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

2003 FEB 11 P 1:25
[Signature]

UNITED STATES OF AMERICA,)
----- Plaintiff,)
)
vs.)
)
WILLIAM L. PICKARD and)
CLYDE APPERSON,)
----- Defendants.)

Case No.
00-40104-01/02

TRANSCRIPT OF VOLUME III OF THE TESTIMONY OF
GORDON TOOD SKINNER HAD DURING TRIAL
BEFORE
HONORABLE RICHARD D. ROGERS
and a jury of 12
on
January 30, 2003

APPEARANCES:

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ON BEHALF OF THE GOVERNMENT:

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GORDON TODD SKINNER

Direct Examination by Mr. Hough (cont)

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E X H I B I T S

GOVERNMENT EX. NO.:

OFFERED ADMITTED

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1 THE COURT: All right. You may be
2 seated. And, Mr. Hough, you may have the
3 witness retake the stand.

4
5 GORDON TODD SKINNER,
6 called as a witness on behalf of the
7 Government, having been previously sworn, and
8 testified as follows:

9 DIRECT-EXAMINATION

10 BY MR. HOUGH:

11 Q. Mr. Skinner, towards the end of yesterday, you
12 were testifying about after you had moved this
13 LSD lab out of the site, the Atlas F site near
14 Cairnero to your site, the Atlas E in Wamego.
15 Do you recall that?

16 A. Yes.

17 Q. And you testified that shortly after doing
18 that, Mr. Apperson came to visit?

19 A. Yes.

20 Q. And when he came to visit, was the ET still in
21 that location, the living quarters of your
22 Atlas E base?

23 A. Yes.

24 Q. Did he ask about it?

25 A. Yes.

1 Q. Describe that conversation.

2 A. He wanted to know about the boxes that were in
3 the room that had the exercise equipment next
4 to it in the Ellsworth site. He wanted to know
5 what happened to those boxes, where they were
6 and such and such.

7 Q. And those were the ET boxes?

8 A. Yes. They were not the only ET, inside the lab
9 itself were cans of ET that had been taken out
10 of the wooden boxes and then on the floor that
11 has-- in the living quarters called the control
12 command center were two wooden boxes of ET that
13 had the cans in them.

14 Q. And what specifically did he want to know about
15 them?

16 A. He wanted to know where they were and he wanted
17 to see them.

18 Q. And where did you tell him that they were?

19 A. Tulsa, Oklahoma.

20 Q. And why tell him that?

21 A. Because I didn't want to show him anything and
22 that was a long drive away and he wanted to get
23 back to the West Coast, and I mainly wanted to
24 keep anyone from coming in by force into Wamego
25 until I could figure out what to do. That

1 was--

2 Q. Why was that?

3 A. That was another reason for saying it was at
4 the Looking Glass.

5 Q. Why did you not want him to see it?

6 A. I didn't want him to see anything until I could
7 figure out what needed to be done.

8 Q. And what were you thinking at that time needed
9 to be done?

10 A. Somehow I had to go through all the data and
11 see if it warranted me completely turning this
12 thing over to the U.S. Government.

13 Q. Now, you talked about the acquisition of this
14 ET briefly in Chicago and indicated that you
15 had observed some of that.

16 A. No, I observed the negotiations.

17 Q. Okay. Did you subsequently have a conversation
18 with Mr. Pickard about what occurred in that
19 meeting between him and the ET man?

20 A. Yes.

21 Q. Describe that for us. And this was in May of
22 2000, I believe is what you said.

23 A. Yes, this would have been-- he would have
24 either-- it was that night after the meeting or
25 the next day. He basically said something

1 like-- the numbers that he told me do not agree
2 with now what I know, but that he basically had
3 just made a \$10 million deal. And that doesn't
4 jibe with the numbers that are there, but
5 that's what he said.

6 Q. Now, additionally, you talked about the comings
7 and goings at the Atlas F site of Mr. Apperson
8 and Mr. Pickard yesterday. And I believe on
9 two brief occasions you being there. To your
10 knowledge, was Ms. Kruglova ever there?

11 A. There were things in the Atlas F site that were
12 personal feminine items like lotions and that
13 kind of stuff in one of the bathrooms. Leonard
14 had said something about she had been there,
15 but I'm not real solid on this, so--

16 Q. Okay. Was it Mr. Pickard's custom to have Ms.
17 Kruglova travel with him routinely on these
18 types of things?

19 A. As time progressed with their relationship,
20 yes, because-- yes, is the answer to that.

21 Q. And did you discuss with Mr. Pickard why that
22 was or with Kruglova why that was?

23 A. She didn't trust him to not mess around.

24 Q. Now, during the period of time that you
25 described as attempting to gather your thoughts

1 and see if you needed to come in to the Federal
2 Government, ultimately that culminated in you
3 doing just that; is that true?

4 A. That is correct.

5 Q. And do you recall when it was that actually you
6 entered an agreement with the Government?

7 A. Well, do you mean back to the October 19th
8 date?

9 Q. Yes.

10 A. That was a-- the agreement was a progressive
11 thing from the 12th stepping on through to the
12 19th when I-- when my lawyer signed it. So
13 it's kind of a-- a period of agreement.

14 Q. Okay. And at some point--

15 A. My lawyer and I signed at different times.

16 Q. Okay. And then subsequently to the first
17 meeting or the series of meetings, the first in
18 a series of meetings, getting that worked out,
19 you actually met with DEA and signed a
20 confidential source agreement; is that right?

21 A. Yes.

22 Q. Let me show you Exhibit 801. Do you recognize
23 that?

24 A. Yes, I do.

25 Q. And is that your signature on the document?

1 A. Yes, it is.

2 Q. And is that a true and accurate copy of the
3 agreement that you entered into immediately
4 prior to your first conversation with the DEA?

5 A. Yes.

6 Q. And Karl Nichols was one of the witnesses; is
7 that right?

8 A. Yes.

9 Q. Okay. Now, during-- where did these
10 conversations between you and Agent Nichols,
11 the first-- where-- when did that start and
12 where?

13 A. Sacramento, California. After Thomas Haney had
14 arranged with the Department of Justice that
15 this was real enough, members from Washington,
16 D.C., flew in to Sacramento and agents from the
17 Bay area came in and I drove in from where I
18 was living to Sacramento.

19 Q. Were there a series of conversations?

20 A. Yes.

21 Q. And at that point in time, where is the LSD
22 lab?

23 A. It's absolutely all boxed up in Wamego, Kansas,
24 in military containers.

25 Q. And where was the ET at that time?

1 A. The ET was in my wife's step-- I mean my step--
2 my in-laws, sorry, my in-laws house.

3 Q. And when did it get moved there and why?

4 A. I don't know the exact date that it was moved
5 there, but I moved it there to protect it in
6 case someone showed up and realizes the entire
7 LSD lab was there, I didn't want Graham
8 Kendall-- I didn't want Graham Kendall or
9 Gunnar to be facing a serious problem with
10 trying to cough up anything. And I wanted it
11 moved in case-- just for general protection
12 items.

13 Q. During the-- those conversations that you had
14 with the agents, did you agree to make some
15 consensually monitored telephone calls?

16 A. Yes.

17 Q. With whom?

18 A. William Leonard Pickard, Junior.

19 Q. And what was your understanding of the purpose
20 of those phone calls?

21 A. They just wanted me to prove that I knew this
22 man.

23 Q. And on October the 19th of 2000, did you make
24 such a call?

25 A. Yes.

1 Q. Was it recorded?

2 A. Yes.

3 Q. Have you listened to that tape?

4 A. Yes.

5 Q. And did it truly and accurately record the
6 conversation?

7 A. Yes.

8 Q. It was transcribed into a transcript?

9 A. Yes.

10 Q. And you listened to it-- or excuse me, listened
11 to the tape and compared it against the
12 transcript, did you not?

13 A. Yes.

14 Q. And was it a true and accurate transcription?

15 A. Yes.

16 Q. Subsequently, then, to your knowledge, the
17 transcript and the tape were combined on a
18 CD-ROM so that they would track one with the
19 other?

20 A. Yes.

21 Q. And you listened and saw that?

22 A. Yes.

23 Q. And it is a correct transcription coinciding
24 with the tape recording; is that true?

25 A. The best that can be done with code and

1 language problems, yes.

2 MR. HOUGH: Judge, we would offer
3 Exhibit 7, that audiotape.

4 THE COURT: Yes, gentlemen?

5 MR. RORK: Yes, Your Honor.

6 THE COURT: Any objections on this?

7 MR. RORK: Your Honor, on behalf of
8 Mr. Pickard, no objection.

9 MR. BENNETT: Judge, we have no
10 objection to the tape, but if he's proposing to
11 introduce the-- a transcript with the tape, we
12 object to that.

13 THE COURT: All right. The Court
14 will overrule the objection and you may
15 proceed. But before we do, let me give a-- and
16 I will overrule your objection. And let me
17 give a cautionary instruction here. Ladies and
18 gentlemen, I have a cautionary instruction I
19 would like to give to you at this time. It
20 reads as follows: You are about to listen to
21 tape recordings of conversations. The tape
22 recordings were received in evidence to aid the
23 jury in listening to these recordings. The
24 Government will furnish the jury with
25 transcripts of these conversations containing

1 the date and time of the telephone calls, the
2 names of the purported speakers and the
3 substance of the conversations. You should
4 remember, however, that the tapes are the
5 evidence in this case and that the transcripts
6 are not evidence. You should resolve any
7 discrepancies between the tapes and the
8 transcripts in favor of the tapes. In
9 addition, the names in the margin of the
10 transcripts are not evidence of the identity of
11 the speakers. And that's my cautionary
12 instruction. All right. With that, you may
13 proceed--

14 MR. RORK: Well, Your Honor--

15 THE COURT: -- and pass out whatever
16 you want to pass out.

17 MR. RORK: Excuse me, Your Honor, may
18 we approach for a second?

19 THE COURT: Yes, you may.

20 (THEREUPON, the following.
21 proceedings were held at the bench and
22 outside of the hearing of the jury).

23 MR. RORK: Judge, we've never been
24 given a CD and now they've got some technology
25 and they're showing Mr. Pickard's picture and

1 Mr. Skinner's picture on it while they're
2 playing it, and I object to that. There's a
3 tape and they can play the words, but the-- to
4 show a picture of Pickard and Mr. Skinner while
5 they're playing a tape with some technology
6 they haven't shared with us before trial, I
7 object.

8 MR. BENNETT: Same objection, Your
9 Honor.

10 MR. HOUGH: Well, Judge, we can-- I
11 mean, if you want to take a recess so that
12 counsel can do this-- my understanding is this
13 is the same thing that happened in the LaVelle
14 Henderson trial in my conversation with Mr.
15 Luedke. You've got the-- as the witness
16 testified, the tape scrolls along with the
17 audio, which is what the courtroom equipment
18 was designed to allow to happen. And as the
19 witness testified, that it scrolls along
20 accurately, the photographs of the speakers
21 appear as opposed to initials of the-- the
22 people or in addition to the people who are the
23 speakers. And it's my understanding it's not
24 unlike any other similar thing that's been
25 offered since the Court has had this

1 technology.

2 MR. BENNETT: Well, Judge, you just
3 got through instructing the jury in the
4 cautionary instruction that the initials or the
5 names that appear beside-- along the side of
6 the transcript are not to be considered by them
7 as identity. And now the-- they-- you're
8 putting-- or what the Government wants to do is
9 put pictures up there of them rather than
10 initials. And I-- I would submit to you-- to
11 Your Honor that that clearly identifies and
12 indicates that-- that this is Mr. Pickard
13 speaking or this is Mr. Apperson speaking or
14 this is Mr. Skinner speaking. And it takes
15 away from the jury the ability-- or I would
16 submit it takes away from them the ability to
17 make their own determination or it prejudices
18 them in-- in making that determination.

19 MR. RORK: And, Judge--

20 MR. BENNETT: And it flies in the
21 face of what the Court just instructed them.

22 MR. RORK: And, Judge, if I can add
23 that technology-- I've been here before when
24 they played tapes, they played tapes on the
25 recorder like they did the other day, and the

1 jury looks at the transcript. I haven't been
2 provided with this technology and a chance to
3 see how it works to determine the nature of it
4 and if there's going to be words played and--
5 and words said, I don't know, and that's what I
6 object to, this form of technology. I thought
7 they were going to play the audio tapes and
8 then the jury would have a transcript to read
9 along as the tape was being played, not look at
10 a monitor and see pictures and words and other
11 highlights.

12 MR. HOUGH: Judge--

13 THE COURT: Who were the pictures of?
14 That was Mr. Skinner?

15 MR. HOUGH: Mr. Skinner and Mr.
16 Pickard. And the picture of Mr. Pickard is the
17 same picture that was admitted into evidence
18 earlier in the trial and is in evidence. We
19 used the same photograph so it would not be any
20 prejudicial photograph. The picture of Mr.
21 Apperson that will be used in later recordings
22 is the same picture that is already in evidence
23 regarding Mr. Apperson, so that there would be
24 no prejudice-- you know, no argument, viable
25 argument, of prejudice as to the photograph.

1 And jurors are presumed to follow the Court's
2 instructions, so there's nothing inappropriate
3 about allowing this. The-- the photograph and
4 the speaker is no different than the initials.

5 THE COURT: He's adding--

6 MR. HALEY: "Picture."

7 THE COURT -- - adding a word. I'm
8 going to overrule your objections and let us go
9 ahead with the new technology and I'm going to
10 tell the jury we're-- apparently the Court did
11 not know you were going to use another new
12 technology here in presenting this, and I will
13 add the pictures.

14 MR. RORK: Judge, just for
15 explanation, I mean does it show words on-- is
16 that going to show the transcript on that thing
17 there?

18 MR. HOUGH: Yeah. Yeah, the audio
19 and the transcript go simultaneously.

20 MR. RORK: Will you give us a CD of
21 that you are playing here later for us?

22 MR. HOUGH: I can have Karl download
23 one, yeah.

24 MR. BENNETT: Judge, just for the
25 record, I know you're going to make the change,

1 but I don't want to waive-- I want to make the
2 same objection to--

3 THE COURT: I accept your objection.

4 MR. BENNETT: All right.

5 MR. RORK: For both.

6 THE COURT: (Nods head up and down).

7 MR. RORK: Thank you, Judge.

8 (THEREUPON, the following.

9 proceedings were held at the bench and
10 outside of the hearing of the jury).

11 THE COURT: Ladies and gentlemen of
12 the jury, in presenting this next exhibit here,
13 I have never done this before, we had had-- had
14 pictures on there, too. I'm simply going to
15 read you the last sentence that I read before
16 and I'm going to say you should resolve any
17 discrepancies between the tapes and the
18 transcripts in favor of the tapes. In
19 addition, the names or pictures in the margins
20 of the transcript are not evidence of the
21 identity of the speakers. So you rely on the
22 tapes. But this will be a different method of
23 doing it. All right. With that, you may
24 proceed.

