

1 CAUTIONS IN USING A REALTIME PARTIALLY EDITED TRANSCRIPT

2

3 IN A REALTIME PARTIALLY EDITED TRANSCRIPT, YOU MAY  
4 SEE THE REPORTER'S RAW SHORTHAND NOTES. CONSEQUENTLY, YOU  
5 MAY SEE ERRORS IN CAPITALIZATION AND PUNCTUATION,  
6 MISSPELLINGS, SMALL WORDS MISSING (SUCH AS "THE," "IT,"  
7 "A"), TRANSPOSED WORDS, DOUBLE WORDS, CONTEXTUAL HEARING  
8 MISTAKES, HEARING MISTAKES OF SOUND-ALIKE WORDS, POSSIBLE  
9 INCORRECT SPEAKER IDENTIFICATION, AND AT TIMES STENO  
10 OUTLINES THAT HAVE NOT BEEN TRANSLATED.

11 BE ASSURED THAT IN THE FINAL EDITED VERSION OF THE  
12 TRANSCRIPT, ALL ERRORS ARE CORRECTED. AN UNEDITED OR  
13 PARTIALLY EDITED TRANSCRIPT REPRESENTS A FIRST DRAFT AND  
14 SHOULD BE USED ACCORDINGLY.

15 THEREFORE, IT IS NOT RECOMMENDED YOU RELY ON THE  
16 UNEDITED VERSION AS YOU WOULD A FINAL EVIDENTIARY CERTIFIED  
17 TRANSCRIPT. ALTHOUGH AN UNEDITED OR PARTIALLY EDITED  
18 TRANSCRIPT WILL BE VERY READABLE AND MOSTLY ACCURATE, IT  
19 SHOULD BE USED WITH GREAT CARE.

20

21

22

23

24

25

26

27

28

1 GABRIELINO-TONGVA TRIBE VS. STEIN

2 TRIAL TESTIMONY OF J. STEIN

3 09:57 AM.

4 THE COURT: Gabrielino versus Stein BC 361307.

5 Good morning.

6 MS. IBARRA: Good morning.

7 MR. FORDYCE: Good morning.

8 THE COURT: Counsel will you make your  
9 appearances.

10 MS. IBARRA: Delia Ibarra on behalf of plaintiff  
11 Gabrielino-Tongva Tribe.

12 MR. FORDYCE: Niall Fordyce on behalf of Mr. Stein  
13 and law offices of Jonathan Stein.

14 MR. STEIN: Jonathan Stein on behalf of SMDC and  
15 the Crane Group.

16 THE COURT: Thank you. Okay. We're going to  
17 start this morning with my hearing as to why Mr. Stein  
18 should be allowed to testify given what happened on Friday  
19 afternoon, the out burst, the pointing, what I perceived to  
20 be yelling. So I don't know if Mr. Fordyce you want to  
21 speak on behalf of Mr. Stein or Mr. Stein wantd to speak on  
22 his own behalf, either of you are welcome to speak.

23 MR. STEIN: First of all I'd like to start by  
24 apologizing because there should be no reason there should  
25 be outbursts, pointing, yelling. You know, we've had 12  
26 trial days since we came back, 10 of them went well. So I  
27 don't want to apologize on one hand and then blame somebody  
28 else on the other so let me first apologize. You know it's

1 difficult circumstances, Friday morning before court my  
2 wife and I decided that we have to move out of our house  
3 because we can't afford the mortgage so we'll be renting it  
4 out and living in the garage that's quite a come down at  
5 age 60. I've spend \$150,000 in this trial, I'm judgment  
6 proof and I have defendants, cross-defendants that are also  
7 judgment proof, so the idea of recovery by winning is  
8 really not there. So it's an upsetting situation and as I  
9 said out of the 12 days we've had 10 good ones. We've had  
10 two out of the 12 that were bad ones and I went home Friday  
11 5:00 o'clock I was sick at a dog, I was sick at a dog most  
12 of the weekend and that's the second time being force the  
13 into a trial situation against the doctor's advice.

14 THE COURT: What doctor.

15 MR. STEIN: Dr. Gorlitski and Dr. Pelican both  
16 advised.

17 THE COURT: Did they submit some kind of evidence  
18 that that was the case or.

19 MR. STEIN: Yeah they submitted a letter that this  
20 court took as approval that if there are two or three hours  
21 a day available for me to earn a living I should instead do  
22 this trial and not earn a living and obviously I have to do  
23 both.

24 THE COURT: Well that was clearly -- so there was  
25 nothing that indicate dated that you were unavailable or un  
26 able to continue with trial. In fact there was  
27 confirmation that you were doing depositions in the  
28 afternoon as well. So I just wanted to be clear that there

1 wasn't any medical or there has nothing about present today  
2 the court that you are unable medically to participate in  
3 the trial if you present something that effect, of course I  
4 will consider it, but please don't misrepresent the record.

5 MR. STEIN: I apologize if the court feels I was  
6 misrepresenting the record. And again the idea is to  
7 apologize and I would like to finish my apology. So the  
8 Court's concern was not the difficulties that the court had  
9 with my testimony, it was concerns with out burst and  
10 pointing and yelling and that was the moment and then it  
11 would have been a difficult court day but manageable other  
12 than the out burst.

13 THE COURT: I think that's true. I'm not  
14 disagreeing with the substance of the testimony at all, I'm  
15 disagreeing with the disposition and the manner and.

16 MR. STEIN: Right.

17 THE COURT: And sort of your actions but no it has  
18 nothing to do with the substance of your testimony and  
19 you're right about that t doesn't have anything to do with  
20 that.

21 MR. STEIN: So then what the court is -- held  
22 the -- so what caused the court to hold the OSC was that  
23 one out burst at the end after Ms. Ibarra said that I had  
24 been sued by the Morales group when I had not and it seemed  
25 to me a purposeful misrepresentation to the court made to  
26 undermine my testimony which was that Sam Dunlap was a  
27 tribal council man of the Morales group when the purported  
28 attorney-client relationship with Dunlap was created, not

1 with the plaintiff here. So in the -- so if we can  
2 recreate the moment for just a moment, what turned into a  
3 difficult court day which is normal for this  
4 [courts|court's] busy schedule and the kind of difficulties  
5 that I should be able to handle up to two hours a day, the  
6 court has made accommodations to allow me to handle it,  
7 what moved from there to where we are are was two things,  
8 the comments that by Ms. Ibarra that impressed me as an  
9 absolutely purposeful misrepresentation of the fact to the  
10 court that I had been sued by the Morales meant to coincide  
11 with the with the testimony that Dunlap was tribal council  
12 man of the Morales group at the same time, that provocation  
13 and my response to that provocation, I don't think I should  
14 be blamed -- there's plenty of blame to go around and I'm  
15 happy to separate it but I don't think I should be  
16 sanctioned with this ultimate of all sanctions when there  
17 are other sanction that's have not been employed number one  
18 and Number 2 when there was an explicit provocation for  
19 that meant to win the trial and meant to misrepresent facts  
20 to the court in a manner that has been accepted by the  
21 Court in a past without reprimand, this court has accepted  
22 those types of jabs that were purposeful jabs without  
23 reprimand and made me feel like I had to get in the way.  
24 The court has no duty to reprimand, the court did nothing  
25 wrong in not reprimanding her. All I'm saying in the  
26 absence of a court reprimand for this repeated type of  
27 misrepresentation of fact meant to undermine testimony, I  
28 felt that I had to speak up, I did so wrongly, Your Honor,

1 and I apologize for that.

2 THE COURT: It's not what -- it's not the  
3 evidence, it's not the questions that cause the problem,  
4 it's your demeanor. It's the raising of the voice, it's  
5 speaking over the court despite the court asking you please  
6 refrain from speak he can so the court can speak, it's  
7 pointing, it's raising your voice, that's the problem and  
8 if it was confined to one situation, like last Friday, then  
9 you know the court wouldn't be contemplating concluding  
10 your testimony. It's the fact that it's happened over and  
11 over and over again and the instances are all over the  
12 record but Mr. Stein I want to have get through this just  
13 as much as anybody I'm only doing two hours a day and I  
14 have lots of trials that need to be handled so I would like  
15 to do more than two hours a day, I'd like just as much as  
16 you to be done with this and I want to be done with it but  
17 when I have you raising your voice, yelling h pointing, you  
18 are you're making accusations against opposing could you  
19 please, against the court against whoever because you're  
20 upset and I can see you're upset but it's disruptive. And  
21 it's not the testimony that's upsetting, it's your behavior  
22 that's upsetting. So if you could refrain from that we can  
23 get through this because somebody's got to do it, this case  
24 is what 11 years Old, up and down the court of appeal, it's  
25 a mess, can't find documents, it's a mess. So somebody's  
26 going to have to do t you're going to have do it, I'm going  
27 to have to do it or some other judge is going to have to do  
28 so we might as well get through two as easily as possible

1 and that's what I'm asking you to do is focus on -- if  
2 there's an objection to you know the question because it  
3 misrepresents the evidence or the facts then there's an  
4 objection to that, objection misstates the testimony or  
5 whatever the objection is but the response isn't to yell  
6 and point fingers and the plaintiff doesn't do that. Mr.  
7 Fordyce doesn't do it. So there's appropriate objections  
8 and you need to employ those objections or have your  
9 counsel employ those objections, I think he tries to.

10 MR. FORDYCE: I do.

11 THE COURT: You distract everybody. So let's try  
12 to get through this. I want to hear what you have to say,  
13 I've been listening to it, I want to hear what you have to  
14 say but I can't hear it if you're yelling. So do I have an  
15 agreement here? And you know you're right, I don't want to  
16 have to strike your testimony and frankly, I don't want to  
17 sanction you either but you're right, there are steps I  
18 don't even want to have to take the first step which would  
19 be a monetary sanction I really don't even want to go  
20 there, so can I have your agreement that you will attempt  
21 to make an effort to control yourself.

22 MR. STEIN: Oh Your Honor absolutely, actually  
23 Niall was kind enough to come over to my house, we spent  
24 two hours yesterday, before the Super Bowl to talk about  
25 this but to me, the most important thing is to understand  
26 what the court is doing. I'm trying -- I'm absolutely here  
27 to show respect and cooperation with the court, it's a  
28 difficult situation we're all in, I recognize that it's as

1 difficult for the Court as everybody else in many ways. So  
2 if I can just repeat back, is the demeanor, raising the  
3 voice, speaking over the court.

4 THE COURT: Pointing.

5 MR. STEIN: Pointing and the fact that it's  
6 disruptive to the proceedings and you know it's distracting  
7 and it's happened more than once.

8 THE COURT: Yeah that's -- you got it right. All  
9 right so let's try to -- let's try to stop the behavior, so  
10 you only have two hours a day, so I want to maximize that  
11 but I can't do that if I have to get distracted with those  
12 things.

