

1 picture of Stefan Wathne, but I have spoke to
2 him on the phone four times or less, but
3 probably about four times.

4 Q. Have you had conversations with Mr. Pickard or
5 someone else in the conspiracy about Mr.
6 Wathne?

7 A. John Halprin, Mr. Pickard, numerous-- Alfred
8 Savinelli, numerous conversations.

9 Q. Okay.

10 A. And this is the man who was always-- you know,
11 that we were in a rush to get over the Golden
12 Gate Bridge to deposit the money to, who
13 supposedly had a jet, private jet, waiting for
14 him. That's why he was always in a hurry.

15 Q. And his role within the context of the
16 conspiracy was what?

17 A. He was a money launderer that was supposed to
18 research-- recycle the money and put it
19 off-shore or bring it back, I don't know.

20 Q. Okay.

21 A. But it-- there's many stories. Once it was in
22 the Russian bond market. And then miraculously
23 when the Russian bond market collapsed, Wathne
24 had just pulled the money out. I suspect it
25 never once did anything but go into Mr.

1 Wathne's pocket.

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

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

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

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

15 Q. By who?

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

1 with it because the Guilder was dropping. And
2 we had to figure a way to convert that and to
3 electrify it. And that was quite an operation.

4 Q. And why was the Guilder dropping?

5 A. Just because of the ECU was coming on line and
6 the U.S. dollar was very strong, it was just--
7 it was-- you know, if we had that crystal ball,
8 we would all be billionaires right now. So,
9 you know, it was just the nature of the
10 currency got weak against the U.S. dollar, and
11 we just happened to end up with a ton of them.
12 And that was the second most concentrated form
13 of currency we carried.

14 Q. And what was the first?

15 A. Thousand dollar Canadian notes.

16 Q. And where was that coming from?

17 A. All I know is Petaluma Al.

18 Q. And the problem you had with the Guilder, how
19 did you attempt to resolve that?

20 A. Well, I would go down to Vegas and I would have
21 my smurfs unload as much as they could do to
22 keep under FINSEN requirements. And they would
23 hit every casino. Interesting story; when we
24 showed up, no one in Vegas-- no cashier,
25 changer or anyone had seen a thousand Guilder

1 note and they had to look it up in the book.
2 By the time we had done this for three months,
3 there wasn't a casino that just didn't take
4 them, they never looked them up in the book and
5 they knew them completely. We dumped that much
6 in Vegas.

7 Q. About how much did you dump?

8 A. I don't know, a minimum of-- I don't know, more
9 than 750,000. I'm not for sure. I'm confused
10 because I don't know how much was handed to me
11 at given times and such.

12 Q. And it would be handed to you at given times by
13 whom?

14 A. Pickard, yeah, so--

15 Q. Did he ever participate in the laundering
16 scheme in Vegas?

17 A. Minor participation.

18 Q. Was that something that was delegated to
19 someone else to do by him?

20 A. Maybe he would tell someone-- he would hand
21 someone some Guilder and say, "Go do it," but
22 usually it was me. But remember, also-- I want
23 to further this Guilder. There was what we
24 call our monthly payroll of about 80,000 a
25 month that we supported people with and--

1 Q. What did it consist of?

2 A. What do you mean what did it consist of?

3 Q. 80,000 supporting people, describe that for us.
4 Who were you supporting?

5 A. Some people doing research like Mike Bauer and
6 some people that Leonard was just helping out
7 that were girlfriends of his. And so the
8 80,000 a month when we would get a surplus of
9 Guilder, he would just put the Guilder in
10 Fed-Ex envelopes and give it to them and let
11 them worry about how they were going to-- we
12 had an imbalance that lasted for some time,
13 just like we would have imbalances between 50s
14 and 100s.

15 Q. Okay.

16 A. The next page, myself, and Bill Wynn, but he
17 was a-- an unknown-- unwilling-- or not-- he
18 was a-- a co-- a conspirator, but he wasn't
19 knowledgeable of the fact. Do you see what I'm
20 saying?

21 Q. Unwitting?

22 A. Unwitting, whatever you want to call it, yeah.

23 Q. And to what extent and in what regard?

24 A. He drove Leonard around and he really didn't
25 know what was going on in the bay area. He did

1 rent-- he did see vast amounts of money picked
2 up. And he kind of buddy-buddied around with
3 Leonard and he also created a fake ID for
4 Leonard.

5 Q. Okay.

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

10 Q. Did that occur?

11 A. No.

12 Q. Why?

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

14 Q. To who?

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

17 Q. Was it a good check?

18 A. Yeah.

19 Q. And so how did that work?

20 A. Well, he was very uptight and he wanted a check
21 sent, so I sent him a \$190 check instead of a
22 \$190,000 check.

23 Q. As a gag?

24 A. Well, yeah, I guess so.

25 Q. How did that go over?

1 A. Not well.

2 Q. What ultimately happened as a result of that?

3 A. I don't know what ultimately happened.

4 Q. Between you and Mr. Pickard.

5 A. Oh, he just got really upset with me. Again,
6 myself with all sorts of phone numbers on me.

7 Again, Bill Wynn's name and Gunnar Guinan.

8 Gunnar was basically an unwitting

9 co-conspirator until we had to move the lab at
10 the end.

11 Q. What exactly did he do unwittingly, to your
12 knowledge?

13 A. Leonard needed some Guilder-- okay, first of
14 all, in Santa Fe he went out and bought
15 trailers and he would buy cleanup stuff, and he
16 just thought we were cleaning the house up.
17 And there wasn't any unusual things bought, so
18 nothing went up on his antennas that I know
19 about, you know, maybe he thinks something. He
20 never reported back to me that he thought
21 something was strange.

22 And then later on when Leonard ran out of
23 U.S. dollars in Kansas, he went by-- both Clyde
24 and he went by and got Leonard-- I mean got
25 Gunnar to convert a thousand Guilder notes over

1 of which I said was-- I was-- they didn't call
2 me to ask my permission. And in a town like
3 Wamego, I considered that an incredibly foolish
4 move.

5 Q. Why?

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

17 Q. Okay.

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

25 Q. What was the purpose of having her rent the

1 condo?

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

4 Q. And what was the purpose of having the condo?

5 A. He wanted a place for Natasha and he to stay
6 at. Vicky Scheffield, again an unwitting
7 co-conspirator, I don't even know-- these are
8 such strange phrases. She just did travel
9 arrangements for us and cash would go in to pay
10 for it and--

11 Q. And the cash was proceeds?

12 A. It was given to me from Leonard to pay for
13 tickets and stuff.

14 Q. Okay.

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

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

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

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

24 Q. (BY MR. HOUGH) World Travel where?

25 A. Tulsa, Oklahoma.

- 1 Q. With money that you received from whom?
- 2 A. Leonard.
- 3 Q. Okay.
- 4 A. Well, that brings up-- another alias that
5 Leonard used was Gordon Todd Skinner.
- 6 Q. Under what circumstances?
- 7 A. I have no idea how much and how many times he
8 did it.
- 9 Q. To your knowledge, when was it done and why?
- 10 A. Sometimes it was done with my permission and
11 sometimes it was done without. He used a
12 credit card, American Express of mine to buy
13 tickets all over-- to travel all over the
14 world, and that was with my permission.
- 15 Q. Why?
- 16 A. Why what?
- 17 Q. Why let him use your credit card to do that?
- 18 A. Because he would give me money and he needed
19 it. And also, I could keep track of where he
20 was moving around to through--
- 21 Q. Why was that important to you?
- 22 A. Just wanted to know where everyone was at.
23 This is a weak entry and I'm reading difficult
24 writing, but I believe it says Joris, another
25 unwitting--

1 Q. How do you spell that?

2 A. Well, here is how it's spelled, J-O-R-I-S,
3 which is the correct spelling. That would be
4 from the phone number with the area-- I mean
5 the country code being 31, I assume that this
6 is Joris Connadon F. (Spelled phonetically),
7 who was a friend of mine since I was-- I went
8 to-- to school in Europe with his older brother
9 named Ivo (spelled phonetically). And Ivo and
10 Joris both-- or one of them owned a large
11 company called De Haven's Corporation of the
12 Netherlands. And they were going to-- we had
13 created a plan for what was called a quadplex
14 LSD manufacturing system. This was--

15 Q. "We" is-- who created that?

16 A. Leonard and myself. I guess Clyde-- no, I
17 can't-- I can't say that. So Leonard and
18 myself. And this was going to hopefully, if
19 the theoretical thing worked, it was going to
20 quadruple production of LSD.

21 Q. And how was it supposed to work? Was it a new
22 formulary or what?

23 A. No. We would have four stations and while you
24 were waiting for one process to finish, rotate
25 to the next and rotate to the next, rotate to

1 the next. Therefore, it was called a quadplex.
2 It would be incredible work. It was one of
3 many future plans to try and get production up
4 and get the amount of time it-- and exposure to
5 the chemicals down. There's another more
6 elaborate one, if you'll remind me to go back
7 to it.

8 Q. Tell us now.

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

19 Q. Why did that not materialize?

20 A. Well, first of all, you have to get someone
21 smart enough to program this thing that you can
22 buy off. Number two, you've got to launder \$5
23 million and not throw a million red flags off.
24 And I suspect that those machines are
25 relatively controlled. So we would have

1 probably have had to have done some sort of a
2 black box operation.

