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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:

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FOR DEFENDANT-APPELLANT: IN PROPRIA PERSONA

VOLUME ⁵⁴ OF 101
(PAGES ⁹¹⁵¹ TO ⁹³¹⁸ , 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

TUESDAY, MARCH 3, 1987.

VOLUME 59

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APPEARANCES:

FOR THE PLAINTIFF: IRA REINER, DISTRICT ATTORNEY
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FOR THE DEFENDANT: ARTHUR H. BARENS, ESQ.
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AND

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

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1 SANTA MONICA, CALIFORNIA; TUESDAY, MARCH 3, 1987; 10:45 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 DO WE HAVE A WITNESS HERE?

7 MR. WAPNER: YOUR HONOR, BEFORE WE DO THAT, I HAVE
8 SOME RECORDS THAT WERE SUBPOENAED FROM THE SUISSE CREDIT
9 BANK OR CREDIT SUISSE THAT WERE RECEIVED BY THE COURT IN
10 MARCH OF APPARENTLY 1986. THEY ARE UNDER SEAL.

11 AND ALSO, A DECLARATION OF A GERMAN INTERPRETER
12 REGARDING CERTAIN OF THE ITEMS THAT MAY BE CONTAINED IN THESE
13 DOCUMENTS.

14 AND I WOULD LIKE TO HAVE THOSE BOTH MARKED
15 COLLECTIVELY AS 196 FOR IDENTIFICATION.

16 THE COURT: THEY WILL BE SO MARKED.

17 WHAT WAS 195 AGAIN?

18 THE CLERK: A PHOTOCOPY OF THE QUARTERLY ACCOUNT
19 STATEMENT.

20 THE COURT: WHAT?

21 THE CLERK: THE PHOTOCOPY OF THE QUARTERLY ACCOUNT
22 STATEMENT.

23 THE COURT: ALL RIGHT, THANK YOU.

24 MR. WAPNER: AND I WOULD ASK THE COURT THAT --

25 THE COURT: THAT WILL BE MARKED PEOPLE'S 196 FOR
26 IDENTIFICATION.

27 MR. WAPNER: YOUR HONOR, THEY ARE SEALED AND I WOULD
28 ASK THE COURT TO OPEN THEM AND I HAVE A MOTION, PERHAPS AFTER

1 THE COURT HAS HAD A CHANCE TO REVIEW THEM AND COUNSEL, TO
2 HAVE THEM RECEIVED IN EVIDENCE.

3 THE COURT: ALL RIGHT.

4 MR. BARENS: COULD WE OBVIOUSLY RESERVE ARGUMENT ON
5 THE ADMISSIBILITY?

6 THE COURT: YES.

7 MR. BARENS: WE HAVEN'T SEEN ANY OF THIS, YOUR HONOR.

8 THE COURT: WELL, I HAVEN'T SEEN IT EITHER.

9 (LAUGHTER IN COURTROOM.)

10 THE COURT: THIS WAS ADDRESSED TO THE COURT AND SINCE
11 IT IS ADDRESSED TO THE COURT AND SEALED, I THINK I OUGHT
12 TO UNSEAL IT AND LOOK AT IT AND MAKE IT AVAILABLE TO COUNSEL.

13 MR. WAPNER: I WILL GET MR. WEISS, YOUR HONOR.

14 THE COURT: ALL RIGHT, GO AHEAD.

15 (PAUSE IN PROCEEDINGS.)

16

17

STEVE WEISS,

18

CALLED AS A WITNESS BY THE PEOPLE, HAVING BEEN PREVIOUSLY
19 SWORN, TESTIFIED FURTHER AS FOLLOWS:

20

21

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

22

23

SO WOULD YOU JUST HAVE A SEAT AND STATE YOUR
23 NAME AGAIN FOR THE RECORD?

24

THE WITNESS: STEVE WEISS.

25

26

DIRECT EXAMINATION (RESUMED)

27

BY MR. WAPNER:

28

Q MR. WEISS, I THINK WE LEFT OFF YESTERDAY WITH

1 TALKING ABOUT HOW MUCH MONEY ALTOGETHER YOU HAD PUT INTO
2 FINANCIAL FUTURES TRADING CORPORATION WITH MR. HUNT.

3 YOUR FIRST INVESTMENT WAS \$5,000?

4 A YES.

5 Q AND THEN SHORTLY THEREAFTER, YOU INVESTED \$15,000?

6 A YES.

7 Q AND IN THE DOCUMENT THAT YOU HAVE IN FRONT OF
8 YOU, THAT IS 195, DOES IT REFLECT THOSE TWO INVESTMENTS AS
9 A LUMP INVESTMENT AS OF JUNE OF 1983?

10 A YES.

11 Q AND HOW MUCH IS THAT?

12 A \$20,000.

13 Q AND WHEN DID YOU MAKE YOUR NEXT INVESTMENT WITH
14 MR. HUNT?

15 A TOWARDS THE LATTER PART OF '83 FOR \$10,000.

16 Q AND WHY DID YOU INVEST \$10,000 AT THAT TIME?

17 A I HAD THE \$10,000 TO INVEST AND I FELT THAT ON
18 THE BASIS OF THE PROFITS, THAT IT SEEMED TO BE A WORTHWHILE
19 THING TO DO TO ADD SOME MORE MONEY.

20 Q HAD YOU CONTINUED TO HAVE DISCUSSIONS WITH THE
21 DEFENDANT IN THIS CASE ABOUT HOW THE INVESTMENTS WERE DOING?

22 A YES.

23 Q AND WHAT WAS HE TELLING YOU DURING THE PERIOD
24 BETWEEN JUNE AND NOVEMBER OF '83?

25 A THAT THE INVESTMENT PICTURE WAS GOING VERY WELL,
26 THE INVESTMENTS WERE RETURNING A GOOD RATE OF PROFIT AND
27 EVERYTHING WAS NORMAL AND PREDICTABLE.

28 Q AND BASED ON THAT, YOU INVESTED \$10,000 IN

1 NOVEMBER OF 1983?

2 A YES.

3 Q AND DID YOU INVEST SOME MORE MONEY IN JANUARY
4 OF 1984?

5 A YES, I DID.

6 Q HOW MUCH?

7 A \$50,000.

8 Q AND THAT WAS BASED ON REFINANCING OF SOMETHING?

9 A OF MY HOUSE.

10 Q AND BETWEEN THE TIME THAT YOU INVESTED THE
11 \$20,000 AND THE TIME YOU INVESTED THE \$50,000, HAD YOU
12 CONTINUED TO TALK TO MR. HUNT?

13 A YES.

14 Q WHAT HAD HE TOLD YOU ABOUT HOW THE INVESTMENTS
15 WERE DOING?

16 A EVERYTHING WAS GOING VERY WELL.

17 Q AND SO UP TO THAT POINT YOU HAD \$80,000 THAT
18 YOU HAD INVESTED; IS THAT RIGHT?

19 A YES.

20 Q AND IN APRIL OF 1984, DID YOU MAKE A SEPARATE
21 INVESTMENT WITH MR. -- EXCUSE ME --

22 ONE THING HAD INTERVENED BEFORE THAT, IS THAT
23 RIGHT, IN MARCH OF 1984, WERE YOU PAID SOME MONEY?

24 A YES.

25 Q HOW MUCH WERE YOU PAID?

26 A \$60,000.

27 Q WHAT WAS THAT \$60,000 TO REPRESENT? WAS THAT
28 YOUR PROFIT?

1 A NO.

2 Q WHAT WAS IT?

3 A THAT WAS A PORTION OF MR. HUNT'S PROFIT.

4 Q AND CAN YOU EXPLAIN THAT, PLEASE?

5 A WE HAD HAD -- WE HAD TALKED AND DISCOVERED THAT
6 OUR PHILOSOPHIES IN TERMS OF SOCIETY WERE VERY SIMILAR AND
7 THAT WE WANTED TO HELP PEOPLE IN NEED OR HELP PEOPLE WHO
8 WERE ILL, AND I KNEW A NUMBER OF THOSE PEOPLE.

9 AND IN OUR DISCUSSIONS OR CONVERSATIONS, HE SAID
10 THAT HE WOULD TAKE A PERCENTAGE OF HIS PROFIT AND GIVE IT
11 TO ME AND THEN I COULD DISTRIBUTE THAT, AS I SAW FIT, TO
12 THESE PEOPLE.

13 Q NOW, WHAT WAS THE DISCUSSION HAVING TO DO WITH
14 DISTRIBUTING, AS YOU SAW FIT, ABOUT?

15 A JUST, AS I SAID, THAT IT HAD TO DO WITH PEOPLE
16 WHO NEEDED HELP, PEOPLE WHO NEEDED SOME SUPPORT, PEOPLE WHO
17 WERE ILL, PEOPLE WHO WERE ATTEMPTING TO GO TO COLLEGE AND
18 WITH CAREERS.

19 Q WHEN I AM TALKING ABOUT DISTRIBUTE AS YOU SAW
20 FIT, DID YOU HAVE SOME DISCUSSION WITH MR. HUNT ABOUT THE
21 MANNER IN WHICH YOU WERE GOING TO DISTRIBUTE THIS MONEY,
22 WHETHER YOU WERE JUST GOING TO HAND IT OUT TO THEM IN CASH
23 OR WHAT WERE YOU SUPPOSED TO DO WITH IT?

24 A I WAS SUPPOSED TO INVEST FOR THEM.

25 Q WITH WHO?

26 A WITH MR. HUNT.

27 Q WAS THAT YOUR DISCUSSION WITH HIM?

28 A YES.

1 Q SO THAT THE \$60,000 THAT YOU GOT, OR WHATEVER
2 MONEY HE DECIDED TO GET YOU OR GIVE YOU AS A PERCENTAGE OF
3 HIS PROFIT, YOU WOULD REINVEST WITH HIM?

4 A OH, YES.

5 Q ON BEHALF OF OTHER PEOPLE?

6 A ABSOLUTELY.

7 Q SO YOU WEREN'T GIVING PART OF THE \$60,000 TO
8 THE MULTIPLESCLEROSIS FOUNDATION OR SOMETHING LIKE THAT?

9 A OH, NO, NOT AT ALL.

10 Q OF THE \$60,000 THAT YOU GOT IN MARCH OF 1984,
11 DID YOU REINVEST SOME OF IT WITH HIM?

12 A \$35,000.

13 Q SO UP TO THAT POINT THEN YOU HAD PUT --

14 MR. BARENS: YOUR HONOR, MIGHT WE APPROACH ON THIS
15 POINT?

16 THE COURT: ALL RIGHT.

17 MR. BARENS: THANK YOU.

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1 (THE FOLLOWING PROCEEDINGS WERE HELD
2 AT THE BENCH:)

3 MR. BARENS: YOUR HONOR, WE ARE INTO A DISCUSSION NOW.

4 THE COURT: PARDON ME?

5 MR. BARENS: WE ARE INTO A DISCUSSION NOW WHERE WE ARE
6 ANTICIPATING WE ARE INTO SOLELY BAD CHARACTER TESTIMONY NOW.
7 THE GIST OF WHAT THIS WITNESS WILL PROCEED TO SAY NOW IS THAT
8 HE ALLEGEDLY GAVE HUNT SOME REINVESTMENT MONEY THAT SHOULD
9 GO TO EITHER SICK PEOPLE OR PEOPLE WHO WANTED TO GO TO
10 COLLEGE, I DON'T KNOW, DIFFERENT PHILANTHROPIC DISCIPLINES
11 OR WHATEVER, AND THAT MONEY WAS LOST BY MR. HUNT OR DIDN'T
12 GO TO THAT PURPOSE.

13 NOW GIVEN THAT AS WHERE I THINK WE ARE GOING HERE,
14 I DON'T SEE HOW THAT IS IN FURTHERANCE OF ANY SORT OF
15 CONSPIRACY OR DOES ANYTHING OTHER THAN TO FURTHER ASSAIL
16 MR. HUNT AS BEING A BAD OR IRRESOLUTE PERSON.

17 MR. WAPNER: IF I LEFT THE JURY WITH THE IMPRESSION
18 THAT SOMEHOW THE MONEY WAS GOING BACK TO MR. HUNT AND THEN
19 HE WAS SUPPOSED TO DOLE IT OUT TO THESE PEOPLE, I WILL CLEAR
20 THAT UP.

21 THE POINT OF THE TESTIMONY IS TO GO TO SHOW THAT
22 ALTHOUGH THIS WITNESS WAS BEING PAID A PERCENTAGE OF MR. HUNT'S
23 PROFITS AS KIND OF AN INCENTIVE TO GET OTHER INVESTORS, IN
24 FACT THE ARRANGEMENT WAS THAT OF THE MONEY THIS WITNESS WAS
25 BEING PAID, THE AGREEMENT WAS THAT MOST OF IT WAS GOING TO
26 GO BACK TO MR. HUNT, THAT HE ALLEGEDLY WAS GOING TO INVEST
27 FOR THESE PEOPLE IN THE SAME MANNER THAT HE HAD INVESTED FOR
28 ALL OF THE OTHER PEOPLE AND THAT THEIR MONEY --

2
1 THE COURT: THERE AREN'T ANY CHARACTERISTICS AS FAR
2 AS BEING A BAD MAN OR ANYTHING, YOU ARE JUST STATING THE FACTS,
3 AREN'T YOU?

4 MR. WAPNER: I AM NOT TRYING TO INFER THAT HE PROMISED
5 AND DIDN'T DELIVER. THE POINT IS IT IS ALL PART OF THE SAME
6 CON SCHEME WHERE HE SAID TO THIS WITNESS, "I WILL GIVE YOU
7 THIS MONEY AND THEN YOU GIVE IT BACK TO ME." THIS IS IN FACT
8 WHAT HAPPENED.

9 MR. BARENS: MY POINT, YOUR HONOR, IS IF WE ARE IN A
10 CON SCHEME, WE ARE NOT ON TRIAL FOR BEING IN A CON SCHEME.

11 THE COURT: ALL RIGHT, THAT IS OVERRULED.

12 MR. BARENS: THANK YOU, YOUR HONOR.

13 (THE FOLLOWING PROCEEDINGS WERE HELD
14 IN OPEN COURT:)

15 Q BY MR. WAPNER: MR. WEISS, LET'S BACK UP A LITTLE
16 BIT BECAUSE MAYBE THERE IS SOME CONFUSION HERE.

17 THE PERCENTAGE OF MR. HUNT'S SO-CALLED PROFITS
18 THAT HE WAS GIVING BACK TO YOU WAS SUPPOSED TO BE REINVESTED
19 BY YOU ON BEHALF OF PEOPLE YOU SAW FIT; IS THAT RIGHT?

20 A YES.

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1 Q AND WHEN YOU SAY REINVESTED, THAT WAS GIVEN BACK
2 TO MR. HUNT TO PUT INTO THE SAME COMMODITY INVESTMENT THAT
3 YOU WERE ALREADY INVESTING IN ON BEHALF OF THESE PEOPLE,
4 CORRECT?

5 A YES.

6 Q SO THAT WHEN YOU GOT THE \$60,000 FROM HIM IN
7 MARCH OF 1984, DID YOU IN FACT GIVE HIM BACK OR REINVEST
8 A PORTION OF THAT MONEY ON BEHALF OF CERTAIN PEOPLE?

9 A YES.

10 Q HOW MUCH DID YOU PUT BACK IN?

11 A \$35,000.

12 Q SO THE NET RESULT WAS THAT YOU ENDED UP WITH
13 \$25,000 OF THAT LEFT OVER?

14 A YES.

15 Q ALL RIGHT. AND DID YOU INVEST SOME OTHER MONEY
16 WITH MR. HUNT IN APRIL OF 1984?

17 A YES, I DID.

18 Q HOW MUCH?

19 A \$35,000.

20 Q AND WAS THAT TO BE INVESTED IN THE SAME COMMODITY
21 INVESTMENT AS ALL OF THE OTHER MONEY OR SOME OTHER INVESTMENT?

22 A ANOTHER INVESTMENT.

23 Q WHAT WAS THAT INVESTMENT?

24 A THAT WAS IN GOLD.

25 Q AND DID YOU RECEIVE ANY RETURN ON THAT INVESTMENT?

26 A I NEVER RECEIVED ANY PROFITS FROM THAT INVESTMENT
27 AS -- AND I WAS TOLD THAT WE HAD DOUBLED OUR MONEY.

28 WHEN I SAY "WE," MY COUSIN CHESTER BROWN AND

1 I INVESTED IN THAT, AND I RECEIVED AT MY -- BY MY EFFORTS
2 AND BY MY INSISTENCE, \$21,000.

3 Q WHEN WAS THAT?

4 A I WOULD -- LATE APRIL, EARLY MAY OF '84.

5 Q AND WHAT DID THAT \$21,000 REPRESENT?

6 A I WAS, AGAIN, AS I SAID EARLIER, I WAS PLANNING
7 TO GO TO EUROPE AND I WANTED TO BUY A CAR IN EUROPE, PICK
8 IT UP IN EUROPE AND I NEEDED THAT \$21,000 WHICH WAS THE MONEY
9 THAT -- LESS THE MONEY I HAD INVESTED OF THE \$35,000, SO
10 I WAS GETTING BACK \$21,000 OF THE 35,000 I HAD INVESTED,
11 SO IT WAS MY INITIAL INVESTMENT THAT WAS THE MONEY.

12 Q TWENTY-ONE OF THE THIRTY-FIVE --

13 A YES.

14 Q -- THAT YOU HAD INVESTED IN THIS QUOTE "SEPARATE
15 INVESTMENT" UNQUOTE?

16 A YES.

17 I NEVER RECEIVED THE PROFIT OF THAT AND HE HAD
18 SAID TO ME THAT WE HAD DOUBLED OUR MONEY IN A TWO-WEEK PERIOD.

19 Q DID YOU RECEIVE A PROFIT DISBURSEMENT, SO-CALLED
20 PROFIT DISBURSEMENT FROM MR. HUNT IN JULY OF 1984?

21 A NO, BECAUSE I WAS IN EUROPE.

22 Q WAS IT SENT TO SOMEONE ON YOUR BEHALF?

23 DID HE PAY YOU OUT ANY MONEY IN JULY, DO YOU
24 KNOW?

25 A NO.

26 MR. WAPNER: I HAVE A DOCUMENT HERE THAT IS ENTITLED
27 "FINANCIAL FUTURES TRADING CORPORATION OF NORTH AMERICA,"
28 IT IS DATED JUNE 18 OF 1984; MAY BE MARKED AS 197 FOR

1 IDENTIFICATION?

2 THE COURT: SO MARKED.

3 Q BY MR. WAPNER: WHEN DID YOU LEAVE FOR EUROPE,
4 MR. WEISS?

5 A MAY 25, 1984.

6 Q WHEN YOU LEFT FOR EUROPE, WHAT WAS YOUR UNDER-
7 STANDING IN TERMS OF HOW THE INVESTMENTS WERE DOING?

8 A THAT EVERYTHING WAS GOING VERY WELL.

9 Q WHO TOLD YOU THAT?

10 A JOE HUNT.

11 Q WHEN WAS THE LAST TIME YOU RECALL SPEAKING TO
12 HIM BEFORE MAY THE 25TH WHEN YOU LEFT FOR EUROPE?

13 A AT THE TIME I RECEIVED THE CHECK FOR \$21,000,
14 WE HAD TALKED.

15 I RECEIVED THAT CHECK IN THE OFFICE, HIS OFFICE,
16 AND I WAS ASSURED BY HIM THAT EVERYTHING WAS GOING VERY WELL
17 AND THAT I SHOULD GO OFF AND ENJOY MY TRIP.

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1 Q WHEN DID YOU RETURN FROM EUROPE?

2 A THE LATTER PART OF AUGUST, 1984.

3 Q SHOWING YOU A DOCUMENT WE HAVE MARKED AS 197
4 FOR IDENTIFICATION, DO YOU RECOGNIZE THE FORM DEPICTED BY
5 THAT DOCUMENT?

6 A I RECOGNIZE THE FORM.

7 Q AND THAT HAS GOT YOUR NAME ON IT AND IT IS DATED
8 JUNE THE 18TH; IS THAT RIGHT?

9 A YES.

10 Q ALL RIGHT. HAVE YOU EVER SEEN THAT DOCUMENT
11 BEFORE?

12 A I HAVE SEEN IT SINCE JUNE 18.

13 BUT I NEVER RECEIVED IT AT THAT TIME.

14 Q DID YOU GET IT AT SOME POINT WHEN YOU GOT BACK
15 FROM EUROPE?

16 A YES.

17 Q WHAT IS THAT DOCUMENT SUPPOSED TO TELL YOU?

18 A THAT IS A QUARTERLY ACCOUNT STATEMENT FROM
19 FEBRUARY 15 TO MAY 15.

20 Q AND DOES IT INDICATE ON THAT STATEMENT THE PROFIT
21 THAT YOU WERE SUPPOSED TO HAVE MADE BETWEEN FEBRUARY THE
22 15TH AND MAY THE 15TH OF 1984?

23 A YES.

24 Q AND HOW MUCH PROFIT DOES THAT INDICATE ON THAT
25 STATEMENT YOU WERE SUPPOSED TO HAVE MADE IN TERMS OF DOLLARS,
26 NOT NECESSARILY PERCENTAGE?

27 A I SEE THE NEW BALANCE IS \$151,595.

28 Q DO YOU ALSO SEE WHERE IT SAYS "DISTRIBUTION FOR

1 THE QUARTER PER YOUR INSTRUCTIONS"?

2 A YES.

3 Q AND WHAT DOES IT SAY ON THERE?

4 A \$64,321.53.

5 Q WHAT DOES IT SAY AFTER THAT, IS THERE A NOTATION?

6 A "REINVESTMENT."

7 Q MEANING -- WHAT DOES THAT MEAN?

8 A THAT ANY PROFIT MADE FOR THAT QUARTER WOULD BE
9 AUTOMATICALLY REINVESTED INTO --

10 Q THE \$64,321.53 WAS NOT PAID OUT TO YOU BUT IF
11 THERE WAS IN FACT THAT MUCH PROFIT, IT WAS REINVESTED,
12 SUPPOSEDLY, INTO THE TRADING; IS THAT CORRECT?

13 A YES.

14 Q AND THERE IS NO STATEMENT ON THAT DOCUMENT THAT
15 IS MARKED 197 ABOUT THE PERCENTAGE OF THE PROFITS FOR THAT
16 QUARTER, IS THERE?

17 A NO, THERE ISN'T.

18 Q AND WHEN DID YOU GET BACK FROM EUROPE?

19 A THE LATTER PART OF AUGUST, 1984.

20 Q AND WHEN YOU WERE IN EUROPE, DID YOU TRY AND
21 KEEP TABS ON WHAT WAS HAPPENING WITH THE INVESTMENTS?

22 A YES.

23 Q HOW DID YOU DO THAT?

24 A MY FIRST COUSIN, CHESTER BROWN WITH WHOM I GREW
25 UP, REMAINED VERY CLOSE TO WHAT WAS HAPPENING IN LOS ANGELES
26 AND HE WOULD CALL ME FROM TIME TO TIME WHILE I WAS IN EUROPE
27 AND I WOULD SAY THAT I RECEIVED THREE PHONE CALLS FROM HIM.

28 Q NOW AFTER SPEAKING WITH MR. BROWN ON THE PHONE,

1 DID YOU HAVE SOME CONCERN ABOUT WHAT WAS GOING ON WITH THE
2 INVESTMENT?

3 A YES, I DID.

4 Q AND WHEN YOU GOT BACK TO LOS ANGELES IN THE LATTER
5 PART OF AUGUST OF 1984, WHAT DID YOU DO?

6 A I DECIDED TO LEAVE TEN PERCENT OF MY MONEY IN
7 THE ACCOUNT AND TAKE OUT THE REST BECAUSE THERE WAS SOMETHING
8 I WANTED TO DO WITH THAT MONEY AND --

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1 Q WHEN YOU MADE A DECISION TO LEAVE TEN PERCENT
2 IN AND TAKE OUT THE REST, DID YOU COMMUNICATE THAT TO MR.
3 HUNT SOMEHOW?

4 A YES.

5 I PUT THAT IN A LETTER TO HIM AND HE RECEIVED
6 IT.

7 Q WHAT HAPPENED --

8 WHEN DID YOU WRITE HIM A LETTER?

9 A SOON AFTER I RETURNED, SO I WOULD SAY THE FIRST
10 WEEK OF SEPTEMBER OF '84.

11 Q AND WHAT WERE YOU GOING TO LEAVE IN, TEN PERCENT
12 OF EVERYTHING THAT -- THE ORIGINAL INVESTMENT PLUS EVERYTHING
13 YOU HAD MADE?

14 A YES.

15 Q AFTER WRITING HIM THAT LETTER, WHAT HAPPENED?

16 A I HAD A CONVERSATION WITH HIM IN HIS OFFICE AND
17 I ASKED HIM IF HE --

18 AFTER I EXPLAINED WHAT I WANTED TO DO, IF HE
19 THOUGHT IT WAS A GOOD IDEA.

20 Q WHAT DID HE SAY?

21 A HE SAID IT WAS A VERY GOOD IDEA, THAT IF HE WERE
22 IN MY SHOES AT MY AGE, HE WOULD RECOMMEND WHAT I WAS GOING
23 TO DO.

24 Q DID HE SAY THERE WAS ANYTHING WRONG WITH ANY
25 OF THE INVESTMENTS, THAT THERE WAS ANY TROUBLE OR ANYTHING
26 AT ALL, ANYTHING LIKE THAT?

27 A NO, NOT AT ALL.

28 EVERYTHING WAS FINE.

1 Q WHAT HAPPENED AFTER YOU HAD THAT CONVERSATION
2 WITH HIM IN YOUR OFFICE?

3 A THERE WAS SUPPOSED TO BE A SEPTEMBER DISTRIBUTION
4 AND LIKE PREVIOUS DISTRIBUTIONS, THEY WERE ALWAYS LATE FOR
5 ONE REASON OR ANOTHER.

6 Q CAN YOU STOP FOR A SECOND AND ELABORATE ON WHAT
7 YOU MEAN BY "LIKE PREVIOUS DISTRIBUTIONS THEY WERE ALWAYS
8 LATE FOR ONE REASON OR ANOTHER"?

9 A IT WAS MY EXPERIENCE THAT THERE WAS ALMOST A
10 TOTAL LACK OF ADMINISTRATIVE PROCEDURES IN THE OFFICE AND
11 THERE WERE VERY FEW PEOPLE, WHETHER THEY WERE SUPPOSED TO
12 BE SECRETARIES OR CLERKS, IN THE OFFICE THAT IN MOST CASES,
13 THE OPERATION WAS CHAOTIC.

14 AND IN ORDER TO GET SOMETHING DONE, IT REQUIRED
15 AN AWFUL LOT OF FOLLOW-THROUGH BY MY COUSIN AND ALPH GORE.

16 Q AND WOULD YOU SAY THAT EVERY DISTRIBUTION THAT
17 WAS MADE WAS LATE?

18 A YES.

19 Q WHAT HAPPENED WITH REGARD TO THE DISTRIBUTION
20 THAT WAS SUPPOSED TO BE MADE IN SEPTEMBER?

21 A THE THREE OF US, CHESTER BROWN, MYSELF AND ALPH
22 GORE WENT TO SEE JOE ON A THURSDAY BEFORE THE MONDAY
23 DISTRIBUTION, OR WHEN HE HAD SAID THE DISTRIBUTION WOULD
24 TAKE PLACE, AND HE ASSURED US THAT THERE WAS MONEY AND THE
25 INVESTORS WOULD RECEIVE THEIR MONEY AND THAT THE CHECKS WOULD
26 BE MAILED OUT ON THE FOLLOWING MONDAY.

27 Q DID YOU GO TO HIS OFFICE ON THE FOLLOWING MONDAY?

28 A YES, WE DID.

1 Q WHY?

2 A WE WANTED TO BE SURE THAT THE CHECKS WERE SIGNED
3 AND MAILED OUT AND WHEN WE GOT THERE, THE CHECKS WERE IN
4 THEIR ENVELOPES BUT THEY HADN'T BEEN SIGNED.

5 Q AND WHAT HAPPENED WHEN YOU SAW THAT?

6 A AND WE INSISTED THAT WE TALK WITH JOE AND WHEN
7 HE CAME OUT OF HIS OFFICE, HE SAID, "THERE IS NO MONEY. I
8 LIED."

9 Q THEN WHAT DID YOU SAY?

10 A PARDON ME?

11 Q WHAT DID YOU SAY?

12 A THEN I SAID, "YOU CHEATED US. THE BEST THING
13 YOU HAD BETTER DO NOW IS TO CALL A MEETING OF ALL OF THE
14 INVESTORS AND EXPLAIN TO THEM WHERE ALL THEIR MONEY HAS GONE
15 TO."

16 Q ALL RIGHT. WAS THERE A MEETING OF THE INVESTORS
17 CALLED?

18 A YES, THERE WAS.

19 Q WHEN WAS THAT?

20 A IF MEMORY SERVES, I BELIEVE IT WAS THE -- WITHIN
21 THE NEXT WEEK OR -- YES, I WOULD SAY WITHIN THE NEXT WEEK,
22 SO THE MIDDLE OF SEPTEMBER.

23 Q WAS IT ON THE 21ST OF SEPTEMBER?

24 A THAT WOULD BE CLOSE ENOUGH, YES.

25 Q AND DID YOU ATTEND THAT MEETING?

26 A YES, I DID.

27 Q WHO CHAIRED THE MEETING, WHO LED IT?

28 A JOE, JOE HUNT. JOE HUNT CHAIRED THE MEETING.

1 Q WHAT DID HE SAY AT THAT MEETING WITH REGARD TO
2 WHAT HAD HAPPENED WITH THE MONEY?

3 A HE SAID THAT THERE WAS A TRADE THAT WAS LAID
4 ON THE WRONG WAY, WHATEVER THAT MEANT, AND SOMEONE THAT HE
5 HAD TOLD TO LAY THE TRADE ON, I BELIEVE HIS NAME WAS STEVE
6 LOPEZ, LAID ON THE TRADE, PUT IT ON THE WRONG WAY AND BECAUSE OF
7 THAT HORRENDOUS MISTAKE, THERE WAS NO LONGER ANY MONEY IN
8 THE ACCOUNT.

9 Q SO IT WAS YOUR UNDERSTANDING HE WAS SAYING THERE
10 WAS A ONE-TIME MISTAKE?

11 A YES.

12 Q WHEN DID HE SAY THAT ALL OF THIS HAPPENED?

13 A THAT, I DON'T REMEMBER.

14 Q DID HE TELL YOU THAT --

15 DID HE GIVE A DATE THAT ALL THIS HAD HAPPENED
16 AT ONE TIME AND THAT THERE HAD BEEN MONEY IN FACT INVESTED
17 AFTER THAT DATE OR HE HAD TAKEN IN MONEY AFTER THAT DATE?

18 A AS I RECALL, IT HAPPENED BETWEEN JUNE AND SEPTEMBER
19 OF '84.

20 AS I SAY, I WAS OUT OF THE COUNTRY.

21 BUT IT WASN'T -- AS I RECALL, IT WASN'T SOMETHING
22 THAT WAS AN ACCUMULATION OF LOSSES.

23 IT WAS THIS ONE BAD TRADE THAT DESTROYED EVERYTHING.

24 Q DID HE SAY THAT HE WAS GOING TO DO ANYTHING OR
25 TRY TO DO SOMETHING TO PAY THE INVESTORS BACK?

26 A YES.

27 Q WHAT WAS THAT?

28 A THAT WE WOULD ALL SIGN PROMISSORY NOTES.

1 Q BEFORE THE PROMISSORY NOTES, LET ME BACK UP FOR
2 ONE SECOND.

3 WAS THERE SOME DISCUSSION ABOUT MONEY THAT HE
4 RECEIVED FROM ANOTHER SOURCE?

5 A I DON'T REMEMBER.

6 Q DID HE HAVE A CHECK THERE --

7 A OH, YES.

8 Q -- AT THE MEETING?

9 A I WAS SITTING NEXT TO HIM AND HE HELD UP THIS
10 CHECK AND HE SAYS, "I HAVE A CHECK HERE FOR A MILLION AND
11 A HALF DOLLARS."

12 THE COURT: A MILLION AND A HALF? YOU MEAN A MILLION
13 FIVE HUNDRED THOUSAND?

14 THE WITNESS: ONE MILLION FIVE HUNDRED THOUSAND DOLLARS.

15 THE COURT: THIS WAS IN SEPTEMBER?

16 THE WITNESS: IN SEPTEMBER OF '84.

17 Q BY MR. WAPNER: WHERE DID HE SAY HE GOT THE CHECK
18 FROM?

19 A FROM RON LEVIN.

20 Q DO YOU KNOW WHETHER THAT WAS THE ACTUAL CHECK
21 OR A COPY OF THE CHECK?

22 A I THOUGHT IT WAS A XEROX COPY OF THE CHECK.

23 Q AND WHEN HE HELD UP THE CHECK AND SAID, "I HAVE
24 A CHECK HERE FOR A MILLION AND A HALF DOLLARS FROM RON LEVIN,"
25 WHAT DID HE SAY?

26 A HE PASSED THIS CHECK TO ME FOR VERIFICATION AND
27 I LOOKED AT IT AND IT WAS ON SOME SWISS BANK AND THEN I WENT
28 TO PASS IT TO THE PERSON TO MY RIGHT AND JOE REACHED OVER

1 AND TOOK THE CHECK OUT OF MY HANDS AND PLACED IT BACK AT
2 HIS PORTION OF THE DESK, AS IF HE DIDN'T WANT ANYBODY TO
3 SEE IT.

4 Q AND WHAT DID HE SAY HE WAS GOING TO DO WITH OR
5 HAD INTENDED TO DO WITH THE PROCEEDS OF THAT?

6 A HE WAS GOING TO REPAY IN PART OR IN FULL THE
7 PEOPLE WHO HAD INVESTED.

8 Q AND DID HE MAKE SOME EXPLANATION ABOUT WHY HE
9 DIDN'T REPAY THE PEOPLE FROM THAT CHECK?

10 A HE WAS WAITING FOR THE CHECK TO BE PROCESSED.

11 Q AND DID HE SAY AT THAT POINT --

12 DO YOU REMEMBER WHAT HE SAID ABOUT WHETHER IT
13 HAD BEEN PROCESSED OR WHETHER THE CHECK WAS GOOD OR NOT?

14 A NO, THAT I DON'T REMEMBER.

15 Q DO YOU RECALL ANYTHING PECULIAR TO YOU ABOUT
16 THE CHECK?

17 A IT WAS SIGNED ON THE LEFT-HAND SIDE AND I WONDERED
18 ABOUT THAT BECAUSE I HAD NEVER SEEN A CHECK WITH THE SIGNATURE
19 OF THE PAYEE ON THE LEFT-HAND SIDE.

20 Q AFTER HE HAD THIS DISCUSSION ABOUT PAYING THE
21 INVESTORS BACK FROM THE CHECK HE RECEIVED FROM MR. LEVIN,
22 WAS THERE SOME DISCUSSION ABOUT SOME PROMISSORY NOTES?

23 A YES.

24 Q WHAT WAS THAT?

25 A THAT HE WOULD MAKE GOOD ON OUR INVESTMENTS OVER
26 TIME, I BELIEVE HE SAID WITHIN THE YEAR, HE SAID A PARTICULAR
27 DATE, AND NOT ONLY WOULD THE PEOPLE WHO SIGNED THE PROMISSORY
28 NOTES, WOULD GET THEIR MONEY BACK, THEY WOULD ALSO GET INTEREST

1 ON THE MONEY THAT WAS FORTHCOMING.

2 Q DID YOU SIGN ONE?

3 A NO, I DID NOT.

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1 Q WHY?

2 A BECAUSE I FELT THAT IT WAS ALL PHONY TALK AND
3 I DIDN'T BELIEVE WHAT HE SAID.

4 MR. BARENS: OBJECTION AS TO RELEVANCY, ON THE LAST
5 COMMENT, YOUR HONOR.

6 THE COURT: OVERRULED.

7 Q BY MR. WAPNER: WAS THERE SOME PORTION OF THE
8 PROMISSORY NOTE THAT ALSO CONSTITUTED A RELEASE OF ANY CLAIMS
9 THAT YOU HAD AGAINST MR. HUNT FOR ANY ERRORS IN THE TRADING?