25 (THEREUPON, the audiotape was played).

1 MR. HOUGH: Where is the volume?
2 It's coming through your speakers, isn't it?

3 MR. RORK: Greg, is it going to have
4 yellow on everything or just some of it? Greg?
5 Does it show yellow on every line?

6 MR. HOUGH: On the line that the
7 conversation is going. Judge, may we have a
8 ten-minute recess so that the volume can be
9 fixed?

10 THE COURT: Yes, you may. Ladies and
11 gentlemen, let's take a ten-minute recess and
12 we'll come back and try to get the new
13 technique to work.

14 (THEREUPON, a short recess was had).

15 THE COURT: All right. Ladies and
16 gentlemen, I think we're ready to proceed, I
17 find out it was human error, not technical
18 error here now. So you may now proceed.

19 MR. HOUGH: Thank you.

20 (THEREUPON, the audiotape was played).

21 Q. (BY MR. HOUGH) Now, Mr. Skinner, where did you
22 get the phone number to call Mr. Pickard?

23 A. He would have given me the number. It would
24 have been a series of just disposable cell
25 phone numbers and it would have been one that I

1 would have had as being able to contact him
2 with.

3 Q. And on the-- or during the conversation you
4 indicated that you had found a new calling card
5 for him. Can you tell us what that is all
6 about?

7 A. Oh, it's just-- the advantage was that it was a
8 less number of digits that we had to stroke in,
9 because some of the calling cards just had an
10 enormous number of digits that was required.
11 We were looking for fewer digit places.

12 Q. During the course of this conspiracy, did you
13 provide calling cards for Mr. Pickard and/or
14 others.

15 A. Leonard, Clyde and myself bought cards for each
16 other wherever we were at. It scrambled them
17 up so they could not be found in series.
18 Wherever we stopped, we would buy a series of
19 them and then we would shuffle them together.
20 We would buy them wherever we could. The
21 protocol would change as calling card
22 technology changed.

23 Q. Mr. Pickard indicates that he was with Deb
24 right now. Did you know who Deb was?

25 A. Yes. I would assume that was Deborah Harlow,

1 who was the mother of one of-- of-- of his
2 child.

3 Q. Later in the conversation Mr. Pickard indicates
4 for you just to tell him once you're driving.

5 A. Yes.

6 Q. Tell me, "once we're driving," within the
7 context of the conversation and your prior
8 contacts with Mr. Pickard, what was that
9 comment about?

10 A. In this particular case, I don't know. It was
11 fractured and in a hurry and I didn't pay much
12 attention to him.

13 Q. Had you planned to meet with him and drive
14 somewhere on a-- prior to October the 19th of
15 2000?

16 A. Well, we had been planning to-- you know, turn
17 the lab back over to him.

18 Q. Okay. And you agreed then--

19 A. We being Leonard Pickard and myself.

20 Q. Okay.

21 A. I've got to get rid of these pronouns.

22 Q. Now, you indicated at the conclusion of the
23 phone call that you would call him back after 6
24 o'clock?

25 A. Yes.

1 Q. And subsequently, then, on October the 19th,
2 were there additional phone calls?

3 A. Yes.

4 Q. And as to all of the-- the phone calls that
5 were recorded in this matter, have you, as with
6 the one that we've just heard, listened to the
7 tape?

8 A. Yes.

9 Q. And also listened to-- or excuse me, listened
10 to the tape and compared it to the transcript
11 that was made of it?

12 A. Yes.

13 Q. And was each-- are each of those transcripts an
14 accurate transcription of the conversation?

15 A. To the best that we-- I could determine. There
16 was a lot of blurry spots that-- I mean, the
17 best effort--

18 Q. And they show up as unintelligible on the tape?

19 A. Yes.

20 Q. And then they were put into the program that
21 we've just seen?

22 A. Yes.

23 Q. And the scroll of the transcript coincides
24 correctly with the conversation?

25 A. Yes.

1 MR. HOUGH: Judge, we would offer
2 Government's Exhibit 8, which is the tape
3 recording and the subsequent conversations on
4 October the 19th.

5 MR. RORK: Again, no objection on
6 behalf of Mr. Pickard.

7 MR. BENNETT: Judge, again, we
8 would-- we don't have an objection to the tape,
9 we would have an objection to both the tape and
10 the transcript.

11 THE COURT: All right. I will admit
12 the-- the tape and the same instructions to the
13 jury. And you may proceed.

14 MR. HOUGH: Thank you.

15 (THEREUPON, the audiotape was played).

16 Q. (BY MR. HOUGH) Now, Mr. Skinner, you during
17 the course of the conversation indicate to Mr.
18 Pickard, "You need to get me a higher level
19 phone, "and he answered, "Yeah, I got a higher
20 one." What is that about?

21 A. It means it's more recently bought, fewer phone
22 calls have been made from it, received to it.
23 And at this point we wouldn't be explicit, but
24 we're talking about an extremely high level
25 phone because we want no communication-- this

1 would be almost a singular phone used for just
2 him to talk to me about the specific incidents,
3 even meeting places.

4 Q. You're not--

5 A. Because of the nature of the background of the
6 problems that we had had.

7 Q. When you say a singular phone, are you
8 referring to the Cingular Wireless, like
9 Sprint, Cingular?

10 A. I mean a singular phone this had-- no incoming
11 or outgoing phone calls had been made to it,
12 that level of security.

13 Q. All right. And you asked him to give you a
14 code. What is that about?

15 A. The code would be an alphabetized code that
16 gives us numerical systems. There was
17 different-- we would go ad hoc and change the
18 code. And usually we understood each other and
19 we could get these codes down internationally,
20 as we would make the-- the codes would-- we
21 usually could read each other very well. And
22 if we were really worried, we would switch code
23 within code. So it wasn't like we had a code
24 book and we went from it, we would create the
25 codes as we went along. And 90 percent of the

1 time, we had agreement on-- we understood each
2 other.

3 Q. And during the conversation Mr. Pickard
4 indicates, "Just keep it limited until we see
5 each other here." What is that about?

6 A. Two things. First of all, the-- the-- he knows
7 that I'm calling from a secure line, but he's
8 worried about his line. I knew that
9 immediately. And second of all, he's so-- he's
10 so concerned that even a high level phone he
11 doesn't want to talk on.

12 Q. So what is he wanting to keep limited?

13 A. The conversation to very specific things like
14 where a meeting place is going to be and what
15 we say on the phone. It would be very, very
16 specific, nothing loose, and not even code
17 words for-- not even tremendous code. You
18 know, no specific code words, very loose code
19 words.

20 Q. And you indicate in the conversation the
21 spelling L-A-U-T-E-R, the guy who moved from
22 one job to another that doesn't like Terry.
23 Who is that person and what's that about, if
24 you recall?

25 A. This was a person that moved from Sacramento

1 with a-- some sort of a-- attorney -- they were
2 going from being like an assistant prosecuting
3 attorney or district attorney of that area to
4 an assistant attorney general position in San
5 Francisco, I believe, was a job transfer.

6 Q. And why had Mr. Pickard previously asked you
7 about that person?

8 A. Was interested in Terry Halleran, Hallilan (sp)
9 I can't say his name, sorry. He's the DA or
10 was the DA of San Francisco, was very tight
11 with Pickard and was very pro - let's say - our
12 activities. And we wanted to make sure that he
13 was protected.

14 Q. And Mr. Pickard later in that conversation says
15 that he's just about ready to have lunch with
16 you and asked, "When can we do that?" And the
17 context of that conversation and your prior
18 conversation with Mr. Pickard, what does that
19 mean?

20 A. That actually means he wants to physically meet
21 with me.

22 Q. And you asked him, "What's your schedule for
23 picking up the car?" And he says he's
24 available immediately. What is that, "picking
25 up the car"?

1 A. Car is the loosest word we used for the lab.

2 Q. Later in the conversation Mr. Pickard indicates
3 that you can meet in the Bay area if you want,
4 but you need to like immediately go to Seattle
5 or where you need to go. What is that?

6 A. Seattle, there's two Seattles-- I'm sorry. In
7 our code, there were two Seattles.

8 MR. RORK: Excuse me, Your Honor, I
9 object. Wait a minute, Mr. Skinner. Your
10 Honor, I would object to the characterization
11 the Government just made, it misstates the
12 evidence when he said, "You need to go
13 immediately to the Seattle area." The
14 transcript specifically says, "So, huh, we can
15 meet in the Bay area if you want. But we need
16 to like immediately, huh, you know, go to
17 Seattle or where you need to go." And I would
18 ask that Mr. House quote specifically the words
19 and not characterize it to fit his purpose.

20 MR. HOUGH: Judge, it was not a
21 material deviation.

22 THE COURT: Overruled, go ahead.

23 A. In our code, there were two Seattles, Seattle 1
24 was Wamego, Seattle 2 would be the Ellsworth
25 missile base. They specifically referred to

1 the two missile bases.

2 Q. (BY MR. HOUGH) Why Seattle, any rhyme or
3 reason to that?

4 A. Yes, because it-- we tied-- if we were being
5 listened to, it would give a totally wrong area
6 for anyone to go to.

7 Q. Why call it Seattle as opposed to Albuquerque
8 or Miami?

9 A. Because Albuquerque would be a problem because
10 we used to have a live lab in that area. And
11 we would just make these words up ad hoc and
12 stay with them. We communicated quite well, so
13 this was standard ops.

14 Q. Later in the conversation you asked Mr.
15 Pickard, "Do you want to fly together?" Was
16 flying together an issue among members of the
17 conspiracy?

18 A. Yes, it was not-- unless it was in a private
19 plane, we used-- we did not usually like to fly
20 together.

21 Q. Why?

22 A. We called it-- we didn't want to be any more
23 married in the great computer in the sky than
24 we already were, so--

25 Q. Now, later in the conversation you asked for a

1 decent phone and indicate the whole universe
2 has got this thing. Can you tell us what
3 you're talking about?

4 A. This number had been around for some time, as I
5 remember-- as I remember, and I just knew that
6 this was a loose phone and I wanted to move up
7 to a higher level of phone because we had
8 serious issues.

9 Q. Mr. Pickard indicated that in a few minutes he
10 would give you another and you indicate that
11 you would bring it back and get the correct
12 number. In the context of the conversation, do
13 you recall what that was talking about?

14 A. Yeah. I was asking for the new number for a
15 higher level phone, and I was asking for it to
16 be given to-- in code. And I think at the
17 beginning of this conversation I set the tone
18 off that I'm looking for a-- a higher level
19 phone in alpha-- you know alphabetized form. I
20 think I remember that being the beginning of
21 this conversation.

22 Q. So when you say you want a higher level phone
23 in alpha, you're talking-- that alpha means
24 what?

25 A. That means I want to go to a numerical

1 Cartesian cross-system of getting of a new
2 number as fast as possible. It means I'm
3 uncomfortable with the phone number I was
4 calling.

5 Q. And were there other phone calls also October
6 the 19th? Did you call back and speak to Mr.
7 Pickard later?

8 A. Yes.

9 MR. HOUGH: And we would ask, Judge,
10 to publish the next call on the tape.

11 THE COURT: You may do so.

12 MR. BENNETT: Judge, could I just
13 have an ongoing continuing objection to the
14 tapes and the transcripts so-- as each of these
15 are played?

16 THE COURT: Yes, sir, you may.

17 MR. RORK: And again, Your Honor, I
18 have no objection to the tapes, but ongoing to
19 the transcripts in the manner displayed.

20 (THEREUPON, the audiotape was played).

21 Q. (BY MR. HOUGH) Mr. Skinner, what was that all
22 about?

23 A. That was me trying to get communication of the
24 new code for the phone. I was nervous because
25 I had never done this with the presence of

1 agents and I blew it. Plus, I was just trying
2 to-- we were trying to sync into which system,
3 because India and Indigo are two different
4 systems for an alphabetized numerical system,
5 and I didn't make the cross-connection to nyet
6 being "no" in Russian to German "nine" to give
7 me a-- a space to do a numerical, I was very
8 nervous on this call and should have got this
9 right.

10 Q. Why were you nervous?

11 A. I had two DEA agents sitting next to me.

12 Q. What about that made you nervous?

13 A. I-- that was just an unusual situation, so--
14 and we were in a parking lot and we were in an
15 area where I felt it was unwise to be in. I
16 kind of disagreed with where we were doing it
17 from, but-- and one of them was a little
18 uptight because he thought this was nuts or
19 something to be having this kind of a code.

20 Q. And after getting this code, did you make an
21 attempt to translate it and call Mr. Pickard
22 back?

23 A. Yes, I did.

24 Q. And is that subsequent phone call also on the
25 same tape?

1 A. I believe so.

2 MR. HOUGH: May we publish that.

3 THE COURT: Yes, sir.

4 (THEREUPON, the audiotape began).

5 MR. RORK: Greg, what time was that?

6 MR. HOUGH: 7:42 p.m.

7 MR. RORK: Excuse me, Your Honor,
8 could we stop for just a second?

9 THE COURT: Yes.

10 MR. RORK: So the record is clear, he
11 had asked him, Judge, if it was on the next
12 tape, and I know Mr. Hough may have been
13 talking about that. The ones I have-- he just
14 told me that was at 7:42 p.m. and I have phone
15 conversations at 7:15, 7:15, 7:17, 7:22, 7:24
16 and I didn't know if he had just skipped those.

17 MR. HOUGH: We skipped those.

18 MR. RORK: Are you going to play them
19 later or are you just not going to play them
20 later?

21 MR. HOUGH: We were not going to play
22 those. This was the substance, the others were
23 very brief.

24 MR. RORK: I just wanted to make the
25 record clear that there was--

1 THE COURT: All right. Go ahead.

2 (THEREUPON, the audiotape was
3 continued).

4 Q. (BY MR. HOUGH) Now, Mr. Skinner, on there Mr.
5 Pickard indicates he's not going to discuss
6 anything on the telephone anyway. Can you
7 describe for the jury what that conversation is
8 about?

9 A. That's a-- an unusual statement, which means
10 he's much, much more-- he's much more
11 concerned, he's very nervous about what has
12 happened. This is a rare-- the tone of voice
13 is rare and the hastiness with which he's
14 trying to get me off the phone is rare for our
15 conversations. The demeanor was out of the
16 ordinary. It means he was uptight.

17 Q. And you indicated that he was uptight about
18 what had happened. What had happened?

19 A. When Clyde Apperson called him and said the
20 lab-- the lab had been moved and it was
21 unilaterally moved and moved by myself, that
22 that made both of them very nervous.

23 Q. Later in the conversation Mr. Pickard says, "I
24 will meet you anywhere and then we'll give all
25 of this stuff over. Okay?" What is in the

1 context of that?

2 A. New phone numbers and new cards to where we
3 could communicate with voice mail cards and
4 stuff.

5 Q. Okay.

6 A. We had been out of touch so this-- this was
7 maybe one of the very few phone numbers I had
8 for him for some time.

