

SUPERIOR COURT OF CALIFORNIA
COUNTY OF ORANGE, WEST JUSTICE CENTER
DEPARTMENT W7

TRAVEL AMERICA, INC., A DELAWARE)
CORPORATION, ET AL.,)
)
PLAINTIFFS,)
)
VS.) CASE NO. 789743
)
CAMP COAST TO COAST, INC., A DELAWARE)
CORPORATION, ET AL.,)
)
DEFENDANTS.)
_____)

THE HONORABLE JOHN H. SMITH, JR., JUDGE PRESIDING

REPORTER'S TRANSCRIPT

JULY 12, 2000

APPEARANCES:

FOR THE PLAINTIFFS:

GERALD M. SHAW
ATTORNEY AT LAW

TERRY M. MOSHENKO
ATTORNEY AT LAW

FOR THE DEFENDANTS:

ALSCHULER, GROSSMAN, STEIN & KAHAN
BY: MICHAEL A. SHERMAN, ESQ.

HEIDI K. STEWART, CSR #6058
OFFICIAL COURT REPORTER

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WITNESSES FOR THE PLAINTIFFS:

				VOIR
DIRECT	CROSS	REDIRECT	RECROSS	DIRE

(NO LIVE WITNESSES)

I N D E X

EXHIBIT

IN EVIDENCE

(NO EXHIBITS)

1 WESTMINSTER, CALIFORNIA - WEDNESDAY, JULY 12, 2000

2 MORNING SESSION

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

5 THE COURT: OKAY. WHERE DO WE STAND?

6 MR. SHERMAN: YOUR HONOR, I HAVE REVIEWED TWO
7 DEPOSITION TRANSCRIPTS WITH MR. SHAW AND MR. MOSHENKO, AND
8 THERE ARE A COUPLE OF MATTERS WITH RESPECT TO THOSE THAT DO
9 NEED TO BE TAKEN UP.

10 BEFORE WE DO THAT, YOUR HONOR, I HAD
11 SOMETHING VERY BRIEFLY I WANTED TO MENTION TO THE COURT
12 ABOUT AN ISSUE THAT HAS RECEIVED QUITE A LOT OF ATTENTION
13 IN THIS CASE, AND THAT'S THE ISSUE OF THE SEVEN BOXES OF
14 DOCUMENTS.

15 I TAKE IT VERY SERIOUSLY WHEN MY REPUTATION
16 IS MALIGNED AS IT HAS BEEN ON THE RECORD HERE IN THIS
17 COURTROOM. AND YESTERDAY AND THE DAY BEFORE, LATE IN THE
18 AFTERNOON WHEN I GOT BACK FROM THE COURT, I HAD MY STAFF GO
19 THROUGH THE SEVEN BOXES OF DOCUMENTS, BECAUSE I HAD SEEN
20 THEM BEFORE. BUT TO GO THROUGH SEVEN BOXES IS OBVIOUSLY A
21 FAIRLY ARDUOUS TASK. AND I'VE GIVEN TO YOUR HONOR A VERY
22 SMALL SAMPLE, VERY SMALL SAMPLE IS WHAT WE FOUND IN JUST
23 TWO OF THE BOXES. I STOPPED PULLING AFTER A WHILE BECAUSE
24 I COULDN'T CARRY ALL -- THE TWO TO COURT WITH ME THIS
25 MORNING.

26 THERE ARE COMPLAINTS IN THESE BOXES DIRECTED

1 TO ALL SEASONS RESORTS. THERE ARE COMPLAINTS IN THESE
2 BOXES DIRECTED TO TRAVEL AMERICA. THERE ARE EVEN -- IF
3 YOUR HONOR WILL TAKE A LOOK AT THE LAST DOCUMENT, THE THICK
4 ONE, THE THICK ONE, THERE'S A LETTER, A HANDWRITTEN LETTER.
5 IT'S AT THE VERY BOTTOM OF THE STACK WITH A CLIP ON IT.
6 NO. IF I MAY, YOUR HONOR, MAY I APPROACH? YEAH, TAKE
7 THAT BIG CLIP OFF. AND IT'S THE LAST SECTION AFTER THAT
8 ONE. YES.

9 THERE'S EVEN A HANDWRITTEN LETTER TO
10 BETTY MONTGOMERY, WHO IS THE ATTORNEY GENERAL OF THE STATE
11 OF OHIO, WHICH WAS RECEIVED -- AS YOUR HONOR CAN SEE,
12 RECEIVED FEBRUARY 26TH, 1997, FROM THE KNUCKLES IN WINDSOR,
13 OHIO; THAT ON BEHALF OF SEVERAL MEMBERS OF OUR CAMPING
14 GROUP, I'M WRITING BECAUSE OF OUR CONCERN ABOUT OUR
15 CAMPGROUND MEMBERSHIP AT PONDEROSA PARK IN SALEM, OHIO. WE
16 FEEL THE PARENT COMPANY, GUARDIAN CORPORATION, ALL SEASONS,
17 AND OWNERS, RAY AND MARLIES NOVELLI, ARE NOT BEING HONEST
18 WITH US, HAVE NOT FULFILLED THE MEMBERSHIP CONTRACTS. AND
19 IT GOES ON AND ON AND ON IN HANDWRITING. AND I'M GOING TO
20 AVOID THE HISTRIONICS AND THE VOICE-RAISING THAT COUNSEL
21 HAS ENGAGED IN WHEN ATTEMPTING TO MALIGN MY REPUTATION.
22 BUT I TAKE MY REPUTATION SERIOUSLY, YOUR HONOR.

23 AND IN ADDITION TO OBJECTING TO THESE
24 PERSONAL ATTACKS, I RESENT THE PERSONAL ATTACKS. AND IF
25 THE COURT WOULD LIKE, WE'LL CONTINUE OVER THE DAYS TO HAVE
26 MORE AND MORE OF THE SPECIFIC INFORMATION THAT MENTIONS

1 TRAVEL AMERICA BY NAME, PONDEROSA, OTHER PLAINTIFFS BY
2 NAME, RAYMOND NOVELLI BROUGHT IN, IF THAT'S WHAT THE COURT
3 WISHES.

4 BUT THE FACT IS, THAT THESE FACTS SPEAK FOR
5 THEMSELVES. THERE'S LOTS OF INFORMATION IN THOSE SEVEN
6 BOXES.

7 AND I MIGHT ADD THAT WE DIDN'T GET THE
8 INFORMATION FROM FLORIDA BECAUSE IT WAS JUST TOO
9 VOLUMINOUS. WE DID CONTACT MANY STATE ATTORNEYS GENERAL,
10 BUT SOME STATE ATTORNEYS GENERAL JUST SAY, YOU KNOW WHAT?
11 WE HAD TOO MANY COMPLAINTS. WE CAN'T SEND THEM ALL TO
12 YOU.

13 SO THAT'S -- I FELT THAT SINCE MR. SHAW HAS
14 BEEN SO INTERESTED IN MAKING RECORDS ON THESE ISSUES, THAT
15 THIS ISSUE ALSO DESERVED A RECORD.

16 WE WILL BE HAVING OUR EXPERT WITNESS,
17 BLAINE NYE, TESTIFY TO THESE SEVEN BOXES OF DOCUMENTS.
18 AND, IN FACT, I WENT BACK AND I CHECKED MR. NYE'S
19 DEPOSITION TRANSCRIPT, AND I SEE THAT MR. NYE PRODUCED TO
20 PLAINTIFFS' COUNSEL A LIST SHOWING THAT HE DID HAVE IN HIS
21 POSSESSION THOSE SEVEN BOXES, AND THAT HE HAS RELIED ON
22 THOSE.

23 SO IF I COULD NOW GO ON TO THE ISSUE OF SOME
24 OF THE OBJECTIONS, YOUR HONOR.

25 MR. MOSHENKO: WOULD YOU LIKE US TO RESPOND, YOUR
26 HONOR?

1 THE COURT: IF YOU WISH.

2 MR. MOSHENKO: FIRST OF ALL, I THINK THAT NOTHING
3 THAT'S BEEN SAID THIS MORNING CHANGES THE BASIC PROBLEM OF
4 THE MANNER IN WHICH THE SEVEN BOXES WERE WHEELED IN HERE
5 WITH SIGNS ON THE JURY SIDE SO THAT COUNSEL COULDN'T SEE
6 WHAT MR. SHERMAN WAS SHOWING TO THE JURY BEFORE THE COURT
7 COULD EVEN SEE AND RULE ON THE ISSUE. I MEAN, IT'S LIKE
8 WALKING THROUGH WITH A PLACARD AND SAYING -- AND EACH OF
9 THE SIGNS, FOR THE RECORD, REFERENCE AN ATTORNEY GENERAL
10 AND A DIFFERENT STATE. THAT'S MY QUICK READING OF THEM;
11 AND, IN ESSENCE, CREATING AN IMPRESSION WHICH IS A FALSE
12 AND MISLEADING IMPRESSION.

13 NOW, COUNSEL BROUGHT IN ABOUT ONE INCH OF
14 PAPER, AND THIS IS ANOTHER EXAMPLE OF THE SAME KIND OF
15 THING THAT WE'VE BEEN DEALING WITH THROUGHOUT THE WHOLE
16 TRIAL. AND IT PROVES UP THE VERY PROBLEM THAT WE SAW WITH
17 THE SEVEN BOXES, WHICH IS IT WAS A SURPRISE, TACTICAL MOVE
18 INTENDED TO CREATE AN IMPRESSION WITHOUT ADEQUATE OR ANY
19 OPPORTUNITY TO DEAL WITH IT IN ADVANCE OR FAIRLY.

20 THIS IS ANOTHER EXAMPLE. WE -- OBVIOUSLY
21 MR. SHERMAN HAD THIS IN MIND THIS MORNING. WE HAVE BEEN
22 HERE FOR AN HOUR AND A HALF. MR. SHERMAN HANDS US THIS
23 PAPER ABOUT 10 SECONDS BEFORE THE COURT COMES OUT, WHEREAS
24 MR. SHAW OR I COULD HAVE REVIEWED THESE SO THAT WE COULD
25 HAVE AN OPPORTUNITY TO REACT AND RESPOND TO THE ASSERTIONS
26 OF WHAT ARE IN HERE.

1 MR. SHERMAN: YOU WERE GIVEN MR. NYE'S
2 DEPOSITION --

3 MR. MOSHENKO: THIS IS CONSISTENT WITH THE MANNER
4 IN WHICH THE TRIAL HAS BEEN HANDLED BY THE DEFENDANTS, AND
5 THAT IS, THEY WALKED IN, HAND OUT A MOTION A FEW MINUTES
6 BEFORE, ASK THE COURT TO TAKE UP THE MOTION. HAND OUT
7 PAPERS, A STACK OF PAPERS, A FEW MINUTES BEFORE TO WALK IN
8 WITHOUT TELLING ANYBODY WITH SEVEN BOXES OF PAPER, TAINT
9 THE JURY. I DON'T THINK ANYTHING HAS CHANGED FROM WHAT
10 YOUR HONOR SAW AND HEARD BASED ON WHAT I HEARD THIS
11 MORNING.

12 THE COURT: LET'S TAKE THIS UP AT A LATER TIME.
13 LET'S GET THE --

14 MR. SHERMAN: VERY WELL.

15 THE COURT: LET'S GET TO THIS DEPOSITION TESTIMONY.

16 MR. SHERMAN: VERY WELL.

17 YOUR HONOR, WITH RESPECT TO THE DEPOSITION
18 OF KEDRICK ROBINSON, I UNDERSTAND THAT MR. DURAN IS GOING
19 TO BE READING FROM THE WITNESS STAND, AND IT'S BEEN MY
20 PRACTICE -- I'M SURE THE COURT'S PRACTICE -- THAT IN THAT
21 CIRCUMSTANCE THE READER IS NOT TO INFLECT. THE READER IS
22 TO READ AND NOT TRY TO DO THE WITNESS ROUTINE.

23 MR. SHAW: WE'VE ASKED MR. DURAN TO TONE IT DOWN
24 AND BE CIVIL. I MEAN, ALL I'M GOING TO DO IS READ THE
25 QUESTION, HE IS GOING TO READ THE ANSWER, BECAUSE
26 MR. ROBINSON IS UNAVAILABLE.

1 MR. SHERMAN: RIGHT.

2 WITH RESPECT TO SPECIFIC AREAS OF OBJECTION
3 THOUGH, YOUR HONOR, THERE WERE JUST A SMALL HANDFUL. AND I
4 DON'T KNOW IF THE COURT HAS A COPY OF THE TRANSCRIPT OR
5 NOT.

6 THE COURT: I DON'T THINK I DO.

7 MR. SHERMAN: MR. ROBINSON.

8 MR. SHAW: YOUR HONOR, I'LL PROVIDE THE COURT --
9 YOUR HONOR, I THINK -- AND I DON'T MEAN TO USURP
10 MR. SHERMAN, BUT THE MAIN FOCUS OF ONE ISSUE SEEMS TO BE
11 PAGES 16 THROUGH 28. AND MR. SHERMAN HAS ASKED THAT IT NOT
12 BE READ TO THE JURY BECAUSE I BELIEVE HIS POINT IS IT'S AN
13 ALTER EGO ISSUE. I WOULD ASK THE COURT TO READ PAGES 16
14 THROUGH 28. IT'S 12 PAGES. I'VE YELLOWED WHAT WE'RE GOING
15 TO READ. SO IT'S NOT ALL OF 16 THROUGH 28.

16 OUR POINT IS THAT THIS TIES AFFINITY GROUP,
17 ONE OF THE DEFENDANTS IN THIS CASE, TO THE ACTIONS THAT
18 TOOK PLACE IN THIS CASE. NOT ONLY DO WE HAVE TO PROVE THAT
19 COAST TO COAST WAS INVOLVED IN THE MASS TRANSFER AND THE
20 ACTIVITIES, BUT -- AND THE UNFAIR COMPETITION AND THE TRADE
21 SECRETS, BUT WE ALSO HAVE TO TIE AFFINITY GROUP. AND WHAT
22 ALL THIS 12 PAGES DOES IS SHOW THAT THE AFFINITY GROUP WAS
23 THERE IN COLORADO, WAS INVOLVED IN THE ACCOUNTING, WAS
24 INVOLVED IN THE DISTRIBUTION.

25 AND SO IT'S MORE THAN AN ALTER EGO ISSUE.
26 IT'S A DIRECT INVOLVEMENT IN THE ACTIONS THAT TOOK PLACE.

1 MR. SHERMAN: IT'S ACTUALLY DIFFERENT THAN WHAT
2 MR. SHAW JUST SAID. AND IF I COULD SET FORTH DEFENDANTS'
3 POSITION AS OPPOSED TO MR. SHAW SETTING THEM FORTH FOR
4 US --

5 MR. SHAW: I THOUGHT I DID A PRETTY GOOD JOB.

6 MR. SHERMAN: -- THE DEPOSITION OF MR. ROBINSON HAS
7 A NUMBER OF THESE ALTER EGO ISSUES, YOUR HONOR. BUT WHAT'S
8 MORE TROUBLESOME IS THAT THERE ARE DEPOSITIONS THAT ARE
9 ALSO SLATED TO BE READ TODAY, APPARENTLY, OF MR. BLOCK,
10 AND POTENTIALLY EVEN OF MR. BOGGESS.

11 THOSE DEPOSITIONS, AS THE COURT IS GOING TO
12 FIND, CONTAIN REPEATED ENUMERABLE REFERENCES TO ONLY
13 PARENT/SUBSIDIARY ISSUES WITHOUT REGARD TO THE LETTERS THAT
14 COAST SENT, WITHOUT REGARD TO THE ACTIVITIES OF THE
15 SPECIFIC COAST EMPLOYEES WITH REFERENCE TO THE
16 DISAFFILIATION.

17 AND I KNOW THAT IT HAS BEEN YOUR HONOR'S
18 PREFERENCE TO HAVE THE JURY HEAR ALL OF THE EVIDENCE, AND
19 THAT PROBABLY MAKES MOST SENSE WHEN WE'RE DEALING WITH LIVE
20 WITNESSES. IN THIS CASE, PARTICULARLY WHEN THE COURT TAKES
21 INTO CONSIDERATION THE BLOCK DEPOSITION, WHICH IS NEXT UP
22 ON DECK, IT IS ONLY ALTER EGO. IT IS ONLY ALTER EGO. AND
23 THESE ARE EQUITABLE ISSUES. THESE ARE COURT ISSUES. THESE
24 ARE NOT ISSUES FOR THE JURY.

25 AND SO WHEN MR. SHAW SAYS THAT IT'S ONLY 10
26 PAGES, YOUR HONOR, THAT'S RIGHT. IT'S ONLY 10 PAGES. AND

1 I'M NOT CONCERNED ABOUT IT FROM THAT STANDPOINT, FROM A
2 TIMING STANDPOINT. BUT WHEN YOU LAYER MR. BLOCK ON TOP OF
3 THAT, WHAT THIS JURY WILL BE TREATED TO TODAY WILL BE A --
4 SOMETHING THAT IS TOTALLY CONFUSING AND IRRELEVANT AND
5 EQUITABLE ISSUES ONLY TO BE TRIED TO THE COURT.

6 MR. ROBINSON DOES HAVE SOME ISSUES THAT ARE
7 NOT EQUITABLE ISSUES. AND AS TO THOSE WE'RE NOT OBJECTING
8 ON ALTER EGO GROUNDS, BECAUSE THAT WOULDN'T BE
9 APPROPRIATE.

10 I'M NOT SURE HOW YOUR HONOR WANTS TO HANDLE
11 THIS, BECAUSE WE'VE ONLY MET TODAY FOR THE FIRST TIME WITH
12 RESPECT TO ROBINSON AND BLOCK, ACTUALLY I THINK A DAY OR
13 TWO STARTED WITH SOME OTHERS.

14 BUT THAT'S THE ISSUE. IT'S NOT 10 PAGES AS
15 MR. SHAW SUGGESTS. IT'S PROBABLY TWO, THREE HOURS TODAY
16 THAT THE JURY WILL BE TREATED TO A LOT OF IRRELEVANT,
17 CUMULATIVE --

18 THE COURT: I SUGGEST WHAT YOU BETTER DO IS MAKE
19 YOUR OBJECTIONS AS THE QUESTIONS ARE ASKED.

20 MR. SHERMAN: I WILL. AND I THINK THAT THAT'S A
21 FAIR APPROACH, YOUR HONOR, BECAUSE I THINK IT WILL BECOME
22 FAIRLY QUICKLY APPARENT, CERTAINLY BY THE TIME WE GET TO
23 MR. BLOCK, THAT WHAT'S TAKING PLACE HERE IS CUMULATIVE -- I
24 MEAN, WHAT IS A RESORT DEVELOPER --

25 THE COURT: WE'VE GOT ENOUGH BACKGROUND ON THAT.
26 WE DON'T HAVE TO ASK THAT KIND OF A QUESTION.

1 MR. SHERMAN: WELL, MR. MOSHENKO WANTS TO. THAT'S
2 IN THERE.

3 MR. MOSHENKO: I'M NOT SURE WHAT HE IS REFERRING TO.

4 MR. SHERMAN: I SAW IT THIS MORNING, AND AT THAT
5 POINT I WISHED I HAD BROUGHT THE NO-DOZE.

6 SO, IN ANY EVENT, THE ISSUE WITH RESPECT TO
7 KEN ROBINSON, REALLY WHEN YOU GET RIGHT DOWN TO IT, IT'S
8 GOING TO COME TO MR. ROBINSON HAVING BEEN ASKED QUESTIONS
9 BY MR. MOSHENKO ABOUT WHAT HE HEARD OTHER PEOPLE SAY ABOUT
10 PAT BUTLER, WHETHER HE WANTED MEMBERS OR NOT. IT'S ALL
11 HEARSAY. IT LACKS FOUNDATION.

12 THE COURT: MAKE YOUR OBJECTIONS.

13 MR. SHERMAN: I WILL MAKE MY OBJECTION AT THAT
14 TIME. AND THE ONLY THING I WOULD ASK OF BOTH MR. MOSHENKO
15 AND MR. SHAW AS THE READERS IS THAT THEY NOT HAVE A WITNESS
16 UP THERE, YOU KNOW, THAT'S QUICK ON THE TRIGGER SO WE CAN
17 GET THESE OBJECTIONS MADE. AND I ONLY INTEND ON MAKING,
18 PROBABLY AS MR. SHAW AND MR. MOSHENKO NOW KNOW, ABOUT FOUR
19 OR FIVE DIFFERENT OBJECTIONS.

20 IN ANY EVENT, THE ONES WITH RESPECT TO
21 MR. BLOCK WILL -- THE COURT WILL FIGURE IT OUT PRETTY SOON.
22 MR. BLOCK HAS NOTHING TO ADD TO THIS. VERY NICE MAN, BUT
23 NOTHING TO ADD.

24 MR. SHAW: YOUR HONOR, MR. SHERMAN AND I HAVE
25 TALKED ABOUT MR. ROBINSON'S AT LENGTH. AND I WILL -- I
26 KNOW EXACTLY THE AREAS THAT MR. SHERMAN IS TALKING ABOUT

1 BECAUSE I'VE RECORDED WHERE HE HAS GOT OBJECTIONS, AND I
2 WILL TAKE IT SLOW AND DEFER TO HIM TO MAKE SURE --

3 MR. SHERMAN: THANK YOU.

4 MR. SHAW: -- THAT HE HAS PLENTY OF TIME.

5 THE COURT: OKAY.

6 MR. SHERMAN: LASTLY, YOUR HONOR, WE HAVE NOTICED
7 JERRY BERAN'S DEPOSITION. IT WILL BE TAKING PLACE AT MY
8 OFFICE ON FRIDAY. UNFORTUNATELY, I'VE GOT TO DO IT AT 2:00
9 P.M. I HAVE A COURT OF APPEAL HEARING FRIDAY MORNING, AND
10 I DISCUSSED IT WITH MR. BERAN. I'VE TOLD MR. SHAW ABOUT
11 THAT.

12 MR. MOSHENKO: THAT WORKS FOR ME, YOUR HONOR. I
13 PREFER THE AFTERNOON.

14 I HAVE A COUPLE OF ISSUES THAT I COULD
15 RAISE. NUMBER ONE, YOUR HONOR GAVE US THREE DAYS IN THE
16 NEXT WEEK TO COMPLETE. WE'RE HOPING TO COMPLETE BY THE END
17 OF TUESDAY, AT WHICH TIME WE EXPECT TO -- THAT THE COURT
18 WILL BE ABLE TO DEAL WITH MOTIONS.

19 WHAT I WOULD LIKE TO DO IS TO INDICATE TO
20 THE COURT THAT IF THERE ARE MOTIONS THAT ARE PREPARED IN
21 ADVANCE, THAT WE BE SERVED THEM IN ADVANCE AND NOT BE
22 HANDED THEM ON WEDNESDAY MORNING, ARGUABLY TO BE ARGUED ON
23 WEDNESDAY MORNING.

24 SECONDLY, I WOULD ASK THAT THE COURT TAKE
25 INTO ACCOUNT THE FACT THAT IT TAKES SOME TIME TO REFOCUS
26 YOUR MIND FROM THE SPECIFIC WITNESSES TO MOTIONS, AND I'M

1 GOING TO ASK THE COURT THAT WE BE GIVEN A DAY OR AT LEAST A
2 HALF A DAY TO PREPARE TO ARGUE ON THESE MOTIONS, DEPENDING
3 ON HOW VOLUMINOUS THEY ARE.

4 MR. SHERMAN: CAN I SPEAK TO THAT POINT?

5 MR. MOSHENKO: JUST ON THAT POINT.

6 MR. SHERMAN: JUST ON THAT POINT. WE DO INTEND ON
7 FILING MOTIONS FOR NONSUIT AND MOTIONS FOR DIRECTED
8 VERDICT. WHILE I'D LOVE TO GET THE PAPERS TO YOU
9 IMMEDIATELY, WE HAVEN'T HEARD ALL THE EVIDENCE. AND SO I
10 THINK IT WOULD BE SOMEWHAT PRESUMPTUOUS ON OUR PART TO
11 PRETEND LIKE WE KNOW WHAT'S GOING TO BE SAID BY THE
12 REMAINING WITNESSES.

13 IT IS OUR EXPECTATION TO HAVE PAPERS READY
14 AS SOON FOLLOWING THE CLOSE OF PLAINTIFFS' CASE IN CHIEF,
15 HOPEFULLY WITHIN -- BY THE NEXT MORNING, SOMETHING TO THAT
16 EFFECT.

17 WHAT I WOULD SUGGEST, HOWEVER, YOUR HONOR,
18 IS THIS: WE HAVE A LOT TO DO IN CONNECTION WITH OUR CASE
19 IN CHIEF. I DON'T WANT TO -- I DON'T THINK IT WOULD BE AN
20 EFFICIENT USE OF ANYONE'S TIME TO BE DELAYING MATTERS.
21 WE'D LIKE TO START OUR CASE IN CHIEF IMMEDIATELY.

22 AND AS FAR AS THE COURT'S RULING ON THOSE
23 MOTIONS, WE'D ASK WITH COUNSEL'S CONSENT THAT THE COURT BE
24 PERMITTED TO RULE ON THOSE MOTIONS NOTWITHSTANDING THE FACT
25 THAT WE'VE OPENED OUR CASE IN CHIEF AND THEN PERHAPS WE
26 HAVE A HEARING A WEEK FROM THIS FRIDAY WHICH WOULD BE A

1 DARK JURY DAY, IN ANY EVENT, TO HAVE THESE MOTIONS RULED
2 ON. THAT WOULD THEN MEAN IF MR. MOSHENKO IS ACCURATE IN
3 HIS TIME ESTIMATE, OF COURSE, THAT PLAINTIFFS WOULD HAVE AT
4 LEAST ONE FULL DAY WITH THE PAPERS, AND WE'D HAVE AN
5 OPPORTUNITY ON FRIDAY.

6 THE COURT: THAT MAKES SENSE.

7 MR. MOSHENKO: IT DOES?

8 MR. SHAW: YOUR HONOR, I DO HAVE SOMETHING ON
9 FRIDAY, THE 21ST, AT ANOTHER COURT THAT I'LL TRY TO CHANGE,
10 IF I CAN. BUT I JUST WANTED TO ALERT THE COURT TO THAT
11 PROBLEM.

12 MR. MOSHENKO: NEXT, YOUR HONOR, I WANTED TO INFORM
13 THE COURT THAT WE YESTERDAY REQUESTED THAT JOEL MC ADAMS,
14 WHO IS THE PRESIDENT AND C.E.O. OF AFFINITY GROUP, AND ALSO
15 THE C.E.O. OF COAST TO COAST, BE MADE AVAILABLE TO COME AND
16 TESTIFY SOMETIME TOMORROW. AND I ASSUME COUNSEL WILL DO
17 WHAT HE CAN DO TO GET HIM HERE.

18 MR. SHERMAN: LET ME TELL YOU THE ISSUE WITH THAT,
19 YOUR HONOR. I LEARNED -- I PERSONALLY LEARNED ABOUT THIS
20 LAST NIGHT AT ABOUT 6:00 P.M. FROM MR. RIVIN, WHO
21 APPARENTLY HAD JUST SPOKEN WITH MR. MOSHENKO A LITTLE BIT
22 EARLIER.

23 I'VE BEEN THE ONE COMMUNICATING WITH
24 MR. MC ADAMS. I HAVE NOT SPOKEN WITH HIM SINCE I LEARNED
25 ABOUT IT, AND I'VE BEEN TIED UP THIS MORNING. WHETHER HE
26 CAN BE HERE OR NOT TOMORROW, I DON'T KNOW. BUT I WILL

1 SPEAK WITH HIM AT THE FIRST OPPORTUNITY.

2 THE COURT: WHERE IS HE NOW?

3 MR. SHERMAN: I DON'T KNOW WHERE HE IS NOW. I'M
4 GOING TO CALL HIS OFFICE IN VENTURA.

5 THE COURT: HE IS OUT OF STATE -- OH --

6 MR. SHERMAN: HE LIVES IN STATE. HE LIVES IN
7 VENTURA. HE DOESN'T LIVE -- HE WORKS IN VENTURA COUNTY.
8 BUT WE DO HAVE HIS DEPOSITION. AND I'LL CONTACT
9 MR. MC ADAMS, AND WE'LL SEE IF HE IS AVAILABLE OR IF HE IS
10 NOT AVAILABLE.

11 MR. MOSHENKO: OKAY. NEXT, WE'VE STILL -- AT LEAST
12 I DON'T HAVE AN UNDERSTANDING OF WHEN MR. RYMAN MAY BE MADE
13 AVAILABLE, BUT THAT'S JUST TO MENTION ONE MORE TIME.

14 MR. SHERMAN: ON THAT ISSUE, PERHAPS THE COURT
15 CLERK COULD -- LET ME NOT BE SARCASTIC ABOUT IT. I'M
16 SORRY. YOUR HONOR, I THINK WE ALL KNOW.

17 THE COURT: LET'S GET THE JURORS IN HERE AND GET
18 GOING.

19 MR. MOSHENKO: COULD I ASK THE COURT ONE MORE
20 QUESTION?

21 WE HAVE -- THE SUBJECT OF SO-CALLED PAYMENT
22 HISTORIES HAS BEEN RAISED A NUMBER OF TIMES.

23 THE COURT: SUBJECT OF WHAT?

24 MR. MOSHENKO: PAYMENT HISTORIES.

25 MR. SHERMAN: THE IN-LIMINE, YOUR HONOR, THAT --
26 ORDER THAT YOUR HONOR MADE.

1 MR. MOSHENKO: PLAINTIFFS PRODUCED -- YOU HEARD
2 MR. NOVELLI SAY THE ENTIRE DATABASE OF ALL SEASONS
3 RESORTS -- OF ALL OF THE PLAINTIFFS' RESORTS, WHICH
4 INCLUDED ALL OF THE PAYMENT HISTORIES THAT THE PLAINTIFFS
5 POSSESS RELATING TO ALL OF THE MEMBERS, AND --

6 THE COURT: THIS HAS TO GO TO THE SUBJECT OF
7 DAMAGES, DOESN'T IT?

8 MR. MOSHENKO: WELL, IT IS A FOUNDATION FOR
9 CAUSATION EVIDENCE, YOUR HONOR. AND THE REASON I BRING THE
10 ISSUE UP IS IT'S PRODUCED ELECTRONICALLY. IT IS PRODUCED
11 ON A DISK OR A DRIVE. I'M NOT THAT SAVVY ON THAT STUFF.
12 AND I'M INFORMED TO PRINT A HARD COPY WOULD CONSUME
13 APPROXIMATELY -- AS MUCH AS 350,000 PAGES OF DATA; AND
14 THAT, FRANKLY, OUR EXPERT, MR. BIERLY, USED -- I'M GOING TO
15 GUESS -- 3- OR 4,000 ACTUAL OF THE HARD COPY PAGES.