10 A YES, THERE WAS. YES, THERE WAS.

11 Q DID YOU EVER RECEIVE FROM MR. HUNT ANY OF THE
12 SO-CALLED PROFITS THAT YOU MADE OR YOUR ORIGINAL INVESTMENT
13 BACK --

14 A NEVER.

15 Q -- OTHER THAN WHAT YOU HAVE TOLD US ABOUT ALREADY?

16 A YES.

17 Q ALL RIGHT. SO THE MONEY THAT HE CLAIMED THAT
18 HE WAS OWING YOU AS OF THIS STATEMENT OF JUNE THE 18TH, YOU
19 NEVER RECEIVED ANY OF THAT MONEY?

20 A I NEVER RECEIVED ANY OF THAT MONEY AND ON PAPER,
21 THE STATEMENT THAT FOLLOWED MY -- THE NEW BALANCE, WAS CLOSE
22 TO \$300,000.

23 Q THAT IS THE SEPTEMBER STATEMENT THAT YOU DON'T
24 HAVE IN FRONT OF YOU?

25 A YES.

26 MR. BARENS: OBJECTION AS TO BEST EVIDENCE. WE DON'T
27 HAVE THE STATEMENT.

28 THE COURT: DO YOU KNOW WHERE THE STATEMENT IS?

1 MR. WAPNER: I DON'T KNOW IF WE HAVE A COPY OF THAT.

2 Q WERE YOU TOLD BY MR. HUNT HOW MUCH YOU WERE
3 SUPPOSED TO GET?

4 A YES.

5 Q AND HOW MUCH DID HE TELL YOU YOU WERE ENTITLED
6 TO GET?

7 A IT WAS ROUGHLY \$300,000.

8 MR. WAPNER: THANK YOU. I HAVE NOTHING FURTHER.

9

10 CROSS-EXAMINATION

11 BY MR. BARENS:

12 Q GOOD MORNING, MR. WEISS.

13 MR. WEISS, WHAT DO YOU DO FOR A LIVING?

14 A I DO TWO THINGS: I DO VIDEOTAPE EDITING AND I
15 DO PSYCHOTHERAPY.

16 Q IS THAT HOW YOU WERE ENGAGED, AS A PSYCHOTHERAPIST
17 AND VIDEOTAPE PERSON IN 1984?

18 A I DON'T UNDERSTAND THE QUESTION.

19 Q WHAT WAS YOUR EMPLOYMENT, BETTER STATED, IN 1983
20 AND IN 1984, SIR?

21 A BOTH.

22 Q BOTH ACTIVITIES?

23 A YES.

24 Q AND WHAT, PRIOR TO MAY OF 1983, WAS YOUR
25 INVESTMENT EXPERIENCE, SIR, WHAT TYPE OF INVESTMENTS IN A
26 GENERALIZED INVESTMENT DID YOU HAVE, SIR?

27 A WITH FIDELITY MUTUAL FUNDS.

28 Q DID YOU DO THAT THROUGH A STOCKBROKER OR DID YOU

1 DO THAT DIRECTLY?

2 A I DID THAT DIRECTLY.

3 Q HAD YOU EVER INVESTED IN STOCKS, BONDS, COMMODITIES
4 OR SECURITIES?

5 A YES, I HAVE.

6 Q AND HAD YOU DONE THAT THROUGH A BROKER?

7 A YES.

8 Q DID YOU, AS A GENERAL EXPERIENCE, HAVE LOSSES
9 AND GAINS IN THOSE SETTINGS?

10 A YES.

11 Q AND HAD YOU PREVIOUSLY SPECIFICALLY INVESTED IN
12 COMMODITIES?

13 A NEVER.

14 Q WHY, PRIOR TO 1983, HAD YOU NOT INVESTED IN
15 COMMODITIES?

16 A I CONSIDERED THEM DANGEROUS, VOLATILE.

17 Q RISKY?

18 A RISKY.

19 Q AND IN YOUR STATE OF MIND, SIR, MUCH MORE RISKY
20 THAN INVESTING IN CONVENTIONAL SECURITIES IN THE MARKET?

21 A YES.

22 Q AND THEN YOU UNDERSTOOD WHEN YOU STARTED TO
23 INVEST WITH MR. HUNT THAT THE UNDERLYING TYPE OF INVESTMENT
24 VEHICLE WAS THE VERY TYPE OF INVESTMENT THAT UP TO THAT POINT
25 IN TIME YOU HAD AVOIDED?

26 A YES, BUT WITH QUALIFICATION.

27 Q AND I SUPPOSE YOU SHOULD TELL ME THE QUALIFICATION,
28 SIR.

1 A THAT I WOULD NEVER HAVE INVESTED IN ANYTHING
2 EXCEPT WHAT HE HAD DESCRIBED TO ME, WHICH WERE GOVERNMENT
3 SECURITIES.

4 Q WHAT MADE A GOVERNMENT SECURITY WHICH IS, BY
5 DEFINITION, I BELIEVE, SIR, A COMMODITY --

6 A YES.

7 Q -- VARIETY -- WHAT MADE IT DIFFERENT FROM OTHER,
8 WHAT I AM GOING TO CALL PAPER COMMODITY INVESTMENTS? AND
9 BY THAT, I ENCOMPASS, IF YOU WILL EXCUSE THE EXPRESSION,
10 FINANCIAL FUTURES IN CURRENCIES, OTHER GOVERNMENTAL
11 DEBENTURES, FANNIE MAES, GINNIE MAES, THAT TYPE OF THING,
12 SIR; WHAT MADE THIS DIFFERENT?

13 A JOE HUNT'S EXPLANATION.

14 Q OKAY. IN TRUTH THEN, I THINK WHAT YOU HAVE BEEN
15 TELLING US IS THAT YOU MADE THE INVESTMENT BECAUSE YOU
16 BELIEVED IN A PERSON HAVING A PARTICULAR SKILL AND SO LONG
17 AS HE WAS SUCCESSFUL WITH THAT SKILL, YOU HAD REASONABLE
18 ANTICIPATION THAT YOU WOULD MAKE GOOD MONEY?

19 A YES.

20 Q OKAY. HAVE YOU EVER DONE ANY INVESTMENTS BEFORE
21 WHERE YOU HAD A PARTICULAR CONFIDENCE IN THE BROKER YOU WERE
22 DEALING WITH?

23 A NOT TO THE EXTENT THAT I HAD WITH JOE HUNT.

24 Q HOW ABOUT IN YOUR PREVIOUS BROKER RELATIONSHIPS,
25 SIR, DID YOU HAVE CONFIDENCE IN THOSE GENTLEMEN?

26 A WITHIN THE LIMITS OF THEIR BEING SALESMEN, NO
27 MORE, NO LESS.

28 Q AND MR. HUNT WAS NOT A SALESMAN?

1 A MR. HUNT POSSESSED A SYSTEM THAT, ACCORDING TO
2 HIM, ONLY VERY FEW PEOPLE, IF ANY, KNEW WITH REGARD TO
3 MAKING THE KIND OF PROFITS THAT HE WAS STATING.

4 Q DID HE NOT APPEAR TO BE SELLING THAT SYSTEM, SIR?

5 A YES.

6 Q AND IN THAT REGARD, THE DIFFERENCE BETWEEN MR.
7 HUNT AND ANOTHER BROKER IS THAT THE OTHER BROKER SAYS, "I
8 JUST INVEST IT IN THE MARKET AND I GIVE YOU ADVICE," WHEREAS
9 MR. HUNT SAYS, "I HAVE A SYSTEMS APPROACH RATHER THAN JUST
10 GIVING YOU ADVICE"?

11 A YES.

12 MR. HUNT WAS AN EXPERT.

13 Q WITH A PARTICULAR SYSTEM --

14 A YES.

15 Q -- HE HAD DEVELOPED?

16 A UH-HUH.

17 Q OTHER THAN HEARING FROM MR. HUNT THAT HE WAS AN
18 EXPERT AT THIS SYSTEM, DID YOU MAKE ANY ATTEMPT TO VERIFY
19 OR VALIDATE THE SYSTEM INDEPENDENTLY, SIR?

20 A THAT WAS THE CATCH-22.

21 HE SAID THAT IF I MADE ANY DUE DILIGENCE THAT --
22 AND IN SOME WAY TRIED TO DISCOVER WHAT HIS SYSTEM WAS OR ASK
23 HIM TO REVEAL HIS SYSTEM, THAT HE WOULD NO LONGER CONSIDER
24 HANDLING MY ACCOUNT OR ANYBODY ELSE'S ACCOUNT.

25 Q NOW YOU WERE MATURE AT THIS TIME, SIR?

26 A I HOPE SO.

27 Q WHAT I AM TRYING TO UNDERSTAND, SIR, HAD YOU UP
28 TO THIS POINT HAD A BELIEF SYSTEM THAT TOLD YOU -- AND LET

1 ME PARENTHETICALLY SAY, OBVIOUSLY YOU HAVE A CERTAIN AMOUNT
2 OF EDUCATIONAL ACHIEVEMENT OR YOU COULDN'T BE PROFESSIONALLY
3 DOING WHAT YOU OBVIOUSLY ARE DOING.

4 DID YOU HAVE A BELIEF SYSTEM THAT INVESTMENTS,
5 OTHER THAN SAY IN A SAVINGS ACCOUNT, WERE RISK FREE?

6 A I NEVER HAD THAT BELIEF SYSTEM.

7 Q YOU DID NOT?

8 A I NEVER DID.

9 Q AND YOU DID NOT HAVE THAT BELIEF SYSTEM WHEN YOU
10 MET MR. HUNT, DID YOU?

11 A NO, NO.

12 Q ALL RIGHT. WHEN YOU SAY YOU FIRST CONTACTED
13 MR. HUNT, IT WAS AS A RESULT OF SOME COMMENTARY YOU HAD
14 RECEIVED FROM YOUR DAUGHTER, ALLISON?

15 A YES.

16 Q DID ALLISON TELL YOU THAT JOE HUNT HAD ASKED HER
17 TO ARRANGE AN INTRODUCTION THROUGH HER TO YOU?

18 A NO.

19 Q SO IT WAS SOMETHING THAT, I GUESS IN YOUR TALKING
20 TO HER, YOU MADE A DECISION YOU WANTED TO MEET MR. HUNT?

21 A YES. SHE SUGGESTED THAT I --

22 Q YOUR DAUGHTER SUGGESTED?

23 A YES, THAT I GET IN TOUCH WITH HIM.

24 Q THEN YOU TOOK THE INITIATIVE TO SEEK MR. HUNT
25 OUT AND ARRANGE FOR A MEETING OF SORTS?

26 A YES, YES I DID.

27

28

1 Q YOU SAID ON THE FIRST INSTANCE YOU MET HIM AT
2 THE EXTERIOR OF CANTOR-FITZGERALD IN BEVERLY HILLS?

3 A YES.

4 Q DID YOU GENTLEMEN HAVE LUNCH ON THAT OCCASION?

5 A I DON'T BELIEVE SO.

6 Q YOU JUST STOOD ON THE STREET --

7 A YES.

8 Q -- WELL, ON THE SIDEWALK?

9 A ON THE SIDEWALK.

10 Q AND TALKED?

11 WAS THERE ANYTHING PECULIAR ABOUT THAT?

12 A WELL, IT IS NOT PECULIAR TO ME BECAUSE I FEEL
13 LOTS OF THINGS HAPPEN IN LOS ANGELES THAT MIGHT NOT HAPPEN
14 IN OTHER CITIES.

15 Q YES, INDEED, SIR.

16 ALL RIGHT, IN ANY EVENT, AT THAT POINT YOU HAD
17 A DISCUSSION.

18 DID YOU TELL HIM AT THAT FIRST POINT THAT YOU
19 WANTED TO INVEST \$5,000?

20 A IF I DIDN'T SAY IT THE FIRST MEETING, I CERTAINLY
21 SAID IT THE SECOND.

22 WHAT I DID SAY WAS I HAD SOME DISCRETIONARY INCOME
23 THAT WAS MORE OR LESS PLAY MONEY AND THAT I FELT VERY PLAYFUL
24 WITH REGARD TO THE INVESTMENT AND I WAS INTERESTED.

25 Q IS IT NOT TRUE, SIR, THAT PERHAPS BECAUSE YOU
26 HAD A MODERATE AMOUNT OF DISCRETIONARY MONEY, IF I MAY CALL
27 IT THAT, SIR, YOU WERE A BIT MORE CASUAL IN THAT INSTANCE
28 WITH THAT INVESTMENT THAN YOU MIGHT HAVE BEEN ON PREVIOUS

1 OCCASIONS, MAKING INVESTMENT DECISIONS?

2 A YES AND NO.

3 Q WERE YOU BEING, PERHAPS A BETTER EXPRESSION I
4 MIGHT USE, WERE YOU BEING EXPERIMENTAL WITH YOUR MONEY AT
5 THAT POINT, SIR?

6 A I WOULD SAY MILDLY EXPERIMENTAL, BUT ALSO CAUTIOUS.
7 I WASN'T PREPARED TO THROW IT TO THE WINDS.

8 Q NO, I DID NOT MEAN TO SUGGEST THAT, SIR.

9 I MEANT TO SUGGEST THAT YOU WERE TRYING TO USE
10 A NORMAL LEVEL OF INVESTMENT ACUMEN THAT YOU HAD DEVELOPED
11 BUT PERHAPS IN A VARIENT SETTING AT THIS TIME, AS YOU HAVE
12 TOLD ME, YOU HAD NOT PREVIOUSLY INVESTED IN COMMODITIES.

13 A MAY I ELABORATE?

14 Q YES, SIR.

15 A HE CAME HIGHLY RECOMMENDED. I HOLD MY DAUGHTER
16 IN HIGH REGARD. SHE IS A HIGH ACHIEVER. I GOT THE IMPRESSION
17 JOE WAS A HIGH ACHIEVER. ALSO, FROM HER DESCRIPTIONS THAT
18 WHEN SHE WAS IN COLLEGE AND WHEREVER JOE WAS, AT THE SAME
19 TIME, WHATEVER HE WAS DOING, FROM TIME TO TIME THERE WOULD
20 BE A CERTAIN AMOUNT OF SOCIALIZATION AND ON THAT BASIS AND
21 WHAT OTHER PEOPLE ALSO WERE SAYING ABOUT JOE, THAT HE SEEMED
22 TO HAVE THE ABILITY AND INTELLIGENCE TO TRADE AND TO TRADE
23 SUCCESSFULLY, SO TAKING THAT INTO ACCOUNT, I DIDN'T FEEL
24 THAT I WAS GOING INTO SOMETHING TOTALLY BLIND WITH A STRANGER,
25 AND SO ON THAT BASIS OF RECOMMENDATION, I BELIEVED THAT I
26 WAS BEING DISCRETIONARY AND ALSO WITH A CERTAIN AMOUNT OF
27 REALITY.

28 Q YES.

3
1 AND THE CONFIDENCE YOU HAD IN THE INDIVIDUAL
2 AT THAT POINT DID NOT TAKE AWAY ALL RISK FROM THE INVESTMENT,
3 DID IT?

4 A NO, NOT AT ALL.

5 Q OKAY, YOU MENTIONED THAT YOU HAD INVESTED \$5,000;
6 AT THAT POINT OR AT ANY SUBSEQUENT POINT, DID YOU SIGN AN
7 INVESTOR AGREEMENT THAT OUTLINED THE PARAMETERS OF THE
8 RELATIONSHIP YOU HAD WITH EITHER MR. HUNT OR FINANCIAL FUTURES
9 TRADING?

10 A WELL, FINANCIAL FUTURES TRADING WAS NOT IN
11 EXISTENCE AT THAT TIME.

12 Q YES, SIR.

13 A THERE WAS -- I SIGNED SOMETHING AROUND THAT TIME
14 WHICH WAS A LIMITED PARTNERSHIP AGREEMENT. THAT IS THE ONLY
15 THING I REMEMBER SIGNING.

16 Q DID YOU BRING A COPY OF THAT WITH YOU TODAY?

17 A I DON'T -- I DIDN'T BRING A COPY OF THAT WITH
18 ME TODAY.

19 MR. BARENS: MIGHT I HAVE A MOMENT TO GET THE EXHIBIT,
20 YOUR HONOR?

21 I NEED DEFENDANT'S V.

22 (PAUSE IN PROCEEDINGS.)

23 Q BY MR. BARENS: SIR, I AM SHOWING YOU A DOCUMENT
24 THAT HAS PREVIOUSLY BEEN MARKED DEFENDANT'S EXHIBIT V; COULD
25 YOU PLEASE LOOK AT THAT AND TELL ME IF THAT IS WHAT YOU
26 RECALL AS BEING THE SAME OR SIMILAR TO THE DOCUMENT YOU
27 EXECUTED?

28 A NO.

4

1 Q THAT IS NOTHING LIKE WHAT YOU SAW?

2 A NO.

3 THIS IS MAY 15 AND I HAD THAT ONE --

4 THE COURT: MAY 15TH OF WHAT YEAR?

5 THE WITNESS: '83.

6 THE COURT: IS THAT MAY 15TH '83?

7 THE WITNESS: THAT IS MAY 15 -- EXCUSE ME -- THAT IS

8 MAY 15 '83.

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1 THE COURT: AND YOU HAD ONE, WHAT DID YOU SAY?

2 THE WITNESS: I HAD ONE THAT WAS AROUND THIS TIME BUT
3 I THINK THERE IS A MISTAKE HERE.

4 Q BY MR. BARENS: SIR?

5 A I THINK THERE IS A MISTAKE HERE IN THE DATE.
6 THIS WAS DONE MUCH LATER.

7 Q HOW DO YOU KNOW THAT, SIR?

8 A BECAUSE THE ORIGINAL DOCUMENT THAT I HAD WAS --
9 THESE PEOPLES' NAMES WEREN'T ON IT.

10 IT WAS MY OWN NAME AND NOBODY ELSE'S.

11 IT WAS WRITTEN IN. IT WAS A FORM, LIMITED
12 PARTNERSHIP AGREEMENT THAT I WOULD IMAGINE ANYBODY COULD
13 PURCHASE.

14 MR. WAPNER: YOUR HONOR, MAY I HAVE A MOMENT WITH COUNSEL?

15 THE COURT: YES.

16 (UNREPORTED COLLOQUY BETWEEN COUNSEL.)

17 THE WITNESS: THERE IS A MISTAKE ON THAT DATE.

18 THE COURT: WOULD YOU APPROACH THE WITNESS, BOTH OF
19 YOU, AND HAVE HIM EXPLAIN TO YOU WHAT IT IS?

20 MR. BARENS: YES, I AM HOPEFUL THAT WHAT MR. WAPNER
21 IS GIVING ME NOW IS HELPFUL TO THE WITNESS AS WELL.

22 THE WITNESS: OKAY.

23 MR. BARENS: COULD I JUST APPROACH THE WITNESS
24 PRIVATELY FOR A MINUTE?

25 THE COURT: SURE.

26 MR. BARENS: SO I CAN TRY TO UNDERSTAND WHAT I HAVE
27 GOT HERE, YOUR HONOR.

28 (UNREPORTED COLLOQUY BETWEEN MR. BARENS

1 AND THE WITNESS.)

2 MR. BARENS: WHAT I AM GOING TO DO, MR. WEISS, I HAVEN'T
3 HAD A CHANCE TO REVIEW THIS YET SO I AM GOING TO ASK YOU
4 SOME OTHER QUESTIONS.

5 A OKAY.

6 Q AND THEN COME BACK TO THIS AFTER I HAVE A MINUTE
7 TO REVIEW IT.

8 NOW GOING BACK TO FOLLOWING THE ORDER OF YOUR
9 TESTIMONY YESTERDAY: YOU MENTIONED THAT AFTER YOU HAD MADE
10 THE ORIGINAL \$5,000 INVESTMENT, YOU RECEIVED BACK \$4,000.

11 (WHEREUPON, THE WITNESS NODS HIS HEAD
12 UP AND DOWN.)

13 MR. WAPNER: IS THAT YES? THE WITNESS NODDED HIS HEAD.
14 I JUST WANTED TO GET SOMETHING ON THE RECORD. OR WAS THERE
15 A QUESTION?

16 THE WITNESS: IT HAD NEVER BEEN CLEAR TO ME WHETHER
17 IT WAS A RETURN ON THE \$5,000 OR THE COMBINATION OF THE
18 FIVE AND THE FIFTEEN THOUSAND, BECAUSE I RECEIVED THAT CHECK
19 SOMEWHERE AROUND THE 1ST OF JULY.

20 Q BY MR. BARENS: OKAY, I WASN'T CLEAR YESTERDAY,
21 AFTER YOU INVESTED FIVE, A POINT CAME WHEN YOU GOT BACK
22 FOUR; DID YOU GET BACK THE FOUR AFTER YOU HAD INVESTED ANOTHER
23 10,000?

24 THE WITNESS: IT WAS \$15,000. IT WAS A TOTAL OF
25 TWENTY, AND AT THAT TIME WITH THE TOTAL OF TWENTY, I RECEIVED
26 \$4,000 BACK.

27 Q SO YOU DIDN'T GIVE HUNT BACK FIVE AND HE GAVE
28 YOU BACK FOUR --

1 A NO.

2 Q -- AND SAID "ON THE FIVE, YOU MADE FOUR"?

3 A NO..

4 Q WHEN YOU GOT THE FOUR, WERE YOU ASKED FOR ANOTHER
5 INVESTMENT?

6 A NO.

7 Q AT ANY TIME DURING THIS TIME FRAME, WHICH IS
8 THE FIRST COUPLE OF MONTHS THAT YOU ARE INVOLVED, WHICH IS
9 NOW MAY OF 1983 ROUGHLY TO JULY, 1983, WHICH IS, I THINK
10 IT WAS THE DATE YOU ARE GIVING ME.

11 A YES, I DID.

12 Q WAS HUNT ASKING YOU FOR MONEY?

13 A NO.

14 Q WAS HUNT TRYING TO SAY TO YOU, BEFORE YOU COULD
15 GET THE \$4,000 YOU HAD TO PUT IN MORE MONEY OR SOME TIE-IN
16 RELATIONSHIP LIKE THAT?

17 A NO.

18 Q DID HE ENCOURAGE YOU TO RECRUIT PEOPLE FOR HIM --
19 SAY I AM NOW IN THIS SPRING-SUMMER OF '83 PERIOD, WAS HE
20 SAYING TO YOU, RECRUIT PEOPLE FOR ME, MR. WEISS?

21 A NO.

22 Q AT THAT POINT, YOU HAD, BECAUSE OF GOOD WILL
23 YOU HAD TOWARDS CERTAIN PEOPLE IN YOUR FAMILY AND ASSOCIATIONS,
24 YOU HAD TOLD PEOPLE ABOUT THE NATURE OF THE INVESTMENT YOU
25 WERE INVOLVED IN, SIR?

26 A YES.

27 Q YOU DID THAT SOMEWHAT AS A VOLUNTEER BECAUSE
28 OF YOUR SETTING IN YOUR SOCIAL UNIT AND YOUR AFFINITY FOR

1 YOUR FAMILY?

2 A YES.

3 Q HAD YOU IN THE PAST EVER DONE THAT ABOUT OTHER
4 INVESTMENTS YOU HAD BEEN INVOLVED IN?

5 A NOT NECESSARILY OTHER INVESTMENTS.

6 BUT AS I SAID YESTERDAY, I AM OF THAT NATURE
7 THAT I LIKE TO SHARE GOOD FORTUNE AND THIS SEEMED LIKE GOOD
8 FORTUNE TO ME.

9 Q QUITE SO, AND YOU STRIKE ME THAT WAY AS WELL,
10 MR. WEISS.

11 BUT WHAT I AM SEEKING TO FIND OUT IS, PRIOR TO
12 THIS OCCASION INVOLVING THE INVESTMENT WITH MR. HUNT, HAD
13 YOU EVER MADE AN INVESTMENT OR INVESTMENTS WHERE YOU HAD
14 GONE TO FAMILY AND FRIENDS AND SAID, LISTEN, I INVESTED IN
15 SO AND SO AND IT MIGHT BE A GOOD IDEA IF YOU DID THE SAME
16 THING?

17 A I AM SURE I HAVE.

18 Q YOU HAD DONE THAT IN THE PAST?

19 A I AM SURE I HAD.

20 Q SO THIS WAS NOT SOMETHING WHERE YOU HADN'T
21 OBVIOUSLY DONE BEFORE. YOU WERE ACTING CONSISTENT WITH PRIOR
22 BEHAVIOR IN YOUR LIFE?

23 A YES.

24 Q NOW YOU HAD MENTIONED THAT THE 30 OR 40 PEOPLE
25 THAT ENDED UP INVESTING WERE PEOPLE THAT YOU KNEW PERSONALLY?

26 A YES.
27
28

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1 Q AND THESE WERE PEOPLE THAT YOU WOULD COME UP AND
2 PRESENT THEM, AFTER A FASHION, TO MR. HUNT OR WOULD THEY
3 BE PEOPLE THAT HAD NEVER MET HUNT BUT JUST MADE INVESTMENTS?

4 A MANY OF THEM DID MEET JOE HUNT.

5 Q AND SOME OF THEM DIDN'T MEET HUNT AT ALL?

6 A SOME DIDN'T.

7 Q OKAY. AND THOSE PEOPLE, HOW DID HUNT HAVE CONTACT
8 WITH THOSE PEOPLE? WAS IT THROUGH YOU OR TELEPHONICALLY OR
9 THROUGH CORRESPONDENCE?

10 A BOTH THROUGH ME AND TELEPHONICALLY.

11 Q AND WAS HUNT APPRECIATIVE WHEN YOU WOULD BRING
12 HIM IN THESE INVESTORS?

13 A ON BALANCE, I WOULD SAY YES. WE HAD CERTAINLY,
14 DIFFERENCES OF OPINION IN THE WAY THAT HE EITHER ACCEPTED
15 OR TREATED THESE PEOPLE.

16 Q WAS IT A FAIR STATEMENT THAT A LOT OF TIMES, YOU
17 WOULD BRING HIM PROSPECTIVE INVESTORS THAT HE WAS LESS
18 RESPONSIVE TO?

19 A YES.

20 Q AND DID NOT SEEM PARTICULARLY ANXIOUS OR INTERESTED
21 IN TAKING THEIR MONEY?

22 A I DON'T KNOW WHAT HIS MOTIVATION WAS.

23 Q BUT HE SEEMED RECALCITRANT OR HESITANT TO DO
24 BUSINESS WITH THEM?

25 A YES.

26 Q BUT HE DIDN'T KNOW THEM, DID HE?

27 A HE HAD AN ATTITUDE THAT -- I REMEMBER ONE MEETING
28 WE HAD TOGETHER, HAVING LUNCH, AND HE WAS COMPLAINING ABOUT

1 PEOPLE PHONING HIM, PEOPLE TRYING TO SEE HIM. AND HE SAID
2 TO ME IN A SOMEWHAT THREATENING MANNER, WELL, MAYBE I JUST
3 OUGHT TO CANCEL ALL OF THESE PEOPLE OUT AND FORGET ABOUT ALL
4 OF THE INVESTMENTS AND I SAID, "LISTEN, YOU ARE IN A SERVICE
5 BUSINESS. AND IF YOU FEEL YOU ARE NOT MAKING A REASONABLE
6 PROFIT, THEN CASH EVERYBODY OUT."

7 Q RIGHT.

8 A SO THAT IS, WHEN YOU ASKED THAT QUESTION, THAT
9 WAS -- I'M --

10 Q DID HIS ATTITUDE AT TIMES SEEM RATHER CAVALIER
11 TO YOU ABOUT OBTAINING MORE BUSINESS, AS OPPOSED TO HUNGRY?

12 MR. WAPNER: OBJECTION, CALLS FOR A CONCLUSION OF THE
13 WITNESS.

14 THE COURT: OVERRULED.

15 MR. BARENS: THANK YOU, YOUR HONOR.

16 Q INDIFFERENT MIGHT BE INTERCHANGEABLE WITH
17 CAVALIER IN THIS SETTING?

18 A I WOULD CHARACTERIZE IT AS ECCENTRIC.

19 Q ECCENTRIC IN THE SENSE THAT IT DIDN'T OCCUR TO
20 YOU? IN OTHER WORDS, YOU HAD BUSINESS WITH OTHER STOCKBROKERS,
21 RIGHT?

22 A YES.

23 Q AND THE AVERAGE STOCKBROKER IS SAYING I SUPPOSE,
24 BRING ME EVERYBODY YOU KNOW AND EVERYTHING THEY HAVE GOT AND
25 WE'LL DO THE BEST WE CAN OR SOMETHING LIKE THAT AND HUNT
26 DIDN'T SEEM TO HAVE THAT APPETITE, DID HE?

27 A NO HE DIDN'T.

28 Q AND THAT APPEARED EVEN AT THE TIME, ECCENTRIC,

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1 TO YOU?

2 A YES, BECAUSE BEING IN THE SERVICE BUSINESS, IT
3 WOULD SEEM TO ME THAT WHAT YOU HAVE TO OFFER IS AVAILABILITY
4 OF PERSON AND CERTAINLY AVAILABILITY OF IDEAS AND IT SEEMED
5 TO RUN COUNTER, HIS ATTITUDE OR HIS BEHAVIOR, SEEMED TO
6 RUN COUNTER TO SERVICING AND PROTECTING PEOPLE'S ACCOUNTS
7 WITHIN THE FRAMEWORK -- WITHIN THE NORMAL FRAMEWORK OF
8 STOCKBROKERAGE.

9 Q OKAY. NOW, THE PEOPLE THAT CAME IN, MR. HUNT
10 HAD NOT SOLICITED, IS THAT CORRECT?

11 A CORRECT.

12 Q AND THE DECISIONS THEY MADE TO INVEST, WERE BASED
13 EITHER ON CONFIDENCE THAT THEY HAD IN YOU OR CONFIDENCE THEY
14 HAD GENERALLY IN THIS TYPE OF INVESTMENT VEHICLE OR PAST
15 EXPERIENCE THEY HAD, WHAT WAS YOUR SENSE OF THAT, SIR?

16 MR. WAPNER: OBJECTION, CALLING FOR SPECULATION ON WHY
17 A CERTAIN PERSON MADE A DECISION TO INVEST.

18 THE COURT: SUSTAINED.

19 Q BY MR. BARENS: TO THE EXTENT YOU KNOW SIR, BASED
20 ON PERSONAL CONTACT YOU HAD WITH THE PEOPLE THAT INVESTED
21 SUBSEQUENT TO YOURSELF, DO YOU KNOW ON WHAT BASIS THEY
22 APPEARED TO YOU TO BE PROCEEDING?

23 MR. WAPNER: WELL, THERE IS THE SAME OBJECTION AND ALSO,
24 HE IS NOW TALKING ABOUT A GROUP THAT HAS BEEN DEFINED BY AS
25 MANY AS MAYBE 70 PEOPLE. SO HE IS TALKING ABOUT THE FIRST
26 ONE, THE 70, THIS ONE OR SOMEONE IN BETWEEN? IT CALLS FOR
27 A CONCLUSION AS TO WHY SOMEONE TOOK A PARTICULAR ACTION, WHICH
28 HE IS NOT QUALIFIED TO DO.

1 MR. BARENS: I ASKED LIMITED YOUR HONOR, TO THE EXTENT
2 HE KNEW, TO PERSONAL KNOWLEDGE OR CONTACT.

3 THE COURT: I SUSTAIN THE OBJECTION TO THAT PARTICULAR
4 QUESTION. REPHRASE IT, IF YOU WILL.

5 MR. BARENS: ONE MOMENT IF I MAY, YOUR HONOR.

6 (UNREPORTED COLLOQUY BETWEEN COUNSEL.)

7 Q BY MR. BARENS: WELL, DURING THIS PERIOD OF TIME,
8 DURING THE INITIAL FEW MONTHS, DID YOU DEVELOP SOMEWHAT OF
9 A PERSONAL RELATIONSHIP WITH MR. HUNT?

10 A YES I DID.

11 Q AND YOU HAD TALKS OTHER THAN JUST ABOUT BUSINESS?
12 YOU HAD SOME PERSONAL TYPE DISCUSSIONS?

13 A YES.

14 Q DID HE TELL YOU DURING THOSE DISCUSSIONS ABOUT
15 HIS EXPERIENCES IN CHICAGO?

16 A YES HE DID.

17 Q AND DID HE TELL YOU ABOUT HIS EXPERIENCE ON THE
18 CHICAGO COMMODITIES EXCHANGE?

19 A YES.

20 Q DID HE TELL YOU WHAT HAPPENED TO HIM THERE?

21 A YES.

22 Q WHAT DID HE TELL YOU?

23 MR. WAPNER: OBJECTION, CALLS FOR HEARSAY. I ASK TO
24 APPROACH THE BENCH.

25 MR. BARENS: WELL YOUR HONOR, YESTERDAY, WE GOT INTO
26 ALL THIS -- ADMITTED EVERYTHING HUNTEVER SAID TO THIS MAN.

27 THE COURT: I WILL OVERRULE THE OBJECTION.

28 MR. BARENS: THANK YOU, YOUR HONOR.

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1 Q IF YOU WOULD, SIR --

2 THE COURT: IT MAY BE SELF-SERVING IN PART. BUT PART
3 OF THE CONVERSATIONSTHEY HAD MIGHT BE MATERIAL. TELL US WHAT
4 HE TOLD YOU SO FAR AS BASICALLY, THE CHICAGO EXCHANGE.

5 THE WITNESS: HE SAID --

6 THE COURT: IS HE INTERFERING WITH YOU? I CAN ADMONISH
7 HIM TO KEEP QUIET.

8 MR. BARENS: ACTUALLY, MR. HUNT HAD TOLD MR. CHIER
9 SOMETHING THAT HE REPEATED TO ME FROM MR. HUNT.

10 THE COURT: IS HE DISTURBING YOU IN ANY WAY? IF HE
11 IS, LET ME KNOW.

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1 MR. BARENS: NOT AT ALL, YOUR HONOR. ACTUALLY, IT WAS
2 HELPFUL TO THAT EXTENT. BUT IF HE DOES, I WILL TELL YOU,
3 YOUR HONOR.

4 (LAUGHTER IN THE COURTROOM.)

5 ALL RIGHT. BE ADVISED, MR. CHIER.

6 Q BY MR. BARENS: IF YOU WOULD, ANSWER THE QUESTION,
7 SIR.

8 THE COURT: IT LOOKS LIKE A CHARLIE MC CARTHY ACT.
9 I GOT THE IMPRESSION YOU WANTED TO LEAVE.

10 MR. BARENS: YOUR HONOR, NO. WHEN HE PUTS HIS HAND
11 ON MY BACK, YOU WILL KNOW. THANK YOU, YOUR HONOR.

12 Q IF YOU WOULD, SIR?

13 A HE SAID THAT -- I AM PARAPHRASING, THAT HE WAS
14 A BRIGHT YOUNG MAN WITH VERY GOOD IDEAS IN TERMS OF TRADING
15 AND THAT THERE WAS A GROUP IN CHICAGO WHO MORE OR LESS
16 CONTROLLED THE MERCANTILE EXCHANGE AND WHEN THEY RECOGNIZED
17 THAT HE WAS GETTING THEM AT THEIR OWN TRADING GAME, THAT THEY
18 CONSPIRED AGAINST HIM AND LAID ON A CERTAIN TRADE WHEREBY,
19 HE WAS KNOCKED OUT OF HIS FINANCIAL POSITION.

20 Q DID HE TELL YOU THAT HE HAD ACTION TAKEN AGAINST
21 HIM IN THE CHICAGO MERCANTILE EXCHANGE AS A RESULT OF THESE
22 ACTIVITIES?

23 A I BELIEVE HE SAID HE LOST A SEAT ON THE EXCHANGE.

24 Q YES. HE TOLD YOU THAT ULTIMATELY IN CHICAGO,
25 HE HAD BEEN, TO PARAPHRASE, KICKED OUT OF THE EXCHANGE?

26 A YES.

27 Q NOW, YOU HAD TESTIFIED YESTERDAY THAT PERIODICALLY,
28 YOU WOULD RECEIVE INVESTMENT RECAPS AND WHEN YOU GOT THE

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1 RECAPS, WERE YOU FOLLOWING ALONG PRIOR TO THAT TIME OR WHENEVER
2 YOU GOT THEM? DID YOU FOLLOW THE UNDERLYING MARKETS?

