

1 A. About two years.

2 Q. And then what did you do?

3 A. Had a band called Chisholm.

4 Q. C-H-I-S-S-U-M?

5 A. No, C-H-I-S-H-O-L-M.

6 Q. You had a band?

7 A. Yes.

8 Q. And you made your living by being a --

9 A. Singer.

10 Q. -- entertainer, performing artist?

11 A. Yes.

12 Q. This would have been starting around 1982?

13 A. '81 actually is when we started that band, but
14 we didn't really start making money until '82.

15 Q. Okay. What type of music did they play?

16 A. We did country music and gospel music.

17 Q. And how long did you have that band?

18 A. I had it -- that became Dreamer in 1992; same
19 guys, same band.

20 Q. And how many years was Chisholm only or Dreamer
21 your primary source of income?

22 A. It pretty much was most of that time.

23 Q. That would have been about '81 until '92?

24 A. Yes. And then '92 through about 2001, it was
25 still my primary source of income.

1 Q. But you were doing other things?

2 A. Yes. That's a part-time situation.

3 Q. And the -- how did you meet your wife?

4 A. We met in Sunday school.

5 Q. At what church?

6 A. First Christian Church in Plano.

7 Q. And about what year would that have been?

8 A. Probably '83.

9 Q. Does your wife ever perform in the band?

10 A. No.

11 Q. Were you doing anything part time between '81
12 and '92?

13 A. Yes. I did network marketing in '82 with --
14 Total Imagine was my first introduction to marketing.

15 Q. Okay. Total Image?

16 A. Uh-huh.

17 Q. And where was that company located?

18 A. San Diego, I think.

19 Q. And what was the product that was being sold?

20 A. Dietary.

21 Q. Was it a Mary Kay-like company except for
22 dietary supplements?

23 A. Network marketing, yes.

24 Q. Okay. You said -- define for me what network
25 marketing is.

1 A. You make sales through a distributor network.

2 Q. "You" being you, the salesperson or you the
3 company?

4 A. The salesperson.

5 Q. Okay. When you say sales through a distributor
6 network, that means you have others working for you?

7 A. You make your own personal sales and you make
8 sells through your organization as well.

9 Q. Okay. In the sense that your outcome is based
10 not only on commissions earned from your own sales but
11 commissions earned from the sales of others who you have
12 brought into the business?

13 A. That is correct, yes.

14 Q. And how long were you involved with Total
15 Image?

16 A. I would guess about a year.

17 Q. Okay. What else were you doing part time for
18 income between '81 and '92?

19 A. I sold for a company called Astarte.

20 Q. How do you spell that?

21 A. A-S-T-A-R-T-E. It was a chemist.

22 Q. Is it also a network marketing company?

23 A. No, that was just direct sales.

24 Q. And what products were you selling?

25 A. We sold aloe was their main expertise, but he

1 had a lot of different compounds that he had created;
2 shampoos, make up.

3 Q. And who were you selling to?

4 A. We sold to other companies mostly, it was a B
5 to B type situation.

6 Q. Okay. And how long did you stay with -- and
7 where is Astarte?

8 A. That was in Garland, Texas.

9 Q. Are they still in business?

10 A. No.

11 Q. Is Total Image still in business?

12 A. No.

13 Q. Did you leave them before they went out of
14 business?

15 A. Yes.

16 Q. Did you leave Astarte before they went out of
17 business?

18 A. Yes.

19 Q. And how long were you selling for Astarte?

20 A. Probably eight or nine months, it was pretty
21 short lived.

22 Q. Okay. What was the next company that you did
23 something for on a part-time basis between '82 and '91?

24 A. In '86 was United Sciences -- I think it was
25 '86 -- United Sciences out of Carrollton.

1 Q. Was it a network marketing company?

2 A. Yes, and it was nutritional also.

3 Q. Is it still in business?

4 A. No.

5 Q. How long did you stay in that business?

6 A. About ten months.

7 Q. Are you moving around because despite your best
8 effort you weren't able to generate enough income to
9 warrant the time?

10 A. No, actually United Sciences, my last month was
11 about \$7,000 and they went out of business.

12 Q. Are you aware of any investigative -- was
13 United Sciences -- was it put out of business by any
14 government agency?

15 A. Not that I know of. I know -- it was pretty
16 interesting drama going on in the boardroom of that
17 company. And the guy had another business; Robert Adler
18 was his name. He had another business, and he just felt
19 like it was too much a hassle, I think, to operate that
20 business and closed it down.

21 Q. Okay. Has anyone ever accused United Scientist
22 (sic) of being an illegal pyramid scheme?

23 A. I don't know.

24 Q. Have you ever heard of anyone?

25 A. Not that I know of.

1 Q. Okay. And did you prepare any type of
2 compensation plan for that company?

3 A. I did, yes.

4 Q. And explain what it is you prepared.

5 A. Just the numbers, the model, the business model
6 of how the pay out would be handled.

7 Q. And what do you recall about that?

8 A. It was a good plan. It was well constructed
9 and --

10 Q. Describe it for me.

11 A. It was about a five-level plan that paid on
12 organizational volume, and I felt like it was fair to
13 the representatives. And it protected the company as
14 far as revenues to the company as well.

15 Q. Is that the company that sold a fiber energy
16 bar?

17 A. Probably.

18 Q. Was it claimed that by eating the bar one could
19 protect oneself against AIDS, cancer, heart disease,
20 diabetes?

21 A. No. There might have been a rep that did that,
22 but that would have been against company rules.

23 Q. Okay. Did you ever eat one?

24 A. I probably -- I'm sure I did, yeah. I have no
25 AIDS.

1 Q. There you go. It's proof.

2 A. That's it.

3 Q. Okay. So that's United Scientist --

4 A. Sciences.

5 Q. Sciences, excuse me -- for ten months. And
6 what next in terms of part-time income while you were
7 making your living as an entertainer?

8 A. I got involved with Amway. I'm not sure what
9 year that was.

10 Q. But it would have been after United Sciences?

11 A. After United Sciences, yeah.

12 Q. And how long did you stay with Amway?

13 A. Six years.

14 Q. Were you doing anything else besides
15 entertaining and Amway during that six-year period?

16 A. No.

17 Q. Okay. Have you lived in North Texas since
18 coming here in I guess 1980?

19 A. Yes.

20 Q. Have you always lived in Allen?

21 A. No. We lived in Plano and moved to Allen in
22 '90.

23 Q. To the residence where you're currently
24 residing?

25 A. No. We had a duplex in '90.

1 Q. And --

2 A. Rented a duplex in '90.

3 Q. And I apologize if I've already asked it, but
4 have you given me your current residence address?

5 A. Yes.

6 Q. And that's Home Park, right?

7 A. Correct, uh-huh.

8 Q. And what year would you have bought that house?

9 A. '92, February of '92, I think.

10 Q. And you've lived there continuously since then?

11 A. Yes.

12 Q. Do you -- are you buying that house?

13 A. Yes.

14 Q. Are you behind in any payments on your house or
15 taxes relating to that house?

16 A. Taxes I'm behind, yes.

17 Q. And how much are you behind in taxes?

18 A. I haven't checked, but it's probably -- I would
19 imagine 8,000.

20 Q. And how many years does that represent?

21 A. About one.

22 Q. Okay. Is it a situation where you only paid a
23 portion of what you owed in a given year or --

24 A. Correct. We had the taxes rolled into the
25 mortgage originally. We refinanced and didn't do it

1 this time. And if I had to do it over again I would.
2 I'd put it into the mortgage.

3 Q. And so basically when it came time to pay
4 taxes, you didn't have that extra little cushion?

5 A. That's correct.

6 Q. But you're current on your mortgage; is that
7 correct?

8 A. Yes.

9 Q. And when would be the first time that you did
10 not pay taxes on time?

11 A. This past year, '08.

12 Q. In the sense that it was for '07 taxes or '08
13 taxes?

14 A. I'd have to look that up. I don't know the --

15 Q. Well, I guess my question is, is that the --

16 A. It's really a monthly charge.

17 Q. Well, technically '08 taxes aren't due until
18 January 31st of '09.

19 A. It would be '07 taxes, I guess.

20 Q. Okay. So you -- do you have any other
21 delinquent or late debts of any sort, any credit card
22 debt that you're not up to date on your payments?

23 A. Not that -- not of any significance.

24 Q. What does that mean?

25 A. Well, I've got a -- I'm a month behind on a

1 note at Compass Bank.

2 Q. And what's the -- what was the original
3 principal amount owed on that note?

4 A. 5,000, I think.

5 Q. And what's the term of the note?

6 A. It's just an ongoing line of credit.

7 Q. If you paid the normal monthly payment though,
8 how long would it take you to pay it off?

9 A. I paid this week. It's nothing.

10 Q. How --

11 A. Oh, I'm sorry. I didn't answer your question.

12 Q. In other words, is it a -- I mean, basically
13 you say it's just a line of credit; is that right?

14 A. Correct, yeah.

15 Q. And it's secured by your house?

16 A. (No response.)

17 Q. Did you have to give any security?

18 A. I don't think.

19 Q. It's just a personal line of credit?

20 A. Yes.

21 Q. And what is the monthly payment that you're
22 late on?

23 A. 220.

24 Q. And the payment that was due in January of '09
25 is the first time that you were late on that payment?

1 A. No. I've been late on it before.

2 Q. Okay. Do you have any other debts other than
3 your mortgage on your home and the line of credit at
4 Compass Bank?

5 A. I have my car payment.

6 Q. And how much is that?

7 A. It is 6 --

8 Q. Approximately?

9 A. 620, I can't remember.

10 Q. What kind of car is that?

11 A. It's a Cadillac Escalade.

12 Q. What year?

13 A. '05.

14 Q. And when did you buy it?

15 A. You know, I really don't know.

16 Q. Approximately?

17 A. I think November of '07. I'm not certain on
18 that. I'd have to look at the paperwork.

19 Q. Did you buy it new or used?

20 A. Used.

21 Q. And when will the note on that be paid off?

22 A. I think it's a five-year note, so...

23 Q. Okay. Do you have any other debts besides your
24 house, your line of credit at Compass Bank and your car
25 note?

1 A. No.

2 Q. Do you have any credit -- currently have any
3 credit card debt?

4 A. I have a Discover card with a small amount on
5 it.

6 Q. Do you pay that monthly or --

7 A. Yes, monthly.

8 Q. And have you ever been late on your payments on
9 that credit card?

10 A. I think so, yes.

11 Q. But you're currently up to date?

12 A. Yes.

13 Q. Going back, you had indicated that you went
14 with Amway for about six years. About when would that
15 have -- would you have left Amway?

16 A. '02 to '08, is when I worked in that business.

17 Q. 2002 to 2008?

18 A. No. I'm sorry. Correct that. '92 to '98.

19 I'm sorry.

20 Q. I didn't think that sounded right.

21 A. No.

22 Q. Why did you leave Amway?

23 A. It's a very difficult business. They changed
24 their model. They went to Internet and changed the name
25 of their company to Quick Star either in '98 or '99. I

1 can't remember. But it was -- it was not worth the
2 work.

3 Q. Okay. And I think you had said that your '81
4 to '92, your entertaining was your primary source of
5 business, but then I think you also said that it
6 remained your primary source of business until about
7 2001?

8 A. Yes.

9 Q. And so in '98, you left Amway and did you do
10 something else besides the entertaining business?

11 A. '98 I went to Global Prosperity.

12 Q. Where were they located?

13 A. They had an offshore address, so I think --
14 officially I think they were offshore.

15 Q. Are they still in business?

16 A. No.

17 Q. What were the circumstances under which they
18 went out of business?

19 A. They offered some investments that were --
20 offshore investments that were not good.

21 Q. And how long were -- and what was your role at
22 Global Prosperity?

23 A. I was just a rep -- representative.

24 Q. And how did you learn about them?

25 A. I got a cold call from a guy, and he told me

1 about it.

2 Q. How long were you with them?

3 A. About a year, probably a year.

4 Q. And you were --

5 A. Maybe not even a year.

6 Q. And you were selling these investments to
7 others?

8 A. No, I was not selling the investments.

9 Q. What were you selling?

10 A. Just the educational conferences. They brought
11 the investments in after I had gotten started and I
12 really didn't like it.

13 Q. Is this the first time that you would have been
14 involved in selling educational conferences?

15 A. Yes.

16 Q. And what kind of educational -- what were they
17 educating people on at these conferences?

18 A. Mainly on financial issues, taxation issues,
19 offshore trusts.

20 Q. And why did you leave Global --

21 A. Mainly due to the --

22 Q. -- Prosperities?

23 A. I'm sorry. Mainly the investment concept that
24 they brought in. I just didn't like it.

25 Q. And so that would have been -- you joined them

1 in about '98, so that brings us to about '99?

2 A. Uh-huh.

3 Q. What did you do other than your entertainment
4 business in 1999?

5 A. A company called Travel Dynamics. It was a
6 basically an offshoot of Global Prosperity; similar, but
7 different product line.

8 Q. Was it also the selling of educational
9 conferences?

10 A. Yes.

11 Q. And was it a network marketing company?

12 A. Yes.

13 Q. As was Global Prosperity?

14 A. Yes.

15 Q. And how long did you stay with Travel Dynamics?

16 A. They became Tru Dynamics. About a year into
17 it, they changed their name to Tru, T-R-U Dynamics --
18 about a year into it.

19 Q. And how long did you stay with the company that
20 were named Travel Dynamics and Tru Dynamics?

21 A. About a year and a half.

22 Q. And why did you leave them?

23 A. We started our own company, All Star
24 Entrepreneur.

25 Q. When you say "we," who's "we"?

1 A. Eli Dafesh, Claudia Cawley and Elizabeth
2 Knudson, K-N-U-D-S-O-N -- or maybe E-N, I can't
3 remember.

4 Q. And what was the business of All Star
5 Entrepreneur?

6 A. Educational conferences bringing in speakers
7 and offshore normally vacation-type conferences.

8 Q. And how long -- you were one of the original --
9 you were a owner or the owner?

10 A. I was a owner -- an owner.

11 Q. Is it still in business?

12 A. No.

13 Q. When did it go out of business?

14 A. I think they declared bankruptcy in '04.

15 Q. And when did you leave the company?

16 A. June of 2003.

17 Q. Did you remain a stockholder after June of
18 2003?

19 A. No. I resigned fully in June of 2003.

20 Q. When you resign your employment, it doesn't
21 necessarily extinguish your stockholder. Did you ever
22 sell your stock to anybody?

23 A. No.

24 Q. Okay. So technically -- what was -- so
25 technically even though you resigned the company, you

1 never sold your stock and then so would it be fair to
2 say that technically when it went into bankruptcy you
3 were a stockholder of that company?

4 A. I was not, no. I was resigned.

5 Q. Why would that be an inaccurate statement?

6 A. Well, I mean, maybe some legally it might be,
7 but I had resigned fully. So I was not associated with
8 that decision to bankrupt or the proceedings or
9 anything.

10 Q. Well, you understand, don't you, that there's a
11 difference between resigning your employment with a
12 company and being a stockholder in that company?

13 A. Well, what they did was they took the stock and
14 divided it to two ways. Glenn Green and Claudia Cawley
15 were left, and they took the stock and they split it
16 50/50.

17 Q. Do you have any documentation that reflected
18 that you gave up your stock?

19 A. I don't think so.

20 Q. Okay. Do you know whether or not when they
21 declared bankruptcy whether they reflected you as a
22 stockholder?

23 A. I have not seen the paperwork.

24 Q. Has anyone said anything as to whether or not
25 you were --

1 A. Heather's probably reported that.

2 Q. And what is it that she's reported?

3 A. I don't know. She's reported a ton, so I have
4 no idea.

5 Q. Well, so you're not in a position to say that
6 it's inaccurate to say that when All Star Entrepreneur
7 declared bankruptcy that as part of their bankruptcy
8 documentation they showed you as a stockholder?

9 A. If they did, they should not have.

10 Q. Now, I understand your position. But the
11 question was: You're not in a position to state that
12 that information is inaccurate?

13 A. That is correct.

14 Q. Okay. And was All Star Entrepreneur ever
15 investigated by any state agencies or attorney general's
16 offices?

17 A. Not that I know of.

18 Q. And why did you leave All Star -- why did you
19 resign from All Star Entrepreneur?

20 A. It's a -- how long do we have?

21 Q. Give me the Cliffnotes edition.

22 A. We brought in a partner and he was supposed to
23 take care of an outstanding debt -- an outstanding hotel
24 debt as part of his terms for coming into the business
25 as a partner, and he did not do that.

1 Q. What kind of dollars are we talking about?

2 A. I think -- I think around \$80,000. I'm not
3 sure.

4 Q. And the company didn't have the money pay it
5 itself?

6 A. That's correct. We just put a down payment on
7 a castle in Ireland for a conference that was coming up
8 in Ireland, and so we did not have that money. And so
9 the alternative was to bring in Glenn. At the time he
10 seemed like a great acquisition.

11 Q. What was his name?

12 A. Glenn Green.

13 Q. And in essence, the 80,000 was owed to a hotel
14 that --

15 A. Yes.

16 Q. -- at which a conference had been conducted?

17 A. That is correct.

18 Q. Okay. And was that debt ever paid?

19 A. I don't think so.

20 Q. Okay. And what was your position at All Star
21 Entrepreneur?

22 A. President.

23 Q. This would have been the president from the day
24 it was incorporated until -- or the date -- was it a
25 corporation?

1 A. It was an LLC.

2 Q. Okay. You would have been the president of the
3 LLC from the date it was formed until the date you
4 resigned?

5 A. I was made president when Eli Dafesh left.

6 Q. What was your position before -- when the
7 company was first established?

8 A. We had no officers until that point, so I was
9 established as president when Eli left.

10 Q. And let's see, All Star Entrepreneur came into
11 existence about what year?

12 A. Came in September of '01.

13 Q. Okay. And remained in existence until it
14 declared bankruptcy in approximately '04

15 A. Yes.

16 Q. And when did you become president, what year
17 would that have been?

18 A. I'm not sure; whenever Eli left, it was about a
19 year into it.

20 Q. Late '02?

21 A. Probably late '02.

22 Q. And when did you leave All Star Entrepreneur?

23 A. June of '03.

24 Q. Did you have any personal liability on any
25 debts owed by the company?

1 A. Yes.

2 Q. Would that have included the \$80,000 hotel
3 debt?

4 A. Well, I had credit card debt that I had put
5 cash into the business through credit cards.

6 Q. And about how much in credit card debt did you
7 have associated with All Star Entrepreneur?

8 A. I'd be guessing. I'd say probably 12,000.

9 Q. Have you ever had \$200,000 in credit card debt?

10 A. Yes.

11 Q. When did that happen?

12 A. Coming out of All Star with no income and
13 building Advantage Conferences.

14 Q. You financed that on credit cards?

15 A. Yes.

16 Q. And literally owed 200,000 plus or minus to
17 credit card companies?

18 A. That is correct.

19 Q. Were you ever -- did anyone ever sue over that
20 debt?

21 A. No.

22 Q. Did you ever pay it off?

23 A. Yes.

24 Q. 100 percent?

25 A. I made some arrangements with several of the

1 credit card companies.

2 Q. And ultimately paid 100 percent or ultimately
3 satisfied the debt by paying something less than 100
4 percent?

5 A. Ultimately satisfied the debt.

6 Q. By paying less than 100 percent?

7 A. On some, yes.

8 Q. Were you personally liable also for the hotel
9 debt?

10 A. With my resignation, I was not part of the
11 company anymore, so I don't think so. That was my
12 understanding.

13 Q. Okay. The -- were you the one that made the
14 arrangements for the hotel?

15 A. No.

16 Q. Are you the one that signed the contract with
17 the hotel?

18 A. I may have, yes. I mean, I'm not sure. I'd
19 have to see the document. It was either Claudia or
20 myself.

21 Q. Do you have any documentation relating to that
22 transaction?

23 A. I don't.

24 Q. Can you state affirmatively that you were not
25 personally liable for the hotel debt?

1 A. After leaving, I was not liable for that debt.

2 Q. Okay. And before that though, you were
3 personally liable?

4 A. Yes.

5 Q. Okay.

6 A. Not 100 percent, just my percentage of the
7 partnership.

8 Q. Right. And what percentage of the company did
9 you own when it was initially formed?

10 A. 25 percent.

11 Q. And then when one person left and you became
12 president, did your ownership percentage change?

13 A. Yes, went to 33 percent.

14 Q. Is that the percent that it remained until you
15 resigned from the company?

16 A. Correct.

17 Q. Okay. The people who were your partners, do
18 you currently know where they -- where they are?

19 A. Have no idea.

20 Q. Okay. So --

21 A. Excuse me.

22 Q. Sure.

23 A. I can tell you a city. I think Glenn Green I
24 think is in Houston.

25 Q. Okay.

1 A. Claudia Cawley, I don't know.

2 Q. The first guy that resigned what was his last
3 name?

4 A. Eli Dafesh, D-A-F-E-S-H.

5 Q. And where was he from?

6 A. Los Angeles, California.

7 Q. And to your knowledge, is he still alive?

8 A. Yes.

9 Q. When's the last time you would have had any
10 contact with any three of these former partners?

11 A. I talked with Claudia, I think, in '04 briefly.
12 She told me she had bankrupted the company.

13 Q. Okay. Have you ever declared bankruptcy?

14 A. No.

15 Q. Have any companies in which you have owned an
16 interest in declared bankruptcy other than this All Star
17 Entrepreneur?

