

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

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

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

REPORTER'S TRANSCRIPT

JUNE 27, 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.

HEIDI K. STEWART, CSR #6058  
OFFICIAL COURT REPORTER

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1 WESTMINSTER, CALIFORNIA - TUESDAY, JUNE 27, 2000

2 MORNING SESSION

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

5 THE COURT: MRS. DESBOROUGH, YOU WERE HAVING THE  
6 BACK PROBLEM?

7 JUROR 12: UH-HUH.

8 THE COURT: OKAY. WELL, I'M SURE THE BAILIFF HAS  
9 TOLD YOU, FEEL FREE TO STAND ANY TIME YOU WANT.

10 JUROR 12: THANK YOU. I APPRECIATE IT.

11 THE COURT: PROCEED, COUNSEL.

12 MR. MOSHENKO: THANK YOU, YOUR HONOR.

13 RAYMOND NOVELLI,  
14 CALLED AS A WITNESS ON BEHALF OF THE PLAINTIFFS, HAVING  
15 BEEN FIRST DULY SWORN, WAS EXAMINED AND TESTIFIED AS  
16 FOLLOWS:

17 DIRECT EXAMINATION (CONTINUED)

18 BY MR. MOSHENKO: Q MR. NOVELLI, A COUPLE OF LOOSE  
19 STRINGS, IF I MAY.

20 I FORGOT TO ASK YOU YESTERDAY, WHO ARE THE  
21 PRIMARY CUSTOMERS OF APOLLO AND REVCON?

22 A I'M SORRY. I DON'T UNDERSTAND.

23 Q WHO ARE THE CUSTOMERS OF APOLLO AND REVCON  
24 THAT BUY THE MOTOR COACHES THAT YOU --

25 MR. SHERMAN: OBJECTION. NOT RELEVANT.

26 THE COURT: SUSTAINED.

1 BY MR. MOSHENKO: Q ALL RIGHT. DID YOU AT MY  
2 REQUEST PREPARE A LISTING OF YOUR RESORTS AND THE -- WHAT  
3 WE CALL AMENITIES THAT ARE EXISTING AT THOSE RESORTS  
4 CURRENT AS OF BOTH 1997 AND TODAY?

5 A YES.

6 Q WHAT'S THE TERM "AMENITY" MEAN SO THAT WE'RE  
7 ALL ON THE SAME PAGE?

8 A AMENITY MEANS THE FACILITIES THAT ARE --  
9 THAT A MEMBER IS ABLE TO USE AT A PARTICULAR R.V. RESORT.

10 Q OKAY. AND I'VE GIVEN YOU A COPY OF THAT  
11 AMENITY LISTING THAT YOU PREPARED?

12 A YES, YOU DID.

13 Q WOULD YOU JUST PLEASE READ THE AMENITIES,  
14 THE NAME OF THE RESORT, AND THE AMENITIES THAT RELATE TO  
15 EACH RESORT INTO THE RECORD SO THAT WE CAN HAVE IT IN THE  
16 RECORD.

17 A YES. BIG TURTLE RESORT, THAT'S IN OHIO. IT  
18 HAS 205 SITES TO PARK YOUR R.V. ON. AND THOSE SITES EACH  
19 HAVE WATER AND ELECTRIC. IT ALSO HAS A SWIMMING POOL AS  
20 MOST OF OUR SITES DO, A COUNTRY STORE. THAT'S WHERE THEY  
21 CAN BUY SOME FOOD ITEMS AND PARTS FOR YOUR MOTOR HOME.  
22 IT ALSO HAS A LAUNDRY ROOM. IT HAS A  
23 BASKETBALL COURT AND A VOLLEYBALL COURT. IT HAS AN  
24 ATHLETIC FIELD FOR FOOTBALL AND BASEBALL AND THAT SORT OF  
25 THING. IT HAS THE HORSESHOE PITS. IT HAS THE CHILDREN'S  
26 PLAY AREA. AND IT HAS A MINI-GOLF COURSE.

1           AND IT ALSO HAS A -- THE DUMP STATION, WHICH  
2 IS WHERE THEY DUMP THE SEWER. THE MOTOR HOMES ALL HAVE  
3 HOLDING TANKS FOR THEIR SEWER, AND THE DUMP STATION OF  
4 COURSE -- THEY PULL UP, AND THEY CAN DUMP THEIR HOLDING  
5 TANKS. AND THEY USE THAT, TOO, GRAY AND DARK WATER.

6           IT ALSO HAS A SITE WHERE THE MEMBERS CAN  
7 LEAVE THEIR MOTOR HOMES IF THIS WISH TO GO BACK HOME, STAY,  
8 FLY BACK TO CANADA AND SOMETHING LIKE THAT. THEY CAN LEAVE  
9 THE MOTOR HOME AT THE SITE IN ONE OF OUR STORAGE  
10 FACILITIES, AND IT ALSO HAS THAT.

11          AND IT ALSO HAS REST ROOM AND SHOWERS  
12 SEPARATE AND APART FROM THE MOTOR HOME REST ROOM AND  
13 SHOWERS. WE PROVIDE SHOWERS AND REST ROOMS ALSO.

14          AND IT ALSO HAS A CLUBHOUSE, AND THAT'S  
15 WHERE THE MEMBERS MEET TO PLAY CARDS OR WATCH MOVIES, AND  
16 THEY HAVE DANCES. JUST A LOT OF ACTIVITY GOES ON IN THEIR  
17 CLUBHOUSES. AND IT'S NIGHTLY ACTIVITY, DAILY ACTIVITY.  
18 AND THESE ACTIVITIES ARE PLANNED BY THE RESORT AND THE  
19 MEMBERS.

20          AND IT ALSO HAS A -- SOME KIND OF A NATURAL  
21 FACILITY, ACTIVITY, AND THIS PARTICULAR ONE HAS A LAKE.  
22 BIG TURTLE HAS, IN FACT, SEVERAL LAKES ON THE PROPERTY.

23          AND WE TRY WHEN WE BUY A RESORT OR LOCATE A  
24 RESORT FOR THE MEMBERS, IT'S USUALLY AROUND A FACILITY LIKE  
25 A LAKE OR SOMETHING THAT WILL DRAW THEM BEYOND JUST THE  
26 PLACE TO CAMP OVERNIGHT. BECAUSE IT'S MORE TO A MEMBER TO

1 BE ABLE TO ENJOY THE SITE BECAUSE THEY'RE THERE. THEY  
2 LIVE -- A LOT OF THE MEMBERS LIVE IN THESE TYPE OF  
3 SITUATIONS. SO WE PROVIDE A LOT OF ACTIVITIES FOR THEM.

4 Q ALL RIGHT, GO ON TO BLOSSOM RUN.

5 MR. SHERMAN: OBJECTION. CALLS FOR A NARRATIVE.

6 THE COURT: SUSTAINED.

7 BY MR. MOSHENKO: Q JUST LIST THE AMENITIES THAT  
8 ARE AT BLOSSOM RUN.

9 MR. SHERMAN: OBJECTION. VAGUE AS TO TIME, AND  
10 IT'S ALSO IRRELEVANT.

11 MR. MOSHENKO: THE OBJECTION WAS THAT IT'S BOTH  
12 1997 AND CURRENT AS OF TODAY. THAT'S WHAT I ASKED HIM WHEN  
13 I TALKED ABOUT THIS. THAT'S THE TIME.

14 THE COURT: THESE AMENITIES THAT EXISTED THEN IN  
15 '97.

16 MR. MOSHENKO: THAT EXISTED BOTH IN 1997 AND  
17 EXISTED AS OF TODAY. THAT WAS THE FOUNDATION.

18 THE COURT: ALL RIGHT. PROCEED.

19 BY MR. MOSHENKO: Q BLOSSOM RUN, PLEASE.

20 A YES. BLOSSOM RUN HAS A TOTAL OF 44 SITES  
21 THAT HAVE WATER, ELECTRIC, SEWER. THEY HAVE ANOTHER 119  
22 WITH WATER AND ELECTRIC SITES. THEY HAVE TENT SITES. THEY  
23 HAVE TRAILERS AND CABINS. THEY HAVE -- AND THOSE TRAILERS  
24 AND CABINS ARE FOR RENT FOR THE MEMBERS. IF THEY DON'T  
25 HAVE A MOTOR HOME, THEY'RE ABLE TO USE THOSE.

26 IT ALSO, OF COURSE, HAS A SWIMMING POOL.

1 AND IT HAS A BOAT AREA, LAKE FOR THE BOAT. SO IT'S LOCATED  
2 ON THE LAKE.

3 IT HAS LAUNDRY. IT HAS THE VOLLEYBALL  
4 COURTS. IT HAS THE ATHLETIC FIELD FOR THE FOOTBALL AND  
5 ALL. IT HAS SHUFFLE BOARD, HORSESHOES, THE CHILDREN'S PLAY  
6 AREA, MINI-GOLF, THE DUMP STATION, R.V. STORAGE, REST ROOM,  
7 SHOWERS, CLUBHOUSES AND ACTIVITY LAKE. SO IT HAS A LAKE  
8 FOR THE BOATS. THAT'S LOCATED UP IN MINNESOTA, NORTHERN  
9 MINNESOTA.

10 Q OKAY, THE NEXT ONE IS COUNTY CREEK?

11 A COUNTRY CREEK. COUNTRY CREEK IS LOCATED IN  
12 MISSISSIPPI.

13 Q LIST THE AMENITIES THAT DESCRIBED COUNTRY  
14 CREEK, YOUR RESORT, COUNTRY CREEK.

15 A COUNTRY CREEK IS AN 80-ACRE PARK. IT HAS 33  
16 WATER, SEWER AND ELECTRIC SITES. IT HAS 67 SITES WITH  
17 WATER AND ELECTRIC, A TOTAL OF 100 SITES. IT ALSO HAS A  
18 TENT AREA. IT HAS TRAILERS AND CABINS FOR RENT.

19 IT HAS A LARGE PAVILION. IT HAS A SWIMMING  
20 POOL. IT HAS A HOT TUBS AND SPAS. IT HAS -- THERE, AGAIN,  
21 IT ALSO HAS A BOAT AREA FOR PEOPLE THAT HAVE FISHING BOATS  
22 AND THINGS LIKE THAT, BASKETBALL COURT, TENNIS COURTS.  
23 VOLLEYBALL COURT, HORSESHOES, CHILDREN'S PLAY AREA,  
24 MINI-GOLF, THE DUMP STATION, OF COURSE, R.V. STORAGE, REST  
25 ROOMS, AND SHOWER FACILITIES, ALONG WITH A NICE CLUBHOUSE,  
26 AND THE -- ALSO HAS A LAKE ON THE PROPERTY, OR IN THIS CASE

1 A RIVER.

2 Q COUNTRY STORE AND LAUNDRY FACILITY; RIGHT?

3 A CORRECT.

4 MR. SHERMAN: MAY WE APPROACH?

5 THE COURT: YOU MAY.

6 (DISCUSSION OFF THE RECORD.)

7 MR. MOSHENKO: YOUR HONOR, COUNSEL HAS AGREED TO

8 STIPULATE THAT THIS DOCUMENT, WHICH I HAVE DESIGNATED AS

9 EXHIBIT 2194 AND ENTITLED "SUMMARY OF AMENITIES," MAY COME

10 INTO EVIDENCE SO THAT WE DON'T HAVE TO TAKE THE TIME AND GO

11 DOWN THE LIST.

12 THE COURT: GOOD.

13 MR. MOSHENKO: APPARENTLY WE HAVE BEEN DOING SO.

14 MR. SHERMAN: WE TESTIFIED THAT THIS IS WHAT THE

15 WITNESS WOULD TESTIFY TO. STIPULATE TO THAT.

16 THE COURT: STIPULATE?

17 MR. SHERMAN: YES.

18 MR. MOSHENKO: CORRECT. OKAY.

19 SO, MR. NOVELLI, GIVE ME YOUR COPY. I'D

20 LIKE TO GET IT MARKED AND WHERE IT NEEDS TO GO.

21 THE COURT: THAT OF COURSE IS SUBJECT TO

22 CROSS-EXAMINATION.

23 MR. SHERMAN: THAT'S CORRECT.

24 MR. MOSHENKO: I COULDN'T HEAR WHAT YOU SAID.

25 THE COURT: IT'S SUBJECT TO CROSS-EXAMINATION.

26 MR. MOSHENKO: OF COURSE IT IS, YES.

1 (WHEREUPON, EXHIBIT NO. 2194, SUMMARY OF  
2 AMENITIES, WAS RECEIVED IN EVIDENCE.)

3 BY MR. MOSHENKO: Q ALL RIGHT. MR. NOVELLI, I'D  
4 LIKE TO LOOK AT EXHIBIT 570, WHICH IS THE LICENSEE MANUAL.

5 A I DON'T BELIEVE I HAVE IT UP HERE, DO I?

6 Q OKAY. WE'RE GOING TO HAVE IT FOR YOU.

7 I BELIEVE THIS IS IN EVIDENCE, YOUR HONOR.

8 SO WE'D LIKE TO PUT IT UP ON THE SCREEN.

9 THE COURT: IS EXHIBIT 570?

10 MR. MOSHENKO: YES, 570.

11 Q PAGE 5 OF THE DOCUMENT, PLEASE, PARAGRAPH  
12 14, MR. NOVELLI. THAT'S PAGE 2, NUMBERED PAGE 2. I  
13 MEAN -- YEAH. GO UP THREE MORE PAGES.

14 OKAY. AND BLOW UP THAT PARAGRAPH 14,  
15 PLEASE.

16 ALL RIGHT. THE JURY HAS SEEN THIS BEFORE,  
17 MR. NOVELLI. HAVE YOU SEEN THE ANTI-RAIDING RULE, WHICH IS  
18 IN THE LICENSING MANUAL?

19 A YES, I HAVE.

20 Q OKAY. NOW, THE LICENSING MANUAL IS A PART  
21 OF YOUR CONTRACT WITH CAMP COAST TO COAST BY INCORPORATION?

22 A THAT'S CORRECT.

23 Q WERE YOU TOLD BY THE DEFENDANTS WHEN YOU  
24 FIRST BEGAN TO COMMUNICATE WITH THEM ABOUT HAVING YOUR  
25 RESORTS JOIN AND REMAIN IN THE COAST TO COAST SYSTEM, THAT  
26 THERE WAS AN ANTI-RAIDING RULE?

1 A YES. WHEN I CAME IN WITH ALL SEASONS  
2 RESORTS BACK IN 1986, I MET WITH MR. BUTLER SOMETIME IN THE  
3 LATTER PART OF '86 --

4 MR. SHERMAN: OBJECTION. THE WITNESS HAS ANSWERED  
5 THE QUESTION "YES."

6 THE COURT: SUSTAINED.

7 BY MR. MOSHENKO: Q AND WERE YOU TOLD THAT THAT  
8 RULE APPLIED TO YOUR RESORTS AND THE OTHER RESORTS IN THE  
9 RECIPROCAL SYSTEM?

10 A YES.

11 Q DID YOU BELIEVE AND RELY ON THE  
12 REPRESENTATION THAT SUCH A RULE EXISTED AND WOULD BE  
13 ENFORCED BY CAMP COAST TO COAST?

14 A I DID.

15 Q HAD YOU KNOWN THAT CAMP COAST TO COAST HAD A  
16 POLICY OF IT, IN THE EVENT OF A TERMINATION OF THE  
17 AGREEMENT ENABLING COMPETITOR RESORTS TO RAID YOUR MEMBERS,  
18 WOULD YOU HAVE AGREED TO JOIN AND REMAIN IN CAMP COAST TO  
19 COAST?

20 A ABSOLUTELY NOT.

21 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

22 THE COURT: SUSTAINED.

23 MR. MOSHENKO: WHAT WAS THE OBJECTION? I COULDN'T  
24 HEAR.

25 THE COURT: LACKS FOUNDATION.

26 MR. SHERMAN: I'M GOING TO MOVE TO STRIKE THE

1 ANSWER.

2 THE COURT: MOTION GRANTED. THE ANSWER IS STRICKEN.

3 BY MR. MOSHENKO: Q OKAY. IN YOUR EXPERIENCE, YOU

4 GAVE COAST NOTICE OF INTENT TO DISAFFILIATE; IS THAT

5 CORRECT?

6 A YES, I DID.

7 Q AND YOU LEARNED AFTER THAT THAT COAST SENT

8 LETTERS TO ALL OF YOUR MEMBERS TRANSFERRING THEM TO --

9 TRANSFERRING THEIR COAST TO COAST HOME RESORT MEMBERSHIP TO

10 OTHER RESORTS; CORRECT?

11 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

12 THE COURT: SUSTAINED.

13 MR. MOSHENKO: YOUR HONOR, MR. --

14 THE COURT: I'VE RULED, COUNSEL.

15 MR. MOSHENKO: OKAY.

16 Q WHAT LETTERS WERE SENT TO WHOM?

17 MR. SHERMAN: OBJECTION. LACKS FOUNDATION AS TO

18 WHAT CAMP COAST TO COAST SENT. CALLS FOR SPECULATION.

19 THE COURT: OVERRULED.

20 YOU MAY ANSWER THE QUESTION, IF YOU KNOW.

21 THE WITNESS: YES, I KNOW. CAMP COAST TO COAST

22 SENT OUT 35,000 LETTERS TO OUR MEMBERS, DIFFERENT MEMBERS

23 OF OUR ORGANIZATION, TRANSFERRING THOSE MEMBERS AWAY FROM

24 OUR HOME PARK TO ANOTHER HOME PARK, DIRECT TRANSFERS. AND

25 THEY ALSO SENT THE LIST OF THOSE MEMBERS AND THEIR

26 TELEPHONE NUMBERS AND ADDRESSES TO THOSE DEVELOPERS.

1 BY MR. MOSHENKO: Q AND YOU HEARD THE TESTIMONY IN  
2 THIS COURT THAT THAT OCCURRED AFTER YOU DISAFFILIATED?

3 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION  
4 THAT THAT WAS THE TESTIMONY. IT MISSTATES THE EVIDENCE  
5 THAT COAST SENT LETTERS TO ALL OF HIS MEMBERS.

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

7 BY MR. MOSHENKO: Q THE ANSWER?

8 A I'M SORRY?

9 THE COURT: YES OR NO?

10 MR. MOSHENKO: READ BACK THE QUESTION, PLEASE.

11 (THE FOLLOWING TESTIMONY WAS READ BACK:

12 "AND YOU HEARD THE TESTIMONY IN THIS COURT THAT THAT  
13 OCCURRED AFTER YOU DISAFFILIATED?")

14 THE WITNESS: YES.

15 BY MR. MOSHENKO: Q ALL RIGHT. AND HAD YOU KNOWN  
16 THAT IN THE EVENT OF YOUR DISAFFILIATION COAST WAS GOING TO  
17 DO THAT BACK WHEN YOU WERE TOLD ABOUT THE ANTI-RAIDING  
18 RULE, WOULD YOU HAVE AGREED TO ALLOW YOUR RESORTS TO JOIN  
19 AND REMAIN AFFILIATED WITH COAST TO COAST?

20 A OF COURSE NOT. NO DEVELOPER WOULD ALLOW  
21 THAT, WOULD AGREE TO THAT.

22 Q NOW, MR. NOVELLI, I WANT YOU TO -- I WANT TO  
23 REFERENCE YOU TO -- LET'S SEE -- ANOTHER PAGE IN THE  
24 DOCUMENT. PAGE 1 -- I'M SORRY, PAGE NUMBERED 1. IT IS  
25 ACTUALLY THE FOURTH PAGE IN THE EXHIBIT.

26 A YES, I SEE THAT.

1 Q ONE MORE. IT'S THE FOURTH PAGE IN THE  
2 EXHIBIT. IT HAS A NUMBER 1 AT THE BOTTOM.

3 COULD YOU PLEASE BLOW UP PARAGRAPH 1.

4 THIS IS PARAGRAPH 1 OF THE LICENSEE  
5 MANUAL. AND YOU -- WE HAVE ALL HEARD ABOUT THE PRIMARY  
6 PRODUCT RULE.

7 A YES, WE HAVE.

8 Q AND WERE YOU TOLD WHEN YOU DECIDED TO HAVE  
9 THE RESORTS JOIN AND PARTICIPATE IN COAST TO COAST, THAT  
10 COAST HAD AND WOULD ENFORCE A PRIMARY PRODUCT RULE?

11 A YES, I WAS.

12 Q DID YOU BELIEVE THAT WHEN YOU WERE TOLD  
13 THAT, AND DID YOU RELY ON IT WHEN YOU WERE TOLD THAT?

14 A YES, I DID.

15 Q DID YOU AS A RESULT HAVE YOUR RESORTS JOIN  
16 AND/OR REMAIN IN COAST TO COAST BASED ON THAT RELIANCE?

17 A YES, WE REMAINED IN COAST TO COAST BASED ON  
18 THAT RELIANCE.

19 Q OKAY. REFERRING TO THE SAME EVIDENCE OR  
20 TESTIMONY THAT WE PREVIOUSLY DISCUSSED RELATING TO THE  
21 ANTI-RAIDING RULE -- AND BY THAT I MEAN WHAT COAST DID  
22 AFTER YOU DISAFFILIATED -- HAD YOU KNOWN THAT COAST  
23 INTENDED TO OR WOULD DO WHAT THEY DID AFTER YOU  
24 DISAFFILIATED, HAVING IN MIND THE PRIMARY PRODUCT RULE  
25 REPRESENTATIONS, WOULD YOU HAVE AGREED TO ALLOW YOUR  
26 RESORTS TO REMAIN IN COAST TO COAST?

1 A ABSOLUTELY NOT.

2 Q OKAY. NOW, LET'S GO TO ANOTHER PAGE --

3 WELL, YOU'RE FAMILIAR WITH THE TRANSFER RULES?

4 A YES, I AM.

5 Q AND THEY EXIST IN THE SAME DOCUMENT AND WERE

6 PART OF YOUR CONTRACT WITH COAST TO COAST?

7 A YES.

8 Q DID COAST TELL YOU, BACK WHEN YOU AGREED TO

9 JOIN AND/OR REMAIN IN COAST TO COAST, THAT THERE WERE RULES

10 RELATING TO TRANSFERS --

11 A YES.

12 Q -- OF MEMBERS?

13 AND WHAT WERE YOU TOLD BY COAST ABOUT THE

14 TRANSFER RULES?

15 MR. SHERMAN: OBJECTION. CALLS FOR PAROL EVIDENCE.

16 THE COURT: SUSTAINED.

17 MR. MOSHENKO: IT'S NOT INCONSISTENT OR INTENDED TO

18 CONTRADICT. IT'S INTENDED TO REINFORCE AND STATE PRECISELY

19 WHAT IT SAYS.

20 MR. SHERMAN: THEN IT SPEAKS FOR ITSELF.

21 THE COURT: THEN THE CONTRACT SPEAKS FOR ITSELF.

22 MR. MOSHENKO: OKAY. THEN LET'S GET THE CONTRACT.

23 BATES STAMP 1996, EXHIBIT 2076. HERE IT IS.

24 PAGE 18 OF EXHIBIT 570. COULD WE BRING THAT UP. PARAGRAPH

25 7. BLOW UP WHAT'S ON THE SCREEN, PLEASE.

26 Q MR. NOVELLI, YOU WERE PROVIDED THIS DOCUMENT

1 OR A DOCUMENT LIKE IT AS OF THE TIME THAT YOU MADE THE  
2 DETERMINATION TO HAVE YOUR RESORTS JOIN AND/OR REMAIN  
3 AFFILIATED WITH CAMP COAST TO COAST?

4 A YES. THIS IS PART OF THEIR LICENSE  
5 AGREEMENT.

6 Q AND THIS IS A PART OF THE CONTRACT; CORRECT?

7 A RIGHT, AND PART OF THE CONTRACT.

8 Q ALL RIGHT. WAS IT EVER DISCLOSED TO YOU  
9 THAT IN THE EVENT COAST -- YOU -- IN THE EVENT YOU ELECTED  
10 TO CHANGE RECIPROCAL, THAT COAST'S POLICY WAS TO PRODUCE  
11 AND GIVE TO YOUR COMPETITORS COPIES OF LISTS OF YOUR  
12 MEMBERS AND ASK THEM TO GO AFTER YOUR MEMBERS WITHOUT YOUR  
13 WRITTEN CONSENT?

14 A IF COAST WOULD HAVE NOTIFIED ME OF THAT, I  
15 PROBABLY WOULDN'T HAVE CHANGED RECIPROCAL. I DOUBT VERY  
16 MUCH IF I WOULD HAVE CHANGED. I WOULD HAVE STAYED IN COAST  
17 IF I THOUGHT OR KNEW THEY WERE GOING TO TRANSFER MY  
18 MEMBERS. IF I HAD TO LEAVE WITHOUT MY MEMBERS, I DON'T  
19 THINK I WOULD HAVE CHANGED RECIPROCAL.

20 Q OKAY. MY QUESTION IS, WAS IT EVER DISCLOSED  
21 TO YOU THAT IN THE EVENT YOU ELECTED TO CHANGE RECIPROCAL,  
22 THAT COAST WOULD GIVE COPIES OF YOUR MEMBER LISTS TO OTHER  
23 COMPETITORS AND ASK THEM TO GO AFTER YOUR MEMBERS?

24 A JUST THE OPPOSITE. THEY WOULD NEVER GIVE MY  
25 LIST OF MEMBERS TO OTHER DEVELOPERS.

26 MR. SHERMAN: OBJECTION. THIS GOES BEYOND THE

1 QUESTION.

2 THE COURT: SUSTAINED.

3 MR. SHERMAN: I'M GOING TO MOVE TO STRIKE.

4 BY MR. MOSHENKO: Q YES, IT WAS DISCLOSED, OR NO?

5 THE COURT: HOLD IT. THERE'S A MOTION.

6 MR. SHERMAN: MOVE TO STRIKE AFTER "JUST THE

7 OPPOSITE."

8 THE COURT: MOTION GRANTED.

9 MR. MOSHENKO: AFTER "JUST THE OPPOSITE." OKAY

10 Q WHAT WAS THE OPPOSITE THAT WAS DISCLOSED?

11 MR. SHERMAN: OBJECTION. THAT SEEKS INFORMATION,

12 SEEKS TESTIMONY THAT IS SUBJECT TO THE PAROL EVIDENCE RULE.

13 MR. MOSHENKO: ONLY IF IT SEEKS TO CONTRADICT.

14 AND, YOUR HONOR, THE PAROL EVIDENCE RULE DOES NOT PROHIBIT

15 EVIDENCE TO EXPLAIN THE INTENT OF THE PARTIES. AND THAT'S

16 A JURY QUESTION.

17 THE COURT: IF IT'S CONTRADICTORY, IT'S ADMISSIBLE.

18 MR. SHERMAN: THEN THE DOCUMENT SPEAKS FOR ITSELF

19 AND IT'S --

20 THE COURT: IF IT'S NOT CONTRADICTORY, IT'S NOT

21 RELEVANT.

22 MR. MOSHENKO: IT IS NOT CONTRADICTORY BUT IT'S

23 RELEVANT TO PROVE THE INTENT OF THE PARTIES. AND, IN THIS

24 PARTICULAR CASE, IT'S ALSO RELEVANT TO SHOW

25 REPRESENTATIONS --

26 THE COURT: THE OBJECTION IS WELL TAKEN.

1 SUSTAINED.

2 BY MR. MOSHENKO: Q DID YOU BELIEVE THAT COAST  
3 WOULD ENFORCE THIS RULE AT THE TIME YOU MADE A DECISION TO  
4 ALLOW YOUR RESORT TO REMAIN IN COAST TO COAST?