3 A WHAT MARKET?

4 Q WELL, AND I MAY SPEAK HYPOTHETICALLY NOW, IF YOU
5 INVESTED IN CERTAIN GOVERNMENT SECURITIES OR IF YOU WERE
6 INVESTED IN GOLD, DID YOU EVER LOOK AT THE NEWSPAPER TO FOLLOW
7 THE MARKET, SO TO SPEAK?

8 A I CERTAINLY LOOKED AT THE FINANCIAL SECTION OF THE
9 PAPER. BUT I HAD A LOT OF DIFFICULTY MAKING HEADS OR TAILS
10 OF WHAT WE WERE DEALING IN AND WHAT ALL THOSE PERCENTAGE
11 POINTS MEANT, PLUS OR MINUS.

12 Q DID YOU EVER ASK ANYONE, INCLUDING OR EXCLUDING
13 MR. HUNT, TO GIVE YOU ADVICE SO THAT YOU COULD PERHAPS LOOK
14 AT THE L.A. TIMES OR WALL STREET JOURNAL AND TRY TO TRACK
15 YOUR INVESTMENTS?

16 A NOT NECESSARILY, NO. THE ONLY ADVICE THAT HE
17 GAVE ME ESSENTIALLY, HAD TO DO WITH THE GOLD TRADING BUT THAT
18 CAME UP MUCH LATER.

19 Q OKAY. AND I WILL TRY TO GET TO THAT. DID MR.
20 HUNT IN SPEAKING WITH THE PEOPLE THAT YOU INTRODUCED HIM TO,
21 TO THE EXTENT YOU HAVE PERSONAL KNOWLEDGE SIR, EVER PERSONALLY
22 GUARANTEE THE INVESTMENTS OF THE PEOPLE?

23 A TO THE EXTENT THAT HE GUARANTEED THAT NONE OF
24 US WOULD LOSE ANY MORE THAN 15 PERCENT OF OUR ORIGINAL
25 INVESTMENT.

26 Q OKAY. AND HE SAID IF YOU LOST MORE THAN -- I
27 THINK YOU SAID, 15, MEANING 15?

28 A 15.

1 Q THAT HE WOULD MAKE UP THE DIFFERENCE?

2 A YES.

3 Q AND HE SAID HE WOULD PERSONALLY DO THAT?

4 A YES.

5 Q OKAY. DID HE HAVE ANY CONTRACTUAL UNDERSTANDING
6 WITH YOU FOLKS TO THAT EXTENT? NOW, CONTRACTUAL IN THIS
7 SENSE, MEANING WRITTEN UNDERTAKING?

8 A NO.

9 Q THIS WAS SOMETHING THAT HE JUST SAID?

10 A YES.

11 Q OKAY. DID ANY OF THE INVESTORS THAT YOU WERE
12 FAMILIAR WITH, EVER HEAR ANYTHING ELSE BY WAY OF A GUARANTEE?

13 A I'M SORRY. I DIDN'T FOLLOW THAT.

14 Q WELL, DID HE GUARANTEE ANYTHING, ASIDE FROM --
15 "I WILL COVER THE DOWNSIDE POSITION" OR DID HE EVER GUARANTEE
16 TO COVER THE UPSIDE POSITION? IN OTHER WORDS, I GUARANTEE
17 YOU, YOU WILL MAKE SO AND SO AND IF YOU DON'T, I WILL PAY
18 THAT TO YOU PERSONALLY?

19 A THAT, I DON'T REMEMBER. I DON'T REMEMBER HIM
20 EVER SAYING THAT.

21 Q OKAY. YOU DON'T?

22 A NO.

23 Q YOU DON'T REMEMBER HIM SAYING THAT HE WILL
24 GUARANTEE THAT YOU WILL MAKE 30 PERCENT ON YOUR MONEY AND
25 IF YOU DON'T, I WILL PAY YOU 30 PERCENT ON YOUR MONEY?
26 WELL, I DON'T KNOW ANY BANK THAT WOULD SAY, THAT LIKE THE BANK
27 WOULD SAY ON THE 5 PERCENT THEY ARE GOING TO PAY YOU.

28 MR. WAPNER: OBJECTION, COMPOUND.

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1 THE COURT: DO YOU UNDERSTAND THE QUESTION?

2 MR. BARENS: I THINK THE WITNESS UNDERSTOOD.

3 THE COURT: DO YOU UNDERSTAND THE QUESTION?

4 THE WITNESS: I UNDERSTOOD THE QUESTION.

5 THE COURT: YOU MAY ANSWER.

6 THE WITNESS: THERE WAS AN ASSURANCE THAT HE PLEDGED
7 TO ME IN THE BEGINNING AND MENTIONED TO THE PEOPLE LATER ON,
8 THAT THERE WOULD BE A RETURN ON THE INVESTMENT, ON OUR
9 INVESTMENTS OF ROUGHLY 15 TO 18 PERCENT A MONTH.

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1 Q BY MR. BARENS: DID HE EVER TELL YOU IF IT
2 MATURES OR MATERIALIZES THAT HE GUARANTEED THE 15 TO 18 PERCENT?

3 A NO.

4 Q OKAY. YOU MENTIONED THAT LATER ON, I THINK WE
5 ARE INTO 1984, THAT AT A POINT, I THINK IT WAS JANUARY OF
6 1984, THAT YOU REFINANCED YOUR HOME, RECEIVING SOME \$50,000?

7 A YES.

8 Q FOR WHICH YOU MADE AN INVESTMENT?

9 A YES.

10 Q DID MR. HUNT EVER ASK YOU TO REFINANCE YOUR HOME?

11 A NO.

12 Q AND HE HAD NOT REQUESTED THAT YOU OBTAIN \$50,000
13 TO INVEST?

14 A HE NEVER SOLICITED.

15 Q NOW, WE HAD SOME DISCUSSION ABOUT REINVESTING
16 OF A CERTAIN PERCENTAGE OR PORTION OF PROFIT THAT HUNT HAD
17 RECEIVED AND THEN IN REFERENCE TO ONE OF THE EXHIBITS YOU
18 HAD INDICATED THERE WAS \$60,000 IN THAT REGARD?

19 A YES.

20 Q DID HUNT ACTUALLY HAND YOU A CHECK FOR \$60,000?

21 A YES.

22 Q NOW, WERE YOU FREE TO WALK OUT WITH THE \$60,000?

23 A YES.

24 Q AND AFTER DISCUSSIONS WITH HUNT, YOU DECIDED THAT
25 YOU WOULD INSTEAD REINVEST A PORTION OF THE MONEY, I BELIEVE
26 YOU SAID \$35,000; WHO MADE THE DECISION, SIR, THAT THE SUM
27 WOULD BE \$35,000 AS OPPOSED TO ANY OTHER NUMBER?

28 A IT WAS A QUESTION OF TIME.

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1 IT WASN'T A QUESTION OF CHOOSING A PARTICULAR
2 NUMBER.

3 I WAS ON MY WAY TO EUROPE AND THERE WERE THREE
4 OR FOUR OTHER PEOPLE FOR WHOM I WANTED TO INVEST WITH JOE
5 AND I DIDN'T HAVE THE TIME TO GO AHEAD AND DO THAT, AND I
6 HAD BEEN TALKING TO A FEW OF THESE PEOPLE BEFORE I LEFT AND
7 I HAD PLANNED TO CONTINUE TALKING TO THEM A LITTLE BIT AFTER
8 I RETURNED, SO IT WAS JUST A FUNCTION OF TIME.

9 BUT I HAVE ENTERED INTO AGREEMENTS WITH PEOPLE
10 FOR WHOM I HAVE TRUST AND RESPECT, SOMETIMES ON A HANDSHAKE.
11 IT DOESN'T HAVE TO BE A WRITTEN AGREEMENT. IT CAN BE VERBAL.

12 Q I UNDERSTAND.

13 A IF I GIVE YOU MY WORD, I GIVE YOU MY WORD.

14 Q I UNDERSTAND AND ACCEPT THAT, MR. WEISS.

15 WHAT I AM SEEKING IS, IF YOU COULD, THOUGH, ANSWER
16 ME, THAT IN THE UNIVERSE OF NUMBERS, YOU COULD HAVE DRAWN
17 BETWEEN ZERO AND \$60,000 AND YOU SELECTED THE NUMBER 65 --
18 I AM SORRY -- \$35,000?

19 A 35,000.

20 Q IS THERE A REASON, A FINANCIAL REASON OR A
21 NUMERICAL ASCRIBABLE REASON?

22 A SEVEN PEOPLE.

23 Q OKAY, SO IT HAD TO DO WITH A DECISION YOU MADE?

24 A YES.

25 Q MR. HUNT DIDN'T SAY, KEEP 25,000, GIVE ME THIRTY-FIVE?

26 A NO.

27 Q YOU, ON YOUR OWN, SAID WELL, MY DECISION IS I
28 WILL KEEP TWENTY-FIVE AND INVEST FIVE PER PERSON FOR SEVEN

1 PEOPLE?

2 A UH-HUH.

3 MR. WAPNER: IS THAT A YES?

4 THE WITNESS: YES. SORRY. YES.

5 Q BY MR. BARENS: DID MR. HUNT SAY TO YOU, I WILL
6 ONLY GIVE YOU THE \$60,000 SO LONG AS YOU REINVEST 35,000 WITH
7 ME?

8 A THE UNDERSTANDING WAS THAT I WOULD REINVEST FOR
9 THESE PEOPLE IN THIS SO-CALLED PROGRAM.

10 Q I UNDERSTAND THAT ULTIMATELY IT WAS THE
11 UNDERSTANDING.

12 I AM ASKING YOU IF, PRIOR TO YOUR GETTING THE
13 60,000, MR. HUNT SAID TO YOU, I WILL GIVE YOU 60,000 IF YOU
14 GUARANTEE TO REINVEST THE \$35,000 WITH ME?

15 A NO.

16 IT WAS MUTUAL. WE AGREED THAT THAT WAS THE WAY
17 WE WOULD DO IT.

18 Q DID THERE APPEAR TO BE STRINGS ATTACHED TO THE
19 \$60,000 PRIOR TO THE TIME IT WAS HANDED TO YOU?

20 A NO.

21 Q NOW, THIS DISCUSSION ABOUT, WHAT I AM GOING TO
22 GENERALLY CHARACTERIZE AS PHILANTHROPIC TYPE INVESTMENTS,
23 AND JUST ACCEPT THAT TERM FOR NOW, IF YOU WOULD, MR. WEISS,
24 UNDERSTANDING WHAT I MEAN; WAS THAT ONE DISCUSSION OR A
25 SERIES OF DISCUSSIONS?

26 A IT MIGHT HAVE BEEN A SERIES OF DISCUSSIONS, BUT
27 AS I REMEMBER IT, ESSENTIALLY, IT WAS ONE CONVERSATION.

28 MR. BARENS: COULD I HAVE A MOMENT, YOUR HONOR?

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1 (UNREPORTED COLLOQUY BETWEEN MR. BARENS
2 AND MR. CHIER.)

3 Q BY MR. BARENS: PRIOR TO THE \$60,000 EVENT, WE
4 WILL CALL IT, YOU HAD HAD DISCUSSIONS WITH MR. HUNT ABOUT
5 PERCENTAGES OF HIS PROFITS OR YOURS BEING APPLIED IN SOME
6 PHILANTHROPIC SETTING?

7 A YES.

8 Q WERE THERE EVER ANY DISTRIBUTIONS TO YOU PURSUANT
9 TO THOSE DISCUSSIONS?

10 A I DON'T UNDERSTAND THAT. I AM SORRY.

11 Q WELL, YOU AND MR. HUNT, PRIOR TO THE TIME THE
12 \$60,000 CAME UP, HAD HAD DISCUSSIONS, I BELIEVE, ABOUT
13 SEGREGATING CERTAIN SUMS OR PERCENTAGES OR MONEYS FOR OTHER
14 THAN HARD FINANCIAL PURPOSES BUT, RATHER, FOR MORE
15 PHILANTHROPIC PURPOSES?

16 A UH-HUH.

17 Q AS A RESULT OF ANY OF THOSE DISCUSSIONS, AT ANY
18 TIME HAD THERE BEEN ANY DISTRIBUTIONS TO YOU OF FUNDS PURSUANT
19 TO THOSE DISCUSSIONS?

20 A NOT THAT I KNOW OF.

21 Q SO THE DISTRIBUTIONS YOU HAD RECEIVED PRIOR TO
22 THE \$60,000 WERE ALL JUST FINANCIAL-BASED OR FINANCIAL NEXUS
23 DISTRIBUTIONS AS OPPOSED TO PHILANTHROPIC NEXUS?

24 A YES.

25 Q THEN AT THIS POINT, WAS THERE A PARTICULAR REASON
26 WHY THAT DISCUSSION CAME UP AT THIS POINT AS FAR AS MAKING
27 A DECISION NOW THAT YOU WILL INVEST \$35,000?

28 A WE HAD NEVER HAD A CONVERSATION LIKE THE ONE WE

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1 HAD WITH REGARD TO A VIEW OF SOCIETY IN WHICH THERE WOULD
2 BE A POSSIBILITY FOR PEOPLE WHO ARE FINANCIALLY BETTER BASED
3 TO HELP PEOPLE IN NEED AND WE BOTH DISCOVERED THAT, AND I
4 WAS GRATIFIED, BEING AN OLDER PERSON COMING FROM THE PREVIOUS
5 GENERATION, THAT IN THE YOUNGER GENERATION SOMEONE WAS
6 DEMONSTRATING THE KIND OF POINT OF VIEW, BASED ON MY OWN
7 EXPERIENCE, THAT COULD CONTRIBUTE TO THE WORLD AT LARGE.

8 Q THAT POINT OF VIEW THAT HUNT EXPRESSED AT THAT
9 TIME, DID NOT SEEM INCONSISTENT WITH HIS CHARACTER AS YOU
10 KNEW HIM?

11 A IT DIDN'T SEEM INCONSISTENT WITH HIS CHARACTER
12 BECAUSE THERE WASN'T THAT MUCH REVEALED ABOUT HIS CHARACTER,
13 AS I SAID.

14 Q RIGHT.

15 A AS I SAID, HE SEEMED ECCENTRIC AND I LIKENED HIM
16 TO HOWARD HUGHES, STRANGE, BUT WITH A CERTAIN ABILITY TO
17 PERFORM WITHIN THE FRAMEWORK OF SOCIETY.

18 Q I WISH I COULD. IN ANY EVENT, IT IS A MINOR JOKE,
19 YOUR HONOR.

20 IN ANY EVENT, YOU HAD ALSO MENTIONED ABOUT
21 REINVESTING OR TAKING DISTRIBUTIONS. HAD YOU EVER HEARD HUNT
22 COUNSEL INVESTORS TO TAKE THEIR PROFITS OUT OR LIQUIDATE AT
23 CERTAIN POINTS IN TIME?

24 A I NEVER HEARD HIM PER SE, BUT I DID SEE PAPERWORK
25 WHERE HE WOULD BE MAKING RECOMMENDATIONS, AND I THINK THERE
26 WAS ONE IN JUNE OF '84 WHERE A LETTER WAS SENT TO THE
27 INVESTORS MAKING CERTAIN SUGGESTIONS AND RECOMMENDATIONS.

28 Q IN INSTANCES WHERE REINVESTMENTS WERE MADE BY

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1 YOURSELF, WHERE YOU DETERMINED TO REINVEST IN THE PROGRAM,
2 WAS THAT A RESULT OF HUNT SAYING TO YOU, WELL, LISTEN, YOU
3 HAD BETTER REINVEST THESE DISTRIBUTIONS AVAILABLE AND THAT
4 IS IT, OR WERE THOSE DECISIONS YOU MADE AS AN INVESTOR?

5 A IT WAS THOSE DECISIONS I MADE AS AN INVESTOR.

6 Q NOW YOU MENTIONED IN APRIL OF 1984, YOU MADE AN
7 INVESTMENT IN GOLD THROUGH MR. HUNT?

8 A YES.

9 Q NOW, GOLD WAS A COMMODITY I SUPPOSE, THAT YOU
10 COULD TRACK ON THE OPEN MARKET OR LISTENING TO ON THE RADIO
11 QUOTES OR THINGS OF THAT NATURE; DID YOU DO THAT?

12 A NO, I DIDN'T.

13 Q ALL RIGHT. YOU MENTIONED THAT YOU HAD A
14 CONVERSATION THAT HUNT TOLD YOU THAT THE MONEY HAD DOUBLED
15 IN A TWO-WEEK PERIOD.

16 A YES.

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1 Q DID THAT KIND OF A CONVERSATION SUGGEST TO YOU
2 THAT THAT TYPE OF INVESTMENT WAS PROBABLY FAIRLY VOLATILE?

3 A YES.

4 Q DID IT IN ANY WAY TELL YOU THAT, YOU KNOW, IF
5 IT COULD GO UP DOUBLE IN TWO WEEKS, IT COULD GO DOUBLE DOWN
6 IN TWO WEEKS?

7 A BUT I WAS TOLD WE WERE OUT OF IT AND THAT THE
8 MONEY -- THE PROFIT WOULD BE FORTHCOMING.

9 IT WASN'T WHERE IT WAS A LONG TERM INVESTMENT.
10 THE INVESTMENT, AS IT WAS DESCRIBED INITIALLY,
11 WAS A SHORT TERM INVESTMENT AND THAT IN A WEEK OR TWO, WE
12 WOULD BE OUT OF IT.

13 AND THEN WHAT I DID DO IN TERMS OF TRACKING IT
14 WAS TO STAY IN TOUCH WITH HIM IN HIS OFFICE AND I WAS TOLD
15 THAT THE GOLD HAD DOUBLED IN PRICE AND THAT WE HAD SUSTAINED
16 A PROFIT AND THAT THAT WOULD BE FORTHCOMING.

17 Q THAT WAS IN APRIL OF '84?

18 A YES.

19 Q AND AT OR ABOUT THAT TIME OR AT ANOTHER TIME,
20 IF YOU WISH TO CORRECT ME, SIR, DID MR. HUNT SHOW YOU SOME
21 TRADING DOCUMENTS HE HAD WITH A PLACE OR HAD RECEIVED FROM
22 A PLACE CALLED CLAYTON BROKERAGE?

23 A I DO REMEMBER BEING SHOWN SOMETHING FROM A
24 BROKERAGE HOUSE WHERE IT LOOKED FORMAL.

25 Q AND DID IT SHOW THAT IT WAS INVOLVING TRADES
26 ON A GUY NAMED RON LEVIN?

27 A I DON'T REMEMBER THE NAME.

28 Q DID IT SHOW MILLIONS OF DOLLARS?

1 A YES, IT DID.

2 Q DID IT SHOW MAYBE UPWARDS OF THIRTEEN OR FOURTEEN
3 MILLION DOLLARS?

4 A MY MEMORY IS SOMEWHERE LIKE SEVEN OR EIGHT MILLION
5 DOLLARS, BUT IT WAS A SUBSTANTIAL, LARGE AMOUNT.

6 Q AND WHAT DID MR. HUNT TELL YOU ABOUT THAT, SIR?

7 A THAT HE WAS VERY PLEASED THAT HE HAD BEEN ABLE
8 TO MAKE THAT KIND OF MONEY AND THAT IT WAS DONE THROUGH TRADING.

9 Q DID HE TELL YOU IN THAT INSTANCE HE WAS MAKING
10 THE MONEY FOR AN INVESTOR OR A PERSON HE WAS WORKING IN
11 CONJUNCTION WITH?

12 A YES.

13 Q AND HE DIDN'T REPRESENT TO YOU THAT THAT WAS
14 HIS OWN MONEY HE HAD INVESTED AND WORKED UP TO THAT POINT,
15 DID HE?

16 A NO.

17 Q DO YOU REMEMBER WHEN THAT WAS ABOUT IN POINT
18 OF TIME THAT YOU WERE SHOWN THAT DOCUMENT --

19 A I DON'T KNOW.

20 Q -- OR DOCUMENTS?

21 A I DON'T REMEMBER.

22 Q WERE YOU SHOWN THAT ON MORE THAN ONE OCCASION?

23 A IT MIGHT HAVE BEEN TWO TIMES THAT I SAW IT BUT
24 I AM NOT SURE OF THAT EITHER.

25 I SAW IT ONCE, THAT I AM SURE OF.

26 Q OKAY. NOW YOU MENTIONED THAT BY SEPTEMBER, YOU
27 WERE ADVISED BY MR. HUNT THAT THERE WAS NO MONEY THERE AND
28 THAT AS A RESULT OF SOMETHING THAT HAD HAPPENED IN THE TRADING

1 SETTING THAT ALL OF THE MONEY HAD BEEN LOST IN ONE FELL
2 SWOOP, IS ESSENTIALLY WHAT I GOT FROM YOUR TESTIMONY.

3 A ESSENTIALLY, THAT IS THE WAY IT WENT.

4 BUT ON THE THURSDAY, WE WERE ASSURED THE MONEY
5 WAS THERE.

6 Q YES.

7 A AND ON THE MONDAY, WE WERE TOLD THE MONEY WAS
8 NOT THERE AND THAT HE HAD LIED.

9 Q AND THE LIE BEING THAT WHEN HE TOLD YOU THE MONEY
10 WAS THERE THURSDAY, I THINK HE WAS TELLING YOU, IF IT ISN'T
11 THERE MONDAY, IT PROBABLY WASN'T THERE THURSDAY?

12 A RIGHT.

13 Q YOU SUGGESTED HE HAVE A MEETING OF ALL THE
14 INVESTORS AND BY "ALL OF THE INVESTORS," YOU MEANT THE PEOPLE
15 YOU HAD BROUGHT IN AS WELL, I PRESUME?

16 A PEOPLE THAT I HAD BROUGHT IN AND PEOPLES' FRIENDS
17 WHOM THEY HAD BROUGHT IN AS IT BECAME LARGER.

18 Q WHERE DID YOU HAVE THAT MEETING?

19 A ON SOUTH BEVERLY DRIVE IN BEVERLY HILLS.

20 Q AND DID MR. HUNT APPEAR TO BE FOLLOWING YOUR
21 ADVICE IN STRUCTURING THAT MEETING?

22 A YES, BY CALLING THE MEETING, YES.

23 Q THAT IS WHAT I MEANT.

24 A YES.

25 Q DO YOU KNOW IF A TAPE RECORDING WAS MADE OF THAT
26 MEETING?

27 A YES, I DO.

28 Q IN FACT, THERE WAS ONE MADE, WAS THERE NOT, SIR?

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1 A YES, THERE WAS.

2 Q YOU MENTIONED --

3 HAVE YOU HEARD THE TAPE RECORDING?

4 A YES, I HAVE.

5 Q DURING THAT MEETING, YOU SAY THERE WAS SOME
6 DISCUSSION OF THE MILLION FIVE CHECK AND THAT MR. HUNT SHOWED
7 YOU THE CHECK?

8 A YES.

9 Q AND THEN YOU SAY THAT HE DIDN'T WANT ANYBODY
10 TO SEE THE CHECK?

11 A YES.

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1 Q HE HAD SHOWN YOU THE CHECK, THOUGH?

2 A YES, HE DID.

3 Q AND HE KNEW THAT YOU HAD BROUGHT IN 30 OR 40
4 PEOPLE; HE DIDN'T SAY TO YOU, "DON'T TELL ANYBODY ABOUT THIS
5 CHECK," DID HE?

6 A NO.

7 Q DIDN'T CHESTER BROWN SEE THE CHECK?

8 A I DON'T THINK SO. HE MAY HAVE BUT I DON'T THINK
9 SO.

10 Q ON THE TAPE RECORDING THAT YOU HEARD, DIDN'T
11 MR. HUNT TELL ALL OF THE INVESTORS ABOUT THIS?

12 A ABOUT WHAT?

13 Q THE MILLION FIVE HUNDRED THOUSAND CHECK?

14 A YES, HE DID.

15 Q DIDN'T HE TELL THE INVESTORS THAT THERE WAS SOME
16 PROBLEM WITH THE CHECK?

17 A YES.

18 Q WHAT DID HE TELL THEM ABOUT THAT, SIR?

19 A THAT IT HADN'T BEEN PROCESSED.

20 Q DID HE TELL YOU THAT THERE WAS A PROBLEM IN GETTING
21 IT PROCESSED?

22 A I BELIEVE HE DID.

23 THE COURT: DID HE TELL YOU THE CHECK HAD COME BACK
24 NO GOOD, NOT SUFFICIENT FUNDS?

25 THE WITNESS: NO, HE DIDN'T.

26 MR. BARENS: COULD I GET HIM TO TELL US WHAT WAS TOLD,
27 SIR?

28 THE COURT: SURE.

1 Q MR. BARENS: WHAT DID HE TELL YOU THE PROBLEM
2 WAS?

3 A THAT THERE WAS DIFFICULTY IN BANKING PROCEDURES
4 BETWEEN THE UNITED STATES AND WHEREVER THIS CHECK HAD BEEN
5 DRAWN.

6 Q DID HE TELL YOU THAT THE MAKER OF THE CHECK WAS
7 MISSING?

8 A I DON'T RECALL THAT.

9 Q YOU DON'T RECALL HEARING THAT --

10 A NO, I DON'T.

11 Q -- ON THE TAPE?

12 A NO, I DON'T.

13 I LISTENED TO THE TAPE AND I FIND THAT IT IS
14 DIFFICULT TO DECIPHER. IT IS NOT AN EASY TAPE TO --

15 Q OKAY, SETTING ASIDE THE TAPE, YOU DON'T RECALL
16 THAT TYPE OF A COMMENT --

17 A NO, I DON'T.

18 Q -- MADE BY MR. HUNT, FROM YOUR INDEPENDENT
19 RECOLLECTION?

20 A NO, I DON'T.

21 Q WHEN MR. HUNT SHOWED YOU THE CHECK, DID THE CHECK
22 SHOW WHO IT WAS MADE OUT TO?

23 A I DON'T RECALL WHO IT WAS MADE OUT TO.

24 IT WAS, AS I SAY, IT WAS A CHECK THAT, ALTHOUGH
25 IT LOOKED LIKE A CHECK, IT DIDN'T LOOK LIKE THAT FAMILIAR
26 TO ME.

27 Q DID THE CHECK HAVE AS THE PAYEE ON IT, JOSEPH
28 HUNT?

1 A I BELIEVE SO.

2 Q THE CHECK SAID JOSEPH HUNT ON IT FOR A MILLION
3 FIVE HUNDRED THOUSAND DOLLARS?

4 A THAT, I DO REMEMBER.

5 THE COURT: YOU DO REMEMBER THE MILLION FIVE?

6 THE WITNESS: THE MILLION FIVE, YES.

7 THE COURT: YOU DON'T REMEMBER THE NAME OF THE PAYEE,
8 DO YOU?

9 THE WITNESS: I AM NOT SURE.

10 Q BY MR. BARENS: COULD THE MILLION FIVE HAVE BEEN
11 MADE OUT TO MICROGENESIS AS OPPOSED TO MR. HUNT?

12 A I DON'T KNOW.

13 Q YOU JUST DON'T HAVE ANY INDEPENDENT RECOLLECTION?

14 A NO, I DON'T HAVE ANY INDEPENDENT RECOLLECTION
15 OF THAT.

16 Q OKAY. NOW HUNT WENT ON AT THAT MEETING TO TALK
17 ABOUT CERTAIN PROMISSORY NOTES?

18 A YES.

19 Q DID YOU GET A FEELING FROM THE DIALOGUE AND THE
20 Demeanor OF HUNT THAT HE WAS STALLING EVERYBODY?

21 A I DIDN'T GET A FEELING HE WAS STALLING ANYBODY.

22 I THOUGHT HE WAS AGGRESSIVE AND ARROGANT AND
23 ATTEMPTING TO BLAME US FOR THE OUTCOME OF THE LOSS OF MONEY.

24 Q HOW WAS THAT?

25 A PARDON ME?

26 Q HOW WAS THAT APPARENT TO YOU?

27 HOW WAS HE BLAMING THE INVESTORS FOR THE APPARENT
28 DEBACLE THAT HAD OCCURRED?

1 A JUST BY WHAT HE WAS SAYING AND WHAT HIS ATTITUDE
2 WAS .

3 Q TALK TO ME ABOUT THAT.

4 A I MEAN IT WASN'T SOMEONE WHO WAS PREPARED TO
5 ADMIT THAT HE HAD MADE GRIEVOUS ERRORS OR HE WAS INVOLVED
6 IN SOME SORT OF A SCAM OR HE DELIBERATELY DEFRAUDED US.

7 IT WAS SOMEONE WHO -- AS IF THERE WAS AN ATTEMPT
8 TO TURN OUR ANGER TOWARDS HIM AROUND AND WHERE WE WOULD BE
9 THE ONES WHO WOULD BE AT FAULT.

10 Q RIGHT.

11 HUNT, INSTEAD OF DUCKING AND DODGING --

12 THE COURT: DO YOU WANT TO FINISH UP?

13 MR. BARENS: EXCUSE ME, YOUR HONOR?

14 THE COURT: DO YOU WANT TO FINISH UP THIS QUESTIONING
15 AND THEN WE WILL TAKE A RECESS?

16 MR. BARENS: THANK YOU. A MOMENT, IF I MIGHT, YOUR
17 HONOR. I WILL FINISH AFTER LUNCH, YOUR HONOR.

18 THE COURT: WAIT A MINUTE UNTIL YOU LISTEN TO YOUR
19 COUNSEL THERE.

20 MR. BARENS: WELL, HE IS TELLING ME ABOUT SOMETHING
21 ELSE NOW, JUDGE.

22 THE COURT: IS IT ALL RIGHT WITH HIM IF WE TAKE AN
23 ADJOURNMENT AT THIS TIME?

24 MR. BARENS: I DON'T CARE IF IT IS, JUDGE.

25 MR. CHIER: IT IS FINE, JUDGE.

26 THE COURT: LADIES AND GENTLEMEN OF THE JURY, WE WILL
27 TAKE OUR CUSTOMERY RECESS UNTIL 1:45 THIS AFTERNOON. 1:45,
28 WE NEED BECAUSE THERE IS ONLY ONE REPORTER, YOU SEE, THE

1 OTHER ONE IS AWAY. SHE WILL NEED THE EXTRA 15 MINUTES TO
2 TRANSCRIBE HER NOTES.

3 ALL RIGHT, 1:45.

4 THE SAME ADMONITION I GAVE YOU WOULD STILL APPLY.

5 MR. BARENS: YOUR HONOR, WE HAVE A LOGISTICS QUESTION
6 ABOUT THE SWISS STUFF.

7 (AT 12:00 NOON AN ADJOURNMENT WAS TAKEN
8 UNTIL 1:45 P.M. OF THE SAME DAY.)

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1 SANTA MONICA, CALIFORNIA; TUESDAY, MARCH 3, 1987; 1:55 P.M.
2 DEPARTMENT WEST C HON. LAURENCE J. RITTENBAND, JUDGE
3 (APPEARANCES AS NOTED ON TITLE PAGE.)
4

5 THE CLERK: YOU HAVE BEEN PREVIOUSLY SWORN. STATE AND
6 SPELL YOUR NAME FOR THE RECORD.

7 THE WITNESS: STEVE WEISS.
8

9 STEVE WEISS,
10 CALLED AS A WITNESS BY THE PEOPLE, HAVING BEEN PREVIOUSLY
11 SWORN, RESUMED THE WITNESS STAND AND TESTIFIED FURTHER AS
12 FOLLOWS:
13

14 CROSS-EXAMINATION (CONTINUED)

15 BY MR. BARENS:

16 Q MR. WEISS, DIRECTING YOUR ATTENTION ONCE AGAIN
17 TO THE SEPTEMBER MEETING THAT YOU HAD BEEN TESTIFYING ABOUT,
18 AT THAT MEETING, DID HUNT DISCUSS ANY OTHER INVESTMENTS OR
19 BUSINESS ACTIVITIES THAT HE WAS INVOLVED IN, ASIDE FROM SAY,
20 COMMODITIES INVESTING AND WHAT HAPPENED IN COMMODITIES?

21 A HE SAID SOMETHING ABOUT MICROGENESIS AND ANOTHER
22 COMPANY, ANOTHER BUSINESS.

23 Q DID HE MAKE REFERENCE TO EXPECTANCIES THAT HE
24 MAY HAVE HAD CONCERNING THE SALE OF SOME TECHNOLOGY OR
25 EQUIPMENT INVOLVED WITH MICROGENESIS?

26 A YES.
27
28

1 Q DO YOU RECALL WHAT HE SAID IN THAT REGARD,
2 MR. WEISS?

3 A NOT REALLY, NO.

4 Q WAS THE SENSE YOU GOT FROM THE DISCUSSION, THAT
5 HE WAS INVOLVED IN SOME OTHER TECHNOLOGY FROM WHICH HE WAS
6 EXPECTING SOME MONEY TO BE GENERATED?

7 A YES.

8 Q DO YOU REMEMBER HIM TALKING ABOUT AN INVESTOR
9 OR A CO-VENTURER IN THAT THING, CALLED MR. KILPATRICK?

10 A NO.

11 Q DO YOU REMEMBER HIM TALKING ABOUT SELLING OPTIONS
12 THAT MIGHT HAVE INVOLVED SEVERAL MILLION DOLLARS INVOLVING
13 THAT TECHNOLOGY?

14 A I DON'T KNOW IF IT TOOK PLACE AT THAT MEETING.
15 BUT I DO REMEMBER AT THAT TIME THAT THERE WAS
16 SOME BUSINESS DEALINGS IN DENVER AND CANADA THAT INVOLVED
17 THESE KINDS OF TRANSACTIONS.

18 Q INVOLVING WHAT WE MIGHT CALL HIGH TECH ENTITIES
19 OR COMPANIES INVOLVED IN TECHNOLOGICAL DEVELOPMENT?

20 A YES.

21 Q HAD YOU KNOWN, DURING YOUR RELATIONSHIP WITH
22 MR. HUNT, THAT HE WAS INVOLVED IN OTHER BUSINESS ENDEAVORS
23 OTHER THAN JUST ACTING AS A COMMODITIES INVESTOR AND TRADER?

24 A WELL, YES, THAT WAS MY PRIMARY CONCERN MIDWAY
25 INTO THE INVESTMENT PROGRAM BECAUSE I BEGAN TO FEEL, SINCE
26 HE SEEMED TO BE SO UNAVAILABLE, THAT HE WAS INVOLVED IN THESE
27 OTHER VENTURES AND HE WASN'T TAKING CARE OF THE PEOPLE FOR
28 WHOM HE WAS REPRESENTING IN THE TRADES.

2

1 Q DID YOU EVER GET ANY INFORMATION FROM MR. HUNT
2 OR STATEMENTS FROM MR. HUNT THAT SOME OF THOSE ACTIVITIES,
3 OTHER THAN COMMODITIES INVESTING, PER SE, COULD HAVE A
4 BENEFICIAL FINANCIAL RESULT FOR YOU AND OTHER INVESTORS IN
5 THE FINANCIAL FUTURES POOL?

6 A NOT NECESSARILY, NO.

7 Q DID HE AT THE SEPTEMBER MEETING SEEM TO INDICATE
8 THAT AS A RESULT OF ACTIVITIES IN THE OTHER AREAS, THE
9 NON-COMMODITIES AREAS, HE WAS LOOKING FOR MONEYS THAT COULD
10 REPRESENT A SOURCE FOR REPAYMENT OF THE COMMODITIES INVESTORS?

11 A YES.

12 Q AND WHEN HE SUGGESTED THE PROMISSORY NOTES THAT
13 YOU HAD MENTIONED IN YOUR EARLIER TESTIMONY, WAS IT THE SENSE
14 OF THE PEOPLE -- WELL, YOURSELF, FOR INSTANCE -- THAT HE
15 SEEMED TO BE COUPLING THOSE PROMISSORY NOTES AND HIS
16 EXPECTANCIES FROM THIS TECHNOLOGY, TOGETHER, THAT THAT MIGHT
17 HAVE BEEN A WAY HE WAS SUGGESTING TO YOU FOLKS THAT HE WAS
18 GOING TO TRY TO COVER THOSE NOTES?

19 A YES.
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1 Q WAS HE OFFERING THESE NOTES TO ALL OF THE INVESTORS
2 THERE?

