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COURT OF APPEAL OF THE STATE OF CALIFORNIA
SECOND APPELLATE DISTRICT

THE PEOPLE OF THE STATE OF CALIFORNIA,)	
)	
PLAINTIFF-RESPONDENT,)	
)	SUPERIOR COURT
VS.)	NO. A-090435
)	
JOE HUNT, AKA JOSEPH HUNT,)	
AKA JOSEPH HENRY GAMSKY,)	
)	
DEFENDANT-APPELLANT.)	

OCT 09 1987

APPEAL FROM THE SUPERIOR COURT OF LOS ANGELES COUNTY
HONORABLE LAURENCE J. RITTENBAND, JUDGE PRESIDING
REPORTERS' TRANSCRIPT ON APPEAL

APPEARANCES:

FOR PLAINTIFF-RESPONDENT: JOHN K. VAN DE KAMP
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FOR DEFENDANT-APPELLANT: IN PROPRIA PERSONA

VOLUME 57 OF 101
(PAGES 8975 TO 8977 , INCLUSIVE)

COPY

ROSEMARIE GOODBODY, CSR NO. 932
SALLY YERGER, CSR NO. 2008
OFFICIAL REPORTERS

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT WEST C

HON. LAURENCE J. RITTENBAND, JUDGE

THE PEOPLE OF THE STATE OF CALIFORNIA,)

PLAINTIFF,)

VS.)

JOSEPH HUNT,)

DEFENDANT.)

NO. A-090435

REPORTERS' DAILY TRANSCRIPT

THURSDAY, FEBRUARY 26, 1987

VOLUME 57

PAGES 8775 TO 8977, INCL.

APPEARANCES:

FOR THE PLAINTIFF: IRA REINER, DISTRICT ATTORNEY
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AND

RICHARD C. CHIER, ESQ.
10920 WILSHIRE BOULEVARD
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ROSEMARIE GOODBODY, CSR NO. 932
SALLY YERGER, CSR NO. 2008
OFFICIAL REPORTERS

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1 SANTA MONICA, CALIFORNIA; THURSDAY, FEBRUARY 26, 1987; 10:40 A.M.
2 DEPARTMENT WEST C HON. LAURENCE J. RITTENBAND, JUDGE
3 (APPEARANCES AS NOTED ON TITLE PAGE.)
4

5 THE COURT: GOOD MORNING, LADIES AND GENTLEMEN.
6 YOU MAY CONTINUE.

7 MR. BARENS: THANK YOU, YOUR HONOR.
8

9 TOM FRANK MAY,
10 THE WITNESS ON THE STAND AT THE TIME OF ADJOURNMENT, RESUMED
11 THE STAND AND TESTIFIED AS FOLLOWS:

12 THE CLERK: YOU HAVE PREVIOUSLY BEEN SWORN. YOU ARE
13 STILL UNDER OATH.

14 IF YOU WOULD STATE YOUR NAME AGAIN FOR THE
15 RECORD.

16 THE WITNESS: TOM FRANK MAY.
17

18 CROSS-EXAMINATION (RESUMED)

19 BY MR. BARENS:

20 Q MR. MAY, YESTERDAY AFTERNOON WE LEFT AROUND THE
21 17TH OF JUNE, 1984, WHERE YOU WERE TALKING TO ME, I BELIEVE,
22 ABOUT A CONVERSATION THAT TOOK PLACE IN MR. HUNT'S JEEP ON
23 THE WAY TO THE BANK OF AMERICA.

24 A I AM NOT SURE ON THAT DATE. BUT I WAS --
25 AND IT WASN'T IN A JEEP.

26 Q OH, YOU WEREN'T IN A JEEP?

27 A NO.

28 Q WHAT WERE YOU IN, SIR?

1 A WE WERE IN MY BROTHER'S 928.

2 Q OKAY, FINE. YOU SAY YOU WEREN'T SURE OF THAT
3 DATE?

4 YOU SEEMED SURE YESTERDAY.

5 MR. WAPNER: OBJECTION. MISSTATES THE EVIDENCE.

6 MR. BARENS: SORRY. WE HAD A DATE, I THOUGHT, FIXED
7 YESTERDAY, YOUR HONOR.

8 THE COURT: WHY DON'T YOU JUST ASK THE QUESTION, NOT
9 WHAT HE SAID YESTERDAY, ASK HIM THE QUESTION, ASK HIM WHAT
10 HIS TESTIMONY IS NOW.

11 Q BY MR. BARENS: WHAT IS YOUR TESTIMONY NOW, MR.
12 MAY?

13 A I SAID APPROXIMATELY A WEEK BEFORE AND YOU FIXED
14 THE DATE.

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1 Q I SEE. DO YOU HAVE A FEEL FOR WHAT DAY IT WAS?

2 A I CAN'T SET IT DOWN TO AN EXACT DATE.

3 Q OKAY. WHY WERE YOU GOING TO THE BANK OF AMERICA?

4 A JOE WANTED A RIDE TO DEPOSIT SOME CHECKS.

5 Q WAS THAT SOMETHING YOU HAD NORMALLY DONE WITH
6 HIM, TO GO TO THE BANK TOGETHER?

7 A NOT ON A ROUTINE BASIS. BUT I HAD GIVEN HIM
8 RIDES BEFORE.

9 Q YOU HAD TOLD ME YESTERDAY YOU DID NOT EXPECT
10 TO RECEIVE ANY MONEY FROM THE 1.5 MILLION DOLLAR CHECK FROM
11 MR. LEVIN?

12 A NO. I HAD NEVER BEEN TOLD I WAS GOING TO
13 RECEIVE ANYTHING FROM THAT.

14 Q SO YOU STOOD NOTHING TO GAIN FROM THAT TRANSACTION?

15 A I DON'T THINK SO.

16 Q YOU DIDN'T BELIEVE IN THE PARADOX PHILOSOPHY,
17 DID YOU?

18 A AT WHICH POINT IN TIME?

19 Q AT ANY POINT IN TIME, DID YOU?

20 A WHEN HE FIRST EXPLAINED IT TO ME, IT SOUNDED
21 LIKE SOMETHING THAT WAS QUITE FEASIBLE AND THEN AS TIME
22 ROLLED ON, I TENDED TO NOT BELIEVE IN IT AS MUCH.

23 Q DID YOU EVER TELL ANYBODY YOU DIDN'T BELIEVE
24 IN IT?

25 A NO.

26 Q OKAY. DID YOU BELIEVE IN IT IN JUNE OF 1984?

27 A PARTS OF IT I BELIEVED IN.

28 Q PARTS OF IT? WHAT PART DID YOU BELIEVE IN?

1 A PARTICULARLY THE BUSINESS PARTS OF IT.

2 Q IT HAD A BUSINESS APPLICABILITY, MR. MAY?

3 A YES. I THINK SO.

4 Q WHAT WAS THAT, SIR?

5 A AS I DESCRIBED EARLIER, GETTING A GROUP OF PEOPLE
6 TOGETHER, PUTTING TOGETHER BUSINESSES AND MAKING SURE THAT
7 THEY WORKED. USING RESOURCES. AS I UNDERSTOOD IT, THAT
8 WAS PART OF IT.

9 Q THAT WAS A PART OF THE PARADOX PHILOSOPHY?

10 A YES.

11 Q SO IT WOULD BE YOUR UNDERSTANDING THAT PARADOX
12 PHILOSOPHY HAD SOME BUSINESS APPLICATION?

13 A I THINK SO.

14 Q AND YOU BELIEVED THAT PART OF IT IN JUNE OF
15 1984?

16 A SURE.

17 Q IN JUNE OF 1984, DID YOU BELIEVE ANY OTHER PART
18 OF IT?

19 A NO. JOE HAD COMPILED A BLACK BOOK AND INSIDE
20 THAT BLACK BOOK HE WROTE DOWN WHAT PARADOX PHILOSOPHY WAS.
21 I DID NOT BELIEVE WHAT WAS IN THAT BLACK BOOK.

22 Q YOU DIDN'T BELIEVE THAT IN JUNE OF '84?

23 A NO.

24 Q NOW, YOU ARE RIDING TO THE BANK AND YOU HAVE
25 NOTHING TO GAIN OUT OF THE LEVIN CHECK AND I BELIEVE YOU
26 ARE TELLING ME THAT YOU HAVE JUST A BUSINESS BELIEF IN
27 THE PARADOX PHILOSOPHY.

28 WHY WOULD MR. HUNT TELL YOU, TO THE BEST OF YOUR

1 KNOWLEDGE, THAT HE KILLED MR. LEVIN IN NEW YORK?

2 A I GUESS YOU WILL HAVE TO ASK HIM THAT. I DON'T
3 KNOW WHY HE TOLD ME THAT.

4 Q JUST KIND OF BLURTED THAT OUT IN RESPONSE TO
5 YOUR SAYING TO HIM, "WHAT IS GOING ON?"

6 A NO. HE SAID, "YOU WOULD PROBABLY FIND OUT SOONER
7 OR LATER ANYWAYS."

8 Q YOU WOULD FIND OUT. SO HE PREVIEWED IN ESSENCE,
9 IN THAT CONVERSATION TO YOU, THE 6/24 MEETING?

10 A YES.

11 Q IT WAS SORT OF A PREVIEW OF WHAT YOU WERE GOING
12 TO DO ON 6/24, IS THAT CORRECT, MR. MAY?

13 A YES.

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1 THE COURT: YOU DIDN'T KNOW WHAT YOU WERE GOING TO
2 HEAR ON 6-24, DID YOU?

3 THE WITNESS: NO, I DID NOT.

4 MR. BARENS: ACTUALLY MY QUESTION GOES, YOUR HONOR,
5 IN THAT CONVERSATION IT AMOUNTED TO WHAT TURNED OUT TO BE
6 A PREVIEW OF SOMETHING HE HEARD SUBSEQUENTLY ON JUNE 24TH --

7 Q BY MR. BARENS: EXCEPT THAT THERE WERE SOME
8 DIFFERENCES, WERE THERE NOT, SIR?

9 A YES, THERE WERE.

10 Q OKAY. AND IF YOU COULD TRY TO BE AS SPECIFIC
11 AS YOU CAN BE --

12 WELL, LET'S BACK UP A MINUTE. WHEN YOU ARE IN
13 THE CAR DRIVING TO THE BANK OF AMERICA, WHAT WERE YOU TALKING
14 ABOUT PRIOR TO THIS SUBJECT ARISING, SIR?

15 A AH, I DON'T REALLY RECALL THE CONVERSATION LEADING
16 UP TO IT.

17 I REMEMBER THAT I WAS WONDERING WHAT WAS GOING
18 ON IN THE OFFICE AND I SAID, "WHAT IS GOING ON IN THE OFFICE?
19 WHAT IS GOING ON, JOE?"

20 Q WHAT DID YOU MEAN IN YOUR REFERENCE, SIR?

21 A THE COMMODITIES.

22 Q YOU WANTED TO KNOW WHAT HAD HAPPENED TO THE MONEY
23 YOU HAD INVESTED IN MAY IN THE COMMODITIES?

24 A NO, I DIDN'T WANT TO KNOW THAT.

25 I WANTED TO KNOW -- IT SEEMED LIKE THEY HAD BEEN
26 SLOWING DOWN TRADING. HE WASN'T COMING IN IN THE MORNING
27 ANYMORE. HE WASN'T GOING TO THE BROKERAGE HOUSE ANYMORE.
28 ALL OF THESE THINGS MADE ME VERY SUSPICIOUS SO I ASKED HIM

1 AND I THOUGHT I WAS GOING TO GET AN ANSWER ABOUT COMMODITIES
2 AND I GOT A BRICK INSTEAD.

3 Q I AM SORRY, SIR?

4 A AND I GOT A BRICK INSTEAD.

5 Q OF COURSE.

6 DID YOU EVER MENTION THESE THINGS, YOUR CONCERNS
7 ABOUT THE DECLINING TRADING ACTIVITIES OR THE FACT PEOPLE
8 WERE COMING IN THE OFFICE LATER, DID YOU EVER MENTION THAT
9 TO MR. DOSTI?

10 A I MIGHT HAVE, YES.

11 Q DO YOU REMEMBER WHAT HE TOLD YOU IN THAT REGARD?

12 A "EVERYTHING WAS GOING GREAT."

13 Q DID YOU EVER MENTION IT TO MR. HUNT PRIOR TO
14 THE TIME OF THIS CONVERSATION?

15 A IF I DID, IT WAS IN PASSING AND HIS RESPONSE
16 WOULD BE THE SAME AS MR. DOSTI'S, "EVERYTHING WAS GOING GREAT."

17 Q OKAY. NOW, HE, ACCORDING TO YOU, TELLS YOU THAT
18 HE HAD KILLED MR. LEVIN IN NEW YORK?

19 A YES.

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1 Q AND.WHAT DID YOU SAY?

2 A I DIDN'T DO ANY TALKING REALLY. HE DID MOST
3 OF IT.

4 HE SAID IT WAS THE PERFECT CRIME AND THAT I HAD
5 NOTHING TO WORRY ABOUT AND HE HAD NOTHING MORE TO TELL ME.

6 Q AND YOU DIDN'T ASK HIM ANY QUESTIONS AT THAT
7 POINT?

8 A HE WOULDN'T HAVE ANSWERED THEM.

9 Q I AM NOT ASKING YOU THAT, MR. MAY, TO READ HIS
10 MIND FOR ME.

11 I AM ASKING YOU IF YOU ASKED HIM ANY QUESTIONS.

12 A WHAT DID I?

13 I DON'T RECALL WHAT I ASKED HIM. BUT I PROBABLY
14 ASKED HIM A COUPLE OF QUESTIONS, YES.

15 Q OKAY. AFTER THAT, DID YOU TALK ABOUT ANYTHING
16 ELSE IN THE CAR?

17 A NO.

18 WE HAD GOTTEN TO THE BANK BY THEN.

19 Q DID YOU EXPRESS ANY OPINIONS THAT YOU HAD ABOUT
20 MR. LEVIN?

21 A NO.

22 Q DID YOU EVER CHARACTERIZE MR. LEVIN IN TERMS
23 OF AN INSECT?

24 THE COURT: OF A WHAT?

25 MR. BARENS: OF AN INSECT, ACTUALLY, YOUR HONOR.

26 THE WITNESS: OF AN INSECT?

27 MR. BARENS: YES.

28 THE WITNESS: I DON'T THINK SO.

1 Q BY MR. BARENS: YOU HAD NOT USED THAT REFERENCE
2 AROUND, ABOUT MR. LEVIN AROUND MR. HUNT AND OTHER PERSONS?

3 A NO, NOT THAT I RECALL.

4 Q OKAY, NOW WHEN YOU GOT TO THE BANK, DID YOU GO
5 IN THE BANK?

6 A YES, I WENT IN THE BANK WITH HIM.

7 Q WHAT DID YOU DO IN THE BANK?

8 A HE WENT THROUGH HIS USUAL ROUTINE. I STOOD AWAY
9 FROM THE LINE. HE WAITED IN THE LINE. HE WENT RIGHT UP
10 TO THE FRONT TELLER, DEPOSITED HIS CHECKS, WITHDREW SOME
11 CASH AND THEN HE LEFT.

12 Q AND WHERE DID YOU GO?

13 A BACK TO THE OFFICE.

14 Q WHAT DID YOU DO AFTER YOU GOT BACK TO THE OFFICE?

15 A PROBABLY WENT IN MY OFFICE TO THINK ABOUT WHAT
16 HE SAID.

17 Q AND THEN YOU WENT INTO YOUR OFFICE AND THOUGHT
18 ABOUT WHAT HE SAID?

19 A YES.

20 Q AND THEN WHAT DID YOU DO?

21 A WENT HOME.

22 THE DAY WAS ALMOST OVER.

23 Q WELL, DID YOU DISCUSS WHAT HE HAD SAID WITH
24 ANYONE?

25 A COME TO THINK OF IT, DEAN KARNY THEN CAME INTO
26 MY OFFICE AND SAID TO COME INTO JOE'S AGAIN AND THEY DISCUSSED
27 IT AGAIN.

28 THE COURT: THEY DISCUSSED WHAT AGAIN?

1 THE WITNESS: THEY DISCUSSED THE MURDER AGAIN. THEY
2 DISCUSSED WHO ELSE TO TELL, IS WHAT THEY DISCUSSED.

3 Q BY MR. BARENS: OKAY. NOW WE HAVE YOU BACK IN
4 WHOSE OFFICE ARE WE GOING INTO?

5 A JOE HUNT'S OFFICE.

6 Q JOE HUNT'S OFFICE?

7 AND THEN MR. KARNY COMES IN? ARE YOU INVITED
8 INTO THIS MEETING?

9 A YES.

10 Q WHAT DO YOU TALK ABOUT THEN?

11 A JOE TALKED ABOUT WHO ELSE IN THE BBC HE COULD
12 TRUST WITH THIS INFORMATION.

13 Q ABOUT KILLING MR. LEVIN IN NEW YORK CITY, SIR?

14 A NO.

15 ABOUT JUST KILLING MR. LEVIN.

16 Q AND DID YOU ALL THREE KIND OF TALK ABOUT WHO
17 COULD BE TRUSTED IN THAT CONTEXT?

18 A NO.

19 I LISTENED TO JOE TALK ABOUT WHO COULD BE TRUSTED
20 IN THAT CONTEXT.

21 Q YOU DIDN'T SAY ANYTHING DURING THAT MEETING
22 EITHER?

23 A I DON'T RECALL SAYING MUCH.

24 Q YOU DIDN'T HAVE ANY OPINION?

25 A NO.

26 Q OKAY. AND THEN WHAT DID YOU DO?

27 A I WENT BACK TO MY OFFICE AND WENT HOME.

28 Q NOW DID YOU GO AND TALK TO ANYBODY ABOUT THAT

1 CONVERSATION, EITHER THE ONE IN THE CAR OR THE ONE IN JOE'S
2 OFFICE AFTER THAT?

3 A NO.
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1 Q OKAY. BY THE WAY, YOU HAD NOT BEEN THREATENED
2 IN THE CAR, HAD YOU? OR DID WE FORGET THAT?

3 A WHEN HE TOLD ME IN THE CAR, IT SEEMED LIKE YOU
4 KNOW, ANOTHER ONE OF HIS STORIES TO ME.

5 Q OKAY.

6 A AND HE SEEMED TO BREEZE OVER IT SO QUICKLY AND
7 LAY SO LITTLE IMPORTANCE ON IT AT THE TIME, THAT I DIDN'T
8 TAKE MUCH LIGHT OF IT.

9 Q WHEN YOU THOUGHT IT WAS ANOTHER ONE OF HIS STORIES,
10 DID YOU HAVE AN OPINION OR STATE OF MIND AS TO WHY HE WOULD
11 HAVE LAID A STORY LIKE THAT ON YOU?

12 A WELL, HE LAID STORIES LIKE THAT ON US BEFORE AND
13 IT WAS TO MAKE HIM LOOK LIKE A BIG PERSON, I SUPPOSE.

14 Q MAKE HIM LOOK LIKE A BIG MAN?

15 A YES.

16 Q OKAY. NOW, SO BETWEEN ROUGHLY THE 17TH OF JUNE
17 WHEN THIS OCCURRED AND THE 24TH OF JUNE, WHEN THE MEETING
18 OCCURRED WHICH YOU TESTIFIED ABOUT EARLIER, YOU HAD NOT
19 DISCUSSED EITHER OF THESE CONVERSATIONS WITH ANYBODY ELSE?

20 A NOT THAT I RECALL.

21 Q OKAY. NOW, YOU DIDN'T MENTION THIS TO YOUR
22 BROTHER BY ANY CHANCE, DID YOU, AT THIS POINT?

23 A NOT AT THAT POINT.

24 Q OKAY. WE GET TO THE 6-24 MEETING, IS WHAT I AM
25 GOING TO ADDRESS YOUR ATTENTION TO. YOU MENTIONED THAT THIS
26 WAS SUPPOSED TO BE A SECRET MEETING?

27 A YES.

28 Q AND THAT ONLY SELECTED PEOPLE WERE INVITED?

2
1 A YES.

2 Q AND YOU SAID THAT THERE CAME A POINT IN TIME WHERE
3 THESE GENTLEMEN, THE FOUR PEOPLE CAME BACK IN THE ROOM AND
4 SAID, ACCORDING TO YOUR LANGUAGE, JOE SAID, "I KNOCKED OFF
5 LEVIN," OR DID HE SAY, "JIM AND I KNOCKED OFF LEVIN"?

6 A WELL, I REMEMBER THINKING TO MYSELF AT THIS POINT
7 IN TIME, THAT JOE SPECIFICALLY SAID, "JIM AND I KNOCKED OFF
8 RON LEVIN."

9 Q OKAY. THAT WAS THE SPECIFIC WORD?

10 A IT WAS SPECIFIC BECAUSE HE HAD PREVIOUSLY TOLD
11 ME THAT HE HAD JUST DONE IT.

12 Q IN NEW YORK?

13 A IN NEW YORK.

14 Q HE DIDN'T SAY IN NEW YORK THIS TIME?

15 A NO. HE DIDN'T SAY THAT, IN NEW YORK. HE DIDN'T
16 SAY ANY PLACE THIS TIME.

17 Q RIGHT. OKAY. HE HAD NOT MENTIONED GRAHAM THE
18 FIRST TIME, EITHER?

19 A NO. HE DIDN'T MENTION HIM THE FIRST TIME.

20 Q OKAY. WELL, YOU MENTIONED IN RESPONSE TO A
21 QUESTION, THAT HE ACTED SERIOUS AT THIS POINT?

22 A YES.

23 Q HOW HAD HE BEEN ACTING BEFORE THAT PART OF THE
24 CONVERSATION?

25 A EXTREMELY SERIOUS.

26 Q HE HAD BEEN ACTING SERIOUS THE WHOLE TIME?

27 A YES.

28 Q BY THE WAY, DID HE ACT SERIOUS AS WELL IN THE

1 CAR WHEN HE WAS TALKING TO YOU?

2 A NO.

3 Q HE ACTED HOW?

4 A MORE CASUAL, A LOT MORE CASUAL.

5 Q A LOT MORE CASUAL? NOW, YOU MENTIONED THAT HE
6 MENTIONED NOT TALKING TO ANYONE, IS THAT CORRECT? HE SAID
7 TO YOU FELLOWS THAT YOU SHOULDN'T TELL ANYBODY ABOUT WHAT
8 I AM TELLING YOU?

9 A OH, YES.

10 Q HOW MANY OF YOU WERE GATHERED TOGETHER THERE?

11 A TEN.

12 Q THIS WAS A SECRET MEETING?

13 A YES.

14 Q WELL, HOW WAS HUNT GOING TO KEEP THIS A SECRET,
15 IF HE TOLD EVERYBODY ABOUT IT? DID HE MENTION THAT TO YOU?

16 A PARDON ME?

17 Q HOW WAS HE GOING TO KEEP THIS TERRIBLE THING A
18 SECRET, IF HE INVITED ALL YOU GUYS TO GET TOGETHER AND THEN
19 PROCEEDED TO TELL YOU ALL ABOUT IT?

20 A WELL, HE FELT WE WERE GOING TO KEEP IT A SECRET.
21 HE WAS WRONG.

22 Q HE THOUGHT --

23 THE COURT: WOULD YOU WAIT UNTIL HE FINISHES HIS
24 ANSWER BEFORE YOU INTERRUPT HIM? YOU HAVE BEEN DOING IT
25 CONSISTENTLY.

26 MR. BARENS: SORRY, YOUR HONOR.

27 GO AHEAD. YOU WERE SAYING THAT HE GUESSED WRONG?
28 GIVE ME THAT PART, SIR.

1 THE WITNESS: YES. HE GUESSED WRONG. HE THOUGHT WE
2 WOULD KEEP IT A SECRET.

3 Q BY MR. BARENS: HOW DO YOU KNOW THAT HE THOUGHT
4 THAT YOU WOULD KEEP IT A SECRET?

5 A HE TESTED EVERYBODY WHO WAS THERE, GIVING THEM
6 SCENARIOS ON LIFE AND DEATH.

7 Q GO AHEAD. TELL ME THE WORDS HE USED, MR. MAY.

8 A WELL, I CAN ONLY TELL YOU THE ONES HE USED WITH
9 ME. I CAN'T TELL YOU THE ONES HE USED WITH OTHER PEOPLE.

10 Q GO AHEAD. TELL ME THE ONES HE USED WITH YOU.

11 A HE SAID THAT IF MY BROTHER WAS THREATENED BY
12 SOMEBODY WHO WAS GOING TO KILL MY BROTHER, THEN WHAT WOULD
13 YOU DO? WOULD YOU GO OUT AND PREVENT THAT PERSON AND KILL
14 THAT PERSON BEFORE HE KILLED YOUR BROTHER?

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1 Q AND WHAT DID YOU SAY?

2 A I SAID I WOULD DEFINITELY STOP THAT PERSON FROM
3 KILLING MY BROTHER.

4 Q OKAY. I UNDERSTAND THE EXAMPLE YOU ARE GIVING
5 ME, MR. MAY.

6 BUT COULD YOU HELP ME TRANSLATE THAT INTO WHAT
7 THIS IS ALL ABOUT?

8 SO IF SOMEONE IS GOING TO KILL YOUR BROTHER,
9 YOU WOULD TRY TO PREEMPT THAT BY TAKING SOME SORT OF ASSERTIVE
10 ACTION AGAINST THAT THIRD PARTY; WHAT WAS THE TEST YOU WERE
11 RECEIVING ACTUALLY, MR. MAY?

12 A WELL, I CAN ONLY LOOK AT IT IN RETROSPECT.

13 Q IF YOU WOULD, SIR.

14 A BUT I THINK HE WAS TRYING TO SEE WHETHER OR NOT
15 WE WOULD ACCEPT THE DEATH OF SOMEBODY WHO DIDN'T MATTER.

16 Q WE WOULD ACCEPT THE DEATH OF SOMEONE WHO DIDN'T
17 MATTER?

18 DIDN'T THE EXAMPLE GIVEN YOU DIRECTLY RELATE
19 TO KILLING SOMEONE WHO WAS ABOUT TO THREATEN A FAMILY MEMBER
20 OF YOURS?

21 A YES.

22 Q ALL RIGHT, MR. MAY --

23 A YOU HAVE TO DEBATE WITH HIS TOPIC AND HE WOULD
24 FIND SOMETHING THAT YOU COULD RELATE TO DIRECTLY SO HE COULD
25 WIN THE ARGUMENT NO MATTER WHAT IT WAS.

26 Q WHAT WAS THE ARGUMENT AT THAT POINT, MR. MAY?

27 A YOU WILL HAVE TO ASK HIM.

28 Q ALL RIGHT. YOU DIDN'T SENSE AN ARGUMENT, DID

1 YOU?

2 A NO.

3 Q WAS THERE A DEBATE IN PROCESS HERE?

4 MR. WAPNER: OBJECTION. VAGUE AS TO TIME.

5 Q BY MR. BARENS: AT THIS MEETING, WE ARE STILL --
6 WHEN I LEAVE THE 6-24 MEETING, MR. MAY, I WILL MAKE IT CLEAR
7 TO YOU, SIR.

8 A ALL RIGHT.

9 THE COURT: YOU ARE TALKING ABOUT THE 6-24 MEETING
10 NOW?

11 MR. BARENS: QUITE SO, YOUR HONOR.

12 THE COURT: ALL RIGHT.

13 THE WITNESS: NO, THERE WAS NO DEBATE.

14 Q BY MR. BARENS: THERE WAS NO DEBATE GOING ON?

15 A JOE JUST MADE HIS STATEMENTS AND WE ALL LEFT.

16 Q OKAY, MR. MAY, WAS MR. HUNT AS CLOSE WITH ALL
17 OF THE PEOPLE IN THE ROOM AS HE WAS WITH OTHERS OR WERE THERE
18 CERTAIN PEOPLE IN THAT MEETING CLOSER TO HIM?

19 A I WOULD SAY DEFINITELY THERE WERE CERTAIN PEOPLE
20 IN THERE MUCH CLOSER.

21 Q MUCH CLOSER, INDEED?

22 A MUCH CLOSER.

23 Q WHO WERE THEY?

24 A BROOKE ROBERTS, JIM GRAHAM AND DEAN KARNY AND
25 BEN DOSTI.

26 Q WHO OF THE GROUP THERE WHO WERE NOT SO CLOSE
27 TO HIM?

28 A ME, STEVE TAG, JEFF RAYMOND -- WHO ELSE WAS THERE --

1 THE REST OF THEM WERE THERE.

2 Q WHO ELSE WAS IT?

3 A I HAVE MENTIONED JIM GRAHAM.

4 I THINK THAT WAS ALL.

5 Q WAS EVAN DICKER THERE?

6 A OH, EVAN DICKER. I AM SORRY.

7 Q ANYBODY ELSE?

8 A I CAN'T REMEMBER RIGHT NOW.

9 Q THOSE PEOPLE THAT WEREN'T AS CLOSE TO MR.
10 HUNT, WHY DO YOU SAY THAT? WHY WERE THEY NOT AS CLOSE, SIR?

11 A WELL, IT IS PRETTY EASY TO FIGURE OUT THAT JOE
12 KEPT HIS BEST FRIENDS AROUND HIM AT ALL TIMES AND HE CALLED
13 THEM SHADINGS.

14 Q AND THE REST OF THESE PEOPLE?

15 A WERE JUST WORKING FOR BBC.

16 Q JUST EMPLOYEES, SIR?

17 A YES.

18 Q THEY WEREN'T ANY GREAT ADHERENTS TO THE PARADOX
19 PHILOSOPHY, TO YOUR KNOWLEDGE?

20 A I CAN'T LOOK INTO THEIR MINDS AND SAY WHETHER
21 OR NOT THEY WERE.

22 Q THEY WERE NOT AS PERSONALLY CLOSE TO JOE AS
23 MAYBE DEAN KARNY AND DOSTI AND GRAHAM?

24 A NO.

25 Q THEY WERE NOT CONFIDANTS, SO TO SPEAK OF HUNT,
26 AS THE FIRST THREE NAMES WERE THAT I MENTIONED TO YOU?

27 A WELL, AT THAT TIME, THE TIME OF THE MEETING HE
28 THOUGHT THEY WERE.

1 Q HE DID?

2 A YES.

3 Q HOW DO YOU KNOW THAT, SIR?

4 A BECAUSE THEY WERE AT THE MEETING.

5 Q AND JUST BECAUSE THEY WERE AT THE MEETING, DID
6 THAT SUGGEST TO YOU THAT THEY WERE CONFIDANTS OF MR. HUNT?

7 A THEY WERE TO BE TRUSTED WITH THAT INFORMATION.

8 Q HAD YOU EVER SEEN HIM IN THE PAST TRUST THEM
9 WITH REAL IMPORTANT INFORMATION?

10 A TRUST THE REST OF THESE PEOPLE?

11 Q WELL --

12 A I DON'T KNOW.

13 Q WELL, HAD YOU OR HAD YOU NOT, SIR, IS WHAT I
14 AM ASKING YOU?

15 A NOT THAT I CAN RECALL.

16 Q OKAY. HAD YOU YOURSELF EVER BEEN TRUSTED WITH
17 ANY REAL IMPORTANT INFORMATION BEFORE THAT?

18 A YOU MEAN KNOCKING PEOPLE OFF, SOMETHING LIKE
19 THAT?

20 Q OH, SURE, DEAD BODIES OR ANYTHING ELSE YOU CAN
21 THINK OF?

22 A NO.

23 IT IS THE FIRST TIME HE HAS DONE IT, ACCORDING
24 TO MY RECOLLECTION.

25 Q YOU MEAN THE FIRST TIME HE HAD KNOCKED OFF ANY-
26 BODY?

27 A RIGHT.

28 Q OH, OF COURSE. BUT ASIDE FROM THAT, WERE YOU

1 EVER TRUSTED WITH ANY IMPORTANT INFORMATION PRIOR TO 6-24?

2 A NOT THAT I CAN THINK OF.

3 Q OKAY. SO THE FIRST IMPORTANT INFORMATION YOU
4 ARE EVER GIVEN IN YOUR RELATIONSHIP WITH THE BBC AND HUNT
5 AND EVERYTHING ELSE IS THIS TERRIBLE SECRET; IS THAT RIGHT?

6 A YES.

7 Q DID YOU THINK THAT WAS ODD?

8 A HE HAD DONE A LOT OF PRODDING UP TO THAT POINT.

9 Q TESTING WAS THE WORD YOU USED.

10 THE COURT: PARDON ME?

11 Q BY MR. BARENS: WAS IT TESTING?

12 A YES.

13 Q I SEE.

14 ASIDE FROM THE TESTING, WHEN YOU SAY LEADING
15 UP TO THAT POINT, DO YOU MEAN PRIOR TO 6-24?

16 A OH, YES.

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1 Q LIKE, WHAT DO YOU MEAN, SIR?

2 A SCENARIOS WHERE WE WOULD BE WATCHING TELEVISION,
3 WATCHING RAMBO AND WHAT WOULD YOU DO GIVEN THIS RAMBO
4 SITUATION? WOULD YOU KILL THE KID? OR WOULD YOU LET HIM
5 LIVE? OR HE WOULD WATCH SCARFACE AND THEN HE WOULD SAY,
6 "THIS IS WHERE SCARFACE BLEW IT," AND THINGS LIKE THAT.

7 "THIS IS WHAT I WOULD DO. THIS IS HOW I WOULD
8 BE SUCCESSFUL."

9 AND, "WHAT DO YOU GUYS THINK," AND YOU KNOW --

10 Q WOULD EVERYBODY RESPOND AND GIVE THEIR POINTS
11 OF VIEW WHEN HE WOULD SAY, "WHAT DO YOU GUYS THINK"?

12 A WELL, IF YOU GAVE THE SAME POINT OF VIEW AS HIS,
13 YOU HAD NO PROBLEM.

14 IF YOU GAVE A DIFFERENT POINT OF VIEW, HE WOULD
15 SIT THERE AND DEBATE IT WITH YOU UNTIL YOU SAW HIS POINT OF
16 VIEW.

17 Q WELL, DID ANYONE EVER GIVE A DIFFERENT POINT OF
18 VIEW?

19 A YES.

20 Q OKAY. SO, YOU HAD SOME DIALOGUE, SUCCESSFUL OR
21 NOT, SIR? THERE WAS SOME DIALOGUE?

22 A YES.

23 Q ALL RIGHT. LET'S GO TO THAT RAMBO THING. WE
24 ARE NOW GOING TO LEAVE 6-24 FOR A FEW MINUTES, MR. MAY.

25 THE RAMBO MOVIE-WATCHING OCCURRED WHEN?

26 A FEBRUARY, MARCH, 1984. IT WAS FEBRUARY OR MARCH
27 OF 1984.

28 Q AND THIS WAS "RAMBO, FIRST BLOOD," WASN'T IT?

-2

1 A YES.

2 Q AND THIS IS THE ONE WHERE HE IS IN THE FOREST
3 SOMEWHERE IN THE UNITED STATES?

4 A YES.

5 Q AND YOU WATCHED THIS MOVIE WHERE, SIR?

6 A STANDING IN THE BACK OF THE CONFERENCE ROOM.

7 Q AT THE BBC?

8 A AT THE BBC.

9 Q AND IT WAS DISPLAYED FOR YOU ON A VIDEO TAPE
10 RECORDER, SIR?

11 A YES.

12 Q AND HAD YOU FELLOWS RENTED THAT TAPE?

13 A I DIDN'T RENT IT. I JUST WALKED INTO THE ROOM
14 AND IT WAS PLAYING.

15 Q IT WAS ALREADY PLAYING?

16 A YEAH.

17 Q AND IT WAS ON THE DEVICE THAT WOULD BE SHOWING
18 IT AS FAR AS YOU KNOW, A VIDEO TAPE RECORDER, WHERE YOU PUT
19 A CASSETTE IN AND IT HAS A MOVIE IN IT AND YOU WATCH A MOVIE?
20 RIGHT?

21 A RIGHT.

22 Q OKAY. WHO WAS IN THE ROOM AT THAT TIME?

23 A BEN AND DEAN AND JOE.

24 Q OKAY. CAN YOU BE ANY MORE SPECIFIC AS TO WHAT
25 MONTH IT WAS, MR. MAY?

26 A NO. THEY WOULD WATCH SEVERAL MOVIES THROUGHOUT
27 THE ENTIRE COURSE OF -- WHEN THEY FIRST PUT UP ALL THAT
28 ELECTRONIC STUFF, THEY WOULD WATCH TONS OF MOVIES THERE.

1 Q SURE. THE ONLY ONE WE ARE REALLY INTERESTED IN
2 RIGHT NOW, IS THIS ONE. THIS WAS IN FEBRUARY OR MARCH?

3 A LIKE I SAID, AROUND THOSE DAYS, AROUND THOSE MONTHS.
4 IT WAS IN THAT SPAN.

5 Q OKAY. IN 1984?

6 A YES.

7 Q AND SO, WHEN YOU WALKED INTO THE ROOM, WHO WAS
8 WATCHING THIS TV MOVIE?

9 A WELL, JOE WAS DEFINITELY WATCHING IT AND DEAN
10 WAS WATCHING IT.

11 Q WHO ELSE WAS THERE?

12 A AND BEN WAS THERE.

13 Q ANYONE ELSE?

14 A NOT THAT I CAN RECALL.

15 Q HAD YOU SEEN THAT MOVIE BEFORE, WHEN YOU WALKED
16 IN?

17 A YEAH.

18 Q YOU HAD ALREADY SEEN IT? WHERE HAD YOU SEEN IT?

19 A AT THE THEATER.

20 Q THE MOVIE THEATER?

21 A YES.

22 Q HOW LONG BEFORE THAT HAD YOU SEEN IT AT THE MOVIE
23 THEATER, SIR?

24 A MONTHS BEFORE.

25 Q MONTHS BEFORE?

26 AND WHO DID YOU GO TO THE MOVIES WITH ON THAT
27 OCCASION?

28 THE COURT: YOU DON'T HAVE TO ANSWER THAT. LET'S GET

-4
1 ON TO THE INCIDENT. LET'S GET ON TO THE BBC INCIDENT, NOT
2 WHEN HE SAW IT AND HOW LONG AGO IT WAS AND WHO HE WAS WITH
3 AND WHAT HE WAS DRINKING AND WHAT HE WAS TALKING ABOUT.

4 LET'S GET ON TO SOMETHING ELSE.

5 MR. BARENS: COULD I MAKE AN OFFER OF PROOF?

6 THE COURT: NO. LET'S GET ON, PLEASE. WILL YOU?

7 Q BY MR. BARENS: HAD YOU EVER WATCHED THIS MOVIE
8 BEFORE WITH PEOPLE IN THE BBC?

9 A I DON'T REMEMBER.

10 Q YOU DON'T REMEMBER?

11 A NO.

12 Q HAD YOU EVER HEARD ABOUT BBC PEOPLE DISCUSSING
13 THIS MOVIE BEFORE THIS INCIDENT?

14 A YEAH. I BELIEVE THEY TALKED ABOUT IT BEFORE.
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1 Q AND WHO TALKED ABOUT THIS MOVIE BEFORE WITH YOU,
2 SIR?

3 A LIKE I SAID, IT WAS ONE OF JOE'S FAVORITE MOVIES.

4 Q AND HAD THERE BEEN A LOT OF DISCUSSION ABOUT THIS
5 MOVIE?

6 A NOT TO ME. BUT I HAD HEARD DEAN TALK ABOUT IT
7 BEFORE, DEAN AND BEN.

8 Q OKAY. AND WHAT WERE THEY SAYING ABOUT IT?

9 A THEY ALL TALKED ABOUT THIS SPECIFIC SCENE WHERE
10 THIS KID WAS GOING TO GIVE AWAY RAMBO'S POSITION.

11 Q OKAY. NOW, DID YOU TELL US YESTERDAY THAT YOU
12 CAME TO A POINT IN WATCHING THE MOVIE, WHERE HE DID A FREEZE
13 FRAME, WHERE SOMEBODY IN THE ROOM STOPPED THE MOVIE IN
14 MIDSTREAM?

15 A YES.

16 Q AND MR. HUNT DID THAT?

17 A I THINK IT WAS JOE. WHOEVER HAD THE TV CLICKER.
18 I DIDN'T KNOW. I MEAN, THE REVERSE THING, DID IT.

19 Q AND YOU DON'T KNOW WHO THAT WAS?

20 A I DON'T KNOW WHO THAT WAS.

21 Q WHERE WAS IT STOPPED?

22 A PAST THE POINT WHERE THE KID HAD GIVEN RAMBO
23 AWAY.

24 Q THEN THE FILM WAS REWOUND?

25 A YES.

26 Q IT WAS REWOUND TO THE COMMENCEMENT OR THE
27 BEGINNING OF THAT SCENE?

28 A YES.

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1 Q AND THIS SCENE SHOWED YOU WHAT, SIR?

2 A THAT RAMBO HAD JUST COME OUT OF THE JUNGLE AND
3 HE SAW THIS KID.

4 AND HE PUT A KNIFE TO THE KID'S THROAT AND HE
5 STARTED KILLING THE KID AND HE LET THE KID GO.

6 THE KID RAN OFF AND TOLD THE GUARDSMEN AND THE
7 GUARDSMEN CAME BACK DOWN AND SAW RAMBO ESCAPING AND CHASED
8 HIM.

9 Q THEN YOU STOPPED -- THE FILM WAS STOPPED AFTER
10 THAT AGAIN, A SECOND TIME, AFTER IT WAS REVERSED BACK TO WHERE
11 THIS SCENE BEGINS AND THEN THE MOVIE WAS RUN AGAIN TO THAT
12 POINT?