5 A ABSOLUTELY.

6 Q HAD YOU AN UNDERSTANDING THAT IN THE EVENT  
7 OF YOUR ELECTION TO CHANGE RECIPROCALLS, COAST WOULD ACT AS  
8 THE EVIDENCE HAS SHOWN THEY DID ACT, WITH RESPECT TO THE  
9 ISSUE OF MEMBER TRANSFERS, WOULD YOU HAVE AGREED TO REMAIN  
10 IN THE COAST TO COAST SYSTEM?

11 A NO.

12 MR. SHERMAN: OBJECTION. IT ASSUMES FACTS NOT IN  
13 EVIDENCE. LACKS FOUNDATION.

14 THE COURT: SUSTAINED.

15 MR. MOSHENKO: WHICH FACT IS ASSUMED?

16 THE COURT: I SUSTAINED THE OBJECTION.

17 MR. SHERMAN: AND I MOVE TO STRIKE THE ANSWER AS  
18 NOT RESPONSIVE.

19 THE COURT: MOTION GRANTED.

20 MR. MOSHENKO: MAY I APPROACH, YOUR HONOR? I DON'T  
21 UNDERSTAND WHAT FACT IT ASSUMES.

22 THE COURT: APPROACH.

23 (DISCUSSION OFF THE RECORD.)

24 BY MR. MOSHENKO: Q MR. NOVELLI, HAD YOU  
25 UNDERSTOOD, BACK WHEN YOU RECEIVED THE TRANSFER RULES THAT  
26 ARE DEPICTED ON THE SCREEN, THAT IN THE EVENT THAT YOU

1 ELECTED TO CHANGE RECIPROCALS, THE DEFENDANTS WOULD ACT TO  
2 CONTACT THE MEMBERS OF YOUR RESORTS WHO WERE MEMBERS OF  
3 COAST TO COAST AND GIVE LISTS TO YOUR COMPETITORS AND ASK  
4 THEM TO GO AFTER YOUR MEMBERS, WOULD YOU HAVE AGREED TO  
5 HAVE YOUR RESORTS IN THE COAST TO COAST SYSTEM?

6 A ABSOLUTELY NOT. NEVER.

7 Q NOW, YOU RECALL THAT YOUR AGREEMENT PROVIDED  
8 FOR TERMS FOR TERMINATION OF YOUR RESORT -- OF YOUR  
9 AFFILIATION WITH CAMP COAST TO COAST; IS THAT CORRECT?

10 A YES. YES, IT DID.

11 Q WHEN YOU FIRST CAME INTO CONTACT WITH COAST  
12 TO COAST, DID COAST PROVIDE YOU WITH A CONTRACT WHICH  
13 INCLUDED A RIGHT TO TERMINATE?

14 A YES, IT DID.

15 Q BY GIVING WRITTEN NOTICE?

16 A YES, IT DID.

17 Q AND DID COAST EVER DISCLOSE TO YOU THAT IN  
18 THE EVENT YOU ELECTED TO TERMINATE AND/OR CHANGE  
19 RECIPROCALS, THAT COAST WOULD DECLARE YOUR MEMBERS TO BE  
20 ORPHANS AND -- YOUR MEMBERS WHO WERE COAST TO COAST MEMBERS  
21 TO BE ORPHANS AND TRANSFER THEM TO COMPETITOR RESORTS?

22 MR. SHERMAN: OBJECTION. THE QUESTION IS BARRED BY  
23 THE PAROL EVIDENCE RULE, AND FOR THAT REASON WE OBJECT.

24 MR. MOSHENKO: YOUR HONOR, I'D LIKE TO APPROACH AND  
25 TALK ABOUT THAT. BECAUSE THE PAROL EVIDENCE RULE DOES NOT  
26 PREVENT EVIDENCE OF CONCEALMENT.

1 THE COURT: APPROACH.

2 (DISCUSSION OFF THE RECORD.)

3 BY MR. MOSHENKO: Q MR. NOVELLI, WHEN IS THE FIRST  
4 TIME YOU EVER HEARD OF THE SO-CALLED COAST ORPHAN POLICY?

5 A I'M NOT SURE THAT I HEARD OF IT UNTIL THIS  
6 LITIGATION BEGAN.

7 Q THERE WAS SOME EVIDENCE THAT MR. SHERMAN  
8 BROUGHT UP THE OTHER DAY REGARDING A RESORT. I THINK THE  
9 NAME WAS COALBROOK OR -- DO YOU RECALL THE NAME OF THE  
10 RESORT WHERE HE INDICATED THAT YOU WERE AWARE OF THE ORPHAN  
11 POLICY AND RECEIVED ORPHAN MEMBERS?

12 A CLEARBROOK.

13 Q CLEARBROOK.

14 A YES.

15 Q YOU WERE THE MANAGING AGENT OF THE RESORTS  
16 THAT WERE REFERRED TO IN THAT LETTER RELATING TO THE  
17 CLEARBROOK RESORT?

18 A YES. IN THAT LETTER THERE WAS SEVERAL  
19 RESORTS MENTIONED, I BELIEVE SIX OR SEVEN RESORTS, OF WHICH  
20 THREE OR FOUR OF THOSE RESORTS WERE OURS.

21 Q NOW, AT THAT TIME DID ANYBODY EVER TALK TO  
22 YOU ABOUT THESE MEMBERS OF THE CLEARBROOK RESORT --

23 A NO.

24 Q -- BEING ORPHANS?

25 A NO. WE WEREN'T LOOKING FOR MEMBERS IN  
26 FLORIDA. WE WERE OVERCROWDED.

1 MR. SHERMAN: OBJECTION, THE WITNESS HAS ALREADY  
2 ANSWERED THE QUESTION.

3 THE COURT: SUSTAINED.

4 BY MR. MOSHENKO: Q DID YOU RESPOND TO THAT LETTER  
5 AND ENGAGE IN ANY DISCUSSIONS THAT RAISED THE ISSUE OF  
6 ORPHANS?

7 A THEY NEVER GAVE ME THE LETTER. I DON'T  
8 REMEMBER EVER SEEING THAT LETTER.

9 Q DID YOU RECEIVE ANY OF THE MEMBERS FROM THE  
10 CLEARBROOK THAT -- THAT YOU WERE AWARE OF THAT WERE  
11 PRESENTED TO YOU AS SO-CALLED ORPHANS?

12 A NO.

13 Q AND HAD YOU KNOWN THAT AT THE TIME OF YOUR  
14 DISAFFILIATION THAT COAST WOULD ACT, AS THE EVIDENCE HAS  
15 SHOWN IT HAD ACTED WITH RESPECT TO THEIR SO-CALLED ORPHAN  
16 POLICY, WOULD YOU HAVE AGREED TO HAVE YOUR RESORTS REMAIN  
17 IN COAST?

18 A OF COURSE NOT.

19 Q HAD YOU BEEN AWARE THAT COAST WOULD ACT, AS  
20 THE EVIDENCE HAS SHOWN IT WOULD ACT, AFTER YOUR  
21 DISAFFILIATION, WOULD YOU HAVE AGREED BACK IN THE 1980'S  
22 AND 1990'S TO TURN OVER THE NAMES OF YOUR -- AND ADDRESSES  
23 OF YOUR MEMBERS TO THE DEFENDANTS?

24 A NO, I WOULD NOT HAVE TURNED OVER ONE SINGLE  
25 NAME OR ADDRESS, AT LEAST THE ADDRESS.

26 Q COULD WE HAVE EXHIBIT 3, PLEASE. AND THE

1 LAST PAGE. PUT IT UP. IT'S IN EVIDENCE.

2 MR. NOVELLI, YOU'LL RECOGNIZE THIS DOCUMENT  
3 WHEN YOU SEE IT.

4 THAT'S IT RIGHT THERE. CAN YOU BLOW UP THE  
5 BOTTOM.

6 THIS IS AN INSIDE NEWS PUBLICATION BY  
7 ROGER RYMAN DATED JANUARY, 1990, ENTITLED, "MEMBERSHIP LIST  
8 PROTECTION."

9 DID YOU SEE THAT DOCUMENT BACK IN 1990?

10 A YES, I DID.

11 Q AND WHAT -- DID YOU READ IT AND UNDERSTAND  
12 THIS TO BE A PART OF THE CONTRACT WITH COAST TO COAST?

13 A YES.

14 Q DID YOU BELIEVE AND RELY UPON THE STATEMENTS  
15 THAT ARE STATED IN THERE TO THE EFFECT THAT THE LISTS ARE A  
16 PRIMARY ASSET OF THE RESORT OWNERS?

17 A I KNEW THAT.

18 MR. SHERMAN: OBJECTION. THE DOCUMENT SPEAKS FOR  
19 ITSELF.

20 THE WITNESS: I ALSO KNEW THAT.

21 THE COURT: THE OBJECTION WAS RAISED. HE HAS  
22 ALREADY ANSWERED THE QUESTION. THE MOTION TO STRIKE IS  
23 GRANTED.

24 BY MR. MOSHENKO: Q DID YOU BELIEVE -- OKAY.

25 LET'S LOOK AT WHAT THE DOCUMENT STATES FOR ITSELF.

26 "THE MEMBERSHIP LIST IS A PRIMARY ASSET OF

1 EVERY RESORT."

2 DID YOU BELIEVE AND RELY UPON THAT STATEMENT  
3 AS A PART OF YOUR AGREEMENT?

4 A YES, I DID.

5 Q DID YOU BELIEVE AND RELY ON THE STATEMENT  
6 THAT THE CONFIDENTIALITY OF THE LIST CANNOT BE EMPHASIZED  
7 ENOUGH?

8 A AND I BELIEVE THAT ALSO.

9 Q AND DID YOU CONFER FROM TIME TO TIME WITH  
10 COAST REPRESENTATIVES AND HAVE THEM CONFIRM THAT THE LISTS  
11 WERE CONFIDENTIAL?

12 MR. SHERMAN: OBJECTION. THAT SEEKS PAROL  
13 EVIDENCE, PAROLE EVIDENCE RULE.

14 MR. MOSHENKO: IT'S NOT ENFORCING.

15 THE COURT: OVERRULED.

16 THE WITNESS: YES. I'VE TALKED.

17 THE COURT: YOU ANSWERED "YES."

18 BY MR. MOSHENKO: Q WHO DID YOU SPEAK TO?

19 A I SPOKE TO MR. BUTLER. I SPOKE TO  
20 ROGER RYMAN ON THAT ISSUE. I SPOKE TO STEVE ADAMS ON THAT  
21 ISSUE.

22 Q WHEN DID YOU SPEAK TO MR. ADAMS?

23 A I BELIEVE THAT WAS SOMETIME IN 1993.

24 Q TELL US WHAT WAS SAID BETWEEN YOU AND  
25 MR. ADAMS ON THE ISSUE OF CONFIDENTIALITY LISTS.

26 MR. SHERMAN: OBJECTION. BARRED BY THE PAROL

1 EVIDENCE RULE.

2 THE COURT: SUSTAINED.

3 BY MR. MOSHENKO: Q DID MR. ADAMS AFFIRM THAT THE  
4 LISTS ARE CONFIDENTIAL?

5 MR. SHERMAN: OBJECTION. BARRED BY THE RULE.

6 MR. MOSHENKO: DOES NOT SEEK TO CONTRADICT.

7 MR. SHERMAN: AND IT'S IRRELEVANT.

8 THE COURT: THE OBJECTION IS SUSTAINED.

9 MR. MOSHENKO: ALL RIGHT.

10 Q DID YOU BELIEVE AND RELY ON THE STATEMENT  
11 THAT COAST HAD A POLICY WHICH WAS QUITE CLEAR IN THAT "WE  
12 DO NOT LEND, RENT, SELL, OR SHARE ANY OF THE NAMES ON THE  
13 RESORTS' LIST"?

14 A YES, I DID BELIEVE THAT.

15 Q WAS THAT CONFIRMED ORALLY FROM TIME TO TIME  
16 BY YOUR COMMUNICATIONS WITH COAST TO COAST REPRESENTATIVES?

17 MR. SHERMAN: OBJECTION. THAT IS BARRED BY THE  
18 PAROL EVIDENCE RULE.

19 THE COURT: SUSTAINED.

20 BY MR. MOSHENKO: Q HAD YOU KNOWN THAT COAST WOULD  
21 ACT AS THEY DID AFTER YOU SENT THE DISAFFILIATION LETTERS  
22 WITH RESPECT TO RELEASING COPIES OF LISTS TO OTHER  
23 RESORT -- COMPETITOR RESORT OWNERS, WOULD YOU HAVE AGREED  
24 TO GIVE THOSE NAMES AND ADDRESSES TO COAST?

25 A NO.

26 Q WOULD YOU HAVE AGREED TO HAVE YOUR RESORTS

1 BE IN AND REMAIN IN THE COAST TO COAST SYSTEM?

2 A ABSOLUTELY NOT. I MIGHT HAVE BEEN FORCED TO  
3 STAY.

4 MR. SHERMAN: I MOVE TO STRIKE EVERYTHING AFTER  
5 "ABSOLUTELY NOT" --

6 THE COURT: MOTION GRANTED.

7 MR. SHERMAN: -- AS NOT RESPONSIVE.

8 BY MR. MOSHENKO: Q THE DEFENDANTS HAVE TESTIFIED  
9 IN THIS CASE THAT THE LISTS WERE CONFIDENTIAL BUT SUGGESTED  
10 THAT THE CONFIDENTIALITY ENDS ONCE YOU DISAFFILIATE.

11 DO YOU RECALL THAT TESTIMONY?

12 A YES, I DO.

13 MR. MOSHENKO: EXHIBIT 2076.

14 YOUR HONOR, I EXPECT EXHIBIT 2076 IS A 1996  
15 CONTRACT.

16 COULD WE GO TO THE LAST PAGE TO SEE THE  
17 SIGNATURES.

18 Q IS THERE A SIGNATURE ON THAT DOCUMENT?

19 A ARE YOU ASKING ME?

20 Q YES.

21 A YES, THERE IS.

22 Q NOW, COULD WE BLOW UP PARAGRAPH C ON THAT  
23 PAGE, PAGE 10.

24 WHEN YOU ENTERED IN THIS AGREEMENT, DID YOU  
25 HAVE THE UNDERSTANDING THAT EXPIRATION OF THIS AGREEMENT BY  
26 LAPSE OF TIME, TERMINATION, OR OTHER CAUSE SHALL NOT AFFECT

1 THE CONTINUING COVENANTS, DUTIES AND OBLIGATIONS HEREIN?

2 A YES.

3 Q DID YOU BELIEVE AND RELY UPON THE PROMISE  
4 AND REPRESENTATION THAT IF YOU -- IF THE AGREEMENT WERE TO  
5 LAPSE BASED ON TERMINATION, THAT THE DUTIES AND OBLIGATIONS  
6 AND PROMISES OF COAST TO COAST IN -- CONTAINED IN THE  
7 CONTRACT WOULD REMAIN IN EFFECT?

8 A YES, OF COURSE.

9 Q HAD YOU KNOWN THAT IN THE EVENT OF A  
10 TERMINATION OF THE AGREEMENT, COAST WOULD TAKE THE POSITION  
11 THAT BECAUSE YOU WERE NO LONGER AN AFFILIATED RESORT, THE  
12 PROTECTIONS FOR YOUR MEMBERS, SUCH AS THE ANTI-RAIDING RULE  
13 AND THE CONFIDENTIALITY OF LISTS, WOULD GO AWAY?

14 MR. SHERMAN: OBJECTION. MISSTATES THE EVIDENCE.

15 THE COURT: SUSTAINED.

16 BY MR. MOSHENKO: Q HAD YOU KNOWN THAT IF -- IF  
17 YOU HAD KNOWN THAT COAST WOULD ACT AS IT ACTED AND TAKEN  
18 THE POSITIONS THAT IT HAS TAKEN IN THIS CASE BEFORE THIS  
19 JURY, WOULD YOU HAVE AGREED TO HAVE YOUR MEMBERS BE MEMBERS  
20 OF COAST?

21 A ABSOLUTELY NOT.

22 Q WOULD YOU HAVE AGREED TO ENTER INTO THAT  
23 AGREEMENT?

24 A I WOULDN'T HAVE ENTERED INTO THE AGREEMENT.

25 Q WOULD YOU HAVE AGREED TO HAVE YOUR RESORTS  
26 BE PART OF AND REMAIN IN THE COAST TO COAST SYSTEM?

1 A I WOULDN'T, AND I DON'T BELIEVE ANYBODY ELSE  
2 WOULD.

3 MR. SHERMAN: OBJECTION. MOVE TO STRIKE "I DON'T  
4 BELIEVE ANYONE ELSE WOULD." IT'S NOT RESPONSIVE TO THE  
5 QUESTION.

6 THE COURT: SUSTAINED. MOTION TO STRIKE IS  
7 GRANTED.

8 MR. MOSHENKO: COULD WE HAVE EXHIBIT 1719.  
9 1719 CONSISTS OF TWO LETTERS WHICH ARE IN  
10 EVIDENCE. I REFER TO THEM AS THE DIAMOND LETTERS.

11 Q MR. NOVELLI, YOU'LL RECALL THAT IN AROUND  
12 JANUARY OF 1992, JAMES JOSEPH ON BEHALF OF ALL SEASONS  
13 ASKED PATRICK BUTLER TO RESPOND TO CERTAIN CONTENTIONS  
14 ABOUT MISUSE OF MEMBER LISTS.

15 MR. SHERMAN: OBJECTION. THAT IS A LEADING  
16 QUESTION.

17 THE COURT: SUSTAINED.

18 MR. MOSHENKO: IT'S JUST AN INTRODUCTION. I  
19 HAVEN'T ASKED THE QUESTION YET.

20 THE COURT: REPHRASE.

21 BY MR. MOSHENKO: Q NOW, IF WE'D GO TO THE SECOND  
22 LATER, WHICH IS THE FEBRUARY 7TH LETTER, THIS IS THE  
23 RESPONSE BY ROGER RYMAN TO -- ADDRESSED TO RICHARD DIAMOND.

24 COULD YOU BLOW UP THE SECOND PARAGRAPH.

25 "AS A MATTER OF POLICY WE HAVE ALWAYS  
26 CONSIDERED RESORT MEMBER LISTS TO BE PROPRIETARY AND, IN

1 FACT, A PRIMARY ASSET OF ANY RESORT."

2 NOW, DID YOU HAVE CONVERSATIONS WITH PERSONS  
3 FROM COAST TO COAST IN WHICH THIS FACT WHICH AFFIRMED YOUR  
4 UNDERSTANDING AND AGREEMENT, NOT CONTRADICTED YOUR  
5 UNDERSTANDING AND AGREEMENT, WERE STATED TO YOU?

6 MR. SHERMAN: OBJECTION. VIOLATES THE PAROL  
7 EVIDENCE RULE. IT'S NOT RELEVANT.

8 MR. MOSHENKO: IT WOULD HAVE TO CONTRADICT THE  
9 TERMS OF THE AGREEMENT.

10 MR. SHERMAN: IF IT DIDN'T CONTRADICT, THEN IT'S  
11 NOT RELEVANT.

12 MR. MOSHENKO: BUT THE INTENT OF THE PARTIES IS --

13 THE COURT: LET ME RULE.

14 MR. MOSHENKO: AN INTERPRETATION OF THE PARTIES IS  
15 RELEVANT.

16 THE COURT: THE OBJECTION IS SUSTAINED.

17 BY MR. MOSHENKO: Q DID YOU RELY ON THE  
18 REPRESENTATIONS THAT WERE MADE TO YOU RELATING TO THE  
19 MEMBERSHIP LIST BEING THE PROPRIETARY ASSET OF -- PRIMARY  
20 ASSET OF ANY RESORT?

21 A YES, I DID.

22 Q AND HAD YOU KNOWN THAT COAST WOULD HAVE  
23 ACTED AS IT ACTED AFTER YOU SENT THE DISAFFILIATION LETTER,  
24 WOULD YOU HAVE -- AND GIVEN THE LISTS TO YOUR COMPETITORS,  
25 WOULD YOU HAVE AGREED TO HAVE YOUR MEMBERS REMAIN IN COAST  
26 TO COAST?

1 A ABSOLUTELY NOT.

2 Q WOULD YOU HAVE GIVEN YOUR MEMBER NAMES AND  
3 ADDRESSES TO COAST TO COAST?

4 A NO.

5 Q WOULD YOU HAVE ALLOWED YOUR RESORTS TO  
6 REMAIN IN COAST TO COAST?

7 A NO.

8 Q HIDDEN SPRINGS CORPORATION IS ONE OF THE  
9 PLAINTIFFS IN THIS ACTION; CORRECT?

10 A YES.

11 Q WHO WAS THE OWNER OF HIDDEN SPRINGS  
12 CORPORATION?

13 A I BELIEVE IT'S OWNED BY BOGUE CHITTO RIVER  
14 DEVELOPMENT CORPORATION.

15 Q AND WHO IS THE OWNER OF BOGUE CHITTO RIVER  
16 DEVELOPMENT?

17 A THE SCHULZ FAMILY TRUST.

18 MR. MOSHENKO: COULD WE HAVE EXHIBIT 2138.

19 Q DO YOU RECOGNIZE 2138 AS AN ASSIGNMENT?

20 A YES, I DO.

21 Q BY BOGUE CHITTO, OF ALL OF ITS RIGHTS AND  
22 INTERESTS REFERRING TO THE SCHULZ FAMILY TRUST?

23 MR. SHERMAN: OBJECTION.

24 MAYBE I OUGHT TO JUST CLARIFY WHAT PAGE IN  
25 2138, BECAUSE THE FIRST PAGE BOGUE CHITTO ISN'T ANYWHERE TO  
26 BE FOUND.

1           MAY I SEE WHAT THE WITNESS WAS REFERRING  
2 TO?

3           THE COURT: LET'S SEE WHAT HE IS REFERRING TO.

4           MR. MOSHENKO: OKAY. I NEED A PAGE. RIGHT. THANK  
5 YOU, COUNSEL. PAGE 8.

6           MR. SHERMAN: SO THE FIRST PAGE HAS NOTHING TO DO  
7 WITH BOGUE CHITTO.

8           THE COURT: APPARENTLY NOT.

9           IS THAT RIGHT, MR. MOSHENKO?

10          MR. MOSHENKO: THAT IS CORRECT, YOUR HONOR. I  
11 MISSPOKE WHEN I ASKED THE QUESTION. WE NEED TO GO TO THE  
12 EIGHTH PAGE. IT'S THE PAGE THAT'S BATES STAMPED PTE  
13 21930.

14          Q    CAN YOU FIND THAT, MR. NOVELLI?

15          A    YES, I HAVE IT.

16          Q    DO YOU RECOGNIZE -- WHO SIGNED THAT DOCUMENT?

17          A    I DID.

18          Q    OKAY. AND DO YOU RECOGNIZE THAT AS AN  
19 ASSIGNMENT -- ASSIGNMENT ON BEHALF OF BOGUE CHITTO OF ALL  
20 RIGHTS AND INTERESTS RELATING TO HIDDEN SPRINGS' CLAIMS TO  
21 THE HANS SCHULZ FAMILY TRUST?

22          MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION,  
23 GIVEN THE WITNESS'S TESTIMONY WITH RESPECT TO THE SCHULZ  
24 FAMILY TRUST.

25          THE COURT: LAY SOME FOUNDATION, MR. MOSHENKO.

26          MR. MOSHENKO: I'M SORRY. I'M HARD OF HEARING. I

1 DIDN'T HEAR WHAT HE SAID.

2 THE COURT: THE OBJECTION WAS IT LACKS FOUNDATION.

3 MR. MOSHENKO: OKAY.

4 Q ARE YOU AN AUTHORIZED SIGNOR FOR BOGUE

5 CHITTO RIVER RESORT CORPORATION?

6 A YES, I AM.

7 Q WHO DID YOU INTEND TO ASSIGN THE INTEREST TO

8 BY VIRTUE OF THIS DOCUMENT?

9 MR. SHERMAN: OBJECTION. THE DOCUMENT SPEAKS FOR

10 ITSELF AS FAR AS WHO IS THE ASSIGNEE.

11 THE COURT: SUSTAINED.

12 MR. SHERMAN: WE'LL OFFER TO ADMIT IT INTO EVIDENCE

13 IF THAT'S WHAT THEY WISH.

14 BY MR. MOSHENKO: Q DID YOU ON BEHALF OF BOGUE

15 CHITTO ASSIGN THE CLAIMS OF HIDDEN SPRINGS TO HANS SCHULZ

16 FAMILY TRUST?

17 A NO. BOEING ASSIGNED ITS INTEREST TO HIDDEN

18 SPRINGS IN THIS DOCUMENT.

19 Q OH, I'M SORRY. I'M MISREADING IT AGAIN.

20 ALL RIGHT.

21 SO ALL RIGHT. I OFFER THIS IN EVIDENCE,

22 YOUR HONOR. COUNSEL JUST SAID IT COULD GO IN.

23 MR. SHERMAN: NO OBJECTION.

24 THE COURT: WHAT WAS THE EXHIBIT NUMBER?

25 MR. MOSHENKO: IT'S EXHIBIT 2138, BATES STAMP PTE

26 21930.

1 THE COURT: GIVE ME THE STAMP AGAIN.

2 MR. MOSHENKO: BATES STAMP PAGE NUMBER PTE 21930.

3 MR. SHERMAN: YOUR HONOR, WE'D STIPULATE TO ALLOW  
4 ALL THESE ASSIGNMENTS IN.

5 MR. MOSHENKO: VERY WELL.

6 MR. SHERMAN: IN 2138.

7 MR. MOSHENKO: SO STIPULATED. THE ENTIRE EXHIBIT  
8 2138 IS ADMITTED.

9 THE COURT: ALL RIGHT.

10 (WHEREUPON, EXHIBIT NO. 2138, ASSIGNMENT,  
11 WAS RECEIVED IN EVIDENCE.)

12 BY MR. MOSHENKO: Q ALL RIGHT. NOW, HIDDEN  
13 SPRINGS HAS -- IS RELATED TO ONE RESORT CALLED "THE HIDDEN  
14 SPRINGS RESORT"; CORRECT?

15 A YES.

16 Q AND BY VIRTUE OF THE EXHIBIT THAT WAS  
17 OFFERED INTO EVIDENCE THIS MORNING, WE HAVE DESCRIBED THE  
18 AMENITIES OF THE HIDDEN SPRINGS RESORT?

19 A YES, WE HAVE.

20 Q I BELIEVE IT'S ON THAT LIST.

21 ALL RIGHT. NOW, THE -- IT'S A MEMBERSHIP  
22 RESORT; CORRECT?

23 A YES.

24 Q AND THE MEMBER BASE IS OWNED BY THE HIDDEN  
25 SPRINGS CORPORATION?

26 A YES.

1 Q OKAY. AND, NOW, DID COAST TO COAST SEND  
2 LETTERS TO PERSONS WHO WERE MEMBERS OF THE HIDDEN SPRINGS  
3 RESORT TRANSFERRING THEIR MEMBERSHIPS?

4 A YES, THEY DID.

5 Q HAVE YOU -- WE HAVE AN EXHIBIT BEFORE THE  
6 JURY WHICH IS EXHIBIT 1808 WHICH CONSISTS OF A LIST OF ALL  
7 OF THE MEMBERS WHO WERE PLAINTIFFS' MEMBERS WHO RECEIVED  
8 TRANSFERS LETTERS; DO YOU RECALL THAT EXHIBIT?

9 A YES.

10 Q HAVE YOU AND YOUR STAFF DONE A COUNT OF  
11 THAT -- OF THE NUMBER OF MEMBERS THAT WERE TRANSFERRED  
12 WHICH WERE HIDDEN SPRINGS MEMBERS?

