answered.

12 THE COURT: He said \$75,000 before lunch.

13 MR. AIELLO: Okay.

14 THE COURT: Right? Was that the right answer, sir?

15 THE WITNESS: Yes, Your Honor. And that was the
16 last -- that's the last time that we had accurate access to
17 books and records, probably accurate of early November, late
18 October of this year.

19 THE COURT: Counsel was just testing to see if I was
20 listening.

21 BY MR. AIELLO:

22 Q And you borrowed \$120,000 from Dr. Bady to also
23 secure your membership interest in NuVeda, didn't you?

24 A It was not given to me, but there's a -- there's a
25 note, yes.

1 Q Okay. And if you're not successful in this
2 litigation do you still intend on paying Dr. Bady back?

3 A I intend to honor all my notes and loan agreements.

4 Q Okay. So you intend to make good on the money that
5 you borrowed despite the outcome of this litigation?

6 A Of course.

7 Q Okay. When you were the CEO and COO of NuVeda did
8 you purchase directors and officers insurance?

9 A We believe we filed the paperwork for it and were
10 attempting to when everything fell apart.

11 Q Did you purchase a malpractice policy for Ms.
12 Goldstein?

13 A I do not know.

14 Q And I think you testified earlier that you really
15 have no idea how much money Dr. Bady invested in this company;
16 isn't that true?

17 A I do have an idea based on what he's reported, but I
18 do not know its accuracy.

19 Q Okay. If I represented to you he has invested
20 \$986,000 roughly of his own money over the course of 2014 and
21 2015, would you agree with that?

22 A That sounds consistent with what he has disclosed to
23 us, yes.

24 MR. AIELLO: Okay. Give me just one second.

25 THE COURT: Sure.

1 (Pause in the proceedings)

2 MR. AIELLO: Your Honor, would it be all right if we
3 have a short break for about five minutes to use the
4 restrooms?

5 THE COURT: Absolutely. You can have a break for
6 personal convenience.

7 MR. AIELLO: Thank you.

8 THE COURT: How much longer have you got?

9 MR. AIELLO: Not much longer.

10 THE COURT: Redirect or additional questioning?
11 Short?

12 MS. PIKE-TURNER: Brief. Brief brief,

13 THE COURT: All right. Because it's 3:42. And my
14 question is we are running behind schedule, and it's not all
15 my fault. Part of it is my fault for being late, but -- so
16 we've got to figure out your plan.

17 MS. PIKE-TURNER: No. It's the criminals.

18 THE COURT: Well, it's not just the criminals. It's
19 also the probation officers and attorneys.

20 (Court recessed at 3:42 p.m., until 3:48 p.m.)

21 (Pause in the proceedings)

22 THE COURT: So someday somebody's going to tell me a
23 plan on when you're going to finish this case someday.

24 MR. AIELLO: I'm almost done, I promise.

25 MS. PIKE-TURNER: I'll talk real fast.

1 MR. DUSHOFF: And other witnesses?

2 MR. AIELLO: Are there any other witnesses? I don't

3 know. There might be one more.

4 MS. PIKE-TURNER: On your side?

5 MR. DUSHOFF: No. On your side.

6 MS. PIKE-TURNER: No. I can take a hint.

7 THE COURT: Are you going to call Mr. Kennedy, since

8 I made him sit in the hall the whole time?

9 MS. PIKE-TURNER: No. They said they're calling Mr.

10 Kennedy.

11 THE COURT: Oh.

12 MR. DUSHOFF: He's got his iPhone. He's playing

13 video games.

14 THE COURT: Have I told you that you're trouble, Mr.

15 Dushoff?

16 MR. DUSHOFF: All the time.

17 (Pause in the proceedings)

18 THE COURT: Did you guys lose the witness on

19 purpose?

20 MS. PIKE-TURNER: I don't know. Is that who we're

21 waiting for?

22 THE COURT: You can't go to get him if he's in the

23 restroom.

24 (Pause in the proceedings)

25 THE WITNESS: Sorry for the delay.

1 THE COURT: It's all right.

2 How much longer, Counsel? You said you were about
3 ready.

4 BY MR. AIELLO:

5 Q You're back on? Okay.

6 Mr. Terry, the letter from the State on August 28th,
7 do you recall that when we reviewed it?

8 A Yes.

9 Q I believe that's Defendant's Exhibit 105. Did you
10 ever object to that letter?

11 A Yes.

12 Q You sent a written correspondence to the State?

13 A Yes.

14 Q Did the State respond and make a change?

15 A They responded that they would work on the change.

16 Q And no change was ever made?

17 A Not to my knowledge. I have a followup with them
18 about it.

19 Q Okay. Isn't it true that the ownership interests
20 set forth are -- in the operating agreement are the only true
21 interests which are documented and agreed upon in compliance
22 with that operating agreement?

23 A In compliance with that operating agreement, yes.

24 Q Those are the only true and correct numbers?

25 A Yes.

1 Q Okay. Did you -- do you recall Mr. Kennedy, Joe
2 Kennedy?
3 A I do recall Mr. Joe Kennedy.
4 Q All right. And have you ever had an occasion to
5 have lunch with Mr. Kennedy?
6 A Yes.
7 Q Okay. Did you have lunch with Mr. Kennedy on or
8 about December 2nd of 2015?
9 A Yes.
10 Q Did you have a conversation with Mr. Kennedy at that
11 time?
12 A Yes.
13 Q Did you relate to Mr. Kennedy that you would sooner
14 see this entire company fail than release control in the
15 company?
16 A Absolutely not.
17 Q Absolutely not. Okay. You're sure about that?
18 A Yes, I am.
19 Q Absolutely sure?
20 A Would you like me to explain further?
21 Q Nope. Are you absolutely sure?
22 A Yes.
23 MR. AIELLO: Okay. Thank you very much.
24 That's all I have, Your Honor.
25 THE COURT: Redirect.

1 REDIRECT EXAMINATION

2 BY MS. PIKE-TURNER:

3 Q Go to Exhibit 204. It's one of the loose ones that
4 were added.

5 A Yes. Yes, yes.

6 THE COURT: Single sheet. Action by written
7 consent.

8 BY MS. PIKE-TURNER:

9 Q Single sheet.

10 A Yes.

11 Q Action by written consent. The action by written
12 consent of the members set forth at Exhibit 204, the date of
13 that document is December 23rd, 2014; correct?

14 A Yes.

15 Q And you authorized Pej, Pouya, and Jennifer
16 Goldstein to act on behalf of NuVeda prior to or at the time
17 of execution of this written consent?

18 A I believe that was my intention. I don't know if
19 there's another page without signatures, but --

20 Q You're not disputing that Pouya Mohajer had the
21 authority to sign documents on behalf of NuVeda to close
22 escrow for the purchase of the 2113 building; correct?

23 A Correct.

24 Q He was a managing member and had authority to bind
25 the company, in your understanding or belief; correct?

1 A Yes.

2 Q And your dispute, to be clear, with respect to the
3 documents signed by Pouya Mohajer is what?

4 A My dispute is that this document and everything that
5 the company understood was that Pouya Mohajer would sign
6 documents to acquire the property for NuVeda.