13 A NO. IT WAS JUST LET RUN THROUGH AT THAT POINT.
14 AT THAT POINT, JOE SAID, "YOU KNOW, THIS IS WHERE RAMBO BLEW
15 IT."

16 Q RIGHT. AND THEN JOE --

17 THE COURT: WHAT ELSE DID HE SAY? "RAMBO BLEW IT,"
18 AND WHAT ELSE?

19 THE WITNESS: "THIS IS WHERE RAMBO SHOULD HAVE KILLED
20 THE KID AND" --

21 Q BY MR. BARENS: SHOULD HAVE SLIT THAT KID'S
22 THROAT?

23 A NOT AT THAT TIME.

24 Q HE SAID THAT, DIDN'T HE?

25 A NOT SLIT THE KID'S THROAT. I DON'T KNOW WHAT
26 HIS EXACT WORDS WERE.

27 Q DID ANYBODY EVER TALK ABOUT ANY ALTERNATIVES RAMBO
28 HAD? MR. KARNY SAID THAT HE COULD HAVE GAGGED HIM?

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1 A JAGGED HIM?

2 Q GAGGED HIM, SIR.

3 A OH, GAGGED HIM? JOE'S ALTERNATIVE WAS THE ONLY
4 ONE THAT WAS ACCEPTABLE.

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1 Q ACCEPTABLE?

2 A YES.

3 Q ACCEPTABLE TO WHO, TO MR. HUNT?

4 A TO MR. HUNT, YES.

5 Q HOW ABOUT THE REST OF YOU FELLOWS, WHAT DID YOU
6 ALL SAY?

7 A I DIDN'T SAY ANYTHING.

8 DEAN AND BEN PRETTY MUCH AGREED WITH JOE, AS THEY
9 OFTEN DID.

10 Q AND YOU DIDN'T AGREE OR DISAGREE?

11 A NO.

12 I WALKED OUT OF THE ROOM AT THAT POINT.

13 Q WHY DID YOU WALK OUT OF THE ROOM? WERE YOU
14 DISGUSTED BY THAT, SIR?

15 A I DIDN'T WANT TO LISTEN TO ANY MORE OF IT. I
16 THOUGHT IT WAS A SILLY CONVERSATION.

17 Q I SEE.

18 AND YOU HAD SEEN THE MOVIE ANYHOW, HADN'T YOU?

19 A YES.

20 Q NOW, DO YOU KNOW WHERE THAT VIDEOTAPE CAME FROM?

21 A NO, I DON'T.

22 Q OKAY. WHERE DID YOU BOYS USUALLY GET THE
23 VIDEOTAPES?

24 A I NEVER GOT A VIDEOTAPE.

25 Q DO YOU KNOW WHERE THE REST OF THE PEOPLE GOT THEIR
26 VIDEOTAPES?

27 A I ASSUME EITHER DEAN KARNY OR JOHN ALLEN GOT THE
28 VIDEOTAPES.

1 Q OKAY. NOW YOU MENTIONED LATER ON -- LET'S GO
2 BACK TO 6-24 IF WE MIGHT, MR. MAY.

3 YOU MENTIONED THAT WHEN THE MEETING FIRST
4 COMMENCED THAT MESSRS. HUNT, DOSTI, KARNY AND GRAHAM LEFT
5 THE ROOM FOR A PERIOD OF TIME, WHICH I BELIEVE YESTERDAY YOU
6 ESTIMATED WAS APPROXIMATELY 10 TO 15 MINUTES?

7 A YES.

8 Q WHAT DID THE REST OF YOU TALK ABOUT WHILE THEY
9 WERE OUT OF THE ROOM?

10 A DIDN'T TALK ABOUT REALLY ANYTHING.

11 Q NOTHING?

12 A NO.

13 LOOKED AROUND THE ROOM AND EVERYBODY WAS JUST
14 SITTING THERE.

15 Q HOW MANY TIMES WERE THE FOUR PEOPLE OUT OF THE
16 ROOM BEFORE WE GOT INTO KNOCKING LEVIN OFF?

17 A I DON'T REMEMBER.

18 Q WAS IT MORE THAN ONCE?

19 A I DON'T -- EVERYBODY WAS COMING INTO THE ROOM
20 PRIOR TO THE MEETING AND SITTING DOWN AND WAITING FOR THE
21 MEETING TO START.

22 Q OH, SURE, BUT I AM TALKING ABOUT THE FOUR PEOPLE
23 I AM MAKING REFERENCE TO.

24 A HOW MANY TIMES? HOW MANY TIMES DID THEY LEAVE?

25 Q UH-HUH.

26 A ONLY ONCE.

27 Q ONLY ONCE?

28 DURING THAT ONE TIME THEY WERE OUT OF THE ROOM,

1 NOBODY TALKED ABOUT ANYTHING?

2 A NOT THAT I REMEMBER.

3 Q OKAY. AND IT WAS AFTER THAT ONE TIME THAT THEY
4 LEFT THE ROOM AND CAME BACK THAT HE COMES IN AND SAYS --

5 A "JIM AND I KNOCKED OFF RON LEVIN."

6 Q THE FIRST THING HE SAID?

7 A AH, WHAT -- I AM SURE HE GAVE A PREAMBLE TO IT
8 BUT THOSE WERE THE WORDS THAT STUCK IN MY MIND.

9 Q OKAY. AND AFTER HE SAID THAT, WHAT DID EVERYBODY
10 SEEM TO BE DOING THAT WAS SITTING THERE?

11 A THEY WERE JUST SITTING THERE LISTENING.

12 MY ONE FRIEND, JEFF SAID AFTER HE WENT THROUGH
13 THE COMMODITIES THING, "DOES THAT MEAN WE HAVE LOST ALL OUR
14 MONEY IN THE COMMODITIES, TOO?"

15 AND JOE SAID "YOU HAVE LOST ALL YOUR MONEY AS
16 WELL."

17 AND THAT WAS REALLY ALL OF THE CONVERSATION WE
18 HAD OUTSIDE OF JOE'S TALKING.

19 THE COURT: OUTSIDE OF WHAT?

20 THE WITNESS: OUTSIDE OF JOE JUST TALKING AND GIVING
21 FOUNDATIONS FOR THE DEATH OF RON LEVIN.

22 Q BY MR. BARENS: RIGHT.

23 DID ANYBODY ASK HIM, YOU KNOW, "WELL, MY LORD,
24 ARE YOU GOING TO GET AWAY WITH THAT?"

25 DID HE SAY THAT PERFECT CRIME THING IN THE 6-24
26 MEETING?

27 A OH, YES.

28 Q HE SAID, "I MADE THE PERFECT CRIME"?

1 A YES.

2 HE SAID, "YOU DON'T HAVE TO WORRY ABOUT IT.
3 ANYBODY WHO TALKS ABOUT THIS THING IS GOING TO END UP
4 FISH BAIT ANYWAYS."

5 Q RIGHT.

6 THE COURT: FISH BAIT?

7 THE WITNESS: FISH BAIT.

8 THE COURT: IN THE ADIRONDACKS?

9 THE WITNESS: IN THE EAST RIVER.

10 "AND IF YOU WANT TO TALK TO ANYBODY, YOU KNOW,
11 DON'T OR YOU WILL END UP FISH BAIT IN THE EAST RIVER. AND
12 YOU CAN GO FISHING TO THE ADIRONDACKS BUT DON'T EVER TALK
13 TO ANYBODY ABOUT THIS MEETING."

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1 Q BY MR. BARENS: ALL RIGHT, SO WE HAD A DIFFERENCE
2 BETWEEN THE EAST RIVER AND THE ADIRONDACKS AS FAR AS WHAT
3 HAPPENED.

4 WELL, I SUPPOSE EVERYBODY HEARD HIM SAY "I HAVE
5 DONE THE PERFECT CRIME," THIS TIME, EVERYBODY HEARD HIM SAY
6 THAT AT THE 6-24 MEETING, I SUPPOSE?

7 A I HEARD IT.

8 Q YOU HEARD IT, OKAY.

9 AND DID ANYBODY ASK HIM WHY HE BELIEVED HE HAD
10 DONE THE PERFECT CRIME?

11 A IF YOU HAVE GOT THE PERFECT CRIME -- JOE LED THE
12 MEETING AS USUAL AND ANSWERED ALL QUESTIONS AS USUAL AND IF
13 HE CHOSE NOT TO ANSWER QUESTIONS, HE DIDN'T.

14 Q WHAT QUESTIONS WERE THERE, MR. MAY?

15 A WELL, ONE FROM MY FRIEND JEFF AND --

16 Q BUT THAT WAS A MONEY QUESTION, WASN'T IT?

17 A THAT WAS A MONEY QUESTION.

18 Q ALL RIGHT, TELL ME ABOUT ALL OF THE QUESTIONS
19 HE FIELDER CONCERNING HOW HE WAS GETTING AWAY WITH THIS
20 PERFECT CRIME, MR. MAY.

21 A HE DIDN'T REALLY FIELD ANY.

22 HE JUST SAID IT WAS A PERFECT CRIME AND WE HAD
23 NOTHING TO WORRY ABOUT.

24 Q SO AS A RESULT, YOU DIDN'T HEAR ANYBODY ASK ANY
25 QUESTIONS?

26 A I DON'T REMEMBER ANY. THERE MIGHT HAVE BEEN SOME
27 THAT WERE ASKED.

28 Q OKAY. DID ANYBODY SAY "I AM WORRIED"?

1 A THERE WERE WORRIED LOOKS.

2 I DIDN'T -- I DIDN'T HEAR ANYBODY SAY "I AM
3 WORRIED" OR MAYBE THERE WAS. I DON'T REMEMBER.

4 MR. WAPNER: I AM SORRY. I COULDN'T HEAR THAT.

5 THE COURT: KEEP YOUR VOICE UP, WILL YOU PLEASE?

6 THE WITNESS: I DON'T REMEMBER IF THERE WERE OR NOT.

7 Q BY MR. BARENS: LEAVING THAT MEETING AGAIN, YOU
8 SAID THAT IN MAY OF 1984 YOU HAD GIVEN MR. HUNT AN ADDITIONAL
9 \$10,000?

10 A YES.

11 Q WHAT WAS THE PURPOSE OF THAT CONTRIBUTION?

12 A IT WAS NOT A CONTRIBUTION.

13 IT WAS AN INVESTMENT.

14 Q INVESTMENT?

15 A IN RETROSPECT, I COULD SAY IT WAS A CONTRIBUTION.

16 Q I MIGHT AS WELL.

17 BUT IN ANY EVENT, THIS INVESTMENT AT THE TIME,
18 MR. MAY, WHAT WAS THAT TO BE USED FOR?

19 A INVESTING IN COMMODITIES.

20 Q AND DID YOU EVER HAVE ANY SUBSEQUENT DIALOGUES
21 WITH MR. HUNT DURING MAY, DID YOU EVER ASK HIM "HOW IS MY
22 INVESTMENT"?

23 A NO.

24 HE -- FRANKLY IF YOU'D -- "WELL, HOW IS MY
25 INVESTMENT?"

26 "IT IS DOING WONDERFULLY, OF COURSE."

27 Q RIGHT. AND YOU WERE UP THERE AND YOU SAW A LITTLE
28 ACTIVITY GOING ON ABOUT COMMODITIES IN MAY?

1 A THAT IS WHY I ASKED HIM "WHAT WAS GOING ON" IN
2 THE CAR.

3 Q AND WAS DOSTI UP THERE DOING COMMODITIES IN MAY?

4 A VERY LITTLE.

5 Q BUT JOE WAS?

6 A VERY LITTLE, THOUGH.

7 Q OKAY. AND YOU NEVER SAW ANY PAPERWORK CONCERNING
8 THAT \$10,000, DID YOU?

9 A OUTSIDE OF THE USUAL FORM THAT LORIE LEIS PUTS
10 TOGETHER FOR INVESTORS.

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1 Q OKAY. NOW, YOU MENTIONED LATER ON TRYING TO
2 STAY IN THE SAME ORDER HERE, THAT LATER ON, YOU HAD A
3 DISCUSSION ABOUT NOT USING LEVIN'S NAME IN THE OFFICE?

4 A YES.

5 Q AND YOU WERE GOING TO CALL HIM MAC FROM NOW ON?

6 A RIGHT.

7 Q AND YOU SAID THAT THAT WAS SAID TO YOU -- WHEN
8 DID THAT HAPPEN?

9 A JUST AFTER THE JUNE MEETING.

10 Q AFTER THE JUNE 24 MEETING?

11 A YES.

12 Q OKAY. YOU SAID YESTERDAY THAT YOU WERE CORRECTED
13 WHEN YOU HAD MENTIONED LEVIN'S NAME?

14 A YES.

15 Q WHY HAD YOU BROUGHT UP LEVIN'S NAME?

16 A JUST, "WHAT IS UP WITH RON?" AND THEN JOE TURNS
17 TO ME AND HE SAYS, "DON'T EVER USE RON LEVIN'S NAME IN THE
18 OFFICE AGAIN. YOU NEVER KNOW WHO COULD BE LISTENING."

19 Q WHY DID YOU SAY, "WHAT IS UP WITH RON?"

20 A WELL, IT WAS AFTER HE HAD COMMITTED THE DEATH.
21 AND I WAS JUST -- IT WAS JUST A POINT OF CURIOSITY.

22 Q NOT A LOT MUST HAVE BEEN UP WITH RON AT THAT
23 POINT, MR. MAY? WHAT I AM --

24 A NOT A WHOLE LOT.

25 Q WHAT DID YOU EXPECT IN THAT --

26 A WELL, WHETHER -- I WAS NOT PRIVY TO IT. BUT
27 I HAD SEEN JIM GOING IN AND OUT OF THE OFFICES A LOT.

28 Q RUNNING IN AND OUT?

1 A RUNNING IN AND OUT OF THE OFFICES AND YOU KNOW,
2 JOE HAD TOLD ME THAT THEY WERE WATCHING WHO HAD COLLECTED
3 THE MAIL, WHO WAS GOING IN AND OUT OF THE HOUSE.

4 AND SO I ASKED HIM, "WHAT IS UP WITH RON LEVIN?"

5 Q WHAT DID YOU WANT TO FIND OUT?

6 A JUST -- I DON'T KNOW.

7 Q SORRY?

8 A I DIDN'T KNOW WHAT I WANTED TO FIND OUT. I
9 DIDN'T KNOW THERE WAS ANYTHING TO FIND OUT.

10 Q IT WAS JUST A GENERAL -- WERE A LOT OF GUYS
11 DISCUSSING THINGS LIKE WHAT IS UP WITH RON? HOW IS RON?
12 WHAT IS NEW IN THE RON DEAL?

13 A NOT TO MY RECOLLECTION.

14 Q YOU WERE THE ONLY ONE?

15 A I ASKED HIM.

16 Q OKAY. AND DID YOU ASK HIM ANYTHING AFTER THAT
17 ON ANY OTHER OCCASIONS IF ANYTHING WAS UP WITH RON OR WORDS
18 TO THAT EFFECT OR WAS UP WITH MAC?

19 A WELL, LIKE I SAID, AFTER THAT, HE WAS NOT TO
20 BE CALLED RON LEVIN. HE WAS TO BE CALLED MAC. AND NO, I
21 REALLY DIDN'T.

22 Q OKAY. YOU MENTIONED YESTERDAY, THAT THERE WERE
23 TAPE MACHINES IN THE OFFICE. DID YOU EVER SEE MR. HUNT USING
24 THE TAPE MACHINE?

25 A SURE.

26 Q AND WHAT WAS HE DOING WITH THE TAPE MACHINE WHEN
27 HE WAS USING IT?

28 A USING IT FOR DICTATION.

1 Q FOR DICTATION? DID YOU EVER SEE ANYTHING SINISTER
2 BEING DONE WITH THE TAPE MACHINE?

3 A NO.

4 Q OKAY. SO THE TAPE MACHINES WERE JUST THERE BEING
5 USED FOR DICTATION AND THAT WAS ABOUT IT?

6 A YES.

7 Q OKAY. NOW, YOU THEN DESCRIBED THE SITUATION WHERE-
8 IN YOU SAW PEOPLE PRACTICING OR SOMEONE PRACTICING MR. HUNT'S
9 SIGNATURE?

10 A YES.

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1 Q AND WHEN WAS THAT?

2 A AFTER HE HAD TRIED TO CASH THE CHECK, THE RON
3 LEVIN CHECK.

4 Q AND WHEN WAS THAT MR. MAY, THAT YOU SAW PEOPLE
5 PRACTICING MR. HUNT'S SIGNATURE?

6 A AS I RECALL -- DO YOU WANT A SPECIFIC DAY? I
7 CAN'T GIVE YOU A SPECIFIC DAY.

8 Q COULD YOU GIVE ME A MONTH?

9 A SOMETIME IN JULY, MID JULY.

10 Q MID JULY OF --

11 A I MEAN JUNE.

12 Q MID JUNE OF 1984?

13 A YES.

14 Q RIGHT, SIR?

15 A YES.

16 Q THIS WAS BEFORE THE 6/24 MEETING?

17 A I CAN'T -- IT WAS AROUND THE 6/24 MEETING. I
18 CAN PLACE IT -- I THINK IT WAS AFTER THE MEETING.

19 Q AFTER THE MEETING OF 6/24?

20 A YES.

21 Q OKAY. AND WHERE WAS THE SETTING FOR THE
22 SIGNATURE PRACTICING?

23 A IT WAS IN JOE HUNT'S APARTMENT.

24 Q AND DID YOU CALL AND SAY YOU WERE COMING OVER
25 THAT DAY?

26 A I THINK I JUST DROPPED BY.

27 Q AND WHO WAS THERE?

28 A DEAN AND JOE.

5

1 Q AND THEY WERE PRACTICING WRITING "JOE HUNT"?

2 A YES. JOE WAS KICKING THE KARATE BAG AND DEAN
3 WAS OVER THIS TABLE WHERE ALL THESE PAPERS WERE.

4 MR. WAPNER: MAY I INTERRUPT JUST A SECOND, JUST SO
5 THE RECORD WILL REFLECT BEFORE THE ANSWER OF WHEN WAS IT
6 THAT HE WAS THERE, THESE THINGS WERE GOING ON, THERE WAS
7 A PAUSE OF PERHAPS 20 TO 30 SECONDS?

8 THE COURT: THE JURY KNOWS THAT.

9 MR. WAPNER: I AM DOING IT FOR THE RECORD LATER ON.
10 THANK YOU.

11 Q BY MR. BARENS: SO SOMETIME IN JULY, YOU WITNESSED
12 THIS AND IT IS OVER AT HUNT'S APARTMENT AND YOU DROP BY AND
13 THEY ARE PRACTICING WRITING "JOE HUNT" AND SOMEONE TELLS
14 YOU -- DID YOU SAY TO ANYBODY, "WHY ARE YOU WRITING 'JOE
15 HUNT'?"

16 A YEAH. I ASKED DEAN WHY HE WAS WRITING "JOE HUNT."

17 Q AND HE TOLD YOU?

18 A HE DIDN'T SAY ANYTHING. HE SAID, "WAIT A SECOND."
19 HE WENT INTO HIS ROOM AND HE BROUGHT BACK THIS STACK OF
20 PAPERS.

21 Q AND HE BROUGHT BACK A STACK OF PAPERS THAT HAD
22 WHAT ON THEM, SIR?

23 A THAT HAD WHAT APPEARED TO BE RON LEVIN'S
24 SIGNATURE ON IT.

25 Q AND DID YOU SAY TO ANYBODY, "WELL, GEE, GUYS,
26 HOW WOULD IT HELP YOU FORGE RON LEVIN'S SIGNATURE, TO WRITE
27 JOE HUNT'S NAME?"

28 DID THAT OCCUR TO YOU THAT IT SEEMED A BIT

6
1 PREPOSTEROUS TO WRITE HUNT'S NAME MANY, MANY TIMES IN ORDER
2 TO FORGE RON LEVIN'S SIGNATURE?

3 A WELL, NOT UNLESS THEY WERE PRACTICING FORGERY
4 IN GENERAL.

5 Q FORGERY IN GENERAL? SO THAT BY PRACTICING, AS
6 YOU SEEMED TO OBSERVE IT, BY PRACTICING HOW TO WRITE "JOE
7 HUNT" THAT WOULD HELP YOU WRITE, "RON LEVIN"?

8 A YES. I THINK SO. IF YOU COULD PRACTICE ONE
9 NAME, YOU COULD PRACTICE ANOTHER.

10 Q THAT IS AT LEAST THE WAY IT LOOKED TO YOU, HUH?

11 A YEAH.

12 Q OKAY. AND NOW, ON THE RON LEVIN SIGNATURES,
13 WERE THEY WRITING OUT RON LEVIN?

14 A NO. THEY WERE HIS LITTLE SCRAWL.

15 Q JUST WRITING KIND OF LIKE IT LOOKED LIKE AN
16 EXAGGERATED "R" OF SOME SORT?

17 A YES.
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1 Q BUT ON THE OTHER HAND, WHEN WE WRITE OUT JOE
2 HUNT, WE WRITE OUT "JOE"?

3 A YES.

4 Q THEY BOTH SEEMED TO BE WRITING OUT --
5 THE COURT REPORTER: WE ARE HAVING A MECHANICAL PROBLEM.
6 (RECORD READ.)

7 Q BY MR. BARENS: -- WHO, I ASKED, I THINK, IF
8 THEY WERE IN THERE WRITING THIS OUT AND YOU SAID --

9 A NO, THEY WEREN'T IN THERE.

10 THEY TOLD ME THEY HAD BEEN PRACTICING ALL DAY.

11 Q THEY ASKED YOU TO PRACTICE?

12 A THEY ASKED ME TO TRY IT.

13 Q DID YOU TRY YOUR HAND AT IT, SO TO SPEAK?

14 A NOT RON LEVIN'S SIGNATURE.

15 JOE'S HUNT'S SIGNATURE.

16 Q YOU TRIED TO WRITE "JOE HUNT"?

17 A YES.

18 Q DID THEY TELL YOU WHY THEY HAD ASKED YOU TO TRY
19 TO WRITE "JOE HUNT"?

20 A THEY SAID THAT -- THEY DIDN'T TELL ME AT THAT
21 TIME WHEN DEAN BROUGHT BACK THE PAPER WORK.

22 Q BROUGHT BACK THE LEVIN SIGNATURE?

23 A HE SAID THAT THE CHECK HAD COME BACK FROM SWISS
24 MARKED IN THE WRONG PLACE AND THAT THEY HAD TO SIGN ANOTHER
25 CHECK WITH HIS SIGNATURE SO THAT THEY COULD COLLECT ON THE
26 1.5 MILLION.

27 Q RIGHT.

28

1 ALL RIGHT, AND YOU WROTE IT HOW MANY TIMES,
2 WRITE "JOE HUNT"?

3 A I TRIED IT ONCE.

4 Q AND WHY DIDN'T YOU TRY TO WRITE "RON LEVIN"?

5 A DIDN'T SEEM TO BE A POINT. I WASN'T VERY GOOD
6 AT IT.

7 Q YOU WEREN'T GOOD AT THAT? OKAY.

8 NOW YOU MENTIONED YESTERDAY THAT THERE WERE A
9 VARIETY OF EXAGGERATIONS THAT JOE WOULD ENGAGE IN FROM TIME
10 TO TIME.

11 A AT WHICH POINT ARE WE, WHICH POINT IN TIME?

12 Q DURING YOUR RELATIONSHIP I GUESS. THROUGHOUT
13 YOUR RELATIONSHIP, WAS THAT A FACT THAT HE WOULD FROM TIME
14 TO TIME GET INTO EXAGGERATIONS?

15 A WELL, I DON'T KNOW IF THEY WERE EXAGGERATIONS
16 OR NOT. I HAVE NEVER FOUND TRUTH OR LIE ABOUT ANY OF HIS
17 STORIES.

18 Q WELL, DID HE AT ONE TIME TELL YOU HE HAD KILLED
19 A WHOLE BUNCH OF MEXICANS?

20 A YES.

21 Q AND DID YOU BELIEVE THAT?

22 A NOT AT THE TIME.

23 Q OKAY. DID HE TELL YOU HE GRADUATED FROM USC?

24 A YES, I THINK HE DID.

25 HE CHALLENGED TESTS, HE TOLD ME, AND GOT OUT
26 OF USC EARLY.

27 THE COURT REPORTER: EARLY?

28 THE WITNESS: YES.

1 Q BY MR. BARENS: AND HE HAD ENGAGED IN SOME OTHER
2 EXAGGERATIONS, PERHAPS?

3 A TRADING ON THE CHICAGO MERCHANTILE EXCHANGE AND
4 HAVING BEEN SQUEEZED OUT OF CHICAGO BY THUGS.

5 Q HAD YOU EVER REPRESENTED THAT YOU WERE A PETROLEUM
6 ENGINEERING STUDENT AT USC?

7 A NO.

8 MR. BARENS: MIGHT I APPROACH, YOUR HONOR?

9 THE COURT: GO AHEAD.

10 Q BY MR. BARENS: DO YOU RECOGNIZE THIS HANDWRITING,
11 MR. MAY?

12 (A DOCUMENT WAS HANDED TO THE WITNESS
13 BY MR. BARENS.)

14 A YES, I DO.

15 Q WHOSE HANDWRITING IS THAT?

16 A THAT IS MY HANDWRITING.
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1 Q AND COULD YOU JUST READ TO ME THE FIRST SENTENCE
2 THERE, MR. MAY?

3 A (READING:)

4
5 "I AM A STUDENT IN THE PETROLEUM
6 ENGINEERING SCHOOL ATUSC, CURRENTLY AM WORKING
7 ON A TWO-SEMESTER LONG PROJECT CONCERNING
8 ASPECTS OF SYN FUEL PRODUCTION."

9 Q WHAT IS THAT?

10 A DURING THE TIME WE WERE WORKING ON MICROGENESIS,
11 WE WERE TRYING TO GET AS MUCH INFORMATION ON GRINDING AND
12 STUFF LIKE THAT, SO I SUPPOSE IT SOUNDED A LITTLE BIT BETTER
13 IN GATHERING UP INFORMATION FROM VARIOUS COMPANIES IF YOU
14 SAID YOU WERE A STUDENT WORKING IN THAT FIELD.

15 Q SO HERE YOU SAY YOU ARE A STUDENT IN THAT FIELD;
16 WHO WERE YOU WRITING THIS TO?

17 A IT WAS PROBABLY ONE OF THE BIG FIRMS, ONE OF
18 THE BIG GRINDING FIRMS.

19 Q I SEE.

20 AND THEN YOU GO ON TO DESCRIBE TYPES OF SYN FUEL
21 HERE AND YOU SAY THAT -- WHY DO YOU SAY YOU ARE WRITING
22 THAT LETTER THERE AT THE END OF THAT PAGE, SIR?

23 A (READING:)

24 "THE REASON I AM CONTACTING THIS
25 FIRM ON THIS MATTER IS BECAUSE I HAVE HEARD THAT
26 YOUR COMPANY IS HANDLING RESEARCH IN THIS FIELD."

27 Q ALL RIGHT, NOW YOUR PRIMARY ACTIVITY --
28 MR. BARENS: THIS IS DEFENDANT'S NEXT, WHEREVER WE

1 ARE, YOUR HONOR.

2 THE CLERK: O.

3 MR. BARENS: P?

4 THE CLERK: NO. O.

5 THE COURT: NO. O.

6 MR. BARENS: RIGHT IN THE MIDDLE.

7 Q BY MR. BARENS: DID YOU EVER UNDERSTAND HUNT'S
8 TRADING PHILOSOPHY ENOUGH AS FAR AS COMMODITIES TRADING TO
9 EXPLAIN IT TO ANYONE?

10 A I PROBABLY MADE ATTEMPTS TO EXPLAIN IT BUT I
11 DON'T KNOW IF I EVER WAS AS GOOD AS HE WAS.

12 Q DID YOU EVER IMPRESS ANYONE WITH THE TRADING
13 PHILOSOPHY?

14 A I DON'T KNOW.

15 Q YOU DON'T REMEMBER?

16 A I DON'T REMEMBER IMPRESSING ANYBODY.

17 Q DID YOU EVER REPRESENT THAT YOU HAD IMPRESSED
18 SOMEONE IN YOUR EXPLANATION OF THAT TRADING PHILOSOPHY?

19 A I DON'T REMEMBER.

20 MR. BARENS: IF I MIGHT, YOUR HONOR.

21 MR. WAPNER: MAY I HAVE A MOMENT, PLEASE?

22 (UNREPORTED COLLOQUY BETWEEN COUNSEL.)

23 MR. BARENS: IF I MIGHT, YOUR HONOR?

24 THE COURT: GO AHEAD.

25 Q BY MR. BARENS: DO YOU RECOGNIZE THIS HANDWRITING,
26 MR. MAY?

27 A IT LOOKS LIKE MY HANDWRITING.

28 Q AND WHO WERE YOU WRITING TO IN THAT LETTER, SIR?

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MR. WAPNER: WELL, OBJECTION. IT ASSUMES A FACT NOT
IN EVIDENCE THAT THIS IS IN FACT A LETTER.

THE COURT: YOU TELL US WHAT IT IS, IF YOU WILL, PLEASE
NOW.

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1 THE WITNESS: THIS IS JUST SOME REASONS FOR HAVING A
2 CONFERENCE ROOM.

3 Q BY MR. BARENS: AND WHAT DOES IT SAY? YOU HAVE
4 A POINT IN THE MIDDLE OF THE PAGE. THERE ARE LETTERS THAT
5 APPEAR TO BE "EG." AND YOU CAN CORRECT ME IF I AM MISREADING
6 YOUR ABBREVIATION THERE.

7 WHAT DO YOU SAY? IF YOU COULD READ TO ME THE
8 HIGHLIGHTED PORTION THERE, MR. MAY --

9 MR. WAPNER: THERE WOULD BE A HEARSAY OBJECTION. I THINK
10 THE APPROPRIATE MANNER OF HANDLING THIS, IS TO ASK MR. MAY
11 IF THE ITEMS THAT ARE REFERRED TO IN THERE OCCURRED AND DID
12 HE HAVE DISCUSSIONS THAT ARE REFERRED TO IN THERE AND IF HE
13 DID OR DIDN'T, THEN IT IS PROPER TO ASK --

14 THE COURT: WHY DON'T YOU EXPLAIN TO US WHAT THAT
15 DOCUMENT IS, WILL YOU PLEASE?

16 THE WITNESS: THIS DOCUMENT IS JUST -- WE WERE STARTING
17 TO PUT TOGETHER THE OFFICES. THIS DOCUMENT WAS JUST A LIST
18 OF THE REASONS FOR HAVING A CONFERENCE ROOM, NOTHING MORE,
19 NOTHING LESS.

20 IT IS JUST THREE GOOD REASONS WHY WE SHOULD HAVE
21 A CONFERENCE ROOM.

22 Q BY MR. BARENS: I AM INTERESTED IN THE REASON.
23 I WOULD LIKE YOU TO SAY, WHAT ARE THE WORDS YOU USED IN THE
24 REASONS THERE, SIR?

25 MR. WAPNER: OBJECTION, SAME OBJECTION WHICH IS THAT
26 THE DOCUMENT --

27 THE WITNESS: THERE IS NO REAL --

28 MR. WAPNER: THE DOCUMENT IS HEARSAY. ALSO, UNLESS

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1 HE IS ASKED WHETHER THE ITEMS REFERRED TO IN THE DOCUMENT,
2 IN FACT, HAPPENED --

3 MR. BARENS: YOUR HONOR, WHAT --

4 THE COURT: WAIT A MINUTE. WOULD YOU TELL US WHAT IT
5 IS? WOULD YOU PLEASE?

6 Q BY MR. BARENS: JUST TELL US WHAT IT SAYS THERE
7 IN THE WORDS, SIR.

8 (PAUSE.)

9 THE COURT: CAN YOU READ IT?

10 THE WITNESS: HARDLY. MY HANDWRITING IS NOT THAT GREAT.
11 THIS IS AN EXAMPLE OF WHAT MIGHT HAVE BEEN SAID IN A
12 CONFERENCE ROOM, HAD IT BEEN BUILT.

13 Q BY MR. BARENS: DOES IT SAY ON THAT PAGE THAT --

14 A YES, IT SAYS THAT THIS IS AN EXAMPLE AND --

15 Q AND THAT MEANS EXAMPLE AND --

16 A YES, EXAMPLE --

17 Q OKAY. GO AHEAD.

18 A IT MEANS FOR EXAMPLE, TODAY I HAD A CONFERENCE
19 DISCUSSION WITH GREY, WHO IS TINA STEWART'S FATHER, WHO IS
20 PRESIDENT OF BUDGET RENT-A-CAR.

21 HE WAS VERY IMPRESSED BY THE TRADING PHILOSOPHY
22 AND WANTS -- I CAN'T READ THE REST OF MY HANDWRITING.

23 Q OKAY. DO YOU KNOW ANY OF THOSE PEOPLE WHOSE NAMES
24 YOU MENTIONED?

25 A NO. THOSE ARE FICTIONAL.

26 Q JUST MADE UP THOSE NAMES?

27 A YES.

28 THE COURT: THAT IS A SCENARIO YOU WERE USING?

1 THE WITNESS: IT WAS A SCENARIO.

2 THE COURT: AS TO WHAT WOULD HAPPEN IN THE CONFERENCE
3 ROOM?

4 THE WITNESS: YES.

5 THE COURT: LET'S GO ON.

6 Q BY MR. BARENS: ON A TYPE OF DIALOGUE THAT YOU
7 WOULD ENVISION IN THE PERFORMANCE OF YOUR DUTIES AND YOU
8 CREATED THIS SCENARIO, SIR?

9 A YES.

10 MR. BARENS: OKAY. THAT IS DEFENDANT'S NEXT.

11 Q DID THE DOCUMENTS I JUST REFERENCED TO YOU BEFORE
12 HAVE ANYTHING TO DO WITH YOUR GETTING A QUOTRON IN YOUR OFFICE?

13 A I DON'T THINK SO.

14 Q OKAY. NOW, GOING BACK TO THE CHECK AND THE
15 EFFORTS TO SIGN NAMES AND ET CETERA --

16 THE COURT: I THOUGHT THERE WERE TWO SEPARATE INCIDENTS,
17 THE CHECK AND THE --

18 MR. BARENS: WELL, THE CONJUNCTION IS THAT THEY WERE
19 SIGNING, PRACTICING JOE HUNT'S NAME AND WE ARE --

20 THE COURT: WHAT HAS THAT GOT TO DO WITH THE CHECK?

21 MR. BARENS: WELL, THE TESTIMONY HAS BEEN THAT WE ARE
22 PRACTICING SIGNING NAMES SO WE CAN MAKE THE CHECK GO
23 THROUGH, I GUESS.

24 THE COURT: ALL RIGHT.

25 Q BY MR. BARENS: IN ANY EVENT, HAVE YOU EVER HEARD
26 THAT THIS CHECK HAS BEEN RETURNED NSF?

27 A NONSUFFICIENT FUNDS? I GUESS THAT IS WHAT THAT
28 MEANS?

1 Q YES.

2 A YES. AT THAT TIME, DEAN SAID THE CHECK HAD BEEN
3 RETURNED NSF.

4 Q WAS THAT EXPRESSION THAT HE USED TO YOU, YOU ARE
5 TOLD THE CHECK IS BEING RETURNED BECAUSE THERE IS NOT
6 SUFFICIENT FUNDS TO MAKE THE CHECK GOOD?

7 A I DON'T RECALL IF HE SAID NSF OR NOT.

8 SPECIFICALLY, WHAT I RECALL IS THAT HE SAID THE
9 CHECK HAD BEEN RETURNED AND WE NEED TO GET A NEW CHECK OUT
10 AS SOON AS POSSIBLE.

11 THE COURT: THE SIGNATURE WAS IN THE WRONG PLACE?

12 THE WITNESS: BECAUSE THE SIGNATURE WAS IN THE WRONG
13 PLACE.

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0-5 1 Q BY MR. BARENS: NOW, WHAT I AM ASKING YOU
2 ACTUALLY, DID YOU SAY DEAN MENTIONED SOMETHING ABOUT THE CHECK
3 BEING NSF?

4 A I DON'T RECALL.

B 5 Q YOU DON'T RECALL SAYING THAT?

6 A I DON'T RECALL.

7 Q DO YOU REMEMBER ANYBODY EVER SAYING THE CHECK
8 WAS NSF?

9 A NO I DON'T.

10 Q OKAY. SO, YOU DID NOT HAVE ANY KNOWLEDGE ABOUT
11 THAT AT ALL PRIOR TO SAY, THE 15TH OF JULY, 1984?

12 A I DON'T REMEMBER, TO TELL YOU THE TRUTH.

13 Q YOU DON'T REMEMBER EITHER WAY, MR. MAY?

14 A I DON'T REMEMBER EITHER WAY.

15 Q NOW THEN, YOU SAY TO USE YOUR -- TIME GOES BY.
16 THEN YOU SAY THAT YOU STARTED TO BELIEVE THAT LEVIN HAD BEEN
17 MURDERED?

18 A YES.

19 Q AND WHEN DID YOU START TO BELIEVE THAT LEVIN HAD
20 BEEN MURDERED?

21 A AFTER THE MEETING ON THE 24TH, CERTAINLY.

22 Q AND THEN YOUR BELIEF GAINED SOME MOMENTUM, I
23 SUPPOSE?

24 A YES IT DID.

25 Q OKAY. DID YOU EVER GO LOOKING FOR MR. LEVIN?

26 A WHAT DO YOU MEAN?

27 Q DID YOU EVER GO LOOKING FOR HIM?

28 A DID I GO KNOCK ON HIS DOOR OR LOOK UP IN THE TREES?

1 Q YOU KNEW WHERE HE LIVED.

2 A NO. I NEVER DID.

3 Q YOU NEVER MADE ANY EFFORTS TO ASCERTAIN WHETHER
4 HE WAS HOME OR NOT?

5 A NO. I NEVER DID.

6 Q DO YOU KNOW WHETHER YOUR BROTHER EVER WENT OVER
7 AND LOOKED FOR HIM?

8 A I DON'T KNOW.

9 Q OKAY. NOW, YOU THEN MENTIONED THAT YOU GATHERED
10 UP A VARIETY OF DOCUMENTS TO GIVE TO THE POLICE?

11 A YES.

12 Q AND WERE THESE DOCUMENTS THAT WERE GENERALLY
13 AVAILABLE IN THE OFFICES OF THE BBC?

14 A YES THEY WERE.

15 Q THEY WERE NOT HIDDEN, SIR?

16 A NO THEY WEREN'T. THEY WERE IN THE FILES.

17 Q THERE WAS NO ATTEMPT TO HIDE THE COPIES OF THE
18 \$1.5 MILLION CHECK?

19 A NO. AT THAT TIME, JOE THOUGHT IT WAS A GOOD
20 CHECK.

21 Q AND WAS THERE ANY ATTEMPT TO HIDE THE OPTION
22 AGREEMENT? DID HE TRY TO HIDE THAT?

23 A NO.

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1 Q THESE DOCUMENTS WEREN'T KEPT IN A LOCKED AREA
2 OR IN SOME KIND OF A SECURITY SAFE, BUT, RATHER, THEY WERE
3 IN FILING CABINETS LIKE ALL OTHER THINGS WERE IN FILING
4 CABINETS?

5 A THEY WERE IN LOCKED FILING CABINETS.

6 Q WERE THEY GENERALLY AVAILABLE TO ANY OF THE PEOPLE
7 WORKING IN THE OFFICE?

8 A LORI USUALLY -- SOMETIMES KEPT THEM LOCKED AND
9 SOMETIMES DIDN'T.

10 Q AND HOW ABOUT -- BUT GENERALLY, IT WAS YOUR
11 UNDERSTANDING THAT ANYBODY COULD ACCESS THESE MATERIALS?

12 A I ASKED THE SECRETARY FOR THEM AND SHE GAVE THEM
13 TO ME.

14 Q OKAY. NOW ON AUGUST 9TH, YOU HAVE A MEETING
15 WITH ZOELLER AND THEN YOU CONTINUE TO GO TO WORK OSTENSIBLY
16 TO BE OF SERVICE IN THE INVESTIGATION; IS THAT A FAIR
17 STATEMENT?

18 A TO KEEP UP APPEARANCES AND UNTIL THE INVESTIGATION
19 COULD PROGRESS, YES.

20 Q SO THAT YOU COULD SOMEWHAT BE OF SERVICE IN THAT
21 INVESTIGATION?

22 A I SUPPOSE I WOULD HELP, WHATEVER I COULD DO.

23 Q OKAY, NOW PRIOR TO AUGUST 9TH, WHAT WERE YOU
24 DOING ABOUT THE MICROGENESIS TECHNOLOGY, IF ANYTHING, SIR?

25 A AT THAT TIME, THERE WAS A FELLOW UP IN LAS VEGAS
26 NAMED BILL NALLIN WHO HAD A GRIND SITE AND PRIOR TO THE --
27 PRIOR TO ADMITTING THE DEATH OF RON LEVIN BY JOE HUNT, WE --
28 WE HAD BEEN IN ONGOING NEGOTIATIONS AND WE HAD PRETTY MUCH

1 AGREED TO PUT A MACHINE UP THERE AND SEE WHAT IT CAN DO AND
2 SO WE FINISHED UP ONE MACHINE, PUT IT UP ON A FLAT BED TRUCK
3 AND WE WERE GETTING READY TO GO UP THERE AND INSTALL IT.

