

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

- - -

PARRISH MEDLEY,	)	
	)	
Plaintiff,	)	
	)	
vs.	)	CV 06-3370 R (SSx)
	)	
JAN WALLACE, an individual,	)	
and DOES 1 through 20,	)	
inclusive,	)	
	)	
Defendants.	)	
_____	)	
	)	
and related counter-claim.	)	
_____	)	

DEPOSITION OF:

JAN M. WALLACE

WEDNESDAY, DECEMBER 20, 2006

10:51 A.M.

Reported by: VANCE L. JARVIS

RPR, CSR No. 9014

Deposition of JAN M. WALLACE, taken on
behalf of the PLAINTIFF AND COUNTER-DEFENDANT, at
9401 Wilshire Boulevard, Suite 575, Beverly Hills,
California, on Wednesday, December 20, 2006, at
10:51 a.m., before VANCE JARVIS, CSR No. 9014.

APPEARANCES:

FOR THE PLAINTIFF AND COUNTER-DEFENDANT:

LAW OFFICES OF ALAN S. GUTMAN

BY: ALAN S. GUTMAN, ESQ.

9401 Wilshire Boulevard

Suite 575

Beverly Hills, California 90212-2918

(310) 385-0700

FOR THE DEFENDANT AND COUNTER-CLAIMANT:

CLAIRE C. AMBROSIO, Attorney at Law

5455 Wilshire Boulevard

Suite 1706

Los Angeles, California 90036

(323) 938-2878

ALSO PRESENT:

STEPHEN SMITH, Videographer

1 I N D E X

2

3 WITNESS EXAMINATION PAGE
 4 JAN M. WALLACE (By Mr. Gutman) 5

5

6 QUESTION DEPONENT INSTRUCTED NOT TO ANSWER:

7 PAGE LINE

8 264 2

9

10	NO.	PAGE	DESCRIPTION
11	Exhibit 2	76	Stock purchase and note
12			assignment agreement
13	Exhibit 3	111	Promissory note
14	Exhibit 4	122	Notice of partial cancellation
15			of promissory note
16	Exhibit 5	131	Promissory note
17	Exhibit 6	139	Loan extension
18	Exhibit 7	151	Loan extension
19	Exhibit 8	153	Assignment of promissory note
20	Exhibit 9	156	Assignment of promissory notes
21	Exhibit 10	168	Assignment of promissory notes
22	Exhibit 11	213	Amended counterclaim
23	Exhibit 12	242	Three-page document
24	Exhibit 13	252	Four-page document

25

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1 BEVERLY HILLS, CALIFORNIA; WEDNESDAY, DECEMBER 20, 2006

2 10:51 A.M.

12:55:29

3

10:02:33

4

VIDEO OPERATOR: Here begins volume one,

10:51:00

5

videotape No. 1 in the deposition of Jan Wallace in

10:51:04

6

the matter of Medley versus Wallace in United States

10:51:07

7

District Court, Central District of California.

10:51:11

8

Case number is CV 06-3370 R (SSx).

10:51:19

9

Today's date is December 20, 2006. The

10:51:23

10

time on the video monitor is 10:51.

10:51:26

11

Video operator today is Stephen Smith a

10:51:28

12

notary public contracted by Merrill Legal Solutions

10:51:32

13

at 20750 Ventura Boulevard, Suite 205, Woodland

10:51:36

14

Hills, California 91364.

10:51:40

15

This video deposition is taking place at

10:51:42

16

the Law Offices of Alan S. Gutman and was noticed by

10:51:46

17

Alan Gutman.

10:51:48

18

Counsel please voice identify yourselves

10:51:50

19

and state whom you represent.

10:51:51

20

MR. GUTMAN: My name is Alan Gutman. I'm

10:51:54

21

representing Mr. David Kagel and Mr. Parrish Medley.

10:51:58

22

MS. AMBROSIO: My name is Claire Ambrosio

10:52:00

23

and I'm representing Jan Wallace.

10:52:03

24

VIDEO OPERATOR: Would all others present

10:52:04

25

please state their name for the record.

10:52:06 1 MR. MEDLEY: Parrish Medley.

10:52:07 2 VIDEO OPERATOR: The court reporter today
10:52:08 3 is Vance Jarvis of Merrill Legal Solutions.

10:52:11 4 Would the reporter please swear in the
10:52:13 5 witness.

10:52:13 6
10:52:13 7 JAN M. WALLACE,
10:52:13 8 having been first duly sworn, was
10:52:13 9 examined and testified as follows:

12:55:29 10

10:52:22 11 VIDEO OPERATOR: Please begin.

10:52:22 12

10:52:22 13 EXAMINATION

10:51:26 14 BY MR. GUTMAN:

10:52:23 15 Q. Would you please state your full name for
10:52:25 16 the record.

10:52:25 17 A. Jan Mary Wallace.

10:52:28 18 Q. Ms. Wallace, I have a check for you in the
10:52:30 19 amount of \$260 which was the amount that we
10:52:33 20 stipulated between myself and your counsel to
10:52:36 21 reimburse you for travel expenses here to
10:52:39 22 Los Angeles. Do appreciate you coming in even
10:52:41 23 though you were 45 minutes late this morning. I
10:52:44 24 understand you flew in this morning; is that
10:52:45 25 correct?

10:52:46 1 A. Yes, I did.

10:52:47 2 Q. Okay. Have you ever had your deposition

10:52:48 3 taken before?

10:52:49 4 A. Yes.

10:52:50 5 Q. On how many different occasions?

10:52:52 6 A. Oh, gosh. I would say half a dozen times.

10:52:56 7 Q. When was the last time?

10:52:57 8 A. About a month and a half ago.

10:52:59 9 Q. In connection with what type of case?

10:53:01 10 A. It's a public company that I'm CEO of

10:53:05 11 against former management.

10:53:08 12 Q. What is the name of that company?

10:53:10 13 A. SDI, Secured Diversified Investments.

10:53:18 14 Q. Where is that lawsuit pending?

10:53:20 15 A. Orange County.

10:53:22 16 Q. Who is the attorney representing SDI in

10:53:24 17 that case?

10:53:25 18 A. Claire Ambrosio.

10:53:29 19 Q. What is the name of the other party in that

10:53:35 20 lawsuit that you said former management?

10:53:35 21 A. I believe it's three names. Actually it

10:53:38 22 may be four names. Clifford Strand. And I think it

10:53:45 23 was set aside for Alliance Title. I'm not sure.

10:53:50 24 Q. Do you know the name of the attorney that's

10:53:52 25 representing the defendants in that matter?

10:53:54 1 A. Robert Coviello.

10:53:58 2 Q. Could you spell the last name?

10:53:59 3 A. No.

10:54:00 4 Q. Is it with a C or a K?

10:54:02 5 A. A C.

10:54:02 6 Q. Do you know the name of the firm?

10:54:04 7 A. No.

10:54:06 8 Q. Their offices are in what city?

10:54:08 9 A. I believe it's San Juan Capistrano.

10:54:14 10 Q. Was your deposition completed in that case?

10:54:19 11 Did you finish your deposition in that case?

10:54:21 12 A. Yes.

10:54:22 13 Q. Okay. The time immediately prior to that

10:54:25 14 deposition, how long ago was that?

10:54:29 15 A. About a month.

10:54:31 16 Q. A month prior to that? And what type of

10:54:33 17 action was that?

10:54:36 18 A. David Leeper.

10:54:40 19 Q. Last name is spelled how?

10:54:41 20 A. Leeper, L-e-e-p-e-r.

10:54:50 21 Q. Mr. Leeper is one of the parties in that

10:54:52 22 lawsuit?

10:54:53 23 A. Yes.

10:54:53 24 Q. Are you one of the parties in that lawsuit

10:54:56 25 also?

10:54:56 1 A. Yes.

10:54:57 2 Q. Which party are you in that lawsuit?

10:54:58 3 A. I am the, I believe the plaintiff.

10:55:02 4 Q. Where is that lawsuit pending?

10:55:05 5 A. State of Arizona in Phoenix.

10:55:10 6 Q. What type of lawsuit is that?

10:55:14 7 A. Mr. Leeper took some money.

10:55:16 8 Q. Do you recall the name of the attorney that

10:55:26 9 took your deposition in that case?

10:55:31 10 A. Chad was his first name. His last name was

10:55:35 11 very long and started with an S.

10:55:38 12 Q. Are you the plaintiff, the named plaintiff

10:55:40 13 in that lawsuit?

10:55:42 14 A. Ah, yes. Myself and a Mr. Patrick McNevin.

10:55:49 15 Q. Mc --

10:55:50 16 A. M-c-N-e-v-i-n.

10:56:01 17 Q. Prior to that deposition when was the time

10:56:04 18 prior to -- how long before that deposition in the

10:56:07 19 Leeper case were you last deposed?

10:56:34 20 A. Maybe 1999.

10:56:38 21 Q. Do you recall the name of the case in which

10:56:39 22 you gave a deposition back in 1999?

10:56:43 23 A. It was Jan Wallace plaintiff against

10:56:49 24 Mr. Daniel Ben Mayer.

10:56:55 25 Q. Ben Mayer?

10:56:56 1 A. Ben Mayer.

10:56:57 2 Q. Is that two words, B-e-n and then M-a-y-o?

10:57:01 3 A. No. Ben, two words, M-a-y-e-r. Ben Mayer.

10:57:07 4 Q. Got you.

10:57:09 5 And where was that lawsuit?

10:57:10 6 A. In Arizona.

10:57:17 7 Q. What type of a case was that?

10:57:20 8 A. He was a contractor that I gave \$200,000 to

10:57:25 9 and came back and he went with the money.

10:57:39 10 Q. Prior to that particular deposition do you

10:57:41 11 recall any other cases in which you gave a

10:57:46 12 deposition?

10:57:49 13 A. I'm searching. I'm trying to think. No, I

10:58:07 14 can't -- no, I can't think of it right now.

10:58:07 15 Q. Okay. Have you ever been known by any

10:58:11 16 other names?

10:58:14 17 A. In my whole life?

10:58:15 18 Q. Yes.

10:58:15 19 A. Yes, my maiden name.

10:58:18 20 Q. Which was?

10:58:20 21 A. Jan Mary Jardiné.

10:58:26 22 Q. Could you spell the last name?

10:58:27 23 A. J-a-r-d-i-n-é.

10:58:42 24 Q. Up until what date were you known by that

10:58:45 25 name?

10:58:46	1	A. 1977.
10:58:54	2	Q. Are you still married?
10:58:56	3	A. No.
10:58:57	4	Q. When did you marriage end?
10:59:00	5	A. 1977.
10:59:03	6	Q. Just the one marriage?
10:59:05	7	A. Just one.
10:59:06	8	Q. What's your date of birth?
10:59:07	9	A. 2nd of July 1955.
10:59:13	10	Q. Are you a U.S. citizen?
10:59:14	11	A. No.
10:59:17	12	Q. Under what legal basis are you in this
10:59:20	13	country?
10:59:20	14	A. I work under a visa and I'm making my
10:59:23	15	application for an investment visa.
10:59:29	16	Q. For how long have you resided in the United
10:59:30	17	States?
10:59:36	18	A. 19 -- well, I was coming and going for six
10:59:39	19	months. So I would probably say since about '97.
10:59:46	20	Q. Have you resided in the State of Arizona
10:59:49	21	that entire time?
10:59:49	22	A. Yes.
10:59:52	23	Q. Have you resided in any other states other
10:59:54	24	than Arizona in the past 20 years?
10:59:56	25	A. No.

11:00:02 1 Q. Even though you are very familiar with the
11:00:04 2 whole process in the deposition I'm going to go over
11:00:06 3 a few of the ground rules so we have it clear on the
11:00:09 4 record.

11:00:09 5 You have been placed under oath by court
11:00:11 6 reporter. That is the same oath that would be
11:00:12 7 administered to you if you were to testify in a
11:00:15 8 courtroom. What you need to understand about that
11:00:17 9 oath is if you knowingly misrepresent your testimony
11:00:20 10 you could be charged with a crime of perjury.

11:00:22 11 Do you understand the oath?

11:00:22 12 A. Yes.

11:00:23 13 Q. You are doing a wonderful job in responding
11:00:25 14 only in English audible and intelligent words and
11:00:28 15 it's very important as our court reporter indicated
11:00:29 16 that we speak slowly in a way that he can take down
11:00:34 17 all of the testimony that is being said.

11:00:37 18 I would ask that you wait until I complete
11:00:39 19 my question before you begin yours and I'll try to
11:00:42 20 show you the same courtesy.

11:00:43 21 It's also important that if you want to
11:00:45 22 refer to certain sounds or give examples that you do
11:00:48 23 so with proper English words so that when the court
11:00:51 24 reporter does transcribe it, and you will have the
11:00:54 25 opportunity to review that in a booklet form, you

11:00:56 1 will be able to understand the words that we are
11:00:58 2 using as opposed to giving sort of the types of
11:01:02 3 communication that you and I would use in everyday
11:01:04 4 normal communication, "uh-huh," "uh-uh" or shaking
11:01:07 5 the head which would not easily be transcribable to
11:01:11 6 a way where we would be able to understand it.

11:01:17 7 You will have an opportunity once the court
11:01:17 8 reporter has completed his transcript to review your
11:01:19 9 testimony, make any changes or corrections to the
11:01:22 10 testimony that you provided here today. I should
11:01:25 11 caution you however that in the event you make any
11:01:27 12 changes or corrections to any substantive portions
11:01:30 13 it could prove to be personally embarrassing or
11:01:34 14 damaging to the claims that you are asserting or the
11:01:36 15 defenses that you are asserting in this case.

11:01:38 16 When I say a substantive change, saying yes
11:01:43 17 here on the record today and changing that to a no
11:01:45 18 or claiming that you don't know anything about a
11:01:47 19 particular subject and then later on claiming that
11:01:50 20 you know all kinds of information about that same
11:01:53 21 specific subject.

11:01:55 22 So do you understand that admonition?

11:01:58 23 A. Yes.

11:02:00 24 Q. Also, if for any reason, whether it's
11:02:03 25 because I'm not clear or I don't ask my questions in

11:02:06 1 an artful or very intelligible manner, if you don't
 11:02:09 2 understand one of my questions will you agree to
 11:02:11 3 tell me that you don't understand it?

11:02:13 4 A. Yes.

11:02:14 5 Q. Because if you do respond to my questions
 11:02:16 6 we are going to conclude that you understood it at
 11:02:19 7 the time that I asked it.

11:02:20 8 Is that okay with you?

11:02:21 9 A. Yes.

11:02:22 10 Q. Is there any reason either medical or under
 11:02:25 11 any sort of emotional pressure today that you do not
 11:02:28 12 feel or believe that you could give your best
 11:02:32 13 testimony in connection with this case?

11:02:33 14 A. No.

11:02:36 15 Q. Did you review any documents in preparation
 11:02:38 16 for your deposition here today?

11:02:40 17 A. No.

11:02:42 18 Q. When is the last time -- would you like
 11:02:45 19 some water?

11:02:46 20 A. Please. Thank you.

11:02:51 21 Q. Here, let me help you.

11:02:54 22 When is the last time you reviewed any
 11:02:56 23 documents in connection with the claims that are
 11:02:58 24 being asserted in this case?

11:03:02 25 A. Probably when I received the lawsuit.

11:03:07 1 Q. When you say received the lawsuit you are
 11:03:09 2 referring to the complaint that was filed by whom?
 11:03:14 3 A. By Mr. Medley.
 11:03:16 4 Q. Are you aware -- let me just make sure you
 11:03:20 5 are. I'm representing Mr. David Kagel also.
 11:03:23 6 Do you understand that?
 11:03:24 7 A. Yes, I was told that.
 11:03:26 8 Q. And are you aware that Mr. Kagel also filed
 11:03:28 9 a lawsuit?
 11:03:29 10 A. Yes.
 11:03:29 11 Q. Were you aware that you filed a
 11:03:31 12 counterclaim in this case?
 11:03:33 13 A. Yes.
 11:03:33 14 Q. Have you seen that counterclaim?
 11:03:36 15 A. Yes.
 11:03:36 16 Q. And that was at some time after you
 11:03:38 17 received one or both of the complaints that are
 11:03:42 18 material to this lawsuit.
 11:03:44 19 Would that be correct?
 11:03:45 20 A. Yes.
 11:03:48 21 Q. Now, I take it from your prior responses
 11:03:51 22 that you were born in Canada; is that correct?
 11:03:55 23 A. I'm confused.
 11:03:58 24 Q. If you are confused let me restate the
 11:04:00 25 question.

11:04:00 1 Where were you born?

11:04:05 2 A. Georgetown British Guiana, South America.

11:04:07 3 Q. Here we go, what country are you a citizen?

11:04:16 4 A. Canada.

11:04:19 5 Q. At what point did you move to Canada?

11:04:23 6 A. I was a young child. I'm not sure I know.

11:04:27 7 Q. I'm sorry. Could you speak up.

11:04:28 8 A. I was a young child. I don't recall.

11:04:35 9 Q. Other than South America in British Guiana,

11:04:38 10 Canada and the United States have you ever resided

11:04:42 11 in any other countries?

11:04:44 12 A. No.

11:04:46 13 Q. Would it be accurate to state that you did

11:04:48 14 all of your what we would call secondary education

11:04:53 15 in Canada up through high school?

11:04:55 16 A. Yes.

11:04:56 17 Q. Did you graduate from high school?

11:04:57 18 A. Yes.

11:04:58 19 Q. Where?

11:05:01 20 A. I'm trying to think now. God, that's a

11:05:04 21 long time ago.

11:05:06 22 I went to Loretta Abbey and then I

11:05:11 23 graduated from Erindale High.

11:05:15 24 Q. Could you spell that?

11:05:17 25 A. E-r-i-n-d-a-l-e.

11:05:22 1 Q. And that's in what city?

11:05:25 2 A. Mississauga, Ontario Canada.

11:05:28 3 Q. You better spell that.

11:05:30 4 A. M-i-s-s-i-s-s-a-u-g-a.

11:05:38 5 Q. And what year would that have been?

11:05:41 6 A. You are really testing my memory. Well,

11:05:50 7 '70 something.

11:05:53 8 Q. Okay. We will leave it at that.

11:05:56 9 Did you attend any other academic

11:06:00 10 institutions after high school?

11:06:01 11 A. Yes, I did.

11:06:02 12 Q. Whereabouts?

11:06:02 13 A. I went to Queens University in Kingston,

11:06:05 14 Ontario Canada and Carleton University in Ottawa

11:06:15 15 Canada.

11:06:18 16 Q. Did you obtain a degree from either

11:06:20 17 institution?

11:06:21 18 A. No, I did not.

11:06:22 19 Q. What did you study at Queens University?

11:06:24 20 A. Political science and a minor in economics.

11:06:28 21 Q. How long did you study at Queens

11:06:32 22 University?

11:06:32 23 A. I believe Queens two years. Carleton one

11:06:35 24 year.

11:06:37 25 Q. Did you study the same courses of subject

11:06:40 1 at Carelton University as you described for Queens
 11:06:43 2 University?
 11:06:43 3 A. Yes.
 11:06:47 4 Q. Have you now told me all of the academic
 11:06:49 5 institutions that you've attended since high school?
 11:06:59 6 A. I think so.
 11:07:03 7 Q. This two-year and one-year period that you
 11:07:05 8 described for Queens University and Carelton
 11:07:08 9 University respectively, were they immediately
 11:07:11 10 following your graduation from high school?
 11:07:12 11 A. No.
 11:07:13 12 Q. How much time off or can you tell us what
 11:07:15 13 years you went to those particular institutions?
 11:07:18 14 A. In the '80s. I can't remember the year.
 11:07:34 15 Q. When did you first come to the United
 11:07:36 16 States to reside for any period of time?
 11:07:42 17 A. I think '90 -- oh, I'm sorry. Boston. I'm
 11:07:53 18 trying to think. I was in Boston for a short time.
 11:08:02 19 Q. How long were you in Boston for?
 11:08:04 20 A. About a month and a half.
 11:08:09 21 Q. What year was that?
 11:08:16 22 A. 1991 I believe.
 11:08:24 23 Q. After that one and a half month period did
 11:08:26 24 you return to Canada?
 11:08:27 25 A. Yes.

11:08:27 1 Q. And when did you next reside in the United
11:08:29 2 States?

11:08:34 3 A. Well, I would have to say Arizona I
11:08:36 4 suppose.

11:08:37 5 Q. Starting in what year?

11:08:42 6 A. It would have been about '94 but that was
11:08:45 7 short-term.

11:08:46 8 Q. When you say short-term can you quantify
11:08:49 9 that?

11:08:50 10 A. Five months. Maybe four months. Six
11:08:54 11 months. Something like that.

11:08:55 12 Q. Okay. After that short-term in Arizona in
11:09:00 13 or about 1994 when did you next reside in the United
11:09:02 14 States?

11:09:04 15 A. I think in Arizona I started residing there
11:09:07 16 in about '96.

11:09:13 17 Q. And have you lived in Arizona continuously
11:09:15 18 since 1996?

11:09:16 19 A. Yes.

11:09:18 20 Q. All right. Have you lived in Canada at all
11:09:21 21 since 1996?

11:09:25 22 A. I still have a home there.

11:09:27 23 Q. Where is your home in Canada?

11:09:30 24 A. It's on -- oh, my God. This is going to
11:09:38 25 be -- it's in Ottawa. I think it's Hunt Club Road.

11:09:54 1 I'm sorry. They changed the road names recently and
 11:09:58 2 they built a development.
 11:09:59 3 Q. How long have you owned that house in
 11:10:01 4 Canada?
 11:10:04 5 A. I think a couple years.
 11:10:07 6 Q. Can you quantify a couple?
 11:10:09 7 A. One or two.
 11:10:11 8 Q. Have you ever resided at that house in
 11:10:13 9 Ottawa?
 11:10:15 10 A. Well, I have things there.
 11:10:21 11 Q. By having things there does that constitute
 11:10:23 12 in your mind residing there?
 11:10:26 13 A. Yeah, if I go there that's where I go.
 11:10:28 14 Q. When was the last time you were there for
 11:10:30 15 more than one week?
 11:10:33 16 A. May.
 11:10:33 17 Q. How long did you spend there in May?
 11:10:35 18 May of this year I assume?
 11:10:37 19 A. Yes.
 11:10:37 20 Q. 2006.
 11:10:39 21 How long did you spend there in May?
 11:10:41 22 A. About three weeks.
 11:10:42 23 Q. Does anybody else reside at that property
 11:10:45 24 on Hunt Club Road in Ottawa?
 11:10:47 25 A. Yes.

11:10:47 1 Q. Who?

11:10:49 2 A. My daughter's grandparents.

11:10:56 3 Q. So that would be your former husband's

11:10:58 4 parents?

11:10:58 5 A. Yes.

11:11:02 6 Q. What are their names?

11:11:04 7 A. Violet and Irve Cutler.

11:11:08 8 Q. With a C, C-u-t-l-e-r?

11:11:11 9 A. Yes.

11:11:15 10 Q. Have they resided in the house on Hunt Club

11:11:18 11 Road since you acquired it?

11:11:20 12 A. Yes.

11:11:20 13 Q. Does your daughter reside there as well?

11:11:22 14 A. No. My daughter lives in Arizona.

11:11:25 15 Q. What's your daughter's name?

11:11:26 16 A. Chloe.

11:11:27 17 Q. C-h-l-o-e?

11:11:28 18 A. Yes.

11:11:30 19 Q. Same last name as you, Wallace?

11:11:32 20 A. No.

11:11:32 21 Q. What's her last name?

11:11:33 22 A. Her name would be Cutler.

11:11:38 23 Q. How old is Chloe?

11:11:40 24 A. Going to be 15 January 24th.

11:11:46 25 Q. Any other children other than Chloe?

11:11:48	1	A. Yes.
11:11:49	2	Q. Name?
11:11:51	3	A. Mandy Moll, M-o-l-l.
11:11:56	4	Q. How old is Mandy?
11:11:57	5	A. She just turned 26 December 10th.
11:12:04	6	Q. Where does she reside?
11:12:10	7	A. In my home.
11:12:10	8	Q. In Arizona?
11:12:10	9	A. Yes.
11:12:10	10	Q. Not in Canada?
11:12:10	11	A. Correct.
11:12:10	12	Q. Any other children?
11:12:12	13	A. Yes.
11:12:12	14	Q. Name?
11:12:14	15	A. My son Michael James Wallace III and he
11:12:20	16	will be 28 on March 6th.
11:12:24	17	Q. And where does he reside?
11:12:26	18	A. In Canada.
11:12:29	19	Q. Whereabouts in Canada?
11:12:31	20	A. Toronto.
11:12:35	21	Q. You've now told me the names of all your
11:12:38	22	children?
11:12:38	23	A. Yes.
11:12:41	24	Q. I want to start from high school and get
11:12:44	25	your employment history if I might but before I ask

11:12:47 1 that I want to identify, are you currently employed?

11:12:51 2 A. Yes.

11:12:52 3 Q. In what capacity?

11:12:53 4 A. I'm the CEO of Secured Diversified

11:12:58 5 Investments.

11:13:02 6 Q. For how long have you been employed in that

11:13:03 7 capacity?

11:13:10 8 A. Year and a half.

11:13:19 9 Q. At the current time are you employed by any

11:13:21 10 other companies or organizations or self-employed in

11:13:24 11 any capacity?

11:13:25 12 A. I'm self-employed.

11:13:27 13 Q. In what capacity? I should say what type

11:13:30 14 of work are you doing in your capacity as

11:13:34 15 self-employed?

11:13:36 16 A. I'm a consultant. People hire me when they

11:13:41 17 want to know how to run a public company.

11:13:52 18 Q. This consulting business, does it have a

11:13:55 19 name?

11:13:55 20 A. Wallace Black.

11:13:57 21 Q. I'm sorry?

11:13:58 22 A. Wallace Black.

11:14:02 23 Q. What type of entity is that?

11:14:04 24 A. An LLC.

11:14:06 25 Q. That's organized where?

11:14:08 1 A. Arizona.

11:14:11 2 Q. Do you have offices? I should say does

11:14:15 3 Wallace Black LLC have an office?

11:14:18 4 A. No, not a separate office.

11:14:22 5 Q. Maybe I wasn't very clear in my question.

11:14:26 6 Does Wallace Black rent any space or own

11:14:29 7 any space where it has an office?

11:14:32 8 A. No.

11:14:32 9 Q. Okay. Do you -- the work that you do with

11:14:35 10 Wallace Black, do you do that out of your house or

11:14:37 11 some other office?

11:14:39 12 A. Out of my home.

11:14:44 13 Q. I assume, and maybe if I'm wrong you can

11:14:48 14 correct me, is Black referring to some individual?

11:14:51 15 A. Yes.

11:14:51 16 Q. Who might that individual be?

11:14:53 17 A. Kelly Black.

11:15:00 18 Q. How long has Wallace Black been in

11:15:02 19 existence?

11:15:04 20 A. Two years.

11:15:08 21 Q. Have you worked with Ms. Black -- is Kelly

11:15:11 22 a woman?

11:15:11 23 A. Yes.

11:15:12 24 Q. Okay. Ms. Black, have you worked with her

11:15:16 25 more than two years or just for this two-year

11:15:18 1 period --

11:15:20 2 A. Since about 2001.

11:15:23 3 Q. And where does Ms. Black reside?

11:15:25 4 A. In Arizona.

11:15:27 5 Q. What city?

11:15:30 6 A. Gilbert. I think it's Gilbert. It's on

11:15:33 7 the line of Gilbert and Mesa.

11:15:43 8 Q. And what type of background does Kelly

11:15:45 9 Black have?

11:15:46 10 A. Kelly Black has done banking, stock

11:15:54 11 promotion work, PR work. That's it.

11:16:07 12 Q. Does Kelly Black work for Wallace Black LLC

11:16:11 13 full time?

11:16:12 14 A. No.

11:16:12 15 Q. Do you know approximately how many hours a

11:16:18 16 week or how you would come up with an appropriate

11:16:19 17 apportionment of how much time she spends working

11:16:21 18 with Wallace Black?

11:16:22 19 A. We work about equal proportion.

11:16:26 20 Q. Obviously I wasn't clear in my question.

11:16:28 21 How much -- let me back up.

11:16:30 22 How much of your time do you spend working

11:16:32 23 with Wallace Black as opposed to your other

11:16:34 24 professional engagements?

11:16:39 25 A. I would say probably 12 percent. 10,

11:16:44 1 12 percent maybe.

11:16:46 2 Q. How did you come up with that 10 to 12
11:16:48 3 percent range?

11:16:49 4 A. Well, we do a lot of our work in the
11:16:51 5 evening. We catch up after the day. So there is
11:16:55 6 just so many hours in the day.

11:16:59 7 Q. So what do you consider the 10 to 12
11:17:02 8 percent of the day?

11:17:04 9 A. I would tell you any time after 6:00 and
11:17:06 10 before 1:00 in the morning.

11:17:08 11 Q. Okay. So would it be fair to say you don't
11:17:13 12 spend any of your time say during normal working
11:17:15 13 hours Monday through Friday 9:00 to 6:00 p.m.
11:17:19 14 working for Wallace Black LLC?

11:17:21 15 A. Except for phone calls.

11:17:26 16 Q. Does Kelly Black have other employment
11:17:28 17 other than as a consultant or as a member of Wallace
11:17:33 18 Black LLC?

11:17:34 19 A. Yes. She has a company called Premier.

11:17:37 20 Q. Just Premier?

11:17:38 21 A. Yes.

11:17:39 22 Q. What kind of business is Premier?

11:17:42 23 A. They do PR.

11:17:45 24 Q. They have offices?

11:17:48 25 A. I believe so.

11:17:49 1 Q. Do you know where?

11:17:51 2 A. I believe it's her home.

11:17:53 3 Q. And that would again be in Gilbert or Mesa?

11:17:55 4 A. Yes.

11:18:04 5 Q. Just to finish up, you mine if I call

11:18:09 6 Secured Diversified Investments, if I refer to that

11:18:12 7 as SDI?

11:18:13 8 A. No, that's perfectly fine.

11:18:15 9 Q. How many employees does SDI have?

11:18:37 10 A. Actually two employees now and a

11:18:42 11 consultant.

11:18:45 12 Q. And I neglected to ask this in connection

11:18:47 13 with Wallace Black. How many employees does Wallace

11:18:50 14 Black have, if any?

11:18:53 15 A. It has no employees.

11:19:01 16 Q. Does SDI have an office?

11:19:03 17 A. Yes.

11:19:04 18 Q. Where?

11:19:05 19 A. 12202 North Scottsdale Road, Phoenix,

11:19:11 20 Arizona 85254.

11:19:19 21 Q. What is the business of SDI?

11:19:20 22 A. Real estate transactions.

11:19:25 23 Q. You say transactions. Management?

11:19:28 24 Brokerage?

11:19:29 25 A. A little bit of everything.

11:19:33 1 Q. So a little bit of everything. Why don't
 11:19:35 2 you identify what you mean by everything.
 11:19:38 3 A. We have some office and shopping center
 11:19:41 4 space. We have investment properties. We have a
 11:19:49 5 subsidiary that's in the mortgage business. That's
 11:19:55 6 it.
 11:19:56 7 Q. Just so I can be clear, when you say we
 11:20:04 8 have office and shopping center space, is SDI the
 11:20:09 9 owner of certain commercial real estate?
 11:20:12 10 A. Yes.
 11:20:14 11 Q. How much commercial real estate does SDI
 11:20:21 12 own?
 11:20:21 13 A. There is an office building in Newport.
 11:20:24 14 Q. Newport Beach, California?
 11:20:26 15 A. Newport Beach, California on Campus.
 11:20:29 16 Q. The name of the street? I'm sorry.
 11:20:31 17 A. Campus.
 11:20:32 18 Q. Campus.
 11:20:33 19 A. There is a shopping center.
 11:20:37 20 Q. Where is that?
 11:20:37 21 A. In Orange County.
 11:20:39 22 Q. What city?
 11:20:44 23 A. You are tricking me. Orange County. The
 11:20:49 24 shopping center is called Katella. I don't know the
 11:20:52 25 exact --

11:20:52 1 Q. With a K?

11:20:53 2 A. Yes.

11:20:54 3 Q. Sounds like Irvine or Anaheim?

11:20:56 4 A. Sounds like Irvine.

11:20:57 5 Q. Okay. And that's the extent of the

11:21:06 6 commercial real estate portfolio owned or managed --

11:21:09 7 let me just break it down.

11:21:10 8 -- owned by SDI?

11:21:11 9 A. No.

11:21:12 10 Q. How many other properties are owned by SDI?

11:21:15 11 A. There is a percent ownership in Arizona on

11:21:20 12 Lincoln that is a commercial building.

11:21:30 13 Q. Okay.

11:21:31 14 A. And there is a percent ownership of the

11:21:36 15 Cactus Scottsdale property which is a redevelopment

11:21:42 16 property.

11:21:49 17 Q. When you say percent ownership, does SDI

11:21:53 18 have the controlling ownership in either the Lincoln

11:21:56 19 property or the Cactus Scottsdale property?

11:22:01 20 A. It doesn't have percentage ownership in

11:22:05 21 Campus, Lincoln or the Cactus property. They have a

11:22:10 22 position. Not the major position.

11:22:17 23 Q. SDI is a publicly held corporation?

11:22:20 24 A. Yes.

11:22:22 25 Q. Are the holdings set forth in any public

11:22:25 1 disclosures that you are aware of?

11:22:28 2 A. Every one of them.

11:22:29 3 Q. Okay. So I can refer to those?

11:22:31 4 A. Yes.

11:22:41 5 Q. I may have some more questions about SDI.

11:22:44 6 I don't want to belabor through them right now.

11:22:48 7 Let's start what I originally announced the

11:22:51 8 subject would be. I want to go through your

11:22:53 9 employment history. So starting with high school

11:22:55 10 why don't you tell us what employment you've had for

11:22:58 11 any period of time that you can recall.

11:23:00 12 A. Wow, high school. I am an old woman. High

11:23:06 13 school. Huron Park Recreation Center. I was a

11:23:12 14 cashier.

11:23:13 15 Q. For how long did you do that?

11:23:17 16 A. Two years.

11:23:20 17 The Sword and Shield shop in Mississauga.

11:23:25 18 Also a part-time job in high school.

11:23:31 19 Oh, A&W. I was a car hostess.

11:23:35 20 Q. This is after high school or during high

11:23:37 21 school?

11:23:37 22 A. This is during and after and -- I always

11:23:42 23 worked.

11:23:43 24 Q. Okay.

11:23:46 25 A. Let's see. A&W. That was a good one.

11:23:53 1 I worked at Dollar Bills in Kingston,
11:23:57 2 Ontario. It was a restaurant.
11:24:03 3 Q. How long did you work there?
11:24:08 4 A. A year.
11:24:15 5 Q. Okay. Next employment that you can recall?
11:24:17 6 A. Let's see. What else did I do? Oh.
11:24:27 7 Dalmys clothing store.
11:24:30 8 Q. Could you spell that name?
11:24:31 9 A. D-a-l-m-y-s.
11:24:36 10 Q. How long did you work there?
11:24:39 11 A. I think a year, year and a half.
11:24:46 12 Q. And that's also in Canada?
11:24:48 13 A. Yes.
11:24:55 14 Q. Okay.
11:24:56 15 A. I'm thinking.
11:25:04 16 Oh, what was that called? Penningtons. I
11:25:10 17 worked at Penningtons.
11:25:13 18 Q. What type of an establishment is
11:25:16 19 Penningtons?
11:25:17 20 A. It's a clothing store.
11:25:21 21 Q. For how long did you work there?
11:25:22 22 A. Oh, I don't know. Six months, seven
11:25:24 23 months. These were all school jobs.
11:25:27 24 Q. Okay. During high school or during
11:25:30 25 college?

11:25:31 1 A. A little bit of both.

11:25:39 2 Let me see. I guess right after that I
11:25:52 3 guess it would be Pitney Bowes.

11:25:55 4 Q. When did you start working at Pitney Bowes
11:25:57 5 or for Pitney Bowes?

11:26:06 6 A. Pitney Bowes took me out of university so
11:26:09 7 now I have to think about what year that was. '83,
11:26:16 8 '84. Something like that.

11:26:18 9 Q. Okay. And for how long did you remain at
11:26:21 10 Pitney Bowes?

11:26:23 11 A. Two years.

11:26:24 12 Q. What was your job title while you were at
11:26:28 13 Pitney Bowes?

11:26:29 14 A. At the beginning or the end?

11:26:31 15 Q. At the beginning, I'm sorry?

11:26:33 16 A. At the beginning or at the end? I'm not
11:26:36 17 sure how to answer that.

11:26:38 18 Q. Oh, I understand.

11:26:41 19 Let's start at the beginning and then if
11:26:43 20 you had a promotion or some sort of lateral change
11:26:47 21 why don't you just describe what the title was, what
11:26:50 22 various titles you had at Pitney Bowes.

11:26:54 23 A. They hired me -- there were not a lot of
11:26:57 24 females in the corporation and they tested me and
11:27:00 25 hired me to join their management program in their

11:27:05 1 training center in Atlanta, Georgia.

11:27:17 2 Q. How long did you remain at the management
11:27:20 3 program in the training center in Atlanta, Georgia
11:27:23 4 of Pitney Bowes?

11:27:24 5 A. Three weeks.

11:27:26 6 Q. And at the conclusion of the three weeks
11:27:27 7 did you have some other job title or job
11:27:31 8 description?

11:27:32 9 A. They then made me a sales representative
11:27:37 10 under a new team that they were introducing.

11:27:46 11 Q. How long did you have the position as a
11:27:51 12 sales rep.?

11:27:52 13 A. Not long. Six months, seven months.

11:27:58 14 Q. After that did you continue to work for --

11:28:01 15 A. I became --

11:28:02 16 Q. -- Pitney Bowes?

11:28:03 17 A. Yes. Yes, I did.

11:28:05 18 Q. In what capacity?

11:28:06 19 A. I then became manager.

11:28:08 20 Q. Manager of what?

11:28:10 21 A. My own sales team.

11:28:13 22 Q. Based out of where?

11:28:15 23 A. Pitney Bowes.

11:28:16 24 Q. What city?

11:28:23 25 A. Mississauga. No. No, that's impossible.

11:28:28 1 I had already left there. Ottawa.

11:28:35 2 Q. And was that the position that you stayed

11:28:37 3 in until you left Pitney Bowes?

11:28:40 4 A. They actually moved me up to senior

11:28:44 5 manager.

11:28:50 6 Q. How long did you remain as a senior

11:28:51 7 manager?

11:28:53 8 A. About four or five months. Four or five

11:28:57 9 months.

11:28:57 10 Q. And was that the position when your

11:28:59 11 employment at Pitney Bowes ended?

11:29:01 12 A. Yes.

11:29:04 13 Q. What did you do after Pitney Bowes?

11:29:06 14 A. I opened my own company.

11:29:08 15 Q. What was the name of that?

11:29:09 16 A. Mailhouse Plus, Ltd.

11:29:11 17 Q. Nailhouse, N-a-i --

11:29:14 18 A. Mail.

11:29:15 19 Q. Mailhouse?

11:29:16 20 A. Mailhouse.

11:29:16 21 Q. M-i?

11:29:18 22 A. M-a-i-l-h-o-u-s-e.

11:29:22 23 Q. Ltd.?

11:29:23 24 A. Mailhouse Plus, Ltd.

11:29:26 25 Q. Mailhouse Plus, Ltd. Pardon me.

11:29:30 1 What kind of business was Mailhouse Plus,
 11:29:32 2 Ltd.?
 11:29:34 3 A. Same business as Pitney Bowes.
 11:29:39 4 Q. How would you describe that?
 11:29:40 5 A. It was a sales organization that sold
 11:29:43 6 competitive equipment to Pitney Bowes in the mail
 11:29:48 7 indicia business.
 11:29:52 8 Q. And you spelling indicia how?
 11:29:55 9 A. Indicia is that little red stamp on your
 11:29:58 10 envelopes, i-n-d-i-c-i-a.
 11:30:03 11 Q. When did you open the business Mailhouse
 11:30:06 12 Plus, Ltd.?
 11:30:08 13 A. 1998. Someplace around there.
 11:30:11 14 Q. 1998?
 11:30:12 15 A. Around there, yes.
 11:30:20 16 Q. I'm a little confused. Between -- let me
 11:30:23 17 just see if I can clarify.
 11:30:25 18 According to my notes you went to work for
 11:30:27 19 Pitney Bowes in 1983 or 1984 for two years; is that
 11:30:31 20 correct?
 11:30:31 21 A. Oh, I'm sorry. You are right. 1998 is not
 11:30:34 22 right. It would be 1988.
 11:30:38 23 Q. Okay.
 11:30:40 24 A. You are right. That's a big jump.
 11:30:42 25 Q. Did you have any employment in between

11:30:43 1 working for Pitney Bowes and opening Mailhouse Plus,
 11:30:46 2 Ltd.?
 11:30:47 3 A. No.
 11:30:50 4 Q. Were you the sole owner of Mailhouse Plus,
 11:30:52 5 Ltd.?
 11:30:52 6 A. Yes.
 11:30:53 7 Q. How many employees did you have at
 11:30:55 8 Mailhouse Plus, Ltd. at its peak?
 11:30:59 9 A. Eight.
 11:31:01 10 Q. Where was Mailhouse Plus, Ltd. located?
 11:31:04 11 A. Ottawa, Canada.
 11:31:06 12 Q. For how long did you operate or -- let me
 11:31:10 13 put it this way: How long was Mailhouse Plus, Ltd.
 11:31:15 14 in business?
 11:31:18 15 A. I'm confused.
 11:31:19 16 Q. Let me restate the question.
 11:31:21 17 How long did you remain affiliated with
 11:31:24 18 Mailhouse Plus, Ltd.?
 11:31:25 19 A. Almost five years.
 11:31:29 20 Q. Is it still in business?
 11:31:30 21 A. It was sold and merged.
 11:31:36 22 Q. Do you know the name of the company that it
 11:31:38 23 merged with?
 11:31:39 24 A. Absolutely.
 11:31:39 25 Q. What is that?

11:31:41 1 A. Ascom-Hasler.

11:31:43 2 Q. You better spell that for us.

11:31:45 3 A. A-s-c-o-m-H-a-s-l-e-r.

11:31:52 4 Q. Is that a public company?

11:31:53 5 A. Yes, it is.

11:31:55 6 Q. Was Mailhouse Plus, Ltd. a public company?

11:32:00 7 A. No.

11:32:01 8 Q. Was Ascom-Hasler your first connection or

11:32:05 9 affiliation with ownership of a public company?

11:32:11 10 A. No.

11:32:12 11 Q. What would that have been?

11:32:13 12 A. Pitney Bowes.

11:32:14 13 Q. Under a stock ownership plan --

11:32:16 14 A. Yes.

11:32:17 15 Q. -- as an employee?

11:32:18 16 A. Yes.

11:32:22 17 Q. How long did -- withdraw that.