9 Q. Now, were there other phone calls that day
10 reference to obtaining another number?

11 A. Yes.

12 Q. And subsequently, then, was there a-- a phone
13 call in addition to those that occurred on
14 October the 23rd?

15 A. Yes.

16 MR. HOUGH: Judge, we would offer
17 Government's Exhibit 9, the phone call recorded
18 October the 23rd of 2000.

19 MR. RORK: Could I get which
20 corresponding--

21 MR. HOUGH: N-3.

22 MR. RORK: Well, Judge, I will try
23 and find it before I have no objection to its
24 introduction, so I'll have time to have it in
25 front of me before I-- the transcript before--

1 so I can go along with it. And then the same
2 thing about the prior-- the manner in which
3 it's being shown. I -- I'm looking at the ones
4 that I have been provided, Judge. He refers to
5 an N-3.

6 MR. HOUGH: Judge, we printed all of
7 those before the start of the trial and they
8 were provided.

9 MR. RORK: I have no N-3. I would
10 just ask if the Government has an N-3, Judge,
11 they can give it to me. I have no N-3 other
12 than the one that was played earlier in the
13 time, if that's the one you're talking about,
14 the one that was played to the jury. But that
15 was an audio-- a video recording. I have a
16 recording of October 23rd of the hotel meeting,
17 but I don't have a telephone recording.

18 MR. HOUGH: This is N-3 October the
19 23rd, Exhibit 9BBN-3.

20 MR. RORK: And I just-- Judge, I
21 don't have it and haven't had it. The
22 transcripts I have-- the only October 23rd one
23 I have is the one at the hotel, so I haven't
24 had a chance to-- do you have it?

25 MR. BENNETT: No.

1 MR. RORK: Mr. Bennett doesn't have
2 it, either, Judge, so--

3 MR. HOUGH: Judge, Agent Nichols
4 copied all of the transcripts for both counsel
5 and they were produced prior to trial.

6 MR. RORK: If they could just provide
7 it to us later, Judge, I have no problem with
8 that, but neither one of us have it.

9 THE COURT: I'm going to admit this
10 tape and you can talk to me later if you find
11 that you do not have it. The Government thinks
12 you have it. So I will admit the tape, subject
13 to the objections you've made before. You may
14 proceed.

15 (THEREUPON, the audiotape was played).

16 Q. (BY MR. HOUGH) Now, Mr. Skinner, in the
17 conversation you indicate-- or Mr. Pickard
18 indicates and suggests the Embassy Suites?

19 A. Yes.

20 Q. And you indicate that the two of you had stayed
21 there at one time. So it was familiar to you?

22 A. Yes, that was a parking lot at a hotel that we
23 knew.

24 Q. How?

25 A. The traffic is so heavy in that part of the

1 world, and it's difficult for someone that's
2 from this part of the world to realize that
3 sometimes you just have to give up and go-- get
4 off the highway and stay at the closest hotel
5 you can find. And often we would just be stuck
6 and we would go into that Embassy Suites.
7 Traffic can be phenomenal. Two-hour backups
8 just to get a few miles.

9 Q. Now, subsequently that day on October the 23rd,
10 there were additional phone calls. Are you
11 attempting to get ahold of Mr. Pickard?

12 A. Yes.

13 Q. Ultimately you got ahold of him around 7:42 and
14 had a conversation that lasted a couple of
15 minutes?

16 A. Yes.

17 MR. HOUGH: Judge, we would offer
18 Exhibit 10, which evidences that conversation.

19 MR. RORK: Well, Judge, again, I had
20 not seen the tape, I have no N-4, N-5, N-6,
21 which are the next three exhibits the
22 Government said-- they are going in line. For
23 the record, I have been given-- all I have is
24 N-- N-1, N-9, N-10, N-14, N-15, 16, 18, 20 and
25 19. And so I would like to have copies of

1 these. It would have been nice to have them
2 before trial, but I would also like to have
3 copies now before they're played, Judge. I
4 believe he can go on to some other ones that I
5 have, it would be nice.

6 MR. HOUGH: Judge, we've made copies
7 of these. I would suggest that if Mr. Rork
8 were to check his stack of cassettes that are
9 over there against the wall or in other parts
10 of his belongings, he would find them.
11 Additionally, they've been available in our
12 office since March of 2001.

13 MR. RORK: And, Judge, I have
14 transcripts that they represent were all the
15 transcripts they have. If the Government is
16 saying, "Well, we don't have transcripts,"
17 that's one thing. I've listened to the tapes,
18 but I've asked for the transcripts throughout
19 this period of time, I don't have them.

20 THE COURT: Well, is-- is this-- is
21 this another series of phone calls where really
22 no communication was taking-- was taking place?
23 Is that the reason they are set aside or
24 they're not--

25 MR. HOUGH: They were not set aside.

1 These are conversations between Mr. Skinner and
2 Mr. Pickard in California October the 23rd at
3 about 7:42. It's the next in a series.

4 THE COURT: All right. Go ahead.
5 And I will overrule the objections, I will
6 admit this tape and go ahead.

7 MR. RORK: Judge, can you direct them
8 to provide me transcripts at a break then, over
9 the noon break of these?

10 MR. HOUGH: Judge, it would be the
11 third copy now.

12 MR. RORK: It wouldn't.

13 MR. HOUGH: It would be-- we can
14 provide that.

15 MR. RORK: Judge, I object to his
16 statement it would be the third copy, that's
17 not correct.

18 THE COURT: All right. Well, I will
19 suggest if the Government has them, try again.

20 (THEREUPON, the audiotape began).

21 MR. RORK: Judge, this is the same
22 tape.

23 AGENT NICHOLS: This is the same
24 tape, I'm sorry.

25 MR. RORK:: Well, Judge, this is the

1 same tape.

2 Q. (BY MR. HOUGH) After that phone call,
3 subsequently on October the 23rd, did Mr.
4 Pickard come and meet with you at this Four
5 Points Hotel?

6 A. Yes.

7 Q. And in the conversation, Mr. Pickard appears to
8 react unfavorably to your choice of motels?

9 A. Correct.

10 Q. Can you describe, based on your agreement and
11 your relationship with Mr. Pickard, what would
12 be unusual about you staying there?

13 A. Two things. He may have been trying to get me
14 to move around.

15 MR. RORK: Excuse me, I object to
16 what he may have been doing. He asked him
17 specifically what it was. Either he knows or
18 he doesn't.

19 THE COURT: Overruled. Go ahead.

20 A. He may have been trying to legitimately just
21 tell me where a better hotel was or, second, he
22 may have been nervous that I was in a
23 controlled situation.

24 Q. (BY MR. HOUGH) What would make him nervous--
25 cause him to have this nervousness?

1 A. Because this lab-- this lab had been moved
2 without him being present.

3 Q. And subsequently, he--

4 A. "Him" being William Leonard Pickard.

5 Q. Okay. And subsequently, then, he did meet with
6 you in the motel room?

7 A. Yes.

8 Q. And that was recorded?

9 A. Yes.

10 MR. HOUGH: We would offer the
11 audiotape, Exhibit 12, Judge.

12 MR. BENNETT: Was that in 6?

13 MR. HOUGH: This is in 6, yes, sir.

14 MR. RORK: And, Judge, this has been
15 played twice. This exhibit has been played
16 twice to the jury. And for that reason, we
17 would object that it's cumulative as far as the
18 time and other matters. If we can, can we
19 approach the bench?

20 MR. HOUGH: Judge, it was played
21 during-- the video during Agent Sorrell's
22 testimony to show why he acted. This is
23 offered now for the truth of the matter
24 asserted to allow the witness to describe
25 what's going on here. Different purpose,

1 different tape, same conversation.

2 MR. BENNETT: Could we approach?

3 THE COURT: Yes, you may.

4 (THEREUPON, the following
5 proceedings were held at the bench and
6 outside of the hearing of the jury).

7 MR. BENNETT: Judge, I would object
8 to this on the basis that it has been played
9 twice already, once on a Friday-- late on a
10 Friday evening, I believe, and then first thing
11 on a Monday morning. We objected to it being
12 played the second time. The first time it
13 didn't come in as clear as Mr. Hough wanted it,
14 and the second time it was clearer. And now he
15 wants to play it a third time. I object to it,
16 it's prejudicial. It gives undue emphasis and
17 inappropriate emphasis to this particular
18 conversation. Three times is, I respectfully
19 submit, too much.

20 MR. RORK: And, Judge, I would just
21 join in the objection that it's cumulative,
22 it's a waste of the jury's time and causes
23 undue emphasis on a hotel meeting. They've
24 seen Mr. Skinner. And the video, Judge, shows
25 physical actions, his feet moving, his hands

1 moving, physical characteristics that this tape
2 distorts and leaves out because it's not-- and
3 it doesn't show Mr. Skinner's corresponding
4 physical reactions so they can determine some
5 of the credibility and weight to give to it.
6 And also, I believe that its probative value
7 substantially outweighs the prejudice, one,
8 that they are taken out of context and, number
9 two, making it a waste of their time.

10 MR. HOUGH: Judge, the first time the
11 tape was offered, it was offered to show why
12 Agent Sorrell did something, it was not offered
13 to-- for the truth of all of those matters
14 asserted, but to show how he formed his opinion
15 and his information that caused him to act.
16 It's now being offered through Mr. Skinner for
17 the truth of the matters asserted in the tape
18 and to allow him to describe what's going on in
19 the same manner he's described the previous
20 ones. And as the Court will recall, the first
21 time it was played it was inaudible and a mess.

22 MR. BENNETT: Well, Judge, it gives
23 undue emphasis to this-- this particular-- if
24 he wanted to do what he now wants to do, he
25 could have done it the first time around.

1 MR. HOUGH: Well, Judge--

2 MR. BENNETT: Or he could have put it
3 in with Mr. Skinner before he put Mr. Sorrell
4 on. But to just repeatedly bombard this jury
5 with this particular tape I submit is highly
6 prejudicial and gives undue emphasis to it,
7 regardless of what the reason is for which he's
8 offering it or which-- why he's trying to play
9 it again.

10 MR. HOUGH: Judge--

11 MR. RORK: It's 45 minutes.

12 MR. HOUGH: Judge, this is no
13 different than a piece of evidence is seized
14 from a location, you show it to one witness who
15 describes the meaning of it and another witness
16 you show it to to either refresh their
17 recollection or to show that upon seizing it,
18 it caused them to go from Point A to Point B.
19 So in that regard, these objections should be
20 overruled. This person was a party to the
21 conversation and can tell us within the context
22 of the conversation what is said, what it
23 means.

24 MR. RORK: And Judge, when he says to
25 refresh his recollection, the proper manner of

1 that by the rules is that the witness reviews
2 the transcript, he asks him if his recollection
3 is refreshed. Don't do it out loud, then you
4 ask the questions that you want. I just join
5 in Mr. Bennett's objection as part of Mr.
6 Pickard, also.

7 THE COURT: Well--

8 MR. HOUGH: It's a 37-minute tape,
9 Judge, and it would take us right at the lunch
10 hour and it's not cumulative and it's offered
11 for a different purpose now than it was then,
12 and it's offered through a party to the
13 conversation that can tell us what the code
14 means and what they're talking about.

15 MR. BENNETT: Judge, he can-- he-- if
16 that's what he wants to do, he could-- he can
17 very easily ask this witness questions about
18 what's on the tape and what the jury has
19 already seen. It's not necessary to show it to
20 them a third time.

21 MR. HOUGH: The rules aren't that
22 restrictive, Judge.

23 THE COURT: Well, I'm going-- I'm
24 hesitant to show this thing a third time.

25 MR. HOUGH: It's--

1 THE COURT: And the reason I'm-- I'm
2 hesitant is that it does overemphasize it.
3 You're the one that made the decision as to how
4 to-- how to offer this, and this is the first
5 time I've ever had a tape offered three times.

6 MR. HOUGH: Well, Judge, the first
7 time it was inaudible and it was a
8 technological problem.

9 THE COURT: Well, I understand that.

10 MR. HOUGH: We had no control over
11 that.

12 THE COURT: I understand that, and we
13 played it again, the next time it was audible
14 in some manner, not-- not a whole lot, it was--

15 MR. HOUGH: And it was without a
16 transcript then.

17 THE COURT: It didn't have a
18 transcript, but now-- do you have a transcript
19 now?

20 MR. HOUGH: Yes, sir. And it will be
21 played in the same form and fashion as the
22 prior audiotapes have that we've just got
23 through playing.

24 MR. RORK: And, Judge, then if he
25 plays it, then he will ask the questions and

1 that will be the seventh time it's been played,
2 and then questions. And again, the combined
3 undue influence.

4 MR. HOUGH: Seven?

5 MR. RORK: We showed the tape to the
6 officer and then he asked did that refresh his
7 recollection and then he had the officer
8 testify. And now he'll show it to Skinner and
9 ask him to testify. I agree with Mr. Bennett,
10 he can ask him questions he wants to about the
11 meeting, what happened at the hotel, what code
12 was used, what was said and he can answer them
13 to his recollection.

14 MR. BENNETT: Judge, it's just--
15 this-- it just-- three times and the jury is
16 going to think this is an awful important piece
17 of evidence. It's going to unduly emphasize--

18 MR. HOUGH: Judge, that's what-- for
19 us to stand here and speculate about what the
20 jury may think is ridiculous. The bottom line
21 is-- is that this is offered for a proper
22 purpose through a party to the conversation
23 with a transcript in the same manner that the
24 other ones that we have just seen in sequence
25 have, and it completes the story leading up to

1 the meeting in Wamego of these three men. It
2 completes the story. And this is a party to
3 the whole conversation that can tell us what
4 this means.

5 MR. RORK: And--

6 MR. HOUGH: And this is-- there's no
7 other reasonable way of doing it, and the rules
8 allow this.

9 MR. RORK: He could have presented
10 the transcript one or both times he did it with
11 the agent who used it to testify about
12 purposes--

13 MR. HOUGH: The agent's testimony was
14 limited to-- in fact, it was brought up on
15 cross examination to begin with. The cross
16 examination question was to the effect that,
17 "You had no reason to believe what Skinner was
18 saying about the ET," and Agent Sorrell said
19 no, because I had seen a videotape of Skinner
20 and Pickard. Then on redirect, I asked him,
21 "Is this the video? Is this what caused you to
22 have faith in what Skinner was saying when you
23 went in and did this search of the lab?" And
24 he said yeah. And then it was played. So it
25 was played for a completely different purpose.

1 It was not offered for the truth of the matter
2 asserted at that time.

3 MR. RORK: Judge, when it was played,
4 he didn't just play the part about the ET.
5 Again, it's-- it's in evidence and they've
6 heard it.

7 THE COURT: I've never had this
8 question before, but can you not, as they've
9 suggested, go ahead and just question him about
10 it?

