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8  
9 Attorneys for ML Manager LLC

10 IN THE UNITED STATES BANKRUPTCY COURT  
11 FOR THE DISTRICT OF ARIZONA

12 In re  
13 MORTGAGES LTD.,  
14 Debtor.

Chapter 11  
Case No. 2:08-bk-07465-RJH

**ML MANAGER'S RESPONSE TO RON  
BARNES' MOTION TO QUASH BENCH  
WARRANT, MOTION FOR LEAVE FROM  
ORDER DATED JUNE 21, 2011 AND  
MOTION FOR CLARIFICATION**

**Hearing Date: August 4, 2011  
Hearing Time: 11:30 a.m.**

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22 After disregarding this Court's orders for three months, Ron Barnes finally  
23 responds and seeks to blame his failure to abide with this Court's orders on ML Manager.  
24 Barnes' arguments do not cure his contempt. Barnes cannot pick and choose between  
25 which of this Court's orders he wishes to obey. This Court has already found that Barnes  
26 was able to comply with its orders. Barnes was aware of the deadlines in this Court's

1 June 21, 2011 order and repeatedly failed to work with ML Manager in resolving these  
2 concerns. Accordingly, the Court should deny his motion to quash.

3 **I. FACTUAL BACKGROUND**

4 In his motion, Barness attempts to divert the Court from the issue of whether he  
5 complied with the Court's orders by attempting to blame ML Manager. That is not the  
6 issue before the Court. The question before the Court is whether Barness has complied  
7 with the Court's orders. On January 20, 2011, this Court approved ML Manager's  
8 distribution of proceeds to investors [Docket No. 3047]. This order expressly stated that  
9 any money payable to Barness should be paid to the Town of Gilbert due to the Town's  
10 judgment lien that attached to Barness' interest in the real property sold on his behalf by  
11 ML Manager. *Id.* On February 21, 2011, ML Manager distributed the funds pursuant to  
12 the Court's order to over 1,500 individual investors. Declaration of Mark Winkleman,  
13 attached hereto as Exhibit A. Due to a clerical error, approximately \$112,000 was  
14 erroneously distributed to Barness (the "Funds")<sup>1</sup>

15 Shortly after the distribution was made, ML Manager attempted to contact Barness  
16 to secure the return of the Funds by telephone and by email. Barness ignored these  
17 attempts to communicate with ML Manager. Accordingly, on March 28, 2011, ML  
18 Manager filed an *ex parte* motion seeking an order requiring Barness to return the Funds  
19 [Docket No. 3124]. On March 29, 2011, the Court granted ML Manager's motion and  
20 ordered Barness to return the Funds [Docket No. 3126]. ML Manager served the order by  
21 mail to Barness. On April 6, 2011, ML Manager obtained a supplemental order, requiring  
22 Barness to return the Funds [Docket No. 3152]. ML Manager served the order by mail

23 \_\_\_\_\_  
24 <sup>1</sup> Barness attempts to characterize this error by arguing that ML Manager "disregarded the  
25 Court's clear instructions on distributions. ML Manager . . . clearly knew its obligations –  
26 it just failed to fulfill them." Barness Motion at p. 2 [Docket No. 3290]. The Court can  
take judicial notice that ML Manager distributed funds to over 1500 individual investors  
with one clerical error. Unlike Barness' blatant disregard for this Court's order, ML  
Manager's error was a mere clerical error.

1 and by email to two email addresses on record with ML Manager. Barness failed to  
2 comply with either of these orders.

3 As a result of Barness' failure to comply with this Court's orders, on April 14,  
4 2011, ML Manager filed an application for an order to show cause why Barness should  
5 not be held in contempt of Court [Docket No. 3172]. The Court granted the application  
6 and ordered that Barness appear before the Court on May 10, 2011 to show cause why he  
7 should not be held in contempt [Docket No. 3179]. On May 10, 2011, Barness appeared  
8 and raised the defense of impossibility [Docket No. 3204]. This Court then set an  
9 evidentiary hearing on June 15, 2011 [*Id.*].

10 Prior to the evidentiary hearing, ML Manager noticed the deposition of Barness  
11 and also served discovery in an effort to evaluate Barness' defense. At his deposition,  
12 Barness revealed that he used the Funds to pay down his line of credit. Specifically  
13 Barness stated:

14 . . . You know, I didn't know that there was an order -- I just  
15 thought it was money I got from my investment and I paid off  
16 my credit cards . . .

17 Deposition of R. Barness 42:6-16, attached hereto as Exhibit B. Barness also testified that  
18 he had access to the line of credit at the time of his deposition. Barness testified that he  
19 used the line of credit to pay for day to day expenses. He stated:

20 Q. Do your Bank of America or Chase cards, credit cars,  
allow you to get a cash advance?

21 A. Well, balance transfers is what I use. I don't get cash  
22 advance, but I use their balance transfer checks to pay  
expenses.

23 Q. So they give you a certain amount of balance transfer  
24 checks, both - - both sets of cards, both Chase and  
Bank of America do?

25 A. Yes.

26 Q. Are you limited on how many of those balance transfer

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checks you write?

A. To the limit of my card.

Q. To the limit of your card?

In connection with the order that you return this money, which, as you've told me, the \$112,075.31 that you've been ordered to return was actually used to pay down the Bank of America credit cards and Chase credit cards, in connection with that order that you return that, have you considered doing balance transfer to pay some or all of that?

A. I have not. I need that money to live.

Q. And to follow up on that, I think you just answered it, but the reason why you haven't considered it is because you need that money to live on. Correct?

*Id.* at 43:16-44:12. At the deposition Barness also provided limited responses to ML Manager's requests for production. These responses failed to provide any detail whereby ML Manager could evaluate the defense of Barness. Additionally, prior to trial, ML Manager prepared a draft of a joint pretrial statement and provided a draft to Barness. *See* June 9, 2011 Email from C. Smith to R. Barness, attached hereto as Exhibit C. Barness failed to make any comments to the joint pretrial statement. Accordingly, ML Manager filed a unilateral pretrial statement on June 13, 2011 [Docket No. 3243].

The Court held its evidentiary hearing on June 15, 2011. At that hearing the Court evaluated Barness' defense and ruled that Barness had the ability to comply with the Court's order. The Court further ordered ML Manager to prepare a form of order and provide it to Barness for his review. [Docket No. 3246]. ML Manager provided Barness with a form of its proposed order on June 17, 2011. *See*, June 17, 2011 Email from C. Smith to R. Barness, attached hereto as Exhibit D. Barness requested, and was given, until Monday June 20, 2011 to provide comments to the proposed form of order. *See* June 17, 2011 Email from R. Barness to C. Smith, attached hereto as Exhibit E. ML Manager

1 uploaded the proposed form of Order with the June 30, 2011 deadline to the Court on June  
2 20, 2011 [Docket No. 3249]. The notice of lodging included a copy of Barness proposed  
3 changes [*Id.*]. ML Manager emailed a copy of the proposed order on June 20, 2011. *See*  
4 June 20, 2011 Email from C. Smith to R. Barness, attached hereto as Exhibit F. The  
5 Court entered the proposed order on June 22, 2011 [Docket No. 3251].

6 On June 24, 2011, counsel for ML Manager received a telephone call and an email  
7 from an attorney representing Barness. *See* June 24, 2011 Email from P. Rupprecht to K.  
8 Hendricks, attached hereto as Exhibit G. On June 28, 2011, counsel for ML Manager  
9 discussed the status of this case with counsel for Barness. Counsel for Barness stated that  
10 Barness was unable to comply with the Court's order alleging that, contrary to Barness'  
11 deposition testimony, Barness was now some how cut off from his ability to access funds.  
12 Counsel for Barness further requested that ML Manager not take further action to seek an  
13 arrest warrant. *See* June 28, 2011 Email from P. Rupprecht to K. Hendricks, attached  
14 hereto as Exhibit H. ML Manager agreed to postpone taking further action until July 10,  
15 2011, but requested that Barness come and demonstrate his inability to obtain funds. *See*  
16 June 28, 2011 Email from K. Hendricks to P. Rupprecht, attached hereto as Exhibit I.  
17 Counsel for Barness informed ML Manager that Barness could not make the  
18 demonstration because he was on vacation. *See* Exhibit I, June 30, 2011 Email from P.  
19 Rupprecht to K. Hendricks.

20 On July 11, 2011, counsel for ML Manager had still not received the promised  
21 demonstration and contacted counsel for Barness. *See* July 11, 2011 Email from S.  
22 Brower to P. Rupprecht, attached hereto as Exhibit J. Counsel for Barness again stated  
23 that Barness was willing to provide a demonstration of his inability to comply with the  
24 Court's order. However, by July 19, 2011, neither Barness nor his attorney had provided  
25 any communication regarding this demonstration. Accordingly, ML Manager wrote again  
26 to counsel for Barness requesting the demonstration. *See* July 19, 2011 Email from S.

1 Brower to P. Rupprecht, attached hereto as Exhibit K. ML Manager further stated that it  
2 Manager was intending to move forward unless it received some substantive response to  
3 its requests. *Id.* Later on July 19, counsel for Barness responded, indicating that Barness  
4 was still willing to demonstrate his inability to comply with the Court's order and would  
5 provide that demonstration on Monday July 25, 2011. *See* July 19, 2011 Email from P.  
6 Rupprecht to S. Brower, attached hereto as Exhibit L. Because of all of the prior delays  
7 and what appeared to be stonewalling that was occurring, ML Manager replied stating that  
8 Monday was too late and that Barness needed to come in and demonstrate his alleged  
9 inability. *See* July 20, 2011 Email from K. Hendricks to P. Rupprecht, attached hereto as  
10 Exhibit M. Counsel for Barness agreed that Barness would appear on July 22, 2011. On  
11 July 22, 2011, counsel for Barness contacted ML Manager and informed ML Manager  
12 that Barness would not appear as promised because he still was on vacation.<sup>2</sup>

## 13 **II. LEGAL ANALYSIS**

### 14 **A. The Court Has Already Ruled on the Defense of Financial Inability.**

15 During the June 15 evidentiary hearing, Ron Barness argued that it was impossible  
16 for him to repay the Funds. But upon consideration of testimony regarding the assets and  
17 credit available to Barness, the Court rejected that argument [Docket No. 3246]. This  
18 finding was again reiterated in the Court's June 21 Order: Barness is capable of returning  
19 the Funds to ML Manager. **IT IS HEREBY ORDERED** over ruling Barness's defense  
20 that he is unable to return the Funds [Docket No. 3251]. In reaching this holding, the  
21 Court appropriately examined not only the assets but also the credit available to Barness.  
22 Courts that similarly have examined the defense of inability to pay in contempt  
23 proceedings have likewise considered both the assets as well as the credit available to the

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24 <sup>2</sup> Barness' failure to appear at the requested demonstration is further complicated by ML  
25 Manager's recent discovery of a jury verdict for fraud that was recently entered against  
26 Barness. *See Goodman v. Barness*, Maricopa County Superior Court CV2009-018049  
March 3, 2011 Minute Entry attached hereto as Exhibit N. This conviction creates a  
considerable shadow over the credibility of Barness.

1 party subject to the order to pay. *See, e.g., Fed. Sav. & Loan Ins. Corp. v. Blain*, 808 F.2d  
2 395, 399 (5th Cir.1987); *Affatato v. Considine*, 305 Ga. App. 755, 759-60 (2010); *Ex rel*  
3 *Andrews*, 566 S.W.2d 668 (Tex. Civ. App. 1978).

4 In *Blain*, the defendants Spencer Blain and his counsel had been enjoined from  
5 transferring money out of a particular trust account pending resolution of the case. The  
6 lower court found that Blain's counsel violated the injunction by making certain transfers.  
7 The court ordered Blain to replenish the trust account by the \$1.1 million that had been  
8 transferred and held him in contempt until he did so. On appeal, Blain argued that the  
9 contempt order must be vacated because he was unable to pay the \$1.1 million. The Fifth  
10 Circuit rejected Blain's arguments reasoning as follows:

11 On the record before us we cannot conclude either that Blain  
12 is unable to comply or that he made a good faith effort to do  
13 so. There is no showing that Blain is unable to borrow  
14 sufficient funds or that he is unable to satisfy the order jointly  
with [his counsel]. The record is devoid of evidence that  
Blain has made a good faith effort to comply.

15 *Blain*, 808 F.2d at 399.

16 Likewise, in *Affatato*, the court found the defendant in criminal contempt for  
17 failure to timely pay the plaintiff \$20,000 for discovery sanctions and sentenced him to 15  
18 days imprisonment for the violation. The defendant appealed arguing that there was  
19 insufficient evidence to support a finding that his failure to pay was the result of willful  
20 disobedience rather than his financial inability. The court disagreed; reasoning that there  
21 was evidence that defendant had access to funds he could have borrowed at the time that  
22 he was ordered to pay the money. The court held,

23 Inability to pay is a defense only where the contemnor  
24 demonstrates that he has exhausted all resources and assets  
25 available and is still unable to secure the funds necessary to  
26 enable compliance with the court's order. He must show  
clearly that he has in good faith exhausted all the resources at  
his command and has made a diligent and bona fide effort to  
comply with the order of the court, and that he cannot borrow

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sufficient funds to comply with the obligations.

*Affatato*, 305 Ga. App. at 759-60. Additionally, the court noted that the defendant’s nonpayment of the sanctions was largely due to his failure to promptly borrow the funds available to him when he was ordered by the court to pay the sanction. *Id.* at 760-61.

Similarly, this Court appropriately rejected Barness’ defense after considering his testimony at the June 15 evidentiary hearing about his credit and ability to borrow money from his credit cards. Barness failed to show that he “in good faith exhausted all the resources at his command and has made a diligent and bona fide effort to comply with the order of the court, and that he cannot borrow sufficient funds to comply with the obligations.” *See Affatato*, 305 Ga. App. at 759-60. Thus, having failed to carry his burden on his affirmative defense of inability to pay, Barness could not prevail.

Barness’ further arguments are equally without merit. Barness makes the nonsequitur leap that the Court’s mere consideration of his ability to borrow money is a requirement that he do so. Although, it would be more than appropriate for Barness to write a balance transfer check off of the credit card that he paid down with the Funds in order to return the Funds, the Court has not mandated that he do so. The Court’s consideration of the credit available to Barness is merely part of the considerations the Court must weigh in determining whether he has adequately proven his defense of impossibility. The Court has not specified the source of the repayment of the Funds. Likewise, Barness’ creative argument regarding bank fraud lacks merit. Chase has extended to credit to Barness, and apparently has even reinstated balance transfer privileges. Chase apparently has its reasons for doing so and the Court need not engage in speculation.

By restoring the status quo by writing a balance transfer check for repayment of the Funds, Barness would put Chase in no worse of condition than it was before Barness used the Funds to pay down his balances. Chase benefited over the last several months due



1 from the payment and a balance transfer would merely return Chase to the position it was  
2 in before. Accordingly, this would not damage Chase and could not constitute bank  
3 fraud.<sup>3</sup>

4 **B. Barness Cannot Use Rule 60 to Evade Repayment of the Funds.**

5 1. Court has authority to hold Barness in contempt.

6 The primary basis presented by Barness for his request that the Court vacate or  
7 modify its prior rulings distills down to his argument that the Court lacks authority to  
8 order him to repay the Funds and hold him in contempt if he does not. Yet, Barness does  
9 not and cannot cite a single case for this argument because the case law is inapposite. *See,*  
10 *e.g., United States v. Jaeger*, 117 F.2d 483, 487 (2d Cir.1941) (holding that bankruptcy  
11 court had jurisdiction to hold corporate officer in contempt and in custody for disobeying  
12 order to repay distributed funds).

13 Further, this argument challenging the Court's authority is in reality a disguised  
14 challenge to the Court's initial order entered in March directing Barness to repay the  
15 Funds. In that regard, the argument is an impermissible and untimely motion for  
16 reconsideration of that order. The law is clear. Individuals cannot wait until contempt  
17 proceedings are brought against them before challenging the underlying order. *See*  
18 *Donovan v. Sovereign Sec., Ltd.*, 726 F.2d 55, 60 (2d Cir.1984) (holding that defendants  
19 that had lost their right to challenge an order for payment of back wages by failing to  
20 timely move for reconsideration or file an appeal were prohibited from challenging the  
21 validity of the order during contempt proceedings).

22 The order that required Barness to repay the Funds was entered by this Court and  
23 served on Barness in March 2011 [Docket 3126]. The time for Barness to file a motion  
24 for reconsideration or appeal of this Order has long since passed. Accordingly, Barness

25 <sup>3</sup> Beyond this, a recessionary transaction of the type contemplated by Barness simply does  
26 seem to carry with it the badges of fraud and criminal elements necessary for the statutory  
violations referenced.

1 cannot now challenge the legal validity of this Order requiring him to repay the Funds.

2           2.     Barness' unsupported comments do not require a new hearing.

3           Additionally, Barness argues that his restrictions on his balance transfer is new  
4 evidence and justifies setting aside this Court's order. In the Ninth Circuit, the party  
5 seeking reconsideration based on newly-discovered evidence bears the burden of proving  
6 that the evidence: (1) is truly newly-discovered; (2) could not have been discovered  
7 through due diligence; and (3) is of such a material and controlling nature that it demands  
8 a probable change in the outcome. *See United States v. Tanoue*, 165 F.R.D. 96, 97  
9 (D.Haw.1995) (citing *Coastal Transfer Co. v. Toyota Motor Sales, U.S.A.*, 833 F.2d 208  
10 (9th Cir.1987)). Barness' requests for Rule 60(b)(2) relief fails to meet this burden.  
11 Barness has not established by credible evidence that the evidence was truly newly  
12 discovered and could not have been discovered before hand through due diligence.  
13 Additionally, the alleged evidence is facially unsupported. Barness has not provided any  
14 evidence of Chase's position apart from his self-serving declaration. This declaration is  
15 insufficient to provide the Court with a reason to set aside the award. As demonstrated  
16 above, Barness had numerous opportunities to present some evidence of his inability to  
17 ML Manager. Every time, Barness failed to appear and demonstrate his inability to ML  
18 Manager. Furthermore, Barness' credibility is extremely suspect when considering the  
19 recent jury verdict finding that Barness engaged in fraud.

20           Barness argues that he did nothing wrong and that ML Manager is to blame for his  
21 predicament. This argument is incorrect. By his own admission Barness owns various  
22 creditors millions upon millions of dollars and is subject to recorded judgments,  
23 garnishments and charging orders. *See generally*, Exhibit B, Barness Depo. When he  
24 received the Funds, a check to which he admits he was not entitled (*see* Barness Motion at  
25 p. 10) , he used it, not to pay his judgment debtors or garnishing creditors, but to pay  
26 down his credit card so he can continue his quality of life. Barness knew or should have

1 known that this money was not his and should have immediately returned these funds so  
2 that they could be appropriately distributed to his creditors pursuant to the laws of  
3 priority. This Court's June 21, 2011 Order solely restored the priority that existed  
4 previously. Barness failed to comply with this order and cannot blame this failure on  
5 anyone but himself.

6 **C. Mr. Barness had knowledge of the Court's Order.**

7 Barness attempts to allege that he was unaware of the order. As demonstrated  
8 above, Barness had actual knowledge of the order. Barness was present when the Court  
9 held that he had the ability to repay the funds. Barness also received a copy of the draft  
10 order that contained the June 30, 2011 deadline. Barness commented on the draft order  
11 and received a copy of the order as it was lodged. After entry of the order counsel for  
12 Barness contacted ML Manager to discuss this order with specific reference to the  
13 impending June 30 deadline. As demonstrated above, these conversations continued for  
14 several weeks as the parties attempted to resolve this case. The knowledge of an attorney  
15 is imputed to the client. *C.f., Panzino v. City of Phoenix*, 196 Ariz. 442, 447, ¶ 16, 999 P.  
16 2d 198, 203 (2000) (holding that under the law of agency the client is bound by the  
17 actions of an attorney). Accordingly, Barness cannot hide behind the allegations that he  
18 did not know of the order because he had actual knowledge of the Court's order through  
19 his attorney.

20 **D. Court may clarify Mr. Barness obligations.**

21 Finally, Barness claims that the Court should clarify his obligations under the June  
22 21, 2011 Order. ML Manager contends that no clarification is necessary.  
23 Notwithstanding this contention, ML Manager does not object to this Court clarifying that  
24 Barness is obligated to return the Funds. The Court can further clarify, if such  
25 clarification is necessary, that Barness may choose the manner in which he complies. The  
26 June 21, 2011 Order did not order Barness to take money from Chase to return the Funds.

1 Instead, the Court held that it was possible for Barness to comply with the Order and that  
2 he would be in contempt for failure to comply. Accordingly, the Court may clarify that  
3 Barness may choose whatever means available to him to comply with this Court's order.

4 **III. CONCLUSION**

5 Despite Court order, Barness has refused to return the money at issue. ML  
6 Manager provided Barness with ample opportunities to appear and demonstrate his  
7 inability to pay. Barness has never taken advantage of these opportunities. Thus, there is  
8 no credible evidence that Barness is unable to comply with this Court's order. Barness  
9 cannot pick and chose which of this Court's orders he would like to comply with.  
10 Accordingly, the Court should deny Barness' motion except to the extent that Court may  
11 clarify that Barness need not commit bank fraud in order to comply.

