

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

REPORTER'S TRANSCRIPT

MAY 31, 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.

RUTAN & TUCKER
BY: IRA G. RIVIN, ESQ.

LINDA SIMPSON, C.S.R. #2266
COURT REPORTER PRO TEM

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1 WESTMINSTER, CALIFORNIA - WEDNESDAY, MAY 31, 2000

2 MORNING SESSION

3 (WHEREUPON THE FOLLOWING PROCEEDINGS WERE
4 HELD IN CHAMBERS:)

5 MR. SHAW: YOUR HONOR, THE ISSUE IS THE SUMMARIES
6 OF -- YEAH, AND THIS IS THE -- THESE ARE THE BATCH, THE
7 COMPUTER BATCHES --

8 THE COURT: OKAY.

9 MR. SHAW: -- THAT CAME FROM THE -- IT'S EXHIBIT
10 2172. AND THESE ARE COMPUTER BATCHES THAT CAME FROM COAST
11 TO COAST AND WE GOT THROUGH DISCOVERY, THE PLAINTIFFS GOT
12 THROUGH DISCOVERY.

13 AND WHAT I WAS TRYING TO DO WAS TO FIND A
14 WAY TO CUT DOWN THE TIME IN FRONT OF THE JURY IN HAVING TO
15 GO THROUGH EVERY ITEM.

16 THERE IS 62 RESORTS ON THERE. SO I TRIED TO
17 DO A SUMMARY TO BE ABLE TO CUT THROUGH THIS AND GET 2172
18 INTO EVIDENCE AND THEN HAVE A SUMMARY TO BE ABLE TO DISCUSS
19 IT. SO THAT'S THE ISSUE.

20 MR. SHERMAN: YOUR HONOR, 2172 SHOULD NOT COME INTO
21 EVIDENCE. AND I'M GLAD MR. SHAW BROUGHT IN AN EXTRA COPY
22 OF A BACKUP FOR THIS PURPORTED SUMMARY.

23 THE CLERK: YOU MEAN THIS WHOLE THING?

24 MR. SHERMAN: YES. BECAUSE I WOULD LIKE TO SHOW TO
25 THE COURT SOME OF THE BLATANT INACCURACIES IN IT.

26 I START -- WE START WITH THE PROPOSITION

1 THAT SAYS -- THE PROPOSITION, THIS SAYS, PLAINTIFF
2 AFFILIATION RATINGS BY COAST, PRODUCED BY COAST. AND IF
3 YOUR HONOR WOULD LOOK AT THE FOURTH COLUMN, THE ORIGINAL
4 LICENSE COLUMN --

5 THE COURT: THIS ONE?

6 MR. SHERMAN: YES, SIR.

7 THE CLERK: THE SUMMARY.

8 MR. SHERMAN: YES. ONE, TWO, THREE, FOUR, THE
9 ORIGINAL LICENSE, AND -- AND WE CAN GO TO THE -- TO THE --
10 ONE OF THE ONES THAT MR. SHAW DISCUSSED YESTERDAY. GO
11 DOWN, IF YOUR HONOR WOULD, TO DELTA ISLE.

12 THE COURT: OKAY. I GOT IT. 7-1-85.

13 MR. SHERMAN: 7-1-85. THAT MAKES A LOT OF SENSE.
14 JULY 1, 1985; RIGHT? BUT IF THE COURT WOULD GO UP TO
15 ALABAMA QUEEN, THE SECOND ONE.

16 THE COURT: 1-25-10.

17 MR. SHERMAN: RIGHT. MR. RYMAN WASN'T EVEN A
18 FIGMENT IN HIS GRANDPARENTS' EYES THEN. ALUM COVE,
19 12-31-99. I SEE. SO THREE MONTHS AGO, OR FOUR MONTHS AGO,
20 FIVE, SIX MONTHS, WHATEVER THE CASE MAY BE, ALUM COVE HAD
21 ITS ORIGINAL LICENSE.

22 MR. SHAW: WHY DON'T WE GO TO COUNTRY MEADOWS,
23 SEVEN OR EIGHT DOWN, MARCH 28, '04, CRABTREE, SEPTEMBER 9,
24 1921.

25 NOW LET'S GO TO THE NEXT COLUMN IF THE COURT
26 WILL, PLEASE.

1 MR. SHAW: I'M SORRY, COUNSEL. CAN YOU STAY ON
2 WHATEVER OTHER PROBLEMS YOU HAVE ON THAT?

3 MR. SHERMAN: OTHER THAN THAT MRS. LINCOLN, THE
4 PLAY WAS A SUCCESS? BUT LET ME --

5 MR. SHAW: OKAY. CAN I FINISH? CAN -- ALL I WANT
6 TO IS I JUST WANT -- ALL I WANT TO RECITE IS RIGHT OFF
7 THOSE DOCUMENTS, WHATEVER'S ON THOSE DOCUMENTS THAT WE GOT.
8 WE DIDN'T MANUFACTURE THOSE DOCUMENTS.

9 MR. SHERMAN: LET'S TALK ABOUT MANUFACTURING
10 BECAUSE I HAVE THAT TABBED.

11 THE COURT: HOLD ON A MINUTE, THE BOTH OF YOU.
12 THESE DATES ARE OBVIOUSLY NOT RIGHT.

13 MR. SHAW: THEY ARE OBVIOUSLY NOT RIGHT.

14 MR. SHERMAN: MOREOVER -- MOREOVER THEY DO NOT
15 TRACK THE DOCUMENTS. THEY DON'T TRACK 2172. I HAVE IT
16 TABBED. I'D LIKE TO SHOW THAT TO THE COURT.

17 I HAVE -- I HAVE FOR ALABAMA QUEEN, THE ONE
18 THAT WE KNOW WAS SIGNED ON JANUARY 25, RIGHT BEFORE THE BIG
19 ONE, WWI --

20 MR. SHAW: BATES STAMP 8234.

21 MR. SHERMAN: RIGHT.

22 MR. SHAW: THROUGH 8237.

23 THE CLERK: 8234.

24 MR. SHERMAN: HARRIET, IF YOU COULD TURN TO 8235.

25 THE CLERK: 8235.

26 MR. SHERMAN: OKAY. 8235 IS WITHIN THE BATES RANGE

1 FOR ALABAMA QUEEN BECAUSE IT SAYS THAT THE BATES RANGE
2 START IS 8234, AND END IS 8237. AND ITEM --

3 THE CLERK: ON THIS SUMMARY.

4 MR. SHERMAN: ITEM 40 ON THE 2172 THAT'S IN THE
5 LOWER RIGHT-HAND CORNER ON --

6 THE CLERK: OH, THERE IT IS. ORIGINAL LICENSE.

7 MR. SHERMAN: ORIGINAL LICENSE, ONE -- EXCUSE ME.
8 11-17-89. THAT'S WHAT IT SAYS.

9 MAY I PROCEED.

10 ALABAMA QUEEN. AND THE DOCUMENTS THAT COAST
11 PRODUCED IS 11-17-89. THAT'S THE ORIGINAL LICENSE. THAT'S
12 THE ENTRY NUMBER 40 WHICH THE WITNESS WAS TESTIFYING TO
13 YESTERDAY. ALABAMA QUEEN HERE FOR SOME INEXPLICABLE REASON
14 IS JANUARY 25, 1910.

15 THE COURT: WHERE DID YOU GET THESE NUMBERS?

16 MR. SHAW: WE MADE A MISTAKE.

17 THE COURT: (LAUGHTER.)

18 MR. SHERMAN: WELL, WHAT ABOUT THE MISTAKE FOR ALUM
19 COVE, OR THE MISTAKE FOR CRABTREE, FOR COUNTRY MEADOWS?

20 MR. SHAW: YOU POINT THEM OUT TO ME, COUNSEL. AND
21 I JUST WENT STRAIGHT FROM YOUR DOCUMENTS. I WANT THEM TO
22 BE ACCURATE.

23 MR. SHERMAN: OKAY. I GUESS THE POINT, YOUR HONOR,
24 THAT I'D LIKE TO MAKE IS THIS: I WAS TOLD YESTERDAY, THE
25 COURT WAS TOLD YESTERDAY, THAT, NUMBER ONE, THIS WAS PULLED
26 FROM OUR DOCUMENTS AND WAS ACCURATE. AND NUMBER TWO, THAT

1 THIS WAS GOING TO BE ADMITTED INTO EVIDENCE, OR THE HOPE
2 WAS TO ADMIT THIS INTO EVIDENCE TO SAVE TIME.

3 NOW WHAT WE'RE GOING TO DO WITH THE COURT,
4 WITH 18 JURORS STANDING OUTSIDE, MILLING ABOUT, WE'RE GOING
5 TO GO THROUGH THIS ITEM-BY-ITEM.

6 WHAT I'D LIKE TO SUGGEST IS THIS: THIS IS
7 NOT ACCURATE. IT'S INACCURATE IN NUMEROUS RESPECTS. I
8 WILL, OUTSIDE OF THE COURT'S CHAMBERS, ON COUNSEL'S OWN
9 TIME, SHARE WITH COUNSEL SOME OF THE MANY INACCURACIES THAT
10 I WAS ABLE TO DETERMINE JUST IN ABOUT A 20-MINUTE REVIEW
11 LAST NIGHT. I DON'T KNOW THAT I FOUND ALL THE INACCURACIES
12 BECAUSE I DIDN'T HAVE DAYS TO PREPARE THIS -- THIS
13 DOCUMENT. I ONLY HAD LAST NIGHT TO LOOK AT IT.

14 I'VE IDENTIFIED BY MY COUNT APPROXIMATELY 15
15 DIFFERENT INACCURACIES, MATERIAL INACCURACIES HERE. AND
16 IF -- THE WHOLE POINT OF THIS WAS TO SAVE TIME? WE'RE NOT
17 SAVING TIME NOW IN MY -- IN MY REWRITING THIS CORRECTLY
18 FOR -- FOR COUNSEL.

19 THE COURT: WELL, THAT'S OBVIOUS. I'M -- HOW DID
20 WE GET ALL THESE INACCURACIES IN HERE?

21 MR. SHAW: STAFF PREPARED THEM.

22 THE COURT: IDENTIFY THEM.

23 MR. SHAW: WELL, I DON'T HAVE THAT AUTHORITY. SO,
24 AT ANY RATE --

25 THE COURT: OKAY. SO YOUR SUGGESTION IS TO GO OVER
26 THESE?

1 MR. SHERMAN: LET MR. SHAW SPEAK WITH ME AT A TIME
2 WHEN I DON'T HAVE TO WASTE EVERYONE ELSE'S TIME.

3 MR. SHAW: I GUESS MY LARGER ISSUE IS IF -- IF I
4 MAKE THIS ACCURATE -- AND THAT'S THE OPERATIVE POINT. IF I
5 MAKE THIS ACCURATE, IS THIS A SUMMARY THAT THE COURT WOULD
6 CONSIDER OFFERING INTO EVIDENCE?

7 THE COURT: I'M ALL FOR CUTTING DOWN TRIAL TIME IF
8 THAT'S GOING TO DO IT.

9 MR. SHERMAN: I THINK THE ISSUE IS IF IT'S ACCURATE
10 AND NOT MISLEADING.

11 THE COURT: YEAH.

12 MR. SHERMAN: THIS IS HIGHLY INACCURATE AND HIGHLY
13 MISLEADING.

14 THE COURT: IF IT WAS ACCURATE, YOU WOULDN'T HAVE
15 ANY OBJECTION TO IT?

16 MR. SHERMAN: THE -- THERE'S -- THERE ARE MANY
17 OTHER ISSUES WITH THIS, YOUR HONOR. PART OF THE PROBLEM
18 IS -- AND I DIDN'T EVEN GET TO THIS BECAUSE I DON'T WANT TO
19 WASTE THE COURT'S OR THE JURY'S TIME -- IS THE RATING BY
20 COAST. THIS PURPORTS TO BE PLAINTIFF AFFILIATION RATINGS.
21 IN FACT, MANY OF THE PARKS THAT ARE LISTED HERE WERE NOT
22 PLAINTIFFS' PARKS.

23 AND IT JUST SO HAPPENS THAT THEY WANT TO
24 TAKE CREDIT FOR SOME OF THE 5 RATINGS. IS THAT
25 INACCURATE? I THINK IT'S INACCURATE.

26 THE COURT: LET'S THROW THE WHOLE THING OUT.

1 MR. SHAW: YOUR HONOR.

2 THE COURT: IT'S HIGHLY INACCURATE.

3 MR. SHERMAN: THERE ARE MANY OTHER INACCURACIES,
4 AND IF -- WE DON'T WANT TO GO THROUGH THEM NOW.

5 MR. MOSHENKO: YOUR HONOR I'D LIKE TO -- MR. SHAW
6 CAN GO FORWARD WITH THE JURY, AND I'LL CONTACT STAFF. AND
7 WE'LL GO THROUGH AND WE'LL CORRECT ANY INACCURACIES.
8 OTHERWISE, WE HAVE 62 SIX- OR SEVEN-PAGE DOCUMENTS THAT
9 WE'RE GOING TO HAVE TO WALK THROUGH ONE AT A TIME TO GET
10 THIS EVIDENCE IN FRONT OF THE JURY.

11 IT'S -- I AGREE WITH YOUR HONOR THAT IF IT'S
12 INACCURATE, IT SHOULD NOT BE USED. BUT I THINK THAT
13 WITHOUT INTERRUPTING THE FLOW OF EVIDENCE, I CAN GO OUT AND
14 WORK AND MAKE IT ACCURATE --

15 THE COURT: ALL RIGHT.

16 MR. MOSHENKO: -- AND BRING IT BACK.

17 MR. SHERMAN: AND HOPEFULLY I'LL HAVE THE TIME TO
18 MAKE IT ACCURATE.

19 THE COURT: ALL RIGHT.

20 MR. SHERMAN: YESTERDAY WE WERE SHOWN THIS AT ABOUT
21 1:34, AND WE WERE TOLD THAT THEY WANTED TO SHOW IT TO THE
22 JURY TO SAVE TIME. I'D LIKE TO SAVE TIME, TOO, BUT NOT AT
23 THE EXPENSE OF THE TRUTH.

24 THE COURT: ALL RIGHT.

25 MR. SHAW: THANK YOU, YOUR HONOR.

26 (RECESS TAKEN.)

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

3 THE COURT: MORNING, LADIES AND GENTLEMEN.

4 THE JURY: GOOD MORNING.

5 THE COURT: PROCEED, COUNSEL.

6 MR. SHAW: THANK YOU, YOUR HONOR.

7 ROGER K. RYMAN,

8 CALLED AS A WITNESS ON BEHALF OF THE PLAINTIFFS UNDER
9 EVIDENCE CODE SECTION 776, HAVING BEEN PREVIOUSLY DULY
10 SWORN, WAS EXAMINED AND TESTIFIED AS FOLLOWS:

11 CROSS-EXAMINATION (CONTINUED)

12 BY MR. SHAW: Q. MR. RYMAN, I'D LIKE YOU TO TURN
13 TO START THIS MORNING TO EXHIBIT 570. AND I THINK IT'S IN
14 FRONT OF YOU. AND THAT EXHIBIT 570 WAS THE -- THE MANUAL
15 THAT WE'VE LOOKED AT.

16 AND THOSE WERE THE RULES AND REGULATIONS
17 THAT YOU ASSISTED IN FORMULATING FOR THE RELATIONSHIP
18 BETWEEN COAST TO COAST AND ITS AFFILIATED RESORTS; CORRECT?

19 A. THE RULES ARE IN THERE. THERE'S --
20 PROCEDURAL MANUAL. IT COVERS A LOT OF THINGS.

21 Q. OKAY. I JUST WANT TO HIGHLIGHT A COUPLE OF
22 POINTS.

23 IF YOU'LL TURN TO PAGE 1.

24 AND, MR. O'CONNOR, COULD YOU PUT IT UP FOR
25 US.

26 AND LET'S TURN TO THE PAGE WITH THE BATES

1 STAMP 1962.

2 AND IF YOU'LL BLOW UP THE -- BLOW UP
3 PARAGRAPH NUMBER 1, "THE RESORT IS THE PRIMARY PRODUCT."
4 AND THAT'S THE PRIMARY PRODUCT RULE,
5 MR. RYMAN?

6 A. YES, THAT'S CORRECT.

7 Q. AND THIS TALKS ABOUT THERE HAS TO BE A HOME
8 RESORT?

9 A. THAT'S CORRECT.

10 Q. AND THEN IF WE'LL TURN TO PAGE 2, BATES
11 STAMP 1963.

12 MR. O'CONNOR, IF YOU CAN BLOW UP 5(E) FOR
13 ME, PLEASE.

14 THERE WAS ALSO 125-MILE RULE, MR. RYMAN?

15 A. THERE'S ALWAYS BEEN A 125-MILE RULE AS IT'S
16 PUBLISHED IN THE DIRECTORY, AND THAT'S TO BENEFIT THE
17 DEVELOPER.

18 Q. AND THAT 125-MILE RULE WAS THAT THE
19 DEVELOPER WOULD BE PROTECTED WITHIN THAT 125-MILE RADIUS?

20 A. THE PROTECTION HE WAS GIVEN WAS THAT -- THE
21 BASIC PHILOSOPHY BEHIND IT WAS THAT IF A -- YOU MIGHT HAVE
22 TWO DEVELOPERS WHERE ONE PUTS A COUPLE OF MILLION DOLLARS
23 INTO A REALLY, REALLY NICE FACILITY, AND HE SELLS HIS
24 MEMBERSHIP FOR A REAL HIGH PRICE. AND ANOTHER ONE PUTS ONE
25 DOWN THE STREET, DOESN'T PUT THAT KIND OF MONEY INTO IT,
26 IT'S NOT AS NICE, AND HE COULD SELL IT LESS EXPENSIVE.

1 THEY HAVE PROTECTION THAT THE MEMBER CANNOT
2 VISIT THE RESORTS WITHIN 125 MILES OF THEIR HOME RESORT.
3 SO IT'S BOUGHT AT THE -- AT THE LESSER RESORT. UNDER THAT
4 RULE YOU COULD NOT VISIT THE OTHER RESORT.

5 Q. AND THEN IF WE'LL TURN TO PAGE 5, BATES
6 STAMP 1966.

7 CAN YOU BLOW UP PARAGRAPH 14 FOR ME,
8 MR. O'CONNOR.

9 A. FOURTEEN.

10 Q. THAT'S THE ANTI- --

11 A. THAT'S RIGHT.

12 Q. -- RAIDING RULE?

13 A. YOU SAID 1965.

14 Q. I'M SORRY. I MEANT 1966 IF I MISSPOKE.

15 A. OKAY.

16 Q. THAT'S THE ANTI-RAIDING RULE?

17 A. THAT'S CORRECT.

18 Q. THAT SAYS, "ALL LICENSEES MUST RESPECT THE
19 RELATIONS OF VISITORS IN THEIR HOME RESORTS AND MUST NEVER
20 UNLAWFULLY INTERFERE WITH BUSINESS RELATIONS"?

21 A. THAT'S CORRECT. AGAIN, BECAUSE WE HAD THE
22 PROBLEM -- THIS WAS IN REACTION TO PROBLEMS IN THE
23 INDUSTRY, AND SOME OF THESE PEOPLE THAT WERE DISHONEST AND
24 NOT PLAYING FAIR.

25 IF A PERSON ALREADY HAD A COAST TO COAST
26 MEMBERSHIP AND HE WAS USING HIS VISITATION PRIVILEGES,

1 UNFORTUNATELY THERE WERE SOME PEOPLE -- AND I THINK YOU
2 HEARD IT THE OTHER DAY WITH MR. MITCHELL. THAT WOULD ONLY
3 ALLOW A PERSON IN FOR A COUPLE OF DAYS, UNLESS THEY TOOK A
4 SALES TOUR AND THEN THEY TRIED TO SELL THEM SOMETHING LIKE
5 THE PRESIDENT'S CLUB OR ANOTHER MEMBERSHIP.

6 AND IT WAS OUR FEELING THAT -- AND, AGAIN,
7 ANOTHER PRINTED RULE -- THAT MEMBERS SHOULD BE TREATED LIKE
8 HOME RESORT MEMBERSHIP. THEY ARE GUESTS. THEY RENT SEVEN
9 DAYS, THEY SHOULD GET SEVEN DAYS, IF THOSE ARE AVAILABLE.

10 AND SO THAT WAS HOW THE ANTI-RAIDING RULE
11 CAME OUT, AND IT WAS ONE OF THOSE THINGS THAT CAME THROUGH
12 POLICY MANUAL.

13 Q. AND THAT -- AND THAT ALSO APPLIES TO COAST
14 TO COAST; THEY WERE ALSO SUBJECT TO THE ANTI-RAIDING RULE;
15 CORRECT?

16 A. IT'S NOT -- IT DOESN'T PERTAIN TO COAST TO
17 COAST. SAYS "ALL LICENSEES."

18 Q. AND IT SAYS, "WHILE COAST TO COAST MEMBERS
19 MAY PURCHASE MEMBERSHIPS IN AS MANY RESORTS AS THEY WISH,
20 THEIR COAST TO COAST MEMBERSHIP WILL REMAIN WITH THEIR
21 ORIGINAL HOME RESORT" --

22 A. THAT'S CORRECT.

23 Q. -- "UNTIL A TRANSFER IS GRANTED."

24 A. THAT IS CORRECT.

25 Q. SO THAT ANTI-RAIDING RULE DID APPLY TO COAST
26 TO COAST AS FAR AS COAST TO COAST ACKNOWLEDGING THAT THE

1 MEMBERSHIP WOULD REMAIN WITH THE ORIGINAL HOME RESORT
2 UNLESS A TRANSFER WAS GRANTED?

3 A. THAT IS CORRECT. THAT WAS TO STOP THOSE
4 KINDS OF THINGS. AND OF COURSE THAT'S WITH AFFILIATED
5 RESORTS.

6 Q. SO THE ANSWER TO MY QUESTION IS YES, THEN,
7 IT DOES APPLY; THE ANTI-RAIDING RULE DOES APPLY TO COAST TO
8 COAST?

9 A. YES.

10 Q. THEN IF YOU LOOK AT SECTION G(7) OF THE
11 MANUAL, THAT'S THE TRANSFER ON PAGE 18.

12 AND WE'VE TALKED ABOUT THAT; THERE WAS A
13 METHOD OF -- OF HANDLING MEMBERSHIP TRANSFERS?

14 A. FOR INDIVIDUALS THAT WANTED TO TRANSFER,
15 YES. AND THAT, AGAIN, IS BETWEEN AFFILIATED RESORTS.

16 Q. AND COAST TO COAST WAS SUBJECT TO THESE
17 TRANSFER RULES? THEY WERE A SIGNATORY TO THE CONTRACT, AND
18 THE MANUAL IS A PART OF THE CONTRACT; CORRECT?

19 A. SHOULD A COAST TO COAST MEMBER DESIRE TO
20 TRANSFER HIS OR HER HOME RESORT MEMBERSHIP -- THAT'S ALL
21 WE'RE TALKING ABOUT IS HOME RESORT MEMBERSHIPS HERE.

22 AND THAT'S SOMEBODY THAT -- AND I EXPLAINED
23 YESTERDAY HOW A SITUATION COULD OCCUR. AND THEY WOULD GO
24 THROUGH THIS PROCEDURE. ON AN INDIVIDUAL BASIS, THEY'D
25 COME IN WITH AN INDIVIDUAL LETTER.

26 Q. AND COAST TO COAST WAS REQUIRED TO FOLLOW

1 THIS TRANSFER PROCESS; CORRECT?

2 A. YES. THIS IS A PROCESS WE USED. I THINK
3 THAT THE LAST PORTION OF IT SAYS UNDER UNUSUAL, EXTENUATING
4 CIRCUMSTANCES WE CAN DO IT WITHOUT THE APPROVAL OF THE
5 ORIGINAL RESORT.

6 Q. AND WE TALKED ABOUT THOSE CIRCUMSTANCES
7 YESTERDAY?

8 A. (INAUDIBLE RESPONSE.)

9 Q. AND THE LAST --

10 A. AND, AGAIN, I EMPHASIZE IT WAS --

11 Q. I'M SORRY. THERE'S NO QUESTION PENDING,

12 MR. --

13 A. EXCUSE ME.

14 Q. -- RYMAN.

15 THE LAST RULE I WANT TO TALK ABOUT IS THE
16 10-TO-1 RULE.

17 A. OKAY.

18 Q. IS THERE A 10-TO-1 RULE IN THE INDUSTRY?

19 A. THERE'S A GENERALLY ACCEPTED 10-TO-1 RATIO.

20 AND WHAT THAT MEANS IS THAT A DEVELOPER -- I GUESS YOU --

21 YOU HAVE TO UNDERSTAND THE WHOLE CONCEPT I THINK OF THE

22 RECIPROCAL USE, THE IDEA BEING -- AND THIS WAS STARTED BY

23 DENY AND ACE BROWN, WHO STARTED CAMP COAST TO COAST. THE

24 IDEA WAS IF ENOUGH MEMBERSHIPS WERE SOLD IN THIS RESORT AND

25 SO MANY WERE SOLD IN THIS RESORT, THEN IT DIDN'T MATTER WHO

26 WAS SITTING ON THE SITES. THEY COULD EXCHANGE, AND THEY

1 COULD GO ANYWHERE IN THE COUNTRY. SO IT WAS TRULY, TRULY A
2 RECIPROCAL KIND OF THING.

3 Q. AND SO 10-TO-1 --

4 A. OH, EXCUSE ME. I KNEW THERE WAS A REASON
5 THAT I WAS SAYING THAT.

6 Q. YOU CAN'T SELL MORE THAN TEN MEMBERSHIPS --

7 A. THAT'S A GENERALLY ACCEPTED, IS THAT YOU
8 WILL SELL TEN MEMBERSHIPS FOR ONE SO YOU DON'T GET
9 INUNDATED. THEN THERE WAS -- RELATED TO THE RENTAL UNITS,
10 THERE WAS A 20-TO-1 RATIO TO TRY AND KEEP THE NUMBERS
11 SOMEWHAT, BUT IT WAS GENERALLY ACCEPTED.

12 Q. AND IS THAT IN THE -- IN THE MANUAL?

13 A. I WOULD HAVE TO LOOK. I BELIEVE WE -- WE
14 REFERENCED IT AS GENERALLY ACCEPTED WITHIN THE INDUSTRY. I
15 DON'T KNOW WHERE TO LOOK. IT'S BEEN A LONG TIME.

16 Q. ALL RIGHT. WELL, WE'LL LEAVE THAT -- THAT
17 FOR A MOMENT.

18 AND YESTERDAY WHEN WE CLOSED, I WAS TALKING
19 ABOUT A -- THE ISSUE OF TRANSFERRING THE MEMBERS FROM
20 DELTA ISLE --

21 A. YES.

22 Q. -- TO RANCHO EL DORADO?

23 A. I RECALL THAT.

24 Q. AND I'D LIKE TO HAVE YOU LOOK AT EXHIBIT --
25 FIRST 1884 AND 1563.

26 BUT LET ME HAVE YOU LOOK AT EXHIBIT 1884

1 FIRST, AND THEN I'LL GET 1563 FOR YOU.

2 WHAT NUMBER, MR. DURAN?

3 MR. DURAN: FOR WHICH?

4 MR. SHAW: 1563.

5 MR. DURAN: YES. PAGE 122.

6 MR. SHAW: WHAT'S THE BATES STAMP DOWN ON THE

7 BOTTOM, MR. DURAN?

8 MR. DURAN: 323.

9 BY MR. SHAW: Q. MR. RYMAN, I'D LIKE YOU TO LOOK
10 AT EXHIBIT 1563.

11 A. SAYS 68 ON IT.

12 Q. YEAH. AND THIS LETTER THAT HAS "68" ON THE
13 BOTTOM, DATED OCTOBER 1997, TO MR. JIM RAN- -- FROM
14 MR. JIM RANDALL, DO YOU RECOGNIZE MR. RANDALL'S SIGNATURE?

15 MR. SHERMAN: EXCUSE ME, COUNSEL. WHAT DOCUMENT?

16 THE WITNESS: SAYS 68.

17 MR. SHAW: 68 ON THE BOTTOM.

18 MR. SHERMAN: OF EXHIBIT 156 --

19 MR. SHAW: 1563.

20 MR. SHERMAN: OKAY. HOLD ON A MINUTE. I JUST
21 DON'T KNOW WHICH DOCUMENT YOU'RE REFERRING TO. 1563 HAS
22 OVER 100 PAGES.

23 MR. SHAW: CORRECT. THERE'S PAGE 68 DOWN AT THE
24 BOTTOM.

25 MR. SHERMAN: IS IT -- IS THIS THE --

26 MR. SHAW: EXCUSE ME.

1 MR. SHERMAN: IS THIS THE ONE?

2 MR. SHAW: THAT'S THE ONE.

3 Q. MR. RYMAN, WAS THIS ONE OF THE LETTERS THAT
4 WAS SENT OUT BY COAST TO COAST?

5 A. THAT'S CORRECT.

6 MR. SHAW: YOUR HONOR, I'D LIKE TO MOVE THIS
7 EXHIBIT INTO EVIDENCE AND PUT IT ON THE SCREEN.

8 MR. SHERMAN: YOUR HONOR, WE HAVE NO OBJECTION TO
9 PAGE 68 OF EXHIBIT 1563 COMING INTO EVIDENCE.

10 THE COURT: SO RECEIVED.

11 MR. SHAW: THANK YOU, YOUR HONOR.

12 (WHEREUPON EXHIBIT NO. 1563, PAGE 68, LETTER
13 DATED OCTOBER 1997 FROM JIM RANDALL, WAS RECEIVED IN
14 EVIDENCE.)

15 BY MR. SHAW: Q. AND IN THIS LETTER, IT SAYS IN
16 THE FIRST PARAGRAPH -- IF YOU CAN, MR. O'CONNOR, BLOW UP
17 THE FIRST AND SECOND PARAGRAPH FOR ME.

18 SAYS, "AS YOU ARE PROBABLY AWARE, WE HAVE
19 RECEIVED NOTICE FROM MR. NOVELLI THAT YOUR COAST TO COAST
20 HOME RESORT, DELTA ISLE, HAD BEEN TAKEN OUT OF THE COAST TO
21 COAST SYSTEM."

22 WHAT NOTICE DID YOU RECEIVE FROM
23 MR. NOVELLI?

24 A. WE HAD RECEIVED THAT LETTER.

25 Q. WITH -- THE EARLIER LETTER WE LOOKED AT,
26 639, THE FIRST NATIONWIDE RESORT LETTER?

1 A. I PRESUME THAT'S THE ONE. I MEAN, THERE'S
2 SO MANY RESORTS, AND HE WAS MOVING THEM AND STUFF. SO I'M
3 NOT SURE WHICH ONE FELL IN WHAT CATEGORY.

4 Q. THIS IS WHAT YOU'RE REFERRING -- THIS IS
5 WHAT COAST TO COAST IS REFERRING TO AS THAT -- THAT -- THAT
6 LETTER, THAT AUGUST 1997 LETTER?

7 A. I WOULD PRESUME SO, IF DELTA ISLE IS ON
8 THERE.

9 Q. THEN IT SAYS, "WHILE WE CANNOT UNDO THE
10 ACTIONS OF OTHERS, WE ARE PREPARED TO PRESERVE AND PROTECT
11 THE MEMBERS OF THE COAST TO COAST FAMILY."

12 WHAT ACTIONS OF OTHERS ARE YOU REFERRING TO
13 IN THIS LETTER?

14 A. THE WITHDRAWAL OF THE COAST TO COAST
15 MEMBER -- OR THE COAST -- HIS RESORT FROM THE COAST TO
16 COAST SYSTEM.

17 Q. THEN IT SAYS, "SINCE WE REALIZE THAT FINDING
18 ANOTHER RESORT MAY CREATE AN INCONVENIENCE FOR YOU, WE HAVE
19 MADE ARRANGEMENTS TO HAVE YOUR COAST TO COAST HOME RESORT
20 MEMBERSHIP TRANSFERRED TO RANCHO EL DORADO RESORT, SAN
21 FELIPE, MEXICO."

22 AND THAT IS MR. BUTLER'S PARK; CORRECT?

23 A. THAT'S CORRECT.

24 Q. AND THAT WAS NOT AN AFFILIATED RESORT, BUT
25 IT WAS A GOOD NEIGHBOR PARK; IS THAT CORRECT?

26 A. NO. IT WAS AN AFFILIATED RESORT.

1 Q. WHAT IS A GOOD NEIGHBOR PARK?

2 A. GOOD NEIGHBOR PARK, I THINK I EXPLAINED
3 YESTERDAY, IS AN OPEN-TO-THE-PUBLIC CAMP RESORT THAT WE
4 HAVE A DIFFERENT KIND OF AN AFFILIATION WITH. AND THAT
5 AFFILIATION IS SO OUR MEMBERS AS AN ADDED BENEFIT CAN VISIT
6 THOSE RESORTS FOR ONLY \$11 A NIGHT, WHICH IS WELL BELOW THE
7 AVERAGE PRICE OF A CAMP RESORT.

8 Q. SO THEY ARE OPEN TO THE PUBLIC; THEY ARE
9 NOT PRIVATE?

10 A. THAT'S CORRECT.

11 Q. THEY ARE NOT PRIVATE LIKE MR. NOVELLI'S
12 RESORTS?

13 A. THAT'S CORRECT.

14 Q. AND YOU MUST BE A MEMBER OF THE GOOD
15 NEIGHBOR PARKS; YOU MUST BE A MEMBER OF COAST TO USE THESE
16 GOOD NEIGHBOR PARKS; CORRECT?

17 A. NO. TO GET THE COAST TO COAST BENEFIT OF
18 THE LESSER AMOUNT -- THAT YOU PAY ONLY THE \$11 -- IF YOU'RE
19 NOT A COAST TO COAST MEMBER, YOU CAN CERTAINLY USE THEM.
20 THEY ARE OPEN TO THE PUBLIC. AND IT OBVIOUSLY WAS
21 SOMETHING THAT WAS DESIRABLE TO THE PEOPLE THAT WE
22 AFFILIATED IN THAT WAY BECAUSE IT DROVE ADDITIONAL BUSINESS
23 TO THEM. IF THEY WERE FULL -- AND OF COURSE THEY COULDN'T
24 TAKE A GOOD NEIGHBOR. BUT IF THEY WEREN'T, THEY COULD GET
25 \$11 INSTEAD OF THEIR REGULAR. SO THEY WERE GAINING
26 SOMETHING AND, THEN OUR MEMBERS WERE GAINING SOMETHING.

1 Q. AND LET'S LOOK AT EXHIBIT 1844. IS THE
2 RANCHO EL DORADO IN THAT DIRECTORY?

3 A. ONE OF HIS RESORTS IS. THE GOOD NEIGHBOR
4 ONE IS.

5 MR. SHERMAN: 1884 OR 44, COUNSEL?

6 MR. SHAW: 1844. I'M SORRY, COUNSEL. 1884. I
7 APOLOGIZE. I MISSPOKE.

8 THE WITNESS: RESORT NUMBER 858 IS IN THE GOOD
9 NEIGHBOR PORTION.

10 BY MR. SHAW: Q. AND THAT'S THE RANCHO EL DORADO
11 THAT THE EXHIBIT 1563 TRANSFERRED THE DELTA ISLE MEMBERS TO
12 THIS GOOD NEIGHBOR PARK?

13 A. NO, WE DID NOT.

14 Q. CAN I SEE 1563 AGAIN ON THE SCREEN.

15 YOU CAN BLOW UP THAT FIRST PART AGAIN FOR
16 ME.

17 IT SAYS, "SINCE WE REALIZE THAT FINDING
18 ANOTHER RESORT MAY CREATE AN INCONVENIENCE FOR YOU, WE HAVE
19 MADE ARRANGEMENTS TO HAVE YOUR COAST TO COAST HOME RESORT
20 MEMBERSHIP TRANSFERRED TO RANCHO EL DORADO RESORT, SAN
21 FELIPE, MEXICO."

22 THAT'S THE SAME RANCHO EL DORADO RESORT
23 THAT'S A GOOD NEIGHBOR PARK; CORRECT?

24 A. IT'S A SAME RANCHO EL DORADO THAT MR. BUTLER
25 OWNED. THERE'S 200,000 ACRES. HE HAD A GOOD NEIGHBOR PARK
26 IN THE SYSTEM, AND HE HAS A RESORT, A PRIVATE RESORT IN

1 THERE.

2 Q. WHERE IS THE PRIVATE RESORT IN THE DIRECTORY?

3 A. THIS IS A 1997. IT'S IN THE 1998, I'M
4 SURE.

5 Q. LET'S LOOK AT THE 1998 --

6 A. AS YOU'LL RECALL, WHEN I TALKED ABOUT
7 PUBLICATION, IN JULY OF 1997, WE HAVE TO MAKE A CALL ON THE
8 RESORTS. THEY ARE EITHER AFFILIATED OR NOT FOR THE 1998.

9 Q. LET'S LOOK AT THE 1999. WOULD IT BE IN THE
10 1999?

11 MR. SHERMAN: WHAT'S THE EXHIBIT NUMBER, PLEASE?

12 MR. SHAW: I DON'T HAVE AN EXHIBIT NUMBER FOR IT,
13 COUNSEL.

14 MR. SHERMAN: CAN I SEE IT?

15 MR. SHAW: SURE.

16 THE WITNESS: ON PAGE 169 IS THE SAN FELIPE MARINA
17 RESORT AND R.V. PARK.

18 BY MR. SHAW: Q. THAT DOESN'T SAY RANCHO EL DORADO
19 RESORT," DOES IT?

20 A. THAT'S THE MAILING ADDRESS THAT'S USED
21 FOR -- I MEAN, HE HAS TWO PARKS. I MEAN, HE'S GOT 200,000
22 ACRES, AND HE HAS TWO PARKS ON IT. ONE IS A PUBLIC PARK,
23 AND ONE IS A PRIVATE PARK. AND HE AFFILIATED IT IN 1997
24 BEFORE PUBLICATION DATE SOMETIME IN THE SPRING, I WOULD
25 GUESS.