11 MR. HOUGH: Judge, it would-- it
12 would take a long time, it would be disjointed
13 and it would be without him having the benefit
14 of seeing this in-- the short answer is no, not
15 effectively.

16 MR. RORK: Judge, he's already
17 testified that he's reviewed it and he's
18 compared them and he's looked at them.

19 THE COURT: Well, I'm going to let
20 you go ahead and do it. I will overrule your
21 objection and we're--

22 MR. RORK: Then if he does that,
23 Judge, then he's going to ask questions about
24 them. And then the questions are going to be
25 like-- again, like I said, the seventh time.

1 So can he either play one and not ask the
2 questions or can he ask the questions and not
3 play the tape is what I would suggest.

4 MR. HOUGH: Well, Judge--

5 THE COURT: Well, we-- we might as
6 well get it in and find out what the evidence
7 is here. And I-- I don't think we're
8 overemphasizing this thing even though we've
9 had to play it because we've had an awful time
10 getting it so anybody could understand it. So
11 that will be my ruling. You may go ahead.

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: You may-- you may
17 proceed. Let me just say--

18 MR. HOUGH: Hold on, Karl.

19 AGENT NICHOLS: I'm sorry.

20 THE COURT: Ladies and gentlemen,
21 you've seen this tape before, but we have this
22 gentleman who was there, so I'm going to allow
23 it in again. You may proceed.

24 (THEREUPON, the audiotape was played).

25 MR. HOUGH: Judge, would now be an

1 appropriate time for the lunch break or do you
2 want me to continue?

3 THE COURT: Yes, I believe so.
4 Ladies and gentlemen, let's recess now until
5 1:30. We'll come back and hear further
6 evidence at that time. Mr. Bailiff.

7 (THEREUPON, a recess was had;
8 WHEREUPON, motions were taken up
9 outside of the presence of the jury;
10 WHEREUPON, the following proceedings
11 were had in the presence of the jury).

12 THE COURT: All right. You may be
13 seated, we're all present.

14 Q. (BY MR. HOUGH) Mr. Skinner, the-- right before
15 lunch we listened to an audiotape. Do you
16 recall that?

17 A. Yes.

18 Q. On that conversation between you and Mr.
19 Pickard in California, you indicated early on,
20 this is October the 23rd of the year 2000,
21 inquiring of Mr. Pickard, "Is 'C' pretty
22 flexible on the schedule?" Who is it that
23 you're referring to?

24 A. Clyde Apperson.

25 Q. And he says, "No, no, he's on my schedule."

1 Based upon your relationship with Mr. Apperson
2 and Mr. Pickard, was it unusual for that to be
3 the case, Mr. Apperson was on Mr. Pickard's
4 schedule?

5 A. That was a stronger statement than normal, but
6 it was occasionally said.

7 Q. And then you make inquiry about an ear viral
8 thing. What is your concern there?

9 A. When the lab needed to be torn down and Leonard
10 was in London, he told me that "C" would be
11 there to help me, Clyde Apperson, and--

12 Q. Help you do what?

13 A. Tear the lab down.

14 Q. What-- from Cairnero?

15 A. From Ellsworth, I referred to it as the
16 Ellsworth site, I refer to it that way. And
17 that "C" would help me. And when I tried to
18 reach out through the communication network to
19 get ahold of "C," I was not successful and I
20 went ahead and unilaterally handled the issue.
21 When the "C" showed up, he told me during the
22 time that I was moving the lab he couldn't even
23 stand up. He would fall to the ground he was
24 so dizzy from this inner ear viral infection.
25 And I was told by two different sources--

1 Q. By whom?

2 A. By Clyde.

3 MR. BENNETT: Well, now, Judge, I'm
4 going to object.

5 A. And by--

6 MR. BENNETT: Just a minute, I'm
7 going to object to what he was told by two
8 different sources, it's hearsay.

9 MR. HOUGH: Judge, the objection was
10 premature. I asked the witness by who, and he
11 answered while Mr. Bennett was objecting one by
12 Mr. Apperson. He didn't get to who the second
13 one was. So he hadn't gotten to that point
14 yet.

15 THE COURT: All right. Tell us who
16 the second one--

17 A. Mr. Pickard.

18 Q. (BY MR. HOUGH) Okay.

19 A. Both of them said that Clyde Apperson had had
20 an inner ear infection that was viral and that
21 he needed to be hospitalized for this
22 condition.

23 Q. And it was during the same time frame?

24 A. Approximately during the same time frame,
25 because Clyde told me, he said, "I couldn't

1 have done anything." He said, "Had my body
2 been here, I would have been-- I was just too
3 incapacitated to do anything."

4 THE COURT: The objection will be
5 overruled. I didn't get a chance to do that.
6 But you may go ahead.

7 Q. (BY MR. HOUGH) Now, during this conversation,
8 you asked Mr. Pickard for how long you're going
9 to run this one until you're in Europe. And
10 what were the plans about Europe at that point,
11 October 23rd, 2000?

12 A. To get the quadplex, the four station to--
13 which would theoretically yield three to four
14 times the amount of production, up and running
15 somewhere in the Netherlands using the De La
16 Have Corporations and any other corporations of
17 the Kaanen family and/or friends of the Kaanen
18 family controlled to buy labware, precursors.
19 And it was a constant thing about who would
20 supply the space. That was never determined
21 and-- to this day never was determined.

22 Q. During this conversation, Mr. Pickard makes a
23 comment in response to your question about
24 doing it in another facility that he wanted it
25 nice and quiet and way out there. Was that

1 something common with where you and Mr. Pickard
2 and Apperson wanted the lab stationed when it
3 was operable?

4 MR. RORK: Your Honor, again, I would
5 just interpose an objection. He can ask him
6 what was that about. But I object to him
7 asking leading and suggestive questions of what
8 he wants it to be about.

9 THE COURT: Well, I will sustain
10 that. Make it less leading, please.

11 A. Before that, could you-- do I have this
12 transcript in front of me?

13 MR. RORK: Well, Judge.

14 Q. (BY MR. HOUGH) Let's just-- without referring
15 to any documentation.

16 A. Okay.

17 Q. During the course of the-- the transcript that
18 was played and the tape that we heard, Mr.
19 Pickard made the comment that he wanted a place
20 that was nice and quiet and way out there. And
21 based upon your relationship with Mr. Apperson
22 and Mr. Pickard, was that common?

23 A. Very much so. Leonard was even bothered to be
24 within six, seven blocks of a minor highway
25 because of the sound off of the streets. Also,

1 he was concerned about any neighbors because of
2 the problem he had had in Mountain View where
3 that lab was busted. And he was very concerned
4 about anyone being close by because of odors.
5 And there was also an LSD lab busted in England
6 many years ago because they got the downstream
7 contaminants of a little thin tube. So he
8 wanted to have plenty of places to get rid of
9 the disposable waste items of which I've spoken
10 about in these tapes.

11 Q. You indicate to Mr. Pickard that you dumped a
12 bunch of money and the place was totally
13 sterilized. What were you describing there?

14 A. That we had-- that Gunnar, Lupe, Mike Hobbs,
15 myself and then the people that we turned it
16 over to being Ed Peden and whoever worked with
17 him, I can't give you their names, this is when
18 we were forced to turn it over, had thoroughly
19 cleaned the place up and, you know, removed any
20 contaminant evidence.

21 Q. Mr. Pickard made the statement that he had a
22 bunch of stuff to throw away and you indicated
23 you had a special place where "C" had liquids
24 he wanted to throw away. Can you tell us what
25 that means?

1 A. Yes. They had been accumulating some liquids,
2 and these would be incriminating liquids if
3 they were found. My opinion was that they
4 should be capped and put into a safe place -
5 there was always an argument - to where these
6 would never be released into the environment.
7 They had less of a concern for the environment
8 than I did. And what I wanted was I had a
9 fresh well that had been drilled that then we
10 could put concrete down on the bottom, capping
11 it off, put another material off and then pour
12 the liquids down there and then concrete that,
13 cover it over, and there would never be a way
14 of finding that evidence.

15 Q. And during the conversation that Mr. Pickard
16 indicated he's more concerned about the trash,
17 and you indicated, "The trash, 'C' told me to
18 get rid of it." What is that about?

19 A. "C" told me anything that was double bagged I
20 could go ahead and get rid of and dispose of.
21 The reason I said that it had already been
22 gotten rid of was I did not know in the sneak
23 and peak what had happened. And I thought
24 there was a chance that they may have removed
25 the trash. So that's why I went ahead and told

1 Leonard the trash was gone, because I didn't
2 know the-- if the trash was going to be there
3 or not.

4 Q. And when-- who had removed it?

5 A. The DEA.

6 Q. Okay.

7 MR. RORK: Well, excuse me, Your
8 Honor, just for the record, we're talking about
9 the October 23, 2000 tape that they just played
10 for--; is that correct?

11 MR. HOUGH: That's correct.

12 MR. RORK: Okay.

13 Q. (BY MR. HOUGH) And you indicated in-- during
14 the conversation with Mr. Pickard that, "That
15 liquid stuff that 'C' was talking about, please
16 go and properly dispose of that." Describe
17 that.

18 A. Well, in the past, they had not done proper
19 disposal of liquids and there had been some
20 problems with this. This is quite toxic
21 material, this is environmentally damaging
22 material. And I didn't want any of this stuff
23 leaking out and being a problem anywhere
24 whatsoever.

25 Q. And had "C" made some comment about liquid

1 stuff relative to that previously?

2 A. Well, he had said that he needed to dispose of
3 the liquids and he hoped that I, in the moving
4 of the lab, had not disposed of those because
5 he wanted to see them disposed of, unlike the
6 trash, which he said, "Get rid of. I trust
7 you. You're as capable as I am of getting rid
8 of that trash."

9 Q. And based upon your relationship with Mr.
10 Apperson, why would he want to see you dispose
11 of the liquid waste?

12 A. Because I think it shows a-- it's a-- much more
13 of an evidence because there should be-- there
14 would probably be active lysergamides, iso-LSD,
15 LSD in trace amounts in this liquid. And also,
16 there's a possibility that they wanted to
17 reclaim-- Leonard had long claimed that there
18 was some of the liquids that had value, great
19 value to them. And "C" was making sure I
20 hadn't thrown any liquids away.

21 Q. During this same conversation, Mr. Pickard
22 indicated that he was in the middle of a giant
23 hurry and what he would like to do was to go
24 out, set up and leave it there for a while.
25 What were you talking about with him there?

1 A. We were talking about set the lab up and then
2 we let it go cold, standard procedure that you
3 will see, as you've been talking. We set up,
4 we let it sit. We tear down, we let it sit.
5 Before we move, we let it sit. And then when
6 we move it, we let it sit again and we set up.

7 Q. And the purpose of letting it sit is what?

8 A. To see if we were hot and to just kind of--
9 also, it's strenuous.

10 Q. And you began during that same conversation,
11 shortly thereafter, complaining about the
12 cleanup and indicated that, "You guys had left
13 me hanging on that thing, I was appalled when I
14 went into that F." And Mr. Pickard indicated,
15 "I suppose you saw the end of a work period."
16 Do you recall that?

17 A. Yes.

18 Q. And what did he mean, "the end of a work
19 period?"

20 A. First of all, when I'm saying, "went into that
21 F," I'm referring F as being the name of an
22 Atlas F. So I wasn't being vulgar there.
23 Secondly--

24 Q. Was there more than one?

25 A. There-- of those Atlas Fs?

1 Q. That this lab was at.

2 A. No, no. But I mean the military had 18-- I
3 don't remember the number, 12 Atlas Fs and nine
4 Atlas Es.

5 Q. And this lab was ever only in one?

6 A. Only in one.

7 Q. Okay.

8 A. So I wanted to describe that and then to
9 further answer your question is-- could you
10 repeat?

11 Q. "I suppose you saw the end of a work period."
12 Describe for me for what means.

13 A. Okay. This is where probably in this case, I
14 don't know, but I wasn't around, but maybe--

15 Q. What did you see?

16 A. Trash that was taller than me in bags in a
17 compact area. And water that was more than an
18 inch deep flowing through and residue inside of
19 that. And then as you walked on into the inner
20 sanctum of the lab itself, which was behind a
21 very secure blast door, it was the biggest mess
22 you could imagine. There was powder and
23 chemicals everywhere. This was an incredibly
24 contaminated site. Had someone found this,
25 they would have been very, very damaged how

1 they opened it. They may have died had they
2 walked in there.

3 Q. For what reason?

4 A. Because of overexposure to all the highly
5 active lysergamide and LSD.

6 Q. The end of a work period-- a work period within
7 the manufacture of LSD would be what?

8 A. A 10- to 14-day period for production. I don't
9 know in this case if they ran it back-to-back,
10 if they both were there running a double
11 operation, if one-- if they were tag-teaming to
12 get production out, I do not know.

13 Q. During the conversation later, you indicate
14 that there is another base and you indicate
15 it's under another one of the trusts. What are
16 you talking about?

17 A. This is total fiction. I had to give them an
18 idea that I had a backup plan for the Looking
19 Glass.

20 Q. You indicated that you had a proper firewall.
21 What are you talking about there?

22 A. That if it was a trust or a corporation that
23 owned it, it would be more than arm's length
24 away from me and no one would know it was me.

25 Q. And you indicated that it was very safe, Mr.

1 Pickard indicated he didn't know whether he
2 needed to jump up and run in three months or
3 not. Can you describe for us what that meant
4 in the context of the conversation?

5 A. He did not like to have to move around, he did
6 not like to have to change lab spaces. And the
7 tear-downs and building up of the lab was
8 something that was stressful for all involved.
9 And if we had to move in 90 days, "we" being
10 Apperson, Pickard and myself, that would be
11 very difficult.

12 Q. And you indicated that Mr. Pickard would set up
13 and then wait until the baby delivers and then
14 Mr. Pickard says, "I will come back and do one
15 or two." What's he talking about there?

16 A. That would be one or two runs.

17 Q. A run being what?

18 A. Basically one or two kilos, depending on the
19 combination of how far along they are and what
20 was sitting in the pipeline.

21 Q. Okay. You indicated that you were under
22 super-charged mode during this period of time
23 that you were moving the lab out of the Atlas
24 F. What were you referring to super-charged
25 mode?

1 A. Meant that I got no rest, sleep or anything,
2 because I was having to work 24 hours a day.

3 Q. And you indicated that if you were going to
4 Europe, was there anything that you could do
5 over there?

6 A. That--

7 Q. And what were you referring to?

8 A. Anything to help acquire a site, anything
9 needed for Ivo (spelled phonetically) to-- or
10 to go to Joris Kaanen for a supply list. Did I
11 need to negotiate with them, did I need to
12 further explain to them that the knock-off
13 Viagra project was for real, just to secure
14 ties. Or also pick up money. There was money
15 left over in lockers in Europe, and to pick up
16 any bills that were owed over there, just
17 general things, cleanup.