13 MS. IBARRA: Can I just add something Your Honor?  
14 So the only thing that I would add is just personal  
15 attacks, not just towards me but also towards my client and  
16 I think it's difficult because Mr. Stein also the litigant  
17 and ordinarily you don't have that and so you don't have  
18 that animosity towards counsel towards the party and  
19 towards opposing counsel but in this case it's just been  
20 overwhelming and I don't have a personal stake in this case  
21 and I want it to be over like everybody else so even today  
22 you know this allegations about my misstatements about the  
23 Morales litigation, it was true that you know they were  
24 opposing parties, I might have misstated that Morales sued  
25 Stein but Mr. Stein did represent a party that was in a  
26 lawsuit with Morales, Morales obtained a judgment against  
27 Mr. Stein's client as a result of that litigation, that's a  
28 fact we've heard a lot of evidence about that, I didn't do



1 anything that was not in good faith, I mean I think the  
2 provocation sometimes goes both ways and to the extent that  
3 that happened, I try very hard not to respond when Mr.  
4 Stein makes personal attacks upon me but that's also  
5 sanctionable conduct and it's within the Court's  
6 jurisdiction to control that and so I would just hope that  
7 Mr. Stein would try to not do any more personal attacks  
8 against me or my clients.

9 THE COURT: I think he said he is going to refrain  
10 from that so I will accept that representation but you  
11 understand going forward that you know monetary sanctions  
12 and then striking testimony comes after that and -- I'd  
13 rather not do that. So yet and like I've said, in the past  
14 I recognize that being the litigant and the lawyer is  
15 what's causing a lot of the out burst I think, not a good  
16 idea but that's -- if Mr. Stein wants to do that he's  
17 entitled to do that and he's doing it, it just causes  
18 additional problems so. All right Mr. Stein come on up.

19 MR. STEIN: Thank you Your Honor. And if I might,  
20 Your Honor, in a further effort to avoid the difficulty, if  
21 we can reserve our cross-examination and go instead to a  
22 different subject matter, we're going to try a very  
23 different subject matter.

24 THE COURT: Okay that's fine.

25 MR. FORDYCE: And Jonathan I didn't get a chance  
26 to put this up in front of you but it's '66 four in the  
27 second binder.

28 MR. STEIN: Very good.

1 MR. FORDYCE: I'm sorry 644, my bad. And Your  
2 Honor we're going to go to Exhibit 6 six -- I'm sorry I  
3 keep saying '66 four for some reason, 644 which is in  
4 Defendants second binder.

5 THE CLERK: It looks like that has been admitted.

6 MR. FORDYCE: I think it has yeah.

7 THE CLERK: June 27th.

8 MR. FORDYCE: Yeah that makes sense I have that  
9 same day.

10 THE COURT: Okay 66 --.

11 MR. FORDYCE: 644.

12 THE COURT: 644.

13 MR. FORDYCE: Yes.

14 THE COURT: Okay.

15 MR. FORDYCE: Okay Mr. Stein.

16 THE COURT: Hold on let me confirm with Mr. Stein  
17 you understand you're under oath.

18 A. Yes Your Honor.

19 THE COURT: And yes you are allowed to go and kind  
20 of switch subject now we're looking at a different exhibit.

21 MR. FORDYCE: Yes we'll just cut to the Chase.

22 Q. Mr. Stein have you seen Exhibit 64 four before?

23 A. Yes.

24 Q. Would you please describe what 644 is?

25 A. 644 is the fully executed development funding  
26 agreement with Libra, we called it the Libra agreement, it  
27 has all its exhibits and all the signatures and I  
28 participated in making sure that was fully assembled at the

1 request of Libra and on behalf of SMDC.

2 Q. Do you have personal knowledge as to who drafted  
3 the agreement?

4 A. Yeah, it was drafted -- about 90 percent of it was  
5 drafted by the Libra attorneys which is typical of investor  
6 agreements, they have their attorneys draft it so every  
7 word is the same as other developments and in their favor  
8 or at least not against them.

9 MS. IBARRA: Objection lacks foundation as to what  
10 is typical of what these funding agreements.

11 THE COURT: Overruled.

12 Q. BY MR. FORDYCE: Mr. Stein did you yourself play a  
13 role in drafting this agreement?

14 A. Yes I did. As a -- as the principle for SMDC  
15 which was going to get -- get all its money from this  
16 agreement, I had an interest, as an independent contractor  
17 for GT Tribe it was my job to be the business person on the  
18 grid.

19 Q. Did SMDC have a relationship with Ms. Barrett and  
20 her law firm?

21 A. Yes Ms. Barrett was SMDC's attorney and also  
22 attorney for GT Tribe.

23 Q. Was that through this agreement and the Libra  
24 funding in general?

25 A. Yes. And her fees were also going to come from  
26 the Libra funding.

27 Q. I think we've laid foundation. So Mr. Stein  
28 directing you to the very first page of -- I'm sorry it's

1 not really the first page, yeah it is the first page, it's  
2 Bates numbered zero eight 58 at the top it says execution  
3 copy and development funding agreement. Could you read the  
4 development funding agreement title block please?

5 A. The title block is development funding agreement,  
6 this development funding agreement is made as of May 20,  
7 2006, the effective date, by and among Gabrielino-Tongva  
8 tribe, a tribal sovereign for the Gabrielino aboriginal  
9 tribe of Los Angeles basin formerly known as San Gabriel  
10 band of Mission Indians, and now recognized by legislative  
11 resolution chapter 146 of the California code, the tribe,  
12 acting by and through their legal and traditional governing  
13 body, their dually elected tribal council, the council, the  
14 Gabrielino tribal gaming authority, in instrumentality  
15 charted by the tribe, gaming authority, and each of the  
16 investors whose names are set forth in Exhibit A attached  
17 here to. Individually each an investor and collectively  
18 the investors.

19 Q. To the extent you know, who are these parties?

20 A. Well what Libra did was they pulled together about  
21 a dozen different investors in New York, off shore and  
22 Boston where John Hancock -- John Hancock insurance company  
23 was one of the investors and they brought them to this  
24 agreement. So this agreement was -- and Libra itself was  
25 an investor. So this agreement was -- that dozen investors  
26 on one side, the tribe on the other.

27 Q. And I draw your attention this is Bates zero eight  
28 '98 and this is Exhibit A that I believe is referred to in

1 the title block. And just to confirm, those are the  
2 investors to whom you're referring?

3 A. Yeah. They are -- Exhibit A shows the investors  
4 which at the bottom included Libra, right above that is  
5 John Hancock insurance and then you can see from the  
6 addresses that we had off shore in Bermuda and we had a  
7 number of New York based funds.

8 Q. A lot of Madison Avenue dresses. Oxide like to  
9 take you through the recitals. Can you read the first  
10 whereas please.

11 THE COURT: Where are we.

12 MR. FORDYCE: Oh, I'm sorry, Your Honor. This is  
13 back to 0898.

14 THE COURT: Thank you.

15 A. So these are the recitals on the Libra agreement  
16 for the investment of the tribe, whereas the tribe is  
17 seeking to obtain approval to establish one or more Las  
18 Vegas style casinos in Los Angeles County in order to  
19 conduct certain gaming activities collectively the proposed  
20 project.

21 Q. What was the purpose this whereas clause?

22 A. It was to set up what the investors were going to  
23 do was fund the propose the project which was to get a  
24 casino in L.A. County.

25 Q. Was this an important provision when it was  
26 written to your knowledge?

27 A. Very important, yes.

28 Q. Why?

1           A.    Well the investors were not interested in the  
2 dynamics of the tribe, like SMDC they had one goal and that  
3 was a casino project.  As the whereas clause below will  
4 show, their goal was even more limited than SMDC's because  
5 they were specifically approaching this to fund the attempt  
6 to get the SB 175 into law.

7           Q.    Can you move on to the next whereas please, the  
8 little short one?

9           A.    Whereas the tribe is in need of certain funding in  
10 order to advance the severance in furtherance of the  
11 proposed project.

12          Q.    It's fairly self explanatory, but please explain  
13 your understanding?

14          A.    Well SMDC had been able to cover expenses which  
15 were small, I mean to get -- to move something like a  
16 project like this forward required millions of dollars  
17 which is what the investors had, SMDC had provided hundreds  
18 of thousands of dollars which would not be nearly enough to  
19 make a dent in the tasks required to get approval for a  
20 casino in L.A. County.

21          Q.    Was this an important provision?

22          A.    Yes.

23          Q.    And now on to the next whereas clause please?

24          A.    Whereas the investors desire, one, to provide  
25 certain initial investments in the aggregate amount of  
26 \$1,250,000 in furtherance of the proposed project and two  
27 in consideration thereof to obtain an interest in certain  
28 gaming device revenue for the proposed project as described

1 more fully herein.

2 Q. And what was the purpose of this whereas clause?

3 A. It was to show what the deal was, and the deal was  
4 they were going to make a total of \$2.15 million and get  
5 certain rights of the casino so it was basically a venture  
6 capital style investment, not dissimilar to an investment  
7 in Facebook or Snap Chat. If you put in a little bit of  
8 money that you can afford to lose, but if it hits, you get  
9 rights in the future, in this case rights to revenue from  
10 slot machines that were hundreds and thousands of times  
11 more than this small investment.

12 Q. Who brought Libra to the tribe?

13 A. SMDC did, I did.

14 Q. Did the tribe itself to your knowledge play any  
15 role in bringing Libra into the casino project?

16 A. None whatsoever.

17 Q. So all SMDC?

18 A. Right. I don't think the tribal council men ever  
19 met any of the Libra employees or principles prior to the  
20 signature of this agreement go did you deal with the Libra  
21 principles directly?

22 A. Yes. Jess Ravitch, Sammy Lai and there were a few  
23 others.

24 Q. And --

25 A. And remember, they were themselves representatives  
26 of the ultimate investors.

27 Q. Right. And let's get back to the whereases. Now  
28 on to the slightly longer whereas clause, in addition to

1 such?

2 A. Whereas in addition to such initial investment  
3 subject to certain conditions the investors desire to  
4 commit for a period of one year from the date hereof  
5 subject to extension as provided to invest upon  
6 satisfaction or waiver of certain conditions described  
7 herein an additional \$19,000,000 of additional financing in  
8 support of the proposed project and in consideration of the  
9 payment of such \$19,000,000 obtain an interest in certain  
10 gross revenues of the proposed project as described more  
11 fully below.

12 Q. What was the purpose of this whereas clause?

13 A. Well it was to show that the total investment was  
14 going to be 21 million, there's another sum below, but the  
15 idea was if they had complete discretion that if certain  
16 milestones were met and certain provisions could be  
17 complied with, then they would have basically an option to  
18 provide up to \$19,000,000 and we had only one year to do  
19 that, so we were on a very tight string.