4 Q AND DID YOU CONTINUE YOUR EFFORTS WITH THE
5 TECHNOLOGY, SIR?

6 A AFTER WE DUMPED THE MACHINE UP IN LAS VEGAS,
7 WE NEVER SAW IT AGAIN.

8 Q AND YOU HAD NOTHING MORE TO DO WITH PURSUING
9 THIS TECHNOLOGY AFTER THAT?

10 A NO.

11 Q AND YOU NEVER ENTERED INTO ANY AGREEMENTS WITH
12 ANYONE TO PURSUE DEVELOPMENT AND/OR MARKETING OF THE
13 TECHNOLOGY?

14 A I NEVER DID.

15 Q AND DID YOU HAVE ANYTHING FURTHER TO DO WITH
16 MR. BROWNING, DR. BROWNING?

17 A BROWNING AND I AND DAVE AND JEFF WERE ALL GOOD
18 FRIENDS AND WHEN WE FIRST LEFT WITH THE MACHINE TO GO UP
19 TO LAS VEGAS, IT WAS A PRETTY GOOD EXCUSE TO GET OUT OF TOWN
20 BECAUSE JOE HAD GIVEN US THE TRUCK AND GIVEN US EVERYTHING,
21 SO WE TOOK IT UP THERE AND DUMPED IT AND BROUGHT THE TRUCK
22 BACK, SO HE HAD THREATENED TO KILL US SO WE FIGURED IT WAS
23 A PRETTY GOOD TIME TO GO FISHING UP IN MAMMOTH LAKE.

24 Q WHEN DID HE THREATEN TO KILL YOU, MR. MAY?

25 A AT THE MEETING, FIRST OF ALL.

26 Q HE SAID TO YOU AT THE 6-24 MEETING --

27 A YES.

28 Q -- HE SAID, "I AM GOING TO KILL YOU"?

1 A NO.

2 HE SAID ANYBODY WHO TOLD ANYBODY ABOUT WHAT WAS
3 GOING ON -- NOT IN THESE WORDS -- BUT HIS MEANING WAS "BE
4 KILLED " SO --

5 Q HE DIDN'T USE THE KILL WORD, ACTUALLY?

6 A WELL, YOU CAN'T LIVE UNDER THE EAST RIVER SO
7 I FIGURED THAT IS ABOUT THE SAME THING.

8 Q BUT YOU SURMISED FROM THAT, DID YOU NOT?

9 A YES.

10 Q YES?

11 A YES, I DID.

12 Q YOU SAY AFTER HE SAID THIS AND THAT AND WAS GOING
13 TO KILL YOU, YOU WENT ON UP THERE AND AFTER THAT YOU SAID
14 YOU HAD NOTHING FURTHER TO DO WITH THE TECHNOLOGY AS FAR
15 AS DEVELOPMENT OR MARKETING?

16 A WE BROUGHT THE -- WE BROUGHT THE MACHINE UP TO
17 THE BAKER SITE, BROUGHT THE TRUCK BACK. WE TOOK THE OLDS
18 DELTA 88 BACK UP TO THE SITE, LOADED THE MACHINE ON A FLAT
19 BED TRUCK, PUT IT BEHIND THESE MOUNTAINS WHERE NOBODY COULD
20 FIND IT AND THEN WE LEFT FOR MAMMOTH LAKES.

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1 Q PRIOR TO THE TIME THAT YOU MET WITH MR. ZOELLER,
2 HAD YOU LOANED MR. BROWNING ANY MONEY?

3 A NOT THAT I RECALL.

4 MR. BARENS: MAY I APPROACH, YOUR HONOR?

5 MR. WAPNER: MAY I SEE IT?

6 (DOCUMENT HANDED TO MR. WAPNER BY MR.
7 BARENS.)

8 Q BY MR. BARENS: MR. MAY, WHAT DOES THAT APPEAR
9 TO BE?

10 A IT LOOKS LIKE A LOAN FROM MY BROTHER TO GENE
11 BROWNING.

12 THE COURT: PARDON ME. IT LOOKS LIKE A WHAT?

13 MR. WAPNER: I BELIEVE THE ANSWER WAS "IT LOOKS LIKE
14 A LOAN FROM HIS BROTHER TO GENE BROWNING."

15 Q BY MR. BARENS: WHAT IS THE DATE OF THAT DOCUMENT,
16 SIR?

17 A 7-22-84.

18 Q JULY 22?

19 AND IT SAYS THAT -- WHAT DOES IT SAY THERE IN
20 THE FIRST SENTENCE?

21 A IN THE FIRST SENTENCE?

22 Q YES, SIR.

23 A "I DEMAND FOR VALUE".

24 Q IT SAYS, "ON DEMAND".

25 A "ON DEMAND FOR VALUE RECEIVED, I PROMISE TO PAY
26 TO THE ORDER OF DAVID H. MAY \$5,450 IN LAWFUL MONEY OF THE
27 UNITED STATES OF AMERICA AT LOS ANGELES."

28 Q OKAY, THAT IS SUFFICIENT. THE REST --

1 THE COURT: DIDN'T YOU ASK HIM WHETHER OR NOT HE WAS
2 THE ONE THAT MADE A LOAN?

3 MR. BARENS: YES.

4 HE HAS NOW CORRECTED ME ON THAT, YOUR HONOR.

5 THE COURT: IT WAS HIS BROTHER. AND HE REPLIED, WHEN
6 YOU ASKED, HE SAID HE DIDN'T REMEMBER. ARE YOU IMPEACHING
7 HIS TESTIMONY?

8 MR. BARENS: NO. I AM GOING TO ASK HIM IF HE WAS AWARE
9 OF THIS.

10 THE COURT: I SEE. GO AHEAD.

11 Q BY MR. BARENS: WERE YOU AWARE OF THIS LOAN?

12 A YES.

13 Q YOU WERE AWARE?

14 DO YOU KNOW WHY YOUR BROTHER LOANED HIM THIS
15 MONEY?

16 A GENE NEEDED SOME MONEY TO LIVE ON.

17 Q DID YOU HAVE ANY BUSINESS RELATIONSHIPS WITH
18 MR. BROWNING AT THAT TIME?

19 A AT THAT TIME, NO.

20 Q JUST IT WAS KIND OF A LOAN MADE ON A SOCIAL BASIS?

21 A YES.

22 GENE WAS A GOOD FRIEND OF DAVE'S.
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1 Q NOW, HAD YOU BEEN INVOLVED IN THE PREPARATION
2 OF ANY CONTRACTS ON THE SHADOW VALLEY MINING COMPANY?

3 A YES. WE DID PUT TOGETHER A CONTRACT, I BELIEVE.

4 Q AT WHAT POINT IN TIME WAS THAT, SIR?

5 A JUST PRIOR TO US LEAVING WITH THE MACHINES TO
6 GO UP THERE.

7 Q THAT WOULD BE IN?

8 A AUGUST.

9 Q OF 1984?

10 A . YEAH.

11 MR. WAPNER: THERE WOULD BE AN OBJECTION, AS VAGUE AS
12 TO THAT. WERE YOU INVOLVED? BECAUSE THAT DOESN'T SAY
13 WHETHER HE --

14 MR. BARENS: BUT YOUR HONOR --

15 THE COURT REPORTER: I CAN ONLY WRITE ONE PERSON AT
16 A TIME.

17 THE COURT: SOMETIMES THERE ARE MISCHARACTERIZATIONS.
18 LET'S JUST ASK THE QUESTION DIRECTLY OF HIM AND HAVE HIM
19 ANSWER IT. WILL YOU?

20 MR. BARENS: ALL RIGHT.

21 Q DID YOU PARTICIPATE OR DIRECT THE PREPARATION
22 OF CONTRACTS IN THAT REGARD, AS FAR AS THE SHADOW VALLEY
23 MINING COMPANY?

24 A JOE HUNT DIRECTED ALL CONTRACT WRITING.

25 Q DID YOU HAVE ANYTHING TO DO WITH IT?

26 A I HAD NO INPUT ON CONTRACTS AT ALL.

27 Q DID YOU GET TO SEE ANY OF THEM?

28 A YES. I DID GET TO SEE THEM.

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1 MR. BARENS: OKAY. IF I COULD ASK HIM ABOUT ONE OF
2 THEM, YOUR HONOR BECAUSE --

3 THE COURT: WHAT IS THE MATERIALITY OF THE --

4 MR. BARENS: IF WE COULD MAKE AN OFFER OF PROOF, WE --

5 THE COURT: YES, DO THAT.

6 MR. BARENS: THANK YOU.

7 (THE FOLLOWING PROCEEDINGS WERE HELD

8 AT THE BENCH:)

9 THE COURT: YES?

10 MR. BARENS: YOUR HONOR, I HAVE A SERIES OF DOCUMENTS
11 HERE IN THE WITNESS'S HANDWRITING THAT ARE SUGGESTIVE AND
12 CORROBORATIVE OF THE FACT THAT THERE WAS AN ACTIVE DIALOGUE
13 AND NEGOTIATIONS GOING ON BETWEEN THIS WITNESS, JEFF RAYMOND
14 AND DR. BROWNING DURING THE PERIOD OF TIME THAT HE WAS
15 COOPERATING WITH THE POLICE, WHERE THEY WERE GOING TO FORM
16 A NEW COMPANY INVOLVING THIS TECHNOLOGY AND PROCEED WITH THE
17 DEVELOPMENT OF THE TECHNOLOGY, INDEPENDENT OF ANYTHING WITH
18 MICROGENESIS.

19 THE COURT: WELL, DIDN'T HE SO TESTIFY YESTERDAY?

20 MR. BARENS: NO, YOUR HONOR.

21 THE COURT: MY IMPRESSION IS THAT I HEARD HIM TESTIFY
22 THAT -- I THOUGHT HE WAS ASKED YESTERDAY ABOUT --
23 QUESTIONS FROM YOU AS TO WHAT HIS ACTIVITIES WERE AND
24 BROWNING AND THEY WERE GOING TO CONTINUE THEIR PURSUIT OF
25 THIS PARTICULAR TECHNOLOGY. ISN'T THAT WHAT YOU SAID?

26 MR. BARENS: I FRANKLY --

27 THE COURT: WHAT IS THE MATERIALITY OF IT?

28 MR. BARENS: IT GOES TO BIAS OR MOTIVE.

1 THE COURT: BIAS OR MOTIVE? WHAT, TO MAKE A LIVING?

2 MR. BARENS: NO, YOUR HONOR. ONE OF THE CONTENTIONS
3 I WOULD SUBMIT, IS THAT ONCE WE HAVE HUNT SALTED AWAY, WE
4 ARE FREE TO PROCEED WITH THE TECHNOLOGY AND GO OUT AND MAKE
5 MILLIONS WITH THE TECHNOLOGY.

6 THE COURT: GO AHEAD. I THINK YOU ARE STRAINING AT
7 A GNAT. GO AHEAD.

8 MR. BARENS: WELL, WE WILL LET THE JURY DECIDE WHETHER
9 I AM STRAINING AT A GNAT.

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1 (THE FOLLOWING PROCEEDINGS WERE HELD
2 IN OPEN COURT:)

3 MR. BARENS: I JUST HAVE NOT HEARD THAT EXPRESSION IN
4 A LONG TIME, JUDGE.

5 Q I SHOW YOU A DOCUMENT HERE MR. MAY, THAT IS
6 CAPTIONED "JOINT VENTURE AGREEMENT."

7 HAVE YOU EVER SEEN THAT BEFORE?

8 (PAUSE.)

9 THE WITNESS: THAT LOOKS LIKE THE FINAL PACKAGE FOR
10 THE JOINT VENTURE AGREEMENT BETWEEN US AND BILL NALLIN.

11 THE COURT: BETWEEN WHOM?

12 THE WITNESS: BETWEEN THE BBC AND MICROGENESIS OR
13 WHATEVER THE COMPANY WAS THAT JOE HAD FORMED FOR THE VENTURE,
14 AND BILL NALLIN.

15 Q BY MR. BARENS: AND THE PARTIES MENTIONED HERE
16 ARE REFERRED TO AS -- IT SAYS BY AND BETWEEN SHADOW VALLEY
17 MINING COMPANY, A NEVADA CORPORATION AND ADVANCED METALS
18 RECOVERY SYSTEMS, AMRS.

19 A YEAH. THAT WAS THE COMPANY JOE WANTED TO USE
20 FOR THIS JOINT VENTURE.

21 Q AND DID THE BBC HAVE A COMPANY CALLED AMRS?

22 A I DON'T KNOW IF THEY DBA'D ONE OUT OR NOT, TO
23 TELL YOU THE TRUTH.

24 Q WHEN WAS THE FIRST TIME YOU HEARD A REFERENCE
25 TO AMRS IN THIS CONJUNCTION?

26 A PROBABLY WHEN WE ALL MADE IT UP.

27 Q WHEN WAS THAT, SIR?

28 A SOMETIME BEFORE WE WROTE THE CONTRACTS OUT, A

2-5
1 FEW WEEKS BEFORE.

2 Q AND WHEN WAS THIS CONTRACT PREPARED, SIR?

3 A JUST BEFORE WE WENT UP TO LAS VEGAS.

4 Q SO, THIS WOULD HAVE BEEN AROUND JULY OR AUGUST
5 OF 1984?

6 A YES.

7 MR. BARENS: ALL RIGHT. BEFORE I GET TOO FAR AFIELD,
8 THE NOTE THAT I MADE REFERENCE TO IS THE DEFENDANT'S NEXT,
9 Q.

10 THE COURT: Q?

11 MR. BARENS: OKAY, DEFENSE Q IS THE NOTE.

12 MR. WAPNER: CAN YOU IDENTIFY THAT MORE SPECIFICALLY?

13 MR. BARENS: IT IS A NOTE DATED 7-22-84, AS BETWEEN
14 DAVID MAY AND GENE BROWNING.

15 MR. WAPNER: THAT'S P?

16 MR. BARENS: THAT'S Q. AND DEFENSE R IS A DOCUMENT
17 ENTITLED "JOINT VENTURE AGREEMENT."

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1 Q BY MR. BARENS: DID YOU PARTICIPATE IN THE
2 NEGOTIATION OF THE SHADOW MOUNTAIN TRANSACTION WITH BILL
3 NALLIN?

4 A YES, I DID.

5 Q AND IS IT NOT A FACT THAT YOU WERE PRIMARILY
6 RESPONSIBLE FOR COMMUNICATING AND NEGOTIATING WITH MR.
7 BILL NALLIN?

8 A YES.

9 Q AND YOU HAD FAMILIARITY WITH THE AGREEMENTS AND
10 THE TECHNOLOGY IN THAT REGARD?

11 A YES.

12 Q AND YOU HAD WRITTEN MR. NALLIN VARIOUS
13 CORRESPONDENCE IN THAT REGARD?

14 A YES.

15 MR. BARENS: IF I MIGHT, YOUR HONOR, I WOULD LIKE TO
16 DOCUMENT IT FOR THE TRUTHFULNESS OF THE STATEMENTS.

17 THE COURT: GO AHEAD.

18 MR. WAPNER: COUNSEL.

19 (MR. BARENS HANDS MR. WAPNER A DOCUMENT.)

20 MR. WAPNER: MAY WE APPROACH BRIEFLY?

21 THE COURT: ALL RIGHT. PLEASE.

22 (THE FOLLOWING PROCEEDINGS WERE HELD

23 AT THE BENCH OUTSIDE THE HEARING

24 OF THE JURY:)

25 MR. WAPNER: YOUR HONOR, I WOULD LIKE TO MAKE A REQUEST
26 FOR THE PRODUCTION OF THE ORIGINAL DOCUMENT.

27 THE CONTENT OF IT REALLY DOESN'T BOTHER ME. BUT
28 THESE ARE XEROXES BEING PRODUCED AND UNLESS THERE IS SOME

1 CLAIM THAT THEY DON'T HAVE THE ORIGINAL.

2 THE COURT: HAVE YOU GOT THE ORIGINALS OF THE
3 DOCUMENTS?

4 MR. BARENS: NO.

5 THE COURT: WHERE DO THEY COME FROM?

6 MR. BARENS: I BELIEVE MR. MAY REMOVED THE ORIGINALS
7 OF THESE DOCUMENTS. I HAVE XEROXES THAT WERE PROVIDED ME
8 BY THE DEFENDANT.

9 THE COURT: WELL, IF HE REMOVED IT, HOW DID YOU GET
10 THE XEROXES?

11 MR. BARENS: I DON'T KNOW, YOUR HONOR.

12 MR. WAPNER: UNLESS THERE IS SOME FOUNDATION, THERE
13 WOULD BE AN OBJECTION TO USING THE COPIES.

14 MR. BARENS: OH, YOUR HONOR.

15 THE COURT: LET ME SEE IT.

16 MR. BARENS: HE ADMITS THEY ARE IN HIS HANDWRITING,
17 JUDGE.

18 THE COURT: ALL RIGHT, THE OBJECTION TO NOT HAVING
19 THE ORIGINAL WILL BE OVERRULED.

20 MR. BARENS: THANK YOU, YOUR HONOR.

21 (WHEREUPON, THE FOLLOWING PROCEEDINGS WERE
22 HELD IN OPEN COURT IN THE HEARING AND
23 PRESENCE OF THE JURY:)

24 MR. BARENS: OH, I WAS APPROACHING WITH THESE DOCUMENTS,
25 YOUR HONOR.

26 THE COURT: ALL RIGHT.

27 Q BY MR. BARENS: I SHOW YOU FOUR DOCUMENTS, MR.
28 MAY, AND ASK YOU -- FOUR PAGES OF PAPER AND ASK YOU IF IT

1 IS YOUR HANDWRITING ON EACH OF THE FOUR PAGES, SIR.

2 (DOCUMENTS HANDED TO THE WITNESS BY
3 MR. BARENS.)

4 Q BY MR. BARENS: DOES IT LOOK LIKE YOUR HANDWRITING,
5 MR. MAY?

6 A YES, IT APPEARS TO BE MY HANDWRITING.

7 Q WITH REFERENCE TO THE FIRST ONE WHERE THERE ARE
8 SOME DRAWINGS ON THERE; WHAT IS THAT ABOUT, SIR?

9 A THAT IS JUST A ROUGH OUTLINE OF SOME OF THE THINGS
10 THAT HAD TO GO IN THE JOINT VENTURE AGREEMENT.

11 Q AND THAT IS STUFF THAT YOU WROTE DOWN?

12 A YES.

13 Q AND WAS THAT DICTATED TO YOU?

14 A NO. I WROTE IT DOWN.

15 Q YOU WROTE THAT YOURSELF?

16 A YES.

17 Q ALL RIGHT. AND WHAT IS THE SECOND DOCUMENT?

18 MR. BARENS: WE WILL CALL THAT S-1.

19 THE COURT: ALL RIGHT.

20 Q BY MR. BARENS: WHAT IS THE SECOND DOCUMENT,
21 SIR, S-2?

22 A IT IS ANOTHER EXAMPLE OF WHAT A CONTRACT COULD
23 LOOK LIKE.

24 THE COURT: SPEAK UP. KEEP YOUR VOICE UP.

25 MR. WAPNER: I COULDN'T HEAR THAT.

26 THE WITNESS: I SAID IT IS ANOTHER EXAMPLE OF WHAT
27 A CONTRACT COULD LOOK LIKE.

28 Q BY MR. BARENS: THAT IS SOMETHING YOU WROTE?

1 A YES.

2 Q WAS THAT DICTATED TO YOU?

3 A NO.

4 Q THE NEXT DOCUMENT, S-3 --

5 MR. WAPNER: YOUR HONOR, I THINK THERE IS A CONTINUING
6 PROBLEM WHEN COUNSEL QUESTIONS THE WITNESS FROM THE WITNESS
7 STAND, THE VOICES TEND TO GO DOWN AND THEN THE JURORS
8 CAN'T HEAR.

9 THE WITNESS: I AM SORRY.

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1 THE COURT: BOTH OF YOU, KEEP YOUR VOICES UP.

2 Q BY MR. BARENS: ALL RIGHT, WHAT IS S-3 ABOUT?

3 A MORE PARTS OF A JOINT VENTURE. MORE NOTES TO
4 THE JOINT VENTURE.

5 Q AND LASTLY, S-4 IS WHAT, SIR?

6 A IT LOOKS LIKE ANOTHER NOTES TO THE COVER PAGE
7 OF THE JOINT VENTURE.

8 Q SO WOULD IT BE A FAIR STATEMENT TO SAY THAT THESE
9 FOUR PIECES OF PAPER REPRESENT CERTAIN WORK PRODUCT OF YOURS
10 IN THE PREPARATION OF A DRAFT AGREEMENT AS BETWEEN AMRS AND
11 BILL NALLIN?

12 A WHAT THEY REALLY ARE ARE JUST NOTES THAT I THOUGHT
13 MIGHT BE HELPFUL FOR PUTTING TOGETHER THE CONTRACT.

14 Q AND YOU SUBMITTED THIS AS SOMEWHAT OF A PROPOSED
15 INPUT FOR THE CONTRACT?

16 A YES.

17 I NEVER KNEW IF THEY MADE IT INTO THE CONTRACT
18 OR NOT.

19 Q ALL RIGHT. SO YOU WERE OPERATING SOMEWHAT
20 INDEPENDENTLY IN YOUR PREPARATION OF THOSE MATERIALS OR WERE
21 YOU NOT?

22 A I DIDN'T WRITE UP CONTRACTS, NO.

23 Q BUT I AM TALKING ABOUT WHAT I JUST REFERRED TO.

24 A YES.

25 Q OKAY. NOW DURING THAT PERIOD OF TIME YOU JUST
26 HAD A SOCIAL RELATIONSHIP WITH GENE BROWNING?

27 A NO.

28 I MEAN GENE BROWNING WAS BUILDING THE MACHINE

1 DOWN IN GARDENA AND THAT MACHINE WAS GOING TO HAVE TO GO
2 SOMEWHERE, WHETHER IT WENT TO BILL MORTON OR BILL NALLIN
3 OR WHEREVER.

4 Q OKAY. DID YOU AND YOUR BROTHER AND JEFF RAYMOND
5 HAVE ANY INTEREST AT ALL IN MOVING FORWARD WITH GENE BROWNING
6 ON THE TECHNOLOGY AFTER JULY 1ST, 1984?

7 A OH, SURE.

8 Q YOU DID?

9 A SURE.

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1 Q YOU DID?

2 A SURE.

3 Q WHAT INTERESTED YOU IN THAT REGARD?

4 A WE FELT THAT THE TECHNOLOGY SHOULD BE EXPLORED,
5 YOU KNOW. IT WAS -- JOE HAD POSSIBLY COMMITTED MURDER. HE
6 HAD CERTAINLY STOLEN MONEY FROM US AND COMMITTED FRAUD.

7 Q STOLEN MONEY?

8 A STOLEN MONEY FROM US.

9 Q WHEN DID HE STEAL MONEY FROM YOU?

10 A WE FELT THAT SWINDLING US OUT OF MONEY WAS
11 STEALING. THAT IS HOW WE REFERRED TO IT.

12 Q WHEN HAD YOU BEEN SWINDLED OUT OF MONEY?

13 A AT LEAST \$10,000. I AM NOT SURE ABOUT THE
14 \$100,000.

15 I DON'T THINK ANYBODY EVER IS ON THAT.

16 Q WHICH \$100,000?

17 A THE ORIGINAL INVESTMENT.

18 Q YOU MEAN -- I THOUGHT YOUR ORIGINAL INVESTMENT
19 WAS \$80,000?

20 A WELL, COMBINED WITH MY BROTHER'S, IT WAS PROBABLY
21 WELL OVER \$100,000.

22 Q WELL, YOU SAID THAT YOU PUT EIGHTY IN AND THEN
23 YOU TOOK FIFTEEN OUT. SO YOU HAD SIXTY-FIVE IN, IN PRINCIPAL.
24 YOU THOUGHT YOU HAD BEEN SWINDLED OUT OF 65,000?

25 A YES.

26 Q YOU DIDN'T THINK IT HAD BEEN LOST IN THE
27 COMMODITIES MARKET, DID YOU?

28 A NO.

1 Q YOU THOUGHT HE PUT IT IN HIS POCKET?

2 A YES.

3 Q YOU THOUGHT THAT HE HAD USED IT TO BUY FURNITURE,
4 DIDN'T YOU?

5 A AND NICE CLOTHES AND --

6 Q CLOTHES?

7 A AND A NICE APARTMENT AND A FEW OTHER THINGS.

8 Q CLOTHES?

9 A SURE.

10 THE COURT: I THINK WE'LL TAKE A RECESS AT THIS TIME.
11 WE HAVE SOME UNFINISHED BUSINESS THAT WE HAVE TO TAKE CARE
12 OF.

13 LADIES AND GENTLEMEN, WE'LL TAKE A RECESS NOW
14 UNTIL 1:30 THIS AFTERNOON. THE SAME ADMONITION I GAVE YOU
15 STILL APPLIES.

16 (AN ADJOURNMENT WAS TAKEN AT 11:55 TO
17 RESUME AT 1:30 P.M. OF THE SAME DAY.)

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1 SANTA MONICA, CALIFORNIA; THURSDAY, FEBRUARY 26, 1987; 1:35 P.M.
2 DEPARTMENT WEST C HON. LAURENCE J. RITTENBAND, JUDGE
3 (APPEARANCES AS NOTED ON TITLE PAGE.)
4

5 THE COURT: ALL RIGHT, YOU MAY CONTINUE WITH YOUR CROSS-
6 EXAMINATION.
7

8 TOM FRANK MAY,
9 CALLED AS A WITNESS BY THE PEOPLE, HAVING BEEN PREVIOUSLY
10 SWORN, RESUMED THE STAND AND TESTIFIED FURTHER AS FOLLOWS:
11

12 MR. BARENS: THANK YOU, YOUR HONOR.
13

14 CROSS-EXAMINATION (RESUMED)

15 BY MR. BARENS:

16 Q MR. MAY, SO IT IS YOUR TESTIMONY THAT IN -- AFTER
17 YOU HAD GONE TO THE POLICE, THEN YOU WERE PROCEEDING AHEAD
18 TRYING TO PROCEED WITH THE MARKETING OF THE TECHNOLOGY WITH
19 MR. BROWNING?

20 A NO, THAT IS NOT MY CONTENTION AT ALL.

21 AFTER WE WENT TO THE POLICE, WE HAD TO KEEP UP
22 APPEARANCES AND PART OF KEEPING UP APPEARANCES, WAS GETTING
23 THIS CONTRACT TOGETHER AND THEN WE USED THE MACHINES AND THE
24 FACT THAT WE HAD TO TAKE THEM UP TO LAS VEGAS AS A GOOD
25 EXCUSE TO GET OUT OF TOWN.

26 Q AND YOU HAD NO INTEREST IN MARKETING THE TECHNOLOGY
27 WITH MR. BROWNING AFTER THAT?

28 A OH, YES, I THINK WE DID, SURE.

Q AND WHO WOULD "WE" BE IN THAT CONTEXT, MR. MAY?

1 A MY BROTHER AND I AND GENE ALL DISCUSSED IT.

2 I MEAN IF JOE KILLED SOMEBODY AND TOOK OUR MONEY,
3 WE FELT THAT --

4 Q I AM SORRY?

5 A IF JOE KILLED SOMEBODY, AND WHICH WE THOUGHT HE
6 HAD DONE, AND HAD TAKEN ALL OUR MONEY, WE THOUGHT IT WAS,
7 YOU KNOW, ONLY FAIR THAT WE HAD WORKED SO HARD ON THIS THING
8 THAT WE MIGHT AS WELL TAKE IT UP THERE AND SEE IF IT WORKS.

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1 MR. BARENS: I UNDERSTAND, MR. MAY.

2 THE COURT: DID ANYTHING COME OF IT?

3 THE WITNESS: NO. IT NEVER WORKED. WE NEVER GOT IT
4 DOWN.

5 WE TOOK IT UP TO LAS VEGAS. WE LEFT IT THERE.

6 THEN THIS FELLOW NAMED BILL MORTON CAME UP AND
7 TOOK IT TO ARIZONA. WE NEVER SAW IT AGAIN.

8 THE COURT: THAT IS BECAUSE OF THE JUDGMENT HE HAD
9 AGAINST --

10 THE WITNESS: I HAD NO IDEA.

11 AFTER WE DROPPED THE MACHINERY OFF, WE DROPPED
12 THE TRUCK OFF.

13 THEN WE CAME BACK UP IN THE DELTA. WE MOVED
14 THE MACHINERY. THAT WAS SO THAT JOE COULDN'T GET IT.

15 AND THEN WE TOOK OFF FOR MAMMOTH LAKES AND AT
16 MAMMOTH LAKES, WE SPENT TWO WEEKS FISHING AND HIDING OUT
17 AND TALKING TO THE POLICE AND FINDING OUT IF THEY HAD ARRESTED
18 HIM YET.

19 THAT WAS IT.

20 THE COURT: ALL RIGHT.

21 THE WITNESS: WE HAVE NOT SEEN THE MACHINERY SINCE.

22 MR. BARENS: THANK YOU, YOUR HONOR. PURSUANT TO THAT,
23 YOU DID SOME WRITING. I WOULD LIKE TO APPROACH, YOUR HONOR.

24 THE COURT: GO AHEAD.

25 MR. BARENS: THANK YOU, YOUR HONOR.

26 MR. WAPNER: COUNSEL?

27 MR. BARENS: I THOUGHT I HAD SHOWN IT TO YOU. SORRY.

28 (PAUSE.)

1 Q BY MR. BARENS: I AM SHOWING YOU TWO PIECES OF
2 PAPER AND ASKING YOU, MR. MAY, IF YOU RECOGNIZE THE HAND-
3 WRITING ON THE PAGES, SIR.

4 A YES, I DO.

5 Q IS THAT YOUR HANDWRITING?

6 A YES, IT IS.

7 Q DO YOU KNOW WHEN YOU WROTE THOSE THINGS?

8 A JUST BEFORE WE WENT UP TO LAS VEGAS, TO THE SITE.

9 Q AND DO YOU KNOW WHY YOU WROTE THOSE PAPERS?

10 A WE WERE GOING TO GO TO THE POLICE AND HAND OVER
11 EVERYTHING WE KNEW TO THE POLICE.

12 Q AND THAT IS WHAT THESE PAPERS TALK ABOUT?

13 A THEY TALK ABOUT A NEW AGREEMENT THAT WAS NEVER
14 FORMED WITH BILL NALLIN UP IN LAS VEGAS.

15 Q SO, ON THIS PIECE OF PAPER --

16 MR. WAPNER: COULD THAT BE MARKED AND IDENTIFIED FOR
17 THE RECORD?

18 MR. BARENS: SURE. I AM AT Y?

19 THE COURT: THIS IS DEFENDANT'S T.

20 MR. BARENS: WE WILL CALL THIS T-1 IF YOU WOULD, MR.
21 MAY. WE WILL CALL THE OTHER ONE T-2.

22 MR. WAPNER: COULD YOU IDENTIFY FOR THE RECORD?

23 MR. BARENS: T-1 IS A PIECE OF PAPER IN MR. MAY'S HAND-
24 WRITING. THE TOP, THE FIRST REFERENCE SAYS, "L.B. CASE."

25 THE WITNESS: YES.

26 MR. BARENS: AND THE SECOND ONE SAYS, "TO DO," ACTUALLY
27 AT THE TOP.

28 THE COURT: IT IS CONTAGIOUS.

1 MR. BARENS: YES INDEED. WE ALL SEEM TO HAVE THAT
2 LANGUAGE. BUT WE WILL HAVE TO GET INTO THAT.

3 Q ON THE FIRST IT SAYS, "NEW AGREEMENT," AND IS
4 IT .2 ON THERE, SIR?

5 A YES, IT IS.

6 Q AND WHAT ARE YOU REFERRING TO BY THAT EXPRESSION?

7 A AT THE TIME, GENE THOUGHT THAT JOE WAS A CROOK,
8 AS WELL.

9 Q A CROOK?

10 A YES. BECAUSE HE HAD NOT PAID GENE ANY OF THE
11 SALARY THAT HE WANTED AND HE HAD PROMISED GENE A NEW HOUSE,
12 WHICH HE NEVER GOT FOR HIM.

13 AND SO THEN, WE TOLD GENE THAT HE HAD CONFESSED
14 TO THIS MURDER AND GENE BELIEVED IT, AS WELL.

15 AND SO, HE WANTED TO FURTHER DEVELOP THE
16 TECHNOLOGY UP THERE ON THE NALLIN SITE. SO WE WERE GOING
17 TO ARRANGE A NEW AGREEMENT.

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1 Q AND THE "WE" BEING?

2 A BETWEEN, ORIGINALLY, MY BROTHER AND JEFF AND
3 THEN WHEN I TALKED TO THEM, IT WAS GOING TO BE BETWEEN ALL
4 THREE OF US.

5 Q OKAY.

6 THE COURT: PARDON ME. WHILE WE ARE ON THE SUBJECT,
7 DO YOU RECALL THAT THERE HAD BEEN A REVOCATION OF THE
8 AGREEMENT THAT BROWNING HAD WITH MICROGENESIS BECAUSE
9 MICROGENESIS DIDN'T LIVE UP TO THE AGREEMENT?

10 THE WITNESS: I DON'T RECALL BUT THAT MAY HAVE BEEN
11 THE CASE.

12 MR. WAPNER: I AM SORRY. I DIDN'T HEAR.

13 Q BY MR. BARENS: WELL --

14 MR. WAPNER: EXCUSE ME, COUNSEL. THERE WAS A LAST
15 STATEMENT THAT I DON'T -- IT WAS VERY DIFFICULT FOR ME TO
16 HEAR AND I DON'T KNOW IF THE JURORS HEARD IT.

17 THE WITNESS: I SAID I DIDN'T RECALL.

18 MR. WAPNER: COULD WE HAVE THE EXACT STATEMENT WHICH
19 THE WITNESS SAID READ BY THE REPORTER?

20 THE COURT: YES.

21 (THE RECORD WAS READ BY THE REPORTER.)

22 MR. BARENS: I BELIEVE, YOUR HONOR, THE REVOCATION, IN
23 THE TESTIMONY, CAME AFTER THE DATES WE ARE TALKING ABOUT, JUDGE.

24 THE COURT: WHATEVER THE DATES WERE. I REMEMBER
25 READING SOME DOCUMENT WHERE THERE HAD BEEN A REPORT OF THE
26 REVOCATION OF THE AGREEMENT BETWEEN BROWNING AND
27 MICROGENESIS BECAUSE THEY HAD FAILED TO PERFORM.

28 MR. BARENS: ACTUALLY, MR. BROWNING TESTIFIED ABOUT

7-2
1 THAT, JUDGE.

2 THE COURT: DID HE? I KNEW THERE WAS SOME PLACE WHERE
3 I HAD HEARD IT.

4 MR. BARENS: RIGHT. IT CAME AFTER THE DATE WE ARE
5 REFERENCING, JUDGE.

6 THE COURT: WHATEVER THE DATE WAS.

7 Q BY MR. BARENS: MR. MAY, IT SAYS HERE "ON NEW
8 AGREEMENT" AND THEN OVER ON THE RIGHT-HAND, WHAT DOES IT
9 SAY HERE?

10 A IT SAYS "WITH TOM AND JEFF AND DAVE," TOM MAY,
11 DAVE MAY AND JEFF RAYMOND.

12 Q WHAT DOES IT SAY BELOW THAT?

13 A "OR TRANSFER INTO A CORPORATION OF THEIR
14 CHOOSING."

15 Q WHAT DOES THAT REFERENCE MEAN?

16 A WHATEVER NEW AGREEMENTS WE WOULD HAVE WITH
17 BROWNING, WE WOULD PUT INTO A CORPORATION THAT WE FORMED IF
18 WE FORMED ONE OR JUST AN AGREEMENT BETWEEN THE THREE OF US.

19 Q AND THEN WE HAVE A "TO DO" DOCUMENT HERE; COULD
20 YOU TELL US THE ITEMS THAT YOU HAVE ON YOUR "TO DO" LIST?

21 A IT SAYS, "NEW BROWNING AGREEMENT, SET UP
22 APPOINTMENTS WITH ARTHUR" ARTHUR CROWLEY BEING THE COUNSEL
23 THAT WE WENT TO -- FEC, POLICE, IRS AND CC.

24 Q THE CORPORATIONS COMMISSION, BY CHANCE?

25 A MIGHT HAVE BEEN. I DON'T REMEMBER.

26 MR. WAPNER: YOUR HONOR, I DON'T EVEN KNOW IF THE JURORS
27 COULD HEAR THAT LAST QUESTION.

28 Q BY MR. BARENS: THERE IS A "CC" ON THERE AND I

1 TRIED TO HELP THE WITNESS BY SUGGESTING HE MIGHT HAVE BEEN
2 REFERENCING THE CORPORATIONS COMMISSION.

3 THE WITNESS: I DON'T REMEMBER IF "CC" MEANT THAT OR
4 NOT.

5 Q BY MR. BARENS: ON YOUR "TO DO" LIST THEN YOU
6 HAVE REFERENCE TO THE NEW AGREEMENTS YOU ARE GOING TO HAVE
7 WITH DR. BROWNING --

8 A UH-HUH.

9 Q -- IN THE SAME LIST, PART OF THE LIST THEN TALKS
10 ABOUT THINGS WE ARE GOING TO DO IN TERMS OF THE LEGAL MATTER
11 INVOLVING MR. HUNT FOR HIS MISDEEDS, ALLEGED?

12 A YES, IT IS.

13 Q OKAY. SO WE HAVE THOSE THINGS TOGETHER ON THE
14 "TO DO" LIST, ALL RIGHT.

15 MR. BARENS: JUST A MOMENT, YOUR HONOR.

16 (PAUSE IN PROCEEDINGS.)

17 Q BY MR. BARENS: BY THE WAY, WHEN YOU TOLD
18 MR. BROWNING THAT MR. HUNT HAD KILLED MR. LEVIN, WHAT DID
19 HE SAY?

20 A HE SAID HE BELIEVED IT.

21 Q WAS HE SURPRISED?

22 A I AM NOT THE ONE WHO TOLD HIM.

23 Q HOW DO YOU KNOW HE WAS TOLD?

24 A MY BROTHER AND JEFF TOLD HIM.

25 Q YOUR BROTHER AND JEFF TOLD HIM AND --

26 A AND THEY TOLD ME THAT THEY HAD TOLD HIM.

27 Q WERE THEY THE FIRST PEOPLE TO TELL HIM?

28 A I THINK SO.

1 Q OKAY, GO AHEAD WITH YOUR TESTIMONY, DID YOU
2 BORROW JOE'S SHOTGUN WHEN YOU WENT UP TO LAS VEGAS OR SHADOW
3 MOUNTAIN?

4 A HE LOANED IT TO ME. HE SAID "HERE, TAKE IT. GO
5 UP AND SHOOT SOME CANS."

6 Q OKAY. AND SO YOU HAD THAT WITH YOU WHEN YOU WENT
7 UP NORTH?

8 A YES.

9 Q I SEE.

10 AND HE DIDN'T SEEM TO RESIST LOANING THAT TO YOU?

11 A NO.

12 HE GAVE IT TO ME FREELY.

13 THE COURT: WHAT DO YOU MEAN RESISTING IT?

14 MR. BARENS: I DON'T KNOW MYSELF.

15 THE COURT: HE DIDN'T ASK FOR IT. HE OFFERED IT TO
16 HIM HIMSELF.

17 Q BY MR. BARENS: DID HE OFFER IT TO YOU?

18 A YES.

19 THE COURT: THAT IS WHAT HE SAID.

20 Q BY MR. BARENS: YOU DON'T KNOW WHETHER ONE OF
21 THE GENTLEMEN HAD ASKED IF THEY COULD BORROW IT?

22 A NO.

23 JOE OFFERED IT TO ME.

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1 Q OKAY. AND THEN YOU WENT UP THERE WITH IT?

2 A YEAH.

3 Q OKAY. DID YOU EVER GET IT BACK?

4 A NO. WE LEFT IT ON THE MINE SITE.

5 Q OKAY. AND DID YOU EVER RETRIEVE IT FOR ANY
6 PURPOSE?

7 A NO. WE JUST LEFT IT --

8 THE COURT: DID YOU RETRIEVE IT FOR ANY PURPOSE, TO
9 SHOOT ANYBODY?

10 THE WITNESS: NO.

11 THE COURT: WASN'T THAT THE PURPOSE OF THE QUESTION?

12 MR. BARENS: NO. IT WAS TO SEE IF IT WAS CHECKED FOR
13 FORENSIC EVIDENCE, TO SEE IF HE COULD PUT IT TOGETHER WITH
14 SOMETHING, YOUR HONOR.

15 THE COURT: YES. GO AHEAD.

16 MR. BARENS: IT COULD HAVE BEEN GOOD.

17 Q WELL, IT WAS NOT?

18 A NO. IT WAS LEFT IN THE RENTED MOTOR HOME. I
19 BELIEVE JOE CAME UP LATER AND GOT IT.

20 Q ALL RIGHT. THEN YOU DESCRIBED AN INCIDENT WHERE
21 YOU WERE SOMEWHAT FRIGHTENED BUT YOU WENT OVER TO EVAN
22 DICKER'S PLACE BEFORE YOU LEFT?