7 What I absolutely did not intend or would have
8 expected to authorize was that the company assets would be
9 taken from NuVeda, a new company formed, and those assets
10 transferred to a new company.

11 Q To NuVeda's --

12 A To 2113 --

13 Q To NuVeda's detriment.

14 A Correct.

15 Q Now, 206 that Mr. Aiello just showed you --

16 A Yes.

17 Q -- that's just the formation of 2113 Investors
18 December 29th, 2014. Recall that?

19 A Yes.

20 Q Okay. And then you go to 207A that Mr. Aiello
21 showed you, and that shows a change February 23rd, 2015, where
22 Mr. Bady was taken off the records for 2113; correct?

23 A Yes.

24 Q Do you recall seeing an option agreement?

25 A Not at the time, no.

1 Q Okay. Have you seen an option agreement
2 subsequently?

3 A Recently, yes.

4 MS. PIKE-TURNER: This will be Proposed Exhibit 37.
5 May I approach the witness?

6 THE COURT: You may.

7 BY MS. PIKE-TURNER:

8 Q Is this the option agreement that you saw recently?

9 A Yes.

10 Q And it's an option agreement between Joseph Kennedy
11 and Pej Bady?

12 A Yes.

13 MS. PIKE-TURNER: I move to admit Exhibit 37.

14 THE COURT: Any objection?

15 MR. AIELLO: No objection.

16 THE COURT: Be admitted.

17 (Plaintiffs' Exhibit 37 admitted)

18 MS. PIKE-TURNER: Your Honor, may I approach with a
19 copy?

20 THE COURT: Uh-huh.

21 BY MS. PIKE-TURNER:

22 Q So was this option agreement that's set forth at
23 Exhibit 37 provided to you by Pej Bady?

24 A No, it was not.

25 Q Was it provided to you by Joe Kennedy?

1 A No, it was not.

2 Q Where did you acquire the option agreement?

3 A In the same place where I discovered the operating
4 agreement for 2113 Investors where Pej Bady had created a
5 folder on my Google drive sending documents to a potential
6 investor. At the time I just -- I saw that they were transfer
7 documents that I hadn't seen before, assumed that they were
8 all for the purchase of North Las Vegas, and copied them over
9 into our other drive. And, again, I just assumed that they
10 were all normal documents, and I hadn't gone through them at
11 the time.

12 It wasn't until we recently provided the transfer
13 escrow documents to opposing counsel that we discovered this
14 document in there, as well.

15 Q Do you know whether or not two days subsequent to
16 this change in Secretary of State documents whether or not Pej
17 Bady exercised his option to purchase 50 percent of the
18 ownership interests of the company for a dollar?

19 A I do not know if it was exercised or not.

20 Q And when I say company I mean 2113 Investors.

21 A I do not know if he exercised it or not.

22 Q Now, in the cross-examination by Mr. Aiello there
23 was -- perhaps it was Mr. Maupin. He said, of course there
24 wouldn't be any side agreements; and you said, I wouldn't be
25 so sure about that. Do you recall that?

1 A I do.

2 Q Sarcasm doesn't read into a cold record. Can you
3 please explain what you meant by that.

4 A Yes. It seems like through every iteration as we go
5 through this we keep discovering more and more side agreements
6 or side deals that were happening with Pej, Pouya and that
7 side. So that was a sarcastic remark I made in relation to
8 those discovered side deals.

9 Q Now, Dr. Daniel, it's been established he was
10 insisting as a condition of his investment for sole control of
11 the finances in NuVeda; is that right?

12 A Yes.

13 Q And did you talk about the basis for Dr. Daniel's
14 demand for these extra controls?

15 A Yes.

16 Q And based on your discussions with Dr. Daniel about
17 the basis for this demand what do you believe was the reason
18 that he conditioned the investment on unilateral controls?

19 A I believe it was due to a number of things that --

20 MR. MAUPIN: I have to object. The vast majority of
21 this witness's testimony has been about his beliefs. And the
22 cross-examination has borne that out. So his beliefs are not
23 relevant.

24 THE COURT: Overruled. You can answer, sir.

25 THE WITNESS: So I believe that his reason for

1 demanding a high corporate governance that was unacceptable to
2 the company was due to things that his side -- his attorneys
3 and Dr. Daniel had discovered in due diligence.

4 MR. MAUPIN: I move to strike that as hearsay.

5 MR. AIELLO: Hearsay, Your Honor.

6 THE COURT: Sustained. Can you rephrase your
7 question, please.

8 BY MS. PIKE-TURNER:

9 Q What did you believe the reason for the demand for
10 the unilateral financial control was as insisted upon by --

11 MR. MAUPIN: Your Honor, it's the same question.
12 And it calls for hearsay.

13 THE COURT: Rephrase the question.

14 And, sir, when you answer this time, whichever the
15 question is, please don't tell me what Dr. Daniel's people
16 told you, because that's hearsay.

17 THE WITNESS: Understood.

18 BY MS. PIKE-TURNER:

19 Q Did you understand what the basis for the demand
20 was? That's yes or no.

21 A Yes.

22 Q And did you understand that it was out of concern
23 that NuVeda had not been exercising financial controls?

24 MR. MAUPIN: A leading question does not change the
25 hearsay aspect of this exchange.

1 THE COURT: Can you rephrase your question. Let's
2 see if we can get rid of the hearsay.

3 BY MS. PIKE-TURNER:

4 Q Did you take -- well, did you have discussions with
5 Pej Bady as a result of -- and Pouya Mohajer as a result of
6 your discussions with Dr. Daniel?

7 A Yes.

8 Q And what did Pej Bady or Pouya Mohajer tell you to
9 address the concerns of Dr. Daniel?

10 MR. MAUPIN: The form of the question invites an
11 "or" question. And so it should be one or the -- it should be
12 one first, and then the second.

13 THE COURT: Can we identify which speaker first and
14 then proceed.

15 BY MS. PIKE-TURNER:

16 Q Let's take Pej Bady first.

17 A Yes.

18 Q Okay. What did Pej Bady tell you in response to the
19 stated concerns from Dr. Daniel?

20 A I confronted Pej about the 2113 Investors concern
21 and the self dealing, the fact that he had an ownership in
22 that company and was brokering the lease. I also discussed
23 with him the concern over 2Prime. In both instances -- in the
24 2113 Investors he told me that he was no longer a member of
25 2113 Investors LLC. And in 2Prime he told me that he had

1 forgotten that he formed that company and was a 50 percent
2 owner of it.

3 Q And with respect to 2113 Investors did he disclose
4 that he still had an option agreement with Joe Kennedy
5 relative to his ownership interest in that company?

6 A No. He made it clear that he had no further
7 commitments or involvements in that ownership structure.

8 Q Now, the action to expel the defendants, that wasn't
9 prepared by you, that was prepared by Pantea Stevenson;
10 correct?