20 Q. So was this a guarantee of \$19,000,000 to the  
21 tribe?

22 A. No no, the investors had 100 percent discretion on  
23 any monies other than the 2.15 million that they were  
24 committing to up front.

25 Q. I want to draw your attention specifically in that  
26 paragraph to the language that says upon the satisfaction  
27 or waiver of certain conditions described herein.

28 THE COURT: Where are you looking.



1 MR. FORDYCE: I'm sorry Your Honor, that was in  
2 the middle -- right in the middle of that whereas clause.

3 THE COURT: Upon the satisfaction or waiver.

4 MR. FORDYCE: Satisfaction of waiver yes exactly  
5 right.

6 THE COURT: Yes I'm there.

7 Q. BY MR. FORDYCE: Mr. Stein, certain conditions  
8 described herein, did the tribe meet these conditions?

9 A. Never came close.

10 Q. Please explain?

11 A. The condition was to get passed into law in one  
12 year the legal right to gamble under state law and this was  
13 the theory that I -- that I'd worked on with retired  
14 California Supreme Court justice Cruz Reynoso, Armand  
15 Arabian, Rae Lamothe and Elizabeth Aronson and Richard  
16 Polanco on the political side and that was to show under  
17 the way the California constitution was written, when they  
18 allowed Indian gaming in an amendment they allowed it not  
19 just for federal tribes by the statute state recognized  
20 tribes like the Gabrielinos.

21 Q. And just to be absolutely crystal clear the tribe  
22 did end up getting \$2.15 million from Libra out of your  
23 working correct?

24 A. Yes, that money actually was funded in the tribe,  
25 made it into their accounts, and was actually spent by GT  
26 Tribe.

27 Q. And whereas clause this is the one near the bottom  
28 of the page in connection with such commitment?

1           A.   Whereas in connection with such commitment, with  
2   respect to such additional financings the investors have  
3   agreed to make a one time payment to the tribe of  
4   \$900,000.

5           Q.   Please explain this whereas clause?

6           A.   That was an extra amount I negotiated and because  
7   I negotiated it successful Lee, we had to have a different  
8   mechanism because the the agreement was pretty much written  
9   already so it just became an additional payment up front.

10          Q.   And this money plus the 1.25 million mentioned in  
11   the third whereas clause that totaled the 2.15 million the  
12   tribe received?

13          A.   Right, the money the tribe actually got and spent  
14   was the 1.25 from above that was in the original agreement  
15   and then this late addition that I negotiated at the very  
16   end of the negotiation after Marilyn Barrett was fired.

17          Q.   All right of the last whereas clause on this page,  
18   please?

19          A.   Whereas the investors desire to have the right to  
20   extend their commitment to make such additional financings  
21   for an additional year such that the aggregate period of  
22   commitment shall be two years in consideration of an  
23   additional payment to the tribe of \$900,000.

24          Q.   Please explain for purposes of this whereas  
25   clause?

26          A.   That would have been another \$900,000 paid after  
27   one full year, so that in May of 2007 if the investors were  
28   still interested, even if they didn't give us part of the

1 19 million, they would still have to give us 900,000 or  
2 their rights would go away.

3 Q. Did this additional 900,000 take place?

4 A. No you would have to get to may of 2007 first of  
5 all and then second of all it would -- you would then have  
6 to convince them that they wanted to stay involved in the  
7 deal and then if they did though, this payment  
8 automatically would come to the tribe if they -- if those  
9 two things happened.

10 Q. Let's move to the next page, this is Bates zero  
11 eight 59 can you read the next whereas clause please?

12 A. Whereas the parties hereto desire to set forth  
13 herein the rights and obligations of the parties with  
14 respect to the initial investments, the additional  
15 financings, and other matters described herein.

16 Q. Please explain this whereas clause?

17 A. It was just explaining that this was the agreement  
18 that was going to govern the obligations, the 2.15 million,  
19 the \$900,000 extension and then the \$19,000,000 capital.

20 Q. Okay. And then we have a now there for close?

21 A. Now there for in consideration of the knew actual  
22 benefits described herein and valuation consideration the  
23 receipt and sufficiency hereby are acknowledged the parties  
24 agree as follows.

25 Q. Just a standard there for clause, anything in  
26 particular unusual about that?

27 A. Other than the word valuable is set out as  
28 valuation, no.

1 Q. All right H Mr. Stein do you have any belief was  
2 to the effect that SMDC being sued by the tribe had on this  
3 agreement?

4 A. Yeah it was -- it breached the tribes obligations  
5 not to be in lawsuits number one and so you breach the  
6 agreement, that's the end of your ability for the investors  
7 to continue with you unless they forgive the breach.

8 Q. Did you speak to anyone personally?

9 A. That's number one.

10 Q. Okay sorry please finish?

11 A. Number 2, as a practical matter, it raised a very  
12 big difficulty that was impossible to get around and that  
13 once the tribe terminated SMDC all amounts were immediately  
14 due to SMDC which was about \$2,000,000. So the investors  
15 were looking at a situation now where this guy that was not  
16 going to do any further work was going to get \$2,000,000 of  
17 their investment money and investors don't -- don't say oh  
18 you can go ahead and waist \$2,000,000 of our money or you  
19 can go ahead and use it for what you're legally obligated  
20 to but it doesn't help the casino project. They basically  
21 made very clear that they would do what every other  
22 investor would do in the same situation --

23 Q. Which is?

24 A. -- in my experience, which is once there's a  
25 lawsuit going, that's the end of any new investment.

26 Q. Let's go ahead and just keep looking at this  
27 agreement, do you see under definitions some important  
28 terms defined. Could you start with account please?

1           A.    Yes.

2           THE COURT:  Wait a minute, I don't think we're  
3 going topping through this agreement -- this agreement is  
4 hundreds -- hundred of page, we can skip the definitions I  
5 can go back ask look at the definitions myself but maybe we  
6 should discuss the material terms of the agreement rather  
7 than -- if there's a need to go back to the definitions  
8 because there's a vagueness then you know you can highlight  
9 that but I don't want to go through every single  
10 definition.

11           MR. FORDYCE:  Your Honor can I ask Mr. Stein a  
12 couple questions about the definitions more generally.

13           THE COURT:  Yes?

14           A.    May I have a word before we continue testimony.

15           THE COURT:  Yes?

16           A.    We were actually going to show with the  
17 definitions what the important terms were and then skip the  
18 great body of the document with all the terms and which  
19 very complicated language whereas the definitions allow us  
20 to do exactly what the court was hoping we could do but we  
21 can do it as the court wishes.

22           THE COURT:  So you want to explain the terms but  
23 read the definitions?

24           A.    No.

25           THE COURT:  No no?

26           A.    Instead of reading the definitions just explain  
27 the term and why that -- what it was about the deal that  
28 was important to that term.

1 THE COURT: All right?

2 A. Because the deal was just if you meet these  
3 conditions we'll give you investment money.

4 THE COURT: All right.

5 MR. FORDYCE: And I promise you Your Honor you'll  
6 see that we're going to stipulate lots of them.

7 THE COURT: That's fine.

8 Q. BY MR. FORDYCE: So Mr. Stein can you please  
9 explain the importance of the act as defined?

10 A. The account -- that's where the money first went  
11 from the investors was in this account and the signatories  
12 on this account were Elizabeth Aronson, the assistant  
13 general counsel and myself.

14 Q. And that was going to be my next question, did you  
15 have any connection to this account? And that's a "yes"

16 A. Yes. And the dispute that eventually broke out  
17 was because Ms. Aronson -- the money from this account was  
18 transferred with both our signatures to the tribes  
19 individual accounts, maybe 25, 50,000 at a time. When Ms.  
20 Aronson started writing checks that I did not approve of  
21 and she had the signatory authority but the checks were  
22 meant to go in the pockets of individual council people and  
23 were not for the casino project and did not help the tribe,  
24 that's what created the big blowup that led to this lawsuit  
25 and the ultimate part of the below up was when they took me  
26 off the signature of this account which had all the  
27 investor money in it. So they had gone from taking 20,000,  
28 they were now going to take 400 and 300 and 800,000 at a

1 time and I could not be part of that.

2 Q. And I believe --.

3 MS. IBARRA: Objection. Just narrative, I feel  
4 like we're going through every single one of these things  
5 and there's a question and then there's a narrative and we  
6 have several paragraphs on testimony. I just don't know if  
7 this is the most efficient way of doing this.

8 THE COURT: Overruled I mean -- overruled.

9 Q. BY MR. FORDYCE: Mr. Stein did you have any  
10 concern on SMDC's behalf concerning potential criminal  
11 issues being raised about the handling of the money?

12 A. Yeah. There -- if you just plain steal money from  
13 investors, in other words if you raise money hundred  
14 dollars false pretenses you say hey this money is for a  
15 casino project but you go spend it on a Lamborghini, which  
16 I read about in the L.A. Times once a week probably, that's  
17 criminal conduct and that's one type of criminal conduct,  
18 the other type of course is when you're dealing with  
19 financial flows, you're dealing with the Patriot Act, the  
20 Patriot Act account act is a really big deal in the  
21 investment community and when you're transferring more than  
22 \$10,000 in cash, if there are any concerns that there might  
23 be some link to terrorist groups, then you can go to jail  
24 on that basis and in fact that turned out to be a consider  
25 here.

26 MS. IBARRA: Objection relevancy.

27 THE COURT: What was the concern about Patriot Act  
28 act.

1 MS. IBARRA: Foundation.

2 THE COURT: Was there some investigation or was  
3 there --?

4 A. There was not an investigation although I  
5 personally hired a lawyer skilled in the Patriot Act act in  
6 Washington, D.C. on behalf of myself and SMDC. Sam Dunlap  
7 took the money that he was given and he went it Syria with  
8 it, to Hezbollah sponsored refugee camps.

9 MS. IBARRA: Objection?

10 A. And honest to goodness he wrote me that he was  
11 doing that he wrote me saying I'm in Syria, he told me  
12 stories about dating daughters of Hezbollah people and the  
13 idea that you would do that in the middle of this  
14 investment.

15 MS. IBARRA: Objection hearsay as to.

16 THE COURT: Hold on.

17 MS. IBARRA: What he's --.

18 THE COURT: Go ahead?

19 A. And the idea that you would do that in the middle  
20 of these financial flows, that directly triggers the  
21 Patriot Act act.

22 THE COURT: So your contention was that Dunlap was  
23 taking this money and spending it in what?

24 A. Spending in to fly to Syria.

25 THE COURT: Okay?

26 A. And to work as a volunteer in camps set up by the  
27 political location in Hezbollah, located in Lebanon  
28 currently in Syria, and they were a charitable based group



1 in the Middle East buff the U.S. Government was a terrorist  
2 group.