26 Q. WELL, LOOK AT 1996 AGAIN. ISN'T PAGE 214

1 THE SAN FELIPE MARINA RESORT?

2 A. LOOK AT WHAT? I'M SORRY.

3 Q. EXCUSE ME. LOOK AT PAGE 214 OF EXHIBIT
4 1884.

5 A. WHICH IS THE '97 DIRECTORY?

6 Q. IT'S THE '96.

7 A. I DON'T HAVE THE '96. IN FACT, THIS IS '99
8 YOU GAVE ME. I THOUGHT IT WAS '98.

9 Q. YES. I GAVE YOU THE 1997 RESORT WHICH IS
10 1884.

11 A. YES.

12 MR. MOSHENKO: MR. SHAW, 1998 IS THE NEXT EXHIBIT
13 IN LINE.

14 MR. SHAW: OKAY. LET'S STAY WITH 1997 FOR A
15 MOMENT, PAGE 214.

16 MR. SHERMAN: EXCUSE ME. IS THAT 1884?

17 MR. SHAW: CORRECT.

18 MR. SHERMAN: OKAY. PAGE 214.

19 COUNSEL, THE -- WE HAVE A BIT OF A
20 LOGISTICAL PROBLEM HERE. I'VE GOT BATES RANGES, AND I'VE
21 ALSO GOT PAGE NUMBERS. NONE OF THE PAGE NUMBERS BEGIN WITH
22 DIGIT 2. THERE ARE 600.

23 MR. SHAW: IT'S IN THE DIRECTORY, IN THE BACK OF
24 THE BOOK.

25 MR. SHERMAN: YOUR HONOR, MAY I INSPECT THE
26 DOCUMENT --

1 THE COURT: YES.

2 MR. SHERMAN: -- PLEASE?

3 THE WITNESS: THAT'S THE '97.

4 MR. SHAW: WE DO NOT HAVE THE COMPLETE EXHIBIT. WE
5 HAVE THE BOOKS THAT YOU GAVE US.

6 MR. SHERMAN: I UNDERSTAND. BUT WE DO NOT HAVE
7 FROM PLAINTIFFS' TRIAL EXHIBITS -- THAT THEY WERE SUPPOSED
8 TO GIVE TO US -- THE COMPLETE EXHIBIT. MINE STARTS ON PAGE
9 612.

10 MR. SHAW: YOUR HONOR, WE HAVE THE BOOKS THAT THEY
11 GAVE US.

12 HERE YOU GO, MR. SHERMAN.

13 MR. SHERMAN: I'M SURE I HAVE THE BOOK IN
14 ENGLEWOOD, COLORADO, TOO. BUT I DON'T HAVE THIS.

15 BY MR. SHAW: Q. THE FACT IS, THE SAN FELIPE
16 RESORT WAS IN 1997 --

17 A. AND --

18 Q. -- IT IS IN 1998, AND IT IS IN 1999;
19 CORRECT?

20 A. AND IT DOES NOT BELONG TO MR. BUTLER. I
21 MADE A MISTAKE. THE ONE THAT BELONGS TO MR. BUTLER IS THE
22 EL COCHANILLA R.V. RESORT.

23 Q. WHERE IS THAT?

24 A. IN SAN FELIPE, MEXICO. THAT'S HIS
25 MEMBERSHIP RESORT. I DIDN'T --

26 Q. THIS DOESN'T SAY EL COCHANILLA RESORT, SAN

1 FELIPE. IT SAYS RANCHO EL DORADO RESORT, SAN FELIPE;

2 CORRECT?

3 A. AND THAT IS THE 200,000 ACRES. HE CERTAINLY
4 WOULDN'T TRANSFER ANYBODY INTO A GOOD NEIGHBOR PARK BECAUSE
5 HE'S GOT ANOTHER PARK.

6 Q. BECAUSE YOU CAN'T DO THAT?

7 A. THAT'S RIGHT. THEY WENT INTO THE MEMBERSHIP
8 PARK. I MEAN, THAT NAME AND TITLE IS USED FOR THE ENTIRE
9 RESERVATION DOWN THERE.

10 Q. BUT IT'S NOT USED FOR THE ENTIRE RESERVATION
11 IN YOUR OWN DIRECTORY, IS IT, SIR? IT'S SEPARATED. AND
12 IT'S SEPARATED FOR A REASON, ISN'T IT, SIR, BECAUSE THE
13 GOOD NEIGHBOR PARK?

14 A. WHAT DO YOU MEAN IT'S SEPARATED?

15 MR. SHERMAN: OBJECTION, YOUR HONOR. THIS QUESTION
16 IS THREE TIMES NOW.

17 THE COURT: OVERRULED.

18 THE WITNESS: I MEAN, THERE'S NO QUESTION THAT
19 MR. BUTLER AFFILIATED A MEMBERSHIP RESORT THAT IS LOCATED
20 AT -- WHATEVER IT IS -- EL RANCHO LOCATION, AND HE DID THAT
21 IN THE SPRING OF 1997. AND MEMBERS WERE TRANSFERRED DOWN
22 THERE TO HIS MEMBERSHIP RESORT.

23 BY MR. SHAW: Q. BUT IT'S IN THE 1997 --

24 A. NO.

25 Q. -- RESORT BOOK, ISN'T IT?

26 A. OF COURSE IT ISN'T.

1 Q. AND IT'S IN THE --

2 A. BECAUSE THE 1997 IS PUBLISHED IN THE
3 SEPT- -- IN AUGUST OF 1996. SO THE MINUTE THE PEOPLE START
4 RENEWING IN SEPTEMBER, THEY GET THE NEW DIRECTORY. AND
5 IMMEDIATELY THROUGH OUR MAGAZINE WE BRING ANY UPDATES TO
6 THEM TO KEEP THEM ABREAST OF THOSE.

7 SO IN THE 1998 -- ALTHOUGH ALL I HAVE IS THE
8 '99. AND THE 1998, I'M SURE THAT WE'LL FIND MR. BUTLER'S
9 RESORT.

10 Q. OKAY. DO YOU HAVE THE --

11 A. AND WE CAN GO FIND HIS AFFILIATION
12 AGREEMENT.

13 EXCUSE ME. I'M NOT TRYING TO BE SMART. THE
14 POINT IS, GOOD NEIGHBOR PARK HAD NOTHING TO DO WITH IT.

15 Q. THE POINT IS, YOU DID SOMETHING IN THIS
16 LETTER TRANSFERRING -- YOU DON'T SAY THAT WE'RE ABOUT TO
17 TRANSFER, OR THAT WE WILL TRANSFER IN THE FUTURE, OR THAT
18 WE'RE THINKING ABOUT TRANSFERRING, OR WE'RE CONTEMPLATING
19 TRANSFERRING; YOU SAY YOU MADE ARRANGEMENTS TO HAVE YOUR
20 COAST TO COAST HOME RESORT MEMBERSHIP TRANSFERRED?

21 A. RIGHT. WE DESIGNATE IT AS -- AS THAT
22 LOCATION.

23 Q. TO A GOOD NEIGHBOR PARK WHICH VIOLATED THE
24 COAST RULES; CORRECT?

25 A. NO. HE HAD A MEMBERSHIP RESORT THERE. WHY
26 WOULD WE PUT IT IN A GOOD NEIGHBOR PARK?

1 Q. WHY WOULDN'T YOU PUT THE MEMBERSHIP RESORT
2 NAME IN THIS LETTER?

3 A. I DON'T KNOW.

4 Q. JUST DIDN'T DO IT, DID YOU, SIR?

5 AND YOU SENT THESE LETTERS OUT TO EVERYONE
6 OF MR. NOVELLI'S DELTA ISLE MEMBERS; ISN'T THAT CORRECT?

7 A. THAT'S INCORRECT.

8 Q. YOU SENT THEM OUT TO -- TO CLOSE TO 900 --

9 A. I DON'T KNOW. I'M -- A PORTION OF THEM. I
10 MEAN, I CAN'T TELL YOU HOW MANY. I WASN'T INVOLVED IN
11 THAT. AS TO HOW MANY, THE REGIONAL DIRECTORS WORKED, AND
12 THEY SELECTED THE RESORTS AND "X" NUMBER WENT. AND IT WAS,
13 YOU KNOW, AN EQUITABLE DISTRIBUTION OF SOME SORT. I DON'T
14 KNOW.

15 Q. SO THE REGIONAL DIRECTORS DID IT?

16 A. NO. WE -- I'M NOT -- I'M NOT SAYING I'M NOT
17 RESPONSIBLE. BUT IT WAS A PROCESS WHERE A REGIONAL
18 DIRECTORS GOT INVOLVED WITH THE RESORTS TO ENSURE THAT
19 THESE RESORTS WOULD ACCEPT PEOPLE WITHOUT BEATING THEM UP
20 AND TAKING MORE MONEY FROM THEM AND JUST FOR DUES.

21 Q. AND BECAUSE THEY COULD GO TO THIS GOOD
22 NEIGHBOR PARK -- WHICH YESTERDAY YOU TOLD ME WHEN I ASKED
23 YOU THIS QUESTION -- AND IT'S ON PAGE 2238, LINE 9 TO 12.

24 "JUST SO I UNDERSTAND THAT, THE TRANSFER
25 FROM DELTA ISLE RESORT MEMBERS COULD BE TO ANOTHER
26 AFFILIATED COAST RESORT, BUT NOT A GOOD NEIGHBOR PARK?

1 "ANSWER, THAT'S CORRECT."

2 A. I SAID THE SAME THING TODAY. THEY WEREN'T
3 TRANSFERRED TO A GOOD NEIGHBOR PARK.

4 Q. AND WHAT YOU TOLD ME WAS THAT RANCHO EL
5 DORADO RESORT IS IN THE GOOD NEIGHBOR PARK DIRECTORY, AND
6 THAT SOME OTHER -- EL COCHANILLA RESORT IS -- IS IN THE
7 AFFILIATED RESORT; IS THAT CORRECT?

8 A. THAT'S CORRECT.

9 Q. YOU DIDN'T SAY THAT IN THIS LETTER, DID YOU,
10 SIR?

11 A. NO, I DIDN'T SAY THAT.

12 Q. AND THE REASON YOU DIDN'T SAY THAT IS
13 BECAUSE YOU COULD TRANSFER THESE DELTA ISLE MEMBERS TO YOUR
14 FORMER PRESIDENT, MR. BUTLER, SO THAT HE COULD GET THEIR
15 DUES IN A GOOD NEIGHBOR PARK WITHOUT HAVING TO CHARGE THOSE
16 DELTA ISLE MEMBERS ANOTHER MEMBERSHIP FEE; ISN'T THAT WHAT
17 REALLY HAPPENED?

18 A. WHAT ADVANTAGE WOULD THERE BE?

19 Q. THE ADVANTAGE IS THEY WOULDN'T HAVE TO PAY A
20 NEW MEMBERSHIP BECAUSE THEY DIDN'T HAVE TO GO TO YOUR OWN
21 HOME RESORT; PRIMARY PRODUCT RULE; ISN'T THAT TRUE?

22 A. YOU HAVE TO HAVE PRIMARY PRODUCT RULE. WE
23 TRANSFERRED THEM. IT SAYS EL DORADO. BUT, AS I SAID,
24 THAT'S 200,000 --

25 Q. YOU TRANSFERRED THEM TO THE RANCHO EL DORADO
26 RESORT IN SAN FELIPE, MEXICO, THAT WAS IN YOUR OWN

1 DIRECTORY AS A GOOD NEIGHBOR PARK; CORRECT? ISN'T THAT
2 TRUE, MR. RYMAN?

3 A. THE INTENT, AND WHEN THE REPRESENTATIVE OF
4 THAT RESORT WOULD TALK TO THEM, THEY WOULD TALK ABOUT THEIR
5 MEMBERSHIP PARK.

6 Q. BUT YOU DON'T KNOW WHAT THAT REPRESENTATIVE
7 WAS GOING TO TALK TO THEM ABOUT THIS PARK; ALL YOU KNOW --

8 A. NO, I DON'T. I KNOW THAT HE HAD A
9 MEMBERSHIP RESORT, AND THE INTENT AND THE TRANSFER WAS INTO
10 THAT RESORT.

11 Q. WELL, MAYBE -- MAYBE YOU DO KNOW WHAT THE
12 INTENT WAS; YOUR RECOLLECTION --

13 A. I MEAN, I THINK.

14 Q. -- MAY BE -- LET'S TALK ABOUT THAT FOR A
15 MINUTE BECAUSE MAYBE YOU DO KNOW WHAT THE INTENT WAS.

16 YOU TALKED TO MR. BUTLER, AND YOU TOLD HIM
17 THAT YOU WERE GOING TO BE TRANSFERRING HIM CLOSE TO A
18 THOUSAND MEMBERS OF MR. NOVELLI'S DELTA ISLE RESORT 800
19 MILES AWAY?

20 A. THAT'S INCORRECT. I DIDN'T TALK TO
21 MR. BUTLER ABOUT IT. I WASN'T INVOLVED IN THE PROCESS.

22 Q. WHAT WAS -- WHAT WAS THE CLOSEST HOME RESORT
23 IN THE SYSTEM -- IN THE COAST TO COAST SYSTEM -- CLOSEST
24 RESORT NEXT TO DELTA ISLE?

25 A. I DON'T HAVE ANY IDEA BY NAME, BUT THERE'S A
26 NUMBER OF THEM IN THE SACRAMENTO AND -- THE CALIFORNIA

1 AREA. AND SOME OF THE MEMBERS WENT TO SOME OF THEM, I'M
2 PRESUMING.

3 Q. WELL, LET'S LOOK. THERE'S THE QUALITY
4 RESORT, ISN'T IT?

5 A. QUALITY RESORTS OF AMERICA, Q.R.A., IS UP IN
6 THAT AREA, YES.

7 Q. AND YOU'D AGREE WITH ME THAT THAT WAS
8 PROBABLY LESS THAN FIVE MILES AWAY?

9 A. I DON'T KNOW GEOGRAPHICALLY IT WAS CLOSE.

10 Q. IN FACT, IT'S GOT THE SAME STREET ADDRESS,
11 DOESN'T IT?

12 A. I DON'T HAVE ANY IDEA. I MEAN --

13 Q. WELL, LOOK WITH ME. LET ME REFRESH YOUR
14 RECOLLECTION. PAGE 73, QUALITY RESORTS OF AMERICA,
15 LIGHTHOUSE MARINA. 151 BRANNAN ISLAND ROAD,
16 B-R-A-N-N-A-N --

17 A. OKAY.

18 Q. -- ISLAND ROAD. AND LET'S LOOK AT WHERE THE
19 DELTA ISLE RESORT ADDRESS IS.

20 I'M LOOKING AT 1884 NOW. 601 BRANNAN,
21 B-R-A-N-N-A-N, ISLAND ROAD. THAT'S WHERE DELTA ISLE WAS?

22 A. YEP. OKAY.

23 Q. SO FROM 151 BRANNAN ISLAND ROAD TO 601
24 BRANNAN ISLAND ROAD?

25 A. OKAY.

26 Q. YOU'D AGREE WITH ME THAT THAT'S A -- ANOTHER

1 AFFILIATED COAST RESORT THAT'S A CLOSE HOME RESORT TO
2 DELTA ISLE?

3 A. NO QUESTION THEY MAY HAVE GOT SOME OF THE
4 MEMBERS. I DON'T KNOW.

5 Q. BUT, YET, YOUR LETTER TRANSFERRED THEM 800
6 MILES TO YOUR FORMER PRESIDENT, MR. BUTLER, IN ANOTHER
7 COUNTRY, SAN FELIPE MEXICO; CORRECT?

8 A. THAT'S CORRECT.

9 Q. AND YOU BROUGHT UP THE WORD "INTENT." THAT
10 WAS YOUR INTENTION, WASN'T IT, SIR?

11 A. I TOLD YOU, I DIDN'T HAVE ANYTHING TO DO
12 WITH THE PROCESS, MR. SHAW.

13 Q. WHAT -- OH, IT WAS THE REGIONAL DIRECTORS
14 THAT DID IT?

15 A. THEY TALKED TO DEVELOPERS. DEVELOPERS WOULD
16 TAKE THE PEOPLE AT NO FEE SO THE PEOPLE DIDN'T GET HIT
17 AGAIN. AND THEN THEY WOULD DISTRIBUTE THEM AMONG -- I --
18 NORMALLY THREE. I DON'T KNOW HOW MANY, BUT A NUMBER OF
19 RESORTS NORMALLY RELATIVELY CLOSE TO THEIR HOME.

20 Q. BUT YOU DIDN'T TRANSFER THEM RELATIVELY
21 CLOSE TO THEIR HOME TO 161 BRANNAN ISLAND ROAD WHICH WAS
22 RIGHT DOWN THE STREET?

23 A. MAYBE WE DIDN'T. I DON'T KNOW IF THAT WAS
24 ONE OF THE ONES WE DID OR NOT.

25 Q. THIS ONE DOESN'T DO IT, DOES IT?

26 A. THAT IS ONE OF THE LETTERS THAT WENT TO --

1 Q. THAT'S ONE OF THE 34,000 LETTERS THAT WENT
2 OUT, ISN'T IT, SIR?

3 A. YES.

4 Q. AND THIS ONE, THIS LETTER TO DELTA ISLE
5 MEMBERS WENT OUT --

6 A. TO SOME OF THE DELTA ISLE MEMBERS.

7 Q. WENT OUT TO CLOSE TO A THOUSAND?

8 A. I DON'T KNOW. AGAIN, YOU KNOW, I DON'T KNOW
9 WHAT THE DISTRIBUTION WAS OR --

10 Q. AND WHAT MR. BUTLER -- LET'S LOOK AT WHAT
11 MR. BUTLER GOT, YOUR FORMER PRESIDENT.

12 I'D SAY HE'S A FRIEND OF YOURS; IS THAT
13 CORRECT?

14 A. HE CERTAINLY WAS. WE DON'T -- WE'RE NOT --
15 I DON'T -- PROBABLY HAVEN'T SEEN HIM IN THREE YEARS NOW.
16 BUT WE WERE VERY CLOSE WHEN HE WAS PRESIDENT AND I WAS
17 VICE-PRESIDENT, CERTAINLY.

18 Q. AND PRIOR TO SENDING OUT THIS LETTER TO
19 RANCHO EL DORADO RESORT IN SAN FELIPE YOU TALKED TO
20 MR. BUTLER, DIDN'T YOU?

21 A. NOT ABOUT THIS. I MEAN, I VERY SELDOM
22 TALKED TO HIM. THE ONLY REASON I'M NOT SAYING NO IS
23 BECAUSE, SURE, I TALKED TO HIM PRIOR TO IT.

24 Q. AND YOU TOLD HIM THAT WE'VE GOT AN
25 OPPORTUNITY HERE?

26 A. THAT'S INCORRECT.

1 Q. WE'VE GOT CLOSE TO A THOUSAND DELTA ISLE
2 MEMBERS OF MR. NOVELLI'S THAT IT TOOK HIM 2500 TO \$3500
3 EACH TO GET AS A MEMBER, AND I CAN SEND THEM 800 MILES AWAY
4 DOWN TO YOUR GOOD NEIGHBOR PARK RESORT THAT VIOLATES OUR
5 RULES, AND YOU'RE GOING TO GET SUBSTANTIAL MEMBERSHIP FEES;
6 ISN'T THAT WHAT YOU TOLD MR. BUTLER?

7 A. MR. SHAW, I'M TRYING TO BE POLITE, BUT I
8 DIDN'T TALK TO MR. BUTLER ABOUT THIS. I MEAN, WHAT CAN I
9 DO BUT SIT HERE ON THE STAND AND TELL THE TRUTH? THAT'S
10 WHAT'S EXPECTED.

11 Q. AND THE TRUTH IS, YOU SENT THEM TO A GOOD
12 NEIGHBOR PARK THAT VIOLATED THE COAST RULES BECAUSE
13 YESTERDAY YOU TOLD ME THAT --

14 A. I --

15 Q. -- A TRANSFER OF DELTA ISLE MEMBERS COULD BE
16 TO ANOTHER AFFILIATED COAST RESORT, BUT IT COULD NOT BE TO
17 THE GOOD NEIGHBOR PARK; THAT'S WHAT YOU TOLD ME YESTERDAY?

18 A. AND I SAID IT AGAIN TODAY --

19 Q. AND THAT'S THE TRUTH, AND THAT'S WHAT YOU
20 ENDED UP DOING. YOU ENDED UP SENDING THEM TO THE GOOD
21 NEIGHBOR PARK. THEY WERE NOT AFFILIATED COAST RESORTS, AND
22 THAT VIOLATED COAST RULES; ISN'T THAT CORRECT?

23 A. NO. WE SENT THEM TO THE MEMBERSHIP RESORT.
24 I MEAN, WHY WOULD WE SEND THEM TO GOOD NEIGHBOR? THAT'S
25 RIDICULOUS.

26 Q. IT DOESN'T SAY THAT IN THAT LETTER, DOES IT?

1 A. IT SAYS "RANCHO EL DORADO" WHICH IS THE NAME
2 OF HIS 200,000 ACRES.

3 Q. BUT IF I'M A MEMBER OF COAST TO COAST AND I
4 GET THAT LETTER, AND I LOOK IN YOUR DIRECTORY, IT DOESN'T
5 SAY THE MEMBERSHIP RESORT; IT SAYS THE GOOD NEIGHBOR PARK.
6 AND SO WHEN I LOOK AT THAT GOOD NEIGHBOR PARK --

7 A. I'LL GRANT IT. IT SAYS THAT NAME.

8 Q. AND WHEN I GET THAT PHONE CALL FROM THE GOOD
9 NEIGHBOR PARK, I END UP MAKING A MOVE 800 MILES BECAUSE
10 COAST TO COAST TOLD ME THAT I WAS ALREADY TRANSFERRED;
11 ISN'T THAT CORRECT?

12 A. THE DESIGNATION OF THE HOME RESORT WAS GOING
13 TO THAT LOCATION, YES. COAST TO COAST MEMBERSHIP.

14 Q. AND THIS IS ONLY PART OF THE MASSIVE
15 TRANSFER THAT TOOK PLACE?

16 A. THAT'S CORRECT.

17 Q. I WANT TO SEE IF I CAN -- WELL, LET ME ASK
18 YOU THIS, MR. RYMAN.

19 YOU DON'T KNOW HOW MANY LETTERS WENT OUT TO
20 DELTA ISLE MEMBERS AS YOU SIT HERE TODAY?

21 A. I HAVE NO IDEA

22 Q. WHAT DOCUMENTS AT COAST TO COAST WOULD SHOW
23 HOW MANY DELTA ISLE MEMBERS WERE TRANSFERRED TO RANCHO EL
24 DORADO RESORT?

25 A. I REALLY DON'T KNOW.

26 Q. IS THERE ANYTHING IN THE DATABASE THAT WOULD

1 SHOW YOU THAT?

2 A. I -- NO, I DON'T THINK SO. I --

3 Q. LET ME SHOW YOU JUST TO REFRESH YOUR
4 RECOLLECTION, IF I CAN -- THEN I'LL SHOW THIS TO MR. --
5 COPY TO MR. SHERMAN.

6 MR. SHERMAN: YOUR HONOR, THE WITNESS IS NOT
7 INDICATING HE DOES NOT REMEMBER. THE WITNESS HAS NOT
8 INDICATED KNOWLEDGE OVER THIS AREA. AND I OBJECT TO
9 COUNSEL'S USE OF AN ATTEMPT TO REFRESH RECOLLECTION IN AN
10 INSTANCE WHERE RECOLLECTION HAS NOT FIRST BEEN --

11 THE COURT: ASK HIM QUESTIONS TO DETERMINE WHETHER
12 OR NOT HE HAS RECALLED THE INFORMATION, MR. SHAW.

13 MR. SHAW: THANK YOU, YOUR HONOR.

14 Q. AT SOMETIME YOU KNEW HOW MANY LETTERS WERE
15 GOING OUT TO THE DELTA ISLE MEMBERS; CORRECT?

16 A. MAY OR MAY NOT HAVE. I'M NOT SURE.

17 Q. BUT THAT WAS YOUR JOB. YOU WERE THE
18 PRESIDENT. YOU --

19 A. THE VICE PRESIDENT WAS DEALING WITH THE
20 REGIONAL DIRECTORS, AND THEY DID IT. MAYBE A REPORT CAME
21 AT ONE TIME. I DON'T RECALL IT.

22 Q. AND WHAT KIND OF A REPORT WOULD THAT HAVE
23 BEEN?

24 A. I DON'T KNOW. SOMETHING TELLING ME WHAT THE
25 DISTRIBUTION WOULD BE. I DON'T KNOW.

26 Q. ISN'T IT TRUE THAT THE ADAMS GROUP KEPT

1 DETAILED RECORDS OF THE MASSIVE TRANSFER, THE 34,000
2 LETTERS THAT WENT OUT?

3 A. THE ADAMS GROUP HAD NOTHING TO DO WITH IT.
4 IN -- ADAMS GROUP IS AN ANOMALY. I MEAN, IT'S NOT A NAME.
5 YOU KEPT USING IT YESTERDAY. STEVE ADAMS THIS AND THAT.
6 THAT'S THE AFFINITY GROUP, WHICH IS A PARENT ORGANIZATION.

7 Q. WHICH IS OWNED BY STEVE ADAMS A HUNDRED
8 PERCENT?

9 A. RIGHT. BUT, I MEAN, I'VE NEVER HEARD IT
10 CALLED "STEVE ADAMS." HE'S AN INDIVIDUAL. BUT THEY HAD
11 NOTHING TO DO THAT I KNOW OF ANY RECORDS PERTAINING TO IT,
12 THIS IS ACTION WE TOOK.

13 Q. LET'S LOOK AT EXHIBIT 1570, PAGE 11.

14 A. (INDICATING.)

15 Q. IF I CAN -- IF YOU DON'T MIND MY HELPING
16 YOU, I THINK I CAN POINT YOU -- 1570, DO YOU RECOGNIZE
17 1570?

18 A. I DO.

19 BY MR. SHAW: Q. IS THAT THE EL RANCHO ESTATE'S
20 AFFILIATION AGREEMENT FOR MR. BUTLER?

21 A. IT SAYS, "OWNER, EL DORADO." IT SAYS, "NAME
22 AND ADDRESS, EL COCHANILLA R.V. PARK, NUMBER 1374, SAN
23 FELIPE, MEXICO."

24 Q. AND I APOLOGIZE. I CAN'T PRONOUNCE IT AS
25 WELL. EL COCHANILLA?

26 A. THAT'S CLOSE.

1 Q. OKAY. THIS IS THE AFFILIATION AGREEMENT
2 THAT YOU REFERRED TO OF MR. BUTLER'S?

3 A. I GUESS SO.

4 Q. NOWHERE ON THIS DOES IT SAY THE RANCHO EL
5 DORADO RESORT?

6 A. THAT'S RIGHT. IT SAYS, "OWNER, EL DORADO
7 RANCHO ESTATES. J. BUTLER, PRESIDENT."

8 Q. SO JUST NOWHERE IN THE AFFILIATION AGREEMENT
9 DOES IT SAY THAT HE HAS A GOOD NEIGHBOR PARK CALLED RANCHO
10 EL DORADO --

11 A. NO, AND I --

12 Q. -- RESORTS?

13 A. NO. IT DOESN'T SAY THAT.

14 Q. ISN'T IT TRUE THOSE MEMBERS WERE NOT
15 TRANSFERRED TO THE MEMBERSHIP RESORT?

16 A. IF THEY WERE TRANSFERRED TO THE MEMBERSHIP
17 RESORT, THERE WOULD BE NO REASON TO SEND THEM TO THE OTHER
18 RESORT OR THE OTHER CAMPGROUND.

19 Q. BECAUSE THAT WAS A VIOLATION OF THE COAST
20 RULES; CORRECT?

21 A. AND THEY DON'T WANT TO BE A MEMBER OF A GOOD
22 NEIGHBOR PARK. THEY WANT TO BE A MEMBER OF THE RESORT.

23 Q. NOW LET'S GO BACK TO THE ISSUE OF HOW MANY
24 MEMBERS. YOU KEPT -- YOU KEPT TRACK AT COAST TO COAST --
25 ASIDE FROM THE ADAMS GROUP, YOU KEPT -- YOU KEPT TRACK OF
26 HOW MANY OF THOSE 34,000 LETTERS WENT OUT --

1 A. I'M SURE THAT WAS DONE, YES.

2 Q. AND WHAT -- AND WHAT KIND OF A RESPONSE YOU
3 GOT FROM THOSE 34,000 LETTERS?

4 A. WE CERTAINLY GOT VIBES AND ANSWERS AND THAT
5 SORT OF THING. I MEAN, WE'D GET CALLS IN MEMBER SERVICES.
6 WE'D GET -- WE WENT BACK AND SAT DOWN WHEN THE LETTERS WENT
7 OUT AND GOT THE MEMBER SERVICES REPS TOGETHER AND EXPLAINED
8 EVERYTHING. AND SO THEY UNDERSTOOD THINGS SO THEY COULD
9 ANSWER, SO THAT WE COULD PROPERLY EDUCATE THE PEOPLE. AND
10 WE THOUGHT THE LETTER -- OR I STILL THINK THE LETTER IS
11 VERY CLEAR.

12 Q. NOW, YOU ALSO SENT LETTERS TO A RESORT
13 CALLED "HACIENDA SANTA VERONICA." DO YOU REMEMBER THAT
14 RESORT?

15 A. I REMEMBER THE NAME, BUT I DON'T -- I DON'T
16 KNOW WHERE IT IS OR THE NAME JUST RINGS A BELL. BEEN A
17 LONG TIME SINCE I LEFT THE COMPANY, TWO AND A HALF YEARS.

18 Q. AND ALL -- ALL THESE MASSIVE TRANSFERS,
19 34,000 LETTERS, STARTED BECAUSE OF MR. NOVELLI'S AUGUST
20 LETTER; CORRECT?

21 A. A LOT OF THEM, YES.

22 Q. LET'S LOOK AT EXHIBIT U.

23 A. I MEAN, IT WAS MR. VOPNFORD'S LETTER. THERE
24 WAS THE DISSOLUTIONMENT OF A.S.R. THERE WERE A LOT OF
25 REASONS.

26 Q. LET'S LOOK AT EXHIBIT 39 AGAIN.

1 IF I COULD GET THAT FOR YOU, COUNSEL.

2 MR. RYMAN, I'LL TAKE THIS ONE.

3 YOU'RE WELCOME.

4 A. WHAT NUMBER?

5 Q. 39.

6 WILL YOU PUT THAT UP, MR. O'CONNOR. IF
7 YOU'LL BLOW UP THAT LAST PARAGRAPH FOR ME, MR. O'CONNOR,
8 PLEASE.

9 NOW, WHEN YOU -- LET ME WITHDRAW THAT AND
10 START AGAIN.

11 WERE YOU THE FIRST PERSON AT COAST TO COAST
12 TO SEE THIS LETTER?

13 A. I DON'T BELIEVE SO.

14 Q. DID SOMEBODY BRING IT TO YOUR ATTENTION?

15 A. OH, YES, CERTAINLY.

16 Q. WHO WAS IT?

17 A. EITHER THE SECRETARY OR GENE. I'M NOT SURE
18 WHO.

19 Q. AND YOU RECEIVED THIS LETTER.

20 AND IF YOU CAN TAKE IT TO THE FULL SIZE OF
21 THE LETTER, MR. O'CONNOR.

22 THIS LETTER, IT'S DATE IS AUGUST 27, 1997.
23 YOU RECEIVED IT SHORTLY AFTER THAT DATE, ON OR ABOUT THAT
24 DATE?

25 A. I -- SHORTLY AFTER, CERTAINLY.

26 Q. AND WHEN YOU GOT IT, WHAT DID -- WHAT DID

1 YOU DO?

2 A. I GUESS WE TALKED ABOUT IT AND -- AND I'M
3 SPECULATING. THE OBVIOUS THINGS WE TALKED ABOUT IT, AND
4 WHAT ARE WE GOING TO DO?

5 Q. AND YOU DECIDED TO SEND OUT MASSIVE TRANSFER
6 LETTERS; CORRECT?

7 A. WE DECIDED TO PRESERVE THE RIGHTS OF -- THE
8 COAST TO COAST RIGHTS OF OUR MEMBERS BY DESIGNATING ANOTHER
9 RESORT AS THEIR HOME RESORT FOR COAST TO COAST PURPOSES.
10 THEY WERE OUR MEMBERS.

11 Q. WILL YOU BLOW UP THE LAST PARAGRAPH FOR ME,
12 PLEASE, MR. O'CONNOR.

13 AND YOU DID THAT DESPITE THE FACT THAT
14 MR. NOVELLI SAID IN THIS LETTER THAT COAST TO COAST IS PUT
15 ON NOTICE, THAT ANY ATTEMPT TO TRANSFER FIRST NATIONWIDE
16 RESORT MEMBERS, DISTRIBUTE THE LIST OF FIRST NATIONWIDE
17 RESORT MANAGEMENT MEMBERS TO ANY OTHER CAMP, RESORT OR
18 BUSINESS, OR OTHERWISE VIOLATE THE CONFIDENTIALITY WILL
19 BE -- AND I'M PARAPHRASING -- WILL BE CONSIDERED A SERIOUS
20 INTERFERENCE.

21 YOU DID THAT DESPITE MR. --

22 A. THAT'S CORRECT. THE CONTRACT ALLOWED US TO
23 DO THAT, AND THAT'S MR. NOVELLI'S OPINION.

24 Q. DID YOU CALL MR. NOVELLI?

25 A. NO.

26 Q. CALL HIM AND ASK -- AND DISCUSS THIS

1 PARAGRAPH WITH HIM?

2 A. NO, I DIDN'T.

3 Q. DID YOU CALL AND ASK HIM WHAT HE MEANT BY
4 VIOLATING THE CONFIDENTIALITY OF FIRST NATIONWIDE RESORTS
5 MANAGEMENT MEMBERS, AND THE FACT THAT ANY ATTEMPT TO
6 TRANSFER TO ANOTHER RESORT WOULD CAUSE HIM SERIOUS DAMAGE?

7 A. NO, I DIDN'T.

8 Q. WHAT YOU DID WAS ON SEPTEMBER 9, A MATTER OF
9 11 OR 12 DAYS LATER, YOU SENT OUT A LETTER DATED SEPTEMBER
10 9, 1997; ISN'T THAT CORRECT?

11 A. I DON'T KNOW. I --

12 Q. HAVE YOU LOOK AT 1563, 0138. I WANT TO GET
13 TO THE BOOKS IF I CAN, MR. RYMAN. YOU DON'T MIND MY
14 LEAVING YOU THAT ONE, AND I'LL PUT THIS ONE AWAY.

15 1563, 0138.

16 MR. SHERMAN: COUNSEL, YOUR HONOR, THE PAGINATION
17 IS NOT IN ORDER IN 1563. AGAIN, WE'VE GOT ABOUT 100 PAGES
18 IN HERE. I'M SEARCHING FOR THE NEEDLE IN A HEY STACK.

19 MR. SHAW: I'LL HELP YOU FIND THE NEEDLE,
20 MR. SHERMAN. IT'S GOT BATES STAMP, MR. SHERMAN, AT THE
21 BOTTOM 891.

22 MR. SHERMAN: WELL, IF BATES NUMBERING WAS
23 CONSECUTIVE IN THIS DOCUMENT, THAT WOULD MEAN SOMETHING.

24 MAY I APPROACH MR. SHAW? MAYBE HE COULD
25 HELP ME BECAUSE I -- I CAN'T FIND IT.

26 MR. SHAW: (INDICATING.)

1 MR. SHERMAN: IT'S ALL OUT OF ORDER.

2 MR. SHAW: HERE.

3 MR. SHERMAN: AH, BINGO.

4 MR. SHAW: CONSECUTIVE. THANK YOU.

5 THE COURT: WHAT NUMBER ARE YOU DEALING WITH NOW?

6 MR. SHERMAN: MR. SHAW TOLD ME HE'S FOUND 891.

7 THE COURT: IS THAT THE EXHIBIT NUMBER?

8 MR. SHERMAN: NO.

9 MR. SHAW: IT'S 1563, YOUR HONOR, IS THE EXHIBIT
10 NUMBER. IT'S 138 PAGES INTO THAT EXHIBIT NUMBER, AND IT
11 HAS AT THE BOTTOM A BATES STAMP OF 891.

12 THANK YOU, HARRIET.

13 MR. SHERMAN: PROBABLY ABOUT A DOZEN PAGES FROM THE
14 END.

15 BY MR. SHAW: Q. ARE YOU WITH US, MR. RYMAN?

16 A. I'M WITH YOU ON A SEPTEMBER 9TH LETTER, YES.

17 Q. OKAY. THANK YOU.

18 CAN WE PUT IT -- OR CAN YOU IDENTIFY THAT
19 LETTER FOR ME?

20 A. IT'S A -- IT'S A LETTER TO MEMBER OF TRAVEL
21 INN RESORTS SIGNED BY JIM RANDALL.

22 Q. YOUR HONOR, WE'LL MOVE EXHIBIT 1563 WITH A
23 BATES STAMP 891 INTO EVIDENCE.

24 MR. SHERMAN: WITH RESPECT TO THAT ONE PAGE, WE
25 HAVE NO OBJECTION.

26 THE COURT: BE ADMITTED.

1 MR. SHAW: THANK YOU, YOUR HONOR.

2 (WHEREUPON EXHIBIT NO. 1563, BATES STAMP
3 891, LETTER FROM JIM RANDALL, WAS RECEIVED IN EVIDENCE.)

4 MR. SHAW: WILL YOU BLOW UP THE FIRST PARAGRAPH
5 FOR ME.

6 Q. NOW, THIS SAYS, "AS YOU ARE PROBABLY AWARE,
7 TRAVEL INN RESORT IS NO LONGER AN AFFILIATED COAST TO COAST
8 RESORT."

9 HOW DID YOU LEARN THAT THE TRAVEL INN RESORT
10 WAS NO LONGER AN AFFILIATED RESORT?

11 A. I DON'T KNOW. IT COULD BE A VARIETY OF
12 THINGS. I -- IT'S JUST ANOTHER RESORT NAME TO ME AT THIS
13 STAGE. I'M SORRY.

14 Q. WAS IT -- WE KNOW IT WASN'T A PART OF THE --
15 MR. NOVELLI'S EXHIBIT 39?

16 A. THAT'S CORRECT.

17 Q. SO NOWHERE IN THAT AUGUST 27, 1997, LETTER
18 DOES IT SAY WE WANT TO DISAFFILIATE MR. NOVELLI AND HIS
19 FIRST NATIONWIDE RESORTS MANAGEMENT, INC.; THAT WE WANT TO
20 DISAFFILIATE TRAVEL INN RESORT, DOES IT?

21 A. NO. AND I DON'T EVEN KNOW IF TRAVEL INN
22 RESORT WAS ONE OF MR. NOVELLI'S.

23 Q. IT SAYS, WE REALIZE THAT FINDING ANOTHER
24 RESORT MAY CREATE AN INCONVENIENCE TO YOU; THEREFORE, YOUR
25 COAST TO COAST HOME RESORT HAS BEEN CHANGED TO WALLY WORLD,
26 LOUDONVILLE, OHIO.

