

1 don't know where they come from and I object to  
2 him speculating and coming up with an answer to  
3 fit his situation. I object to the answer and  
4 ask that it be stricken.

5 MR. BENNETT: Same objection, Your  
6 Honor.

7 MR. HOUGH: Judge, he can testify  
8 based upon what the document says.

9 THE COURT: Well--

10 MR. BENNETT: Well, the document  
11 speaks for itself, Your Honor.

12 MR. HOUGH: He was there at the time  
13 the document was authored and the document was  
14 given to him by Mr. Pickard with an  
15 explanation. So he's entitled to give that  
16 explanation.

17 THE COURT: All right. Go ahead.  
18 Overruled.

19 A. Again, these were small amounts, they would not  
20 stick out in my mind of why it was added. It's  
21 a fact that it's in his handwriting and he put  
22 it down here. \$209,100 is what he came up  
23 with. We just rounded that off to 209K. Then  
24 what he needed from me is he wanted a \$50,000  
25 check, a \$50,000 check, a \$50,000 check and a

1           \$40,000 check. And then over to the side it  
2           says, "To GTS." He wanted the checks written  
3           out with me being the remitter or me being the  
4           receiver, I'm not for sure, because it's  
5           ambiguous and I can't remember. And it said,  
6           "This weekend, no partial." Then underneath  
7           that, "William, period, Clyde Apperson."

8           Then on the other side of these papers  
9           are the application Form W-8 series, that's a  
10          Treasury form, W-8 series selection and Form  
11          W-9 taxpayer identification number and  
12          certification, William Leonard Pickard, his  
13          phone number, address, and a Social Security  
14          number. And it was just what was required for  
15          him to open up one of these trading accounts.

16         Q. Okay. And how did that item end up in your  
17          possession?

18         A. It was a to-do list.

19         Q. The next item, 659.

20         A. This is a-- the copy of a \$190 check with  
21          myself being the remitter and it was paid to  
22          the order of myself. And it was bought in Las  
23          Vegas June 16 of the year 2000 from the  
24          University Center of Vegas is what I recall  
25          this being. And the exhibit number is 659.

1 Q. And you have that. Why did you produce that to  
2 Agent Nichols?

3 A. Well, that was the basis for when Leonard  
4 wanted the 190,000 back here, I got \$190  
5 cashier's check, turned it into a \$190,000  
6 cashier's check, left it in his hotel room. He  
7 then put it in a little yellow envelope and  
8 then I entered the hotel room and took the  
9 \$190,000 cashier's check that was fake back.  
10 And then when he got upset, I sent him a \$190  
11 one.

12 Q. Why?

13 A. Well, I was a little short in my electronic-- I  
14 was having a hard time electrifying the money  
15 fast enough.

16 Q. And the money we're talking about, the  
17 \$190,000--

18 MR. RORK: Excuse me, counsel. He  
19 said, "I entered into his hotel room, I stole  
20 the check and then I sent him another check for  
21 \$190." And the Government says, "Why?" And he  
22 answered one part of it. I would ask that he  
23 be allowed to finish the answer. One part was  
24 one, and he left two unanswered. So I would  
25 ask that the witness be directed to answer the

1 whole question. The question was why, not just  
2 why one.

3 MR. HOUGH: Judge, why was-- well, he  
4 answered why.

5 THE COURT: Go ahead and answer the  
6 question. We'll see what it was.

7 Q. (BY MR. HOUGH) Did you fully answer the  
8 question to the best of your ability?

9 A. I thought I did, but if you want to re-ask it,  
10 I will try and answer a different way for you,  
11 so--

12 Q. Look at the next exhibit, if you would, please,  
13 660.

14 A. Yes.

15 Q. And tell us what that is.

16 A. This is a Bellagio check made out to myself  
17 dated 6-12, 2000 for \$10,100. I'm sorry, I'm  
18 sorry. \$19,100. There's a yellow sticker, I  
19 don't want to open it up because I can read  
20 most of it. Verified winnings on the bottom.  
21 And, well, I-- it's-- it's a little clouded,  
22 but that's basically what it is.

23 Q. And the reason you gave that to Agent Nichols?

24 A. Just to show the fact that some of these checks  
25 ended up with Leonard and Natasha, and I

1           couldn't remember which ones were which. So I  
2           wanted to download all of them to him.

3           Q. And where did that end up?

4           A. This particular check?

5           Q. Uh-huh.

6           A. I don't remember.

7           Q. Okay.

8           A. I'm sure that we'll figure it out eventually.

9           Q. The next item, please.

10          A. This is 661. This is a \$15,000 check from the  
11          Paris Casino dated 5-26, the year 2000. And  
12          this is just a refund of front money put up as  
13          a cashier's check. This is just where some  
14          check came up from another casino, and I-- it  
15          was just a refund of that.

16          Q. And the next item.

17          A. Is another Paris check made out to myself.

18          Q. It's Government exhibit number what?

19          A. 662. The verified winnings is \$23,800. It  
20          took me four-and-a-half hours is what it says  
21          here. I don't understand that.

22          Q. Why do you not understand it?

23          A. Well, because they have ten minutes, four  
24          hours. And I don't know what that means, but--  
25          maybe it was different tables. I just don't

1 know the syntax they're using in this  
2 particular one. They change it from shift to  
3 shift.

4 Q. And the next-- I'm sorry.

5 A. \$23,800 verified winnings.

6 Q. On what date?

7 A. 5-26, the year 2000.

8 Q. The next item, 663.

9 A. \$15,000. This is verified winnings, 30  
10 minutes, Table 5713. Again made out to me.

11 Q. And then the next item?

12 A. This is--

13 Q. Item number?

14 A. I'm sorry, Item No. 665. This should be  
15 tickets for myself, William Leonard Pickard,  
16 Natasha, although it says Kruglova, Vorobee,  
17 they're-- that's with her name there. And  
18 these were tickets that were bought when  
19 Leonard was-- after-- after my accident and I  
20 had gotten back from Vegas and he needed me to  
21 go buy-- to help him rent a car-- I mean rent a  
22 house.

23 Q. Rent a house where?

24 A. Mill Valley or some area like that. These  
25 areas are all so close together. This is a

1 travel service in Montclair, even though it  
2 says Oakland, California. I don't know enough  
3 about it. I don't know if there really is a  
4 Montclair. It's a little hamlet area above--  
5 somewhere around that area above Berkley. I  
6 want to see a date that this was-- this is May  
7 30th. This is the day I believe is the first  
8 time he ever told me they either are going to  
9 kill the informant or they have killed the  
10 informant. I was not well on this date. I  
11 could not handle emotions from the car-- from  
12 the bad accident I had. I did purchase the  
13 tickets, the first class tickets for the three  
14 of us.

15 Beyond that, I made the flight and they  
16 did not make the flight. They actually held  
17 the flight because William-- Bill-- I mean  
18 Leonard nor Natasha showed up. I do not know  
19 why they didn't show up. But I remember how  
20 odd it was that they held this flight. And  
21 they specifically said, "Where are your  
22 companions?" And I think that's when I told  
23 him, I said, "That's the end of us flying  
24 together."

25 Q. The next item. I'm sorry, did I cut you off?

1 A. No, no.

2 Q. The next item, 666.

3 A. This is from Anderson Electric, and it was  
4 for-- it's invoices. And if he ever went to  
5 the missile--

6 Q. "He" who?

7 A. Paul Anderson I believe is his first name. He  
8 was an electrician that had dealt with this.

9 Q. Dealt with what?

10 A. The Ellsworth site for some time as it was  
11 being built. And if he made a trip out there  
12 and I wasn't there, I was billed for it. And  
13 this is just the invoice. And--

14 Q. What is the date of the invoice?

15 A. This invoice is dated 7-18 of the year 2000.  
16 It was sent on 7-18 from Paul Anderson and it  
17 is-- his first name is Paul, it says it up  
18 here, from him-- from a fax number that talks  
19 about the job number. He is the one that  
20 agitated Tom Schwartz, the father of Tim  
21 Schwartz, whose estate owned the Ellsworth  
22 site, Atlas F, that the water pit pump had  
23 failed and no one had bothered to repair the  
24 pump. And by this not happening, there would  
25 be flooding down high voltage conduits. And



1 effectively, he's the one that started the  
2 problem for me to have to move this facility  
3 fast.

4 Q. Okay. And the next item, 667.

5 A. These are deposits to casinos; 19,000, 25,000,  
6 verified winning stubs, just-- and also  
7 markers, there's a \$38,000 marker, Paris,  
8 \$38,000 marker, Paris, 8,000, lots of \$9,000s,  
9 19,000, 40,000, 45,000, 65,000, 40,000, 65,000.  
10 Yeah, this is the thing I was talking about. I  
11 don't know what happened to the rest of it,  
12 because this is an internal report that the  
13 casinos are not supposed to let you have. But  
14 when they get this complicated, they bring me  
15 in and they would say, "We need help rectifying  
16 your account." And I would always work it out  
17 with them and we would do the math. With as  
18 many as different types of maneuvers and things  
19 that I was having, they needed me to help to  
20 rectify their books.

21 And this-- this shows my balances moving  
22 from 41,000 and I would withdraw a check and  
23 then it would drop down and I would build some  
24 more money up and it would float all over the  
25 place. And this-- this group of-- was probably

1           trying-- preparing stuff to probably try and  
2           rectify, but somehow we got off on our numbers  
3           and we just had to clean it up.

4           Q.   And again, the money that is being moved there  
5           is from what source?

6           A.   From either William Leonard Pickard or Petaluma  
7           Al.

8           Q.   And then the next item, 668.

9           A.   This is just some-- is a memo that is given at  
10          Gardner Industries, and it was handed to me.  
11          And I either kept it to-- I will have to tell  
12          you when I look at it.  Oh, wonderful.  Okay.  
13          There, good.  The exhibit is 668 to verify.  It  
14          says-- Tom Schwartz has called me and he would  
15          be at home tomorrow.  And, unfortunately, it's  
16          not dated.  And it had his home phone number  
17          and then there's phone numbers on the back of  
18          it.

19          Q.   Do you recall receiving that message at some  
20          point in time?

21          A.   I recall receiving a message from Tom Schwartz  
22          that he was very upset.

23          Q.   And in relation to the time that the lab was  
24          moved from the Atlas F to the Atlas E site,  
25          when did you receive that urgent call?