13 A YES.

14 Q AND WHAT NUMBER OF MEMBERS DID COAST  
15 TRANSFER?

16 A THEY TRANSFERRED 294 MEMBERS.

17 MR. MOSHENKO: ALL RIGHT. NOW WE'D LIKE EXHIBIT  
18 2172, PLEASE.

19 YOUR HONOR, EXHIBIT 2172 IS THE COMPUTER  
20 FILES, SOMETIMES CALLED "BATCH FILES" THAT CAME FROM CAMP  
21 COAST TO COAST, AND THEY ARE ADMITTED INTO EVIDENCE. AND  
22 WE NEED TO GO TO THE PAGE 150-154.

23 ALL RIGHT. AND, MR. NOVELLI, LET'S LOOK AT  
24 THE FIRST PAGE.

25 BLOW IT UP, PLEASE.

26 THIS IS COAST TO COAST'S OWN RECORDS; IS

1 THAT CORRECT?

2 A YES.

3 Q AND I WANT TO FOCUS FIRST ON THE NAME

4 "HIDDEN SPRINGS RESORT."

5 A LET ME FIND IT IN MY BOOK.

6 Q BATES STAMPS CCC 08093, MR. NOVELLI. WHY

7 DON'T WE WORK OFF THE SCREEN, MR. NOVELLI.

8 CAN YOU SEE IT?

9 A I CAN DO THAT.

10 Q AND DOES THIS DOCUMENT INDICATE THAT HIDDEN

11 SPRINGS LOST ITS AFFILIATION AS OF TIME OR DATE?

12 DO YOU SEE WHERE IT SAYS "OUT VOLUNTARY"?

13 MR. SHERMAN: YOUR HONOR, THIS LACKS FOUNDATION.

14 AND IF THIS WITNESS IS SIMPLY GOING TO READ FROM THE

15 DOCUMENT, IT'S NOT RELEVANT. THE DOCUMENT SPEAKS FOR

16 ITSELF.

17 MR. MOSHENKO: WELL, ALL RIGHT. THE DOCUMENT DOES

18 SPEAK FOR ITSELF, AND I WANT TO REFER THE WITNESS TO

19 CERTAIN PORTIONS OF THE DOCUMENT SO THE JURY IS AWARE OF.

20 Q DO YOU SEE WHERE IT INDICATES -- WHAT BOGUE

21 CHITTO -- FORMER NAMED BOGUE CHITTO SPRINGS RESORT?

22 A YES.

23 Q IS THAT A CORRECT STATEMENT OF WHAT IT WAS?

24 A YES.

25 Q AND OUT VOLUNTARY ON 10/8 OF '97?

26 A YES, I SEE THAT.

1 Q WAS HIDDEN SPRINGS ONE OF THE RESORTS THAT  
2 VOLUNTARILY TOOK ITSELF OUT OF THE COAST TO COAST SYSTEM?

3 A YES, IT DID.

4 Q IT WAS AFFILIATED WITH COAST AND TOOK ITSELF  
5 OUT BY YOUR AUGUST 27 LETTER?

6 A YES.

7 Q OKAY. LET'S GO TO THE NEXT PAGE.

8 DID BOGUE CHITTO, HIDDEN SPRINGS RESORT --  
9 DID HIDDEN SPRINGS RESORT HAVE AN AFFILIATION AGREEMENT  
10 WITH CAMP COAST TO COAST?

11 A YES.

12 Q IF WE CAN GO TO THE RIGHT-HAND MARGIN AND  
13 BLOW UP JUST THE BOTTOM, THE LINE NUMBER 40.

14 OKAY. AND WE NEED TO SEE THE -- OH, THERE  
15 IT IS -- ORIGINAL LICENSE DATE, 3/1/85.

16 IS THAT YOUR UNDERSTANDING OF WHEN THAT WAS  
17 FIRST AFFILIATED?

18 MR. SHERMAN: OBJECTION. LACKS FOUNDATION. I ASK  
19 COUNSEL TO LAY A FOUNDATION AS TO THE EVENTS THAT OCCURRED  
20 A YEAR BEFORE HE JOINED.

21 BY MR. MOSHENKO: Q BASED ON THIS DOCUMENT, IS  
22 THAT YOUR UNDERSTANDING OF WHEN THIS RESORT AFFILIATED?

23 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION.

24 THE COURT: SUSTAINED.

25 MR. SHERMAN: CALLS FOR SPECULATION.

26 BY MR. MOSHENKO: Q DO YOU HAVE AN UNDERSTANDING

1 OF WHEN THIS RESORT WAS AFFILIATED WITH COAST TO COAST THE  
2 FIRST TIME?

3 A YES.

4 Q WHAT DO YOU BASE THAT UNDERSTANDING ON?

5 A BASE THAT ON COAST TO COAST'S RECORD.

6 Q OKAY. THIS DOCUMENT AMONG OTHERS?

7 A YES.

8 MR. SHERMAN: MOVE TO STRIKE THE ANSWER AS BASED ON  
9 SPECULATION, IF IT'S BASED ON RECORDS.

10 MR. MOSHENKO: IT'S BASED ON A DOCUMENT BEFORE THE  
11 JURY, A COAST RECORD.

12 THE COURT: I'LL ALLOW IT. IT'S A COAST RECORD.

13 BY MR. MOSHENKO: Q NOW, CAN WE FIND EXHIBIT  
14 1592.

15 MR. NOVELLI, JUST KEEP THAT THERE. I'M  
16 GOING TO HAND YOU SOMETHING ELSE. THIS IS EXHIBIT 1592.

17 MR. NOVELLI, I FIRST WANT TO DIRECT YOUR  
18 ATTENTION TO THE BACK PAGE. IT'S DATED -- DO YOU SEE THE  
19 SIGNATURE LINES THERE?

20 A YES, I DO.

21 Q ALL RIGHT. AND THIS INDICATES THAT THIS  
22 AGREEMENT WAS SIGNED ON -- BY -- AT LEAST BY ROGER RYMAN ON  
23 4/14 OF 1998?

24 A THAT'S CORRECT.

25 Q AND IS THIS TO YOUR KNOWLEDGE A COPY OF THE  
26 AFFILIATION AGREEMENT THAT WAS ENTERED INTO BETWEEN COAST

1 AND HIDDEN SPRINGS AS OF THAT DATE?

2 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

3 THE COURT: I'LL ALLOW IT.

4 GO AHEAD. GET ON WITH IT.

5 THE WITNESS: YES, THIS WAS SIGNED BY MR. HOWARTH

6 ON BEHALF OF HIDDEN SPRINGS RESORT, INC.

7 MR. MOSHENKO: OFFER THIS EXHIBIT INTO EVIDENCE,

8 YOUR HONOR.

9 THE COURT: NO OBJECTION?

10 MR. SHERMAN: I'D LIKE YOUR HONOR TO TAKE THIS

11 UNDER SUBMISSION. I'M NOT SURE THAT THE FOUNDATION AND

12 RELEVANCE OF THIS DOCUMENT HAS BEEN ESTABLISHED.

13 THE COURT: IT'S UNDER SUBMISSION.

14 BY MR. MOSHENKO: Q AS OF 1997, WHAT WERE THE

15 APPROXIMATE TOTAL NUMBER OF MEMBERS IN HIDDEN SPRINGS?

16 A I BELIEVE THERE WAS SOMEWHERE AROUND 8-,

17 900.

18 Q ALL RIGHT. YOU TESTIFIED YESTERDAY THAT

19 APPROXIMATELY 30 TO 35 PERCENT OF THOSE MEMBERS WERE COAST

20 MEMBERS?

21 A YES.

22 Q IS HIDDEN SPRINGS A RESORT WHERE THE MEMBERS

23 OWNED AN UNDIVIDED INTEREST IN THE RESORT?

24 A YES, THEY DO.

25 Q OKAY. AND WE'VE SEEN THE EVIDENCE THAT

26 COAST SENT TRANSFER LETTERS TO ALL OF THE PLAINTIFFS'

1 RESORTS.

2 DID MEMBERS OF HIDDEN SPRINGS, WHO WERE  
3 MEMBERS OF COAST TO COAST, RECEIVE SOME OF THOSE TRANSFER  
4 LETTERS?

5 A YES. 294 OF THEM.

6 Q OKAY. AND, NOW, I LEFT UP THERE FOR YOU A  
7 COPY OF THE COAST DIRECTORY.

8 A YES, I HAVE IT.

9 Q THIS IS EXHIBIT 1884.

10 NOW, IN ORDER FOR A RESORT TO BE IN A COAST  
11 DIRECTORY, IT WOULD HAVE TO BE AN AFFILIATED RESORT;  
12 CORRECT?

13 A YES.

14 Q IS HIDDEN SPRINGS SHOWN AS AN AFFILIATION  
15 RESORT AS OF 1997 ON PAGE 251?

16 MR. SHERMAN: COUNSEL, COULD WE JUST CONFIRM, IS  
17 THAT THE 24TH EDITION?

18 MR. MOSHENKO: THE 1997 DIRECTORY.

19 THE WITNESS: YES. HIDDEN SPRINGS RESORT IN  
20 TYLERTOWN, MISSISSIPPI.

21 BY MR. MOSHENKO: Q NOW I WOULD LIKE YOU TO MOVE  
22 ON TO THE FOURTH PAGE, 154.

23 AND BLOW UP THE STUFF IN THE BLOCK, PLEASE.

24 THESE ARE COAST RECORDS. THEY INDICATE THAT  
25 ON 10-11-97 THE MEMBERS OF HIDDEN SPRINGS WERE  
26 MASS-TRANSFERRED TO ANOTHER PARK, SHILO, LAKE BRUIN PARK?

1 A THAT'S CORRECT.

2 MR. SHERMAN: OBJECTION. THE DOCUMENT SPEAKS FOR  
3 ITSELF. IT SAYS, "MASS-TRANSFERRED MEMBERS." IT DOESN'T  
4 SAY, "MASS-TRANSFERRED HIDDEN SPRINGS" OR "ALL OF THE  
5 MEMBERS OF HIDDEN SPRINGS."

6 MR. MOSHENKO: THIS IS THE HIDDEN SPRINGS RECORD,  
7 AND THIS --

8 MR. SHERMAN: YOUR HONOR, IF IT'S A COAST TO COAST  
9 RECORD --

10 MR. MOSHENKO: COULD YOU BLOW UP THE TOP OF THE  
11 PAGE, THE WHOLE THING? THE WHOLE THING.

12 Q IT INDICATES THIS IS A HIDDEN SPRINGS  
13 RESORT-RELATED RECORD, MR. NOVELLI?

14 A YES, IT IS.

15 Q AND RELATING TO THAT RESORT, ON 10/11/1997  
16 MASS-TRANSFERRED MEMBERS TO PARK 1532, SHILO, LAKE BRUIN?

17 A YES.

18 Q SIGNED MARY.  
19 YOU HEARD TALK ABOUT MARY URIOSTE?

20 A YES, I HAVE.

21 Q LET'S GO TO THE NEXT PAGE.  
22 WAS THIS ONE OF THE RESORTS THAT ONE OF YOUR  
23 ORGANIZATIONS ACQUIRED AT THE A.S.R. AUCTION?

24 A NO. HIDDEN SPRINGS, NO.

25 Q LET'S GO ON.

26 NOW, COULD WE HAVE EXHIBIT 1647.

1 DURING THE COURSE OF THIS LITIGATION,  
2 MR. NOVELLI, YOU'RE AWARE THAT WE SENT DISCOVERY REQUESTS  
3 TO CAMP COAST TO COAST?

4 A YES, WE DID.

5 Q AND DO YOU RECOGNIZE EXHIBIT 1647 AS SOME  
6 DOCUMENTS THAT WERE PROVIDED TO US BY CAMP COAST TO COAST  
7 BY VIRTUE OF THE CCC BATES STAMP NUMBER ON THE BOTTOM?

8 A YES, THEY WERE.

9 Q AND BY VIRTUE OF THE PTE BATES STAMP NUMBER  
10 ON THE BOTTOM OF EACH OF THESE PAGES, WE PROVIDED THOSE  
11 DOCUMENTS BACK TO CAMP COAST TO COAST IN DISCOVERY?

12 A YES.

13 Q AND WHAT IS YOUR UNDERSTANDING THESE  
14 DOCUMENTS CONSIST OF?

15 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION.  
16 THE WITNESS HAS ALREADY TESTIFIED THE DOCUMENTS COME FROM  
17 COAST TO COAST FILES.

18 THE COURT: SUSTAINED.

19 MR. MOSHENKO: CORRECT. BUT BASED ON THAT, HE CAN  
20 TESTIFY AS TO WHAT THEY APPEAR TO BE.

21 MR. SHERMAN: MAY WE APPROACH?

22 THE COURT: YOU MAY.

23 (DISCUSSION OFF THE RECORD.)

24 MR. MOSHENKO: YOUR HONOR, BASED ON THE  
25 CONVERSATION AT SIDEBAR, I'D LIKE TO MAKE A PROVISIONAL  
26 OFFER, TO OFFER EXHIBIT 1647 INTO EVIDENCE SUBJECT TO

1 MR. RYMAN BEING AVAILABLE TO BE QUESTIONED ABOUT THE  
2 DOCUMENT. AND YOU MAY TAKE IT UNDER SUBMISSION.

3 THE COURT: IT'S UNDER SUBMISSION.

4 MR. MOSHENKO: THANK YOU.

5 Q EXHIBIT 126.

6 MR. SHERMAN: YOUR HONOR MAYBE TO SHORTCUT THINGS,  
7 126 IS THE SAME ISSUE AS WE JUST HAD AT SIDEBAR.

8 MR. MOSHENKO: I CAN SEE IT.

9 MR. SHERMAN: PROVISIONALLY, IF THE COURT CAN TAKE  
10 IT UNDER SUBMISSION, WE CAN GET ON TO THE NEXT ISSUE.

11 MR. MOSHENKO: THE SAME REQUEST, YOUR HONOR.

12 THE COURT: UNDER SUBMISSION.

13 MR. MOSHENKO: THANK YOU.

14 MR. SHAW, WE DON'T NEED IT.

15 Q ALL RIGHT. MR. NOVELLI, PONDEROSA PARK  
16 RESORTS, INCORPORATED, IS A PLAINTIFF IN THIS CASE;  
17 CORRECT?

18 A YES.

19 Q WHO IS THE OWNER OF PONDEROSA PARK  
20 CORPORATION?

21 A I'D HAVE TO LOOK AT MY NOTES.

22 PONDEROSA PARK IS A CORPORATION AND IT'S ITS  
23 OWN CORPORATION.

24 MR. SHERMAN: IS THE WITNESS LOOKING AT SOME NOTES?

25 THE COURT: IS THE WITNESS LOOKING AT NOTES?

26 MR. SHERMAN: MAY WE?

1 THE WITNESS: YES.

2 MR. SHERMAN: MAY WE SEE THOSE NOTES?

3 THE COURT: YES.

4 MR. MOSHENKO: OF COURSE.

5 MR. SHERMAN: THANK YOU.

6 BY MR. MOSHENKO: Q IS PONDEROSA PARK CORP A  
7 CORPORATION ULTIMATELY OWNED BY THE SCHULZ CORPORATION, THE  
8 HANS SCHULZ FAMILY TRUST?

9 MR. SHERMAN: OBJECTION. "ULTIMATELY" CALLS FOR A  
10 LEGAL CONCLUSION.

11 THE COURT: SUSTAINED.

12 BY MR. MOSHENKO: Q WHO IS THE OWNER OF PONDEROSA  
13 PARK?

14 A I BELIEVE THE SCHULZ FAMILY TRUST.

15 Q NOW, WHAT PARKS ARE RELATED TO THE PONDEROSA  
16 PARK CORPORATION?

17 MR. SHERMAN: OBJECTION. THAT CALLS FOR A LEGAL  
18 CONCLUSION, RELATED, AFFILIATED --

19 MR. MOSHENKO: I'M NOT TALKING ABOUT IN THE LEGAL  
20 SENSE, YOUR HONOR.

21 THE COURT: OVERRULED.

22 THE WITNESS: THE PONDEROSA PARK ITSELF IS A  
23 RESORT, AND IT ALSO HOSTS OR HAS THE MEMBERS FROM THE  
24 LANDING, INC., ANOTHER RESORT.

25 BY MR. MOSHENKO: Q ALL RIGHT. NOW, YOU HAVE THE  
26 DIRECTORY UP THERE, EXHIBIT 1884.

1 IS PONDEROSA -- THE PONDEROSA PARK RESORT  
2 ITSELF SHOWN AS AN AFFILIATION RESORT ON PAGE 336?

3 A YES, IT IS. PONDEROSA PARK RESORT ON 336.

4 Q AND IS THE LANDING RESORT SHOWN AS AN  
5 AFFILIATED RESORT WITH CAMP COAST TO COAST ON PAGE 331?

6 A YES, IT IS.

7 Q EXHIBIT 2172, PAGES 185-188.

8 MR. SHERMAN: YOUR HONOR, 2172 ARE COAST RECORDS.

9 MR. MOSHENKO: YES.

10 MR. SHERMAN: THIS WITNESS -- I DON'T BELIEVE  
11 THERE'S BEEN ANY FOUNDATION LAID THAT THIS WITNESS HAS ANY  
12 PERSONAL KNOWLEDGE ABOUT COAST RECORDS OR COAST  
13 RECORD-KEEPING. THEY SAY WHAT THEY SAY. IT'S NOT RELEVANT  
14 TESTIMONY THAT'S GOING TO BE ELICITED ON THIS SUBJECT OF  
15 THIS WITNESS WITH RESPECT TO COAST'S INTERNAL RECORDS.

16 MR. MOSHENKO: IT IS RELEVANT ON THE ISSUE OF  
17 OWNERSHIP -- I'M SORRY -- OF AFFILIATION BECAUSE IT'S  
18 COAST'S RECORDS THAT DESCRIBE THE AFFILIATION. IT'S  
19 RELEVANT AND WHAT COAST DID -- BECAUSE IT DESCRIBES WHAT  
20 COAST DID. AND THE WITNESS IS AWARE BY HAVING STUDIED AND  
21 REVIEWED THESE RECORDS AND SHOULD BE ABLE TO TESTIFY AS TO  
22 THE CONTENT AND INFORMATION.

23 THE COURT: THE OBJECTION IS OVERRULED. I'LL ALLOW  
24 IT.

25 MR. MOSHENKO: OKAY. SO 2172, 185-188.

26 OKAY, BLOW IT UP, PLEASE.

1 Q NOW, YOU MENTIONED THE LANDING. THIS IS THE  
2 REFERENCE, THE COAST RECORD, RELATING TO THE LANDING.

3 DO YOU SEE THERE IT SAYS UP AT THE TOP THE  
4 LANDING?

5 MR. SHERMAN: OBJECTION, NOT RELEVANT. LACKS  
6 FOUNDATION.

7 THE COURT: OVERRULED.

8 THE WITNESS: YES.

9 BY MR. MOSHENKO: Q AND THE LANDING WAS SHOWN AS  
10 VOLUNTARILY OUT ON SEPTEMBER 2, 1997?

11 A YES.

12 Q IS THIS ONE OF THE RESORTS THAT YOU WITHDREW  
13 FROM -- YOU OR MR. VOPNFORD WITHDREW FROM THE SYSTEM AS OF  
14 AUGUST 27, 1997?

15 A ACTUALLY I WITHDREW THAT RESORT PRIOR TO  
16 1997.

17 Q PRIOR TO 1997?

18 A YES. THE LANDING.

19 Q WE'LL COME BACK TO THAT.

20 LET'S GO TO -- UP TWO PAGES. COAST  
21 RECORDS. AND BLOW UP THE PAGE THERE, THE BOTTOM HALF.

22 IT INDICATES THAT THE LANDING -- AND THEN  
23 WHAT I WANT TO REFER TO IN THE EXHIBIT IS THE 5/9/97  
24 ENTRY.

25 THIS INDICATES TRANSFER ALL MEMBERS TO PARK  
26 399 PER LETTER FROM WENDY. APPROVAL FROM GENE E.,

1 PRESUMABLY EVERETT.

2           WHAT HAPPENED ON OR ABOUT OR BEFORE 5/9/97  
3 RELATING TO THE LANDING'S AFFILIATION WITH CAMP COAST TO  
4 COAST?

5       A    WE WITHDREW OUR AFFILIATION ON THE LANDING,  
6 AND WE TRANSFERRED THE MEMBERS OVER TO THE PONDEROSA.

7       Q    DID YOU HAVE ANY KNOWLEDGE PRIOR TO SEEING  
8 THIS DOCUMENT THAT AT OR ABOUT OR AFTER THE TIME YOU  
9 WITHDREW THE LANDING AND TRANSFERRED YOUR MEMBERS TO THE  
10 PONDEROSA, THAT COAST ALSO DID A TRANSFER TO PARK 399?

11      A    I BELIEVE PARK 399 IS PROBABLY OUR PARK. I  
12 DON'T KNOW. THAT'S WHERE I TRANSFERRED THEM, TO THE  
13 PONDEROSA.

14      Q    THIS WOULD BE THE TRANSFER TO THE PONDEROSA?

15      A    I BELIEVE SO.

16      Q    OKAY. NOW, LET'S BACK UP ONE PAGE.

17           DID THE LANDING HAVE AN AFFILIATION  
18 AGREEMENT WITH CAMP COAST TO COAST BASED ON ITS OWN  
19 RECORDS?

20      A    YES.

21      Q    THE RIGHT-HAND CORNER. AND THAT AGREEMENT  
22 IS DATED JULY 2, 1985?

23      A    THAT'S CORRECT.

24      MR. SHERMAN: OBJECTION. THIS IS NOT RELEVANT.

25      THE COURT: SUSTAINED.

26      MR. MOSHENKO: WHAT IS THE OBJECTION?

1 THE COURT: NOT RELEVANT.

2 MR. MOSHENKO: BECAUSE THE MEMBERS WERE

3 TRANSFERRED; IS THAT THE THINKING HERE, YOUR HONOR?

4 THE COURT: I'VE RULED, COUNSEL.

5 MR. MOSHENKO: ALL RIGHT.

6 Q LET'S GO TO EXHIBIT 2172.

7 AS A RESULT OF YOUR REVIEW OF EXHIBIT 1808,

8 DID YOU DETERMINE COAST TRANSFERRED MEMBERS FROM THE

9 LANDING TO OTHER COMPETITOR RESORTS?

10 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

11 MR. MOSHENKO: THE FOUNDATION IS IN EXHIBIT 1808,

12 YOUR HONOR.

13 THE COURT: I'LL ALLOW IT.

14 PROCEED.

15 THE WITNESS: NO, THEY DIDN'T. THEY TRANSFERRED

16 THEM TO THE PONDEROSA. THAT'S OUR RESORT.

17 BY MR. MOSHENKO: Q AS A RESULT OF THE SAME

18 REVIEW, DID YOU DETERMINE WHETHER OR NOT MEMBERS WERE

19 TRANSFERRED FROM THE PONDEROSA TO COMPETITOR RESORTS IN THE

20 FALL OF 1997?

21 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

22 THE COURT: OVERRULED.

23 THE WITNESS: YES, I DID.

24 BY MR. MOSHENKO: Q AND HOW MANY MEMBERS WERE

25 TRANSFERRED?

26 A THE MEMBERS FROM THE PONDEROSA, 681 MEMBERS

1 WERE TRANSFERRED FROM THE PONDEROSA.

2 Q ALL RIGHT. NOW, WAS THE PONDEROSA AN  
3 AFFILIATED RESORT WITH CAMP COAST TO COAST?

4 A YES, IT WAS.

5 Q DID IT HAVE AN AFFILIATION AGREEMENT -- AND  
6 LET'S GO TO THAT AGREEMENT, EXHIBIT 1586.

7 MR. SHAW, COULD YOU ASSIST US IN FINDING  
8 1586?

9 WHILE THEY'RE GETTING THOSE, LET'S GO BACK  
10 TO 2172, PAGE 0180-0184, AND BLOW UP THE TOP, PLEASE.

11 WE'LL TRY TO DO THIS IN ABBREVIATED FASHION  
12 TO MOVE ALONG.

13 THIS SHOWS PONDEROSA PARK RESORT, AND THE  
14 OUT DATE VOLUNTARY, SEPTEMBER 2, 1997; DO YOU SEE THAT?

15 A YES, I DO.

16 Q COULD WE GO TO THE NEXT PAGE, PLEASE.

17 COAST'S OWN RECORDS IN THE BOTTOM RIGHT-HAND  
18 CORNER INDICATES THAT THERE WAS AN ORIGINAL LICENSE DATED  
19 3 -- MARCH 6TH, 1985; DO YOU SEE THAT?

20 A I SEE THAT.

21 MR. MOSHENKO: LET'S GO UP TWO MORE PAGES.

22 BATES STAMP 08126. THAT'S 23. 08123. UP  
23 TWO PAGES, PLEASE. THAT IS IT. COULD YOU BLOW THAT UP.

24 Q FROM THIS DOCUMENT YOU LEARNED AS OF OCTOBER  
25 13, 1997, THE MEMBERS OF THE PONDEROSA PARK WERE  
26 MASS-TRANSFERRED TO TWO PARKS; IS THAT CORRECT,

1 MR. NOVELLI?

2 MR. SHERMAN: OBJECTION. IT'S NOT RELEVANT WHAT HE  
3 LEARNED FROM THIS DOCUMENT. IT LACKS FOUNDATION.

4 THE COURT: I'LL ALLOW IT.

5 THE WITNESS: YES. THAT'S WHEN THEY  
6 MASS-TRANSFERRED THE PONDEROSA MEMBERS.

7 BY MR. MOSHENKO: Q ALL RIGHT. AND THEY WENT TO  
8 WAGON TRAILS AND PYMATUNING RESORTS?

9 A YES.

10 MR. MOSHENKO: NOW, MR. DURAN, I WANT 1586 THAT  
11 YOU WENT LOOKING FOR.

12 THE COURT: DELAY THAT, MR. DURAN. WE'RE GOING TO  
13 TAKE OUR MORNING BREAK. 20 MINUTES, LADIES AND GENTLEMEN.

14 (RECESS TAKEN.)

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

17 MR. SHERMAN: YOUR HONOR, THE ISSUE HERE WITH THE  
18 FOUNDATION OBJECTIONS TO THE NUMBER OF MEMBERS REALLY JUST  
19 GOES BACK TO THE PRINCIPLE -- I'M NOT SURE IF IT'S A LEGAL  
20 PRINCIPLE. IT'S JUST A COMMON-SENSE PRINCIPLE THAT YOU  
21 DON'T DO INDIRECTLY THAT WHICH YOU DON'T DO DIRECTLY.

22 AND YESTERDAY AFTERNOON AT THE BEGINNING OF  
23 THE AFTERNOON SESSION WE HAD A FAIRLY LENGTHY HEARING  
24 BEFORE THE COURT OUTSIDE OF THE PRESENCE OF THE JURY ON THE  
25 SUBJECT OF PLAINTIFFS' EFFORTS TO GET BEFORE THE JURY RIGHT  
26 NOW A SUMMARY SHOWING HOW MANY MEMBERS -- I PUT THAT IN

1 QUOTES -- WERE TRANSFERRED OUT OF PLAINTIFFS' RESORTS. AND  
2 THAT'S BASED SOLELY, YOU'LL RECALL, YOUR HONOR, ON COAST'S  
3 RECORDS OF WHO THEIR -- WHO THEY SHOW AS THEIR MEMBERS NOW.

4 AND WE ARGUED TO YOUR HONOR THAT WHAT YOU  
5 FIRST NEED TO ESTABLISH IS THAT THE PLAINTIFFS' PARKS HAD  
6 RELATIONSHIPS WITH THESE MEMBERS; THAT THESE WERE CURRENT  
7 DUES-PAYING MEMBERS, AND -- AND MOST IMPORTANT, THAT THESE  
8 PEOPLE ACTUALLY LEFT THE PARK BECAUSE OF COAST LETTERS.