11:32:30 18 Have you now told me about all of your

11:32:32 19 employment up through Mailhouse Plus, Ltd. that you

11:32:37 20 can recall?

11:32:39 21 A. That I can recall here today, yes.

11:32:41 22 Q. Fine.

11:32:45 23 Did you work for Ascom-Hasler?

11:32:51 24 A. I had a consulting contract with them.

11:32:54 25 Q. For how long?

11:32:55 1 A. Short. Three months, four months.

11:32:56 2 Something like that.

11:33:03 3 Q. Is Ascom-Hasler still in business?

11:33:05 4 A. Yes.

11:33:07 5 Q. You say it like I should know it.

11:33:09 6 A. Ascom is a huge corporation, world known.

11:33:15 7 Q. Except for in my head.

11:33:18 8 It's based out of where?

11:33:19 9 A. Bern Switzerland.

11:33:34 10 Q. After your three months on your consulting

11:33:37 11 contract was up with Ascom-Hasler did you continue

11:33:41 12 to do any work with Ascom-Hasler?

11:33:43 13 A. No.

11:33:43 14 Q. When was Mailhouse Plus Ltd. sold to

11:33:48 15 Ascom-Hasler?

11:33:49 16 A. 1993.

11:33:56 17 Q. You were living in Arizona at the time?

11:33:58 18 A. No.

11:33:58 19 Q. Still in Canada?

11:33:59 20 A. Yes.

11:34:03 21 Q. What did you next do for employment?

11:34:24 22 A. Active Systems.

11:34:26 23 Q. What kind of business is that?

11:34:28 24 A. SGML software.

11:34:30 25 Q. Something in software. I didn't hear.

11:34:33 1 A. SGML software development.

11:34:37 2 Q. What does that stand for?

11:34:38 3 A. SGML is a software language. It stands for

11:34:43 4 SGML.

11:34:45 5 Q. Okay. Again you've touched upon something

11:34:49 6 that I'm not aware of.

11:34:50 7 What type of software is it?

11:34:52 8 A. Are you familiar with Oracle?

11:34:54 9 Q. I've heard of the company Oracle.

11:34:56 10 A. Right.

11:34:57 11 Q. But I don't know their type of software.

11:34:59 12 A. This was a software that used language.

11:35:04 13 Q. What was your connection with the company?

11:35:06 14 A. I was senior vice president.

11:35:09 15 Q. And what does Active Systems do in

11:35:12 16 connection with this SGML Software?

11:35:14 17 A. It is a software company that was merged.

11:35:19 18 Q. With who?

11:35:25 19 A. Another software company and I can't think

11:35:27 20 of the name right now.

11:35:29 21 Q. Did Active Systems sell any product?

11:35:32 22 A. Yes.

11:35:33 23 Q. What did it sell?

11:35:34 24 A. Software.

11:35:35 25 Q. Did it provide services or it just sold

11:35:38 1 bundled software?

11:35:39 2 A. No, it bundled software and it sold the
11:35:42 3 services so that you can access help. Had a call
11:35:47 4 center.

11:35:48 5 Q. How long were you at Active Systems?

11:35:53 6 A. A year.

11:35:55 7 Q. Were you a senior vice president during
11:35:57 8 that entire time?

11:35:58 9 A. Yes.

11:36:00 10 Q. What was the one-year period roughly as
11:36:05 11 best as you could recall? When did it begin and
11:36:07 12 end, what year?

11:36:10 13 A. Near the end of '93, maybe '94. Someplace
11:36:16 14 around there.

11:36:17 15 Q. Have you had any affiliation with Active
11:36:20 16 Systems since '93 or '94?

11:36:23 17 A. No.

11:36:32 18 Q. Your position as senior vice president at
11:36:34 19 Active Systems, were you working in an office
11:36:38 20 somewhere or --

11:36:39 21 A. Yes.

11:36:40 22 Q. And where was that office located?

11:36:42 23 A. Holland Avenue in Ottawa Canada.

11:36:45 24 Q. Is Active Systems still in business?

11:36:51 25 A. Not under that name.

11:36:53 1 Q. Do you know what name it's currently in
 11:36:55 2 business under?
 11:36:56 3 A. No. It merged and I don't recall the
 11:36:59 4 software company that bought it.
 11:37:01 5 Q. I got you.
 11:37:03 6 After Active Systems do you recall the name
 11:37:05 7 of the next company that you worked with or for?
 11:37:17 8 A. This is a tad confusing for me to answer.
 11:37:21 9 Q. Can you explain why?
 11:37:23 10 A. Well, I was working with a venture
 11:37:25 11 capitalist in Boston and I was involved with many
 11:37:28 12 companies all in the public realm either taking them
 11:37:33 13 public, raising investment capital, IPOs. There
 11:37:38 14 were several of them.
 11:37:42 15 Q. What was the name of the venture
 11:37:44 16 capitalist?
 11:37:44 17 A. Stanley Young.
 11:37:46 18 Q. Stanley?
 11:37:47 19 A. Young.
 11:37:49 20 Q. Y-o-u-n-g?
 11:37:51 21 A. Yes.
 11:37:52 22 Q. For how long did you work with Mr. Young?
 11:37:56 23 First of all I should say is it an
 11:37:57 24 individual or the name of a company? Sounds like an
 11:38:00 25 individual.

11:38:00 1 A. It's an individual.

11:38:01 2 Q. Okay. How long did you work with

11:38:02 3 Mr. Young?

11:38:04 4 A. Oh, Stanley and I worked off and on for

11:38:06 5 gosh -- what year am I now? 19 -- probably right up

11:38:15 6 until about '97.

11:38:21 7 Q. During this period of time between say 1994

11:38:24 8 and 1997 did you work with anyone else or receive

11:38:29 9 any salary from anybody other than through your work

11:38:35 10 with Stanley Young?

11:38:41 11 A. Okay. I'm a little -- I'm sorry. I'm

11:38:43 12 confused again.

11:38:45 13 Q. Let me see if I could clarify.

11:38:47 14 A. Okay.

11:38:47 15 Q. Were you an employee of Stanley Young?

11:38:49 16 A. No.

11:38:51 17 Q. Did you have any regular employment between

11:38:55 18 1994 and 1997?

11:38:57 19 A. Yes.

11:38:57 20 Q. With whom?

11:38:59 21 A. A company by the name of Claire

11:39:02 22 Technologies.

11:39:04 23 Q. Is it C-l-a-i-r-e?

11:39:06 24 A. Yes.

11:39:07 25 Q. Where is Claire Technology located?

11:39:09 1 A. It doesn't exist anymore.

11:39:11 2 Q. Where was it located?

11:39:13 3 A. In Arizona.

11:39:14 4 Q. What city?

11:39:16 5 A. Scottsdale.

11:39:19 6 Q. And what was your position with Claire

11:39:20 7 Technology?

11:39:22 8 A. Chief operating officer.

11:39:26 9 Q. During what period of time?

11:39:29 10 A. Until it was sold. That would be -- what

11:39:32 11 year am I at? I'm all over the map. This is too --

11:39:37 12 this is a lot to recall.

11:39:42 13 MS. AMBROSIO: 2006.

11:39:42 14 MR. GUTMAN: Rapidly approaching it

11:39:44 15 hopefully sooner than you can imagine.

11:39:46 16 THE WITNESS: I was there I think like

11:39:49 17 seven or eight months.

10:51:51 18 BY MR. GUTMAN:

11:39:53 19 Q. What type of business was Claire Technology

11:39:55 20 in?

11:39:56 21 A. Commercial HVAC systems.

11:40:04 22 Q. When you say HVAC you are referring to

11:40:07 23 heating, ventilation and air-conditioning systems is

11:40:10 24 the --

11:40:11 25 A. And purification.

11:40:12 1 Q. And purification?

11:40:12 2 A. Yes.

11:40:25 3 Q. You said Claire Technology was sold. When

11:40:30 4 was that sold?

11:40:36 5 A. I don't recall that but I recall the

11:40:38 6 company that bought it.

11:40:39 7 Q. What was that?

11:40:41 8 A. Hyperflow. Was it -- no. I'm sorry. No,

11:40:44 9 no, no, no. It was sold -- I'm sorry. The assets

11:40:53 10 were pulled from the company and sold to a company

11:40:56 11 called Hyperflow. Claire Technologies the public

11:41:00 12 shell was transferred to Mr. Billy Means and his

11:41:04 13 partners in Louisiana.

11:41:07 14 Q. Means is M-e-a-n-s?

11:41:09 15 A. Yes.

11:41:11 16 Q. In Mississippi?

11:41:12 17 A. In Louisiana.

11:41:13 18 Q. I'm sorry.

11:41:21 19 Were you involved in that transfer?

11:41:23 20 A. Yes.

11:41:24 21 Q. In what capacity?

11:41:29 22 A. I was either COO or CEO. I cannot recall.

11:41:40 23 Q. Do you know what the company is currently

11:41:42 24 called?

11:41:42 25 A. No.

11:41:43 1 Q. Do you know what it was called after the
 11:41:45 2 transfer?
 11:41:46 3 A. No.
 11:41:48 4 Q. Mr. Billy Means of Louisiana, do you know
 11:41:52 5 what city in Louisiana?
 11:42:01 6 A. Shreveport. It just came to me.
 11:42:03 7 Shreveport.
 11:42:05 8 Q. You recall approximately what year this
 11:42:09 9 public shell was transferred to Billy Means, the
 11:42:13 10 Claire Technology company?
 11:42:30 11 A. By the time all the transactions were done
 11:42:33 12 I think it ran into '96, '97. I'm not sure. Took a
 11:42:42 13 long time to do the transaction.
 11:42:45 14 Q. Okay. Have you had other transactions with
 11:42:48 15 Billy Means?
 11:42:49 16 A. Yes.
 11:42:50 17 Q. How many?
 11:42:53 18 A. Genesis Health Management.
 11:42:58 19 Q. What does that name refer to? Another
 11:43:00 20 transaction or that's the name --
 11:43:02 21 A. That's a name of a company.
 11:43:05 22 Q. What did you do with Genesis Health
 11:43:07 23 Management?
 11:43:09 24 A. Genesis Health Management was a subsidiary
 11:43:12 25 of Dynamic Associates a public company.

11:43:20 1 Q. Okay. And what did you do in connection
11:43:22 2 with Genesis Health Management?

11:43:25 3 A. I was a director on the board and I
11:43:30 4 represented the parent company Dynamic Associates.

11:43:35 5 Q. When you say represented the parent
11:43:38 6 company, what capacity?

11:43:39 7 A. I was the CEO of the parent and I sat on
11:43:44 8 the board of the subsidiary.

11:43:49 9 Q. Is this a company that was sold to Billy
11:43:51 10 Means?

11:43:53 11 A. No.

11:43:54 12 Q. How does Billy Means factor into the
11:43:56 13 equation --

11:43:57 14 A. Billy Means was president of Genesis Health
11:43:59 15 Management.

11:44:04 16 Q. I got you.

11:44:04 17 For how long were you the CEO of Dynamic
11:44:04 18 Associates?

11:44:14 19 A. Two or three years.

11:44:18 20 Q. When did that, your tenure as CEO of
11:44:23 21 Dynamic end?

11:44:24 22 A. When we sold it.

11:44:25 23 Q. When was that?

11:44:29 24 A. '98.

11:44:31 25 Q. You say "we." Who else was involved in

11:44:33 1 that sale?

11:44:35 2 A. Well, it's a public company so there would
11:44:38 3 be board of directors and other officers.

11:44:42 4 Q. Who was it sold to?

11:44:46 5 A. The subsidiaries were broken out. Dynamic
11:44:55 6 the entity was transferred in a reverse merger to a
11:44:59 7 company called Tele, Tele -- I can't recall. Tele
11:45:08 8 something.

11:45:10 9 And the Genesis Health Management was sold
11:45:13 10 to a healthcare company in Texas called
11:45:16 11 Perspectives. Perspectives.

11:45:22 12 And MW Medical a development company and --
11:45:37 13 oh, God, what was the other name? P&H Industries
11:45:48 14 merged and became a public company called
11:45:52 15 MW Medical.

11:46:11 16 Q. Can you just clarify how MW Medical a
11:46:14 17 development company, how that ties back to Dynamic
11:46:20 18 Associates, if at all?

11:46:23 19 A. Dynamic Associates had -- I'm sorry. So I
11:46:28 20 contract because this is really as you can see and
11:46:31 21 you have a piece of paper, I'm trying to follow the
11:46:34 22 flow and your last question I believe was my
11:46:37 23 association with Billy Means and a company, any
11:46:40 24 other company. Genesis Health Management Billy
11:46:42 25 Means was the president. It was a subsidiary of

11:46:45 1 Dynamic. There was an MMC Medical which was a
11:46:50 2 subsidiary of Dynamic and there was P&H Industries
11:46:54 3 which was a subsidiary of Dynamics. So it had three
11:46:57 4 subsidiaries.

11:46:59 5 Genesis Health Management a subsidiary was
11:47:03 6 sold to Perspectives in Texas a healthcare company.

11:47:08 7 The P&H Industries and MMC Medical merged
11:47:13 8 together, filed a filing with the securities and
11:47:20 9 exchange and became its own public entity with the
11:47:24 10 name being MW Medical.

11:47:27 11 Q. And that would be the same MW Medical that
11:47:29 12 ultimately became the Davi Skin Company?

11:47:33 13 A. That would be the same.

11:47:35 14 Q. Okay. When did that merger occur with P&H
11:47:39 15 Industries? Is it MW Medical a development company
11:47:42 16 or MMC? You said --

11:47:46 17 A. MMC was the research and development arm of
11:47:49 18 what became MW Medical.

11:47:57 19 Q. So MMC and P&H merged?

11:48:00 20 A. Correct.

11:48:00 21 Q. Fine.

11:48:01 22 When did that merger take place between MMC
11:48:04 23 and P&H?

11:48:06 24 A. Between '98 and '99.

11:48:11 25 Q. When did your association with Dynamic

11:48:16 1 Associates begin?

11:48:17 2 A. After Claire Technologies, '9 -- I don't

11:48:29 3 know where we are anymore. '96. Maybe '96.

11:48:39 4 Q. What business was Dynamic Associates in?

11:48:42 5 A. Dynamic Associates was actually a holding

11:48:45 6 company that held the three subsidiaries of which I

11:48:49 7 have described.

11:48:56 8 Q. So Dynamic Associates didn't generate any

11:48:59 9 revenues; is that correct?

11:49:00 10 A. No, not of its own.

11:49:03 11 Q. Sorry?

11:49:04 12 A. No, not of its own.

11:49:06 13 Q. Not of its own.

11:49:07 14 Any of the subsidiaries generate any

11:49:09 15 revenues?

11:49:10 16 A. Yes.

11:49:11 17 Q. Let's go through them one by one.

11:49:13 18 Genesis Health Management, what was the

11:49:15 19 business of that subsidiary?

11:49:17 20 A. Genesis Health Management owned 32 hospital

11:49:21 21 geriatric psychiatric units in seven states and

11:49:25 22 generated almost a million dollars a month.

11:49:29 23 Q. You said per month?

11:49:29 24 A. Yes.

11:49:33 25 Q. MMC generate any revenues?

11:49:37 1 A. MMC was a research and development company.
 11:49:39 2 So it spent money.
 11:49:41 3 Q. So the answer to my question would be no,
 11:49:43 4 it did not generate any revenues; is that correct?
 11:49:46 5 A. No, it did not generate any revenues.
 11:49:48 6 Q. Thank you.
 11:49:49 7 P&H Industries generate revenues?
 11:49:51 8 A. Yes.
 11:49:52 9 Q. What was its business?
 11:49:54 10 A. It sold high reliability components in the
 11:49:58 11 microwave industry to the Army, the Navy, NASA I
 11:50:04 12 believe, Freiden/Alcatel. Many corporations.
 11:50:10 13 MR. GUTMAN: Can you repeat that answer for
 11:50:12 14 me. I didn't get it down.
 11:50:13 15 (The following record was read:
 11:50:13 16 It sold high reliability components
 11:50:13 17 in the microwave industry to the Army,
 11:50:13 18 the Navy, NASA I believe,
 11:50:13 19 Freiden/Alcatel. Many corporations.)
 11:50:38 20 MR. GUTMAN: Thank you.
 11:50:42 21 Q. At the time of the merger with P&H and MMC
 11:50:46 22 was P&H still an operating business?
 11:50:49 23 A. Yes.
 11:50:51 24 Q. So after the merger was completed between
 11:50:54 25 MMC and P&H did P&H continue or did the new company

11:50:58 1 MW Medical continue to sell these components for the
 11:51:01 2 microwave industry?
 11:51:02 3 A. Yes.
 11:51:03 4 Q. Did that stop at some point in time?
 11:51:05 5 A. Yes, when it was sold.
 11:51:06 6 Q. When was that?
 11:51:14 7 You talking about when it was sold to
 11:51:18 8 become Davi Skin?
 11:51:21 9 A. No. P&H Industries -- I'm sorry. I
 11:51:24 10 thought you asked me about P&H Industries.
 11:51:27 11 Q. My question -- let me make sure that you
 11:51:29 12 are clear and I apologize if you are getting
 11:51:32 13 confused by my questions. I'm not attempting to
 11:51:36 14 confuse you. It's a little bit confusing for me
 11:51:38 15 because I haven't heard a lot of these names or I
 11:51:40 16 should say any of these names.
 11:51:43 17 MMC and P&H merged?
 11:51:45 18 A. Yes.
 11:51:46 19 Q. At the time of the merger P&H was in the
 11:51:49 20 business of selling components in the microwave
 11:51:52 21 industry?
 11:51:52 22 A. Yes.
 11:51:54 23 Q. After the merger between MMC and P&H the
 11:52:01 24 new company that was formed as a result of that
 11:52:01 25 merger was called MW Medical?

11:52:04 1 A. Yes.

11:52:05 2 Q. Did MW Medical continue to sell the

11:52:07 3 components in the microwave industry that P&H

11:52:10 4 previously had sold?

11:52:12 5 A. Yes.

11:52:12 6 Q. Until when?

11:52:14 7 A. Until we sold it.

11:52:17 8 Q. And what's the "it" that we sold?

11:52:19 9 A. P&H Industries.

11:52:20 10 Q. Okay. So MW Medical sold P&H Industries?

11:52:25 11 A. Yes.

11:52:25 12 Q. When?

11:52:31 13 A. We might be in the twos now. I think --

11:52:36 14 oh, my goodness. Either end of '99, beginning 2000.

11:52:41 15 This is all in the public realm so you could look it

11:52:44 16 up.

11:52:45 17 Q. All right. But the best of your

11:52:47 18 recollection is somewhere in '99, 2000?

11:52:50 19 A. Somewhere around there, yes.

11:52:51 20 Q. After the P&H business was sold from

11:52:54 21 MW Medical what source of revenue did MW Medical

11:52:59 22 have, if any?

11:53:02 23 A. We raised capital and MMC the microwave

11:53:10 24 company started to distribute sales of its microwave

11:53:16 25 product.

11:53:35 1 Q. Again I'm confused. MMC I thought was the
 11:53:38 2 research and development arm; is that correct?
 11:53:40 3 A. Yes.
 11:53:41 4 Q. So what products was MMC selling after P&H
 11:53:44 5 was sold?
 11:53:45 6 A. MMC was the research and development arm of
 11:53:49 7 MW Medical. MMC was responsible for building the
 11:53:54 8 equipment that MW Medical sold under its name.
 11:54:04 9 Q. So what equipment was MMC building?
 11:54:09 10 A. The E2000 I believe was the model name, the
 11:54:13 11 first one.
 11:54:15 12 Q. What is the E2000?
 11:54:16 13 A. It's a microwave technology device that has
 11:54:23 14 patents in the crose (phonetic) subcutaneous tissue.
 11:54:34 15 Q. Patents and then the word after that?
 11:54:37 16 A. Patents and methodology in subcutaneous
 11:54:42 17 tissue.
 11:54:43 18 Q. Methodology. Thank you.
 11:54:44 19 Who owns those patents today?
 11:54:46 20 A. I do.
 11:54:47 21 Q. How did you obtain those?
 11:54:52 22 A. I funded the company in the form of
 11:54:56 23 promissory notes and loans and I held the UCCs.
 11:55:05 24 Q. And you have what?
 11:55:07 25 A. The UCCs.

11:55:08 1 Q. The security instruments?

11:55:13 2 A. Yes.

11:55:15 3 Q. And what point in time did you personally
11:55:18 4 obtain title to any of the patents or other
11:55:21 5 intellectual property that were the property at one
11:55:23 6 point of MW Medical?

11:55:25 7 A. When was the year the market started to
11:55:27 8 crash? Was that end of --

11:55:30 9 Q. Whenever I get into it.

11:55:32 10 A. Good answer.

11:55:34 11 '99 we started to feel the buzz, the market
11:55:38 12 started hitting around the summer. By about
11:55:41 13 December 2000 everybody was dying. Probably -- I
11:55:52 14 started funding when the market fell. By about
11:55:56 15 January of 2000 everybody was dead. About three
11:56:00 16 hundred and something companies filed bankruptcy. I
11:56:05 17 started funding the company someplace in around
11:56:10 18 2000, first quarter of 2000 I believe. Someplace
11:56:14 19 around there.

11:56:15 20 Q. My question though pertained to not when
11:56:18 21 you started funding but when you acquired the
11:56:21 22 patents and other intellectual property that had
11:56:25 23 been the property of MW Medical.

11:56:27 24 A. I'm sorry. I thought that was the same
11:56:28 25 sort of question because when I started funding the

11:56:33 1 promissory notes, the loan agreements and the UCCs
11:56:37 2 were all handed to me.

11:56:39 3 Q. Okay. Did you foreclose or notify the
11:56:43 4 company that it was in default of its obligations in
11:56:47 5 connection with those promissory notes?

11:56:49 6 A. I didn't have to do that. We had to file a
11:56:52 7 chapter 11. I was debtor in possession and the
11:57:01 8 federal bankruptcy court decided how things went
11:57:03 9 out.

11:57:04 10 Q. So you acquired the patent for the E2000
11:57:09 11 through the bankruptcy proceeding?

11:57:11 12 A. Through my position as being the major
11:57:14 13 creditor.

11:57:15 14 Q. As a secured creditor?

11:57:16 15 A. Yes.

11:57:17 16 MR. GUTMAN: Okay. We have been going a
11:57:19 17 little over an hour. Why don't we take a
11:57:22 18 five-minute break and with your permission we will
11:57:24 19 go another hour and then take a lunch break. How's
11:57:27 20 that sound?

11:57:27 21 MS. AMBROSIO: That sounds fine.

11:57:28 22 MR. GUTMAN: Thank you.

11:57:28 23 THE WITNESS: Could I just ask how long.

11:57:31 24 VIDEO OPERATOR: Going off the record. The
11:57:32 25 time is 11:57.

11:57:33 1 (Recess.)

12:07:03 2 VIDEO OPERATOR: Okay. We are back on the

12:07:05 3 record. The time is 12:07.

10:51:57 4 BY MR. GUTMAN:

12:07:07 5 Q. Ms. Wallace, when we left off we were

12:07:09 6 talking about MMC, that company.

12:07:12 7 After the chapter 11 bankruptcy did

12:07:15 8 MW Medical, Inc. have any source of income?

12:07:19 9 A. During the bankruptcy?

12:07:20 10 Q. Following its --

12:07:22 11 A. No. It ceased operations.

12:07:24 12 Q. Well, did it ever emerge from its

12:07:27 13 chapter 11 proceeding?

12:07:31 14 A. Did it emerge?

12:07:32 15 Q. Let me clarify. Did there exist an

12:07:36 16 MW Medical, Inc. any time after --

12:07:39 17 A. Yes.

12:07:40 18 Q. -- the bankruptcy had been filed?

12:07:42 19 A. Yes.

12:07:42 20 Q. What was the source of revenue for

12:07:44 21 MW Medical, Inc. after bankruptcy?

12:07:49 22 A. Nothing other than me.

12:07:52 23 Q. What do you mean other than you?

12:07:53 24 A. Well, every penny that had anything to do

12:07:57 25 with it keep going or whatever, I had to pay the

12:08:00 1 taxes. I still as a matter of fact am liable for
12:08:05 2 the taxes. It was my personal money.

12:08:08 3 Q. Well, what was the business of MW Medical,
12:08:09 4 Inc. after the bankruptcy?

12:08:14 5 A. It ceased. It just was a registered public
12:08:17 6 company where I paid all the fees and it was
12:08:22 7 reorganized and restructured and we spun off
12:08:28 8 MW Asia. We did distribution license agreements.

12:08:40 9 Q. Now, prior to the bankruptcy you indicated
12:08:42 10 that you had loaned the company some money that were
12:08:49 11 secured by promissory notes and UCCs in connection
12:08:52 12 with its patents and intellectual property.

12:08:55 13 A. Uh-huh.

12:08:56 14 Q. How much did you loan to the company
12:08:59 15 MW Medical prior to its bankruptcy?

12:09:08 16 A. Over a million dollars.

12:09:10 17 Q. And what form did those loans occur?

12:09:14 18 A. Whenever the company needed money I infused
12:09:17 19 capital.

12:09:18 20 Q. Through cash contributions?

12:09:20 21 A. Yes.

12:09:20 22 Q. And it was all out of your own pocket?

12:09:24 23 A. Yes.

12:09:25 24 Q. As opposed to deferring salaries or things
12:09:28 25 of that nature?

12:09:29 1 A. No, deferring salaries was over and above.

12:09:41 2 Q. Have you been able to sell those patents
12:09:44 3 that you acquired through the bankruptcy court --

12:09:47 4 A. I haven't tried to sell them.

12:10:03 5 Q. Up through the present have we now
12:10:06 6 identified every employment that you had with any
12:10:11 7 company since you first started working?

12:10:17 8 A. As I recall sitting here I think I've done
12:10:20 9 a pretty good job which I can't believe I've done.

12:10:24 10 Q. But as you sit here right now you can't
12:10:26 11 recall any other public companies or any other
12:10:28 12 private employers or any self-employment that you've
12:10:32 13 had that we haven't talked about already today on
12:10:34 14 the record; is that correct?

12:10:41 15 A. The question is confusing.

12:10:43 16 Q. Well, let me see if I can break it down for
12:10:46 17 you.

12:10:47 18 Is there any employer that you've had any
12:10:50 19 time since high school that you have not identified
12:10:53 20 on the record here today?

12:10:55 21 A. Not that I recall.

12:10:57 22 Q. Are there any businesses in which you have
12:10:58 23 been affiliated as an officer, a director or as a
12:11:03 24 consultant that you have not identified on the
12:11:07 25 record here today?

12:11:16 1 A. I can't think -- I'm trying to but I can't
12:11:19 2 think -- there might have been but I can't think of
12:11:22 3 any I can give you the name of.

12:11:24 4 Q. Well, let's say over the last six years
12:11:28 5 give or take, since 2000 have you been affiliated
12:11:32 6 with any companies other than SDI, MW Medical and
12:11:37 7 Wallace Strand, LLC?

12:11:41 8 A. I'm sorry. I don't recognize Wallace
12:11:43 9 Strand.

12:11:45 10 Q. I'm sorry. Wallace Black. I'm looking at
12:11:50 11 the wrong page. Wallace Black, LLC. Let me repeat
12:11:55 12 the question.

12:11:56 13 Since 2000 have you been affiliated with
12:11:59 14 any companies or any employers other than
12:12:07 15 MW Medical, Inc. or SDI or Wallace Black, LLC?

12:12:12 16 A. Maybe it would help you if I explain that
12:12:15 17 in my capacity in being sort of a venture capitalist
12:12:20 18 I am called all the time by lots of companies who I
12:12:26 19 give free advice to sometimes or consult for some
12:12:31 20 other form of compensation and I do that on a
12:12:36 21 regular basis. If you threw the word consultancy in
12:12:42 22 there I am telling you I could not recall them all.

12:12:45 23 Q. Okay. How many companies that are public
12:12:53 24 companies have you been an officer of?

12:12:59 25 A. Well, let's see. Officer. That would

12:13:07 1 count director also?

12:13:09 2 Q. Well, we will break it down.

12:13:11 3 How many companies you are an officer of.

12:13:14 4 How many companies you are a director of.

12:13:22 5 A. Claire, officer, director.

12:13:28 6 Dynamics, officer, director. Director

12:13:39 7 chairman of the subsidiary. Director chairman of

12:13:42 8 the subsidiary. Director chairman of that

12:13:45 9 subsidiary.

12:13:55 10 Officer for MW Medical. Chairman for

12:13:59 11 MW Medical. Director for MW Medical.

12:14:10 12 I'm trying to think if I sat on Active

12:14:14 13 System. I was an officer.

12:14:20 14 I may have sat on some of Stanley's boards

12:14:23 15 on some of his companies. I really don't recall. A

12:14:30 16 few.

12:14:36 17 Q. To the best of your recollection have you

12:14:37 18 now identified every public company in which you

12:14:40 19 held a position as an officer?

12:14:42 20 A. Yes, as I sit here today that's I believe

12:14:45 21 all I can recall.

12:14:46 22 Q. Are you currently an officer of any

12:14:49 23 publicly traded corporation today?

12:14:53 24 A. SDI, Secured Diversified Investments.

12:14:57 25 Q. That's the only one?

12:14:58 1 A. Yes.

12:14:59 2 Q. How many times have you been involved in a

12:15:02 3 sale of a public company?

12:15:19 4 A. It's got to be five. Four or five.

12:15:23 5 Something on -- but when you say a public company

12:15:27 6 are you also talking about their subsidiaries? I'm

12:15:31 7 a little confused.

12:15:32 8 Q. Well --

12:15:33 9 A. Maybe I'm confusing you.

12:15:35 10 Q. No, it's okay.

12:15:36 11 In the course of your career if I

12:15:38 12 understood correctly the one company that engendered

12:15:43 13 several subsidiaries would be Dynamics, Dynamic

12:15:47 14 Associates; is that correct?

12:15:47 15 A. Yes.

12:15:48 16 Q. So when you are having some question about

12:15:50 17 whether or not you should include subsidiaries you

12:15:52 18 would be referring to the Dynamic Associates

12:15:55 19 situation; correct?

12:15:57 20 A. And MW. MW has a subsidiary also.

12:15:59 21 Q. What was MW's subsidiary?

12:16:01 22 A. MMC.

12:16:02 23 Q. Okay. Was MMC sold off at some point in

12:16:05 24 time?

12:16:06 25 A. MMC ceased research and development when

12:16:11 1 the company ceased. They were both in the
 12:16:13 2 bankruptcy.
 12:16:17 3 Q. With a separate case number that is?
 12:16:20 4 A. That is correct.
 12:16:20 5 Q. MMC separately filed for bankruptcy
 12:16:23 6 protection?
 12:16:24 7 A. Absolutely.
 12:16:25 8 Q. But MMC did not emerge from the bankruptcy?
 12:16:27 9 A. No. It only did research and development.
 12:16:30 10 It had nothing to emerge to.
 12:16:32 11 Q. So MMC then would not have been sold --
 12:16:36 12 A. No.
 12:16:36 13 Q. -- after the bankruptcy.
 12:16:38 14 Was that converted to a seven, a chapter 7
 12:16:41 15 do you know?
 12:16:41 16 A. No.
 12:16:42 17 Q. It was just dissolved?
 12:16:44 18 A. It was just dissolved.
 12:16:48 19 Q. So back to my question. We were talking
 12:16:51 20 about the sale of companies that were public that
 12:16:54 21 you had been involved in and I believe your answer
 12:16:56 22 was four or five and I just wanted to identify
 12:16:59 23 those.
 12:17:02 24 So can you identify the four or five
 12:17:04 25 companies that you were involved in that were sold?

12:17:07 1 A. As an officer?

12:17:09 2 Q. As an officer.

12:17:10 3 A. Thank you.

12:17:14 4 Well, I guess Claire Technologies, Active

12:17:20 5 Systems, Dynamic, P&H Industries, Genesis Health

12:17:32 6 Management, MW Medical. As an officer those.

12:17:56 7 Q. Other than SDI is there any publicly traded

12:18:00 8 corporation in which you have been an officer that

12:18:01 9 hasn't been sold?

12:18:24 10 A. Sold and merged, are they the same?

12:18:27 11 Q. What were you thinking as far as merged?

12:18:31 12 A. Well, MMC and P&H merged.

12:18:38 13 Q. Okay. Any others?

12:18:42 14 A. Some of them the companies were not sold.

12:18:47 15 The assets were sold. Some of the companies were

12:18:51 16 dissolved. If they had certain tax implications to

12:18:54 17 them that would take the lead.

12:18:59 18 I guess my answer would be it's just not as

12:19:02 19 simple to say that they were sold.

12:19:05 20 Q. Okay. Let's go through them one by one.

12:19:09 21 Claire Technology, you were an officer of

12:19:13 22 Claire Technology; right?

12:19:15 23 A. Yes.

12:19:15 24 Q. It was sold; right?

12:19:17 25 A. Claire Technologies sold the assets to

12:19:21 1 Hyperflow.

12:19:24 2 Q. What happened to the shell?

12:19:26 3 A. The public entity was sold off to Mr. Billy
12:19:32 4 Means.

12:19:32 5 Q. Okay. Active Systems, that company was
12:19:41 6 sold; correct?

12:19:43 7 A. The company was sold. I believe there was
12:19:53 8 a -- I'm trying to remember. There was a tax
12:19:56 9 implication and they had to create an -- I can't
12:19:58 10 remember the whole thing of it and I can't remember
12:20:00 11 if the assets were merged in or if they merged the
12:20:04 12 two companies and a sole survivor came. I don't
12:20:07 13 remember at all. Something like that.

12:20:21 14 Q. Dynamic Associates, that was sold?

12:20:24 15 A. Dynamic Associates sold its subsidiary
12:20:29 16 Genesis Health Management to Perspective. That one
12:20:36 17 was sold, the subsidiary was sold.

12:20:38 18 Q. What happened to the shell of Dynamic
12:20:41 19 Associates?

12:20:44 20 A. Oh, the actual shell. I'm sorry. I
12:20:46 21 thought we were on Genesis Health Management.

12:20:48 22 Q. Sure.

12:20:49 23 A. Dynamic Associates the entity was done in a
12:20:55 24 reverse merger to Tele, Tele something.

12:21:05 25 Q. Uh-huh. Okay. Then of course MW Medical

12:21:15 1 that was sold off to what became Davi Skin, Inc.;

12:21:21 2 correct?

12:21:22 3 A. I'm going to try to be helpful. The word

12:21:25 4 sold would not be --

12:21:27 5 Q. How would you characterize it?

12:21:28 6 A. You do a reverse merger transaction.

12:21:32 7 Q. Okay. How many reverse mergers have you

12:21:38 8 been involved with with companies in which you were

12:21:41 9 an officer?

12:21:48 10 A. Claire, Dynamic, and MW Medical.

12:21:55 11 Q. Is that it?

12:21:56 12 A. I think so. I'm not sure but I think so.

12:22:00 13 Q. How many reverse mergers have you been

12:22:02 14 involved in as a consultant?

12:22:06 15 A. Oh, as a consultant is that where people

12:22:32 16 pick up the phone and they ask me how to do it?

12:22:36 17 Q. Well, how would you describe your work as a

12:22:38 18 consultant?

12:22:39 19 A. Sometimes as a consultant I'll just give

12:22:43 20 away free advice.

12:22:47 21 Q. Are there other situations where you are

12:22:49 22 consulted and you are paid a fee?

12:22:52 23 A. Or equity. Sometimes yes.

12:22:59 24 Q. Okay. How many times have you been

12:23:02 25 involved as a consultant in a reverse merger where

12:23:07 1 you've received some equity in a deal?

12:23:15 2 A. There was one called Aero-Axial, something
12:23:22 3 like that.

12:23:23 4 Q. Can you spell that?

12:23:24 5 A. A-e-r-o-A-x-i-a-l. Aero-Axial.

12:23:33 6 Q. And what did you do in connection with that
12:23:35 7 particular reverse merger?

12:23:37 8 A. They phoned up and wanted to know how they
12:23:40 9 would go around or go about doing a reverse or a
12:23:46 10 merger and a reverse.

12:23:53 11 Q. And you were compensated in connection with
12:23:55 12 your consulting work on that deal?

12:23:58 13 A. Yes. They were to give me equity.

12:24:01 14 Q. How much equity did you receive in the
12:24:03 15 company?

12:24:04 16 A. I think it was something like 200,000
12:24:08 17 warrants or something.

12:24:16 18 Q. Any other situations where you consulted
12:24:18 19 with anybody in connection with a reverse merger in
12:24:21 20 which you received some equity for your consulting
12:24:24 21 services?

12:24:24 22 A. There was a coffee company, what were they
12:24:27 23 called, here in California. It was a coffee
12:24:39 24 company. They had this idea where they -- you could
12:24:44 25 go in like a Starbucks and drink coffee and hook up

12:24:50 1 to the net or web something. And same thing, they
12:24:54 2 called and wanted to know what I thought about this
12:24:58 3 and that and so on and so forth and I said well, why
12:25:01 4 am I doing this for free and they said well, we will
12:25:04 5 give you something. They are the other ones that I
12:25:07 6 can think of right off --

12:25:10 7 Q. But you don't recall the name?

12:25:11 8 A. No. It was a coffee company for sure with
12:25:13 9 a web base. Maybe you will see it finally opening
12:25:16 10 in California. Let's hope so.

12:25:18 11 Q. How many shares of stock or other security?

12:25:22 12 A. Those were warrants also and I think it was
12:25:25 13 like 100,000 warrants or something.

12:25:31 14 Q. Any other situations in which you acted as
12:25:33 15 a consultant in exchange for equity in connection
12:25:36 16 with any reverse mergers?

12:25:39 17 A. I can't think of any.

12:25:40 18 Q. This one that you described for Aero-Axial,
12:25:43 19 when did that occur?

12:25:52 20 A. 2004 maybe.

12:25:56 21 Q. Do you still hold those warrants?

12:26:01 22 A. I don't think so.

12:26:04 23 Q. What did you do -- how did you dispose of
12:26:07 24 those warrants?

12:26:14 25 A. I either sold them, called them in or

12:26:16 1 swapped them out. Something. I did something.

12:26:20 2 Just don't remember what I did with those,

12:26:22 3 Aero-Axial.

12:26:27 4 Q. The situation where you acted as a
12:26:29 5 consultant in connection with this coffee company,
12:26:33 6 when did that occur?

12:26:35 7 A. About the same time.

12:26:37 8 Q. 2004?

12:26:39 9 A. Yeah, 2004, yeah.

12:26:42 10 Q. And what did you do with the warrants you
12:26:44 11 received in connection with that consulting
12:26:47 12 engagement?

12:26:48 13 A. They still hold them.

12:26:49 14 Q. You still have them?

12:26:50 15 A. No. They still have them.

12:27:00 16 Q. So have you now told me about all the
12:27:02 17 situations in which you consulted regarding a
12:27:04 18 reverse merger?

12:27:05 19 A. As I sit here today that's what I can
12:27:07 20 recall.

12:27:07 21 Q. And I should have clarified. In which you
12:27:10 22 consulted in exchange for some equity.

12:27:13 23 Have you -- have you now told me about all
12:27:16 24 the situations in which you consulted for exchange
12:27:19 25 for equity in a company for providing consulting

12:27:23 1 services in connection with a reverse merger?

12:27:27 2 A. I think so.

12:27:27 3 Q. All right. Have you provided consulting
12:27:29 4 services in connection with a reverse merger to any
12:27:32 5 public corporations other than for equity as in for
12:27:37 6 any other form of compensation or for no
12:27:39 7 compensation?

12:27:46 8 A. No compensation?

12:27:47 9 Q. Or some compensation.

12:27:49 10 Well, you indicated sometimes -- I wrote
12:27:51 11 down give away free advice sometimes. So I'm trying
12:27:54 12 to determine did you consult with somebody, some
12:28:04 13 company regarding a reverse merger either where you
12:28:04 14 were paid in cash, through some other form of
12:28:07 15 compensation or consideration or you were not paid
12:28:10 16 or compensated at all other than the Aero-Axial and
12:28:16 17 the coffee company whose name you could not recall?
12:28:19 18 All other consulting engagements in connection with
12:28:22 19 a reverse merger.

12:28:24 20 A. There were a few where I got nothing.
12:28:29 21 Those would be -- oh, my God. That's a long list.
12:28:34 22 Efoora, a blood technology. Neuro Navigational, a
12:28:40 23 veinal structure technology.

12:28:43 24 Q. You better slow down for both my sake and
12:28:45 25 the court reporter.

12:28:47 1 A. I'm sorry.

12:28:47 2 Q. Efoora would be E-p-h-o-r-a?

12:28:48 3 A. No. E-f-o-o-r-a, Efoora.

12:28:51 4 Q. Okay.

12:28:52 5 A. Cord blood.

12:28:54 6 Q. That's C-o-r-d?

12:28:55 7 A. Yes.

12:28:56 8 Oh, God. Who else didn't do it? Oh, there

12:29:03 9 was the one with the 411 technology. What were they

12:29:05 10 called? P3411. Something like that was the name of

12:29:09 11 that company.

12:29:13 12 The ones that had a new washable solution

12:29:19 13 for contact lenses. What were they called? They

12:29:21 14 were trying to compete with Bausch & Lomb. Just

12:29:27 15 met -- oh, the one with the saphenous vein, removal

12:29:32 16 of the saphenous vein. It was eventually sold to

12:29:36 17 Medtronic, that one, hmm.

12:29:42 18 Oh, gosh. There is a lot of them. I'm

12:29:45 19 lucky these are rolling off my tongue right now.

12:29:50 20 There's a few. People call me all the time.

12:29:59 21 Q. And the examples that you just gave us,

12:30:04 22 Efoora, Cord Blood, P3411, something having to do

12:30:08 23 with contact lens solution, and this saphenous vein

12:30:12 24 ones, these are the situations where you provided

12:30:14 25 consulting services and were not compensated at all?

12:30:18 1 A. Correct.

12:30:18 2 Q. Are there any other companies in which you
12:30:21 3 provided consulting services in connection with a
12:30:24 4 reverse merger in which you received any type of
12:30:26 5 compensation other than the Aero-Axial and the
12:30:28 6 coffee company?

12:30:40 7 A. I'm sure there have been. I just can't
12:30:43 8 think of them right now.

12:30:44 9 Q. Okay. Can you tell us what type of
12:30:51 10 services you provided in connection with Aero-Axial,
12:30:55 11 the consulting services that you actually provided?

12:30:58 12 A. Aero-Axial wanted -- they had done a
12:31:03 13 reverse merger. The CEO was not very well versed in
12:31:09 14 the public realm. They had problems with news
12:31:14 15 announcements. They didn't know how to distribute
12:31:27 16 options so that it wouldn't affect Black Shoals
12:31:27 17 which is a criteria in the public company,
12:31:28 18 accounting criteria. Things like that. They
12:31:32 19 just -- basically a lot of people don't know what
12:31:35 20 they are doing when they get in the public market.
12:31:38 21 So it was broad spectrum.