16 AND SO I'M INDICATING TO THE COURT THAT WE
17 INTENDED TO LAY THE FOUNDATION USING A REFERENCE TO THE
18 COMPUTER DISK WITHOUT BEING REQUIRED TO PRINT 350,000 PAGES
19 OF PAPER WHEN ONLY A FEW THOUSAND WERE ACTUALLY USED.
20 ALTHOUGH, ALL OF THE DATA WAS AVAILABLE TO THE OTHER SIDE.

21 AND I NEED SOME INSIGHT OR INPUT FROM THE
22 COURT WHETHER YOU WANT US TO GO OUT AND PRINT 350,000 PAGES
23 BECAUSE IT WAS PRODUCED IN DISK.

24 MR. SHERMAN: YOUR HONOR, MR. NOVELLI SAID A LOT OF
25 THINGS ON THE WITNESS STAND THAT WEREN'T TRUE. AND THAT
26 WAS ONE OF THEM. THE DATA WAS NOT PRODUCED TO US.

1 MR. BIERLY SHOWED UP AT HIS DEPOSITION -- I WASN'T THERE,
2 BUT THIS IS WHAT I'VE GATHERED BY SPEAKING WITH MR. RIVIN
3 AND OTHERS. MR. BIERLY SHOWED UP WITH ABOUT 1200 PAGES OF
4 SOME DOCUMENTS THAT PURPORT TO BE SOME TYPE OF A PAYMENT
5 HISTORY. BUT THE NOTION THAT WE'VE HAD THEIR PAYMENT
6 HISTORY IS NOT TRUE.

7 AND WHAT I WOULD SUGGEST IS, INSTEAD OF
8 HAVING THE JURY SIT OUT HERE -- SIT OUTSIDE AND COOL THEIR
9 HEELS, THAT IF IT IS APPROPRIATE TO TAKE IT UP FURTHER,
10 THAT WE TAKE IT UP FURTHER AT A TIME WHEN IT WOULD BE MORE
11 CONVENIENT.

12 BUT THE PAYMENT HISTORIES WERE NEVER
13 PRODUCED BY PLAINTIFFS IN THIS CASE, AND THAT'S WHY YOUR
14 HONOR ORDERED WHAT YOU ORDERED.

15 MR. MOSHENKO: I AGREE WITH TAKING IT UP LATER, BUT
16 IF THE COURT IS GOING TO REQUIRE US TO PRINT 350,000 PAGES,
17 WE NEED TO KNOW SOMETIME NOW RIGHT AWAY. IT WOULD TAKE A
18 DAY OR TWO TO DO THE PRINTING.

19 MR. SHERMAN: ON THAT ISSUE I DON'T HAVE AN
20 IMMEDIATE RESPONSE EXCEPT TO SAY THAT I WAS ONE OF THE MORE
21 SURPRISED PEOPLE IN THE COURTROOM WHEN I HEARD MR. NOVELLI
22 ASSERT THAT WE HAD GOTTEN ALL THEIR DOCUMENTS. NOT TRUE.

23 MR. MOSHENKO: OKAY. WELL, THAT'S NOT A PROBLEM.
24 WE CAN TAKE THAT UP LATER. BUT I'M NOT GOING TO PRINT
25 350,000 PAGES. WE CAN PRINT A SAMPLING SO THAT COUNSEL --
26 WE BELIEVE COUNSEL HAS THE DATA AND THE ABILITY TO LOOK AT

1 ANY PAGES THEY WANT ON THE COMPUTER. WE'LL TAKE THAT UP
2 LATER.

3 THANK YOU, YOUR HONOR.

4 THE COURT: LET'S BRING THE JURY IN.

5 (THE FOLLOWING PROCEEDINGS WERE HELD IN OPEN
6 COURT IN THE PRESENCE OF THE JURY:)

7 THE COURT: GOOD MORNING, LADIES AND GENTLEMEN.

8 THE JURY: GOOD MORNING.

9 THE COURT: THIS MORNING WE'LL BE HEARING
10 DEPOSITION TESTIMONY, AND IT'S THE SAME AS IF A PERSON WAS
11 HERE IN THE COURT.

12 ONE OF THE ASSISTANTS WILL BE SITTING HERE
13 TAKING THE PLACE OF THE WITNESS. AND I GUESS -- WHO IS
14 GOING TO DO THE QUESTIONING? YOU ARE?

15 MR. SHAW: YOUR HONOR, I WILL BE ASKING THE
16 QUESTION FROM THE DEPOSITION TRANSCRIPT, AND
17 MR. LANCE DURAN WILL BE READING THE ANSWERS.

18 THE COURT: MR. DURAN.

19 MR. MOSHENKO: THIS IS HIS CHANCE TO SHINE, YOUR
20 HONOR.

21 MR. SHAW: YOUR HONOR, JUST FOR SOME BACKGROUND, WE
22 ARE GOING TO BE READING FROM THE DEPOSITION OF KEDRICK,
23 K-E-D-R-I-C-K, ROBINSON'S DEPOSITIONS THAT WERE TAKEN
24 FEBRUARY 18, 2000, AND APRIL 20 OF 2000.

25 MR. DURAN, DO YOU HAVE THE TRANSCRIPTS IN
26 FRONT OF YOU?

1 MR. DURAN: I DO.

2 MR. SHAW: I WANT TO BEGIN AFTER DISCUSSIONS WITH
3 MR. SHERMAN. BEGIN AT PAGE 4, LINE 9. AND THEN I WILL NOT
4 BE RECITING EACH PAGE AND LINE, BUT I WILL BE READING
5 THROUGH AS MR. SHERMAN AND I AGREED. AND I WILL BEGIN THE
6 QUESTIONING THAT MR. MOSHENKO ASKED OF MR. ROBINSON BACK ON
7 FEBRUARY 18, 2000.

8 Q WOULD YOU STATE YOUR
9 FULL NAME.

10 A KEDRICK ROBINSON.
11 K-E-D-R-I-C-K.

12 Q YOUR PLACE OF EMPLOYMENT?

13 A COAST TO COAST RESORTS.

14 Q WHAT IS YOUR OCCUPATION?

15 A THE TITLE IS DIRECTOR OF
16 RESORT SERVICES AT PRESENT.

17 Q WHO IS YOUR EMPLOYER?

18 A COAST TO COAST/AFFINITY
19 GROUP.

20 Q HOW SHOULD I WRITE THAT?
21 SLASH AFFINITY GROUP, INC.?

22 A MY CHECKS COME FROM COAST
23 TO COAST RESORTS. COAST TO
24 COAST IS MY EMPLOYER.

25 Q WHY DID YOU ANSWER YOUR
26 EMPLOYER WAS COAST TO

1 COAST/AFFINITY GROUP, INC.?

2 A WELL, AFFINITY IS THE
3 PARENT COMPANY OF COAST TO
4 COAST.

5 Q HOW LONG HAVE YOU BEEN SO
6 EMPLOYED BY COAST TO COAST?

7 A TEN YEARS THIS JUNE.

8 Q JUNE, 1990?

9 A '90, CORRECT.

10 Q YOU HAVE TAKEN AN OATH.
11 THAT IS AN OATH TO TELL THE
12 TRUTH, THE WHOLE TRUTH, AND
13 NOTHING BUT THE TRUTH. AND YOU
14 HAVE GIVEN THAT OATH UNDER
15 PENALTY OF PERJURY.

16 DO YOU UNDERSTAND THAT?

17 A YES.

18 Q THIS PROCEEDING IS JUST
19 AS SIGNIFICANT AS THOUGH YOU
20 WERE IN A COURTROOM OF LAW; DO
21 YOU UNDERSTAND THAT?

22 A YES.

23 Q WHAT WERE YOUR JOB DUTIES
24 IN 1990 WHEN YOU FIRST CAME TO
25 WORK AT COAST TO COAST?

26 A REGIONAL DIRECTOR, AREA

1 DIRECTOR.

2 Q THAT'S YOUR TITLE. WHAT
3 WERE YOUR DUTIES?

4 A PRIMARY DUTIES WAS TO
5 SERVE AS A LIASON BETWEEN THE
6 RESORT DEVELOPERS AND COAST TO
7 COAST RESORTS.

8 Q DO YOU KNOW WHETHER COAST
9 TO COAST RESORTS -- STRIKE THAT.
10 BY COAST TO COAST
11 RESORTS, DO YOU MEAN TO REFER TO
12 AN ENTITY THAT IS SOMETIMES
13 REFERRED TO AS CAMP COAST TO
14 COAST?

15 A YES.

16 Q SO IF WE USE THE PHRASE
17 "COAST TO COAST," WE'LL BE
18 REFERRING TO CAMP COAST TO
19 COAST?

20 A YES.

21 Q I HEARD YOU USE THE TERM
22 "DEVELOPER." WHAT DO YOU MEAN
23 WHEN YOU REFER TO A DEVELOPER IN
24 THIS INDUSTRY?

25 A A CAMPGROUND DEVELOPER,
26 AN INDIVIDUAL WHOSE BUSINESS IS

1 DEVELOPING CAMPGROUNDS.

2 Q IF I REFER TO A
3 DEVELOPER, I'LL MEAN WHAT YOU
4 JUST DEFINED IT AS.

5 BUT DOES IT ALSO -- IS IT
6 ALSO A TERM THAT'S USED FOR A
7 RESORT DEVELOPER?

8 A YES, RESORT DEVELOPER.
9 ONE IN THE SAME.

10 Q IS IT CORRECT THAT YOU
11 HAVE NO KNOWLEDGE AT ALL -- I'LL
12 STOP RIGHT THERE.

13 IS IT CORRECT THAT YOU
14 HAVE NO KNOWLEDGE AT ALL OF THE
15 RELATIONSHIP, IF ANY, BETWEEN
16 CAMP COAST TO COAST AND AFFINITY
17 GROUP, INC.?

18 A I HAVE NEVER BEEN
19 INVOLVED IN THAT.

20 Q DO YOU UNDERSTAND THAT
21 THEY BOTH OPERATE OUT OF THE
22 SAME BUILDING?

23 MR. SHERMAN: OBJECTION FOR THE REASONS STATED.

24 THE COURT: SUSTAINED.

25 BY MR. SHAW: Q DO YOU UNDERSTAND THAT THEY SHARE
26 EMPLOYEES OR EQUIPMENT IN SOME MANNER?

1 MR. SHERMAN: OBJECTION. THE SAME REASONS.

2 THE COURT: SUSTAINED.

3 MR. SHAW: YOUR HONOR, THEN I WILL -- RATHER THAN
4 GO THROUGH EACH PAGE, I WILL JUST READ THAT TO YOUR HONOR
5 ON THE ISSUE OF ALTER EGO AT A LATER POINT IN TIME, PAGES
6 16 THROUGH 28.

7 THE COURT: ALL RIGHT.

8 MR. SHAW: MR. DURAN, LET'S MOVE TO PAGE 29.

9 MR. DURAN: OKAY.

10 MR. SHAW: LINE 8.

11 ARE YOU WITH ME?

12 MR. DURAN: YES.

13 MR. SHAW: MR. SHERMAN, I THINK THAT'S THE AGREED
14 PLACE TO BEGIN. CAN YOU JUST CONFIRM THAT WITH ME?

15 MR. SHERMAN: PAGE 29, LINE 8. AND WITH RESPECT TO
16 PAGE 29, LINE 8, WE OBJECT THAT THIS IS TESTIMONY THAT
17 SHOULD BE HEARD BY THE COURT FOR THE SAME REASONS AS GIVEN
18 BEFORE.

19 MR. SHAW: LET ME THEN JUST ASK THE QUESTION FOR
20 THE RECORD BECAUSE I DIDN'T UNDERSTAND THAT FROM OUR
21 DISCUSSIONS THIS MORNING.

22 "QUESTION: WHEN IS THE FIRST TIME YOU
23 LEARNED THAT COAST TO COAST PAYS AFFINITY GROUP A FEE IN
24 THE MANNER THAT YOU'VE DESCRIBED?"

25 MR. SHERMAN: THE SAME OBJECTION.

26 THE COURT: SUSTAINED.

1 MR. SHAW: MR. DURAN, WE'LL MOVE TO PAGE 30, LINE
2 1.

3 ARE YOU WITH ME?

4 MR. DURAN: YES.

5 BY MR. SHAW: Q SO YOU SPENT
6 APPROXIMATELY ALMOST SEVEN
7 YEARS -- MORE THAN SEVEN YEARS
8 ANSWERING QUESTIONS FOR RESORT
9 DEVELOPERS ABOUT THE COAST TO
10 COAST SYSTEM?

11 A WORKING WITH THE RESORT
12 DEVELOPERS, YES.

13 Q WHAT DO YOU MEAN BY
14 WORKING WITH THE RESORT
15 DEVELOPERS?

16 A YES, ANSWER QUESTIONS,
17 PROVIDE INFORMATION.

18 MR. SHERMAN: EXCUSE ME. BECAUSE OF THE WAY, YOUR
19 HONOR, THAT THIS WAS LITERALLY FINISHED UP THIS MORNING, I
20 WOULD ASK THAT MR. SHAW READ IT A LITTLE MORE SLOWLY AND
21 GIVE ME FROM TIME TO TIME SOME MORE PAGE BREAKS OR PAGE
22 INFORMATION BECAUSE I CAN'T FOLLOW RIGHT NOW.

23 MR. SHAW: CERTAINLY. I WILL SLOW IT DOWN,
24 MR. SHERMAN.

25 MR. SHERMAN: DO YOU TELL ME -- MAY I INQUIRE?
26 WHERE ARE WE?

1 MR. SHAW: YES. WE ARE AT PAGE 30, LINE 11.

2 MR. SHERMAN: THANK YOU.

3 MR. SHAW: MR. DURAN, ARE YOU WITH ME?.

4 MR. DURAN: I AM.

5 BY MR. SHAW: Q ANY OTHER
6 FUNCTIONS THAT YOU DID? ANY
7 OTHER FUNCTIONS THAT YOU DID?

8 A AS RESORT --

9 Q AS REGIONAL DIRECTOR.

10 A NO.

11 Q WHO WAS YOUR IMMEDIATELY
12 NEXT-UP-THE-LINE SUPERVISOR OR
13 DIRECTOR WHEN YOU WERE A
14 REGIONAL DEVELOPER IN 1990?

15 A CHRIS JAMTAAS.

16 MR. SHAW: J-A-M-T-A-A-S.

17 Q WHAT WAS HIS JOB
18 POSITION?

19 A I DO NOT KNOW EXACTLY.

20 MR. SHAW: AND THEN -- Q HOW
21 DO YOU SPELL "JAMTAAS"?

22 AND IT'S J-A-M-T-A-A-S.

23 Q HOW LONG WAS HE YOUR
24 SUPERVISOR?

25 A I DO NOT KNOW THE EXACT
26 DATE HE LEFT.

1 Q GIVE ME YOUR BEST
2 ESTIMATE, PLEASE.

3 A A YEAR.

4 Q WHO WAS YOUR SUPERVISOR
5 AFTER MR. JAMTAAS?

6 A GENE EVERETT.

7 Q DURING WHAT PERIOD OF
8 TIME DID THAT CIRCUMSTANCE
9 EXIST?

10 A 1992 THROUGH -- HE IS
11 STILL MY SUPERVISOR. AS
12 REGIONAL DIRECTOR. 1992 THROUGH
13 1997.

14 Q WHAT WAS HIS TITLE?

15 A DIRECTOR OF RESORT
16 SERVICES.

17 MR. SHAW: THEN, MR. SHERMAN, OVER TO PAGE 36,
18 LINE 6. MR. DURAN.

19 Q LET ME BACK UP.

20 IS THERE A TERM THAT'S
21 USED BY YOU ROUTINELY IN YOUR
22 BUSINESS, THE TERM BEING "THE
23 COAST TO COAST SYSTEM"?

24 MR. SHERMAN: OBJECTION. CUMULATIVE.

25 THE COURT: SUSTAINED.

26 BY MR. SHAW: "QUESTION: AND

1 OKAY. AND BY THAT DO YOU MEAN
2 WHAT YOU JUST REFERRED TO AS THE
3 SYSTEM OF RECIPROCAL
4 CAMPGROUNDS?

5 MR. SHERMAN: THE SAME OBJECTION.

6 THE COURT: SUSTAINED.

7 MR. SHAW: YOUR HONOR, I'LL MOVE, THEN, TO PAGE --
8 BECAUSE THERE'S A SERIES OF QUESTIONS THAT MR. SHERMAN --
9 PAGE 36, LINE 23. I'M GOING TO BEGIN THERE?

10 ARE YOU WITH ME, MR. DURAN.

11 MR. DURAN: YES.

12 BY MR. SHAW: Q SO WAS ONE OF
13 YOUR JOB FUNCTION TO ASK
14 ANSWER -- QUESTIONS ASKED BY
15 DEVELOPERS REGARDING HOW THE
16 COAST TO COAST SYSTEM WORKS?

17 A YES.

18 Q YOU ALSO INDICATED YOU
19 PROVIDE INFORMATION -- LET ME
20 START AGAIN. I'M SORRY.

21 YOU ALSO INDICATED YOU
22 PROVIDED INFORMATION TO
23 DEVELOPERS. WAS THAT
24 INFORMATION REGARDING THE COAST
25 TO COAST SYSTEM?

26 A IT WOULD BE INFORMATION

1 WHICH THEY REQUESTED REGARDING
2 WHATEVER THEY HAVE ASKED.

3 Q WHAT TRAINING OR
4 BACKGROUND EXPERIENCE DID YOU
5 HAVE THAT QUALIFIED YOU TO
6 ANSWER QUESTIONS REGARDING THE
7 COAST TO COAST SYSTEM WHEN ASKED
8 BY DEVELOPERS?

9 A ON-THE-JOB TRAINING.

10 Q HERE AT COAST TO COAST?

11 A YES.

12 Q WAS THERE ANY FORMAL
13 CLASSROOM STUDY?

14 A NO.

15 Q DO YOU HAVE ANY TRAINING
16 MATERIALS?

17 A YES, TRAINING MATERIALS
18 WERE PROVIDED.

19 Q WHAT MATERIALS DID YOU
20 USE?

21 A A REVIEW OF APPLICATIONS,
22 LICENSEE MANUALS, AND I DON'T
23 RECALL OTHERS THAT WERE
24 AVAILABLE AT THAT TIME.

25 Q WHAT APPLICATION ARE YOU
26 REFERRING TO?

1 A COAST TO COAST MEMBERSHIP
2 APPLICATION AND ALSO COAST TO
3 COAST RESORT APPLICATION.

4 Q WHAT DO YOU MEAN BY THE
5 LICENSEE MANUAL?

6 A A DOCUMENT WE PROVIDED TO
7 RESORT DEVELOPER AFFILIATES.

8 Q IS THAT DOCUMENT ACTUALLY
9 A GROUP OF DOCUMENTS THAT
10 DESCRIBE HOW THE COAST TO COAST
11 SYSTEM WORKS?

12 A ONE DOCUMENT, A GROUP OF
13 DOCUMENTS. IT WAS IN ONE BINDER
14 AS I REMEMBER.

15 MR. SHAW: MR. SHERMAN, LET'S MOVE TO PAGE 49,
16 LINE 22, WHERE WE HAD DISCUSSIONS THAT YOU DO HAVE AN
17 OBJECTION. SO I'LL GO AHEAD AND ASK THE QUESTION FOR THE
18 RECORD.

19 MR. SHERMAN: THANK YOU.

20 MR. SHAW: ARE YOU WITH ME, MR. DURAN, PAGE 49,
21 LINE 22?

22 MR. DURAN: YES.

23 BY MR. SHAW: Q HAVE YOU EVER
24 HEARD THAT THERE IS A DATABASE
25 WHICH INCLUDES THE NAMES,
26 ADDRESSES AND TELEPHONE NUMBERS

1 OF PERSONS WHO ARE MEMBERS OF
2 CAMP COAST TO COAST?

3 MR. SHERMAN: OBJECTION. IRRELEVANT. CUMULATIVE.

4 THE COURT: SUSTAINED.

5 MR. SHAW: MR. SHERMAN, I'M GOING TO MOVE TO PAGE
6 50, LINE 11. I'M SORRY. I NEED TO GO UP TO PAGE 6 TO SET
7 THAT UP, MR. SHERMAN. LINE 6 -- EXCUSE ME -- ON PAGE 50.

8 ARE YOU WITH ME, MR. DURAN?

9 MR. DURAN: YES.

10 BY MR. SHAW: Q SO ARE YOU
11 AWARE OF LISTS, HARD-COPY OR
12 COMPUTER-GENERATED, COMPUTER
13 DATABASE LIST OF MEMBERS?

14 A COMPUTER DATABASE LIST OF
15 MEMBERS, YES.

16 Q WHERE ARE THOSE LISTS
17 KEPT, THE
18 COMPUTER-BASED LISTS?

19 MR. SHERMAN: OBJECTION. IRRELEVANT. CUMULATIVE.

20 THE COURT: SUSTAINED.

21 MR. SHAW: MR. SHERMAN, I'M GOING TO MOVE TO PAGE
22 51, LINE 2.

23 MR. SHAW: MR. DURAN, ARE YOU WITH ME?

24 MR. DURAN: YES.

25 BY MR. SHAW: Q DIRECTOR OF
26 RESORT SERVICES. DO YOU HAVE

1 THE ABILITY TO WALK IN AND SAY,
2 GEORGE, RUN ME A LIST?

3 MR. SHERMAN: OBJECTION. IRRELEVANT. CUMULATIVE.

4 THE COURT: SUSTAINED.

5 MR. SHAW: MR. SHERMAN, I'M GOING TO MOVE TO PAGE
6 51, LINE 20.

7 BY MR. SHAW: Q HAVE YOU EVER
8 SEEN A HARD COPY OF A LIST OF
9 MEMBERS?

10 A YES.

11 Q WHEN DID YOU SEE A HARD
12 COPY OF MEMBERS OF CAMP COAST TO
13 COAST?

14 MR. SHERMAN: OBJECTION. IRRELEVANT.

15 MR. SHAW: YOUR HONOR, THIS LIST OF MEMBERS COMES
16 FROM THE AFFILIATION AGREEMENT. I'M STAGING -- SETTING THE
17 STAGE HERE FOUNDATIONALLY AS TO WHAT THIS PARTICULAR
18 REGIONAL DIRECTOR DID WITH THOSE LISTS WHEN MR. NOVELLI
19 WITHDREW THE RESORTS. SO THIS IS NOT CUMULATIVE. THIS IS
20 WHAT THIS PARTICULAR --

21 THE COURT: I'LL ALLOW IT. PROCEED.

22 MR. SHAW: OKAY.

23 MR. DURAN, I'M GOING TO START AGAIN ON PAGE
24 51, LINE 25.

25 ARE YOU WITH ME, MR. SHERMAN?

26 MR. SHERMAN: YES.

1 MR. SHAW: OKAY.

2 BY MR. SHAW: Q WHEN DID YOU
3 SEE A HARD COPY OF MEMBERS OF
4 CAMP COAST TO COAST?

5 A WE -- WHEN? ARE YOU
6 LOOKING FOR A SPECIFIC DATE?

7 Q IF YOU CAN'T, GIVE ME
8 YOUR BEST ESTIMATE IF YOU DON'T
9 RECALL.

10 MR. SHERMAN: OBJECTION. IT LACKS FOUNDATION THAT
11 THIS HAS ANYTHING TO DO WITH MR. NOVELLI'S LISTS,
12 NOTWITHSTANDING MR. SHAW'S STATEMENT A FEW MOMENTS AGO. IT
13 LACKS FOUNDATION, AND IT'S IRRELEVANT ON THAT BASIS.

14 THE COURT: I'LL ALLOW IT.

15 THE WITNESS: WELL, IN THE
16 COURSE OF BUSINESS, WE HAVE --
17 EARLY WHEN I STARTED, WE SENT
18 LISTS TO DEVELOPERS ON A
19 BIENNIAL BASIS FOR THEM TO CHECK
20 AGAINST THEIR OWN MEMBER LISTS.
21 I HAVE SEEN THOSE.

22 BY MR. SHAW: Q DURING WHAT
23 YEARS DID THAT OCCUR?

24 A IT OCCURRED ON AN ANNUAL
25 BASIS.

26 Q WHICH YEARS?

1 A 1990 THROUGH '97.
2 Q AND DID IT -- DID IT
3 STOP? DID COAST TO COAST STOP
4 SENDING LISTS TO RESORT
5 DEVELOPERS OF THEIR MEMBERS IN
6 1997?

7 MR. SHAW: IT PICKS UP AT LINE 20.

8 THE WITNESS: WE WENT TO AN
9 ON-REQUEST BASIS. COAST TO
10 COAST WENT TO AN ON-REQUEST
11 BASIS.

12 MR. SHAW: MR. SHERMAN, LET'S MOVE TO PAGE 54,
13 LINE 1.

14 AS YOU RECALL WE SPOKE ABOUT PAGE 52, AND
15 YOU WANTED ME TO EXPAND FROM LINES 1 THROUGH 5 TO LINES 1
16 THROUGH 21. I'M SORRY. 1 THROUGH 14. AND SO I FINISHED
17 THERE.

18 MR. SHERMAN: VERY WELL.

19 MR. SHAW: AND NOW I'M GOING TO GO OVER TO 54.

20 MR. SHERMAN: VERY WELL.

21 MR. SHAW: OKAY. ARE YOU WITH ME, MR. DURAN?

22 MR. DURAN: YES.

23 BY MR. SHAW: Q WAS IT A -- DO
24 YOU HAVE SOME UNDERSTANDING WHAT
25 THE REASON FOR SENDING THESE
26 BIANNUAL LISTS WAS?

1 A YES.

2 Q WHAT WAS THE REASON?

3 A THE REASON AS I KNEW IT
4 WAS IT WAS FOR THEM TO COMPARE
5 THE COAST TO COAST MEMBERS WITH
6 THEIR OWN MEMBERS TO SEE IF THEY
7 WERE STILL CURRENT MEMBERS IN
8 GOOD STANDING WITH THE HOME
9 PARK.

10 Q WHAT'S A HOME PARK?

11 A A HOME PARK IS -- WE
12 DENOTE THEM AS A PLACE WHERE THE
13 MEMBER PURCHASES A MEMBERSHIP,
14 AND IT'S ALSO WHERE THEY
15 INITIALLY SIGN UP WITH COAST TO
16 COAST.

17 Q THE FIRST MEMBERSHIP IS A
18 MEMBERSHIP IN A RESORT OR
19 CAMPGROUND?

20 A IN THE INDIVIDUAL RESORT,
21 YES.

22 Q SO A HOME PARK IS WHERE A
23 MEMBER -- STRIKE THAT.

24 SO IS IT CORRECT THAT
25 COAST TO COAST MEMBERS HAVE
26 MEMBERSHIPS IN CAMPGROUNDS OR

1 RESORTS WHICH ARE REFERRED TO AS
2 HOME PARKS OR HOME RESORTS?

3 A YES.

4 MR. SHAW: AND THEN, MR. SHERMAN, I'M ADDING THE
5 LINES YOU REQUESTED.

6 Q ALSO REFERRED TO AS
7 PRIMARY HOME RESORT?

8 A THAT TERMINOLOGY IS NOT
9 USED TO MY KNOWLEDGE.

10 Q AND THE SECOND THING YOU
11 SAID IS WHERE THAT PERSON SIGNS
12 UP FOR COAST TO COAST?

13 A AFTER THEY BUY THEIR
14 MEMBERSHIP IN THAT RESORT.

15 Q WHAT DO YOU MEAN BY SIGNS
16 UP FOR COAST TO COAST?

17 A COMPLETES THE APPLICATION
18 TO BECOME A MEMBER OF COAST TO
19 COAST.

20 MR. SHAW: MR. SHERMAN, I'M GOING TO MOVE TO PAGE
21 61.

22 MR. DURAN, ARE YOU WITH ME, PAGE 61, LINE
23 5?

24 MR. DURAN: I AM.

25 BY MR. SHAW: Q DO YOUR JOB
26 DUTIES AS GENERAL -- LET ME

1 START AGAIN.

2 DO YOUR JOB DUTIES AS
3 REGIONAL DIRECTOR REQUIRE YOU TO
4 BE GENERALLY FAMILIAR WITH THE
5 TERMS AND CONDITIONS IN THAT
6 CONTRACT?

7 A GENERALLY, YES.

8 Q DID YOU FROM TIME TO TIME
9 DISCUSS THE TERMS AND CONDITIONS
10 OF THE AFFILIATION AGREEMENT
11 WITH DEVELOPERS WHILE REGIONAL
12 DIRECTOR?

13 A I DON'T RECALL ANY
14 SPECIFICALLY, NO.

15 Q WHERE AFFILIATION
16 AGREEMENTS EXISTED, WAS IT COAST
17 TO COAST'S PRACTICE TO KEEP
18 THOSE AGREEMENTS IN THE RESORT
19 SERVICES FILE THAT RELATED TO
20 EACH PARTICULAR RESORT?

21 A YES.

22 Q WHERE ARE -- WHERE DOES
23 COAST TO COAST KEEP THE RESORT
24 SERVICES FILES FOR ITS
25 AFFILIATED RESORTS?

26 MR. SHERMAN: OBJECTION. IRRELEVANT.

1 THE COURT: SUSTAINED.

2 MR. SHAW: MR. SHERMAN, I'M PICKING UP ON PAGE
3 62. I'M SKIPPING THAT NEXT QUESTION, WHICH IS A FOLLOW-UP.
4 SO I'M MOVING TO PAGE 62, LINE 6.

5 ARE YOU WITH ME?

6 MR. SHERMAN: YES. THANK YOU.

7 MR. SHAW: MR. DURAN?

8 MR. DURAN: OKAY.

9 BY MR. SHAW: Q WHERE IS THE
10 RESORT SERVICES DEPARTMENT IN
11 THIS BUILDING? UPSTAIRS,
12 DOWNSTAIRS, RIGHT WING, LEFT
13 WING?