1 A. I can't tell you when I received this call  
2 because it's not dated. But I received calls  
3 before it moved that he was very upset that I  
4 did not-- that I had changed the locks, even  
5 though I was able to produce other people  
6 saying that Tim had given me the permission to  
7 change locks, because everybody in Ellsworth,  
8 or whatever the little town, Ellsworth, had a  
9 key to the place. Tom wanted immediately to  
10 have the thing turned over to him. And, of  
11 course, I was trying to buy every minute I  
12 could.

13 Q. Why?

14 A. I had an LSD lab in there that was going to  
15 turn into a disaster if it was found. I did  
16 not realize how big the disaster was until I  
17 showed up, because it turns out, as I have said  
18 before, on numerous levels-- they didn't even  
19 need to get into the inner sanctum, they didn't  
20 even need to get past the third blast door, the  
21 second blast door. The first door opened, they  
22 would have probably called the police.

23 Q. And you--

24 A. I did not know that, that was a deviation from  
25 protocol. And Leonard and Clyde had both lied

1 to me of the condition of that lab.

2 Q. And the next item.

3 A. This is-- I have to go through it before I talk  
4 because I only see the front of it.

5 Q. 669.

6 A. The item number is 669. This looks like again  
7 amounts of money being deposited. 19,000,  
8 38,800, 9,100, 9,100, 3,500, 8,500. I do not  
9 know the forms, because the one thing is that  
10 it does not look like it's in U.S. money  
11 because if it's U.S. money, there's check  
12 numbers there, and there was no number. They  
13 look like they were Bellagio check, cc, I don't  
14 know if that was cashier's check. The 9,100, I  
15 don't know what it is. The next one I don't  
16 know what the form of currency was that was  
17 given. If I studied these for some time and  
18 had other backup documents, I could probably  
19 figure out what the currency is. This is  
20 foreign currency, the last one. Sometimes they  
21 just-- they would make a mistake and just move  
22 through it fast and-- and I wouldn't-- I  
23 wouldn't know what it was that was put up as  
24 the money.

25 Q. The next item then, 670.

1 A. This is again Government Exhibit 670. It's  
2 Clyde's Social Security number for me to start  
3 processing Clyde through payroll.

4 Q. Why?

5 A. Because he needed to be able to show his wife  
6 an income. And number two, he needed to have  
7 some legitimate income to pay income taxes to  
8 be able to make payments of legitimately that  
9 were post-tax dollars, even though it was drug  
10 money that was behind it.

11 Q. And why did he need to show his wife legitimate  
12 income?

13 A. Because she had told him he was not to be  
14 involved with Leonard in any way if it was an  
15 illegal activity.

16 Q. Now, the next item.

17 A. This is Item 671. And it was a charter to pick  
18 up Leonard in-- I believe it was Montrose, to  
19 Santa Fe, which is right outside of Telluride.  
20 And Leonard needed a plane to come and pick him  
21 up so that he wouldn't have to make the drive  
22 through the twisted little mountain roads and  
23 such.

24 Q. Did you arrange for that?

25 A. I probably arranged for it, yes. I seem to

1 remember that it was me that made the  
2 arrangements.

3 Q. And a charter, are you talking about a bus or--

4 A. Private plane.

5 Q. What is the date of that, if you recall, or if  
6 it's indicated on that?

7 A. 11-18-99.

8 Q. And about that--

9 A. And this is-- this is signed by the president  
10 of the AirWest Company that the plane was  
11 chartered from.

12 Q. Within the context of this conspiracy, what was  
13 going on November the 18th of '99?

14 MR. RORK: Well, Judge, with respect  
15 to that question, I-- I object to the form and  
16 the foundation of the question. He talks about  
17 a charter and then he asks about what's going  
18 on. I think he should ask him about what was  
19 going on, if anything, with this charter and  
20 what was going on. So I object to the form and  
21 foundation of the question.

22 MR. HOUGH: Judge, he can certainly  
23 ask that on cross-examination.

24 THE COURT: I will overrule the--

25 A. We were in the process of making a decision on

1 where to move the lab. And we had been through  
2 the cool-down phase of-- of the lab sitting and  
3 chilling for a little while. And we were  
4 really needing to get a new lab space.

5 Q. (BY MR. HOUGH) Do you recall why Mr. Pickard  
6 was in Colorado in that time?

7 A. Well, I believe that I was supposed to be in  
8 Telluride and I was going to be his ride down,  
9 and I had failed to get up there. So this was  
10 the fastest way to get him down. I mean,  
11 that's the best recollection.

12 Q. And then the next item, 672?

13 A. This is a Storage U.S.A. rental agreement that  
14 Michael Hobbs, who worked for me, and--

15 Q. What is it dated?

16 A. The date on this is 9-13-99. And based upon  
17 the price, and I'm wanting to see the square  
18 footage here--

19 Q. Where is this located?

20 A. This is located at Santa Fe. Okay. Ten by  
21 twenty. This is the-- this is the unit that  
22 ultimately held part of the lab that was put  
23 into a white trailer. And this is the unit  
24 that happened to be that Mike could see from  
25 his girlfriend's house, so he could watch it

1 while he stayed there.

2 Q. Okay. The next item, then, 673.

3 A. Item 673. Again, this is a rental agreement  
4 where Clyde Apperson rented a Ryder truck.

5 Q. What is the date of it?

6 A. The date is-- rental period, 12-20-99. No, I'm  
7 sorry, out 12-16-99, due back 12-20-99. And  
8 this is where Clyde is-- we're turning over the  
9 lab that came out of this warehouse-- this  
10 storage unit.

11 Q. And you're referring to 672?

12 A. Right. That Mike has been instructed to turn  
13 the trailer over, move it to the house where  
14 the lab was supposed to be at that cost \$800 a  
15 night and turn it over to Clyde to be processed  
16 and loaded up into this-- Clyde loaded the lab  
17 up into this truck. And this truck ended up in  
18 Ellsworth, Atlas F site. I was there and  
19 helped unload it.

20 Q. Exhibit 674.

21 A. This is a rental agreement from Mike Hobbs, out  
22 11-7-99, due back 11-14-99.

23 Q. From where?

24 A. He is renting this from San Rafael, California.  
25 And this is where I was talking about, we moved



1 all the way down from Northern California as I  
2 collected my possessions and everyone else's  
3 possessions and we went to Santa Barbara. And  
4 this vehicle was pulled over in Santa Barbara  
5 and a ticket was given. This was the decoy  
6 Ryder to make sure that we were not being  
7 followed or causing problems. And we ended up  
8 going through Santa Fe and then we all split up  
9 from Santa Fe and, of course, some of us took a  
10 private plane and some of us drove vehicles and  
11 the Ryder back to Kansas.

12 Q. And who all was involved in that move?

13 A. In which step of the move?

14 Q. In any of the move.

15 A. Okay. In the early part going from Northern  
16 California to Santa Barbara, it would have been  
17 Mike Hobbs, his girlfriend, Sheila Patel, I  
18 believe, and myself, Sita Kaylin, and I don't  
19 believe anyone else made that drive. When we  
20 got to Santa Fe, we then picked up a man (sic)  
21 named Bianca, I believe, from Albuquerque. She  
22 helped drive one-- one of the vehicles. And I  
23 met up with Trais, Leonard, Clyde Apperson and,  
24 of course, myself and we took a plane. And we  
25 were supposed to land - and I told the story -

1 in Tulsa, Oklahoma, but due to weather, we  
2 landed in Topeka.

3 Q. Now, Mr. Skinner, do you recall subsequently  
4 January the 22nd of the year 2001 meeting with  
5 Agent Nichols in Oakland, California, providing  
6 him with a quantity of what you believed to be  
7 ergotamine tartrate?

8 A. Yes.

9 Q. And describe for us how that came to pass.

10 A. Well, there was a-- at the-- when the base  
11 was-- when the Ellsworth base was disassembled,  
12 all of the items went to Wamego. Then all of  
13 what I could identify as ergotamine tartrate in  
14 cans was put above the Liebert room in the  
15 living area. I'm sorry, the air handling room  
16 of the living quarters area, above the ceiling.  
17 They were cardboard, sound-proof, and they were  
18 popped up and they were--whether they were  
19 wooden cases or single cans, they were stuffed  
20 up in that area.

21 Then at some point, I-- but I don't know  
22 the date, I separated and sent what we could  
23 fill up. And Emily had-- my wife at the time  
24 had a trunk in her room that had not been  
25 opened up for many years, it was a childhood

1 trunk. And we opened it up, emptied it out and  
2 we were able to fit "X" amount of cans in  
3 there. And then I went back and sealed it just  
4 in case someone decided they wanted to open it  
5 up, sealed it so someone couldn't accidentally  
6 open this up. And then we put some of the  
7 minor items, like a blanket or something, over  
8 it so that if someone did happen to open it up,  
9 they would say, oh, it was just-- you know.

10 There were two cans that were surplus  
11 that I couldn't get in there, and I put them in  
12 a doll case that was red, leather, something,  
13 of hers and they fit like they were made for  
14 this, they fit perfect in there. And that was  
15 as much as could be stored over at that house.

16 In order to make sure that no-- there was  
17 no people watching this and such, actually as  
18 an intermediary step, I believe Mike Hobbs  
19 stayed at the Holidome one night with the  
20 package of the ET, what I thought was ET  
21 canisters. And he sat there for one night and  
22 then we waited until there were no family  
23 members in the house and we entered the house  
24 and put these cylinders in there.

25 Q. Then on January the 22nd of 2001, did you

1 deliver a quantity of those to Agent Nichols in  
2 Oakland?

3 A. That's correct. I had-- I had indicated to  
4 Karl that I controlled more ET and that because  
5 of a series of accidents, one thing being a  
6 leaked affidavit and other serious problems, I  
7 could do nothing with it. So it was time for  
8 it to go home to him.

9 Q. Now, why didn't you provide that to agents  
10 sometime prior to January the 22nd?

11 A. Well, the first thing was-- is that when I  
12 mentioned to the agents that there-- when they  
13 showed up that there were ET cans, they became  
14 very agitated that I had not told them about  
15 this, which surprised me actually, that they  
16 would become agitated. The next thing is that  
17 I realized if I mentioned it, that her house  
18 would have been swamped with agents trying to  
19 recover this stuff, and her parents knew  
20 nothing whatsoever about this, nor did her  
21 siblings at this time.

22 Another reason was, is that there was the  
23 potential that had things gone to original  
24 plan, that through a backup chemist we could  
25 cram this down to someone taking delivery of

1 this and get a bust in Northern California.