12:31:43 22 Q. How long -- how much time did you spend in
12:31:45 23 connection with Aero-Axial in providing consulting
12:31:48 24 services to them?

12:31:52 25 A. Telephone conversations, some conference

12:31:56 1 calls, one meeting. I don't know. Here and there.

12:32:02 2 Mostly phone.

12:32:06 3 Q. More than ten hours?

12:32:11 4 A. A little bit more. Not much.

12:32:13 5 Q. You comfortable estimating between what, 10
12:32:16 6 and 20 hours?

12:32:18 7 A. Sure.

12:32:19 8 Q. Well, look --

12:32:22 9 A. See for me to answer the way that you would
12:32:25 10 like me to I'm trying hard to recall all of this but
12:32:30 11 it is a lot of stuff and people will pick up the
12:32:33 12 phone -- as a matter of fact, just like an attorney,
12:32:37 13 once people know who you are and what you do all of
12:32:40 14 a sudden you are the go-to person. So in the middle
12:32:44 15 of something that they've decided to do they will
12:32:47 16 call. So if I was to add up in my day over months
12:32:53 17 of time how much that was you could pick a number
12:32:59 18 but it would be a best guess.

12:33:02 19 Q. Okay. A couple things there I just want to
12:33:05 20 clarify. Sometimes I'll ask you to estimate and
12:33:07 21 what I'm looking for is your best recollection which
12:33:11 22 we are entitled to. I don't want you to guess or
12:33:13 23 speculate.

12:33:14 24 The difference would be if I asked you how
12:33:16 25 much time you spent waiting for your plane this

12:33:18 1 morning you would have an estimate even though you
12:33:20 2 are probably not keeping track of the specific time.
12:33:23 3 A. Right.
12:33:24 4 Q. But if I asked you to tell me how much time
12:33:26 5 I waited for a plane last weekend you would have no
12:33:29 6 idea. That would be a guess or speculation. So
12:33:31 7 what we say as far as what we do, that based upon
12:33:36 8 your own perception you could make an estimate; that
12:33:38 9 is, something that you saw, heard, felt, in some
12:33:43 10 other way you could make an estimate. But if it's
12:33:45 11 not something that you observed or heard or have
12:33:48 12 some other basis for having some knowledge then you
12:33:51 13 can't speculate as to what that would be.
12:33:53 14 Same as you could estimate the size of this
12:33:55 15 table. You may be terrible at feet and inches or at
12:33:56 16 meters or whatever form of reference that you use.
12:34:02 17 But if I asked you to say how big the dining room
12:34:05 18 table is in my house you would be guessing.
12:34:08 19 A. Right.
12:34:09 20 Q. Okay.
12:34:09 21 A. Thank you very much for that explanation
12:34:12 22 because with that explanation I would tell you then
12:34:15 23 I don't recall.
12:34:16 24 Q. That's fine and I rather have you --
12:34:20 25 A. Thank you.

12:34:20 1 Q. -- just say you don't recall as opposed to
 12:34:21 2 just throwing something out there --
 12:34:22 3 A. Okay.
 12:34:22 4 Q. -- and I say 10 to 20 hours and you say
 12:34:25 5 sure.
 12:34:26 6 A. Okay.
 12:34:27 7 Q. We are not looking for that.
 12:34:28 8 A. Okay. Thank you.
 12:34:29 9 Q. I'm not trying to pin you down like that
 12:34:31 10 but I would like to ask you some other further
 12:34:33 11 questions.
 12:34:33 12 A. Sure.
 12:34:34 13 Q. Was there any written agreement in
 12:34:36 14 connection with your services on Aero-Axial?
 12:34:40 15 A. I would think there was. Well, for
 12:34:46 16 warrants you have to have some kind of written
 12:34:49 17 agreement even if it's the warrants.
 12:34:51 18 Q. Right.
 12:34:53 19 A. So I would have to say I would think so.
 12:34:56 20 Q. Do you recall if you had any agreement in
 12:34:59 21 connection with your consulting services that set
 12:35:01 22 forth a description of what services would be
 12:35:03 23 provided?
 12:35:12 24 A. I don't recall.
 12:35:13 25 Q. Have you ever had any sort of agreement

12:35:15 1 that you provided in connection with consulting
 12:35:19 2 services for public companies that were doing a
 12:35:22 3 reverse merger?

12:35:24 4 A. I'm sorry. Could you say that again.

12:35:26 5 Q. Let me restate it.

12:35:27 6 Have you ever entered into a written
 12:35:31 7 agreement that set forth the terms or the scope of
 12:35:35 8 what services you would be providing as a consultant
 12:35:39 9 in connection with a reverse merger?

12:35:42 10 A. No.

12:35:46 11 Q. Your consulting company now that is
 12:35:47 12 referred to as Wallace Black LLC, do you provide any
 12:35:51 13 consulting services in connection with reverse
 12:35:54 14 mergers?

12:35:55 15 A. At times, yes.

12:35:56 16 Q. Do you have written agreements that you
 12:36:00 17 enter into with the parties that you are providing
 12:36:03 18 consulting services for?

12:36:05 19 A. If I had one I could think of I would say
 12:36:12 20 we would have a contract. I just can't think of any
 12:36:16 21 right now in a reverse merger.

12:36:19 22 Q. Okay. Do you normally have written
 12:36:21 23 agreements in connection with the individuals or
 12:36:24 24 entities that you provide consulting services for?

12:36:31 25 A. Yes, most of the time but not all the time.

12:36:35 1 Q. And what is the scope of the consulting
12:36:37 2 services that you provide to your clients at Wallace
12:36:40 3 Black?

12:36:41 4 A. They usually hire me and choose to bring me
12:36:44 5 in for three months at a time. I don't like to do
12:36:47 6 longer than six months so my contracts are usually
12:36:52 7 based between three months and six months. I
12:36:54 8 basically come in, take a look at the company, I
12:36:57 9 write a report, tell them what I've observed, what I
12:37:00 10 think they should do and then they hand it to the
12:37:04 11 board of directors and the board of directors
12:37:06 12 decides what they want to do.

12:37:18 13 Q. Have you ever written a report in the scope
12:37:20 14 of your, the course of your consulting services
12:37:26 15 regarding a reverse merger?

12:37:28 16 A. No.

12:37:41 17 Q. Have you now told me about every company in
12:37:45 18 which you've been involved in a reverse merger? And
12:37:47 19 when I say involved I'm trying to use that in the
12:37:51 20 broadest possible way imaginable.

12:37:57 21 A. To the best of my recollection.

12:37:59 22 Q. Okay. I'd like to mark for purposes of
12:38:11 23 identification as Exhibit No. 2 -- and the reason
12:38:14 24 I'm starting with two is I did identify an Exhibit 1
12:38:17 25 in Kyleen Cane's deposition.

12:38:20 1 MS. AMBROSIO: Oh, okay.

12:38:22 2 MR. GUTMAN: This is a five-page --

12:38:28 3 six-page document. Bears the Bates Nos. K --

12:38:35 4 THE WITNESS: Uh-huh.

12:38:35 5 MR. GUTMAN: -- /M 75 through 80.

12:38:41 6 (Deposition Exhibit 2 was marked for

12:38:41 7 identification by the court reporter.)

10:52:02 8 BY MR. GUTMAN:

12:38:42 9 Q. Ms. Wallace, the first page title appears

12:38:46 10 to be "STOCK PURCHASE AND NOTE ASSIGNMENT AGREEMENT

12:38:49 11 BETWEEN MS. JAN WALLACE/MS. GRACE SIM AND MW

12:38:55 12 MEDICAL, INC. AND PARRISH MEDLEY OR HIS DESIGNATES."

12:38:59 13 Further down on the first page says March 15, 2004.

12:39:05 14 Just with respect to this first page and if

12:39:08 15 I show you the first page have you seen this

12:39:11 16 document before?

12:39:14 17 A. I've seen a document like this before.

12:39:16 18 Q. Okay. That's fine.

12:39:18 19 Turn to the last page of Exhibit No. 2.

12:39:21 20 It's Bates numbered -- and when I say the name Bates

12:39:25 21 it's referring to the number in the lower right-hand

12:39:28 22 corner.

12:39:29 23 A. Yes.

12:39:29 24 Q. Bates No. 80, do you recognize your

12:39:31 25 signature on this page?

12:39:32 1 A. Yes, I do.

12:39:35 2 Q. Does that appear to be your signature?

12:39:36 3 A. Yes.

12:39:36 4 Q. Do you have any reason to believe that you

12:39:38 5 did not sign this document?

12:39:40 6 A. Not this one. The original.

12:39:42 7 Q. The original.

12:39:43 8 Let me put it to you another way: Do you

12:39:45 9 have any reason to believe that this is not a true

12:39:49 10 and accurate photocopy of a document that you

12:39:51 11 signed?

12:39:53 12 A. I believe that to be my signature on a

12:39:58 13 representative copy of this that you presented to

12:40:01 14 me.

12:40:02 15 Q. Thank you.

12:40:03 16 Were you present when anybody else signed

12:40:06 17 this document? And we are looking at page six of

12:40:09 18 the document Bates No. K/M 80.

12:40:17 19 A. Say the question again.

12:40:18 20 Q. Were you present when this document which

12:40:21 21 we've marked as Exhibit No. 2 was signed by anybody

12:40:25 22 other than yourself?

12:40:32 23 A. I would not absolutely recall but I would

12:40:35 24 think so.

12:40:36 25 Q. All right. But you don't have a specific

12:40:39 1 recollection of being present when it was signed by
 12:40:41 2 any of the other two parties that are identified on
 12:40:45 3 the last page of Exhibit 2; correct?
 12:40:48 4 A. Not specifically.
 12:40:49 5 Q. Thank you.
 12:40:50 6 You see the name directly beneath yours on
 12:40:53 7 the last page of Exhibit 2, Grace Sim, S-i-m?
 12:41:00 8 A. Yes.
 12:41:00 9 Q. Do you recognize that name?
 12:41:00 10 A. Yes.
 12:41:00 11 Q. Who is Ms. Sim in connection with this
 12:41:03 12 company that we are talking about, MW Medical, Inc.?
 12:41:16 13 A. Grace Sim was the CFO.
 12:41:19 14 Q. CFO of MW Medical, Inc.?
 12:41:21 15 A. Yes.
 12:41:22 16 Q. When is the last time you spoke to Grace
 12:41:24 17 Sim?
 12:41:24 18 A. Yesterday.
 12:41:26 19 Q. Where does she reside?
 12:41:27 20 A. In Arizona.
 12:41:28 21 Q. Did you talk to her about this case?
 12:41:30 22 A. No.
 12:41:30 23 Q. Have you ever spoken to Ms. Sim about this
 12:41:32 24 case?
 12:41:40 25 A. I don't recall.

12:41:43 1 Q. Prior to yesterday when was the last time
 12:41:45 2 you spoke to Ms. Sim?
 12:41:47 3 A. Two days before that.
 12:41:50 4 Q. And prior to that when was the last time
 12:41:53 5 that you spoke to Ms. Sim?
 12:42:06 6 A. Maybe last Monday.
 12:42:08 7 Q. And what was the purpose of your
 12:42:10 8 conversations with Ms. Sim over the course of the
 12:42:13 9 last week and a half or so?
 12:42:18 10 A. Multiple things.
 12:42:19 11 Q. Are you involved in any business
 12:42:20 12 transactions with Ms. Sim at the current time?
 12:42:23 13 A. Yes.
 12:42:24 14 Q. How so?
 12:42:25 15 A. She is the controller of Secured Lending a
 12:42:30 16 subsidiary of Secured Diversified Investments.
 12:42:53 17 Q. For how long has Ms. Sim been the
 12:42:55 18 controller of Secured Lending?
 12:43:02 19 A. Three months. Maybe four months.
 12:43:07 20 Q. How many employees does Secured Lending
 12:43:10 21 have?
 12:43:14 22 A. Two.
 12:43:16 23 Q. Does secured lending have offices?
 12:43:20 24 A. Yes.
 12:43:21 25 Q. Where are those offices?

12:43:23 1 A. 12202 North Scottsdale Road, Phoenix,
 12:43:29 2 Arizona 85254.
 12:43:35 3 Q. That address sounds vaguely familiar. Is
 12:43:37 4 that the same address for SDI?
 12:43:38 5 A. Yes.
 12:43:40 6 Q. Are the number of employees at Secured
 12:43:43 7 Lending the same two employees that are also working
 12:43:45 8 for SDI?
 12:43:46 9 A. No.
 12:43:47 10 Q. So there is two separate employees at
 12:43:49 11 Secured Lending distinct from the number of
 12:43:52 12 employees at SDI?
 12:43:53 13 A. Yes.
 12:43:54 14 Q. So how many employees work at the office
 12:43:57 15 that is located at 12202 North Scottsdale Road that
 12:44:04 16 work for either SDI or any subsidiary of SDI?
 12:44:08 17 A. Three.
 12:44:08 18 Q. Who are those three employees?
 12:44:10 19 A. Jan Wallace, Grace Sim, Jeannie Denoia.
 12:44:15 20 Q. Jeannie the last name?
 12:44:16 21 A. Denoia.
 12:44:17 22 Q. You better spell that for us.
 12:44:18 23 A. Okay. I believe it's capital D-e-n-o-i-a,
 12:44:27 24 I believe.
 12:44:29 25 Q. What does Ms. Denoia do?

12:44:33 1 A. She is an underwriter.

12:44:36 2 Q. For what?

12:44:39 3 A. Secured Lending.

12:44:43 4 Q. And what type of secured lending does the

12:44:48 5 company, the subsidiary Secured Lending do?

12:44:52 6 A. It's a mortgage company. I'm sorry. I

12:44:57 7 mentioned it right at the beginning.

12:45:00 8 Q. Please, no need to apologize. It is I who

12:45:03 9 should be apologizing for somewhat less than stellar

12:45:07 10 recall.

12:45:08 11 A. You are doing great.

12:45:14 12 Q. Do you know where Grace Sim was working

12:45:14 13 prior to her employment at Secured Lending?

12:45:16 14 A. She wasn't.

12:45:19 15 Q. Are both Grace Sim and Jeannie Denoia

12:45:22 16 full-time employees at Secured Lending?

12:45:25 17 A. I don't think Grace is full time. Jeannie

12:45:27 18 is.

12:45:31 19 Q. How long has Jeannie been working for

12:45:33 20 Secured Lending?

12:45:35 21 A. Five months.

12:45:54 22 Q. Referring again to the last page of

12:45:56 23 Exhibit No. 2 Bates No. 80, were you present when

12:46:00 24 Grace Sim signed this document?

12:46:06 25 A. Again, specifically I don't recall but I

12:46:08 1 would think so.

12:46:10 2 Q. On what basis or what facts lead you to
12:46:13 3 believe that you would think that you weren't
12:46:16 4 present when she signed it?

12:46:19 5 A. Well, I'm looking at the document and if we
12:46:24 6 sign offline there would be multiple pages where
12:46:28 7 there is a signature on this page and then the next
12:46:31 8 page would be attached and her signature would be on
12:46:34 9 it. That's when you sign off site. If everybody is
12:46:39 10 in the room or in close proximity; for instance, I
12:46:42 11 could run from this place down the street, then we'd
12:46:47 12 all sign it on the same page.

12:46:49 13 Q. Is that the only basis that leads you to
12:46:51 14 believe that everybody signed it in the presence of
12:46:54 15 one another?

12:46:55 16 A. I think so.

12:46:55 17 Q. All right. So it's strictly based upon the
12:46:58 18 fact that all the signatures appear on one page as
12:47:01 19 opposed to having counter signatures or separate
12:47:04 20 signature pages with each individual's signature on
12:47:07 21 them; is that correct?

12:47:08 22 A. I would say it's reasonable.

12:47:11 23 Q. Okay. But no other basis for your belief
12:47:14 24 that you were present when Grace Sim signed it?

12:47:17 25 A. The only other thing is I would believe

12:47:24 1 looking at the document that this was filed publicly
12:47:29 2 and if it is filed publicly then the protocol is to
12:47:34 3 have all signatures on the same page; however, they
12:47:39 4 sometimes will FedEx it around so that all the
12:47:43 5 signatures stay on the same page but they may not be
12:47:46 6 in the same room at the same time.

12:47:48 7 Q. Okay. So you don't have any recollection
12:47:50 8 one way or another how it was done in connection
12:47:52 9 with Exhibit No. 2; is that correct?

12:47:55 10 A. Correct.

12:47:56 11 Q. All right. With respect to Grace Sim's
12:48:00 12 signature on this page, it's the last page of
12:48:02 13 Exhibit No. 2, do you recognize her signature?

12:48:05 14 A. Yes.

12:48:05 15 Q. Does that appear to be a true signature of
12:48:07 16 Grace Sim?

12:48:09 17 A. Looks very much like her signature.

12:48:11 18 Q. Any reason to believe that's not her
12:48:13 19 signature or a photocopy of her signature I should
12:48:17 20 say?

12:48:22 21 A. Given that lots of people reproduce things
12:48:24 22 I guess the best I could say is I recognize that
12:48:27 23 signature. Looks a lot like Grace's signature.

12:48:30 24 Q. Fine.

12:48:31 25 I was notified by the videographer that we

12:48:37 1 are about to run out of tape so maybe this is a
12:48:37 2 convenient time to go offline as you used the
12:48:40 3 expression.

12:48:42 4 VIDEO OPERATOR: This marks the end of tape
12:48:43 5 No. 1 in the deposition of Jan Wallace. We are
12:48:46 6 going off the record. The time is 12:48.

12:48:48 7 (At the hour of 12:48 p.m. the luncheon
12:48:48 8 recess was taken, proceedings to resume at
12:48:48 9 1:50 p.m.)

13:55:26 10 (At the hour of 2:01 p.m. the following
13:55:26 11 proceedings were had at the same place with
13:55:26 12 the same persons present.)

14:01:07 13 VIDEO OPERATOR: All right. We are back on
14:01:09 14 the record. The time is 2:01.

14:01:11 15 MR. GUTMAN: Thank you.

14:01:12 16 Q. Good afternoon, Ms. Wallace. We are
14:01:13 17 looking at Exhibit No. 2. I'd like to direct your
14:01:16 18 attention to the second page of Exhibit No. 2 which
14:01:19 19 is Bates marked with the number 76.

14:01:21 20 You have that in front of you?

14:01:22 21 A. Yes.

14:01:23 22 Q. All right. The first thing I want to ask
14:01:25 23 you about is on this particular document, stock
14:01:29 24 purchase and note assignment agreement, do you
14:01:32 25 recall who prepared this document?

14:01:34 1 A. No.

14:01:36 2 Q. Did you participate in any negotiation of

14:01:38 3 any of the terms in this document?

14:01:45 4 A. I may have. I don't recall.

14:01:47 5 Q. Was Kyleen Cane representing you in

14:01:49 6 connection with this transaction?

14:01:51 7 A. Yes.

14:01:52 8 Q. Was she representing MW Medical, Inc. in

14:01:54 9 connection with the transaction?

14:02:01 10 A. I believe so.

14:02:02 11 Q. Was she representing Ms. Grace Sim in

14:02:04 12 connection with this transaction?

14:02:08 13 A. Yes.

14:02:11 14 Q. Has Kyleen Cane represented you in

14:02:13 15 connection with any other transactions?

14:02:25 16 A. Dynamic Associates.

14:02:28 17 Q. What specifically did Kyleen Cane do in

14:02:31 18 connection with Dynamic Associates?

14:02:33 19 A. She was the SEC attorney for the company.

14:02:44 20 Q. The date of March 15, 2004 appears in the

14:02:47 21 first paragraph on the second page of Exhibit No. 2.

14:02:50 22 Is that the date that you recall that this agreement

14:02:53 23 was signed?

14:02:55 24 A. That's what it says. I don't recall if

14:02:57 25 that's the date it was when it was signed but that's

14:02:59 1 what it says.

14:03:00 2 Q. Do you have any recollection of when it was
14:03:02 3 signed?

14:03:04 4 A. Probably sometime around then.

14:03:06 5 Q. When you say sometime around then, do you
14:03:08 6 have some estimate as to how many days, weeks,
14:03:11 7 months that it might --

14:03:12 8 A. Less than 30 days.

14:03:15 9 Q. And what is that based on?

14:03:17 10 A. Recollection.

14:03:20 11 Q. I asked you earlier if you reviewed any
14:03:22 12 documents in connection with this case in
14:03:24 13 preparation for your deposition. Have you -- my
14:03:29 14 recollection was you answered in the negative.

14:03:34 15 Do you have a diary, a calendar, some sort
14:03:37 16 of record of your activities during the year 2004?

14:03:48 17 A. I may have one. Did I have one, I'm not
14:03:53 18 sure. I may have had one. I may have one but I
14:03:56 19 don't have one that I can access.

14:04:01 20 Q. Access right now you mean?

14:04:03 21 A. Yeah, or ever. I don't know -- 2004 is a
14:04:07 22 while ago. I don't know if I keep them all.

14:04:09 23 Q. Okay. If you had -- withdraw that.

14:04:14 24 What is the form in which your calendar
14:04:16 25 that you had during 2004 took?

14:04:20 1 A. Handwritten notes.

14:04:21 2 Q. And where are those handwritten notes

14:04:24 3 stored or maintained?

14:04:28 4 A. Could be anywhere.

14:04:30 5 Q. Okay. Were they in the form of a calendar,

14:04:35 6 a booklet form or --

14:04:37 7 A. Oh, I'm sorry.

14:04:38 8 Yes, it would be a little Cartier daytimer

14:04:43 9 thing, whatever.

14:04:45 10 Q. Did you keep track of all the appointments

14:04:48 11 that you had during the year 2004 in that Cartier

14:04:50 12 daytimer?

14:04:54 13 A. I don't think I could say every one but I

14:04:57 14 relatively kept my appointments.

14:05:03 15 Q. Did you also keep any sort of computerized

14:05:05 16 calendar that would indicate what type of

14:05:08 17 appointments or other events of some

14:05:13 18 significance that --

14:05:13 19 A. No.

14:05:15 20 Q. No?

14:05:15 21 A. No.

14:05:18 22 Q. If you were to look for this Cartier

14:05:20 23 daytimer from 2004 where would you look for it?

14:05:29 24 A. Boxes I would think if I stored it in a

14:05:33 25 box.

14:05:34 1 Q. In your home?

14:05:36 2 A. No, not necessarily.

14:05:38 3 Q. Where else would you look?

14:05:42 4 A. Maybe in a storeroom.

14:05:45 5 Q. Where would the storeroom be located?

14:05:53 6 A. I think it's on a road called Indian Bend.

14:05:58 7 I think.

14:05:59 8 Q. And that's in what city?

14:06:01 9 A. Arizona.

14:06:02 10 Q. What city?

14:06:05 11 A. Scottsdale.

14:06:07 12 Q. This is a storage facility that you rent?

14:06:09 13 A. Uh-huh.

14:06:10 14 Q. Is that a "yes"?

14:06:11 15 A. Yes. I'm sorry. Yes.

14:06:13 16 Q. That's okay.

14:06:14 17 And the storage unit or facility that you

14:06:17 18 are renting is that -- what type of -- what company

14:06:20 19 or what's the name of the facility?

14:06:25 20 A. Storage something. Storage -- it starts

14:06:30 21 with Storage.

14:06:31 22 Q. Is this the type of a place where you pay a

14:06:33 23 monthly fee to store --

14:06:36 24 A. Yes.

14:06:36 25 Q. -- personal things?

14:06:37 1 A. Yes.

14:06:38 2 Q. Is that in your name or is it in the name

14:06:40 3 of one of the companies you have been affiliated

14:06:42 4 with?

14:06:43 5 A. I'm not sure.

14:06:44 6 Q. How long have you maintained this storage

14:06:45 7 facility?

14:06:56 8 A. Maybe two years. Maybe two and a half

14:06:58 9 years. Might have been another one too before this

14:07:01 10 one. At one point things moved and I -- I don't

14:07:05 11 handle it.

14:07:06 12 Q. Who handles it?

14:07:08 13 A. Anybody I hire.

14:07:14 14 Q. Well, who have you hired in the last three

14:07:16 15 years to handle storage of documents?

14:07:20 16 A. I don't recall that. It could be any

14:07:22 17 moving company.

14:07:24 18 Q. You mean a moving company?

14:07:25 19 A. Yes.

14:07:27 20 Q. Is there -- I'm sorry. You finished your

14:07:30 21 answer?

14:07:30 22 A. I just call people, tell them I need to

14:07:33 23 move something from someplace to another place and

14:07:35 24 they take care of it.

14:07:40 25 Q. There is not any individual who handles any

14:07:42 1 of your personal paperwork or things like that?

14:07:44 2 A. No.

14:07:45 3 Q. Such as a secretary or personal assistant?

14:07:50 4 A. No. No.

14:07:52 5 Q. Other than this Cartier daytimer would you
14:07:55 6 have any other document that might identify certain
14:07:59 7 events or meetings that you had during the calendar
14:08:02 8 year 2004?

14:08:09 9 A. Every now and then I carry around a little
14:08:12 10 art book. I'm a frustrated artist so I carry around
14:08:17 11 a little blank art book and I draw in it and
14:08:20 12 sometimes I make notes in it.

14:08:28 13 Q. If you needed to determine what you were
14:08:31 14 doing on March 15, 2004 what records would you look
14:08:35 15 at in order to determine what you were doing or
14:08:37 16 where you were on that particular date?

14:08:41 17 A. 2004? Other than the Cartier book I can't
14:08:48 18 think of anything.

14:08:51 19 Q. Okay. Directing your attention to
14:08:53 20 paragraph A at the top of the second page of
14:08:57 21 Exhibit 2,

14:09:00 22 "Whereas, Wallace and Sim own
14:09:01 23 approximately" -- and then the number
14:09:03 24 appears to be crossed out and corrected,
14:09:06 25 the correct number being "77,350,000

14:09:12 1 shares of the Company and hold a combined
 14:09:15 2 secured debt obligation of the Company of
 14:09:18 3 approximately \$856,432."

14:09:22 4 Do you see that line I just read?

14:09:23 5 A. Yes.

14:09:24 6 Q. Did I read it accurately?

14:09:26 7 A. Yes, if you want to make the 78 that looks
 14:09:31 8 to me -- I don't know if that's a correction but --

14:09:35 9 Q. Is that your initial or initials JW?

14:09:38 10 A. Yes.

14:09:40 11 Q. Do you have some understanding of why you
 14:09:43 12 initialed on the page directly above the number, the
 14:09:47 13 78,350 -- that's 78,350,000?

14:09:54 14 A. If there was a correction I'm sure that we
 14:09:57 15 would have initialed but some people like to initial
 14:10:00 16 certain places on documents, like a corner or if
 14:10:03 17 there is a number that's significant to them. So I
 14:10:06 18 really couldn't tell you. Maybe it's because of the
 14:10:08 19 number change.

14:10:09 20 Q. Okay. Does there appear to be a number
 14:10:12 21 change?

14:10:12 22 A. There seems to be a scribble here. I don't
 14:10:15 23 see the seven. Did you say seven, 77?

14:10:19 24 Q. To me it looks like the eight was crossed
 14:10:21 25 out and there is a seven immediately above the three

14:10:25 1 but I may be wrong.

14:10:28 2 A. Doesn't it look like a loop to you? Am I

14:10:31 3 crazy or does it --

14:10:33 4 Q. Okay.

14:10:33 5 A. Doesn't that look like a loop?

14:10:35 6 Q. It doesn't to me but I'm not concerned --

14:10:38 7 A. Okay.

14:10:39 8 Q. -- about my testimony here.

14:10:41 9 A. Okay. I see two initials. I see some

14:10:45 10 scribble. I see 78,350,000.

14:10:50 11 Q. All right. Other than that though with

14:10:52 12 respect to the number of shares I read that sentence

14:10:55 13 correctly --

14:10:55 14 A. Yes.

14:10:56 15 Q. -- would you agree?

14:10:58 16 I want to ask you what is this combined

14:11:00 17 secured debt obligation of the company of

14:11:07 18 approximately \$856,432? What is the source or basis

14:11:08 19 for that number?

14:11:10 20 A. That number is probably comprised of cash

14:11:13 21 over a period of time.

14:11:20 22 Q. Are there any documents that evidence how

14:11:22 23 that amount was determined?

14:11:27 24 A. I'm sure there is.

14:11:30 25 Q. What is your understanding as to what

14:11:31 1 documents would identify that amount?

14:11:34 2 A. Probably loan agreements, promissory notes,
14:11:37 3 UCCs.

14:11:46 4 Q. Where would I locate those documents?

14:11:48 5 A. Public filings.

14:11:53 6 Q. These are all debts that were incurred
14:11:58 7 since the company emerged from bankruptcy; is that
14:12:01 8 correct?

14:12:02 9 A. Prior. The loans started prior.

14:12:07 10 Q. The amount of \$856,432, that's not just
14:12:12 11 from the amounts incurred subsequent to the
14:12:15 12 bankruptcy?

14:12:16 13 A. Those are amounts subsequent and then there
14:12:19 14 are amounts that are not on here that were during
14:12:22 15 and after the bankruptcy because I was debtor in
14:12:25 16 possession.

14:12:30 17 Q. As you sit here today do you have any
14:12:32 18 recollection of how the amount of \$856,432 was
14:12:37 19 calculated?

14:12:38 20 A. Um, I am sure that I would have to rely on
14:12:41 21 the CFO and the public accounting done by the
14:12:46 22 auditors of the company that that is what they
14:12:50 23 calculated to be cash loans I made to the company.

14:12:54 24 Q. The CFO was Grace Sim?

14:12:57 25 A. Correct.

14:12:59 1 Q. Did MW Medical, Inc. ever have another CFO
 14:13:03 2 other than Grace Sim?
 14:13:04 3 A. Yes.
 14:13:04 4 Q. Who was that?
 14:13:05 5 A. Dean Drummond.
 14:13:06 6 Q. D-e-a-n D-r-u-m-m-o-n-d?
 14:13:09 7 A. Correct.
 14:13:10 8 Q. Do you know where Mr. Drummond resides?
 14:13:16 9 A. I believe somewhere on the East Coast.
 14:13:18 10 Q. Have you ever worked with Mr. Drummond in
 14:13:21 11 connection with any other companies?
 14:13:24 12 A. None I can recall.
 14:13:28 13 Q. Is Mr. Drummond a CPA?
 14:13:34 14 A. I believe he is.
 14:13:37 15 Q. When you say East Coast do you know in what
 14:13:40 16 state he's currently residing?
 14:13:42 17 A. No.
 14:13:43 18 Q. Do you know where he was residing at the
 14:13:45 19 time that he's CFO of MW Medical, Inc.?
 14:13:48 20 A. Arizona.
 14:13:50 21 Q. When did Grace Sim become the CFO?
 14:14:01 22 A. I think right from the beginning.
 14:14:02 23 Q. Maybe I wasn't clear.
 14:14:05 24 When did Grace Sim become the CFO of
 14:14:08 25 MW Medical, Inc.?

14:14:09 1 A. Right from the beginning.

14:14:10 2 Q. Oh. When was Dean Drummond the CFO then?

14:14:14 3 A. Dean Drummond replaced Grace Sim about a

14:14:20 4 year and a half into the company.

14:14:29 5 Q. Was Grace Sim the CFO as of March 15, 2004?

14:14:34 6 A. Yes.

14:14:43 7 Q. What are you referring to when you say at

14:14:45 8 the beginning Grace Sim was the CFO at the

14:14:51 9 beginning?

14:14:51 10 A. Of MW Medical.

14:14:52 11 Q. And when was that?

14:14:53 12 A. Again timelines. MW Medical was formed

14:14:59 13 when we put the two together '97, '98. Someplace

14:15:03 14 around there. I think I mentioned it before.

14:15:05 15 Q. And at some point did Grace Sim stop being

14:15:09 16 the CFO?

14:15:10 17 A. Yes.

14:15:11 18 Q. When was that?

14:15:13 19 A. Sometime about a year and a half into the

14:15:15 20 company. Maybe a year -- someplace around there.

14:15:18 21 '99 maybe.

14:15:20 22 Q. Did she come back as a CFO at some point in

14:15:23 23 time?

14:15:23 24 A. Yes, she did.

14:15:24 25 Q. I understand.

14:15:25 1 So how long was Dean Drummond the CFO then?

14:15:28 2 A. I believe maybe ten months.

14:15:30 3 Q. And then Grace Sim returned as the CFO?

14:15:32 4 A. Yes. Dean went to the East Coast.

14:15:51 5 Q. Did the amount of \$856,432 include all the

14:15:56 6 debt that was owed to you by the company?

14:15:58 7 A. No.

14:15:59 8 Q. What else was not included?

14:16:02 9 A. Unpaid salaries. I had a lease right on

14:16:09 10 the equipment. If we leased it out to anybody else

14:16:12 11 the company was to pay me the lease rights on it.

14:16:18 12 Q. Anything else?

14:16:26 13 A. Again, any costs that were incurred during

14:16:29 14 the bankruptcy were all mine and those all were

14:16:34 15 added as security debts.

14:16:36 16 Q. Were those included in the \$856,432?

14:16:41 17 A. I don't believe so.

14:16:42 18 Q. Are those amounts reflected in any

14:16:45 19 documents?

14:16:47 20 A. Bankruptcy documents.

14:16:51 21 Q. Other than in bankruptcy documents are the

14:16:53 22 amounts that were owed to you by the company

14:16:55 23 reflected in any other documents?

14:16:57 24 A. Promissory notes, loan agreements and UCCs

14:17:00 25 filed in the public records of MW Medical.

14:17:03 1 Q. What promissory notes are you aware of that
14:17:06 2 were in existence as of March 15, 2004?
14:17:10 3 A. A lot.
14:17:12 4 Q. Can you identify any of them?
14:17:15 5 A. Well, again as the company needed money I
14:17:20 6 would put money in the company and then they would
14:17:24 7 draw the appropriate documents and they would give
14:17:26 8 me the appropriate documents.
14:17:28 9 So over time there was probably five or
14:17:32 10 six. At one point it got to be so consistent there
14:17:37 11 was a cumulative number.
14:17:41 12 Q. I'm talking about number over and above or
14:17:44 13 separate and apart from the \$856,432.
14:17:48 14 You understand that?
14:17:48 15 A. Yes.
14:17:49 16 Q. So how many notes were there that reflected
14:17:51 17 amounts that were owed to you by the company other
14:17:53 18 than the \$856,432 amount?
14:17:57 19 A. Back wages. And in the documentation in
14:18:04 20 bankruptcy there was an accounting done by the
14:18:07 21 U.S. tax department that said exactly what I had to
14:18:10 22 pay and that was over and above.
14:18:13 23 Q. All right. So you believe that there were
14:18:17 24 two separate notes issued by the company?
14:18:17 25 A. I'm sorry. I don't want to confuse you.

14:18:20 1 This -- you asked me if 856 as of this date and I'm
14:18:25 2 trying to tell you that that I believe is the cash
14:18:28 3 that was accumulated in multiple promissory notes
14:18:32 4 that were given to me as I put the money into the
14:18:35 5 company. It is not all of the money that I was
14:18:40 6 owed. The money that I was owed that is not
14:18:43 7 representative there are things like back wages,
14:18:47 8 fees I had to pay through bankruptcy as debtor in
14:18:50 9 possession and notes on leases of the equipment that
14:18:54 10 the company had to lease from me because I had its
14:18:56 11 patent rights and those are all public whether in
14:18:59 12 MW Medical or in the bankruptcy documents.

14:19:03 13 Q. Okay. My question was a little bit
14:19:05 14 different.

14:19:05 15 I was asking you what promissory notes were
14:19:08 16 in existence as of March 15, 2004 that referred to
14:19:14 17 amounts that were owed by the company to you other
14:19:17 18 than the \$856,432 that's reflected in Exhibit 2.

14:19:23 19 A. And I'm trying to answer. I believe they
14:19:26 20 are all in filings. Do I recall which ones they are
14:19:29 21 and where they would be, everything that I had to do
14:19:31 22 had to go in the public filings. So if you find
14:19:38 23 promissory notes in those public filings that
14:19:40 24 reflect those things or mention those things that's
14:19:43 25 where they are.

14:19:48 1 Q. Other than -- withdraw that.

14:19:52 2 How many promissory notes were in existence

14:19:56 3 as of March 15, 2004 that you believed were not

14:20:01 4 included as part of the stock purchase and note

14:20:05 5 assignment agreement that is signed here that we

14:20:08 6 marked as Exhibit No. 2?

14:20:10 7 A. As Exhibit No. 2, line A, there are

14:20:16 8 promissory notes in existence that would be in the

14:20:20 9 public filings that absolutely state the monies over

14:20:24 10 and above the 856,000.

14:20:26 11 MR. GUTMAN: Move to strike as

14:20:27 12 nonresponsive.

14:20:28 13 Q. If you could just follow my question.

14:20:30 14 A. I'm trying to, truly.

14:20:32 15 Q. We will start with the number of notes.

14:20:34 16 How many notes were in existence that you

14:20:38 17 did not believe were included in Exhibit No. 2?

14:20:43 18 A. I would bet another one, two or three.

14:20:48 19 Q. Do you know the amounts of any of those

14:20:51 20 notes?

14:20:52 21 A. As I sit here and try to recall I don't

14:20:55 22 know the individual amounts. Again I am absolutely

14:21:04 23 sure they are in the records though.

14:21:10 24 Q. When is the last time that you looked at

14:21:12 25 Exhibit No. 2?

14:21:16 1 A. Oh, God. Years.

14:21:22 2 Q. Okay. Do you believe -- withdraw that.

14:21:27 3 How many different notes were issued for

14:21:29 4 your back wages by the company?

14:21:33 5 A. Either one or two.

14:21:37 6 Q. How much did you understand you were owed

14:21:39 7 in back wages by the company as of March 15, 2004?

14:21:48 8 A. I don't recall the exact amount.

14:21:50 9 Q. You have any approximate amount?

14:21:52 10 A. Anywhere between three and five.

14:21:55 11 Q. 300,000 and 500,000?

14:21:57 12 A. Yes.

14:21:58 13 Q. And what's that recollection based upon?

14:22:02 14 A. What I recall.

14:22:04 15 Q. Do you have some understanding as to how

14:22:05 16 much you were entitled to be compensated for in

14:22:09 17 annual compensation?

14:22:10 18 A. I can't remember if it was \$180,000 or

14:22:12 19 \$200,000 but it also would be reflected in the

14:22:15 20 records.

14:22:19 21 Q. Well, I appreciate you referring me to

14:22:21 22 records but let's just point out that no records

14:22:24 23 have been produced by your attorney in connection

14:22:27 24 with any of these matters that I'm asking you about.

14:22:30 25 So --

14:22:31 1 A. The public filings. I'm sorry. You mean
14:22:33 2 the public filing?
14:22:34 3 Q. You are saying they are in public filings.
14:22:37 4 A. Right.
14:22:37 5 Q. I don't know whether or not they are indeed
14:22:39 6 and I'm not sure that they actually are.
14:22:41 7 A. Okay.
14:22:41 8 Q. But I'm asking for your understanding at
14:22:43 9 this point in time. So reference to public filings
14:22:46 10 is not going to advance our cause in this little --
14:22:50 11 A. Okay.
14:22:51 12 Q. -- question and answer.
14:22:52 13 The issue that I'm concerned about is are
14:22:55 14 you able to determine from Exhibit No. 2 which
14:22:59 15 amounts were not included in this agreement that is
14:23:04 16 clearly titled stock purchase and note assignment
14:23:08 17 agreement, which notes were not included in the
14:23:11 18 assignment pursuant to Exhibit No. 2?
14:23:14 19 A. I'm sorry. I don't want to be difficult
14:23:16 20 but I think I pointed it out in the first round of
14:23:18 21 questions and I told you it would be back wages,
14:23:22 22 leases that the company owed because I had the
14:23:24 23 ownership rights of the equipment, and any other
14:23:29 24 liabilities I had to incur through the bankruptcy
14:23:34 25 and they are not on here.

14:23:38 1 Q. Do you know if they are disclosed anywhere
 14:23:40 2 in Exhibit No. 2?
 14:23:56 3 A. No.
 14:23:57 4 Q. You don't know or they are not disclosed?
 14:24:00 5 A. They are not disclosed.
 14:24:01 6 Q. Thank you.
 14:24:10 7 Directing your attention to paragraph B at
 14:24:15 8 the top of the page of Exhibit 2,
 14:24:19 9 "Whereas, the Purchaser desires to
 14:24:20 10 purchase both Wallace and Sim's debt and
 14:24:20 11 equity positions in the Company, all
 14:24:20 12 according to the terms and conditions of
 14:24:20 13 this Agreement."
 14:24:27 14 What are the debt and equity positions that
 14:24:30 15 you and Ms. Sim had in the company?
 14:24:33 16 A. The debt would be mine. The equity would
 14:24:36 17 be both mine and Ms. Sim.
 14:24:40 18 Q. And is it your testimony under oath here
 14:24:46 19 today that the debt did not include any promissory
 14:24:46 20 notes for back wages?
 14:24:46 21 A. Absolutely.
 14:24:47 22 Q. And what is that based upon?
 14:24:52 23 A. I hate to say it but the bankruptcy
 14:24:56 24 documents has the total calculation of back wages
 14:25:01 25 and all fees and any other funds and it is not

14:25:07 1 \$856,000 which this document references.

14:25:13 2 Q. Okay. Did you read and review

14:25:15 3 Exhibit No. 2 before you signed it?

14:25:19 4 A. I'm pretty sure I would have.

14:25:21 5 Q. Did you have an attorney advise you as to
14:25:23 6 any aspect of this transaction before you signed it?

14:25:27 7 A. I would believe I would do that.

14:25:29 8 Q. Do you have any recollection of that?

14:25:36 9 A. I don't recall but I can't imagine I
14:25:38 10 wouldn't have.

14:25:39 11 Q. Do you recall who that attorney was who
14:25:41 12 advised you in connection with this transaction?

14:25:44 13 A. More than likely it would be Kyleen Cane.
14:25:50 14 And I may have called the bankruptcy attorney.

14:25:59 15 Q. At the time that you signed this agreement,
14:26:02 16 Exhibit No. 2, did you understand that your back
14:26:05 17 wages were not included?

14:26:07 18 A. Yes.

14:26:07 19 Q. And that's based on what?

14:26:10 20 A. Exactly the way the transaction is written
14:26:12 21 and my understanding of how the deal was to happen.

14:26:18 22 Q. So when you signed the document that stated
14:26:22 23 for example --

14:26:23 24 A. Yes.

