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5 IN THE UNITED STATES DISTRICT COURT  
6 FOR THE NORTHERN DISTRICT OF TEXAS  
7 DALLAS DIVISION

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SECURITIES & EXCHANGE COMMISSION, :

9

:

Plaintiff, :

10

:

vs. : Case No.

11

: 3:99 CV 0571-R

BENJAMIN FRANKLIN COOK, :

12

individually and dba DENNEL FINANCE :

LIMITED, GERALD LEE PATE, ELLSWORTH :

13

WAYNE MCLAWS, and ALAN CLAGG, :

:

14

Defendant, :

AND OTHER DEFENDANTS SOLELY FOR :

15

PURPOSES OF EQUITABLE RELIEF. :

=====

16

17

18 DEPOSITION OF

19 DAVID EDWARDS

20 Monday, March 20, 2000

21 Reno, Nevada

22

23

Reported by: DIANNE M. BRUMLEY, #205, RDR, CRR

24 California CSR # 6796

Transcription: ^----^ Computer ^----^

25 ^^ BONANZA REPORTING, 1111 FOREST, RENO, NEVADA

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APPEARANCES

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FOR THE PLAINTIFF:  
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FOR THE DEFENDANTS:  
Scheef & Stone  
Attorneys at Law  
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ALSO PRESENT:  
Lawrence J. Warfield

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2   RENO, NEVADA, MONDAY, MARCH 20, 2000, 11:20 A.M.

3                   \*\*\*

4                   DAVID EDWARDS

5                   having been duly sworn,

6                   was examined and testified as follows:

7                   EXAMINATION

8   BY MR. CRAWFORD:

9       Q   Mr. Edwards, my name is Kelly Crawford.

10   We met just a few minutes ago and I'm one of the

11   attorneys representing Mr. Lawrence Warfield who is

12   the Court appointed receiver in this action.

13 For the record, I would like to state  
14 that it's now 11:20 and the deposition was noticed --  
15 the subpoena was for you to appear at 10:00.

16 Would you please explain for me why it is  
17 that you were not able to be here at 10:00?

18 A Sure. First of all, for the record,  
19 first I would like to state that I am here under  
20 threat, duress and coercion, that I'm not here  
21 voluntarily of my own free will, okay? And also  
22 because I live in Tacoma, Washington, I had to fly  
23 down here and I was late. The flight was delayed two  
24 hours, so I just got in.

25 Q Mr. Edwards, do you understand that your

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1 testimony here today is under oath just as if you were

2 in front of a Judge or the jury?

3 A Yes.

4 Q Have you ever had your deposition taken

5 before?

6 A No.

7 Q Let's mark this as Exhibit 1.

8 (Exhibit 1 was marked for identification.)

9 BY MR. CRAWFORD:

10 Q I'll hand you what's been marked Exhibit

11 1 which is a Notice of Subpoena on Non-Party For the

12 Taking of a Deposition and the Production of Documents

13 with a subpoena that was served upon you for a

14 deposition that was to occur on August 9th of 1999.

15 Do you recall receiving that subpoena?

16 A No, it was never served personally on me.

17 Before I start to answer any questions, is there any

18 way that I can turn records over to you or answer your

19 questions without violating my Fifth Amendment rights?

20 Q Mr. Edwards, I am not your attorney. I

21 am the attorney for the receiver. You have to get  
22 your own attorney. I'm not here to offer any legal  
23 advice to you.

24 A I don't intend to waive any of my  
25 constitutional rights. Allegations -- criminal

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1 allegations in my opinion have been made falsely  
2 against me in court documents that I've read, false  
3 accusations that I am in control of assets that belong  
4 to the receiver which is false, and so I feel that I'm  
5 going to have to exercise all my constitutional rights  
6 and just not answer any questions.

7 Q Not answer any questions today at all?

8 A As far as I know, I'm under criminal  
9 investigation.

10 Q By who?

11 A I don't know. There's been criminal

12 allegations made against me.

13 Q Who has made those criminal allegations?

14 A Mr. Warfield has.

15 Q What allegations has he made against you?

16 A That I'm in control of and hiding assets

17 that belong to Ben Cook.

18 Q Is it your testimony here under oath and

19 under the penalty of perjury that you are not in

20 possession or control of any receivership assets? And

21 I will use the definition of receivership assets that

22 I will mark as Exhibit 2.

23 (Exhibit 2 was marked for identification.)

24 BY MR. CRAWFORD:

25 Q I'll show you what has been marked as

1 Exhibit 2 which is a description of what the Court has  
2 defined as receivership assets, and I would ask that  
3 you read that over carefully and when I use the term  
4 receivership assets, it will mean and include all of  
5 the assets listed on Exhibit No. 2.

6 A Yeah, that would be correct. Most of  
7 these names I don't recognize, but --

8 Q Is it your testimony under oath that you  
9 are not in possession or control of any receivership  
10 assets as defined on Exhibit 2?

11 A Yes.

12 Q Following the deposition that was noticed  
13 on Exhibit No. 1 that you did not appear for, you sent  
14 Mr. Murphy who is the attorney for the receiver a  
15 letter telling him that you objected to the subpoena  
16 and would not appear without court order; isn't that  
17 correct?

18 A I don't recall.

19 Q Let's mark this as Exhibit 3.

20 (Exhibit 3 was marked for identification.)

21 BY MR. CRAWFORD:

22 Q I hand you what's been marked as Exhibit

23 3 and show you the third page and ask if that's your

24 signature on the third page.

25 A Yep, that is my signature.

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1 Q Who prepared this document?

2 A I don't think that's relevant to

3 anything. I'll take the Fifth on that.

4 Q You're taking the Fifth Amendment on

5 that?

6 A I'm taking the Fifth. I said I'm not

7 going to answer any questions.

8 Q You're refusing to answer this question

9 on the basis of the Fifth Amendment.

10 Who gave you the information to put in

11 this letter and urged you not to appear at the

12 deposition?

13 A I guess I didn't make myself clear. I

14 really don't want to answer any questions. Is there a

15 line to these questions?

16 Q Let me just try to make this clear for

17 the record.

18 A Are you trying to ask who my paralegal

19 counsel is here?

20 Q I would like to get something clear for

21 the record, and that is, is it your position here

22 today that in response to any question that I ask you

23 here today, you are refusing to answer that question

24 on the basis of the Fifth Amendment?

25 A Since anything and everything can be used

1 against me, I'm not sure what I should answer and what

2 I shouldn't answer.

3 Q Again, are you refusing to answer any

4 question that I ask you here today on the basis of the

5 Fifth Amendment?

6 A I am refusing to answer your questions on

7 the basis of the Fifth Amendment.

8 Q Let me mark this as Exhibit 4.

9 (Exhibit 4 was marked for identification.)

10 BY MR. CRAWFORD:

11 Q Exhibit 4, for the record, is an Amended

12 Notice of Subpoena On Non-Party for the Taking of a

13 Deposition and Production of Documents which noticed

14 your deposition to be held on December 6th which was

15 then subsequently rescheduled, and the court reporter

16 will mark this as Exhibit 5.

17 (Exhibit 5 was marked for identification.)

18 BY MR. CRAWFORD:

19 Q Exhibit 5 is an Amended Notice of

20 Subpoena of Non-Party for the Taking of a Deposition

21 and Production of Documents that noticed your

22 deposition for January Fifth.

23 It was subsequently renoticed. We'll

24 mark this as Exhibit 6.

25 (Exhibit 6 was marked for identification.)

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1 BY MR. CRAWFORD:

2 Q Exhibit 6 is another Amended Notice of

3 Subpoena which again notices your deposition for today

4 at March 20th, 10:00 a.m., and let's mark this as

5 Exhibit 7.

6 (Exhibit 7 was marked for identification.)

7 BY MR. CRAWFORD:

8 Q Exhibit 7 is a copy of an order entered

9 by the United States District Court for the District

10 of Nevada, Chief Judge Honorable Howard D. McKibben in

11 which he ordered that in order for Mr. Edwards to

12 purge himself of contempt of court, he is required to

13 appear here today for his deposition and production of

14 those documents which have been subpoenaed.

15 I ask you, Mr. Edwards, did you bring

16 with you any documents that are responsive to the

17 subpoena for the deposition in this case?

18 A Again, I'm resting on the Fifth Amendment

19 and I'm not turning any documents over.

20 Q At this time I'd like to go off the

21 record and take a short break.

22 (A recess was taken.)

23 BY MR. CRAWFORD:

24 Q We're back on the record.

25 Mr. Edwards, do you understand that you

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1 are still under oath?

2 A Yes.

3 Q And you still have an obligation to tell

4 the truth under penalty of perjury. You have to give

5 a verbal response.

6 A Yes.

7 Q When I use the term you or your in this

8 deposition, I mean you, David Edwards individually, or

9 in your capacity as a trustee or beneficiary of a

10 trust, or in your capacity as a partner in a

11 partnership or as a shareholder in a corporation or as

12 an officer in a corporation, as a limited partner or a

13 director.

14           Isn't it true that you received several

15 cashiers checks from Mr. Ben Cook after this lawsuit

16 began?