12 DATED: August 3, 2011.

13 MOYES SELLERS & HENDRICKS

14 By /s/ Keith L. Hendricks  
15 Keith L. Hendricks  
16 Attorneys for ML Manager LLC

17  
18 COPY of the foregoing emailed this  
19 3rd day of August, 2011 to the following:

20 Philip R. Rupprecht  
21 Aiken Schenk Hawkins & Ricciardi, P.C.  
22 4742 North 24<sup>th</sup> Street, Suite 100  
23 Phoenix, Arizona 85016-4859  
24 prr@ashrlaw.com

25 /s/ L. Carol Smith

# **EXHIBIT D**

## Joshua Greer

---

**From:** SMITH, CAROL  
**Sent:** Friday, June 17, 2011 3:17 PM  
**To:** 'ronbarness@aol.com'; 'Barnessron@gmail.com'  
**Cc:** HENDRICKS, KEITH; GREER, JOSHUA  
**Subject:** ML / Barness Contempt Order

**Attachments:** ML - Barness Order of Contempt.pdf



ML - Barness Order  
of Contempt...

Mr. Barness,

Attached is a draft of the Contempt Order for your review and comment. The Judge has instructed that this draft be provided to you for your review and comment and that it be uploaded on Monday. Please review this draft and give us your comments today.

Thank you.

L. Carol Smith  
Certified Legal Assistant  
Keith L. Hendricks and Joshua T. Greer  
FENNEMORE CRAIG  
3003 North Central Avenue  
Suite 2600  
Phoenix, Arizona 85012-2913  
Direct: 602-916-5160 / Firm: 602-916-5000 / Fax: 602-916-5630

# **EXHIBIT E**

**Joshua Greer**

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**From:** ronbarness@aol.com  
**Sent:** Friday, June 17, 2011 3:31 PM  
**To:** SMITH, CAROL; Barnessron@gmail.com  
**Cc:** HENDRICKS, KEITH; GREER, JOSHUA  
**Subject:** Re: ML / Barness Contempt Order

Ms. Smith: Giving me less than two hours to comment on this is not reasonable and is unacceptable. Providing it to me to review and comment is meaningless on such short and unreasonable notice. I will have my comments to you and the lawyers by the end of the day on Monday. I expect this courtesy to extended to me. Thank you. Ron

-----Original Message-----

From: SMITH, CAROL <CSMITH@FCLAW.com>  
To: 'ronbarness@aol.com' <ronbarness@aol.com>; 'Barnessron@gmail.com' <Barnessron@gmail.com>  
Cc: HENDRICKS, KEITH <KHENDRIC@FCLAW.com>; GREER, JOSHUA <JGREER@FCLAW.com>  
Sent: Fri, Jun 17, 2011 3:16 pm  
Subject: ML / Barness Contempt Order

Mr. Barness,

Attached is a draft of the Contempt Order for your review and comment. The Judge has instructed that this draft be provided to you for your review and comment and that it be uploaded on Monday. Please review this draft and give us your comments today.

Thank you.

L. Carol Smith  
Certified Legal Assistant  
Keith L. Hendricks and Joshua T. Greer  
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Suite 2600  
Phoenix, Arizona 85012-2913  
Direct: 602-916-5160 / Firm: 602-916-5000 / Fax: 602-916-5630



# **EXHIBIT F**

## Joshua Greer

---

**From:** SMITH, CAROL  
**Sent:** Monday, June 20, 2011 5:21 PM  
**To:** 'ronbarness@aol.com'; 'Barnessron@gmail.com'  
**Cc:** HENDRICKS, KEITH; GREER, JOSHUA  
**Subject:** ML / Barness Order of Contempt

**Attachments:** ML \_ Notice of Lodging Order In Contempt.pdf; ML - exhibit B re contempt order.pdf; ML - Barness Contempt Order.pdf

Attached is the Notice of Lodging the Order and Exhibits, along with the Proposed Order.



ML \_ Notice of  
Lodging Order I...



ML - exhibit B re  
contempt ord...



ML - Barness  
contempt Order.pd..

L. Carol Smith  
Certified Legal Assistant  
Keith L. Hendricks and Joshua T. Greer  
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Direct: 602-916-5160 / Firm: 602-916-5000 / Fax: 602-916-5630

# **EXHIBIT G**

**Joshua Greer**

---

**From:** Phil Rupprecht [pr@ashrlaw.com]  
**Sent:** Friday, June 24, 2011 10:02 AM  
**To:** HENDRICKS, KEITH  
**Subject:** Barness

Keith:

I've been contacted by Ron Barness and have a couple of issues I'd like to discuss. I called your office this morning and they said this was the best way to reach you. Would you call me when you have a minute?

**Philip R. Rupprecht**  
**Attorney**

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# **EXHIBIT H**

**Joshua Greer**

---

**From:** Phil Rupprecht [pr@ashrlaw.com]  
**Sent:** Tuesday, June 28, 2011 1:45 PM  
**To:** HENDRICKS, KEITH  
**Subject:** Ron Barness  
**Attachments:** chase.pdf

Keith:

This is the follow up to our conversation of a few minutes ago. Attached is the screen shot I got from Ron Barness . As I said, Ron is willing to do a live, online demonstration of how he got to this screen.

My understanding is that you've agreed that, in light of this development and others, ML Managers will not attempt to take any further action on the matter until July 10 at the earliest.

I appreciate your professional consideration.

**Philip R. Rupprecht**  
Attorney

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# EXHIBIT I

**L. Carol Smith**

**From:** Phil Rupprecht [pr@ashrlaw.com]  
**Sent:** Thursday, June 30, 2011 4:00 PM  
**To:** HENDRICKS, KEITH  
**Cc:** BROWER, STEPHEN  
**Subject:** RE: Ron Barness  
**Attachments:** Chase Online - BT History.pdf; BalanceTransferHistory2.pdf

Keith/Stephen:

Attached are to screen shots from Chase showing that in the last eight months, the only balance transfers on Ron's Chase cards occurred in October. There were several transfers and the screen shots give you the dates and amounts.

Ron tells me that he has had no communication with Chase since his debtor's exam.

Ron is out of town right now with his family so he can't do a demonstration right now.

Would one of you give me a call next week so we can discuss where to go from here?

**Philip R. Rupprecht**

Attorney

AIKEN SCHENK HAWKINS & RICCIARDI P.C.

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**From:** HENDRICKS, KEITH [mailto:KHENDRIC@FCLAW.com]  
**Sent:** Tuesday, June 28, 2011 1:57 PM  
**To:** Phil Rupprecht  
**Subject:** RE: Ron Barness

Phil,

I will likely have Stephen Brower follow up with Ron on this. If Ron could make arrangements to come over to show Stephen what he did. Also, we need to see any other communication he has had with the bank since his debtor's exam, and we need to know the last time he did a balance transfer and how much that was for.

Keith

Fennemore Craig, P.C.

Denver | Las Vegas | Nogales | Phoenix | Tucson  
[www.FennemoreCraig.com](http://www.FennemoreCraig.com)



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**From:** Phil Rupprecht [mailto:pr@ashrlaw.com]  
**Sent:** Tuesday, June 28, 2011 1:45 PM  
**To:** HENDRICKS, KEITH  
**Subject:** Ron Barness

Keith:

This is the follow up to our conversation of a few minutes ago. Attached is the screen shot I got from Ron Barness . As I said, Ron is willing to do a live, online demonstration of how he got to this screen.

My understanding is that you've agreed that, in light of this development and others, ML Managers will not attempt to take any further action on the matter until July 10 at the earliest.

I appreciate your professional consideration.

**Philip R. Rupprecht**  
**Attorney**

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AIKEN SCHENK HAWKINS & RICCIARDI P.C.  
4742 N. 24<sup>th</sup> St., Suite 100  
Phoenix, Arizona 85016  
P: 602.248.8203  
F: 602.248.8840  
[www.ashrlaw.com](http://www.ashrlaw.com)

# **EXHIBIT J**

**L. Carol Smith**

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**From:** Stephen Brower  
**Sent:** Monday, July 11, 2011 11:29 AM  
**To:** prr@ashrlaw.com  
**Cc:** Keith Hendricks  
**Subject:** Barness - Contact Info  
**Attachments:** Stephen Brower.vcf

Phil,

Thank you for taking my call. Here is my updated contact information. Please contact me in the next day or so about scheduling a time to have Ron Barness come in to our office. Thank you.

Stephen Brower  
MOYES SELLERS & HENDRICKS  
1850 North Central, Suite 1100  
Phoenix, AZ 85004  
602-604-2170 (office)  
602-274-9135 (fax)  
480-457-9157 (cell)

# **EXHIBIT K**

**L. Carol Smith**

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**From:** Stephen Brower  
**Sent:** Tuesday, July 19, 2011 5:19 PM  
**To:** prr@ashrlaw.com  
**Cc:** Keith Hendricks  
**Subject:** RE: Barness - Contact Info

Phillip,

As you know, the Court entered an Order directing Mr. Barness to return the \$112,075.31 by June 30, 2011 or "a civil arrest warrant shall be issued by the Court." Now, after two weeks past this deadline, Mr. Barness has still not complied with the Order, nor have we received the proof that we were promised in an earlier email. Apparently, Mr. Barness was going to come into our office and show us that he was unable to access the funds that he paid toward his credit cards. We haven't received this proof haven't even heard back from your office about this. The last time we had any communication about this was over one week ago. If we do not receive this by 5 p.m. tomorrow, we will upload an order for the issuance of a civil arrest warrant against Mr. Barness and will take steps necessary to see that it is executed upon by the U.S. Marshalls.

**Stephen Brower**

**1850 N. Central Avenue, Suite 1100**  
**Phoenix, Arizona 85004-4541**  
**Office (602) 604-2170**  
**sbrower@law-msh.com**

---

**From:** Stephen Brower  
**Sent:** Tuesday, July 19, 2011 4:39 PM  
**To:** prr@ashrlaw.com  
**Cc:** Keith Hendricks  
**Subject:** RE: Barness - Contact Info

Philip,

I have received no response from you. We are intending to move forward with lodging an order for contempt and issuance of a civil arrest warrant. Please promptly contact me.

**Stephen Brower**

**1850 N. Central Avenue, Suite 1100**  
**Phoenix, Arizona 85004-4541**  
**Office (602) 604-2170**  
**sbrower@law-msh.com**

---

**From:** Stephen Brower  
**Sent:** Monday, July 11, 2011 11:29 AM  
**To:** prr@ashrlaw.com  
**Cc:** Keith Hendricks  
**Subject:** Barness - Contact Info

Phil,

Thank you for taking my call. Here is my updated contact information. Please contact me in the next day or so about scheduling a time to have Ron Barness come in to our office. Thank you.

Stephen Brower  
MOYES SELLERS & HENDRICKS  
1850 North Central, Suite 1100  
Phoenix, AZ 85004  
602-604-2170 (office)  
602-274-9135 (fax)  
480-457-9157 (cell)

# **EXHIBIT L**

**L. Carol Smith**

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**From:** Phil Rupprecht [pr@ashrlaw.com]  
**Sent:** Tuesday, July 19, 2011 7:24 PM  
**To:** Stephen Brower  
**Cc:** Keith Hendricks  
**Subject:** Re: Barness - Contact Info

My apologies for not calling I am out of town this week. I had your name on my list to call before I left and then I ran out of time. This is the first time I have checked mail since alst week.

Ron is still willing to do the demonstration. I will call you Monday to set a time.

Sent from my iPad

On Jul 19, 2011, at 6:39 PM, "Stephen Brower" <[SBrower@law-msh.com](mailto:SBrower@law-msh.com)> wrote:

Philip,

I have received no response from you. We are intending to move forward with lodging an order for contempt and issuance of a civil arrest warrant. Please promptly contact me.

**Stephen Brower**

**1850 N. Central Avenue, Suite 1100**  
**Phoenix, Arizona 85004-4541**  
**Office (602) 604-2170**  
**[sbrower@law-msh.com](mailto:sbrower@law-msh.com)**

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**From:** Stephen Brower  
**Sent:** Monday, July 11, 2011 11:29 AM  
**To:** [pr@ashrlaw.com](mailto:pr@ashrlaw.com)  
**Cc:** Keith Hendricks  
**Subject:** Barness - Contact Info

Phil,

Thank you for taking my call. Here is my updated contact information. Please contact me in the next day or so about scheduling a time to have Ron Barness come in to our office. Thank you.

Stephen Brower  
MOYES SELLERS & HENDRICKS  
1850 North Central, Suite 1100  
Phoenix, AZ 85004  
602-604-2170 (office)  
602-274-9135 (fax)  
480-457-9157 (cell)



# **EXHIBIT M**

**L. Carol Smith**

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**From:** Keith Hendricks  
**Sent:** Wednesday, July 20, 2011 2:04 PM  
**To:** Phil Rupprecht; Stephen Brower  
**Subject:** RE: Barness - Contact Info

Phil,

Monday is not soon enough. Our client is insistent that he come by immediately, or we file the Order. My client believes that Barness is delaying. Given that we are chasing money and there are or may be dwindling assets, further delay is not acceptable.

Keith Hendricks  
[khendricks@law-msh.com](mailto:khendricks@law-msh.com)  
602-604-2120

---

**From:** Phil Rupprecht [<mailto:pr@ashrlaw.com>]  
**Sent:** Tuesday, July 19, 2011 7:24 PM  
**To:** Stephen Brower  
**Cc:** Keith Hendricks  
**Subject:** Re: Barness - Contact Info

My apologies for not calling I am out of town this week. I had your name on my list to call before I left and then I ran out of time. This is the first time I have checked mail since alst week.

Ron is still willing to do the demonstration. I will call you Monday to set a time.

Sent from my iPad

On Jul 19, 2011, at 6:39 PM, "Stephen Brower" <[SBrower@law-msh.com](mailto:SBrower@law-msh.com)> wrote:

Philip,

I have received no response from you. We are intending to move forward with lodging an order for contempt and issuance of a civil arrest warrant. Please promptly contact me.

**Stephen Brower**

**1850 N. Central Avenue, Suite 1100**  
**Phoenix, Arizona 85004-4541**  
**Office (602) 604-2170**  
**[sbrower@law-msh.com](mailto:sbrower@law-msh.com)**

---

**From:** Stephen Brower  
**Sent:** Monday, July 11, 2011 11:29 AM  
**To:** [pr@ashrlaw.com](mailto:pr@ashrlaw.com)  
**Cc:** Keith Hendricks  
**Subject:** Barness - Contact Info

Phil,

Thank you for taking my call. Here is my updated contact information. Please contact me in the next day or so about scheduling a time to have Ron Barness come in to our office. Thank you.

Stephen Brower  
MOYES SELLERS & HENDRICKS  
1850 North Central, Suite 1100  
Phoenix, AZ 85004  
602-604-2170 (office)  
602-274-9135 (fax)  
480-457-9157 (cell)

# **EXHIBIT N**

SUPERIOR COURT OF ARIZONA  
MARICOPA COUNTY

CV 2009-018049

03/03/2011

HON. JOHN REA  
FOR HON. EDWARD O. BURKE

CLERK OF THE COURT  
L. Gilbert/L. Nixon  
Deputy

RICHARD C GOODMAN, et al.

JOHN E DEWULF

v.

RON N BARNES, et al.

JEFFREY S LEONARD

GARY D ANSEL

TRIAL MINUTE ENTRY  
DAY SEVEN

Old Courthouse – Courtroom 101

8:40 a.m. The jury returns from March 2, 2011 to resume their deliberations.

East Court Building – Courtroom 414

9:02 a.m. In chambers: All parties appear telephonically. Plaintiffs are represented by counsel, John E. Dewulf. Defendants, Ron N. Barnes, Daron P. Barnes, Greenfield Plaza Investors, LLC, Taylor Ranch Retail Investors, LLC, Alro Investors, LLC, Barnes Papas Investments, LLC, Barnes Investment Limited Partnership, Papas Investment Partnership and Retail Brokers, Inc. are represented by counsel, Jeffrey S. Leonard. Defendants, Alex and Roxane Papakyriakou are represented by counsel, Gary D. Ansel.

A record of the proceedings is made by audio/videotape in lieu of a court reporter.

LET THE RECORD REFLECT that the Court has received a note from the jury. Same is discussed between Court and counsel and a written response is submitted.

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MARICOPA COUNTY

CV 2009-018049

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9:09 a.m. Court stands at recess.

Old Courthouse – Courtroom 101

12:29 p.m. Court reconvenes. Plaintiffs are represented by counsel, John E. Dewulf. Defendants, Ron N. Barness, Daron P. Barness, Greenfield Plaza Investors, LLC, Taylor Ranch Retail Investors, LLC, Alro Investors, LLC, Barness Papas Investments, LLC, Barness Investment Limited Partnership, Papas Investment Partnership and Retail Brokers, Inc. are represented by counsel, Jeffrey S. Leonard. Defendants, Alex and Roxane Papakyriakou are represented by counsel, Gary D. Ansel.

Court reporter, Scott Coniam is present and a record of the proceedings is made by audio and/or videotape.

The jury is all present in the jury box and by its Foreman returns into court its interrogatories and verdicts, which are read and recorded by the clerk as follows:

We the jury, duly empanelled and sworn in the above-entitled action, upon our oaths, as to the following interrogatories, do find:

**“Securities Fraud Jury Interrogatories”**

1. Do you find by a preponderance of the evidence that any of the Defendants listed below made, participated in or induced the purchase or sale of a security to Plaintiffs?

Ron Barness	Yes <u>X</u>	No <u>   </u>
Alex Papas	Yes <u>X</u>	No <u>   </u>
ALRO Investors, LLC	Yes <u>X</u>	No <u>   </u>
Greenfield Plaza Investors, LLC	Yes <u>   </u>	No <u>X</u>
Taylor Ranch Retail Investors, LLC	Yes <u>   </u>	No <u>X</u>

2. Do you find by a preponderance of the evidence that those Defendants you identified with a “yes” in response to Question 1, directly or indirectly employed any device, scheme or artifice to defraud, in connection with the sale of securities to Plaintiffs?

Ron Barness	Yes <u>X</u>	No <u>   </u>
Alex Papas	Yes <u>X</u>	No <u>   </u>
ALRO Investors, LLC	Yes <u>X</u>	No <u>   </u>
Greenfield Plaza Investors, LLC	Yes <u>   </u>	No <u>X</u>

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MARICOPA COUNTY

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Taylor Ranch Retail Investors, LLC      Yes \_\_\_      No X

3. Do you find by a preponderance of the evidence that any of the Defendants you identified with a "yes" in response to Question 1 directly or indirectly made any untrue statement of material fact to the Plaintiffs or omitted to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading?

Ron Barness      Yes X      No \_\_\_  
Alex Papas      Yes X      No \_\_\_  
ALRO Investors, LLC      Yes X      No \_\_\_  
Greenfield Plaza Investors, LLC      Yes \_\_\_      No X  
Taylor Ranch Retail Investors, LLC      Yes \_\_\_      No X

4. Do you find by a preponderance of the evidence that any of the Defendants you identified with a "yes" in response to Question 1 directly or indirectly engaged in any transaction, practice or course of business which operates or would operate as a fraud or deceit?

Ron Barness      Yes X      No \_\_\_  
Alex Papas      Yes X      No \_\_\_  
ALRO Investors, LLC      Yes X      No \_\_\_  
Greenfield Plaza Investors, LLC      Yes \_\_\_      No X  
Taylor Ranch Retail Investors, LLC      Yes \_\_\_      No X

5. For each Defendant for which you answered "yes" in response to Question 1 and for which you answered "yes" to any one of Questions 2 or 3 or 4, do you find by a preponderance of the evidence that any of those Defendants acted either recklessly or knowingly?

Ron Barness      Yes X      No \_\_\_  
Alex Papas      Yes X      No \_\_\_  
ALRO Investors, LLC      Yes X      No \_\_\_  
Greenfield Plaza Investors, LLC      Yes \_\_\_      No X  
Taylor Ranch Retail Investors, LLC      Yes \_\_\_      No X

6. Controlling Person. Do you find by a preponderance of the evidence that any of the Defendants listed below had the *power* to directly or indirectly control or direct the management, policies or activities of any other Defendant for which you answered "yes" to Question 1 and any one of Questions 2 or 3 or 4?

Ron Barness      Yes X      No \_\_\_  
Alex Papas      Yes X      No \_\_\_

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MARICOPA COUNTY

CV 2009-018049

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7. For each Defendant you identified as a controlling person in response to Question 6, do you find by a preponderance of the evidence that any of those Defendants acted either recklessly or knowingly?

Ron Barness	Yes <u>X</u>	No <u>   </u>
Alex Papas	Yes <u>X</u>	No <u>   </u>

8. What total sum of money, if any, do you find from a preponderance of the evidence would fully compensate Plaintiff Richard Goodman and Cecilia Goodman Family Trust for its damages resulting from securities fraud in connection with its investment in Greenfield Plaza Investors, LLC?

\$1,157,500.00

9. As to the total sum of money specified in Question 8, above, what is each Defendant's percentage of responsibility, measured as a percentage of the total fault of all persons who caused or contributed to the loss incurred by Plaintiff Richard Goodman and Cecilia Goodman Family Trust in connection with its investment in Greenfield Plaza Investors, LLC?

In determining the percentage of responsibility under this section, please consider both the nature and extent of:

- a. The conduct of each Defendant found to have caused or contributed to the loss incurred by Plaintiff Richard Goodman and Cecilia Goodman Family Trust; and
- b. The causal relationship between the conduct of each Defendant and the damages incurred by Plaintiff Richard Goodman and Cecilia Goodman Family Trust.

<u>NAME OF DEFENDANT</u>	<u>PERCENTAGE OF FAULT</u>
Ron Barness	<u>100</u> %
Alex Papas	<u>100</u>
ALRO Investors, LLC	<u>100</u>
Greenfield Plaza Investors, LLC	<u>100%</u>

10. What total sum of money, if any, do you find from a preponderance of the evidence would fully compensate Plaintiff City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth

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Profit Sharing Plan FBO Richard Goodman for its damages resulting from securities fraud in connection with its investment in Taylor Ranch Retail Investors, LLC?

