picture of Stefan Wathne, but I have spoke to
him on the phone four times or less, but
probably about four times.
Q. Have you had conversations with Mr. Pickard or
someone else in the conspiracy about Mr.
Wathne?
A. John Halprin, Mr. Pickard, numerous-- Alfred
Savinelli, numerous conversations.
Q. Okay.
A. And this is the man who was always-- you know,
that we were in a rush to get over the Golden
Gate Bridge to deposit the money to, who
supposedly had a jet, private jet, waiting for
him. That's why he was always in a hurry.
Q. And his role within the context of the
conspiracy was what?
A. He was a money launderer that was supposed to
research-- recycle the money and put it
off-shore or bring it back, I don't know.
Q. Okay.
A. But it-- there's many stories. Once it was in
the Russian bond market. And then miraculously
when the Russian bond market collapsed, Wathne
had just pulled the money out. I suspect it
never once did anything but go into Mr.
Wathne's pocket.

Q. How much money are we talking about based upon your conversations with Mr. Pickard?

A. $1,169,000 is the last thing I can remember, not including interest or other agreements. And that was the off-shore money, not including the money that was used to go to like UCLA, because Wathne was part of that cycle to put the Guilder into a Russian's name who then donated money to UCLA.

Q. Why Guilder? What, if anything, was the significance of Guilders?

A. We were in surplus with Guilder, we-the story given to me was that--

Q. By who?

A. Leonard. Was that Petaluma Al's main customers were European and they were exploding in their need for LSD. And, therefore, all of a sudden when we wanted concentrated-- nothing worked out right. Whenever we needed any given thing, we would get the wrong thing. We never had good balance. We would either-- it was a feast or famine in whichever currency we didn't need. And we got flooded in with Guilder, which created quite a-- a story for us of how to deal
with it because the Guilder was dropping. And
we had to figure a way to convert that and to
electrify it. And that was quite an operation.

Q. And why was the Guilder dropping?
A. Just because of the ECU was coming on line and
the U.S. dollar was very strong, it was just--
it was-- you know, if we had that crystal ball,
we would all be billionaires right now. So,
you know, it was just the nature of the
currency got weak against the U.S. dollar, and
we just happened to end up with a ton of them.
And that was the second most concentrated form
of currency we carried.

Q. And what was the first?
A. Thousand dollar Canadian notes.

Q. And where was that coming from?
A. All I know is Petaluma Al.

Q. And the problem you had with the Guilder, how
did you attempt to resolve that?
A. Well, I would go down to Vegas and I would have
my smurfs unload as much as they could do to
keep under FINSEN requirements. And they would
hit every casino. Interesting story; when we
showed up, no one in Vegas-- no cashier,
changer or anyone had seen a thousand Guilder
note and they had to look it up in the book. By the time we had done this for three months, there wasn't a casino that just didn't take them, they never looked them up in the book and they knew them completely. We dumped that much in Vegas.

Q. About how much did you dump?
A. I don't know, a minimum of—I don't know, more than 750,000. I'm not for sure. I'm confused because I don't know how much was handed to me at given times and such.

Q. And it would be handed to you at given times by whom?
A. Pickard, yeah, so—

Q. Did he ever participate in the laundering scheme in Vegas?
A. Minor participation.

Q. Was that something that was delegated to someone else to do by him?
A. Maybe he would tell someone—he would hand someone some Guilder and say, "Go do it," but usually it was me. But remember, also—I want to further this Guilder. There was what we call our monthly payroll of about 80,000 a month that we supported people with and—
Q. What did it consist of?
A. What do you mean what did it consist of?
Q. 80,000 supporting people, describe that for us. Who were you supporting?
A. Some people doing research like Mike Bauer and some people that Leonard was just helping out that were girlfriends of his. And so the 80,000 a month when we would get a surplus of Guilder, he would just put the Guilder in Fed-Ex envelopes and give it to them and let them worry about how they were going to-- we had an imbalance that lasted for some time, just like we would have imbalances between 50s and 100s.
Q. Okay.
A. The next page, myself, and Bill Wynn, but he was a-- an unknown-- unwilling-- or not-- he was a-- a co-- a conspirator, but he wasn't knowledgeable of the fact. Do you see what I'm saying?
Q. Unwitting?
A. Unwitting, whatever you want to call it, yeah.
Q. And to what extent and in what regard?
A. He drove Leonard around and he really didn't know what was going on in the bay area. He did
rent-- he did see vast amounts of money picked up. And he kind of buddy-buddied around with Leonard and he also created a fake ID for Leonard.

Q. Okay.

A. Trace Kliphuis, another, I don't know, wife, girlfriend of Leonard who has a child of his. And she accepted large amounts of Guilder, and I was supposed to launder $190,000 for her.

Q. Did that occur?

A. No.

Q. Why?

A. I sent a check and it was $190, not $190,000.

Q. To who?

A. To Leonard in Santa Fe, New Mexico, made out to her.

Q. Was it a good check?

A. Yeah.

Q. And so how did that work?

A. Well, he was very uptight and he wanted a check sent, so I sent him a $190 check instead of a $190,000 check.

Q. As a gag?

A. Well, yeah, I guess so.

Q. How did that go over?
A. Not well.

Q. What ultimately happened as a result of that?
A. I don't know what ultimately happened.

Q. Between you and Mr. Pickard.
A. Oh, he just got really upset with me. Again, myself with all sorts of phone numbers on me. Again, Bill Wynn's name and Gunnar Guinan.
Gunnar was basically an unwitting co-conspirator until we had to move the lab at the end.

Q. What exactly did he do unwittingly, to your knowledge?
A. Leonard needed some Guilder-- okay, first of all, in Santa Fe he went out and bought trailers and he would buy cleanup stuff, and he just thought we were cleaning the house up. And there wasn't any unusual things bought, so nothing went up on his antennas that I know about, you know, maybe he thinks something. He never reported back to me that he thought something was strange.

And then later on when Leonard ran out of U.S. dollars in Kansas, he went by-- both Clyde and he went by and got Leonard-- I mean got Gunnar to convert a thousand Guilder notes over
of which I said was-- I was-- they didn't call
me to ask my permission. And in a town like
Wamego, I considered that an incredibly foolish
move.

Q. Why?

A. Thousand Guilder notes are odd. Number two, we
had had a counterfeit money problem and these
were old thousand Guilder notes, which I didn't
even know until I saw the xerox, because I
wanted to see the transaction. The new
thousand Guilder notes are not-- you cannot
counterfeit them, they have-- they're amazing.
I hope we see some of them. But the old ones
would be easy to counterfeit, and I was worried
that if anything sent off a flag, we would be
in a serious trouble from that.

Q. Okay.

A. Wendy Aitken was an unwitting co-conspirator
who I dragged in accidentally just because I
asked her to rent a place, a condo, and Leonard
asked me to do that. And she fortunately and
through great wisdom turned me down on it after
she said she would do it. And then after she
thought about it, she said no.

Q. What was the purpose of having her rent the
condo?

A. So that it wouldn't show up on-- as an address of his or mine.

Q. And what was the purpose of having the condo?
A. He wanted a place for Natasha and he to stay at. Vicky Scheffield, again an unwitting co-conspirator, I don't even know-- these are such strange phrases. She just did travel arrangements for us and cash would go in to pay for it and--

Q. And the cash was proceeds?
A. It was given to me from Leonard to pay for tickets and stuff.

Q. Okay.

MR. RORK: Judge, he indicated "we paid for it," ask him to identify who the "we" is.

MR. HOUGH: Judge, I believe I heard him say Leonard.

MR. RORK: That was for cash, then the next question--

A. I-- I would usually be the one who would go in and pay to World Travel.

Q. (BY MR. HOUGH) World Travel where?
A. Tulsa, Oklahoma.
Q. With money that you received from whom?
A. Leonard.
Q. Okay.
A. Well, that brings up-- another alias that Leonard used was Gordon Todd Skinner.
Q. Under what circumstances?
A. I have no idea how much and how many times he did it.
Q. To your knowledge, when was it done and why?
A. Sometimes it was done with my permission and sometimes it was done without. He used a credit card, American Express of mine to buy tickets all over-- to travel all over the world, and that was with my permission.
Q. Why?
A. Why what?
Q. Why let him use your credit card to do that?
A. Because he would give me money and he needed it. And also, I could keep track of where he was moving around to through--
Q. Why was that important to you?
A. Just wanted to know where everyone was at.
This is a weak entry and I'm reading difficult writing, but I believe it says Joris, another unwitting--
Q. How do you spell that?
A. Well, here is how it's spelled, J-O-R-I-S, which is the correct spelling. That would be from the phone number with the area-- I mean the country code being 31, I assume that this is Joris Connadon F. (Spelled phonetically), who was a friend of mine since I was-- I went to-- to school in Europe with his older brother named Ivo (spelled phonetically). And Ivo and Joris both-- or one of them owned a large company called De Haven's Corporation of the Netherlands. And they were going to-- we had created a plan for what was called a quadplex LSD manufacturing system. This was--

Q. "We" is-- who created that?
A. Leonard and myself. I guess Clyde-- no, I can't-- I can't say that. So Leonard and myself. And this was going to hopefully, if the theoretical thing worked, it was going to quadruple production of LSD.

Q. And how was it supposed to work? Was it a new formulary or what?
A. No. We would have four stations and while you were waiting for one process to finish, rotate to the next and rotate to the next, rotate to
the next. Therefore, it was called a quadplex. It would be incredible work. It was one of many future plans to try and get production up and get the amount of time it-- and exposure to the chemicals down. There's another more elaborate one, if you'll remind me to go back to it.

Q. Tell us now.

A. Okay. Well, then you've got to remind me to go back to Joris, one side or the other, okay? The other more elaborate plan, and I'm embarrassed that I cannot remember the name of the machine, it was a very advanced machine, cost around $5 million that could be programmed to synthesize with no human present LSD. And we wouldn't have to be present at all and we would have a continual stream of high quality LSD being produced.

Q. Why did that not materialize?

A. Well, first of all, you have to get someone smart enough to program this thing that you can buy off. Number two, you've got to launder $5 million and not throw a million red flags off. And I suspect that those machines are relatively controlled. So we would have
probably have had to have done some sort of a
black box operation.

Q. What do you mean by a black box operation?
A. I'm sorry, a black bag operation.

Q. What do you mean by that?
A. You order the machine and you wait for it to
show up and then you steal it so that nobody
knows who it went to.

Q. Was that the type of a thing that occurred
ever, to your knowledge, within this
conspiracy?
A. I will have to think about that for a second,
so-- I'm not-- I'm not being difficult, I--

Q. Okay.
A. I've got multiple things going on in my mind I
want to get answered. Back to the Joris thing.

Q. Okay. Do that, go back to Joris in the book.
A. Okay. The Joris thing is that Joris and Ivo
both were misled by myself and Leonard in
person. I was not there. They were each
handed 25 1,000 Guilder notes, which is nothing
to them, it was just a good-faith down payment.
And we had concocted this story that we were
going to make knock-off Viagra, and we wanted
them to be the front end to buy all the
equipment. And their corporation was easily big enough to have done it.

Q. What was the purpose of doing that?
A. To assemble the quadplex and to move the lab to the Netherlands where the laws were more favorable in case things went up in smoke.

Q. Were steps ever undertaken to move the lab to the Netherlands?
A. Well, Leonard physically went to Amsterdam and met with Ivo and/or Joris, I don't know, and he gave the money, but I don't know if he ever gave the list of equipment because I got two stories from him, so I don't know.

Q. Okay. Now, was there ever a backup lab, to your knowledge, a backup lab to the one that was seized in this case?
A. Not to my knowledge.

Q. Were there ever efforts or attempts made or discussions had between you, Mr. Apperson, Mr. Pickard to obtain or get a backup lab up and running?
A. Nope. What was going to be done was this lab-- there was an argument--

MR. BENNETT: Well, Judge, I again would ask that if-- if he's going to be talking
about what somebody-- some discussion he had
with somebody, I would like a-- an
identification as to the time and as to the
individual that this allegedly occurred with.

MR. HOUGH: Judge, I believe the
witness will answer in that fashion, given the
opportunity.

THE COURT: Well, I thought he first
said it was-- there was no-- and now, we're
getting into it.

MR. HOUGH: A discussion, but not it
coming to fruition was the question.

THE COURT: All right. Try to
identify who-- who we're talking about.