17           A    I will discuss the six cashiers checks

18 with you, okay? Six or five, I can't remember what it

19 was. You know, I don't recall if I received them

20 after the -- I may have, after the March 16th date,

21 and I held those in safekeeping at Wells Fargo Bank

22 for Mr. Ben Cook.

23           In fact, I went to great lengths and

24 because of those great lengths, Wells Fargo I later

25 found out, because I had them in safekeeping. They

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1 listed the checks, rather than just a safety deposit

2 box and they obviously notified Mr. Warfield.

3           They didn't tell me, but they closed the  
4 account out, returned the checks to me, and then I  
5 returned the checks to Ben Cook, so by the time that I  
6 received Mr. Warfield's letter, they were not in my  
7 possession any longer.

8           Q   Who gave the checks to you to begin with?

9           A   Ben did.

10          Q   And why did he give those checks to you?

11          A   He didn't tell me.

12          Q   What was your understanding as to why you  
13 were being given cashiers checks?

14          A   He just asked me to put them in  
15 safekeeping for him. I said okay, so I did.

16          Q   Isn't it true that at that time you knew  
17 that those were receivership assets that belonged to  
18 the receiver in this case?

19          A   No, I didn't know that. In fact, when I  
20 received Mr. Warfield's letter, that's the first time

21 I had seen the temporary restraining order and the  
22 temporary restraining order, as I read it, said that  
23 receivership assets had to be traced to something and  
24 Mr. Warfield didn't offer up any evidence that those  
25 checks had been part of receivership assets.

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1 He just asked for them, but it didn't

2 matter. It was moot, I didn't have them.

3 Q Isn't it a fact that Mr. Warfield called

4 you and asked you about the receivership assets, or

5 I'm sorry, about the cashiers checks?

6 A Yeah.

7 Q And isn't it true that you told Mr.

8 Warfield that you were not going to cooperate with him

9 and that he could go to hell?

10 A No, I would never use that kind of

11 language.

12 Q Isn't it true that you --

13 A I did say that I would not cooperate.

14 Q Let's mark this as Exhibit 8.

15 (Exhibit 8 was marked for identification.)

16 BY MR. CRAWFORD:

17 Q I'm handing you what has been marked as

18 Exhibit 8 which is a letter from you to Mr. Warfield

19 dated June 28th, 1999. Is that your signature?

20 A Uh-huh.

21 Q Do you recall preparing this letter and

22 sending it to him?

23 A Uh-huh.

24 Q Is that a yes?

25 A I'm sorry, yes.

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1 Q When you received the cashiers checks  
2 from Mr. Cook, you knew that they were payable to  
3 companies that were under his control; isn't that  
4 correct?

5 A No, only -- I didn't recognize a lot of  
6 the names.

7 Q Is that your testimony under oath that  
8 you had no idea --

9 A Right, I didn't know that they were --  
10 again, I had not seen any of the court documents of  
11 what was going on.

12 Q I'd like for you to read the first  
13 sentence of the letter that you wrote that we've  
14 marked as Exhibit 8, if you'll read it out loud.

15 A "I received your letter dated June 26th,  
16 1999 referring to certain cashiers checks payable to  
17 companies under the control of Benjamin F. Cook."

18 At the time I had them, I didn't. That

19 was your question. It was brought to my attention by

20 Mr. Warfield's letter. That's what I said, I didn't

21 see any court documents until I got Mr. Warfield's

22 letter, okay, and that's what I was referring to.

23 "As you know these checks were held in

24 safekeeping by me for Mr. Cook at Wells Fargo Bank."

25

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1 BY MR. CRAWFORD:

2 Q Stop right there. Why is it that you

3 were holding them for safekeeping?

4 A Ben asked me to do it, I did it. That's

5 all.

6 Q It's your testimony if someone came up to

7 you and handed you seven cashiers checks for hundreds

8 of thousands of dollars that you would hold on to them

9 without asking why, is that your testimony?

10 A Yeah, in the relationship that I had with

11 him, yes.

12 Q What kind of relationship did you have

13 with him?

14 A Well, Ben Cook is a friend.

15 Q How long has he been a friend?

16 A About two years.

17 Q When did you first meet Mr. Cook?

18 A His home in Arizona.

19 Q And what was the occasion of meeting him?

20 A These questions have nothing to do with

21 whether or not I have assets under my control, okay?

22 It's an invasion of privacy and I'm going to take the

23 Fifth Amendment. We're done.

24 Q Are you refusing to answer that question?

25 A I'm refusing to answer any more

1 questions. We're getting off on a tangent here. This

2 has got nothing to do with me having assets.

3 I've talked about the checks, I don't

4 have them any more. My understanding is that those

5 checks have been cashed is what I've heard.

6 Q Who have you heard that from?

7 A I heard that from someone.

8 Q From who?

9 A I can't remember. I just heard.

10 Q Is it your testimony under oath that you

11 have no memory as to who told you that the checks have

12 been cashed?

13 A Again, I'm just going to take the Fifth,

14 okay? No more questions, unless you have some

15 evidence that you want to discuss that you have. You

16 guys have my bank records, you have Ben's bank

17 records. You know I don't have any assets.

18 Q Mr. Edwards, let me explain something to

19 you. We're here today to take a deposition which is

20 part of the discovery process and it's not a time for

21 us to present evidence to you in some type of a

22 hearing. It's a deposition that the Court has

23 ordered --

24 A Allegations have been made against me.

25 Q And I have presented to you a letter

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1 signed by you in which you are discussing your control

2 over receivership assets and that's what I'm asking

3 these questions about.

4 A And I explained to you, I answered that

5 question. I didn't know at the time that I had them .

6 This is in response to Mr. Warfield's letter.

7 Q Why did you go to Wells Fargo Bank to ask

8 the checks to be --

9 A That's none of your business. Fifth

10 Amendment.

11 Q Isn't it true that it was part of a

12 scheme that you were working on with Mr. Cook that

13 involved David Cluff and J. W. Young to raise money

14 for a program?

15 A No.

16 Q Isn't it true that you asked Wells Fargo

17 to write a letter on your behalf saying that they

18 would accept funds and then issue a cashier's check or

19 a C.D. so that that could be used for an investment

20 program?

21 A Fifth Amendment, no more questions.

22 Q Isn't it true that Wells Fargo Bank

23 refused to issue the letter and that's when they

24 returned the cashiers checks?

25 A Wells Fargo closed the account three

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1 weeks after I opened the account. Their legal  
2 department, the reason they gave me was that I had no  
3 affiliation in the State of California where I opened  
4 it. I should have opened it in the State of Nevada or  
5 Washington or whatever. That was their reason.

6 I'm assuming the real reason was that Mr.  
7 Warfield contacted them.

8 Q Isn't it true that you asked Wells Fargo  
9 to issue a letter regarding the receipt of funds and  
10 issuance of a Certificate of Deposit that they refused  
11 to issue and that's when they then refused to hold on  
12 to the cashiers checks?

13 A No, that's not true, and I'm not going to

14 answer any more questions.

15 Q In the last sentence of your letter, you

16 say you returned the checks to Mr. Cook's personal

17 representative and am no longer in possession of any

18 asset under the control of Mr. Cook.

19 Didn't you just testify earlier that you

20 gave the checks back to Mr. Cook himself?

21 A No, I didn't. I gave it to his personal

22 representative.

23 Q And who was that?

24 A His name was Herb Bates.

25 Q Did Mr. Bates tell you that he was asked

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1 by Mr. Cook to get the cashiers checks from you?

2 A What's that? I'm sorry, did Mr. Bates

3 ask --

4 Q Did Mr. Bates tell you that Mr. Cook had

5 asked him to get the cashiers checks from you?

6 A No. Mr. Cook directed me to send them to

7 him.

8 Q Did he do that in a telephone conference

9 or by letter?

10 A Just by phone.

11 Q And why did he -- did he tell you why he

12 wanted you to give the checks to Mr. Bates?

13 A I didn't want them.

14 Q And what did Mr. Bates do with the check?

15 A I have no idea.

16 Q Did Mr. Cook cash the checks?

17 A I have no idea.

18 Q Do you know where the checks are today?

19 A I have no idea.

20 Q Isn't it true that Mr. Cook still has

21 control over the cashiers checks?

22 A I don't know.

23 Q When did you first meet Herb Bates?

24 A I don't remember.

25 Q Where does Mr. Bates live?

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1 A I don't have his address.

2 Q Where did you -- where physically did you

3 give him the checks?

4 A I mailed them to him, but I didn't keep

5 the address.

6 Q And you don't recall what state he lives

7 in?

8 A California.

9 Q Did you send the checks Federal Express?

10 A No, just first class mail, I believe.

11 Q When did you send the checks to Mr.

12 Bates?

13 A Right after I got them back from the

14 bank, whatever day that was.

15 Q Isn't it true that at that time you knew

16 Mr. Cook was a defendant in this lawsuit by the

17 Securities & Exchange Commission?

18 A I didn't know the extent until I saw the

19 paperwork.

20 Q But you knew he was a defendant in a

21 lawsuit by the SEC at that time; isn't that correct?

22 A I knew that the SEC was investigating

23 him.

24 Q Isn't it true that you were assisting

25 your friend, Mr. Cook, by safeguarding those cashiers

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1 checks and then sending them to the people he

2 instructed?