\$1,100,000.00

11. As to the total sum of money specified in Question 10, above, what is each Defendant's percentage of responsibility, measured as a percentage of the total fault of all persons who caused or contributed to the loss incurred by Plaintiff City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman in connection with its investment in Taylor Ranch Retail Investors, LLC?

In determining the percentage of responsibility under this section, please consider both the nature and extent of:

a. The conduct of each Defendant found to have caused or contributed to the loss incurred by Plaintiff City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman; and

b. The causal relationship between the conduct of each Defendant and the damages incurred by Plaintiff City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman.

<u>NAME OF DEFENDANT</u>	<u>PERCENTAGE OF FAULT</u>
Ron Barness	<u>100</u> %
Alex Papas	<u>100</u>
ALRO Investors, LLC	<u>100</u>
Taylor Ranch Retail Investors, LLC	<u>100%</u>

12. What total sum of money, if any, do you find from a preponderance of the evidence would fully compensate Plaintiff the Wortrich Family Trust for its damages resulting from securities fraud in connection with its investment in Greenfield Plaza Investors, LLC?

\$1,157,500.00

13. As to the total sum of money specified in Question 12, above, what is each Defendant's percentage of responsibility, measured as a percentage of the total fault of all persons who caused or contributed to the loss incurred by Plaintiff the Wortrich Family Trust in connection with its investment in Greenfield Plaza Investors, LLC?

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In determining the percentage of responsibility under this section, please consider both the nature and extent of:

a. The conduct of each Defendant found to have caused or contributed to the loss incurred by Plaintiff the Wortrich Family Trust; and

b. The causal relationship between the conduct of each Defendant and the damages incurred by Plaintiff the Wortrich Family Trust.

<u>NAME OF DEFENDANT</u>	<u>PERCENTAGE OF FAULT</u>
Ron Barness	<u>100 %</u>
Alex Papas	<u>100</u>
ALRO Investors, LLC	<u>100</u>
Greenfield Plaza Investors, LLC	<u>100%</u>

14. What total sum of money, if any, do you find from a preponderance of the evidence would fully compensate Plaintiff the Wortrich Family Trust for its damages resulting from securities fraud in connection with its investment in Taylor Ranch Retail Investors, LLC?

\$1,000,000.00

15. As to the total sum of money specified in Question 14, above, what is each Defendant's percentage of responsibility, measured as a percentage of the total fault of all persons who caused or contributed to the loss incurred by Plaintiff the Wortrich Family Trust in connection with its investment in Taylor Ranch Retail Investors, LLC?

In determining the percentage of responsibility under this section, please consider both the nature and extent of:

a. The conduct of each Defendant found to have caused or contributed to the loss incurred by Plaintiff the Wortrich Family Trust; and

b. The causal relationship between the conduct of each Defendant and the damages incurred by Plaintiff the Wortrich Family Trust.

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<u>NAME OF DEFENDANT</u>	<u>PERCENTAGE OF FAULT</u>
Ron Barness	<u>100 %</u>
Alex Papas	<u>100</u>
ALRO Investors, LLC	<u>100</u>
Taylor Ranch Retail Investors, LLC	<u>100%</u>

**VERDICT #1**  
(Arizona Securities Fraud)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiffs, Richard C. Goodman and Cecilia Goodman, as Co-Trustee’s of the Richard Goodman and Cecilia Goodman Family Trust’s claim for Arizona Securities Fraud arising out of its investment in Greenfield Plaza Investors, LLC:

X  In favor of plaintiff, Richard Goodman and Cecilia Goodman Family Trust, and find total damages to be \$1,157,500.00 and against the following defendants:

Ron Barness  X

ALRO Investors, LLC  X

Alex Papas  X

Greenfield Plaza Investors, LLC \_\_\_\_\_

OR

\_\_\_\_\_ In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Greenfield Plaza Investors, LLC and against plaintiff Richard Goodman and Cecilia Goodman Family Trust.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #2**  
(Arizona Securities Fraud Re: Greenfield Plaza Investors, LLC)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich as Trustee of the Wortrich Family Trust’s claim for Arizona Securities Fraud arising out of its investment in Greenfield Plaza Investors, LLC:

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  X   In favor of plaintiff, Wortrich Family Trust and find total damages to be \$1,157,500.00 and against the following defendants whose names are "checked":

Ron Barness   X  

ALRO Investors, LLC   X  

Alex Papas   X  

Greenfield Plaza Investors, LLC           

OR

       In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Greenfield Plaza Investors, LLC and against plaintiff the Wortrich Family Trust."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #3**

(Arizona Securities Fraud Re: Taylor Ranch Retail Investors, LLC)

"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich as Trustee of the Wortrich Family Trust's claim for Arizona Securities Fraud arising out of its investment in Taylor Ranch Retail Investors, LLC:

  X   In favor of plaintiff, Wortrich Family Trust and find total damages to be \$1,000,000.00 and against the following defendants whose names are "checked":

Ron Barness   X  

ALRO Investors, LLC   X  

Alex Papas   X  

Greenfield Plaza Investors, LLC           

OR

       In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Taylor Ranch Retail Investors, LLC and against plaintiff the Wortrich Family Trust."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #4**

(Arizona Securities Fraud)

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"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman's claim for Arizona Securities Fraud arising out of its investment in Taylor Ranch Retail Investors, LLC:

  X   In favor of plaintiff, Goodman Profit Sharing Plan and find total damages to be \$1,100,000.00 and against the following defendants whose names are "checked":

Ron Barness   X  

ALRO Investors, LLC   X  

Alex Papas   X  

Taylor Ranch Retail Investors, LLC  
\_\_\_\_\_

OR

       In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Taylor Ranch Retail Investors, LLC against plaintiff Goodman Profit Sharing Plan."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #5**  
(Common Law Fraud and Fraudulent Nondisclosure)

"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff, Richard C. Goodman and Cecilia Goodman, as Co-Trustees of the Richard Goodman and Cecilia Goodman Family Trust's claim for common law fraud and fraudulent nondisclosure arising out of its investment in Greenfield Plaza Investors, LLC:

  X   In favor of plaintiff, the Richard Goodman and Cecilia Goodman Family Trust and find total damages to be \$1,157,500.00 and against the following defendants whose names are "checked":

Ron Barness   X  

ALRO Investors, LLC   X  

Alex Papas   X  

Greenfield Plaza Investors, LLC. \_\_\_\_\_

OR

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\_\_\_\_\_ In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Greenfield Plaza Investors, LLC and against plaintiff the Richard Goodman and Cecilia Goodman Family Trust.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #6**

(Common Law Fraud and Fraudulent Nondisclosure Re: Greenfield Plaza Investors, LLC)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich, as Trustee of the Wortrich Family Trust’s claim for common law fraud and fraudulent nondisclosure arising out of its investment in Greenfield Plaza Investors, LLC:

  X   In favor of plaintiff, the Wortrich Family Trust and find damages to be in the total amount of \$1,157,500.00 and against the following Defendants whose names are “checked”:

Ron Barness   X  

ALRO Investors, LLC   X  

Alex Papas   X  

Greenfield Plaza Investors, LLC. \_\_\_\_\_

OR

\_\_\_\_\_ In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Greenfield Plaza Investors, LLC and against plaintiff the Wortrich Family Trust.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #7**

(Common Law Fraud and Fraudulent Nondisclosure Re: Taylor Ranch Retail Investors, LLC)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich, as Trustee of the Wortrich Family Trust’s claim for common law fraud and fraudulent nondisclosure arising out of its investment in Taylor Ranch Retail Investors, LLC:

  X   In favor of plaintiff, the Wortrich Family Trust and find damages to be in the total amount of \$1,000,000.00 and against the following defendants whose names are “checked”:

Ron Barness   X  

ALRO Investors, LLC   X  

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MARICOPA COUNTY

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Alex Papas   X  

Taylor Ranch Retail Investors, LLC       

OR

       In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Taylor Ranch Retail Investors, LLC and against plaintiff the Wortrich Family Trust.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #8**  
(Common Law Fraud and Fraudulent Nondisclosure)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff, City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman’s (“Goodman Profit Sharing Plan”) claim for common law fraud and fraudulent nondisclosure arising out of its investment in Taylor Ranch Retail Investors, LLC:

  X   In favor of plaintiff, the Goodman Profit Sharing Plan and find damages to be \$1,100,000.00 and against the following defendants whose names are “checked”:

Ron Barness   X  

ALRO Investors, LLC   X  

Alex Papas   X  

Taylor Ranch Retail Investors, LLC       

OR

       In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Taylor Ranch Retail Investors, LLC and against plaintiff Goodman Profit Sharing Plan.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #9**  
(Consumer Fraud)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiffs, Richard C. Goodman and Cecilia Goodman, as Co-Trustees of the Richard Goodman and Cecilia Goodman Family Trust’s claim for consumer fraud arising out of its investment in Greenfield Plaza Investors, LLC:

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X  In favor of plaintiff, the Richard Goodman and Cecilia Goodman Family Trust and find damages to be \$1,157,500.00 and against the following defendants whose names are "checked":

Ron Barness  X

ALRO Investors, LLC  X

Alex Papas  X

Greenfield Plaza Investors, LLC. \_\_\_\_\_

OR

\_\_\_\_\_ In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Greenfield Plaza Investors, LLC and against plaintiff Richard Goodman and Cecilia Goodman Family Trust."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #10**

(Consumer Fraud Re: Greenfield Plaza Investors, LLC)

"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff, Theodore Wortrich as Trustee of the Wortrich Family Trust's claim for consumer fraud arising out of its investment in Greenfield Plaza Investors, LLC:

X  In favor of plaintiff, the Wortrich Family Trust and find total damages to be \$1,157,500.00 and against the following defendants whose names are "checked":

Ron Barness  X

ALRO Investors, LLC  X

Alex Papas  X

Greenfield Plaza Investors, LLC. \_\_\_\_\_

OR

\_\_\_\_\_ In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Greenfield Plaza Investors, LLC and against plaintiff the Wortrich Family Trust."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #11**

(Consumer Fraud Re: Taylor Ranch Retail Investors, LLC)

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"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich, as Trustee of the Wortrich Family Trust's claim for consumer fraud arising out of its investment in Taylor Ranch Retail Investors, LLC:

X  In favor of plaintiff, the Wortrich Family Trust and find total damages to be \$1,000,000.00 and against the following defendants whose names are "checked":

Ron Barness  X

ALRO Investors, LLC  X

Alex Papas  X

Taylor Ranch Retail Investors, LLC \_\_\_\_\_

OR

\_\_\_\_\_ In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Taylor Ranch Retail Investors, LLC and against plaintiff the Wortrich Family Trust."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #12**  
(Consumer Fraud)

"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman's ("Goodman Profit Sharing Plan") claim for consumer fraud arising out of its investment in Taylor Ranch Retail Investors, LLC:

X  In favor of plaintiff, the Goodman Profit Sharing Plan and find total damages to be \$1,100,000.00 and against the following defendants whose names are "checked":

Ron Barness  X

ALRO Investors, LLC  X

Alex Papas  X

Taylor Ranch Retail Investors, LLC \_\_\_\_\_

OR

\_\_\_\_\_ In favor of defendants, Ron Barness, Alex Papas, ALRO Investors, LLC and Taylor Ranch Retail Investors, LLC and against plaintiff Goodman Profit Sharing Plan."

The verdict is unanimous and signed by the Foreperson, Juror #9.

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**VERDICT #13**  
(Breach of Fiduciary Duty)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Richard C. Goodman and Cecilia Goodman, as Co-Trustee’s of the Richard Goodman and Cecilia Goodman Family Trust’s claim for breach of fiduciary duty arising out of its investment in Greenfield Plaza Investors, LLC:

  X   In favor of plaintiff, the Richard Goodman and Cecilia Goodman Family Trust, and against ALRO Investors, LLC and find total damages to be \$1,157,500.00.

OR

       In favor of defendant, ALRO Investors, LLC and against plaintiff Richard Goodman and Cecilia Goodman Family Trust.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #14**  
(Breach of Fiduciary Duty Re: Greenfield Plaza Investors, LLC)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich, as Trustee of the Wortrich Family Trust’s claim for breach of fiduciary duty arising out of its investment in Greenfield Plaza Investors, LLC:

  X   In favor of plaintiff, the Wortrich Family Trust and against ALRO Investors, LLC and find total damages to be \$1,157,500.00.

OR

       In favor of defendant ALRO Investors, LLC and against the Wortrich Family Trust.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #15**  
(Breach of Fiduciary Duty Re: Taylor Ranch Retail Investors, LLC)

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“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich, as Trustee of the Wortrich Family Trust’s claim for breach of fiduciary duty arising out of its investment in Taylor Ranch Retail Investors, LLC:

  X   In favor of plaintiff, the Wortrich Family Trust and against defendant ALRO Investors, LLC and find total damages to be \$1,000,000.00.

OR

       In favor of defendant ALRO Investors, LLC and against plaintiff the Wortrich Family Trust.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #16**  
(Breach of Fiduciary Duty)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiffs, City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman’s (“Goodman Profit Sharing Plan”) claim for breach of fiduciary duty arising out of its investment in Taylor Ranch Retail Investors, LLC:

  X   In favor of plaintiff, Goodman Profit Sharing Plan and against defendant ALRO Investors, LLC and find total damages to be \$1,100,000.00.

OR

       In favor of defendant, ALRO Investors, LLC and against plaintiff Goodman Profit Sharing Plan.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #17**  
(Conspiracy to Commit Fraud and Securities Fraud)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Richard C. Goodman and Cecilia Goodman, as Co-Trustee’s of the Richard Goodman and Cecilia Goodman Family Trust’s claim for conspiracy to commit fraud and securities fraud arising out of its investment in Greenfield Plaza Investors, LLC:

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\_\_\_\_\_ In favor of plaintiff, Richard Goodman and Cecilia Goodman Family Trust and find total damages to be \$ \_\_\_\_\_ and against the following defendants whose names are "checked":

Ron Barness \_\_\_\_\_

ALRO Investors, LLC \_\_\_\_\_

Alex Papas \_\_\_\_\_

OR

In favor of defendants, Ron Barness, Alex Papas and ALRO Investors, LLC and against plaintiff Richard Goodman and Cecilia Goodman Family Trust."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #18**

(Conspiracy to Commit Fraud and Securities Fraud Re: Greenfield Plaza Investors, LLC)

"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich as Trustee of the Wortrich Family Trust's claim for conspiracy to commit fraud and securities fraud arising out of its investment in Greenfield Plaza Investors, LLC:

\_\_\_\_\_ In favor of plaintiff, Wortrich Family Trust and find total damages to be \$ \_\_\_\_\_ and against the following defendants whose names are "checked":

Ron Barness \_\_\_\_\_

ALRO Investors, LLC \_\_\_\_\_

Alex Papas \_\_\_\_\_

OR

In favor of defendants, Ron Barness, Alex Papas and ALRO Investors, LLC and against plaintiff the Wortrich Family Trust."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #19**

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(Conspiracy to Commit Fraud and Securities Fraud Re: Taylor Ranch Retail Investors, LLC)

"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff Theodore Wortrich, as Trustee of the Wortrich Family Trust's claim for conspiracy to commit fraud and securities fraud arising out of its investment in Taylor Ranch Retail Investors, LLC:

\_\_\_\_\_ In favor of plaintiff, Wortrich Family Trust and find total damages to be  
\$ \_\_\_\_\_ and against the following defendants whose names are "checked":

Ron Barness \_\_\_\_\_

ALRO Investors, LLC \_\_\_\_\_

Alex Papas \_\_\_\_\_

OR

In favor of defendants, Ron Barness, Alex Papas and ALRO Investors, LLC and against plaintiff the Wortrich Family Trust."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #20**

(Conspiracy to Commit Fraud and Securities Fraud)

"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, do find on plaintiff City National Bank, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman's ("Goodman Profit Sharing Plan") claim for conspiracy to commit fraud and securities fraud arising out of its investment in Taylor Ranch Retail Investors, LLC:

\_\_\_\_\_ In favor of plaintiff, Goodman Profit Sharing Plan and find total damages to be  
be\$ \_\_\_\_\_ and against the following defendants whose names are "checked":

Ron Barness \_\_\_\_\_

ALRO Investors, LLC \_\_\_\_\_

Alex Papas \_\_\_\_\_

OR

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X In favor of defendants, Ron Barness, Alex Papas and ALRO Investors, LLC and against plaintiff the Goodman Profit Sharing Plan.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #21**  
(Punitive Damages)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, having found in favor of plaintiff, Richard C. Goodman and Cecilia Goodman Family Trust on its claims for securities fraud, common law fraud and/or consumer fraud, do find on the issue of punitive damages:

X In favor of plaintiff, Richard C. Goodman and Cecilia Goodman Family Trust and award it punitive damages in the sum of \$ 0, against the following defendants whose names are checked:

:

Ron Barness X ALRO Investors, LLC X  
Alex Papas X

We award punitive damages on the following claims checked below:

Securities Fraud X Consumer Fraud X  
Common Law Fraud X

OR

       In favor of defendants Ron Barness, Alex Papas, and ALRO Investors, LLC on plaintiff Richard C. Goodman and Cecilia Goodman Family Trust’s claim for punitive damages.”

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #22**  
(Punitive Damages)

“We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, having found in favor of plaintiff, City National, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman on its claims for securities fraud, common law fraud and/or consumer fraud, do find on the issue of punitive damages:

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X In favor of plaintiff, City National, Trustee of the Stradling, Yocca, Carlson & Rauth Profit Sharing Plan FBO Richard Goodman and award it punitive damages in the sum of \$ 0, against the following defendants whose names are checked:

Ron Barness X ALRO Investors, LLC X  
Alex Papas X

We award punitive damages on the following claims checked below:

Securities Fraud X Consumer Fraud X  
Common Law Fraud X

OR

       In favor of defendants Ron Barness, Alex Papas, and ALRO Investors, LLC on plaintiff Richard C. Goodman and Cecilia Goodman Family Trust's claim for punitive damages."

The verdict is unanimous and signed by the Foreperson, Juror #9.

**VERDICT #23**  
(Punitive Damages)

"We, the Jury, duly empanelled and sworn in the above entitled action, upon our oaths, having found in favor of plaintiff, Wortrich Family Trust on its claims for securities fraud, common law fraud and/or consumer fraud on both the Greenfield Plaza and Taylor Ranch transactions, do find on the issue of punitive damages:

X In favor of plaintiff, Wortrich Family Trust and award it punitive damages in the sum of \$ 0, against the following defendants whose names are checked:

Ron Barness X ALRO Investors, LLC X  
Alex Papas X

We award punitive damages on the following claims checked below:

Securities Fraud X Consumer Fraud X  
Common Law Fraud X

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OR

\_\_\_\_\_ In favor of defendants Ron Barness, Alex Papas, and ALRO Investors, LLC on plaintiff, Wortrich Family Trust's claim for punitive damages."

The verdict is unanimous and signed by the Foreperson, Juror #9.

The jurors reply that these are their true verdicts.

Counsel decline to poll the members of the jury.

FILED: Verdicts (23)  
Interrogatories Form (1)

Discussion is held regarding clarification of the percentage of fault determinations on Interrogatories 9, 11, 13 and 15.

LET THE RECORD REFLECT the parties stipulate that regarding Interrogatories 9, 11, 13 and 15 the determination of fault falls upon all defendants jointly and severally for 100%.

Counsel agree the jury may be released.

The jury is thanked by the Court and excused from further consideration of this cause.

The verdicts having been entered and there being no further need to retain the exhibits not offered in evidence in the custody of the Clerk of the Court,

IT IS ORDERED permanently releasing all exhibits not offered in evidence to the counsel/party causing them to be marked, or to their written designee.

Plaintiffs' exhibits 1-12, 14-16, 18-52, 58, 60-63, 66-68, 71, 75-80, 82, 83, 85-91, 97, 99, 104, 106-108, 112-120, 122-129, 132-135, 138, 140-144, 147, 149-156, 159-169, 171-211, 213-229 and 231-235 are released to Ms. Goodwin, a representative of plaintiffs' counsel and Defendants' exhibits 238-256 and 258-278 are released to counsel, Mr. Leonard.

IT IS FURTHER ORDERED that counsel/party or written designee take immediate possession of all exhibits referenced above.

12:55 p.m. Trial concludes.

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FILED: Trial/Hearing Worksheet, Exhibit Worksheet

ISSUED: Exhibit Release Form (2)

**LATER:**

IT IS ORDERED that jury fees be assessed against the defendants, Ron N. Barnes, Alex Papas, and ALRO Investors, LLC, in the sum of \$1,781.01, all in accordance with the formal written Judgment for Jury Fees which shall be issued by the court and filed with the clerk.

This case is eFiling eligible: <http://www.clerkofcourt.maricopa.gov/efiling/default.asp>. Attorneys are encouraged to review Supreme Court Administrative Orders 2010-117 and 2011-10 to determine their mandatory participation in eFiling through AZTurboCourt.

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# **EXHIBIT A**

1 FENNEMORE CRAIG, P.C.  
 Cathy L. Reece (005932)  
 2 Keith L. Hendricks (012750)  
 Joshua T. Greer (025508)  
 3 3003 N. Central Ave., Suite 2600  
 Phoenix, Arizona 85012  
 4 Telephone: (602) 916-5343  
 Facsimile: (602) 916-5543  
 5 Email: creece@fclaw.com  
 6 Attorneys for ML Manager LLC

7  
 8 UNITED STATES DISTRICT COURT  
 9 FOR THE DISTRICT OF ARIZONA

10 In re

11 MORTGAGES LTD.,

District Court No. 2:11-cv-00200-RCJ

12 Debtor.

Bankruptcy No. 2:08-bk-07465-RJH

13 **DECLARATION OF MARK WINKLEMAN**  
 14 **IN SUPPORT OF MANAGER'S MOTION TO**  
**DISMISS APPEAL AS MOOT**

15 REV-OP GROUP

16 Appellant,

17 v.