9 THE COURT: I'M EXPECTING YOU TO DO ALL OF THAT ON  
10 CROSS-EXAMINATION, COUNSEL.

11 MR. SHERMAN: WELL, WHAT I THOUGHT THAT THE WAY WE  
12 HAD IT LEFT, YOUR HONOR, WAS THAT WE WERE GOING TO DO THAT  
13 ON CROSS-EXAMINATION SO THAT WE COULD SHOW THAT THIS ENTIRE  
14 LINE OF TESTIMONY, WHETHER BY SUMMARY OR ORAL TESTIMONY,  
15 WAS LACKING IN FOUNDATION.

16 THE COURT: WELL, I THINK HE HAS A RIGHT TO PICK IT  
17 UP, AND YOU CAN REFUTE IT.

18 MR. SHERMAN: VERY WELL.

19 MR. RIVIN: THE CONCERN ULTIMATELY, YOUR HONOR, IT  
20 GETS BACK TO THE ISSUE WE TALKED ABOUT YESTERDAY, THE 802  
21 HEARING, BEFORE -- WHERE THIS IS GOING IS TOWARDS DAMAGES.  
22 MR. NOVELLI IS GOING TO TESTIFY THAT BECAUSE COAST RECORDS  
23 SHOW THAT THESE PEOPLE WERE TRANSFERRED, ERGO, PLAINTIFF  
24 SUFFERED DAMAGES. THAT IS AN INVALID CONCLUSION.

25 THE COURT: IT'S NOT A GOOD ARGUMENT EITHER.

26 SO --

1 MR. SHERMAN: BUT THAT'S WHY IT'S LACKING IN  
2 FOUNDATION.

3 MR. RIVIN: RIGHT.

4 MR. SHERMAN: OKAY.

5 (RECESS TAKEN.)

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

8 THE COURT: PROCEED, COUNSEL.

9 MR. MOSHENKO: THANK YOU, YOUR HONOR.

10 Q MR. NOVELLI, APPROXIMATELY HOW MANY MEMBERS  
11 WERE THERE IN THE LANDING/PONDEROSA RESORTS OF REVCON AS OF  
12 1997, TOTAL MEMBERS?

13 A THE PONDEROSA AND THE LANDING, SOMEWHERE  
14 CLOSE TO 4,000.

15 Q ALL RIGHT. NOW, I ASKED YOU DURING THE  
16 BREAK TO TAKE A LOOK AT EXHIBIT 1586.

17 A YES.

18 Q AND DO YOU RECOGNIZE THAT AS THE LICENSE  
19 AGREEMENT BETWEEN COAST TO COAST AND PONDEROSA PARK RESORT,  
20 INCORPORATED, SIGNED BY HANS SCHULZ?

21 MR. SHERMAN: YOUR HONOR, COULD WE HAVE A MOMENT?

22 BY MR. MOSHENKO: Q ALL RIGHT. LET'S GO BACK.

23 I'LL ASK THE QUESTION AGAIN. TELL ME WHEN YOU'RE READY.

24 MR. SHERMAN: SORRY. EXHIBIT 1586?

25 MR. MOSHENKO: 1586.

26 Q LET'S GO TO 1586. HAVE YOU REVIEWED 1586?

1 A YES, I HAVE.

2 Q AND WHAT IS IT?

3 A IT'S A CONTRACT BETWEEN COAST TO COAST AND  
4 THE PONDEROSA.

5 Q OKAY. AND THIS IS THE CONTRACT BY WHICH  
6 PONDEROSA WAS AN AFFILIATED RESORT; CORRECT?

7 A YES.

8 MR. MOSHENKO: OFFER IT INTO EVIDENCE, YOUR HONOR.

9 MR. SHERMAN: NO OBJECTION.

10 THE COURT: IT WILL BE SO RECEIVED. 1586 IS  
11 ADMITTED.

12 BY MR. MOSHENKO: Q LET'S MOVE ON TO --

13 THE COURT: IS THAT JUST ONE EXHIBIT? THERE ARE NO  
14 SUBSECTIONS TO IT?

15 MR. MOSHENKO: I'M SORRY. I'LL HAVE TO DETERMINE  
16 IF THERE ARE.

17 THE COURT: 1586 IN ITS ENTIRETY IS ADMITTED?

18 MR. RIVIN: YES.

19 THE COURT: THANK YOU.

20 (WHEREUPON, EXHIBIT NO. 1586, CONTRACT  
21 BETWEEN COAST TO COAST AND THE PONDEROSA, WAS RECEIVED IN  
22 EVIDENCE.)

23 BY MR. MOSHENKO: Q LET'S MOVE ON TO PLAINTIFF  
24 REVCON. THAT'S A PLAINTIFF; CORRECT?

25 A YES, IT IS.

26 Q OKAY. AND REVCON IS A CORPORATION?

1 A YES.

2 Q ALL RIGHT. AND, LET'S SEE. WHAT RESORTS

3 ARE RELATED TO REVCON?

4 A REVCON HAS THE PARK AT TWO SPRINGS IN PALM

5 SPRINGS. IT'S RELATED TO THE -- WAS RELATED TO THE PARK IN

6 INDIO. FIESTA INDIO.

7 Q WHERE IS THE MEMBER BASE FOR THE REVCON

8 RESORT?

9 A IT'S AT TWO SPRINGS. THE MEMBERS ARE AT TWO

10 SPRINGS RESORT.

11 Q AND HOW MANY MEMBERS WERE THERE IN 1997,

12 APPROXIMATELY?

13 A TOTAL MEMBERS OR COAST MEMBERS?

14 Q TOTAL.

15 A TOTAL MEMBERS WAS APPROXIMATELY -- I BELIEVE

16 SOMEWHERE AROUND 1500.

17 Q OKAY. AND BASED ON YOUR REVIEW OF 1808, HOW

18 MANY MEMBERS DID COAST TRANSFER?

19 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

20 MR. MOSHENKO: THE SAME AS --

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

22 THE WITNESS: 649 MEMBERS WERE TRANSFERRED FROM TWO

23 SPRINGS.

24 BY MR. MOSHENKO: Q NOW, WAS -- WERE THE TWO

25 SPRINGS RESORTS AFFILIATED RESORTS WITH CAMP COAST TO

26 COAST?

1 A YES.

2 Q DOES TWO SPRINGS APPEAR IN THE DIRECTORY FOR  
3 1997 AT PAGE 98 AS AN AFFILIATED COAST RESORT?

4 A YES, IT IS.

5 Q DID YOU LOOK AT EXHIBIT 233 DURING THE  
6 BREAK?

7 A YES, I DID.

8 MR. MOSHENKO: I'LL WAIT FOR MR. SHERMAN TO FIND  
9 IT, AND THEN WE'RE GOING TO GO TO BATCH PAGE 280-284. IT'S  
10 EXHIBIT 2172, PAGES 280 TO 284.

11 Q WHAT IS EXHIBIT 233?

12 A 233 IS THE AFFILIATION AGREEMENT BETWEEN TWO  
13 SPRINGS AND ALSO COAST TO COAST, OR REVCON.

14 MR. MOSHENKO: OFFER IT INTO EVIDENCE, YOUR HONOR.

15 THE COURT: NO OBJECTION?

16 MR. SHERMAN: OBJECTION. THIS DOCUMENT LACKS  
17 FOUNDATION OF THIS WITNESS'S PERSONAL KNOWLEDGE.

18 THE COURT: LAY SOME FOUNDATION, COUNSEL.

19 BY MR. MOSHENKO: Q OKAY. DO YOU HAVE PERSONAL  
20 KNOWLEDGE OF THE REVCON CORPORATION'S AFFILIATION WITH --  
21 OF TWO SPRINGS OR CAMP COAST TO COAST?

22 A YES.

23 Q WHAT'S THE BASIS OF THAT KNOWLEDGE?

24 A THE BASIS IS THE CONTRACT, AND I HAVE  
25 FURTHER NOTICE OF THAT. I REMEMBER THE DEAL. I WAS THERE  
26 WHEN IT WAS SIGNED.

1 MR. MOSHENKO: OFFER IT INTO EVIDENCE, YOUR HONOR.

2 THE COURT: IT WILL BE RECEIVED.

3 MR. SHERMAN: NO OBJECTION.

4 THE COURT: WHAT WAS THE NUMBER?

5 MR. MOSHENKO: 233.

6 MR. SHERMAN: 233.

7 (WHEREUPON, EXHIBIT NO. 233, AFFILIATION  
8 AGREEMENT BETWEEN TWO SPRINGS AND COAST TO COAST, WAS  
9 RECEIVED IN EVIDENCE.)

10 BY MR. MOSHENKO: Q OKAY. COULD WE GO TO EXHIBIT  
11 2172, PAGES 280-2884. PUT THEM UP ON THE SCREEN, PLEASE.

12 THIS IS THE COAST TO COAST COMPUTER RECORD  
13 FILE RELATING TO TWO SPRINGS R.V. RESORT. AND BLOW THAT  
14 UP, PLEASE.

15 YOUR UNDERSTANDING BASED ON THIS DOCUMENT IS  
16 THAT COAST HAD TWO SPRINGS AS AN AFFILIATED RESORT UNTIL  
17 SEPTEMBER 2 WHEN IT WAS TAKEN OUT VOLUNTARILY?

18 A YES.

19 Q WAS IT TAKEN OUT VOLUNTARILY BY YOU?

20 A YES. WE REQUESTED TO BE TAKEN OUT OF COAST  
21 TO COAST.

22 Q THE NEXT PAGE, PLEASE.

23 COULD YOU PLEASE BLOW UP THE RIGHT-HAND  
24 COLUMN, THE WHOLE COLUMN.

25 COAST SHOWS -- YES. ON LINE 26, THERE'S A  
26 LICENSE AGREEMENT DATED 12/1/95?

1 A YES. THAT'S THE ONE WE JUST DISCUSSED.

2 Q AND THEN IT ALSO IS REPEATED ON LINE 40,  
3 12/1/95 AS THE LICENSE AGREEMENT?

4 A CORRECT.

5 Q LET'S GO TO THE NEXT PAGE.

6 YOU ALREADY TESTIFIED AS TO THE NUMBER OF  
7 MEMBERS THAT WERE TRANSFERRED?

8 A YES.

9 Q AND CAN YOU BLOW UP THE BLOCK AT THE  
10 BOTTOM.

11 ALL RIGHT. AND WE SHOW THAT ON 10/11/97  
12 COAST MASS-TRANSFERRED MEMBERS TO PARK 181, EMERALD COVE;  
13 DO YOU SEE THAT?

14 A YES, I SEE THAT.

15 Q ALL RIGHT. MR. NOVELLI, I WANT TO ASK YOU  
16 SOME QUESTIONS ABOUT THE SCHULZ FAMILY TRUST, FIRST  
17 NATIONWIDE RESORTS MANAGEMENT RESORTS.

18 WHICH RESORTS ARE RELATED TO FIRST  
19 NATIONWIDE RESORTS MANAGEMENT AND SCHULZ FAMILY TRUST?

20 MR. SHERMAN: OBJECTION. THIS IS VAGUE AS TO TIME.

21 BY MR. MOSHENKO: Q AS OF 1997.

22 A CUTTY'S DES MOINES, OUR RESORT, CUTTY'S  
23 DES MOINES, OUR RESORT, CUTTY'S HAYDEN CREEK, CYPRESS  
24 TRAVEL VILLAGE -- CYPRESS -- FIESTA CYPRESS, DEER RUN,  
25 DELTA ISLE, AND THE RANCH.

26 Q OKAY. NOW, LET'S TALK ABOUT THE FIRST ONE

1 YOU MENTIONED, CUTTY'S DES MOINES.

2 WHAT'S THE STATUS OF CUTTY'S DES MOINES WITH  
3 CAMP COAST TO COAST?

4 A CUTTY'S DES MOINES IS A PARK IN DES MOINES,  
5 IOWA. IT'S STILL AFFILIATED WITH COAST TO COAST.

6 Q IT WAS NOT WITHDRAWN --

7 A NO.

8 Q -- BY YOU?

9 A NO.

10 Q AND IT WAS NOT DISAFFILIATED BY COAST IN  
11 1997?

12 A NO.

13 Q IT REMAINS THERE?

14 A REMAINS AS A COAST TO COAST PARK.

15 Q HERE IS MY QUESTION: HAVE YOU EVER  
16 TRANSFERRED ALL OF YOUR MEMBERS, ALL OF YOUR RESORTS, TO  
17 THE CUTTY'S DES MOINES SO THAT ALL MEMBERS COULD HAVE  
18 ACCESS TO COAST TO COAST?

19 A WE DID NOT.

20 Q LET'S MOVE ON TO CUTTY'S HAYDEN CREEK.

21 WHAT'S THE STATUS OF CUTTY'S HAYDEN CREEK  
22 WITH COAST TO COAST?

23 A AT -- CUTTY'S HAYDEN CREEK IS NO LONGER A  
24 PARK IN THE COAST TO COAST RECIPROCAL SYSTEM.

25 Q WAS IT AFFILIATED WITH COAST TO COAST IN THE  
26 PAST?

1 A YES, IT WAS.

2 Q DOES IT APPEAR AS AN AFFILIATED RESORT IN  
3 THE DIRECTORY, PAGE 107, 1578?

4 A YES. CUTTY'S RESORT, COALDALE, COLORADO,  
5 AFFILIATED, RESORT NUMBER 24 IN THE SYSTEM.

6 Q DO YOU HAVE 1578 UP THERE, MR. NOVELLI?

7 A I PROBABLY DO -- YES.

8 Q I'LL WAIT FOR MR. SHERMAN TO GET IT.

9 READY, MR. SHERMAN?

10 MR. SHERMAN: ONE MOMENT, PLEASE.

11 YOUR HONOR, MY 1578 APPEARS TO BE A

12 NINE-PAGE DOCUMENT, OR AT LEAST I HAVE NINE PAGES OF IT.

13 BUT THERE'S NO SIGNATURE PAGE. AND IT JUST APPEARS TO END

14 MIDSTREAM, IF YOU WILL. AND I'M NOT SURE IF THAT'S THE

15 SAME DOCUMENT THE COURT HAS. BUT IF SO, I THINK WE'VE GOT

16 SOME FOUNDATION ISSUES HERE.

17 MR. MOSHENKO: THIS WAS PRODUCED BY COAST TO US,

18 YOUR HONOR.

19 MR. SHERMAN: REGARDLESS OF WHO PRODUCED IT, WE CAN

20 SOMETIMES PRODUCE DOCUMENTS THAT AREN'T ADMISSIBLE ALSO.

21 MR. MOSHENKO: THE WITNESS'S COPY APPEARS TO BE THE

22 ENTIRE DOCUMENT. NOT THE SIGNATURE PAGE.

23 MR. SHERMAN: THAT'S SORT OF WHAT I'M GETTING AT.

24 I'M NOT SURE IT'S THE ENTIRE DOCUMENT. I DON'T KNOW IF IT

25 WAS SIGNED. I DON'T KNOW WHEN IT WAS SIGNED.

26 THE COURT: TAKE A LOOK AT IT.

1 MR. SHERMAN: YOUR HONOR, THE WITNESS'S DOCUMENT  
2 APPEARS TO BE SIMILAR TO MINE, MISSING A SIGNATURE PAGE AND  
3 POSSIBLY OTHER PAGES, BECAUSE IT MAY BE THAT IT JUST CUTS  
4 OFF IN THE MIDDLE RIGHT HERE OF THE LAST PAGE, 9.

5 THE COURT: IT'S NOT A COMPLETE DOCUMENT.

6 MR. MOSHENKO: I UNDERSTAND.

7 Q MR. NOVELLI, DO YOU HAVE PERSONAL KNOWLEDGE  
8 THAT CUTTY'S DES MOINES RESORT HAD AN AFFILIATION AGREEMENT  
9 DATED ON THE DATE SHOWN IN THE BATCH SHEETS?

10 MR. SHERMAN: OBJECTION. THIS LACKS FOUNDATION.

11 MR. MOSHENKO: I GUESS WE HAVEN'T GOT THE BATCH  
12 SHEETS UP. LET'S PUT THEM UP. I'LL WITHDRAW THE QUESTION.

13 THE COURT: ALL RIGHT.

14 MR. MOSHENKO: COULD WE HAVE --

15 MR. SHERMAN: YOUR HONOR, COULD WE HAVE THE WITNESS  
16 DEMONSTRATE HIS PERSONAL KNOWLEDGE OF THE DATE OF  
17 AFFILIATION BEFORE DOCUMENTS ARE PUT UP ON THE BOARD?

18 THE COURT: ALL RIGHT.

19 BY MR. MOSHENKO: Q DO YOU HAVE SOME KNOWLEDGE OF  
20 THE DATE OF AFFILIATION OF THE CUTTY'S DES MOINES RESORT  
21 WITH COAST TO COAST?

22 A THE DATE I BELIEVE WAS SOMETIME IN THE  
23 '80'S. YES, 1980'S.

24 Q AND THEN AS CUTTY'S DES MOINES -- I'M  
25 SORRY -- CUTTY'S HAYDEN CREEK IS WHAT I'M TALKING ABOUT; IS  
26 THAT WHAT YOU WERE TALKING ABOUT?

1 A I WAS TALKING ABOUT DES MOINES, BUT CUTTY'S  
2 HAYDEN CREEK WOULD ALSO BE IN THE DIRECTORY.

3 Q HAS CUTTY HAYDEN CREEK BEEN CONDUCTING  
4 ITSELF AS AN AFFILIATED RESORT FOR THE LAST 10 PLUS YEARS  
5 OF COAST TO COAST?

6 A YES.

7 MR. SHERMAN: OBJECTION. THIS LACKS FOUNDATION.

8 THE COURT: SUSTAINED.

9 BY MR. MOSHENKO: Q WHAT'S YOUR CONNECTION WITH  
10 CUTTY'S, MR. NOVELLI?

11 MR. SHERMAN: OKAY. EXCUSE ME. OBJECTION. THIS  
12 IS VAGUE AS TO TIME.

13 THE WITNESS: I'M THE EXECUTIVE OFFICER.

14 THE COURT: HE IS TALKING ABOUT THE AREA OF 1997.

15 AREN'T YOU?

16 MR. MOSHENKO: WELL, I'M TALKING ABOUT THE HISTORY  
17 OF HIS -- WELL --

18 MR. SHERMAN: THAT'S THE PROBLEM.

19 BY MR. MOSHENKO: Q IN 1997 WHAT WAS YOUR  
20 CONNECTION WITH CUTTY'S?

21 A I WAS THE CHIEF EXECUTIVE OFFICER.

22 Q HOW LONG HAVE YOU BEEN AN OFFICER OR  
23 DIRECTOR OF THE CUTTY'S ORGANIZATION, DATING BACK TO WHEN?

24 A DATING BACK TO APPROXIMATELY 1989, 1988.

25 Q OKAY. OVER THAT APPROXIMATELY EIGHT YEARS,  
26 DO YOU HAVE PERSONAL KNOWLEDGE OF WHETHER CUTTY'S CONDUCTED

1 ITSELF AS AN AFFILIATED RESORT WITH CAMP COAST TO COAST?

2 A YES, IT DID.

3 Q DID IT HOST COAST TO COAST MEMBERS?

4 A YES.

5 Q DID IT SELL COAST TO COAST MEMBERSHIPS?

6 A WELL, YES.

7 Q DID IT SUBMIT TO COAST TO COAST INFORMATION

8 REGARDING ITS MEMBERS FROM TIME TO TIME?

9 A YES.

10 Q DID IT BUY OR -- BUY BLUE CARDS FROM COAST

11 TO COAST?

12 A YES.

13 Q DID IT SEND MONEY TO COAST TO COAST?

14 A SENT \$29 WITH EACH MEMBER.

15 Q DID IT HAVE MEMBERS, OR COAST TO COAST

16 MEMBERS?

17 A YES.

18 Q AND APPROXIMATELY HOW MANY MEMBERSHIPS DID

19 CUTTY'S HAYDEN CREEK HAVE AS OF 1997?

20 A 1997, OVER 2,000.

21 Q AND HOW MANY CUTTY'S HAYDEN CREEK MEMBERS

22 DID COAST SEND TRANSFER LETTERS TO, BASED ON THE EVIDENCE?

23 A THEY SENT TRANSFER LETTERS TO A TOTAL OF

24 1685.

25 Q NOW, THOSE 1685 WERE PART OF A MEMBER BASE,

26 THAT IS, MEMBERS OF CUTTY'S HAYDEN CREEK; CORRECT?

1 A THAT'S CORRECT.

2 Q AND WHERE DID CUTTY'S HAYDEN CREEK GET THOSE  
3 MEMBERS?

4 A THROUGH SALES AND MARKETING.

5 Q LET'S GO ON TO CUTTY'S ALPINE.

6 WAS CUTTY'S ALPINE RESORT THAT YOU WERE  
7 RELATED TO IN SOME MANNER?

8 A YES.

9 Q DURING WHAT TERM WERE YOU INVOLVED?

10 A UP UNTIL THE TIME OF THE AFFILIATION. WE  
11 DIDN'T AFFILIATE -- I BELIEVE IT WAS IN 1996 THAT WE WERE  
12 NO LONGER AFFILIATED WITH THAT PARK, AND WE TRANSFERRED THE  
13 MEMBERS.

14 Q AND WHEN DID YOU FIRST BECOME INVOLVED WITH  
15 CUTTY'S ALPINE?

16 A APPROXIMATELY '88, '89.

17 Q I ASK YOU ALL THE SAME QUESTIONS ABOUT  
18 CUTTY'S ALPINE THAT I ASKED YOU ABOUT CUTTY'S HAYDEN CREEK,  
19 THOSE LIKE, DID CUTTY'S HAYDEN CREEK HOST COAST TO COAST  
20 MEMBERS? DID IT HAVE MEMBERS WHO WERE COAST TO COAST  
21 MEMBERS?

22 A YES.

23 Q DO YOU RECALL THOSE QUESTIONS?

24 A YES.

25 Q WOULD YOUR ANSWERS BE THE SAME?

26 A THE SAME ANSWERS.

1 Q OKAY. AND DID COAST TRANSFER ANY CUTTY'S  
2 HAYDEN CREEK -- I'M SORRY -- CUTTY'S ALPINE MEMBERS?

3 A YES.

4 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

5 THE COURT: YOU MAY ANSWER, IF YOU KNOW.

6 THE WITNESS: YES, I KNOW. THEY TRANSFERRED OVER  
7 500 OF THEM.

8 BY MR. MOSHENKO: Q ALL RIGHT. OVER 500?

9 A YES, 546.

10 Q 546. OKAY.

11 LET'S MOVE -- AND WAS CUTTY'S ALPINE AN  
12 AFFILIATED RESORT WITH COAST TO COAST?

13 A YES, IT WAS.

14 Q LET'S GO ON TO -- YOU SAID CYPRESS. WHAT'S  
15 THE NAME OF THE CYPRESS RESORT?

16 A FIESTA CYPRESS.

17 Q OKAY. DID FIESTA -- WAS FIESTA CYPRESS AN  
18 AFFILIATED RESORT IN THE COAST TO COAST SYSTEM?

19 A YES.

20 Q DOES IT APPEAR IN THE DIRECTORY AT PAGE 74?

21 A YES, IT DOES. IT APPEARS AS FIESTA CYPRESS  
22 RESORT, PAGE 74.

23 Q APPROXIMATELY HOW MANY MEMBERS DID IT HAVE  
24 AS OF 1997?

25 A IN 1997 -- TOTAL MEMBERS? APPROXIMATELY  
26 3,000.

1 Q DID COAST, BASED ON YOUR REVIEW OF EXHIBIT  
2 1808, TRANSFER CYPRESS MEMBERS?

3 A YES.

4 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

5 THE COURT: DO YOU HAVE PERSONAL KNOWLEDGE OF  
6 THAT?

7 THE WITNESS: YES.

8 THE COURT: OVERRULED.

9 BY MR. MOSHENKO: Q AND BASED ON YOUR REVIEW OF  
10 THE EXHIBIT, HOW MANY MEMBERS DID COAST TRANSFER?

11 A 1,528.

12 Q OKAY. EXHIBIT 4. WOULD YOU TAKE A LOOK AT  
13 EXHIBIT 4.

14 A YES. I SEE EXHIBIT 4.

15 Q WHAT IS EXHIBIT 4?

16 MR. SHERMAN: OBJECTION. LACKS FOUNDATION. THE  
17 WITNESS SHOULD ESTABLISH HIS PERSONAL KNOWLEDGE OF THIS  
18 DOCUMENT.

19 THE COURT: PERSONAL KNOWLEDGE, PLEASE, ESTABLISH  
20 THAT.

21 BY MR. MOSHENKO: Q OKAY. BASED ON YOUR PERSONAL  
22 KNOWLEDGE, WHAT IS EXHIBIT 4?

23 A YES. I WAS THERE WHEN THIS CONTRACT -- THIS  
24 AGREEMENT WAS SIGNED. THIS IS AN AFFILIATION AGREEMENT  
25 WITH COAST TO COAST.

26 Q THIS IS SHOWN AS A FIRST NATIONWIDE RESORT;

1 RIGHT?

2 A CORRECT.

3 Q WHAT WAS YOUR RELATIONSHIP WITH FIRST  
4 NATIONWIDE RESORTS?

5 A FIRST NATIONWIDE RESORT -- THIS IS A FIRST  
6 NATIONWIDE RESORT PROPERTY WHERE THE TITLE WAS -- IS HELD  
7 IN FIRST NATIONWIDE RESORTS.

8 Q I THINK YOU ALREADY TESTIFIED YESTERDAY,  
9 YOUR RELATIONSHIP WITH THE FIRST NATIONWIDE RESORTS.

10 A CORRECT.

11 Q YOU WERE THE SALES MANAGER FOR ALL OF THE  
12 YEARS THAT IT WAS A PLAINTIFFS' RESORT?

13 A YES.

14 Q AND WITH RESPECT TO THE FIRST NATIONWIDE  
15 RESORTS' RESORTS -- THAT'S A POSSESSIVE RESORTS --  
16 AFFILIATION AGREEMENTS, WERE YOU PART AND PARCEL OF THE  
17 AFFILIATION AGREEMENTS THAT FIRST NATIONWIDE RESORTS  
18 ENTERED INTO IN THE '90'S?

19 A YES.

20 MR. SHERMAN: OBJECTION. VAGUE AND AMBIGUOUS.

21 THE COURT: OVERRULED.

22 BY MR. MOSHENKO: Q OKAY. SO WHAT IS EXHIBIT 4?

23 A EXHIBIT 4 IS THE AFFILIATION AGREEMENT  
24 BETWEEN FIRST NATIONWIDE IN RESPECT TO THE PARK AT FIESTA  
25 CYPRESS.

26 Q DO YOU RECOGNIZE THE SIGNATURES OF

1 ROGER RYMAN AND HANS SCHULZ ON THE SIGNATURE PAGE?

2 A YES, UH-HUH.

3 MR. MOSHENKO: OFFER IT INTO EVIDENCE.

4 THE WITNESS: YES, I DO.

5 MR. SHERMAN: NO OBJECTION.

6 THE COURT: IT WILL BE SO RECEIVED.

7 (WHEREUPON, EXHIBIT NO. 4, FIRST NATIONWIDE

8 AFFILIATION AGREEMENT RE PARK AT FIESTA CYPRESS, WAS

9 RECEIVED IN EVIDENCE.)

10 BY MR. MOSHENKO: Q LET'S GO TO EXHIBIT 5 SINCE

11 YOU'RE RIGHT THERE.

12 WHAT IS EXHIBIT 5?

13 A IN EXHIBIT 5 IS ALSO AN AFFILIATION

14 AGREEMENT.

15 Q AND IT'S SIGNED BY YOU?

16 A YES.

17 Q AND THE DATE OF IT IS JULY 10, 1996?

18 A THE DATE IT WAS SIGNED?

19 Q YES.

20 A THE DATE IT WAS SIGNED -- I SIGNED IT JULY

21 10TH, 1996.