A. First I will answer no, there was no backup
lab. Second, there was many discussions, but
it wasn't a backup lab. What we were-- and
both Apperson, Pickard and myself talked about
this lab needed to be retired. This lab was at
the end of its life in many, many aspects.

Q. (BY MR. HOUGH) Such as?

A. The equipment was wearing out, it was filthy,
it was so dirty, you can't imagine. It was
contaminated beyond belief. So the argument
between the three of us was--
MR. RORK: Excuse me. Your Honor, may we approach the bench for a second?

THE COURT: Yes, you may.

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

MR. RORK: Judge, I notice that this-- I just happened to notice there's three agents in the room. Mr. Sorrell is sitting at the counsel table, he was allowed to be here yesterday in the place of Mr. Hanzlik. Mr. Hanzlik is back by the door. You had allowed two case agents and one substitution yesterday. This morning there was Mr. Nichols and Mr. Hanzlik at the counsel table. I would ask that that remain that way and that the-- your ruling of two agents be in the room be adhered to and that the other agent be out.

MR. HOUGH: Judge, I have no problem with that. Over the lunch hour we learned of a problem with Pedro Guadalupe Teniorio-Matias, a health issue, and Agent Hanzlik left to address that. And in his stead, Agent Sorrell stepped up. I didn't realize that Agent Hanzlik was back. But with him back, we agree that Agent
Sorrell should leave.

THE COURT: You go ask the one to leave.

MR. HOUGH: Okay. Thank you. I just-- I've had my back to that, so I lost track. I need to find out, too, what the status of the man's health is.

MR. RORK: And if they're going to substitute people, at least let us know ahead of time or ask your permission.

MR. HOUGH: I have no problem with that, Judge.

THE COURT: All right.

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

THE COURT: Would the attorneys come back up just for a moment here.

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

THE COURT: I-- I think we ought to ask Agent Sorrell to leave. I didn't realize he was going to be in and out of here on a
rotating basis. And I thought I had excused him and, of course, then the Defendants asked to keep him available, but--

MR. RORK: And he said he was going home sick, but--

THE COURT: But--

MR. HOUGH: Well, Hanzlik was sick.

THE COURT: Well, I think you-- I don't think you should be using him on a rotating basis.

MR. HOUGH: Okay. I told-- I told him that he needed to stay out of the courtroom when he left, Judge, so--

THE COURT: All right.

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

Q. (BY MR. HOUGH) Mr. Skinner, you were describing the argument between yourself, Mr. Apperson and Mr. Pickard that occurred as a result of the condition of this lab. Can you continue that?

A. Maybe I should better describe that as a discussion.
Q. Okay.

A. We were trying to figure out what to do and Leonard's statement was, you've got to remember that if we keep this lab as a backup lab, it's got to be hidden and contained, quote, just like a nuclear bomb, because it's a smoking gun that would put us all in prison. The problem was some of the items were very hard to obtain, and the other thing was-- is that we-- we didn't know what to do, we didn't know to destroy it or to retire it or to mothball it. And we never came to a resolution of that. But there was one thing that we did resolve, that both the European operation and the U.S. operation would run parallel until we were able to fully establish the European operation and get the hiccups out. And we knew that it would take a lot longer in time estimation, work theory, you always add a substantial amount of time. In an illegal covert operation, you add even more time because there's more hiccups because we do not understand the protocols of the country we're moving to. There was one other reason for the European lab when you were asking why we wanted to do the Netherlands, the
ET or whatever source was located in Europe and was accumulating at the Dutch border.

Q. Was accumulating where?
A. On the Dutch border, the German/Dutch border.

Q. How did you know that?
A. From Pickard.

Q. What else did he tell you about the ET source?
A. Do you mean the person?

Q. Anything at all about the ET source.
A. Yes, that-- I mean, I-- I knew his-- his-- I knew what he looked like, I knew that he had had plastic surgery by a Canadian doctor that was female that took 50,000 Canadian dollar notes, that he had legal problems, that he had a potentially sealed indictment, that the ET source's long-term associate had rolled on him, that the ET man was wanting to go to live in Italy and retire, and that-- and-- you know, I'm trying to think of any other things. They would have arguments. I overheard messages where they would leave messages. We had these-- one of our phrases was sometimes the best way was the low tech way. We had these incredibly interesting ways of using cheap low technology to communicate.
We would go by Rhode's truck stops and buy their little calling cards for truckers and we would then program them in and use those as a messaging system for the organization. And we would burn them up. And sometimes it was much safer to use cheap communications. On one of those I heard some incredibly bitter arguments, that Leonard was-- was in an argument with the ET guy. The ET guy was very hostile towards him for being behind schedule on everything.

Q. What period of time did that occur?
A. I think we were in the lobby of an Embassy Suites sitting on Highway 101 by-- I need help with the area, it's above Sausalito.

Q. And did this--
A. And I'm trying to give the date. I'm trying to key it by where we were at.

Q. Where was the lab at, San Francisco?
A. No, no, no. The lab was in-- it could have been in Santa Fe when that argument happened, I don't know.

Q. Okay.
A. So--

Q. You also talked-- well, strike that. Are there
any other--

A. That was it.

Q. Go ahead and remove your tabs for reference.

And during the course of your earlier testimony, you talked about using storage units to store cash. Do you recall that?

A. Yes.

Q. And can you describe for us the where and the when?

A. Okay. Let me think about the name of the town. San Anselmo I believe is the name of the town.

They're all so close together.

Q. In what state?

A. California.

Q. Okay.

A. Off of Highway 101 on the way to San Rafael or maybe San Anselmo is on past there. I'm sorry, these things are all just bunched together, so it's hard for me to tell when we move from one.

We had a storage unit there that-- first of all, the first experience I had there was we went to pick up a bunch of money from Petaluma Al, but there wasn't enough money there to complete our obligations for the day. And we're driving along and out of nowhere Leonard
says, "Oh, let's go stop over here in this storage unit and there's money sitting in it."
And I said like, you know, "How is that going to help the fact that we're this short on money for what we've promised to deliver today? And he said there was approximately $400,000 in the unit and he had a problem, and that was that he wasn't for sure if the money was safe to go pick up.

So what we did was I went in there, rented another unit under my name, or Todd Roth or some name. And then I went and cut the lock off of that other unit so there would be no suspicion because I signed in using the one unit. And there was a Donald Duck or Daffy Duck toy on a bag and-- and indeed there was a lot of money in this sack. And I took it down, we threw it in the back trunk of the car and then we drove with that money and other money into San Francisco.

Q. This occurred about when?
A. I can't-- I can't tell you.
Q. Sometime after--
A. '98.
Q. '98?
A. Yeah.

Q. Were there other storage units used during the course of the conspiracy and in furtherance of the conspiracy, to your knowledge?

A. Yes.

Q. And describe that for us.

A. Well, I don't know the name of the storage units, but a number of storage units were used in Santa Fe to both put personal items in, finished LSD and the entire lab itself.

Q. And who moved the items in and out, who rented them, who paid the bills for them?

A. Mike Hobbs rented some of them, Leonard obviously had some that he rented, I don't know who rented them for him, maybe other employees rented them of mine and-- sorry. And there was some storage units in San Francisco that I knew about, but I didn't actively use. And then there were some storage units in Europe.

Q. And who did the moving in and out of the items relative to the storage unit?

A. Which storage unit?

Q. Any of them.

A. I mean, it could be anyone from Petaluma Al's guys trying to find LSD when they couldn't find
it, to Leonard getting personal possessions of
his out of his personal units, to Mike Hobbs
moving an entire trailer with a lab in it into
a storage unit, from me going to put money in
or out of a storage unit.

Q. And to your knowledge, did Mr. Apperson do any
of the moving of items in and out of the
storage units? For instance, in Santa Fe.
A. I can't say that he did.

Q. Okay. During the course of your association
with Mr. Pickard, have you seen him write his
name, author documents in his handwriting?
A. Plenty.

Q. Are you familiar with his handwriting?
A. Very much so.

Q. Did you recognize the handwriting in the
address book that was Government's Exhibit 211
from which you've just testified?
A. Yes, I recognize his handwriting that was
present in that book.

Q. Okay.

MR. HOUGH: May I have just a minute,
Judge?

THE COURT: Yes, sir.

Q. (BY MR. HOUGH) Sir, you indicated a moment ago
that you would-- that there was more to black
bag operations. Can you elaborate on that any
further?

A. I would like time to think about it so I can be
thorough, and I mean-- and I'm not avoiding
this question, I want to be clear on it.

Q. What comes to mind as you sit there now?

A. Well, I'm just blank on it. I mean, you know--
I'm just-- you know, I'm trying to think about
any situations like that. I'm not avoiding the
question, I just--

Q. Earlier in your testimony, you talked about
discussing with Mr. Pickard and Mr. Apperson
legal problems that the ET source was having.
What was your understanding from them of those
legal problems?

A. It was from the informant that they had wanted
to call.

Q. And that was located in what state?

A. I keep saying Oregon or Washington or both.

Q. Okay. Now--

A. I think if I was-- if I was forced to vote that
it would be Washington, but I can't do that, so
I-- if I had to make a guess.

Q. How long was the lab up and operational in
Santa Fe?

A. Approximately two years I would say. It could have ran over two years, you know, I mean, I don't want to be-- you know, I would need my notes and stuff.

Q. And you indicated earlier in your testimony that yourself, Mr. Pickard, Mr. Apperson and Trace Kliphuis traveled to the Salina area where you stayed?

A. To Topeka in a private plane and then we stayed in Manhattan, Kansas, in a Fairfield Inn, I believe, and then-- no, not Salina, that-- that "C" and I, Clyde Apperson and myself went to Salina and went to the base and Leonard and Trace stayed in Manhattan--

Q. Okay.

A. -- in the hotel.

Q. How did you find out about or know about this Atlas F base near Salina, near Carneiro, Kansas?

A. Missile base owners are a small group and we all communicate across the United States. And in this particular case, this was a-- a-- this particular one I had made a bet with the guy that he couldn't-- not come even close to doing
it at the budget he had set out to do it. And he had made a statement to me before I ever bought a missile base that for 36,000, you can do this to a missile base and I said something like, "I don't think you can do it for half a million dollars." And he ended up buying an Atlas F.

Q. What's his name?
A. His name was Tim Schwartz.

Q. Was he ever involved in any way, shape or form, knowingly, with this LSD ring?
A. No.

Q. Okay. And so you met him just through ownership of a missile base?
A. Nope, nope. Actually, he's the first person to ever show me a missile base. So he actually was involved in selling missile bases.

Q. Okay.
A. And he was partners with Edward Peden, and they had formed some sort of a partnership called 20th Century Castles. And he was a very bright guy, very creative. I won the bet, by the way. He didn't even come close to doing it for what he thought he could. I mean, a very wealthy man.
Q. And tell us about this Atlas F and how it was that-- that you saw it and learned about it and came to get it for the LSD lab?

A. First of all, he bought it for next to nothing, and he immediately-- at some point when I had time, I went over to see it and I saw it in its early stages of development and then he had been working on it. But he bought it with his wife at the time and she divorced him and he went into a deep depression. And he came over and said something like, "You've done such a great job with yours, will you just handle this, because I'm going to go travel the United States." And he turned it over to me and I paid him some sort of amount of money for it, you know, doing it. He was-- he would have probably done it for free, because he needed someone to manage it. He was very depressed, couldn't go there. It bothered him.

Q. Ultimately, did Mr. Schwartz die?

A. Yeah, he committed suicide.

Q. Do you have any idea at all why?

A. Well, according to people that knew him really well, he had been suicidal--

MR. BENNETT: Well, now, Judge, I'm
going to object to what other people told him.
That's not part of this conspiracy.

THE COURT: I will sustain the
objection, we don't need this.

Q. (BY MR. HOUGH) Did it have anything to do with
you or this conspiracy?
A. No. Am I allowed to say what-- he told me why
he wanted to kill himself.

Q. That's all right, let's move on.

MR. BENNETT: Well, Judge, I'm going
to object to what he told him as well.

THE COURT: Go on.

Q. (BY MR. HOUGH) After you had had this
conversation with him and he turned it over to
you, what happened?
A. I then-- well, I mean I had some minor cleanup
done in it and I think I sent Lupe over to
clean it up and I-- that's-- afterwards I
brought Clyde and, you know, Leonard and Trace
in. And Clyde made the decision, yes, it's a
go. And then I had some more cleanup done in
it, but I didn't complete all the things I was
supposed to.