3 A Fifth Amendment, no more questions.

4 Q You have raised money for the Dannel

5 Investment Program through an entity called Pacific

6 Limited International Partnership; isn't that correct?

7 A Fifth Amendment. Are you going to ask me

8 a lot of questions and I'm going to take the Fifth on

9 every one of them?

10 Q Your father is James Edwards; is that

11 correct?

12 A Yes.

13 Q And your father is the president of an

14 entity called Select Financial Services, Inc.; is that

15 correct?

16 A Fifth Amendment.

17 Q Let's mark this as Exhibit 9.

18 (Exhibit 9 was marked for identification.)

19 BY MR. CRAWFORD:

20 Q I'm going to hand you Exhibit 9, the  
21 Articles of Incorporation of Select Financial  
22 Services, Inc. and these show you and your father as  
23 the directors of Select Financial Services, Inc.; is  
24 that correct?

25 A Fifth Amendment.

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1 Q And then Select Financial Services, Inc.  
2 is the general partner of Pacific International  
3 Limited Partnership; isn't that correct?

4 A Fifth Amendment.

5 Q Let's mark this as Exhibit 10.

6 (Exhibit 10 was marked for identification.)

7 BY MR. CRAWFORD:

8 Q I hand you what's been marked as Exhibit

9 10. Isn't that a copy of the Limited Partnership

10 Agreement for Pacific International Limited

11 Partnership?

12 A Fifth Amendment.

13 Q And then Pacific International Limited

14 Partnership was used by you to solicit investors for

15 placement of funds into the Dannel program; isn't that

16 correct?

17 A Fifth Amendment.

18 Q Let's mark this as Exhibit 11.

19 (Exhibit 11 was marked for identification.)

20 BY MR. CRAWFORD:

21 Q Handing you what's been marked as Exhibit

22 11 which is a solicitation package from Pacific

23 International Limited Partnership to Changlik and

24 Mischellie Oh for an investment of \$30,000 in Pacific

25 International Limited Partnership; isn't that correct?

1 A Fifth Amendment.

2 Q And isn't it true that this solicitation

3 package was used by you and your father to solicit

4 investor monies to be invested with Pacific

5 International Limited Partnership?

6 A Fifth Amendment.

7 Q Let's mark this as Exhibit 12.

8 (Exhibit 12 was marked for identification.)

9 BY MR. CRAWFORD:

10 Q And I'll hand to you Exhibit 12 which is

11 a contract between Pacific International Limited

12 Partnership and Dannel Finance Limited signed by your

13 father on behalf of Pacific International Limited

14 Partnership and Benjamin Cook as placement manager;

15 isn't that correct?

16 A Fifth Amendment.

17 Q And isn't it correct then that through  
18 this contract with Dennel Finance Limited, Pacific  
19 International Limited Partnership took funds that it  
20 had received from investors in Pacific International  
21 Limited Partnership and placed those funds into Dennel  
22 Finance Limited program?

23 A Fifth Amendment.

24 Q Let's mark this as Exhibit 13.

25 (Exhibit 13 was marked for identification.)

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1 BY MR. CRAWFORD:

2 Q I'll hand to you what's been marked as

3 Exhibit 13 and ask you -- strike that.

4 I will hand to you Exhibit 13 which is

5 entitled Domestic Wire Transfer Request, and doesn't

6 this reflect funds that were wire transferred from  
7 Pacific Limited International Partnership to Denne  
8 Finance Limited for investment in the Denne program?

9 A Fifth Amendment.

10 Q And isn't it correct that the handwritten  
11 notations at the bottom of the first page of Exhibit  
12 13 and each of the following pages, the handwritten  
13 notations are notations of the dollar amounts of  
14 investors with Pacific International Limited  
15 Partnership whose funds were then invested in the  
16 Denne Finance Limited program?

17 A Fifth Amendment.

18 Q And isn't it true that you and your  
19 father made representations to the investors in the  
20 Pacific International Limited Partnership that they  
21 would be paid a rate of return on their investment of  
22 two percent per month?

23 A Fifth Amendment.

24 Q And isn't it true that your

25 representation to the investors in Pacific

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1 International Limited Partnership that they would  
2 receive a return of two percent on their money was  
3 part of a larger return that you were receiving from  
4 the Dannel program of upwards of six percent, as much  
5 as eight percent per month?

6 A Fifth Amendment.

7 Q Isn't it true that you made  
8 representations to the investors of Pacific  
9 International Limited Partnership that their money  
10 would be secure and the principal would be invested  
11 overseas in an account subject to the international  
12 monetary fund?

13 A Fifth Amendment.

14 Q Let's mark this as Exhibit 14.

15 (Exhibit 14 was marked for identification.)

16 BY MR. CRAWFORD:

17 Q Handing you what's been marked as Exhibit

18 14, isn't this exhibit a copy of checks issued from

19 Dennel Finance Limited to Pacific International

20 Limited Partnership, one in the amount of \$365,009.68,

21 one in the amount of \$25,000 and one in the amount of

22 \$10,000, all dated February 15th of 1999?

23 A Fifth Amendment.

24 Q Isn't it true that when Pacific

25 International Limited Partnership received this money

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1 from Dennel Finance Limited, you and your father knew

2 of the subpoena and investigation that had been served

3 upon Mr. Benjamin Cook of the Dennel finance program

4 by the Securities & Exchange Commission?

5 A Fifth Amendment.

6 Q Isn't it true that the money that you

7 received from the Dannel investment program was split

8 among investors with Pacific International Limited

9 Partnership and then also people who sponsored those

10 investors, who were paid commissions for soliciting

11 and getting investors in the program?

12 A Fifth Amendment.

13 Q Let's mark this as Exhibit 15.

14 (Exhibit 15 was marked for identification.)

15 BY MR. CRAWFORD:

16 Q Exhibit 15 that I hand to you, isn't this

17 a solicitation package addressed to David Ridgeway

18 dated April 30th of 1998 soliciting an investment in a

19 Restricted Private Placement Program with Pacific

20 International Limited Partnership?

21 A Fifth Amendment.

22 Q Let's mark this as Exhibit 16.

23 (Exhibit 16 was marked for identification.)

24 BY MR. CRAWFORD:

25 Q I hand to you Exhibit 16 which are copies

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1 of checks from Pacific International Limited  
2 Partnership payable to David Ridgeway or to David P.  
3 and Linda Ridgeway Trust in the amount of \$200 for  
4 June of 1998, \$200 for July of 1998, \$200 for  
5 September of 1998, \$390 for October of 1998, \$500 for  
6 November of 1998, and \$500 for January 20th of 1999.

7 Isn't these copies of checks what was  
8 represented to Mr. Ridgeway and the Ridgeway Trust to  
9 be interest on their investment with Pacific  
10 International Limited?

11 A Fifth Amendment.

12 Q And isn't it true that these checks that  
13 we've marked as Exhibit 16 were paid from funds that  
14 were received from Pacific International Limited  
15 Partnership from Dannel Finance Limited?

16 A Fifth Amendment.

17 Q Let's mark this as Exhibit 17.

18 (Exhibit 17 was marked for identification.)

19 BY MR. CRAWFORD:

20 Q I hand to you what's been marked as  
21 Exhibit 17, and isn't this a letter from you to  
22 Michael Patrick dated September 17th of 1998?

23 A Fifth Amendment.

24 Q And isn't it true that the second page of  
25 Exhibit 17 lists the various Dannel investments that

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1 were made in the name of Pacific International Limited

2 Partnership from investors in Pacific International

3 Limited Partnership?

4 A Fifth Amendment.

5 Q Is Pacific International Limited

6 Partnership still operating?

7 A Fifth Amendment.

8 Q Is it still soliciting investor funds?

9 A Fifth Amendment.

10 Q Have the investors of Pacific

11 International Limited Partnership received the money

12 back that had been invested in the Dannel partnership

13 or Dannel Finance Limited partnership?

14 A Fifth Amendment.

15 Q Have you or your father or has anyone to

16 your knowledge informed the investors in Pacific

17 International Limited Partnership about the SEC's

18 lawsuit against Dannel Finance Limited?

19 A Fifth Amendment.

20 Q Since the filing of the lawsuit by the  
21 SEC against Dannel Finance Limited in March of 1999,  
22 have any of the investors in Pacific International  
23 Limited Partnership received interest payments on  
24 their investments?

25 A Fifth Amendment.

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1 Q Isn't it true that since the beginning of  
2 the lawsuit in March of 1999, that the investors in  
3 Pacific International Limited Partnership have  
4 received interest payments on their investment using  
5 Dannel funds?

6 A Are you asking have we received monies  
7 from Dannel after March 16th? Was that your question?

8 Q My question was, isn't it true that after

9 March 16th of 1999 when this lawsuit started, that  
10 investors in Pacific International Limited Partnership  
11 received interest checks?

12 A Fifth Amendment.

13 Q Isn't it true that they received interest  
14 checks from money that constitutes a receivership  
15 asset?

16 A I am not in control, nor have I received  
17 any receivership assets since March 16th.

18 Q That wasn't my question.

19 A I think I made that clear.

20 Q My question was --

21 A The Fifth Amendment, that's all I'm going  
22 to say.

23 Q Let's mark this.

24 (Exhibit 18 was marked for identification.)

