THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM HORRY COUNTY
Court of Common Pleas

The Honorable Cynthia Graham Howe
Master-in-Equity, Fifteenth Judicial Circuit

Case No.: 2009-CP-26-620
Appellate Case No.: 2016-001075

Ellis E. Smith, individually and on behalf of A&E Constructors and Consultants, Inc., a South Carolina Corporation .....Plaintiffs,

vs.

Arthur Wayne Vereen, Park Place Properties of Myrtle Beach, LLC, Parkway Offices, LLC, Arthur Vereen Construction, Inc., Linda C. Vereen, Arthur W. Vereen, as Trustee of the Arthur W. Vereen Residence Trust, and Linda C. Vereen, as Trustee of the Linda C. Vereen Residence Trust, ... Defendants,

AND

Arthur Wayne Vereen, individually and on behalf of A&E Constructors and Consultants, Inc. and 29th Place Developers, Inc., ... Third-Party Plaintiffs,

vs.

E. Smith and Sons Construction, LLC, EES Construction and Consulting, Inc. and Ellis E. Smith, individually, ...Third-Party Defendants.

OF WHOM Arthur Wayne Vereen, individually and on behalf of A&E Constructors and Consultants, Inc., Park Place Properties of Myrtle Beach, LLC, Parkway Offices, LLC, Arthur Vereen Construction Company, Inc., Linda C. Vereen, Arthur W. Vereen, as Trustee of the Arthur W. Vereen Residence Trust, Linda C. Vereen, as Trustee of the Linda C. Vereen Residence Trust and 29th Place Developers, Inc. are ..... Appellants,

AND

Ellis E. Smith, individually and on behalf of A&E Constructors and Consultants, Inc., a South Carolina Corporation and E. Smith and Sons Construction, LLC, EES Construction and Consulting, Inc. and Ellis E. Smith, individually are ..... Respondents.

RECORD ON APPEAL

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A THIS IS THE JOB.

Q AND I BELIEVE YOU SAID YOU CALLED THE BUILDING DEPARTMENT AND THEY SAID, "JUST LET IT SIT. DON'T TRY TO GET A CO NOW BECAUSE IT HAD BEEN MORE THAN A YEAR."?

A RIGHT. AS PART OF OUR DISCOVERY RESPONSES, THE PLAINTIFF ASKED US FOR -- WHETHER OR NOT WE HAD PERMITTED ANYTHING AFTER OCTOBER 2007. SO, IN GOING BACK AND REVIEWING FILES, THIS IS ONE I FOUND AS THE LATEST, BUT I COULDN'T FIND THE CO IN THE JOB FILE. SO, I CALLED THE COUNTY TO FIND OUT WHEN THE CO WAS ISSUED AND THAT WAS WHEN THEY TOLD ME THE CO HAD NOT BEEN ISSUED, BUT THE PERMIT WAS DEAD AND THAT I WOULD NEED TO COME OUT AND PAY A NEW PERMIT FEE AND HAVE IT RE-INSPECTED. WHEN I TOLD THEM THAT A&E WAS NO LONGER IN BUSINESS, THEY TOLD ME THAT I BETTER JUST LEAVE IT ALONE THEN.

Q IN TERMS OF THE LAST INVOICE THAT WAS SENT ON MRS. HARDEE'S JOB, WHAT WAS THE DATE OF THAT INVOICE?

A NOVEMBER 5TH, 2007.

Q SO, IF YOU TOOK THAT AS A THEORETICAL CO DATE BETWEEN THEN AND WHEN SHE PAID A&E IN DECEMBER, WHAT WOULD 8 YEARS FROM THAT DATE BE?

A 8 YEARS FROM THAT DATE WOULD BE NOVEMBER 5TH, 2015, BUT WHAT CONCERNED ME WAS THAT THIS PERMIT WAS ACTUALLY LIVE UNTIL JULY 2ND, 2008. SO, IT WASN'T A DEAD PERMIT UNTIL THEN. SO, I DON'T KNOW WHETHER THE 8 YEARS WOULD RUN FROM THE DATE THE PERMIT DIED OR I DON'T KNOW HOW THAT WOULD BE DETERMINED.

Q IF IT WAS 8 YEARS FROM THE DATE THE PERMIT DIED IN TERMS OF POTENTIAL LIABILITY FOR CONSTRUCTION DEFECTS, WHAT WOULD THAT PUT THE DEADLINE AT OR THE STATUE OF LIMITATIONS END DATE AT?