14:26:23 25 Q. -- the purchaser desires to purchase both

14:26:31 1 Wallace and Sim's debt and equity positions in the
 14:26:34 2 company --
 14:26:35 3 A. Yes.
 14:26:35 4 Q. -- it was your understanding that the
 14:26:37 5 company's debts to you for back wages and expenses
 14:26:42 6 incurred in the bankruptcy and expenses related to
 14:26:46 7 some leases for equipment were not included?
 14:26:50 8 A. Yes.
 14:26:51 9 Q. And that's based solely on what?
 14:26:54 10 A. Solely on me recalling some of the
 14:26:58 11 important details of the transaction and the
 14:27:01 12 records.
 14:27:03 13 Q. And the records you are referring to?
 14:27:05 14 A. Bankruptcy records and the records of
 14:27:08 15 MW Medical.
 14:27:09 16 Q. Are there any documents in connection with
 14:27:13 17 this transaction that is documented in
 14:27:16 18 Exhibit No. 2, any document whatsoever that states
 14:27:23 19 that you are entitled to receive your back wages
 14:27:27 20 separate and apart from this stock purchase and note
 14:27:31 21 assignment agreement?
 14:27:32 22 A. Yes.
 14:27:32 23 Q. Which?
 14:27:33 24 A. The bankruptcy documents and the public
 14:27:36 25 filings of MW Medical. I must disclose everything.

14:27:39 1 Not a few things, everything. And I hate to sound
 14:27:44 2 redundant or I'm not cooperating but I am just
 14:27:48 3 telling you that is where everything is.
 14:27:50 4 Q. Okay. But those are the only records that
 14:27:52 5 you know about?
 14:27:55 6 A. I'm sure if I had some or it was someplace.
 14:27:58 7 That's what I know of today.
 14:28:04 8 Q. When was the bankruptcy completed?
 14:28:04 9 A. November of 2002 I believe. November 2002.
 14:28:16 10 Q. In connection with the sale that's
 14:28:18 11 reflected in Exhibit No. 2 were there any documents
 14:28:21 12 that were signed by anybody indicating that the back
 14:28:26 13 wages would not be included in the sale of
 14:28:31 14 MW Medical, Inc.?
 14:28:37 15 A. The question is confusing. Say it again.
 14:28:39 16 Q. Why is it confusing?
 14:28:41 17 A. I'm sorry. Say it again.
 14:28:43 18 Q. Sure.
 14:28:43 19 Are there any documents that were signed in
 14:28:45 20 connection with the stock purchase and note
 14:28:47 21 assignment agreement that's Exhibit No. 2 that show
 14:28:52 22 or state or evidence --
 14:28:54 23 A. Uh-huh.
 14:28:55 24 Q. -- that your back wages were not included
 14:28:57 25 in the assignment that's reflected in Exhibit No. 2?

14:29:00 1 A. Yes.

14:29:01 2 Q. Which?

14:29:01 3 A. The public records when I have to sign for

14:29:03 4 the certification and the sign off by the auditors

14:29:07 5 will reflect those exact numbers.

14:29:10 6 Q. Which exact numbers?

14:29:12 7 A. The numbers that have my wages and any

14:29:15 8 other lease payments or outstanding debts.

14:29:29 9 Q. Let me direct your attention to

14:29:31 10 paragraph 1.2 about halfway down the page and in

14:29:36 11 particular subparagraph a) and then bullet, the

14:29:39 12 third bullet point and I'll read that sentence

14:29:42 13 aloud.

14:29:43 14 "All rights to cash advances,

14:29:44 15 non-employment debt, and payroll debt in

14:29:47 16 the amount of approximately \$856,432."

14:29:51 17 Do you see that?

14:29:52 18 A. Yes.

14:29:53 19 Q. What does payroll debt refer to?

14:29:56 20 A. I don't know.

14:29:57 21 Q. Did you have some understanding at the time

14:30:01 22 you signed it what payroll debt was referring to?

14:30:04 23 A. I'm sure at the time I understood it.

14:30:06 24 Q. Did you raise any questions about what was

14:30:09 25 meant by payroll debt with anyone to your

14:30:11 1 recollection --

14:30:12 2 A. No.

14:30:13 3 Q. -- prior to signing this document?

14:30:14 4 A. I don't recall. I don't know. I don't.

14:30:19 5 But there would be -- other than the overall

14:30:21 6 substance of the document there isn't much in here

14:30:27 7 that would be a big discussion point.

14:30:31 8 Q. Isn't it a fact, Ms. Wallace, that the

14:30:33 9 payroll debt refers to your back wages?

14:30:36 10 A. No.

14:30:37 11 Q. Why do you come to that conclusion?

14:30:39 12 A. Because there is separate documentation

14:30:42 13 that is present that anyone could look up. I think

14:30:46 14 the problem might be is people don't know how to

14:30:49 15 find it but it is in there and you could go to those

14:30:53 16 filings, both the public filings and the bankruptcy

14:30:57 17 filings and it will actually score out the numbers.

14:31:01 18 It's as simple as that. It does not include the

14:31:05 19 debt.

14:31:06 20 856,000 had a cash transaction of

14:31:11 21 promissory notes. The rest is all stated. It's in

14:31:17 22 black and white. You could look it up on Edgar.

14:31:17 23 And again I'm not trying to be argumentative. I'm

14:31:21 24 trying to answer as best as I can and I keep coming

14:31:25 25 back to the same place.

14:31:28 1 Q. Okay. What does the payroll debt that is
 14:31:31 2 part of the \$856,432 refer to?
 14:31:35 3 A. I have no idea.
 14:31:36 4 Q. Okay. The cash advances that are part of
 14:31:40 5 the \$856,432, what does that refer to?
 14:31:45 6 A. The bulk of that has to be my money.
 14:31:47 7 Straight cash.
 14:31:48 8 Q. And those are all reflected in the notes?
 14:31:51 9 A. Absolutely.
 14:31:52 10 Q. The notes --
 14:31:53 11 A. I'm sorry.
 14:31:54 12 Q. The notes that you were issued by the
 14:31:56 13 company; correct?
 14:31:57 14 A. Yes.
 14:31:59 15 Q. What does non-employment debt refer to?
 14:32:02 16 A. I don't know.
 14:32:08 17 Q. Have you now told me about all the debt
 14:32:10 18 that you believe existed other than that that's
 14:32:13 19 reflected in Exhibit No. 2 at the time that this
 14:32:17 20 transaction occurred?
 14:32:22 21 A. I'm sorry. Again a little confusing. Are
 14:32:25 22 you asking --
 14:32:26 23 Q. Let me restate it.
 14:32:27 24 Have you now identified all the debt that
 14:32:29 25 existed other than that debt that is identified in

14:32:32 1 Exhibit No. 2? And I believe just so we are clear
 14:32:35 2 you were talking about back wages, leases and any
 14:32:38 3 liabilities that were incurred through the
 14:32:40 4 bankruptcy.

14:32:41 5 A. Correct.

14:32:44 6 Q. So there are no other debts that you are
 14:32:45 7 aware of other than those items?

14:32:47 8 A. I don't think so. I'm not sure. I don't
 14:32:50 9 recall.

14:32:53 10 Q. Okay. Under paragraph 1.2 subparagraph b)
 14:32:58 11 talks about the total compensation or I should say
 14:33:01 12 consideration paid in connection with the stock
 14:33:04 13 purchase and note assignment.

14:33:06 14 Do you see that?

14:33:07 15 A. Yes.

14:33:08 16 Q. If you add up those amounts it talks about
 14:33:10 17 \$250,000.

14:33:12 18 Do you see that?

14:33:13 19 A. Yes.

14:33:13 20 Q. Would you agree that that's the amount that
 14:33:15 21 is stated in paragraph b)?

14:33:17 22 A. Yes.

14:33:19 23 Q. I should say 1.2, paragraph b).

14:33:25 24 Did you or did you or Ms. Sim receive the
 14:33:28 25 \$250,000 provided for under this agreement?

14:33:32 1 A. Yes.

14:33:50 2 Q. I want to direct your attention to the
14:33:51 3 fourth page. It's got the Bates No. 78 at the
14:33:56 4 bottom.

14:33:58 5 A. Yes.

14:33:58 6 Q. Paragraph 2.1.5 entitled "Full Disclosure"
14:34:03 7 and I'll read it into the record.

14:34:05 8 "None of the representations and
14:34:06 9 warranties made by Wallace and Sim herein
14:34:09 10 will contain any untrue statement of
14:34:13 11 material fact, or omits any material
14:34:15 12 fact, the omission of which would be
14:34:17 13 misleading."

14:34:18 14 Do you see that?

14:34:19 15 A. Yes.

14:34:19 16 Q. Did I read it correctly?

14:34:21 17 A. Absolutely.

14:34:22 18 Q. Do you believe that this is a true
14:34:23 19 statement?

14:34:24 20 A. Yes, I do.

14:34:28 21 Q. So it's your understanding that this
14:34:28 22 particular document, Exhibit No. 2, does not omit
14:34:30 23 any material fact that should have been disclosed in
14:34:32 24 connection with this agreement?

14:34:33 25 A. Yes.

14:34:34 1 Q. Okay. Now I'll mark for purposes of
 14:34:41 2 identification as Exhibit No. 3 a one-page document
 14:34:44 3 with the Bates No. K/M 51. Hand a copy to your
 14:34:53 4 counsel and place that in front of you, Ms. Wallace.
 14:34:55 5 (Deposition Exhibit 3 was marked for
 14:34:55 6 identification by the court reporter.)
 14:34:56 7 THE WITNESS: Thank you. Yes.
 15:54:00 8 BY MR. GUTMAN:
 14:34:58 9 Q. The document is entitled "PROMISSORY NOTE"
 14:34:59 10 and in the upper left-hand corner it says "Principal
 14:35:02 11 Amount \$248,325.00."
 14:35:05 12 Do you see it?
 14:35:05 13 A. Yes.
 14:35:06 14 Q. Do you recognize this document?
 14:35:08 15 A. Yes.
 14:35:11 16 Q. When is the last time you saw a copy of
 14:35:14 17 this promissory note?
 14:35:19 18 A. I believe it's in Mr. Kagel's complaint or
 14:35:23 19 what do you call it, complaint.
 14:35:26 20 Q. Okay. So sometime after this litigation
 14:35:28 21 started?
 14:35:29 22 A. Yes.
 14:35:29 23 Q. Any time since then?
 14:35:33 24 A. No, I don't think so.
 14:35:36 25 Q. At any time since this litigation was

14:35:37 1 commenced did you review any documents that you have
14:35:40 2 in your possession to determine whether or not you
14:35:43 3 had any additional documents that were responsive to
14:35:46 4 any requests made for documents?

14:35:47 5 A. Sure. I would -- if there was a request
14:35:50 6 for documents, my attorney asked me to produce what
14:35:52 7 I have, I would go hunting and whatever I found I
14:35:56 8 would give to her.

14:35:57 9 Q. Did you find any additional promissory
14:35:59 10 notes other than the one that we are looking at?

14:36:03 11 A. Um, not right now but I am still on the
14:36:05 12 hunt.

14:36:06 13 Q. Where do you intend to look?

14:36:08 14 A. Everywhere I can.

14:36:09 15 Q. Where have you looked so far?

14:36:12 16 A. All through my house. It's a big house.
14:36:15 17 And in between everything else I do with my children
14:36:19 18 every now and then I take a few hours and maybe
14:36:22 19 think I'll find something.

14:36:24 20 Q. Where is this house located?

14:36:26 21 A. In Arizona.

14:36:28 22 Q. Whereabouts?

14:36:29 23 A. On Cheney Drive.

14:36:30 24 Q. What city?

14:36:32 25 A. Paradise Valley.

14:36:33 1 Q. Other than the home on Cheney Drive in
 14:36:36 2 Paradise City --
 14:36:37 3 A. Paradise Valley.
 14:36:38 4 Q. -- Paradise Valley have you looked in any
 14:36:40 5 other places to see if you could find any other
 14:36:43 6 documents that are related to the transaction or the
 14:36:44 7 issues in this lawsuit?
 14:36:46 8 A. Not right now, no.
 14:36:48 9 Q. Do you intend to look in any other
 14:36:49 10 locations other than in your house?
 14:36:51 11 A. I will always intend to look for things as
 14:36:55 12 best as I can whenever there is a problem. So, yes,
 14:36:59 13 I will keep looking if I think I can think of
 14:37:02 14 another place or something.
 14:37:04 15 Q. Did you look in your storage facility?
 14:37:06 16 A. No. Unfortunately, no.
 14:37:08 17 Q. Is there some reason that you did not look
 14:37:09 18 in there?
 14:37:10 19 A. Yes.
 14:37:10 20 Q. Why?
 14:37:11 21 A. It's jammed packed and I don't want to.
 14:37:16 22 Not right now. I'm busy with the holidays. I'm
 14:37:18 23 busy with SDI. Whenever I get a chance to get to it
 14:37:22 24 I'm sure I'll look.
 14:37:29 25 Q. Have you asked anybody else to look for any

14:37:32 1 documents either in your house and any office that
14:37:36 2 you've ever occupied or in any storage facility in
14:37:39 3 which you've had documents stored? And when I say
14:37:42 4 have you asked them to look for any documents, in
14:37:44 5 connection with this lawsuit.

14:37:46 6 A. I think I asked my children to pull some
14:37:49 7 boxes out of the garage and I think I asked my
14:37:52 8 sister to look through a couple boxes but that's
14:37:55 9 about it.

14:37:55 10 Q. Okay. Directing your attention to
14:37:57 11 Exhibit No. 3, do you know who prepared this
14:37:59 12 promissory note?

14:38:02 13 A. No.

14:38:03 14 Q. Is that Grace Sim's signature to the best
14:38:05 15 of your knowledge?

14:38:07 16 A. Yes.

14:38:08 17 Q. Do you know when this note was prepared?

14:38:14 18 A. No, but it has a date on it.

14:38:18 19 Q. Do you have any reason to believe that
14:38:19 20 that's not an accurate date?

14:38:26 21 A. I don't know. Do I have any reason? I see
14:38:32 22 what it says. It's quite possible. Do I recall
14:38:35 23 exactly, no, I don't but it has this date on it and
14:38:39 24 maybe that's the date.

14:38:40 25 Q. And the date we are referring to is the

14:38:42 1 15th day of March 2003; correct?

14:38:45 2 A. Well, there is another date.

14:38:47 3 Q. What's the date you are referring to?

14:38:49 4 A. The one up above in the first paragraph,

14:38:51 5 due and payable on June 15th of '03.

14:38:54 6 Q. Okay. I'm talking about the date --

14:38:55 7 A. Oh, okay.

14:38:56 8 Q. -- signed this 15th day of March, 2003.

14:38:59 9 You see that?

14:39:00 10 A. Yes.

14:39:01 11 Q. Do you have any reason to believe that this

14:39:04 12 promissory note that we marked as Exhibit No. 3 was

14:39:06 13 not signed on the 15th day of March 2003?

14:39:17 14 A. I hate those kind of questions because it's

14:39:19 15 so -- I don't absolutely know that that's the date

14:39:25 16 it was signed. I'm looking at it and it says the

14:39:28 17 15th of March. It more than likely could be the

14:39:30 18 15th of March or some area around that time. I know

14:39:33 19 some kind of document was done like this but you are

14:39:36 20 asking me absolute. I don't have an absolute.

14:39:40 21 Q. Well, for example, do you have any reason

14:39:43 22 to believe that this document was prepared sometime

14:39:45 23 in 2004?

14:39:48 24 A. No, I don't have any reason to think that.

14:39:50 25 Q. So are you certain that it was prepared in

14:39:52 1 2003?

14:39:54 2 A. Probably sometime in 2003.

14:39:56 3 Q. And what leads you to that conclusion?

14:40:00 4 A. The amount is a little off from later so --

14:40:09 5 Q. What is that based on?

14:40:12 6 A. Well, the 248,000 like I explained before,

14:40:17 7 there was a cumulative effect and in March 2003 at

14:40:22 8 that point which I've also explained before to this

14:40:26 9 day I still get documents from the U.S. tax

14:40:29 10 department for me to pay taxes, back taxes on the

14:40:34 11 two companies MMC and MW Medical.

14:40:38 12 So this date, this number would probably be

14:40:43 13 sometime around 2003, in that moment of time might

14:40:48 14 be that number.

14:40:53 15 MS. AMBROSIO: Can we put the heat on in

14:40:55 16 this room?

14:40:55 17 THE WITNESS: It's a little cold.

14:40:56 18 MS. AMBROSIO: Because it's freezing in

14:40:58 19 here.

14:40:58 20 THE WITNESS: You keep the butter in here?

14:41:00 21 MR. GUTMAN: Why don't we go off the record

14:41:01 22 for a minute.

14:41:03 23 VIDEO OPERATOR: Going off the record. The

14:41:03 24 time is 2:41.

14:41:13 25 (Recess.)

14:41:41 1 VIDEO OPERATOR: Back on the record. The
14:41:43 2 time is 2:41.

14:41:43 3 BY MR. GUTMAN:

14:41:46 4 Q. Do you know whether or not the promissory
14:41:49 5 note that we are looking at that's been marked as
14:41:51 6 Exhibit 3 was prepared in 2004 so that it would
14:41:55 7 complete the set of documents to be used in
14:41:58 8 connection with the transaction of the stock
14:42:01 9 purchase and note assignment agreement that we
14:42:03 10 looked at in Exhibit No. 2?

14:42:07 11 A. No.

14:42:09 12 Q. It was not or you don't know?

14:42:13 13 A. Again, in 2004, if you are asking about
14:42:16 14 2004 at the time of the stock purchase agreement,
14:42:18 15 I'm looking at the amount of money and the best of
14:42:22 16 my recollection like I stated before the number
14:42:27 17 seems to trigger sometime around '03.

14:42:29 18 Q. Well, I'm not stating that the number may
14:42:32 19 be wrong. What I'm suggesting possibly is whether
14:42:35 20 or not this note, Exhibit 3, was prepared in 2004
14:42:41 21 but the number was inserted to make it look like --

14:42:45 22 A. No.

14:42:45 23 Q. -- it was prepared in 2003.

14:42:48 24 A. No.

14:42:48 25 Q. What leads you to that conclusion?

14:42:50 1 A. I would not -- I would not have documents
14:42:58 2 prepared or things signed, neither will Ms. Sim
14:43:03 3 knowing our history and then fill numbers in later.
14:43:06 4 It just -- that's what would lead me to believe that
14:43:10 5 you don't insert something and then put a number.
14:43:13 6 No. No.

14:43:17 7 Q. So then every document that you or Ms. Sim
14:43:21 8 signed would have the date that the document was
14:43:24 9 actually signed on it; is that what you are saying?

14:43:27 10 A. Relatively in a relative time period.
14:43:29 11 Anything that is, you know, within a certain --
14:43:32 12 listen, something could happen three days down the
14:43:35 13 road or a week or something only because. But it
14:43:38 14 would not be a year. It just would not.

14:43:42 15 Q. So what do you consider a relative time
14:43:45 16 period when you are referring to the time period in
14:43:46 17 which it's acceptable to sign something that's not
14:43:53 18 on the exact date that's stated?

14:43:53 19 A. The day after, two days at the most. If
14:43:55 20 somebody is sick we might review it again.
14:43:58 21 Something like that. And if it's important and it's
14:44:01 22 in a filing we would actually change the date.

14:44:04 23 Q. Okay. So, for example, with Exhibit No. 2
14:44:07 24 even though it says March 15, 2004 --

14:44:09 25 A. '03.

14:44:10 1 Q. I'm referring to Exhibit No. 2 now.

14:44:13 2 A. Oh, I'm sorry.

14:44:13 3 Q. The stock purchase and note assignment
14:44:15 4 agreement.

14:44:16 5 A. Yes.

14:44:16 6 Q. -- it would be your testimony that that
14:44:20 7 would have been signed within two days of March 15,
14:44:23 8 2004?

14:44:24 9 A. Again, I am pretty sure that this is in the
14:44:28 10 public filings and they would insist that the date
14:44:32 11 be the date of the signing.

14:44:35 12 Q. I'm not asking about public filings or
14:44:38 13 anything like that. I'm asking is it your testimony
14:44:40 14 that you would not have signed that agreement with
14:44:44 15 more than two days deviating from March 15, 2004?

14:44:49 16 A. That's fair, yes.

14:44:50 17 Q. Okay. So it's your testimony that the
14:44:54 18 Exhibit 2, the stock purchase and note assignment
14:44:57 19 agreement, that you definitely did not sign that any
14:44:59 20 time after March 17, 2004; is that accurate?

14:45:03 21 A. Sure, yes.

14:45:04 22 Q. Thank you.

14:45:05 23 All right. Going back to Exhibit No. 3, do
14:45:08 24 you know what the purpose of this promissory note
14:45:10 25 being issued was?

14:45:12 1 A. No, I don't know.

14:45:14 2 Q. Well, why was the company issuing this
14:45:17 3 promissory note in the amount of \$248,325 to you?

14:45:22 4 A. Again, from time to time for filing, from
14:45:25 5 time to time as requests from auditors there would
14:45:29 6 be an amount of money that has not been reflected in
14:45:33 7 the 856,000 in this number that would keep
14:45:36 8 accumulating. So at this date and at this time that
14:45:41 9 amount of money probably reflects that.

14:45:45 10 Q. All right. Directing your attention to the
14:45:46 11 third paragraph of Exhibit No. 3.

14:45:49 12 A. Yes.

14:45:49 13 Q. I'll read it.

14:45:50 14 "This Promissory Note is made in
14:45:52 15 settlement of all wages and employment
14:45:54 16 fees owed to payee to date."

14:45:56 17 Do you see that?

14:45:57 18 A. Yes.

14:45:58 19 Q. Did I read it accurately?

14:46:00 20 A. Yes.

14:46:02 21 Q. Do you now understand that this particular
14:46:04 22 promissory note was for wages and employment fees?

14:46:08 23 A. As of this time, yes.

14:46:09 24 Q. That would be as of March 15, 2003;
14:46:11 25 correct?

14:46:13 1 A. Right.

14:46:14 2 Q. Now I'll direct your attention back up to
14:46:16 3 the first full paragraph. At the very end you noted
14:46:19 4 that there was another date other than March 15,
14:46:22 5 2003. It talks about June 15, 2003.

14:46:25 6 You see that?

14:46:25 7 A. Yes.

14:46:26 8 Q. That's the date that this note, Exhibit
14:46:27 9 No. 3, is due and payable.

14:46:30 10 You agree with that?

14:46:34 11 A. Yes.

14:46:34 12 Q. Why was the date of June 15, 2003 selected
14:46:36 13 on this note as the due date?

14:46:38 14 A. I have no idea; however, and I will go back
14:46:42 15 again, it was cumulative. If the company or whoever
14:46:46 16 could not pay me that amount of money it kept
14:46:51 17 running and then there would be another note that
14:46:54 18 would have another date that would say it must be
14:46:56 19 paid by this time. It's all my money. I still had
14:47:01 20 control of the company. I just had to keep updating
14:47:04 21 the records as the debt accrued. So that's why you
14:47:07 22 see a date.

14:47:09 23 MR. GUTMAN: Move to strike everything as
14:47:10 24 nonresponsive after I have no idea.

14:47:12 25 Q. With respect to any time after June 15,

14:47:16 1 2003 was there another promissory note issued by the
14:47:19 2 company for wages and employment fees owed to payee
14:47:23 3 to date?

14:47:24 4 A. I don't know.

14:47:25 5 Q. Do you recall ever seeing such a note?

14:47:28 6 A. No, I don't recall.

14:47:34 7 Q. Did you ever make a demand to the company
14:47:36 8 for payment of the outstanding amounts owed for
14:47:39 9 wages and employment fees?

14:47:40 10 A. No.

14:47:41 11 Q. Did you ever declare the company in default
14:47:44 12 for failure to pay any wages or employment fees?

14:47:48 13 A. I believe it's in the public filings.

14:47:51 14 Q. All right. My question was not what you
14:47:54 15 believe in public filings. My question was did you
14:47:57 16 make a demand to the company for --

14:48:00 17 A. No.

14:48:01 18 Q. -- payment?

14:48:02 19 Thank you.

14:48:02 20 I'll mark for purposes of identification as
14:48:05 21 Exhibit No. 4 a one-page document with a Bates
14:48:07 22 No. 52. It's entitled "NOTICE OF PARTIAL
14:48:11 23 CANCELLATION OF PROMISSORY NOTE".

14:48:12 24 (Deposition Exhibit 4 was marked for
14:48:12 25 identification by the court reporter.)

14:48:12 1 BY MR. GUTMAN:

14:48:13 2 Q. Have you ever seen this document before?

14:48:18 3 A. Yes.

14:48:18 4 Q. Is this your signature on there?

14:48:20 5 A. Yes.

14:48:22 6 Q. Do you know when you signed this particular

14:48:25 7 document?

14:48:32 8 A. There is a date on there that says June of

14:48:35 9 2004. Maybe it's around then. But I don't recall

14:48:41 10 exactly.

14:48:41 11 Q. Well, you said earlier that you wouldn't

14:48:44 12 sign documents that were more than a couple of days

14:48:47 13 off from the stated date.

14:48:49 14 A. Uh-huh.

14:48:50 15 Q. You still agree with that?

14:48:51 16 A. Uh-huh.

14:48:52 17 Q. Is that a "yes"?

14:48:53 18 A. Yes.

14:48:54 19 Q. So do you have any reason to believe that

14:48:56 20 you did not sign this document that we marked as

14:48:59 21 Exhibit No. 4 sometime in June of 2004?

14:49:06 22 A. This document says June 2004 with no date

14:49:10 23 filled in. If my two-day rule applied that means I

14:49:14 24 have a span of another 28 days. So how can I answer

14:49:17 25 that question?

14:49:18 1 Q. Where you get 28 days? I thought you would
14:49:20 2 get four days.

14:49:21 3 A. No, I'm sorry. June with no specific date.
14:49:25 4 If I accept June to have 30 days and I told you
14:49:30 5 maybe in around a two-day time period this doesn't
14:49:35 6 apply at all and you preferenced the question with
14:49:37 7 it because June has 30 days. I signed this document
14:49:41 8 in blank.

14:49:45 9 Q. Is that a practice of yours, to sign
14:49:47 10 documents with no dates?

14:49:50 11 A. If the person who presented to me or the
14:49:53 12 situation presented to me made some sort of sense,
14:49:59 13 yes, I may choose to do that.

14:50:02 14 Q. What are those situations that would make
14:50:04 15 sense to you where you sign documents without a date
14:50:07 16 on them?

14:50:10 17 A. Without recalling all of them I certainly
14:50:12 18 recall this one.

14:50:14 19 Q. What was the situation that led you to sign
14:50:16 20 this document, Exhibit No. 4, without the date
14:50:19 21 filled in?

14:50:22 22 A. Mr. Medley, representative of Davi Skin in
14:50:26 23 the reverse merger, for a short period of time in
14:50:32 24 the reverse merger I was the president of Davi Skin
14:50:35 25 or Davi or whatever the name was and when I switched

14:50:39 1 off and Parrish became the officer for the company
 14:50:46 2 this document was created so that Parrish Medley can
 14:50:53 3 have the rights to use my note to convert it if he
 14:51:01 4 so wished to give it to investors so that they would
 14:51:05 5 have the right to a tacking period to either gain
 14:51:12 6 free trading shares which could be converted to cash
 14:51:16 7 or cash. That's exactly what I was told.

14:51:18 8 Q. Okay. Let's take a look at this note -- at
 14:51:20 9 this document. It says,

14:51:21 10 "NOTICE OF PARTIAL CANCELLATION OF
 14:51:23 11 PROMISSORY NOTE."

14:51:24 12 You agree with that, that's the title?

14:51:26 13 A. Yes.

14:51:26 14 Q. It says,

14:51:27 15 "To: Davi Skin, Inc., f.k.a." I
 14:51:32 16 presume that means formally known as "MW
 14:51:34 17 Medical, Inc.;" correct?

14:51:36 18 A. Yes.

14:51:37 19 Q. Pursuant -- and I'll just read it. It's
 14:51:38 20 short. It's one sentence.

14:51:40 21 "Pursuant to that certain agreement
 14:51:42 22 for the sale of stock, the undersigned
 14:51:45 23 hereby elects to cancel a portion of the
 14:51:47 24 attached Promissory Note dated March 15,
 14:51:50 25 2003 in the amount of \$301,719.90, and

14:51:56 1 agrees to reduce the amount of principal
14:51:59 2 owing on the Note by that amount, leaving
14:52:01 3 a balance owing of \$200,000 plus any
14:52:05 4 accrued interest from the date of
14:52:07 5 issuance."

14:52:08 6 Did I read it correctly?

14:52:09 7 A. Yes.

14:52:12 8 Q. Do you know who prepared this particular
14:52:13 9 document, Exhibit No. 4?

14:52:15 10 A. No.

14:52:16 11 Q. Do you know when it was prepared?

14:52:19 12 A. No.

14:52:20 13 Q. And as we already discussed you are not
14:52:22 14 sure when it was signed; correct?

14:52:26 15 A. As I sit here today, no, I'm not sure
14:52:29 16 exactly when it was signed.

14:52:30 17 Q. Do you know if this was signed before or
14:52:33 18 after Exhibit No. 2, the stock purchase and note
14:52:40 19 assignment agreement?

14:52:40 20 A. It would be after.

14:52:49 21 Q. You agree that the first paragraph, the
14:52:52 22 certain -- where it says -- I should say the first
14:52:56 23 line, certain agreement for the sale of stock,
14:52:57 24 that's referring to Exhibit No. 2, is it not, the
14:53:00 25 stock purchase and note assignment agreement dated

14:53:02 1 March 15, 2004; is that correct?

14:53:04 2 A. I don't know if that's correct.

14:53:05 3 Q. Well, do you know of any other agreement
14:53:07 4 for the sale of stock?

14:53:09 5 A. Not that I could think of right now.

14:53:12 6 Q. Have you ever seen any other agreement for
14:53:13 7 the sale of stock?

14:53:16 8 A. Not that I can recall.

14:53:18 9 Q. Do you have any reason to believe when it's
14:53:20 10 referred to in the first line of Exhibit 4, this
14:53:23 11 notice of partial cancellation of promissory note,
14:53:26 12 where it says pursuant to that certain agreement for
14:53:29 13 the sale of stock that it's not referring to
14:53:31 14 Exhibit No. 2, the stock purchase and note
14:53:34 15 assignment agreement dated March 15, 2004?

14:53:37 16 A. I don't know. I really -- it could be but
14:53:41 17 I really -- you want absolute answers from me and I
14:53:46 18 really don't know.

14:53:46 19 Q. Is there some reason that you don't know?

14:53:48 20 A. Only because it's over two years ago and
14:53:51 21 there is lots of transactional documents that take
14:53:54 22 place when you are doing this. And the attorneys
14:53:58 23 set it all up. So am I absolutely sure there
14:54:03 24 weren't other ones, no, I can't say I don't,
14:54:05 25 whatever.

14:54:06 1 Q. When you say the attorney set it all up

14:54:08 2 what attorney or attorneys set it all up?

14:54:10 3 A. I'm sorry. Draft documents. They help in

14:54:12 4 the draft of these documents. So there is lots of

14:54:15 5 documents that you see and you read and it's over

14:54:18 6 two years ago. If I don't recall or know exactly if

14:54:21 7 this pursuant to that certain agreement for the sale

14:54:24 8 of stock refers to your Exhibit No. 2 I can only

14:54:29 9 tell you I don't absolutely recall.

14:54:32 10 Q. Okay. As you sit here today do you recall

14:54:35 11 ever seeing any other agreement for the sale of

14:54:39 12 stock from MW Medical to Davi Skin, Inc.?

14:54:51 13 A. You know, I got to say I'm not sure. I

14:54:54 14 don't know.

14:54:58 15 Q. All right. Let's continue with --

14:54:59 16 Exhibit 4 we are looking at. That's still on that

14:55:04 17 first line, the undersigned hereby elects to cancel

14:55:07 18 a portion of the attached Promissory Note dated

14:55:09 19 March 15, 2003. And then it says in the amount of

14:55:14 20 \$301,719.90.

14:55:18 21 A. Yes.

14:55:19 22 Q. Can you take a look back for a moment at

14:55:21 23 Exhibit No. 3. It should be right underneath four

14:55:25 24 in front of you.

14:55:27 25 A. Sure.

14:55:27 1 Q. And you see this is a promissory note,
14:55:30 2 Exhibit No. 3, signed this 15th day of March 2003.

14:55:39 3 Do you see that?

14:55:39 4 A. Yes. I'm sorry. My neck is stiff. Yes.

14:55:40 5 Q. In Exhibit No. 4 where it refers to the
14:55:44 6 attached promissory note dated March 15, 2003 in the
14:55:49 7 amount of \$301,719.90, is that referring to
14:55:54 8 Exhibit No. 3 or some other note?

14:55:57 9 A. Again, as I kept putting money in I would
14:56:03 10 have accruals done and when you asked me could there
14:56:06 11 be other promissory notes I said to you there could
14:56:10 12 be. At some point between 2003 and 2004 that number
14:56:14 13 went up whether it be bearing interest or more money
14:56:19 14 that I had put in.

14:56:21 15 So at this point it could very well be that
14:56:23 16 it's reference from this start point and now it's
14:56:27 17 this amount but I don't know absolutely that I am
14:56:32 18 sure because there were several notes.

14:56:38 19 MR. GUTMAN: Move to strike as
14:56:39 20 nonresponsive.

14:56:41 21 Q. I'll make it very simple. You can answer
14:56:44 22 "yes" or "no" or "I can't answer it."

14:56:46 23 A. Okay.

14:56:46 24 Q. The reference in Exhibit No. 4 where it
14:56:50 25 says the attached promissory -- the attached

14:56:53 1 promissory note dated March 15, 2003, is that
14:56:56 2 referring to Exhibit No. 3 or not? "Yes," "no" or
14:57:01 3 "I don't know"?
14:57:01 4 A. I don't know.
14:57:02 5 Q. Okay. Do you know of any other promissory
14:57:05 6 notes that were issued by the company to you dated
14:57:10 7 March 15, 2003?
14:57:13 8 A. I don't know.
14:57:14 9 Q. Fine.
14:57:16 10 Do you know the reason why Exhibit No. 4
14:57:20 11 was created?
14:57:24 12 A. I'm sure it had something to do with the
14:57:26 13 transaction, the reverse merger.
14:57:28 14 Q. Do you know why the Exhibit No. 4 was
14:57:33 15 created to address the reduction of the principal
14:57:37 16 amount owing on the promissory note dated March 15,
14:57:42 17 2003?
14:57:47 18 A. I would only state that it might be if I
14:57:52 19 read this that in the negotiation they didn't want
14:57:56 20 to pay 301,000 and they wanted me to forgive an
14:58:02 21 amount down to \$200,000.
14:58:06 22 Q. Are you speculating or do you have a
14:58:08 23 specific recollection of that?
14:58:09 24 A. I am absolutely speculating.
14:58:12 25 Q. All right. Do you have any recollection

14:58:14 1 whatsoever as to the reason why you are reducing the
14:58:19 2 amount of a promissory note dated March 15, 2003?

14:58:24 3 A. Other than somebody might have asked me,
14:58:26 4 no.

14:58:33 5 Q. I'll mark for purposes of identification as
14:58:35 6 Exhibit No. 5 another promissory note with the
14:58:42 7 Bates No. -- you can keep all those out because we
14:58:45 8 are going to be referring back to each of them from
14:58:47 9 time to time.

14:58:47 10 (Deposition Exhibit 5 was marked for
14:58:47 11 identification by the court reporter.)

14:58:48 12 THE WITNESS: Oh, okay.

12:15:56 13 BY MR. GUTMAN:

14:58:48 14 Q. As I indicated Bates No. 43 --
14:58:53 15 You have that?

14:58:54 16 THE REPORTER: Yes.

14:58:55 17 MR. GUTMAN: Thank you.

10:52:22 18 BY MR. GUTMAN:

14:58:57 19 Q. -- appears to be a promissory note.

14:59:01 20 Have you ever seen this note before?

14:59:08 21 A. Yes. Again I think it's attached to
14:59:09 22 something.

14:59:10 23 Q. The date as printed on here signed this
14:59:16 24 blank day of June 2003, do you see that?

14:59:19 25 A. Yes.

14:59:20 1 Q. And then you see where it says Davi Skin,
 14:59:23 2 Inc.?
 14:59:25 3 A. Yes.
 14:59:26 4 Q. Do you recognize the signature on this
 14:59:28 5 promissory note?
 14:59:29 6 A. Yes.
 14:59:29 7 Q. Whose signature is that?
 14:59:30 8 A. Parrish Medley.
 14:59:33 9 Q. Was Parrish Medley the president of Davi
 14:59:36 10 Skin, Inc. as of June of 2003?
 14:59:39 11 A. Impossible.
 14:59:39 12 Q. And why is that?
 14:59:41 13 A. It never existed in 2003.
 14:59:43 14 Q. When did it begin to exist?
 14:59:46 15 A. Davi Skin?
 14:59:48 16 Q. Right.
 14:59:48 17 A. As far as I know 2004.
 14:59:51 18 Q. When in 2004?
 14:59:52 19 A. I'm not sure.
 14:59:55 20 Q. When is the earliest in 2004 that it could
 14:59:58 21 have existed?
 15:00:00 22 A. Sometime just prior to March I would think.
 15:00:05 23 Q. Why prior to March?
 15:00:06 24 A. Because if I take a look at this
 15:00:07 25 transaction, the sale of the stock, I believe it was

15:00:11 1 around that time that Davi Skin started to exist
15:00:17 2 because if this is a stock purchase agreement, the
15:00:23 3 stock purchase agreement for the transfer of those
15:00:25 4 shares, this company would have just been existing.
15:00:33 5 Again, it's in the records.

15:00:36 6 Q. Okay. So do you have some understanding as
15:00:38 7 to why this particular promissory note has a date of
15:00:41 8 June of 2003?

15:00:47 9 A. The only thing I could think of is a typo.

15:00:51 10 Q. Okay. Now let's look at the first
15:00:53 11 paragraph of this promissory note.

15:00:57 12 "FOR VALUE RECEIVED, the
15:00:58 13 undersigned, DAVI SKIN, Inc., a Nevada
15:01:01 14 corporation (or its successor or assigns)
15:01:05 15 promises to pay to the order of Jan
15:01:08 16 Wallace, an individual," and then it goes
15:01:10 17 on to say "TWO HUNDRED THOUSAND and NO
15:01:11 18 CENTS (\$200,000.00) in U.S. currency.
15:01:15 19 The entire amount of principal with
15:01:16 20 10 percent (10%) per anum shall become
15:01:20 21 due and payable on December 31, 2004."

15:01:23 22 Are you following with me?

15:01:24 23 A. Yes.

15:01:24 24 Q. What was your understanding of the basis
15:01:26 25 for this note being issued?

15:01:30 1 A. That that was the last remaining amount of
15:01:33 2 monies that the company would owe me and was
15:01:36 3 transferred over when Davi Skin was formed.

15:02:11 4 Q. Why did the company owe you any money as of
15:02:14 5 the time that this promissory note, Exhibit No. 5,
15:02:17 6 was created?

15:02:19 7 A. Because I put a lot of money into
15:02:22 8 MW Medical and when the reverse merger was done in
15:02:26 9 the transaction I transferred certain assets and
15:02:33 10 certain things, debt was still owed to me and that
15:02:38 11 was transferred.

15:02:58 12 Q. What did this \$200,000 represent?

15:03:03 13 A. Again, everything that was not in this,
15:03:06 14 back wages, any other costs, these payments that
15:03:09 15 were done on the equipment. Anything at all that
15:03:14 16 did not reflect in the stock purchase agreement was
15:03:19 17 the amount of money left over as a debt burden to
15:03:24 18 the new entity.

15:03:29 19 Q. Why wasn't that included in the stock
15:03:31 20 purchase and note assignment agreement?

15:03:34 21 A. Just the way it was negotiated.

15:03:36 22 Q. Do you have a recollection of participating
15:03:38 23 in that negotiation?

15:03:41 24 A. I believe somebody said what do you want.
15:03:44 25 I believe I said this is what I want to do this and

15:03:50 1 then a portion of it was transferred over as debt.

15:03:54 2 Q. When did you have this conversation with
15:03:56 3 somebody?

15:03:57 4 A. Oh, gosh. It went back and forth.

15:04:00 5 Mr. Medley was on the telephone sometimes.

15:04:03 6 Sometimes he had other people on the phone. Kyleen
15:04:06 7 could be on the phone. They're just in the
15:04:10 8 negotiations of the reverse.

15:04:13 9 Q. Do you have any notes or documents that
15:04:15 10 reflect any of the negotiations --

15:04:17 11 A. No.

15:04:18 12 Q. -- of the reverse as you describe it?

15:04:21 13 A. No.

15:04:21 14 Q. Do you have any documents that reflect that
15:04:23 15 that's the purpose of this \$200,000 note,
15:04:27 16 Exhibit No. 5?

15:04:28 17 A. Only all those that are outlined in all the
15:04:31 18 promissory notes and all the money tracks in the
15:04:34 19 auditor's filings. That is my money. It was a debt
15:04:39 20 left. It was transferred as a debt to Davi outside
15:04:45 21 of the stock purchase agreement.

15:04:50 22 MR. GUTMAN: Can you read back my last
15:04:51 23 question, please.

15:04:52 24 (The following record was read:

15:04:52 25 Do you have any documents that

15:04:52 1 reflect that that's the purpose of this
 15:04:52 2 \$200,000 note, Exhibit No. 5?)

10:50:23 3 BY MR. GUTMAN:

15:05:10 4 Q. Do you have any documents that reflect the
 15:05:11 5 purpose of the \$200,000 note was to pay debt that
 15:05:15 6 was owed to you by MW Medical, Inc. that was outside
 15:05:21 7 the stock purchase and note assignment agreement of
 15:05:24 8 Exhibit No. 2, reflected in Exhibit No. 2?

15:05:29 9 A. Other than promissory notes, documents
 15:05:32 10 submitted for the filings and any transactional
 15:05:36 11 documents that were done in the reverse merger which
 15:05:39 12 would also be reflected in the public filings of
 15:05:42 13 Davi Skin I can't imagine there is more than that.

15:05:46 14 Q. Which documents are you referring to when
 15:05:49 15 you say other than the promissory notes? Which
 15:05:51 16 promissory notes are you referring to?

15:05:54 17 A. If we wanted to accept that this is a typo
 15:05:58 18 for the date this is a promissory note.

15:06:00 19 Q. Okay.

15:06:01 20 A. Okay.

15:06:01 21 Q. So does -- sorry. Finish your answer.

15:06:04 22 A. The amount of 301, whatever it is, that
 15:06:08 23 number comes because the public auditors tracked all
 15:06:14 24 of the money that was owed to me and recorded it.

15:06:21 25 Q. Have you completed your answer?

15:06:23 1 A. I think as best as I can.

15:06:25 2 Q. Which promissory notes are you claiming

15:06:28 3 refer to the debt that was owed to you by MW Medical

15:06:32 4 as of the time that the stock purchase and note

15:06:34 5 assignment agreement was executed?

15:06:38 6 A. The promissory notes would be all of the

15:06:41 7 notes that were handed down from MW Medical through

15:06:45 8 the bankruptcy and filed.

15:06:48 9 Q. Which notes other than Exhibit No. 5?

15:06:53 10 A. I don't know.

