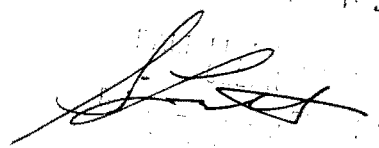


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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF KANSAS
TOPEKA, KANSAS

2003 FEB 11 10 11:25



UNITED STATES OF AMERICA,)
----- Plaintiff,)

vs.

) Case No.
) 00-40104-01/02

WILLIAM L. PICKARD and)
CLYDE APPERSON,)
----- Defendants.)

TRANSCRIPT OF VOLUME V OF THE TESTIMONY
OF GORDON TODD SKINNER HAD DURING THE
JURY TRIAL
BEFORE
HONORABLE RICHARD D. ROGERS
and a jury of 12
on
February 4, 2003

APPEARANCES:

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I N D E X

Certificate----- 706

W I T N E S S

ON BEHALF OF GOVERNMENT: PAGE

GORDON TODD SKINNER

(Continued)

Direct Examination by Mr. Hough 528

E X H I B I T S

GOVERNMENT EX. NO.:	OFFERED	RECEIVED
Nos. 14 through 23-A	534	537
No. 514-A	650	651
Nos. 585 through 627	548	550
Nos. 628 through 654	580	580
Nos. 655 through 663	620	621
Nos. 665 through 674	620	621
Nos. 699, 700 and 701	646	647
No. 702	649	649
Nos. 703-A through 703-D	649	649

1 THE COURT: All right. I believe
2 we're all here, Mr. Hough, you may continue.

3 MR. HOUGH: Thank you, Your Honor.
4

5 GORDON TODD SKINNER,
6 called as a witness on behalf of the
7 Government, was previously sworn, and testified
8 as follows:

9 DIRECT EXAMINATION

10 BY MR. HOUGH: (Cont'd)

11 Q. Good morning, sir. Mr. Skinner, yesterday on
12 the recordings that we listened to late in the
13 day, there were references by Mr. Pickard to
14 you about wanting, quote, our records, end
15 quote, and you responded regarding his records.
16 Do you recall that?

17 A. Yes.

18 Q. During those phone conversations, why not just
19 talk about the ET, why not just call it ET?

20 A. Unless someone accidentally slipped up, the
21 word ET was never to be used over the phone
22 lines.

23 Q. Why?

24 A. Because it would be-- could show a conspiracy
25 to the Government if they had a tap on the line

1 or someone had a tap that wasn't with the
2 Government, they would potentially compromise
3 our security.

4 Q. Okay. Was that different when you were
5 face-to-face?

6 A. There was no problem when we were face-to-face.

7 Q. And during at least one of the conversations,
8 Mr. Pickard indicates that you should call him
9 from a pay phone only while he was in
10 Manhattan. Do you recall that?

11 A. Yes.

12 Q. And why?

13 A. Because we all felt that the base the missile
14 base-- Wamego missile base phones were
15 potentially targets of wiretaps.

16 Q. Why?

17 A. Because of background problems that I had had
18 and such.

19 Q. Now, how did the ET get back to the base after
20 agents took it out October the 31st?

21 A. The agents brought it back.

22 Q. And after the last call that you placed to the
23 defendants, which we heard yesterday, that
24 occurred November the 6th of 2000 at 6 p.m.,
25 after that call, what, if anything, did you do?

1 A. Upon Leonard escaping and running off while
2 they were trying to arrest him, the agents came
3 back and said we have a problem, we have to get
4 you out of here immediately because he may come
5 back to this place. So they put me in a car
6 and told me to go to a hotel in Topeka,
7 different than I had been in and check in.

8 Q. And that's what you did?

9 A. Well, I went to Topeka and then I went to eat
10 in Topeka and then I went to the hotel.

11 Q. On the tapes it's also heard you indicating to
12 Mr. Pickard that you are powerful and you have
13 no idea how powerful I am, thus you didn't fear
14 these people from Chicago, do you recall that
15 conversation?

16 A. Yes.

17 MR. BENNETT: Judge, I'm going to
18 object to this as asked and answered. We've
19 already been over this yesterday.

20 MR. HOUGH: Judge, I didn't recall
21 asking the question. It was on my--

22 MR. BENNETT: Well, you did.

23 MR. HOUGH: -- my notes of things to
24 ask today.

25 MR. BENNETT: I object to it as

1 repetitious, it's already been asked and
2 answered.

3 THE COURT: I believe I remember it,
4 too, so I-- I will sustain the objection.

5 Q. (BY MR. HOUGH) You also over-- during the
6 course of the conversation with Mr. Pickard in
7 person or on the phone he references two stolen
8 checks in the context of talking about the ET
9 being fronted to him. Do you recall that?

10 A. Yes.

11 Q. Can you describe for us, if you know, what it
12 was he was talking about?

13 A. He was talking about two checks. One was a
14 check that was to Venlo or Venrod Machine,
15 Inc., or it may have just had Inc. on it. And
16 I had given him the check and it was for
17 approximately between 176,000 and 179,000-- I'm
18 sorry-- 176,000 and 190,000. Let's just open
19 up the area a little bit. And he had given me
20 Canadian thousand dollar-- thousand Canadian
21 dollar bills, Guilder and some U.S. cash for
22 that. And then the second check was one that
23 was supposed to be used to be this-- the seed
24 capital for starting up an off-shore E commerce
25 debit card-- anonymous debit card company. And

1 the first check-- the first check, I'm not
2 exactly for sure-- I'm not exactly for sure why
3 he would have stolen it, but he said there was
4 a problem and the checks were no good was what
5 he was saying up in the Lester building.

6 Q. And the second check, what was the value of it?

7 A. 150,000.

8 Q. Now, during the time that you were cooperating
9 with the DEA, up to and including November the
10 6th of 2000, other than prescription drugs or
11 over-the-counter medications, were you under
12 the influence of drugs during that time?

13 A. No.

14 Q. Now, October the 29th, do you recall-- October
15 the 29th of 2000, providing some documents to
16 Agent Nichols in Wamego?

17 A. Yes.

18 Q. Let me show you what's been caused to be marked
19 Government's Exhibits 14 through 23-A. Take a
20 moment and look at those, if you would, please.

21 A. I looked through them.

22 Q. Do you recognize those?

23 A. Yes.

24 Q. Are those the documents that you provided to
25 Agent Nichols October the 29th of 2000 in

1 Wamego?

2 A. Yes.

3 Q. And what was the purpose of you giving those to
4 him?

5 A. Just-- I had found them and I was gathering up
6 anything that I could find that he needed that
7 was pertinent to this case.

8 Q. And why did you have those in your possession
9 to begin with?

10 A. They had been given back to me or I had never
11 gotten rid of them. We usually were a pack rat
12 with records.

13 Q. And those are records pertaining to who or
14 what?

15 A. Well, one of them is a fake ID that I had made
16 for William Leonard Pickard under the name
17 Maxwell, an Oklahoma driver's license,
18 relatively low quality. Another one was to
19 show Clyde Apperson's name that I actually knew
20 him and-- you know, we had had interaction.
21 Another one was just to show where-- to prove
22 that some-- on someone else's information that
23 I was carrying some of William Leonard
24 Pickard's paperwork. Another one concerned--
25 was concerned with a-- with Leonard obtaining--

1 well, it-- this particular one I don't know if
2 it says that-- I will have to read.

3 MR. BENNETT: Well, Judge, I'm going
4 to object to him reading from them until
5 they're admitted.

6 Q. (BY MR. HOUGH) Generally.

7 MR. BENNETT: They haven't been
8 offered.

9 MR. HOUGH: Well, Judge, we would
10 offer those exhibits, 14 through 23-A.

11 MR. RORK: Judge, I would like to
12 look at them, please. If we could have a
13 minute.

14 MR. BENNETT: Judge, can we approach?

15 THE COURT: Yes, you may.

16 (THEREUPON, the following
17 proceedings were held at the bench and
18 outside of the hearing of the jury).

19 MR. BENNETT: Judge, comes now the
20 Defendant Clyde Apperson and objects to all of
21 the exhibits that have been offered, 14 through
22 23 A, with the exception of No. 15, upon the
23 basis that they don't tend to prove or disprove
24 any of the allegations with regards to
25 Defendant Clyde Apperson. And is further-- we

1 would again remove-- or re-assert our motion
2 for severance on the basis previously stated,
3 as well as the continuing objection that what
4 the Government is attempting to do here with
5 Mr. Apperson as to convict him on the basis of
6 spilling over of evidence relating to Mr.
7 Pickard. But I think I said this before, but
8 it's also our position none of these exhibits,
9 with the exception of the one that I-- except
10 for my objection of No. 15, have nothing to do
11 with Clyde Apperson.

12 MR. RORK: And, Judge, Mr. Pickard
13 would have no objection to the introduction of
14 those exhibits recognizing that the ones that
15 were, quote, stolen from him he would take that
16 up on cross.

17 MR. HOUGH: Judge, the witness has
18 indicated earlier in his testimony that he was
19 essentially the document keeper for this
20 conspiracy. He testified very recently that
21 these were items that he provided to the agent
22 October the 29th of 2000 at Wamego and they
23 were documents belonging to Mr. Apperson and/or
24 Pickard that he kept during the course of the
25 conspiracy. And that he provided to the agents

1 as-- if you'll recall during the context of the
2 agents coming to Kansas and meeting with him in
3 Kansas, in an attempt to corroborate what he
4 was saying was true. So this is a Pinkerton
5 conspiracy case, the foundation at this point
6 is laid appropriately for the witness to
7 testify regarding the documents. Any
8 objections similar to those raised by Mr.
9 Bennett at this time would go to weight and not
10 admissibility.

11 MR. BENNETT: Well, Judge, there's
12 been no testimony that any of this-- these
13 documents were-- came into Mr. Skinner's
14 possession during the course of the conspiracy
15 that is alleged in this indictment. And a
16 number of the documents have dates on them back
17 in 1997, 1998. And so it's-- it's-- they're
18 not documents that are-- relate to or are a
19 part of the conspiracy that we are defending
20 against.

21 MR. HOUGH: Well, Judge, there are,
22 in fact, documents related to the conspiracy
23 that is charged in this indictment and the-- as
24 the evidence so far has shown, the conspiracy
25 was going on long before they came to Kansas.

1 So to that extent, they would be intrinsic
2 evidence and show the relationship of the
3 parties between the three men and it's
4 corroborative of his role as the document
5 keeper as well.

6 THE COURT: I'm not sure what these
7 documents are at all, but--

8 MR. RORK: And, Judge, while you're
9 looking at them, I would just ask that the
10 Government elicit from Mr. Skinner that's just
11 a very few of the documents he gave them
12 October the 9th.

13 MR. HOUGH: Well, that will come out
14 because there were more then. He also on three
15 occasions gave them bunches of documents. I'm
16 going to ask him about the other two or three
17 times that he met with them and provided
18 documents.

19 THE COURT: Well, I'm going to
20 overrule your objection and allow these
21 documents to come into evidence. That will be
22 the order of the Court.

23 (THEREUPON, the bench conference was
24 concluded and the following proceedings
25 were held within the hearing of the

1 jury).

2 Q. (BY MR. HOUGH) Let's start with Exhibit 14,
3 sir. Can you tell us if you recognize that and
4 why it is that you were in possession of this?

5 A. It was actually given back to me by Leonard
6 because it was not high enough quality. It was
7 a little too fuzzy and he wanted a better
8 quality Oklahoma driver's license made.

9 Q. And how was it that you were able to obtain
10 that?

11 A. In Oklahoma, we have the covers and have a--
12 the ability to make-- do graphic manipulations
13 and create driver's licenses that are correct,
14 even if they're scanned with a florescent-- a
15 UV light.

16 Q. And that was one of your jobs within the
17 conspiracy?

18 A. Yes. This particular one could not have passed
19 a UV light scan.

20 Q. And the UV light scan being what?

21 A. Ultraviolet light scan where the plastic and
22 the laminate itself will be put into a special
23 thing so it can be rapidly identified if it's a
24 real driver's license or not.

25 Q. No. 15, the business card, how did that come

1 into your possession and what was your purpose
2 in providing it to the agent?

3 A. Just to prove that I knew Clyde Apperson. And
4 somewhere I was looking for a-- you know, just
5 giving them information I could so they could
6 have a larger amount of data file on Clyde.