11 A That is correct.

12 Q And you didn't disseminate that for signature;
13 right?

14 A correct.

15 Q Who made the decision who comprised the
16 disinterested members?

17 A Corporate counsel did.

18 Q And that's Pantea Stevenson?

19 A Yes.

20 Q And the -- when you were being questioned it was
21 said did you individually, did you, Shane Terry, vote to expel
22 the defendants from their membership interests in NuVeda. Do
23 you recall that?

24 A Yes, I do.

25 Q Did you do anything on your own?

1 A No, I did not.

2 Q Who voted with you to expel the membership interests
3 of the defendants?

4 A The disinterested parties. So myself, Jennifer
5 Goldstein, Ryan Winmill, John Penders.

6 Q And Joe Kennedy has been listed in the operating
7 agreement and other documents as having a membership interest.
8 Was he vested at the time of that vote?

9 A Not in accordance with the operating agreement.

10 Q Okay. Now, there has been questioning about the
11 membership interests pursuant to the operating agreement, as
12 opposed to your more informal emails and things. Do you
13 recall that?

14 A Yes, I do.

15 Q Why didn't you report to the State of Nevada what
16 the operating agreement percentages were, as opposed to what
17 you had in informal emails?

18 A Because Judge Gonzalez had ordered that we put forth
19 the status of the company on November 20th, 2015, and that is
20 what I reported to the State.

21 THE COURT: Well, actually what I said was prior to
22 the expulsion.

23 THE WITNESS: Sorry. Prior to the expulsion, yes.
24 And that is what I -- those are the percentages that I used to
25 report to the State.

1 BY MS. PIKE-TURNER:

2 Q Were you -- are you obligated to report ownership,
3 as well as beneficial interests?

4 A Yes.

5 Q And did you believe that the beneficial interests
6 were as reflected in the chart attached to the email in
7 Exhibit 3?

8 A Yes, I did.

9 Q And that was the email for Mr. --

10 MR. DUSHOFF: I'm going to object as to vague as to
11 beneficial interest.

12 THE COURT: Not your witness. Sit down.

13 MR. DUSHOFF: Okay. Somebody else do it.

14 MR. AIELLO: Objection, Your Honor. Vague as to
15 beneficial interest.

16 THE COURT: Overruled.

17 BY MS. PIKE-TURNER:

18 Q And that's the chart where Mr. Aiello's client says,
19 "Looks right to me"?

20 A Yes. Yes, that is correct.

21 Q Now, the -- you didn't send the action for consent
22 to terminate the defendants' interests to the defendants;
23 right?

24 A I did not.

25 Q If you go to Exhibits 17 and 18 in the white binder,

1 which are already admitted --

2 THE COURT: That would make them exhibits 117 and
3 118.

4 BY MS. PIKE-TURNER:

5 Q 117 and 118. Pardon me. Were you provided an
6 opportunity to weigh in on the action to expel you?

7 A No, I was not.

8 Q Were you invited to participate in the action to
9 expel Jennifer Goldstein?

10 A No, I was not.

11 Q Were you privy to the discussions of what the
12 possible basis would be to expel you?

13 A No.

14 Q Did anybody ever communicate to you in
15 correspondence from counsel or email or otherwise what they
16 thought you had done wrong?

17 A No.

18 Q Or what they thought Jennifer Goldstein had done
19 wrong?

20 A No.

21 Q And with respect to your attempt to meet and discuss
22 bad acts with the defendants prior to the consent action did
23 you meet or communicate in any way with the defendants'
24 representatives prior to the consent action?

25 A Yes.

1 Q And explain who you discussed the bad acts with
2 prior to the consent action.

3 A Two business advisors that were representing the
4 defendants. One's name was Shannon Sokely [phonetic], the
5 other one was Ralph Adams. They were both hired by the
6 defendants to discuss these matters with me.

7 Q And did you discuss these matters with them?

8 A Yes. For a few weeks.

9 Q And when were those discussions?

10 A They would have been early November, pretty much up
11 and to I would say maybe around November 18th, November 20th.

12 Q And with respect to the meeting on the 18th of
13 November why didn't you discuss the bad acts with the
14 defendants when they were present on that day?

15 A Because we wanted to, and the agenda did not include
16 it. And Pej Bady created the agenda, and he said that we
17 would only discuss items that were on the agenda and nothing
18 would be added to it.

19 Q And subsequent to the agenda items being discussed
20 did you try to bring up the bad acts?

21 A Yes. Outside of that meeting.

22 Q And what happened?

23 A There was no progress with it. We exhausted all
24 efforts to try and discuss it, figure out what went wrong, and
25 see how we were going to -- how we needed to address it to

1 protect the licenses.

2 Q And it was subsequent to that meeting that you voted
3 to expel the defendants?

4 A Yes, it was.

5 Q Now, in cross-examination there was a reference to
6 you being employed by NuVeda. Have you ever received a salary
7 from NuVeda?

8 A No.

9 Q Do you receive insurance, 401K, any benefits?

10 A If I was an employee, this would be the worst job
11 I've ever taken.

12 Q Have you received any remuneration for your time on
13 behalf of NuVeda?

14 A No.

15 Q Now, there was some questioning about your efforts
16 to bring outside investors in. Could you bring outside
17 investors in prior to October 2015?

18 A No, we couldn't per State Legislature.

19 Q And what do you mean?

20 A Once we were awarded the licenses there was a State
21 regulation in the NRS that prohibited any new ownership. And
22 actually I take that back. It prohibited a transfer of
23 ownership of 10 percent or greater. So for us trying to raise
24 around \$20 million there's no way that an investor was going
25 to buy a \$200 million valuation on a company in order to make

1 that investment. So essentially we were prohibited from
2 taking on investment until those rules changed. And that is
3 also when the rules changed in October we immediately did that
4 investment round mid October.

5 Q Now, prior to you being promoted to CEO who was the
6 CEO?

7 A Pej Bady.

8 Q Was there any different corporate governance than
9 what you have in November of 2015?

10 A I would say we took zero minutes when he was CEO,
11 and we've taken a little bit since I have. But overall, no.

12 Q Has anybody ever questioned you representing that
13 you're the CEO of NuVeda?

14 A No.

15 Q There was no corporate vote. You use a signature
16 block?

17 A Correct.

18 Q Has there ever been an issue with you representing
19 you're CEO?

20 A No.

21 Q Who invited you to step in the shoes of CEO?

22 A Pej Bady.

23 Q Did you prepare the K-1s?

24 A I did not.

25 Q Who prepared them?

1 A Joe Kennedy.

2 Q And did you provide input to the contents of those

3 K-1s?

4 A I did not.

5 Q And did you object to the K-1s?

6 A Yes.

7 MS. PIKE-TURNER: Your Honor, I'll pass the witness.

8 THE COURT: Any more, Mr. Maupin?

9 MS. PIKE-TURNER: Told you I'd be quick.

10 MR. MAUPIN: And I'll be quick, as well.

11 RE CROSS-EXAMINATION

12 BY MR. MAUPIN:

13 Q First thing I remember you saying in the redirect

14 was something along the line of you didn't really do anything

15 yourself with regard to the expulsion of the two defendants.