3 A YES.

4 Q AND AT THAT POINT, IT WAS CLEAR TO YOU AND I
5 PRESUME TO EVERYONE ELSE THAT YOU COULD SEE THERE, THAT THERE
6 WERE NO MONEYS FROM COMMODITIES AVAILABLE FOR COMMODITIES
7 TRADING MONEYS THAT WERE STILL AVAILABLE, IS THAT CORRECT?

8 A THAT'S CORRECT.

9 Q NOW, AT THAT MEETING, HE DID NOT SOLICIT ANY
10 MONEYS FROM THE PERSONS THERE AS FAR AS BAIL-OUT MONEYS OR
11 LOAN ME MONEY?

12 A NO.

13 Q AND WHEN WE ARE TALKING ABOUT PROMISSORY NOTES
14 IN THIS CONTEXT, THAT IS NOT WHERE HE IS SOLICITING SOMEONE
15 TO LOAN ME MONEY AND I WILL GIVE YOU A PROMISSORY NOTE, IS
16 THAT CORRECT?

17 A THAT'S CORRECT.

18 Q IT IS RATHER, I AM STIPULATING THAT I OWE YOU
19 MONEY AND I WILL EXTEND A PERSONAL PROMISSORY NOTE?

20 A YES.

21 MR. BARENS: THANK YOU, MR. WEISS.

22

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REDIRECT EXAMINATION

24

BY MR. WAPNER:

25

Q MR. WEISS, WHEN YOU FIRST ENTERED INTO THE
26 ARRANGEMENT WITH MR. HUNT TO TRADE THE COMMODITIES, WAS THERE
27 ANY FORMAL WRITTEN DOCUMENT AT THAT TIME?

28

A NOT AT THAT TIME, NO.

1 Q AND DID YOU SUBSEQUENTLY SIGN SOME LIMITED
2 PARTNERSHIP AGREEMENT WITH MR. HUNT?

3 A YES I DID.

4 Q AND WOULD THAT HAVE BEEN IN MAY OF 1983?

5 A YES.

6 MR. WAPNER: YOUR HONOR, I HAVE HERE A DOCUMENT THAT
7 IS ENTITLED "LETTER OF INTENT, LIMITED PARTNERSHIP."

8 IT IS DATED MAY 20TH OF 1983. I BELIEVE IT
9 CONSISTS OF TWO PAGES.

10 IF I MIGHT HAVE A MOMENT, THERE MAY BE A PAGE
11 MISSING.

12 (PAUSE.)

13 Q BY MR. WAPNER: DID YOU ENTER INTO AN AGREEMENT
14 WITH MR. HUNT ON MAY THE 20TH? WAS THAT THE FIRST LIMITED
15 PARTNERSHIP AGREEMENT THAT YOU ENTERED INTO?

16 A YES.

17 Q AND AT THAT TIME WHEN YOU ENTERED INTO THAT
18 AGREEMENT, WAS MR. HUNT THE GENERAL PARTNER, THE SOLE GENERAL
19 PARTNER?

20 A YES.

21 Q AND HE WAS THE GENERAL PARTNER IN HIS NAME, CORRECT?

22 A YES.

23 Q AND WAS THAT AGREEMENT MODIFIED AT SOME POINT?

24 A THE AGREEMENT WAS MODIFIED LATER ON.

25 MR. WAPNER: YOUR HONOR, THIS DOCUMENT THAT IS ENTITLED
26 "LETTER OF INTENT, LIMITED PARTNERSHIP AGREEMENT," AND SIGNED
27 BY JOSEPH HUNT, MAY THAT BE MARKED AS 198 FOR IDENTIFICATION?

28 THE COURT: BE SO MARKED.

1 Q BY MR. WAPNER: SHOWING YOU 198 FOR IDENTIFICATION,
2 DO YOU RECOGNIZE THAT?

3 A YES.

4 Q WHAT IS IT?

5 A THAT IS THE LIMITED PARTNERSHIP AGREEMENT I SIGNED
6 WITH JOE HUNT ON MAY 20TH, 1983.

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1 Q IN THAT AGREEMENT, HE IS LISTED AS THE SOLE
2 GENERAL PARTNER AND YOU AS THE SOLE LIMITED PARTNER, CORRECT?

3 A YES.

4 Q AND AT SOME POINT AFTER THAT, DID YOU ENTER INTO
5 ANOTHER AGREEMENT WITH HIM WHERE THERE WAS A SUBSTITUTION
6 OF A GENERAL PARTNER?

7 A YES.

8 Q AND WHEN WAS THAT, IF YOU KNOW?

9 A I DON'T RECALL.

10 Q AND DO YOU REMEMBER WHAT THE PURPOSE OF THAT
11 WAS?

12 A I WAS TOLD THAT THIS LIMITED PARTNERSHIP AGREEMENT
13 WAS RATHER OLD FASHIONED AND THE NEW GENERAL PARTNERSHIP
14 AGREEMENT WOULD BE -- OR LIMITED PARTNERSHIP AGREEMENT WOULD
15 BE STREAMLINED AND MORE TAILORED FOR OUR KIND OF INVESTING.

16 MR. WAPNER: AND SHOWING YOU A DOCUMENT THAT I WOULD
17 LIKE TO HAVE MARKED AS 199 FOR IDENTIFICATION WHICH, YOUR
18 HONOR, CONSISTS OF SEVERAL PAGES AND SAYS "LIMITED PARTNERSHIP
19 AGREEMENT OF FUTURE HEDGES LIMITED PARTNERSHIP;" MAY THAT
20 BE 199?

21 THE COURT: SO MARKED.

22 Q NY MR. WAPNER: MR. WEISS, SHOWING YOU 199, DO
23 YOU RECOGNIZE THAT?

24 A YES, I DO.

25 Q WHAT IS THAT?

26 A THAT IS THE NEW LIMITED PARTNERSHIP AGREEMENT.

27 Q NOW, THAT HAS GOT THE DATE OF MAY THE 15TH, 1983
28 ON IT; IS THAT RIGHT?

1 A I AM NOT SURE ABOUT IT.

2 IT DOESN'T SEEM CORRECT TO ME.

3 EXCUSE ME.

4 Q ONE STEP AT A TIME.

5 THE WORDS ON THE PAGE SAY "MAY THE 15TH OF 1983,"

6 CORRECT?

7 A YES.

8 Q WHY DOESN'T THAT SEEM CORRECT TO YOU?

9 A BECAUSE I DON'T BELIEVE THAT SOME OF THESE PEOPLE
10 HAD INVESTED AT MAY 15, 1983, BECAUSE I HAD JUST INVESTED
11 THE LATTER PART OF MAY, 1983, AND HERE IS MY AGREEMENT, THE
12 ORIGINAL AGREEMENT IS DATED MAY 20, 1983, SO THIS IS AN ERROR
13 IN THE DATE.

14 Q AND SO MOST LIKELY, IT IS MAY OF 1984?

15 A I WOULD CERTAINLY SAY SO.

16 Q LIKE THE EXHIBIT YOU WERE SHOWN BY MR. BARENS,
17 WHICH WAS THE AGREEMENT THAT THE DEFENDANT ENTERED INTO WITH
18 DR. PASKAN WHICH APPEAR TO HAVE AN INCORRECT DATE ON IT ALSO,
19 CORRECT?

20 A YES.

21 Q AND THE LIMITED PARTNERSHIP AGREEMENT THAT IS
22 PEOPLE'S 199, THERE IS A DIFFERENT GENERAL PARTNER NOW, ISN'T
23 THERE?

24 A YES.

25 Q AND THAT GENERAL PARTNER IS NOT AN INDIVIDUAL,
26 IS IT?

27 A NO.

28 Q WHO IS IT?

1 A IT IS FINANCIAL FUTURES TRADING CORPORATION OF
2 NORTH AMERICA.

3 Q SO IN THE FIRST CONTRACT THAT YOU SIGNED, IF
4 THERE WERE SOME LOSSES IN THE TRADING, MR. HUNT WAS THE GENERAL
5 PARTNER?

6 A YES.

7 Q BUT SOMETIME IN MAY, APPARENTLY OF 1984, HE HAS
8 NOW BEEN SUBSTITUTED AND THERE WAS A CORPORATION OF SOME
9 SORT THAT WAS THE GENERAL PARTNER; IS THAT RIGHT?

10 A YES.

11 Q YOU SAID THAT JOE HUNT'S EXPLANATION IS WHAT
12 MADE THIS INVESTMENT OR YOUR DECISION TO GO INTO THIS
13 INVESTMENT DIFFERENT THAN THE OTHER INVESTMENTS; CAN YOU
14 EXPLAIN THAT?

15 A WHEN YOU SAY THIS INVESTMENT, YOU MEAN ORIGINALLY
16 GO INTO INVESTING WITH JOE HUNT?

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1 Q I'M TALKING ABOUT ORIGINALLY GOING INTO INVESTING
2 WITH JOE HUNT IN COMMODITIES AS OPPOSED TO STAYING AWAY FROM
3 COMMODITIES BEFORE BECAUSE OF THE RISK.

4 A YES. I DECIDED ON THE BASIS OF MY DAUGHTER'S
5 ASSESSMENT OF HIS PERSONALITY AND KNOWING HIM WITH REGARD
6 TO TRADING. ALSO, IN MEETING HIM, MY OWN EVALUATION OF HIM
7 DURING THE COURSE OF OUR CONVERSATION ON THE STREET IN FRONT
8 OF CANTOR-FITZGERALD AND THAT COMBINED IN RESULTING IN MY
9 FEELING COMFORTABLE ABOUT INVESTING WITH HIM.

10 Q YOU SAID THAT MR. HUNT WAS AN EXPERT IN TRADING
11 COMMODITIES. WAS THAT YOUR OPINION BASED ON TALKING TO HIM?

12 A NO. THAT WAS THE IMPRESSION THAT I GOT FROM HIM.

13 Q WHAT DID YOU GET THAT IMPRESSION FROM?

14 A HE SAID THAT HE HAD THIS SECRET METHODOLOGY, THIS
15 SYSTEM THAT HE HAD DEvised. AND ON THAT BASIS, HE WAS ABLE
16 TO GENERATE PROFITS OF APPROXIMATELY 18 PERCENT PER MONTH.

17 AND THERE WAS SOME EXPLANATION WHICH TO THIS DAY,
18 I HAVE NOT FULLY UNDERSTOOD WHICH HAD TO DO WITH BUTTERFLIES
19 AND DOUBLE BUTTERFLIES AND HEDGING, ET CETERA.

20 AND IN ONE SENSE, I WANT TO SAY, THAT IT REALLY
21 DIDN'T MAKE ANY DIFFERENCE TO ME WITH REGARD TO WHAT HIS
22 METHODS WERE, AS LONG AS THEY WERE LEGITIMATE BECAUSE THE
23 MODEL THAT I USED IS THAT I DON'T GO TO THE DOCTOR IF I HAVE
24 A BROKEN ARM AND ASK HIM WHAT PARTICULAR METHOD HE USES TO
25 SET IT, AS LONG AS THE RESULT IS THAT MY ARM IS IN GOOD
26 CONDITION AGAIN.

27 Q AND AS LONG AS YOU FEEL COMFORTABLE WITH AND HAVE
28 CONFIDENCE IN THE DOCTOR THAT YOU ARE GOING TO?

2
1 A ABSOLUTELY.

2 Q DID YOU FEEL COMFORTABLE WITH AND HAVE CONFIDENCE
3 WITH MR. HUNT?

4 A IN THE BEGINNING, I DID.

5 Q WHEN YOU FIRST INVESTED, HOW LONG WAS IT BETWEEN
6 THE TIME THAT YOU PUT IN THE SECOND \$10,000 --

7 THE COURT: THE SECOND 10,000?

8 MR. WAPNER: MAYBE I AM MISSTATING IT.

9 Q YOU PUT IN \$5,000 FIRST, CORRECT?

10 A YES.

11 Q THEN YOU PUT IN \$10,000?

12 A FIFTEEN.

13 THE COURT: FIFTEEN.

14 Q BY MR. WAPNER: HOW LONG AFTER YOU PUT IN THE
15 FIFTEEN, DID YOU GET THIS 4,000 BACK?

16 A I WOULD SAY AFTER I HAD PUT IN THE FIFTEEN, WHICH
17 WAS THE LATTER PART OF JUNE, '83, CERTAINLY THE EARLY PART
18 OF JULY, '83, I GOT \$4,000 BACK.

19 Q HOW LONG HAD THE \$5,000 BEEN IN?

20 A SINCE THE LATTER PART OF MAY, '83, AROUND MEMORIAL
21 DAY.

22 Q SO, ALTHOUGH THE \$4,000 REPRESENTED RETURN ON
23 THE ENTIRE \$20,000, THE 15,000 DIDN'T GO IN UNTIL VERY SHORTLY
24 BEFORE YOU GOT THE 4,000 BACK, CORRECT?

25 A CORRECT.

26 Q DID YOU EVER SEE MR. HUNT TURN DOWN MONEY FROM
27 ANY OF THESE PEOPLE THAT YOU SAID HE WAS HESITANT TO TAKE
28 IT FROM?

- 3
1 A NOT THAT I KNOW OF, NO.

2 Q WHEN YOU DISCUSSED YOUR PHILOSOPHY OF HELPING
3 OUT PEOPLE IN NEED WITH MR. HUNT, WAS THAT BEFORE OR AFTER
4 HE PAID YOU THE \$60,000?

5 A BEFORE.

6 Q HOW LONG BEFORE?

7 A I DON'T KNOW.

8 Q SO YOU HAD THE UNDERSTANDING BEFORE YOU GOT THE
9 \$60,000, THAT THAT WOULD BE AT LEAST A PORTION OF IT, PLOWED
10 BACK TO HIM TO INVEST?

11 A ULTIMATELY ALL OF IT, YES.

12 Q WHEN YOU SAY "ULTIMATELY ALL OF IT," WHAT WAS
13 TO DETERMINE WHEN AND HOW MUCH WOULD COME BACK?

14 A A QUESTION OF TIME AND PEOPLE.

15 Q BUT THE UNDERSTANDING WAS, THAT WHATEVER
16 PERCENTAGE OF HIS PROFIT HE GAVE YOU, WAS TO GO BACK INTO
17 THE BUSINESS?

18 A YES.

19 Q WHY WAS IT THAT YOU DIDN'T PUT THE OTHER \$25,000
20 IN?

21 A AS I MENTIONED EARLIER, I WAS ON MY WAY TO EUROPE
22 AND THAT WAS A QUESTION OF TIME.

23 THEN THERE WERE THREE OR FOUR PEOPLE THAT I HAD
24 BEEN WITH -- WITH WHOM I HAD BEEN TALKING AND NOTHING HAD
25 BEEN CONCLUSIVE WITH REGARD TO WHEN I WOULD PUT THAT MONEY
26 IN FOR THEM.

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1 Q BY THE TIME YOU GOT BACK FROM EUROPE, THE PICTURE
2 HAD CHANGED SUBSTANTIALLY?

3 A DRASTICALLY HAD CHANGED.

4 Q WHEN YOU WERE SHOWN THE STATEMENTS BY MR. HUNT
5 INDICATING THAT HE HAD MADE A LARGE AMOUNT OF PROFIT AT SOME
6 BROKERAGE HOUSE, DID YOU COMMUNICATE THAT INFORMATION TO
7 ANYBODY THAT YOU TALKED TO?

8 A I AM SURE I MENTIONED IT TO MY COUSIN CHESTER,
9 TO MY FRIEND ALPH. BUT SINCE I DIDN'T KNOW THE NAME OF THE
10 BROKERAGE HOUSE AND I DIDN'T KNOW THE NAME OF THE PERSON
11 WHOSE ACCOUNT IT WAS, I DON'T BELIEVE I BROADCAST IT WITH
12 ANY GREAT INTENSITY TO EVERYBODY, NO.

13 Q DID YOU TELL IT TO CHESTER AND TO ALPH BEFORE
14 THEY INVESTED OR --

15 A OH, NO, THEY HAD ALREADY BEEN INVESTED.

16 Q DID THEY INVEST MORE AFTER YOU TOLD THEM THAT
17 OR DO YOU KNOW?

18 A I DON'T KNOW ABOUT ALPH.

19 MY COUSIN HAD THE OCCASION ON NUMEROUS TIMES
20 TO INVEST AND I BELIEVE THAT HE DID.

21 Q SHOWING YOU A DOCUMENT WE HAVE MARKED AS PEOPLE'S
22 83 FOR IDENTIFICATION. DOES THAT LOOK AT ALL FAMILIAR TO
23 YOU?

24 A NO, IT DOESN'T.

25 AND THE REASON IT DOESN'T IS THAT WHAT I SAW
26 DIDN'T HAVE ANY COLOR ON IT.

27 IF IT HAD ANY COLOR AT ALL, WHAT COMES TO MY
28 MIND IS GREEN. IT WAS LIKE A GREEN COMPUTER READOUT, THAT

1 IS WHAT I SAW.

2 I NEVER SAW THIS (INDICATING).

3 Q THANK YOU.

4 THE TAPE RECORDING THAT WAS MADE OF THE INVESTORS
5 MEETING IN SEPTEMBER, WHO MADE THAT?

6 A MY SISTER.

7 Q WHAT IS HER NAME?

8 A HELEN MERKIN.

9 THE COURT REPORTER: HOW DO YOU SPELL IT?

10 THE WITNESS: M-E-R-K-I-N.

11 Q BY MR. WAPNER: HOW DID SHE MAKE THAT?

12 A SHE BROUGHT A SMALL SONY TAPE RECORDER TO THE
13 MEETING AND RECORDED WHAT WAS GOING ON WHILE THE MEETING
14 TOOK PLACE.

15 Q AND SHE WAS SEATED SOMEWHERE IN THE AUDIENCE?

16 A YES.

17 Q HOW MANY PEOPLE WERE THERE?

18 A APPROXIMATELY 70.

19 Q AND WHEN YOU LISTENED TO THE TAPE, IT WAS FAIRLY
20 POOR QUALITY, RIGHT?

21 A YES, IT WAS.

22 AND I DIDN'T LISTEN WITH ANY GREAT INTENSITY
23 BECAUSE I HAD BEEN AT THE MEETING SO I DIDN'T NEED TO HAVE
24 ANY DUPLICATION.

25 Q CAN YOU EXPLAIN WHAT YOU MEAN WHEN YOU SAID THAT
26 AT THE MEETING MR. HUNT HAD TRIED TO BLAME THE INVESTORS
27 FOR WHAT HAD HAPPENED?

28 A YES.

1 THERE WERE A NUMBER OF PEOPLE, PARTICULARLY ONE
2 FELLOW WHO HAD INVESTED, AND HIS NAME WAS STUART ROBINSON,
3 AND HE WAS VERY ANGRY ABOUT THE AMOUNT OF MONEY THAT HE LOST
4 AND REALIZED HE COULDN'T RECOVER HIS TEN OR FIFTEEN THOUSAND
5 DOLLARS --

6 MR. BARENS: YOUR HONOR, WE HAVE A HEARSAY ISSUE WITH
7 THAT TESTIMONY.

8 THE COURT: I THINK I HAD INDICATED THAT YOU HAVE A
9 CONTINUING OBJECTION TO ANYTHING THAT HAPPENED AT THE MEETING.

10 MR. BARENS: YOUR HONOR --

11 THE COURT: -- ANYTHING THAT WAS SAID THERE.

12 MR. BARENS: YOUR HONOR HAS RULED THAT ANYTHING SAID
13 BY ANYONE AT THIS MEETING IS ADMISSIBLE?

14 THE COURT: I AM JUST RULING AT THIS PARTICULAR TIME
15 THAT THIS REMARK HE MADE, I WILL PERMIT TO GO IN AND I WILL
16 OVERRULE YOUR OBJECTION.

17 MR. BARENS: THANK YOU.

18 THE COURT: I AM NOT GOING TO GIVE YOU ANY BLANKET
19 RULING THAT YOU CAN USE MAYBE LATER ON.

20 MR. BARENS: THANK YOU, YOUR HONOR.

21 Q BY MR. WAPNER: WHAT HAPPENED WITH MR. ROBINSON
22 AT THE MEETING?

23 A HE WAS VERY ANGRY TOWARDS JOE HUNT FOR THE LOSS
24 OF THE MONEY AND HE WAS BLAMING JOE FOR NOT TAKING CARE OF
25 THE MONEY THAT WAS INVESTED AND FOR NOT BEHAVING LIKE A
26 PROFESSIONAL TRADER.

27 Q WHAT WAS MR. HUNT'S RESPONSE?

28 A AND CUMULATIVELY, MR. HUNT BEGAN TO TURN THE

1 MEETING AROUND AS IF WE WERE AT FAULT, THE INVESTORS WERE
2 AT FAULT, THAT HE WASN'T AT FAULT. THAT EVEN THOUGH WE FELT
3 HE BEHAVED IN A TOTAL DISREGARD FOR ANY KIND OF PROFESSIONALISM,
4 HE WAS BLAMING US FOR THE OUTCOME.

5 Q HOW SO, WHAT DID HE SAY?

6 A BECAUSE HIS ATTITUDE WAS THAT WE HAD INTERFERED
7 WITH THE WAY HE CONDUCTED HIS BUSINESS. THAT WE INTRUDED
8 UPON HIS ABILITY TO PERFORM AND IF WE DIDN'T WANT TO SIGN
9 THESE PROMISSORY NOTES, THEN WE WEREN'T GOING TO GET ANY
10 MONEY AT ALL AND THAT WAS THREATENING AND FRIGHTENING TO
11 THE PEOPLE WHO WERE THERE.

12 Q WHEN YOU SAY THAT HE SAID IF YOU WEREN'T GOING
13 TO SIGN THE PROMISSORY NOTES, YOU WEREN'T GOING TO GET ANY
14 MONEY AT ALL, HOW DID HE SAY THAT; WHAT DID HE SAY EXACTLY?

15 A ESSENTIALLY, THAT IS WHAT HE SAID.

16 I MEAN THERE WOULD BE A CERTAIN DATE TO WHICH
17 WE COULD CONFORM IN SIGNING OF THE PROMISSORY NOTES AND IF
18 WE DIDN'T SIGN, THEN THE PEOPLE WHO DID NOT SIGN WOULD NOT
19 RECEIVE THEIR RETURN OF THEIR CAPITAL PLUS THE INTEREST.

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1 Q WHEN HE SAID THAT YOU AS A GROUP OF INVESTORS
2 HAD INTERFERED WITH HIS TRADING, DID HE SPECIFY WHAT YOU HAD
3 DONE AS A GROUP TO INTERFERE WITH HIS TRADING?

4 A WELL, HE BEHAVED IN A PRIMA DONNA FASHION, GIVING
5 A CLEAR IMPRESSION THAT WE HAD ERRED IN SOME WAY, THAT WE
6 HAD INTERFERED WITH HIM AND EVEN THOUGH HE HAD ADMITTED THAT
7 THE MONEY WAS LOST BECAUSE THE TRADE WENT ON "BACKWARDS" IT
8 WAS OUR FAULT.

9 THE SENSE OF THE MEETING BECAME ESTABLISHED THAT
10 IT WAS OUR FAULT, NOT HIS.

11 MR. WAPNER: THANK YOU, NOTHING FURTHER.

12
13 RE-CROSS-EXAMINATION

14 BY MR. BARENS:

15 Q WHEN YOU SIGNED THE LIMITED PARTNERSHIP AGREEMENT
16 ON MAY 20, 1983, HAD YOU READ THAT, MR. WEISS?

17 A NOT COMPLETELY, NO.

18 Q OKAY. AND WOULD THE SAME ANSWER BE TRUE AS TO
19 THE REVISED LIMITED PARTNERSHIP AGREEMENT?

20 A YES. I WOULD SAY SO.

21 Q YOU DIDN'T READ THAT ONE?

22 A I DID NOT READ IT TOTALLY, NO.

23 Q DID YOU UNDERSTAND IN THE SECOND ONE THAT WHAT
24 THAT WAS ALL ABOUT WAS THE SUBSTITUTION OF THE GENERAL
25 PARTNER?

26 A YES.

27 Q YOU UNDERSTOOD THAT INSTEAD OF MR. HUNT BEING
28 THERE, THAT THERE WAS FINANCIAL FUTURES BEING THERE?

1 A YES.

2 Q AND THAT THAT WAS A CORPORATION?

3 A YES.

4 Q YOU WEREN'T TRICKED OR FOOLED BY THAT, WERE YOU?

5 A NO. WE HAD TALKED ABOUT THIS, JOE AND I HAD TALKED
6 ABOUT THIS BEFORE AND HE HAD EXPLAINED TO ME AGAIN, TO
7 STREAMLINE OPERATIONS, TO MODERNIZE THE LIMITED PARTNERSHIP
8 AGREEMENT, TO CATEGORIZE THE AMOUNT OF PEOPLE THERE, PUTTING
9 THEM INTO SMALLER GROUPS, THAT WOULD ENABLE HIM TO FUNCTION
10 BETTER.

11 Q NOW MR. WEISS, DID YOU KNOW A PERSON NAMED
12 PATRICIA ECKERT?

13 A YES.

14 Q AND DID YOU KNOW HER TO BE AN INVESTOR IN THIS
15 SETTING?

16 A YES.

17 Q WHAT HAPPENED AS FAR AS HER INVESTMENT WAS
18 CONCERNED THAT YOU KNOW OF?

19 A SHE BECAME RATHER NERVOUS ABOUT HER INVESTMENT
20 BECAUSE -- IN FACT, SHE WAS THE ONE WHO -- SHE WAS AN
21 ATTORNEY. SHE WAS THE FIRST ONE TO MENTION DUE DILIGENCE
22 TO ME. I NEVER KNEW THAT TERM BEFORE. AND SHE SAID THAT
23 WE KNOW NOTHING ABOUT JOE HUNT. THERE HAVE BEEN RUMORS ABOUT
24 WHAT HAPPENED IN CHICAGO.

25 THESE LIMITED PARTNERSHIP AGREEMENTS HAVE NEVER
26 BEEN ESTABLISHED AND RECORDED WITH THE STATE.

27 SO YOU HAVE NO PROTECTION AS A LIMITED PARTNER.
28 THEREFORE, I AM GOING TO GET OUT AS QUICKLY AS I GOT IN.

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1 Q AND ISN'T IT TRUE THAT MR. HUNT GAVE HER HER MONEY
2 BACK?

3 A YES.

4 Q AND WHEN WAS THAT IN POINT OF TIME, SIR?

5 A I WOULD HAVE TO SAY SOMETIME IN THE EARLY PART
6 OF 1984. I CAN'T BE MORE SPECIFIC THAN THAT.

7 Q JANUARY OR FEBRUARY?

8 A POSSIBLY.

9 Q OKAY. NOW, YOU MENTIONED IN RESPONSE TO
10 MR. WAPNER'S QUESTION ABOUT THE DISPOSITION OF THE 60,000,
11 THAT IT WAS A QUESTION OF TIME AND PEOPLE?

12 A YES.

13 Q ISN'T IT A FAIR STATEMENT THAT THE TIME AND PEOPLE
14 YOU ARE REFERRING TO WOULD BE YOUR TIME AND THE PEOPLE YOU
15 SELECTED?

16 A IT CERTAINLY WOULD BE MY TIME, YES. AND AS FAR
17 AS THE PEOPLE THAT WOULD BE SELECTED, I FEEL THAT I COULD
18 MAKE REASONABLE JUDGMENTS AS TO THE PEOPLE WHO WERE IN NEED,
19 YES.

20 Q IN THESE TRANSACTIONS, MR. WEISS, IT APPEARS THAT
21 YOU HAVE A CAPITAL INVESTMENT. LET'S CALL THAT A NET CAPITAL
22 INVESTMENT. THEN WE HAVE WHAT APPEARED TO BE PAPER PROFITS?

23 A YES.

24 Q AND WE'LL CALL THOSE UNREALIZED PAPER PROFITS.
25 DO YOU HAVE ANY WAY OF INDICATING FOR ME, WHAT
26 YOUR TOTAL, ACTUAL NET DOLLAR INVESTMENT CAPITAL WAS?

27 A I WOULD SAY CLOSE TO \$135,000 TO \$150,000.

28 Q OKAY. WHEN YOU SAY "CLOSE TO," YOU DO NOT HAVE

4
1 LIKE, CHECKS THAT YOU COULD LOOK AT?

2 A YES.

3 Q YOU HAVE NOT DONE THAT?

4 A I HAVE, BUT I HAVE NOT DONE IT RECENTLY. THIS
5 IS 1984. NOW IT IS 1987.

6 Q OKAY. SO YOU ARE SAYING THAT TO THE BEST OF YOUR
7 RECOLLECTION OR ESTIMATION AT THIS TIME, YOU WROTE A SERIES
8 OF CHECKS TO EITHER MR. HUNT STARTING WITH \$5,000 OR TO
9 FINANCIAL FUTURES OR WHOMEVER, THAT ENDED UP TOTALING THAT
10 FIGURE?

11 A YES.

12 Q OKAY. NOW, WE HAVE TO THEN -- WHAT I AM GOING
13 TO ASK YOU TO DO IF YOU CAN, TRY TO PUT ALL OF THE MONEYS
14 YOU GOT BACK AT ANY POINT IN TIME --

15 A SURE.

16 Q HAVE YOU EVER DONE THAT?

17 A SURE.

18 Q WHAT DO YOU COME UP WITH THAT IS A SECOND NUMBER
19 NOW, REPRESENTING ALL OF THE MONEYS YOU GOT BACK STARTING
20 WITH \$4,000 AT SOME POINT IN TIME?

21 A I WOULD LIKE TO ILLUSTRATE IT BY AMOUNTS RATHER
22 THAN GIVING YOU THE TOTAL AMOUNT BECAUSE THEN I CAN TOTALIZE
23 IT HERE.

24 Q SIR?

25 A I GOT \$4,000 BACK IN JULY OF 1983, APPROXIMATELY
26 \$10,000 AROUND NOVEMBER OF '83, \$60,000 AROUND MARCH OF '84,
27 \$21,000 AROUND APRIL OF '84.

28 THAT IS ROUGHLY THE AMOUNTS THAT STAND OUT IN

5
1 MY MIND.

2 THE COURT: DIDN'T YOU SAY SOMETHING ABOUT TAKING
3 \$35,000 OF THAT SIXTY AND TURNING IT BACK AGAIN?

4 THE WITNESS: YES. THAT WAS \$35,000. THAT'S RIGHT.
5 I HAD -- \$35,000 WAS REINVESTED.

6 BUT YOU ARE ASKING ME IF THAT BALANCES OUT. YES.

7 THE COURT: HE WANTED TO KNOW THE NET AMOUNTS THAT YOU
8 GOT BACK ON THE ENTIRE SUMS THAT YOU PAID IN.

9 THE WITNESS: I KNOW WHAT YOU ARE ASKING. I WOULD NEED
10 A PENCIL AND PAPER TO TOTALIZE IT.

11 MR. BARENS: JUDGE, I AM TRYING NOT TO COUNT THE
12 THIRTY-FIVE ON BOTH SIDES OF THE LEDGER, IS WHAT I AM TRYING
13 NOT TO DO, JUDGE.

14 THE COURT: WELL, YOU ADDED THE SIXTY. HE DIDN'T GET
15 THE SIXTY.

16 MR. BARENS: NO. I BELIEVE WHAT HAPPENS IS THAT THE
17 THIRTY-FIVE HAS ALREADY BEEN ADDED TO THE FIRST SIDE. I DON'T
18 WANT TO ADD THAT TWICE, JUDGE BECAUSE IT IS MISLEADING.

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1 THE COURT: DO YOU HAVE A FIGURE AS TO HOW MUCH YOUR
2 NET LOSS WAS --

3 THE WITNESS: YES.

4 THE COURT: -- IN MONEYS THAT YOU PUT IN?

5 THE WITNESS: YES.

6 THE COURT: LESS WHAT YOU TOOK OUT?

7 THE WITNESS: YES.

8 THE COURT: HOW MUCH WAS IT?

9 THE WITNESS: I LOST \$50,000.

10 THE COURT: NET?

11 THE WITNESS: NET.

12 THE COURT: NET, NET?

13 THE WITNESS: \$50,000 I LOST.

14 Q BY MR. BARENS: OKAY, NOW THE \$50,000 BEING THE
15 SPREAD. WHEN I ADD UP THE NUMBERS YOU JUST GAVE ME, AND
16 LET ME JUST TAKE ONE SECOND, I GET NINETY-FIVE VERSUS ONE
17 THIRTY-FIVE.

18 (THE WITNESS NODS HIS HEAD UP AND DOWN.)

19 Q BY MR. BARENS: I GET A DIFFERENCE OF \$40,000
20 AND I AM LATE TEN AND THAT IS WHAT I AM LOOKING FOR.

21 A YOU ARE LOOKING FOR TEN?

22 Q WELL, NOT UNTIL HUGHES SHOWS UP --

23 COULD THE LOSS BE MORE LIKE FORTY THAN FIFTY
24 OR ARE YOU JUST NOT SURE?

25 A YOU KNOW, I HAVE DONE THIS IN TRYING TO DETERMINE
26 AN AMOUNT EVER SINCE I LOST THE MONEY AND I WOULD IMAGINE
27 THAT THERE ARE A NUMBER OF DIFFERENT WAYS WITH COMING UP
28 TO A TOTAL LOSS.

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1 I WOULD CERTAINLY STAY WITHIN THE REALM OF FORTY
2 TO \$50,000 IS WHAT I LOST.

3 Q OKAY. THAT, I THINK, IS AS GOOD AS WE CAN DO,
4 MR. WEISS.

5 A OKAY.

6 Q MR. WEISS, GOING BACK NOW TO THE MEETING WITH
7 THE INVESTORS IN SEPTEMBER, ISN'T IT A FACT THAT SOME OF
8 THE INVESTORS, AT LEAST ONE OR MORE, HAD ASKED MR. HUNT IF
9 IT WAS PERMISSIBLE TO TAPE RECORD THAT MEETING OR THINGS
10 THAT WERE SAID AT THAT MEETING?

11 A DO I REMEMBER IF THEY ASKED FOR PERMISSION TO
12 TAPE RECORD?

13 Q IF ONE OR MORE PERSONS HAD SAID TO MR. HUNT,
14 "WE WOULD LIKE TO TAPE RECORD THE MEETING OR WE ARE GOING
15 TO TAPE THE MEETING."

16 A I DON'T REMEMBER THAT.

17 Q YOU DON'T REMEMBER AT ALL EITHER WAY?

18 A NO.

19 Q WAS THE TAPE RECORDING -- DID YOU SAY IT WAS
20 YOUR SISTER THAT DID THAT?

21 A MY SISTER.

22 Q WAS IT SURREPTITIOUS IN NATURE, WHAT SHE DID
23 OR WAS SHE NOT TRYING TO HIDE IT? WAS IT OPENLY THAT SHE
24 WAS TAPING IT?

25 A I DON'T KNOW. I DON'T KNOW WHAT HER PLAN WAS,
26 IF ANY PLAN.

27 I WOULD IMAGINE SHE WANTED TO TAPE RECORD THE
28 MEETING.

1 Q OKAY. WEREN'T THERE TAPE RECORDERS RIGHT IN FRONT
2 OF MR. HUNT, DO YOU RECALL?

3 A I DON'T RECALL.

4 Q OKAY --

5 A I RECALL A WOMAN LAWYER -- I THINK IT IS INTERESTING
6 WHAT STICKS OUT IN MY MIND -- I DO RECALL A WOMAN LAWYER
7 REPRESENTING HUNT AND HE BECAME LEGALISTIC ABOUT WHAT HE
8 WAS GOING TO SAY AND WHAT HE WASN'T GOING TO SAY AND SHE
9 MORE OR LESS CONFIRMED OR SPOKE TO HIM. BUT I DON'T RECALL
10 TAPE RECORDERS OUT IN FRONT.

11 Q OKAY, WHEN YOU SAY THAT WHAT YOU OBSERVED IN
12 A SENSE, I THINK YOU USED THE EXPRESSION THAT THE SENSE OF
13 WHAT YOU OBSERVED IS MR. HUNT SEEMED TO BE CONVERTING THE
14 FLOW OF THE SITUATION WHERE HE WAS TRYING TO ASCRIBE SOME
15 SORT OF BLAME TO THE INVESTORS GROUP FOR THE EVIDENT MISFORTUNE
16 THAT YOU FOLKS WERE FACING; IS THAT YOUR OPINION OF WHAT
17 YOU WERE HEARING?