18 A. No. And just for the record, it's singular.

19 Q. All Star Entrepreneur?

20 A. Yes, thank you.

21 Q. Okay. And the affidavit that we marked as
22 Exhibit No. 1 --

23 A. Yes.

24 Q. -- that related to a claim made against you by
25 a gentleman that got involved in Tru Dynamics?

1 A. Yes.

2 Q. But you were not an owner of that company,
3 right?

4 A. No.

5 Q. And why -- was he someone who was in your
6 distributor group?

7 A. Yes.

8 Q. And he had paid you money that he felt that you
9 owed back to him?

10 A. Well, he paid for a -- whatever it was and
11 however much it was, that particular product.

12 Q. And basically he couldn't sell it and therefore
13 he wanted his money back?

14 A. He just had a change of heart. He just didn't
15 want to be a part of it anymore, and he wanted his money
16 back.

17 Q. Okay. So in -- would it be fair to say that
18 about when you formed All Star Entrepreneur, that's when
19 you basically made network marketing your primary source
20 of income as compared to a -- something other than your
21 primary source of income?

22 A. Yes, that's correct.

23 Q. Okay. And so you would have been involved with
24 All Star Entrepreneur until June of '03; is that right?

25 A. That's correct.

1 Q. And what did you do in June of '03?

2 A. We set up Advantage Conferences. I set up
3 Advantage Conferences -- started Advantage Conferences.

4 Q. Okay. Is that company still in business?

5 A. Yes, it is.

6 Q. And what is that -- what is the business of
7 that company?

8 A. We do mentoring for entrepreneurs.

9 Q. Does the company have representatives?

10 A. Yes.

11 Q. And do those representatives make money --
12 would their income be solely based on their ability to
13 sell what -- I guess tickets or -- to get people to pay
14 to come to the conferences?

15 A. Yes. And they commission off other products as
16 well.

17 Q. I have read your deposition in the Better
18 Business Bureau case, so I think I have a general
19 understanding of the compensation system. But let me
20 try to explain it to you and you tell me where I go
21 wrong. Okay?

22 A. Okay.

23 Q. There were different levels at which people
24 could join.

25 A. Correct.

1 Q. And in essence, the more you paid, the longer
2 you were able to stay at a conference.

3 A. Yes.

4 Q. You weren't obligated to ever come to a
5 conference and you could have paid 59.95 and just tried
6 to sell people to come to a conference.

7 A. That is correct.

8 Q. The -- in order to start earning a commission,
9 there had to be three qualifying sales.

10 A. At that time, yes.

11 Q. And has that changed?

12 A. Yes.

13 Q. And what is it now?

14 A. One.

15 Q. And one of the three could simply be you paying
16 to attend the conference yourself?

17 A. That is correct. One can be your own purchase.

18 Q. On that first purchase -- let's assume that it
19 is a purchase at the highest level, which was a \$9,995
20 purchase?

21 A. Correct.

22 Q. And that \$9,995 to attend the full conference,
23 where would -- who would get that money on that first
24 purchase?

25 A. Well the selling mentor, the person who's

1 qualified would make \$7,000 and the company would make
2 the wholesale amount.

3 Q. Now, at the very beginning, there were no reps;
4 there were no mentoring whatevers, right?

5 A. Well, we grandfathered some people in from the
6 old company, from All Star Entrepreneur.

7 Q. And who were those people? I think in the
8 Better Business Bureau case you listed some people that
9 came with you to Advantage Conferences from All Star?

10 A. Yes.

11 Q. And those would be the people?

12 A. Yes.

13 Q. Now, did -- and so those people did not have
14 to -- before they started earning any commission did not
15 have to make three qualifying sales?

16 A. That is correct. Well, no, excuse me. It
17 would have been mitigated, and it was different
18 depending on the tenure, depending on the individual --

19 Q. Okay.

20 A. -- at that time.

21 Q. Well, I guess if somebody just basically heard
22 something on the Internet and called you up and said,
23 Hey, I want to become a rep, and I want to make my first
24 purchase by coming to your seminar, and they contact you
25 direct, you keep the full \$10,000?

1 A. In some cases, yes.

2 Q. Okay. On the other hand, if it came through
3 someone who had been grandfathered in, then depending on
4 your arrangements with that person, they would get some
5 percentage --

6 A. Yes.

7 Q. -- of the money, correct?

8 A. Yes.

9 Q. And so after that first purchase, they then
10 are -- can go out and try to sell people or get people
11 to come to the next conference, correct?

12 A. That's correct.

13 Q. And the first two extra sales, if they sell --
14 if they collect 10,000 from two different people, 6,000
15 of that 20,000 goes to the company and 14 of that 20,000
16 goes to the mentoring --

17 A. That's correct.

18 Q. -- rep?

19 A. That's correct.

20 Q. And then if they were to sell a third -- get a
21 third person to come, which in essence would be their
22 fourth attendance because they attended themselves?

23 A. Fourth attending sale, correct.

24 Q. They then would get 7,000 of the 10 --

25 A. That's correct.

1 Q. -- and the company would get the 3,000?

2 A. Yes.

3 Q. So for every -- for every person who attended a
4 conference, the company got at least 3,000?

5 A. Yes. But we -- at that time, we also had a
6 matrix pay out and that was distributed to the
7 genealogy.

8 Q. The matrix pay out simply was kind of a -- kind
9 of a pyramid aspect to it in the sense that -- to the
10 extent that the people that you brought in kept bringing
11 people in -- you may not get a whole lot from those
12 sales --

13 A. It was a smaller amount.

14 Q. -- but you would get something?

15 A. Yes. It was a residual factor built into the
16 compensation plan.

17 Q. Okay. So now -- and then the first conference
18 was in what year?

19 A. '05.

20 Q. '05?

21 A. Yes.

22 Q. So you went into business in '03, but you
23 didn't have a conference until '05; is that right?

24 A. That's correct.

25 Q. And how many conferences did you have in '05?

1 A. I think two.

2 Q. And my recollection of your testimony in the
3 Better Business case is there was like 30 some odd to
4 the first conference --

5 A. Yes.

6 Q. -- and 90 some odd to the second conference?

7 A. Yes.

8 Q. And so in '05 -- and I think you said that
9 in -- I think I saw somewhere in your testimony that in
10 '05, the gross revenue -- and you need to -- I'm going
11 to ask you to explain what this really represents -- was
12 something in the million five range; is that right?

13 A. I'd have to look at my numbers.

14 Q. I guess my question is: Is the million five
15 the total sales of all reps or is that --

16 A. Yes.

17 Q. -- just the company's piece of the sales?

18 A. No. That would be the whole sales. Not to be
19 confused with wholesale.

20 Q. Right. That would be the gross dollars
21 generated from --

22 A. Gross dollars --

23 Q. -- from the sales?

24 A. -- brought in, yes.

25 Q. And how many conferences did you have in '06?

1 A. I think we had two. I'd have to go back and
2 look at the records.

3 Q. And how many conferences did you have in '07?

4 A. I think one.

5 Q. And how many conferences have you had in '08?

6 A. None.

7 Q. And how many conferences are planned for '09?

8 A. One.

9 Q. When is the one?

10 A. The end of March, 27th and 28th I think is the
11 date.

12 Q. And how many tickets, so to speak, have been
13 sold already?

14 A. We probably have five or six sold right now.
15 We have people eligible to attend; probably 40
16 individuals.

17 Q. Okay. But you don't earn any income off their
18 attendance?

19 A. No. That's correct.

20 Q. And have you made -- where's this seminar
21 supposed to take place?

22 A. We have several hotels in mind. I haven't
23 decided which one yet.

24 Q. So nothing has yet been --

25 A. No contract.

1 Q. No contract. Okay. And have any speakers been
2 lined up?

3 A. We've got several contacted that I'd like to
4 have there and we have two that have committed.

5 Q. Who are they?

6 A. We have Faith -- excuse me. Raul Garcia.

7 Q. And who else?

8 A. I'm blanking right now. I can't think of her
9 name. I'll think of it in a minute.

10 Q. Okay. Now, are the speakers compensated for
11 speaking?

12 A. It varies. It's different for each speaker.

13 Q. It may have been last year or the year before,
14 the guy that wrote the Rich Dad Poor Dad book, you know
15 what I'm talking about?

16 A. Robert Kiyosaki?

17 Q. Yes. He and a bunch of other people, I think
18 they had a big seminar in Dallas. Trump may have --
19 Donald Trump may have spoke or at least advertised it,
20 this, that and the other.

21 A. Right.

22 Q. And their -- in essence, the purpose of that
23 seminar was financial in nature, was it not?

24 A. Depends on how deep you go. I mean, keep going
25 and I'll respond to what you're saying.

1 Q. Well, in essence, it was -- it was in essence
2 what I'm going to call a knock off on your situation in
3 the sense that you had people who either were
4 knowledgeable on finances or successful in finances come
5 and basically try to give others the benefit of their
6 experiences?

7 A. Well, the difference is this, what they do is
8 they sell a small ticket price for that conference which
9 leads to a back-end tutoring, mentoring, whatever you
10 want to call it scenario, which is different for each
11 speaker. They all have their different seminars that
12 they sell from that. So the first is like a lost
13 leader; you give a small amount of information -- good
14 information -- and then that leads to the contracts at
15 the end of it. So it's a back-end sale.

16 Q. Okay. And have you ever attended one of those?

17 A. Yes.

18 Q. When did you attend?

19 A. I've attended hundreds of seminars.

20 Q. In contrast, your situation is that the cost of
21 attending the Robert Kiyosaki seminar is relatively
22 small compared to your \$10,000 per ticket?

23 A. It's nominal, if not free, just to get bodies
24 in there.

25 Q. Okay. And let me go back a second. Do you

1 have any other source of income today other than
2 Advantage Conferences?

3 A. We have Caleb Financial, which is insurance
4 products.

5 Q. This is your son's name?

6 A. Yes. Insurance and annuities.

7 Q. Are you a licensed insurance agent?

8 A. Yes, I am.

9 Q. Do you have any -- other than your -- what kind
10 of license do you have?

11 A. A life/health license.

12 Q. And when did you get that?

13 A. I've probably had that a year and a half, two
14 years.

15 Q. Did you have to go to school to get that
16 license?

17 A. Yes. It's a three-day school and you've got to
18 pass a test on it.

19 Q. Okay. And what companies are you licensed to
20 write for?

21 A. Lafayette Life.

22 Q. Any others?

23 A. There's another one I just got -- National
24 Insurance Group. I may be stating that name wrong.

25 Q. Where's Lafayette Life out of?

1 A. Indiana. Lafayette, Indiana.

2 Q. And where is National Insurance Group out of?

3 A. I don't know. I just established that
4 relationship. They have an attractive annuity product.

5 Q. And what products are you selling?

6 A. Permanent life predominantly and annuities.

7 Q. And you've been selling these products for
8 about a year and a half?

9 A. I'm not sure when I got the licensed with
10 Lafayette Life. I could look that up.

11 Q. About how long have you been selling these
12 products?

13 A. Probably a year and a half.

14 Q. Okay. And have you made any sales?

15 A. Yes.

16 Q. About how much did you make from your insurance
17 sales in 2008?

18 A. Probably 7 or \$8,000, I guess.

19 Q. The only other income you had during 2008 would
20 have been from Advantage Conferences?

21 A. Yes.

22 Q. What income, if any, did you have in --

23 A. Very minimal.

24 Q. What would be your gross -- your estimate of
25 your gross income in 2008?

1 A. I haven't looked. It's -- it's not a lot.

2 Q. Less than \$20,000?

3 A. Yes.

4 Q. Less than \$15,000?

5 A. Probably.

6 Q. Less than \$10,000?

7 A. Probably.

8 Q. Gross income total from all sources in 2008?

9 A. No. You asked about Advantage Conferences.

10 Q. What would be your gross income from all
11 sources in 2008?

12 A. Less than \$20,000.

13 Q. Okay. And how much is your house payment?

14 A. 2,200.

15 Q. A month?

16 A. Yes.

17 Q. What would you estimate to be your average
18 monthly fixed costs; food, utilities, house, car, things
19 of that nature?

20 A. Probably 6,000.

21 Q. And so assuming you don't do anything special,
22 you're spending a minimum of 72,000 a year?

23 A. That's correct.

24 Q. And last year you had an income less than
25 \$20,000; is that right?

1 A. That's correct.

2 Q. Is it that you -- where's the other \$50,000
3 coming from?

4 A. My wife is a physical therapist.

5 Q. And how much does she make?

6 A. She does well. She makes about 70,000 a year.

7 Q. Has she worked the full time that y'all have
8 been married?

9 A. Yes.

10 Q. So your combined income for 2008 would have
11 been a gross income of about \$90,000, let's say, plus or
12 minus?

13 A. That's probably close.

14 Q. Okay. Are income taxes withheld from her
15 salary?

16 A. Yes.

17 Q. Have y'all paid income taxes -- do y'all file
18 separately or jointly?

19 A. Jointly.

20 Q. Do you file an income tax return?

21 A. Yes.

22 Q. Do you file an income tax return on a IRS form?

23 A. Yes.

24 Q. Have you always filed an income tax return?

25 A. We filed by affidavit for several years.

1 Q. Did the government ever respond to the
2 questions you posed in the affidavit?

3 A. They actually did last year, finally.

4 Q. And what were the questions that you posed?

5 A. There were many questions in the affidavit;
6 it's a long, drawn out affidavit. My whole research
7 into that had to do with how in the world did we get
8 from income tax being illegal in 1932 to becoming legal
9 in '33? And so that was an incredible study.

10 Q. Do you still have copies of the affidavits that
11 you filed?

12 A. Yes, I do.

13 Q. And when they finally contacted you last year,
14 what was their position as to whether you owed money or
15 not?

16 A. I didn't read it.

17 Q. And your wife didn't tell you?

18 A. What?

19 Q. I mean, when you say you didn't read it --

20 A. Neither one of us read it.

21 Q. Did you ever go back and pay any back taxes?

22 A. Yes, we've caught up and we still owe some, but
23 we're catching up.

24 Q. So that's another debt that you have that you
25 didn't mention a few minutes ago?

1 A. Well, it's ambiguous as to what it is.

2 Q. It's -- it is a debt, but one that you don't
3 necessarily recognize?

4 A. Correct.

5 Q. Are there any other debts that you have that
6 you don't recognize that you haven't told me about?

7 A. No.

8 (Exhibit No. 2 was marked.)

9 Q. (BY MR. MOODY) Let me show you what's been
10 marked as Exhibit No. 2 and my question to you is: Was
11 there an article written in the St. Petersburg Times in
12 July of 2006 about Advantage Conferences?

13 A. This is the first I've seen.

14 Q. I take it then you don't dispute that an
15 article about Advantage Conferences was written?

16 A. This is my first to see this -- first time to
17 see it.

18 Q. So you're not in a position to say that it
19 didn't happen?

20 A. Correct.

21 Q. Okay. Do you know Don Goldstein?

22 A. Yes, I do.

23 Q. And is he still a rep for Advantage
24 Conferences?

25 A. No, he's not.

1 Q. And when did he leave the company?

2 A. He left in mid '06, I think, due to health
3 reasons.

4 Q. Do you know a Robert Fitzpatrick?

5 A. That name doesn't ring a bell.

6 Q. He's the author of a book called False Prophets
7 and an expert on pyramid schemes.

8 A. Huh-uh.

9 Q. Doesn't ring any bells?

10 A. Nope.

11 Q. It's true, is it not, that the Better Business
12 Bureau gave Advantage Conferences an unfavorable rating
13 because it questioned whether the company was operating
14 a pyramid scheme?

15 A. That's correct.

16 Q. And suit was filed by you to basically prevent
17 the Better Business Bureau from continuing to say things
18 of that nature?

19 A. Well, that and several other quotes that they
20 made that were totally incorrect.

21 Q. And that suit was not successful, was it?

22 A. It basically didn't go to trial.

23 Q. But that's because the Better Business Bureau
24 got a summary judgment as a matter of law because the
25 court determined that there were not any fact issues

1 that would warrant a judgment in your favor; is that
2 right?

3 A. What happened was they mitigated their language
4 out of that and that was all I was looking for. And so
5 what you said, yes, that is correct. And they mitigated
6 their language, so that's what we -- I just wanted to
7 get some truth on there.

8 Q. The -- and you were -- at the end of that case,
9 you were ordered to pay their court costs?

10 A. Correct.

11 Q. And have you paid those?

12 A. Yes.

13 Q. Did you voluntarily pay them?

14 A. Nope.

15 Q. How is it that it came to be that you paid
16 them?

17 A. They swept our account.

18 Q. Which account was that?

19 A. My Advantage Conferences account.

20 Q. Does Advantage Conferences currently have any
21 money in the bank?

22 A. Not much.

23 Q. Is that a yes?

24 A. Yes.

25 Q. And how much money do they have in the bank?

1 A. \$1,000.

2 Q. Okay. Let me show you -- to your knowledge,
3 was Mr. Dobrott the first person ever to be critical of
4 Advantage Conferences?

5 A. I had very little -- certainly not to the scale
6 of hers --

7 Q. But even though she may be the most persistent,
8 she wasn't the first, was she?

9 A. I've always had complaints in every business
10 I've ever been in. Any business has complaints.

11 Q. So the answer is yes?

12 A. Yes.

13 Q. Some of the criticisms about Advantage
14 Conferences was that it was a form of a pyramid scheme,
15 correct?

16 A. I've heard that from Heather Dobrott, yes.

17 Q. And others?

18 A. I don't know of anybody else saying that
19 outside of a few posters on scam.com.

20 Q. Well, that was, in essence, the Better Business
21 Bureau's conclusion, right?

22 A. At that time, yes.

23 Q. Right.

24 A. After admitting that they have no experience
25 with pyramids whatsoever and they had not reviewed my

1 product.

2 MR. MOODY: Objection to the last part
3 being nonresponsive.

4 A. Okay. We'll get it on there at some point.

5 MR. MOODY: Objection to the side bar.

6 Q. (BY MR. MOODY) It's true that the claim by the
7 Better Business Bureau or your suit against the Better
8 Business Bureau got publicity in various newspapers,
9 correct?

10 A. Yes.

11 Q. And this was publicity other than that
12 generated by Ms. Dobrott, correct?

13 A. Correct.

14 Q. Did you ever make any posts regarding the suit
15 against -- yeah, your suit against the Better Business
16 Bureau?

17 A. Yes.

18 Q. And so would it be fair to say that you
19 actively participated in the public discussion
20 concerning the merits of that lawsuit?

21 A. To my reps.

22 Q. Okay. But you also made postings on the
23 Internet that were accessible by the general public,
24 correct?

25 A. Yes.

1 Q. Okay.

2 MR. MOODY: Why don't we go off the record
3 just for a second and let me let you read the
4 St. Petersburg Times article real quick; it's not very
5 long. And then I've got one or two questions to ask
6 you.

7 (Break was taken from 11:37 a.m. to 11:48
8 a.m.)

9 Q. (BY MR. MOODY) In reading what's been marked
10 as Exhibit No. 2, did you see anything that you felt was
11 factually inaccurate?

12 A. Not factually inaccurate, just silly.

13 Q. Such as?

14 A. On the second page here it says, It's a form of
15 a chain letter; you invest and you actually get three or
16 four people and you make money, but all those people
17 underneath you are faced with the same math. Of course
18 it's the same math. And it's not a chain letter. And
19 yes, there are sales involved. It's not getting people;
20 it's getting sales.

21 Q. And the sales are attendance at the seminar?

22 A. Correct.

23 Q. And you don't have to be a rep of the company
24 to be an -- to attend the seminar, do you?

25 A. Virtually all are.

1 Q. And have there been any nonrep attendees at any
2 conferences?

3 A. There have been a few.

4 Q. And do you know the names of those people?

5 A. I don't.

6 Q. Would you have records reflecting that?

7 A. Yes.

8 Q. Okay. So as a practical matter, the purpose of
9 these seminars is to help people become better
10 entrepreneurs. By far, the majority of the people who
11 have been the benefit of that education are simply
12 people who are going to go out and try to bring in more
13 people to future seminars?

14 A. Yes. This is their choice of entrepreneurial
15 activity.

16 Q. And who was the -- who is the most successful
17 rep that you have?

18 A. Jack Weinzierl.

19 Q. And did you know him before Advantage
20 Conferences?

21 A. No, I did not.

22 Q. And how did you meet him?

23 A. I met him through a lead that came in off the
24 Internet.

25 Q. And who was his mentoring broker?

1 A. Jack Butler. He actually wasn't the mentor, he
2 was the enroller which is a difference.

3 Q. What is the difference between those terms?

4 A. It means that he was not qualified at the time.
5 He was not qualified mentor, so Jack's sale made him a
6 mentor.

7 Q. And that would be an instance where you would
8 have gotten the full \$10,000 from --

9 THE REPORTER: Would you let him finish
10 his question, sir?

11 THE WITNESS: I'm sorry.

12 MR. MOODY: I'll try to remember that too.

13 Q. (BY MR. MOODY) In instances where a sale is
14 made but whoever makes the sale does not have a
15 qualified mentoring rep, then Advantage Conferences gets
16 the full amount of that; is that correct?

17 A. That's correct, yes.

18 Q. The full amount of whatever the sale was?

19 A. Yes.

20 Q. Does Advantage Conferences maintain financial
21 records?

22 A. Yes.

23 Q. Does Advantage Conferences have any employees?

24 A. Not at the present.

25 Q. Other than you?

1 A. Correct. Well, I'm not -- I'm an owner, not an
2 employee.

3 Q. Did Advantage Conferences have employees at one
4 time?

5 A. Yes.

6 Q. And how many did it have at its peak?

7 A. Three employees, plus a webmaster, plus an
8 attorney.

9 Q. Who was the attorney?

10 A. Jason Charles Ciarochi.

11 Q. And how did you meet Jason Charles?

12 A. He was referred through another attorney that
13 did documentation work for us named Robert Hockert.

14 Q. Is Jason a rep?

15 A. No.

16 MR. MOODY: Why not? Just kidding.

17 THE WITNESS: Yeah, why not Jason?

18 MR. MOODY: Turn about's fair play.

19 Q. (BY MR. MOODY) Okay. Is Mr. -- is Jack -- I
20 can't pronounce his last name -- still a rep?

21 A. Weinzierl.

22 Q. Is he still a rep?

23 A. He did not renew this year.

24 Q. Do you know why not?

25 A. He could not make money with Advantage

1 Conferences.

2 Q. Why was he able to make it at one time but no
3 longer able to make it?

4 A. Because of Internet search engine rankings and
5 having the interference of the defamation that was
6 occurring consistently.