7 Q. How did you get this?

8 A. Clyde handed it to me.

9 Q. It says consultant. Do you know what his
10 business was, if any legitimate business?

11 A. He-- I don't know other than from talking to
12 him was a machinist and a tool and die man and
13 because of my background, we had many things to
14 talk about. And he was really very
15 knowledgeable in that field of CNC and being
16 able to do actual machine work.

17 Q. CNC being what?

18 A. It's-- it's a nomenclature for computer
19 controlled legwork and setting up a language
20 that controls die mills, Bridgeport mills, and
21 lathes and such.

22 Q. Did he do any computer work for Gardner
23 Springs?

24 A. Never.

25 Q. Now, the next item, 16. Do you recognize that?

1 A. Yes.

2 Q. And can you tell us how that came into your
3 possession and what it means?

4 A. It is an inventory list that was given to me on
5 items that were taken from a-- found in a hotel
6 room of mine. And the reason I gave it to Karl
7 Nichols was because it had William Leonard
8 Pickard's name on it that I had a-- there
9 were-- there were receipts of mine-- of his
10 that were in my possession.

11 Q. And why were they in your possession?

12 A. Because I had paid his-- as a routine thing, I
13 had paid one of his hotel bills at the Ritz
14 Carlton.

15 Q. Was that also part of your role in the
16 conspiracy?

17 A. Yes.

18 Q. Government's Exhibit 17, can you tell us what
19 this is and how it came into your possession,
20 for what purpose?

21 A. How it came into my possession, I'm not exactly
22 for sure, he could have given it to me for me
23 to get-- he was recommending that I get what
24 was called camouflage passports, camouflage
25 documents. But also beyond that, this same

1 group was the PT Shamrock Group, I believe,
2 that issued him his actual real British
3 passport that he paid about \$50,000 for.

4 Q. And then why don't you-- I will hand you the
5 remainder of them, 18 through 23 A, and you
6 tell us then the significance of each of those
7 and how they came into your possession?

8 A. This is just a hotel bill for the Ritz Carlton
9 that I picked up and that I paid.

10 Q. Could you identify it by number, please, sir?

11 A. It's Exhibit No. 18. I don't have the total
12 balance here because it's not opened up and I
13 can't-- the last balance I'm showing is like
14 1,126. There had been-- I seem to remember
15 this one being around \$4,000. But this was
16 just a hotel bill that I picked up that I went
17 and paid that he handed me and said go pay and
18 being the keeper of the records, I kept the
19 records. The next one is just on one of my
20 hotel bills that actually showed that we were
21 there and at somewhat of an overlapping time.

22 Q. What's the date on that?

23 A. The date, I'm sorry, the second one was Exhibit
24 19. And the same Ritz Carlton in San
25 Francisco, I arrived 4-03-98 and departed

1 4-04-98. He was there between 3-28-98 and
2 4-04-98.

3 Q. Do you recall the purpose of the stay?

4 A. Yes, I believe he was giving me \$175,000 cash,
5 approximately that much cash.

6 Q. For what purpose?

7 A. Front money for me to-- part of it was for me
8 to pay for bills and the other part was for me
9 to start working into giving a donation to the
10 Hefner organization. I can't exactly recall
11 specifically if it got down to 170 something
12 thousand before or after this event. But I
13 need to clarify, on one of those days, I-- he
14 asked me to pull out \$30,000 and give it to Bob
15 Jesse, so I don't know if I-- if the 175,000
16 was after the 30,000 was pulled out or before
17 the 30,000 was pulled out.

18 Q. Who was Bob Jesse?

19 A. A friend of his that-- who needed a
20 contribution for trying to legalize certain
21 sacraments and what would be called Schedule I
22 drugs.

23 Q. Okay. And the next one by number and
24 description?

25 A. This is-- this is a-- a bill from a Mandarin

1 Oriental in San Francisco.

2 Q. And it is exhibit number what?

3 A. 20.

4 Q. Okay. And the date?

5 A. Yes. And the date is 4-04 where I left the
6 Ritz Carlton and I checked into this hotel.

7 And this was the penthouse suite of the
8 Mandarin Oriental in San Francisco.

9 Q. And the purpose of that trip was what, same
10 thing?

11 A. Basically.

12 MR. RORK: Well, Judge, I object to
13 the leading and suggestive answer. I think he
14 started out all right, the purpose of that was
15 what, I object to what came after that.

16 MR. BENNETT: Same objection, Your
17 Honor.

18 MR. HOUGH: Judge, I was merely
19 trying to streamline.

20 THE COURT: Well, streamline it less
21 and try to ask the question.

22 A. There's-- basically we had concluded business
23 with-- I had concluded business with Leonard.
24 We were-- it was just typical protocol for us
25 to change hotels frequently.

1 Q. (BY MR. HOUGH) Why?

2 A. We didn't like staying at one hotel too long.
3 We liked moving from hotel to hotel so that the
4 Government wouldn't get it. And also we had to
5 keep the expenditures down to where they
6 weren't outrageous amounts of money.

7 Q. Why?

8 A. Well, for example, the room rate on this room
9 was 1,650 a night. And when you get taxes and
10 everything for just two nights it was \$4,068.
11 And that starts to leave flags off when you
12 spend that kind of money.

13 Q. And the next item then would be what?

14 A. This is a power of attorney.

15 Q. And it is exhibit number what?

16 A. 21.

17 Q. And--

18 A. It's dated 9--- 9th of June in the year 2000.

19 Q. Power of attorney to who for what?

20 A. Power of attorney was granted to William
21 Leonard Pickard by Graham Logan Kendall,
22 trustee of the Wamego Land Trust. And it was--
23 had a time period on it from June the 9th,
24 2000, until June the 9th, 2005. And the
25 purpose of this was to-- in case Graham, who

1 was having prostate problems and his general
2 health was declining relatively fast and he's
3 an elderly man, in case he died, there would be
4 a way for control of the trust to continue
5 without my name being on it.

6 Q. And why did you not want your name on it?

7 A. Because I have a situation of where creditors
8 that survived my '92 bankruptcy could have
9 pierced into this and grabbed the assets of
10 this.

11 Q. Mr. Pickard then agreed to that?

12 A. Yes, he did.

13 Q. And the next document by item number and
14 description is what?

15 A. Item number-- Exhibit No. 22, and it's just a
16 past due invoice from World Travel Services.
17 And it just has a-- it's just more proof of me
18 picking up and paying for tickets for William
19 Leonard Pickard and one of his girlfriends and
20 the amount is \$7,131, it gives flight dates.

21 Q. The next item by number and description?

22 A. This is Exhibit No. 23. This is a fax to
23 myself to the Gardner Spring fax number in
24 Tulsa, Oklahoma, from Gina, who was my
25 representative that took care of me at the

1 Mandarin Oriental in San Francisco and she was
2 faxing me something telling me that she had
3 made a mistake due to something involving the
4 mini bar and she had given me an amount to wire
5 where Leonard had asked me to pay for his hotel
6 bill and she had given me an amount to wire and
7 that amount wasn't correct and she was just
8 telling me about it.

9 Q. Did you pay that bill?

10 A. The bill was paid by wire.

11 Q. How-- or excuse me, why?

12 A. Because it needed to be paid before he checked
13 out and he didn't want it on his American
14 Express card so I had it wired rapidly to be
15 paid. Usually wires and-- at that time took
16 about a day.

17 Q. And the next item?

18 A. This is proof of the wire.

19 Q. By exhibit number.

20 A. I'm sorry, Exhibit 23 A. This is a Nations
21 Bank wire transfer official check entry giving
22 the debit, the account number, the time, the
23 Federal Reserve wire transfer number, the
24 amount, \$6,700. And then it says who the
25 account that it was debited from and then it

1 says the bank that it went to and the-- then
2 the bank that it went to being-- the next thing
3 would be some sort of company I've never heard
4 of which is L and L U.S.A. Inc., which doing
5 business as Mandarin Oriental, which I was
6 familiar with. So it was paying-- it was
7 paying that bill that he had asked me to pay.

8 Q. Okay. Now, subsequently on November the 13th
9 of 2000, did you meet with Agent Nichols in
10 Oakland and provide him with some more
11 documentation?

12 A. Yes.

13 Q. And the purpose of doing that November the 13th
14 of 2000, a week after the arrest of Mr.
15 Apperson and Pickard, would have been what?

16 A. Just to keep downloading information as I was
17 going through files so that Karl would have the
18 data.

19 Q. And do you recall providing some documents
20 relative to laundering money through the
21 casinos?

22 A. Yes.

23 Q. And was some of those in the documents you
24 provided November the 13th, 2000, to Agent
25 Nichols?

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A. Yes.

Q. Let me show you Government's Exhibits 585 through 654. Take a minute and look at those documents in a group, if you would, please.

A. (Complied with counsel's request.

Q. Have you had a chance to look at them now?

A. Yes.

Q. Are those at least part of the documents that you provided to Agent Nichols in Oakland November the 13th of 2000?

A. Yes.

Q. And look specifically at documents 585 through and including 627?

A. Okay.

Q. Set those aside for a minute, if you will. Do you have those set aside?

A. (Indicating)

Q. Do those appear to be casino receipts that you provided November the 13th of 2000?

A. They're casino operations. I mean, yeah, they came from casinos, yes.

MR. HOUGH: Judge, we would offer 585 through 627.

MR. RORK: Again, Judge, we would respectfully like to see those.

1 MR. BENNETT: Judge, on behalf of the
2 Defendant Apperson, we would object to the
3 admission of these exhibits. There's
4 absolutely nothing in any of them that relates
5 in any way to Clyde Apperson and we would
6 admit-- we would object to their admission.
7 And there's just nothing in here.

8 MR. RORK: And, Judge, on behalf of
9 Mr. Pickard we would make the same objections.

10 MR. HOUGH: Judge, that would be for
11 the jury to determine and it would go to weight
12 and not admissibility of the documents.

13 THE COURT: Well, I'm going to
14 overrule both objections. And give me the
15 numbers-- that-- did that go from 585 to 687,
16 is that--

17 MR. HOUGH: 627.

18 MR. BENNETT: 627.

19 THE COURT: 627.

20 MR. HOUGH: Yes, sir.

21 MR. RORK: And, Judge, just so the
22 record is clear, I think he indicated that was
23 some of the records that were given to the
24 agents on that date.

25 MR. HOUGH: That's correct, Judge.

1 THE COURT: All right. Well, 585 to
2 627 will be admitted.

3 Q. (BY MR. HOUGH) Now, Mr. Skinner, if you could
4 tell us, looking at 585 through 627, just first
5 off, how did these documents come into your
6 possession?

7 A. They were either handed to me-- handed to me
8 directly by the casino employees or they were
9 handed to my employees by the casino employees
10 and then they were turned over to me.

11 Q. And those documents beginning in February of
12 2000 evidence what going on at the casinos?

13 A. Again, we were overloaded with Guilder, so we
14 were in the process of trying to, quote,
15 electrify, which means turn cash into some sort
16 of electronic funds. Second of all, we were in
17 the process of trying to turn Guilder into U.S.
18 currency.

19 Q. And who all was involved in that between
20 February of 2000 and May of 2000?

21 A. Unwitting co-conspirators and knowing
22 co-conspirators? I'm asking-- I need it
23 clarified.

24 Q. (Nods head up and down)

25 A. All people?

1 Q. Who are the people that the documents relate
2 to?

3 A. I'm going to have to look-- do you mean these
4 specific ones?

5 Q. If you could just go through them and tell us
6 what casino and what-- who they reflect?

7 A. This first one is a Bellagio.

8 MR. BENNETT: Can we have-- when he
9 says the first one, can we have the number of
10 the exhibit?

11 A. I'm sorry, Exhibit 585.

12 THE COURT: Yes.

13 A. Exhibit 585. And this is a Bellagio what's
14 called front money that's put up with the cage
15 and it was put up in the form of 1,000 Guilder
16 notes. And this was approximately-- well,
17 actually \$9,500 was credited to an account. In
18 order to stay under Reg 6A of the Treasury
19 Department you have to-- can't put up more than
20 10,000 per 24-hour period. And so I-- that's
21 why I used this amount. And this is front
22 money that was put in the form of foreign
23 currency which I could draw anywhere within the
24 casino or I could actually draw this anywhere
25 within the Mirage, Bellagio, Treasure Island,

1 Golden Nugget operations just by signing pieces
2 of paper.

3 Q. Okay.

4 A. The next piece of paper actually works with
5 this. This is where I'm actually at a table.
6 And I'm-- I'm sorry. This is Exhibit 586.
7 This piece of paper shows where I drew an
8 amount of \$9,000 at a table in order to start
9 putting the money into play. And this is
10 called a marker in the language of the casinos.