2 Q. Why was it that you were surprised that the  
3 agents were irritated when they found out about  
4 that?

5 A. Because here you've got live LSD in beau coup  
6 quantity and they're concerned about a  
7 precursor. I was just floored. I mean, you  
8 know, I-- I did not know what their regulations  
9 were, I didn't know anything. But they were  
10 pretty upset with me that there was ergotamine  
11 tartrate that they didn't know about in the  
12 missile base.

13 Q. And then I've handed you a series of  
14 photographs, Exhibit 699, 700, 701. Those  
15 three photographs, do you recognize those?

16 A. Yes.

17 Q. When you-- did you personally deliver this  
18 stuff to Agent Nichols?

19 A. Yes. Due to the legal situation, I felt I was  
20 the only one that could deliver it without  
21 having legal harm done to me. And if legal  
22 harm came my way, it was better that it fell on  
23 me than anyone else.

24 MR. HOUGH: Your Honor, we would  
25 offer Exhibit 699, 700 and 701.

1 MR. RORK: Your Honor, Mr. Pickard  
2 has no objection to 699 and 700, 701.

3 MR. BENNETT: We have no objection,  
4 Your Honor.

5 THE COURT: 699, 700 and 701 will be  
6 admitted.

7 Q. (BY MR. HOUGH) And, again, these are the 24  
8 cans that you delivered in the-- the case to  
9 Agent Nichols?

10 A. That's correct.

11 Q. Now, had you told Agent Nichols that-- that you  
12 had this or that someone else had this, had  
13 control of that prior to the delivery?

14 A. Well, I told him that-- I gave him a false area  
15 that it was at, which was St. Louis I believe I  
16 told him, because I didn't want them swarming  
17 Manhattan or Kansas. And I also wanted the  
18 ability to be able to move this without it  
19 being intercepted because I personally was not  
20 in good enough shape to go pick it up. And so  
21 I had to send an employee, and I didn't want  
22 him getting busted with this and having legal  
23 trouble as a result of this. So we gave a  
24 different path of how it was to be moved and  
25 then we proceeded to move it. And kind of a

1 funny story that we were able to walk in-- I  
2 was able to walk this into a federal building  
3 and walk right through everything and nobody  
4 said a word to me.

5 Q. Had you told Agent Nichols that you personally  
6 controlled this or that some third party did?

7 A. I-- I thought he understood that I personally  
8 controlled it.

9 MR. BENNETT: Judge, I'm going to  
10 object to it as not responsive to the question  
11 and it is not an answer to the question. He  
12 asked him what he told Agent Nichols and then  
13 he's giving his impression of what he thought.

14 THE COURT: Well, I will sustain that  
15 objection.

16 Q. (BY MR. HOUGH) Had you told Agent Nichols that  
17 you controlled it or that a third party  
18 controlled it? What do you recall?

19 A. I can't recall.

20 Q. Now, subsequently, an additional two cans of ET  
21 were delivered to Agent Nichols in Kansas City;  
22 is that correct?

23 A. Yes.

24 Q. And do you have Exhibits 702 through 703-D  
25 there in front of you?

1 A. Yes.

2 Q. And do they evidence those two cans or  
3 photographs of them?

4 A. They look like the cans.

5 Q. Okay. And--

6 MR. HOUGH: Judge, we would offer 702  
7 through 703-D.

8 MR. BENNETT: Can I see them?

9 MR. RORK: Your Honor, Mr. Pickard  
10 has no objection to 702 and then 703-A through  
11 D inclusive.

12 MR. BENNETT: Defendant Apperson has  
13 no objection, Your Honor.

14 THE COURT: Those will be admitted.

15 Q. (BY MR. HOUGH) How was it that these two  
16 additional cans were not delivered on January  
17 the 22nd at Oakland with the other 24 cans?

18 A. When Mike Hobbs entered the house of Emily, he  
19 was very nervous and he had forgot about those  
20 two cans. And it wasn't until he arrived in  
21 Tucson that I realized that there were two cans  
22 missing, so I had to arrange, not over the  
23 phone, to have those two cans extracted from  
24 the house. And then I turned them over with my  
25 lawyer to the DEA in Kansas-- outside of the



1 Kansas City airport.

2 Q. Back up one minute. On the tapes, do you  
3 recall in one recorded conversation where Bret  
4 Nicholson was present with you at the base. Do  
5 you recall that recording that we heard?

6 A. (Nods head up and down)

7 Q. And on the recording do you recall him  
8 indicating, "Here's your note"?

9 A. Yes.

10 Q. And do you recall seeing a note?

11 A. Yes.

12 Q. Let me show you Government's Exhibit 514-A.  
13 Take a minute and look at that, if you would,  
14 please.

15 A. Yes.

16 Q. Is that that note?

17 A. Yes.

18 MR. HOUGH: We would offer 514-A.

19 MR. RORK: Judge, we would like to  
20 see it.

21 MR. HOUGH: We offer 514-A, Judge.

22 MR. RORK: We have no objection on  
23 behalf of Mr. Pickard.

24 MR. BENNETT: No objection, Your  
25 Honor.

1 THE COURT: That's 518-A?

2 MR. HOUGH: 514-A, I'm sorry, Judge.

3 THE COURT: 514-A, that will be  
4 admitted.

5 Q. (BY MR. HOUGH) Can you tell us what that says  
6 in the context of the happenings that day in  
7 December of 2000, what happened?

8 A. It says, "Todd, renting truck. Back at 7-- 7, 8  
9 or 9 tonight or tomorrow morning between 9 and  
10 10." It's in Leonard's handwriting. On the  
11 back of it it gives probably what his  
12 instructions were to pick up the truck.

13 Q. How many times during the course of your  
14 relationship with Mr. Pickard have you seen his  
15 handwriting?

16 A. Thousands.

17 Q. And based upon that, do you recognize that?

18 A. Yes.

19 Q. Now, in that regard, I will show you some other  
20 items, see if the handwriting on these items is  
21 familiar, 555, 519, 543, 681, 682, and 683,  
22 just the handwritten portion, I just want to  
23 know if on any of those that is a familiar  
24 handwriting to you.

25 A. Yes. On Exhibit 555, there's a particular J

1 and a particular L that--

2 MR. RORK: Well, Judge, again, number  
3 one, he's asked to identify them. We would  
4 like to see them before he starts testifying,  
5 number one. And either he said he can identify  
6 them or he can't, he said he has. And I would  
7 ask that he not be allowed to testify about  
8 what's in there until, one, we've had them  
9 moved. Two, we've had a chance to make any  
10 objection. And three, a lack of foundation,  
11 the items haven't been sent to a handwriting  
12 analysis. While Mr. Skinner may have many  
13 talents, I don't think they've established him  
14 as a handwriting analyst.

15 MR. BENNETT: We would take the  
16 same--

17 THE COURT: Do you want to show them  
18 to them or have they seen them?

19 MR. HOUGH: Judge, 555 is previously  
20 in evidence in this case and identified as an  
21 item seized from the storage locker controlled  
22 by Mr. Pickard, Unit 439 at Planet Self Storage  
23 Somerville, Massachusetts. Agent Sorrell  
24 testified it was seized January the 11th of  
25 2001 and is a formula for the manufacture of

1 LSD.

2 MR. RORK: Judge, we know what it is,  
3 we're objecting to this-- it's admitted, it's  
4 in evidence. And we're objecting to Mr.  
5 Skinner trying to be a handwriting analysis  
6 (sic) here. That's one.

7 MR. HOUGH: Judge, based upon the  
8 foundation, the witness can testify if he  
9 recognized his handwriting there as Mr.  
10 Pickard's or anyone's that he recognizes.

11 MR. RORK: And, Judge, he's handing  
12 him some items that are admitted and some items  
13 that aren't admitted. And the one I object to  
14 are the ones that aren't admitted yet.

15 THE COURT: Well, I will overrule  
16 your objections and those will be admitted--  
17 those that are not admitted will be admitted  
18 and the others are already admitted.

19 MR. RORK: Judge, he hasn't moved  
20 that they're admitted, number one, and they're  
21 not in evidence yet and they can't get in from  
22 this witness.

23 MR. HOUGH: Judge, this objection is  
24 not timely. We are in Exhibit 555.

25 THE COURT: Yes, overruled.

1 Q. (BY MR. HOUGH) At 555, Exhibit 555, do you  
2 recognize handwriting in the exhibit?

3 A. Yes.

4 Q. And do you recognize that as being some you've  
5 seen before?

6 A. Yes, William Leonard Pickard's handwriting.

7 Q. Okay. Now, the next item numerically that was  
8 in that list--

9 A. Oh, I went backwards. 683?

10 Q. 683. Do you recognize a handwritten document  
11 within that exhibit?

12 A. Yes.

13 Q. And the handwriting that you recognize belongs  
14 to whom?

15 MR. RORK: Your Honor, and if the  
16 Court please, again, he's allowing this witness  
17 to read items that haven't been marked into  
18 evidence. He's allowing him to look at  
19 documents that aren't addressed to this  
20 individual. May we approach the bench, Judge?

21 MR. HOUGH: Judge, as a foundational  
22 matter, if the witness can identify the  
23 handwriting, that's fine. Another witness  
24 could identify what the document is and from  
25 whence it came. At that point we would offer

1 it. But as a foundational matter, we have to  
2 establish from whence it came.

3 MR. RORK: And, Judge, we ask to  
4 approach the bench again. It has to deal with  
5 this witness reading this testimony and other  
6 facts before he's asked to testify.

7 (THEREUPON, the following  
8 proceedings were held at the bench and  
9 outside of the hearing of the jury).

10 MR. RORK: Judge, there's-- what he's  
11 looking at, 681 and 682 and 683, they're  
12 letters of Mr. Pickard to John Halpern, they're  
13 letters of Mr. Pickard to Agent Nichols,  
14 they're letters about Mr. Pickard wanting to  
15 turn in Mr. Skinner for his activities. Now,  
16 the Government is showing him these letters  
17 under the auspices of trying to identify  
18 handwriting when, in fact, they're doing it to  
19 inflame or arouse or-- and get some passion out  
20 of Mr. Skinner. They're hearsay, they're  
21 out-of-court statements, they deal about  
22 missing ET and they're not-- this witness has  
23 no foundation to be a handwriting expert.

24 Agent Nichols is a witness. He can come  
25 up here, Judge, and say, "This is a letter that

1 I received that was mailed to me by Mr.  
2 Skinner-- or Mr. Pickard." They don't need to  
3 give Mr. Skinner these letters, under your  
4 sequestration rule, to let him know about Mr.  
5 Pickard wanting to turn him in and to make  
6 other statements about Mr. Nichols and this  
7 missing ET for whatever purpose. They're  
8 obviously trying to do so. So I object to the  
9 improper way they're doing that. This is your  
10 bailiff's exhibit list.