3 Q. What do you mean by a black box operation?

4 A. I'm sorry, a black bag operation.

5 Q. What do you mean by that?

6 A. You order the machine and you wait for it to
7 show up and then you steal it so that nobody
8 knows who it went to.

9 Q. Was that the type of a thing that occurred
10 ever, to your knowledge, within this
11 conspiracy?

12 A. I will have to think about that for a second,
13 so-- I'm not-- I'm not being difficult, I--

14 Q. Okay.

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

17 Q. Okay. Do that, go back to Joris in the book.

18 A. Okay. The Joris thing is that Joris and Ivo
19 both were misled by myself and Leonard in
20 person. I was not there. They were each
21 handed 25 1,000 Guilder notes, which is nothing
22 to them, it was just a good-faith down payment.
23 And we had concocted this story that we were
24 going to make knock-off Viagra, and we wanted
25 them to be the front end to buy all the

1 equipment. And their corporation was easily
2 big enough to have done it.

3 Q. What was the purpose of doing that?

4 A. To assemble the quadplex and to move the lab to
5 the Netherlands where the laws were more
6 favorable in case things went up in smoke.

7 Q. Were steps ever undertaken to move the lab to
8 the Netherlands?

9 A. Well, Leonard physically went to Amsterdam and
10 met with Ivo and/or Joris, I don't know, and he
11 gave the money, but I don't know if he ever
12 gave the list of equipment because I got two
13 stories from him, so I don't know.

14 Q. Okay. Now, was there ever a backup lab, to
15 your knowledge, a backup lab to the one that
16 was seized in this case?

17 A. Not to my knowledge.

18 Q. Were there ever efforts or attempts made or
19 discussions had between you, Mr. Apperson, Mr.
20 Pickard to obtain or get a backup lab up and
21 running?

22 A. Nope. What was going to be done was this lab--
23 there was an argument--

24 MR. BENNETT: Well, Judge, I again
25 would ask that if-- if he's going to be talking

1 about what somebody-- some discussion he had
2 with somebody, I would like a-- an
3 identification as to the time and as to the
4 individual that this allegedly occurred with.

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

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

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

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

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

21 Q. (BY MR. HOUGH) Such as?

22 A. The equipment was wearing out, it was filthy,
23 it was so dirty, you can't imagine. It was
24 contaminated beyond belief. So the argument
25 between the three of us was--

1 MR. RORK: Excuse me. Your Honor,
2 may we approach the bench for a second?

3 THE COURT: Yes, you may.

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

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

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

1 Sorrell should leave.'

2 THE COURT: You go ask the one to
3 leave.

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

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

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

13 THE COURT: All right.

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

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

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

23 THE COURT: I-- I think we ought to
24 ask Agent Sorrell to leave. I didn't realize
25 he was going to be in and out of here on a

1 rotating basis. And I thought I had excused
2 him and, of course, then the Defendants asked
3 to keep him available, but--

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

6 THE COURT: But--

7 MR. HOUGH: Well, Hanzlik was sick.

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

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

14 THE COURT: All right.

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

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

24 A. Maybe I should better describe that as a
25 discussion.

1 Q. Okay.

2 A. We were trying to figure out what to do and
3 Leonard's statement was, you've got to remember
4 that if we keep this lab as a backup lab, it's
5 got to be hidden and contained, quote, just
6 like a nuclear bomb, because it's a smoking gun
7 that would put us all in prison. The problem
8 was some of the items were very hard to obtain,
9 and the other thing was-- is that we-- we
10 didn't know what to do, we didn't know to
11 destroy it or to retire it or to mothball it.
12 And we never came to a resolution of that. But
13 there was one thing that we did resolve, that
14 both the European operation and the U.S.
15 operation would run parallel until we were able
16 to fully establish the European operation and
17 get the hiccups out. And we knew that it would
18 take a lot longer in time estimation, work
19 theory, you always add a substantial amount of
20 time. In an illegal covert operation, you add
21 even more time because there's more hiccups
22 because we do not understand the protocols of
23 the country we're moving to. There was one
24 other reason for the European lab when you were
25 asking why we wanted to do the Netherlands, the

1 ET or whatever source was located in Europe and
2 was accumulating at the Dutch border.

3 Q. Was accumulating where?

4 A. On the Dutch border, the German/Dutch border.

5 Q. How did you know that?

6 A. From Pickard.

7 Q. What else did he tell you about the ET source?

8 A. Do you mean the person?

9 Q. Anything at all about the ET source.

10 A. Yes, that-- I mean, I-- I knew his-- his-- I
11 knew what he looked like, I knew that he had
12 had plastic surgery by a Canadian doctor that
13 was female that took 50 1,000 Canadian dollar
14 notes, that he had legal problems, that he had
15 a potentially sealed indictment, that the ET
16 source's long-term associate had rolled on him,
17 that the ET man was wanting to go to live in
18 Italy and retire, and that-- and-- you know,
19 I'm trying to think of any other things. They
20 would have arguments. I overheard messages
21 where they would leave messages. We had
22 these-- one of our phrases was sometimes the
23 best way was the low tech way. We had these
24 incredibly interesting ways of using cheap low
25 technology to communicate.

1 We would go by Rhode's truck stops and
2 buy their little calling cards for truckers and
3 we would then program them in and use those as
4 a messaging system for the organization. And
5 we would burn them up. And sometimes it was
6 much safer to use cheap communications. On one
7 of those I heard some incredibly bitter
8 arguments, that Leonard was-- was in an
9 argument with the ET guy. The ET guy was very
10 hostile towards him for being behind schedule
11 on everything.

12 Q. What period of time did that occur?

13 A. I think we were in the lobby of an Embassy
14 Suites sitting on Highway 101 by-- I need help
15 with the area, it's above Sausalito.

16 Q. And did this--

17 A. And I'm trying to give the date. I'm trying to
18 key it by where we were at.

19 Q. Where was the lab at, San Francisco?

20 A. No, no, no. The lab was in-- it could have
21 been in Santa Fe when that argument happened, I
22 don't know.

23 Q. Okay.

24 A. So--

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

1 any other--

2 A. That was it.

3 Q. Go ahead and remove your tabs for reference.

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

7 A. Yes.

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

10 A. Okay. Let me think about the name of the town.
11 San Anselmo I believe is the name of the town.
12 They're all so close together.

13 Q. In what state?

14 A. California.

15 Q. Okay.

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

20 We had a storage unit there that-- first
21 of all, the first experience I had there was we
22 went to pick up a bunch of money from Petaluma
23 Al, but there wasn't enough money there to
24 complete our obligations for the day. And
25 we're driving along and out of nowhere Leonard

1 says, "Oh, let's go stop over here in this
2 storage unit and there's money sitting in it."
3 And I said like, you know, "How is that going
4 to help the fact that we're this short on money
5 for what we've promised to deliver today? And
6 he said there was approximately \$400,000 in the
7 unit and he had a problem, and that was that he
8 wasn't for sure if the money was safe to go
9 pick up.

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

21 Q. This occurred about when?

22 A. I can't-- I can't tell you.

23 Q. Sometime after--

24 A. '98.

25 Q. '98?

1 A. Yeah.

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

5 A. Yes.

6 Q. And describe that for us.

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

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

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

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

22 A. Which storage unit?

23 Q. Any of them.

24 A. I mean, it could be anyone from Petaluma Al's
25 guys trying to find LSD when they couldn't find

1 it, to Leonard getting personal possessions of
2 his out of his personal units, to Mike Hobbs
3 moving an entire trailer with a lab in it into
4 a storage unit, from me going to put money in
5 or out of a storage unit.

6 Q. And to your knowledge, did Mr. Apperson do any
7 of the moving of items in and out of the
8 storage units? For instance, in Santa Fe.

9 A. I can't say that he did.

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

13 A. Plenty.

14 Q. Are you familiar with his handwriting?

15 A. Very much so.

16 Q. Did you recognize the handwriting in the
17 address book that was Government's Exhibit 211
18 from which you've just testified?

19 A. Yes, I recognize his handwriting that was
20 present in that book.

21 Q. Okay.

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

24 THE COURT: Yes, sir.

25 Q. (BY MR. HOUGH) Sir, you indicated a moment ago

1 that you would-- that there was more to black
2 bag operations. Can you elaborate on that any
3 further?

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

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

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

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

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

19 Q. And that was located in what state?

20 A. I keep saying Oregon or Washington or both.

21 Q. Okay. Now--

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

25 Q. How long was the lab up and operational in

1 Santa Fe?

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

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

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

16 Q. Okay.

17 A. -- in the hotel.

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

21 A. Missile base owners are a small group and we
22 all communicate across the United States. And
23 in this particular case, this was a-- a-- this
24 particular one I had made a bet with the guy
25 that he couldn't-- not come even close to doing

1 it at the budget he had set out to do it. And
2 he had made a statement to me before I ever
3 bought a missile base that for 36,000, you can
4 do this to a missile base and I said something
5 like, "I don't think you can do it for half a
6 million dollars." And he ended up buying an
7 Atlas F.

8 Q. What's his name?

9 A. His name was Tim Schwartz.

10 Q. Was he ever involved in any way, shape or form,
11 knowingly, with this LSD ring?

12 A. No.

13 Q. Okay. And so you met him just through
14 ownership of a missile base?

15 A. Nope, nope. Actually, he's the first person to
16 ever show me a missile base. So he actually
17 was involved in selling missile bases.

18 Q. Okay.

19 A. And he was partners with Edward Peden, and they
20 had formed some sort of a partnership called
21 20th Century Castles. And he was a very bright
22 guy, very creative. I won the bet, by the way.
23 He didn't even come close to doing it for what
24 he thought he could. I mean, a very wealthy
25 man.

1 Q. And tell us about this Atlas F and how it was
2 that-- that you saw it and learned about it and
3 came to get it for the LSD lab?

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

20 Q. Ultimately, did Mr. Schwartz die?

21 A. Yeah, he committed suicide.

22 Q. Do you have any idea at all why?

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

25 MR. BENNETT: Well, now, Judge, I'm

1 going to object to what other people told him.
2 That's not part of this conspiracy.

