

1 CASE NUMBER: BC384285  
2 CASE NAME: PRECISION DEVELOPMENT, LLC VS.  
3 YURI PLYAM, ET AL.  
4 LOS ANGELES, CALIFORNIA MONDAY, MARCH 28, 2011  
5 DEPARTMENT 17 HON. RICHARD E. RICO, JUDGE  
6 REPORTER: SYLVIA ALMAGUER-MILLER, CSR #8767  
7 TIME: 9:43 A.M.

8 APPEARANCES:

9 ROBERT D. CROCKETT AND SEENA SAMIMI, ATTORNEYS AT LAW,  
10 REPRESENTING THE PLAINTIFF;  
11 DENNIS P. RILEY, ATTORNEY AT LAW, REPRESENTING THE  
12 DEFENDANTS.

13  
14 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
15 HELD IN CHAMBERS WITH JUROR NO. 7, ANTONIO  
16 TORRALBA:)

17  
18 THE COURT: ALL RIGHT. MR. TORRALBA.

19 WE'RE HERE OUTSIDE THE PRESENCE OF THE REST OF  
20 THE JURORS WITH MR. TORRALBA AND COUNSEL.

21 WHAT, IF ANYTHING, HAVE YOU BEEN ABLE TO FIND  
22 OUT, SIR, ABOUT YOUR DOCTOR'S APPOINTMENT OR HOW DO YOU FEEL?

23 JUROR NO. 7: I FEEL DIZZY.

24 THE COURT: YOU STILL FEEL DIZZY?

25 JUROR NO. 7: YES.

26 THE COURT: HOW ABOUT THE DOCTOR'S APPOINTMENT, DO YOU  
27 HAVE ONE SCHEDULED?

28 JUROR NO. 7: I STILL HAVE TO CALL THE DOCTOR.

1 THE COURT: OKAY. YOU WEREN'T ABLE TO GET A HOLD OF  
2 THE DOCTOR?

3 JUROR NO. 7: NO, NOT YET. AND, YOUR HONOR, THIS  
4 MORNING WHEN I WENT TO THE BATHROOM, I HAD RECTAL BLEEDING.

5 THE COURT: ALL RIGHT.

6 JUROR NO. 7: AND --

7 THE COURT: IS THAT SOMETHING THAT YOU THINK IS CAUSED  
8 BY YOUR --

9 JUROR NO. 7: I HAVE ALSO A HISTORY OF DIVERTICULITIS.  
10 THAT'S BLEEDING IN THE STOMACH.

11 THE COURT: OKAY. BUT YOU HAVEN'T SCHEDULED A  
12 DOCTOR'S APPOINTMENT YET?

13 JUROR NO. 7: NO, NOT YET, YOUR HONOR.

14 THE COURT: OKAY. WHY DON'T YOU GO BACK OUTSIDE.

15

16 (WHEREUPON JUROR NO. 7, MR. TORRALBA,  
17 EXITED CHAMBERS.)

18

19 THE COURT: ALL RIGHT. WE HAVE SOMEBODY WHO DOESN'T  
20 WANT TO BE HERE, UNFORTUNATELY.

21 MR. CROCKETT: I'D JUST LET HIM GO, YOUR HONOR. IT  
22 DOESN'T MATTER TO ME BUT THE HUMANE THING TO DO PROBABLY.

23 MR. RILEY: THAT'S FINE, YOUR HONOR.

24 THE COURT: YEAH. I THINK WE'RE GOING TO HAVE TO LET  
25 HIM GO. WELL, WE'LL LEAVE IT AT THAT.

26 THEN THAT MEANS -- I DON'T HAVE MY PAPER --  
27 WHOEVER ALTERNATE NO. 1 IS, SHE GOES UP THERE, AND WE'LL PLAY  
28 MUSICAL CHAIRS.

1                   OKAY.

2

3                   (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
4                   HELD IN OPEN COURT IN THE PRESENCE OF THE  
5                   JURY:)

6

7                   THE COURT: WELCOME BACK, LADIES AND GENTLEMEN.

8                   THE JURORS AND ALTERNATES ARE PRESENT. COUNSEL  
9 ARE PRESENT. THE PARTIES ARE PRESENT.

10                  FIRST OF ALL, MR. TORRALBA, I THINK AT THIS  
11 POINT WE'RE GOING TO EXCUSE YOU NOW. WHY DON'T YOU GO SEE  
12 YOUR DOCTOR. HOPE YOU FEEL BETTER. SO YOU'RE EXCUSED. YOU  
13 CAN TURN IN YOUR BADGE DOWNSTAIRS.

14                  THANK YOU, SIR. WE APPRECIATE YOUR HELP.

15                  MS. ORTEGA, TAKE THAT SEAT. THAT MEANS MS.  
16 VILLANUEVA -- MOVE DOWN, SIR. YES. YOU TAKE THAT SEAT UP  
17 THERE, NUMBER 14.

18

19                                 CLARE BRONFMAN,  
20 RESUMED THE WITNESS STAND, HAVING BEEN PREVIOUSLY DULY SWORN,  
21 FURTHER TESTIFIED AS FOLLOWS:

22

23                  THE COURT: ALL RIGHT. THEN, MS. BRONFMAN, YOU'RE  
24 STILL UNDER OATH; UNDERSTAND?

25                  THE WITNESS: YES, YOUR HONOR.

26                  THE COURT: ALL RIGHT. THEN WE'RE READY TO CONTINUE  
27 WITH THE CROSS, MR. RILEY.

28                  MR. RILEY: THANK YOU, YOUR HONOR.

1 CROSS-EXAMINATION (RESUMED)

2 BY MR. RILEY:

3 Q GOOD MORNING, MS. BRONFMAN.

4 A GOOD MORNING, MR. RILEY.

5 Q ALL RIGHT. I WANT TO TAKE YOU BACK TO DECEMBER  
6 2007. MY UNDERSTANDING IS THAT IN DECEMBER OF 2007 THE PLYAMS  
7 VISITED YOU IN ALBANY, NEW YORK; CORRECT?

8 A THAT'S CORRECT.

9 Q AND WHO ALL WAS PRESENT FOR THIS MEETING IN  
10 ALBANY WHEN YOU TALKED ABOUT ISSUES RELATED TO THE  
11 DEVELOPMENT?

12 A NANCY SALZMAN, MY SISTER SARA BRONFMAN, KEITH  
13 RANIERE, AND THE PLYAMS.

14 Q NOW, WAS THIS MEETING BETWEEN YOU, MR. RANIERE,  
15 YOUR SISTER, MS. SALZMAN, AND THE PLYAMS RECORDED IN SOME  
16 FASHION?

17 A NOT THAT I'M AWARE OF.

18 Q WAS THERE A RECORDER OUT ON THE TABLE THERE?

19 A I DON'T RECALL.

20 Q WELL, IS MR. RANIERE IN THE HABIT OF HAVING  
21 SOMEBODY RECORD HIS MOVEMENTS AND HIS CONVERSATIONS?

22 A NO, NOT ALWAYS. OCCASIONALLY WHEN HE GIVES  
23 FORUMS OR SPEAKS TO THE ORGANIZATION, BUT NOT ALL THE TIME.

24 Q WELL, IS THERE SOMEBODY THAT FOLLOWS HIM AROUND  
25 AND RECORDS HIS MOVEMENTS?

26 A NO.

27 Q THERE'S NOBODY THAT HAS A VIDEO CAMERA THAT  
28 WALKS AROUND AND RECORDS THINGS THAT'S GOING ON WITH REGARDS

1 TO NXIVM AND HIS MEETINGS?

2 A NO. AS I SAID, THERE ARE TIMES WHEN HE DOES  
3 FORUMS THAT HE IS VIDEOED. BUT IT'S NOT A REGULAR OCCASION  
4 THAT HE'S -- HE HAS ANYONE FOLLOWING HIM AROUND.

5 Q DO YOU KNOW A MAN BY THE NAME OF MARK VICENTE?

6 A YES, I DO.

7 Q WHO IS THAT?

8 A MARK VICENTE IS A FELLOW EXECUTIVE BOARD  
9 MEMBER. HE WAS THE DIRECTOR OF A FILM "WHAT THE BLEEP?" AND  
10 CO-WRITER OF IT. HE IS A FRIEND.

11 Q AND IS HE THE ONE -- WHEN MR. RANIERE IS BEING  
12 VIDEOTAPED, IS HE THE ONE THAT'S DOING THE VIDEOTAPING?

13 A IT DEPENDS. HE HAS DONE SOME VIDEOTAPING FOR  
14 SOME OF THE FORUMS. HE'S DONE SOME VIDEOTAPING ON A PROJECT  
15 WITH THE SITUATION IN MEXICO WITH INLAKESH. SO WHEN KEITH HAS  
16 SPECIFICALLY SPOKEN TO THAT, HE'LL VIDEO HIM ON THAT. THAT'S  
17 ABOUT IT.

18 Q NOW, WHEN THE PLYAMS SHOWED UP IN DECEMBER OF  
19 2007, DID YOU GIVE THEM HUGS AND KISSES?

20 A YES, I'M SURE.

21 Q AND DID YOUR SISTER GIVE THEM HUGS AND KISSES?

22 A I'M SURE. MY SISTER IS VERY WARM.

23 Q AND DID MR. RANIERE GIVE THEM HUGS AND KISSES?

24 A PROBABLY.

25 Q AND MS. SALZMAN?

26 A PROBABLY.

27 Q NOW, WHEN THEY WERE THERE IN DECEMBER OF 2007,  
28 THE PLYAMS GAVE YOU A REPORT, AN UPDATE ON THE PROJECT, DIDN'T

1 THEY?

2 A YES, THEY DID.

3 Q AND THEY TALKED ABOUT MS. PLYAM'S ATTEMPTS TO  
4 GET A \$5 MILLION LOAN; CORRECT?

5 A CORRECT.

6 Q AND THEY ALSO TALKED ABOUT THE POSSIBILITY THAT  
7 THAT LOAN MAY NOT COME THROUGH; RIGHT?

8 A CORRECT.

9 Q AND THEY DISCUSSED OTHER FINANCING NEEDS, TOO,  
10 DIDN'T THEY?

11 A BEYOND THE 5 MILLION?

12 Q WELL, THE 5 MILLION. THEY DISCUSSED THE  
13 FINANCING NEEDS OF THAT 5 MILLION?

14 A YES, THEY DID.

15 Q OKAY. WAS MS. FREEMAN ALSO AT THE MEETING?

16 A I DON'T RECALL. IT'S POSSIBLE BUT I DON'T  
17 RECALL.

18 Q NOW, DURING THIS MEETING IN DECEMBER OF 2007,  
19 YOU DIDN'T RAISE ANY CONCERNS WITH THE PLYAMS, DID YOU?

20 A NO. WE DIDN'T HAVE ANY CONCERNS AT THAT TIME.

21 Q WAIT A SECOND. I THOUGHT THAT MR. PARLATO WAS  
22 CONTACTED SOMETIME IN NOVEMBER OF 2007?

23 A NO, NOT THAT I'M AWARE OF.

24 Q WHAT ABOUT MR. DEL NEGRO, WASN'T HE CONTACTED  
25 IN NOVEMBER OF 2007 ABOUT THE PROJECT?

26 A NOT THAT I'M AWARE OF.

27 Q SO YOUR POSITION IS THAT WHEN THE PLYAMS CAME  
28 IN DECEMBER OF 2007, YOU HAD NO PROBLEM WHATSOEVER WITH THE

1 PROJECT, IS THAT IT?

2 A I THINK WE HAD QUESTIONED WHY THERE WEREN'T ANY  
3 HOUSES BUILT, BUT MR. PLYAM, YOU KNOW, TOLD US THERE WAS RED  
4 TAPE AND THIS AND THAT AND THE OTHER. SO I THINK THERE WAS --  
5 THAT WAS THE EXTENT OF IT FROM MY RECOLLECTION.

6 Q SO AS OF THIS MEETING IN DECEMBER OF 2007, YOU  
7 HAD NO CONCERNS ABOUT THE PROJECT; RIGHT?

8 A CORRECT.

9 Q AND WHEN THE PLYAMS TALKED TO YOU ABOUT  
10 FINANCING, YOU SAID THAT YOU WOULD HELP THEM TRY TO FIND THE  
11 FINANCING; RIGHT?

12 A CORRECT.

13 Q AND YOU ALSO TOLD THEM THAT YOU WERE BEHIND  
14 THEM 100%; RIGHT?

15 A I DON'T KNOW IF WE SAID THAT SPECIFICALLY, BUT  
16 I DON'T THINK THAT WE FELT OTHERWISE.

17 Q NOW, THE PLYAMS ALSO MADE REGULAR REQUESTS FOR  
18 MONEY FROM YOU OR THROUGH YOUR PEOPLE; CORRECT?

19 A CORRECT.

20 Q NOW, ORIGINALLY YOU HAD AGREED TO PUT IN \$22  
21 MILLION FOR THE HOUSES; RIGHT?

22 A 20 OR 22. I DON'T RECALL.

23 Q WE READ YOUR DEPOSITION AND YOUR DEPOSITION  
24 SAID 22 MILLION; CORRECT?

25 A CORRECT.

26 Q AND YOUR DEPOSITION WAS TAKEN MUCH EARLIER THAN  
27 TODAY; CORRECT?

28 A CORRECT.

1 Q OKAY. AND SO WHEN YOU SAID 22 MILLION IN YOUR  
2 DEPOSITION, YOU WERE BEING TRUTHFUL, WEREN'T YOU?

3 A TO MY BEST RECOLLECTION. BUT, AGAIN, I'M  
4 NOT -- I'VE GONE THROUGH EVERYTHING AND IT MAY HAVE BEEN 20,  
5 IT MAY HAVE BEEN 22.

6 Q NOW, YOU ALSO AGREED TO PUT -- ACTUALLY, THE  
7 LIBBIT PROJECT WAS A SEPARATE DEAL; RIGHT?

8 A YES. THAT'S CORRECT.

9 Q AND THAT WAS \$6.6 MILLION; CORRECT?

10 A YES. THAT'S CORRECT.

11 Q SO ALL TOLLED YOU AGREED FOR A TOTAL PROJECT  
12 AMOUNT OF \$28.6 MILLION AT A MINIMUM; RIGHT?

13 A 26.6 TO 28.6; CORRECT.

14 Q NOW, AS OF JANUARY 2008, YOU HAD PUT  
15 \$26,430,000 IN; CORRECT?

16 A THAT'S CORRECT.

17 Q AND PURSUANT TO YOUR AGREEMENT THEN, THERE WAS  
18 SUPPOSED TO BE ANOTHER 2. -- ALMOST \$2.2 MILLION AVAILABLE FOR  
19 THE PROJECT; RIGHT?

20 A LIKE I SAID, I'M NOT SURE IF IT WAS 20 OR IF IT  
21 WAS 22. I ACTUALLY BELIEVE WHEN I LOOK BACK RETROSPECTIVELY  
22 THAT IT WAS 20. SO...

23 MR. RILEY: WE HAVE MUSIC IN THE COURTROOM.

24 THE COURT: THAT'S ALL RIGHT.

25 Q BY MR. RILEY: WHEN DID YOU DO THIS  
26 RETROSPECTIVE LOOK BACK ON THE PROJECT?

27 A WELL, IN PREPARATION FOR TRIAL.

28 Q WELL, WHEN YOUR DEPOSITION -- YOUR DEPOSITION



1 WAS TAKEN IN -- LET ME LOOK AT THE DATE HERE -- JUNE OF 2009;  
2 CORRECT?

3 A I BELIEVE SO.

4 Q AND WHEN YOU ANSWERED -- AND I'LL READ FROM THE  
5 DEPOSITION PAGE 26:

6 "DO YOU RECALL THAT THE NUMBER 22 MILLION WAS  
7 DECIDED UPON?

8 "ANSWER: YES."

9 WHEN YOU TESTIFIED TO THAT, YOU THEN LATER GOT  
10 YOUR DEPOSITION BOOKLET BACK; CORRECT?

11 A CORRECT.

12 Q AND YOU HAD THE OPPORTUNITY TO MAKE ANY CHANGES  
13 YOU COULD TO IT; CORRECT?

14 A CORRECT.

15 Q AND YOU DIDN'T CHANGE THAT NUMBER, DID YOU?

16 A NO.

17 Q SO AS OF JANUARY 2008, ACCORDING TO YOUR  
18 TESTIMONY IN YOUR DEPOSITION, THERE WAS ANOTHER 2 MILLION --  
19 ALMOST \$2.2 MILLION THAT WAS SUPPOSED TO BE AVAILABLE FOR THE  
20 PROJECT; RIGHT?

21 A YOU COULD MAKE THAT ARGUMENT. I DON'T KNOW IF  
22 I AGREE WITH YOUR ARGUMENT, BUT YOU CAN MAKE IT.

23 Q WELL, DO YOU DISAGREE WITH IT, OR YOU JUST  
24 DON'T KNOW?

25 A I DON'T RECALL IF INITIALLY WE -- MY SISTER'S  
26 RECOLLECTION WAS THAT IT WAS \$20 MILLION AND MINE WAS 22, SO  
27 THERE IS A DISCREPANCY.

28 Q WELL, LET'S PUT IT THIS WAY, IF IT WAS \$22

1 MILLION AS YOU TESTIFIED IN YOUR DEPOSITION, YOU WOULD AGREE  
2 THAT THERE WOULD BE ANOTHER \$2.2 MILLION AVAILABLE TO THE  
3 PROJECT ACCORDING TO THE AGREEMENT; RIGHT?