22 Q AND THAT'S ALSO THE DATE ON THE FIRST PAGE?

23 A YES.

24 Q AND THIS RELATES TO SEVERAL FIRST NATIONWIDE

25 RESORTS RESORTS; CORRECT?

26 A CORRECT.

1 Q WHICH ONES?

2 A THE NATURES RESORT IN FLORIDA, DEER RUN PARK  
3 IN EVENING SHADE, ARKANSAS, CYPRESS IN ACTON, CALIFORNIA,  
4 THE PALMDALE AREA, AND THE AMERICAN HOLIDAYS RESORT IN THE  
5 OZARKS, IN MISSOURI.

6 Q OKAY. SO THESE RESORTS WERE AFFILIATED WITH  
7 CAMP COAST TO COAST AS OF 1997; IS THAT CORRECT?

8 A YES.

9 Q AND WHY DON'T YOU GO BACK TO THE DIRECTORY.  
10 DID THE DIRECTORY SHOW THEM AS AFFILIATED  
11 RESORTS -- THE DEER RUN RESORTS I'M NOW TALKING ABOUT -- ON  
12 PAGE 59 AND 255?

13 A ON PAGE 59, DEER RUN PARK IS LISTED AS A  
14 MEMBER RESORT, RESORT NUMBER 288.

15 Q AND WHO WAS LISTED ON PAGE 74?

16 A 74 IS THE FIESTA CYPRESS RESORT.

17 Q OKAY. IS THAT THE CYPRESS THE SAME CYPRESS  
18 WE'VE BEEN TALKING ABOUT?

19 A YES.

20 Q AND WHO IS LISTED ON 255?

21 A 255 IS THE AMERICAN HOLIDAYS RESORT IN  
22 MISSOURI.

23 Q NOW, LET'S -- DID COAST TRAVEL -- DID COAST  
24 TRANSFER MEMBERS RELATING TO THOSE RESORTS BASED ON YOUR  
25 REVIEW OF EXHIBIT 1808?

26 A YES, THEY DID.

1 Q HOW MANY?

2 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

3 THE COURT: OVERRULED.

4 THE WITNESS: THE CYPRESS RESORT, I THINK I ALREADY  
5 SAID THAT. THAT WAS 1528. DEER RUN, THEY TRANSFERRED  
6 1,093. DEER RUN UNDER AMERICAN HOLIDAYS, THEY TRANSFERRED  
7 393. AND DEER RUN ALSO HAD ANOTHER 489 MEMBERS. IT WAS  
8 ALSO TRANSFERRED OUT OF DEER RUN. THAT USED TO BE PART OF  
9 HERMITAGE LANDING.

10 BY MR. MOSHENKO: Q OKAY. WAS HERMITAGE LANDING  
11 A DEER RUN RESORT?

12 A YES.

13 Q AND WAS IT AN AFFILIATED RESORT WITH CAMP  
14 COAST TO COAST?

15 A YES.

16 Q AND DID -- HOW LONG HAVE YOU BEEN ASSOCIATED  
17 WITH THE DEER RUN HERMITAGE LANDING RESORT?

18 A THE HERMITAGE LANDING RESORT, I WAS  
19 ASSOCIATED, I BELIEVE, SOMETIME AROUND 1992.

20 Q ALL RIGHT. AND DID -- FROM 1992 UNTIL WHEN,  
21 MR. NOVELLI?

22 A UP UNTIL 1997.

23 Q OKAY. AND DURING THAT TIME PERIOD, DID  
24 HERMITAGE LANDING HOST COAST TO COAST MEMBERS?

25 A YES, IT DID.

26 Q DID IT SUBMIT -- DID IT SELL COAST

1 MEMBERSHIPS?

2 A YES.

3 Q DID IT HAVE MEMBERS WHO WERE MEMBERS OF  
4 COAST?

5 A YES.

6 Q DID IT SEND MONEY TO COAST?

7 A YES.

8 Q DID IT DEAL WITH AND TREAT COAST TO COAST AS  
9 THOUGH IT WAS AN AFFILIATED RESORT?

10 A YES, IT DID.

11 Q ALL RIGHT. NEXT IS DELTA ISLE. WHEN DID  
12 YOU COME INTO SOME RELATIONSHIP WITH THE DELTA ISLE RESORT?

13 A DELTA ISLE WAS ACQUIRED, I BELIEVE, SOMETIME  
14 IN 1991 OR 1992.

15 Q AND WAS IT AN AFFILIATED RESORT WITH COAST  
16 TO COAST?

17 A YES, IT WAS.

18 Q IF WE CAN GO TO EXHIBIT 1587.

19 THE COURT: WHAT WAS THAT NUMBER?

20 THE WITNESS: 1587.

21 BY MR. MOSHENKO: Q 1587.

22 HAD DELTA ISLE BEEN A RESORT THAT'S LISTED  
23 IN THE COAST DIRECTORY --

24 A YES.

25 Q -- AS OF 1997?

26 A YES, IT WAS.

1 Q WHO WAS THE OWNER OF DELTA ISLE?

2 A DELTA ISLE WAS OWNED BY THE SCHULZ FAMILY  
3 TRUST.

4 Q AND DID IT HAVE A MEMBER BASE?

5 A YES, IT DID.

6 Q APPROXIMATELY HOW MANY MEMBERS DID IT HAVE  
7 IN 1997?

8 A I BELIEVE SOMEWHERE AROUND 3,000.

9 Q AND HOW MANY -- BASED ON YOUR REVIEW OF THE  
10 EVIDENCE, DID DELTA ISLE MEMBERS GET TRANSFERRED, SENT  
11 TRANSFER LETTERS BY COAST?

12 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

13 THE COURT: PARDON ME?

14 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

15 THE COURT: LAY SOME FOUNDATION.

16 MR. MOSHENKO: DID YOU -- THE SAME AS PREVIOUSLY,  
17 YOUR HONOR.

18 Q DID YOU REVIEW THE BOOKS AND RECORDS OF CAMP  
19 COAST TO COAST RELATING TO EXHIBIT 1808, TRANSFERS THAT  
20 WERE SENT?

21 A YES, I DID.

22 MR. SHERMAN: OBJECTION. THAT'S NOT RELEVANT.  
23 IMPERMISSIBLE EXPERT TESTIMONY.

24 THE COURT: IT IS NOT EXPERT TESTIMONY.

25 MR. SHERMAN: LACKS FOUNDATION.

26 THE COURT: OVERRULED.

1 THE WITNESS: THE AMOUNT OF MEMBERS TRANSFERRED WAS  
2 1,585.

3 BY MR. MOSHENKO: Q ALL RIGHT. AND THESE ARE THE  
4 ONES WE'VE HEARD SO MUCH ABOUT, SOME OF WHOM WENT TO THE  
5 MEXICO RESORTS?

6 A YES. MOST OF THEM, I BELIEVE.

7 Q ALL RIGHT. MR. NOVELLI, LET'S MOVE ON TO  
8 THE APOLLO GROUP.

9 I NEED JUST A SECOND, YOUR HONOR.

10 BEFORE I LEAVE THE SCHULZ FAMILY TRUST --  
11 OKAY. THE APOLLO GROUP.

12 IS THE APOLLO GROUP A PLAINTIFF?

13 A YES, THEY ARE.

14 Q BEFORE I LEAVE SCHULZ, I'D LIKE TO CALL UP  
15 EXHIBIT 2172, PAGES 46 TO 50.

16 DO YOU HAVE 2172? SEE IF YOU CAN FOLLOW US,  
17 MR. NOVELLI.

18 A I HAVE 2172.

19 Q PAGE 07979. I THINK THEY'RE GOING TO BE  
20 SEQUENTIAL FROM THERE ON.

21 A MINE HAS LITTLE DATE STAMPS ON THE BOTTOM IF  
22 YOU HAVE THOSE.

23 Q SEE THE CCC NUMBERS ON THE BOTTOM?

24 A YES, I DO.

25 Q COULD YOU FIND 07979.

26 AND BLOW THAT UP, PLEASE.

1 MR. SHERMAN: YOUR HONOR, THIS DOCUMENT IS NOT  
2 RELEVANT. MR. NOVELLI AND HIS ORGANIZATION'S NAME APPEARS  
3 NOWHERE ON CUTTY'S DES MOINES.

4 MR. MOSHENKO: HE JUST TESTIFIED IT'S ONE OF HIS  
5 RESORTS WHETHER IT APPEARS ON CUTTY'S OR NOT.

6 MR. SHERMAN: IT NOWHERE APPEARS AS CUTTY'S RESORT  
7 AS THE OWNER OR PARK MANAGER.

8 THE COURT: HE HAS TESTIFIED THAT HE WAS THE OWNER.

9 MR. MOSHENKO: 07979.

10 Q I WILL TRY TO DO THIS IN AN ABBREVIATION --  
11 QUICK FASHION, MR. NOVELLI, IF I COULD.

12 FIRST OF ALL, IS THIS THE DES MOINES RESORT?

13 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

14 THE COURT: OVERRULED.

15 THE WITNESS: YES. THIS IS CUTTY'S RESORT IN DES  
16 MOINES, IOWA.

17 BY MR. MOSHENKO: Q THAT'S WHAT YOU CALL CUTTY'S  
18 DES MOINES; RIGHT?

19 A YES.

20 Q AND THIS IS THE ONE YOU TESTIFIED IS OR  
21 REMAINS A COAST TO COAST RESORT; IS THAT CORRECT?

22 A YES, IT DOES.

23 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

24 THE COURT: OVERRULED.

25 BY MR. MOSHENKO: Q AND IN YOUR REVIEW OF -- THIS  
26 COAST COMPUTER FILE DOES NOT SHOW THAT CUTTY'S RESORT HAS

1 BEEN TAKEN OUT OF THE COAST SYSTEM; IS THAT CORRECT?

2 A NO, IT HAS NOT.

3 Q LET'S GO TO THE NEXT ONE, WHICH IS PAGE 5155

4 FOR THE COMPUTER AND FOR YOU, MR. NOVELLI, PAGE 07984.

5 BLOW THAT UP, PLEASE.

6 IS THIS THE COAST COMPUTER RECORD RELATING

7 TO CUTTY'S HAYDEN CREEK?

8 A THIS RESORT HERE DEALS WITH THE CUTTY'S

9 RESORT IN DES MOINES.

10 Q OKAY. WAIT A MINUTE.

11 ARE YOU LOOKING AT 0.984, AND DO WE HAVE

12 07984, PAGE 51 THROUGH 55?

13 A OKAY. YES, THIS IS THE COALDALE ONE.

14 Q RIGHT.

15 COULD WE BLOW UP THE TOP THERE. SEE UNDER

16 "FORMER NAME, CUTTY'S AT HAYDEN CREEK"; ARE WE LOOKING AT

17 THE SAME THING?

18 IS THIS A REFERENCE TO THE HAYDEN CREEK

19 RESORT?

20 A YES.

21 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

22 THE COURT: OVERRULED.

23 BY MR. MOSHENKO: Q OKAY. AND IS THIS THE RESORT

24 THAT YOU OWNED AND TOOK OUT OF THE COAST TO COAST SYSTEM AS

25 OF SEPTEMBER -- AUGUST, SEPTEMBER 1997?

26 A YES, IT IS.

1 Q OKAY. AND THIS SHOWS IT'S OUT VOLUNTARILY  
2 AS OF SEPTEMBER 9, '97?

3 A YES.

4 Q DOES THE RECORD CONFIRM THE EXISTENCE OF AN  
5 AFFILIATION AGREEMENT ON PAGE BATES STAMP 07985, THE NEXT  
6 PAGE?

7 A YES, IT DOES.

8 Q AND THEN ON PAGE -- MOVE UP ONE MORE PAGE.  
9 LET'S GET THE BOTTOM PART BACK, PLEASE.

10 IT SAYS, "ORIGINAL LICENSE" --

11 A 1982.

12 Q 1982. LET'S GO TO THE NEXT PAGE, PLEASE.  
13 ONE MORE. BLOW UP THE BOX, PLEASE.

14 ALL RIGHT. AND BOTTOM LINE THERE, IT  
15 CONFIRMS THAT ON 10/11/97 COAST MASS-TRANSFERRED THE  
16 MEMBERS TO PARK NUMBER 143, COLORADO HEIGHTS, SIGNED MARY.  
17 DO YOU SEE THAT?

18 A YES, I SEE THAT.

19 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION.

20 THE COURT: OVERRULED.

21 BY MR. MOSHENKO: Q MOVE ON TO THE NEXT COMPUTER  
22 FILE. LET'S SEE IF I WANT TO GO THERE.

23 IS THE NEXT ONE THAT YOU HAVE ABBEY'S ALPINE  
24 LAKE?

25 A YES, IT IS.

26 Q THAT'S THE SAME AS CUTTY'S ALPINE?

1 A YES.

2 Q OKAY. AND YOU'VE ALREADY TESTIFIED AS TO  
3 THE NUMBER OF MEMBERS TRANSFERRED.

4 DOES THIS CONFIRM THAT -- THIS EXHIBIT  
5 CONFIRM THAT CUTTY'S ALPINE WAS A LICENSED, AFFILIATED  
6 RESORT IN THE COAST TO COAST SYSTEM AS OF 1983?

7 MR. SHERMAN: OBJECTION. AGAIN, IT LACKS  
8 FOUNDATION. THIS WITNESS DOESN'T HAVE PERSONAL KNOWLEDGE  
9 AS TO WHAT WAS GOING ON THREE YEARS BEFORE --

10 THE COURT: LAY THE FOUNDATION, PLEASE.

11 BY MR. MOSHENKO: Q DID YOU REVIEW THIS PARTICULAR  
12 RECORD TO DETERMINE IF IT CONFIRMS THE LICENSE AGREEMENT AS  
13 OF 1993?

14 A YES.

15 Q AND DID -- YOU YOURSELF PREVIOUSLY JUST  
16 TESTIFIED I THINK A MOMENT AGO AS TO -- WELL, LET ME GO AND  
17 FIND IT.

18 LET'S GO TO THAT SAME DOCUMENT THAT WAS  
19 JUST -- PAGE 57. PAGE 57.

20 WHILE YOU WERE IN CHARGE OF ALPINE LAKES  
21 RESORT, DID IT ENTER INTO A LICENSE AGREEMENT ON OR ABOUT  
22 JANUARY -- I'M SORRY -- NOVEMBER 1, 1994?

23 A YES.

24 Q COULD WE BLOW UP THE RIGHT-HAND COLUMN ON  
25 THAT PAGE.

26 DID YOU DO A SEARCH FOR A COPY OF THE

1 CONTRACT?

2 A YES.

3 Q HAVE YOU BEEN ABLE TO LOCATE IT?

4 A I BELIEVE SO.

5 Q WELL, WE'LL HAVE TO FIND IT DURING THE BREAK

6 BECAUSE I CAN'T LOCATE IT.

7 A OKAY.

8 Q BUT, NEVERTHELESS, DID THIS RESORT ACT AS  
9 THOUGH IT WAS AN AFFILIATED RESORT, COAST TO COAST, FOR THE  
10 YEARS YOU HAD IT? I THINK I ALREADY WENT THROUGH THOSE  
11 QUESTIONS.

12 A YES, IT WAS AN AFFILIATED RESORT --

13 Q ALL RIGHT.

14 A -- WITH COAST.

15 Q AND MOVE FORWARD TWO MORE PAGES, PLEASE.

16 WHEN DID YOU WITHDRAW CUTTY'S ALPINE FROM  
17 CAMP COAST TO COAST?

18 A IT WAS IN 1996.

19 Q AND DID YOU -- CAN YOU BLOW UP THE BOX,  
20 PLEASE.

21 AND THE SECOND LINE -- HIGHLIGHT THE SECOND  
22 LINE.

23 "MEMBERS MAY TRANSFER TO ABBEY'S MINING CAMP  
24 OR EL VADO."

25 ARE YOU AWARE COAST WAS ARRANGING TO HAVE  
26 THE MEMBERS OF YOUR RESORT TRANSFERRED IN 1996 BECAUSE YOU

1 WITHDREW?

2 MR. SHERMAN: OBJECTION, THAT LACKS FOUNDATION.

3 MR. MOSHENKO: IT ASKS HIM WHAT HE WAS AWARE OF.

4 THE WITNESS: NO, I WASN'T AWARE OF THAT.

5 MR. MOSHENKO: THE FOUNDATION FOR THE QUESTION IS

6 RIGHT THERE.

7 THE COURT: THE ANSWER IS HE WASN'T AWARE.

8 BY MR. MOSHENKO: Q NOW, LET'S GO DOWN AND

9 HIGHLIGHT THE LAST PAGE.

10 MASS-TRANSFERRED TO PARK 794. THAT CONFIRMS

11 A MASS-TRANSFER IN OCTOBER, 1997?

12 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

13 THE COURT: OVERRULED.

14 THE WITNESS: YES.

15 BY MR. MOSHENKO: Q THE NEXT COMPUTER FILE I WANT

16 TO LOOK AT IS 2172, PAGE 66.

17 DO YOU FIND BATES STAMP 0804, MR. NOVELLI?

18 A YES, I DO.

19 MR. SHERMAN: COULD WE HOLD ONE SECOND, PLEASE?

20 (PAUSE IN PROCEEDINGS.)

21 MR. MOSHENKO: OKAY. CAN YOU BLOW UP THE TOP,

22 PLEASE.

23 MR. SHERMAN: EXCUSE ME. I CANNOT LOCATE IT IN MY

24 BOOK.

25 MR. MOSHENKO: THE BATES STAMP, MR. SHERMAN, IS

26 08004.

1 MR. SHERMAN: YEAH, IT IS NOT IN ORDER, BUT I'VE  
2 NOW LOCATED IT.

3 MR. MOSHENKO: OKAY.

4 Q NOW, THIS IS FIESTA RESORTS TRAVEL VILLAGE,  
5 THE ONE YOU'VE BEEN TALKING ABOUT, MR. NOVELLI?

6 A FIESTA RESORT TRAVEL VILLAGE, YES.

7 Q OKAY. WHAT'S THE STORY -- THE INFORMATION  
8 THAT YOU HAVE PERSONAL KNOWLEDGE OF RELATING TO FIESTA  
9 RESORTS TRAVEL VILLAGE DISAFFILIATION FROM COAST?

10 A WE TOOK THAT OUT OF THE SYSTEM, OUT OF THEIR  
11 COAST TO COAST SYSTEM, IN SEPTEMBER OF 1994.

12 Q '94?

13 A YES.

14 Q OKAY. AND DID -- LET'S GO TO THE FOURTH  
15 PAGE -- THE ONE WITH THE BOX. ONE MORE. PLEASE BLOW THAT  
16 UP.

17 THIS SAYS, SEPTEMBER 9, 1994, COAST TO COAST  
18 MEMBERS WILL BE TRANSFERRED TO CYPRESS 800, RESORT 800.

19 IS CYPRESS ONE OF YOUR RESORTS?

20 A YES. CYPRESS, FIESTA CYPRESS. THE MEMBERS  
21 FROM FIESTA TRAVEL VILLAGE WERE TRANSFERRED BY US AND COAST  
22 TO COAST OVER TO FIESTA CYPRESS.

23 Q AT YOUR REQUEST THEY DID THE TRANSFER IN  
24 1994?

25 A YES.

26 Q LET'S GO TO BATES STAMP 07999, WHICH IS PAGE

1 21 -- EXHIBIT 2172, PAGE 6.

2 A PAGE WHAT?

3 Q SIX. YOU'RE LOOKING FOR BATES STAMP 07999.

4 A YES, I HAVE IT.

5 Q OKAY.

6 MR. SHERMAN: I DON'T HAVE IT YET.

7 YOUR HONOR, THE COPY THAT WE'VE BEEN

8 SUPPLIED GOES FROM 07998 TO 08004, D.A. 07998.

9 MR. MOSHENKO: YOUR HONOR, THE DOCUMENT IS IN

10 EVIDENCE, AND WE CAN WORK OFF THE SCREEN.

11 MR. SHERMAN: I REALIZE IT'S IN EVIDENCE, BUT I'D

12 LIKE TO KNOW THE PAGE BEFORE, THE PAGE AFTER, BECAUSE THIS

13 ALL BEARS ON THE SAME ISSUE.

14 AND THE FACT THAT IT'S IN EVIDENCE DOESN'T

15 MEAN THAT DEFENDANT -- PLAINTIFFS SHOULD HAVE GIVEN IT TO

16 US.

17 THE COURT: WHY IS YOUR COPY INCOMPLETE?

18 MR. SHERMAN: WELL, NO. THIS IS THE WAY IT WAS

19 GIVEN TO US BY THE PLAINTIFFS.

20 MR. MOSHENKO: I HAVE NO IDEA WHY, BUT THE WITNESS

21 HAS A COPY, AND IT'S IN EVIDENCE, YOUR HONOR, IF THERE WAS

22 A PROBLEM WITH IT.

23 MR. SHERMAN: MAY I LOOK OVER --

24 MR. MOSHENKO: MR. SHERMAN, I'M TOLD LOOK SIX PAGES

25 FROM THE FRONT.

26 MR. SHERMAN: OKAY. IT'S OUT OF ORDER, BUT IT'S

1 THERE.

2 MR. MOSHENKO: OKAY, THANK YOU.

3 Q ALL RIGHT, MR. NOVELLI, DO YOU SEE THAT?

4 WHAT IS THAT -- WHAT RESORT IS REFERRED TO THERE?

5 A FIESTA CYPRESS.

6 Q IS THIS THE SAME ONE YOU JUST REFERENCED?

7 A YES.

8 Q 1994?

9 A CORRECT.

10 Q OKAY. THE MEMBERS WERE TRANSFERRED TO  
11 FIESTA CYPRESS, AS YOU PREVIOUSLY TESTIFIED TO, AND THEN  
12 FIESTA CYPRESS WAS AN AFFILIATED RESORT?

13 A YES, IT WAS.

14 Q WHAT WAS THE DATE OF THE CONTRACTS, BASED ON  
15 THE COAST RECORDS?

16 A FEBRUARY OF 1994.

17 Q ARE YOU LOOKING ON BATES STAMP 8000?

18 A MAY -- I'M SORRY. 5/2. I TOOK THE 2 AS  
19 FEBRUARY, BUT IT'S MAY 2ND, '94.

20 Q YOU READ IT AS FEBRUARY 5 INSTEAD OF MAY 2?

21 A RIGHT.

22 Q OKAY. AND THEN THERE'S A LATER LICENSE DATE  
23 SHOWN ON LINE 26.

24 COULD WE GO TO PAGE 2 AND BLOW UP THE  
25 RIGHT-HAND COLUMN.

26 OKAY, LINE 26, LICENSE DATE.

1 A AUGUST 6TH, 1996.

2 Q OKAY. AND THE ONE YOU REFERRED TO BELOW IS  
3 ON LINE 40; YOU SAID FEBRUARY INSTEAD OF MAY; RIGHT?

4 A CORRECT.

5 Q OKAY. AND THIS IS ONE OF THE RESORTS THAT  
6 YOU DISAFFILIATED?

7 A YES, IT IS.

8 Q AND CAN WE GO TO -- TWO PAGES, PLEASE. PAGE  
9 8002.

10 A YES.

11 Q AND BLOW UP THE BLOCK.

12 ALL RIGHT. AND THIS INDICATES IN COAST'S  
13 OWN RECORDS THAT ARE SEPTEMBER 2, '97, THERE WAS A  
14 VOLUNTARY WITHDRAWAL?

15 A CORRECT.

16 Q AND THEN OCTOBER 13 THERE WAS A MASS  
17 TRANSFER OF THE MEMBERS TO EMERALD COVE?

18 A AND RANCHO EL DORADO.

19 Q AND RANCHO EL DORADO, MEXICO.

20 A RIGHT.

21 Q DID YOU GIVE CONSENT TO HAVING THE MEMBERS  
22 TRANSFERRED TO THOSE TWO RESORTS?

23 A NO.

24 Q I'D LIKE TO GO TO BATES STAMP CCC 08014.  
25 IT'S FOR THE COMPUTER PAGES 76-80 OF THIS EXHIBIT.

26 COULD YOU BLOW UP THE TOP, PLEASE.

1 CAN YOU FIND IT, MR. NOVELLI?

2 A YES, I HAVE IT.

3 MR. MOSHENKO: MR. SHERMAN?

4 MR. SHERMAN: I HAVE IT.

5 MR. MOSHENKO: THANK YOU.

6 Q IS THIS THE DEER RUN PARK THAT YOU TESTIFIED

7 ABOUT --

8 A YES, IT IS.

9 Q -- BEING REFERENCED?

10 AND WAS IT TAKEN OUT OF THE COAST SYSTEM AS

11 OF -- AN AFFILIATED RESORT VOLUNTARILY ON OR ABOUT

12 SEPTEMBER OF '97?

13 A YES.

14 Q AND LET'S GO TO THE SECOND PAGE.

15 DID -- ACCORDING TO COAST'S RECORDS, WAS IT

16 A LICENSED, AFFILIATED RESORT, THE RIGHT HAND-COLUMN,

17 PLEASE?

18 A YES, IT WAS.

19 Q BASED ON LINE 26 AS OF AUGUST 6TH OF '96,

20 AND EVEN BEFORE THAT, BASED ON LINE 40 AS OF AUGUST 6TH OF

21 1984?

22 A CORRECT.

23 Q AND COULD WE MOVE UP TWO MORE PAGES.

24 YOU PREVIOUSLY TESTIFIED TO SOME MEMBERS

25 BEING TRANSFERRED FROM HERMITAGE LANDING. WHERE WERE THEY

26 TRANSFERRED TO?

1 A THEY WERE TRANSFERRED OVER TO DEER RUN.

2 Q THOSE WERE YOUR MEMBERS THAT WERE

3 TRANSFERRED FROM ONE OF YOUR PARKS TO ANOTHER OF YOUR PARKS?

4 A YES, THEY WERE TRANSFERRED FROM HERMITAGE

5 LANDING OVER TO DEER RUN.

6 Q AND THIS CONFIRMS -- THIS CONFIRMS ON

7 11/21/96 THE MEMBERS BEING TRANSFERRED INTO DEER RUN; DO

8 YOU SEE THAT?

9 A CORRECT.

10 Q BUT THEN BECAUSE OF THE WITHDRAWAL BY YOU IN

11 AUGUST OF 1997, ON 10/13/97 THE MEMBERS WERE ALL

12 TRANSFERRED TO SPRING RIVER BEACH, GOLDEN POND, WILDERNESS

13 POINT, SUNCOUNTRY, AND SHILO R.V., AND SHILO LAKE BRUIN; IS

14 THAT CORRECT?

15 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

16 THE COURT: OVERRULED.

17 THE WITNESS: YES.

18 BY MR. MOSHENKO: Q DID YOU GIVE CONSENT TO THOSE

19 TRANSFERS TAKING PLACE?

20 A ABSOLUTELY NOT.

21 Q DID YOU KNOW THEY WERE TAKING PLACE AS OF

22 OCTOBER 13, 1997?

23 A NO. I HAD NO IDEA, NO.

24 Q WITH RESPECT TO ALL OF THE TRANSFERS THAT WE

25 HAVE TALKED ABOUT THUS FAR, BASED ON EXHIBIT 2172, DID YOU

26 GIVE CONSENT TO ANY OF THOSE TRANSFERS OTHER THAN THE ONES

1 IN YOUR TESTIMONY YOU SAID YOU ASKED THAT 10 RESORT MEMBERS  
2 BE TRANSFERRED FROM ONE OF YOUR RESORTS TO OTHER OF YOUR  
3 RESORTS?