11 MR. HOUGH: Judge, Mr. Skinner is the  
12 only one of our witnesses that can testify to  
13 having seen Mr. Pickard's handwriting thousands  
14 of times and has the ability to say  
15 unequivocally Mr. Pickard wrote it. So as a  
16 foundational matter, we need that before we  
17 can-- Agent Nichols can say, "I received a  
18 letter and the return address was William  
19 Leonard Pickard." But Agent Nichols does not  
20 have a familiarity with Mr. Pickard's  
21 handwriting such that he can say, "Yeah, the  
22 Defendant wrote this letter to me."

23 MR. RORK: Judge, these aren't in  
24 issue, we're not disputing it. If the  
25 Government would hand us the exhibits and show

1           them to us, we can tell you whether we object  
2           or not. We're not disputing Mr. Pickard wrote  
3           these letters. I would like to show them to  
4           him and have to review that. If the  
5           Government's whole purpose is to admit it, all  
6           they had to do was ask, not let Skinner read  
7           somebody else's testimony.

8                   MR. HOUGH: Subsequently, the people  
9           that were the recipients of the letters would  
10          be the person through whom we would offer them  
11          as an exhibit. Mr. Skinner is being shown  
12          these items now so that he-- the only witness  
13          in the case that we have that can say that's  
14          Leonard Pickard's handwriting, other than Mr.  
15          Pickard or Mr. Apperson, can do that for us.  
16          And we're not-- again, we're not offering  
17          this-- these items that are not in for any-- or  
18          we're not offering them as evidence at this  
19          point, we're just asking the witness, "Do you  
20          recognize that handwriting?" He can either say  
21          yes, no, it's Pickard's or it's not.

22                   MR. BENNETT: Well, Judge, I would--  
23          I would just-- I want to chime in here just  
24          briefly.

25                   THE COURT: Fine.



1 MR. BENNETT: There's-- there's no  
2 foundation for this witness to be testifying to  
3 anybody's handwriting. He's not a handwriting  
4 expert, it's-- he-- he's comparing-- has no  
5 background in that, he-- that would be like me  
6 having seen Mr. Rork's handwriting on a--  
7 however many times, hundreds of times and  
8 saying, "Well, yeah, in my opinion, that's  
9 Billy Rork's handwriting." There's just no  
10 foundation at all.

11 MR. HOUGH: Judge, this would be just  
12 like Mr. Bennett's wife or law partner, someone  
13 with intimate knowledge of his writing style,  
14 identifying it. And it is appropriate based  
15 upon the foundation the witness has given.

16 THE COURT: I'm going to allow him to  
17 go ahead and-- and recognize this handwriting  
18 and I believe that's-- he's testified he's seen  
19 it a thousand times, it's--

20 MR. RORK: And, Judge, I would just  
21 indicate it's not an issue for him to identify  
22 it's his handwriting. If Mr. Hough would show  
23 those to Mr. Pickard, we can get them admitted.  
24 I object to him reading letters about Mr.  
25 Pickard making complaints about Mr. Nichols

1           that Mr. Skinner-- excuse me, Mr. Pickard  
2           wanting to turn in Mr. Skinner so the  
3           Government can show him this, "Hey, look,  
4           Pickard is turning you in." And under the  
5           auspices of, "Oh, is that his handwriting," if  
6           there's no dispute. And it's the contents of  
7           the letter, not the handwriting that we're  
8           objecting to.

9           MR. HOUGH: Are you telling me that  
10          you will stipulate that everything we claim  
11          your client wrote, he actually in truth and in  
12          fact wrote?

13          MR. RORK: Judge, if he will show  
14          those three exhibits to Mr. Pickard, that would  
15          take less than a minute to ask him that  
16          question, without Skinner reading things, yes.

17          MR. HOUGH: Yeah, if you'll-- if  
18          you'll stipulate to that--

19          MR. RORK: If you'll take them over  
20          there so I can show him.

21          MR. HOUGH: We would take the  
22          stipulation.

23          THE COURT: Go ahead and do it that  
24          way. That will be easiest.

25          MR. HOUGH: Okay.

1 (THEREUPON, the bench conference was  
2 concluded and the following proceedings  
3 were held within the hearing of the  
4 jury).

5 THE COURT: Ladies and gentlemen, I--  
6 Mr. Hough.

7 MR. HOUGH: Sir?

8 THE COURT: I believe we might take a  
9 recess at this time. Ladies and gentlemen,  
10 let's take a 15-minute recess and then we'll  
11 come back, and you can take care of this other  
12 business. Mr. Bailiff.

13 (THEREUPON, a recess was had;  
14 WHEREUPON, the following proceedings  
15 were held outside of the presence of the  
16 jury).

17 THE COURT: Mr. Hough, you had a  
18 matter you wanted to discuss with the Court?

19 MR. HOUGH: Yes, Judge, it's relative  
20 to Exhibit 195, which has been admitted into  
21 the case as evidence earlier. It has a  
22 reference to an OD at the base, which is a  
23 reference to the Hulebak matter. We have  
24 prepared a redacted copy, which is identical in  
25 all regards, but it redacts out that reference.

1 And we would ask that it be substituted for the  
2 one that has the reference that was actually  
3 seized so the record is consistent with the  
4 orders of the Court.

5 The Court has previously ruled that  
6 evidence inadmissible, and we would ask the  
7 redacted copy be substituted for the jury's  
8 benefit and for further reference or any  
9 explanation during the course of the trial.

10 MR. BENNETT: Judge, if I might, we--  
11 it's our position that the Hulebak matter may  
12 yet in the Court's eyes become relevant. We  
13 don't want the only exhibit that makes  
14 reference to Hulebak redacted so it doesn't.  
15 I-- for the-- if-- I have no objection to there  
16 being two exhibits, one of which-- one-- only  
17 one of which will go to the jury ultimately,  
18 depending upon what the Court's ultimate  
19 decision is. But I-- I would like to-- if  
20 we're going to do that, I would ask that either  
21 the redacted or the unredacted document be  
22 marked as Exhibit 195-A and we leave 195 as it  
23 is and go on that basis. But I-- I want the  
24 unredacted copy as a part of this record.

25 MR. RORK: Well, Judge, and I would

1 join in that request and I would just ask if  
2 the Government is going to give us a copy of  
3 the redacted one so we can use while you're  
4 cross examining. Do you have an extra copy?

5 MR. HOUGH: No. Judge, the Court can  
6 see, it is "OD base" that is redacted. And we  
7 would let the Court take a look at this, if I  
8 may approach. Right here, "OD base," that's  
9 the only redaction. And frankly, Judge, it's  
10 no different than the redactions and the  
11 withdrawals that occurred earlier in the trial  
12 at the request of the defense to comport with  
13 rulings of the Court. This Court has ruled  
14 unequivocally that there would be no reference  
15 to the Hulebak matter. And in accordance with  
16 those orders, which were appropriate then and  
17 now, we would ask that the redaction be  
18 allowed.

19 MR. BENNETT: Well, Judge, all-- has  
20 it already been redacted? Is that-- did I  
21 understand--

22 MR. RORK: No.

23 MR. HOUGH: No, we're offering a  
24 substitute redacted version.

25 MR. BENNETT: Well, I would-- I-- I

1 don't have anything else to say, Judge, other  
2 than I want-- I don't think this trial is over.  
3 And something may happen that results in-- in  
4 that becoming admissible. So-- so long as  
5 we've got a redacted and an unredacted copy  
6 and-- for the ultimate decision.

7 MR. HOUGH: Judge, the only way  
8 Hulebak becomes admissible is if one of the  
9 defense counsel makes reference to it in  
10 violation of a standing court order, because  
11 we're certainly not going to do it. That would  
12 not make it admissible, it would just make it  
13 out in the open.

14 THE COURT: Well, let me say I've  
15 ruled firmly on this matter, I'm going to stay  
16 with it. I'm going to authorize you to redact  
17 it and we will put it in. If we ever need it  
18 back, we can find those two words again, if  
19 that's ever necessary. So that will be my  
20 order.

21 MR. HOUGH: May I approach?

22 THE COURT: Yes, you may pick those  
23 up and take those.

24 MR. RORK: Judge, just so the record  
25 is clear while we're in here. After showing

1 Mr. Pickard 683, 682, 681, 593, 519, 555, Mr.  
2 Pickard has agreed those are his handwritings,  
3 the documents that have-- purported to be his  
4 handwriting are his handwriting.

5 MR. BENNETT: Can I have the numbers  
6 again, please?

7 MR. HOUGH: Judge, we would accept  
8 the stipulation of Mr. Pickard that he authored  
9 Exhibit 519, 555, 682, 681, 543 and 683.

10 MR. RORK: But I meant he's agreed  
11 that that's his handwriting as far as the  
12 admissions. Again, you're not going to hand  
13 them to this witness.

14 MR. HOUGH: Right.

15 THE COURT: All right. I understand  
16 that. All right. Let's bring the jury in and  
17 we will proceed.

18 MS. HILL: Are these admitted?

19 MR. HALEY: Some are and some aren't,  
20 right?

21 MR. HOUGH: Some are and some aren't  
22 is exactly right.

23 MS. HILL: I will look, I will figure  
24 it out.

25 THE COURT: If necessary, I will

1 admit them all and the-- if--

2 MR. HOUGH: Well, the foundation for  
3 doing that is yet to come. We just-- we've  
4 laid the foundation on certain of those as to  
5 authorship now.

6 THE COURT: There's some other  
7 matters you need to take up?

8 MR. HOUGH: Yes, sir.

9 THE COURT: All right. That will--  
10 that will work out.

11 (THEREUPON, the following  
12 proceedings were held in the presence of  
13 the jury).

14 THE COURT: All right. Mr. Hough--  
15 you may all be seated and you may continue.

16 Q. (BY MR. HOUGH) Mr. Skinner, earlier in your  
17 testimony you indicated that prior to agents  
18 going onto the Atlas E base on October the  
19 31st, you indicated certain items were present  
20 there, including a can with Native Scents on  
21 it. Do you recall that testimony?

22 A. Yes.

23 Q. I will show you what has been admitted into  
24 evidence in this case as Government's Exhibit  
25 443 and identified by Agent Sorrell as just



1           such a can. Take a moment and look at that, if  
2           you will, and see if that is the can you're  
3           referring to or appears to be?