16 Yes?

17 A I'm not sure I understand that question.

18 Q It's not that hard. But --

19 A So did I weigh in on it, did I give an opinion?

20 Yes. Did I draft it, no.

21 Q No, no. You said you did nothing yourself, it was

22 done by Ms. Goldstein, for example, with regard to the

23 logistics of filling out this resolution.

24 MS. PIKE-TURNER: Objection. Misstates prior

25 testimony.

1 THE COURT: Overruled. You can explain, if you need
2 to.

3 THE WITNESS: Please explain.

4 THE COURT: No. In your answer you can explain.

5 THE WITNESS: Oh. I'm sorry. Yes. So I was aware
6 that resolution had been drafted when I was provided inputs
7 and what I knew about the bad acts. I was not the one that
8 drafted or routed the document.

9 BY MR. MAUPIN:

10 Q But I thought I heard you say that you -- with
11 regard to this expulsion you did not do anything yourself.

12 A I don't really know what you mean by that?

13 Q That was the clarification that your lawyer tried to
14 make when she was asking you questions on redirect. Is that a
15 fair clarification?

16 A I'm not sure I exactly know what you're trying to
17 get at.

18 Q Well, you did when --

19 THE COURT: Sir, what he's trying to figure out is
20 whether you participated or did anything with respect to the
21 expulsion.

22 THE WITNESS: I did participate in the expulsion.

23 BY MR. MAUPIN:

24 Q But you didn't do anything -- but you didn't do
25 anything yourself as an individual with regard to this?

1 A I voted on it.

2 Q Very good. You did do something yourself. You
3 voted on it.

4 A Yes.

5 Q All right. And, of course, these people weren't
6 around when you voted; correct?

7 A Correct.

8 Q Now, the question was asked about something that
9 they did to you after what you did to them. And that is they
10 expelled you; correct?

11 A Correct.

12 Q And they did it the same way you did it, through a
13 resolution; correct?

14 A Correct.

15 Q And the difference is they had a majority of votes
16 present of the company; correct?

17 A I don't think so.

18 Q Well, you add 25 and 46.5 and it comes out to over
19 50.

20 A Well, we had majority votes of the interested
21 parties. So for that vote we had the majority in ours.

22 Q Fair enough. You weren't the interested party --
23 you were the interested parties in the second vote, then.

24 A According to them, that would be their conclusion,
25 it appears. I don't know how they considered interested and

1 noninterested. I would assume that I was considered an
2 interested party.

3 Q You're getting closer.

4 Now, simply they basically did to you what you did
5 to them; correct ?

6 A Correct.

7 Q Now, if you were the -- if you were the -- if you in
8 your capacity as a member of this company were in the
9 majority, and the minority cooked in and voted to expel you
10 and claimed it was valid when they didn't agree with any of
11 the -- the majority members didn't agree with anything that
12 was made in terms of these accusations, wouldn't you want to
13 expel them?

14 A If I knew that that had occurred, yes.

15 Q Well, they're the majority.

16 A Uh-huh.

17 Q A minority of the company tried to expel them. And
18 would you want -- if you were in the majority would you want
19 to still with the minority that just did that?

20 A They actually didn't know. So --

21 Q Oh. You see, this is -- this is a recurring refrain
22 in this hearing. You can't stump here. I asked you a
23 question, and I'm entitled to an answer.

24 MR. MAUPIN: And I ask the Court to --

25 MS. PIKE-TURNER: Objection. Misleading.

1 THE COURT: No.

2 Sir, will you please answer the question. You said

3 they didn't know. That's not an answer. Could you answer the

4 question that was asked you.

5 BY MR. MAUPIN:

6 Q And the question is if somebody did that to you,

7 wouldn't you want to fire them.

8 A Yes.

9 Q And you said something about discussing these

10 issues, your concerns with Dr. Bady before you expelled him.

11 A Yes.

12 Q Informally.

13 A Yes.

14 Q He didn't agree with what you were saying to him,

15 did he?

16 A Didn't really address it much. But in -- so I would

17 assume no.

18 Q No. But you didn't come to a conclusion or an

19 agreement that he committed all this business, did he?

20 A I did come to a conclusion.

21 Q No, no. You did. He didn't.

22 A Well, he told me he did.

23 Q No, he didn't.

24 A Yes, he did.

25 MS. PIKE-TURNER: Objection, Your Honor.

1 THE COURT: Guys, don't argue with each other. I
2 care what the witness is testifying at this point. Anything
3 else for the witness?

4 BY MR. MAUPIN:

5 Q Oh. So he confessed the whole business to you?

6 A Parts of it, yes.

7 Q Oh, I see. Well, the one thing that never happened
8 was there was no full meeting of this company to discuss this
9 issue in terms of these expulsions; correct?

10 A Correct.

11 Q And it didn't happen the second time, either, of
12 course.

13 A Correct.

14 MR. MAUPIN: Nothing further.

15 MR. AIELLO: Very brief.

16 THE COURT: Okay.

17 RECROSS-EXAMINATION

18 BY MR. AIELLO:

19 Q Mr. Terry, isn't it true that the only numbers that
20 give you the ability to vote out Dr. Bady and Dr. Mohajer are
21 those numbers as they exist in the December 15th version that
22 you filed with the State on the renewal application?

23 A So are you asking is that our official voting
24 numbers right now?

25 Q I'm asking you -- the December 15th numbers are the

1 only numbers -- isn't it true that they are the only numbers
2 that give you the ability to vote out Dr. Bady and Dr.
3 Mohajer? They're the only version?

4 A We have your operating agreement, as well, that
5 hasn't been ratified.

6 Q The operating agreement hasn't been ratified?

7 A Correct. So I would say as to the best of my
8 knowledge those are the numbers that we would use today to
9 vote on an expulsion.

10 Q But the December 15th numbers are the only numbers
11 of the disinterested members where you could expel Dr. Bady
12 pursuant to 6.2. They're the only numbers that exist, and
13 those numbers are different, correct --

14 A Uh-huh.

15 Q -- than what was sent to you from the State on
16 August 28th; correct?

17 A That is correct, yes.

18 Q Okay. And they're the only numbers out of all the
19 versions that exist here that we've talked about that allow
20 you to expel Dr. Bady; isn't that true?

21 A That would be our latest version, yes.

22 Q The latest version? That's convenient. If you
23 didn't have any funding for 2113, how did you expect to pay
24 for it?

25 A With the money that Pej Bady was supposed to bring

1 into the company and allocate for NuVeda.

2 Q So Pej Bady was going to bring in money, again
3 recapitalize the company in order to acquire the property for
4 2113?

5 A No. No. Would you like me to explain?

6 Q No. The question is Mr. Bady was supposed to pay
7 for 2113 Investments [sic], wasn't he? He was supposed to pay
8 for that acquisition?

9 A Yes.

10 Q Okay. And the Greg Daniels deal, that deal had been
11 going on way back in the spring, hadn't it, early in the year
12 of 2015; correct?