7 Q. Do you have any other businesses other than
8 Advantage Conferences?

9 A. I have Caleb Financial Group.

10 Q. That's right. I'm sorry. Other than those
11 two?

12 A. We have a publishing company, Rhino Nation
13 Publishing.

14 Q. Does it publish anything other than your own
15 materials?

16 A. We started work on one gal's book and we
17 decided not to do that.

18 Q. So the answer is it has never published
19 anything other than your own materials?

20 A. Well, yeah, it's Advantage Conferences
21 materials basically that are recorded on a phone call or
22 transcribed from a phone call.

23 Q. It also published the Slay the Dragon (sic)
24 book?

25 A. Slay Your Giant.

1 Q. Slay Your Giant.

2 A. Yeah.

3 Q. Which is a book that you wrote?

4 A. Yes.

5 Q. What is Entrepreneur Excellence?

6 A. That was our product that we used with our
7 first entry product with All Star Entrepreneur.

8 Q. Was it also a company name?

9 A. Yes.

10 Q. And was that company the registered agent for
11 All Star Entrepreneur?

12 MR. CIAROCHI: I object to the form.

13 A. I don't know. I don't know the answer to that
14 question.

15 Q. (BY MR. MOODY) Would it be fair to say that
16 the registered agent both before and after you left All
17 Star Entrepreneur was a company whose address was your
18 home address?

19 A. Yes.

20 Q. Okay. How much money was embezzled from you or
21 the company in the All Star Entrepreneur company?

22 A. It's an estimate of 400,000. I don't know that
23 to be a fact.

24 Q. Okay.

25 A. We've not done forensics on it.

1 Q. And how is it that you came up with that
2 estimate?

3 A. I was told that by Elizabeth Knudson, sister of
4 Claudia Cawley.

5 Q. And who supposedly was the beneficiary of that
6 embezzlement?

7 A. Claudia Cawley and Glenn Green.

8 Q. Did you ever report them to the police?

9 A. No.

10 Q. Did you ever file a civil lawsuit against them?

11 A. No.

12 Q. Why is it that if they, in essence, took
13 \$400,000 that was not theirs -- why is it that you did
14 not pursue legal action against them?

15 A. That's a good question. I really just wanted
16 to wash my hands of the whole incident and get out of
17 it. Plus we didn't have any money. We did not make
18 money toward the end of All Star Entrepreneur. And we
19 were building Advantage Conferences, and we were funding
20 that. And I didn't want to follow good money after bad.
21 I just wrote it off as a loss in my mind.

22 Q. And how is it that they embezzled \$400,000?

23 A. One way was having another bank account in
24 Arizona; All Star Entrepreneur in Arizona.

25 Q. Do you have any personal knowledge as to what

1 the dollars are? Is it all -- is your knowledge limited
2 to what you've been told by Elizabeth?

3 A. Yes, it is.

4 Q. Okay. So the truth of the matter is that the
5 amount embezzled could be more or less than 400,000?

6 A. That's correct.

7 Q. Okay. And what is Liberty League
8 International?

9 A. Liberty League does a similar business; they
10 have conferences and vacation conferences. Theirs are
11 mostly offshore conferences, but similar in kind.

12 Q. Did you ever work for them?

13 A. We -- I was invited to become corporate with
14 them, to be part owner with them. And after about four
15 or five weeks of entertaining that idea decided not to
16 do it.

17 Q. So you never were an employee of that company?

18 A. No.

19 Q. Did you ever sell anything on behalf of that
20 company?

21 A. No.

22 Q. Would it be fair to say that reps are paid to
23 recruit others to come to conferences?

24 A. That would be misconstrued. They're paid to
25 sell conference tickets.

1 Q. Effectively though, if they recruit others to
2 become reps, they are compensated, correct?

3 A. Not to become a rep.

4 Q. If they recruit others -- most of the people
5 who were recruited did become reps?

6 A. Yes.

7 Q. The people who did the recruiting got paid
8 for -- got paid commissions as a result of money paid by
9 others who became reps?

10 A. The delineating line is ticket sales. You've
11 got to buy a ticket; that's what you get paid for. You
12 don't get paid for becoming a rep -- zero.

13 Q. Would it be fair to say that we're really just
14 talking semantics here?

15 A. I don't think so at all, especially from a
16 legal standpoint.

17 Q. Well, the -- and what's your understanding of
18 the legal difference between the two?

19 A. That you can't pay somebody for joining an
20 organization -- for simply joining an organization.
21 You've got to have a product sale and that's the
22 difference -- and that's a big legal difference.

23 Q. Okay. Can you understand how some people might
24 think that Advantage Conferences is a situation where
25 you are being paid to recruit others?

1 A. Recruiting is part of the deal. Contacting is
2 a better word. You're contacting people.

3 Q. Did you ever -- were there ever newspaper
4 articles about you as a singer, either individually or
5 as part of your group?

6 A. Not for a while.

7 Q. You mean not recently?

8 A. Not recently, correct.

9 Q. But during the time where it was the primary
10 source of your income, it would be reported in the news?

11 A. Not much.

12 Q. Did you ever have any records -- did you ever
13 sell records?

14 A. Yes, 22 albums.

15 Q. And these are 22 albums by Dreamer or Chisholm
16 or both?

17 A. Correct. Chisholm originally and Dreamer after
18 '92.

19 Q. And who published those?

20 A. They were self-published. One was published by
21 a record company in Nashville, Saratoga Records, but
22 most were self-published.

23 Q. And did you distribute those only at your own
24 performances?

25 A. Primarily, yes. We had some mail order, but

1 not much.

2 Q. Did either of the groups have a website?

3 A. No.

4 Q. And where was Liberty League International in
5 the spectrum of companies that you were looking at or
6 working for?

7 A. Well, their owners and I came out of Tru
8 Dynamics. And so they left Tru Dynamics, they invited
9 me to look at Liberty League. I looked at it, too many
10 chiefs, and decided to start our own company. I really
11 thought All Star Entrepreneur was a better idea at the
12 time.

13 Q. Okay. Are there any other owners of Advantage
14 Conferences?

15 A. I don't know if my dad is a one percent on the
16 LLC. I think that's correct.

17 Q. But he would be the only other person?

18 A. Yes.

19 Q. What's the difference between recruiting and
20 contacting?

21 A. Recruiting is much more forceful, in my
22 opinion. Contacting is getting the information out
23 there. I think recruiting sometimes has a negative
24 connotation versus contacting is simply what we do. I
25 teach people not to convince. There's hardly any --

1 it's just you look at the information, you like what you
2 see, great -- fill out a president's interview. If you
3 pass that, then we've got a deal.

4 Q. Did you ever make any posts on scam.com in
5 order to try to explain the difference between the two?

6 A. I don't think so. No, I know I didn't.

7 Q. Have you ever posted on scam.com?

8 A. I have a scam.com -- I don't know what they
9 call it --

10 Q. User name and password?

11 A. User name and pass code, and I published one by
12 messengers on that.

13 Q. And when you say your messengers, what is that?

14 A. It's a weekly Christ centered message that goes
15 on based on scripture and training and teaching.

16 Q. Are people charged to read it?

17 A. No. It's free.

18 Q. Do you make any compensation -- are you
19 compensated at all?

20 A. Nope.

21 Q. What is your user name on scam.com?

22 A. Probably Tim Darnell.

23 Q. Have you ever used any other user name or
24 handle on --

25 A. Possibly my e-mail address,

1 tim_darnell@sbcglobal.net is a possibility. There are
2 so many sites that you have to enter it's very difficult
3 to keep that straight.

4 Q. Are you -- do you post on any other blog sites?

5 A. I have some, yes.

6 Q. What other sites have you posted on?

7 A. I've got a blog spot -- I don't think I've
8 posted on it in a year probably.

9 Q. And what's that, what's the name of that?

10 A. I think it's blog spot/timdarnell or something.
11 I don't know. I haven't looked at it in a year. We
12 have -- now we have another site that's
13 themarketleaders.com. Themarketleaders.com that's a --
14 I can't remember what the name of it is. Anyway, it's a
15 Christian based blog community -- social community.

16 Q. Do you own any websites?

17 A. I do. Advantageconferences.com.

18 Q. Anything else?

19 A. Timdarnell.org. Timothydarnell.com. I've got
20 a lot of domain names.

21 Q. How many have active web pages on --

22 A. Just right now is advantageconferences.com and
23 advantagementoring.com.

24 Q. What's the difference between the two?

25 A. Nothing.

1 Q. Going back to the St. Petersburg article, do
2 you view that article as being generally positive or
3 negative to Advantage Conferences?

4 A. It's sort of smug. It's just typical. People
5 outside of our industry are always denigrating to some
6 respect.

7 Q. But it does have some positive elements to the
8 article, does it not?

9 A. Yeah. I don't think it's --

10 Q. Completely negative?

11 A. Yeah. I wouldn't call it a negative article.

12 Q. Do you remember who the expert for the Better
13 Business Bureau was in that case?

14 A. He never testified that I know of.

15 Q. Okay. Did he ever write any reports that
16 you're aware of?

17 A. Not that I'm aware of.

18 Q. Would it be the same Robert Fitzpatrick that's
19 mentioned in the article?

20 A. I don't know that it is not. It could be.

21 Q. Okay. Let me get Exhibit No. 3.

22 (Exhibit No. 3 was marked.)

23 Q. (BY MR. MOODY) Let me show you what's been
24 marked as Exhibit No. 3 and I'll just represent to you
25 that these are just excerpts from a book. Do you

1 recognize that book?

2 A. Yes.

3 Q. And is that a book that you were the author of?

4 A. That is correct.

5 Q. And how many copies of this book have been sold
6 or distributed?

7 A. We've distributed literally hundreds of
8 thousands of these.

9 Q. Electronically or in hard --

10 A. Electronically, yes.

11 Q. -- copy? So distribution would be less than a
12 million but in the hundreds of thousands?

13 A. I say hundreds of thousands, it's difficult to
14 know.

15 Q. And when was it first published, 2006?

16 A. 2006, yes.

17 Q. And how do you go about promoting this book?

18 A. It just has a web page.

19 Q. What is the --

20 A. It's not a big focus.

21 Q. What is the address of that web page?

22 A. It's advantageconferences.com.

23 Q. And is it still available for downloading?

24 A. Yes.

25 Q. Have you sold any copies?

1 A. We've sold some, not many. Once you make it
2 free, it's -- you negate the sales aspect of it.

3 Q. At one time, did you try to sell it?

4 A. Not really. I mean we've got -- I've got it
5 for -- in the event that I sing or perform. It makes a
6 good table item.

7 Q. Do you have some hard copies?

8 A. Yes.

9 Q. And who printed and bound those books?

10 A. Laura handled all that.

11 Q. Who is Laura?

12 A. Laura is my former employee and right-hand
13 man -- right-hand woman.

14 Q. And when did she leave the company?

15 A. She left in February of '08.

16 Q. And why did she leave?

17 A. Cash flow.

18 Q. And what -- do you know what her address is?
19 What is her full name?

20 A. Laura Porter, L-A-U-R-A, P-O-R-T-E-R.

21 Q. Do you know where she lives?

22 A. She's in South Dakota.

23 Q. Do you happen to have a telephone number for
24 her?

25 A. I do, yeah. 214-477-9525. That's a cell

1 phone.

2 Q. And how is it that you came to know her?

3 A. She was part of my Amway organization.

4 Q. Okay. And do you know what she's doing now?

5 A. She does massage. She's a physical -- whatever
6 you call it, massage therapist.

7 Q. Were Advantage Conferences representatives
8 required to buy Slay Your Giant?

9 A. No.

10 Q. Were they all given free copies of the book?

11 A. In electronic form, the mentors were.

12 Q. Once they qualified?

13 A. Yes, once they qualified.

14 Q. Okay. And this would have been before it was
15 just free to the public on the site?

16 A. No. It was free to the public on the site.

17 Q. Okay.

18 A. But they have the ability to distribute it and
19 their contact name would be in it as a mentor.

20 Q. Okay. Do you recall offhand whether or not you
21 mentioned the Better Business Bureau lawsuit in your
22 book?

23 A. I alluded to it.

24 Q. Okay. You don't mention it by name, but just
25 reference that there is a lawsuit?

1 A. I think I said agency.

2 Q. Okay. And did you try to explain your position
3 as to why you felt your suit had merit?

4 A. You'd have to show that to me. I don't
5 remember saying it.

6 Q. I think it's on Page 113.

7 A. Is this in here?

8 Q. Yeah. It's part of Exhibit No. 3. Would it be
9 fair to say that -- I'm looking at the last paragraph on
10 that page -- that in part, the purpose of your book was
11 to advance the position that your lawsuit was
12 meritorious?

13 A. I don't think one paragraph would qualify for
14 that statement at all, so no.

15 Q. Do you think your lawsuit was meritorious?

16 A. Absolutely.

17 Q. Did you -- you do not deny, however, that the
18 last paragraph on Page 113 makes reference to the
19 lawsuit, right?

20 A. I particularly left that vague so that I did
21 not announce the name. I made that -- I could have said
22 the BBB. I did not.

23 Q. I understand. That's not the question though.
24 My question is, that the last paragraph on Page 113, the
25 lawsuit that's referenced there is the Better Business

1 lawsuit, correct?

2 MR. CIAROCHI: Object to the form.

3 Q. (BY MR. MOODY) You can answer the question.

4 A. I don't want to identify the BBB with that
5 statement.

6 Q. I think you've already testified that you
7 didn't reference the Better Business Bureau by name but
8 that you referenced a lawsuit but that they're one in
9 the same?

10 MR. CIAROCHI: Object to the form, it's --

11 A. And I don't want that to be identified in
12 public. And that's why it was not stated in the book.

13 THE REPORTER: What was your objection?

14 MR. CIAROCHI: To form and argumentative.

15 Q. (BY MR. MOODY) In your book, you make the
16 statement that the accusation of the Better Business
17 Bureau -- even though you don't reference them by
18 name -- you make reference to the fact that this agency
19 was making false statements about Advantage Conferences,
20 correct?

21 A. Yes.

22 Q. And you made statements that the people who
23 were making those statements had never investigated your
24 industry?

25 A. That's correct.

1 Q. And --

2 A. Excuse me, they had never investigated -- they
3 didn't have pyramid experience according to their
4 deposition.

5 Q. According to the book, the Better Business
6 Bureau stated -- even though you don't reference them by
7 name -- that the representative of the Bureau stated
8 that he was ignorant of your industry and had no
9 knowledge of the very laws he thought you were breaking?

10 A. I'll stand by that statement.

11 Q. Okay. It makes reference that you lost all
12 your credit?

13 A. That's correct.

14 Q. You had an automobile repossessed?

15 A. Yes.

16 Q. When you say you lost your credit, what does
17 that mean?

18 A. I had an unfavorable credit rating for a while.

19 Q. And how did you go about correcting that?

20 A. Well, you can be assured that they'll continue
21 to send you credit card applications regardless. And so
22 once we got back on our feet, we reestablished credit.

23 Q. Okay. Going back to the IRS, have y'all paid
24 back taxes?

25 A. Yes.

1 Q. How much have y'all paid?

2 A. I don't know the exact amount; tens of
3 thousands of dollars.

4 Q. And but there's still more money owed?

5 A. A nonidentified amount. It's ambiguous and our
6 CPA is working on that.

7 Q. Did Advantage Conferences have a CPA?

8 A. Yes.

9 Q. What was that gentleman's name?

10 A. Bob Ward.

11 Q. And is he still the CPA for the company?

12 A. Yes.

13 Q. Where is he located?

14 A. Dallas.

15 Q. Does he have a business name?

16 A. Let me give you his phone number.

17 Q. Okay.

18 A. 972-897-2684.

19 Q. Is he both your personal and business
20 accountant?

21 A. Yes.

22 Q. And how long has he been in that position?

23 A. Three -- I want to say three years.

24 Q. Let me go to the next exhibit.

25 (Exhibit No. 4 was marked.)

1 Q. (BY MR. MOODY) Let me show you what's been
2 marked as Exhibit No. 4 and I will just represent to you
3 that this is an article that appeared in the Broward
4 Palm Beach New Times. Have you ever seen this before?

5 A. I've never seen it.

6 Q. The -- if you -- let me ask you -- let's go off
7 the record while you read it. But there is a section
8 that starts at the bottom of the first page called Jesus
9 Saves. And it goes over to the third page, and then a
10 new excerpt starts Down, Doggy. Just read the Jesus
11 Saves section of this article, and once you've done so,
12 let me know and we'll come back on the record.

13 (Break was taken from 12:19 p.m. to 12:21
14 p.m.)

15 Q. (BY MR. MOODY) How many -- at its peak, how
16 many reps did Advantage Conferences have?

17 A. I really don't know.

18 Q. Approximately?

19 A. I would say probably 400, in that range. But
20 I'd have to go back and look at records. In fact, I
21 have talked with Laura about that yesterday, how to
22 locate that and find those numbers.

23 Q. Did Advantage Conferences ever have an office
24 outside of your home?

25 A. No.

1 Q. When you had employees, did they work in your
2 home?

3 A. Two did, yes.

4 Q. And do you still -- does all the records of
5 Advantage Conferences -- are they maintained on your
6 computer?

7 A. Yes.

8 Q. And the computer that you have is the one that
9 you've had since the origination of the company?

10 A. I have several computers, yes.

11 Q. But would you have all of the computers that
12 you've had during the period of time --

13 A. Outside of my computer that blew up in February
14 of this past year. So we think we've retained a bunch
15 of the records, but I'm still finding missing things on
16 it.

17 Q. Okay. What type of records do you maintain --
18 does Advantage Conference (sic) maintain?

19 A. We use QuickBooks for all sales and record all
20 sales.

21 Q. Do y'all keep lists of reps and who's
22 qualified --

23 A. Yes.

24 Q. -- and things of that nature?

25 A. Yes.

1 Q. Do you keep records regarding the amount of
2 commissions paid to each rep?

3 A. Yes.

4 Q. And those records are still available?

5 A. Yes.

6 Q. Do you have any objection to making those
7 records available to us?

8 A. I do because of people like Dobrott who are
9 going to totally skew anything that I give her -- any
10 information is going to always be taken in a negative
11 light and denigrated in some way.

12 Q. That would be your only objection?

13 A. Yes.

14 Q. Okay. Did -- was Advantage Conference only
15 sold in Texas or was it sold across the United States?

16 A. All over.

17 Q. Whoever could access the Internet,
18 theoretically, could buy a ticket or be approached?

19 A. That is correct.

20 Q. And did y'all have any international attendees?

21 A. Yes.

22 Q. And are there reps in other countries?

23 A. Yes, we have reps in other countries.

24 Q. Okay. Going back to what's been marked as
25 Exhibit No. 4, do you know Mike Melvin?

1 A. Yes.

2 Q. Is he a qualified rep?

3 A. Yes.

4 Q. Is he still with the company?

5 A. Yes.

6 Q. And he -- what does someone have to do to renew
7 each year?

8 A. You've got to fill out a form and you pay the
9 renewal fee.

10 Q. Okay. And how much is that renewal fee?

11 A. 59.95 -- \$59.95.

12 Q. And Mr. Melvin renewed for the 2009?

13 A. Yes.

14 Q. Do you -- having read the Jesus Saves portion
15 of Exhibit No. 4, do you recognize that the Advantage
16 Conferences that's referenced there is your company?

17 A. Yes.

18 Q. Would you agree with me that there is at least
19 a suggestion in this article that Advantage Conferences
20 is a pyramid scheme?

21 A. The word is brought up on the last paragraph on
22 Page 2.

23 Q. So the answer to the question is yes?

24 A. Yes.

25 Q. And it makes reference to Liberty League

1 International. What is Big Ass Britches Holdings?

2 A. That's probably Liberty League's international
3 corporation I would imagine. Nice name.

4 Q. Was it the predecessor name for Liberty League
5 International or do you know?

6 A. I don't think so. I think it's always been
7 Liberty League.

8 Q. Okay.

9 A. Well no, that's an LLC, so that's not going to
10 be international.

11 Q. And your roles with either one of those
12 companies have been limited to a four- to six-week
13 investigative period of time; is that right?

14 A. Yes. Just talks.

15 Q. But the -- they basically are in the same
16 business as Advantage Conferences?

17 A. It's similar.

18 Q. Were you aware that Liberty League got fined
19 for tricking consumers?

20 A. I don't know that that's the legal name for it.
21 I think that's a funny writer's name for it -- humorous
22 author.

23 Q. But basically misleading consumers?

24 A. I'm not sure what their charge was.

25 Q. Okay. How many -- if someone pays \$10,000 to

1 become -- to attend the conference and become a rep,
2 they actually have to sell four more tickets at that
3 same level in order to actually make a profit, correct?

4 A. Correct.

5 Q. Because even though they start getting money at
6 the third sale, if they've paid 10,000 of their own
7 money, they're only out 3,000 at the end of that sale,
8 correct?

9 A. Correct.

10 Q. And so after the fourth sale, they will have
11 made \$4,000?

12 A. Okay.

13 Q. The ten they paid minus the seven they got for
14 sale number three minus the seven that they got for the
15 fourth sale, which would then result in \$4,000 in their
16 pocket, correct?

17 A. Okay.

18 Q. How many -- what percentage of the sales reps
19 ever actually made their -- made money being a
20 representative -- not made money in the sense of getting
21 a commission, but made money in the sense of having more
22 money in their pocket after getting involved than before
23 they got involved?

24 A. I don't know that percentage.

25 Q. Would you say that it would be more or less

1 than 50 percent?