Q. And the cleanup was performed at least in part
by Lupe, according to your testimony?
A. Laying tiles and getting dirt out of there and such. There may have been some other minor cleanup done by other employees, I don't know.

Q. Do you recall approximately when that occurred?


Q. Okay.

A. Something like that.

Q. And what happened next after you and Mr. Apperson had the conversation with Mr. Pickard that you've testified about, what was the next step after it was agreed to move the lab there?

A. Well, we wanted-- okay, this-- this-- we need to go back to Santa Fe to describe this, so we're going to go back in time, we're going to go back and talk about what was going on. I still was running what I call a shell game, you know, a situation of trying to use decoys. And one of my--

Q. For what purpose?

A. To make sure that that lab was not hot and that we did not have problems, I want to go into a thorough description that we took out of the expensive house the lab and packed it into a storage unit. Leonard and Clyde did not know
this. Mike Hobbs and myself had made the
determination at that point that if something
happened-- and remember, he did not know what
the nature of the lab was, he-- I don't even
know that he knew it was a lab. He knew
whatever was in there was a troublesome
problem.

Q. "He" being whom?
A. Mike Hobbs.
Q. Okay.
A. And I told him that whatever is in there, no
one can ever know about. And-- and he and I
spoke about it and we decided that it was not
wise for us to trust Leonard and Clyde to be
out running around doing whatever in case they
got busted and could say that a lab is in this
house, so-- and also, it was a monetary
decision because $800 a day for renting a house
is a lot less (sic) than $200 a month for
renting a storage unit. So we took the lab and
moved it into a storage unit. Which, as an
accident, ended up to be right within visual
sight of Mike Hobbs' then girlfriend's
apartment. So he would keep an eye if anything
ever went strange. And that was not-- that was
an unintended consequence of that decision.

And then we still were nervous, and what I did was, is I-- I wanted to collect possessions and stuff and I needed to move the DMT that we owed to Alfred. And I had some vehicles, a truck, possessions that came out of-- I'm trying to remember where these possessions came out of, just stuff that I had on the West Coast, personal items. And I had a yellow Ryder truck, I don't know what it was, Mike went and rented it. And we drove down-- we collected everything, and we moved the DMT, we drove down to Santa Barbara. There was a number of us in this party, because there was a number of vehicles.

Q. Who all were there?
A. Boy. Well, definitely Mike Hobbs and his girlfriend, Sheila Patel, a woman named Sita. I believe-- no, no, we picked up a man in Santa Fe, and that-- that group drove, and there may be someone missing, all the way from a Santa Barbara to Santa Fe.

Q. Why?
A. Well, first of all, I needed to get some possessions back to the middle of the United
States. And I was planning on spending the Christmas time with my children, and Thanksgiving. It was time that I would go to that area and-- you know, just-- I was going from the West Coast and I was going to be living in the middle of the United States for the next month or two months.

Q. Then what happened?

A. Oh, and also I knew I had to-- we were going to be soon moving this lab. So we went to all of our normal places in Santa Fe and made as much of a noise and splash as we could.

Q. "We" being who? All the people that you just described?

A. All the people I mentioned and then Leonard and Clyde showed up because we had to pay the approximate five ounces, four ounces, I don't remember, in grams, that was just a down payment in dimethyltryptamine to Alfred Savinelli. And it was-- I can go into details about that if you want.

Q. No.

A. Okay.

Q. The next step, then, next thing that happened was what?
A. Trace, Leonard, Clyde and myself took an airplane. And the employees plus the men all took the vehicles back using different routes to see if anyone got pulled over.

Q. Why?

A. Because I wanted to make sure that we could move in and out of there without any Government agencies doing a random pullover because we were under, you know, suspicion. That was our second decoy move.

Q. What was the first decoy move?

A. I can't--I can't tell you. It was the movement of art in the white trailer that was rejected by Leonard because it was too small to put the entire lab in. And so I had bought smaller--

Q. It was movement from where to where?

A. From Santa Fe to Wamego.

Q. Okay.

A. And that trailer was moved and nothing happened, and it was moved by Gunnar Guinan's truck, which I had to pay some exorbitant fee because he said it did a lot of damage to his truck doing it. Then the next thing was this giant movement, and no one had any problem on
that one, using different paths. So I was
beginning to come pretty-- become pretty
confident that we were not being watched. And
that set up for the ability to turn the lab
back over to Clyde and Leonard and let them
worry about driving that lab into Kansas.
Q. And did that occur?
A. Yes. The-- this left us with an empty white
trailer that odd and end possessions of Leonard
were thrown into.
Q. When?
A. It was just the dumping of a lot of-- November,
I don't know, November, December of '99. But
what's-- what's important is that many of the
files that everyone thinks that I saw in
November of 2000 were all there, and I had seen
them six months before and three months before
that. These were not new files for me to see.
Q. Okay. And the files you're discussing that you
saw in November of 2000 were what?
MR. RORK: Excuse me, Your Honor, I
would first like him to identify who it is that
are concerned about what files he saw.
MR. HOUGH: Well, Judge, after he
tells us what the files were, then that's the
THE COURT: Go ahead.

A. First of all, they were personal possessions of Leonard's, there were a few nonincriminating lab items in there, i.e., helium tanks, a few things like that. And then there were some computer items, computer screens, probably some computers. And then the files were files that Leonard kept in these little kind of metal wire boxes that he bought from a place like Office Depot or something, and they were in little green file folders that were all stacked up.

Q. (BY MR. HOUGH) And who was it that was concerned about you seeing them in November of 2000?

A. Mr. Rork.

Q. Can you--

MR. RORK: Well, Judge, again that misstates the evidence. I think he was talking about the files were talking about being concerned-- he was talking about being-- he was going to be confronted with at this trial, that I saw them in November of 2000.

MR. HOUGH: Judge, the witness'

answer stands for itself.
THE COURT: Overruled, go ahead.

Q. (BY MR. HOUGH) Prior to the lab moving to Kansas, was there a discussion between yourself, Mr. Apperson and Mr. Pickard about where was good or bad or indifferent to move the lab to, did that type of a discussion occur?

A. All right. Please-- please help me with-- I'm not being difficult.

Q. You went-- you testified the lab was moved from Santa Fe to near Carneiro, Kansas or Salina?

A. Right.

Q. And you described for us coming to Kansas and the decision being made. But prior to that, did you and Mr. Apperson and Mr. Pickard or any combination thereof have a discussion of where it was not going?

A. Yes.

Q. And who participated in that conversation?

A. All three of us.

Q. And tell us about that discussion.

A. Nowhere in New Mexico.

Q. Why?

A. Because of the UDV bust from Customs. Number two, because of the situation with Alfred
Savinelli being there and being on hostile terms with Leonard. The third reason because too many people knew Leonard's face because we ran into three people he knew in one day in Santa Fe. The next problem was that it violated the two-year rule. And we-- we had just been there too long.

Q. Was Tulsa discussed?

A. Yes.

MR. RORK: Judge, again, I would ask-- that's a leading and suggestive question. He can say where else was discussed. I object to counsel continually testifying.

MR. HOUGH: Judge, I'm far from testifying. Very simple question, nothing inappropriate about it.

THE COURT: What-- Mr. Rork, tell me what-- what is it you want to--

MR. RORK: The problem was he's asking where was this lab moved, and then he goes, "Well, was Tulsa discussed, was this discussed," I think he can ask him where was it discussed the lab was moved, but to suggest an answer is what I object to, Your Honor.

THE COURT: Well, I see no problem.
Overruled. Go ahead.

Q. (BY MR. HOUGH) You may answer it.

A. Yes, Tulsa was a backup, into property owned by my family. And it would be-- it would be going into warehouse space. And Leonard said there's no way he was going to have anything in a warehouse.

Q. Why?

A. He hated the environment. And it was too close and cluttered and he didn't want to be having-- anyone could have surveillance on him and him not knowing, from the Mountain View experience. Because they were all over him and he didn't know it.

Q. Any other sites discussed other than that?

A. Well, we had a big discussion about sites. I'm going to reach for this one, because I have two conflicting memories, so I'm going to just have to say what they are.

MR. BENNETT: Judge--

A. I'm sorry, I--

MR. BENNETT: He said "we" and we've moved to another subject now, and I would like to know who "we" was and when this discussion was.
MR. RORK: And, Judge, I would like to object to these conflicting thoughts that he has, to have them outloud. He can think to himself and then express them outloud and say, "Oh, that wasn't the right one." And I object to it.

MR. HOUGH: Well, Judge, we would ask that the witness be allowed to answer the question as it was posed. The witness was in the process of responding before he was interrupted. Until he articulates the answer, we would submit that the objection is inappropriate at this point.

THE COURT: Okay. I will sustain-- I will overrule the objection. You may go ahead.

Q. (BY MR. HOUGH) Okay.

A. "We" being Clyde and Leonard and myself discussing another area. The conflicting memories are that they are not-- they're conflicting in that they are both true, but they are-- they were mutually exclusive. Now I will--

Q. Just tell us what they are.

A. Right. One was I was slipped a piece of paper, and I believe I have produced this, that said,
"Find an abandoned mine shaft in Nevada."

Q. Who slipped you the paper?
A. Leonard. And buy it and let's put the lab into a mine, an abandoned mine shaft. And you have the generators, you have the technology, go in there and make an industrial project out of it. I want a long road. The conflicting part is that Clyde and Leonard said we're never going back to the Vegas area - and maybe he said Nevada area - again in our lives because we have burned that area up. So that's why I'm trying to say-- I mean, some of these are complicated questions.

Q. They burned the area up how?
A. I don't know. I mean, just labs or something there, I don't know.

Q. So what happened then next after the Atlas F was chosen?
A. Say it again.

Q. What was-- what happened next in the chronology after it was decided and chosen that it would-- the lab would be moved to the Atlas F?
A. Approximately 90 days, you know - we have to look at records past - before we, Mike Hobbs and myself, turned the lab back over to Clyde
Q. How did that happen? Describe that.
A. I believe I was not present in the state. I'm not for sure.
Q. Did you have it done, was it done at your--
A. I'm the one that told Mike what to do.
Q. What did you tell Mike to do?
A. Told Mike to go get it out of the storage unit.
Punch the code and see if it works before he does that on the closed community gate where the expensive house was, park the thing up on the road until Clyde or Leonard or whoever he met, "I've already moved it out here, here's your baby, bye."
Q. To your knowledge, did that happen?
A. Yes.
Q. And then what happened next?
A. The-- Leonard and Clyde in a caravan using walkie-talkies moved the lab into the Ellsworth site.
Q. Do you recall when approximately that occurred?
A. It had to have happened after the Christmas time, I-- I'm--
Q. Of what year?
A. Of the-- of-- of 1999.
Q. Why did it have to be after Christmas?

A. Because locks had to be changed, and I told them I wanted the hockey puck-- hockey puck locks changed. And they told me they did this. And a little bell went off in my head that this was too risky to trust them to do this and me not check it. And so it happened to be that my girlfriend, myself and my two children went out there, because I wanted to check it. And I checked the hockey pucks and indeed their hockey pucks-- locks were not changed. And which ended up being a major, major deal, because had they not been changed, this would be a different situation now, but the--

Q. Did you change them?

A. Yes. I pulled one off and I had them-- I was able to secure it using another mechanism, and I-- I had a very interesting way of securing the steel missile base door. And then I gave it to Gunnar. Gunnar turned it over to a locksmith in Manhattan, there's a record of this, and this was changed. Sorry. And this hockey puck locked was changed. And in the end, this was the only hockey puck lock that was changed by me. There is a mystery still
going in my mind that in the end there was
another hockey puck lock change later on, and I
don't know who did it, how it was done or why,
because it was-- the lock that it was on was an
ineffective lock and it was chained from the
inside. It's a mystery I have no solution to.

Q. Other than changing the lock, what other prep
work did you participate in or was done, to
your knowledge, at the Atlas F location near
Carneiro, Kansas?

A. Tiles were laid down, the bathrooms were
quasi-cleaned up, the kitchens were
quasi-cleaned up. But I had a hard time
getting staff to want to stay there, they
thought the place was spooky.