3 THE COURT: Well on what basis thaws a terrorist  
4 group.

5 A. Yes.

6 THE COURT: Do you have any evidence?

7 A. Yes.

8 THE COURT: Because there are some organization  
9 that's go to Syria to assist those that are refugees et  
10 cetera et cetera.

11 A. And that's exactly the difficulty with the Patriot  
12 Act that leads people to want to repeal regulations like  
13 this. Hezbollah was at the time in 2006, Hezbollah was  
14 listed as a terrorist organization by the U.S. State  
15 Department, this wasn't Israel, this wasn't anything else  
16 in my any opinion, this was the U.S. saying that they were  
17 sponsoring terrorism against the U.S. and so they put them  
18 on the list which the Patriot Act Patriot Act says if you  
19 make a financial transfer transfer that directly or  
20 indirectly with anybody on this list or negotiate of  
21 associate on this list it's very indirect.

22 THE COURT: I know but what I'm saying, if he was  
23 assisting a charitable organization, then I guess there  
24 would be no Patriot Act Patriot Act concern, right?

25 A. Well.

26 THE COURT: Well what is the evidence that there  
27 was an investigation or that there was some activity to  
28 support the terrorist organization because this sound like

1 it's more of a suspicion rather than evidence that in fact  
2 that's what happened?

3 A. Your Honor first of all it's a very good point and  
4 gets to the heart of the difficulties of dealing with the  
5 Patriot Act. On the one hand, Hezbollah viewed from the  
6 United states is just one big circle and any point inside  
7 that circle is a terrorist activity. To people in the  
8 Middle East, Hezbollah has lots of different arms, they're  
9 all called Hezbollah, they all use Hezbollah websites or  
10 stationeries, but they engage in different activities, some  
11 of which meet the definition of the terrorism and some of  
12 which is provide to go food to starving people living in  
13 the desert.

14 MS. IBARRA: I'm going to object to this entire  
15 testimony that it lacks foundation. I don't know that he  
16 has any personal knowledge of any of this stuff.

17 THE COURT: Sustain the answer is stricken.

18 MS. IBARRA: And, Your Honor, if I could just --  
19 this was the subject of a lot of testimony and there was a  
20 judgment about this in this case during the trial between  
21 Mr. Stein and the individual Defendants and including the  
22 allegations from Mr. Stein to Mr. Dunlap and Mr. Dunlap  
23 against Mr. Stein for defamation stemming from this. So I  
24 feel like the court should look at the statement of  
25 decision at this point. The court indicated last weeke  
26 that I could bring it in. I just want to make sure that I  
27 can do that because I think it -- we wouldn't have to  
28 discuss a lot of the stuff that happened in another trial,

1 you know five years ago.

2 THE COURT: All right. So the answer's stricken.

3 MR. FORDYCE: Just for Your Honor's interest  
4 actually the Patriot Act Patriot Act is mentioned in the  
5 agreement but I think we'll get to that.

6 MS. IBARRA: Objection.

7 THE COURT: I'll tell you what, what will stand  
8 his own concern?

9 A. That's right.

10 THE COURT: That somehow there was a violation or  
11 you know there could be a violation of the Patriot Act  
12 Patriot Act we don't need to go into the at the tails of it  
13 but he's saying I had a concern, whether it was based in  
14 factor not, doesn't matter he's just saying I had a concern  
15 about that and that's fine, you can still have concern even  
16 if it has no basis or little basis?

17 A. And Your Honor does the testimony almost that  
18 stands include the fact that the representations made by  
19 Mr. Dunlap directly to me in person and by e-mail that in  
20 fact he had used the money to go to Syria to work in these  
21 refugee camps and that they're Hezbollah sponsored refugee  
22 camps.

23 THE COURT: I don't know what the relevance would  
24 be what's the relevance.

25 MS. IBARRA: Objection as to relevance.

26 MR. FORDYCE: Eves using the investor money for  
27 improper purpose directly against the investor agreement, I  
28 don't know how it could be more relevant.

1 THE COURT: All right well -- had he made a  
2 statement to you that he did that.

3 A. Yes absolutely, we were having a --.

4 THE COURT: He orally made a statement.

5 A. He orally made the statement, he also wrote me  
6 saying I am in Syria at a refugee camp, the oral statement  
7 was later that it was run by Hezbollah as part of the  
8 charitable activities, but unfortunately, Hezbollah's  
9 viewed from the United States it's all one organization.

10 THE COURT: Well that's the part that's stricken  
11 that's the part that has no foundation, I mean there's  
12 doctors that go into the Middle East to provide assistance  
13 to whoever and that's just beyond any findings that the  
14 court can make. But if Sam Dunlap said something to you  
15 about using money to go to Syria to help Hezbollah  
16 generally, then I suppose I can allow that to stand, that's  
17 a statement of a party opponent?

18 A. Thank you.

19 THE COURT: So it's not hearsay.

20 MR. FORDYCE: Yep.

21 THE COURT: If he said it.

22 Q. BY MR. FORDYCE: Okay. Mr. Stein just quickly  
23 address the additional financing clause please?

24 A. Additional financing meant the money after 2.15  
25 million.

26 Q. What's the importance of that in your mind?

27 A. Well the question is whether you have a right to  
28 get to that additional financing and there were certain

1 hoops that had it be to be jumped through to get these  
2 additional funding.

3 Q. We will get to those hoops. Moving down to  
4 alternative funding proposal, can you please explain -- I'm  
5 sorry -- alternate funding proposal?

6 A. Alternate funding proposal I negotiated on the  
7 behalf of tribe that we could seek other [SR\*ELS] if these  
8 investors did not want to go fund so similar to the early  
9 days of Facebook if one venture capitalist said well no  
10 this is never going to catch on and another vent cap I have  
11 the said oh we this is [TK-S] going [TOBGTS] [AOE]  
12 investors and get an alternate funding proposal for casino  
13 project.

14 Q. Almost like a none exclusivity if you will?

15 A. Right.

16 Q. And why was this important in your mind?

17 A. Well my hope was to use these investors and keep  
18 them interested but I also recognized that sometimes you  
19 have to look for other investors at the same time and make  
20 these people feel like they've got to compete for the  
21 investment opportunity. Any -- in any experience, any  
22 venture, any type of start up venture would want to do the  
23 same thing.

24 Q. So in your mind this Libra agreement was not the  
25 be all end all, that wasn't the end of SMDC's work,  
26 correct?

27 A. That's correct, if Libra decided not to go forward  
28 because conditions were not met or was taser interested in

1 the federal recognition efforts made [TPH-D] eye  
2 developments [WHOET] longer term view saying hey now that  
3 you've gotten to this point we like what you're doing and  
4 we are longer term view.

5 Q. Let move to the next page and capital commitment,  
6 I'd like you to describe that?

7 A. Cap Cal commitment, that was just each different  
8 investor, they were sort of, there were a dozen of them had  
9 their own capital commitments and so each individual  
10 investor had the ability to say yes or no to fulfilling its  
11 capital commitment. It should be -- it's called a  
12 commitment but you have the choice to fulfill it or  
13 [STKPHR-PB] this is an important provision in your mind?

14 A. Absolutely. Each different -- each of the dozen  
15 investors had the right to say if they're going to put in  
16 more money or not. So there was sort of an election if you  
17 will, not by Libra, not by one individual about the  
18 decision-making but by all dozen of them, they agreed to  
19 work on a majority -- majority principle but they all had  
20 this right over their individual capital [KPH\*EUPL]  
21 commitments.

22 Q. Moving on to conditions precedent [TP\*] to  
23 funding, please explain this provision?

24 A. This was really really important, this is how the  
25 tribe would get any more money than the \$2.15 million that  
26 was given up front.

27 Q. We see a reference to SB 175 paren A, please  
28 explain?

1           A.    Well there were four -- there were four conditions  
2 to getting any more money, the key condition was to get SB  
3 175 which was the legislation carried by Senator Ed Vincent  
4 of Inglewood, to recognize the Gabrielino tribe, to  
5 recognize the gaming rights under the constitution and to  
6 set [-P] Ah mechanism for them to have a reservation which  
7 would be in Inglewood, it would actually -- now we had  
8 switched from Compton to Inglewood and the reservation  
9 would be at Hollywood park race track which is was Senator  
10 VIN cents [TKPWRA\*EUT] great passion in life was this race  
11 track.

12           Q.    I'm trying to do this the most logical way, shall  
13 we turn to SB 175 which was an exhibit to this document or  
14 would you prefer to go through the other [K-PBGZ]  
15 precedent?

16           A.    Exhibit? What page.

17           Q.    It's '09 one and it's Exhibit B?

18           A.    Right.

19           Q.    Are you there?

20           A.    Yes.

21           Q.    Mr. Stein you've heard testimony in this case that  
22 this Senate bill 175 that construed with the Libra  
23 agreement it's fraudulent it's intended to defraud it's  
24 illegitimate, I think the language was actually that  
25 vertubrative from Mr. Polanco, please address whether this  
26 is a fraudulent document?

27           A.    This is not.

28           Q.    Why not?

1           A.    This document which I typed, this document was  
2 part of the agreement, right down to the question marks in  
3 the Senate bill 175, there are three question marks.

4           Q.    And let's be very specific where that is. This is  
5 Bates number '09 '01 Senate bill 175, that first paragraph  
6 that has bold Vincent horse racing at Indian casino and  
7 ends with question mark question mark questions mark, is  
8 that what you're referring to?

9           A.    Yes.

10          Q.    So this was a draft?

11          A.    The Libra agreement was \$2.15 million gambled on  
12 getting this draft which was off my typewriter -- off my  
13 computer [TAO\*] into laugh by had all the hurdles that had  
14 to be done, what these investors said was we're all really  
15 rich guys but like the people that back Facebook we can  
16 afford to lose a small amount of money, \$2.15 million h  
17 split amongst a dozen different funds and --.

18                THE COURT: So where is the reference in the  
19 document? Because usually these -- this type of a  
20 document, it comes out of ledge hey tiff counsel's office  
21 and it isn't something typed off of somebody's computer, so  
22 it isn't in this format, it isn't -- so how was it  
23 described in the agreement?

24          A.    This -- as Exhibit B, in other words the first  
25 step was to get this put across the desk you may remember  
26 the phrase being put address the directing your  
27 attention.

28                THE COURT: Right?



1           A.    The very stem steps was to get it put across the  
2 desk where you first [THAEUBLGTS] window in the Sacramento  
3 you give it to them and then they type it up [TPH\*UT] in  
4 the official form sat and en this put it out in what's  
5 called a [TPREUPBT]-d bill so putting it across the desk  
6 creates a printed bill, once you have a printed bill you  
7 can either gut, [TKPHUBG] eye [TKPW\*UT] and amend or you  
8 can have re: [TPR\*EPBT] fresh new bill, either way that  
9 then goes to a committee, you get a committee vote, it goes  
10 to the floor, you get a vote of the assembly h vote of the  
11 state senate, signature of a governor.