4           A. Yes. The only difference is that when I set  
5           the can into the green tub or set it out, the  
6           label was much clearer and was much more  
7           complete. Yet, the phone number and the order  
8           number of Native Scents Corp. is still on  
9           there, clearly readable. And the end of Native  
10          Scents Corp. can still be read, but the address  
11          is gone. In other words, it has changed from  
12          the time I laid it out for them.

13          Q. And you laid it out when, if you recall?

14          A. I don't recall.

15          Q. Okay. Prior to October the 31st, when they  
16          went in pursuant to warrant?

17          A. Yes.

18          Q. Now, did you personally order anything relative  
19          to the lab, chemicals, glassware, anything from  
20          Native Scents?

21          A. No.

22          Q. Did you have any business dealings with Native  
23          Scents or Alfred Savinelli through Native  
24          Scents?

25          A. Yes.

1 Q. Okay. Were they related to the lab or  
2 unrelated?

3 A. Unrelated to the lab.

4 Q. Now, let me show you Government's Exhibit 81,  
5 which has been admitted into evidence and  
6 identified as a business card, Planet  
7 Self-Storage, Somerville, Massachusetts. Do  
8 you recognize that?

9 A. No, I have no knowledge of this whatsoever.

10 Q. Did you-- during any of the relationship that  
11 you had with Mr. Pickard, were you aware of him  
12 using storage units in Somerville,  
13 Massachusetts?

14 A. No. In fact, I have never heard of Somerville,  
15 Massachusetts.

16 Q. During the course of the investigation, did you  
17 provide Agent Nichols and other agents with all  
18 of the phone numbers for Mr. Pickard that you  
19 were aware of?

20 A. All the ones that I could still reconstruct,  
21 yes.

22 Q. Okay. And earlier in your testimony, you  
23 testified about various false identification  
24 documents that you obtained for Mr. Pickard.

25 Let me show you a series of exhibits that have

1           been admitted in this case as Government's  
2           Exhibit 106 through 110 that were admitted  
3           earlier in the trial and identified as items  
4           that were seized from the Short Stop in Wamego,  
5           Kansas, November the 6th. Take a moment and  
6           look at those, if you would, please.

7           A. Yes.

8           Q. Do you recognize any or all of those?

9           A. Yes.

10          Q. Okay. Let's start then with 106. Let me see  
11          these and I'll put them on the overhead.

12          A. Okay. I want to clarify that I may not have  
13          seen all of these, but I will give the  
14          background story of how I saw the general  
15          package. Therefore, I have seen some of them,  
16          I can't say I've seen them all.

17          Q. Well, let's put these up on the overhead and  
18          see if you can identify any of them.

19                   MS. HILL: Is it on?

20                   MR. HOUGH: It's not on here. Okay,  
21          thank you.

22          Q. (BY MR. HOUGH) Do you recognize-- have you  
23          ever seen Government Exhibit 106, which has  
24          been admitted as a British West Indies hospital  
25          identification?

1 A. This particular one I do not remember.

2 Q. Did you ever see any like it?

3 A. No.

4 Q. Do you know Mr. Pickard to travel under the  
5 alias James Clerk Maxwell?

6 A. Absolutely.

7 Q. Under what circumstances?

8 A. Many times when he would be coming in from the  
9 country, he-- out of the country or he would be  
10 traveling somewhere, he would be amazed that I  
11 could find him at hotels unidentified, and he  
12 would just be surprised that I would be calling  
13 him and trying to figure out what alias he was  
14 under. I did this all the time as a joke on  
15 him.

16 Q. How did you have the knowledge?

17 A. I knew most of his aliases, so-- I was present  
18 when this camouflage-- when he was showing off  
19 that he-- for-- I believe this package-- you  
20 can currently pull up the Internet and you can  
21 get what's called a camo-- camo ID from a  
22 company that's on the Internet, you just do  
23 camo ID and you'll come up with this. And this  
24 is called the diplomat package that you get for  
25 this British West Indies.

1                   British West Indies is no longer an--  
2                   it's an idea, it's an area that existed, but it  
3                   doesn't break any laws because there is no  
4                   longer a British West Indies. Another trick in  
5                   this is to get something like from British  
6                   Honduras, which is now about Belize. So you  
7                   could have something that 90 percent of the  
8                   world will accept as ID, but it's not real ID.  
9                   And yet you've violated no laws. And this is  
10                  call camo-- camo ID, camo passports. And they  
11                  sell them, quote, for Americans to travel and  
12                  not be victims of terrorists, end quote.

13                Q. Let me show you Government's Exhibit 108 that's  
14                  been admitted in this case, an international  
15                  driver's permit bearing Mr. Pickard's  
16                  photograph and the name James Clerk Maxwell.  
17                  Have you ever seen that before?

18                A. This one I seem to remember because of this  
19                  unusual address. And I do remember seeing  
20                  something thinking how interesting, you can get  
21                  an international driver's permit along with  
22                  this camo package-- camo British West Indies  
23                  camo passport.

24                Q. Let me show you Government's Exhibit 109,  
25                  British West Indies driver's license bearing

1 the photograph of Mr. Pickard.

2 A. I probably was shown this, but I don't remember  
3 it.

4 Q. Okay. And Government's Exhibit 110, Great  
5 Britain personal identification in the name of  
6 James Clerk Maxwell bearing Mr. Pickard's  
7 photograph.

8 A. Don't remember it.

9 Q. Now, during the course of your relationship  
10 with Mr. Pickard, did the nickname snowman have  
11 any significance to you?

12 A. Yes. We had so many cell phones amongst the  
13 organization that we bought this automatic  
14 little device that we punch out alpha-- alpha--  
15 alpha and numerics and also symbols. And we  
16 would pick or we would think that we would get  
17 to pick our own symbol, but my wife at the time  
18 picked the symbols. And my symbol was snowman  
19 because I would melt in the heat and couldn't  
20 handle the heat and, therefore, snowman was on  
21 all of the phones that were of a certain level  
22 of security.

23 Then there would be another image after  
24 that that would tell us the level, and that  
25 would be a symbol. And at the end, the highest

1 form of security of that generation of air  
2 phone would have, in my case, a snowman or  
3 image, and then it would have a flame next to  
4 it, which means that this is an emergency burn  
5 phone. And we would know not to pick that up  
6 because they all look alike, we would buy 30  
7 phones over a month.

8 Q. Where did you get these phones?

9 A. Oh, we would go down to these little-- any--  
10 they were all over New Mexico, and they would  
11 be places you go prepay for them. We were  
12 paying 2 and 3 and \$4 a minute, and then we  
13 would use a credit card on top of it, and  
14 that's how we communicated so that we-- and we  
15 just tossed the phones and-- you know, it was--  
16 it was-- at that time it was the best we could  
17 do.

18 Q. Let me show you now what's been caused to be  
19 admitted in this case as Government's Exhibit  
20 195, a document entitled, "Snowman Document,"  
21 obtained from the laptop computer taken from  
22 the Buick LeSabre that Mr. Pickard was driving  
23 November the 6th of the year 2000. Look at  
24 this document and see if any of the entries on  
25 it have any meaning to you.

1 A. Yes.

2 Q. And you're going to need to speak into the  
3 microphone.

4 A. I'm sorry.

5 Q. And if you could describe for us what the-- the  
6 entries on the document mean, if anything, to  
7 you.

8 A. I've lost the little foam part to the--

9 MS. HILL: It's okay. I will get it  
10 later.

11 A. Okay. So where do you want me to start?

12 Q. (BY MR. HOUGH) Start at the beginning.

13 A. Do you mean the very top?

14 Q. Please.

15 A. Okay. I assume that is an abbreviation for  
16 snowman.

17 MR. BENNETT: Well, now, Judge, I'm  
18 going to object to his assumptions. What we  
19 want to know is what information he has, not  
20 what he assumes.

21 THE COURT: Well--

22 MR. HOUGH: Judge, the witness based  
23 on the record can testify to this document's  
24 meaning to him within the context of his  
25 relationship with these Defendants.



1 MR. RORK: Judge, it hasn't been  
2 established who prepared this document.

3 MR. HOUGH: Judge--

4 MR. RORK: All that's been  
5 established-- excuse me, Mr. Hough. All that's  
6 been established is it was taken off of an item  
7 that was in Mr. Pickard's car. Where did that  
8 come from, how did that get there, who put it  
9 on there, is it an e-mail from Mr. Skinner, all  
10 those things aren't in there, Judge, and that's  
11 the problem with our objection.

12 THE COURT: Well, I will overrule the  
13 objection. You may go ahead.

14 A. Okay. Let's assume that s-n-w-m-n refers to  
15 snowman. "Refers to spin and not temperature,"  
16 referring to my interaction. And then it says,  
17 "NOTE: Get the fuck away from this guy, move!  
18 Make payback. No more business. Take Ev, E-V,  
19 equipment and disappear. Thank you. You can  
20 live with it, I can live without it."

21 I think the first part of it is  
22 self-explanatory. The "make payback" would be  
23 either the medium term or the long term-- no, I  
24 don't think I had been given a long-term debt  
25 status back of \$10 million. No more business

1 means he just wants to cease doing business  
2 with me. The "take Ev," that's Ivo, E-V-O is  
3 how he would have spelled it. It's actually  
4 I-V-O, Kaanen, that is the equipment that was  
5 accumulating in the Netherlands for the  
6 quadplex, but under the guise of being a  
7 knock-off Viagra lab, "and disappear. Thank  
8 you. You can live with it, I can live without  
9 it." I'm not exactly for sure what he means by  
10 that.

11 Recall: NO ADVANCES OF ANY NATURE (when  
12 will you learn?) Make arrangements for  
13 prepayment (sic), minimize any  
14 responsibilities." This is just basically  
15 saying he's not going to front any cash against  
16 the credit nature.

17 (Remember accident prone: MO," that's  
18 Mandarin Oriental, that's referring to a  
19 disaster that occurred there.

20 Q. And what was that? You're going to have to  
21 describe these for the jury.

22 A. Okay. I was in the penthouse of the Mandarin  
23 Oriental and some elderly associates of mine, a  
24 husband and wife, showed up and they said they  
25 had some sort of a-- it was a-- 2 CB, which is

1 a complicated molecule that works along the  
2 L-dopa channel and it may hit other receptor  
3 sites, if we want to use loose language like  
4 that. And they-- it was an alcohol suspension,  
5 which first surprised me, but I broke my rules  
6 and let someone give me something that I didn't  
7 fully understand. I understood the molecule, I  
8 didn't understand the source and the lineage.  
9 The lineage was told to me that it came from  
10 Alexander T. Shulgin, which upped my level of  
11 confidence.