Q. And then what happened?

A. Somehow I got a communication that they were--

Q. "They" being who?

A. Leonard and Clyde had arrived.

Q. How did they arrive?

A. With a-- their little caravan. And--

Q. What did the caravan consist of?

A. The LSD lab and another vehicle. And they were
very upset with me.

Q. Why?
A. Because I hadn't completed everything I said I would do.

Q. Such as?

A. A refrigerator I think was supposed to be in there that was a full size. I was supposed to clean-- I was supposed to put sinks that were complete and nice in the bathrooms. I was supposed to do-- the main thing was the hoist. And I paid a large price for not putting that hoist in there. I ended up moving most of the heavy drums-- or not most, but 60 percent of the heaviest drums up and down these flights of stairs, which doesn't sound like much unless you know how much work that was. It was incredible.

Q. What was the next thing that occurred then?

A. Leonard said that he had to have Lupe do some more work. So the lab was hidden in a part of it and Lupe, I believe, came back out and finished some work. And Leonard or Clyde, I can't-- I was not around, one of the two, picked Lupe up and/or brought him back from doing the work. Lupe is the one who will have to answer that, I just don't know.

Q. Then what happened?
A. The lab was in the process of being set up.
   And then I had some legal troubles and that--
Q. They were what?
A. In the casino.
Q. Okay.
A. And at that point--
Q. This was in the casino where?
A. Above Topeka, the Prairie Band Harrah's casino.
Q. Was this the matter that resulted in your
   conviction for the misdemeanor?
A. Misdemeanor. Correct.
Q. Okay.
A. But it was determined that I was now the one
   that they would keep the eye-- the-- the eye
   on, so I was then to leave the state.
Q. Was determined by who?
A. The three of us.
Q. The three of us is who?
A. Clyde, Leonard and myself.
Q. And describe the discussions that went into
   that.
A. You were a pretty big idiot for getting in this
   problem.
Q. Who told you that?
A. Leonard. I agreed with him. Then a strategy
was devised that--

Q. By whom?

A. By all of us. By, no, Leonard and myself.

That the best thing for me to do was-- the

ultimate plan was-- was that in this

investigation Wamego would be the first place

hit if any suspicious thing as this giant

file-- because the nature of the agency that

hit us, we didn't know how broad and what

powers they had to investigate someone.

Q. What do you mean?

A. Well, we-- there's-- you can usually follow a--
prior to 9-11, there were ways you could follow
what the DEA would do, what the locals would
do, what the FBI would do. But we didn't have
the little Secret Service manual of what powers
they had. They may have had the powers to tap
a line, they may have had the powers to follow.
We didn't know what kind of resources, it was

kind of a wild card. So the determination was
made that if a problem occurred, Wamego would
be hit first.

Q. By law enforcement?

A. Right. And then that would give enough time

for-- because there was a significant firewall
that had been built between the Ellsworth site
and the Wamego site.

Q. Describe that.

A. A firewall is a legal thing that does not show
connection between it. And all equipment that
had been shipped in that needed to go into the
Ellsworth site was almost quasi-reported as
stolen from Wamego. So there was-- no one
knew, no one had a clue what was going on in
Ellsworth.

Q. What do you mean it was quasi-reported stolen
from Wamego?

A. If something needed to go to Ellsworth, it
would be ordered into Wamego and then it would
just disappear. And every-- you know, and
nothing-- no-- no reports would be filed. And
I would just say, "Here we got ripped off
again," but I was ripping myself off.

Q. Okay.

A. So that there would be no flow, because I
couldn't let anyone know about this. And we
would-- we were trying to finish the Ellsworth
site. We know--

Q. What types of items are you talking about?

A. Air filters.
MR. RORK: Excuse me, Your Honor, ask that he let him finish his answer.

THE COURT: You cut in a little close there, let him go ahead.

Q. (BY MR. HOUGH) What types of items?

A. Air filters, you know, just dish-- or dishwashers. We didn't want anyone knowing there was anything. So if anything had to be ordered in that couldn't be ordered in and said, "Oh, why do we have this sitting there?"
Or if we already had it, we stole it out of Wamego, and no one knew where it went and off and away it went to Ellsworth.

Q. And who's participating in these decisions at this time?

A. Just myself for the supplies to go there.

Q. And who was aware of you-- the decisions?

A. Leonard said, "Is the firewall very strong?"
And I said yes. He trusted my ability to create a firewall.

Q. Did you ever have any discussions with Mr. Apperson about the firewall?

A. I mean, yeah-- yeah, there was lots of discussions about if this thing gets popped open into-- they were supposed to build this--
we had budgeted a 100 plus thousand dollars for
a pneumatically-controlled steel door that
would be magnetically controlled or
pneumatically controlled, but I believe Clyde
wanted to go to magnetics, that would pop open
from one side only, and it would be a fake
wall. And this was going to be done-- even as
far back as Santa Fe we had wanted to do this
as a safe room. And the lab would be built
into a place to where law enforcement could not
find it and we would hope that we would be able
to seal it to where even chemical sniffers
would not be able to hit it. I believe it was
a pipe dream, because I believe chemical
sniffers would have hit anything. But the--
the hidden room was not a pipe dream, but the--
the chemical sniffers was a pipe dream, so--
but I haven't finished what-- there was
something--

Q. Go ahead.
A. Clyde was supposed to-- his part of it was
supposed to-- say he was going to complete
that. And he felt that my firewalls were
probably sufficient enough to-- I think a few
questions were asked, was my name-- was my name
on the trust, did I have any trust involvement,
yadda, yadda, yadda, and I said, "No, it's a
corporation that owns it," which it was, it was
Corporation One owned everything. My name was
not attached. No meter bills, no electrical
bills went to Gardner, myself, anything
involved with the Wamego land trust. And we
felt that that firewall would stay.

But the next part of the strategy is I
had to leave the State of Kansas so that if
there was a heavy investigation going on with
me, it would follow wherever I was at and
Kansas would be off the map as far as being
watched.

Q. Did that occur?
A. Yes, I left the State of Kansas. I was
effectively banned so that I would-- you know.

Q. During what period of time?
A. I don't know, you know, starting March, April,
   May, June.

Q. Of what year?

Q. Okay. And you talked about the concern over
   your name not being on the trust. Are you
talking about the Wamego land trust?
A. No, if it was-- Leonard was concerned that I had bought the Ellsworth site with a trust, and I said, "No, it's a corporation and my name is not anywhere connected to anything. I'm not a shareholder, no family member is a shareholder, it is a true firewall."

Q. Are you talking about--


Q. Okay.

A. Because he was trying to get around C.I.R.C.L.A., but he didn't have his-- he didn't have as sophisticated mechanism around C.I.R.C.L.A. that I did.

Q. Why did you need that?

A. C.I.R.C.L.A. is a piece of legislation that talks about environmental contamination. And if you buy anything that you know is environmentally contaminated, you want to contain it in some sort of ownership to where it does not blow back to you and start sucking resources down. And so--

Q. Personal liability issues?

A. Well, it's greater than that. It turns out to be environmental liabilities, which are much
more powerful. And the good news about this is that ultimately the-- why anyone would buy these is that it goes back to FUDS. FUDS is Formerly Used Defense Sites. And then the Corps of Engineers or the Air Force, and I can explain why, steps in and picks up the cleanup bill--

Q. Okay.
A. -- ultimately. And if you want that explanation; the Air Force, if it's still active around the base. And if the Air Force has been shut down, it's the Corps of Engineers.

MR. HOUGH: Judge, would this be an appropriate time for a recess?

THE COURT: What about taking a break? Ladies and gentlemen, let's take a 15-minute break at this time. Mr. Bailiff.

(THEREUPON, a recess was had).

THE COURT: All right, Mr. Hough, you may continue.

Q. (BY MR. HOUGH) Mr. Skinner, before you are two photographs that have been admitted into evidence in this case and identified as the lab near Carneiro, Kansas, which is near the Salina
area. Take a minute and look at those, if you will, and see if you can identify those.

A. Yes, they're-- yes, both of them are as they are said to be.

Q. Let me put these on the overhead. First Exhibit 676-A. Do you recognize that?

A. Yes.

Q. And describe that, what that picture shows.

A. This is the only part of-- this is the only part that's above ground other than a small--well, it's a flat, level-with-the-ground cement cap where the missile would be launched out of. It would be lifted and launched. This is the only entrance, called a personnel door. And this was it, this was the whole above-ground part to this missile base, other than a few vent hoods.

Q. And what allure did that have to you, Mr. Apperson and Mr. Pickard?

A. Very little above ground ways of doing observation, a heavy duty structure to where it would be harder to break into and with lots of space being around it and a military fence being around it, and the fact that there are virtually no neighbors. And when I mean
virtually, I'm talking about a long distance at
night to see a light lit. It would be hard and
you would be able to see if you were under
surveillance.

Q. Now, on the side of this is a sign that says
Protected By ADC Burglar Alarm, Electra-Sonic.
Do you see that?

A. Yes.

Q. Was there any security at all there at the
Atlas F in-- near Carneiro, Kansas?

A. This I have to say may not have existed while
the lab was there.

Q. Why?

A. This may have been installed after it was
turned back over to the Schwartz estate. I
just don't remember. Other security, yes,
there was some security that-- motion detectors
and such that would tell when someone went.
And then there would be audio-- there would be
visual-- there would be visual cameras that
would kick in, the surveillance equipment.

Q. Who did all of that?

A. Clyde.

Q. Okay. And--

A. There was also-- also one other thing, a
special cellular antenna was put to the steel
door so that you could stay with-- inside the
site or down inside this site and talk on cell
phones. I don't know if it worked or not.

Q. Let me show you Exhibit 676-B. Do you
recognize that?

A. Yes.

Q. And what is that?

A. That is the blast door entry into the missile
base underground. And one thing before you
remove it, that right there-- I'm sorry, there
(indicating), this is a side view of the hockey
puck that has the special locking mechanism.
And after you take that hockey puck off, you
would then have another key that you would do
it. So it was multiple keys to get in it. And
then when you went down inside, you had a blast
door that was also locked. And then you had
another blast door that was also locked. So
breaking and entry into this particular site
was quite difficult. And then beyond that,
inside the lab was a heavy duty-- I mean,
inside the last room where the lab was going to
be at was virtually-- you just couldn't break
into it without leaving a tremendous amount of
Q. You indicated earlier that Mr. Apperson and Mr. Pickard delivered the lab to this location?
A. Yes.
Q. And again, when was that approximately?
A. Sometime after Christmas of-- or let's say sometime after the 15th of December.
Q. Of what year?
A. Of '99. I'm realizing I had the children earlier, so I could have gone out there-- I mean, I would have to-- I would have to look and see when I had the children up there. I'm shooting from the hip here.
Q. And it would have been what happening next after the lab arrived? Who was present and who did what?
A. Well, originally just Clyde Apperson, William Pickard and myself moved everything, it was at nighttime, down to those stairways and then down the metal stairways on down deeper and then to the lab itself, which was quite a journey. And that's the last time I remember being at the facility for some time.
Q. Why?
A. Well, because I had told you that I was
basically-- they were letting it do a cool-down
and--

Q. What does that mean?
A. Just leave it there to make sure no one had
followed them and such. And then the next
thing is they were doing their Christmas
activities with their families and such. And
then I may have come back one time to drop
someone off or something, I don't remember.
But then I had my problem with-- where I was
detained or arrested or whatever, and that's
when I was banned from the State of Kansas.

Q. And during that period of time you were where?
A. I traveled all over; Vegas, California and
Tulsa.

Q. Doing what?
A. Just, you know, laundering money and basically
just staying away from operations and not
bringing any attention to Kansas.

Q. And who was in charge of operations at that
time?
A. At that time Leonard was completely calling all
the shots at that level, everything, all
decisions were being made.

Q. And what types of decisions would that have
been?

   A. I don't know, because I was that much-- I was also-- because of the grid nature of communications, even telephone calls were restricted because it would show where I called from, they would get a grid.

   Q. "They" being who?
   A. The Government, any law enforcement agency. So we went to-- I didn't even have-- I may have had emergency numbers for them and they may have had emergency numbers, but we were communicating through these truck stop cards.

   Q. And how long was it that the lab was operational at the Atlas F?
   A. Six months.

   Q. So until about June of 2000?
   A. Yeah.

   Q. And describe for the jury, if you will, what was going on, to your knowledge.

   A. Just production of LSD.

   MR. BENNETT: Well, Judge, I'm going to object unless we know where this knowledge came from. He's traveling all over the country he says.