2 A. It would be less.

3 Q. Less than 50 percent of the people ever made
4 money on Advantage Conferences; is that right? Is that
5 what you just said?

6 A. At that level. We have other levels as well.

7 Q. I understand. But the math is the same, it's
8 just the dollars that are different, right?

9 A. Correct.

10 Q. And how many people -- what percentage of the
11 people make money at the -- I think there were four
12 levels that I've seen?

13 A. Yes.

14 Q. Let's -- would you say less than ten percent of
15 the people of level four actually made money?

16 A. Over 50 -- in fact, I think it's over 60
17 percent have made checks -- have made income and so --

18 Q. Is this at all levels or just level four?

19 A. All levels, which --

20 Q. 40 percent --

21 A. In our industry, that's amazing. That's a
22 phenomenal statistic in our industry.

23 Q. Okay. Making checks doesn't mean making money,
24 right?

25 A. Not necessarily. But also what you factor in

1 there is you have the value of the product, so that's a
2 totally separate entity. That's not considered -- that
3 to me is an ancillary issue.

4 Q. But if the product is worthwhile and one would
5 expect that by proper use of the product that you would
6 actually make money, correct?

7 A. Yes.

8 Q. But less -- what would be your best estimate of
9 all people at all levels who actually not made a check
10 but made money?

11 A. It's impossible to know because I don't know
12 what their marketing expenses are. I don't know what
13 they've done. We don't keep track of that at all.

14 Q. Okay.

15 A. They may have spent a fortune marketing. Or
16 they may have spent zero marketing. I don't know what
17 they've spent.

18 Q. What percentage made that fourth sale?

19 A. I'd have to look it up.

20 Q. Okay. Do you have a ballpark just sitting
21 here?

22 A. I'd say it's a relatively low percentage at
23 this point.

24 Q. Okay.

25 A. Given the challenges we've had.

1 Q. And are you aware of any circumstances where
2 people basically because they tried to take advantage of
3 the conference and by doing so they really invested
4 money that they -- you know, they didn't have or I
5 mean -- are you aware of people that --

6 A. We try to ferret that out in the beginning.
7 We're the only company that I know that does that. In
8 fact, on the president's interview, we ask: Are you in
9 desperate need of money? Do you need money now? I want
10 to know those things. If you are, don't do this, go get
11 a job. We're very careful about that. Now have some
12 slipped through the cracks, probably.

13 Q. Have you thought about just going and getting a
14 job?

15 A. Recently.

16 Q. And why not, why don't you?

17 A. My character has been totally assassinated at
18 this point. I would not be able to.

19 Q. I mean, you go apply at Wal-Mart or some place
20 like that and you think that they're going --

21 A. I might could sweet talk them. I don't know.

22 Q. Let me ask you this: Have you actually applied
23 for a job?

24 A. No.

25 Q. So you don't know what would happen if you

1 applied?

2 A. I know that Jack has tried and he's been
3 similarly assassinated and it's been impossible because
4 they do a background check, and that's going to be an
5 Internet Google search. And up comes this information
6 here always, so you can't conduct business. You can't
7 get a job. You can't make money.

8 Q. To go back --

9 MR. MOODY: I'm going to object as
10 nonresponsive.

11 THE WITNESS: We'll get it later.

12 MR. MOODY: And I'll object to the side
13 bar.

14 Q. (BY MR. MOODY) But as it relates to you, what
15 your success or failure rate would be, we don't know
16 because you haven't applied for a job, right?

17 A. Correct.

18 Q. How is it that you got licensed by Indiana
19 Lafayette Life?

20 A. They need business and they know that I bring
21 an organization in and they're fine with it. They
22 investigated. They found it okay, apparently.

23 Q. Okay. So bottom line is we know of at least
24 one situation where you did apply and were able to get
25 the position you wanted?

1 A. Well, it's a commission -- totally 100 percent
2 commission.

3 Q. I understand.

4 A. With no benefits.

5 Q. Well, but if someone thought that you were
6 so -- I'm drawing a blank on the word -- if somebody
7 thought that you were not going to be a good
8 representative -- a good, honest representative of their
9 company, they -- even if they're paying you on 50 -- on
10 a commission basis, they don't want you out there
11 exposing them to liability, do they?

12 A. Well, they have to make a decision if what they
13 read is true or not. And so that was their call.

14 Q. Okay.

15 A. That I'm acceptable.

16 Q. And isn't that true everywhere you would apply?

17 A. Yes. I don't know. I've never had a job,
18 so -- it's been years and years since I had a job.

19 Q. And by "job" you're talking about --

20 A. Employed by somebody else.

21 Q. -- employed by someone else and getting a
22 regular paycheck?

23 A. Correct.

24 Q. Just out of curiosity does your wife ever
25 encourage you to go out and get a job?

1 A. She has been extremely supportive. She's a
2 fantastic wife. We've looked at that possibility
3 especially as of '08, but we've got a tremendous
4 business at Advantage Conferences and Caleb is growing
5 and so I'll do what I have to do. I mean --

6 Q. Is she aware of this lawsuit?

7 A. Of course.

8 Q. Are your parents aware of this lawsuit?

9 A. Of course.

10 Q. Are your brothers aware of this lawsuit?

11 A. I don't know if they are or not, probably.

12 Q. Is your -- what church do you attend?

13 A. Cottonwood Creek Baptist Church.

14 Q. Is your pastor aware of this lawsuit?

15 A. I don't know of this one in particular. He's
16 aware of Heather Dobrott, yes.

17 Q. Who have you told about this lawsuit?

18 A. A few reps I've told about this lawsuit because
19 they're concerned about the postings. It's an
20 environment where we basically cannot do business.

21 Q. Why would anybody, you know, renew for '09,
22 under the circumstances?

23 A. Just belief in what we do.

24 Q. Were there any qualified sales in 2008?

25 A. We had several, but I don't know how many, but

1 not many.

2 Q. Well, but --

3 A. It's been slim.

4 Q. -- if you're selling a ticket but there's no
5 conference to go to, what is it that you're doing other
6 than recruiting somebody to sell more tickets?

7 MR. CIAROCHI: I object to the form.

8 A. We're trying to have a conference. We
9 desperately want to have a conference, and with the
10 resolution of this problem right here we will have a
11 conference.

12 Q. (BY MR. MOODY) Did you have any conferences
13 scheduled in '08 that got cancelled?

14 A. Yes.

15 Q. And how many?

16 A. One.

17 Q. And when was that set for?

18 A. November.

19 Q. And why did it get cancelled?

20 A. Lack of sales and the entire -- everybody was
21 alerted to that; that was explained. We had a webinar
22 instead in place of that -- a webinar.

23 Q. And how many speakers came and spoke?

24 A. We had four.

25 Q. And who were they?

1 A. They were internal; they were Josh Peak, Jack
2 Weinzierl, Lane Schollenbarger and myself.

3 Q. And when you say "internal," these are other
4 reps?

5 A. Yes.

6 Q. Either yourself or other reps?

7 A. Yeah.

8 Q. Was that recorded?

9 A. Yes.

10 Q. Is that still available?

11 A. Yes.

12 Q. Would you agree that Exhibit 4, for the most
13 part, paints you and Advantage Conferences in a negative
14 light?

15 A. I'd say it's satirical. I don't think it's so
16 negative.

17 Q. It's certainly not positive, is it?

18 A. It's just comic. Look at the article before.
19 I enjoy cocaine because it's a fun thing to do, Robert
20 Wexler said. And the name of the publication is The
21 Pipe. Perfect. There's some credibility.

22 Q. That's not the --

23 MR. MOODY: I'm going object as being
24 nonresponsive.

25 Q. (BY MR. MOODY) My simple question is: Would

1 you agree with me that when you read this article, it is
2 not a glowing endorsement of either you or Advantage
3 Conferences, is it?

4 A. No. It's a joke.

5 Q. Would you agree with me that the article raises
6 questions as to whether you are running a legitimate
7 business?

8 A. Yes. And it raises questions about Jesus, Tim
9 Darnell personally, Mike Melvin.

10 Q. And so at least in the Broward Florida, Palm
11 Beach area, there was a public debate as to Mr. Melvin
12 taking the position that this is worthwhile and the
13 author of the article questioning the voracity of that,
14 correct?

15 MR. CIAROCHI: Object to the form.

16 Q. (BY MR. MOODY) Correct? You can go ahead and
17 answer.

18 A. What was it again?

19 Q. Basically, there was -- in this newspaper
20 article, there are two sides of the story that are
21 presented; Mr. Melvin's side and the author's side,
22 correct?

23 A. Yes.

24 Q. And the story that they're talking about is the
25 propriety of you and what you do?

1 A. I'm not sure what you mean by the propriety of
2 what I do.

3 Q. Well, either the legality of what you and
4 Advantage Conferences do?

5 A. The advisability I would say.

6 Q. Okay?

7 A. Yeah. I would go with that.

8 Q. Whether it's a smart investment decision to do?

9 A. Correct.

10 Q. Okay.

11 A. We get everybody to consider that on their own.

12 Q. If we go back a second to Exhibit 2, there
13 are --

14 MR. CIAROCHI: Exhibit 3?

15 MR. MOODY: Yes, I'm sorry.

16 Q. (BY MR. MOODY) Right. Exhibit 3, the Slay
17 Your Giant.

18 A. Yes.

19 Q. You make reference in there about the failure
20 of your business -- your prior business --

21 A. Yes.

22 Q. -- and I guess that that's the All-Star
23 Entrepreneur that you're talking about?

24 A. That's correct.

25 Q. And without going through them one by one,

1 since you authored the book, would it be fair to say
2 that the -- that the factual statements that you make in
3 here in terms of the problems that you experienced with
4 that company are true?

5 A. Yes.

6 Q. Okay. And we've already talked about the -- I
7 think you referenced fraud, collusion and embezzlement.
8 Is there anything else about how that business fell
9 apart that we haven't already talked about that would
10 fall within that category?

11 A. Not that I know of.

12 Q. Okay.

13 A. I'm not sure where you would want to go with
14 that, but...

15 Q. I'm just wanting to know whether there's
16 anything else that -- I think the phrase fraud,
17 collusion and embezzlement is used in Slaying the
18 Giant --

19 A. Yes.

20 Q. -- or Slay Your Giant. And I just wanted to
21 make sure that in there you're talking about
22 advantage -- excuse me, All-Star Entrepreneur, right?

23 A. I'm talking about the principals' relationship
24 to me --

25 Q. Okay.

1 A. -- is what I'm talking about.

2 Q. The principals of All-Star Entrepreneur?

3 A. Yes.

4 Q. Okay. Did you really have to borrow toiletries
5 from a neighbor?

6 A. Yes.

7 Q. And all of the statements in there about the
8 loss of credit, repossession of automobiles, public
9 humiliation, 200,000 in credit card debt, those are all
10 true?

11 A. Yes.

12 Q. And would it be fair to say that you used your
13 personal experiences and the problems that you actually
14 experience in your life as a marketing tool to help sell
15 the book?

16 A. Not at all.

17 Q. Did you use it as --

18 A. It may have been mentioned, but I -- it's a --
19 the whole idea is that you can get way down, which is
20 what I was, and you can come back. Simple as that.

21 Q. And to some extent that's a theme of a lot of
22 the speakers that y'all sponsor at your conferences?

23 A. I don't think that's real common. I think most
24 of them have been pretty successful continually. We've
25 had a few cases of that.

1 Q. Well, I want to say that it may have been the
2 Better Business Bureau where I read it -- the deposition
3 you gave there where you were saying that it's amazing
4 how many millionaires who have been successful -- it's
5 not all up. They have to go through some hard times --

6 A. Absolutely.

7 Q. -- before they make it big?

8 A. Absolutely.

9 Q. And one of the things that you want to use the
10 speakers to do is to communicate to others the problems
11 that they have faced and conquered so that in the event
12 someone else is faced with that same problem, either
13 they recognize that they'll have hope and it can be
14 conquered or actually give them mechanisms and things to
15 do that will help them overcome that problem?

16 A. Very well said.

17 Q. Thank you.

18 A. Can I write that down?

19 Q. And I take that answer as you agree with me,
20 right?

21 A. Yes, I agree with you.

22 Q. Okay.

23 A. Yes.

24 Q. Let's go to Exhibit No. 5.

25 (Exhibit No. 5 was marked.)

1 MR. MOODY: I tell you what, let's go off
2 the record for a second.

3 (Break was taken from 12:47 p.m. to 1:32
4 p.m.)

5 Q. (BY MR. MOODY) Have you now had a chance to
6 read what's been marked as Exhibit No. 5?

7 A. I have -- I read it about two years ago. I'll
8 be glad to refer to any section you'd like to go to.

9 Q. Is there -- you do acknowledge that in December
10 of 2006 an article was written about you and Advantage
11 Conferences in the Houston newspaper, right?

12 A. Yes.

13 Q. And to the best of your knowledge, does Exhibit
14 5 appear to be a copy of that article?

15 A. Yes, it does.

16 Q. Were you interviewed -- were you contacted by
17 the author of that article before it was written?

18 A. Yes.

19 Q. And did you give the author an interview?

20 A. Yes.

21 Q. Did he come to Dallas or you go to Houston?

22 A. It was a phone interview.

23 Q. Okay. And about how long did that last?

24 A. About an hour.

25 Q. And is there -- are there any factual

1 inaccuracies that you're aware of in this article,
2 things that are attributed to you that should not be
3 attributed to you?

4 A. I'd say on Page 3 --

5 Q. Okay.

6 A. -- to say that I don't have a trademark on
7 "reverse margin," that is incorrect.

8 Q. Okay. Do you have the paperwork that
9 establishes that?

10 A. Yes.

11 Q. And when did you get that trademark? Before
12 the date of this article?

13 A. Much -- yeah.

14 Q. Okay.

15 A. Well before.

16 Q. Anything else that's factually inaccurate?

17 A. No. Just negative, just trash, used the "F"
18 word in here, just unbelievable journalism --

19 Q. Okay.

20 A. -- noncredible.

21 Q. But nothing that you can point to that
22 specifically says -- he says A and it's actually B?

23 A. Well, it's like all of this that we're dealing
24 with today. When you have a company that has tremendous
25 positive things about it, and the only thing that's ever

1 reported is a minutiae of seemingly negative stuff, it
2 just doesn't display your company correctly --

3 Q. Okay.

4 A. -- or your person either.

5 Q. Okay. So, I mean, you may disagree with the
6 impression that the article is leaving -- and that's
7 what I hear you saying; is that right?

8 A. Yes.

9 Q. But in terms of just whether it's factual or
10 not, even though they may be focusing on what are viewed
11 as negative facts, it is factual?

12 MR. CIAROCHI: Object to the form.

13 Q. (BY MR. MOODY) Did you understand my question?

14 A. I understand your question. I'm going to go
15 ahead and read the rest of this.

16 Q. Okay.

17 MR. MOODY: Let's go off the record then
18 while he's doing that.

19 (Break was taken from 1:35 p.m. to 1:41
20 p.m.)

21 Q. (BY MR. MOODY) My question to you is, even
22 though the article may focus on negative facts, it is
23 factual, correct?

24 A. It is not factual.

25 Q. Okay.

1 A. It has some facts in it.

2 Q. And can you identify those things that you say
3 are not factual?

4 A. Yeah. About the reverse margin.

5 Q. That's the trademark --

6 A. Yes. That's exactly wrong.

7 Q. Okay. What else?

8 A. We go over here to -- I just want to point out
9 the wording used in this wonderful article here on Page
10 5.

11 Q. This is -- at the top right corner, what's the
12 page number?

13 A. 5 of 10.

14 Q. Okay.

15 A. This wonderful reporting says -- and pardon my
16 language, ladies -- This was one mother fucking candy
17 bar.

18 Q. Uh-huh.

19 A. That's really good. Okay. We go over to
20 talking about -- number 6 of 10, on the third paragraph
21 right there talking about NuSkin --

22 Q. Uh-huh.

23 A. -- Such companies are popular not only among
24 mainstream Mormon's but among their polygamous,
25 fundamentalist offshoots just across the border into

1 Arizona as well. Enter Darnell's next business
2 partners. Associating me with polygamous buds in 2000.
3 That's just crap journalism right there.

4 Q. Okay. What else?

5 A. Down at the bottom of Page 6, associating me by
6 associating with Claudia and Elizabeth, talking about
7 this guy -- what his name -- Warren Jeffs.

8 Q. Just guilt by association?

9 A. Yeah, that's really great.

10 Then on Page 7, Incest, polygamy and
11 statutory rape - often condoned by and participated in
12 by local authorities who were FLDS members - are the
13 norm in Colorado City, where it's believed that a man
14 must have at least three wives to enter heaven. Thanks
15 to inbreeding in the community, Colorado City area has a
16 high incidence of fumarase deficiency, an enzyme
17 disorder that causes profound mental retardation and
18 extreme epilepsy.

19 Q. You don't think that's factual?

20 A. I think when you characterize -- you're
21 characterizing me by talking about this. And that's
22 absolute junk. It's just the lowest possible common
23 denominator you could possibly go to. Just filth.

24 Q. What else?

25 A. And on Page 7, this is incorrect about the

1 relationship with Green right here. Green says he got
2 involved with All-Star when he was running a media
3 company. He says Cawley contacted him and asked him to
4 build some marketing tools. He said he was never paid,
5 which, he says, has to do with Darnell's abrupt
6 departure from the company.

7 That is not true whatsoever. That's just
8 a lying remark right there.

9 Q. Okay. Anything else?

10 A. Where, They told me ... I didn't get paid was
11 because of Tim Darnell. So that -- that is the --

12 Q. The same thing?

13 A. -- same thing. It's not true. And it goes
14 into his background.

15 This discussion about the Aussie 2-Up is a
16 joke -- on Page 9 of 10. This is so stupid.

17 Q. What is an Aussie 2-Up?

18 A. An Aussie 2-Up is when you've got to have two
19 referral sales that come in, such as what we have -- had
20 at Advantage Conferences. And so his explanation --
21 this guy's a moron -- The people at the top of the
22 pyramid will make the dough, the competition will
23 increase exponentially, and the base - the human
24 population - will remain the same.

25 Like everybody's going to do the deal.

1 That's a stupid assumption right there.

2 You can only go 32 levels and you've
3 exceeded the population of the earth. Well --

4 Q. Is that true or not?

5 A. Yeah, if every single person on those levels
6 comes into your business, which nobody thinks that -- no
7 thinking person ever would consider that. It's just a
8 spurious argument.

9 Okay. And then on 9 of 10, Fitzpatrick is
10 a man who understands the headache-inducing
11 logic-bitch-slapping nature of business opportunity
12 programs, because whether it's Advantage or any other
13 income opportunity, you wind up having the same
14 conversation with the dogged rep. Fitzpatrick has both
15 sides down pat. Whatever. Just negative.

16 Then on Page 10, If you're compensation is
17 not based on the sale of a product or service to the
18 ultimate consumer, you're looking at something that is a
19 fraud. And if the money that you're paying to come into
20 the business is really just going to your upline because
21 they brought you into the business, that's a huge red
22 flag.

23 Q. That's not factual?

24 A. No. And the reason it's not factual, because
25 you could say that virtually about any company that's

1 out there -- virtually any company. That's the business
2 model.

3 Q. Well, I mean --

4 A. It's factual -- it's factual, but it's so
5 common. And that's why the pyramid laws are so
6 undiscernible, especially by laypeople. That's trash.

7 Q. Okay.

8 A. Total trash.

9 Q. Anything else that you find to be factually
10 inaccurate in Exhibit 5?

11 A. No.

12 Q. Okay. Part of this article makes reference to
13 your business failures that you had described in Slay
14 Your Giant?

15 A. Yes.

16 Q. And the exbusiness partners that you described
17 in Slay the Giant [sic] were also discussed in the
18 Houston article?

19 A. Yes.

20 Q. Whether you call it good journalism or not,
21 this particular article took statements made by various
22 people and websites and companies that you were involved
23 with and tried to verify and comment on those, correct?

24 A. Yes.

25 Q. And so it was in essence trying to take a

1 position with respect to the accuracy of certain facts
2 that are stated in the article?

3 A. I think he's reporting that. Are you saying
4 this article is taking a position on that?

5 Q. Yeah. Well, he basically is -- it's not just
6 a -- I mean, there is -- the author really does more
7 than just state facts. He basically certainly leaves an
8 impression of his opinion of the business, correct?

9 A. Yes. And he leaves out any positive that he
10 saw. He saw -- Boone Powell, the CEO of Baylor Health
11 Systems, was the interview that I allowed him to come
12 into free. One of the most decorated, high-integrity
13 men in the history of business. And not a word of that.
14 Of course --

15 Q. Did Mr. Powell become a rep?

16 A. No.

17 Q. But the interview was your interview of him as
18 to whether he should become a rep?

19 A. No. I'm talking about at the -- at a Mindset
20 Mentoring Conference --

21 Q. Oh, okay.

22 A. -- was where he's -- I let him come into the
23 conference. He didn't -- he gave nothing of my
24 interview in here.

25 Q. Okay.

1 A. Nothing's there, and nothing of that experience
2 with Boone Powell. It was a great experience of a
3 good-size conference, and Boone Powell is just -- just a
4 phenomenal individual, tremendous information. And of
5 course none of that ever makes press. All negative.

6 Q. Does it really take someone with experience in
7 the network marketing to really understand the -- that
8 type of business?

9 A. I think you need to spend time in it. You
10 don't just come in and get rich quick. That's anything
11 thing he says in here. He uses the "get rich quick"
12 term and that's a total misnomer for any business.

13 Q. But a lot of people, when they hear
14 opportunities like this, they're thinking get rich
15 quick, correct?

16 A. They think a lot of false thoughts that the
17 public perpetrates that are not true about our business.
18 And we teach on that all the time. You don't get in
19 here and spend two weeks, six months, a year. You're
20 not going to make money in a year. You've got to take
21 time to build your business, any business.