13 A Yes.

14 Q And the evolution of that deal had been many months;
15 correct?

16 A Correct.

17 Q Okay. And so you weren't able to close that deal in
18 the spring of 2015, you weren't able to close it in the summer
19 of 2015, in fact, you were never able to close that deal;
20 correct?

21 A Correct.

22 Q Okay. Who is Stewart Goldstein?

23 A Jennifer's father.

24 Q Okay. What role did he play in the company?

25 A When we were structuring the company we were trying

1 to build a board of directors before we realized that being an
2 LLC we didn't necessarily need a board of directors, so he
3 became part of our advisory committee.

4 Q How much money did Stewart Goldstein receive for
5 being on the board of directors?

6 A I don't recall. We were at that time paying our
7 board of directors maybe 1500 a month.

8 Q Okay. So you paid Stewart Goldstein \$1500 a month
9 from July 2014 through December 2014; correct?

10 A Sounds about right. And NuVeda did.

11 Q Who's Tom Trail?

12 A Same. Board of advisors.

13 Q But what relationship does he have to Stewart
14 Goldstein? Personal relationship?

15 A I don't know the extent of it. I believe that we
16 were referred to Tom Trail from Mr. Goldstein.

17 Q Okay. And this is also another board member that
18 received approximately \$1500 a month for more or less that
19 same time period?

20 A He was a lobbyist. Yes.

21 MR. AIELLO: Okay. I have nothing further.

22 THE COURT: Anything further, Ms. Turner?

23 FURTHER REDIRECT EXAMINATION

24 BY MS. PIKE-TURNER:

25 Q Mr. Maupin asked you if you learned that you had

1 been terminated by somebody else it'd be difficult to work
2 with them; correct?

3 A Correct.

4 Q Did you disclose or have an opportunity to disclose
5 the action and consent to the defendants prior to learning
6 that they had attempted to terminate you and Ms. Goldstein?

7 A No, I did not.

8 Q Mr. Bady, his 46.5 percent interest in NuVeda, what
9 was that in exchange for?

10 A That was in exchange for capital contributions that
11 he was bringing in, to include the money that was going to be
12 -- a line of credit that was going to be used to purchase
13 2113 Investors for NuVeda.

14 Q If you had known at the time the operating agreement
15 was executed that Mr. Bady was not going to be contributing
16 the money for the acquisition of the 2113 Las Vegas Boulevard
17 property, would you have agreed to 46.5 percent ownership
18 interest going to Mr. Bady?

19 A No.

20 MR. AIELLO: Your Honor, it's Dr. Bady, just so
21 we're clear.

22 THE COURT: You guys -- it doesn't matter. You
23 called him Mr. Bady, too.

24 Anything else?

25 MS. PIKE-TURNER: No, Your Honor.

1 THE COURT: Anything else?
2 All right. Thank you, sir, you can step down.
3 It's 4:23. Do you have a short witness you'd like
4 to call?
5 MR. DUSHOFF: Is she resting?
6 MS. PIKE-TURNER: I am, Your Honor.
7 THE COURT: She's rested.
8 MR. MAUPIN: We don't have a short witness.
9 THE COURT: Okay. So let me ask --
10 MR. MAUPIN: But I have a motion.
11 THE COURT: Okay. Wait. Let me ask you another
12 question first. Assume for a minute that I'm going to deny
13 your motion. I don't know if I will, because I haven't heard
14 it. What is the plan that you have for completing the
15 evidentiary?
16 MR. MAUPIN: Oh. We're going to call Mr. Kennedy.
17 THE COURT: Okay. So we've got Mr. Kennedy.
18 MR. MAUPIN: And I'll defer to my colleagues here on
19 Dr. Bady.
20 THE COURT: Got Mr. Kennedy --
21 MR. AIELLO: That's it.
22 THE COURT: -- who's hour or so?
23 MR. AIELLO: From my perspective not quite an hour,
24 but -- and I don't have anyone else, Your Honor.
25 THE COURT: So we've got another hour or so of

1 witnesses. When -- assuming I don't grant the motion, which I
2 haven't heard yet, when do you want to complete?

3 MR. MAUPIN: Well, I've been commuting, so I'd like
4 to do it tomorrow.

5 THE COURT: Are you still commuting?

6 MR. MAUPIN: Yes.

7 THE COURT: I thought you had a house in Spanish
8 Oaks.

9 MR. MAUPIN: Sold it.

10 MR. DUSHOFF: Your Honor, he's commuting from
11 Henderson, so --

12 MR. MAUPIN: That I'm going to sue him for.

13 THE COURT: He's commuting from the Golden Nugget.
14 All right. So --

15 MS. PIKE-TURNER: Your Honor, tomorrow I am back in
16 front of Judge Bulware at 1:00 o'clock.

17 THE COURT: What are you doing in the morning?

18 MS. PIKE-TURNER: Nothing. I can be here.

19 THE COURT: How do you feel about being here at
20 9:30?

21 MR. AIELLO: I think it would be a great idea.

22 THE COURT: Mr. Dushoff, you have a conference call
23 at 11:00 with me tomorrow. Don't know what about.

24 MR. DUSHOFF: I could be available for that, Judge.

25 THE COURT: Lovely.

1 MR. DUSHOFF: And I think we could do it from here.

2 THE COURT: See you at 9:30.

3 MS. PIKE-TURNER: Thank you.

4 THE COURT: Now, you wanted to make a motion.

5 MR. MAUPIN: Well, it's a couple. First of all,
6 just as a procedural matter we would move that this
7 application be converted into a motion for provisional
8 remedies and that the provisional remedy pending arbitration
9 and that the provisional remedy sought is a preliminary
10 injunction. And there's a reason for that, because it has to
11 do with the interplay between Chapter 38, the arbitration
12 statute, and the remedies that are being sought in the context
13 of this, as what they concede to be a motion for provisional
14 remedies, I don't think they would have any objection to it
15 being treated that way.

16 THE COURT: Is there an objection?

17 MS. PIKE-TURNER: I don't understand it, Your Honor.
18 I'm a simple girl. So that I understand, there's a request to
19 convert the TRO to a preliminary injunction?

20 MR. MAUPIN: No, I didn't say that.

21 THE COURT: I am only on a preliminary injunction
22 hearing now. I've been on a --

23 MR. MAUPIN: Doesn't change of the remedies at all.

24 THE COURT: I've been on a preliminary injunction
25 hearing here since the middle of December or so. I think the

1 issue is a provisional remedy is one that can be done in
2 addition to arbitration remedies.

3 MR. MAUPIN: Well, I tried to reread it this
4 morning, but --

5 THE COURT: You're a better man than me.

6 MR. MAUPIN: Well --

7 THE COURT: There were so many responses you could
8 have given to that.

9 MR. MAUPIN: This is not a time for me to develop
10 some degree of excellence in glibness, but --

11 THE COURT: Okay. 38 what?

12 MR. MAUPIN: It's Chapter 38 --

13 THE COURT: I'm there.

14 MR. MAUPIN: -- I think it's .219 or -- I think it's
15 .222 on provisional remedies.

16 THE COURT: Hold on.

17 MR. MAUPIN: But before an arbitrator is appointed
18 the Court has the ability to make provisional remedies to
19 maintain the status quo pending the arbitration hearing.
20 That's what's going on here, because the arbitrator hasn't
21 been appointed. So actually what this is is not a -- it's --
22 the relief that is being asked for is a provisional remedy
23 under the statute. The remedy is an injunction pending the
24 arbitration. So all I'm saying is that to accurately describe
25 what the status of this procedure is, it is not in the first

1 instance a motion for preliminary injunction. It has to be a
2 motion for preliminary -- for provisional remedies, one of
3 which and in this case is a preliminary injunction.