23 A YES.

24 Q YOU WERE FRIGHTENED OF MR. HUNT WHEN YOU WENT
25 OVER THERE?

26 A SURE.

27 Q WHEN YOU GOT THERE, MR. HUNT WAS LYING ON THE
28 FLOOR DRINKING ORANGE JUICE?

1 A HE WAS DRINKING SOMETHING. I FORGET WHAT IT
2 WAS.

3 BUT IT MIGHT HAVE BEEN ORANGE JUICE.

4 Q DID HE HAVE HIS BODYGUARD WITH HIM, MR. MAY?

5 A NO. HE WAS THERE WITH DEAN AND EVAN.

6 Q AND DID HE LOOK THREATENING LAYING THERE ON THE
7 FLOOR DRINKING ORANGE JUICE?

8 A NO.

9 Q I MEAN, DID HE HAVE A GUN IN HIS HANDS OR ANYTHING
10 LIKE THAT? A SHOTGUN OR ANYTHING LIKE THAT?

11 A NO. HE DIDN'T HAVE THAT.

12 Q WELL, LET ME ASK YOU THIS. BEFORE YOU LEFT FOR
13 LAS VEGAS, DID YOU OR ONE OF YOUR ASSOCIATES AT THAT POINT,
14 GET \$3,000 FROM MR. HUNT?

15 A I DON'T REMEMBER.

16 Q YOU DON'T KNOW WHETHER JEFF RAYMOND BORROWED
17 \$3,000 FROM MR. HUNT AT THAT POINT IN TIME?

18 A IT WAS PROBABLY TO PAY FOR THE FLAT BED ON THE
19 WAY UP AND FOR THE UNLOADING OF THE MACHINE.

20 Q IS THAT WHAT THE MONEY WAS USED FOR TO YOUR
21 KNOWLEDGE, MR. MAY?

22 A YES. THAT IS WHAT IT WAS USED FOR.

23 Q DID THAT CONSUME ALL OF THE MONEY?

24 A NO. PROBABLY WHEN WE WENT CROSS COUNTRY, WE
25 USED SOME OF IT THEN.

26 Q NOW, WHEN YOU WERE GATHERING UP THE RECORDS BEFORE
27 I FORGET THE POINT, TO GO TO THE POLICE, DID YOU EVER GATHER
28 UP THE RECORDS TO SHOW THAT YOU HAD BEEN SWINDLED OUT OF

1 YOUR MONEY BY MR. HUNT?

2 A I GATHERED UP ALL OF THE SEC DOCUMENTS, YES.

3 Q DID THEY PROVE THAT YOU WERE SWINDLED OUT OF
4 YOUR MONEY?

5 MR. WAPNER: OBJECTION, CALLING FOR SPECULATION.

6 THE COURT: SUSTAINED.

7 MR. BARENS: ALL RIGHT.

8 Q YOU MENTIONED ABOUT YOUR DEPARTING, THE INCIDENT
9 WHERE HUNT WAS LYING ON THE GROUND AND KARNY SAYS TO YOU,
10 I THINK YOU SAID, "YOU CAN'T BEAT A GOOD CONSPIRACY."

11 A "REMEMBER, YOU CAN'T BEAT A GOOD CONSPIRACY."

12 Q "REMEMBER, YOU CAN'T BEAT A GOOD CONSPIRACY"?

13 A YES.

14 Q HAD YOU BEEN DISCUSSING MR. LEVIN AT THAT POINT
15 IN TIME?

16 A NO, WE HAD NOT.

17 Q HE JUST VOLUNTEERED IT TO YOU, SIR?

18 A YES, HE DID, AS A CLOSING ARGUMENT.

19 Q AS A CLOSING ARGUMENT? THANK YOU FOR THE
20 CHARACTERIZATION.

21 WHEN YOU GOT TO GARDENA TO PICK UP THE EQUIPMENT,
22 WAS THE GATE LOCKED?

23 A YES, IT WAS.

24 Q AND HOW DID YOU ACCESS THE EQUIPMENT?

25 A MY BROTHER JUMPED OVER THE FENCE AND TORCHED
26 THE LOCK OFF.

27 Q THAT IS A METHOD BY WHICH YOU BURN THE LOCK OFF,
28 I SUPPOSE?

1 A YES.

2 Q AND THEN YOU WERE ABLE TO GO FROM THERE UP TO
3 LAS VEGAS?

4 A YES.

5 Q NOW, YOU SAID THAT YOU DIDN'T COME BACK TO
6 SOUTHERN CALIFORNIA FOR A COUPLE OF WEEKS?

7 A ACTUALLY, WE CAME DIRECTLY BACK TO SOUTHERN
8 CALIFORNIA AND DROPPED THE TRUCKS OFF.

9 THEN WE TOOK THE DELTA AND DROVE BACK UP TO LAS
10 VEGAS AND RENTED ANOTHER FLAT BED AND LOADED UP MACHINES
11 AND DROVE THEM ABOUT A QUARTER OF A MILE AND DROPPED THEM
12 OFF.

13 THEN WE TOOK THE DELTA TO MAMMOTH.

14 Q MAMMOTH LAKES?

15 A YES.

16 Q IN CALIFORNIA?

17 A WE STOPPED OFF IN NEVADA FIRST. THEN WE WENT
18 TO MAMMOTH LAKES.

19 Q OKAY. AND THEN YOU CAME HOME A COUPLE OF WEEKS
20 LATER?

21 A YES.

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1 Q AND WERE YOU SECURE IN KNOWING WHERE MR. HUNT
2 WAS WHEN YOU CAME BACK, BEFORE YOU RETURNED?

3 A NO. WE WEREN'T SECURE AT ALL. THAT IS WHY WE
4 PARKED THE CAR AROUND THE CORNER AND SNUCK UP TO THE HOUSE.

5 Q RIGHT. BECAUSE YOU WERE AFRAID IF YOU SAW MR.
6 HUNT, YOU WOULD BE HARMED, SIR?

7 A YES.

8 Q AND THEN YOU DID IN FACT, WITHIN FIVE MINUTES
9 OF GETTING HOME -- THERE IS MR. HUNT?

10 A YES.

11 Q AND DID HE HAVE HIS BODYGUARD WITH HIM?

12 A NO. BUT I HAD HEARD LATER THAT HE HAD HIS BODY-
13 GUARD WATCHING THE PLACE. THAT IS HOW HE WAS ABLE TO GET
14 THERE SO QUICKLY.

15 Q WHO DID YOU HEAR THAT FROM?

16 A DEAN KARNY.

17 Q BUT WHEN HE APPEARED IN YOUR SIGHT, HE WAS BY
18 HIMSELF?

19 A YES, HE WAS.

20 Q AND THEN YOU HAD SOME CONVERSATION AND HE ENDED
21 UP DRIVING YOU TO YOUR HOME?

22 A AFTER VERY CAREFULLY MAKING A PHONE CALL TO MY
23 PARENTS, MAKING SURE THAT WE WOULD GET THERE.

24 Q SURE. BUT, DID YOU DRIVE HOME WITH MR. HUNT?

25 A YES. HE DROVE AND WE RODE IN THE BACK. HE TOOK
26 THE KEYS TO THE DELTA RIGHT THEN AND THERE.

27 Q WHOSE DELTA WAS THAT?

28 A IT WAS WESTCAR'S, I BELIEVE.

1 Q WESTCAR'S VEHICLE?

2 A YES.

3 Q AND MR. HUNT DROVE YOU HOME. DID MR. PITTMAN
4 ACCOMPANY YOU WHEN YOU WENT HOME ON THAT OCCASION?

5 A NO.

6 Q SO IT WAS JUST THE THREE OF YOU BOYS?

7 A YES.

8 Q ALL RIGHT. LATER ON, AFTER YOU HAD STARTED
9 WORKING WITH THE POLICE, THERE WAS A MEETING AT THE CHART
10 HOUSE?

11 A YES, THERE WAS.

12 Q DID MR. GRAHAM GO WITH MR. HUNT TO THAT MEETING?

13 A NO, HE DIDN'T.

14 THE COURT: DO YOU KNOW WHERE HE WAS?

15 THE WITNESS: I DON'T KNOW WHERE HE WAS. THEY WANTED
16 TO MEET US DOWN IN GARDENA. WE ARRANGED THE CHART HOUSE
17 BECAUSE IT WAS A SAFER PLACE.

18 Q BY MR. BARENS: INDEED, A SAFER PLACE. AND THERE-
19 FORE, YOU SHOWED UP AT THE CHART HOUSE BUT WITHOUT MR. GRAHAM
20 ACTUALLY AT THAT MEETING, WAS YOURSELF AND WHO ELSE, SIR?

21 A MY BROTHER AND JEFF.

22 Q AND MR. HUNT?

23 A YES.

24 Q ALL RIGHT. NOW, DID YOU TELL THE POLICE THAT
25 YOU WERE GOING TO THAT MEETING?

26 A YES. I THINK WE DID.

27 Q AND DID YOU TAKE ANY RECORDING DEVICES TO THAT
28 MEETING?

1 A NO, WE DID NOT.

2 Q DID THE POLICE ASK YOU TO MAKE NOTES OF WHAT
3 WAS DISCUSSED AT THAT MEETING?

4 A NO, THEY DID NOT.
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1 Q NO ONE ASKED YOU TO RECORD OR IN ANY WAY TO
2 MEMORIALIZE THAT AGREEMENT -- I AM SORRY -- THAT MEETING?

3 A NO.

4 Q WERE YOU AWARE -- DID ALL OF YOU BOYS TELL THE
5 POLICE YOU WERE GOING TO THAT MEETING, TO YOUR KNOWLEDGE?

6 A NO.

7 Q JUST YOU?

8 A YES.

9 Q ALL RIGHT. WAS THERE ANY DISCUSSION AT THAT
10 MEETING ABOUT CARS AND PINK SLIPS?

11 A YES, THERE WAS.

12 Q AND THAT IS WHEN YOU WERE OFFERED TO TRADE THE
13 CARS FOR THE PINK SLIPS -- I AM SORRY -- THE PINK SLIPS FOR
14 THE INFORMATION?

15 A NOT THE CARS.

16 Q FOR THE INFORMATION YOU HAD GIVEN THE POLICE?

17 A HE WANTED BACK ALL OF THE DOCUMENTS THAT WE HAD
18 GIVEN TO THE POLICE.

19 Q AND THERE WAS SOME, I THOUGHT YESTERDAY YOU HAD
20 SOME SORT OF A TIE-IN BETWEEN THAT AND THE RETURN OF THE
21 DOCUMENTS YOU GAVE TO THE POLICE?

22 A YES. HE WANTED TO SWAP THE TWO.

23 HE CALLED IT "UNFINISHED BUSINESS."

24 Q ALL RIGHT, LATER ON AFTER THAT POINT IN TIME,
25 YOU WERE STILL IN TOUCH WITH MR. HUNT INTO SEPTEMBER, WERE
26 YOU?

27 A I BELIEVE SO.

28 Q AND DID YOU RECEIVE A LETTER FROM MR. HUNT

1 CONCERNING THE RETURN OF THE MILLS IN SEPTEMBER?

2 A I THINK SO, YEAH, I RECALL A LETTER.

3 MR. BARENS: IF I COULD APPROACH HIM WITH A LETTER?

4 THE COURT: SURELY.

5 MR. BARENS: THANK YOU, YOUR HONOR.

6 MR. WAPNER: COUNSEL.

7 MR. BARENS: I AM SORRY.

8 (SHOWING DOCUMENT TO COUNSEL.)

9 Q BY MR. BARENS: I SHOW YOU A LETTER BEARING DATE
10 OF SEPTEMBER 17, APPARENTLY WITH YOUR NAME ON IT; IS THAT
11 A LETTER THAT WAS ADDRESSED TO YOU?

12 A YES, IT IS.

13 Q AND WHAT DOES IT SAY, SIR?

14 A "YOUR TEXACO CARD TURNED UP. DO YOU KNOW WHERE
15 THE MILLS ARE?

16 "EXPECTANTLY" --

17 Q AND IT IS SIGNED?

18 A "JOE HUNT."

19 MR. BARENS: THAT IS THE DEFENDANT'S NEXT, WHEREVER
20 WE ARE.

21 THE COURT: THAT WILL BE U.

22 THE WITNESS: MY WALLET WAS MISSING AROUND THIS TIME
23 AND THAT TEXACO CARD WAS IN MY WALLET.

24 MR. BARENS: WELL, THANK YOU. I DON'T RECALL ASKING
25 ABOUT YOUR WALLET BUT I AM PLEASED BY THE INFORMATION.

26 THE COURT: WELL, IF YOU DON'T WANT THE INFORMATION
27 BEFORE THE JURY, I WILL STRIKE IT.

28 MR. BARENS: NOT AT ALL. I LIKE THAT.

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1 THE COURT: ALL RIGHT, THEN WHAT ARE YOU OBJECTING FOR?

2 MR. BARENS: I AM SORRY?

3 THE COURT: WHY ARE YOU OBJECTING TO IT?

4 MR. BARENS: I WASN'T. I SAID I FORGOT TO ASK HIM.

5 BUT THE VOLUNTEERING IS HELPFUL AT TIMES, YOUR HONOR.

6 Q NOW AS I UNDERSTAND WHERE WE ARE, MR. MAY, YOU
7 SAID YOU DIDN'T REALLY UNDERSTAND MUCH ABOUT THE MICROGENESIS
8 TECHNOLOGY BUT AFTER -- DID YOU SAY THAT YESTERDAY?

9 A I DON'T RECALL SAYING THAT YESTERDAY.

10 Q THAT WOULDN'T BE A TRUTHFUL STATEMENT?

11 A I KNEW WHAT GENE BROWNING KNEW ABOUT THE
12 TECHNOLOGY, I HAD READ QUITE A BIT ABOUT IT.

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1 Q SO YOU DID KNOW ABOUT HOW THE THING OPERATED AND
2 IT WORKED AND WHAT ITS POTENTIAL SIGNIFICANCE WAS
3 ECONOMICALLY?

4 A YES.

5 Q AT LEAST ACCORDING TO BROWNING?

6 A YES.

7 Q AND LATER, YOU THOUGHT PERHAPS WE COULD MOVE
8 FORWARD WITH THAT TOWARDS SOME ECONOMIC SUCCESS?

9 A UNTIL WE DROPPED THEM OFF AT THE SITE -- WE NEVER
10 SAW THEM AGAIN AFTER THAT -- BUT WE THOUGHT WE COULD, YEAH.

11 Q MR. MAY, IS IT NOT TRUE THAT IN THE PAST FEW
12 MONTHS YOU HAVE BEEN TRYING TO -- THAT YOU AND YOUR BROTHER
13 HAVE BEEN TRYING TO MARKET YOUR STORY FOR THE MOVIES
14 CONCERNING THIS CASE?

15 MR. WAPNER: OBJECTION. RELEVANCE.

16 THE COURT: DO YOU HAVE ANY OBJECTION?

17 MR. WAPNER: THERE IS AN OBJECTION ON RELEVANCE.

18 THE COURT: SUSTAINED.

19 A LOT OF PEOPLE IN THIS CASE HAVE ALSO BEEN
20 TRYING TO MARKET IT. SO LET'S KEEP AWAY FROM THE MARKETING
21 OF THE STORY BECAUSE YOU WILL OPEN THE DOOR.

22 MR. BARENS: I DON'T MIND, YOUR HONOR. IT GOES TO
23 INTEREST IN THE OUTCOME OF THE CASE AND BIAS.

24 THE COURT: ARE YOU IMPLYING THAT HE IS TESTIFYING THIS
25 WAY BECAUSE IT MIGHT BE PROFITABLE TO HIM TO MARKET THE
26 STORY, IS THAT WHAT YOU ARE IMPLYING TO THE JURY, IS THAT
27 IT?

28 MR. BARENS: I AM SAYING --

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1 THE COURT: IS THAT WHAT YOU ARE IMPLYING TO THE JURY?

2 MR. BARENS: I AM IMPLYING THAT THE WITNESS WOULD HAVE
3 AN INTEREST IN THE OUTCOME OF THE CASE, YOUR HONOR.

4 THE COURT: HAVE YOU ANY INTEREST IN THE OUTCOME OF
5 THIS CASE EXCEPT TO SEE THAT JUSTICE IS DONE?

6 THE WITNESS: NONE AT ALL.

7 Q BY MR. BARENS: DO YOU HAVE AN INTEREST IN A
8 POTENTIAL MOTION PICTURE RESULTING FROM THIS CASE, MR. MAY?

9 A A TV MOVIE DEAL HAS BEEN SIGNED, YES.

10 MR. BARENS: THANK YOU, MR. MAY.

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REDIRECT EXAMINATION

13 BY MR. WAPNER:

14 Q DID YOU HAVE ANY TV-MOVIE DEALS WHEN YOU WENT
15 TO THE POLICE ON AUGUST 9TH OF 1984?

16 A NO, I DID NOT.

17 Q AND YOU TOLD THEM ESSENTIALLY THE SAME STORY YOU
18 ARE TELLING TODAY?

19 A EXACTLY THE SAME STORY.

20 Q WHEN DID YOUR WALLET TURN UP MISSING?

21 A IT TURNED UP MISSING JUST AFTER WE LEFT THE --
22 JUST -- I LEFT IT IN MY DRAWER OR AROUND MY DESK AND IT TURNED
23 UP MISSING FROM MY DESK BEFORE WE WENT UP TO LAS VEGAS SO
24 THAT WOULD BE --

25 Q WHICH DRAWER OF WHICH DESK?

26 A IN THE OFFICES OF THE BBC, MY DESK DRAWER,
27 MY TOP DRAWER.

28 Q OF YOUR DESK?

1 A YES.

2 Q AND SO IT WAS MISSING BEFORE YOU WENT UP TO
3 LAS VEGAS?

4 A YES.

5 Q DID IT HAVE YOUR DRIVER'S LICENSE IN IT?

6 A YES, IT DID.

7 Q AND YOUR TEXACO CREDIT CARD?

8 A AND A FEW OTHER THINGS.

9 Q DID YOU TAKE THAT LETTER ABOUT THE TEXACO CREDIT
10 CARD AS ANOTHER FORM OF EXTORTION SIMILAR TO WHAT YOU HAD
11 BEEN EXPOSED TO AT THE CHART HOUSE ABOUT "GIVE ME BACK THE
12 DOCUMENTS AND I WILL GIVE YOU THE PINK SLIP TO YOUR CAR"?

13 A YES, I DID.

14 MR. BARENS: I WILL OBJECT TO COUNSEL'S CHARACTERIZATION
15 OF THE CONDUCT BEING EXTORTION.

16 THE COURT: WELL, HIS STATE OF MIND MIGHT BE RELEVANT
17 SO I WILL PERMIT THE QUESTION TO BE ASKED AND THE ANSWER TO
18 STAND.

19 MR. BARENS: THANK YOU.

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1 Q YOU WERE ASKED ABOUT MR. PITTMAN BEING A SEVENTH
2 DEGREE TAI KWAN DO AND MR. HUNT MADE A CONVINCING ARGUMENT
3 ABOUT THAT, IS THAT RIGHT?

4 A YES, HE DID.

5 Q WAS MR. HUNT ABLE TO MAKE CONVINCING ARGUMENTS
6 TO YOU ON JUST ABOUT ANYTHING?

7 A YES. HE NEVER LOST A CONVINCING ARGUMENT.

8 Q FROM THE TIME THAT YOU WERE WITH HIM IN DEBATE
9 CLASS IN HIGH SCHOOL THROUGH THE END OF THE BBC, DID YOU
10 EVER WIN A DEBATE OR AN ARGUMENT THAT YOU HAD WITH MR. HUNT?

11 A NO, I DID NOT.

12 Q YOU SAID THAT YOU CHARACTERIZED MR. PITTMAN AND
13 MR. HUNT AS BEST OF FRIENDS. WHAT DID YOU MEAN BY THAT?

14 A THEY WERE ALWAYS DOING THINGS TOGETHER. THEY
15 WERE HAVING KARATE CLASS TOGETHER.

16 THEY WOULD GO TO THE MOVIES TOGETHER. JOE
17 CHARACTERIZED JIM AS SOMEBODY WHO WAS VERY VALUABLE TO THE
18 BBC AND THAT WE SHOULD ALL GET TO KNOW HIM VERY WELL.

19 HE HAD ASSETS THAT NO OTHER BBC MEMBER COULD
20 LEND TO THE BBC.

21 Q DID THE SHOTGUN THAT WAS TAKEN UP -- THAT YOU
22 TOOK UP TO THE GRIND SITE NEAR LAS VEGAS -- HOW MANY SHOTS
23 WAS IT CAPABLE OF FIRING?

24 A FIVE.

25 Q WHAT DO YOU BASE YOUR STATEMENT ON THAT MR. HUNT
26 WENT BACK THERE AND GOT IT?

27 A BECAUSE WHEN WE CAME BACK, IT WAS NOT THERE.
28 WHEN WE TALKED TO BILL NALLIN, HE SAID THAT YES, HUNT AND

1 JIM GRAHAM HAD COME UP THERE AND TAKEN EVERYTHING THAT WAS
2 IN THE RENTED MOBILE HOME THAT WE HAD RENTED UP THERE AND
3 ONE OF THE THINGS HE HAD TAKEN WAS THE SHOTGUN.

4 Q WHEN WAS IT THAT YOU TALKED TO MR. NALLIN?

5 A SEVERAL WEEKS AFTER WE HAD LEFT, JUST TO SEE
6 WHAT WAS GOING ON BACK AT THE GRIND SITE.

7 Q BY THE WAY, WHEN YOU WENT TO GARDENA TO GET THE
8 MACHINE TO TAKE IT OUT TO THE DESERT AND THE GATE WAS LOCKED,
9 THEN YOU HAD DAVE CLIMB OVER THE FENCE AND TORCH THE LOCK.
10 DID SOMEONE PLACE A PHONE CALL TO THE BBC OFFICES?

11 A AT THAT TIME?

12 Q YES.

13 A YEAH. WE TOLD THEM SOMEBODY HAD TRIED TO LOCK
14 US OUT. ACTUALLY, IT HAPPENED AFTER -- ON OUR WAY UP. WE
15 TOLD JOE SOMEBODY HAD LOCKED US OUT AND WE COULDN'T UNDERSTAND
16 WHY. WE BROKE THE LOCK AND TOOK THE MACHINES UP.

17 Q YOU CALLED JOE HUNT TO TELL HIM THAT?

18 A YES.

19 Q OKAY. AT THE TIME YOU CALLED JOE HUNT TO TELL
20 HIM SOMEONE HAD LOCKED YOU OUT, WHO DID YOU THINK HAD ACTUALLY
21 PUT THE LOCK ON?

22 A WE PROBABLY FIGURED HE DID.

23 Q THAT JOE HUNT DID?

24 A YEAH.

25 Q BY CALLING HIM ON THE TELEPHONE AND TELLING HIM
26 YOU HAD GOTTEN THE MACHINES, WHY DID YOU DO THAT?

27 A IT WAS AGAIN, JUST TRYING TO KEEP UP OUR
28 APPEARANCES. WHEN DEAN KARNY ANSWERED THE PHONE, HE SAID,

1 "SOMEBODY PUT THE LOCK ON IT? GOOD. I AM GLAD YOU GUYS
2 GOT THE MACHINES OUT IN TIME."

3 WE THOUGHT, WE MADE IT SEEM LIKE WE THOUGHT THE
4 LANDLORD PUT THE LOCK ON THERE AND TO HOLD EVERYTHING THERE
5 BECAUSE THEY HAD NOT PAID THE RENT IN SO LONG.

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1 Q THE RENT WAS DELINQUENT ON THE PLANT IN GARDENA
2 FOR A FEW MONTHS?

3 A I THINK SO, YES.

4 Q WHEN YOU WENT UP TO SOLEDAD CANYON WITH STEVE
5 TAGLIANETTI AND DETECTIVE ZOELLER, WHOSE IDEA WAS IT TO GO
6 UP THERE?

7 A IT WAS DETECTIVE ZOELLER'S IDEA TO GO UP THERE.

8 Q ALL RIGHT. WHO TOLD DETECTIVE ZOELLER FIRST
9 ABOUT SOLEDAD CANYON?

10 A I TOLD HIM ABOUT IT.

11 Q WHY DID YOU MENTION IT TO HIM?

12 A WELL, MAINLY BECAUSE OF WHAT JOE HAD SAID ABOUT
13 IT BEING A PERFECT PLACE TO HIDE SOMETHING AND NOBODY WOULD
14 EVER FIND IT.

15 Q WAS IT AFTER YOU MADE THAT COMMENT TO DETECTIVE
16 ZOELLER, THAT THE THREE OF YOU WENT UP TO SOLEDAD CANYON?

17 A YEAH.

18 Q WHEN YOU WENT UP TO SOLEDAD CANYON WITH JOE HUNT
19 AND YOU HIKE UP TO THE WATERFALL, DESCRIBE THE AREA AROUND
20 THE WATERFALL.

21 A IT IS EXTREMELY DENSE. YOU CAN'T SEE ANYTHING
22 AROUND YOU BECAUSE THE TREES COME WAY OVER IT, LIKE THIS
23 (INDICATING).

24 AND IT IS WHEN YOU ARE DOWN IN IT -- YOU CAN'T
25 SEE ANYBODY ELSE AROUND YOU FROM THE OUTSIDE. IT IS EXTREMELY
26 DIFFICULT TO SEE INTO AND YOU CAN'T SEE OUT OF IT.

27 Q IS SOLEDAD CANYON GENERALLY A PRETTY REMOTE AREA?

28 A YES, AN EXTREMELY REMOTE AREA.

1 THE COURT: HOW MUCH OF AN AREA IS IT AROUND THERE?
2 HOW LARGE?

3 THE WITNESS: IT IS HUGE, A WHOLE MOUNTAIN RANGE.

4 THE COURT: A WHOLE MOUNTAIN RANGE?

5 THE WITNESS: YES.

6 Q BY MR. WAPNER: AT SOME POINT, DID YOU HEAR JOE
7 HUNT ADMIT THAT THERE WAS NO SHOPPING CENTER AND THAT HE
8 HAD ESSENTIALLY BEEN CONNED BY RON LEVIN?

9 A YES.

10 Q WHEN AND WHERE WAS THAT? IF YOU DON'T REMEMBER
11 THE EXACT TIME WHEN IT WAS, YOU CAN SAY THAT.

12 A IT WAS IN THE OFFICES. AND IT WAS SOMETIME AFTER
13 THE MEETING WHERE HE HAD DIVIDED UP THE SHOPPING CENTER.

14 Q AND WHEN HE ADMITTED THAT, IT WAS TO YOU OR TO
15 A GROUP?

16 A IT WAS TO ME. THERE MIGHT HAVE BEEN OTHER PEOPLE
17 STANDING AROUND. IT WAS DIRECTED TOWARD ME.

18 Q WHEN HE SAID THAT, HOW DID HIS DEMEANOR APPEAR
19 TO YOU?

20 A HE WAS EXTREMELY ANGRY THAT HE HAD BEEN TAKEN
21 IN ABOUT THE SHOPPING CENTER BUT HE THOUGHT THE MONEY WAS
22 REAL.

23 HE THOUGHT THAT HE HAD ACTUALLY MADE THE MONEY
24 FOR RON LEVIN AND HE WAS GOING TO GET IT OUT OF RON, NO MATTER
25 WHAT IT TOOK.

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1 Q WHEN YOU WENT WITH JOE HUNT IN THE CAR TO THE
2 BANK OF AMERICA AND HE TOLD YOU ABOUT KILLING RON LEVIN,
3 WAS THAT ON A WEEKDAY?

4 A YES, IT WAS.

5 Q IF JUNE 17TH OF 1984 WAS ON A SUNDAY, IT WOULD
6 NOT HAVE BEEN ON THAT DAY, WOULD IT?

7 A NO, IT WOULD NOT HAVE BEEN.

8 Q AFTER HE TOLD YOU ABOUT THE KILLING, DID MR. HUNT
9 ACTUALLY GO INTO THE BANK?

10 A YES, HE WENT INTO THE BANK.

11 Q WHAT DID HE DO AFTER HE GOT INTO THE BANK?

12 A HE WENT UP TO THE BANK TELLER AND DEPOSITED SOME
13 CHECKS AND WITHDREW SOME CASH.

14 Q HAD YOU EVER BEEN WITH MR. HUNT ON OTHER
15 OCCASIONS WHEN HE HAD DONE THE SAME THING?

16 A YES, I HAVE.

17 Q DO YOU KNOW WHETHER HE WAS WITHDRAWING CASH FROM
18 THE SAME ACCOUNT HE WAS PUTTING THE MONEY INTO OR DO YOU KNOW?

19 A I THINK THEY WERE DIFFERENT ACCOUNTS.

20 Q YOU SAID THAT JOE HUNT EXPLAINED THE PARADOX
21 PHILOSOPHY AND IT SOUNDED QUITE FEASIBLE?

22 A YES.

23 Q WAS THAT ANY DIFFERENT THAN MR. HUNT'S EXPLAINING
24 ANYTHING ELSE TO YOU AND IT SOUNDING QUITE FEASIBLE?

25 A NO.

26 Q IN FACT, MOST OF THE TIME WHEN YOU WERE WORKING
27 AT THE BBC, IF HE EXPLAINED THINGS TO YOU, IT SOUNDED PRETTY
28 FEASIBLE?

2-2 1 A YES.

2 JOE IS A VERY BELIEVABLE GUY.

3 Q ALSO, WOULD YOU SAY THAT HE IS FAIRLY GOOD WITH
4 RHETORIC?

5 A EXTREMELY WELL VERSED.

6 HE HAD DICTIONARIES THAT HE READS AND ANY NEW
7 WORD THAT HE DOESN'T UNDERSTAND, HE GOES OUT AND IMMEDIATELY
8 FINDS THE MEANING OF IT AND FINDS ITS APPLICATION.

9 Q DID HE DO THAT WHEN YOU WERE AT THE BBC?

10 A OH, YES.

11 MR. BARENS: SOUNDS SINISTER.

12 Q BY MR. WAPNER: YOU SAID THAT MR. HUNT PASSED
13 OUT BLACK BOOKS ABOUT THE PARADOX PHILOSOPHY; WHAT WAS THAT
14 ALL ABOUT?

15 A EVAN -- JOE WROTE DOWN WHAT HIS PHILOSOPHIES WERE
16 AND THE STRUCTURE OF THE ORGANIZATION AND HE HAD EVAN
17 DICKER PUT THEM ALL INTO BLACK BOOKS AND HANDED THEM ALL OUT
18 TO EVERYBODY IN THE OFFICES.

19 Q SHOWING YOU A DOCUMENT WE HAVE MARKED AS 182-A;
20 DOES THAT LOOK FAMILIAR TO YOU?

21 A YES. THIS IS ALL OF THE STUFF THAT WAS INSIDE
22 THE BOOKS.

23 Q DURING THE TIME THAT YOU WERE WORKING IN THE BBC
24 OFFICES ON THE MICROGENESIS PROJECT -- EXCUSE ME, MR. MAY --
25 WERE YOU INVOLVED AT ALL IN TRYING TO GET PARTS FOR THE
26 MACHINE --

27 WHAT PART OF THE BUSINESS ASPECT OF THE MACHINE
28 DID YOU HANDLE?

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1 A MAINLY, JUST WITH BILL NALLIN UP IN LAS VEGAS
2 IN SETTING UP THE FIRST GRINDER SITE OR ONE OF THE GRINDER
3 SITES, ACTUALLY.

4 THEY ALREADY HAD AN ARRANGEMENT WITH A FELLOW
5 NAMED BILL MORTON, WHO I HAD VERY LITTLE DEALINGS WITH, TO
6 GRIND ON HIS SITE.

7 THE COURT: WHAT IS A GRIND SITE? THE JURY MIGHT WANT
8 TO KNOW.

9 THE WITNESS: THE GRIND SITE -- THE THEORY WAS, ANYWAY,
10 THE GOLD ORE WAS LOCKED IN MATRIX WITH OTHER ORES AND IF YOU
11 COULD GRIND IT DOWN TO SUCH FINE POWDER THAT YOU COULD UNLOCK
12 THE GOLD AND THEN USING A CHEMICAL THAT BONDS THAT FINE GOLD
13 TO IT, YOU COULD EXTRACT IT OUT.

14 AND A GRIND SITE WAS WHERE THEY ACTUALLY JUST
15 GROUND IT DOWN TO THIS FINE DUST.

16 Q BY MR. WAPNER: IS THAT THE LOCATION WHERE THEY
17 WERE GOING TO PUT THE MACHINE TO DO THE GRINDING?

18 A YES, THAT IS THE LOCATION WHERE THEY WERE GOING
19 TO PUT THE MACHINE FOR THE GRINDING.

20 Q DID THERE APPEAR TO BE ANY PROBLEM IN THE LATE
21 SPRING AND EARLY SUMMER WITH GETTING MONEY TO GET PARTS FOR
22 THE MACHINE FOR BUILDING THE MACHINE OR COMPLETING THE MACHINE?

23 A YES.

24 I WAS TALKING TO MY BROTHER AND JEFF ALL OF THE
25 TIME AND THEY WERE ALWAYS COMPLAINING TO ME THAT THEY DIDN'T
26 HAVE ENOUGH MONEY TO COMPLETE THE MACHINES, THAT THEY WERE
27 WORKING ON THREE OF THEM AND THEY ALMOST HAD ONE FINISHED
28 AND THEN JOE DIDN'T SEEM TO HAVE ENOUGH MONEY TO BE ABLE TO

1 PAY FOR THE COMPLETION OF THE MACHINE.

2 Q DO YOU KNOW WHY IT WAS THAT YOUR BROTHER WASN'T
3 INVITED TO THE MEETING ON JUNE 24TH?

4 A I DON'T KNOW SPECIFIC REASONS.

5 JOE FELT --

6 MR. BARENS: WE WOULD OBJECT TO SPECULATION OR OPINION,
7 BEYOND THAT.

8 THE COURT: YOU DIDN'T KNOW?

9 THE WITNESS: NO.

10 THE COURT: DID JOE TELL YOU?

11 THE WITNESS: JOE THOUGHT HE COULDN'T BE TRUSTED.

12 MR. BARENS: WE MOVE TO STRIKE AS NONRESPONSIVE TO THE
13 QUESTION, YOUR HONOR.

14 THE COURT: THE QUESTION I ASKED HIM IS WHETHER OR NOT
15 JOE TOLD HIM AND HE SAID YES. THAT IS RESPONSIVE TO MY
16 QUESTION.

17 MR. BARENS: THANK YOU, YOUR HONOR.

18 Q BY MR. WAPNER: AS THE BBC PROGRESSED IN THE YEAR
19 OF 1984, AS YOU WERE MOVING TOWARDS JUNE, YOU WERE SPENDING
20 SOME TIME IN THE OFFICE AND YOUR BROTHER WAS SPENDING TIME
21 AT THE PLANT IN GARDENA BUILDING THE MACHINE, RIGHT?

22 A YES.

23 Q AND MR. HUNT SPENT MOST OF HIS TIME IN THE OFFICES
24 ON THIRD STREET?

25 A YES, HE DID.

26 Q DID YOU SEE JOE HUNT EVERY DAY OR ALMOST EVERY
27 DAY DURING 1984 FROM JANUARY TO JUNE?

28 A IN THE OFFICES, YES.

1 Q AND WHEN YOU GOT BACK WITH JOE HUNT FROM GOING
2 TO THE BANK AFTER HE TOLD YOU THAT HE HAD KILLED RON LEVIN,
3 YOU WENT IN AND TALKED WITH DEAN KARNY, RIGHT?

4 A YES.

5 Q WHAT WAS THAT CONVERSATION ABOUT?

6 A IT WAS ABOUT -- THAT THEY WANTED TO GO TELL THE
7 REST OF THE BBC MEMBERS THAT JOE HAD --

8 MR. BARENS: OBJECTION AS TO KARNY'S TESTIMONY, YOUR
9 HONOR.

10 THE COURT: OVERRULED. .

11 Q BY MR. WAPNER: WHAT WAS THAT ALL ABOUT?

12 A THEY WANTED MY INPUT ON WHETHER OR NOT THEY SHOULD
13 TELL THE REST OF THE BBC MEMBERS ABOUT THE MURDER.

14 Q WHAT DID YOU THINK AT THAT POINT?

15 A I THOUGHT IT WAS PROBABLY STILL A HOAX TO TRY
16 AND MAKE JOE LOOK LIKE A BIG FELLOW.

17 Q AT SOME POINT YOU CAME TO BELIEVE IN FACT THAT
18 IT WAS NOT A HOAX?

19 A YES.

20 Q ALL RIGHT. WHAT WAS IT THAT CHANGED YOUR OPINION?

21 A IT WAS SEVERAL THINGS. THE FACT THAT RON LEVIN
22 WAS --

23 MR. BARENS: YOUR HONOR, THE DEFENSE INQUIRES AS TO
24 THE RELEVANCY OF HIS BELIEF ONE WAY OR ANOTHER.

25 THE COURT: THIS IS REDIRECT EXAMINATION. YOU TOUCHED
26 UPON THAT DURING YOUR CROSS-EXAMINATION AND COUNSEL HAS A
27 RIGHT TO ASK HIM ON THOSE AREAS WHERE YOU TOUCHED ON.

28 GO AHEAD. OVERRULED.

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1 Q BY MR. WAPNER: YOU CAN CONTINUE YOUR ANSWER.

2 A WELL, THERE WERE SEVERAL THINGS THAT I NOTICED
3 IN THE OFFICE: JIM -- DEAN TOLD ME THAT JIM WAS RUNNING INTO
4 THE OFFICE FOR THE PURPOSE OF WATCHING RON LEVIN'S APARTMENT
5 AND COLLECTING HIS MAIL AND SEEING -- I MEAN -- NOT COLLECTING
6 HIS MAIL BUT WATCHING WHO COLLECTED THE MAIL. "MAC"
7 REFERENCING ONLY TO BE USED FOR RON LEVIN'S NAME IN THE
8 OFFICE.

9 AND THE FACT THAT RON LEVIN WAS INDEED NOT AROUND
10 ANY MORE.

11 AND EVENTUALLY, THE INVESTIGATION OF THE POLICE.

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1 Q DID YOU KNOW THAT MR. HUNT HAD BEEN IN NEW YORK
2 AT SOME POINT BEFORE YOU HAD THE CONVERSATION WITH HIM?

3 A NO.

4 Q IN THE CAR. YOU DIDN'T KNOW WHERE HE HAD BEEN
5 OR HAD NOT BEEN?

6 A I DIDN'T KNOW.

7 Q WHEN MR. HUNT MADE THIS STATEMENT TO YOU WITH
8 DEAN KARNY IN THE OFFICE ABOUT DECIDING WHETHER TO TELL OTHER
9 PEOPLE, DID HE APPEAR TO BE SERIOUS?

10 A YES, HE DID.

11 Q THE TESTING THAT YOU REFERRED TO, THAT WAS DONE
12 BY MR. HUNT. WAS THAT AT THE MEETING OR WAS THAT AT -- WITH
13 VARIOUS PEOPLE BEFORE THE MEETING?

14 A IT WAS VARIOUS PEOPLE BEFORE THE MEETING.

15 Q AND ON A DIFFERENT DAY THAN THE MEETING, IS THAT
16 RIGHT?

17 A YES.

18 Q CAN YOU EXPLAIN THAT A LITTLE BIT MORE IN TERMS
19 OF WHAT YOU MEAN BY THAT?

20 A WELL, AT THE TIME, I DIDN'T KNOW WHAT IT MEANT.
21 BUT, HE PROPOSED DIFFERENT SCENARIOS FOR EVERYBODY WHO WAS
22 A MEMBER OF THE BBC.

23 USUALLY, THE SCENARIOS WERE ABOUT DEATH OR KILLING
24 SOMEBODY WHO WAS CLOSE TO YOU. AND HE TRIED TO SET IT UP
25 DIFFERENTLY FOR EACH PERSON.

26 Q HE WAS TALKING TO INDIVIDUALS AT DIFFERENT TIMES
27 IN DIFFERENT PLACES SEPARATELY?

28 A YES. HE WOULD GO ONE ON ONE WITH PEOPLE.

1 Q AND OVER WHAT PERIOD OF TIME DID THIS TAKE PLACE?

2 A A COUPLE OF MONTHS OR AT LEAST A MONTH BEFORE
3 THE BEGINNING OF JUNE.

4 Q AND THE ONE YOU TALKED ABOUT AS FAR AS YOU WERE
5 CONCERNED, WAS ONE THAT HAD TO DO WITH WHAT YOU WOULD DO
6 IF SOMEBODY WAS GOING TO KILL A CLOSE FRIEND OR YOURSELF
7 OR A RELATIVE?

8 A OR MY BROTHER OR RELATIVE.

9 Q HOW YOU WOULD REACT?

10 A YES.

11 Q BUT THAT WAS NOT ANYTHING THAT HAPPENED AT THE
12 MEETING?

13 A NO.

14 Q OF JUNE 24TH?

15 A NO. IT NEVER HAPPENED AT THE MEETING. I CAN
16 RECALL MY BROTHER'S TOO, BECAUSE HE TOLD ME WHAT HIS WAS.

17 Q WHAT WAS THAT?

18 MR. BARENS: OBJECTION WHAT HIS BROTHER TOLD HIM.

19 Q BY MR. WAPNER: WAS IT SOMETHING YOUR BROTHER
20 TOLD YOU OR SOMETHING THAT --

21 A SOMETHING MY BROTHER TOLD ME.

22 THE COURT: I WILL SUSTAIN THE OBJECTION.

23 MR. BARENS: THANK YOU.

24 Q BY MR. WAPNER: YOU WERE ASKED ABOUT MR. HUNT
25 LETTING OTHER PEOPLE GIVE THEIR POINTS OF VIEW ON THINGS
26 AT VARIOUS TIMES. DO YOU REMEMBER BEING ASKED THAT QUESTION?