22 Q. And I guess you're living proof of that?

23 A. Yes. Yes.

24 Q. And are the laws governing pyramid schemes hard
25 to understand?

1 A. I would say they're nebulous. I think the
2 public is extremely ignorant of it, and even officials
3 are.

4 Q. And it really takes -- someone off the street,
5 it would be hard for them to decipher whether something
6 is true or false as it relates to pyramid schemes?

7 A. Yes. And I think one of the factors is to find
8 a company that's been in business for years.

9 Q. Okay. The longer track record they have, the
10 more likely it is that they're legit?

11 A. Yes, because governmental agencies will take
12 them out if they're not.

13 Q. Okay. Has anyone ever investigated -- other
14 than the Better Business Bureau, has anyone ever
15 investigated Advantage Conferences?

16 A. Yes. The pyramid division of the Texas State
17 Attorney General called us up.

18 Q. And did they issue any type of written report
19 or anything?

20 A. No. His discussion with me was, I'm calling to
21 find out if you're a pyramid or not. If you are, I'm
22 going to arrest you. And I said, Well, before you
23 arrest me, could you tell me what aspect is a pyramid
24 and if it is I'll be glad to change anything. He called
25 me back in 18 hours and said there's no way on this

1 planet that you are anything close to a pyramid. That's
2 the head of the State of Texas Attorney General's Office
3 pyramid division.

4 Q. What was his name?

5 A. I don't remember.

6 Q. Do you have records anywhere that would
7 indicate that?

8 A. I could find it, yeah.

9 Q. Okay. The Houston article makes reference to
10 statements made about you on the All-Star Entrepreneur
11 website: 30 years' experience and top-level management
12 in corporate America. His extensive background -- no,
13 I'm sorry, that's not you.

14 A. Yeah. I'm not corporate America.

15 Q. Hold on a second. I'm having trouble finding
16 it.

17 What is scam.com?

18 A. It is a blog for people that complain about
19 various products and businesses.

20 Q. And what is Quatloos, Q-U-A-T-L-O-O-S, two O's?

21 A. Probably the same thing but I'm not aware of
22 that. I've never been to it.

23 Q. When did you first become aware of scam.com?

24 A. Toward the end of 2005. And I'm not sure of
25 the exact month but probably November to December of

1 2005.

2 Q. And how did it come to your attention?

3 A. I had a rep send me a posting.

4 Q. And was the posting -- who was that by?

5 A. By Heather -- well, it was by Soapboxmom. We
6 didn't know who she was for two years.

7 Q. How is it that you learned who Soapboxmom was?

8 A. Through one of our speakers. He's a former
9 police detective and just a great guy. And he found out
10 who she was.

11 Q. What was his name?

12 A. Bob Cornuke.

13 Q. And where does he live?

14 A. He is in -- I think he's in Phoenix -- or, no,
15 I'm sorry, Denver. But I'm not sure.

16 Q. And how does he spell his last name?

17 A. C-o-r-n-u-k-e.

18 Q. And do you happen to have a telephone number
19 for him?

20 A. No. I can get it.

21 Q. Okay. And about when did you first learn who
22 Soapboxmom really was?

23 A. Well, we thought her name was Elizabeth Templin
24 for a while. She went under that moniker. And that was
25 not true. And so we found that out -- I'm not sure when

1 that was. That was probably November of '0 -- it might
2 have been November of '07 that we first found that out.
3 But don't hold me to that. I'm not sure.

4 Q. Okay. Let's go to Exhibit No. 6.

5 (Exhibit No. 6 was marked.)

6 Q. (BY MR. MOODY) Is Soapboxmom the only negative
7 poster on scam.com? And by "negative poster," people
8 that say negative things about you and/or Advantage
9 Conferences?

10 A. The -- probably the second leading poster is
11 somebody who is still invisible named Wishyouknew.

12 Q. Let me show you what's been marked as Exhibit
13 No. 6. And can you identify this as something that you
14 wrote?

15 A. Absolutely.

16 Q. And was this part of an e-mail that you would
17 have sent out?

18 A. To our reps, yes.

19 Q. Okay. Did it go to anyone other than your
20 reps?

21 A. No.

22 Q. And about how many reps would you have had in
23 November of '07 when this was sent out?

24 A. I don't know. Probably 200 possibly. I'm not
25 sure.

1 Q. Do you make comments in here about Heather
2 Dobrott?

3 A. I don't think so, unless I missed it.

4 Q. Well, you may not mention her name but you
5 make -- you're pleased to announce that the identity of
6 one of our most vocal belligerents to AC has been
7 uncovered?

8 A. Yes.

9 Q. And that's the next-to-the-last paragraph on
10 the first page?

11 A. Yes.

12 Q. And you're referring to Heather; is that right?

13 A. Yes. At that time I think -- I thought her
14 name may have been Elizabeth Templin, so I'm not sure.

15 Q. Okay. But in here you accuse her of
16 stalking --

17 A. Yes.

18 Q. -- you and your family?

19 A. Yes, absolutely.

20 Q. Have you ever actually seen her stalking you or
21 your family?

22 A. We were told that she -- when she went to Allen
23 High School, that she was there.

24 Q. Okay.

25 A. So it's mainly Internet stalking. It's the

1 idea of just soaking up all of the search engine space
2 and being there every time our names are mentioned.
3 She's there. That's Internet stalking.

4 Q. Okay. And do you accuse her of any other form
5 of stalking?

6 A. She's been to our conferences and taken
7 pictures of conferences, and very smug about her stealth
8 and ability to come in and do that and how cool she is
9 doing that. And she's gone to our hotels and delivered
10 past documentation in order to discredit me with the
11 hotels that we're contracting our business with. And --
12 I don't know. I don't know what she's capable of after
13 the -- I didn't think anybody would be capable of the
14 high school incident. And when we found out that that
15 actually happened, we got greatly alarmed about this
16 person.

17 Q. Have -- has she ever directly threatened you
18 with physical harm?

19 A. No. She has discussed incessantly bringing
20 down my business, in all of her posts, constantly. And
21 the derogatory, vile language is unbelievable.

22 Q. Has she ever threatened physical harm to any of
23 your family members?

24 A. No. But what happened was in her threads we
25 heard about a death threat with Jack Weinzierl. And

1 she's the main instigator of those threads. They're her
2 threads. And that's when we started becoming very
3 concerned about all of this.

4 Q. Do you know for a fact that she's the author --
5 the initial author of that thread?

6 A. I don't know. I really don't know. I just
7 know that she's the ringleader of all of this
8 defamation, Ms. Dobrott is.

9 Q. So the bottom line is, in terms of stalking,
10 what you're referring to is simply trying to publish
11 negative and what you view to be false information about
12 you and your company?

13 A. That's primary. But also when my children come
14 into harm's way because of a person threatening to
15 humiliate them in front of their peers, humiliate their
16 father in a public place and she going there, then we
17 get very -- that's when it came to a new level.

18 Q. And do you know whether or not she did that
19 before or after you accused her of stalking?

20 A. It was before we accused her of stalking.

21 Q. That she went to the school --

22 A. But also I consider going to our conferences
23 uninvited and coming in and taking pictures, taking
24 pictures of Jack Weinzierl's automobile, his house, his
25 wife and those kind of things, posting those pictures,

1 that's not normal. That's not normal.

2 Q. Do you know for a fact that she took the
3 pictures?

4 A. They appeared on her websites.

5 Q. Okay. So I guess --

6 A. She boasts about all this stuff all the time.

7 Q. So the question is: Do you know whether she's
8 the one that actually took the photographs that were
9 posted?

10 A. I can't forensically prove that.

11 Q. Okay.

12 A. She is certainly the instigator of all this.

13 Q. Have you ever seen her at one of your
14 conferences?

15 A. I haven't. She's the one that boasts that
16 she's been there.

17 Q. Have you ever seen her sitting in a car outside
18 your house?

19 A. I didn't know what she looked like until June
20 of this year.

21 Q. So the answer is no?

22 A. No.

23 Q. Okay.

24 A. I assume that to have happened. She describes
25 my house and my office in very vile terms and very

1 derogatory terms.

2 Q. What is her -- do you know what her explanation
3 is for why she went to your children's school?

4 A. In the original post. We'll present that
5 later, yeah. The word "humiliation" comes up.

6 Q. But, I mean, wasn't the -- her primary purpose
7 was to ask people who you claim would know that she was
8 stalking you to confirm or refute whether they knew
9 anything of that nature?

10 A. That's a bizarre concept to me. That makes
11 absolutely no sense whatsoever.

12 Q. Well, if -- have you ever reported her to the
13 Allen police?

14 A. I have not. I should have. I should have.

15 Q. Have you reported her to any police department?

16 A. No.

17 Q. Have you reported her to any authorities?

18 A. No.

19 Q. Are you -- do you accuse her of any criminal
20 activity?

21 A. I accuse her of extreme defamation as a career
22 and a purpose of bringing down a person -- many people's
23 careers, including myself, on an ongoing basis.

24 Q. So would it be fair to say, then, you don't
25 accuse her of criminal activity?

1 A. I haven't made a formal complaint yet.

2 Q. Are you aware of any criminal activity that --
3 any activity that you view to be criminal that she's
4 engaged in?

5 A. I should have filed a criminal complaint after
6 her visit to Allen High School, yes. I should have done
7 that.

8 Q. But you didn't?

9 A. No.

10 Q. And you haven't?

11 A. No.

12 Q. And where else are you aware that she has
13 visited in an effort to do what you view to be humiliate
14 yourself?

15 A. The main thing is the Internet. It's the
16 postings and the search engines, the positioning in the
17 search engines of the Internet, besmirching my identity
18 and my reputation for years now.

19 Q. So when you wrote in Exhibit 6 that she was
20 literally "stalking our homes," you really didn't have
21 any evidence of that?

22 A. I had -- she bragged about Jack Weinzierl's
23 house -- going to Jack Weinzierl's house and posting
24 those on the web.

25 Q. But you had no evidence that she had done

1 anything like that to you?

2 A. I don't -- that's my comments. That's my
3 opinion. I believe that this woman is capable of almost
4 anything.

5 Q. Okay. Did any of your reps ever communicate to
6 you that they had been contacted by Ms. Dobrott?

7 A. Yes.

8 Q. And are you aware of any reps that were
9 contacted that did not communicate that to you?

10 A. I'm sure there were several that did not.

11 Q. Do you -- how did your reps -- did your reps
12 ever -- did anyone ever respond to Exhibit No. 6 by
13 e-mail saying that they had been contacted by
14 Ms. Dobrott?

15 A. We've had several, but I don't know that it was
16 in relationship to this right here. The main thing --
17 my main concern is our speakers. And that was -- that's
18 confirmed and we will be corroborating that later.

19 Q. The -- did they -- did she ever threaten the
20 speakers with harm?

21 A. She threatened my church with a lawsuit. She
22 threatened my speakers that she would post on them if
23 they came to our conference and so convincing them to
24 stay away from our conferences.

25 Q. But to your knowledge, she's never threatened

1 any physical harm to anybody?

2 A. Not that I know of.

3 Q. Okay. In Exhibit 6, you make reference to the
4 fact that the recipients are obligated to inform you and
5 that participation is not optional. What's the basis of
6 those comments?

7 A. Where are you talking about?

8 Q. The second page, the third -- well, the second
9 full paragraph, Your participation is not optional. You
10 are obligated to issue a full report regarding any
11 past/future dealings. Withholding or not fully
12 complying with this request would indicate complicity
13 and create further problems for you personally.

14 What is that all about?

15 A. That simply means that if you're conspiring
16 with her, we want to know it. If you've got
17 information, we need it. And we're looking for
18 information.

19 Q. But --

20 A. As a rep at Advantage Conferences -- if you're
21 supporting Advantage Conferences and we have a known
22 assailant out there, then I need that information and I
23 want that information.

24 Q. But there wasn't any -- in essence, if you're
25 going to continue to be a rep for this company, then

1 you've got to do this; otherwise, if we find out that
2 you're not doing this, then you're subject to being
3 terminated?

4 A. That would constitute possible cause, yes.

5 Q. Okay. If you received feedback to Exhibit 6,
6 would you still have that?

7 A. Possibly. I lost one of my computers in
8 February of last year. And we lost a lot of data on
9 that. We were able to reclaim a bunch of it. I don't
10 know what portion we were able to reclaim and what not.

11 (Exhibit No. 7 was marked.)

12 Q. (BY MR. MOODY) Let me ask you to look at the
13 next exhibit, No. 7. Do you recognize Exhibit 7 as
14 something that you authored?

15 A. Yes.

16 Q. I know the first couple of lines is not
17 something that you did. But starting with the bold
18 "from" on Page 1, that is -- who is -- whose e-mail
19 address is messenger@advantageconferences.com?

20 A. That's mine.

21 Q. Okay. And who would this have been sent to?

22 A. This is our messenger subscribers.

23 Q. And those can be both reps and nonreps?

24 A. Correct.

25 Q. And those can be both people involved in

1 Advantage Conferences and people that are not?

2 A. That's right.

3 Q. And about how big is that e-mail list? How
4 many total people are on that e-mail list?

5 A. At this time it was probably 8- to 9,000.

6 Q. And I guess this -- did you distribute this
7 other than by e-mail?

8 A. No.

9 Q. In here it talks about the fact that you claim
10 Ms. Dobrott defamed several of our top business
11 associates. Other than you and Mr. -- and Jack, whose
12 name I never can remember how to say --

13 A. Weinzierl.

14 Q. That's why I'm going to call him Jack.

15 A. All right.

16 Q. -- other than those two, who else do you claim
17 she has defamed? What other top business associates?

18 A. I'd have to go back and look in the records.

19 Q. Can you think of anyone off the top of your
20 head?

21 A. I think of Mike Melvin.

22 Q. Anyone else?

23 A. I think of Dave Allen.

24 Q. Anyone else?

25 A. Barbara Kardokus.

1 Q. How do you spell Kardokus?

2 A. K-a-r-d-o-k-u-s.

3 Q. Anybody else?

4 A. I don't -- can't think of anybody else right
5 now.

6 Q. Of those three that you just named, how many of
7 those are still reps of Advantage Conferences?

8 A. All three.

9 Q. I thought you said Jack didn't renew this year?

10 A. You asked me for the others besides Jack.

11 Q. Oh, okay. That's right. I'm sorry. That was
12 a trick question and you passed.

13 A. Thanks.

14 Q. Part of this e-mail is a list of the way -- I
15 guess it's about midway through the document. At the
16 very bottom there's a one through nine and it goes on to
17 the next page with a total of 11.

18 A. Uh-huh.

19 Q. Do you see what I'm talking about?

20 A. Yes.

21 Q. And before you get into the numbered paragraphs
22 it says: Nonbelievers treat believers in a variety of
23 ways?

24 A. Yes.

25 Q. And you were certainly associating Ms. Dobrott

1 with the nonbeliever category, correct?

2 A. Absolutely.

3 Q. And it was your intent to communicate to the
4 recipients that people, including Ms. Dobrott, were
5 doing the type of things listed in paragraphs 1 through
6 11?

7 MR. CIAROCHI: I object as to the form.

8 A. I would say possibly.

9 Q. (BY MR. MOODY) Okay.

10 A. I have gotten several death threats. I can't
11 forensically say that Dobrott did it. She's always the
12 leader of this opposition, so there's always going to be
13 a suspicion of that.

14 Q. Okay. But other than death threats, you think
15 that she has personally engaged in all the rest?

16 MR. CIAROCHI: Object to the form.

17 A. Number 4 and 5, certainly.

18 Q. (BY MR. MOODY) Okay. Could you understand how
19 someone reading this might think that Ms. Dobrott -- you
20 were accusing Ms. Dobrott of engaging in all of these
21 activities?

22 MR. CIAROCHI: Object to the form.

23 A. No.

24 Q. (BY MR. MOODY) Okay. You make the comment in
25 this e-mail that: The courts, at least in Texas, are

1 filled with liberal judges so the anti-Christian,
2 anticapitalism, and anti-republican movement is for all
3 intents and purposes sanctioned.

4 Do you stand by that statement?

5 A. Yes.

6 Q. And, you know, explain to me what it is that
7 that means to you.

8 A. I think that if you're a Christian, you've got
9 a mark on you. Especially if you're a blatant, a bold
10 Christian in the marketplace, it puts a mark on you. If
11 you're seen as conservative, then you're intolerant and
12 you just get attacked a lot. And it's happened to us.

13 Q. Would you agree with me that there are those
14 who prey upon believers and take advantage of believers?

15 A. I think so. I don't know of many examples of
16 that but I'm sure it happens.

17 Q. What about -- I mean, for example, you know,
18 these televised ministries and things of that nature
19 where they ask people to send in money and then they,
20 you know, in essence, don't always use the money the way
21 it was intended to be used by the people giving the
22 money?

23 A. I think it's probably the exception and not the
24 rule and that too many people focus on those exceptions.
25 It's a shame if that ever happens.

1 Q. Have you ever misused any money given to you on
2 a charitable basis?

3 A. Not at all.

4 Q. To a great extent, your company markets to
5 believers; is that right?

6 A. We are received by believers better than
7 nonbelievers. We have some nonbelievers in our ranks
8 but this message resonates more with believers. And the
9 question is -- or not the question. But what happens is
10 you really limit your market when you do what I've done.
11 This is a very limited market.

12 Q. And to -- in terms of -- you to some extent
13 promote your own business model by advocating that the
14 believers set themselves apart from people like
15 Ms. Dobrott who are nonbelievers, correct?

16 A. It's not so much that. All we're trying to do
17 is just be stewardly in saying the name Jesus Christ and
18 not being ashamed of it, and not just being a Christian
19 on Sunday mornings but being a Christian in the
20 marketplace, in our business, during the week.

21 Q. And -- but you make a point that believers are
22 oftentimes persecuted?

23 A. Yes.

24 Q. And persecuted by people like Ms. Dobrott?

25 A. Yes.

1 Q. And despite that persecution, true believers
2 press on and don't give up?

3 A. Yes.

4 Q. Okay. Do you recall receiving any positive
5 feedback from this letter or this message?

6 A. I get a lot of support all the time. I don't
7 know that I could remember back to this particular
8 message and --

9 Q. Do -- does -- let me put it this way: All
10 reaction to this -- messages like this is not
11 necessarily negative, correct?

12 A. Oh, absolutely.

13 Q. And there are those who may not otherwise get
14 active in your organization who, once they read things
15 like this, feel like they have a need to get active,
16 correct?

17 A. I don't know that I've ever heard anybody say
18 that.

19 Q. Well --

20 A. This is not designed for marketing, if that's
21 what you're saying. That's not --

22 Q. I guess what is it designed for?

23 A. It's designed to convey the Gospel of Jesus
24 Christ in the marketplace on the Internet and have a
25 voice of positive aside -- alongside all of this junk

1 that is out there, the pornography, the scams.com, the
2 things that are out there, this is an answer on the
3 Internet juxtaposed to that.

4 Q. Okay. Let's go to the next exhibit.

5 (Exhibit No. 8 was marked.)

6 Q. (BY MR. MOODY) Let me show you what's been
7 marked as Exhibit No. 8 and ask if you can identify that
8 as something that you authored?

9 A. Yes.

10 Q. And is this something that was on Advantage
11 Conference's website?

12 A. Yes.

13 Q. And who was the target audience for things of
14 this nature?

15 A. Our reps. Our reps were crying for a defense
16 of what was going on with Ms. Dobrott on a daily basis.

17 Q. And so in essence you were -- you did this in
18 part to respond to the requests of your representatives
19 for a defense; is that right?

20 A. Yes, that's correct.

21 Q. And the purpose in part, I guess, was to
22 hopefully allow the reps to keep the faith and to
23 continue selling tickets to the conferences?

24 A. I'm sorry. I got distracted. I apologize.

25 Q. In part, then, the purpose of this was to

1 encourage the representatives to in essence keep the
2 faith and continue to sell tickets to the conferences?

3 A. Well, it's just disclosure also about what's
4 going on. This is the reality of what's happening with
5 Advantage Conferences.

6 Q. Okay. By defending and disclosing everything,
7 you were hoping, though, to negate any negative -- any
8 negatives that were flowing from the efforts of
9 Ms. Dobrott, correct?

10 A. Yes.

11 Q. And in that respect, by negating those
12 negatives, you were hoping to further the business of
13 Advantage Conferences?

14 A. Save it, yes.

15 Q. Okay. And also to the extent that anybody was
16 not a rep but was looking at becoming a rep, to
17 basically put y'all's side of the story on the Internet
18 so they would have ready access to it?

19 A. Yes.

20 Q. Okay. So that as they go about making their
21 decision as to whether to participate, they won't just
22 have a one-sided view of what's going on?

23 A. Correct.

24 Q. Okay. In here it makes reference to the fact
25 that you believe that Ms. Dobrott in part is doing what

1 she's doing because she is a disgruntled or unsuccessful
2 Mary Kay representative?

3 A. It says: Reports by individuals from other
4 companies who know her state that her dubious career
5 path apparently started with a bad experience in a
6 well-known direct sales company also based in the Dallas
7 area, Mary Kay Cosmetics. Probably not true.

8 Q. The "probably not true" is not in the article,
9 right?

10 A. Correct.

11 Q. The "probably not true" is what you now
12 understand?

13 A. That's right.

14 Q. And who --

15 A. We're trying to come up with any kind of
16 explanation for this incredible behavior.

17 Q. And it says: Reports by individuals from other
18 companies who know her. Who are those other people?

19 A. We have an individual that's been in the
20 industry for a long, long time. He said, if it's the
21 same one, it might be that this is what happened.