15:06:53 11 Q. Are you claiming that you are owed \$200,000

15:06:56 12 by Davi Skin as the result or based upon

15:07:03 13 Exhibit No. 5?

15:07:05 14 A. Absolutely.

15:07:06 15 Q. Are there any other promissory notes that

15:07:07 16 you believe evidence a debt that's owed to you by

15:07:12 17 Davi Skin?

15:07:15 18 A. Except for the public filings and the

15:07:17 19 auditors, no.

15:07:19 20 Q. Forget about public filings and auditors.

15:07:22 21 A. Right.

15:07:22 22 Q. Listen to my question if you would, please.

15:07:24 23 A. Yes.

15:07:25 24 Q. Are there any other promissory notes that

15:07:27 25 you are claiming evidence an indebtedness by Davi

15:07:32 1 Skin to you?

15:07:34 2 A. Any other ones?

15:07:35 3 Q. Other than Exhibit No. 5.

15:07:37 4 A. I don't know.

15:07:40 5 Q. What would you do in order to determine

15:07:42 6 whether there are other promissory notes that

15:07:44 7 reflect an obligation by Davi Skin to you other than

15:07:47 8 Exhibit No. 5?

15:07:49 9 A. Other than look?

15:07:52 10 Q. Well, Ms. Wallace, you brought a

15:07:55 11 counterclaim in this lawsuit.

15:07:57 12 A. Yes.

15:07:57 13 Q. What I'm trying to understand is

15:07:59 14 Exhibit No. 5 the note that you are claiming is the

15:08:02 15 basis for your claim against the company?

15:08:05 16 A. This is one of the documents.

15:08:07 17 Q. Well, is there another promissory note that

15:08:11 18 you are claiming you are owed money by Davi Skin

15:08:14 19 pursuant to this claim that you are owed for back

15:08:17 20 wages and lease rights and other obligations

15:08:20 21 incurred in connection with MW Medical? Is there

15:08:24 22 another promissory note other than Exhibit 5?

15:08:27 23 A. There is this promissory note and the only

15:08:29 24 other thing that I can tell you as of today that I

15:08:31 25 can rely on is the public filings and the

15:08:35 1 certification that the note is owed me.

15:08:38 2 Q. Okay. But my question is this promissory
15:08:42 3 note that we are looking at, Exhibit 5 --

15:08:45 4 A. Uh-huh.

15:08:46 5 Q. -- this is the promissory note that is the
15:08:47 6 basis for your claim against Davi Skin, is it not?

15:08:53 7 A. Yes.

15:08:53 8 Q. All right. So there is no other promissory
15:08:55 9 note that you are claiming is the note by which Davi
15:08:58 10 Skin owes you money; correct?

15:09:02 11 A. As I sit here today I can't think of any
15:09:08 12 others or if I have any others.

15:09:08 13 Q. Thank you.

15:09:12 14 Let's mark for purposes of identification
15:09:15 15 as Exhibit No. 6 a one-page document with the
15:09:23 16 Bates No. 54.

15:09:35 17 (Deposition Exhibit 6 was marked for
15:09:35 18 identification by the court reporter.)

15:09:35 19 BY MR. GUTMAN:

15:09:35 20 Q. You know what, before we go to that can I
15:09:37 21 go back to Exhibit No. 5 if you don't mind.

15:09:40 22 A. Sure.

15:09:41 23 Q. I guess if you don't mine is kind of
15:09:44 24 rhetorical because I'm going to ask you to go back
15:09:47 25 to it anyway.

15:09:48 1 I want to direct your attention to the
15:09:50 2 third paragraph,
15:09:50 3 "The holder of this note and
15:09:52 4 beneficiary of the Security Agreement
15:09:53 5 may, at its option, convert all or any
15:09:56 6 portion of the promissory note to
15:09:57 7 equity" . . . and then the sentence goes
15:09:59 8 on.
15:10:00 9 But what I want to direct your attention to
15:10:02 10 specifically is beneficiary of the security
15:10:05 11 agreement. Do you know what that refers to?
15:10:09 12 A. Where are we? I'm sorry.
15:10:10 13 Q. The third full paragraph on Exhibit 5.
15:10:13 14 A. Note and beneficiary of the security
15:10:15 15 agreement may, yes.
15:10:17 16 Q. Who is the beneficiary?
15:10:20 17 A. The only person I could think of is Jan
15:10:23 18 Wallace.
15:10:23 19 Q. Okay. What's the security agreement?
15:10:31 20 A. This paragraph is actually gleaned from all
15:10:35 21 of my promissory notes with MW Medical.
15:10:39 22 Q. Is that right? Why don't we take a look at
15:10:42 23 Exhibit 3 and put it side by side with
15:10:44 24 Exhibit No. 5.
15:10:47 25 A. Which one is three?

15:10:48 1 Q. Exhibit 3 is the \$248,325 note.

15:10:52 2 A. Right.

15:10:52 3 Q. And you got that now side by side with

15:10:55 4 Exhibit No. 5 and we will take a look at that last

15:10:57 5 paragraph and if you look in Exhibit No. 3 you will

15:11:00 6 see clearly that promissory note in the amount of

15:11:02 7 \$248,325 has no mention of beneficiary of the

15:11:06 8 security agreement.

15:11:07 9 Do you see that?

15:11:09 10 A. Are you talking about the same last

15:11:11 11 paragraph?

15:11:11 12 Q. I'm talking about the last paragraph of

15:11:15 13 Exhibit 3 when compared to Exhibit No. 5. In

15:11:19 14 Exhibit No. 5 it refers to and beneficiary of the

15:11:22 15 security agreement. We just looked at that --

15:11:25 16 A. Right.

15:11:25 17 Q. -- that phrase.

15:11:26 18 A. Right.

15:11:27 19 Q. You will see in Exhibit No. 3 there is no

15:11:29 20 mention of any beneficiary of the security

15:11:32 21 agreement. That phrase does not appear in that

15:11:36 22 paragraph.

15:11:36 23 Do you agree with that?

15:11:38 24 A. Not in this one, no. I agree with that.

15:11:41 25 Q. And if you look -- and I can tell you that

15:11:44 1 I've looked at it but I want you to feel comfortable
15:11:47 2 with my representation that otherwise that final
15:11:50 3 paragraph appears to be identical in both Exhibit 3
15:11:53 4 and Exhibit 5 but for the beneficiary of the
15:11:55 5 security agreement language.

15:12:00 6 A. I agree with that.

15:12:00 7 Q. Okay. Now, is this the standard form that
15:12:01 8 MW Medical was using in connection with the
15:12:03 9 promissory notes that it was issuing to you?

15:12:06 10 A. As I recall today without your inclusion of
15:12:10 11 beneficiary I would not be able to say absolute. I
15:12:16 12 don't recall because there was so many notes that
15:12:19 13 I've told you that paragraph may have appeared in
15:12:22 14 other notes. So I don't know.

15:12:26 15 Q. Is Exhibit No. 3 the standard form of
15:12:29 16 promissory note that MW Medical issued to you in
15:12:33 17 connection with the debts that were owed to you?

15:12:36 18 A. Oh, no.

15:12:37 19 Q. So Exhibit No. 3 is not a standard format
15:12:42 20 of promissory note that MW Medical issued to you?

15:12:47 21 A. That's correct.

15:12:48 22 Q. All right. Do you know who prepared
15:12:51 23 Exhibit No. 3?

15:12:52 24 A. Again, I think you asked me and I told you
15:12:54 25 I didn't know who prepared it.

15:12:58 1 Q. If in the course of -- withdraw that.

15:13:04 2 How many different people prepared
15:13:06 3 promissory notes on behalf of MW Medical?

15:13:10 4 A. There was Grace Sim at one point. There
15:13:12 5 was Dean Drummond. Sometimes Dean would ask the
15:13:15 6 secretary who I think at the time had a name called
15:13:18 7 Marilyn or Meredith or something. They may draft
15:13:23 8 it. A few people I suppose. Three. That was
15:13:28 9 three.

15:13:29 10 Q. Did they use -- those three people, did
15:13:32 11 they use different forms each time one of them
15:13:35 12 prepared a promissory note?

15:13:38 13 A. I believe if I recall there was three or
15:13:42 14 four or five of them that were done in one format.
15:13:48 15 There were odd ones that were done in between. Like
15:13:50 16 I said, as I kept dumping money they couldn't keep
15:13:53 17 up with drafting of all the notes, all the UCCs, so
15:13:58 18 on and so forth. So sometimes it might look a
15:14:01 19 little different but overall the substance was just
15:14:04 20 about the same.

15:14:20 21 Q. If I recall your earlier testimony there
15:14:22 22 were about six or seven promissory notes that were
15:14:26 23 issued to you by MW Medical from the time of the
15:14:29 24 bankruptcy through the time -- until the time of the
15:14:33 25 sale.

15:14:34 1 Does that sound accurate?

15:14:35 2 A. I'm sorry. Say it again. Where did you
15:14:37 3 start?

15:14:38 4 Q. My impression and I may be wrong. I'm not
15:14:41 5 trying to test you as to what your recollection of
15:14:43 6 the record is. I'm just trying to see if I'm
15:14:45 7 accurate that there are about six or seven
15:14:47 8 promissory notes issued to you by the company from
15:14:50 9 the time of the bankruptcy until the sale in March
15:14:54 10 of 2004; is that correct?

15:14:57 11 A. No, and I'm going to be helpful.

15:15:04 12 Q. I hope so.

15:15:04 13 A. It's not correct because you started in the
15:15:05 14 wrong place. The notes started to exist in
15:15:08 15 MW Medical, went from MW Medical into the bankruptcy
15:15:13 16 court and on to Davi Skin. They started in
15:15:18 17 MW Medical.

15:15:20 18 Q. Okay. Maybe I'm not clarifying. I just
15:15:24 19 wanted to get a general sense of how many notes had
15:15:28 20 been issued in your favor by either MW Medical or
15:15:32 21 Davi Skin. We are looking at two. We have got
15:15:35 22 Exhibit 3 and Exhibit 5.

15:15:36 23 A. Right.

15:15:37 24 Q. How many additional promissory notes were
15:15:39 25 there?

15:15:40 1 A. There could be six, half a dozen. Probably
 15:15:43 2 someplace around six. Five to seven, settle at six.
 15:15:48 3 Someplace around there.

15:15:48 4 Q. And do we have actual copies of those
 15:15:51 5 promissory notes somewhere?

15:15:53 6 A. Again, I did a general kind of look see
 15:15:58 7 where I thought something might be, haven't found
 15:16:01 8 them, may find them; however, I would be very
 15:16:05 9 surprised if they are not listed in the public
 15:16:08 10 filings.

15:16:10 11 Q. I understand. Other than listing in the
 15:16:11 12 public filings --

15:16:12 13 A. Right.

15:16:12 14 Q. -- I want to see the actual promissory
 15:16:14 15 notes.

15:16:15 16 A. Oh, okay.

15:16:16 17 Yeah, as I sit here today I don't have them
 15:16:18 18 in my possession.

15:16:19 19 Q. So you have not seen any of them in the
 15:16:22 20 last say two years?

15:16:25 21 A. Yeah. I might have seen them before that
 15:16:27 22 but it doesn't jar my memory that I saw them.

15:16:31 23 Q. Okay. So referring back to Exhibit No. 5
 15:16:35 24 with that language beneficiary of the security
 15:16:38 25 agreement --

15:16:38 1 A. Yes.

15:16:43 2 Q. -- do you have any idea or understanding as

15:16:46 3 to what that security agreement is referring to?

15:16:50 4 A. Well, no. The answer would be no. Would I

15:16:55 5 guess? You don't want to know what I guess. Okay.

15:16:58 6 Q. Everybody would like to guess.

15:17:00 7 All right. Going back to Exhibit No. 6.

15:17:03 8 A. This one?

15:17:04 9 Q. Loan extension.

15:17:05 10 A. Yes.

15:17:05 11 Q. Entitled -- got Bates No. 54 on it.

15:17:09 12 A. Yes.

15:17:09 13 Q. Do you recognize this document?

15:17:12 14 A. Yes.

15:17:13 15 Q. Is that your signature on this document?

15:17:16 16 A. Yes.

15:17:16 17 Q. Do you know to what loan this particular

15:17:21 18 document relates or pertains?

15:17:24 19 A. The \$200,000 note.

15:17:27 20 Q. So that would be Exhibit No. 5; correct?

15:17:31 21 A. Okay.

15:17:42 22 Q. So in your mind you are absolutely certain

15:17:45 23 that this extension as reflected in Exhibit No. 6

15:17:49 24 relates to the \$200,000 promissory note that we have

15:17:52 25 marked as Exhibit No. 5; correct?

15:17:56 1 A. Okay. Just so I can clarify, given the
15:17:58 2 fact that we accept that this date is wrong because
15:18:05 3 otherwise it can't be right, if you say that date is
15:18:06 4 the right date it can't be the promissory note
15:18:07 5 because that company didn't exist.

15:18:09 6 So given that oddity and given the fact
15:18:11 7 that I've already stated there might be more notes,
15:18:17 8 if we'd like we can make this loan extension be the
15:18:20 9 same as this.

15:18:22 10 Q. We are not negotiating what documents may
15:18:25 11 or may not exist. I'm asking you just to identify
15:18:28 12 this loan extension to the best of your knowledge
15:18:32 13 does this loan extension document relate to
15:18:35 14 Exhibit No. 5?

15:18:36 15 A. To the best of --

15:18:39 16 Q. "Yes" or "no"?

15:18:39 17 A. To the best of my knowledge I guess it's
15:18:41 18 yes.

15:18:43 19 Q. Okay. Why did you issue this loan
15:18:46 20 extension?

15:18:49 21 A. Because Mr. Medley asked me to.

15:18:51 22 Q. When?

15:18:54 23 A. Well, if I look at the fax header date
15:18:57 24 probably around April.

15:19:00 25 Q. April 13, 2004 is the fax legend date that

15:19:03 1 you are referring to on the top left-hand portion of
 15:19:06 2 Exhibit 6; correct?
 15:19:07 3 A. Yes.
 15:19:09 4 Q. Why did Mr. Medley ask you to? Did he
 15:19:13 5 explain why he wanted --
 15:19:14 6 A. Yes.
 15:19:15 7 Q. -- a loan extension?
 15:19:16 8 A. Yes.
 15:19:17 9 Q. What is your recollection of the
 15:19:19 10 conversation pertaining to this loan extension
 15:19:21 11 document?
 15:19:22 12 A. He told me something about he had
 15:19:27 13 investors, Japanese I think they were, Japanese
 15:19:32 14 investors or something and he was negotiating lots
 15:19:38 15 of things and could I do the company a favor and
 15:19:41 16 extend the loan until December 31st of 2005.
 15:19:49 17 Q. Did you ask for anything in return?
 15:19:50 18 A. Yes.
 15:19:51 19 Q. What?
 15:19:54 20 A. I asked for 50,000 shares and not from
 15:19:59 21 treasury but from Mr. Medley himself.
 15:20:02 22 Q. And did you receive those shares?
 15:20:03 23 A. No, he never gave them to me.
 15:20:05 24 Q. Did he say that he was going to give them
 15:20:07 25 to you?

15:20:07 1 A. Yes. If I recall he actually signed a
15:20:11 2 document saying that.

15:20:13 3 Q. When is the last time you saw that
15:20:15 4 document?

15:20:17 5 A. I can't remember the last time. Probably
15:20:19 6 in the same files of all this. But I certainly
15:20:22 7 recall when people make me a promise to pay me
15:20:25 8 something I recall. So I made him sign it.

15:20:32 9 Q. So you have a signed agreement from
15:20:34 10 Mr. Medley stating that you are going to get 50,000
15:20:37 11 shares in exchange for signing the loan extension
15:20:40 12 that we marked as Exhibit No. 6 extending the
15:20:43 13 \$200,000 loan to December 31, 2005; is that your
15:20:49 14 testimony?

15:20:49 15 A. My testimony is I remember that Mr. Parrish
15:20:53 16 Medley asked me to extend this note to December 31st
15:20:58 17 of 2005, and as a matter of fact if my memory serves
15:21:03 18 me right I think there is another one with this. In
15:21:10 19 response I said to Mr. Medley after he explained
15:21:13 20 what he wanted to use it for and all the good
15:21:18 21 reasons I said okay. Fine, Parrish, but this ain't
15:21:22 22 free. He said what do you want. I said I want
15:21:27 23 50,000 shares and I don't want it from treasury and
15:21:32 24 he said he would be not willing to give me 50,000
15:21:35 25 shares and he negotiated me down to 10,000 shares.

15:21:44 1 I said fine, Parrish. Send me something in writing
15:21:49 2 and I think he sent me something in writing.

15:21:54 3 Q. You haven't produced that writing that
15:21:57 4 evidences the agreement to give you 10,000 shares in
15:22:01 5 exchange for this loan extension agreement; is that
15:22:04 6 correct?

15:22:04 7 A. I haven't produced it. I may find it but
15:22:09 8 you asked me to recall and this triggers my memory.

15:22:14 9 MR. GUTMAN: Just for the record I'm going
15:22:15 10 to note for the benefit of counsel that if there are
15:22:19 11 going to be subsequent documents produced we are
15:22:21 12 going to come back and examine the witness starting
15:22:23 13 from ground zero because this is absurd that there
15:22:26 14 has been absolutely no effort to uncover and
15:22:29 15 discover all the documents that were required to be
15:22:31 16 produced in response to the requests for production.

15:22:35 17 MS. AMBROSIO: Counsel, that's not true.
15:22:36 18 She told you she went and -- Counsel, my
15:22:40 19 understanding of what the witness sitting next to me
15:22:44 20 today said is that she looked in the most logical
15:22:47 21 place for these documents.

15:22:50 22 MR. GUTMAN: I don't think that satisfies
15:22:51 23 the obligation under the federal rules of civil
15:22:53 24 procedure and I think you know that.

15:22:56 25 Q. All right. Exhibit No. 6, do you know who

15:22:58 1 prepared it?

15:23:00 2 A. No.

15:23:00 3 Q. Do you know when it was prepared?

15:23:03 4 A. I'm sorry but I don't. Before I think it
15:23:05 5 was probably done around April. Probably around the
15:23:09 6 date.

15:23:09 7 Q. Fantastic.

15:23:10 8 All right. I marked for purposes of
15:23:13 9 identification as Exhibit No. 7 and I believe you
15:23:15 10 referred to this a moment ago and it's got the Bates
15:23:18 11 No. 55 on it.

15:23:21 12 (Deposition Exhibit 7 was marked for
15:23:21 13 identification by the court reporter.)

15:23:21 14 BY MR. GUTMAN:

15:23:21 15 Q. Also appears to be entitled "LOAN
15:23:24 16 EXTENSION." This one states,

15:23:25 17 "I hereby agree to extend the
15:23:25 18 maturity date of a \$200,000 loan to
15:23:28 19 September 30, 2006."

15:23:30 20 Do you see that loan extension?

15:23:31 21 A. Yes.

15:23:32 22 Q. No. 7.

15:23:32 23 A. Yes.

15:23:33 24 Q. Did you in fact sign this loan extension?

15:23:35 25 A. Yes. This is the one I think I recall it

15:23:38 1 was several pieces of paper.

15:23:40 2 Q. Okay. Does this pertain to the same note
15:23:45 3 that we previously identified as Exhibit No. 5?

15:23:48 4 A. Yes, I think so.

15:23:50 5 Q. You see the fax legend date April 13, 2004?

15:23:54 6 A. Yes.

15:23:55 7 Q. Did you sign this on or about this stated
15:23:57 8 date of April 13, 2004?

15:23:59 9 A. Yeah, probably.

15:24:00 10 Q. So you signed both extensions --

15:24:02 11 A. Yes.

15:24:03 12 Q. -- at the same time?

15:24:03 13 A. Yes.

15:24:04 14 Q. Why is that?

15:24:08 15 A. Mr. Medley kept going on and on about how
15:24:09 16 he didn't want to come back and do this again and if
15:24:12 17 he was going to give me those shares from his share
15:24:15 18 lot that he wanted to have a little insurance. So
15:24:20 19 this is what he sent me and I signed it.

15:24:25 20 Q. So you signed both loan extensions at the
15:24:28 21 same time?

15:24:28 22 A. I am pretty sure I did.

15:24:30 23 Q. And you signed them in exchange for what?

15:24:33 24 A. 10,000 shares that Mr. Medley said that he
15:24:38 25 would take from his pool of stock.

15:24:41 1 Q. And this is what you refer to -- withdraw
 15:24:44 2 that.
 15:24:46 3 And it was your testimony a moment ago that
 15:24:47 4 you received some sort of document from Mr. Medley
 15:24:51 5 in which he agreed to provide you with those 10,000
 15:24:54 6 shares.
 15:24:55 7 A. I am pretty sure that I would not just take
 15:24:59 8 his word for it and I asked for a document. I think
 15:25:04 9 he did sign something.
 15:25:05 10 Q. But you haven't produced such a document.
 15:25:07 11 That's correct; right?
 15:25:09 12 A. No. What I said is I haven't found it. I
 15:25:12 13 recall it.
 15:25:13 14 Q. All right. Let's mark for purposes of
 15:25:16 15 identification as Exhibit No. 8 a one-page document
 15:25:18 16 with the bates No. 74, "ASSIGNMENT OF PROMISSORY
 15:25:21 17 NOTE."
 15:25:21 18 (Deposition Exhibit 8 was marked for
 15:25:21 19 identification by the court reporter.)
 15:25:21 20 BY MR. GUTMAN:
 15:25:21 21 Q. You recognize this document?
 15:25:27 22 A. Yes.
 15:25:28 23 Q. Whose signature is that on this document,
 15:25:30 24 Exhibit No. 8?
 15:25:33 25 A. Grace Sim.

15:25:35 1 Q. Do you have some understanding as to why
15:25:37 2 Grace Sim was signing an assignment of a promissory
15:25:41 3 note?
15:25:46 4 A. No.
15:25:46 5 Q. Do you know which promissory note that
15:25:48 6 Grace Sim might have had an interest in?
15:26:05 7 A. I would think this probably went with
15:26:08 8 something to do with her. I don't know what it is.
15:26:12 9 Q. Do you know whether or not MW Medical had
15:26:16 10 issued any promissory notes payable to Grace Sim?
15:26:19 11 A. I don't know. Could have been. She also
15:26:23 12 was owed back wages.
15:27:03 13 Q. It also states that along with any other
15:27:07 14 rights she may have as a creditor of said
15:27:09 15 corporation in that first sentence on this
15:27:10 16 assignment Exhibit No. 8.
15:27:12 17 Do you see that?
15:27:13 18 A. Yes.
15:27:14 19 Q. Do you know what any other rights that
15:27:16 20 Grace Sim might have had as a creditor of the
15:27:18 21 corporation of MW Medical, Inc.?
15:27:20 22 A. No, I don't recall.
15:27:21 23 Q. Do you have some understanding as to why
15:27:23 24 Grace Sim issued such an assignment?
15:27:27 25 A. I'm sure again it was something that had to

15:27:29 1 do with the reverse merger. That's Grace Sim. I
 15:27:36 2 really shouldn't be even trying to guess at what and
 15:27:39 3 why she did it. I just -- I really don't know.

15:27:41 4 Q. Well, you were the CEO of MW Medical, were
 15:27:44 5 you not?

15:27:44 6 A. Yes.

15:27:45 7 Q. And its president; correct?

15:27:49 8 A. Yes.

15:27:49 9 Q. And also the principal shareholder;
 15:27:49 10 correct?

15:27:49 11 A. Yes.

15:27:50 12 Q. Did you have some understanding as to what
 15:27:52 13 documents were being signed in connection with the
 15:27:53 14 reverse merger?

15:27:55 15 A. As I stated just before, I said I know that
 15:28:00 16 Grace was owed some back salaries also. So it may
 15:28:04 17 have had something to do with that. This is really
 15:28:07 18 over two years ago.

15:28:08 19 Q. All right. Do you understand now that
 15:28:11 20 based upon this assignment of promissory note that
 15:28:15 21 Grace Sim was waiving all claims that she had for
 15:28:17 22 back wages?

15:28:19 23 A. That's what it says.

15:28:21 24 Q. Okay. Thank you.

15:28:23 25 A. Okay.

15:28:23 1 MR. GUTMAN: Can we take a five-minute
 15:28:24 2 break?
 15:28:27 3 VIDEO OPERATOR: Going off the record. The
 15:28:28 4 time is 3:28.
 15:28:34 5 (Recess.)
 15:39:51 6 VIDEO OPERATOR: Okay. We are back on the
 15:39:52 7 record. The time is 3:39.
 15:39:54 8 MR. GUTMAN: All right. Ms. Wallace, I'm
 15:39:56 9 going to mark for purposes of identification as
 15:39:59 10 Exhibit No. 9. It's a one-page document with the
 15:40:02 11 Bates No. 56 entitled "ASSIGNMENT OF PROMISSORY
 15:40:08 12 NOTES" dated March, no date filled in, 2004.
 15:40:10 13 (Deposition Exhibit 9 was marked for
 15:40:10 14 identification by the court reporter.)
 15:40:10 15 BY MR. GUTMAN:
 15:40:11 16 Q. Does that appear to be your signature?
 15:40:12 17 A. Yes.
 15:40:13 18 Q. Is that your address on Cheney Road?
 15:40:15 19 A. Cheney Drive, yes.
 15:40:18 20 Q. It's actually known as Cheney Drive; is
 15:40:20 21 that what you are saying?
 15:40:21 22 A. That's what I know it as.
 15:40:23 23 Q. All right. Let's read this assignment of
 15:40:26 24 promissory notes.
 15:40:27 25 "For Value Received, the undersigned

15:40:29 1 note holder, hereby assigns, conveys and
 15:40:29 2 transfers all of her right, title and
 15:40:33 3 interest in the attached Promissory Notes
 15:40:36 4 issued by MW Medical, Inc. along with any
 15:40:39 5 other rights she may have as a creditor
 15:40:41 6 of said Corporation, to Parrish Medley or
 15:40:44 7 his designates."
 15:40:45 8 Do you see that?
 15:40:46 9 A. Yes.
 15:40:46 10 Q. Did you sign it at -- withdraw that.
 15:40:50 11 Did you read this prior to signing it?
 15:40:52 12 A. Yes.
 15:40:54 13 Q. Where it refers to attached promissory
 15:40:56 14 notes do you know what notes are being referred to?
 15:41:00 15 A. No.
 15:41:04 16 Q. Do you have some version of this document
 15:41:07 17 that has notes, promissory notes attached to it?
 15:41:11 18 A. Me, no.
 15:41:12 19 Q. All right. And it says notes issued by
 15:41:15 20 MW Medical, Inc. That's the name of the entity that
 15:41:18 21 you were the CEO of; correct?
 15:41:19 22 A. Yes.
 15:41:20 23 Q. And that's the entity that issued
 15:41:22 24 promissory notes to you before the back wages, lease
 15:41:24 25 rights and any other cash advances that you made;

15:41:26 1 right?

15:41:27 2 A. Yes.

15:41:27 3 Q. Now, you see where it says along with any
15:41:29 4 other rights she may have as a creditor of said
15:41:32 5 corporation?

15:41:32 6 A. Yes.

15:41:32 7 Q. And you understood what that meant at the
15:41:34 8 time you signed it, did you not?

15:41:39 9 A. Yes.

15:41:39 10 Q. And you understood that it meant that you
15:41:39 11 were waiving all claims to have any monies, to
15:41:39 12 collect any monies against the corporation; didn't
15:41:42 13 you understand that?

15:41:44 14 A. That's what this says.

15:41:45 15 Q. Well, did you not intend for this to be
15:41:49 16 valid at the time that you signed it?

15:41:52 17 A. Yes.

15:41:54 18 Q. Let me restate that question. A little bit
15:41:58 19 inartful.

15:41:59 20 At the time that you signed this assignment
15:42:04 21 of promissory note that we marked as Exhibit No. 9
15:42:07 22 and intended for this to be a correct -- withdraw
15:42:10 23 that.

15:42:20 24 At the time that you signed Exhibit
15:42:20 25 No. 9 --

15:42:20 1 A. Yes.

15:42:20 2 Q. -- you understood that you were waiving all
15:42:22 3 claims to receive any monies from the company either
15:42:28 4 MW Medical, Inc. or Davi Skin; correct?

15:42:29 5 A. When I signed this blank assignment and I
15:42:33 6 read it I absolutely knew that I was signing a blank
15:42:37 7 assignment. Did not waive my rights for forever.

15:42:41 8 Q. All right. When you say blank assignment
15:42:45 9 what are you referring to as blank?

15:42:48 10 A. Well, to me unless you put a date in there
15:42:55 11 it's got no time period to it and it was always my
15:43:00 12 understanding that there was a time period for this
15:43:04 13 assignment.

15:43:04 14 Q. Where does it say anywhere on this document
15:43:09 15 that there is a time period with this assignment?

15:43:09 16 A. It doesn't.

15:43:09 17 Q. So how did you come to the conclusion that
15:43:12 18 there had to be a date on there in order for there
15:43:14 19 to be a time period with this assignment?

15:43:16 20 A. Mr. Medley.

15:43:17 21 Q. So what you are saying is that we shouldn't
15:43:21 22 refer just to the assignment itself to determine
15:43:25 23 what this assignment says?

15:43:25 24 A. Correct.

15:43:25 25 Q. So we need to refer to a statement you are

15:43:29 1 attributing to Mr. Medley in order to interpret what
15:43:32 2 the assignment of promissory notes Exhibit No. 9
15:43:32 3 means; right?

15:43:36 4 A. Yes.

15:43:36 5 Q. So what you are saying is Exhibit No. 9
15:43:37 6 entitled Assignment of Promissory Notes does not
15:43:40 7 mean what it says; is that what you are saying?

15:43:44 8 A. I guess that's fair.

15:43:45 9 Q. So what you are saying is that if anybody
15:43:48 10 who looked at this document, Exhibit No. 9, they
15:43:52 11 should know that you did not intend for this
15:43:55 12 assignment to be valid; is that what you are saying?

15:44:00 13 A. Anyone other than Mr. Medley and myself I
15:44:02 14 would agree with that statement.

15:44:03 15 Q. So is there a single piece of paper in the
15:44:08 16 world that you've ever seen that states that this
15:44:11 17 assignment of promissory notes is not valid?

15:44:18 18 A. If we are discussing the promissory note
15:44:21 19 that is the note of \$200,000, if the promissory, if
15:44:27 20 this assignment was not for a moment in time there
15:44:37 21 would be no need to get a loan extension.

15:44:38 22 MR. GUTMAN: Could I have my question back
15:44:41 23 again.

15:44:41 24 (The following record was read:

15:44:41 25 So is there a single piece of paper

15:44:41 1 in the world that you've ever seen that
 15:44:41 2 states that this assignment of promissory
 15:44:41 3 notes is not valid?)

15:44:41 4 BY MR. GUTMAN:

15:44:56 5 Q. Can you answer that question?

15:44:58 6 A. I'm sorry. Say it again.

15:45:03 7 Q. I'll repeat it.

15:45:03 8 A. Okay.

15:45:03 9 Q. Is there a single document anywhere that
 15:45:04 10 you've ever seen that says the assignment of
 15:45:09 11 promissory notes that we've marked as Exhibit No. 9
 15:45:10 12 is not valid?

15:45:14 13 A. And my answer was if the \$200,000 that you
 15:45:21 14 are referencing is the promissory note --

15:45:26 15 Q. Excuse me. Let me interrupt you and move
 15:45:26 16 to strike as nonresponsive.

15:45:26 17 Can you just respond to my question. We'll
 15:45:30 18 get done a lot quicker.

15:45:30 19 A. Mr. Gutman, I really am truly trying to do
 15:45:35 20 that.

15:45:35 21 Q. I appreciate your effort but perhaps we can
 15:45:35 22 just focus on this question --

15:45:39 23 A. Okay.

15:45:39 24 Q. -- and move along.

15:45:39 25 A. Maybe if you rephrase it.

15:45:40 1 Q. Sure.

15:45:41 2 A. Is there a way you could rephrase it?

15:45:47 3 Q. Have you seen a document that states that

15:45:47 4 Exhibit No. 9 is not valid?

15:46:26 5 A. I -- is it possible I could explain why I'm

15:46:28 6 having a problem?

15:46:29 7 Q. No, it's not. You are going to answer this

15:46:33 8 question, please, so we can move along.

15:46:36 9 Have you seen a document that says that

15:46:36 10 Exhibit No. 9 is not valid? "Yes" or "no"?

15:46:40 11 A. If that's the way you are going to put it

15:46:45 12 to me I'm going to have to say yes.

15:46:45 13 Q. Okay. What is the document that you've

15:46:45 14 seen that states that Exhibit No. 9 is valid? And I

15:46:49 15 don't want an explanation about the extension. I

15:46:53 16 want to see a document that says Exhibit No. 9

15:46:53 17 assignment of promissory notes is not valid.

15:46:57 18 A. If you don't want to see the loan extension

15:47:02 19 or you don't want me to explain it then my answer

15:47:03 20 would have to be no, I don't know where the document

15:47:08 21 is because I would have to refer to these documents.

15:47:09 22 Q. You would refer to what, the loan

15:47:12 23 extension?

15:47:12 24 A. Yes.

15:47:12 25 Q. Okay. So the answer to my question is you

15:47:14 1 don't know of a single document that says that the
15:47:17 2 assignment of promissory notes that we have marked
15:47:20 3 as Exhibit No. 9 is not valid; is that correct?

15:47:23 4 A. I don't believe that this document as it is
15:47:26 5 written and as I signed it as of that date makes
15:47:32 6 this thing have no date applicable; therefore, in
15:47:35 7 the way that it is written without a date or without
15:47:40 8 my understanding of corresponding documents this is
15:47:42 9 not -- my understanding is that it's just blank.

15:47:46 10 Q. When you say just blank you mean it's not
15:47:51 11 valid?

15:47:51 12 A. To me it's not valid.

15:47:52 13 Q. Okay. And the reason that you don't
15:47:54 14 believe it's valid is because it doesn't have a date
15:47:56 15 on it?

15:48:00 16 A. No. Is that it doesn't have a
15:48:00 17 corresponding time reference of that assignment and
15:48:04 18 there was distinctly a time reference to this
15:48:10 19 assignment.

15:48:14 20 Q. Are there any witnesses that you can
15:48:14 21 identify who can confirm what you are telling us,
15:48:18 22 that the assignment of promissory notes, Exhibit
15:48:21 23 No. 9 is not valid?

15:48:24 24 A. Is Mr. Medley a witness?

15:48:28 25 Q. Other than Mr. Medley is there any other

15:48:28 1 human being past or present, historical or living
 15:48:36 2 who can testify that assignment of promissory notes,
 15:48:38 3 Exhibit No. 9, is not valid?
 15:48:43 4 A. The only way that I can say that there is
 15:48:45 5 somebody else is you would have to go and find out
 15:48:50 6 why the books of the company done and reported by
 15:49:01 7 the auditors shows that there is a time period on
 15:49:02 8 it.
 15:49:02 9 Q. Time period on what? On the assignment of
 15:49:07 10 promissory notes?
 15:49:07 11 A. On the assignment of the promissory notes
 15:49:07 12 and the note itself. They go hand and hand.
 15:49:11 13 Q. Okay. So in other words as you sit here
 15:49:14 14 right now you cannot identify as a single witness
 15:49:17 15 who can confirm what you are saying, that the
 15:49:19 16 assignment of promissory notes is not valid; is that
 15:49:23 17 correct?
 15:49:23 18 A. Except for Mr. Medley I guess not.
 15:49:27 19 Q. All right. And you believe that Mr. Medley
 15:49:29 20 would testify in agreement with you that this
 15:49:32 21 assignment of promissory notes is not valid?
 15:49:36 22 A. I have no idea what Mr. Medley would say.
 15:49:40 23 Q. Well, maybe stick around and you will find
 15:49:41 24 out tomorrow.
 15:49:43 25 A. Okay.

15:49:43 1 Q. Isn't it a fact, Ms. Wallace, that you
15:49:45 2 understood when you signed this assignment of
15:49:47 3 promissory notes, Exhibit No. 9, that you were
15:49:50 4 waiving any right to any monies from MW Medical,
15:49:54 5 Inc. or Davi Skin?

15:49:58 6 A. No.

15:49:58 7 Q. Okay. So this -- when you signed the
15:50:00 8 assignment of promissory notes, Exhibit No. 9, it
15:50:07 9 was not a true statement; is that correct?

15:50:10 10 A. It is not a statement just left to this
15:50:15 11 piece of paper.

15:50:15 12 Q. But what you are telling us is you did not
15:50:22 13 intend what is stated clearly in Exhibit No. 9?

15:50:22 14 A. I did not intend that this document did not
15:50:27 15 have a corresponding date.

15:50:27 16 Q. Well, when you say a corresponding date is
15:50:39 17 there a place on Exhibit No. 9 for a corresponding
15:50:39 18 date?

15:50:39 19 A. Well, there is a date there but it's not
15:50:42 20 filled in.

15:50:43 21 Q. Well, it says March of 2004 with a blank
15:50:46 22 line for the day.

15:50:48 23 A. Right.

15:50:48 24 Q. So are you saying that every time that
15:50:51 25 there is no specific day of the month filled in on a

15:50:54 1 document that that document is not valid?

15:50:55 2 A. No, I am not saying that.

15:51:03 3 Q. Are you saying that there has to be a date
15:51:03 4 on the document before that document becomes
15:51:03 5 effective?

15:51:03 6 A. With all due respect --

15:51:06 7 Q. Can you answer my question, please. I
15:51:06 8 don't want an explanation. You will have an
15:51:09 9 opportunity. When you get up on a witness stand in
15:51:13 10 the courtroom your attorney can ask you questions.
15:51:13 11 I'd like you to answer my questions.

15:51:15 12 A. Mr. Gutman, I am a pleasant person and the
15:51:18 13 only thing that I'm trying to tell you is if you
15:51:23 14 keep asking me the questions rapid fire one after
15:51:23 15 the other and I am trying to tell you exactly what
15:51:29 16 took place and I'm not answering the way you want
15:51:29 17 there is not much I can do.

15:51:31 18 Q. Ms. Wallace, let me just clarify something.

15:51:34 19 A. I'm trying to explain it.

15:51:34 20 Q. This is not your opportunity to explain
15:51:35 21 what you want to explain. This is your opportunity
15:51:38 22 to answer my questions and I put a very simple
15:51:42 23 question before you. Is it your understanding --

15:51:44 24 A. Yes.

15:51:45 25 Q. -- that when a document is signed but not

15:51:47 1 dated the document is not effective. It's a yes or
15:51:52 2 a no.

15:51:52 3 A. I would say that that is no.

15:51:54 4 Q. Okay. So a document -- an agreement can
15:51:58 5 still be effective even if there is not a date on
15:52:01 6 it.

15:52:01 7 Would you agree with that?

15:52:06 8 A. I guess so. Maybe yes or whatever.

15:52:11 9 Q. Yet the only reason that you believe that
15:52:12 10 this assignment of promissory notes, Exhibit No. 9,
15:52:21 11 is not effective is because there is no date put in
15:52:21 12 on the date line of this document; isn't that a
15:52:26 13 fact?

15:52:26 14 A. No. What this doesn't say enough of is
15:52:29 15 that this note and the assignment was to be within
15:52:36 16 the time period that Mr. Medley controlled and it is
15:52:39 17 not on this document and Mr. Medley couldn't put a
15:52:42 18 date on it for numbers of reasons of which he
15:52:46 19 understands. That's what I'm saying.

15:52:49 20 Q. Well, is there some other document that
15:52:53 21 identifies what those reasons are?

15:52:54 22 A. No, but if you really want to know what
15:52:58 23 they are they are there.

15:53:02 24 MR. GUTMAN: Okay. I move to strike
15:53:02 25 everything after the word no.

15:53:03 1 Q. Have you -- withdraw that.

15:53:11 2 Did you ask for a document setting forth
15:53:17 3 the terms under which this assignment of promissory
15:53:21 4 notes, Exhibit No. 9, would be effective before you
15:53:24 5 signed it?

15:53:26 6 A. I couldn't ask for it.

15:53:28 7 Q. You couldn't or you did not?

15:53:30 8 A. I couldn't.

15:53:31 9 Q. Did you?

15:53:35 10 A. I did not because I could not.

15:53:35 11 Q. Okay. So did you have any conversation
15:53:41 12 with anyone other than Mr. Medley about this
15:53:42 13 assignment of promissory notes at any time before
15:53:44 14 you signed it?

15:53:51 15 A. I don't recall. Maybe counsel. I don't
15:53:55 16 know.

15:53:55 17 Q. Who prepared this assignment of promissory
15:54:00 18 notes, Exhibit No. 9?

15:54:00 19 A. I don't know.

15:54:06 20 MR. GUTMAN: Mark for purposes of
15:54:07 21 identification as Exhibit No. 10 a one-page document
15:54:14 22 with the Bates No. 57.

15:54:21 23 (Deposition Exhibit 10 was marked for
15:54:21 24 identification by the court reporter.)

15:54:21 25 BY MR. GUTMAN:

15:54:26 1 Q. Also entitled "ASSIGNMENT OF PROMISSORY
15:54:29 2 NOTES". I'll read it. It's short.
15:54:34 3 "For Value Received, the undersigned
15:54:36 4 note holder, hereby assigns, conveys and
15:54:38 5 transfers all of her right, title and
15:54:41 6 interest in the attached Promissory Note
15:54:43 7 issued by Davi Skin, Inc., fka
15:54:46 8 MW Medical, Inc., along with any other
15:54:50 9 rights she may have as a creditor of said
15:54:53 10 Corporation, to the individuals
15:54:55 11 identified in Schedule A attached hereto
15:54:58 12 in the amounts specified."
15:55:00 13 Did I read it correctly?
15:55:01 14 A. Yes, you did.
15:55:02 15 Q. I note that you are comparing
15:55:04 16 Exhibit No. 10 side by side with Exhibit No. 9.
15:55:08 17 A. Yes.
15:55:09 18 Q. Is that a fact?
15:55:10 19 A. Yes. It now makes sense.
15:55:14 20 Q. That's fine. I'm glad that you have had
15:55:17 21 the opportunity to put things together in your mind.
15:55:19 22 Do you know when you signed Exhibit No. 10?
15:55:24 23 A. Ah, no.
15:55:25 24 Q. Did you sign Exhibit No. 10?
15:55:26 25 A. Yes.

15:55:29 1 Q. Do you know who prepared Exhibit No. 10?

15:55:32 2 A. No.

15:55:32 3 Q. Do you know when it was prepared?

15:55:33 4 A. No.

15:55:36 5 Q. Do you know what note is being referred to

15:55:36 6 in Exhibit No. 10 when it states that there is

15:55:39 7 assignment of promissory -- in the attached

15:55:44 8 Promissory Note issued by Davi Skin, Inc.?

15:55:46 9 A. Yes.

15:55:47 10 Q. What is that note that's being identified?

15:55:49 11 A. The \$200,000 note.

15:55:53 12 Q. Thank you.

15:55:59 13 I have one last question on Exhibit No. 10.