   MR. HOUGH: Judge, his knowledge
based on his testimony was from Mr. Apperson and Mr. Pickard.

MR. BENNETT: He hasn't said that, he hasn't testified to that and he hasn't testified to which one, if--

MR. HOUGH: Judge, I would challenge the record on that based upon the foundation--

THE COURT: Ask him again and find out. Let's move it along.

Q. (BY MR. HOUGH) Your understanding of what was going on in the operations end was based upon what?

A. Mainly when we would personally get together and Leonard would complain that I have a new problem that I've never encountered, and that's humidity.

Q. And who was present during any or all of those conversations that you recall?

A. I don't know, probably just the two of us.

Q. Okay.

A. And I said I have many dehumidifiers in Wamego that can be moved over, and they never opted-- and Clyde was-- he had-- he was present in that, and he said he was going to try and devise another method to get rid of the
humidity.

Q. And at what point during the process did that conversation occur?
A. I don't know.

Q. Was it early or late within the context?
A. Early things would have been drier because it was wintertime, so it would have been March. Things get pretty wet in March and April, and it was a disaster. I mean, they had come from a desert environment to a wet environment. And production-- they were challenged with many chemical problems they had not been challenged with.

Q. "They" being who?
A. Leonard Pickard and Clyde.

Q. Apperson?
A. Apperson.

Q. And how many of those such conversations do you recall having?
A. Quite a few, because they said they had-- then there was a blown batch that just never came to fruition, which was kind of unusual. And I know a batch turned bad at some point. There was a-- a complaint about a batch changing from Al's own mouth to me. He said, you know--
MR. BENNETT: Well, Judge, I'm going to object again. "He said" doesn't tell us anything.

MR. HOUGH: "Al's own mouth to me" does, Judge.

THE COURT: Yes, he-- we're talking about the three of them generally and so we don't need to ask that every time. I think the jury can understand that that's what he's talking about, but go ahead.

A. Al--

Q. (BY MR. HOUGH) This particular conversation--
A. Was with Petaluma Al. And I don't remember the time, but he said, "A batch went to Europe and turned bad and we've got problems." And he said, "You've got to--" I don't want to repeat this. "You've got to--" I would just like to-- I don't want to directly quote him. You've got to get Leonard under control.

MR. RORK: Well, Judge, I would ask that that be stricken and that the witness be directed to answer the question. The question was-- again, he was talking about what conversation did you have and when. That's where we were at. Now, we're into something,
like, "Oh, I can't say."

Q. (BY MR. HOUGH) Well, give us-- give us a
direct quote of what Mr.-- of what Petaluma Al
said, or words to the effect of.
A. I can give you a direct quote. "Tell Leonard
to quit chasing pussy and get to work
immediately."

Q. And that was in reference to what?
A. Production and to a batch going bad.

Q. And that batch going bad affected the
organization in what manner?
A. We had to make up that batch and no one knew
what to do, and it was something-- it was
complicated. The Europeans had already got it
smuggled over, they had already smuggled the
money back. There was some-- some hostilities
over this.

Q. And the hostilities were directed at whom?
A. Leonard.

Q. And how, to your knowledge, was that resolved?
A. I don't know.

Q. Did you ever have any discussions with Mr.
Pickard about resolving it?
A. Yeah, I said-- you know, I gave him the
verbatim message.
Q. And what was his response?
A. I don't remember.
Q. To your knowledge, were any efforts made in an attempt to change production, step up production?
A. Well, then the next-- I need to explain the next thing that gave me information on things coming in.
Q. From where?
A. Both Clyde and Leonard said we have a flooding problem in this facility. And they said the washer and drier keep flooding. And I said missile bases are made to have floods and these floods should not stay. And I couldn't figure it out, it was beyond belief. And I kept telling them, you know, you better let a missile base expert come in there. And they said no, no, no, you're too hot. Well, eventually I-- when I discovered what it was is the electrical pit that the military had built, the sump pump was out and it wasn't the washer and drier that was flooding, it was the 440 volts coming into the place. The conduit was just bringing water right down and it was overwhelming the ability of the silo to-- not
the silo, but the living quarters part, to pump
the water back out. And the lab continually
had water in it. It was a very dangerous
situation.

Q. Why is that dangerous?
A. There was electrical cords running through
there, it was tight quarters.

Q. And during the course of this time that the lab
is operational, who was present in Kansas
handling that?
A. The flooding problem?

Q. The operational part of the lab. You indicated
you were not present in Kansas during that. So
while it was in operation, who was present in
Kansas handling that?
A. Leonard and Clyde off and on.

Q. Okay. And were you-- what was your role in the
conspiracy then as you were traveling and they
were here in Kansas with the operations?
A. We had this unique problem of we've got dumped
on with a bunch of Guilder, and I was in the
process of trying to figure out what to do with
the Guilder.

Q. And how did you ultimately resolve that?
A. I found out exactly how to work it through the
Las Vegas casinos without leaving a trail that was too heavy, other than ultimately I left an-- I guess a big trail, I have no idea.

Q. Ultimately, then, how did you handle that?
A. I would go in there and I would put up front money, and that would be what I would do to entertain myself while the smurfers were out converting the Guilder over to U.S. dollars.

Q. You would put up front money meaning what?
A. I would put up front money to casinos and then I would gamble and turn that into electronic money.

Q. Okay. And how did you do that?
A. Well, there were a number of mechanisms. One, we could do that through playing poker and dumping money-- there's a loophole which may not-- no longer exist because of us. But there was a loophole in the high stakes poker games to where you didn't have to account for money going in. And if you were playing and you had two people playing and one was just dumping, losing intentionally by folding his hand to the other one in incredible amounts, the other would have verified winnings which was electronic.
People think it's easy to go into a casino and launder money. They think it's just buying chips and doing it. No, it's very complicated. To get around Reg. 6A is quite complicated. The casinos are very sophisticated. And so that was one technique.

And the other technique was to use front money that was put up. You would put it in an envelope and you could use any currency in the world and they would lock it in at a value. And then you could draw markers down at the tables and play it. And I had a-- a fairly good three months to where I was-- not only was I positively electrifying money, but I was actually-- because of a standard deviation situation, I was actually up considerably.

Q. How much money are we talking about?
A. Do you mean in this manner?
Q. Yes.
A. I don't know.
Q. On this occasion, you indicated you were up considerably, you were up about how much?
A. Maybe $300,000 total for that period.
Q. And you walked in with approximately how much?
A. I don't know. It was lots of foreign currency
from everyone. We're not talking about the
smurf operation, this was just to entertain me
while the smurf operation was going on to
convert that Guilder over to U.S. dollars.

Q. And who was involved in the smurf operation?
A. Gunnar Guinan, Mike Hobbs, myself, Roxanne
Barbat, only slightly and unknowingly Thomas D.
Haney. And let's see, there-- there may have
been a few other people.

Q. And how did this--
A. And when--

Q. How did the smurf operation work?
A. You would go to a table, you would put money
down that was below the FINCEN and the Treasury
reporting amounts.

Q. How much is that?
A. 2,800, 2,700 at the time. 3,000 triggered a--
a report. 10,000 was a big report. And we did
have a few slip-ups where someone made a
mistake of 10,000 because they didn't follow
the rules carefully. Reg 6-A (ck0 is very
complicated because it's got a 24-hour cycle to
it. And if you don't follow that 24-hour cycle
or someone makes a mistake on the other side,
you violate the Reg. 6A. When you're putting
up front money, there's a more complicated
problem. You have to bring it down the same
way you put it in, and you can't take out more
than 10,000 in every 24-hour period. But you
asked me a question and I haven't answered
that.

Q. How exactly did the smurf operation work?
A. Oh, they would just take the Guilder to the
change cage in any of the casinos, i.e.,
Treasure Island, the Bellagio, the Mirage. And
they would say, "I'm here to gamble, I need
U.S. dollars," and they would get them and
there would be a different rate. We dumped so
much Dutch Guilder in there that the rate
dropped like a rock, on top of the fact that
the rate was dropping on the world market. So
we had a double hit.

Q. To the tune of how much?
A. Of a hit? I don't know, I mean-- caused
arguments, so--

Q. Between whom?
A. Well, Leonard was saying, you know, you should
be getting more of a return back from this and
I'm saying, you know, I've got a problem, I'm
getting-- what's in the Wall Street Journal
isn't anywhere close to what I'm getting and
realizing in this operation.

Q. And--
A. But the interesting thing is, is that my
winnings made up for the smurfs' losses. And
all of the losses, my winnings were more than
compensating for that.

Q. And during that same six-month time frame in
early 2000, was there still contact with money
coming in to you?
A. Yes.

Q. And as this conspiracy worked, would that money
have been coming into you if product was not
going out?
A. No. And it was a-- and I was demanding--
Leonard was wanting electronic money for some
specific projects, and I was-- and I-- that
gave me the upper hand to demand the most
precious of currency, which is thousand
Canadian bills. So I knew that there was a lot
of money sitting out there because he could
produce at any-- any denomination sequence I
asked for.

Q. And how much were you asking for?
A. Oh, well, he was asking for electronic money,
and so we're talking in figures of like
$200,000. He had needed another thing for
150,000.

Q. And electronic money in what form?
A. Cashier's checks. Anything that he could take.
And also-- also Bellagio checks, Mirage checks,
casino checks.

Q. Okay. So based upon that, what was your belief
as to whether or not there was product coming
out of the lab as it was set up at Caneiro?
A. Well, I know that we had an excess in November
of Dutch Guilder and we were virtually out of
thousand Canadian notes. And we had quite a
large amount of U.S. dollars.

Q. November of what year?
A. '99. And by the time that I'm sitting over at
the Bellagio, we have virtually no U.S. money
and a vast amount of Dutch Guilder and lots of
Canadian money flowing in. So because of the--
because of the change of the monetary
instruments that we were dealing with,
somewhere this money was coming from.

Q. And that meant what to you?
A. That the sales of LSD was continuing.

Q. Okay. And based upon the amount of money that
was coming in to you to launder through the conspiracy, what did that in your mind compute to in quantities of LSD coming out of the lab?

A. Can't help you with that one. It's-- I was on too much of a noncommunication thing in order to keep the firewall strong.

Q. Okay. Are you able to--

A. I will-- I will tell you I do have another to answer that. There were complaints about we're running low on chemicals.

Q. From whom?

A. From Leonard. And Clyde did not want to use Alfred Savinelli ever again for supplies on chemicals because of the way he treated Leonard in the tear-down of the Santa Fe facility.

Q. How was that?

A. How was what? How was--

Q. How did-- in what manner did Alfred Savinelli treat Mr. Pickard during that tear-down?

A. There were two different things not during the tear-down, but in-- before the tear-down and up to it, he said first, "I'm going to put an icepick through your heart." And second, "I'm going to come down and burn the lab down or the house down while you're in it." He was
frustrated.

Q. So Mr. Pickard indicating to you that they were running low on chemicals and Mr. Apperson not wanting to use Savinelli to get them meant what?

A. That maybe I-- you know, I knew that there were-- production was not at its best. I mean, production would have been lower than normal, but I don't know--

Q. What would be lower than normal, what was considered normal?

A. Well, I mean, I tried to say that a kilo every month and a week, but, I mean, I don't know, you know.

Q. And what then happened next as it relates to the lab being in Carneiro?

A. Well, one problem that I told them to be very concerned about was the suicide of Tim Schwartz. I said, you know, we have two major problems and at this point we should shut this lab down. The owner of the corporation has committed suicide and his estate is large, but eventually they're going to get around to looking at this and coming out here. And I said, you know, I don't have a written
contract, and I said this is a problem.

Q. What was your actual agreement with Mr. Schwartz?

A. Just get this place under control and clean it up and finish the tile work. And Lupe-- he knew Lupe, he said Lupe was great. He said, "I'm going to let you fix the thing up and then I'm selling the thing off." And I had-- and I think I had it for six months under the amount of money or seven months or eight months or something like that from the time the money was transferred.