22 Q. And what's his name?

23 A. I'm blank right now.

24 Q. Let's leave a blank in the deposition. And
25 when you read it, if you could look for that name and

1 fill --

2 A. I'll think of it.

3 Q. -- fill in that blank.

4 A. I'll think of it.

5
6 Q. And also, too, if you've got a name -- if
7 you've got any type of contact information in terms of
8 address, e-mail, telephone number or anything like
9 that --

10 A. For Cornuke.

11 Q. What?

12 A. Oh, I'm sorry. For Cornuke was what we were
13 asking for before, address information.

14 Q. The name -- I'm sorry. I'm missing you.

15 The person who told you that they thought
16 it was Dobrott?

17 A. It might be, yeah.

18 Q. Okay. It might be or do you know for a fact?

19 A. No. He said it might be. The same one --

20 Q. Oh, okay.

21 A. -- that I'm thinking of.

22 Q. Okay.

23 A. So we're trying to come up with any reasoning
24 behind the madness here.

25 Q. Okay.

1 A. And whatever -- I mean, we're trying to -- how
2 can this be happening, why -- how in the world can
3 anybody act like this.

4 Q. And Dobroke (sic) was the former police
5 officer/police investigator from Denver?

6 A. Cornuke.

7 Q. Cornuke?

8 A. Yeah.

9 Q. I was close.

10 A. I think Denver is right. I'm not 100 percent
11 on that.

12 Q. Okay. And I may have asked, and I apologize, I
13 can't remember, but did you have any contact information
14 for him?

15 A. I do not, but I can get it.

16 Q. Okay. Let's go to the next exhibit.

17 (Exhibit No. 9 was marked.)

18 Q. (BY MR. MOODY) Have you ever seen what I'm
19 marking as Exhibit 9 before?

20 A. No, but I've read a quote from Dobrott that
21 said she had that, yeah.

22 Q. Okay. Let's go to the next exhibit.

23 (Exhibit No. 10 was marked.)

24 Q. (BY MR. MOODY) Have you ever printed a
25 retraction with respect to your allegations concerning

1 why Ms. Dobrott's been doing what she's been doing?

2 A. No, because we still have not figured that out.

3 Q. But, for example, when you determined that it
4 wasn't because she was a former unsatisfied Mary Kay
5 rep, did you ever retract that statement?

6 A. I said it on a phone call, yes.

7 Q. Did you ever do it in writing?

8 A. No.

9 Q. And what phone call are we talking about?

10 A. Probably a -- just a company call.

11 Q. Do you recognize Exhibit No. 10 as something
12 that you authored?

13 A. Yes.

14 Q. Is it true that you encouraged your reps to be
15 vague as it relates to finances?

16 MR. CIARACHI: Object to the form.

17 A. Mainly we're talking about time frame here.

18 Q. (BY MR. MOODY) Well, it says: No one should
19 be saying numbers or time frames about subjects like
20 income or numbers of reps, right?

21 A. Yes, that's right.

22 Q. And the reason is, because, according to you,
23 that's how the enemy best trips us up. And you say:
24 It's why vague statements are actually better, because
25 they're harder to pinpoint or disprove. Correct?

1 A. Right.

2 Q. And that was a principle that you followed in
3 your own advertising, correct?

4 A. Yeah. Don't tell somebody they're going to
5 make X amount of dollars, don't say a certain time frame
6 that they're going to make it. You never know that.
7 Don't say you can have 50 reps in your business or 100
8 reps in your business.

9 Q. You have not -- once you identified who
10 Ms. Dobrott was, you have not been silent about who she
11 is and what she's doing, have you?

12 A. Relative to her postings, I've been
13 nonexistent.

14 Q. And so I guess the answer is yes --

15 A. It comes up --

16 Q. -- I have not been silent?

17 A. It comes up from time to time, yes. But it's
18 not brought up often.

19 Q. But it's in communications with your reps,
20 communications with your people that subscribe to your
21 ministries, and to some extent it is to -- it further
22 publicizes the debate that's going on as to the
23 propriety of your business?

24 A. It runs that risk, yes.

25 Q. Okay. And basically the debate relates to

1 whether you're a legitimate businessman or whether AC
2 has a legitimate business, correct?

3 A. Also the debate is can somebody get away with
4 this incredible amount of defamation as a career --

5 Q. So the answer --

6 A. -- against a single person.

7 MR. MOODY: I'm going to object as
8 nonresponsive.

9 Q. (BY MR. MOODY) The answer to my question was
10 yes, right?

11 A. What's the question again?

12 Q. The question was: Is that -- the debate that's
13 being publicized in part by your postings is whether or
14 not you are a legitimate business and whether or not
15 Advantage Conferences is a legitimate business?

16 MR. CIAROCHI: I object to the form.

17 A. And the answer is no.

18 Q. (BY MR. MOODY) Well --

19 A. The debate would not be here if it wasn't for
20 Dobrott. So to say it like that, that's like I'm
21 defending something that doesn't need to be defended
22 except for Dobrott.

23 Q. Regardless of who was the first to go on the
24 attack, there has been -- there has been what I'm going
25 to call attacks going both ways?

1 A. Minuscule on my part, relatively.

2 Q. Understood. But the answer is correct, there
3 have been attacks going both ways?

4 A. Of necessity.

5 Q. Okay. And so the answer is yes?

6 A. Okay.

7 Q. I mean, I need to get it for the record. Even
8 though I understand what you mean and you understand
9 what you mean --

10 A. Okay.

11 Q. -- I don't want it left --

12 A. We'll clarify it later. Yes.

13 Q. Okay. When you said yes, though -- just so the
14 record's -- you answered that question yes?

15 MR. CIAROCHI: I object to the form. When
16 you said "these attacks," what is that?

17 MR. MOODY: Well, I'm referring to the
18 postings that we've been discussing. Whether I'm fairly
19 or unfairly characterizing what they are, the question
20 is that both sides have made postings about the other.

21 MR. CIAROCHI: I object to the form.
22 Where is the posting? The postings on the scam.com?

23 Q. (BY MR. MOODY) The documents that we've been
24 talking about, whether it be on a website, whether it be
25 in e-mails, whether it be -- let me put it this way:

1 Both sides are communicated to third parties
2 electronically, in one form or the other, about their
3 disagreement with the conduct of the other?

4 A. Yes.

5 Q. Okay. And obviously your decision to name
6 Ms. Dobrott's -- or to identify the true identity of
7 Soapboxmom was a decision that you made voluntarily?

8 A. Yes.

9 Q. And would it be fair to say that based on
10 Ms. Dobrott's past conduct that once you started making
11 communications about her, it was not unreasonable to
12 expect that she would respond?

13 MR. CIAROCHI: Object to the form.

14 MR. MOODY: What's your objection?

15 MR. CIAROCHI: Legal conclusion,
16 unreasonable.

17 MR. MOODY: OKAY.

18 Q. (BY MR. MOODY) I'm talking in layman's -- I'm
19 talking about your personal -- I'm not asking for a
20 legal conclusion.

21 Would it -- would you agree with me that
22 someone in your position who made the decision to
23 identify Ms. Dobrott and to start making communications
24 with third parties about the propriety of what she's
25 doing, that it would be reasonable to expect that she

1 would respond to those?

2 A. Sure. Yes.

3 Q. Okay. And by making your postings, you knew
4 that you were risking increased exposure or increased
5 postings about you by her?

6 A. I don't know how it could increase. It was
7 already at such a voluminous level it wouldn't have
8 mattered.

9 Q. But you recognized that instead of just going
10 away, one possibility was that she would continue to
11 post and respond?

12 A. Yes.

13 Q. Going back a second to Exhibit 10, the last
14 one, I'm not sure if the right term is "marketing
15 strategy," but certainly it was your desire that in
16 publicizing Advantage Conferences, that anyone out there
17 doing marketing on their own be careful in how -- in
18 what they said?

19 A. Absolutely.

20 Q. And because you were concerned that if someone
21 said it was white, if anybody could prove it was black,
22 then it would hurt everybody?

23 A. Yes.

24 Q. And so you encouraged them to intentionally be
25 vague when given an option between being specific or

1 vague?

2 A. Yes.

3 MR. CIARACHI: I object to the form.

4 Q. (BY MR. MOODY) Okay. Moving right along.

5 (Exhibit No. 11 was marked.)

6 Q. (BY MR. MOODY) Let me show you what's been
7 marked as No. 11. Can you identify Exhibit 11 as
8 something -- as an e-mail that you authored?

9 A. Yes.

10 Q. And who is Judy Sterling?

11 A. A former rep, a former employee.

12 Q. And what was her employment? What was her job?

13 A. She was hired to get advertising for Givers
14 magazine.

15 Q. And what is Givers magazine?

16 A. Givers magazine was talking about giving and
17 the lifestyles of people who are givers.

18 Q. Okay. Would it be fair to say that you have
19 threatened people with legal action if they said
20 anything bad about you or Advantage Conferences?

21 A. If it was threatening to our business, yes. As
22 the sole fiduciary, that's my job.

23 Q. Okay. It says here that you sued and won a
24 \$400,000 judgment in court. Who sued?

25 A. I did.

1 Q. You individually?

2 A. Yes.

3 Q. And who did you sue?

4 A. Philippe Matthews.

5 Q. And who is Philippe Matthews?

6 A. Philippe Matthews was a speaker at All-Star
7 Entrepreneur.

8 Q. So this is not Advantage Conferences, this
9 relates to All-Star, right?

10 A. Correct.

11 Q. And what -- what did you sue Mr. Matthews for?

12 A. Defamation.

13 Q. And what is it that he said that defamed -- it
14 defamed you individually or defamed All-Star or both?

15 A. It defamed All-Star mainly.

16 Q. Okay.

17 A. At the time I was president.

18 Q. And what was the -- what was it that he said
19 that defamed All-Star?

20 A. I don't remember the substance. It was just
21 basically real negative about the company and -- I don't
22 know. We had a real good relationship up to a certain
23 point. It was a total surprise to me.

24 Q. And where -- who is Philippe Matthews?

25 A. He's a speaker and author.

1 Q. Where is he out of?

2 A. Chicago. Or was. I don't know if he's still
3 there.

4 Q. Okay. And was he compensated to speak at an
5 All-Star event?

6 A. Several.

7 Q. And where was that lawsuit filed?

8 A. In Dallas.

9 Q. And it would have been All-Star Entrepreneur
10 versus Philippe Matthews?

11 A. Yes.

12 Q. And who was the lawyer that represented you in
13 that case?

14 A. Jason Charles Ciarochi.

15 Q. Who's he?

16 A. He's an attorney by Tim.

17 Q. And was there a trial?

18 A. Yes.

19 Q. Was the -- the case was -- you actually went
20 down and both sides appeared and --

21 MR. CIAROCHI: TPC.

22 Q. (BY MR. MOODY) -- had witnesses on both sides?

23 MR. CIAROCHI: Yeah. They had an
24 attorney.

25 Q. (BY MR. MOODY) And when was this?

1 A. End of 2002, beginning of 2003.

2 MR. CIAROCHI: We should probably say plus
3 or minus a year. I don't recall exactly but it was a
4 while ago. Could have been as late as '04.

5 MR. MOODY: And do you remember who the
6 judge was or what court it was?

7 MR. CIAROCHI: I would like to believe
8 that it was David Kelton prior to his federal
9 appointment.

10 THE WITNESS: I think that's right.

11 MR. CIAROCHI: I think that's right. I
12 think we were -- maybe he was appointed a few months
13 afterwards.

14 MR. MOODY: David Kelton wasn't appointed
15 to the federal bench.

16 MR. CIAROCHI: I thought he went -- or
17 maybe -- maybe then he was special master and then
18 became trial court.

19 MR. MOODY: Yes. That happened.

20 MR. CIAROCHI: So I guess he was the
21 judge -- was it the 44th? I'm sorry. It's been a long
22 time.

23 MR. KITA: Kelton, 44th.

24 MR. CIAROCHI: I haven't been back before
25 him. Okay. I will guess it was Kelton, 44th.

1 MR. MOODY: It was a Dallas County
2 district court?

3 MR. CIAROCHI: Yes, a district court.

4 Q. (BY MR. MOODY) Okay. And did y'all collect on
5 that judgment?

6 A. Yes.

7 Q. You got paid the 400,000?

8 A. No. We went to arbitration and worked out a
9 monthly payment.

10 Q. When you say arbitration, you're talking
11 mediation after the fact?

12 A. I don't know the difference.

13 MR. CIAROCHI: Yes, postjudgment
14 mediation.

15 A. Mediation.

16 Q. (BY MR. MOODY) Okay. And did he ultimately
17 pay the full amount?

18 A. No. Not yet.

19 Q. Is he still paying?

20 A. Yes.

21 Q. Who is he paying it to?

22 A. Me.

23 Q. Wait a second. All-Star Entrepreneur, that's
24 the company that you resigned from and had no interest
25 in; is that correct?

1 A. (Moves head up and down.)

2 Q. You have to say yes or no.

3 A. Yes.

4 Q. But yet you're accepting money in -- to pay for
5 a judgment that was entered in that company's favor?

6 A. That happened prior to my resignation.

7 Q. Well, what does that have to do with anything?

8 A. You lawyers know, man. I don't.

9 MR. CIAROCHI: I believe the principals
10 had some sort of agreed assignment or whatever around
11 the resignation time. These assets are Tim's, these are
12 this, these are that. You know, something like that.

13 Q. And how much is he paying you?

14 A. \$125 a month.

15 Q. Going to be a while, isn't it?

16 A. Going to be a while.

17 Q. Just out of curiosity, how long did the trial
18 last?

19 A. Pretty involved. Many weeks. I don't know.

20 Q. I mean the actual trial --

21 MR. CIAROCHI: The physical trial, I
22 thought it was a one-dayer. I thought so.

23 THE WITNESS: No. We --

24 MR. CIAROCHI: Okay. Go ahead.

25 MR. MOODY: Maybe y'all were at different

1 trials. Okay.

2 (Exhibit No. 12 was marked.)

3 Q. (BY MR. MOODY) Can you verify that this is an
4 e-mail that you authored?

5 A. Yes.

6 Q. Who is Zena Karelin?

7 A. She is a former rep.

8 Q. Would it be fair to say that this -- that you
9 in essence were threatening her in an effort to dissuade
10 her from saying bad things about you and American -- and
11 Advantage Conferences?

12 A. I had tried everything I could to get her to
13 come to her senses and at this point I just threw up my
14 hands.

15 Q. So the answer is yes?

16 A. Yes.

17 (Exhibit No. 13 was marked.)

18 Q. (BY MR. MOODY) Let me show you the next
19 exhibit. I think when you look at this, the way it
20 was -- it printed out, some paragraphs got printed
21 twice, so it's not nearly as long as it looks. But I
22 guess my first question to you is can you identify this
23 as an e-mail that you wrote?

24 A. Yes.

25 Q. Would it be fair to say that besides threat

1 that you have also used religion in an effort to
2 dissuade people from saying bad things about you and
3 Advantage Conferences?

4 MR. CIAROCHI: Object to the form inasmuch
5 as it's compound.

6 Q. (BY MR. MOODY) Well, you make reference in
7 here that -- who is -- this is sent to Ms. Karelin
8 again?

9 A. Yes.

10 Q. And you make reference in here that she is an
11 abomination and an insult to God?

12 A. What she has done over this period of time has
13 been ridiculous.

14 Q. The question, though, is that you do tell her
15 that she is an abomination and an insult to God?

16 A. That is my belief, yes.

17 Q. Okay. And in essence you were saying those
18 things in an effort to help to persuade her to stop
19 saying bad things about you and Advantage Conferences?

20 MR. CIAROCHI: I object to the form. It
21 mischaracterizes the statement. He's not calling her an
22 abomination or an insult to God but rather he's talking
23 about the nature of her actions. Does that make sense?
24 There's a difference between --

25 MR. MOODY: Okay. Let's --

1 THE WITNESS: Where is that?

2 MR. CIAROCHI: He's pointing to the
3 thicker paragraph on the front page.

4 So, you know, it's a mischaracterization
5 saying a person is some terrible thing versus actions
6 that a person is continuously engaging in.

7 MR. MOODY: Okay. Well, let's phrase it
8 accurately then.

9 MR. CIAROCHI: Sure. Thank you.

10 Q. (BY MR. MOODY) Then you are describing her
11 conduct as an abomination and an insult to God, correct?

12 A. To tell me that I am not a follower of Christ,
13 that is a -- that action is an abomination and insult to
14 God.

15 Q. So the answer is yes?

16 A. Yes.

17 Q. And you are doing -- you are saying these
18 things in an effort to persuade her to stop saying
19 negative things about you and your company?

20 A. Yes.

21 (Exhibit No. 14 was marked.)

22 Q. (BY MR. MOODY) And the last exhibit, No. 14,
23 can you identify this as something that was posted on
24 the Advantage Conferences website?

25 A. Yes.

1 Q. And would you be the author of this?

2 A. Yes.

3 Q. It's true, is it not, that Treasures for the
4 Kingdom was never a federally recognized tax-free
5 501(c)(3) organization?

6 MR. CIAROCHI: Object to form.

7 A. We got that proven in court by a court judge
8 that says yes, it is. We just went through that entire
9 process.

10 Q. (BY MR. MOODY) And what is that? What are you
11 referring to?

12 A. We're talking about the case with Judy Sterling
13 instigated by Dobrott that accused Treasures for the
14 Kingdom Foundation -- of it being illegal. And we went
15 in and proved that that was an absolute lie and travesty
16 and just symptomatic of the total ignorance going on
17 here constantly.

18 Q. Judy Sterling filed a lawsuit against you?

19 A. Yes.

20 Q. Against you individually?

21 A. Against Treasures for the Kingdom Foundation
22 about this very issue right here.

23 Q. Okay. And when was that suit filed?

24 A. It was filed -- I don't know when it was filed.
25 I'm trying to think when we went to court. Probably

1 July, maybe, of this year, this past year. I'm not
2 sure.

3 Q. That's when it went to court?

4 A. I think. I need to look at the dates. I don't
5 have those with me.

6 Q. And was the case here in Dallas County?

7 A. It was in Collin County.

8 Q. And what did -- and what is it that she sued
9 you over?

10 A. Over the validity of the 501(c)(3) nature of
11 Treasures for the Kingdom and that it was illegal to
12 give donations and then be a tax exempt donation. And
13 that was totally disproven by the court.

14 Q. And did she have a lawyer?

15 A. No.

16 Q. Did you have a lawyer?

17 A. No.

18 Q. Just the two of y'all went up there?

19 A. Yeah.

20 MR. CIAROCHI: We thought it was a
21 slam-dunk.

22 Q. (BY MR. MOODY) Did you ever apply for
23 federally recognized tax-free 501(c)(3) --

24 A. We filed the appropriate papers, yes.

25 Q. I have read somewhere, and I -- at the moment

1 I'm drawing a blank on where I read it -- is that you
2 said somewhere that you thought it was a 501(c)(3) but
3 then learned at one time that it was not. Correct?

4 A. We were confused about it as well, so we got an
5 expert from the IRS to come in. And this is the subject
6 of Ms. Dobrott's multiple postings about this right
7 here. I got hate mail from this for being a scam artist
8 about this foundation and we overturned that in court,
9 totally.

10 Q. Is the Treasures for the Kingdom still in
11 existence?

12 A. Yes.

13 Q. Does it have any employees?

14 A. No.

15 Q. Does it collect any money?

16 A. Barely. Because of -- again, the search
17 engines surround all of this with this filth that
18 surrounds it. And it's lies. It's all lies.

19 Q. And do -- you've got -- you say you've got a
20 court opinion that declares -- does the federal
21 government recognize it as a tax exempt --

22 A. I'm sure --

23 Q. -- or does the Collin County district court?

24 A. It's legal to operate throughout the United
25 States. This is a -- this is a legitimate organization.

1 Q. Well, you can be a legitimate organization but
2 yet not be entitled to -- that someone may be able to
3 deduct tax --

4 A. Okay. Well, this organize -- I'm sorry, go
5 ahead.

6 Q. Yeah. I think it's getting late in the
7 afternoon.

8 You can be a legitimate organization yet
9 but still not be a charity such that donations made to
10 the company are tax deductible.

11 A. I understand that. And this -- these are fully
12 deductible by law.

13 Q. As declared by a Collin County district court?

14 A. That's correct. We'll go at it again if we
15 need to.

16 Q. Okay. And at the point in time that it --
17 there was confusion, what was the confusion over? Why
18 did you at one time think it was entitled to federal tax
19 exemption and then another time possibly not?

20 A. We were hearing all this rhetoric about why it
21 wasn't. So I had to take it to an expert. I took it to
22 an ex-IRS official.

23 Q. Do you remember his name?

24 A. Bob Ward is who it is. It's our CPA.

25 Q. Okay.

1 A. And he testified in this case. It was a
2 slam-dunk.

3 Q. Do you have a -- do you in your possession have
4 a copy of the judgment in that case?

5 A. Yes.

6 Q. Okay. Would it be fair to say that Advantage
7 Conferences has not posted its financial information
8 online?

9 A. Correct.

10 Q. To your knowledge, has Ms. Dobrott ever had
11 personal access to the books of Advantage Conferences?

12 A. No.

13 Q. Okay. Without direct access to those books,
14 would there be any way for Ms. Dobrott to know about the
15 financial status of Advantage Conferences?

16 A. Absolutely not.

17 Q. Would it be fair to say that your
18 communications with third parties about Ms. Dobrott have
19 in part been intent -- intended to question her
20 credibility?

21 MR. CIAROCHI: I object to the form.

22 A. We simply want her to stop.

23 Q. (BY MR. MOODY) Okay.

24 A. That's all.

25 Q. Are you aware of any facts that would support

1 the conclusion that Ms. Dobrott is aware of -- as it
2 relates to any statements that she's made on the
3 Internet which you believe to be false, are there any
4 facts that you can point to me today that lead you to
5 the conclusion that she knows the truth and that despite
6 knowing to truth she's intentionally telling a lie?