27 A PARDON ME?

28 Q WELL, I WILL ASK IT A DIFFERENT WAY. WERE YOU

1 EVER AROUND WHEN YOU SAW JOE HUNT ALLOW DIFFERENT PEOPLE
2 TO GIVE THEIR POINTS OF VIEW OR INPUT ON VARIOUS SUBJECTS?

3 A CERTAINLY.

4 Q DID MR. HUNT -- WHAT WAS HIS NORMAL PATTERN?
5 WOULD HE JUST ACCEPT THAT OR REACT TO IT IN SOME WAY?

6 A WELL, IF THEIR OPINION AGREED WITH HIM, HE WOULD
7 ACCEPT IT. IF IT DIDN'T AGREE WITH HIM, HE WOULD SIT THERE
8 AND PERSONALLY DEBATE THAT PERSON UNTIL THEY SAW HIS POINT
9 OF VIEW, JOE HUNT'S POINT OF VIEW.

10 Q THE DOCUMENTS THAT YOU WERE SHOWN, THE DEFENSE
11 DOCUMENTS, THEY ARE ALL XEROXES, RIGHT?

12 A YES, THEY ARE.

13 Q DO YOU KNOW WHERE THE ORIGINALS OF THOSE COPIES
14 WERE, MR. MAY?

15 A THEY WERE TAKEN FROM MY APARTMENT.

16 Q WHEN WAS THAT?

17 A PROBABLY WHEN JOE AND EVAN DICKER BROKE INTO
18 MY APARTMENT.

19 Q YOU WERE ASKED ABOUT INVESTING IN SUPPOSEDLY
20 RISK-FREE INVESTMENTS?

21 A YES.

22 Q WHEN YOU MADE THOSE INVESTMENTS WITH JOE HUNT
23 AND HE SAID IT WAS RISK FREE, DID YOU BELIEVE HIM?

24 A YES. I WAS INVESTING IN JOE, REALLY.

25 Q WHEN HE BROUGHT OUT ALL THE CHARTS AND GRAPHS
26 AND EVERYTHING, DID IT SEEM IMPRESSIVE TO YOU?

27 A EXTREMELY IMPRESSIVE.

28 Q DID YOU BELIEVE AT THAT TIME THAT HE COULD DO

-4
1 WHAT HE SAID HE COULD DO?

2 A YES, I DID.

3 Q THIS JOINT VENTURE AGREEMENT BETWEEN ADVANCE
4 METALS RECOVERY SYSTEMS AND SHADOW VALLEY MINING COMPANY,
5 THAT IS MARKED AS DEFENDANT'S R, IS THAT SIGNED BY ANYBODY?

6 A NO, IT IS NOT.

7 Q IT IS NOT SIGNED BY YOU, IS IT?

8 A NO.

9 Q IT IS NOT SIGNED BY MR. NALLIN?

10 A NOPE. THERE IS NO SIGNATURE ON ANY ONE OF THOSE
11 DOCUMENTS.

12 Q WHY WAS IT THAT YOU WENT HOME WITH JOE HUNT IN
13 HIS CAR? I MEAN, HOME TO YOUR PARENT'S HOUSE AFTER YOU CAME
14 BACK FROM BEING AWAY?

15 A I DECIDED IT WAS A PRETTY SAFE SPOT TO GO.

16 Q WHY DID YOU GO IN THE CAR, YOU AND YOUR BROTHER
17 WITH HIM IN THE CAR ALONE?

18 A WHY DID WE GO IN THE CAR ALONE WITH HIM?

19 Q YES.

20 A BECAUSE HE TOOK OUR ONLY TRANSPORTATION. HE
21 OFFERED TO GIVE US A RIDE.

22 Q WHEN YOU WERE DISCUSSING THE -- WHO ELSE TO TELL
23 ABOUT THE MURDER WITH JOE HUNT AND DEAN KARNY, WAS THERE
24 SOME DISCUSSION BY SOMEONE, TALKING ABOUT WHO COULD BE
25 TRUSTED WITH THIS INFORMATION?

26 A YES.

27

28

1 MR. BARENS: OBJECTION. IT CALLS FOR -- WELL, NEXT --

2 THE COURT: I WILL LET THE ANSWER STAND.

3 MR. BARENS: THANK YOU.

4 MR. WAPNER: I HAVE NOTHING FURTHER.

5

6

RECROSS-EXAMINATION

7

BY MR. BARENS:

8

Q YOU MENTIONED THAT HE WAS BEST FRIENDS THERE WITH
9 JIM GRAHAM?

10

A YES.

11

Q WAS HE CLOSER WITH GRAHAM THAN HE WAS WITH KARNY?

12

A NO. THEY WERE ALL ABOUT THE SAME.

13

Q ABOUT THE SAME?

14

A YES.

15

Q WHO IS "ALL"?

16

A DEAN AND BEN AND JIM AND BROOKE.

17

Q ALL OF THEM WERE ABOUT THE SAME?

18

A YES. THEY WERE ALL VERY CLOSE TOGETHER.

19

Q AND YOU SAY GRAHAM BROUGHT A LITTLE SOMETHING
20 DIFFERENT INTO THE BBC?

21

A YES. HE WASN'T YOUR TYPICAL BBC MEMBER.

22

Q ASIDE FROM BRINGING A LITTLE COLOR INTO THE
23 BBC, ANYTHING ELSE?

24

A WELL, HE BROUGHT A LITTLE KARATE LESSONS INTO
25 IT.

26

Q CERTAINLY. WELL --

27

THE COURT: LET HIM FINISH, WILL YOU?

28

THE WITNESS: JOE FELT HE HAD ASSETS NO OTHER BBC

1 MEMBER COULD LEND TO THE BBC.

2 Q BY MR. BARENS: WELL, WHAT ASSETS DID HE HAVE?
3 LET'S NOT BEAT AROUND ABOUT THAT. WHAT ASSETS
4 DID HE HAVE?

5 A WELL, HE KNEW ABOUT WEAPONS. HE HAD A PEN GUN.
6 HE HAD SEVERAL OTHER GUNS. HE -- HE CERTAINLY KNEW MORE ABOUT
7 THAT TYPE OF THING THAN ANYBODY ELSE DID. THOSE WERE THE
8 ASSETS THAT JOE WAS REFERRING TO.

9 HE WAS A HECK OF A FIGHTER AND HE WAS AN
10 EXTREMELY PHYSICAL GUY.

11 AND HE WAS WILLING TO DO ANYTHING FOR JOE.

12 Q AND HE WAS WILLING TO DO ANYTHING FOR THE REST
13 OF YOU?

14 A NO.

15 Q AND DID YOU EVER SEE HIM BEAT ANYBODY UP?

16 A ONE TIME DOWN AT THE WAREHOUSE MY BROTHER AND
17 JEFF -- JIM SAID "GO AHEAD AND PICK UP A COUPLE OF PIPES,"
18 SO THEY DID AND HE SAID, "GO AHEAD AND ATTACK ME" AND HE
19 DISARMED THEM VERY QUICKLY.

20 HE WOULD ALSO HAVE FOOT RACES TO PROVE HOW FAST
21 HE WAS AND HE COULD BEAT ANYBODY AT RUNNING OR ANYTHING
22 PHYSICAL.

23 Q DID YOU GUYS EVER RACE WITH HIM?

24 A I RACED WITH HIM, YEAH.

25 Q WHO WON?

26 A HE WON BY A HUNDRED YARDS.

27 Q PITTMAN DID?

28 A YES.

1 Q INDEED.

2 AND WHEN THEY WERE GIVING THE KARATE LESSONS,
3 DID A LOT OF PEOPLE THERE GET INVOLVED IN THAT KIND OF STUFF?

4 A AT FIRST.

5 Q AT FIRST?

6 AND THAT WAS PART OF SOME SORT OF AN EXERCISE
7 ACTIVITY EVERYONE SEEMED TO BE DOING?

8 A YEAH.

9 JOE THOUGHT IT WOULD BE A GOOD IDEA IF PEOPLE
10 LEARNED KARATE AND I HAD ALWAYS WANTED TO LEARN KARATE SO
11 I TOOK A FEW LESSONS. AND DEAN AND JOE DEFINITELY KEPT UP
12 WITH IT EVEN WHEN I STOPPED TAKING THEM.

13 Q INDEED.

14 NOW YOU MENTIONED THAT AFTER HE SAID HE WOULD
15 DO ANYTHING TO GET THE MONEY BACK FROM LEVIN, AFTER HE HAD
16 BEEN CONNED ON THE SHOPPING CENTER DEAL; YESTERDAY YOU
17 TESTIFIED THAT WHAT YOU MEANT IN THAT EXPRESSION, YOUR WORDS
18 WERE THAT HE SAID HE WOULD GET CLOSE TO HIM AND BE FRIENDS
19 WITH HIM, AS PART OF YOUR DESCRIBING WHAT HUNT SAID HE WOULD
20 DO TO GET THE MONEY BACK; DID YOU SAY THAT YESTERDAY?

21 A YES, I DID.

22 Q ALL RIGHT. AFTER THAT, YOU MENTIONED JUST NOW
23 THAT HUNT HAD WRITTEN HIS PHILOSOPHY DOWN IN A BLACK BOOK
24 AND THEN MR. WAPNER SHOWED YOU PEOPLE'S 182?

25 A YES.

26 Q AND THAT WAS THE CONTENTS OF THE BLACK BOOK?

27 A YES.

28 MR. BARENS: COULD I APPROACH, YOUR HONOR?

1 THE COURT: YES.

2 Q BY MR. BARENS: I WOULD LIKE TO KNOW IF THIS --
3 IS THIS THE WAY THE BLACK BOOK APPEARED TO PACKAGED WHEN YOU
4 FIRST SAW IT?

5 A SOMETIMES THEY WERE LIKE THIS AND OTHER TIMES,
6 THEY WERE IN BLACK THREE-LEAF BINDERS.

7 Q AND THE INSIDE OF THAT BLACK BOOK WOULD BE IN
8 PEOPLE'S 182?

9 A THE DATES ARE DIFFERENT SO THE CONTENTS COULD
10 BE DIFFERENT.

11

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1 Q ALL RIGHT, WHY DON'T YOU LOOK.

2 A BECAUSE THE CONTENTS DID CHANGE.

3 Q I AM NOT ASKING YOU ABOUT THE CONTENTS OF THIS
4 BLACK BOOK.

5 I AM JUST ASKING YOU IF THIS LOOKS LIKE A BLACK
6 BOOK --

7 A YES, IT DOES.

8 Q -- THAT WAS SIMILAR TO THE THING THIS CAME IN,
9 RIGHT?

10 A YES.

11 Q NOW YOU SAY THAT IN THAT, MR. HUNT WROTE DOWN
12 HIS PHILOSOPHY?

13 A YES.

14 Q WHY DON'T YOU SHOW THAT TO ME IN PEOPLE'S 182,
15 SHOW ME MR. HUNT'S PHILOSOPHY, SIR.

16 A I WILL SHOW IT TO YOU. IT IS THE WHOLE THING.

17 Q WELL, SHOW ME A LINE OF PHILOSOPHY, IF YOU WOULD,
18 SIR.

19 A A LINE OF PHILOSOPHY?

20 Q YES.

21 A "WILLIAM SHAKESPEARE, HAMLET," FIRST PAGE.

22 Q THERE IS A QUOTE; IS THAT ABOUT PHILOSOPHY,
23 MR. MAY?

24 A WELL, IT IS CERTAINLY ABOUT WHAT MAKES A
25 CALAMITY OF LIFE SO, YEAH, I WOULD SAY THAT IS PART OF
26 PHILOSOPHY.

27 BUT THE WHOLE THING ITSELF CONSTITUTED JOE'S
28 PHILOSOPHY ON BUSINESS.

1 Q WELL, ISN'T IT TRUE THAT THIS WHOLE DOCUMENT HERE
2 GOES TO THE OUTLINING OF THE STRUCTURE OF A CORPORATE
3 BUSINESS OPERATION?

4 A NO.

5 I WOULD SAY THAT PRETTY MUCH OUTLINES HIS
6 PHILOSOPHY ON WHAT A BUSINESS ORGANIZATION SHOULD LOOK LIKE.

7 Q AND IT OUTLINES A BUSINESS PHILOSOPHY, YOU ARE
8 SAYING?

9 A YES.

10 Q I SEE.

11 AND IT TALKS ABOUT OBJECTIVES AND IT TALKS ABOUT
12 STRUCTURE?

13 A IT TALKS ABOUT THINGS LIKE SHADINGS.

14 Q YES, IT DOES.

15 A AND IT TALKS ABOUT SOMETHING CALLED AN EXPONENT
16 AND OTHER THINGS.

17 Q AND IS ALL OF THAT APPARENTLY INTEGRATED IN
18 DESCRIBING HOW A BUSINESS IS ORGANIZED AND RUN AND OPERATED
19 BY ITS MEMBERS?

20 A HOW HIS IDEA IS, YES.

21 Q AND IS THERE ANYTHING IN HERE THAT TALKS ABOUT
22 PHILOSOPHY PER SE OR DOES IT TALK ABOUT STRUCTURE AND
23 ORGANIZATION?

24 THE WORDS THAT ARE BEING USED IN HERE, DO THE
25 WORDS IN HERE SEEM TO BE DESCRIBING STRUCTURE AND
26 ADMINISTRATION AND WHAT YOU DO WITH IT AND STUFF LIKE THAT?

27 A WELL, IT IS AN INSTRUCTIONAL THING, YES BUT IT
28 IS A PHILOSOPHY OF TRADE, I MEAN OF BUSINESS THAT IS

1 CERTAINLY DIFFERENT AND OF A DEGREE AND DESCRIPTION DIFFERENT
2 THAN I HAVE EVER SEEN BEFORE IN ANY OF MY CLASSES.

3 Q THERE IS A DESCRIPTION IN HERE ABOUT COMMODITIES
4 TRADING?

5 A YES.

6 Q AND IS THERE SOMETHING UNIQUE ABOUT THE
7 COMMODITIES TRADING ASPECT OF THIS?

8 A I HAVEN'T READ -- I HAVEN'T READ WHAT IS WRITTEN
9 THERE SO I DON'T KNOW.

10 Q YOU DIDN'T READ THIS?

11 A NO. I PRETTY MUCH PUT IT UP ON MY SHELF.

12 Q I SEE.

13 SO YOU DIDN'T FEEL YOU HAD ANY RESPONSIBILITY
14 IN ORDER TO DO YOUR JOB TO KNOW THIS?

15 A NO.

16 Q OKAY --

17 A THE GUIDELINES OF THAT WEREN'T REALLY FOLLOWED.

18 Q THEY WEREN'T REALLY FOLLOWED BY THE MEMBERS
19 ACTUALLY? SO IRRESPECTIVE OF THE STRUCTURES AND BUSINESS
20 PHILOSOPHY THAT IS HERE, YOU DIDN'T REALLY ACT THAT OUT, DID
21 YOU?

22 A I DIDN'T ACT THAT OUT?

23 NO. THE ONLY THING THAT WAS CONSISTENT WITH WHAT
24 IS WRITTEN IN THERE WERE THE DIFFERENT ORGANIZATIONS AND THE
25 FACT THAT SHADINGS EXISTED IN JOE'S MIND.

26

27

28

1 Q OKAY. AND SHADINGS, TO GET TO THAT, WAS A TITLE
2 GIVEN AT LEAST THREE PEOPLE?

3 A YES, JOE'S BEST FRIENDS.

4 Q JOE'S BEST FRIENDS?

5 A YES.

6 Q WELL, WAS JIM GRAHAM A SHADING, TOO?

7 A YES, HE WAS.

8 Q HE WAS?

9 A SURE.

10 Q HE WAS THE WHOLE TIME HE WAS THERE?

11 A NO, NOT THE WHOLE TIME BUT TOWARD THE END HE
12 WAS.

13 Q TOWARD THE END? ALL RIGHT. NOW --

14 THE COURT: IS THIS ADDITIONAL CROSS-EXAMINATION? I
15 AM AWARE OF THE FACT THAT THIS IS RECROSS-EXAMINATION. DO
16 YOU WANT TO REOPEN? GO AHEAD. DO YOU WANT TO REOPEN YOUR
17 CROSS-EXAMINATION? THIS IS A NEW MATTER THAT YOU ARE TAKING.

18 MR. BARENS: I WILL GO WITH MR. WAPNER'S POINTS, YOUR
19 HONOR.

20 THE COURT: GO AHEAD.

21 Q BY MR. BARENS: MR. MAY, YOU WERE MENTIONING
22 RATHER CONSISTENTLY AND OFTEN DURING YOUR TESTIMONY, THAT
23 HUNT WON ALL OF THE DEBATES?

24 A YES.

25 Q AND IT SEEMED LIKE NO MATTER WHO TALKED ABOUT
26 WHAT, IF YOU DISAGREED WITH HIM, YOU KIND OF GOT, YOU KNOW,
27 TALKED OUT OF YOUR POSITION. HE GOT TO HAVE HIS WAY?

28 A YES.

1 Q WHY DID YOU STICK AROUND, IF THAT WAS GOING ON?

2 A HE WAS A VERY CONVINCING GUY. HE MADE WHAT HE
3 DEBATED SOUNDED LIKE THE CORRECT WAY TO GO.

4 Q AND FOR INSTANCE, THAT WOULD HAPPEN WHEN YOU
5 DEBATED DIFFERENT PHILOSOPHIES ON INVESTING COMMODITIES?

6 A I NEVER DEBATED WITH HIM ABOUT INVESTING
7 COMMODITIES.

8 Q WERE THERE DEBATES ABOUT BUSINESS DEALINGS,
9 PROCEDURES AND ACTIVITIES?

10 A YES.

11 Q AND IT TURNED OUT THAT IF SOMEONE DISAGREED WITH
12 HIM, THEN HUNT WOULD USUALLY END UP IN GETTING THE BUSINESS
13 RUN THE WAY HE WANTED IT TO BE RUN?

14 A QUITE DEFINITELY.

15 Q AND HE GOT TO BE THE LEADER OF THE BUSINESS THAT
16 WAY?

17 A YES.

18 MR. BARENS: THANK YOU.

19 THE COURT: ALL RIGHT. THANK YOU. YOU MAY STEP DOWN.

20 MAY THIS WITNESS BE EXCUSED?

21 MR. WAPNER: YOUR HONOR, COULD I JUST HAVE A COUPLE
22 OF THINGS IN REDIRECT?

23 THE COURT: YES.

24

25 FURTHER REDIRECT EXAMINATION

26 BY MR. WAPNER:

27 Q MR. MAY, PAGE 3 OF THAT DOCUMENT THAT IS IN FRONT
28 OF YOU -- EXCUSE ME.

1 DO YOU SEE ONE OF THOSE PAGES THAT SAYS PEOPLE'S
2 182 THAT SAYS "OBJECTIVES OF THE BBC ORGANIZATIONAL STRUCTURE"?

3 A YES, I DO.

4 Q IT SAYS TO CREATE A SYSTEM AND THEN IT HAS A
5 COLON?

6 A YES.

7 Q ALL RIGHT. AND IT LISTS FOUR DIFFERENT THINGS
8 THAT YOU DO, THAT THE SYSTEM IS GOING TO REFLECT. IS THAT
9 RIGHT?

10 A YES.

11 Q AND WHAT IS THE LAST ONE?

12 A "WHICH REFLECTS PARADOX PHILOSOPHY."

13 MR. BARENS: WHY DON'T WE TO BE FAIR, READ THE THREE
14 ABOVE IT.

15 THE COURT: WELL, HE IS ONLY POINTING OUT THAT THERE
16 WAS A REFERENCE TO PARADOX PHILOSOPHY IN THERE.

17 MR. BARENS: ALL RIGHT. I AM SURE I WILL BE PERMITTED
18 TO --

19 THE WITNESS: THERE ARE SEVERAL REFERENCES TO PARADOX
20 PHILOSOPHY. AND I AM SURE THAT -- IT TALKS ABOUT THE NATURE
21 OF A SHADING AND A SHADING MUST UNDERSTAND PARADOX PHILOSOPHY.

22 Q BY MR. WAPNER: THAT IS ON THE LAST PAGE?

23 A THAT IS ON THE LAST PAGE. AND THAT SUCH AN
24 UNDERSTANDING MUST GO BEYOND MERE DEFERENCE AND ENTAIL IMPLE-
25 MENTATION. A SHADING MUST BE THE EMBODIMENT OF PARADOX
26 PHILOSOPHY --

27 Q IT ALSO TALKS ABOUT THE FUNCTIONS OF A SHADING
28 AND THE AUTHORITY OF A SHADING AND THE SELECTION OF A SHADING?

1 A YES. IT ALL HAS TO DO WITH PARADOX PHILOSOPHY.

2 MR. WAPNER: THANK YOU. NOTHING FURTHER.

3

4 FURTHER RE-CROSS-EXAMINATION

5 BY MR. BARENS:

6 Q I SUPPOSE THAT YOU LEARNED ALL THIS INFORMATION
7 FROM THIS WHILE IT WAS LAYING ON YOUR SHELF?

8 THE COURT: WHAT DOES THAT MEAN?

9 MR. BARENS: WELL, IT SEEMS FOR A GENTLEMAN THAT SAYS
10 HE HAD NEVER -- THAT HE JUST PUT THIS ON THE SHELF, SUDDENLY
11 WE ARE VERY KNOWLEDGEABLE ABOUT THE CONTENTS, YOUR HONOR.

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1 THE COURT: HE SAID HE PUT IT ON THE SHELF. HE MUST
2 HAVE READ IT BEFORE HE PUT IT ON THE SHELF.

3 MR. BARENS: I DIDN'T HEAR HIM SAY THAT.

4 THE COURT: DID YOU READ THAT AT ONE TIME?

5 THE WITNESS: YES, I DID. I READ IT BEFORE I PUT IT
6 ON MY SHELF.

7 THE COURT: DID YOU HEAR THAT?

8 MR. BARENS: I KNOW. MR. WAPNER FORGOT TO ASK THAT
9 QUESTION. BUT THANK YOU, YOUR HONOR.

10 Q MR. MAY, CAN YOU TELL US WHAT IS ABOVE THAT LINE
11 YOU READ ABOUT PARADOX PHILOSOPHY ON THAT PAGE?

12 THE COURT: PAGE 3?

13 THE WITNESS: THE WHOLE THING?

14 MR. BARENS: YES, YES, YES. IT STARTS OUT, "TO CREATE
15 A SYSTEM," AND THIS IS ANOTHER "TO DO" LIST, JUDGE. ALL
16 RIGHT?

17 THE COURT: THINGS TO DO? GO AHEAD.

18 Q BY MR. BARENS: TO CREATE A SYSTEM? WE WILL
19 START WITH THAT.

20 A "WHERE INFORMATION TRAVELS RAPIDLY AND WITH A
21 MINIMUM OF DISTORTION. TWO, WHICH ALLOWS AN INDIVIDUAL TO
22 OPERATE AT HIS HIGHEST LEVEL OF HIS CAPABILITY. THREE, WHICH
23 IS AWARE OF ITS RESOURCES AND CAN EFFECTIVELY FOCUS ON THEM.
24 AND FOUR, WHICH REFLECTS PARADOX PHILOSOPHY."

25 Q ALL RIGHT. NOW, I THOUGHT YOU TOLD MR. WAPNER
26 JUST NOW THAT EVERY BIT OF THIS HAS REFERENCE TO PARADOX
27 PHILOSOPHY IN THIS BOOK.

28 A NO. I SAID THAT EVERY BIT OF BEING A SHADING

1 HAS ITS ROOTS IN THE UNDERSTANDING OF PARADOX PHILOSOPHY.

2 Q AND I SUPPOSE YOU FELT MR. GRAHAM UNDERSTOOD
3 PARADOX PHILOSOPHY?

4 A I DON'T KNOW IF HE DID OR NOT.

5 Q DID YOU EVER DISCUSS IT WITH HIM?

6 A NO, I DID NOT.

7 Q AND DOES ALL OF THE BUSINESS DIALOGUE IN HERE
8 TALK ABOUT PARADOX PHILOSOPHY?

9 THE COURT: I THINK IT SPEAKS FOR ITSELF. THE JURY
10 WILL HAVE AN OPPORTUNITY TO EXAMINE ALL OF THE EXHIBITS.
11 I WILL PUT AN END TO THIS NOW. LET'S GO ON, PLEASE. ANYTHING
12 FURTHER?

13 MR. BARENS: ALL RIGHT. NOTHING FURTHER WITH THIS
14 WITNESS, YOUR HONOR.

15 THE COURT: ANYTHING ELSE?

16 MR. WAPNER: NO.

17 THE COURT: THANK YOU VERY MUCH. YOU WILL BE EXCUSED
18 UNLESS THERE IS SOME OBJECTION AT THIS TIME.

19 MR. WAPNER: NO OBJECTION.

20 THE COURT: ALL RIGHT. NEXT WITNESS?

21 MR. WAPNER: YES. JACK FRIEDMAN.

22
23 JACK FRIEDMAN,
24 CALLED AS A WITNESS BY THE PEOPLE, WAS SWORN AND TESTIFIED
25 AS FOLLOWS:

26 THE CLERK: RAISE YOUR RIGHT HAND TO BE SWORN, PLEASE.

27 YOU DO SOLEMNLY SWEAR THAT THE TESTIMONY YOU
28 MAY GIVE IN THE CAUSE NOW PENDING BEFORE THIS COURT SHALL

1 BE THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH,
2 SO HELP YOU GOD.

3 THE WITNESS: I DO.

4 THE CLERK: PLEASE TAKE THE STAND AND STATE AND SPELL
5 YOUR NAME FOR THE RECORD.

6 THE WITNESS: JACK FRIEDMAN, F-R-I-E-D-M-A-N.

7

8 DIRECT EXAMINATION

9 BY MR. WAPNER:

10 Q MR. FRIEDMAN, WHAT IS YOUR OCCUPATION?

11 A I AM A REGISTERED STOCK AND COMMODITIES BROKER.

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1 Q HOW LONG HAVE YOU HAD THAT OCCUPATION?

2 A ABOUT TEN, ELEVEN YEARS, TWELVE YEARS.

3 Q IN MAY AND JUNE AND JULY OF 1984, WERE YOU WORKING
4 IN THAT CAPACITY?

5 A YES, I WAS.

6 Q AND WHAT COMPANY WERE YOU WORKING FOR?

7 A CLAYTON BROKERAGE COMPANY, ST. LOUIS.

8 Q WHERE WAS YOUR OFFICE LOCATED?

9 A WILSHIRE BOULEVARD, 10900 WILSHIRE BOULEVARD.

10 Q SO THE MAIN OFFICE OF CLAYTON IS LOCATED IN
11 ST. LOUIS AND YOU WERE WORKING AS ONE OF THEIR REPRESENTATIVES
12 IN LOS ANGELES?

13 A YES.

14 Q AND WHAT KIND OF OUTFIT WAS CLAYTON BROKERAGE
15 COMPANY?

16 A CLAYTON WAS A COMMODITIES SPECIALTY FIRM.

17 Q WHAT IS A COMMODITIES SPECIALTY FIRM?

18 A THAT ITS PRIMARY BUSINESS WAS TO DO BUSINESS IN
19 COMMODITIES AND ADDED SECURITIES AS A SERVICE, VERSUS A FIRM
20 LIKE MERRILL LYNCH OR PAINE WEBBER WHICH ITS PRIMARY FUNCTION
21 IS SECURITIES AND HAS COMMODITIES AS A SERVICE.

22 Q AND WHAT ARE COMMODITIES? WHEN YOU TALK ABOUT
23 INVESTING IN COMMODITIES, WHAT ARE WE TALKING ABOUT?

24 A COMMODITIES ARE RAW MATERIALS LIKE GOLD, SILVER,
25 PORK BELLIES, COWS.

26 Q OKAY. DOES IT ALSO OR CAN IT ALSO INVOLVE TRADING
27 IN FINANCIAL INSTRUMENTS?

28 A YES, IT DOES.

-2

1 Q AND WHAT KIND OF FINANCIAL INSTRUMENTS ARE
2 TRADED ON THE COMMODITIES EXCHANGE?

3 A THEY TRADE TREASURY BILLS AND TREASURY BONDS AND
4 AT THE S&P INDEX.

5 THE COURT: WHAT DOES THAT MEAN, S&P?

6 THE WITNESS: STANDARD & POORS.

7 STANDARD & POORS IS A RATING SERVICE AND THEY
8 HAVE COMPILED A LIST OF STOCKS. THERE IS THE S&P 100. THE
9 S&P 500.

10 WHEN A MUNICIPALITY IS GOING TO HAVE A BOND
11 OFFERING TO RAISE FUNDS, THEY WILL RATE THE QUALITY OF THE
12 OFFERING. SO THEY PUT TOGETHER A LIST OF COMPANIES CALLED
13 THE S&P 500 AND THAT IS TRADED ON THE CHICAGO MERCANTILE
14 EXCHANGE OR THE IMM, WHICH IS PART OF THE CHICAGO MERCANTILE
15 EXCHANGE.

16 Q BY MR. WAPNER: CAN YOU ALSO TRADE IN DIFFERENT
17 FOREIGN CURRENCIES ON THE COMMODITIES EXCHANGE?

18 A YES.

19 THEY TRADE THE SWISS FRANC, JAPANESE YEN, THE
20 POUND, DEUTSCHE MARK, CANADIAN DOLLAR.

21 Q DO THEY ALSO TRADE SOMETHING CALLED THE EURO-
22 DOLLARS?

23 A YES.

24 Q CAN YOU EXPLAIN WHAT THOSE ARE?

25 A THE EURO-DOLLAR IS A -- IT IS LIKE A FIDUCIARY
26 CURRENCY THAT WAS TRADED AS A BASKET OF EUROPEAN CURRENCIES
27 WHERE IT IS NOT LIKE A DOLLAR BILL OR A \$10 BILL, BUT IS A
28 CURRENCY THAT IS TRADED. YOU CAN INVEST IN IT FOR EXCHANGE

1 RATE PURPOSES AND INTEREST RATE PURPOSES.

2 Q IN JUNE OF 1984, WERE YOU CONTACTED BY A PERSON
3 BY THE NAME OF RON LEVIN?

4 A YES, I WAS.

5 Q WAS THAT FIRST CONTACT WITH MR. LEVIN ON THE
6 TELEPHONE?

7 A YES.

8 THE COURT: JUNE OF 1984?

9 THE WITNESS: NO. EXCUSE ME. IT WAS --

10 MR. WAPNER: EXCUSE ME. I AM SORRY. JUNE OF 1983.

11 THE WITNESS: I DIDN'T LISTEN TO THE DATE.

12 MR. WAPNER: CAN WE GO HOME NOW AND START AGAIN ON
13 MONDAY? I AM TIRED.

14 MR. BARENS: I WAS MENTIONING IT TO HIM, JUDGE. BIG
15 POINT.

16 THE WITNESS: IT WAS JUNE OF '83.

17 Q BY MR. WAPNER: YOU HAVE SOME RECORDS THERE THAT
18 SAY JUNE OF '83?

19 A RIGHT.

20 I AM GOING TO LISTEN TO THE QUESTION NEXT TIME
21 BEFORE I ANSWER.

22 MR. WAPNER: I ALMOST HAD A HEART ATTACK.

23 Q WHAT TIME IN JUNE OF 1983 WAS IT YOU WERE
24 CONTACTED BY MR. LEVIN?

25 A IT WAS AROUND JUNE 28TH.

26 Q DID YOU AT SOME POINT SHORTLY THEREAFTER MEET
27 THE PERSON WHO HAD CONTACTED YOU ON THE PHONE BY THE NAME
28 OF RON LEVIN?

1 A YES, I DID.

2 Q DO YOU RECOGNIZE THE PERSON DEPICTED IN
3 PEOPLE'S 6 FOR IDENTIFICATION?

4 A THAT LOOKS LIKE HIM, YES.

5 Q WHEN YOU WERE FIRST CONTACTED BY MR. LEVIN ON
6 THE TELEPHONE, WERE YOU AT YOUR OFFICE?

7 A YES, I WAS.

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5A-1 1 Q WHAT DID HE SAY TO YOU WHEN HE CALLED?

2 A HE SAID THAT HE WAS DOING A STORY ON COMMODITIES
3 TRADING FOR, A FOUR OR FIVE-PART STORY AND THAT THEY HAD
4 MODEL ACCOUNTS -- HE REPRESENTED NETWORK NEWS.

5 Q ALL RIGHT. NOW WAS THAT THE FIRST THING HE SAID
6 WAS THAT HE REPRESENTED NETWORK NEWS?

7 A YES, RIGHT. HE SAID HE WAS WITH NETWORK NEWS.

8 Q WHAT DID THAT MEAN TO YOU WHEN HE SAID THAT, WHAT
9 DID YOU THINK IN YOUR MIND THEN?

10 A I THOUGHT THAT MEANT HE WAS WITH, I THOUGHT IT
11 WAS INDEPENDENT NETWORK NEWS.

12 Q WHICH IS?

13 A A NEWS SERVICE THAT SELLS STORIES TO CHANNEL 13,
14 CHANNEL 5, WCGN IN CHICAGO. THAT IS WHAT I THOUGHT. I ASSUMED
15 THAT.

16 Q AND WHEN HE SAID THAT HE WAS WITH NETWORK NEWS,
17 WHAT DID HE TELL YOU THE REASON HE WAS CALLING?

18 A HE WAS DOING A STORY ON COMMODITIES TRADING, A
19 FOUR- OR FIVE-PART STORY AND THAT HE HAD SIMULATED TRADING
20 ACCOUNTS AT FOUR OR FIVE OTHER FIRMS, ONE BEING MERRILL LYNCH,
21 SHEARSON LEHMAN AND RAUSCHER PIERCE.

22 THE COURT: WHAT DID YOU THINK HE MEANT BY SIMULATING
23 TRADING ACCOUNTS?

24 THE WITNESS: SIMULATED. WHERE YOU SET UP A PAPER
25 ACCOUNT, A PAPER TRADE. YOU SET UP AN ACCOUNT FOR THE PURPOSE
26 OF PAPER TRADING TO TRADE ON A REAL TIME BASIS WITH NO REAL
27 FUNDS OR NO REAL ORDERS GOING IN.

28 THE COURT: AND NO REAL PROFIT?

1 THE WITNESS: OR NO REAL LOSSES.

2 THE COURT: THAT IS RIGHT.

3 (LAUGHTER IN COURTROOM.)

4 THE WITNESS: AS OPPOSED TO WHERE SOMEBODY HAS A
5 TRADING SYSTEM AND THEY GO BACK AND THEY LOOK AT THE PRICES
6 AND THEY SAY THAT WE WOULD HAVE BOUGHT THIS, HERE WE WOULD
7 HAVE SOLD THIS, WE WOULD HAVE BOUGHT HERE AND WE WOULD HAVE
8 SOLD THERE AND IT IS HARD TO SAY WHAT SOMEBODY WOULD HAVE
9 DONE AFTER THE FACT BUT WHILE SOMETHING IS ONGOING, YOU SAY,
10 WELL, I HAD THIS SYSTEM AND MY SYSTEM SAYS "BUY HERE SO WE
11 WILL BUY HERE." AND THEN TWO DAYS LATER WE WILL SAY "NOW
12 THE SYSTEM SAYS SELL HERE, SO WE WILL SELL HERE."

13 SO THAT IS A REAL TIME SITUATION AS OPPOSED TO
14 GOING BACK AFTER THE FACT WHERE PEOPLE SAY "THIS SYSTEM MADE
15 2,000 PERCENT IN TWO DAYS"

16 THE COURT: THERE WERE NO ACTUAL TRANSACTIONS, HOWEVER,
17 WERE THERE? ACTUALLY, WHATEVER IT WAS, IT WAS NEVER ACTUALLY
18 SOLD OR BOUGHT, WAS IT?

19 THE WITNESS: ARE WE TALKING ABOUT IN GENERAL OR --

20 THE COURT: SIMULATED.

21 THE WITNESS: SIMULATED MEANS NO ACTUAL TRANSACTIONS
22 ARE ACTUALLY DONE. IT IS SIMULATED.

23 Q BY MR. WAPNER: NOW IN THAT SETTING, IF A PERSON
24 HAD A SYSTEM, HE COULD TEST IT OUT AND FIND OUT WHETHER IT
25 WORKED OR NOT?

26 A THAT IS CORRECT.

27 Q AND IN THIS CASE, MR. LEVIN SAID HE WAS WITH
28 NETWORK NEWS, HE WAS DOING THIS FIVE-PART STORY AND THAT HE

1 HAD WHAT, FOUR OTHER BROKERAGE HOUSES?

2 A THERE WERE, YES, FOUR OTHER BROKERAGE FIRMS AND
3 THAT THEY -- HIS LEGAL DEPARTMENT HAD SUGGESTED THAT THEY
4 GET A SMALLER COMPANY THAT, THAT THEY WERE -- THEY DIDN'T
5 WANT TO GET SUED FOR DISCRIMINATING AGAINST SMALLER FIRMS
6 AND THIS IS WHAT HE SAID. THIS IS ACTUALLY WHAT HE SAID.

7 AND I THOUGHT IT WAS KIND OF STRANGE BUT I DIDN'T
8 REALLY THINK ANYTHING OF IT AT THE TIME.

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1 Q WHAT DID HE SAY HE WAS GOING TO DO WITH THOSE
2 OTHER FIRMS?

3 A WELL, ONE FIRM, THE BROKER WOULD TRADE THE
4 ACCOUNT. ANOTHER FIRM, THEY WERE GOING TO USE A COMPUTERIZED
5 SYSTEM. AND AT ANOTHER FIRM, THEY WERE GOING TO THROW DARTS.

6 Q JUST THROW DARTS AND SEE WHATEVER COMMODITIES --

7 A THROW DARTS. AND THEN THE OTHER SYSTEM, THEY
8 WERE GOING TO USE AN OUTSIDE TRADING ADVISOR PERSON, OUTSIDE
9 FIRM TO MAKE THE BUY AND SELL DECISIONS. THAT IS THE PART
10 HE WANTED ME TO BE INVOLVED IN.

11 Q AND WHEN HE SAID THEY WERE GOING TO USE AN OUTSIDE
12 TRADING ADVISOR, CAN YOU EXPLAIN WHAT THAT IS?

13 A WELL, THAT IS SOMEONE WHO IS NOT A BROKER. A
14 BROKER MAKES HIS LIVING BY BUYING AND SELLING AND CHARGING
15 A COMMISSION.

16 AND A COMPUTER IS A COMPUTER. AND A PERSON WHO
17 IS NOT A BROKER, WHO CALLS UP AND MAKES BUY AND SELL
18 DECISIONS, USUALLY TAKES HIS FEE AS A PERCENTAGE OF THE PROFIT
19 OR A FLAT RATE.

20 Q AND A PERSON WHO IS NOT A BROKER WHO CALLS UP
21 AND MAKES THE BUY AND SELL DECISIONS, IS WHAT IS REFERRED
22 TO AS AN OUTSIDE TRADING ADVISOR?

23 A OUTSIDE TRADING ADVISOR, OUTSIDE THE FIRM.

24 Q WHEN MR. LEVIN TOLD YOU THAT THAT IS THE PORTION
25 THAT HE WANTED YOU TO PARTICIPATE IN, DID HE EXPLAIN HOW
26 HE WANTED YOU TO PARTICIPATE?

27 A YES. HE JUST WANTED ME TO TAKE THE ORDERS AND
28 PUT THE ORDERS IN AND THAT AFTER THE STORY WAS DONE, AFTER

1 THE TRADING WAS DONE, THAT WE WOULD SHOOT THE SHOW AND I WOULD
2 EXPLAIN WHAT THE TRANSACTIONS MEANT.

3 I WOULD BE THE ONE EXPLAINING THAT, HOLDING UP
4 THE CONFIRMS AND SAYING WELL, ON JULY 1ST, WE BOUGHT 200
5 CONTRACTS AT THIS PRICE AND THEN ON THE 28TH, WE SOLD IT
6 AT THIS PRICE AND THIS WAS THE GAIN AND THIS WAS THE LOSS.
7 THAT IS WHAT IT MEANT.

8 Q YOU WOULD BE THE ONE EXPLAINING THIS, RIGHT?

9 A RIGHT.

10 Q AND THAT YOU WOULD BE EXPLAINING THIS ON A FIVE
11 PART SERIES THAT YOU BELIEVED WAS GOING TO BE SHOWN ON
12 INDEPENDENT TELEVISION STATIONS THROUGHOUT THE COUNTRY?

13 A RIGHT.

14 Q AND SO, WHAT ARE YOU GOING TO GET OUT OF IT,
15 THEN?

16 A I WAS GOING TO GET SOME FREE PUBLICITY.

17 Q AND DID YOU WHEN MR. LEVIN TOLD YOU THIS, WHAT
18 DID YOU DO OR SAY?

19 A I THOUGHT THAT IT MIGHT BE A GOOD IDEA. AND
20 I TALKED IT OVER WITH OUR LEGAL DEPARTMENT AND WE DECIDED
21 TO GO AHEAD AND TRY IT.

22 Q YOUR LEGAL DEPARTMENT AT THE CLAYTON BROKERAGE
23 COMPANY?

24 A YES.

25 Q WHY DID YOU TALK TO THEM?

26 A BECAUSE I HAD TO CLEAR SOMETHING LIKE THAT WITH
27 THEM IN ORDER TO DO IT. I NEEDED THEIR COOPERATION AND THEIR
28 APPROVAL.

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1 Q AND DID THEY GIVE YOU THEIR APPROVAL TO DO IT?