4 A CORRECT.

5 Q NOW, IN JANUARY, YOU GOT A -- ACTUALLY, YOU  
6 MENTIONED YOUR SISTER'S DEPOSITION, SO I'M GOING TO READ FROM  
7 THE DEPOSITION OF SARA BRONFMAN DATED JUNE 1ST, 2009, AT 12:30  
8 P.M.

9 MR. CROCKETT: ONE SECOND, YOUR HONOR. WE'RE LOOKING  
10 FOR IT.

11 MR. RILEY: GO AHEAD. I'LL ASK ANOTHER QUESTION IN  
12 THE MEANTIME.

13 Q YOUR DEPOSITION WAS ALSO TAKEN ON JUNE 1ST,  
14 2009; CORRECT?

15 A THAT'S WHAT IT SAYS, YES.

16 Q AND YOUR SISTER'S WAS TAKEN AT 12:30 IN THE  
17 AFTERNOON AND YOURS WAS TAKEN AT 3:00 O'CLOCK IN THE  
18 AFTERNOON; RIGHT?

19 A IF THAT'S WHAT IT SAYS, YES.

20 Q I WANT TO READ FROM SARA BRONFMAN'S DEPOSITION  
21 AT PAGE 43, LINES 21 THROUGH 23.

22 MR. CROCKETT: OBJECTION, NO LONGER A PARTY, HEARSAY.

23 THE COURT: WANT TO APPROACH?

24

25 (WHEREUPON THE FOLLOWING PROCEEDINGS

26 WERE HELD AT SIDEBAR:)

27

28 THE COURT: IS SHE A PARTY?

1 MR. CROCKETT: SHE PREVAILED ON HER MOTION FOR SUMMARY  
2 JUDGMENT.

3 MR. RILEY: SHE'S A 50 PERCENT OWNER OF PRECISION, THE  
4 PLAINTIFF IN THIS CASE.

5 MR. CROCKETT: SHE'S NOT AN OFFICER. SHE'S JUST AN  
6 OWNER. SHE'S JUST AN INVESTOR.

7 THE COURT: WELL, IT'S AN LLC; RIGHT?

8 MR. CROCKETT: YES.

9 THE COURT: IT'S A PROPER QUESTION. SINCE IT'S AN  
10 LLC, I'LL ALLOW IT. OVERRULED.

11

12 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
13 HELD IN OPEN COURT IN THE PRESENCE OF THE  
14 JURY:)

15

16 MR. RILEY: READING FROM PAGE 43, LINES 21 THROUGH 23.  
17 AND THIS, FOR THE RECORD, IS AGAIN FROM SARA BRONFMAN'S  
18 DEPOSITION.

19 (READING:)

20 "QUESTION: WHAT WAS THE INITIAL INVESTMENT?

21 "ANSWER: I THINK IT WAS 22 MILLION FOR THE 26  
22 PROPERTIES, OVER 26 PROPERTIES."

23 Q SO YOUR SISTER TESTIFIED CONSISTENTLY WITH YOU  
24 IN YOUR DEPOSITION?

25 A OKAY. YES.

26 Q SO NOW I WANT TO TAKE YOU TO JANUARY 2ND, 2006,  
27 AND SHOW YOU EXHIBIT 601, WHICH I BELIEVE IS ALREADY IN  
28 EVIDENCE. I'LL GET IT FOR YOU IN A SECOND IF YOU WANT TO --

1 A WHAT NUMBER WAS IT?

2 Q 601.

3 A THANK YOU.

4 Q NOW, AT THE TIME, YOU WOULD AGREE, THAT WHEN  
5 MS. PLYAM ON JANUARY 2ND, 2008, ASKED FOR A WIRE OF 400,000  
6 THAT, AS OF THIS DATE, YOU HAD ALREADY ENLISTED THE SERVICES  
7 OF THIS PARLATO CHARACTER; CORRECT?

8 A I DON'T -- I MEAN, PARLATO HAD BEEN WORKING FOR  
9 US FOR A WHILE AS YOU ALREADY KNEW. SO I DON'T THINK AT THIS  
10 POINT WE HAD ASKED HIM TO DO PRECISION. I THINK AT THIS POINT  
11 HE WAS STILL JUST DOING OTHER THINGS FOR US.

12 Q WELL, DIDN'T PARLATO ALREADY FLY OUT TO LOS  
13 ANGELES?

14 A I THINK HE FLEW -- I THINK HE ACTUALLY FLEW OUT  
15 ON JANUARY 2ND, BUT I THINK THAT WAS OF HIS OWN ACCORD TO  
16 SPEAK WITH THE PLYAMS ABOUT THE POTENTIAL LOAN.

17 Q BUT I THOUGHT WE WENT THROUGH THIS ON FRIDAY.  
18 YOU HAD ALSO REQUESTED HIM TO GO LOOK INTO THE PROJECT ON YOUR  
19 BEHALF BECAUSE YOU HAD CONCERNS?

20 A WHILE HE WAS OUT THERE, I SAID CAN YOU LOOK AT  
21 IT.

22 Q SO ON JANUARY 2ND, YOU HAD ALREADY ASKED HIM TO  
23 GO OUT THERE AND LOOK AT THE PROJECT BASED ON YOUR CONCERNS;  
24 RIGHT?

25 A I HADN'T ASKED HIM TO GO OUT BASED ON OUR  
26 CONCERN. HE WAS GOING OUT ANYWAY SO I ASKED HIM TO LOOK INTO  
27 THINGS WHILE HE WAS OUT THERE.

28 Q NOW, THE RESPONSE FROM DAZZLE HERE IS, "HELLO,

1 NATASHA. HAPPY NEW YEAR. IT WILL TAKE A FEW DAYS TO FREE UP  
2 THIS CASH. I'LL KEEP YOU POSTED."

3 NOW, AS OF JANUARY 2ND 2008, YOU NEVER INTENDED  
4 TO PAY THEM ANY MORE MONEY, DID YOU?

5 A I DON'T KNOW THAT IT WAS JANUARY 2ND. THERE  
6 WAS A FEW THINGS THAT WERE CONCERNING TO ME IN LATE DECEMBER,  
7 AND THEN WHEN PARLATO CALLED ME AND TOLD ME ABOUT WHAT WAS  
8 GOING ON, THEN I HAD REAL CONCERNS. AND, NO, I WASN'T ABOUT  
9 TO SEND ANY MORE MONEY GIVEN WHAT WE HAD DISCOVERED WAS GOING  
10 ON OUT HERE.

11 Q SO WHEN THEY RESPONDED THAT IT WILL TAKE UP TO  
12 A FEW DAYS TO FREE UP CASH, YOU WERE JUST TRYING TO LET THEM  
13 BELIEVE THAT EVERYTHING WAS NORMAL; RIGHT?

14 A ACTUALLY, PROBABLY NOT. BECAUSE I DON'T KNOW  
15 THAT I HAD SPOKEN TO DAZZLE AT THIS POINT ABOUT IT AND DAZZLE  
16 PROBABLY WROTE THAT OFF HER OWN ACCORD.

17 Q NOW, YOU NEVER DID GIVE THEM ANY MORE MONEY,  
18 DID YOU?

19 A NO.

20 Q SO IF YOUR AGREEMENT, AS STATED IN YOUR  
21 DEPOSITION, WAS TO GIVE THEM THE \$28.6 MILLION, YOU BROKE YOUR  
22 SIDE OF THE DEAL, DO YOU AGREE?

23 A NO, I DON'T AGREE BECAUSE --

24 Q WELL --

25 A -- IF I WAS TO PUT IN MORE MONEY WHEN I SEE  
26 THAT THINGS ARE GOING SOUTH AND REALIZE THAT THEY'RE USING OUR  
27 MONEY FOR THEIR OWN PURPOSES, THAT WOULD BE LUDICROUS.

28 Q WELL, YOU PERSONALLY DIDN'T SEE ANYTHING;

1 RIGHT?

2 A CORRECT. I HAD TWO PEOPLE WHO WERE LOOKING AND  
3 THEN I -- THERE WAS SEVERAL OCCURRENCES TO GIVE ME THE DATA  
4 THAT I NEEDED TO VERIFY THAT THERE WERE PROBLEMS.

5 Q BUT YOU PERSONALLY NEVER WENT OUT AND HAD TOOK  
6 A LOOK YOURSELF, DID YOU?

7 A NO, I DIDN'T.

8 Q AND YOU KNEW THAT THEY NEEDED MONEY TO KEEP  
9 GOING ON THIS PROJECT; CORRECT?

10 A CORRECT.

11 Q AND YOU LED THEM TO BELIEVE THAT THEY WERE  
12 GOING TO GET MONEY, DIDN'T YOU?

13 A NO, I DON'T BELIEVE I DID LEAD THEM TO BELIEVE  
14 THAT. I THINK IT WAS VERY CLEAR WHEN WE SAW THERE WERE  
15 PROBLEMS GOING ON, IT WAS VERY CLEAR WE WERE NOT GOING TO BE  
16 GIVING THEM ANY MORE MONEY.

17 Q WELL, WHEN THIS RESPONSE IN EXHIBIT 601 TALKS  
18 ABOUT THE MONIES, IT'S GOING TO TAKE UP TO A FEW DAYS, THE  
19 MONEY NEVER WAS GOING TO COME, AT LEAST YOU AGREE, AFTER  
20 MR. PARLATO CALLED BACK; RIGHT?

21 A AFTER PARLATO AND I SPOKE OR AFTER I GOT A  
22 REPORT FROM WHAT WAS GOING ON OUT HERE, NO, I HAD NO INTENTION  
23 OF SENDING ANY MORE MONEY. AT THIS TIME IN THIS E-MAIL, I  
24 WOULD IMAGINE USUALLY, I BELIEVE, WHEN NATASHA WOULD SEND A  
25 REQUEST, DAZZLE WOULD RESPOND THAT THIS IS A NORMAL  
26 OCCURRENCE. IT DOES TAKE A LITTLE BIT OF TIME AND THEN SHE --  
27 DAZZLE WOULD SPEAK TO ME AFTERWARDS.

28 Q BUT AS OF THIS DATE PARLATO'S REPORT, YOU HAD

1 NO INTENTION OF ANY MORE MONEY; CORRECT?

2 A AFTER PARLATO'S REPORT, I HAD NO INTENTION OF  
3 ANY MORE MONEY UNTIL WE FIGURED OUT WHAT WAS GOING ON AND TO  
4 MAKE SURE THAT -- YOU KNOW, IF EVERYTHING HAD BEEN ACCORDING  
5 TO PLAN, THAT'S ONE THING, BUT IT WASN'T.

6 Q ACCORDING TO WHAT PARLATO SAID; CORRECT?

7 A ACCORDING TO WHAT PARLATO SAID BASED ON THE  
8 PLYAMS' ACTIONS.

9 Q WITHOUT LOOKING AT ANY ACCOUNTING DOCUMENTS AT  
10 ALL; CORRECT?

11 A WELL, WE DIDN'T LOOK AT ANY ACCOUNTING  
12 DOCUMENTS AT THAT TIME. THEY WOULDN'T TURN THEM OVER. BUT  
13 PRIOR TO THAT, THERE WERE CERTAIN SITUATIONS. ONE, THERE WERE  
14 CERTAIN PROPERTIES THAT WERE ENTITLED IN THEIR NAME; TWO, THE  
15 PROPERTIES WERE IN DISARRAY; THREE, IT WAS DETERMINED THAT THE  
16 PEOPLE WHO WERE WORKING OR SUPPOSEDLY BEING PAID -- OR  
17 SUPPOSEDLY WORKING ON PROJECTS BEING PAID BY US WERE WORKING  
18 ON THEIR PROPERTIES. SO BASED ON THOSE THINGS, I WAS NOT IN A  
19 POSITION WHERE I WOULD SEND THEM ANY MORE MONEY.

20 MR. RILEY: MOVE TO STRIKE AS NONRESPONSIVE, NO  
21 FOUNDATION, HEARSAY.

22 MR. CROCKETT: OBJECTION, YOUR HONOR. IT'S TOTALLY  
23 RESPONSIVE.

24 THE COURT: OVERRULED.

25 Q BY MR. RILEY: NOW, YOU TALK ABOUT THIS REPORT  
26 FROM PARLATO IN JANUARY OF 2008, BUT YOU PERSONALLY DIDN'T  
27 SPEAK TO PARLATO, DID YOU?

28 A NO, I DIDN'T. I SPOKE TO JIM PERSONALLY AND I

1 HAD PARLATO --

2 Q PLEASE, MS. --

3 A SORRY.

4 Q I UNDERSTAND YOU WANT TO GET YOUR SIDE OUT AND  
5 YOU WANT TO TALK, BUT PLEASE JUST ANSWER THE QUESTION, IF YOU  
6 WOULD.

7 YOU DIDN'T TALK TO PARLATO, DID YOU?

8 A NO.

9 Q SO --

10 A NOT DIRECTLY.

11 Q SO THIS REPORT YOU'RE TALKING ABOUT IS COMING  
12 FROM SOMEBODY ELSE, ISN'T IT?

13 A YES.

14 Q PARLATO ACTUALLY TALKED TO KRISTIN KEEFFE;  
15 RIGHT?

16 A CORRECT. AND JIM DEL NEGRO.

17 Q WHAT IS -- WHAT IS KRISTIN KEEFFE'S POSITION  
18 WITH THE GROUP NXIVM?

19 MR. CROCKETT: OBJECTION, ASKED AND ANSWERED.

20 THE COURT: OVERRULED.

21 THE WITNESS: SHE'S A LEGAL LIAISON.

22 Q BY MR. RILEY: ANY OTHER POSITION WITH NXIVM  
23 OTHER THAN THIS LEGAL LIAISON POSITION?

24 A NO.

25 Q AND WHEN KRISTIN KEEFFE IS DOING HER LEGAL  
26 LIAISONING, SHE'S COMMUNICATING WITH MR. RANIERE; CORRECT?

27 A SOMETIMES. MOSTLY BETWEEN -- WITH THE  
28 ATTORNEYS AND, YES, SOMETIMES WITH MR. RANIERE.



1 Q SO THIS REPORT FROM PARLATO GOES TO MS. KEEFFE;  
2 CORRECT?

3 A CORRECT.

4 Q NOW, DID MR. RANIERE, AFTER THIS ALLEGED REPORT  
5 THAT CAME TO MS. KEEFFE, HELP PROBLEM SOLVE THE ISSUE AT THAT  
6 POINT IN TIME?

7 A ACTUALLY, I THINK IT WAS KRISTIN WENT TO OUR  
8 ATTORNEYS AND ASKED THEM IF THEY -- IF WE COULD -- IF THEY  
9 COULD HELP FIND AN ATTORNEY OUT IN CALIFORNIA.

10 MR. RILEY: MOVE TO STRIKE AS NONRESPONSIVE.

11 THE COURT: SUSTAINED. STRICKEN.

12 Q BY MR. RILEY: MY QUESTION IS: WHEN THIS  
13 REPORT CAME IN FROM THIS PARLATO CHARACTER, DID MR. RANIERE  
14 HELP PROBLEM SOLVE THE ISSUE?

15 A I'M SURE HE -- I'M SURE KRISTIN SPOKE WITH HIM  
16 ABOUT IT, YEAH.

17 Q AND WAS IT MR. RANIERE'S IDEA TO PUT FINANCIAL  
18 PRESSURE ON THE PROJECT?

19 A I'M SORRY. I DON'T UNDERSTAND YOUR QUESTION.

20 Q WELL, YOU UNDERSTOOD THAT THIS PROJECT,  
21 PRECISION AND CASTLE ASSET MANAGEMENT WERE IN THE PROCESS OF  
22 BUILDING 26 HOMES AND ONE LARGE CONDO DEVELOPMENT; CORRECT?

23 A CORRECT.

24 Q YOU UNDERSTOOD THAT THEY HAD OVER 140  
25 EMPLOYEES; RIGHT?

26 A CORRECT.

27 Q AND YOU UNDERSTOOD THAT THEY HAD --

28 A WELL, I ASSUMED THAT. THAT'S WHAT THEY TOLD

1 US.

2 Q AND YOU UNDERSTOOD THAT THEY HAD ONGOING CASH  
3 NEEDS TO PAY THESE EMPLOYEES; CORRECT?

4 A CORRECT.

5 Q YOU NEVER AT ANY TIME SAID TO THE PLYAMS SLOW  
6 DOWN, DID YOU?

7 A WHEN WE FOUND OUT WHAT WAS GOING ON, YEAH, WE  
8 WANTED TO FIGURE OUT -- WE BASICALLY SAID WE NEED TO STOP; WE  
9 NEED TO FIGURE OUT WHAT'S GOING ON.

10 Q YOU NEVER TOLD THE PLYAMS, YOU KNOW, WHY DON'T  
11 YOU LAYOFF SOME OF THE EMPLOYEES AND THEN JUST FOCUS ON A  
12 COUPLE OF THE PROPERTIES, DID YOU?

13 A NO. THAT WAS -- THE HIGHEST PROPERTY WAS TO  
14 SECURE ALL OF THE ASSETS AND FIGURE OUT WHAT WAS GOING ON.

15 Q YOUR POSITION IN DECEMBER WAS WE'RE 100% BEHIND  
16 YOU; CORRECT?

17 A CORRECT.

18 Q NOW, DID BECKY FREEMAN ALSO HELP PROBLEM SOLVE  
19 THE ISSUE ONCE THE REPORT FROM PARLATO CAME IN?

20 A I'M NOT SURE. I MEAN, I BELIEVE I SPOKE WITH  
21 HER ABOUT A FEW THINGS, BUT I DON'T -- I DON'T -- I'M NOT SURE  
22 EXACTLY WHAT YOU MEAN BY PROBLEM SOLVE, BUT --

23 Q WELL, WAS BECKY FREEMAN INVOLVED IN THE  
24 DISCUSSIONS REGARDING WHAT TO DO IN LOS ANGELES?

25 A I DON'T THINK SO. I MEAN, I SPOKE TO HER ABOUT  
26 JUST TRYING TO GET DATA RETROACTIVELY, BUT I DON'T -- I DON'T  
27 RECALL WHETHER OR NOT SHE WAS INVOLVED IN THE SOLUTION. I  
28 THINK WE MOSTLY THEN WENT TO GET LEGAL HELP.