18 Q. And did you have any idea at the time how much
19 money or an estimate of how much money there
20 was in the lockers in Europe?

21 A. No. I mean, I know that one of them I think
22 had like \$100,000 in Dutch Guilder and I just
23 don't know how much more.

24 Q. How many did you know existed?

25 A. Oh, a couple. And I-- just a couple.

1 Q. Okay. You indicated-- or Mr. Pickard indicated
2 to you that if you were going over, "Do handle
3 that stuff and then I will mail it to him."

4 What's he talking about?

5 A. I would have to--

6 Q. "If you're going to go over to Europe, do
7 handle that stuff and then I will mail it to
8 him."

9 A. It would be meeting with Ivo and telling we're
10 ready to go on this project, because I thought
11 this had already been mailed, e-mailed or
12 mailed. And it meant go ahead and start the
13 process going for the quadplex.

14 Q. And you indicated, "If he doesn't buy the
15 story, we've got problems." What are you
16 talking about?

17 A. Ivo would not have accepted being-- or Ivo
18 would not have accepted-- Ivo Kaanen would not
19 have accepted being involved in a worldwide LSD
20 conspiracy. If he would have gotten a whiff of
21 this being that kind of a deal, he would have
22 backed out of the situation.

23 Q. You indicated-- or you asked Mr. Pickard, "Did
24 you--"

25 A. Secondly-- I didn't finish. Also, we had no

1 source for glassware and standard chemicals if
2 Ivo and Joris backed out. Sorry.

3 Q. And you asked Mr. Pickard if he had done a lot
4 of good data and he said-- answered, "He didn't
5 ask, he just went for it." What are you
6 talking about there?

7 A. Talking about the fictitious story in order to
8 get the equipment brought in and the necessary
9 chemicals to do knock-off Viagra, which was
10 really going to be an LSD lab.

11 Q. So it was represented to these individuals in
12 Europe that they would be funding and setting
13 up a knock-off Viagra lab?

14 A. That's correct.

15 Q. And Mr. Pickard indicated, "If we can do some
16 of those boys over there, they can do an awful
17 lot." And what is he talking about?

18 A. Well, now we're talking about if there was a
19 lab there that we could do tremendous
20 production of LSD and sell it, because
21 they're-- the appetite for the European
22 distribution was growing at just an amazing
23 speed.

24 Q. How did you know that?

25 A. Because of the amount of foreign currency that

1 was coming in.

2 Q. And you asked, "You mean buying or--" and Mr.
3 Pickard says, "Buying." And then you ask,
4 "Did, uh, is the ET doing good?" What are you
5 talking about?

6 A. Well, we-- we were in the process of-- a big
7 order was put in with the ET man for a large
8 delivery of ET, and it was supposed to be
9 accumulating.

10 Q. How much?

11 A. 400 kilograms.

12 Q. And so 400 kilograms of ET accumulating and
13 waiting for you all in Europe would have--

14 A. On the border of Germany and the Netherlands.

15 Q. If that would have been used in this LSD lab
16 equated to how much LSD?

17 A. Depending on how successful the conversion was,
18 but it-- in the worst case circumstance, you
19 would have gotten 100 kilograms of LSD. And in
20 the best case circumstance, about 180 kilograms
21 of LSD. So you're-- multiply that number times
22 approximately \$3 million. So between 300
23 million on up dollars worth of LSD at our sales
24 value.

25 Q. That would have been at your wholesale rate?

1 A. That would have been the money that we would
2 have received.

3 Q. "We" being who?

4 A. Leonard Pickard and Clyde Apperson and myself.

5 Q. So the pot of gold at the end of the rainbow
6 for you was this \$300 million deal?

7 MR. RORK: Your Honor, I object to
8 counsel's characterization. He can ask him
9 what the questions are, but I object to
10 characterizations.

11 THE COURT: Well, overruled.

12 A. My long-term payoff to me was going to be--
13 has-- has been laughed about, that we had
14 multiple forms of accounting, but I was
15 promised a \$10 million initial-- once things
16 were rolling in Europe just flat transfer of
17 cash, just for getting it up and going. And
18 then we would have started splitting money from
19 there on in.

20 Q. (BY MR. HOUGH) And how much were Mr. Apperson
21 and Mr. Pickard discussing in that regard?

22 A. I have no idea.

23 Q. Later in that conversation, you indicate that
24 your intuition tells you that you're living on
25 borrowed time, and Mr. Pickard indicates he's

1 feeling pretty good these days because we don't
2 do anything but maybe once or twice a year.
3 What's he talking about?

4 A. I don't understand that one. I think that in
5 this--

6 MR. RORK: Well, Judge, I object to
7 what he thinks, he just said he didn't
8 understand. I object to any speculation.

9 MR. BENNETT: Same objection, Your
10 Honor.

11 MR. HOUGH: He can indicate what he
12 thinks in the context of this conversation was
13 being discussed. He was a party to the
14 conversation.

15 THE COURT: Overruled.

16 A. There's-- there seems to be-- in this tape he's
17 moving back and forth from being comfortable
18 with me to not being comfortable with me. And
19 that's-- and I don't know what-- it's hard,
20 that's why I wanted the transcript, because he
21 keeps moving back and forth in his normal mode
22 with me to a distant mode with me. And I think
23 he was a little bit confused about how he felt
24 long-term about doing operations with me.

25 Q. During the course of the conversation, you

1 indicate, "Well, I'm not uptight." And Mr.
2 Pickard responds, "Do you know why, because we
3 don't do anything but maybe once or twice a
4 year." And you say, "Well, well," and then he
5 says, "Once or twice a year, couple of weeks,
6 big deal. Let's see, what else is new? What
7 else is interesting?" And then he starts
8 talking about the checks.

9 With that background and context from the
10 transcript, does it make sense?

11 A. What do you mean does it make sense?

12 Q. Once or twice a year, couple of weeks, big
13 deal.

14 A. No, it doesn't make sense.

15 Q. Then he begins talking with you about the Bank
16 of America checks. What was that about?

17 A. These were two checks, one that he purchased
18 from me in the earlier part of the year. That
19 I believe was made to Venlo or Venrod out to
20 Venlo or Venrod Trading, they were two
21 different entities. One was a Pan American-- a
22 Pan-- a Panamanian trust/corporation and the
23 other one was some sort of a holding facility
24 somewhere in the Channel Islands or somewhere
25 in Europe, it wasn't made clear to me. I was

1 interested in knowing exactly where that
2 account was. And this is when I was at
3 Natasha's apartment in the early part of let's
4 say March or April of 2000, Leonard wanted to
5 buy a check, and I cannot remember what the
6 value of the check was, between 176,000 and
7 196,000.

8 He wanted to buy this check off of me.
9 And it was made-- I don't remember who the
10 remitter was, I do remember it was either
11 Venrod or Venlo. And I wanted a concentrated
12 currency and he gave me as many thousand
13 Canadian dollar bills that he had. And then he
14 paid the rest off in Guilder and and just a
15 small amount of U.S. money, because for some
16 reason I was low on U.S. currency, so I took
17 small amount of it in U.S. currency.

18 Q. And where had you gotten these checks that he
19 purchased?

20 A. This check, this one check that he purchased, I
21 had gotten a check that had a number of like
22 \$190 or \$176 or something, but the check was
23 actually a fake check that was forged and
24 completely counterfeited and was given to him.

25 Q. You did that?

1 A. No, I had it done. I was there and I did some
2 of the technical parts of it.

3 Q. Was it unusual during the course of your
4 conspiracy with Mr. Apperson and Mr. Pickard to
5 do that type of thing, steal money?

6 A. Yeah, it was a standard operation. Usually,
7 though, this one had an unusual aspect to it.
8 I wanted to see where it hit, and I knew that
9 bank authorities would go wild with this.
10 Usually I had very advanced repo where I would
11 get the check back once it had been given to
12 him. And I was--

13 Q. Well, describe that. What do you mean by check
14 repo?

15 MR. RORK: Well, excuse me, Your
16 Honor. I would ask that he be allowed to
17 finish his question about what this unusual
18 situation was before the Government goes off in
19 another area.

20 THE COURT: I think that's what he's
21 asking him about. Overruled.

22 A. So normally what would happen is that a check
23 would be given or it would be apparently
24 deposited in some area. And what would really
25 happen is-- is let's take a real simple

1 situation. I want an AMEX bill paid for
2 \$18,234. And so he would give me the money, I
3 would have the check, it could be as elaborate
4 as the corporation or the trust in Tulsa sent a
5 FedEx package, I opened the FedEx package up,
6 there was a check. And then he would put it
7 into a yellow envelope, write on it, and he
8 would-- he had a very specific style. He would
9 put the check in there, he wanted to make sure
10 that it was put in the box himself. But what
11 he didn't realize was that I had a FedEx
12 package that had the same yellow envelope and
13 slipped it right in there, took the other check
14 right back and put it in there.

15 Q. So you stole the checks?

16 A. Oh, yes, I called them repurchasing or
17 repo'ing, sorry, not repurchasing. I repo'd
18 the checks back, stole them, whatever you want
19 to call it.

20 Q. And did Mr. Pickard ever find out that you were
21 doing that?

22 A. Oh, I suspect that during this tape here he
23 was-- knew that the check that he had bought
24 had hit that bank and was either-- the bank was
25 upset and was trying to get information from

1 him because of the nature of the fraud or he
2 knew that there was a fraudulent check that had
3 hit the system.

4 Q. You and Mr. Pickard-- later in the discussion
5 Mr. Pickard indicates about setting up an IBC.
6 What is that?

7 A. That's just an off-shore bank account that is
8 supposed to be arm's length and can be
9 controlled to launder money through and do
10 special things with and be used to handle such.

11 Q. Mr. Pickard indicated in the conversation that
12 he follows the money laundering legislation.
13 Were you familiar with him doing that prior to
14 this conversation?

15 A. Oh, yes. I followed it, too.

16 Q. What was the purpose?

17 A. Well, he was following it because he was trying
18 to get around the laws. And then he also
19 claimed he was following it because he was
20 cutting a deal with the Senate subcommittee or
21 the Treasury to create this off-shore credit
22 card company or debit card company is what it
23 really was going to be. And he was going to
24 turn in lesser people, to let them get busted
25 so he would get brownie points while laundering

1 vast amounts of his own money through the
2 system.

3 Q. Okay.

4 A. And then he also thought it was just a good
5 business plan, that it would grow nice and
6 fast.

7 Q. Mr. Pickard later indicates that, "If the money
8 was straight," which presumably money is, "you
9 can loan that money to me to do an e-commerce
10 startup." Describe for us what this is. Is
11 that what he's talking about?

12 A. Yes, this is--

13 MR. RORK: Well, Judge, excuse me,
14 wait a minute. I would ask for a foundation.
15 Mr. Hough gave his explanation for what he
16 wanted, quote, money straight to be. I would
17 ask that he allow this witness to give his
18 explanation for what-- he's the one that had
19 the conversation, not Mr. Hough, and I would
20 ask this witness to give his explanation for
21 what that meant, the money being straight,
22 versus Mr. Hough's.

23 MR. HOUGH: Judge, I believe--

24 THE COURT: Ask him, let's find out
25 about it.

1 Q. (BY MR. HOUGH) Do you recall the question?

2 A. Yes.

3 Q. Can you describe it for us?

4 A. Straight money would be that it was either..

5 accumulated in a corporation and legitimate

6 funds or was post-tax legitimate funds from a

7 corporation made from legitimate operations.

8 And that the money was totally clean and there

9 wasn't any tainted part to it at all.

10 Q. Well, how did you and Mr. Apperson and Mr.

11 Pickard access that kind of money?

12 A. Well, I had the ability through Gardner

13 Industries to divert money from Gardner

14 Industries into operations like that.

15 Q. Mr. Pickard indicates that, "You could claim it

16 as a loan, your loan to me for the credit card

17 thing." Describe what that is.

18 A. That was for this huge amount of expenses he

19 had built up on a platinum American Express

20 card paid by the corporation.

21 Q. Do you recall how much that was?

22 A. No, I mean, it was-- I think his part of it

23 was-- I believe his part of it was between

24 47,000 and 80,000.

25 Q. What did he--

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1 A. This was for about a 60-day period.

2 Q. 60-day?

3 A. 60-day period, 45-day period.

4 Q. And what was going on during that 45 to 60 days
5 that caused him to spend \$47,000 plus?

6 A. He was trying to get married and he was just
7 trying to get tickets. Those were tickets that
8 he was trying to buy.

9 Q. What kind of tickets?

10 A. Like going to Europe, going to Hawaii, going to
11 the Caribbean, and floating around everywhere.
12 And Natasha had to go to Washington, D.C., to
13 try and get her Visa/passport, anything that
14 she could travel on. They were having a hard
15 time finding a venue that would accept them for
16 marriage.

17 Q. Well, you're from the Tulsa area, why didn't
18 you just suggest Miami, Oklahoma? They have
19 wedding chapels there, don't they?

20 A. Yes.

21 Q. Why did you not suggest something simple like
22 that?

23 A. Well, he wanted an elaborate wedding that cost
24 an absolute fortune, far beyond those credit
25 cards. They had helicopters hovering 1,000

1 feet above waterfalls and multiple helicopters
2 as they're prenups and the nuptials were done
3 in Hawaii. I was not there.

4 Q. Did he--

5 A. There's a video of this.

6 Q. I'm sorry?

7 A. There's a video of this.

8 Q. Did he indicate to you what that had cost him?

9 A. No, he just said it was a chunk of money.

10 Q. Mr. Pickard later in this conversation
11 indicated that he was going to write you a nice
12 letter of thanks and that he would also write
13 an additional nice letter of thanks for the 300
14 grand. What is that about, the letters of
15 thanks?

16 A. Well, to somehow explain why I'm picking up his
17 bills under his name. There had to be-- and
18 I've been looking for one of these letters for
19 more than a year-and-a-half, two years.

20 Q. And why was that letter important?

21 A. So that it could show that I had paid his
22 bills, but it was debt being racked up on my
23 side so that he wouldn't have to pay income tax
24 on that.

25 Q. Did either you, Mr. Apperson, Mr. Pickard worry

1 about, to your knowledge, paying income taxes
2 on these drug proceeds?

3 A. No.

4 Q. Now, you talked about how much money it took
5 you to get out of your little thing, and Mr.
6 Pickard indicates, "It was more than money, it
7 was at the risk of your life lived and all of
8 your friends." Do you recall that on the tape?

9 A. Right.

10 Q. What is he talking about?

11 A. Well, he was saying that had it gone bad
12 enough, you know, we could all be sitting in
13 prison for life. Or if it was determined--
14 there was a veiled threat there, also.

15 Q. You took that as a veiled threat?

16 A. Well, there's a general veiled threat in there.
17 If someone dropped the ball that bad, you could
18 get eliminated.

19 Q. Talking about missile silos, you indicated, "If
20 you promise 'C' will send us some bucks and go
21 in there, hide stuff." What are you talking
22 about?