25

1 BY MR. CRAWFORD:

2 Q I hand to you what's been marked as  
3 Exhibit 18, and isn't this a copy of a letter from you  
4 to Dannel Finance Limited dated August 18th, 1998?

5 A Fifth Amendment.

6 Q And isn't that your signature that  
7 appears on Exhibit 18?

8 A Fifth Amendment.

9 Q Isn't it true that you entered into an  
10 agreement with Kelly Olsen that as of June you would  
11 earn seven percent a month on all production?

12 A Fifth Amendment.

13 Q And isn't it true that the production  
14 you're referring to is soliciting investors for Dannel  
15 Finance Limited through the entity Pacific  
16 International Limited?

17 A Fifth Amendment.

18 Q Isn't it true that Kelly Olsen was paid a  
19 percentage of the returns you received or Pacific  
20 International Limited Partnership received from  
21 DenneI?

22 A Fifth Amendment.

23 Q Let's mark this as Exhibit 19.

24

25 (Exhibit 19 was marked for identification.)

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1 BY MR. CRAWFORD:

2 Q I hand to you what's been marked as  
3 Exhibit 19. Isn't this a copy of a fax with  
4 statements attached that you received from Michael  
5 Patrick on or about September 25th of 1998?

6 A Fifth Amendment.

7 Q Isn't it true that the attachments  
8 represent statements from Dannel Finance Limited to  
9 Pacific International setting forth the various  
10 investments that have been made in the Dannel Finance  
11 Limited program by Pacific International?

12 A Fifth Amendment.

13 Q And isn't it true that these statements  
14 attached to the fax from Mr. Patrick on Exhibit 19  
15 reflect monies that were paid from Dannel Finance to  
16 Pacific International that purported to represent a  
17 monthly return on the investment?

18 A Fifth Amendment.

19 Q Isn't it true that Pacific International  
20 Limited received the monies reflected on these  
21 statements from Dannel Finance Limited?

22 A Fifth Amendment.

23 Q Isn't it true that the monies received  
24 from Dannel Finance Limited were then split between

25 yourselves, C. Kelly Olsen, the investors and sponsors

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1 who helped bring investors to your program?

2 A Fifth Amendment

3 (Exhibit 20 was marked for identification.)

4 BY MR. CRAWFORD:

5 Q I hand you what's been marked Exhibit 20.

6 Isn't this a fax from you to Michael Patrick dated

7 October 5 of 1998 setting forth a corrected statement

8 of the Dannel Platform Report for Pacific

9 International LP for the month of October of 1998?

10 A Fifth Amendment.

11 Q Isn't this a document that you prepared

12 for the purpose of trying to reconcile your records

13 with those of Dannel for monies invested by Pacific

14 International with Dannel?

15 A Fifth Amendment.

16 Q And isn't it true that on the second page

17 under each, you've got different columns that -- under

18 the first column to the left the date invested

19 reflects the date that the monies were invested by

20 Pacific International with Denzel?

21 A Fifth Amendment.

22 Q Isn't it true that the contract number

23 reflects the number that was assigned by Denzel to the

24 investment pursuant to the contract between Pacific

25 International and Denzel?

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1 A Fifth Amendment.

2 Q Isn't it true that if you have a contract

3 number of DFL/12MO/10K/PILP/502.43 that the first

4 initials DFL refer to Dannel Finance Limited, that the  
5 second figures, 12MO, refer to 12 months, that the  
6 next number of 10K refers to 10,000, and then PILP  
7 refers to Pacific International Limited Partnership?

8 A Fifth Amendment.

9 Q Isn't it true that that contract number  
10 means that \$10,000 was invested by PILP with Dannel  
11 Finance Limited for a 12 month period?

12 A Fifth Amendment.

13 Q And isn't it true that the next column,  
14 amount invested, reflects the amount of money that was  
15 invested?

16 A Fifth Amendment.

17 Q And isn't it true that the next column  
18 that says percentage represents the percentage of  
19 return that was promised by Dannel to Pacific  
20 International Limited?

21 A Fifth Amendment.

22 Q And isn't it true then that the next

23 column, monthly total, is the monthly amount that  
24 would be paid by Denel to Pacific International  
25 Limited Partnership based upon the percentage on the

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1 preceding column?

2 A Fifth Amendment.

3 Q Let's mark this as Exhibit 21.

4 (Exhibit 21 was marked for identification.)

5 THE WITNESS: I misunderstood this  
6 deposition. I understood this deposition was to  
7 discover receivership assets. This line of  
8 questioning has nothing to do with that.

9 BY MR. CRAWFORD:

10 Q I'll hand to you what's been marked as  
11 Exhibit 21 which is a letter from you to Michael

12 Patrick dated December 3 of 1998. Isn't that your  
13 signature?

14 A Fifth Amendment.

15 Q And isn't it true that this exhibit  
16 reflects again a list of investments made by Pacific  
17 International Limited Partnership with Dannel and it  
18 is entitled Dannel Platform Report?

19 A Fifth Amendment.

20 Q Let's mark this as Exhibit 22.

21 (Exhibit 22 was marked for identification.)

22 BY MR. CRAWFORD:

23 Q I'll hand to you what's been marked as  
24 Exhibit 22. Isn't that your signature on a letter  
25 from you to Michael Patrick dated February 5 of 1999?

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1 A Fifth Amendment.

2 Q At the top of the page, it shows a  
3 telecopy from Select Financial Services. Isn't that  
4 where this letter was faxed from?

5 A Fifth Amendment.

6 Q And in the first sentence of this letter,  
7 you say, "We just talked to Ben." Isn't it true that  
8 you were referring to Ben Cook?

9 A Fifth Amendment.

10 Q "And he said to go ahead and pay us on  
11 the \$80,000 that renewed last month."

12 And isn't that referring to an investment  
13 by PILP in Dannel Finance that came up for renewal  
14 after one year?

15 A Fifth Amendment.

16 Q And in the second to the last sentence,  
17 you say, "We will do a separate contract in February  
18 for that \$35,000 with JADE Asset Management, Ltd., and  
19 isn't it true that JADE Asset Management, Ltd. was

20 being used in the same way that Dannel Finance Limited

21 was being used?

22 A Fifth Amendment.

23 Q And isn't it true that Mr. Cook exercised

24 possession and control over the monies in JADE Asset

25 Management, Ltd.?

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1 A No.

2 Q Do you exercise possession or control

3 over monies invested in JADE Asset Management, Ltd.?

4 A Fifth Amendment.

5 Q Isn't it true that monies that you have

6 received from investors who were investors in the

7 Dannel program have been investors with JADE Asset

8 Management, Ltd.?

9 A Fifth Amendment.

10 Q Isn't it true that investors in the  
11 Dannel program who have had their investment come up  
12 for renewal have had those funds rolled over into JADE  
13 Asset Management, Ltd.?

14 A Fifth Amendment.

15 Q Isn't it true that monies from JADE Asset  
16 Management, Ltd. have been transferred to the Bank of  
17 Scotland?

18 A Fifth Amendment.

19 Q Isn't it true that monies from Research  
20 Development, Inc. have been transferred to JADE Asset  
21 Management, Ltd.?

22 A Fifth Amendment.

23 Q And at the bottom where you say, "I will  
24 include a separate platform report for JADE next  
25 month," isn't it true that you were stating that

1 because Ben Cook was exercising control over the  
2 program that was being used by JADE Asset Management,  
3 Ltd.?

4 A Fifth Amendment.

5 Q Isn't it true that when you refer to a  
6 separate platform report, you're discussing a similar  
7 platform report to the one that you prepared for the  
8 Dannel platform report that is attached to Exhibit 22?

9 A Fifth Amendment.

10 Q And isn't it true that when you refer to  
11 a platform, you're talking about investments that have  
12 been made from a combination of various investors who  
13 have been solicited?

14 A Fifth Amendment.

15 Q And isn't it true then that a platform  
16 was put together of investors and that money was then  
17 put with JADE Asset Management, Ltd.?

18 A Fifth Amendment.

19 Q Isn't it true that you have used programs

20 similar to the Denel program to raise money to

21 attempt to pay back investors of Pacific Limited

22 International Partnership who had their monies

23 invested with Denel?

24 A Fifth Amendment.

25 Q Are you aware of an entity named Resource

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1 Development International, LLC?

2 A Fifth Amendment.

3 Q Let's mark this as Exhibit 23.

4 (Exhibit 23 was marked for identification.)

5 BY MR. CRAWFORD:

6 Q Handing you what's been marked as Exhibit

7 23 which is a copy of a form letter addressed to you  
8 as authorized signatory for Resource Development  
9 International, LLC, are you the authorized signatory  
10 for Resource Development International, LLC?

11 A Fifth Amendment.

12 Q Isn't it true that you are the authorized  
13 signatory for Resource Development International?

14 A Fifth Amendment.

15 Q And isn't it true that this form was used  
16 to solicit investments with Resource Development  
17 International?

18 A Fifth Amendment.

19 Q Isn't it true that this is the same form  
20 that was used for Pacific Limited International  
21 Partnership?

22 A Fifth Amendment.

23 Q Isn't it true that this is the same form  
24 that was used in the Dannel finance program?

25 A Fifth Amendment.

1 Q And isn't it true that you used this form  
2 in soliciting money to be invested with Resource  
3 Development International?