1 Q NOW, I WANT TO READ FROM YOUR DEPOSITION, PAGE  
2 49, LINES 23 THROUGH 50, LINE 11.

3 MR. CROCKETT: NO OBJECTION.

4 MR. RILEY: (READING:)

5 "QUESTION: WHAT WERE HIS INSTRUCTIONS WHEN HE  
6 HAD WENT OUT TO CALIFORNIA?

7 "ANSWER: INITIALLY, HE WAS GOING TO TALK WITH  
8 THE PLYAMS ABOUT THE LOAN.

9 "QUESTION: THOSE WERE YOUR INSTRUCTIONS?

10 "ANSWER: YES.

11 "QUESTION: DID YOU GIVE HIM THOSE  
12 INSTRUCTIONS?

13 "ANSWER: I THINK I REQUESTED THAT HE GO. HE  
14 WAS GOING TO LOAN SOMEBODY MONEY. HE WANTED TO FIGURE  
15 OUT THE SITUATION. THAT WAS KIND OF A NORMAL THING.

16 "QUESTION: WAS THERE ANYONE ELSE YOU SENT OUT  
17 WITH FRANK?

18 "ANSWER: NO."

19 Q NOW, RIGHT AFTER MR. PARLATO WAS SENT OUT, AN  
20 E-MAIL WAS SENT TO THE PLYAMS TELLING THEM ABOUT MR. PARLATO;  
21 CORRECT?

22 A YES. I BELIEVE SO.

23 Q LET'S TAKE A LOOK AT WHAT'S BEEN PREVIOUSLY  
24 ADMITTED, I THINK, AS EXHIBIT 602.

25 SO EXHIBIT 602 IS AN E-MAIL FROM REBECCA  
26 FREEMAN TO THE PLYAMS; CORRECT?

27 A CORRECT.

28 Q AND YOU ARE CC'D ON THIS; CORRECT?

1           A           CORRECT.

2           Q           AND IN THIS E-MAIL, YOU DON'T RAISE ANY  
3 CONCERNS WITH THE PLYAMS, DO YOU?

4           A           NO.

5           Q           NOW, IN FACT THE E-MAIL STARTS OUT: "HAPPY NEW  
6 YEAR. I HOPE YOU AND THE KIDS ARE WELL." THAT'S THE  
7 IMPRESSION -- TO GIVE THE IMPRESSION THAT EVERYTHING IS GOOD;  
8 RIGHT?

9           A           WELL, I THINK THAT IS VERY NORMAL FOR BECKY.  
10 BECKY IS A PARENT AND SHE HAD AN ONGOING RAPPORT AND  
11 RELATIONSHIP WITH THE PLYAMS.

12          Q           BUT SHE KNEW AT THIS TIME WHAT WAS GOING ON;  
13 RIGHT?

14          A           I DON'T THINK SHE KNEW THE FULL STORY. I THINK  
15 I HAD JUST ASKED HER TO WRITE THIS E-MAIL, BUT I THINK SHE  
16 KNEW THAT -- SHE KNEW I HAD SOME CONCERNS, YES.

17          Q           WELL, DID SHE KNOW THE FULL STORY OR DIDN'T  
18 SHE?

19          A           I DON'T THINK SHE KNEW THE FULL STORY, BUT I  
20 THINK SHE KNEW I HAD SOME CONCERNS.

21          Q           DID YOU HELP HER WRITE THIS E-MAIL?

22          A           YES.

23          Q           AND WHEN YOU HELPED MS. FREEMAN WRITE THIS  
24 E-MAIL, YOU KNEW, ACCORDING TO WHAT PARLATO HAD TOLD  
25 MS. FREEMAN WHO HAD TOLD SOMEBODY ELSE, THAT THERE WAS  
26 POSSIBLY PROBLEMS; RIGHT?

27          A           YES.

28          Q           AND YET YOU MENTION NOTHING ABOUT THOSE

1 PROBLEMS, DO YOU?

2 A NO. AT THAT TIME, I STILL WANTED TO FIGURE OUT  
3 WHAT WAS GOING ON. I HAD JUST HAD A VERY BRIEF OVERVIEW OF  
4 PARLATO'S OPINION, AND I WANTED TO UNDERSTAND. I WANTED TO  
5 GET INTO A THICK OF WHAT WAS REALLY GOING ON BEFORE WE MOVED  
6 FURTHER.

7 Q ALL RIGHT. IN THIS E-MAIL, IT REFERENCES THAT  
8 YOU HAVE RETAINED THE SERVICES OF FRANK PARLATO TO GUIDE THEM  
9 IN ALL THEIR REAL ESTATE VENTURES, BOTH NATIONALLY AND  
10 INTERNATIONALLY.

11 WHAT REAL ESTATE VENTURES ARE YOU TALKING ABOUT  
12 HERE?

13 A ANY.

14 Q NO. I'M NOT TALKING ABOUT ANY. WHAT REAL  
15 ESTATE VENTURES ARE YOU TALKING ABOUT?

16 A WELL, SPECIFICALLY PRECISION.

17 Q WELL, THERE WEREN'T ANY OTHERS, WERE THERE?

18 A WELL, I DO HAVE REAL ESTATE VENTURES IN OTHER  
19 AREAS, BUT I THINK IT WAS A BROAD STATEMENT.

20 Q WELL, THIS WASN'T REFERENCING ANY OTHER REAL  
21 ESTATE VENTURES, WAS IT?

22 A I THINK IT WAS JUST A BROAD STATEMENT.

23 Q IT WAS A BROAD STATEMENT INTENTIONALLY;  
24 CORRECT?

25 A YES.

26 Q YOU WERE TRYING TO GIVE THE IMPRESSION THAT  
27 MR. PARLATO, THIS GUY THAT YOU HAD KNOWN FOR A FEW MONTHS, WAS  
28 COMPLETELY TAKING OVER FOR EVERYTHING FOR YOU; RIGHT?

1           A           YEAH. I WAS TRYING TO LAY THE FOUNDATION SO  
2 THAT THEY UNDERSTOOD THAT -- FROM MY PERSPECTIVE, WE NEEDED --  
3 WE NEEDED A LITTLE BIT OF TIME TO FIGURE OUT EXACTLY WHAT WAS  
4 GOING ON. BECAUSE WHEN MR. PARLATO FIRST TOLD ME WHAT WAS  
5 GOING ON, I DIDN'T WANT TO MAKE ANY QUICK MOVES BECAUSE I  
6 DIDN'T KNOW EXACTLY WHAT WAS GOING ON. SO AS A PLACEHOLDER, I  
7 ASKED BECKY TO SEND THIS E-MAIL SO THAT WE COULD HAVE TIME TO  
8 FIGURE OUT.

9           Q           WELL, DID YOU OR DID YOU NOT TALK TO  
10 MR. PARLATO?

11          A           NOT DIRECTLY, INDIRECTLY.

12          Q           WELL, SO WITH THIS E-MAIL, YOU INTENTIONALLY  
13 WANTED THE PLYAMS TO BELIEVE THAT MR. PARLATO HAD POWER OVER  
14 THIS PROJECT; RIGHT?

15          A           I WANTED THEM TO BELIEVE THAT MR. PARLATO HAD  
16 AUTHORITY FROM US AND COULD LOOK INTO WHAT WAS GOING ON,  
17 NOT -- WELL, NOT LOOK INTO WHAT WAS GOING ON. BUT AT THAT  
18 POINT, I HAD GIVEN MR. PARLATO THE AUTHORITY TO FIGURE OUT  
19 WHAT WAS GOING ON IN THE SITUATION, AND, YES, I WANTED THEM TO  
20 HAVE A SENSE THAT HE WAS COMING IN AND HE WAS GOING TO LOOK AT  
21 THINGS. I NEEDED A PLACEHOLDER UNTIL WE COULD DETERMINE WHAT  
22 EXACTLY HAD HAPPENED.

23          Q           MR. RANIERE HELPED YOU WITH THIS E-MAIL, DIDN'T  
24 HE?

25          A           NO.

26          Q           WELL, AS OF THIS TIME, MR. RANIERE HAD TOLD YOU  
27 THAT THE PLYAMS HAD STOLEN THE \$65 MILLION THAT WAS LOST IN  
28 THE COMMODITY MARKET, HADN'T HE?

1           A           NO.

2           Q           HE HAD BEEN FEELING PRESSURE AT THIS POINT IN  
3 TIME ABOUT THOSE LOSSES TO SIGN THE LOAN DOCUMENT, HADN'T HE?

4           A           I DON'T THINK SO, NO.

5           Q           NOW, WHEN YOU SAY THAT YOU RETAINED THE  
6 SERVICES OF FRANK PARLATO TO GUIDE THEM IN ALL THEIR REAL  
7 ESTATE VENTURES, BOTH NATIONALLY AND INTERNATIONALLY, YOU  
8 DIDN'T HIRE FRANK PARLATO TO HANDLE ANYTHING INTERNATIONALLY,  
9 DID YOU?

10          A           NO.  ALTHOUGH I DO HAVE PROPERTIES  
11 INTERNATIONALLY.  SO...

12          Q           BUT YOU DIDN'T HIRE FRANK PARLATO TO HANDLE  
13 THEM, DID YOU?

14          A           NO.

15          Q           SO WHY DID YOU STATE THAT IN THE E-MAIL?

16          A           BECAUSE I NEEDED A STRONG STATEMENT.  IT'S JUST  
17 A STATEMENT.  I NEEDED A PLACEHOLDER TO FIGURE OUT WHAT WAS  
18 GOING ON.  I HAD REPORTS THAT THERE WAS A BIG MESS AND THAT  
19 THE PLYAMS WERE DOING THINGS THAT WERE WRONG, THAT WERE  
20 INCORRECT AND IMPROPER, AND I NEEDED TO FIGURE OUT WHAT WAS  
21 HAPPENING.  SO I USED THIS LETTER AS A PLACEHOLDER TO FIGURE  
22 IT OUT.

23          Q           NOW, THE SECOND PARAGRAPH READS:

24                    "ADDITIONALLY, MR. PARLATO, AS I UNDERSTAND IT,  
25                    IS CONTEMPLATING LENDING MONEY TO THE PROJECT.  SO  
26                    THAT IT WILL BE IN THEIR MUTUAL INTEREST FOR HIM TO  
27                    HANDLE FUTURE FINANCIAL ARRANGEMENTS FOR THE PROJECT."

28                    WELL, AS OF THIS DATE, THE DATE THAT YOU HAD

1 THESE REPORTS SECOND OR THIRD HAND FROM MR. PARLATO, HE WASN'T  
2 GOING TO PUT ANY MONEY INTO THE PROJECT, WAS HE?

3 A WELL, IF HE HAD HAVE DONE SOME INVESTIGATION  
4 AND WE HAD HAVE FOUND OUT THAT ACTUALLY THE PLYAMS WERE DOING  
5 WHAT THEY WERE SUPPOSED TO BE DOING, THERE WAS THE POTENTIAL  
6 FOR IT. BUT AT THIS TIME, WE DIDN'T HAVE A CONCLUSIVE  
7 DETERMINATION WHAT WAS REALLY GOING ON. LIKE I SAID, IT WAS A  
8 PLACEHOLDER. WE NEEDED SOME TIME TO FIGURE IT OUT.

9 Q WELL, YOU HADN'T SEEN A THING PERSONALLY --

10 A NO.

11 Q -- AS OF THIS DATE; CORRECT?

12 A CORRECT.

13 Q NOW, THE LAST PARAGRAPH READS:

14 "AS I UNDERSTAND IT, YOU'RE MEETING WITH HIM  
15 TODAY, AND YOU MAY SPEAK WITH HIM ABOUT YOUR MOST  
16 RECENT REQUEST FOR \$400,000 AND ANY ADDITIONAL FUNDING  
17 NEEDS YOU MAY HAVE."

18 DID MR. PARLATO, ON THIS DATE, HAVE THE  
19 AUTHORITY BY HIMSELF TO SAY, YES, HERE'S ANOTHER \$400,000?

20 A NO.

21 Q SO WHY IS IT THAT YOU'RE SAYING THAT THE PLYAMS  
22 NEED TO TALK TO HIM ABOUT THIS \$400,000 THAT THEY NEED TO PAY  
23 THEIR EMPLOYEES?

24 A BECAUSE I WANTED ALL INFORMATION ABOUT  
25 FINANCIALS TO GO THROUGH HIM BECAUSE HE WAS COLLECTING ALL OF  
26 THE INFORMATION TO DETERMINE WHAT WAS GOING ON.

27 Q NOW, AS OF THIS DATE, JANUARY 2008, YOU KNEW  
28 THAT MR. PARLATO'S EXPERIENCE WAS REHABBING HOMES IN THE



1 BUFFALO AREA THAT WERE DRASTICALLY LESS IN COST AND PRICE THAN  
2 THESE HOUSES IN LOS ANGELES; RIGHT?

3 A NO. HE HAD A BUILDING THAT HE HAD WORKED ON  
4 THAT WAS ACTUALLY, I THINK, MORE SUBSTANTIAL THAN ANY OF THE  
5 PROJECTS.

6 Q WHAT BUILDING ARE YOU REFERRING TO?

7 A 1 NIAGARA PLACE.

8 Q HE DIDN'T BUILD THAT?

9 A I THINK HE WAS INVOLVED IN IT FROM A FINANCIAL  
10 PERSPECTIVE BUT I DON'T THINK -- HE'S NOT A CONTRACTOR. I  
11 DON'T THINK I EVER -- HE EVER CLAIMED TO BE NOR DID I BELIEVE  
12 HIM TO BE.

13 Q AND HE HAD NEVER DEVELOPED ANYTHING, HAD HE,  
14 OTHER THAN REHABBING SINGLE FAMILY HOMES?

15 A I DON'T KNOW.

16 Q WELL, YOU GOT \$26 MILLION IN REAL ESTATE IN LOS  
17 ANGELES AND THIS INDIVIDUAL THAT YOU'RE RELYING ON HAD NO  
18 EXPERIENCE IN DEVELOPING REAL ESTATE; RIGHT?

19 A CORRECT.

20 Q NOW, AS OF THIS DATE, YOU HAD NO INTENTION OF  
21 GIVING THE PLYAMS \$400,000 MORE, DID YOU?

22 A I DON'T KNOW. AT THIS POINT, I WASN'T SURE  
23 EXACTLY WHAT WAS GOING ON. IF THINGS -- AS I SAID, IF THINGS  
24 HAD'VE TURNED OUT THAT EVERYTHING WAS OKAY AND WHAT HE -- WHAT  
25 PARLATO WAS INITIALLY STATING WAS INCORRECT, THEN, YES, WE  
26 PROBABLY WOULDN'T HAVE CONTINUED, BUT IT WASN'T THE CASE.

27 Q NOW, INSTEAD OF WRITING THIS E-MAIL AND GOING  
28 THROUGH THIS CHARADE OF GIVING MR. PARLATO THIS POWER OR THIS

1 APPARENT POWER, WHY DIDN'T YOU JUST CALL UP THE PLYAMS AND  
2 SAY, "MR. PARLATO HAS REPORTED TO -- TO --" I FORGOT HER NAME  
3 NOW.

4 MR. CROCKETT: KRISTIN KEEFFE.

5 MR. RILEY: THANK YOU.

6 Q "MR. PARLATO HAS REPORTED INFORMATION TO  
7 KRISTIN KEEFFE. I HAVE SOME CONCERNS"?

8 MR. CROCKETT: OBJECT.

9 Q MR. RILEY: "COULD WE TALK ABOUT THAT"?

10 MR. CROCKETT: OBJECTION, ARGUMENTATIVE. THE WITNESS  
11 HAS NOT BOUGHT ON TO MR. RILEY'S NOTION OF A CHARADE.

12 THE COURT: REPHRASE. SUSTAINED.

13 Q BY MR. RILEY: WELL, THIS E-MAIL TELLING THE  
14 PLYAMS THAT MR. PARLATO HAD MORE POWER THAN HE DID WAS A  
15 CHARADE; RIGHT?

16 A I DON'T UNDERSTAND WHAT YOU MEAN. I'M SORRY.

17 Q YOU WERE TRYING TO GET THE PLYAMS TO BELIEVE  
18 THAT MR. PARLATO HAD MORE POWER THAN HE ACTUALLY DID; RIGHT?

19 A I WAS TRYING TO HAVE -- PUT A PLACEHOLDER IN SO  
20 THAT WE COULD DETERMINE WHAT WAS GOING ON.

21 Q I UNDERSTAND YOUR PLACEHOLDER ARGUMENT, BUT  
22 THAT'S NOT WHAT I'M TALKING ABOUT. WHAT I'M TALKING ABOUT IS:  
23 YOU WERE TRYING TO HAVE THE PLYAMS BELIEVE THAT MR. PARLATO  
24 HAD MORE POWER THAN HE ACTUALLY DID; RIGHT?