23 A. Please reread this, sir. Start a phrase above
24 it.

25 Q. You state, "So I like missile bases because

1 they can't be sneak and peeked into."

2 A. Right.

3 Q. Mr. Pickard says, "Uh-huh." And you say, "If
4 you'll promise 'C' will send us some bucks and
5 go in there, hide stuff," Mr. Pickard
6 interrupts and says, "Yeah, we don't mind doing
7 that."

8 A. Well, it's confusing. We had-- we had sent "C"
9 money more than a year ago to get-- or
10 something like that. Yeah, more than a year
11 ago to get this pneumatic door built or this
12 electromagnetic door, sorry, and it just had
13 not been finished. It was a continual promise,
14 promise, promise.

15 Q. So then when Mr. Pickard says, "I-- I've got
16 him designing-- I've got him designing a
17 universal doorway right now that can replace
18 almost any door, but it has seconds, magnetic
19 solenoids."

20 A. Yeah.

21 Q. What is that about?

22 A. We had been talking about this since Santa Fe,
23 where you have a door that has no apparent seam
24 and that you can electromagnetically open it
25 from the outside with a digital code or some

1 sort of a hidden button. And it would open
2 inward and it could be used as a safe room in
3 case the lab was under siege. You could pop it
4 open, you could close it. And also, if the
5 house got hit with a sneak and peek or the
6 missile base or any lab area, that they would
7 have less of a chance of finding it. When--
8 this is one of the reasons that we always
9 needed the blueprints to any house. Such--
10 anything we wanted the blueprints so we could
11 find areas to hide the lab in in case there was
12 just even an accidental entry by the
13 authorities. Anything can happen.

14 Q. And during the conversation later, you
15 indicate, "Hopefully you'll take one of them,
16 okay, but you guys make your own calls."
17 "Well, it would be nice to see the spaces
18 without traveling all over," is Mr. Pickard's
19 response. And then you say, "No, what I'm
20 saying is, uh, within the place I've got three
21 spots." What are the two of you talking about
22 there?

23 A. Well, he thought that I meant three different
24 spots in Kansas. And what I meant was I had
25 one spot with three different lab spaces,

1 potential lab spaces in it.

2 Q. And when you said, "But you guys make your own
3 calls." Who are the "you guys"?

4 A. Clyde Apperson and Leonard Pickard.

5 Q. Mr. Pickard later in the conversation says,
6 "All you've got to do is give us lock and key
7 and we'll take care of the rest of it." What
8 did that mean to you?

9 A. It meant that I just hand over the keys to
10 whatever the facility is and walk away and they
11 all handle everything.

12 Q. Is that ultimately what happened?

13 A. Well, I mean I guess. I mean-- I handed them
14 the keys and they took care of packing that lab
15 down.

16 Q. Where at?

17 A. Wamego.

18 Q. Mr. Pickard asks you, "The support of Ganga
19 going to cause you any legal problems?" What
20 is that all about?

21 A. There was a problem going on with the Ganga
22 White over-- where Ganga needed \$80,000 in
23 November, he needed it before then, but it took
24 me-- I was late just because I was busy. He
25 got the 80,000 and then they wrote a-- an

1 electronic check to me after they had the money
2 in the back of their car for five days or four
3 days or something like that. "They" being
4 Ganga White, I believe Tracy, his wife, gave me
5 the check. And then he had a problem with
6 Customs served a subpoena on him or something
7 or wanted to interview him, Ganga White. And
8 he was beginning to get very nervous, he was
9 asking for legal help from everyone, and he
10 wanted to-- everyone to chip into his legal
11 bills. And Leonard and myself actually talked
12 about it, we felt that there was enough risk
13 from the knowledge that Ganga had that we
14 should stay very close to him informationally
15 to figure out what was going on with him.

16 Q. And who is Ganga White?

17 A. Ganga White is a-- he was the former head of
18 the UDV on the order of eight, nine years ago.

19 Q. UDV is what?

20 A. Unalo Do Vegetal Ayawaskaro Church. And he was
21 also the-- I believe the head of the White
22 Lotus Foundation, which primarily trains people
23 about yoga. And he was a-- very much an
24 entheogen enthusiast.

25 Q. You indicate, "When he went before the grand

1 jury and testified, he could have. And,
2 remember, he knew all that stuff from Brother
3 A." What are you talking about?

4 A. Brother A would be just Alfred Savinelli. And
5 Alfred Savinelli somehow leaked out the
6 information to Ganga White about the Swimming
7 Pool Project.

8 Q. Which is what?

9 A. The LSD project in Santa Fe. Or it could have
10 been the LSD project in Aspen. But whatever,
11 he leaked out that there was a huge LSD
12 operation that would be around. And this was
13 always a point of great concern for Leonard,
14 myself. And I believe that Clyde said that
15 Alfred just could not be trusted at all.

16 Q. Mr. Pickard talks about seeing your uncle or
17 not seeing your uncle the night of the party.
18 Who is he referring to?

19 A. I believe he's talking about Joel Kramer.

20 Q. Is he a blood relative?

21 A. No. Is it uncle in there or someone made a--
22 is it--

23 Q. "No, I didn't see your uncle the night of the
24 party. I just said hi."

25 A. Okay. That would have been Joel Kramer.

1 Q. And why was he referring to him as your uncle?

2 A. I don't know, that was a-- normally we referred
3 to him as something else, Rumpelstiltskin or
4 something. But in this case he referred to him
5 as my uncle, so--

6 Q. And during the conversation, you asked Mr.
7 Pickard, "So what has the Cobra been like?"
8 And there is some conversation about that. Who
9 is the Cobra?

10 A. Deborah Harlow.

11 Q. Why was she called the Cobra?

12 A. Most people that interacted with her said she
13 had a vicious attitude and was one of the most
14 difficult people that they had ever encountered
15 in their lives to deal with.

16 Q. And she was related to who in what manner?

17 A. She was the mother of Leonard's child, first
18 child, first daughter.

19 Q. You talk about having some love letters of Mr.
20 Pickard's. What is that about?

21 A. This was a letter from Selene, one of Leonard's
22 girlfriends.

23 Q. Mr. Pickard then says, "So, uh, let's set a
24 timetable to boogie. I can leave anytime
25 Friday." What are you talking about with him

1 there, what is he saying?

2 A. We're talking about going to Kansas.

3 Q. And you indicated you wanted to get there
4 first, "so that you guys are not yelling at
5 me." What are you talking about?

6 A. I'm just saying that I basically want to have
7 everything under order and in control before--
8 but what I'm really trying to do is buy time
9 for the Government to get their work done,
10 because they were behind schedule on being able
11 to process this.

12 Q. And the Government being who?

13 A. The DEA.

14 Q. And during this same conversation, you go into
15 talking about, "You tell me gamma, alpha, zeta4
16 gamma, German, and I couldn't hear it." And
17 you continue on about that. What is that in
18 reference to?

19 A. We're just going back to trying to get that
20 phone number done.

21 Q. You indicate that Bill has your number on his
22 cell phone?

23 A. Bill Wynn from Tulsa, Oklahoma, picked up -
24 when Leonard was calling to try and find me -
25 his phone number. And Bill told me, he said,

1 odd thing, a phone call from Leonard, the
2 number showed up. Which means that Leonard
3 wasn't using a calling card which meant this
4 phone was really blown that he was using.

5 Q. And that was important why?

6 A. Well, that meant that this phone security was
7 totally garbage.

8 Q. Mr. Pickard asked you, "Have you heard of
9 4-acetoxy DIPT. Are you-- do you recall that?"

10 A. Yes, uh-huh.

11 Q. And he indicates, "We tried 5-methoxy, DIPT,
12 but 5-acetoxy DIPT is supposed to be more
13 interesting." Where are-- what is he talking
14 about there?

15 A. Do you want me to give the full explanation?

16 Q. Please.

17 A. Okay. Sasha, Alexander T. Shulgin had designed
18 a new molecule, which is actually called
19 5-methoxy NN-dipropyltryptamine, and that this
20 was a-- a very calm tryptamine, it was orally
21 active, which is unusual, because the monoamine
22 oxide enzymes do not tear it apart. And this
23 was kind of unusual. And he also put in the
24 description that it, as an aphrodisiac blows 2
25 CB away or in the dust. This is published,

1 anyone can look it up, as an aphrodisiac. So
2 Leonard thought that this would have potential
3 to be marketed worldwide. There was also a
4 potential defense that this would not come
5 under the Drug Analog Act. And someone in
6 Chicago, and I don't know who it is, and maybe
7 this was a lie and it was disinformation, but
8 we pumped out-- we were supposed to pay
9 \$25,000--

10 MR. RORK: Well, Judge, I would again
11 ask if they're going to be passing notes and
12 talking back and forth that they take a break
13 or not be leading the witness with questions
14 like that.

15 MR. HOUGH: Judge, I was not leading
16 the witness.

17 MR. RORK: Mr. Hough wasn't, but
18 people are walking up to him and whispering,
19 and I object to that.

20 THE COURT: Well, I see no problem
21 with that. Overruled.

22 A. We were-- we were to pay \$25,000 for this small
23 one or two gram sample. We actually only paid
24 \$12,500.

25 Q. Do these drugs have street names?

1 A. Well, at that time nobody had a name for it.
2 We had a nickname for it, which was Frank. And
3 I can explain that. Sasha's stepdaughter Wendy
4 had a boyfriend named Frank, so the first
5 samples that went through the system came
6 through Wendy, who gave it to her boyfriend
7 named Frank, who then broke up with her and
8 moved to New Mexico because it-- it-- you know,
9 you've got to be-- for Wendy, she's got to be
10 careful about who she dates because people
11 would date her just to have that connection of
12 being involved with Sasha.

13 And they break up, he moves to New
14 Mexico. Alfred Savinelli makes buddies with
15 him. He gets a sample. And Alfred says this
16 stuff is great. So we really didn't-- there's
17 so many things to pick from that we really
18 didn't have that much interest until now we've
19 heard Sasha's opinion of it and then we heard
20 Alfred's opinion of it. And we then decided to
21 test it in the increments that everyone else
22 had tested it with a milligram scale under very
23 controlled circumstances. And both Leonard and
24 I said this is a joke. The now common name of
25 this is Foxy and it has hit the entire West

1 Coast en masse. I mean, I guess that's true
2 from what I read.

3 Q. Mr. Pickard indicates he's going over again in
4 January for a conference, and you ask, "Are we
5 supposed to see Albert Haufman in Heidelberg
6 this year? And then how about Switzerland?"
7 What is this conversation-- part of the
8 conversation about?

9 A. Yearly there was a meeting with Albert Haufman
10 , and it-- different people would go to the
11 meeting. The Heidelberg meeting would be not
12 far from the castle region of Heidelberg. And
13 it would be where different people would get
14 together with Albert and they would talk about
15 chemistry and they would talk about the future
16 of enthiogens. And Albert Haufman was the
17 famous organic chemist that worked for Sandose
18 (spelled phonetically) Pharmaceutical, who in
19 1943 published the first results of LSD-25,
20 along with being the father of many, many, many
21 medical drugs.

22 MR. BENNETT: Judge, I'm going to
23 object to this. This isn't responsive to the
24 question that was asked. This is just kind of
25 a rambling dissertation.

1 MR. HOUGH: Judge, he's just
2 described Mr. Albert Haufman. Mr. Albert
3 Haufman and that history is not a dissertation.

4 THE COURT: Well, we've heard his
5 name several times here, so nice we know who he
6 is. Overruled.

7 Q. (BY MR. HOUGH) Now, later in the conversation,
8 Mr. Pickard indicates that he's got a real
9 surprise coming, really interesting event going
10 on. Can you describe that for us?

11 A. Well, I mean, he says that he's-- there's some
12 sort of event I guess in the London area where
13 there's going to be people gathering, I don't
14 know where in Europe, I-- I mean, that's why I
15 would like the transcript. I'm really cheating
16 here with--

17 Q. Did he sometime immediately before or sometime
18 shortly after this conversation describe some
19 type of an event that he wanted Sting at and
20 possibly Paul Simon?

21 MR. BENNETT: Object to the form,
22 Your Honor, he's leading him, suggestive.

23 MR. HOUGH: Judge, the witness
24 indicated he was unclear. I asked a question
25 in an attempt to clarify for him. It's not an

1 inappropriate question.

2 MR. RORK: Well, Judge, if he's
3 unclear, he can show him the transcript, ask
4 him to review it and see if it refreshes his
5 recollection rather than spoon-feed him.

6 MR. HOUGH: Judge, that would be an
7 alternative means. This is quicker, and we're
8 attempting to expedite matters.

9 THE COURT: Overruled. Go ahead.

10 A. Somewhere there was going to be a conference
11 and that's why I wanted the transcript, to be
12 able to tell you where that somewhere is. And
13 it may not have even been determined at this
14 point. But it would be, as Leonard said, a
15 high-level conference, meaning that there would
16 be politicians and people of political
17 financial wherewithal to further a change in
18 drug policy worldwide.

19 Q. During this conversation, Mr. Pickard
20 indicates, "Well, we want to invite Sting so we
21 need a way to send him an invitation." You
22 indicated, "I've got Sting in." What is this
23 conversation about?

24 A. He just wanted me-- both Alfred, myself and--
25 with Alfred, John Halprin and myself and I

1 believe Leonard, yes, Leonard met-- knew Sting,
2 but he didn't--

3 Q. Sting is who?
4 A. He's a musician.

5 Q. Okay.
6 A. And he wanted to make sure that Sting made it
7 to this conference.

8 Q. Why would Mr. Pickard want that--
9 A. Just--

10 Q. -- to your knowledge?
11 A. Just to beef up the quality of people that were
12 going to the conference.

13 Q. You indicated that you could not get Paul Simon
14 because he's too hooked into-- Mr. Pickard
15 says--

16 MR. BENNETT: Judge, can we approach?
17 Q. (-- BY MR. HOUGH) -- Sting would do nicely.

18 MR. BENNETT: Can we approach?
19 THE COURT: Yes, you may.

20 (THEREUPON, the following
21 proceedings were held at the bench and
22 outside of the hearing of the jury).

23 MR. BENNETT: Judge, I'm going to
24 object to all of this. This stuff is-- doesn't
25 prove or disprove or tend to prove or disprove

1 anything in this lawsuit. Mr. Hough keeps
2 talking about, well, this will speed it up
3 doing it this way. Well, it will speed it up
4 if we just talk about things that prove or
5 disprove the claims in this case. And-- and
6 we're-- we're going to be here until Memorial
7 Day at the rate we're going. I would like to
8 see it speeded up, too, but to-- what does
9 Sting and Paul Simon have to do with this-- the
10 issues in this case?

11 MR. HOUGH: I-- I don't know, Judge,
12 that's why I asked him.

13 MR. BENNETT: Well--

14 MR. HOUGH: And the jury is sitting
15 over there wondering, having heard this, and
16 they don't know. So that's why we ask. The
17 jury is entitled to know, they're entitled to
18 an explanation of the evidence.