Q. How much money?

A. I don't know, 10 to $15,000, something like that, 20,000, I'm not for sure.

Q. So Mr. Schwartz's suicide occurred approximately when?

A. March, I don't know. Sometime in March.

Q. Of 2000?

A. Yeah.

Q. And your discussions about that were with whom?

A. Leonard and Clyde. I said, "We have problems."

Q. And what was each of their individual responses?

A. Leonard said, "I'm not moving the damn thing,
Q. What was Mr. Apperson's response?
A. I don't remember.
Q. And--
A. Of course, you understand there's a problem of buying something out of probate, it isn't something you do swiftly.
Q. And then what was the next thing after you--you indicated there were two concerns, one was Mr. Schwartz' suicide. What was the second one?
A. Well, my legal circumstances. And the third was the Natasha money bust.
Q. And had that occurred sometime near in time to all of these incidents?
A. Yes, yes.
Q. So then what happened next after that conversation?
A. Well, where the problem started was when I thought I was going to be able to negotiate out an extension with Tom Schwartz.
Q. Who is he?
A. He is the owner-- no, I'm not for sure. He was the founder of Famous Brands Liquor in Kansas.
Q. Is he any relationship to the owner of--
1. The father.
2. Q. Okay.
3. A. And he was 86 or 87 at the time, he may be 90 now. I-- I'm a little off on his age, but he is elderly. And he showed up.
4. Q. Were you there when he showed up?
5. A. No, way, huh-uh.
6. Q. How did you know he showed up?
7. A. I had hostile phone calls and--
8. Q. From whom?
9. A. It could have been Paul, the electrician out there, Ed Peden, it could have been the driver. Mr. Schwartz had a driver.
10. Q. Where were Mr. Pickard and Mr. Apperson when that occurred?
11. A. I can tell you exactly. I believe Mr. Pickard was at the Savoy in London. And Mr. Apperson, I didn't know it at that time but I found out from him, was either on the way to the hospital or in the hospital at the time.
12. Q. And what time of the year 2000 was this?
13. A. July. I'm doing my best.
14. Q. And--
15. A. I think you-- we've got-- we've missed something that the jury--
MR. RORK: Well, Judge--

A. -- and the Court does not understand.

MR. RORK: -- I object to this witness intervening what he thinks. I think he should be directed to respond to the questions and not provide self-serving statements.

THE COURT: That may be a good idea.

MR. HOUGH: Thank you.

THE COURT: Might move us along a little faster.

Q. (BY MR. HOUGH) Now, prior to that happening or in that time was there another important event--

A. Yes.

Q. -- relative to this?

A. Yes.

Q. Describe that.

A. Yes. I got in a bad car accident, and this is where-- this was the-- like the final incident of just you can't-- like how much can your plate handle. I had a bad car accident in a Porsche of mine.

Q. Where?

A. Coming in from Walnut Creek, California into Berkeley.
Q. And how, if at all, did that affect these things that were going on?

A. Well, I had a strange problem with my memory here. I had a--a phone number that I called four times a day, and I could not for the life of me get the third or fourth number of that out. I had an unusual memory problem that was just--it was very strange. Never had a memory problem in my life. And I could--I could remember the most complicated things, and the most simple things would just be gone. And--

Q. As a result of the car wreck?

A. Yes. And I also felt terrible during this period. I was lucky to have walked out of that without a scratch.

Q. How did that--how did that affect the comings and goings of this lab and this conspiracy in Carneiro?

A. Well, first of all, I--I can give an--some examples specifically on that day, I believe it was May 13th, it was a Friday probably. May 13th of the year 2000. Earlier before I had the car wreck, Leonard had tossed me--Wall Street value--$225,000 worth of Guilder, but he and I ended up negotiating it down to a
value of 190,000.

Q. How did you do that?
A. Because I said there's no way I'm going to realize the 225,000, and I said there's multiple hits. And just hours later I had the accident. Called him from the emergency room and said, "Don't be pissed, but I had an accident." But the money wasn't on me, the money was back in my girlfriend's apartment.

Q. Located where?
A. In Berkeley.

Q. Okay.
A. I went ahead and caught the flight, the next flight that day, I went ahead and flew to Vegas to start conversion of the money.

Q. And what happened next then?
A. Leonard was actually on his way to go visit his-- another wife named Deborah Harlow, I believe. Deb is what I referred to her as. With another child in Anaheim, California, to go to Disneyland.

Q. And what happened next?
A. Well, I'm confused. I thought he said he went down there and had an argument with her. But immaterial, he ended up in Vegas because he got
in a big fight with her.

Q. And you were in Vegas?
A. I was in Vegas at the Paris casino.

Q. And what time of year is this in 2000?
A. Well, we're talking-- I'm there May the 14th because I know when my car wreck was. And I'm staying there. And when he showed up would have been something like May the 17th, 18th, I don't know, you know.

Q. And what happened then?
A. We just talked about things and he was--

Q. Describe those discussions.
A. Say it again.

Q. Describe those discussions.
A. Oh, he was very depressed about his problems with his ex-wife or whatever. She called him a career criminal or something like that and was very harsh to him. He was in a low state of mind and he wasn't happy. And I was obviously, you know, just out to lunch with memory and stuff, but I was covering it up pretty good. And when we eventually-- we went back to Berkeley. When I went back to Berkeley after about a week when I could finally fly again, that was the first time that he ever mentioned
when we were trying to go rent a house and we
had to go buy some tickets and we went up to a
little town above Berkeley, Monteplaine
(spelled phonetically) or something like that,
this was the first time that he ever-- he
mentioned to me something about we're going to
go ahead and kill this guy or we have killed
him, and I-- I just don't know. I mean, I--

Q. "This guy" being who?
A. The ET associate who had turned state evidence,
working with the Government.

Q. And then what was the next thing that happened?
A. All right. Now we're going back into July. I
called him at the Savoy and say we have a
serious problem and he tells me under no
circumstances move that lab.

Q. Where were you at the time of the conversation?
A. I was exactly at 21st and Lewis on a cell phone
in a white Lincoln calling on a cell number to
the Savoy, I believe, in London saying we are
in emergency circumstances.

Q. What city are you in?
A. Tulsa, Oklahoma.

Q. Okay.
A. And I-- we were talking in code that we were
having serious problems.

Q. And describe talking in code.
A. We were giving the nicknames for the lab.
Q. Which was?
A. Alice. I needed to know exactly if someone got in there. I-- at this moment I didn't know if they had breached into the facility.
Q. "They" being who?
A. Tom Schwartz, his driver, Paul, and Ed Peden.
Q. And is the lab sitting idle at this point in time?
A. Yes, because everyone is gone, no one is around it. And so--
Q. Why was everyone gone, why was no one around it?
A. Just down production time. Leonard was supposed to be in London, you know.
Q. So was this lab capable of producing LSD without Leonard?
A. No.
Q. And so this conversation with Leonard about the problem with the Atlas F resulted, then, in what happening?
A. I-- I then knew that this was a serious enough problem that we went to a higher level of phone...
communication. My--

Q. That means what?

A. I went to a pay phone and I called him. And I
don't know where he went, but I said, "This is
a serious situation." And we had quite an
argument over the phone. And I said, "I'm
going to have to make a decision over you on
this." And he said, "I will be on a plane
immediately, don't move it." And I said, "I
don't have that kind of time." And we had a
bitter argument.

Q. What do you mean by a bitter argument?

A. He said no, and I said, "I have no options."

Q. And how did the conversation end?

A. I don't know, just-- I think there was some
curse words used.

Q. And what happened ultimately? What was the
next thing you did after that conversation?

A. I immediately started to call people and get a
team assembled to move that lab immediately.

Q. Who did you call?

A. Mike Hobbs was the first person and then I
asked Mike to immediately fly to Tulsa,
Oklahoma. He did not know what the problem
was, I just said, "Be on a plane immediately,"
and he was. The next person I called was-- I told Gunnar that I had a situation and I needed help. Actually notified Bill Wynn that I had a problem, but I didn't tell him the nature. And I said, "I may need you to be on standby to deal with situations." And then I drove up, because I still did not know if the lab had been breached, if the door had been opened. I was very concerned, I wanted to know if all the locks had been left on, if anything-- and the one good advantage is I had Ed Peden's word that they couldn't do anything and they couldn't buy the equipment to cut the locks off. So what they did was they cut the lock off of-- the simple lock off the gate and put their own lock on there. And then I knew that we had to assemble certain things. I did not know the condition of this lab, I did not know what to expect.

Q. Why?

A. Because I hadn't been around it in-- and I knew that there was water problems, but I didn't know-- and so I prepared for the worst case circumstances. And I brought all the equipment in to cut into the lab and to-- then I
brought--

Q. What did that equipment consist of?
A. Circular saws to cut locks, chains, lots of plastic, lots of garbage bags, decontamination-- Clorox, which is chlorine, where the LSD molecule is very fragile, a small amount of chlorine will immediately render a large amount of LSD inactive. I had to prepare-- I had to start thinking about what chemical provisions I was going to give to the team that went in there so that they would not go into seizures or lose their minds. And--

Q. Are those consequences of overexposure to LSD?
A. There's two things. Just exposure to LSD is one level. Overexposure is another level.

Q. And are they--
A. I had to make contingencies for both plans. And I also had to-- the last person I believe that I contacted was my father to go up and do backup.

Q. And that would have consisted of what?
A. Helping if there was a medical problem and, number two, helping be able to withstand the situation.

Q. What information did you give him prior to him
coming up?

A. Just, "I have a problem and I need your help."

Q. And when did you ultimately arrive back in Kansas?

A. I don't know. I'm very fuzzy on these dates.

Q. How about a month and year.

A. July. All of this was happening-- I mean, this was all by the hour. I was moving fast.

Q. And when you arrived in Kansas, you arrived where?

A. I went to Wamego first. And I was thrilled when I saw the hockey pucks had held and-- and-- we're entering an area where-- you know, I'm having the disadvantage of-- it's been a long time since I made this report, but I mean, I'm-- this was-- this was a stressful period for me because when I entered the lab, I did not want to have anything on board chemically myself so I could make clear decisions. So everyone else had chemical protection on board but me. Number two--

Q. Consisting of what chemical protection?

A. Valium, hydrocodone and, if it was available, depranil.
Q. So--
A. And beyond that, we did not have suits, we did-- we did have some masks. But I can't wear latex gloves or gloves that work, and we decided a pecking order of who could handle what.

Q. And what was that pecking order?
A. Pecking order was I was the only one that entered the inner lab. Then the next-- the tunnel area was the next handoff area, and I believe that that was contained of both my father and Mike Hobbs. The next step was Lupe, and then the final step was Gunnar.

Q. And how did that ultimately work out?
A. Through a tremendous amount of work, we were able to successfully extract the entire lab with a small truck. It was a tremendous amount of work. We did have one person that got incredibly exposed, that was Gunnar Guinan.

Q. And what was the consequence of his overexposure?
A. About 32 to 36 hours of just not being with it or being able to communicate with him.

Q. And over what period of time was it that the lab was disassembled?
A. I believe about three days.

Q. And--

A. And I-- so you will know, I turned it over-- I had two to three hours-- when I showed up and turned it over, we had just cleaned up, and three hours later I had to turn it over to Edward Peden under the demands of Tom Schwartz, who was threatening to cut the locks in there.

Q. And breaking it down and getting it out of there, what exactly physically did that consist of?

A. Every one of those drums that went down had to go up, which was a lot harder. Every chemical drum, every piece of glass apparatus, everything had to be contained. And it expanded considerably because everything had to have its own unique plastic bucket and be sealed off and--

Q. Why?

A. So that it wouldn't break. I didn't know what processes, I didn't know what was going on there. I didn't know if we were talking about $5 million worth of product in a given beaker, so I had to be incredibly careful when I entered there.
Q. And were you?

A. I was as careful as I could be. But the condition of the lab was far worse than anything I could have imagined.

Q. Describe it.

A. I-- when we opened it up, there was water that was quite deep. There was electrical cords running through the water and there was trash to the top of the tunnel. And this was a tall tunnel.

Q. What kind of trash?

A. This was disposed-of LSD manufacturing, the lab's disposed-of items. And the odor was just unbelievable. The chemical smells were beyond anything you can imagine. This was a true disaster. This was a-- a toxic waste situation that was phenomenal.

Q. So once it was-- once these items were taken out of the lab, you indicated they were put in plastic buckets and sealed?

A. That's correct. And also garbage pails and also the trash was put in extra-- it was already in trash bags, but more trash bags were put around them. And anything that was-- we tried to seal off as much as we could with
plastic wrap. And more-- and we-- we used
incredible amounts of just packaging material.

Q. And then what happened to it?
A. Well, I mean, it was-- it was moved a truckload
at a time because it expanded, because a beaker
that could have gone into a little box had to
go into a whole five-gallon bucket. So I think
it was numerous truckloads that went back to
Wamego.