25 A I MEAN, AT THAT POINT, I DID GIVE MR. PARLATO  
26 THE AUTHORITY TO DETERMINE WHAT WAS GOING ON AND THAT ALL  
27 MONIES SHOULD BE RUN THROUGH HIM. SO I DON'T KNOW HOW  
28 THAT'S -- I DON'T UNDERSTAND WHAT YOU MEAN BY CHARADING. I'M

1 SORRY.

2 Q SO THIS E-MAIL WAS NOT ATTEMPTING TO DECEIVE  
3 THE PLYAMS AS TO WHAT AUTHORITY MR. PARLATO HAD?

4 A MR. PARLATO, AT THAT POINT, DID HAVE AUTHORITY  
5 TO TRY AND DETERMINE WHAT WAS GOING ON.

6 Q THAT'S NOT MY QUESTION, PLEASE.

7 WERE YOU TRYING TO DECEIVE THE PLYAMS IN  
8 JANUARY 2008 AS TO THE ACTUAL AUTHORITY THAT MR. PARLATO HAD?

9 A I DON'T AGREE WITH YOUR TERM "DECEIVE". I'M  
10 SORRY. IT DOESN'T -- THAT'S NOT WHAT IT'S LIKE FOR ME.  
11 THAT'S NOT MY INTENT.

12 Q LET'S TRY THIS AGAIN. WERE YOU TRYING TO  
13 DECEIVE THE PLYAMS INTO BELIEVING THAT MR. PARLATO HAD MORE  
14 AUTHORITY THAN HE DID? YES, NO, OR YOU DON'T KNOW, PLEASE.

15 A I DON'T AGREE WITH THE WAY YOU PHRASED THE  
16 QUESTION, SO I CAN'T AGREE OR DISAGREE.

17 MR. RILEY: MOVE TO STRIKE AS NONRESPONSIVE.

18 THE COURT: SUSTAINED.

19 Q BY MR. RILEY: CAN YOU PLEASE ANSWER THE  
20 QUESTION?

21 A CAN YOU -- CAN YOU ASK IT ONE MORE TIME?

22 Q WERE YOU TRYING TO DECEIVE THE PLYAMS INTO  
23 BELIEVING THAT MR. PARLATO HAD MORE AUTHORITY THAN HE ACTUALLY  
24 DID?

25 A I WAS NEVER TRYING TO DECEIVE THE PLYAMS.

26 Q ALL RIGHT. LET'S GO AHEAD AND TAKE A LOOK AT  
27 WHAT'S BEEN PREVIOUSLY MARKED AS EXHIBIT 607.

28 IS EXHIBIT 607 AN E-MAIL FROM KRISTIN KEEFFE TO

1 YOU DATED MARCH 4, 2008?

2 A YES.

3 MR. RILEY: MOVE TO ADMIT EXHIBIT 607.

4 MR. CROCKETT: OBJECTION, PRIVILEGED.

5 THE COURT: ALL RIGHT. YOU WANT TO APPROACH THEN?

6

7 (WHEREUPON THE FOLLOWING PROCEEDINGS

8 WERE HELD AT SIDEBAR:)

9

10 THE COURT: WE'VE GONE OVER THIS. I ADMITTED ONLY  
11 PAGES TWO THROUGH FOUR OF THIS EXHIBIT.

12 MR. RILEY: OF 607?

13 MR. CROCKETT: YES.

14 THE COURT: YES. THAT'S WHAT I HAVE.

15 MR. CROCKETT: THIS WAS TURNED OVER WITHOUT OUR  
16 PERMISSION BY THE CUSTODIAN.

17 MR. RILEY: WHAT I WANT IS THIS E-MAIL RIGHT THERE  
18 FROM KRISTIN KEEFFE DATED MARCH 4 TO CLARE BRONFMAN.

19 MR. CROCKETT: SHE'S SENDING A LAWYER A LETTER.

20 MR. RILEY: IT DOESN'T MATTER.

21 MR. CROCKETT: MIKE POWERS IS ONE OF THE GUYS WHO  
22 HIRED ME, A LAWYER FROM ALBANY.

23 THE COURT: WELL, DO YOU WANT THIS PART OR DO YOU  
24 WANT --

25 MR. RILEY: IT'S THE WHOLE THING. SHE WAS SENT THIS  
26 ENTIRE DOCUMENT.

27 MR. CROCKETT: OKAY. BUT IT'S STILL TO THE LAWYER.  
28 YOU SAID YOU WANTED THIS.

1 MR. RILEY: NO. NO. NO. HERE'S WHAT HAPPENED.

2 KRISTIN KEEFFE WRITES -- KRISTIN KEEFFE, WHO IS NOT AN  
3 ATTORNEY --

4 THE COURT: I KNOW.

5 MR. RILEY: -- WRITES AN ATTORNEY. THERE'S NO  
6 PRIVILEGE. THEN KRISTIN KEEFFE TAKES THIS AND FORWARDS THIS  
7 TO CLARE. THERE'S NO PRIVILEGE.

8 THE COURT: SHE COULD BE WORKING ON BEHALF OF THE  
9 ATTORNEY.

10 MR. CROCKETT: YES.

11 MR. RILEY: THIS IS DIRECT IMPEACHMENT.

12 MR. CROCKETT: SHE IS MY CLIENT'S PARALEGAL.

13 THE COURT: SHE'S A CLIENT. SUSTAINED.

14 MR. RILEY: HOLD ON. THIS IS DIRECT IMPEACHMENT.

15 THE COURT: IT MAY BE DIRECT IMPEACHMENT, BUT IT'S  
16 ATTORNEY-CLIENT.

17 MR. RILEY: WHERE'S THE PRIVILEGE?

18 THE COURT: HE'S THE ATTORNEY. SHE'S WORKING FOR THE  
19 ATTORNEY AND SHE'S THE CLIENT.

20 MR. RILEY: NO. NO. HE'S THE ATTORNEY IN-HOUSE  
21 REPRESENTING NXIVM.

22 MR. CROCKETT: NO. THAT'S NOT TRUE. HE HIRED ME.

23 THE COURT: NO. SUSTAINED.

24 MR. RILEY: HOLD ON, YOUR HONOR. CAN I HAVE A MINUTE?  
25 THIS IS AN IMPORTANT DOCUMENT.

26 THE COURT: IT MAY BE IMPORTANT, BUT IT'S STILL  
27 ATTORNEY-CLIENT. HE'S AN ATTORNEY.

28 MR. RILEY: IT DOESN'T MATTER. IF YOU SEND A DOCUMENT

1 TO AN ATTORNEY AND THEN YOU SEND IT OUT TO THE WORLD, THERE'S  
2 NO PRIVILEGE.

3 THE COURT: BUT THERE'S NO WORLD. SHE'S PART OF THE  
4 CLIENT.

5 MR. RILEY: BECKY FREEMAN ISN'T. SHE'S THE FINANCIAL  
6 ADVISOR.

7 THE COURT: SHE'S -- AGAIN, YOU CAN HAVE ALL KINDS OF  
8 PEOPLE WHO WORK FOR YOUR OFFICE AND THERE WOULD BE AN  
9 ATTORNEY-CLIENT PRIVILEGE.

10 MR. RILEY: WHEN YOU SEND A DOCUMENT TO A FINANCIAL  
11 ADVISOR, THERE'S NO PRIVILEGE. THE CASE HELD --

12 THE COURT: NO.

13 MR. CROCKETT: SHE WAS THE CUSTODIAN OF RECORDS FOR  
14 THE ATTORNEY COMMUNICATIONS.

15 THE COURT: NO. SUSTAINED.

16

17 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
18 HELD IN OPEN COURT IN THE PRESENCE OF THE  
19 JURY:)

20

21 Q BY MR. RILEY: MS. BRONFMAN, HOW MANY  
22 AGREEMENTS WERE ENTERED INTO WITH MR. PARLATO?

23 A THERE WAS THE AGREEMENT MAKING HIM CEO. THERE  
24 WAS A SEPARATE POWER OF ATTORNEY. THERE WAS A LOAN AGREEMENT,  
25 AND AN AGREEMENT BETWEEN MR. PARLATO AND MY SISTER AND MYSELF.

26 Q WAS THERE AN AGREEMENT THAT WAS PREPARED TO  
27 CREATE AN ILLUSION OF AUTHORITY IN FRONT OF MR. PLYAM?

28 A THERE WAS AN AGREEMENT THAT WAS BETWEEN -- I

1 DON'T -- WELL, I DON'T AGREE WITH YOUR "ILLUSION" TERMINOLOGY.  
2 THERE WAS A PRIVATE AGREEMENT AND THEN THERE WAS AN AGREEMENT  
3 THAT WAS MORE PUBLIC.

4 Q HAS KRISTIN KEEFFE REPRESENTED TO YOU THAT THE  
5 FIRST AGREEMENT THAT WAS TO BE SHOWN TO THE PLYAMS WAS CREATED  
6 TO GIVE FRANK A CERTAIN ILLUSION OF AUTHORITY IN FRONT OF  
7 YURI?

8 A SHE MAY HAVE REPRESENTED THAT TO ME, BUT I  
9 DON'T AGREE WITH THAT. THERE WAS -- THERE WAS AN AGREEMENT  
10 THAT WE HAD OF A POWER OF ATTORNEY, BUT THERE WAS A PRIVATE  
11 AGREEMENT THAT I HAD WITH PARLATO THAT IT WAS A LIMITED POWER  
12 OF ATTORNEY JUST PERTAINING TO PRECISION, NOT TO MY LIFE.

13 Q SO KRISTIN KEEFFE DID WRITE AN E-MAIL --

14 MR. CROCKETT: OBJECTION.

15 MR. RILEY: -- THAT YOU RECEIVED --

16 MR. CROCKETT: OBJECTION. THIS IS COVERED BY THE  
17 SIDEBAR.

18 THE COURT: ALL RIGHT. SUSTAINED. REPHRASE.

19 Q BY MR. RILEY: SO KRISTIN KEEFFE TOOK THE  
20 POSITION THAT THE FIRST AGREEMENT WAS AN AGREEMENT TO GIVE AN  
21 ILLUSION OF AUTHORITY OVER THE PLYAMS; RIGHT?

22 A I CAN'T TELL YOU WHAT POSITION KRISTIN KEEFFE  
23 TOOK. I CAN TELL YOU WHAT I RECALL FROM THE SITUATION.

24 Q WELL, IF YOU DON'T RECALL, MS. BRONFMAN, TAKE A  
25 LOOK AT EXHIBIT 607 PAGE ONE AND TELL ME IF THAT REFRESHES  
26 YOUR RECOLLECTION.

27 MR. CROCKETT: OBJECTION, PRIVILEGED. WE JUST HAD --

28 THE COURT: SUSTAINED. SUSTAINED.

1 MR. RILEY: TO REFRESH HER RECOLLECTION?

2 THE COURT: YES. COUNSEL, INADMISSIBLE.

3 Q BY MR. RILEY: DID YOU ENTER INTO TWO SEPARATE  
4 AGREEMENTS THAT WERE THE, QUOTE, REAL AGREEMENTS BETWEEN YOU  
5 AND MR. PARLATO?

6 A THERE WAS TWO AGREEMENTS. THERE WAS ONE  
7 AGREEMENT THAT WAS POWER OF ATTORNEY AND THE OTHER AGREEMENT  
8 JUST REALLY SPELLED OUT THE EXTENT OF THE POWER OF ATTORNEY.

9 Q ALL RIGHT. WELL, LET'S GO TO EXHIBIT 607-2.  
10 NOW, EXHIBIT 607-2 IS ENTITLED "PROXY AND POWER  
11 OF ATTORNEY". DO YOU SEE THAT?

12 A YES.

13 Q NOW, THIS IS THE AGREEMENT THAT WAS SHOWN TO  
14 THE PLYAMS; RIGHT?

15 A I'M NOT SURE THAT THIS WAS, ACTUALLY.

16 Q WELL, THIS IS THE ONE THAT -- WELL, EXHIBIT  
17 607 -- TAKE A LOOK AT EXHIBIT 607-2 THROUGH 607-4 AND THEN  
18 TAKE A LOOK AT 607-5 THROUGH -6 AND THEN EXHIBIT 607-7.  
19 THERE'S THREE AGREEMENTS THERE; CORRECT?

20 A YES. THERE'S ONLY ONE THAT IS SIGNED BY MY  
21 SISTER, BUT THERE ARE THREE. AND I DON'T KNOW THAT THESE ARE  
22 THE AGREEMENTS THAT WE USED.

23 MR. RILEY: YOUR HONOR, IS EVERYTHING ON 607 IN EXCEPT  
24 FOR THE FIRST PAGE?

25 MR. CROCKETT: PAGES TWO THROUGH FOUR.

26 THE COURT: PAGES TWO THROUGH FOUR.

27 MR. RILEY: I MOVE THAT FIVE THROUGH SEVEN ALSO BE  
28 ADMITTED INTO EVIDENCE.



1 MR. CROCKETT: I'M SORRY. DID THE WITNESS  
2 AUTHENTICATE THESE? OTHERWISE, OBJECTION, HEARSAY.

3 MR. RILEY: WELL --

4 THE COURT: REPHRASE. LAY THE FOUNDATION AND  
5 REPHRASE.

6 MR. RILEY: OKAY.

7 Q WITHOUT GOING INTO EXHIBIT 1, EXHIBIT 1 --  
8 EXCUSE ME -- PAGE ONE OF EXHIBIT 607 --

9 MR. CROCKETT: OBJECTION, YOUR HONOR.

10 THE COURT: ALL RIGHT. JUST START WITH 607-5 IF  
11 THAT'S WHAT YOU WANT.

12 MR. RILEY: MAY WE APPROACH, YOUR HONOR? I'M TRYING  
13 TO DO THIS AS QUICKLY AS POSSIBLE.

14 THE COURT: OKAY.

15 MR. RILEY: I DON'T WANT TO --

16

17 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
18 HELD AT SIDEBAR:)

19

20 THE COURT: I MISHEARD WHETHER OR NOT HE HAD TALKED  
21 ABOUT 607.5 OR -5.

22 MR. RILEY: WHAT I'M SAYING IS THIS E-MAIL INCLUDES  
23 THE THREE AGREEMENTS THAT ARE ATTACHED. HERE ARE THE  
24 AGREEMENTS. THE FIRST WAS A PUBLIC AGREEMENT.

25 MR. CROCKETT: THE COURT SHOULDN'T LOOK AT THIS.

26 MR. RILEY: THE COURT HAS TO LOOK TO READ.

27 THE COURT: IF I ALREADY SAID IT'S ATTORNEY-CLIENT  
28 PRIVILEGE, IT'S OUT.

1 MR. CROCKETT: I OBJECT TO THE COURT EVEN LOOKING AT  
2 IT. I HAVE TO.

3 THE COURT: YES. I KNOW.

4 MR. RILEY: THE FIRST AGREEMENT IS THE PUBLIC ONE.  
5 THE SECOND AND THIRD AGREEMENTS ARE THE PRIVATE AGREEMENTS.

6 THE COURT: SUSTAINED. JUST ASK HER IF SHE SAW THAT  
7 AGREEMENT.

8 MR. RILEY: WHAT I WANT TO ASK IS IF PAGE ONE WAS SENT  
9 TO YOU.

10 THE COURT: YOU CAN'T REFER TO PAGE ONE. SO JUST ASK  
11 IF SHE SAW 607-5, ET CETERA. THAT'S ALL. RIGHT? YOU DON'T  
12 HAVE TO REFER TO THAT. OKAY.

13

14 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
15 HELD IN OPEN COURT IN THE PRESENCE OF THE  
16 JURY:)

17

18 MR. RILEY: FOR THE RECORD, YOUR HONOR, TWO THROUGH  
19 FOUR OF 607 ARE IN; CORRECT.

20 THE COURT: YES.

21 Q BY MR. RILEY: WELL, LET'S START THERE.

22 A AT TWO?

23 Q YEAH. PAGE TWO.

24 A OKAY.

25 Q OKAY. THIS PROXY AND POWER OF ATTORNEY WAS --  
26 TO YOUR KNOWLEDGE WAS THE AGREEMENT THAT WAS SHOWED TO THE  
27 PLYAMS WHEN PARLATO WRESTED CONTROL OF THE COMPANY; CORRECT?

28 A YOU KNOW, HONESTLY, I'M NOT SURE. I DON'T SEE

1 MY SIGNATURE ON IT, AND I KNOW PARLATO SENT SOME AGREEMENTS  
2 AND I REMEMBER WE SPENT SOMETIME GOING OVER THEM. SO I DON'T  
3 ACTUALLY KNOW IF THIS IS THE ONE. I KNOW THERE WAS AN  
4 AGREEMENT, BUT I DON'T KNOW IF THIS IS THE AGREEMENT.

5 Q WELL, HOW MANY AGREEMENTS WERE THERE?

6 MR. CROCKETT: OBJECTION, ASKED AND ANSWERED.

7 THE COURT: OVERRULED.

8 THE WITNESS: THERE WAS -- LIKE I SAID, THERE WAS THE  
9 AGREEMENT -- THE GENERAL POWER OF ATTORNEY AND THEN THERE WAS  
10 THE POWER OF ATTORNEY AGREEMENT BETWEEN MR. PARLATO AND MYSELF  
11 AND MY SISTER THAT REALLY DESCRIBED THE EXTENT OF THE POWER OF  
12 ATTORNEY.

13 Q BY MR. RILEY: OKAY. EXHIBIT 607-2 READS IN  
14 PART:

15 "SARA BRONFMAN, INDIVIDUALLY AN UNDERSIGNED  
16 MEMBER OF PRECISION, HEREBY CONSTITUTE AND APPOINT FRANK  
17 PARLATO JR. AS MY TRUE AND LAWFUL ATTORNEY IN FACT, AN AGENT  
18 FOR ME..."

19 AND IT GOES ON TO SAY ALL RIGHTS ARE BEING  
20 GIVEN TO MR. PARLATO; CORRECT?

21 A CORRECT.

22 Q AND ACCORDING TO THIS AGREEMENT, IT GIVES HIM  
23 THE POWER TO MANAGE AND CONDUCT ALL YOUR AFFAIRS WITH REGARDS  
24 TO THE COMPANY, OPEN, MAINTAIN OR CLOSE BANK ACCOUNTS; CONDUCT  
25 ANY BUSINESS.