18 A IT IS MY IMPRESSION OF HOW I SAW THE MEETING
19 CHANGE SOMEWHERE WITHIN THE BODY OF THE MEETING FROM AN
20 ATTEMPT AT EXPLANATIONS BY HUNT TO DESCRIBE HOW THE MONEY
21 WAS LOST AND THE PEOPLE FEELING THAT THEY WEREN'T, AGAIN,
22 BEING PROPERLY SERVED, AND THEY BECAME ANGRY AND WERE NOT
23 SATISFIED WITH THE EXPLANATIONS.

24 Q IT WAS NO SURPRISE TO YOU, WAS IT, THAT THE PEOPLE
25 GOT ANGRY WHEN THEY WERE TOLD ALL OF THE MONEY IS GONE?

26 A NO SURPRISE AT ALL, NOT AT ALL.

27 Q AT THAT POINT, HUNT HAD PROFFERED AN EXPLANATION
28 ABOUT LOSSES IN THE MARKET, I THINK YOU TOLD US ABOUT, OR

4

1 A LOSS OR WHATEVER IN THE MARKET?

2 A YES.

3 Q AND AT WHAT POINT IN THE CONVERSATION -- LET'S
4 SAY THAT IS A POINT AND THEN I GUESS THE WAY YOU ARE
5 DESCRIBING IT AFTER THAT POINT, THERE IS SOME REVERSAL OF
6 THRUST WHERE WE ARE SAYING THE INVESTORS MAY HAVE DONE
7 SOMETHING LESS THAN HELPFUL; WHERE IN THAT CONTEXT ARE WE
8 DISCUSSING MICROGENESIS AND THE SALE OF TECHNOLOGY, WHERE
9 DOES THAT COME IN?

10 A WELL, IT CAME BEFORE -- IT CAME IN BEFORE THE
11 PEOPLE BEGAN TO INSIST ON HONESTY.

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1 Q OKAY. AND WHEN FIRST IN TALKING ABOUT THAT --
2 NOW HE HASN'T TOLD ANYBODY WHEN HE IS TALKING ABOUT
3 MICROGENESIS THAT THE MONEY IS NOT THERE?

4 A CERTAINLY AT THE BEGINNING OF THE EVENING --
5 THE BEGINNING OF THE MEETING, HE PASSED THIS CHECK OVER TO
6 ME, SO THAT WAS BEFORE THE PEOPLE BECAME ANGRY WITH REGARD
7 TO THE LOSSES.

8 Q OKAY.

9 A VERBALLY ANGRY.

10 THE COURT: ON THE SWISS BANK?

11 THE WITNESS: ON THE SWISS BANK, THE 1.5 MILLION
12 DOLLARS.

13 Q BY MR. BARENS: OKAY, LATER ON WHEN THE CONVER-
14 SATION SHIFTS TO THE INVESTORS, CAN YOU TELL ME WITH ANY
15 CERTAINTY, SIR, THE EXACT WORDS HUNT USED?

16 A NO, I CAN'T, NOT WITH ANY EXACT CERTAINTY.

17 I CAN TELL YOU THE MOOD. I CAN DESCRIBE THE MOOD.

18 Q ALL RIGHT.

19 A IT WAS A SEIGE SITUATION, THAT WAS THE MOOD.

20 Q AND PEOPLE HAVING BEEN TOLD THAT MONEY IS NOT
21 THERE, WERE GENERALLY CLAMOROUS AND UNHAPPY AT THAT POINT?

22 A THEY WERE GENERALLY UNHAPPY AT THAT POINT BUT --

23 Q DID HUNT SEEM TO MAKE AN ATTEMPT TO DEFEND HIM-
24 SELF AT THIS POINT?

25 A YES.

26 Q WHAT HAPPENED--

27 DID YOUR SISTER TURN THAT TAPE OF THE MEETING
28 OVER TO THE D.A.'S OFFICE?

1 A YOU MEAN THE COUNTY?

2 Q THE COUNTY, A LAW ENFORCEMENT AGENCY REPRESENTATIVE
3 FROM THE COUNTY OF LOS ANGELES?

4 A AS FAR AS I KNOW, IT WAS AVAILABLE TO ANY LAW
5 ENFORCEMENT AGENCY WHO WANTED IT, SURE.

6 Q YOU DON'T KNOW WHAT HAPPENED TO IT?

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8 A I DON'T KNOW, NO.

9 MR. BARENS: OKAY, THANK YOU, MR. WEISS.

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1 FURTHER REDIRECT EXAMINATION

2 BY MR. WAPNER:

3 Q WHY DIDN'T YOU READ THE LIMITED PARTNERSHIP
4 AGREEMENT THAT YOU WERE SIGNING?5 A I DIDN'T READ THE LIMITED PARTNERSHIP AGREEMENT
6 IN TOTO BECAUSE IN MY CONVERSATION WITH JOE HUNT, HE
7 EXPLAINED WHAT THE RELATIONSHIP WOULD BE AND I DIDN'T FEEL
8 THAT IT WAS NECESSARY FOR ME TO READ THE ORIGINAL LIMITED
9 PARTNERSHIP AGREEMENT WORD BY WORD.

10 Q IN OTHER WORDS, YOU TRUSTED HIM?

11 A ABSOLUTELY.

12 MR. WAPNER: I HAVE NOTHING FURTHER.

13 MR. BARENS: WELL, I WOULD LIKE TO ASK -- THANK YOU.

14
15 FURTHER RE-CROSS-EXAMINATION

16 BY MR. BARENS:

17 Q YOU MENTIONED TO ME THAT PREVIOUSLY YOU HAVE
18 HAD RELATIONSHIPS WITH OTHER BROKERAGE HOUSES, MR. WEISS?

19 A YES.

20 THE COURT: NOW WE HAVE GONE THROUGH THAT SAME THING.

21 MR. BARENS: EXCUSE ME?

22 THE COURT: THERE WAS ONLY ONE QUESTION ASKED BY
23 COUNSEL.

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1 MR. BARENS: I AM GOING TO ASK HIM THAT ONE QUESTION.

2 THE COURT: RE-CROSS ON THAT ONE QUESTION AND THAT IS
3 ALL.

4 MR. BARENS: I AM GOING TO, YOUR HONOR.

5 THE COURT: GO AHEAD.

6 Q BY MR. BARENS: MR. WEISS, IN DEALINGS WITH THEM,
7 I PRESUME YOU DEALT WITH SHEARSON -- I DON'T KNOW WHICH ONE,
8 BUT SOMEONE OF THAT NATURE, THEY SENT YOU A THING TO
9 SIGN WHEN YOU OPENED UP YOUR ACCOUNT WITH THEM?

10 A YES.

11 Q DID YOU WORD FOR WORD IN TOTO READ THOSE?

12 A I DON'T RECALL.

13 I WOULD SAY I DIDN'T READ THOSE WORD FOR WORD
14 EITHER. I MEAN THE STANDARD AGREEMENTS, I AM ASSUMING ON
15 THE BASIS --

16 IT COULD BE MY GRIEVOUS ERROR --

17 I AM ASSUMING ON THE BASIS OF REPUTATION OF A
18 WELL-KNOWN COMPANY BY THE NAME OF THE ONE THAT YOU DESCRIBED,
19 WHICH I WOULD SAY IN SOME SENSE IS THE EQUIVALENT TO SOMEONE
20 RECOMMENDING A BROKER TO ME, IN THIS CASE JOE HUNT. AND
21 IN THE CONVERSATION, AN AGREEMENT COMES UP, WE HAVE ALREADY
22 TALKED ABOUT A VERBAL AGREEMENT.

23 MR. BARENS: THAT WAS MY ONLY QUESTION.

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1 MR. WAPNER: YOUR HONOR, I AM NOT SURE IF THIS WAS
2 COVERED YET. BUT, IT IS PROBABLY IN THE NATURE OF CONTINUED
3 DIRECT EXAMINATION. IT WOULD BE VERY BRIEF.

4 THE COURT: ALL RIGHT. DO YOU WANT TO REOPEN?

5 MR. WAPNER: YES, PLEASE.

6
7 DIRECT EXAMINATION (REOPENED)

8 BY MR. WAPNER:

9 Q MR. WEISS, DID YOU GET SENT TO YOU, COPIES OF
10 QUARTERLY STATEMENTS PERTAINING TO THE INDIVIDUALS WHO CAME
11 TO INVEST THROUGH YOU?

12 A I USUALLY PICKED THOSE UP IN THE OFFICE. I WANTED
13 TO BE SURE THAT THESE FRIENDS AND RELATIVES OF MINE WERE AS
14 WELL TAKEN CARE OF AS POSSIBLE. SO I WOULD GET RECEIPTS FOR
15 THEM AND ALSO THE QUARTERLY REPORTS.

16 Q AND THE QUARTERLY -- SHOWING YOU A COPY OF
17 DR. PASKAN'S QUARTERLY REPORT FOR THE QUARTER OF NOVEMBER 15
18 THROUGH FEBRUARY 15, 1983 TO 1984 --

19 A YES.

20 Q IT INDICATES ON THERE THAT THE AVERAGE MONTHLY
21 RETURN IS 17.69 PERCENT. IS THAT CORRECT?

22 A THAT'S CORRECT.

23 Q OF ALL OF THE MONTHLY REPORTS THAT YOU PICKED
24 UP FOR ALL OF THE PEOPLE WHO INVESTED FOR YOU, WAS THE
25 AVERAGE MONTHLY RETURN THE SAME FOR EACH PERSON?

26 A YES.

27 Q SO THAT WOULD TEND TO INDICATE THAT ALL OF THIS
28 MONEY WAS, IF IN FACT THOSE WERE ACCURATE -- HAD BEEN PUT

1 TOGETHER AND THEY WERE ALL EARNING -- BASICALLY LIVING OR
2 DYING TOGETHER, CORRECT?

3 A YES.

4 MR. WAPNER: THANK YOU. NOTHING FURTHER.

5 THE COURT: ALL RIGHT. ONE QUESTION TO CLEAR SOMETHING
6 UP I THINK IN MY MIND AND I ASSUME TOO, ALSO IN THE MINDS OF
7 THE JURY.

8 NOW, WHEN YOU WERE TOLD THAT EVERYTHING HAD GONE
9 UNDER THE WIRE, EVERYTHING WAS LOST AND HE CAME UP WITH THIS
10 IDEA OF A PROMISSORY NOTE, WHO WAS EXECUTING THIS PROMISSORY
11 NOTE?

12 THE WITNESS: HE WAS.

13 THE COURT: HE WAS? AND WHAT WAS THE PROMISSORY NOTE
14 FOR?

15 THE WITNESS: TO ENABLE THE INVESTORS WHO HAD LOST ALL
16 THEIR MONEY, TO GET THEIR MONEY BACK.

17 THE COURT: SOMETIME IN THE FUTURE?

18 THE WITNESS: WITHIN A YEAR, PLUS INTEREST.

19 THE COURT: IF HE MADE THE MONEY?

20 THE WITNESS: YES.

21 THE COURT: ALL RIGHT. DO YOU KNOW OF ANY OTHER SOURCE
22 THAT HE HAD FOR GETTING THE MONEY TO PAY OFF THE PROMISSORY
23 NOTES?

24 THE WITNESS: NO.

25 THE COURT: HOWEVER, BEFORE YOU GOT THE PROMISSORY NOTES,
26 IS IT TRUE THAT YOU HAD TO AGREE THAT YOU WOULD RELEASE HIM
27 FROM ANY OBLIGATIONS THAT ANY OF THE INVESTORS HAD FOR ANYTHING
28 THAT HAPPENED IN THE PAST?

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1 THE WITNESS: YES.

2 THE COURT: THAT IS WHAT WAS SAID IN THE PROMISSORY
3 NOTE?

4 THE WITNESS: YES.

5 THE COURT: SO THAT YOU HAD NO CLAIM AGAINST HIM OF
6 ANY KIND, ONCE YOU AGREED TO THAT PROMISSORY NOTE?

7 THE WITNESS: YES, ABSOLUTELY. YES.

8 THE COURT: AT ANY RATE, NOBODY THAT YOU KNOW GOT ANY
9 MONEY FOR THIS?

10 THE WITNESS: I NEVER SIGNED IT. I NEVER SIGNED IT.
11 I WAS SO OUTRAGED.

12 THE COURT: AT ANY RATE, YOU DIDN'T GET ANYTHING?

13 THE WITNESS: NOBODY GOT ANYTHING.

14 MR. WAPNER: ALONG THAT LINE, MAY I JUST SHOW THE WITNESS
15 193?

16 Q MR. WEISS, SHOWING YOU 193, THAT IS A DOCUMENT
17 ENTITLED "GENERAL RELEASE OF ALL CLAIMS".

18 THAT PERTAINS TO DR. PASKAN. DID YOU GET ONE
19 OF THOSE AT THE MEETING THAT HAD YOUR NAME ON IT?

20 A YES.

21 Q WAS IT IDENTICAL, EXCEPT FOR THE AMOUNTS ON THE
22 BOTTOM WHERE IT SAYS "PROMISSORY NOTE"?

23 A YES.

24 Q AND THE FIRST TWO-THIRDS OF THAT DOCUMENT, IS
25 THE GENERAL RELEASE OF ALL CLAIMS AGAINST MR. HUNT AND
26 FINANCIAL FUTURES, CORRECT?

27 A YES.

28 MR. WAPNER: THANK YOU. NOTHING FURTHER.

1. THE COURT: ALL RIGHT.

2

3

CROSS-EXAMINATION

4

BY MR. BARENS:

5

Q THE JUDGE IN HIS LANGUAGE TO YOU, INDICATED THAT
6 YOU WERE SIGNING OR ASKED TO SIGN A PROMISSORY NOTE THAT
7 RELEASED EVERYTHING? WELL, IT DIDN'T RELEASE THE FACE AMOUNT
8 DUE ON THE NOTE, DID IT?

9

A WELL, IT IS A NUMBER TO ME. THAT IS ALL.

10

Q THERE IS A NUMBER THERE. LET ME ASK YOU THIS.
11 ARE YOU AWARE THAT THE BALANCE OF THE YEAR OF 1984, DURING
12 THAT YEAR WHEN THIS MONEY WAS TO BE REPAID, THAT MR. HUNT
13 SPENT THAT YEAR IN JAIL?

14

A YES.

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MR. BARENS: THANK YOU.

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1 THE COURT: I DON'T UNDERSTAND THE PURPOSE OF THAT
2 PARTICULAR QUESTION. I DON'T THINK THAT IT HAD ANYTHING TO
3 DO WITH THIS CASE.

4 MR. BARENS: I HAVE AN OFFER. IMPOSSIBILITY IS A
5 DEFENSE OF CONTRACT LAW, YOUR HONOR.

6 THE COURT: YOU MEAN EVEN IF THE THING RESULTS FROM
7 HIS CONDUCT? IS THAT WHAT YOU ARE SAYING? YOU CREATE YOUR
8 OWN IMPOSSIBILITY?

9 MR. BARENS: WE DON'T IF IT IS -- WE DON'T KNOW ABOUT
10 CONDUCT UNTIL THE JURY DECIDES, YOUR HONOR.

11 THE COURT: APPROACH THE BENCH.

12 (THE FOLLOWING PROCEEDINGS WERE HELD
13 AT THE BENCH:)

14 THE COURT: A MAN IS RELIEVED FROM RESPONSIBILITY BECAUSE
15 OF HIS CONDUCT? HE GOES TO JAIL AND HE CAN'T PERFORM? WHERE
16 DID YOU GET THAT LAW FROM?

17 MR. BARENS: MAY I RESPOND?

18 THE COURT: WAS THAT HIS THEORY?

19 MR. BARENS: MAY I RESPOND, YOUR HONOR?

20 MR. CHIER: MEANING ME, YOUR HONOR?

21 THE COURT: YES.

22 MR. BARENS: MAY I RESPOND?

23 THE COURT: YES.

24 MR. BARENS: TWO THINGS IN THIS, YOUR HONOR. WE HAVE
25 CREATED AN INFERENCE THAT MR. HUNT MADE A PROMISE THAT HE
26 HAD NO INTENT WHATSOEVER OR ABILITY TO REPAY AND UNLESS ONE
27 WERE IN A POSITION --

28 THE COURT: I DIDN'T INDICATE THAT AT ALL IN MY QUESTION.

6
1 ALL I INDICATED IS THAT FOR THIS PROMISSORY NOTE, HE WAS
2 RELIEVED OF ANYTHING THAT HE HAD TO DO WITH ANY OF THESE TRADES
3 THAT HE HAD MADE FOR OTHER PEOPLE.

4 AND THAT THE ONLY THING THEY HAD TO PURSUE, WOULD
5 BE THE PROMISSORY NOTE.

6 MR. BARENS: YES, YOUR HONOR.

7 THE COURT: IT WAS A PROMISSORY NOTE. IT IS STILL A
8 PROMISSORY NOTE. IT HAS NEVER BEEN REALIZED.

9 MR. BARENS: MAY I COMPLETE MY STATEMENT, SIR?

10 MR. WAPNER: I --

11 MR. BARENS: MAY I COMPLETE MY STATEMENT?

12 THE COURT: GO AHEAD.

13 MR. BARENS: MY STATEMENT, SIR, IS THAT MR. HUNT, IT
14 WAS IMPOSSIBLE FOR HIM DURING THAT YEAR, BECAUSE HE WAS IN
15 JAIL. FOR WHATEVER REASONS RIGHT OR WRONG, ALL I WAS
16 SUGGESTING WAS THAT IF THERE WAS AN IMPLICATION THAT SINCE
17 THE SOLE THING THAT THE INVESTOR COULD LOOK TO WAS A
18 PERFORMANCE BY MR. HUNT, AS A RESULT OF MR. HUNT'S EFFORTS,
19 WHICH IS ALL HE IS SAYING TO THEM IN THE PROMISSORY NOTE,
20 I, JOE HUNT, WILL REPAY YOU -- SINCE HE IS IN JAIL, HE
21 OBVIOUSLY DIDN'T APPEAR TO ME TO BE IN A POSITION TO MAKE
22 THAT PAYMENT.

23 I AM NOT SAYING, NOR DID I SAY, JUDGE, THAT HE
24 WAS EXCUSED FROM THE --

25 THE COURT: WELL, YOU SAID IMPOSSIBILITY OF PERFORMANCE
26 AND --

27 MR. BARENS: TO INDICATE THAT --

28 THE COURT: THAT MEANS HE DOESN'T HAVE TO PERFORM BECAUSE

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1 HE PUT HIMSELF IN JAIL FOR SOMETHING HE DID.

2 MR. BARENS: YOUR HONOR, I DON'T BELIEVE THAT THE FACTS
3 WOULD SHOW MR. HUNT PUT HIMSELF IN JAIL, ACTUALLY. I BELIEVE
4 THE STATE DID.

5 HE DIDN'T VOLUNTARILY ENTER THE JAIL, I DON'T
6 BELIEVE, YOUR HONOR. I WILL SAY THAT AS TO THE
7 PROPRIETY OF HIM BEING THERE --

8 THE COURT: ALL I CALLED YOU UP FOR IS THAT YOUR
9 STATEMENT AS A MATTER OF LAW, IS UNTENABLE THAT A MAN, BECAUSE
10 OF ANY CONDUCT OF HIS, FINDS HIMSELF IN THE POSITION WHERE
11 HE CANNOT PERFORM AND HE IS PUT IN JAIL BECAUSE OF CONDUCT,
12 THAT THAT WAS IMPOSSIBILITY OF PERFORMANCE.

13 IN LAW, THAT IS NOT TRUE. I TAUGHT CONTRACT LAW.
14 I HAVE NEVER KNOWN AN INSTANCE WHERE THAT IS AN EXCUSE.

15 MR. BARENS: WELL, I WOULD NEVER DENY YOUR HONOR HAS
16 A SUPERIOR KNOWLEDGE TO MY OWN ABOUT CONTRACT LAW.

17 WHAT I AM SAYING IS THAT THE DEBT REMAINS
18 OUTSTANDING AT THIS TIME. IT WAS IMPOSSIBLE FOR HIM DURING
19 THAT YEAR, TO PERFORM THE CONTRACT.

20 I BELIEVE AT LAW, HE WILL BE EXCUSED. THERE WOULD
21 BE SOME REFORMATION OF THE CONTRACT TO HAVE A TIME TO PAY.

22 THE COURT: ALL RIGHT. YOU MADE YOUR POSITION CLEAR.

23 MR. WAPNER: ARE WE NOW GOING TO GET INTO THIS WHOLE
24 POINT OF WHEN HE GOT OUT OF JAIL AND HE HAS NOW HAD A YEAR
25 SINCE HE WAS OUT OF JAIL TO PERFORM AND HE HAS NOT PERFORMED?

26 THE COURT: WELL, HE HAS BEEN TOO BUSY.

27 MR. BARENS: I HOPE THAT --

28 MR. WAPNER: THAT IS THE PROBLEM WITH THIS WHOLE LINE

1 OF INQUIRY. IT WAS IMPROPER FROM THE GET GO.

2 THE COURT: THAT IS EXACTLY WHY I CALLED HIM UP BECAUSE
3 I DON'T THINK THAT THE FACT THAT HE HAD BEEN IN JAIL HAS
4 ANYTHING TO DO WITH IT.

5 THE INDICATION IS LOOK, LADIES AND GENTLEMEN,
6 BE NICE TO HIM. HE HAS BEEN IN JAIL FOR A YEAR. THAT IS
7 THE IMPLICATION OF THE QUESTION.

8 MR. WAPNER: CAN I NOW BE PERMITTED --

9 THE COURT: YOU STAY AWAY FROM THAT.

10 MR. WAPNER: ARE WE NOW PERMITTED TO CLEAR THIS UP SO
11 I CAN ASK THE WITNESS, DO YOU KNOW HE HAS BEEN OUT OF JAIL
12 FOR THE PAST YEAR AND STILL HAS NOT PAID YOU A DIME?

13 MR. BARENS: YOUR HONOR, THAT IS --

14 THE COURT: WELL, STAY AWAY FROM THAT. LET'S STAY
15 AWAY FROM THAT, WILL YOU? THIS IS ENOUGH.

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

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

4 THE COURT: ANYTHING FURTHER?

5 MR. WAPNER: NOT FROM THE PEOPLE.

6 MR. BARENS: YOUR HONOR, I DID FORGET AN IMPORTANT
7 POINT AT THE BENCH.

8 THE COURT: ALL RIGHT, COME BACK AGAIN.

9 (THE FOLLOWING PROCEEDINGS WERE HELD
10 AT THE BENCH OUTSIDE THE HEARING OF
11 THE JURY:)

12 MR. BARENS: YOUR HONOR, WE DO HAVE A GRIEVOUS
13 SITUATION ON OUR HANDS AS A RESULT OF COMMENT MADE THAT
14 YOUR HONOR EXPRESSED IN FRONT OF THE JURY THAT MR. HUNT WAS
15 IN JAIL AS A RESULT OF HIS CONDUCT. THE IMPLICATION BEING
16 THAT HE IS GUILTY OF SOMETHING IF HE IS IN JAIL AS A RESULT
17 OF HIS CONDUCT.

18 THE COURT: LET THE RECORD SPEAK FOR ITSELF.

19 DO YOU WANT ME TO CLEAR IT UP FOR THE JURY, TELL
20 THEM HE HAS BEEN IN JAIL AS A RESULT OF THIS CASE, DO YOU
21 WANT ME TO DO THAT?

22 MR. BARENS: YOUR HONOR, NO.

23 IF YOU WILL JUST HEAR ME OUT, PLEASE.

24 THE COURT: YOU ARE THE ONE THAT OPENED THE DOOR. YOU
25 ARE THE ONE THAT TRIED TO GET THE SYMPATHY OF THE JURY THAT
26 HE HAS BEEN IN JAIL FOR ONE YEAR. THERE IS NO REASON UNDER
27 THE SUN FOR YOU TO HAVE MADE THAT REMARK BECAUSE, AS A MATTER
28 OF LAW, THE FACT THAT HE WAS IN JAIL FOR A YEAR DOESN'T

2
1 EXCUSE THAT. IT IS NOT AN IMPOSSIBILITY OF PERFORMANCE.
2 YOU ARE THE ONE THAT OPENED THE DOOR.

3 MR. BARENS: YOUR HONOR, IRRESPECTIVE OF THAT, WHAT
4 I HAVE TO QUESTION, YOUR HONOR, IS THE REMARK THAT WAS
5 MADE THAT HE WAS IN JAIL AS A RESULT OF HIS CONDUCT.

6 THE COURT: LET IT GO, ALL RIGHT. THAT IS ALL. YOU
7 HAVE MADE YOUR RECORD. LET'S GO ON.

8 MR. BARENS: ALL RIGHT. THANK YOU, YOUR HONOR.

9 (THE FOLLOWING PROCEEDINGS WERE HELD
10 IN OPEN COURT:)

11 THE COURT: IS THERE ANYTHING FURTHER OF MR. WEISS?

12 MR. WAPNER: NOT FROM THE PEOPLE, YOUR HONOR.,

13 THE COURT: ANYTHING FURTHER?

14 MR. BARENS: NO. NOTHING. THANK YOU.

15 THE COURT: ALL RIGHT, CALL YOUR NEXT WITNESS, PLEASE.

16 MR. WAPNER: ALPH GORE.

17 THE COURT: WILL YOU APPROACH THE BENCH, PLEASE?

18 (THE FOLLOWING PROCEEDINGS WERE HELD
19 AT THE BENCH OUTSIDE THE HEARING OF
20 THE JURY:)

21 THE COURT: ALL OF THIS IS GOING TO BE CUMULATIVE.

22 WHY SHOULD WE WASTE OUR TIME BY HAVING ONE
23 WITNESS AFTER ANOTHER AFTER ANOTHER COME IN, PUTTING IN
24 THE DETAILS OF HOW MUCH MONEY THEY LOST? CAN'T WE SUMMARIZE
25 THAT IN SOME WAY? GO INTO HOW MUCH MONEY HE LOST AND THAT
26 IS ALL.

27 MR. WAPNER: I WILL TRY TO BE BRIEF WITH THIS WITNESS.

28 THE COURT: YOU DON'T HAVE TO PUT ANY EXHIBITS IN,

1 HE CAN TESTIFY.

2 MR. WAPNER: I CAN SUMMARIZE IT.

3 THE COURT: THAT GOES TO ALL OF THE PEOPLE THAT LOST
4 MONEY. WE ARE NOT TRYING A LAWSUIT HERE WITH RESPECT TO
5 PEOPLE AS TO HOW MUCH THEY LOST. IT IS ONLY AS PART OF THE
6 ENTIRE TRANSACTION WITH THE BBC AND THE OTHERS, THAT IS THE
7 ONLY REASON I PERMITTED IT IN. LET'S NOT GO INTO THE
8 NAUSEATING DETAILS ABOUT EVERY LITTLE TRANSACTION THAT TOOK
9 PLACE IN THIS CASE.

10 MR. WAPNER: THANK YOU, YOUR HONOR.

11 (THE FOLLOWING PROCEEDINGS WERE HELD
12 IN OPEN COURT IN THE HEARING OF THE
13 JURY:)

14 ALAN GORE,
15 CALLED AS A WITNESS BY THE PEOPLE, WAS SWORN AND TESTIFIED
16 AS FOLLOWS:

17 THE CLERK: IF YOU WOULD RAISE YOUR RIGHT HAND TO BE
18 SWORN, PLEASE.

19 YOU DO SOLEMNLY SWEAR THAT THE TESTIMONY YOU
20 MAY GIVE IN THE CAUSE NOW PENDING BEFORE THIS COURT SHALL
21 BE THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE TRUTH,
22 SO HELP YOU GOD.

23 THE WITNESS: I DO.

24 SHALL I SIT?

25 THE CLERK: PLEASE BE SEATED.

26 HAVE A SEAT AND SAY YOUR NAME FOR THE RECORD.

27 THE WITNESS: ALAN GORE.

28 THE CLERK: AND YOUR FIRST NAME IS SPELLED?

4

1 THE WITNESS: A-L-A-N G-O-R-E.

2

3 DIRECT EXAMINATION

4 BY MR. WAPNER:

5 Q MR. GORE, DID YOU INVEST MONEY WITH THE DEFENDANT
6 IN THIS CASE?

7 A YES.

8 Q AND HOW DID YOU COME TO MEET HIM IN THE FIRST
9 PLACE?

10 A I WAS INTRODUCED TO HIM THROUGH MY FRIEND, STEVE
11 WEISS.

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1 Q DID MR. WEISS TELL YOU THAT HE HAD INVESTED SOME
2 MONEY WITH MR. HUNT AND HAD MADE A FAIRLY SUBSTANTIAL
3 RETURN FAIRLY QUICKLY?

4 A YES, HE HAD.

5 Q AND WHEN WAS IT THAT MR. WEISS TOLD YOU THAT?

6 A THE FIRST TIME I HEARD THE NAME JOE HUNT MENTIONED
7 WAS IN THE BEGINNING OF JUNE, 1983.

8 Q WHEN DID YOU DECIDE TO INVEST?

9 A IT WAS, I THINK, THE 12TH OF JULY.

10 Q HOW MUCH DID YOU INVEST INITIALLY?

11 A \$10,000.

12 Q DID YOU GET A RETURN ON THAT MONEY?

13 MR. BARENS: WHAT YEAR ARE WE IN?

14 THE WITNESS: 1983.

15 THE COURT: 1983.

16 MR. BARENS: THANK YOU.

17 Q BY MR. WAPNER: WERE YOU PAID SOME PROFIT ON
18 THAT MONEY?

19 A YES, AFTER SOME DIFFICULTY BECAUSE --

20 Q WHEN WAS THAT?

21 A BECAUSE MR. HUNT ALLEGEDLY SAID THAT THE
22 ACCOUNTANT -- THE ACCOUNTANCY PROCEDURES HAVE NOT BEEN ON
23 LINE AND THERE WERE SEVERAL OTHER TECHNICAL MATTERS.

24 BUT EVENTUALLY, WE WERE PAID. I THINK IT WAS
25 ABOUT A LITTLE OVER TWO MONTHS LATER AT A RATE OF 13 PERCENT
26 A MONTH OR 26 PERCENT IN ALL.

27 Q HOW MUCH DID YOU GET IN SEPTEMBER?

28 A \$2,500.

1 Q AND WAS THAT ACTUALLY PAID OUT TO YOU?

2 A IT WAS PAID OUT TO ME AND TO THREE OTHER INVESTORS,
3 INCLUDING MR. WEISS.

4 Q AFTER MR. WEISS FIRST TOLD YOU ABOUT IT, DID
5 YOU TALK TO MR. HUNT?

6 A YES.

7 Q BEFORE YOU INVESTED WITH HIM, DID YOU SPEAK TO
8 HIM?

9 A YES, ON TWO OCCASIONS.

10 Q DID HE MAKE ANY REPRESENTATION TO YOU ABOUT THE
11 INVESTMENT?

12 A YES.

13 HE TRIED TO EXPLAIN TO US THE METHODOLOGY THAT
14 HE WAS EMPLOYING.

15 Q DID YOU UNDERSTAND THE METHODOLOGY AT THAT TIME?

16 A IT WAS NOT TOO CLEAR BUT THERE WAS SOME REFERENCE
17 TO WHAT IS KNOWN AS INVERTED BUTTERFLIES.

18 Q DID HE INDICATE TO YOU HOW MUCH RETURN YOU COULD
19 EXPECT ON YOUR INVESTMENT?

20 A IT WAS SUBSTANTIAL.

21 ON A MONTHLY BASIS OR -- AT THE TIME, IT WAS
22 EVERY MONTH OR BETWEEN A MONTH AND TWO MONTHS, AND SUBSEQUENT
23 TO THAT, SOME MONTHS LATER, IT WAS EVERY QUARTERLY, EVERY
24 THREE MONTHS.

25 Q DID HE INDICATE TO YOU WHAT THE RISK OF LOSS
26 WAS?

27 A HE SAID THAT UNDER NO CONDITIONS OR NO
28 CIRCUMSTANCES WE WOULD LOSE MORE THAN 15 PERCENT OF OUR

1 PRINCIPAL.

2 Q THAT IS 15 PERCENT?

3 A 15 PERCENT.

4 Q AFTER YOU WERE PAID THE MONEY IN SEPTEMBER OF
5 1983, DID YOU INVEST MORE MONEY WITH MR. HUNT?

6 A YES, IN MID-FEBRUARY, '84.

7 Q HOW MUCH DID YOU INVEST AT THAT TIME?

8 A FIVE ADDITIONAL, FIVE ADDITIONAL THOUSAND.

9 Q WHY DID YOU INVEST THE ADDITIONAL \$5,000?

10 A I HAD FIGURED -- I HAD NOTICED THAT THERE WAS
11 A PATTERN TO THE RETURNS AND THAT THE RETURNS OCCURRED AT
12 A RATE OF ABOUT 13 PERCENT A MONTH, SO I COMPUTED THAT, IF
13 I INVESTED ABOUT 15,000 IN ALL THAT IT WOULD BRING ME A NET --
14 A GROSS RETURN OF, A MONTHLY GROSS RETURN, IT WOULD PROVIDE
15 FOR INCIDENTALS AND ONGOING EXPENSES.

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1 Q BEFORE EACH MONTHLY OR QUARTERLY STATEMENT CAME
2 OUT, DID YOU GET A STATEMENT SAYING -- GIVING YOU THE OPTION
3 OF EITHER TAKING THE PROFITS OR ROLLING THEM BACK?

4 A THERE WAS, TOWARD THE END -- THE END OF THAT.
5 IN OTHER WORDS, IT DIDN'T OCCUR FOR THE FIRST SIX MONTHS.
6 IT OCCURRED IN THE SECOND SIX MONTHS UNTIL THE GREAT DEBACLE.

7 Q AND WHEN YOU GOT THE FIRST CHECK FOR \$2,500 --

8 A \$2,506.

9 Q \$2,506?

10 A \$2,506, RIGHT.

11 Q WHO WROTE THAT CHECK? ON WHAT ACCOUNT WAS IT
12 WRITTEN?

13 A IT WAS WRITTEN ON -- WELL, IT WAS PECULIAR. IT
14 SAYS "CYCLATRONICS OF NORTH AMERICA, INC."

15 Q DID YOU MENTION THAT TO MR. HUNT AT THE TIME HE
16 WROTE YOU THE CHECK?

17 A HE VOLUNTEERED. HE SAID, "THIS IS A COMPANY THAT
18 YOU WILL HEAR A GREAT DEAL ABOUT."

19 Q AND YOU SUBSEQUENTLY HEARD SOMETHING ABOUT THAT
20 OR ITS SUCCESSOR COMPANY?

21 A WELL, IT WAS MICROGENESIS LATER ON.

22 Q ALL RIGHT. AND AFTER YOU INVESTED THE NEXT 5,000,
23 DID YOU GET SOME RETURN ON YOUR MONEY?

24 A YES. THERE WAS ONE IN THE BEGINNING OF JANUARY.

25 Q SO THAT WAS ALSO A RETURN ON THE INITIAL INVESTMENT?

26 A CORRECT.

27 Q HOW MUCH WAS THAT?

28 A IT WAS \$4,012.

1 Q WAS THAT A CHECK ON CYCLATRONICS?

2 A NO. IT WAS ON MR. HUNT'S PERSONAL ACCOUNT, BANK
3 OF AMERICA, ROSEWOOD BRANCH.

4 Q SO IT WAS JOE HUNT'S PERSONAL ACCOUNT?

5 A YES.

6 Q THEN AFTER THAT, YOU INVESTED ANOTHER \$5,000?

7 A RIGHT. AND RECEIVED ANOTHER PAYMENT.

8 Q WHEN DID YOU GET THAT?

9 A I THINK IT WAS IN MARCH.

10 Q AND HOW MUCH DID YOU GET AT THAT TIME?

11 A I THINK IT WAS \$5300, I THINK.

12 Q AND DID YOU GET SOME MONEY AGAIN IN JUNE FROM
13 HIM?

14 A YES. WELL, I HAD BEEN -- I DON'T KNOW IF IT IS
15 RELEVANT, BUT I WAS OVERSEAS AND A FRIEND DEPOSITED THE AMOUNT
16 FOR ME.