1 MR. SHERMAN: EXCUSE ME. MISSTATES THE DOCUMENT.

2 IT SAYS THAT WHERE COAST TO COAST HOME RESORT OF RECORD.

3 THE COURT: ALL RIGHT.

4 MR. SHAW: I STAND CORRECTED.

5 BY MR. SHAW: Q. I'M SORRY, MR. RYMAN. I WAS

6 PARAPHRASING TO TRY TO MOVE THROUGH IT.

7 YOU HAVE THE LANGUAGE IN FRONT OF YOU.

8 THAT'S WHAT THE LANGUAGE SAYS; CORRECT?

9 A. YES.

10 Q. NOW, YOU DON'T, AS YOU SIT HERE, KNOW

11 WHETHER -- OR HOW YOU GOT THE INFORMATION THE TRAVEL INN

12 RESORT WAS NO LONGER AFFILIATED?

13 A. NO, I DON'T RECALL A SPECIFIC RESORT. JUST

14 LIKE I COULDN'T -- I'D HAVE TO COMPARE TO FIND OUT IF IT'S

15 ON THE LIST YOU SHOWED ME. AND I DON'T EVEN KNOW WHO

16 TRAVEL INN RESORT BELONGED TO, TO BE HONEST.

17 Q. LOOK AT EXHIBIT 39.

18 A. I DID. IT'S NOT ON THERE BECAUSE I DON'T

19 KNOW ALL THE RESORTS. GOOD LORD. I CAN'T REMEMBER THE

20 NAMES OF ALL OF THEM.

21 Q. NOW, DOWN AT THE BOTTOM, THE LAST

22 PARAGRAPH -- IF YOU CAN BLOW THAT UP FOR ME, MR. O'CONNOR.

23 IF YOU HAVE ANY QUESTIONS CONCERNING YOUR

24 COAST TO COAST MEMBERSHIP, CONTACT MARY -- AND COULD YOU

25 PRONOUNCE HER LAST NAME SINCE I DID SUCH A POOR JOB WITH

26 THE SAN FELIPE RESORT?

1 A. URIOSTE.

2 Q. URIOSTE IN OUR MEMBER SERVICE DEPARTMENT.

3 AND, NOW, IS THAT THE MEMBER SERVICE
4 DEPARTMENT THAT WAS IN COLORADO?

5 A. YES.

6 Q. AND THEN MIKE MIKELS, WALLY WORLD.

7 WHO IS MR. MIKELS?

8 A. I HAVE NO IDEA.

9 Q. ISN'T IT TRUE, MR. RYMAN, THAT THE PLAN TO
10 DO THE MASSIVE TRANSFER BEGAN PRIOR TO RECEIVING
11 MR. NOVELLI'S EXHIBIT 39, HIS AUGUST 27, 1997, LETTER?

12 A. NO.

13 Q. ISN'T IT TRUE THAT COAST TO COAST --

14 A. I MEAN, WE WERE SEEING --

15 Q. I'M SORRY. MR. RYMAN, I HAVE TO ASK A
16 QUESTION.

17 A. OKAY.

18 Q. ISN'T IT TRUE THAT COAST TO COAST HAD
19 CONCEIVED AND PLANNED TO DO THIS MASSIVE TRANSFER EVEN
20 BEFORE IT RECEIVED MR. NOVELLI'S EXHIBIT 39?

21 A. NO. THAT'S INCORRECT.

22 Q. AND THE FACT THAT MR. NOVELLI ONLY LISTED
23 THE FIRST NATIONWIDE RESORTS AND DIDN'T EVEN LIST TRAVEL
24 INN RESORT, YOU STARTED SENDING 34,000 LETTERS TO RESORTS
25 THAT DIDN'T EVEN -- WEREN'T EVEN REQUESTED BY MR. NOVELLI
26 TO BE REMOVED FROM THE SYSTEM?

1 MR. SHERMAN: OBJECTION. LACKS FOUNDATION WITH
2 RESPECT TO THE OWNERSHIP OF TRAVEL INN.

3 THE COURT: OVERRULED.

4 THE WITNESS: WELL, I SAID THAT BEFORE. I DON'T
5 EVEN KNOW IF MR. NOVELLI OWNED IT. I DON'T KNOW THE
6 CIRCUMSTANCES. BUT I'M SURE THERE WAS SOME DOCUMENT THAT
7 CAME IN THAT PROVED THAT THIS WAS NO LONGER AFFILIATED. I
8 DON'T KNOW WHAT IT IS WHEN I SIT HERE WHEN I SEE THE NAME
9 OF A RESORT, YOU KNOW, THREE YEARS LATER.

10 BY MR. SHAW: Q. LET'S LOOK AT MR. NOVELLI'S
11 SEPTEMBER 3RD LETTER, WHICH IS 1575, PAGE 2.

12 YOU RECALL RECEIVING THAT LETTER FROM
13 MR. NOVELLI?

14 A. YES, I DO.

15 MR. SHAW: YOUR HONOR, I'D LIKE TO MOVE EXHIBIT
16 1575, BOTH PAGES, INTO EVIDENCE.

17 MR. SHERMAN: YOUR HONOR, 1575 IS THREE PAGES.
18 IT'S NOT TWO PAGES. I'VE GOT NO PROBLEM WITH THE -- THE
19 ENVELOPE ADDRESSED, THE ENVELOPE ADDRESSED AND THE
20 CERTIFIED MAIL WHICH IS PAGE 1, OR THE LETTER WHICH IS PAGE
21 2. I HAVE NO IDEA WHAT THE THIRD PAGE IS.

22 THE COURT: DO YOU HAVE A COPY FOR HIM?

23 MR. SHERMAN: WELL, NO. I HAVE IT, BUT THIS
24 WITNESS HASN'T AUTHENTICATED THAT PAGE AND --

25 MR. SHAW: WELL, LET ME --

26 MR. SHERMAN: I'M NOT PREPARED TO ADMIT THAT PAGE

1 INTO EVIDENCE AT THIS POINT.

2 MR. SHAW: LET ME TRY AND TAKE HIM THROUGH IT,
3 YOUR HONOR, PLEASE.

4 Q. PAGE 3, DO YOU -- CAN YOU IDENTIFY PAGE 3 AT
5 ALL, MR. RYMAN?

6 A. ME? I'M SORRY. I DON'T HAVE ANY IDEA WHAT
7 IT IS.

8 MR. SHAW: OKAY. THEN I WILL ONLY MOVE PAGES 1 AND
9 2.

10 THE WITNESS: IT SAYS "TRAVEL INN AMERICA" ON IT.

11 MR. SHAW: I WILL MOVE PAGES 1 AND 2 WITHOUT NUMBER
12 3 OF EXHIBIT 1575.

13 THE COURT: 1 AND 2 ARE IN.

14 MR. SHAW: THANK YOU, YOUR HONOR.

15 (WHEREUPON EXHIBIT NO. 1575, PAGES 1 AND 2,
16 LETTER FROM MR. NOVELLI, SEPTEMBER 3RD, WAS RECEIVED IN
17 EVIDENCE.)

18 MR. SHAW: CAN YOU BLOW UP THE PARAGRAPH FOR ME,
19 MR. O'CONNOR.

20 Q. SAYS, "THIS PAST WEEK I SENT A NOTIFICATION
21 TO DEER RUN ALONG WITH OTHER RESORTS WHO NO LONGER WOULD
22 PARTICIPATE IN THE COAST TO COAST RECIPROCAL SYSTEM.
23 HOWEVER, IN ORDER TO ACCOMMODATE THOSE MEMBERS WHO
24 PURCHASED COAST DELUXE, DEER RUN NEEDS TO REMAIN IN YOUR
25 SYSTEM FOR BOTH THE ACCEPTANCE OF GENERAL C.C.C. MEMBERS
26 AND THE COAST DELUXE MEMBERS."

1 AND IT SAYS, "ALL OF OUR COAST DELUXE
2 MEMBERS ARE BEING TRANSFERRED TO DEER RUN. YOUR RECORDS
3 SHOULD BE ADJUSTED TO REFLECT THE SAME."

4 AND DEER RUN HAD BEEN ONE OF THOSE RESORTS
5 THAT WAS LISTED IN MR. NOVELLI'S -- THE EXHIBIT 39 THAT WE
6 LOOKED AT?

7 A. THAT'S CORRECT.

8 Q. AND WHAT DECISION WAS MADE AT CAMP COAST TO
9 COAST REGARDING MR. NOVELLI'S REQUEST TO KEEP DEER RUN IN
10 THE COAST TO COAST RECIPROCAL SYSTEM?

11 A. TO NOT ALLOW IT BECAUSE IT'S PURELY
12 DECEPTIVE. YOU USE THE NUMBER 34,000. 34,000 MEMBERS IN
13 ONE RESORT. SO THEY COULD KEEP THEIR COAST TO COAST
14 MEMBERSHIP. HE KNEW THE VALUE OF A COAST TO COAST
15 MEMBERSHIP. HE HAD SOLD THE DELUXE MEMBERSHIP. HE WANTED
16 TO KEEP THEM SATISFIED.

17 Q. BUT THAT'S JUST NOT TRUE, IS IT, MR. RYMAN?
18 34,000 MEMBERS THAT THE LETTERS WENT OUT WAS NOT COAST
19 DELUXE MEMBERS, WERE THEY?

20 A. BUT HE SAYS, GENERAL EXCEPTIONS, GENERAL
21 COAST TO COAST MEMBERS AND DELUXE MEMBERS.

22 Q. HE SAYS ALL OF OUR DELUXE MEMBERS ARE BEING
23 TRANSFERRED. THERE WERE -- VERY FEW DELUXE COAST MEMBERS
24 WERE THERE?

25 A. I DON'T KNOW WHAT THERE WERE. BUT IT'S A
26 DECEPTIVE WAY TO GET AROUND THE RULES.

1 Q. WHEN YOU SAID 34,000 MEMBERS, IT WASN'T YOUR
2 RECOLLECTION?

3 A. YOU THROW THAT OUT.

4 THE COURT: JUST A MINUTE, PLEASE.

5 THE WITNESS: EXCUSE ME.

6 THE COURT: ONE PERSON AT A TIME. THE REPORTER CAN
7 ONLY REPORT ONE.

8 BY MR. SHAW: Q. MR. RYMAN, YOUR COMMENT TO THIS
9 JURY THAT MR. NOVELLI WAS TRYING TO POUR 34,000 COAST
10 MEMBERS INTO DEER RUN IS JUST NOT TRUE, IS IT?

11 A. IT'S AN EXAGGERATION JUST LIKE MANY OF THE
12 COMMENTS THAT YOU'RE MAKING RELATIVE TO THOSE 34,000
13 PEOPLE.

14 Q. THE COAST DELUXE MEMBERS THAT WERE BEING
15 TRANSFERRED TO THE DEER RUN WERE VERY FEW, WEREN'T THEY?

16 A. I REALLY DON'T KNOW.

17 Q. ISN'T --

18 A. THERE COULDN'T HAVE BEEN THAT MANY BECAUSE
19 HE WAS ONLY SELLING FOR -- I MEAN, I DON'T KNOW, A YEAR,
20 TWO YEARS, YEAR AND A HALF? I MEAN, I DON'T KNOW.

21 Q. SO THERE WERE A HANDFUL; ISN'T THAT CORRECT?

22 A. I CAN'T SAY THAT. I DON'T KNOW THAT.

23 Q. BUT IT CERTAINLY WASN'T 34,000?

24 A. NO, NO.

25 Q. SO A FEW. YOU CAN AGREE WITH ME THERE WERE
26 A FEW; A FEW COAST DELUXE MEMBERS WERE BEING TRANSFERRED TO

1 DEER RUN; ISN'T THAT CORRECT?

2 A. YOU KNOW, IT'S ALL RELATIVE. IS IT 100, 150
3 OR A FEW BEING 38?

4 Q. IT WASN'T 34,000?

5 A. NO. I TOLD YOU, I WAS EXAGGERATING THERE
6 BECAUSE I WAS TALKING ABOUT COAST TO COAST MEMBERS.

7 Q. NOW, THE FACT IS, COAST TO COAST REJECTED
8 MR. NOVELLI'S REQUEST TO STAY IN THE SYSTEM?

9 A. ON THIS PARTICULAR RESORT? YES, BECAUSE OF
10 HIS PURPOSE. HE WAS TRYING TO CIRCUMVENT OUR RULES.

11 Q. HOW WAS THIS CIRCUMVENTING YOUR RULES?

12 WHERE ON --

13 A. YOU CAN'T HAVE ONE -- IT'S A RECIPROCAL
14 SYSTEM. AS I EXPLAINED BEFORE, YOU HAVE TO HAVE A
15 REASONABLE RATIO. I DON'T KNOW WHAT THE SITES WERE AT DEER
16 RUN. AND, YOU KNOW, JUST SO THAT THEY -- HE KNOWS THE
17 VALUE OF THE COAST TO COAST MEMBERSHIP. WE ALL DO. IT'S
18 VERY, VERY VALUABLE IN THE SALES PROCESS. AND IT'S VERY,
19 VERY VALUABLE TO THE MEMBERS, AS YOU KNOW.

20 AND TO LET THEM BE ABLE TO KEEP IT THROUGH
21 THAT ONE RESORT, THEN THEY COULD CONTINUE TO USE THE ENTIRE
22 SYSTEM, THAT'S RIDICULOUS.

23 Q. AND THAT'S THE SAME RIDICULOUS THING THAT
24 YOU DID WHEN YOU SENT THE LETTER TO THE DELTA ISLE MEMBERS
25 AND HAD THEM TRANSFERRED FROM SACRAMENTO, CALIFORNIA TO SAN
26 FELIPE, MEXICO TO A GOOD NEIGHBOR PARK; ISN'T THAT CORRECT?

1 A. I -- I'M REPEATING MYSELF AGAIN, TRYING TO
2 BE POLITE. BUT I -- WE DID NOT TRANSFER THEM TO A GOOD
3 NEIGHBOR PARK.

4 Q. DESPITE WHAT THE LETTER SAID?

5 A. THE LETTER SAYS IT. I MEAN, I'LL -- I'LL
6 SAY THAT, BUT THAT WAS A NAME OF THE WHOLE PLACE.

7 Q. NOW LET'S LOOK AT NEXT IN ORDER, 1563.

8 MR. SHERMAN, IT HAS A BATES STAMP OF 96.
9 AND IT'S ABOUT MAYBE 20 FROM THE END OF THE EXHIBIT. SO
10 I'D START AT THE BACK END.

11 ARE YOU WITH ME, COUNSEL?

12 MR. SHERMAN: YES.

13 BY MR. SHAW: Q. CAN YOU IDENTIFY THIS LETTER?

14 A. YES. I'M READING IT. IT'S A LETTER OF 10,
15 SEPTEMBER, AGAIN SIGNED BY JIM RANDALL, THE DIRECTOR OF
16 OPERATIONS.

17 MR. SHAW: YOUR HONOR, I'LL MOVE EXHIBIT 1563 WITH
18 THE BATES STAMP 96 ON IT INTO EVIDENCE.

19 MR. SHERMAN: NO OBJECTION.

20 THE COURT: BE SO RECEIVED.

21 (WHEREUPON EXHIBIT NO. 1563, BATES STAMP 96,
22 LETTER FROM JIM RANDALL DATED SEPTEMBER 10, WAS RECEIVED IN
23 EVIDENCE.)

24 MR. SHAW: BLOW UP THE PARAGRAPH FOR ME,

25 MR. O'CONNOR.

26 Q. ALL RIGHT. SO WE LOOKED AT THE SEPTEMBER

1 9TH LETTER, AND NOW THIS IS A DAY LATER, SEPTEMBER 10TH.

2 AND THIS IS A FOLLOW-UP TO MY LETTER OF MAY 30, 1997.

3 IT SAYS, "BECAUSE OF THE CONTINUOUSLY
4 CHANGING INFORMATION REGARDING YOUR T.A.I. HOME RESORT FOR
5 COAST TO COAST PURPOSES, WE ARE ALLOWING ALL CURRENT T.A.I.
6 COAST TO COAST MEMBERS THE OPPORTUNITY TO RENEW THEIR COAST
7 TO COAST MEMBERSHIP FOR 1998, REGARDLESS OF THE STATUS OF
8 THEIR HOME RESORT."

9 ISN'T IT TRUE THAT THAT VIOLATES COAST RULES?

10 A. NO, I DON'T THINK SO AT ALL. I MEAN --

11 Q. DOESN'T THAT VIOLATE THE PRIMARY PRODUCT
12 HOME RESORT RULE?

13 A. NO. I MEAN, WE TRY AND WORK -- THERE ARE
14 MANY PEOPLE HAVING TROUBLE IN THE INDUSTRY. THESE T.A.I.
15 RESORTS, THEY WERE CLOSED. PEOPLE WERE RUNNING INTO THE
16 GATES. THEY WERE FORECLOSED ON. THEY WERE PUTTING THEM IN
17 BANKRUPTCIES. THEY WERE MOVING THEM AROUND. I WAS TRYING
18 TO CONTACT MR. VOPNFORD. AND WHAT I'M SAYING WHEN I SAY
19 THAT, IS IT GOES BEYOND THE REGIONAL DIRECTOR THAT WOULD
20 NORMALLY DEAL WITH HIM. I'M CALLING HIS OFFICE. I'M
21 CALLING HIM. I FINALLY SENT HIM A CERTIFIED LETTER.
22 WHAT'S GOING ON? LET US KNOW.

23 SO CERTAINLY -- AND I CERTAINLY WILL SAY
24 THAT THIS IS BUSINESS-RELATED. WE HAD ALREADY DROPPED THE
25 RENEWAL TO EVERYBODY. AND CERTAINLY WE WANT THE PEOPLE TO
26 RENEW BECAUSE WE WANT THEM TO RENEW THEIR COAST TO COAST

1 MEMBERSHIP. AND IN THEIR CONTRACT IT SAYS THAT WE -- IF
2 THEIR RESORT GOES OUT, THAT WE WILL ASSIST THEM IN FINDING
3 A NEW COAST TO COAST.

4 Q. AND THERE'S NOTHING TO BE ASHAMED OF; YOU
5 WANTED THE DUES; RIGHT?

6 A. I'M SAYING, THAT'S ONE ASPECT OF IT. BUT WE
7 WANT THE MEMBERS TO KNOW, TOO, ALL THIS CONFUSION THAT'S
8 OUT HERE BECAUSE OF THESE BANKRUPTCIES AND FORECLOSURES AND
9 THESE BUSINESSES THAT ARE BOTH GOING SIDEWAYS --

10 Q. AND YOU DON'T -- BUT YOU DON'T KNOW WHETHER
11 ANY OF THESE RESORTS THAT ARE BEING REFERRED TO ON
12 SEPTEMBER 10 FALL WITHIN THAT SCOPE, AS YOU SIT HERE
13 TODAY --

14 A. ONCE AGAIN, I CAN'T LOOK AT A SPECIFIC
15 RESORT. I WAS LOOKING AT THE BIG PICTURE.

16 Q. AND THIS IS NOT ONE OF THE RESORTS THAT
17 MR. NOVELLI ASKED TO TAKE OUT OF THE SYSTEM IN HIS EXHIBIT
18 39, HIS AUGUST 27, 1997, LETTER?

19 A. NO. BUT IT MAY BE ONE OF THE ONES THAT
20 VOPNFORD TOOK OUT SOMEWHERE AROUND THEN. I DON'T KNOW.

21 Q. LET'S LOOK AT EXHIBIT NEXT IN ORDER,
22 MR. DURAN, 1563, PAGE 1.

23 HAS A BATES STAMP, MR. SHERMAN, OF 3151.

24 MR. SHERMAN: CLOSER TO THE BEGINNING, THE END,
25 MIDDLE, VERY FIRST PAGE?

26 MR. SHAW: YES.

1 THE WITNESS: WHICH ONE?

2 MR. SHERMAN: YOUR HONOR, MY FIRST PAGE OF THE
3 EXHIBITS THAT THEY GAVE US, NOT MY EXHIBITS, THE ONE THEY
4 GAVE US, DOES NOT HAVE A BATES NUMBER ON IT.

5 MR. SHAW: WE'RE LOOKING AT THE SAME PAGE. THE
6 ABBEY'S, A-B-B-E-Y APOSTROPHE S, ALPINE LAKES RESORT.

7 IS THAT YOURS, MR. SHERMAN?

8 MR. SHERMAN: WITHOUT A BATES NUMBER.

9 BY MR. SHAW: Q. CAN YOU IDENTIFY THIS, MR. RYMAN?

10 A. YES. IT'S ANOTHER COAST TO COAST OCTOBER,
11 '97, LETTER SIGNED BY JIM RANDALL, DIRECTOR OF OPERATIONS.

12 MR. SHAW: YOUR HONOR, I'D LIKE TO MOVE EXHIBIT
13 1563, PAGE 1, INTO EVIDENCE.

14 MR. SHERMAN: WE HAVE NO OBJECTION TO THE ABBEY'S
15 ALPINE LAKES RESORT LETTER WHICH IS IN 1563 WITHOUT ANY
16 HANDWRITING OTHER THAN JIM RANDALL'S SIGNATURE BEING MOVED
17 INTO EVIDENCE.

18 THE COURT: THANK YOU. IT'S RECEIVED.

19 (WHEREUPON EXHIBIT NO. 1563, PAGE 1, LETTER
20 DATED OCTOBER, '97, FROM JIM RANDALL, WAS RECEIVED IN
21 EVIDENCE.)

22 MR. SHAW: BLOW UP THE FIRST TWO PARAGRAPHS FOR ME.

23 Q. SAYS, "AS YOU ARE PROBABLY AWARE, WE HAVE
24 RECEIVED NOTICE FROM MR. RAY NOVELLI THAT YOUR COAST TO
25 COAST HOME RESORT, ABBEY'S ALPINE LAKES RESORT, HAS BEEN
26 TAKEN OUT OF THE COAST TO COAST SYSTEM."

1 WHAT NOTICE DID YOU RECEIVE FROM MR. NOVELLI
2 TO TAKE THIS RESORT OUT OF THE COAST TO COAST SYSTEM?

3 A. ABBEY'S ALPINE LAKES? IT'S NOT IN THAT
4 LETTER. I DON'T KNOW.

5 Q. IT'S NOT ON EXHIBIT 39?

6 A. NO.

7 Q. IS ABBEY'S ALPINE LAKES IN YOUR DIRECTORY
8 FOR THE YEAR 1997?

9 A. AGAIN, I DON'T KNOW.

10 Q. ISN'T IT TRUE THAT AL -- ABBEY'S ALPINE
11 LAKES RESORT ISN'T EVEN ONE OF THE PLAINTIFFS' RESORTS?

12 A. I DON'T HAVE ANY IDEA. AGAIN, HE'S, YOU
13 KNOW, MOVING THINGS AROUND, AND I DON'T KNOW WHAT WAS HIS
14 WHEN. AND, AGAIN, YOU KNOW, I GAVE APPROVAL FOR THESE
15 LETTERS. THERE'S NO QUESTION ABOUT IT. BUT I DON'T -- YOU
16 BRING UP NAMES OF RESORTS. I DON'T KNOW THE PARTICULAR
17 CIRCUMSTANCES BEHIND EACH AND EVERY LETTER.

18 Q. THAT WAS SOMEBODY ELSE'S FAULT AT COAST TO
19 COAST?

20 A. NOT FAULT. I MEAN, I JUST CAN'T GO FIND THE
21 RATIONALE BEHIND IT RIGHT NOW. I'M SITTING HERE THREE
22 YEARS LATER. AND I SAID, DO IT. CERTAINLY NOT BLAMING
23 ANYBODY.

24 Q. NOW CAN YOU LOOK IN THE DIRECTORY THAT YOU
25 HAVE FOR COLORADO?

26 A. IN THE SMALL DIRECTORY?

1 Q. CORRECT.

2 A. (INDICATING.)

3 MR. SHERMAN: YOUR HONOR, CAN WE GET CLARIFICATION
4 AS TO WHAT YEAR, WHAT YEAR OF THE DIRECTORY WE'RE BEING
5 REFERRED TO?

6 BY MR. SHAW: Q. WHICH ONE ARE YOU LOOKING AT,
7 MR. RYMAN?

8 A. I'M LOOKING AT 1999, 26TH EDITION. NO.
9 THIS PROBABLY WOULDN'T BE IN HERE ANYWAY.

10 Q. AND WHY WOULDN'T IT BE IN THERE?

11 A. BECAUSE IF IT WAS WITHDRAWN, IT WOULD NOT
12 HAVE MADE -- I MEAN, THAT WOULD HAVE BEEN PRIOR TO
13 PUBLICATION IN '99, BUT THEY WOULDN'T HAVE BEEN ABLE TO
14 PULL IT OUT IN '98. BUT IT WOULD HAVE BEEN SHOWN AS NOT
15 AFFILIATED IN THE MAGAZINE SHORTLY THEREAFTER.

16 Q. NOW, IT SAYS UP HERE THAT WE HAVE MADE
17 ARRANGEMENTS TO HAVE YOUR COAST TO COAST HOME RESORT
18 MEMBERSHIP TRANSFERRED TO MINING CAMP RESORT, CREED,
19 COLORADO.

20 HOW DID THAT HAPPEN?

21 A. AGAIN, ALL I CAN DO IS SPECULATE THAT IT
22 HAPPENED LIKE THE REST OF THEM. THE AREA DIRECTOR
23 COORDINATED WITH A NUMBER OF RESORTS IN THE AREA AND -- AND
24 THEY WERE DESIGNATED AS MEMBERS OF THAT HOME RESORT FOR
25 PURPOSES OF COAST TO COAST. AND OF COURSE WHEN YOU DO
26 THAT, THEY DON'T HAVE TO TAKE THAT. THEY CAN GO ANYWHERE

1 THEY WANT. THEY CAN COME BACK TO US AND SAY, "I ALREADY
2 HAVE A MEMBERSHIP HERE," OR "WE'LL TRANSFER IT THERE."
3 THEY FOUND ANOTHER ONE THEY LIKE. WE'LL TRANSFER IT THERE.
4 THIS IS PURELY TO FACILITATE THE TRANSFER. OR THEY CAN
5 STAY WHERE THEY ARE.

6 Q. IT DOESN'T SAY FACILITATE TRANSFER. IT SAYS
7 "TRANSFERRED," PAST TENSE; CORRECT?

8 A. YES. THEIR COAST TO COAST MEMBERSHIP,
9 BECAUSE THEY DIDN'T HAVE COAST TO COAST PRIVILEGES. THOSE
10 WERE TAKEN AWAY WHEN MR. NOVELLI PULLED THE RESORTS OUT.

11 Q. AND YOU WERE TRANSFERRING THEM TO ANOTHER
12 PRIMARY PRODUCT HOME RESORT THAT WAS NOT OWNED BY ONE OF
13 MR. NOVELLI'S COMPANIES; CORRECT?

14 A. I DON'T KNOW WHAT YOU MEAN BY "PRIMARY
15 PRODUCT HOME RESORT."

16 Q. WELL, I'M LOOKING AT YOUR COAST RULES IN THE
17 MANUAL. YOUR MANUAL SAYS THAT YOU HAVE TO ADHERE -- YOUR
18 RULES -- THAT YOU HAVE TO ADHERE TO THE PRIMARY PRODUCT;
19 THAT IS, EVERY MEMBER HAS TO HAVE A HOME RESORT; CORRECT?

20 A. THAT'S CORRECT. AND WE WERE TRANSFERRING
21 THEM, THEIR COAST TO COAST MEMBERSHIP, TO ANOTHER HOME
22 RESORT. THAT'S CORRECT.

23 Q. IT SAYS, "HOME RESORT MEMBERSHIP TRANSFERRED
24 TO MINING CAMP RESORT, CREED, COLORADO."

25 A. OKAY.

26 Q. SO THAT MEMBER WOULD HAVE TO GO TO THE NEW

1 RESORT, NOT MR. NOVELLI'S RESORT, AND PAY A NEW MEMBERSHIP
2 FEE; CORRECT?

3 A. NO, BECAUSE OUR REGIONAL DIRECTORS WORKED
4 WITH THEM IN ORDER TO MAKE IT AN ECONOMICAL THING FOR THE
5 MEMBERS. OVER THE YEARS, IT WAS SOME KIND OF A DEAL,
6 AND -- AND IN THIS PARTICULAR CASE, THEY ATTEMPTED TO GET
7 THEM IN SO THAT THE MEMBER WASN'T HIT AGAIN WITH A HOME
8 RESORT MEMBERSHIP BECAUSE THAT'S NOT FAIR TO THE MEMBER.

9 AND IF THE -- IF THE DEVELOPER THAT OWNS IT
10 IS WILLING TO TAKE THEM, THEN I SEE NOTHING WRONG WITH
11 THAT. IT LETS THEM RESEARCH THE RATES, THEIR MEMBERSHIP AT
12 COAST TO COAST.

13 Q. WHAT WAS WRONG WITH THAT, MR. RYMAN, IS THAT
14 YOU TOOK -- YOU TOOK MR. NOVELLI'S COMPANIES' MEMBERS AWAY
15 FROM THEM, AWAY FROM MR. NOVELLI'S COMPANIES WHERE THEY
16 WERE PAYING DUES AND MEMBERS THAT --

17 A. THEY STILL HAD --

18 Q. I'M SORRY, MR. RYMAN. LET ME FINISH.

19 AND THAT HE HAD PAID MONEY TO DEVELOP THOSE
20 MEMBERS, AND THAT HE HAD PAID FOR THE PARKS TO KEEP THOSE
21 PARKS AT THE 4 AND 5 RATINGS THAT WE LOOKED AT YESTERDAY --
22 ONE OF THEM WAS MR. GUIRE'S PARK.

23 THE MONEY THAT HE SPENT TO DEVELOP THOSE
24 MEMBERS, YOU TOOK THOSE MEMBERS AND ARRANGED THROUGH YOUR
25 REGIONAL DIRECTORS TO HAVE THEM GO TO THE MINING CAMP
26 RESORT AT CREED, COLORADO, FOR NO MONEY, WITHOUT EVER

1 CALLING MR. NOVELLI, WITHOUT EVER RESPONDING TO HIS EXHIBIT
2 39 THAT SAID, "PLEASE DON'T TRANSFER MY MEMBERS BECAUSE
3 IT'S GOING TO BE AN INTERFERENCE AND IT'S GOING TO CAUSE US
4 A GREAT DEAL OF DAMAGE"?

5 MR. SHERMAN: ARGUMENTATIVE. LACKS FOUNDATION.
6 COMPOUND.

7 THE COURT: SUSTAINED.

8 LET'S TAKE OUR BREAK. SEE YOU AT ELEVEN
9 O'CLOCK, ON THE HOUR.

10 (RECESS TAKEN.)

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

13 THE COURT: PROCEED, COUNSEL.

14 MR. SHAW: THANK YOU, YOUR HONOR.

15 MR. O'CONNOR, COULD YOU PUT UP 1563, FIRST
16 PAGE AGAIN, THE ABBEY'S ALPINE LAKES RESORT LETTER. AND
17 YOU COULD BLOW UP THE FIRST PARAGRAPH FOR ME, PLEASE.

18 Q. NOW, MR. RYMAN, YOU KNOW THAT THIS ABBEY'S
19 ALPINE LAKES RESORT WAS NOT ONE OF MR. NOVELLI'S COMPANIES,
20 RESORTS?

21 A. I DON'T KNOW WHETHER IT WAS HIS OR WHETHER
22 IT WAS VOPNFORD OR WHAT. I DON'T -- DON'T HAVE ANY IDEA AT
23 THIS TIME. I'M SORRY.

24 Q. OKAY. ASSUME FOR ME THAT IT WASN'T HIS --

25 A. OKAY.

26 Q. -- AND IT HAD NOTHING TO DO WITH

1 MR. VOPNFORD.

2 WHY WAS COAST TO COAST SENDING LETTERS TO --
3 OR WHY WOULD -- EXCUSE ME. LET ME PUT IT THAT WAY.

4 WHY WOULD COAST TO COAST SEND THE LETTER TO
5 A NON-MR. NOVELLI RESORT UNLESS IT WAS A MISTAKE?

6 A. I DON'T THINK WE WOULD. I MEAN, WE
7 WOULDN'T. I --

8 Q. LET'S GO TO EXHIBIT 1563, PAGE 153.

9 MR. SHERMAN: CAN WE HANG ON A MOMENT, PLEASE?

10 I HAVE NO IDEA WHERE THIS IS.

11 THE COURT: WHY DON'T THESE EXHIBITS MATCH THE
12 EXHIBIT LIST?

13 MR. SHAW: YOUR HONOR, WE'RE TRYING TO WORK ON
14 THAT. THEY DON'T. AND FOR THAT I APOLOGIZE TO THE COURT.

15 THE COURT: HOW DO YOU DISTINGUISH THIS, OTHER THAN
16 A NUMBER?

17 MR. SHAW: IT HAS A BATES STAMP AT THE BOTTOM,
18 599.

19 THE CLERK: DOES IT HAVE --

20 MR. SHERMAN: THE DOCUMENT I WAS JUST GIVEN DOES
21 NOT HAVE A BATES STAMP ON IT.

22 MR. SHAW: YOUR HONOR, IT'S THE VERY LAST PAGE OF
23 EXHIBIT 1563. IT'S THE VERY LAST ONE.

24 MR. SHERMAN: THE VERY LAST ONE HAS -- DOESN'T HAVE
25 HANDWRITING ON IT. THE ONE THAT MR. DURAN GAVE ME DOES
26 HAVE HANDWRITING ON IT. I AM CONFUSED.

1 MR. DURAN: THE ONE I GAVE YOU WAS MY COPY. IT'S
2 NOT THE EXHIBIT COPY.

3 MR. SHERMAN: IT'S GOT ALL SORTS OF THINGS ON IT.
4 YOUR HONOR, MAY WE APPROACH?

5 THE COURT: YOU MAY.

6 (DISCUSSION HELD OFF THE RECORD.)

7 THE COURT: DECISIONS, DECISIONS, DECISIONS.

8 A JUROR: WANT US TO STRAIGHTEN THEM OUT?

9 THE COURT: PROCEED.

10 BY MR. SHAW: Q. MR. RYMAN -- THANK YOU, YOUR
11 HONOR.

12 MR. RYMAN, THIS IS A NOVEMBER 5, 1997,
13 LETTER WITH YOUR SIGNATURE, AND IT'S IN THE EXHIBIT 1563,
14 THE VARIOUS LETTERS FROM ROGER RYMAN.

15 DO YOU SEE THIS --

16 A. I SEE THIS LETTER, UH-HUH.

17 Q. -- THIS PARTICULAR LETTER?

18 A. I DON'T KNOW WHAT IT'S WITHIN. BUT, YES, I
19 SEE THIS LETTER SIGNED BY ROGER.

20 MR. SHAW: WE'LL MOVE THIS EXHIBIT INTO EVIDENCE,
21 YOUR HONOR.

22 MR. SHERMAN: LET'S JUST MAKE SURE WE KNOW WHAT
23 THIS EXHIBIT IS. PERHAPS IF I COULD ASK THE COURT CLERK.

24 THE COURT: IT'S A LETTER TO WHOM?

25 MR. SHAW: IT'S A LETTER TO COAST TO COAST MEMBER
26 DATED NOVEMBER 5, 1997.

1 THE COURT: FROM WHOM?

2 MR. SHAW: IT'S FROM ROGER RYMAN, SIGNED BY
3 MR. RYMAN.

4 THE COURT: OKAY.

5 MR. SHERMAN: THERE ARE MANY SUCH LETTERS. AND --

6 MR. SHAW: REGARDING ALL SEASONS RESORTS.

7 THE CLERK: THERE ARE VARIOUS LETTERS. I DON'T
8 KNOW HOW MANY ARE IN THAT PACKET. THAT'S ONE OF THEM.

9 MR. SHAW: THIS IS ONE OF THEM.

10 THE COURT: ARE THEY ALL DATED THE SAME DATE?

11 MR. SHAW: THERE ARE A SERIES -- YOUR HONOR, PART
12 OF THE PROBLEM IS THAT 34,000 LETTERS WENT OUT. WE DO HAVE
13 SPECIFIC LETTERS THAT WE'RE -- THAT WE WANT TO BE LOOKING
14 AT. AND THIS IS ONE OF THEM DATED NOVEMBER 5, 1997,
15 REGARDING ALL SEASONS RESORTS, SIGNED BY ROGER RYMAN.

16 MR. SHERMAN: IF THE COURT CLERK IS COMFORTABLE
17 WITH THE PROCESS, YOUR HONOR, THEN I'M COMFORTABLE WITH THE
18 PROCESS.

19 THE COURT: SHE'S NOT COMFORTABLE WITH IT, I KNOW
20 THAT. BUT CAN YOU --

21 THE CLERK: I CAN'T DO ANYTHING ELSE, YOUR HONOR,
22 UNLESS WE HAVE A TITLE ON THAT LETTER.

23 THE COURT: OKAY.

24 MR. SHAW: THANK YOU, YOUR HONOR.

25 MR. SHERMAN: I HAVE NO OBJECTION.

26 THE COURT: ALL RIGHT.

1 MR. SHAW: COULD YOU BLOW UP THE FIRST PARAGRAPH,
2 MR. O'CONNOR.

3 Q. NOW, THIS HAS MUCH OF THE SAME LANGUAGE AS
4 THE OTHER LETTERS; ALTHOUGH, THIS HAS TO DO WITH THE
5 DISSOLUTION OF ALL SEASONS RESORTS; DO YOU SEE THAT?

6 A. THAT'S CORRECT.

7 Q. NOW WHAT -- WHAT DISSOLUTION WERE YOU
8 SPEAKING ABOUT IN YOUR LETTER?

9 A. IT HAD FALLEN APART. PEOPLE WERE GOING TO
10 RESORTS. THEY WERE CLOSED. THEY WERE -- WE'D GET REPORTS
11 THAT SOME WERE IN BANKRUPTCY, NEAR BEING FORECLOSED ON.
12 THEY HAD -- AS I UNDERSTAND IT, THEY -- RESORTS HAD BEEN
13 SOLD BY THE BANKRUPTCY COURT. THE MEMBERS WOULD HAVE BEEN
14 NOTICED -- NOTIFIED THAT THEIR CONTRACTS, THEIR INDIVIDUAL
15 CONTRACTS WITH THE RESORT, HAD BEEN VOIDED. AND SO I USED
16 THE WORD "DISSOLUTION."