11 Q. Okay. Now, generally as to all of these
12 documents, why did-- why did you hang onto
13 them?

14 A. Well, I-- again, I kept records and kept vast
15 amounts of records.

16 Q. For what purpose?

17 A. So I could show what was being done.

18 Q. To whom?

19 A. If I had to explain to anyone what I was doing,
20 whether it was Leonard or the IRS or, you know,
21 myself because I couldn't remember what had
22 happened a year later, I kept them.

23 Q. And the monies that you're depositing there,
24 the source of those funds, is what?

25 A. It was usually-- sometimes it was directly, I

1 was present when Petaluma Al handed them over
2 to Leonard.

3 MR. BENNETT: Judge, I'm going to
4 object to usually, I-- I-- he's-- he said
5 usually--

6 A. Okay.

7 MR. BENNETT: -- And then he goes
8 into an explanation. The question was, what
9 was the source of the funds.

10 MR. HOUGH: Judge--

11 MR. RORK: Judge, I would ask that he
12 go through the exhibits and identify the source
13 of the funds rather than just say generally.
14 If he knows which one goes to which exhibit
15 that he identify it.

16 MR. HOUGH: Judge, that would be an
17 appropriate cross-examination question. We
18 would submit that the objection cut the
19 witness' answer off before he could complete it
20 and give the full answer, usually A, the rest
21 of the time B.

22 THE COURT: Well, I will overrule the
23 objections and you may continue.

24 A. Yes. The source of the funds either came from
25 William Leonard Pickard to myself or came while

1 I was present from Petaluma Al to William
2 Leonard Pickard and myself.

3 Q. Okay. And all of the exhibits that I've just
4 shown you there, 585 through 627, would
5 evidence similar transactions; is that correct?

6 A. Yeah. Again, I'm going to have to look
7 closely, but I think, yes.

8 Q. Look-- look through them.

9 A. Well, I mean, I know the next one coming up
10 actually is where it turns in to electrified
11 money.

12 Q. Okay. Describe that by Exhibit number.

13 A. Okay.

14 Q. And--

15 A. Exhibit 587 is where we've actually
16 successfully electrified money at the Bellagio
17 using front money of Guilder and got around Reg
18 6A of the treasury department.

19 Q. How?

20 A. The rules are very strict. You just-- you
21 can't go and buy chips and then turn them into
22 electrified. If you buy chips--

23 Q. Electrified money is what?

24 A. Checks, money in a-- a checking account at a
25 bank, a wire transfer. We call that electronic

1 money versus cash money. There's different
2 levels within cash money, too. Money orders
3 are not as high of quality of electrified money
4 as a bank wire is. This gets to dealing with
5 how clean the money is and all the structures
6 of what is clean and such. There's further
7 levels of cleaning money up after this.

8 Q. And why was clean important?

9 A. So that we couldn't get a burn back from the
10 Treasury Department or some sort of taxing
11 authority that would start getting at us for
12 our illegal money.

13 Q. Us being who?

14 A. William Leonard Pickard, myself, Clyde, anyone
15 else that-- you know-- it was a big problem and
16 it was tightening every day. This is why
17 Leonard and myself followed money laundering
18 regulations so closely. This particular
19 example here is where by putting up-- I don't
20 remember, it was either 9,000 or \$18,000 worth
21 of Guilder, and we got 12,300 U.S. dollars back
22 that was clean electrified verified winnings
23 money in the form of a check from the Bellagio.

24 Q. And that one is dated what?

25 A. This is dated 3-01-2000

1 Q. Okay. And then look through the documents and
2 tell us generally if they evidence the same
3 types of transactions you've just described
4 going on at the casinos?

5 MR. RORK: And, Judge, again, I would
6 say if he's going to tell it generally that he
7 also tell us specifically which ones aren't the
8 same types of transactions so it's not taken
9 out of context.

10 MR. HOUGH: That would be appropriate
11 for cross-examination, Judge.

12 THE COURT: All right. Overruled.
13 Go ahead.

14 A. No, these are not the same type of
15 transactions.

16 Q. (BY MR. HOUGH) Okay. Then start with the next
17 one and let's go sequentially through them and
18 have them describe them by number and what they
19 mean.

20 A. Do you want me to go back after the third one I
21 gave you so I'm in reverse?

22 Q. Yes.

23 A. Okay. The next one does describe another--

24 Q. What's the number?

25 A. Okay. I'm sorry. 588. And this is where I'm

1 putting front money at the Mirage and staying
2 under that \$10,000 amount. The amount in U.S.
3 equivalence was \$9,354 worth of 1,000 Guilder
4 notes.

5 MR. RORK: And, Judge, I would ask
6 that he clarify when he says, quote, front
7 money that that clarification is money from the
8 casino as opposed to some other
9 characterization.

10 MR. HOUGH: Judge, again that would
11 be appropriate cross-examination.

12 MR. RORK: Judge, it would be taken
13 out of context for me to go back in a day or
14 two to say when you were talking about this. I
15 think he can identify it while he's talking
16 about it.

17 THE COURT: If you can explain it to
18 him, go ahead.

19 A. Okay. Front money is where-- I will be very
20 specific. You walk into a casino, you go to
21 the cage, you have an established account
22 because they watch you very closely, you put
23 any form, Travelers checks, bank wire,
24 cashier's check, U.S. currency, any currency
25 that is on the world market that they accept

1 can be deposited with them. They physically
2 seal whatever this instrument is, once they've
3 verified it's an authentic and they take and
4 put that in their vault. They then credit on
5 their computers what is called the front money
6 that you gave them, whatever the negotiable
7 instrument, then you have that much of a credit
8 line with the casino.

9 Q. (BY MR. HOUGH) And Exhibit 588, that
10 occurred-- that transaction occurred when?

11 A. 4-15 in the year 2000.

12 Q. Okay. And the next one?

13 A. Okay. This is nothing, but a-- this is Exhibit
14 589 and this is just-- I'm at a table and I'm
15 withdrawing \$10,000 in the form of a marker.

16 Q. Okay. The next one.

17 A. One other thing should be noted. Anytime that
18 we have one of these or anyone that I gave to
19 the Government-- and one reason I always kept
20 these and-- forever was because if you get this
21 back it proves that you at least broke even,
22 but usually it means that you won money. So
23 the evidence of these means that you were
24 successful at your venture at that table. This
25 is--

1 Q. By number.

2 A. I'm sorry. Exhibit 590. This is verified
3 winnings of \$16,200 off of front money given to
4 the Mirage. And this was a verified amount
5 of-- one was for 55 minutes of play I won
6 \$6,000 and for 20 minutes of play I won \$10,500
7 for a total of \$16,200. And it's where we had
8 electrified money once again.

9 Q. And it's dated?

10 A. This is dated April 16th of the year 2000.

11 Q. The next one.

12 A. Okay. This is a more complicated thing. This
13 is transferring money-- remember when I said
14 that within this corporate umbrella of casinos
15 how I could sign pieces of paper to move money
16 back and forth. This is nothing but a transfer
17 of money from the Mirage to the Bellagio. This
18 is a more sophisticated form of laundering
19 money

20 Q. The next one would be what?

21 A. This has nothing to do with laundering money.
22 It's the payment for--

23 Q. Exhibit number

24 A. I'm sorry, Exhibit No. 592. And this is the
25 payment for villa number eight at the Mirage.

1 And it's the payment for one night's stay of
2 \$4,000 for the room.

3 Q. And when was that?

4 A. This was 4-17 to 4-18.

5 Q. And the next one?

6 A. This is Exhibit No. 593. This is a deposit
7 of-- it looks like \$5,000 in chips in some
8 amount of money of Bellagio checks for a total
9 of \$26,400.

10 Q. And that occurred when?

11 A. April 18th of the year 2000.

12 MR. RORK: And if the Court please,
13 my copy of 593 says customer deposit and
14 withdrawal and I would just ask that that-- I
15 think he just indicated it was a deposit.

16 MR. HOUGH: Judge, again, that would
17 be appropriate for cross-examination when he's
18 testified the document speaks for itself.

19 THE COURT: I will overrule the
20 objection. You may go ahead.

21 Q. (BY MR. HOUGH) And the next item?

22 A. 594 is the exhibit. This is a check that was
23 written from the Mirage dated April 18th of the
24 year 2000. This was verified winnings. And it
25 gives the amount of time, 40 minutes, \$4,000,

1 ten minutes, \$600. And then it was signed off,
2 I don't know what this means, no, I-- at the
3 bottom it's signed off that it actually took
4 seven minutes to electrify the \$4,600. I used
5 to keep track of that to see how much time I
6 was wasting electrifying money.

7 Q. Why?

8 A. Because if it dragged out, I had to use a
9 different strategy.

10 Q. Why?

11 A. I can't waste all day doing this. I mean, I
12 have tons of money and I have to turn it into
13 electrified funds, so I can't be dealing with
14 that.

15 Q. And the next one?

16 A. This is someone else's who was a-- knew nothing
17 about what they were doing. They were an
18 unwilling and unknowing co-conspirator of money
19 laundering. And this is in the name of Roxanne
20 Barbat and--

21 Q. That is exhibit number what?

22 A. I'm sorry, Exhibit No. 595.

23 Q. And it's dated when?

24 A. 4-18. I'm sure that it's a Dutch Guilder
25 thing, but the exhibit number covers it up.

- 1 Q. Let's open that.
- 2 A. I mean, I just want to-- it's got partial
3 Meadowlands there, but I just want to be
4 accurate. Yes, this is where Dutch Guilders
5 were given as front money by basically cutout--
6 that I had had cut out to put money so I could
7 electrify money at a faster rate.
- 8 Q. What's a cutout?
- 9 A. That's basically someone that's operating on
10 behalf of you, but doesn't know it really or if
11 they do know it, no one else knows it.
- 12 Q. Okay. And then 596.
- 13 A. Okay. This is the reverse of this previous
14 595, it's being reversed out electronically
15 with the same account and such. I just want to
16 check the dates. Yes. And this is just this--
17 I'm not for sure.
- 18 Q. The date is what?
- 19 A. This is April 29th. And it's just the reversal
20 of where the Dutch Guilders are being given back
21 to this person.
- 22 Q. Being given back in the form of Guilders?
- 23 A. Yes.
- 24 Q. Okay. And what purpose, if any, did that serve
25 within the context of the conspiracy to receive

1 them back?

2 A. Because usually we would get a check, also
3 where we had verified winnings that were
4 electrified. That's why it was so important to
5 keep the markers and to also keep the time to
6 see how much effort was being vested in doing
7 this.

8 Q. Okay. And the next one, 597.

9 A. Again, Exhibit 597 is verified winnings from
10 the Bellagio dated 4-18 for the amount of
11 \$6,400. There's no time on it, I don't know
12 why. I try to keep some record of time,
13 meaning how long it took.

14 The next one, which is Exhibit 598, is
15 just a request for customer check disbursement.
16 It's where I was asking that a certain amount
17 of money be turned into electrified funds as a
18 check, and I'm asking for \$4,600, a check to be
19 written for that amount.

20 Q. And the next one?

21 A. This is the Paris casino and this is verified
22 winnings and it's dated 4-- I'm sorry, it's 599
23 is the exhibit number. Verified winnings, it
24 says the table number. It took me ten minutes
25 to electrify \$1,000 and that's all it is.

1 Q. What was an acceptable amount of time to
2 electrify funds to you?

3 A. Just depended on how I felt that day and such.
4 This is not what I would call very good.
5 \$1,000 in ten minutes is not-- not that-- you
6 know-- but by most people's standards, they
7 would be thrilled to have walked out and done
8 this, but this just didn't work for me. I
9 mean, this was-- this was kind of like a
10 neutral for me.