Q. And where did you get these five-gallon plastic
buckets?
A. Gardner Industries would package their
high-precision extension springs in these. And
up in the Lester building we had a couple
hundred of these that had never been opened.
So that was ready-made. The rest of the stuff
we were sending out to buy the supplies for.
You know, they were simple things.

Q. Such as?
A. Garbage bags. I mean, you can go to Wal-Mart,
you can go to anyplace and buy them. And
sponges and spray things for spraying Clorox
and, you know, start massive decontamination.
On top of all of this, we had to move all the
personal possessions, the computer gear and
everything, all the files out of there.

Q. What types of files?
A. Leonard's personal files and chemistry notes and correspondence that he considered very sensitive.

Q. And after those were all boxed up, put in this little truck, they were taken where?
A. No, no, no. Multiple truckloads were taken to Wamego. One of the truckloads bogged down, while I was not present, in the mud. And this created an extra problem because they had to go get someone to tow the truck out of the mud. Do you remember the problem that we had with the-- well, the truck bogged down.

Q. And they all ended up in Wamego where?
A. The Atlas E base.

Q. Which-- and where there? I mean, you have multiple buildings.
A. Can you bring it up? I will show you, if you'll--

Q. Was it in the underground portion?
A. I will have to show you.

Q. Was it in the Lester building?
A. There was an organizational problem that initially existed. We unloaded off into these
areas here. And then the forklifts would bring
into here (indicating) items that--

Q. And you're indicating into the Lester building,
for the record.

A. Right. They're-- so you'll know, some items
went underground and-- the ones that we felt
were not-- they just couldn't sit on their own
exposed, because anyone could have got into
that Lester building. But they were like--
like if it was a garbage-- a plastic garbage
can, it went down there. But it was only
temporary until it could be repacked. And we
had-- we had a tremendous problem. I mean, we
were-- we were processing, processing,

Q. "We" is who?

A. Gunnar Guinan was the one that was out. Mike
Hobbs and myself and Lupe, we did the work.
The three of us did the work because my father
had to go back to work.

Q. And ultimately, it all ended up where?

A. (Indicating).

Q. In the Lester building?

A. That's correct.

Q. When you--
A. With the exception of the-- the cans.

Q. What cans?

A. The cans that were on the second floor of the-- the cans of what I thought was ergotamine tartrate, ET.

Q. And they wound up where?

A. They wound up somewhere in a room that was right underneath there that a liebert was sitting under. And the cans were put up in there for security. And where boxes existed, I had to punch the ceiling up and put them up in there.

Q. How many of the cans of the ET were there?

A. 39 or something like that. There was some loose, some boxed. The boxed were easier.

There was a half can, and then there had been a change of can size, so there was-- you know, but basically there was 40 cans, but-- you know, 39-and-a-half. And there was only one that was open that I remember of the new batch.

Q. Okay. And are you familiar with when the new batch arrived and how it got there?

A. Yeah.

Q. How are you familiar with that?

A. Because the negotiations for it happened in
Q. And were you there?
A. No, I wasn't present at the table. But let me tell you the date. Approximately May the 3rd, May the 4th, sometime in that was when we arrived in Chicago.

Q. Of 2000?
A. Yes, I was there. And if I'm wrong, I-- I just can't--

Q. Who was with you?
A. Well, a number of people. I was there on official business for the corporation, Gardner Spring. And we went to the largest customer of Gardner Spring. And present was Leonard, Natasha, Roxanne, Peggy, who works at Gardner, Krystal Cole, and myself and Bill Wynn.

Q. And what happened in Chicago?
A. Well, we went to the meeting with one of the Gardner -- with Gardner's largest customer and we dealt with that problem. And we stayed at the Ritz Carlton there at the Water Palace, I believe, or Water Tower. And there ended up being a meeting that I did not know about.

Q. How did you find out about it ultimately?
A. Leonard told me there's going to be a meeting
with the ergotamine tartrate man.

Q. And did you observe that?
A. Yes.

Q. Describe it.
A. In the-- he told me if you want to see something interesting, come down to the lobby. And I was sitting in the lobby of the Ritz Carlton and way over a water fountain kind of or a blank area was Leonard meeting with a man that was described as the ET man.

Q. And what came of that meeting?
A. I assumed that they negotiated another transport of--

MR. BENNETT: Well, Judge, I'm going to object to what he assumes.

Q. (BY MR. HOUGH) What ultimately actually happened?
A. Leonard said that they negotiated--

THE COURT: Sustained.
A. Leonard said they negotiated another ergotamine deal.

Q. (BY MR. HOUGH) And as a result of that deal, what happened, to your knowledge?
A. Four wooden cases of ergotamine tartrate representing 20 kilograms was turned over to
Leonard from the ergotamine-- or the ET man.

Q. And do you know when that occurred?
A. No.

Q. And do you know how it got from Chicago to the
lab in-- near Carneiro, Kansas?

MR. BENNETT: Well, Judge, before he
answers that, I would like to know the source
of his knowledge.

MR. HOUGH: Well, Judge, we first
need to know if he knows.

MR. BENNETT: He answered yes, he
knew.

Q. (BY MR. HOUGH) Do you know?
A. The source?
Q. Yes.
A. Leonard Pickard.

Q. So what did Mr. Pickard tell you?
A. Well, the first problem was he says, "Here, I'm
here, I've got this stuff." And he said,
"Clyde has not shown up. I don't know if he's
off playing around or he's got something, I
can't get in touch with him." He said, "Get
mom and pop to come up." And he said, "Can we
trust them?" And I said, "Absolutely." Mom
and pop referred to Joyce and Curtis Nicholson.
Q. And so what happened next?
A. They were ready to leave and a phone call came in and--
Q. From whom?
A. Leonard Pickard. And he said, "Cancel. Clyde's going to move the shipment."
Q. And to your knowledge, did that ultimately occur?
A. Yes, it did.
Q. How did?
A. I believe--
Q. Tell us what you know.
A. What I know. All I know is that a vehicle showed up and had the ergotamine-- no, I don't know that. A vehicle showed up and a vehicle left. And when I later entered the facility, there was ergotamine tartrate-- oh, no, there were cans, I'm not--
Q. And who was it that showed up and left?
A. Supposed to be Clyde, but did not--
MR. BENNETT: Well, Judge, I'm going to object to what it's supposed to be.
MR. RORK: Judge, I want to know where.
THE COURT: Well--
MR. HOUGH: Well, Judge, he's testified where he showed up.

THE WITNESS: To the Atlas F and--

MR. HOUGH: He's testified clearly as to where.

THE COURT: Well, he hasn't said who brought it. He said he didn't know who brought it; is that-- is that the testimony?

THE WITNESS: I'm going to have to say that I don't know who brought it.

Q. (BY MR. HOUGH) Describe the vehicle.

A. It was something like a LeSabre or some sort of that kind of a value of car.

Q. When did it occur?

A. I don't know, so--

Q. What year?

A. I mean 2000.

Q. What month?

A. Something like June, something like that.

Q. Okay.

A. Could have been early July.

Q. And were you present when the car arrived and left?

A. I was present when a vehicle came. I do not know that it brought that load.
Q. Were you present--
A. No one-- no one--
Q. -- when that vehicle arrived and left?
A. When the vehicle that I described?
Q. Correct.
A. Yes.
Q. Okay. Who else was present?
A. No one.
Q. And did you subsequently have a conversation
with either Mr. Pickard or Mr. Apperson about
that?
A. Yes.
Q. With whom?
A. Mr. Pickard. And he said--
Q. What did he tell you?
A. He said that Clyde brought it down. But I
believe that the nature of it was, is that they
actually did a car caravan, but they never told
me, because a car ended up that was a
four-wheel drive vehicle that had plates. And
I saw Leonard in this vehicle, so I think that
they car-caravan'd it down.
Q. Okay. So the ET, then, ends up in the area
that you've marked on the overhead here.
Correct?
A. That's correct.

Q. And the lab in these five-gallon buckets, did you just I mean have five--
A. No, I'm sorry, they were five-gallon buckets inside of military green transport containers.

Q. Okay.

A. Sorry.

Q. And the-- the green military transport containers ended up where?
A. Ultimately all in the Lester building once the sorting was done.

Q. Where did they come from originally, the military boxes?
A. Tulsa, Oklahoma. Jeffrey Metals had bought out Tinker Air Force's parachute military drop containers that were surplus, and I bought them surplus.

Q. When was that approximately?
A. I don't know.

Q. And--

MR. RORK: Well, Judge, I would just like the record to show he's either shaking his head no or he's trying to think. I would like an audible response.

A. I don't know.
MR. RORK: And I would also like to ask that the notes not keep being passed from this table, Judge, to the person asking questions.

MR. HOUGH: Judge, he indicated that he didn't know.

THE COURT: All right. Go ahead.

Q. (BY MR. HOUGH) Do you recall approximately when you wrote a Gardner Springs check to Clyde Apperson?

A. June.

Q. Of what year?


Q. What was the purpose of that?

A. Maybe it was May. It was to show his wife that he has a job working as a robotics person in this factory for a spring company.

Q. Why was that necessary?

A. So he could have a cover for her not to be upset with him.

Q. Did he ever-- did Clyde Apperson ever install any security or surveillance equipment at the Atlas E in Wamego?

A. No, it was all done by Bob Bennett.

Q. And--
A. Wait, wait, I'm sorry. Bob Bennett and a worker from Michigan or something that helped him.

Q. Why not have Clyde Apperson do that?
A. Well, because that's not his speciality. And number two, Bob Bennett bid the job.

Q. And--
A. And it was installed in December of-- no, I'm sorry, November, December and January, December-- November and December of '99. And there were problems and the technical problems were cleaned up in January. And it never worked right.

Q. Did Mr. Apperson ever perform any legitimate business function for Gardner Springs?
A. None whatsoever.

Q. To your knowledge, after you wrote that check did Clyde Apperson go to Chicago?
A. I don't know. I want to-- I want to make sure I understand that question. Do you mean from the time I wrote the check did he get on a plane and go to Chicago?

Q. Yes.
A. I don't know.

Q. And the lab you indicated at this point is now
in these military boxes in Wamego in the Lester building and the ET is in the living quarters area underground.

A. In the air handling area of the living quarters.

Q. And then what happened next?

A. Clyde shows up.

Q. And what happened?

A. We're on the way to the Atlas F base.

Q. For what purpose?

A. Because he wants to go see what in the world has happened. And I tell him I completely moved the lab. He then called Leonard, and Leonard was I believe in St. Martin, and Leonard flipped out. And Clyde went into the Atlas F base to make sure I had properly removed everything and he found a few items that I had not yet removed. There were some red-shielded lights so that the full spectrum would not be applied to the process and some chains and just literally one garbage sack full of stuff.

And other than that, he was impressed that I was able to get that stuff moved that fast and done. And he told me it was a good
thing, because he was in the hospital and couldn't even stand up straight with a viral ear infection. In other words, he agreed with me that I had an emergency situation. And then he immediately wanted to go see the lab.

Q. And when approximately was this in 2000?
A. Sometime in July or-- I don't know, late July or--

Q. And then what happened after the two of you went to the Atlas F?

A. He wanted to go see the facility where it was at. And I lied to him and told him it was at the Looking Glass facility.

Q. What was the Looking Glass facility?
A. It's a Government project that was to keep the president in communication at all times, and it's above Topeka here, in case of nuclear war or other hostile situations. And it had been on the market and-- part of it had been on the market for sale.

Q. And why tell him-- why lie to him and tell him it was there?
A. I didn't want-- well, they would have flipped out if they would have known that I had put it in Wamego, because they considered Wamego to be
the hit spot.

Q. Why?
A. Because if I had a problem or if anyone had a problem, they would go hit Wamego. Wamego was always the decoy.

Q. After you told Clyde Apperson it was at the Looking Glass site, what happened next?
A. He wanted to go see it and I successfully pushed him off and said I didn't have the keys and such. So we drove to the Looking Glass. He could see there were a number of containers because a moving company had ended up buying the GTE part of the Looking Glass facility. And he could see stuff and he tried to crawl over the fence or something, and I said, "I don't recommend this because this is an NSA operation next to us with an AT&T site that was deep underground." I said, "We're on video."
And he decided to back off and not pursue going over the fence and draw any attention to going into the Looking Glass.