7 A. I think lies can be based on ignorance, but
8 lies are lies.

9 Q. Okay. It may be that she may be good
10 intentioned but ignorant?

11 A. Yes.

12 Q. And therefore says things that are not entirely
13 accurate?

14 A. Yes.

15 Q. Okay. But from your perspective, because, as
16 you say, a lie is a lie, it's still defamatory, in your
17 mind?

18 A. Absolutely.

19 Q. Okay. Have you ever asked her to talk with you
20 or communicate with you electronically where she's
21 refused to do so?

22 A. No.

23 Q. Are you aware of any instances where
24 Ms. Dobrott has told others that she didn't have any
25 facts to support statements she was making on the

1 Internet or otherwise to third parties?

2 A. No.

3 Q. Are you aware of whether or not Ms. Dobrott
4 talks to third parties -- are you aware whether third
5 parties have ever contacted Ms. Dobrott about their
6 personal experiences with you or your companies?

7 A. Yes.

8 Q. And it's your understanding that third parties
9 have contacted her?

10 A. She has solicited that continually for years.

11 Q. And it's your understanding that some people do
12 in fact communicate with her?

13 A. Yes.

14 Q. And some of these people are people that have
15 firsthand experience with you or your companies?

16 A. Yes.

17 Q. And some of these people are not totally
18 satisfied with you and your companies?

19 A. Absolutely.

20 Q. And so it would be fair to say that she's --
21 that some of what she repeats and what she posts is what
22 she's been able to find out from those that she's talked
23 with who may have a similar opinion of you or your
24 companies?

25 A. Yes.

1 Q. What is it that you're suing for in this
2 lawsuit?

3 A. We're suing for defamation and damages incurred
4 over the years by her persistent postings.

5 Q. And are you suing on behalf of Advantage
6 Conferences and yourself or just yourself?

7 A. Just myself.

8 Q. And why is Advantage Conferences not a party to
9 the lawsuit?

10 A. We want to keep it simple.

11 Q. And what -- describe for me the damages that
12 you are claiming in this lawsuit.

13 A. Just the incessant need to attend to this --
14 these issues that she keeps bringing up. It's taken
15 time, it's taken employee's time, it has damaged my
16 reputation tremendously and my ability to make money to
17 provide for my family. And so it's just -- she's coming
18 to a dance she's not been invited to whatsoever.

19 Q. Have you made any effort to try to put a dollar
20 figure on what you're claiming?

21 A. No.

22 Q. I take it, though, before this case goes to
23 trial you will do that?

24 A. We certainly will.

25 MR. MOODY: That's clearly one of the

1 issues I want to reserve questions on then unless you...

2 Q. (BY MR. MOODY) And -- but you're -- would it
3 be fair to say you're not suing on behalf of Advantage
4 Conferences for lost profits?

5 MR. CIAROCHI: Objection to the form.

6 A. I'm saying my ability, personally, Tim Darnell,
7 to make money.

8 Q. (BY MR. MOODY) Well, the question is either
9 yes or no. Are you or are you not suing in part to
10 obtain damages because of lost sales by Advantage
11 Conferences?

12 A. That --

13 MR. CIAROCHI: I object to the form.

14 MR. MOODY: I don't care.

15 Q. (BY MR. MOODY) Go ahead. You can answer.

16 A. You don't care if my attorney objects?

17 Q. Yeah. You can answer though.

18 A. Well, that happens to be one of the ways I make
19 money, an important way I make money. It's important to
20 me way beyond just making money though.

21 Q. Okay. So I guess the answer is, at least in
22 part, you intend to calculate your damages based on
23 evidence of lost sales by Advantage Conferences?

24 A. By me personally.

25 Q. But, you personally -- you make money as a

1 president of Advantage Conferences only by -- only when
2 your reps sell things?

3 A. I make money when I sell things also. I'm a
4 rep at the company as well. And I have not been able to
5 sell.

6 Q. Okay. So are you claiming then -- is it fair
7 to say that -- is the damages that you're seeking in
8 this case based on your personal lost sales as compared
9 to the gross number of lost sales by Advantage
10 Conferences?

11 A. Yes, that is correct.

12 Q. How many total sales have you made?

13 A. Probably -- have to look it up but I'd say --

14 THE WITNESS: Get that pen ready, Heather.

15 A. Probably 50.

16 Q. (BY MR. MOODY) Okay. Over how many years?

17 A. Over three years.

18 Q. Okay. And were these at all different levels?

19 A. Yes. Mainly the IV -- it used to be called
20 Four. It's now called Passport.

21 Q. What is that -- if my math's right that comes
22 to about 12 a year; is that right?

23 A. Probably. That's not too far off. I do need
24 to look that up though.

25 Q. Okay. And you haven't done that?

1 A. No.

2 Q. Okay.

3 THE WITNESS: Remind me to do that,
4 personal sales.

5 Q. (BY MR. MOODY) And how do you -- how is it
6 that -- would it be fair to say that not all lost sales
7 are the direct result of what Ms. Dobrott's been doing?

8 A. That's probably true.

9 Q. That some of the lost sales have to be related
10 to the negative comments made by others, correct?

11 A. They are relatively, in relation to her
12 comments, such a small percentage that --

13 Q. I understand.

14 A. -- we could probably figure a percentage on
15 that.

16 Q. Some of the lost sales may be the result of
17 some of these newspaper articles that we've looked at
18 today, correct?

19 A. It's possible.

20 Q. Some of the lost sales -- I mean, if we wanted
21 to, we could probably come up with a lot of other things
22 that could explain at least a portion of the lost sales,
23 correct?

24 A. Yes.

25 Q. Have you ever been arrested for anything?

1 A. I don't think so.

2 Q. Have you ever -- so I take it, then, you've
3 never been indicted for any criminal conduct?

4 A. No.

5 Q. If you make a sale, does the -- 100 percent of
6 the money come to you?

7 A. It goes to the company. It was 30/70, now it's
8 50/50.

9 Q. Did the company -- it was 30/70. 30 to the
10 company, 70 to you?

11 A. Correct.

12 Q. And now it's 50/50?

13 A. 50/50.

14 Q. When did that change?

15 A. It changed about a year ago -- excuse me, April
16 of '08.

17 Q. And when's the last time you personally made a
18 sale?

19 A. I've actually got one coming up, but it's been
20 a year, probably.

21 Q. Okay. Can you -- can we go back -- do your
22 records reflect how many sales you would have made in
23 each calendar year, '03, '04, '05, '06, '07?

24 A. Yes.

25 Q. If we just do -- okay. In your -- in the

1 affidavit that have you filed in connection with this
2 lawsuit, you basically break down --

3 A. Is that an exhibit or do I just need to get a
4 copy from Jason?

5 Q. You know, actually, I don't know that I've got
6 this as an extra copy.

7 MR. MOODY: Do you have an extra copy?

8 MR. CIAROCHI: You can have mine.

9 MR. MOODY: Okay.

10 MR. CIAROCHI: Just the affidavit or the
11 whole stack?

12 MR. MOODY: Just the affidavit. We don't
13 need the attachments.

14 (Exhibit No. 15 was marked.)

15 Q. (BY MR. MOODY) Let me show you Exhibit 15.

16 MR. CIAROCHI: Give me one second. I'm
17 going to grab my copy then if we just have two.

18 MR. MOODY: Let's go off the record.

19 (Break was taken from 3:06 p.m. to 3:12
20 p.m.)

21 Q. (BY MR. MOODY) You got a copy of your
22 affidavit that we have marked No. 15?

23 A. Yes.

24 Q. Can you identify Exhibit 15 as a copy of your
25 affidavit in this case without the exhibits that are

1 referenced therein?

2 A. Yes.

3 Q. I was looking at this earlier today. Do you
4 recall -- look to the last page. It's notarized but
5 it's not signed and I'm pretty sure this is what was
6 filed -- in fact, it is; it's got the file mark of the
7 court. Do you know why it was not signed?

8 A. I don't.

9 MR. CIAROCHI: You signed one before at
10 our office, right?

11 THE WITNESS: I'm sure I signed it. That
12 invisible ink. I was going to tell you about that.

13 MR. CIAROCHI: Oldest trick in the book.

14 Q. (BY MR. MOODY) If we turn to Page 3 of the
15 affidavit, Paragraph 5, it makes reference to the fact
16 that you believe that you've been slandered by referring
17 to -- and it says: Mental illness, dishonesty, a lack
18 of intelligence, financial problems and family problems.
19 Do you see that?

20 A. Uh-huh.

21 Q. And then if you look further down there's --
22 there are bold headings that correspond with those
23 categories.

24 A. Okay.

25 Q. As we sit here today -- and I understand that,

1 you know, you may not be totally prepared to answer
2 questions as to everything that Ms. Dobrott has done.
3 But as we sit here today are you aware of any category
4 of statements that she's making that would not fall into
5 one of those five different categories?

6 A. Possibly the category of faith has been
7 attacked nonstop.

8 Q. Okay. Any other types of categories?

9 A. Not that I can think of right now.

10 Q. And the references to mental illness, those
11 are -- are you aware of any instance where Ms. Dobrott
12 has specifically said that you are mentally ill, or just
13 insinuated that you are based on other references?

14 A. I went through three of these stacks yesterday
15 and came up with, oh, I don't know, about 70 or 80 lines
16 of the most deprecating, vile statements I've ever seen
17 in my life. Just unbelievable.

18 Q. What is it that you're referring to?

19 A. These are just stacks of her posts -- just a
20 portion of stacks of her posts.

21 Q. Are all of those attached to your affidavit or
22 are those in addition to what's attached to your
23 affidavit?

24 A. These are -- I don't know, some of them are
25 probably inclusive there and others --

1 Q. I tell you what, let's mark those as exhibits.
2 I want to know what -- to the extent that you have
3 copies of her postings that you're claiming are
4 defamatory, I'd like to identify those.

5 A. Okay. This is a portion right here. We pulled
6 maybe 40-some odd pages this morning.

7 Q. Pull up a copy -- I mean, put those back on the
8 table and let's put an exhibit sticker on them.

9 THE WITNESS: Do you want to -- oops.

10 MR. CIAROCHI: Yeah, we need to clear off
11 this space.

12 THE WITNESS: Do you want it on the table?

13 MR. MOODY: Well, what is it that we're --
14 I thought we'd -- just those three binder clips full.
15 Oh. Oh, my gosh.

16 MR. CIAROCHI: That's not all of it
17 either. That's just all that we printed.

18 MR. MOODY: I tell you what, let's --

19 MR. CIAROCHI: I guess the record can
20 reflect we have about five phone books' worth of stuff.

21 THE WITNESS: 35 pounds of it.

22 MR. KITA: Hell of an expensive record.

23 MR. MOODY: Are you paying Jason Charles
24 by the pound now?

25 THE WITNESS: Yeah, we're under the new

1 wages.

2 MR. CIAROCHI: I try to stick to American
3 currency, no pounds.

4 MR. MOODY: Let's -- with the
5 understanding that the court reporter will be able to
6 return, obviously, the originals to you, why don't we
7 just put a sticker on the box.

8 MR. CIAROCHI: Sure. Let me just do a
9 brief little flip and make sure there's no poisonous
10 snake or anything exciting in here. Or have you gone --
11 can we go off the record for one second?

12 MR. MOODY: Sure.

13 (Break was taken from 3:18 p.m. to 3:34
14 p.m.)

15 (Exhibit No. 16 was marked.)

16 Q. (BY MR. MOODY) Mr. Darnell, I've got just a
17 few more questions for you today but then we're going to
18 recess the deposition and pick back up at a later date.
19 And between now and the continuation of your deposition,
20 I would request that you review whatever it is that you
21 want to review, whether it be the documents that -- and
22 I guess for the record you produced a big box of
23 documents today, correct?

24 A. Correct.

25 Q. And 99 if not 100 percent of that is printouts

1 of postings from scam.com?

2 A. Yes.

3 Q. And those would be representative samples of
4 the type of things that Ms. Dobrott's been saying about
5 you and your companies that are at issue in this
6 lawsuit, correct?

7 A. That is correct.

8 Q. The -- and because of the volume of what's
9 there, what I'm going to ask you to do between now and
10 the continuation of your deposition is to pick out for
11 me representative samples of those things that you feel
12 to be the most damaging to you, the most negative, the
13 most -- the ones that are the most easily refuted and
14 obviously untrue so that we can -- when we start talking
15 about them, we can focus on those things that you find
16 to be the most serious evidence --

17 A. Most poignant.

18 Q. -- of defamation.

19 A. Okay.

20 Q. The -- and if you can break them down into
21 categories, and if you want to add categories or
22 subtract categories it's okay with me, but I'd like to
23 do it in some type of organized fashion, if you don't
24 mind.

25 Now, besides your personal lost sales,

1 anything else that currently comes to mind that would be
2 evidence of a monetary loss that you've sustain in this
3 case?

4 A. Loss of product -- I'm sorry --

5 Q. Go ahead.

6 A. -- for interrupting.

7 Loss of productivity -- positive
8 productivity due to having to deal with this issue on a
9 nonstop basis for three-plus years now.

10 Q. But if you had not had to focus your attentions
11 on this you would have been focusing it on Advantage
12 Conferences I take it?

13 A. On moneymaking -- on income-producing
14 activities.

15 Q. Okay. But besides the life insurance and
16 annuities and Advantage Conferences, what other
17 income-producing activities have you engaged in over the
18 last three or four --

19 A. My entertaining, singing and performing.

20 Q. Okay. And as we sit here today, are you aware
21 of any singing opportunities that you have lost because
22 of -- directly attributable to what Ms. Dobrott said on
23 the Internet?

24 A. What is important for a singer is albums,
25 recorded albums, and they're very involved. And if I

1 don't have time to do them then, you know, I'm just --
2 it's a super important product to have at the table once
3 you get through with the performance. Small, not a big
4 item, but I'm just losing productivity time just dealing
5 with negative issues.

6 Q. Anything else that you view to be a direct
7 out-of-pocket loss to yourself other than lost sales and
8 what we're --

9 A. Yes.

10 Q. -- going to call lost productivity?

11 A. Yes. My wife having to work overtime in order
12 to just keep up with household expenses --

13 Q. Okay.

14 A. -- that I've not been able to cover.

15 Q. Now, she's not a party to this lawsuit, is she?

16 A. No. But she is -- she is directly affected and
17 our entire family has been.

18 Q. Anything else that comes to mind as you sit
19 here today?

20 A. I can't think of anything.

21 Q. Okay. But I take it you haven't tried to put
22 pen to paper in terms of documenting dollars and cents
23 as it relates to any of these categories?

24 A. We have not -- we have not been attentive to
25 the damage calculations side of this lawsuit.

1 Q. Okay. Without -- the next question, we've been
2 talking about income-making opportunities that you've
3 lost out on one way or the other. Are you seeking any
4 other type of damage other than just loss of business
5 opportunities and income from those opportunities?

6 A. I think had I wanted to go get a job at this
7 point, like you mentioned -- maybe it's not a factor,
8 maybe not -- I can't imagine any employer hiring me
9 without looking me up on the Internet.

10 Q. And are you claiming a loss of reputation in
11 this lawsuit?

12 A. Yes.

13 Q. It would be fair to say, though, that any
14 reputation damage that you've sustained as a result of
15 your involvement with Advantage Conferences is not 100
16 percent related to what Ms. Dobrott's been doing, right?

17 A. We mentioned that. But, however, she is by far
18 the -- 90-plus percent culpable in this particular
19 situation.

20 Q. Okay.

21 A. The rest is very incidental.

22 Q. Have you tried to put a dollar figure or come
23 up with any logic as to the basis for asking for loss of
24 reputation?

25 A. No. But that's a pretty invaluable part of

1 your being --

2 Q. Okay.

3 A. -- part of your life.

4 Q. Are you aware of anyone who -- do you know of
5 anybody that you might call as a witness that would
6 testify that but for this I would have done business
7 with him?

8 A. Yes.

9 Q. Who? Can you give me some names?

10 A. I can't give you specific names but we will be
11 lining that up in the next weeks.

12 Q. Okay. I want to make sure -- y'all responded
13 to some written discovery and for the most part every
14 response was, See Soapboxmom statements on the Internet.

15 Request number 1 talks about the
16 publication of allegedly defamatory statements which
17 you're basing your complaint on. That's the essence of
18 what it says. And you refer us to that. That one I can
19 understand. Next is the publication of any statements
20 made in reaction to the defamatory statements identified
21 in your Interrogatory No. 6 answer, in essence, those
22 statements that you've made in response to statements
23 Ms. Dobrott's made, and you still refer us to
24 Soapboxmom, so --

25 A. Okay. We'll just basically give you the same

1 sheets that you gave us because that's basically the
2 bulk of it. The same ones that you presented in
3 exhibits.

4 Q. Here today?

5 A. Yes.

6 Q. Okay. Well, the bottom line is if you have
7 more I'd like to have them. If it's just the exhibits
8 to the deposition today --

9 A. Yeah. There was a very minimal discussion of
10 Dobrott on my end.

11 Q. And then again, we asked for any communications
12 between you and any third person about the defamation
13 that's taken place and you refer us to Soapboxmom. So
14 if you're aware of anything else, you need to make that
15 available to us.

16 A. Any written statement?

17 Q. Anything that's capable of -- yes, it is a
18 document or tangible thing that we're asking for.

19 A. Okay.

20 Q. And again, four is the same thing, we asked
21 about communications made by you concerning or
22 mentioning Dobrott. And again, you refer us simply to
23 Soapboxmom, which doesn't make any sense.

24 And then we asked about articles in
25 newspapers or magazines or Internet publications or

1 print media concerning or mentioning you and you say
2 that plaintiff does not believe that a major newspaper,
3 magazine or television station has created print media
4 regarding plaintiff. And then it says you will review
5 but you never produced anything. And all we had to do
6 was go on the Internet and we found three newspaper
7 articles.

8 A. Okay. I knew about the one, the Houston
9 article, but the other two I didn't know about.

10 MR. CIAROCHI: A lot of people don't view
11 the Houston press as a major --

12 THE WITNESS: Major publication?

13 MR. CIAROCHI: Yes.

14 MR. KITA: I lived there. I read it every
15 week.

16 MR. CIAROCHI: You spend too much time in
17 bars too.

18 MR. KITA: You can never spend too much
19 time in bars.

20 MR. MOODY: The bottom line is you
21 probably need to take a look at your discovery
22 responses.

23 Q. (BY MR. MOODY) Are you refusing to produce to
24 us your tax returns?

25 A. It's such a sensitive nature and all they do is

1 get posted immediately by Dobrott. Everything I say is
2 posted by Dobrott. How she gets some of these documents
3 I have no clue, but post something to reps, it gets on
4 the Internet. Personal e-mails --

5 MR. CIAROCHI: Yeah. We'd have to have a
6 conference or agreements on protective order before we
7 start sending --

8 MR. MOODY: Again, I don't mind -- I mean,
9 the bottom line is I don't think you're going to be able
10 to prove up your damages as lost income unless you
11 produce income tax returns.

12 A. And it may be figure in our calculation. It
13 may be the way we figure our calculation.

14 Q. (BY MR. MOODY) Well, still, I'm entitled to, I
15 think, look at it from a different perspective which
16 would be reflected -- as what's reflected in the income
17 tax returns.

18 MR. CIAROCHI: Sure. And our disagreement
19 opinion is whether you're entitled to look at it for the
20 purposes of discovery or whether your client's entitled
21 to put it on --

22 MR. MOODY: If you want a protective order
23 on something, send me a protective order.

24 MR. CIAROCHI: That's what we'd like to
25 do.

1 MR. MOODY: Okay.

2 MR. CIAROCHI: And earlier we had a
3 discussion off the record in which something like that
4 seemed outside of the fair review, fair game.

5 MR. MOODY: No. Something that's truly
6 confidential is one thing, you know, personal tax
7 information. But just an entire deposition, that's not
8 appropriate for a protective order. If there's any --
9 you know if there's any -- if any of my questions for
10 intended to elicit personal and confidential
11 information, there should have been an objection at that
12 time and we could have discussed it.

13 MR. CIAROCHI: Well, I'm sure that she and
14 you and no one's going to post on the Internet all these
15 family members' phone numbers and addresses. Everyone
16 can agree that that's not appropriate.

17 MR. MOODY: We won't do that. We'll just
18 mail it. No, I'm just kidding.

19 Bottom line is we need to take a closer
20 look at your responses to our document because I don't
21 think you have meaningfully responded to that discovery.
22 And if -- what's good for the goose is good for the
23 gander. So if you're going to be insisting that we
24 supplement, then obviously we're going to ask that you
25 supplement.

1 MR. CIAROCHI: I think for the record
2 we're the only ones that have produced documents or
3 statements.

4 MR. MOODY: That's fine.

5 MR. CIAROCHI: You know.

6 MR. MOODY: You're the plaintiff. That's
7 what I would expect.

8 MR. CIAROCHI: And your client's the one
9 making the statements. But let's get off this.

10 MR. MOODY: The bottom line is, with the
11 understanding that we will continue your deposition at a
12 later date --

13 Can you think of anything else I need to
14 do?

15 MR. KITA: Not at the moment.

16 MR. MOODY: Speak now or forever hold your
17 peace.

18 MR. KITA: You've got 90 minutes reserved.

19 THE WITNESS: Raise your right hand.

20 MR. CIAROCHI: And we're going to just
21 clarify a couple of statements on the record rather than
22 have to clarify them later.

23 MR. MOODY: All right.

24 MR. CIAROCHI: If you're ready.

25 MR. MOODY: Subject to what I've already

1 put on the record, we'll pass the witness.

2 MR. CIAROCHI: Okay.

3 MR. MOODY: Or not pass the witness but
4 recess -- reserve the rest of ours until the
5 continuation.

6 MR. CIAROCHI: Sure.

7 EXAMINATION

8 BY MR. CIAROCHI:

9 Q. Mr. Darnell, just to clarify a few subjects
10 that were kind of discussed loosely, was it your
11 understanding when you resigned as president of All-Star
12 Entrepreneur that you were done with them, they were to
13 receive their shares, the parties were going to move
14 separately and afterwards you no longer attempted to use
15 them in any way to make income and so on?