14 MR. SHERMAN: IRRELEVANT.

15 THE COURT: SUSTAINED.

16 MR. SHAW: YOUR HONOR, I WOULD JUST LIKE THE
17 OPPORTUNITY TO READ THESE TO YOUR HONOR AT A LATER POINT IN
18 TIME ON THE ISSUE OF THE ALTER EGO THAT WE DISCUSSED, AND
19 THEN SO I'LL MOVE PAST.

20 MR. SHERMAN, I'M GOING TO MOVE TO PAGE 63,
21 LINE 1 THROUGH 24, STARTING AT LINE 3. EXCUSE ME.
22 MR. SHERMAN, AT PAGE 63.

23 Q HAVE YOU EVER GONE TO A
24 RESORT SERVICES FILE AND LOOKED
25 FOR AN AFFILIATION AGREEMENT FOR
26 A PARTICULAR RESORT?

1 MR. SHERMAN: OBJECTION. IRRELEVANT.

2 THE COURT: SUSTAINED.

3 MR. SHAW: YOUR HONOR, I JUST WANT TO MAKE A NOTE
4 FOR THE RECORD. THE CODE REQUIRES THAT WE GIVE NOTICE OF
5 WHAT WE'RE GOING TO READ, WHICH WE DID ON JUNE 14TH, AND
6 THE CODE ALSO REQUIRES WRITTEN OBJECTIONS, NOT ORAL
7 OBJECTIONS. THERE HAVE BEEN NO WRITTEN OBJECTIONS TO THE
8 LANGUAGE THAT I AM READING; THAT'S NUMBER ONE. SO I THINK
9 THEY HAVE WAIVED THEIR OBJECTIONS.

10 BUT NUMBER TWO, AND MORE IMPORTANTLY, IS,
11 THIS NEXT SERIES OF QUESTIONS SET UP THE STAGE OF HIS BEING
12 ABLE TO DEAL WITH THE AFFILIATION AGREEMENTS AND HOW THEY
13 RELATED TO MR. NOVELLI WITHDRAWING HIS RESORTS IN AUGUST OF
14 1997. SO, IRRELEVANT -- IT IS FOUNDATIONAL TO ACTIONS THAT
15 TOOK PLACE AT A LATER POINT IN TIME.

16 MR. SHERMAN: OBJECTION TO COUNSEL'S CONTINUED
17 SPEAKING OBJECTIONS, YOUR HONOR.

18 MR. SHAW: I'M SORRY, YOUR HONOR. I DON'T KNOW HOW
19 ELSE TO DO IT IN THIS SETTING.

20 THE COURT: ALL RIGHT.

21 MR. SHERMAN: WE HAVE ASKED TO APPROACHED FROM TIME
22 TO TIME, YOUR HONOR. I OBJECT TO COUNSEL'S CONTINUED
23 SPEAKING OBJECTIONS IN THIS COURTROOM.

24 THE COURT: ALL RIGHT. I SUSTAINED THE OBJECTION.

25 MR. SHAW: MR. SHERMAN, I'M GOING TO MOVE TO PAGE
26 64, LINE 23.

1 MR. DURAN, ARE YOU WITH ME?

2 MR. DURAN: YES.

3 BY MR. SHAW: Q CAN YOU GIVE ME
4 AN EXAMPLE OF WHY OR THE
5 CIRCUMSTANCES UNDER WHICH YOU AS
6 REGIONAL DIRECTOR DEALT WITH A
7 RESORT DEVELOPER FOR A RESORT
8 THAT WAS NOT AN AFFILIATED
9 RESORT?

10 A IT MIGHT BE A NEW RESORT
11 COMING IN, A PROSPECT THAT WE
12 WERE TALKING TO ABOUT BECOMING
13 AFFILIATED.

14 Q DID THE AREA DIRECTOR'S
15 DUTIES INCLUDE DEALING WITH
16 POTENTIAL NEW AFFILIATED
17 RESORTS?

18 A YES.

19 Q WHAT KIND OF JOB DUTIES
20 OR ACTUAL DUTIES DID YOU DO AS
21 AN AREA DIRECTOR TO DEAL WITH
22 POTENTIAL NEW AFFILIATED
23 RESORTS?

24 A MOSTLY JUST CONTACT THEM
25 AND DISCUSS THEIR INTEREST IN
26 BECOMING A COAST TO COAST

1 RESORT.

2 Q WAS THIS A FUNCTION -- A
3 "RESPONDING TO A CONTACT BY
4 THEM" FUNCTION, OR IS IT AN
5 AFFIRMATIVE FUNCTION WHERE THE
6 AREA DIRECTORS AS A PART OF
7 THEIR JOB TRY TO LOCATE,
8 IDENTITY -- IDENTIFY AND THEN
9 CONTACT POTENTIAL NEW AFFILIATED
10 RESORTS?

11 MR. SHERMAN: OBJECTION. IT'S IRRELEVANT TO THIS
12 CASE.

13 THE COURT: SUSTAINED.

14 MR. SHAW: YOUR HONOR, I'M GOING TO MOVE TO PAGE
15 69. MR. SHERMAN, I'M GOING TO SKIP THAT REMAINING PORTION
16 ON PAGE 66 AS IT'S A FOLLOW-UP TO THAT QUESTION. SO IF WE
17 CAN GO TO PAGE 69, LINE 5.

18 ARE YOU WITH ME?

19 MR. SHERMAN: YES.

20 MR. SHAW: MR. DURAN?

21 MR. DURAN: YES.

22 BY MR. SHAW: Q I WILL SAY --
23 I WILL CHANGE IT TO -- WHILE AN
24 AREA DIRECTOR DID YOU TELL --
25 I'LL CALL THEM PROSPECTIVE
26 AFFILIATED RESORTS, THAT TO

1 BECOME AN AFFILIATED RESORT IT
2 WAS NECESSARY TO ENTER INTO A
3 CONTRACT?

4 MR. SHERMAN: OBJECTION FOR THE SAME REASONS.
5 IT'S IRRELEVANT.

6 MR. SHAW: YOUR HONOR, I WOULD LIKE TO BE SEEN AT
7 THE SIDE BAR ON THIS.

8 THE COURT: ALL RIGHT. APPROACH.

9 MR. MOSHENKO: COULD I JOIN SINCE I TOOK THE
10 DEPOSITION AND POSED THE QUESTIONS?

11 THE COURT: YES.

12 (DISCUSSION OFF THE RECORD.)

13 MR. SHAW: YES, YOUR HONOR. IN ORDER TO MOVE
14 THROUGH SOME OF THE TESTIMONY, I BELIEVE I CAN STATE THE
15 STIPULATION --

16 MR. SHERMAN: LET ME STATE THE STIPULATION, PLEASE,
17 THAT I'M PREPARED TO OFFER ON BEHALF OF DEFENDANTS.

18 THE STIPULATION IS THAT DEFENDANTS STIPULATE
19 THAT IN ADDITION TO ANY OF THE WRITTEN AFFILIATION
20 AGREEMENTS THAT HAVE BEEN MOVED INTO EVIDENCE IN THIS CASE
21 BETWEEN COAST TO COAST AND THE PLAINTIFF RESORTS AND
22 RECEIVED INTO EVIDENCE, THAT IN THOSE INSTANCES WHERE THERE
23 WAS NOT A WRITTEN AFFILIATION AGREEMENT SIGNED BY THAT
24 PARTICULAR RESORT AND CAMP COAST TO COAST, CAMP COAST TO
25 COAST DID -- IF IT KEPT THE AFFILIATED RESORT IN THE
26 DIRECTORY AND GAVE IT THE HOSTING PRIVILEGES AND THE

1 RECIPROCAL PRIVILEGES, TREATED IT AS IF IT HAD SIGNED ONE
2 OF THOSE WRITTEN AFFILIATION AGREEMENTS.

3 THAT'S WHAT I INDICATED TO YOUR HONOR IN NOT
4 SO MANY WORDS AT THE SIDEBAR, AND THAT'S WHAT WE'RE
5 PREPARED TO ASSERT AS A FACT.

6 THE COURT: WELL, WHAT YOU'RE WILLING TO STIPULATE
7 TO IS THAT SIMPLY THE CONTRACT WASN'T NECESSARY IF THEY
8 WERE TO BE TREATED AS AN AFFILIATE.

9 MR. SHERMAN: IN THOSE INSTANCES, IN THOSE FEW
10 INSTANCES WHERE THERE MIGHT NOT HAVE BEEN IN THE FILES A
11 WRITTEN AFFILIATION AGREEMENT, COAST TO COAST TREATED THEM
12 ON THE SAME TERMS AS THE OTHERS THAT HAD THOSE WRITTEN
13 AFFILIATION AGREEMENTS.

14 THE COURT: DO YOU ACCEPT THAT STIPULATION?

15 MR. SHAW: WE DO, YOUR HONOR.

16 THE COURT: THANK YOU.

17 MR. SHAW: YOUR HONOR, I APOLOGIZE, AND I
18 APOLOGIZE TO THE JURY. BUT I'M SKIPPING THROUGH SOME OF
19 THIS BECAUSE WITH THE STIPULATION WE'VE DEALT WITH IT. LET
20 ME JUST TAKE A QUICK MOMENT.

21 MR. SHERMAN, I'M GOING TO GO TO PAGE 71,
22 LINE 6.

23 MR. DURAN?

24 MR. DURAN: OKAY.

25 MR. SHAW: AND, YOUR HONOR, THIS AREA GOES TO THE
26 OTHER ISSUES AT THE SIDEBAR THAT ARE NONCONTRACT ISSUES.

1 BUT STARTING AT LINE 6.

2 Q DID YOU IN YOUR NORMAL
3 PRACTICE TELL PROSPECTIVE
4 RESORTS THAT THE AFFILIATION
5 WITH COAST TO COAST WAS
6 TERMINABLE, OR COULD BE
7 TERMINATED?

8 MR. SHERMAN: OBJECTION. IT'S IRRELEVANT AND
9 VIOLATES THE PAROL EVIDENCE RULE.

10 THE COURT: SUSTAINED.

11 MR. SHAW: YOUR HONOR, THIS IS A NONCONTRACT
12 ISSUE. THERE ARE OTHER TORTS.

13 THE COURT: I'VE RULED, COUNSEL.

14 MR. SHAW: I'M SORRY, YOUR HONOR. I'M MOVING
15 THROUGH SOME OF THIS AREA IN DEFERENCE TO THE COURT'S
16 RULING.

17 JUST FOR THE RECORD, I'D LIKE IT TO REFLECT
18 THAT -- MR. SHERMAN, FOR THE RECORD, PAGE 71, LINE 6,
19 THROUGH PAGE 72 -- ARE SUBJECT TO THE COURT'S ORDER AND
20 OVER MY OBJECTION.

21 MR. SHERMAN, I'M GOING TO MOVE TO PAGE 82,
22 LINE 9.

23 MR. DURAN?

24 MR. DURAN: OKAY.

25 MR. SHAW: ARE YOU WITH ME, MR. SHERMAN?

26 Q DIDN'T YOU TELL ME THAT

1 TO BE A COAST TO COAST MEMBER,
2 YOU HAD TO BE A MEMBER OF AN
3 AFFILIATED RESORT?

4 MR. SHERMAN: OBJECTION. IRRELEVANT. CUMULATIVE.

5 THE COURT: SUSTAINED.

6 MR. SHAW: YOUR HONOR, JUST FOR THE RECORD, THIS
7 GOES TO THE NONCONTRACT ISSUES.

8 THE COURT: WHICH YOU ALREADY HAVE A STIPULATION
9 FOR.

10 MR. SHAW: I REALIZE THAT, YOUR HONOR. BUT A
11 STIPULATION AS TO ALL THE RESORTS BEING AFFILIATED IS
12 DIFFERENT THAN REPRESENTATIONS THAT ARE BEING MADE OUTSIDE
13 THE COMPANY. AND I DON'T WANT TO MAKE A SPEAKING
14 OBJECTION.

15 Q DID YOU TELL THE
16 DEVELOPERS THAT IF THE MEMBER --
17 DID YOU EVER TELL THE DEVELOPERS
18 THAT IF THEIR MEMBERS WERE TO
19 CEASE BEING MEMBERS OF THEIR
20 RESORTS, THEY COULD NOT CONTINUE
21 TO BE MEMBERS OF CAMP COAST TO
22 COAST OR WORDS TO THAT EFFECT?

23 MR. SHERMAN: OBJECTION. IRRELEVANT. VIOLATES
24 THE PAROL EVIDENCE RULE.

25 THE COURT: SUSTAINED.

26 MR. SHAW: AGAIN, YOUR HONOR, THESE GO TO THE

1 NONCONTRACT ISSUES.

2 MR. SHERMAN, I WOULD MOVE TO PAGE 89, LINES
3 21.

4 MR. DURAN?

5 MR. DURAN: OKAY.

6 BY MR. SHAW: Q HAVE YOU EVER
7 HAD DISCUSSIONS WITH RESORT
8 DEVELOPERS ABOUT WHAT HAPPENS TO
9 CAMP COAST TO COAST MEMBERS
10 SHOULD THE RESORT DISAFFILIATE
11 FROM CAMP COAST TO COAST?

12 MR. SHERMAN: OBJECTION. IRRELEVANT. VIOLATES
13 THE PAROL EVIDENCE RULE.

14 THE COURT: SUSTAINED.

15 MR. SHAW: YOUR HONOR, I NEED TO BE SEEN AT THE
16 SIDEBAR, IF I COULD ON THIS SUBJECT.

17 (DISCUSSION OFF THE RECORD.)

18 MR. SHAW: I GUESS IT WOULD HELP, MR. DURAN, IF I
19 GAVE YOU BACK THE TRANSCRIPT.

20 MR. DURAN: RIGHT.

21 MR. SHAW: I KNOW I'VE ASKED YOU TO MEMORIZE ALL OF
22 IT, SO I'M SURE YOU COULD REGURGITATE IT. I DIDN'T MEAN
23 THAT LITERALLY. I MEANT IT FIGURATIVELY.

24 OKAY. LET'S GO TO PAGE 90, LINE 1.

25 Q WHAT HAPPENS TO
26 RESORT -- CAMP COAST TO COAST

1 MEMBERS UNDER THE COAST TO COAST
2 SYSTEM WHEN A RESORT
3 DISAFFILIATES WITH CAMP COAST TO
4 COAST?

5 A COAST TO COAST -- IF A
6 RESORT DISAFFILIATES, COAST TO
7 COAST WOULD ATTEMPT TO FIND
8 OTHER LOCATIONS, WHICH THOSE
9 MEMBERS MIGHT JOIN ANOTHER HOME
10 RESORT.

11 Q DO YOU KNOW WHETHER OR
12 NOT THAT CONCEPT IS WRITTEN
13 ANYWHERE IN COAST TO COAST
14 MATERIALS?

15 A I DO NOT KNOW.

16 Q HAVE YOU EVER HEARD THE
17 MEMBERS OF COAST TO COAST
18 REFERRED TO AS "ORPHANS"?

19 A YES.

20 Q WHERE DID YOU HEAR THAT?

21 A IN THE COURSE OF BUSINESS
22 OVER THE YEARS.

23 Q IS THE TERM USED AS PART
24 OF YOUR JOB DUTIES?

25 A IT'S BEEN USED ON
26 OCCASION.

1 Q WHAT IS AN ORPHAN, IN
2 COAST TO COAST'S JARGON?

3 A AN ORPHAN, AS I
4 UNDERSTAND IT, IS A MEMBER WHOSE
5 HOME PARK WAS DISASSOCIATED WITH
6 COAST TO COAST, A COAST TO COAST
7 MEMBER.

8 MR. SHERMAN: EXCUSE ME. IT SAYS "HAS
9 DISASSOCIATED."

10 MR. DURAN: EXCUSE ME.

11 "HAS DISASSOCIATED."

12 MR. SHAW: MR. DURAN, JUST SO OUR RECORD IS CLEAR,
13 LET ME GO BACK AND READ THE QUESTION AND ANSWER AGAIN.

14 Q WHAT IS AN ORPHAN IN
15 COAST TO COAST JARGON?

16 A AN ORPHAN, AS I
17 UNDERSTAND IT, IS A MEMBER WHOSE
18 HOME PARK HAS DISASSOCIATED WITH
19 COAST TO COAST, A COAST TO COAST
20 MEMBER.

21 Q DOES COAST TO COAST HAVE
22 A PRACTICE OR A POLICY THAT --
23 AS TO HOW IT DEALS WITH ORPHANS?

24 A YES.

25 Q IS IT WHAT YOU JUST
26 DESCRIBED, THAT COAST TO COAST

1 ATTEMPTS TO FIND OTHER LOCATIONS
2 FOR THE MEMBERS IN OTHER
3 RESORTS?

4 A COAST TO COAST ATTEMPTS
5 TO FIND PLACES FOR THOSE COAST
6 TO COAST MEMBERS TO BECOME
7 MEMBERS OF ANOTHER AFFILIATED
8 RESORT.

9 Q DOES IT MATTER -- DO YOU
10 HAVE SOME UNDERSTANDING OF --
11 STRIKE THAT.

12 DOES IT MATTER WHY THE
13 RESORT DISAFFILIATES AS TO
14 WHETHER OR NOT THE MEMBERS
15 BECOME, QUOTE, ORPHANS OR NOT?

16 A NO.

17 Q SO IN COAST TO COAST, IF
18 A RESORT DISAFFILIATES BECAUSE
19 IT GOES OUT OF BUSINESS OR
20 ANOTHER RESORT DISAFFILIATES
21 BECAUSE IT CHOSE TO QUIT THE
22 COAST TO COAST SYSTEM, IT
23 DOESN'T MATTER; THEIR MEMBERS
24 ARE ALL ORPHANS?

25 A YES.

26 Q SO YOU AND COAST TO

1 COAST -- HOW DOES COAST TO COAST
2 ACT TO ATTEMPT TO FIND OTHER
3 LOCATIONS FOR MEMBERS WHO ARE
4 ORPHANS?

5 A WE WOULD CONTACT OTHER
6 RESORTS IN THE IMMEDIATE AREA,
7 DISCUSS WITH THOSE DEVELOPERS IF
8 THEY HAD AN INTEREST IN OFFERING
9 A COAST TO COAST ORPHAN MEMBER A
10 SPECIAL FEE OR SOME KIND OF A
11 SPECIAL DEAL TO BECOME -- TO
12 TAKE THEM IN SO THEY COULD
13 MAINTAIN THEIR COAST TO COAST
14 MEMBERSHIP.

15 Q IN THAT RESPONSE YOU USED
16 THE PHRASE "SO THEY COULD
17 MAINTAIN THEIR COAST TO COAST
18 MEMBERSHIP." DOES THE USE OF
19 THE PHRASE "MAINTAIN" SUGGEST
20 THAT IF THEY, THE MEMBER,
21 DOESN'T BECOME A MEMBER OF THE
22 CONTACTED RESORT OR ANOTHER
23 AFFILIATED RESORT, THAT THE
24 MEMBERSHIP IN COAST TO COAST
25 WILL NOT BE MAINTAINED?

26 A YES.

1 Q IT WILL BE CANCELLED;
2 CORRECT?

3 A YES.

4 Q HAVE YOU EVER TOLD AN
5 AFFILIATED RESORT DEVELOPER OR A
6 PROSPECTIVE AFFILIATED RESORT
7 DEVELOPER THAT IF HIS RESORT DID
8 NOT MAINTAIN ITS AFFILIATION
9 WITH COAST TO COAST, THAT COAST
10 TO COAST WOULD ATTEMPT -- WOULD
11 ACT TO ATTEMPT TO FIND ANOTHER
12 AFFILIATED RESORT AND CONTACT
13 THAT RESORT TO HAVE THAT RESORT
14 TO TAKE IN THE DISAFFILIATED
15 RESORT'S MEMBERS?

16 A YES.

17 Q CAN YOU IDENTIFY A RESORT
18 DEVELOPER THAT YOU TOLD THAT TO?

19 A NO.

20 Q CAN YOU TELL ME WHEN YOU
21 TOLD THAT TO A RESORT DEVELOPER?

22 A I CAN TELL YOU THAT
23 OFTENTIMES NEW DEVELOPERS COMING
24 INTO OUR SYSTEM WOULD ASK, IF
25 PER CHANCE I CHOOSE AFTER A
26 PERIOD OF YEARS NOT TO BECOME,

1 IS THERE A MEANS BY WHICH YOU
2 CAN TAKE CARE OF MY MEMBERS?
3 AND THAT WAS DISCUSSED.

4 Q IT WASN'T YOUR PRACTICE
5 TO BRING UP AND DISCUSS THE
6 COAST TO COAST HANDLING OF
7 ORPHANS POLICY WITH PROSPECTIVE
8 DEVELOPERS, WAS IT?

9 MR. SHERMAN: EXCUSE ME, COUNSEL. WHERE DID
10 YOU --

11 MR. SHAW: I'M SORRY, MR. SHERMAN. LET ME GIVE YOU
12 SOME CONTEXT.

13 AS YOU RECALL, ITEM NUMBER 46 ON MY NOTICE
14 TALKED ABOUT LINE 95.

15 MR. SHERMAN: THERE IS NO LINE -- PAGE.

16 MR. SHAW: I'M SORRY. EXCUSE ME. PAGE 95, LINES
17 23 THROUGH 25.

18 MR. SHERMAN: THANK YOU.

19 MR. SHAW: ARE YOU WITH ME? I ADDED THAT LAST
20 SECTION 94, 2 THROUGH 22, AT YOUR REQUEST.

21 MR. SHERMAN: RIGHT.

22 MR. SHAW: AND THEN I'M CONTINUING WITH MY SECTION
23 46.

24 MR. SHERMAN: OKAY.

25 BY MR. SHAW: Q IT WASN'T YOUR
26 PRACTICE TO BRING UP AND DISCUSS

1 THE COAST TO COAST HANDLING OF
2 ORPHAN POLICIES WITH PROSPECTIVE
3 DEVELOPERS, WAS IT?

4 A NO.

5 Q IS THERE SOME REASON WHY
6 YOU DID NOT BRING THAT UP AND
7 DISCUSS IT VOLUNTARILY?

8 A MY REASON WOULD HAVE BEEN
9 IT WOULD HAVE BEEN A NEGATIVE ON
10 THEM. IF THEY CHOSE TO BECOME
11 PART OF OUR SYSTEM, THEN WHY
12 WOULD I DISCUSS THEIR
13 DISSOLUTION BEFORE THEY WERE
14 EVEN PART OF THE SYSTEM?

15 Q WHAT DO YOU MEAN BY A
16 NEGATIVE?

17 A IT SEEMS LIKE A
18 NEGATIVE -- IT SEEMS LIKE A
19 NEGATIVE THAT WE WOULD SAY WE
20 HAVE A REASON FOR WHICH TO
21 DISPLACE YOUR MEMBERS WHEN THEY
22 ARE TRYING TO COME INTO OUR
23 SYSTEM AND THEY ARE WANTING TO
24 SELL MEMBERSHIPS.

25 Q OKAY. I HAVE A CORRECT
26 UNDERSTANDING THAT YOU ARE THERE

1 TO GIVE THE POSITIVE ASPECTS OF
2 A COAST TO COAST AFFILIATION,
3 NOT THE NEGATIVE ASPECTS?

4 A YES.

5 Q HAVE YOU EVER BEEN GIVEN
6 ANY DIRECTION OR INSTRUCTION BY
7 CAMP COAST TO COAST ON WHETHER
8 OR NOT TO DISCUSS THE ORPHAN
9 PRACTICES WITH PROSPECTIVE
10 DEVELOPERS?

11 A NO.

12 Q YOU USE YOUR OWN JUDGMENT
13 IN THAT CIRCUMSTANCE; IS THAT
14 WHAT HAPPENED?

15 A YES.

16 MR. SHAW: MR. SHERMAN, PAGE 98, LINE 4.

17 ARE YOU WITH ME?

18 MR. SHERMAN: YES.

19 MR. SHAW: MR. DURAN?

20 MR. DURAN: YES.

21 BY MR. SHAW: Q I HAVE ASKED
22 IT DIFFERENTLY NOW.

23 IS IT CORRECT IT WAS YOUR
24 PRACTICE NOT TO DISCUSS THE
25 ORPHAN PRACTICES WITH POTENTIAL
26 NEW RESORT DEVELOPERS?

1 MR. SHERMAN: OBJECTION, IRRELEVANT.

2 THE COURT: SUSTAINED.

3 MR. SHAW: YOUR HONOR JUST FOR THE RECORD THIS IS
4 FOR THE NONCONTRACT CLAIMS.

5 MR. SHERMAN, I'M GOING TO BE ADDING NOW THE
6 PAGE 102, 103 THAT YOU REQUESTED I ADD.

7 MR. SHERMAN: THANK YOU.

8 MR. SHAW: SO PAGE 102, MR. DURAN, LINE 2 THROUGH
9 LINE 13.

10 MR. DURAN: OKAY.

11 BY MR. SHAW: Q WHEN YOU SAID
12 IT WAS A NEGATIVE TO BRING THAT
13 UP, OR WORDS TO THAT EFFECT,
14 WHAT DID YOU MEAN?

15 A IN MY EYES IT WOULD HAVE
16 BEEN MORE TALKING ABOUT SOMEBODY
17 WHO IS GOING INTO BUSINESS,
18 TELLING THEM THAT I DIDN'T FEEL
19 THAT THEY COULD SUCCEED IN THEIR
20 BUSINESS.

21 Q ANYTHING ELSE THAT YOU
22 MEANT WHEN YOU SAID IT WAS A
23 NEGATIVE?

24 A NO.

25 Q HAVE YOU EVER MET

26 MR. NOVELLI --

1 I'M SORRY, MR. DURAN. PAGE 103, LINES 8
2 THROUGH 15. IT MAY NOT BE MARKED ON YOUR PAGE BECAUSE
3 MR. SHERMAN ASKED ME TO ADD IT.

4 MR. DURAN: OKAY. I SEE IT.

5 MR. SHAW: ARE YOU WITH ME?

6 MR. DURAN: YES.

7 MR. SHAW: LINE 8.

8 MR. DURAN: ANSWER, NO.

9 MR. SHAW: LET ME START AGAIN.

10 Q HAVE YOU EVER MET

11 MR. NOVELLI?

12 A NO.

13 Q HAVE YOU EVER SPOKEN TO

14 HIM?

15 A NO.

16 Q HAVE YOU EVER WRITTEN TO

17 HIM?

18 A NO.

19 MR. SHAW: NOW, LET'S GO BACK TO PAGE 105, LINE

20 14.

21 Q WHEN DID YOU HEAR THAT

22 MR. NOVELLI HAD DISAFFILIATED

23 HIS RESORTS?

24 A IT WOULD BE 1997, TO MY

25 RECOLLECTION.

26 Q BE MORE SPECIFIC.

1 A NO.

2 Q DO YOU KNOW MR. VOPNFORD?

3 A YES.

4 Q HAVE YOU EVER SPOKEN TO
5 HIM?

6 A YES.

7 Q HAVE YOU EVER SPOKEN TO
8 HIM CONCERNING THE SUBJECT OF
9 THE DISAFFILIATION OF THE
10 RESORTS HE HAS SPOKEN FOR?

11 A NO.

12 Q DID YOU EVER LEARN THAT
13 HE CAUSED THE RESORTS THAT HE
14 WAS AFFILIATED WITH TO BECOME
15 DISAFFILIATED FROM CAMP COAST TO
16 COAST?

17 A YES.

18 Q DO YOU REFER TO HIS
19 RESORTS AS THE THOUSAND
20 ADVENTURES RESORTS?

21 A THOUSAND ADVENTURES, INC.

22 Q THOUSAND ADVENTURES,
23 INC., RESORTS?

24 A YES.

25 Q DO YOU KNOW WHEN IT WAS
26 THAT HE NOTIFIED CAMP COAST TO

1 COAST THAT HE WANTED TO
2 DISAFFILIATE HIS RESORTS?

3 A MY ESTIMATE WOULD BE THE
4 SAME TIME FRAME. YEAR. 1997.

5 Q AND IN THE SAME TIME
6 FRAME OF MR. NOVELLI DID?

7 A YES.

8 Q WHENEVER THE TIME FRAME
9 WAS, DID YOU SPEAK TO OTHER
10 REGIONAL DIRECTORS ABOUT THAT
11 SUBJECT?

12 A YES. WE WOULD HAVE HAD
13 DISCUSSIONS ABOUT THAT SUBJECT.

14 Q WHAT WAS THE CONTEXT, THE
15 PHYSICAL CONTEXT OF THOSE
16 DISCUSSIONS TAKING PLACE;
17 ONE-ON-ONE, TELEPHONE
18 CONVERSATIONS, MEETINGS, WHAT?

19 A WE HAD MONDAY MORNING
20 BUSINESS MEETINGS THAT WE STILL
21 HAVE TODAY, JUST NORMAL BUSINESS
22 MEETINGS.

23 Q WHO ATTENDED THOSE
24 MEETINGS IN THE NORMAL COURSE
25 BACK IN 1997?

26 A SPECIFICALLY, IT WOULD

1 HAVE BEEN -- WOULD OR COULD HAVE
2 BEEN ANY OF THE EMPLOYEES IN THE
3 RESORT SERVICES DEPARTMENT.

4 Q HOW ABOUT PERSONS OTHER
5 THAN THE RESORT SERVICES
6 DEPARTMENT; FOR EXAMPLE,
7 GENERALLY SPEAKING, DID
8 MR. RANDALL ATTEND SUCH MEETING?