26 GIVES HIM A LOT OF POWER, DOESN'T IT?

27 A YES. BUT LIKE I SAID, ONE, THIS DOESN'T HAVE  
28 MY NAME ON IT AND, TWO, I DON'T KNOW IF MY SISTER EVER SIGNED

1 THIS. AND I DON'T KNOW IF I EVER SIGNED THIS.

2 Q WELL --

3 A I'M NOT SAYING THERE WASN'T AN AGREEMENT  
4 BECAUSE THERE WAS. I JUST DON'T KNOW AND I DON'T THINK THIS  
5 WAS THE ONE.

6 Q BUT YOU DO KNOW THAT ONE AGREEMENT WAS TO BE  
7 SHOWN TO THE PLYAMS; CORRECT?

8 A CORRECT.

9 Q AND ONE AGREEMENT WAS NOT SUPPOSED TO BE SHOWN  
10 TO THE PLYAMS; CORRECT?

11 A CORRECT.

12 Q NOW, LET'S GO TO SIX -- OH. WELL, ACTUALLY,  
13 LET'S GO TO 607-5. TAKE A LOOK AT THAT. FIVE THROUGH SIX.  
14 DO YOU SEE THAT DOCUMENT?

15 A YES, I DO.

16 Q AND DOES THAT HAVE MR. PARLATO'S SIGNATURE ON  
17 IT TO YOUR KNOWLEDGE?

18 MR. CROCKETT: OBJECTION, NO FOUNDATION.

19 THE COURT: OVERRULED.

20 THE WITNESS: YES, IT DOES. I BELIEVE THAT'S HIS  
21 SIGNATURE. I DON'T KNOW.

22 Q AND WAS THIS THE AGREEMENT WHERE YOU WERE  
23 GIVING MR. PARLATO THE MILLION DOLLARS?

24 A AGAIN, I DON'T KNOW. I KNOW HE SENT US SOME  
25 AGREEMENTS AND I KNOW WE CHANGED A BUNCH OF THEM. SO I DON'T  
26 KNOW THAT THIS IS THE ACTUAL DOCUMENT WE SIGNED. IT MAY HAVE  
27 BEEN. I'M SURE IT HAD SOME OF THIS STUFF IN IT, BUT I DON'T  
28 KNOW THAT THIS WAS THE EXACT ONE.

1 Q WELL, LET'S GO TO THE LANGUAGE ON THE MILLION  
2 DOLLARS. IS THAT THE LANGUAGE THAT YOU AGREED TO FOR THE  
3 MILLION DOLLARS?

4 A I DON'T BELIEVE IT WAS.

5 Q WELL, WHAT WAS THE LANGUAGE AS TO THE MILLION  
6 DOLLARS?

7 A THAT WE HAD AGREED TO LOAN HIM A MILLION  
8 DOLLARS THAT HE WOULD PAY BACK TO US AT SOME POINT IN THE  
9 FUTURE.

10 Q WHERE IS THAT AGREEMENT?

11 A I DON'T KNOW.

12 Q WELL, YOU'VE SEEN IT RECENTLY, HAVEN'T YOU?

13 A NO, I HAVEN'T.

14 Q WELL, DIDN'T YOU ON FRIDAY OF LAST WEEK FILE A  
15 CLAIM AGAINST MR. PARLATO FOR THE MILLION DOLLARS?

16 A IT WASN'T ON FRIDAY LAST WEEK, BUT AT SOME  
17 POINT, I DID FILE A CLAIM AS A PLACEHOLDER FOR -- TO MAINTAIN  
18 OUR RIGHTS BECAUSE THE STATUTE OF LIMITATIONS WAS RUNNING OUT.

19 Q SO WHEN WAS IT SPECIFICALLY THAT A CLAIM WAS  
20 FILED AGAINST MR. PARLATO REGARDING THIS MILLION DOLLARS?

21 A I DON'T RECALL THE SPECIFIC DATE, BUT IT WAS  
22 WITHIN THE LAST TWO WEEKS. IT WAS BEFORE THE STATUTE OF  
23 LIMITATIONS WAS TO RUN OUT.

24 Q AND SO I ASSUME YOU LOOKED AT THE CLAIM THAT  
25 WAS BEING MADE AGAINST MR. PARLATO BEFORE YOU AUTHORIZED IT TO  
26 BE FILED; RIGHT?

27 A I DIDN'T LOOK AT THE AGREEMENT BUT I DID  
28 AUTHORIZE THE CLAIM ITSELF.

1 Q SO YOU DIDN'T LOOK AT THE AGREEMENT AT ALL?

2 A AT THAT TIME, NO. WE HAVEN'T ACTUALLY FILED  
3 THE LAWSUIT. IT HASN'T BEEN SERVED. WE JUST PUT A  
4 PLACEHOLDER IN TO MAINTAIN OUR RIGHTS.

5 Q WHAT'S A PLACEHOLDER?

6 A A PLACEHOLDER IS, IT'S -- IT'S LIKE IF YOU --  
7 IT'S SOMETHING THAT YOU BRING FORTH, AND IT'S NOT A DETERMINED  
8 ACTION, BUT IT'S SOMETHING THAT YOU BRING FORTH TO SAVE, AND  
9 POSSIBLY YOU'LL BRING ACTION ON IT, POSSIBLY YOU WON'T, BUT IT  
10 AT LEAST SAVES THE POSSIBILITY TO.

11 Q SO MR. PARLATO WAS A PLACEHOLDER FOR YOU IN LOS  
12 ANGELES; RIGHT?

13 A I DON'T THINK MR. PARLATO WAS A PLACEHOLDER.  
14 NO, I WOULDN'T CONSIDER A PERSON A PLACEHOLDER PER SE.

15 Q WELL, DIDN'T YOU SAY HE WAS A PLACEHOLDER HERE  
16 IN LOS ANGELES THAT'S WHY YOU SENT HIM OUT HERE?

17 A NO. I SAID I SENT THAT E-MAIL AS A  
18 PLACEHOLDER.

19 Q NOW, WAS YOUR AGREEMENT TO COMPENSATE  
20 MR. PARLATO BASED ON PROVIDING HIM 33 AND A THIRD PERCENT OF  
21 THE PROFIT OF PRECISION AND CAM?

22 A NO. THAT'S WHY I SAID I DON'T THINK WE EVER  
23 SIGNED THIS AGREEMENT.

24 Q SO YOU DIDN'T AGREE TO GIVE HIM A THIRD OF THE  
25 PROFIT?

26 A FROM MY RECOLLECTION, NO.

27 Q WELL, WAS THE MONIES THAT YOU GAVE HIM AN  
28 ADVANCE DRAW AGAINST COMPENSATION?

1           A           WELL, I THINK IF HE HAD HAVE HANDED IN HIS  
2 PAYCHECKS, WE WOULD HAVE TAKEN IT OFF AGAINST THE MILLION  
3 DOLLARS BECAUSE THEN OBVIOUSLY IT COMES AGAINST THE LOAN, BUT  
4 HE NEVER DID THAT. SO...

5           Q           SO THE MILLION WAS AN ADVANCE OR WASN'T AN  
6 ADVANCE?

7           A           THE MILLION WAS A LOAN. AND IF HE WANTED TO  
8 USE HIS PAYCHECKS AGAINST THE LOAN, WE WOULD HAVE BEEN FINE  
9 WITH THAT.

10          Q           NOW, LET'S TURN TO PAGE SEVEN OF EXHIBIT 607.  
11 THIS IS THE REAL AGREEMENT WITH MR. PARLATO; CORRECT?

12          A           YES. I BELIEVE THIS WAS THE CEO AGREEMENT,  
13 PRESENT AGREEMENT.

14                 MR. RILEY: MOVE TO ADMIT 607-7.

15                 MR. CROCKETT: NO OBJECTION.

16                 THE COURT: ALL RIGHT.

17

18                         (EXHIBIT 607-7 WAS ADMITTED INTO EVIDENCE.)

19

20          Q           BY MR. RILEY: WHOSE SIGNATURES APPEAR AT THE  
21 BOTTOM OF 607-7?

22          A           MY SISTER'S AND THAT COULD BE FRANK --  
23 MR. PARLATO'S, BUT I'M NOT SURE.

24          Q           NOW, LET'S CALL UP THE ACTUAL TERMS OF THIS  
25 AGREEMENT. AND PART OF THIS AGREEMENT IS THAT MR. PARLATO  
26 WILL KEEP THE OWNERS APPRISED AND WILL SEEK TO OBTAIN THE  
27 OWNERS' PRIOR APPROVAL BEFORE TAKING SUCH ACTIONS. THAT WAS  
28 PART OF THE REAL AGREEMENT; RIGHT?

1 A THAT WAS PART OF THE AGREEMENT.

2 Q WELL, THIS AGREEMENT WASN'T SHOWN TO THE  
3 PLYAMS, WAS IT?

4 A I DON'T BELIEVE SO.

5 Q SO WHAT THE PLYAMS HAD WAS THE E-MAIL FROM  
6 REBECCA FREEMAN; RIGHT?

7 A CORRECT.

8 Q WHICH WAS GIVING MR. PARLATO AUTHORITY OVER ALL  
9 YOUR REAL ESTATE PROJECTS NATIONALLY AND INTERNATIONALLY;  
10 RIGHT?

11 A CORRECT.

12 Q AND THEY WERE SHOWN SOME OTHER TYPE OF  
13 AGREEMENT WHICH YOU, SITTING RIGHT HERE, CAN'T RECALL; RIGHT?

14 A CORRECT.

15 Q AND THEN THIS AGREEMENT WAS WITHHELD FROM THEM;  
16 RIGHT?

17 A I'M NOT SURE IF THIS ONE WAS WITHHELD FROM  
18 THEM, BUT IF THEY HAVEN'T SEEN IT, THEY HAVEN'T SEEN IT. I  
19 CAN'T SPEAK ON BEHALF OF THEM.

20 Q WHOSE PLAN WAS THIS TO GIVE THIS APPARENT OR  
21 ILLUSION OF AUTHORITY OVER THE PLYAMS?

22 A WELL, I THINK SARA AND I PROBABLY DETERMINED IT  
23 BECAUSE IT MADE SENSE.

24 Q AND I ASSUME YOU CONSULTED WITH MR. RANIERE,  
25 THE -- ONE OF THE WORLD'S BEST PROBLEM SOLVERS; RIGHT?

26 A I'M NOT SURE IF WE ACTUALLY DID ON THIS.

27 Q AND THE PLAN WORKED, DIDN'T IT?

28 A I'M NOT SURE WHAT YOU MEAN BY THAT.



1 Q WELL, MR. PARLATO, BASED ON EVERYTHING THAT  
2 HAPPENED, WAS ABLE TO GET MR. PLYAM TO SIGN OVER CONTROL OF  
3 THE COMPANY AND MANAGEMENT OF THE COMPANY TO MR. PARLATO  
4 WITHIN A FEW DAYS OF SHOWING UP IN LOS ANGELES; RIGHT?

5 A I DON'T AGREE WITH HOW YOU PHRASED THE  
6 QUESTION. I DON'T KNOW WHY MR. PLYAM -- I AM NOT IN HIS HEAD.  
7 I DON'T KNOW WHY HE CHOSE TO SIGN THE AGREEMENT. BUT  
8 MR. PARLATO'S JOB WAS TO COME HERE AND SECURE OUR ASSETS AND  
9 DETERMINE WHAT HAD HAPPENED AND WHAT WAS HAPPENING. AND I  
10 BELIEVE HE DID THAT.

11 Q WELL, WHOSE IDEA -- LET'S GO TO EXHIBIT 618,  
12 WHICH IS ALREADY IN EVIDENCE.

13 THIS IS MR. PLYAM'S E-MAIL TO MR. RANIERE DATED  
14 FEBRUARY 1ST, 2008. AND SO MY QUESTION TO YOU IS: WHOSE IDEA  
15 WAS IT THAT -- ALL RIGHT.

16 WHOSE IDEA WAS IT THAT MR. PARLATO WOULD COME  
17 OUT AND SAY THAT HE WORKED FOR YOUR FATHER, EDGAR BRONFMAN?

18 A I DON'T THINK THAT WAS ANYONE'S IDEA.

19 Q IT WASN'T PART OF THIS ILLUSION OF AUTHORITY?

20 A IT WAS NEVER ANYTHING THAT I AGREED TO OR SPOKE  
21 ABOUT, OR I DON'T EVEN KNOW IF IT REALLY HAPPENED. IT COULD  
22 HAVE JUST BEEN MADE UP. I DON'T KNOW. I HAVE NO DATA TO  
23 SUBSTANTIATE EITHER WAY OTHER THAN WHAT MR. PLYAM IS WRITING  
24 HERE.

25 Q WHOSE IDEA WAS IT FOR MR. PARLATO TO DEMAND  
26 THAT THE PLYAMS TURN OVER THEIR PERSONAL RESIDENCE TO GET  
27 AMNESTY?

28 A I HAVE NO IDEA. I ASSUME MR. PARLATO CREATED

1 IT IF IT IS EVEN TRUE THAT HE INDEED DID THAT.

2 Q WELL, LET'S TURN TO PAGE TWO OF EXHIBIT 618.  
3 ALL RIGHT. LOOKING AT THE LINE, WHICH I AM  
4 HIGHLIGHTING HERE.

5 (READING:)

6 "ON THE INTERNET HE IS KNOWN AS THE BIGGEST  
7 PREDATORY REALTOR IN BUFFALO WHO IS RIPPING OFF POOR  
8 PEOPLE AND HUD."

9 DO YOU KNOW IF THAT IS TRUE ABOUT THIS PERSON  
10 THAT YOU SENT OUT?

11 A NO, I DON'T.

12 Q DID THAT MATTER TO YOU?

13 A I DON'T KNOW HOW TO ANSWER THAT QUESTION. OF  
14 COURSE IT WOULD MATTER TO ME THE TYPE OF PERSON SOMEBODY IS  
15 THAT I AM PUTTING IN A POSITION OF AUTHORITY, BUT I DIDN'T  
16 KNOW THIS, AND I DON'T EVEN KNOW IF THIS IS TRUE.

17 Q WELL, DID YOU DO ANY RESEARCH TO DETERMINE  
18 WHETHER IT WAS?

19 A I'VE NEVER SEEN THIS E-MAIL BEFORE. THIS IS  
20 THE FIRST I'M HEARING OF THIS. MR. PARLATO WAS REFERRED TO ME  
21 BY A GOOD-STANDING ATTORNEY.

22 Q WELL, THIS DOCUMENT APPEARS TO HAVE BEEN SENT  
23 TO MR. RANIERE. DID MR. RANIERE, YOUR BEST FRIEND, SHARE THIS  
24 WITH YOU?

25 A NO.

26 Q WELL, WHOSE IDEA WAS IT TO THREATEN THE PLYAMS  
27 THAT THEY WERE GOING TO JAIL?

28 MR. CROCKETT: OBJECTION. IT'S JUST ARGUMENTATIVE.

1 SHE'S NEVER SEEN THIS DOCUMENT. ASSUMES FACTS NOT IN  
2 EVIDENCE.

3 THE COURT: OVERRULED. THE WITNESS CAN ANSWER.

4 THE WITNESS: I HAVE NO IDEA. I DON'T EVEN KNOW IF  
5 THIS IS WHAT HAPPENED.

6 Q BY MR. RILEY: NOW, WHOSE IDEA WAS IT TO  
7 REFERENCE STEVE HERBITS AS GIVING SOME TYPE OF AUTHORITY OVER  
8 THE PLYAMS?

9 MR. CROCKETT: OBJECTION, NO FOUNDATION,  
10 ARGUMENTATIVE. THIS IS JUST YURI PLYAM MAKING STUFF UP, YOUR  
11 HONOR.

12 THE COURT: WAIT A MINUTE.

13 MR. RILEY: OBJECTION.

14 THE COURT: JUST RAISE THE OBJECTION. SO OVERRULED.

15 GO ON. YOU MAY ANSWER.

16 THE WITNESS: AGAIN, I DON'T KNOW AND I DON'T EVEN  
17 KNOW IF IT'S TRUE.

18 Q BY MR. RILEY: WHOSE IDEA WAS IT TO REFERENCE  
19 THAT NANCY HAS BEEN MISAPPROPRIATING A LOT OF THE GIRLS' MONEY  
20 AND INVESTING IT IN HER OWN PROPERTIES?

21 MR. CROCKETT: SAME OBJECTION.

22 THE COURT: OVERRULED. YOU MAY ANSWER.

23 MR. CROCKETT: YOUR HONOR, MAY I HAVE A STANDING  
24 OBJECTION WITH RESPECT TO THIS EXHIBIT?

25 THE COURT: YES.

26 MR. CROCKETT: THANK YOU, YOUR HONOR.

27 THE WITNESS: AGAIN, I DON'T KNOW AND I DON'T THINK  
28 THAT THIS IS TRUE.

1 Q BY MR. RILEY: SO THE PERSON, MR. PARLATO, WHO  
2 YOU ARE NOW SUING AND FIRED FOR STEALING, YOU DON'T BELIEVE HE  
3 SAID THESE THINGS?

4 MR. CROCKETT: OBJECTION, IMPROPERLY MISCHARACTERIZING  
5 WHAT THIS WITNESS HAS TESTIFIED TO.

6 THE COURT: SUSTAINED. REPHRASE.

7 Q BY MR. CROCKETT: DID YOU FIRE MR. PARLATO FOR  
8 STEALING?

9 A NO. I FIRED MR. PARLATO BECAUSE HE WASN'T  
10 GIVING ME THE REPORTS THAT I REQUESTED.

11 Q THEN WHY DID YOU HIRE AN ATTORNEY TO GO AFTER  
12 HIM IN LOS ANGELES FOR CRIMINAL ACTIONS?

13 A I DIDN'T HIRE AN ATTORNEY. KRISTIN MAY HAVE  
14 SPOKEN WITH AN ATTORNEY ABOUT IT, BUT THAT WAS NOT TO MY  
15 KNOWLEDGE AND THAT MAY HAVE BEEN AFTER THE FACT.