15:56:01 14 Is it your opinion that this assignment of

15:56:04 15 promissory notes is not valid because it does not

15:56:07 16 have a date on it?

15:56:16 17 A. My apologies. Yes. This is the one, not

15:56:22 18 this one. When I looked at them all together these

15:56:26 19 two are the same. Okay? These have to do with the

15:56:31 20 stock purchase agreement. That's why it

15:56:34 21 wasn't making -- I'm sorry. That's why it wasn't

15:56:38 22 making sense to me. This is the one that had a time

15:56:41 23 contingent to it and no, there is no document that

15:56:44 24 shows a time contingent or could there be. This is

15:56:48 25 the one. These two reflect the stock purchase

15:56:58 1 agreement. Okay? So these two go together with
15:57:03 2 that.

15:57:03 3 Q. Let's clarify what these two are. You are
15:57:07 4 saying Exhibit 8 and Exhibit 9?

15:57:07 5 A. Yes.

15:57:07 6 Q. That one signed by Grace Sim and one signed
15:57:10 7 by you?

15:57:10 8 A. Yes.

15:57:11 9 Q. And so what you are doing is waiving any
15:57:14 10 other debt owed to you by the company as of the time
15:57:20 11 of the stock purchase and note assignment; correct?

15:57:24 12 A. No. This debt, this debt matches the
15:57:30 13 numbers in the stock purchase agreement.

15:57:30 14 Q. Okay. Let's clarify. Referring to Exhibit
15:57:33 15 No. 9 --

15:57:34 16 A. Yes.

15:57:35 17 Q. Would you put that in front of you.

15:57:37 18 A. Yes.

15:57:43 19 Q. You have Exhibit No. 9. Let's just focus
15:58:00 20 on Exhibit No. 9.

15:58:02 21 A. Yes.

15:58:02 22 Q. That was signed by you?

15:58:03 23 A. Yes.

15:58:05 24 Q. It's dated March with no specific date
15:58:07 25 2004.

15:58:08 1 You see that?

15:58:09 2 A. Yes.

15:58:13 3 Q. And it states that you are assigning,

15:58:16 4 " . . . hereby assigns, conveys and

15:58:22 5 transfers all of her right, title and

15:58:22 6 interest in the attached Promissory Notes

15:58:22 7 issued by MW Medical, Inc. . . ."

15:58:25 8 You agree with that?

15:58:25 9 A. Yes.

15:58:25 10 Q. So you did intend to assign all of your

15:58:27 11 interest in any promissory notes issued by

15:58:28 12 MW Medical, Inc.?

15:58:30 13 A. Only the promissory notes that reflected

15:58:33 14 the 856,000. These two --

15:58:39 15 Q. All right.

15:58:39 16 A. -- went with this.

15:58:41 17 Q. You are saying it's only as to the 856,000;

15:58:44 18 correct?

15:58:44 19 A. Yes.

15:58:45 20 Q. All right. Let's read the next few

15:58:47 21 words --

15:58:47 22 A. Okay.

15:58:47 23 Q. -- in Exhibit No. 9.

15:58:50 24 A. Yes.

15:58:50 25 Q. ". . . along with any other rights

15:58:51 1 she may have as a creditor of said
15:58:54 2 Corporation. . ."

15:58:55 3 A. Right.

15:58:55 4 Q. You see that?

15:58:56 5 A. Yes.

15:58:56 6 Q. So you do not believe that includes any
15:58:59 7 other rights that you had for any claims against the
15:59:02 8 corporation?

15:59:03 9 A. That's absolutely correct. These two notes
15:59:06 10 in the stock purchase agreement that was done in
15:59:09 11 March I had told you for a short period of time had
15:59:14 12 to become the president of Davi Skin. I forgave any
15:59:19 13 other rights of that corporation. There was a short
15:59:23 14 period of time I had to serve in the reverse merger.
15:59:26 15 These reflect the promissory notes that match the
15:59:30 16 stock purchase agreement and when we did the reverse
15:59:34 17 I had to become president of Davi Skin until
15:59:39 18 Mr. Medley then became. That Davi Skin Grace Sim
15:59:45 19 and I stepped down as officers. We had to move from
15:59:49 20 MW Medical to Davi Skin as a CFO and the CEO.
15:59:55 21 That's when we signed those promissory notes was we
15:59:58 22 had no rights to the interim corporation Davi Skin.
16:00:04 23 That's what this refers to. And I'm sorry that it
16:00:07 24 was so confusing before but when I saw them together
16:00:11 25 that's when it hit the cord.

16:00:16 1 Q. You finished your answer?

16:00:18 2 A. Yes.

16:00:20 3 Q. So it's your testimony now that even though

16:00:23 4 the assignment of promissory notes that's

16:00:25 5 Exhibit No. 9 that's dated March of 2004 that that

16:00:29 6 does not include the \$200,000 note that's dated as

16:00:34 7 of what, June of 2003?

16:00:39 8 A. I'm sorry. I'm not really getting --

16:00:40 9 Q. All right. Let me just restate it so we

16:00:44 10 are clear on the record.

16:00:45 11 Exhibit No. 5 is the \$200,000 note that you

16:00:48 12 are claiming Davi Skin owes you; is that right?

16:00:50 13 A. Let me find them all because -- okay.

16:00:57 14 Q. Exhibit No. 5 is the note that you are

16:00:58 15 claiming is the amount that is owed by Davi Skin to

16:01:03 16 you now; correct?

16:01:04 17 A. Yes, correct.

16:01:04 18 Q. And that's dated June of 2003; correct?

16:01:08 19 A. Yes.

16:01:10 20 Q. But you believe that date to be incorrect?

16:01:12 21 A. It would have to be because Davi Skin

16:01:15 22 didn't exist which means if you accept it as '03

16:01:18 23 there was no Davi Skin and no Parrish Medley signed

16:01:21 24 as president.

16:01:22 25 Q. Are the dates incorrect on any other

16:01:24 1 documents that you are looking at?

16:01:25 2 A. No, this is the only one that looks kind of
16:01:28 3 funny.

16:01:28 4 Q. And how are you so sure that that's the
16:01:32 5 only one where the date is not correct?

16:01:34 6 A. Just again time periods. Now that I'm able
16:01:36 7 to put them together when I look at some of the time
16:01:39 8 periods it's all cleanup stuff.

16:01:40 9 Q. So when is the correct date for
16:01:42 10 Exhibit No. 5?

16:01:45 11 A. I would probably tell you it was around
16:01:47 12 June. We closed the deal June 23rd or 24th.
16:01:55 13 Someplace around June in the 20s. This I remember.

16:01:59 14 Q. Of 2004?

16:02:01 15 A. Yes, correct.

16:02:01 16 Q. So you are guessing that that's when the
16:02:03 17 note was issued?

16:02:04 18 A. Yes.

16:02:05 19 Q. Was it before or after the closing?

16:02:08 20 A. No. It had to be in around the same time.
16:02:11 21 It would all have been done sequentially.

16:02:15 22 Q. Sequentially or simultaneously?

16:02:18 23 A. That's hard to say. It would have all had
16:02:22 24 to come together one after the other. So
16:02:25 25 sequentially certain documents would be done but

16:02:28 1 then at the end of the day in order to report all of
16:02:31 2 it would have been all put together.

16:02:33 3 Q. All right. I've got a note I need to
16:02:36 4 change the -- we need to change the tape. So we
16:02:38 5 need to take a break.

16:02:39 6 A. Okay.

16:02:40 7 VIDEO OPERATOR: This marks the end of tape
16:02:42 8 No. 2 in the deposition of Jan Wallace. We are
16:02:45 9 going off the record. The time is 4:02.

16:02:49 10 (Recess.)

16:09:38 11 VIDEO OPERATOR: This marks the beginning
16:09:39 12 of tape No. 3 in the deposition of Jan Wallace. We
16:09:42 13 are back on the record. The time is 4:09.

23:00:00 14 BY MR. GUTMAN:

16:09:45 15 Q. Ms. Wallace, we were looking at
16:09:46 16 Exhibit No. 5, the promissory note.

16:09:54 17 Based upon your review of Exhibit No. 9,
16:09:58 18 the assignment of promissory notes along with any
16:10:04 19 other rights she have as a creditor of said
16:10:12 20 corporation, the document, is it your understanding
16:10:12 21 now that Exhibit No. 5 is the only promissory note
16:10:14 22 that remains in existence?

16:10:25 23 A. I think so. Without me having all the
16:10:25 24 notes I would say I think so, yeah.

16:10:25 25 Q. Well, do you have any reason to believe

16:10:27 1 that there are any other promissory notes other than
 16:10:31 2 Exhibit No. 5 in which you have any claim for any
 16:10:32 3 rights for any compensation from Davi Skin, Inc.?

16:10:37 4 A. From -- I don't think so.

16:10:40 5 Q. Okay. Let's go back to Exhibit No. 9 then.

16:10:44 6 A. Okay.

16:10:44 7 Q. So is it your testimony that Exhibit No. 9
 16:10:48 8 disposes of any interest that you had in receiving
 16:10:53 9 any money from MW Medical, Inc. or its successor
 16:11:00 10 Davi Skin, Inc. based upon any promissory notes
 16:11:00 11 other than Exhibit 5?

16:11:05 12 A. It's a long question. No. 9 references the
 16:11:17 13 stock purchase agreement. What I gave up in the
 16:11:17 14 stock purchase agreement is what references No. 9.
 16:11:17 15 It's the same thing with Ms. Grace Sim in Exhibit 8.

16:11:24 16 Q. But Exhibit No. 9 does not reference the
 16:11:24 17 stock purchase agreement. It just states that the
 16:11:29 18 attached promissory notes issued by MW Medical, Inc.
 16:11:29 19 are all being assigned.

16:11:31 20 A. Correct.

16:11:31 21 Q. So is it your understanding that that takes
 16:11:41 22 care of all the promissory notes that were referred
 16:11:41 23 to in the stock purchase and note assignment
 16:11:41 24 agreement?

16:11:42 25 A. Yes, the 856,000, whatever that was.

16:11:49 1 Q. Okay. What about Exhibit No. 3? Could we
16:11:53 2 go back to that one. It's the March 15, 2003
16:11:57 3 promissory note in the amount of \$248,325.

16:12:02 4 A. Uh-huh.

16:12:03 5 Q. Is this still a valid promissory note in
16:12:06 6 which you are owed money?

16:12:11 7 A. I think it's part and parcel of the 301.

16:12:12 8 Q. How is that?

16:12:14 9 A. I'm sorry. I keep explaining. That's
16:12:16 10 March 2003. It kept accumulating interest and
16:12:22 11 charges so the money number kept going up.

16:12:26 12 Q. Well, here is what I don't understand.

16:12:29 13 A. Okay.

16:12:29 14 Q. Is the promissory note, Exhibit No. 3, has
16:12:32 15 that been canceled or assigned or is it still valid?

16:12:36 16 A. No. All it is is an interim record. It's
16:12:40 17 just an interim record.

16:12:45 18 Q. Okay. But here is my question.

16:12:47 19 A. Right.

16:12:47 20 Q. Do you believe that you can present Exhibit
16:12:52 21 No. 3 the promissory note for \$248,325 plus interest
16:12:56 22 and say hey, Davi Skin, you owe me this amount of
16:13:00 23 money?

16:13:07 24 A. I believe that this is part of that. This
16:13:08 25 is only the amount in a period of time.

16:13:08 1 Q. All right. This being a part of that does
16:13:11 2 not enable us to understand what it is you are
16:13:12 3 talking about.

16:13:14 4 A. I'm sorry. The 248,000 that was recorded
16:13:18 5 as a promissory note is not a note that is the note
16:13:35 6 that was handed to anybody. It's part of the
16:13:35 7 record. This 248,000 is a promissory note of the
16:13:41 8 March 2003. Had somebody wanted to pay me what was
16:13:41 9 owed, forget Davi Skin, anybody wanted to come and
16:13:51 10 buy MW Medical this note would be on the books and
16:13:54 11 if they wanted to pay 248,000 as of that date and
16:13:54 12 time that's the recorded amount that the company
16:14:00 13 owed me at that time. This is not the end amount.
16:14:04 14 Between 2003 to 2004 it kept accumulating.

16:14:11 15 Q. Can I ask the same question again and I
16:14:13 16 appreciate your explanation of why you believe the
16:14:26 17 amount is not correct but frankly I don't care what
16:14:26 18 the amount is.

16:14:26 19 A. Okay.

16:14:26 20 Q. I just want to know was this note retired,
16:14:26 21 was it assigned, was it canceled or are you claiming
16:14:29 22 that it's still valid?

16:14:31 23 What's your interpretation of the validity
16:14:36 24 of this note?

16:14:38 25 A. It's valid because it references the same

16:14:38 1 amount of money.

16:14:39 2 Q. Okay. Are you claiming --

16:14:41 3 A. It's valid.

16:14:44 4 Q. -- that exhibit number --

16:14:44 5 A. All of it.

16:14:44 6 Q. Fine.

16:14:44 7 A. It is valid.

16:14:44 8 Q. Exhibit No. 3, does Davi Skin owe you money

16:14:51 9 based upon this promissory note?

16:14:51 10 A. Part of this, yes.

16:14:55 11 Q. Which part?

16:14:55 12 A. 248,000 of 301,000 which was reduced to

16:14:58 13 \$200,000.

16:15:00 14 Q. All right. So you are claiming that -- is

16:15:03 15 this a separate \$200,000 note? Is Exhibit 3 a

16:15:09 16 separate \$200,000 obligation from Exhibit 5 --

16:15:12 17 A. Okay.

16:15:12 18 Q. -- or is Exhibit 5 the \$200,000 note

16:15:15 19 replacing Exhibit 3 the \$248,000 note?

16:15:23 20 A. Yes, it accumulated.

16:15:23 21 Q. I asked you a couple of options.

16:15:25 22 A. It is valid.

16:15:30 23 Q. Is it --

16:15:30 24 A. It is valid only because it is the note

16:15:33 25 that started to reference in 2003 the monies that

16:15:36 1 were owed to me other than the 856,000.

16:15:41 2 Q. Ms. Wallace, how much does Davi Skin owe
16:15:44 3 you as of today?

16:15:45 4 A. \$200,000 plus accrued interest.

16:15:49 5 Q. Based on what?

16:15:52 6 A. Based on \$248,000 that accumulated interest
16:15:56 7 until the transfer of the reverse merger to Davi
16:15:59 8 Skin and at that time it was 301,000 and I reduced
16:16:07 9 it as per the agreement with Mr. Medley to accept
16:16:07 10 \$200,000 and I forgave the difference between
16:16:11 11 \$200,000 and 301,000.

16:16:18 12 Q. All right. So Exhibit No. 5 in the amount
16:16:18 13 of \$200,000 --

16:16:21 14 A. Is this five? Which one is five?

16:16:24 15 Q. It's the promissory note in the amount of
16:16:24 16 \$200,000.

16:16:25 17 A. Yes.

16:16:28 18 Q. Is it your testimony that Exhibit No. 5,
16:16:28 19 the promissory note for \$200,000, has replaced
16:16:33 20 Exhibit No. 3, the note for 248,325?

16:16:39 21 A. Yes.

16:16:39 22 Q. Okay. So you are only making a claim based
16:16:44 23 upon one promissory note?

16:16:46 24 A. It's all one. Yes. Yes. Yes.

16:16:47 25 Q. Ms. Wallace, all due with respect there are

16:16:50 1 two separate promissory notes and regardless of your
16:16:57 2 interpretation --
16:16:57 3 A. Okay.
16:16:57 4 Q. -- of them all being one --
16:16:57 5 A. Okay.
16:16:57 6 Q. -- legally you are asserting a claim based
16:17:02 7 upon a promissory note. I'm just trying to
16:17:03 8 determine whether you are making a claim based upon
16:17:12 9 more than one promissory note.
16:17:12 10 A. This note.
16:17:12 11 Q. That would be Exhibit No. 5 in the amount
16:17:12 12 of \$200,000?
16:17:12 13 A. Yes.
16:17:12 14 Q. So you are not asserting a claim against
16:17:17 15 the company Davi Skin that's predicated or based
16:17:24 16 upon Exhibit No. 3 the promissory note in the
16:17:24 17 amount, the face amount of \$248,325; is that
16:17:29 18 correct?
16:17:36 19 It's not a trick question. I'm really
16:17:40 20 trying to --
16:17:40 21 A. I'm not looking at you thinking you are
16:17:43 22 trying to trick me. I guess what I can't -- this is
16:17:45 23 the only note left but all the -- the other note,
16:17:48 24 that is part and parcel of this. So if I submitted
16:17:57 25 a claim to Davi of 248,000 it would still be part of

16:18:02 1 this.

16:18:07 2 Q. Isn't it a fact that Exhibit No. 9, the
16:18:14 3 assignment of promissory notes that you signed that
16:18:18 4 has a date of March something 2004 in fact disposes
16:18:24 5 or cancels Exhibit No. 3 the \$248,325 promissory
16:18:32 6 note?

16:18:32 7 A. No. No.

16:18:35 8 Q. Why is that?

16:18:36 9 A. This disposes of the 856,000 cash. This
16:18:43 10 note as of --

16:18:46 11 Q. When you are saying 856 you are referring
16:18:50 12 to Exhibits 8 and 9?

16:18:54 13 A. Exhibits 8 and 9. These refer to the
16:18:58 14 action taken in the stock purchase agreement where
16:19:05 15 the cumulative total of cash was assessed. When we
16:19:08 16 moved from MW Medical into Davi Skin I gave up all
16:19:12 17 the rights based on that stock purchase transaction.
16:19:18 18 The reason that note is there is over and above the
16:19:24 19 stock purchase agreement number. There was still
16:19:26 20 outstanding \$248,000 which was still owed to me. It
16:19:36 21 was separate and that note with the accumulated
16:19:41 22 interest to 2004 came to 301,000 of which at the
16:19:46 23 time of the negotiation of the reverse merger
16:19:53 24 Mr. Medley asked for me to accept a discount to the
16:19:53 25 301 which brought it down to 200 which is reflected

16:19:59 1 everywhere.

16:20:02 2 Q. Fine. Let's go back to Exhibit No. 9.

16:20:07 3 A. Okay.

16:20:10 4 Q. It refers to the attached promissory notes

16:20:13 5 issued by MW Medical, Inc.

16:20:15 6 Do you know which promissory notes were

16:20:17 7 attached to this assignment, Exhibit No. 9?

16:20:20 8 A. All the notes, the six --

16:20:22 9 Q. Where are those notes?

16:20:25 10 A. I told you I haven't found them all.

16:20:28 11 Q. Okay. Thank you.

16:20:31 12 A. And they may be in the public documents.

16:20:39 13 Q. The notes from Grace Sim that are reflected

16:20:43 14 in Exhibit No. 8 --

16:20:47 15 A. Yes.

16:20:47 16 Q. Well, it says in attached promissory note

16:20:53 17 issued by MW Medical, Inc., Exhibit No. 8.

16:20:53 18 A. Yes.

16:20:53 19 Q. Where is that promissory note?

16:20:55 20 A. I am sure it is the same thing that I've

16:20:58 21 stated to you. The promissory notes, these to the

16:21:01 22 stock purchase agreement, okay, those -- this

16:21:09 23 applies to the stock purchase agreement. In it

16:21:09 24 Grace Sim had a note --

16:21:12 25 Q. Can you just -- you know, we will get done

16:21:17 1 in a reasonable period of time if you could just
16:21:17 2 respond to my questions.

16:21:19 3 A. I'm trying.

16:21:19 4 Q. You know what, I don't believe you anymore
16:21:22 5 and if you could just listen to my question and
16:21:25 6 respond to the question.

16:21:26 7 A. Okay.

16:21:32 8 Q. Where is the note?

16:21:32 9 A. I don't know.

16:21:32 10 Q. Thank you.

16:21:32 11 All right. We are going to mark as the
16:21:32 12 next exhibit in order as Exhibit No. 10 -- oh,
16:21:43 13 pardon me. It's going to be 11. Actually we have
16:21:47 14 10 out here already. Let's just talk about 10 for a
16:21:48 15 minute.

16:21:48 16 A. It's the last page. I'm putting them in
16:21:53 17 order.

16:21:53 18 Q. Very good.

16:21:54 19 A. Thank you.

16:22:02 20 Q. With respect to Exhibit No. 10 it refers to
16:22:02 21 the attached promissory note issued by Davi Skin fka
16:22:02 22 MW Medical, Inc.

16:22:06 23 Which note was attached to this assignment
16:22:07 24 of promissory notes?

16:22:13 25 A. When I signed this there wasn't anything

16:22:13 1 attached to it.

16:22:13 2 Q. When did you sign it?

16:22:14 3 A. Sometime in 2004.

16:22:17 4 Q. How do you know that?

16:22:20 5 A. Because if it was a promissory note issued

16:22:25 6 by Davi Skin the other note that I keep saying is

16:22:27 7 wrongfully dated is the only note I could think of

16:22:31 8 that was issued by Davi Skin.

16:22:33 9 Q. My question was how do you know when you
16:22:35 10 signed this document?

16:22:38 11 A. I can only deduce it from the other papers
16:22:42 12 you gave me.

16:22:42 13 Q. Did you sign this at the same time that the
16:22:42 14 promissory note was issued?

16:22:44 15 A. I don't know. Sometime around there.
16:22:47 16 That's it.

16:22:50 17 Q. Did you -- is it possible that you signed
16:22:50 18 it later on?

16:22:55 19 A. Could be. I don't know.

16:22:58 20 Q. Did you sign this document separately,
16:22:59 21 separate and apart like as this was the only
16:23:02 22 document that you signed at one particular time?

16:23:04 23 A. Yes.

16:23:07 24 Q. All right. So you signed it after the
16:23:09 25 promissory note was issued?

16:23:12 1 A. I would think so.

16:23:14 2 Q. Do you have any recollection?

16:23:24 3 A. I would say -- yeah, I would say it was

16:23:29 4 after the promissory note issued.

16:23:34 5 Q. That wasn't my question. Do you have any

16:23:34 6 recollection?

16:23:35 7 A. No.

16:23:35 8 Q. Where were you when you signed Exhibit

16:23:37 9 No. 10?

16:23:41 10 A. I think I was in an office.

16:23:44 11 Q. You think or you recall?

16:23:46 12 A. I recall I was in an office.

16:23:48 13 Q. Was anybody else present?

16:23:50 14 A. Mr. Medley.

16:23:54 15 Q. Was anybody else present other than you and

16:23:54 16 Mr. Medley?

16:23:58 17 A. Not at the time, no.

16:23:58 18 Q. Where was the office located in which the

16:24:07 19 two of you were present?

16:24:07 20 A. SEC counsel.

16:24:07 21 Q. Who might that be?

16:24:07 22 A. Kyleen Cane.

16:24:07 23 Q. So it's in Las Vegas?

16:24:10 24 A. Yes.

16:24:10 25 Q. Were there any other documents signed

16:24:13 1 during that time that you and Mr. Medley were in
16:24:13 2 Ms. Cane's office?

16:24:17 3 A. I think so. I think there were other ones
16:24:19 4 that were being signed.

16:24:20 5 Q. Was Ms. Cane present when you signed this
16:24:24 6 document, Exhibit No. 10, the assignment of
16:24:28 7 promissory notes?

16:24:28 8 A. No. She was specifically asked to leave.

16:24:28 9 Q. By whom?

16:24:32 10 A. Parrish Medley.

16:24:32 11 Q. How long were you alone in the room
16:24:35 12 together during the time that this assignment of
16:24:38 13 promissory notes was signed, Exhibit No. 10?

16:24:41 14 A. Ten minutes.

16:24:47 15 Q. Was this the first time that you had met
16:24:47 16 Mr. Medley?

16:24:52 17 A. No. No. No, it wasn't the first time.

16:24:57 18 Q. So during this ten minute period did you
16:25:07 19 sign any other documents other than Exhibit No. 10,
16:25:07 20 assignment of promissory notes?

16:25:07 21 A. No.

16:25:07 22 Q. Tell me everything that you recall
16:25:07 23 discussing during this ten minute period with
16:25:12 24 Parrish Medley during that ten minutes which you
16:25:12 25 signed Exhibit No. 10?

16:25:14 1 A. Parrish wanted me to sign this assignment
16:25:17 2 of the promissory note because my note had a tacking
16:25:25 3 period on it, No. 1.

16:25:25 4 Q. I asked you what was said, not what your
16:25:33 5 interpretation is. Can you resign your comments
16:25:34 6 to --

16:25:34 7 A. That's what was said. We talked about the
16:25:34 8 tacking period on the note. We talked about my
16:25:39 9 rights under that tacking period. And if an
16:25:39 10 assignment was done in the proper fashion then it
16:25:43 11 would be a very valuable note. Parrish asked me to
16:25:54 12 explain it. I explained it absolutely all to him
16:25:54 13 what all of that meant. He turned around and said
16:25:55 14 look, why don't you give me a blank assignment of
16:26:00 15 the note. I said okay. For what. What's in it for
16:26:06 16 me. And he said look, whatever I do I will let you
16:26:14 17 know when I'm going to sign it and that I'm going to
16:26:14 18 assign it to use to make a market because the
16:26:21 19 tacking period allowed those shares to become free
16:26:21 20 trading and with free trading shares you could go
16:26:26 21 into the market and help create volume on the stock
16:26:32 22 and he was going to give it to investors that can
16:26:36 23 help with the market pricing on the stock. That
16:26:40 24 they could make a market. I said okay. That sounds
16:26:47 25 like a good plan. I get it. What's in it for me.

16:26:47 1 And he told me I would get dollar for dollar of the
16:26:53 2 250; that is, no matter what the stock price was I
16:26:57 3 would get 250,000 shares if it's at a dollar. I
16:27:05 4 could only be traded at a dollar. I said where is
16:27:08 5 the -- what do you think. What do you think is
16:27:12 6 going to happen with the company and he said I think
16:27:12 7 this company is going to open up at \$3 or \$4 or \$5.
16:27:21 8 I said okay. If you think that's going to be it I
16:27:22 9 like the company. I liked everything that was going
16:27:24 10 to happen with it. I thought it was a great idea
16:27:31 11 and so I signed it. That's exactly what we talked
16:27:32 12 about.

16:27:34 13 Q. Was the assignment that we are looking at,
16:27:40 14 Exhibit No. 10, was that already prepared by the
16:27:40 15 time this discussion took place?

16:27:42 16 A. He gave it to me. I would say it was
16:27:49 17 prepared.

16:27:49 18 Q. So it's your understanding that Mr. Medley
16:27:49 19 had it prepared?

16:27:50 20 A. Yes.

16:27:51 21 Q. And he had it ready during this ten minutes
16:27:57 22 that you were alone in Ms. Cane's office somewhere?

16:27:57 23 A. I don't know when he would have had it
16:27:58 24 ready. I came late to that meeting. I don't know
16:28:01 25 if he was five minutes, ten minutes. I mean he kept

16:28:05 1 leaving the table. I don't know if he went
16:28:06 2 someplace and had it written up. I have no idea.
16:28:09 3 All I know --

16:28:12 4 Q. Other than this one day in which this
16:28:12 5 conversation for ten minutes took place in
16:28:19 6 Ms. Cane's office, did you ever have any other
16:28:19 7 discussion previously with anybody about this
16:28:19 8 assignment of promissory notes?

16:28:22 9 A. I think there was general discussion of
16:28:23 10 what that final \$200,000 note meant. I think there
16:28:27 11 was general discussion.

16:28:29 12 Q. My question was was there ever -- prior to
16:28:32 13 that ten minute meeting in Ms. Cane's office in
16:28:35 14 which you spoke alone to Mr. Medley was there ever a
16:28:38 15 discussion about this assignment of promissory
16:28:42 16 notes?

16:28:42 17 A. I think so.

16:28:44 18 Q. When was that?

16:28:44 19 A. I think one time I was in the car, he was
16:28:49 20 in the car and somehow it came up. Something about
16:28:52 21 it came up.

16:28:53 22 Q. What do you recall about what came up about
16:28:58 23 that discussion about this assignment of promissory
16:29:02 24 notes?

16:29:02 25 A. How the value of this note is not just the

16:29:02 1 money. The value of the note is beyond that of just
16:29:09 2 the money and that's what we discussed. I don't
16:29:10 3 think he understood it all right away. I think
16:29:14 4 that's why it came up again. I think he got the
16:29:18 5 gist of it but I don't think he clearly understood
16:29:18 6 it until that day when we sat down for ten minutes
16:29:22 7 and we talked about it again.

16:29:26 8 Q. Since the time that you signed this
16:29:26 9 assignment of promissory notes, Exhibit No. 10, when
16:29:34 10 is the next time after that that you discussed this
16:29:34 11 assignment of promissory notes?

16:29:42 12 MS. AMBROSIO: With who?

16:29:42 13 MR. GUTMAN: With anybody.

16:29:48 14 THE WITNESS: I can't remember the exact
16:29:49 15 time but Kyleen Cane called me because at that time
16:29:55 16 I didn't really want to speak to Mr. Medley anymore
16:30:00 17 and she said Parrish would like to speak to you and
16:30:05 18 I said so what.

23:00:00 19 BY MR. GUTMAN:

16:30:11 20 Q. When was this?

16:30:11 21 A. Sometime -- it's got to be about maybe
16:30:19 22 early -- I don't know if it was late '04 or early
16:30:31 23 '05. Sometime around there. All I know is she
16:30:31 24 called me and said Parrish wants to talk to me.

16:30:36 25 Q. Why didn't you want to speak to Parrish at

16:30:36 1 that point in time?

16:30:41 2 A. Have we got a while?

16:30:41 3 Q. We talking late 2004, early 2005. Why

16:30:43 4 wouldn't you talk to Parrish Medley at that point in

16:30:47 5 time?

16:30:48 6 A. Mr. Medley on the day of the signing

16:30:54 7 behaved in a manner that is absolutely inappropriate

16:30:59 8 not only for the CEO of a company, public company,

16:31:04 9 but as a human being that I --

16:31:07 10 Q. Which signing are you referring to?

16:31:10 11 A. The closing documents done in June 20s of

16:31:13 12 '04.

16:31:14 13 Q. Okay.

16:31:16 14 A. Mr. Medley behaved in such a fashion that I

16:31:20 15 absolutely never wanted to speak to him again.

16:31:29 16 Q. You care to elaborate? You want to explain

16:31:30 17 what about his behavior that you found so difficult?

16:31:36 18 A. Fine. At the end of the signing -- I had

16:31:37 19 flown in. I got there a little late. All the

16:31:43 20 papers were on the table. One point we are signing

16:31:43 21 things, we are moving around. I know everybody in

16:31:45 22 the office. He knows people in the office. So

16:31:48 23 there was a little moving around and all that. So

16:31:50 24 that's fine. One point we just about had everything

16:31:56 25 done and then Kyleen was asked to leave. Then

16:31:56 1 Parrish and I had a discussion on the value of this
16:31:59 2 note and I signed the assignment. Around that. I'm
16:32:04 3 pretty sure it was at that time.

16:32:05 4 I was supposed to fly back that evening on
16:32:08 5 Southwest. I had a ticket for about 8:00, 8:30 I
16:32:15 6 recall. I had to stop at Hermes the boutique in Las
16:32:16 7 Vegas because I had a book and one bag that had
16:32:20 8 arrived, crocodile handbag. They wanted \$22,000 for
16:32:24 9 it. Parrish said maybe we should go and have a
16:32:28 10 drink while you wait for your plane. I said I don't
16:32:30 11 have a car. He said I have a rent-a-car. I said
16:32:34 12 okay. He rent to Hermes with me. I looked at the
16:32:39 13 book and bag. I tried to negotiate. They wouldn't.
16:32:41 14 He bought some cologne. I know exactly the cologne
16:32:45 15 he bought. So he bought some cologne and we left.
16:32:49 16 We then went to a restaurant inside the Bellagio,
16:32:54 17 ordered sliders I remember, and had a cocktail to
16:32:58 18 celebrate the whole transaction. We started
16:33:00 19 talking. Parrish Medley -- I'm not a drinker. I
16:33:04 20 can never drink more than one drink. Parrish Medley
16:33:07 21 started having lots of drinks. It got to be around
16:33:11 22 quarter to 8:00. Kyleen Cane called me on the phone
16:33:16 23 to make sure that I was okay to get to the airport
16:33:17 24 and I said you know what, I don't know if I'm going
16:33:20 25 to make it but I will call you. If I don't I will

16:33:24 1 let you know. She said okay. I'm just checking to
16:33:29 2 make sure you are all right. Anyhow we ended up
16:33:32 3 eating some food. I had a drink. Mr. Medley had
16:33:36 4 several drinks. Then Mr. Medley went to the bar of
16:33:41 5 the same restaurant. He went to the bar and he was
16:33:42 6 trying to pick up the waitress. At this point he
16:33:45 7 had had a lot to drink. We are still laughing and
16:33:49 8 ah-ha, it's funny. He asked me to assist him in
16:33:56 9 helping him to pick up the bartender. The bartender
16:33:56 10 told me she wasn't interested. She had a boyfriend.
16:34:02 11 Blah, blah, blah. Parrish got upset. Parrish said
16:34:02 12 let's get the hell out of here. I said where do you
16:34:08 13 want to go. It is now about 11:30 at night. Where
16:34:12 14 do you want to go.

16:34:15 15 Q. What time was your flight by the way?

16:34:15 16 A. 8:30.

16:34:15 17 Q. So this is all happening after the closing
16:34:18 18 had been completed --

16:34:21 19 A. Right.

16:34:21 20 Q. -- at Kyleen Cane's office?

16:34:21 21 A. Right.

16:34:21 22 Q. So nothing happened during the closing?

16:34:24 23 A. No.

16:34:24 24 Q. It was all after the closing?

16:34:31 25 A. Right.

16:34:31 1 Q. Okay.

16:34:31 2 A. Then Mr. Medley took me to the Crazy Horse,
16:34:32 3 a strip club. At the Crazy Horse --

16:34:44 4 Q. Are you free to leave at this point in
16:34:44 5 time?

16:34:44 6 A. Actually, no. I had no car. Mr. Medley
16:34:44 7 actually left me in a very uncomfortable position.

16:34:44 8 Q. Did you attempt to leave?

16:34:47 9 A. I did.

16:34:47 10 Q. Did he prevent you physically from leaving?

16:34:49 11 A. He kept telling me he was coming out. He
16:34:52 12 left me with the bill.

16:34:53 13 Q. Did he physically prevent you from leaving
16:35:03 14 at any point in time?

16:35:03 15 A. When he did come out of the back VIP room
16:35:03 16 he prevented me from leaving because he had my
16:35:03 17 luggage and I couldn't go anywhere without my
16:35:07 18 luggage and I kept telling the girl --

16:35:16 19 Q. Did you contact local police authorities?

16:35:16 20 A. Mr. Gutman, at the point of where I'm
16:35:16 21 inside trying to get out of a strip club and the
16:35:20 22 person that's holding my luggage --

16:35:22 23 Q. Could you just respond to my question?

16:35:24 24 A. No, I didn't call the police. It wasn't
16:35:26 25 reasonable to call the police.

16:35:31 1 Q. Were you harmed in any way?

16:35:31 2 A. Later I was.

16:35:31 3 Q. When later?

16:35:32 4 A. When we got out of the Crazy Horse where he
16:35:35 5 left me with the bill a girl came out and told me
16:35:40 6 that Mr. Medley directed her to me to give her money
16:35:44 7 to buy a bump. I said I don't want any dances. She
16:35:50 8 said that's not what a bump is. I said what the
16:35:54 9 hell is a bump and she said it's coke. I said you
16:35:54 10 know what, I'm out of here. You tell Mr. Medley
16:35:58 11 give me the damn keys to the car. I want my
16:36:01 12 luggage. I'm out of here.

16:36:01 13 So she went back in. Mr. Medley came out
16:36:05 14 of the VIP which he was in for about an hour and a
16:36:10 15 half, came out and I said I want to leave, Parrish,
16:36:11 16 and I want my luggage. He said come on, come on.
16:36:14 17 Relax, relax. We are going to have a party. We are
16:36:19 18 going to go to this girl's place. I said no, I
16:36:19 19 don't want to go anywhere. I want my luggage. I --

16:36:22 20 Q. Was anybody else present other than --

16:36:22 21 A. All the dancers. All the dancers. All the
16:36:28 22 dancers.

16:36:28 23 Q. One person at a time.

16:36:28 24 Anybody else present who had been involved
16:36:30 25 in the transaction with MW Medical, Inc. other than

16:36:35 1 you and Mr. Medley?

16:36:36 2 A. No.

16:36:36 3 Q. So the two of you had gone out together?

16:36:40 4 A. Yes.

16:36:40 5 Q. Okay.

16:36:49 6 A. Would you like me to finish or no?

16:36:49 7 Q. You know, I don't know that this story

16:36:49 8 lives up to its billing but go ahead and finish.

16:36:50 9 A. Okay.

16:36:50 10 Q. You obviously want to say that he did

16:36:54 11 something that's so outrageous so let's hear it

16:36:54 12 already.

16:36:54 13 A. Okay. I then went back and I didn't even

16:37:00 14 have a room yet so I contacted the Bellagio --

16:37:04 15 Q. I thought you were supposed to be flying

16:37:04 16 out that night.

16:37:04 17 A. That's correct.

16:37:04 18 Q. Did you make a decision not to fly out that

16:37:07 19 night?

16:37:07 20 A. When it got past 8:00, yes, I made the

16:37:09 21 decision.

16:37:10 22 Q. Did you make an attempt to catch your plane

16:37:13 23 on time or did you decide to stay with Mr. Medley at

16:37:16 24 some point in time?

16:37:19 25 A. Yes. I said that.

16:37:19 1 Q. Which?

16:37:19 2 A. I said that we decided to stay at the

16:37:22 3 restaurant and Parrish and I went up to the bar.

16:37:25 4 Q. Okay. So you decided to stay --

16:37:29 5 A. Yes.

16:37:29 6 Q. -- and skip your flight and you were going

16:37:29 7 to get a room for the night?

16:37:32 8 A. Yes.

16:37:32 9 Q. Okay.

16:37:32 10 A. So I hadn't made the arrangements for the

16:37:42 11 room. I called when we were in the car. I called

16:37:42 12 the Bellagio and booked a room for me. Parrish was

16:37:45 13 supposed to go to Miami at 6:00 in the morning to go

16:37:45 14 and party with some friends in South Beach. I said

16:37:48 15 Parrish, you know what, I need to sleep and I need a

16:37:53 16 room. I don't know what you are doing but I'm

16:37:53 17 getting a room. I went to the Bellagio. I paid for

16:37:57 18 it on my credit card and I got a room. Again I

16:38:00 19 asked Parrish where is my luggage. He said I'll go

16:38:06 20 get the luggage. Just tell me what room you are in.

16:38:08 21 I said all right. Fine. This is the room number

16:38:13 22 but you better get a room.

16:38:13 23 So Parrish goes to get my luggage. I go up

16:38:19 24 to the room. I'm waiting. I start to undress. I

16:38:20 25 took my jewelry off. I put it inside of my kelly

16:38:26 1 bag and I started to get ready for bed. There was a
16:38:29 2 bang on the door. Parrish comes in stupefied with
16:38:41 3 two women, one blond and one brunette. He had
16:38:41 4 picked them up in the Bellagio. Came to the door
16:38:41 5 and pushed his way through the door and said we were
16:38:46 6 going to have a little party. I said Parrish, who
16:38:46 7 are these people. I am not having a party. Give me
16:38:54 8 my luggage. And I said I can't believe that I just
16:38:57 9 signed a deal with you. Is this your behavior? He
16:39:00 10 was so wrecked. He took the girls in the bathroom.
16:39:04 11 At this point I started to surmise that these
16:39:09 12 weren't just nice girls because they took their
16:39:11 13 clothes off awfully fast.

16:39:17 14 Now at this point I got about \$200,000
16:39:18 15 worth of jewelry in a bag half undressed trying to
16:39:23 16 cover up and get Parrish and these two women out of
16:39:26 17 my room. I was so afraid I took the covers off the
16:39:30 18 bed, I rolled up like a cocoon, I laid at the corner
16:39:34 19 of the window of the hotel and tried to forget
16:39:38 20 exactly what was going on. At one point Parrish
16:39:43 21 wanted more coke. The girls complained that he used
16:39:49 22 up their cocaine. He didn't have any more cash. He
16:39:52 23 came and asked me for the cash. They got the cash,
16:39:57 24 left one girl in the room and went downstairs and
16:40:00 25 she came back with more stuff. All I wanted was for

16:40:06 1 it to be over and him to get out of my room.

16:40:13 2 Q. Did you call security to ask them to remove

16:40:13 3 Parrish from your room?

16:40:18 4 A. No, I didn't. And I can tell you this for

16:40:19 5 sure. I was absolutely afraid that those two girls

16:40:20 6 who are getting very upset with him because they

16:40:23 7 wanted \$1,000. Parrish had no money on him. I had

16:40:28 8 given them all the money I had plus the money --

16:40:29 9 Q. Which is how much?

16:40:33 10 A. About \$274 plus the bill I paid at the

16:40:38 11 Crazy Horse.

16:40:38 12 Q. Was this the first time that you met

16:40:38 13 Mr. Medley?

16:40:39 14 A. I only met him one other time before.

16:40:45 15 Q. Where was that?

16:40:45 16 A. Here in Beverly Hills.

16:40:45 17 Q. When did that occur in connection -- how

16:40:49 18 much time earlier?

16:40:49 19 A. A month or two.

16:40:51 20 Q. And what happened the time that you met

16:40:53 21 with Mr. Medley previously?

16:40:56 22 A. We met at the Peninsula. I had a dinner

16:41:00 23 date. He said to change the date. We went to

16:41:02 24 Maestro's. We went to Maestro's, had dinner at

16:41:07 25 Maestro's. Talked about the deal. Went back to his

16:41:09 1 house. He showed me his house. I thought it was a
16:41:12 2 lovely house. He told me who used to own it. We
16:41:15 3 chatted and we left. Actually we went to his house,
16:41:18 4 then went to Maestro's.

16:41:20 5 Q. Did anything happen of a romantic nature
16:41:23 6 with you and Medley the first time that you met him?

16:41:24 7 A. No.

16:41:28 8 Q. Were you upset with Mr. Medley about his
16:41:34 9 behavior in Las Vegas because he wasn't showing you
16:41:34 10 the proper affection that you wanted from him?

16:41:46 11 A. Oh, my God no. No.

16:41:46 12 Q. So is it your testimony under oath that
16:41:46 13 nothing of a sexual nature happened between you and
16:41:47 14 Mr. Medley on the first time that you met with him
16:41:50 15 here in Beverly Hills?

16:41:56 16 A. No.

16:41:56 17 Q. Okay. So did any physical harm happen to
16:41:59 18 you that night in Las Vegas?

16:42:02 19 A. At the point of where I was trying to get
16:42:03 20 them out of the room when they pushed the door
16:42:06 21 through with the girls, yes, he pushed the door open
16:42:09 22 and I went against the wall.