17 THERE WAS A SUBSTANTIAL AMOUNT.

18 Q THAT WAS APPROXIMATELY HOW MUCH?

19 A IT WAS \$10,254, I THINK.

20 Q SO NOW YOU ARE AHEAD OF THE GAME?

21 A CORRECT.

22 Q YOU WENT TO EUROPE?

23 A I HAD BEEN IN EUROPE AT THE TIME.

24 Q ALL RIGHT. AND DID YOU SEE STEVE WEISS IN EUROPE?

25 A YES.

26 Q DID YOU TALK TO HIM ABOUT WHAT WAS GOING ON WITH
27 THE INVESTMENTS?

28 A WELL, I SAW HIM AT HIS IN-LAW'S HOUSE NEAR

1 VICTORIA STATION IN LONDON. THERE WAS -- I THINK IT WAS THE
2 19TH OF JULY, 1984.

3 HE HAD BEEN THROUGH EUROPE IN A DIFFERENT ROUTE.
4 I HAD BEEN THROUGH ON A DIFFERENT ROUTE.

5 AND WHEN I FIRST SAW HIM, HE SAID --

6 MR. BARENS: YOUR HONOR, WHAT HE SAID IS HEARSAY.

7 THE COURT: I WILL SUSTAIN THE OBJECTION.

8 Q BY MR. WAPNER: DID MR. WEISS EXPRESS TO YOU SOME
9 CONCERN ABOUT WHAT WAS GOING ON WITH THE INVESTMENTS?

10 MR. BARENS: OBJECTION, HEARSAY, YOUR HONOR.

11 THE COURT: OVERRULED.

12 THE WITNESS: HE SAID THERE ARE CERTAIN PROBLEMS WITH
13 THE ACCOUNT, WITH THE INVESTMENTS.

14 MR. BARENS: A MOTION ON THE RESPONSE, YOUR HONOR.

15 MR. WAPNER: IT IS OFFERED NOT SO MUCH TO PROVE THE
16 TRUTH, BUT TO EXPLAIN SUBSEQUENT CONDUCT.

17 THE COURT: EXPLAIN SUBSEQUENT ACTION? I WILL PERMIT
18 IT.

19 Q BY MR. WAPNER: AFTER TALKING TO MR. WEISS IN
20 LONDON, AT SOME POINT DID YOU RETURN TO LOS ANGELES?

21 A YEAH. MAY I ADD SOMETHING?

22 MR. WAPNER: MAY I HAVE A MOMENT, YOUR HONOR?

23 (PAUSE.)

24 Q BY MR. WAPNER: MR. GORE, WE WILL COME BACK TO
25 THIS.

26 BUT AFTER YOU TALKED TO MR. WEISS IN LONDON AT
27 SOME POINT, DID YOU RETURN TO LOS ANGELES?

28 A YES.

1 Q AND WHEN YOU GOT BACK TO LOS ANGELES, DID YOU
2 TALK TO THE DEFENDANT IN THIS CASE?

3 A YES. I CALLED THE OFFICE THE SECOND DAY AFTER
4 ARRIVAL.

5 AND I BELIEVE I SAW MR. HUNT SOMEWHERE, LET'S
6 SAY SEVERAL DAYS AFTER MY RETURN.

7 MR. BARENS: WHAT TIME ARE WE AT?

8 THE WITNESS: I RETURNED ON THE 24TH OF JULY. SO IT
9 WOULD BE --

10 THE COURT: 1984?

11 THE WITNESS: 1984.

12 Q BY MR. WAPNER: AND HOW LONG AFTER YOU GOT BACK,
13 DID YOU TALK TO MR. HUNT?

14 A COULD HAVE BEEN SEVERAL DAYS THEREAFTER. I
15 DISCUSSED WITH HIM IN GENERAL, YOU KNOW, MY IMPRESSION OF
16 THE TRIP AND BEAR IN MIND AT THE TIME, WE HAD AN EXCEEDINGLY
17 CORDIAL RELATIONSHIP WITH MR. HUNT.

18 Q YOU HAD BEEN ON PRETTY GOOD TERMS WITH HIM DURING
19 THE COURSE OF THE INVESTMENT?

20 A YES.

21 Q DID YOU ASK HIM AT THE TIME YOU GOT BACK, HOW
22 THE INVESTMENT HAD BEEN DOING?

23 A YES. HE SAID THAT EVERYTHING HAD YOU KNOW, GONE
24 NICELY. AND I SAID TO HIM, "JOE, I HAVE BEEN TO LONDON AND
25 THIS TIME I AM DETERMINED TO PURCHASE MYSELF A FLAT IN SOUTH
26 KENSINGTON." THAT IS A SECTION OF LONDON.

27 "AND I WOULD LIKE TO INCREASE THE INVESTMENT OR
28 I WOULD LIKE TO CONSULT WITH YOU ABOUT INCREASING THE

1 INVESTMENT AND WITH THE EARNINGS OF THE INVESTMENT, INCREASED
2 INVESTMENT, I WOULD LIKE TO HAVE THE FUNDS TO PURCHASE THE
3 FLAT."

4 Q AND WHEN WAS THAT? WHEN DID THAT CONVERSATION
5 TAKE PLACE?

6 A EITHER IN THE VERY LAST DAYS IN JULY OR THE FIRST
7 DAYS IN AUGUST. IT MIGHT HAVE BEEN MORE THAN ONE CONVERSATION.

8 Q WHAT DID HE SAY WHEN YOU TOLD HIM THAT YOU WANTED
9 TO INVEST SOME MORE?

10 A THAT THE ACCOUNT IS PERFORMING -- OR THE INVESTMENT
11 IS PERFORMING VERY WELL AND WE COULD EXPECT POSSIBLY MORE
12 THAN 25 PERCENT.

13 MR. BARENS: YOUR HONOR, WE WANT TO APPROACH AGAIN.

14 THE COURT: WE CAN DO IT AT THE CONCLUSION OF THE
15 SESSION TODAY.

16 MR. BARENS: WELL, IT IS NOT OF THE NATURE THAT WOULD
17 PERMIT THAT AT THIS POINT, YOUR HONOR. BECAUSE WE ARE IN
18 MIDSTREAM OF THE TESTIMONY AND --

19 THE COURT: ALL RIGHT.

20 THE WITNESS: LET ME CLARIFY FOR COUNSEL --

21 THE COURT: NO. WAIT JUST A MINUTE.

22 (THE FOLLOWING PROCEEDINGS WERE HELD

23 AT THE BENCH:)

24 MR. BARENS: YOUR HONOR, WE ARE WELL AFTER JUNE 6TH
25 OR JUNE 7 IN ANY EVENT, IN THIS TESTIMONY.

26 IF THE TESTIMONY IS BEING OFFERED TO SHOW MOTIVE,
27 I FAIL TO SEE THE RELEVANCY OF THE CONDUCT WELL PAST JUNE 6TH.

28 WE ARE NOW INTO AUGUST OR SEPTEMBER OR WHATEVER.

1 I DON'T SEE WHAT THAT HAS TO DO WITH MOTIVE, VIS-A-VIS
2 MR. LEVIN OR THE ACTIVITIES THAT SURROUND MR. LEVIN.

3 ALSO, YOUR HONOR, THIS IS WELL AFTER OBVIOUSLY,
4 ANY MONEY COULD HAVE BEEN RAISED PRIOR TO JUNE 6 OR 7.

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1 MR. WAPNER: IT GOES TO SHOW THE WHOLE NATURE OF THE
2 SCHEME, YOUR HONOR, THAT THIS WAS WHAT WAS GOING ON BEFORE,
3 DURING AND AFTER THE TIME THAT THE MURDER WAS COMMITTED.
4 IT SHOWS HOW THE WHOLE SCHEME WAS CONSTITUTED. THAT HE
5 CONTINUALLY TOLD PEOPLE THAT THE INVESTMENT WAS DOING WELL,
6 IT WAS MAKING MONEY, "GIVE ME MORE MONEY" AND THEY DID AND
7 THEY BELIEVED HIM.

8 MR. BARENS: YOUR HONOR, THERE HAS NOT BEEN A WITNESS
9 THAT EVER SAID HUNT SAID "GIVE ME MONEY."

10 THE COURT: LET'S NOT HAVE THAT. IT IS TOO CUMULATIVE.

11 AS I TOLD YOU, YOU HAVE HAD TWO OR THREE NOW
12 WHO WILL TESTIFY PRECISELY THE SAME WAY. WE DON'T HAVE TO
13 HAVE A MULTIPLICITY OF ALL OF THESE WITNESSES, YOU KNOW.
14 THERE IS A LIMIT TO HOW LONG WE CAN GO ON WITH THE
15 REPETITIOUS TESTIMONY THAT WE HAVE BEEN HEARING.

16 MR. WAPNER: I WAS TRYING TO DO IT FAIRLY QUICKLY.

17 THE COURT: ALL RIGHT, GO AHEAD.

18 MR. BARENS: BUT YOUR HONOR, MY MOTION GOES TO RELEVANCY.
19 I DON'T UNDERSTAND --

20 THE COURT: WELL, HE INDICATED TO YOU THE RELEVANCY,
21 THAT THERE IS A CONTINUING SCHEME AND COURSE OF CONDUCT,
22 A CONSPIRACY THAT HAS GONE ON WITH RESPECT TO THE OPERATION
23 OF THESE ALLEGED INVESTMENTS WHICH WERE MADE.

24 MR. BARENS: BUT YOUR HONOR, IN THE POST JUNE 6 PERIOD,
25 WE HAVE TO MAKE A DIFFERENT INQUIRY REALLY.

26 THE COURT: IT ISN'T CUT OFF JUST BECAUSE THE MURDER
27 ALLEGEDLY WAS COMMITTED ON JUNE 6TH, I CAN'T STOP EVERYTHING
28 AFTER THAT. I THINK THE DISTRICT ATTORNEY HAS PROPERLY

1 SHOWN THAT THERE WAS A CONTINUING CONSPIRACY AND CONTINUING
2 COURSE OF CONDUCT AND I WILL PERMIT IT TO BE DONE.

3 MR. BARENS: THANK YOU, YOUR HONOR.

4 (THE FOLLOWING PROCEEDINGS WERE HELD
5 IN OPEN COURT:)

6 Q BY MR. WAPNER: MR. GORE, AS A RESULT OF YOUR
7 CONVERSATION WITH MR. HUNT, DID YOU INVEST MORE MONEY IN
8 AUGUST?

9 A YES.

10 MR. BARENS: OBJECTION. THAT MISCHARACTERIZES THE
11 TESTIMONY SAYING "AS A RESULT".

12 THE COURT: AFTER THE CONVERSATION. NOT AS A RESULT
13 OF.

14 Q BY MR. WAPNER: AFTER THE CONVERSATION, DID
15 YOU INVEST SOME MORE MONEY WITH MR. HUNT?

16 A YES.

17 Q WHY?

18 A WELL, WITH THE AMOUNT INCREASED, IT WAS PROJECTED
19 THAT THE EARNINGS, EVEN IF THEY CONTINUED AT 13 PERCENT A
20 MONTH, WHICH THEY HAD BEEN BEFORE EXCEPT FOR THE PREVIOUS
21 PAYMENT OF JUNE, IT WOULD ALLOW ME \$12,000 BY THE NEXT
22 QUARTER.

23 Q WHO WAS IT PROJECTED BY?

24 A MR. HUNT PROJECTED IT.

25 Q HOW MUCH MONEY DID YOU GIVE HIM?

26 A I GAVE HIM ADDITIONAL \$18,000 TO A TOTAL OF
27 PRINCIPAL OF \$33,000.

28 Q WHEN DID YOU GIVE HIM THE \$18,000?

1 A I THINK IT WAS THE 9TH OF AUGUST.

2 Q AND DID YOU AT SOME POINT FIND OUT FROM MR. HUNT
3 THAT IN FACT THERE WERE NOT PROFITS BEING MADE?

4 A THE FIRST -- WELL, THERE WERE ASSURANCES GOING
5 BACK AND FORTH. BUT THE AXE DROPPED ON THE 17TH OF SEPTEMBER
6 WHEN MR. WEISS CALLED ME IN THE MORNING, MID-MORNING LIKE,
7 AND ASKED ME TO DRIVE OVER TO THE OFFICE, FROM WHERE I LIVED
8 IS ABOUT A MILE OR SO, AND WE CAME IN TO SEE MR. HUNT.

9 Q WHAT DID HE TELL YOU AT THAT TIME?

10 A THERE WAS STEVE, MR. BROWN, CHESTER BROWN AND
11 MYSELF, AND THIS IS WHEN HE FIRST TOLD US THAT THE MONEY
12 HAS BEEN LOST OR HE USES THE EXPRESSION "IT WAS LOST IN ITS
13 ENTIRETY IN THE MARKETPLACE."

14 AND WHEN I SAY "MONEY," IT IS NOT MY MONEY THAT
15 IS INVOLVED. IT IS THE TOTAL INVESTMENT OF 72 PEOPLE.

16 Q AND DID YOU GO TO A MEETING THAT HE CALLED OF
17 ALL OF THE INVESTORS?

18 A YES.

19 SUBSEQUENT TO THAT, I THINK IT WAS ON THE 21ST
20 OR THE 22ND OF SEPTEMBER, IT WAS ON A SATURDAY, SATURDAY
21 AFTERNOON, MR. HUNT BY USE OF A MEMO TO ALL INVESTORS CALLED
22 A MEETING ON SOUTH BEVERLY DRIVE IN BEVERLY HILLS. I THINK
23 THERE WERE VIRTUALLY ALL OF THEM IN ATTENDANCE, MAYBE ABOUT,
24 SAY, WELL OVER 60 PEOPLE AT THIS POINT.

25 THE COURT: ALL RIGHT, I THINK AT THIS POINT WE WILL
26 TAKE A RECESS.

27 LADIES AND GENTLEMEN, WE WILL TAKE A RECESS NOW
28 UNTIL 3:15.

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THE SAME ADMONITION I GAVE YOU WILL STILL APPLY.
(RECESS.)

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1 THE COURT: ALL RIGHT.

2 THE CLERK: YOU HAVE BEEN PREVIOUSLY SWORN. YOU ARE
3 STILL UNDER OATH. STATE YOUR NAME ONCE AGAIN.

4 THE WITNESS: ALAN GORE.

5 Q BY MR. WAPNER: WHEN YOU WENT TO MR. HUNT'S OFFICE
6 WITH CHESTER BROWN AND STEVE WEISS BEFORE THE MAY MEETING,
7 DID MR. HUNT AT THAT TIME, TELL YOU THAT HE WAS EXPECTING
8 ANY MONEY THAT WAS GOING TO COVER THE LOSSES HE HAD JUST TOLD
9 YOU ABOUT?

10 A WELL, IF I REPHRASE FROM THE SEQUENCE OF THAT
11 STATEMENT, THAT THE MONEY WAS LOST IN TOTAL IN THE MARKETPLACE
12 AND IT WAS DUE TO THE NEGLIGENCE OR INCOMPETENCE OF CERTAIN
13 ONES OF HIS ASSOCIATES, WHO DIDN'T WATCH THE POSITIONS TAKEN
14 IN THE COMMODITIES TRADING.

15 AND THEN, THAT -- LET ME REPHRASE THAT -- AND
16 THAT CERTAIN OBLIGATIONS HE HAD, THAT MR. HUNT HAD, CERTAIN
17 OBLIGATIONS, FINANCIAL OBLIGATIONS DUE TO HIM FROM PEOPLE
18 EITHER FROM OVERSEAS OR SWITZERLAND SPECIFICALLY AND WITH
19 THE HELP OF THAT MONEY, ONCE IT COMES IN, HE WILL REIMBURSE
20 THE INVESTORS.

21 Q YOU WENT TO THE MEETING OF SEPTEMBER THE 21ST
22 WHERE ALL OF THE INVESTORS WERE PRESENT, IS THAT RIGHT?

23 A YES.

24 Q AND AT THAT MEETING, DID MR. HUNT HAVE A CHECK
25 IN HIS POSSESSION?

26 A YES.
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1 Q AND WHAT DID HE SAY ABOUT THAT CHECK?

2 A HE SAID THAT IT REPRESENTED PAYMENT DUE TO HIM,
3 WHICH HE COULDN'T COLLECT ON BECAUSE THE INDIVIDUAL HAD --
4 WHO GAVE HIM THE CHECK, EITHER SKIPPED TOWN OR CHOSE NOT TO
5 HONOR THE CHECK, SOMETHING TO THAT EFFECT.

6 Q AND DID HE MENTION WHO THAT CHECK WAS FROM?

7 A FROM MR. LEVIN.

8 Q WAS THAT THE FIRST TIME YOU HAD HEARD HIM MAKE
9 REFERENCE TO MR. LEVIN?

10 A I BELIEVE I HAD HEARD HIM MAKE REFERENCE TO
11 MR. LEVIN ON THE 17TH OF SEPTEMBER.

12 Q AND THAT IS WHEN YOU WENT TO HIS OFFICE WHEN HE
13 FIRST TOLD YOU ABOUT IT?

14 A RIGHT, RIGHT.

15 Q DURING THE TIME THAT YOU WERE INVESTING WITH
16 MR. HUNT, HAD YOU AND HE BECOME FRIENDS?

17 A YES, WE WERE QUITE -- YES, WE WERE QUITE -- WE
18 WERE GOOD FRIENDS.

19 Q AND AT CHRISTMASTIME OF 1983, YOUR INVESTMENT,
20 I TAKE IT, AT LEAST IN YOUR MIND, WAS DOING PRETTY WELL?

21 A CORRECT, 13 PERCENT A MONTH.

22 Q DID YOU CONTEMPLATE AT THAT TIME GIVING MR. HUNT
23 A GIFT FOR CHRISTMAS?

24 A YES. I OFFERED TO --

25 I ASKED HIM WHAT HE WOULD LIKE TO HAVE FOR
26 CHRISTMAS.

27 MR. BARENS: RELEVANCY, YOUR HONOR.

28 THE COURT: DOES IT HAVE ANY RELEVANCY?

1 MR. WAPNER: WELL, WHAT THE NATURE OF THE GIFT WAS,
2 I THINK, HAS RELEVANCY TO CONNECT UP TO SOMETHING WE HAVE
3 HAD BEFORE.

4 THE COURT: I WILL LET HIM ANSWER. GO AHEAD.

5 Q BY MR. WAPNER: WHAT WAS IT THAT HE TOLD YOU THAT
6 HE WANTED?

7 A I SUGGESTED IF HE WOULD LIKE TO HAVE PERSONALIZED
8 STATIONERY.

9 Q YOU SUGGESTED THAT?

10 A YES.

11 Q WHAT DID HE SAY?

12 A HE SAYS YES, HE WOULD LIKE TO, IT WOULD BE NICE,
13 YOU KNOW, TO HAVE THAT.

14 AND I OFFERED, I SUGGESTED "IF YOU LIKE TO HAVE
15 IT PRINTED OR CALLIGRAPHED OR SCRIPTED."

16 Q AND YOU DECIDED TO HAVE IT DONE IN CALLIGRAPHY?

17 A I SAID, "WELL, PUT JOSEPH HUNT OR JOE HUNT ON
18 IT, WHATEVER YOU CHOOSE."

19 Q WHAT DID HE SAY?

20 A HE ASKED, WHICH WAS PECULIAR TO ME AT THE TIME,
21 HE ASKED THAT THE WORD "SHADING" LIKE SHADING OF A TREE BE
22 PUT RIGHT NEXT TO THE BBC.

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1 AND DID YOU HAVE THAT STATIONERY MADE FOR HIM?

2 A YES, I DID.

3 Q SO IT SAID, "JOSEPH HUNT ..."

4 Q "SHADING."

5 MR. WAPNER: THANK YOU. NOTHING FURTHER.

6 THE COURT: ALL RIGHT.

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CROSS-EXAMINATION

9

BY MR. BARENS:

10 Q GOOD AFTERNOON, MR. GORE. WHEN THAT REQUEST
11 WAS MADE OF YOU, THAT THAT WORD "SHADING" BE PUT ON THE
12 STATIONERY, DID YOU ASK HIM WHAT IT MEANT?

13 A YES, I DID.

14 Q WHAT DID HE SAY?

15 A HE SAID THAT IT SIGNIFIES OR DESIGNATES RANKING
16 OF PEOPLE IN THE BBC.

17 Q AND DID YOU ASK HIM ANYTHING FURTHER ON THAT
18 TOPIC?

19 A HE SAID THE SHADING APPLIES TO SOMEBODY WHO IS
20 ON THE TOP.

21 Q AND DID YOU KNOW ANY OTHER SHADINGS OR MEET ANY
22 OTHER SHADINGS?

23 A I DIDN'T KNOW WHO ELSE THE SHADING APPLIED TO.

24 Q OKAY. WAS THAT THE END OF THE DISCUSSION?

25 A WELL, I WAS OFFERING HIM A PRESENT AND HE SPECIFIED
26 THAT HE WOULD LIKE THE WORD "SHADING" ON THE TOP OF THE
27 STATIONERY.

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SO, THE INDIVIDUAL I ORDERED THE PRINTING FROM,

1 ACCOMMODATED HIM.

2 Q BUT MY QUESTION GOES TO OTHER THAN YOUR INQUIRY
3 WHAT IT MEANS. HE SAID IT HAS TO DO WITH RANKING. THAT
4 WAS IT?

5 A YES, SOMETHING LIKE THAT.

6 Q IT DIDN'T SEEM SINISTER, DID IT?

7 A NO.

8 THE COURT: HERE WE GO AGAIN.

9 (LAUGHTER IN THE COURTROOM.)

10 Q BY MR. BARENS: SHADING LIKE A TREE. OKAY. YOU
11 MET MR. HUNT THROUGH MR. WEISS?

12 A THAT'S RIGHT.

13 Q AND MR. WEISS HAD TOLD YOU CERTAIN THINGS ABOUT
14 THE SUCCESS OR LACK OF SUCCESS THAT HE HAD HAD WITH MR. HUNT?

15 A RIGHT.

16 Q WHAT DO YOU DO FOR A LIVING?

17 A I AM A TECHNICAL WRITER, EDITOR.

18 Q ANY PARTICULAR TYPE OF TECHNICAL WRITING YOU
19 DO, SIR?

20 A MOSTLY COMPUTER TYPE APPLICATIONS.

21 Q AND WERE YOU PRIOR TO THE TIME YOU MET MR. HUNT,
22 AN INVESTOR?

23 A WELL, LET ME SEE. I DON'T KNOW WHAT YOU REFER
24 TO AS AN INVESTOR.

25 THE COURT: DID YOU EVER BUY STOCKS OR BONDS?

26 THE WITNESS: I HAVE NOT BOUGHT STOCKS OR BONDS SINCE
27 THE MID-'60'S.

28 Q BY MR. BARENS: HAVE YOU EVER TRADED IN COMMODITIES,

1 SIR?

2 A NO, NOT IN COMMODITIES.

3 Q WAS THERE A REASON WHY YOU DIDN'T TRADE IN
4 COMMODITIES?

5 A I DON'T COMPREHEND THE MARKET. I HAVE NO
6 COMPREHENSION OF THAT MARKET.

7 Q DID YOU HAVE A SENSE THAT THAT TYPE OF INVESTMENT
8 WAS SPECULATIVE?

9 A YOU MEAN GENERALLY OR SPECIFICALLY IN THE CASE
10 OF --

11 Q I AM NOW BEFORE YOU MEET MR. HUNT, SIR.

12 A COMMODITIES APPEAR TO ME EQUALLY SPECULATIVE
13 TO OTHER STOCKS.

14 Q SECURITIES?

15 A SECURITIES, RIGHT.

16 Q AND IN ANY EVENT, YOU INITIALLY INVESTED \$10,000,
17 IF I AM FOLLOWING YOU, IN JULY OF 1983?

18 A CORRECT.

19 Q HOW HAD MR. HUNT SOLICITED THAT INVESTMENT FROM
20 YOU?

21 A HE DIDN'T KNOCK ON MY DOOR AND ASK ME TO TAKE
22 COGNIZANCE OF HIS METHODOLOGY, BUT HE --

23 Q YOU SAW HIM BECAUSE YOU WERE INTRODUCED TO HIM
24 BY MR. WEISS?

25 A CORRECT.

26 Q THAT WOULD BE AT A CERTAIN TIME. AND AT THAT
27 POINT, BEFORE YOU GAVE HIM -- DID YOU GIVE HIM \$10,000 THE
28 FIRST TIME THAT YOU MET HIM?

1 A NO. HE DESCRIBED TO US HIS METHODOLOGY, WHICH
2 WAS REPRESENTED TO US -- BECAUSE I WAS NOT THERE BY MYSELF --
3 AS A METHODOLOGY THAT WOULD COVER THE SPECULATIVE NATURE
4 INHERENT IN COMMODITY TRADING OR FUTURES.
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1 Q IN THAT DIALOGUE, THERE WAS A REFERENCE MADE TO
2 SOMETHING CALLED AN INVERTED BUTTERFLY THAT YOU MENTIONED?

3 A CORRECT.

4 Q AND IS AN INVERTED BUTTERFLY A CONSTRUCT FOR A
5 TYPE OF POSITION ONE CAN ASSUME IN COMMODITIES TRADING?

6 A WELL, THAT WAS NOT MY UNDERSTANDING OF IT.

7 IF YOU WISH, I CAN ELUCIDATE WHAT MY COMPREHENSION
8 WAS.

9 Q I SUPPOSE, YES.

10 IN OTHER WORDS, WHAT I MAY ASK YOU AND PERHAPS
11 IN YOUR RESPONSE YOU CAN INCORPORATE THIS: DO YOU KNOW IF
12 THAT IS AN ART WORD OR THE ART EXPRESSION, A TERM OF ART THAT
13 IS USED BY COMMODITIES DEALERS IN TRADING TO DESCRIBE A
14 CERTAIN POSITION CONFIGURATION?

15 A NO, I DIDN'T KNOW THAT.

16 BUT I KNOW NOW THAT IT REPRESENTS SOMETHING OF
17 A -- WHAT YOU CALL IT, POSITION CONFIGURATION?

18 Q YES, SIR.

19 A MY COMPREHENSION WAS THAT THE POSITIONS AND THEIR
20 SUBSEQUENT LIQUIDATION WHEN REPRESENTED ON A GRAPH, OVER A
21 PERIOD OF TIME ON A GRAPH WOULD DESCRIBE THE -- A CURVE SIMILAR
22 TO THE WING OF, THE SECTION OF THE WING OF A BUTTERFLY.

23 Q SO THE REFERENCE TO THE INVERTED BUTTERFLY HAS
24 SOME APPLICABILITY TO THINGS THAT HAPPEN IN THE REAL WORLD
25 OF MARKET AND COMMODITIES TRADING, IT IS NOT JUST SOME THING
26 WE MAKE UP?

27 A UH-HUH.

28 Q IS THAT CORRECT, SIR?

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1 A I REGRETABLY CANNOT ANSWER.

2 YOU SEE, I CAN'T EXTRAPOLATE TO THE GREATER WORLD,
3 SO TO SPEAK.

4 MR. LAWRENCE MAY CERTAINLY, CAN DO THAT BETTER,
5 HE DEALS WITH THAT. BUT MY REFERENCE WAS ENTIRELY WHAT JOE
6 HUNT SAID.

7 Q AFTER INVESTING \$10,000 IN JULY AND IN SEPTEMBER
8 YOU GOT BACK 2500, I THINK YOU SAID?

9 A YES.

10 Q AND THEN BETWEEN THEN AND FEBRUARY, WERE YOU
11 RECEIVING MONTHLY OR ON ANY OTHER BASIS, DISTRIBUTION?

12 A WHAT WAS ORIGINALLY MONTHLY TURNED TO BE BIMONTHLY
13 AND SUBSEQUENT TO THAT, ANOTHER BIMONTHLY AND SUBSEQUENT TO
14 THAT, QUARTERLY.

15 Q BUT IS THE ANSWER TO MY QUESTION YES, SIR, THAT
16 YOU GOT MONEYS BETWEEN SEPTEMBER AND FEBRUARY OF, WELL,
17 BETWEEN '83 AND '84?

18 A YES, I RECEIVED PAYMENTS ON ALL DISTRIBUTION
19 DECLARED.

20 Q WHEN YOU GOT THOSE DISTRIBUTIONS, DID YOU GET
21 ANY TYPE OF AN INVESTOR ADVISORY THAT SAID, YOU KNOW, CHECK
22 HERE, INDICATING WHETHER YOU WANT TO RECEIVE YOUR
23 DISTRIBUTION OR REINVEST YOUR DISTRIBUTION?

24 A NO.

25 YOU SEE, THINGS WERE MORE INFORMAL, LET'S SAY,
26 IN '83 AS DISTINCT FROM '84.

27 DURING THE BEGINNING OF '84, MR. HUNT CHOSE TO
28 GO VIA MORE FORMALIZED PROCEDURES.

1 AT THE BEGINNING, WE MERELY CALLED HIM ON THE
2 PHONE AND SAID, "JOE, I CHOOSE NOT TO ROLL OVER."

3 BUT I HAD AN UNDERSTANDING WITH HIM, BECAUSE WE
4 WERE ON FRIENDLY TERMS, THAT I CHOSE THAT I WOULD CONTINUE
5 TO COLLECT THE DISTRIBUTION OR OBTAIN THE DISTRIBUTIONS.

6 Q THAT WAS AN OPTION YOU HAD, SIR?

7 A YES.

8 Q A ROLL-OVER, SO WE DON'T CONFUSE EVERYBODY, MEANS
9 WE REINVEST?

10 A CORRECT.

11 Q NOW, DID HUNT RECOMMEND TO YOU THAT YOU TAKE YOUR
12 DISTRIBUTION?

13 A NO.

14 I CHOSE IT MYSELF.

15 Q SO YOU HAD SOLE DISCRETION YOU COULD MAKE AS AN
16 INDIVIDUAL?

17 A THAT'S CORRECT.

18 Q YOU MENTIONED THAT IN MID-FEBRUARY YOU INVESTED
19 AN ADDITIONAL \$5,000?

20 A CORRECT.

21 Q DO YOU KNOW BY FEBRUARY WHAT THE GROSS AMOUNT
22 WAS YOU HAD RECEIVED BETWEEN JULY AND FEBRUARY?

23 A NO, NOT JULY.

24 COUNSELOR, YOU MEANT SEPTEMBER, BECAUSE JULY WAS
25 INVESTMENT.

26 Q ALL RIGHT, SEPTEMBER. THANK YOU, SIR.

27 WHAT WAS THE TOTAL DOLLARS YOU HAD RECEIPTED?

28 A YES, ROUGHLY \$6500. I THINK IT WAS SIXTY-SIX.

1 I BEG YOUR PARDON.

2 Q THANK YOU, SIR.

3 WHEN YOU PUT UP THE \$5,000 IN MID-FEBRUARY, AS
4 YOU TESTIFIED, WERE YOU AWARE THAT MR. WEISS HAD DONE SO PRIOR
5 TO THEN?

6 A NO.

7 Q IN OTHER WORDS, THIS INVESTMENT DECISION YOU
8 ELECTED WAS JUST SOMETHING YOU DECIDED TO DO AS AN INDIVIDUAL?

9 A YES.

10 I THINK I MENTIONED BEFORE, WELL, THERE WAS AN
11 INFUSION OF CONSIDERABLE AMOUNT OF MONEY. IN OTHER WORDS,
12 MORE PEOPLE CAME INTO THE FOLD, SO TO SPEAK, INVESTORS.

13 Q YES, SIR.

14 A I PROJECTED, BECAUSE I SAW A PATTERN, I DETECTED
15 A PATTERN FROM THE DISTRIBUTION, IN OTHER WORDS, IT WAS
16 ROUGHLY ABOUT 13 PERCENT OF THE MONEY I INVESTED THAT MR. HUNT
17 PAID US ON A MONTHLY BASIS IN RETURN, SO I PROJECTED WHAT
18 MY ONGOING EXPENSES WOULD BE TO MAINTAIN MYSELF AND FOR
19 WHATEVER OTHER PURPOSES AND THAT MEANS THAT I WOULD HAVE MADE
20 APPROXIMATELY \$2500 A MONTH AND THAT WAS SUFFICIENT.

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1 Q THEN I AM SKIPPING A BIT AHEAD. IN JUNE, YOU
2 SAID YOU GOT \$10,284?

3 A UH-HUH.

4 Q NOW WE AER IN JUNE OF 1984?

5 A CORRECT.

6 Q AND WHAT ACCOUNT WAS THAT DRAWN ON?

7 A THIS IS ON FINANCIAL FUTURES TRADING OF NORTH
8 AMERICA.

9 Q OKAY. AND PRIOR -- AND MR. WAPNER MENTIONED
10 THAT AT THAT POINT, YOU WERE AHEAD.

11 TO WHAT NUMBER WERE YOU AHEAD, SIR, IN TERMS
12 OF THE NET DOLLARS INVESTED? IN OTHER WORDS, HARD CAPITAL
13 VERSUS RETURN HARD CAPITAL?

14 A I WAS AHEAD AFTER RECEIPT OF THAT \$10,000, \$254.

15 Q \$254?

16 A YEAH.

17 Q OKAY. AT THAT PARTICULAR TIME, YOU HAD MENTIONED
18 I BELIEVE, THAT YOU HAD RECEIVED A CHECK AND IF I AM WRONG
19 ON THIS, CORRECT ME, SIR, THAT YOU AT THAT POINT IN TIME,
20 HAD RECEIVED A CHECK ON A CYCLATRONICS ACCOUNT?

21 A NO. THE FIRST CHECK ONLY WAS ON THE CYCLATRONICS
22 OF NORTH AMERICA ACCOUNT.

23 Q THE FIRST \$2,500?

24 A \$2,600, ABOUT.

25 Q \$2,600. WHEN YOU GOT THAT CHECK, DID YOU INQUIRE
26 OF MR. HUNT WHAT THAT WAS ALL ABOUT?

27 A NO. WELL, HE PREEMPTED US ON THAT. HE WROTE
28 THE CHECKS. AND HE SAID THAT INCIDENTALLY, YOU WILL BE

1 RECEIVING YOUR PAYMENT OR YOUR PROFIT OR YOUR EARNINGS ON
2 CHECKS OF A COMPANY THAT YOU WILL HEAR A GREAT DEAL ABOUT.

3 Q YOU WERE THUSLY, ADVISED WERE YOU NOT SIR, OR
4 AT LEAST YOU BECAME AWARE, THAT MR. HUNT WAS INVOLVED IN
5 OTHER AREAS OF COMMERCIAL TRANSACTIONS OTHER THAN JUST BEING
6 AN INVESTOR/TRADER IN COMMODITIES?

7 A YEAH. YES, SOME INKLING BEFORE SEPTEMBER. WE
8 ARE DISCUSSING SEPTEMBER OF '83, RIGHT?

9 Q RIGHT NOW, YES.

10 A AND SOME BEFORE AND THAT WENT ON THAT OF COURSE,
11 SINCE I WAS USED TO SPEAKING TO HIM ON AN AVERAGE OF LET'S
12 SAY ONCE EVERY WEEK TO TEN DAYS AND SEEING HIM ABOUT JUST
13 AS OFTEN, OTHER PROJECTS WERE BROUGHT TO MY ATTENTION, AS
14 THEY WERE TO THE ATTENTION OF OTHER PEOPLE.

15 Q DURING THOSE CONVERSATIONS ABOUT OTHER SITUATIONS
16 MR. HUNT WAS INVOLVED IN AS A FINANCIAL OPERATOR, DID HE
17 TALK TO YOU ABOUT ANY INVESTMENTS OR DEVELOPMENTS HE HAD
18 IN HIGH TECHNOLOGY FIELDS?

19 A WELL, IF YOU MEAN THE MICROGENESIS OR THE
20 CYCLATRONICS, YES.

21 Q HE DISCUSSED THAT WITH YOU?

22 A YES. THAT'S RIGHT.

23 Q DID HE TELL YOU HE WAS TRYING TO SELL OPTIONS
24 ON THAT EQUIPMENT?

25 A I DON'T RECALL EXACTLY THAT. BUT MORE, HE WAS --
26 YOU SEE, HE FOCUSED MORE ON MICROGENESIS AND HOW IT PERFORMED
27 AND WHAT IT WAS.