9 A MR. RANDALL IS THE RESORT
10 SERVICES DEPARTMENT.

11 Q MR. EVERETT, DID HE
12 GENERALLY ATTEND THOSE MEETINGS?

13 A ALSO IN THE RESORT
14 SERVICES DEPARTMENT, YES.

15 Q SO THEY WERE BOTH IN THE
16 SAME DEPARTMENT AT THAT TIME IN
17 1997?

18 A YES.

19 Q AS A RESULT OF LEARNING
20 THAT NOVELLI-AFFILIATED RESORTS
21 HAD DISAFFILIATED, DID CAMP
22 COAST TO COAST DO ANYTHING ALONG
23 THE LINES OF THEIR ORPHAN POLICY
24 OF CONTACTING RESORTS TO ASK
25 THEM IF THEY WOULD AGREE TO
26 ACCEPT THE MEMBERS FROM THE

1 NOVELLI RESORTS?

2 A YES. WE WOULD HAVE
3 TREATED THAT SITUATION WITH THE
4 COAST MEMBERS THE SAME AS ANY
5 OTHER.

6 Q OKAY. AND YOU DID TREAT
7 IT IN THE SAME WAY THAT YOU HAVE
8 DESCRIBED; CORRECT?

9 A YES.

10 Q AND DID YOU PERSONALLY GO
11 OUT AND CONTACT RESORT MEMBERS?

12 A RESORT MEMBERS? NO.

13 Q RESORT DEVELOPERS. I'M
14 SORRY.

15 A YES.

16 Q AND WHAT, GENERALLY
17 SPEAKING, DID YOU SAY TO THEM?

18 A I WOULD ASK THEM IF THEY
19 WOULD BE WILLING TO TAKE COAST
20 MEMBERS FROM A DISAFFILIATED
21 RESORT FOR SOME KIND OF A
22 SPECIAL FEE.

23 MR. SHAW: OKAY. LET'S GO, MR. SHERMAN AND

24 MR. DURAN, TO PAGE 110, BEGINNING AT LINE 21.

25 MR. DURAN: OKAY.

26 BY MR. SHAW: Q THE RESORT

1 MEMBERS WHO AGREE TO ACCEPT NEW
2 MEMBERS, WHAT WERE THEY TOLD ON
3 THE SUBJECT OF WHETHER OR NOT
4 THEY WOULD RECEIVE INFORMATION
5 REGARDING THE NEW MEMBERS?

6 THE RESORT DEVELOPERS. RIGHT.

7 MR. SHERMAN: EXCUSE ME. COULD YOU ASK THAT
8 QUESTION IN BETTER CONTEXT?

9 MR. SHAW: OKAY. I'LL START AGAIN.

10 MR. SHAW: I'LL START AT LINE 21, PAGE 110.

11 Q THE RESORT MEMBERS WHO
12 AGREED TO ACCEPT NEW MEMBERS,
13 WHO WERE THEY TOLD ON THE
14 SUBJECT OF WHETHER OR NOT THEY
15 WOULD RECEIVE INFORMATION
16 REGARDING THE NEW MEMBERS?

17 MR. HEIMBOLD THEN OBJECTS.

18 YOU MEAN THE RESORT DEVELOPERS.

19 MR. MOSHENKO: THE RESORT DEVELOPERS,
20 RIGHT.

21 THE WITNESS: THEY WERE TOLD
22 THAT PORTIONS OF THOSE MEMBERS
23 WOULD BE TRANSFERRED TO THOSE
24 RESORTS.

25 BY MR. SHAW: Q BY COAST TO
26 COAST?

1 A BY COAST TO COAST.

2 Q WHAT ABOUT THE SUBJECT OF

3 RECEIVING INFORMATION? WHAT, IF

4 ANYTHING, WERE THEY TOLD?

5 A THAT A LIST WOULD BE

6 PROVIDED.

7 Q OKAY. AND DO YOU KNOW

8 WHETHER OR NOT IN FACT LISTS

9 WERE PROVIDED TO RESORTS WHO

10 AGREED TO ACCEPT MEMBERS?

11 A YES.

12 Q AND HOW DO YOU KNOW THAT?

13 A JUST I HAVE HEARD THAT.

14 Q YOU WERE -- STRIKE THAT.

15 IS IT CORRECT THAT A

16 RESORT, THAT THE AREA DIRECTORS

17 WERE THE PARTIES WHO WERE

18 ASSIGNED TO GO OUT AND IDENTIFY

19 RESORTS THAT WOULD ACCEPT THE

20 NEW MEMBERS?

21 A WE WOULD HAVE THE

22 RELATIONSHIP WHERE WE COULD CALL

23 THE RESORT DEVELOPER IN THE

24 IMMEDIATE VICINITY TO DISCUSS

25 THAT WITH THEM, YES.

26 Q AND BECAUSE YOU HAD THAT

1 RELATIONSHIP, YOU, MEANING THE
2 AREA DIRECTORS, WERE THE ONES
3 ASSIGNED TO DO IT BACK IN 1997?

4 A YES.

5 Q CORRECT -- AND THE ANSWER
6 IS?

7 A YES.

8 Q WHO GAVE YOU THE
9 DIRECTIVE OR ASSIGNMENT?

10 A IT WOULD HAVE BEEN
11 GENE EVERETT.

12 Q THE PROCESS OF HAVING THE
13 AREA DIRECTORS GO OUT AND TALK
14 TO, IDENTIFY THE RESORTS IN THE
15 IMMEDIATE LOCATION AND TALK TO
16 THEM ABOUT ACCEPTING NEW MEMBERS
17 AND TELLING THEM THAT THEY WILL
18 GET A LIST?

19 A YES.

20 Q WHO ATTENDED THE MEETING
21 IN WHICH IT WAS DISCUSSED?

22 A MYSELF, REGIONAL
23 DIRECTORS.

24 Q NAMES, PLEASE.

25 A I CAN'T REMEMBER WHO WAS
26 REGIONAL DIRECTOR IN 1997.

1 Q WOULD YOU CONTINUE.

2 A KARL CODDINGTON, JEFF

3 MC CLANAHAN.

4 Q POSITION?

5 A REGIONAL DIRECTOR.

6 Q THANK YOU. GENE EVERETT.

7 RYMAN.

8 MR. SHERMAN: NO.

9 MR. SHAW: I'M SORRY. LET ME START AGAIN.

10 MR. DURAN: YOU STOLE MY LINE.

11 MR. SHAW: THANK YOU, MR. SHERMAN.

12 MR. SHERMAN: YOU GUYS HAVEN'T PRACTICED YOUR

13 LINES.

14 MR. SHAW: IT SHOWS? OKAY.

15 Q POSITION?

16 A REGIONAL DIRECTOR.

17 Q THANK YOU.

18 A GENE EVERETT, RYMAN.

19 Q ANYONE ELSE?

20 A NO.

21 Q DO YOU KNOW WHETHER OR

22 NOT COAST THEN SENT LETTERS TO

23 THE MEMBERS WHO WERE BEING

24 TRANSFERRED?

25 A YES.

26 Q HOW DO YOU KNOW?

1 A OUR NORMAL PRACTICE WAS
2 TO NOTIFY THE MEMBERS ALSO.

3 Q TO YOUR KNOWLEDGE DID
4 THEY SEND LETTERS TO ALL OF THE
5 MEMBERS OF THE DISAFFILIATED
6 RESORTS?

7 A I DO NOT KNOW.

8 Q DO YOU KNOW IF ANY EFFORT
9 WAS MADE -- STRIKE THAT.

10 WAS JIM RANDALL IN A
11 MEETING IN WHICH THE PROCESS OF
12 HAVING THE AREA DIRECTORS GO OUT
13 AND TALK TO THE RESORTS WAS
14 DISCUSSED?

15 A I DON'T REMEMBER
16 SPECIFICALLY, NO.

17 MR. SHAW: MR. DURAN, I'M NOW GOING TO GO TO THE
18 APRIL 20.

19 THE COURT: LET'S TAKE A SHORT BREAK.

20 MR. SHAW: THANK YOU.

21 THE COURT: TAKE 15.

22 (RECESS TAKEN.)

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

25 MR. SHERMAN: I WANTED TO MAKE A SUGGESTION, IF I
26 MIGHT.

1 I THINK THAT THERE IS A REAL POSSIBILITY
2 THAT WITH THE DEPOSITIONS OF MR. ROBINSON, BLOCK AND MAYBE
3 EVEN BOGGESS, THAT IF WE WENT PAST NOON, WE PROBABLY WOULD
4 BE FINISHED WITH THOSE DEPOSITIONS. I THINK THERE'S A
5 CHANCE WE'D BE FINISHED WITH THEM BY 1:00, INSTEAD OF
6 BREAKING UNTIL 1:30 AND JUST, YOU KNOW, DRAWING IT OUT THAT
7 WAY. WE DID START AT 10:00 A.M. WE MAY NOT. I MEAN --

8 MR. SHAW: I REALISTICALLY DON'T --

9 MR. SHERMAN: THE REASON I THINK IT'S GOING TO
10 HAPPEN IS, YOUR HONOR, IN LIGHT OF YOUR HONOR'S RULINGS
11 WITH RESPECT TO CERTAIN -- WHAT I'LL CHARACTERIZE AS ALTER
12 EGO ISSUES -- WE CAN AT LEAST AGREE TO DISAGREE ON THIS,
13 MR. SHAW.

14 IN LIGHT OF YOUR HONOR'S RULINGS WITH
15 RESPECT TO CERTAIN ALTER EGO ISSUES, MR. BOGGESS'S
16 DEPOSITION -- I HAD MR. RUTENBERG TAKE A LOOK AT IT. I
17 READ IT TWO NIGHTS AGO, BUT IT'S STILL A LITTLE HAZY.
18 MR. RUTENBERG CALLED ME BACK. I SPOKE WITH HIM DURING THE
19 BREAK. AND HE SAID, YOU KNOW, OF THE 40 OR SO
20 DESIGNATIONS, THREE OF THEM HAVE NOTHING TO DO SPECIFICALLY
21 WITH THIS LAWSUIT. AND THE OTHER 37 PLUS OR MINUS ARE ALL
22 ALTER EGO ISSUES.

23 AND IF -- IF I AM RIGHT, I'M NOT ASKING THE
24 JUDGE TO PREJUDGE ANYTHING. BUT IF I AM RIGHT, THEN
25 THERE'S NOT A LOT THAT THE JURY IS GOING TO HEAR FROM
26 MR. BOGGESS. DITTO WITH MR. BLOCK.

1 AND SO I CERTAINLY DON'T WANT TO BE
2 PERCEIVED AS THE BAD GUY, VIS-A-VIS THE JURY, THAT, YOU
3 KNOW, MR. SHERMAN WANTS YOU TO WORK THROUGH LUNCH. BUT IF
4 I AM RIGHT -- AND MAYBE WE CAN AGREE ON THIS, MR. SHAW.

5 IF I'M RIGHT, THE JURY IS OUT OF HERE TODAY
6 BY 1:00. DON'T CONCEDE THE POSITION.

7 MR. SHAW: I'M NOT.

8 MR. SHERMAN: BUT IF I'M RIGHT, THE JURY IS OUT OF
9 HERE BY 1:00.

10 MR. SHAW: YOUR HONOR, COULD I MAKE A POINT?

11 I'M GOING TO SUBSUME THE BLOCK AND BOGGESS
12 IN WHAT I'M GOING TO SAY, BUT WHAT I WAS -- AND WHY I ASKED
13 FOR YOUR HONOR BEFORE THE JURY WAS I'D LIKE TO ASK YOU TO
14 CONSIDER TO RECONSIDER PAGES 16 THROUGH 28 FOR THIS REASON,
15 AND THIS IS MY SUGGESTION: THAT AT 1:30 IF WE CAN COME
16 BACK FOR MAYBE 10 MINUTES BEFORE THE JURY COMES BACK, I'D
17 LIKE TO -- BECAUSE I NEED TO DO IT ANYWAY FOR YOUR HONOR ON
18 THE EQUITABLE ISSUES OF ALTER EGO -- READ WITH MR. DURAN
19 PAGES 16 THROUGH 28 FOR THE COURT. AND AT THAT TIME I'D
20 LIKE THE COURT TO RECONSIDER WHETHER WE READ IT TO THE JURY
21 FOR THE FOLLOWING REASON: I'VE GOT AN AMENDED COMPLAINT
22 THAT NAMES NOT ONLY CAMP COAST TO COAST --

23 THE COURT: LET'S TAKE THAT UP AT 1:30.

24 MR. SHERMAN: I'M JUST HOPING WE DIDN'T --

25 THE COURT: WE'LL HAVE TO COME BACK.

26 MR. SHAW: I UNDERSTAND.

1 MR. SHERMAN: WE DO HAVE TO GET THEM BACK. I WOULD
2 ASK YOUR HONOR TO AT LEAST CONSIDER, AS WE GO ALONG, I
3 THINK WE'RE DONE BY 1:00. MR. SHAW CAN DISAGREE, BUT --

4 THE COURT: LET'S STAY ON SCHEDULE.

5 MR. SHERMAN: OKAY.

6 THE COURT: WE'LL TAKE OUR BREAK AT 12:00.

7 BRING THEM ON IN. COME BACK AT 1:20.

8 MR. SHAW: 1:20. THANK YOU, YOUR HONOR. I
9 APPRECIATE THAT.

10 (THE FOLLOWING PROCEEDINGS WERE HELD IN OPEN
11 COURT IN THE PRESENCE OF THE JURY:)

12 THE COURT: PROCEED, MR. SHAW.

13 MR. SHAW: THANK YOU, YOUR HONOR.

14 MR. DURAN, I NEED YOU TO PLAY THE PART OF
15 KEDRICK ROBINSON FOR JUST A LITTLE WHILE LONGER.

16 LET'S MOVE TO HIS DEPOSITION THAT
17 MR. MOSHENKO TOOK ON APRIL 20TH, 2000, AND LET'S BEGIN AT
18 LINE -- PAGE 138, LINE 3.

19 Q VERY WELL. I STILL WANT
20 TO AFFIRM THAT YOU SHOULD NOT
21 SPECULATE AS YOU ARE TRYING NOT
22 TO. I AGREE WITH THAT, IF IT IS
23 SPECULATION. LET ME GO ON.

24 WHAT WAS DISCUSSED IN THE
25 DISCUSSION THAT YOU HAVE JUST
26 SAID YOU RECALL OCCURRED

1 RELATING TO THE DISAFFILIATED
2 RESORT?

3 A THE POINTS EVERY
4 DISCUSSION WOULD HAVE CENTERED
5 AROUND WHERE WE COULD HELP THE
6 COAST TO COAST MEMBERS FIND
7 OTHER LOCATIONS TO MAINTAIN
8 THEIR COAST TO COAST MEMBERSHIP
9 AFTER THE DISAFFILIATION OF
10 THOSE RESORTS.

11 Q OKAY. OTHER THAN WHERE
12 YOU COULD HELP, WHAT ELSE IF
13 ANYTHING WAS DISCUSSED?

14 A I DO NOT RECALL ANYTHING
15 ELSE.

16 Q DID YOU DISCUSS HOW YOU
17 COULD GO ABOUT HELPING, AS WELL
18 AS WHERE YOU COULD HELP?

19 A YES. THE HOW WOULD HAVE
20 BEEN FOLLOWING THE GUIDELINES
21 THAT WE ALWAYS FOLLOWED WITH
22 THOSE TYPE OF ORPHAN PROGRAMS.

23 Q DID YOU SAY "ORPHAN
24 PROGRAMS"?

25 A CORRECT.

26 Q WHAT ARE THOSE

1 GUIDELINES?
2 A THOSE GUIDELINES, AS I
3 UNDERSTOOD THEM, IS WE WOULD
4 CONTACT RESORTS IN THE IMMEDIATE
5 AREA OF THE RESORT THAT WAS
6 DISAFFILIATING, ASK THOSE
7 PARTICULAR DEVELOPERS IF THEY
8 WERE WILLING TO TAKE COAST
9 MEMBERS, OFFER THEM SOME KIND OF
10 SPECIAL DEAL, BECAUSE OF WHAT
11 HAD TRANSPIRED WITH THEIR HOME
12 RESORT, AND THEN COMMUNICATE
13 THAT INFORMATION TO THE MEMBERS
14 OR TO THE DEVELOPERS, WHICHEVER
15 CIRCUMSTANCE THERE WAS.
16 Q MR. ROBINSON, WHEN YOU
17 SAID OFFER THEM SOME KIND OF
18 SPECIAL DEAL, WHO IS THE "THEM"
19 THAT IS BEING OFFERED THE DEAL,
20 AND WHO IS DOING THE OFFERING OF
21 THE DEAL?
22 A THE SPECIAL DEAL REFERRED
23 TO WOULD BE OFFERED TO A MEMBER
24 OF THE DISAFFILIATED RESORT BY A
25 RESORT DEVELOPER IN THE
26 PROXIMITY OF THAT RESORT THAT

1 WAS DISAFFILIATING.

2 Q CAN YOU GIVE ME SOME
3 EXAMPLES OF WHAT YOU MEAN --
4 MEANT BY "SPECIAL DEAL"?

5 A WE WOULD TALK -- THE
6 MEMBER THEMSELVES HAVING PAID
7 SOME FORM OF MONEY FOR THEIR
8 ORIGINAL MEMBERSHIP AND SOME
9 DUES ON AN ANNUAL BASIS, WE
10 WOULD DISCUSS WITH OTHER
11 DEVELOPERS IF THEY MIGHT OFFER
12 THEM SOME KIND OF A BREAK IN
13 THEIR MEMBERSHIP COST OR SOME
14 KIND OF A DUES REDUCTION OR SOME
15 FORM OF A MONETARY CONSIDERATION
16 FOR MONIES THEY HAD ALREADY
17 SPENT BY JOINING THE AFFILIATED
18 RESORT THAT WAS GOING OUT.

19 Q DO YOU HAVE AN
20 UNDERSTANDING AS TO WHY CAMP
21 COAST TO COAST ORPHAN PROGRAM
22 GUIDELINES INCLUDED AN EFFORT TO
23 ARRANGE SOME KIND OF A SPECIAL
24 DEAL FOR THE MEMBERS THAT
25 WERE -- YOU ARE REFERRING TO?

26 MR. SHERMAN: OBJECTION. THIS IS QUITE CUMULATIVE

1 AT THIS POINT.

2 THE COURT: SUSTAINED.

3 MR. SHERMAN: THIS ENTIRE LINE OF QUESTIONING.

4 MR. SHAW: YOUR HONOR, I'M JUST TAKING A MINUTE TO
5 PERUSE WITH THAT RULING. THERE'S SOME FOLLOW-UP.

6 LET'S GO TO PAGE, MR. SHERMAN, 143, LINE 2.

7 MR. DURAN ARE YOU WITH ME.

8 MR. DURAN: YES.

9 BY MR. SHAW: Q MY QUESTION IS,
10 IN WHAT MANNER WOULD COAST
11 COMMUNICATE THAT INFORMATION TO
12 MEMBERS?

13 MR. SHERMAN: THE SAME OBJECTION.

14 THE COURT: SUSTAINED.

15 MR. SHAW: YOUR HONOR, I'M SORRY, BUT I DO NEED TO
16 BE SEEN AT THE SIDE BAR ON THIS MATTER.

17 THE COURT: APPROACH.

18 (DISCUSSION OFF THE RECORD.)

19 MR. SHAW: ALL RIGHT. LET'S, MR. SHERMAN, IF YOU
20 COULD TURN TO PAGE 146. AND, MR. DURAN, STARTING AT LINE
21 23.

22 MR. DURAN: OKAY.

23 BY MR. SHAW: Q YES, I WILL.
24 I WANT THIS -- I'M NOW TAKING
25 YOUR GENERAL RESPONSE AND MAKING
26 IT SPECIFIC TO THE

1 NOVELLI/THOUSAND ADVENTURES
2 SITUATION.

3 FOLLOWING THE
4 DISAFFILIATION BY THE THOUSAND
5 ADVENTURES AND RAYMOND NOVELLI
6 RELATED RESORTS, DID YOU EVER
7 PERSONALLY COMMUNICATE WITH THE
8 DEVELOPERS IN HAVING THEM AGREE
9 TO ACCEPT THE MEMBERS OF THE
10 DISAFFILIATED RESORTS WHO WERE
11 ALSO CAMP COAST TO COAST MEMBERS
12 INTO THE DEVELOPERS RESORT?

13 A YES.

14 Q WERE YOU INSTRUCTED TO DO
15 THAT BY CAMP COAST TO COAST?

16 A THAT WOULD HAVE --

17 Q DO YOU KNOW THAT I MEAN
18 WHEN I SAY THAT, MR. ROBINSON?

19 A YES. THE CONTACT WITH
20 THE DEVELOPERS WAS PART OF THE
21 FUNCTION OF THE REGIONAL
22 DIRECTOR. SO, YES, THAT WOULD
23 HAVE BEEN ONE OF THE
24 RESPONSIBILITIES THAT I DID.

25 Q WAS THAT -- WAS THE
26 PROCESS OF REACTING TO THE

1 DISAFFILIATION BY THOUSAND
2 ADVENTURES AND NOVELLI IN THE
3 MANNER THAT YOU HAVE DISCUSSED
4 SOMETHING THAT WAS INCLUDED IN
5 THE DISCUSSIONS THAT YOU
6 REFERRED TO THAT OCCURRED AFTER
7 YOU LEARNED OF THE
8 DISAFFILIATION?

9 A YES.

10 Q WAS THERE AN INSTRUCTION
11 THAT THE REGIONAL DEVELOPER
12 SHOULD GO OUT AND CONTACT -- I'M
13 SORRY -- STRIKE THAT.

14 WAS THERE AN INSTRUCTION
15 AS THE REGIONAL DIRECTORS OR
16 AREA DIRECTORS -- THEY ARE THE
17 SAME; IS THAT CORRECT?

18 A CORRECT.

19 Q WAS THERE AN INSTRUCTION
20 THAT THE REGIONAL DIRECTORS
21 SHOULD GO OUT AND CONTACT
22 DEVELOPERS TO ACCEPT MEMBERS
23 FROM THE DISAFFILIATED RESORT?

24 A YES. THERE WAS
25 DISCUSSION.

26 Q AND WAS THERE A SPECIFIC

1 INSTRUCTION TO THE REGIONAL
2 DIRECTORS TO DO THAT BY
3 SUPERVISORS OR SUPERIORS AT CAMP
4 COAST TO COAST?

5 A THERE WAS DISCUSSION. I
6 DON'T -- I MEAN, AS BEING PART
7 OF THE JOB FUNCTION OF THE
8 REGIONAL DIRECTOR, I DON'T
9 RECALL A SPECIFIC ORDER OR
10 SPECIFIC DISCUSSION AS TO, YOU
11 WILL GO DO THIS, END QUOTES. IT
12 WAS MORE IN THE LIGHT OF IT WAS
13 PART OF OUR JOB WHEN RESORTS
14 WENT OUT TO DO THAT. SO IT
15 WOULD HAVE BEEN DISCUSSED, YES.

16 Q CAN YOU IDENTIFY FOR ME
17 THE HIGHEST LEVEL OF MANAGEMENT
18 PERSONNEL AT CAMP COAST TO COAST
19 THAT YOU ARE AWARE WAS AWARE
20 THAT THESE ACTIONS WERE TAKING
21 PLACE WITH RESPECT TO THE
22 DISAFFILIATED THOUSAND
23 ADVENTURES/NOVELLI RESORT
24 MEMBERS?

25 A AT WHAT TIME FRAME?

26 Q IN THE FALL OF 1997. THE

1 HIGHEST RANKING MANAGEMENT
2 PERSONNEL AT CAMP COAST TO COAST
3 WHO WAS AWARE OF THE EVENT; CAN
4 YOU IDENTIFY THAT PERSON?

5 A YES.

6 Q WHO WAS THAT?

7 A ROGER RYMAN.

8 Q HE WAS THE PRESIDENT AT
9 THE TIME; CORRECT?

10 A CORRECT.

11 Q DO YOU KNOW WHETHER OR
12 NOT THE ORPHAN POLICY ACTIVITIES
13 RELATING TO THE DISAFFILIATED
14 RESORTS -- LET ME STRIKE THAT,
15 AND LET ME GIVE YOU A DEFINITION
16 SO I DON'T HAVE TO KEEP THROWING
17 IN EXTRA WORDS.

18 WHEN I SAY THE
19 DISAFFILIATED RESORT, I'LL BE
20 REFERRING TO THE THOUSAND
21 ADVENTURES AND THE RESORTS THAT
22 WERE RELATED TO RAYMOND NOVELLI,
23 BOTH OF WHICH COMMUNICATED TO
24 CAMP COAST TO COAST IN THE FALL
25 OF 1997 THAT THEY WANTED TO
26 TERMINATE THEIR AFFILIATION WITH

1 CAMP COAST TO COAST.

2 DO YOU UNDERSTAND THAT
3 DEFINITION?

4 A YES.

5 Q ALL RIGHT. MR. ROBINSON,
6 DO YOU KNOW WHETHER OR NOT THE
7 ORPHAN POLICY ACTIVITIES
8 RELATING TO THE DISAFFILIATED
9 RESORT WAS EVER DISCUSSED WITH
10 PERSONS YOU UNDERSTOOD TO BE
11 EMPLOYEES OF THE AFFINITY GROUP,
12 INC.?

13 A I DO NOT KNOW IF IT WAS
14 EVER DISCUSSED WITH AFFINITY
15 GROUP, INC.

16 Q AND BY "EVER," I'M
17 INCLUDING UP UNTIL TODAY AT ANY
18 TIME. IS THAT -- YOUR ANSWER
19 THE SAME?

20 A I WOULD PRESUME THAT
21 SINCE THAT TIME, AND IN THE
22 DURATION OF THIS COURT CASE,
23 THAT IT HAS BEEN DISCUSSED WITH
24 AFFINITY GROUP, INC. BUT I
25 PERSONALLY HAVE NOT BEEN IN ANY
26 OF THOSE DISCUSSIONS.

1 MR. SHERMAN: MOVE TO STRIKE AS BASED ON
2 SPECULATION.

3 THE COURT: SUSTAINED.

4 MR. SHAW: LET'S GO TO PAGE 155; LINES 12 THROUGH
5 21, MR. DURAN.

6 MR. DURAN: OKAY.

7 BY MR. SHAW: Q WERE THERE
8 THREE AREA DIRECTORS IN THE FALL
9 OF 1997?

10 A YES.

11 Q TO YOUR KNOWLEDGE DID ALL
12 THREE AREA DIRECTORS CONTACT
13 OTHER RESORTS TO SEE IF THEY
14 WOULD ACCEPT MEMBERS WHO WERE
15 MEMBERS OF THE DISAFFILIATED
16 RESORTS?

17 A YES. TO MY KNOWLEDGE
18 THEY WOULD HAVE. ALTHOUGH, I
19 WOULD NOT KNOW IF THEY DID THAT
20 OR NOT.

21 Q MR. ROBINSON, DO YOU
22 UNDERSTAND THAT RESORTS HAVE
23 MEMBERS OF THEIR RESORTS? THIS
24 IS WITHOUT REGARD TO MEMBERSHIP
25 IN CAMP COAST TO COAST.

26 MR. SHERMAN: OBJECTION. CUMULATIVE.

1 THE COURT: SUSTAINED.

2 MR. SHAW: MR. SHERMAN, I'M GOING TO SKIP TO PAGE
3 163.

4 MR. SHERMAN: I'D ASK THAT 156, LINES 18 THROUGH
5 25, BE READ.

6 MR. SHAW: THAT WAS PART OF THE OBJECTION THAT WAS
7 SUSTAINED.

8 MR. SHERMAN: IT'S A DIFFERENT QUESTION.

9 WE TAKE EACH QUESTION AS THEY COME, YOUR
10 HONOR.

11 MR. SHAW: YOUR HONOR, IF I --

12 THE COURT: 176 WHAT?

13 MR. SHERMAN: IT'S MR. MOSHENKO'S QUESTION OF THE
14 WITNESS, PAGE 156, LINE 18 THROUGH 25.

15 MR. SHAW: IF MR. SHERMAN WANTS TO READ IT OR READ
16 IT WHEN HE HAS HIS OPPORTUNITY, HE CAN REREAD IT.

17 THE COURT: ALL RIGHT. MOVE ON.

18 MR. SHAW: I'M SORRY. IT'S PART OF THE COURT'S
19 RULING ON THE OBJECTION. PARDON ME.

20 ALL RIGHT. PAGE 163, MR. SHERMAN.

21 ARE YOU WITH ME, MR. DURAN?

22 MR. DURAN: YES.

23 MR. SHAW: LINE 8.

24 Q DID COAST TO COAST HAVE
25 AFFILIATED RESORTS IN THE FALL
26 OF 1997, TO YOUR KNOWLEDGE, THAT

1 WERE OUTSIDE OF THE UNITED
2 STATES?

3 A YES.

4 Q WHAT COUNTRIES WERE THOSE
5 RESORTS?

6 A MEXICO AND CANADA.

7 Q DID -- OR HOW MANY WERE
8 THERE IN MEXICO?

9 A I BELIEVE THERE WAS TWO.

10 Q CAN YOU NAME THEM?

11 A I CANNOT PRONOUNCE THE
12 NAME. ONE IS SAN FELIPE. THE
13 OTHER WAS EL CACHANILLA. I
14 CAN'T -- CHICHINISA OR SOMETHING
15 TO THAT EFFECT. I DON'T KNOW
16 THE PRONUNCIATION.

17 Q HOW ABOUT IF WE REFER TO
18 IT AS CHICHEN JUST FOR SOMETHING
19 TO TALK ABOUT.

20 A THAT'S FINE BY ME.

21 Q AND THE OTHER ONE?

22 A THE OTHER ONE WAS I THINK
23 CALLED SAN FELIPE RESORT.

24 Q SAN FELIPE. AND THE
25 ANSWER?

26 A THE QUESTION WAS?

1 Q DO YOU KNOW WHO OWNS THE
2 SAN FELIPE RESORT?

3 A THE SAN FELIPE RESORT, I
4 DO NOT RECALL THE OWNER'S NAME.

5 Q DO YOU KNOW THE OWNER OF
6 THE OTHER RESORT THAT YOU
7 REFERENCED?

8 A THE OTHER RESORT OWNER,
9 AS I KNOW IT, YES, IS
10 PAT BUTLER.

11 Q OKAY. DID YOU --

12 A CAN I MAKE --

13 Q -- IN THE PROCESS OF
14 CONTACTING OTHER AFFILIATED
15 RESORTS, CONTACT PAT BUTLER
16 ABOUT ACCEPTING MEMBERS?

17 A I PERSONALLY DID NOT TALK
18 TO PAT BUTLER ABOUT ACCEPTING
19 MEMBERS.

20 MR. SHAW: MR. SHERMAN, LET'S GO TO PAGE 166,
21 LINE 23.

22 MR. DURAN, ARE YOU WITH ME?

23 MR. DURAN: YES.

24 BY MR. SHAW: Q DO YOU KNOW IF
25 MR. BUTLER RECEIVED ANY
26 SO-CALLED ORPHAN MEMBERS FROM

1 THE DISAFFILIATED RESORT?

2 A YES. I BELIEVE HE WAS
3 PART OF THAT LIST OR --

4 Q DID HE --

5 A I DON'T KNOW IF HE
6 RECEIVED SPECIFIC. I KNOW HE --
7 I HEARD THROUGH CONVERSATION
8 THAT HE HAD ASKED FOR THEM. AND
9 I DO NOT KNOW IF ANY SIGNED UP
10 WITH HIS SPECIFIC RESORT. I DO
11 KNOW THAT -- I DO NOT KNOW THAT
12 ANSWER.