17 Q. AND -- AND YOU WOULD HAVE ALL THAT
18 INFORMATION TO SUPPORT REGARDING THE BANKRUPTCY COURT; YOU
19 WOULD HAVE LOOKED AT ALL THAT INFORMATION?

20 A. WE -- YES, SOMEBODY WOULD HAVE BEEN IN OUR
21 OFFICE.

22 Q. NOW, THIS LETTER IS DATED NOVEMBER 5, 1997.
23 YOU'D AGREE WITH ME THAT IF ALL SEASONS RESORTS HAD NOT
24 GONE THROUGH A BANKRUPTCY DISSOLUTION, BUT IN FACT STILL
25 WAS IN BANKRUPTCY, THIS LETTER WOULD HAVE BEEN IMPROPER?

26 A. NO, I DON'T THINK SO.

1 Q. SO WRITING THIS LETTER -- AND YOU REMEMBER
2 OUR LETTERS YESTERDAY; YOU WROTE MR. DIAMOND, THE LAWYER
3 FOR MR. JIM JOSEPH?

4 A. THAT WAS ONE CASE.

5 Q. MR. BUTLER -- AND YOU RESPONDED ON BEHALF OF
6 MR. BUTLER?

7 A. THAT'S CORRECT.

8 Q. AND, IN EFFECT, MR. JOSEPH SAID THAT THESE
9 MEMBERS ARE ASSETS OF THE ESTATE, AND THAT YOUR ATTEMPT TO
10 NOTIFY THEM AND SOLICIT THEM WAS ILLEGAL AND A VIOLATION OF
11 THE AUTOMATIC STAY?

12 MR. SHERMAN: OBJECTION. SEEKS A LEGAL CONCLUSION.
13 MISSTATES THE TERMS OF THE DOCUMENT.

14 THE COURT: SUSTAINED.

15 BY MR. SHAW: Q. LET'S LOOK AT MR. DIAMOND'S
16 LETTER, EXHIBIT 1719 IN EVIDENCE, PAGES 1, 2, 3 AND 4.

17 BLOW UP THE SECOND -- FIRST AND SECOND
18 PARAGRAPH FOR ME.

19 THIS IS THE LETTER THAT WE TALKED ABOUT
20 YESTERDAY; YOU REMEMBER THIS, MR. RYMAN?

21 A. YES, I REMEMBER -- I RECALL IT.

22 Q. WHERE WE -- MR. DIAMOND INDICATED THAT HE
23 REPRESENTS JAMES J. JOSEPH, CHAPTER 11 TRUSTEE OF ALL
24 SEASONS RESORTS?

25 NOW, LET'S STOP THERE. I THINK YESTERDAY
26 YOU TESTIFIED THAT -- THAT YOU RECALLED THAT THE BANKRUPTCY

1 WENT FROM A CHAPTER 11 TO A CHAPTER 7.

2 DO YOU REMEMBER YOUR TESTIMONY IN REGARDS TO
3 THAT YESTERDAY?

4 A. NO. THIS IS THE SECOND. THERE -- I BELIEVE
5 THERE WERE THREE TIMES THEY PUT A.S.R. INTO BANKRUPTCY.
6 THIS IS A SECOND ONE. I DON'T KNOW WHAT HAPPENED AFTER
7 THIS. I MEAN, HE SENT US A BIG STACK, WHICH WAS THE RESORT
8 LIST. SOME WERE COAST TO COAST MEMBERS, SOME WEREN'T. AND
9 ASKED US NOT TO TRANSFER, AND WE DIDN'T.

10 Q. LET ME SEE IF I CAN REFRESH YOUR
11 RECOLLECTION WITH A DOCUMENT FROM THE BANKRUPTCY COURT
12 ENTERED AUGUST 27, 1997.

13 MR. SHERMAN: YOUR HONOR, THE WITNESS HAS NOT
14 INDICATED HIS RECOLLECTION NEEDS REFRESHMENT.

15 MR. SHAW: YOUR HONOR, HE'S INDICATED HE DOESN'T
16 KNOW WHAT HAPPENED IN THE THIRD BANKRUPTCY. I'M REFRESHING
17 HIS RECOLLECTION.

18 THE WITNESS: NO. WE WERE TALKING.

19 THE COURT: OBJECTION OVERRULED.

20 THE WITNESS: BANKRUPTCY --

21 THE COURT: JUST A MOMENT, PLEASE. WE'VE GOT FOUR
22 OF US TALKING AT THE SAME TIME.

23 BY MR. SHAW: Q. MR. RYMAN, I'D JUST LIKE TO
24 REFRESH YOUR RECOLLECTION THAT AS OF AUGUST 27, 1997, THE
25 TRUSTEE HAD BEEN DENIED THE CONVERSION OF THE CHAPTER 11 --
26 TRUSTEE TO THE CHAPTER 7 IN THE THIRD BANKRUPTCY.

1 MR. SHERMAN: OBJECTION.

2 BY MR. SHAW: Q. DOES THIS DOCUMENT REFRESH YOUR
3 RECOLLECTION?

4 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

5 THE COURT: OVERRULED.

6 THE WITNESS: I DOUBT THAT I'VE EVER SEEN THIS
7 DOCUMENT.

8 BY MR. SHAW: Q. BUT YOU KNEW THAT IF YOU SENT
9 THIS LETTER -- THE EARLIER LETTER THAT WE LOOKED AT, THE
10 NOVEMBER 5TH, 1997, LETTER, AND THE ALL SEASONS RESORTS WAS
11 STILL IN A CHAPTER 11 PROCEEDING. YOUR LETTER WAS NOVEMBER
12 5TH, THIS -- THIS ORDER WAS IN THAT TIME PERIOD -- THAT IF
13 YOU SENT THAT LETTER, THAT WOULD HAVE BEEN A VIOLATION OF
14 YOUR UNDERSTANDING OF THE BANKRUPTCY RULES; CORRECT?

15 A. NO.

16 MR. SHERMAN: OBJECTION. CALLS FOR A LEGAL
17 CONCLUSION.

18 THE COURT: OVERRULED.

19 YOUR ANSWER WAS NO.

20 THE WITNESS: IT DOESN'T PREVENT ME FROM
21 COMMUNICATING WITH THOSE MEMBERS, OUR COAST TO COAST
22 MEMBERS.

23 BY MR. SHAW: Q. OKAY. LET'S LOOK AT -- LET'S
24 LOOK AT WHAT MR. JOSEPH SAYS.

25 HE'S STILL A CHAPTER 11 TRUSTEE IN THIS
26 LETTER?

1 A. WAS HE THE THIRD TIME AS WELL? I DON'T
2 KNOW.

3 Q. THIS LETTER IS IN 1992. BUT YOU DID READ
4 THIS LETTER, AND YOU UNDERSTOOD IT; CORRECT?

5 A. OH, YES.

6 Q. HE SAYS THAT THIS LIST CONSTITUTES
7 CONFIDENTIAL AND PROPRIETY BUSINESS INFORMATION AND AS
8 PROPERTY OF ALL SEASONS RESORTS IS PROPERTY OF THE
9 BANKRUPTCY ESTATE.

10 MOVE DOWN TO THE THIRD PARAGRAPH, PLEASE.

11 SAYS, "THE TRUSTEE HAS INSTRUCTED A LIST OF
12 THE ALL SEASONS RESORTS MEMBERS IN QUESTION BE ATTACHED FOR
13 YOUR REFERENCE."

14 THAT'S A LIST THAT YOU REFERRED TO A FEW
15 MINUTES AGO THAT YOU RECEIVED FROM THEM?

16 A. YES.

17 Q. OKAY. "MR. JOSEPH REQUESTS YOUR ASSISTANCE
18 IN INSURING THAT NO MEMBERS FROM THIS LIST BE ALLOWED TO
19 CHANGE THEIR COAST TO COAST MEMBERSHIP FROM ALL SEASONS
20 RESORTS TO ANY OTHER CAMP CLUB WITHOUT WRITTEN
21 AUTHORIZATION FROM THE TRUSTEE."

22 NOW, MR. JOSEPH IN THE EXHIBIT TO THE LEFT
23 OF THE PAGE IS SAYING THAT THE LIST OF ALL -- OF ALL
24 SEASONS RESORT MEMBERS ARE PROPERTY OF THE BANKRUPTCY
25 ESTATE; AND SPECIFICALLY IN PARAGRAPH 3, HE'S REQUESTING
26 YOUR ASSISTANCE TO INSURE THAT THE MEMBERS FROM THE LIST BE

1 ALLOWED TO CHANGE THEIR COAST TO COAST MEMBERSHIPS TO ANY
2 OTHER; SO HE'S ASKING YOU -- THAT NO MEMBERS -- EXCUSE
3 ME -- BE CHANGED.

4 BUT YET IN EXHIBIT 1563, IF THE THIRD
5 CHAPTER 11 IS STILL IN EFFECT, YOU ARE TRANSFERRING --

6 A. THAT'S INCORRECT.

7 Q. -- YOU ARE TRANSFERRING THE ALL SEASONS
8 RESORTS OR TELLING THE MEMBERS THAT YOU'RE TRANSFERRING
9 THEM --

10 A. NO, I'M NOT.

11 Q. -- TO ANOTHER RESORT?

12 A. THAT LETTER WAS PURELY GOOD BUSINESS. AND
13 I'LL ADMIT IT. I MEAN, IT WAS RENEWAL TIME, AND WE WANTED
14 TO PUT THEIR MIND AT EASE WITH ALL THAT WAS GOING ON. THAT
15 LETTER SAYS NOTHING ABOUT TRANSFERRING THEIR MEMBERSHIPS.

16 Q. LET'S GO BACK TO MR. JOSEPH'S LETTER, IF YOU
17 WOULD.

18 A. SAYS THERE'S UNCERTAINTY ABOUT THE STATUS OF
19 THEIR HOME RESORT; THAT THEY CAN STILL RENEW. CALM DOWN,
20 ALL THESE PROBLEMS THAT ARE OUT IN THE FIELD.

21 MR. SHAW: YOUR HONOR, THERE WAS NO QUESTION
22 PENDING. I'LL MAKE A MOTION TO STRIKE.

23 THE WITNESS: EXCUSE ME.

24 THE COURT: GRANTED.

25 MR. SHAW: PULL UP THE LAST PARAGRAPH.

26 Q. NOW, IT SAYS, "IN ORDER TO FACILITATE OUR

1 INVESTIGATION OF THE MATTER, IT IS FURTHER REQUESTED THAT
2 WE BE NOTIFIED OF ANY ATTEMPTS TO MAKE A TRANSFER OF ANY
3 ALL SEASONS RESORTS MEMBERS TO ANY OTHER CAMP CLUB."

4 SO THIS WAS IN 1992, SPECIFICALLY JANUARY OF
5 1992, DURING THE SECOND BANKRUPTCY.

6 DURING THE THIRD BANKRUPTCY, SAME --
7 ASSUMING THAT WAS THE SAME CHAPTER 11, DESPITE YOUR
8 UNDERSTANDING OF MR. JOSEPH'S REQUEST, YOU SENT A LETTER ON
9 BEHALF OF CAMP COAST TO COAST TO TRANSFER THE ALL SEASONS
10 RESORTS MEMBERS TO ANOTHER CAMP CLUB; ISN'T THAT CORRECT?

11 MR. SHERMAN: OBJECTION. IT'S NOT RELEVANT AND
12 LACKS FOUNDATION.

13 THE COURT: BEEN ASKED AND ANSWERED.

14 MR. SHERMAN: AND IT'S BEEN ASKED AND ANSWERED.

15 THE COURT: I'LL SUSTAIN IT ON THOSE GROUNDS.

16 BY MR. SHAW: Q. LET ME JUST TURN TO THE LAST
17 SENTENCE. AND THEN INTO THE LAST PAGE IT SAYS, "HOWEVER
18 YOU SHOULD BE ADVISED THAT HE WILL SEEK APPROPRIATE" -- AND
19 THEN ONTO THE NEXT PAGE -- "INJUNCTION AND PROTECTIVE
20 ORDERS FROM THE UNITED STATES BANKRUPTCY COURT WITH
21 JURISDICTION OVER THE ASSETS OF ALL SEASONS RESORTS TO
22 PREVENT THE UNAUTHORIZED USE OF CUSTOMER LISTS OR THE
23 UNAUTHORIZED TRANSFER OF ANY ALL SEASONS RESORTS MEMBERS."

24 SO AS OF 1992, YOU UNDERSTOOD THAT THERE WAS
25 A PENALTY, AND A TRUSTEE COULD SEEK COMPENSATORY AND
26 PUNITIVE DAMAGES AGAINST CAMP COAST TO COAST WHICH IS THE

1 NEXT PARAGRAPH?

2 MR. SHERMAN: OBJECTION. CALLS FOR A LEGAL
3 CONCLUSION.

4 THE COURT: OVERRULED.

5 BY MR. SHAW: Q. YOU UNDERSTOOD THAT CAMP COAST TO
6 COAST WOULD BE LIABLE IF IT ATTEMPTED TO TRANSFER OR
7 CONTACT THE ALL SEASONS RESORTS MEMBERS DURING A CHAPTER
8 11?

9 A. DURING THAT CHAPTER 11, THAT LIST OF
10 MEMBERS, YES.

11 Q. AND, IN FACT, ANY CHAPTER 11.

12 LET'S TAKE THE THIRD ONE. DURING THAT
13 CHAPTER 11, YOU UNDERSTOOD BECAUSE OF THIS EXPERIENCE IN
14 JANUARY OF 1992, THAT IF IT WAS A CHAPTER 11 PROCEEDING --
15 AND ON NOVEMBER 5TH, 1997, YOU WROTE THAT LETTER TO
16 TRANSFER AND CONTACT ALL SEASONS REPORTS -- RESORTS
17 MEMBERS -- YOU WERE VIOLATING THE BANKRUPTCY COURT'S RULES
18 AND REGULATIONS?

19 A. I WASN'T --

20 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

21 THE COURT: OVERRULED.

22 YOU MAY ANSWER IT.

23 THE WITNESS: I WASN'T VIOLATING ANYTHING
24 CONTACTING THEM, AND WE WEREN'T TRANSFERRING THEM IN THIS
25 NOVEMBER 5TH LETTER, AS I POINTED OUT. THERE'S --

26 BY MR. SHAW: Q. MR. JOSEPH'S LETTER DOESN'T TALK

1 ABOUT SOLELY TRANSFERS. I'M SORRY.

2 MR. DIAMOND'S LETTER ON BEHALF -- IT TALKS
3 ABOUT -- FROM THE TOP PARAGRAPH, "TO PREVENT THE AUTHORIZED
4 USE OF CUSTOMER LISTS, OR THE UNAUTHORIZED TRANSFER OF ANY
5 ALL SEASONS RESORTS MEMBERS."

6 MR. SHERMAN: OBJECTION.

7 BY MR. SHAW: Q. ISN'T IT TRUE THAT THAT'S EXACTLY
8 WHAT YOU DID NOVEMBER 5TH, 1997?

9 MR. SHERMAN: OBJECTION. THE DOCUMENT SPEAKS FOR
10 ITSELF. LACKS FOUNDATION.

11 THE COURT: OVERRULED.

12 THE WITNESS: I DON'T BELIEVE THAT'S WHAT WE WERE
13 DOING AT ALL. WE DIDN'T HAVE A RESORT LIST AT THAT TIME
14 SUCH AS WHAT WAS PROVIDED BY MR. DIAMOND BACK IN 1992.

15 BY MR. SHAW: Q. BUT YOU WOULD AGREE WITH ME THAT
16 IF THE SAME CIRCUMSTANCES IN 1997 WERE IN EFFECT AS IN
17 1992, YOUR LETTER OF NOVEMBER 5, 1997, WOULD HAVE BEEN A
18 VIOLATION OF BANKRUPTCY LAW?

19 MR. SHERMAN: OBJECTION. SEEKS A LEGAL CONCLUSION
20 OF THE WITNESS.

21 THE COURT: OVERRULED.

22 THE WITNESS: NO, I DON'T AGREE WITH THAT.

23 BY MR. SHAW: Q. ALL RIGHT. LET'S MOVE TO
24 YOUR -- A NOVEMBER 12, 1997, LETTER FROM MR. JIM RANDALL TO
25 MR. NOVELLI.

26 A. WHAT NUMBER IS IT?

1 Q. EXHIBIT NUMBER 1555.
2 CONSISTS OF ONE PAGE, COUNSEL.
3 MR. SHERMAN: I DO NOT HAVE IT YET.
4 MR. SHAW: ARE YOU WITH ME, COUNSEL?
5 MR. SHERMAN: YES.
6 BY MR. SHAW: Q. CAN YOU IDENTIFY THIS LETTER,
7 MR. RYMAN?
8 A. YES I CAN.
9 Q. AND YOU RECOGNIZE THE SIGNATURE?
10 A. YES. JIM RANDALL.
11 MR. SHAW: LIKE TO MOVE 1555 INTO EVIDENCE, YOUR
12 HONOR.
13 MR. SHERMAN: NO OBJECTION.
14 THE COURT: IS THAT THE REAL IDENTIFICATION?
15 MR. SHERMAN: THAT'S THE REAL ONE.
16 THE COURT: EXHIBIT 1555 IS DEEMED ADMITTED.
17 MR. SHAW: THANK YOU.
18 (WHEREUPON EXHIBIT NO. 1555, LETTER FROM
19 JIM RANDALL DATED NOVEMBER 12, 1997, WAS RECEIVED IN
20 EVIDENCE.)
21 MR. SHAW: BLOW UP THE FIRST PARAGRAPH FOR ME,
22 MR. O'CONNOR.
23 Q. DID YOU DISCUSS THIS LETTER WITH MR. RANDALL
24 BEFORE IT WENT OUT?
25 A. YES, I DID.
26 Q. THIS SAYS, "WE HAVE RECEIVED YOUR LETTERS

1 DATED AUGUST 27, 1997, AND SEPTEMBER 3, 1997."

2 THOSE ARE THE TWO LETTERS THAT WE LOOKED AT
3 EARLIER; IN FACT, I THINK EXHIBIT 39 IS STILL UP IN FRONT
4 OF YOU?

5 A. THAT ONE. AND THEN MR. NOVELLI'S REQUEST TO
6 LEAVE DEER RUN AND TO PUT IN ALL THE MEMBERS.

7 Q. IT SAYS, "REGARDING TERMINATION OF
8 AFFILIATION OF 16 RESORTS IN THE COAST TO COAST SYSTEM,
9 THIS LETTER SERVES AS ACKNOWLEDGMENT OF A TERMINATION OF
10 AFFILIATION OF ALL THOSE RESORTS LISTED IN YOUR LETTER OF
11 AUGUST 27, 1997. TERMINATION INCLUDES DEER RUN RESORT,
12 NOTWITHSTANDING YOUR REQUEST IN THE SUBSEQUENT LETTER OF
13 SEPTEMBER 3RD TO RESCIND THE TERMINATION OF DEER RUN RESORT
14 AS A COAST TO COAST AFFILIATED RESORT."

15 NOW, YOU TESTIFIED EARLIER ABOUT THAT
16 LETTER, AS THAT LETTER POSSIBLY BEING A VIOLATION OF THE
17 COAST RULES; CORRECT?

18 A. DECEPTIVE, WHAT HE WAS TRYING TO DO.

19 Q. AND WE LOOKED AT IT IN THE CONTEXT OF WHAT
20 CAMP COAST TO COAST DID WITH DELTA ISLE, MOVING 800 MILES
21 TO SAN FELIPE.

22 WHY DID YOU TELL MR. NOVELLI IN THIS LETTER
23 THAT IT WAS DECEPTIVE, WHAT HE WAS TRYING TO DO?

24 A. I DIDN'T THINK THERE WAS ANY REASON TO. HE
25 KNEW QUITE WELL WHAT HE WAS TRYING TO DO.

26 Q. AND YOU DON'T BELIEVE THAT YOU HAD A DUTY,

1 CAMP COAST TO COAST HAD A DUTY, WHEN IT WAS REJECTING A
2 REQUEST TO KEEP MEMBERS IN THE CAMP COAST TO COAST SYSTEM
3 TO TELL THEM WHY CAMP COAST TO COAST WAS REJECTING THAT
4 REQUEST?

5 A. HAD TERMINATED RESORTS. THERE WAS NO REASON
6 TO GIVE HIM ANY REASON. THAT'S WHAT HE WAS TRYING TO DO
7 WAS TRYING TO SLIP SOMETHING IN, AND WE JUST WOULDN'T LET
8 HIM DO IT. THAT'S ALL.

9 Q. BUT YOU DON'T KNOW THAT FOR A FACT; THAT'S
10 YOUR ASSUMPTION SOLELY?

11 A. SURE.

12 Q. AND IT'S --

13 A. VERY LOGICAL ASSUMPTION.

14 Q. IT'S AN ASSUMPTION BECAUSE YOU NEVER GOT ON
15 THE PHONE WITH MR. NOVELLI AND CALLED HIM AND SAID, "I GOT
16 YOUR SEPTEMBER 3RD LETTER. I WANT TO TALK TO YOU ABOUT IT.
17 I DON'T THINK WE CAN DO WHAT YOU WANT TO DO. WHY DON'T YOU
18 EXPLAIN IT TO ME."

19 YOU NEVER SAID ANYTHING LIKE THAT?

20 A. NO, I DID NOT.

21 Q. LET'S GO TO THE NEXT PARAGRAPH.

22 "THIS LETTER IS ALSO TO SERVE AS
23 NOTIFICATION OF TERMINATION OF THE AFFILIATION AGREEMENT OF
24 ALL OF THE ALL SEASONS RESORTS AS WELL DUE TO THE
25 DISSOLUTION OF THAT SYSTEM OF RESORTS THROUGH BANKRUPTCY
26 AND AUCTION PROCEEDINGS."

1 IT'S TRUE THAT YOU KNEW THERE WAS NO
2 DISSOLUTION OF THE ALL SEASONS RESORTS?

3 A. THAT -- WE WOULDN'T HAVE SAID IT IF WE
4 DIDN'T KNOW IT.

5 Q. IT'S TRUE THAT A BANKRUPTCY ISN'T A
6 DISSOLUTION, IS IT?

7 A. DISSOLUTION, I -- I DEFINE IN MY MIND AS
8 IT'S FALLEN APART. THEY SOLD THE RESORTS AT AUCTION. THE
9 MEMBERS' CONTRACTS, THERE'S NOTIFICATION OF THEM BEING
10 VOID. I MEAN, THE ENTITY DOESN'T EXIST ANYMORE. THAT'S
11 DISSOLUTION TO ME. MAYBE YOU HAVE A DIFFERENT LEGAL TERM.

12 Q. YOU HEARD MR. JOSEPH TESTIFY THAT THE ENTITY
13 STILL EXISTS AS OF THIS DAY?

14 A. I CAN'T RESPOND TO THAT. I DON'T KNOW.

15 Q. AND YOU KNOW FOR A FACT THAT THE COURTS --
16 THAT THE COURT DIDN'T SELL THESE MEMBERSHIPS AS A -- OR
17 THESE PARKS AS OF NOVEMBER 12, 1997; THAT DIDN'T HAPPEN
18 UNTIL LATER, DID IT?

19 A. AN AUCTION WAS GOING ON, YOU KNOW.

20 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

21 THE COURT: OVERRULED.

22 THE WITNESS: YOU'RE ASKING -- EXCUSE ME.

23 THE COURT: YOU MAY ANSWER THE QUESTION IF YOU KNOW
24 THE ANSWER.

25 BY MR. SHAW: Q. NOW, WHEN -- THIS LETTER IS DATED
26 NOVEMBER 12, 1997. WHEN DID -- THEN WE LOOKED AT THE

1 NOVEMBER 5TH, 1997, LETTER THAT WAS THE LETTER TO THE ALL
2 SEASONS MEMBERS.

3 WHEN DID YOU FIRST BECOME AWARE OF WHAT YOU
4 UNDERSTOOD WAS A DISSOLUTION THROUGH THE BANKRUPTCY?

5 A. I DON'T RECALL. WE WERE HEARING -- ALL
6 SUMMER WE WERE GETTING ALL THESE PROBLEMS WITH BOTH
7 VOPNFORD'S THOUSAND ADVENTURE RESORTS, ALL SEASON RESORTS,
8 AND A NUMBER OF MR. NOVELLI'S RESORTS. THEY WERE EITHER
9 GOING INTO BANKRUPTCY, THEY WERE FORECLOSED, THE GATES WERE
10 CLOSED. IT WAS VERY, VERY DIFFICULT TO STAND UP SO I CAN'T
11 RECALL WHEN I LEARNED THIS FACT. SOMEBODY MENTIONED IT TO
12 ME.

13 Q. AND THIS LAST PARAGRAPH OF THIS EXHIBIT WAS
14 A VIOLATION OF THE COAST TO COAST AFFILIATION AGREEMENT,
15 WASN'T IT?

16 A. I DIDN'T CONSIDER IT SUCH. THE RESORT, THEY
17 WEREN'T THERE AS FAR AS WE WERE CONCERNED.

18 Q. THE AFFILIATION AGREEMENT REQUIRES THAT
19 THEY -- THERE BE 30 AND 60 DAYS' NOTICE OF TERMINATION;
20 ISN'T THAT CORRECT?

21 A. I BELIEVE THERE'S A CLAUSE FOR CAUSE. I'M
22 NOT SURE.

23 Q. LET'S LOOK AT --

24 A. BUT SOMETHING ISN'T THERE ANYMORE. IT SEEMS
25 LOGICAL.

26 Q. LET'S LOOK AT EXHIBIT 5.

1 BUT YOU DON'T KNOW FOR A FACT THAT THOSE
2 RESORTS WERE NO LONGER THERE; YOU JUST KNEW THEY WERE IN
3 BANKRUPTCY; ISN'T THAT CORRECT?

4 A. I KNEW THAT THEY WERE BEING AUCTIONED, AND
5 THAT THE MEMBERS WERE RECEIVING NOTIFICATION THAT MEMBERS
6 ARE CALLING US THAT THEIR CONTRACTS WERE TO BE VOIDED.

7 Q. LET'S LOOK AT THE TERMINATION PROVISION IN
8 YOUR CONTRACT IN EXHIBIT 5.

9 WHERE DOES IT SAY THAT YOU CAN TERMINATE A
10 CONTRACT WITHOUT GIVING 30 OR 60 DAYS' NOTICE?

11 AND I'M POINTING YOU SPECIFICALLY TO PAGE 6,
12 BATES STAMP 171 OF THE VII TERMINATION PROVISION.

13 A. I DON'T KNOW, TO BE HONEST WITH YOU. I
14 DON'T SEE IT IN THE TERMINATION PARAGRAPH.

15 Q. SO THIS PARAGRAPH VIOLATES THE AGREEMENT;
16 CORRECT?

17 YOU DIDN'T GIVE 30 DAYS' NOTICE?

18 A. NO, WE DID NOT GIVE 30 DAYS' NOTICE.

19 Q. NOW LET'S ALSO LOOK AT THE DOCUMENT THAT I
20 USED TO REFRESH YOUR RECOLLECTION.

21 I WANT TO ASK YOU, DO YOU REMEMBER WHEN THE
22 SALES OF THE ALL SEASONS RESORTS PARKS TOOK PLACE?

23 A. I DON'T HAVE ANY IDEA. I MEAN, YOU'RE
24 ASKING ME SOMETHING ABOUT THREE YEARS AGO OR WHATEVER IT
25 IS, AND --

26 Q. LET ME SEE IF I CAN REFRESH YOUR

1 RECOLLECTION WITH THE ORDER FROM THE BANKRUPTCY COURT THAT
2 WAS ENTERED AUGUST 27, 1997.

3 SPECIFICALLY --

4 MR. SHERMAN: YOUR HONOR, MAY I SEE A COPY OF WHAT
5 HE'S SHOWING THE WITNESS?

6 MR. SHAW: COUNSEL, I'M GOING TO SHOW HIM PAGE --
7 I'M SORRY.

8 I'M GOING TO SHOW HIM PAGE 4, PARAGRAPH 6.

9 COULD I GET IT BACK?

10 THE COURT: DOES THAT HAVE AN EXHIBIT NUMBER?

11 MR. SHAW: NO, IT DOESN'T, YOUR HONOR.

12 Q. JUST READ TO YOURSELF, NOT ALOUD, PARAGRAPH
13 6. IT STARTS AT LINE 9 THROUGH LINE 18 OF PAGE 4.

14 A. OKAY.

15 Q. ISN'T IT TRUE THAT YOU KNEW THAT AS OF
16 NOVEMBER 12, 1997, THAT THE AUCTIONS HAD NOT TAKEN PLACE?

17 A. NO, I DID NOT KNOW IT.

18 Q. ISN'T IT TRUE THAT YOU KNEW THAT THE
19 AUCTIONS WERE GOING TO BE SALES OF THE RESORTS WITH THE
20 MEMBERSHIPS INCLUDED?

21 A. I DID NOT KNOW THAT. I MEAN, I -- YOU JUST
22 SHOWED ME A DOCUMENT, BUT I'VE NEVER SEEN THAT DOCUMENT.

23 Q. SO IF YOU SENT LETTERS TO ALL SEASONS
24 RESORTS MEMBERS TRANSFERRING THEM TO OTHER RESORTS, ISN'T
25 IT YOUR UNDERSTANDING TODAY BASED ON THOSE FACTS THAT
26 THAT'S A VIOLATION OF THE BANKRUPTCY COURT?

1 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION,
2 AND IT CALLS FOR A LEGAL CONCLUSION.

3 THE COURT: SUSTAINED.

4 BY MR. SHAW: Q. SO AS YOU SIT HERE TODAY, YOU
5 DON'T KNOW -- WELL, I WITHDRAW THAT.

6 NOW LET'S LOOK AT A LETTER DATED -- LOOKING
7 FOR FEBRUARY, 1998.

8 LET ME -- BEFORE I GET TO THE FEBRUARY 8TH,
9 1998, LETTER, YOU'VE GOT EXHIBIT 5 IN FRONT OF YOU STILL?

10 A. I DON'T KNOW.

11 Q. LET ME HELP YOU.

12 IF I CAN JUST SHOW YOU THE LANGUAGE THAT WE
13 TALKED ABOUT YESTERDAY IN EXHIBIT 5, THE AFFILIATION
14 AGREEMENT, THAT SAID, "UPON TERMS AND CONDITIONS SET FORTH
15 HEREIN AND IN THE MANUAL, COAST HEREBY APPOINTS OWNER AS
16 ITS LIMITED AGENT FOR THE SOLE PURPOSE OF" -- AND THEN IT
17 TALKS ABOUT VARIOUS ITEMS?

18 A. THAT'S CORRECT.

19 Q. WHAT WAS YOUR UNDERSTANDING OF WHAT THE
20 OWNER'S FUNCTIONS WERE AS THE AGENT FOR CAMP COAST TO
21 COAST? WHAT WAS THE SCOPE OF THAT AGENCY?

22 A. WELL, I'D HAVE TO READ THESE WHOLE
23 PARAGRAPH. BUT, BASICALLY, TO ME IT AUTHORIZED THEM TO
24 SELL COAST TO COAST MEMBERSHIPS FOR US.

25 Q. AND?

26 A. AND TO -- AND TO USE OUR MATERIALS, AND

1 THOSE KINDS OF THINGS.

2 Q. YEAH. AND THAT WAS GOING TO BE MY POINT,
3 MR. RYMAN, THAT A LITTLE BIT MORE THAN THAT -- IT
4 AUTHORIZED THE AGENTS TO ACT ON BEHALF OF CAMP COAST TO
5 COAST IN CONTACTING MEMBERS TO OFFER CAMP COAST TO COAST
6 MEMBERSHIPS?

7 A. TO PURCHASE AN ADDITIONAL AND SEPARATE
8 MEMBERSHIP IN THE COAST PROGRAM, YES.

9 Q. SO WHEN AN OWNER OF A PARTICULAR RESORT
10 WHO'S SIGNED THIS AFFILIATION AGREEMENT SENT A LETTER TO A
11 PROSPECTIVE MEMBER, HE WAS DOING SO ON BEHALF OF CAMP COAST
12 TO COAST WHEN IT WAS INVOLVING THE MEMBERSHIPS?

13 MR. SHERMAN: OBJECTION.

14 THE WITNESS: NO.

15 MR. SHERMAN: THAT LACKS FOUNDATION AND CALLS FOR A
16 LEGAL CONCLUSION.

17 THE COURT: SUSTAINED.

18 BY MR. SHAW: Q. IS IT YOUR UNDERSTANDING -- NOT
19 ASKING FOR A LEGAL CONCLUSION, YOUR UNDERSTANDING.

20 YOU SIGNED THAT AGREEMENT THAT'S EXHIBIT 5.
21 DID YOU UNDERSTAND THAT THE AGENCY THAT CAMP COAST TO COAST
22 WAS GIVING THE OWNERS WAS THE -- THE RIGHT AND THE ABILITY
23 TO CONTACT THE MEMBERS IN WRITING AND ORALLY ON BEHALF OF
24 CAMP COAST TO COAST?

25 A. I'M NOT SURE WHERE YOU'RE COMING FROM.

26 Q. WELL, IN THAT -- STAY WITH THE PARAGRAPH

1 THEN.

2 A. TALKING ABOUT SUBPARAGRAPH 1, THE FIRST ONE?

3 Q. CORRECT.

4 A. OKAY. OFFERING TO PURCHASERS OF MEMBERSHIPS
5 AT THE TIME OF PURCHASE THE RIGHT TO PURCHASE AN ADDITIONAL
6 AND SEPARATE MEMBERSHIP IN THE COAST PROGRAM SPECIFIED IN
7 SCHEDULE A FOR THE APPLICABLE RESORT.

8 WHAT WE WERE GIVING THEM PERMISSION TO DO
9 WAS USE OUR NAME AND OUR PRODUCT. IT WAS A VERY, VERY
10 IMPORTANT ASPECT FOR THEM. THEY SAY HERE'S MY BEAUTIFUL
11 RESORT. I WANT TO SELL YOU A MEMBERSHIP. BUT LOOK. LOOK
12 AT OUR MAP, AND YOU CAN TRAVEL ALL OVER THE COUNTRY. AND
13 THEY SHOW THEM OUR DIRECTORY. LOOK AT ALL THESE NICE
14 RESORTS THAT YOU CAN GO TO BESIDES THIS NICE RESORT. VERY,
15 VERY IMPORTANT ASPECT. AND THAT'S WHAT WE WERE AUTHORIZING
16 THEM TO DO.

17 Q. AND SEND OUT SALES LETTERS ON BEHALF OF CAMP
18 COAST TO COAST?

19 MR. SHERMAN: OBJECTION. MISSTATES THE TERMS OF
20 THE DOCUMENT.

21 THE COURT: OVERRULED.

22 YOU MAY ANSWER IF YOU KNOW.

23 THE WITNESS: I -- WITHIN CERTAIN PARAMETERS, THEY
24 COULD USE OUR LOGO, SAYING "AFFILIATED WITH COAST TO COAST"
25 AND THINGS OF THAT NATURE. BUT WE WERE VERY -- ALWAYS VERY
26 CAREFUL. WE DIDN'T WANT THE CONSUMER TO THINK HE WAS

1 BUYING A COAST TO COAST RESORT ITSELF.

2 BY MR. SHAW: Q. BECAUSE THERE WERE NO COAST TO
3 COAST RESORTS; CORRECT?

4 A. THAT'S CORRECT.

5 Q. RESORTS WERE ALWAYS THE OWNERS, SUCH AS
6 MR. NOVELLI'S COMPANIES; CORRECT?

7 A. CORRECT.

8 Q. THEY ARE THE ONES THAT HAD THE MEMBER --
9 MEMBERSHIPS. THEY ARE THE ONES THAT CREATED THE
10 MEMBERSHIPS; CORRECT?

11 A. THEY HAD THE RESORT MEMBERSHIPS.

12 Q. I'D LIKE TO LOOK AT THE FEBRUARY, 1988,
13 LETTER. DO WE HAVE IT?

14 LET'S LOOK AT EXHIBIT -- LET'S LOOK AT
15 1609. I DON'T THINK THAT'S IT, MR. RYMAN. LET ME PULL
16 THAT.

17 MR. MOSHENKO IS GETTING IT.

18 MR. MOSHENKO: MR. SHAW?

19 MR. SHAW: YES.

20 MR. MOSHENKO: THANKS.

21 MR. SHAW: THANKS.

22 Q. 1609, CAN YOU IDENTIFY 1609, THE FIRST PAGE?

23 MR. SHERMAN: EXCUSE ME, YOUR HONOR. MR. SHAW
24 IDENTIFIED THIS AS A FEBRUARY, 1998, LETTER. AND THAT'S
25 NOT WHAT I HAVE HERE.

26 MR. SHAW: COUNSEL, I MOVED PAST THAT. I -- I

1 DON'T HAVE THE EXACT NUMBER FOR 15 -- THE FEBRUARY, 1998,
2 LETTER. SO I'M MOVING ONTO A DIFFERENT SUBJECT, TOTALLY
3 DIFFERENT SUBJECT.

4 MR. SHERMAN: WHAT IS THE EXHIBIT NUMBER, IF I MAY
5 INQUIRE?

6 MR. SHAW: THE EXHIBIT NUMBER IS 1509.

7 MR. MOSHENKO: 16.

8 MR. SHAW: EXCUSE ME. 1609.

9 MR. SHERMAN: THANK YOU.

10 MR. SHAW: IS THAT WHAT YOU HAVE IN FRONT OF YOU,
11 COUNSEL?

12 MR. SHERMAN: YES.

13 MR. SHAW: OKAY. ARE YOU WITH ME, COUNSEL?

14 MR. SHERMAN: YES. I --

15 MR. SHAW: OKAY. THANK YOU.

16 MR. SHERMAN: I THOUGHT YOU WERE GOING TO ASK A
17 QUESTION.

18 MR. SHAW: I WAS WAITING FOR YOU.

19 Q. CAN YOU IDENTIFY THIS LETTER, 1609?

20 A. THAT IT'S A LETTER, YES. I DON'T -- I DOUBT
21 THAT I EVER SAW IT, BUT --

22 Q. WAS THIS LETTER SENT ON BEHALF OF CAMP COAST
23 TO COAST AS AN AGENT, THE OWNER AS AN AGENT FOR COAST TO
24 COAST?

25 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

26 THE COURT: SUSTAINED.

1 BY MR. SHAW: Q. DO YOU RECOGNIZE THIS LETTER AS
2 BEING A LETTER SENT ON BEHALF OF COAST TO COAST TO A COAST
3 TO COAST MEMBER?