4 A I DID NOT.

5 Q AND DID YOU KNOW THAT COAST WAS DOING ANY OF  
6 THOSE TRANSFERS?

7 A NO.

8 Q LET'S GO TO -- WHILE WE'RE HERE, LET'S GO TO  
9 BATES STAMP 08039, AND IT'S PAGES 101-105.

10 DID YOU FIND IT, MR. NOVELLI?

11 A ARE YOU REFERRING TO 101?

12 Q PAGE 08039.

13 A YES, I HAVE THAT, PAGE 101.

14 Q AND THAT'S THE HERMITAGE LANDING R.V. --

15 A YES, IT IS.

16 Q -- THAT WE JUST TALKED ABOUT A MINUTE AGO

17 WHERE THE MEMBERS WERE TRANSFERRED FROM ONE RESORT TO  
18 ANOTHER?

19 A YES.

20 Q LET'S MOVE ON. WE'VE ALREADY ESTABLISHED  
21 THAT.

22 I WANT TO GO TO -- MR. NOVELLI, YOURS ARE  
23 NUMBERED?

24 A YES.

25 Q -- PAGES 1-5 IN 2172.

26 MR. SHERMAN, IT'S BATES STAMP 08059.

1 ARE YOURS PAGES NUMBERED, MR. SHERMAN?

2 MR. SHERMAN: THEY ARE BATES NUMBERED, BUT  
3 SOMETIMES IN ORDER AND SOMETIMES NOT IN ORDER.

4 MR. MOSHENKO: OKAY.

5 MR. SHERMAN: THIS ONE IS NOT IN ORDER.

6 MR. MOSHENKO: OKAY.

7 MR. SHERMAN: SO WE'RE BACK TO THE HUNT AND PECK  
8 METHOD.

9 MR. MOSHENKO: THIS IS BATES STAMP 08059.

10 MR. SHERMAN: I HAVE NO IDEA WHERE IT IS. YOUR  
11 HONOR, IT'S A 300-PAGE DOCUMENT.

12 THE COURT: 300 PAGES?

13 MR. SHERMAN: 300 PAGES, YEAH. AND SOMETIMES THEY  
14 RUN IN ORDER, AND SOMETIMES WHAT I GOT, THEY DON'T RUN IN  
15 ORDER.

16 MR. MOSHENKO: I SHOW THEM AS PAGE 1 THROUGH 5  
17 WHICH SHOULD BE RIGHT AT THE BEGINNING, I BELIEVE.

18 MR. SHERMAN: YES. THEY ARE.

19 MR. MOSHENKO: ALL RIGHT. CAN YOU PUT THAT UP ON  
20 THE SCREEN, 1 THROUGH 5.

21 OKAY. AND BLOW UP THE TOP.

22 Q THIS IS THE COAST COMPUTER RECORDS RELATING  
23 TO THE DELTA ISLE RESORT WHICH YOU'VE ALREADY TESTIFIED WAS  
24 AN AFFILIATED RESORT; DO YOU SEE THAT, MR. NOVELLI?

25 A YES.

26 Q AND IT SHOWS AS THIS AFFILIATED RESORT IS

1 COMING OUT OF THE SYSTEM ON SEPTEMBER 2, 1997; DO YOU SEE  
2 THAT?

3 A YES, I SEE THAT.

4 Q AND IT CONFIRMS THE EXISTENCE OF CONTRACTS  
5 ON THE NEXT PAGE -- WE DON'T HAVE TO GO IN THE COMPUTER --  
6 AS OF JULY 1, 1985; CORRECT?

7 A YES.

8 Q AND TO YOUR PERSONAL KNOWLEDGE IT WAS AN  
9 AFFILIATED RESORT AS OF SEPTEMBER OF 1997?

10 A IT WAS.

11 Q UNTIL YOU WITHDREW IT?

12 A YES.

13 Q AND LET'S GO TO THREE MORE PAGES ON THE  
14 COMPUTER TO THE PLACE WITH THE BOX. AND BLOW THAT UP,  
15 PLEASE.

16 AND THIS COMPUTER RECORD CONFIRMS THAT ON  
17 10/13/97 THE MEMBERS WERE MASS-TRANSFERRED TO SYCAMORE,  
18 PONDEROSA, AND RANCHO EL DORADO?

19 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

20 THE COURT: OVERRULED.

21 THE WITNESS: YES, IT DOES. ON MY COPY IT SAYS  
22 EMERALD COVE AND EL DORADO.

23 BY MR. MOSHENKO: Q THIS WAS A FIRST NATIONWIDE  
24 RESORTS RESORT; CORRECT?

25 A CORRECT.

26 Q AND IT WAS IN BANKRUPTCY AS OF THAT TIME;

1 CORRECT?

2 A YES.

3 Q LET'S GO ONE MORE PAGE UP, AND BLOW UP THE  
4 BOX.

5 THE BOTTOM TWO LINES WOULD INDICATE THAT  
6 COAST WAS AWARE OF THE BANKRUPTCY BY VIRTUE OF HAVING  
7 RECEIVED A BANKRUPTCY HEARING WITH PLAN TO BE SUBMITTED BY  
8 FEBRUARY OF 1997; DO YOU SEE THAT?

9 A YES, I SEE THAT.

10 Q I'D NOW LIKE TO GO TO THE APOLLO GROUP. AND  
11 WE'RE GOING TO BE LOOKING FOR EXHIBIT 1566.

12 ALL RIGHT. WHAT IS THE APOLLO GROUP,  
13 MR. NOVELLI?

14 A THE APOLLO GROUP IS A CALIFORNIA  
15 CORPORATION.

16 Q HOW LONG HAVE YOU BEEN OFFICER, DIRECTOR OR  
17 MANAGER FOR THE APOLLO GROUP?

18 A SINCE 1985.

19 Q CURRENT TO TODAY?

20 A YES.

21 Q SO YOU HAVE PERSONAL KNOWLEDGE OF ITS HAVING  
22 BEEN AN AFFILIATED RESORT WITH CAMP COAST TO COAST DURING  
23 THAT TIME?

24 A WELL, IT'S NOT A RESORT.

25 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

26 THE COURT: LAY SOME FOUNDATION.

1 BY MR. MOSHENKO: Q YOU HAVE PERSONAL KNOWLEDGE OF  
2 WHETHER OR NOT -- DO YOU HAVE -- WERE YOU PRESENT WITH  
3 RESPECT TO APOLLO GROUP HAVING DEALT WITH CAMP COAST TO  
4 COAST AS AN AFFILIATED RESORT OVER THOSE APPROXIMATELY  
5 EIGHT, NINE, 10 YEARS?

6 A NO. APOLLO ACQUIRED THOSE RESORTS FROM THE  
7 BANKRUPTCY SALE.

8 Q OKAY. AND THEY ACQUIRED THEM FROM WHOM?

9 A FROM ALL SEASONS RESORTS.

10 Q THAT'S OCTOBER, 1997, BANKRUPTCY SALE?

11 A THAT'S CORRECT.

12 Q OKAY. WHICH RESORTS DID APOLLO ACQUIRE?

13 A THEY ACQUIRED THE GRASS LAKE, MICHIGAN  
14 RESORT; THE ORLANDO, FLORIDA RESORT; THE SKYVIEW,  
15 PENNSYLVANIA RESORT. ALSO THEY ACQUIRED THE HIDDEN VALLEY  
16 RESORT IN WISCONSIN. AND THEY ALSO ACQUIRE THE ROGERS LAKE  
17 RESORT IN MICHIGAN.

18 Q IS THERE A RESORT CALLED "HEAD WATERS"?

19 A YES, THERE IS.

20 Q WHAT'S APOLLO GROUP'S RELATIONSHIP TO HEAD  
21 WATERS?

22 A THE HEAD WATER MEMBERS WERE TRANSFERRED.  
23 THEY WERE T. A. I. MEMBERS. OR THE PARK MEMBERS WERE  
24 TRANSFERRED OVER TO GRASS LAKE, MICHIGAN.

25 Q ALL RIGHT. SO WHICH RESORTS, AS OF TODAY,  
26 ARE RELATED TO THE APOLLO GROUP?

1 A THE RESORTS THAT ARE RELATED SOMEWHAT TO THE  
2 APOLLO GROUP WOULD BE THE GRASS LAKE RESORT, OF COURSE, THE  
3 ROGERS LAKE, HEAD WATERS THROUGH TRANSFERS, NEW TRAILINN,  
4 THE SAWANEE RIVER THROUGH TRANSFERS, SKYVIEW THROUGH THE  
5 PURCHASE OF THE RESORT, HIDDEN VALLEY, AND WISCONSIN DELLS  
6 WAS -- I BELIEVE APOLLO ALSO BOUGHT THE PERSONAL PROPERTY  
7 OF WISCONSIN DELLS.

8 MR. SHERMAN: MOVE TO STRIKE. THE QUESTION WAS  
9 WHICH RESORTS, NOT MEMBERS OR PERSONAL PROPERTY.

10 MR. MOSHENKO: WELL, THEY GOT THE RESORT'S  
11 PROPERTY, AND IT'S RELATED.

12 THE COURT: ALL RIGHT. MOTION DENIED.

13 BY MR. MOSHENKO: Q OKAY. NOW, LET'S -- I'VE  
14 ASKED YOU WHAT'S IN.

15 WHAT ABOUT ORLANDO; IS ORLANDO ONE OF THE --

16 A YEAH. ORLANDO IS IN THE SYSTEM, YES.  
17 THAT'S FORMER A.S.R.

18 Q APOLLO GROUP?

19 A CORRECT.

20 Q ORLANDO NATURES I THINK YOU SAID WAS AN  
21 APOLLO RESORT?

22 A YES. THE MEMBERS FROM THE NATURES RESORT  
23 WERE TRANSFERRED TO ORLANDO.

24 Q ALL RIGHT. SO WE HAVE --

25 A PREVIOUSLY, YES.

26 Q THERE ARE SO-CALLED MEMBER BASES WHICH MEANS

1 GROUPS OF MEMBERS THAT ARE APOLLO GROUP RESORTS MEMBERS?

2 A CORRECT.

3 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION

4 AND --

5 THE COURT: SUSTAINED.

6 BY MR. MOSHENKO: Q OKAY. WHERE DID APOLLO -- DID

7 APOLLO GROUP HAVE -- DID ANY OF THESE RESORTS HAVE MEMBERS?

8 A YES.

9 Q WHICH RESORTS HAD MEMBERS AS OF 1997?

10 A IN 1997 THE RESORTS THAT HAD MEMBERS WAS

11 GRASS LAKE -- ROGERS LAKE HAD MEMBERS IN 1997. HEAD WATERS

12 HAD MEMBERS IN 1997. NATURES RESORT, THE MEMBERS WERE

13 ALREADY TRANSFERRED. THEY DIDN'T HAVE ANY IN 1997. THEY

14 WERE TRANSFERRED OVER. NEW TRAILINN HAD MEMBERS IN 1997.

15 AND SAWANEE RIVER HAD NO MEMBERS IN 1997.

16 Q THAT'S A NO, NO MEMBERS FOR SAWANEE?

17 A NO MEMBERS.

18 Q SO TAKE SAWANEE OUT OF THE MIX.

19 WHAT ABOUT SKYVIEW; DID THEY HAVE MEMBERS?

20 A YES, IT DID.

21 Q AS OF 1997 DID HONEY BROOK HAVE MEMBERS?

22 A YES, THEY DID.

23 Q DID FOX RIVER HAVE MEMBERS?

24 A YES.

25 Q HIDDEN VALLEY?

26 A THEY HAD MEMBERS. BUT I DON'T KNOW WHAT

1 HAPPENED TO THEM. IN OTHER WORDS, THEY HAD MEMBERS IN  
2 COAST TO COAST, BUT WE CAME UP WITH A ZERO THERE.

3 Q WE'LL DEAL WITH THAT SPECIFICALLY IN A  
4 MOMENT. DID WISCONSIN DELLS HAVE MEMBERS AS OF SEPTEMBER  
5 OF '97?

6 A WISCONSIN DELLS MEMBERS WERE TRANSFERRED.

7 Q TO WHOM?

8 A THEY WERE TRANSFERRED -- THEY WERE SUPPOSED  
9 TO BE TRANSFERRED OVER TO HIDDEN VALLEY, AND THAT'S WHAT'S  
10 KIND -- I'M CONFUSED ABOUT.

11 Q OKAY. NOW, WHICH OF THESE RESORTS WERE  
12 COAST-AFFILIATED RESORTS PRIOR TO THE DISAFFILIATION IN  
13 AUGUST OF 1997?

14 A GRASS LAKE WAS AFFILIATED. HEAD WATERS WAS  
15 AFFILIATED. ROGERS LAKE, MICHIGAN WAS AFFILIATED. ORLANDO  
16 WAS AFFILIATED. AND NEW TRAILINN WAS AFFILIATED. SKYVIEW  
17 WAS AFFILIATED. HIDDEN VALLEY WAS AFFILIATED.

18 Q MAYBE WE OUGHT TO ASK YOU WHICH ONES  
19 WEREN'T. IT WOULD BE EASIER.

20 WHAT ABOUT FOX RIVER; WAS IT AFFILIATED?

21 A FOX RIVER WAS AFFILIATED, YES.

22 Q AND HONEY BROOK, WAS IT AN AFFILIATED COAST  
23 RESORT IN 1997?

24 A YES. YES, IT WAS.

25 Q WISCONSIN DELLS?

26 A EARLY '97.

1 Q OKAY. AND WAS LAKE FRANCE AND EAGLE LAKE  
2 AFFILIATED?

3 A YES, THEY WERE.

4 Q NOW, WOULD YOU PLEASE -- LET'S WEED OUT A  
5 COUPLE.

6 APOLLO GROUP DIDN'T GET ALL OF THE RESORTS  
7 THAT WERE SOLD AT THE AUCTION IN OCTOBER OF 1997, DID IT?

8 A THAT'S CORRECT. NO, WE DIDN'T GET THEM ALL.

9 Q WHICH ONES DIDN'T IT GET?

10 A THE RESORTS THAT THEY DIDN'T ACQUIRE AT THAT  
11 AUCTION WAS LAKE FRANCE IN OHIO, HONEY BROOK IN  
12 PENNSYLVANIA, AND FOX RIVER IN ILLINOIS.

13 Q ALL RIGHT. NOW, BASED ON YOUR REVIEW OF  
14 1808, EXHIBIT 1808, WHICH OF THESE RESORTS' MEMBERS  
15 RECEIVED LETTERS FROM COAST TO COAST IN THE FALL OF 1988?  
16 AND NOW I'M GOING TO MOVE IT IN -- FALL OF 1997, AND I'M  
17 GOING TO MOVE IT INTO THE EARLY PART OF 1988 -- '98.

18 A OKAY.

19 Q AND DID YOU DETERMINE WHICH OF THESE RESORTS  
20 RECEIVED LETTERS AND HOW MANY LETTERS --

21 A YES.

22 Q HOW MANY MEMBERS, I MEAN, RECEIVED LETTERS?

23 MR. SHERMAN: OBJECTION. OBJECTION. THE QUESTION  
24 IS HOW MANY MEMBERS. LACKS FOUNDATION. VIOLATES THE  
25 SECONDARY EVIDENCE RULE. CALLS FOR --

26 THE COURT: SUSTAINED.

1 BY MR. MOSHENKO: Q FIRST OF ALL, BASED ON  
2 REVIEWING EXHIBIT 1808, DID IT INDICATE THAT LETTERS WERE  
3 SENT TO THE MEMBERS OF LAKE FRANCE?

4 A YES.

5 Q EAGLE LAKE?

6 A YES.

7 Q GRASS LAKE?

8 A YES.

9 Q HEAD WATERS?

10 A YES.

11 Q ROGERS LAKE?

12 A YES.

13 Q ORLANDO?

14 A YES.

15 Q ORLANDO NATURES?

16 A YES.

17 Q NEW TRAILINN?

18 A YES.

19 Q SKYVIEW?

20 A YES.

21 Q HONEY BROOK?

22 A YES.

23 Q FOX RIVER?

24 A YES.

25 Q AND HIDDEN -- WISCONSIN DELLS?

26 A YES.

1 Q DID 1808 INDICATE LETTERS WERE SENT TO  
2 MEMBERS OF HIDDEN VALLEY?

3 A NO.

4 MR. SHERMAN: YOUR HONOR, OBJECTION. THIS  
5 WITNESS'S TESTIMONY ABOUT THE CONTENTS OF THE WRITING  
6 VIOLATES THE SECONDARY EVIDENCE RULE.

7 THE COURT: HE WASN'T ASKING ABOUT THE CONTENTS.

8 MR. MOSHENKO: BEG YOUR PARDON?

9 THE COURT: OVERRULED.

10 MR. MOSHENKO: THANK YOU.

11 Q BUT HIDDEN VALLEY HAD MEMBERS?

12 A YES, IT DID.

13 Q AS OF SEPTEMBER OF 1997?

14 A I LATER FOUND OUT THAT COAST TRANSFERRED  
15 THOSE MEMBERS SOMETIME EARLIER IN 1997, AND THEY'RE NOT ON  
16 THIS LIST.

17 Q LET'S GO NOW TO -- DID YOU DETERMINE HOW  
18 MANY MEMBERS WERE TRANSFERRED FROM THE RESORTS THAT YOU'VE  
19 JUST TESTIFIED THAT LETTERS WERE SENT TO THEIR MEMBERS?

20 MR. SHERMAN: OBJECTION. THE WITNESS IS TESTIFYING  
21 AS TO THE CONTENTS OF THE DOCUMENT. THIS LACKS FOUNDATION.

22 MR. MOSHENKO: THE DOCUMENT IS THE FOUNDATION.  
23 IT'S IN EVIDENCE, AND HE STUDIED AND REVIEWED AND  
24 CALCULATED THE NUMBERS.

25 MR. SHERMAN: THE DOCUMENT SPEAKS FOR ITSELF.

26 THE COURT: THE DOCUMENT SPEAKS FOR ITSELF, COUNSEL.

1 HE SAID IT'S IN EVIDENCE.

2 MR. MOSHENKO: IT IS IN EVIDENCE AND SO --

3 MR. SHERMAN: YOUR HONOR, THEN HE SHOULD ARGUE THE  
4 DOCUMENT IN CLOSING ARGUMENT. BUT TO HAVE THIS WITNESS  
5 TELL EVERYONE WHAT'S --

6 THE COURT: I SUSTAINED THE OBJECTION.

7 MR. MOSHENKO: YOUR HONOR, COULD WE BREAK FOR LUNCH  
8 AND TALK ABOUT THIS?

9 THE COURT: SURE.

10 MR. MOSHENKO: THANK YOU.

11 THE COURT: SEE YOU ALL AT 1:30.

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

14 MR. SHERMAN: YOUR HONOR, WITH RESPECT TO THIS  
15 EXHIBIT 1808, WE HAVE BEEN OBJECTING ON EVIDENTIARY  
16 GROUNDS, OBVIOUSLY AS TO A LACK OF FOUNDATION. WE HAVE  
17 MADE OBJECTIONS WITH RESPECT TO ATTEMPTING TO PROVE THE  
18 CONTENTS OF THE WRITING.

19 I'D LIKE MR. RIVIN TO ADDRESS THIS FOR A  
20 MOMENT, PLEASE.

21 MR. RIVIN: THE LAST OBJECTION MR. SHERMAN MADE  
22 WITH THE DOCUMENT SPEAKS FOR ITSELF IS RIGHT. THIS  
23 DOCUMENT IS IN EVIDENCE. IF MR. MOSHENKO OR MR. SHAW WANTS  
24 TO ARGUE THIS AT SOME POINT, THEY CERTAINLY CAN. THE  
25 INFORMATION IS THERE.

26 BUT TO HAVE THIS WITNESS GO THROUGH IT AND

1 DO NOTHING BUT REGURGITATE WHAT'S IN THE DOCUMENT, THAT'S  
2 INAPPROPRIATE. IT'S ARGUMENT, AND IT'S ARGUMENT THROUGH  
3 THE WITNESS. THAT'S INAPPROPRIATE.

4 THE OTHER ISSUE I WANTED TO RAISE IS THAT TO  
5 THE EXTENT THAT PLAINTIFFS ARE ASKING MR. NOVELLI -- WE  
6 WILL OBJECT TO THIS THIS AFTERNOON -- HOW MANY MEMBERS A  
7 PARTICULAR RESORT HAS, FOR HIM TO TESTIFY ORALLY AS TO HOW  
8 MANY MEMBERS A RESORT HAS IS INAPPROPRIATE. THE  
9 DOCUMENTATION -- THERE SHOULD BE DOCUMENTATION,  
10 FOUNDATIONAL DOCUMENTATION SHOWING HOW MANY  
11 MEMBERS A RESORT HAD, IF THEY HAD ANY MEMBERS. AND IT'S  
12 INAPPROPRIATE FOR MR. NOVELLI TO BE TESTIFYING OFF THE TOP  
13 OF HIS HEAD HOW MANY MEMBERS THEY HAD.

14 THERE'S SOME FUNDAMENTAL FOUNDATION ISSUES  
15 WITH THAT. THAT TYPE OF INFORMATION IS BEST CONTAINED --  
16 BEST FOUND IN DOCUMENTS, HOW MANY MEMBERS, HOW MANY MEMBERS  
17 DOES A PARK HAVE. AND IT'S INAPPROPRIATE AND WE BELIEVE  
18 VIOLATIVE OF THE SECONDARY EVIDENCE RULES.

19 THE COURT: AND IN YOUR DISCOVERY HAVE YOU  
20 DISCOVERED THOSE DOCUMENTS?

21 MR. SHERMAN: YOUR HONOR, WE HAVE DISCOVERED THOSE  
22 DOCUMENTS. BUT THOSE DOCUMENTS DON'T SAY WHAT THIS WITNESS  
23 IS TESTIFYING TO. AND WHILE IT'S ONE THING TO SAY SAVE IT  
24 FOR CROSS-EXAMINATION, WE DON'T WANT TO SAVE IT FOR  
25 CROSS-EXAMINATION. MR. MOSHENKO OUGHT TO PUT UP ON THE  
26 BOARD THE FOUR MEMBERSHIP LISTS THAT WERE PRODUCED; AND,

1 YOU KNOW, IN THIS AGE OF COMPUTER TECHNOLOGY, THEY HAVE THE  
2 DISKETTE OF THE 166,000.

3           THERE ARE ALL SORTS OF WAYS OF USING THIS  
4 INFORMATION, IF THERE IS A LEGITIMATE BASIS TO DO IT, TO  
5 SHOW THERE ARE MEMBERS. BUT FOR THIS MAN TO SIT HERE AND  
6 SAY, WELL, THIS ONE HAD THIS MANY MEMBERS, THAT ONE HAD  
7 THAT MANY MEMBERS, I MEAN, WHY DID WE ASK FOR THE  
8 DOCUMENTS? WHY DID THEY PRODUCE US THE DOCUMENTS? BECAUSE  
9 THE DOCUMENTS DON'T SHOW THAT.

10           THE DOCUMENTS SHOW, FROM 1995 THROUGH 1998,  
11 FROM THEIR OWN RECORDS, A HUGE DECLINE BETWEEN '95 AND '96  
12 AND '96 TO '97. BY '97 -- AND I'M -- YOU SEE, THIS IS THE  
13 PROBLEM. I DON'T HAVE THE DOCUMENTS IN FRONT OF ME.

14           BUT BY '97 THERE WEREN'T MORE THAN 12,000  
15 MEMBERS TOTAL IN ALL SEASONS RESORTS.

16           MR. JOSEPH'S MOTION TO THE COURT, THE  
17 BANKRUPTCY COURT, IN SEPTEMBER, 1988, THERE'S ONLY 2500  
18 CURRENT MEMBERS OF FIRST NATIONWIDE.

19           MR. RIVIN: WHEREAS FIRST NATIONWIDE REPRESENTED,  
20 AS I RECALL, THERE WERE 10,000 --

21           MR. SHERMAN: RIGHT.

22           MR. RIVIN: -- MEMBERS. SO THERE ARE THESE  
23 DISCREPANCIES. AND FOR MR. NOVELLI TO SIT HERE AND  
24 TESTIFY --

25           THE COURT: ISN'T THAT WHAT A TRIAL IS ALL ABOUT?

26           MR. SHERMAN: WELL, BUT A TRIAL IS NOT --

1 RESPECTFULLY, YOUR HONOR, AS TO THE SECONDARY EVIDENCE  
2 RULE, THE TRIAL IS THAT WE GET TO OBJECT WITH RESPECT TO  
3 SECONDARY EVIDENCE ISSUES. AND WHEN THE DISCUSSION  
4 TURNS -- WHEN THE TESTIMONY, THE QUESTIONING TURNS TO, YOU  
5 KNOW, HOW MANY MEMBERS? WHAT'S YOUR EVIDENCE? WHAT DO THE  
6 FINANCIAL STATEMENTS SHOW? WHAT DOES THIS SHOW?

7 AS THEY SAID, YOU CAN LOOK IT UP. I FORGET  
8 WHICH BASEBALL PUNDIT SAID, "YOU CAN LOOK IT UP." AND FOR  
9 THIS MAN TO GO ON ON THESE THINGS WHEN YOU CAN LOOK IT UP,  
10 THAT'S WHAT THEY OUGHT TO BE DOING, PROVING IT.

11 THE COURT: YOGI BERA.

12 MR. SHERMAN: WAS IT YOGI BERA. OKAY. I WAS A  
13 METS FAN.

14 THE COURT: OKAY.

15 MR. MOSHENKO: I'M TRYING TO DO THIS AS  
16 EXPEDITIOUSLY AND REASONABLY AS WE CAN. AND I DO THINK  
17 THAT THE DOCUMENT IS IN EVIDENCE, AND IT DOES SPEAK FOR  
18 ITSELF.

19 I JUST DON'T HAVE AN UNDERSTANDING HOW THE  
20 COURT WOULD LIKE US TO HANDLE INFORMING THE JURY ABOUT THE  
21 NUMBERS, BECAUSE THE EVIDENCE OF THE NUMBERS -- I MEAN, THE  
22 JURY WON'T SEE THIS EXHIBIT AND BE ABLE TO DO A COUNT  
23 THEMSELVES. WE CAN ARGUE IT AT CLOSING STATEMENT.

24 BUT IT -- THE INFORMATION, AT LEAST THE  
25 BOTTOM-LINE INFORMATION, IS FOUNDATIONAL TO FURTHER  
26 EVIDENCE THAT WE WANT TO GET IN. AND WE'RE GOING TO HEAR

1 LACK OF FOUNDATION, UNLESS THE EVIDENCE COMES OUT THROUGH A  
2 WITNESS DESCRIBING THE -- I'LL DO IT ANY WAY THE COURT  
3 WANTS US TO.

4 THE COURT: I DON'T KNOW HOW TO TELL YOU THIS, BUT  
5 THE JURY IS LOSING INTEREST I'VE NOTICED.

6 MR. MOSHENKO: I DON'T BLAME THEM, YOUR HONOR. WE  
7 NEED TO PROVE UP AFFILIATION AND MEMBERS, AND I'M DOING IT  
8 THE MOST EXPEDITIOUS WAY I CAN THINK OF.

9 IF -- I'LL TRY -- THINK OVER LUNCH IF I CAN  
10 CUT OUT HALF OF THIS, BECAUSE THE DOCUMENT IS ALREADY IN  
11 EVIDENCE. FINE. I'LL TRY TO DO THAT.

12 MR. SHERMAN: TWO QUICK ISSUES.

13 MR. MOSHENKO: I'VE BEEN CUTTING EVERYWHERE I COULD  
14 CUT TO MAKE IT GO.

15 MR. SHERMAN: IF I MAY INQUIRE IF IT'S APPROPRIATE  
16 IF THERE'S ANY IDEA AS TO WHEN WE'D BE GETTING OUR  
17 CROSS-EXAMINATION. AND SECOND, WHEN CAN WE TAKE UP THE  
18 ISSUE OF THE MOTION THAT WE DID FILE THIS MORNING AND GAVE  
19 TO COUNSEL THIS MORNING?