19 MR. BENNETT: Judge, if they're-- the
20 jury is entitled to hear the evidence that
21 tends to prove or disprove the issues in this
22 case. We can put a lot of witnesses on just to
23 talk about the time of day, but it's-- it's--
24 it's fruitless, I-- I-- and Mr. Hough professes
25 an interest in speeding this up and then he

1 spends 15, 20, 25 minutes on these issues that
2 are on-- they're putting on evidence that
3 doesn't have anything to do with anything.

4 MR. RORK: Your Honor, I would join
5 in and agree. We've got like several more
6 tapes to play yet that are longer than this
7 one.

8 MR. HOUGH: Judge, if the witness had
9 answered the question, it would have taken less
10 than a third of the time that we're taking here
11 now bickering over his explanation of the piece
12 of evidence, which is admissible.

13 THE COURT: Well, I understand that
14 you answered some of the questions that are in
15 the conversation, but let's not drag this out
16 too long, because we're taking up everyone--
17 everyone in this thing and I-- I don't know how
18 Haufman figures at all in the worldwide
19 conspiracy, if there is such a thing, I just--
20 let's try to be a little more careful with the
21 Court's time. We're taking an awful lot of
22 time here.

23 MR. HOUGH: Okay.

24 (THEREUPON, the bench conference
25 was concluded and the following

1 proceedings were held within the hearing
2 of the jury).

3 Q. (BY MR. HOUGH) Do you recall the question?

4 A. Yes, I believe you were asking about the
5 situation with Paul Simon.

6 Q. Yes..

7 A. And I'm saying there's a problem with that.
8 Paul Simon was very hooked in and much better
9 friends with Alfred Savinelli. And at this
10 time and for the last year Leonard had been
11 having problems with Alfred Savinelli. So to
12 have given a heads-up would have meant Alfred
13 would have expected an invitation. And then
14 there was some sort of an argument going on
15 between John Halprin and Alfred Savinelli about
16 their connection to Paul Simon. And then Paul
17 Simon and Sting, even though they had
18 residences in New York in the same building,
19 didn't participate socially with each other
20 much.

21 MR. BENNETT: Judge, I'm going to
22 make the same objection that I made when I came
23 up earlier.

24 THE COURT: These people are not
25 chemists, Simon and Sting and the rest of them,

1 but let's not spend so much time on-- on these
2 matters. Let's try to be more precise.

3 Q. (BY MR. HOUGH) Now, later in the conversation,
4 you indicate, "It showed up as Bill walked into
5 federal court with me." What are you talking
6 about?

7 A. Bill Wynn walked into this room with me and he
8 had had a phone call in Topeka and a phone--
9 and his phone number-- Leonard's showed up on
10 the phone.

11 Q. Okay.

12 A. And just because Bill was so tightly associated
13 with me, if it-- his phone number showing up on
14 Bill's phone, that's bad, because Bill's phones
15 were nonsecurity phones, they were in his name.

16 Q. Later Mr. Pickard indicates, "We're flying into
17 Kansas City. Well, we would rather not." This
18 is in reference to what?

19 A. The Kruglova or the Natasha money bust that she
20 was detained but not arrested on, \$27,000
21 sometime in early March or something like that.

22 Q. You indicated later in the conversation, "On
23 the clothes that you carry when you set this
24 up, I don't want any of those going back home
25 with you because--" and then you're

1 interrupted, "the chance-- because they carry
2 contaminants." Why are you worried about that?

3 A. Just any of the precursors to the actual end
4 product could really wreak havoc with a
5 pregnant woman. As I was trying to say with
6 the work that Albert Haufman had done, many of
7 the other derivatives of the ergot alkaloids
8 are used to induce labor and also used to stop
9 uterine bleeding post-birth. And these have
10 unpredictable effects, and I just wanted to
11 remind him of that.

12 Q. Later in the conversation Mr. Pickard asked
13 you, "Did you have any car wrecks or any other
14 weird things happen to you in the last two
15 weeks?" What's he talking about?

16 A. Well, he used to always make a bet with me,
17 could I make it some seven days without some
18 sort of minor problem. But the two car wrecks
19 he's referring to was a car wreck right here in
20 Topeka where I was-- I flew and-- very early in
21 the morning and-- from the West Coast to here,
22 I believe, got a vehicle and drove to-- I was
23 driving to my lawyer's office and it was at
24 Fairlawn and 21st or 29th, came off and I was
25 turned around from the direction that Tom Haney

1 had told me and I got hit by a cement truck.
2 And I needed to be in federal court, and I
3 still made it on time in federal court, and
4 crawled out of that crunched-up mess.

5 Q. Why were those types of things problematic?

6 A. Well, any kind of-- any kind of incident with
7 anyone was very much focused on-- for example,
8 in the distribution ring in San Francisco,
9 Pickard had had a problem with one of the--
10 very far downstream, it was a 19-year-old. And
11 the reports kept coming up that the kid would
12 get pulled over. He was one of the largest
13 movers of crystalline LSD. He would keep
14 getting pulled over with like speeding tickets
15 and a little marijuana charge or something and
16 he was shut off because of that after a certain
17 amount. Because of the nature of my position,
18 I got by with a lot more than other people.

19 Q. Okay.

20 A. It would usually be-- you know, it would have
21 taken quite something to have knocked me out of
22 the system.

23 Q. Mr. Pickard later indicates that he is going to
24 check PGP. What is he talking about there?

25 A. This is an encryption code that uses a

1 complicated mathematical algorithm using prime
2 number factoring. And it encodes data so that
3 it cannot be-- theoretically cannot be
4 intercepted by the Government or anyone that
5 wants to look into it. These are electronic
6 files. Standard operations for all the
7 computers of the organization and transmissions
8 except for me. I didn't trust PGP.

9 Q. Okay. Now, between this conversation that we
10 just heard October the 23rd, the next
11 conversation series of those begins October the
12 29th. Correct?

13 A. I guess.

14 Q. And at that point in time, are you in Kansas?

15 A. I believe so.

16 Q. And what occurred between the series of
17 conversations, telephone conversations that we
18 have heard today and your arrival in Kansas?
19 Was there anything going on in between there?

20 A. Well, I mean, the DEA was trying to get ready
21 to go to the middle of the United States. They
22 were preparing, they were saying buy as much
23 time. I went ahead and flew to the middle of
24 the United States. You know, I mean--

25 Q. Now, do you recall on October the 27th walking

1 through the Wamego location with Karl Nichols
2 of the DEA?

3 A. Yes.

4 Q. And at that point in time, where is the ET?

5 A. Some ET is in the facility and some ET is in my
6 in-laws' house.

7 Q. And why is it in two places?

8 A. Because we had reached capacity in this little
9 footlocker or it was a trunk that had never
10 been-- hadn't been opened for years in my
11 wife's bedroom as a child. And then there was
12 a little doll box that had two can that fit
13 exactly in there. And there was no more space
14 to put any more of these canisters. And these
15 were the only two spots that we were for sure
16 that her parents wouldn't open up. And then I
17 superglued them with a silicon in case they
18 tried to open them up, they would be unopened.
19 But my wife had told me that they had not
20 opened them up and she had not opened them up
21 in literally years.

22 Q. And so where at the base were the other two
23 cans?

24 A. No, the other cans would have been up in the--
25 above the Leberck unit.

1 Q. Which is where?

2 A. In the living space air duct, and I-- if you
3 had the little thing I could show you. I
4 circled it.

5 Q. Okay. So on October the 27th, DEA walks
6 through with you and what happens?

7 A. Oh, wow, let's see.

8 Q. Do you recall that?

9 A. Yes. They walk in, they're very skeptical that
10 I'm telling the truth.

11 Q. Where is the lab at that point in time?

12 A. In the Lester building.

13 Q. Was it in--

14 A. Military boxes.

15 Q. Okay. Had it been moved from where you had put
16 it when you brought it back from the Atlas F?

17 A. Well, first of all, it had to be processed and
18 then it had to be organized. And there was a
19 way-- I was so concerned about the-- anyone
20 putting a search warrant or coming in there and
21 accidentally looking through the Lester
22 building that-- the Lester building's height
23 was exactly high enough to where if you put in
24 the stack of military containers, only one
25 forklift could get it out correctly and no

1 other forklift could get it out. So when we
2 left, we would enable (sic) that forklift and
3 it would have been virtually impossible for a
4 group of people to have done an easy search.
5 It would have been a real tough search without
6 that forklift. So go on.

7 Q. So that's the way they were when you brought
8 them back from the Atlas F?

9 A. I don't mean they had to be-- you know-- they
10 were-- they were organized, at least these are
11 the ones that had garbage in them, these are
12 the ones that have white buckets in them.
13 These are the ones that have loose things in
14 them and they were reorganized like that.

15 Q. And were they in that same condition when DEA
16 arrived there on October 27th?

17 A. They had been sitting that way for some time,
18 since-- since they had been moved.

19 Q. Were there any of those boxes containing the
20 lab in the middle of the Lester building?

21 A. Well, I think that the-- I think that the DEA
22 had asked me to get some boxes ready. So I
23 pulled down some of them.

24 Q. Okay.

25 A. And I'm doing this from the best of my memory.

1 I pulled some down and had them ready.

2 Q. Now--

3 A. Ultimately, they asked me to do a lot of
4 reorganizing of those boxes.

5 Q. And did you, in fact, do that?

6 A. Yeah.

7 Q. How was that done?

8 A. With a forklift.

9 Q. Okay. Now, on October the 29th and October the
10 30th, do you remember having phone calls back
11 and forth with Mr. Pickard relative to coming
12 to Kansas?

13 A. Yes.

14 Q. And those were recorded?

15 A. Yes. Some of the phone calls where he was just
16 calling and verifying I was there.

17 Q. And do you recall listening to the recording?

18 A. (Nods head up and down).

19 Q. You need to answer audibly?

20 A. Yes.

21 Q. And was it a true and accurate recording of the
22 conversation?

23 A. Just the one-sided conversation. He was
24 looking for me. And if I happened to have
25 answered the phone, they were true and

1 accurate, yes.

2 Q. And were the transcriptions that were made true
3 and accurate transcripts?

4 A. Yes.

5 THE COURT: Mr. Hough, before we
6 start on this, let's take a 15-minute break at
7 this time. Ladies and gentlemen, let's take
8 our afternoon break. We'll see you back here
9 in about 15 minutes. Mr. Bailiff.

10 (THEREUPON, a recess was had).

11 THE COURT: All right. Mr. Hough.

12 MR. HOUGH: Judge, based upon the
13 record as it stood prior to the recess, we
14 would offer Exhibit 13, which is tape N-1,
15 conversations recorded October 29th and 30th.

16 MR. RORK: Judge, on behalf of Mr.
17 Pickard, other than reasons previously stated,
18 I would have no objection.

19 MR. BENNETT: Our position, Your
20 Honor, would be the same as we voiced on these
21 previous tapes that were offered. We would
22 just reassert that position.

23 THE COURT: All right. 13 will be
24 admitted.

25 MR. HOUGH: We would ask to publish

1 that, Judge.

2 THE COURT: Yes, sir.

3 (THEREUPON, the audiotape was played).

4 Q. (BY MR. HOUGH) Now, what we've just heard,
5 what were those?

6 A. Those were the phone recording device that is a
7 part of Wamego telephone package to where you
8 have Auto Call Notes, and they were messages
9 that were being left when the automatic
10 answering device through the telephone company
11 lifted up.

12 Q. So voice mails essentially?

13 A. Voice mails.

14 Q. And were there additional ones?

15 A. Were there additional ones?

16 Q. Yeah, additional missed calls that-- and voice
17 mails that you received between the 29th and
18 the 30th?

19 A. I'm sure. I don't remember them, though.

20 MR. HOUGH: Go ahead.

21 (THEREUPON, the audiotape was played).

22 Q. (BY MR. HOUGH) Now, on the two conversations
23 we've heard now, they're referring to Gunnar.
24 Why is that?

25 A. Gunnar was the person that normally took care

1 of the base, and he would be the person that
2 would be the one that would normally be
3 answering the phone.

4 Q. Okay. And was it uncommon for you to get
5 messages from individuals in this manner?

6 A. No, it was the standard way I got my messages.
7 I didn't retrieve messages from the phones.

8 Q. Now, phone messages at the Wamego site, phone
9 numbers, do you recall those phone numbers?

10 A. 9432, 9002, 9009. They start with a-- a 456, I
11 can't remember. I'm sorry about that. But I
12 can remember the prefixes, there were-- I mean
13 the suffixes, there were a number of them. We
14 had a lot of phone lines.

15 Q. And what was the purpose of that?

16 A. Well, when the corporation was there, there
17 needed to be a phone line that could go to each
18 given area, because the area was so large
19 underground. And just so people could have--
20 you know, if five people were on the phone,
21 they could get phone calls out.

22 Q. Now, later on October the 29th at about 9 p.m.,
23 you had an additional-- you actually had a
24 conversation with Mr. Pickard?

25 A. Yes.

1 (THEREUPON, the audiotape was played).

2 Q. (BY MR. HOUGH) Mr. Skinner, toward the end of
3 the conversation, Mr. Pickard adamantly says,
4 "Do not be late." Can you describe for us
5 what's going on there?

6 A. He was emphasizing how important the time
7 schedule was because of C/Clyde Apperson's
8 schedule of being with his family. And, number
9 two, because Leonard was expecting a baby and
10 we didn't have anytime to play with, no slop
11 time.

12 Q. During the conversation, you referred to
13 Seattle 1 and A-ville. Can you describe for us
14 what those are?

15 A. A-ville would be Albuquerque. Seattle 1 would
16 be the Wamego missile base, Site 7 or referred
17 to as D site.

18 Q. You asked-- or make the statement that you had
19 been trying to get ahold of Mr. Pickard for two
20 days, trying to get in touch with him through
21 e-mail through, quote, our dear friend. Who
22 are you referring to there?

23 A. Graham Kendall.

24 Q. And later in that same conversation, Mr.
25 Pickard says, O, O, O, O, O, O, O, O is fine.

1 What is O?

2 A. Okay. I wanted to look at that closely. There
3 was O-ville and then there was just plain O. O
4 could be Oklahoma City and if it's O-ville,
5 it's Omaha.

6 Q. Mr. Pickard makes the statement, "He's going
7 to, like, be frisky and like going-- what's
8 going on. So he's got to be home Friday for a
9 weekend thing with his daughter. So this was
10 the week that we were supposed to work. So he
11 is going to come home then come back out."
12 What's Mr. Pickard talking about?

13 A. Clyde Apperson's schedule.

14 Q. The Roo area is what?

15 A. Roo or Rooville represents Santa Fe. And how
16 it got its name was the lab there was infested
17 with kangaroo rats. And they were used to be
18 fed there, but then when the Hantavirus came
19 down, "C," figured a way to get them out of
20 there without killing them. So it then became
21 nicknamed Rooville from kangaroo rats, Santa
22 Fe.