16 Q SO MS. KEEFFE DOES THESE THINGS, HIRES  
17 ATTORNEYS TO GO AFTER PEOPLE CRIMINALLY, WITHOUT YOUR  
18 KNOWLEDGE?

19 A MS. KEEFFE SPEAKS WITH ATTORNEYS CONSTANTLY AND  
20 BRAINSTORMS WITH THEM AND THEN BRINGS THINGS TO ME, AND  
21 SOMETIMES I FOLLOW UP WITH THEM, SOMETIMES I DON'T, AND  
22 SOMETIMES THEY DON'T EVEN GET TO ME.

23 Q IN THIS CASE, YOU HIRED THAT ATTORNEY, DIDN'T  
24 YOU?

25 A YES, I DID HIRE THAT ATTORNEY.

26 Q TO GO AFTER MR. PARLATO FOR CRIMINAL ACTIONS;  
27 RIGHT?

28 A ACTUALLY, NO. TO LOOK INTO CRIMINAL ACTIONS ON

1 THE PLYAMS.

2 Q NO. I'M TALKING ABOUT MR. PARLATO.

3 A BUT I DIDN'T HIRE HIM TO GO AFTER CRIMINAL --  
4 ANYTHING CRIMINAL TO DO WITH PARLATO. WE'VE NEVER FILED  
5 ANYTHING AGAINST PARLATO CRIMINALLY.

6 Q WELL, LET'S GO BACK TO THE E-MAIL THEN WHERE WE  
7 LEFT OFF LAST WEEK, WHICH IS EXHIBIT 643.

8 THE COURT: ACTUALLY, WHY DON'T WE DO THIS. WHY DON'T  
9 WE TAKE OUR MORNING RECESS NOW.

10 LADIES AND GENTLEMEN, AGAIN, DON'T TALK ABOUT  
11 THE CASE AMONGST YOURSELVES OR OTHERS, FORM ANY OPINIONS ABOUT  
12 THE CASE.

13 COME BACK AT ABOUT FIVE AFTER 11:00. MEET  
14 OUTSIDE THE COURTROOM, AND WE'LL SEE YOU THEN.

15 YOU MAY STEP DOWN.

16 THE WITNESS: THANK YOU.

17

18 (A RECESS WAS TAKEN AT THIS TIME.)

19

20 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
21 HELD IN OPEN COURT IN THE PRESENCE OF THE  
22 JURY:)

23

24 THE COURT: ALL RIGHT. WELCOME BACK.

25 THE JURORS AND ALTERNATES ARE PRESENT. COUNSEL  
26 ARE PRESENT. THE PARTIES ARE PRESENT.

27 MS. BRONFMAN, YOU'RE STILL UNDER OATH;

28 UNDERSTAND?

1 THE WITNESS: YES.

2 THE COURT: MR. RILEY, YOU MAY CONTINUE WITH YOUR  
3 CROSS.

4 MR. RILEY: THANK YOU, YOUR HONOR.

5

6 CROSS-EXAMINATION (CONT'D)

7 BY MR. RILEY:

8 Q OKAY. BEFORE THE BREAK, WE WERE TALKING ABOUT  
9 EXHIBIT 643, WHICH I HAVE PAGE ONE OF EXHIBIT 643 UP THERE,  
10 AND THIS WAS AN E-MAIL TO YOU; CORRECT?

11 A CORRECT.

12 Q AND THIS WAS AN E-MAIL TO YOU FROM MS. KRISTIN  
13 KEEFFE; RIGHT?

14 A CORRECT.

15 Q NOW, IN THIS YOU ARE BEING ASKED TO SIGN A  
16 RETAINER AGREEMENT WITH AN ATTORNEY; RIGHT?

17 A CORRECT.

18 Q AND TO -- HE'S BEING RETAINED TO HELP WITH  
19 PARLATO CRIMINAL ACTIONS IN LOS ANGELES; RIGHT?

20 A I DON'T THINK THAT'S WHAT HAPPENED. I THINK  
21 THAT'S WHAT KRISTIN WROTE HERE. BUT KRISTIN ALWAYS SPOKE WITH  
22 OUR ATTORNEYS ABOUT MANY IDEAS, PRESENTED THEM, BUT DIDN'T  
23 MEAN I ALWAYS AGREED WITH THEM. AND WE ACTUALLY DIDN'T MOVE  
24 ANYWHERE WITH PARLATO CRIMINAL ACTIONS. THAT NEVER HAPPENED.

25 Q WELL, DID YOU SIGN THIS RETAINER WITH JOHN  
26 BARTOLOMEI?

27 A I THINK I HAD A --

28 MR. CROCKETT: OBJECTION, I THINK THAT'S PRIVILEGED,

1 YOUR HONOR.

2 THE COURT: OVERRULED.

3 THE WITNESS: I THINK I MAY HAVE HAD A RETAINER WITH  
4 MR. BARTOLOMEI.

5 Q BY MR. RILEY: NOW --

6 A BUT IT WASN'T FOR PARLATO.

7 Q NOW, IT ALSO TALKS ABOUT HERE COORDINATING AND  
8 SUPERVISING BYRON GEORGIU, AN ATTORNEY RETAINED BY NXIVM, TO  
9 PRESENT THE ROSS CHARITABLE VIOLATION CASE TO JERRY BROWN,  
10 ATTORNEY GENERAL OF CALIFORNIA.

11 DID YOU HIRE THIS ATTORNEY TO ALSO SUPERVISE  
12 NXIVM RETAINED ATTORNEYS?

13 A I BELIEVE SO. I DON'T THINK THAT EVER  
14 HAPPENED, THOUGH.

15 Q WHAT IS THE ROSS CHARITABLE VIOLATIONS CASE  
16 THAT WAS GOING TO BE PRESENTED TO JERRY BROWN, THE ATTORNEY  
17 GENERAL?

18 MR. CROCKETT: OBJECTION, IRRELEVANT.

19 THE COURT: SUSTAINED.

20 Q BY MR. RILEY: NOW, DOWN TOWARDS THE BOTTOM OF  
21 EXHIBIT 643, IT TALKS ABOUT HANDEL AND GEORGIU HANDLING OUR  
22 CASE AGAINST JOHN HOCHMAN IN CALIFORNIA.

23 WHO'S JOHN HOCHMAN?

24 MR. CROCKETT: OBJECTION, IRRELEVANT.

25 THE COURT: SUSTAINED.

26 Q BY MR. RILEY: WELL, IS JOHN HOCHMAN A UCLA  
27 PROFESSOR --

28 MR. CROCKETT: OBJECTION, IRRELEVANT.

1 THE COURT: SUSTAINED. COUNSEL, MOVE ON.

2 Q BY MR. RILEY: WERE YOU RETAINING -- STRIKE  
3 THAT.

4 WERE YOU PAYING FOR THE NXIVM ATTORNEYS TO  
5 DEFEND THEIR NAME?

6 A NO.

7 MR. CROCKETT: OBJECT -- NOTHING.

8 THE COURT: YOU MAY ANSWER.

9 Q BY MR. RILEY: AND DID MR. HOCHMAN WRITE AN  
10 ARTICLE AGAINST NXIVM?

11 MR. CROCKETT: OBJECTION, IRRELEVANT.

12 THE COURT: SUSTAINED.

13 Q BY MR. RILEY: HOW MANY DIFFERENT LITIGATIONS  
14 HAVE YOU BEEN INVOLVED IN -- ACTUALLY, I'LL WITHDRAW THAT  
15 QUESTION FOR NOW.

16 ALL RIGHT. WHEN WE GOT ON TO THIS DOCUMENT, WE  
17 WERE TALKING ABOUT EXHIBIT 618. SO LET'S GO BACK THERE. AND  
18 THIS IS -- AGAIN, 618 IS MR. PLYAM'S E-MAIL TO MR. RANIERE,  
19 FEBRUARY 1ST, 2008.

20 IN HERE IT SAYS THAT -- TOWARDS THE BOTTOM  
21 THERE IT READS THAT:

22 "HE SAID THAT NANCY SOLD OUT HER SHARE IN THE  
23 PARTNERSHIP FOR \$3 MILLION, BUT HE IS TAKING FOUR AND  
24 A HALF MILLION DOLLARS OF PROPERTY FROM HER. SO SHE'S  
25 BEHIND A MILLION AND A HALF."

26 WHOSE IDEA WAS IT TO HAVE MR. PARLATO REPRESENT  
27 THAT MS. SALZMAN HAD SOLD HER SHARE FOR \$3 MILLION?

28 A I DON'T KNOW, AND I DON'T KNOW IF MR. PARLATO



1 DID REPRESENT THAT. THIS IS THE FIRST I'M SEEING IT, SO I  
2 DON'T KNOW THAT IT'S TRUE.

3 Q SO YOU NEVER HEARD THAT AT ALL?

4 A NO.

5 Q WHOSE IDEA WAS IT TO DANGLE THE \$400,000  
6 PAYMENT, WHICH WAS GOING TO BE PAID TO THE EMPLOYEES, OVER THE  
7 PLYAMS' HEAD TO GET THEM TO SIGN THE DOCUMENTS THAT PARLATO  
8 HANDED THEM?

9 A I DON'T KNOW THAT THAT'S A CORRECT STATEMENT,  
10 SO I -- I DON'T KNOW IF THAT EVER HAPPENED.

11 Q WELL, THE PLYAMS WERE NEVER GIVEN THE \$400,000  
12 TO PAY THEIR EMPLOYEES, WERE THEY?

13 A NO.

14 Q IN FACT, MRS. PLYAM HAD TO PUT HER OWN MONEY IN  
15 TO PAY EMPLOYEES, DIDN'T SHE?

16 A I DON'T KNOW THAT. I DO KNOW THAT WE WERE LEFT  
17 WITH MILLIONS-OF-DOLLARS WORTH OF INVOICES THAT WE HAD TO PAY  
18 FOR THE EMPLOYEES, WHICH WE MADE SURE WE DID AND WE COVERED.

19 MR. RILEY: MOVE TO STRIKE AS NONRESPONSIVE.

20 THE COURT: SUSTAINED.

21 Q BY MR. RILEY: NOW, DID YOU KNOW THAT MS. PLYAM  
22 PUT IN HER OWN MONEY IN JANUARY OF 2008 TO PAY EMPLOYEES?

23 A I DON'T KNOW THAT FOR CERTAIN.

24 Q WELL, HAVE YOU EVER LOOKED AT THE FINANCIAL  
25 RECORDS IN THIS CASE?

26 A I HAVE LOOKED AT WHAT THE ADVISORS HAVE TOLD ME  
27 OR I HAVE SPOKEN WITH MY ATTORNEY ABOUT THAT.

28 Q WELL, HAVE YOU PERSONALLY GONE THROUGH THE BANK

1 RECORDS AT ALL?

2 A NO, I HAVEN'T. THERE'S EXTENSIVE BANK RECORDS,  
3 AND IT'S -- THE WAY THAT IT'S -- THE WAY THAT IT'S ALL BEING  
4 MADE SO CONFUSING AND ALL COMMINGLED, IT TAKES AN EXPERT TO  
5 LOOK AT IT ALL.

6 Q SO WHO IS YOUR ADVISOR THAT IS FEEDING YOU THE  
7 INFORMATION THAT YOU HAVE REGARDING THE FINANCIALS?

8 A BARBARA GOTTLIEB THROUGH MR. CROCKETT.

9 Q BARBARA GOTTLIEB IS YOUR HIRED EXPERT FOR THIS  
10 TRIAL; CORRECT?

11 A CORRECT.

12 Q SO SHE IS THE ONE THAT IS FUNNELING THE  
13 POSITION TO YOU REGARDING THE FINANCIALS?

14 A WELL, SHE'S SPEAKING TO MR. CROCKETT ABOUT IT.

15 Q WHO AT NXIVM OR THAT IS ASSOCIATED WITH NXIVM  
16 IS GIVING YOU INFORMATION REGARDING THE FINANCIALS OF  
17 PRECISION?

18 A I HAVE NO IDEA WHAT YOU'RE TALKING ABOUT. I'M  
19 SORRY.

20 Q WELL, OBVIOUSLY, THE PLYAMS WROTE CHECKS AND  
21 PURCHASED PROPERTIES FOR THE BUSINESS; CORRECT?

22 A IT APPEARS SO, YES.

23 Q AND YOU KNEW THE NAMES OF ALL THOSE PROPERTIES  
24 BEFORE JANUARY 2008, DIDN'T YOU?

25 A I DON'T THINK I WOULD RECALL THEM OFFHAND IF  
26 YOU ASKED ME TO STATE THEM IN A LIST.

27 Q WELL, I DON'T WANT YOU TO NAME THEM BECAUSE I  
28 PROBABLY COULDN'T DO THAT, BUT WHAT I'M ASKING IS: DID YOU

1 KNOW ALL THE PROPERTIES THAT HAD BEEN PURCHASED BEFORE JANUARY  
2 2008?

3 A I DON'T KNOW THAT I KNEW ALL OF THE DETAILS  
4 ABOUT THEM, BUT I KNEW THAT THEY WERE PURCHASED, HAD BEEN  
5 PURCHASED.

6 Q SO YOU KNEW THAT THERE HAD BEEN ALL THE LOTS,  
7 INCLUDING THE CONDO DEVELOPMENT; CORRECT?

8 A YEAH. I WOULDN'T SAY I -- IN 2008, I WOULDN'T  
9 SAY I COULD HAVE NAMED OFF EVERY SINGLE PROPERTY TO YOU.

10 Q I'M NOT ASKING ANY QUESTIONS ABOUT NAMING  
11 PROPERTIES.

12 A OKAY.

13 Q I'M JUST TALKING AS THE PROPERTIES WERE BEING  
14 PURCHASED BY THE PLYAMS, THEY WERE SENDING REPORTS BACK TO  
15 YOUR PEOPLE, HEY -- SOMETHING TO THE EFFECT, "HEY, WE CLOSED  
16 ON THIS PROPERTY"; RIGHT?

17 A I BELIEVE SO. I DIDN'T SEE ALL OF THE REPORTS.  
18 THEY WERE SENT TO BARBARA BOUCHEY, WHO WAS OUR FINANCIAL  
19 PLANNER.

20 Q DID YOU EVER GO BACK AND LOOK AT THOSE REPORTS?

21 A NOT THAT I RECALL, NO.

22 Q WELL, WE LOOKED AT FRIDAY AT AN E-MAIL FROM MR.  
23 RANIERE TO MR. PLYAM THAT IDENTIFIED ALL THE PROPERTIES AND  
24 SOME FINANCIAL PROJECTIONS; RIGHT?

25 A YES. I BELIEVE THAT WAS ACTUALLY FROM  
26 MR. PLYAM.

27 Q AND THAT WAS EARLY ON IN THE GAME, WASN'T IT?

28 A I DON'T RECALL. I'M SORRY.

1 Q WELL, IS IT FAIR TO SAY THAT YOU KNEW ABOUT ALL  
2 THE PROPERTIES THAT HAD BEEN PURCHASED. KNEW WHICH ONES HAD  
3 BEEN PURCHASED?

4 A AT THE TIME, I DIDN'T -- IT WASN'T -- I WASN'T  
5 AWARE OF WHEN THE PLYAMS WOULD BUY A PROPERTY. THEY WOULDN'T  
6 TELL ME, "OH, I BOUGHT THIS PROPERTY." I DIDN'T KNOW THAT  
7 INFORMATION. I DIDN'T KNOW THE INVESTMENT DETAILS.

8 Q BUT YOU KNEW THAT YOUR PEOPLE KNEW THAT; RIGHT?

9 A I ASSUMED THAT WHAT MR. PLYAM WAS SENDING THEM  
10 WAS ACCURATE.

11 Q AND YOU KNEW THAT MR. RANIERE KNEW WHICH  
12 PROPERTIES WERE PURCHASED; RIGHT?

13 A I KNEW THAT MR. PLYAM AND MR. RANIERE SPOKE,  
14 BUT I DIDN'T KNOW THE EXTENT OF WHAT YURI WAS -- OR MR. PLYAM  
15 WAS SENDING TO MR. RANIERE BECAUSE, AGAIN, I DIDN'T REALLY  
16 SPEAK TO MR. RANIERE MUCH ABOUT THIS INVESTMENT.

17 Q WELL, DIDN'T YOU TELL US THAT YOU SPEAK TO HIM  
18 AT LEAST ONCE A DAY?

19 A SOMETIMES, YES.

20 Q SOMETIMES MULTIPLE TIMES A DAY?

21 A I HAVE MANY INVESTMENTS THAT I'M A PASSIVE  
22 INVESTOR IN, AND I DON'T SPEAK TO HIM ABOUT THOSE THINGS.

23 Q BUT HE WAS DIRECTLY INVOLVED IN THIS?

24 A NO, HE WASN'T.

25 Q SO MR. RANIERE HAD NO INVOLVEMENT IN THIS AT  
26 ALL?

27 A NO, HE WAS INVOLVED TO THE EXTENT THAT HE PUT  
28 US TOGETHER, BUT HE WASN'T REALLY INVOLVED IN THE RUNNINGS. I

1 THINK HE -- THERE WAS CERTAIN ADVICE THAT I THINK HE WAS  
2 GIVING TO YURI AND MENTORING YURI, BUT I DON'T KNOW.

3 Q NOW, ON FRIDAY, I THOUGHT YOU SAID IT WAS  
4 MS. BOUCHEY THAT PUT YOU GUYS TOGETHER?

5 A WELL, MS. BOUCHEY INTRODUCED MR. RANIERE TO THE  
6 PLYAMS.

7 Q NOW, GETTING BACK TO THE \$400,000, DID YOU HAVE  
8 ANY IDEA THAT MR. PARLATO WAS PROMISING THE PLYAMS THAT IF  
9 THEY SIGNED THIS AGREEMENT, THE MONEY WOULD COME INTO THE BANK  
10 ACCOUNT?