13 Q WHO DID YOU HEAR IN
14 CONVERSATION HE HAD ASKED FOR
15 THEM; WHO DID YOU HEAR IT FROM?

16 A IT WOULD HAVE BEEN IN ONE
17 OF OUR NORMAL BUSINESS MEETINGS.

18 Q WHAT DID YOU HEAR THAT
19 CAUSED YOU TO SAY YOU HEARD THAT
20 HE HAD ASKED FOR THEM?

21 A IN THE NORMAL COURSE OF
22 DISCUSSION AT OUR MEETINGS WHEN
23 THIS TOPIC WOULD HAVE BEEN
24 DISCUSSED, WE WOULD HAVE
25 DISCUSSED WHICH RESORTS HAD
26 ASKED FOR MEMBERS AND WHICH ONES

1 WERE WILLING TO TAKE THE
2 DISAFFILIATED MEMBERS, COAST TO
3 COAST MEMBERS.

4 Q IS THAT WHAT YOU HEARD
5 SPECIFICALLY, THAT HE HAD ASKED
6 THAT THOSE ORPHAN MEMBERS BE
7 TRANSFERRED TO HIM?

8 A YES.

9 Q WHEN WAS THAT MEETING IN
10 WHICH YOU HEARD THAT HELD?

11 A I DO NOT KNOW EXACT
12 DATES. IT WOULD HAVE BEEN THE
13 FALL OF '97.

14 Q DO YOU HAVE AN ESTIMATE
15 OF HOW MANY DISCUSSIONS OR
16 MEETINGS OCCURRED AT DIFFERENT
17 TIMES REGARDING THE SUBJECT OF
18 THE DEALINGS WITH THE MEMBERS OF
19 THE DISAFFILIATED RESORTS?

20 A I WOULDN'T EVEN KNOW HOW
21 TO SPECULATE ON AN ESTIMATE
22 THERE.

23 Q WAS IT MORE THAN ONE
24 MEETING?

25 A YES.

26 Q WAS IT MORE THAN FIVE?

1 A YES.

2 Q WOULD YOUR BEST ESTIMATE

3 BE MORE THAN 10?

4 A I WOULD -- NO. NO. I

5 WOULD HAVE TO SAY THAT ACTUAL

6 MEETINGS, NO, PROBABLY WERE NOT

7 MORE THAN 10.

8 Q CAN YOU TELL ME WHO WAS

9 IN ATTENDANCE AT THE MEETING IN

10 WHICH YOU HEARD THAT PAT BUTLER

11 HAD ASKED FOR MEMBERS?

12 A TO THE BEST OF MY

13 KNOWLEDGE, THOSE THAT WOULD HAVE

14 BEEN IN ATTENDANCE WOULD HAVE

15 BEEN ROGER RYMAN, GENE EVERETT,

16 JIM RANDALL, MYSELF, AND

17 PROBABLY IN MOST CASES

18 TELECONFERENCE HE HAD WITH THE

19 OTHER TWO REGIONAL DIRECTORS.

20 Q CAN YOU IDENTIFY ANY

21 SPECIFIC RESORTS THAT WERE

22 DISAFFILIATED RESORTS IN

23 CALIFORNIA THAT IN FACT HAD

24 MEMBERS THAT WENT TO MR. BUTLER?

25 A YES.

26 Q PLEASE IDENTIFY THEM.

1 A DELTA ISLE.

2 MR. SHAW: LET'S GO TO PAGE 174, LINE 12.

3 Q IS IT TO THE BEST OF
4 YOUR KNOWLEDGE THAT EACH AND
5 EVERY DEVELOPER WHO WAS
6 CONTACTED AGREED TO ACCEPT
7 MEMBERS?

8 A TO THE BEST OF MY
9 KNOWLEDGE, THE ONES THAT I
10 CONTACTED, THAT I RECALL, AGREED
11 TO ACCEPT MEMBERS.

12 Q DO YOU HAVE SOME
13 UNDERSTANDING OR OPINION AS TO
14 WHY THEY WOULD DO THAT?

15 A AS TO WHY THEY WOULD DO
16 WHAT?

17 Q AGREE TO ACCEPT MEMBERS
18 THAT WERE OFFERED TO THEM UNDER
19 THE CIRCUMSTANCES YOU TESTIFIED.

20 A WHY THEY WOULD AGREE TO
21 ACCEPT MEMBERS?

22 Q YES. IT ASKS IF YOU HAVE
23 SOME UNDERSTANDING.

24 MR. SHERMAN: OBJECTION. THIS CALLS FOR
25 SPECULATION.

26 THE COURT: SUSTAINED.

1 MR. SHAW: YOUR HONOR, THE QUESTION AS PHRASED,
2 DOES HE HAVE AN UNDERSTANDING; HE SAYS YES, AND THEN HE
3 GOES ON TO ANSWER WHAT HIS UNDERSTANDING WAS.

4 THE COURT: MY RULING IS GOING TO STAND, COUNSEL.

5 BY MR. SHAW: Q WAS IT EVER
6 DISCUSSED WITH THE POTENTIAL
7 ACCEPTING AFFILIATING RESORTS
8 THAT, MEANING THE IDEA THAT IF
9 YOU ACCEPT THOSE MEMBERS, YOU
10 WILL HAVE ADDITIONAL DUES
11 INCOME?

12 A IT WAS NEVER DISCUSSED.
13 IT WAS MORE OF AN INTUITIVE. I
14 MEAN, NEVER DISCUSSED
15 SPECIFICALLY, NO. THAT WAS A
16 GIVEN, AS FAR AS I WAS
17 CONCERNED, THAT THEY WOULD KNOW
18 THAT.

19 Q YOU PERSONALLY
20 UNDERSTOOD, THEN, WHEN TALKING
21 TO AFFILIATED RESORT DEVELOPERS,
22 THAT IF ANY COAST MEMBER WHO
23 AGREED TO AFFILIATE WITH THAT
24 NEW RESORT WOULD LIKE, WOULD
25 HAVE TO PAY MONTHLY DUES OR
26 ANNUAL DUES OR SOME SORT OF DUES

1 FOR A MAINTENANCE FEE
2 MEMBERSHIP; CORRECT?
3 A IT WAS CUSTOMARY FOR
4 ORPHANS IN ALMOST ALL INSTANCES
5 THAT THAT WAS TRUE, YES. THEY
6 WOULD PAY SOME FORM OF
7 MAINTENANCE DUES TO THEIR
8 ACCEPTING RESORT.

9 MR. SHAW: LET'S GO TO PAGE 182; BEGINNING AT LINE
10 2, MR. SHERMAN.

11 MR. SHERMAN: PLEASE HOLD ONE MOMENT.

12 MR. SHAW: SURE.

13 MR. SHERMAN: PAGE 182?

14 MR. SHAW: LINE 2, MR. DURAN.

15 MR. DURAN: OKAY.

16 BY MR. SHAW: Q DID YOU HAVE
17 AN EXPERIENCE WHERE ANY OF THE
18 DEVELOPERS YOU APPROACHED
19 DECLINED TO OFFER A SPECIAL
20 DEAL?

21 A YES.

22 Q CAN YOU EXPLAIN TO ME
23 WHAT YOU WERE TOLD, IF ANYTHING,
24 THAT WOULD EXPLAIN WHY THEY
25 DECLINED?

26 A YES. SOME OF THEM FELT

1 THAT THEIR PRODUCT THAT THEY
2 WERE OFFERING STILL JUSTIFIED
3 THE PRICE THAT THEY WOULD ASK
4 ANYBODY, WHETHER THEY WERE AN
5 ORPHAN OR NOT.

6 Q DID YOU HAVE ANY
7 GUIDELINES THAT YOU PERSONALLY
8 USED TO SUGGEST WHAT KIND OF,
9 QUOTE, SPECIAL DEAL, CLOSE
10 QUOTE, WOULD BE APPROPRIATE?

11 A THERE WAS NO SPECIFIC
12 GUIDELINES. THE QUESTIONS THAT
13 I ASKED MY DEVELOPERS WERE
14 GENERAL IN NATURE, AS TO IF THEY
15 COULD MAKE ANY KIND OF
16 ADJUSTMENTS IN FEE STRUCTURE TO
17 HELP THESE PEOPLE TRANSITION.

18 Q CAN YOU GIVE ME SOME
19 EXAMPLES OF WHAT KIND OF
20 ADJUSTMENTS WERE AGREED TO BE
21 MADE?

22 A YOU MIGHT ASK THEM IF
23 THEY WERE WILLING TO TAKE THE
24 ORPHAN MEMBER FOR A REDUCED
25 PURCHASE PRICE, FOR A DUES-ONLY
26 SITUATION, PRETTY MUCH ALL

1 RELATED TO SOME KIND OF
2 REDUCTION IN THE MONETARY
3 CONSIDERATION TO TRANSFER.

4 Q BY "DUES ONLY," YOU MEAN
5 NO MEMBERSHIP FEE AT ALL?

6 A CORRECT.

7 Q DID ANY DEVELOPERS AGREE
8 TO DO THAT?

9 A YES.

10 Q WAS THAT SOMETHING RARE,
11 OR DID SEVERAL OF THEM AGREE TO
12 DO THAT?

13 A I DON'T RECALL THE
14 NUMBERS. THERE WERE -- THERE
15 WOULD BE MORE THAN ONE, I'M
16 SURE, THAT WOULD HAVE AGREED TO
17 DO THAT.

18 Q WHAT ABOUT THE DUES
19 ADJUSTMENTS, IF ANY? WERE THERE
20 ANY SITUATIONS WHERE DEVELOPERS
21 AGREED TO REDUCE THE DUES
22 REQUIREMENTS?

23 A I DO NOT RECALL IF ANY --
24 WHERE THEY AGREED TO REDUCE THE
25 DUES, NO.

26 Q DO YOU HAVE ANY OPINIONS

1 AS TO WHETHER OR NOT -- AS TO
2 WHY A DEVELOPER WOULD AGREE TO
3 REDUCE THE MEMBERSHIP FEE BUT
4 NOT AGREE TO REDUCE THE DUES?

5 MR. SHERMAN: OBJECTION. THE WITNESS'S OPINION IS
6 IRRELEVANT. IT CALLS FOR SPECULATION.

7 THE COURT: SUSTAINED.

8 MR. SHAW: COUNSEL, I'M MOVING TO 208. ARE YOU
9 WITH ME? LINE 1.

10 MR. SHERMAN: YES.

11 BY MR. SHAW: Q WERE ANY
12 EFFORTS MADE TO OBTAIN LETTERS
13 OF CONSENT FROM THE MEMBER
14 STATING HIS OR HER DESIRE TO
15 TRANSFER TO A NEW RESORT?

16 MR. SHERMAN: OBJECTION. THIS IS CUMULATIVE.

17 THE COURT: SUSTAINED.

18 BY MR. SHAW: Q SO AS I
19 UNDERSTAND, YOU TOLD ME THAT,
20 BUT I FOR THE RECORD WANT YOUR
21 RESPONSE AS TO WHETHER OR NOT A
22 LETTER WAS OBTAINED FROM THE NEW
23 HOME RESORT LICENSEE ACCEPTING
24 THE NEW MEMBER, THE MEMBER INTO
25 THE RESORT.

26 A NOT TO MY KNOWLEDGE.

1 Q AND IS THE REASON WHY
2 THOSE LETTERS WERE NOT SOUGHT,
3 BECAUSE OF WHAT YOU JUST TOLD
4 ME, THAT IS, COAST'S POSITION
5 THAT THE MEMBERSHIP TRANSFER
6 RULES DON'T APPLY WHEN THERE IS
7 A DISAFFILIATING RESORT
8 INVOLVED?

9 A THAT'S CORRECT.

10 Q CAN YOU TELL ME WHETHER
11 IT STATES ANYWHERE IN ANY COAST
12 TO COAST DOCUMENTATION,
13 LITERATURE, CONTRACTS,
14 ET CETERA, THAT THE MEMBER
15 TRANSFER RULES CEASED TO APPLY
16 BECAUSE A RESORT DISAFFILIATED?

17 MR. SHERMAN: OBJECTION. CUMULATIVE. THE
18 DOCUMENTS SPEAKS FOR THEMSELVES.

19 THE COURT: SUSTAINED.

20 BY MR. SHAW: Q WERE THERE
21 TIME LIMITS PUT ON THE
22 PROCESSING OF A TRANSFER BY THE
23 NEW RESORT WHO ACCEPTED NEW
24 MEMBERS?

25 A I DO NOT RECALL ANY TIME
26 LIMITS COMMUNICATED TO A

1 RESORT.

2 MR. SHAW: LET'S MOVE TO PAGE 212, COUNSEL.

3 THE COURT: LET'S LET MR. ROBINSON GO TO LUNCH.

4 SEE YOU AT 1:30.

5 (WHEREUPON THE COURT WAS IN RECESS UNTIL
6 1:30 P.M. OF THE SAME DAY.)

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1 WESTMINSTER, CALIFORNIA - WEDNESDAY, JULY 12, 2000

2 AFTERNOON SESSION

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

5 THE COURT: THE BALL IS IN YOUR COURT.

6 MR. MOSHENKO: I APPRECIATE EVERYBODY COMING BACK A
7 LITTLE BIT EARLY.

8 BUT MY POINT IS, ON THE READING OF THE
9 TRANSCRIPT, AT PAGES 16 THROUGH 28 -- AND THEY'RE JUST
10 VARIOUS LINES. FOR TWO REASONS. ONE, THE OBJECTION WAS IT
11 ONLY WENT TO THE ISSUE OF ALTER EGO. AND I WANTED TO JUST
12 READ IT TO THE COURT BECAUSE I HAVE TO READ IT TO THE COURT
13 ANYWAY, WITH THE ARGUMENT THAT IT'S NOT JUST FOR ALTER
14 EGO.

15 WE HAVE SEVEN CAUSES OF ACTION IN THE
16 COMPLAINT. ONE OF THEM IS FOR CONTRACT. THE REMAINING ARE
17 FOR FRAUD, INTERFERENCE, UNFAIR COMPETITION AND VIOLATION
18 OF TRADE SECRETS AGAINST, NOT JUST COAST TO COAST, BUT ITS
19 PARENT COMPANY, AFFINITY. AND WHEN THE COURT HEARS THIS
20 TESTIMONY, IT WILL HEAR THAT THE A.G.I. OFFICERS ARE
21 OFFICERS OF COAST TO COAST, THE A.G.I. MEMBER RESORT
22 SERVICES IS THE COAST TO COAST MEMBER RESORT SERVICES. WHY
23 THAT'S IMPORTANT IS BECAUSE THE TRANSFER LETTERS WENT OUT
24 FOR THE MEMBER RESORT SERVICES. THE DIRECTION WAS TAKEN
25 FROM THE MEMBER RESORT SERVICES. IN ORDER FOR US TO PROVE
26 OUR CASE THAT A.G.I. WAS INVOLVED DIRECTLY, NOT ALTER EGO,

1 BUT DIRECTLY INVOLVED, WE HAVE TO SHOW THAT IS THIS
2 TESTIMONY, AND THAT IT WAS A.G.I.'S MEMBER RESORT
3 SERVICES. MR. ROBINSON IS TESTIFYING ABOUT THAT.

4 AND SO I WOULD RESPECTFULLY RESPECT THAT THE
5 COURT CHANGE ITS RULING AFTER HEARING WHAT I WANT TO READ.

6 THE COURT: OKAY.

7 MR. SHERMAN: EXCUSE ME. BEFORE MR. SHAW ACTUALLY
8 READS IT, THE OBJECTIONS THAT WERE MADE WERE OBJECTIONS
9 THAT WERE MADE TO VERY SPECIFIC QUESTIONS, BECAUSE I THINK
10 WE'VE ALL APPRECIATED AT THIS POINT THAT WE TAKE EACH
11 QUESTION AT A TIME. AND SO I'D LIKE THE OPPORTUNITY FOR
12 EACH QUESTION THAT IS AN OBJECTIONABLE ONE TO INTERPOSE THE
13 OBJECTION BECAUSE, YOU KNOW, MR. SHAW OUGHT NOT BE DOING
14 WITH THE COURT WHAT HE OUGHT NOT BE DOING WITH THE JURY, AS
15 FAR AS READING OF OBJECTIONABLE QUESTIONS AND THEN
16 OBJECTIONABLE ANSWERS.

17 BUT, IN ANY EVENT, I THINK THAT WE OUGHT TO
18 JUST TAKE THIS ONE QUESTION AT A TIME, UNTIL YOUR HONOR
19 BELIEVES THAT YOU'VE SEEN A PATTERN.

20 THE COURT: ALL RIGHT.

21 MR. MOSHENKO: YOUR HONOR, COULD I JUST MAKE ONE
22 COMMENT, IF I MIGHT.

23 THE PATTERN THAT WE'RE ASKING THE COURT TO
24 CONSIDER WHETHER IT IS THERE OR NOT IS A PATTERN THAT
25 PROVES THAT A.G.I. PARTICIPATED IN THE MASS TRANSFER BY
26 HAVING ITS EMPLOYEES PARTICIPATE IN THE DOING OF THE WORK

1 THAT WAS A MASS TRANSFER BY HAVING ITS -- BY GIVING COAST
2 TO COAST THE DATA THAT IS IN THE A.G.I. DATABASE AND
3 DATABANK BY ALLOWING COAST TO COAST TO USE THE EQUIPMENT
4 THAT WAS THE AFFINITY GROUP'S ACTUAL EQUIPMENT; AND THAT
5 BY, IN ESSENCE, AIDING AND ABETTING AND -- OR FOR CERTAIN
6 RATIFYING AFTER THE FACT THE MASS TRANSFER ACTIVITIES WHICH
7 THE COURT CAN RECALL STARTED IN SEPTEMBER AND WENT ON INTO
8 THE FIRST FEW MONTHS OF 1998, EVEN AFTER THE LAWSUIT WAS
9 FILED AND AFTER AFFINITY GROUP WAS MADE A PARTY TO THE
10 LAWSUIT.

11 MR. JOEL MC ADAMS IS THE EXECUTIVE PRESIDENT
12 OF COAST TO COAST. AND THE REASON I'M MENTIONING HIM IS
13 BECAUSE YOU'RE GOING TO HEAR THE SAME ISSUE WHEN I TALK
14 ABOUT SOME OF THESE OTHER WITNESSES THAT I WAS GOING TO
15 READ DEPOSITION MATERIAL FROM.

16 JOEL MC ADAMS IS THE EXECUTIVE PRESIDENT OF
17 COAST TO COAST. HE IS ALSO THE CHIEF EXECUTIVE OFFICER OF
18 AFFINITY GROUP. MARK BOGGESS -- I SAID THAT WRONG.
19 MC ADAMS IS THE CHIEF EXECUTIVE OFFICER OF COAST TO COAST
20 AND OF AFFINITY GROUP. MARK BOGGESS IS THE EXECUTIVE
21 PRESIDENT OF COAST TO COAST AND THE CHIEF FINANCIAL OFFICER
22 OF COAST TO COAST. AND HE IS ALSO A VICE PRESIDENT OR
23 CHIEF FINANCIAL OFFICER OF AFFINITY GROUP. WE HAVE
24 OVERLAPPING MANAGERS. WE HAVE EMPLOYEES -- MANAGERS WHO
25 MANAGE -- WE WOULD SAY MANAGE THE MASS TRANSFER, ACTUALLY
26 CONDUCTED AND MANAGED THE TRANSFER. AND WE HAVE EMPLOYEES

1 WHO ACTUALLY PARTICIPATED IN THE TRANSFER THAT ARE ON THE
2 PAYROLL OF AFFINITY GROUP.

3 MR. SHERMAN: YOUR HONOR, I FEEL COMPELLED TO
4 RESPOND TO CERTAIN THINGS THAT WERE SAID.

5 FIRST, I'M NOT GOING TO CORRECT SOME OF THE
6 FACTUAL INACCURACIES WITH RESPECT TO PEOPLE'S POSITIONS OR
7 TITLES. THOSE WILL COME OUT WHEN THEY COME OUT. WE DON'T
8 NEED TO HAVE ANYONE PREJUDGING THAT.

9 BUT ON THE SUBJECT OF MR. MOSHENKO'S CLAIM
10 ABOUT AIDING AND ABETTING, I THINK -- OR RATIFICATION, I
11 THINK THAT TWO POINTS OUGHT TO BE MADE.

12 FIRST, THERE'S NO CAUSE OF ACTION IN THE
13 COMPLAINT FOR AIDING AND ABETTING. INDEED THE WORDS AIDING
14 AND ABETTING DO NOT APPEAR IN THE COMPLAINT, AT LEAST BASED
15 UPON MY LAST READING OF IT JUST THIS AFTERNOON. AND,
16 MOREOVER, THERE'S NO CAUSE OF ACTION FOR RATIFICATION. I
17 DON'T KNOW EVEN KNOW WHAT A CAUSE OF ACTION FOR
18 RATIFICATION WOULD BE.

19 BUT THE SECOND POINT IS, ON THIS SLENDER
20 READ, THIS NOTION THAT AFFINITY GROUP, BECAUSE IT HAD A
21 COMPUTER THAT COAST EMPLOYEES WERE ABLE TO ACCESS COAST
22 MEMBERSHIP LISTS FROM, THAT SOMEHOW AFFINITY GROUP IS
23 RESPONSIBLE, AS A MATTER OF LAW, LET'S JUST ASSUME THAT
24 THERE WAS AN AIDING AND ABETTING COUNT. UNDER
25 MR. MOSHENKO'S TORTURED LOGIC WE OUGHT TO HAVE THE UNITED
26 STATES POSTAL SERVICE IN HERE AS A DEFENDANT, BECAUSE, DARN

1 IT, THE U.S. POSTAL SERVICE DELIVERED THOSE LETTERS. AND
2 THAT'S NOT THE LAW. WE ALL KNOW THAT THAT'S NOT THE LAW.
3 BECAUSE DOING THINGS -- IN ORDER TO AID AND ABET, YOU NEED
4 TO DO TWO THINGS. YOU NEED TO HAVE KNOWLEDGE OF A PRIMARY
5 WRONG, AND YOU HAVE TO SUBSTANTIALLY ASSIST IN A
6 WRONGDOING. AND GUESS WHAT? THAT'S NOT PRESENT HERE.
7 IT'S NOT EVEN PLED IN THE COMPLAINT.

8 BUT LET'S JUST PUT THAT ASIDE FOR NOW. I'D
9 LIKE TO HEAR THE QUESTIONS SO THAT I CAN APPROPRIATELY
10 OBJECT AS TO THOSE THAT WE FEEL ARE OBJECTIONABLE BECAUSE
11 THEY GO TO EQUITABLE ISSUES.

12 THE COURT: LET'S PROCEED THE SAME WAY WE DID AS WE
13 DID THIS MORNING.

14 MR. SHAW: OKAY. I JUST WANT TO JUST INVITE THE
15 COURT'S ATTENTION TO THE AMENDED COMPLAINT, PAGE 2,
16 PARAGRAPH 3, THAT SAYS, "AT ALL TIMES HEREIN MENTIONED,
17 DEFENDANTS, AND EACH OF THEM, WHERE THE AGENTS, SERVANTS
18 AND/OR EMPLOYEES OF THEIR CO-DEFENDANTS AND IN DOING THE
19 THINGS THEREIN ALLEGED WERE ACTING WITHIN THE COURSE AND
20 SCOPE OF SAID AGENCY AND EMPLOYMENT."

21 SO, DESPITE WHAT MR. SHERMAN SAYS, THERE'S A
22 PLEADING THAT THEY WERE AGENTS OF EACH OTHER. AND MORE SO,
23 WHEN MR. DURAN READS THE ANSWERS TO MY QUESTIONS, WHICH I'D
24 LIKE HIM TO GET UP THERE, THE COURT WILL SEE THAT IT WAS
25 MORE THAN THAT. IT WAS A.G.I.'S EMPLOYEES THAT WERE
26 SENDING OUT THIS INFORMATION.

1 MR. DURAN --

2 MR. SHERMAN: AIDING AND ABETTING, LIABILITY,
3 NOTIFICATION, AND THAT IS NOTABLY ABSENT.

4 THE COURT: LET'S HEAR THE QUESTIONS.

5 MR. DURAN: SORRY, YOUR HONOR.

6 MR. SHAW: MR. DURAN, STARTING AT PAGE 16.

7 THE COURT: HOW LONG IS THIS GOING TO TAKE?

8 MR. SHAW: I'D SAY FIVE MINUTES, YOUR HONOR.

9 MR. DURAN: OF WHICH?

10 MR. SHAW: THE FIRST VOLUME, THE FEBRUARY 18TH,
11 2000.

12 MR. DURAN: PAGE 16?

13 MR. SHAW: CORRECT. LINE 15.

14 Q DO YOU UNDERSTAND WHAT
15 THEY BOTH OPERATE OUT OF THE
16 SAME BUILDING AND
17 PARENTHETICALLY WHAT WAS
18 REFERRED TO ABOVE WAS THE CAMP
19 COAST TO COAST AND AFFINITY
20 GROUP, INC.?

21 MR. SHERMAN: OBJECTION. THIS WITNESS'S
22 UNDERSTANDING IS STILL IRRELEVANT. AND THESE STILL GO TO
23 EQUITABLE ISSUES ONLY.

24 THE COURT: PROCEED.

25 MR. DURAN: I HAVE NEVER BEEN INVOLVED IN THAT --
26 I'M SORRY. LINE 17?

1 ANSWER, CORRECT.

2 BY MR. SHAW: Q DO YOU
3 UNDERSTAND THAT THEY SHARE
4 EMPLOYEES OR EQUIPMENT IN SOME
5 MANNER?

6 MR. SHERMAN: THE SAME OBJECTIONS.

7 THE COURT: SUSTAINED.

8 MR. SHAW: IT CALLS FOR HIS UNDERSTANDING.

9 MR. SHERMAN: SAME OBJECTIONS.

10 THE COURT: SUSTAINED.

11 MR. SHAW: YOUR HONOR, I'M READING THIS NOW FOR THE
12 ALTER EGO. AND THERE ARE NO -- THERE WERE NO OBJECTIONS TO
13 THE ALTER EGO.

14 FOR THE RECORD, I AT LEAST HAVE THE RIGHT TO
15 READ TO THE COURT WHAT THE TESTIMONY SAYS. THE RECORD CAN
16 TAKE THE OBJECTION, BUT I BELIEVE WE HAVE TO AT LEAST READ
17 THE QUESTIONS AND ANSWERS.

18 MR. SHERMAN: MR. SHAW HAS THE RIGHT TO READ
19 RELEVANT TESTIMONY TO THE COURT. KEDRICK ROBINSON'S
20 UNDERSTANDING DEFIES LOGIC AS TO WHY IT WOULD BE RELEVANT.

21 MR. SHAW: BECAUSE HE WORKED THERE. HE WAS THE
22 REGIONAL DIRECTOR. HE WAS INVOLVED.

23 AS THE COURT WILL SEE FROM THIS TESTIMONY
24 WHEN I GO THROUGH IT IN FIVE MINUTES, HE WAS THERE EVERY
25 DAY.

26 THE COURT: TELL YOU WHAT. WE'LL DO -- LET'S GO

1 AHEAD AND READ IT WITHOUT OBJECTION.

2 MR. SHAW: THANK YOU, YOUR HONOR.

3 MR. SHERMAN: PRESERVING THE OBJECTION, YOUR
4 HONOR.

5 THE COURT: YES.

6 BY MR. SHAW: Q DO YOU UNDERSTAND THAT THEY BOTH
7 OPERATE OUT OF THE SAME BUILDING -- LINE 17.

8 MR. DURAN: I'M SORRY. WHICH PAGE?

9 MR. SHAW: PAGE 16. I'LL START AT LINE 15.

10 Q DO YOU UNDERSTAND THAT
11 THEY BOTH OPERATE OUT OF THE
12 SAME BUILDING?

13 A CORRECT.

14 Q DO YOU UNDERSTAND THAT
15 THEY SHARE EMPLOYEES OR
16 EQUIPMENT IN SOME MANNER?

17 A YES.

18 Q DO YOU UNDERSTAND THAT
19 THESE COMPANIES, ASSUMING THEY
20 ARE TWO COMPANIES AND THEY ARE
21 IN SOME MANNER INVOLVED IN A
22 RELATED BUSINESS --

23 A YES.

24 Q WHAT IS THAT RELATED
25 BUSINESS THAT YOU UNDERSTAND?

26 A WE SHARE FUNCTIONAL

1 DEPARTMENTS.

2 Q WHAT DEPARTMENTS ARE

3 SHARED?

4 A I DON'T KNOW ALL OF THEM.

5 Q NAME THE ONES THAT YOU DO

6 KNOW.

7 A ACCOUNTING, FINANCE,

8 COMPUTER.

9 Q ANY OTHERS, ANY OTHER

10 FUNCTIONAL DEPARTMENTS? HE HAS

11 LISTED THREE. I'M ASKING, ARE

12 THERE MORE THAN THREE?

13 A MEMBER SERVICES.

14 Q WHAT DO YOU MEAN BY

15 "SHARE"?

16 A THEY HAVE -- THEY ARE

17 FUNCTIONAL IN WHAT THEY PROVIDE,

18 THAT SERVICE FOR COAST TO COAST.

19 Q WHO IS "THEY"?

20 A THOSE LISTED.

21 Q DO YOU HAVE SOME

22 UNDERSTANDING AS TO WHAT COMPANY

23 THE ACCOUNTING DEPARTMENT, THE

24 PEOPLE IN THE ACCOUNTING

25 DEPARTMENT, WORK FOR?

26 ALL RIGHT. WHAT IS THE

1 DEPARTMENT YOU REFERRED TO WHEN
2 YOU LISTED THE ACCOUNTING
3 DEPARTMENT AS SOMETHING THAT
4 SHARES FUNCTIONAL DEPARTMENTS?
5 A THE ACCOUNTING DEPARTMENT
6 OF A.G.I.