12           THE COURT: Right this has its the California  
13 Senate bill 175 but that wouldn't be correct. So I'm  
14 just -- where is the -- Mr. Fordyce reference in the  
15 document 6.4 to Exhibit B.

16           MR. FORDYCE: Oh, sure, in one place Your Honor is  
17 0864, SB 175 is actually part of the definitions and it's  
18 referred to as exhibit B that's again Bates 0864, I'm sorry  
19 I forgot my glasses today so I'm strange a little and I can  
20 find Your Honor other examples?

21           A.    It's the definition.

22           MR. FORDYCE: Yeah it is in the definitions but I  
23 think it's --

24           THE COURT: Right. Well, this says SB 175 shall  
25 mean Senate Bill 175, a copy of which is attached as  
26 Exhibit B?

27           A.    Right in other words.

28           THE COURT: It doesn't say a draft or it says it

1 is the California Senate bill that's just my concern and I  
2 think that was the concern of was it Polanco or somebody  
3 else testified to that.

4 MS. IBARRA: A couple people did?

5 A. This is the official document package from the  
6 investors.

7 THE COURT: No I understand that but it wasn't the  
8 California [SO\*EB] and I think the concern was it was being  
9 represented to Libra that this was in fact the California  
10 Senate bill 175 that was pending and?

11 A. And my testimony.

12 THE COURT: I don't know how they could have been  
13 misled by that there's multiple fonts and question mark  
14 [KPWE] mark [KPE] mark and [PHULT] [H-L] blanks anyway it  
15 is identified [STPHAZ] the [REU] the agreement it's odd --.

16 MR. FORDYCE: There [STAO\*EUB] did you represent  
17 that the document that is Exhibit B that is the Libra  
18 agreement did you represent to the investors that this was  
19 Senate bill 175 or was it clear to them it was a draft?

20 A. It was clear as a bell that it was a draft that  
21 had to be put across the desk and the very first thing that  
22 the two [#1\*9] point \$15,000,000 [WORB] used for was the  
23 process of getting it put across the desk, the legislative  
24 council's response and the process of then getting that  
25 printed bill to committee and the committee was shared by  
26 Senator Ed [SREP] sent so we had high hopes for that.

27 THE COURT: Was there some other reference in the  
28 agreement to this SB 175.

1 MR. FORDYCE: You were I was just going to take  
2 Stein there, continue [PR-S] he's [STPHEUFPLT] okay.

3 MR. FORDYCE: [STPHAOEUBLTS] [AOEUFL]?

4 A. So the precedent funding.

5 MS. IBARRA: Can we just.

6 MR. FORDYCE: Sorry.

7 MS. IBARRA: '86 zero.

8 MR. FORDYCE: '86 zero?

9 A. The definition [EUT] press [AOEPBT] of the fund  
10 not means each of the following conditions occurrences or  
11 events, A SB 175 or substantially similar legislation has  
12 been past into law.

13 Q. I'll stop you right there, does this require that  
14 S B -- at the time of this great was SB 175 law?

15 A. No.

16 Q. That was the purpose of the agreement, correct?

17 A. The purpose of the agreement was to see if we can  
18 get this measure passed into law which is here, including  
19 being signed by the governor of the State of California.

20 THE COURT: All right hold on \* \* pause \* \*.

21 Q. BY MR. FORDYCE: And as a legal term of art, Mr.  
22 Stein as a lawyer, condition precedent, how would you  
23 define that?

24 A. I took it cannot press tent to mean that there  
25 would be no more money unless this became law, however if  
26 they wanted to volunteer more money when they didn't have  
27 any obligation to do association they could volunteer it.

28 Q. Or not. Now what was the actual. If you can give

1 us the kind of thumbnail [SKEP], what was the purpose of SB  
2 175?

3 A. It recognized the -- first it recognized this  
4 group, there were Five different groups of Gabrielino, they  
5 recognized this one as the spokesperson for the tribe.  
6 Second it says -- it recognized Hollywood Park which is now  
7 being turned into a football stadium, they recognized that  
8 parcel as a state Indian reservation and that's very  
9 similar to recognize-g a state park if a name us man dyes  
10 and leave his house to the State of California like the  
11 governor, they make a park out of the house, this instead  
12 of making a park it would make an [\*EURD]. Third it then  
13 did a very important thing t interpreted the California  
14 construction infusion with legislative intent, when you  
15 Adam big language that's right sitting in the California  
16 constitution today and sat there in 2006 [WH-RBGS] you add  
17 that language to a legislative interpretation of that  
18 language, what you get is the right to gamble and that --  
19 it gave that legislative interpretation. Finally it had  
20 one last thing which was to allow all the members to -- the  
21 tribe -- it mandate [THAD] the tribe take in all the did he  
22 [SEPB] dents of the Gabrielinos so this [TPRA\*BGS]  
23 fractional [SAEUGS] of Five or 46 different [TKPWRAOUPDZ]  
24 could end, every single person that could show they were a  
25 Gavino lipo had a right to be part of this tribe and the  
26 gambling revenues to the tribe.

27 Q. Whose idea was to kind of spread the money across  
28 the Gabrielinos?

1 A. It was my idea.

2 Q. Did you [STUS] with in eye tribal council members?

3 A. Repeatedly, DOS [-Z] of time.

4 Q. What was their take on [T-FRPLTS] very negative,  
5 very negative, they did not want to do it.

6 Q. Did they tell you why not?

7 A. They want today reward only the people loyal to  
8 them, they wanted to do nothing to help anybody who wasn't  
9 loyal to them, however I was able to convince them by  
10 saying that you only way that you could get people that  
11 were not Gabrielino Indians to vote for this, in other  
12 words the legislature or the [TKPWOFRB]-er, was to take  
13 this dramatic step to overcome all the animosities and inn  
14 fighting that had historically been the case with the  
15 Gabrielino leadership.

16 BY {LEFT1}:

17 Q. Let me ask you a question, just with the justices  
18 re: Nose oh and Arabian, was there work in any way  
19 included in your draft of what we're calling SB 175,  
20 Exhibit B?

21 A. Yes it was -- it was -- by this time the letters  
22 that they had written had been widely circulated and Ed  
23 Vincent in particular found them very convincing and the  
24 approach they took in this letters was to create at actual  
25 language of SB 175.

26 Q. What happened to SB 175?

27 A. It looked really good, we had been informed that  
28 it had been put across the table and then right in the

1 middle of that we were informed about a week later that it  
2 had never been put across the table and when I inquired  
3 with Senator Vincent why that was he --.

4 MS. IBARRA: Object --

5 A. Without -- my understanding from conversations  
6 with him and others, my understanding was that the [EUP]  
7 credibly intense pressure of the [\*EUTS] that had big  
8 lobbying operations in Sacramento had [KAUD]-d him to pull  
9 it back from -- it had actually gotten across the tabled  
10 and then he pulled it back, left he be stuck with the  
11 reputation of having put it across the table with these  
12 [\*EUTS].

13 Q. So ultimately SB 175 was not passed?

14 A. Yeah ultimately, it was not printed into a bill,  
15 it was not considered or voted on by committee, it was  
16 never voted on by the assembly, it was never voted on in  
17 the Senator and it never made it to the governor's desk for  
18 him to say yea or nay.

19 Q. What was the time period that we're looking at  
20 when you were drafting and working with SB 175?

21 A. It was contemporaneous with this, it was -- it was  
22 going on at the same time.

23 Q. And when was SMDC terminated?

24 A. This was in May 2006, SMDC waters terminated  
25 October 3, 2006.

26 Q. So four and a half months, okay. .

27 THE COURT: Say that again, SMDC was terminated  
28 when?

1           A.     October 3, 2006.

2           THE COURT:   Okay and this contract was May, is  
3 that what you're saying?

4           A.     May 22, 2006.

5           MR. FORDYCE:   The date on the first page is May  
6 20, 2006.

7           THE COURT:   Thank you.

8           MR. FORDYCE:   So Mr. Stein you've heard tesimony  
9 that you were somehow defrauding the tribe by suggesting  
10 gambling under state law.  Do you think that's accurate?

11          A.     No, it's not.  In fact the only reason these  
12 invested was to back that idea, they had no interest  
13 whatsoever in waiting 20 years for federal recognition and  
14 gambling under the normal IGRA rights that all [TPHO\*GD]  
15 tribes had.  What they were interested in was a fast and  
16 strain I couldn't say approach towards legislation, super  
17 charged with lots of money.

18          Q.     So Libra took a risk?

19          A.     It was the kind of risk for every Facebook there  
20 are 100 investments that get marked down to zero, this was  
21 like a Facebook style investment in that it was a teeny  
22 amount of money to them, you know a dozen people splitting  
23 \$2.15 million, a dozen funds and the payoff was in the  
24 hundreds ever million dollars of dollars so 2,000,000 would  
25 lead you six or eight hundred million.

26          Q.     And what was the consequence if the Senate bill  
27 175 was not passed?

28          A.     They had the right to cut their losses saying gee

1 it didn't work and we're not interested, or alternatively,  
2 they could say gee, you made enough progress, we'll give  
3 you a little more money and see if you make some more  
4 progress.

5 Q. It that happen?

6 A. No.

7 Q. Why not?

8 A. Balls the tribe terminated me and then started a  
9 lawsuit about it.

10 Q. And did you speak with anyone at Libra concerning  
11 your termination?

12 A. Yes I did.

13 Q. Were they happy?

14 A. They were extremely unhappy and they -- their --  
15 they were okay if the tribe wanted to tribe someone else  
16 but they didn't think that anybody else could get the job  
17 done, number one, and Number 2 they certainly didn't want a  
18 lawsuit to break out because if a lawsuit broke out then  
19 the money that they intended for the casino project could  
20 get used instead to pay debts or to pay legal expenses.

21 MR. FORDYCE: Your Honor can we take a quick  
22 bathroom break please.

23 THE COURT: Yes let's do that.

24 MR. FORDYCE: Thank you?

25 A. We've been going a little more than an hour.

26 (Break taken.) 10:59 AM to 11:17 AM.

27 THE COURT: Gabrielino versus Stein, BC361307.

28 Okay we can continue.



1 Q. BY MR. FORDYCE: Mr. Stein, also of some import,  
2 conditions precedent to funding, please take a look at  
3 Paragraph B and read that?

4 A. Yes. Conditions precedent to funding means each  
5 of the following conditions occurrences or events, B , no  
6 material adverse change has occurred.