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

5 Q. (BY MR. HOUGH) Did it have anything to do with
6 you or this conspiracy?

7 A. No. Am I allowed to say what-- he told me why
8 he wanted to kill himself.

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

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

12 THE COURT: Go on.

13 Q. (BY MR. HOUGH) After you had had this
14 conversation with him and he turned it over to
15 you, what happened?

16 A. I then-- well, I mean I had some minor cleanup
17 done in it and I think I sent Lupe over to
18 clean it up and I-- that's-- afterwards I
19 brought Clyde and, you know, Leonard and Trace
20 in. And Clyde made the decision, yes, it's a
21 go. And then I had some more cleanup done in
22 it, but I didn't complete all the things I was
23 supposed to.

24 Q. And the cleanup was performed at least in part
25 by Lupe, according to your testimony?

1 A. Laying tiles and getting dirt out of there and
2 such. There may have been some other minor
3 cleanup done by other employees, I don't know.

4 Q. Do you recall approximately when that occurred?

5 A. December of '99, November of '99, January of
6 2000.

7 Q. Okay.

8 A. Something like that.

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

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

20 Q. For what purpose?

21 A. To make sure that that lab was not hot and that
22 we did not have problems, I want to go into a
23 thorough description that we took out of the
24 expensive house the lab and packed it into a
25 storage unit. Leonard and Clyde did not know

1 this. Mike Hobbs and myself had made the
2 determination at that point that if something
3 happened-- and remember, he did not know what
4 the nature of the lab was, he-- I don't even
5 know that he knew it was a lab. He knew
6 whatever was in there was a troublesome
7 problem.

8 Q. "He" being whom?

9 A. Mike Hobbs.

10 Q. Okay.

11 A. And I told him that whatever is in there, no
12 one can ever know about. And-- and he and I
13 spoke about it and we decided that it was not
14 wise for us to trust Leonard and Clyde to be
15 out running around doing whatever in case they
16 got busted and could say that a lab is in this
17 house, so-- and also, it was a monetary
18 decision because \$800 a day for renting a house
19 is a lot less (sic) than \$200 a month for
20 renting a storage unit. So we took the lab and
21 moved it into a storage unit. Which, as an
22 accident, ended up to be right within visual
23 sight of Mike Hobbs' then girlfriend's
24 apartment. So he would keep an eye if anything
25 ever went strange. And that was not-- that was

1 an unintended consequence of that decision.

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

16 Q. Who all were there?

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

23 Q. Why?

24 A. Well, first of all, I needed to get some
25 possessions back to the middle of the United

1 States. And I was planning on spending the
2 Christmas time with my children, and
3 Thanksgiving. It was time that I would go to
4 that area and-- you know, just-- I was going
5 from the West Coast and I was going to be
6 living in the middle of the United States for
7 the next month or two months.

8 Q. Then what happened?

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

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

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

22 Q. No.

23 A. Okay.

24 Q. The next step, then, next thing that happened
25 was what?

1 A. Trace, Leonard, Clyde and myself took an
2 airplane. And the employees plus the men all
3 took the vehicles back using different routes
4 to see if anyone got pulled over.

5 Q. Why?

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

11 Q. What was the first decoy move?

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

17 Q. It was movement from where to where?

18 A. From Santa Fe to Wamego.

19 Q. Okay.

20 A. And that trailer was moved and nothing
21 happened, and it was moved by Gunnar Guinan's
22 truck, which I had to pay some exorbitant fee
23 because he said it did a lot of damage to his
24 truck doing it. Then the next thing was this
25 giant movement, and no one had any problem on

1 that one, using different paths. So I was
2 beginning to come pretty-- become pretty
3 confident that we were not being watched. And
4 that set up for the ability to turn the lab
5 back over to Clyde and Leonard and let them
6 worry about driving that lab into Kansas.

7 Q. And did that occur?

8 A. Yes. The-- this left us with an empty white
9 trailer that odd and end possessions of Leonard
10 were thrown into.

11 Q. When?

12 A. It was just the dumping of a lot of-- November,
13 I don't know, November, December of '99. But
14 what's-- what's important is that many of the
15 files that everyone thinks that I saw in
16 November of 2000 were all there, and I had seen
17 them six months before and three months before
18 that. These were not new files for me to see.

19 Q. Okay. And the files you're discussing that you
20 saw in November of 2000 were what?

21 MR. RORK: Excuse me, Your Honor, I
22 would first like him to identify who it is that
23 are concerned about what files he saw.

24 MR. HOUGH: Well, Judge, after he
25 tells us what the files were, then that's the

1 next question.

2 THE COURT: Go ahead.

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

13 Q. (BY MR. HOUGH) And who was it that was
14 concerned about you seeing them in November of
15 2000?

16 A. Mr. Rork.

17 Q. Can you--

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

24 MR. HOUGH: Judge, the witness'
25 answer stands for itself.

1 THE COURT: Overruled, go ahead.

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

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

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

12 A. Right.

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

18 A. Yes.

19 Q. And who participated in that conversation?

20 A. All three of us.

21 Q. And tell us about that discussion.

22 A. Nowhere in New Mexico.

23 Q. Why?

24 A. Because of the UDV bust from Customs. Number
25 two, because of the situation with Alfred

1 Savinelli being there and being on hostile
2 terms with Leonard. The third reason because
3 too many people knew Leonard's face because we
4 ran into three people he knew in one day in
5 Santa Fe. The next problem was that it
6 violated the two-year rule. And we-- we had
7 just been there too long.

8 Q. Was Tulsa discussed?

9 A. Yes.

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

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

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

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

25 THE COURT: Well, I see no problem.

1 Overruled. Go ahead.

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

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

8 Q. Why?

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

15 Q. Any other sites discussed other than that?

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

20 MR. BENNETT: Judge--

21 A. I'm sorry, I--

22 MR. BENNETT: He said "we" and we've
23 moved to another subject now, and I would like
24 to know who "we" was and when this discussion
25 was.

1 MR. RORK: And, Judge, I would like
2 to object to these conflicting thoughts that he
3 has, to have them outloud. He can think to
4 himself and then express them outloud and say,
5 "Oh, that wasn't the right one." And I object
6 to it.

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

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

16 Q. (BY MR. HOUGH) Okay.

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

23 Q. Just tell us what they are.

24 A. Right. One was I was slipped a piece of paper,
25 and I believe I have produced this, that said,

1 "Find an abandoned mine shaft in Nevada."

2 Q. Who slipped you the paper?

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

14 Q. They burned the area up how?

15 A. I don't know. I mean, just labs or something
16 there, I don't know.

17 Q. So what happened then next after the Atlas F
18 was chosen?

19 A. Say it again.

20 Q. What was-- what happened next in the chronology
21 after it was decided and chosen that it would--
22 the lab would be moved to the Atlas F?

23 A. Approximately 90 days, you know - we have to
24 look at records past - before we, Mike Hobbs
25 and myself, turned the lab back over to Clyde

1 and Leonard.

2 Q. How did that happen? Describe that.

3 A. I believe I was not present in the state. I'm
4 not for sure.

5 Q. Did you have it done, was it done at your--

6 A. I'm the one that told Mike what to do.

7 Q. What did you tell Mike to do?

8 A. Told Mike to go get it out of the storage unit.
9 Punch the code and see if it works before he
10 does that on the closed community gate where
11 the expensive house was, park the thing up on
12 the road until Clyde or Leonard or whoever he
13 met, "I've already moved it out here, here's
14 your baby, bye."

15 Q. To your knowledge, did that happen?

16 A. Yes.

17 Q. And then what happened next?

18 A. The-- Leonard and Clyde in a caravan using
19 walkie-talkies moved the lab into the Ellsworth
20 site.

21 Q. Do you recall when approximately that occurred?

22 A. It had to have happened after the Christmas
23 time, I-- I'm--

24 Q. Of what year?

25 A. Of the-- of-- of 1999.

1 Q. Why did it have to be after Christmas?

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

15 Q. Did you change them?

16 A. Yes. I pulled one off and I had them-- I was
17 able to secure it using another mechanism, and
18 I-- I had a very interesting way of securing
19 the steel missile base door. And then I gave
20 it to Gunnar, Gunnar turned it over to a
21 locksmith in Manhattan, there's a record of
22 this, and this was changed. Sorry. And this
23 hockey puck locked was changed. And in the
24 end, this was the only hockey puck lock that
25 was changed by me. There is a mystery still

1 going in my mind that in the end there was
2 another hockey puck lock change later on, and I
3 don't know who did it, how it was done or why,
4 because it was-- the lock that it was on was an
5 ineffective lock and it was chained from the
6 inside. It's a mystery I have no solution to.

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

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

16 Q. And then what happened?

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

18 Q. "They" being who?

19 A. Leonard and Clyde had arrived.

20 Q. How did they arrive?

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

22 Q. What did the caravan consist of?

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

25 Q. Why?

1 A. Because I hadn't completed everything I said I
2 would do.

3 Q. Such as?

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

16 Q. What was the next thing that occurred then?

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

25 Q. Then what happened?

1 A. The lab was in the process of being set up.
2 And then I had some legal troubles and that--
3 Q. They were what?
4 A. In the casino.
5 Q. Okay.
6 A. And at that point--
7 Q. This was in the casino where?
8 A. Above Topeka, the Prairie Band Harrah's casino.
9 Q. Was this the matter that resulted in your
10 conviction for the misdemeanor?
11 A. Misdemeanor. Correct.
12 Q. Okay.
13 A. But it was determined that I was now the one
14 that they would keep the eye-- the-- the eye
15 on, so I was then to leave the state.
16 Q. Was determined by who?
17 A. The three of us.
18 Q. The three of us is who?
19 A. Clyde, Leonard and myself.
20 Q. And describe the discussions that went into
21 that.
22 A. You were a pretty big idiot for getting in this
23 problem.
24 Q. Who told you that?
25 A. Leonard. I agreed with him. Then a strategy

1 was devised that--

2 Q. By whom?

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

4 That the best thing for me to do was-- the
5 ultimate plan was-- was that in this
6 investigation Wamego would be the first place
7 hit if any suspicious thing as this giant
8 file-- because the nature of the agency that
9 hit us, we didn't know how broad and what
10 powers they had to investigate someone.