11 Q. Were you doing this activity referenced by
12 these documents for yourself or some larger
13 entity?

14 A. Well, I was doing this for both myself and
15 William Leonard Pickard.

16 Q. Okay.

17 A. This is a Bellagio check, 4-21, electrified
18 funds, \$12,700.

19 Q. That's Exhibit 600?

20 A. Exhibit 600. This was-- I remember this-- this
21 was done in a very short amount of time.

22 Q. The next one?

23 A. This is a Bellagio check dated 4-21. I took a
24 lot of electronic money out of the Bellagio on
25 this little period. It's Exhibit 601. This is

1 \$18,300. I believe this is a time when the
2 Bellagio shut me off from comps for life and
3 then eventually I was barred from any comps in
4 any of the Mirage casinos, Bellagio, Treasure
5 Island. I was allowed to play, but they would
6 no longer comp me, which was not unusual over
7 my life at casinos.

8 Q. Why?

9 A. I have a tendency to roll casinos into the
10 ground, so--

11 Q. How?

12 A. Do you want the mathematical reasons and such
13 or what?

14 Q. No, just-- playing what games or doing what
15 generally.

16 MR. RORK: Judge, I would ask that he
17 be allowed to give his answer not the one the
18 Government wants.

19 THE COURT: Well--

20 MR. HOUGH: Judge--

21 THE COURT: I don't particularly want
22 to hear his answer, so-- go ahead.

23 Q. (BY MR. HOUGH) Go ahead.

24 A. Okay. The first thing is that there's three
25 ways. If we're in a real hurry-- if I was in a

1 real hurry and I wanted to electrify money and
2 I didn't want to have fun, I would go to a
3 poker table and I would force an
4 electrification of money through a loophole
5 that may not exist anymore after I hit and it
6 made it knowledgeable. And this is where you
7 have a minimum of two players at a high stakes
8 poker game and one of them has-- there's-- a
9 loophole is where you can bring cash and chips
10 in there and you have someone falsely lose to
11 one person that's accumulating a large amount
12 of money. This was not a preferred thing, this
13 was more like sports when we would do that. Or
14 we would-- if I did that it meant that I needed
15 a check in a hurry because it's guaranteed.
16 And you can move 20, 27 thousand dollars fast.

17 Then there's another way, which I had--
18 it was more entertaining to me, which is
19 actually to sit there and play off the standard
20 deviation. And there was arguments within the
21 casinos and the gaming boards usually agreed
22 that I truly was gambling, therefore, I was not
23 violating Reg 6A. And I actually did win the
24 money legitimately and the only reason this
25 would be money laundering was because if I said

1 that the money that I put up as front money was
2 money laundering. In this particular \$18,300
3 check on this day I remember what they were
4 upset about is because I was playing at the
5 craps tables and I was-- what I would call
6 scalping off of the standard deviation of--
7 let's say, we met a cluster analysis. And I'm
8 going to bring this down to words that can be
9 understood. I played on the same side as the
10 house, therefore, I was playing the opposite of
11 how most players play. And that's called a
12 don't side. Then I took and would naturally
13 aspire, which means my bet would get there
14 naturally, it would not be placed, because the
15 cut would be 5 percent. And even a fraction of
16 a percent over the life of my strategies would
17 cost me a fortune. So I had to watch very
18 carefully any edge. Even .14 percent was too
19 much of an edge for me to allow to occur
20 because of the grinding away of money over a
21 long period of time. So-- I know it's
22 complicated, just bear with me. What my
23 strategy was was to place large bets, naturally
24 aspire to the don't side, which was the same
25 side as the house, then to lay the full odds

1 behind, which means I'm laying more money down
2 than I'm going to receive if I win, just like
3 the house does. And I get paid exactly even
4 odds mathematically. The house and I have no
5 advantage or disadvantage of each other. And
6 because of scalping of standard deviation, you
7 can electrify money relatively fast. If you
8 then start doing more advanced mathematical
9 constructs of this and you have incredibly
10 tight money management skills, you can get
11 little pockets of time where you can get up
12 substantially against the house. But I'm a
13 mathematician at the core and I believe at the
14 end of one's life you'll be even with the house
15 minus a small amount of a percentage.

16 This particular run was atypical, which
17 seems to be the story of my life. But I was
18 again at the leading edge of the bell curve and
19 I was up substantially against all casinos with
20 the exception of two. And I was down just
21 minimal amounts with those two casinos.

22 Q. Minimal amounts being what?

23 A. Oh, well, one of them, I mean, like a couple
24 hundreds. And then the other one I would have
25 to account for, but I was getting thrown out of

1 casinos left and right with comps and I had to
2 keep some casino that would keep comping me
3 because the comps were worth more than the
4 winnings. So I would intentionally lose to
5 keep things happy with some casinos. There was
6 only one-- in the end the Paris was the only
7 casino that I-- they liked me enough and that's
8 where I just rooted myself and then I would go
9 all around Vegas and would then electrify
10 money.

11 MR. RORK: Judge, if I may, I believe
12 the question Mr. Hough had indicated was why--
13 how he had rolled the casinos into the ground
14 and I don't know if that was his explanation or
15 not.

16 MR. HOUGH: I believe that it was,
17 Judge.

18 THE COURT: Well, I thought so.

19 Q. (BY MR. HOUGH) Now, the next document would be
20 what?

21 A. This is where I'm--

22 Q. Document number?

23 A. I'm sorry, 602. April 21st. And I'm getting
24 deposited Guilden back or I'm getting-- I'm not
25 exactly for sure. I would have to study this

1 for some time. I believe I'm getting deposited
2 Guilder back.

3 Q. Okay. Does it show an amount equal to 601 of
4 \$18,300?

5 A. Oh, I'm sorry, this is where I'm asking for my
6 electronic money. I apologize. You've got to
7 realize there's a lot of these documents. This
8 is where I'm-- there's a part of my account
9 that's front money and a part of my account is
10 electronic money and this is where I'm asking
11 for my electronic money, it's a request for a
12 check. I'm having to get in the groove of
13 this, I haven't looked at this for a while.

14 Q. The next one by item number?

15 A. 603. This is where I went into the Caesar's
16 Palace, played for about five minutes and took
17 \$1,200 out.

18 Q. Next 604.

19 A. This is April 21st of the year 2000. A Mirage
20 check, \$4,600, verified winnings.

21 Q. Is that an uncashed check?

22 A. No.

23 Q. Okay.

24 A. No, no.

25 Q. Okay.

1 A. And I started with \$5,600 and turned it into
2 \$4,600. That meant \$5,600 hundred and then on
3 top of that, \$4,600 of verified winnings came
4 from that.

5 Q. Okay.

6 A. This is just me asking--

7 Q. Exhibit--

8 A. 605.

9 Q. Okay.

10 A. Just me asking for a check to be cut. And it's
11 the request for the check that I just talked
12 about. The order of these are reversed of
13 what-- I may have messed them up when I did it,
14 but this should have come before that. This is
15 me asking for that check.

16 Q. And that check being Exhibit 604 for \$4,600?

17 A. That's correct.

18 Q. Okay. And 606.

19 A. Okay. This is me asking for--

20 Q. What's the date and where?

21 A. 606. Date, April 21st, the Mirage, asking for
22 a check for \$10,200.

23 Q. And the next one, 607?

24 A. 607 is a complicated transfer. It has to do
25 with Bellagio checks, Dutch Guilder, chips, and

1 currency and I would have to study it, but it's
2 for \$18,600. And-- you know, I-- I would just
3 have to study what went on in order to recreate
4 this.

5 Q. Is it a request for withdrawal?

6 A. Yes, it's a request for a check.

7 Q. And 608?

8 A. This is a completely different function and I
9 just want to verify that before I say that.
10 This is the secondary function that was going
11 on. I-- I'm-- okay. This is a-- this is a
12 different function. This is presenting them
13 with a foreign currency and actually getting
14 U.S. currency for it. This was done 4-28.

15 And--

16 Q. The year?

17 A. Of the year 2000. And 141,000 Canadian bills
18 were handed to the casino and the casino then
19 gave \$9,100. Under current FINCEN regulations
20 and Reg 6A this should have triggered
21 something. I'm a little confused by this. I
22 don't have enough backup data around this to
23 understand what's going on here, but-- there's
24 other pieces of paper that better describe what
25 the other thing is.

1 Q. And the next transaction is Exhibit 609?

2 A. 609. This is the thing that we were talking
3 about earlier, references to some exhibits to
4 where-- it's Exhibit 595 with front money of
5 Dutch Guilder done by the cutout Roxanne
6 Barbat.

7 Q. Uh-huh.

8 A. And this is where she actually received money--
9 electronic money for that front money and this
10 is the check. She got her Dutch Guilder back,
11 22,000, I believe of Dutch Guilder, handed the
12 22,000 bills back to me-- the 22 \$1,000 bills
13 back to me. And then she got the \$1,750 in
14 electronic money.

15 Q. Is that the actual check?

16 A. No, this is a copy.

17 Q. Okay. The next one.

18 A. This is 610. This is with the Paris.

19 Q. The date?

20 A. And this is dated 4-30. And it's \$4,000 of
21 verified winnings. It gives the pit number and
22 I played one hour.

23 Q. The next one, 611?

24 A. This is the Paris, it's 611, dated 4-30. The
25 amount was \$3,700, verified winnings, two hours

1 ten minutes. This would be considered a
2 failure for me.

3 Q. The next one?

4 A. This is the Exhibit 612 dated 4-30 from the
5 Bellagio for the amount of \$3,500 verified
6 winnings. One of these again.

7 Q. 613?

8 A. 613. I have to study this for a second. A,
9 this is where they're giving the amount of time
10 that was played at each game, 15 minutes at one
11 game and five minutes at another game.

12 Q. And it shows the winnings of how much on what
13 date?

14 A. \$3,500, April 30th.

15 Q. And 614?

16 A. Treasure Island check, verified pit win dated
17 April 30th, \$500.

18 Q. 615.

19 A. This is a-- a Treasure Island withdrawal.
20 Okay. This is where I'm asking for front money
21 to be given back to me. And the front money is
22 given back to me in the amount of \$6,000.

23 Q. On what date?

24 A. On April 30th.

25 Q. What year?

1 A. Of the year 2000. This is where I put \$6,000
2 up in front money and I-- all I got was \$500
3 electronic money, but I did get my 6,000 back.
4 This was considered an extreme failure for me.

5 Q. Okay.

6 A. Notice you didn't see me at Treasure Island.

7 THE COURT: Mr. Hough, when you reach
8 the conclusion of this, let's take a short
9 break.

10 MR. HOUGH: That's fine, Judge.

11 Q. (BY MR. HOUGH) Go ahead and tell us 616.

12 A. 616, this is a complicated document that's not
13 normally given out to customers. Because of
14 the-- if possible could we cut it open, because
15 it's covered up. Some of the areas are covered
16 up. Because of the complications of the
17 accounting that occurred from my transactions,
18 the casinos let me have more access to
19 paperwork than most people got. Because often
20 I had to help them account for my accounts.

21 This is multiple transactions going on.
22 It's showing the initial of what is happening
23 as I'm adding money in. It's foreign
24 currencies going in. And it's basically a
25 ledger sheet that can handle effectively any

1 kind of transaction within a casino. This is
2 an internal casino document.

3 Q. And it's showing what time period and how much
4 foreign currency are you exchanging?

5 A. All right. We're starting at 5-14 and we go to
6 5-23. And somehow I got \$28,800 into the
7 account and then I took it up to \$38,000 the
8 same day and then the next day it was up to
9 47,000 and then the next day-- two days later,
10 it was up to 57,000, a few days later, it was
11 up to 57,800. And then I started taking the
12 checks out in the form of \$17,700, 39,300,
13 17,700 again. This is an unusual document
14 that's relatively complicated to follow. They
15 get more complicated than this.

16 Q. And ultimately, who benefited from the money
17 laundering you did as evidenced by those
18 documents?

19 A. Myself and William Leonard Pickard and Natasha.
20 I don't know of anyone else, but--

21 Q. Was that always or just during this time frame?

22 A. I would just say just during this time frame.

23 MR. HOUGH: Okay. Judge, if you want
24 to take a break now, that's fine.

25 THE COURT: All right. Ladies and

1 gentlemen, let's take a 15-minute break at this
2 time. Mr. Bailiff.