7 Q. And then please turn a couple pages forward to  
8 0863 to material adverse change. Do you see that  
9 definition?

10 A. Yes.

11 Q. What was your understanding of material adverse  
12 change?

13 A. Well this was a very long phrase. What it  
14 basically said was that each of the investors could look at  
15 the reports that were made to Libra or Libra's reports or  
16 their discussions with me and make a decision as to whether  
17 or not they wanted to continue and then the majority in  
18 interest would say okay we do want to continue or we don't  
19 and the there was a list, ABC and D for all the ways that  
20 changes could occur that showed progress or the last of  
21 progress, A was anything regarding the enactment of a game  
22 compact, the other one would be legal authority for a  
23 casino, the third one was the -- whether or not SB 175  
24 advanced and the fourth one would be actions by the public  
25 to -- you know initiatives against the casino.

26 THE COURT: Or legal -- it says legal challenge?

27 A. Yeah.

28 THE COURT: To the validity, I'm assuming they're

1 referring to lawsuits against its validity, well it says  
2 administrative too so?

3 A. Yeah lawsuits would be one but really what they're  
4 [WHO\*RD] about, I don't know if the court remembers the  
5 news but when a casino gets approved, you have the chance  
6 by initiative to say we don't want a casino and Al men  
7 [TKOER] county or we don't want a casino in Napa Valley,  
8 those are actually two casino project I've been asked to  
9 help with and this one was whether or not that type of  
10 thing would stop it in Los Angeles.

11 Q. BY MR. FORDYCE: So Mr. Stein, to your knowledge,  
12 were there [T\*EL] adverse changes under the terms of this  
13 agreement that affected the relationship between the  
14 parties?

15 A. Yes there were.

16 Q. And what were they?

17 A. Well the first was that the reaction of the  
18 [\*EUTS] [KO\*B] could be so powerful as to stop Senator  
19 Vincent from going forward but you know we didn't have to  
20 pass 175, we could use substantially similar legislation,  
21 we didn't have to deal with Senator Vincent but it was a  
22 did he mean [TPRAEUGS] of political might that was very  
23 impressive to me and I'm sure it was very impressive to the  
24 investors.

25 Q. Anything else [-FRPBL] the second material adverse  
26 change was the fact that some of the investor money was  
27 stolen from the tribe and given to individual councilmen  
28 for their own personal usage. The third was the usage of

1 some of that money to fund -- fund an expedition out to  
2 Syria and join a Hezbollah sponsored refugee camp, I don't  
3 think the investor he is wanted to lose their license over  
4 this one deal this Eiffe [AOE] [SKWR-BLD] eye [EUD]  
5 [WHAUTZ] [THAUFDZ] [AUFTD] John Hancock insurance is about,  
6 I'm sure of that.

7 Q. It that --.

8 MS. IBARRA: I'm going to object on speculation as  
9 to what Libra investors were worried about apps ate  
10 Hezbollah or [AOR].

11 BY [RIGHT2]:

12 Q. Mr. Stein did they [AO\*E] Hezbollah issue with  
13 Libra?

14 A. Yeah.

15 Q. Were they concerned?

16 A. I actually addressed with a guy -- I'm trying to  
17 think of Lee's last name at Hancock insurance, he was very  
18 concerned with it.

19 Q. And does this speak to the Patriot Act Patriot Act  
20 issue that you mentioned?

21 A. Yes.

22 Q. And just to be absolutely clear so there's no  
23 ambiguity, if you look at [PA\*EUPBLTS] payment '08 '73 and  
24 this is article 4.1 J as [STPH\*] in John, Jonathan, under  
25 representations of warranty [-RBZ] under J do you see at  
26 reference to the Patriot Act Patriot Act in there?

27 A. Yeah this was a -- let me see, 4.1, this is  
28 representations and warranties of the [TPRAOEUB] and

1 council authority and this is one that any filings or  
2 notices required with federal securities laws or the  
3 Patriot Act Patriot Act that the tribe or the council or  
4 the gaming authority need not gain the consent or approval  
5 or take any a- actions or make any filings with respect to  
6 the [PA\*ET] Patriot Act.

7 Q. And was it your belief that Libra was concerned  
8 enough to include a [PH-PBGS] of the Patriot Act Patriot  
9 Act in this document?

10 A. Yeah yeah, this is a -- at the time -- it still is  
11 a pretty standard corporate clause and if you're doing  
12 something like saying you know I'm a doctor, I want to work  
13 in Syria and help people that you know have -- immediate  
14 [TPH\*ED] attention and will die without it, you can get the  
15 consent of the State Department to say yes you can go to  
16 that refugee camp we won't view that as a violation of the  
17 Patriot Act Patriot Act but when you're directly -- and  
18 that's what would need to be done by Mr. Dunlap is you  
19 would go and say we've taken this investment money and go  
20 to the State Department, explain what it was used for, tell  
21 them -- bring back [PEUBLG] tours from the camp, they would  
22 then check that particular refugee camp through diplomatic  
23 channels.

24 Q. So you've mentioned Patriot Act Patriot Act,  
25 you've mentioned a couple other issues shall were there any  
26 other material adverse changes?

27 A. Yes and that is -- with the termination of SMDC  
28 \$2,000,000 was immediately due and payable and even without

1 a lawsuit that -- you know once you terminate a contract  
2 and \$2,000,000 has to be paid you know according to the  
3 contract, that would be an adverse change that the  
4 investors would then consider in saying we don't care, go  
5 ahead and pay it or we do care and we're not going to go  
6 forward and that's at purpose of material adverse change,  
7 that's the term for all these different events.

8 Q. So was that the basis for Libra, in your  
9 understanding, not funding further that the 2.15 million  
10 the tribe already got?

11 A. I don't know for sure h they didn't tell me. But  
12 I to know that the requirements for a condition  
13 satisfaction certificate, I do know the tribe never  
14 bothered putting one in.

15 Q. Well let's talk about that, I believe [THALTZ] a  
16 defined term, isn't it?

17 A. Yes.

18 Q. Please explain what you're referring to, and let  
19 me get the page number for the Court.

20 THE COURT: I think you're going back to  
21 definitions maybe.

22 MR. FORDYCE: Yeah that's correct Your Honor?

23 A. Just to --.

24 Q. Zero '86 one is the Bates number.

25 THE COURT: Oh [-BG].

26 MR. FORDYCE: Conditions satisfaction  
27 certificate.

28 Q. So Mr. Stein please explain that?

1           A.    To get any more money you had to put in a  
2 condition satisfaction certificate that the investors would  
3 then officially act on and to my knowledge -- and they had  
4 a form and Exhibit C was the form and then --.

5           Q.    That's Bates zero '92 two?

6           A.    And then they would -- once you put that in, they  
7 would have to tell you yea or nay.

8           Q.    And yeah that is Bates number zero '92 it, that  
9 the exemplar to which you're referring Mr. Stein?

10          A.    Right and it was -- it was not from SMDC, it was  
11 just from the tribe and.

12          Q.    So for example each of the conditions precedence  
13 of the funding this has to be met and filled out by the  
14 tribe and present today Libra I assume is that correct?

15          A.    That's correct. And to my knowledge it never ways  
16 filled out by the tribe, they never bother [STKPWR-D] was  
17 Senator Vincent leaving was that a material adverse change.

18                THE COURT: I'm sorry him leaving.

19                MR. FORDYCE: Senator Vincent no longer being  
20 involved with SB 175.

21          A.    Yes it was a material adverse change but it's the  
22 kind of material adverse change that you can think of as  
23 more or less important. There are other Senators, there  
24 are other people to sponsor bills and he was still very  
25 much a supporter, he just couldn't take the political  
26 pressure from the tribes?

27          A.    Okay.

28          Q.    And we've already looked at SB 175. Let's just

1 isolate a couple provisions of the agreement itself,  
2 article 2 and that's Bates 0864, 2.1 A, execution payment.  
3 Can you please explain what's going on there?

4 A. That the \$900,000, this was the mechanism, article  
5 two was the mechanism for actually sending the money to the  
6 tribe and the -- this actually happened, so the execution  
7 payment was made.

8 Q. Okay. And the 900,000, this is the sum that you  
9 negotiated in addition to the 1.25 million for the tribe?

10 A. That's correct.

11 Q. Let's move on to provision B under 2.2, that says  
12 capital commitment expiration date. Can you please explain  
13 that?

14 A. This was simply the mechanism that said we had  
15 to -- we had to make sufficient progress in the first year,  
16 in other words get SB 175 turned into law or substantially  
17 similar legislation, turn into law in one year.

18 Q. And it's your em- that once SMDC was fired by the  
19 tribe, that this did not come to fruition; is that correct?

20 A. That's correct. For that reason and many  
21 others.

22 Q. And what other reasons?

23 A. That SB 175 did not go anywhere, that nobody --  
24 you know Mr. Polanco or anybody else ever put forward any  
25 other legislation other than 175, Mr. Polanco didn't make  
26 any effort at all, from my understanding, to put forward  
27 anything else to replace 175 when Senator Vincent said he  
28 wouldn't go forward. The other thing is the investors did

1 not want a lawsuit and the tribe filed a lawsuit, the tribe  
2 actually -- that's why they're Plaintiffs, they filed the  
3 law and those were all reasons there was no -- not even a  
4 vote. Finally most importantly the tribe never bothered  
5 putting in the certificate they had to put in to get the  
6 investors to consider more money. There were a dozen  
7 different funds involved, they all had a vote, take a --  
8 and then a majority in interest had to approve and they  
9 never bothered the certificate that triggered that vote,  
10 yea or nay.

11 Q. Did you ever talk to any tribal council member  
12 about the certificate under Exhibit C?

13 A. Yes at great length because we were hoping to get  
14 more money eventually in January or February.

15 Q. Would to be correct to say that more money tribe  
16 would mean nor money foe SMDC?

17 A. Oh yeah absolutely sure.

18 Q. And you wanted to get paid?

19 A. Oh yeah, SMDC was owed at that point million  
20 dollars of dollars and with more investor monies SMDC would  
21 get paid more of that debt.

22 Q. So was this you giving legal advice?

23 A. No this was me as the head of SMDC saying listen  
24 the casino project needs to be funded, this is how you get  
25 your funds and that was SMDC's duty as an independent  
26 contractor to advise them that way.

27 Q. Okay.

28 Q. And of course they have their own lawyers to give



1 them legal advice on the exact minutia of the agreement.

2 Q. From May to October 2006 who were your -- who do  
3 you understand the tribes lawyers to be?

4 A. Marilyn Barrett but she -- by the time this was  
5 signed she was gone, Rae Lamothe but by the time this was  
6 signed she was gone and Elizabeth Aronson who took over  
7 both their positions.