11 Q. What do you mean?

12 A. Well, we-- there's-- you can usually follow a--
13 prior to 9-11, there were ways you could follow
14 what the DEA would do, what the locals would
15 do, what the FBI would do. But we didn't have
16 the little Secret Service manual of what powers
17 they had. They may have had the powers to tap
18 a line, they may have had the powers to follow.
19 We didn't know what kind of resources, it was
20 kind of a wild card. So the determination was
21 made that if a problem occurred, Wamego would
22 be hit first.

23 Q. By law enforcement?

24 A. Right. And then that would give enough time
25 for-- because there was a significant firewall

1 that had been built between the Ellsworth site
2 and the Wamego site.

3 Q. Describe that.

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

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

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

19 Q. Okay.

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

24 Q. What types of items are you talking about?

25 A. Air filters.

1 MR. RORK: Excuse me, Your Honor, ask
2 that he let him finish his answer.

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

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

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

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

16 A. Just myself for the supplies to go there.

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

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

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

23 A. I mean, yeah-- yeah, there was lots of
24 discussions about if this thing gets popped
25 open into-- they were supposed to build this--

1 we had budgeted a 100 plus thousand dollars for
2 a pneumatically-controlled steel door that
3 would be magnetically controlled or
4 pneumatically controlled, but I believe Clyde
5 wanted to go to magnetics, that would pop open
6 from one side only, and it would be a fake
7 wall. And this was going to be done-- even as
8 far back as Santa Fe we had wanted to do this
9 as a safe room. And the lab would be built
10 into a place to where law enforcement could not
11 find it and we would hope that we would be able
12 to seal it to where even chemical sniffers
13 would not be able to hit it. I believe it was
14 a pipe dream, because I believe chemical
15 sniffers would have hit anything. But the--
16 the hidden room was not a pipe dream, but the--
17 the chemical sniffers was a pipe dream, so--
18 but I haven't finished what-- there was
19 something--

20 Q. Go ahead.

21 A. Clyde was supposed to-- his part of it was
22 supposed to-- say he was going to complete
23 that. And he felt that my firewalls were
24 probably sufficient enough to-- I think a few
25 questions were asked, was my name-- was my name

1 on the trust, did I have any trust involvement,
2 yadda, yadda, yadda, and I said, "No, it's a
3 corporation that owns it," which it was, it was
4 Corporation One owned everything. My name was
5 not attached. No meter bills, no electrical
6 bills went to Gardner, myself, anything
7 involved with the Wamego land trust. And we
8 felt that that firewall would stay.

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

15 Q. Did that occur?

16 A. Yes, I left the State of Kansas. I was
17 effectively banned so that I would-- you know.

18 Q. During what period of time?

19 A. I don't know, you know, starting March, April,
20 May, June.

21 Q. Of what year?

22 A. 2000.

23 Q. Okay. And you talked about the concern over
24 your name not being on the trust. Are you
25 talking about the Wamego land trust?

1 A. No, if it was-- Leonard was concerned that I
2 had bought the Ellsworth site with a trust, and
3 I said, "No, it's a corporation and my name is
4 not anywhere connected to anything. I'm not a
5 shareholder, no family member is a shareholder,
6 it is a true firewall."

7 Q. Are you talking about--

8 A. Tim Schwartz' base. Tim Schwartz owned a
9 corporation.

10 Q. Okay.

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

15 Q. Why did you need that?

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

23 Q. Personal liability issues?

24 A. Well, it's greater than that. It turns out to
25 be environmental liabilities, which are much

1 more powerful. And the good news about this is
2 that ultimately the-- why anyone would buy
3 these is that it goes back to FUDS. FUDS is
4 Formerly Used Defense Sites. And then the
5 Corps of Engineers or the Air Force, and I can
6 explain why, steps in and picks up the cleanup
7 bill--

8 Q. Okay.

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

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

16 THE COURT: What about taking a
17 break? Ladies and gentlemen, let's take a
18 15-minute break at this time. Mr. Bailiff.

19 (THEREUPON, a recess was had).

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

22 Q. (BY MR. HOUGH) Mr. Skinner, before you are two
23 photographs that have been admitted into
24 evidence in this case and identified as the lab
25 near Carneiro, Kansas, which is near the Salina

1 area. Take a minute and look at those, if you
2 will, and see if you can identify those.

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

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

7 A. Yes.

8 Q. And describe that, what that picture shows.

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

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

20 A. Very little above ground ways of doing
21 observation, a heavy duty structure to where it
22 would be harder to break into and with lots of
23 space being around it and a military fence
24 being around it, and the fact that there are
25 virtually no neighbors. And when I mean

1 virtually, I'm talking about a long distance at
2 night to see a light lit. It would be hard and
3 you would be able to see if you were under
4 surveillance.

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

8 A. Yes.

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

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

13 Q. Why?

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

22 Q. Who did all of that?

23 A. Clyde.

24 Q. Okay. And--

25 A. There was also-- also one other thing, a

1 special cellular antenna was put to the steel
2 door so that you could stay with-- inside the
3 site or down inside this site and talk on cell
4 phones. I don't know if it worked or not.

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

7 A. Yes.

8 Q. And what is that?

9 A. That is the blast door entry into the missile
10 base underground. And one thing before you
11 remove it, that right there-- I'm sorry, there
12 (indicating), this is a side view of the hockey
13 puck that has the special locking mechanism.
14 And after you take that hockey puck off, you
15 would then have another key that you would do
16 it. So it was multiple keys to get in it. And
17 then when you went down inside, you had a blast
18 door that was also locked. And then you had
19 another blast door that was also locked. So
20 breaking and entry into this particular site
21 was quite difficult. And then beyond that,
22 inside the lab was a heavy duty-- I mean,
23 inside the last room where the lab was going to
24 be at was virtually-- you just couldn't break
25 into it without leaving a tremendous amount of

1 evidence behind.

2 Q. You indicated earlier that Mr. Apperson and Mr.
3 Pickard delivered the lab to this location?

4 A. Yes.

5 Q. And again, when was that approximately?

6 A. Sometime after Christmas of-- or let's say
7 sometime after the 15th of December.

8 Q. Of what year?

9 A. Of '99. I'm realizing I had the children
10 earlier, so I could have gone out there-- I
11 mean, I would have to-- I would have to look
12 and see when I had the children up there. I'm
13 shooting from the hip here.

14 Q. And it would have been what happening next
15 after the lab arrived? Who was present and who
16 did what?

17 A. Well, originally just Clyde Apperson, William
18 Pickard and myself moved everything, it was at
19 nighttime, down to those stairways and then
20 down the metal stairways on down deeper and
21 then to the lab itself, which was quite a
22 journey. And that's the last time I remember
23 being at the facility for some time.

24 Q. Why?

25 A. Well, because I had told you that I was

1 basically-- they were letting it do a cool-down
2 and--

3 Q. What does that mean?

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

13 Q. And during that period of time you were where?

14 A. I traveled all over; Vegas, California and
15 Tulsa.

16 Q. Doing what?

17 A. Just, you know, laundering money and basically
18 just staying away from operations and not
19 bringing any attention to Kansas.

20 Q. And who was in charge of operations at that
21 time?

22 A. At that time Leonard was completely calling all
23 the shots at that level, everything, all
24 decisions were being made.

25 Q. And what types of decisions would that have

1 been?

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

7 Q. "They" being who?

8 A. The Government, any law enforcement agency. So
9 we went to-- I didn't even have-- I may have
10 had emergency numbers for them and they may
11 have had emergency numbers, but we were
12 communicating through these truck stop cards.

13 Q. And how long was it that the lab was
14 operational at the Atlas F?

15 A. Six months.

16 Q. So until about June of 2000?

17 A. Yeah.

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

20 A. Just production of LSD.

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

25 MR. HOUGH: Judge, his knowledge

1 based on his testimony was from Mr. Apperson
2 and Mr. Pickard.

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

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

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

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

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

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

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

20 Q. Okay.

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

1 humidity.

2 Q. And at what point during the process did that
3 conversation occur?

4 A. I don't know.

5 Q. Was it early or late within the context?

6 A. Early things would have been drier because it
7 was wintertime, so it would have been March.
8 Things get pretty wet in March and April, and
9 it was a disaster. I mean, they had come from
10 a desert environment to a wet environment. And
11 production-- they were challenged with many
12 chemical problems they had not been challenged
13 with.

14 Q. "They" being who?

15 A. Leonard Pickard and Clyde.

16 Q. Apperson?

17 A. Apperson.

18 Q. And how many of those such conversations do you
19 recall having?

20 A. Quite a few, because they said they had-- then
21 there was a blown batch that just never came to
22 fruition, which was kind of unusual. And I
23 know a batch turned bad at some point. There
24 was a-- a complaint about a batch changing from
25 Al's own mouth to me. He said, you know--

1 MR. BENNETT: Well, Judge, I'm going
2 to object again. "He said" doesn't tell us
3 anything.

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

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

11 A. Al--

12 Q. (BY MR. HOUGH) This particular conversation--

13 A. Was with Petaluma Al. And I don't remember the
14 time, but he said, "A batch went to Europe and
15 turned bad and we've got problems." And he
16 said, "You've got to--" I don't want to repeat
17 this. "You've got to--" I would just like to--
18 I don't want to directly quote him. You've got
19 to get Leonard under control.