16 A. Yes.

17 Q. Okay. And do you believe that the other
18 parties all moved forward knowing that they were the
19 only shareholders and so on?

20 MR. MOODY: Objection, leading; objection,
21 form.

22 Q. (BY MR. CIAROCHI) You can answer.

23 A. I had no association with that business after
24 June. I was done.

25 Q. Okay. And they knew that you no longer were

1 going to be a shareholder of that company?

2 A. Correct.

3 MR. MOODY: Objection, form.

4 A. Yes.

5 Q. (BY MR. CIAROCHI) Okay. And with regards to
6 the registered agent issue, after you resigned, did
7 other officers and directors know that you were not
8 going to act as registered agent or anything else like
9 that as well?

10 MR. MOODY: Objection, form.

11 A. For All-Star?

12 Q. (BY MR. CIAROCHI) Yes.

13 A. Yes.

14 Q. Okay. And with the BBB lawsuit, is it -- did
15 they change the website prior to going to trial?

16 MR. MOODY: Objection, form.

17 Q. (BY MR. CIAROCHI) Did they change the website
18 with regards to the language involving pyramids prior to
19 going to trial?

20 MR. MOODY: Same objection.

21 A. I don't know when they changed that. I don't
22 know the exact date that it was changed.

23 Q. (BY MR. CIAROCHI) But it did occur?

24 A. It did get changed, yes.

25 Q. And did the Court seem persuaded by the fact

1 that as long as they said they had an open file that
2 they had their own investigation; therefore, a watchdog
3 agency with an investigation could say what it wanted
4 to?

5 MR. MOODY: Objection, form.

6 A. Yes.

7 Q. (BY MR. CIAROCHI) And after you resigned from
8 All-Star Entrepreneur, did you have any authority to
9 either file stuff with the secretary of state or
10 otherwise act for them?

11 A. No.

12 MR. MOODY: Objection, form.

13 Q. (BY MR. CIAROCHI) Did it frustrate you that
14 Ms. Dobrott seemed to continue to post comments
15 regarding alleged debts that you have even after those
16 debts have been settled and resolved?

17 A. Absolutely.

18 MR. MOODY: Objection, form.

19 Q. (BY MR. CIAROCHI) Did you feel it gave the
20 reader a false impression that the debt was ongoing
21 rather than settled?

22 MR. MOODY: Objection, form.

23 A. Yes.

24 Q. (BY MR. CIAROCHI) Defendant's Exhibit 4, the
25 same article from whatever Pipe publication also

1 referenced music entertainers and people being topless
2 in the next article in the thread?

3 MR. MOODY: Objection, form.

4 A. Yes, and worse.

5 Q. (BY MR. CIAROCHI) And when you looked at the
6 discovery responses, did you know of any other articles,
7 etc., or have possession of any articles, etc., that you
8 did not produce?

9 MR. MOODY: Objection, form.

10 A. I'm sorry. I'm getting confused with --

11 Q. (BY MR. CIAROCHI) There was just a discussion
12 on the record with regards to your responses to
13 discovery, etc., and opposing counsel I believe pulled
14 an article from the Houston Press. Other than the
15 article from the Houston Press, do you have in your
16 possession or know of any other major news media, etc.,
17 that have written articles about you or your business?

18 A. No.

19 MR. MOODY: Objection, form.

20 Q. (BY MR. CIAROCHI) And would you consider the
21 exhibits that they submitted all minor, obscure
22 publications?

23 MR. MOODY: Objection, form.

24 A. Pure trash, yes.

25 Q. (BY MR. CIAROCHI) They talked about

1 profitability and income by Advantage Conferences' reps.
2 Could you explain the other benefits of going to the
3 conference such as the tax savings that participants
4 could learn about and benefit from?

5 A. Well, certainly. A business event like that is
6 tax deductible and the product stands on its own. The
7 product is meant to educate people in the ways of
8 entrepreneurship from people who are highly successful
9 in entrepreneurship. Our whole premise is that one
10 little nugget can change a person's thinking about their
11 business. It can avoid a pitfall in business. It's
12 designed to be instructional, motivational,
13 inspirational.

14 And also the fact that when somebody sees
15 a common person on that stage versus a Robert Kiyosaki
16 or versus a Trump or somebody like that who's an icon,
17 they see people that they can relate to and they
18 believe, man, I can do that too. I can accomplish as
19 well. And that's part of that process, that's a very
20 valuable aspect.

21 Q. And unlike other conferences that attempt to
22 have additional sales of new products at high amounts
23 when the participants come in, does Advantage
24 Conferences offer anything like that or is the product
25 the conference?

1 A. The conference is the product, yes, along with
2 the ongoing mentoring that happens on a weekly basis.

3 Q. And in terms of other benefits of the
4 conference, you attended many different conferences with
5 the organizations that you've been a part of; is that
6 true?

7 A. Yes.

8 Q. And I guess just to use the tax issue as
9 analogy, isn't it possible that someone can attend a
10 conference, hear tax or credit advice that immediately
11 may make or save them even more money than the money
12 that would be generated from the sale of a conference
13 ticket?

14 MR. MOODY: Objection, form.

15 A. There are two tax codes. One written for
16 nonentrepreneurs and one for business
17 owners/entrepreneurs. And the difference is night and
18 day. The ability to deduct expenses that normally are
19 expenses without a deduction occurs in the business
20 world and that's so important for people to understand.
21 And it's, yes, highly valuable, year after year after
22 year to be able to write those things off.

23 Q. (BY MR. CIARACHI) So looking beyond some
24 simplistic profit and sales model, there are independent
25 economic benefits that conference attendees receive?

1 MR. MOODY: Objection, form.

2 A. A lot of the attendees have other businesses
3 that they use these principles for their business. It
4 includes marketing, it includes hiring practices, it
5 includes just a wealth of categories that come up from
6 the various millionaires and mentors that come in there.
7 And they're highly valuable for existing businesses,
8 certainly not just Advantage Conferences.

9 Q. (BY MR. CIAROCHI) And prior to today you never
10 heard of whatever that -- St. Petersburg article was?

11 A. I had not known about it.

12 Q. And is it fair to say as a general rule,
13 inasmuch as any article either accuses you of illegal or
14 elicit conduct or implies that your business is not
15 honest or hard working, that you would in general just
16 disagree with the whole content of the article?

17 MR. MOODY: Objection, form.

18 A. I usually just avoid it.

19 Q. (BY MR. CIAROCHI) Have you found that
20 Ms. Dobrott tends to attempt to use your business name,
21 one that you own personally, as a means of attracting
22 attention regarding you or your issues?

23 MR. MOODY: Objection, form.

24 A. It's very common on the Internet to do that.
25 We've had people do that often.

1 Q. (BY MR. CIAROCHI) And have you found that even
2 on the first page of Google, if people search her name,
3 that one of our websites comes up?

4 MR. MOODY: Objection, form.

5 A. That's correct.

6 Q. (BY MR. CIAROCHI) And have you felt that this
7 is the reason why her statements are more prominent and
8 salient than someone else who said something years ago?

9 MR. MOODY: Objection, form.

10 A. Absolutely.

11 Q. (BY MR. CIAROCHI) Have you been concerned
12 about the volume of posts by Ms. Dobrott?

13 MR. MOODY: Objection, form.

14 A. It's astonishing. Yes.

15 Q. (BY MR. CIAROCHI) And it's your testimony
16 you've never had any intimate affair with Ms. Dobrott or
17 cheated her out of money or anything else that would
18 make her mad at you?

19 A. I've had zero relationship with this person.

20 Q. Okay. Has Ms. Dobrott posted any retractions
21 with regards to the Treasures for the Kingdom after the
22 court determined that everything was legal, clean and a
23 good bill of health?

24 MR. MOODY: Objection, form.

25 A. Of course not.

1 Q. (BY MR. CIAROCHI) Okay. Do you feel that
2 that's just one example that she is acting without
3 regards to the truthful character of the statements that
4 she's making?

5 MR. MOODY: Objection, form.

6 A. She's been saying that I'm going out of
7 business since '05 on a weekly basis and constantly, and
8 soliciting people to join in her fight to put me out of
9 business and to defame my character, my reputation.

10 MR. MOODY: Objection, nonresponsive.

11 Q. (BY MR. CIAROCHI) And regardless of who made
12 the photographs, do you think it was inappropriate for
13 Ms. Dobrott to post these photographs on the Internet
14 and encourage stalker-like behavior?

15 MR. MOODY: Objection, form.

16 A. It's both shocking and surprising and silly all
17 at the same time.

18 Q. (BY MR. CIAROCHI) Can you imagine a situation
19 where someone needs to go to someone's minor children or
20 their school to talk about that person?

21 MR. MOODY: Objection, form.

22 A. That's totally unusual, highly unusual.

23 Q. (BY MR. CIAROCHI) Is it your position with the
24 jury that this cannot be tolerated in civil society?

25 A. Not in my family. It should not be tolerated

1 or allowed for anybody to be able to do that with those
2 kind of actions.

3 Q. And the record seems to indicate that
4 Ms. Dobrott has been making more than one post a day
5 regarding you?

6 MR. MOODY: Objection.

7 A. We counted over 2000 in May of 2008 -- 2000
8 different posts. And just today we pulled up -- I don't
9 know, 10 to 15 more posts today.

10 Q. (BY MR. CIAROCHI) With regards to Exhibit
11 10 --

12 A. -- today from the last week or two.

13 Q. With regards to Exhibit 10, I'm concerned that
14 maybe some of that was taken out of context. Does
15 Advantage Conferences issue a policy with regards to
16 misleading sales statements that reps are not allowed to
17 make?

18 MR. MOODY: Objection, form.

19 A. Absolutely not.

20 Q. (BY MR. CIAROCHI) Okay. But Advantage
21 Conferences will not hire a rep and allow that rep to
22 say you will get rich quick, correct?

23 A. Well, not only that, they can't use the term
24 "easy" when they talk about this business opportunity.

25 Q. So in any discussions about not quantifying

1 data, those discussions were made saying don't make
2 promises that this company can't keep?

3 A. Exactly.

4 Q. Do you have any reason to think that Heather
5 Dobrott would know whether you suffer from any mental
6 disease, have seen a doctor and so on?

7 MR. MOODY: Objection, form.

8 A. We've never talked.

9 Q. (BY MR. CIAROCHI) Okay. And yet --

10 A. We had a brief conversation at the Dallas
11 courthouse for about a minute.

12 Q. And as far as you know, then there can be no
13 basis in truth for her claiming that you are truly a
14 lunatic and suffer a medical condition; is that correct?

15 MR. MOODY: Objection, form.

16 A. She doesn't know me. She doesn't know me at
17 all, so yes.

18 Q. (BY MR. CIAROCHI) And briefly, talking about
19 damages, I think we've had a discussion as to the
20 disruption of business and the time the business had to
21 spend responding to naysayers. Is that a yes?

22 A. Yes.

23 MR. MOODY: Objection, form.

24 Q. (BY MR. CIAROCHI) And have we also -- did you
25 discuss before that it has affected your ability to have

1 additional conference sales and also to encourage reps
2 to sell your product?

3 MR. MOODY: Objection, form.

4 A. Obviously, yes.

5 Q. (BY MR. CIAROCHI) And so individual reps have
6 told you, I cannot make this sale because of this
7 website?

8 MR. MOODY: Objection, form.

9 A. My best -- most of my reps and in fact my best
10 reps, yes.

11 Q. (BY MR. CIAROCHI) And have you been
12 embarrassed before when people from your church or your
13 children's school have contacted you saying, Who is
14 Heather Dobrott? She called me and told me terrible
15 things about you?

16 MR. MOODY: Objection, form.

17 A. It's uncomfortable, yes.

18 Q. (BY MR. CIAROCHI) Do you feel that Ms. Dobrott
19 is doing something illegal inasmuch as she'll make
20 multiple statements, have statements that are very
21 disparaging occasionally, and then attempt to use that
22 as on overall credibility -- use that with a sense of
23 credibility by considering herself a watchdog?

24 MR. MOODY: Objection, form.

25 A. The attitude is always very smug, I know it

1 all -- Heather knows it all and I'm totally stupid.
2 That's the whole gist of the entire postings for three
3 years.

4 Q. (BY MR. CIAROCHI) Do you think that there's
5 anything that you can say or do to make her focus on her
6 life and her family in her world instead of your world?

7 A. We have --

8 MR. MOODY: Objection, form.

9 A. -- thousands of people praying for Heather
10 Dobrott right now, today.

11 MR. CIAROCHI: We'll pass the witness.

12 FURTHER EXAMINATION

13 BY MR. MOODY:

14 Q. What is your arrangement with Mr. -- with Jason
15 Charles as it relates to legal fees for this case?

16 A. He just charges out the ying-yang.

17 Q. Unreasonable? I'm just kidding.

18 A. He is unreasonable. Put that on the record.

19 MR. CIAROCHI: Let the record show that
20 we're attempting humor late in the day.

21 Q. (BY MR. MOODY) Are you paying him on an hourly
22 basis?

23 A. Yes.

24 Q. Are you actually -- is he billing you on a
25 monthly basis?

1 A. No. Hourly.

2 Q. But I mean each month --

3 A. Oh, yes.

4 Q. -- he will send you a bill?

5 MR. KITA: He sends a bill every hour?

6 THE WITNESS: Every hour -- 24 hours.

7 Q. (BY MR. MOODY) And what's he charging per
8 hour?

9 MR. CIAROCHI: I'd like to discuss raising
10 my rate with him to 330 instead of 275 or 250 but --

11 A. It's been 250.

12 Q. (BY MR. MOODY) Okay. And have you been paying
13 the bills?

14 A. Yes.

15 Q. And how much have you incurred in legal fees so
16 far as it relates to this case?

17 A. On this case right here?

18 Q. Right.

19 A. I'd have to calculate. I don't have the latest
20 invoice, but --

21 Q. Ballpark.

22 A. It's easily 18,000.

23 Q. Okay.

24 MR. MOODY: Can you think of anything --
25 Why don't we take a quick break.

1 MR. CIAROCHI: Sure.

2 (Break was taken from 4:04 p.m. to 4:08
3 p.m.)

4 Q. (BY MR. MOODY) I think one of the exhibits
5 that we marked earlier today made reference to the fact
6 that you claim that Heather was stalking you and your
7 family at recreational events?

8 A. Uh-huh.

9 Q. What recreational events were you talking
10 about?

11 A. We had a -- one of her responses to her -- in
12 her queue or whatever it's called, was somebody saying
13 they almost ran into me at a Rascal Flatts concert and I
14 didn't want to embarrass his children while he was
15 there. And so it's just this ongoing nonstop discussion
16 of my life that --

17 Q. Is that -- Heather said she almost ran into
18 you?

19 A. No, it was one of the other posters.

20 Q. Okay. But to say that -- to your knowledge has
21 Heather ever stalked you or your family at a
22 recreational event?

23 A. I don't know. I would not put anything past
24 this woman.

25 Q. Okay. But the answer is as you sit here today

1 you're not aware of any?

2 A. I don't know for sure that that's happened.

3 Q. Okay. The 503(c) tax --

4 A. 501(c)(3).

5 Q. 501(c)(3) --

6 A. Yes.

7 Q. -- tax decision you're talking about?

8 A. Yes.

9 Q. That was in a Collin County small claims court,
10 was it not?

11 A. That's correct.

12 Q. And it was in connection with a claim made
13 by --

14 A. Judy Sterling.

15 Q. -- Judy Sterling to get some money back that
16 she had paid to the tax exempt entity, correct?

17 A. Correct.

18 Q. And the judge -- what the judge ultimately
19 determined was that she was not entitled to get the
20 money back, correct?

21 A. That's correct.

22 Q. But the purpose of that lawsuit was not to
23 declare for federal tax purposes whether or not that
24 entity was in fact entitled to tax exempt status under
25 the federal Internal Revenue Code?

1 A. It included that issue very clearly.

2 Q. And so your position, when that was fully
3 decided and the judge said it, we're talking about a
4 small claims court in Collin County where neither party
5 is represented by counsel, correct?

6 A. Bring it on.

7 Q. And that's the definitive statement as to the
8 deductibility --

9 A. That's correct.

10 Q. -- of contributions to your foundation?

11 A. That is correct.

12 Q. And that's the strongest evidence that you have
13 of the tax exempt status of that entity?

14 A. Yes, it was conclusive.

15 Q. And -- but you don't have anything from the
16 Internal Revenue Service confirming that, do you?

17 A. We have the gentleman who served in the
18 Internal Revenue Service for 19 years and has a CPA firm
19 for over 25 years, fully professional, and he was the
20 witness -- the expert witness on that. And we'll bring
21 him in again if we need to.

22 Q. But the bottom line is it's your personal CPA
23 who is on the board of directors of the foundation --

24 A. We'll bring in another person.

25 Q. -- who gave testimony in a small claims court

1 in Collin County where there were no lawyers involved
2 and that's the basis of your confidence as to the
3 deductibility of contributions to that entity?

4 A. It's a very clear cut and dry issue. If you
5 guys want to bring that up, that's great. I have no
6 problem with that.

7 Q. Okay.

8 A. In fact, I welcome scrutiny from anybody, the
9 FDC, the BBB, doesn't matter. It doesn't matter to me.
10 We've had that scrutiny from all of those organizations,
11 and the only thing remaining is this person right here.

12 Q. Okay.

13 MR. MOODY: We'll reserve the rest of our
14 questions until the continuation.

15 MR. CIAROCHI: Okay. Off the record.

16 (End of Proceedings at 4:12 p.m.)
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CORRECTIONS AND SIGNATURE

WITNESS: Tim Darnell DATE OF DEPOSITION: 1-12-09

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1 I, TIM DARNELL, have read the foregoing
2 deposition and hereby affix my signature that same is
3 true and correct, except as noted above.
4

5 _____
6 TIM DARNELL
7 NO. 08-06317

8 STATE OF _____)
9

10 COUNTY OF _____)
11

12 Before me, _____, on this day
13 personally appeared TIM DARNELL, known to me (or proved
14 to me under oath or through _____) to be the
15 person whose name is subscribed to the foregoing
16 instrument and acknowledged to me that they executed the
17 same for the purposes and consideration therein
18 expressed.

19 Given under my hand and seal of office this
20 _____ day of _____, 2009.
21

22 _____
23 NOTARY PUBLIC IN AND FOR
24 THE STATE OF TEXAS
25

CAUSE NO. 08-06317

TIM DARNELL,

Plaintiff

V.

HEATHER DOBROTT,

Defendant

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*
*

IN THE 193RD DISTRICT COURT

DALLAS COUNTY, TEXAS

REPORTER'S CERTIFICATE
DEPOSITION OF TIM DARNELL
JANUARY 12, 2009

I, Brandy Cooper, a Certified Shorthand Reporter in
and for the State of Texas, hereby certify to the
following:

That the witness, TIM DARNELL, was duly sworn by
the officer and that the transcript of the oral
deposition is a true record of the testimony given by
the witness;

That the deposition transcript was submitted on
_____ to the witness or to the attorney for
the witness for examination, signature and return to me
by _____;

1 That the amount of time used by each party at the
2 deposition is as follows:

3 Mr. Moody - 4 hours, 11 minutes,

4 Mr. Ciarochi - 0 hours, 14 minutes;

5 That pursuant to information given to the
6 deposition officer at the time said testimony was taken,
7 the following includes counsel for all parties of
8 record:

9 FOR THE PLAINTIFF:

10 JASON CHARLES CIAROCHI
11 Ciarochi & Associates, P.L.L.C.
12 800 E. Campbell Road, Suite 121
13 Richardson, Texas 75081
(214) 393-6861
(214) 466-6297 (Fax)

14 FOR THE DEFENDANT:

15 JAMES H. MOODY, III
16 MATTHEW J. KITA
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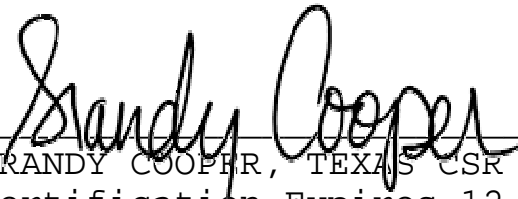
22 I further certify that I am neither counsel for,
23 related to, nor employed by any of the parties or
24 attorneys in the action in which this proceeding was
25 taken, and further that I am not financially or
otherwise interested in the outcome of the action.

Further certification requirements pursuant to Rule
203 of TRCP will be certified to after they have

1 occurred.

2 Certified to by me this ____ day of

3 _____, 2009.

4
5 
6 _____
7 BRANDY COOPER, TEXAS CSR 7211
8 Certification Expires 12-31-2010
9 Firm Registration No. 343
10 5910 N. Central Expressway, Suite 100
11 Dallas, Texas 75206
12 (214) 741-6001
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The original certified E-Transcript
file was electronically signed
using RealLegal technology.

1 FURTHER CERTIFICATION UNDER RULE 203 TRCP

2 The original deposition was ____ was not ____
3 returned to the deposition officer.

4 If returned, the attached Changes and Signature
5 page contains any changes and the reasons therefor;

6 If returned, the original deposition was delivered
7 to _____, Custodial Attorney;

8 That \$_____ is the deposition officer's
9 charges to the Defendant for preparing the original
10 deposition transcript and any copies of exhibits;

11 That the deposition was delivered in accordance
12 with Rule 203.3, and that a copy of this certificate was
13 served on all parties shown herein and filed with the
14 Clerk.

15 Certified to by me this ____ day of
16 _____, 2009.

17
18
19 _____
BRANDY COOPER, TEXAS CSR 7211
Certification Expires 12-31-2010
Firm Registration No. 343
20 5910 N. Central Expressway, Suite 100
Dallas, Texas 75206
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