18 ML MANAGER LLC, an Arizona  
 19 limited liability company,

Appellee

20 I, Mark Winkleman, in accordance with 28 U.S.C. § 1746, declare as follows:

21 1. I am the Chief Operating Officer of ML Manager. I have personal  
 22 knowledge of the facts stated herein.

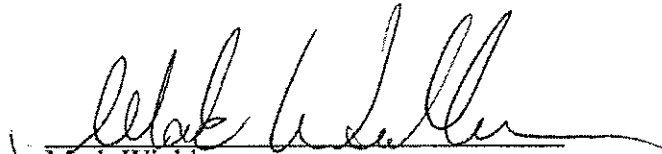
23 2. On February 21, 2011, pursuant to ML Manager's instructions and the  
 24 Bankruptcy Court's January 20, 2011 order on distribution, Canyon State Servicing Co,  
 25 LLC distributed \$8,521,443.22 to investors pursuant to the Allocation Model.  
 26

1           3.     As of today, the entire \$8,521,443.22 addressed in the January 20, 2011  
2 Order has been distributed to over 1,500 investors, including a combined total of  
3 \$1,600,502.64 to the Rev-Op Group.

4           4.     At least some investors were only in loans that were the subject of the  
5 Distribution Motion.

6           5.     I declare under penalty of perjury that the foregoing is true and correct.

7           DATED: 4/12/11.

8   
9 Mark Winkleman

10  
11  
12  
13  
14  
15  
16  
17  
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20  
21  
22  
23  
24  
25  
26

# **EXHIBIT B**

Page 1

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF ARIZONA

In re:                     )  
                              ) Case No. 2:08-bk-07465-RJH  
MORTGAGES, LTD.,        )  
                              )  
Debtor.                    )

---

DEPOSITION OF RON NATHAN BARNESS

Phoenix, Arizona  
June 8, 2011  
10:03 a.m.

REPORTED BY:  
PAMELA J. MAYER, RMR-CRR  
Certified Reporter  
Certificate No. 50207

PREPARED FOR:  
ASCII/CONDENSED  
(Copy)

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1                     DEPOSITION OF RON NATHAN BARNESS was taken  
2 on June 8, 2011, commencing at 10:03 a.m., at the law  
3 offices of Fennemore Craig, P.C., 3003 North Central  
4 Avenue, Suite 2600, Phoenix, Arizona, before PAMELA J.  
5 MAYER, a Certified Reporter in the State of Arizona.  
6  
7 COUNSEL APPEARING:  
8 FENNEMORE CRAIG, P.C.  
9 Mr. Stephen P. Brower  
3003 North Central Avenue  
Suite 2600  
Phoenix, AZ 85012

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I N D E X

1	RON NATHAN BARNESS	PAGE
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3	EXAMINATION BY MR. BROWER .....	4
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6	E X H I B I T S	
7	Deposition	
8	Exhibits:        Description        Page	
9	1 Ex Parte Order Enforcing the Court's	15
10	January 20, 2011 Order Approving the	
11	Distribution of Funds (3 pages)	
12	2 Tax returns (10 pages)	28
13		
14	3 Copy of business card (1 page)	63
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1                     RON NATHAN BARNESS,  
2 a witness herein, having been first duly sworn by the  
3 Certified Reporter to speak the truth and nothing but the  
4 truth, was examined and testified as follows:  
5  
6                     EXAMINATION  
7 BY MR. BROWER:  
8 Q. Let's start off by having you state your name  
9 for the record.  
10 A. Ron Nathan Barness.  
11 Q. What's your address and phone number?  
12 A. 9830 North 79th Place, Scottsdale, Arizona,  
13 85258. And my phone number is 480-617-1611 [sic].  
14 Q. Do you own or rent at that location?  
15 A. I rent.  
16 Q. Who are you renting from currently?  
17 A. A gentleman named Chuck Wassen, W-a-s-s-e-n, I  
18 think.  
19 Q. How much rent do you pay?  
20 A. Approximately \$2000 a month.  
21 Q. Do you have a rental agreement?  
22 A. Yes.  
23 Q. When is the last time you paid rent?  
24 A. Last month, for June.  
25 Q. Have you prepaid any rent on your lease?

Page 5

1 A. No.  
 2 Q. Did you give a security deposit in connection  
 3 with your lease?  
 4 A. Yes.  
 5 Q. How much?  
 6 A. Approximately \$2000, one month rent.  
 7 Q. How did you pay rent, meaning from what source  
 8 did you pay?  
 9 A. Cash.  
 10 Q. Where did you get the cash from?  
 11 A. I cashed my paycheck and used that money to pay  
 12 my rent.  
 13 Q. Who is your employer?  
 14 A. Platinum Commercial Holdings, L.L.C.  
 15 Q. Did Platinum Commercial Holdings, L.L.C., give  
 16 you a paycheck that you cashed and then you paid your  
 17 rent with that cash?  
 18 A. Correct.  
 19 Q. Do you get a paycheck from any other company  
 20 other than Platinum Commercial Holdings, L.L.C.?  
 21 A. No.  
 22 Q. What type of business does Platinum Commercial  
 23 Holdings, L.L.C., engage in?  
 24 A. Commercial real estate brokerage and management.  
 25 Q. Are you a broker with Platinum Commercial

Page 6

1 Holdings, L.L.C.?  
 2 A. Correct.  
 3 Q. How long have you had your license with Platinum  
 4 Commercial Holdings, L.L.C.?  
 5 A. Approximately 18 months.  
 6 Q. Are there any other brokers, associate brokers  
 7 or otherwise?  
 8 A. No.  
 9 Q. Are there any other salespersons associated with  
 10 Platinum Commercial Holdings, L.L.C.?  
 11 A. No.  
 12 Q. Does Platinum Commercial Holdings, L.L.C., have  
 13 any other employees other than yourself?  
 14 A. No.  
 15 Q. Where does Platinum Commercial Holdings, L.L.C.,  
 16 bank? Where do you get your paychecks drawn off of?  
 17 A. U.S. Bank.  
 18 Q. Are you a signer on Platinum Commercial  
 19 Holdings, L.L.C.'s bank account with U.S. Bank?  
 20 A. Yes.  
 21 Q. Are you a joint owner of the bank account of  
 22 Platinum Commercial Holdings, L.L.C., at U.S. Bank?  
 23 A. Yes.  
 24 Q. Have your wages from Platinum Commercial  
 25 Holdings, L.L.C., been garnished or subject to a current

Page 7

1 garnishment?  
 2 A. Yes.  
 3 Q. What judgment creditor had that garnishment  
 4 issued and served?  
 5 A. The last name is Gersh, G-e-r-s-h. They're in  
 6 California.  
 7 Q. Gersh, G-e-r-s-h?  
 8 A. Correct.  
 9 Q. So the judgment creditor is a Mr. Gersh?  
 10 A. Correct.  
 11 Q. What's Mr. Gersh's first name?  
 12 A. Jeffrey.  
 13 Q. How do you know Mr. Gersh?  
 14 A. He was an investor of mine.  
 15 Q. What did he invest in?  
 16 A. Multiple shopping centers.  
 17 Q. Do any of those come to mind? Can you give me  
 18 any examples?  
 19 A. I don't remember at this point. It's been many  
 20 years.  
 21 Q. How many years, roughly?  
 22 A. At least three, probably more than that.  
 23 Q. When did Mr. Gersh initiate a lawsuit against  
 24 you?  
 25 A. About a year ago.

Page 8

1 Q. Where did he sue you?  
 2 A. Here in Arizona.  
 3 Q. Was a judgment entered in that lawsuit?  
 4 A. I believe so.  
 5 Q. How much of a judgment was entered in that  
 6 lawsuit? What was the amount?  
 7 A. I believe it was approximately \$800,000.  
 8 Q. That \$800,000 judgment, was that a stipulated  
 9 judgment?  
 10 A. Yes.  
 11 Q. Were you represented by counsel in that lawsuit?  
 12 A. Yes, I was.  
 13 Q. Who was your counsel?  
 14 A. Philip Rupprecht.  
 15 Q. Can you spell that last name?  
 16 A. R-u-p-p-r-e-c-h-t.  
 17 Q. When did you enter into the stipulated judgment  
 18 in that lawsuit with Jeffrey Gersh?  
 19 A. I believe it was early part of last year. I  
 20 believe it was February, but I'm not sure.  
 21 Q. So roughly, you entered into a judgment in the  
 22 lawsuit brought against you by Jeffrey Gersh in roughly  
 23 February of 2010?  
 24 A. Yes.  
 25 Q. When were your wages garnished?

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1 A. At that time, beginning at that time, and every  
 2 month thereafter.  
 3 Q. Is Mr. Gersh represented by counsel?  
 4 A. Yes.  
 5 Q. Who is his counsel?  
 6 A. I don't know.  
 7 Q. When is the last time you spoke with Jeffrey  
 8 Gersh?  
 9 A. It was around that time, so a year or more.  
 10 Q. You haven't had any phone calls with Mr. Gersh  
 11 for over a year?  
 12 A. No. I just send him a check every month.  
 13 Q. Okay. We kind of jumped ahead a little bit.  
 14 Let's go back and establish some ground rules for our  
 15 deposition today.  
 16 You understand you're under oath and have sworn  
 17 to tell the truth today?  
 18 A. Yes.  
 19 Q. For the benefit of the court reporter and  
 20 clarity of the record, only one person can speak at a  
 21 time. Is that fair?  
 22 A. Yes.  
 23 Q. Also for the benefit of the court reporter and  
 24 clarity of the record, please answer all questions  
 25 audibly. Is that fair?

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1 A. Yes.  
 2 Q. And if you don't understand a question, let me  
 3 know, and I'll rephrase it. And if you answer the  
 4 question, I'll assume you understood the question. Is  
 5 that fair?  
 6 A. Yes.  
 7 Q. And, of course, if you need a break at any time,  
 8 just let me know.  
 9 A. I will.  
 10 Q. Tell me your phone number again.  
 11 A. 480-607-1611.  
 12 Q. Is that a cell phone?  
 13 A. No.  
 14 Q. Is that your home phone?  
 15 A. Yes.  
 16 Q. Who's your provider?  
 17 A. Qwest.  
 18 Q. Do you have a cell phone?  
 19 A. Sorry. It's not Qwest. It's -- it's Cox.  
 20 Q. Do you have a cell phone?  
 21 A. I do.  
 22 Q. What's that number?  
 23 A. 480-203-7000.  
 24 Q. Who's the provider?  
 25 A. Verizon Wireless.

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1 Q. Is that cell phone in your name?  
 2 A. Yes.  
 3 Q. Do you have any other cell phones in your name  
 4 or in the name of any of your businesses?  
 5 A. No.  
 6 Q. Do you have a business line?  
 7 A. That's -- no. It's the same number.  
 8 Q. Do you have a fax number?  
 9 A. Yes. It's the same number, actually.  
 10 Q. So your fax number is 480-203- --  
 11 A. No. 60- -- I'm sorry. 480-607-1611.  
 12 Q. And that's your fax number?  
 13 A. Correct.  
 14 Q. What's your date of birth?  
 15 A. April 10th, 1961.  
 16 Q. And what's your Social Security number?  
 17 A. -8501.  
 18 Q. A moment ago, we spoke about the garnishment of  
 19 your wages. Has there been any other garnishments  
 20 imposed by any other judgment creditors in the last two  
 21 years?  
 22 A. No.  
 23 Q. Have there been any applications for charging  
 24 orders against you or any of your entities?  
 25 A. There is a charging order against Platinum

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1 Commercial Holdings.  
 2 Q. What judgment creditor obtained that charging  
 3 order?  
 4 A. Last name is Spiegel, S-p-i-e-g-e-l. First name  
 5 is Ronald.  
 6 Q. How do you know Mr. Spiegel?  
 7 A. A creditor of mine.  
 8 Q. How is he your creditor? Tell me a little bit  
 9 more about --  
 10 A. I borrowed money from him for a real estate  
 11 transaction several years ago. And he got a judgment  
 12 against me and put a charging order against Platinum  
 13 Commercial Holdings.  
 14 Q. Tell me a little bit more about the lawsuit  
 15 against you by Mr. Spiegel. When, approximately, did he  
 16 sue you?  
 17 A. Probably approximately, sometime in the last two  
 18 years. Approximately two years ago or thereabouts.  
 19 Q. Where did he --  
 20 A. Maybe it was a little bit sooner than that. I'm  
 21 sorry. Maybe it was -- sometime between a year and a  
 22 half and two years, I believe.  
 23 Q. That's when he sued you?  
 24 A. Correct.  
 25 Q. Where did Mr. Spiegel initiate the lawsuit



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1 against you?  
 2 A. Here in Arizona.  
 3 Q. In Maricopa County?  
 4 A. Yes.  
 5 Q. And judgment was rendered in that case.  
 6 A. Correct.  
 7 Q. How much was judgment entered for against you in  
 8 connection with the lawsuit brought by Ron Spiegel  
 9 against you?  
 10 A. I believe it was approximately 300- or \$350,000.  
 11 Q. What claims did Mr. Spiegel bring against you?  
 12 A. Breach of contract.  
 13 Q. Was the \$350,000 judgment awarded to Ron Spiegel  
 14 against you, was that a stipulated judgment?  
 15 A. I believe so.  
 16 Q. Did you enter into a settlement agreement with  
 17 Mr. Spiegel?  
 18 A. Yes.  
 19 Q. When did you enter into that stipulated  
 20 judgment?  
 21 A. It was probably about a year and a half ago.  
 22 Q. Did you have counsel in that case?  
 23 A. Yes.  
 24 Q. Who was your counsel?  
 25 A. Philip Rupprecht.

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1 Q. So the same counsel as in the case brought by  
 2 the other gentleman?  
 3 A. Correct.  
 4 Q. You haven't brought counsel here today to this  
 5 deposition. Correct?  
 6 A. That's correct.  
 7 Q. You were aware that you have the right to have  
 8 counsel present for this deposition. Correct?  
 9 A. Yes, that's correct.  
 10 Q. Did you make your counsel aware that this  
 11 deposition would be taking place?  
 12 A. No.  
 13 Q. Do you have current counsel?  
 14 A. When I need help on something, I call Phil  
 15 Rupprecht.  
 16 Q. If we need to talk to you after this deposition  
 17 concludes about anything in particular, should we be  
 18 calling Phil Rupprecht or you?  
 19 A. No. Please call me directly.  
 20 Q. Because he's not representing you in connection  
 21 with this matter. Correct?  
 22 A. No, he's not.  
 23 Q. What number should we use if we are calling you?  
 24 A. 480-607-1611.  
 25 Q. And you understand that we're here today to

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1 discuss what assets you have available to satisfy the  
 2 Court's order entered in the Mortgages Limited bankruptcy  
 3 directing you to return \$112,075.31?  
 4 A. Yes.  
 5 Q. I'm handing you what's marked as Exhibit 1.  
 6 (Deposition Exhibit 1 was marked for  
 7 identification.)  
 8 BY MR. BROWER:  
 9 Q. Do you recognize this document?  
 10 A. Yes, I do.  
 11 Q. What is this document?  
 12 A. It's an order from the Court that I return  
 13 \$112,075.31 to ML Manager.  
 14 Q. Are you planning on satisfying this order that  
 15 you pay this \$112,075.31 to ML Manager, L.L.C.?  
 16 A. At some point, yes.  
 17 Q. How do you propose paying off that sum?  
 18 A. At this time, I have no idea. At this time,  
 19 it's impossible for me to do that.  
 20 Q. In the last year, have you --  
 21 A. If I can just elaborate just one second.  
 22 Q. Sure.  
 23 A. I believe that ML Manager has more money that's  
 24 due to me or will be getting more money that's due to  
 25 me. This is all because of an investment that I had made

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1 earlier. So, certainly, if that investment is sold and  
 2 money is available, that would be applied to this first,  
 3 of course.  
 4 Q. So will you stipulate on the record right now  
 5 that if there are additional funds that are due to you  
 6 from some investments that you've had with ML Manager,  
 7 L.L.C., or Mortgages Limited that those funds would be  
 8 pledged and dedicated to paying off this \$112,075 order  
 9 from the Court?  
 10 A. Yes.  
 11 Q. In the last year, have you transferred, sold, or  
 12 otherwise conveyed any money or real property or assets  
 13 to someone else?  
 14 A. No.  
 15 Q. Have you transferred, sold, or otherwise  
 16 conveyed any money or real property or other assets to  
 17 any entity in the last year?  
 18 A. No.  
 19 Q. Do you currently have an ownership interest in  
 20 any business?  
 21 A. I do have an ownership interest in Platinum  
 22 Commercial Holdings, L.L.C.  
 23 Q. What is your ownership interest in Platinum  
 24 Commercial Holdings, L.L.C.?  
 25 A. 40 percent.

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1 Q. Who owns the other 60 percent of Platinum  
 2 Commercial Holdings, L.L.C.?  
 3 A. Bonnie Barness.  
 4 Q. Could you spell her first name?  
 5 A. B-o-n-n-i-e.  
 6 Q. Is that a relative?  
 7 A. It's my sister.  
 8 Q. When did she acquire her 60 percent interest in  
 9 Platinum Commercial Holdings, L.L.C.?  
 10 A. At the time that the company was created, which  
 11 I believe was December of 2009 or January of 2010.  
 12 Q. What contributions did she make in exchange for  
 13 her 60 percent interest in Platinum Commercial Holdings,  
 14 L.L.C.?  
 15 A. \$140,000.  
 16 Q. Where was that money deposited?  
 17 A. In the U.S. Bank account.  
 18 Q. How much contributions did you make for your  
 19 40 percent interest in Platinum Commercial Holdings,  
 20 L.L.C.?  
 21 A. I believe it was \$50,000.  
 22 Q. You mentioned earlier that there's a charging  
 23 order in favor of Ron Spiegel, one of your judgment  
 24 creditors, against Platinum Commercial Holdings, L.L.C.,  
 25 for your 40 percent interest. Is that correct?

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1 A. Correct.  
 2 Q. Has there been any payments made on that  
 3 charging order to Ron Spiegel?  
 4 A. I pay him \$100 a month.  
 5 Q. And how is that sum decided?  
 6 A. That was part of our settlement.  
 7 Q. As part of your settlement, you pay Ron Spiegel  
 8 \$100 a month. Is that in connection with fulfillment of  
 9 the charging order against Platinum Commercial Holdings,  
 10 L.L.C.?  
 11 A. Yeah, I believe so.  
 12 Q. The settlement agreement that you entered into  
 13 with Ron Spiegel, does that relate to you personally, or  
 14 does it also relate to Barness Investment Limited  
 15 Partnership?  
 16 A. I believe it's me personally and Barness  
 17 Investment Limited Partnership.  
 18 Q. So Ron Spiegel obtained a judgment against both  
 19 you and the Barness Investment Limited Partnership.  
 20 Correct?  
 21 A. I believe so, yes.  
 22 Q. Besides your ownership interest in Platinum  
 23 Commercial Holdings, L.L.C., what other entities do you  
 24 have an interest in?  
 25 A. None.

Page 19

1 Q. Are you the manager of Platinum Commercial  
 2 Holdings, L.L.C.?  
 3 A. Yes, I am.  
 4 Q. What's the address for the business which is  
 5 Platinum Commercial Holdings, L.L.C.?  
 6 A. 9830 North 79th Place, Scottsdale, Arizona,  
 7 85258.  
 8 Q. What's the phone number for Platinum Commercial  
 9 Holdings, L.L.C.?  
 10 A. 480-607-1611.  
 11 Q. Does the Barness Investment Limited Partnership  
 12 have any ownership interest in any business?  
 13 A. Not anymore.  
 14 Q. What do you mean by "not anymore"? Did it  
 15 formerly have an ownership interest in a business?  
 16 A. In various shopping centers, in this investment  
 17 that I made with Scott Cole [sic]. That's it.  
 18 Q. What shopping centers did it have an interest  
 19 in?  
 20 A. There were numerous. I don't remember the names  
 21 of them anymore.  
 22 Q. How could we get a list of those shopping  
 23 centers and other businesses that the Barness Investment  
 24 Limited Partnership had an interest in? Could you  
 25 provide us with that?