A JULY 2ND, 2016.

Q LET ME SHOW YOU WHAT WE HAVE MARKED AS DEFENDANT'S EXHIBIT "91" AND SEE IF YOU RECOGNIZE THAT.

MR. DURANT: NO OBJECTION YOUR HONOR.

MR. THOMAS: NONE FROM US.

A I DO. I BELIEVE THIS WAS PART OF THAT SAME DOCUMENTATION PRODUCTION. WE PRODUCED A COPY OF THE LAST CO, WHICH WAS ON THE MATHI COMMERCIAL BUILDING AT CAROLINA FOREST.

JUDGE HOWE: DEFENDANT'S "91" SO ADMITTED.

CO ON THE MATHI BUILDING MARKED FOR IDENTIFICATION

AND INTRODUCED INTO EVIDENCE
AS DEFENDANT'S EXHIBIT "91".

Q WHAT IS 8 YEARS FROM THE DATE OF THAT CO?

A THIS CO WAS ISSUED AUGUST 31ST, 2007. SO, THAT WOULD BE AUGUST 31ST, 2015.

Q MRS. SISSON, I WANT TO HAND YOU WHAT I HAVE MARKED AS DEFENDANT'S EXHIBIT "92". TAKE A LOOK AT THAT AND THEN LET THE COURT KNOW IF YOU CAN IDENTIFY IT.

A YES. THIS IS A LETTER THAT I DRAFTED TO ELLIS SMITH AND MAILED TO HIM CERTIFIED MAIL IN MAY OF 2011.

Q NOW, THAT'S ON GRAND STRAND BUILDERS LETTERHEAD, CORRECT?

A THAT'S CORRECT.

Q AND YOU'RE THE PRESIDENT OF THAT COMPANY?

A I'M A 50 PERCENT MEMBER, BUT I'M THE MANAGING MEMBER.

Q AND BOTTLE WASHER?

A YES.

MS. COOK: I WOULD LIKE TO INTRODUCE THAT AS DEFENDANT'S EXHIBIT "92", YOUR HONOR.

MR. DURANT: OBJECTION. GRAND STRAND BUILDERS HAS NO CLAIM AGAINST A&E THAT

I'M AWARE OF.

MS. COOK: YOUR HONOR, WE ARE NOT MAKING A CLAIM AT THIS TIME BY GRAND STRAND BUILDERS AGAINST A&E OTHER THAN TO SHOW THAT GRAND STRAND BUILDERS -- THIS HAS TO DO WITH THE WORK THAT'S BEEN DONE AT THE FOUNTAINS TO TRY TO REMEDIATE THE ONGOING POTENTIAL LIABILITY OF A&E FOR CONSTRUCTION DEFECTS. I BELIEVE MR. SMITH TESTIFIED THAT HE HAD GOTTEN SOME LETTERS WITH REGARD TO THAT AND THAT HE HADN'T HAD THE OPPORTUNITY OR HE DIDN'T GO OUT THERE AND FIX ANYTHING AND THIS IS JUST TO VERIFY THAT HE WAS SENT INFORMATION CONCERNING THAT ONGOING LIABILITY OR POTENTIAL LIABILITY OF A&E ON THAT PARTICULAR JOB, THE FOUNTAINS.

JUDGE HOWE: NOW, THIS WAS SENT BY GRAND STAND BUILDERS, LLC, RIGHT?

MS. COOK: YES, MA'AM.

JUDGE HOWE: THIS IS NOT ANYTHING TO DO WITH THIS LAWSUIT? THERE'S NOT A CLAIM IN THIS MATTER FOR THIS MONEY?

MS. COOK: THERE IS NOT A CLAIM BY GRAND STRAND BUILDERS AT THIS TIME AGAINST

A&E, BUT IT IS TO SHOW THAT THERE ARE ONGOING LIABILITIES IN A&E, WHICH IS ONE OF THE REASONS WE ASKED TO AMEND OUR PLEADINGS IN ORDER TO NOT SEEK JUDICIAL DISSOLUTION OF THIS CLAIM. THAT THERE IS NOT A GRAND STRAND BUILDERS CLAIM AGAINST A&E AT THIS TIME.

JUDGE HOWE: I DON'T THINK GRAND STRAND BUILDERS CAN HAVE A CLAIM AGAINST A&E, CAN IT?