7 MR. SHERMAN: EXCUSE ME. COULD YOU PLEASE JUST
8 TELL ME --

9 MR. SHAW: I'M SORRY, COUNSEL. I WAS TRYING TO GET
10 THROUGH THIS QUICKLY. PAGE 22, LINE 20. I'M SORRY. I'LL
11 STATE THE PAGE, AND I'LL SLOW DOWN.

12 ARE YOU WITH ME, MR. SHERMAN?

13 MR. SHERMAN: YES, I AM.

14 BY MR. SHAW: Q WHAT
15 ACCOUNTING DEPARTMENT DID YOU
16 REFER TO -- I'M SORRY.

17 WHAT -- WHO EMPLOYS THE
18 PERSONS -- STRIKE THAT.

19 WHOSE FINANCE DEPARTMENT
20 WAS IT THAT YOU WERE REFERRING
21 TO WHEN YOU REFERRED TO THE
22 FINANCE DEPARTMENT AS A
23 DEPARTMENT, FUNCTIONAL
24 DEPARTMENT?

25 A CAN I SPEAK TO MY
26 COUNSEL, PLEASE?

1 Q OF COURSE.

2 A A.G.I.'S FINANCE
3 DEPARTMENT, WHO ACTUALLY
4 PROVIDES THE SERVICE OF FINANCE
5 FOR COAST TO COAST FOR WHICH WE,
6 OR COAST TO COAST, PAYS FOR THAT
7 SERVICE.

8 Q HOW DO YOU KNOW THAT
9 COAST TO COAST PAYS FOR THAT
10 SERVICE?

11 A HOW DO I KNOW?

12 Q YES.

13 A BY -- I KNOW THAT BY MY
14 KNOWLEDGE OF MY BUSINESS I'M IN.

15 Q IN WHAT MANNER DOES COAST
16 TO COAST PAY A.G.I. FOR THAT
17 SERVICE?

18 A WE'RE ALLOCATED A FEE.

19 Q ALLOCATED BY WHOM?

20 A BY THE FINANCE
21 DEPARTMENT.

22 DO YOU KNOW -- WELL, LET ME START AT THE TOP
23 OF PAGE 24.

24 Q WHEN YOU SAY "A.G.I.," DO
25 YOU MEAN AFFINITY GROUP, INC.?

26 A YES.

1 Q WHOSE COMPUTER DEPARTMENT
2 IS IT THAT YOU REFER TO WHEN YOU
3 IDENTIFIED THE COMPUTER
4 EQUIPMENT?

5 A. A.G.I.'S COMPUTER
6 EQUIPMENT.

7 Q WHOSE MEMBER SERVICES
8 DEPARTMENT DID YOU REFER TO WHEN
9 YOU REFERRED TO THE MEMBER
10 SERVICES DEPARTMENT?

11 A A.G.I.

12 Q WHAT'S YOUR CURRENT
13 POSITION WITH COAST TO COAST?

14 I'M SORRY, COUNSEL. PAGE 25. I'M ALMOST
15 DONE. PAGE 25. LINE 10.

16 A DIRECTOR OF RESORT
17 SERVICES.

18 MR. SHAW: LET ME START AGAIN, MR. DURAN.
19 LINE 10, QUESTION.

20 Q WHAT'S YOUR CURRENT
21 QUESTION WITH COAST TO COAST?

22 A DIRECTOR OF RESORT
23 SERVICES.

24 Q DO YOU KNOW WHETHER OR
25 NOT COAST TO COAST PAYS A FEE TO
26 A.G.I. FOR SERVICES A.G.I.'S

1 FINANCE DEPARTMENT PROVIDES IT?

2 A YES.

3 MR. DURAN: THE NEXT QUESTION, MR. SHAW, ON LINE
4 21?

5 MR. SHAW: YOUR HONOR, THE REST OF IT GOES ON WITH
6 THE FEE.

7 BUT MY POINT IS, THE A.G.I. EMPLOYEES AND
8 DEPARTMENTS WERE THERE AT COAST TO COAST. THEY WERE THE
9 FUNCTIONAL DEPARTMENTS THAT WERE INVOLVED. ASIDE FROM
10 ALTER EGO, TAKE THAT ISSUE AWAY, THE WAY WE PROVE TO THE
11 JURY THAT A.G.I. DIRECTED, OPERATED -- I WON'T EVEN SAY
12 RATIFIED BECAUSE I BELIEVE THERE IS AN ARGUMENT OF THAT.

13 BUT THE PARAGRAPH 3 OF THE COMPLAINT SAYS
14 THAT THEY WERE AGENTS, EMPLOYEES OF EACH OTHER IN DOING THE
15 FACTS. THIS IS OUR PROOF. THE PERSON THAT WAS THERE AND
16 DEALT WITH IT, IT'S OUR PROOF OF THE FACT THAT A.G.I. WAS
17 INVOLVED.

18 WITHOUT THIS TESTIMONY, YOUR HONOR, I
19 BELIEVE WE WOULD BE SUBJECT TO A NONSUIT ON THE ISSUE.
20 ALTHOUGH, I DO THINK MR. RYMAN AND MR. RANDALL HAVE
21 TESTIFIED ABOUT THE FACT THAT THE DEPARTMENTS HAVE BEEN
22 FUNCTIONAL.

23 BUT THIS IS KEY EVIDENCE THAT I ARGUE WE
24 WOULD BE PREJUDICED IF I DIDN'T GET THAT TWO OR THREE
25 MINUTES TO READ THE KEDRICK ROBINSON DEPOSITION.

26 MR. SHERMAN: YOUR HONOR, WE AGREE THAT THEY ARE

1 SUBJECT TO NONSUIT. AND THE REASON THAT THEY ARE SUBJECT
2 TO NONSUIT AND WILL BE SUBJECT TO NONSUIT IN JUST A FEW
3 DAYS IS THAT WHEN YOU GET TO THE BRASS TACKS OF ALL THIS --
4 AND I'M GLAD ACTUALLY THAT MR. SHAW HAD THE OPPORTUNITY TO
5 DO THIS BECAUSE WE'LL SEE IT NOW WITH DENNIS BLOCK.

6 HIS DEPOSITION -- WE WILL NEED TO READ THE
7 DEPOSITION OF JOE MC ADAMS. IT IS NOT JOEL. IT IS
8 JOE MC ADAMS. MR. MC ADAMS IS UNAVAILABLE TO BREAK AWAY.
9 HE HAS PEOPLE COMING IN FROM OUT OF TOWN, AND HE HAS AN
10 OUT-OF-THE-OFFICE BUSINESS MEETING TOMORROW.

11 SO IF MR. MOSHENKO WANTS TO READ HIS
12 DEPOSITION TOMORROW, THAT'S JUST FINE.

13 BUT THE POINT IS, THE BRASS TAX HERE ARE
14 THAT EITHER JOE MC ADAMS, DAVID BLOCK, MIKE SCHNEIDER, NOR
15 ANY OTHER OFFICER OF AFFINITY GROUP, INC., WAS CONSULTED
16 WITH ABOUT THOSE LETTERS, KNEW ABOUT THE LETTERS, OR
17 PARTICIPATED IN COAST TO COAST'S EFFORTS TO CONTACT COAST
18 TO COAST'S MEMBERS FOLLOWING THE DISAFFILIATION. THAT IS
19 CONSISTENT WITH THE TESTIMONY OF ROGER RYMAN, GENE EVERETT,
20 AND JIM RANDALL.

21 SO WHEN WE GET AWAY FROM THESE OUT OF BOUND,
22 UNNECESSARY ATTEMPTS TO DRAW NUANCES, I THINK WHAT WE FIND
23 IS THAT THERE'S NO CONSPIRACY, AND EFFORTS TO CREATE THIS
24 ALTER EGO ANIMAL BEFORE THE JURY FAIL. IF THEY WANT TO
25 CREATE THE ALTER EGO ANIMAL, CREATE IT BEFORE THE COURT.

26 MR. SHAW: YOUR HONOR, THIS ISN'T ALTER EGO. IT'S

1 DIRECT. THE EMPLOYEES WERE INVOLVED. HE CAN TALK HOWEVER
2 HE WANTS BECAUSE WE THINK HE IS WRONG. WE THINK WE'LL SHOW
3 THAT THE EXECUTIVES KNEW ABOUT IT.

4 BUT WHEN WE'VE GOT A WITNESS THAT WAS THERE,
5 PERCIPIENT WITNESS WHO WAS THERE IN THE DEPARTMENTS, AND
6 THEY WERE FUNCTIONING AND OPERATING AND DIRECTING THE
7 MEMBERS RESORTS SERVICES, A.G.I. WAS DIRECTING, OPERATING
8 THE RESORT SERVICES, MARY URIOSTE, WHO SENT OUT THE LETTER,
9 THE 35,000 LETTERS, THAT'S DIRECT EVIDENCE, NOT CONSPIRACY,
10 NOT ALL THESE OTHER RATIFICATION ISSUES. THAT'S DIRECT
11 EVIDENCE.

12 THE COURT: MARY URIOSTE DIDN'T WORK FOR A.G.I.

13 MR. SHAW: SHE IS INVOLVED IN THE MEMBERS RESORT
14 SERVICES DEPARTMENT THAT MR. ROBINSON IS TESTIFYING ABOUT
15 IS THE A.G.I. EMPLOYEES. I THINK IT'S PRETTY CLEAR, YOUR
16 HONOR, THAT SHE WAS AN EMPLOYEE OF A.G.I. MR. ROBINSON
17 SAYS SHE WAS.

18 MR. SHERMAN: YOUR HONOR, THEY'RE AVOIDING THE HARD
19 ISSUE. DID A.G.I. PARTICIPATE IN THE SENDING OUT OF THE
20 LETTERS? DID THEY PARTICIPATE IN THIS ALLEGED -- PUT THAT
21 IN QUOTES -- WRONGFUL ACT?

22 I MEAN, AS FAR AS, YOU KNOW, WHO PAYS THE
23 BILLS, WHERE THE MAIL IS SENT AND, YOU KNOW, WHO CLEANS UP
24 AT NIGHT, I'M SORRY THAT WE'RE TAKING THE COURT'S TIME ON
25 THIS, AND I'M ESPECIALLY SORRY THAT WE'VE GOT 16 GOOD
26 PEOPLE SITTING OUTSIDE WAITING FOR THIS.

1 MR. SHAW: YOUR HONOR, THIS IS IMPORTANT TO US.
2 AND I JUST WANT TO MAKE IT VERY CLEAR WHEN MR. ROBINSON
3 SAYS THAT IT WAS A.G.I.'S EMPLOYEES THAT STAFFED THE MEMBER
4 SERVICES DEPARTMENT -- FOR EXAMPLE, I'M JUST GOING TO READ
5 FROM PAGE 24, LINES 8 THROUGH 1.

6 "WHOSE MEMBER SERVICES DEPARTMENT DID YOU
7 REFER TO WHEN YOU REFERRED TO THE MEMBER SERVICES
8 DEPARTMENT?

9 "ANSWER: A.G.I."
10 THAT'S WHO WAS HERE, IN COLORADO, HANDLING
11 THESE LETTERS, THIS MASS TRANSFER. THIS IS OUR EVIDENCE.
12 THIS IS EXTREMELY IMPORTANT. IT'S HERE. IT'S NOT ALTER
13 EGO. IT'S DIRECT EVIDENCE THAT THEY WERE INVOLVED.

14 MR. SHERMAN: YOUR HONOR, WE SUBMIT.

15 THE COURT: I'M GOING TO STAND BY MY RULING,
16 MR. SHAW.

17 BRING THE JURY IN.

18 MR. SHAW: BUT, YOUR HONOR, I DO TAKE IT, FOR THE
19 RECORD, AT LEAST THE COURT HAS HEARD --

20 THE COURT: YES.

21 MR. SHAW: -- IN TERMS OF ALTER EGO ISSUES.

22 THE COURT: YES.

23 MR. SHERMAN: I THOUGHT THESE WEREN'T ALTER EGO
24 ISSUES.

25 (THE FOLLOWING PROCEEDINGS WERE HELD IN OPEN
26 COURT IN THE PRESENCE OF THE JURY:)

1 THE COURT: GOOD AFTERNOON, LADIES AND GENTLEMEN.

2 THE JURY: GOOD AFTERNOON.

3 THE COURT: PROCEED, MR. SHAW.

4 MR. SHAW: THANK YOU, YOUR HONOR.

5 MR. DURAN, DO YOU THINK YOU CAN BE
6 KEDRICK ROBINSON FOR A FEW MORE MINUTES?

7 MR. DURAN: SURE.

8 MR. SHAW: LET'S GO TO PAGE 212.

9 COUNSEL, IT'S 212, LINE 6.

10 I'M SORRY. LINE 16 THROUGH 25.

11 Q WAS IT IN SEPTEMBER THAT
12 SUCH MEETINGS AND DISCUSSIONS
13 WERE BEING HELD?

14 A I DON'T RECALL THE EXACT
15 TIME THAT THE MEETINGS WERE
16 HELD. IF THE DISAFFILIATION WAS
17 IN AUGUST, THEN OUR NORMAL
18 BUSINESS PRACTICE IT WOULD HAVE
19 BEEN SOMETIME AFTER AUGUST.

20 Q ALL RIGHT. WELL, YOU'VE
21 TOLD US THAT YOU'RE NOT AWARE OF
22 ANY ACTIVITY IN 1998; SO THAT
23 WOULD LEAVE A WINDOW OF TIME
24 FROM LATE AUGUST OF 1997 TO THE
25 END OF 1997.

26 DID THE DISCUSSIONS OCCUR

1 DURING THAT WINDOW OF TIME?

2 A YES.

3 Q DID THEY OCCUR IN -- DID
4 YOU WAIT AS YOU -- MEANING COAST
5 TO COAST -- WAIT AS LONG AS 30
6 DAYS FROM RECEIVING NOTIFICATION
7 BEFORE MANAGEMENT MET AND
8 DISCUSSED WHAT ACTION SHOULD BE
9 TAKEN?

10 A I DON'T RECALL THE LENGTH
11 OF TIME THAT WE WAITED.

12 Q DID YOU WAIT 60 DAYS
13 BEFORE MANAGEMENT MET AND
14 DISCUSSED ACTIONS TO BE TAKEN?

15 A I WOULD -- I WOULD
16 PRESUME THAT WE MET BEFORE 60
17 DAYS, CORRECT.

18 Q SO DID YOU ACT SOONER
19 THAN 45 DAYS?

20 MR. SHERMAN: OBJECTION. RELEVANCE.

21 THE COURT: SUSTAINED.

22 BY MR. SHAW: Q IF I TELL YOU
23 THAT LETTERS WERE SENT TO
24 MEMBERS OVER MR. RANDALL'S NAME
25 AND SIGNATURE WHICH LETTERS WERE
26 DATED OCTOBER, 1997, DOES THAT

1 REFRESH YOUR MEMORY AS TO
2 WHETHER OR NOT ACTIONS,
3 DISCUSSIONS WERE HELD IN
4 SEPTEMBER OF 1997?

5 MR. SHERMAN: OBJECTION. THIS IS CUMULATIVE.

6 THE COURT: SUSTAINED.

7 MR. SHAW: LET'S GO TO PAGE 216, COUNSEL, LINE 22.

8 Q WHEN YOU SPOKE TO
9 DEVELOPERS, DID YOU HAVE THE
10 UNDERSTANDING THAT THEY WOULD BE
11 RECEIVING LISTS OF MEMBERS FROM
12 CAMP COAST TO COAST?

13 A WHEN I SPOKE TO
14 DEVELOPERS INITIALLY IT
15 WAS -- THE MAIN DISCUSSION WOULD HAVE
16 BEEN IF THEY WERE WILLING TO
17 ACCEPT ORPHAN MEMBERS.

18 Q YES.
19 BUT DID YOU UNDERSTAND AT
20 THAT TIME, IF THEY SAID YES,
21 THAT THEY WOULD BE PROVIDED A
22 LIST?

23 A YES.

24 Q AND DID YOU SPEAK THAT TO
25 THE DEVELOPERS WHO AGREED TO
26 ACCEPT MEMBERS?

1 A YES.

2 Q DID YOU HAVE SOME
3 UNDERSTANDING OF HOW PROMPTLY
4 THE LIST WOULD BE PROVIDED?

5 A NO, I DID NOT.

6 Q DID YOU HAVE SOME
7 KNOWLEDGE OF HOW PROMPTLY LISTS
8 WERE PROVIDED AS A GENERAL
9 PRINCIPLE?

10 A AS A GENERAL
11 PRINCIPLE, THIS WAS NOT A
12 TYPICAL SITUATION IN THE FACT OF
13 THE MAGNITUDE OF THE NUMBER OF
14 RESORTS AND PEOPLE AT ONE TIME.
15 IT WOULD NOT HAVE BEEN -- IT
16 WOULD HAVE BEEN JUST AS IT COULD
17 HAVE BEEN PRODUCED, JUST IN
18 WHATEVER IT TOOK TO DO IT. I
19 DID NOT HAVE A SPECIFIC AMOUNT
20 OF TIME IN FRONT OF ME AS TO
21 WHEN THAT WOULD HAPPEN.

22 MR. SHAW: AS A MATTER -- COUNSEL, I'M SKIPPING TO
23 SPEED IT ALONG DOWN TO LINE 12 ON PAGE 218.

24 ARE YOU WITH ME?

25 MR. SHERMAN: YES.

26 MR. SHAW: MR. DURAN.

1 Q AS A MATTER OF NORMAL
2 PRACTICE, DID IT TAKE LESS THAN
3 10 DAYS TO HAVE THE LIST SENT
4 OUT?

5 A IN MOST OF THE CASES THAT
6 I HAVE DEALT WITH, IT WOULD HAVE
7 BEEN ABLE TO HAVE BEEN DONE
8 WITHIN A COUPLE OF WEEKS.

9 MR. SHAW: ALL RIGHT. LET'S GO TO PAGE 224,
10 COUNSEL, AT LINE 7.

11 MR. DURAN, ARE YOU WITH ME?

12 MR. DURAN: READY.

13 BY MR. SHAW: Q THAT WAS GOING
14 TO BE MY NEXT QUESTION.

15 DO COAST TO COAST RULES
16 AND REGULATIONS REQUIRE THAT IF
17 A MEMBER -- IF COAST LEARNS THAT
18 A MEMBER IS NOT WITH AN
19 AFFILIATED HOME RESORT, AND THAT
20 MEMBERSHIP IN COAST TO COAST
21 WILL TERMINATE WITHIN A CERTAIN
22 TIME?

23 MR. SHERMAN: OBJECTION. THE DOCUMENTS SPEAK FOR
24 THEMSELVES.

25 THE COURT: SUSTAINED.

26 MR. SHAW: COUNSEL, I'M SKIPPING TO 238, LINES 18

1 THROUGH 25, COUNSEL.

2 MR. DURAN, ARE YOU WITH ME?

3 MR. DURAN: YES.

4 BY MR. SHAW: Q OKAY. HAVE
5 YOU EVER BEEN TOLD HOW MANY
6 LETTERS CAMP COAST TO COAST SENT
7 TO PLAINTIFFS' MEMBERS?

8 I'M NOW USING "MEMBERS"
9 IN THE DEFINED MANNER THAT WE
10 AGREED UPON.

11 HAVE YOU EVER BEEN TOLD
12 HOW MANY LETTERS WERE SENT TO
13 HOW MANY MEMBERS AFTER THE
14 DISAFFILIATION BY THE
15 PLAINTIFFS' RESORT?

16 MR. SHERMAN: OBJECTION. THIS MISSTATES THE
17 EVIDENCE. ASSUMES FACTS NOT IN EVIDENCE. AND IT'S ALSO
18 CUMULATIVE WITH RESPECT TO THE TESTIMONY THAT'S ALREADY
19 BEEN GIVEN ON THE NUMBER OF LETTERS.

20 THE COURT: I THINK IT'S CUMULATIVE. SUSTAINED.

21 MR. SHAW: MR. DURAN, YOU'VE DONE A FINE JOB AS
22 MR. ROBINSON.

23 I HAVE NOTHING FURTHER, YOUR HONOR. THANK
24 YOU.

25 THE COURT: THANK YOU.

26 MR. SHERMAN: WE'LL PASS THE WITNESS.

1 THE COURT: YOU MAY STEP DOWN.

2 MR. MOSHENKO: YOUR HONOR, I HAVE TO CALL HIM AS
3 MR. BLOCK.

4 MR. BLOCK, YOUR HONOR, WE WERE INFORMED HAD
5 OPEN HEART SURGERY AND IS UNABLE TO COME AND ATTEND. AND
6 SO WE NOW HAVE TO GO TO THE READING OF DAVID BLOCK
7 DEPOSITION, WITH THE COURT'S PERMISSION.

8 THE COURT: MR. BLOCK.

9 MR. MOSHENKO: MR. BLOCK TO TAKE THE STAND IN THE
10 PERSONA OF LANCE DURAN.

11 THE COURT: I DOUBT THEY'RE GOING TO LET YOU TO
12 PRACTICE LAW, YOU KNOW, WITH ALL THE ALIASES.

13 A JUROR: WHEN YOU PUT DOWN ALIASES ON AN
14 APPLICATION, YOU'RE IN TROUBLE.

15 JUROR 18: ROBINSON, BLOCK, DURAN.

16 MR. MOSHENKO: MR. SHERMAN AND I HAVE TALKED BEFORE
17 AND PRETTY MUCH AGREED ON READING. BUT I WANT TO INFORM
18 HIM THAT I HAVE OMITTED SOME OF THE READINGS TO TRY TO SAVE
19 TIME AND IN LIGHT OF SOME OF THE COURT'S RULINGS.

20 MR. SHERMAN: WE'VE AGREED TO DISAGREE, AND THAT'S
21 WHY WE'RE GOING TO HAVE QUESTION, OBJECTION, IF
22 APPROPRIATE, AND THEN ANSWER.

23 MR. MOSHENKO: WHAT I'M JUST SUGGESTING,
24 MR. SHERMAN, DON'T BE SURPRISED IF I DON'T READ EVERYTHING
25 THAT I SUGGESTED WE WOULD READ.

26 THE COURT: HE WON'T BE SURPRISED.

1 MR. MOSHENKO: OKAY.

2 MR. SHERMAN: AGREED, YOUR HONOR.

3 MR. MOSHENKO: ALL RIGHT. I'M REFERRING TO THE
4 DEPOSITION OF DAVID BLOCK TAKEN MARCH 14, 2000, IN THIS
5 ACTION.

6 REFERRING TO PAGE 4, LINE 9.

7 Q STATE YOUR NAME, PLEASE.

8 A DAVID BLOCK.

9 THE COURT: COULD YOU CHANGE YOUR VOICE A LITTLE
10 BIT?

11 MR. MOSHENKO: SMILE WHEN YOU SAY IT.

12 ALL RIGHT. PAGE 9, LINE 10.

13 Q DO YOU UNDERSTAND THAT
14 YOU'RE UNDER OATH, THE OATH TO
15 TELL THE TRUTH AND NOTHING BUT
16 THE TRUTH?

17 A YES, SIR.

18 Q DO YOU UNDERSTAND THAT
19 THE FACT THAT JUST BECAUSE WE
20 ARE IN AN INFORMAL SETTING, THAT
21 NO WAY CHANGES THE SIGNIFICANCE
22 OF THE OATH AND YOUR
23 RESPONSIBILITY; IT'S THE SAME AS
24 IF YOU WERE IN COURT IN FRONT OF
25 A JUDGE?

26 A YES.

1 MR. MOSHENKO: PAGE 10, LINE 19.

2 Q OKAY. WHAT'S YOUR JOB
3 POSITION WITH AFFINITY GROUP?

4 A MY TITLE IS SENIOR VICE
5 PRESIDENT WITH AFFINITY GROUP
6 RESPONSIBLE FOR CLUBS.

7 Q LIST THE CLUBS THAT YOU
8 WERE RESPONSIBLE FOR.

9 A THE GOOD SAM CLUB, GOLF
10 CARD INTERNATIONAL, C.A.R.D.,
11 COAST TO COAST RESORTS, AND THEN
12 I HAVE SOME RESPONSIBILITIES
13 WITH SOME OTHER ENTITIES IN
14 ADDITION.

15 Q YOU MEAN IN THE NATURE OF
16 CLUB RESPONSIBILITIES?

17 A OUR SUPPORT OF CLUBS.

18 Q IS THAT A REFERENCE TO
19 SUPPORT OF OTHER CLUBS THAN THE
20 ONES YOU'VE NAMED, OR THAT MEANS
21 OTHER SUPPORT RESPONSIBILITIES
22 FOR THESE CLUBS THAT YOU HAVE
23 NAMED?

24 A IT'S JUST OTHER
25 PRODUCTS. I HAVE RESPONSIBILITY
26 FOR OUR MEMBER SERVICES WHICH

1 SUPPORTS THESE CLUBS AND ALSO
2 RESPONSIBILITY FOR A WARRANTY
3 PRODUCT THAT WE SELL TO THE
4 CLUBS.

5 Q WHAT IS YOUR DEFINITION
6 OF "MEMBER SERVICES"?

7 A SPECIFICALLY THE CALL
8 CENTER WHERE WE RECEIVE CALLS
9 AND ANSWER QUESTIONS OF MEMBERS
10 OF THE CLUBS.

11 Q AND, AGAIN, BY "CLUBS,"
12 YOU ARE REFERRING TO THE THREE
13 YOU HAVE NAMED OR --

14 A THAT'S CORRECT.

15 Q -- ARE THERE ADDITIONAL
16 CLUBS?

17 A NO, THERE ARE NOT.

18 MR. MOSHENKO: PAGE 14, LINE 13.

19 Q WHAT IS AFFINITY GROUP?

20 A WITHSTANDING GIVING THE
21 LEGAL DEFINITION, AFFINITY GROUP
22 IS A PRIVATE CORPORATION
23 COMPOSED OF INDIVIDUAL
24 ORGANIZATIONS.

25 Q NAME THE ORGANIZATIONS IT
26 IS COMPOSED OF.

1 IS THAT CORRECT?

2 A THERE MAY BE. BUT I
3 DON'T RECALL THEM AT THIS TIME.

4 Q WHAT DO YOU MEAN WHEN YOU
5 SAY THAT AFFINITY GROUP IS
6 COMPOSED OF THESE OTHER
7 ORGANIZATIONS?

8 A MOST OF THE COMPANIES
9 WITHIN AFFINITY GROUP
10 OPERATE, AS AN EXAMPLE, CAMPING
11 WORLD, A RETAIL PORTION OF THE
12 BUSINESS, IN SEGMENTS OF THE
13 BUSINESS, AND IT'S NOT BEEN MY
14 EXPERIENCE TO SEE AFFINITY GROUP
15 INTERFERE IN THE OPERATION OF
16 THOSE ENTITIES. THESE ENTITIES
17 SOMEWHAT HAVE LATITUDE TO
18 OPERATE WITHIN THEIR SPECIFIC
19 SEGMENTS OF BUSINESS.

20 Q WHEN YOU USE THE PHRASE
21 THE BUSINESS IS IN SEGMENTS OF
22 THE BUSINESS, WHAT DO YOU MEAN
23 BY "THE BUSINESS"?

24 A THE BUSINESS WOULD BE
25 RELEVANT TO THE COMPANY SUCH AS
26 IN SAYING THE BUSINESS FOR

1 CAMPING WORLD WOULD BE A RETAIL
2 BUSINESS, FOR T.L. ENTERPRISES
3 WOULD BE PUBLISHING, ET CETERA.

4 Q WHAT IS THE BUSINESS OF
5 AFFINITY GROUP?

6 A I THINK IT WOULD CALL FOR
7 SPECULATION. SO I'D HAVE TO
8 REPLY I DON'T KNOW.

9 MR. MOSHENKO: LINE 5.

10 Q HAVE YOU EVER SPOKEN TO
11 STEVE ADAMS?

12 A YES.

13 MR. MOSHENKO: LINE 18.

14 Q HAVE YOU EVER SPOKEN TO
15 HIM ABOUT AFFINITY GROUP?

16 A NOT THAT I RECALL.

17 Q HAVE YOU EVER SPOKEN TO
18 HIM ABOUT YOUR JOB?

19 A NOT THAT I RECALL.

20 Q HAVE YOU EVER SPOKEN TO
21 HIM ABOUT CAMP COAST TO COAST?

22 A NO.

23 Q WHEN IS THE LAST TIME YOU
24 SPOKE TO STEVE ADAMS?

25 A IT WAS A TELEPHONE
26 CONVERSATION. IT SEEMS TO HAVE

1 BEEN RIGHT AFTER THE FIRST OF
2 THE YEAR.

3 Q 2000?

4 A 2000, YES.

5 Q WHO CALLED WHOM?

6 A STEVE CALLED ME.

7 Q WHAT WAS THE SUBJECT
8 MATTER OF THAT CONVERSATION?

9 A IT WAS A DISCUSSION ON
10 OUR WARRANTY PRODUCT CALLED
11 C.S.P., THAT WOULD PROVIDE TERM
12 MEMBERSHIP.

13 MR. MOSHENKO: LINE 19.

14 Q SO, WHO'S "WE" WHEN YOU
15 SAY A WARRANTY PRODUCT THAT WE
16 OFFER?

17 A IN EARLIER TESTIMONY I
18 HAD SAID THAT I WAS RESPONSIBLE
19 FOR A PRODUCT CALLED C.S.P., A
20 WARRANTY PRODUCT. IT IS A
21 PRODUCT THAT IS ADVERTISED FOR
22 THE BENEFIT OF R.V. OWNERS
23 WITHIN THE CLUBS.

24 Q WHO ADVERTISES IT?

25 MR. SHERMAN: OBJECTION. RELEVANCE.

26 THE COURT: SUSTAINED.

1 BY MR. MOSHENKO: Q ALL RIGHT.
2 SO DID YOU AND MR. ADAMS TALK
3 ABOUT THE WARRANTY PRODUCT YOU
4 JUST IDENTIFIED?

5 A THAT'S CORRECT.

6 MR. MOSHENKO: PAGE 20, LINE 2.

7 BY MR. MOSHENKO: Q THE
8 QUESTION IS, IS MEMBERSHIP A
9 PRODUCT IN YOUR VERNACULAR?

10 A NO.

11 Q WHAT DO YOU CONSIDER IT
12 TO BE; A SERVICE?

13 A YES.

14 Q DOES THE FACT THAT YOU
15 RECENTLY SPOKE TO MR. ADAMS
16 CONCERNING PRODUCTS THAT ARE
17 OFFERED BY AFFINITY GROUP
18 REFRESH YOUR MEMORY THAT FROM
19 TIME TO TIME YOU HAVE SPOKEN TO
20 STEVE ADAMS ABOUT AFFINITY
21 GROUP?