Page 20

1 A. I probably could do that if I sit down and think  
 2 about it.  
 3 Q. Do you have an accountant?  
 4 A. I do.  
 5 Q. Who's your accountant?  
 6 A. His name is Scott Krivis, K-r-i-v-i-s.  
 7 Q. How long has he been your accountant?  
 8 A. I would say nearly 30 years.  
 9 Q. Is he also your accountant for your entities,  
 10 your businesses?  
 11 A. For my business, Platinum Commercial Holdings?  
 12 Is that what you're asking me?  
 13 Q. (Nodded head.)  
 14 A. Yes.  
 15 Q. Is he also the accountant for the Barness  
 16 Investment Limited Partnership?  
 17 A. I don't think we do anything with that anymore,  
 18 so --  
 19 Q. Was he --  
 20 A. He was, yeah.  
 21 Q. Tell me about your bank accounts and checking  
 22 accounts, certificates of deposits, or other depository  
 23 accounts held by you or for you in the last year.  
 24 A. I just have that -- two bank accounts at Bank of  
 25 America, one in my personal name -- actually, it's in the

5 (Pages 17 to 20)

Page 21

1 name of our trust, my wife and myself's trust, and the  
 2 other one is in the name of Barness Investment Limited  
 3 Partnership.  
 4 Q. Do you have any other bank accounts or checking  
 5 accounts, certificates of deposit, or other depository  
 6 accounts in any other institution other than Bank of  
 7 America?  
 8 A. No.  
 9 Q. Tell me a little bit more about the trust that  
 10 you mentioned. What's the name of your trust?  
 11 A. I don't know what it's called, and I don't think  
 12 it exists anymore. It was something to the effect of Ron  
 13 and Daron Barness Living Trust. We created it many years  
 14 ago. It's been dissolved.  
 15 Q. When was it dissolved?  
 16 A. I think probably at least a year ago.  
 17 Q. Who was the settler?  
 18 A. What is that?  
 19 Q. Who created the trust?  
 20 A. My wife and myself.  
 21 Q. Who funded the trust?  
 22 A. It wasn't funded. It just was the things  
 23 that -- the assets we had were held in the name of the  
 24 trust.  
 25 Q. Okay. So it was your assets that were

Page 22

1 transferred into the trust?  
 2 A. Correct.  
 3 Q. Was the trust a revocable trust?  
 4 A. A revocable?  
 5 Q. Yeah.  
 6 A. Yes.  
 7 Q. Did anyone other than your wife and yourself  
 8 transfer money or property into that trust?  
 9 A. No.  
 10 Q. And that revocable trust doesn't currently own  
 11 any property?  
 12 A. Nothing.  
 13 Q. That revocable trust doesn't own any stock  
 14 currently?  
 15 A. No.  
 16 Q. Does your revocable trust own any personal  
 17 property or real property or insurance policies?  
 18 A. No.  
 19 Q. You mentioned a bank account. Does your  
 20 revocable trust currently have a bank account?  
 21 A. No.  
 22 If I can, just to clarify, I think I had  
 23 mentioned earlier, the account that I have at Bank of  
 24 America, there are two accounts. One is in the name of  
 25 the Barness Investment Company, and the other one is, I

Page 23

1 believe the title on the account is the trust, I think  
 2 that's what it is, just for purposes of clarification.  
 3 It doesn't have anything in it, but it's -- I think  
 4 that's the name of the account.  
 5 Q. Do you have any other trusts or do you have any  
 6 other connection, whether as a trustee or a settler,  
 7 creator, beneficiary, to any other trust other than this  
 8 revocable trust of your wife's and yourself?  
 9 A. No. And, like I said, I don't think I even have  
 10 that revocable trust anymore.  
 11 Q. And how was that revocable trust dissolved? I  
 12 think you used the word "dissolved" before. How was that  
 13 dissolved?  
 14 A. I don't recall, but I think I remember getting  
 15 some document to sign that dissolved it from my lawyer.  
 16 But it was quite a while ago, so I don't remember  
 17 exactly. I'm speculating. I'm sorry.  
 18 Q. What lawyer gave you -- would have given you  
 19 that document? What lawyer were you working with?  
 20 A. Philip Rupprecht.  
 21 Q. How are you currently paying your bills?  
 22 A. Either through my -- with my salary that I get  
 23 or with credit cards.  
 24 Q. What is your salary?  
 25 A. Approximately \$7,000 a month.

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1 Q. How much of that \$7,000 a month goes to your  
 2 judgment creditor as part of the garnishment?  
 3 A. I believe it's \$1250.  
 4 Q. Are your wages based on hours worked?  
 5 A. No. It's a salary.  
 6 Q. How many hours do you work on average per month  
 7 in connection with your employment through Platinum  
 8 Commercial Holdings?  
 9 A. Full time, so what is that? Like 160 hours a  
 10 month.  
 11 Q. You mentioned that you were also paying bills  
 12 through credit cards. Which credit cards?  
 13 A. I have credit cards with Chase and with Bank of  
 14 America.  
 15 Q. Any other credit cards?  
 16 A. No.  
 17 Q. Do you have an American Express credit card?  
 18 A. No.  
 19 Q. Did you have an American Express credit card?  
 20 A. Yes.  
 21 Q. Did you close that credit card?  
 22 A. Yes.  
 23 Q. Let's talk about your credit card with Chase.  
 24 Is that credit card in your name?  
 25 A. Yes.

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1 Q. What's the credit limit?  
 2 A. I have several cards. The combined limit is  
 3 roughly \$180,000.  
 4 Q. How many cards do you have with Chase?  
 5 A. Six.  
 6 Q. Are each of those cards in your name?  
 7 A. Mine and my wife.  
 8 Q. Are any of these cards solely in your wife's  
 9 name?  
 10 A. I don't think so.  
 11 Q. Are any of the six cards -- credit cards that  
 12 you have through Chase solely in your name?  
 13 A. I don't think so.  
 14 Q. What's the name of your wife?  
 15 A. Daron, D-a-r-o-n. Same last name.  
 16 Q. So Barness, B-a-r-n-e-s-s?  
 17 A. Correct.  
 18 Q. Does Daron currently have any interest in any  
 19 businesses?  
 20 A. She owns half of my interest in Platinum  
 21 Commercial Holdings.  
 22 Q. Does she have any other interest in any other  
 23 businesses?  
 24 A. No.  
 25 Q. Does Daron, your wife, have any trusts?

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1 A. No.  
 2 Q. And when I'm asking about businesses, I am  
 3 including, but maybe I need to be more specific, I'm  
 4 including not only corporations but also limited  
 5 liability companies and limited partnerships and general  
 6 partnerships and all other types of entities.  
 7 With that said, do you have -- you or Daron have  
 8 any other interest in any of those type of entities or  
 9 businesses other than Platinum Commercial Holdings,  
 10 L.L.C.?  
 11 A. No.  
 12 Q. You mentioned that of your six Chase credit  
 13 cards, you have a credit limit of -- in the aggregate of  
 14 \$180,000. Correct?  
 15 A. Correct.  
 16 Q. How much of that credit limit has been used?  
 17 A. As of this moment, approximately \$20,000.  
 18 Q. Roughly, on average, how -- how much credit from  
 19 these Chase credit cards are you using per month? Is  
 20 this balance increasing each month?  
 21 A. Yes.  
 22 Q. By about how much?  
 23 A. Approximately 5- to \$7,000 a month.  
 24 Q. Is that increasing to pay your bills?  
 25 A. Yes.

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1 Q. Does your wife, Daron Barness, have any other  
 2 source of income other than through your salary with  
 3 Platinum Commercial Holdings, L.L.C.?  
 4 A. No, she doesn't.  
 5 Q. Do you have any other source of income to pay  
 6 your bills other than through your credit cards with  
 7 Chase and Bank of America or your salary with Platinum  
 8 Commercial Holdings, L.L.C.?  
 9 A. No.  
 10 Q. Roughly, what are your bills on an average each  
 11 month?  
 12 A. Roughly 10,000 -- 10- to \$12,000 a month.  
 13 Q. So currently, your income that you're earning  
 14 each month is not sufficient to pay your current  
 15 obligations?  
 16 A. That's correct.  
 17 Q. How long has that been the case? Has that been  
 18 the case for a while now?  
 19 A. I'd say approximately a year now.  
 20 Q. Approximately how long have your liabilities,  
 21 including liabilities on things like contracts and  
 22 guaranties or lawsuits, judgments, things like that, in  
 23 the aggregate, exceeded your assets available to pay  
 24 those liabilities?  
 25 A. I would say approximately, maybe it's been two

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1 years now.  
 2 Q. So it's fair to say from the beginning -- let's  
 3 say January of 2009, it's likely that your liabilities  
 4 exceeded your assets that you had available to pay?  
 5 A. Correct.  
 6 Q. How long have you been insolvent?  
 7 A. I believe it's been about two years now.  
 8 Q. So you've been insolvent from -- is it fair to  
 9 say you've been insolvent from approximately January 2009  
 10 until the present?  
 11 A. Fair to say that for sure.  
 12 Q. Have you filed taxes for 2010?  
 13 A. Yes. I gave you a copy.  
 14 Q. And I did just receive this today. Let's mark  
 15 this as an exhibit.  
 16 A. Those are actually the last three years of tax  
 17 returns, just so --  
 18 (Deposition Exhibit 2 was marked for  
 19 identification.)  
 20 BY MR. BROWER:  
 21 Q. So this Exhibit 2 that you handed me today are  
 22 the last three years of tax returns for you and your  
 23 wife. Correct?  
 24 A. And for Barness Investment Company.  
 25 Q. And for Barness Investment Company?

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1 Are there any other taxes that you filed for any  
 2 other entity that you were connected with in the last  
 3 three years?  
 4 A. In the last three years, yes.  
 5 Q. What entities?  
 6 A. There's a hundred of them. None of them are  
 7 active anymore.  
 8 Q. Did you file taxes for any of those entities  
 9 in -- for the year of 2010?  
 10 A. No.  
 11 Q. Did you file taxes for any of those entities for  
 12 the tax year of 2009?  
 13 A. 2009? That's probable.  
 14 Q. This Exhibit 2, does it include all of the K-1s,  
 15 1099s, 1098s, and other tax forms that you would have  
 16 received for these tax years?  
 17 A. It doesn't. I just copied the first couple of  
 18 pages of each return.  
 19 Q. So Exhibit 2 is kind of a summary of the tax  
 20 returns that you filed in 2008, 2009, 2010, but it  
 21 doesn't include all your K-1s or other type of documents?  
 22 A. Correct.  
 23 Q. Do you have complete sets of your tax returns  
 24 for those years?  
 25 A. I don't know exactly what I have. I know I have

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1 the complete sets for -- well, for the returns that I've  
 2 made copies of, I have the complete return. I just  
 3 didn't make copies of all the pages.  
 4 Q. Would your accountant, Scott Krivas,  
 5 K-r-i-v-a-s --  
 6 A. I-s. K-r-i-v-i-s.  
 7 Q. Krivis. Would he have your tax returns for  
 8 2008, 2009, 2010, complete sets of those?  
 9 A. I believe so.  
 10 Q. Do we have your permission to get your tax  
 11 returns from your accountant, Scott Krivis, for those  
 12 years, 2008, 2009, 2010?  
 13 A. Yes.  
 14 Q. Does your company Platinum Commercial Holdings,  
 15 L.L.C., have any other bank accounts except those bank  
 16 accounts with U.S. Bank?  
 17 A. It's just one bank account with U.S. Bank, yes.  
 18 The answer -- that's the only bank account I have.  
 19 Q. Do you know approximately what the balance is in  
 20 that bank account?  
 21 A. Approximately \$3,000.  
 22 Q. You mentioned earlier that you're a designated  
 23 broker and that -- I assume that means that you engage in  
 24 the business of real estate. Correct?  
 25 A. Correct.

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1 Q. How is Platinum Commercial Holdings, L.L.C.,  
 2 generating money to deposit money into their bank  
 3 account? How is it generating revenue?  
 4 A. I manage some properties, and I do some leasing  
 5 on some properties, so I earn property management fees  
 6 and some leasing commissions.  
 7 Q. Roughly how many properties?  
 8 A. Five.  
 9 Q. So this property management and leasing is for  
 10 commercial properties?  
 11 A. Yes.  
 12 Q. Any residential?  
 13 A. No.  
 14 Q. If there's only five properties, would you mind  
 15 telling me which of the properties they are?  
 16 A. Sure. There's a shopping center at Seventh  
 17 Street and Bell. Is that okay if I just give you sort of  
 18 the coordinates?  
 19 Q. What corner?  
 20 A. That's the south -- I'm sorry, the northeast  
 21 corner. It's actually east of the northeast corner.  
 22 83rd Avenue and Thomas. That's the northwest  
 23 corner.  
 24 Alma School and University. That's the  
 25 southeast corner.

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1 University and Extension. That's the southwest  
 2 corner.  
 3 And Broadway and Ironwood, the southeast corner.  
 4 Q. For the property management and leasing work  
 5 that you do for these shopping centers at these locations  
 6 that you just identified, do you have contracts with the,  
 7 I guess, owner of those shopping centers?  
 8 A. Yes.  
 9 Q. Are you a party to those contracts?  
 10 A. I sign it as the property -- as the manager,  
 11 yes.  
 12 Q. You sign it as the manager of the -- of Platinum  
 13 Commercial Holdings, L.L.C.?  
 14 A. Correct.  
 15 Q. Are you also a party personally to any of those  
 16 contracts?  
 17 A. I don't understand what you're asking.  
 18 Q. Is Platinum Commercial Holdings, L.L.C., the  
 19 only party to that contract other than the --  
 20 A. The owner?  
 21 Q. -- owner?  
 22 A. Yes.  
 23 Q. Is Platinum Commercial Holdings, L.L.C.,  
 24 registered with the Department of Real Estate as a real  
 25 estate entity?

1 A. Yes.  
 2 Q. Do you or any of your entities, including your  
 3 limited partnership or revocable trust or your wife, have  
 4 any safe deposit boxes?  
 5 A. No.  
 6 Q. Let's go back to discussing the revenue to  
 7 Platinum Commercial Holdings, L.L.C. Does Platinum  
 8 Commercial Holdings, L.L.C., have any other source of  
 9 income or revenue other than property management and  
 10 leasing for the five shopping centers that you  
 11 identified?  
 12 A. No.  
 13 Q. Do you or your wife or your limited partnership  
 14 have any source of income or revenue other than what  
 15 we've spoken about earlier?  
 16 A. No.  
 17 Q. Do you or your limited partnership, the Barness  
 18 Investment Limited Partnership, or your revocable trust  
 19 or Platinum Commercial Holdings, L.L.C., own any real  
 20 property?  
 21 A. No.  
 22 Q. Or any partial interest in real property?  
 23 A. Only the remaining piece that I have, my Cole  
 24 investment.  
 25 Q. When you say the Cole investment, the Mortgages

1 Limited notes and assign- -- interest --  
 2 A. Whatever that is.  
 3 Q. But no other investments in real estate?  
 4 A. No.  
 5 Q. Do you or your wife or your limited partnership,  
 6 the Barness Investment Limited Partnership, or revocable  
 7 trust or Platinum Commercial Holdings, L.L.C., have any  
 8 ownership interest in stocks, bonds, certificates of  
 9 deposit, or similar instruments?  
 10 A. No.  
 11 Q. What do you drive?  
 12 A. 2008 Mercedes, I think it's an E-Class.  
 13 Q. Do you own that vehicle?  
 14 A. No.  
 15 Q. Who owns that?  
 16 A. I believe it's Mercedes-Benz, MB Financial, or  
 17 whatever they are.  
 18 Q. Are you leasing that vehicle?  
 19 A. Yes.  
 20 Q. What's the current leasing -- what's your  
 21 current lease say? What's the payment?  
 22 A. Approximately \$300 a month. \$311, I believe it  
 23 is.  
 24 Q. How long have you been leasing that vehicle?  
 25 A. Since 2008.

1 Q. When does your lease expire on your 2008  
 2 Mercedes E-Class?  
 3 A. I believe it's 2013.  
 4 Q. When is the last time you made a payment on your  
 5 lease of the 2008 Mercedes E-Class?  
 6 A. A couple days ago.  
 7 Q. Have you made the lease payment on your 2008  
 8 Mercedes E-Class for June of 2011, for this month?  
 9 A. Yes.  
 10 Q. Have you paid ahead any other months?  
 11 A. No.  
 12 Q. Do you have any other vehicles other than this  
 13 2008 Mercedes E-Class?  
 14 A. No.  
 15 Q. What does your wife drive?  
 16 A. A 2007 Mercedes. I'm not sure what the model  
 17 is.  
 18 Q. Is that 2007 Mercedes leased?  
 19 A. Yes.  
 20 Q. Who is it leased from?  
 21 A. Mercedes-Benz.  
 22 Q. What's the lease payment?  
 23 A. It's also approximately \$300 a month. \$314, I  
 24 believe it is.  
 25 Q. When did the lease start?

1 A. 2007.  
 2 Q. When does that lease expire?  
 3 A. I believe August of 2012.  
 4 Q. Has there been any extra payments where you've  
 5 paid ahead on the lease of the 2007 Mercedes that your  
 6 wife drives?  
 7 A. No.  
 8 Q. So between the lease payments, the 2008 Mercedes  
 9 and the 2007 Mercedes that you and your wife drive  
 10 respectively, how do you make those payments? Is that  
 11 through your salary?  
 12 A. Yes.  
 13 Q. Have you ever made those payments through credit  
 14 card?  
 15 A. I don't think so.  
 16 Q. Do you own a computer?  
 17 A. Yes.  
 18 Q. How many computers?  
 19 A. One.  
 20 Q. Do you own a fax machine?  
 21 A. Yes.  
 22 Q. How many fax machines?  
 23 A. One.  
 24 Q. Do you have or possess any ownership interest in  
 25 any boats, motorcycles, or recreational vehicles or the

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1 like?  
 2 A. No.  
 3 Q. Does your wife or your limited partnership or  
 4 your company Platinum Commercial Holdings, L.L.C., or  
 5 your revocable trust possess any ownership interest in  
 6 any boats, motorcycles, recreational vehicles, or the  
 7 like?  
 8 A. No.  
 9 Q. Does anyone owe you money?  
 10 A. No.  
 11 Q. Does anyone or any entity owe your limited  
 12 partnership or your revocable trust or your wife or --  
 13 A. Nobody owes us anything.  
 14 Q. Okay. And that's true of Platinum Commercial  
 15 Holdings, L.L.C.? Does anyone owe Platinum Commercial  
 16 Holdings, L.L.C., any money?  
 17 A. No.  
 18 Q. On the property management and leasing  
 19 arrangements and contracts that Platinum Commercial  
 20 Holdings, L.L.C., has with the owners of the five  
 21 shopping centers that you identified earlier, has it been  
 22 paid in full up to date on those?  
 23 A. Yes.  
 24 Q. Of those -- let's jump back to those five  
 25 shopping centers that you identified earlier. Do they

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1 all have a common owner?  
 2 A. No.  
 3 Q. They have different owners?  
 4 A. Two of them are owned by one -- by the same  
 5 person, and the other three are separately owned.  
 6 Q. Can you identify which two are owned by the same  
 7 person?  
 8 A. The one at Seventh Street and Bell and the one  
 9 at 83rd and Thomas.  
 10 Q. Who owns those two shopping centers?  
 11 A. Donny Osmond.  
 12 Q. The Donny Osmond?  
 13 A. Yes.  
 14 Q. Who owns the other three shopping centers?  
 15 A. I have to ask you a question, or at least make a  
 16 statement here. I am totally dependent on these people  
 17 for my living at this point. Okay? If -- if you go  
 18 start asking them questions and involving them in things,  
 19 they're going to pull the plug on me, which is going to  
 20 kill me. So I'm happy to answer your question, but I  
 21 need to know that you're not going to go and bother these  
 22 people for anything about me, because then that will be  
 23 the end of me, you know.  
 24 Q. In response to that, we have every interest in  
 25 you making money.

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1 A. Okay.  
 2 Q. We have a financial interest in you making  
 3 money, and we're certainly not going to do things that  
 4 would interrupt that.  
 5 A. Okay. Because these people are all -- they've  
 6 all given me -- they know my situation, and they're  
 7 sticking with me, but, you know, they don't need to --  
 8 they don't need to do that, and if I start creating  
 9 problems for them, documentation production, you know,  
 10 they'll just pull the plug on me, so that will be not a  
 11 good situation. But --  
 12 Q. I understand. And, frankly, to tell you where  
 13 I'm going with this, I'm trying to find out if any of  
 14 these are relatives or --  
 15 A. None of them.  
 16 Q. Okay.  
 17 A. None of them are relatives.  
 18 Q. Would you mind --  
 19 A. I'll give you their names. I just wanted to  
 20 ask.  
 21 But, anyway, so Donny Osmond, the two  
 22 properties. The property at Alma School and University  
 23 is a person named Corey Udkoff, U-d-k-o-f-f. The  
 24 property at University and Extension is a person named  
 25 Erin -- it's actually two sisters named Erin and Lauren

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1 Stiegler. And the property at --  
 2 Q. Stiegler. Can you spell Stiegler?  
 3 A. S-t-i-e-g-l-e-r.  
 4 And the property at Broadway and Ironwood is a  
 5 person named Marty Olejarczyk, which I believe is  
 6 O-l-e-j-a-r-c-z-y-k.  
 7 None of them are related to me in any way,  
 8 shape, or form.  
 9 Q. And none of these people owe you money  
 10 personally. Correct?  
 11 A. No.  
 12 Q. Are there any promissory notes where you're the  
 13 holder of -- even if the promissory note seems worthless  
 14 at this point, where you're the holder of that promissory  
 15 note or, you know, your limited partnership or your wife  
 16 or your business?  
 17 A. Where people owe me money? No.  
 18 Q. Do you currently owe any person or entity any  
 19 money?  
 20 A. Yeah. A lot. I mean, probably close to  
 21 \$100 million, between, you know, lenders and various  
 22 creditors.  
 23 Q. And some of those creditors have reduced the  
 24 amount that you owe to judgment, but it looks as though  
 25 some have not. Correct?