8 Q. Did you speak with any of the 36 those concerning  
9 for example the certificate that you've mentioned?

10 A. Yeah all three. It was -- it was a big deal to --  
11 when you -- when you're finished spending the 2.15 million  
12 you want to put in a certificate. What happened here is  
13 there was eight 898,000 left when SMDC left so there was no  
14 need to consider putting in a certificate, then it would be  
15 up to them to decide whether they were going to finish  
16 spending the 898,000 and then put in another certificate.

17 Q. So I'd like to draw your attention to Exhibit E  
18 which is the budget and this is Bates '09 26 is its cover  
19 page and '09 27 is the budget itself. Do you recognize  
20 this document?

21 A. Yes.

22 Q. Please explain what this is?

23 A. This was the budget for \$2.15 million and at the  
24 bottom it says total all uses, 2,000,000 19 seven and then  
25 that was over 29 point \$15,000,000 budget by 47,000.

26 THE COURT: Hang on, I don't have that, I have --  
27 is it two pages or is it a one-page document?

28 A. One page.

1 THE COURT: Total you'll uses?

2 A. Total all use [H-Z] two approximately 19 seven so  
3 that's more than 2,000,000 150, it says over 2,000,000 150  
4 by 47.

5 THE COURT: Yes?

6 A. But the interest sitting in the Wells Fargo  
7 account that Elizabeth Aronson and I had signatures of  
8 would cover the 47,000,000, that's how it came out.

9 Q. BY MR. FORDYCE: So Mr. Stein as you look at this  
10 document, there are up at the top left judgment plus costs,  
11 to what is that referring?

12 A. That was the Morales judgment that the investors  
13 agreed was not specifically for the casino but they were  
14 willing to see the money used to pay off the judgment and  
15 to maintain the goodwill of the tribal council.

16 Q. And as you sit here today do you have any reason  
17 to believe that the Libra investors who reviewed this  
18 agreement did not see that judgment plus costs entry?

19 A. No they -- they actually -- it was their lawyer  
20 that came up with that phraseology judgment plus costs.

21 Q. Anything --

22 MS. IBARRA: Objection lacks foundation as to  
23 how -- how he knows that.

24 THE COURT: All right sustained.

25 Q. BY MR. FORDYCE: Mr. Stein did you speak to anyone  
26 at Libra about the Morales judgment?

27 A. Yeah 90 percent of this agreement was drafted by  
28 Morrison & Foerster lawyer out of their Orange County --

1 I'm sorry a lawyer out of their San Diego office and then  
2 the rest was drafted by Marilyn Barrett and when she left,  
3 he did the rest of the drafting and I continued making  
4 comments. This entry caused him a lot of consternation  
5 even though --.

6 THE COURT: Which is the him (Ditto)?

7 A. The more and for lawyer who was in charge of  
8 drafting this agreement and negotiating with me.

9 Q. BY MR. FORDYCE: And let's be here, did you draft  
10 this budget page?

11 A. No I gave him the information for this budget  
12 page.

13 Q. So on this budget page do you see anything that is  
14 not related to the casino project other than the judgment  
15 plus costs?

16 A. No.

17 Q. Do you see comic books represented on here?

18 A. No there was nothing for comic books.

19 MS. IBARRA: I'm going to.

20 MR. FORDYCE: Do you see interest represented to  
21 Mr. Dunlap.

22 MS. IBARRA: I'm going to object that it was  
23 nonresponsive to your question about the Morales judgment,  
24 how it got in there, did we --.

25 MR. FORDYCE: I thought he was pretty meticulous  
26 with that.

27 THE COURT: Are you talking about a prior, I think  
28 he moved on with another question.

1 MS. IBARRA: Yeah and did we get an answer to how  
2 the Morales judgment got if there.

3 MR. FORDYCE: Yes would you like to answer it  
4 again Mr. Stein as to how it got it.

5 THE COURT: I thought I heard it but go ahead.

6 A. The Libra principles and the lawyer at more and  
7 for were informed by me, the lawyer at more and for created  
8 this temporary budget Number 4, three, 15, '06 X L S is the  
9 name of the document, he discussed each item with me, he  
10 gave him the information for this and he was concerned that  
11 the one item in here was not casino related was judgment  
12 plus costs and I could not Vincent-d him that just like  
13 counsel's salaries were 3,000 a month, just like re  
14 [PW-RS]ment of Sam Dunlap was 50,000 a month, that this was  
15 another way to help the tribe administer its affairs and  
16 assure the goodwill of the people who had to you know sign  
17 this agreement.

18 MS. IBARRA: Okay.

19 Q. BY MR. FORDYCE: And again just so we're clear,  
20 you don't see any comic books on this?

21 A. There -- there's no entry to cover the \$1300 of  
22 comic books that Mr. Dunlap would be paid.

23 Q. All right. ?

24 A. And there was no entry for the \$20,000 interest he  
25 would be paid, that was separate from the 50,000  
26 reimbursement.

27 THE COURT: What was -- what was his claim about  
28 the interest, what was his claim that he was entitled to

1 interest?

2 A. He said that because he put the \$50,000 forward  
3 years earlier and because the SMDC agreement has interest  
4 for -- on its deferred payments of 25,000 a month, he  
5 should get interest that he calculated at \$20,000, remember  
6 interest rates were much higher then, and he didn't have  
7 any paperwork, he didn't have any agreement, it wasn't in  
8 the budget but he insisted on it and Elizabeth Aronson cut  
9 him a check.

10 THE COURT: So he was saying that he had loaned  
11 the tribe \$50,000 way and back when and he had no proof of  
12 it or anything just --?

13 A. No no no. Had he -- the \$50,000 for  
14 reimbursements, that's a round finger but he had some  
15 records of that.

16 THE COURT: Where are you looking are you looking  
17 at the budget or somewhere else?

18 A. Right below the judgment.

19 Q. The Sam Dunlap reimbursable?

20 A. Yes.

21 THE COURT: So he had some evidence that he have  
22 had loaned the tribe or spent money op behalf of the tribe  
23 I guess?

24 A. Yes yes and it had it a lot to do with the  
25 goodwill of chief Jim Velasquez and the 10 people that were  
26 so rapid here but had their hands out to Sam Dunlap for  
27 years saying can you help me with this, can you help me  
28 with that. And he didn't have any records of it, but he

1 had enough records to show that 50,000 was an appropriate  
2 amount. Again, Sam Dunlap was an intelligent guy, he was  
3 an archeologist and made money, he made good money. So the  
4 investors saw at 52, the 180, and the 50 as appropriate  
5 payments for the administration of the tribe and the tribal  
6 council.

7 Q. BY MR. FORDYCE: All right well let's go back to  
8 the agreement itself, and let's look at 2.3 A, gaming  
9 machine revenues investment. Can you explain this please  
10 [STPHAO\*EUPB] what's the [PAEUTS].

11 MR. FORDYCE: Oh '08 '65.

12 THE COURT: 2.3 which sub.

13 MR. FORDYCE: 2.3 A Your Honor.

14 THE COURT: All right?

15 A. This provision provided, this was the 1.25  
16 million, so the hundred [thou|thousand] came in under 2.2 A  
17 and that was actually paid. Under 2.3 A, the 1.25 million  
18 was paid and that paid -- that was actually paid and did  
19 make it to the tribes account, was spent by the tribe.

20 Q. Okay. Now I want to draw your attention to 2.4 A  
21 which is a little further which is funding at the election  
22 of an investor can you actually read this one for us?

23 A. Okay this is on Page 66, Page 66 Section 2.4 A,  
24 funding he election of an investor. At any time or from  
25 time to time prior to the capital commitment expiration  
26 date, with respect to afternoon investor such investor  
27 shall have the right to pay any portion of, or all of such  
28 investors capital commitment as such amount may be adjusted

1 to the tribe by depositing in the account by wire transfer  
2 such funds and notifying the tribe of such in writing.

3 Q. Why is that important?

4 A. It says they didn't have the duty, they only had  
5 the right. They only can elect to participate if they want  
6 to. If for any reason they don't want to, they don't have  
7 to. There was no obligation to give money to the tribe.  
8 There was only funding at the election of the investor.

9 Q. So for example, in the event of a material adverse  
10 change, 2.4 A, would the investors be obligated to fund?

11 A. No, they were not obligated to fund even if there  
12 was no material adverse change they still weren't obligated  
13 to fund, they could just simply say we're not interested in  
14 casinos in California any more we're interested in casinos  
15 in Macabi.

16 Q. So the guarantee here waters not two point 15  
17 correct?

18 A. The guarantee was 2.15 million and that A was  
19 actually paid.

20 Q. And is there anything in 2.4 A that leads you to  
21 believe there was any obligation under Libra's part to  
22 fund -- obligation to fund beyond the 2.15 million?

23 A. There was no obligation with or without a material  
24 adverse change.

25 Q. And I'd like you to read 2.4 B it's a little  
26 longer so we'll just have you read that to yourself and  
27 then explain it?

28 A. This was the mechanism for the tribe to tender the

1 condition satisfaction certificate and at least force the  
2 investor to make a decision whether or not to fund. If the  
3 investor didn't fund, then the tribe had the right to go  
4 out and find new investor.

5 Q. And this was '92, correct, that's Exhibit C we  
6 looked at, that was the certificate?

7 A. Yes that is the certificate that the tribe was  
8 supposed to put in, to my knowledge they never bother  
9 [STKPWHR-D] and did you ever try and stop the tribe from  
10 putting in a certificate?

11 A. No no. I actually promised topping to Rome I  
12 object stead of being involved further.

13 Q. Let's take a look at 58 eight.

14 THE COURT: They couldn't do that because SB 175  
15 had not been considered I suppose so there was no way they  
16 would be able to do that, [WURPBS] that happened it was  
17 just sort of a dead deal right?

18 A. It was a deal.

19 THE COURT: So it wasn't [TKPWOG] happen?

20 A. It was a [TKED] legal [KAUS] the investors could  
21 still waive that and say oh that's okay Mr. Polanco put in  
22 a grand new bell you have know A B 135 and we like that A B  
23 135 we like what Mr. Polanco is doing but they didn't  
24 bother putting in any other bill and they didn't bother  
25 trying to resuscitate SB 175 they didn't bother putting in  
26 a satisfaction certificate so none of these conditions ever  
27 came up for the investors to make and they're very busy  
28 people.



1           THE COURT: No I guess what they were saying is if  
2 they didn't -- SB 175 was not -- they wouldn't put in the  
3 certificate if SB 175 or something similar hadn't been  
4 approved or passed or be considered, right?

5           A. That's correct.

6           THE COURT: So once it was dead, they could have  
7 put another bill or tried to put another bill and maybe?

8           A. Right.

9           THE COURT: Satisfied that condition and then put  
10 forth the certificate.

11          A. Right. And then the certificate you see the  
12 undersigned -- if you look at the language on '92 two, it  
13 supports exactly with a the court is saying and it [SEFZ]  
14 the undersigned as representative of the tribe and the game  
15 authority certifies that each of the conditions precedent  
16 to funding has been satisfied, that would be the passage of  
17 SB 175, and then Number 5, no material adverse change has  
18 occurred to their knowledge and of course adverse changes  
19 had occurred.