2 A YES.

3 Q WAS THERE SOME UNDERSTANDING THAT YOU REACHED
4 WITH THEM IN TERMS OF HOW IT WAS GOING TO BE DONE?

5 A THEY SAID THAT THEY WANTED TO MAKE IT ABSOLUTELY
6 CLEAR WHEN THE STORY WAS DONE, THAT IT WAS NOT A REAL ACCOUNT,
7 THAT IT WAS SIMULATED TRADING AND THAT PEOPLE UNDERSTOOD
8 THAT.

9 Q AND DID THEY GIVE YOU ANY SUGGESTIONS FOR HOW
10 IT WAS THEY WERE GOING TO DO THAT?

11 A WELL, I INITIALLY SENT OUT CONFIRMS THAT SAID,
12 "THIS IS A TEST SERIES, THIS IS NOT A REAL ACCOUNT."

13 Q TELL US WHAT A CONFIRM IS?

14 A A CONFIRM IS WHEN SOMEONE DOES A TRANSACTION,
15 THEY MAKE A BUY OR A SELL, THEY CALL THE BROKER UP AND THEY
16 SAY TO BUY ONE CONTRACT OF APRIL GOLD AND THEY ARE TOLD THAT
17 THEY BOUGHT ONE APRIL GOLD AT \$404, THERE IS A HARD COPY
18 PROCESS WHERE THE HOME OFFICE SENDS OUT A CONFIRMATION.

19 AT THE TOP IT SAYS, "PURCHASES AND SALES." IT
20 SAYS THAT TODAY, WE HAVE PURCHASED GOLD IN YOUR ACCOUNT.

21 IF IT IS A BUY, IT WILL SAY THAT WE HAVE PURCHASED
22 ONE CONTRACT OF APRIL GOLD AT 404, AT THAT PRICE.

23 Q SO IT IS THE EQUIVALENT OF A STATEMENT SENT TO
24 A CUSTOMER TO CONFIRM THAT CLAYTON ACTUALLY DID WHAT THEY
25 WERE GOING TO DO?

26 A RIGHT. IT IS A CONFIRMATION OF A SALE.

27 Q AND THE LEGAL DEPARTMENT SAID THAT ONE OF THE
28 WAYS THEY WERE GOING TO PROTECT THEMSELVES WAS TO PUT "TEST

1 SERIES" ON THIS?

2 A THAT'S CORRECT.

3 Q WHEN YOU WERE FIRST TALKING TO MR. LEVIN ABOUT
4 THIS, DID HE TELL YOU HOW HE WANTED TO HANDLE IT IN TERMS
5 OF THE SPECIFICS OF HOW IT WAS GOING TO WORK? OR, DID YOU
6 TALK TO HIM ABOUT THAT LATER AT SOME POINT?

7 A WELL, I AM NOT SURE WHEN WE TALKED ABOUT IT.
8 BUT IT WAS IN THE BEGINNING. HE SAID THAT HE WOULD --

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1 Q WHAT DID HE SAY?

2 A HE WOULD CALL ME UP AND GIVE ME THE ORDERS. THEN
3 LATER ON, HE WOULD HAVE A TRADING ADVISER, WHO WAS JOE HUNT,
4 CALL ME UP AND GIVE ME THE ORDERS.

5 Q SO, THE INDEPENDENT TRADING ADVISER HE TOLD YOU
6 WAS SUPPOSED TO BE JOE HUNT?

7 A YES.

8 Q AT THE TIME, DID HE GIVE YOU ANY INSTRUCTIONS
9 ABOUT WHETHER YOU WERE SUPPOSED TO TELL JOE HUNT WHETHER
10 THIS WAS A REAL OR FICTITIOUS ACCOUNT?

11 A HE TOLD ME TO MAKE SURE THAT HE WAS NOT AWARE
12 THAT IT WAS NOT A REAL ACCOUNT.

13 Q WHY DID HE TELL YOU THAT?

14 A BECAUSE IF THE ACCOUNT WAS NOT REAL, THEN THE
15 TRADING DECISIONS WOULD NOT BE THE SAME AS IF IT WAS REAL.

16 Q WHAT DID HE SAY?

17 A THE EMOTIONAL -- IF, YOU KNOW, IT IS NOT REAL,
18 YOU ARE NOT GOING TO MAKE THE EMOTIONAL DECISIONS -- THE
19 EMOTIONAL DECISION PATTERN WOULD NOT BE THE SAME.

20 Q AND DID YOU HAVE SOME AGREEMENT WITH MR. LEVIN
21 IN THE BEGINNING ABOUT WHAT THE INDEPENDENT TRADING ADVISER
22 WOULD BE TOLD AT SOME POINT THAT IT WAS NOT REAL?

23 A WE AGREED THAT AS SOON AS IT WAS OVER, HE WOULD
24 BE TOLD. THAT IS, AS SOON AS THE ACCOUNTS -- THEY WERE GOING
25 TO BE TRADED FOR ABOUT FOUR TO EIGHT WEEKS. AND AS SOON
26 AS THE TRADE WAS OVER, HE WOULD BE TOLD. AND HE WOULD
27 DEFINITELY BE TOLD WHEN THE STORY WAS DONE.

28 Q WHEN YOU SAY THE "TRADING" OVER AND OVER, YOU

1 ARE TALKING ABOUT THE SIMULATED TRADING?

2 A YES, SIMULATED TRADING.

3 Q DID YOU AGREE WITH MR. LEVIN NOT TO TELL MR.
4 HUNT THAT THE TRADING WAS IN FACT A SIMULATION AND NOT REAL?

5 A YES. I AGREED TO THAT.

6 Q AT SOME POINT, DID YOU MEET WITH MR. LEVIN?

7 A YES, IN THE VERY BEGINNING.

8 Q WHEN YOU FIRST TALKED TO HIM, WHAT WAS THE DATE?

9 A IT WAS AROUND THE 28TH. IT WAS PERHAPS A COUPLE
10 OF DAYS BEFORE THAT DATE. I AM NOT SURE.

11 Q THE 20TH OF JUNE?

12 A JUNE OF '83.

13 Q AFTER TALKING TO HIM ON THE TELEPHONE, DID YOU
14 GO TO HIS HOUSE?

15 A YES.

16 Q THAT WAS A DUPLEX, THE BOTTOM OF A DUPLEX ON
17 PECK DRIVE IN BEVERLY HILLS?

18 A IT WAS IN BEVERLY HILLS. IT WAS DOWN THE STREET
19 FROM SAKS. I CAN'T REMEMBER WHAT STREET IT WAS.

20 Q AND WHEN YOU WENT TO MR. LEVIN'S DUPLEX, WHAT
21 WAS THE PURPOSE IN GOING THERE?

22 A WELL, TO MEET, TO SEE THE, YOU KNOW, HE WAS THERE
23 AND HE WAS REAL AND TO HAVE HIM FILL OUT THE ACCOUNT PAPERS.

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1 Q WHY WERE YOU GOING TO HAVE HIM FILL OUT THE
2 ACCOUNT PAPERS?

3 A WELL, WE WERE GOING TO SIMULATE. IF WE ARE GOING
4 TO SIMULATE EVERYTHING, I THOUGHT WE SHOULD JUST FILL IT OUT.
5 I DON'T KNOW, IT SEEMED LIKE A GOOD IDEA AT THE TIME.

6 Q THAT WAS GOING TO BE PART OF THE STORY?

7 A YEAH.

8 Q OKAY. AND WHEN YOU WENT TO HIS HOUSE, DID YOU
9 GIVE HIM SOME ACCOUNT PAPERS TO FILL OUT?

10 A YES, I DID.

11 Q AND DID YOU ALSO PROVIDE HIM WITH AN AUTHORIZATION
12 FOR THE OUTSIDE TRADING ADVISOR?

13 A NOT AT THAT TIME.

14 I HAD SOMEBODY GO DOWN LATER AND HAVE HIM FILL
15 THAT OUT. IT WAS ONE OF MY -- I HAD TWO ASSISTANTS AND THEY
16 WENT DOWN AT A LATER DATE TO HAVE JOE HUNT SIGN THE
17 AUTHORIZATION.

18 Q SHOWING YOU A DOCUMENT THAT I WOULD LIKE TO HAVE
19 MARKED AS PEOPLE'S 88 FOR IDENTIFICATION, IT SAYS "CLAYTON
20 BROKERAGE COMPANY" AND IT HAS AN ADDRESS IN CLAYTON, MISSOURI
21 AND IT SAYS ON THE FIRST PAGE IN BOLD TYPE, "TRADING
22 AUTHORIZATION LIMITED TO PURCHASE AND SALES OF COMMODITIES";
23 MAY THAT BE PEOPLE'S 88 FOR IDENTIFICATION?

24 THE COURT: SO MARKED.

25 Q BY MR. WAPNER: SHOWING YOU PEOPLE'S 88, WHAT
26 IS THAT?

27 A I AM SORRY. WHAT IS THE QUESTION?

28 Q WHAT IS THE DOCUMENT THAT IS MARKED PEOPLE'S 88?

1 A WELL, THIS IS A LIMITED POWER OF ATTORNEY TO MAKE
2 TRADING DECISIONS ON AN ACCOUNT.

3 Q AND WHO ARE THE PEOPLE WHO SIGNED THAT DOCUMENT?

4 A IT SAYS "JOE HUNT" AND I GUESS IT IS "RON LEVIN."

5 I CAN'T READ IT BUT I GUESS IT IS HIS SIGNATURE.

6 THE COURT: YOU MEAN THAT SORT OF SCRIBBLE?

7 THE WITNESS: YES.

8 MR. BARENS: I AM SORRY. I DIDN'T HEAR YOUR HONOR'S
9 REMARK.

10 THE COURT: I SAID SORT OF A SCRIBBLE FOR RON LEVIN'S
11 SIGNATURE.

12 MR. BARENS: THAT KIND OF AN "R" THING.

13 THE WITNESS: I WILL TELL YOU IN A SECOND.

14 IT LOOKS LIKE THE SAME SIGNATURE ON THIS OTHER
15 COPY THAT WE HAVE.

16 Q BY MR. WAPNER: AND DID YOU HAVE HIM FILL OUT
17 SOME --

18 DO YOU HAVE THE ORIGINAL ACCOUNT PAPERS THAT HE
19 FILLED OUT?

20 A I HAVE SOME THAT HE TYPED UP BUT I -- I AM NOT
21 SURE WHAT I DID WITH THE ACCOUNT COPIES.

22 Q AND WHEN YOU WENT TO HIS HOUSE, DID YOU ASK HIM
23 TO PROVIDE YOU WITH SOME PROTECTION BECAUSE YOU WERE GOING
24 INTO THIS SCHEME WITH HIM, SO TO SPEAK?

25 A YES.

26 WE ASKED HIM TO INDEMNIFY US AGAINST ANY PROBLEMS
27 THAT OCCURRED AND HE WROTE US A LETTER SAYING THAT HE WOULD
28 INDEMNIFY CLAYTON BROKERAGE FROM ALL LOSS OF ANY KIND WITH

1 RESPECT TO THEIR ASSISTANCE IN THE NETWORK NEWS DOCUMENTARY
2 ENTITLED "THE TRADERS." THAT WAS THE NAME OF THE STORY,
3 "THE TRADERS."

4 Q DID HE TYPE THAT OUT IN FRONT OF YOU?

5 A YES, HE DID.

6 MR. WAPNER: YOUR HONOR, I HAVE A DOCUMENT THAT I WOULD
7 LIKE TO HAVE MARKED AS PEOPLE'S 89 FOR IDENTIFICATION.

8 THE COURT: YES.

9 MR. WAPNER: IT IS DATED JUNE 28, 1983. AND IT SAYS
10 "NETWORK NEWS INCORPORATED" AND IT IS APPARENTLY SIGNED BY
11 RONALD LEVIN, ASSIGNMENT EDITOR.

12 THE WITNESS: THAT IS THE ORIGINAL, YOU HAVE THE
13 ORIGINAL.

14 MR. WAPNER: MAY THAT BE PEOPLE'S 89?

15 THE COURT: YES.
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1 Q BY MR. WAPNER: MR. FRIEDMAN, DO YOU RECOGNIZE
2 PEOPLE'S 89 FOR IDENTIFICATION?

3 A YES. THIS IS THE ORIGINAL THAT HE DID.

4 Q DID MR. LEVIN TYPE THAT OUT IN FRONT OF YOU?

5 A HE TYPED IT OUT IN FRONT OF ME AND HE SIGNED IT
6 IN FRONT OF ME.

7 Q IT IS FAIRLY SHORT, ISN'T IT?

8 A YES.

9 Q WOULD YOU READ IT TO THE JURY, PLEASE.

10 A IT IS TO CLAYTON BROKERAGE AT 10900 WILSHIRE.

11 "ATTENTION: JACK FRIEDMAN.

12 "NETWORK NETWORK NEWS WILL INDEMNIFY
13 CLAYTON BROKERAGE COMPANY OF ST. LOUIS, MISSOURI,
14 FROM ALL LOSS OF ANY KIND WITH RESPECT TO THEIR
15 ASSISTANCE IN THE NETWORK NEWS, INC. NEWS
16 DOCUMENTARY ENTITLED 'THE TRADERS.'

17 "RON LEVIN, ASSIGNMENT EDITOR."

18 AND HE HAS AN "RL" AT THE BOTTOM, SHOWING HE
19 TYPED IT UP.

20 Q AND THE DATE IS JUNE 28, 1983?

21 A JUNE 28, 1983.

22 Q AFTER YOU MET HIM AT HIS APARTMENT AND GOT HIM
23 TO PROVIDE YOU WITH THAT DOCUMENT, WHAT HAPPENED?

24 A THEN I BELIEVE IT WAS ON THAT DAY, I MUST HAVE
25 GONE OVER THERE DURING THE DAY BECAUSE ON THAT DAY, WE MADE
26 OUR FIRST THREE TRANSACTIONS.

27 Q AND WHO CALLED AND MADE THOSE TRANSACTIONS?

28 A RON LEVIN.

1 Q YOU ARE REFERRING TO A YELLOWISH-COLORED
2 DOCUMENT IN FRONT OF YOU; CAN YOU TELL US WHAT THAT WAS?

3 A THIS IS A RECORD THAT I KEPT OF THE TRANSACTION.
4 IT IS A BROKER'S SHEET, HAS THE BUYS AND SELLS. THE BUYS
5 ON THIS SIDE AND THE SELLS ON THAT SIDE.

6 SO, YOU KNOW, WHAT DATE -- WHAT WAS ENTERED, IT
7 HAS WHAT WE DID, THE DATE, THE QUANTITY, THE PRICE AND THEN
8 THE SAME THING FOR THE SELL SIDE.

9 SOMETIMES YOU SELL FIRST AND BUY IT BACK, SO IT
10 SHOWS THAT ON 6-28, WE BOUGHT 500 -- A TOTAL OF 900 CONTRACTS
11 OF SEPTEMBER SWISS FRANC AT FORTY-EIGHT EIGHTEEN AND 500 AT
12 FORTY-EIGHT TWENTY-FIVE.

13 Q NOW I THINK THAT I PROBABLY SKIPPED AHEAD ON
14 SOMETHING, BEFORE YOU GET INTO BUYING AND SELLING, ON THE
15 SIMULATED ACCOUNT, DON'T YOU HAVE SOME SIMULATED MONEY TO GO
16 INTO THE SIMULATED ACCOUNT?

17 A USUALLY YOU DO.

18 BUT WE DIDN'T SIMULATE THE MONEY UNTIL JULY.
19 NOT ON THE 28TH.

20 THE COURT: BEFORE WE GO INTO THAT ANY FURTHER, LET'S
21 HAVE A RECESS.

22 MR. WAPNER: THANK YOU.

23 THE COURT: LADIES AND GENTLEMEN OF THE JURY, WE WILL
24 TAKE A 15-MINUTE RECESS AT THIS TIME.

25 THE SAME ADMONITION I GAVE YOU WOULD STILL APPLY.

26 MR. BARENS: I WOULD HAVE TO CALL MY BROKER, JUDGE.

27 (RECESS.)

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1 THE COURT: ALL RIGHT. YOU MAY CONTINUE.

2 Q BY MR. WAPNER: MR. FRIEDMAN, THE FIRST FEW TRADES
3 THAT WERE MADE ON THAT SIMULATED TRADE, MADE ON THAT ACCOUNT,
4 WHO MADE THEM?

5 A RON LEVIN.

6 Q AND HOW WAS THAT DONE?

7 A HE CALLED ME ON THE PHONE AND SAID THAT HE WANTED
8 TO BUY 500 SWISS FRANC AT THE MARKET. AND THEN HE GAVE ME
9 THE PRICE. I DON'T REMEMBER. HE GAVE ME THE PRICE OR HE
10 TOLD ME TO BUY THEM AT THE MARKET.

11 Q WHAT DID YOU DO WHEN HE DID THAT?

12 A I WROTE UP A TICKET. I PUT ON IT NETWORK NEWS
13 AND WROTE UP AN ORDER TICKET WHICH LOOKS LIKE THIS (INDICATING).
14 I MIGHT HAVE THAT TICKET HERE. I WROTE UP A
15 TICKET. ON THE TOP IT IS TO BUY AND ON THE BOTTOM IT IS
16 SELL.

17 AND I TIME STAMPED IT. WE HAVE A TIME STAMP
18 MACHINE. I WAITED ABOUT THREE TO FIVE MINUTES.

19 WE HAD A MACHINE THAT IS CALLED A VIDEOCOM. THAT
20 IS PLUGGED INTO THE EXCHANGE FLOORS.

21 ALL OF THE TRANSACTIONS THAT ARE MADE ARE RECORDED
22 ON THAT MACHINE. AND I GAVE THEM THE WORST PRICES IN THAT
23 TIME PERIOD.

24 Q WHY DID YOU GIVE THEM THE WORST PRICES?

25 A IN CASE AFTER THIS WAS ALL OVER, ANYBODY HAD
26 ANY QUESTIONS REGARDING THE TRADING.

27 I WANTED TO GIVE THE BENEFIT OF THE DOUBT, THAT
28 WE DID EVERYTHING WE COULD TO SIMULATE IT AS ACCURATELY AS

1 WE COULD.

2 Q SO, HE WAS GOING TO STAND OR FALL ON THE WORST
3 PRICES THAT WERE AVAILABLE AT THE TIME?

4 A LIKE IT WAS A BUY. LIKE IN THE SWISS FRANC,
5 IF THE PRICE WAS 48.20, WAS THE HIGH IN A THREE-MINUTE PERIOD
6 AND THE LOW WAS 48.10, AND I WAS BUYING THEM, I GAVE HIM
7 THE 48.20 PRICE.

8 THE COURT: THAT IS THE HIGHEST PRICE?

9 THE WITNESS: I THINK -- WE DO IT IN NO LESS THAN
10 THREE MINUTES USUALLY. THIS WAS NO MORE THAN FIVE MINUTES.
11 THE RULE IS THREE MINUTES.

12 BUT I WANTED TO TRY TO -- IN CASE THERE WAS ANY
13 DOUBT THAT WE FUDGED THE TRADING IN FAVOR OF THE ACCOUNT.

14 A AND DID YOU MAKE UP THE TICKETS THE SAME WAY
15 YOU WOULD IF IT WERE A REAL ACCOUNT?

16 A YES, I DID.

17 Q FOR THE FIRST THREE TRADES, WAS MR. LEVIN MAKING
18 THE TRADES?

19 A I THINK IT WAS THE FIRST THREE TRADES. I KNOW
20 IT WAS THE FIRST DAY OR TWO. I THINK IT WAS THE FIRST TWO
21 DAYS.

22 I KNOW THAT HE DEFINITELY CALLED ME ON THE FIRST
23 FEW TRADES.

24 Q AND WHAT HAPPENED AFTER THOSE FIRST FEW TRADES
25 WERE MADE?

26 A THEN JOE HUNT CALLED UP AND STARTED TO PUT IN
27 ORDERS.

28 Q WHEN HE FIRST CALLED, WHAT DID HE SAY?

1 A HE SAID, "HI, I'M JOE HUNT."

2 Q WHAT DID YOU DO?

3 A "RON LEVIN TOLD ME TO CALL YOU."

4 I SAID, "HI, JOE. HOW ARE YOU DOING? WHAT DO
5 YOU KNOW?"

6 Q DID HE ASK IF YOU HAD BEEN EXPECTING HIS CALL?

7 A NO.

8 Q AND WHAT DID HE SAY AFTER HE TOLD YOU THAT?

9 A I MIGHT HAVE JUST -- I MUST HAVE SAID, "HI, JOE."
10 AND HE ASKED ME WHAT THE EQUITY FIGURE WAS. I
11 DIDN'T HAVE THAT RIGHT AWAY BECAUSE WE HAD NOT SET UP THE
12 ACCOUNT YET.

13 WE WERE DOING IT ON A MANUAL BASIS.

14 THE COURT: WHAT IS AN EQUITY FIGURE? WHAT DOES THAT
15 MEAN?

16 THE WITNESS: THAT IS THE POINT -- THE MONEY IN THE
17 ACCOUNT, THE BOTTOM LINE FIGURE. THAT IS THE CASH BALANCE.

18 THE COURT: DID YOU TELL HIM?

19 THE WITNESS: I COULDN'T TELL HIM RIGHT AWAY.

20 Q BY MR. WAPNER: WHY COULDN'T YOU TELL HIM RIGHT
21 AWAY?

22 A BECAUSE I DIDN'T KNOW. WE HAD NOT SET THE ACCOUNT
23 UP.

24 Q WHERE DID YOU GET THE INFORMATION FROM, AS FAR
25 AS SETTING THE ACCOUNT UP?

26 A WELL, WE USED AT THE END OF THE DAY -- WE WOULD
27 TAKE ALL OF THE TRADES THAT WE DID AND SEND THEM ON A WIRE.
28 WE HAD A WESTERN UNION LINE. AND WE WOULD WIRE

1 THAT INFORMATION TO THE HOME OFFICE IN ST. LOUIS.

2 THEY WOULD PUT IT INTO A SPECIAL COMPUTER SYSTEM
3 AND SET UP THE ACCOUNT THAT WAY AND THEN WIRE THAT INFORMATION
4 TO ME THE NEXT MORNING.

5 AFTER THE FIRST WEEK OR SO, AFTER WE GOT IT SET
6 UP, I HAD THAT INFORMATION ACCURATELY BUT NOT RIGHT AWAY.

7 Q WHO GAVE YOU THE FIGURE AS TO HOW MUCH WAS
8 SUPPOSED TO GO IN?

9 A WHO GAVE ME WHAT? WHAT DO YOU MEAN?

10 Q HOW WAS IT DETERMINED HOW MUCH SIMULATED MONEY
11 WAS GOING TO GO INTO THAT SIMULATED ACCOUNT?

12 A WELL, WE TOOK THE STATEMENT FROM RAUSCHER PIERCE.
13 THE COURT: FROM WHOM?

14 THE WITNESS: THE ACCOUNT WAS ORIGINALLY SIMULATED
15 AT A COMPANY CALLED RAUSCHER PIERCE.

16 Q BY MR. WAPNER: THAT IS ANOTHER BROKERAGE HOUSE?

17 A IT IS A COMPANY BASED IN DALLAS, THAT USED TO
18 HAVE AN OFFICE HERE WHICH NO LONGER HAS AN OFFICE IN L.A.

19 Q HOW DO YOU KNOW THAT IT WAS ORIGINALLY SIMULATED
20 AT RAUSCHER PIERCE?

21 A BECAUSE RON LEVIN TOLD ME. HE GAVE ME THE STATE-
22 MENT. IT HAS RAUSCHER PIERCE ON IT WITH THE FIGURE.

23 IT WAS \$5,141,437.80.

24 Q WHEN HE GAVE THAT TO YOU, DID YOU THINK IT WAS --

25 A ACTUALLY, THEY HAD A SIMULATED OPEN POSITION.
26 SO, WE JUST CLOSED IT OUT. HERE IS THE CLOSING.

27 THE CLOSING BALANCE WAS \$5,225,187.80.

28 Q THAT WAS THE SIMULATED CLOSING BALANCE?

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A YES, SIMLULATED BALANCE AND WE ENTERED THAT INTO
OUR COMPUTERS ON JULY 1ST OR JULY 2ND.

1 Q AND WHEN DID YOU RELATE THAT FIGURE TO MR. HUNT?

2 A I DON'T REMEMBER.

3 IT WASN'T RIGHT AWAY, THOUGH.

4 BUT WE HAD POSITIONS -- WE PUT POSITIONS ON THE
5 MARKET THAT WENT DOWN AND THAT FIGURE WAS -- THE FIGURE --
6 THE EQUITY IN THE ACCOUNTS WAS LESS THAN THIS FIGURE AND
7 THAT IS WHAT I HAD TO HAND CALCULATE.

8 Q YOU MEAN WHEN MR. HUNT STARTED THE SIMULATED
9 TRADING, IT WAS LESS THAN THE \$5,225,000?

10 A WELL, HE TOLD RON LEVIN WHAT TO DO AND RON LEVIN
11 GAVE IT TO ME, SO I ASSUMED THAT HE STARTED THE TRADES FROM
12 DAY 1, THAT THEY WERE ALL HIS TRADES FROM THE BEGINNING.

13 MR. BARENS: I AM SORRY, YOUR HONOR. I AM NOT CLEAR.
14 IS THE WITNESS SAYING HE THOUGHT THAT THE TRADES LEVIN MADE
15 IN THE INITIAL?

16 THE COURT: WHY DON'T YOU ASK HIM ABOUT IT LATER ON?

17 MR. BARENS: I JUST THOUGHT WE MIGHT MAKE IT CLEAR.
18 I WASN'T UNDERSTANDING WHEN HE SAID "HE" AT THIS POINT IN
19 TIME.

20 THE COURT: WOULD YOU EXPLAIN YOUR ANSWER SO COUNSEL
21 MAY UNDERSTAND YOU AND EVERYBODY ELSE UNDERSTANDS, TOO?

22 THE WITNESS: I THINK -- WHEN JOE HUNT STARTED CALLING
23 ME, THE FIGURE, THIS FIGURE THAT I READ TO YOU WAS LESS THAN
24 THIS FIGURE THAT I READ TO YOU WHEN HE STARTED CALLING ME.
25 AS TO WHEN HE STARTED TRADING, WHEN HE STARTED TRADING AND
26 WHEN HE STARTED CALLING ME ARE TWO DIFFERENT TIME EVENTS.
27 I THINK THAT IS --

28 Q BY MR. WAPNER: YOU ARE ASSUMING THAT THE FIRST

1 TRADES THAT WERE MADE BY MR. LEVIN WERE ACTUALLY ADVISED
2 BY MR. HUNT, IS THAT WHAT YOU ARE SAYING?

3 A I ASSUMED THAT.

4 Q AND THAT WAS BECAUSE OF THE WAY THAT THIS WAS
5 SET UP IN THE FIRST PLACE?

6 A THAT IS WHAT HE TOLD ME WE WERE GOING TO DO.

7 SINCE I NEVER MET HIM OR HEARD HIM IN THE BEGINNING,
8 I FIGURED THAT IS WHAT WE WERE DOING.

9 Q SINCE MR. HUNT WAS SUPPOSED TO BE THE OUTSIDE
10 TRADING ADVISER?

11 A RIGHT.

12 Q WHEN MR. HUNT FIRST CALLED UP AND SAID "I AM
13 JOE HUNT," DID HE MAKE TRADES ON THAT DAY?

14 A YES, HE DID.

15 Q WHAT DAY WAS THAT?

16 A I THINK HE DID. I AM NOT SURE.

17 Q WHEN WAS IT THAT HE FIRST CALLED YOU?

18 A I THINK IT WAS -- I THINK IT WAS JULY THE 5TH.

19 Q OF 1983?

20 A OF 1983.

\ 21 BUT I AM NOT ABSOLUTELY POSITIVE.

22 IT COULD HAVE BEEN JULY THE 12TH.

23 I KNOW THE FIRST TWO TRADES WERE DONE BY RON
24 LEVIN.

25 I AM REALLY NOT CLEAR ON THAT.

26 Q WHAT WERE THE DATES OF THE FIRST TWO TRADES?

27 A THE FIRST TRADE -- THE FIRST TRADES WERE DONE
28 ON JUNE THE 28TH. WE BOUGHT SOME SEPTEMBER BOND CALLS. WE

1 BOUGHT A THOUSAND OF THEM AT THIRTY-ONE.

2 Q WHEN WAS THE NEXT TRADE?

3 A THE NEXT TRADE WAS ON JUNE THE 28TH. WE BOUGHT
4 900 CONTRACTS IN SEPARATE ORDERS OF THE SWISS FRANC; 500
5 AND 400 AT FORTY-EIGHT EIGHTEEN AND THEN WE ALSO BOUGHT AN ADD-
6 ITIONAL 500 AT FORTY-EIGHT TWENTY-FIVE.

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1 Q ON THE SAME DATE?

2 A YES.

3 SO IT WAS A TOTAL OF FOURTEEN HUNDRED CONTRACTS.

4 Q AND WHAT WAS THE DATE OF THE NEXT TRADE?

5 A THE NEXT DATE WAS THE 29TH, WE BOUGHT 500
6 CONTRACTS AT FORTY-EIGHT FOURTEEN.

7 Q THE DATE OF THE NEXT TRADE?

8 A JULY THE 5TH, WE BOUGHT 2,000 BOND CALLS, 74
9 STRIKE AT 52.

10 Q AND WHAT WAS THE DATE OF THE NEXT TRADE?

11 A JULY THE 12TH.

12 Q SO WHAT YOU ARE SAYING IS THAT SOMETIME BETWEEN
13 THE 28TH, THE 28TH OF JUNE AND THE 12TH OF JULY OF 1983 IS
14 WHEN MR. HUNT FIRST CALLED YOU?

15 A I BELIEVE SO, YES.

16 Q AND WHEN MR. HUNT CALLED YOU, DID YOU EVER TELL
17 HIM THE ACCOUNT WAS JUST SIMULATION?

18 A IN THE BEGINNING?

19 Q YES.

20 A NO.

21 Q WHEN HE CALLED AND STARTED TO TRADE, WHAT WOULD
22 HE DO OR SAY?

23 A HE WOULD USUALLY CALL UP AND SAY, ASK FOR A QUOTE
24 ON A MARKET THAT HE WAS THINKING OF ENTERING. HE WOULD ASK
25 ME WHAT -- LIKE LOOKING AT THIS, HE WOULD PROBABLY ASK ME
26 WHAT THE SEPTEMBER TREASURY BILLS WERE AT AND THE SEPTEMBER
27 SWISS FRANC.

28 PROBABLY THE FIRST THING HE WOULD ASK ME, "WHAT

1 IS THE SEPTEMBER SWISS FRANC" SINCE WE WERE ALONG ABOUT 2,000
2 CONTRACTS, THAT WOULD BE THE FIRST QUESTION.

3 Q LET ME ASK YOU TO BACK UP JUST A LITTLE BIT.

4 A OKAY.

5 Q AT WHAT POINT DID YOU COMMUNICATE TO MR. HUNT
6 HOW MUCH MONEY THERE WAS, SIMULATED MONEY THERE WAS IN THE
7 SIMULATED ACCOUNT?

8 MR. BARENS: OBJECTION, YOUR HONOR. I DON'T BELIEVE
9 HE COMMUNICATED TO MR. HUNT THAT THERE WAS SIMULATED MONEY
10 IN THE ACCOUNT.

11 Q BY MR. WAPNER: I AM SORRY, COUNSEL.

12 AT WHAT POINT DID YOU TELL MR. HUNT HOW MUCH
13 MONEY WAS IN THE ACCOUNT?

14 A I AM NOT SURE.

15 IT WAS SOMEWHERE PROBABLY AROUND JULY THE 13TH.

16 Q WHAT DID YOU TELL HIM IN BALLPARK FIGURES IN
17 TERMS OF HOW MUCH MONEY THERE WAS?

18 A WHEN I CAME ON THE COMPUTER RUN, I GAVE HIM
19 THE EXACT FIGURE. I THINK I HAND CALCULATED THE EXACT FIGURE.

20 Q WHICH WAS APPROXIMATELY?

21 A WHICH WAS PRETTY CLOSE WITHIN A HUNDRED TO
22 TWO HUNDRED DOLLARS.

23 Q HOW MUCH WAS THAT?

24 A I DON'T KNOW. I COULD GO BACK AND FIGURE IT
25 OUT.

26 IT DEPENDS ON WHAT THE MARKET WAS.

27 I JUST FIGURED WHAT HIS AVERAGE PRICE WAS ON
28 2,000 CONTRACTS AND WHATEVER THAT LOSS WAS AND I MULTIPLIED

1 IT TIMES TWELVE AND A HALF DOLLARS AND SUBTRACTED THAT FROM
2 THE TOTAL BALANCE.

3 Q WERE YOU IN THE AREA OF FIVE MILLION DOLLARS?

4 A YEAH, IT WAS AROUND FOUR OR FIVE MILLION DOLLARS,
5 GIVE OR TAKE A MILLION, SOMETHING LIKE THAT.

6 (LAUGHTER IN COURTROOM.)

7 THE COURT: YOU SAID YOU STARTED WITH WHAT FIGURE?

8 THE WITNESS: WE STARTED WITH \$5,225,187 INITIALLY.
9 WE HAD ABOUT A SIX, SEVEN MILLION DOLLAR MARGIN.

10 Q BY MR. WAPNER: WHAT DOES THAT MEAN?

11 THE COURT: PROFIT?

12 THE WITNESS: WE HAD MORE IN MARGIN, LIKE WHEN YOU
13 BUY IN THE FUTURES MARKET, YOU ARE BUYING IN THE FUTURE.
14 YOU DON'T ACTUALLY PUT UP -- YOU PUT UP A GOOD FAITH DEPOSIT.

15 SO FOR ONE CONTRACT OF A SWISS FRANC, IT IS
16 \$2,000 AND THE CONTRACT'S VALUE IS ABOUT \$50,000 SO YOU ARE
17 LEVERAGING \$50,000 BY PUTTING UP TWO.

18 IN THIS CASE, WE HAD ALMOST 2,000 CONTRACTS, TIMES
19 2,000 IS ALMOST FOUR MILLION.

20 AT THE SAME TIME, WE BOUGHT THESE BOND CALLS
21 FOR ABOUT SEVEN HUNDRED -- WE BOUGHT A THOUSAND AT \$700
22 APIECE. WE WERE LONGED --

23 THE COURT REPORTER: LONGED?

24 THE WITNESS: LONG MEANS BUY BECAUSE YOU CAN SELL BEFORE
25 YOU BUY.

26 Q BY MR. WAPNER: OKAY. LET ME STOP YOU FOR ONE
27 SECOND BECAUSE YOU ARE LOSING ME AND IF YOU ARE LOSING ME,
28 I THINK YOU ARE LOSING THE JURY.

1 A OKAY.

2 Q WHEN YOU STARTED WITH THE \$5,225,187 FIGURE,
3 WAS THAT THE SIMULATED AMOUNT THAT WENT INTO THE ACCOUNT
4 THAT IS, WHAT THE ACCOUNT STARTED OFF WITH; IS THAT RIGHT?

5 A THAT'S RIGHT.

6 Q WERE THERE SOME TRADES BEFORE YOU ACTUALLY GOT
7 THE WIRE THAT SAID THIS WAS HOW MUCH WAS GOING TO GO INTO
8 THE ACCOUNT?

9 A WELL, I INITIATED THE WIRE SO WE PUT THE TRADE
10 ON THE 28TH, THEN I WIRED THAT THE MONEY WAS IN THE ACCOUNT
11 ON JULY 1ST.

12 Q AND BASED ON THE FIRST FEW TRADES, DID THE ACCOUNT
13 MAKE OR LOSE SOME MONEY?

14 A WELL, IT IS HARD TO SAY BECAUSE THE POSITION
15 WAS PUT ON AND THE MARKET DROPPED BUT IT WASN'T CLOSED OUT
16 SO ON AN OPEN TRADE BASIS THERE WAS A LOSS. ON A CLOSED
17 BASIS, I THINK THERE MIGHT HAVE BEEN A LOSS, TOO. IT LOOKS
18 LIKE THERE WAS A LOSS.

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1 Q AND WHAT HAPPENED AFTER MR. HUNT STARTED CALLING
2 YOU AND ASKING YOU -- HE CALLED YOU AND ASKED YOU ABOUT THE
3 POSITIONS IN THE MARKET?

4 A WELL, I GAVE HIM THE QUOTES AND WE DISCUSSED THE --
5 YOU KNOW, THE MONEY MANAGEMENT POSITIONS AND THE DIRECTION.

6 Q WHAT DID YOU DISCUSS WITH HIM?

7 A WELL, I DISCUSSED WHETHER THE MARKET WAS GOING
8 TO GO UP OR DOWN OR I THINK WE SPENT A LOT OF TIME TALKING
9 ABOUT MONEY MANAGEMENT AS TO THE AMOUNT OF POSITIONS WE HAD
10 IN RELATION TO THE AMOUNT OF CAPITAL, THAT IF THE MARKET FELL
11 OFF SHARPLY, THE ACCOUNT -- IT WOULD BE ADVERSE AND THE
12 ACCOUNT COULD BE WIPED OUT.

13 SO AT SOME POINT, WE STARTED LIQUIDATING
14 POSITIONS.

15 Q WERE YOU GIVING MR. HUNT ADVICE SIMILAR TO WHAT
16 YOU WOULD HAVE GIVEN AN ACTUAL CUSTOMER?

17 A YEAH.

18 Q WAS THAT FOR THE PURPOSE OF MAKING THIS AS REAL
19 A SIMULATION AS YOU COULD POSSIBLY MAKE IT?

20 A TO TRY TO DO IT AS REAL AS I COULD.

21 Q WHAT WAS THE REASON THAT YOU ADVISED HIM TO SELL
22 OFF POSITIONS?

23 A WELL, WE HAD 100 PERCENT OF THE CAPITAL IN MARGIN
24 AND IF THE MARKET -- SINCE THE MARGIN REPRESENTED A SMALL
25 PORTION OF 5 TO 10 PERCENT OF ACTUALLY WHAT WAS PURCHASED,
26 THAT IF THE MARKET PRICE OF WHAT HE BOUGHT, SOLD OFF 10 OR
27 20 PERCENT IN VALUE, THAT COULD WIPE OUT THE ENTIRE CAPITAL.

28 SO WHAT WE DID WAS TO LIQUIDATE. SAY, IF YOU

1 BOUGHT A HOUSE WORTH \$100,000. YOU PUT \$5,000 DOWN AND
2 SOMETHING HAPPENED TO THE HOUSE AND IT WAS WORTH \$80,000,
3 YOU ARE STILL RESPONSIBLE FOR THE MORTGAGE OF \$95,000.

4 SO, SOMEHOW YOU HAVE TO MAKE UP THE DIFFERENCE
5 BETWEEN THE \$5,000 IN CASH. REAL ESTATE DOESN'T USUALLY WORK
6 THAT WAY. BUT IN OTHER MARKETS, THE PRICE CAN GO DOWN.

7 SO, YOU HAVE TO HAVE MORE GOOD FAITH MONEY OR
8 YOU WILL GET LIQUIDATED. IT IS CALLED A MARGIN CALL.

9 Q SO YOU WOULD BASICALLY ADVISE HIM TO SELL OFF
10 SOME OF THE POSITIONS SO THAT HE WOULD HAVE SOME MONEY IN
11 RESERVE IN CASE HE HAD A MARGIN CALL?

12 A YES.

13 Q DID HE TAKE THAT ADVICE?

14 A YES HE DID.

15 Q AND WHAT HAPPENED WHEN YOU SOLD OFF THE POSITIONS?

16 A THE MARKET DROPPED. AND WE WERE OKAY BECAUSE
17 WE HAD LIQUIDATED SOME POSITIONS.

18 Q THE MARKET DROPPED BECAUSE YOU LIQUIDATED POSITIONS
19 AND YOU HAD MONEY TO MEET THE MARGIN?

20 A IT DIDN'T DROP BECAUSE WE LIQUIDATED. BUT WHEN
21 WE LIQUIDATED, THE ACCOUNT WAS IN A BETTER POSITION.

22 Q ALL RIGHT. AND --

23 THE COURT: WERE YOU GIVING HIM ADVICE AS TO WHAT TO
24 BUY AND WHEN TO SELL?

25 THE WITNESS: YES. I WAS GIVING HIM SOME GENERAL ADVICE
26 ABOUT MONEY MANAGEMENT AND THE QUANTITIES OF POSITIONS AND --

27 THE COURT: ARE YOU TALKING ABOUT MR. HUNT?

28 THE WITNESS: YES.

1 Q BY MR. WAPNER: AND WHAT HAPPENED AFTER THOSE
2 FIRST POSITIONS WERE LIQUIDATED AND THE ACCOUNT WAS OKAY?
3 DID HE CONTINUE TO CALL YOU AND TO TRADE?

4 A YES. THEN THE MARKET RALLIED BACK AND ULTIMATELY,
5 MOST OF THE POSITIONS -- NOT MOST, BUT ULTIMATELY, THE BOTTOM
6 LINE IN THE ACCOUNT APPRECIATED AND WE MADE MONEY IN THAT
7 ACCOUNT.

8 Q WHEN HE CONTINUED TO CALL YOU, DID YOU CONTINUE
9 TO GIVE HIM THIS ADVICE AS TO WHAT TO DO AND HOW TO MANAGE
10 THE ACCOUNT?