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1 A. That's correct.  
 2 Q. Of the ones that have not, what are the more  
 3 significant sums that you owe?  
 4 A. I think they're all moving them towards getting  
 5 judgments, or whatever. It's just moving at the pace  
 6 that it moves, you know. I'm not even, you know,  
 7 defending anything. But, you know, the cumulative effect  
 8 of whatever has been reduced to judgments and what's  
 9 coming, I think it's around \$100 million.  
 10 Q. It appears as though your assets are fairly  
 11 minimal. Where would you estimate your total net worth  
 12 to be currently?  
 13 A. Zero.  
 14 Q. Zero?  
 15 A. It's negative. It's a negative -- I mean, I  
 16 have judgments, so I assume these are liabilities. I  
 17 mean, I've --  
 18 Q. Okay. So putting the liabilities aside --  
 19 A. I have no assets.  
 20 Q. You have no assets.  
 21 A. I have my interest in my business, which is at  
 22 this point still not worth anything.  
 23 Q. Some people in your situation would file for  
 24 bankruptcy. Have you considered that?  
 25 A. I've considered it. I consider it every day of

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1 my life.  
 2 Q. Why have you not yet done that?  
 3 A. I'm trying to hold on to some level of  
 4 respectability. It is my intention to pay people back at  
 5 some point in time.  
 6 And I should state, I guess, just for the  
 7 record, for this conversation, I didn't take that  
 8 \$112,000, you know, thinking that I owed it to you. You  
 9 know, I didn't know that there was an order -- I just  
 10 thought it was money I got from my investment and I paid  
 11 off my credit cards. And by the time I got communication  
 12 from you or from the Court, I had already -- I'd already  
 13 paid -- I'd paid off my credit cards. So it wasn't like  
 14 I was totally neglecting or ignoring. That's not the  
 15 type of person I am. But by the time I had paid it out,  
 16 it was gone, and I couldn't, you know, get it back.  
 17 Q. And to follow up on that point, the credit cards  
 18 that you did pay were some credit cards with Chase.  
 19 Correct?  
 20 A. Yes.  
 21 Q. And some credit cards with Bank of America.  
 22 Correct?  
 23 A. Correct.  
 24 Q. Any other credit cards?  
 25 A. I don't think so.

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1 Q. And your arrangement with those credit cards  
 2 with Chase and Bank of America, where you have this  
 3 credit limit, I think that you told me earlier was --  
 4 with Chase, at least, was 180,000. Correct?  
 5 A. I think cumulative, it's about \$180,000.  
 6 Q. How many credit cards do you have with Bank of  
 7 America?  
 8 A. Two.  
 9 Q. Two? And what's the credit limit between those  
 10 two?  
 11 A. I think those two cards, the limit is about  
 12 \$30,000.  
 13 Q. And what's the current balance, roughly, on  
 14 those cards?  
 15 A. Approximately \$15,000.  
 16 Q. Do your Bank of America or Chase cards, credit  
 17 cards, allow you to get a cash advance?  
 18 A. Well, balance transfers is what I use. I don't  
 19 get cash advance, but I use their balance transfer checks  
 20 to pay expenses.  
 21 Q. So they give you a certain amount of balance  
 22 transfer checks, both -- both sets of cards, both Chase  
 23 and Bank of America do?  
 24 A. Yes.  
 25 Q. Are you limited on how many of those balance

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1 transfer checks you write?  
 2 A. To the limit of my card.  
 3 Q. To the limit of your card?  
 4 In connection with the order that you return  
 5 this money, which, as you've told me, the \$112,075.31  
 6 that you've been ordered to return was actually used to  
 7 pay down the Bank of America credit cards and Chase  
 8 credit cards, in connection with that order that you  
 9 return that, have you considered doing a balance transfer  
 10 to pay some or all of that?  
 11 A. I have not. I need that money to live.  
 12 Q. And to follow up on that, I think you just  
 13 answered it, but the reason why you haven't considered it  
 14 is because you need that money to live on. Correct?  
 15 A. That's correct.  
 16 Q. Let's go back a little bit about -- and talk a  
 17 little bit more about the garnishment against you  
 18 currently that was in connection with the judgment  
 19 entered in favor of --  
 20 A. Gersh.  
 21 Q. -- Gersh. You mentioned that Gersh was an  
 22 investor with you?  
 23 A. Correct.  
 24 Q. What did he invest in?  
 25 A. In multiple shopping centers.



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1 Q. How did you know him? How did he come to be  
 2 introduced to you to start investing?  
 3 A. Like most of my previous investors, I'd known  
 4 him for many, many years.  
 5 Q. But how? How did you first meet him? I mean,  
 6 were you fraternity brothers? Were you --  
 7 A. I worked for him probably 25 years ago.  
 8 Q. In what capacity?  
 9 A. He's a lawyer, and I was a gofer in his office.  
 10 You know, gofer, like an errand boy kind of thing.  
 11 Q. What type of law does he practice?  
 12 A. I think it's just general litigation.  
 13 Q. Does he practice in estate planning?  
 14 A. I don't think so.  
 15 Q. Does he practice in asset protection?  
 16 A. Not that I'm aware of.  
 17 Q. Where is he licensed?  
 18 A. I know he's licensed in California. I don't  
 19 know if he's licensed other places.  
 20 Q. So 25 years ago, when you worked for him or with  
 21 him, you were doing so in his office in California?  
 22 A. Correct.  
 23 Q. How did --  
 24 A. Probably more than that. So it was probably  
 25 like 30 years ago, maybe.

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1 Q. And how is it that you stayed in touch with him  
 2 over the last 30 years?  
 3 A. When I moved out here, I started putting  
 4 investments together, and I made contact with him to see  
 5 if he was interested. And he was, and started investing  
 6 with me.  
 7 Q. When was that, roughly, that you made contact  
 8 with him again?  
 9 A. 1994.  
 10 Q. So you worked for Mr. Gersh roughly in the early  
 11 '80s.  
 12 A. I think the mid-'80s.  
 13 Q. Mid-'80s. And then you moved out to Arizona,  
 14 and about ten years later, you contacted him to invest  
 15 with you?  
 16 A. I think I stayed in touch with him, you know,  
 17 while I was there. I mean, I was in business in  
 18 California before I came here. But he didn't invest with  
 19 me before I moved out here. I didn't do that. I didn't  
 20 put investments together.  
 21 Q. Is Mr. Gersh in any way related to you or your  
 22 wife?  
 23 A. No.  
 24 Q. How did you first get your job with Mr. Gersh?  
 25 Who introduced you to him?

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1 A. I went on an interview when I was in college.  
 2 Q. Was Mr. Gersh a family friend before things went  
 3 south in the real estate market?  
 4 A. He was a friend of mine. I considered him a  
 5 friend of mine.  
 6 Q. Are you still currently friends?  
 7 A. I haven't really been in touch with him. He did  
 8 sue me, but --  
 9 Q. Do you or your wife or your businesses or  
 10 limited partnership, trust, have any cashier's checks,  
 11 money orders, traveler's checks held for them or on their  
 12 behalf currently that are not cashed?  
 13 A. I'm sorry. Can you ask me that again?  
 14 Q. When cashier's checks are issued, there's kind  
 15 of this limbo period where that money is not in an  
 16 account in any institution, and that's -- what I'm asking  
 17 about is are there any cashier's checks, money orders,  
 18 traveler's checks, or the like that are in that limbo  
 19 state?  
 20 A. Not at all.  
 21 Q. When you filed your 2010 taxes, did you get a  
 22 tax return?  
 23 A. Did I prepare a tax return?  
 24 Q. I'm sorry. Did you get money back from the  
 25 I.R.S.?

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1 A. No. I hadn't paid any money in. I have a huge  
 2 loss carryforward, so I don't think I'll be paying taxes  
 3 for a long time.  
 4 Q. Do you have to pay self-employment taxes?  
 5 A. No.  
 6 Q. So you got no money back, but you haven't paid  
 7 any money in at all?  
 8 A. That's correct.  
 9 Q. And you didn't receive a return based on any  
 10 type of credits, like the various credits that you get  
 11 for --  
 12 A. I think I got a \$100 check. That's kind of --  
 13 it's in my mind that I got something from the I.R.S. for  
 14 \$100. I don't even know exactly what it was.  
 15 Q. Do you or your business or your wife have --  
 16 currently involved in any deals in which you anticipate  
 17 receiving any income, like, for instance, deals in escrow  
 18 or accounts receivables?  
 19 A. No.  
 20 Q. Do you have any accounts receivables?  
 21 A. No.  
 22 Q. I think you mentioned that you were -- you're  
 23 currently a party to a lawsuit.  
 24 A. Multiple.  
 25 Q. Multiple lawsuits. Any lawsuits outside of

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1 Arizona?  
 2 A. I don't think so.  
 3 Q. Is your wife a party to any lawsuit?  
 4 A. All of them.  
 5 Q. Is your limited partnership, the Barness  
 6 Investment Limited Partnership, a party to any lawsuits?  
 7 A. I think all of them or most of them.  
 8 Q. Do you or your wife have a pension?  
 9 A. No.  
 10 Q. Do you or your wife have any IRAs or retirement  
 11 or 401(k) plans?  
 12 A. No.  
 13 Q. Have you contributed to any such plans or 529  
 14 plans, educational plans, or any of the -- any similar  
 15 tax type of plans in the last two years?  
 16 A. No.  
 17 Q. Do you have any accident, health, or life  
 18 insurance policies?  
 19 A. I have a term life insurance policy.  
 20 Q. Who is that through?  
 21 A. Northwestern Mutual.  
 22 Q. You said it was a term life insurance policy?  
 23 A. Yes.  
 24 Q. Is there a cash surrender value to it?  
 25 A. No.

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1 Q. Does your wife have a life insurance policy?  
 2 A. No.  
 3 Q. Do you own any jewelry, such as Rolex watches or  
 4 the like?  
 5 A. No.  
 6 Q. Does your wife own any jewelry?  
 7 A. Her wedding ring. And some other, you know,  
 8 costume jewelry, things like that. Nothing much of value  
 9 other than her wedding ring.  
 10 Q. Do you have a safe in your home?  
 11 A. No.  
 12 I have like a little metal lockbox that I keep  
 13 our important documents in. I don't think it's a safe,  
 14 but it's a lockbox.  
 15 Q. It's like a fireproof box?  
 16 A. Like a fireproof box, yes.  
 17 Q. And you mentioned that there are important  
 18 documents in that fireproof box?  
 19 A. Correct.  
 20 Q. Other than birth certificates and passports --  
 21 A. That's exactly what's in there.  
 22 Q. Are there any other documents in there other  
 23 than those?  
 24 A. No.  
 25 Q. Is there -- is there anything else other than

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1 passports and birth certificates in your metal lockbox?  
 2 A. No.  
 3 Q. And that's located in your home?  
 4 A. Yes.  
 5 Q. Where in your home?  
 6 A. In my office.  
 7 Q. Do you or your wife or your limited partnership  
 8 or company own any gold or silver or precious or  
 9 semi-precious stones?  
 10 A. No.  
 11 Q. Other than the gold --  
 12 A. The wedding ring that my wife has.  
 13 Q. Have you given any gifts valued at over \$500 in  
 14 the last year?  
 15 A. No.  
 16 Q. Do you have any dependents living with you?  
 17 A. No.  
 18 Q. Do you own any musical instruments?  
 19 A. We have -- I have a trumpet and a piano.  
 20 Q. What type of trumpet do you own?  
 21 A. I don't know.  
 22 Q. Is it a rare, classical, antique trumpet?  
 23 A. I played it when I was ten years old, so it's  
 24 pretty old. But that's it.  
 25 Q. Tell me about your piano.

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1 A. It's not a rare or antique. It's just a piano  
 2 that we have in our house.  
 3 Q. When did you purchase the piano?  
 4 A. Probably 15 years ago.  
 5 Q. What type of piano is it?  
 6 A. I have no idea.  
 7 Q. Do you have any domestic animals?  
 8 A. A dog.  
 9 Q. Any others?  
 10 A. No.  
 11 Q. Do you own any book collections or rare books?  
 12 A. No.  
 13 Q. You mentioned you own a computer. Do you have  
 14 any other office equipment besides your computer and fax  
 15 machine?  
 16 A. My fax is like an all-in-one, so it does copying  
 17 and scanning, all that kind of stuff.  
 18 Q. Where is that located?  
 19 A. It's in my office.  
 20 Q. Home office?  
 21 A. Yes.  
 22 Q. Do you run your business out of your home?  
 23 A. Yes.  
 24 Q. Do you own any power tools or hand tools?  
 25 A. I have a drill.

1 Q. Any others?  
 2 A. And I have hand tools, like a hammer and  
 3 screwdrivers. Is that what you're asking me? I mean, I  
 4 have a hammer, screwdrivers, wrenches.  
 5 Q. Do you own anything larger, like a table saw?  
 6 A. No.  
 7 Q. Do you own any guns or weapons of any kind?  
 8 A. No.  
 9 Q. Someone had told me that you have a baseball  
 10 card collection. Is that correct?  
 11 A. I used to, yeah.  
 12 Q. Tell me about that. What was in your  
 13 collection?  
 14 A. It wasn't a large collection, but it was --  
 15 there were some very nice cards in it. And I sold those  
 16 about, I want to say maybe three years ago.  
 17 Q. What cards were in it?  
 18 There's one card in particular I was told that I  
 19 can't remember the name of the player.  
 20 A. There was an Honus Wagner card. That was  
 21 probably the most valuable of the ones. And some  
 22 other -- there was a Shoeless Joe Jackson. It's been a  
 23 while now since -- a guy named -- player named Eddie  
 24 Plank. It was a rare card -- is a rare card. And then  
 25 just some other, what we would call Hall of Famers, like

1 Sandy Koufax, Willie Mays, Mickey Mantle.  
 2 Q. Do you know approximately the month and year  
 3 that you sold those cards?  
 4 A. I want to say it was three years ago, and it was  
 5 probably in March or April.  
 6 Q. So in the spring of 2008, you sold these  
 7 baseball cards?  
 8 A. I believe so.  
 9 Q. And you don't currently have any baseball cards?  
 10 A. No.  
 11 Q. Who did you sell these baseball cards to?  
 12 A. I put them up for an auction.  
 13 Q. Who did you auction them with?  
 14 A. I can't remember the name anymore. But it was a  
 15 well-known, reputable place.  
 16 Q. Do you have any other type of collections?  
 17 A. No.  
 18 Q. Or have you had any other type of collections  
 19 other than baseball card collections in the last four  
 20 years?  
 21 A. No.  
 22 Q. Do you currently own or have owned in the last  
 23 four years any art, such as paintings, sculptures,  
 24 et cetera?  
 25 A. We owned a few pieces of art. Three or four

1 paintings.  
 2 Q. You and your wife?  
 3 A. Yes.  
 4 Q. Those three or four paintings that you and your  
 5 wife owned, what was the approximate value of those?  
 6 A. I believe it was around 200- or \$250,000.  
 7 Q. Do you still own those paintings?  
 8 A. No.  
 9 Q. What happened to those paintings?  
 10 A. We sold them at an auction.  
 11 Q. Approximately how long ago did you sell the  
 12 paintings that you owned?  
 13 A. Approximately two years ago.  
 14 Q. Do you know approximately the month, roughly?  
 15 A. I want to say it was around September of maybe,  
 16 say -- September 2009, maybe, or thereabouts. Or 2008, I  
 17 think, actually.  
 18 Q. Do you know which auction house you used to  
 19 auction off the paintings, sculptures, art?  
 20 A. I can't remember the name. But a very  
 21 well-known auction house.  
 22 Q. Would you have in your records somewhere the  
 23 name of the auction houses that you used?  
 24 A. I might.  
 25 Q. Can you get --

1 A. If it comes into my head while we're talking,  
 2 I'll tell you. But, yeah, I can dig that up for you.  
 3 Q. Do you or your wife have a golf cart or any  
 4 other golf equipment?  
 5 A. We have some golf clubs.  
 6 Q. You have -- you personally own some golf clubs?  
 7 A. Yes. And my wife does too.  
 8 Q. Do you or your wife or your limited partnership  
 9 or your company own any timeshare interests or similar  
 10 type of interests in vacation homes or the like?  
 11 A. No. Not anymore.  
 12 Q. When did you sell your timeshare interest?  
 13 A. It was actually a vacation home. It was  
 14 foreclosed on.  
 15 Q. Where was that located?  
 16 A. Flagstaff.  
 17 Q. When was it foreclosed on?  
 18 A. I want to say it was last -- like March of 2010.  
 19 Q. Who foreclosed on it? Do you remember the bank?  
 20 A. MidFirst Bank.  
 21 Q. Tell me about your membership in the Forest  
 22 Highlands Golf Club.  
 23 A. That's where my second -- my vacation home was  
 24 located, was at a development called Forest Highlands.  
 25 So part of the home ownership included a golf

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1 membership. And that was foreclosed on, as I said.  
 2 Q. And there were monthly dues owed in connection  
 3 with that golf club membership?  
 4 A. There were, yes.  
 5 Q. How much did it cost initially to get that  
 6 membership?  
 7 A. I don't remember. It was part of buying a house  
 8 there, so I can't remember what the -- what portion of it  
 9 was considered for the golf and the -- for the real  
 10 estate. I don't remember.  
 11 Q. And did you have an equity membership in that  
 12 golf club?  
 13 A. You know, I don't know if that was -- how they  
 14 classified that. I just know that by owning the house, I  
 15 also owned the membership. But I couldn't sell the  
 16 membership, you know, and keep the house kind of thing.  
 17 Q. You also had a golf club membership in Desert  
 18 Mountain?  
 19 A. Correct.  
 20 Q. Do you still have a golf club membership in  
 21 Desert Mountain?  
 22 A. That was foreclosed on. I also -- it was the  
 23 same kind of thing. I owned a lot in Desert Mountain,  
 24 and it came with -- part of it was having a golf club  
 25 membership. And that was foreclosed on, also by MidFirst

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1 Bank.  
 2 Q. Did you receive any type of refund of any type  
 3 of deposits that you made in connection with your  
 4 memberships with Forest Highlands or Desert Mountain?  
 5 A. No.  
 6 Q. Do you have any other or did you have any other  
 7 club memberships other than these two?  
 8 A. No.  
 9 Q. Did you have any membership in any aviation  
 10 clubs or yacht clubs?  
 11 A. No.  
 12 Q. Forgive me if I asked this already. Do you have  
 13 anything in storage?  
 14 A. I have some furniture and a couple bicycles and  
 15 books, stuff that I couldn't fit in my house.  
 16 Q. What type of furniture, generally, do you have  
 17 in storage?  
 18 A. Some barstools, bed frames, like a -- just what  
 19 you would put in your dining room where you put, like,  
 20 things on top of it. Not a dining room table, but a  
 21 breakfront, something like that, a breakfront. Some  
 22 barstools. I mean, things like that. There's a few  
 23 pieces. I just -- maybe a nightstand. Nothing of  
 24 significance.  
 25 Q. How many bikes do you have in storage?

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1 A. Two.  
 2 Q. What type of bikes are they?  
 3 A. I think they're called Trek bikes. They're  
 4 17 years old.  
 5 Q. What type of books do you have in storage?  
 6 A. Nothing of significance. Just different books  
 7 about a variety of subjects.  
 8 Q. How large is the storage unit where you have  
 9 this?  
 10 A. I would say it's like five feet by ten feet.  
 11 Q. Is it an air-conditioned storage unit?  
 12 A. No.  
 13 Q. Besides the furniture and bikes and books that  
 14 you just mentioned, do you have anything else in  
 15 storage?  
 16 A. No.  
 17 Q. Where is the storage unit located?  
 18 A. It's in Scottsdale.  
 19 Q. What's the crossroads?  
 20 A. Mountain View and 92nd Street.  
 21 Q. What's the name of the storage unit? I mean,  
 22 what's the name of the storage unit company?  
 23 A. I think it's called Storage West.  
 24 Q. Do you own the contents of the storage unit at  
 25 Mountain View and 92nd that you were referring to?

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1 A. Do I own it?  
 2 Q. (Nodded head.)  
 3 A. Yes.  
 4 Q. Do you have your wallet with you?  
 5 A. Yes.  
 6 Q. This is a pretty standard question to ask. Can  
 7 I see what's in your wallet currently?  
 8 A. Sure.  
 9 Q. You could even just take out --  
 10 A. The driver's license?  
 11 Q. The driver's license is fine.  
 12 A. My credit cards?  
 13 Q. So you have a Chase credit card, and I'm only  
 14 going to write down the last four digits of that, and a  
 15 Bank of America debit card, last four digits of 4602.  
 16 This Chase credit card, the last four digits are  
 17 0627. Correct?  
 18 A. Yes.  
 19 Q. What else do you have in your wallet?  
 20 A. I have my health insurance cards.  
 21 Q. Who's your health insurance through?  
 22 A. Assurant Health.  
 23 Q. Who pays your health insurance?  
 24 A. Platinum Commercial Holdings  
 25 Q. Do you know roughly the premium?

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1 A. \$750 a month.  
 2 Q. Earlier, when you were saying that your salary  
 3 from Platinum Commercial Holdings, L.L.C., is 7,000 a  
 4 month, does this \$750 premium come out of that 7,000, or  
 5 is it prior to?  
 6 A. Prior to.  
 7 Q. Okay.  
 8 A. My automobile club.  
 9 Q. So you have a Triple A card. Okay.  
 10 A. My --  
 11 Q. What else do you have?  
 12 A. This is for my storage space, combination.  
 13 Q. Oh, combination for the storage space. Okay.  
 14 A. My business card.  
 15 Q. Your business card says "PCH Southwest."  
 16 That's --  
 17 A. Platinum Commercial Holdings.  
 18 Q. -- Platinum Commercial Holdings.  
 19 A. This is for something in Las Vegas, for tickets.  
 20 Quiznos card. Good Egg. Car wash. And my wife  
 21 and myself.  
 22 Q. Okay. Can I make a copy of -- let me take a  
 23 look at your business card, if I could, and the storage  
 24 card to see if it's worth making a copy of.  
 25 Is this E 6 and E 9 that's listed on your card

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1 for the storage, is that referring to different units in  
 2 the storage?  
 3 A. Yes.  
 4 Q. Okay. So you have a unit E 6 and a unit E 9  
 5 with --  
 6 A. I actually think it's E 9 only now. E 6 was one  
 7 I had, but I closed it.  
 8 Q. You closed it? When did you close that one, if  
 9 you remember?  
 10 A. About, I don't know, seven or eight months ago.  
 11 Q. Okay.  
 12 A. A year ago.  
 13 Q. Okay. And I'm not going to make a copy because  
 14 it's got your code on it, but let me take a look at your  
 15 PCH Southwest business card.  
 16 On the back, there's some writing. What's the  
 17 writing on the back?  
 18 A. That's for my lockbox at home.  
 19 Q. Oh, for -- which lockbox? The metal lockbox  
 20 that we had talked about earlier?  
 21 A. Correct.  
 22 Q. And is there -- I see.  
 23 Can I make a copy of just the front of this  
 24 business card and introduce it as an exhibit?  
 25 A. Sure.