4 A Fifth Amendment.

5 Q Isn't it true that Mr. Cook has been  
6 assisting you with the Resource Development  
7 International program?

8 A No. Fifth Amendment.

9 Q Is that a no or the Fifth Amendment?

10 A Fifth Amendment.

11 Q Isn't it true that you have told Mr. Cook  
12 that you're trying to raise money through the Resource  
13 Development International program to attempt to pay  
14 back investors in the Dannel program?

15 A Fifth Amendment.

16 Q Are you aware of Mr. Cook making

17 representations to the investors in the Dannel program

18 that he had sufficient assets to pay back all of the

19 investors?

20 A Yes.

21 Q Who has told you that?

22 A Fifth Amendment.

23 Q In your opinion, does Mr. Cook have

24 possession and control of sufficient assets to pay

25 back all of the investors in the Dannel program?

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1 A I hope so.

2 Q Do you know whether he does?

3 A No.

4 Q Has anybody told you that he does?

5 A I don't want to incriminate somebody.

6 Fifth Amendment.

7 Q Are you aware of any bank accounts

8 offshore or overseas or in any foreign country that

9 Mr. Cook has possession or control of?

10 A No.

11 Q Has anybody told you that Mr. Cook has

12 possession or control of any foreign bank accounts?

13 A No. My understanding is that no money

14 was wired offshore and that's why this action started.

15 Q Are you aware of any money being

16 transferred from the Dannel program offshore?

17 A No.

18 Q Have you in any of your programs wired

19 money offshore?

20 A That's irrelevant and none of your

21 business.

22 Q I'll ask you to answer the question.

23 A Fifth Amendment.

24 Q Let's mark this as Exhibit 24.

25 (Exhibit 24 was marked for identification.)

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1 BY MR. CRAWFORD:

2 Q I'll hand to you what's been marked as

3 Exhibit 24. Isn't this a form of Joint Venture

4 Agreement that is used by you for an entity known as

5 Resource Development International Limited acting as

6 joint venture manager?

7 A Fifth Amendment.

8 Q Isn't this the same form of Joint Venture

9 Agreement that was used by Pacific International

10 Limited Partnership?

11 A Fifth Amendment.

12 Q Is this the same form of Joint Venture

13 Agreement that was used for the Dannel finance

14 program?

15 A Fifth Amendment.

16 Q Isn't it true that you've actually used

17 this form for the Resource Development International

18 Limited program?

19 A Fifth Amendment.

20 Q Let's mark this as Exhibit 25.

21 (Exhibit 25 was marked for identification.)

22 BY MR. CRAWFORD:

23 Q I'll hand to you what's been marked

24 Exhibit 25 which is a letter from you to Michael and

25 Diane dated February 24th, 1999 on Resource

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2           Isn't that your signature that appears on

3 that letter?

4           A   Fifth Amendment.

5           Q   Isn't it true that the Michael referred

6 to is Michael Patrick?

7           A   Fifth Amendment.

8           Q   And isn't it true that the Diane referred

9 to is Diane Groloman?

10          A   Fifth Amendment.

11          Q   In the letter you state, "Following is a

12 wire we sent out today for \$355,000." When you say

13 "we" there, isn't it true that you're referring to

14 Resource Development International Limited?

15          A   Fifth Amendment.

16          Q   When you say, "The breakdown is as

17 follows: \$320,000 of new money and \$35,000 of

18 renewal," isn't that correct?

19          A   Fifth Amendment.

20          Q   And in the new money, isn't it true that

21 you're referring to money that you have raised through  
22 the Resource Development International program and a  
23 program similar to the Dennel program and the Pacific  
24 International Limited program?

25 A Fifth Amendment.

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1 Q Isn't it true when you refer to the  
2 \$35,000 renewal, that you're referring to money from  
3 the Dennel program?

4 A Fifth Amendment.

5 Q Next to the word renewal, you state,  
6 "10,000 DFL/ and some numbers, and you say and \$25,000  
7 DFL/ and some numbers."

8 Isn't it true that those numbers refer to  
9 the Dennel contracts that were invested and up for

10 renewal?

11 A Fifth Amendment.

12 Q And isn't it true that when those monies

13 were renewed and paid out from Dannel Finance, that

14 they were then paid to the Resource Development

15 International account?

16 A Fifth Amendment.

17 Q And then isn't it true that the Resource

18 Development International account had those monies put

19 in the name of JADE Asset Management, Ltd.?

20 A Fifth Amendment.

21 Q I direct you to the second page of

22 Exhibit 25 and ask you if that is your signature at

23 the bottom of the page?

24 A Fifth Amendment.

25 Q Isn't it true that this came from Select

1 Financial Services on or about February 24th of 1999?

2 A Fifth Amendment.

3 Q Isn't it true that as of February 24th of

4 1999, you knew that the SEC had begun its

5 investigation of Mr. Cook and the Dannel finance

6 program?

7 A Fifth Amendment.

8 Q And isn't it true that as reflected on

9 this exhibit, that \$355,000 was wire transferred from

10 JADE Asset Management to the Royal Bank of Scotland

11 under the name of Alliance International?

12 A Fifth Amendment.

13 Q Isn't it true that the \$355,000 that was

14 wire transferred from JADE Asset Management to the

15 Royal Bank of Scotland included \$35,000 of renewal

16 money from the Dannel program?

17 A Fifth Amendment.

18 Q Isn't it true that Alliance Investment  
19 Corp. is one of the relief defendants in this lawsuit?

20 A Fifth Amendment.

21 Q Isn't it true that all property owned or  
22 controlled by or held in the name of Alliance  
23 Investment Corporation is a receivership asset?

24 A Fifth Amendment.

25 Q Isn't it true that the money that was

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1 transferred, the \$355,000 that was transferred from  
2 JADE Asset Management to Alliance at the Royal Bank of  
3 Scotland constituted receivership assets?

4 A Fifth Amendment.

5 Q Isn't it true that you prepared the  
6 second page of Exhibit 25?

7 A Fifth Amendment.

8 Q Isn't it true that the money that was  
9 wire transferred to the Royal Bank of Scotland by you  
10 at your direction has been used by Mr. Cook?

11 A Fifth Amendment.

12 Q Let's mark this as Exhibit 26.

13 (Exhibit 26 was marked for identification.)

14 BY MR. CRAWFORD:

15 Q I hand to you what's been marked as  
16 Exhibit 26. Isn't this reconciliation report for RDI  
17 prepared by you for February of 1999?

18 A Fifth Amendment.

19 Q Isn't that your name that appears at the  
20 bottom of the page that says Dave Edwards?

21 A Fifth Amendment.

22 Q Isn't it true that this was prepared by  
23 you?

24 A Fifth Amendment.

25 Q Isn't it true that this was sent from

1 Select Financial Services?

2 A Fifth Amendment.

3 Q And isn't it true that below

4 reconciliation report for RDI, it refers to

5 DFL/12MO/260K/JAM/JV8/1052 references the transaction

6 that you're reconciling?

7 A Fifth Amendment.

8 Q And isn't it true that the DFL refers to

9 Dannel Finance Limited?

10 A Fifth Amendment.

11 Q And isn't it true that the 12MO refers to

12 the fact that the money was invested for a 12 month

13 period?

14 A Fifth Amendment.

15 Q Isn't it true that the 260K refers to the

16 \$260,000 that's broken down immediately under that

17 heading?

18 A Fifth Amendment.

19 Q Isn't it true that JAM refers to JADE

20 Asset Management?

21 A Fifth Amendment.

22 Q And then isn't it true that the persons

23 names that are listed below beginning with David

24 Bjorkland and ending with Mildred Wilburn represent

25 investors who were solicited by you?

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1 A Fifth Amendment.

2 Q And isn't it true that Paul and Rose

3 Marie Matson, Milton and Janet Roby and Lawrence and

4 Ivern Rubida who have 502 numbers next to their name

5 represent people who also invested in the Dannel

6 program?

7 A Fifth Amendment.

8 Q And isn't it true that the headings below

9 the total of \$260,000 that refer to DFL/12MO/10K/PILP

10 represent monies that were invested with PILP into

11 Dannel Finance?

12 A Fifth Amendment.

13 Q Isn't it true that as stated at the

14 bottom of this document, that the money that came due

15 from Dannel Finance was then rolled over into RDI?

16 A Fifth Amendment.

17 Q Isn't it true that when you state, "We

18 now wire everything offshore," that you then in fact

19 took money invested in the Dannel program and had it

20 wired offshore?

21 A Fifth Amendment.

22 Q Isn't it true that in February of 1999,

23 you knew that money from the Dannel program was under

24 investigation by the SEC?

25 A I don't recall.

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1 Q When did you first learn of the SEC's

2 investigation of Ben Cook?

3 A I think it was on March 16th.

4 Q So it's your testimony that prior to

5 March 16th of 1999, you had no knowledge of the SEC

6 investigation of Mr. Cook or the Dannel program?