3 (THEREUPON, a recess was had, after
4 which, the following proceedings were
5 held outside of the presence of the
6 jury).

7 THE COURT: Mr. Bennett, you had
8 something you wanted to discuss with the Court.

9 MR. BENNETT: Yes, Judge. It's my
10 understanding from Mr. Hough that he's going to
11 next offer a group of exhibits, 628 to 654.
12 And we would, on behalf of the Defendant
13 Apperson, object to the admission of those
14 exhibits, Judge. For a couple of reasons.
15 Number one, none of them make any reference to
16 Clyde Apperson or have-- or have anything to do
17 with Clyde Apperson. Many of them are-- relate
18 to dates in-- during 19-- early 1999. And the
19 second Superseding Indictment, which charges
20 the conspiracy that we're here on, indicates
21 that we're here on a conspiracy that is alleged
22 to have occurred between August of 1999 and the
23 6th day of November, 2000. Exhibits 629
24 through 634 are all dated prior to the
25 commencement date of the conspiracy as pled in

1 the second Superceding Indictment. The other
2 documents have no relation, we would submit, to
3 Mr. Apperson. And there's any number of
4 different documents in here, but none of them
5 make reference to Clyde Apperson. So we would
6 object to the introduction of those exhibits,
7 628 through 654.

8 MR. HOUGH: Judge, the witness has
9 testified that these are documents that he
10 saved during the course of his role in the
11 conspiracy and in his role in the conspiracy.
12 Some of them are intrinsic evidence, some of
13 them are direct evidence, it's a Pinkerton
14 conspiracy. So our position would be that they
15 would apply to all, because it shows movements
16 and documents relative to the conspiracy.

17 Additionally, the Court will give a
18 compartmentalization instruction at the end of
19 the case that would remedy anything that
20 applies specifically to one and not the other,
21 to the extent that that is possible within a
22 Pinkerton conspiracy. So we would ask, for
23 those reasons, that the objection be overruled
24 and denied.

25 MR. BENNETT: Judge, I-- if I

1 understood what Mr. Hough said just now, he
2 says, well, they were documents that were
3 gathered in the course of the conspiracy, but--
4 but the February, March, April, May, June,
5 July, August or-- June and July documents that
6 are dated prior to the commencement date of
7 this conspiracy couldn't have been collected in
8 regards to this conspiracy because there hadn't
9 been any allegation of a conspiracy during that
10 period of time. The Government is restricted
11 to-- I would respectfully submit, to the time
12 period they've pled. They've altered this time
13 period twice. This is the second Superseding
14 Indictment. And they've expanded it and
15 expanded it and expanded it and now they're
16 trying to expand it again.

17 MR. HOUGH: Judge, intrinsic
18 evidence, as the Court is very well aware, is
19 not limited to the period alleged in the
20 Indictment. The evidence has also shown that
21 the conspiracy in this case went beyond that
22 that is alleged in the Indictment, all the way
23 back to Aspen, Colorado when the lab was first
24 operable there. So the intrinsic evidence
25 would go all the way back to that.

1 THE COURT: Well, I'm trying to find
2 out if--

3 MR. HOUGH: Billy, do you have an
4 objection?

5 MR. RORK: Judge, on behalf of Mr.
6 Pickard, he would have no objection,
7 understanding Mr. Bennett's objection, so--

8 THE COURT: All right. Well, I'm
9 going to overrule the objections and-- and we
10 will proceed. And let's bring the jury in.

11 MR. HOUGH: Judge, we would offer,
12 then, 628 through and including 654 and then we
13 would have--

14 THE COURT: 634 or--

15 MR. HOUGH: 628 through and including
16 654.

17 THE COURT: 54, all right.

18 MR. HOUGH: And then we would have
19 the witness start there at 628 with his
20 description of what the items are.

21 THE COURT: All right. I will admit
22 those documents and--

23 (THEREUPON, the following
24 proceedings were held in the presence of
25 the jury).

1 THE COURT: All right. You may be
2 seated and we're ready to proceed.

3 Q. (BY MR. HOUGH) Mr. Skinner, I've handed you
4 now a set of documents beginning at
5 Government's Exhibit 628 through and including
6 654, you previously identified those as
7 documents that you had provided to Agent
8 Nichols on November the 13th of 2000. Have you
9 divided them, sir, into like kind?

10 A. To the best of my ability.

11 Q. Okay. And would you start, then, for instance,
12 with 628 and tell us what that is and how you
13 came to have it and what its significance is?

14 A. Okay. This is a Federal Reserve Bank wire
15 notification that's official. Again, a little
16 yellow piece of paper, but I think I can read
17 through it, if you will just have patience
18 here. This is a debit of a Federal--
19 International Federal Reserve wire, which when
20 it hits the international it then turns into a
21 swift wire through the international banking
22 system. It's for \$21,000. It's drawn off of
23 Nations Bank. It then is transferred over to
24 "N" Bank in the Netherlands. It then is
25 credited to the Amstel Hotel account number,

1 then underneath that, it tells the debit
2 account number and then it tells what account
3 number is to be paid at the hotel, which is
4 William Pickard/attention Ms. Sloff, S-L-O-F-F,
5 she was the accountant for the Amstel Hotel in
6 the Netherlands in Amsterdam.

7 Q. Is it dated?

8 A. Yes, sir, this is dated 10-16-98.

9 Q. What was going on then in there?

10 A. I was supposed to physically be over in-- in
11 Europe for this trip and I couldn't physically
12 make it, so I just wired the money to pay his
13 bank account-- or to pay his hotel bill.

14 Q. And what was going on then?

15 A. I believe at this-- I'm-- I'm guessing from the
16 time of the year.

17 MR. BENNETT: Well, Judge, I am going
18 object to him guessing.

19 MR. HOUGH: Judge, if it's an
20 educated guess based upon his knowledge, it's
21 appropriate.

22 THE COURT: Overruled, go ahead.

23 A. This was an ethnobotany conference that's held
24 every other year that was equivalent to the one
25 in the Palace of Fine Arts in San Francisco

1 where we stayed at the Stinson Beach house.

2 Q. Okay. And then the next?

3 A. Okay. These-- this starts with 629 and it runs
4 through 634 and then there's a like one--
5 well--

6 Q. The like one is number what?

7 A. 653.

8 Q. Okay. And describe what those are.

9 A. These are basically statements or invoices of
10 travel that was paid for by me.

11 Q. What-- what are you doing paying for the
12 travel?

13 A. It could be for my own ticket, it could be for
14 Leonard's ticket, anyone's ticket, but it would
15 be where it will be automatically-- instead of
16 using a credit card or using cash, it would be
17 ran through a travel agency.

18 Q. Why was that done?

19 A. For ease, second of all, so that cash wasn't
20 being shown up, because if you paid cash for a
21 ticket, you're flagged to something at that
22 time, prior to September 11th, you're flagged
23 with a PPBM, which is special code that goes on
24 and it means you have more of a chance of your
25 luggage being x-rayed, which was a problem we

1 did not want to have happening.

2 Q. Why?

3 A. Nor did we want hand searches of our luggage
4 because we carried large amounts of cash in our
5 luggage. Our being Leonard William Pickard,
6 myself, Gordon Todd Skinner.

7 Q. So the names and the dates of the travel of the
8 individuals, if you could tell us of those
9 exhibits you have just identified?

10 A. There's a-- myself on the 11th.

11 Q. And give us the exhibit number, please.

12 A. I'm sorry, 629. Hope Jackson, Ashonda
13 (phonetic) Garnett, Bruce Niemi. And this is
14 not the real Bruce Niemi, but the Bruce Niemi
15 of Leonard Pickard using the ID.

16 Q. And the date?

17 A. 19th of May, 1999.

18 Q. Where are you going?

19 A. It doesn't say and I would have to look at more
20 detailed-- this is a statement and I'd need an
21 invoice to be able to see that, sorry.

22 Q. Okay. The next one of like kind.

23 A. I can try and strain my mind and get that.

24 Okay. This is an invoice, different than a--

25 Q. The number?

1 A. Okay. This is Exhibit-- Government's Exhibit
2 No. 630. And this is-- instead of-- I had a
3 number of accounts to distribute across these
4 travel agents-- agencies so that you-- less of
5 a target would happen. And this-- the-- the
6 other statement was Gordon Todd Skinner, this
7 is a statement to the Wamego Land Trust or
8 Wamego Trust.

9 Q. Is that you?

10 A. Effectively. And it's bent over so I'm going
11 to have to-- but it's for when Leonard asked
12 for me to pay for a ticket for him to go to
13 Bangkok and Hong Kong. I won't cut anything
14 open that I don't need to.

15 Q. What was the purpose of that trip?

16 A. This was a vacation for him, that's all I know.

17 Q. And did he travel alone?

18 A. He traveled with a-- a girlfriend of his.

19 Q. Is it reflected there?

20 A. Not that I'm seeing.

21 Q. Do you have independent recollection of that?

22 A. Yes, huh.

23 Q. Who was it?

24 A. Huh?

25 Q. Who?

1 A. Martina Chevanara (phonetic). The reason is
2 because that was-- I had to know her real name
3 because she had to fly with passports on this.
4 And that was the third name down that I had
5 heard of her, so it was interesting to hear her
6 real name.

7 Q. Okay.

8 A. So--

9 Q. And the next of like kind?

10 A. This is a-- an invoice, unlike a statement,
11 meaning that it has again this-- the invoices
12 tell you actually where the flight itinerary is
13 and the statements don't tell you that. So I
14 could have given you the itinerary of this
15 vacation over here. This is the itinerary of
16 Bruce Niemi flying on the 19th of May from San
17 Francisco to Albuquerque. It tells the amount
18 of the money, the date, 19th of May, '99, and
19 it's invoiced to my general account with my
20 address-- one of my corporate addresses in
21 Tulsa.

22 Q. And that's Exhibit 631?

23 A. Exhibit 631.

24 Q. And it's for travel of whom?

25 A. Bruce Niemi, but this is the fictitious

1 driver's license that was upgraded that was
2 William Leonard Pickard.

3 Q. Relative to this conspiracy, was there anything
4 going on in Albuquerque in May of '99?

5 A. Well, I mean, there was a lab in Santa Fe.

6 Q. Okay. And the next, 632?

7 A. This is a ticket for myself going from Kansas
8 City to Las Vegas and then to San Francisco.

9 Q. When?

10 A. The 11th of May, 1999.

11 Q. And the next of like kind, 633?

12 A. Okay. This is a-- a printed out invoice and
13 it's different because this just is a--
14 accumulated printed out invoice report and so
15 it's different than a statement or a direct
16 invoice, and it just gives a total of what's
17 due.

18 Q. All right.

19 A. I won't open it up.

20 Q. And its date is what?

21 A. Monday the 23rd, August, 1999.

22 Q. Okay. The next item then of like kind, 634?

23 A. Yes, this is the mate to the other invoice. I
24 should have gathered these up better, I didn't
25 have a chance because they were pulled from me.

1 This is the mate to the trip that Leonard took
2 to Bangkok and Hong Kong and back to San
3 Francisco. And this is Martina Chevanara's,
4 however you say her name, ticket.

5 Q. Okay.

6 A. And this is-- this is the actual invoice with
7 the itinerary.

8 Q. Okay. And the next item of like kind I believe
9 you indicated was 653?

10 A. I'm going to have to cut it-- I'm going to have
11 to cut it open. This is where tickets are
12 being bought for Natasha Vorobee and William
13 Leonard Pickard and Alexander T. Shulgin and
14 Anne Shulgin. And these are the little stubs
15 that gives the fares and how much they were,
16 and the dates-- first of all, it's 653 again.
17 The first page here says tenant Natasha
18 Vorobee. We needed to have something hard,
19 because we had moved E-tickets, this was in the
20 period where you could still-- there was a lot
21 of flexibility. She wanted to have a hard
22 copy. And it had her ticket, her E-ticket on
23 here and Leonard's E-ticket.

24 Q. Who is she?

25 A. Natasha Vorobee, Leonard's wife. And this--

1 this is for a trip from San Francisco to
2 Chicago and then back from Chicago to San
3 Francisco.