20 MR. RORK: Well, Judge, I would ask
21 that that be stricken and that the witness be
22 directed to answer the question. The question
23 was-- again, he was talking about what
24 conversation did you have and when. That's
25 where we were at. Now, we're into something,

1 like, "Oh, I can't say."

2 Q. (BY MR. HOUGH) Well, give us-- give us a
3 direct quote of what Mr.-- of what Petaluma Al
4 said, or words to the effect of.

5 A. I can give you a direct quote. "Tell Leonard
6 to quit chasing pussy and get to work
7 immediately."

8 Q. And that was in reference to what?

9 A. Production and to a batch going bad.

10 Q. And that batch going bad affected the
11 organization in what manner?

12 A. We had to make up that batch and no one knew
13 what to do, and it was something-- it was
14 complicated. The Europeans had already got it
15 smuggled over, they had already smuggled the
16 money back. There was some-- some hostilities
17 over this.

18 Q. And the hostilities were directed at whom?

19 A. Leonard.

20 Q. And how, to your knowledge, was that resolved?

21 A. I don't know.

22 Q. Did you ever have any discussions with Mr.
23 Pickard about resolving it?

24 A. Yeah, I said-- you know, I gave him the
25 verbatim message.

1 Q. And what was his response?

2 A. I don't remember.

3 Q. To your knowledge, were any efforts made in an
4 attempt to change production, step up
5 production?

6 A. Well, then the next-- I need to explain the
7 next thing that gave me information on things
8 coming in.

9 Q. From where?

10 A. Both Clyde and Leonard said we have a flooding
11 problem in this facility. And they said the
12 washer and drier keep flooding. And I said
13 missile bases are made to have floods and these
14 floods should not stay. And I couldn't figure
15 it out, it was beyond belief. And I kept
16 telling them, you know, you better let a
17 missile base expert come in there. And they
18 said no, no, no, you're too hot. Well,
19 eventually I-- when I discovered what it was is
20 the electrical pit that the military had built,
21 the sump pump was out and it wasn't the washer
22 and drier that was flooding, it was the 440
23 volts coming into the place. The conduit was
24 just bringing water right down and it was
25 overwhelming the ability of the silo to-- not

1 the silo, but the living quarters part, to pump
2 the water back out. And the lab continually
3 had water in it. It was a very dangerous
4 situation.

5 Q. Why is that dangerous?

6 A. There was electrical cords running through
7 there, it was tight quarters.

8 Q. And during the course of this time that the lab
9 is operational, who was present in Kansas
10 handling that?

11 A. The flooding problem?

12 Q. The operational part of the lab. You indicated
13 you were not present in Kansas during that. So
14 while it was in operation, who was present in
15 Kansas handling that?

16 A. Leonard and Clyde off and on.

17 Q. Okay. And were you-- what was your role in the
18 conspiracy then as you were traveling and they
19 were here in Kansas with the operations?

20 A. We had this unique problem of we've got dumped
21 on with a bunch of Guildler, and I was in the
22 process of trying to figure out what to do with
23 the Guildler.

24 Q. And how did you ultimately resolve that?

25 A. I found out exactly how to work it through the

1 Las Vegas casinos without leaving a trail that
2 was too heavy, other than ultimately I left
3 an-- I guess a big trail, I have no idea.

4 Q. Ultimately, then, how did you handle that?

5 A. I would go in there and I would put up front
6 money, and that would be what I would do to
7 entertain myself while the smurfers were out
8 converting the Guilder over to U.S. dollars.

9 Q. You would put up front money meaning what?

10 A. I would put up front money to casinos and then
11 I would gamble and turn that into electronic
12 money.

13 Q. Okay. And how did you do that?

14 A. Well, there were a number of mechanisms. One,
15 we could do that through playing poker and
16 dumping money-- there's a loophole which may
17 not-- no longer exist because of us. But there
18 was a loophole in the high stakes poker games
19 to where you didn't have to account for money
20 going in. And if you were playing and you had
21 two people playing and one was just dumping,
22 losing intentionally by folding his hand to the
23 other one in incredible amounts, the other
24 would have verified winnings which was
25 electronic.

1 People think it's easy to go into a
2 casino and launder money. They think it's just
3 buying chips and doing it. No, it's very
4 complicated. To get around Reg. 6A is quite
5 complicated. The casinos are very
6 sophisticated. And so that was one technique.

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

17 Q. How much money are we talking about?

18 A. Do you mean in this manner?

19 Q. Yes.

20 A. I don't know.

21 Q. On this occasion, you indicated you were up
22 considerably, you were up about how much?

23 A. Maybe \$300,000 total for that period.

24 Q. And you walked in with approximately how much?

25 A. I don't know. It was lots of foreign currency

1 from everyone. We're not talking about the
2 smurf operation, this was just to entertain me
3 while the smurf operation was going on to
4 convert that Guilder over to U.S. dollars.

5 Q. And who was involved in the smurf operation?

6 A. Gunnar Guinan, Mike Hobbs, myself, Roxanne
7 Barbat, only slightly and unknowingly Thomas D.
8 Haney. And let's see, there-- there may have
9 been a few other people.

10 Q. And how did this--

11 A. And when--

12 Q. How did the smurf operation work?

13 A. You would go to a table, you would put money
14 down that was below the FINCEN and the Treasury
15 reporting amounts.

16 Q. How much is that?

17 A. 2,800, 2,700 at the time. 3,000 triggered a--
18 a report. 10,000 was a big report. And we did
19 have a few slip-ups where someone made a
20 mistake of 10,000 because they didn't follow
21 the rules carefully. Reg 6-A (ck0 is very
22 complicated because it's got a 24-hour cycle to
23 it. And if you don't follow that 24-hour cycle
24 or someone makes a mistake on the other side,
25 you violate the Reg. 6A. When you're putting

1 up front money, there's a more complicated
2 problem. You have to bring it down the same
3 way you put it in, and you can't take out more
4 than 10,000 in every 24-hour period. But you
5 asked me a question and I haven't answered
6 that.

7 Q. How exactly did the smurf operation work?

8 A. Oh, they would just take the Guilder to the
9 change cage in any of the casinos, i.e.,
10 Treasure Island, the Bellagio, the Mirage. And
11 they would say, "I'm here to gamble, I need
12 U.S. dollars," and they would get them and
13 there would be a different rate. We dumped so
14 much Dutch Guilder in there that the rate
15 dropped like a rock, on top of the fact that
16 the rate was dropping on the world market. So
17 we had a double hit.

18 Q. To the tune of how much?

19 A. Of a hit? I don't know, I mean-- caused
20 arguments, so--

21 Q. Between whom?

22 A. Well, Leonard was saying, you know, you should
23 be getting more of a return back from this and
24 I'm saying, you know, I've got a problem, I'm
25 getting-- what's in the Wall Street Journal

1 isn't anywhere close to what I'm getting and
2 realizing in this operation.

3 Q. And--

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

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

11 A. Yes.

12 Q. And as this conspiracy worked, would that money
13 have been coming into you if product was not
14 going out?

15 A. No. And it was a-- and I was demanding--
16 Leonard was wanting electronic money for some
17 specific projects, and I was-- and I-- that
18 gave me the upper hand to demand the most
19 precious of currency, which is thousand
20 Canadian bills. So I knew that there was a lot
21 of money sitting out there because he could
22 produce at any-- any denomination sequence I
23 asked for.

24 Q. And how much were you asking for?

25 A. Oh, well, he was asking for electronic money,

1 and so we're talking in figures of like
2 \$200,000. He had needed another thing for
3 150,000.

4 Q. And electronic money in what form?

5 A. Cashier's checks. Anything that he could take.
6 And also-- also Bellagio checks, Mirage checks,
7 casino checks.

8 Q. Okay. So based upon that, what was your belief
9 as to whether or not there was product coming
10 out of the lab as it was set up at Caneiro?

11 A. Well, I know that we had an excess in November
12 of Dutch Guilder and we were virtually out of
13 thousand Canadian notes. And we had quite a
14 large amount of U.S. dollars.

15 Q. November of what year?

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

23 Q. And that meant what to you?

24 A. That the sales of LSD was continuing.

25 Q. Okay. And based upon the amount of money that

1 was coming in to you to launder through the
2 conspiracy, what did that in your mind compute
3 to in quantities of LSD coming out of the lab?

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

7 Q. Okay. Are you able to--

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

11 Q. From whom?

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

16 Q. How was that?

17 A. How was what? How was--

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

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

1 frustrated.

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

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

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

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

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

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

1 contract, and I said this is a problem.

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

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

13 Q. How much money?

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

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

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

19 Q. Of 2000?

20 A. Yeah.

21 Q. And your discussions about that were with whom?

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

23 Q. And what was each of their individual
24 responses?

25 A. Leonard said, "I'm not moving the damn thing,

1 go buy-- buy him out."

2 Q. What was Mr. Apperson's response?

3 A. I don't remember.

4 Q. And--

5 A. Of course, you understand there's a problem of
6 buying something out of probate, it isn't
7 something you do swiftly.

8 Q. And then what was the next thing after you--
9 you indicated there were two concerns, one was
10 Mr. Schwartz' suicide. What was the second
11 one?

12 A. Well, my legal circumstances. And the third
13 was the Natasha money bust.

14 Q. And had that occurred sometime near in time to
15 all of these incidents?

16 A. Yes, yes.

17 Q. So then what happened next after that
18 conversation?

19 A. Well, where the problem started was when I
20 thought I was going to be able to negotiate out
21 an extension with Tom Schwartz.