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1 MR. BROWER: Could we go off the record?  
 2 (Recess at 11:34; resumed at 11:42.)  
 3 (Deposition Exhibit 3 was marked for  
 4 identification.)  
 5 BY MR. BROWER:  
 6 Q. So you have seen Exhibit -- what's been marked  
 7 as Exhibit 3. What is Exhibit 3?  
 8 A. That's a business card of mine.  
 9 Q. Let's talk a little bit more about what is  
 10 currently in your home. Do you own any home furnishings?  
 11 A. Yes. Furniture.  
 12 Q. Let's make a list.  
 13 A. A list of all the furniture I've got?  
 14 Q. Yeah. You know, let's do it room by room. That  
 15 seems to help.  
 16 How many rooms do you have in your home?  
 17 A. One, two, three, four, five, six. Seven.  
 18 Q. So let's start with the entryway or the first  
 19 room as you come through the front door. What -- what  
 20 home furnishings do you have in that room?  
 21 A. A couch. A coffee table. Wall unit that has  
 22 some stereo equipment in it. Piano. Two chairs. And  
 23 then it's kind of the same room as the dining room, kind  
 24 of flows into one, so dining room table, you know, the  
 25 chairs, and a side table. I think that's everything.

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1 Q. Tell me about the dining room table. What -- is  
 2 it wood?  
 3 A. It's a wood table.  
 4 Q. What type of wood?  
 5 A. Dark wood.  
 6 Q. And describe what you mean by "wall unit."  
 7 A. Well, it's a -- just a freestanding piece of  
 8 furniture that's up against the wall, has our stereo  
 9 equipment in it, has some, like, side bookshelves that  
 10 have some books on it.  
 11 Q. Do you have a TV stand?  
 12 A. Not in there.  
 13 Q. So that's kind of your great room area. Right?  
 14 A. Combination, like, living room, dining room,  
 15 yeah.  
 16 Q. Okay. Let's go to -- do you have a separate TV  
 17 room? Where's your TV?  
 18 A. Family room, next to the kitchen.  
 19 Q. Let's talk about what you have in your family  
 20 room.  
 21 A. A sofa, two chairs, a coffee table, a TV,  
 22 wall-mounted TV. And books.  
 23 Q. What type of TV do you have? I mean, how  
 24 large? Is it a plasma? Is it a --  
 25 A. It's a flat screen. I don't know what the make

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<p>1 or the model is.  2 Q. How large is it?  3 A. I don't know. Like looking at that picture on  4 the wall, it's about the size of that picture on the  5 wall.  6 Q. So it's about 48 inches?  7 A. I guess.  8 Q. Do you have any other furniture in the family  9 room besides the sofa, chairs, coffee table, TV, and  10 books?  11 A. No.  12 Oh. There's a side table under the window. And  13 that has photos on top of it.  14 Q. What do you have in your kitchen?  15 A. A kitchen table and chairs. And everything else  16 is kind of built in, built-in appliances.  17 Q. So other than a kitchen table and chairs,  18 there's nothing else that's built in?  19 A. No other -- everything else is built in.  20 Q. Everything else is built in?  21 Okay. What rooms have we not covered yet?  22 A. There's an exercise room.  23 Q. What do you have in your exercise room?  24 A. An elliptical machine, a treadmill, an exercise  25 bike, and a few, you know, free -- free weights. And</p>	<p>1 master bedroom?  2 A. My office.  3 Q. Your office? Let's talk about what you have in  4 your office.  5 A. Two chairs. An all-in-one fax, copier,  6 scanner. Computer. And that's it. The other furniture  7 is built in.  8 Q. So the desk is built in?  9 A. Yes.  10 Q. Did the house come with the desk built in?  11 A. Yes.  12 Q. Do you own a laptop?  13 A. Yes.  14 Q. What type of laptop?  15 A. It is a Dell.  16 Q. When did you buy it?  17 A. About three years ago.  18 Q. Okay. So we're down to the master bedroom.  19 A. Correct.  20 Q. There's no other room other than the master  21 bedroom that we haven't talked about. Correct?  22 A. Correct.  23 Q. What is in the master bedroom?  24 A. Bed, two nightstands, two chairs, a dresser, and  25 a little table in between the two chairs.</p>
<p>Page 66</p> <p>1 shelves that have DVD -- DVD -- DVDs.  2 Q. Is there a TV in there?  3 A. There is.  4 Q. Is it a flat screen?  5 A. I think so.  6 Q. How large? About 48 inches?  7 A. No. I would say it's maybe -- it's less than  8 half of that picture, so 24 inches.  9 Q. And you mentioned DVDs. Is there a DVD player  10 as well?  11 A. In the family room.  12 Q. In the family room, but not in the exercise  13 room?  14 A. No.  15 Q. So we've talked about the great room, the family  16 room, the exercise room, the kitchen.  17 A. There's two bedrooms. They each have a bed, a  18 chair, a nightstand.  19 Q. Is one the master?  20 A. No. They're like two -- they were my kids'  21 rooms.  22 Q. Okay. And so those two bedrooms that are not  23 the master bedroom have what in them?  24 A. Bed, nightstand, dresser, chair.  25 Q. Have we covered all the rooms except for the</p>	<p>Page 68</p> <p>1 Q. Do you or your wife own any antiques, antique  2 furnishings or other antiques?  3 A. No.  4 Q. Do you or your wife own any furs or other  5 expensive pieces of clothing?  6 A. No.  7 Q. Of the various items that you listed for me in  8 the great room, family room, exercise room, kitchen,  9 master bedroom, other two bedrooms, and the office, do  10 you own all of that property?  11 A. Yes.  12 Q. What do you have in your garage?  13 A. That's where I keep my tools that I told you  14 about earlier. Boxes of stuff. I'm not even sure what's  15 inside of them. You know, just --  16 Q. Holiday decorations?  17 A. Pardon me?  18 Q. Holiday decorations?  19 A. Yeah, holiday decorations. I mean -- yeah.  20 Again, nothing to -- toys, games.  21 Q. Anything of significant value in your garage?  22 A. No.  23 Q. What's the most significant -- what's the most  24 valuable items in your home or garage? Give me the top  25 three.</p>

17 (Pages 65 to 68)

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1 A. My family and my dog. And that's it.  
 2 Q. I mean monetary value.  
 3 A. I don't know. I would imagine my piano and my  
 4 TV sets.  
 5 Q. And when you say "TV sets," you mean the -- you  
 6 have one TV in your exercise room --  
 7 A. I have one in my master bedroom too.  
 8 Q. You have a TV set in your master bedroom. How  
 9 large is that TV?  
 10 A. It's the same as my other, so I would say  
 11 48 inches.  
 12 Q. And is that a flat screen as well?  
 13 A. Yes.  
 14 Q. And do you own that?  
 15 A. Yes.  
 16 Q. Do you own a removable grill, like barbecue  
 17 grill?  
 18 A. Yes.  
 19 Q. Do you know the make?  
 20 A. Home Depot model.  
 21 Q. How much did you buy it for?  
 22 A. I think it was \$100, \$150, something like that.  
 23 Q. How long ago?  
 24 A. About two years ago. A year and a half ago.  
 25 Q. Have you, in the last six months, given any of

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1 your attorneys or accountants or other professionals or  
 2 any other person a deposit as a retainer?  
 3 A. No.  
 4 Q. Do you have season tickets to any sporting --  
 5 A. No.  
 6 Q. -- team?  
 7 A. No, I don't.  
 8 Q. Did you have season tickets to the Diamondbacks?  
 9 A. Used to be an owner for the Diamondbacks.  
 10 Q. How long ago was that?  
 11 A. That was -- ended about two and a half years  
 12 ago.  
 13 Q. Who did you sell your ownership in the  
 14 Diamondbacks to?  
 15 A. One of the other -- actually, it was -- the  
 16 other owners took it back. I didn't sell it. I was in  
 17 default of my agreement.  
 18 Q. And they took it back?  
 19 A. (Witness nodded head.)  
 20 Q. Who are the other owners that would have taken  
 21 that back?  
 22 A. The general partnership, which is Arizona Play  
 23 Ball. Ken Kendrick and Jeff Royer and Dale Jensen and  
 24 Mike Chipman.  
 25 Q. You say you were in default. How were you in

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1 default?  
 2 A. My investment was -- my investment in the team  
 3 was based on making annual payments over the course of  
 4 ten years. And I think it was about three years in that  
 5 I defaulted, so the remedy was to lose your units.  
 6 Q. So there was some type of contractual forfeiture  
 7 clause?  
 8 A. Yes.  
 9 Q. What agreement was that forfeiture clause  
 10 contained in?  
 11 A. I think there was some kind of operating  
 12 agreement at the time.  
 13 Q. An operating agreement for the general  
 14 partnership of Arizona Play Ball?  
 15 A. For the limited partnership that I was a part  
 16 of.  
 17 Q. What limited partnership was that?  
 18 A. I don't remember what it was called.  
 19 Q. Do you know who would know or remember what the  
 20 limited partnership was called?  
 21 A. Anybody in the Diamondbacks front office could  
 22 probably tell you.  
 23 Q. Do you currently have any interest in Retail  
 24 Management Property, L.L.C.?  
 25 A. Retail Property Management.

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1 Q. I'm sorry, Retail Property Management, L.L.C.?  
 2 A. It's one of the names that Platinum Commercial  
 3 Holdings does business as.  
 4 Q. Is it a separate entity?  
 5 A. No.  
 6 Q. What can you tell me about Snow Lion Travel  
 7 Company?  
 8 A. The person who owns that company has the same  
 9 name as me.  
 10 Q. So you have no connections, never --  
 11 A. Never met him, don't know him.  
 12 Q. Tell me about your family foundation or your  
 13 foundation that you had.  
 14 A. It was a -- not a traditional foundation, which,  
 15 you know, goes under the, whatever the nonprofit  
 16 status -- it was a foundation that I funded  
 17 contributions, money into, and it would make charitable  
 18 donations to, you know, needy and worthwhile causes.  
 19 Q. What was the name of that foundation?  
 20 A. Barness Family -- Daron and Ron Barness Family  
 21 Foundation.  
 22 Q. Daron and Ron Barness Family Foundation?  
 23 A. Yes.  
 24 Q. When is the last time you contributed to the  
 25 Daron and Ron Barness Family Foundation?

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1 A. Probably three years ago.  
 2 Q. Does it have a separate tax ID number?  
 3 A. I don't think so. No, it doesn't. Never did.  
 4 Q. Who helped you set this up?  
 5 A. Nobody. It wasn't a foundation, you know, like  
 6 a separate entity. It was just a name that we would make  
 7 our contribution -- our donations through. But it had my  
 8 tax ID number, and it was my money that funded it. So  
 9 there was no body -- there was no money sitting there  
 10 waiting to go out. So if an entity, like any  
 11 organization, needed money and they were asking for a  
 12 contribution, I would put money into the bank account for  
 13 the family foun- -- I don't even think, actually -- no,  
 14 there was a -- I can't remember anymore, but we would  
 15 just write the check. But we did all of our charitable  
 16 giving through that name.  
 17 Q. So it didn't -- so did the Daron and Ron Barness  
 18 Family Foundation file taxes?  
 19 A. No. Like I said, it didn't have a separate tax  
 20 ID number or anything like that.  
 21 Q. Do you have any current business dealings with  
 22 Mr. Papas?  
 23 A. My former partner, obviously. Other than being  
 24 in court with him several months ago, I haven't seen or  
 25 spoken with him in the past year and a half.

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1 Q. And can you say his full name for the record?  
 2 Is his last name Papas, or --  
 3 A. It's Papakyrrikou.  
 4 Q. Can you spell that for the record?  
 5 A. I believe it's P-a-p-a-k-y-r-i-k-o-u.  
 6 Q. It's my understanding that at some point you  
 7 sold your interest in RBI? Is that correct?  
 8 A. Not really. It's -- whatever my interest was, I  
 9 gave to him.  
 10 Q. When did you give that to him? Mr. Papas.  
 11 Correct?  
 12 A. Yeah. It was at least two years ago.  
 13 Q. So you gave your interest in RBI to Mr. Papas in  
 14 2009?  
 15 A. Yes.  
 16 Q. What did you receive in exchange?  
 17 A. Nothing. At the time, we were -- obviously, we  
 18 were still trying to hold on to our business, and so we  
 19 were each, you know, funding major deficits, you know,  
 20 every day. And at a certain point, I ran out of money,  
 21 and he still had money to fund deficits, and so at a  
 22 certain point, you know, he said, "I'm not going to  
 23 continue funding these deficits myself. It's not fair."  
 24 I said, "Well, take the business. I don't want  
 25 anything to do with it. You can do whatever you want

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1 with it."  
 2 And, you know, that was -- that was sort of the  
 3 circumstance.  
 4 Q. And we've been calling it RBI, but what is the  
 5 full legal name? Is it RBI Management?  
 6 A. There was actually an umbrella group, which is  
 7 called Barness Papas Investments. And then Barness Papas  
 8 Investments owned, as I said, interest in probably a  
 9 hundred different entities. Retail Brokers, Inc., the  
 10 one you're referencing, was one of them. But there were  
 11 other companies as well.  
 12 Q. So when you gave your interest to Mr. Papas,  
 13 what interest did you give? Did you give Mr. Papas your  
 14 interest in Barness Papas and all -- every other interest  
 15 that was connected with Barness Papas?  
 16 A. Yes.  
 17 Q. And that would have included, for instance, RBI  
 18 Management Services, L.L.C.?  
 19 A. Correct.  
 20 Q. Let's talk a little bit more about these  
 21 entities. I'm going to hand you a document to hopefully  
 22 shortchange or shortcut this line of questioning a little  
 23 bit. But it's a document that showed all the various  
 24 entities that came up when we searched your name.  
 25 A. Uh-huh.

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1 Q. Could you go through and star each one that you  
 2 currently still have an interest in, maybe put a little  
 3 asterisk next to it, and then we'll admit this as an  
 4 exhibit?  
 5 A. I'm not sure, you know -- I'm not sure how to  
 6 answer that, because, you know, for example, I think I  
 7 have an interest in all of these things, you know, and  
 8 they all have negative net worth. I mean, these are  
 9 things I have judgments against me on and lawsuits against  
 10 me on. So I don't think -- I don't think I'm no longer  
 11 involved. I just, I know that there's just -- there's no  
 12 value.  
 13 Q. Okay. So earlier, when I was asking what  
 14 businesses you had an interest in and your comment about  
 15 that being limited to, you know, your current company,  
 16 what you meant by that was that's the only viable company  
 17 that you have an interest in currently.  
 18 A. That's correct.  
 19 Q. But of these various entities -- we can go  
 20 through them, but of these various entities, you think  
 21 that you probably still have an interest in them from a  
 22 legal standpoint.  
 23 A. I think that's correct. Like even the RBI that  
 24 you asked me about, I don't think we have formally --  
 25 like, I never formally, like, gave him in writing -- you



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1 know, it was more like, "Alex, you take it. I don't want  
2 it. You know, I can't fund these shortfalls. You can  
3 have it, you know." I don't think we ever documented any  
4 of that.

5 Q. Okay.

6 A. Because it was all negative, and it was like,  
7 you know -- major negative. So -- you know, and at some  
8 point, he stopped funding it, and he's now, as you know,  
9 filed bankruptcy. So, you know, we -- for a long time,  
10 we thought we could bail out the businesses, but at the  
11 end of the day, we ran out of money.

12 MR. BROWER: Let's go off the record for a  
13 moment.

14 (Discussion off the record.)

15 BY MR. BROWER:

16 Q. I'm going to quickly ask you about some of these  
17 entities and just confirm whether you still have an  
18 interest in these entities.

19 Union Crossing Investors, L.L.C. Do you still  
20 have an ownership interest in that entity?

21 A. I think so.

22 Q. 75th & Thunderbird Place, L.L.C. Do you still  
23 have an ownership interest in that?

24 A. Hang on a second. If I -- so if a property was  
25 foreclosed on and I still have liability because I

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1 personally guaranteed it, do I still have an interest in  
2 that property, as far as this question is concerned?

3 Q. Well, and that's a fair question. The questions  
4 I'm asking are very specific just to membership or  
5 ownership interest in the L.L.C. Now, the L.L.C. might  
6 have no assets, but you may still be listed as having  
7 50 percent or 75 percent ownership of that L.L.C. So if  
8 one of these L.L.C.s had a property that went to  
9 foreclosure and was foreclosed on and now it has probably  
10 a negative value or negative, you know, net assets, it  
11 wouldn't change the fact that you would still legally  
12 have an ownership interest in that L.L.C.

13 A. So if it's been foreclosed on but I do have a  
14 connection to it because I have a judgment or I have a  
15 liability or what have you, then the answer is going to  
16 be yes.

17 Q. And more so -- I'm looking less about what your  
18 connection is with the company and more asking if you  
19 have an ownership interest in that company. Regardless  
20 if the company has any assets at all, do you still have  
21 an ownership interest in that company, like a member or a  
22 partner or, if it's a corporation, a shareholder, things  
23 like that.

24 A. Okay. I don't know the answer -- I mean, I  
25 don't think we dissolved these entities. I think they

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1 just kind of went away. You know what I mean? I don't  
2 think we formally dissolved anything, not that I can  
3 recall doing.

4 Q. Okay. Well, then I will go through this  
5 quickly.

6 A. Okay.

7 Q. But there was one entity that I asked you about  
8 before where -- I believe it was the Snow Lion Travel  
9 Company, for instance, where we may have a mis-hit and  
10 you have no connection with that company.

11 A. Okay.

12 Q. So maybe it's still worthwhile for you to say  
13 that you've never heard of an entity, if it's, you know,  
14 connected --

15 A. Okay.

16 Q. -- with a different Ron Barness.

17 A. Okay. Just to clarify, though, so if it has  
18 nothing to do with me, I'll tell you. If I have  
19 something to do with it, okay, whether or not we still  
20 own it or not, it was foreclosed on or not, I'm going to  
21 say yes, that I'm connected to it. Okay?

22 Q. That you're still an owner or member or partner  
23 of that entity.

24 A. And I will tell you if there's anything there  
25 that has any value still. If you go through the list,

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1 I'll tell you that too.

2 Q. Okay.

3 A. Because I think everything on this list, there's  
4 no value to it, but if there's something, I'll tell you.  
5 Fair enough?

6 Q. Fair enough.

7 Okay. So let's start back at the top. Do you  
8 still have any membership interest in Union Crossing  
9 Investors, L.L.C.?

10 A. Yes.

11 Q. Do you have membership interest in 75th &  
12 Thunderbird Place, L.L.C.?

13 A. Yes.

14 Q. Do you have membership interest in MyXStop 3,  
15 L.L.C.?

16 A. I don't think so.

17 Q. Do you have membership interest in RBI  
18 Management Services California, Inc.?

19 A. Yes.

20 Q. I should say are you a shareholder of RBI  
21 Management Services California, Inc., since it's a  
22 corporation?