11 A WE DISCUSSED THE ACCOUNT FROM TIME TO TIME.

12 Q GENERALLY, WHEN HE WOULD CALL TO MAKE THE TRADES,
13 HOW WOULD HE DO IT?

14 A HE WOULD USUALLY CALL ME UP AND ASK ME FOR A QUOTE.
15 THEN WE WOULD TALK ABOUT THE DIRECTION OF THE MARKET. HE
16 SAID WHAT HE WANTED TO DO.

17 I TOLD HIM WHAT I THOUGHT. AND THEN HE WOULD
18 MAKE THE FINAL DECISION.

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1 Q WHEN HE MADE THE FINAL DECISION --

2 A WHETHER TO BUY OR SELL.

3 Q WHEN HE MADE THE FINAL DECISION TO BUY OR SELL,
4 HOW DID YOU HANDLE THAT? WHAT DID YOU DO?

5 A I TOOK A TICKET OUT AND I WROTE DOWN WHAT WE WANTED
6 TO DO.

7 Q YOU DID THE SAME THING WITH HIM, TIME STAMPING
8 IT AND GIVING HIM THE WORST PRICE WITHIN THE THREE TO FIVE-
9 MINUTE PERIOD?

10 A THAT'S CORRECT.

11 Q YOU KEPT A RECORD OF ALL OF THOSE TRADES?

12 A YES I DID.

13 Q YOUR AGREEMENT WITH MR. LEVIN WAS THAT THIS WAS
14 GOING TO GO ON FOR EIGHT WEEKS, IS THAT RIGHT?

15 A THAT'S CORRECT.

16 Q HOW LONG DID IT ACTUALLY CONTINUE?

17 A IT STARTED 6/28/83 AND ENDED 8/17/83 WHICH I
18 BELIEVE, IS SIX OR SEVEN WEEKS.

19 Q WHAT HAPPENED TO END IT ON AUGUST THE 17TH, 1983?

20 A WHAT DO YOU MEAN WHAT HAPPENED?

21 Q HOW DID IT COME TO AN END AT THAT POINT?

22 A RON LEVIN CALLED ME UP AND SAID THAT WE WERE GOING
23 TO STOP TRADING.

24 AND THEN JOE HUNT CALLED UP AND SAID THAT WE WERE
25 GOING TO STOP TRADING BECAUSE WE ARE GOING TO USE THE MONEY
26 FOR A REAL ESTATE TRANSACTION.

27 Q JOE HUNT TOLD YOU THAT?

28 A YES.

1 Q AND WHEN HE SAID THAT, DID YOU CONTINUE TO ADVISE
2 HIM AS TO HOW MUCH MONEY WAS IN THE ACCOUNT AND WHETHER IT WAS
3 MAKING OR LOSING MONEY?

4 A YES. I GAVE HIM THE FIGURES, ONCE WE GOT IT ON
5 THE COMPUTER RUN. I GIVE HIM THE DAILY INFORMATION.

6 Q WERE THE STATEMENTS OR THE CONFIRMS, AS YOU CALL
7 THEM, BEING GENERATED ON THAT ACCOUNT?

8 A YES.

9 Q DID YOU HAVE SOME ARRANGEMENT WITH THE PEOPLE
10 AT CLAYTON BROKERAGE AS TO HOW THAT WAS SUPPOSED TO BE DONE,
11 WHETHER BY COMPUTER OR OTHERWISE?

12 A IT WAS DONE BY HAND.

13 Q WHY WAS THAT?

14 A BECAUSE IT WAS NOT IN THE REAL SYSTEM AND IT
15 COULDN'T BE DONE IN THE REAL WAY. SO, THEY TOOK THE
16 CONFIRMS AND TYPED THEM UP AND SENT THEM OUT TO RON LEVIN.

17 Q AND THAT WAS TO THE ADDRESS WHICH HE HAD ON THE
18 ORIGINAL ACCOUNT DOCUMENTS?

19 A YES.

20 Q WHICH WAS 9701 WILSHIRE BOULEVARD, 8TH FLOOR?

21 A YES.

22 Q AND DID YOU HEAR FROM RON LEVIN SHORTLY AFTER
23 THE FIRST CONFIRM WAS SENT OUT?

24 A I HEARD FROM HIM. THE FIRST CONFIRMS WENT OUT
25 AND IT SAID, "THIS IS A TEST SERIES," ON THE CONFIRM. IT
26 SHOWED THAT THE ACCOUNT WAS SIMULATED AND NOT A REAL ACCOUNT.

27 AND HE CALLED ME UP AND HE WAS SCREAMING AND
28 YELLING THAT WE WERE RUINING THE INTEGRITY OF HIS STORY AND

1 WE WERE GOING TO RUIN THE WHOLE STORY.

2 I WAS NOT REAL CLEAR ON HOW IT WAS GOING TO RUIN
3 THE WHOLE STORY. BUT HE SAID THAT IT WOULDN'T SHOW UP WELL
4 ON THE CAMERA OR I CAN'T REMEMBER EXACTLY WHAT HE SAID BUT
5 HE WAS VERY UPSET ABOUT IT.

6 Q SHOWING YOU ONE OF THE DOCUMENTS THAT IS PART
7 OF PEOPLE'S 83, DO YOU SEE AT THE TOP THERE WHERE IT SAYS
8 "TEST SERIES"?

9 A YES.

10 Q AT THE VERY TOP?

11 A AT THE TOP, IT SAYS "TEST SERIES, CLAYTON
12 BROKERAGE." YES.

13 Q AND AFTER THIS STATEMENT WENT OUT, MR. LEVIN
14 CALLED YOU UP?

15 A YEAH. AFTER HE HAD GOTTEN THIS -- THERE IS A
16 TIME DELAY BETWEEN WHEN THE TRANSACTION IS DONE AND WHEN THEY
17 GET THE STATEMENT.

18 IT MIGHT -- PROBABLY THE STATEMENT MIGHT HAVE
19 BEEN MAILED OUT THE FIRST. HE MIGHT NOT HAVE GOTTEN THEM
20 UNTIL THE FIFTH OR THE SEVENTH.

21 Q NOW, THE FIRST OF --

22 A JULY.

23 Q JULY OF 1983?

24 A JULY OF 1983.

25 Q NOW, WHEN MR. LEVIN CALLED YOU AND TALKED TO YOU
26 ABOUT THE FACT THAT IT SAID "TEST" ON THERE, HOW WOULD YOU
27 DESCRIBE HIS Demeanor?

28 A I WOULD SAY LIVID, VERY ANGRY.

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1 Q AND WHAT DID HE WANT YOU TO DO ABOUT THAT?

2 A HE WANTED ME TO TAKE THAT OFF, TO HAVE NO "TEST
3 SERIES" ON IT. HE SAID THAT IT WOULD VIOLATE THE INTEGRITY
4 OF THE STORY.

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1 Q AFTER HE TOLD YOU THAT, WHAT DID YOU DO?

2 A WELL, I CALLED UP OUR COMPLIANCE PEOPLE IN ST.
3 LOUIS AND THEY RELUCTANTLY AGREED TO DO IT.

4 Q AND SO THE STATEMENTS THAT WENT OUT AFTER THAT
5 ONE DID NOT THEN HAVE THE STATEMENT "TEST SERIES" ON THEM?

6 A THAT'S CORRECT.

7 Q AND ON AUGUST THE 17TH AT THE TIME MR. HUNT SAID
8 THAT THE MONEY WAS GOING TO BE USED IN A REAL ESTATE TRANS-
9 ACTION, WHAT WAS THE BALANCE IN THE ACCOUNT?

10 A THE BALANCE IN THE ACCOUNT WAS \$13,997,448.86.

11 Q SO THERE WAS A PROFIT IN THAT ACCOUNT OF EIGHT
12 MILLION DOLLARS?

13 A \$8,320,649.

14 THE COURT: YOU MEAN SIMULATED PROFIT, DON'T YOU?

15 THE WITNESS: THAT'S RIGHT.

16 (LAUGHTER IN THE COURTROOM.)

17 THE WITNESS: IT WAS ALL SIMULATED.

18 THE COURT: IF I USE THE WORD APOCRYPHAL, THAT WOULD
19 BE CORRECT?

20 THE WITNESS: WELL, SIMULATED. AS LONG AS YOU DON'T
21 SAY PHONY.

22 MR. WAPNER: THERE WEREN'T ANY REALLY -- THE ONLY
23 COMMISSIONS ON THIS ACCOUNT WERE SIMULATED OR APOCRYPHAL.

24 THE WITNESS: SIMULATED COMMISSIONS. I DID NOT GET
25 PAID ANY REAL COMMISSION. ALL SIMULATED, YES.

26 Q BY MR. WAPNER: ON THE 17TH OF AUGUST OF 1983,
27 AT THAT TIME DID YOU TELL JOE HUNT THAT IT WASN'T A REAL
28 ACCOUNT?

1 A I'M SORRY. WHAT WAS THE DATE?

2 Q THE DATE OF THE LAST TRADE, WHICH WAS AUGUST
3 17TH.

4 A IT WASN'T ON THE LAST DATE.

5 Q AT SOME POINT AFTER YOU DECIDED TO -- OR MR.
6 LEVIN DECIDED THAT THIS SIMULATED ACCOUNT WAS GOING TO COME
7 TO AN END, DID HE ATTEMPT TO INVEST WITH YOU IN A REAL ACCOUNT?

8 A YES.

9 HE CALLED ME UP AND HE SAID "HOW WOULD YOU LIKE
10 TO HAVE A REAL ACCOUNT?"

11 Q WHAT DID YOU SAY?

12 A I SAID, "FANTASTIC. IT SOUNDS GREAT."

13 Q AND WHAT HAPPENED?

14 A HE SAID THAT HE HAD A COMPANY, THAT HE WENT TO
15 HIGH SCHOOL WITH THE MAY TWINS, WHO HE SAID WERE THE HEIRS
16 TO THE MAY COMPANY FORTUNE, AND THAT THEY DID A LOT OF REAL
17 ESTATE TRANSACTIONS TOGETHER AND THEY HAD THIS COMPANY CALLED
18 THE MAY BROTHERS LAND CORPORATION, THAT HE WAS THE TREASURER
19 AND HE HAD THE RIGHT TO DRAW CHECKS ON THIS ACCOUNT AND TO
20 MAKE DECISIONS IN THEIR BEHALF AND THAT HE WAS A NEWSMAN
21 FOR THE LOVE OF IT BUT HE WAS A BUSINESSMAN ENGAGING IN REAL
22 ESTATE DEALS WITH HIS FRIENDS FROM BEVERLY HILLS, AND THAT
23 WAS HIS CHARACTERIZATION.

24 Q DID YOU OPEN AN ACCOUNT FOR HIM?

25 A YEAH.

26 I SENT ONE OF MY ASSISTANTS OVER AND HE FILLED
27 OUT THE ACCOUNT PAPERS AND HE GAVE HIM A CHECK FOR \$50,000
28 FROM PROGRESSIVE SAVINGS AND LOAN.

1 Q WHAT HAPPENED?

2 A AND THIS WAS ABOUT 9:00 OR 9:30 IN THE MORNING
3 AND AT 10:00, 10:30, HE SAID, "I HAVE TO GET IN THE SWISS
4 FRANC, I HAVE TO BUY IT," AND SO WE WENT AHEAD AND WE BOUGHT
5 TEN CONTRACTS. I THINK IT WAS EITHER THE SEPTEMBER OR THE
6 DECEMBER SWISS FRANC, AND THE MARKET CLOSES ON CHICAGO TIME,
7 WHICH IS ABOUT 11:15 OR 11:16, TO BE EXACT, AT OUR TIME,
8 AND HE SAID --

9 AND WE CALLED THE BANK ON THE CHECK AND THE FUNDS
10 WERE NOT GOOD.

11 I SAID "THE FUNDS ARE NOT GOOD ON THIS CHECK."

12 HE SAID, "TOMORROW, THE FUNDS WILL BE GOOD. MONEY
13 IS BEING WIRED IN. DON'T WORRY. THESE GUYS ARE WORTH
14 TWO HUNDRED MILLION EACH AND THEY ARE GOOD FRIENDS OF MINE.
15 I WENT TO HIGH SCHOOL WITH THEM AND THEY ARE GOOD FOR IT."

16 Q OKAY. AND DID YOU TAKE HIS WORD FOR IT AT THAT
17 POINT?

18 A I TOOK HIS WORD FOR IT THAT DAY.

19 THE NEXT DAY, THE MARKET OPENED SUBSTANTIALLY
20 HIGHER. EACH CONTRACT IS WORTH TWELVE AND A HALF DOLLARS
21 A POINT SO TEN CONTRACTS IS ABOUT \$125. ON A 100 POINT MOVE
22 THAT IS \$1,250.

23 SO IF THE MARKET HAD OPENED DOWN SHARPLY, IT
24 COULD HAVE GONE --

25 I THINK IT MOVED UP ABOUT A HUNDRED POINTS. IT
26 WAS IN THE MONEY ABOUT \$1,250.

27 IT STARTED SELLING OFF.

28 AT ABOUT 10:00, 10:30, THE FUNDS STILL WEREN'T

1 GOOD. HE WAS COMING BACK DOWN TO WHERE WE ORIGINALLY BOUGHT
2 THE POSITION AND THE WAY THE CUSTOMER WAS DOING BUSINESS
3 IS YOU HAVE GOOD FUNDS IN THE ACCOUNT, EITHER A CASHIER'S
4 CHECK OR WIRE FUNDS, SO I LIQUIDATED HIS POSITION BECAUSE
5 THE FUNDS WERE NOT GOOD AND I LIQUIDATED HIS POSITION.

6 Q WHAT HAPPENED AFTER THAT?

7 A HE CREATED A \$400 DEBIT IN THE ACCOUNT.

8 THE COURT: THAT MEANS A \$400 LOSS?

9 THE WITNESS: WELL, IT WAS A \$400 LOSS, THAT'S CORRECT.

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1 Q AFTER YOU LIQUIDATED THE ACCOUNT, DID YOU HEAR
2 FROM MR. LEVIN?

3 A I HEARD FROM HIM?

4 HE HEARD FROM ME. I SAID --

5 HE SAID -- YOU KNOW, HE STARTED GIVING ME DIFFERENT
6 STORIES ABOUT HOW THE MONEY WAS BEING WIRED AND HE SAID
7 "JUST PUT THE CHECK THROUGH." AND HE WAS GOING TO DO A STORY
8 AND HE GAVE ME 15 DIFFERENT STORIES AS TO --

9 Q WHAT DID YOU DO?

10 A HE KEPT TELLING ME, YOU KNOW, "THESE GUYS ARE
11 WORTH TWO HUNDRED MILLION DOLLARS."

12 I SAID, "LOOK, THE ONLY NET WORTH I SEE IN THIS
13 ACCOUNT IS A BAD CHECK FOR \$50,000 AND THAT IS THE NET WORTH
14 I WANT IN THE ACCOUNT. AND WHAT I WANT IN THE ACCOUNT IS
15 GOOD FUNDS."

16 I KEPT PUTTING THE CHECK THROUGH AND IT KEPT
17 BOUNCING AND HE SAID "WHY DON'T YOU LET ME HAVE THAT CHECK
18 BACK?"

19 AND I SAID, "SURE, I WILL BE GLAD TO LET YOU
20 HAVE THE CHECK BACK AS SOON AS YOU GIVE ME \$400."

21 HE SAID HE WOULD PERSONALLY COVER IT AND THIS
22 WENT ON FOR, I DON'T KNOW, ABOUT A WEEK OR TWO.

23 Q DID YOU KEEP PUTTING THE CHECK THROUGH?

24 A I KEPT PUTTING THE CHECK THROUGH.

25 HE SAID, "LOOK, STOP BOUNCING THAT CHECK ON MY
26 ACCOUNT. YOU ARE EMBARRASSING ME AT THE BANK."

27 I SAID, "THAT IS TOO BAD. YOU GIVE ME A CHECK
28 FOR \$400 AND I WILL STOP BOUNCING THE CHECK."

1 AND EVENTUALLY, THE CHECK CLEARED. THE CHECK
2 CLEARED BECAUSE THE \$400 CAME OUT OF MY POCKET, I HAD TO
3 PAY FOR IT.

4 Q SO WHEN THE CHECK CLEARED, WHAT DID YOU DO?

5 A I GOT MY \$400 BACK AND THEN SENT HIM THE BALANCE
6 OF THE FUNDS.

7 Q THIS WAS APPROXIMATELY THE END OF AUGUST?

8 A YES.

9 Q OF '83?

10 A RIGHT. IT WAS AUGUST OR SEPTEMBER.

11 Q AFTER SEND ING MR. LEVIN THE FUNDS --

12 A WELL, BEFORE -- YES, GO AHEAD.

13 Q HAD YOU CONTINUED TO TALK TO JOE HUNT?

14 A YES.

15 Q WHAT WERE YOU TALKING TO JOE HUNT ABOUT?

16 A I WOULD GIVE HIM MARKET QUOTES AND WE WOULD TALK
17 ABOUT THE MARKET AND WE WERE TALKING ABOUT OPENING UP SOME
18 OTHER ACCOUNTS THAT HE SAID HE HAD.

19 Q AND DID YOU WANT TO DO THAT WITH MR. HUNT?

20 A YEAH.

21 Q WHY?

22 A I WAS ALWAYS GLAD TO DO SOME REAL BUSINESS,
23 INSTEAD OF THE BUSINESS WE WERE DOING.

24 I THOUGHT WE -- I THOUGHT WE HAD A GOOD WORKING
25 RELATIONSHIP AND IT WOULD BE A GOOD OPPORTUNITY FOR EVERYBODY.

26 Q AND AT SOME POINT WHILE YOU WERE TALKING WITH
27 MR. HUNT, DID YOU --

28 WELL, WHEN YOU WERE HAVING THIS GO-AROUND WITH

1 LEVIN ABOUT THE CHECK, PUTTING THE CHECK IN BACK AND FORTH,
2 WHAT HAPPENED AS FAR AS DOING THE TV STORY?

3 A ONCE THE CHECK WAS NOT GOOD AND HE DIDN'T GIVE
4 ME THE \$400, I TOLD HIM THERE WAS GOING TO BE NO STORY AS
5 FAR AS I WAS CONCERNED. THERE WAS NO STORY TO BE DONE. I
6 DIDN'T WANT TO DO ANY BUSINESS WITH HIM. I DIDN'T WANT TO
7 KNOW HIM. I WANTED HIM OUT OF MY LIFE.

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1 Q AND --

2 A HE ASKED WHY.

3 Q HE ASKED WHY?

4 A HE ASKED WHAT DOES ONE THING HAVE TO DO WITH THE

5 OTHER.

6 Q AND AFTER YOU TOLD HIM THAT, WAS IT DURING THIS

7 TIME THAT YOU CONTINUED TO TALK TO MR. HUNT?

8 A YES.

9 Q DURING ONE OF THE CONVERSATIONS THAT YOU HAD WITH

10 MR. HUNT, DID YOU ASK HIM ABOUT THE STORY?

11 A I ASKED HIM ABOUT IT. I SAID, "WHATEVER HAPPENED

12 WITH THAT STORY?"

13 Q WHAT DID HE SAY?

14 A HE SAID "WELL, WE DID IT."

15 Q WE DID IT?

16 A WE DID THE STORY.

17 Q WHAT DID YOU SAY?

18 A I SAID "YOU DID IT?" MY HEART DROPPED.

19 I SAID, "WELL, WHO EXPLAINED THE CONFIRMS?"

20 HE SAID THAT HE DID.

21 AND I SAID THAT I DIDN'T SEE IT ON TELEVISION.

22 Q YOU DIDN'T SEE IT?

23 A I DIDN'T SEE IT AND HE SAID WELL, THAT IT DIDN'T

24 PLAY OUT HERE. IT PLAYED BACK EAST.

25 Q JOE HUNT SAID THIS TO YOU?

26 A YES, IT PLAYED BACK EAST.

27 Q ALL RIGHT. DID IT SOUND LIKE LEVIN TO YOU?

28 A NO. IT WAS JOE.

1 Q WHAT HAPPENED AFTER HE SAID THAT IT PLAYED BACK
2 EAST?

3 A WELL, YOU KNOW, I SAID THAT AT THAT POINT, THAT
4 YOU KNOW, THAT THE MONEY IS NOT REAL, DON'T YOU KNOW?

5 Q WHAT DID HE SAY?

6 A HE SAID YEAH, I KNOW.

7 THE COURT: WHEN DID HE SAY THAT, NOW?

8 THE WITNESS: THAT WAS -- I AM NOT SURE EXACTLY WHEN
9 IT WAS. IT WAS AFTER THAT -- IT WAS AT LEAST TWO TO FOUR
10 WEEKS AFTER THE ACCOUNT WAS TRADED. IT WAS SEPTEMBER OR
11 OCTOBER.

12 I AM PRETTY SURE IT WAS BEFORE THANKSGIVING.

13 THE COURT: 1983?

14 THE WITNESS: 1983. WE ARE STILL IN 1983. I CAN'T
15 REMEMBER THE EXACT DATE.

16 Q BY MR. WAPNER: AND AFTER YOU SAID THAT TO
17 MR. HUNT, DID YOU HEAR FROM MR. LEVIN?

18 A I HEARD FROM MR. LEVIN THAT NIGHT.

19 Q THAT SAME NIGHT?

20 A I WAS IN MY OFFICE WORKING LATE. I HEARD FROM
21 LEVIN.

22 HE SAID THAT JOE HUNT WAS OVER THERE. HE WAS
23 SCREAMING AND YELLING AT ME.

24 Q WHO WAS SCREAMING AND YELLING AT WHO?

25 A RON LEVIN WAS SCREAMING AND YELLING AT ME.

26 Q WHAT WAS HE SCREAMING ABOUT?

27 A HE SAID HE WANTED TO KNOW WHAT RIGHT I HAVE TO
28 VIOLATE HIS CONFIDENTIALITY.

2A-3

1 Q TO VIOLATE LEVIN'S CONFIDENTIALITY?

2 A HE WANTED TO KNOW WHAT RIGHT DID I HAVE TO
3 VIOLATE HIS CONFIDENTIALITY AND TALK ABOUT HIS BUSINESS AND
4 HIS MONEY WITH JOE HUNT.

5 Q WHAT DID YOU SAY?

6 A I SAID FIRST OF ALL, I DIDN'T VIOLATE ANYBODY'S
7 CONFIDENTIALITY BECAUSE IN ORDER TO VIOLATE CONFIDENTIALITY,
8 THERE HAS TO BE REAL MONEY AND A REAL ACCOUNT.

9 AND I SAID THAT SINCE THIS MONEY WAS NOT REAL,
10 IT WAS NOT A REAL ACCOUNT AND I DIDN'T VIOLATE HIS
11 CONFIDENTIALITY.

12 SECONDLY, THAT IT WAS OUR AGREEMENT THAT WHEN
13 THE TRADING WAS OVER, I AM SUPPOSED TO TELL HIM THAT IT IS
14 NOT REAL. IT WAS STRICTLY FOR THE PURPOSES OF TRADING AND
15 THAT IS WHAT I SAID.

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1 Q AND WHAT DID HE SAY?

2 A WELL, HE STILL WAS SCREAMING AND YELLING ABOUT
3 HOW I VIOLATED HIS CONFIDENTIALITY AND I HAD NO RIGHT TO TALK
4 ABOUT IT, YOU KNOW.

5 BUT WE GOT VERY -- THE LANGUAGE GOT VERY BASE.
6 HE CALLED ME A FEW NAMES. I CALLED HIM A FEW
7 NAMES. AND HE THREATENED ME.

8 I SAID -- I TOLD HIM, I SAID, "PLEASE DON'T
9 THREATEN ME."

10 I SAID THAT AS FAR AS I WAS CONCERNED, MY BUSINESS
11 WITH HIM IS THROUGH AND COMPLETED.

12 I SAID THAT I HAD NOTHING TO TALK TO HIM ABOUT.
13 HE SAID THAT I WOULD BE HEARING FROM HIS ATTORNEYS.

14 Q DID YOU HAVE ANY FURTHER CONTACT WITH HIM AFTER
15 THAT?

16 A I NEVER HEARD FROM HIM AGAIN.

17 THE COURT: THE LAST TIME, WHEN WAS THIS NOW, THE LAST
18 TIME YOU SPOKE TO HIM?

19 THE WITNESS: IT WAS BEFORE THANKSGIVING. I BELIEVE
20 IT WAS IN OCTOBER.

21 IT COULD HAVE BEEN SEPTEMBER. I AM REALLY NOT
22 SURE.

23 I AM SORRY TO BE SO VAGUE. I JUST CAN'T REMEMBER.
24 I KNOW IT WAS BEFORE THANKSGIVING. THAT IS THE ONLY THING
25 I CAN REMEMBER.

26 I KNOW THAT IT WAS AFTER THE TRADING WAS DONE,
27 AT LEAST TWO TO THREE WEEKS AFTER THE TRADING WAS DONE AND
28 BEFORE THANKSGIVING.

1 THAT IS THE BEST OF MY RECOLLECTION THAT I CAN
2 SAY. IT WAS DEFINITELY IN THE FALL, THOUGH.

3 Q AND THE DAY THAT YOU HAD THIS CONVERSATION OR
4 THE EVENING THAT YOU HAD THIS CONVERSATION WITH MR. LEVIN,
5 IT WAS THE EVENING OF THE SAME DAY THAT YOU HAD TOLD JOE HUNT
6 THAT THE MONEY WAS NOT REAL?

7 A YES.

8 Q AND HOW MUCH TIME ELAPSED BETWEEN THE TIME YOU
9 TOLD HUNT THAT THE MONEY WAS NOT REAL AND YOU HEARD FROM
10 MR. LEVIN?

11 A IT IS HARD TO SAY. IT WAS A GOOD PERIOD OF TIME.
12 IT WAS AT LEAST FOUR OR FIVE HOURS AND MAYBE MORE.

13 Q AND ARE THOSE STATEMENTS, THESE CONFIRMS THAT
14 ARE PEOPLE'S 83, THE STATEMENTS THAT WERE GENERATED ON THE
15 ACCOUNT THAT YOU TOLD US ABOUT?

16 A THEY LOOK LIKE THE STATEMENTS.

17 Q AND THOSE ARE IN FACT, TYPED, IS THAT CORRECT?

18 A YES THEY ARE.

19 MR. WAPNER: I THANK YOU. NOTHING FURTHER.

20 MR. BARENS: I AM A LITTLE BREATHLESS FROM ALL THIS
21 MONEY, YOUR HONOR.

22
23 CROSS-EXAMINATION

24 BY MR. BARENS:

25 Q MR. FRIEDMAN, WE'LL TRY TO GO IN THE SAME ORDER
26 WHICH WE DID BEFORE.

27 DID LEVIN TELL YOU HOW HE HAPPENED TO CONTACT
28 YOU IN THE FIRST INSTANCE?

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1 A YES. HE TOLD ME A COUPLE OF DIFFERENT STORIES.
2 ONE STORY WAS THAT I HAD ABOUT A MONTH OR TWO PRIOR TO THAT,
3 I HAD BEEN INTERVIEWED ON ABC, ON HOUR MAGAZINE. IT WAS A
4 THREE-PART SERIES. IT WAS A REAL SHOW.

5 Q THANK YOU. THAT WAS REAL AND NOT SIMULATED.

6 A IT WAS A THREE-PART SERIES ON STRESS AND
7 DR. RADER DID IT. IT WAS ON COMMODITIES, USING A COMMODITIES
8 BROKER AS SOMEBODY ADDICTED TO STRESS. IT WAS NOT ABOUT
9 TRADING, IT WAS ABOUT STRESS.

10 Q YOU COULD HAVE USED A LAWYER.

11 A NO, THE WALL STREET JOURNAL SAYS THAT COMMODITIES
12 IS THE MOST STRESSFUL OCCUPATION THERE IS.

13 SO HE SAW THAT INTERVIEW AND HE SAID THAT HE KNEW
14 THE PERSON WHO DID THE INTERVIEW AND HE SAID A COUPLE OF
15 PEOPLE HAD TOLD HIM TO CALL ME.

16 Q OKAY. AND HAD YOU PREVIOUSLY BEEN INVOLVED WITH
17 SIMULATED ACCOUNTS, SIR?

18 A NO.

19 Q THIS WAS YOUR FIRST INSTANCE OF THIS?

20 A THIS WAS MY FIRST INSTANCE OF DOING SOMETHING
21 LIKE THIS, YES.

22 Q DID YOU FOLKS OVER AT CLAYTON HAVE COMPUTERS THAT
23 WOULD SIMULATE PERFORMANCES OR PROJECTED PERFORMANCES IN THE
24 MARKETPLACE?

25 A I AM NOT SURE IF THEY HAD COMPUTERS SPECIFICALLY
26 FOR THAT PURPOSE. BUT THEY HAD THE CAPABILITY TO DO THAT.

27 USUALLY, MOST SIMULATIONS ARE DONE AFTER THE FACT.
28 IN OTHER WORDS, IF YOU HAVE A MODEL, YOU SAY THAT BASED ON

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1 THESE NUMBERS, BASED ON THESE PRICES IN THE PAST, WE WOULD
2 HAVE BOUGHT HERE OR SOLD HERE OR DONE THIS OR DONE THAT.

3 Q YOU USE THOSE MODELS SO THAT YOU CAN CONSTRUCT --
4 TO MAKE INVESTMENT ADVICE TO YOUR CLIENTELE, DO YOU NOT, SIR?

5 A I DON'T UNDERSTAND THE QUESTION.

6 Q WELL, AFTER YOU HAVE CONSTRUCTED MODELS OF
7 MARKET PERFORMANCES AND PREDICTORS, ON THAT BASIS, DO YOU
8 SOMETIMES UTILIZE THAT TO MAKE INVESTMENT ADVICE TO YOUR
9 CLIENTELE?

10 A DO I DO THAT?

11 Q PEOPLE GENERALLY IN YOUR INDUSTRY, SIR?

12 A SOME PEOPLE SAY THEY DO.

13 Q ALL RIGHT. BUT, IT IS A PRACTICE THAT IF WE HAVE
14 BEEN DOING TRADING IN THE MARKET, WE HAVE DEVELOPED SOME KIND
15 OF A SYSTEM APPROACH TO THE MARKET, LET'S CALL IT, AND A
16 COMPUTER IS INVOLVED IN ALL OF THAT SOPHISTICATED DATA AND
17 WE CAN MAKE GRAPHS AND ALL OF THAT STUFF? WE CAN LOOK AT
18 THOSE GRAPHS WHEN THE CLIENTS CALL AND WE CAN REFER TO THOSE
19 MODELS AND SAY, THAT THE MODELS SUGGEST THIS? I MEAN, DO
20 YOU DO THAT KIND OF ACTIVITY? CAN YOU? IS IT POSSIBLE?

21 A YES. IT IS POSSIBLE.

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1 Q AND THERE ARE SOME TRADERS IN THE INDUSTRY THAT
2 OPERATE ON THAT TYPE OF A THESIS?

3 A I GUESS SO, YES.

4 Q ALL RIGHT. IN THIS INSTANCE YOU ENDED UP, HE
5 IS TELLING YOU THAT YOU ARE GOING TO DO A TELEVISION DEAL
6 OR SOMETHING AND THE ONLY WAY YOU COULD MAKE THIS EFFECTIVE
7 IN THE FIRST INSTANCE IS IF YOU HAD A REAL TIME, REAL EFFORT
8 STUDY?

9 A YES.

10 Q OKAY. NOW EARLIER ON, YOU USED A REAL TIME STUDY
11 AS AN ADJECTIVE FOR THIS AND NOW I AM ADDING TO THIS "REAL
12 EFFORTS," YOU UNDERSTAND WHAT I MEAN BY THAT?

13 A NO, I DON'T.

14 Q WELL, REAL EFFORTS IN THIS INSTANCE, THAT THE
15 TRADING ANALYZER -- THE TRADING ADVISOR HAS TO HAVE A BELIEF
16 SYSTEM THAT HE IS UTILIZING REAL MONEY SO WE HAVE REAL WORLD
17 STAKES HERE.

18 A OKAY.

19 Q IS THAT AN AGREEMENT WE HAVE ON THAT?

20 A IF -- I AM NOT SURE WHAT THE QUESTION IS EXACTLY.

21 Q THE QUESTION IS, THAT TO MAKE THIS REALISTIC,
22 THE INVESTMENT DECISION-MAKER HAS TO HAVE A BELIEF THAT REAL
23 DOLLARS ARE BEING UTILIZED, OTHERWISE, THE DECISION-MAKING
24 CRITERIA WOULD BE CORRUPTED?

25 A THAT'S CORRECT.

26 Q THUS, TO GET REAL EFFORTS OUT OF THE TRADING
27 ADVISOR, THE TRADING ADVISOR HAS TO HAVE A BELIEF THAT IT
28 IS REAL DOLLARS?

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1 A THAT'S CORRECT.

2 Q OTHERWISE, WE MIGHT BE A BIT MORE CASUAL IN OUR
3 DECISION-MAKING, SIR?

4 A THAT'S CORRECT.

5 Q A BIT MORE EXPERIMENTAL EVEN?

6 A YES, SIR.

7 Q NOW, DID YOU FIND IT ODD IN THE FIRST INSTANCE
8 THAT LEVIN WAS BOTH THE PRODUCER OF THE SHOW AND THE ACCOUNT
9 HOLDER?

10 A NO.

11 Q DID IT EVER OCCUR TO YOU AT ANY TIME DURING THESE
12 TRANSACTIONS THAT MR. LEVIN OR SOMEONE HE WAS WORKING IN
13 CONJUNCTION WITH COULD HAVE CREATED A MIRROR ACCOUNT FOR THE
14 ACTIVITIES TAKING PLACE IN THE ACCOUNT YOU WERE HANDLING?

15 A NO. I DON'T UNDERSTAND THAT THAT WAS EVEN DONE.
16 WHAT DO YOU MEAN BY A MIRROR ACCOUNT?

17 Q WELL, WHAT I MEAN BY THAT, SIR, IS THAT IF I HAD
18 THE KNOWLEDGE OF THE TRADES THAT WERE GOING ON IN YOUR ACCOUNT
19 AND I DIDN'T JUST -- I DIDN'T HAVE ANY MONEY IN YOUR ACCOUNT,
20 WOULDN'T IT HAVE BEEN POSSIBLE, BASED ON THE KNOWLEDGE I WAS
21 GAINING IN YOUR ACCOUNT, TO HAVE ANOTHER ACCOUNT WITH REAL
22 DOLLARS IN IT THAT MIRRORED WHAT WAS GOING ON IN YOUR ACCOUNT?

23 THE COURT: HE IS INDICATING --

24 THE WITNESS: TO COATTAIL THE TRADES?

25 MR. BARENS: QUITE SO.

26 THE COURT: HE IS INDICATING TO YOU THAT LEVIN MIGHT
27 HAVE HAD A REAL ACCOUNT SOMEPLACE ELSE TO DUPLICATE THE TRADES
28 HE WAS HAVING WITH YOU?

1 THE WITNESS: IT IS POSSIBLE, EXCEPT THAT IT IS NOT
2 PROBABLE BECAUSE WHEN JOE HUNT CALLED ME UP TO GIVE ME THE
3 ORDERS, RON LEVIN DIDN'T CALL ME UP AND SAY "WHAT DID WE DO?"

4 I WASN'T INSTRUCTED TO CALL HIM AT THE SAME TIME,
5 CALL HIM UP AND SAY "RON, THIS IS WHAT WE DID."

6 BY THE TIME WE WOULD GET THE CONFIRMATION, WE
7 WOULD BE DAYS AWAY FROM THAT POSITION.

8 Q BY MR. BARENS: HOW DO YOU KNOW HUNT WASN'T TELLING
9 LEVIN WHAT HE WAS DOING?

10 A HOW DID I KNOW?

11 I DON'T KNOW.

12 Q YOU DON'T KNOW THAT, DO YOU?

13 A NO.

14 Q ALL RIGHT. COATTAILING IS AN EXPRESSION YOU
15 USED EARLIER.

16 A YES, SIR.

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1 Q WHAT DOES THAT MEAN?

2 A THAT MEANS IF -- IF ONE ACCOUNT DOES SOMETHING,
3 YOU DO IT FOR YOURSELF OR YOU DO IT FOR OTHER ACCOUNTS.

4 Q RIGHT.

5 HAVE YOU EVER SEEN INSTANCES OF COATTAILING IN
6 YOUR INDUSTRY, SIR?

7 A SURE.

8 Q IT IS NOT ALL THAT UNUSUAL, IS IT?

9 A NO.

10 Q IF YOU HAVE A SUCCESSFUL TRADER GOING ON, OTHER
11 TRADERS IN OTHER ACCOUNTS ATTEMPT TO MIRROR THOSE ACCOUNTS
12 IN A COATTAIL FASHION?

13 A I HAVE SEEN IT DONE THAT WAY AND I HAVE SEEN IT
14 DONE IN THE REVERSE. WHEN SOMEBODY BUYS SOMETHING YOU SELL
15 BECAUSE SOME PEOPLE ARE ALWAYS WRONG.

16 (LAUGHTER IN COURTROOM.)

17 THE WITNESS: I HAVE DONE IT IN REVERSE. I HAVE
18 CLIENTS WHO DO THAT TO ME ALL OF THE TIME.

19 Q BY MR. BARENS: YOU UNDOUBTEDLY KNOW MY BROKER,
20 SIR.

21 ALL RIGHT, NOW WE HAVE GOT THAT ESTABLISHED.

22 YOU SAID YOUR INTEREST IN DOING THIS WAS TO GET
23 SOME -- THAT LEVIN PROMISED YOU SOME NATIONAL LEVEL PUBLICITY
24 OR EXPOSURE?

25 A HE DIDN'T PROMISE IT TO ME.

26 HE TOLD ME WHAT WE WERE GOING TO DO AND IT SOUNDED
27 LIKE I WAS GOING TO GET FREE PUBLICITY.

28 Q IT TURNED OUT THAT WAS RIGHT, AT LEAST?

1 A SO FAR, SO GOOD.

2 Q AND THAT WAS YOUR SOLE MOTIVATION IN THIS
3 TRANSACTION, MR. FRIEDMAN?

4 A YES, SIR.

5 Q NOW, WE KNOW, AT LEAST TO YOUR KNOWLEDGE, THAT
6 THIS SHOW NEVER TOOK PLACE, THAT YOU NEVER WERE INTERVIEWED,
7 NEVER WERE ON TV, TO YOUR KNOWLEDGE, AND NONE OF THAT
8 HAPPENED, DID IT?

9 A AS FAR AS I KNOW.

10 I WAS TOLD THAT IT WAS DONE.

11 AND AS FAR AS I KNOW, I HAVE NEVER SEEN IT, SO
12 THE ANSWER IS, I HAVE NEVER SEEN IT SO I DON'T KNOW.

13 THE COURT: THAT IS WHAT WAS TOLD TO YOU?

14 THE WITNESS: JOE TOLD ME IT WAS DONE.

15 MR. BARENS: SURE, WE ARE GOING TO GET TO THAT IN A
16 MINUTE.

17 Q I AM ASKING YOU, TO YOUR KNOWLEDGE, NONE OF THIS
18 WAS DONE?

19 A TO MY KNOWLEDGE, I WAS TOLD THAT IT WAS DONE,
20 SO IF THAT IS PART OF WHAT I KNOW, WHAT SOMEBODY TELLS ME --

21 Q SURE.

22 A I DON'T KNOW HOW TO ANSWER YOUR QUESTION.

23 Q WHAT I AM ASKING YOU IS, OTHER THAN WHAT YOU WERE
24 TOLD, HAS ANYONE ELSE EVER TOLD YOU, "GEE, JACK, WE SAW THIS
25 THING ON TV"?

26 A NO ONE ELSE HAS EVER TOLD ME AND I HAVE NEVER
27 SEEN IT.

28 Q AND YOU NEVER HAD ANY TV PEOPLE SHOW UP IN YOUR

1 OFFICE TO FILM YOU DOING YOUR ACTIVITIES IN ACCOUNTS AND
2 STUFF LIKE THAT AND INTERVIEWING YOU OR ANY OF THAT STUFF?

3 A FOR THIS SHOW, NO.

4 Q OKAY. WOULD IT APPEAR FROM THE ACCOUNT, FROM
5 THAT, THAT MR. LEVIN MUST HAVE HAD SOME OTHER MOTIVE, IF THIS
6 WAS NOT THE MOTIVE?

7 A IT IS HARD FOR ME TO SAY WHAT HIS MOTIVE WAS
8 BECAUSE I WAS THE ONE THAT TERMINATED THE RELATIONSHIP.

9 HE WANTED TO COME OUT AND BRING CAMERA PEOPLE
10 OUT AND I TOLD HIM I DIDN'T WANT HIM TO COME OUT.

11 AS FAR AS MY CONCERN FOR WHAT HIS MOTIVE WAS, I DIDN'T
12 WANT TO DO BUSINESS WITH HIM.

13 Q OKAY. YOU MENTIONED EARLIER ON --

14 A IT IS ALL UP HERE (WITNESS INDICATING).

15 MR. BARENS: OH, THANK YOU.

16 IN THIS REFERENCE TO THIS EXHIBIT, IF I MIGHT,
17 YOUR HONOR.

18 THE COURT: SURELY.

19 MR. BARENS: NOT THOSE, ACTUALLY.

20 Q THIS IS PEOPLE'S 83 THAT HAS ALL OF THESE TRADES
21 IN HERE; COULD YOU SHOW ME WHERE YOU HAVE THAT WORD "TEST
22 SERIES," THE WORDS "TEST SERIES" IMPRINTED SOMEHOW?