22 Q. Who is he?

23 A. He is the owner-- no, I'm not for sure. He was
24 the founder of Famous Brands Liquor in Kansas.

25 Q. Is he any relationship to the owner of--

1 A. The father.

2 Q. Okay.

3 A. And he was 86 or 87 at the time, he may be 90
4 now. I-- I'm a little off on his age, but he
5 is elderly. And he showed up.

6 Q. Were you there when he showed up?

7 A. No, way, huh-uh.

8 Q. How did you know he showed up?

9 A. I had hostile phone calls and--

10 Q. From whom?

11 A. It could have been Paul, the electrician out
12 there, Ed Peden, it could have been the driver.
13 Mr. Schwartz had a driver.

14 Q. Where were Mr. Pickard and Mr. Apperson when
15 that occurred?

16 A. I can tell you exactly. I believe Mr. Pickard
17 was at the Savoy in London. And Mr. Apperson,
18 I didn't know it at that time but I found out
19 from him, was either on the way to the hospital
20 or in the hospital at the time.

21 Q. And what time of the year 2000 was this?

22 A. July. I'm doing my best.

23 Q. And--

24 A. I think you-- we've got-- we've missed
25 something that the jury--

1 MR. RORK: Well, Judge--

2 A. -- and the Court does not understand.

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

7 THE COURT: That may be a good idea.

8 MR. HOUGH: Thank you.

9 THE COURT: Might move us along a
10 little faster.

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

14 A. Yes.

15 Q. -- relative to this?

16 A. Yes.

17 Q. Describe that.

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

23 Q. Where?

24 A. Coming in from Walnut Creek, California into
25 Berkeley.

1 Q. And how, if at all, did that affect these
2 things that were going on?

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

12 Q. As a result of the car wreck?

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

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

19 A. Well, first of all, I-- I can give an-- some
20 examples specifically on that day, I believe it
21 was May 13th, it was a Friday probably. May
22 13th of the year 2000. Earlier before I had
23 the car wreck, Leonard had tossed me - Wall
24 Street value - \$225,000 worth of Guilder, but
25 he and I ended up negotiating it down to a

1 value of 190,000.

2 Q. How did you do that?

3 A. Because I said there's no way I'm going to

4 realize the 225,000, and I said there's

5 multiple hits. And just hours later I had the

6 accident. Called him from the emergency room

7 and said, "Don't be pissed, but I had an

8 accident." But the money wasn't on me, the

9 money was back in my girlfriend's apartment.

10 Q. Located where?

11 A. In Berkeley.

12 Q. Okay.

13 A. I went ahead and caught the flight, the next

14 flight that day, I went ahead and flew to Vegas

15 to start conversion of the money.

16 Q. And what happened next then?

17 A. Leonard was actually on his way to go visit

18 his-- another wife named Deborah Harlow, I

19 believe. Deb is what I referred to her as.

20 With another child in Anaheim, California, to

21 go to Disneyland.

22 Q. And what happened next?

23 A. Well, I'm confused. I thought he said he went

24 down there and had an argument with her. But

25 immaterial, he ended up in Vegas because he got

1 in a big fight with her.

2 Q. And you were in Vegas?

3 A. I was in Vegas at the Paris casino.

4 Q. And what time of year is this in 2000?

5 A. Well, we're talking-- I'm there May the 14th
6 because I know when my car wreck was. And I'm
7 staying there. And when he showed up would
8 have been something like May the 17th, 18th, I
9 don't know, you know.

10 Q. And what happened then?

11 A. We just talked about things and he was--

12 Q. Describe those discussions.

13 A. Say it again.

14 Q. Describe those discussions.

15 A. Oh, he was very depressed about his problems
16 with his ex-wife or whatever. She called him a
17 career criminal or something like that and was
18 very harsh to him. He was in a low state of
19 mind and he wasn't happy. And I was obviously,
20 you know, just out to lunch with memory and
21 stuff, but I was covering it up pretty good.
22 And when we eventually-- we went back to
23 Berkeley. When I went back to Berkeley after
24 about a week when I could finally fly again,
25 that was the first time that he ever mentioned

1 when we were trying to go rent a house and we
2 had to go buy some tickets and we went up to a
3 little town above Berkeley, Montepaire
4 (spelled phonetically) or something like that,
5 this was the first time that he ever-- he
6 mentioned to me something about we're going to
7 go ahead and kill this guy or we have killed
8 him, and I-- I just don't know. I mean, I--

9 Q. "This guy" being who?

10 A. The ET associate who had turned state evidence,
11 working with the Government.

12 Q. And then what was the next thing that happened?

13 A. All right. Now we're going back into July. I
14 called him at the Savoy and say we have a
15 serious problem and he tells me under no
16 circumstances move that lab.

17 Q. Where were you at the time of the conversation?

18 A. I was exactly at 21st and Lewis on a cell phone
19 in a white Lincoln calling on a cell number to
20 the Savoy, I believe, in London saying we are
21 in emergency circumstances.

22 Q. What city are you in?

23 A. Tulsa, Oklahoma.

24 Q. Okay.

25 A. And I-- we were talking in code that we were

1 having serious problems.

2 Q. And describe talking in code.

3 A. We were giving the nicknames for the lab.

4 Q. Which was?

5 A. Alice. I needed to know exactly if someone got
6 in there. I-- at this moment I didn't know if
7 they had breached into the facility.

8 Q. "They" being who?

9 A. Tom Schwartz, his driver, Paul, and Ed Peden.

10 Q. And is the lab sitting idle at this point in
11 time?

12 A. Yes, because everyone is gone, no one is around
13 it. And so--

14 Q. Why was everyone gone, why was no one around
15 it?

16 A. Just down production time. Leonard was
17 supposed to be in London, you know.

18 Q. So was this lab capable of producing LSD
19 without Leonard?

20 A. No.

21 Q. And so this conversation with Leonard about the
22 problem with the Atlas F resulted, then, in
23 what happening?

24 A. I-- I then knew that this was a serious enough
25 problem that we went to a higher level of phone

1 communication. My--

2 Q. That means what?

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

12 Q. What do you mean by a bitter argument?

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

14 Q. And how did the conversation end?

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

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

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

21 Q. Who did you call?

22 A. Mike Hobbs was the first person and then I
23 asked Mike to immediately fly to Tulsa,
24 Oklahoma. He did not know what the problem
25 was, I just said, "Be on a plane immediately,"

1 and he was. The next person I called was-- I
2 told Gunnar that I had a situation and I needed
3 help. Actually notified Bill Wynn that I had a
4 problem, but I didn't tell him the nature. And
5 I said, "I may need you to be on standby to
6 deal with situations." And then I drove up,
7 because I still did not know if the lab had
8 been breached, if the door had been opened. I
9 was very concerned, I wanted to know if all the
10 locks had been left on, if anything-- and the
11 one good advantage is I had Ed Peden's word
12 that they couldn't do anything and they
13 couldn't buy the equipment to cut the locks
14 off. So what they did was they cut the lock
15 off of-- the simple lock off the gate and put
16 their own lock on there. And then I knew that
17 we had to assemble certain things. I did not
18 know the condition of this lab, I did not know
19 what to expect.

20 Q. Why?

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

1 brought--

2 Q. What did that equipment consist of?

3 A. Circular saws to cut locks, chains, lots of

4 plastic, lots of garbage bags,

5 decontamination-- Clorox, which is chlorine,

6 where the LSD molecule is very fragile, a small

7 amount of chlorine will immediately render a

8 large amount of LSD inactive. I had to

9 prepare-- I had to start thinking about what

10 chemical provisions I was going to give to the

11 team that went in there so that they would not

12 go into seizures or lose their minds. And--

13 Q. Are those consequences of overexposure to LSD?

14 A. There's two things. Just exposure to LSD is

15 one level. Overexposure is another level.

16 Q. And are they--

17 A. I had to make contingencies for both plans.

18 And I also had to-- the last person I believe

19 that I contacted was my father to go up and do

20 backup.

21 Q. And that would have consisted of what?

22 A. Helping if there was a medical problem and,

23 number two, helping be able to withstand the

24 situation.

25 Q. What information did you give him prior to him

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1 coming up?

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

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

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

7 Q. How about a month and year.

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

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

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

23 Q. Consisting of what chemical protection?

24 A. Valium, hydrocodone and, if it was available,
25 depranil.

1 Q. So--

2 A. And beyond that, we did not have suits, we
3 did-- we did have some masks. But I can't wear
4 latex gloves or gloves that work, and we
5 decided a pecking order of who could handle
6 what.

7 Q. And what was that pecking order?

8 A. Pecking order was I was the only one that
9 entered the inner lab. Then the next-- the
10 tunnel area was the next handoff area, and I
11 believe that that was contained of both my
12 father and Mike Hobbs. The next step was Lupe,
13 and then the final step was Gunnar.

14 Q. And how did that ultimately work out?

15 A. Through a tremendous amount of work, we were
16 able to successfully extract the entire lab
17 with a small truck. It was a tremendous amount
18 of work. We did have one person that got
19 incredibly exposed, that was Gunnar Guinan.

20 Q. And what was the consequence of his
21 overexposure?

22 A. About 32 to 36 hours of just not being with it
23 or being able to communicate with him.

24 Q. And over what period of time was it that the
25 lab was disassembled?

1 A. I believe about three days.

2 Q. And--

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

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

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

19 Q. Why?

20 A. So that it wouldn't break. I didn't know what
21 processes, I didn't know what was going on
22 there. I didn't know if we were talking about
23 \$5 million worth of product in a given beaker,
24 so I had to be incredibly careful when I
25 entered there.

1 Q. And were you?

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

5 Q. Describe it.

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

11 Q. What kind of trash?

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

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

21 A. That's correct. And also garbage pails and
22 also the trash was put in extra-- it was
23 already in trash bags, but more trash bags were
24 put around them. And anything that was-- we
25 tried to seal off as much as we could with

1 plastic wrap. And more-- and we-- we used
2 incredible amounts of just packaging material.