MS. COOK: YES, MA'AM. I BELIEVE IT CAN IF IT'S DOING WORK -- NOT IN THIS LITIGATION, BUT IF GRAND STRAND BUILDERS IS DOING THE WORK TO MAKE REPAIRS AT THE FOUNTAINS, WHICH IS THE A&E JOB ...

JUDGE HOWE: I THINK GRAND STAND MIGHT BE A VOLUNTEER.

MS. COOK: I THINK THAT'S PROBABLY FOR ANOTHER DAY.

JUDGE HOWE: I THINK IT MIGHT BE TOO.

MS. COOK: AND ANOTHER COURT. BUT YOUR HONOR, THIS IS INTRODUCED TO SHOW THAT THE PRINCIPALS OF A&E WERE BEEN MADE AWARE CONTEMPORARILY WITH KNOWLEDGE -- WITH A&E BEING ADVISED OF POTENTIAL

LIABILITY AS TO THE STEPS THAT ARE BEING TAKEN IN ORDER TO TRY TO RESOLVE THOSE ISSUES WITH A&E'S CUSTOMERS.

MR. THOMAS: IF THAT'S ALL THEY WANT TO DO, YOUR HONOR, WE WILL STIPULATE. WE GET A LETTER ABOUT ONCE A MONTH EITHER FROM MRS. SISSON OR MR. VEREEN TELLING US WHAT THE STATUS OF ...

JUDGE HOWE: YOU ARE GOING TO STIPULATE, BUT ARE YOU GOING TO AGREE TO ADMIT THIS LETTER?

MR. THOMAS: NO, MA'AM. WE DON'T AGREE TO ADMIT THAT, BUT I DON'T SEE ANY USE TO SPEND A LOT OF TIME SAYING THAT THERE IS POTENTIAL LIABILITY OUT THERE FOR A&E.

MS. COOK: WELL, I DIDN'T SAY I WAS GOING TO SPEND A LOT OF TIME. I WOULD LIKE THE NOTIFICATIONS THAT HAVE BEEN GOING TO THE PRESIDENT OF THE COMPANY OF A&E TO BE IN THE RECORD, YOUR HONOR. I DIDN'T SAY I WAS GOING TO SPEND A LOT OF TIME ON IT. I JUST WANT TO HAVE IT INTRODUCED BY THE PERSON WHOSE BEEN SENDING IT TO A&E.

JUDGE HOWE: WHO IS THE PRESIDENT? SHE CAN TESTIFY THAT SHE HAD SENT NOTIFICATION. HE'LL STIPULATE TO THAT, BUT I'M NOT GOING TO ADMIT LETTER FROM A THIRD PARTY COMPANY, GRAND STRAND BUILDERS, LLC WHICH HAS NO LIABILITY WHATSOEVER OUT THERE AT THE FOUNTAINS. I CAN'T IMAGINE WHY GRAND STRAND BUILDERS, LLC WOULD BE DOING REPAIRS OUT THERE UNLESS SOMEBODY HAS ASSIGNED IT SOME SORT OF LIABILITY.

MS. COOK: IF A&E HAS REQUESTED THAT GRAND STAND BUILDERS GO OUT AND DO THE REPAIR WORK IN ORDER TO HOPEFULLY OBVIATE A LAWSUIT BY THE DEVELOPER AND OWNERS OF UNITS WITHIN THE FOUNTAINS, THEN I BELIEVE THAT THIS IS EVIDENCE AND THE ACTUAL DOCUMENT IS THE BEST EVIDENCE OF WHAT INFORMATION IS BEING SHARED WITH THE PRESIDENT OF A&E ABOUT THAT POTENTIAL LIABILITY AND THE PROBLEMS WITH REGARD TO THAT LIABILITY.

JUDGE HOWE: DO WE HAVE ANYTHING IN WRITING FROM A&E TO GRAND STAND BUILDERS REQUIRING IT TO GO OUT AND DO THAT?

MS. COOK: NO, MA'AM.

JUDGE HOWE: I'M NOT GOING TO ADMIT IT. YOU MAY PROFFER IT, BUT I'M NOT GOING TO ADMIT IT.