Q. Then what happened?
A. He had to get back home for something and I--he went to the airport and he was upset.

Q. Did you go originally to the airport to pick
him up?

A. I don't know, I can't remember.

Q. And the airport that he went back out of was which airport?

A. I think Kansas City, I don't know.

Q. And so he had to get back home. So what happened next?

A. Okay. Then I can't get ahold of Leonard at any of the numbers. He's left every place. Leonard in the meantime was trying to get married and finding an area where he can get married at legally, and it was quite a difficult problem.

Q. Married to whom?

A. Natasha.

Q. Then what happened?

A. I-- for a long period of time of where I was not able to talk to him. And eventually somehow he got in touch with me.

Q. Approximately when?

A. I don't know.

Q. Would it have been in the month of July or was it later?

A. Late July, August.

Q. And when he got ahold of you, what happened?
Describe that conversation.

A. It was in code and he said, "What are we going to do?" And he said I-- and he said, you know, "I'm really upset with you." And I said, "Well, I really don't care. We just about by three hours got that thing done." And I said, "And this was the worst mess I've ever seen in my life." And I said that just leaving the lab like that was not excusable. And I also told him that-- that the condition he left the nonsafe part of the lab was a mess and would have got us busted and there was chemicals that could have-- once you breached the first door, which was relatively easy, down on the next level you could have gotten into a refrigerator that would have shown chemicals. And anyone that would have found them would have called the authorities.

So I told him, I said, you know, "I may have had a problem, but I've been warning you the whole way along." And the other thing I told Leonard is, I said, you know, this place was a mess.

MR. RORK: Well, Your Honor, the question that was propounded to the witness
about three minutes ago was, "What did he say to you," and all I've heard was what this individual has said to him.

MR. HOUGH: Judge, it's appropriate
in the context of the conversation for the witness to describe the conversation between the two men.

THE COURT: Well, let's try to shorten it up. And you're giving us so much detail, you're almost overcoming us. Let's-- let's try to get this lab moved and go onto the next subject. I think maybe you have now, but--

MR. HOUGH: Thank you, Judge.

Q. (BY MR. HOUGH) So this is July, 2000 again?
A. Or August, early August.

Q. And after that conversation then, what, if anything, occurred?
A. My next meeting physically with Leonard was in
Mill Valley.

Q. Mill Valley, what state?
A. California. Physically met with him and--

Q. Where?
A. -- Emily, my girlfriend--

Q. Where?
A. Huh?

Q. Where in Mill Valley?

A. I don't know the town-- the streets well enough. But it was over by-- you know, there's a--

Q. Was it at a-- a motel, a restaurant?

A. Oh, no, no, no. It was-- the post office was one side and, you know, we were walking out.

Bill Wynn, Emily Reagan were with me and we saw Leonard, we called him and he said, hey, I'm up around by the pizza place or something. I just don't know Mill Valley that well.

Q. Was it a scheduled meeting?

A. Well, yeah, we had been, you know, wanting to go together and he was very--

Q. What was the purpose of the scheduled meeting?

A. First time we had had physical contact since the move of the lab. And he was very upset with me and I wasn't happy with him. And I was surprised because he had a little car and he said, "Get in the car," and that was not the way he-- things-- I felt a little uncomfortable, I felt like there was a-- an underlying threat. This was an area that he had a great deal of control over, it was his
territory. And he drove me and he was acting
out of the ordinary.

Q. How?

A. Uptight, drove fast, drove and-- and insisted
on going and getting a-- a can of coke at
somewhere on the waterfront there and stopped
and made a phone call. And I suspect that
ultimately he was making sure I wasn't being
followed--

MR. RORK: I'm going to object to
what he suspects, and what he wants to
interject is speculation.

MR. HOUGH: Judge, based upon this
witness' knowledge of this Defendant in the
context of this conspiracy, he can tell us what
his belief was going on at that point in time.

THE COURT: Yes. Overruled. Go
ahead.

A. I think that he was making sure I wasn't being
followed and hadn't been busted.

Q. (BY MR. HOUGH) Why?

A. Well, I mean the lab was moved, you know, it's
a serious problem and they hadn't seen it.

Q. So tell us then about what ultimately happened
in Mill Valley.
A. We talked briefly and we arranged for a date that the lab would be turned back over to him. And he said, "Get another site, get another location for us."

Q. What was the date that he wanted it turned back over to him?

A. I don't remember.

Q. Do you remember approximately?

A. I mean, sometime within 45 days of that time.

Q. Okay. And so--

A. There were some things that had to happen.

Q. Such as?

A. I had to get married, so-- and--

Q. What else?

A. And I had my children with me. So I had to deal with the logistics. And he was busy, too. And Natasha was in the process of being very pregnant. And Clyde had other obligations, so--

Q. And describe those.

A. Family get-togethers and I don't know what else.

Q. So ultimately, then, did you, in fact, look for another location after this conversation?

A. No, not-- not for him. I looked for another
location to deposit it to get it off that base.

And I had extensive conversation with Mike
Hobbs about, "Do you think we can get this
thing off this base and into a-- some sort of
rental storage unit?" And ultimately we
decided not to.

Q. Why?

A. More exposure to just DOT pulling you over,
more exposure to highway patrol, more exposure
to police. Anyone could accidentally pull you
over.

Q. And then what happened?

A. I believe I settled-- I mean, I-- it would
help-- I came here, I was in this courtroom and
settled by paying a fine on the misdemeanor
charge. And then that allowed me to leave.

And I thought long and hard about all the stuff
that had been said to me, and I was trying to
weigh and balance had we indeed committed an
act of violence or were we in the process of
committing an act of violence. And I then
started to try to call different law
enforcement people.

Q. And then that ultimately resulted in your
cooperation in this matter; is that correct?
A. That's correct.

Q. And after you made the phone calls you described, how did you ultimately get to the agreement with the people in Washington?

A. Well, eventually I had to pay Tom Haney to fly and buy his tickets and pay for everything to Washington. And I had to pay for a special law firm that was connected to the Department of Justice, and I had to present evidence to Tom Haney that he could carry on to a plane so that he could prove to the Department of Justice that he and this law firm that we paid could sit down with the Department of Justice and strike a deal for the next step, me being interviewed by DEA and/or slash Department of Justice people that flew to see me in Sacramento, California.

Q. So the agreement was ultimately cut then in October of 2000?

A. Yes.

Q. On the 19th?

A. Yes, right, there was a-- there was a-- a process that was complicated that we went through.

Q. And Exhibit 800 and 801 that we saw early on in
your testimony, let's see--

MR. BENNETT: Judge, could we

approach before we get into these exhibits?

THE COURT: Yes, you can.

(THEREUPON, the following

proceedings were held at the bench and

outside of the hearing of the jury).

MR. BENNETT: Well, Judge, I thought

I heard him say-- make reference to 800 and

801, and I thought he was going to give to the

witness Exhibit 800 and 801. 800 hasn't been

admitted, I don't believe. And so that's why I

thought if-- I don't think I have any problem

with 801, but if he's going to show him 800,

then I want to object then.

MR. RORK: Judge--

MR. HOUGH: Judge, my purpose in

showing him these was reference points, the

dates that he signed these in relationship to

him giving statements to the DEA. But Mr.

Bennett did remind me of a point. Based upon

the record at this point in time, we would

reoffer 800.

THE COURT: What's the basis of your

objection to 801?
MR. BENNETT: I don't have an objection. I thought he was--

THE COURT: Tell me what's your objection to 800, if that's--

MR. BENNETT: I believe 800 is the order--

MR. HOUGH: The order you signed yesterday.

MR. BENNETT: And I would--

MR. HOUGH: Mary Beth has provided copies to you, has she not?

MR. BENNETT: Yeah. And my objection to 800, Judge, is that it's prejudicial. It--it-- it's an order entered by this court relative to Mr. Skinner's obligations, and I would respectfully submit to the Court that it infers-- if it's allowed to go to the jury, it infers to the jury that you have in some way or the Court has in some way approved his testimony, and-- and it doesn't. It doesn't prove anything in this case, it's just more an oral-- where you say--

THE COURT: That his immunity--

MR. BENNETT: Right.

THE COURT: -- is still alive.
MR. BENNETT: Right.

THE COURT: And he wasn't going to testify if he didn't have this.

MR. BENNETT: Well, I understand that, Judge. But the fact that his immunity is still alive is not, I would respectfully submit, an appropriate issue for this jury to in any way consider. You have made that decision.

MR. RORK: And, Judge, I would add on behalf of Mr. Pickard that it bolsters and it vouches for the veracity of this person's testimony, indicating that the Court has ordered him to testify and that he's reluctant and in the same way that that's going to make more credibility for his statement, number one. And number two, it misstates the agreement. The letter that I've read indicates that the only way he was going to be charged for perjury is if he testifies under oath falsely and doesn't go into all the other false acts that he's done outside of the agreement.

That order that you have there with respect to the different-- the prosecution of involuntary manslaughter in Potawatomie
County-- and, in fact, that letter of Pott County indicates he's not immune from a murder, conspiracy to murder or other acts of violence directed to a person. And that's different than what your order says. And your order also has in there language that it's more or less again vouching for this witness' credibility. And the Court's order bolsters what the jury--what weight the jury should give to it. His agreement is his agreement.

THE COURT: How does this order do that?

MR. RORK: Well, I will show you that.

THE COURT: How does it vouch?

MR. HOUGH: Judge, we would respectfully submit that these arguments are disingenuous. This is a very clear, concise order with precise language. It does nothing more than recognize that the-- the motion that was filed based upon a grant of immunity is recognized by this Court, period. It vouches for the method. This is-- this is nuts.

MR. RORK: Judge, it says right here, "Todd Skinner will refuse to testify or provide
other information on the basis of his privilege against self-incrimination." That makes it sound like his testimony here, that his self-incrimination deals with Pott County, the theft of stereo speakers--

THE COURT: It does not.

MR. RORK: Well, that's the only reason we were told he wouldn't testify was--we weren't back in your office, so we do not know. But what we were told out here the reason he was having problems testifying and was gone all morning was his concern over the theft of speakers, his concern over the false affidavit and his concern over Washington. And again, he doesn't have concerns over the Fifth Amendment if he's been given immunity, Judge, here. It was-- the jury doesn't know that.

MR. HOUGH: Judge, the Court is very well aware of what the order says, what the expert who made application stated. These arguments should be overruled and denied.

MR. BENNETT: Judge, this exhibit - and then I will quit - doesn't tend to prove or disprove any of the issues in this lawsuit. And I--
THE COURT: Well, that— that's your best argument right there, that this— this has nothing to do with any of the other issues in this argument. You caught my attention with that much. But I will not admit that at this time. Now— and we'll continue to— continue to look at it, because it's— it has only to do with— and it did not provide immunity or— or his— his right to take the Fifth on any issue that's ongoing up there in Potawatomie County, absolutely does not. And we— we made it— we made a good point of that. Except those that arise out of this, out of this transaction.

MR. RORK: And with all due respect, Judge, my comments were just made what was told to us while they were gone back there. That's why I said we weren't back there when you brought that out. I was just giving you my understanding of why they had this.

THE COURT: Well— isn't that right?

MR. HOUGH: Judge, that is accurate. The concern was his immunity agreement being— with the department being recognized by this Court, so that anything that he said here
couldn't be used against him in any other proceeding, whether it be a pending matter in Potawatomie County, whether it be in some matter not pending in Potawatomie County, or anywhere else.

THE COURT: All right. Well--

MR. HOUGH: It all fits under the umbrella.

THE COURT: We will wait and see what we need to do with this eventually and let's recess now and-- well--

MR. HALEY: It's 4:30.

THE COURT: Yeah, is it 4:30? I can't see. Yeah, it is. All right. We'll recess.

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

THE COURT: Ladies and gentlemen, I think we'll now recess until 9:30 in the morning. We'll see you here at that time. Remember my admonition. Mr. Bailiff.

(THEREUPON, a recess was had).
UNITED STATES OF AMERICA )
) ss:
DISTRICT OF KANSAS )

CERTIFICATE

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 DAY day of MONTH, YEAR, 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 ____ day of ___, 2003.

KELLI STEWART
Certified Shorthand Reporter

NORA LYON & ASSOCIATES, INC.
1515 S.W. Topeka Blvd., Topeka, KS 66612
Phone: (785) 232-2545 FAX: (785) 232-2720