23 A. Yes.

24 Q. Do you have any ownership interest in  
25 Alma-Elliot Business Center Condominium Association?

20 (Pages 77 to 80)

Page 81	Page 83
<p>1 A. Yes.</p> <p>2 Q. Do you have a membership interest in Sunnyslope</p> <p>3 Income Investors, L.L.C.?</p> <p>4 A. Yes.</p> <p>5 Q. Are you a shareholder of RBI Nevada, Inc.?</p> <p>6 A. Yes.</p> <p>7 Q. Are you -- do you have any membership interest</p> <p>8 in Barness Syndication Group, L.L.C.?</p> <p>9 A. Yes.</p> <p>10 Q. Do you have any membership interest in BPI</p> <p>11 Insurance Brokers, L.L.C.?</p> <p>12 A. Yes.</p> <p>13 Q. Do you have any membership interest in McQueen</p> <p>14 Guadalupe Place, L.L.C.?</p> <p>15 A. Yes.</p> <p>16 Q. Do you have any membership interest in 91st</p> <p>17 Union Investors, L.L.C.?</p> <p>18 A. Yes.</p> <p>19 Q. Do you have any membership interest in Alma</p> <p>20 Elliot Investors, L.L.C.?</p> <p>21 A. Yes.</p> <p>22 Q. Do you have any membership interest in 51st</p> <p>23 Union Investors, L.L.C.?</p> <p>24 A. Yes.</p> <p>25 Q. Do you have any membership interest in Recker KM</p>	<p>1 Southern California, Inc.?</p> <p>2 A. Yes.</p> <p>3 Q. Do you have any membership interest in Alma</p> <p>4 School &amp; Elliot Investors, L.L.C.?</p> <p>5 A. Yes.</p> <p>6 Q. Do you have any membership interest in Triple</p> <p>7 Net Holding Company, L.L.C.?</p> <p>8 A. Yes.</p> <p>9 Q. Do you have any membership interest in Dunlap &amp;</p> <p>10 35th Investors, L.L.C.?</p> <p>11 A. Yes.</p> <p>12 Q. And the next one, we know. Do you have any</p> <p>13 membership interest in Platinum Commercial Holdings,</p> <p>14 L.L.C.?</p> <p>15 A. Yes.</p> <p>16 Q. Do you have any membership interest in Kyrene</p> <p>17 Elliot Investors, L.L.C.?</p> <p>18 A. Yes.</p> <p>19 Q. Do you have any membership interest in McQueen</p> <p>20 Guadalupe Investors, L.L.C.?</p> <p>21 A. Yes.</p> <p>22 Q. Do you have any membership interest in 35th &amp;</p> <p>23 Cheryl Investors, L.L.C.?</p> <p>24 A. Yes.</p> <p>25 Q. Do you have any membership interest in 19th &amp;</p>
<p>Page 82</p> <p>1 Investors, L.L.C.?</p> <p>2 A. That one doesn't ring a bell to me. I'm not</p> <p>3 sure, but could be.</p> <p>4 Q. Do you have any membership interest in</p> <p>5 Baseline &amp; Gilbert Place, L.L.C.?</p> <p>6 A. Yes.</p> <p>7 Q. Do you have any membership interest in</p> <p>8 MyXStop 4, L.L.C.?</p> <p>9 A. No. Not that I'm aware of.</p> <p>10 Q. Do you have any membership interest in Main &amp;</p> <p>11 Greenfield Investors, L.L.C.?</p> <p>12 A. Yes.</p> <p>13 Q. Do you have any membership interest in 83rd &amp;</p> <p>14 Camelback Place, L.L.C.?</p> <p>15 A. Yes.</p> <p>16 Q. Do you have any membership interest in North</p> <p>17 Mesa Plaza Income Investors, L.L.C.?</p> <p>18 A. Yes.</p> <p>19 Q. Do you have any membership interest in Apex</p> <p>20 Architecture, L.L.C.?</p> <p>21 A. Yes.</p> <p>22 Q. Do you have any membership interest in RBI</p> <p>23 Southern California, Inc.?</p> <p>24 A. Yes.</p> <p>25 Q. I should say are you a shareholder of RBI</p>	<p>Page 84</p> <p>1 Northern Investors, L.L.C.?</p> <p>2 A. Yes.</p> <p>3 Q. Do you have any membership interest in BPSM</p> <p>4 Investors, L.L.C.?</p> <p>5 A. That one does not ring a bell to me.</p> <p>6 Q. Do you have any membership interest in</p> <p>7 University Extension Investors, L.L.C.?</p> <p>8 A. Yes.</p> <p>9 Q. Do you have any membership interest in Shopping</p> <p>10 Center Construction Company, L.L.C.?</p> <p>11 A. Yes.</p> <p>12 Q. Do you have any membership interest in Rolex</p> <p>13 Development Company, L.L.C.?</p> <p>14 A. Yes.</p> <p>15 Q. Do you have any membership interest in Southern</p> <p>16 Mill Place, L.L.C.?</p> <p>17 A. Yes.</p> <p>18 Q. Do you have any membership interest in 57th &amp;</p> <p>19 Bell Place, L.L.C.?</p> <p>20 A. Yes.</p> <p>21 Q. Do you have any membership interest in 19th Bell</p> <p>22 Investors, L.L.C.?</p> <p>23 A. Yes.</p> <p>24 Q. Are you a shareholder in Barness Enterprises,</p> <p>25 Inc.?</p>

21 (Pages 81 to 84)

Page 85	Page 87
<p>1 A. Yes.</p> <p>2 Q. Do you have any membership interest in Calstar</p> <p>3 Arvada, L.L.C.?</p> <p>4 A. I don't think so.</p> <p>5 Q. Do you have any membership interest in</p> <p>6 MyXStop 5, L.L.C.?</p> <p>7 A. I don't think so.</p> <p>8 Q. Do you have any membership interest in</p> <p>9 University &amp; Country Club Place, L.L.C.?</p> <p>10 A. Yes.</p> <p>11 Q. Do you have any membership interest in 83rd &amp;</p> <p>12 Encanto Place, L.L.C.?</p> <p>13 A. Yes.</p> <p>14 Q. Do you have any membership interest in 83rd</p> <p>15 Glendale Investors, L.L.C.?</p> <p>16 A. Yes.</p> <p>17 Q. Do you have any membership interest in Southern</p> <p>18 Val Vista Investors, L.L.C.?</p> <p>19 A. Yes.</p> <p>20 Q. Do you have any membership interest in Cooper</p> <p>21 Baseline Investors, L.L.C.?</p> <p>22 A. Yes.</p> <p>23 Q. Do you have any membership interest in 75th</p> <p>24 Peoria Investors, L.L.C.?</p> <p>25 A. Yes.</p>	<p>1 G.V., L.L.C.?</p> <p>2 A. Yes.</p> <p>3 Q. Do you have any membership interest in Southern</p> <p>4 McClintock Investors, L.L.C.?</p> <p>5 A. Yes.</p> <p>6 Q. Do you have any membership interest in Coopwam</p> <p>7 Investors, L.L.C.?</p> <p>8 A. Yes.</p> <p>9 Q. Do you have any membership interest in</p> <p>10 Thunderbird Plaza Investors, L.L.C.?</p> <p>11 A. Yes.</p> <p>12 Q. Do you have any membership interest in 83rd</p> <p>13 Camelback Investors, L.L.C.?</p> <p>14 A. Yes.</p> <p>15 Q. Do you have any membership interest in 91st</p> <p>16 Peoria Investors, L.L.C.?</p> <p>17 A. Yes.</p> <p>18 Q. Do you have any membership interest in Dobson &amp;</p> <p>19 Guadalupe Investors, L.L.C.?</p> <p>20 A. Yes.</p> <p>21 Q. Do you have any membership interest in MyXStop,</p> <p>22 L.L.C.?</p> <p>23 A. No.</p> <p>24 Q. Do you have any membership interest in Power</p> <p>25 Broadway Investors, L.L.C.?</p>
<p>Page 86</p> <p>1 Q. Do you have any membership interest in Alma</p> <p>2 Queen Investors, L.L.C.?</p> <p>3 A. Yes.</p> <p>4 Q. Do you have any membership interest in Kyrene &amp;</p> <p>5 Elliot Place, L.L.C.?</p> <p>6 A. Yes.</p> <p>7 Q. Do you have any membership interest in</p> <p>8 Southern &amp; Val Vista Retail Investors, L.L.C.?</p> <p>9 A. Yes.</p> <p>10 Q. Do you have any membership interest in 99th &amp;</p> <p>11 Grand Place, L.L.C.?</p> <p>12 A. Yes.</p> <p>13 Q. Do you have any membership interest in</p> <p>14 Stratford-Sabah, L.L.C.?</p> <p>15 A. No.</p> <p>16 Q. Do you have any membership interest in Tatum &amp;</p> <p>17 Thunderbird Investors, L.L.C.?</p> <p>18 A. Yes.</p> <p>19 Q. Do you have any membership interest in Jackie S,</p> <p>20 L.L.C.?</p> <p>21 A. No.</p> <p>22 Q. Do you have any membership interest in 67th</p> <p>23 Cactus Investors, L.L.C.?</p> <p>24 A. Yes.</p> <p>25 Q. Do you have any membership interest in Alro</p>	<p>Page 88</p> <p>1 A. Yes.</p> <p>2 Q. Do you have any membership interest in Cotton</p> <p>3 Waddell 21 Investors, L.L.C.?</p> <p>4 A. Yes.</p> <p>5 Q. Do you have any membership interest in 51st &amp;</p> <p>6 Union Hills Place, L.L.C.?</p> <p>7 A. Yes.</p> <p>8 Q. Do you have any membership interest in Dunlap</p> <p>9 Retail Center Investors, L.L.C.?</p> <p>10 A. Yes.</p> <p>11 Q. Do you have any membership interest in RBI</p> <p>12 Management Services, L.L.C.?</p> <p>13 A. Yes.</p> <p>14 Q. Do you have any membership interest in Bayshore</p> <p>15 Plaza Investors, L.L.C.?</p> <p>16 A. Yes.</p> <p>17 Q. Do you have any membership interest in Lindsay &amp;</p> <p>18 Williamsfield Place, L.L.C.?</p> <p>19 A. Yes.</p> <p>20 Q. Do you have any membership interest in Retail</p> <p>21 Property Management, L.L.C.?</p> <p>22 A. Yes.</p> <p>23 Q. Do you have any membership interest in</p> <p>24 MyXStop 2, L.L.C.?</p> <p>25 A. No.</p>

22 (Pages 85 to 88)

Page 89

1 Q. Do you have any membership interest in 83rd &  
 2 Union Hills Place, L.L.C.?  
 3 A. Yes.  
 4 Q. Do you have any membership interest in 32nd &  
 5 Shea Investors, L.L.C.?  
 6 A. Yes.  
 7 Q. Do you have any membership interest in Elliot  
 8 Roosevelt Investors, L.L.C.?  
 9 A. Yes.  
 10 Q. Do you have any membership interest in Dobson &  
 11 Warner Place, L.L.C.?  
 12 A. Yes.  
 13 Q. Do you have any membership interest in RBI  
 14 Management Services Texas, Inc.?  
 15 A. Yes.  
 16 Q. I should say are you a shareholder of RBI  
 17 Management Services Texas, Inc.?  
 18 A. Yes.  
 19 Q. Do you have any membership interest in Dobson &  
 20 Baseline Investors, L.L.C.?  
 21 A. Yes.  
 22 Q. Do you have any membership interest in ELJ,  
 23 L.L.C.?  
 24 A. No.  
 25 Q. Do you have any membership interest in Cooper

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1 Marketplace Investors, L.L.C.?  
 2 A. Yes.  
 3 Q. Do you have any membership interest in 19th &  
 4 Bell Place, L.L.C.?  
 5 A. Yes.  
 6 Q. Do you have any membership interest in  
 7 82nd Street Indian School Investors, L.L.C.?  
 8 A. Yes.  
 9 Q. Do you have any membership interest in Cooper  
 10 Baseline Place, L.L.C.?  
 11 A. Yes.  
 12 Q. Do you have any membership interest in Idaho &  
 13 Apache Investors, L.L.C.?  
 14 A. Yes.  
 15 Q. Do you have any membership interest in 43rd  
 16 Union Investors, L.L.C.?  
 17 A. Yes.  
 18 Q. Do you have any membership interest in Val Vista  
 19 Village Investors, L.L.C.?  
 20 A. Yes.  
 21 Q. Do you have any membership interest in Retail  
 22 Brokers, Inc.?  
 23 A. Yes.  
 24 Q. I should say are you a shareholder of Retail  
 25 Brokers, Inc.?

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1 A. Yes.  
 2 Q. Do you have any membership interest in Greenway  
 3 Properties, L.L.C.?  
 4 A. Yes.  
 5 Q. Do you have any membership interest in  
 6 Thunderbird Lesser, L.L.C.?  
 7 A. No.  
 8 Q. Do you have any membership interest in Recker  
 9 McKellips Investors, L.L.C.?  
 10 A. Yes.  
 11 Q. Are you a shareholder in RBI -- strike that.  
 12 Are you a shareholder in RBI Retail Brokers  
 13 Texas, Inc.?  
 14 A. Yes.  
 15 Q. Are you -- do you have any membership interest  
 16 in Northern 51st Investors, L.L.C.?  
 17 A. Yes.  
 18 Q. Do you have any membership interest in Retail  
 19 Brokers?  
 20 A. Yes.  
 21 Q. What is Retail Brokers? Is that a trade name?  
 22 A. I believe so, because the corporation is Retail  
 23 Brokers, Inc.  
 24 Q. Are you a shareholder of Retail Brokers, Inc.?  
 25 A. Yes.

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1 Q. Are you a shareholder of RBI Management  
 2 Services, Inc.?  
 3 A. Yes.  
 4 Q. Of those entities -- and you can review this  
 5 list that I've made. Of those entities, which of these  
 6 entities still currently own property? If it's helpful,  
 7 you can put a little asterisk next to the names.  
 8 A. Which entity has not been foreclosed on,  
 9 basically? Is that --  
 10 Q. Essentially.  
 11 A. Has not been foreclosed on.  
 12 Q. That still own property.  
 13 A. To the best of my knowledge, this one is -- I  
 14 think is still alive. I'm not sure. But -- last time I  
 15 was -- last time I looked or was asked about it, it was  
 16 alive. But that was months ago, so I don't know.  
 17 Q. Okay. So to the best of your knowledge, Cotton  
 18 Waddell 21 Investors, L.L.C., still owns a property.  
 19 A. I think so. I think so.  
 20 Q. And what is your membership ownership of Cotton  
 21 Waddell 21 Investors, L.L.C.? Do you know the  
 22 percentage?  
 23 A. I don't think I have any anymore. I think  
 24 that's one of the things that I sort of -- I told you I  
 25 gave Alex everything. I think, you know, that it was

Page 93	Page 95
<p>1 included. But I don't know.</p> <p>2 Q. And you would have given this to Mr. Papas, Alex</p> <p>3 Papas, not in an official document but just verbally?</p> <p>4 A. I think so. But I may have also done it</p> <p>5 officially. I don't know. I don't know.</p> <p>6 Q. Who is Erika Neuberger?</p> <p>7 A. She was my daughter's therapist.</p> <p>8 Q. Who is Marlon Somberg?</p> <p>9 A. He was an investor.</p> <p>10 Q. Let me spell Marlon Somberg. M-a-r-l-o-n</p> <p>11 S-o-m-b-e-r-g.</p> <p>12 He was an investor with you?</p> <p>13 A. Yes.</p> <p>14 Q. You paid him some money out of your personal</p> <p>15 account at various times. Why would you have done that?</p> <p>16 Was that return on his investment, or --</p> <p>17 A. It was so that he wouldn't sue me.</p> <p>18 Q. Has he sued you?</p> <p>19 A. No.</p> <p>20 Q. How much -- do you know roughly how much you</p> <p>21 have paid him in total?</p> <p>22 A. Between 10- and \$20,000, I think.</p> <p>23 Q. And he was an investor with you personally or</p> <p>24 with one of your entities?</p> <p>25 A. He invested money in our entities.</p>	<p>1 Q. She was an investor in some projects with one of</p> <p>2 your entities?</p> <p>3 A. Yes.</p> <p>4 Q. Were those entities or projects owned by your</p> <p>5 limited partnership, the Barness Investment Limited</p> <p>6 Partnership?</p> <p>7 A. I don't -- I don't know. I don't think so.</p> <p>8 Q. Who is Mollie Pearl?</p> <p>9 A. My grandmother.</p> <p>10 Q. Was she also an investor?</p> <p>11 A. Yes.</p> <p>12 Q. You made some payments to Mollie Pearl, as you</p> <p>13 did Randi and Marlon. Why did you do that? Why did you</p> <p>14 make those payments?</p> <p>15 A. She had lent me some money, and so I was paying</p> <p>16 her back.</p> <p>17 Q. How much money did you pay her back in total,</p> <p>18 roughly?</p> <p>19 A. Roughly \$20,000.</p> <p>20 Q. And did she lend that money to you personally?</p> <p>21 A. Yes.</p> <p>22 Q. She didn't lend it to the Barness Investment</p> <p>23 Limited Partnership?</p> <p>24 A. I don't think so.</p> <p>25 Q. Who is Ronald Spiegel?</p>
<p>Page 94</p> <p>1 Q. Were those entities owned by the Barness</p> <p>2 Investment Limited Partnership?</p> <p>3 A. No.</p> <p>4 Q. Who is Walter Danley?</p> <p>5 A. My landlord.</p> <p>6 Q. Who is Jorge Arredondo?</p> <p>7 A. Gardener.</p> <p>8 Q. Who is Esther Valavez?</p> <p>9 A. I don't know.</p> <p>10 Q. Who's Randi Sherman?</p> <p>11 A. A former investor.</p> <p>12 Q. And you paid him some money --</p> <p>13 A. That was a woman.</p> <p>14 Q. You paid her some money -- let me spell Randi</p> <p>15 Sherman. R-a-n-d-i is Randi. Sherman, S-h-e-r-m-a-n.</p> <p>16 And you paid her some money out of your personal</p> <p>17 account and also out of the limited partnership. And why</p> <p>18 did you do that?</p> <p>19 A. Same as Marlon Somberg, so that she wouldn't</p> <p>20 file a lawsuit against me.</p> <p>21 Q. Do you know approximately how much you paid her</p> <p>22 in total?</p> <p>23 A. I believe it was under \$10,000.</p> <p>24 Q. And she was an investor?</p> <p>25 A. Correct.</p>	<p>Page 96</p> <p>1 A. An investor.</p> <p>2 Q. And he currently has a judgment against you.</p> <p>3 Correct?</p> <p>4 A. Correct.</p> <p>5 Q. Who is Emanuel Tuchin?</p> <p>6 A. He was my grandfather.</p> <p>7 Q. Was he also an investor?</p> <p>8 A. Yes.</p> <p>9 Q. Did he also lend you money?</p> <p>10 A. Yes.</p> <p>11 Q. How much money did he lend you?</p> <p>12 A. Approximately \$300,000.</p> <p>13 Q. Did he lend that to you personally or to your</p> <p>14 Barness Investment Limited Partnership?</p> <p>15 A. I'm not sure. I don't remember exactly.</p> <p>16 Q. Did you sign a promissory note with him?</p> <p>17 A. Yes.</p> <p>18 Q. Do you still have that promissory note?</p> <p>19 A. I'm not sure.</p> <p>20 Q. How much did you pay him in total?</p> <p>21 A. Maybe --</p> <p>22 Q. Roughly.</p> <p>23 A. I don't know. Maybe \$100,000.</p> <p>24 Q. When did you pay him that \$100,000? Was it</p> <p>25 within the last four years?</p>

24 (Pages 93 to 96)

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1 A. Yes.  
 2 Q. And you paid that to him personally?  
 3 A. Yes.  
 4 Q. Who is David Michael Miller?  
 5 A. He was an interior designer that we used.  
 6 Q. Was he also an investor?  
 7 A. No.  
 8 Q. Who is Gene Studnicki?  
 9 A. My handyman.  
 10 Q. I see a payment to Aiken Schenk Hawkins &  
 11 Ricciardi. Who are they?  
 12 A. Lawyers.  
 13 Q. The payment that I'm looking at was for \$2500.  
 14 Why did you pay them?  
 15 A. Would have been legal fees.  
 16 Q. What did they do for you?  
 17 A. A variety of legal work.  
 18 Q. Is your attorney that you mentioned --  
 19 A. Philip Rupprecht works for them, yeah.  
 20 Q. Works for them. Okay.  
 21 Okay. Before we conclude, is there anything  
 22 else that you want to clarify or tell or put on the  
 23 record, tell me?  
 24 A. I don't think so.  
 25 Q. You're going to have an opportunity to read and

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1 sign if you choose, or you can decline that. And what  
 2 that is -- and your attorney can tell you more about  
 3 this, but what that is, is if you want to review the  
 4 record to see if there are any corrections that you feel  
 5 like you need to make, you have that opportunity.  
 6 Is that something you want to decline, or do you  
 7 want that opportunity?  
 8 A. I don't think I need to do that.  
 9 Q. Okay. So you're declining that?  
 10 A. Yep.  
 11 MR. BROWER: I think we're done.  
 12 (The deposition concluded at 12:32 p.m.)  
 13  
 14 (Signature Waived)  
 15  
 16 \_\_\_\_\_  
 17 RON NATHAN BARNESS  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25

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1 STATE OF ARIZONA )  
 2 COUNTY OF MARICOPA )  
 3 BE IT KNOWN that the foregoing deposition  
 4 was taken by me pursuant to stipulation of counsel; that  
 5 I was then and there a Certified Reporter in and for the  
 6 County of Maricopa, State of Arizona, and by virtue  
 7 thereof authorized to administer an oath; that the  
 8 witness before testifying was duly sworn by me to testify  
 9 to the whole truth; that the questions propounded by  
 10 counsel and the answers of the witness thereto were taken  
 11 down by me in shorthand and thereafter transcribed into  
 12 typewriting under my direction; that the foregoing pages  
 13 are a full, true and accurate transcript of all  
 14 proceedings and testimony had and adduced upon the taking  
 15 of said deposition, all to the best of my skill and  
 16 ability.  
 17 I FURTHER CERTIFY that I am in no way  
 18 related to nor employed by any parties hereto nor am I in  
 19 any way interested in the outcome hereof.  
 20 DATED at Phoenix, Arizona, this \_\_\_\_ day of  
 21 \_\_\_\_\_, 2011.  
 22  
 23  
 24 \_\_\_\_\_  
 25 Pamela J. Mayer  
 Certified Reporter  
 Certificate No. 50207

# **EXHIBIT C**

## Joshua Greer

---

**From:** SMITH, CAROL  
**Sent:** Thursday, June 09, 2011 4:47 PM  
**To:** 'ronbarness@aol.com'; 'Barnessron@gmail.com'  
**Cc:** GREER, JOSHUA; HENDRICKS, KEITH  
**Subject:** ML - BARNESS JOINT PRETRIAL\_v1.DOC

**Attachments:** ML - BARNESS JOINT PRETRIAL\_v1.DOC



ML - BARNESS  
JOINT PRETRIAL\_v1.

Mr. Barness,

Attached is the joint pretrial statement for your review and comment.

Thank you,

Carol

L. Carol Smith  
Certified Legal Assistant  
Keith L. Hendricks and Joshua T. Greer  
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