23 Q. Now, Mr. Pickard indicates that Saturday he
24 would be out and then he'll come in Sunday. He
25 being who?

1 A. Clyde Apperson.

2 Q. Okay. Were the two men, your understanding,
3 traveling separately?

4 A. Yes, absolutely.

5 Q. And based upon the conversation, where was it
6 that they were coming into?

7 A. Well, it wasn't really well defined, I thought
8 Oklahoma City or it could have been Omaha. I
9 mean, I mean--

10 Q. At the time of the conversation, that was your
11 thinking?

12 A. Right.

13 Q. Okay.

14 A. But I thought that they would show up in
15 Wamego.

16 Q. Okay. You asked, "We need no trucks, right?"
17 And Mr. Pickard says, "We need a smaller
18 version, you know." And then indicates that,
19 "We'll deal with that." What's he talking
20 about there?

21 A. He's probably wanting a four-wheel drive, SUV,
22 something that won't bog down. And he knows
23 the situation with these roads. So he didn't
24 want the risk of getting bogged down.

25 Q. Mr. Pickard indicates, "All you've got to do is

1 give us the keys to the Dodge." What's he
2 talking about?

3 A. The keys are the keys to the room. The Dodge
4 is the actual lab itself.

5 Q. And give us the keys, who is "us"?

6 A. Clyde Apperson and William Leonard Pickard.

7 Q. And when he says, "We just need the Dodge to be
8 running and comfortable, all we need is the
9 key," what's he talking about?

10 A. That it needs to be organized and it needs to
11 have all the-- if it's the-- the-- what he
12 should have said was the garage for the Dodge,
13 but he was-- left a word out. And so he meant
14 that the area needed to be warm because of the
15 time of the year and the utilities and
16 everything needed to be working.

17 Q. And up to and during this conversation, what
18 was your expectation of what would happen when
19 Mr. Apperson and Mr. Pickard arrived in Kansas,
20 late October, early November, 2000? What was
21 your expectation based upon your conversations
22 with the men?

23 A. Well, that they would open up all the
24 containers of the lab, make sure it wasn't
25 damaged, do an inventory, make sure things--

1 look at what things had been damaged due to
2 just the move, then begin looking for a spot to
3 put it, to rebuild the lab in and then assemble
4 the lab.

5 Q. So your expectation was once it was assembled,
6 what would happen?

7 A. It would then be moth-balled and a period of
8 wait would occur for a number of reasons.
9 Clyde had to leave and Leonard had to go back
10 because he was expecting a baby. And then
11 third, the normal protocol, set the lab up and
12 leave.

13 Q. And what was the expectation of where it would
14 be set up?

15 A. Well, they thought it was going to be some sort
16 of a missile base around-- or underground
17 facility around Topeka. My expectation was to
18 try to get them to do it at Wamego.

19 Q. Why were you going to try to get them to do it
20 at Wamego?

21 A. Because that was the only fast place that I
22 controlled that we could get this done at. If
23 it was-- you know, I could have gone over and
24 tried to beg someone else to use their space,
25 but I would have had to have done an awful lot

1 of explaining.

2 Q. Now, ultimately, your next contact with Mr.
3 Apperson and Mr. Pickard would have been at
4 least recorded on November 1 of 2000; is that
5 correct?

6 A. Yes.

7 Q. During a phone call?

8 A. Yes.

9 Q. And would it have been recorded in the same
10 manner that you have described--

11 A. Yes.

12 Q. -- previously?

13 A. Yes.

14 MR. HOUGH: Your Honor, we would
15 offer Exhibit 93, the recordings of the
16 conversations November the 1st of 2000.

17 MR. RORK: Again, Your Honor, no
18 objection based on your previous rulings.

19 MR. BENNETT: We would assert the
20 same position we've asserted before, Your
21 Honor.

22 THE COURT: All right. That will be
23 admitted.

24 MR. HOUGH: We would ask to publish
25 it in the same manner previously, Judge.

1 THE COURT: Yes, sir.

2 (THEREUPON, the audiotape was played).

3 Q. (BY MR. HOUGH) And then later, also on
4 November the 1st, was there an actual
5 conversation between you and Mr. Pickard?

6 A. Yes.

7 (THEREUPON, the audiotape was played).

8 Q. (BY MR. HOUGH) Mr. Skinner, can you describe
9 for us what's going on in that conversation?

10 A. They've flown in their--

11 Q. They who?

12 A. Clyde Apperson and William Leonard Pickard,
13 Jr., have arrived into Tulsa, Oklahoma. And
14 I'm trying to establish by saying the marble
15 place, that would be the Chairman of the Board
16 suite at the Adams Mark Hotel. I'm trying to
17 find out what hotel they're going to stay at,
18 and they're not giving me confirmation back of
19 what hotel they'll be at. They're not giving
20 me confirmation of what hotel they'll be at.

21 Q. Anything about that strike you as unusual?

22 A. Yes.

23 Q. Why?

24 A. And the tone of his voice was unusual. He was
25 uptight.

1 Q. Based upon your relationship with him and your
2 prior conversations with him, did you have any
3 idea what was going on there?

4 A. I felt that he was agitated at me.

5 Q. Did you know of a reason that that would be
6 true?

7 A. Nothing, since the last conversation was so
8 nice, I don't know why all of a sudden the
9 demeanor changed. I had suspicions that-- my
10 suspicion that there had been a leak and he
11 knew that there was a serious problem. That's
12 what I suspected, but I guess I was wrong.

13 Q. Now, the next day on November the 2nd, were
14 there additional conversations?

15 A. Yes.

16 Q. And were they likewise recorded?

17 A. Yes.

18 MR. HOUGH: Your Honor, we would
19 offer Exhibit 94 at this time, the recordings
20 of the conversations on November the 2nd of the
21 year 2000.

22 MR. RORK: Your Honor, for the
23 Court's edification and clarification, if it
24 would save any time with respect to 94, 95, 96,
25 97 and 98, we would not have any objection to

1 those in light of the Court's previous rulings.

2 MR. BENNETT: And our position would
3 be the same as to all of them as we've
4 previously stated, Your Honor.

5 THE COURT: All right. This will be
6 admitted. And you may publish it.

7 (THEREUPON, the audiotape was played).

8 Q. (BY MR. HOUGH) Now, was there a subsequent
9 call that day after that.

10 A. I guess so, yes.

11 (THEREUPON, the audiotape was played).

12 Q. (BY MR. HOUGH) Now, early in the conversation
13 you indicate that what you did was really
14 stupid, you didn't Star 67 him. What's that
15 all about?

16 A. On some calling cards, if you don't block it,
17 it will show through the number that you're
18 calling from. And I was not calling from where
19 I said I was calling from, and I didn't want
20 the ID going on there.

21 Q. You indicated--

22 A. It would have been one of the things that I had
23 been commonly doing. Because without testing
24 the calling cards, we don't know if they're
25 transparent. For example, all AT&T calling

1 cards are now transparent and it goes right
2 through and other calling cards don't show
3 through.

4 Q. On a caller ID?

5 A. Caller ID.

6 Q. You indicate you went to where the supermarket
7 is. What are you talking about?

8 A. The IGA supermarket in Wamego.

9 Q. Mr. Pickard says he has two boxes there.

10 "Remember the two boxes? You had two boxes of
11 material you left down here, you moved away."
12 What's he talking about?

13 A. Those were the two boxes of ET that Clyde had
14 asked about when he was up there visiting that
15 I told him was in Tulsa.

16 Q. Based upon that conversation, why did you think
17 that it was important that you go to Tulsa?

18 A. Well, at the end of the conversation it was
19 because I was the only one that could retrieve
20 the ET.

21 Q. Now, were there additional conversations on the
22 2nd?

23 A. I don't know, I-- maybe, yes.

24 Q. Continue the-- the next conversation.

25 A. Paperwork is out of order here. Yes.

1 (THEREUPON, the audiotape was played).

2 Q. (BY MR. HOUGH) The boxes?

3 A. The ET.

4 Q. Mr. Pickard indicates you were a week late.

5 What's he talking about?

6 A. I've been trying to buy time for the Government
7 to process this thing, and I've been throwing
8 up every possible shield to be slow.

9 Q. Mr. Pickard says, "We're entirely capable of
10 doing whatever." What's he talking about?

11 A. They don't need my help whatsoever opening and
12 processing and repacking the lab or assembling
13 the lab.

14 Q. And you asked him early on, "I assume our
15 Brother C is with you." And he says, "That's
16 right." You asked, "Is the viral thing still
17 going on?" What are you talking about?

18 A. Clyde Apperson and is he well from his ear
19 viral infection.

20 Q. Okay.

21 MR. HOUGH: Play the next
22 conversation now, Agent. Was there--

23 AGENT NICHOLS: That's it.

24 Q. (BY MR. HOUGH) Subsequently, then, you
25 traveled to Tulsa. Do you recall that?

1 A. Yes.

2 Q. And on November the 3rd of the year 2000, you
3 were in Tulsa with the agents?

4 A. Yes.

5 Q. And do you recall that Agent Sorrell attempted
6 to put a recording device on you?

7 A. Yes.

8 Q. And there has been evidence earlier in this
9 from Agent Sorrell that the recordings failed.
10 So there were tapes, but there was nothing on
11 them. Can you recount for us, please, what
12 happened once you got to Tulsa on that day,
13 November the 3rd of 2000?

14 A. Well, I went into the lobby of the Adams Mark
15 and I called up to the room.

16 Q. Let's back up.

17 A. I'm sorry.

18 Q. How did you get from Wamego to Tulsa?

19 A. Drove down with a bunch of DEA agents.

20 Q. What car?

21 A. What car?

22 Q. Uh-huh. Was it a DEA car or your car, whose
23 car?

24 A. It was some sort of DEA car, I have no idea.

25 And--

1 Q. When you arrived--

2 A. Arthur-- Arthur was driving with me.

3 Q. And when you got to Tulsa and the Adams Mark,
4 did the agents--

5 A. Before we-- before we got there, we had to stop
6 at a place and strap this recording device on.

7 Q. Did the agents go with you in the car to the
8 Adams Mark?

9 A. No, we stopped at like Pine and Peoria.

10 Q. In Tulsa?

11 A. In Tulsa. And then that was where I took over
12 the driving. And we did this absurd little
13 keystone cops routine outside trying to get
14 this recorder on me. And then we drove to
15 the-- I drove the car to the Adams Mark and a
16 number of agents were in many cars of different
17 types following me and-- behind and in front of
18 me.

19 Q. So did you then drive the car up to the Adams
20 Mark?

21 A. Yes, into the semi-- the semi-circle--
22 semi-circular drive.

23 Q. And tell us what happened.

24 A. I then-- I think I called up to his room or I
25 went in and called from a hotel phone up to his

1 room.

2 Q. What happened?

3 A. He told me to come up, they were having a bite,
4 and I didn't want to go up there, and so I
5 said, "Come down here."

6 Q. Why did you not want to go up there?

7 A. I didn't know if there had been a leak and I
8 was concerned with--

9 Q. What kind of a leak?

10 A. Where they had found out that this lab-- that I
11 was cooperating with the Government. Because
12 of the demeanor and some of the tones and the
13 sharpness and how this strategy was going on, I
14 did not know what the situation was.

15 Q. So you didn't go up to the room?

16 A. No.

17 Q. What happened?

18 A. I called from a-- I may have called from a
19 phone in the car, but I definitely called from
20 a house phone up to the room, the Chairman of
21 the Board suite on the 15th floor, and one of
22 them answered.

23 Q. One of them being who?

24 A. Either William Leonard Pickard or Clyde
25 Apperson answered the phone.

1 Q. And then what happened?

2 A. We had a conversation.

3 Q. What about?

4 A. They wanted me to come up and they said that
5 there was, you know, some food and stuff and
6 that I could eat up there. And I said, "No, I
7 don't want to, I'm in a hurry," I needed to do
8 this and that, and I convinced Leonard into
9 coming down to the car.

10 Q. And what happened?

11 A. I was sitting in the car and he approached from
12 the right-hand side of the car and was talking
13 to me through the right-hand window.

14 Q. Passenger or driver's side?

15 A. The passenger side. He was talking to me
16 through that window, so I seem to remember.

17 Q. And then what happened?

18 A. I told him I had already moved the two boxes up
19 to Wamego.

20 Q. And do you recall Mr. Apperson coming up to the
21 vehicle during the conversation?

22 A. No, I don't recall.

23 Q. You don't recall. Maybe, maybe not, you don't
24 don't know?

25 MR. BENNETT: Well, now, Judge, he

1 said he doesn't recall.

2 A. I don't recall.

3 THE COURT: I think that's adequate.

4 Go on to something else.

5 Q. (BY MR. HOUGH) At any point in time while you
6 were at Tulsa at the Adams Mark in the vehicle,
7 did Mr. Apperson join the conversation, or do
8 you know?

9 A. I don't remember.

10 Q. Okay.

11 A. But I think he answered the phone-- I'm almost
12 positive he answered the phone up in the room.

13 Q. Okay. And what was the conversation with him
14 on the phone?

15 A. Oh, just how is it going, are you well, and
16 yadda, yadda, yadda, that kind of stuff. And,
17 you know, he said he was grabbing a bite to
18 eat. And he said, "Come on up for a meal," and
19 I said, "Let me talk to Leonard."

20 Q. And then what was the response when you
21 indicated at the car that you didn't have the
22 ET there, that you had moved it to Wamego?

23 A. Leonard said, "Oh, fine, that's good." And he
24 also said-- I asked him, "Do you want to drive
25 up with me?" And he said, "No, we'll just come

1 up later."

2 Q. Then what happened?

3 A. I believe I drove off.

4 Q. Subsequently, then, on November the 4th, did
5 you wear a recording device during some
6 conversations with the Defendants at Wamego,
7 Kansas?

8 A. Yes.

9 Q. The following day?

10 A. Yes.

11 Q. And they were recorded as-- the conversations
12 were recorded during the course of that day?

13 A. Yes.

14 MR. HOUGH: Judge, we would offer
15 exhibit-- well, I believe that the Defendants
16 have agreed to the admission of 97 and 98. 97
17 is approximately two hours long. Would it be
18 appropriate to start that in the morning and to
19 break for the day now, given that it's shortly
20 after 4 o'clock, Judge?

21 THE COURT: Yes, that's agreeable to
22 the Court.

23 MR. HOUGH: Well, it's going to be
24 Monday because we're-- taking Fridays off.

25 THE COURT: It will be Monday. All

1 right. Rather than start a long tape, we'll
2 now adjourn until Monday at 9:30. We'll see
3 you then. Remember my admonitions. Mr.
4 Bailiff.

5 (THEREUPON, the proceedings were
6 adjourned).
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