28 Q HE TOLD YOU WHAT THE TECHNOLOGY COULD DO?

1 A YES.

2 Q WHAT DID HE TELL YOU?

3 A HE SAID THAT IT COULD OVERRIDE INTO THE MICRO
4 REGION. THAT MEANS VERY TINY. AND IT COULD INVOLVE A VARIETY
5 OF SILICA AND KINDRED SUBSTANCES.

6 Q AND WHAT DID SILICA MEAN TO YOU?

7 A SILICA? I PRESUME THAT IT IS SILICONE COMPOUNDS
8 WHICH ARE ANYWHERE FROM SAND TO ROCK.

9 Q AND IT COULD BE GLASS?

10 A YES. IT COULD BE GLASS, TOO BECAUSE A MAIN
11 COMPONENT OF GLASS IS SILICA.

12 Q DID YOUR UNDERSTANDING HAVE ANY APPLICABILITY
13 TO THE PRODUCTION OR MANUFACTURING OF COMPUTER CHIPS OR
14 RELATED SUBSTANCES?

15 A NO, NO. NONE WHATSOEVER. THE COMPUTER APPLICATION
16 IN MY WORK, IS ONE THING. THIS COMPUTER NEVER CAME UP ON
17 THIS.

18 BESIDES, IT WAS IN A TESTING STAGE AT THE TIME,
19 A PROTOTYPE, MORE.

20 Q HE TOLD YOU THAT THEY WERE ATTEMPTING TO REDUCE
21 THIS STUFF TO PRACTICE, SO TO SPEAK?

22 A YES.

23 Q DID HE EVER MENTION SOMEONE NAMED KILPATRICK TO
24 YOU?

25 A NO.

26 Q DID HE EVER MENTION ANY LARGE NUMBER OF AMOUNTS
27 IN TERMS OF WHAT HE WAS TALKING ABOUT IN TERMS OF INVESTORS
28 OR CO-VENTURERS?

1 A I DON'T RECALL SPECIFIC FIGURES. BUT HE IMPLIED
2 THAT IT WAS A GREAT DEAL OF MONEY IN THE PROJECT, IN THE
3 MICROGENESIS.

4 Q NOW, YOU MENTIONED THAT YOU HAD ENCOUNTERED MR.
5 WEISS IN EUROPE IN THE SUMMER OF 1984?

6 A YES.

7 Q YOU MENTIONED THAT AS A RESULT OF A DISCUSSION
8 WITH HIM, YOU BECAME AWARE THAT THERE MIGHT BE SOME PROBLEMS
9 WITH THE INVESTMENT?

10 A YES. STEVE HAD GOTTEN SEVERAL LONG DISTANCE
11 PHONE CALLS FROM LOS ANGELES, FROM HIS COUSIN, MR. BROWN.

12 Q YOU HAD A SENSE OF PROBLEMS FROM THAT?

13 A AT FIRST, I COULDN'T RECONCILE IT WITH THE FACT
14 THAT I HAD JUST BEEN INFORMED THAT THE CHECK -- YOU KNOW,
15 A CHECK REPRESENTING A 68 PERCENT RETURN HAD BEEN DEPOSITED
16 IN MY ACCOUNT.

17 Q AND SO, YOU ARE HEARING PROBLEMS FROM MR. WEISS
18 BUT THE REALITY, AT LEAST THAT YOU FEEL, IS THAT THIS
19 SIGNIFICANT DEPOSIT HAS BEEN MADE INTO YOUR ACCOUNT?

20 A EXCEPT COUNSELOR, THERE WAS ONE DIFFERENCE THERE.
21 SEE, YOU KNOW, IN THE COMMODITIES MARKET, IT IS SPECULATIVE
22 AND VIRTUALLY ANYTHING COULD HAVE HAPPENED IN THE INTERIM.

23 Q YES. YOU HAD A SENSE THAT IN THIS COMMODITIES
24 DEAL, YOU COULD HAVE SOMEWHAT ABRUPT UPS AND DOWNS?

25 A WELL, WE FELT SECURE. AND THE REASON YOU UNDER-
26 STAND, IS BECAUSE JOE SAID THAT WE COULD NOT LOSE MORE THAN
27 15 PERCENT OF OUR PRINCIPAL.

28 Q SURE. BUT YOU UNDERSTOOD THAT ALTHOUGH THERE

1 HAD BEEN AN INVESTMENT YOU SAY INTO YOUR ACCOUNT IN JUNE,
2 THAT I BELIEVE THAT YOU ENCOUNTERED MR. WEISS IN JULY?

3 A YES.

4 Q AND EVIDENTLY, SOMETHING SEEMED TO HAVE CHANGED
5 BETWEEN YOUR KNOWLEDGE OF WHAT HAPPENED IN EUROPE, THAT
6 PERSONAL ACCOUNT IN JUNE AND WHAT MR. WEISS WAS SAYING TO
7 YOU IN JULY?

8 A RIGHT.

9 Q NOW, YOU CAME BACK WITH A FEELING OF CONCERN
10 AS A RESULT OF YOUR DISCUSSION WITH MR. WEISS?

11 A WELL, I THOUGHT THAT YOU KNOW, THAT I DIDN'T
12 IMAGINE IT WOULD BE AS DRASTIC AS IT TURNED OUT TO BE AND
13 AS MR. HUNT SUBSEQUENTLY ADVISED US IT WAS.

14 Q SOMEWHERE BETWEEN YOUR DISCUSSION WITH MR. WEISS
15 AND THE SEPTEMBER -- TO COIN YOUR EXPRESSION -- GREAT
16 DEBACLE, YOU MADE ANOTHER \$18,000 INVESTMENT?

17 A WELL, I WAS REASSURED BY MR. HUNT IN MEETINGS
18 THAT OCCURRED IN THAT INTERVAL OF TIME, THAT YOU KNOW, THAT
19 ALL IS WELL.

20 AND THAT WELL, IN REALITY, I COULDN'T JUDGE THE
21 SEVERITY OF THE REVERSALS PURPORTED OR THE PROBLEMS. THEY
22 WERE NOT CALLED REVERSALS. STEVE USED THE WORD "PROBLEMS."

23 Q NOW, WHEN YOU DECIDED TO INVEST \$18,000, THAT
24 WAS BASED ON A CONSTRUCT YOU HAD MADE IN YOUR OWN MIND AS
25 TO WHAT YOU WANTED TO DO?

26 A RIGHT.

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1 Q HUNT DIDN'T SAY TO YOU, MR. GORE, WOULD YOU GIVE
2 ME \$18,000?

3 A NO, HE DIDN'T.

4 BUT I SAID, "JOE, I WOULD LIKE TO PURCHASE MYSELF
5 A FLAT IN SOUTH KENSINGTON AND I WOULD LIKE TO INCREASE THE
6 INVESTMENT IF AND WHEN WOULD YOU PROJECT AS MY EARNINGS?"

7 Q AND HE DID A PROJECTION --

8 A YES.

9 Q -- TYPE ACTIVITY?

10 A YES. \$12,000 PER THREE MONTHS PER QUARTER.

11 Q AND THEREFORE, YOU WENT AHEAD.

12 HE HADN'T SOLICITED THE \$18,000 PRIOR TO THE TIME
13 YOU INITIATED THE DIALOGUE, SIR?

14 A NO, HE DIDN'T SOLICIT IT PER SE.

15 Q WHEN THE SEPTEMBER MEETING -- FIRST, YOU HAD A
16 MEETING ON THE 17TH AND I BELIEVE YOU WERE IN THE COMPANY
17 OF TWO OTHER PEOPLE, MR. BROWN AND --

18 A YES, MR. WEISS AND MR. BROWN.

19 Q DID YOU KNOW WHY THE MEETING FOR THE 22ND, WHICH
20 I SUBMIT WAS THE DATE, WAS BEING SET UP?

21 A WELL, SEVERAL DAYS BEFORE OR WITHIN THE WEEK OR
22 SO BEFORE, WHICH WAS THE 17TH, I WOULD SAY, YES, THE WEEK
23 OR SO BEFORE, MR. BROWN INTIMATED TO ME THAT HE HAD, FOR SOME
24 REASON HE COULDN'T BE -- COULDN'T FEEL SECURE WITH MR. HUNT'S
25 ASSURANCES THAT THE MONEY WAS THERE, A DIRECT QUOTE "THE
26 MONEY WAS THERE," PRESUMABLY TO MAKE THE NEXT DISTRIBUTION.

27 Q BUT IN THE SEPTEMBER 17 MEETING THAT YOU HAD WITH
28 MR. HUNT, WAS THERE ANY DIALOGUE DURING THAT MEETING TO THE

1 EFFECT WHERE MR. WEISS ASKED HIM TO SET UP THE MEETING FOR
2 THE FOLLOWING WEEK?

3 A I DON'T REMEMBER STEVE SUGGESTING IT. HE MAY
4 HAVE.

5 Q MR. HUNT, DID HE TELL YOU --

6 A OR MR. HUNT MAY HAVE VOLUNTEERED IT AND SAYS IT
7 WOULD BE A GOOD IDEA TO DO; ONE OF THE TWO.

8 Q DID YOU UNDERSTAND, AS YOU LEFT THERE ON THE
9 MEETING ON THE 17TH, THAT AMONGST WHAT ELSE MIGHT HAVE
10 HAPPENED IN THE NEXT MEETING, THAT HUNT WAS GOING TO TELL
11 THE INVESTORS THAT THE MONEY WAS LOST?

12 A YES, BECAUSE HE ALREADY TOLD US. HE TOLD US ON
13 THAT OCCASION WHAT HAPPENED.

14 Q SURE, BUT DID YOU HAVE A SENSE THE FOLLOWING
15 WEEK'S MEETING WAS TO FURTHER EXPAND TO THE AUDIENCE OF
16 KNOWLEDGE ON THAT?

17 A YES.

18 AND FURTHER, IF I --

19 MR. HUNT INTIMATED THAT HE WOULD ALSO WOULD LIKE
20 TO SET UP MACHINERY FOR REIMBURSEMENT, SO TO SPEAK, FOR MAKING
21 GOOD ON THE LOSSES.

22 Q HE SAID THAT TO YOU ON THE 17TH?

23 A YES.

24 Q WAS THERE A DISCUSSION THAT HE WAS GOING TO OFFER
25 UP SOME PROMISSORY NOTES TO TRY TO REIMBURSE THE INVESTORS?

26 A NOT -- I DON'T -- I AM NOT CERTAIN THAT HE DID
27 IT AT THE TIME.

28 I AM ALMOST CERTAIN, I WOULD SAY, IF I WERE TO

-3

1 CHOOSE THE QUESTION, IT WAS NOT THE TIME I FIRST BECAME, YOU
2 KNOW, AWARE OF THAT, OF THE PROMISSORY NOTES IN THE MEETING
3 OF THE 22ND OR THE 21ST OF SEPTEMBER.

4 Q BUT ANY EVENT, YOU HAVE SOME RECOLLECTION OF SOME
5 DISCUSSION OF SOME NATURE ON THE 17TH OF HUNT FINDING SOME
6 MECHANISM, I BELIEVE WAS YOUR WORD, TO REPAY THE INVESTORS?

7 A YES.

8 HE SAID AMOUNTS OF MONEY WERE DUE TO HIM FROM
9 OVERSEAS.

10 MR. BARENS: THANK YOU, SIR.

11 THE COURT: ALL RIGHT.

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1 MR. WAPNER: I HAVE NOTHING FURTHER.

2 THE COURT: ALL RIGHT, THANK YOU VERY MUCH. YOU MAY
3 STEP DOWN.

4 THIS WITNESS MAY BE EXCUSED.

5 MR. WAPNER: LARRY MAIZE.

6

7

LARRY MAIZE,

8 CALLED AS A WITNESS BY THE PEOPLE, WAS SWORN AND TESTIFIED
9 AS FOLLOWS:

10 THE CLERK: IF YOU WOULD RAISE YOUR RIGHT HAND TO BE
11 SWORN.

12 YOU DO SOLEMNLY SWEAR THAT THE TESTIMONY YOU MAY
13 GIVE IN THE CAUSE NOW PENDING BEFORE THIS COURT SHALL BE THE
14 TRUTH, THE WHOLE TRUTH AND NOTHING BUT THE TRUTH, SO HELP
15 YOU GOD?

16 THE WITNESS: I DO.

17 THE CLERK: IF YOU WOULD BE SEATED THERE ON THE WITNESS
18 STAND.

19 MR. BARENS: CAN WE APPROACH, YOUR HONOR?

20 THE COURT: ALL RIGHT.

21 (THE FOLLOWING PROCEEDINGS WERE HELD
22 AT THE BENCH:)

23 MR. BARENS: YOUR HONOR, I DON'T THINK THIS GENTLEMAN
24 TESTIFIED AT ANY OF THE PRELIMINARY HEARINGS OR ANYTHING ELSE
25 TO DATE. I HAVE ABSOLUTELY NO DISCOVERY ON THIS WITNESS WHICH,
26 DEPENDING ON WHAT THE PURPOSE OF THIS WITNESS IS, MAY OR MAY
27 NOT BE PROPER.

28

COULD I ASK FOR AN OFFER OF PROOF FROM THE PEOPLE

A-2

1 AS TO THE RELEVANCY AND PURPORTED TESTIMONY WE ARE GOING TO
2 RECEIVE?

3 MR. WAPNER: SURE.

4 MR. HUNT HAD AN ACCOUNT -- MAYBE I SHOULD BACK
5 UP AND REPHRASE THAT --

6 THERE WERE TWO ACCOUNTS AT SHEARSON AMERICAN
7 EXPRESS IN BEVERLY HILLS IN THE NAME OF INTERNATIONAL MARKETING
8 OPERATIONS. THEY WERE TRADED BY MR. HUNT BUT THE EVIDENCE
9 FROM THIS WITNESS WILL BE THAT THE PEOPLE WHO WERE ACTUALLY
10 THERE AT THE BROKERAGE HOUSE AND DOING THE TRADING WERE
11 MR. DOSTI AND A STEVE LOPEZ.

12 WE WILL HAVE MR. LOPEZ AS A WITNESS TO INDICATE
13 THAT HIS INSTRUCTIONS WHEN HE WAS THERE TO DO THE TRADING,
14 WHICH WAS ONLY A PORTION OF THE TIME, CAME FROM MR. HUNT AND
15 THAT THIS WITNESS IS HERE TO LAY A FOUNDATION AS TO WHAT
16 HAPPENED WITH THE ACCOUNT.

17 THAT MR. LOPEZ WAS INTRODUCED TO THIS WITNESS
18 BY A PERSON NAMED STOCKTON AND THAT SET UP THESE ACCOUNTS,
19 AND THAT MR. LOPEZ AND MR. DOSTI CAME IN AND TRADED THE
20 ACCOUNTS.

21 AS TO WHAT HAPPENED ON THE ACCOUNTS, THERE IS
22 ANOTHER WITNESS FROM THE BROKERAGE HOUSE WHO WILL COME IN,
23 WHO IS A MR. TAYLOR. THE STATEMENTS THAT MR. TAYLOR HAS,
24 THE FORM OF STATEMENTS THAT HE HAS, HAVE COME TO US FROM
25 SHEARSON IN NEW YORK, BUT THE SUBSTANCE OF THE STATEMENTS
26 IN A DIFFERENT FORMAT WERE TAKEN BY THE S.E.C. FROM
27 MR. HUNT'S FILES. THEY WERE SUBSEQUENTLY COPIED BY THE
28 ATTORNEY GENERAL'S OFFICE AS PART OF DISCOVERY AND THEY WERE

1 THEN PROVIDED TO COUNSEL IN THE NORTHERN CALIFORNIA CASE AND
2 TO ME HERE AS PART OF DISCOVERY AND THAT INFORMATION ALL SHOULD
3 BE DISCOVERY THAT MR. BARENS HAS HAD FROM THE PRELIMINARY
4 HEARING OF MR. HUNT, FROM THE ESLAMINIA CASE FOR MONTHS AND
5 MONTHS AND MONTHS. SO THE SUBSTANCE OF THE STATEMENTS, THOSE
6 COMMODITY BROKERAGE STATEMENTS WHICH THIS SUBSEQUENT WITNESS
7 WILL TESTIFY TO, SHOWING THE LOSSES THAT THIS ACCOUNT HAD
8 AND THAT THE FACT THAT THE MONEY WAS TRANSFERRED HAVE BEEN
9 AVAILABLE TO COUNSEL, AT LEAST TO MY UNDERSTANDING, FOR A
10 LONG TIME.

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1 MR. BARENS: I AM NOT SURE MR. WAPNER IS FINISHED.

2 MR. WAPNER: SO, THAT IS THE OFFER OF PROOF THAT THIS
3 WITNESS WILL TESTIFY ABOUT MR. LOPEZ COMING IN AND SETTING
4 UP THE ACCOUNT AND THEN MR. DOSTI AND MR. LOPEZ COMING IN
5 AND TRADING ON THE ACCOUNTS.

6 THE COURT: BUT, WHAT HAS THAT GOT TO DO WITH THE ISSUES
7 IN THIS CASE?

8 MR. WAPNER: WELL, THIS WAS THE ACCOUNT THAT -- THESE
9 WERE THE ACCOUNTS THAT MR. HUNT WAS SUPPOSEDLY TRADING OR
10 ALLEGEDLY THE COMMODITIES, THE ACCOUNTS THAT HE HAD AND HE
11 WAS ALLEGEDLY TRADING MONEY FOR THOSE INVESTORS.

12 HE IS NOW -- WE HAVE TESTIMONY FROM WITNESSES
13 WHO SAY THAT MR. HUNT MADE STATEMENTS TO THEM OF AN AVERAGE
14 MONTHLY RETURN BETWEEN NOVEMBER AND FEBRUARY OF 17.69 PERCENT.

15 AND PEOPLE SUCH AS MR. GORE, WERE ACTUALLY PAID
16 MONEY DURING THIS TIME. MR. TAYLOR FROM THE BROKERAGE HOUSE
17 WILL COME IN AND SAY THAT IN FACT, THESE ACCOUNTS BY THE
18 END OF -- THE MIDDLE TO THE END OF FEBRUARY, WERE IN A LOSING
19 POSITION OF APPROXIMATELY A QUARTER OF A MILLION DOLLARS
20 AS OF FEBRUARY AND THAT CONTINUED IN A LOSING POSITION WHEN
21 THEY WERE EVENTUALLY TRANSFERRED OVER TO E. F. HUTTON AT
22 THE END OF APRIL.

23 AND WE INTEND TO BRING IN ANOTHER WITNESS FROM
24 E.F. HUTTON, TWO WITNESSES FROM E. F. HUTTON, TO SAY THAT --
25 MAY I HAVE A MOMENT, PLEASE?

26 (BRIEF PAUSE.)

27 MR. WAPNER: I WILL HAVE ANOTHER COUPLE OF WITNESSES
28 FROM E. F. HUTTON TO SHOW WHAT HAPPENED TO THE MONEY IN THOSE

1 ACCOUNTS WHEN IT WAS TRANSFERRED TO E. F. HUTTON. THAT IN
2 FACT, THE BULK OF THE POSITIONS WERE TRANSFERRED IN APRIL
3 AND THAT THEY LOST \$650,000 IN APRIL AND ANOTHER \$100,000
4 BY THE END OF MAY.

5 MR. BARENS: COULD I HAVE A MOMENT, YOUR HONOR, BEFORE
6 I SPEAK?

7 (PAUSE.)

8 MR. BARENS: YOUR HONOR, I HAVE A PARENTHETICAL COMMENT
9 TO MAKE. THEN I WOULD LIKE TO DEFER TO MR. CHIER TO RESPOND
10 TO MR. WAPNER.

11 MY PARENTHETICAL, IF I MAY -- MY PARENTHETICAL
12 COMMENT IS YOUR HONOR, YOU SHOULD BE ADVISED AND I WANT THE
13 RECORD TO BE MADE CLEAR THAT I AM NOT MR. HUNT'S COUNSEL
14 ON --

15 THE COURT: WHAT?

16 MR. BARENS: MR. HUNT'S COUNSEL IN THE NORTHERN
17 CALIFORNIA MATTER.

18 THE COURT: I KNOW THAT YOU ARE NOT.

19 MR. BARENS: AND YOUR HONOR, AT THE TIME AT THE
20 CONCLUSION OF THE PRELIMINARY HEARING, KNOWING THAT I WAS
21 NOT GOING TO GO FORWARD ON THAT, I SURRENDERED ALL OF MY
22 PAPER WORK IN THAT MATTER TO THE EXTENT SAME HAD BEEN MADE
23 AVAILABLE TO ME AT THAT TIME, TO WHOEVER WAS GOING TO BECOME
24 PRESENT COUNSEL, WHO I HAVE NOT SINCE OVER A YEAR AGO, HAD
25 ANY --

26 THE COURT: YOU MEAN YOU NEVER HEARD OF THIS ACCOUNT
27 WE ARE GOING INTO NOW?

28 MR. BARENS: I HAVE NEVER SEEN ANY PAPER WORK.

1 THE COURT: YOU NEVER HEARD OF THIS ACCOUNT?

2 MR. BARENS: MR. WAPNER MENTIONED TO ME YESTERDAY THAT
3 HE WAS GOING TO HAVE THE WITNESS HERE TODAY. I HAVE NEVER
4 SEEN AND I REPRESENT THIS CATEGORICALLY TO THE COURT, I HAVE
5 NEVER SEEN ANY PAPER WORK ON THIS ACCOUNT AND AT THE TIME
6 I DID THE PRELIMINARY HEARING IN SAN MATEO, I NEVER SAW ANY
7 PAPER WORK AT THAT TIME ON THIS ACCOUNT.

8 WHETHER IT WAS AVAILABLE OR NOT, I WILL JUST
9 TELL YOUR HONOR, I WAS PRIMARILY CONCERNED ABOUT OTHER THINGS
10 UP THERE.

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1 MR. WAPNER: LET ME MAKE ANOTHER STATEMENT. IT IS
2 MY UNDERSTANDING THAT THE ORIGINAL DOCUMENTS IN MR. HUNT'S
3 POSSESSION AT THE TIME OF THE SEARCH BY THE SEC OF THE FILES,
4 WERE NOT TAKEN BY THE SEC. THEY COPIED THEM.

5 THE ORIGINALS WERE LEFT IN THE FILES. SO THE
6 ORIGINALS OF THE DOCUMENTS OF THE TRADING ON THAT ACCOUNT,
7 WERE IN THE FILES OF MR. HUNT.

8 THE COURT: HE HAD ALL OF THE DOCUMENTS?

9 MR. WAPNER: RIGHT, THE STATEMENTS.

10 THE COURT: ON ALL OF THE ACCOUNTS?

11 MR. WAPNER: RIGHT, THE STATEMENTS OF TRADING.

12 THE COURT: WELL, HE HAS SOMETHING TO SAY?

13 MR. BARENS: IF YOU WOULD, YOUR HONOR?

14 THE COURT: GO AHEAD.

15 MR. CHIER: WE MADE A NUMBER OF DISCOVERY MOTIONS ASKING
16 FOR THE NAMES OF WITNESSES, FOR ALL DOCUMENTARY EVIDENCE
17 TO BE USED IN THE PROSECUTION'S CASE IN CHIEF.

18 THIS MAN'S NAME WAS NEVER DISCLOSED, NOR WERE
19 DOCUMENTS PRODUCED OR DELIVERED TO US. WE DO NOT HAVE THE
20 DOCUMENTS. WE DID NOT KNOW UNTIL YESTERDAY THAT THIS MAN
21 WAS GOING TO TESTIFY.

22 WE HAD NO IDEA WHAT HE WAS GOING TO TESTIFY ABOUT.
23 THE OFFER OF PROOF SEEMS TO ASSERT THAT --

24 THE COURT: WELL, I UNDERSTAND THAT YOUR CLIENT HAS
25 ALL THOSE DOCUMENTS AND HE KNOWS WHAT IT IS ALL ABOUT.

26 MR. CHIER: HE MAY WELL HAVE IT BUT --

27 THE COURT: HE SHOULD HAVE SHOWN THOSE TO YOU.

28 MR. CHIER: THERE ARE DRAWERS AND DRAWERS AND DRAWERS

1 OF DOCUMENTS. WE CAN'T LOOK AT ALL OF THE DOCUMENTS.

2 THE COURT: WELL, YOU BOTH ANSWERED READY FOR TRIAL.
3 I ASSUMED THAT YOU SHOULD HAVE KNOWN OR DID KNOW ALL ABOUT
4 IT.

5 MR. CHIER: WELL, I AM NOT FINISHED YET --

6 THE COURT: LET'S PROCEED.

7 MR. CHIER: I AM NOT FINISHED MAKING THE RECORD AND --

8 THE COURT: GO AHEAD.

9 MR. CHIER: THEY ARE ATTEMPTING TO ESTABLISH AN AGENCY
10 RELATIONSHIP HERE BY THE ACTS AND DECLARATION OF THE AGENT.

11 SECOND OR THRID OF ALL, THAT THIS EVIDENCE IS
12 EVIDENCE THAT IS IRRELEVANT TO THE ISSUE OF MOTIVE OR ANY
13 OTHER ISSUE IN THIS CASE. IT HAS NO PROBATIVE VALUE. ITS
14 ONLY VALUE IS TO FURTHER DARKEN THE CHARACTER OF MR. HUNT.

15 IT IS TIME-CONSUMING AND PREJUDICIAL. WE ARE
16 TOTALLY SURPRISED BY THIS. WE ARE ENTITLED TO HAVE A LOOK
17 AT THE DOCUMENTS.

18 WE CANNOT CROSS-EXAMINE THIS MAN ON THIS KIND
19 OF NOTICE. WE ARE SURPRISED. AND THIS MAN SHOULD NOT TESTIFY
20 AT THIS TIME. THERE HAS BEEN NO FOUNDATION FOR A RELATIONSHIP
21 THAT THE PEOPLE ARE ATTEMPTING TO ESTABLISH THROUGH THIS
22 WITNESS.

23 THE COURT: ALL RIGHT. MR. WAPNER, ANYTHING FURTHER?

24 MR. WAPNER: NO. I HAVE NOTHING FURTHER EXCEPT A HOUSE-
25 KEEPING DETAIL, WHICH IS THAT WE MIGHT HAVE THE SAME PROBLEM
26 WITH THIS WITNESS THAT WE HAVE WITH MR. FRIEDMAN. THAT IS,
27 THAT HE IS A COMMODITIES BROKER.

28 HE MAKES HIS MONEY IN THE MORNING. IT IS NOW

1 FIVE MINUTES TO 4:00.

2 IF WE DON'T FINISH WITH THIS WITNESS, I EXPECT
3 THAT HE WILL PROBABLY WANT TO COME BACK IN THE AFTERNOON.

4 THE COURT: HE WILL COME BACK TOMORROW AFTERNOON.

5 MR. BARENS: YOUR HONOR, ONE LAST THING I WOULD LIKE
6 TO ADD FOR THE RECORD. AT NO TIME DURING THE PRELIMINARY
7 HEARING OF MR. HUNT ON THE OTHER MATTER IN SAN FRANCISCO,
8 WAS ANY REFERENCE MADE TO THIS ACCOUNT OR ANY OCCASION GIVEN
9 WHERE I WOULD HAVE HEARD TESTIMONY ON THIS ACCOUNT OR LOOKED
10 AT DOCUMENTS ON THIS ACCOUNT. OTHERWISE, I WOULD HAVE DONE
11 SO.

12 THE COURT: ALL RIGHT.

13 (THE FOLLOWING PROCEEDINGS WERE HELD
14 IN OPEN COURT IN THE HEARING OF THE
15 JURY:)

16 THE CLERK: PLEASE STATE AND SPELL YOUR NAME FOR THE
17 RECORD.

18 THE WITNESS: LARRY MAIZE, M-A-I-Z-E.

19 MR. WAPNER: YOUR HONOR, WAS THE WITNESS SWORN?

20 THE COURT: YES. HIS NAME IS ON THE LIST OF WITNESSES
21 THAT YOU HAD PRESENTED TO COUNSEL. I WILL INDICATE THAT.

22
23 DIRECT EXAMINATION

24 BY MR. WAPNER:

25 Q MR. MAIZE, BY WHOM ARE YOU EMPLOYED?

26 A SHEARSON, LEHMAN BROTHERS.

27 Q WHAT DO YOU DO FOR THEM?

28 A I AM A STOCK BROKER.

1 Q HOW LONG HAVE YOU WORKED FOR THEM AS A STOCK
2 BROKER?

3 A SINCE 1973.

4 Q IN 1983, WERE YOU WORKING FOR THEM?

5 A YES, I WAS.

6 Q AT WHAT LOCATION?

7 A 166 NORTH CANNON.

8 Q IS THAT IN BEVERLY HILLS?

9 A BEVERLY HILLS.

10 Q IN 1983, DID YOU KNOW SOME PERSON NAMED STEVE
11 STOCKTON?

12 A I CERTAINLY DID.

13 Q DID HE INTRODUCE YOU TO A PERSON NAMED STEVE
14 LOPEZ?

15 A YES, HE DID.

16 Q WHEN WAS THAT DONE?

17 A I GUESS IT WAS LAST PART OF 1983.

18 Q AND AS A RESULT OF MEETING MR. LOPEZ, WHAT
19 HAPPENED? DID YOU HAVE SOME DISCUSSIONS WITH MR. LOPEZ?

20 A YES, I DID. HE TOLD ME --

21 MR. BARENS: OBJECTION, YOUR HONOR. WHAT HE TOLD HIM
22 IS HEARSAY.

23 THE COURT: OVERRULED.

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1 Q BY MR. WAPNER: WHAT DID HE TELL YOU?

2 A HE TOLD ME THAT THEY DO AN AWFUL LOT OF TRADING
3 IN THE COMMODITY MARKET.

4 Q AFTER TALKING TO MR. LOPEZ, WHAT DID YOU DO?

5 A WE OPENED UP AN ACCOUNT FOR HIM AFTER -- NOT THE
6 FIRST TIME I SPOKE TO HIM.

7 SEVERAL WEEKS LATER, HE CAME IN AND HE DECIDED
8 HE WANTED TO OPEN AN ACCOUNT WITH SHEARSON.

9 Q AND THAT WAS MR. LOPEZ ON HIS OWN?

10 A YES, IT WAS.

11 Q WHAT TYPE OF AN ACCOUNT DID HE OPEN?

12 A HE OPENED HIS OWN PERSONAL ACCOUNT AT FIRST.

13 Q AND WHAT TYPE OF ACCOUNT WAS THAT?

14 A IT WAS BASICALLY A STOCK -- A STOCK ACCOUNT,
15 STOCKS AND OPTIONS.

16 MR. BARENS: OBJECTION, ON MR. LOPEZ'S PERSONAL ACCOUNT,
17 AS TO RELEVANCY, YOUR HONOR.

18 MR. WAPNER: WELL, YOUR HONOR, AS AN OFFER OF PROOF,
19 IT WAS MONEY THAT WENT FROM THIS ACCOUNT INTO AN ACCOUNT THAT
20 WAS SUBSEQUENTLY OPENED IN THE NAME OF INTERNATIONAL MARKETING
21 OPERATIONS, THAT I THINK WILL BECOME RELEVANT TO THIS
22 PROCEEDING.

23 THE COURT: ALL RIGHT, SUBJECT TO CONNECTION, GO AHEAD.

24 Q BY MR. WAPNER: THANK YOU.

25 AND WHEN MR. LOPEZ OPENED THAT STOCK ACCOUNT,
26 WHEN WAS THAT APPROXIMATELY?

27 A THE LATTER PART OF '83.

28 Q YOU DON'T REMEMBER THE EXACT DATE?

-2
1 A NO, I DON'T.

2 Q AND WHAT WAS USED TO OPEN THAT ACCOUNT?

3 A I THINK HE OPENED THE ACCOUNT. HE PUT, I THINK,
4 A THOUSAND DOLLARS INTO THE ACCOUNT WHEN HE FIRST OPENED IT.

5 Q WERE THERE SOME BONDS THAT WERE THEN BROUGHT IN?

6 A AFTERWARDS.

7 Q HOW LONG AFTERWARDS?

8 A SEVERAL WEEKS AFTERWARDS.

9 Q AND DID THOSE BONDS -- WERE THEY TRANSFERRED FROM
10 SOMEONE ELSE TO MR. LOPEZ?

11 A YES.

12 A YOUNG LADY CAME IN, SIGNED ALL OF THE NECESSARY
13 PAPERS TO PUT HER BONDS INTO MR. LOPEZ' ACCOUNT.

14 Q DO YOU KNOW WHAT HER NAME WAS?

15 A I DON'T RECALL OFFHAND.

16 Q AND AFTER THOSE BONDS WERE PUT INTO THE ACCOUNT,
17 DID MR. LOPEZ -- WHAT DID HE DO?

18 A THEY PUT IT IN THE MARGIN ACCOUNT AND I THINK
19 IT WAS THE SAME DAY, HE TOOK OUT A SUBSTANTIAL AMOUNT OF MONEY,
20 I THINK AROUND \$95,000.

21 Q WAS THAT ESSENTIALLY A LOAN AGAINST THE --

22 A AGAINST THE BONDS THAT WAS PUT INTO HIS ACCOUNT.

23 Q AND AFTER MR. LOPEZ OPENED UP THE STOCK ACCOUNT,
24 DID YOU HAVE SOME DISCUSSIONS WITH HIM ABOUT OPENING UP ANY
25 OTHER TYPE OF ACCOUNTS?

26 A HE TOLD ME THAT HE -- THEY WERE GOING TO OPEN
27 UP A COMMODITY ACCOUNT UNDER ANOTHER NAME, UNDER A
28 CORPORATE NAME.

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1 Q WHAT HAPPENED IN THAT REGARD?

2 A THEN HE BROUGHT IN A GENTLEMAN BY THE NAME OF
3 BEN DOSTI AND THEY BROUGHT THE NECESSARY PAPERS OVER TO OPEN
4 UP A CORPORATE ACCOUNT AND THEY OPENED UP THE ACCOUNT,
5 INTERNATIONAL MARKETING NUMBER ONE.

6 Q WHEN THEY FIRST BROUGHT IN THE PAPERS FOR
7 INTERNATIONAL MARKETING, NUMBER ONE, WAS IT ONLY IN THE NAME
8 OF MR. LOPEZ AND MR. DOSTI OR WAS THERE SOMEBODY ELSE'S NAME
9 ATTACHED TO IT?

10 A THERE WAS SOMEBODY ELSE'S NAME ON.

11 Q WHOSE NAME WAS THAT?

12 A MR. HUNT.

13 Q THAT IS JOSEPH HUNT?

14 A YES.

15 Q HAD YOU EVER MET MR. HUNT?

16 A NEVER HAVE.
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1 Q WHEN THE DOCUMENTS WERE BROUGHT -- WHAT DOCUMENTS
2 WERE THEY THAT WERE BROUGHT IN WITH THE NAME OF HUNT ON THEM?

3 A CORPORATE PAPERS, PAPERS THAT WERE NECESSARY TO
4 OPEN UP A CORPORATE ACCOUNT.

5 Q WAS MR. HUNT'S NAME TO GO ON THAT ACCOUNT AT THAT
6 TIME?

7 A YES, IT WAS.

8 MR. BARENS: BEST EVIDENCE OBJECTION, YOUR HONOR.

9 THE COURT: OVERRULED.

10 Q BY MR. WAPNER: WHEN YOU GOT THAT INFORMATION
11 AND SAW MR. HUNT'S NAME ON THERE, WHAT DID YOU DO?

12 A WHEN I TOOK THE NECESSARY PAPERS IN TO THE MANAGER
13 TO SIGN, HE SAYS "WE CANNOT -- WE CANNOT OPEN UP AN ACCOUNT
14 THAT HAS MR. HUNT'S NAME ON IT".

15 Q AND WHAT HAPPENED AFTER HE GAVE YOU THAT
16 INFORMATION?

17 A THEY SAID IT WASN'T NECESSARY TO HAVE MR. HUNT'S
18 NAME ON IT AND THEY WENT BACK AND GOT OTHER PAPERS ELIMINATING
19 HIS NAME.