4 Q. What time period?

5 A. The dates would be the 8th of May to the 10th
6 of May was the dates that were booked.

7 Q. And what was going on in Chicago during that
8 time period relative to the conspiracy?

9 A. Relative to the conspiracy? There was a
10 meeting taking place about ET at the Ritz
11 Carlton Water Tower.

12 Q. Who was that meeting between?

13 A. The ET man and William Leonard Pickard.

14 Q. That is the last item of like kind that you
15 identified; is that correct?

16 A. Well, I assume.

17 Q. Okay. Look at 654 now and tell us what 654 is.

18 A. I must have lost one. Also, I-- yeah, also I
19 lost one behind-- the one behind me I lost.
20 654 starts off with a fax confirming
21 reservations to the Ritz Carlton in Chicago and
22 what looks like to be an itemized bill.

23 Q. For what time period?

24 A. May the 10th-- May the 8th to May the 10th.

25 Q. Does that coincide with the flight confirmation

1 you've just testified to regarding 653 about
2 the ET delivery meeting in Chicago?

3 A. Yes.

4 Q. Now, would you take a look at 635?

5 A. If you can give me some idea of what 635 is.

6 Q. Well, let's do this then.

7 A. Wait, wait, I got it. Okay. Already open.

8 This is information that was given to William
9 Leonard Pickard concerning one of his
10 fictitious names that was created for him. And
11 this was the-- this was information so in case
12 he ever had to answer information about who he
13 has created, he could give the background
14 information. The name is Bruce Niemi, he was
15 from the House Of Representatives-- he was at
16 the House Of Representatives in Tulsa at one
17 time in his life-- I mean, in Oklahoma. And
18 it-- gave some letters he had written so that
19 Leonard could handle and field normal
20 questions.

21 Q. Who got that for him?

22 A. I got it for him.

23 Q. Where did you obtain it?

24 A. From William Richard Wynn.

25 Q. And the next item of like kind within that

1 group would be what?

2 A. Now, we're getting to ID items and we're
3 getting to information to prove that I actually
4 knew William Leonard Pickard. This is a birth
5 certificate, it's Item 637. And it's-- seems
6 to be his real birth certificate.

7 Q. How did that come into your possession?

8 A. I had it a couple of times. There were more
9 than one of these, as I remember. I seem to
10 remember one time, four or five-- seeing four
11 or five different copies of this, but--

12 Q. How did you get it?

13 A. He gave it to me one time and I don't remember
14 how I got it the other time, I think when I was
15 moving the lab.

16 Q. And the reason for you having it was what?

17 A. Just a record keeper.

18 Q. Okay.

19 A. We're going to go to 636.

20 Q. And that is what?

21 A. This is a business card for someone that did
22 the transfer-- this was a charter company
23 called AFCA or GA, I can't remember, and
24 initially our involvement with them was to--
25 they were going to--

1 Q. "Our" being who?

2 A. William Leonard Pickard, Clyde Apperson, and
3 myself. This was a friend of Clyde Apperson's.
4 It's a woman, I don't know exactly, she either
5 owns it or she was the manager of it, or
6 something, I'm not quite for sure what the
7 situation was. But at sometimes we felt it was
8 safer to be driven to pick up money so that we
9 didn't have the chance of one of us getting
10 pulled over and, quote, the big computer in the
11 sky flagging us and our vehicle getting
12 searched and a million dollars being found. So
13 there were a time when this was used as a way
14 of-- a mode of transportation. Then later,
15 they actually--

16 Q. "They" being who?

17 A. Clyde and/or Leonard told me that she actually
18 picked up some money, not knowing what it was,
19 and brought it back and they were very
20 reliable. But on the back of this is an
21 account number, a routing number, and a swift
22 number. And I'm going to try to hope that--
23 this is the best I can do on this. I believe
24 that I was supposed to wire money to buy a
25 limousine. Now, these could have been attached

1 incorrectly, but I'm doing my best. And I-- we
2 had made the decision, Leonard-- Leonard and
3 myself had made the decision that we were no
4 longer driving in the Bay area.

5 Q. Why?

6 A. Because we were wasting too much time behind
7 the wheel. It could be time that we could be
8 doing thought processes. And we also risked
9 getting pulled over and my driving record
10 wasn't the best those days, so--

11 Q. Okay. The next item of like kind?

12 A. Well, the-- close "like kind." This is Exhibit
13 623, this is just a photocopy of Leonard's
14 passport, his real passport. And this was
15 mainly supplied to the Government so I could
16 prove that I actually knew William Leonard
17 Pickard.

18 Q. How did it come into your possession and why
19 did you keep it?

20 A. Particularly which time I got it in my
21 possession, I don't know. I remember that
22 there was a problem with-- he actually did lose
23 his passport and there was something about it
24 and-- where he only got a year extension and he
25 was always nervous when they renewed his

1 passport. And due to a passport fraud that had
2 occurred where he had fictitiously obtained, I
3 believe, a U.S. passport and was convicted in
4 federal courts, they kept him on a very tight
5 leash with passports. And I just kept the
6 records.

7 Q. The next item of like kind?

8 A. Just a Social Security number of Leonard's,
9 Social Security card and number.

10 Q. And how did that come into your possession and
11 why?

12 A. I don't know. I think I got this when I
13 dismantled the lab.

14 Q. Okay. The next item of like kind?

15 A. We're going to enter-- they're not like kinds,
16 these are just actual-- his name on different
17 cards that he had. And this is a Pacific Club
18 International.

19 Q. And that is exhibit what?

20 A. I'm sorry, Exhibit 640. Exhibit 641 is just a
21 calling card and it has William Pickard's name
22 on it. Exhibit 642 is a TWA Getaway credit
23 card. Exhibit 643 is a Blue Cross/Blue Shield
24 insurance card with William Leonard Pickard's
25 name on it.

1 Q. And how did all of those come into your
2 possession?

3 A. I mean, I don't know which-- there's so much
4 here, I don't know when I got it. I mean, you
5 know.

6 Q. Who gave it to you?

7 A. He could have given this to me to destroy. He
8 could have given this to me to keep.

9 Q. "He" is who?

10 A. William Leonard Pickard. Or I could have
11 retrieved it when I entered the lab. I just
12 don't know when this--

13 Q. The next item?

14 A. This is Item No. 644. These are pictures of
15 William Leonard Pickard so that I could create
16 fictitious documents and fake ID for him.

17 Q. And why would you do that?

18 A. So that he would have a way of moving through
19 the system more transparently.

20 Q. The next item then? Go ahead and do that.

21 A. Do this, okay. We're going to a different like
22 type of information here. This is Exhibit 645.
23 Again, Exhibit 645. On one side of it has
24 pictures with Leonard with different backdrops
25 for ID purpose, on the other side it has a list

1 of checks that he needed to have paid.

2 Q. Why would you have that?

3 A. Where he had given me a list and said, "Get
4 these bills paid for me."

5 Q. Was that unusual?

6 A. No, not at all.

7 Q. The next item then? Let's look at 646.

8 A. Okay. I don't need to open it up. This is
9 where we had two things that were bought and I
10 don't remember who bought them, and I should,
11 and they were easy to remember because one was
12 830-5783, which was T, my phone, and L's phone
13 was 830-5784. This would have probably been a
14 high security phone, because they would have
15 been one number off. And most likely they
16 should have been overlapped, I can't remember,
17 because we had so many phones. But I-- I'm not
18 going to make any further guess, so I will stop
19 at that.

20 Q. Overlap meaning what?

21 A. That the-- the phones were one digit away and
22 since they were on the same piece of paper,
23 that this was probably some very high level
24 security phone for conversations between
25 William and myself, William Leonard and myself.

1 Q. The next item then?

2 A. Let's go to 647. This is a relatively
3 complicated document so you're going to have to
4 give me some time. First of all, this is an
5 off-shore-- I may not give-- I'm going to run
6 through what my memory is on this and then--
7 okay. This is a Panamanian corporation and
8 there was a couple levels to it. I seem to
9 remember that there was something about this
10 being created by Harrah's, the Harrah's
11 Corporation. I'm not for sure. But this is
12 basically an off-shore account for money to go
13 into that would not show who the real owner of
14 the money was.

15 Q. And why did you have those documents in your
16 possession?

17 A. Well, specifically Leonard had asked me a
18 couple of times to go through these and see if
19 these were safe off-shore accounts and he had
20 asked my opinion on how safe they were or what
21 the risks were and such. And I had-- I had
22 been through these a few times.

23 Q. And what was your conclusion?

24 A. My conclusion was that-- that indeed it was
25 probably safe to keep that-- that the money

1 could not be easily brought back and proven of
2 who the owner was. But also, the money could
3 be taken off with by the namee or the trustees
4 of name or order. And I'm-- I wasn't what I
5 called thrilled with this kind of structure.

6 Q. Did you or anyone else in the conspiracy, to
7 your knowledge, park money in those accounts?

8 A. I never did. I can't tell you about-- I know
9 that money went to somewhere in Panama, I
10 cannot tell you where.

11 Q. Okay. Then the next document or set of
12 documents?

13 A. I'm not going to be able to do this without
14 opening it up. This is Exhibit 651. This
15 references an earlier testimony of mine of
16 where Leonard and-- William Leonard Pickard and
17 Clyde Apperson ran out of U.S. dollars in the
18 middle of the United States. And without
19 anyone consulting me, they went through a
20 Wamego bank and cashed Guilder, and this is
21 the-- kind of the old form of Guilder which
22 could be easily counterfeit. And on top of
23 that, I thought this was a very poor decision
24 to have made, beings that we were in the middle
25 of the United States in Wamego to be flashing

1 thousand Guilder notes. It's a little odd--
2 it's an odd transaction. And I was upset with
3 all who were involved.

4 Q. When did the transaction occur?

5 A. 2-17 in the year 2000.

6 Q. Okay. Now, can you find the next item of like
7 kind?

8 A. It's not like kind. We're just moving on to a
9 different one.

10 Q. Before we get there, can you tell us during the
11 time in February, 2000 that the Defendants
12 negotiated Guilder notes, what was going on in
13 the Kansas area relative to this conspiracy?

14 A. Well, first of all, I was-- hadn't been
15 charged, but I had potential charges coming
16 from the U.S. Attorney's Office concerning the
17 Harrah's event at the casino. Number two, we
18 shouldn't be doing a transaction like this in
19 the middle of nowhere.

20 Q. What was going on, why were they in town?

21 A. Because they were-- LSD was being made over at
22 the Atlas F in Ellsworth. But the bigger
23 problem was this transaction shouldn't have
24 been done anywhere close to that transaction,
25 because it would have been a red flag. I

1 suspect that this did trigger some sort of
2 offense in red flag.

3 Q. Now, the next item?

4 A. This is going to be Exhibit 652, Government
5 Exhibit. I would like some time to explain
6 this. This is where first Clyde Apperson and
7 Leonard had asked me to generate a paycheck so
8 that Leonard-- I mean, so that Clyde could show
9 his wife where he was being legitimately paid
10 by an industrial corporation that she could
11 find. So I'm going to move this off so I can
12 read this better. So what they asked me to do
13 was generate a check. What I did was-- was I
14 used a bad set of checks of Gardner Industries,
15 where there was a problem with the account
16 numbers, and I knew that Clyde was on a short
17 time span to get out of Tulsa. So I misspelled
18 his last name, which was going to require me to
19 go into the bank, he stayed in the car. And
20 what I did was I switched cash for a cashier's
21 check and never ran this through the bank,
22 because this isn't even a good account, and
23 brought out a cashier's check, he could show
24 his wife. And he thought that he had a
25 paycheck from Gardner, but there was really

1 nothing ever entered into the computer. This
2 isn't even the format of a Gardner paycheck--
3 payroll check. It's very complicated up at the
4 top showing all sorts of withholdings. This
5 was done on an IBM Selectric II.

6 Q. Now--

7 A. I have a note also here, it's just verifying
8 what I did. And the date on that was June 29th
9 of the year 2000.

10 Q. And June 29th of 2000, relative to the
11 conspiracy, what's going on?

12 A. Well, I mean, there's a-- the lab is still in
13 Ellsworth, Atlas F missile base.

14 Q. And during that period of time or ever, did
15 Clyde Apperson perform any legitimate work for
16 Gardner Springs?

17 A. No, nor did he ever receive a real paycheck
18 from Gardner or any other paycheck, that I know
19 of. There's nothing that he received from
20 Gardner.