20 THE COURT: WELL, THE FIRST QUESTION FIRST. ARE  
21 YOU GOING TO FINISH WITH MR. NOVELLI TODAY?

22 MR. MOSHENKO: I EXPECT TO FINISH WITH HIM TODAY,  
23 YES.

24 THE COURT: I EXPECT YOU'LL PROBABLY CROSS-EXAMINE  
25 IN THE MORNING.

26 MR. SHERMAN: OKAY.

1 MR. SHAW: THANK YOU.

2 THE COURT: SEE YOU AT 1:30.

3 (WHEREUPON THE COURT WAS IN RECESS UNTIL  
4 1:30 P.M. OF THE SAME DAY.)

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1 WESTMINSTER, CALIFORNIA - TUESDAY, JUNE 27, 2000

2 AFTERNOON SESSION

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

5 THE COURT: GOOD AFTERNOON, LADIES AND GENTLEMEN.

6 MR. SHERMAN: GOOD AFTERNOON, YOUR HONOR.

7 YOUR HONOR, I HAD ASKED FOR A FEW MINUTES  
8 BECAUSE I HAD GIVEN MORE THOUGHT TO THIS DIALOGUE THAT  
9 WE'VE BEEN HAVING NOW FOR SEVERAL DAYS NOW ON THE SUBJECT  
10 OF ORIGINAL WRITINGS AND SECONDARY EVIDENCE. AND I THINK  
11 THAT IF THE COURT WOULD PERMIT ME NO MORE THAN TWO OR THREE  
12 MINUTES WITH MR. NOVELLI ON VOIR DIRE, WE CAN CUT THROUGH  
13 THIS, AND WE CAN SHOW TO THE COURT WHY MR. NOVELLI'S  
14 TESTIMONY WITH RESPECT TO MEMBERSHIP LOSSES IS  
15 INADMISSIBLE.

16 THE COURT: ALL RIGHT.

17 MR. SHERMAN: THANK YOU.

18 MR. SHAW: YOUR HONOR, WE DISAGREE. THIS IS  
19 CROSS-EXAMINATION VERY CLEARLY. WE HAVE THE RIGHT TO LAY  
20 FOUNDATION AND PUT OUR WITNESS ON AND TAKE HIM IN FRONT OF  
21 THE JURY. AND HE HAS GOT MORE THAN ENOUGH EVIDENCE TO  
22 ESTABLISH WHAT THEY CALL A PRELIMINARY FACT. AND THAT IS  
23 WHAT -- MOST OF THEM ARE ALREADY IN EVIDENCE, THE BATCH  
24 REPORTS.

25 SO FOR THIS TO HAPPEN -- THIS IS  
26 CROSS-EXAMINATION. WHAT MR. SHERMAN IS TALKING ABOUT IS

1 WEIGHT AND SUFFICIENCY OF THE EVIDENCE, NOT ADMISSIBILITY.

2 THESE ARE ADMISSIBILITY ISSUES.

3 MR. SHERMAN: YOUR HONOR, NO FOUNDATION HAS BEEN  
4 LAID FOR ANY OF THIS. IT VIOLATES EVIDENCE CODE 1521 AND  
5 1523 DEALING WITH THE SUBJECT OF SECONDARY EVIDENCE AND  
6 INADMISSIBLE SECONDARY EVIDENCE, AND I CAN PROVE IT.

7 MR. MOSHENKO: YOUR HONOR, WHAT I'D LIKE TO  
8 CONTRIBUTE IN THIS EXCHANGE IS THAT WHAT I'VE MADE A  
9 DECISION TO DO OVER THE LUNCH BREAK TO TRY TO MOVE THIS  
10 ALONG IS I'M GOING TO DELETE REFERENCE TO A SIGNIFICANT  
11 NUMBER OF QUESTIONS THAT I HAVE BEEN USING ON EACH RESORT  
12 AS WE WENT DOWN THE RESORTS TO TRY TO SAVE TIME.

13 SPECIFICALLY, I'VE COME TO THE CONCLUSION  
14 THAT I DON'T HAVE TO ASK ABOUT THE DIRECTORY BECAUSE THE  
15 DIRECTORY IS IN EVIDENCE. I DON'T HAVE TO ASK MR. NOVELLI  
16 TO COMMENT ON THE BATCH REPORTS BECAUSE THE BATCH REPORTS  
17 ARE ALREADY IN EVIDENCE. I DON'T HAVE TO ASK MR. NOVELLI  
18 TO COMMENT ON THE FACT THAT COAST SENT LETTERS TO MEMBERS,  
19 BECAUSE IT'S IN EVIDENCE. AND THE LIST OF THE NAMES OF THE  
20 PERSONS TO WHOM THE LETTERS WERE SENT TO ARE IN EVIDENCE.

21 AND I SHOULD BE -- I BELIEVE I SHOULD BE  
22 ABLE TO COMMENT ON THAT IN CLOSING ARGUMENT OR IN ARGUMENT  
23 WITH THE COURT. IT'S A MATTER OF SUMMARIZING WHAT'S  
24 ALREADY IN EVIDENCE. AND I THINK THAT I'M GOING TO TAKE  
25 THAT APPROACH WITH MR. NOVELLI TO TRY TO -- AND I THINK IT  
26 WILL DRAMATICALLY REDUCE THE TIME OF -- TIME AND EFFORT.

1 I SHOULD ADD, THOUGH, YOUR HONOR, THAT I  
2 BELIEVE THAT IN PROBLEM -- ALL PROBABILITY, THIS IS GOING  
3 TO BE HEAVILY CROSS-EXAMINED. AND THERE'S NO REASON WHY WE  
4 NEED TO CROSS-EXAMINE IT TWO TIMES, ONCE BEFORE I COMPLETE  
5 MY EXAMINATION OF THE WITNESS, AND ONCE AFTER.

6 AND AFTER IT'S CROSS-EXAMINED BY MR. SHERMAN  
7 OR MR. RIVIN, IF IT TURNS OUT THAT IN ORDER TO TRY TO SAVE  
8 TIME I OMITTED A FOUNDATIONAL PIECE OF INFORMATION, I'M  
9 GOING TO ASK THE COURT TO ALLOW ME TO PICK UP THAT OMITTED  
10 POINT IN A REOPENING OR ON REDIRECT. BUT I'M TRYING TO  
11 TAKE WHAT COULD BE ANOTHER TWO HOURS OF TESTIMONY AND  
12 SHORTEN IT TO 20 MINUTES, TO A HALF HOUR. I CAN BE  
13 FINISHED WITH MR. NOVELLI IN MAYBE A HALF HOUR, 45  
14 MINUTES.

15 MR. SHERMAN: YOUR HONOR, IF ANYONE FOR A MOMENT  
16 THINKS THAT WE BROUGHT THIS OR ASKING FOR THIS BECAUSE OF  
17 THE ISSUE IN THE DIRECTORY OR WHETHER THERE'S AN  
18 AFFILIATION AGREEMENT OR NOT, LET'S PUT THAT TO THE SIDE.  
19 IT'S -- THOSE ARE RED HERRINGS THAT MR. MOSHENKO IS  
20 RAISING.

21 MR. MOSHENKO IS GOING TO GO, I SUBMIT,  
22 PROBABLY TO FOUR DIFFERENT ISSUES: EVIDENCE OF HOW MANY  
23 MEMBERS DIFFERENT RESORTS HAD AT DIFFERENT TIMES, EVIDENCE  
24 OF HOW MANY MEMBERS WERE CURRENT AT DIFFERENT TIMES,  
25 EVIDENCE OF HOW MANY MEMBERS LEFT, AND EVIDENCE OF -- AS A  
26 RESULT OF THE COAST LETTERS AS OPPOSED TO ANYTHING ELSE IN

1 THIS WORLD, OKAY -- AND EVIDENCE OF HOW MANY MEMBERS  
2 STOPPED PAYING AS A RESULT OF THE COAST LETTERS AS OPPOSED  
3 TO ANYTHING ELSE IN THIS WORLD.

4 AND THE SPACE THAT IT'S JUST TAKEN US TO  
5 HAVE THIS COLLOQUY BEFORE THE COURT I COULD HAVE EXAMINED  
6 MR. NOVELLI ON THAT POINT, AND WE COULD HAVE ESTABLISHED  
7 WHETHER AS A FOUNDATIONAL MATTER EVIDENCE CODE SECTIONS  
8 1521 AND 1523 HAVE BEEN MET. I SUBMIT --

9 THE COURT: I'M READY TO RULE.

10 I'M GOING TO ALLOW PLENTY OF LATITUDE ON THE  
11 CROSS-EXAMINATION, BUT I'M NOT GOING TO TRY TO GUESS WHAT  
12 THE REST OF THE TESTIMONY IS GOING TO BE IN THIS MATTER.  
13 LET'S JUST LET IT COME OUT. MAKE YOUR OBJECTIONS FOR THE  
14 RECORD, AND YOU CAN DO WHAT YOU CAN DO ON  
15 CROSS-EXAMINATION.

16 MR. SHERMAN: VERY WELL.

17 MR. SHAW: THANK YOU.

18 MR. SHERMAN: I JUST HOPE WHEN THE ISSUE OF LACK OF  
19 FOUNDATION COMES UP, AS I'M SURE IT WILL, THE ISSUE IS  
20 GOING TO COME DOWN TO DO YOU HAVE DOCUMENTS THAT GO TO  
21 THESE ISSUES, AND IF SO, WHY AREN'T THEY THERE.

22 THE COURT: THERE YOU GO, ON CROSS-EXAMINATION.

23 MR. SHERMAN: WELL, BUT, YOUR HONOR, THESE ARE  
24 BELLS THAT CAN'T BE UNRUNG BECAUSE UNDER 1523 IT'S NOT  
25 ADMISSIBLE.

26 THE COURT: THE JURY ISN'T LISTENING TO THESE BELLS.

1 MR. MOSHENKO: ON THE MATTER THAT YOUR HONOR --

2 MR. SHERMAN: FAIR ENOUGH. SO LONG AS THE COURT  
3 UNDERSTANDS THAT WHEN I'VE GOT THESE SPRINGS ON MY LEGS  
4 WHEN I'M JUMPING UP ON THESE ISSUES CLAIMING VIOLATION OF  
5 EVIDENCE CODE SECTION 1521 AND 1523 AND LACK OF FOUNDATION,  
6 I ASK THE COURT TO INSIST THAT A FOUNDATION BE LAID THAT  
7 WE -- THE COURT HOPEFULLY PERMITS THAT TO BE DONE.

8 MR. RIVIN: WE'RE TALKING ABOUT A LIMITED ISSUE,  
9 YOUR HONOR. THE ISSUE IS THE -- IS ORAL TESTIMONY  
10 REGARDING THE CONTENT OF DOCUMENTS. AND UNDER SECTION 1523  
11 THAT TESTIMONY IS INADMISSIBLE. IT'S NOT A QUESTION FOR  
12 CROSS-EXAMINATION -- IT'S NOT AN ISSUE OF  
13 CROSS-EXAMINATION. IT'S NOT ADMISSIBLE.

14 MR. MOSHENKO: YOUR HONOR, ON THE POINT YOUR HONOR  
15 BROUGHT UP IN CHAMBERS THIS MORNING RELATING TO THE  
16 MANAGERS BEING ASKED TO MARKET GOODS IN THEIR RESORTS, WE  
17 HAVE THREE PIECES OF CORRESPONDENCE THAT ARE ON THE EXHIBIT  
18 LIST AND AS EXHIBITS. AND I WOULD -- WHAT I'M SUGGESTING  
19 IS I'LL OFFER THEM INTO EVIDENCE, AND THE COURT CAN THEN  
20 LOOK AT THEM AND INFORM US OF WHETHER WE NEED TO BRING A  
21 MANAGER IN. IF THE COURT SAYS DO IT, THEN WE'LL DO IT.

22 THE COURT: I'LL TELL YOU RIGHT NOW, YOU'RE GOING  
23 TO HAVE TO BRING THEM IN BECAUSE LETTERS ARE DEFINITELY  
24 GOING TO BE -- THOSE LETTERS WILL DEFINITELY BE  
25 INADMISSIBLE.

26 MR. MOSHENKO: WHY, THEY'RE COAST TO COAST LETTERS

1 TO US COMMENTING ON THE MANAGERS.

2 THE COURT: THEY'RE COAST TO COAST LETTERS?

3 MR. MOSHENKO: YES. TWO ARE COAST TO COAST  
4 LETTERS, AND ONE IS A LETTER FROM US TO COAST TO COAST  
5 TALKING ABOUT THIS ISSUE.

6 THE COURT: WELL, WE'RE TRYING TO PREJUDGE THE  
7 CASE. PUT THE EVIDENCE ON. LET ME HEAR IT, AND LET'S GO.

8 MR. SHERMAN: FAIR ENOUGH. LET'S GO.

9 MR. MOSHENKO: MAY I JUST ASK ONE MORE POINT, YOUR  
10 HONOR? THE MOTION THAT WAS HANDED TO US THIS MORNING --

11 THE COURT: YES.

12 MR. MOSHENKO: -- WE'D LIKE THE OPPORTUNITY TO LOOK  
13 AT IT.

14 THE COURT: YOU'D HAVE THAT OPPORTUNITY.

15 MR. MOSHENKO: I'M IN THE MIDDLE OF EXAMINATION AND  
16 DEALING WITH IT. AND, THEREFORE, WHAT I'M GOING TO ASK THE  
17 COURT TO DO IS TO CONSIDER THAT COUNSEL SHOULD NOT BROACH  
18 THE SUBJECT -- THAT'S THE STATE OF THE COURT'S ORDER --  
19 UNTIL WE'VE HAD A CHANCE TO ARGUE IT. AND IF YOUR HONOR  
20 DECIDES TO RULE THAT THE SUBJECT CAN BE BROACHED, I'M GOING  
21 TO ASK THE COURT FOR LEAVE FOR US TO REOPEN OUR DIRECT AND  
22 DEAL WITH IT ON A REOPENED DIRECT BEFORE COUNSEL DOES,  
23 ALONG THE SAME LINES OF WHEN --

24 THE COURT: I MAY NOT GRANT YOU THAT.

25 MR. SHERMAN: NO. WE OBVIOUSLY OBJECT TO THAT.

26 THE COURT: IF YOU'RE GOING TO DEAL WITH IT, DEAL

1 WITH IT NOW WHEN YOU HAVE YOUR WITNESSES.

2 MR. MOSHENKO: FOR THE RECORD, YOUR HONOR, WE'RE --  
3 WE STILL CONTEND THAT IT SHOULD BE INADMISSIBLE, AND WE  
4 WILL NOT OPEN IT UNLESS THE COURT INDICATES THAT THE COURT  
5 INTENDS TO ALLOW THE DEFENSE TO.

6 THE COURT: BRING IN THE JURY.

7 (THE FOLLOWING PROCEEDINGS WERE HELD IN OPEN  
8 COURT IN THE PRESENCE OF THE JURY:)

9 THE COURT: GOOD AFTERNOON, LADIES AND GENTLEMEN.

10 THE JURY: GOOD AFTERNOON, YOUR HONOR.

11 DIRECT EXAMINATION (CONTINUED)

12 BY MR. MOSHENKO: Q MR. NOVELLI, DO YOU HAVE 1720,  
13 21 AND 22 UP THERE?

14 A YES, I DO.

15 Q OKAY. I'M SURE THE JURY UNDERSTANDS THERE'S  
16 SOME KIND OF FOUNDATIONAL OR HOUSEKEEPING THINGS.

17 WOULD YOU TAKE A LOOK AT THOSE THREE --  
18 THOSE ARE THREE LETTERS, YOUR HONOR. ONE IS DATED JANUARY  
19 9, '90. ONE IS DATED JANUARY 19TH, '90. AND ONE IS DATED  
20 JANUARY 31, '90.

21 WOULD YOU TAKE A LOOK AT THOSE THREE  
22 LETTERS, THREE EXHIBITS. 22 IS THE FIRST ONE, 21 IS THE  
23 SECOND, AND 20 THE THIRD?

24 A THAT WAS 23, 22 AND 21?

25 Q 22, 21 AND 20.

26 A AND 20? THE LETTER FROM COAST TO COAST TO

1 MR. DIAMOND?

2 Q NO. 1722, DO YOU HAVE THAT?

3 A YES, I HAVE 1722.

4 Q IS IT A LETTER FROM -- TO PAT BUTLER --

5 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.

6 BY MR. MOSHENKO: Q -- FROM RAYMOND NOVELLI?

7 MR. SHERMAN: LACKS FOUNDATION. IT'S NOT SIGNED.

8 IT'S DATED 10 YEARS AGO.

9 MR. MOSHENKO: FIRST, I JUST WANT TO IDENTIFY WHAT

10 IT IS.

11 THE COURT: OVERRULED.

12 BY MR. MOSHENKO: Q IS IT A LETTER? ARE YOU

13 LOOKING AT A LETTER TO PAT BUTLER?

14 THE COURT: WHY DON'T YOU APPROACH THE WITNESS AND

15 SEE.

16 THE WITNESS: I THINK WE GOT DIFFERENT PAGES. THE

17 ONE I'M SHOWING HERE IS 721.

18 BY MR. MOSHENKO: Q LET'S LOOK AT 1722. IS IT A

19 LETTER? THERE IT IS.

20 A YEAH.

21 Q OKAY. AND THEN 1721 IS A LETTER, AND 1720

22 IS A LETTER; RIGHT?

23 OKAY. NOW, LET'S START WITH 22 FIRST.

24 OKAY?

25 A OKAY.

26 Q 1722 IS YOUR OFFICE COPY OF A LETTER WHICH

1 YOU WROTE FOR MAILING TO PUT BUTLER ON OR ABOUT JANUARY 9,  
2 1990?

3 A YES. IT'S A LETTER THAT I WROTE AND SENT TO  
4 MR. BUTLER.

5 Q AND IT HAS -- YOUR COPY HAS FIVE PAGES OF  
6 ATTACHMENTS?

7 A YES.

8 Q AND WERE THOSE -- I MAY HAVE MISCOUNTED,  
9 MR. NOVELLI. FOUR PAGES OF ATTACHMENTS.

10 A AND THE SECOND PAGE OF THE LETTER -- FOUR --  
11 I WAS COUNTING THE SECOND PAGE OF THE LETTER, ALSO.

12 Q OKAY. AND THOSE ATTACHMENTS WERE THE  
13 ENCLOSURES THAT ARE REFERRED TO IN THE FIRST PARAGRAPH OF  
14 THE JANUARY 9 LETTER?

15 A YES.

16 Q OKAY. AND DID YOU CAUSE THAT LETTER, THE  
17 ATTACHMENTS, TO BE MAILED TO PAT BUTLER?

18 A YES, I DID.

19 Q ON OR ABOUT THE DATE SHOWN, AT OR ABOUT THE  
20 DATE SHOWN?

21 A YES.

22 MR. MOSHENKO: OFFER IT IN EVIDENCE, YOUR HONOR.

23 MR. SHERMAN: OBJECTION. IT'S NOT RELEVANT. 352.

24 MR. MOSHENKO: IT'S RELEVANT TO THE ISSUE, YOUR  
25 HONOR, JUST ASKED ABOUT IN CHAMBERS.

26 THE COURT: LET ME SEE THE LETTER.

1 MR. MOSHENKO: YOUR HONOR, THE SPECIFIC PARAGRAPHS  
2 THAT WE BELIEVE RESPOND TO THE COURT'S INQUIRY ARE THE LAST  
3 TWO PARAGRAPHS ON THE FIRST PAGE.

4 THE COURT: APPROACH THE BENCH, GENTLEMEN.

5 (DISCUSSION OFF THE RECORD.)

6 BY MR. MOSHENKO: Q ALL RIGHT. MR. NOVELLI,  
7 BEFORE THE BREAK WE WERE TALKING ABOUT THE APOLLO GROUP  
8 RESORTS?

9 A YES.

10 Q AND I'M GOING TO TRY TO SAVE SOME TIME. I'M  
11 NOT GOING TO ASK YOU TO IDENTIFY WHERE IN THE DIRECTORY  
12 THESE RESORTS ARE LISTED EXCEPT TO SAY, WERE EACH OF THE  
13 RESORTS THAT YOU IDENTIFIED THIS MORNING AS APOLLO GROUP  
14 RESORTS RESORTS THAT WERE IDENTIFIED IN THE DIRECTORY?

15 A YES.

16 Q NOW, WERE EACH OF THE RESORTS RESORTS THAT  
17 ON THE EXHIBIT 1808 COAST TO COAST INDICATED THE MEMBERS  
18 WERE TRANSFERRED FROM THESE RESORTS?

19 A YES.

20 Q AND LATER TODAY I'M GOING TO ASK YOU FOR A  
21 COUNT OF MEMBERS TRANSFERRED ACCORDING TO COAST'S RECORDS.

22 WERE THE COUNTS OF THE MEMBERS THAT WERE  
23 TRANSFERRED, BASED ON COAST'S RECORDS FROM THESE RESORTS,  
24 INCLUDED IN THE COUNT THAT I'M GOING TO ASK YOU ABOUT LATER  
25 TODAY, THE TOTAL?

26 A YES.

1 Q EXHIBIT 1566.

2 YOUR HONOR, I'M SORRY. I CAN'T RECALL. HAS

3 THAT BEEN ADMITTED?

4 THE CLERK: NO, IT HASN'T.

5 THE COURT: NO.

6 BY MR. MOSHENKO: Q ALL RIGHT. DO YOU HAVE IT UP

7 THERE, MR. NOVELLI?

8 MR. SHAW: YES.

9 THE CLERK: 1566 HAS THREE DIFFERENT PARTS.

10 THE COURT: IT HAS THREE DIFFERENT PARTS TO IT.

11 WHICH ONE ARE YOU TALKING ABOUT?

12 MR. MOSHENKO: YES, SIR. I SEE THAT.

13 FOR NOW, YOUR HONOR, IF I MAY, I'LL DEAL

14 WITH THE FIRST AGREEMENT, WHICH IS -- CONSISTS OF THE

15 FIRST -- IT LOOKS LIKE 14 PAGES OF THE EXHIBIT. AND IT'S

16 AN AGREEMENT DATED WITH AN ACCEPTANCE DATE BY CAMP COAST TO

17 COAST OF JUNE 27, 1986.

18 Q ALL RIGHT. MR. NOVELLI, CAN YOU REVIEW THAT

19 AGREEMENT? CONSISTS OF THE FIRST 14 PAGES OF THAT EXHIBIT.

20 A YES.

21 Q DOES IT HAVE YOUR SIGNATURE ON IT SIGNING

22 FOR ALL SEASONS RESORTS, INC.?

23 A YES, IT DOES.

24 Q IS THIS THE AGREEMENT BETWEEN ALL SEASONS

25 AND COAST THAT WAS ENTERED INTO ON OR ABOUT JUNE OF 1986?

26 A YES. I SIGNED IT IN JUNE OF '86.

1 MR. MOSHENKO: OFFER IT INTO EVIDENCE.

2 MR. SHERMAN: OBJECTION. IT IS NOT RELEVANT. THIS

3 AGREEMENT WAS SUPERSEDED. IT'S VERY CLEAR.

4 MR. MOSHENKO: IT PROVES THE EXISTENCE OF

5 AFFILIATION AGREEMENT RELATIONSHIP, YOUR HONOR. AND I

6 DON'T KNOW THAT THERE IS A SUPERSEDED. AND THAT'S SUBJECT

7 FOR THEM TO ESTABLISH IT AT ALL.

8 MR. SHERMAN: THAT FACT IS STIPULATED.

9 THE COURT: DIDN'T YOU SAY IT'S IN?

10 THE CLERK: IT'S NOT IN.

11 MR. SHERMAN: THE FACT OF AN AFFILIATION HAS BEEN

12 STIPULATED TO, IT'S CUMULATIVE. EVERYONE KNOWS THAT.

13 MR. MOSHENKO: IF COUNSEL WANTS TO STIPULATE THOSE

14 RESORTS ARE AFFILIATED, THAT WILL SAVE TIME.

15 MR. SHERMAN: SO STIPULATED.

16 THE COURT: AGREED.

17 MR. MOSHENKO: LET'S SPECIFY. THE STIPULATION

18 REFERS TO THE ALL SEASONS RESORTS RESORTS, MR. SHERMAN?

19 MR. SHERMAN: YES.

20 MR. MOSHENKO: VERY WELL. THANK YOU FOR THAT.

21 Q NOW, DID -- YOU'VE ALREADY TOLD US WHICH OF

22 THE ALL SEASONS RESORTS HAD MEMBERS, MR. NOVELLI. AND DID

23 EACH OF THE ALL SEASONS RESORTS RESORTS THAT HAD MEMBERS,

24 WERE THEY NAMED IN 1808 AS RESORTS WHOSE MEMBERS WERE SENT

25 THE TRANSFER LETTERS IN THE FALL AND EARLY SPRING -- EARLY

26 WINTER AND SPRING OF 1998?

1 MR. SHERMAN: OBJECTION. THAT IS -- ASSUMES FACTS  
2 NOT IN EVIDENCE, CONTRARY TO THE EVIDENCE WITH RESPECT TO  
3 THE BANKRUPTCY COURT ORDERS IN THE FALL OF 1997. IT CALLS  
4 FOR A LEGAL CONCLUSION. AND IT LACKS FOUNDATION. AND THE  
5 DOCUMENTS SPEAK FOR THEMSELVES, THOSE BANKRUPTCY COURT  
6 ORDERS.

7 MR. MOSHENKO: THE LETTERS ARE DATED NOVEMBER,  
8 DECEMBER, JANUARY, AND I BELIEVE FEBRUARY AND MARCH, '97,  
9 '98.

10 THE COURT: WHAT YEAR?

11 MR. MOSHENKO: BEG YOUR PARDON?

12 MR. SHERMAN: THE ISSUE, SKIPPING FROM 1986, THE  
13 DOCUMENT HE WAS JUST TALKING ABOUT, TO 11 YEARS LATER IS  
14 NOT WHETHER THOSE RESORTS EXISTED AT SOME POINT, YOUR  
15 HONOR, AS COAST AFFILIATES, BUT WHETHER AS A LEGAL MATTER  
16 THEY HAD MEMBERS. AND FOR THIS WITNESS TO TESTIFY TO THAT,  
17 THAT'S A LEGAL CONCLUSION. WE'VE GOT THE DOCUMENTS. THOSE  
18 DOCUMENTS SPEAK FOR THEMSELVES.

19 BY MR. MOSHENKO: Q THE QUESTION IS, DID THESE  
20 RESORTS HAVE MEMBERS WHOSE NAMES WERE ON THE LIST OF COAST  
21 TO COAST'S OWN EXHIBIT AS MEMBERS TO WHOM LETTERS WERE  
22 SENT?

23 MR. SHERMAN: THE SAME OBJECTION.

24 MR. MOSHENKO: AND HE WANTS TO ARGUE WHO OWNED THE  
25 MEMBERS. THAT'S A DIFFERENT ISSUE.

26 THE ONLY QUESTION IS, WERE THEY MEMBERS

1 WHOSE NAMES WERE ON THE LIST THAT RECEIVED LETTERS.

2 MR. SHERMAN: THE SAME OBJECTIONS, YOUR HONOR. WE  
3 STIPULATE THAT COAST'S OWN INTERNAL RECORDS DID TRACK THE  
4 WAY IT HAD BEEN FOR THE YEARS BEFORE. THAT WE WEREN'T  
5 REAL-TIME WITH THE U.S. BANKRUPTCY COURT.