20          THE COURT: So this calls for the tribes signature  
21 and then the tribal gaming authority, that was your entity,  
22 right, you were an officer of that particular entity?

23          A. Until September 9th and then after that Mr.  
24 Polanco took over.

25          THE COURT: Became the -- he took that spot.

26          A. Yes. And to my knowledge he never bothered to try  
27 to put in the certificate for whatever his reasons.

28          Q. BY MR. FORDYCE: And let's just quickly go to

1 Exhibit 5 eight Mr. Stein, you have mentioned Rome and it's  
2 actually in the same binder so yea.

3 MS. IBARRA: Five eight.

4 MR. FORDYCE: Yeah Five '88. Do you not have it?  
5 No.

6 {LEFT2}: We [STKROEPBT] a copy.

7 MS. IBARRA: Yeah we don't have one either.

8 MR. FORDYCE: Nobody does.

9 THE COURT: You don't have one either.

10 MR. FORDYCE: Neli took them all.

11 THE CLERK: 58 eight.

12 MR. FORDYCE: No I'm kidding Neli.

13 THE CLERK: Because I like exhibits so much.

14 MR. FORDYCE: I'm sorry I don't know why that  
15 would be the case, it's very peculiar.

16 MS. IBARRA: And we haven't discussed it before  
17 right.

18 MR. FORDYCE: No I think we have, in fact I'm  
19 pretty certain we have.

20 THE COURT: What is it I think we have.

21 MR. FORDYCE: 58 eight.

22 THE COURT: No ass what is the document.

23 MR. FORDYCE: No it's an e-mail to tribal council.

24 MS. IBARRA: I think maybe we've used Plaintiffs  
25 copy of that.

26 THE CLERK: Is there another.

27 THE COURT: Oh that could be, could be.

28 MS. IBARRA: Because I know I've seen it.

1 MR. FORDYCE: Do you have yours because I'm  
2 looking at my admitted documents.

3 THE COURT: What's the date of the e-mail.

4 MR. FORDYCE: It is -- I have the electronic verse  
5 up, it is September 30, 2006.

6 THE COURT: I don't know if that helps Mel  
7 [AOE].

8 THE CLERK: I don't have it marked off but maybe  
9 if you used it in Plaintiffs.

10 THE COURT: Well that's what I'm asking, maybe  
11 there's something in plaintiff.

12 THE CLERK: What's the date again I'm sorry.

13 THE COURT: September 30, 2006 would be the date  
14 of the e-mail.

15 MR. FORDYCE: That's right.

16 THE CLERK: September 30th, 2006 from Mr. Stein to  
17 tribal council re: Gabrielino counsel.

18 MR. FORDYCE: I think that sounds like it.

19 THE CLERK: It's Plaintiffs '88.

20 THE COURT: That sound like it.

21 MR. FORDYCE: Let's take ape look and make sure  
22 it's a complete -- and I have to admit it's not in mine  
23 either, that's weird.

24 MR. FORDYCE: Do you see it it?

25 A. Yeah.

26 Q. And does that look dish.

27 THE COURT: I have an '88.

28 Q. BY MR. FORDYCE: So Mr. Stein that's Plaintiffs

1 '88 as opposed to 58 eight and could you just take a quick  
2 look and identify that e-mail?

3 A. Yes this is my e-mail on September 30th at seven  
4 [A\*FPLT] at night to the various councilmen, it was also  
5 sent to Jim McShane who by that time had actually signed  
6 his agreement with the tribe and just to Jess Ravitch and  
7 Sammy Lai at Libra.

8 Q. What was the purpose of this e-mail?

9 A. To make sure that they would know if they wanted  
10 to continue forward with the casino project without me that  
11 that was fine, I just wanted to say that -- I said that I  
12 didn't think it was a smart change horses midstream in  
13 Sacramento from me to Polanco.

14 Q. That's the fifth --?

15 A. And then I volunteered to spend a sabbatical in  
16 Rome so she knew I was completely off the project, I asked  
17 to be paid a certain amount of money rather than the full  
18 amount owed under the SMDC agreement, rather than the full  
19 2.7 million I asked to be paid about \$500,000 or so and  
20 that I would actually commit to spending a year in the city  
21 of Rome to know that that wasn't anywhere close to  
22 Sacramento.

23 Q. And that was the purpose of your reference to Rome  
24 and Europe?

25 A. Yes.

26 Q. Is to just say I'm going to be out of your hair?

27 A. That's right. And of course you know with a  
28 frugal person with \$500,000, you can put a lot towards

1 savings and still enjoy yourself in a year in Europe.

2 Q. But actually I would draw your attention, it says  
3 2,000,000 is immediately due SMDC from the tribe. Was that  
4 accurate at the time you wrote it?

5 A. Can you show me where?

6 Q. That's the bullet near the end of the e-mail above  
7 with your reference to Rome?

8 A. Maybe we can do this a little bit more.

9 Q. Systematically. Do you see that?

10 A. Well there are two actually two different e-mails  
11 here.

12 Q. Okay.

13 A. Which e-mail are you referring to.

14 Q. I don't have it as two, I have one self?

15 A. I have the second page the N final [TPRO\*PLS]  
16 compromise offered written at the same time.

17 Q. Let me get it.

18 MS. IBARRA: Yeah it's a copying error.

19 MR. FORDYCE: Let me get it.

20 THE COURT: They look like the same ones but I  
21 don't know?

22 A. Oh are they.

23 MS. IBARRA: Oh yeah it looks like it is the same  
24 one?

25 A. Okay good.

26 MS. IBARRA: It's the same one but in a different  
27 format?

28 A. Oh very good, I see. So on Page 2.

1 MR. FORDYCE: Yeah [-FPL] that's down -- we've got  
2 paragraph numbered four and then we've got four bullets  
3 under that, I just want to draw your attention to the  
4 2,000,000 you reference in that just so we're clear?

5 A. So this is four days before I was actually  
6 terminated and I wrote here also per my contract, if I  
7 leave December 15th by your choice or mine with or without  
8 cause here is what happens, 2,000,000 is immediately due  
9 SMDC from the tribe and hopefully Libra could finance that,  
10 my 10 percent slot revenue interest remained intact, I need  
11 an estoppel certificate to ensure that, the only difference  
12 is instead of working days a week and waiting for my money,  
13 I don't work and I get far more money immediately, you pay  
14 me and the new CEO instead of just me. I probably will  
15 spend 2007 on sabbatical in Rome and Europe unless I were  
16 paid to stay and consultant with your new team, thus there  
17 would be no need to worry about me, quote, bad mouthing the  
18 tribe in Sacramento after I left on good terms.

19 Q. Did you have any intention of bad mouthing the  
20 tribe in Sacramento?

21 A. No.

22 Q. And just so we're absolutely [PE] particular will  
23 you say Lee clear you're no longer with the game authority  
24 correct?

25 A. September 9th I was no longer with the game  
26 authority, the SMDC contract had not yet been terminated,  
27 it this showed them what happened with termination and it  
28 showed them as well I was willing to get out of the way,

1 they could then negotiate down my million dollars whatever  
2 number was agreeable to SMDC, the investors and GT Tribe.

3 Q. Was this [ABG] at rat when you wrote it?

4 A. Yes other than the 2,000,000 -- it was actually  
5 more than 2,000,000 that was owed.

6 Q. And I should say was it true when you wrote it?

7 A. Yes.

8 Q. And is it still true as you sit here today?

9 A. Yes.

10 Q. Let's just continue -- we actually don't have all  
11 that much in the agreement that we're going to continue  
12 looking at but let me draw your attention now to Section 2  
13 point 9a which is entitled alternate funding.

14 THE COURT: Mr. Fordyce this might be the last  
15 area before we go to lunch so.

16 MR. FORDYCE: Oh sure.

17 THE COURT: Let's just pay attention to the time,  
18 there's seven or eight [PHEUPDZ].

19 MR. FORDYCE: That's fine Your Honor this is as  
20 good say stopping please as any.

21 Q. So Mr. Stein alternate funding and that's Bates  
22 '08 '68. Take a minute to look at it and then if you can  
23 explain?

24 A. This was the mechanism for what happens if the  
25 tribe uses other investors if [THAO\*SZ] these investors  
26 decide not to invest.

27 Q. And what it is, this was very heavily negotiated  
28 as you can see by the language and it was to ensure that

1 the investors are protected for the money that they put in  
2 on the one happened but on the other hand the new investors  
3 that SMDC could bring in or Mr. Polanco after SMDC was  
4 terminated, would have a mechanism to get similar rights  
5 without diluting the rights of the Old investors, in other  
6 words they could come in as new investors but they would  
7 only get the same gaming rights, dollar per dollar as the  
8 Libra investors got?

9 Q. And why was this important?

10 A. That was important because otherwise Libra if they  
11 said we're not interested in funding you would also had the  
12 right to say and we won't let anybody else fund you and  
13 this was in there at my insistence to make sure that GT  
14 Tribe had the ability to go to other investors after they  
15 terminated SMDC Mr. Polanco would be free to get other  
16 investor and they could put their money in in place of the  
17 Libra money.

18 Q. And to be clear this is important for the SMDC?

19 A. Yes because SMDC would get paid from investor  
20 money and once it was terminated, [RAULT] dollars and cents  
21 of the SMDC agreement, monies had to be paid immediately.

22 Q. Does this --?

23 A. So I was all in favor of them getting Libra  
24 investors or new [SR\*ERS] [-Z].

25 Q. So does your insistence on having 2.9 A agreement,  
26 does that constitute you practicing law for the tribe?

27 A. No this was write I mow foe attorney and Marilyn  
28 Barrett and I provided substantive negotiations, much like



1 the non lawyer on Libra's side, Jess Ravitch was not a  
2 lawyer and Sammy Lai was not a [HRA\*UR] lie and they were  
3 negotiating op sieve Lee.

4 Q. This would actually be a good spot, Five minute  
5 early if everyone's okay with that.

6 THE COURT: That's fine, that way we don't get cut  
7 off in the middle of anything.

8 MR. FORDYCE: That makes sense.

9 THE COURT: So tomorrow, same time I guess?

10 A. 9:30 or 10.

11 MR. FORDYCE: 10.

12 THE COURT: I don't think we have anything to  
13 discuss.

14 MR. FORDYCE: I don't think we do.

15 THE COURT: So I'll see you at 10.

16 MR. FORDYCE: Thank you.

17 THE COURT: Thank you.

18 MR. FORDYCE: Thank you very much Your Honor.

19 MS. IBARRA: Thank you. 11:55 AM.

20

21

22

23

24

25

26

27

28