21 Q. During the year 2000, were you aware of any
22 legitimate income that Mr. Apperson had?

23 A. No, I-- I don't know anything about that.

24 Q. Okay. Did he ever, in your presence, complain
25 that he needed to get back to his job and was

1. going to have to get out of the lab over in
2 Salina, for instance?

3 A. I don't remember such conversations.

4 Q. Okay. The next item?

5 A. This is kind of backtracking. This is more
6 casino stuff.

7 Q. And--

8 A. We will start off with Exhibit 648. And it's
9 just where I'm again putting up different forms
10 of front money to electrify money. Then we go
11 on to--

12 Q. What time frame is involved in 648?

13 A. Well, I didn't open it all up. I will have to
14 cut it open to give you a full time scope.
15 3-11 is the first item that's mentioned.

16 Q. As in March 11th?

17 A. March 11th.

18 Q. What year?

19 A. Of the year 2000. Again, this is Exhibit 648.
20 There's a-- yeah, this is a wide time frame.
21 The next one 4-14, 4-14, 4-14, 4-16, 4-17, 4-18
22 on to 5-15. This is just a proof of Guilder
23 being put up for different transactions.

24 Q. At the casinos?

25 A. Yeah, in different-- different front money.

1 MR. BENNETT: Judge?

2 A. Okay.

3 MR. BENNETT: Could-- it's after 12
4 and I have a phone conversation I'm supposed to
5 have with the judge-- another judge. Could we
6 take the noon recess?

7 THE COURT: Yes, we can do that right
8 now. Ladies and gentlemen, let's recess until
9 1:30 and then we'll come back at that time.
10 Mr. Bailiff.

11 (THEREUPON, a recess was had;
12 WHEREUPON, the following proceedings
13 were had out of the hearing of the
14 jury panel).

15 MR. BENNETT: Could we approach the
16 bench, sir?

17 THE COURT: Yes, you may.

18 (THEREUPON, the following
19 proceedings were held at the bench).

20 MR. BENNETT: Judge, comes now the--
21 Defendant Clyde Apperson and, again, moves or
22 renews its motion for production of a copy of
23 the entire Secret Service file that was
24 developed as a result of Mr. Skinner's arrest
25 on January the 9th of 2000. We've been asking

1 for that throughout these proceedings and even
2 before. And Mr. Hough eventually reluctantly
3 produced a ten-page summary of the report and
4 assured the Court at that time that that was
5 all he had, that's all he knew about.

6 Then once we got that report, it made
7 reference to a tape recording, and we asked the
8 Court then to require that to be produced. And
9 that was produced. And as I recall the Court's
10 order at that time was to produce that and
11 anything else that they had. And we've got a
12 copy of the summary now, and we've got a copy
13 of the tape. We found out today that he's now
14 got some-- Mr. Hough has more Secret Service
15 file, the file being approximately five to six
16 inches in thickness.

17 We-- he tells us we can look at it, but
18 that we can't have a copy of it. And, Judge,
19 that is in contradiction to what I understood
20 your order to be, number one. And number two,
21 it hamstring the Defendants from getting that,
22 reviewing it, studying it in-depth and
23 preparing for cross-examination of Mr. Skinner.
24 I haven't seen it yet. Mr. Rork I believe did
25 go down and just long enough to look at it over

1 the noon hour to see that it's five or six
2 inches thick. And it's another example of
3 this-- dribbling this stuff out to us that's--
4 clearly goes to credibility and is exculpatory.

5 We're in the middle of the fourth week of
6 a-- what looks to me like is going to be an
7 eight- to ten-week trial. The only time that I
8 have to look at it is at night or in the
9 morning. I was in my office at 4 o'clock this
10 morning, and I have been every morning since
11 this trial started. And that's when I can look
12 at the stuff. And-- and to-- for Mr. Hough or
13 the Government to take the position that we
14 ought to only be able to look at it down there
15 in his office when somebody is working in the
16 U.S. Attorney's Office is patently unfair and I
17 respectfully submit denies us the right to
18 prepare and present our defense, which I think
19 we're entitled to do.

20 MR. RORK: And, Judge, if I may just
21 indicate I did look at the file over the noon
22 hour for about 15 or 20 minutes. And I believe
23 there's about 60 or 70 handwritten and/or typed
24 statements of facts and events surrounding the
25 investigation. There's a handwritten map and a

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1 summary by a law enforcement officer who went
2 inside the missile base at that time in 2000
3 and inventoried things. There's other reports
4 about the missile base, in fact, just too much
5 for me to comprehend in reading it. And I
6 would join in the request for a copy of the
7 file.

8 MR. HOUGH: Judge, I honestly don't
9 know how these allegations can be made in good
10 faith. To begin with, at the very inception of
11 this prosecution, Defendants were both advised
12 of Mr. Skinner's conviction and the underlying
13 facts. The journal entries were disclosed, all
14 of that was out in the open.

15 As the Court is well aware, subsequently,
16 as we are in trial, Defendants made the-- a
17 specific request for all things Secret Service.
18 My secretary, as I informed the Court in open
19 court on the record, at my request called
20 Secret Service, they faxed up their summary.
21 And when that was produced, then the Defendant
22 said, "Well, we want more, we want these
23 tapes."

24 Well, at that point we had no idea
25 whether or not there was a tape or anything

1 else because, as the record reflects, Secret
2 Service is not unlike any other federal agency.
3 At the conclusion of the investigation when
4 it's closed, they usually get rid of everything
5 because they have a storage problem like
6 everybody else. That was our assumption.
7 Well, they subsequently provided the tape,
8 which was disclosed.

9 Defense counsel then asked for a copy of
10 the entire-- everything the Secret Service
11 wanted and the Court said, "Check and see if
12 they have it," which we did. Upon the Secret
13 Service giving that to us, and it is, in fact,
14 a four- or five-inch thick file-- double-sided
15 file folder, I e-mailed both counsel, told them
16 that it was available, that they could examine
17 that at any mutually convenient time in our
18 office. That's all that the rule requires on
19 impeachment materials is that we make it
20 available to the defense. And we have and we
21 continue to, consistent with the rules and the
22 orders of the Court.

23 MR. BENNETT: Well, Judge, Mr. Hough
24 says we've just asked for this during this
25 trial. One of the first motions that I filed

1 in this case two years ago was a motion for all
2 exculpatory information that they had. This
3 was not forthcoming, none of this, not the
4 summary, not the tape, not the entire file.
5 The case law, as I'm sure the Court is aware,
6 indicates that exculpatory material or-- or
7 material that goes to a-- an individual's
8 credibility is exculpatory and-- and is
9 considered as exculpatory information. That
10 hasn't been provided to us.

11 And I-- I just-- I-- my position is
12 we're-- we should be entitled to get a copy of
13 it and not have to go down and sit in a
14 conference room and look at it and try and
15 absorb it and-- with Mr. Hough or some DEA
16 agent looking over our shoulder the entire
17 time. That's-- that's too restrictive and it
18 denies to us what we think is our-- a right to
19 prepare and present a defense.

20 MR. HOUGH: That's not what the rule
21 requires.

22 MR. RORK: Judge, some of the
23 documents in there are Pottawatomie County
24 records of the seizure of the vehicle, items
25 taken from the vehicle, inventory search of the

1 vehicle. It talks about guns taken from the
2 missile base. Officer Kerry Dick going to
3 Tulsa, Oklahoma, when Mr. Skinner bought these
4 guns. Kerry Dick is a witness that we've named
5 as a possible witness, the police officer. The
6 marshal's office used the Wamego Police
7 Department to serve a criminal summons in this
8 case on Mr. Skinner and it goes into-- about
9 complaints about guns being used out there at
10 night. It goes into an officer drawing several
11 rooms on the missile base and saying, "Here's
12 rooms that were locked and I was never let
13 into. They had a bar across the door."

14 I'm just trying to give you some of the
15 sample material that we believe needs to be
16 further investigated and confirmed to prepare
17 our defense that that's in there.

18 MR. HOUGH: Well, Judge, what you
19 have there is a proposed fishing expedition
20 into collateral matters that are not provable
21 as extrinsic evidence to impeach under 608(b).
22 So the Court certainly should not sanction
23 that.

24 THE COURT: Well, we'll make a study
25 of this. We're getting two conflicting views

1 of the law here. We'll make a study of it and
2 give you an opinion shortly.

3 MR. BENNETT: The only thing I wanted
4 to address, Judge, is be sure that we have the
5 ruling before the cross-examination, because I
6 don't want to embark on my cross-examination
7 until I know what we do have and don't have.

8 THE COURT: Well, don't wait on
9 anything what I'm doing. Do what you need to
10 do. All right, we'll-- we'll make a study of
11 it.

12 (THEREUPON, the bench conference was
13 concluded and the following proceedings
14 were held within the hearing of the
15 jury).

16 THE COURT: All right. You may be
17 seated and we'll continue.

18 Q. (BY MR. HOUGH) Mr. Skinner, in front of you
19 now are Exhibits 649 and 650. Would you take a
20 minute and look at those and explain to us what
21 they are by exhibit?

22 A. They are markers from the Bellagio.

23 Q. Which exhibit?

24 A. I'm sorry, 649. Markers from the Bellagio,
25 Paris and the Mirage ranging from 5,000 to

1 \$41,000.

2 Q. And a marker being what?

3 A. It is-- when I would go to a table, I would ask
4 for \$41,000 or \$30,000 in chips. And then I
5 would play with that and then I would buy the
6 marker back, and that's the reason it exists
7 here. And then whatever electronic money would
8 be slung off into it, and I would request for a
9 check.

10 Q. And 650 is what?

11 A. It's various forms of putting up U.S. cash as
12 front money to-- it looks like the Mirage or--
13 I would have to cut it open, but it's probably
14 the Mirage. Actually, it's multiple currencies
15 of--

16 Q. What currencies?

17 A. U.S. currency, Dutch Guilder, Canadian dollars,
18 and chips. And on the back of them are notes
19 of mine saying how many Guilder I have
20 deposited in the given accounts, 47,200 and
21 something, \$9 of Guilder into a given account.

22 Q. Okay. Simultaneously with this Las Vegas--

23 MR. RORK: Excuse me, Your Honor, if
24 I may interpose an objection at this time. I
25 think Mr. Skinner said 47,000 and something in

1 Guilders. And I need to know for clarification
2 is that the American dollar value or is that
3 the exchange rate? At that time it was like
4 2.7 Dutch money to American money.

5 MR. HOUGH: Judge, again, that would
6 be appropriate cross.

7 THE COURT: I believe so. Sustained.

8 A. U.S. dollars.

9 Q. (BY MR. HOUGH) Okay. Now, simultaneously with
10 what you were doing in the casino and as
11 evidenced by these exhibits, was there other
12 money laundering going on, other than that?

13 A. It was money conversion going on. It would be
14 under the money laundering laws, Reg 6A and
15 many Federal Reserve and Treasury regulations
16 would have kicked in. But per se money
17 laundering in the very strict terms, no. Money
18 conversion was going on from Guilder to U.S.
19 money using smurfs.

20 Q. Describe that for us.

21 A. An individual that worked for me would take--
22 under the FINCEN and the new regulations at
23 that time, which was \$3,000, they would take
24 whatever they calculated up, go right up to the
25 cage and say here's 9,000 Guilder or here's

1 4,000-- four 1,000 Canadian dollar-- we didn't
2 do Canadian bills, so I will just give you an
3 example, and I need U.S. money for it. Most of
4 the casinos would give U.S. dollars back, but
5 they would get trapped with chips which mean I
6 would have to go into that casino and play
7 those chips into money.

8 Q. And "they" getting trapped with chips was who?

9 A. Mike Hobbs, Gunner Guinan, Roxanne Barbat, Bill
10 Wynn, myself. There may be some other people
11 that I'm not remembering, I'm doing my best.

12 Q. While that's going on, what are Mr. Apperson
13 and Mr. Pickard doing?

14 A. I don't know what Mr. Apperson is doing.
15 Sometimes Leonard is present and in the casinos
16 with me, sometimes he's not there.