6 THE COURT: SO STIPULATED.

7 MR. MOSHENKO: REAL-TIME TRACK. I DON'T KNOW WHAT  
8 IT MEANS.

9 MR. SHERMAN: WHAT IT MEANS IS, AS MR. RYMAN  
10 TESTIFIED, THAT COAST LEARNED ABOUT THE DISSOLUTION OF ALL  
11 SEASONS RESORTS, AND COAST DID WHAT IT DID WITH RESPECT TO  
12 THE LETTERS IN NOVEMBER -- NOVEMBER 5TH, NOVEMBER 12TH --  
13 TO MR. NOVELLI'S ORGANIZATION, AND THEN IN DECEMBER, 1997,  
14 SENT THE LETTERS TO COAST'S MEMBERS WHO HAD BEEN MEMBERS OF  
15 ALL SEASONS RESORTS.

16 AND COAST DID NOT THEN GO BACK AFTER THE  
17 BANKRUPTCY COURT ORDERS TO CREATE NEW RECORDS TO REFLECT  
18 THAT THERE WAS A BANKRUPTCY COURT TRANSFER WITH RESPECT TO  
19 THOSE RESORTS.

20 BUT FOR THIS WITNESS TO TESTIFY TO THESE  
21 FACTS IS SIMPLY IRRELEVANT. THE DOCUMENTS SPEAKS FOR  
22 THEMSELVES. THE BANKRUPTCY ORDERS SPEAK FOR THEMSELVES.  
23 SEEKS A LEGAL CONCLUSION OF THE WITNESS.

24 MR. MOSHENKO: YOUR HONOR, THE BASIC QUESTION IS,  
25 ARE THE NAMES OF THE MEMBERS WHO ARE MEMBERS OF THOSE  
26 RESORTS ON THE EXHIBIT 1808 AS MEMBERS WHO RECEIVED

1 LETTERS. I DIDN'T ASK ANYTHING ABOUT BANKRUPTCY DOCUMENTS.

2 MR. SHERMAN IS GOING FAR BEYOND THE SCOPE OF THE

3 QUESTION. IT'S A SIMPLE QUESTION. ARE THE NAMES OF

4 MEMBERS OF THOSE RESORTS ON 1808?

5 MR. SHERMAN: THE SAME OBJECTIONS, YOUR HONOR.

6 THIS IS A TIME-PERIOD ISSUE. EVERYONE IS WELL AWARE OF THE

7 DISSOLUTION.

8 THE COURT: THE OBJECTION IS SUSTAINED.

9 MOVE ON.

10 BY MR. MOSHENKO: Q MR. NOVELLI, WE'VE ALL SEEN

11 THE BANKRUPTCY DOCUMENTS THAT WERE TESTIFIED TO INDICATING

12 THAT THE RESORTS THAT YOU TESTIFIED TO THIS MORNING AS

13 HAVING ACQUIRED FROM THE BANKRUPTCY CAME TO THE APOLLO

14 GROUP; DO YOU KNOW WHAT I'M REFERRING TO?

15 A CORRECT.

16 Q OKAY. AND OF COURSE THE ISSUE IS WHETHER --

17 I GUESS MR. SHERMAN'S ISSUE IS WHETHER OR NOT MEMBERS CAME

18 WITH THE DOCUMENTS --

19 MR. SHERMAN: OBJECTION.

20 BY MR. MOSHENKO: Q -- WITH THE RESORTS THAT YOU

21 ACQUIRED.

22 MY QUESTION IS, DID TRAVEL AMERICA RECEIVE

23 MEMBERS WITH THE RESORTS IT ACQUIRED?

24 MR. SHERMAN: OBJECTION. CALLS FOR A LEGAL

25 CONCLUSION. THE DOCUMENTS SPEAKS FOR THEMSELVES. LACKS

26 FOUNDATION.

1 MR. MOSHENKO: HIS PERSONAL FACTUAL KNOWLEDGE.

2 THE COURT: I'M GOING TO ALLOW IT.

3 PROCEED.

4 THE WITNESS: YES, THE MEMBERS WERE --

5 THE COURT: JUST YES OR NO.

6 THE WITNESS: HE SAID TRAVEL AMERICA, APOLLO.

7 BY MR. MOSHENKO: Q OKAY. APOLLO GROUP RECEIVED  
8 MEMBERS WITH THE RESORTS IT ACQUIRED?

9 A YES.

10 Q OKAY. AND DID IT THEN SERVICE THOSE MEMBERS  
11 AND PROVIDE MEMBERSHIP BENEFITS TO THEM AFTER HAVING  
12 ACQUIRED THEM?

13 A YES, WE DID, IMMEDIATELY.

14 Q AND THOSE MEMBERS ARE THE MEMBERS OF THE  
15 RESORTS THAT YOU NAMED THIS MORNING THAT HAD MEMBERS?

16 A YES.

17 Q LET'S TALK ABOUT THE SUBJECT OF TRAVEL  
18 AMERICA AND ITS RESORTS.

19 CAN YOU NAME THE RESORTS THAT TRAVEL AMERICA  
20 ACQUIRED FROM THOUSAND ADVENTURES IN THE FALL OF 1997?

21 MR. SHERMAN: OBJECTION. LACKS FOUNDATION WITH  
22 RESPECT TO THE ACQUISITION. THE ACQUISITIONS ARE ALL SET  
23 FORTH OR SHOULD BE SET FORTH IN DOCUMENTS. THIS IS  
24 INADMISSIBLE SECONDARY EVIDENCE BARRED BY THE EVIDENCE CODE  
25 SECTIONS 1561 AND 1563. THE DEEDS WOULD SPEAK FOR  
26 THEMSELVES.

1 MR. MOSHENKO: WELL, WE'LL DO IT THE HARD WAY. CAN  
2 WE GO TO A GROUP OF EXHIBITS, YOUR HONOR?

3 THE COURT: LET ME RULE FIRST. MAYBE YOU WON'T  
4 HAVE TO.

5 MR. MOSHENKO: BEG YOUR PARDON? I'M SORRY.

6 THEN I'LL ARGUE, YOUR HONOR, THAT THIS  
7 WITNESS HAS PERSONAL KNOWLEDGE OF THE NAMES OF THE RESORTS  
8 THAT THEY ACQUIRED IN THE FALL OF 1997 HE SHOULD BE ALLOWED  
9 TO TESTIFY TO.

10 MR. SHERMAN: THE ISSUE IS ACQUISITION. THAT'S THE  
11 ISSUE. AND DEEDS WOULD SHOW ACQUISITION.

12 THE COURT: I'M GOING TO ALLOW IT. OVERRULED.

13 BY MR. MOSHENKO: Q NAME THE RESORTS, MR. NOVELLI,  
14 THAT WERE ACQUIRED.

15 A IN 1987?

16 Q 1997.

17 A I MEAN 1997.

18 Q BY TRAVEL AMERICA FROM THOUSAND ADVENTURES.

19 A INDIAN MILL. THERE WAS FOUR PARKS IN  
20 MISSISSIPPI, WHICH WAS MISSISSIPPI PINES. THE OPACHOBA --  
21 OKINAWA RESORT --

22 Q OKATOMA?

23 A OKATOMA, RIGHT. I'M DOING THOSE OUT OF  
24 MEMORY.

25 I BELIEVE THERE WAS A COUNTRY CREEK OR --

26 I'M SORRY. I DON'T HAVE -- THERE'S A LOT OF RESORTS HERE,

1 MR. MOSHENKO. AND I JUST CAN'T REMEMBER THE NAMES.

2 Q WAS COUNTY CREEK ONE OF THE MISSISSIPPI  
3 RESORTS?

4 A YES.

5 Q HOW ABOUT SCENIC TRAILS?

6 A AND SCENIC TRAILS.

7 Q BEYOND MISSISSIPPI WERE THERE OTHERS?

8 A YES. WE HAD ONE FROM IOWA CALLED THE R & R  
9 RANCH. WE HAD ONE CALLED CRABTREE IN IOWA. HICKORY RIDGE  
10 WE GOT A DEED TO ALSO. RATHBUN RETREAT. SPARKLING SPRINGS  
11 IN ILLINOIS WE GOT A DEED TO. THORNHAVEN WE GOT A DEED  
12 TO. AND WE ALSO LATER ON GOT DEEDS TO THE OHIO PARKS THAT  
13 WAS IN BANKRUPTCY. AND WOULD YOU LIKE ME TO LIST THOSE?

14 Q YES. PLEASE LIST ALL THE RESORTS THAT WERE  
15 ACQUIRED.

16 A SO IN OHIO WE RECEIVED THE SWIFT HOLLOW  
17 PARK, THE INDIAN MILLS PARK, TOMORROW'S STARS, ALUM COVE,  
18 LAKE VILLAGE, LEISURE LAKE, OHIO COUNTRY MUSIC, RIVER BEND,  
19 TWIN LAKES.

20 Q IS ALABAMA QUEEN ONE?

21 A ALABAMA QUEEN WAS A RESORT THAT STAYED INTO  
22 THE T.A.I. OF ALABAMA, WHICH I WAS -- BECAME THE PRESIDENT.

23 Q WHAT WAS WEST POINT LAKE, PINE COVE SHOALS?

24 A WEST POINT, PINE COVE SHOALS WAS A FORMER  
25 PARK OF T.A.I. THAT WE RE-LEASED, IT WAS A LEASE PARK FROM  
26 THE GOVERNMENT, AND TRAVEL AMERICA LEASED THE PARK AT PINE

1 COVE SHOALS.

2 Q OKAY. AND I DID I HEAR YOU MENTION INDIAN  
3 FALLS OR INDIAN MILLS?

4 A INDIAN MILLS.

5 Q INDIAN MILL. OKAY. WAS THERE AN INDIAN  
6 FALLS?

7 A YES, THERE WAS AN INDIAN FALLS. WE DID NOT  
8 ACQUIRE THE RESORT. I BELIEVE THAT ONE WAS IN NEW YORK.

9 Q AND WHICH OF THESE RESORTS -- WHICH OF  
10 THESE -- WERE ALL OF THESE RESORTS MEMBERS OF RESORTS?

11 A I'M SORRY?

12 Q WERE THEY ALL MEMBERSHIP RESORTS?

13 A YES, THEY WERE.

14 Q AND DID YOU ACQUIRE THE MEMBERSHIPS THAT  
15 WENT WITH THE RESORTS?

16 A YES.

17 Q WHAT ABOUT THE BIG TURTLE RESORTS?

18 A BIG TURTLE RESORT WAS A RESORT THAT WAS --  
19 BELONGED TO THE OHIO -- T.A.I. OF OHIO THAT WE RECEIVED AS  
20 PART OF THE PLAN OF REORGANIZATION FOR T.A.I.

21 Q AND WHAT ABOUT THE BLOSSOM RUN RESORT?

22 A BLOSSOM RUN IS A -- ONE IN MINNESOTA THAT WE  
23 ACQUIRED IN JULY OF '97.

24 Q AND THEN WHAT ABOUT THE DEER RUN RESORTS.  
25 WERE ANY OF THOSE ACQUIRED?

26 A DEER RUN WAS A RESORT THAT WE TRANSFERRED

1 MEMBERS TO FROM A RESORT IN TENNESSEE CALLED BRECKINRIDGE,  
2 CASTLE VIEW, AND MISSOURI DIAMOND HARBOR. RED RIVER RANCH,  
3 TENNESSEE LAKES, AND BRECKINRIDGE.

4 Q OKAY. WAS THERE ANOTHER NAME FOR THAT DEER  
5 RUN RESORT THAT YOU TRANSFERRED MEMBERS TO?

6 A THAT'S THE DEER RUN IN ARKANSAS THAT  
7 WE'VE -- THERE'S NO OTHER NAME FOR IT, JUST DEER RUN PARK.

8 Q NOW, WHEN DID YOU ACQUIRE THOSE RESORTS AND  
9 MEMBERS?

10 A THE RESORTS WERE DEEDED TO US IN JULY OF  
11 1997.

12 Q WHAT ABOUT THE GRASS LAKE RESORTS --

13 A OR TO TRAVEL AMERICA.

14 Q WHAT ABOUT GRASS LAKE RESORT?

15 A GRASS LAKE WAS A RESORT THAT WAS DEEDED TO  
16 US IN OCTOBER OF '97 BY THE TRUSTEE OF THE ALL SEASONS  
17 ESTATE.

18 Q OKAY. AND IS THAT GRASS LAKE, COUNTRY  
19 MEADOWS, CURRITUCK OR TRAVEL INN, OR ALL?

20 A WELL, THE MEMBERS THAT YOU HAVE IN THERE  
21 WERE TRANSFERRED TO GRASS LAKE, WERE COUNTRY MEADOWS,  
22 CURRITUCK AND TRAVEL INN.

23 Q THEY WERE TRANSFERRED FROM THOSE?

24 A FROM THOSE RESORTS TO GRASS LAKE, MICHIGAN.

25 Q OKAY. NOW, WERE EACH AND ALL OF THOSE NAMED  
26 RESORTS IN THE COAST TO COAST DIRECTORY AS AFFILIATED

1 RESORTS?

2 A YES.

3 Q DID YOU REVIEW THE COMPUTER FILES OF COAST  
4 TO COAST -- I'VE BEEN CALLING THE BATCH FILES -- THAT SHOW  
5 SUCH NOTES AS MASS TRANSFERS OR LICENSE AGREEMENTS?

6 MR. SHERMAN: OBJECTION. WHETHER HE HAS REVIEWED  
7 THEM OR NOT IS IRRELEVANT. THIS CALLS FOR INADMISSIBLE  
8 EXPERT TESTIMONY. LACKS FOUNDATION.

9 THE COURT: SUSTAINED.

10 BY MR. MOSHENKO: Q DID COAST SEND LETTERS,  
11 TRANSFER LETTERS TO THE MEMBERS OF THESE RESORTS THAT  
12 YOU'VE JUST LISTED?

13 MR. SHERMAN: OBJECTION. THIS IS CUMULATIVE.

14 THE COURT: SUSTAINED.

15 MR. MOSHENKO: AGAIN, EXHIBIT 1808.

16 THE COURT: SUSTAINED.

17 BY MR. MOSHENKO: Q WHERE DID THE MEMBERS THAT  
18 WERE T.A.I. MEMBERS THAT CAME TO TRAVEL AMERICA COME FROM?  
19 HOW DID THEY GET TO T.A.I.?

20 A THE -- THEY WERE DEEDED -- WE GOT DEEDS IN  
21 JULY OF 1997 FROM THE LENDERS CORPORATION CALLED  
22 R B. HOLDING THE LENDERS, AS YOU RECALL, WANTED US TO  
23 SERVICE THESE MEMBERS IN ORDER FOR THEM TO COLLECT ON THE  
24 RECEIVABLES.

25 Q MR. NOVELLI, YOU SAID THAT YOU OBTAINED  
26 CERTAIN OF THESE RESORTS INVOLVING A BANKRUPTCY IN OHIO.

1 A YES.

2 Q WHAT WAS THAT?

3 A IN MAY OF 1997 OR SOMETIME AROUND THAT TIME,  
4 THE T.A.I. OF OHIO WAS PLACED INTO BANKRUPTCY. AND TRAVEL  
5 AMERICA WAS A PROPONENT OF THAT PLAN. TRAVEL AMERICA  
6 DURING THE BANKRUPTCY WITH COURT APPROVAL OPERATED THOSE  
7 RESORTS, HOWEVER, SINCE JULY OF '97, AND THEN BECAME OWNER  
8 OF THOSE AT THE CONFIRMATION OF THE PLAN OF REORGANIZATION.

9 Q AFTER YOU MADE YOUR AGREEMENT TO ACQUIRE THE  
10 THOUSAND ADVENTURES RESORTS, WHAT DID YOU CAUSE YOUR  
11 ORGANIZATION TO DO WITH RESPECT TO THE RECORDS OF THOUSAND  
12 ADVENTURES RESORTS?

13 A ALL THE RECORDS OF THE MEMBERS, ALL THE  
14 MEMBER FILES, RECORDS DEALING WITH THE MEMBERS, THEIR  
15 COMPUTER RUNS, ALL THAT DATA WAS HAULED, PUT ON A MOVING  
16 VAN, AND SENT TO CALIFORNIA.

17 Q MEMBERS OF YOUR STAFF WENT THERE TO OBTAIN  
18 THE RECORDS?

19 A MEMBERS OF THE T.A.I. STAFF, THE R.V.  
20 HOLDING, AND MEMBERS OF MY STAFF.

21 Q ALL RIGHT. AND THOSE RECORDS THEN CAME TO  
22 YOUR ORGANIZATION, AND THAT'S WHERE THEY REMAINED?

23 A YES. THEY'RE STILL -- SEVERAL HUNDRED  
24 FILING CABINETS OF RECORDS.

25 Q AS OF WHEN WERE THEY THERE?

26 A THEY CAME IN THE LATTER PART OF JULY, 1997.

1 Q OKAY. AND WITH RESPECT TO THE RECORDS THAT  
2 WERE COMPUTER RECORDS FROM THOUSAND ADVENTURES, DID YOU  
3 THEN INPUT THAT DATA INTO THE TRAVEL AMERICA COMPUTER DATA  
4 BANK?

5 A YES. IT WAS PUT INTO WHAT THEY CALL A  
6 NEUTRAL FIELD AND THEN INTO THE TRAVEL AMERICA COMPUTER  
7 SYSTEM, ITS MAINFRAME.

8 Q AND FROM THAT DATA YOU WERE ABLE TO DISCERN  
9 THAT IN FACT THOSE RESORTS HAD MEMBERS WHICH WERE PART OF  
10 THE MEMBERSHIP OF THE RESORT?

11 A YES.

12 MR. SHERMAN: OBJECTION. THAT LACKS FOUNDATION.

13 MR. MOSHENKO: BEG YOUR PARDON?

14 MR. SHERMAN: MOVE TO STRIKE THE ANSWER.

15 THE COURT: MOTION IS GRANTED TO STRIKE.

16 BY MR. MOSHENKO: Q ALL RIGHT. MR. NOVELLI, HAVE  
17 YOU DONE AN ANALYSIS TO DETERMINE THE TOTAL NUMBER OF  
18 MEMBERS OF ALL OF YOUR RESORTS COMBINED WHICH RECEIVED  
19 LETTERS FROM COAST TO COAST WHICH WE'VE BEEN REFERRING TO  
20 AS TRANSFER-TYPE LETTERS?

21 A YES.

22 Q AND WHAT IS THE TOTAL NUMBER?

23 A I BELIEVE IT'S 34,780, SOMEWHERE IN THAT  
24 NEIGHBORHOOD.

25 Q HAVE YOU DONE AN ANALYSIS TO DETERMINE TOTAL  
26 NUMBER OF MEMBERS BASED ON COAST'S OWN RECORDS THAT

1 REMAINED MEMBERS OF COAST TO COAST AS IN MEMBERS WITH  
2 CURRENT HOME PARKS, AS OF DECEMBER, 1999?

3 MR. SHERMAN: OBJECTION. LACKS FOUNDATION. IT'S  
4 NOT RELEVANT.

5 MR. MOSHENKO: THE FOUNDATION IS THE RECORDS OF  
6 COAST TO COAST -- I'LL GIVE THE FOUNDATION.

7 Q WHAT'S THE FOUNDATION FOR YOUR ANALYSIS OF  
8 HOW MANY MEMBERS OF THE 34,700 REMAINED CURRENT MEMBERS OF  
9 CAMP COAST TO COAST AS OF DECEMBER OF 1999?

10 MR. SHERMAN: OBJECTION. IT IS STILL NOT  
11 RELEVANT. COAST RECORDS ARE COAST RECORDS. THIS WITNESS'S  
12 ANALYSIS IS NOT RELEVANT TO THE ISSUE OF WHAT COAST RECORDS  
13 SAY.

14 MR. MOSHENKO: THIS IS WHERE WE NEED TO SPEAK, YOUR  
15 HONOR, IF I MAY.

16 (DISCUSSION OFF THE RECORD.)

17 THE COURT: FOR THE RECORD, THE OBJECTION HAS BEEN  
18 SUSTAINED.

19 BY MR. MOSHENKO: Q MR. NOVELLI, DID THE MEMBERS  
20 WHO WERE TRAVEL AMERICA MEMBERS, AS WELL AS MEMBERS OF YOUR  
21 OTHER RESORTS, PAY DUES AS A GENERAL PRINCIPLE?

22 I'M NOT SAYING DID EACH AND EVERY MEMBER PAY  
23 DUES EACH AND EVERY WEEK OR MONTH, BUT WAS THE PRINCIPLE OF  
24 THEIR MEMBERSHIPS SOMETHING THAT REQUIRED THEM TO PAY DUES?

25 A YES.

26 Q WHAT IS THE AMOUNT OF DUES --

1 A PAID MAINTENANCE FEES.

2 Q -- THAT THEY WERE OBLIGATED TO PAY?

3 MR. SHERMAN: I OBJECT TO THE QUESTION ON THE  
4 GROUNDS IT LACKS FOUNDATION WITH RESPECT TO OBLIGATION TO  
5 PAY. THERE'S BEEN A LOT OF TESTIMONY ABOUT THERE NOT BEING  
6 AN OBLIGATION.

7 MR. MOSHENKO: I'LL CHANGE THE PHRASE.

8 Q WHAT IS THE AMOUNT OF DUES THAT THE  
9 ARRANGEMENT FOR DUES CALLED FOR PAYMENT TO BE MADE IN THE  
10 AMOUNT OF?

11 A THEY VARIED BETWEEN \$175 A YEAR TO \$325 A  
12 YEAR. AND THE AVERAGE DUES-PAYERS FOR ALL OF THE TRAVEL  
13 AMERICA MEMBERS WAS APPROXIMATELY \$225 A YEAR.

14 Q DID THE PLAINTIFFS LOSE MEMBERS AS A RESULT  
15 OF THE LETTERS THAT WERE SENT BY CAMP COAST TO COAST TO THE  
16 MEMBERS --

17 A YES.

18 Q -- IN 1997, 1998?

19 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.  
20 VIOLATES EVIDENCE CODE SECTION 1521 AND 1523.

21 THE COURT: SUSTAINED.

22 BY MR. MOSHENKO: Q DO YOU HAVE PERSONAL KNOWLEDGE  
23 AS TO WHETHER OR NOT --

24 MR. SHERMAN: MOVE TO STRIKE THE ANSWER. I DIDN'T  
25 REALIZE IT HAD BEEN GIVEN.

26 THE COURT: I DIDN'T EITHER. STRICKEN.

1 BY MR. MOSHENKO: Q DO YOU HAVE PERSONAL KNOWLEDGE  
2 AS TO WHETHER OR NOT ANY OF THE PLAINTIFFS' MEMBERS STOPPED  
3 PAYING DUES IN 1998?

4 A YES.

5 Q IN 1997?

6 A YES.

7 Q DO YOU HAVE PERSONAL KNOWLEDGE AS TO THE  
8 APPROXIMATE NUMBER OR PERCENTAGE OF THE COAST TO COAST  
9 MEMBERS, THE 35,000 FIGURE, WERE INCLUDED IN THAT GROUP  
10 THAT STOPPED PAYING DUES?

11 A YES.

12 Q WHAT PERCENTAGE?

13 A 65 PERCENT OF THE -- 65 PERCENT OF THE  
14 34,000 PEOPLE QUIT PAYING DUES. APPROXIMATELY 65 PERCENT.

15 Q AS A RESULT OF THE STOPPED PAYING DUES  
16 EVENT, DID THE PLAINTIFFS LOSE INCOME?

17 A YES.

18 Q DID THE PLAINTIFFS LOSE RESORTS?

19 A YES, WE DID.

20 Q NAME THE RESORTS THAT THE PLAINTIFFS LOST AS  
21 A RESULT OF THE LOSS OF INCOME.

22 A COULD I --

23 MR. SHERMAN: OBJECTION. LACKS FOUNDATION.  
24 EVIDENCE CODE 1521 AND 1523. THE RECORDS WOULD BE THE BEST  
25 EVIDENCE OF THAT. THIS IS INADMISSIBLE SECONDARY EVIDENCE.

26 MR. MOSHENKO: THE NAMES OF THE RESORTS -- I MEAN,

1 WE CAN BRING IN A FORECLOSURE DOCUMENT OR SOMETHING LIKE  
2 THAT. BUT THE FACT OF THE NAME OF THE RESORT, YOUR HONOR,  
3 IS SOMETHING THAT'S WITHIN HIS PERSONAL KNOWLEDGE, THAT THE  
4 RESORT WAS LOST AND WHEN IT WAS LOST.

5 MR. SHERMAN: AND THAT WASN'T THE QUESTION.

6 THE COURT: THAT WASN'T THE QUESTION.

7 BY MR. MOSHENKO: Q NAME THE RESORTS THAT WERE  
8 LOST.

9 MR. SHERMAN: AS A RESULT OF THE LOSS OF THE  
10 INCOME, AND THAT'S THE OBJECTION.

11 MR. MOSHENKO: OKAY. AND THAT WILL NOT BE SHOWN ON  
12 ANY DOCUMENT BECAUSE IT REQUIRES, A, KNOWLEDGE OF THE LOSS  
13 OF THE RESORT, AND B, KNOWLEDGE OF THE REASON FOR THE LOSS  
14 OF THE RESORT. AND THAT CAN ONLY COME FROM THE MIND OF THE  
15 MAN WHO WAS IN CHARGE OF PAYING FOR THE RESORTS.

16 MR. SHERMAN: WHAT ABOUT FINANCIAL STATEMENTS?

17 THE COURT: THE OBJECTION IS SUSTAINED.

18 BY MR. MOSHENKO: Q WHAT PERCENTAGE OF YOUR  
19 MEMBERS WERE P.T.C. MEMBERS?

20 A APPROXIMATELY 55 PERCENT OF THE MEMBERS OF  
21 THE NOVELLI GROUP, SO-CALLED NOVELLI GROUP, WHICH IS ALL  
22 SEASONS, FIRST NATIONWIDE, ET CETERA, WERE PRESIDENT'S CLUB  
23 MEMBERS. AND THERE WAS APPROXIMATELY 41-, 42,000 MEMBERS  
24 OF WHICH 22,000 OR 23,000 WERE PRESIDENT'S CLUB MEMBERS.

25 Q HOW MUCH INCOME DID EACH SALE OF THE  
26 PRESIDENT'S CLUB MEMBERSHIP BRING TO THE ORGANIZATION IN

1 YOUR GROUP THAT SOLD IT?

2 A THE AVERAGE -- THERE WAS DIFFERENT PRICES,  
3 BETWEEN 2995 AND 3995. HOWEVER, THE AVERAGE PRICE WAS  
4 3,100, THE AVERAGE GAIN.

5 Q I TAKE IT THAT YOU WERE PREVENTED FROM  
6 SELLING P.T.C. MEMBERSHIPS TO THE MEMBERS THAT YOU LOST?

7 A THAT'S CORRECT.

8 MR. MOSHENKO: NO FURTHER QUESTIONS, YOUR HONOR.

9 THE COURT: ALL RIGHT. IS IT MY UNDERSTANDING YOU  
10 WANT TO START YOUR CROSS IN THE MORNING?

11 MR. SHERMAN: YES, THAT'S CORRECT, YOUR HONOR.

12 THE COURT: THEN WE'RE FINISHED FOR THE DAY.

13 SEE YOU AT 9:00 TOMORROW MORNING.

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

16 THE COURT: GENTLEMEN, I'M GOING TO BE PREPARED TO  
17 DISCUSS THAT MOTION WITH YOU IN THE MORNING.

18 MR. RIVIN: 8:30.

19 MR. MOSHENKO: 8:30.

20 MR. SHERMAN: 8:30.

21 MR. RIVIN: THANK YOU, YOUR HONOR.

22 (WHEREUPON THE COURT WAS IN RECESS UNTIL  
23 WEDNESDAY, JUNE 28, 2000, 8:30 A.M.)

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