4 THE COURT: The only time I've ever used that
5 statute is when I'm ordering some sort of accounting before
6 the arbitration happens, as opposed to when I'm doing
7 injunctive relief. I've never done it when I'm doing
8 injunctive relief. I'm not disagreeing with you, I'm just
9 saying nobody's ever asked me that before.

10 MR. MAUPIN: Well, the point is that if this is an
11 injunctive relief in the first instance, this has been tried
12 as if it was a trial on the merits. And what we're saying is
13 that -- from their standpoint.

14 THE COURT: I've not tried it on the merits, because
15 I haven't allowed any discovery. In usually before I will
16 advance the trial on the merits on a preliminary injunction I
17 make sure we've had an opportunity to do at least minimal
18 discovery. I don't know that it makes any difference whether
19 I call this a provisional remedy or whether we call this
20 injunctive relief. I've got the statute in front of me, and
21 I've never used it for that purpose before. But I don't know
22 what the impact of it is.

23 MR. MAUPIN: Well, as long as -- as long the current
24 state of the proceedings are that you are -- the preliminary
25 injunction is a provisional remedy, then it's moot. We don't

1 need to have you do that.

2 THE COURT: And usually in this kind of setting what
3 I would do in my order granting a preliminary injunction would
4 indicate in the order that these were preliminary findings
5 based on very limited information presented to me at the
6 hearing and that I reserve the right to change my mind after
7 you guys do discovery and I find out stuff. But, you know,
8 I've used this, but only for accounting issues before
9 arbitration.

10 MR. MAUPIN: Now I'm about to make -- that leads me
11 to my -- to my --

12 THE COURT: Well, hold on. I want to find out if
13 there's an objection to your request.

14 MS. PIKE-TURNER: There is an objection, Your Honor.

15 THE COURT: Which is?

16 MS. PIKE-TURNER: Section 12.12 of the operating
17 agreement provides a separate provision that says that the
18 parties have the right to enforce the provisions of the
19 agreement through injunction or other equitable relief in
20 addition to other remedies available. So we have filed this
21 action and sought a preliminary injunction pursuant to that
22 section.

23 There is an important reason that I think Justice
24 Maupin is asking for this conversion, and that is the CW
25 agreement is conditional not only on regulatory approval, but

1 also on this Court not entering a preliminary injunction.

2 THE COURT: No, I knew that.

3 MS. PIKE-TURNER: Okay.

4 MR. MAUPIN: Well, no. I'm not suggesting that at
5 all.

6 THE COURT: None of us are saying that. But I knew
7 that was an issue.

8 MS. PIKE-TURNER: So I oppose the motion made by
9 Justice Maupin.

10 THE COURT: Okay.

11 MR. MAUPIN: I think the comment -- the colloquy
12 between us suggests that that motion is not necessary.

13 THE COURT: It isn't. Because what I'm going to --
14 this is very preliminary in nature, and whether I call it a
15 preliminary injunction or I call it something else, there
16 would, of course, be a limitation to the use of this ruling in
17 any subsequent proceedings because of the limited amount of
18 information that you all have been able to marshal and present
19 to me in the very short time frame that this matter's been
20 pending.

21 So go to your next one.

22 MR. MAUPIN: All right. So they've rested.

23 THE COURT: They have.

24 MR. MAUPIN: And they have put on --

25 THE COURT: Now you're going to do your 52(c) motion

1 or whatever we call it nowadays.

2 MR. MAUPIN: Well, I signed the order and I still
3 don't understand it. So --

4 The fact of the matter is that they attempted to --
5 a minority interest in this company attempted to expel the
6 majority interest in the company without calling a meeting.
7 Now they claim they can do it by resolution. We have an
8 argument about that that is secondary to the one I'm about to
9 make. But you don't have to reach this, because they didn't
10 have enough votes to do this. And their late claim now that
11 some sort of series of emails or reports or reports to Dr.
12 Daniels about his due diligence somehow shows that there was a
13 change in ownership from the operating agreement.

14 Mr. Terry himself has conceded that corporate
15 formalities were not followed with regard to any transfer of
16 interest from the inception of the operating agreement. And
17 when you do the math they don't have enough votes to have
18 raised the question of all of these accusations, because a
19 condition precedent to ruling on these accusations is they
20 have enough votes. And if they don't have enough votes, they
21 lose. The only argument that they've actually made is that
22 somehow they get to group the votes. But there is nothing in
23 6.2, the expulsion provision, that says anything about that.

24 Now, there is nothing about 6.2 that is ambiguous.
25 But if it allows grouping, it is inherently ambiguous and

1 would have to be construed. And since the construction
2 they're urging is one that is being made on behalf Ms.
3 Goldstein, the ambiguity has to be resolved against them. And
4 the ambiguity would be whether or not there's anything that
5 allows them to take two defendants, declare a conspiracy has
6 occurred, and simply vote them out of the company. So without
7 that, all of this evidence about grounds doesn't mean
8 anything.

9 And, by the way, we're arguing these grounds inside
10 this courtroom, and the suggestion is that you can as a matter
11 of first instance decide on the merits of these accusations.
12 But without any attempt to allow some sort of corporate
13 formality and have the company itself, the members themselves
14 adjudicate the question of these allegations there's nothing
15 for you to review, because, again, they don't have enough
16 votes, and the decision about expelling someone in terms of
17 these grounds has to come from them, inside the company in the
18 first instance. And that never happened.

19 So we go back to the original position of the case.
20 Mr. Terry hopes against hope that after a whole series of
21 refigurings that never made it into a corporate resolution and
22 were never unanimously voted on and no resolution voted on
23 that, yep, up jumps the rabbit -- this last one is the one I
24 like -- well, that's crazy. And it goes to -- I hate to say
25 this, but figures don't lie, but liars figure. I -- the fact

1 of the matter is whether this is false or not isn't the point.
2 The point is you never reach this last collection of figures.
3 So with that they don't -- they've been given a full
4 opportunity to prove this, and they have not done that. And
5 their case is over, and on the facts that have been presented
6 they didn't have the power to expel.

7 Without the -- and so that leads us to their claim
8 of irreparable harm. Their claim of irreparable harm is that
9 they can't run the company now because they threw our clients
10 out. Well, they didn't do that. And so they have no
11 irreparable harm from not being able to run the company,
12 because they don't have a right to run the company. And, of
13 course, since they don't have the right to run the company,
14 the fact that they disagree with the current majority's
15 decisions is -- that's the price you pay for being the
16 minority. If they wanted to be the majority, you know, it's
17 50 percent of the company, for example, is valued at one
18 thing. If you wanted to buy 50 percent, they could have done
19 that. That'd be more than they have now. But it's that 1
20 percent that gives them 51 percent. If they wanted to be in
21 the majority they'd have to pay something else. And the one
22 thing that they have proved beyond a shadow of a doubt, they
23 can't afford to do that.