22 A I SPOKE TO MR. ADAMS
23 ABOUT C.S.P. AND NOT ABOUT
24 PRODUCTS. AND NO, IT DOES NOT
25 REMIND ME OF OTHER INFORMATION
26 I'VE SPOKEN TO MR. ADAMS ABOUT.

1 MR. MOSHENKO: PAGE 21.

2 Q WHAT ARE YOUR DUTIES AS
3 THE SENIOR VICE PRESIDENT
4 RESPONSIBLE FOR CLUBS AS IT
5 RELATES TO THE CLUBS THAT YOU
6 ARE RESPONSIBLE FOR?

7 A I HAVE A SENIOR
8 MANAGEMENT RESPONSIBILITY WITH
9 EACH OF THE CLUB PRESIDENTS.
10 AND THAT RESPONSIBILITY IS ONE
11 OF PRIMARY GUIDANCE OR COUNSEL,
12 IF THEY WERE TO COME TO ME FOR
13 SOME REASON OR ASK FOR ADVICE.

14 BUT THE RESPONSIBILITY OF
15 RUNNING THE CLUB AS THE CLUB
16 PRESIDENT'S RESPONSIBILITY IS
17 MORE MY RESPONSIBILITY TO MANAGE
18 THE PERSON IN THEIR ACTIVITIES
19 AS PRESIDENT OF THE CLUBS AND
20 NOT THE OPERATIONS OF THE CLUBS.

21 Q NAME THE PERSONS WHO YOU
22 HAVE MANAGED WITH RESPECT TO
23 CAMP COAST TO COAST.

24 A GENE EVERETT.

25 MR. MOSHENKO: LINE 24.

26 Q DO YOU -- DO YOUR

1 RESPONSIBILITIES IN MANAGING THE
2 ACTIVITIES OF MR. EVERETT CALL
3 UPON YOU TO COMMUNICATE WITH
4 HIM?

5 A YES.

6 Q DO YOU HAVE SOME METHOD
7 OF REGULAR COMMUNICATION THAT
8 YOU USE?

9 A WE ATTEMPT TO UPDATE
10 PERIODICALLY AS NEEDED. AND I
11 ATTEMPT TO COMMUNICATE WITH GENE
12 ON A WEEKLY BASIS. THAT'S NOT
13 ALWAYS POSSIBLE. AND THERE'S
14 NOT ALWAYS ITEMS THAT I MAY
15 HAVE TO COMMUNICATE WITH HIM.

16 Q COMMUNICATIONS, I
17 PRESUME, INCLUDE BOTH WRITTEN
18 AND ORAL?

19 A PRIMARILY ORAL.

20 Q DO YOU HAVE FACE-TO-FACE
21 MEETINGS?

22 A YES.

23 Q YOU AND HE ARE BOTH
24 LOCATED IN THE SAME LOCATION;
25 CORRECT?

26 A THAT'S CORRECT.

1 Q AND THAT'S THE DENVER
2 LOCATION; CORRECT?

3 A THAT'S CORRECT.

4 MR. MOSHENKO: LINE 22.

5 Q HOW MANY PERSONS ARE
6 INVOLVED IN ALL THREE OF THE
7 CLUBS THAT YOU ARE RESPONSIBLE
8 FOR?

9 A COULD YOU REPEAT THAT
10 AGAIN.

11 Q COULD YOU READ THAT BACK?
12 REFERRING TO THE COURT REPORTER.
13 RECORD IS READ.

14 Q JUST SAY BESIDES YOU.

15 A IT SEEMS THAT IT DOES NOT
16 HAVE PERSONS FOR ALL OF THE
17 CLUBS, THAT I'M RESPONSIBLE FOR,
18 RESIDING AT 64 INVERNESS.

19 Q I KNOW CAMP COAST TO
20 COAST HAS PEOPLE THERE, AND I
21 KNOW AFFINITY GROUP HAS PEOPLE
22 THERE.

23 A AND GOLF CARD
24 INTERNATIONAL.

25 MR. MOSHENKO: PAGE 24, LINE 24.

26 Q HOW LONG HAVE YOU BEEN

1 EMPLOYED BY AFFINITY GROUP OR
2 ITS PREDECESSOR BY ANOTHER NAME?

3 A I'M GLAD YOU CLARIFIED
4 THAT. 20 YEARS.

5 Q I DON'T THINK I'VE TALKED
6 TO ANYBODY THAT'S BEEN THERE
7 THAT LONG.

8 A PERHAPS I SHOULD HAVE
9 RESPONDED, SINCE THE INCEPTION
10 OF AFFINITY GROUP. HOW'S THAT?

11 MR. MOSHENKO: PAGE 26.

12 Q VERY TRUE. IF YOU HAVE
13 TO SPECULATE TO TELL ME WHAT YOU
14 ARE AWARE OF, THEN DON'T
15 SPECULATE.

16 WHAT WAS THE NAME OF THE
17 COMPANY THAT YOU FIRST WORKED
18 FOR WHEN YOU WENT TO WORK FOR
19 AFFINITY GROUP?

20 A IS THAT WHAT YOU WANT TO
21 ASK ME?

22 MR. MOSHENKO: MR. SHERMAN, YOU HAVE TO READ YOUR
23 PART.

24 MR. SHERMAN: I'LL READ MY PART.

25 MR. MOSHENKO: LET ME READ THE QUESTION FIRST AGAIN
26 SO YOU CAN CHIME IN. NO OFFENSE INTENDED.

1 MR. SHERMAN: I WASN'T SURE I WAS GOING TO BE
2 CHIMING.

3 MR. MOSHENKO: QUESTION BY MR. MOSHENKO.

4 Q VERY TRUE. IF YOU HAVE
5 TO SPECULATE TO TELL ME WHAT YOU
6 ARE AWARE OF, THEN DON'T
7 SPECULATE.

8 WHAT IS THE NAME OF THE
9 COMPANY THAT YOU FIRST WORKED
10 FOR WHEN YOU WENT TO WORK FOR
11 AFFINITY GROUP?

12 MR. SHERMAN: THE QUESTION IS,
13 YOU MEAN WHEN HE STARTED AT THE
14 INCEPTION 20 YEARS PLUS OR MINUS
15 AGO WHAT WAS THE NAME OF HIS
16 EMPLOYER?

17 MR. MOSHENKO: SURE. I'LL TAKE
18 THAT ONE.

19 THE WITNESS: IS THAT WHAT YOU
20 WANT TO ASK ME?

21 MR. SHERMAN: THAT'S THE
22 QUESTION.

23 MR. MOSHENKO: PLEASE GIVE US THE ANSWER ON LINE

24 16.

25 THE WITNESS: IF THAT'S THE
26 QUESTION, I CAN ANSWER THAT ONE.

1 BY MR. MOSHENKO: Q GO AHEAD.

2 A 20 YEARS AGO THAT

3 EMPLOYER WAS AMERICAN BAKERIES.

4 MR. MOSHENKO: LINE 24.

5 Q OKAY. HOW LONG WERE YOU

6 WORKING FOR A COMPANY CALLED

7 AMERICAN BAKERIES?

8 MR. SHERMAN: OBJECTION. RELEVANCE.

9 THE COURT: SUSTAINED.

10 MR. MOSHENKO: YOUR HONOR, I'M GOING TO OMIT SOME
11 OF THE TESTIMONY THAT'S FOLLOW-UP TO THE QUESTION YOU JUST
12 SUSTAINED THE OBJECTION.

13 LINE 10, PAGE 27.

14 Q THEN WHAT WAS THE

15 NAME OF THE COMPANY AFTER THE

16 PURCHASE OCCURRED?

17 MR. SHERMAN: OBJECTION. IT'S OUT OF CONTEXT, AND
18 IT'S STILL IRRELEVANT.

19 THE COURT: I'LL ALLOW IT. GO AHEAD.

20 THE WITNESS: YOU KNOW, I

21 BELIEVE THAT IT WAS ADAMS

22 COMMUNICATIONS.

23 BY MR. MOSHENKO: Q WHAT WAS

24 YOUR JOB TITLE WITH ADAMS

25 COMMUNICATIONS?

26 A AT THAT TIME I WAS A VICE

1 PRESIDENT, AND I BELIEVE THAT I
2 WAS VICE PRESIDENT AND CHIEF
3 INFORMATION OFFICER AT THAT
4 TIME.

5 MR. MOSHENKO: PAGE 28, LINE 3.

6 BY MR. MOSHENKO: Q IS IT STILL
7 CALLED ADAMS COMMUNICATIONS?

8 A NO.

9 Q WHEN DID IT CHANGE?

10 A IN 1993.

11 Q WHAT HAPPENED IN 1993
12 THAT RESULTED IN THE CHANGE?

13 A FROM A LAYMAN'S
14 PERSPECTIVE I BELIEVE THAT WE
15 CHANGED THE NAME FROM "ADAMS
16 COMMUNICATIONS" TO "AFFINITY
17 GROUP, INC."

18 MR. MOSHENKO: LINE 21.

19 Q WHEN DID CAMP COAST TO
20 COAST SOMEHOW BECOME ASSOCIATED
21 WITH AFFINITY GROUP?

22 A WHEN STEVE PURCHASED FROM
23 AMERICAN BAKERIES.

24 Q SO IT -- WAS CAMP COAST
25 TO COAST AN EXISTING ENTITY BACK
26 WHEN AMERICAN BAKERIES WAS THE

1 OWNER OF THE COMPANY?

2 A THAT'S CORRECT.

3 Q TRACE FOR ME YOUR JOB

4 TITLES WITH AFFINITY GROUP,

5 INC., STARTING IN 1993.

6 A I THINK THE JOB TITLE HAS

7 BEEN SENIOR VICE PRESIDENT OF

8 AFFINITY GROUP DURING THAT

9 PERIOD, BUT WITH

10 RESPONSIBILITIES FOR DIFFERENT

11 AREAS OF THE COMPANY, NOT

12 NECESSARILY A CHANGE OF JOB

13 TITLES WITH EACH CHANGE OR

14 RESPONSIBILITY.

15 Q WHAT AREAS WERE YOU

16 RESPONSIBLE FOR?

17 A FOR A SPECIFIC PERIOD?

18 OR CAN YOU QUALIFY THAT?

19 Q TRACE IT FOR ME IN 19 --

20 FROM 1993?

21 Q YES.

22 I'M GOING TO ASK YOU TO

23 PLEASE BACK UP AND TELL ME, WHAT

24 WAS YOUR JOB TITLE IN 1990?

25 A I THINK IN EARLIER

26 TESTIMONY YOU ASKED ME THAT AT

1 THAT TIME OF '88 OR AT LEAST
2 THAT'S HOW I REMEMBER IT. AND I
3 BELIEVE AT THAT TIME I WAS VICE
4 PRESIDENT AND CHIEF INFORMATION
5 OFFICER.

6 Q OKAY. SO WHAT WAS THE
7 INFORMATION THAT YOU WERE
8 RESPONSIBLE OR INVOLVED WITH AS
9 CHIEF INFORMATION OFFICER?
10 DESCRIBE THAT GENERALLY.

11 A IT USED THE UTILIZATION
12 OF OUR COMPUTER SYSTEMS, THE
13 TELEPHONE COMMUNICATIONS. AND I
14 RECALL NOW AT THAT TIME I ALSO
15 HAD RESPONSIBILITY FOR THE
16 MEMBER SERVICES, WHICH WE
17 DEFINED AND DESCRIBED EARLIER.

18 Q ARE YOU REFERRING TO
19 MEMBERSHIPS AS BEING SERVICES?

20 A IN THE TELEPHONE CALL
21 CENTER.

22 Q BUT THE PHRASE "MEMBER
23 SERVICES," I DON'T RECALL YOU
24 GIVING A DEFINITION.

25 WHAT ARE YOU REFERRING TO
26 WHEN YOU SAY WHICH YOU DEFINED

1 EARLIER?

2 A FOR SOME REASON I SEEM TO
3 RECALL THAT EARLIER YOU ASKED ME
4 ABOUT THAT. AND I DEFINED IT AS
5 THE TELEPHONE CALL CENTER FROM
6 WHICH WE TOOK TELEPHONE CALLS
7 FROM MEMBERS OF CLUBS.

8 Q I SEE.

9 DID YOUR JOB
10 RESPONSIBILITY REQUIRE YOU TO BE
11 INVOLVED IN ANY MANNER WITH
12 DEVELOPERS OR AFFILIATED RESORTS
13 WITH CAMP COAST TO COAST BACK IN
14 1990?

15 A NO, SIR.

16 Q HAS YOUR JOB
17 RESPONSIBILITY EVER INCLUDED
18 YOUR INTERACTING OR DEALING WITH
19 ISSUES RELATING TO DEVELOPERS OR
20 AFFILIATED RESORTS, EVER?

21 A NOT THAT I RECALL.

22 MR. MOSHENKO: PAGE 35, LINE 5.

23 Q WHO IN COAST TO COAST
24 UPPER MANAGEMENT HAS
25 RESPONSIBILITY FOR MANAGING
26 THOSE DEALINGS WITH AFFILIATED

1 RESORTS TODAY?

2 A I AM NOT -- I MAY NOT
3 KNOW ALL INCLUSIVELY, BUT TO MY
4 KNOWLEDGE, GENE EVERETT, PERHAPS
5 JIM RANDALL, AND PERHAPS SCOTT
6 ELLISON.

7 MR. SHERMAN: AND YOU'RE
8 LIMITING YOUR ANSWER BECAUSE OF
9 THE PHRASE "TOP MANAGEMENT"?
10 THE WITNESS: THAT'S CORRECT.

11 MR. MOSHENKO: PAGE 37.

12 Q WHAT WAS YOUR POSITION AT
13 AFFINITY GROUP IN 1997?

14 A 1997, STILL A SENIOR VICE
15 PRESIDENT OF AFFINITY GROUP,
16 WITH THE RESPONSIBILITIES FOR
17 MEMBER SERVICES, THE TELEPHONE
18 COMMUNICATIONS WE DESCRIBED
19 EARLIER, EXTENDED WARRANTY,
20 C.S.P., AND THE EMERGENCY
21 ROADSIDE SERVICE THAT'S PROVIDED
22 TO CLUB MEMBERS.

23 Q WHAT DID YOUR
24 RESPONSIBILITY FOR MEMBER
25 SERVICES REQUIRE YOU TO DO,
26 GENERALLY SPEAKING?

1 A AGAIN, IT'S A SENIOR
2 MANAGEMENT POSITION. I HAVE A
3 VICE PRESIDENT THAT RUNS THE
4 DIVISION, AND I PROVIDE SOME
5 GUIDANCE FOR BUDGETARY ITEMS AND
6 ADVICE WHENEVER THE VICE
7 PRESIDENT FEELS HE NEEDS IT,
8 ET CETERA.

9 Q MAKE SURE WE'RE BOTH ON
10 THE SAME TRACK. I WAS STILL
11 TALKING ABOUT 1997.

12 A YES.

13 Q IN 1997 WAS THERE A
14 SENIOR VICE PRESIDENT WHO
15 REPORTED TO YOU?

16 MR. SHERMAN: OBJECTION. IRRELEVANT.

17 THE COURT: SUSTAINED.

18 MR. MOSHENKO: OKAY. UNLESS MR. SHERMAN OBJECTS,
19 I'M GOING TO PAGE 39, LINE 13.

20 MR. SHERMAN: I AGREE.

21 BY MR. MOSHENKO: Q WHO IS YOUR
22 DIRECT CONTACT AT COAST TO COAST
23 TODAY?

24 A MINE?

25 Q UH-HUH.

26 A GENE EVERETT.

1 Q HOW LONG HAS HE BEEN YOUR
2 DIRECT CONTACT AT COAST TO
3 COAST?

4 A DIRECT AS UNDER REPORTS,
5 SINCE '98.

6 Q WAS THERE SOMEONE BEFORE
7 GENE EVERETT WHO HAD DIRECT
8 REPORTING RESPONSIBILITIES TO
9 YOU?

10 MR. SHERMAN: YOU MEAN FROM
11 COAST TO COAST?

12 MR. MOSHENKO: YES.

13 MR. SHERMAN: PRIOR TO JANUARY
14 1, 1998?

15 THE WITNESS: NO, I ASSUMED THAT
16 RESPONSIBILITY IN JANUARY OF
17 1998.

18 MR. MOSHENKO: PAGE 41, LINE 8.

19 MR. SHERMAN: EXCUSE ME. PAGE 41?

20 MR. MOSHENKO: LINE 8.

21 MR. SHERMAN: THANK YOU.

22 BY MR. MOSHENKO: Q WHO HAD
23 YOUR JOB BEFORE 1998, JANUARY?

24 A OKAY. THAT STRUCTURE
25 REPORTED TO MICHAEL SCHNEIDER.

26 Q ARE YOU SAYING MICHAEL

1 SCHNEIDER HAD YOUR JOB BEFORE?

2 A I'M SAYING THE PRESIDENT
3 OF COAST TO COAST REPORTED TO
4 MICHAEL SCHNEIDER, WHEREAS HE
5 REPORTS TO ME TODAY. THE
6 PRESIDENT OF COAST TO COAST
7 REPORTS TO ME TODAY, BEGINNING
8 IN 1998.

9 Q I KNOW THAT ROGER RYMAN
10 WAS PRESIDENT OF COAST TO COAST
11 UNTIL THE END OF '97; CORRECT?

12 A YES.

13 Q HAS HE EVER REPORTED TO
14 YOU?

15 A NO, SIR.

16 Q HAVE YOU EVER MET RAYMOND
17 NOVELLI?

18 A NO, SIR.

19 Q HAVE YOU EVER DISCUSSED
20 THE LAWSUIT -- THIS LAWSUIT WITH
21 JIM RANDALL?

22 A NO, SIR.

23 Q HAVE YOU EVER DISCUSSED
24 IT WITH ROGER RYMAN?

25 A NO, SIR.

26 Q GENE EVERETT?

1 A YES.

2 MR. SHERMAN: YOU HAVE

3 DISCUSSED THE LAWSUIT WITH

4 MR. EVERETT; IS THAT RIGHT?

5 THE WITNESS: A CONVERSATION.

6 BY MR. MOSHENKO: Q WERE

7 ATTORNEYS PRESENT?

8 A NO.

9 MR. SHERMAN: LAWYERS WERE NOT

10 PRESENT?

11 A NO.

12 MR. SHERMAN: WERE YOU

13 DISCUSSING WHAT YOU BELIEVED TO

14 BE LEGAL IMPLICATIONS OF THE

15 LAWSUIT?

16 THE WITNESS: NO.

17 MR. SHERMAN: I'M GOING TO KEEP

18 ON LETTING YOU ASK QUESTIONS,

19 THEN.

20 BY MR. MOSHENKO: Q WHEN WAS

21 THE DISCUSSION WITH EVERETT?

22 A IT SEEMS WITHIN THE LAST

23 FEW WEEKS. COUPLE OF WEEKS.

24 Q WHAT WAS SAID?

25 A HE WAS ADVISING ME --

26 ADVISING ME THAT HIS TRAVEL

1 PLANS WOULD INCLUDE AND HIS
2 SCHEDULE WOULD INCLUDE
3 DEPOSITIONS AND PERHAPS TRAVEL
4 RELATING TO THE NOVELLI CASE.

5 Q EVER DISCUSS THIS LAWSUIT
6 WITH STEVE ADAMS?

7 A NO, SIR.

8 Q DID YOU EVER DISCUSS IT
9 WITH MR. SCHNEIDER?

10 A NO, SIR -- OR EXCUSE ME.
11 YES, SIR.

12 MR. SHERMAN: EXCUSE ME. HE SAID YES.

13 MR. DURAN: I'M SORRY.

14 MR. MOSHENKO: QUESTION ON LINE 13.

15 Q DID YOU EVER DISCUSS IT
16 WITH MR. SCHNEIDER?

17 A YES, SIR.

18 Q WHEN?

19 A WITHIN THE LAST FEW WEEKS
20 OR PERHAPS A MONTH OR SO.

21 MR. MOSHENKO: PAGE 44.

22 Q THIS IS ABOUT YOUR
23 CONVERSATION WITH MR. SCHNEIDER.

24 A THANK YOU.

25 Q WHAT WAS DISCUSSED?

26 A MIKE HAD ADVISED ME THAT

1 THERE WAS TIMING FOR THIS
2 DEPOSITION AND SIMPLY MAKING ME
3 AWARE OF THE FACT THAT I NEEDED
4 TO PUT INTO MY SCHEDULE TIME FOR
5 THE DEPOSITION.

6 Q LOGISTICAL STUFF?

7 A RIGHT.

8 Q ANY OTHER CONVERSATION
9 WITH MR. SCHNEIDER ABOUT THE
10 LAWSUIT?

11 A NO.

12 MR. MOSHENKO: LINE 19.

13 Q WHAT IS YOUR
14 UNDERSTANDING OF WHAT THE
15 LAWSUIT IS ABOUT?

16 MR. SHERMAN: OBJECTION. IRRELEVANT.

17 THE COURT: SUSTAINED.

18 MR. MOSHENKO: PAGE 46, LINE 8.

19 Q HAVE YOU EVER MET WITH
20 NOVELLI?

21 A NO, SIR.

22 Q HAVE YOU EVER MET WITH
23 MR. VOPNFORD?

24 A NO.

25 Q WHO IS MR. NOVELLI, TO
26 YOUR UNDERSTANDING?

1 A MR. NOVELLI IS AN OWNER
2 OF AN AFFILIATED RESORT OR
3 PREVIOUSLY OF AN AFFILIATED
4 RESORT OF COAST TO COAST.

5 Q YOU MEAN A RESORT THAT
6 WAS PREVIOUSLY AFFILIATED?

7 A YES.

8 MR. MOSHENKO: PAGE 52, LINE 5.

9 MR. SHERMAN: HOLD ON, PLEASE. COUNSEL HAD WANTED
10 MATERIAL READ ON LINE 49 -- PAGE 49. WE WOULD REQUEST THAT
11 IT BE READ.

12 THE COURT: NO PROBLEM WITH THAT, MR. MOSHENKO?

13 MR. MOSHENKO: I 'LL READ IT, YOUR HONOR.

14 MR. SHERMAN, I 'M AT LINE 13; IS THAT
15 CORRECT?

16 MR. SHERMAN: YES.

17 MR. MOSHENKO: UNTIL WHERE?

18 MR. SHERMAN: 24.

19 MR. MOSHENKO: 24?

20 MR. SHERMAN: EXCUSE ME. TO PAGE 50, LINE 5.

21 MR. MOSHENKO: 50, LINE 5?

22 MR. SHERMAN: CORRECT.

23 MR. MOSHENKO: OKAY.

24 Q HAVE YOU EVER HEARD OF
25 THE ORPHAN -- AN ORPHAN MEMBER?

26 A YES, SIR.

1 Q WHAT IS YOUR
2 UNDERSTANDING OF WHAT AN ORPHAN
3 MEMBER MEANS IN COAST TO COAST
4 VERNACULAR?

5 A TO THE BEST MY
6 UNDERSTANDING, IT IS AT ANY SUCH
7 TIME THAT ONE OF THE AFFILIATED
8 RESORTS WITH COAST TO COAST WERE
9 TO BECOME UNAFFILIATED BECAUSE
10 OF BANKRUPTCY OR DISSOLVING OR
11 WHATEVER -- BECOME UNAFFILIATED
12 WITH COAST TO COAST, THAT THOSE
13 MEMBERS ARE THEN TERMED ORPHAN
14 MEMBERS BECAUSE THEY DO NOT HAVE
15 AN AFFILIATED COAST TO COAST
16 RESORT.

17 Q AT WHAT TIME PERIOD HAVE
18 YOU EVER BEEN AWARE OF THIS
19 ORPHAN MEMBER POLICY?

20 A PROBABLY BACK SOMETIME IN
21 THE SAME TIME FRAME I SPOKE TO
22 MR. SCHICKLI.

23 Q MID-'90'S?

24 A YES, SIR.

25 MR. MOSHENKO: PAGE 52, LINE 5.

26 Q HAVE YOU EVER TALKED WITH

1 MR. EVERETT AS TO WHETHER THE
2 NAMES OF COAST TO COAST MEMBERS
3 THAT ARE IN THE DATABANKS ARE
4 CONFIDENTIAL?

5 A YES.

6 Q WHEN?

7 A I DO NOT RECALL SPECIFIC
8 DATES. I'M SURE WITHIN -- I
9 WOULD THINK THAT WITHIN THE LAST
10 TWO YEARS IN DEALING WITH GENE
11 THAT SUBJECT HAS ARISEN.

12 Q HAS IT EVER COME UP IN
13 CONNECTION WITH THE CONTENTIONS
14 THAT ARE BEING MADE BY
15 MR. NOVELLI IN THIS LAWSUIT?

16 A COULD YOU RESTATE THE
17 QUESTION? BUT PRIOR TO THE --
18 NOT THE LAST ONE, THE ONE
19 BEFORE. BECAUSE I THINK IT'S
20 GOTTEN CONVOLUTED.

21 Q I ASKED QUESTIONS
22 REGARDING CONFIDENTIALITY OF
23 MEMBER LISTS, AND I ASKED YOU
24 THE CONTEXT OF THAT DISCUSSION
25 WITH MR. EVERETT.

26 A GENERAL CONTEXT IS THAT

1 COAST TO COAST MAINTAINS THE
2 CONFIDENTIALITY OF LISTS AND AT
3 TIMES HAS HAD REQUESTS FROM
4 RESORTS FOR THEIR MEMBER NAMES
5 OF THE RESORT NOT TO BE
6 SOLICITED FOR CREDIT CARDS OR
7 SOMETHING OF THAT NATURE, AND
8 THAT COAST TO COAST HAS ALWAYS
9 HONORED THAT.

10 Q DO YOU CONSIDER THE COAST
11 TO COAST MEMBERS' LIST TO BE
12 CONFIDENTIALITY?

13 A YES.

14 Q DO YOU CONSIDER THE
15 INFORMATION ON THAT, ON THOSE
16 LISTS, TO BE TRADE SECRETS?

17 MR. SHERMAN: OF COAST.

18 MR. MOSHENKO: OF COAST.

19 THE WITNESS: YES.

20 MR. MOSHENKO: PAGE 54, LINE 9.

21 Q CAN AFFINITY GROUP
22 GENERATE A LIST OF COAST TO
23 COAST MEMBERS?

24 MR. SHERMAN: OBJECTION. IRRELEVANT.

25 THE COURT: SUSTAINED.

26 MR. MOSHENKO: LINE 15.

1 Q CAN COAST TO COAST
2 GENERATE A LIST OF COAST TO
3 COAST MEMBERS?
4 MR. SHERMAN: THE QUESTION IS
5 CAN THEY.

6 THE WITNESS: YES.

7 MR. MOSHENKO: PAGE 55, LINE 8.

8 Q DO YOU KNOW WHETHER OR
9 NOT GENE CAN GENERATE A LIST OF
10 COAST TO COAST MEMBERS AND
11 PROVIDE THAT -- ON THAT LIST
12 INFORMATION AS TO THE NAMES OF
13 THE AFFILIATED RESORTS THAT EACH
14 MEMBER IS A MEMBER OF?

15 MR. SHERMAN: EXCUSE ME. MR. MOSHENKO WAS TO HAVE
16 READ BEGINNING ON LINE 2.

17 MR. MOSHENKO: PAGE 55?

18 MR. SHERMAN: YES. IT IS NECESSARY FOR CONTEXT.

19 MR. MOSHENKO: ALL RIGHT. I'LL READ THAT.

20 Q WHEN YOU PERSONALLY WANT
21 TO GENERATE A LIST OF COAST TO
22 COAST MEMBERS FROM DATABASES --
23 I MISREAD IT.

24 WHEN YOU PERSONALLY WANT
25 TO GENERATE A LIST OF COAST TO
26 COAST MEMBERS FROM A DATABASE,

1 MR. MOSHENKO: ALL RIGHT. PAGE 57.

2 Q I MEANT, DOES AFFINITY
3 GROUP CONSIDER THOSE NAMES ON
4 THAT LIST TO BE CONFIDENTIAL?

5 MR. SHERMAN: OBJECTION.

6 THE COURT: SUSTAINED.

7 MR. MOSHENKO: PAGE 59.

8 Q IS AFFINITY GROUP, INC.,
9 A HOLDING COMPANY --

10 I'M SORRY, PAGE 59, LINE 24.

11 IS AFFINITY GROUP, INC.,
12 A HOLDING COMPANY?

13 A YES.

14 Q WHAT DOES IT HOLD?

15 A AS A HOLDING COMPANY,
16 IT'S THE OWNER OF A NUMBER OF
17 INDEPENDENT COMPANIES THAT WE'VE
18 DEFINED IN EARLIER TESTIMONY IN
19 THAT LINE OF CAMPING WORLD AND
20 COAST TO COAST AND GOLF CARD
21 INTERNATIONAL, ET CETERA, THAT
22 WE TESTIFIED TO EARLIER.

23 MR. MOSHENKO: THAT'S ALL, YOUR HONOR.

24 MR. SHERMAN: NO QUESTIONS.

25 MR. MOSHENKO: THANK YOU, MR. BLOCK.

26 MAY HE BE RELEASED, YOUR HONOR?

1 THE COURT: NOW, WE HAVE MORE WORK THAT WE HAVE TO
2 DO OUT OF YOUR PRESENCE. SO WE'RE GOING TO LET YOU GO
3 HOME.

4 SEE YOU IN THE MORNING. 9:00 TOMORROW
5 MORNING. ANOTHER EXCITING DAY.

6 (THE FOLLOWING PROCEEDINGS WERE HELD IN OPEN
7 COURT OUT OF THE PRESENCE OF THE JURY:)

8 THE COURT: WHAT DO YOU WANT TO DO? DO YOU WANT TO
9 GO OVER --

10 MR. MOSHENKO: WITH THE COURT'S PERMISSION, IF I
11 MAY, I'D LIKE TO JUST MAKE A RECORD OF THE ISSUE IN THE
12 LAST SIDEBAR SINCE IT'S OFF THE RECORD.