MS. COOK: OKAY. YOUR HONOR, I WOULD LIKE TO PROFFER THAT LETTER THEN WITH THE ENCLOSURES AS DEFENDANT'S EXHIBIT "92". LIKEWISE, I WOULD LIKE TO PROFFER EACH OF THE LETTERS THAT HAS BEEN SENT TO THE PRESIDENT OF A&E, MR. SMITH, BY GRAND STAND BUILDERS WITH REGARD TO THE PROBLEMS AT THE FOUNTAINS.

LETTER FROM GRAND STRAND BUILDERS MARKED FOR IDENTIFICATION. AND PROFFERED INTO EVIDENCE AS DEFENDANT'S EXHIBIT "92".

JUDGE HOWE: HOW MANY ARE THERE?

MS. COOK: THERE IS ONE THAT I HAVE MARKED AS DEFENDANT'S EXHIBIT "93". THAT IS A LETTER FROM GRAND STRAND BUILDERS TO ELLIS SMITH DATED JULY 21, 2011. THERE IS ONE THAT I HAVE MARKED AS DEFENDANT'S EXHIBIT "94", A LETTER FROM GRAND STAND BUILDERS TO MR. SMITH OF A&E DATED OCTOBER 3RD, 2011. I WOULD

LIKE TO PROFFER THIS TOO AS WELL, YOUR HONOR.

JUDGE HOWE: THAT'S DEFENDANT'S EXHIBIT "93" AND "94". SO PROFFERED, BUT NOT ADMITTED.

LETTER FROM GRAND STRAND BUILDERS MARKED FOR IDENTIFICATION AND PROFFERED INTO EVIDENCE AS DEFENDANT'S EXHIBIT "93".

LETTER FROM GRAND STRAND BUILDERS MARKED FOR IDENTIFICATION. AND PROFFERED INTO EVIDENCE AS DEFENDANT'S EXHIBIT "94".

MS. COOK: YES, MA'AM. I'VE GOT COPIES IF YOUR HONOR WANTS THEM?

JUDGE HOWE: NO. THEY SAY BASICALLY THE SAME THING AS DEFENDANT'S "92"?

MS. COOK: THEY HAVE MORE AMOUNTS, MORE THINGS THAT HAVE BEEN COMPLAINED OF AND TAKEN CARE OF.

JUDGE HOWE: WARRANTY WORK?

MS. COOK: AND DEFECT WORK AND ALLEGED DEFECT WORK.

(OFF THE RECORD.)

I AM GOING TO HAND TO THE WITNESS WHAT I

HAVE MARKED AS DEFENDANT'S EXHIBIT "95". IT IS A SERIES OF LETTERS. I'M GOING TO LET COUNSEL LOOK AT IT FIRST.

MR. DURANT: YOUR HONOR, SAME OBJECTION. IF SHE'S JUST GOING TO PROFFER THIS NOTICE OF DEFECTS.

JUDGE HOWE: OKAY.

MS. COOK: YOUR HONOR, I HOPE THE RULING WILL BE A LITTLE BIT DIFFERENT. LET ME HAVE HER IDENTIFY THIS BECAUSE THESE ARE LETTERS FROM A&E TO MR. SMITH.

MR. DURANT: DID SHE WRITE THOSE LETTERS?

Q MRS. SISSON, DO YOU RECOGNIZE WHAT I HAVE MARKED AS DEFENDANT'S EXHIBIT "95"?

A YES, I DO.

Q WHAT IS "95"?

A THESE ARE LETTERS THAT I DRAFTED FOR MY FATHER'S SIGNATURE AND DOCUMENTATION WHICH SUPPORTS EACH OF THOSE LETTERS REGARDING THE SPRINKLER SYSTEM PROBLEMS THAT ARE OCCURRING OUT AT THE FOUNTAINS PROJECT.

MS. COOK: YOUR HONOR, I SEEK TO INTRODUCE THOSE AS DEFENDANT'S

EXHIBIT "95".

MR. DURANT: YOUR HONOR, WE DON'T HAVE A PROBLEM WITH THE LETTERS BEING WRITTEN, BUT THEY ARE NOT EVIDENCE FOR ANYTHING THAT'S BEFORE THE COURT AND THEY ARE IRRELEVANT. THOSE ARE WARRANTY CLAIMS OR THE LETTER-HEAD IS SIGNED BY MR. VEREEN TO MR. SMITH. I DON'T THINK THEY ARE EVIDENCE OF ANYTHING THAT IS BEFORE THE COURT. FOR THAT REASON WE OBJECT ON GROUNDS OF RELEVANCE.