4 A. I AM TRYING TO READ IT. I DON'T KNOW IF
5 YOU'D SAY -- IT WASN'T ON BEHALF OF US. I MEAN --

6 Q. WELL, IT WAS BECAUSE OF CAMP COAST TO COAST;
7 ISN'T THAT CORRECT?

8 THIS IS ONE OF THE -- THE LETTERS THAT WERE
9 SENT BY A RESORT WHERE THE -- ONE OF MR. NOVELLI'S
10 COMPANIES MEMBERS WAS SENT --

11 A. I DON'T KNOW.

12 Q. -- TO WOODS LANDING?

13 A. AGAIN, I'M NOT SPECIFIC WHETHER IT WAS
14 ANYBODY OF MR. NOVELLI'S, BUT THIS IS A LETTER THAT'S SENT
15 BY THE RESORT TO THE MEMBER -- TO THE COAST TO COAST
16 MEMBERS ACKNOWLEDGING THAT THEY HAD PICKED UP THEIR COAST
17 TO COAST MEMBERSHIP.

18 Q. AND THE ONLY REASON THEY WOULD SEND THAT
19 LETTER IS BECAUSE YOUR REGIONAL DIRECTORS HAD CHECKED WITH
20 THIS RESORT TO DETERMINE WHETHER OR NOT IN OCTOBER OF 1997
21 WHEN THIS MASSIVE TRANSFER WAS GOING OUT WHETHER THIS
22 RESORT WOULD ACCEPT COAST TO COAST MEMBERS AS ITS HOME
23 RESORT?

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

26 THE COURT: SUSTAINED.

1 BY MR. SHAW: Q. ISN'T IT TRUE THAT THIS IS ONE OF
2 THE RESORTS THAT YOUR REGIONAL DIRECTORS WENT OUT AND
3 CHECKED WITH, THE NON-NOVELLI RESORTS, AND ONE OF THE
4 RESORTS THAT THIS MASSIVE TRANSFER WAS OF COAST TO COAST
5 MEMBERS TO THE WOODS LANDING RESORT?

6 A. I WOULD ASSUME THAT.

7 Q. AND YOU ASSUME THAT BECAUSE THE WOODS
8 LANDING IS NOW SENDING OUT A LETTER SAYING THAT -- WELCOME
9 TO THIS COAST TO COAST MEMBER; THEY'VE BEEN TRANSFERRED TO
10 THIS RESORT?

11 A. YEAH, RIGHT. AND AS I SAID, THEY SAID THEY
12 WERE WAIVING ANY -- ANY FEES OF ANY KIND. SO YES, I'M SURE
13 THAT THIS IS A -- OR I WOULD PRESUME THAT THIS IS A COPY OF
14 A LETTER THAT ONE OF THE RESORTS SENT OUT.

15 Q. AND THEY WERE SENDING THIS LETTER OUT AS AN
16 AGENT OF CAMP COAST TO COAST PURSUANT TO EXHIBIT 5, THE
17 PARAGRAPH THAT WE LOOKED AT THAT SAID THEY HAD -- THEY WERE
18 AGENTS FOR THE PURPOSES OF COMMUNICATING WITH COAST TO
19 COAST MEMBERS?

20 MR. SHERMAN: OBJECTION. LACKS FOUNDATION. CALLS
21 FOR A LEGAL CONCLUSION.

22 THE COURT: SUSTAINED.

23 BY MR. SHAW: Q. IS IT YOUR UNDERSTANDING IN THE
24 CONTRACT -- YOU WERE A PART OF PREPARING AND SIGNING THAT
25 EXHIBIT 5; CORRECT?

26 A. EXHIBIT -- YES. THAT CONTRACT, YES.

1 Q. IS IT YOUR UNDERSTANDING YOU SIGNED THAT
2 CONTRACT FOR THAT PARAGRAPH REGARDING GIVING THE OWNERS
3 AGENCY, THE ABILITY TO COMMUNICATE WITH THE MEMBERS; THAT
4 THIS EXHIBIT THAT WE'RE LOOKING AT, 1609, WAS ONE OF THOSE
5 CONTACTS WITH THE COAST TO COAST MEMBERS THAT WAS
6 AUTHORIZED BY THAT AGENCY PROVISION?

7 MR. SHERMAN: OBJECTION. IT MISSTATES THE TERMS OF
8 THE DOCUMENT, YOUR HONOR, AND IT LACKS FOUNDATION.

9 THE COURT: SUSTAIN THE OBJECTION.

10 MR. SHAW: YOUR HONOR --

11 Q. I'M JUST ASKING FOR YOUR UNDERSTANDING. YOU
12 SIGNED THE CONTRACT. DOES THIS LETTER, IN YOUR
13 UNDERSTANDING OF THE TERMS AND CONDITIONS OF THE CONTRACT
14 THAT YOU SIGNED -- NOT ASKING FOR A LEGAL CONCLUSION, JUST
15 YOUR UNDERSTANDING.

16 DOES THIS LETTER FALL WITHIN THE RIGHT THAT
17 WAS GIVEN THE OWNER TO ACT AS AN AGENT FOR COAST TO COAST?

18 A. WHEN I -- WHEN I SIGNED THE DOCUMENT, I
19 CERTAINLY WASN'T THINKING OF ANYTHING LIKE THIS. WE WERE
20 THINKING OF NEW MEMBER SALES AND USING THIS AND THAT KIND
21 OF THING. SO, AGAIN, DOES IT LEGALLY FALL IN THAT AREA OR
22 NOT? I DON'T KNOW. YOU'RE ASKING ME TO MAKE THAT
23 DETERMINATION NOW?

24 Q. NO. I'M ASKING YOU TO MAKE THAT -- AS YOU
25 READ THIS LETTER FROM WOODS LANDING --

26 A. YES.

1 Q. -- THAT YOU CONTACTED TO TAKE COAST
2 MEMBERS --

3 A. CORRECT.

4 Q. -- DOES THIS LETTER TO YOUR UNDERSTANDING
5 FALL WITHIN THAT AGENCY PARAGRAPH?

6 MR. SHERMAN: OBJECTION. SEEKS A LEGAL CONCLUSION
7 OF THE WITNESS.

8 THE COURT: OVERRULED.

9 THE WITNESS: I DON'T KNOW.

10 BY MR. SHAW: Q. WELL, YOU DON'T DISAGREE WITH
11 ANYTHING THAT'S IN THIS LETTER BY WOODS LANDING CONTACTING
12 THE COAST TO COAST MEMBERS?

13 A. NO. WE EXPECTED THEM TO COMMUNICATE WITH
14 THE MEMBERS.

15 Q. IN FACT, YOU ASKED THEM TO DO THIS; CORRECT?
16 YOU ASKED THEM TO SEND THIS LETTER TO THE COAST TO COAST
17 MEMBERS TELLING THEM THEY WERE WAIVING FEES?

18 A. NO. WE -- I MEAN, I DON'T KNOW WHAT THE
19 REGIONAL DIRECTORS DID. THE ONLY THING THAT I KNOW IS THAT
20 WE SPLIT THEM UP AMONG RESORTS, AND THAT THEY -- WE WOULD
21 PROVIDE THE COAST TO COAST MEMBERSHIP NAMES TO THEM, AND
22 THEY WOULD COMMUNICATE. MAYBE THEY USED TELEPHONE. MAYBE
23 THEY USED LETTERS. YOU KNOW, I DON'T HAVE ANY IDEA HOW
24 THEY WOULD COMMUNICATE.

25 Q. BUT THEY HAD THE AUTHORITY OF COAST TO COAST
26 TO COMMUNICATE WITH COAST TO COAST'S MEMBERS?

1 A. YES.

2 MR. SHAW: YOUR HONOR, I'LL MOVE EXHIBIT 1609 INTO
3 EVIDENCE AS AN AUTHORIZED AGENT'S ADMISSION.

4 MR. SHERMAN: OBJECTION. IT STILL LACKS
5 FOUNDATION.

6 THE COURT: I'LL RESERVE IT.

7 MR. SHAW: THANK YOU, YOUR HONOR. I'LL MOVE ON.

8 THE COURT: IT'S UNDER SUBMISSION.

9 MR. SHAW: THANK YOU.

10 Q. LET'S LOOK AT -- LET'S LOOK AT 1602. CAN
11 YOU IDENTIFY THIS LETTER?

12 A. IT LOOKS LIKE A SIMILAR LETTER FROM A RESORT
13 CALLED "HOLIDAY LAKES."

14 Q. AND WITHOUT GOING THROUGH THAT WHOLE
15 SCENARIO THAT WE JUST DISCUSSED, IS THIS A LETTER THAT WAS
16 AUTHORIZED BY CAMP COAST TO COAST TO SEND TO --

17 A. A COMMUNICATION -- EXCUSE ME.

18 Q. -- A MEMBER THAT WAS BEING TRANSFERRED FROM
19 THE NOVELLI COMPANY RESORTS TO THIS HOLIDAY LAKES RESORT?

20 A. I WOULDN'T SAY THAT THE COMMUNICATION WAS
21 AUTHORIZED. WE DIDN'T SAY, "SEND A LETTER" OR "DO THIS" OR
22 "DO THAT," I DON'T BELIEVE. AGAIN, I WASN'T IN THE
23 TRENCHES ON THIS.

24 Q. THAT WOULD HAVE BEEN ONE OF THE REGIONAL
25 DIRECTORS; IF IT HAPPENED, IT WOULD HAVE BEEN ONE OF THE
26 REGIONAL DIRECTORS THAT WOULD HAVE LOOKED AT THE LANGUAGE

1 IN THIS COMMUNICATION?

2 A. OH, NO. WE WOULDN'T LOOK AT THE -- THEY
3 WOULD NOT LOOK AT THE COMMUNICATIONS, UNLESS THEY HAPPENED
4 TO BE VISITING THE RESORT AND SOMEBODY SAID, "HERE'S WHAT
5 WE'RE GOING TO DO. WHAT DO YOU THINK?" BUT I THINK THAT'S
6 VERY UNLIKELY.

7 Q. BUT THE SENTENCE THAT SAYS, "IN COOPERATION
8 WITH COAST TO COAST, WE'VE MADE IT TOTALLY CONVENIENT FOR
9 YOU TO RETAIN ALL OF YOUR COAST TO COAST BENEFITS." DO YOU
10 SEE THAT?

11 A. YES. I'M SURE IT'S --

12 Q. IT'S THE LAST --

13 A. YOU TOLD ME NOT TO READ IT.

14 Q. DO YOU SEE THE LAST SENTENCE OF THE FIRST
15 PARAGRAPH?

16 A. YES.

17 Q. SO THIS -- THIS RESORT OWNER IS SAYING THAT
18 HE'S WORKING IN COOPERATION WITH COAST TO COAST; SO THIS --
19 THIS LETTER WAS AUTHORIZED BY COAST TO COAST?

20 A. THIS SPECIFIC LETTER? THE COMMUNICATION
21 WAS, NOT THE SPECIFIC LETTER.

22 Q. AND THIS IS A COMMUNICATION; THIS LETTER
23 WOULD BE A COMMUNICATION?

24 A. YES, SIR, WHAT THEY CHOSE TO USE.

25 MR. SHAW: YOUR HONOR, I'LL MOVE EXHIBIT 1602 INTO
26 EVIDENCE AND ASK THE COURT TO TAKE IT UNDER SUBMISSION

1 AGAIN.

2 MR. SHERMAN: SAME OBJECTION ON THE GROUNDS OF LACK
3 OF FOUNDATION.

4 THE COURT: UNDER SUBMISSION.

5 MR. SHAW: THANK YOU.

6 Q. LET'S GO ON TO THE NEXT, 1636. IS THIS
7 ANOTHER LETTER FROM AN OWNER?

8 A. YES, COLORADO RIVER ADVENTURES, AN
9 AFFILIATED ORGANIZATION.

10 Q. OKAY. AND IT SAYS, "I'M SURE YOU'RE AWARE
11 CAMP COAST TO COAST HAS TRANSFERRED YOUR MEMBERSHIP."

12 IS THIS ANOTHER COMMUNICATION THAT WAS
13 AUTHORIZED BY COAST TO COAST DURING THE MASSIVE TRANSFER
14 PERIOD?

15 A. IT IS NOT ANOTHER. IT'S THE SAME -- I MEAN,
16 WE AUTHORIZED THEM TO COMMUTE -- TO COMMUNICATE. HOW THEY
17 DID IT, WE CAN'T, YOU KNOW, SIT DOWN WITH EACH RESORT WHEN
18 THEY WRITE THEIR LETTERS.

19 Q. AND THIS WAS IN COOPERATION, THOUGH, WITH
20 CAMP COAST TO COAST?

21 A. IT WAS IN RESPONSE TO THE PROCEDURE THAT WAS
22 TAKING PLACE OF THE TRANSFERRING OF THE COAST TO COAST
23 MEMBERSHIPS TO THAT RESORT, SURE.

24 Q. SO A PROCEDURE WAS SET UP BY CAMP COAST TO
25 COAST TO TRANSFER THESE 34,000 MEMBERS?

26 A. WE TRANSFERRED THEIR COAST TO COAST

1 MEMBERSHIP. PROCEDURE, I DON'T KNOW. I MEAN, I'M JUST
2 SAYING, I AM CALLING A PROCEDURE OUR TRANSFER TO THE
3 RESORTS OF THE COAST TO COAST MEMBERSHIP, OUR PROVIDING A
4 LIST OF THE COAST TO COAST MEMBERS TO THAT RESORT, AND
5 AUTHORIZING THEM TO COMMUNICATE.

6 Q. WELL, WHAT YOU'VE LEFT OUT IN THAT ANSWER IS
7 THAT THEY WERE ALL MR. NOVELLI'S COMPANIES' MEMBERS THAT
8 WERE BEING TRANSFERRED AWAY FROM MR. NOVELLI'S HOME
9 RESORTS --

10 A. ALL WE TRANSFERRED WAS --

11 Q. I'M SORRY.

12 MR. SHERMAN: EXCUSE ME. OBJECTION. LACKS
13 FOUNDATION.

14 THE COURT: SUSTAINED.

15 BY MR. SHAW: Q. IT'S TRUE THAT THIS IS ANOTHER
16 RESORT THAT YOU SENT LETTERS TO AND COMMUNICATED TO GIVING
17 THEM MR. NOVELLI'S COMPANIES' INFORMATION REGARDING ITS
18 HOME RESORT AND TRANSFERRING THOSE HOME RESORT MEMBERSHIPS
19 TO COLORADO RIVER ADVENTURES, FOR EXAMPLE, IN THIS EXHIBIT?

20 MR. SHERMAN: OBJECTION. IT LACKS FOUNDATION.

21 THE COURT: OBJECTION SUSTAINED.

22 I THINK WE ALL NEED SOME ENERGY. LET'S GO
23 EAT.

24 MR. SHAW: THANK YOU.

25 THE COURT: SEE YOU AT 1:30.

26 (WHEREUPON THE COURT WAS IN RECESS UNTIL

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

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1 WESTMINSTER, CALIFORNIA - WEDNESDAY, MAY 31, 2000

2 AFTERNOON SESSION

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

5 THE COURT: SIT DOWN. IT'S ONLY A COURTROOM.

6 CONTINUE, COUNSEL.

7 MR. SHAW: THANK YOU, YOUR HONOR.

8 Q. MR. RYMAN, GOOD AFTERNOON.

9 A. GOOD AFTERNOON, MR. SHAW.

10 Q. COULD YOU TURN TO EXHIBIT 1610 FOR ME.

11 YOU HAVE IT. CONSISTING OF TWO PAGES,

12 DATED OCTOBER 28, 1997, FROM THREE FLAGS RESORT, WHAT LOOKS

13 TO BE RONALD EKEN, E-K-E-N, PRESIDENT, TO -- EXCUSE ME --

14 FORMER TRAIL END AND COAST TO COAST MEMBER.

15 MR. SHERMAN: YOUR HONOR, WE HAVE A FOUNDATION LAID
16 FOR THIS?

17 MR. SHAW: I'M GETTING THERE. I'M TRYING TO
18 DESCRIBE IT FOR THE RECORD.

19 Q. HAVE YOU SEEN THAT DOCUMENT BEFORE?

20 A. I DON'T RECALL IT.

21 Q. IS THIS ONE OF THE LETTERS THAT YOU

22 RECOGNIZE IT, AS YOU SIT HERE TODAY, THAT WENT OUT AT

23 THE -- WHEN THE MASSIVE TRANSFERS STARTED OF THE 34,000

24 PLAINTIFFS MEMBERS THAT THE RESORTS WHO THEY WERE

25 TRANSFERRED TO STARTED SENDING LETTERS TO COAST TO COAST

26 MEMBERS?

1 A. IT COULD VERY WELL BE THAT; I HAVEN'T READ
2 IT, BUT THAT'S WHAT IT WOULD LOOK LIKE, PROBABLY IS.

3 Q. AND THIS WAS A COMMUNICATION THAT WAS
4 AUTHORIZED BY COAST TO COAST?

5 A. WE AUTHORIZED THEM TO COMMUNICATE, CORRECT.

6 Q. OKAY. LET'S LOOK AT 16 -- WELL, YOUR HONOR,
7 WITH THAT, I WOULD MOVE 1610, AND THE COURT'S ALREADY
8 INDICATED IT WILL BE UNDER SUBMISSION.

9 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

10 THE COURT: IT'S UNDER SUBMISSION.

11 MR. SHAW: LET'S GO TO 1608, PLEASE, THE OTHER
12 WAY. AND IT WOULD BE SPECIFICALLY THE 11TH PAGE OF THE
13 12-PAGE EXHIBIT. ONLY THAT PAGE 11. HAS A BATES STAMP ON
14 IT OF 9108. IT'S BY A JOHN D. BURKEY, B-U-R-K-E-Y, TO
15 "DEAR FORMER MEMBER OF GRASS LAKE RESORT." AND IT'S ON A
16 BEAR CAVE RESORT LETTERHEAD DATED DECEMBER 29, 1997.

17 HAVE YOU -- CAN YOU IDENTIFY THAT DOCUMENT?

18 A. I HAVEN'T SEEN IT BEFORE. I DON'T RECALL
19 SEEING IT BEFORE. BUT I WOULD SAY IT PROBABLY FALLS IN THE
20 SAME CATEGORY.

21 Q. OKAY. AND THIS IS A COMMUNICATION THAT WAS
22 AUTHORIZED BY COAST TO COAST TO MAKE TO FORMER NOVELLI --
23 RAY NOVELLI COMPANY MEMBERS WHO WERE TRANSFERRED BY COAST
24 TO COAST?

25 A. THEY WERE AUTHORIZED TO COMMUNICATE. THIS
26 IS THE MEANS BY WHICH MR. BURKEY PROBABLY DID.

1 MR. SHAW: OKAY. AND, YOUR HONOR, WE'LL MOVE 1608
2 WITH THE UNDERSTANDING IT'S UNDER SUBMISSION.

3 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

4 THE COURT: UNDER SUBMISSION.

5 BY MR. SHAW: Q. NOW I'D LIKE TO LOOK AT EXHIBIT
6 2172.

7 COUNSEL, IT'S THE 56TH PAGE, BUT IT HAS A
8 BATES STAMP ON IT OF 7992.

9 MR. SHERMAN: I TURNED RIGHT TO IT.

10 BY MR. SHAW: Q. AND AS YOU RECALL, WE LOOKED AT
11 THIS MORNING THE LETTER REGARDING THE ABBEY'S ALPINE LAKES
12 RESORT. DO YOU REMEMBER THAT?

13 A. I RECALL THE NAME. I'M NOT SURE WHAT THE
14 LETTER WAS, WHETHER IT WAS AN OUTGOING ONE FROM THEM OR
15 WHETHER IT WAS ONE THAT JIM RANDALL SIGNED. I LOOKED AT SO
16 MANY THIS MORNING, I'M NOT SURE.

17 Q. IT WAS --

18 A. OKAY.

19 Q. THE ONE THAT WE HAD UP ON THE OVERHEAD
20 PROJECTOR?

21 A. YEAH. I REMEMBER THE NAME, BUT I DIDN'T
22 REMEMBER THE --

23 Q. AND THAT WAS THE ONE THAT COAST TRANSFERRED
24 THE HOME RESORT MEMBERSHIP TO MINING CAMP RESORT, CREED?

25 A. YES.

26 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

1 THE COURT: OVERRULED. HE'S TRYING TO LAY SOME
2 FOUNDATION, I THINK.

3 MR. SHAW: YES, YOUR HONOR.

4 Q. AND PAGE -- LET'S STAY WITH THIS PAGE OF
5 7992 OF EXHIBIT 2172. AND IT SHOWS THAT THE RESORT HAS A
6 RATING OF 5; DO YOU SEE THAT?

7 A. THAT'S CORRECT.

8 Q. AND THIS IS A COMPUTER RUN FROM CAMP COAST
9 TO COAST?

10 A. IN THIS FORM, YES. IT'S THE -- I THINK WE
11 CALLED IT THE MEMO -- MEMO SCREEN ON A -- OUR DATABASE WHEN
12 WE LOOK AT A RESORT, THE FIRST ONE WAS THE ONE WE LOOKED AT
13 THE OTHER DAY WITH ALL THE INFORMATION ON IT. AND THEN
14 THERE'S A MEMO SCREEN. THAT'S WHAT THIS ONE IS.

15 MR. SHAW: I'D LIKE TO PUT THIS UP ON THE SCREEN
16 AND MOVE THIS PAGE INTO EVIDENCE.

17 MR. SHERMAN: OBJECTION. IT'S NOT RELEVANT.

18 THE COURT: WELL, LET ME SEE IT ON THE SCREEN.

19 MR. SHERMAN: CAN I POINT AT -- MAKE MY OBJECTION?

20 THE COURT: YEAH.

21 MR. SHERMAN: IT'S NOT THE PAGE, IS IT?

22 THE WITNESS: THAT'S NOT THE PAGE.

23 MR. SHERMAN: THAT'S NOT THE PAGE.

24 MR. SHAW: MY UNDERSTANDING IT WAS THE PAGE.

25 THE WITNESS: NO. THAT WAS THE FRONT PAGE.

26 MR. SHAW: OH, I'M --

1 MR. SHERMAN: CALL THAT 7992?

2 MR. MOSHENKO: 7992.

3 MR. SHERMAN: 7992.

4 MR. SHAW: CORRECT.

5 MR. SHERMAN: RIGHT. IT'S NOT RELEVANT.

6 MR. SHAW: CAN YOU PUT IT UP, MR. O'CONNOR.

7 MR. O'CONNOR: 0096?

8 MR. SHAW: IT IS BATES STAMPED 7992.

9 MR. MOSHENKO: IT'S THE --

10 THE COURT: APPROACH THE BENCH. LET ME SEE YOUR
11 COPY.

12 MR. SHERMAN: SURE.

13 MR. SHAW: THERE IT IS RIGHT THERE.

14 THE CLERK: MR. SHAW?

15 THE COURT: MR. SHAW?

16 MR. SHAW: NO. IT'S GOING -- KEEP GOING. I'M
17 SORRY, YOUR HONOR. I'M COMING.

18 (DISCUSSION HELD OFF THE RECORD.)

19 (WHEREUPON EXHIBIT NO. 2172, BATES STAMP
20 7992, COMPUTER RUN FROM CAMP COAST TO COAST, WAS RECEIVED
21 IN EVIDENCE.)

22 MR. SHAW: MR. O'CONNOR, CAN YOU BLOW IT UP FOR ME,
23 PLEASE.

24 Q. THIS IS THE ABBEY'S ALPINE LAKES RESORTS
25 THAT WE LOOKED AT THE -- MR. RANDALL LETTER EARLIER THIS
26 MORNING?

1 A. THAT'S CORRECT.

2 Q. BLESS YOU.

3 AND THEN DOWN AT THE BOTTOM, WHAT'S IN THE
4 BOTTOM PORTION WHERE IT'S IN THE BOX?

5 A. THOSE ARE MEMOS DATED WHEN SOME KIND OF
6 ACTION OR SOMEBODY DID SOMETHING.

7 Q. IT SAYS, "7/9/96, PARK IS WITHDRAWN FROM
8 C2C."

9 WHAT'S C2C?

10 A. COAST TO COAST.

11 Q. "EFFECTIVE YESTERDAY. PAPERWORK PENDING."
12 AND THEN IT SAYS, "CLB." WHAT'S "CLB" STAND FOR?

13 A. THAT'S CATHY L. BATY, THE YOUNG LADY I TOLD
14 YOU ABOUT YESTERDAY THAT --

15 Q. SO THAT WOULD INDICATE THAT SHE IS THE ONE
16 THAT AUTHORED THIS PARTICULAR MEMO LINE?

17 A. YES, THAT'S CORRECT.

18 Q. THEN IT SAYS, "7/12/96, MEMBERS MAY TRANSFER
19 TO ABBEY'S MINING CORP. OR EL VADO CLUB, 7/19/96. MEMBERS
20 MAY RENEW FOR 1997 WHILE WE AWAIT TRANSFERS."

21 AND THEN, AGAIN, "CLB"; THAT'S CATHY BATY?

22 A. AS WAS THE ONE ABOVE. YOU CALLED IT THE
23 VADO CLUB, AND THE "CLB" REFERRED TO CATHY BATY AGAIN, HER
24 INITIALS.

25 Q. OKAY. AND THEN FINALLY, ON 10-11-97,
26 MASS-TRANSFERRED MEMBERS TO PARK NUMBER 794, MINING CAMP

1 RESORT, MARY.

2 IS THAT MARY URIOSTE?

3 A. I WOULD GUESS THAT IT WAS, BECAUSE SHE WAS
4 DEALING WITH TRANSFERS.

5 Q. NOW, WHEN I ASKED YOU THE QUESTION EARLIER
6 THIS MORNING ABOUT THE -- MR. RANDALL -- IT WAS AN OCTOBER
7 LETTER THAT WE LOOKED AT ON THE OVERHEAD. ABOUT THE -- AND
8 IT SAID THAT MR. -- THAT CAMP COAST TO COAST HAD RECEIVED
9 NOTICE FROM MR. NOVELLI THAT HE WAS WITHDRAWING FROM THE
10 SYSTEM IN OCTOBER OF 1997. THAT WAS WRONG, WASN'T IT?

11 A. I DON'T KNOW. I MEAN, OBVIOUSLY THE RESORT
12 WAS WITHDRAWN 7-9-96, BUT I DON'T KNOW THE DETAILS BEHIND
13 IT.

14 Q. AND WHAT DOES "MASS-TRANSFERRED MEMBERS"
15 MEAN IN THE MEMO THAT MARY PUT ON THIS EXHIBIT?

16 A. THAT MEANS MOVING THEIR COAST TO COAST
17 MEMBERSHIP TO ANOTHER HOME RESORT.

18 Q. SO EVEN THOUGH THIS WASN'T A MR. NOVELLI
19 COMPANY RESORT, COAST TO COAST TRANSFERRED ALL THOSE
20 MEMBERS TO THE MINING CAMP RESORT?

21 A. AGAIN, I DON'T --

22 MR. SHERMAN: OBJECTION. IT'S NOT RELEVANT.

23 THE COURT: OVERRULED.

24 THE WITNESS: I DON'T KNOW THE DETAILS BEHIND IT.

25 MR. SHAW: I'D LIKE TO NOW LOOK AT EXHIBIT 1632.

26 MR. MOSHENKO: YOUR HONOR, HAS THAT EXHIBIT, LAST

1 PAGE, BEEN ADMITTED?

2 MR. SHAW: THERE WAS A RELEVANCE OBJECTION, AND
3 THEN -- IS IT?

4 THE COURT: I OVERRULED THE OBJECTION.

5 MR. SHAW: THANK YOU, YOUR HONOR.

6 MR. MOSHENKO: IT WAS ADMITTED.

7 BY MR. SHAW: Q. DO YOU HAVE 1632 IN FRONT OF YOU?

8 A. I DO. MARKED BY THE COURT IT SAYS.

9 Q. AND DO YOU RECOGNIZE THAT LETTER?

10 A. YES. I HAVEN'T READ IT IN A LONG TIME, BUT
11 YES, I RECOGNIZE IT. IT'S GOT MY SIGNATURE ON IT.

12 Q. AND THIS IS A LETTER YOU WROTE IN OR ABOUT
13 OCTOBER --

14 A. 19 --

15 Q. '96?

16 A. CORRECT.

17 MR. SHAW: OKAY. YOUR HONOR, I DON'T KNOW WHETHER
18 IT'S -- 1632 HAS BEEN MOVED INTO EVIDENCE, BUT I WANT TO
19 MOVE IT INTO EVIDENCE AT THIS TIME.

20 MR. SHAW: IT IS.

21 THE COURT: INTRODUCED?

22 THE CLERK: MAY 18TH IT WAS RECEIVED IN EVIDENCE.

23 MR. SHAW: THANK YOU, HARRIET.

24 1632. CAN YOU BLOW UP THE -- CAN YOU BLOW
25 UP THE PAGE FOR ME, MR. O'CONNOR.

26 MR. O'CONNOR: WHICH PARAGRAPH?

1 MR. SHAW: LET'S LOOK AT THE FIRST PARAGRAPH.

2 Q. AND THIS IS A LETTER THAT YOU WROTE

3 MR. RYMAN?

4 A. THAT'S CORRECT.

5 Q. IT SAYS THAT WE'VE BEEN NOTIFIED BY THE
6 OWNER OF SIERRA PACIFIC RESORTS THAT THE RESORT HAS CHOSEN
7 TO WITHDRAW FROM THE COAST TO COAST SYSTEM.

8 AND THEN IF YOU'LL GO DOWN TO THE THIRD
9 PARAGRAPH, MR. O'CONNOR.

10 IT SAYS, SECOND, IT'S CUSTOMARY IN
11 SITUATIONS SUCH AS THIS TO ALLOW MEMBERS TO RENEW THEIR
12 COAST TO COAST MEMBERSHIP FOR AN ADDITIONAL YEAR TO PROVIDE
13 THEM WITH A REASONABLE AMOUNT OF TIME TO OBTAIN A RESORT
14 MEMBERSHIP IN ANOTHER COAST TO COAST AFFILIATED RESORT.

15 IT WAS THE CUSTOM AND PRACTICE AT COAST TO
16 COAST TO ALLOW A MEMBER TO NOT ONLY HAVE -- THIS LETTER'S
17 DATED OCTOBER 10, 1996 -- NOT ONLY HAVE TILL THE END OF THE
18 YEAR, LIKE YOU SAY, IF YOUR CURRENT MEMBERSHIP'S VALID
19 THROUGH DECEMBER 31, 1996?

20 A. THAT'S CORRECT.

21 Q. BUT ALSO TO HAVE ANOTHER YEAR; THAT TAKES
22 YOU THROUGH -- THE LAST SENTENCE OF THAT PARAGRAPH. IT
23 SAYS, ACCORDINGLY, WE ARE CONTINUING OUR OFFER TO YOU TO
24 RENEW FOR COAST TO COAST MEMBERSHIP AND RETAIN YOUR
25 BENEFITS THROUGH DECEMBER 31, 1997?

26 A. IT VARIED. NORMALLY, WHEN IT WAS A PERIOD

1 OF TIME LIKE THIS WHEN THE RENEWALS HAD ALREADY BEEN
2 DROPPED AND THERE WERE ONLY A FEW MONTHS LEFT, WE'D GIVE
3 THEM THE NEXT YEAR. IF THIS WOULD HAVE BEEN EARLIER IN THE
4 YEAR, THEY WOULD HAVE HAD JUST THE END OF THAT YEAR. BUT
5 YES, WE ALLOWED THEM A PERIOD OF TIME.

6 Q. SO, FOR EXAMPLE, ON THIS PARTICULAR COAST TO
7 COAST MEMBER, THEY ARE GOING TO HAVE -- IT'S 15 MONTHS. IS
8 MY MATH CORRECT? OCTOBER, NOVEMBER, DECEMBER OF '96, AND
9 THEN ALL OF '97?

10 A. THAT WOULD BE CORRECT.

11 Q. AND THEY'LL HAVE THAT TIME TO FIND A NEW
12 HOME RESORT?

13 A. YES. THAT'S CORRECT.

14 Q. AND THEN THE LAST PARAGRAPH ON THE PAGE --
15 OR I'M SORRY. THE SECOND TO LAST, IN ORDER TO CONTINUE
16 YOUR COAST TO COAST MEMBERSHIP BEYOND DECEMBER 31, YOU'LL
17 NEED TO BECOME A MEMBER OF ANOTHER COAST TO COAST
18 AFFILIATED RESORT.

19 AND THAT'S THE HOME RESORT PRIMARY PRODUCT
20 RULE?

21 A. THAT'S CORRECT.

22 Q. AND THEN LET'S GO TO THE LAST PARAGRAPH.
23 FOR COAST TO COAST MEMBERS THAT DO NOT
24 ALREADY HAVE A SECOND MEMBERSHIP IN ANOTHER COAST TO COAST
25 AFFILIATED RESORT, OUR GOAL CONTINUES TO BE MAXIMIZING THE
26 SERVICE BENEFITS TO YOU, THE COAST TO COAST MEMBER, IN

1 FURTHERANCE OF THE COAST TO COAST PROGRAM.

2 TO THAT END, WE WANT YOU TO BE AWARE OF TWO
3 COAST TO COAST AFFILIATES IN NORTHERN CALIFORNIA WHICH HAVE
4 STATED THAT THEY WILL MAKE MEMBERSHIP ARRANGEMENTS FOR
5 THOSE MEMBERS OF SIERRA PACIFIC RESORTS WHO DESIRE TO
6 CONTINUE THEIR COAST TO COAST MEMBERSHIP.

7 AND THEN ON THE SECOND PAGE -- IF YOU CAN
8 BLOW UP THE TOP PARAGRAPH FOR ME, MR. O'CONNOR.

9 YOU THEN GIVE THEM THE NAMES AND NUMBERS
10 OF -- OF A COUPLE OF RESORTS; CORRECT?

11 A. CORRECT. TELL THEM THEY CAN JOIN THERE,
12 THEY CAN JOIN ANY RESORT. YOU KNOW, IT DOESN'T AFFECT
13 CONTRACTUAL OBLIGATIONS WITH THE ORIGINAL RESORT AND ALL
14 THOSE KINDS OF THINGS.

15 Q. NOW I'D LIKE YOU TO LOOK AT 1563, 01 --
16 PAGES 0122 THAT WE LOOKED AT THIS MORNING, THE DELTA ISLE
17 AND SAN FELIPE LETTER.

18 BY THE WAY, WHILE I'M LOOKING, IS THE SIERRA
19 PACIFIC RESORTS ONE OF MR. NOVELLI'S COMPANIES' RESORTS?

20 A. IT WASN'T THEN, I KNOW.

21 Q. SO THAT WAS THE LETTER THAT WAS SENT TO
22 SOMEONE OTHER THAN ONE OF MR. NOVELLI'S RESORTS?

23 A. THAT'S CORRECT.

24 Q. I HAVE IT IN FRONT OF YOU NOW, THE LETTER.

25 NOW, THE LETTER ON THE LEFT WAS A LETTER
26 THAT COMPLIED WITH ALL THE TRANSFER RULES THAT WE LOOKED AT

1 IN THE MANUAL; THAT IS, YOU GOT A LETTER FROM THE MEMBER.
2 YOU THEN CONTACTED THE HOME RESORT THAT THEY WERE LEAVING,
3 AND THEN YOU GOT A --

4 A. NO, THAT'S NOT CORRECT.

5 Q. IT DIDN'T HAPPEN IN THAT --

6 A. NO.

7 Q. -- WAY?

8 SO THE TRANSFER RULES WEREN'T FOLLOWED ON
9 THE LETTER ON THE LEFT?

10 A. THE TRANSFER RULES WERE FOR INDIVIDUALS THAT
11 WANTED TO TRANSFER, THAT CAME INTO THE OFFICE AND SAID, "I
12 WANT TO TRANSFER FROM THIS RESORT TO THIS RESORT," AND
13 THAT'S WHEN THOSE APPLIED ON AN INDIVIDUAL BASIS.

14 Q. NOW, WOULD YOU SAY -- IS IT FAIR TO SAY THAT
15 THE LETTER ON THE LEFT, OCTOBER 10, 1996, WAS THE TYPE OF
16 LETTER THAT WAS THE CUSTOM AND PRACTICE TO SEND OUT AT CAMP
17 COAST TO COAST WHEN THERE WAS A TRANSFER OF MEMBERS FROM A
18 RESORT?

19 A. IT WAS ONE OF A VARIETY.

20 Q. NOW, ON THE RIGHT, EXHIBIT IN EVIDENCE
21 REGARDING DELTA ISLE, INSTEAD OF INVITING SOMEONE -- A
22 MEMBER TO MAKE A PHONE CALL, IT SAYS, SINCE WE REALIZE THAT
23 FINDING ANOTHER RESORT MAY CREATE AN INCONVENIENCE FOR YOU,
24 WE'VE MADE ARRANGEMENTS TO HAVE YOUR COAST TO COAST HOME
25 RESORT MEMBERSHIP TRANSFERRED, AND YOU GIVE A SPECIFIC
26 RESORT?

1 A. THAT'S CORRECT.

2 Q. THAT'S A BREACH OF YOUR CUSTOM AND PRACTICE
3 IN THE WAY THAT YOU TREATED TRANSFERS OF HOME RESORT
4 MEMBERS UNDER THE SYSTEM; ISN'T THAT CORRECT?

5 A. NO, THAT'S NOT CORRECT.

6 Q. WELL --

7 A. THAT'S A PROCEDURE THAT HAD BEEN USED, I
8 BELIEVE, AS FAR BACK AS 1995.

9 Q. YOU DIDN'T USE IT IN THE 1996 LETTER TO --

10 A. WE DID IN THIS PARTICULAR ONE. WE HAD A
11 VARIETY.

12 Q. ISN'T IT TRUE THAT YOU USED THE
13 ALREADY-TRANSFERRED LETTER BECAUSE THEY WERE MR. NOVELLI'S
14 RESORTS; ISN'T THAT CORRECT?

15 A. IS THAT THE END OF THE QUESTION?

16 NO, THAT'S NOT CORRECT.

17 Q. ISN'T IT TRUE THAT YOU USED THE
18 ALREADY-TRANSFERRED LETTERS THAT ARE TOTALLY DIFFERENT THAN
19 THE CUSTOM AND PRACTICE PRIOR TO DEALING WITH MR. NOVELLI
20 BECAUSE MR. NOVELLI WAS IN COMPETITION WITH CAMP COAST TO
21 COAST?