24 Now, in terms of this -- of the -- of entering some
25 sort of order we're actually entitled to the order based on

1 their evidence of a provisional ruling that they're not
2 running the company. But what this means is that -- and it's
3 something we've alluded to during the hearing -- is that they
4 did this to us without any intracorporate due process. But we
5 did the same thing.

6 Now, we have grounds, because no one would want to
7 work with anybody like this after they pulled this stunt. But
8 aside from that, aside from that the agreement doesn't
9 contemplate as a matter of law -- the agreement itself does
10 not contemplate some sort of midnight massacre like this for
11 any member. And 1.2 of the agreement says that the Nevada
12 Limited Partnership Act is the governing law. So they started
13 doing all this by resolutions, and both sides did not involve
14 the other in either of these resolutions. And so their lawyer
15 conceded and I think it's pretty well understood at this point
16 that when you are going to take action by resolution you must
17 do that in accordance with the, quote, "Act." And the Act in
18 this case makes no mention whatsoever of governance by
19 resolution. So it would seem like -- an observed result to me
20 that when you resort to a statute for a remedy that doesn't
21 exist in the statute, that you have an inherent ambiguity
22 about that, which as a matter of law is for the Court to
23 decide. And the way that this would work the best in terms of
24 this outcome would be the same ruling you made in the TRO,
25 which is unwind these two -- these two resolutions, and that's

1 the status quo, and the majority then is still in place, and
2 if they want to arbitrate all this business, they can. But,
3 believe me, in terms of what this agreement contemplates it
4 cannot reasonably contemplate midnight massacres like this.

5 Now, our response was in kind. But the Court -- and
6 we would urge at this point that their preliminary injunction
7 has to be denied, they're entitled to no provisional remedies,
8 and that the status quo is as it was before these two
9 resolutions were passed. They have their differences. The
10 plaintiffs in this case think that we -- our clients have done
11 all sorts of terrible things. A lot of that has been
12 undermined, but at this point they haven't proved their case.
13 And to be quite frank with you, the main complaints, for
14 example, about that the Daniels deal was somehow queered by
15 Dr. Bady because he was still a member of this limited
16 partnership that owns the building, well, he was out of that
17 well before this. And by the way, when Mr. Terry first
18 testified the reason why this is a renegade transaction is -
19 the proof in the pudding was the complaints in due diligence
20 by Dr. Daniels. That was all they said. Then, of course,
21 when that doesn't hold water they come up with another reason.
22 But make no mistake about it, the question of this -- of Dr.
23 Bady's position in this 2113 limited partnership, that was
24 over by that time. But even if it wasn't, there's nothing
25 wrong with it. The 4.1 of the operating agreement says that

1 members with approval can rent to the company, they can lend
2 money to the company, they can collect the money back, and
3 they can collect rent. And there was a lease that was signed
4 on this well before Dr. Daniels came on the scene. I'm just
5 making that as an example of an argument.

6 But they haven't proved this. As a matter of law
7 they're not entitled to have adjudicated this within the
8 company, and the one way to do this properly and let them
9 arbitrate this case would be simply to unwind those two
10 resolutions and basically enter provisional remedies similar
11 to the TRO on the theory that many times, and this we believe
12 is one of them, the first reaction to something like this is
13 always the best one, and we think that it is.

14 THE COURT: Thank you.

15 Mr. Dushoff, did you want to join?

16 MR. DUSHOFF: Yes, I want to join in that.

17 MS. PIKE-TURNER: It's now the Maupin-Dushoff rule.

18 THE COURT: Oh, no. This is argument on an
19 evidentiary hearing. There are no time limits. Reasonable.

20 MR. DUSHOFF: I'm glad you're talking about
21 reasonable. That's what I want to talk about, is reasonable
22 likelihood of success, because that's their burden on
23 preliminary injunction. And what they are trying --

24 THE COURT: But not on a Rule 52(c) motion. See,
25 that's the problem. If you were making this argument after

1 everything else was, you're absolutely right. But this is --

2 MR. DUSHOFF: Right. But they still have the burden
3 of proof. If we don't put on a case, this could be the
4 argument made right now.

5 THE COURT: Well, but then I have a different
6 standard to decide on.

7 MR. DUSHOFF: Right. But I'm just talking about
8 their particular preliminary injunction, what they're seeking
9 and what they've proven. What they're trying to seek in this
10 case is that uphold plaintiffs' version of the numbers and
11 say, we had the right and we had the numbers to expel Dr. Bady
12 and Dr. Mohajer. However, Judge, of six and seven iterations
13 of the equity interests any of the changes have not followed
14 6.3. All of them, therefore, are void. The only numbers that
15 can be used, and plaintiffs' agrees in her reply brief,
16 supplemental reply brief, is the agreement -- equity interest
17 in the operating agreement. That's the only document that
18 everybody agrees with that shows the actual percentages. And
19 under that document they cannot show that they have the
20 percentage interest under 6.2 to vote out Dr. Bady. They
21 don't have it. The numbers don't show up. If you do the
22 math, and they've done it, they don't have the numbers to
23 expel Dr. Bady. They lose. They don't have reasonable
24 likelihood of success on that.

25 In regards to irreparable harm they stated -- Mr.

1 Terry stated that they lose all their interest during the CW
2 deal. They don't lose any of their equity interest in the CW
3 deal. None. He still has -- Jennifer still has 7 percent, he
4 still has whatever percentage in the operating agreement. The
5 operating agreement numbers stay the same, exact same in the
6 CW agreement. All they are doing in the CW agreement is
7 selling the assets. And under Rule .42 of the operating
8 agreement 2(f), the sale to the majority vote, which is Dr.
9 Bady and Dr. Mohajer, can vote that the sale, exchange, or
10 disposition of all or substantially all of the company's
11 assets occurring as part of a single transaction or plan or in
12 a multiple transaction over a six-month period, which
13 basically states they have the right and they had over
14 60 percent pursuant to the operating agreement to make this
15 with CW. They have that right. This is the operating
16 agreement that all parties agreed to. And there's a reason
17 for that. The reason is we don't want to have here -- have
18 any other companies have minority shareholders dictate what
19 the majority shareholders can do. And that's what they're
20 trying to do. They don't like the CW deal. They like the
21 4Front deal. Sorry, but that's not your call and you don't
22 have the numbers under the operating agreement to expel Dr.
23 Bady, period. And the only way they would do that, as Mr.
24 Maupin stated, is to couple them. And you can't couple them,
25 because a strict reading of that operating agreement clearly

1 shows "a member," a single member.