7 A That's my recollection, yeah.

8 Q When you say, "We now wire everything

9 offshore," where do you send it?

10 A Fifth Amendment.

11 Q Isn't it true that you're sending it

12 offshore so it would stay out of the hands of the SEC?

13 A Fifth Amendment.

14 Q Isn't it true that you knew that money

15 was being investigated and was possibly subject to

16 seizure and therefore you assisted Mr. Cook by having

17 it wired offshore through RDI?

18 A Is that question that I helped Mr. Cook

19 hide assets? Is that what you asked?

20 Q Can you read back my question?

21 (The record was read by the reporter.)

22 THE WITNESS: I can take the Fifth on

23 that question, but let me just say again I did not

24 assist Mr. Cook or hide any assets of Dannel or his

25 companies. The only thing I touched was those checks.

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1 MR. CRAWFORD: Let's mark this Exhibit

2 27.

3 (Exhibit 27 was marked for identification.)

4 BY MR. CRAWFORD:

5 Q I hand to you what's been marked as

6 Exhibit 27 which appears to be a solicitation to

7 Amelia Gibson dated January 15th of 1998 and a

8 contract between Dannel Finance Limited and Amelia

9 Gibson for the investment.

10 Have you seen that document before?

11 A I don't believe so.

12 Q Were you aware of the fact that Amelia

13 Gibson was an investor with the Dannel program?

14 A No, the name doesn't -- I don't know.

15 Q Is it your testimony that the name

16 doesn't ring a bell?

17 A Fifth Amendment.

18 Q Isn't it true that Amelia Gibson invested

19 \$75,000 pursuant to a contract dated January 12th of

20 1998?

21 A Fifth Amendment.

22 Q Let's mark this as Exhibit 28.

23 (Exhibit 28 was marked for identification.)

24 BY MR. CRAWFORD:

25 Q I hand you what's been marked as Exhibit

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1 28 which appears to be a letter dated June 23rd of  
2 1999 from you to Amelia Gibson welcoming her to the  
3 International Restricted Private Placement Program on  
4 Resource Development International letterhead.

5 Do you recall seeing that document?

6 A Fifth Amendment.

7 Q Is that your signature on that document?

8 A Fifth Amendment.

9 Q Isn't it true that you solicited Amelia

10 Gibson to roll over her investment from Dannel and

11 invest it in Resource Development International, LLC?

12 A Fifth Amendment.

13 Q Isn't it true that this solicitation

14 letter that you used that is signed, "With Great

15 Esteem, David Edwards, Authorized Signatory," is the

16 same form of letter used by Ben Cook in the Dannel

17 program?

18 A Fifth Amendment.

19 Q Isn't it true that when you solicited

20 this investment from Amelia Gibson, you were working

21 with Ben Cook?

22 A Fifth Amendment.

23 Q Let's mark this as Exhibit 29.

24 (Exhibit 29 was marked for identification.)

25

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1 BY MR. CRAWFORD:

2 Q I hand to you what has been marked as  
3 Exhibit 29 which is a letter from you to Amelia Gibson  
4 dated July 12th, 1999 on Resource Development  
5 International, LLC letterhead and ask if that's your  
6 signature.

7 A Fifth Amendment.

8 Q Isn't it true that you promised Amelia  
9 Gibson a return of three percent profit per month on  
10 Amelia Gibson's initial deposit to be paid on the 20th  
11 of each month?

12 A Fifth Amendment.

13 Q Isn't it true that that letter purports  
14 to amend the Joint Venture Agreement entered into  
15 between Amelia Gibson and RDI?

16 A Fifth Amendment.

17 Q Let's mark this as Exhibit 30.

18 (Exhibit 30 was marked for identification.)

19 BY MR. CRAWFORD:

20 Q I hand to you what's been marked Exhibit  
21 30 entitled Joint Venture Agreement and I'll ask you,  
22 isn't this the Joint Venture Agreement between RDI  
23 and Amelia Gibson?

24 A Fifth Amendment.

25 Q Let's mark this as Exhibit 31.

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1 (Exhibit 31 was marked for identification.)

2 BY MR. CRAWFORD:

3 Q I'll hand you what's been marked as  
4 Exhibit 31. Isn't this a copy of a check from Amelia  
5 Gibson to Resource Development International in the  
6 amount of \$75,000 dated May 24th of 1999?

7 A Fifth Amendment.

8 Q Isn't it true that those monies  
9 represented by this check represented a renewal or  
10 return from Amelia Gibson's investment in the Denne  
11 program?

12 A Fifth Amendment.

13 Q Let's mark this as 32.

14 (Exhibit 32 was marked for identification.)

15 BY MR. CRAWFORD:

16 Q I hand to you what's been marked Exhibit  
17 32 which is a Private Placement Application signed by  
18 Amelia R. Gibson for the investment of \$75,000.

19 Isn't this the private placement  
20 application that you and RDI gave to Amelia Gibson and  
21 asked Amelia Gibson to sign?

22 A Fifth Amendment.

23 Q When it refers in the third paragraph to  
24 the undersigned agreeing and understanding that RDI's  
25 program is an international based Restricted Private

1 Placement Program, what do you mean by that?

2 A Fifth Amendment.

3 Q Isn't it true that this is the same

4 language that is used with the Pacific Limited

5 International program?

6 A Fifth Amendment.

7 Q And isn't it true that this is the same

8 language that is used with the Denel Finance program?

9 A Fifth Amendment.

10 Q And isn't it true that there is no

11 international based Restricted Private Placement

12 Program?

13 A Fifth Amendment.

14 Q Is RDI still operating?

15 A Fifth Amendment.

16 Q How much money has RDI raised?

17 A Fifth Amendment.

18 Q How much money of the RDI money

19 represents money that was rolled over from the Denne

20 program?

21 A I've already stated that I don't have any

22 Denne money as of March 16th.

23 Q How much of the money that has been

24 invested in the RDI program represents money that was

25 rolled over from the Denne program?

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1 A Fifth Amendment.

2 Q When was the last time you talked to Ben

3 Cook?

4 A He called from his jail. I don't

5 remember, it's been awhile.

6 Q He called you?

7 A Uh-huh.

8 Q And what did you discuss?

9 A Just how he was doing. That was it.

10 Q When was this?

11 A I don't remember.

12 Q More than a week ago?

13 A A long time ago. Last year.

14 Q When was the last time you saw Mr. Cook

15 in person?

16 A Fifth Amendment.

17 Q Other than the telephone conference that

18 you had several months ago with Mr. Cook, have you had

19 any other discussions with him while he was in prison?

20 A Fifth Amendment.

21 Q Has Mr. Cook told you where he has any

22 receivership assets located?

23 A No.

24 Q Have you asked him?

25 A Yes.

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1 Q And what did he say?

2 A He didn't answer me.

3 Q Did he tell you why he couldn't answer

4 your question?

5 A No.

6 Q Have you had any dealings with Connection

7 Corp.?

8 A Never heard of it, no. I don't believe

9 I've ever heard of it.

10 Q Let's mark this as Exhibit 33.

11 (Exhibit 33 was marked for identification.)

12 BY MR. CRAWFORD:

13 Q I'll hand you what's been marked as

14 Exhibit 33 which is a copy of a Federal Express bill  
15 from Ben Cook of Connection Corporation to James/David  
16 Edwards of Pacific International LP. Do you recall  
17 receiving that?

18 A No, I don't. Sorry.

19 Q Do you know a person by the name of Don  
20 Glenn?

21 A Fifth Amendment.

22 Q Jim Hoffman?

23 A Fifth Amendment.

24 Q Charles Tucker?

25 A Fifth Amendment.

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1 Q Milton Roby?

2 A Fifth Amendment.

3 Q Has Milton Roby received a return of all  
4 his principal investment in Pacific Limited  
5 International?

6 A Fifth Amendment.

7 Q Was money invested by Charles Tucker in  
8 Pacific Limited International then subsequently  
9 invested in Denne!

10 A Fifth Amendment.

11 Q Has Mr. Tucker been repaid his  
12 investment?

13 A Fifth Amendment.

14 Q Do you know Donald Glenn?

15 A Fifth Amendment. You already asked me  
16 that.

17 Q Do you know Merlin and Jean Nelson?

18 A Fifth Amendment.

19 Q Have they been repaid their investment  
20 with Pacific Limited International Partnership?

21 A Fifth Amendment.

22 Q Was their money that was invested with  
23 Pacific Limited International Partnership invested  
24 with Dannel?

25 A Fifth Amendment.

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1 Q Do you know George and Deanna Carney?

2 A Fifth Amendment.

3 Q Isn't it true that they invested \$150,000

4 in the Pacific Limited International Partnership

5 program?

6 A Fifth Amendment.

7 Q And isn't it true that the money that

8 they invested with Pacific Limited International

9 Partnership was then invested with Dannel?

10 A Fifth Amendment.

11 Q And isn't it true that their investment  
12 with Denel was not supposed to mature until June of  
13 1998?

14 A Fifth Amendment.

15 Q And isn't it true that prior to their  
16 investment maturing, the SEC's lawsuit was filed and  
17 froze the accounts of Denel?