22 MR. SHERMAN: OBJECTION. LACKS FOUNDATION WITH
23 RESPECT TO CUSTOM AND PRACTICE.

24 THE COURT: OVERRULED.

25 THE WITNESS: YOU'RE PUTTING WORDS IN MY MOUTH.
26 THAT WAS NOT THE CASE. WE USED THAT TYPE OF LETTER FROM --

1 FROM 1995 PERIODICALLY.

2 BY MR. SHAW: Q. WHERE ARE THOSE LETTERS?

3 A. IN OUR FILES.

4 Q. AND YOU HAVEN'T PRODUCED ANY OF THOSE FILES
5 FOR US, HAVE YOU, MR. --

6 A. I DON'T KNOW.

7 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION.

8 THE COURT: SUSTAINED.

9 BY MR. SHAW: Q. DID THE SIERRA RESORT OWNER ON
10 THE LEFT-HAND SIDE OF THE PAGE -- THE OWNER WRITE YOU A
11 LETTER AND TELL YOU THAT HE DID NOT WANT YOU TO CONTACT HIS
12 MEMBERS AND TRANSFER HIS MEMBERS TO ANOTHER RESORT BECAUSE
13 IF YOU DID SO, IT WOULD CAUSE HIM SERIOUS DAMAGE?

14 A. I BELIEVE THERE WAS A LETTER SOMETHING TO
15 THAT EFFECT.

16 Q. HAVE YOU SHOWN IT -- CAN YOU SHOW IT TO US?

17 A. I MEAN, I'M JUST TRYING TO REMEMBER
18 SOMETHING THAT HAPPENED THREE YEARS AGO. I MEAN, I -- OR
19 FOUR YEARS AGO IN THIS CASE. CAN I SHOW IT TO YOU? I
20 DON'T HAVE ANY IDEA WITH ALL THE DOCUMENTS. BUT YES, I
21 THINK WE GOT SOMETHING LIKE THAT. AND I DON'T KNOW THE
22 SEQUENCE ON IT, WHETHER IT WAS BEFORE OR AFTER OR WHAT.

23 Q. AND YOU DIDN'T TRANSFER HIS MEMBERS, DID
24 YOU?

25 IN FACT, YOU INVITED HIS MEMBERS TO YOUR
26 RECOLLECTION --

1 A. I DON'T KNOW IF HE SENT US A LETTER AFTER
2 THIS.

3 Q. IN FACT, YOU INVITED HIS MEMBERS TO TALK TO
4 A COUPLE. YOU GAVE HIM SOME PHONE NUMBERS. YOU TOLD HIM
5 TO TAKE HIS TIME, AND YOU GAVE HIM 15 MONTHS, DIDN'T YOU,
6 MR. RYMAN?

7 A. IT WAS AN EVOLUTIONARY PROCESS. WE STARTED
8 WITH A CERTAIN TYPE OF LETTER WHERE WE WOULD GIVE THEM THE
9 NAMES OF THREE RESORTS IN THE AREA. WE DID IT THIS WAY.
10 WE GAVE THEM -- WE DID ANOTHER ONE WHERE WE WOULD PROVIDE
11 THEM THE NAME OF -- NAME OF A RESORT AND PROVIDE THE -- THE
12 NAMES TO THE RESORT, AND THEN WE DID IT BY TRANSFERRING
13 EVERYBODY. WHEN THERE WERE SO MANY PEOPLE INVOLVED IN THIS
14 FINAL -- THIS -- THIS BIG ONE, THERE'S ALL THOSE MEMBERS
15 OUT THERE, ALL THAT CONFUSION THAT WAS BEING CAUSED BY ALL
16 OF THESE RESORTS CLOSING, GOING INTO BANKRUPTCY,
17 FORECLOSURES, AND ALL THOSE KINDS OF THINGS THAT WERE
18 HAPPENING, WE THOUGHT IT WAS PRUDENT TO FACILITATE THE
19 MEMBERS' TRANSFER, COAST TO COAST MEMBERSHIP.

20 Q. BECAUSE IT WOULD BE A WAY TO DESTROY
21 MR. NOVELLI; CORRECT?

22 A. NO, THAT'S NOT CORRECT.

23 Q. AND THE EVOLUTIONARY PROCESS WAS -- THE
24 CUSTOM AND PRACTICE IN OCTOBER OF 1996 WAS TO ALLOW
25 PEOPLE -- GIVE THEM A COUPLE OF NAMES, ALLOW THEM TO MAKE
26 THEIR DECISION; BUT WHEN YOU WERE DEALING WITH MR. NOVELLI

1 AND 34,000 -- 34,000 MEMBERS OF MR. NOVELLI'S RESORTS, YOU
2 DECIDED TO TRANSFER THEM WITHOUT EVEN ASKING THEM; ISN'T
3 THAT WHAT HAPPENED?

4 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

5 THE COURT: SUSTAINED.

6 BY MR. SHAW: Q. LET'S TALK ABOUT THIS 34,000
7 MEMBERS.

8 YOU KNEW THAT MR. NOVELLI'S 34,000 MEMBERS
9 PAID HIM A MEMBERSHIP, DUES IN THE RESORTS?

10 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

11 THE COURT: DO YOU KNOW THE ANSWER TO THAT?

12 THE WITNESS: YES.

13 THE COURT: CAN YOU ANSWER THE QUESTION?

14 THE WITNESS: YES, I CAN.

15 THE COURT: YOU MAY ANSWER.

16 THE WITNESS: I WOULDN'T SAY 34,000 DID. I DON'T
17 KNOW THAT THEY WERE ALL HIS. SOME WERE A.S.R. SO -- BUT
18 MEMBERS OF HIS HOME RESORT PAID HIM SOME KIND OF A
19 MAINTENANCE FEE. THAT'S NORMAL.

20 Q. THEY PAID HIM A MEMBERSHIP FEE, AND WE
21 TALKED EARLIER WITH MR. MITCHELL ABOUT A FEE OF ABOUT
22 \$5,000 A MEMBER?

23 A. CERTAIN PEOPLE BOUGHT A MEMBERSHIP FOR
24 SOMETHING LIKE THAT. MANY OF THESE PEOPLE WERE PEOPLE THAT
25 MR. NOVELLI WENT IN, TOOK OVER A RESORT, MOVED THOSE
26 MEMBERS WITHOUT DOING ANY MARKETING, PUT THEM INTO HIS

1 RESORT, QUIT MAKING PAYMENTS ON THE OTHER RESORTS. SO WE
2 CAN'T QUANTIFY IT THAT WAY.

3 Q. BUT YOU WOULD AGREE WITH ME THAT IT WOULD
4 COST ABOUT \$5,000 A MEMBER TO JOIN A RESORT?

5 A. I WOULD SAY THAT'S AN INFLATED PRICE AT THIS
6 STAGE. THERE USED TO BE -- BACK WHEN THE INDUSTRY WAS
7 AROUND, 1989, '90 WHEN THE INDUSTRY WAS DOING EXTREMELY
8 WELL. I MEAN, HERE YOU'VE GOT DEVELOPERS THAT ARE WILLING
9 TO PAY -- TAKE PEOPLE FOR MAINTENANCE FEE.

10 Q. LET'S LOOK AT EXHIBIT 1644.

11 DO YOU HAVE THAT IN FRONT OF YOU?

12 A. I DO.

13 THE COURT: WOULD IT BE ANY BETTER IF WE OPENED THE
14 DOORS?

15 A JUROR: IT MIGHT.

16 THE COURT: LET'S OPEN THE DOORS, PLEASE.

17 A JUROR: THANK YOU.

18 MR. SHAW: 1644.

19 Q. MR. O'CONNOR COULD YOU PUT UP THE --

20 MR. SHERMAN: YOUR HONOR, MAY WE APPROACH?

21 THE COURT: YOU MAY.

22 (DISCUSSION HELD OFF THE RECORD.)

23 THE CLERK: YOUR HONOR, EXCUSE ME. WE HAVE A
24 JUROR THAT NEEDS A BREAK.

25 THE COURT: WHO? SOMEBODY NEEDS A BREAK?

26 A JUROR: REAL QUICK.

1 THE COURT: PARDON ME?

2 A JUROR: REAL QUICK.

3 THE COURT: GO AHEAD.

4 (DISCUSSION HELD OFF THE RECORD.)

5 THE COURT: WHILE WE'VE GOT A MINUTE, I NEGLECTED
6 TO MAKE A VERY IMPORTANT ANNOUNCEMENT EARLIER IN THE WEEK.

7 MR. DURAN, WOULD YOU STAND, PLEASE?

8 MR. DURAN GOT THE WORD THAT HE PASSED THE
9 CALIFORNIA STATE BAR LAST FRIDAY.

10 SO I ASKED HIM WHEN HE WAS GOING TO BE SWORN
11 IN. AND HE SAID AS SOON AS I CAN CLEAR A COUPLE OF
12 FELONIES OFF HIS RECORD.

13 OF COURSE HE WAS JOKING.

14 A JUROR: DID YOU CHECK THAT OUT?

15 A JUROR: ONCE YOU PASS, HOW LONG DOES IT TAKE
16 BEFORE YOU GET SWORN IN?

17 THE COURT: 30 DAYS IS ALL.

18 A JUROR: GOOD FOR YOU, YOUNG MAN.

19 CONGRATULATIONS.

20 MR. DURAN: THANK YOU.

21 THE COURT: IT'S NOT AN EASY EXAM.

22 A JUROR: WAS IT YOUR FIRST TRY?

23 THE COURT: WE DON'T ASK QUESTIONS LIKE THAT.

24 MR. DURAN: SECOND.

25 THE COURT: PROCEED.

26 MR. SHAW: OKAY. I JUST WANT TO MAKE SURE.

1 MR. SHERMAN: WHY DON'T WE HAVE LANCE ASK THE
2 QUESTION.

3 MR. MOSHENKO: HE'S NOT ADMITTED YET.

4 THE COURT: I TOLD YOU THERE WAS A DISTINCTION
5 BETWEEN BEING A LAWYER AND BEING AN ATTORNEY. HE'S A
6 LAWYER. BUT SOON HE'LL BE AN ATTORNEY.

7 A JUROR: ONCE WE'RE DONE HERE, WE ALL MIGHT BE
8 LAWYERS. WE'LL GO INTO PRACTICE.

9 THE COURT: JUST LIKE THERE'S A DIFFERENCE BETWEEN
10 UNLAWFUL AND ILLEGAL. DID I TELL YOU THAT?

11 A JUROR: NO.

12 THE COURT: UNLAWFUL IS SOMETHING THAT IS CONTRA TO
13 THE LAW. ILLEGAL IS A SICK BIRD.

14 MR. SHAW: LET'S GO BACK TO PAGE -- LET'S SHOW THE
15 FRONT PAGE.

16 Q. ALL RIGHT. MR. RYMAN, 1644, WHAT IS -- WHAT
17 IS 1644?

18 A. 1644 IS A -- WHAT, THE FIRST PAGE THAT I'M
19 LOOKING AT IS A COVER LETTER THAT I PUT ON IT. AFTER I
20 TOOK OVER AS PRESIDENT, I THOUGHT IT APPROPRIATE TO ANALYZE
21 THE INDUSTRY. IF WE WERE GOING TO MAKE ANY CHANGES AND DO
22 THAT KIND OF THING, AND TAKE A GOOD LOOK AT EVERYTHING. SO
23 I WAS ATTEMPTING TO LAY EVERYTHING OUT ABOUT THE INDUSTRY;
24 COMPETITION, MARKETING, ALL THOSE KINDS OF THINGS.

25 Q. MR. O'CONNOR, THAT FIRST PAGE, IF YOU COULD
26 BLOW UP TAB 3 -- WHERE IT SAYS "TAB 3." EXCUSE ME.

1 SO ONE OF THE AREAS IN -- IN THIS EXHIBIT
2 1644 IS A PROFILE OF THE CURRENT COMPETITIVE ORGANIZATIONS,
3 BEING RESORTS, PARK INTERNATIONAL -- THAT'S R P.I. --
4 THOUSAND ADVENTURES, INC., ALL SEASONS PRESIDENT'S RESORTS
5 CLUB.

6 IS THAT ONE OF MR. NOVELLI'S COMPANIES?

7 A. THAT'S WHAT IT WAS REFERRING TO, YES.

8 Q. OKAY. AND THEN LET'S GO TO THE PAGE THAT
9 SAYS, "COAST TO COAST INDUSTRY ISSUES."

10 I'M SORRY, MR. RYMAN. IT'S BACK. IF I CAN
11 READ -- THERE WE GO.

12 A. OH, I WAS LOOKING AT THE SUBTITLES. EXCUSE
13 ME.

14 Q. AND LET'S -- LET'S EXPAND ON THE FIRST TWO
15 PARAGRAPHS, MR. O'CONNOR.

16 AND THIS SAYS, COAST TO COAST DOES NOT
17 DIRECT-SELL MEMBERSHIPS. MEMBERSHIPS ARE SOLD BY THE
18 AFFILIATED RESORTS WITH THE MEMBERSHIP ACTUALLY PURCHASED
19 AT THE RESORT, BEING A HOME RESORT MEMBERSHIP FOR WHICH A
20 PURCHASER PAYS AN UP-FRONT FEE AND ANNUAL MAINTENANCE DUES.

21 NOW, DOWN IN THE SECOND PARAGRAPH, IT SAYS
22 THE HIGH COST OF MARKETING CAMP RESORT MEMBERSHIPS HAS
23 ALWAYS BEEN AND CONTINUES TO BE A PROBLEM THAT PLAGUES THE
24 INDUSTRY. FOR EXAMPLE, IN THE CASE OF MEMBERSHIPS SELLING
25 AT 5,000, THE UP-FRONT MARKETING AND SALES COSTS IN MOST
26 CASES WILL BE AT LEAST 2500.

1 AND USING THAT \$5,000 NUMBER, THESE 34,000
2 MEMBERS THAT WERE TRANSFERRED, THEY ALL HAD A HOME RESORT,
3 DIDN'T THEY, THE 34,000; IS THAT CORRECT?

4 A. YES.

5 Q. AND THEY ALL PAID SOME MEMBERSHIP FEE, AND
6 IN YOUR DOCUMENT YOU TALK ABOUT THE MEMBERSHIP SELLING AT
7 5,000; COULD HAVE BEEN MORE, COULD HAVE BEEN LESS?

8 A. WE'RE TALKING ABOUT IN THE EARLY AND
9 MID-'80'S THEY WERE SELLING FOR THAT KIND OF PRICE.

10 Q. WHERE DOES IT SAY EARLY AND MID-'80'S?

11 A. THE EARLY AND MID -- I STAND CORRECTED.

12 Q. DOESN'T SAY EARLY OR MID-'80'S, DOES IT?

13 A. YEAH. BUT THEY WERE NOT SELLING AT THAT
14 PRICE AT THAT TIME.

15 MR. SHERMAN: YOUR HONOR, CAN WE JUST GET THE MATH
16 RIGHT ON THE BOARD?

17 MR. MOSHENKO: 17.

18 MR. SHERMAN: I'M NOT A MATH WHIZ, BUT I DON'T
19 THINK IT'S RIGHT.

20 MR. MOSHENKO: 17, JERRY.

21 MR. SHAW: I'M SORRY. THANK YOU, MR. SHERMAN. I
22 APPRECIATE THAT.

23 MR. SHERMAN: THANKS REALLY TO MR. RUTENBERG.

24 BY MR. SHAW: Q. ALL RIGHT. SO THAT'S -- THAT'S
25 WHAT WE'RE TALKING ABOUT WHEN WE'RE TALKING ABOUT 35,000;
26 TO PUT IT INTO SOME CONTEXT, 34,000 MEMBERS WHO ALL PAID

1 SOME INITIATION FEE OR SOME MEMBERSHIP FEE AT -- AT A
2 PARTICULAR HOME RESORT?

3 A. YES. BUT THEIR RESORT MAY NOT HAVE BEEN
4 OWNED BY MR. NOVELLI AT THAT TIME HE CAME IN AND TOOK THE
5 MEMBERS AND MOVED THEM OVER TO HIS RESORTS. HE CAN'T SAY
6 HE SOLD THEM FOR ALL TWO, THREE, FIVE.

7 Q. BUT WHAT YOU CAN SAY IS FOR HIM TO GET THESE
8 34,000 MEMBERS BACK THAT WERE MASS-TRANSFERRED, HE WOULD
9 HAVE TO PAY 50 TO 75 PERCENT OF THE COST OF SALE; AND IF
10 YOU TAKE --

11 A. HE DIDN'T PAY THAT TO GET THOSE NUMBERS.

12 MR. SHERMAN: EXCUSE ME. OBJECTION. IT LACKS
13 FOUNDATION WITH RESPECT TO MR. NOVELLI'S 34,000 MEMBERS.
14 HASN'T BEEN ESTABLISHED.

15 MR. SHAW: YOUR HONOR, I'VE GOT A --

16 THE COURT: OVERRULED.

17 PROCEED.

18 BY MR. SHAW: Q. YOU TAKE 70 PERCENT -- I'M SURE
19 MR. RUTENBERG WILL CHECK MY MATH FOR ME.

20 YOU'RE TALKING ABOUT \$119 MILLION TO GET
21 MEMBERS BACK, TO GET 34,000 MEMBERS BACK?

22 A. I'M NOT CONVINCED --

23 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.
24 ASSUMES FACTS NOT IN EVIDENCE.

25 THE COURT: OBJECTION SUSTAINED.

26 BY MR. SHAW: Q. AND THESE ARE THE NUMBERS THAT

1 YOU'RE -- YOU'RE TALKING ABOUT IN THIS MEM -- OR EXHIBIT,
2 50 TO 75 PERCENT OF THE COSTS OF SALE, IN THE CASE OF A
3 MEMBERSHIP SELLING AT \$5,000; CORRECT?

4 A. IN 1993, I WAS DOING THAT. UNDER MEMBERSHIP
5 PRICING, IT DOES SAY EARLY AND MID-'80'S WHEN MEMBERSHIPS
6 RARELY SOLD FOR LESS THAN 4- TO 5,000.

7 Q. OKAY. AND THEN DOWN -- IF WE'LL GO DOWN TO
8 THE END OF THE THIRD PARAGRAPH, MR. O'CONNOR, STARTING WITH
9 "RESORT OWNERS."

10 A. WHAT ARE WE TALKING ABOUT? OH.

11 Q. IT'S DOWN AT THAT PORTION OF --

12 NOW, THAT LAST SENTENCE, MR. RYMAN, I WANT
13 TO INVITE YOUR ATTENTION TO WHERE IT SAYS, "IN GENERAL, THE
14 SALES INVENTORY AT MOST RESORTS IS 10 MEMBERSHIPS PER R.V.
15 SITE."

16 IS THAT THE 10-TO-1 RULE THAT WE TALKED
17 ABOUT?

18 A. NOT A RULE. BUT IT'S, AS IT SAYS, IN
19 GENERAL.

20 Q. AND THAT'S -- WAS KIND OF THE -- THAT WAS
21 THE CUSTOM AND PRACTICE IN THE -- IN THE INDUSTRY?

22 A. PRETTY MUCH SO.

23 Q. ALL RIGHT. MR. O'CONNOR, CAN YOU GO TO THE
24 NEXT PAGE FOR ME, PLEASE, SPECIFICALLY THE PARAGRAPH THAT
25 TALKS ABOUT MEMBERSHIP PRICING. FIRST PARAGRAPH, PLEASE.

26 THIS TALKS ABOUT A GIVEAWAY OR LOW-COST

1 MEMBERSHIPS. WHAT'S A GIVEAWAY OR A LOW-COST MEMBERSHIP?

2 A. THERE WERE BUSINESSMEN IN THE INDUSTRY THAT
3 DEvised A DIFFERENT BUSINESS PLAN. THEY DETERMINED THAT IF
4 THEIR RESORT -- IF THEY COULD GET A SUFFICIENT NUMBER OF
5 DUES-PAYING MEMBERS IN THEIR RESORT, THAT THAT WAS EASIER
6 BECAUSE THERE WOULDN'T BE ALL THOSE MARKETING COSTS, AND SO
7 THAT'S THE WAY THEY APPROACHED IT.

8 Q. WAS THAT STILL A PROBLEM IN THE -- IN THE
9 INDUSTRY IN THE MID-'90'S?

10 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.
11 ASSUMES FACTS NOT IN EVIDENCE.

12 THE COURT: OVERRULED.

13 BY MR. SHAW: Q. IS THAT STILL A PROBLEM?

14 A. OKAY?

15 THE COURT: YOU CAN ANSWER.

16 THE WITNESS: I BELIEVE IT PROBABLY WAS, YEAH.
17 I'M -- YEAH. I MEAN, WHETHER IT'S A PROBLEM, IT WAS A
18 DIFFERENT PRACTICE. AND IT LEFT A CONTROVERSY. PEOPLE
19 THOUGHT THAT IF WE ALLOWED A RESORT TO BE IN THE SYSTEM
20 THAT WAS NOT CHARGING AS MUCH, THAT WE COULD CONTROL THAT.
21 AND OF COURSE WE CAN'T CONTROL THAT.

22 AS IT SAYS HERE, BECAUSE OF ANTITRUST LAWS,
23 WE CAN'T GET INVOLVED IN THE PRICING OF A PRODUCT.

24 Q. WERE THE ANTITRUST LAWS A PROBLEM FOR COAST
25 TO COAST?

26 A. NO. THEY WOULD HAVE BEEN HAD WE GOT

1 INVOLVED IN HOW SOMEBODY'S PRICING THEIR PRODUCT, AND
2 THAT'S WHAT WE HAD TO AVOID.

3 Q. AND THEN LET'S GO DOWN TO THE NEXT
4 PARAGRAPH.

5 SAYS, "THE DILEMMA FOR COAST TO COAST IS
6 THAT WHILE GIVING AWAY MEMBERSHIPS MAY BE A FINANCIALLY
7 SOUND BUSINESS COURSE OF ACTION, IT IS PERCEIVED BY SOME TO
8 FLY IN THE FACE OF OUR BASIC PREMISE; THAT THE PRIMARY
9 PRODUCT IS THE HOME RESORT, NOT THE COAST TO COAST SYSTEM."

10 IT'S TRUE THAT COAST TO COAST DID GET
11 INVOLVED EVENTUALLY IN THE GIVEAWAY MEMBERSHIP PROGRAM
12 BECAUSE IT WAS FINANCIALLY SOUND?

13 A. WE DIDN'T GET INVOLVED IN IT.

14 Q. LET'S LOOK AT PAGE 5, AND LET'S GO DOWN TO
15 THE SECOND TO THE LAST PARAGRAPH.

16 NOW, THIS PRESIDENT'S CLUB. IT SAYS,
17 "ANOTHER RECIPROCAL SYSTEM OPERATED BY RAY NOVELLI, OWNER
18 OF ALL SEASONS RESORTS, IS VIRTUALLY IDENTICAL IN MODUS
19 OPERANDI TO A.O.R." WHAT DOES THAT MEAN?

20 A. THAT WAS ANOTHER -- THIS WHOLE PARAGRAPH
21 ADDRESSES ANYBODY THAT MIGHT BE A COMPETITION TO US, AND WE
22 APPARENTLY HAD ADDRESSED THAT UP ABOVE. AND SO WE'RE
23 SAYING IT'S BASICALLY THE SAME KIND OF THING. IT'S
24 ADVENTURE OUTDOOR RESORTS.

25 Q. AND IT SAYS THAT THAT SYSTEM NOW HAS 45
26 RESORTS WITH 60,000 MEMBERS, 44 OF WHICH ARE

1 COAST-AFFILIATED.

2 AND THIS WAS THE STATE OF THE PRESIDENT'S
3 CLUB AND MR. NOVELLI'S ALL SEASONS RESORTS AS OF APRIL OF
4 1993?

5 A. THAT'S THE WAY WE LOOKED AT IT IN '93.
6 CERTAINLY NOT IN '97. AND I THINK --

7 Q. AND AT WHAT -- AND IT DID CHANGE, DIDN'T IT?
8 LET'S LOOK AT THE NEXT PAGE AT THE TOP.

9 I'M SORRY. MR. O'CONNOR, CAN YOU GO BACK TO
10 THE NEXT PAGE, AND WE'LL GO THROUGH THAT PARAGRAPH.

11 THE NEXT PARAGRAPH AT THE BOTTOM SAYS -- IF
12 YOU COULD EXPAND THAT, BLOW IT UP FOR ME AT THE BOTTOM.

13 "IN SUMMARY, COAST TO COAST FACES
14 COMPETITION ON SEVERAL FRONTS WITH R P.I." -- AND THAT'S
15 THE RESORTS --

16 A. RESORT PARKS INTERNATIONAL.

17 Q. RESORT PARKS INTERNATIONAL.

18 AND THAT -- MR. WILLIAM DAWSON, HE WAS
19 INVOLVED IN THAT COMPANY?

20 A. YES, HE IS.

21 Q. AND WAS THERE A MR. KEMP INVOLVED IN THAT
22 COMPANY?

23 A. YES. MR. KEMP IS.

24 Q. SAYS WE ARE COMPETING NOT ONLY FOR THE
25 LOYALTY OF EXISTING MEMBERS WHO HOLD DUAL MEMBERSHIP, BUT
26 FOR NEW MEMBER SALES AS WELL. NOW MORE THAN EVER WE ARE

1 FEELING COMPETITION FROM R P.I. IN AFFILIATING NEW RESORTS.

2 R.P.I. HAS GROWN TO A SYSTEM OF 276 CAMP
3 RESORTS AND 42 CONDOMINIUM DEVELOPERS. OF THE 276 R.P.I.
4 CAMP RESORTS, 226 ARE ALSO COAST TO COAST AFFILIATES.

5 ON PAPER AT LEAST THEY LOOK VIABLE. WE
6 RECENTLY HAVE LOST TWO NEW AFFILIATES WHO CHOSE R.P.I. OVER
7 COAST TO COAST. END OF QUOTE.

8 AND THEN GOING ONTO THE NEXT PAGE, BLOW UP
9 THE TOP OF THE PAGE.

10 WITH THOUSAND ADVENTURES, A.O.R., AND THE
11 PRESIDENT'S CLUB, OUR CONCERN IS AT WHAT POINT THE MEMBERS
12 OF THOSE SYSTEMS WILL FEEL THEY ARE ADEQUATE ENOUGH SO THAT
13 THEIR COAST TO COAST MEMBERSHIP IS NO LONGER NEEDED.

14 FOR THE SYSTEMS THEMSELVES, THE QUESTION IS
15 AT WHAT POINT WILL THEY BECOME LARGE ENOUGH WHERE THEY CAN
16 STAND ALONE OR JOIN TOGETHER AND PULL OUT OF COAST.

17 AND THAT WAS A CONCERN IN 1993; CORRECT?

18 A. CONCERN. IT WAS SOMETHING WE WERE
19 ANALYZING, SURE. I MEAN, IT'S ONLY PRUDENT BUSINESS TO
20 LOOK AT ANYTHING AND EVERYTHING THAT MIGHT BE COMPETITION,
21 WHAT IT MIGHT LOOK LIKE IN THE FUTURE, YES.

22 Q. AND LET'S TURN TO 1571.

23 DO YOU HAVE IT?

24 A. I DON'T HAVE 1571.

25 Q. HERE WE GO. THANKS.

26 AND STAYING WITH THIS COMPETITION CONCEPT,

1 CAN YOU PUT THAT UP FOR ME, MR. O'CONNOR?

2 THIS IS A MEMO FROM MR. KERWIN PYLE TO YOU,
3 MR. RYMAN?

4 A. THAT'S CORRECT.

5 Q. WHO IS KERWIN PYLE?

6 A. HE WAS OUR REGIONAL DIRECTOR ON THE WEST
7 COAST.

8 Q. AND THIS MEMO NOW COMES ABOUT FIVE MONTHS
9 AFTER THE EXHIBIT THAT WE JUST -- JUST LOOKED AT?

10 A. THAT'S CORRECT. THIS WAS IN 90 --

11 Q. EXHIBIT 1644?

12 A. THIS WAS IN '93 AS WELL, YES.

13 Q. AND LET'S LOOK AT THAT FIRST PARAGRAPH.

14 IN THE SPRING OF 1991 AT A MEETING WITH
15 CLIFF PERKINS -- WHO'S CLIFF PERKINS?

16 A. CLIFF PERKINS WAS THE PRINCIPAL OF AN
17 ORGANIZATION CALLED "SUNRISE RESORTS" IN THE NORTHWEST.

18 Q. IS THAT THE SUNRISE RESORTS LETTER THAT WE
19 LOOKED AT EARLIER, THE OCTOBER 10, 1996, LETTER WHERE YOU
20 WERE INVITING THOSE MEMBERS TO LOOK FOR ANOTHER HOME
21 RESORT?

22 A. NO. THAT WAS SIERRA PACIFIC.

23 Q. SAYS, I WAS GIVEN A SHORT LIST OF OBJECTIVES
24 WHICH I WILL CALL THE NOVELLI/THOMPSON MANIFESTO.

25 WHAT WAS THE NOVELLI/THOMPSON MANIFESTO?

26 A. I DON'T KNOW. WE GOT TO READ IT. I MEAN,

1 THAT'S WHAT HE'S CALLING --

2 Q. ELIMINATING THE NEED FOR AN OUTSIDE SOURCE
3 OF RECIPROCAL USE WAS THE GOAL OF THE MANIFESTO.

4 THE SHORT LIST STARTS WITH GETTING A GROUP
5 OF AT LEAST 100 RESORTS WORKING TOGETHER UNDER A NEW BANNER
6 THAT WOULD CONTROL APPROXIMATELY 100,000 OF OUR MEMBERS.

7 THE OBJECTIVE ON THE LIST WAS TO USE THE NEW
8 GROUP'S STRENGTH TO EXERT POWER OVER BOTH COAST TO COAST
9 AND R.P.I., IN ESSENCE, TO CHANGE THE WAY WE DO BUSINESS IN
10 RELATION TO HOW WE TREAT THE RESORTS IN MATTERS SUCH AS
11 PROFIT SHARING, NEW PROGRAMS, ET CETERA.

12 THE THIRD OBJECTIVE WAS TO PULL OUT OF COAST
13 TO COAST WHEN THEY THOUGHT THEY COULD, IF THE SECOND
14 OBJECTIVE HAD NOT BEEN MET.

15 SO AS EARLY AS NOVEMBER OF 1993, AT LEAST,
16 YOU WERE AWARE THAT MR. NOVELLI AND HIS COMPANIES WERE A
17 THREAT TO THE WAY THAT COAST TO COAST DID BUSINESS?

18 A. THAT THEY MAY HAVE A MASTER PLAN, YEAH.

19 Q. LET'S TURN TO THE SECOND PAGE, UNDER PHASE
20 II.

21 YOU CAN BLOW UP THAT FIRST PARAGRAPH FOR
22 ME.

23 WHEN THE GOAL OF 100 PARKS AND 100,000
24 MEMBERS HAS BEEN REACHED, THE SQUEEZE BEGINS.

25 A. EXCUSE ME. THAT'S -- OH, PHASE II. YOU
26 SKIPPED PHASE I.

1 Q. UH-HUH.

2 A. OKAY. I WAS READING THAT ONE.

3 HIGH-PRESSURE SALES.

4 Q. FIRST, ALL 100 PARKS QUIT SELLING COAST TO
5 COAST; SECOND, THE 100,000 MEMBERS THEY CONTROL ARE
6 ENCOURAGED NOT TO RENEW COAST TO COAST. THE HUNDRED PARKS
7 WILL ALWAYS SERVICE COAST TO COAST BUT WILL NOT SELL IT.
8 THINK ABOUT IT. IF 100 SELLING PARKS QUIT SELLING COAST TO
9 COAST, IT COULD MEAN 10,000 SALES. IF 50 PERCENT OF THOSE
10 100,000 MEMBERS DON'T RENEW NEXT YEAR, WOULD THIS GET OUR
11 ATTENTION?

12 MY FEAR IS THAT THE INTENT FROM WORD ONE IS
13 TO REPLACE US, NOT JUST GET OUR ATTENTION. THE SCENARIO
14 JUST DONE IS SUPPOSEDLY ONLY TO BE USED IF THE CURRENT
15 RECIPROCAL PROVIDERS DON'T COME AROUND. BUT I BELIEVE
16 THINGS WILL HAVE PROGRESSED SO FAR BY THE TIME PHRASE II
17 BECOMES A REALITY THAT WE WON'T HAVE ANY CHOICE BUT TO
18 REACT IN SUCH A MANNER AS TO FORCE A BATTLE OR CHOOSING OF
19 SIDES. THE TIME TO REACT IS BEFORE THEY GET THE STRENGTH.

20 NOW, IT'S TRUE, MR. RYMAN, THAT YOU SELECTED
21 THE TIME TO FORCE A BATTLE IN THE FALL OF 1997 WHEN YOU
22 MADE A MASSIVE TRANSFER OF 34,000 OF MR. NOVELLI'S
23 COMPANIES' MEMBERS?

24 A. THAT'S INCORRECT.

25 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

26 THE COURT: SUSTAINED.

1 BY MR. SHAW: Q. WELL, AT THIS POINT YOU'RE
2 PLOTTING A BATTLE; CORRECT? YOU'RE --

3 A. PLOTTING.

4 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

5 THE COURT: OBJECTION SUSTAINED. IT'S ALSO
6 ARGUMENTATIVE.

7 BY MR. SHAW: Q. AT SOME POINT YOU UNDERSTOOD
8 THAT -- AND I'M USING THE LANGUAGE IN MR. PYLE'S --
9 MR. PYLE'S MEMO.

10 A. THAT SOME OTHER DEVELOPER TOLD HIM HE'S
11 TRYING TO INTERPRET IT, AND HE'S TELLING ME.

12 Q. BUT HE -- BUT HE'S TELLING YOU THAT YOU HAVE
13 TO REACT; YOU WON'T HAVE ANY CHOICE BUT TO REACT IN SUCH A
14 MANNER AS TO FORCE A BATTLE; CORRECT?

15 A. THAT'S WHAT HIS MEMO SAYS.

16 Q. AND THAT'S WHAT WE'RE DOING HERE, ISN'T IT?

17 A. THAT'S NOT WHAT WE'RE DOING HERE.

18 Q. AND THAT STARTED IN THE FALL OF 1997 WHEN
19 YOU SENT 34,000 TRANSFER LETTERS; ISN'T THAT CORRECT?

20 A. THAT'S NOT TRUE. THERE'S -- THOSE
21 RESORTS -- THAT SYSTEM WAS FALLING APART, AND YOU KNOW IT.

22 Q. AND YOU SENT THOSE LETTERS AFTER MR. NOVELLI
23 ASKED NOT TO TRANSFER HIS MEMBERS BECAUSE IT WOULD CAUSE
24 HIM DAMAGE; DESPITE THAT LETTER, YOU SENT 34,000 TRANSFER
25 LETTERS; CORRECT?

26 A. DESPITE HIS LETTER AND MR. VOPNFORD'S

1 LETTER, YES, WE SENT OUT APPROXIMATELY 34,000 LETTERS.

2 WHOSE MEMBERS THEY WERE, THEY ARE NOT ALL HIS.

3 Q. LET'S GO BACK TO EXHIBIT 1644.

4 A. 1644?

5 Q. YES. I'M SORRY, MR. RYMAN. LET ME GET IT
6 FOR YOU.

7 A. I CAN FIND IT.

8 Q. DO YOU STILL HAVE THE BOOK WITH YOU?

9 A. YES, I DO.

10 Q. I'LL TAKE THIS ONE WAY.

11 LET'S GO TO 4132.

12 MR. RYMAN, WHILE COUNSEL IS LOOKING FOR IT,
13 COULD YOU TURN TO PAGE -- THAT HAS THE BATES STAMP DOWN ON
14 THE BOTTOM, 4144, 4141?

15 ARE YOU WITH ME?

16 A. YES.

17 Q. OKAY. LET'S GO TO THE THIRD PARAGRAPH DOWN,
18 MR. O'CONNOR, IF YOU WOULD, WHERE IT SAYS "WITH NEW SALES
19 DIMINISHING."

20 IT SAYS, "WITH NEW SALES DIMINISHING, THOSE
21 INDEPENDENT OPERATORS NOT YET AT A BREAK-EVEN POINT IN
22 MEMBERSHIP BECOME DELINQUENT ON LOANS AND MORTGAGES CAUSING
23 PROPERTIES TO GO INTO FORECLOSURE AND COMPANIES INTO
24 BANKRUPTCY. THESE ACTIONS PAVED THE WAY FOR THE CONTINUED
25 DEVELOPMENT OF THOUSAND ADVENTURES, INC.

26 THAT WAS MR. VOPNFORD?

1 A. THAT'S CORRECT.

2 Q. THOUSAND ADVENTURES CAPITALIZED ON THE
3 MARKET OF STRUGGLING RESORTS BY PURCHASING RESORTS FROM
4 DESPERATE OWNERS WITH DEPRESSED LAND VALUES, AND FAVORABLE
5 INTEREST RATES.

6 AND THIS WAS THE COMPANY THAT MR. NOVELLI
7 TOOK OVER FROM THE LENDERS SOMETIME IN THE 1990'S?

8 A. I REALLY DON'T KNOW.

9 Q. LET'S GO TO 4145, IF YOU WOULD, MR. RYMAN.
10 WE TALKED ABOUT RESORTS PARK (SIC) INTERNATIONAL. THIS IS
11 THE PAGE THAT TALKS ABOUT THEIR -- THEIR NUMBER OF RESORTS,
12 THE 318 TOTAL?

13 A. THE PAGE WE PREPARED, YES.

14 Q. AND THEN IF YOU'LL GO TO PAGE 4151 FOR ME,
15 PLEASE.

16 A. WELL, RECOGNIZE THAT ONLY 200 -- WELL, A LOT
17 OF THESE ARE CONDO PLACES, TOO, ON THIS MAP.

18 Q. AND 226 OF THEM WERE IN THE --

19 A. COAST TO COAST SYSTEM TOO.

20 Q. RIGHT. OKAY?

21 A. I THINK THE DOCUMENT EARLIER DESCRIBES HOW
22 MOST OF THAT CAME TO BE.

23 Q. AND IF YOU'LL GO TO PAGE 4148 FOR ME,
24 PLEASE.

25 I'M SORRY, 4149.

26 AND THIS PAGE WAS YOUR PROFILE OF THE ALL

1 SEASONS PRESIDENT'S CLUB?

2 A. AT THAT TIME, YES.

3 Q. LIKE TO GO DOWN TO THE PARAGRAPH REGARDING
4 AFFILIATION.

5 YOU SEE IT SAYS WHERE THE PRESIDENT'S CLUB
6 PROVIDES A UNIQUE SALES AND MARKETING PROGRAM WHICH IS
7 REPRESENTED IN BROCHURES. PRESIDENT'S CLUB SALES.
8 PERSONNEL ARE AVAILABLE FOR TRAINING OF RESORT SALES
9 REPRESENTATIVES. THE GROSS SALES PRICE ESTABLISHED BY THE
10 PRESIDENT'S CLUB IS \$2,995. FROM THE SALES PRICE,
11 ONE-THIRD GOES TO A.S.P.C. FOR MARKETING AND SALES.