MR. THOMAS: THAT'S THE ONLY OBJECTIONS WE HAVE AS TO RELEVANCE.

JUDGE HOWE: AND Y'ALL DON'T MIND THEM COMING THROUGH THIS WITNESS? WHAT ARE THEY RELEVANT FOR?

MS. COOK: THEY'RE RELEVANT FOR THE COURT'S DECISION AS TO WHETHER OR NOT IT IS PROPER TO JUSTIFIABLY DISSOLVE A&E.

MR. THOMAS: WE DON'T KNOW THE FACT THAT THERE ARE POTENTIAL CLIENTS OUT THAT MAY OR MAY NOT COME OUT. THAT DOESN'T HAVE ANYTHING TO DO WITH THE ORDER OF DISSOLUTION. IT USED TO BE THAT IT WAS A PROBLEM AND NOW I DON'T THINK IT'S ANY

IMPEDIMENT TO THE DISSOLUTION OF THE COMPANY.

MS. COOK: I BELIEVE IT IS, YOUR HONOR, AND MY CLIENT HAS SOUGHT NOT TO HAVE IT JUDICIALLY DISSOLVED PRIMARILY BECAUSE OF THE POTENTIAL, AT LEAST, SINCE 2015 AND POTENTIALLY 2016, WITH REGARD TO CONSTRUCTION DEFECTS.

JUDGE HOWE: THERE MAY BE POTENTIAL CLAIMS OUT THERE THROUGH 2016?

MR. DURANT: YOUR HONOR, THERE ARE NO POTENTIAL CLAIMS ON ANY WORK THAT WE DID. IT MAY BE THAT THE COURT, IF THERE IS SOME RECOVERY IN HERE, MAY BE CAN OPPOSE WHAT SOME OF THE MONEY WOULD HAVE TO BE SET ASIDE FOR, BUT THAT'S FOR YOU TO DECIDE WHEN IT'S OVER WITH. THAT'S NOT WHAT THIS CASE IS ABOUT.

MS. COOK: THEY HAVE SOUGHT A JUDICIAL DISSOLUTION, YOUR HONOR.

MR. DURANT: SO DID YOU UNTIL TODAY.

MS. COOK: I DIDN'T, UNFORTUNATELY, DO THE PLEADINGS. YOUR HONOR, ADDITIONALLY, PART OF THE EXPENSES AND OBLIGATION THAT ARE ONGOING ON BEHALF OF

A&E, ALTHOUGH THEY ARE BEING FUNDED BY -- TO THE EXTENT THAT THEY ARE BEING MAINTAINED AS -- IS THE CONTINUED PURCHASE OF GENERAL LIABILITY INSURANCE WITH COMPLETED OPERATIONS COVERAGE AS A PROTECTION FOR A&E AND ITS PRINCIPALS DURING THE TIME OF POTENTIAL LIABILITY AND AS AN EXPENSE TO A&E. AND SO IT GOES TO THE BUSINESS JUDGMENT RULE WITH REGARD TO THOSE EXPENSES AS WELL.

JUDGE HOWE: WELL, WE HAVEN'T HAD ANY TESTIMONY ABOUT HOW MUCH THE INSURANCE WILL COST EACH YEAR, HAVE WE?

MS. COOK: NOT YET. NO, MA'AM.

JUDGE HOWE: I DON'T KNOW THAT'S NECESSARY TO PUT THESE LETTERS IN BECAUSE WE ALL AGREE THAT THERE MAY BE POTENTIAL LIABILITY OUT THERE FOR ANY PROJECTS THAT HAVE BEEN COMPLETED. WE ALL AGREE THAT THERE AREN'T ANY ONGOING PROJECTS. THE LAST PROJECT WAS IN 2008 OR 2007.

MS. COOK: WELL, I GUESS IT DEPENDS ON WHAT PROJECTS YOU CONSIDER A&E PROJECTS AND WHAT PROJECTS YOU DON'T.

JUDGE HOWE: EXACTLY. WE KNOW THESE ARE ALL FROM THE FOUNTAINS, IS THAT CORRECT?

MS. COOK: YES, MA'AM.

JUDGE HOWE: SO, WE WILL STIPULATE THAT THERE MAY BE POTENTIAL CLAIMS FROM THE FOUNTAINS SO THAT WAY WE KNOW THAT WE DON'T NEED THE LETTERS TO COME IN, IS THAT CORRECT?