12 It turned out that this was a massive  
13 overdose and was the most difficult exposure to  
14 a chemical that I had ever experienced in my  
15 life, and I'm known for being able to withstand  
16 virtually anything. So this was amazing. And  
17 it ended up that four of us ended up in the  
18 emergency room and the paramedics and everyone  
19 took us there. And that was about the end of  
20 it. And there was no permanent physical damage  
21 that anyone could see.

22 "Slash Auberge," that is a place called  
23 the du Soleil, I hope that's right, du Soleil  
24 Auberge, which is in the St. Helena above Napa  
25 Valley region. And I don't know why he threw

1           that in there unless we-- he threw a party in  
2           one of his rooms.

3           Q.    "He" who?

4           A.    William Leonard Pickard, with his two  
5           girlfriends.  And management came down on me to  
6           handle this problem.  And I had to go down  
7           there and physically move them as they were  
8           yelling at-- not-- not his people, but the  
9           management was upset with me.  It turns out  
10          that the lady that was over Auberge du Soleil--

11                         MR. RORK:  Excuse me, Your Honor, if  
12           I may.  He's talking about a word and now he's  
13           offering an explanation into a narrative, which  
14           he said he didn't know.  And I think he can say  
15           what the word means, but then to take the word  
16           and go into something that he wants to say  
17           without further foundation, I object.

18                         MR. HOUGH:  Judge, the word has  
19           meaning within the context of his relationship  
20           with Mr. Pickard.  He's explaining that and  
21           it's appropriate.

22                         THE COURT:  All right, go ahead.

23           A.    The name-- I just recovered the name of the  
24           facility, it was Auberge du Soleil is the  
25           correct-- it's also a famous restaurant.  It

1 turns out that this lady was either-- had come  
2 from the Mandarin Oriental Hotel, and so that  
3 that may refer to the problem there, that we  
4 had unnecessary amount of scrutiny because they  
5 crossed it back to the disaster at the Mandarin  
6 Oriental.

7 The next thing is "SS," which refers to  
8 Secret Service, "incident/car theft/weird 88  
9 rip in N M." What I think that refers to is  
10 that-- this is a-- really quite interesting  
11 story.

12 Q. Well, now, they're separate, SS incident--

13 A. SS incident and slash, that's Secret Service  
14 incident of where I had the problem at the  
15 casino and was further indicted and pleaded  
16 guilty to a misdemeanor, a possession of an  
17 Interpol badge.

18 Q. Okay.

19 A. Slash, end of that. Then the next thing that  
20 comes up is, "car theft/weird 88 rip in NM." I  
21 believe-- I-- I've always had a problem from  
22 day one with what "weird 88 rip" means, R-I-P.  
23 But the car theft thing is, to the best of my  
24 knowledge, I had a Boxfter Porsche and was  
25 pulling out of a casita and flipped the door

1 around. The electronic lock fell and I flipped  
2 the door completely around. And when I got out  
3 of the car, I closed it, bent it back.

4 I was carrying-- later that day, I mean,  
5 not long after, I went to the other house and I  
6 got out of that house a tremendous amount of  
7 jewelry on the order of let's say a  
8 million-and-a-half to \$2 million worth of  
9 jewelry, plus I had a bag with about-- between  
10 100 and \$300,000 in it. And it was just a  
11 little cloth garment bag from the casitas at  
12 Las Campanas. And on top of that, I had a lot  
13 of very sensitive documents inside of my  
14 briefcase.

15 I could have sworn that I put them in the  
16 car and drove off. And Leonard and I met at a  
17 Furr's or some sort of a Luby's or some sort of  
18 a cafeteria.

19 Q. Did you guys transact much business at Luby's?

20 A. Well, I mean we would go to-- yes, that's not  
21 unusual for us to go to that kind of cafeteria.  
22 He liked cornbread and anything that was  
23 vegetarian that he could, you know, eat that.  
24 He loved southern cooking food, but he had to  
25 avoid the nonvegetarian form.

1                   So I get out and we-- we leave and he  
2                   then tells-- I-- I realized that I couldn't  
3                   lock the car correctly because of this door  
4                   being flipped around. Went to the trunk,  
5                   nothing was in the trunk. A Boxfter, you have  
6                   a trunk in the back and the front. There was  
7                   nothing there. He then tells me, "This is  
8                   where my laptop got stolen." And I said,  
9                   "Well, this is a little more than a laptop that  
10                  just got stolen." And my whole day just  
11                  imploded. And I drove to the-- the Delgada  
12                  House and--

13                Q. What was the Delgada House?

14                A. This is where the employees like Lupe and Mike  
15                  and Gunnar, Mike's girlfriend stayed at, Graham  
16                  Kendall, when they had moved from one house to  
17                  another. And I was really upset and then it  
18                  dawned on me that by some miracle I may have  
19                  left it at the other house where the lab was  
20                  going to end up to be temporarily. Drove back  
21                  and there sitting after the maids and gardeners  
22                  and everything were all these-- everything  
23                  untouched, which was amazing. So that's what I  
24                  think he's talking about there.

25                                Then to go on, "strange relationship with

1 cash." He couldn't ever figure out why I  
2 wanted cash and everyone else wanted electronic  
3 is the best I can do with that.

4 Q. Why did you want cash?

5 A. Well, I mean, I-- I always try to break-- his  
6 problem was he had too much cash coming in, and  
7 I was trying to break the order of what things  
8 went where. So I liked cash with a lot of  
9 electronic, I like a combination of the two.  
10 He couldn't understand my want of physical  
11 cash, nor could he understand that I enjoyed  
12 concentrated cash more than he did, although he  
13 began to enjoy concentrated cash, too, meaning  
14 higher denominations. We did have 500 and  
15 \$1,000 U.S. bills, which are rare.

16 Beyond that, "return"--

17 MR. RORK: Excuse me, Your Honor, I  
18 would at this time interpose an objection and  
19 can ask for the foundation of Mr. Skinner. He  
20 just testified indicating that what he believes  
21 this, quote, strange relationship with cash is,  
22 and the Government asked him-- when he got this  
23 document or he talked to the agents, his  
24 explanation was he could not explain. And I  
25 ask that he establish a foundation, when does



1 he remember that? Now? And why didn't he  
2 remember that when he talked to the agents and  
3 was asked to explain that.

4 MR. HOUGH: Certainly counsel can  
5 make inquiry on cross-examination, if he would  
6 like, Judge.

7 THE COURT: Well, I will overrule.  
8 Go ahead. Ask the questions later.

9 A. "Return deposits for rental, 20,000, partially  
10 and only with great difficulty." This is where  
11 he wanted me to rent a house and Wendy Aitken  
12 was going to do it. She turned it down. Clyde  
13 Apperson was supposed to get the money from me  
14 and we kept missing each other, but he did get  
15 the money. And-- and he got it three weeks  
16 later, two weeks later, whatever.

17 "Spent 50,000 on surv for self,"  
18 surveillance equipment at the base. The  
19 concept there was that the surveillance  
20 equipment at the Wamego base would be set up  
21 and running, then Clyde would learn from the  
22 person that set it up how to do it correctly so  
23 it could be set up in future operations.

24 "Ripped 1.2," that's \$1.2 million, "from three  
25 separate occasions (600,000, 200,000, 300,000,

1 plus probably 50,000 at)--" referring to Stefan  
2 Wathne, "and lied about it for months."

3 "Delayed return of car for two weeks, K."  
4 In Kansas. "G complaints," Ganga complaints.  
5 "Problem with kid-- problems with kids." I was  
6 having a legal battle with my ex-wife over  
7 where the children would live, custody and  
8 simple things of how they would divide up their  
9 vacation time.

10 Q. Let's back up. "Rip 1.2 total from three  
11 separate occasions," and then in parenthesis,  
12 600, 200 and 300 plus probably 50 at SW) and  
13 lied about it for months." Can you give us--  
14 did you take amounts in those denominations  
15 from Mr. Pickard?

16 A. Well, the 600 was actually 650. The 200 and  
17 300 sound about right. And the 50 was actually  
18 70,000. And it had-- contained some-- all--  
19 most of these contained some counterfeit money  
20 that was quite problematic to-- to deviate out.  
21 This 650,000 was actually an agreed upon  
22 contract for-- to buy the Sandasky (phonetic)  
23 House, and I'll have to get the spelling for  
24 that, in Santa Fe. And what I did was, is I  
25 said that if-- if you end up using the Kansas

1 base, that will-- that will account for that,  
2 and this is a deposit. When we finally came to  
3 an agreement and when you leave, you know, we  
4 will settle up on this. So the 650 wasn't a  
5 rip-off. The 200 and 300,000 was actually  
6 stolen from him.

7 Q. You actually stole those from them?

8 A. Actually stole-- well, I know the 300,000 I  
9 stole and the 50-- the 50, which is really  
10 70,000. I'm a little loose on this 200,000,  
11 so--

12 Q. And the where and the when and the why of the  
13 others?

14 A. What do you mean?

15 Q. The takings, the 200,000 you indicated you  
16 took.

17 A. No, the 300 that I took.

18 Q. Yeah, the 300.

19 A. That happened at the Stinson beach house and it  
20 was in a closet and I just took the money and I  
21 kind of played a humorous joke and put  
22 substitute money in between it with hundreds  
23 and hundreds. He had to know who it was,  
24 because no one else had that kind of cash to  
25 have done that. So I substituted hundreds with

1           twenties. And then left the little hearts  
2           right on there. And he was pretty mad about  
3           that.

4                       And the 50,000 was really 70,000. And I  
5           don't know how the two of them got off on the  
6           amount, where they said 50,000. "And then lied  
7           about it for months." I eventually told him,  
8           "Who else do you think could have done all of  
9           that?" And I left my calling card in each case  
10          just to tell him I had done it.

11       Q. Your calling card being what?

12       A. Well, the fact that who else could come up with  
13          brand new twenties to have done that. And I  
14          was the only one that could have done these, I  
15          was the only one in the chain of custody that  
16          could have done it.

17                       "Lied about it for months, delayed return  
18          of car for two weeks, K." I really don't think  
19          that had anything to do with me, but he puts it  
20          down.

21       Q. What was it about?

22       A. It was a rental car that he had dumped off, and  
23          I think it actually was an employee that didn't  
24          deliver it or I don't really know, I just know  
25          it was a rental car that he had used to come

1 and go from Kansas. "G complaints," or Ganga  
2 complaints.