11 A NO. AND I DON'T KNOW THAT THAT IS TRUE. I  
12 WOULD ASSUME IF IT WAS TRUE, THEY WOULD HAVE PUT IT IN THE  
13 AGREEMENT.

14 Q NOW, WHOSE IDEA WAS IT TO MEET IN A BAR AT 2:00  
15 O'CLOCK IN THE MORNING?

16 A I HAVE NO IDEA.

17 Q THIS ALL WAS A PLAN TO WREST CONTROL OF THE  
18 COMPANY, WASN'T IT?

19 A I DON'T AGREE WITH YOUR STATEMENT. THERE  
20 WAS -- ONCE WE FOUND OUT THAT THERE WERE PROBLEMS WITH THE  
21 PROPERTIES, THE NUMBER ONE PRIORITY WAS TO SECURE THE ASSETS.

22 Q WELL, BACK IN LATE 2007, WERE THERE CONCERNS  
23 ABOUT THE \$65 MILLION THAT HAD BEEN LOST IN THE COMMODITIES  
24 MARKET?

25 A NO, I DON'T THINK -- I MEAN, IT'S A DIFFICULT  
26 QUESTION. OF COURSE, THERE'S ALWAYS CONCERNS WHEN YOU LOSE  
27 THAT MUCH MONEY, BUT I DON'T THINK WE EVER SPOKE ABOUT IT  
28 SPECIFICALLY IN THE END OF DECEMBER. I MEAN, I --

1 Q WELL, WERE YOU AND YOUR TRUSTEES AND YOUR  
2 FINANCIAL ADVISORS TALKING ABOUT GETTING MR. -- MS. SALZMAN OR  
3 MR. RANIERE TO SIGN LOAN DOCUMENTS AUTHENTICATING THE FACT  
4 THAT THEY BORROWED \$65 MILLION?

5 MR. CROCKETT: OBJECTION, IRRELEVANT.

6 THE COURT: WHY DON'T YOU APPROACH.

7  
8 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
9 HELD AT SIDEBAR:)

10  
11 MR. RILEY: MY POSITION IN OPENING STATEMENT --

12 THE COURT: I KNOW. I KNOW.

13 LOOK, I JUST DON'T WANT TO GET TOO FAR AFIELD.  
14 I UNDERSTAND YOUR POSITION THESE ARE SOMEHOW TIED TOGETHER.  
15 BUT A LOT OF THAT -- JUST DON'T GO TOO FAR WITH THIS WITHOUT  
16 FURTHER EVIDENCE.

17  
18 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
19 HELD IN OPEN COURT IN THE PRESENCE OF  
20 THE JURY:)

21  
22 THE COURT: OVERRULED. YOU MAY ANSWER.

23 THE WITNESS: CAN YOU REASK THE QUESTION? SORRY.

24 MR. RILEY: I FORGOT IT. YOUR HONOR, COULD WE HAVE  
25 THE COURT REPORTER READ IT BACK.

26 THE COURT: GO AHEAD.

27  
28 (WHEREUPON THE QUESTION WAS READ.)

1 THE WITNESS: I DON'T RECALL.

2 Q BY MR. RILEY: NOW, JUST QUICKLY, I THINK I MAY  
3 HAVE ASKED YOU THIS, BUT YOU AND YOUR SISTER WEREN'T TRADING,  
4 IT WAS MR. RANIERE TRADING; CORRECT?

5 MR. CROCKETT: OBJECTION, ASKED AND ANSWERED.

6 THE COURT: OVERRULED.

7 THE WITNESS: IT WAS MR. PLYAM WHO WAS TRADING  
8 ACTUALLY. HE WAS THE COMMODITY BROKER.

9 Q BY MR. RILEY: WELL, THE MONIES WERE LOANED,  
10 YOUR AND YOUR SISTER'S MONIES WERE -- \$65 MILLION PLUS WERE  
11 LOANED TO FIRST PRINCIPLES; CORRECT?

12 MR. CROCKETT: OBJECTION, IRRELEVANT, ASKED AND  
13 ANSWERED.

14 THE COURT: OVERRULED.

15 THE WITNESS: CORRECT.

16 Q BY MR. RILEY: AND THEN MR. RANIERE WAS THEN  
17 MAKING INVESTMENTS OR TRADING IN THE COMMODITY MARKET;  
18 CORRECT?

19 A THROUGH MR. PLYAM; CORRECT.

20 Q AND WE TALKED ABOUT THIS IDEA THAT MR. PLYAM --  
21 OF MR. RANIERE TELLING YOU THAT MR. PLYAM WAS TRADING AGAINST  
22 HIM AND HE WAS THE ONE THAT ACTUALLY STOLE THE \$65 MILLION.  
23 DO YOU RECALL THAT TESTIMONY ON FRIDAY?

24 A I DON'T THINK I SAID IT QUITE LIKE THAT.

25 Q BUT THE GENERAL AREA OF QUESTIONS -- THE  
26 QUESTION. DO YOU RECALL US TALKING ABOUT THAT?

27 A I RECALL YOU QUESTIONING ME ON IT. I DON'T  
28 RECALL MY AGREEING TO THE WAY THAT YOU JUST PHRASED IT.

1 Q OKAY. AND I THINK YOUR RESPONSE WAS THAT IT  
2 WAS SOMETHING THAT CAME UP AND THAT IT WAS A POSSIBILITY?

3 A YES. MUCH LATER. I DON'T THINK THAT EVER CAME  
4 UP IN 2007. THAT WASN'T UNTIL AFTER WE DETERMINED THAT THE  
5 PLYAMS HAD BEEN STEALING FROM US IN THE OTHER VENTURE AND ALL  
6 THE MONIES HAD BEEN COMMINGLED, PRECISION MONIES WERE  
7 COMMINGLED WITH CASTLE TRADING, AND THEN THAT'S WHEN IT ALL  
8 CAME UP.

9 MR. RILEY: MOVE TO STRIKE AS NONRESPONSIVE THAT LAST  
10 PART.

11 MR. CROCKETT: YOUR HONOR --

12 THE COURT: OVERRULED.

13 Q BY MR. RILEY: MY QUESTION -- BECAUSE I WANT TO  
14 MOVE ON TO THIS OTHER AREA -- IS: YOU MENTIONED THAT IT WAS A  
15 POSSIBILITY THAT MR. PLYAM WAS TRADING AGAINST MR. RANIERE  
16 AND, THEREFORE, HE TOOK THE \$65 MILLION?

17 A I'M NOT AN EXPERT ENOUGH TO UNDERSTAND IT. I  
18 DON'T KNOW THAT HE COULD HAVE TAKEN \$65 MILLION, BUT I THINK  
19 THAT HE -- THERE'S A POSSIBILITY THAT MR. PLYAM WAS -- WELL, I  
20 CERTAINLY KNOW THAT HE WAS EARNING MONEY ON EVERY TRADE THAT  
21 WAS DONE. THAT'S HOW COMMISSIONS WORK. AND I THINK THERE IS  
22 A POSSIBILITY THAT HE WAS USING HIS POSITION AGAINST US, YES,  
23 TO BETTER HIMSELF, BUT I DON'T KNOW THAT FOR SURE.

24 Q WERE YOU AWARE THAT MR. PLYAM WOULD MAKE A \$15  
25 COMMISSION ON A GIVEN CONTRACT?

26 A I THINK MR. PLYAM MADE \$9 MILLION ONE YEAR.

27 MR. RILEY: MOVE TO STRIKE AS NONRESPONSIVE.

28 THE COURT: SUSTAINED.



1 Q BY MR. RILEY: WERE YOU AWARE THAT MR. PLYAM  
2 WOULD MAKE APPROXIMATELY \$15 PER EVERY CONTRACT THAT MR.  
3 RANIERE DECIDED TO TRADE?

4 A NO, I WASN'T AWARE ON THE SPECIFICS.

5 Q NOW, PLEASE TAKE A LOOK AT WHAT HAS BEEN  
6 PREVIOUSLY MARKED AS EXHIBIT 531.

7 IS THE BOTTOM E-MAIL ON EXHIBIT 531 AN E-MAIL  
8 FROM YOUR SISTER TO YOU REGARDING YOUR COMMODITY INVESTMENTS?

9 A I THINK I'M CC'D. I DON'T THINK IT'S TO ME.  
10 MR. RILEY: MOVE TO ADMIT.

11 MR. CROCKETT: OBJECTION, IRRELEVANT AND --  
12 IRRELEVANT, YOUR HONOR. 352, AS WELL.

13 THE COURT: SUSTAINED.

14 Q BY MR. RILEY: WHO IS -- THERE'S AN E-MAIL  
15 ADDRESS HERE B-R-A-U-L @AOL.COM, WHO IS THAT?

16 A THAT'S MY BROTHER ADAM.

17 Q THE NEXT E-MAIL IS DSTOLL, S-T-O-L-L,  
18 @KSHOLDER.COM. WHO IS THAT?

19 A THAT'S A FAMILY -- AT THE TIME, HE WAS A FAMILY  
20 ATTORNEY. HE STILL IS SOME MEMBERS OF THE FAMILY'S ATTORNEY.

21 Q AND THE NEXT ONE -- E-MAIL IS S-A-M, SAMBRON,  
22 B-R-O-N, PERTINA MSN.COM. WHO IS THAT?

23 MR. CROCKETT: OBJECTION, IRRELEVANT.

24 THE COURT: COUNSEL, SUSTAINED.

25 Q BY MR. RILEY: DID YOU AND YOUR SISTER HIDE  
26 FROM YOUR FAMILY MEMBERS AND YOUR TRUSTEES THE INVOLVEMENT OF  
27 MR. RANIERE TRADING THE \$65 MILLION?

28 A NO.

1 Q DID YOUR SISTER SEND YOU AN E-MAIL WHERE SHE  
2 REPRESENTED THAT YOU AND SHE WERE INVESTING IN COMMODITIES?

3 A I'M NOT SURE. I CAN'T SPEAK TO HER PHRASING.

4 Q WELL, YOU WEREN'T INVESTING IN COMMODITIES,  
5 WERE YOU?

6 A DIRECTLY, NO.

7 Q NOT INDIRECTLY EITHER, WERE YOU?

8 A WELL, WE LOANED MONEY AND THE MONEY WAS BEING  
9 INVESTED IN THE COMMODITIES MARKET.

10 Q BUT YOU HAD NOTHING TO DO WITH THAT INVESTMENT,  
11 DID YOU?

12 A NO. WE WEREN'T ACTIVELY KNOWLEDGEABLE ABOUT  
13 COMMODITIES.

14 Q SO DID YOU KNOW WHY YOUR SISTER WOULD REPRESENT  
15 TO THE TRUSTEES THAT IT WAS YOU AND YOUR SISTER THAT WERE  
16 ACTUALLY DOING THE TRADING?

17 MR. CROCKETT: OBJECTION, IRRELEVANT.

18 THE COURT: SUSTAINED.

19 Q BY MR. RILEY: DO YOU KNOW WHY YOU WOULDN'T  
20 REPRESENT TO THE FAMILY AND THE TRUSTEES THAT YOU HAD LOANED  
21 \$65 MILLION TO MR. RANIERE WHO WAS TRADING IN THE COMMODITY  
22 MARKET?

23 MR. CROCKETT: OBJECTION, IRRELEVANT.

24 THE COURT: SUSTAINED.

25 Q BY MR. RILEY: TO YOUR KNOWLEDGE, BACK IN APRIL  
26 OF 2006, DID YOUR TRUSTEES OF YOUR TRUST KNOW THAT YOU HAD  
27 GIVEN THIS KIND OF MONEY TO MR. RANIERE?

28 MR. CROCKETT: OBJECTION, IRRELEVANT.

1 THE COURT: SUSTAINED.

2 Q BY MR. RILEY: LET'S GO TAKE A LOOK AT EXHIBIT  
3 543. DO YOU HAVE EXHIBIT 543 IN FRONT OF YOU?

4 A YES, I DO.

5 Q AND ON THE SECOND E-MAIL FROM YOUR SISTER TO  
6 MS. FREEMAN, ARE THEY TALKING ABOUT GETTING AN AGREEMENT FROM  
7 MR. PLYAM?

8 A I ASSUME SO. THIS IS THE FIRST I'VE SEEN OF  
9 THIS DOCUMENT AND IT SEEMS TO BE.

10 MR. RILEY: MOVE TO ADMIT EXHIBIT 543.

11 MR. CROCKETT: NO OBJECTION.

12 THE COURT: ALL RIGHT.

13

14 (EXHIBIT 543 WAS ADMITTED INTO EVIDENCE.)

15

16 Q BY MR. RILEY: ALL RIGHT. THE BOTTOM E-MAIL  
17 READS DATE -- IT'S DATED OCTOBER 20TH, 2006, AND IT SAYS:

18 "JUST A REMINDER."

19 AND IT SAYS:

20 "YES. THANK YOU. AS SOON AS I GET THEM FROM  
21 YURI. I HAVE E-MAILED AND ASKED THEM FOR IT. I THINK  
22 I CC'D --" AND IT SAYS, "-- U AND BB."

23 IS "BB" BARBARA BOUCHEY?

24 A I ASSUME SO, YES.

25 Q AND THEN IT SAYS:

26 "ANY TIPS ON HOW TO MOVE FORWARD ON THIS? I  
27 WILL ASK KEITH TONIGHT."

28 BACK IN THIS TIMEFRAME OF 2006, WHO HAD MORE

1 CONTACT WITH MR. RANIERE, YOU OR YOUR SISTER, TO YOUR  
2 KNOWLEDGE?

3 A IT'S HARD TO -- I MEAN, I DON'T KNOW HOW MUCH  
4 CONTACT SHE HAD WITH HIM. PROBABLY ME, BUT I DON'T RECALL.

5 Q ALL RIGHT. LET'S GO TO PAGE TWO OF EXHIBIT  
6 543. OKAY. THIS IS AN E-MAIL DATED OCTOBER 20TH, 2006, AND  
7 IT READS:

8 "SARA, I JUST WANTED TO REMIND YOU THAT WE WERE  
9 GOING TO SEND SUSAN COPIES OF THE AGREEMENTS FOR  
10 PRECISION DEVELOPMENT AND THE COMMODITIES. HOPE  
11 YOU'RE WELL. LOVE BECKY."

12 SO MY QUESTION IS IN OCTOBER OF 2006, THERE WAS  
13 CONCERN ABOUT GETTING THESE COMMODITY LOANS SIGNED; RIGHT?

14 A I DON'T THINK THAT THIS REFLECTS CONCERN. I  
15 THINK IT JUST REFLECTS A FINANCIAL PERSON'S NORMAL PRACTICE IN  
16 BUSINESS.

17 Q TRYING TO DOCUMENT THE LOANS THAT WERE MADE TO  
18 FIRST PRINCIPLES; CORRECT?

19 A YEAH.

20 Q WELL, IN OCTOBER OF 2006, YOU HAD -- WELL,  
21 STRIKE THAT.

22 IN OCTOBER OF 2006, DID YOU TALK TO MR. RANIERE  
23 ABOUT SIGNING LOAN DOCUMENTS FOR THE \$65 MILLION?

24 A I DON'T RECALL. SORRY.

25 Q DO YOU KNOW IF YOUR SISTER DID?

26 A NO, I DON'T. SORRY.

27 Q ALL RIGHT. LET'S TAKE A LOOK AT 544, AND DRAW  
28 YOUR ATTENTION TO PAGE TWO OF EXHIBIT 544.

1                   DOES THAT CONTAIN E-MAILS BETWEEN YOU,  
2 MR. PLYAM, AND YOUR SISTER?

3           A           IT LOOKS LIKE IT'S FROM MY SISTER TO MR. PLYAM,  
4 MS. SALZMAN, AND MR. RANIERE, AND IT LOOKS LIKE I AM CC'D ON  
5 IT.

6           Q           OKAY.

7           A           ALONG WITH MS. BOUCHEY AND MS. FREEMAN.

8           MR. RILEY:   MOVE TO ADMIT EXHIBIT 544.

9           MR. CROCKETT:  INSUFFICIENT FOUNDATION THAT SHE'S SEEN  
10 IT.

11          THE COURT:  ALL RIGHT.  LAY THE FOUNDATION.

12          Q           BY MR. RILEY:  WELL, I ASSUME YOU RECEIVED THIS  
13 E-MAIL THAT WAS ADDRESSED TO YOUR E-MAIL ADDRESS?

14          A           YEAH.  I DON'T RECALL READING IT, BUT IT'S SENT  
15 TO ME.

16          MR. RILEY:  MOVE TO ADMIT.

17          MR. CROCKETT:  NO OBJECTION.

18          THE COURT:  ALL RIGHT.

19

20                   (EXHIBIT 544 WAS RECEIVED INTO EVIDENCE.)

21

22          Q           BY MR. RILEY:  OKAY.  LOOKING AT 544 PAGE TWO,  
23 AND I THINK THIS IS THE SAME DATE OF THE OTHER E-MAILS WE WERE  
24 LOOKING AT OCTOBER 20, 2006.  IT SAYS:

25                   "I'M FOLLOWING UP ON AN E-MAIL THAT I HAD SENT  
26 TO YOU ABOUT A MONTH AGO ASKING FOR THE STATUS ON OUR  
27 AGREEMENTS FOR PD AND FP."