23 A IT WAS AT THE TOP OF PROBABLY THE FIRST ONE THAT
24 WENT OUT. LET'S SEE.

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1 Q IT MUST BE THERE.

2 A I THINK THAT IT WAS ON THE FIRST COUPLE OF --
3 HERE IT IS. THIS ONE RIGHT HERE.

4 Q WE HAVE NOW GOT ONE THAT SAYS "TEST SERIES."
5 WHAT IS THE DATE ON IT?

6 A THAT IS DATED JULY THE 5TH.

7 Q ACTUALLY --

8 A THAT IS THE DATE UP THERE.

9 Q RIGHT. WHAT IS THE DATE OF THE TRADES?

10 A THE TRADE IS 6-28.

11 Q AND --

12 A THAT IS THE DATE THE CONFIRM WENT OUT.

13 Q BUT THERE IS A COUPLE OF TRADE DATES ON THERE,
14 IS THERE NOT?

15 A YES, 6-28 AND 6-29-83.

16 Q OKAY. NOW, A COUPLE OF QUESTIONS ON THAT. HOW
17 IN THE WORLD DID YOU COME UP WITH THE WORDS "TEST SERIES"
18 AS OPPOSED TO THE WORD "SIMULATION" OR "SIMULATED"?

19 A I DIDN'T WRITE THIS. I DIDN'T COME UP WITH IT.
20 SO I CAN'T ANSWER THAT QUESTION.

21 Q DID YOU EVER WHEN YOU WERE -- WHO CAME UP WITH
22 THAT, SIR?

23 A THE COMPLIANCE PEOPLE IN ST. LOUIS.

24 Q AND DID YOU TELL THEM WHEN YOU CALLED THEM UP
25 THAT YOU WERE GOING TO DO SIMULATED ACTIVITY, HERE?

26 A YES.

27 Q AND THEY CAME BACK WITH THE WORDS "TEST SERIES"?

28 A YES.

1 Q YOU DIDN'T MAKE ANY SUGGESTION ABOUT THAT
2 LANGUAGE?

3 A NO.

4 Q OKAY. WHEN YOU WERE TALKING ABOUT YOUR COMPLIANCE
5 PEOPLE BACK THERE, WHAT COMPLIANCE IS THAT?

6 A WHAT COMPLIANCE?

7 Q COMPLIANCE WITH WHAT, SIR?

8 A THERE WAS -- IN THE BROKERAGE INDUSTRY, THERE
9 IS A DEPARTMENT CALLED COMPLIANCE.

10 Q IS THAT LIKE IT GOES WITH THE SEC COMPLIANCE?

11 A WELL, WHATEVER COMPLIANCE RULES THERE ARE. IT
12 IS THE CFTC. THE COMPLIANCE USUALLY IS CFTC.

13 Q CFTC?

14 A COMMODITY FUTURES TRADING COMMISSION, WHICH
15 REGULATES THE COMMODITIES INDUSTRY.

16 Q THAT IS PEOPLE THAT TELL YOU GUYS WHAT YOU CAN
17 DO AND NOT DO, SO TO SPEAK WITH THE PUBLIC'S MONEY?

18 A WELL, THEY SET UP RULES AND REGULATIONS AS TO
19 HOW THE INDUSTRY IS SET UP AND MOST OF WHAT THEY DO IS TO
20 TELL THE EXCHANGES TO SET UP A SYSTEM. THEY THEN WILL OVER-
21 VIEW THE SYSTEM.

22 Q NOW, I SUPPOSE -- I NOTICED THAT YOU HAD A
23 BIT OF A PROBLEM FINDING THE WORDS "TEST SERIES" ON ALL THESE
24 STATEMENTS IN THERE. WHY IS THAT?

25 A I CAN'T TELL YOU WHY I HAD A PROBLEM. I WAS
26 LOOKING FOR THEM.

27 Q WELL, ISN'T IT --

28 A I HAVE BEEN UP SINCE 4:00 O'CLOCK THIS MORNING.

1 AND IT IS 4:00 O'CLOCK NOW. MAYBE THAT IS A PART OF IT.
2 MAYBE I AM TIRED.

3 Q IS IT BECAUSE IT IS NOT ON ANY EXCEPT JUST THOSE
4 ON THE INITIAL TRADES AND AFTER THAT, IT IS YOUR TESTIMONY
5 THAT THE REST OF THE TRADES AND CONFIRMATIONS DIDN'T CARRY
6 THE WORDS "TEST SERIES" OR "SIMULATION" OR ANYTHING ELSE?

7 A SORRY? WHAT IS YOUR QUESTION?

8 Q THE QUESTION IS, DID YOU DISCONTINUE PUTTING
9 "TEST SERIES" ON THE STATEMENTS, SIR?

10 A WE DISCONTINUED PUTTING "TEST SERIES" ON THE
11 STATEMENTS.

12 Q AND --

13 A AT A CERTAIN POINT. AT WHICH POINT, I DON'T
14 KNOW.

15 THE COURT: THAT IS AFTER HE CALLED YOU UP?

16 THE WITNESS: IT WAS AFTER THE CONVERSATION, YES.

17 THE COURT: IN WHICH HE TOLD YOU -- HE GOT MAD?

18 THE WITNESS: THAT'S CORRECT.

19 THE COURT: HE TOLD YOU TO KEEP THE WORDS OFF OF IT,
20 IS THAT RIGHT?

21 THE WITNESS: THAT'S RIGHT.

22 Q BY MR. BARENS: IS IT ON ANY OF THESE, OTHER
23 THAN THE ONE WE HAVE LOCATED?

24 A HOW MUCH TIME DO I HAVE?

25 Q IT IS OKAY. DO YOU HAVE A KNOWLEDGE OR
26 RECOLLECTION IF IT IS ON ANY OTHER PAGES IN THERE, MR. FRIEDMAN?

27 A DO I HAVE KNOWLEDGE OR RECOLLECTION?

28 Q YES, SIR.

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1 A OF WHAT?

2 Q WHETHER THE WORDS "TEST SERIES" ARE ON ANY OTHER
3 PAGES OR JUST THE FIRST STATEMENTS?

4 A ALL I SEE THEM ON IS THE FIRST STATEMENT.

5 Q AFTER THAT, THE REST OF THE STATEMENTS DO NOT
6 HAVE ANY WARNING OR DISCLAIMER OR CAVEAT WORDS ON THEM, SIR?

7 A THAT'S CORRECT.

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1 Q THE REST OF THEM APPEAR TO BE ALL NORMAL LOOKING,
2 LEGITIMATE APPEARING STATEMENTS?

3 A THAT'S RIGHT.

4 THE COURT: DID YOU EVER SEND ANY OF THOSE STATEMENTS
5 TO MR. HUNT?

6 THE WITNESS: NO.

7 THE COURT: HE NEVER SAW WHETHER IT HAD "TEST SERIES"
8 ON IT OR NOT?

9 THE WITNESS: AS FAR AS I KNOW, HE NEVER SAW IT.

10 THE COURT: LET'S GET ON, WILL YOU PLEASE?

11 MR. BARENS: THANK YOU.

12 Q THE VERY POINT IS THAT MR. HUNT NEVER DID SEE
13 THOSE WORDS "TEST SERIES"?

14 A I DON'T KNOW THAT.

15 Q YOU NEVER MAILED MR. HUNT ANYTHING THAT SAID
16 "TEST SERIES" OR "TEST" ON ANYTHING?

17 THE COURT: YOU DIDN'T MAIL HIM ANYTHING?

18 THE WITNESS: I NEVER MAILED HIM ANYTHING.

19 Q BY MR. BARENS: OKAY. NOW, WHEN LEVIN CALLED
20 YOU TO PROTEST THE EXPRESSION ON THERE ABOUT THE TEST SERIES,
21 DID HE SAY WHY HE WAS PROTESTING?

22 A YES.

23 Q AND THE REASON THAT HE AT LEAST SAID, WAS --

24 A IT WOULD RUIN THE INTEGRITY OF THE STORY.

25 Q WHAT DID THAT MEAN TO YOU?

26 A HE FELT THAT IT WOULDN'T -- WHAT HE FIRST TOLD
27 ME WAS THAT IT WOULDN'T SHOW UP GOOD ON THE CAMERAS.

28 AND HE DIDN'T WANT TO RUIN THE EMOTIONALISM OF

1 THE TRADING, WHILE IT WAS GOING ON.

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2 Q DID IT EVER OCCUR TO YOU THAT BY DELETING THAT
3 REFERENCE ON THE PAGE -- ON THE PAGE, THAT ANY THIRD PERSON
4 LOOKING AT THE STATEMENTS LEVIN CAME INTO POSSESSION OF,
5 WOULD BELIEVE THAT THEY WERE LEGITIMATE?

6 A IT IS POSSIBLE. IT IS POSSIBLE THAT THAT WOULD
7 HAPPEN.

8 AND THAT IS WHY WE ASKED HIM TO INDEMNIFY US
9 AGAINST ANY LOSS, IF SOMETHING DID HAPPEN.

10 Q THE INDEMNITY --

11 A AND HE WAS SUPPOSED TO CLEAR THAT UP AT THE END
12 OF THE TRADING FOR THIS STORY.

13 Q BUT THEN IN BETWEEN TIMES, YOU REALIZED THAT
14 THE FIRM RAN A RISK THAT A THIRD PARTY VIEWER OF THAT PAPER
15 WORK, COULD BELIEVE THAT IT WAS TRUE?

16 A I DON'T KNOW WHAT THE RISK WOULD BE.

17 Q IS THAT WHY YOU SOUGHT AN INDEMNIFICATION, HOWEVER?

18 A WE SOUGHT AN INDEMNIFICATION IF, LIKE FOR
19 INSTANCE, HE CALLED UP AND HE GAVE AN ORDER TO SOMEBODY AND
20 THEY PUT IT IN FOR REAL ONE DAY AND THEN WE WERE ACTUALLY
21 LONG 500 CONTRACTS IN AN ACCOUNT THAT HAD NO MONEY IN IT
22 OR IF PEOPLE OPEN UP AN ACCOUNT BASED ON THIS AND THE TRADING
23 WAS DONE AND MONEY WAS LOST, BASED UPON THIS ACCOUNT MAKING
24 MONEY, THAT IS WHY I TRIED TO KEEP THE INTEGRITY OF THE
25 SIMULATION REAL, SO IF THERE HAD BEEN REAL MONEY, THAT THE
26 ACTUAL TRADING -- THIS IS THE ACTUAL TRADING THAT WOULD HAVE
27 OCCURRED.

28 Q AND --

1 A THAT WAS MY MAIN CONCERN.

2 Q AND THIS CONCERN WAS ON YOUR PART THAT THIS PAPER
3 WORK WOULD BE USED TO OPEN ANOTHER ACCOUNT, YOU JUST SAID?

4 A NO. I WAS NOT WORRIED ABOUT THAT.

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1 Q ALL RIGHT, EXPLAIN TO ME. I THOUGHT I HEARD YOU
2 SPEAK THE WORDS A FEW MOMENTS AGO, SIR, THAT ONE OF YOUR
3 CONCERNS WAS THAT THIS PAPERWORK MIGHT SOMEHOW BE USED WITH
4 REFERENCE TO ANOTHER ACCOUNT.

5 A MY CONCERN WAS THAT AT THE END OF THE TRADING,
6 SOMEBODY WOULD SEE THIS ACCOUNT AND SAY I AM THE GREATEST
7 TRADER IN THE WORLD AND I CAN MAKE MONEY AND HERE IS THE PROOF
8 OF IT, AND THEY WOULD COME AND OPEN UP THE ACCOUNT AND HE
9 WOULD TRADE THE ACCOUNT AND THE MONEY WOULD BE LOST AND THEY
10 WOULD COME BACK AND SAY, WELL, I OPENED THIS ACCOUNT BASED
11 ON THE FACT THAT YOU MADE MONEY IN THIS ACCOUNT BUT YOU LOST
12 IT IN MY ACCOUNT, AND THIS ACCOUNT WASN'T REAL.

13 AND SO I WAS WORRIED -- "I FEEL THAT YOU SHOULD
14 INDEMNIFY ME FOR MY LOSS "--EXCEPT THAT IF THIS HAD BEEN REAL
15 MONEY, THE ACCOUNT WOULD HAVE MADE MONEY.

16 Q YOU BET.

17 A THAT IS WHAT I WAS WORRIED ABOUT.

18 Q OKAY.

19 A AND WHATEVER ELSE YOU ARE TALKING ABOUT, I DON'T
20 UNDERSTAND.

21 Q OKAY. WE ARE ON THE SAME WAVELENGTH AT THIS POINT.

22 A OKAY.

23 Q NOW THEN MR. HUNT CALLS UP AND STARTS DISCUSSING
24 TRADING WITH YOU; DID YOU FEEL ANYTHING INAPPROPRIATE IN THE
25 FACT THAT YOU WERE NOW PARTICIPATING IN MISLEADING MR. HUNT?

26 A NO.

27 Q YOU THOUGHT THAT WAS OKAY?

28 A I THOUGHT THAT WAS OKAY.

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1 Q WHY WAS THAT?

2 A BECAUSE MY UNDERSTANDING WAS THAT HE WAS
3 PARTICIPATING IN THIS FOR THE SAME REASON I WAS DOING IT,
4 THAT HE WANTED THE PUBLICITY AND HE THOUGHT HE MIGHT GET THE
5 REAL ACCOUNT TO TRADE.

6 Q DID HE TELL YOU THAT?

7 A NO.

8 Q YOU NEVER SAID TO HIM YOU ARE IN THIS FOR THE
9 PUBLICITY, AREN'T YOU?

10 A NO, I DIDN'T ASK HIM THAT.

11 Q DID HE SEEM TO BE IN IT FOR FINANCIAL REASONS?

12 A NO.

13 Q WHAT DID HE SEEM TO BE DOING?

14 A HE NEVER --- HE NEVER ASKED ME AND I NEVER TOLD
15 HIM.

16 Q OKAY. HAD YOU EVER SPOKEN TO YOUR COUNSEL OR
17 SOME OF THESE PEOPLE BACK IN MISSOURI ABOUT THE PROPRIETY
18 OF WHAT YOU WERE DOING?

19 A WELL, I JUST SAID I DID.

20 Q YOU DID?

21 A I JUST SAID I TALKED TO MY COMPLIANCE DEPARTMENT
22 ABOUT THAT.

23 Q DID YOU EXPRESS TO THEM WHAT YOUR CONCERNS WERE?

24 A YES.

25 Q WHAT DID YOU SAY IN THAT CONVERSATION?

26 A I SAID THAT I WANTED TO MAKE SURE THAT EVERYTHING
27 WAS DONE AS IF IT WAS ON A REAL TIME BASIS AND THEY SAID
28 "FINE", AND SO I DID AND I HAVE GOT THE PROOF RIGHT HERE

5-3 1 TO PROVE THAT IT WAS.

2 Q RIGHT, AND SO THAT THE WHOLE CONSTRUCT IS AN
3 ABSOLUTELY LEGITIMATE MATTER IN ITS APPEARANCE?

4 A IT WAS ABSOLUTELY LEGITIMATE AS FAR AS MY
5 PARTICIPATION IN IT.

6 Q RIGHT.

7 AND IT WAS ABSOLUTELY LEGITIMATE IN THE TERMS
8 OF ITS APPEARANCES, WAS IT NOT, SIR, IN TERMS OF THE
9 PAPERWORK AND STAMPING AND THE WIRING OF CONFIRMATIONS AND
10 THE SENDING TO THE CLIENTS, ET CETERA?

11 A YES, SIR.

12 Q AND THUS, THROUGH YOUR EFFORTS, MR. LEVIN WAS
13 ABLE TO CREATE WHAT APPEARED TO BE A TOTALLY REAL SETTING;
14 IS THAT CORRECT?

15 A I GUESS SO.

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1 Q OKAY. SIMULATION IN THIS INSTANCE, SIR, APPEARED
2 QUITE REAL AND BELIEVABLE, DID IT NOT?

3 A TO WHO?

4 Q ANYONE LOOKING AT IT, ANY THIRD PARTY OUTSIDER
5 LOOKING AT IT.

6 A I WOULD SAY TO THE AVERAGE PERSON, POSSIBLY --

7 Q LET'S JUST DEAL WITH THE AVERAGE --

8 THE COURT: HE HASN'T FINISHED HIS ANSWER.

9 MR. WAPNER: GIVE HIM A CHANCE TO FINISH.

10 MR. BARENS: I AM SORRY.

11 THE WITNESS: TO THE AVERAGE PERSON, POSSIBLY BUT NOT
12 TO A PROFESSIONAL, NO.

13 THE COURT: WHY NOT THE PROFESSIONAL?

14 THE WITNESS: BECAUSE THERE IS ALL KINDS OF INFORMATION,
15 FOR INSTANCE, ON THE MONTH-END STATEMENTS, THE CUSTOM AND
16 PRACTICE IN THE BROKERAGE INDUSTRY IS THAT WHEN PURCHASES
17 AND SELLS ARE CONDUCTED DURING A PERIOD OF TIME, A MONTH-END
18 SUMMARY GOES OUT AND THERE ARE MONTH-END SUMMARIES THAT
19 DON'T INCLUDE PRICES HERE. THEY DON'T SUMMARIZE WHAT WAS
20 DONE. THEY DON'T SHOW THE RELEVANT INFORMATION.

21 THE FIRST THING I DID WAS WHEN I WAS LOOKING AT
22 THAT MONTH-END SUMMARY, IF IT IS STILL HERE -- IT HAS BEEN
23 A WHILE SINCE I HAVE LOOKED AT IT --

24 IT IS PROBABLY GOING TO TAKE ME A COUPLE OF
25 MINUTES.

26 MR. BARENS: IT IS OKAY.

27 THE WITNESS: DO YOU REALLY WANT TO --

28 MR. BARENS: YOU ARE ACTUALLY RESPONDING TO THE COURT'S

1 QUESTION.

2 THE COURT: LET HIM FINISH.

3 THE WITNESS: HERE IS THE MONTH-END SUMMARY FOR JULY,
4 THERE ARE NO PRICES OF BUYS AND SELLS. IT SUMMARIZES
5 NOTHING.

6 IF I WAS A BROKER OR IF I WAS A PROFESSIONAL
7 LOOKING AT THIS, THE FIRST QUESTION I WOULD ASK IS, WHERE ARE
8 THE PRICES HERE? WHERE ARE THE DEBITS? ON THIS DAY, WE BOUGHT
9 THIS AND ON THIS DAY WE SOLD THAT.

10 ALSO ON THE BACK, THERE ARE PERIODS -- YOU CAN
11 TELL IT WAS TYPED. IT WASN'T A COMPUTER-GENERATED STATEMENT.

12 Q BY MR. BARENS: YOU WOULD KNOW ALL THAT AS A
13 PROFESSIONAL?

14 YOU ARE A PROFESSIONAL IN THIS INDUSTRY, ARE YOU
15 NOT, SIR?

16 A TO THE AVERAGE PERSON, MAYBE THEY WOULD THINK
17 IT IS OKAY.

18 TO SOMEBODY FAMILIAR WITH STATEMENTS, THEY WOULD
19 NOT THINK THAT THIS WAS REAL.

20 Q MY QUESTION IN ITS INCEPTION, BEFORE THE QUESTION
21 ACHIEVED A NEW DIMENSION, MY QUESTION WAS: TO THE AVERAGE
22 MAN LOOKING AT THIS TRANSACTION, YOUR AVERAGE PERSON IN OUR
23 SOCIETY, IT WOULD HAVE A LEGITIMATE APPEARANCE, SIR?

24 A POSSIBLY. IF--THE AVERAGE PERSON USUALLY CAN'T
25 READ THESE STATEMENTS.

26 Q RIGHT.

27 A THE AVERAGE COMMODITY TRADER POSSIBLY, IT DEPENDS
28 ON THEIR DEGREE OF SOPHISTICATION.

1 Q OKAY, I AM TALKING ABOUT, SIR AGAIN, WHAT MY
2 QUALIFICATIONS WERE ON MY INQUIRY, WAS THE AVERAGE
3 NONPROFESSIONAL, NONCOMMODITIES TRADING PERSON IN OUR SOCIETY
4 THAT LOOKS AT THESE PAPERS, THE PAPERS SEEM REAL, DO THEY
5 NOT?

6 A THEY HAVE THE APPEARANCE OF BEING REAL, YES.

7 THE COURT: WELL, SUPPOSE A PROFESSIONAL LIKE MR. HUNT
8 IS EXAMINING THOSE PARTICULAR DOCUMENTS, WOULD IT INDICATE
9 TO HIM THAT THOSE WERE REAL?

10 MR. BARENS: YOUR HONOR --

11 THE COURT: I AM ASKING THE QUESTION NOW.

12 THE WITNESS: I WOULD SAY THAT THE PURCHASES AND SALES
13 APPEAR TO BE REAL AND THE MONTH-END SUMMARIES, THERE IS
14 OBVIOUSLY SOMETHING DRAMATICALLY WRONG WITH THEM.

15 THE COURT: WOULD THAT APPEAR THAT WAY TO A
16 PROFESSIONAL?

17 THE WITNESS: I WOULD SAY DEFINITELY BECAUSE IF YOU
18 WERE LOOKING AT THIS AND YOU WERE TRYING TO SUMMARIZE WHAT
19 THE PRICES ARE, I MEAN THERE IS NO -- I MEAN THEY HAVE GOT
20 ALL KINDS OF TRANSACTIONS HERE BUT NO PRICES ON THE BUYS AND
21 THE SELLS.

22 THE COURT: ALL RIGHT. GO AHEAD.

23 MR. BARENS: YOUR POINT IS CONCLUDED, YOUR HONOR?

24 THE COURT: YES, SURE. I THINK HE MADE THE POINT.

25 Q BY MR. BARENS: WELL, GOING BACK TO MY POINT NOW,
26 IF WE MIGHT, SIR: IN THE PREPARATION OF THESE DOCUMENTS,
27 YOU HAVE NONPROFESSIONALS THAT INVEST IN YOUR BUSINESS, DO
28 YOU NOT?

1 A YES, SIR.

2 Q YOU KNOW, YOU HAVE CLIENTS THAT ARE PEOPLE LIKE,
3 YOU KNOW, WORKING PEOPLE OR WHATEVER, SIR?

4 A YES.

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1 Q YOU SEND THEM OUT PAPERS THAT LOOK LIKE THIS?

2 A DO I?

3 Q DOES YOUR OFFICE, SOMEONE?

4 A THEY GET PAPER WORK, YES.

5 Q THEY GET PURCHASES AND SALES? AND THEY GET
6 STATEMENTS THAT COME UP AND LOOK LIKE THIS?

7 A YES, SIR.

8 Q OKAY. IN TRYING TO SUMMARIZE WHAT THE APPEARANCES
9 ARE HERE, SIR, I HAD ASKED YOU EARLIER ON, WAS IT NOT TRUE
10 THAT AS A RESULT OF YOUR PARTICIPATION, MR. LEVIN WAS ABLE
11 TO CREATE A SETTING THAT TO THE AVERAGE MAN, WOULD LOOK REAL
12 AND BELIEVABLE, EVEN THOUGH IT IS NOT TRUE?

13 MR. WAPNER: WELL, YOUR HONOR, THERE IS AN OBJECTION.
14 ALL OF THESE QUESTIONS ARE ASSUMING THE AVERAGE MAN AND --

15 THE COURT: I WILL SUSTAIN THE OBJECTION.

16 MR. BARENS: I DON'T UNDERSTAND THE OBJECTION.

17 MR. WAPNER: THE OBJECTION IS THAT THE QUESTION IS
18 VAGUE AND ASSUMES THE EXISTENCE OF A FACT THAT DOESN'T EXIST.
19 WHO IS THE AVERAGE MAN? HOW DOES THIS WITNESS KNOW WHAT
20 IS THE AVERAGE MAN?

21 MR. BARENS: WELL, THE LAW HAS DEALT WITH THE AVERAGE
22 MAN FOR 800 YEARS.

23 THE COURT: I WILL SUSTAIN THE OBJECTION. LET'S TALK
24 ABOUT THE RELATIONSHIP TO THE POSITION OF MR. HUNT IN THIS
25 MATTER.

26 HE IS NOT THE AVERAGE MAN.

27 MR. BARENS: WELL, IN THE MEANTIME --

28 Q WELL, IN ANY EVENT, YOU NEVER SHOWED ANY OF THESE

1 ACCOUNT PAPERS TO MR. HUNT?

2 A I NEVER MET MR. HUNT. THIS IS THE FIRST TIME
3 I HAVE SEEN HIM IS RIGHT NOW.

4 Q THIS SYSTEM WOULD PERMIT THE EXPLOITATION OF
5 MR. HUNT'S KNOWLEDGE AND SKILL, WOULD IT NOT, SIR?

6 A I DON'T KNOW IF IT WOULD EXPLOIT HIS KNOWLEDGE.
7 I DON'T KNOW. I DON'T KNOW HOW TO ANSWER THAT.

8 Q WELL, KNOWING THAT THE ACCOUNT LOOKS REAL BUT
9 IS NOT, IF MR. HUNT HAD ANY PARTICULAR EXPERTISE OR KNOWLEDGE
10 ABOUT TRADING COMMODITIES, WOULD THIS SYSTEM NOT ALLOW THE
11 EXPLOITATION OF THAT KNOWLEDGE?

12 A IT WOULD NOT ALLOW IT. I AM REALLY SORRY. I
13 AM NOT CLEAR.

14 Q WOULD THIS SYSTEM ALLOW A PERSON, IF YOU HAVE
15 A SIMULATED SYSTEM, ALLOW THE GUY MAKING THE TRADE DECISIONS --
16 IF HE DOESN'T KNOW IT, WOULD IT ALLOW THE EXPLOITATION OF
17 HIS KNOWLEDGE? FOR INSTANCE, FOR COATTAILING, SIR?

18 A YOU MEAN COULD SOMEBODY COATTAIL WHAT HE WAS
19 DOING?

20 Q YES, SIR.

21 A SURE.

22 Q NOW, WHEN YOU ACCEPTED AN INDEMNIFICATION FOR
23 THESE ACTIVITIES FROM MR. LEVIN, DID YOU EVER CHECK HIS
24 ASSETS?

25 A NO.

26 Q SO YOU TOOK A BLIND INDEMNITY?

27 A I ASSUMED THAT HE WAS INDEMNIFYING US IN HIS
28 CAPACITY OF AN EMPLOYEE OF NETWORK NEWS.

1 NETWORK NEWS WAS THE COMPANY THAT WAS INDEMNIFYING
2 US AND HE WAS REPRESENTING THEM.

3 Q DID YOU CHECK THE FINANCIAL ASSETS OF NETWORK
4 NEWS?

5 A NO. I THOUGHT THAT THEY WERE NETWORK NEWS.
6 JUST LIKE RIGHT NOW OUTSIDE IN THE CORRIDOR,
7 THE GUY WAS SITTING THERE WITH A CART THAT SAID "STOLEN FROM
8 NETWORK NEWS," ON HIS CART.

9 SO, I DON'T KNOW IF THAT WAS RON LEVIN'S CART.

10 I ASKED HIM IF HE WAS FROM THE POOL HERE AND
11 I ASKED WHERE IS THAT CART FROM?

12 HE SAID THAT IT WAS FROM NETWORK NEWS.

13 I SAID -- I ASKED WHAT IS NETWORK NEWS AND HE
14 SAID THAT IT WAS ABC.

15 BUT, I SAW THE CART AND THE MAN AND I CAN LOOK
16 AT IT AND I ASKED HIM.

17 SO TO ME, NETWORK NEWS AS I HAVE SAID BEFORE --
18 I ADMIT THAT I WAS COMPLETELY CONNED AND FOOLED. I ABSOLUTELY
19 WAS CONNED BY RON LEVIN INTO BELIEVING THAT HE WAS INDEPENDENT
20 NETWORK NEWS, WHICH IS WHAT I SEE ON CHANNEL 13 AND CHANNEL
21 5. THAT IS WHO I THOUGHT IT WAS.

22 Q AND AGAIN, THE APPEARANCE OF RON LEVIN AND WHO
23 HE WAS AND WHAT HE WAS AND WHO HE WAS IN REALITY, YOU GOT
24 CONNED?

25 A RIGHT NOW I UNDERSTAND IT, YEAH, I UNDERSTAND
26 THAT NOW.

27 Q OKAY. BUT YOU WERE TOTALLY CONNED IN THE TIME
28 YOU ENTERED INTO THIS TRANSACTION, THAT HE WAS FOR REAL?

1 A HE APPEARED FOR REAL, YEAH.

2 Q HE APPEARED TO BE? THAT IS INTERESTING.

3 ALL RIGHT. NOW, DID YOU EVER TRADE ON THE FLOOR
4 IN NEW YORK IN COMMODITIES?

5 A NO.

6 Q OR CHICAGO?

7 A NO.

8 Q YOU HAD NO FLOOR EXPERIENCE, SIR?

9 A NO.

10 Q THE TIME STAMP WHEN YOU HAVE A CUSTOMER CALL
11 IN -- STRIKE THAT.

12 WHEN YOU HAVE FOR INSTANCE, HUNT CALLING IN AND
13 DOING THAT TRADE ACTIVITY WITH YOU, YOU HIT A TIME STAMP
14 SIMULTANEOUSLY, DO YOU NOT, ALMOST?

15 A WELL, THERE ARE ACTUALLY TWO STAMPS.

16 THE FIRST ONE IS WHEN YOU GET THE ORDER. AND
17 THE SECOND ONE IS WHEN YOU PUT THE ORDER IN.

18 Q AND YOU HAVE THIS TIME STAMP DEVICE IN CLOSE
19 PROXIMITY TO YOUR TELEPHONE, DO YOU NOT, SIR?

20 A YES, SIR.

21 Q AND SO WHILE THE REPRESENTATIVE OR MR. HUNT
22 IS ON THE PHONE TALKING TO YOU, THEY ACTUALLY HEAR THAT TIME
23 STAMP CLICKING IN THE -- OR CLICK MAY NOT BE THE RIGHT WORD,
24 BUT IT GOES BOOM IN THE BACKGROUND?

25 A YES.

26 Q OKAY. SO AGAIN, WHEN I AM CALLING UP TRANSACTING
27 WITH YOU AND I SAY, "GIVE ME 1,000 CONTRACTS OF SWISS FRANCS,"
28 AND YOU SAY OKAY, WHILE WE ARE ON THE PHONE, I HEAR IT BOOMING?

1 A RIGHT.

2 Q OKAY. AND DID YOU DO THAT IN THAT INSTANCE,
3 DID YOU NOT, SIR?

4 A RIGHT.

5 Q A FURTHER ENHANCEMENT OF REALITY, SIR?

6 A YES.

7 Q NOW, YOU MADE REFERENCE TO THE RAUSCHER PIERCE
8 ACCOUNT. THAT WAS WHAT FORMED THE BASIS FOR THE ACCOUNT
9 YOU OPENED?

10 A I DON'T UNDERSTAND WHAT YOU MEAN.

11 Q WELL, YOU TOLD US THAT YOU -- WHAT I AM GOING
12 TO CALL THE FIGURES THAT YOU GOT FOR THE INCEPTION OF THIS
13 ACCOUNT, CAME FROM RAUSCHER PIERCE?

14 A NO. RON LEVIN HANDED ME A STATEMENT FROM RAUSCHER
15 PIERCE.

16 Q DID YOU EVER CALL THOSE FOLKS?

17 A NO.

18 Q HOW DO YOU KNOW THAT THAT WAS A SIMULATED ACCOUNT
19 AT RAUSCHER PIERCE?

20 A WELL, I DID CALL THEM. BUT I DIDN'T CALL THEM
21 THEN AND THERE.

22 Q LATER, YOU CALLED THEM AND ASKED THEM ABOUT THEIR
23 SIMULATION?

24 A RIGHT.

25 Q AND WHAT DID THOSE FOLKS TELL YOU?

26 A THEY SAID THAT IT WAS NOT -- IT WAS SIMULATED.
27 IT WAS NOT REAL.

28 Q AND DID THEY TELL YOU THEY WERE DOING A MOVIE

1 DEAL?

2 A NO.

3 Q DID THEY TELL YOU WHY THEY DID IT?

4 A THEY WERE DOING A TV SHOW FOR TV, NOT FOR A MOVIE.

5 Q AND DID YOU EVER SEE THEIR SHOW FOR TV?

6 A NO. IT WAS STARTED THERE AND THEY DECIDED THAT

7 THEY DIDN'T WANT TO DO IT -- THEY DIDN'T WANT TO DO IT. I

8 DIDN'T GET THE EXACT ANSWER AS TO WHY IT WAS STOPPED.

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1 Q SO IT WAS EVIDENT TO YOU THAT LEVIN HAD BEEN DOING
2 THIS ACTIVITY SOMEWHERE ELSE AND NOW WAS DOING THIS ACTIVITY
3 WITH YOU?

4 A WHAT LEVIN TOLD ME WAS THAT WHEN HE BOUGHT, HE
5 MADE HIS BUY AND SELL DECISIONS OVER THERE, THEY WOULD GIVE
6 HIM VARIOUS PRICES. THEY WOULD SAY YOU BOUGHT 50 AT THIS
7 PRICE, 20 AT THIS PRICE, 30 AT THIS PRICE AND WOULD GIVE HIM
8 VARIOUS PRICES. AND HE WOULD SAY, "ALL I WANT IS ONE PRICE"
9 AND THEY WOULD SAY "IT IS NOT REALISTIC BECAUSE YOU PUT IN
10 THE ORDER AND YOU GET VARIOUS PRICES."

11 SO I SAID, "OKAY, I WILL GIVE YOU ONE PRICE BUT
12 I AM GOING TO GIVE YOU THE WORST PRICE."

13 Q NOW YOU ARE MENTIONING THAT YOU GAVE REAL ADVICE
14 TO MR. HUNT WHEN HE CALLED?

15 A YES.

16 Q DID YOU GENTLEMEN ACTUALLY HAVE DEALINGS TOGETHER
17 WHERE HE WOULD GIVE INPUT IN THE CONVERSATION AND YOU WOULD
18 GIVE INPUT IN THE CONVERSATION?

19 A YES.

20 Q DID HE SEEM TO BE WILLING TO LISTEN TO YOUR INPUT?

21 A YES, HE WAS WILLING. HE TALKED. HE WAS WILLING
22 TO LISTEN TO MY CONVERSATION.

23 Q IT WAS KIND OF AN EQUAL EXCHANGE?

24 A YES.

25 Q DID YOU EVER HAVE ANY DISAGREEMENTS?

26 A I DON'T -- I DON'T KNOW WHAT YOU MEAN BY
27 DISAGREEMENTS.

28 Q WHERE HIS OPINION ON AN INVESTMENT OR A POTENTIAL

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1 INVESTMENT WOULD DIFFER FROM YOUR OWN?

2 A YES.

3 Q AND WHEN YOU HAD THOSE DIFFERENCES OF OPINION,
4 WOULD SOMETIMES YOU FOLLOW YOUR POINT OF VIEW AND SOMETIMES
5 YOU WOULD FOLLOW HUNT'S POINT OF VIEW?

6 A I SAID BASICALLY THAT MOST OF THE INPUT THAT I
7 GAVE HIM RELATED TO MONEY MANAGEMENT MORE THAN ACTUAL MARKET
8 DECISIONS.

9 Q WHEN YOU WOULD DISAGREE ON AN OPINION, WOULD HE
10 KIND OF FORCE YOU DOWN AND --

11 A WE DIDN'T DISAGREE IN THAT RESPECT.

12 I WOULD SAY "LOOK, YOU HAVE SO MUCH MARGIN HERE.
13 IF THE MARKET DROPS, YOU ARE GOING TO GET WIPED OUT SO YOU
14 OUGHT TO LIQUIDATE OR MAYBE YOU OUGHT TO SELL SOME OFF OR
15 MAYBE YOU OUGHT TO WAIT BEFORE YOU BUY."

16 Q DID HE --

17 A I DIDN'T CALL UP AND SAY "PORK BELLIES LOOK LIKE A
18 GOOD BUY TODAY," BECAUSE HE WAS TRADING TREASURY BILLS AND
19 EURO-DOLLARS AND HE WAS DOING A CERTAIN WAY OF TRADING SO
20 I WAS TRADING TO ENHANCE A CERTAIN WAY OF TRADING, RATHER
21 THAN BE IN COMPETITION WITH HIM.

22 Q SURE.

23 IN ANY INSTANCES WHERE YOU HAD A POSITION OF
24 DIFFERENCE WITH MR. HUNT, WOULD MR. HUNT SEEM OPEN-MINDED
25 IN LISTENING TO YOUR POINT OF VIEW?

26 A YEAH.

27 THE COURT: PARDON ME. WILL YOU BE MUCH LONGER?

28 MR. BARENS: I WOULD BE, YOUR HONOR.

1 MR. WAPNER: YOUR HONOR, MAY WE APPROACH THE BENCH
2 JUST BRIEFLY?

3 THE COURT: YES.

4 (THE FOLLOWING PROCEEDINGS WERE HELD
5 AT THE BENCH:)

6 THE COURT: YES?

7 MR. WAPNER: FOR ME, THIS IS AN UNUSUAL REQUEST, BECAUSE
8 OF THE FACT THAT MR. FRIEDMAN IS A COMMODITIES BROKER AND
9 MAKES HIS MONEY IN THE MORNING WHEN THE COMMODITIES MARKET
10 IS OPEN, I AM WONDERING IF WE COULD CONTINUE --

11 THE COURT: YOU WANT TO HAVE HIM COME IN AT A LATER
12 TIME AFTER HE IS FINISHED?

13 MR. WAPNER: EITHER THAT OR IF COUNSEL IS NOT GOING
14 TO BE TOO LONG, MAYBE WE CAN GO FOR ANOTHER 10 OR 15 MINUTES.

15 THE COURT: HOW LONG WILL YOU BE?

16 MR. BARENS: A WHILE.

17 MR. WAPNER: HOW LONG IS A WHILE?

18 THE COURT: HOW LONG IS A WHILE?

19 MR. BARENS: I DO NOT BELIEVE LESS THAN 30 MINUTES AND
20 TO BE CANDID WITH YOUR HONOR, I HAD HOPED FOR A BREAK OF ABOUT
21 FIVE TO TEN MINUTES TO SPEAK WITH MR. HUNT, WHO IS VASTLY
22 MORE KNOWLEDGEABLE ABOUT WHAT I AM TALKING ABOUT THAN I AM.

23 THE COURT: YOU ARE DOING PRETTY WELL.

24 MR. BARENS: IF YOU WANT TO ACCOMMODATE --

25 THE COURT: WELL, YOU WANT TO LET HIM COME BACK AT
26 1:30 ON MONDAY, IS THAT WHAT YOU WANT TO DO?

27 MR. WAPNER: IT WOULD CERTAINLY HELP HIM A LOT.

28 MR. BARENS: I WILL STIPULATE, YOUR HONOR.

1 THE COURT: SURE, WE WILL HAVE HIM COME BACK AT 1:30.

2 MR. BARENS: HE COULD BE OUT THERE LOSING PEOPLE'S
3 MONEY IN THE MEANTIME.

4 MR. WAPNER: WOULD YOU EXPLAIN TO THE JURY WHAT WE ARE
5 GOING TO DO?

6 THE COURT: YES.

7 AND DO YOU HAVE SOME OTHER WITNESS UNTIL THEN
8 ON MONDAY MORNING?

9 MR. WAPNER: OKAY.

10 (THE FOLLOWING PROCEEDINGS WERE HELD
11 IN OPEN COURT:)

12 THE COURT: ALL RIGHT, MR. FRIEDMAN, WHEN ARE YOUR
13 ACTIVE HOURS?

14 THE WITNESS: FROM 5:30 IN THE MORNING TO 1:15.

15 THE COURT: ALL RIGHT, IF I COULD ASK YOU TO COME HERE
16 AT 1:30 OR 2 O'CLOCK, WILL THAT BE ALL RIGHT?

17 THE WITNESS: THAT WOULD BE FINE.

18 THE COURT: IT DOESN'T INTERFERE WITH YOUR BUSINESS?

19 THE WITNESS: 1:30 TO 2 O'CLOCK WILL BE FINE.

20 THE COURT: ALL RIGHT. 1:30?

21 THE WITNESS: YES, SIR.

22 THE COURT: I WILL ASK YOU TO COME BACK AT 1:30 MONDAY
23 MORNING.

24 LADIES AND GENTLEMEN OF THE JURY --

25 MR. WAPNER: MONDAY AFTERNOON.

26 THE COURT: MONDAY AFTERNOON. I AM SORRY. I AM GETTING
27 CONFUSED HERE.

28 WE WILL TAKE A RECESS UNTIL 10:30 ON MONDAY

1 MORNING. WE WILL HAVE SOME OTHER WITNESSES TO FILL IN UNTIL
2 MR. FRIEDMAN COMES BACK AT 1:30 IN THE AFTERNOON. SO WE WILL
3 TAKE AN ADJOURNMENT FROM NOW UNTIL MONDAY MORNING AT 10:30
4 WHEN YOU GO TO THE JURY ASSEMBLY ROOM.

5 HAVE A VERY PLEASANT WEEKEND AND GOOD NIGHT.

6 THE WITNESS: THANK YOU. I APPRECIATE IT.

7 THE COURT: THE SAME ADMONITION I HAVE BEEN GIVING YOU
8 ABOUT NOT TALKING AMONG YOURSELVES OR WITH OTHERS WILL STILL
9 APPLY.

10 (AT 4:35 P.M. AN ADJOURNMENT WAS TAKEN
11 UNTIL MONDAY, MARCH 2, 1987, AT 10:30 A.M.)

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