16:42:13 23 Q. Okay. Did you have any medical injuries?
16:42:13 24 Did you seek medical treatment?

16:42:17 25 A. No.

16:42:17 1 Q. Did Mr. Medley finally leave?

16:42:18 2 A. Not until 7:00 in the morning. He missed
16:42:24 3 his plane for Miami and he called and then he had
16:42:26 4 the nerve to tell me to take care of his rent-a-car.
16:42:34 5 I didn't take care of it. I called Sue Johnson at
16:42:38 6 Cane Clark, told her what happened and she took care
16:42:43 7 of the car.

16:42:52 8 Q. Did Mr. Medley leave?

16:42:52 9 A. At 7:00 in the morning.

16:42:52 10 Q. Have you now told me the reason that you
16:42:53 11 were so upset and didn't want to speak to
16:42:56 12 Mr. Medley?

16:42:59 13 A. Absolutely.

16:42:59 14 Q. Thank you.

16:43:00 15 Between -- withdraw that.

16:43:03 16 When did this conversation occur with
16:43:05 17 Kyleen Cane where the discussion regarding the
16:43:15 18 assignment of the promissory notes, Exhibit No. 10,
16:43:15 19 came up again? You indicated that was sometime
16:43:15 20 after the closing?

16:43:17 21 A. I just told you. It was around the time
16:43:19 22 that he asked me about the tacking period and the
16:43:22 23 value of the note.

16:43:23 24 Q. Was it a month later? Six months later?

16:43:26 25 A. No, no, no. It would be -- after we signed

16:43:29 1 the documents and he asked Kyleen Cane to leave he
16:43:32 2 asked me about signing this note.

16:43:36 3 Q. Well, you signed this assignment of
16:43:36 4 promissory note if I understood you correctly the
16:43:41 5 day of the closing in Las Vegas; am I correct?

16:43:42 6 A. Sometime around there, yes.

16:43:44 7 Q. So when is the next time that the
16:43:48 8 discussion of the assignment of the promissory notes
16:43:48 9 came up? I had asked you about that before and you
16:43:52 10 said when Kyleen Cane called.

16:43:53 11 A. Right.

16:43:53 12 Q. And you said Parrish wanted to talk to you.

16:43:59 13 A. And he only used her as a go between
16:43:59 14 because I wouldn't speak to him.

16:44:02 15 Q. So was that a week later, a month later,
16:44:02 16 five minutes later or a year later?

16:44:02 17 A. Either the end of 2004 or the beginning of
16:44:08 18 2005 as I previously stated.

16:44:08 19 Q. And did you eventually talk to Mr. Medley
16:44:21 20 again?

16:44:21 21 A. Yes.

16:44:21 22 Q. And did you eventually meet with him again?

16:44:21 23 A. No, I didn't meet with him first.

16:44:21 24 Q. Well, when did you eventually meet with
16:44:21 25 him?

16:44:21 1 A. I met with him in September of '05.

16:44:24 2 Q. Between the closing sometime in or about

16:44:28 3 June of 2004 and September of 2005 did you see

16:44:32 4 Mr. Medley face to face?

16:44:32 5 A. No.

16:44:34 6 Q. When did you meet with Mr. Medley in

16:44:38 7 September of 2005?

16:44:38 8 A. I met him at the Hilton at the airport.

16:44:45 9 Q. Which Hilton? Which airport?

16:44:48 10 A. The L.A. airport. The Hilton across from

16:44:55 11 the L.A. airport.

16:44:55 12 Q. On Century Boulevard?

16:44:55 13 A. Yes. I'm not from here so I guess that's

16:44:57 14 where it is.

16:44:57 15 Q. The airport Hilton in Los Angeles I should

16:45:00 16 say?

16:45:03 17 A. Yes.

16:45:03 18 Q. Is that correct?

16:45:03 19 A. Yes.

10:02:33 20 Q. Who was present at that meeting?

16:45:09 21 A. Claire Ambrosio, her mother, Parrish Medley

16:45:15 22 and myself.

16:45:15 23 Q. How long did that meeting last?

16:45:16 24 A. Probably half an hour.

16:45:22 25 Q. Was the assignment of promissory notes

16:45:22 1 discussed at that meeting?

16:45:22 2 A. Absolutely.

16:45:23 3 Q. Tell me everything you recall having been
16:45:28 4 discussed about the assignment of promissory notes.

16:45:28 5 A. Parrish wanted me to sign an extension from
16:45:31 6 September 30th of '06 to December 31st of '06. I
16:45:48 7 said why would I sign anything for you. You still
16:45:48 8 haven't given me the shares you promised the first
16:45:48 9 time.

16:45:48 10 He said what do you want. I said you are
16:45:48 11 going to give me money this time. I started at
16:45:49 12 50,000. We were negotiating around 30,000 and he
16:45:53 13 finally said he would give 10,000.

16:46:09 14 Q. And this was all in front of your attorney
16:46:10 15 Claire Ambrosio?

16:46:14 16 A. She was present and so was her mother.

16:46:17 17 Q. What's her mother's name?

16:46:18 18 THE WITNESS: What's your mother's name?

16:46:23 19 MS. AMBROSIO: Angela.

16:46:23 20 BY MR. GUTMAN:

16:46:27 21 Q. And did you receive the money at that time?

16:46:27 22 A. No.

16:46:28 23 Q. Did you ever receive \$10,000?

16:46:37 24 A. Yes.

16:46:37 25 Q. When?

16:46:37 1 A. About two or three weeks later I'm in
16:46:43 2 Newport Beach at the offices of SDI and I walked
16:46:44 3 over to Carl's Jr. and was supposed to meet with
16:46:49 4 Parrish at Carl's Jr. and he pulled out \$10,000 in
16:46:56 5 cash.

16:46:56 6 Q. And did you sign something at that time?

16:47:00 7 A. That's when he asked me to sign.

16:47:00 8 Q. What did you sign?

16:47:03 9 A. I signed a note that gave him a loan
16:47:05 10 extension to December 31st of '06.

16:47:20 11 Q. Other than the loan extensions that we've
16:47:24 12 already identified as Exhibits 6 and 7?

16:47:26 13 A. Yes.

16:47:28 14 Q. Do you have a copy of that loan extension
16:47:33 15 to December 31, 2006?

16:47:36 16 A. I haven't located it yet.

16:47:36 17 Q. Have you ever seen a copy of it?

16:47:46 18 A. Only the day I was there at Carl's Jr.

16:47:51 19 Q. So how did you receive a copy of it then?

16:47:51 20 A. I think Mr. Medley actually had two copies
16:47:51 21 and we signed both and I think he walked away with
16:47:51 22 one and I suppose he left me with one.

16:48:07 23 Q. So you've never seen a copy of that loan
16:48:11 24 extension since the day you signed it in September
16:48:15 25 of 2005; is that correct?

16:48:15 1 A. I haven't seen it yet, no.

16:48:18 2 Q. Have you made any efforts to try and locate

16:48:20 3 it?

16:48:20 4 A. Again, I went to all the places I could

16:48:23 5 think off hand, my garages, the places around my

16:48:29 6 home and I have not made it to the storage unit and

16:48:33 7 there is probably 76 boxes, maybe more in my storage

16:48:37 8 unit.

16:48:42 9 Q. Did you provide Mr. Medley with a receipt

16:48:42 10 for the \$10,000?

16:48:44 11 A. No.

16:48:45 12 Q. The \$10,000 if I understand correctly was

16:48:51 13 in cash?

16:48:51 14 A. Yes.

16:48:54 15 Q. What denominations?

16:48:57 16 A. I'm sorry, I don't remember.

16:48:57 17 Q. Well, was it customary for you to receive

16:49:02 18 \$10,000 in cash in connection with transactions for

16:49:05 19 the public companies that you had been involved

16:49:09 20 with?

16:49:09 21 A. It's an excellent question. I would have

16:49:09 22 to say no, it's never happened to me before.

16:49:16 23 Q. Okay. So what did you do with the cash?

16:49:16 24 A. I went and put it in the bank.

16:49:16 25 Q. Which bank?

16:49:20 1 A. Bank of America.

16:49:20 2 Q. In what account?

16:49:20 3 A. One of my accounts.

16:49:22 4 Q. Personal account?

16:49:23 5 A. Yeah.

16:49:26 6 Q. Is that a "yes"?

16:49:26 7 A. Yes.

16:49:27 8 Q. And where is your B of A account located?

16:49:31 9 What city?

16:49:33 10 A. In Scottsdale, Arizona.

16:49:57 11 Q. So if understand correctly the only reason

16:49:59 12 for the \$10,000 paid to you was to extend the

16:50:05 13 \$200,000 note from September 30, 2006 to

16:50:13 14 December 31, 2006?

16:50:13 15 A. Yes.

16:50:13 16 Q. And this occurred in September of 2005?

16:50:21 17 A. Yes.

16:50:21 18 Q. Okay. Was anybody else present when you

16:50:22 19 were paid the \$10,000?

16:50:25 20 A. There were people in the restaurant. No

16:50:26 21 one I know.

16:50:27 22 Q. Anybody you could identify?

16:50:30 23 A. I don't think so, no.

16:50:43 24 Q. Do you recall any of the discussion that

16:50:44 25 occurred when you received the \$10,000?

16:50:44 1 A. I asked him what the heck was going on. He
16:50:44 2 went into some diatribe about what he was trying to
16:50:46 3 do and what's taking so long with the formulation
16:50:50 4 and it's all going to work out and blah, blah, blah.
16:50:55 5 That's what took place. We talked about the
16:50:55 6 company.

16:50:58 7 Q. How long did that meeting last?

16:50:58 8 A. Not long. Maybe six to eight minutes.

16:51:10 9 Q. All right. Going back to Exhibit No. 10, I
16:51:10 10 think you have it right in front of you.

16:51:11 11 Have you now told me about every discussion
16:51:13 12 that you had with Parrish Medley regarding this
16:51:17 13 particular assignment of promissory notes,
16:51:25 14 Exhibit No. 10?

16:51:25 15 A. As I recall.

16:51:25 16 Q. Other than with your attorney Claire
16:51:25 17 Ambrosio have you had any discussions with anybody
16:51:31 18 else regarding this assignment of promissory notes,
16:51:31 19 Exhibit No. 10?

16:51:36 20 A. To date?

16:51:36 21 Q. Any time.

16:51:40 22 A. I think I had a discussion with the --
16:51:46 23 well, with Claire. Maybe somebody at Davi. I can't
16:52:00 24 recall.

16:52:02 25 Q. Michael Watchell the attorney for Davi?

16:52:12 1 A. Maybe. Maybe.

16:52:13 2 Q. Did you ever meet with Mr. Watchell?

16:52:16 3 A. Yes, I did.

16:52:18 4 Q. How many occasions?

16:52:21 5 A. To date?

16:52:21 6 Q. Yes.

16:52:22 7 A. Twice.

16:52:27 8 Q. When?

16:52:27 9 A. One recently in the last two weeks and the

16:52:35 10 other one several months ago.

16:52:39 11 Q. What was the purpose of the meeting in the

16:52:42 12 last two weeks?

16:52:47 13 A. To discuss business for Davi.

16:52:47 14 Q. What business for Davi did you discuss?

16:52:54 15 A. Where they were going. What's happening.

16:52:58 16 Stuff like that. General stuff. Nothing --

16:53:03 17 Q. Any discussion regarding the promissory

16:53:03 18 note that's at issue in this case with Mr. Watchell?

16:53:10 19 A. I don't think so.

16:53:12 20 Q. How long did that meeting last?

16:53:19 21 A. Maybe half an hour.

16:53:20 22 Q. Where did that meeting occur?

16:53:24 23 A. At the law offices.

16:53:26 24 Q. Mr. Watchtell's office?

16:53:28 25 A. Yes.

16:53:31 1 Q. Was anybody else present other than you and
 16:53:31 2 Mr. Watchell?
 16:53:32 3 A. My attorney.
 16:53:33 4 Q. Ms. Ambrosio.
 16:53:39 5 Did you discuss any aspect of this lawsuit
 16:53:43 6 with Mr. Watchell?
 16:53:43 7 A. I'm sorry. Aspect?
 16:53:46 8 Q. Did you discuss this lawsuit with
 16:53:47 9 Mr. Watchell?
 16:53:52 10 A. I don't think I discussed it with him. I
 16:53:54 11 think he's aware of it. I don't think I discussed
 16:53:57 12 it with him.
 16:53:59 13 Q. Did you make any statement about what was
 16:54:02 14 happening in connection with this lawsuit?
 16:54:05 15 A. Not the last meeting but I think one of the
 16:54:08 16 first ones, yes.
 16:54:09 17 Q. Well, you said there were two meetings;
 16:54:10 18 right?
 16:54:11 19 A. Yes.
 16:54:11 20 Q. So the first meeting was several months
 16:54:13 21 ago?
 16:54:14 22 A. Yes.
 16:54:14 23 Q. Where did that meeting occur?
 16:54:19 24 A. Same place.
 16:54:22 25 Q. Was Ms. Ambrosio present at that meeting as

16:54:22 1 well?

16:54:22 2 A. Yes.

16:54:23 3 Q. How long did that meeting last?

16:54:29 4 A. 40 minutes. Never very long.

16:54:33 5 Q. And what was discussed at that meeting?

16:54:38 6 A. I think that they were talking about the
16:54:45 7 auditor's letter.

16:54:49 8 Q. Okay. I want to mark for purposes of
16:55:03 9 identification as Exhibit No. 11, it's a copy of the
16:55:10 10 amended counterclaim that was filed in this action.
16:55:18 11 Take a moment and look at that if you would.

16:55:31 12 (Deposition Exhibit 11 was marked for
16:55:31 13 identification by the court reporter.)

16:55:31 14 BY MR. GUTMAN:

16:55:31 15 Q. Have you ever seen this document before?

16:55:32 16 A. Let me keep reading it.

16:56:20 17 Yes.

16:56:20 18 Q. Did you see it prior to it being filed?

16:56:22 19 A. I'm sorry?

16:56:28 20 Q. Did you see this counterclaim prior to it
16:56:28 21 being filed?

16:56:33 22 A. I think so. I would guess that I would.

16:56:35 23 Q. Do you recall whether or not you believed
16:56:41 24 that any statements contained in this counterclaim
16:56:44 25 were not accurate?

16:57:05 1 MS. AMBROSIO: Alan, before she answers
16:57:05 2 that -- never mind.

16:57:20 3 THE WITNESS: It looks pretty well what it
16:57:24 4 is, yeah.

16:57:24 5 BY MR. GUTMAN:

16:57:24 6 Q. My question was do you recall coming to the
16:57:30 7 conclusion that any of the statements contained in
16:57:33 8 this amended counterclaim were not accurate?

16:57:35 9 A. Looking at it the way I do I'd say they are
16:57:39 10 pretty accurate.

16:57:39 11 Q. Okay. Let's take a look at page three
16:57:44 12 paragraph No. 9.

16:57:44 13 A. Okay.

16:57:47 14 Q. You have that in front of you?

16:57:47 15 A. Yes.

16:57:47 16 Q. I'll read it so that our court reporter can
16:57:52 17 transcribe it.

16:57:53 18 "On or about March 15, 2003, MWMD
16:57:57 19 executed a Promissory Note in favor of
16:57:59 20 Wallace for the principal sum of two
16:58:01 21 hundred thousand, U.S. dollars
16:58:01 22 (\$200,000.00)" --

16:58:04 23 A. Uh-huh.

16:58:04 24 Q. -- "for wages and employment fees owed
16:58:11 25 to Wallace."

16:58:11 1 Is that a true and correct statement?

16:58:12 2 A. No.

16:58:13 3 Q. What's not true about that statement?

16:58:18 4 A. Well, the March 15, 2003 and the \$200,000
16:58:21 5 amount although it's the same note it wasn't the
16:58:29 6 same amount as of 2003.

16:58:34 7 MR. GUTMAN: Can I get that answer back
16:58:34 8 please.

16:58:34 9 (The following record was read:

16:58:34 10 Well, the March 15, 2003 and the
16:58:34 11 \$200,000 amount although it's the same
16:58:34 12 note it wasn't the same amount as of
16:58:34 13 2003.)

16:58:48 14 BY MR. GUTMAN:

16:58:55 15 Q. When you say it was the same note are you
16:58:57 16 saying that if we look at Exhibits 3 and 5 which is
16:59:01 17 the two promissory notes that we marked here today,
16:59:03 18 are you saying that you consider Exhibits 3 and 5 to
16:59:10 19 be the same notes?

16:59:10 20 A. No. I'm saying the better word is it's the
16:59:13 21 same obligation. It just isn't the same amount of
16:59:17 22 the obligation that was written in 2003.

16:59:24 23 Q. Okay. Directing your attention to line
16:59:36 24 No. 10 on the same page, as a result, do you see
16:59:41 25 that, where the sentence begins,

16:59:41 1 "As a result of that transaction
16:59:45 2 other agreements where enter (sic) into
16:59:45 3 where Wallace also a major shareholder in
16:59:49 4 MWMD divested herself of her
16:59:53 5 shareholdings but these other agreements
16:59:55 6 did not include the above Promissory note
16:59:56 7 for wages."

17:00:00 8 Is that a true statement?

17:00:00 9 A. Well, it's sort of written badly but the
17:00:11 10 note is the note outside of the stock purchase
17:00:11 11 agreement.

17:00:13 12 Q. You agree that the promissory note is for
17:00:17 13 wages?

17:00:18 14 A. The promissory note is for back employment
17:00:24 15 wages, the leasing fees and anything else that I had
17:00:30 16 tabulated through the bankruptcy.

17:00:34 17 Q. Okay. So when this says that did not
17:00:37 18 include the above promissory note for wages that's
17:00:40 19 not an accurate statement?

17:00:41 20 A. Well, it is an accurate statement because
17:00:44 21 wages was part of it, back wages.

17:00:49 22 Q. But you are saying it should also include
17:00:49 23 other things other than wages?

17:00:50 24 A. It should but we generalized. It's fine.

17:00:52 25 Q. Well, I just want to make sure that we are

17:00:56 1 clear the \$200,000 obligation --

17:00:58 2 A. Yeah.

17:00:58 3 Q. -- that you are claiming that you have a
17:01:00 4 right to --

17:01:00 5 A. Yes.

17:01:01 6 Q. -- is that for wages or for wages and other
17:01:04 7 things that you generally categorized together?

17:01:09 8 A. I categorize the obligation outside of the
17:01:12 9 stock purchase agreement to be what is now the note
17:01:15 10 of \$200,000. It may include back wages, lease
17:01:22 11 payments that were owed to me by the company and any
17:01:22 12 other things, interests that accrued.

17:01:36 13 Q. What documents do you have that evidence
17:01:37 14 what lease payments were owed to you as of the time
17:01:40 15 of the stock purchase and note assignment agreement?

17:01:47 16 A. The only ones that I can put at my
17:01:47 17 fingertips are the ones in the record and I know you
17:01:50 18 don't want me to say --

17:01:54 19 Q. What record are you talking about?

17:01:54 20 A. Public records of MW Medical.

17:01:59 21 Q. So other than the public records you don't
17:01:59 22 know of any other documents that exist that
17:01:59 23 substantiate this claim for lease payments?

17:02:02 24 A. Bankruptcy documents.

17:02:05 25 Q. Again, public records that are filed with

17:02:07 1 the bankruptcy court?

17:02:10 2 A. Right. I can't tell you where I can put my
17:02:13 3 hands on them.

17:02:13 4 Q. Okay. And what type of wages were you
17:02:18 5 collecting for running MW Medical since the time of
17:02:23 6 the bankruptcy?

17:02:27 7 A. My annual salary kept accruing and it was
17:02:33 8 accrued through the bankruptcy and it came out the
17:02:38 9 other end still as an accrued debt.

17:02:43 10 Q. What was the annual salary that you were
17:02:43 11 entitled to?

17:02:43 12 A. I think I mentioned this before. I think
17:02:45 13 it was 180 or 200.

17:02:47 14 Q. \$200,000?

17:02:47 15 A. I'm not sure.

17:02:48 16 Q. And that was for running a company that had
17:02:54 17 no employees or had any operations at the time?

17:03:03 18 A. It had operations. That's why I was
17:03:06 19 putting the money in. I started putting that money
17:03:13 20 in and accruing my wages. Obviously if I'm putting
17:03:16 21 money into the company I wouldn't turn around and
17:03:17 22 pay it to myself. So I accrued my pay while the
17:03:28 23 company was running.

17:03:28 24 Q. Forgive me if I misspoke but I understood,
17:03:28 25 and I'll find it in my notes and maybe I can get

17:03:31 1 some clarification on this, but after the company,
17:03:35 2 after MW Medical, Inc. emerged from bankruptcy at
17:03:45 3 the end of 2002 that it had no, no further
17:03:53 4 operations.

17:03:53 5 A. Yes, but I'm trying to tell you my salary
17:03:59 6 prior and during the bankruptcy which was ten
17:04:05 7 months, prior to ten months while it was still an
17:04:06 8 operating company that almost million dollars paid
17:04:10 9 for the operations of the company and obviously I
17:04:13 10 didn't pay myself since it was my money funding the
17:04:16 11 company. So I accrued it and that's what entered
17:04:20 12 the bankruptcy. That's it.

17:04:23 13 Q. So during the time period that the company
17:04:27 14 had no operations were you still claiming that you
17:04:30 15 were entitled to a salary?

17:04:30 16 A. I believe, and I'm trying to remember, I
17:04:35 17 believe that the bankruptcy court or the bankruptcy,
17:04:39 18 somebody told me something about what I would
17:04:43 19 forgive or not forgive. I can't remember.

17:04:45 20 Q. Can you answer my question? During the
17:04:47 21 time that the --

17:04:49 22 A. I'm not sure.

17:04:52 23 Q. And that would be the response to my
17:04:53 24 question whether or not you were collecting or
17:04:57 25 claiming a right to collect a salary during the time

17:05:01 1 that MW Medical had no operations? You are saying
 17:05:04 2 you are not sure?
 17:05:05 3 A. I'm not sure.
 17:05:06 4 Q. Thank you.
 17:05:06 5 The next paragraph on page three, paragraph
 17:05:25 6 No. 11,
 17:05:26 7 "On or about June 2004, pursuant to
 17:05:30 8 Medley as CEO of Davi requested that
 17:05:35 9 Wallace execute a blank assignment of the
 17:05:37 10 Promissory note the condition that the
 17:05:40 11 assignment was to be used to secure
 17:05:42 12 investors and investment capital of the
 17:05:46 13 company since the Promissory note could
 17:05:46 14 also be exchange for the company's
 17:05:50 15 shares."
 17:05:50 16 You see that paragraph that I just read?
 17:05:58 17 A. Uh-huh.
 17:05:58 18 Q. Is that a "yes"?
 17:05:58 19 A. Pursuant -- yes.
 17:06:01 20 Q. Is that the meeting during the closing day
 17:06:05 21 at Kyleen Cane's office that you were referring to
 17:06:06 22 in your testimony maybe a few minutes ago?
 17:06:09 23 A. Yes, I think so.
 17:06:11 24 Q. Other than what you've already testified to
 17:06:16 25 were there any other requests made by Mr. Medley in

17:06:20 1 connection with the blank assignment of the
17:06:23 2 promissory note?

17:06:25 3 A. Other than the investors? Other than what
17:06:29 4 it says?

17:06:30 5 Q. Other than what it says and other than what
17:06:32 6 you testified to a few moments ago.

17:06:35 7 A. No.

17:06:35 8 Q. You have nothing to add to that?

17:06:37 9 A. I don't think so.

17:06:37 10 Q. And that day at the closing at Kyleen
17:06:41 11 Cane's office is the only day that you spoke to

17:06:45 12 Mr. Medley about that assignment of the promissory
17:06:48 13 notes, Exhibit No. 10; is that correct?

17:06:48 14 A. No. I told you that there was maybe one
17:06:51 15 other time when we were in the cars and he called
17:06:55 16 me.

17:06:55 17 Q. Pardon me. You are quite right. I
17:06:56 18 apologize for that.

17:06:57 19 A. Okay.

17:06:58 20 Q. All right. The next paragraph, starting at
17:07:08 21 the beginning of paragraph 12 it says,

17:07:11 22 "On or about September 2005, Medley
17:07:13 23 had still not used the assignment to
17:07:19 24 procure investors or investment capital
17:07:19 25 and the Promissory note was coming due,

17:07:20 1 therefore Medley requested that Wallace
17:07:24 2 execute a loan extension.

17:07:26 3 When was that promissory note coming due?

17:07:33 4 A. I was just about to say that I think that
17:07:33 5 the language is wrong. It's not coming due. Is
17:07:36 6 that the encroachment of the date of the first year
17:07:40 7 Mr. Medley had used through 2005 and gave it to the
17:07:45 8 auditors. That's why I never received a letter.

17:07:49 9 Q. Can you just answer my question. When was
17:07:53 10 the date coming down?

17:07:53 11 A. Um, it would have been the December -- no,
17:07:56 12 it would have been -- he knew he didn't have
17:07:59 13 coverage for the December 31, '06 and to make sure
17:08:06 14 it was in '05 that he wanted to get extra time from
17:08:10 15 September to December 31st of '06.

17:08:13 16 Q. So as of September 2005 there was a loan
17:08:19 17 extension that you had executed indicating that the
17:08:21 18 loan was extended through September 30, 2006;
17:08:23 19 correct?

17:08:26 20 A. As of 2005 I had already given Mr. Medley a
17:08:34 21 loan extension for '05 and one for September 30th of
17:08:38 22 '06.

17:08:39 23 Q. Thank you.

17:08:40 24 So in point of fact the promissory note was
17:08:47 25 not coming due when we refer to paragraph 12 until

17:08:50 1 September 30, 2006; is that correct?

17:08:55 2 A. No. The coming due is that Mr. Medley had
17:08:59 3 used the '05 and every quarter you are supposed to
17:09:08 4 file and every quarter that he didn't file the other
17:09:08 5 loan extension it was not only coming due, it was
17:09:12 6 going to be a requirement of the auditors to hand it
17:09:18 7 in. So due that he needs to hand those things to
17:09:20 8 the auditors he handed in the '05 one but he failed
17:09:26 9 to hand in September 30th of '06.

17:09:28 10 Q. How do you know that?

17:09:31 11 A. Because that's the only way I could have
17:09:32 12 gotten the letter from the auditors.

17:09:36 13 Q. How do you know that he did not turn the
17:09:40 14 September 30, 2006 extension over to anyone?

17:09:46 15 A. Because when I spoke to the auditors the
17:09:46 16 only extension that they had was 2005.

17:09:51 17 Q. Okay. When did that conversation occur?

17:09:55 18 A. In March when they contacted me.

17:09:57 19 Q. March of 2006?

17:10:00 20 A. March of 2006 when they contacted me. I
17:10:03 21 was totally befuddled. I subsequently had a
17:10:07 22 conversation with them. They told me -- I said why
17:10:11 23 am I getting a letter now.

17:10:12 24 Q. Ms. Wallace, if you want to get out of here
17:10:16 25 tonight --

17:10:16 1 A. Sure.

17:10:16 2 Q. -- you are going to have to stick to the

17:10:21 3 questions that I'm asking.

17:10:21 4 A. No problem.

17:10:21 5 The auditors asked me.

17:10:21 6 Q. Thank you very much.

17:10:21 7 How many conversations did you have with

17:10:24 8 the auditors?

17:10:24 9 A. Maybe three or four.

17:10:24 10 Q. Did the auditors ever tell you that no loan

17:10:29 11 extension through September 30, 2006 had ever been

17:10:34 12 received by them?

17:10:34 13 A. Correct.

17:10:34 14 Q. They told you that?

17:10:34 15 A. They didn't name a date.

17:10:34 16 Q. Thank you.

17:10:38 17 The next sentence starting on the end of

17:10:38 18 line 22 on page three,

17:10:41 19 "At that time Medley stated 'things

17:10:44 20 were moving along' leading Wallace to

17:10:46 21 believe that the Promissory note was

17:10:46 22 still being used to attract investors and

17:10:49 23 investment capital."

17:10:53 24 When did Mr. Medley state that things were

17:10:53 25 moving along to you?

17:10:53 1 A. When we were at Carl's Jr.

17:10:58 2 Q. Any other time?

17:10:58 3 A. Probably before we went to Carl's Jr. When

17:11:00 4 we were at the hotel he was explaining the business

17:11:10 5 and what was going on in it.

17:11:10 6 Q. How long did that meeting -- I believe you

17:11:10 7 indicated the meeting at the hotel lasted

17:11:17 8 30 minutes.

17:11:17 9 A. Yeah, about half an hour.

17:11:17 10 Q. Was Ms. Ambrosio and her mother present the

17:11:17 11 entire time of the --

17:11:27 12 A. The whole time.

17:11:27 13 Q. Great. Starting on line 25,

17:11:30 14 "Wallace wanted a good faith payment

17:11:30 15 for such extension . . ."

17:11:34 16 This is the extension that you referring to

17:11:34 17 earlier to go from September 30, 2006 to

17:11:44 18 December 31, 2006; is that correct?

17:11:44 19 A. Correct.

17:11:44 20 Q. Now it says,

17:11:44 21 " . . . and Medley paid Wallace

17:11:44 22 \$10,000 in cash instead by corporate

17:11:46 23 check."

17:11:46 24 I guess that should be, should have stated

17:11:57 25 instead of by corporate check.

17:11:57 1 A. Correct.

17:11:57 2 Q. So was it significant to you that it

17:11:57 3 referred to -- that he paid you in cash instead of

17:12:03 4 by a corporate check?

17:12:03 5 A. Absolutely.

17:12:06 6 Q. Did you ask Mr. Medley why he was paying

17:12:09 7 you in cash?

17:12:11 8 A. I asked him even before he came how he was

17:12:14 9 paying.

17:12:15 10 Q. Why?

17:12:19 11 A. Because however he paid would cause me to

17:12:21 12 worry considerably.

17:12:24 13 Q. Why?

17:12:24 14 A. Because when you are the CEO of a public

17:12:27 15 company and you pay somebody for a loan extension

17:12:31 16 that was not reported to the auditors or the public

17:12:35 17 filing you've got some serious problems.

17:12:38 18 Q. Well, why did you believe as of

17:12:41 19 September 2005 that this, the loan extension hadn't

17:12:45 20 been reported to the auditors?

17:12:47 21 A. No. You are getting the dates confused.

17:12:51 22 Q. No. You're talking -- no, I'm not getting

17:12:54 23 them confused at all.

17:12:54 24 You are telling me the first time you spoke

17:12:59 25 with the auditors was in March of 2006; is that the

17:12:59 1 truth?

17:12:59 2 A. Yes.

17:12:59 3 Q. All right. September 2005 had the auditors
17:13:05 4 told you that the loan extension had not been
17:13:05 5 received by them?

17:13:05 6 A. No.

17:13:05 7 Q. Did Mr. Medley tell you that he hadn't
17:13:07 8 turned in the loan extension documents to them?

17:13:08 9 A. No.

17:13:09 10 Q. Then what is the basis for your claim that
17:13:12 11 Mr. Medley had not turned in the loan extension
17:13:15 12 documents and that was the reason why he had to be
17:13:19 13 concerned about paying, as the CEO paying for an
17:13:21 14 extension of the loan?

17:13:22 15 A. Please excuse me but what I'm trying to say
17:13:25 16 to you is at the very time that he gave me the
17:13:28 17 \$10,000 cash it immediately started to come in my
17:13:31 18 head that Mr. Medley was not acting for the
17:13:35 19 corporation.

17:13:38 20 Q. But you told me a moment ago that you asked
17:13:39 21 about how he's going to be paying you --

17:13:41 22 A. I did.

17:13:41 23 Q. -- and whether by check or by cash before
17:13:47 24 you even met with him.

17:13:47 25 A. Before I met at Carl's Jr. and after we

17:13:47 1 left the Hilton I said Parrish, by the way, do you
17:13:52 2 know how you are going to pay me and he said I'll
17:13:53 3 pay you -- I'm going to come and I'll pay you and I
17:13:57 4 said okay. Is it cash or check and he said don't
17:14:01 5 worry about it. I'll pay you. When Parrish showed
17:14:04 6 up at Carl's Jr. and gave me the cash --

17:14:09 7 Q. Ms. Ambrosio present during this
17:14:09 8 conversation at --

17:14:10 9 A. At Carl's Jr.?

17:14:12 10 Q. No, at the conversation at the hotel with
17:14:13 11 the cash or check.

17:14:14 12 A. No, only the amount.

17:14:14 13 Q. Where did that conversation take place?

17:14:17 14 A. Parrish Medley when he was arranging to
17:14:21 15 meet me at Carl's Jr.

17:14:21 16 Q. When was that?

17:14:21 17 A. Just before we met at Carl's Jr. Sometime
17:14:25 18 in September or October after the meeting at the
17:14:29 19 Hilton.

17:14:29 20 Q. I thought you met at the Carl's Jr. in
17:14:31 21 September 2005?

17:14:33 22 A. September we met -- around September we met
17:14:37 23 either at the Hilton -- we met at the Hilton.

17:14:41 24 Shortly after the Hilton after he
17:14:42 25 negotiated the money he met with me at Carl's Jr.

17:14:46 1 It could have been in September. It could have been
17:14:47 2 in October.

17:14:48 3 Q. How much time elapsed between the Hilton
17:14:51 4 meeting and the Carl's Jr. meeting?

17:14:55 5 A. A week, maybe ten days. Something like
17:14:55 6 that.

17:14:55 7 Q. So when did you have the conversation
17:14:56 8 regarding whether the money was going to be paid in
17:14:59 9 cash or check?

17:14:59 10 A. I think it was the day before he called me
17:15:02 11 to figure out where Carl's Jr. was and so on and so
17:15:04 12 forth.

17:15:06 13 Q. Why did you ask him during that
17:15:09 14 conversation whether the payment would be in cash or
17:15:09 15 check?

17:15:09 16 A. Because the way that Parrish paid me would
17:15:13 17 let me know that Parrish is not acting for the
17:15:13 18 company and for himself.

17:15:19 19 Q. But why did you ask that question before
17:15:19 20 you even met with him to receive the payment?

17:15:26 21 A. I just wanted to know how he was going to
17:15:30 22 pay because depending on his answer it would let me
17:15:30 23 know in my mind that Parrish Medley was acting for
17:15:33 24 himself and not for the company.

17:15:33 25 Q. And what benefit would it be to Parrish of

17:15:36 1 getting a loan extension from September 30th to
17:15:39 2 December 31, 2006 by paying \$10,000 to you?

17:15:43 3 A. If Parrish Medley never turned in the loan
17:15:47 4 extension Parrish Medley could then attempt to use
17:15:52 5 that blank assignment for his own purposes and he
17:15:55 6 was the CEO of the public company. He had a right
17:15:58 7 to disclose.

17:15:59 8 Q. So why did you -- in September 2005 after
17:16:04 9 you had met with your attorney present with
17:16:06 10 Mr. Medley at the Hilton hotel --

17:16:09 11 A. Uh-huh.

17:16:09 12 Q. -- you negotiated at that meeting --

17:16:11 13 A. Uh-huh.

17:16:12 14 Q. -- to get \$10,000 in exchange for a loan
17:16:14 15 extension; is that correct?

17:16:15 16 A. Correct.

17:16:16 17 Q. And you knew that Mr. Medley already had
17:16:18 18 this assignment of promissory notes in his
17:16:20 19 possession; correct?

17:16:21 20 A. Yes.

17:16:22 21 Q. You gave it to him that day at the closing
17:16:24 22 in June of 2004; correct?

17:16:27 23 A. I believe it was around April. Okay.
17:16:29 24 Correct.

17:16:30 25 Q. The assignment of the promissory notes that

17:16:33 1 you signed --

17:16:34 2 A. I'm sorry. You are right.

17:16:36 3 Q. -- in June of 2004 --

17:16:38 4 A. Okay.

17:16:38 5 Q. -- you knew he had that in his possession?

17:16:41 6 A. Yes.

17:16:41 7 Q. Right?

17:16:42 8 A. The assignment. I'm sorry. The

17:16:44 9 assignment.

17:16:45 10 Q. Correct.

17:16:45 11 So after you had this meeting at the Hilton

17:16:48 12 where you negotiated \$10,000 in exchange for a

17:16:52 13 three-month loan extension you agreed to meet with

17:16:56 14 Parrish Medley at the Carl's Jr. in Newport Beach;

17:16:58 15 correct?

17:17:00 16 A. Yes.

17:17:01 17 Q. And you knew at that meeting that the sole

17:17:04 18 purpose of meeting with Mr. Medley that day was to

17:17:07 19 get \$10,000 in exchange for the loan extension;

17:17:13 20 right?

17:17:13 21 A. Yes.

17:17:14 22 Q. That was the only reason you were meeting

17:17:15 23 with him at Carl's Jr. that day?

17:17:17 24 A. Absolutely correct.

17:17:20 25 Q. If you understood that he was acting in his

17:17:25 1 own self-interest by bringing cash instead of a
17:17:30 2 corporate check why did you proceed to sign that
17:17:33 3 loan extension document when you knew that he
17:17:36 4 already had the assignment of the promissory note
17:17:38 5 and could use that to collect on the note himself?

17:17:41 6 A. Well, first of all Parrish Medley put the
17:17:45 7 documents in front of me. He opened a brown bag
17:17:48 8 that was by his feet, showed me that he had the
17:17:51 9 money in the bag, made me sign first. So I didn't
17:17:55 10 have the money in my possession. He made me sign it
17:18:05 11 first.

17:18:05 12 Q. So why didn't you say after you signed it
17:18:05 13 hey, I think there is something wrong with this.
17:18:05 14 I'm not going through with this deal?

17:18:07 15 A. Because it doesn't matter to me what I did
17:18:10 16 with my loan extension. The burden is on
17:18:13 17 Mr. Medley. I don't care.

17:18:16 18 Q. Why? You are the one who is claiming that
17:18:18 19 the assignment of the promissory note is no good.

17:18:21 20 A. The assignment of the promissory note in
17:18:24 21 blank was to help the company. I agreed to help the
17:18:29 22 company.

17:18:30 23 Q. Ms. Wallace, you told me that you knew
17:18:35 24 before the Carl's Jr. meeting that Mr. Medley could
17:18:40 25 misuse the assignment of promissory notes; is that

17:18:45 1 true?

17:18:45 2 A. No. What I said to you was dependent upon
17:18:47 3 how he paid me it would put into my head that maybe
17:18:50 4 Mr. Medley has a purpose for himself and not for one
17:18:55 5 of the company.

17:18:58 6 Q. Okay.

17:18:58 7 A. That's what he put in my head.

17:19:00 8 Q. All right. So did you take any steps after
17:19:02 9 you collected that \$10,000 in cash to alert anybody
17:19:07 10 that you think that there is something wrong with
17:19:10 11 the manner in which Parrish Medley handled this
17:19:14 12 transaction?

17:19:14 13 A. No, and I don't have to.

17:19:14 14 Q. Okay. Thank you.

17:19:41 15 Did you have a discussion at that Carl's
17:19:42 16 Jr. meeting about why the assignment had not been
17:19:46 17 registered?

17:19:48 18 A. Again, the last meeting -- sorry.

17:19:52 19 Q. Don't tell me again. Just answer my
17:19:54 20 question or we are going to be here a long time.

17:19:56 21 Did you have a discussion at Carl's Jr. in
17:19:59 22 which the word assignment was mentioned? How about
17:20:02 23 start there.

17:20:02 24 A. Yes.

17:20:03 25 Q. What was discussed regarding the assignment

17:20:05 1 of the promissory note?

17:20:06 2 A. Again, the business, what's going on, where
17:20:09 3 is the 10,000 shares that you already promised me.

17:20:13 4 What is going on --

17:20:14 5 Q. This is in addition to the \$10,000 that you
17:20:16 6 obtained from him?

17:20:17 7 A. Yes.

17:20:17 8 Q. You wanted the 10,000 shares? I thought
17:20:20 9 that was for the earlier extension.

17:20:22 10 A. The earlier extensions for the 10,000
17:20:25 11 shares was for December 31st of 2005 and
17:20:31 12 September 30th of 2006.

17:20:33 13 Q. Okay.

17:20:34 14 A. He never paid me that.

17:20:35 15 Q. So what did you discuss regarding the
17:20:37 16 assignment?

17:20:38 17 A. We discussed that. I said to him I'm
17:20:41 18 giving you another assignment. What the hell are
17:20:44 19 you doing with the business.

17:20:46 20 Q. What's this other assignment? I thought
17:20:48 21 you already signed that back in June of 2004?

17:20:51 22 A. Maybe I'm not hearing right or I think I
17:20:54 23 keep saying this to you. He wanted not only an
17:21:03 24 extension that he had already had in his possession
17:21:04 25 which is 2005, the year-end of 2005, he also had

17:21:09 1 year-end -- sorry, September 30th of 2006 in his
17:21:14 2 possession. He was supposed to give me 10,000
17:21:18 3 shares. He never did. To this day he's never given
17:21:21 4 me that. Then he wants now another extension and
17:21:29 5 that extension took him from September 30th of 2006
17:21:33 6 to December of --

17:21:35 7 Q. That was the \$10,000?

17:21:36 8 A. And that's 10,000.

17:21:38 9 Q. We already covered that.

17:21:39 10 A. Right.

17:21:39 11 Q. I asked you when did the discussion of
17:21:41 12 signing another assignment come up.

17:21:48 13 A. I can't remember but --

17:21:49 14 Q. You want me to have the court reporter read
17:21:51 15 back your testimony?

17:21:52 16 A. Sure.

17:21:52 17 Q. You just stated that he wanted you to sign
17:21:54 18 another assignment. Was that correct or not?

17:21:57 19 A. Yes.

17:21:57 20 Q. When did he ask you to sign another
17:22:00 21 assignment?

17:22:01 22 A. Sometime prior to September when I met at
17:22:03 23 the Hilton.

17:22:04 24 Q. Why did he need another assignment if he
17:22:06 25 already had an assignment signed by you?

17:22:09 1 A. He didn't have the assignment that took him
17:22:11 2 from September 30, '06 to December of '06.

17:22:15 3 MS. AMBROSIO: Okay. I think there has
17:22:16 4 been a miscommunication here. I think that the
17:22:21 5 question is a loan extension, not an assignment.

17:22:26 6 THE WITNESS: Right.

17:22:28 7 MS. AMBROSIO: I think --

17:22:30 8 THE WITNESS: You are right.

17:22:30 9 MS. AMBROSIO: She's heard the wrong words.
17:22:32 10 It's been a long day.

17:22:33 11 THE WITNESS: The extension, the assignment
17:22:36 12 is the only assignment from day one.

17:22:39 13 BY MR. GUTMAN:

17:22:40 14 Q. When I use the word assignment I'm
17:22:43 15 referring to the assignment of promissory notes that
17:22:45 16 we previously mark as Exhibit No. 10. You see it,
17:22:48 17 assignment of promissory notes?

17:22:50 18 A. Right.

17:22:51 19 Q. I'm not referring to the document that says
17:22:53 20 loan extension like on Exhibit No. 7.