12 WHO IS A.S.P.C.?

13 A. ALL SEASONS PRESIDENT'S CLUB.

14 Q. THAT'S THE ACRONYM FOR THAT?

15 A. THAT'S WHAT I HAVE UP AT THE TOP.

16 Q. AND GENERAL ADMINISTRATIVE COSTS, ONE-THIRD
17 GOES TO THE RESORT OWNER AND ONE-THIRD GOES TO A.S.P.C. FOR
18 RECIPROCAL SERVICES.

19 AND THEN IF YOU'LL SEE DOWN AT THE VERY
20 BOTTOM, THE LAST PAGE OF 4149.

21 MR. SHERMAN: IS THAT PARAGRAPH --

22 MR. SHAW: THE VERY LAST PARAGRAPH. THANK YOU.

23 SAYS, "CHILDREN AND GRANDCHILDREN MAY HAVE
24 FULL MEMBERSHIP BENEFITS FOR \$250 PLUS THE ANNUAL DUES.
25 MEMBERS RECEIVE ONE EXTRA HOME RESORT MEMBERSHIP WHICH THEY
26 MAY SELL OR GIVE AWAY. THE NEW OWNER PAYS \$250 AND THE

1 ANNUAL DUES."

2 ASIDE FROM THE 34,000 MEMBERS, EACH ONE OF
3 THOSE MEMBERS THEN WOULD PAY DUES TO THE NOVELLI COMPANIES
4 RESORTS?

5 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

6 THE COURT: CAN YOU ANSWER THAT QUESTION?

7 THE WITNESS: I BELIEVE SO.

8 THE COURT: ALL RIGHT. GO AHEAD.

9 THE WITNESS: ANYBODY THAT IS A MEMBER OF ONE OF
10 HIS RESORTS PAYS HIM ANNUAL MAINTENANCE DUES.

11 BY MR. SHAW: Q. SO ASIDE FROM THE COST OF GETTING
12 THE MEMBERS BACK, WHEN THESE 34,000 WERE TRANSFERS --

13 A. THEY HAVEN'T BEEN -- THOSE MEMBERS HAVE NOT
14 BEEN TRANSFERRED.

15 Q. THAT WAS THE INTENT, WASN'T IT?

16 A. THE RESORT -- THE RESORT MEMBERS WERE NOT
17 TRANSFERRED.

18 Q. THE INTENT WAS TO TRANSFER, AND WE SAW YOUR
19 LETTERS.

20 THE DELTA ISLE MEMBERS WERE TRANSFERRED TO
21 SAN FELIPE; THAT'S ONE OF THE 34,000 --

22 A. THE COAST TO COAST MEMBERSHIP WAS
23 TRANSFERRED.

24 Q. AND THOSE MEMBERS WERE MR. NOVELLI'S MEMBERS
25 AT THE DELTA ISLE RESORT --

26 A. AND THEY STILL WERE.

1 Q. -- THAT YOUR LETTER --

2 A. THEY WERE TOLD THAT THERE WAS. THE ONLY
3 THING WE TRANSFERRED WAS THE COAST TO COAST MEMBERSHIP,
4 SEPARATE AND DISTINCT MEMBERSHIP, THAT WAS SOLD THAT WAY.

5 Q. WE CAN READ THE LETTER AGAIN.

6 BUT YOUR LETTER SAID THAT THEY WERE
7 TRANSFERRED TO SAN FELIPE, THOSE 34,000 THAT -- AND I AGREE
8 WITH YOU, MR. RYMAN. NOT ALL 34,000 LEFT.

9 MR. -- MR. NOVELLI --

10 MR. SHERMAN: YOUR HONOR, I OBJECT TO COUNSEL'S
11 ARGUMENT, LACKS FOUNDATION, DOCUMENT SPEAKS FOR ITSELF.

12 THE COURT: ALL RIGHT. ASK ANOTHER QUESTION,
13 PLEASE.

14 BY MR. SHAW: Q. THANK YOU.

15 34,000 OF THEM HAD -- ALL WERE PAYING DUES;
16 CORRECT? OR ELSE THEY WOULDN'T HAVE BEEN MEMBERS?

17 A. I WOULD ASSUME THEY WERE PAYING DUES TO
18 SOMEBODY IF THEY -- YES.

19 Q. AND THEN LET'S LOOK AT PAGE 4151. AND THIS
20 WAS JUST THE ALL SEASONS PRESIDENT'S CLUB. THESE WERE THE
21 ALL SEASONS RESORTS, THE 45 TOTAL, AND 45 -- 44 OF THEM
22 WERE IN COAST TO COAST?

23 A. THAT'S WHAT IT SAYS, YES.

24 Q. NOW, THE FIRST NATIONWIDE RESORT MANAGEMENT,
25 INC., THE LETTER THAT WE LOOKED AT THAT WAS EXHIBIT 39,
26 THOSE WERE SEPARATE RESORTS FOR THESE ALL SEASONS RESORTS;

1 CORRECT?

2 MR. SHERMAN: OBJECTION. ASSUMES FACTS NOT IN
3 EVIDENCE.

4 THE COURT: OVERRULED.

5 THE WITNESS: I DON'T KNOW BECAUSE WE'RE CALLING
6 THIS ALL SEASONS PRESIDENT'S CLUB. HE HAD SO MANY THINGS
7 HE WAS MOVING, RESORTS AROUND, AND THEY WERE UNDER
8 DIFFERENT TITLES. AND I, TO BE HONEST, DON'T KNOW. THIS
9 WAS THE PRESIDENT'S CLUB. WE CALLED IT ALL SEASONS
10 PRESIDENT'S CLUB.

11 I DON'T KNOW IF SOME OF THESE ARE FIRST
12 NATIONWIDE OR WHETHER THEY ARE ALL SEASONS OR WHAT THEY
13 ARE.

14 BY MR. SHAW: Q. BUT THE ONLY -- THE ONLY LETTER
15 THAT MR. NOVELLI SENT DISAFFILIATING OR TAKING THE RESORTS
16 OUT OF COAST TO COAST WAS THAT EXHIBIT 39 WHICH HAD TO DO
17 WITH THE FIRST NATIONWIDE RESORT MANAGEMENT?

18 A. THAT'S CORRECT.

19 Q. AND THE ALL SEASON RESORTS' DECISION TO
20 DISAFFILIATE AND TRANSFER THE MEMBERSHIPS CAME AT COAST TO
21 COAST'S OWN UNILATERAL DECISION; CORRECT?

22 A. YES. AT A LATER TIME, WHEN THEY HAD GONE
23 DEFUNCT.

24 Q. ALL RIGHT. I'D LIKE TO CHANGE NOW TO
25 EXHIBIT 1711.

26 I'LL TAKE THAT FOR YOU, MR. RYMAN. THAT

1 WILL BE BETTER.

2 A. THANK YOU. 17 -- 1711?

3 Q. YEAH. HERE WE GO.

4 CAN YOU IDENTIFY 1711 FOR ME, SIR?

5 A. YES. THIS IS -- IT'S CALLED A SALES AND
6 MARKETING ANALYSIS AND RECOMMENDATION PREPARED FOR COAST TO
7 COAST. DONE IN OCTOBER OF '95.

8 Q. AND YOU WERE PRESIDENT AT THAT TIME?

9 A. THAT'S CORRECT.

10 Q. AND HOW DID -- WERE YOU INVOLVED IN
11 OBTAINING THIS SALES AND MARKETING ANALYSIS?

12 A. WE HIRED AN OUTSIDE GENTLEMAN TO COME IN AND
13 AGAIN TRY AND TAKE A LOOK AT EVERYTHING. INDUSTRY WAS
14 GOING CRAZY. AND SO WE HAD HIM COME IN AND TAKE A LOOK AT
15 IT, YES.

16 Q. AND THIS WAS A -- THIS IS A REPORT THAT WAS
17 COMPLETED AND USED BY COAST TO COAST?

18 A. IT WAS COMPLETED AND SUBMITTED TO US. I
19 DON'T KNOW WHAT YOU MEAN BY "USED."

20 Q. WELL, YOU REVIEWED IT AND TOOK IT INTO
21 CONSIDERATION IN MAKING YOUR BUSINESS DECISION?

22 A. TOOK IT INTO CONSIDERATION, YES.

23 MR. SHAW: YOUR HONOR, I'D LIKE TO MOVE 1711 INTO
24 EVIDENCE.

25 MR. SHERMAN: NO OBJECTION.

26 THE COURT: 1711 IS DEEMED ADMITTED.

1 (WHEREUPON EXHIBIT NO. 1711, SALES AND
2 MARKETING ANALYSIS, WAS RECEIVED IN EVIDENCE.)

3 BY MR. SHAW: Q. OKAY. LET'S GO TO PAGE -- IT'S
4 UNDER THE EXECUTIVE SUMMARY, SIR. IT'S BATES STAMPED 4190
5 AT THE BOTTOM.

6 A. I DON'T HAVE A P T.E. NUMBER DOWN HERE.

7 MR. SHERMAN: WE DON'T HAVE A BATES STAMP NUMBER.

8 MR. SHAW: IT'S PT 16707. IS THAT THE ONE?

9 MR. SHERMAN: THAT WE HAVE.

10 MR. SHAW: OKAY.

11 MR. SHERMAN: 1711.

12 BY MR. SHAW: Q. AND IT SAYS -- CAN YOU PUT THAT
13 UP FOR ME, MR. O'CONNOR. LET'S GO UP TO THE TOP
14 PARAGRAPH.

15 SAYS, COAST TO COAST IS AT AN INTERESTING
16 CROSSROADS. WHILE THE ORGANIZATION ENJOYS GROWING PROFITS,
17 IT FINDS ITSELF UNDER INCREASE THE SCRUTINY AND ATTACK FROM
18 VARIOUS FACTIONS OF ITS RESORT MEMBER BASE. THREE PRIMARY
19 CHALLENGES HAVE CAUSED COAST TO COAST TO RECENTLY ENGAGE IN
20 A SERIOUS EXAMINATION OF ITS SHORT-TERM AND LONG-TERM
21 STRATEGY -- OR TERM STRATEGIES AND TACTICS.

22 NUMBER ONE, DECLINING TREND IN NEW MEMBER
23 SALES; NUMBER TWO, THE GROWING CONTRIBUTION OF
24 VOLUME-ORIENTED SELLERS AND ITS PURPORTED EFFECT ON HOSTING
25 DISCRIMINATION; AND NUMBER 3, THE EMERGENCE OF THE CREDIBLE
26 THREAT TO COAST TO COAST'S DOMINANCE IN THE CAMPGROUND

1 INDUSTRY.

2 EACH OF THESE CONDITIONS HAS DEVELOPED OVER
3 TIME. AND THEN IF YOU'LL GO DOWN TO ROMAN NUMERAL III, THE
4 BOTTOM OF THE PAGE -- WILL YOU BLOW THAT UP FOR ME,
5 MR. O'CONNOR.

6 DUE TO VARIOUS REASONS, NOT THE LEAST OF
7 WHICH IS MISINFORMATION PROVIDED BY COAST TO COAST, A GROUP
8 OF RESORTS HAS DECIDED TO FORM THEIR OWN RECIPROCAL NETWORK
9 COMPLETE WITH REVENUE SHARING.

10 NOW, IT'S -- THIS WAS A THIRD-PARTY, OUTSIDE
11 THE COAST TO COAST NET -- COMPANY IN THE ADAMS GROUP THAT
12 DID THIS PARTICULAR REPORT?

13 A. THAT'S CORRECT.

14 Q. AND IT WAS THEIR OPINION THAT COAST TO COAST
15 WAS -- ONE OF THE REASONS FOR COAST TO COAST'S PROBLEMS WAS
16 THE MISINFORMATION IT WAS PROVIDING?

17 A. THAT'S WHAT IT SAYS.

18 Q. AND IT SAYS THE RESORTS OF DISTINCTION,
19 R.D.A. -- WHILE THE R.D.A. DOES NOT APPEAR TO BE IN
20 IMMEDIATE THREAT, IT ITS GAINING CREDIBILITY AND COULD
21 ULTIMATELY UNDERMINE COAST TO COAST'S SALES EFFORTS AS WELL
22 AS HOSTING INTEGRITY.

23 LET'S GO ONTO THE NEXT PAGE WITH THE
24 PARAGRAPH STARTING "CONCLUSION."

25 IF I CAN START AT THE TOP, COAST TO COAST
26 MUST FIRST DECIDE THE LONG-TERM ROLE IT WISHES TO PLAY IN

1 THE INDUSTRY AND THEN DETERMINE HOW BEST TO REALIZE ITS
2 ROLE.

3 THIS SHOULD NOT BE DONE IN A VACUUM. THE
4 INFORMATION PROVIDED IN THIS REPORT WILL GO A LONG WAY IN
5 AIDING COAST TO COAST IN ITS EFFORTS TO IDENTIFY WHO ITS
6 MAJOR PLAYERS ARE.

7 HOWEVER, IT IS ONLY HALF OF THE SUCCESS
8 EQUATION. COAST TO COAST MUST ENGAGE IN MORE OPEN AND
9 CONSISTENT COMMUNICATION WITH ITS RESORT MEMBERS.

10 THEIR PARTICIPATION IN THE DECISION PROCESS
11 FOR EACH OF THE THREE PRIMARY CHALLENGE -- CHALLENGES IS
12 MISSION CRITICAL.

13 LET ME STOP THERE, MR. RYMAN.

14 AND YOU RECEIVED A SERIES OF LETTERS FROM
15 MR. NOVELLI IN THE FALL OF 1997; IS THAT CORRECT?

16 FIRST ONE WAS EXHIBIT 39, THE AUGUST 27,
17 1997, LETTER TELLING YOU THAT THEY -- HE WANTED TO TAKE OUT
18 THE FIRST NATIONWIDE MORTGAGE?

19 A. CORRECT. AND THE SECOND ONE WAS WHEN HE
20 WANTED TO LEAVE DEER -- WHATEVER IT IS IN.

21 Q. AND THIS OCTOBER 11, 1995, REPORT BY AN
22 OBJECTIVE THIRD PARTY SAYS THAT COAST TO COAST MUST ENGAGE
23 IN MORE OPEN AND CONSISTENT COMMUNICATION WITH ITS RESORTS
24 MEMBERS. THAT'S MR. NOVELLI; RIGHT? ITS RESORTS MEMBERS?

25 A. YEAH, THAT'S -- HE WOULD BE ONE OF THEM,
26 YES.

1 Q. THAT'S WHO THIS -- THIS INDIVIDUAL THAT DID
2 THIS REPORT IS TALKING ABOUT, CORRECT.

3 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION.

4 THE COURT: DO YOU KNOW THE ANSWER TO THAT QUESTION?

5 THE WITNESS: I MEAN, IF HE'S SAYING RESORT
6 MEMBERS, I WOULD PRESUME HE MEANS RESORT DEVELOPERS, AND
7 THAT'S --

8 BY MR. SHAW: Q. THAT'S MR. NOVELLI?

9 A. AND THAT'S THE WAY I WOULD INTERPRET THAT,
10 AND HE'S ONE OF THEM.

11 Q. AND, IN FACT, THIS REPORT WAS DONE FOR YOU;
12 YOU WERE THE PRESIDENT OF THE COMPANY. YOU COMMISSIONED
13 IT. YOU PAID FOR IT?

14 A. THAT'S CORRECT.

15 Q. AND YOU RECEIVED IT; CORRECT?

16 A. THAT'S CORRECT.

17 Q. AND SO YOU GET THIS LETTER FROM MR. NOVELLI
18 THAT'S EXHIBIT 39; HE ASKS YOU NOT TO TRANSFER ANY OF THE
19 MEMBERS BECAUSE IT WILL CAUSE HIS DAMAGE, AND YET YOU
20 DIDN'T ESTABLISH ANY OPEN AND CONSISTENT COMMUNICATION WITH
21 HIM ABOUT THAT SUBJECT, DID YOU, SIR?

22 A. NO, I DIDN'T.

23 Q. AND MR. NOVELLI TRIED TO CALL YOU, DIDN'T
24 HE?

25 A. NO, HE DIDN'T.

26 Q. HE TRIED TO GAIN AN AUDIENCE AND SIT DOWN

1 AND DISCUSS THIS ISSUE WITH YOU, DIDN'T HE?

2 A. NOT THAT I KNOW OF.

3 Q. AND, IN FACT, HE MET WITH YOU IN THE EARLY
4 '90'S; HE MET WITH YOU. WE TALKED ABOUT IT YESTERDAY. HE
5 MET WITH YOU AND MR. ADAMS. HE EVEN WENT SO FAR -- BECAUSE
6 OF THE PROBLEMS -- TO ASK FOR MR. ADAMS TO COME AND SIT
7 DOWN WITH YOU AND DISCUSS THESE ISSUES; ISN'T THAT CORRECT?

8 A. THAT'S NOT CORRECT.

9 MR. SHERMAN: OBJECTION. EXCUSE ME. OBJECTION.
10 THE QUESTION IS COMPOUND AND ARGUMENTATIVE.

11 THE COURT: SUSTAINED.

12 BY MR. SHAW: Q. LET'S BREAK THEM DOWN ONE AT A
13 TIME.

14 THIS REPORT ALSO SAYS THAT PART OF COAST'S
15 PROBLEMS IS THE MISINFORMATION THAT IT PROVIDED; CORRECT?

16 A. IF THAT'S WHAT IT SAYS.

17 Q. AND IT ALSO TALKS ABOUT MORE OPEN AND
18 CONSISTENT COMMUNICATION?

19 A. CORRECT.

20 Q. NOW, YOU HAD -- YOU TESTIFIED YOU HAD THREE
21 MEETINGS WITH MR. NOVELLI OR HIS REPRESENTATIVES; IS THAT
22 CORRECT?

23 A. WE MET TOGETHER FOUR TIMES.

24 Q. FOUR TIMES. THANK YOU FOR THE -- FOR THE
25 CLARIFICATION.

26 ISN'T IT TRUE THAT ALL FOUR OF THOSE TIMES,

1 MR. NOVELLI WAS TRYING TO ESTABLISH A MORE OPEN AND
2 CONSISTENT COMMUNICATION WITH COAST TO COAST OVER ISSUES
3 SUCH AS CONFIDENTIALITY, ISSUES SUCH AS SOLICITING THEIR
4 MEMBERS TO SELL COAST TO COAST PRODUCTS THAT THEY DISAGREED
5 WITH; THOSE WERE ISSUES THAT THEY KEPT CONTINUALLY TRYING
6 TO BRING TO COAST TO COAST'S ATTENTION?

7 A. THAT'S NOT CORRECT AT ALL. I INITIATED THE
8 ATTEMPTS TO COMMUNICATE. PAT DID THE FIRST TIME. I DID
9 THE SECOND TIME. ALTHOUGH, HE THEN PURSUED IT WITH
10 STEVE ADAMS.

11 Q. AND HE PURSUED IT WITH STEVE ADAMS BECAUSE
12 HE KNEW THAT STEVE ADAMS OWNED THE COMPANY, AND THAT THE
13 COMPANY WAS STEVE ADAMS. AND HE WANTED TO GO DIRECTLY TO
14 THE PERSON WHO WAS IN CONTROL AND -- CONTROL OF THE PURSE
15 STRINGS AND IN CONTROL OF THE COMPANY SO THAT HE COULD
16 ESTABLISH A MORE OPEN AND CONSISTENT COMMUNICATION; ISN'T
17 THAT CORRECT?

18 A. THAT'S NOT CORRECT.

19 MR. SHERMAN: OBJECTION. ARGUMENTATIVE. COMPOUND.

20 THE COURT: OVERRULED.

21 THE WITNESS: MR. NOVELLI WOULDN'T TAKE PHONE CALLS
22 FROM ME. IF I WOULD CALL OUT THERE, MR. THOMPSON MIGHT
23 CALL BACK.

24 BY MR. SHAW: Q. THAT'S SOMEBODY FROM THE
25 ORGANIZATION, ISN'T IT?

26 A. MIGHT.

1 Q. BUT THE FACT IS, WHEN MR. NOVELLI SENT THAT
2 LETTER, WITHDRAWING HIS FIRST NATIONWIDE RESORT MANAGEMENT
3 INC., RESORTS, RATHER THAN ESTABLISHING A MORE OPEN AND
4 CONSISTENT COMMUNICATION, ON SEPTEMBER 9TH, A MATTER OF
5 ABOUT 12 TO 13 DAYS LATER, WITHOUT ANY KIND OF OPEN OR
6 CONSISTENT COMMUNICATION, A MASSIVE TRANSFER OF 34,000
7 LETTERS STARTED GOING OUT?

8 A. THERE'S --

9 Q. ISN'T THAT WHAT HAPPENED?

10 A. NO. THAT'S NOT WHAT HAPPENED. THE LETTERS
11 IN RESPONSE TO MR. NOVELLI'S LETTER I BELIEVE WENT OUT IN
12 OCTOBER.

13 Q. WELL, WE LOOKED AT A SEPTEMBER 9TH AND A
14 SEPTEMBER 10TH LETTER?

15 A. AND I TOLD YOU I DIDN'T KNOW ANYTHING ABOUT
16 WHAT THAT WAS, WHAT -- HOW THAT RESORT WAS TERMINATED --

17 Q. BUT THOSE LETTERS WERE STARTING -- WERE
18 STARTING TO TRANSFER MR. NOVELLI'S MEMBERS TO OTHER
19 RESORTS, WEREN'T THEY?

20 A. I DON'T THINK THAT THEY WERE HIS MEMBERS.

21 Q. OKAY. DO YOU -- IS THAT RESPONSE -- AND
22 WHERE WE -- WE SAW IN THE SIERRA PACIFIC RESORT WHERE YOU
23 GAVE THOSE MEMBERS 15 MONTHS TO FIND A NEW HOME RESORT, THE
24 LETTERS YOU SENT TO MR. NOVELLI TERMINATED THEIR MEMBERS
25 IMMEDIATELY AND TRANSFERRED THEM IMMEDIATELY; NOT IN THREE
26 MONTHS, NOT IN 15 MONTHS?

1 A. DID NOT TERMINATE --

2 MR. SHERMAN: OBJECTION. ARGUMENTATIVE. VAGUE AND
3 AMBIGUOUS.

4 THE COURT: SUSTAINED.

5 MR. SHAW: YOUR HONOR, THIS IS AN EVIDENCE 776
6 WITNESS.

7 THE COURT: I UPHOLD THE RULING.

8 TELL YOU WHAT. LET'S TAKE OUR AFTERNOON
9 RECESS.

10 MR. SHAW: THANK YOU, YOUR HONOR.

11 THE COURT: 20 MINUTES.

12 (RECESS TAKEN.)

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

15 THE COURT: PROCEED, COUNSEL.

16 MR. SHAW: THANK YOU, YOUR HONOR.

17 Q. MR. RYMAN, BEFORE WE BROKE, WE WERE TALKING
18 ABOUT MORE OPEN AND CONSISTENT COMMUNICATION WITH THE
19 RESORT MEMBERS. AND I ASKED YOU ABOUT MR. NOVELLI'S AUGUST
20 27TH, 1997, LETTER AND THE RESPONSES THERETO.

21 AND YOU INDICATED THAT YOUR MEMORY AS YOU
22 SAT THERE WAS THAT THAT MASSIVE TRANSFER DIDN'T START UNTIL
23 OCTOBER OF 1997; IS THAT CORRECT?

24 A. THAT'S CORRECT, WITH THE MEMBERS THAT
25 WERE -- WE'RE TALKING ABOUT, THOSE RESORTS THAT HE
26 WITHDREW, YES.

1 Q. I'D LIKE YOU TO LOOK AT 1563, AND I PUT IT
2 IN FRONT OF YOU. I DO WANT YOU TO KEEP THIS ONE.

3 1563, OCTOBER 17, 1997 -- COUNSEL, ARE YOU
4 WITH ME?

5 MR. SHERMAN: I DON'T SEE AN OCTOBER 17.

6 MR. SHAW: I'M SORRY. AN OCTOBER, 1997. I
7 MISSPOKE.

8 MR. SHERMAN: YEAH. THERE'S NO DATE. OCTOBER,
9 1997.

10 MR. SHAW: YOUR HONOR, WE'LL MOVE THAT ONE-PAGE
11 LETTER INTO EVIDENCE.

12 MR. SHERMAN: CAN WE MAKE SURE WE'RE TALKING ABOUT
13 THE SAME --

14 THE CLERK: WHICH LETTER?

15 THE COURT: SHOW IT TO HER.

16 MR. SHERMAN: WHICH LETTER EXACTLY?

17 THE CLERK: THERE IS A WHOLE BUNCH OF LETTERS.

18 MR. SHAW: IT IS THE LETTER DATED OCTOBER, 1997,
19 JIM RANDALL, REGARDING THE ALABAMA QUEEN RESORT.

20 THE CLERK: OKAY. ALABAMA QUEEN IS ONE -- LIKE
21 ALMOST ALL THE WAY DOWN IN THE --

22 MR. SHAW: 101.

23 (DISCUSSION HELD OFF THE RECORD.)

24 MR. SHERMAN: OF COURSE.

25 MR. SHAW: 47 IT SHOULD BE. IT SHOULD BE 47.

26 (DISCUSSION HELD OFF THE RECORD.)

1 THE COURT: ADMITTED?

2 MR. SHERMAN: WE HAVE NO OBJECTION.

3 THE COURT: FINE.

4 MR. SHAW: THANK YOU, YOUR HONOR.

5 (WHEREUPON EXHIBIT NO. 1563-47, LETTER DATED
6 OCTOBER, 1997, RE ALABAMA QUEEN, WAS RECEIVED IN EVIDENCE.)

7 BY MR. SHAW: Q. MR. RYMAN, THIS IS A LETTER FROM
8 MR. RANDALL DATED OCTOBER, 1997.

9 AND, MR. O'CONNOR, WOULD YOU BLOW UP THE
10 FIRST PARAGRAPH FOR ME, PLEASE.

11 SECOND SENTENCE SAYS, AS WE STATED TO YOU BY
12 COAST TO COAST PRESIDENT ROGER RYMAN IN HIS LETTER OF
13 SEPTEMBER 12, WHILE WE CANNOT UNDO THE ACTIONS OF OTHERS,
14 WE ARE PREPARED TO TAKE ACTION TO PRESERVE AND PROTECT THE
15 MEMBERS OF OUR FAMILY.

16 IN ORDER TO CONTINUE TO ENJOY YOUR VALUABLE
17 COAST TO COAST BENEFITS, YOU WILL NEED TO BECOME A MEMBER
18 OF AN AFFILIATED COAST TO COAST RESORT.

19 SINCE WE REALIZE THAT FINDING ANOTHER RESORT
20 MAY CREATE AN INCONVENIENCE FOR YOU, WE HAVE MADE
21 ARRANGEMENTS TO HAVE YOUR COAST TO COAST HOME RESORT
22 MEMBERSHIP TRANSFERRED TO BREMEN LAKEVIEW RESORT, BREMEN,
23 ALABAMA. YOU WILL BE HEARING SOON FROM A REPRESENTATIVE OF
24 THIS RESORT TO ACTIVATE YOUR MEMBERSHIP.

25 SO YOU DIDN'T WAIT UNTIL OCTOBER TO START
26 THE MASSIVE TRANSFER; YOU WAITED DAYS, 10 TO 11 DAYS AFTER

1 THE AUGUST 27, 1997, LETTER FROM MR. NOVELLI?

2 A. YOU REFERRING TO MY LETTER OF SEPTEMBER 12TH?

3 Q. CORRECT.

4 A. COULD I SEE IT, PLEASE?

5 Q. BE HAPPY TO SHOW IT TO YOU.

6 BUT I WANT TO MAKE THE POINT THAT YOU
7 STARTED SENDING THE LETTERS; YOU DIDN'T WAIT LIKE YOU DID
8 WITH SIERRA PACIFIC RESORT. YOU DIDN'T WAIT --

9 A. I'D LIKE TO SEE THE LETTER THAT YOU'RE
10 REFERRING TO.

11 Q. I WANT TO FINISH AN AREA, AND THEN I OR YOUR
12 COUNSEL WILL BE HAPPY TO SHOW YOU THE LETTER.

13 BUT YOU DIDN'T WAIT -- LET'S SAY IT WAS
14 OCTOBER. MR. RANDALL SAYS YOU SENT A LETTER OF SEPTEMBER
15 12TH. BUT LET'S SAY IT WAS OCTOBER.

16 IN THE SIERRA PACIFIC RESORT LETTER THAT WE
17 LOOKED AT, AUGUST 10, 1996, ONE YEAR BEFORE THIS, YOU WERE
18 GIVING THOSE PEOPLE -- YOU WEREN'T TRANSFERRING THEM, FIRST
19 OF ALL, AND YOU WERE GIVING THEM 15 MONTHS TO STAY IN THE
20 SYSTEM TO MAKE THEIR DECISION; HOWEVER, WHEN MR. NOVELLI IS
21 INVOLVED, YOU'RE IMMEDIATELY TERMINATING ALL RELATIONSHIP;
22 ISN'T THAT CORRECT?

23 MR. SHERMAN: OBJECTION. QUESTION ASSUMES FACTS
24 THAT ARE NOT IN EVIDENCE, AND IT LACKS FOUNDATION. AND
25 IT'S COMPOUND.

26 THE COURT: SUSTAINED.

1 BY MR. SHAW: Q. SUFFICE IT TO SAY, THIS -- THE
2 WAY YOU TREATED MR. NOVELLI AND HIS RESORTS WAS MUCH
3 DIFFERENT THAN THE WAY YOU TREATED THE SIERRA PACIFIC
4 RESORTS?

5 MR. SHERMAN: OBJECTION. IT LACKS FOUNDATION. THE
6 LETTER UP THERE IS MR. DAVID VOPNFORD.

7 THE COURT: I'M GOING TO OVERRULE YOU, COUNSEL.

8 YOU MAY ANSWER IT.

9 THE WITNESS: I HAVE TO THINK OF THE QUESTION.

10 THE COURT: COULD YOU READ IT BACK, PLEASE, MADAM
11 REPORTER.

12 (WHEREUPON THE FOLLOWING WAS READ BACK:

13 "SUFFICE IT TO SAY, THIS -- THE WAY YOU TREATED MR. NOVELLI
14 AND HIS RESORTS WAS MUCH DIFFERENT THAN THE WAY YOU TREATED
15 THE SIERRA PACIFIC RESORTS?"

16 THE WITNESS: BUT IT WAS THE SAME WAY WE HAD
17 TREATED OTHER RESORTS FROM FAR BACK AS 1995.

18 BY MR. SHAW: Q. NOW, MR. SHERMAN MAKES A POINT
19 ABOUT MR. VOPNFORD. BUT YOU KNEW THAT MR. NOVELLI HAD AN
20 ARRANGEMENT WITH THE LENDERS FOR MR. VOPNFORD TO TAKE OVER
21 HIS -- HIS RESORTS; YOU KNEW ALL ABOUT THAT, DIDN'T YOU?

22 A. I HAD NO KNOWLEDGE OF THAT.

23 Q. YOU KNEW AT SOME POINT IN TIME THAT THE
24 BANKERS CAME TO MR. NOVELLI?

25 A. I STARTED HEARING ABOUT THIS OTHER
26 ORGANIZATION WHERE THE VOPNFORD AND THE NOVELLI RESORTS

1 WERE GOING TOGETHER TO SOMETHING, BUT THAT WAS DOWN THE
2 LINE A WAYS, I BELIEVE. I DON'T KNOW.

3 BUT AT THIS TIME IN -- IF I'M NOT
4 MISTAKEN -- AND THAT'S WHY I WANTED TO SEE THE LETTER. I
5 DON'T BELIEVE THE SEPTEMBER 12TH LETTER WAS A TRANSFER
6 LETTER. I BELIEVE THAT WAS A LETTER WHERE I WAS PUTTING
7 OUT A WARNING ORDER, SIMPLY AGAIN, BUSINESS-WISE. THE
8 RENEWAL LETTERS HAD BEEN DROPPED, AND WE WANTED TO WARN
9 THEM AND SAY, HEY, TAKE IT EASY. CALM DOWN. WE'LL TAKE
10 CARE OF YOU. I THINK THAT'S WHAT THE LETTER IS. THAT'S
11 WHY I ASKED TO READ IT BECAUSE YOU'RE IMPLYING IT WAS A
12 TRANSFER LETTER.

13 Q. WELL, DOESN'T THE LANGUAGE THAT MR. RANDALL
14 IS USING -- THAT'S THE SAME LANGUAGE THAT WAS IN YOUR --
15 ALL THE 34,000 TRANSFER LETTERS, WASN'T IT?

16 A. I --

17 Q. I SAY THAT, AND I QUOTE, WHILE WE CANNOT
18 UNDO THE ACTION OF OTHERS, WE ARE PREPARED TO TAKE ACTION
19 TO PRESERVE AND PROTECT THE MEMBERS OF OUR FAMILY?

20 A. I COULDN'T SAY -- SIT HERE AND SAY THOSE
21 WERE THE WORDS THAT WERE IN EVERY LETTER, BUT SOMETHING
22 ALONG THAT LINE WAS.

23 Q. WELL, YOU DON'T THINK MR. RANDALL WOULD
24 MISQUOTE YOU, WOULD HE?

25 A. I DIDN'T SAY HE WAS MISQUOTING. YOU SAID IT
26 WAS IN 34,000 LETTERS, SIR.

1 Q. BUT THOSE WERE THE TRANSFER LETTERS; RIGHT?

2 A. THE 34,000 WERE, BUT I DON'T KNOW IF THAT
3 WAS IN IT.

4 Q. NOW LET'S GO BACK TO EXHIBIT 17.

5 A. COULD I SEE THE SEPTEMBER 12TH LETTER,
6 PLEASE?

7 Q. I WILL GET TO IT, SIR.

8 LET'S GO TO PAGE 4 THAT'S BATES STAMPED --
9 THIS PAGE.

10 MR. RYMAN, WHILE THEY ARE LOOKING FOR THAT,
11 I'D LIKE TO TAKE YOU TO THE PAGES THAT START WITH THE
12 CURRENT SITUATION. THERE'S A SECTION THAT TALKS ABOUT THE
13 CURRENT SITUATION.

14 DO YOU RECOGNIZE THE HANDWRITING ON THE
15 PAGE?

16 A. WHAT DOCUMENT OR --

17 MR. SHERMAN: COULD SOMEBODY DIRECT ME TO THE PAGE,
18 PLEASE?

19 MR. SHAW: YES. IT HAS DOWN ON THE BOTTOM,

20 MR. SHERMAN, "P.T.E. 16710."

21 MR. SHERMAN: THANK YOU.

22 BY MR. SHAW: Q. DO YOU RECOGNIZE THE HANDWRITING
23 ON IT?

24 A. NO, I DON'T.

25 Q. IT'S NOT YOUR HANDWRITING?

26 A. OH, NO, IT'S NOT MY HANDWRITING.

1 Q. AND THEN ON THE PAGE THAT STARTS WITH 16712,
2 DOWN AT THE BOTTOM IT HAS A COMPARISON BETWEEN HOME RESORT
3 AND THE SYSTEM.

4 WHAT -- WHAT IS THAT IN THE -- IN THE
5 REPORT, THE 1711?

6 A. OH, OKAY.

7 Q. DO YOU KNOW WHAT THIS --

8 A. I HAD TO READ BECAUSE IT'S UNDER A CHAPTER
9 OF WHO IS SELLING, AND THEN IT MAKES A COMPARISON. AND
10 THIS IS AGAIN THE THIRD PARTY THAT CAME -- CAME IN TO TAKE
11 A LOOK AT US THAT WE ASKED TO COME IN. AND WHAT HE IS
12 SAYING, IN ESSENCE, IS PEOPLE THAT ARE SELLING THEIR HOME
13 RESORT VERSUS PEOPLE THAT ARE PUTTING A GREATER EMPHASIS ON
14 SELLING COAST TO COAST OR THE SYSTEM. SO IT SAYS HOME
15 RESORT, THE SYSTEM. OH, YOU CAN SEE IT. EXCUSE ME.

16 Q. SO ON THE LEFT-HAND SIDE IS THE -- ARE THE
17 ATTRIBUTES OF PEOPLE SELLING THEIR HOME RESORTS LIKE
18 MR. NOVELLI'S COMPANIES?

19 MR. SHERMAN: OBJECTION. LACK OF FOUNDATION.

20 THE COURT: OVERRULED.

21 BY MR. SHAW: Q. MR. NOVELLI HAD HOME RESORTS;
22 CORRECT?

23 A. YES.

24 Q. HE DEVELOPED MEMBERSHIPS FOR -- THROUGH THAT
25 HOME RESORT?

26 A. YES.

1 Q. SELLING THE COAST TO COAST SYSTEM, IF YOU
2 WILL -- OVER ON THE RIGHT, SELLING THE COAST TO COAST
3 SYSTEM AS A SECONDARY PRODUCT; THAT WAS OUR PRIMARY RULE?

4 A. THAT'S TRUE.

5 Q. CORRECT?

6 A. THAT'S TRUE.

7 Q. SO MR. NOVELLI'S RESORTS WOULD BE, WITH
8 LARGE SALES FORCES, AVERAGE --

9 A. THAT'S CORRECT.

10 Q. -- AVERAGE SALES PRICE FOR MEMBERSHIP IN
11 RESORT, 4,000. ABOVE-AVERAGE RESORT QUALITY WITH POPULAR
12 DESTINATION, LOCATION, AMPLE SUPPLY OF FEE SIMPLE LOTS OR
13 QUALITY RENTAL ACCOMMODATIONS, SALES PREDOMINANTLY TO
14 NON-R.V. OWNERS, AND HIGH ANNUAL SALES.