18 A Fifth Amendment.

19 Q Isn't it true that you have told George  
20 and Deanna Carney about the SEC's lawsuit against  
21 Denel?

22 A Fifth Amendment.

23 Q Isn't it true that you have used the  
24 Resource Development, Inc. program to raise money to  
25 pay back George and Deanna Carney?

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1 A Fifth Amendment.

2 Q Isn't it true that the corporate

3 headquarters for Select Financial Group are in

4 Washington?

5 A Fifth Amendment.

6 Q What business did Select Financial have

7 in Nevada?

8 A Fifth Amendment.

9 Q Isn't it true that Pacific International

10 Partnership had its primary business in Washington?

11 A Fifth Amendment.

12 Q What connection did Pacific International

13 Partnership have in Nevada?

14 A Fifth Amendment.

15 Q Isn't it true that Pacific Limited

16 International Partnership has paid finders fees to

17 Gene Smith?

18 A Fifth Amendment.

19 Q Do you know Gene Smith?

20 A Fifth Amendment.

21 Q Isn't it true that Gene Smith was paid a  
22 finders fee of four percent per month?

23 A Fifth Amendment.

24 Q Isn't it true that BLS, LLC in Washington  
25 was paid a finder fee by PLIP?

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1 A Fifth Amendment.

2 Q Isn't it true that Acumen Associates,  
3 Inc. was paid a finder fee?

4 A Fifth Amendment.

5 Q Are you familiar with the Delta Trust  
6 Four?

7 A Fifth Amendment.

8 Q Are you familiar with the 39756 Trust?

9 A Fifth Amendment.

10 Q Are you familiar with the International

11 Education Resource?

12 A Fifth Amendment.

13 Q Isn't it true that money from

14 International Education Resource was deposited into

15 the Delta Trust Four account?

16 A Fifth Amendment.

17 Q Isn't it true that money from

18 International Education Resource was transferred into

19 the 39756 Trust?

20 A Fifth Amendment.

21 Q And isn't it true that these trusts were

22 set up to benefit Diane Groloman?

23 A Fifth Amendment.

24 Q When was the last time you talked to

25 Diane Groloman?

1 A Fifth Amendment.

2 Q Isn't it true that International

3 Education Resource received money from Denneil?

4 A Fifth Amendment. You mean after March

5 16th?

6 Q At any time.

7 A Fifth Amendment. Not after March 16th.

8 Q And how is it that you know that?

9 A Fifth Amendment.

10 Q Did you exercise control over

11 International Education Resource?

12 A Fifth Amendment.

13 Q Who are the directors and officers of

14 International Education Resource?

15 A Fifth Amendment. I just want to make it

16 clear that no assets have been received after March

17 16th other than those checks which I returned.

18 Q Looking again at Exhibit 25 on the second

19 page where it refers to the Bank of Nevis

20 International Limited, who owns or controls the Bank

21 of Nevis International Limited?

22 A Fifth Amendment.

23 Q Is that owned or controlled by Ben Cook?

24 A Fifth Amendment.

25 Q Have you ever been to Nevis?

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1 A Fifth Amendment.

2 Q Have you ever been overseas?

3 A Fifth Amendment.

4 Q Does Pacific Limited International

5 Partnership have any assets offshore?

6 A Fifth Amendment.

7 Q Does it have any assets located in

8 foreign bank accounts?

9 A Fifth Amendment.

10 Q Does Pacific Limited International

11 Partnership have any assets currently?

12 A Fifth Amendment.

13 Q Does RDI have any assets?

14 A Fifth Amendment.

15 Q Does RDI have any assets overseas or in

16 foreign bank accounts?

17 A Fifth Amendment.

18 Q Does JADE Asset Management, Ltd. have any

19 assets?

20 A Fifth Amendment.

21 Q Does JADE Asset Management, Ltd.

22 maintain an office at the Bank of Nevis?

23 A Fifth Amendment.

24 Q Let's take a short break.

25 (A recess was taken.)

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1 BY MR. CRAWFORD:

2 Q We're back on the record.

3 Do you understand, Mr. Edwards, that  
4 you're still under oath?

5 A Yes.

6 Q You still have an obligation to tell the  
7 truth under penalty of perjury?

8 A Yes, and I'm still going to take the  
9 Fifth for the remainder of the questions.

10 Q What is the business of Select Financial?

11 A Fifth.

12 Q Who is in control of JADE Asset  
13 Management?

14 A Fifth.

15 Q Are you running the RDI program for

16 yourself or for Mr. Cook?

17 A Fifth. I will make a statement for the

18 record. I am not in business with Mr. Ben Cook.

19 Q What happens to the money that is

20 transferred from RDI to JADE Asset Management?

21 A Fifth.

22 Q Do you know what happens -- do you know

23 who controls the money once it's sent to JADE Asset

24 Management?

25 A Fifth.

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1 Q When was the last time you talked to

2 David Cluff?

3 A Fifth.

4 Q When was the last time you talked to

5 Wayne McLaws?

6 A Fifth.

7 Q When was the last time you talked to Alan

8 Clagg?

9 A Fifth.

10 Q Are you going to assert the Fifth

11 Amendment with respect to all of the questions I ask

12 you?

13 A I am.

14 Q Then I'll pass the witness to Mr. Norris.

15

16 EXAMINATION

17 BY MR. NORRIS:

18 Q Hello, Mr. Edwards.

19 A Hello.

20 Q Let me just say something based on your

21 assertion of the Fifth Amendment privilege against

22 self-incrimination before I ask you any questions.

23 I'm not authorized to compel you to give

24 evidence or testimony to which you assert your

25 privilege and I don't have any intention of doing so.

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1 I also do not have the authority to

2 compel your testimony by saying immunity, prosecution.

3 Any question that I ask question after this will be,

4 with the understanding that if you wish to assert your

5 privilege, you need only state that you refuse to

6 answer the question on the grounds of incrimination.

7 In other words, you're not compelled to

8 answer any further questions if you believe a truthful

9 answer to the question would tend to show that you

10 committed a crime and you wish to assert your

11 privilege against self-incrimination, so if you do

12 answer any questions, you will be doing so

13 voluntarily. Do you understand that?

14 A I understand and I choose not to

15 volunteer.

16 Q Let me just ask you some questions for

17 the record.

18 How did you first come to know an

19 individual by the name of Ben Cook?

20 A I choose not to volunteer.

21 Q Are you asserting your Fifth Amendment

22 privilege?

23 A Fifth Amendment.

24 Q Have you ever met with Mr. Cook

25 personally?

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1 A Fifth Amendment.

2 Q When was the first time you ever met with

3 Mr. Cook?

4 A Fifth Amendment.

5 Q Do you intend to assert your Fifth

6 Amendment privilege with respect to any questions

7 about communications with Mr. Cook?

8 A I do. Allegations have been made against

9 me, false allegations.

10 Q When was the first time you heard of an

11 entity called Dannel Finance Limited?

12 A Fifth Amendment.

13 Q From what source did you first hear about

14 Dannel Finance Limited?

15 A Fifth Amendment.

16 Q Do you intend to assert your Fifth

17 Amendment privilege with respect to any questions

18 about Dannel Finance Limited?

19 A I do.

20 Q Are you familiar with an individual named

21 Kelly Olsen?

22 A Fifth Amendment.

23 Q When was the first time you became

24 acquainted with Mr. Olsen?

25 A Fifth Amendment.

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1 Q You in fact have a business relationship

2 with Mr. Olsen that involved Dannel Finance Limited?

3 A Fifth Amendment.

4 Q Do you intend to assert your Fifth

5 amendment privilege with respect to any questions

6 about your communications with Mr. Olsen or any

7 business you've done with him?

8 A I do.

9 Q Have you taken part in -- strike that.

10 Since the Commission's lawsuit was  
11 initiated in March of 1999, have you taken part in  
12 drafting any letters that were sent to Dannel  
13 investors?

14 A Fifth Amendment.

15 Q Have you ever had any discussions with an  
16 individual by the name of George Neely?

17 A Fifth Amendment.

18 Q Have you ever had any discussions with an  
19 individual by the name of Tad Ward?

20 A Fifth Amendment.

21 Q Have you had any discussions with Mr. --  
22 strike that.

23 Are you familiar with an individual by  
24 the name of David Smith?

25 A Fifth Amendment.

1 Q Are you familiar with an entity by the  
2 name of Uropac Foundation?

3 A Fifth Amendment.

4 Q Are you familiar with an individual named  
5 Richard Demesee, D-e-m-e-s-e-e?

6 A Fifth Amendment.

7 Q Are you familiar with an individual by  
8 the name of Tom Houser?

9 A Fifth Amendment.

10 Q Are you familiar with an individual by  
11 the name of Richard Wagner?

12 A Fifth Amendment.

13 Q Does Resource Development International  
14 employ sponsors or facilitators to offer its program  
15 to investors?

16 A Fifth Amendment.

17 Q Do the sponsors or facilitators of the  
18 Resource Development International program include any  
19 former Dannel sponsors or facilitators?

20 A Fifth Amendment.

21 Q What do you tell potential investors  
22 about the returns that they can earn from an  
23 investment in the Resource Development program?

24 A Fifth Amendment.

25 Q What do you tell potential investors

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1 about how their funds will be used?