3 Q. And then what happened to it?

4 A. Well, I mean, it was-- it was moved a truckload
5 at a time because it expanded, because a beaker
6 that could have gone into a little box had to
7 go into a whole five-gallon bucket. So I think
8 it was numerous truckloads that went back to
9 Wamego.

10 Q. And where did you get these five-gallon plastic
11 buckets?

12 A. Gardner Industries would package their
13 high-precision extension springs in these. And
14 up in the Lester building we had a couple
15 hundred of these that had never been opened.
16 So that was ready-made. The rest of the stuff
17 we were sending out to buy the supplies for.
18 You know, they were simple things.

19 Q. Such as?

20 A. Garbage bags. I mean, you can go to Wal-Mart,
21 you can go to anyplace and buy them. And
22 sponges and spray things for spraying Clorox
23 and, you know, start massive decontamination.
24 On top of all of this, we had to move all the
25 personal possessions, the computer gear and

1 everything, all the files out of there.

2 Q. What types of files?

3 A. Leonard's personal files and chemistry notes
4 and correspondence that he considered very
5 sensitive.

6 Q. And after those were all boxed up, put in this
7 little truck, they were taken where?

8 A. No, no, no. Multiple truckloads were taken to
9 Wamego. One of the truckloads bogged down,
10 while I was not present, in the mud. And this
11 created an extra problem because they had to go
12 get someone to tow the truck out of the mud.
13 Do you remember the problem that we had with
14 the-- well, the truck bogged down.

15 Q. And they all ended up in Wamego where?

16 A. The Atlas E base.

17 Q. Which-- and where there? I mean, you have
18 multiple buildings.

19 A. Can you bring it up? I will show you, if
20 you'll--

21 Q. Was it in the underground portion?

22 A. I will have to show you.

23 Q. Was it in the Lester building?

24 A. There was an organizational problem that
25 initially existed. We unloaded off into these

1 areas here. And then the forklifts would bring
2 into here (indicating) items that--

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

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

16 Q. "We" is who?

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

21 Q. And ultimately, it all ended up where?

22 A. (Indicating).

23 Q. In the Lester building?

24 A. That's correct.

25 Q. When you--

1 A. With the exception of the-- the cans.

2 Q. What cans?

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

6 Q. And they wound up where?

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

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

14 A. 39 or something like that. There was some
15 loose, some boxed. The boxed were easier.
16 There was a half can, and then there had been a
17 change of can size, so there was-- you know,
18 but basically there was 40 cans, but-- you
19 know, 39-and-a-half. And there was only one
20 that was open that I remember of the new batch.

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

23 A. Yeah.

24 Q. How are you familiar with that?

25 A. Because the negotiations for it happened in

1 Chicago.

2 Q. And were you there?

3 A. No, I wasn't present at the table. But let me
4 tell you the date. Approximately May the 3rd,
5 May the 4th, sometime in that was when we
6 arrived in Chicago.

7 Q. Of 2000?

8 A. Yes, I was there. And if I'm wrong, I-- I just
9 can't--

10 Q. Who was with you?

11 A. Well, a number of people. I was there on
12 official business for the corporation, Gardner
13 Spring. And we went to the largest customer of
14 Gardner Spring. And present was Leonard,
15 Natasha, Roxanne, Peggy, who works at Gardner,
16 Krystal Cole, and myself and Bill Wynn.

17 Q. And what happened in Chicago?

18 A. Well, we went to the meeting with one of the
19 Gardner -- with Gardner's largest customer and
20 we dealt with that problem. And we stayed at
21 the Ritz Carlton there at the Water Palace, I
22 believe, or Water Tower. And there ended up
23 being a meeting that I did not know about.

24 Q. How did you find out about it ultimately?

25 A. Leonard told me there's going to be a meeting

1 with the ergotamine tartrate man.

2 Q. And did you observe that?

3 A. Yes.

4 Q. Describe it.

5 A. In the-- he told me if you want to see
6 something interesting, come down to the lobby.

7 And I was sitting in the lobby of the Ritz
8 Carlton and way over a water fountain kind of
9 or a blank area was Leonard meeting with a man
10 that was described as the ET man.

11 Q. And what came of that meeting?

12 A. I assumed that they negotiated another
13 transport of--

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

16 Q. (BY MR. HOUGH) What ultimately actually
17 happened?

18 A. Leonard said that they negotiated--

19 THE COURT: Sustained.

20 A. Leonard said they negotiated another ergotamine
21 deal.

22 Q. (BY MR. HOUGH) And as a result of that deal,
23 what happened, to your knowledge?

24 A. Four wooden cases of ergotamine tartrate
25 representing 20 kilograms was turned over to

1 Leonard from the ergotamine-- or the ET man.

2 Q. And do you know when that occurred?

3 A. No.

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

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

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

11 MR. BENNETT: He answered yes, he
12 knew.

13 Q. (BY MR. HOUGH) Do you know?

14 A. The source?

15 Q. Yes.

16 A. Leonard Pickard.

17 Q. So what did Mr. Pickard tell you?

18 A. Well, the first problem was he says, "Here, I'm
19 here, I've got this stuff." And he said,
20 "Clyde has not shown up. I don't know if he's
21 off playing around or he's got something, I
22 can't get in touch with him." He said, "Get
23 mom and pop to come up." And he said, "Can we
24 trust them?" And I said, "Absolutely." Mom
25 and pop referred to Joyce and Curtis Nicholson.

1 Q. And so what happened next?

2 A. They were ready to leave and a phone call came
3 in and--

4 Q. From whom?

5 A. Leonard Pickard. And he said, "Cancel.
6 Clyde's going to move the shipment."

7 Q. And to your knowledge, did that ultimately
8 occur?

9 A. Yes, it did.

10 Q. How did?

11 A. I believe--

12 Q. Tell us what you know.

13 A. What I know. All I know is that a vehicle
14 showed up and had the ergotamine-- no, I don't
15 know that. A vehicle showed up and a vehicle
16 left. And when I later entered the facility,
17 there was ergotamine tartrate-- oh, no, there
18 were cans, I'm not--

19 Q. And who was it that showed up and left?

20 A. Supposed to be Clyde, but did not--

21 MR. BENNETT: Well, Judge, I'm going
22 to object to what it's supposed to be.

23 MR. RORK: Judge, I want to know
24 where.

25 THE COURT: Well--

1 MR. HOUGH: Well, Judge, he's
2 testified where he showed up.

3 THE WITNESS: To the Atlas F and--

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

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

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

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

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

14 Q. When did it occur?

15 A. I don't know, so--

16 Q. What year?

17 A. I mean 2000.

18 Q. What month?

19 A. Something like June, something like that.

20 Q. Okay.

21 A. Could have been early July.

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

24 A. I was present when a vehicle came. I do not
25 know that it brought that load.

1 Q. Were you present--

2 A. No one-- no one--

3 Q. -- when that vehicle arrived and left?

4 A. When the vehicle that I described?

5 Q. Correct.

6 A. Yes.

7 Q. Okay. Who else was present?

8 A. No one.

9 Q. And did you subsequently have a conversation

10 with either Mr. Pickard or Mr. Apperson about

11 that?

12 A. Yes.

13 Q. With whom?

14 A. Mr. Pickard. And he said--

15 Q. What did he tell you?

16 A. He said that Clyde brought it down. But I

17 believe that the nature of it was, is that they

18 actually did a car caravan, but they never told

19 me, because a car ended up that was a

20 four-wheel drive vehicle that had plates. And

21 I saw Leonard in this vehicle, so I think that

22 they car-caravan'd it down.

23 Q. Okay. So the ET, then, ends up in the area

24 that you've marked on the overhead here.

25 Correct?

1 A. That's correct.

2 Q. And the lab in these five-gallon buckets, did
3 you just I mean have five--

4 A. No, I'm sorry, they were five-gallon buckets
5 inside of military green transport containers.

6 Q. Okay.

7 A. Sorry.

8 Q. And the-- the green military transport
9 containers ended up where?

10 A. Ultimately all in the Lester building once the
11 sorting was done.

12 Q. Where did they come from originally, the
13 military boxes?

14 A. Tulsa, Oklahoma. Jeffrey Metals had bought out
15 Tinker Air Force's parachute military drop
16 containers that were surplus, and I bought
17 them surplus.

18 Q. When was that approximately?

19 A. I don't know.

20 Q. And--

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

25 A. I don't know.

1 MR. RORK: And I would also like to
2 ask that the notes not keep being passed from
3 this table, Judge, to the person asking
4 questions.

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

7 THE COURT: All right. Go ahead.

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

11 A. June.

12 Q. Of what year?

13 A. 2000.

14 Q. What was the purpose of that?

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

18 Q. Why was that necessary?

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

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

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

25 Q. And--

1 A. Wait, wait, I'm sorry. Bob Bennett and a
2 worker from Michigan or something that helped
3 him.

4 Q. Why not have Clyde Apperson do that?

5 A. Well, because that's not his speciality. And
6 number two, Bob Bennett bid the job.

7 Q. And--

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

14 Q. Did Mr. Apperson ever perform any legitimate
15 business function for Gardner Springs?

16 A. None whatsoever.

17 Q. To your knowledge, after you wrote that check
18 did Clyde Apperson go to Chicago?

19 A. I don't know. I want to-- I want to make sure
20 I understand that question. Do you mean from
21 the time I wrote the check did he get on a
22 plane and go to Chicago?

23 Q. Yes.

24 A. I don't know.

25 Q. And the lab you indicated at this point is now

1 in these military boxes in Wamego in the Lester
2 building and the ET is in the living quarters
3 area underground.