3 Q. Ganga who?

4 A. Ganga White from the White Lotus Foundation.

5 Q. And what would he have been complaining about,  
6 to your knowledge?

7 A. He was explaining about a transaction that I  
8 reversed out involving \$80,000. And he was  
9 explaining bitterly about it, and he was also  
10 complaining about the fact that we were not  
11 throwing in money to his legal defense.

12 Q. Okay.

13 A. "Problems with kids," I've explained.

14 Q. "Indictment."

15 A. That's from here, I was indicted by a grand  
16 jury on the Secret Service incident involving  
17 the Harrah's casino.

18 Q. "Buffett lies and FedEx (WB letter) lie.

19 A. Okay, the FedEx-- WB referring to Warren  
20 Buffett letter. Never-- that was a letter that  
21 was never sent to the trust of Buffett.

22 Q. Describe for us-- I mean, start and tell us  
23 what-- what's going on with the Warren Buffett  
24 deal.

25 A. Well, Leonard was looking for funding from any

1 legitimate source, and I was trying to help him  
2 out with it, to fund the Feds project, which  
3 was going to be the platform for both looking  
4 legitimate and also sucking information for  
5 future drugs that were being developed as our  
6 network expanded, so we would be on the leading  
7 edge of being able to identify molecules. And  
8 he wanted to host all these people from all  
9 over the world. And he needed a legitimate  
10 source that was impeccable to donate the money  
11 and, ostensibly, this was to control future  
12 drug problems. And this money was going to get  
13 him back into Harvard because he had been  
14 thrown out of Harvard, and he desperately  
15 needed to get back into Harvard.

16 Q. Why?

17 A. For his self-image and he really took it hard  
18 when he was tossed out of Harvard.

19 Q. You indicated it was ostensibly legitimate.  
20 What was it in reality?

21 A. Well, there may have been some part of that,  
22 but the other part was, is we were going to  
23 have access to all of the advanced protocols  
24 and effectively the backdoor to law  
25 enforcement, the backdoor to research, and we

1 would know before anyone else would know new  
2 molecular structures and new ways of combatting  
3 them, protocols for looking at drug precursors  
4 and new synthesis routes, which we spent a lot  
5 of time gathering.

6 Q. Why was that helpful or why would it be  
7 helpful?

8 A. Because we could make-- as the plan was, sit  
9 back, Telex, no one knows, swift the money in  
10 from corporations that were off-shore to  
11 legitimate pharmaceutical or chemical  
12 companies, make tons and tons literally of a  
13 drug before it was scheduled or known about,  
14 then dump it on the world market and extract  
15 vast amounts of money and be ahead of the curve  
16 continually.

17 Q. And the Warren Buffett link to that was what?

18 A. Basically I just made up quite a story to him  
19 and told him that we could possibly get some  
20 money from Buffett. And I had quite a bit of  
21 fun with that one, but it really in the end  
22 upset him quite a bit.

23 Q. And the next one?

24 A. "Two auto wrecks." I had an auto wreck on my  
25 way to this-- not this-- no, it was a-- this

1 floor in Topeka. I had an auto wreck and then  
2 two weeks later I had an auto wreck in Northern  
3 California.

4 Q. The next one?

5 A. Again, "Ganga angry with presumed ripoff."

6 This is referring to this reversing of this  
7 transfer where Ganga and I had entered into a  
8 business transaction.

9 Q. In the form of how much money?

10 A. \$80,000.

11 Q. And what was that for?

12 A. Well, I was never directly told, I was only  
13 told--

14 MR. RORK: Well, Judge--

15 A. -- through the grapevine.

16 MR. RORK: -- I would just ask him to  
17 identify who it was that was doing the telling.

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

19 Q. (BY MR. HOUGH) Who told you this information?

20 A. Joel Kramer said that there was some indication  
21 that Ganga was in the market to buy a large  
22 amount of dimethyltryptamine, but it was never  
23 made clear to me how much, how much money was  
24 going to it, what it was for. This was-- and  
25 it was really roundabout. All that was told to



1 me was that he wanted "X" amount of dollars.  
2 And I was late at coming up with it just  
3 because I didn't have time to go and give it to  
4 Ganga.

5 I gave the 80,000 to Ganga. And, in  
6 fact, the 300,000 that was stolen from Leonard,  
7 80,000 of it went right into Ganga's trunk.  
8 And then five days later, Ganga's wife said,  
9 "We have to balance out on this," and she had  
10 Ganga write a check to me for \$80,000 from the  
11 White Lotus Foundation to Rector.

12 Q. And that money went where?

13 A. That went to Rector? It went to buy a--  
14 purchase a car.

15 Q. For whom?

16 A. For myself or for the Wamego Land Trust. Plus  
17 more money was added to it to make it balance  
18 out.

19 Q. The next entry then? Did you write a check  
20 back to Ganga?

21 A. Yes.

22 Q. Why?

23 A. And it was-- because Ganga was-- what happened  
24 was Ganga when he got home--

25 MR. RORK: Excuse me, Judge, again I

1 have to interject. I have no problem with the  
2 Government asking questions, but I do object to  
3 him asking leading questions and especially  
4 after being directed to ask questions by  
5 someone coming up there and talking to him. I  
6 think Mr. Hough should ask the question and  
7 then when he's done, he could ask other people  
8 if they have other questions. But I object to  
9 other people running up there and asking Mr.  
10 Hough what questions to ask.

11 THE COURT: Overruled, go ahead.

12 A. Yes, not long after Ganga got the 80,000, he  
13 got slapped with-- first Customs came by and  
14 said they were going to interview him, and he  
15 totally freaked out. And then the next thing  
16 is that he said-- he ended up getting a  
17 subpoena to testify before a grand jury. And  
18 that put a great deal of stress on the  
19 community, because the UDV had been busted and  
20 it was beginning to burn because the UDV was in  
21 Santa Fe.

22 Q. What is the UDV?

23 A. Unaio Do Vegetal, which is a-- a group that  
24 takes a sacrament called Ayahuasca, I've  
25 supplied the spelling for Ayahuasca for you,

1           which is a beta-carboline and a tryptamine.  
2           It's not orally active normally unless  
3           monoamine oxides are inhibited. And so Ganga  
4           had been the head of that organization five  
5           years prior. He gets a subpoena, he's very  
6           upset with everyone. And now he doesn't want  
7           to do-- his wife has told him nothing illegal  
8           whatsoever is to go on. And he calls me up  
9           after he goes before the grand jury and says,  
10          "I want out of this deal, I need \$80,000." And  
11          it was-- I was surprised by it, and I created a  
12          cashier's check, assuming I could get it back.  
13          And it just happens as he was driving, there  
14          was a Bank of America. He got that thing  
15          deposited to a Bank of America when I thought I  
16          had control of it, and I couldn't recover the  
17          check.

18          Q. And did you have a conversation with Mr.  
19          Pickard about that subsequently?

20          A. Oh, yes.

21          Q. Tell us about that.

22          A. He told me, "Clean this mess up, we don't want  
23          to make an enemy out of this guy. He knows way  
24          too much."

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

1 A. No, I never cleaned the mess up.

2 Q. Why?

3 A. It was-- I was-- I had a lot of need for  
4 electronic money, and paying Ganga back at this  
5 point after all the damage he had done in the  
6 community to me, he was low on my priority  
7 scale.

8 Q. And "the community" being what?

9 A. The entheogenic community.

10 Q. And then the next entry, "then no-show Mabee  
11 after drive from Chi."

12 A. Yeah, I understand. This is an interesting one  
13 because he's totally off base on this one. I  
14 actually had arranged for him to meet with the  
15 Mabee Foundation.

16 Q. Which is what?

17 A. A very large foundation that at the time had  
18 \$750 million. And it, in fact, donated the  
19 bulk of the money in Wamego for the Columbian  
20 Theater. It's given vast amounts of money to  
21 the State of Kansas to do restoration. It was  
22 the John Mabee Foundation and it is now ran by  
23 Joe Mabee and Jack Conway, who I actually did  
24 know forever. I've known him since I was  
25 young.

1                   They were elderly gentlemen. Now  
2                   they're-- Jack is in his 80s, but I had known  
3                   him for 30 years. And I was absolutely telling  
4                   him the truth. And interesting enough, he  
5                   didn't believe-- he believed the story that was  
6                   not true about Buffett, and he didn't believe  
7                   the story that was true about Mabee. And he  
8                   didn't tell me he was driving from Chicago.

9                   Q. Did he make a meeting with him?

10                  A. He never made a meeting. On top of that, Bill  
11                  Wynn was looking for money from the Mabees and  
12                  told me that if I let Leonard into that system  
13                  that it would cause us long-term problems and  
14                  Bill Wynn said absolutely under no  
15                  circumstances, after this he said, "You cut off  
16                  all communications between Halpern and Pickard  
17                  and the Mabees," because he said that your  
18                  connection there will be burned by getting them  
19                  involved.

20                  Q. Now, you mentioned that Leonard was driving  
21                  back from Chicago. When was this in  
22                  relationship to the May, 2000 trip to Chicago?

23                  A. I can't tell you. I don't know what this-- I  
24                  don't know what this means at all, because I  
25                  didn't know he had driven from Chicago. He

1 just missed the meeting to go-- specific-- for  
2 40 something years at the monastery, Jack  
3 Conway comes to visit, Henry Valentine is still  
4 the patriarch of the Augustinian order. It is  
5 like clockwork. And I told Leonard this, and  
6 he didn't believe this.

7 Q. The next entry, "theft of check"?

8 A. This is the-- I'm assuming the theft of the  
9 check in the Doubletree at 61st and Yale where  
10 I recovered--

11 Q. What town?

12 A. Huh?

13 Q. What town?

14 A. Tulsa, Oklahoma, I'm sorry.

15 Q. All right.

16 A. Where I recovered the \$190,000 counterfeit  
17 check and--

18 Q. When you say you recovered it--

19 A. Stole it back. So I had given it to him, he  
20 saw it and then I took it back.

21 Q. How did you do that?

22 A. I paid the hotel bills, so I could get a card.  
23 And they gave me cards, I had access to the  
24 hotel rooms. So I just went in there and took  
25 the check back out, the fake check, so--

1 Q. And the next entry, "lie Fx Sfe."

2 A. I think that was about sending the \$190,000  
3 check by Federal Express to Santa Fe, and it  
4 was a \$190 check.