17 Q. Why would you not know what Mr. Apperson was
18 doing?

19 A. Because he wasn't there.

20 Q. Okay. Now, in addition to that, did John
21 Halpern assist in money laundering?

22 A. Yes, that was a whole different mechanism.

23 Q. Can you describe that?

24 MR. RORK: Well, Judge, again, excuse
25 me, he talks about conversion and money

1 laundrying and now he answers conversion and
2 then Mr. Hough proposes a leading question, did
3 Mr. Halpern-- in addition to this, was Mr.
4 Halpern involved in money laundrying? And
5 again, I would ask, one, that he not ask
6 leading and suggestive questions. Number two,
7 they identify if they're talking about this
8 conversion or something else for the purposes
9 of the record.

10 MR. HOUGH: Judge, it was a
11 straightforward question: Was John Halpern
12 involved in money laundrying? He said yes. I
13 asked him to describe it.

14 THE COURT: I will overrule the
15 objection. You may go ahead.

16 A. Yes, Doctor Halpern had arranged for one of
17 his-- either school or child school buddies or
18 high school buddies by the name of Stefan
19 Wathne. That was one avenue that Doctor
20 Halpern was using to place money off-shore so
21 that there would be a pool of money and that he
22 would get paid a percentage for just making a
23 hook-up between William Leonard Pickard and
24 Stefan Wathne, and then he would get some sort
25 of a fee for the actual money placed.

1 Q. Beyond that, was he involved?

2 A. There was some other things where he-- because
3 of the Stefan Wathne-- and this is what was
4 told to me, that Stefan--

5 Q. By who?

6 A. By Leonard and John Halpern, that money went in
7 the form of Guilders, Halpern was complaining
8 to me about this collapse of the Guilder that
9 went to the man who was a Russian who then gave
10 a grant to UCLA so that Leonard could fund his
11 job there.

12 Q. Okay.

13 A. It was given in the form of thousand Guilder
14 notes, and John Halpern was complaining to me
15 because the Guilder fell. And I was saying,
16 "You think you had a problem, I had a much
17 larger problem."

18 Q. When did this Guilder falling occur
19 approximately?

20 A. Well, it was pretty steady for about a
21 year-and-a-half, but it hit in stairsteps. It
22 seemed whenever we would get a lot of Guilder,
23 just the way things worked, the Guilder would
24 drop. It was pretty humorous, so-- but it had
25 been declining, it had been-- the dollar had

1 been in a bull move for some time.

2 Q. So its value was in accordance to the value of
3 the dollar at the time?

4 A. Yes. The-- the Guilder at that time was linked
5 to the U.S. dollar on an instantaneous basis 24
6 hours a day, and they were trying to coordinate
7 with what's called the snake, which is the
8 European common currency with the German bank
9 being the lead bank of the snake. This was
10 causing downward pressure on all of these
11 currencies.

12 Q. Did any subsequent events also affect the value
13 of the Guilder?

14 A. Well, do you mean for us in Las Vegas?

15 Q. Yes.

16 A. Yeah, we dumped so much Guilder in there that
17 they backed off what they were willing, because
18 the casinos had gotten burned. And, in fact,
19 the casinos changed their rules with some of my
20 deposits because they didn't want to hold the
21 Guilder more than "X" amount of days, because
22 they locked the U.S. dollar of that and they
23 were losing money if I didn't renew it. Just
24 turned out that I was always in positive-- all
25 my markers got back, so they never had a

1 problem. But had I lost money, not been able
2 to buy my markers back or everyone else's,
3 because I used a number of people to put front
4 money up, had that not worked out right, there
5 would have been a substantial loss the casino
6 would have taken.

7 Q. During the period reflected by some of the
8 casino documents, February to May of 2000, how
9 much money was laundered through the casinos?

10 A. I don't know.

11 Q. Ultimately, where did the money that you took
12 out of there go?

13 A. Both to William Leonard Pickard and myself.

14 Q. And if others were paid from that, who would
15 have made those payments?

16 A. Well, if it was Leonard's employees or
17 Leonard's people that he was responsible for,
18 it would have been-- he would have paid them.
19 If Clyde needed money, Leonard would have paid
20 him. If it was people from my side, like
21 Gunnar, Mike, or anyone, I would have paid
22 them.

23 Q. Okay.

24 A. Now, that doesn't mean that Leonard wouldn't
25 have given money to someone that worked for me

1 or I wouldn't have given some money that worked
2 for him, because we didn't-- we just-- whatever
3 money needed to be shifted was shifted. And
4 that also doesn't mean that Leonard wouldn't
5 give me money and like come off of a-- the trip
6 from Disney and immediately need \$10,000, he
7 would just come over and say, "I need 10,000."
8 We didn't account for even 20 and 30,000
9 transfers between each other, it was just not
10 something we accounted for.

11 Q. Why?

12 A. It was just kind of what we call the friction
13 money, which, you know, we just-- it was-- it
14 was like-- it was just not something we did, it
15 was not something we nit-picked over.

16 Q. Where would you keep that kind of money?

17 A. If it was in Guilder, I would keep it in a safe
18 in the hotel room. And I kept a tremendous
19 amount locked up in chips, which concerned the
20 casinos, because the casinos were worried of a
21 number of reasons. When you get to a certain
22 denomination of chip, \$10,000, the casinos want
23 to know-- they know who has them, they know to
24 the T where they go. And I was always escorted
25 by security to my safe. And the casinos were

1 unhappy when I would leave town with large
2 denomination chips and they had them in their
3 master records I had them. One reason they
4 were worried was about counterfeiting, the
5 other reason was they couldn't square their
6 books at the end of the night. But they were
7 very loose with me, letting me get by with just
8 about anything like that.

9 Q. Now, on November the 30th of 2000, did you
10 deliver some additional documents to Agent
11 Nichols this time in San Francisco?

12 A. Yes.

13 Q. Let me show you now what's been caused to be
14 marked Government's Exhibits 655 through 663
15 and 665 through 674. Take a minute and look at
16 those and see if you recognize those as the
17 documents that you've just testified were
18 delivered to Agent Nichols in San Francisco.

19 MR. RORK: Your Honor, again, while
20 he's looking at those, I think that the
21 question by Mr. Hough was those were some of
22 the documents that were provided on November
23 30th; is that correct?

24 MR. HOUGH: Yes.

25 A. I can identify all but one of them because it's

1 a sealed envelope. I can undo, I just--

2 Q. (BY MR. HOUGH) Undo it, please.

3 A. It may already be undone, I just-- I can
4 identify all of them.

5 Q. Are they in substantially the same condition as
6 when you provided them to Agent Nichols
7 November the 30th of 2000 in San Francisco?

8 A. Yes.

9 MR. HOUGH: Judge, we would offer
10 Exhibits 655 through 663 and 665 through 674.

11 MR. BENNETT: Judge, on behalf of
12 Defendant Apperson, we would object to the
13 admission of those documents, insufficient
14 foundation, outside the conspiratorial
15 agreement, constituted variance, they don't
16 relate to Mr. Apperson and they don't prove or
17 disprove any of the issues in this case with
18 regards to this alleged conspiracy.

19 MR. RORK: Judge, on behalf of Mr.
20 Pickard, my only objection to introduction
21 would have to do with it doesn't accurately
22 depict all the documents that were presented
23 and it takes out of context. So under Rule
24 106, we would ask that all the documents that
25 were-- (reporter interruption). That the

1 documents not be shown out of context.

2 THE COURT: I will admit all of these
3 documents. You may go ahead.

4 MR. HOUGH: Thank you.

5 THE COURT: I didn't catch them all,
6 but--

7 MR. HOUGH: 655 through 663 and 665
8 through 674.

9 Q. (BY MR. HOUGH) Beginning with that first
10 document, can you tell us, sir, what that is
11 and why you had it and gave it to Agent
12 Nichols?

13 A. We were-- I was sitting in the--

14 Q. By number, please.

15 A. I'm sorry, 655. I was sitting in the casita in
16 Santa Fe and Leonard at our breakfast meeting,
17 which we always had a breakfast meeting or
18 usually, unless he was working out through it,
19 wrote out a to-do list today, Todd. It says,
20 "To do today, Todd." And it has-- the story
21 behind this is that he had ordered an IBM--

22 MR. RORK: Excuse me, Your Honor. I
23 think he was asked to identify the exhibit and
24 I would like to see what it is before we get
25 behind the story.

1 MR. HOUGH: I'm sorry, you want to
2 see it again?

3 MR. RORK: No, I think I would like
4 to have him identify what it is before we get
5 behind the story, because then I may have some
6 other objection about the content.

7 MR. HOUGH: Judge, he indicated it
8 was a to-do list prepared by Leonard Pickard.

9 THE COURT: All right. You may
10 continue.

11 A. The to-do list has on here that for me to call
12 and get a quote on an IBM computer that Leonard
13 had already called in to get a quote from IBM.
14 And that the total price was \$4,763.84.
15 Leonard had ordered it overnight to James
16 Maxwell in care of Connor Associates. It turns
17 out that IBM would not deliver to whatever this
18 address is here, his-- the Taos address, they
19 had to deliver it to the-- FedEx had to deliver
20 it to their will call. So he needed me to
21 generate a \$4,763.84 check to go pick it up.
22 Clyde, myself-- Clyde, William Pickard and
23 myself all drove down to the will call at
24 FedEx. And it turns out that there was no--
25 that IBM would not ship it for some reason and

1 it had to be prepaid or a credit card had to be
2 used.

3 Q. And approximately when did that occur?

4 A. Just in '99, near the-- the summer of '99.

5 Q. Okay. And the next item, 656?

6 A. This is a hotel bill dated 8-19 to 8-23 of '99
7 at the Hilton Santa Fe. It was in one of the
8 standard rooms, there were three casita rooms
9 that we used that were the rooms that we always
10 stayed at. And this is Room 172, and this is
11 a-- just my-- just a hotel bill to me.

12 Q. What was going on in Santa Fe between August
13 19th and September the 8th of '99 while you
14 were staying there?

15 A. This was the end of the operation of the lab,
16 tear down of the lab was occurring. At this
17 same time, production was-- or they were moving
18 24 hours a day because they didn't know how
19 long it would take us to get the next lab up.

20 Q. "They" being who?

21 A. William Leonard Pickard and Clyde Apperson.

22 Q. Okay. And the next item then, 657. If you
23 need to open them, open them.

24 A. Yeah. This is Exhibit 657, and it has two
25 different things on it. One is a handwritten

1 letter from EDF & Mann, a man by the name of
2 Matt. And it says, "Please sign the bottom of
3 Page 16 and indicate you are exempt from backup
4 withholding by checking on W-9 section, part
5 two. I can't deposit a third-party check.
6 They're-- they are enclosed. Please deposit
7 and wire funds back." Leonard showed this to
8 me and said, "I have a problem here. What am I
9 to do with this?" And I said the problem is--
10 is that they won't-- because of the new
11 regulations, they won't accept a check from the
12 casino, where I had given him a casino check
13 and signed it over-- it was made out to me, it
14 was good funds. I signed the back of the
15 check, "Pay to the order of William Leonard
16 Pickard," and then he above that notarized it,
17 "Pay to the order of EDF & Mann, William
18 Leonard-- or William L. Pickard." And the
19 function of this was to begin to seed money to
20 begin to-- a more extensive laundering money
21 operation using futures and options and-- a
22 very complicated thing, because we needed to be
23 able to move money around the world fast.

24 Q. Why?

25 A. So that we could handle problems. We were

1 preparing for Europe, we wanted to start
2 opening these seed accounts up and we wanted to
3 start running practices. We actually visited
4 the floors of the exchanges and we talked to
5 the people so that we could start a new form of
6 laundering that would not be traceable under
7 FINCEN or the Treasury or any mechanism
8 whatsoever.

9 Q. Okay. The next item.

10 A. And then on the other side is a whole other
11 story.

12 Q. Okay. I apologize.

13 A. This is something in Leonard's handwriting,
14 different than the other handwriting. It says
15 190. This refers to-- May the 13th he gave me
16 approximately Wall Street Journal value that
17 day \$225,000 worth of Guilder in thousand
18 Guilder amounts. I then had a car accident.
19 And by the time we negotiated it down, I said
20 this was only worth 190 best.

21 Q. 190,000?

22 A. 190,000 best. Then there's two figures here, I
23 don't know where they came from at 6.4, which
24 would be 6,400, and 12,700--

25 MR. RORK: Judge, again, he said he