MR. DURANT: CORRECT.

MR. THOMAS: WE WILL CERTAINLY STIPULATE IT.

JUDGE HOWE: WILL THAT SATISFY YOU?

MS. COOK: NO, MA'AM. I NEED THE LETTERS TO COME IN. I WILL PROFFER THEM IF YOUR HONOR WILL NOT LET THEM COME IN. I UNDERSTAND.

JUDGE HOWE: BECAUSE THERE MAY BE OTHER POTENTIAL CLAIMS BESIDES THESE.

MS. COOK: THAT'S EXACTLY CORRECT. THESE ARE KNOWN CLAIMS TO WHICH, AT LEAST, ONE OF THE PRINCIPALS OF A&E HAS BEEN RESPONDING.

JUDGE HOWE: WELL, SO FAR, IT LOOKS AS IF ONE OF THE PRINCIPALS HASN'T BEEN RESPONDING. IT LOOKS AS IF A THIRD

PARTY HAS BEEN RESPONDING.

MS. COOK: I GUESS THAT'S A MATTER OF SEMANTICS IN THAT OF THE PRINCIPAL OF A&E HAS AUTHORIZED OR HIRED GRAND STRAND BUILDERS.

JUDGE HOWE: I DON'T SEE ANY EVIDENCE THAT THE OTHER PRINCIPAL OF A&E HAS PAID GRAND STAND BUILDERS BACK. NOW, IF YOU HAVE OTHER EVIDENCE OF THAT, IT MAY BE.

MS. COOK: YES, MA'AM.

JUDGE HOWE: JUST PROFFER THAT THEN. THANK YOU.

MS. COOK: I WILL PROFFER FOR EVIDENCE EXHIBIT "95".

LETTERS DRAFTED BY MRS. SISSON MARKED FOR IDENTIFICATION AND PROFFERED INTO EVIDENCE AS DEFENDANT'S EXHIBIT "95".

Q MRS. SISSON, I'M GOING TO HAND YOU WHAT I HAVE MARKED AS DEFENDANT'S EXHIBIT "96" AND ASK IF YOU CAN IDENTIFY THAT?

A YES. THIS IS THE INFORMATION I WAS TALKING ABOUT EARLIER THAT I COLLECTED. WELL, IT'S THE COVER SHEET FOR THE INFORMATION I COLLECTED.

Q FOR WHOM AND AT WHAT TIME?

A IN JULY 2007, FOR MRS. BRADY FOR THE PURPOSES OF THE 2004 TAX RETURNS.

MS. COOK: YOUR HONOR, I SEEK TO INTRODUCE DEFENDANT'S EXHIBIT "96".

MR. THOMAS: DID SHE TESTIFY THAT SHE SENT THIS OR THAT SHE PREPARED IT?

A I PREPARED THIS AND ATTACHED THE INFORMATION BEHIND IT AND I BELIEVE ELLIS ACTUALLY DELIVERED IT TO SUSAN.

MR. THOMAS: DO YOU KNOW WHETHER IT EVER GOT DELIVERED OR NOT? I'M SORRY FOR CROSS-EXAMINING YOUR WITNESS, BUT YOU'VE GOT TO LAY A FOUNDATION. IF SHE CAN'T TESTIFY THAT SHE SENT IT OR DELIVERED IT, WE OBJECT TO IT.

Q DID YOU SEND IT TO MRS. BRADY?

A I GAVE IT TO ELLIS TO DELIVER TO MRS. BRADY.

Q OKAY. YOU GAVE IT TO ELLIS?

A YES.

MS. COOK: I WOULD STILL SEEK TO INTRODUCE DEFENDANT'S EXHIBIT "96".

MR. DURANT: YOUR HONOR, I OBJECT IN THE SAME WAY. THIS IS NOTHING MORE THAN AND A SELF-SERVING STATEMENT BY MR. VEREEN'S DAUGHTER TO SUPPORT HER CLAIMS OF

WHATEVER THEY ARE AND IT HAS NO WEIGHT AT ALL. THERE IS NO PROOF THAT MRS. BRADY EVEN RECEIVED IT.

JUDGE HOWE: SUSTAINED.

MS. COOK: YOUR HONOR, I WOULD LIKE TO PROFFER EXHIBIT "96".