13 THE QUESTION WAS, "DOES AFFINITY GROUP
14 CONSIDER THOSE NAMES ON THAT LIST TO BE CONFIDENTIAL?"

15 THE ANSWER WAS, "I TESTIFIED THAT COAST DID
16 CONSIDER IT TO BE CONFIDENTIAL."

17 I'D HAVE TO LIKEWISE DRAW A CONCLUSION FOR
18 THE ANSWER YES. AND, YOUR HONOR, DURING THE SIDEBAR I
19 INDICATED TO THE COURT THAT SINCE AFFINITY GROUP IS BEING
20 SUED ALONG WITH CAMP COAST TO COAST FOR WRONGFULLY
21 RELEASING THE PLAINTIFFS' CONFIDENTIAL LISTS, THAT THE
22 FIRST LEG OF THE PROOF IS TO SHOW THAT THE LIST WAS
23 CONFIDENTIAL AS TO AFFINITY GROUP. AND, THEREFORE, THE
24 RELEASE WAS IMPROPER. AND YOUR HONOR RULED IT WAS
25 IRRELEVANT.

26 MR. SHERMAN: YOUR HONOR, AFFINITY GROUP IS A

1 HOLDING COMPANY WITH APPROXIMATELY 20 WHOLLY OWNED
2 SUBSIDIARIES INCLUDING CAMP COAST TO COAST. AN ENORMOUS
3 EXPENSE TO AFFINITY GROUP AND ITS SUBSIDIARIES, AFFINITY
4 GROUP AND ITS SUBSIDIARIES HAVE DEVELOPED THEIR OWN
5 PROPRIETARY LISTS, LIKE ANY BUSINESS. AND WHETHER AFFINITY
6 GROUP CONSIDERS THE LIST CONFIDENTIAL OR NOT IS NOT GOING
7 TO HELP PLAINTIFFS PROVE PLAINTIFFS' CASE WHETHER
8 PLAINTIFFS' LISTS WERE CONFIDENTIAL.

9 AND PLAINTIFFS USED REASONABLE CARE TO KEEP
10 THEIR LISTS CONFIDENTIAL. AND PLAINTIFFS' LISTS WERE
11 SOMEHOW TAKEN IMPROPERLY UNDER THE CONFIDENTIAL TRADE
12 SECRETS LAWS. COUNSEL JUST DOESN'T SEEM TO GET IT, BECAUSE
13 THE FACT THAT AFFINITY GROUP AND CAMP COAST TO COAST
14 MAINTAINED CONFIDENTIALITY OF THEIR -- UNDERLINED THEIR
15 MEMBERSHIP LISTS DOESN'T HELP PLAINTIFFS ONE BIT.

16 MR. MOSHENKO: MY ONLY RESPONSE WOULD BE IN FACT
17 MR. ADAMS TESTIFIES THAT COAST TO COAST IS AN OPERATING
18 DIVISION OF AFFINITY GROUP.

19 MR. SHERMAN: IT'S THAT, TOO.

20 MR. MOSHENKO: SUBSIDIARY SEPARATE CORPORATION IS A
21 FACADE. DOESN'T REALLY EXIST. AND FURTHER FACT, AFFINITY
22 GROUP PUBLISHES TO THE WORLD THAT CAMP COAST TO COAST, THE
23 CLUB CAMP COAST TO COAST IS ITS CLUB, AND THE MEMBERS OF
24 COAST TO COAST ARE ITS MEMBERS, NOT A DIFFERENT CORPORATION
25 CALLED CAMP COAST TO COAST, INC.'S, MEMBERS. AT LEAST THE
26 MEMBERSHIPS ARE AFFINITY GROUP MEMBERS.

1 AND IT ALSO PUBLISHES TO THE WORLD THAT THE
2 MEMBERS ARE -- BELONG TO THE RESORTS -- THAT ITS MEMBERS,
3 THAT IS, AFFINITY CLUB'S MEMBERS, BELONG TO THE RESORTS.
4 AND SO THIS CONCEPT THAT YOU'RE DEALING WITH, SEPARATE AND
5 APART ENTITIES, FLIES IN THE FACE OF WHAT COAST -- WHAT
6 AFFINITY GROUP TELLS THE WORLD AND THE WAY AFFINITY GROUP
7 CONDUCTS ITSELF WITH RESPECT TO THESE MEMBERS.

8 AND, IN FACT, WHEN WE SAY CAMP COAST TO
9 COAST VIOLATED TRADE SECRETS AND COMMITTED UNFAIR
10 COMPETITION, WE'RE SAYING AFFINITY GROUP DID THAT.

11 MR. SHERMAN: MR. ADAMS WILL BE HERE TOMORROW
12 MORNING. HE IS FLYING HERE RIGHT NOW FROM THE EAST COAST.
13 I'LL BE MEETING HIM LATER TODAY. MR. ADAMS WILL HAVE THE
14 OPPORTUNITY TO TESTIFY AND ANSWER QUESTIONS.

15 BUT THE FACT IS, YOUR HONOR -- AND IT SEEMS
16 AS IF THIS IS SOME NOVEL OR UNUSUAL PROPOSITION FOR
17 PLAINTIFFS' COUNSEL. AFFINITY GROUP IS A HOLDING COMPANY
18 LIKE MUCH OF OTHER MAJOR AMERICAN CORPORATIONS CONDUCT
19 THEIR BUSINESS, WITH DIFFERENT BUSINESS LINES AND
20 SEGMENTS.

21 MR. ADAMS AT ENORMOUS PERSONAL SACRIFICE AND
22 EXPENSE OVER THE YEARS HAS BEEN THE CHAIRMAN AND THE
23 FOUNDER OF THE AFFINITY GROUP. AND THE FACT IS THAT
24 MR. ADAMS IS NOT INVOLVED AND HAS NOT BEEN INVOLVED FOR
25 ABOUT 10 YEARS, AS THE TESTIMONY WILL REVEAL TOMORROW, IN
26 ANY ACTIVITIES SPECIFICALLY RELATED TO THE DAY-TO-DAY

1 FUNCTIONS OF THE RUNNING OF THE BUSINESS. THAT'S WHY HE
2 HAS A C.E.O., JOE MC ADAMS. THAT'S WHY HE HAS
3 MR. SCHNEIDER. THAT'S WHY HE HAS OTHER PEOPLE.

4 AND SO, YES, MR. STEVEN ADAMS IS THE SOLE
5 DIRECTOR AS PERMITTED UNDER DELAWARE LAW OF THE VARIOUS
6 SUBSIDIARIES. AND I JUST DON'T SEE WHAT THE CONNECTION IS.

7 MR. MOSHENKO: AND THEY DISREGARD CORPORATE
8 SEPARATENESS AND THEY COMMINGLE THEIR MONIES, THEIR
9 INCOMES, AND THEIR EXPENSES. AND, IN FACT, MONEY THAT'S
10 RECEIVED BY COAST TO COAST ON A DAILY BASIS GOES RIGHT INTO
11 AFFINITY GROUP'S BANK ACCOUNTS.

12 MR. SHERMAN: THERE HAS TO BE A SHOWING OF FRAUD OR
13 INJUSTICE. SEE, WHAT'S -- THE PART THAT IS MISSING, ALTER
14 EGO REQUIRES TWO THINGS. YOU FIRST HAVE TO SHOW A LACK OF
15 IDENTITIES. AND I DON'T AGREE THERE'S A LACK OF IDENTITIES
16 HERE. BUT THEN YOU HAVE TO DO SOMETHING ELSE. YOU HAVE TO
17 SAY IS THERE A FRAUD OR INJUSTICE.

18 AND, YOUR HONOR, NOW THAT THE JURY ISN'T
19 HERE, I THINK A COUPLE OF THINGS OUGHT TO BE SHARED WITH
20 THE COURT. THEY'RE ON THE EXHIBIT LIST. MR. MOSHENKO AND
21 SHAW KNOW WELL ABOUT THEM.

22 MY CLIENT HAS VERY SUBSTANTIAL INSURANCE.
23 WHEN I SAY "MY CLIENT," CAMP COAST TO COAST HAS, AS A NAMED
24 INSURED, AS A SEPARATE NAMED INSURED UNDER AFFINITY POLICY.
25 BUT CAMP COAST TO COAST IS ONE OF THE DESIGNATED SPECIFIC
26 INSUREDS. THEY ARE A SUBSTANTIAL COMPANY.

1 FORTUNATELY WE HAVE IN THIS STATE, AS YOUR
2 HONOR WELL KNOWS, THE PROTECTIONS OF THE PERSONAL FINANCIAL
3 WEALTH, 3294(D) OF THE CIVIL CODE, THINGS OF THAT NATURE.
4 I MEAN, YOU KNOW, THEY DO BUSINESS. THEY MAKE A PROFIT. I
5 THINK WHAT THEY DO IS HONORABLE. IT'S WHAT OUR COUNTRY'S
6 LAWS PERMIT. AND COAST TO COAST HAS ASSETS. AND I'VE
7 NEVER HEARD ANYWHERE, ANYHOW THE NOTION FORMULATED THAT
8 SOMEHOW THERE'S SOME FRAUD OR INJUSTICE HERE. THAT
9 SOMEHOW, EVEN ASSUMING -- WHICH WE DON'T AGREE WITH -- EVEN
10 ASSUMING THAT THERE IS A LACK OF SEPARATENESS IN THIS
11 CORPORATE, THE HOLDING COMPANY STRUCTURE, THAT WE'VE
12 DESCRIBED THAT YOUR HONOR IS WELL FAMILIAR WITH, THAT
13 ANYONE WHO READS A BUSINESS PAPER IS FAMILIAR WITH.

14 SO WHERE IS THE BEEF HERE? WHAT'S THE
15 ISSUE, OTHER THAN THE FACT THEY WANT TO AGGRAVATE
16 MR. ADAMS. OKAY. BECAUSE, YOU KNOW LOOK, HE IS IN HIS
17 MID-60'S. HE IS GETTING NAMED PERSONALLY. HE DOESN'T KNOW
18 WHY HE HAS BEEN NAMED PERSONALLY. I'M SURE MR. NOVELLI
19 THINKS IT'S A LOT OF FUN TO NAME HIS PERSONALLY. HE IS
20 COMING HERE TOMORROW TO TESTIFY, AND HE HAS NEVER ENTERED
21 INTO ONE OF THESE WRITTEN AFFILIATION AGREEMENTS. HE HAS
22 NEVER SIGNED A WRITTEN AFFILIATION AGREEMENT. HE DIDN'T
23 KNOW A DARN THING ABOUT THE DISAFFILIATION, AND HE IS NAMED
24 HERE.

25 AND PAT BUTLER IS NAMED HERE BECAUSE OF SOME
26 PERSONAL ANIMUS THAT OBVIOUSLY MR. NOVELLI HOLDS TOWARDS

1 PAT BUTLER.

2 BUT, YOU KNOW, LET'S JUST GET ON WITH
3 MR. ADAMS TOMORROW. HE WILL BE HERE. WE WILL OBJECT TO
4 THOSE QUESTIONS THAT WE FEEL ARE TOTALLY INAPPROPRIATE TO
5 TRY TO HARASS MR. ADAMS, TO SUGGEST THAT SOMEHOW THERE'S
6 SOMETHING WRONG IN THIS COUNTRY WITH EARNING AN HONEST
7 INCOME AND MAKING AN HONEST LIVING.

8 MR. MOSHENKO: I'LL ANSWER HIS QUESTION.

9 THE COURT: WE DON'T HAVE TO WORRY ABOUT IT RIGHT
10 NOW. WE'LL HEAR HIM IN THE MORNING.

11 BUT WHAT'S THIS NEXT DEPO?

12 MR. MOSHENKO: THIS IS MARK BOGGESS. HE IS THE
13 EXECUTIVE PRESIDENT OF CAMP COAST TO COAST. AND HE IS A
14 COLORADO RESIDENT, THEREFORE, CAN'T BE FORCED TO COME
15 HERE.

16 HE IS ALSO THE CHIEF FINANCIAL OFFICER OF
17 CAMP COAST TO COAST. HE IS ALSO A VICE PRESIDENT OF
18 AFFINITY GROUP, ALSO THE CHIEF FINANCIAL OFFICER OF
19 AFFINITY GROUP. AND IT'S HIS DEPOSITION. I PROPOSE TO
20 READ IT. OR IF THE COURT WISHES TO READ IT -- I MEAN, ANY
21 WAY THE COURT WANTS TO DO IT.

22 BUT THE CONTENT OF THE DEPOSITION PROVES
23 WHAT I'VE JUST INDICATED, AND THAT IS THAT AFFINITY GROUP
24 COMPLETELY MONOPOLIZES COAST TO COAST FINANCIALLY; AND THAT
25 ALL INCOME THAT COMES INTO COAST TO COAST IS ON A DAILY
26 BASIS TRANSFERRED TO AFFINITY GROUP'S BANK ACCOUNTS. THE

1 AFFINITY GROUP THEN CONTINUES TO USE THOSE COAST TO COAST
2 INCOME MONIES AS IT CHOOSES.

3 HE ALSO REINFORCES SOME OF THE PRIOR
4 TESTIMONY, OR AT LEAST SOME OF THE ARGUMENTS THAT WE'VE
5 GIVEN TO THE COURT, THAT AFFINITY GROUP ASSISTED THE MASS
6 TRANSFER BY PROVIDING ACCESS TO HIS DATABASE AND BY HAVING
7 THE SAME EMPLOYEES AND PERSONNEL WHO ARE EMPLOYED BY
8 AFFINITY GROUP PROVIDE SUPPORT FOR -- DURING THE MASS
9 TRANSFER. HE HAS -- AS CHIEF FINANCIAL OFFICER INDICATES
10 THAT THE COMPANY HAS CONSOLIDATED BANK ACCOUNTS, HAS
11 CONSOLIDATED FINANCIAL STATEMENTS.

12 THE OTHER ADDITIONAL EVIDENCE IS THEY HAVE
13 CONSOLIDATED TAX RETURNS. THEY HAVE -- AND THE ANSWER TO
14 MR. SHERMAN'S QUESTION ABOUT FRAUD AND INJUSTICE IS THAT I
15 HEARD HIM SAY COAST HAS CAPITALIZED OR HAS ASSETS. EVERY
16 ASSET THAT COAST OWNS IS HOCKED TO SUPPORT CREDIT LINES AND
17 LOANS THAT HAVE BEEN MADE TO AFFINITY GROUP. AFFINITY
18 GROUP MAKES CERTAIN -- BY ENCUMBERING COAST TO COAST ASSETS
19 ENTIRELY, AND BY TAKING FUNDS THAT AFFINITY GROUP THEN USES
20 FOR WHATEVER AFFINITY GROUP CHOOSES TO USE, THAT A JUDGMENT
21 AGAINST COAST TO COAST IN EXCESS OF THEIR LIMITED INSURANCE
22 POLICY IS UNCOLLECTABLE.

23 MR. SHERMAN: NOW, I THINK THAT THE EASIEST WAY TO
24 DEAL WITH THIS, YOUR HONOR, IS IF YOUR HONOR WOULDN'T MIND
25 REVIEWING THE DEPOSITION TRANSCRIPT. THERE'S A LOT IN HERE
26 THAT IS -- IT'S IRRELEVANT. ONLY IN THE MOST ATTENUATED

1 WAYS GOES TO SOME OF THE ALTER EGO CLAIMS.

2 THE COURT: WELL, HAVE YOU DONE WITH THIS WHAT YOU
3 DID WITH THE OTHER TWO DEPOS?

4 MR. SHERMAN: I RECEIVED THE -- I RECEIVED THE
5 DESIGNATIONS THIS MORNING -- NO. EXCUSE ME. IT WAS THIS
6 MORNING. I RECEIVED MR. BOGCESS'S DESIGNATIONS THIS
7 MORNING. I HAD TO ACCEPT THE GRACIOUSNESS OF THE CLERK TO
8 HAVE MR. MOSHENKO'S HANDWRITTEN DESIGNATIONS FAX'D TO THE
9 RUTAN OFFICES SO SOMEBODY COULD READ IT BECAUSE
10 MR. MOSHENKO IS SAYING, SIT HERE AND LOOK AT IT. IF I LOOK
11 AT THAT, WHAT DO I DO WITH KEN ROBINSON AND DAVID BLOCK?

12 AS I SAID, MR. RUTENBERG REVIEWED THIS. I
13 DISCUSSED IT WITH HIM. HE SAID IT'S MUCH A DO ABOUT
14 NOTHING. HE SAID THERE WERE FOUR PORTIONS IN THE ENTIRE
15 200 PAGES THAT HAD ANYTHING TO DO WITH LETTERS.

16 AND YOUR HONOR WILL HEAR THE SAME THING FROM
17 MR. BOGCESS AS YOU HEARD FROM KEN ROBINSON AND DAVID BLOCK.
18 HAVE YOU EVER MET RAYMOND NOVELLI? NO, HAVE YOU EVER
19 SPOKEN TO RAYMOND NOVELLI? NO. DID YOU EVER ANYTHING
20 ABOUT THE LETTERS, OBVIOUSLY ROBINSON DID? NO.

21 OKAY. SO WHERE DO YOU GO FROM THERE, THE
22 FACT THAT THE FINANCIAL STATEMENTS ARE CONSOLIDATED? SO IS
23 GENERAL MOTORS.

24 MR. MOSHENKO: I WANT THE JURY TO HEAR HIM SAYING
25 HE DOESN'T KNOW ANYTHING ABOUT THE LETTERS BECAUSE HE IS
26 THE PRESIDENT.

1 MR. SHERMAN: HE IS NOT THE PRESIDENT.

2 MR. MOSHENKO: HE IS THE EXECUTIVE PRESIDENT. HE
3 SAYS JOEL MC ADAMS --

4 MR. SHERMAN: I JUST FOUND IT BECAUSE THAT WAS
5 SOMETHING I WASN'T GOING TO BRING TO THE COURT'S ATTENTION.
6 BUT I WAS SURPRISED THAT MR. MOSHENKO KEPT SAYING IT SO
7 MANY TIMES. HE SPECIFICALLY SAID HE IS THE C.F.O. AND
8 SENIOR VICE PRESIDENT.

9 MR. MOSHENKO: JOEL MC ADAMS SAYS HE IS THE
10 EXECUTIVE PRESIDENT AND CHIEF FINANCIAL OFFICER.

11 MR. SHERMAN: THAT MAY BE THAT JOEL MC ADAMS SAID
12 IT, BUT MR. MOSHENKO THREE TIMES SAID THAT'S WHAT
13 MR. BOGGESS --

14 MR. MOSHENKO: I SAID THAT'S WHO HE IS.

15 MR. SHERMAN: IN ANY EVENT, I THINK TO SPEED THIS
16 UP -- I DO THINK IT WOULD SPEED IT UP, ACTUALLY, IF YOUR
17 HONOR JUST SORT OF --

18 THE COURT: ALL RIGHT. GIVE ME A COPY AND I'LL
19 READ IT.

20 MR. MOSHENKO: YOUR HONOR, TO ASSIST THE COURT, I
21 HAVE A SUGGESTION. AND THAT IS, I HAVE MARKED IN
22 HIGHLIGHTING IN YELLOW AND WITH BRACKETS --

23 MR. SHERMAN: THAT'S FINE.

24 MR. MOSHENKO: -- THE LANGUAGE THAT WE'RE OFFERING.

25 MR. SHERMAN: THAT WOULD BE FINE.

26 MR. MOSHENKO: AND I HAVE USED CROSS-OUTS IN YELLOW

1 TO CROSS-OUT THE STUFF THAT WE'RE NOT -- THAT'S JUNK. AND
2 IF THE COURT WISHES TO TAKE MY COPY --

3 THE COURT: YEAH, I'LL TAKE THAT.

4 MR. MOSHENKO: -- AND READ ONLY THE MARKED.

5 MR. SHERMAN: BECAUSE MINE ISN'T HIGHLIGHTED.

6 THE COURT: OKAY. THAT'S GOOD.

7 MR. MOSHENKO: AND THEN IN THE EVENT THE COURT
8 NEEDS TO CONFIRM, IN THE BACK THERE IS A LIST OF THE PAGES
9 AND LINES THAT WE'RE PROPOSING READING.

10 MR. SHERMAN: YOUR HONOR, ONE OTHER THING. ABOUT
11 20 MINUTES AGO, MAYBE 30 MINUTES AGO, AS WE WERE GETTING
12 UNDERWAY WITH, I GUESS, MR. BLOCK, I DON'T KNOW WHO,
13 MR. MOSHENKO TURNS TO ME AND SAYS, "PUT LEO NOVELLI ON OUR
14 WITNESS LIST FOR TOMORROW."

15 MR. MOSHENKO: AFTERNOON.

16 THE COURT: WHO?

17 MR. SHERMAN: LEO NOVELLI.

18 THE COURT: WHO IS LEO NOVELLI?

19 MR. SHERMAN: MR. NOVELLI'S SON. AND, YOUR HONOR,
20 I REALIZE THAT OUR NOTIFICATION RULE WENT BY THE BOARDS A
21 LONG TIME AGO. WHAT I'D LIKE TO SUGGEST IS THIS: IF
22 LEO NOVELLI IS GOING TO BE CALLED AS A WITNESS, LET'S HAVE
23 HIM COME ON MONDAY OR TUESDAY SO WE AT LEAST HAVE THE
24 OPPORTUNITY TO PREPARE FOR HIS TESTIMONY. I'M NOT PREPARED
25 FOR MR. LEO NOVELLI'S TESTIMONY NOW. WE HAVE STEVEN ADAMS
26 GOING TO COME. WE HAVE BOB THOMPSON WE'VE BEEN TOLD IS

1 GOING TOMORROW. WE'VE GOT THE READING OF AN ANOTHER
2 DEPOSITION TRANSCRIPT NOW FOR TOMORROW, JOE MC ADAMS. AND
3 I ASK JUST AS A LEVEL OF FAIRNESS THAT WE BE GIVEN SOME
4 OPPORTUNITY TO PREPARE TO CROSS-EXAMINE LEO NOVELLI.

5 MR. MOSHENKO: WELL, NUMBER ONE, YOUR HONOR, I WAS
6 TOLD --

7 MR. SHERMAN: HE IS IN ORANGE COUNTY.

8 MR. MOSHENKO: JOEL MC ADAMS IS UNAVAILABLE. ABOUT
9 A HALF HOUR AGO I WAS TOLD.

10 MR. SHERMAN: THAT'S AFTER HE TOLD US AT 6:00 P.M.
11 LAST NIGHT THAT HE WOULD LIKE TO HAVE MR. MC ADAMS COME
12 HERE.

13 THE COURT: MC ADAMS IS GOING TO BE --

14 MR. SHERMAN: STEVE ADAMS.

15 MR. MOSHENKO: THE APPARENT REASON FOR JOE MC ADAMS
16 UNAVAILABLE, HE HAS PEOPLE COMING IN FROM OUT OF TOWN. AND
17 I WOULD SIMPLY LIKE TO RESPECTFULLY SUGGEST THAT'S NOT
18 JUSTIFICATION FOR FAILING TO RESPOND TO DEMAND TO APPEAR AT
19 TRIAL OR A COURT ORDER TO APPEAR AT TRIAL.

20 THE COURT: WAS HE SUBPOENAED?

21 MR. MOSHENKO: THERE WAS A DEMAND FOR APPEARANCE
22 MADE.

23 MR. SHERMAN: I DON'T KNOW THAT THERE WAS A DEMAND
24 FOR AN APPEARANCE, BUT I THINK THAT THE ISSUE OUGHT TO BE
25 THIS --

26 MR. MOSHENKO: HE IS THE PRESIDENT.

1 MR. SHERMAN: LET'S JUST TALK ABOUT COMMON COURTESY
2 FOR A MOMENT INSTEAD OF ALL THE RULES, AND COMMON SENSE.

3 A 6:00 P.M. TELEPHONE CALL YESTERDAY AFTER
4 THE CLOSE OF BUSINESS HOURS, GEE, WE'D LIKE TO HAVE
5 JOE MC ADAMS HERE, I MEAN, THEY COULD HAVE TOLD US THIS A
6 DAY OR TWO AGO.

7 I SPOKE WITH MR. MC ADAMS'S OFFICE TODAY.
8 I'M TOLD HE HAS GOT AN OUT-OF-THE-OFFICE MEETING. HE HAS
9 PEOPLE IN FROM OUT OF TOWN FOR THAT MEETING. THAT MEETING
10 HAD BEEN SCHEDULED.

11 AND WITH ALL DUE RESPECT TO MR. MOSHENKO, IF
12 HE THOUGHT THAT MR. MC ADAMS WAS ALL THAT IMPORTANT, YOU'D
13 THINK HE COULD HAVE DONE BETTER THAN 6:00 P.M. LAST NIGHT.
14 AND WE DO HAVE A DEPOSITION TRANSCRIPT. AND IF THAT'S HOW
15 THEY WANT TO DO IT, THAT'S FINE.

16 BUT AS FAR AS LEO NOVELLI IS CONCERNED, HE
17 IS A RESIDENT HERE IN ORANGE COUNTY. AND IF HE IS GOING TO
18 TESTIFY, I'D AT LEAST LIKE TO BE ABLE TO HAVE THE
19 OPPORTUNITY TO MEANINGFULLY CROSS-EXAMINE HIM. AND WE'D
20 LIKE TO DO IT MONDAY OR TUESDAY.

21 MR. MOSHENKO: ON LEO NOVELLI, YOUR HONOR, WE GAVE
22 THE COURT-ORDERED 24 HOUR NOTICE. AND THE REASON -- AND A
23 REASON THAT WE NEED TO BRING IN LEO NOVELLI -- FRANKLY, WE
24 PLANNED NOT TO BRING HIM -- IS BECAUSE MR. SHERMAN DROPPED
25 THE BOMBSHELL ON US THIS MORNING WITH HIS CONTENTION THAT
26 THEY HAVE NEVER RECEIVED THE DATABASE THAT LEO NOVELLI

1 PREPARED AND PUT ON A DISK AND THAT WE SENT TO THEM; AND
2 THAT THEY WROTE LETTERS AND QUESTIONED PEOPLE ON -- IN
3 DEPOSITIONS. AND NOW MR. SHERMAN SAYS THEY NEVER RECEIVED
4 IT.

5 WELL, WE THINK THAT LEO NOVELLI'S TESTIMONY
6 MUST PRECEDE THE NEXT TWO PLAINTIFFS' WITNESSES THAT WE
7 WANT TO PUT ON; OTHERWISE, WE WILL RUN INTO LACK OF
8 FOUNDATION OR OTHER CONTENTIONS ABOUT NOT RECEIVING
9 INFORMATION WHICH LEO NOVELLI IS A PERSON WHO CREATED IT
10 AND PROVIDED AND WE PROVIDED.

11 SO THE TIMING OF OUR -- WE HAVE BEEN
12 COURTEOUS. WE HAVE WAITED FOR MR. ROBINSON'S VACATION. WE
13 HAD WAITED INDEFINITELY FOR MR. RYMAN AND YET HE APPEARED
14 AT WILL. WE WANTED TO PUT HIM ON BEFORE MR. NOVELLI. WE
15 COULDN'T GET HIM, BUT HE WAS HERE THE DAY THAT MR. NOVELLI
16 STARTED. SO WE COULD HAVE PUT HIM ON HAD WE KNOWN HE WAS
17 AVAILABLE.

18 WE HAVE BEEN COURTEOUS. WE HAVE NOT REFUSED
19 TO LIVE WITH THEIR SCHEDULING PROBLEMS. BUT MR. MC ADAMS
20 IS A PRESIDENT OF A DEFENDANT, A MAJOR DEFENDANT, PROBABLY
21 THE MAJOR DEFENDANT, GIVEN THE FACT THAT AFFINITY GROUP HAS
22 STRIPPED COAST TO COAST OF ITS ASSETS.

23 MR. SHERMAN: THAT'S NOT TRUE.

24 MR. MOSHENKO: AND SO WE NEED AND WANT HIM TO COME
25 LIVE. WE DON'T WANT TO READ HIS DEPOSITION. IF WE ARE
26 PUSHED OVER INTO MONDAY, WE'LL GO OVER INTO MONDAY. BUT

1 IT'S GOING TO BUMP US INTO THE COURT'S INSTRUCTION THAT WE
2 FINISH THE CASE BY NEXT WEDNESDAY.

3 IN ADDITION, MR. THOMPSON, WHO WE EXPECTED
4 TO PUT ON TOMORROW IS NOT WELL. HE TOLD US THIS
5 AFTERNOON. AND WE'RE UNCERTAIN HE WILL BE AVAILABLE
6 TOMORROW. WE WOULD LIKE TO PUT ON STEVE ADAMS,
7 JOEL MC ADAMS, LEO NOVELLI. IF WE CAN'T GET JOEL MC ADAMS
8 AND IF WE'RE FORCED TO PUT LEO NOVELLI OVER TO NEXT WEEK,
9 WE HAVE ONE WITNESS, STEVE ADAMS.

10 THE COURT: WELL, LET'S DO THIS. HAVE MR. NOVELLI,
11 LEO NOVELLI, AVAILABLE.

12 MR. MOSHENKO: YES.

13 THE COURT: AND IF WE HAVE THE TIME, WE'LL WORK HIM
14 IN TOMORROW AFTERNOON. APPARENTLY HE IS ONLY GOING TO COME
15 FOR THAT ONE PURPOSE.

16 MR. MOSHENKO: HE IS COMING TO PROVE FOUNDATION
17 RELATING TO THE FINANCIAL RECORDS THAT WE PROVIDED THEM
18 THAT THEY CLAIM THEY NEVER GOT.

19 THE COURT: THAT SHOULD BE --

20 MR. SHERMAN: THE FINANCIAL RECORDS THAT WE NEVER
21 GOT.

22 MR. MOSHENKO: I DON'T HAVE ANY PLAN OR INTENT TO
23 HAVE HIM TESTIFY AS TO ANY OUR SUBSTANTIVE MATTERS.

24 MR. SHERMAN: THAT'S FINE.

25 THE COURT: YOU'RE ON NOTICE.

26 MR. SHERMAN: VERY WELL.

1 THE COURT: SEE YOU GUYS AT 9:00.

2 MR. MOSHENKO: THANK YOU.

3 MR. SHAW: THANK YOU, YOUR HONOR.

4 (WHEREUPON THE COURT WAS IN RECESS UNTIL
5 THURSDAY, JULY 13, 2000, 9:00 A.M.)

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