2 THE COURT: Anything else?

3 MR. DUSHOFF: No.

4 THE COURT: Anything else, Ms. Turner? Did you want
5 to respond?

6 THE COURT: Very briefly, because I don't think
7 there's enough merit to waste too much of the Court's time.
8 Real quick for the record, a majority has the ability to do
9 certain things under the operating agreement so long as there
10 is disclosure and a vote by the other members consistent with
11 all the members' fiduciary duties owed to each other.
12 Everybody's a manager here. The operating agreement wasn't
13 complied with with the conduct that we've gone through two
14 days describing, and there is no protection for a
15 disenfranchised minority in the actions of the defendants.
16 That's why we're here. And the interests of these parties, we
17 have arguments from the defendants, we were entitled to do
18 whatever we wanted to because we are a majority. But that's
19 not the case. You have the constrictions of the operating
20 agreement for those actions affecting NuVeda. We've also
21 learned through the course of this litigation that there was
22 an agreement executed with CW Nevada. We didn't know that
23 when this motion was filed and we had that telephonic hearing
24 with Your Honor, and now things are worse. Because you have
25 actions with respect to the wholly owned subsidiaries where

1 even Pej Bady submitted to the State that all the members have
2 a pro rata beneficial interest in those entities.

3 So what we've asked for is a preliminary injunction
4 to enjoin the transfer of any of the assets of NuVeda pending
5 the final determination by the arbitrator on the merits of the
6 breach of fiduciary duty and breach of contract claims that
7 are pending there. But certainly separate and apart from that
8 we have the right and we have the necessity of so constricting
9 the transfer of assets, because that is irreparable harm that
10 can't be unwound. We have presented a prima facie evidence of
11 wrongful conduct. We've done that by showing the 2113
12 agreement -- we have an option agreement that counsel still
13 doesn't acknowledge that isn't disclosed. We have the phantom
14 interests. And with respect to vote percentages, Pej and
15 Pouya said, those numbers look right to me. And now when it's
16 convenient to them they say those aren't the percentages that
17 are applicable for a vote. There's certainly an estoppel
18 argument and evidence of why they should be estopped from
19 making that argument when they agreed to those numbers and
20 agreed to those numbers being communicated to outside
21 investors. Those percentages were agreed upon. And so with
22 that, the motion to just summarily deny the relief under 52(c)
23 should be denied.

24 THE COURT: Okay. Anything else?

25 MR. MAUPIN: Yes, briefly. We've never said that we

1 could do anything we want. We're bound by the same fiduciary
2 duties as the other members. While they're saying that they
3 want to enjoin the transfer in the CW agreement. But they're
4 leaving out a couple of elements here. The first thing is for
5 them to be in a position to undo that agreement. They have to
6 be in the majority. And their only grounds for being in the
7 majority is that they hijacked this company in this star
8 chamber proceeding they held on the 20th of November, two days
9 after according our client some sort of warning about what
10 they thought of their behavior. You can't -- they keep
11 arguing that, well, we need to have this agreement enjoined
12 pending arbitration over the offenses. They're not entitled
13 to arbitrate the offenses. But in terms of an injunctive
14 relief there's no likelihood that they're going to be found to
15 have been in the majority, so that the irreparable harm is
16 they can't run the company and stop the agreement.

17 So the -- and the business about the votes, well,
18 they claim there's some sort of an estoppel. There can't be
19 an estoppel on this thing, because the -- because the
20 operating agreement forbids it.

21 THE COURT: Okay. Anything else, Mr. Dushoff?

22 MR. DUSHOFF: Yeah. Just -- I can even do it from
23 here, Judge.

24 THE COURT: Great.

25 MR. DUSHOFF: Okay. Plaintiffs' counsel actually

1 said it very succinctly. She said that we made a prima facie
2 case. That's not the standard in a preliminary injunction.

3 THE COURT: It is at the standard at a 52(c) motion,
4 though.

5 MR. DUSHOFF: For 52(c). But for --

6 THE COURT: And that's what this is.

7 MR. DUSHOFF: -- her preliminary injunction --

8 THE COURT: But that's where I am right now. I'm on
9 a 52(c) standard.

10 MR. DUSHOFF: Right. But if we don't put on a case,
11 it --

12 THE COURT: And you will tell me tomorrow after you
13 rest, and then I have a different discussion, because I have a
14 different standard of proof to apply.

15 MR. DUSHOFF: And further, Your Honor -- then I will
16 go further on that, Judge, is that what they want to do and
17 their remedy is that to take the company, which they had put
18 no money in and raised zero funds in and take it from the
19 majority, whose interests are the ones that they put all the
20 money into, they have no dog in that fight. They have nothing
21 to lose. They have no skin in the game, and they have no
22 argument against that. They have shown no reasonable
23 likelihood of success. And I'll save the rest for the
24 tomorrow.

25 THE COURT: Okay. Given the standard under

1 Rule 52(c), I am denying the motion. It does not appear to me
2 that 6.2 is ambiguous. However, there are factual issues that
3 I will hear or hear argument on related to the interested
4 versus disinterested interests in the expulsion resolution.

5 Anything else?

6 MR. MAUPIN: May I ask a question? You're asking us
7 to introduce parol evidence on the question of 6.2?

8 THE COURT: No. I do not need any parol evidence at
9 all. I need counting. Someone is going to tell me whether
10 there is an interested person or not an interested person.
11 That is a factual issue. But not as to the meaning of the
12 language of paragraph 6.2. I don't need parol evidence on the
13 meaning of that. There is factual evidence that would be
14 helpful to me on interested or not interested for purposes of
15 that. And that's why I asked the question of Mr. Terry as to
16 what information he had as to whether the two defendants were
17 working together. Because that's the information I need to
18 make my decision. And he gave me the information, and you
19 cross-examined him on it, and I have a different standard to
20 apply after I pass this stage.

21 MR. MAUPIN: Well, they conceded that they were
22 treated differently but were treated the same in the
23 resolution. But we will see you tomorrow.

24 (Court recessed at 4:54 p.m., until the following day,
25 Thursday, January 7, 2016, at 9:30 a.m.)

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PLAINTIFFS' WITNESSES

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EXHIBITS

DESCRIPTION

ADMITTED

PLAINTIFFS' EXHIBIT NO.

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35	12
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* * *

DEFENDANT MOHAJER'S EXHIBIT NO.

131	43
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DEFENDANT BADY'S EXHIBIT NO.

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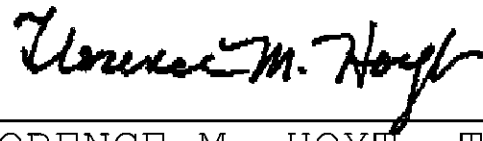
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I CERTIFY THAT THE FOREGOING IS A CORRECT TRANSCRIPT FROM THE AUDIO-VISUAL RECORDING OF THE PROCEEDINGS IN THE ABOVE-ENTITLED MATTER.

AFFIRMATION

I AFFIRM THAT THIS TRANSCRIPT DOES NOT CONTAIN THE SOCIAL SECURITY OR TAX IDENTIFICATION NUMBER OF ANY PERSON OR ENTITY.

FLORENCE HOYT
Las Vegas, Nevada 89146



FLORENCE M. HOYT, TRANSCRIBER

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