5 Q. And the next entry, "Took another 190 in  
6 addition to above)"

7 A. Yeah, this is the 190,000 that we agreed upon,  
8 which was originally 225,000 in Guilder. And  
9 he never got the 190,000 in electronic forms,  
10 which was to go and be made out to Trais  
11 Kliphuis so she could pay off her house and  
12 have a cushion of money.

13 Q. The next entry, "continuing accident proneness  
14 (masked men attempt robbery at Tulsa Corp of  
15 'weapons')." "

16 A. Yes. This is where Graham Kendall was in there  
17 and he had-- in Building No. 3, I believe. He  
18 was-- they attempted to rob him and beat him  
19 up. And believe it or not, the old guy took  
20 the younger guys on and drove them out of  
21 there. It was amazing.

22 Q. Then the next entry, "attorney climbs over  
23 fence and breaks leg)." "

24 A. This is referring to Thomas Haney. He punched  
25 the buttons and got the gate open, but couldn't

1 punch the same buttons because he did the  
2 sequence wrong, got stuck in the missile base  
3 military gate. And I told him not to go over  
4 the front gate, but to go over the side and use  
5 a ladder on both sides. He didn't do it and he  
6 jumped down and broke his ankle and it required  
7 quite a mess to get him out of there because it  
8 was such a long ways. And that's what he's  
9 referring to.

10 Q. Next entry, "7-29-00 (sic) ripped eq with  
11 unknowns and no discussion, final straw. It's  
12 over. Stay away from this guy."

13 A. This was the movement of the lab and--

14 Q. From where to where July 27th of 2000?

15 A. Well, he thinks it's from the Ellsworth site to  
16 the Looking Glass, but actually it was moved  
17 from the Ellsworth site to the Wamego site.  
18 And there was a discussion.

19 Q. And then the next entry, "10/30, ck os was  
20 determined to be counterfeit, (50) same crazy  
21 rip, get away asap."

22 A. Yeah, I think he made a typo there. It was  
23 150. And actually on that particular check, he  
24 never paid me for the counterfeit \$150,000  
25 check.



1 Q. Had you given him a counterfeit \$150,000 check?

2 A. Yes.

3 Q. Under what circumstances?

4 A. To seed capital for an e-commerce company. But  
5 I was wanting to see-- he actually didn't give  
6 me money for that. I was wanting to see where  
7 it dropped into.

8 Q. And continuing on, "Cons: 18 December  
9 'absolutely' last day for contacting H," and it  
10 goes on. What-- what is that?

11 A. Okay. That's contacting Harvard about trying  
12 to get money for the Feds project. The 20,000  
13 was given to him. So that's not a problem.

14 Q. And "WB surgery, 7--"

15 A. Wait, wait, wait, wait, where are you at?

16 Okay. WB. Wait. Where are you at? Use your  
17 pointer. "Presumed Mike Barr," are we in this  
18 area?

19 Q. Okay. Go ahead with that.

20 A. Yeah. These are fictitious names. He got--  
21 one of the problems he had was there was  
22 actually two Warren Buffett Foundations. One  
23 just gives scholarships to children and the  
24 other one gives out funding for different  
25 things. And there was an actual communication

1           problem that occurred. There was a confusion  
2           between which one could be called. And Harvard  
3           got confused. But fictitious names were given  
4           to Leonard to even further compound the  
5           problem.

6           Q. And who gave those fictitious names?

7           A. I did.

8           Q. Why?

9           A. Just to buy time and see what he would do.

10          Q. Why?

11          A. Because he kept pressuring me on it, and I  
12          didn't have any time to handle it correctly.

13          Q. The--

14          A. I never got any money from this thing.

15          Q. Then the next entry?

16          A. "Over to 'Trust for scholarships,' General Mo  
17          calls General Reppert," it's actually General  
18          Reppert, "will do on Monday, then Tuesday, now  
19          Wednesday, you've forgotten again.

20          ('Difficulty with SS')" increases. Then Warren  
21          Buffett had his surgery 7/00. "(Check Omaha  
22          postal authorities)." I don't know what the  
23          "check Omaha postal authorities" means.

24          Q. And the next entry then?

25          A. "Sale time for base (at least a year)" came

1 from Bill, I guess, Bill Wynn. "Where is 1.2  
2 million May/October '99? (August '99  
3 disappeared with 600,000, then ripped 200,000  
4 at airport." Oh, yes, I'm sorry. I'm going to  
5 go back up now, my memory is at-- yes, it is  
6 600, 200 and 300. I now know where the 200  
7 came from, I forgot about that. I had to read  
8 on down. I now agree with his accounting up  
9 there.

10 Q. Describe this entry.

11 A. Say it again.

12 Q. Describe this.

13 A. Oh, yes, we were at an airport, we were at the  
14 San Francisco airport. And for some reason,  
15 Leonard was incredibly uptight, and he did not  
16 want me approaching him while he was getting  
17 ready to fly internationally. And we had just  
18 picked up a large-- large amount of money from  
19 Petaluma Al and--

20 Q. How much is a large amount?

21 A. In excess of 300 or 400,000, okay? And-- and  
22 some other amount of money that I wasn't for  
23 sure of. The transaction was complicated.  
24 When I would approach Leonard, he would get  
25 really-- he said, "Don't even come close to me

1 in the line or anything." What I didn't know  
2 was he was carrying a phenomenal amount of  
3 money in Dutch Guilder, and he was afraid of  
4 his luggage being gone through. And "C"  
5 appeared on the top level parking and--

6 Q. "C" is who?

7 A. Clyde Apperson. And we almost missed each  
8 other. And Clyde needed money out of this.  
9 But back in Santa Fe, I-- I had gotten the  
10 pattern that I was the last one to get paid on  
11 real debts. And I said, "I'm not going to be  
12 the last one to get paid on these incredible  
13 exposures I'm taking." So I took approximately  
14 200,000. And "C" got some amount out of that.  
15 And I was owed money, and it took him some time  
16 to pay me the balance back. But I do now  
17 remember the 200,000.

18 Q. Then the next entry.

19 A. "Where 200? From May 15th." That would be the  
20 225 that we negotiated down to 190, and I was  
21 electrifying it. And I told him that it was  
22 being electrified through the MGM Grand-- or  
23 the MGM casino. "Then showed 190 check (July  
24 4th), ripped it off and lied about it." Sent  
25 not \$200, but \$190 check that we saw the copy

1 of. "Then 'give me two months' 'due to delay  
2 of quarterly check,' then 150,000 os," that's  
3 the seed money here that he never paid for that  
4 was going to be the beginning of this off-shore  
5 bank that would be like the P.I.L.L. Group,  
6 which was a privacy group that would issue  
7 debit cards or what seemed to be like credit  
8 cards, but they would do it with very little  
9 identification.

10 And he claimed he was working with a  
11 Senate subcommittee on banking and/or the  
12 Treasury Department. And that what he was  
13 going to do with this is first it was a good  
14 business project that would grow large. And  
15 second of all, he would feed them dirty money  
16 people to get points with the Government.

17 Q. Next entry.

18 A. "Mabee, Jack/priest available only on Saturday  
19 night." This is bullshit. Turns out this is  
20 40 years of history. He's wrong. "Then 'only  
21 in five state area.'" That's actually true.  
22 They have a rule that they will only deal with  
23 the five state area for capital improvement  
24 items. It's just something that John Mabee  
25 wanted as the rule when he set up the

1 foundation for his estate.

2 "Make up equipment order for Ev." That's  
3 finish the equipment for the quadplex for Ivo  
4 Kaanen in the Netherlands. "Open Venlo and  
5 verify transfer, also check from trust for  
6 Graham. Make sure these go through before any  
7 further agreements (and 190 is paid back) on  
8 August 12th." "Determined to be counterfeit.  
9 (150) 10/30. Same with os seed capital."  
10 These were all negatives about me. And then  
11 the only pros I get was detail--

12 Q. Tell me this, describe the, "Open Venlo and  
13 verify transfer." Describe this. What's going  
14 on there?

15 A. Well, Venlo and Venrod were names of machine  
16 tool companies, subcompanies that were  
17 underneath trusts for laundering money. And  
18 one of them was up in the Channel Islands, I  
19 believe. And I had been trying to find this  
20 depository that they had and could not find it.  
21 And I eventually generated a check that was  
22 counterfeit that went to Venlo and knew that  
23 that would certainly identify where that  
24 account was at. And Venrod was another one of  
25 these off-shore corporations.

1 Q. And then, "same with os seed capital." What is  
2 that?

3 A. That was to start the company up that was going  
4 to be the off-shore e-company that was going to  
5 be on the Internet and issue debit cards and  
6 credit cards that would be used for people to  
7 anonymously move across. And he had some of  
8 these credit cards and was always trying to get  
9 me to get some. What you do is open up a trust  
10 account and the money would be swept in there  
11 and there would be pin numbers, and you could  
12 get it opened up under any name. You just give  
13 them a name and they would put it in there and  
14 you could get the credit card. In fact, there  
15 was a credit card with Bruce Niemi's name on  
16 it.

17 Q. And then the next item?

18 A. "Pros." This was the only value I have.  
19 "Details for realty agents, (OK on that one)."  
20 That means I'm good on locating space for labs.  
21 "Travel (OK with credit card)." He used my  
22 network to travel through and credit cards of  
23 the corporations. "(OK with placement? Wait  
24 and see FAILED/RIP." He was trying to figure a  
25 place to place large amounts of physical cash,

1 and he was determining if I was good at that or  
2 not.

3 Q. Okay.

4 MR. HOUGH: Judge, this may be an  
5 appropriate time to stop for the day.

6 THE COURT: That's agreeable with me.  
7 Ladies and gentlemen, let's now take a recess  
8 until-- and adjourn until 9:30 in the morning.  
9 We'll see you here at that time and remember my  
10 admonitions. Mr. Bailiff.

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UNITED STATES OF AMERICA )  
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DISTRICT OF KANSAS )

C E R T I F I C A T E

I, KELLI STEWART, Certified Shorthand Reporter in and for the State of Kansas, do hereby certify that I was present at and reported in machine shorthand the proceedings had the 4th day of February, 2003, in the above-mentioned court; that the foregoing transcript is a true, correct, and complete transcript of the requested proceedings.

I further certify that I am not attorney for, nor employed by, nor related to any of the parties or attorneys in this action, nor financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal at Topeka, Kansas, this 7<sup>th</sup> day of Feb., 2003.

Kelli Stewart

KELLI STEWART

Certified Shorthand Reporter