15 AND THEN ON THE RIGHT --

16 A. HIGH ANNUAL DUES.

17 Q. THANK YOU FOR CORRECTING ME.

18 THE RIGHT-HAND SIDE IS -- THIS THIRD-PARTY
19 INDEPENDENT PERSON THAT YOU PAID FOR THIS REPORT SAYS THAT
20 THE PEOPLE THAT SELL THE SYSTEM FIRST, THE COAST TO COAST
21 SYSTEM RATHER THAN THE HOME RESORT, PRIMARY PRODUCT, THAT
22 THESE ARE ITS ATTRIBUTES: A SMALL SALES FORCE, SOFT SELL,
23 SELLS SYSTEMS, AVERAGE SALES PRICE FOR MEMBERSHIP IN
24 RESORT, \$495. ABOVE-AVERAGE RESORT QUALITY WITH
25 NONDESTINATION LOCATION. SMALL SUPPLY OF FEE SIMPLE LOTS
26 OR QUALITY RENTAL ACCOMMODATIONS. SELLS PREDOMINANTLY TO

1 R.V. OWNERS, AND LOW ANNUAL DUES.

2 AND THESE ARE ALSO CALLED GIVEAWAYS; IS THAT
3 CORRECT?

4 MR. SHERMAN: OBJECTION. COMPOUND.

5 THE COURT: OVERRULED.

6 THE WITNESS: THEY WERE REFERRED TO -- LOW-PRICE
7 MEMBERSHIPS, GIVEAWAYS. I -- THE TERM WAS USED, AND THIS
8 IS THE PREDICAMENT THAT WE TALKED ABOUT EARLIER.

9 BY MR. SHAW: Q. LET'S TURN TO PAGE 12 UNDER
10 "COMMUNICATIONS." SECTION 4, "COMMUNICATION."

11 A. WHAT PAGE IS IT?

12 Q. IT KEEPS GOING. EXCUSE ME FOR --

13 A. YEAH.

14 Q. -- REACHING. UNDER SECTION IV, P.T.E.
15 NUMBER 16720.

16 OKAY. MR. RYMAN, THIS PAGE, LET'S --
17 MR. O'CONNOR, COULD YOU BLOW UP THE R.D.A. PARAGRAPH FOR
18 ME.

19 THIS -- WHILE YOUR INDEPENDENT REPORT -- IT
20 SAYS, THE EMERGENCE OF THE REPORTS OF DISTINCTION, R.D.A.
21 IS AN EXCELLENT EXAMPLE OF THE RESULTS OF POOR
22 COMMUNICATION BETWEEN C.T.C. AND ITS RESORT MEMBERS. THE
23 GROWING GROUP OF RESORTS, AT LAST COUNT 90, IS PURSUING A
24 COURSE OF ACTION THEY BELIEVE WILL RESORT (SIC) IN GREATER
25 REVENUES AND A MORE RESPONSIBLE RECIPROCAL NETWORK.

26 THE GENESIS OF THIS BELIEF CAN BE TRACED TO

1 COMMUNICATION FROM SENIOR MANAGEMENT AT C.T.C.

2 MISREPRESENTING THE PROFITS OF ITS OWN OPERATION.

3 YOU WERE PART OF THAT SENIOR MANAGEMENT AT
4 C.T.C., COAST TO COAST, THAT YOUR INDEPENDENT REPORT WAS
5 DIRECTED TO, WEREN'T YOU, SIR?

6 A. THAT WAS, CERTAINLY.

7 Q. DID YOU MAKE HANDWRITTEN NOTES REGARDING
8 EXHIBIT 1644?

9 A. IS THAT THIS EXHIBIT?

10 Q. CORRECT.

11 OH, I'M SORRY. IT'S A DIFFERENT ONE.

12 EXCUSE ME.

13 THIS ONE. DO YOU REMEMBER MAKING
14 HANDWRITTEN NOTES?

15 A. I DON'T HAVE ANY IDEA. I HAVE TO LOOK
16 THROUGH IT AND SEE IF --

17 Q. CAN YOU IDENTIFY THAT HANDWRITING?

18 A. YES.

19 Q. IS THAT YOUR HANDWRITING?

20 A. THAT'S MY HANDWRITING.

21 Q. AND THAT'S GOT THE BATES STAMP CC 04126?

22 A. CORRECT.

23 MR. SHAW: I'D LIKE TO MOVE EXHIBIT --

24 MR. SHERMAN: CAN I FIND OUT WHAT IT IS?

25 MR. SHAW: IT WILL BE MARKED AS A SEPARATE

26 EXHIBIT.

1 MR. SHERMAN: WHAT EXHIBIT --

2 MR. SHAW: WE HAVEN'T GIVEN IT A NUMBER YET.

3 THE CLERK: 1624.

4 MR. SHAW: NO. IT WILL BE A SEPARATE EXHIBIT
5 NUMBER NEXT.

6 MR. SHERMAN: IS IT ALL ALREADY ON THE PLAINTIFFS'
7 LIST?

8 MR. SHAW: IT IS NOT, YOUR HONOR.

9 I'LL WITHHOLD IT. I'LL WITHHOLD IT.

10 MR. SHERMAN: THANK YOU.

11 BY MR. SHAW: Q. ONE LAST AREA, MR. RYMAN.

12 EXHIBIT 1716, BATES STAMP 4852 -- I'M SORRY.

13 LET ME HELP -- LET ME GET THIS OUT.

14 CAN YOU IDENTIFY THAT DOCUMENT FOR ME?

15 MR. SHERMAN: EXCUSE ME. 4852?

16 MR. SHAW: YES. IT'S EXHIBIT -- IT'S EXHIBIT 1716.

17 THE CLERK: MINE SAYS VARIOUS INSIDE ARTICLES FROM
18 1997 TO 1998.

19 MR. SHERMAN: MINE STARTS WITH 4858.

20 (DISCUSSION HELD OFF THE RECORD.)

21 MR. SHAW: IT'S THE 11TH PAGE IN, MR. SHERMAN.

22 MR. SHERMAN: OKAY. I HAVE PAGE 4852.

23 MR. SHAW: THANK YOU.

24 Q. IS THAT A PAGE FROM THE INSIDE NEWS,
25 MARCH-APRIL, 1998 -- 1998?

26 A. YES. MARCH-APRIL. IT'S WHAT WE CALL THE

1 RESORT UPDATE, AGAIN, WHERE ON A MONTHLY BASIS WE
2 COMMUNICATE WITH THE RESORTS, TELLING THEM A VARIETY OF
3 DIFFERENT THINGS WE TALK ABOUT IN THE INSIDE NEWS, AND WE
4 ALWAYS INCLUDE A RESORT UPDATE, WHICH ALLOWS THEM TO UPDATE
5 THE DIRECTORY SPECIFICALLY SO THAT THEY CAN HAVE -- WE SEND
6 IT TO THE MEMBERS THROUGH OUR MAGAZINE VERY SPECIFICALLY
7 SPELLING OUT THE STATUS -- IF SOMEBODY CHANGES A PHONE
8 NUMBER, IF SOMEBODY'S NOT AFFILIATED ANYMORE, THINGS OF
9 THAT NATURE.

10 AND SO THIS IS ON A MONTHLY BASIS AT THE
11 RESORT SO THEY ARE UP TO DATE. AND IF THE MEMBERS HAVE A
12 QUESTION, MANY OF THEM WILL TURN TO THIS.

13 Q. AND IN THIS DOCUMENT, TURNING SPECIFICALLY
14 TO THE PAGE THAT -- I'VE GOT A POST-IT ON IT -- BATES
15 STAMPED 4852, THAT WAS A LIST OF THE RESORTS THAT WERE NO
16 LONGER AFFILIATED WITH COAST TO COAST?

17 A. THAT'S CORRECT.

18 Q. AND THOSE WERE THE RESORTS THAT WERE A PART
19 OF THE MASSIVE TRANSFER THAT TOOK PLACE IN LATE 1997, EARLY
20 1998?

21 A. I CAN'T SAY, MR. SHAW, BECAUSE THIS IS THE
22 MARCH-APRIL UPDATE. AND WHAT THIS DOCUMENT WOULD DO WOULD
23 BE A CUMULATIVE UPDATE TO THE DIRECTORY WHICH WENT TO PRINT
24 ON -- IN JULY. SO AS SOON AS WHATEVER'S HAPPENING FROM
25 JULY ON, THOSE UPDATES COME IN, FIRST OF ALL, THE
26 OCTOBER-NOVEMBER BECAUSE THE MEMBERS HAVE IT THEN THEY COME

1 OUT IN DECEMBER. AND IT'S A CUMULATIVE THING. SO I DON'T
2 KNOW IF ALL OF THOSE RELATE TO THE ONES THAT WERE NO LONGER
3 AFFILIATED THAT MR. NOVELLI AND MR. VOPNFORD PULLED OUT.

4 Q. BUT CERTAINLY IF -- IF THE RESORTS WERE NOT
5 AFFILIATED OR DISAFFILIATED, TO USE THAT TERM, THEY WOULD
6 HAVE SHOWN UP IN THE INSIDE NEWS --

7 A. THEY SHOULD HAVE, YES.

8 Q. -- AS AN UPDATE?

9 OKAY. ONE LAST AREA, MR. RYMAN.

10 ISN'T IT TRUE THAT BEGINNING IN 1993, IT WAS
11 YOUR PERSONAL POSITION THAT THERE WAS NOTHING SACRED IN
12 TERMS OF THE COMPETITION WITH MR. NOVELLI'S COMPANIES, AND
13 THAT THAT ATTITUDE IS WHAT LED TO THE MASSIVE TRANSFER?

14 A. THAT'S WAY OFF BASE. MR. NOVELLI WAS -- HIS
15 ORGANIZATION WAS IDENTIFIED AS A POTENTIAL COMPETITOR AT
16 THAT TIME. BUT HIS RESORTS AND SYSTEM WERE GOING DOWN, AND
17 THEY CERTAINLY WERE NOT -- BY 1997 THEY WEREN'T CONSIDERED.

18 Q. ISN'T IT TRUE IN YOUR HANDWRITTEN NOTES
19 RELATING TO THE APRIL, 1993, EXHIBIT 1644, YOU WROTE THAT
20 THE ONLY GROUND RULE IN THIS COMPETITION --

21 A. I DIDN'T SEE THOSE NOTES, BUT, I MEAN --

22 Q. ISN'T IT TRUE THAT YOU WROTE THAT THE ONLY
23 GROUND RULE IN YOUR COMPETITION WITH MR. NOVELLI IS THAT
24 THERE -- NOTHING WOULD BE SACRED?

25 A. I HAVE NO IDEA.

26 Q. AND THAT'S WHAT YOU WROTE?

1 A. I HAVE NO IDEA.

2 MR. SHAW: YOUR HONOR, I'D LIKE FOR IMPEACHMENT
3 PURPOSES TO MOVE INTO EVIDENCE AS THE NEXT EXHIBIT A SET OF
4 HANDWRITTEN NOTES, AND I'D LIKE TO ASK HIM IF HE CAN
5 IDENTIFY IT.

6 MR. SHERMAN: OBJECTION. THERE'S BEEN NO
7 IMPEACHMENT ESTABLISHED HERE.

8 THE COURT: JUST A MINUTE. HAVE YOU SHOWN THAT
9 TO --

10 MR. SHERMAN: YEAH. I HAVEN'T --

11 MR. SHAW: YES, I JUST DID.

12 MR. SHERMAN: I HAVE NOT SEEN THE NOTES, YOUR
13 HONOR. I WAS SHOWN SOMETHING A WHILE AGO. I HAVE NO IDEA
14 WHAT HE'S REFERRING TO.

15 NO IMPEACHMENT HAS BEEN ESTABLISHED HERE,
16 AND MOREOVER, IMPEACHMENT WOULD NOT RESULT IN IT BEING
17 MOVED INTO EVIDENCE.

18 MR. SHAW: YOUR HONOR, DOCUMENTS UNDER THE LOCAL
19 RULES THAT ARE FOR IMPEACHMENT PURPOSES DO NOT HAVE TO BE
20 LISTED AS EXHIBITS.

21 MR. SHERMAN: THAT'S NOT MY POINT, YOUR HONOR.

22 THE COURT: THAT'S --

23 MR. SHERMAN: THIS IS NOT IMPEACHMENT. AND THIS
24 WAS NOT ON AN EXHIBIT LIST. AND IT WAS -- OBVIOUSLY
25 COUNSEL SHOULD HAVE PUT IT ON AN EXHIBIT LIST, AS HIS
26 PREVIOUS ACTION SHOWED.

1 THE COURT: LET ME SEE IT.

2 THE CLERK: IS IT --

3 MR. SHERMAN: I DON'T KNOW WHAT IT IS.

4 MR. SHAW: IT'S NOT.

5 MR. SHERMAN: YOUR HONOR, MAY I SUGGEST THAT WE
6 TAKE THIS UP TOMORROW MORNING PRIOR TO THE START OF
7 PROCEEDINGS?

8 THE COURT: GOOD IDEA.

9 MR. SHERMAN: THANK YOU.

10 MR. SHAW: YOUR HONOR, I'D LIKE TO FINISH THE ONE
11 LAST QUESTION I HAVE WITH THIS IMPEACHMENT DOCUMENT. IF HE
12 STAYS TOMORROW MORNING, I'D BE HAPPY TO FINISH TOMORROW.

13 MR. SHERMAN: HE'LL BE HERE. HE'S NOT GOING
14 ANYWHERE, UNTIL THREE O'CLOCK. HE HAS A FLIGHT.

15 MR. SHAW: THANK YOU, YOUR HONOR. I HAVE NOTHING
16 FURTHER ON DIRECT EXAMINATION.

17 THE COURT: YOU WANT TO START THIS AFTERNOON, OR
18 WHAT DO YOU WANT TO DO?

19 MR. SHERMAN: HOW ABOUT 15 MINUTES?

20 THE COURT: ALL RIGHT.

21 I'LL TELL YOU WHAT. LET'S HANDLE THIS
22 OURSELVES THIS AFTERNOON AND DO A FEW OTHER THINGS. LET
23 THE JURY GO.

24 MR. SHERMAN: THAT'S FINE.

25 THE COURT: SEE YOU IN THE MORNING AT NINE
26 O'CLOCK.

1 GOOD NIGHT.

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

4 THE COURT: WE WERE GOING TO DO SOME THINGS IN THE
5 MORNING THAT WE CAN DO NOW, I THINK.

6 OH, NOW, WAIT A MINUTE. YOU WANTED TO
7 OVERLOOK --

8 MR. SHAW: THEY WANTED OVERNIGHT --

9 MR. RIVIN: THAT SUMMARY WE NEED SOME TIME.

10 THE COURT: YEAH. TAKE SOME TIME ON THAT. LET'S
11 RESOLVE THIS PROBLEM HERE, THIS MATTER OF IMPEACHMENT.

12 MR. SHERMAN: CAN I SEE THE DOCUMENT?

13 THE COURT: YEAH.

14 MR. SHERMAN: STILL REALLY HAVEN'T BEEN ABLE TO GET
15 MY ARMS AROUND IT.

16 THE COURT: TAKE A LOOK AT IT.

17 MR. SHAW: YOUR HONOR, WITH ALL DUE RESPECT TO
18 MR. SHERMAN -- AND I'M GOING TO SAY THIS WITH --

19 MR. SHERMAN: CAN I READ THIS?

20 MR. SHAW: -- IN A COLLEGIAL SPIRIT. IT'S A
21 DOCUMENT WE RECEIVED FROM THEM. IT SAYS "C.C.C." ON IT
22 WHICH MEANS IT CAME FROM COAST TO COAST. THEY KNOW THIS
23 DOCUMENT. THEY'VE SEEN THIS DOCUMENT. I WANTED TO CREATE
24 AN IMPEACHMENT SITUATION BY ASKING HIM IF HIS ONLY -- IF
25 HIS ONLY GROUND RULE IN THIS BATTLE -- AND I USED IT ON THE
26 SCREEN FOR THEIR INDEPENDENT REPORT -- WAS NOTHING SACRED.

1 THAT'S EXACTLY WHAT IT SAYS ON THAT DOCUMENT. HE SAID NO.
2 THAT CERTAINLY WASN'T HIS ATTITUDE. I'VE GOT HIM NOW IN
3 HIS OWN HANDWRITING --

4 MR. RIVIN: HE DIDN'T SAY THAT.

5 MR. MOSHENKO: IT'S WAY OFF BASE.

6 MR. SHAW: HE SAID WAY OFF BASE. TO ME I'M USING
7 THE WRONG TERM, THEN, MR. RIVIN. WAY OFF BASE. I'VE GOT A
8 DOCUMENT THAT IMPEACHES HIM ON THAT SUB -- ON THAT VERY
9 QUESTION.

10 MR. SHERMAN: OH, YOU KNOW, THANK GOODNESS FOR
11 LIVENOTE.

12 "QUESTION, ISN'T IT TRUE THAT YOU WROTE THAT
13 THE ONLY GROUND RULE IN YOUR COMPETITION WITH MR. NOVELLI
14 IS THAT THERE -- NOTHING WOULD BE SACRED?

15 "ANSWER, I HAVE NO IDEA."

16 DOCUMENT. I DON'T SEE MR. NOVELLI'S NAME ON
17 HERE. I DON'T SEE ANYTHING ABOUT COMPETITION WITH
18 MR. NOVELLI HERE. I HEAR A LOT OF ARGUMENT.

19 MR. SHAW: JUST READ IT.

20 MR. SHERMAN: I -- YOUR HONOR, LET ME READ THE
21 DOCUMENT.

22 QUOTE, "ONLY OTHER GROUND RULE. NOTHING
23 SACRED." I DON'T SEE MR. NOVELLI'S NAME HERE. I DON'T SEE
24 ANY REFERENCE TO MR. NOVELLI HERE. THERE'S BEEN NOTHING
25 ESTABLISHED THAT THIS WAS WRITTEN WITH RESPECT TO
26 MR. NOVELLI, AS OPPOSED TO ANYTHING ELSE THAT COULD HAVE

1 COME UP IN THE CONDUCT OF THIS COMPANY'S BUSINESS.

2 AND IN LIGHT OF THE LAW IN CALIFORNIA, THE
3 KENNEMUR CASE, WHICH DOES ESTABLISH WHAT IMPEACHMENT IS AND
4 IS NOT, IMPEACHMENT DOES NOT MEAN WHEN YOU THINK YOU GOT A
5 PRETTY GOOD POINT. YOU KNOW WHAT? I'LL GIVE IT TO
6 MR. SHAW. IT'S A PRETTY GOOD POINT, BUT THERE'S NOT
7 IMPEACHMENT. HE NEEDS TO GET THE WITNESS SAYING LEFT WHEN
8 IT WAS RIGHT. THAT'S IMPEACHMENT.

9 THE FACT THAT THIS CAME OUT OF COAST'S
10 FILES -- I MEAN, 20,000 PIECES OF PAPER CAME OUT OF COAST'S
11 FILES. MANY OF THEM ARE NOT LISTED AS TRIAL EXHIBITS.
12 THIS -- THIS THEATRICAL FLOURISH, I WANT TO SHOW A WITNESS
13 A DOCUMENT FOR IMPEACHMENT, I MEAN, LET'S BE SERIOUS.

14 THE QUESTION THAT WAS ASKED -- EXCUSE ME.
15 I'VE GOT IT NOW. I WANT TO HOLD IT FOR A WHILE, SORT OF
16 FEELS GOOD TO HOLD IT.

17 THE QUESTION THAT WAS ASKED, "ISN'T IT TRUE
18 THAT THE ONLY GROUND RULE IN YOUR COMPETITION WITH
19 MR. NOVELLI IS THAT NOTHING WOULD BE SACRED?" I MEAN, COME
20 ON. THAT IS NOT IMPEACHMENT. AND I'LL PROVIDE THE COURT
21 THE CITATION TO THE KENNEMUR CASE, BECAUSE IT'S NOT
22 IMPEACHMENT.

23 AND -- AND, YOU KNOW, WE'VE BEEN THROUGH
24 THIS BEFORE. WE HEARD MR. MOSHENKO COME IN AND SAY TO THE
25 COURT, "YOUR HONOR, I JUST GOT A COUPLE OF PHOTOGRAPHS THAT
26 WE'D LIKE TO HAVE MR. GUIRE SHOW THE JURY." EXCUSE ME. IT

1 WAS MR. BROCKLY ABOUT DELTA ISLE, AND THEN HE SHOWS UP WITH
2 150 PAGES OF COMMENT CARDS. LET'S TALK ABOUT COLLEGIAL --

3 MR. MOSHENKO: THAT'S A LIE.

4 MR. SHERMAN: LET'S TALK ABOUT PLAYING BY THE
5 RULES. IT'S NOT RIGHT. IT'S NOT IMPEACHMENT.

6 THE COURT: RESPONSE?

7 MR. SHERMAN: IT'S NOT A LIE.

8 MR. MOSHENKO: IT IS. RIGHT UNDERNEATH WHERE IT
9 SAYS "ONLY GROUND RULE, NOTHING SACRED," IT SAYS, "GROWING
10 COMPETITION, NOT ONLY ONE ON BLOCK, 4 ORGS, R.P.I., T.A.I.,
11 A.O.R. AND PRESIDENT'S CLUB."

12 MR. SHERMAN: AND THE PRESIDENT'S --

13 MR. MOSHENKO: "GROWING BECAUSE" -- AND THEN IT
14 TALKS ABOUT THAT. ABOVE THAT, IT SAYS, "STRATEGIC
15 PLANNING. WHERE IS COAST TO COAST IN FIVE YEARS? FIRST
16 UNDERSTANDING, CONTAIN THE THUGS. RELATIONSHIP, BUSINESS,"
17 ET CETERA. THEN IT GOES ON. AND THAT'S WHERE IT SAYS,
18 "ONLY OTHER GROUND RULE, NOTHING SACRED. BREAKDOWN
19 BECAUSE" -- AND THEN IT'S ILLEGIBLE.

20 BUT IT'S THEIR DOCUMENT, YOUR HONOR. AND HE
21 DIDN'T READ THE SENTENCE. THE QUESTION AND THE ANSWER
22 WHICH GOT -- GOT THE ANSWER, YOU'RE WAY OFF BASE. THAT
23 WASN'T MY ATTITUDE OR MY BELIEF. AND IT DOES IMPEACH.

24 MR. SHERMAN: YOUR HONOR --

25 MR. MOSHENKO: IT CLEARLY IMPEACHES DIRECTLY.

26 MR. SHERMAN: YOUR HONOR, IMPEACHMENT IS --

1 THE COURT: I KNOW WHAT IMPEACHMENT IS.

2 MR. SHAW: YOUR HONOR, WE HAVE A WITNESS WHO
3 TESTIFIES THAT THAT WASN'T HIS ATTITUDE. I ASKED HIM THE
4 PREVIOUS QUESTIONS -- AND WE DON'T HAVE LIVENOTE. I ASKED
5 HIM A PREVIOUS SERIES OF QUESTIONS TO SET THIS UP. WASN'T
6 IT TRUE THAT THE ATTACK ON MR. NOVELLI CAME FROM THE 34,000
7 MASSIVE TRANSFER, AND IT WAS BECAUSE OF THE GROWING
8 COMPETITION -- I WAS SETTING THIS UP -- BECAUSE OF THE
9 GROWING COMPETITION, AND THAT THERE WERE NO GROUND RULES;
10 THERE WERE NOTHING SACRED, AND THAT'S WHAT BROUGHT ABOUT
11 THE MASSIVE TRANSFERS?

12 HIS ANSWER WAS -- AND MR. SHERMAN MAY HAVE
13 IT SPECIFICALLY -- WAS "YOU'RE WAY OFF BASE."

14 THIS SHOWS THAT I'M NOT OFF BASE. THIS
15 SHOWS THAT IN HIS OWN HANDWRITING HE SAID SOMETHING
16 DIAMETRICALLY OPPOSED TO THAT, 180-DEGREES DIFFERENTLY.

17 THE COURT: WHAT EXACTLY ARE YOU REFERRING TO,
18 WHICH WORDS?

19 MR. SHAW: THE WORDS OF "FIRST UNDERSTAND, CONTAIN
20 THUGS, RELATIONSHIP, BUSINESS," AND THEN HE GOES THROUGH
21 AND HE DOES MENTION NO -- NOVELLI BUSINESS. THEN IT SAYS,
22 "RESORTS, OUR CUSTOMERS, DIFFERENT TYPE PEOPLE. MEMBERS,
23 AFFINITY AND VALUE GROW. GET MORE AND KEEP MORE. ONLY
24 OTHER GROUND RULE, NOTHING SACRED. BREAKDOWN." AND THEN
25 I -- I CAN'T READ FROM THEIR OWN DOCUMENT.

26 SO ASKING HIM WHETHER OR NOT THE WAY HE WAS

1 GOING TO APPROACH COMPETITIVELY -- THIS IS AN UNFAIR
2 COMPETITION CASE. IT'S A TRADE SECRET -- INFRINGING ON
3 TRADE SECRET CASE. THIS PROVES UNFAIR COMPETITION FROM HIS
4 OWN HANDWRITING. I SET IT UP BY ASKING HIM WHETHER THAT
5 WAS HIS BUSINESS ATTITUDE, WAS TO BREAK DOWN AND MASSIVELY
6 TRANSFER 34,000. HE SAID NO. I WAS WAY OFF BASE. THIS
7 SHOWS THE EXACT OPPOSITE.

8 MY UNDERSTANDING OF IMPEACHMENT IS THAT IF
9 YOU ASK THE WITNESS IF THE LIGHT WAS RED, AND THE -- AND
10 THE WITNESS SAYS NO WAY, THAT -- THAT -- THAT LIGHT WAS
11 GREEN, IT WAS -- ALWAYS BEEN GREEN, AND THEN I SHOW HIM A
12 DOCUMENT, A POLICE REPORT OR SOMETHING WHERE HE SAYS, NO,
13 THAT LIGHT WAS RED, THEN I CAN SHOW HIM THAT AS AN
14 IMPEACHABLE DOCUMENT. THAT'S MY UNDERSTANDING OF
15 IMPEACHMENT.

16 MR. SHERMAN: MAY I SEE THE DOCUMENT?

17 THE COURT: CLEARLY A CASE OF IMPEACHMENT.

18 MR. SHERMAN: MR. -- MR. SHAW, MAY I ASK IF YOU
19 JUST SHOW ME WHERE YOU WERE READING FROM A MOMENT AGO.

20 MR. SHAW: I'VE YELLOWED IT. IT'S NOT THE FIRST
21 YELLOW PART ABOUT STRATEGIC, BUT IT'S THE --

22 MR. SHERMAN: YOUR HONOR, IF THE QUESTION HAD BEEN,
23 "DID YOU THINK THAT MR. NOVELLI WAS A THUG?" AND THE
24 ANSWER WAS, "NO." "DID YOU EVER WRITE THAT MR. NOVELLI WAS
25 A THUG? DID YOU EVER COMMUNICATE THAT MR. NOVELLI WAS A
26 THUG?" THEN THEY WANT TO BRING IN CONTAINING THE THUGS. I

1 DON'T REALLY SEE WHERE IT IS -- I MEAN, THAT'S ONE THING.

2 THE QUESTIONS ARE NOT IMPEACHMENT
3 QUESTIONS. THIS BUSINESS ABOUT NOTHING SACRED, WE DON'T
4 EVEN KNOW WHAT GROUND RULE HE'S REFERRING TO.

5 THE COURT: LET ME ASK YOU A QUESTION.

6 IF HE ASKED THOSE QUESTIONS IN THE MORNING,
7 DID YOU THINK MR. NOVELLI WAS A THUG, ARE YOU GOING TO
8 OBJECT TO THAT QUESTION?

9 YOU JUST FORMED IT.

10 MR. SHERMAN: OH, I THINK IT'S QUITE RELEVANT, AND
11 I THINK IT SHOULD BE ASKED, AND I AM LOOKING FORWARD TO --
12 TO THOSE KINDS OF QUESTIONS BEING ASKED IN THIS CASE.

13 I -- YOUR HONOR, I THINK WE'RE ONTO ANOTHER
14 ISSUE WITH THAT, IN A WAY, IF YOU KNOW WHAT I MEAN.

15 THE COURT: I KNOW WHAT YOU MEAN.

16 MR. SHERMAN: OKAY. SO -- SO I GUESS THE POINT IS
17 THIS, YOUR HONOR: I WAS LOOKING. I THOUGHT I MIGHT HAVE
18 THE KENNEMUR CASE HERE BECAUSE IT ACTUALLY APPLIES TO A LOT
19 OF THINGS. IT WAS CITED.

20 THE COURT: I'M FAMILIAR WITH THE CASE.

21 MR. SHERMAN: OKAY. THE POINT IS THIS:
22 IMPEACHMENT IS WELL UNDERSTOOD BY THE COURT. IT'S WELL
23 UNDERSTOOD BY COUNSEL HERE. THIS IS NOT IMPEACHMENT. WHAT
24 IT IS, IS WHAT WE'VE SEEN ALL DAY TODAY. WE'VE SEEN AN
25 HOUR AND A HALF EXAMINATION OF A WITNESS EXTEND INTO FOUR
26 HOURS BECAUSE COUNSEL DOESN'T HAVE HIS DUCKS IN A ROW. AND

1 THE FACT IS, THAT MAYBE THEY SHOULD HAVE FOUND THIS
2 DOCUMENT IN TRIAL PREPARATION. MAYBE THEY SHOULD HAVE PUT
3 IT ON A TRIAL EXHIBIT LIST. MAYBE WE WOULD HAVE LOOKED AT
4 IT THEN. WE HADN'T SEEN IT IN CONNECTION WITH OUR
5 PREPARATION FOR THE TRIAL.

6 AND THE FACT IS THAT YOU KNOW THEY CAN COME
7 IN WITH ALL SORTS OF THINGS. JUST A COUPLE OF
8 PHOTOGRAPHS. FRANKLY, I DON'T THINK THAT THAT'S RIGHT.
9 IT'S CERTAINLY NOT IMPEACHMENT.

10 THE COURT: THANK YOU. ANYTHING FURTHER?

11 MR. SHAW?

12 MR. SHAW: NO, YOUR HONOR. NOTHING FURTHER.

13 THE COURT: ALL RIGHT. I DON'T THINK THERE'S A
14 CLEAR-CUT CASE OF IMPEACHMENT MYSELF. SO I'M NOT GOING TO
15 ALLOW IT.

16 NOW THAT BRINGS US TO ANOTHER SUBJECT.

17 HOW MUCH LONGER WOULD YOU HAVE MR. RYMAN ON
18 THE STAND?

19 MR. SHAW: WE'RE DONE ON DIRECT EXAMINATION. SO
20 WHATEVER -- I -- THE DIRECT ANSWER TO YOUR QUESTION IS
21 HOW -- WHATEVER MR. SHERMAN GETS INTO ON CROSS-EXAMINATION.

22 THE COURT: HOW LONG DO YOU HAVE, MR. SHERMAN.

23 MR. SHERMAN: I EXPECT I'LL HAVE MR. RYMAN UP ON
24 THE STAND PROBABLY UNTIL ABOUT 2:00 P.M., OBVIOUSLY TAKING
25 INTO ACCOUNT THE BREAKS. AND I'M GOING TO TRY TO TRUNCATE
26 THE EXAMINATION BECAUSE MR. RYMAN DOES NEED TO LEAVE AT

1 3:00 P.M.

2 MR. MOSHENKO: IN THE EVENT --

3 THE COURT: WE DON'T HAVE ENOUGH TIME, HE MAY NOT
4 BE OUT OF HERE BY 3:00 P.M. DEPENDS UPON WHAT YOU OPEN UP.

5 MR. SHERMAN: I GUESS MY CONCERN IS THIS: IF I DO
6 AS MUCH AS GET A FEW POINTS IN, GIVEN THE WAY THIS ONE-HOUR
7 EXAMINATION THAT WE SHOULD HAVE HAD TODAY WENT, THROUGHOUT
8 THE WHOLE DAY I SUSPECT I'M -- WE'RE NOT GOING TO GET HIM
9 OUT AT ANY TIME. POINT IS, THESE -- THESE FELLOWS KNEW A
10 WEEK AGO THAT MR. -- MR. RYMAN WAS AVAILABLE THIS WEEK.
11 THEY ANNOUNCED TO US LAST WEEK THAT THERE WOULD BE THREE
12 WITNESSES. I HAVEN'T GOTTEN TO TALK TO THE JURY ONCE THIS
13 WEEK WITH THE EXCEPTION OF TRYING TO CORRECT SOME OF THE
14 DOCUMENT ERROR MISTAKES. AND SO I DON'T KNOW HOW LONG
15 WE'RE GOING TO TAKE WITH MR. RYMAN. AND --

16 THE COURT: MR. RYMAN IS --

17 MR. SHERMAN: WE --

18 THE COURT: HE WON'T BE AVAILABLE AGAIN?

19 MR. SHERMAN: WE'RE GOING TO BRING HIM BACK. THE
20 FACT IS --

21 THE COURT: WHY DON'T YOU WAIT THEN UNTIL -- HAVE
22 YOU GOT SOMEBODY ELSE YOU CAN PUT ON TOMORROW?

23 MR. MOSHENKO: OUR NEXT WITNESS WOULD BE
24 MR. RANDALL.

25 MR. SHERMAN: OH, NO. I WANT TO -- I WANT TO
26 EXAMINE MR. RYMAN.

1 THE COURT: ALL RIGHT.

2 MR. SHERMAN: I THINK THAT'S APPROPRIATE.

3 THE COURT: YOU RUN THE RISK, THOUGH -- I MEAN, IF
4 YOU WANT TO ACCOMMODATE HIM, FINE. BUT --

5 MR. SHERMAN: WELL, I'D LIKE COUNSEL TO AGREE THAT
6 WE'RE GOING TO BE ABLE TO PUT MR. RYMAN ON. I'M GOING TO
7 TAKE HIM, YOU KNOW, SEVERAL HOURS. COULD BE THREE. IT
8 COULD BE THREE AND A HALF, SOME -- SOMETHING IN THAT -- IN
9 THAT VICINITY.

10 THE COURT: WELL, I CAN'T PROMISE YOU. I WON'T
11 GUARANTEE THEY ARE NOT GOING TO BE ABLE TO DO YOUR JOB.

12 MR. SHERMAN: I'M GOING TO FINISH MR. RYMAN BY
13 NOON, AND I'M GOING TO ASK THE COURT'S INDULGENCE TO LET
14 MR. RYMAN LEAVE BY 3:00 P.M. AND HE'LL BE BACK FOR
15 WHATEVER FUN AND GAMES MR. SHAW HAS TOMORROW.

16 MR. MOSHENKO: IS THAT LEAVE AT NOON? IS WHAT HE'S
17 SAYING?

18 MR. SHERMAN: I THOUGHT I WAS CLEAR.

19 THE COURT: YOU'RE GOING TO FINISH.

20 MR. SHERMAN: I'LL FINISH WITH MR. RYMAN AT NOON.
21 THAT WILL GIVE MR. SHAW AN HOUR AND A HALF.

22 THE COURT: THAT SHOULD BE ENOUGH.

23 MR. SHERMAN: THANK YOU, YOUR HONOR.

24 THE COURT: IF HE ISN'T, HE'LL COME BACK.

25 MR. SHAW: THANK YOU, YOUR HONOR.

26 THE COURT: OKAY.

1 MR. SHERMAN: I ASSUME WITH THAT ISSUE, HE'LL COME
2 BACK. WE'LL BE ABLE TO TAKE ANOTHER WITNESS.

3 THE COURT: YES.

4 MR. MOSHENKO: CAN WE ASSUME TOMORROW IF WE'RE DONE
5 AT 3:00 THAT WE NEED TO START UP WITH A NEW WITNESS, OR IS
6 YOUR HONOR GOING TO WANT TO GIVE US THE WEEKEND?

7 THE COURT: WHAT'S YOUR PLEASURE?

8 MR. SHERMAN: LET'S LEAVE AT 3:00.

9 MR. SHAW: THAT'S THE ONLY TIME I'VE EVER AGREED
10 WITH MR. SHERMAN IN THIS ENTIRE TRIAL.

11 THE COURT: OKAY. I THOUGHT WE WOULD DISCUSS --

12 MR. SHAW: WAS THERE ONE OTHER TIME?

13 MR. SHERMAN: LET'S TAKE THE TIME WITH
14 MR. MOSHENKO.

15 THE COURT: LET'S DO THAT.

16 MR. SHERMAN: YOUR HONOR, ONE LAST THING.

17 THE COURT: YEAH.

18 MR. SHERMAN: NOTICES TO PRODUCE.

19 THE COURT: YEAH.

20 MR. SHERMAN: I CONGRATULATE MR. DURAN FOR PASSING
21 THE BAR. BUT CAN I -- CAN I GET -- CAN I GET A RESPONSE TO
22 THE COURT ORDERED NOTICES TO PRODUCE?

23 MR. MOSHENKO: THE NEWEST LAWYER IN THE COURT WHICH
24 IS NOT YET BAR-QUALIFIED, CAN HE MAKE HIS FIRST STATEMENT
25 IN COURT?

26 MR. DURAN: WELL --

1 MR. SHERMAN: STAND. STAND.

2 MR. DURAN: I CAN SAY THAT I HAVE PREPARED SIX OF
3 THE PLAINTIFFS' RESPONSES. THEY ARE BEING REVIEWED BY THE
4 CLIENT, AND THIS AFTERNOON WE SHOULD BE ABLE TO SERVE THEM
5 UPON YOU, OR AT THE VERY LATEST BY TOMORROW MORNING.

6 MR. SHERMAN: THAT'S WHAT WE HEARD YESTERDAY.

7 THE COURT: WELL, LET'S SEE.

8 MR. MOSHENKO: WE SAID WE'D HAVE THEM BY TODAY,
9 YOUR HONOR, APPROXIMATELY HALF OF THEM. IT'S MORE THAN
10 HALF. THERE'S 11 PLAINTIFFS. SIX OUT OF 11.

11 THE COURT: YOU'LL HAVE THEM ALL BY TOMORROW
12 MORNING?

13 MR. MOSHENKO: THERE'S STILL ANOTHER HUNDRED
14 QUESTIONS TO GO, YOUR HONOR, AS I'M INFORMED. AND --
15 WELL --

16 MR. SHERMAN: YOUR HONOR, WHAT I WOULD SUGGEST IS
17 THIS: LET'S GET THE SIX THAT MR. DURAN WAS REFERENCING
18 TOMORROW MORNING --

19 THE COURT: OKAY.

20 MR. SHERMAN: -- BEFORE THE START OF COURT, AND
21 THEN BY THE CLOSE OF BUSINESS, 5:00 P.M., ON FRIDAY, LET'S
22 HAVE THE BALANCE.

23 THE COURT: THAT'S FAIR.

24 MR. SHERMAN: THANK YOU.

25 THE COURT: SEE YOU ALL IN THE MORNING.

26 MR. SHAW: THANK YOU, YOUR HONOR.

1 MR. SHERMAN: THANKS, YOUR HONOR.

2 THE COURT: NINE O'CLOCK.

3 MR. SHERMAN: 8:45?

4 THE COURT: 8:30.

5 (WHEREUPON THE COURT WAS IN RECESS UNTIL
6 THURSDAY, JUNE 1, 2000, 8:30 A.M.)

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