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

6 Q. And then what happened next?

7 A. Clyde shows up.

8 Q. And what happened?

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

10 Q. For what purpose?

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

23 And other than that, he was impressed
24 that I was able to get that stuff moved that
25 fast and done. And he told me it was a good

1 thing, because he was in the hospital and
2 couldn't even stand up straight with a viral
3 ear infection. In other words, he agreed with
4 me that I had an emergency situation. And then
5 he immediately wanted to go see the lab.

6 Q. And when approximately was this in 2000?

7 A. Sometime in July or-- I don't know, late July
8 or--

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

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

14 Q. What was the Looking Glass facility?

15 A. It's a Government project that was to keep the
16 president in communication at all times, and
17 it's above Topeka here, in case of nuclear war
18 or other hostile situations. And it had been
19 on the market and-- part of it had been on the
20 market for sale.

21 Q. And why tell him-- why lie to him and tell him
22 it was there?

23 A. I didn't want-- well, they would have flipped
24 out if they would have known that I had put it
25 in Wamego, because they considered Wamego to be

1 the hit spot.

2 Q. Why?

3 A. Because if I had a problem or if anyone had a
4 problem, they would go hit Wamego. Wamego was
5 always the decoy.

6 Q. After you told Clyde Apperson it was at the
7 Looking Glass site, what happened next?

8 A. He wanted to go see it and I successfully
9 pushed him off and said I didn't have the keys
10 and such. So we drove to the Looking Glass.
11 He could see there were a number of containers
12 because a moving company had ended up buying
13 the GTE part of the Looking Glass facility.
14 And he could see stuff and he tried to crawl
15 over the fence or something, and I said, "I
16 don't recommend this because this is an NSA
17 operation next to us with an AT&T site that was
18 deep underground." I said, "We're on video."
19 And he decided to back off and not pursue going
20 over the fence and draw any attention to going
21 into the Looking Glass.

22 Q. Then what happened?

23 A. He had to get back home for something and I--
24 he went to the airport and he was upset.

25 Q. Did you go originally to the airport to pick

1 him up?

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

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

4 which airport?

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

6 Q. And so he had to get back home. So what

7 happened next?

8 A. Okay. Then I can't get ahold of Leonard at

9 any of the numbers. He's left every place.

10 Leonard in the meantime was trying to get

11 married and finding an area where he can get

12 married at legally, and it was quite a

13 difficult problem.

14 Q. Married to whom?

15 A. Natasha.

16 Q. Then what happened?

17 A. I-- for a long period of time of where I was

18 not able to talk to him. And eventually

19 somehow he got in touch with me.

20 Q. Approximately when?

21 A. I don't know.

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

23 it later?

24 A. Late July, August.

25 Q. And when he got ahold of you, what happened?

1 Describe that conversation.

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

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

24 MR. RORK: Well, Your Honor, the
25 question that was propounded to the witness

1 about three minutes ago was, "What did he say
2 to you," and all I've heard was what this
3 individual has said to him.

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

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

14 MR. HOUGH: Thank you, Judge.

15 Q. (BY MR. HOUGH) So this is July, 2000 again?

16 A. Or August, early August.

17 Q. And after that conversation then, what, if
18 anything, occurred?

19 A. My next meeting physically with Leonard was in
20 Mill Valley.

21 Q. Mill Valley, what state?

22 A. California. Physically met with him and--

23 Q. Where?

24 A. -- Emily, my girlfriend--

25 Q. Where?

1 A. Huh?

2 Q. Where in Mill Valley?

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

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

7 A. Oh, no, no, no. It was-- the post office was
8 one side and, you know, we were walking out.
9 Bill Wynn, Emily Reagan were with me and we saw
10 Leonard, we called him and he said, hey, I'm up
11 around by the pizza place or something. I just
12 don't know Mill Valley that well.

13 Q. Was it a scheduled meeting?

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

16 Q. What was the purpose of the scheduled meeting?

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

1 territory. And he drove me and he was acting
2 out of the ordinary.

3 Q. How?

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

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

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

17 THE COURT: Yes. Overruled. Go
18 ahead.

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

21 Q. (BY MR. HOUGH) Why?

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

24 Q. So tell us then about what ultimately happened
25 in Mill Valley.

1 A. We talked briefly and we arranged for a date
2 that the lab would be turned back over to him.
3 And he said, "Get another site, get another
4 location for us."

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

7 A. I don't remember.

8 Q. Do you remember approximately?

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

10 Q. Okay. And so--

11 A. There were some things that had to happen.

12 Q. Such as?

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

14 Q. What else?

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

20 Q. And describe those.

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

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

25 A. No, not-- not for him. I looked for another

1 location to deposit it to get it off that base.
2 And I had extensive conversation with Mike
3 Hobbs about, "Do you think we can get this
4 thing off this base and into a-- some sort of
5 rental storage unit?" And ultimately we
6 decided not to.

7 Q. Why?

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

12 Q. And then what happened?

13 A. I believe I settled-- I mean, I-- it would
14 help-- I came here, I was in this courtroom and
15 settled by paying a fine on the misdemeanor
16 charge. And then that allowed me to leave.
17 And I thought long and hard about all the stuff
18 that had been said to me, and I was trying to
19 weigh and balance had we indeed committed an
20 act of violence or were we in the process of
21 committing an act of violence. And I then
22 started to try to call different law
23 enforcement people.

24 Q. And then that ultimately resulted in your
25 cooperation in this matter; is that correct?

1 A. That's correct.

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

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

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

20 A. Yes.

21 Q. On the 19th?

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

25 Q. And Exhibit 800 and 801 that we saw early on in

1 your testimony, let's see--

2 MR. BENNETT: Judge, could we
3 approach before we get into these exhibits?

4 THE COURT: Yes, you can.

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

8 MR. BENNETT: Well, Judge, I thought
9 I heard him say-- make reference to 800 and
10 801, and I thought he was going to give to the
11 witness Exhibit 800 and 801. 800 hasn't been
12 admitted, I don't believe. And so that's why I
13 thought if-- I don't think I have any problem
14 with 801, but if he's going to show him 800,
15 then I want to object then.

16 MR. RORK: Judge--

17 MR. HOUGH: Judge, my purpose in
18 showing him these was reference points, the
19 dates that he signed these in relationship to
20 him giving statements to the DEA. But Mr.
21 Bennett did remind me of a point. Based upon
22 the record at this point in time, we would
23 reoffer 800.

24 THE COURT: What's the basis of your
25 objection to 801?

1 MR. BENNETT: I don't have an
2 objection. I thought he was--

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

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

7 MR. HOUGH: The order you signed
8 yesterday.

9 MR. BENNETT: And I would--

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

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

23 THE COURT: That his immunity--

24 MR. BENNETT: Right.

25 THE COURT: -- is still alive.

1 MR. BENNETT: Right.

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

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

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

23 That order that you have there with
24 respect to the different-- the prosecution of
25 involuntary manslaughter in Potawatomie

1 County-- and, in fact, that letter of Pott
2 County indicates he's not immune from a murder,
3 conspiracy to murder or other acts of violence
4 directed to a person. And that's different
5 than what your order says. And your order also
6 has in there language that it's more or less
7 again vouching for this witness' credibility.
8 And the Court's order bolsters what the jury--
9 what weight the jury should give to it. His
10 agreement is his agreement.

11 THE COURT: How does this order do
12 that?

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

15 THE COURT: How does it vouch?

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

24 MR. RORK: Judge, it says right here,
25 "Todd Skinner will refuse to testify or provide

1 other information on the basis of his privilege
2 against self-incrimination." That makes it
3 sound like his testimony here, that his
4 self-incrimination deals with Pott County, the
5 theft of stereo speakers--

6 THE COURT: It does not.

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

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

22 MR. BENNETT: Judge, this exhibit -
23 and then I will quit - doesn't tend to prove or
24 disprove any of the issues in this lawsuit.

25 And I--

1 THE COURT: Well, that-- that's your
2 best argument right there, that this-- this has
3 nothing to do with any of the other issues in
4 this argument. You caught my attention with
5 that much. But I will not admit that at this
6 time. Now-- and we'll continue to-- continue
7 to look at it, because it's-- I-- it has only
8 to do with-- and it did not provide immunity
9 or-- or his-- his right to take the Fifth on
10 any issue that's ongoing up there in
11 Potawatomie County, absolutely does not. And
12 we-- we made it-- we made a good point of that.
13 Except those that arise out of this, out of
14 this transaction.

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

21 THE COURT: Well-- isn't that right?

22 MR. HOUGH: Judge, that is accurate.
23 The concern was his immunity agreement being--
24 with the department being recognized by this
25 Court, so that anything that he said here

1 couldn't be used against him in any other
2 proceeding, whether it be a pending matter in
3 Potawatomie County, whether it be in some
4 matter not pending in Potawatomie County, or
5 anywhere else.

6 THE COURT: All right. Well--

7 MR. HOUGH: It all fits under the
8 umbrella.

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

12 MR. HALEY: It's 4:30.

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

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

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

24 (THEREUPON, a recess was had).

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UNITED STATES OF AMERICA)
) SS:
DISTRICT OF KANSAS)

C E R T I F I C A T E

I, KELLI STEWART, Certified Shorthand Reporter in and for the State of Kansas, do hereby certify that I was present at and reported in machine shorthand the proceedings had the DAY day of MONTH, YEAR, in the above-mentioned court; that the foregoing transcript is a true, correct, and complete transcript of the requested proceedings.

I further certify that I am not attorney for, nor employed by, nor related to any of the parties or attorneys in this action, nor financially interested in the action.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal at Topeka, Kansas, this 5th day of Feb., 2003.

Kelli Stewart

KELLI STEWART
Certified Shorthand Reporter