2 A Fifth Amendment.

3 Q What do you tell potential investors in  
4 the Resource Development Program about how the return  
5 on their funds will be generated?

6 A Fifth Amendment.

7 Q Isn't it correct that in order to become  
8 an investor in the Resource Development program, a  
9 client was required to enter into a consulting  
10 agreement with Select Financial Services?

11 A Fifth Amendment.

12 Q What type of consulting services did  
13 Select Financial provide to Resource Development  
14 customers?

15 A Fifth Amendment.

16 Q Do you intend to assert your Fifth  
17 Amendment privilege with respect to any questions  
18 about the Resource Development program?

19 A Yes. Mr. Norris, do you have any  
20 questions about the allegations that have been made  
21 against me?

22 Q I don't know what you're referring to.

23 A I'm referring to the allegations that  
24 I've received Dannel assets after March 16th.

25 Q Do I have any questions about that?

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1 A Do you have any questions about that?

2 Q I don't believe I have any further

3 questions about that subject. I'm assuming from your

4 statement that allegations have been made. I don't --

5 A They're in the Court documents.

6 Q I have no further questions about that

7 subject.

8 A That's why I'm here.

9 Q And that is based on?

10 A I'm not here for my privacy to be

11 invaded. I'm here to answer allegations that I am in

12 control of assets that belong to Mr. Warfield and the

13 receiver or whoever.

14 Q And what is your basis for believing that

15 that's the only reason that you're here?

16 A That's his job.

17 Q I understand that.

18 A That's what he was appointed to do.

19 Q This is a discovery proceeding in a  
20 lawsuit that involves allegations of securities fraud.

21 A I'm not part of that.

22 Q Therefore, while the --

23 A I'm not a part of that.

24 Q Wait a minute, let me finish. I don't  
25 want to get in a contentious argument with you, but

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1 certainly because we are seeking a remedy to provide  
2 relief to defrauded investors, therefore the location  
3 of receivership assets are certainly relevant to this

4 proceeding. It involves a broader range of issues,  
5 including issues that establish the liability of the  
6 defendants and the amount of the fraud, so --

7 A Well, that sounds like criminal charges  
8 to me. This is a civil litigation. That sounds like  
9 you're talking criminal to me.

10 Q Well, there are civil provisions under  
11 the federal securities laws which prohibit fraud in  
12 the offer and sale of securities.

13 A So you have no questions to address to  
14 me?

15 Q Those are civil allegations that have  
16 been made in this case of fraud. They are criminal,  
17 but my statement about the Fifth amendment privilege  
18 stands.

19 Obviously to the extent that you have a  
20 well-founded fear that truthful answers to your  
21 questions may incriminate you, then you may assert  
22 your privilege.

23 A Okay, I am.

24 Q I understand that.

25 A So if you want me to waive my privilege,

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1 ask me a question if you believe I have assets that I  
2 have received in some way, ask me. You guys have my  
3 bank records, you have Ben's bank records.

4 Q Has Mr. Cook told you -- have you had any  
5 discussions with Mr. Cook since the Securities &  
6 Exchange Commission filed its complaint about where he  
7 has funds?

8 A Fifth Amendment.

9 Q Have you had any discussions with Mr.  
10 Cook since March 16th, 1999 when the Commission filed  
11 its complaint about what he's done with funds?

12 A Fifth Amendment.

13 Q Have you had any discussions with Mr.

14 Cook since March 16th, 1999 about where he -- strike

15 that, about what assets he controls?

16 A Mr. Cook has not revealed to me any

17 assets that he controls.

18 Q Has Mr. -- have you had any discussions

19 with Mr. Cook since March 16th, 1999 about what he's

20 done with any assets?

21 A I think that's the same question.

22 Q No. What is the answer?

23 A I have no knowledge of Mr. Cook's

24 business affairs.

25 Q Since the Commission filed its complaint,

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1 have you provided Mr. Cook with any funds?

2 A Fifth Amendment.

3 Q Have you had any discussions with Mr.

4 Cook about what he would do with funds that you

5 provided to him?

6 A Fifth Amendment.

7 MR. NORRIS: I think I have no further

8 questions.

9 FURTHER EXAMINATION

10 BY MR. CRAWFORD:

11 Q Mr. Edwards, is it my understanding that

12 with respect to any further questions that I ask of

13 you, you're going to assert the Fifth Amendment?

14 A If you want me to waive the Fifth

15 Amendment right, then ask me questions that lead you

16 to believe I have assets, specific evidence.

17 If you don't, then yes, I'm just going to

18 take the Fifth. You've gone far afield from Mr.

19 Warfield's duties.

20 Q Are you the trustee under any trust?

21 A Fifth Amendment.

22 Q Are you the beneficiary of any trust?

23 A Fifth Amendment.

24 Q Are you a partner in any partnership?

25 A Fifth Amendment.

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1 Q Are you a shareholder in any corporation?

2 A Fifth Amendment.

3 Q Are you the officer of any corporation?

4 A Fifth Amendment.

5 Q Do you know a person by the name of

6 Robert Burr?

7 A No.

8 Q Have you ever talked to Robert Burr?

9 A No.

10 Q Have you ever heard of Robert Burr?

11 A Yes.

12 Q What did you hear about Mr. Burr?

13 A His name came up in the court documents.

14 Q Has anybody ever told you that Mr. Cook

15 transferred some of the Dannel money to Mr. Burr?

16 A I don't know.

17 Q Did anybody ever tell you that Mr. Burr

18 was supposed to be the one that was going to put money

19 overseas?

20 A Fifth Amendment. I'm sorry if I

21 encouraged you to ask more questions.

22 Q When we're talking about receivership

23 assets and the definition of receivership assets

24 established by the Court, are you aware of any

25 property owned by or controlled by or held in the name

1 of C. Kelly Olsen?

2 A No.

3 Q Are you aware of any payments that have  
4 been made to C. Kelly Olsen in the past two years?

5 A No, I'm not aware of any of Dannel's  
6 business.

7 Q Has Pacific Limited International  
8 Partnership made any payments to C. Kelly Olsen?

9 A Fifth Amendment.

10 Q Isn't it true that it did?

11 A Fifth Amendment.

12 Q Isn't it true that it was Dannel money  
13 that was used to pay C. Kelly Olsen?

14 A No money has been used -- no Dannel money  
15 has been received by me as of March 16th. No Dannel  
16 money has been used as of March 16th.

17 Q I'm talking about at any time to your

18 knowledge, has any Dannel money been paid to C. Kelly

19 Olsen?

20 A Fifth Amendment.

21 Q Have you ever met Wayne McLaws?

22 A Fifth Amendment.

23 Q Have you ever met Alan Clagg?

24 A Fifth Amendment.

25 Q Do you know of any property that is owned

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1 by or controlled by or held in the name of Wayne

2 McLaws or Alan Clagg?

3 A Fifth Amendment.

4 Q Have you ever heard of an organization

5 called Maroni, LLC?

6 A Fifth Amendment.

7 Q Are you aware of any property owned by,  
8 controlled by or held in the name of Maroni?

9 A Fifth Amendment.

10 Q I'm asking you questions about the  
11 definition of receivership assets and you're asserting  
12 the Fifth amendment.

13 Do you intend to assert the Fifth  
14 Amendment on all further questions that I have?

15 A I do.

16 Q I pass the witness. Jeff?

17 MR. NORRIS: No further questions.

18 (The proceedings concluded at 1:20 p.m.)

19

20

21 \_\_\_\_\_  
David Edwards

22

23

24

25

1 STATE OF NEVADA )

2 ) ss.

3 COUNTY OF WASHOE )

4

5

6 I, DIANNE M. BRUMLEY, a notary public

7 in and for the County of Washoe, State of Nevada, do

8 hereby certify:

9

10 That I was personally present for the

11 purpose of acting as notary public and Certified

12 Court Reporter in the matter entitled herein; that the

13 witness was by me duly sworn;

14

15                   That said transcript which appears  
16   hereinbefore was taken in verbatim stenotype notes by  
17   me and thereafter transcribed into typewriting as  
18   herein appears to the best of my knowledge, skill and  
19   ability and is a true record thereof.

20

21

22

23                   DIANNE M. BRUMLEY, CCR #205, RDR, CRR

24                   BONANZA REPORTING

25

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1   STATE OF NEVADA    )

2                    ) ss.

3   COUNTY OF WASHOE   )

4

5 I, , a

6 notary public in and for the County of

7 , State of

8 , do hereby certify:

9 That on the day of

10 , 2000, before me personally

11 appeared the witness whose deposition appears herein;

12 That the deposition was read to or by the

13 witness;

14 That any changes in form or substance

15 desired by the witness were entered upon the

16 deposition by the witness;

17 That the witness thereupon signed the

18 deposition under penalty of perjury.

19 DATED: At

20 this day of ,

21 2000.

22

23

24

25

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1 OFFICER'S ACTIONS RE SIGNING OF DEPOSITION

2

3

4

5 DATE

6

7

8

9 3/23/00 AT DIRECTION OF COUNSEL ORIGINAL

10 WAS SENT TO Mr. Crawford

11

12

13

14

OTHER ACTIONS

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