17:22:55 21 You see that?

17:22:56 22 A. Thank you.

17:22:56 23 Q. Okay. So did you have any discussion
17:22:58 24 regarding an assignment when you met with Mr. Medley
17:23:03 25 at the Carl's Jr.?

17:23:05 1 A. Only the assignment. The only discussion
17:23:08 2 we had was when are you giving me the list of the
17:23:12 3 names to assign the note.

17:23:17 4 Q. That's the only thing you discussed at
17:23:20 5 Carl's Jr. regarding the assignment?

17:23:22 6 A. The assignment. The name of the investor
17:23:25 7 that had to go on that assignment.

17:23:26 8 Q. All right. Take a look at paragraph 15 on
17:23:28 9 page four would you please.

17:23:30 10 A. Paragraph 15 on page four.

17:23:32 11 Q. You see on or about April 6, 2006? Did you
17:23:39 12 have another meeting with Mr. Medley at the
17:23:42 13 Carl's Jr.?

17:23:43 14 A. Yes.

17:23:44 15 Q. Is this the very next time that you saw
17:23:49 16 Mr. Medley --

17:23:49 17 A. Yes.

17:23:49 18 Q. -- in between September of 2005 and April
17:23:50 19 of 2006?

17:23:51 20 A. Yes.

17:23:52 21 Q. Did you have a discussion then with
17:23:54 22 Mr. Medley regarding the assignment not having been
17:23:57 23 registered for almost two years?

17:23:59 24 A. Yes.

17:24:00 25 Q. And how did that discussion come up?

17:24:03 1 A. Mr. Medley now knew that I had the
17:24:07 2 auditor's letter. Mr. Medley directed me what to
17:24:12 3 say in the auditor's letter. I told him I would not
17:24:17 4 do that because it was not the truth. He said let's
17:24:21 5 meet and talk about it. I said fine, Parrish, but
17:24:25 6 I'm not going to be doing anything that causes me
17:24:28 7 any problems or commit any frauds. We met at Carl's
17:24:32 8 Jr. It was a terribly heated discussion. Parrish
17:24:36 9 Medley left the place saying that he was going back
17:24:40 10 to Beverly Hills and signing over and filling in the
17:24:44 11 date of the assignment.

17:24:46 12 Q. What did you tell Mr. Medley that you
17:24:48 13 wanted in exchange for the assignment or to do in
17:24:55 14 connection with the auditor's letter?

17:24:57 15 A. I asked Mr. Medley what the heck are you
17:25:00 16 doing and what are you trying to do with this and he
17:25:04 17 said -- you want me to answer it?

17:25:06 18 Q. Please.

17:25:07 19 A. Okay. He said that that assignment was
17:25:09 20 his. I agreed to it a long time ago.

17:25:12 21 I said you know what, Parrish, you didn't
17:25:14 22 give me the 10,000 shares. You threw \$10,000 at me.
17:25:19 23 I'm still waiting to see some kind of financial
17:25:21 24 recovery. I was supposed to have dollar for dollar
17:25:24 25 on this note. Give me my damn money.

17:25:27 1 Q. So how much did you tell him you wanted?

17:25:29 2 A. I don't even recall. It was just yelling

17:25:31 3 back and forth.

17:25:32 4 Q. What did you tell Mr. Medley --

17:25:35 5 A. I don't recall.

17:25:35 6 Q. \$100,000?

17:25:37 7 A. I don't recall.

17:25:38 8 Q. \$200,000?

17:25:39 9 A. I think I certainly said my 250 is my 250.

17:25:44 10 Q. \$250,000?

17:25:46 11 A. Right. That's what I had estimated the

17:25:48 12 note to now be worth.

17:25:50 13 Q. So if you felt that you had the legal right

17:25:53 14 to the note and you had the right to collect it from

17:25:59 15 the company why did you even bother to meet with

17:26:02 16 Mr. Medley that day in April of 2006?

17:26:04 17 A. Because Mr. Medley wouldn't stop bugging

17:26:07 18 me.

17:26:09 19 Q. So he contacted you after you received the

17:26:11 20 auditor's letter?

17:26:13 21 A. Yes.

17:26:13 22 Q. Or you contacted him?

17:26:14 23 A. Excuse me. He had contacted again Kyleen

17:26:18 24 Cane because I won't speak to him. Kyleen Cane told

17:26:22 25 me again that Parrish Medley is trying to find me

17:26:25 1 and I said what for now.

17:26:26 2 Q. So why didn't you just ignore him?

17:26:32 3 A. That would have been nice.

17:26:32 4 Q. Well, why don't you explain why.

17:26:34 5 A. Because every time I have to get on the
17:26:36 6 phone with Parrish Medley I still have a note on
17:26:40 7 that company that he represented to take care of.

17:26:45 8 Q. Isn't it a fact, Ms. Wallace, that you went
17:26:47 9 to Mr. Medley because you were looking to get some
17:26:50 10 money that you otherwise weren't entitled to?

17:26:53 11 A. No.

17:26:54 12 Q. Then why didn't you just ignore him?

17:26:57 13 A. I just told you why. He had in his
17:27:01 14 knowledge exactly what that note was to be used for.
17:27:04 15 I wanted to know. So either he gave me my money
17:27:09 16 from 2004 or he explained to me what the new story
17:27:13 17 was.

17:27:14 18 Q. Why didn't you just present the note to
17:27:16 19 Davi Skin?

17:27:18 20 A. Because it can't be presented until
17:27:20 21 December 31st of '06. How do you make a demand on a
17:27:24 22 note when it has a loan extension until the deal
17:27:28 23 hasn't even reached?

17:27:29 24 Q. Why didn't you just send the note back to
17:27:31 25 the auditor without meeting with Mr. Medley first?

17:27:34 1 A. I just told you why.

17:27:36 2 Q. Because Mr. Medley wanted to meet with you?

17:27:38 3 A. Yes.

17:27:39 4 Q. And no other reason?

17:27:40 5 A. Absolutely correct.

17:27:42 6 Q. Thank you.

17:27:56 7 I want to direct your attention on

17:27:58 8 page five paragraph 20 of the amended counterclaim.

17:28:03 9 "Since 2004, Medley made false

17:28:06 10 representations to Wallace about the

17:28:08 11 conditional assignment of the Promissory

17:28:11 12 note . . ."

17:28:11 13 You see that?

17:28:12 14 A. Uh-huh.

17:28:12 15 Q. Is that a "yes"?

17:28:13 16 A. Yes.

17:28:14 17 Q. What is conditional assignment? What does

17:28:17 18 that mean?

17:28:17 19 A. Again, the assignment was only so

17:28:21 20 Mr. Medley could use that note. I had to fill in

17:28:24 21 the names of the investors and the market makers.

17:28:29 22 He was supposed to provide me those names so that

17:28:32 23 the note would transfer to those individuals. He

17:28:35 24 kept telling me it would happen shortly. It didn't

17:28:39 25 happen. He had lots of excuses why it didn't

17:28:42 1 happen.

17:28:43 2 Q. Is there any document that you've ever seen
17:28:46 3 that refers to market makers or investors in
17:28:51 4 connection with this promissory note that is the
17:28:54 5 subject of this lawsuit?

17:28:56 6 A. No.

17:28:57 7 Q. Do you have any witnesses anywhere who can
17:29:04 8 testify about any discussion in which Parrish Medley
17:29:09 9 said that he got that assignment from you of the
17:29:13 10 promissory note solely to try and interest investors
17:29:20 11 or to get, what is it, make a market?

17:29:23 12 A. Right.

17:29:24 13 Q. Do you have any witnesses who can testify
17:29:25 14 to that?

17:29:26 15 A. No, we couldn't.

17:29:27 16 Q. Okay. All right. Let's move on and
17:30:49 17 identify next in order. Will be Exhibit No. 12.

17:30:55 18 (Deposition Exhibit 12 was marked for
17:30:55 19 identification by the court reporter.)

17:30:55 20 MS. AMBROSIO: How many more exhibits do
17:30:55 21 you have?

17:30:58 22 MR. GUTMAN: I've got four prepared but I
17:31:00 23 don't know that I'm going to need them all.

17:31:03 24 MS. AMBROSIO: You think you will be done
17:31:05 25 in the next half hour?

17:31:06 1 MR. GUTMAN: I'm going to try.

17:31:08 2 MS. AMBROSIO: Okay. Because at 6:00 we

17:31:10 3 are leaving.

17:31:11 4 MR. GUTMAN: Okay. Never had somebody just

17:31:15 5 like turn to me and say it quite like that.

17:31:18 6 MS. AMBROSIO: I'm just letting you know.

17:31:19 7 MR. GUTMAN: I understand that's really --

17:31:21 8 MS. AMBROSIO: You're from New York. You

17:31:22 9 should get it.

17:31:24 10 MR. GUTMAN: You know, doesn't really

17:31:26 11 offend me but does sound kind of coarse.

17:31:37 12 Q. I marked for purposes of identification as

17:31:40 13 Exhibit No. 12 document Bates No. K/M 39 through

17:31:44 14 K/M 41.

17:31:45 15 Have you seen this document before?

17:31:47 16 A. Yes.

17:31:47 17 Q. This is in fact the auditor's letter with a

17:31:49 18 couple of additional handwritten comments that have

17:31:52 19 been inserted on it. At least that's what the first

17:31:54 20 page is.

17:31:56 21 Do you understand that?

17:31:56 22 A. Yes.

17:31:57 23 Q. The auditor's letter is dated March 24,

17:32:00 24 2006.

17:32:04 25 Would you agree with that?

17:32:07 1 A. Yes.

17:32:10 2 Q. Now, there are certain handwritten portions

17:32:17 3 contained on this first page of Exhibit No. 12

17:32:21 4 starting about halfway -- in between the third and

17:32:26 5 halfway down, this note is retained by me.

17:32:29 6 A. Yes.

17:32:30 7 Q. Is that your handwriting?

17:32:31 8 A. Yes.

17:32:35 9 Q. And with the exception of the signature of

17:32:41 10 Josh Levine it looks like under very truly yours --

17:32:46 11 A. Yes.

17:32:46 12 Q. -- is every other portion of this page

17:32:51 13 that's handwritten your handwriting?

17:32:53 14 A. Yes.

17:32:55 15 Q. When did you write this?

17:32:59 16 A. Probably around April.

17:33:03 17 Q. April of 2006; correct?

17:33:06 18 A. Yes.

17:33:07 19 Q. Did you write it after the meeting that you

17:33:09 20 had with Mr. Medley at the Carl's Jr. in Newport

17:33:13 21 Beach?

17:33:16 22 A. Not necessarily.

17:33:17 23 Q. Well, did you meet with Mr. Medley at the

17:33:23 24 Carl's Jr. in Newport Beach in April of 2006 before

17:33:27 25 or after you wrote your handwritten comments on

17:33:32 1 Exhibit 12?

17:33:36 2 A. I think I started to write some of this and
17:33:38 3 then I think I finished it up. I'm just trying to
17:33:42 4 remember what time I started scripting it. I think
17:33:47 5 I wrote lots and threw them in the garbage. I think
17:33:50 6 I stopped some places and I think some of it I
17:33:53 7 started with and then I added more.

17:33:55 8 Q. Okay. Do you have the ability to determine
17:33:59 9 which parts you wrote before the meeting at
17:34:02 10 Carl's Jr. in Newport Beach in April of 2006?

17:34:05 11 A. Sure. The part where Mr. Medley had
17:34:07 12 announced at Carl's Jr. that he was going to sign
17:34:10 13 the note and give it to Mr. Kagel, whoever he is.

17:34:26 14 Q. So you learned that from the discussion at
17:34:29 15 Carl's Jr.?

17:34:30 16 A. Yes.

17:34:35 17 Q. All right. Let's focus on the first page
17:34:35 18 of Exhibit No. 12 Bates numbered 39, that first
17:34:37 19 sentence, this note, first sentence that's in your
17:34:41 20 handwriting.

17:34:42 21 "This note is retained by me, as
17:34:43 22 Mr. Parish Medley then CEO of Davi Skin
17:34:45 23 misrepresented the use of this note and
17:34:49 24 did not deliver the compensation to me."
17:34:53 25 What is the compensation that you are

17:34:54 1 referring to?

17:34:57 2 A. The 250,000 dollar for dollar that I was
17:35:03 3 supposed to get to assign the note.

17:35:13 4 Q. When did you have that agreement to get
17:35:15 5 250,000 dollar for dollar to assign the note?

17:35:21 6 A. As stated before, that all happened when he
17:35:24 7 asked Kyleen Cane to leave the room.

17:35:26 8 Q. That's the only time that that was
17:35:28 9 discussed?

17:35:28 10 A. Yes.

17:35:30 11 Q. Did you ever have any discussion about that
17:35:31 12 \$250,000 any time other than in June of 2004 in
17:35:37 13 Kyleen Cane's office prior to writing your
17:35:41 14 handwritten comments on Exhibit 12?

17:35:44 15 A. I probably may have mentioned it once
17:35:46 16 before to Parrish in a harsh voice.

17:35:51 17 Q. Okay. I want to direct your attention to
17:36:06 18 the third page of Exhibit No. 12.

17:36:09 19 A. Uh-huh.

17:36:10 20 Q. Bates numbered 41. And the last sentence.

17:36:14 21 "I state clearly, in the 2 and half
17:36:17 22 years I have known Parish, I find him to
17:36:20 23 be a liar, a cheat, self-serving and of
17:36:23 24 lower moral character."

17:36:25 25 Is that your handwriting?

17:36:26 1 A. Yes.

17:36:26 2 Q. And did you cause this letter to be sent

17:36:28 3 back to the auditors at least?

17:36:34 4 A. I think it says who it's supposed to go to.

17:36:37 5 Q. And who is that?

17:36:39 6 A. Mr. Spellman and/or present management of

17:36:42 7 Davi.

17:36:43 8 Q. Did you send it to anybody else?

17:36:47 9 A. It was faxed -- Crystel Makin asked me to

17:36:52 10 fax my response. I faxed it to Crystel Makin and

17:36:57 11 told Crystel Makin to give this document -- that to

17:37:00 12 make sure Mr. Spellman or Carlo Mondavi or somebody

17:37:05 13 in management got the document.

17:37:10 14 Q. Anybody else?

17:37:12 15 A. That's it.

17:37:14 16 Q. How did you transmit this document to them?

17:37:19 17 A. She gave me a fax number and I faxed it.

17:37:23 18 Q. So you faxed it to two different fax

17:37:25 19 numbers?

17:37:25 20 A. No, just one.

17:37:27 21 Q. I thought you sent one to Mr. Spellman and

17:37:30 22 one to Crystel Makin?

17:37:33 23 A. No. I didn't know Davi's fax number.

17:37:37 24 Crystel Makin asked me to please fill out because

17:37:39 25 they were getting close to filing date. She asked

17:37:42 1 me to please fill out my responses, fax it to her.

17:37:45 2 I told her I'm going to fax it to her. Could she

17:37:50 3 please make sure that Mr. Spellman or Carlo Mondavi

17:37:56 4 or somebody at Davi management gets this letter.

17:37:57 5 Q. Okay. I want you to tell me now about

17:38:06 6 every single lie that you are aware that Mr. Medley

17:38:10 7 told you in the two and a half years you have known

17:38:13 8 him.

17:38:14 9 A. Well the one, big one is what he was going

17:38:16 10 to do with the assignment. It never happened.

17:38:19 11 Q. Which assignment are you talking about?

17:38:21 12 A. That he was going to use the assignment and

17:38:25 13 give me a list of names of investors or market

17:38:28 14 makers and that's how the assignment was going to be

17:38:30 15 used. It never took place.

17:38:32 16 Q. Okay.

17:38:32 17 A. We also -- Parrish Medley called me when he

17:38:37 18 was trying to raise some money and wanted Kelly

17:38:40 19 Black and I to raise some money.

17:38:42 20 I called him back and told him that I have

17:38:44 21 some people that he could raise some money with. I

17:38:47 22 set up all the appointments in Arizona. He came

17:38:50 23 over to Arizona. I set them all up. He promised --

17:38:54 24 after we went to two meetings one group was

17:38:57 25 interested in giving him the \$3 million. I said

17:39:01 1 okay, Parrish, if we are going to raise this money
17:39:04 2 you have to sign one of my consulting contracts.
17:39:07 3 Parrish said yeah, yeah, don't worry about
17:39:09 4 it. I got to go to Vancouver.
17:39:11 5 I said well, do me a favor. Promise you
17:39:14 6 are going to call these people back. Don't make me
17:39:18 7 look bad.
17:39:20 8 Parrish Medley never called the people back
17:39:22 9 who kept calling me and then when I put my contract
17:39:25 10 in front of Parrish he said he wasn't giving me
17:39:28 11 nothing and he doesn't need me or Kelly Black to get
17:39:32 12 him any money. So he lied to me.
17:39:36 13 Q. Okay. Next?
17:39:38 14 A. The next lie is I guess to me directly I
17:39:43 15 guess --
17:39:44 16 Q. Any situation in which you know that
17:39:46 17 Parrish Medley lied.
17:39:48 18 A. Okay. In the public filings when Parrish
17:39:50 19 Medley settled his agreement with Davi Skin he
17:39:55 20 agreed that he would never sue a shareholder of
17:40:00 21 Davi. I am a shareholder of Davi.
17:40:07 22 Q. Okay. Anything else?
17:40:10 23 A. There was a company of which I introduced
17:40:13 24 him to in Arizona. Her name was Michelle Stuart.
17:40:19 25 She had a company named Sedona Earth. Parrish was

17:40:23 1 interested because he said that they weren't
17:40:27 2 finished with the formulations and he needed a
17:40:29 3 product. We outlined the terms. He liked her male
17:40:34 4 product which was called Maneava because he thought
17:40:37 5 it sounded a lot like Mondavi. We entered in. We
17:40:43 6 had oral agreements of how it would take place. I
17:40:48 7 sent over notes to him. I called him on the
17:40:48 8 telephone. He told me he wanted to do the deal with
17:40:52 9 Sedona Earth and with Michelle Stuart.

17:40:54 10 After about two weeks of him not really
17:40:56 11 responding again very belligerently on the phone he
17:41:01 12 told me he's not interested. He's not doing any of
17:41:05 13 this deal and that was the end of that.

17:41:07 14 The other time was I went down into
17:41:12 15 San Diego and I met with another investment house,
17:41:16 16 Lana Hung. I got four different investors to come
17:41:20 17 in to help raise money. All of these Parrish knew
17:41:25 18 about. I told him about expenses. I told him about
17:41:28 19 the time and effort. I told him what it makes us
17:41:32 20 look like and he said don't worry. I'm going to
17:41:34 21 take care of it. We will raise the money, blah,
17:41:37 22 blah, blah. Get the people lined up. I called him,
17:41:40 23 showed him a bill for all of the expenses that we
17:41:43 24 had running up. When is he going to sign the
17:41:47 25 contract and agree and again he told me he didn't

17:41:49 1 need my money. He went up to Vancouver. He can
17:41:53 2 have somebody Mancuso (phonetic) give him as much
17:41:57 3 money as he wants. I said then why did you waste my
17:42:01 4 time.

17:42:06 5 Q. Anything else?

17:42:08 6 A. Not that I can think of right now.

17:42:10 7 Q. So have you now told us every single
17:42:12 8 instance in which you have some understanding or
17:42:15 9 some basis for accusing Mr. Medley of lying?

17:42:22 10 A. Other than what he told me about he was
17:42:24 11 going to stick -- what he wanted me to write on the
17:42:30 12 auditor's letter and I told him I wouldn't do it.

17:42:37 13 Q. I'm sorry. I don't recall --

17:42:39 14 A. Maybe not that's not a lie. Maybe he just
17:42:42 15 told me what he would do and I wouldn't agree to do
17:42:45 16 it.

17:42:45 17 Q. Okay. So have you now told us about every
17:42:48 18 situation in which you know of Parrish Medley to be
17:42:51 19 lying?

17:42:53 20 A. That's what I can recall right now.

17:42:55 21 Q. Can you identify every single situation in
17:42:57 22 which you know Parrish Medley to be a cheat?

17:43:01 23 A. Yes. Same kind of deals. I ran up bills
17:43:05 24 of which he said he would pay. Also the money in
17:43:09 25 Las Vegas that night. He promised me that he would

17:43:12 1 pay it back. He's never paid me back that money
17:43:15 2 either. He's never given me the 10,000 shares.

17:43:23 3 Q. Anything else?

17:43:24 4 A. As I sit here that's all I can recall right
17:43:26 5 now.

17:43:31 6 Q. Other than your description of everything
17:43:35 7 that transpired in Las Vegas on that faithful
17:43:42 8 evening of the close of this transaction, do you
17:43:44 9 have anything to add regarding Parrish Medley being
17:43:48 10 of low moral character?

17:43:51 11 A. I think that's enough.

17:43:52 12 Q. Okay. I will mark for purposes of
17:44:18 13 identification as Exhibit No. 13. It is a four-page
17:44:29 14 document Bates Nos. 46 through 49.

17:44:37 15 (Deposition Exhibit 13 was marked for
17:44:37 16 identification by the court reporter.)

17:44:37 17 BY MR. GUTMAN:

17:44:37 18 Q. Ms. Wallace, do you recognize this
17:44:39 19 document?

17:44:39 20 A. Yes.

17:44:39 21 Q. Is this entire document in your
17:44:41 22 handwriting?

17:44:42 23 A. Yes.

17:44:43 24 Q. Is that your signature on the fourth page
17:44:46 25 Bates numbered 49?

17:44:48 1 A. Yes.

17:44:48 2 Q. The drawing on the fourth page the lower
17:44:52 3 half of what has been copied here, do you recognize
17:44:55 4 that?

17:44:56 5 A. Yes.

17:44:57 6 Q. Do you know what it is?

17:44:59 7 A. No. I told you I have art books and I
17:45:02 8 draw.

17:45:06 9 Q. Do you know when this was written?

17:45:11 10 A. Around -- after the same situations I just
17:45:14 11 named to you where we went out and got funders for
17:45:19 12 him and we set up the Michelle Stuart deal and
17:45:19 13 everything.

17:45:20 14 Q. What point of time was that?

17:45:23 15 A. You know, right now I can't think of it but
17:45:24 16 it would be -- I can't think of it.

17:45:27 17 Q. Well, was this after the closing in June of
17:45:32 18 2004?

17:45:33 19 A. For sure.

17:45:34 20 Q. So even after that debacle or that
17:45:37 21 situation that you described in Las Vegas you
17:45:41 22 continued to try and work with Mr. Medley, did you
17:45:44 23 not?

17:45:44 24 A. I tried to raise money, yes.

17:45:46 25 Q. Why were you trying to raise money?

17:45:48 1 A. Because I had a vested interest. If the
17:45:51 2 stock value went up and I had a one for one value I
17:45:56 3 would have done very well under Mr. Medley's
17:45:58 4 efforts.

17:45:59 5 Q. What was your vested interest, this stock
17:46:03 6 ownership? How did that come about?

17:46:06 7 A. The loan, the promissory note, if I did the
17:46:13 8 assignment and he assigned it to his investors or
17:46:17 9 market makers in return I would get dollar for
17:46:20 10 dollar the value of my money.

17:46:22 11 Q. This was based upon an oral agreement that
17:46:24 12 you had?

17:46:25 13 A. Correct.

17:46:25 14 Q. And this is the oral agreement that was
17:46:27 15 discussed in Kyleen Cane's office in June of 2004?

17:46:30 16 A. Correct.

17:46:31 17 Q. And there is absolutely not a single
17:46:33 18 mention of that oral agreement in this four-page
17:46:35 19 note, is there?

17:46:35 20 A. No. This is about something else.

17:46:37 21 Q. Is there a single mention of that oral
17:46:39 22 agreement in any other note that you have ever
17:46:42 23 written to Mr. Medley or to anybody else?

17:46:47 24 A. Well, I've told my attorney now and I
17:46:50 25 think I -- I think I've yelled at Mr. Medley over

17:46:56 1 it.

17:47:00 2 Q. So after June of 2004 you were working in
17:47:04 3 order to try and raise money for Davi Skin; is that
17:47:08 4 your testimony?

17:47:08 5 A. Yes.

17:47:10 6 Q. And this, the first three pages of this
17:47:13 7 letter generally describe the efforts that you are
17:47:19 8 making in order to raise money; is that correct?

17:47:20 9 A. Yes.

17:47:20 10 Q. Now, if you look at the fourth page there
17:47:23 11 is a paragraph here that states,

17:47:24 12 "Parish you owe me the courtesy of a
17:47:27 13 phone call at least to acknowledge the
17:47:29 14 amount of work that is being done for a
17:47:31 15 company that has given me no compensation
17:47:35 16 as yet even though promised."

17:47:38 17 A. Yes.

17:47:39 18 Q. You see that?

17:47:39 19 A. Yes.

17:47:39 20 Q. What was the compensation that was
17:47:41 21 promised?

17:47:42 22 A. Parrish Medley in the raising of money --
17:47:45 23 my standard fee is 10 percent of the capital raised,
17:47:49 24 plus warrants, plus stock options, plus the
17:47:53 25 10,000 -- plus everything he's ever stated to me.

17:47:57 1 That's the compensation he's never given to me.

17:48:00 2 Q. Well, what money did you raise?

17:48:04 3 A. I didn't raise any. He wouldn't meet with
17:48:07 4 the people to finish the deal.

17:48:08 5 Q. So you were trying to raise money and the
17:48:11 6 compensation agreement that you thought you had was
17:48:15 7 basically for a finder's fee; correct?

17:48:17 8 A. Correct.

17:48:18 9 Q. And finder's fee consisted of 10 percent,
17:48:20 10 plus warrants, plus stock options?

17:48:23 11 A. Yes.

17:48:24 12 Q. And that's your standard finder's fee?

17:48:26 13 A. Yes.

17:48:26 14 Q. And that's the standard finder's fee that
17:48:29 15 you've had with how many different individuals or
17:48:31 16 companies?

17:48:36 17 A. Well, going back to Stanley Young. Any
17:48:39 18 time we raise money it's 10 percent with some stock
17:48:42 19 and some warrants. It's in the agreement of Wallace
17:48:52 20 Black.

17:49:00 21 Q. Did you ever present a copy of your
17:49:02 22 standard finder's fee agreement to Davi Skin or to
17:49:07 23 Mr. Medley?

17:49:08 24 A. No. We talked about it on the phone. He
17:49:11 25 wouldn't let it go any further. When I insisted

17:49:14 1 that's when he got belligerent.

17:49:16 2 Q. Well, you talked about it on the phone. Is
17:49:18 3 that before you did all these things that you are
17:49:22 4 describing in Exhibit 13?

17:49:23 5 A. When we talked about it on the phone I told
17:49:26 6 Mr. Medley that's what we would charge if we raise
17:49:29 7 the money. He told me to go ahead and set up the
17:49:31 8 meetings. He flew from L.A. to Arizona, attended
17:49:37 9 the meetings. Didn't do the follow up even though
17:49:40 10 he had people that were ready to commit
17:49:42 11 three million. Then he said he was going to
17:49:45 12 Vancouver or something, whoever knows, someplace and
17:49:49 13 he was going to get other money.

17:49:52 14 Q. Why did you agree to do the work before you
17:49:53 15 had some sort of written agreement in place?

17:49:56 16 A. Because I do that. I just told you how
17:50:00 17 sometimes I do work for people and I get no
17:50:03 18 compensation. Because I had a vested interest in
17:50:05 19 this company both as a shareholder and somebody that
17:50:09 20 had a note it behooved me to try to do the best for
17:50:13 21 the company.

17:50:14 22 Q. But you told me that after that closing in
17:50:17 23 Las Vegas this was somebody that you couldn't
17:50:20 24 imagine how you even got into business with him. So
17:50:23 25 here you were continuing to trust him without a

17:50:25 1 written agreement after June of 2004?

17:50:28 2 A. Excuse me. But Mr. Medley's behavior from
17:50:33 3 a moral point of view is absolutely disgusting. I
17:50:37 4 will never forget it.

17:50:38 5 Q. But he never paid you back the money that
17:50:41 6 he owed you; right?

17:50:43 7 A. Well, then I guess you could call me a nice
17:50:45 8 person that happens to trust people.

17:50:52 9 Q. So after June of 2004 you made all these
17:50:56 10 efforts to try and raise money for the company; is
17:51:00 11 that correct?

17:51:00 12 A. Yes.

17:51:01 13 Q. Are they all pretty much outlined in this
17:51:04 14 handwritten letter, Exhibit 13?

17:51:05 15 A. Some of it. It's very general.

17:51:09 16 Q. How much time elapsed between June of 2004
17:51:13 17 and the point in time when you realized that
17:51:18 18 Mr. Medley was not going to sign the compensation
17:51:25 19 agreement with your company?

17:51:29 20 A. After the meetings it was probably about
17:51:31 21 two and a half to three weeks that I was trying to
17:51:34 22 get him to hammer it down and both Kelly and I
17:51:39 23 attempted and he was so belligerent we just walked
17:51:42 24 away from it.

17:51:44 25 Q. And when was that?

17:51:45 1 A. I can't recall.

17:51:46 2 Q. Before the end of 2004? Sometime in 2005?

17:51:51 3 A. I think either end of 2004 or 2005.

17:51:55 4 Sometime in there. I can't remember.

17:51:59 5 Q. Now, do you recall earlier in your

17:52:01 6 testimony you had indicated that there was a point

17:52:03 7 in time where Parrish was trying to call you after

17:52:08 8 the event, the closing day in Las Vegas and you

17:52:12 9 wouldn't even take his call and he had to get Kyleen

17:52:15 10 Cane to call you so that you would even take his

17:52:19 11 call?

17:52:20 12 A. It was I believe -- actually I should get

17:52:24 13 him to read back because now I'm trying to recall

17:52:27 14 all this testimony.

17:52:32 15 Q. Well, maybe you don't have to recall the

17:52:34 16 testimony but maybe you can just tell us what

17:52:36 17 exactly happened because there was a period of time

17:52:38 18 after the closing in June of 2004 that you didn't

17:52:41 19 speak to Mr. Medley; right?

17:52:43 20 A. That's correct.

17:52:43 21 Q. And you didn't want to speak to Mr. Medley?

17:52:45 22 A. That's correct.

17:52:45 23 Q. So how would you quantify that period of

17:52:47 24 time?

17:52:48 25 A. I can't remember.

17:52:49 1 Q. More than a year?

17:52:51 2 A. Maybe. Maybe just less. Maybe a little

17:52:54 3 bit more. Maybe a year. I can't remember.

17:52:57 4 Q. So at what point in time are you setting up

17:52:59 5 these meetings with Mr. Medley to meet with

17:53:01 6 potential investors who had come up with this

17:53:08 7 \$3 million?

17:53:08 8 A. I don't recall.

17:53:08 9 Q. Was this in 2004?

17:53:08 10 A. I answered already. It could have been

17:53:10 11 late 2004. Sometime in 2005. I don't recall.

17:53:14 12 Q. Well, when did you have the oral agreement

17:53:18 13 with Mr. Medley that he was going to pay you this

17:53:22 14 10 percent finder's fee, plus stock options and

17:53:25 15 warrants?

17:53:26 16 A. Before he flew to Arizona.

17:53:28 17 Q. But that would be after the deal went --

17:53:33 18 A. I don't know.

17:53:34 19 Q. -- down in Las Vegas?

17:53:35 20 A. It would be distinctly after the closing of

17:53:37 21 the transaction because I could only raise money for

17:53:40 22 Davi Skin once it became Davi Skin.

17:53:43 23 Q. Okay.

17:53:43 24 A. So it's distinctly after the closing.

17:53:45 25 Q. So you have no recollection whatsoever how

17:53:47 1 far after? A month? Six months? A year?

17:53:50 2 A. As I sit here today I don't recall.

17:53:57 3 Q. More than a year?

17:53:59 4 A. I answered I don't recall. It could have

17:54:02 5 been sometime at the end of 2004 or 2005. I don't

17:54:07 6 recall.

17:54:12 7 Q. Well, I just want to see if I can break

17:54:14 8 down the "it could have been" because what I want to

17:54:18 9 understand is -- your microphone just dropped off.

17:54:22 10 A. Again? Sorry.

17:54:23 11 Q. What I want to understand is you had an

17:54:30 12 oral agreement for this dollar for dollar thing from

17:54:34 13 June of 2004.

17:54:36 14 A. Yep.

17:54:36 15 Q. Right?

17:54:37 16 A. Yep.

17:54:38 17 Q. That never got mentioned any time again

17:54:41 18 between the two of you until some point much later

17:54:44 19 on; correct?

17:54:46 20 A. As I stated before, I said maybe I had some

17:54:51 21 phone conversations where I might give him a hard

17:54:55 22 time about it. I don't recall. I think that's what

17:55:00 23 I said before.

17:55:05 24 Q. Let me ask you a question, Ms. Wallace.

17:55:07 25 A. Sure.

17:55:07 1 Q. If you had received an agreement from
17:55:13 2 Mr. Medley during your meeting in April of this
17:55:20 3 year, April of 2006 that he would have given you
17:55:25 4 your dollar for dollar consideration as far as the
17:55:29 5 shares in the company on that promissory note, would
17:55:32 6 you have written what he asked you to write to the
17:55:36 7 auditors?

17:55:36 8 A. No. No, I wouldn't have written what he
17:55:39 9 asked me to write.

17:55:40 10 Q. Then what was it that you were looking for
17:55:42 11 from Mr. Medley in April of 2006?

17:55:45 12 A. If Mr. Medley had given me my two hundred
17:55:48 13 and something thousand dollars I would have told the
17:55:51 14 auditors that Mr. Medley gave me two hundred and
17:55:54 15 something thousand dollars and I don't care who the
17:55:56 16 note belongs to. As far as I'm concerned I guess it
17:55:59 17 belongs to the company.

17:56:00 18 Q. So the only thing that you were interested
17:56:04 19 in in April of 2006 was 100 percent of the cash that
17:56:09 20 was due on that note?

17:56:12 21 A. Some kind of compensation. All the cash
17:56:14 22 would have been nice. A portion would have been
17:56:16 23 nice. Anything would have been nice that I got
17:56:22 24 something out of this transaction.

17:56:22 25 Q. Something out of the transaction. Didn't

17:56:24 1 you collect \$250,000 on a company that had no
17:56:28 2 revenues?

17:56:30 3 A. Mr. Gutman, I put over a million dollars
17:56:35 4 into that company. When I did the reverse merger I
17:56:40 5 didn't have to forgive it. I forgave most of my
17:56:43 6 money. If you think as I sit here today that
17:56:46 7 because I got \$250,000 in the reverse merger that I
17:56:51 8 am happy, no. I would take another \$600,000. I
17:56:57 9 would take any amount that made me whole. That's
17:57:00 10 what I did. That's what I expect.

17:57:03 11 Q. What was the source of funds for that
17:57:06 12 \$1 million that you claim you put up into
17:57:08 13 MW Medical?

17:57:10 14 A. My personal money, cash.

17:57:13 15 Q. That was money that you earned how?

17:57:21 16 A. I earn it period.

17:57:23 17 Q. From what type of business activities?

17:57:25 18 A. I've been working since I was 27 years old.

17:57:33 19 Q. Well, what I want to understand is was that
17:57:36 20 money that you earned in connection with the work
17:57:39 21 that you did with --

17:57:41 22 MS. AMBROSIO: Wait. This has been asked
17:57:42 23 and answered. She went over earlier today all the
17:57:44 24 jobs she had.

17:57:45 25 MR. GUTMAN: I just want to ask this

17:57:47 1 question about the source of the monies.

17:57:48 2 Q. Is it monies -- were these monies that you
17:57:52 3 earned through Claire Technology, Active Systems,
17:57:57 4 Dynamic Associates and MW Medical?

17:58:03 5 MS. AMBROSIO: I'm going to object.

17:58:04 6 THE WITNESS: Mr. Gutman --

17:58:05 7 MS. AMBROSIO: Don't answer it.

17:58:06 8 THE WITNESS: I won't answer.

17:58:08 9 MR. GUTMAN: On what basis?

17:58:09 10 MS. AMBROSIO: It's not relevant.

17:58:10 11 THE WITNESS: It's my money. I answered
17:58:12 12 that it was my money.

17:58:14 13 MS. AMBROSIO: No more.

17:58:15 14 MR. GUTMAN: Ms. Ambrosio, I'm sure you
17:58:16 15 realize under the federal rules that relevance is
17:58:19 16 not an appropriate objection at a deposition.

17:58:24 17 MS. AMBROSIO: I'm instructing my client
17:58:26 18 not to answer it. You want to bring a motion --

17:58:29 19 MR. GUTMAN: On the grounds of relevance?

17:58:30 20 MS. AMBROSIO: On the grounds that it
17:58:31 21 has -- she told you and it's verifiable that she put
17:58:36 22 the money in. This company has been through a
17:58:39 23 bankruptcy. If you would like to look at the
17:58:41 24 bankruptcy files you are more than welcome to.

17:58:44 25 MR. GUTMAN: No. What I would have liked

17:58:46 1 to have seen were the documents that were requested
17:58:48 2 and to have the witness make at least a modicum of
17:58:52 3 effort to comply with her obligation --

17:58:54 4 THE WITNESS: I did.

17:58:55 5 MR. GUTMAN: -- under the code.

17:58:56 6 Excuse me, Ms. Wallace. I'm responding to
17:58:58 7 your counsel now and I actually heard your testimony
17:59:01 8 during the course of the day about the efforts that
17:59:03 9 you made and frankly they do not comply with the
17:59:06 10 obligations under the code.

17:59:08 11 So --

17:59:09 12 MS. AMBROSIO: Fine.

17:59:10 13 MR. GUTMAN: -- either we will do a motion
17:59:15 14 to exclude or do a motion to compel you to produce
17:59:15 15 the documents or to at least make some effort to
17:59:19 16 locate them.

17:59:19 17 At this point in time I'm going to reserve
17:59:22 18 my right to reopen the examination based upon the
17:59:25 19 failure to produce the documents in the course of
17:59:29 20 discovery that I believe the witness had an
17:59:31 21 obligation to search for and at least make some sort
17:59:34 22 of an effort to determine if they did exist and with
17:59:38 23 that, subject to that exception and the questioning
17:59:42 24 which you instructed her not to respond I'll reserve
17:59:44 25 my rights in connection with that too.

17:59:46 1 I would propose a stipulation if you are
17:59:50 2 willing unless you want to go by the code,
17:59:52 3 stipulation regarding the maintenance of the
17:59:54 4 original transcript.

17:59:56 5 MS. AMBROSIO: You can do the stipulation
17:59:57 6 on the record. That's fine.

17:59:58 7 MR. GUTMAN: Thank you.

17:59:59 8 I'll propose the following stipulation:
18:00:00 9 That the court reporter can be relieved of his
18:00:02 10 duties with respect to the maintenance of the
18:00:03 11 original transcript. You know what, I'm rushing
18:00:11 12 because the --

18:00:12 13 VIDEO OPERATOR: You are fine.

18:00:14 14 MR. GUTMAN: All right. Can we go off the
18:00:16 15 record for one minute.

18:00:18 16 VIDEO OPERATOR: Sure. Going off the
18:00:19 17 record. The time is 6:00.

18:00:21 18 (Recess.)

18:03:31 19 VIDEO OPERATOR: Back on the record. The
18:03:32 20 time is 6:03.

18:03:34 21 MR. GUTMAN: I'll propose the following
18:03:35 22 stipulation:
18:03:36 23 That the court reporter can be relieved of
18:03:38 24 his obligations under the federal rules of civil
18:03:40 25 procedure with respect to maintenance of the

18:03:42 1 original transcript.

18:03:42 2 That the original transcript can be sent to
18:03:44 3 the deponent through her counsel for the deponent to
18:03:46 4 read, review and sign under penalty of perjury and
18:03:48 5 make any changes or corrections that are necessary.
18:03:50 6 In the event that there are any changes or
18:03:53 7 corrections counsel will notify my office within
18:03:57 8 let's say 20 days of her receipt of the transcript.

18:04:00 9 And that the original transcript shall be
18:04:04 10 signed under penalty of perjury.

18:04:06 11 That counsel for the deponent assuming that
18:04:08 12 we have a reciprocal arrangement can maintain
18:04:10 13 custody of the original and present it upon request
18:04:13 14 of any counsel or party in this action at the time
18:04:17 15 of trial or for any other purpose or any other
18:04:20 16 hearing.

18:04:20 17 In the event the original is not signed
18:04:22 18 under penalty of perjury or otherwise is unavailable
18:04:25 19 for any reason whatsoever a certified copy can be
18:04:28 20 used in lieu thereof for any and all purposes.

18:04:34 21 You want me to repeat it?

18:04:34 22 MS. AMBROSIO: No. So stipulated.

18:04:36 23 VIDEO OPERATOR: This concludes the
18:04:37 24 deposition of Jan Wallace, volume one. Number of
18:04:39 25 tapes used was three. The original videotapes will

18:04:42 1 be retained by Merrill Legal Solutions at
18:04:44 2 20750 Ventura Boulevard, Suite 205, Woodland Hills,
18:04:52 3 California 91364.

18:04:52 4 Going off the record. The time is 6:04.
18:04:53 5 (Whereupon, at the hour of 6:04 p.m., the
18:04:53 6 proceedings were concluded.)

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18:04:53 1 DECLARATION

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18:04:53 4

18:04:53 5 I hereby declare I am the deponent in the

18:04:53 6 within matter; that I have read the foregoing

18:04:53 7 deposition and know the contents thereof, and I

18:04:53 8 declare that the same is true of my knowledge except

18:04:53 9 as to the matters which are therein stated upon my

18:04:53 10 information or belief, and as to those matters, I

18:04:53 11 believe it to be true.

18:04:53 12 I declare under the penalties of perjury of the

18:04:53 13 State of California that the foregoing is true and

18:04:53 14 correct.

18:04:53 15 Executed on the ____ day of _____

18:04:53 16 2006, at _____, California.

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W I T N E S S

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18:04:53 1 STATE OF CALIFORNIA)
18:04:53 2) SS.
18:04:53 3 COUNTY OF LOS ANGELES)

18:04:53 4 I, Vance L. Jarvis, Certified Shorthand
18:04:53 5 Reporter, Certificate No. 9014, for the State of
18:04:53 6 California, hereby certify:

18:04:53 7 I am the deposition officer that
18:04:53 8 stenographically recorded the testimony in the
18:04:53 9 foregoing deposition;

18:04:53 10 Prior to being examined the deponent was
18:04:53 11 first duly sworn by me;

18:04:53 12 The foregoing transcript is a true record
18:04:53 13 of the testimony given;

18:04:53 14 Before completion of the deposition, review
18:04:53 15 of the transcript [] was [] was not requested. If
18:04:53 16 requested, any changes made by the deponent (and
18:04:53 17 provided to the reporter) during the period allowed
18:04:53 18 are appended hereto.

18:04:53 19
18:04:53 20 Dated_____.

18:04:53 21

18:04:53 22

18:04:53 23 _____

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