20 Q AND AFTER THEY GOT THOSE PAPERS, WAS AN ACCOUNT
21 OPENED IN THE NAME OF INTERNATIONAL MARKETING OPERATIONS?

22 A IT WAS.

23 Q WHEN WAS THAT DONE?

24 A ALMOST THE SAME PERIOD OF TIME. I DON'T REMEMBER
25 THE EXACT DATE.

26 Q WHAT TYPE OF AN ACCOUNT WAS IT?

27 A IT WAS A COMMODITY ACCOUNT.

28 Q AND AFTER THAT COMMODITY ACCOUNT WAS OPENED, WHAT

1 CONNECTION DID MR. LOPEZ AND MR. DOSTI HAVE WITH THE ACCOUNT?

2 A MR. LOPEZ AND MR. DOSTI CAME IN EVERY SINGLE
3 MORNING.

4 IN FACT, THEY EVEN GOT THERE BEFORE I DID.

5 AND THEY ARE THE ONES -- I THINK MR. DOSTI IS
6 THE ONE THAT GENERATED THE POSITIONS THAT THEY WANTED TO PUT
7 ON THE ACCOUNT.

8 Q WAS MR. LOPEZ ALWAYS THERE?

9 A JUST ABOUT ALL OF THE TIME.

10 Q WHEN YOU SAID "THEY CAME IN EVERY MORNING" --

11 A YES.

12 Q WHERE DID THEY COME TO?

13 A THEY CAME TO MY OFFICE.

14 Q WHAT DID THEY DO WHEN THEY WERE THERE?

15 A THEY WOULD SIT AND WATCH THEIR POSITIONS AND WHEN
16 IT HIT CERTAIN SPREADS BETWEEN -- THEY ALWAYS PUT ON SPREADS --
17 WHEN IT HIT A CERTAIN PRICE, THEY TRIED TO GENERATE -- THEY
18 TRIED TO GENERATE A TRADE.

19 Q WHEN YOU SAY THEY WATCHED THE MARKET, WAS THERE
20 ACTUALLY SOME KIND OF A MACHINE OR TAPE OR SOMETHING THAT
21 THEY WATCHED?

22 A YES. THERE IS A QUOTRON MACHINE.

23 THE COURT REPORTER: A WHAT?

24 THE WITNESS: A QUOTRON MACHINE, AT WHICH YOU CAN PICK
25 UP THE TRADES AS THEY TAKE PLACE.

26 Q BY MR. WAPNER: WHAT DOES A QUOTRON MACHINE TELL
27 YOU?

28 A IT TELLS YOU THE PRICE OF THE LAST TRADE.

1 Q HOW MANY HOURS A DAY WOULD MR. LOPEZ AND MR. DOSTI
2 SPEND AT THE OFFICE?

3 A PROBABLY AT LEAST SIX HOURS. PROBABLY SIX HOURS.

4 Q SIX HOURS?

5 A UH-HUH.

6 Q IS THAT YES?

7 A YES.

8 Q DURING THE TIME THAT THEY WERE THERE, DID YOU
9 EVER SEE EITHER ONE OF THEM USE A TELEPHONE TO CONSULT WITH
10 ANYONE ABOUT THE TRADING?

11 A THEY WERE ON THE PHONE CONSTANTLY.

12 MR. BARENS: OBJECTION, YOUR HONOR. IT CALLS FOR A
13 CONCLUSION.

14 THE COURT: SUSTAINED.

15 MR. BARENS: THANK YOU.

16 Q BY MR. WAPNER: DID YOU SEE THEM, EITHER ONE OF
17 THEM, USE THE TELEPHONE WHILE THEY WERE THERE?

18 A YES.

19 Q AND HOW OFTEN WOULD EITHER ONE OF THEM USE THE
20 TELEPHONE?

21 A THEY HAD ONE OF MY PHONES TIED UP ALMOST ALL DAY
22 LONG.

23 Q BETWEEN THE TWO OF THEM?

24 A MOSTLY, BEN DOSTI.

25 Q DID YOU KNOW WHO HE WAS TALKING TO?

26 A I NEVER REALLY PAID MUCH ATTENTION BECAUSE I HAD
27 MY OTHER BUSINESS TO TAKE CARE OF.

28 Q WHEN YOU SAID HE HAD THE PHONE TIED UP ALL DAY

1 LONG, DID YOU EVER SEE HIM ON THE TELEPHONE AND WATCHING THE
2 PRICES AT THE SAME TIME?

3 A I CAN'T SAY YES OR NO.

4 Q CAN YOU TELL ME A LITTLE BIT ABOUT THE PHYSICAL
5 SETUP OF SHEARSON AMERICAN EXPRESS IN BEVERLY HILLS IN TERMS
6 OF WHERE YOUR OFFICE IS LOCATED, WHERE IS THE QUOTRON AND
7 WHERE ELSE THEY MIGHT HAVE COME IN.

8 THE COURT: WHAT IS THE ADDRESS, BY THE WAY?

9 THE WITNESS: THE ADDRESS IS 166 NORTH CANON.

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1 Q AND GO AHEAD. AS YOU WALKED IN THE FRONT DOOR --

2 A MY OFFICE IS ON THE FAR SIDE IN THE CORNER.

3 Q AND WHERE ARE THE QUOTRONS LOCATED?

4 A IF I WERE SITTING HERE, MY QUOTRON WOULD BE RIGHT
5 IN FRONT OF ME.

6 Q AND IS THERE ANYTHING ELSE THAT WOULD GIVE THEM
7 THE COMMODITIES' PRICES?

8 A IF THEY WANTED TO WALK ACROSS THERE, WE HAVE
9 A BOARD THAT ALSO HAS COMMODITIES' PRICES.

10 Q THAT FLASHES ACROSS THE SCREEN OR SOMETHING?

11 A NOT REALLY. IT WOULD HAVE BEEN INCONVENIENT
12 FOR THEM TO WATCH THAT BOARD.

13 Q SO, WOULD THE TWO OF THEM ACTUALLY SIT IN YOUR
14 OFFICE AND LOOK AT THE QUOTRON?

15 A YES.

16 Q AND DID THEY USE THE TELEPHONE THAT WAS IN YOUR
17 OFFICE?

18 A YES, THEY DID.

19 Q AND AT SOME POINT, DID THEY STOP COMING IN?

20 A YES. THEY BASICALLY STOPPED COMING IN AROUND
21 THE BEGINNING OF MARCH. THEY WEREN'T IN -- THEY STOPPED
22 IN OCCASIONALLY, BUT NOT VERY REGULAR.

23 THE COURT: WHAT YEAR IS THAT?

24 THE WITNESS: PARDON ME?

25 THE COURT: WHAT YEAR?

26 THE WITNESS: '84.

27 Q BY MR. WAPNER: SO AS OF THE BEGINNING OF MARCH
28 OF 1984, THEY REALLY STOPPED COMING IN REGULARLY?

1 A YES.

2 Q WAS THERE A SECOND INTERNATIONAL MARKETING OPTIONS
3 ACCOUNT OPENED?

4 A YES, INTERNATIONAL MARKETING NUMBER TWO.

5 Q WHEN WAS THAT OPENED?

6 A I REALLY CAN'T ANSWER THAT. IT WAS SOMEWHERE
7 AROUND FEBRUARY OR MARCH OR SOMETHING IN THAT RANGE.

8 Q WHAT HAPPENED --

9 A '84.

10 Q WHAT HAPPENED TO THE TWO INTERNATIONAL --

11 WELL, THE INTERNATIONAL MARKETING ACCOUNT NUMBER
12 ONE THAT WAS OPENED UP, DO YOU KNOW WHAT FUNDS WERE USED
13 INITIALLY TO START THAT ACCOUNT?

14 A IT WOULD BE CONJECTURE.

15 Q DID YOU HAVE THE STATEMENTS? HAVE YOU HAD A
16 CHANCE TO LOOK AT SOME OF THE STATEMENTS?

17 A I KNOW HOW MUCH MONEY THEY PUT IN TO START.

18 Q HOW MUCH WAS THAT?

19 A \$90,000.

20 Q AND THE INTERNATIONAL MARKETING ACCOUNT NUMBER
21 TWO, WAS THAT THE SAME PEOPLE, MR. DOSTI AND MR. LOPEZ?

22 A YES, IT WAS.

23 Q WHAT HAPPENED TO THE TWO ACCOUNTS, THE INTERNATIONAL
24 MARKETING ACCOUNTS?

25 A THEY NEVER REALLY -- I CAN'T EVEN REMEMBER IF
26 THEY DID ANYTHING IN INTERNATIONAL MARKETING NUMBER TWO.

27 BUT INTERNATIONAL MARKETING NUMBER ONE, WE
28 TRANSFERRED OUT OF SHEARSON, I GUESS, IN APRIL OF 1984.

1 AND IT IS MY UNDERSTANDING THAT IT WENT TO E.
2 F. HUTTON.

3 Q ALL RIGHT. AND LIKewise, WAS THE OTHER ACCOUNT
4 TRANSFERRED OUT ALSO IN APRIL OF 1984?

5 A I DON'T THINK THERE WAS ANY MONEY LEFT IN THERE.
6 I THINK THEY TOOK THE MONEY -- OR I JUST CAN'T REMEMBER THAT,
7 OFFHAND.

8 Q IS THERE A MR. TAYLOR HERE FROM YOUR OFFICE,
9 WHO IS PREPARED TO TESTIFY ABOUT SOME OF THE STATEMENTS ON
10 THESE ACCOUNTS?

11 A ABSOLUTELY.

12 Q OKAY. I KNOW THERE WAS A QUESTION HERE. IT
13 IS SOMEWHERE IN THE AIR, NOW.

14 DURING THE TIME THAT MR. DOSTI AND MR. LOPEZ
15 WERE TRADING ON THIS ACCOUNT, DID YOU GIVE THEM ANY ADVICE
16 AS TO WHAT TRADES TO MAKE?

17 A I REALLY DIDN'T KNOW WHAT THEY WERE DOING. I
18 WAS AN ORDER-TAKER.

19 Q EXPLAIN WHAT YOU MEAN BY THAT. AN ORDER-TAKER?

20 A ALL I DID IS TAKE THE ORDERS THAT THEY GAVE ME
21 AND CALL IT IN OVER THE TELEPHONE.

22 Q DID YOU UNDERSTAND THE TECHNIQUE THEY WERE
23 USING?

24 A NO, I DIDN'T.

25 Q DID THEY ATTEMPT TO EXPLAIN IT TO YOU?

26 A I REALLY WAS NOT INTERESTED BECAUSE OUR COMPANY --
27 SHALL I CONTINUE IN THIS VEIN?

28 Q SURE.

1 A BECAUSE THE PEOPLE THAT I FIRST CALLED IN NEW
2 YORK TO TURN IN THEIR ORDERS TO, THEY WEREN'T QUITE SURE
3 WHAT WAS GOING ON IN THOSE TRADES. AND THEY TOLD ME AS MUCH.

4 Q AND DID YOU -- YOUR ROLE IN THIS IS THAT YOU
5 WOULD GET COMMISSIONS ON THE ORDERS THAT YOU TAKE?

6 A YES.

7 Q DID THEY EVER ASK YOU FOR ADVICE?

8 A NO, THEY DIDN'T.

9 Q DID THEY ASK YOU FOR QUOTES AND PRICES?

10 A YES.

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1 Q WHO DID THAT?

2 A I CALLED UP AND GOT THE QUOTES FOR THEM. THAT
3 IS OVER AND ABOVE THE QUOTES THEY SAW ON THE QUOTRON MACHINE.
4 THEY WANTED ME TO CALL UP AND SEE WHAT THEY COULD BUY A
5 SPREAD FOR, YOU KNOW, GIVE THEM PRICES ON TWO DIFFERENT SIDES.

6 Q DID THEY APPEAR TO BE CONCERNED ABOUT GETTING
7 VERY PRECISE QUOTES ON PRICES?

8 A ABSOLUTELY.

9 MR. WAPNER: I HAVE NOTHING FURTHER OF THIS WITNESS.

10 THE COURT: CROSS-EXAMINATION.

11 MR. BARENS: THANK YOU.

12

13

CROSS-EXAMINATION

14 BY MR. BARENS:

15 Q YOU SAY WHEN MR. LOPEZ CAME IN WITH HIS ACCOUNT,
16 IT WAS LATE IN 1983?

17 A IF I REMEMBER CORRECTLY.

18 Q DID YOU GO THROUGH THE PAPER WORK WITH HIM? LIKE,
19 DID HE HAVE A SIGNATURE CARD ON THE ACCOUNT OR SOMETHING
20 LIKE THAT?

21 A HE FILLED OUT EVERY BIT OF INFORMATION THAT WAS
22 REQUIRED.

23 Q OKAY. SO WHEN HE OPENED THAT ACCOUNT, WAS HE
24 THE ONLY GUY ON IT, AS FAR AS YOU COULD TELL?

25 A HIS OWN, PERSONAL ACCOUNT, YES.

26 Q HE GAVE YOU REASON TO BELIEVE THAT THAT IS WHAT
27 IT WAS?

28 A YES.

0B

1 Q AND THEN YOU SAY THAT THE ACCOUNT WAS TRANSFERRED
2 TO SOMETHING ELSE SUBSEQUENT THERETO IN LATE '83?

3 A YES.

4 Q WELL, ARE THEY STILL IN '83 WHEN THAT OCCURRED?

5 A YES.

6 Q OKAY. IN FACT, THAT ENDS UP BEING INTERNATIONAL
7 MARKETING NUMBER ONE?

8 A BOTH ACCOUNTS WERE STILL OPEN, STEVE LOPEZ' ACCOUNT
9 AND INTERNATIONAL MARKETING NUMBER ONE.

10 Q ARE THEY BOTH STILL BEING USED?

11 A I BELIEVE STEVE STILL HAD HIS ACCOUNT THAT HE
12 USED OCCASIONALLY FOR OPTIONS OR SOMETHING.

13 Q THE 90,000 THAT YOU MADE REFERENCE TO WAS IN
14 STEVE LOPEZ' PERSONAL ACCOUNT INITIALLY?

15 A NO.

16 Q WHERE WAS THAT?

17 A WHEN THEY BROUGHT IN THOSE BONDS, THEY TOOK OUT
18 A CHECK FROM SHEARSON FOR \$95,000.

19 Q AND WHO WAS THE \$95,000 MADE OUT TO?

20 A STEVE LOPEZ.

21 Q OKAY. SO, WHAT HAPPENED EXACTLY IS THAT YOU
22 FOLKS HAVE SOME BONDS THAT YOU WERE HOLDING AS COLLATERAL
23 FOR A \$95,000 NOTE?

24 A YES. THE BONDS WERE PROBABLY WORTH \$150,000
25 OR \$200,000, WHATEVER.

26 Q BECAUSE IN THE COLLATERAL, YOU EXPECT MORE THAN
27 A ONE-TO-ONE?

28 A WELL, THAT IS BECAUSE SOME OF THE BONDS HAD

1 TO CLEAR TRANSFER BEFORE WE WERE ABLE TO DO ANYTHING IN THE
2 MARGIN ACCOUNT WITH THEM. SO, ALL WE COULD TAKE OUT AT THE
3 TIME WAS \$95,000.

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1 Q WERE THOSE BONDS A LIEN AGAINST HIS ACCOUNT OR
2 REFERABLE TO HIS ACCOUNT OR TO HIS FINANCIAL -- I AM SORRY --
3 TO THE INTERNATIONAL MARKETING ACCOUNT?

4 A HIS ACCOUNT.

5 Q SO THEY ACCRUE KIND OF TO THIS FIRST ACCOUNT,
6 THE STEVE LOPEZ ACCOUNT?

7 A YES.

8 Q NOW, MONEY IS THEN PUT INTO INTERNATIONAL MARKETING?

9 A HE -- I CAN'T SAY WHETHER THAT \$90,000 WENT INTO
10 INTERNATIONAL MARKETING NUMBER ONE, WAS THE SAME 95,000 I
11 GAVE HIM. BUT HE TOOK OUT A CHECK FOR 95,000 AND LATER ON,
12 I CAN'T REMEMBER HOW MANY DAYS, IT WAS AFTER THAT, THEY PUT
13 IN A CHECK INTO INTERNATIONAL FOR 90,000.

14 Q AND YOU MADE OUT THE SIGNATURE CARDS ON
15 INTERNATIONAL MARKETING AND ALL OF THAT?

16 A MY SECRETARY DID.

17 Q YOU WERE AWARE OF THAT?

18 A ABSOLUTELY.

19 Q AND INTERNATIONAL MARKETING SHOWED WHO AS THE
20 PEOPLE?

21 A THE ORIGINAL ONE THAT WE TURNED DOWN OR THE ONE
22 THAT WE ACCEPTED?

23 Q THE ONE YOU ACCEPTED, THE ONE YOU USED.

24 A STEVE LOPEZ AND BEN DOSTI.

25 Q OKAY. AND AT THAT POINT, THEY APPEARED TO BE
26 TRADING IN COMMODITIES?

27 A YES.

28 Q ARE YOU A COMMODITIES BROKER, SIR?

1 A YES, I AM.

2 Q AND YOU HAVE BEEN IN THIS SINCE --

3 A SINCE 1969.

4 Q HAS IT BEEN YOUR EXPERIENCE SINCE 1969 THAT
5 COMMODITIES ARE SUBJECT TO GREATER SWINGS AND FLUCTUATIONS
6 AS AN INVESTMENT VEHICLE THAN, SAY, SECURITIES ON THE STOCK
7 EXCHANGE?

8 A I WOULD SAY SO.

9 Q IT IS A MUCH MORE HIGHLY SPECULATIVE TYPE OF
10 INVESTMENT VEHICLE?

11 A SURE IS.

12 Q SIR, IS IT A POSSIBILITY THAT IF I AM A LEVERAGED
13 INVESTOR IN COMMODITIES, FOR INSTANCE, I BUY FUTURES IN ORANGES
14 OR GOLD OR FRENCH FRANCS, THAT I COULD WIPE OUT IN ONE DAY?

15 A NO.

16 Q COULDN'T HAPPEN?

17 A NO.

18 Q WHY NOT?

19 A BECAUSE WE REQUIRE ENOUGH MARGIN TO OVERCOME ONE
20 DAY'S FULL SWING.

21 Q IN OTHER WORDS, THE MARKET -- OKAY, IT COULDN'T
22 HAPPEN TO ME IN A DAY.

23 HOW MANY DAYS MINIMUM WOULD IT TAKE ME TO WIPE
24 OUT?

25 A IT COULD BE SEVERAL, A COUPLE OF DAYS. IT COULD
26 BE SEVERAL DAYS BUT IT COULDN'T BE ONE DAY.

27 Q OKAY. BUT IN A COUPLE OF DAYS I COULD --

28 A SURE COULD.

1 Q -- GO FROM IN THE CHIPS TO IN THE DRINK?

2 A ABSOLUTELY.

3 Q OKAY. AND THAT IS JUST THE NATURE OF WHAT THAT
4 LEVERAGING IS ALL ABOUT?

5 A IT SURE IS.

6 Q AND LEVERAGING MEANING, YOU KNOW, IF A CONTRACT
7 COST A HUNDRED DOLLARS, I ONLY NEED TO GIVE YOU FOLKS --

8 A 10 PERCENT MAYBE.

9 Q -- 10 PERCENT?

10 SO WITH, SAY, A THOUSAND DOLLARS, I CAN TIE UP
11 A \$10,000 DEBT?

12 A UH-HUH.

13 Q AND THEN IF THINGS DON'T GO RIGHT, I ONLY HAD
14 A THOUSAND DOLLARS THAT I OWE YOU TEN, I OWE YOU NINE, IS THAT
15 KIND OF HOW IT GOES?

16 A UH-HUH.

17 THE COURT REPORTER: IS THAT ANSWER YES?

18 THE WITNESS: YES, IT IS.

19 Q BY MR. BARENS: AND EACH POINT OF CHANGE IN THE
20 MARKET, BECAUSE TRADING ON LEVERAGE, IS HIGHLY AMPLIFIED
21 IN TERMS OF ITS IMPACT ON ME?

22 A UH-HUH, YES.

23 Q SO GOING BOTH WAYS, EH?

24 A YES.

25 Q SO I HAVE GOT BIG UPS POSSIBLE AND I HAVE GOT
26 BIG DOWNS POSSIBLE?

27 A YES.

28 Q ALL RIGHT. MAKING THOSE TYPES OF INVESTMENTS,

-4

1 DO YOU GIVE MARKET ADVICE TO YOUR CLIENTELE?

2 A I DIDN'T GIVE IT TO THEM.

3 Q NO.

4 I AM ASKING AS A GENERAL EXPERIENCE THAT YOU HAVE
5 HAD.

6 A NO, I DON'T, BECAUSE I DON'T DO THAT MUCH IN
7 COMMODITIES.

8 I AM BASICALLY A STOCK AND BOND BROKER. ALL I
9 SAID -- ALL I WAS FOR INTERNATIONAL MARKETING WAS AN ORDER
10 TAKER.

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1 Q IN THE EXPERIENCE THAT YOU HAVE HAD IN THE
2 COMMODITIES AREA, WOULD YOU SAY IT WOULD BE WELL NIGH IMPOSSIBLE
3 TO FAIL-SAFE THE INVESTOR IN THE COMMODITIES SPECULATION?

4 A WHAT DO YOU MEAN?

5 Q FAIL-SAFE THEM. SAY, LISTEN, WE WILL GO IN AND
6 WE ARE GOING TO BUY PORK BELLIES OR SOY BEANS, WHATEVER YOU
7 DO, AND WE CAN FAIL-SAFE THAT IF WE ARE DOING IT ON A MARGIN
8 BASIS?

9 A NO.

10 JUST TO ANSWER AND GO BACK A LITTLE BIT. LET'S
11 ASSUME THE MARKET HAS TO GO AGAINST YOU, THE INTERNATIONAL
12 SWING, SO IF IT GOES AGAINST YOU HALFWAY, THE VERY NEXT DAY
13 WE ARE GOING TO REQUIRE YOU TO BRING IN SOME MORE MARGIN.
14 SO IF IT GOES AGAINST YOU AGAIN THAT SAME DAY, WE STILL HAVE
15 ENOUGH TO CARRY US OVER IF WE HAVE TO LIQUIDATE THE ACCOUNT.

16 BUT THEY HAVE TO MEET MARGIN EVERY SINGLE DAY,
17 GOING AGAINST YOU.

18 Q RIGHT. AND LET'S SAY IN A WORSE CASE SITUATION,
19 THE MARKET SUDDENLY -- I SUDDENLY REALIZED, I WAS AN INVESTOR
20 AND IT TURNED AGAINST ME AND IT GOES DOWN THE FULL SWING FOR
21 THAT DAY AND I DON'T MEET MARGIN, YOU GUYS CALL ME AND SAY
22 "HEY, TROUBLE IN RIVER CITY"; WHAT HAPPENS IF I DON'T MEET
23 MARGIN?

24 A YOU ARE GONE. WE LIQUIDATE YOUR ACCOUNT AND WE
25 WILL HAVE ENOUGH EQUITY IN THERE TO COVER THAT DEBIT BALANCE.

26 Q IN OTHER WORDS, WHAT YOU ARE TELLING ME IS THE
27 WAY YOU GUYS SET IT UP TODAY IS EVEN IN THE WORST ONE DAY'S
28 SWING THAT IT DOESN'T FALL BELOW MY NET POSITION.

A-2

1 A THAT IS WHAT I AM TELLING YOU.

2 Q HAS THAT ALWAYS BEEN THE CASE?

3 A AS FAR AS I CAN EVER REMEMBER, THAT WAS THE CASE.

4 Q THEN ARE YOU TELLING ME, BY THE SAME TOKEN THEN,
5 IT IS IMPOSSIBLE FOR AN INVESTOR IF YOU LIQUIDATE A POSITION
6 TO END UP OWING YOU MONEY?

7 A IT IS IMPOSSIBLE FOR THE BROKER WHO WATCHES WHO
8 MAKES SURE. IF THE MARGIN REQUIREMENT IS NOT MET, HE
9 LIQUIDATES THE ACCOUNT.

10 I CAN'T SAY WHETHER SOME OTHERS GET LAZY AND LET
11 IT SLIDE THE NEXT DAY.

12 Q HAVE YOU EVER HEARD OF THAT HAPPENING?

13 A NO, I HAVE NEVER HEARD OF IT HAPPEN BUT I AM SURE
14 IT HAPPENS.

15 Q IF THAT HAPPENED, THEN WE COULD REALLY HAVE A
16 CALAMITY?

17 A YOU SURE COULD.

18 Q THEN NOT ONLY IS THE INVESTOR WIPED OUT BUT THE
19 INVESTOR COULD BE IN A NEGATIVE OWE POSITION TO THE FIRM?

20 A YES.

21 Q AND THAT REQUIRES A CERTAIN AMOUNT OF DILIGENCE
22 BY THE PARTICIPATING BROKERS AND TRADERS TO TRY TO MAKE SURE
23 YOU DON'T HAVE ONE OF THOSE THINGS HAPPEN?

24 A ABSOLUTELY.

25 Q IF ONE OF THOSE KINDS OF CATASTROPHES WERE TO
26 OCCUR, PERHAPS IN TWO DAYS, WE HAVE GOT BIG TROUBLE?

27 A UH-HUH, YES.

28 Q IF SOMEONE IS NOT BEING DILIGENT?

1A-3

1 A EXACTLY.

2 Q OKAY. WHEN YOU SAW MR. DOSTI AND MR. LOPEZ IN
3 THERE WATCHING THE QUOTRON AND USING THE TELEPHONE, DID YOU
4 EVER ASK THEM WHAT THEIR EXPERIENCE WAS IN THIS TYPE OF
5 TRANSACTION LEVEL?

6 A NO, I DIDN'T.

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1 Q OKAY. THEY WERE ACTING IN A MANNER AS FAR AS
2 YOU COULD OBSERVE, LIKE GUYS DO THAT ARE TRADERS IN
3 COMMODITIES? WERE THEY ACTING THAT PART?

4 A YES THEY WERE.

5 Q OKAY. AND GUYS THAT ARE TRADING IN COMMODITIES
6 A LOT, DOING THAT, ARE THEY ON THE PHONE A LOT?

7 A I REALLY CAN'T ANSWER BECAUSE I DON'T HAVE THAT
8 MANY COMMODITIES CLIENTS. I NEVER HAVE.

9 Q I GUESS IF YOU WERE TRADING COMMODITIES THOUGH,
10 YOU WOULD HAVE TO BE CALLING PEOPLE FOR INFORMATION AND QUOTES
11 AND STUFF LIKE THAT OR DID YOU?

12 A NO. I DON'T THINK SO.

13 Q YOU JUST WATCH THAT QUOTRON DEVICE?

14 A THEY WATCH THE TAPE AND THEY MAKE THEIR DECISIONS
15 BY WATCHING THE QUOTRON.

16 Q WHEN YOU SAY THAT THEY ASKED YOU TO GET QUOTES,
17 WERE YOU CALLING TO GET THEM SOME KIND OF QUOTE THAT WAS NOT
18 ON THE QUOTRON?

19 A NO. WHAT THEY WANTED WAS THE LATEST QUOTE THAT
20 THEY HAD ON THE COMMODITIES EXCHANGE.

21 Q WHAT WAS THE QUOTRON SHOWING, THEN?

22 A IT MIGHT BE A MINUTE LATE. IT MAY NOT CATCH BOTH
23 SPREADS AT THE SAME TIME BECAUSE THEY USED TO HAVE TO PUT
24 SPREADS ON.

25 Q RIGHT. YOU WERE ASKED BY MR. WAPNER, DID THEY
26 REALLY WANT SPECIFIC INFORMATION OR PRECISE PRICES I THINK,
27 WERE THE WORDS THAT WERE USED. DON'T MOST PEOPLE THAT DO
28 THAT, WANT PRECISE PRICES IF THEY ARE TRADING SPREADS?

1 A AGAIN, I CAN SAY THAT I REALLY DON'T KNOW.

2 Q OKAY. LET ME ASK YOU THIS. JUST BASED ON YOUR
3 KNOWLEDGE, HOW COULD YOU EFFECTIVELY TRADE IF YOU DIDN'T HAVE
4 THE PRECISE PRICES?

5 A I DID EXACTLY WHAT THEY TOLD ME TO DO.

6 Q NO. I AM ASKING YOU, I AM ASKING YOU BASED UPON
7 YOUR KNOWLEDGE, HOW CAN YOU AS A PERSON IN THIS INDUSTRY,
8 EFFECTIVELY TRADE SPREADS IF YOU DIDN'T KNOW THE PRECISE PRICES?

9 A WELL, I THINK YOU ARE TALKING ABOUT ORANGES AND
10 APPLES.

11 Q WHAT DO YOU MEAN, SIR? IF I AM --
12 THE COURT: HE IS ONLY A LAWYER. HE MAY NOT KNOW ABOUT
13 THIS. HE HAS GOT TO CATCH UP WITH YOU.

14 THE WITNESS: ALL RIGHT.

15 MR. BARENS: IF I KNEW ANYTHING ABOUT THIS, I WOULDN'T
16 BE IN THE POSITION THAT I AM IN.

17 (LAUGHTER IN THE COURTROOM.)

18 THE WITNESS: IT WAS NOT MEANT IN A DEROGATORY WAY.
19 THEY WERE TRADING EURO-DOLLARS OR T-BILLS OR WHATEVER. THEY
20 ALSO HAD SPREADS, BOTH LEGS, AS THEY CALL IT.

21 THEY WILL GO LONG ON ONE SIDE OR SHORT ON THE
22 OTHER. SO THEY SAY OKAY, SEE WHAT FOR EXAMPLE, THE MARCH, '85
23 T-BILLS ARE TRADING AT VERSUS EURO-DOLLARS.

24 WELL, I WOULD CALL. THEY WOULD TELL ME WITHIN
25 A PENNY OF WHAT THE SPREAD IS, AT THAT PARTICULAR TIME.

26 I WOULD RELAY THEM THE INFORMATION, TO BEN DOSTI
27 AND HE WOULD SAY OKAY, TO DO IT OR, LET'S HOLD OFF.

28 AND, AS SOON AS I DID THAT --

1 Q YOU NEEDED THAT KIND OF PRECISE INPUT IN MAKING
2 THE INVESTMENT DECISIONS, I SUPPOSE?

3 A YOU SURE DO.

4 Q OKAY. NOW, WHEN YOU WOULD GIVE THEM THAT
5 INFORMATION, WOULD YOU GIVE THAT TO HIM, THAT SPECIFIC
6 MOMENT IN TIME, YOU WOULD GIVE THAT TO DOSTI?

7 A YES. I WILL KEEP THE TRADER ON THE PHONE.

8 Q AND THEN DOSTI WOULD SAY, "LET'S DO IT"?

9 A (NO AUDIBLE RESPONSE.)

10 MR. WAPNER: IS THAT YES?

11 THE WITNESS: YES.

12 Q BY MR. BARENS: DOSTI WOULD SAY, HANG ON THERE,
13 MR. MAIZE, KEEP THAT GUY ON THE PHONE. AND YOU WOULD MAKE
14 A PHONE CALL AND RUN DOWN ALL THIS INFORMATION AND LET'S
15 FREEZE FRAME, HERE?

16 A NO. HE GAVE ME THE ORDER.

17 Q DOSTI WOULD KIND OF AD HOC, MAKE A RESPONSE?

18 A I FELT BEN DOSTI WAS MAKING ALL OF THE DECISIONS
19 PERSONALLY.

20 MR. BARENS: THANK YOU, SIR.

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1 REDIRECT EXAMINATION

2 BY MR. WAPNER:

3 Q HOW MUCH OF THE TIME DOSTI WAS THERE, WAS LOPEZ
4 ALSO THERE, DO YOU REMEMBER? WERE THERE PERIODS OF TIME
5 WHEN LOPEZ DID NOT COME IN AS OFTEN?6 A YES. ONCE IN A WHILE, STEVE LOPEZ DID NOT COME
7 IN AND THEN HE WOULD TELL ME WHERE HE WENT.

8 Q DID HE GO OUT OF TOWN PERIODICALLY?

9 A YES. HE WENT UP TO SAN FRANCISCO QUITE OFTEN.

10 Q MR. LOPEZ IS ALSO FROM MALAYSIA I BELIEVE? IS
11 THAT RIGHT?

12 A SOMEWHERE, YES.

13 Q DID YOU EVER KNOW HIM TO GO OUT OF THE COUNTRY
14 DURING THAT PERIOD?

15 A YES.

16 Q FOR WHAT PERIODS OF TIME?

17 A FOR SEVERAL WEEKS. HE TOLD ME HE WAS GOING TO
18 VISIT HIS FATHER.19 Q DURING THOSE SEVERAL WEEKS, WAS MR. DOSTI STILL
20 TRADING?

21 A YES.

22 Q SO, THERE WOULD BE PERIODS OF TIME WHEN MR. LOPEZ
23 WAS IN MALAYSIA AND ALSO PERIODS OF TIME WHEN HE WAS IN SAN
24 FRANCISCO?

25 A YES.

26 Q WHEN DOSTI AND LOPEZ WERE THERE TOGETHER, DID
27 YOU STILL HAVE THE IMPRESSION THAT MR. DOSTI WAS CALLING
28 THE SHOTS?

1 A I AM SURE HE WAS.

2 Q COULD YOU TELL WHETHER THE CONSTANT TELEPHONE
3 CONVERSATIONS HAD TO DO WITH BUSINESS OR WAS IT JUST SOCIAL
4 CALLS WHILE HE WAS CONDUCTING BUSINESS OR DO YOU KNOW?

5 A I CAN'T ANSWER THAT BECAUSE I REALLY NEVER PAID
6 MUCH ATTENTION TO IT.

7 Q OF THE TIME THAT MR. DOSTI SPENT IN THE OFFICE
8 ON A DAILY BASIS, WHAT PERCENTAGE IF YOU KNOW, DID HE SPEND
9 ON THE TELEPHONE?

10 A HALF OF THE TIME.

11 THE COURT: IS THAT ALL FOR MR. MAIZE?

12 MR. WAPNER: NOTHING FURTHER.

13

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RECROSS-EXAMINATION

15

BY MR. BARENS:

16

17 Q SIR, WAS THERE EVER AN OCCASION WHEN MR. LOPEZ
18 WAS THERE BY HIMSELF, WITHOUT MR. DOSTI BEING PRESENT?

18

19 A YES.

19

20 Q AND THERE WERE OCCASIONS THEN WHERE MR. LOPEZ
21 WOULD CARRY ON BY HIMSELF?

21

22 A I DON'T REMEMBER MR. LOPEZ MAKING ANY DECISIONS,
23 EVEN WHEN HE WAS THERE BY HIMSELF, AS FAR AS TRADING THE
24 COMMODITY ACCOUNT.

24

25 Q SURE. MY QUESTION WENT TO MORE ONE OF PRESENCE.
26 HE WAS THERE ON OCCASIONS BY HIMSELF WHEN MR. DOSTI WOULD
27 ASSUMABLY BE SOMEWHERE ELSE?

27

28 A YES. MR. LOPEZ WAS THERE BY HIMSELF.

28

MR. BARENS: THANK YOU, SIR.

1 THE COURT: ALL RIGHT.

2

3

FURTHER REDIRECT EXAMINATION

4

BY MR. WAPNER:

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Q IF YOU SAY YOU DON'T REMEMBER MR. LOPEZ MAKING
6 ANY DECISIONS, BUT THERE WERE DAYS WHEN HE WAS THERE BY
7 HIMSELF, WAS THERE ANY TRADING THAT WENT ON?

8

A I DON'T RECALL THERE EVER BEING ANY TRADING FROM
9 MR. LOPEZ IN COMMODITY ACCOUNTS.

10

MR. WAPNER: THANK YOU.

11

THE COURT: ALL RIGHT. THANK YOU VERY MUCH, MR. MAIZE.
12 YOU MAY BE EXCUSED.

13

MR. WAPNER: THANK YOU.

14

THE COURT: LADIES AND GENTLEMEN OF THE JURY, WE'LL
15 TAKE OUR ADJOURNMENT AT THIS TIME UNTIL TOMORROW MORNING
16 AT 10:30. THE SAME ADMONITION THAT I GAVE YOU STILL APPLIES.
17 GOOD NIGHT.

18

(AT 4:28 P.M. AN ADJOURNMENT WAS TAKEN

19

UNTIL WEDNESDAY, MARCH 4, 1987, AT

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10:30 A.M.)

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