28                   DOES "PD", TO YOUR KNOWLEDGE, REFER TO

1 PRECISION DEVELOPMENT?

2 A I ASSUME SO.

3 Q AND DOES "FP" REFER TO FIRST PRINCIPLES TO YOUR  
4 KNOWLEDGE?

5 A I ASSUME SO.

6 Q (READING:)

7 "AND I HAVEN'T HEARD BACK FROM YOU. IS THERE  
8 ANYTHING I CAN DO TO HELP MOVE THIS PROCESS ALONG. I  
9 AM UNCLEAR WHAT STEPS WE NEED TO TAKE. SO IF I'VE  
10 LEFT ANY STEPS OUT OR IF I'M FORGETTING ANYTHING,  
11 PLEASE LET ME KNOW. THANKS AND HUGS."

12 SO AT THIS TIME, WAS THIS ISSUE ABOUT GETTING  
13 THE LOAN AGREEMENTS FOR FIRST PRINCIPLES FOR THE \$65 MILLION  
14 SIGNED AN ISSUE?

15 A I DON'T THINK IT WAS AN ISSUE. AGAIN, I THINK  
16 IT WAS NORMAL PROTOCOL.

17 Q BUT AS OF THIS DATE, NO AGREEMENTS HAD BEEN  
18 SIGNED; RIGHT?

19 A CORRECT.

20 Q LET ME ASK YOU, WERE THERE EVER AGREEMENTS  
21 SIGNED?

22 A NO.

23 Q SO THE \$65 MILLION THAT MR. RANIERE BORROWED  
24 AND LOST IN THE COMMODITY MARKETS, HE NEVER HAD TO SIGN ANY  
25 LOAN DOCUMENT FORM; CORRECT?

26 A CORRECT.

27 Q LET'S MOVE UP TO PAGE ONE OF EXHIBIT 544.

28 AND THIS IS AN E-MAIL DATED OCTOBER 23RD, 2006,

1 FROM MR. PLYAM TO MS. BOUCHEY, AND IT READS:

2 "HI BARBARA, I HAD ORIGINALLY SENT KEITH THE  
3 DOCUMENTS IN JULY AFTER COMING BACK FROM OUR MEETING  
4 IN ALBANY."

5 DID YOU KNOW THAT MR. PLYAM HAD SENT AGREEMENTS  
6 BACK IN JULY OF 2006?

7 A I THINK THAT I KNEW THAT HE HAD SENT AGREEMENTS  
8 TO MR. RANIERE, BUT I DON'T RECALL THE TIMEFRAME.

9 Q THE E-MAIL CONTINUES:

10 "I SPOKE WITH HIM THIS MORNING AND HE TOLD ME  
11 THAT HE SPOKE WITH SARA ON FRIDAY AND EXPLAINED  
12 EVERYTHING TO HER."

13 DO YOU KNOW WHAT MR. RANIERE WAS EXPLAINING TO  
14 YOUR SISTER ABOUT THE AGREEMENTS?

15 A NO. I HAVE NO IDEA.

16 Q ALL RIGHT. LET'S TAKE A LOOK AT WHAT'S BEEN  
17 PREVIOUSLY MARKED AS EXHIBIT 558.

18 DO YOU KNOW IF EXHIBIT 558 IS A LISTING OF ALL  
19 THE MONIES THAT YOU LOANED TO FIRST PRINCIPLES THAT WERE  
20 TRADED BY MR. RANIERE?

21 MR. CROCKETT: OBJECTION, IRRELEVANT.

22 THE COURT: SUSTAINED. 352.

23 Q BY MR. RILEY: WELL, I THINK YOUR PRIOR  
24 TESTIMONY IS THAT YOU EVENTUALLY ENDED UP PERSONALLY DOWN  
25 ABOUT \$28.2 MILLION INTO THE COMMODITIES; CORRECT?

26 MR. CROCKETT: OBJECTION, IRRELEVANT AND 352.

27 THE COURT: SUSTAINED.

28 Q BY MR. RILEY: WELL, OF THE \$65 MILLION THAT

1 WE'VE BEEN TALKING ABOUT, HOW MUCH OF THAT WAS YOUR  
2 PERSONAL --

3 MR. CROCKETT: OBJECTION, 352, AND IRRELEVANT.

4 THE COURT: SUSTAINED.

5 Q BY MR. RILEY: FROM THE DATE OF THESE E-MAILS  
6 IN OCTOBER 2006, WHEN YOU WERE REQUESTING LOAN DOCUMENTS OR  
7 WHEN THE ISSUE ABOUT LOAN DOCUMENTS FOR FIRST PRINCIPLES IN  
8 THE COMMODITY TRADING CAME UP, WOULD IT BE FAIR TO SAY THAT  
9 YOU LOANED ANOTHER \$10 MILLION TO MR. RANIERE?

10 MR. CROCKETT: OBJECTION, IRRELEVANT, 352.

11 THE COURT: SUSTAINED.

12 Q BY MR. RILEY: ALL RIGHT. PLEASE TAKE A LOOK  
13 AT WHAT HAS BEEN PREVIOUSLY MARKED AS EXHIBIT 571.

14 ARE YOU THERE?

15 A YUP.

16 Q OKAY. DRAWING YOUR ATTENTION TO THE BOTTOM OF  
17 THE DOCUMENT, PLEASE, AND READ IT TO YOURSELF.

18 HAVE YOU FINISHED READING?

19 A ONE SECOND.

20 YES.

21 Q DID THERE EVER COME A TIME --

22 MR. CROCKETT: OBJECTION, YOUR HONOR.

23 Q BY MR. RILEY: -- WHEN THERE WAS CONCERN --

24 MR. CROCKETT: OBJECTION, YOUR HONOR. THIS IS 352,  
25 AND I'D LIKE TO BE HEARD.

26 THE COURT: ALL RIGHT.

27

28 ///



1 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
2 HELD AT SIDEBAR:)

3  
4 THE COURT: OKAY.

5 MR. CROCKETT: "I'M JUST GOING TO ASK IF ANYBODY IN  
6 THE FAMILY EVER QUESTIONED UNDUE INFLUENCE AND MENTAL STATE,"  
7 WELL, THAT'S VERY PREJUDICIAL BECAUSE IT'S NOT SOMETHING THAT  
8 SHE'S SIGNED ONTO AND THIS IS SOMETHING THAT SOMEBODY ELSE IS  
9 TALKING ABOUT.

10 THE COURT: WELL, THERE'S NO FOUNDATION FOR THE  
11 DOCUMENT YET.

12 MR. CROCKETT: WELL, I DON'T WANT ANYBODY ASKING ABOUT  
13 UNDUE INFLUENCE AND MENTAL STATE IN THIS DOCUMENT. I DON'T  
14 WANT THOSE WORDS COMING OUT OF HIS MOUTH.

15 THE COURT: MR. RILEY, YOU HAVEN'T EVEN AUTHENTICATED  
16 THIS DOCUMENT. I'M NOT SURE YOU SHOULD BE ASKING HER  
17 QUESTIONS ABOUT IT YET.

18 MR. RILEY: I'M NOT ASKING HER QUESTIONS ABOUT THE  
19 DOCUMENT ITSELF. I'M JUST ASKING GENERAL QUESTIONS.

20 THE COURT: THEN I'LL SUSTAIN MR. CROCKETT'S  
21 OBJECTION.

22 MR. RILEY: OBJECTION TO WHAT? I HAVEN'T ASKED A  
23 QUESTION.

24 THE COURT: WELL, DON'T ASK A QUESTION ABOUT THAT.

25

26 ///

27 ///

28 ///

1 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE  
2 HELD IN OPEN COURT IN THE PRESENCE OF THE  
3 JURY:)

4  
5 THE COURT: SUSTAINED.

6 Q BY MR. RILEY: DID THERE TIME (SIC) EVER BECOME  
7 A CONCERN WITH REGARDS TO THESE LOANS, WITH THESE UNSIGNED  
8 LOAN DOCUMENTS THAT IF SOMETHING HAPPENED TO YOU --

9 MR. CROCKETT: OBJECTION, WE JUST COVERED THIS.

10 MR. RILEY: I'M NOT ASKING THAT.

11 THE COURT: WELL, REPHRASE THE QUESTION. SUSTAINED.

12 Q BY MR. RILEY: WAS THERE EVER ANY CONCERN THAT  
13 WITHOUT THESE LOAN DOCUMENTS IF SOMETHING HAPPENED TO YOU THE  
14 FAMILY COULD CALL THE LOANS?

15 A I DON'T RECALL.

16 Q WAS THERE EVER ANY CONCERN ABOUT THESE LOANS,  
17 THE \$65 MILLION, AND CALLING INTO QUESTION YOU IDENTIFYING  
18 NANCY SALZMAN AS THE BENEFICIARY UNDER YOUR WILL?

19 MR. CROCKETT: OBJECTION, IRRELEVANT.

20 THE COURT: SUSTAINED.

21 Q BY MR. RILEY: PLEASE TAKE A LOOK AT WHAT'S  
22 BEEN PREVIOUSLY MARKED AS EXHIBIT 577.

23 AND AT THE BOTTOM, IS THAT AN E-MAIL FROM RENEE  
24 EICKHOLT TO -- CC'D TO YOU REGARDING THESE LOANS?

25 A YES.

26 MR. CROCKETT: OBJECTION, IRRELEVANT. MORE ABOUT  
27 LOANS AND HAVING NOTHING TO DO WITH PRECISION, YOUR HONOR.

28 THE COURT: SUSTAINED.

1 Q BY MR. RILEY: WELL, IS THIS E-MAIL ABOUT YOUR  
2 FINANCIAL STATEMENT BEING SENT TO THE PLYAMS FOR THE  
3 DEVELOPMENT?

4 A I'M NOT SURE.

5 Q WELL, IN NOVEMBER OF 2007, WAS YOUR FINANCIAL  
6 STATEMENT GIVEN TO THE PLYAMS?

7 A AT SOME POINT, YES, IT WAS.

8 Q AND THE TOP E-MAIL APPEARS TO BE SENDING THAT  
9 FINANCIAL STATEMENT; CORRECT?

10 A CORRECT.

11 Q AND THE BOTTOM E-MAIL APPEARS TO BE SENT TO YOU  
12 REGARDING THAT SAME FINANCIAL STATEMENT; CORRECT?

13 A YES. BUT IT'S HARD -- THEY DON'T SEEM TO BE  
14 SEQUENTIAL E-MAILS.

15 MR. RILEY: MOVE TO ADMIT EXHIBIT 577.

16 MR. CROCKETT: WELL, NOW WE'RE DOUBLING UP, YOUR  
17 HONOR, BECAUSE HE'S FORGOTTEN WHAT HE --

18 THE COURT: WELL, WAIT, WAIT.

19 MR. CROCKETT: IT'S ALREADY IN.

20 THE COURT: WAIT, WAIT.

21 MR. RILEY: IT'S ALREADY IN?

22 THE CLERK: IT'S ALREADY IN.

23 MR. RILEY: WHAT ARE WE WASTING OUR TIME FOR?

24 THE CLERK: 577 IS ALREADY IN.

25 THE COURT: ALL RIGHT.

26 MR. CROCKETT: I'D LIKE TO KNOW WHY WE'RE WASTING OUR  
27 TIME, YOUR HONOR.

28 THE COURT: ALL RIGHT. GO AHEAD.

1 Q BY MR. RILEY: ALL RIGHT. LET'S GO DOWN TO THE  
2 BOTTOM E-MAIL. AND THIS E-MAIL IS FROM RENEE EICKHOLT DATED  
3 NOVEMBER 6, 2007, A LITTLE OVER A YEAR AFTER THOSE OTHER  
4 E-MAILS ASKING ABOUT THOSE LOAN DOCUMENTS; CORRECT?

5 A APPARENTLY SO.

6 Q ALL RIGHT. AND THE FIRST SENTENCE READS:

7 "I HAVE REVISED THE ATTACHED BALANCE SHEETS FOR  
8 CLARE AFTER MAKING SOME CHANGES PROPOSED BY MATT.

9 PLEASE LET ME KNOW IF YOU HAVE ANY FURTHER REVISIONS."

10 AND TO YOUR KNOWLEDGE, WERE THOSE FINANCIAL  
11 DOCUMENTS, YOUR BALANCE SHEETS, BEING SENT TO THE PLYAMS FOR  
12 THE PROJECT?

13 A I KNOW THAT MY BALANCE -- I KNOW THAT MY  
14 FINANCIAL STATEMENTS WERE SENT TO THE PLYAMS FOR THE LOAN. I  
15 DON'T KNOW IF THIS IS WHAT SHE'S SPECIFICALLY TALKING ABOUT IN  
16 THIS E-MAIL.

17 Q NOW, THE E-MAIL CONTINUES:

18 "AS I MENTIONED TO MATT, WE WOULD LIKE TO BACK  
19 UP --" WAIT.

20 "AS I MENTIONED TO MATT, WE WOULD LIKE BACKUP  
21 DOCUMENTATION FOR THE LOAN TO FPI --"

22 AGAIN, THAT'S FIRST PRINCIPLES; RIGHT?

23 A UM-HMM. YES.

24 Q (READING:)

25 "-- AND THE INVESTMENTS IN PD LLC FOR OUR  
26 RECORDS."

27 AND, AGAIN, RENEE EICKHOLT IS YOUR ACCOUNTANT  
28 OR PART OF THE TRUSTEES?

1           A           NOT PART OF THE TRUSTEES.  SHE'S A FAMILY  
2 ACCOUNTANT.

3           Q           THE ACCOUNTANT FOR ALL THE OTHER FAMILY  
4 MEMBERS?

5           A           CORRECT.

6           Q           AND A YEAR LATER, AFTER THE OCTOBER OF '06  
7 E-MAILS, THE FAMILY ACCOUNTANT IS ASKING FOR THESE LOAN  
8 DOCUMENTS FOR THE MONIES THAT WERE GIVEN TO FIRST PRINCIPLES;  
9 RIGHT?

10          A           IT APPEARS SO, YES.

11          Q           PLEASE TAKE A LOOK AT WHAT'S BEEN PREVIOUSLY  
12 MARKED AS 568.

13                 MR. CROCKETT:  OBJECTION, IRRELEVANT TO THIS ENTIRE  
14 LINE OF INQUIRY.

15                 THE COURT:  WELL, LET'S DO THIS.  LET'S TAKE OUR LUNCH  
16 RECESS.

17                         SO, AGAIN, LADIES AND GENTLEMEN, DON'T TALK  
18 ABOUT THE CASE AMONGST YOURSELVES OR OTHERS, FORM ANY OPINIONS  
19 ABOUT THE CASE.

20                         MEET OUTSIDE THE COURTROOM AT 1:30, AND WE'LL  
21 CONTINUE ON.

22

23                                 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE HELD  
24 IN OPEN COURT OUTSIDE THE PRESENCE OF THE  
25 JURY:)

26

27                         THE COURT:  ALL RIGHT.  THE JURORS AND ALTERNATES HAVE  
28 LEFT.

1 I'VE LOOKED AT 568. I AGREE. THIS WHOLE LINE  
2 OF INQUIRY IS 352. SUSTAINED.

3 MR. RILEY: MAY I BE HEARD, YOUR HONOR?

4 THE COURT: BRIEFLY.

5 MR. RILEY: OKAY. AS I STATED IN MY OPENING  
6 STATEMENT, YOUR HONOR, IT IS DEFENDANTS' POSITION THAT THIS  
7 ISSUE ABOUT DOCUMENTING THESE LOANS BECAME VERY INTENSE, AND  
8 AT THAT TIME, IT WAS SHORTLY AFTER THEY WERE BEING FORCED TO  
9 SIGN THESE LOAN DOCUMENTS, THAT MR. RANIERE TURNED AND SAID GO  
10 AFTER THE PLYAMS FOR THE MONEY. IT GIVES THE WHOLE BASIS FOR  
11 THEM TURNING ON MY CLIENTS.

12 THERE'S NO 352 ISSUE HERE. IT'S BEEN OUT IN  
13 OPEN COURT THEY'VE LOST \$65 MILLION. SO ALL I'M TRYING TO GET  
14 IS THE REQUEST FOR THE DOCUMENTATIONS OF THE LOANS AS IT KEEPS  
15 HAPPENING AND HOW THINGS HAPPEN IN A TIMELINE.

16 THE COURT: OKAY. MR. CROCKETT.

17 MR. CROCKETT: YOUR HONOR, THAT IS JUST IRRELEVANT AND  
18 ANY RELEVANCE IS TOTALLY OUTWEIGHED BY THE PREJUDICE OF  
19 POSSIBLY LOSING MORE JURORS.

20 THE COURT: OKAY. ENOUGH. I SUSTAINED THE OBJECTION.  
21 352. NO. I UNDERSTAND YOUR ARGUMENT, MR. RILEY, BUT THAT  
22 DOESN'T MEAN WE'RE GOING TO SPEND A WHOLE LOT OF TIME GOING  
23 INTO IT. WE'RE NOT. SUSTAINED. REALLY.

24 THIS IS ONLY ABOUT THE, QUITE FRANKLY,  
25 PRECISION DEVELOPMENT, AND I DON'T SEE ANY BUT THE MOST

26 ///

27 ///

28 ///

1 TANGENTIAL RELEVANCE OF THE OTHER MATTERS.

2 SO UNDER 352, I'LL KEEP IT OUT.

3 ALL RIGHT. 1:30.

4

5 (WHEREUPON THE NOON RECESS WAS TAKEN UNTIL

6 1:30 P.M. OF THE SAME DAY.)

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