JUDGE HOWE: THIS IS A FAX TRANSMITTAL FORM?

MS. COOK: YES, MA'AM.

JUDGE HOWE: IT'S JUST THE COVER SHEET. I DON'T SEE THE ATTACHMENTS.

MS. COOK: THAT'S CORRECT. WELL, IT HAS -- IT DOESN'T HAVE THE ATTACHMENTS 1 THROUGH 6, BUT IT ALSO HAS SOME OTHER INFORMATION THAT WAS WITH THE FAX TRANSMITTAL FORM.

JUDGE HOWE: NOR DOES IT HAVE THE LETTER ATTACHED FROM IRS.

MS. COOK: NO, MA'AM.

JUDGE HOWE: I MEAN, THERE ARE NO ATTACHMENTS. IT DOESN'T HAVE THE NUMBER OF PAGES THAT IT'S SUPPOSED TO HAVE AND DOESN'T SHOW THAT THE FAX WAS EVER SENT HERE, BUT YOU'RE CERTAINLY WELCOME TO PROFFER IT.

MS. COOK: YES, MA'AM. I THINK SHE JUST TESTIFIED THAT SHE GAVE THIS INFORMATION TO MR. SMITH TO DELIVER.

JUDGE HOWE: DEFENDANT'S "96" PROFFERED ONLY.

MS. COOK: YES, MA'AM.

TAX TRANSMITTAL

MARKED FOR IDENTIFICATION

AND PROFFERED INTO EVIDENCE

AS DEFENDANT'S EXHIBIT "96".

Q MRS. SISSON, DID YOU EVER HAVE ANY CONVERSATIONS WITH MR. SMITH ABOUT BILLS DEALING WITH FLOOR COVERING ON THE TAHITIAN PRINCESS AND OCEAN BLUE?

A YES.

Q CAN YOU TELL ME WHAT DISCUSSIONS YOU HAD -- TELL ME ABOUT THE SUBSTANCE OF THOSE DISCUSSIONS?

A THE REASON FOR THE DISCUSSION COMING UP WAS THAT SHERWIN WILLIAMS HAD BILLED AN AMOUNT FAR IN EXCESS OF WHAT WAS ON THE SCHEDULE OF VALUES FOR THOSE JOBS. AS SUCH, MR. SMITH QUESTIONED SHERWIN WILLIAMS ABOUT THAT AND INSISTED THAT HE WAS PAYING -- THAT A&E WAS NOT PAYING FOR ANY MATERIAL THAT WASN'T INSTALLED ON THAT JOB. AS PART OF THOSE DISCUSSIONS WITH SHERWIN WILLIAMS,

ELLIS, MYSELF, AND MYRA LITTLEJOHN -- I BELIEVE HER LAST NAME IS WITH SHERWIN WILLIAMS, WENT UP TO THAT PROJECT AND COUNTED TILE AND MEASURED CARPET AND THAT SORT OF THING. FROM THOSE DISCUSSIONS AND INVENTORY, MYRA AND ELLIS NEGOTIATED A CREDIT FOR MATERIALS THAT WERE NO LONGER ON THE JOB. THE EXTRA MATERIALS THAT WERE NO LONER THERE.

Q DO YOU KNOW WHAT HAPPENED TO THOSE EXTRA MATERIALS ON BOTH THOSE JOBS?

A I DON'T KNOW FOR SURE WHAT HAPPENED TO THOSE MATERIALS.

Q OKAY. THE CREDITS THAT SHERWIN WILLIAMS GAVE ON EACH OF THOSE JOBS WHERE THEY CREDITED SUFFICIENT TO COVER TOTALLY THE EXCESS CHARGE -- THE AMOUNT OF THE SHERWIN WILLIAMS BILLS OVER AND ABOVE THE AMOUNTS THAT WERE SCHEDULED OR BUDGETED FOR FLOOR COVERINGS FOR THOSE JOBS?

A NO.

Q SO EVEN THOUGH SHERWIN WILLIAMS GAVE YOU CREDIT, WAS THERE MORE MONEY OWED TO SHERWIN WILLIAMS THAN HAD BEEN CONTAINED WITHIN THE BUDGETS FOR THOSE JOBS?

A YES.

Q DO YOU HAVE ANY KNOWLEDGE OF ANY DEDUCTION

CHANGE ORDERS OR CREDITS IN EITHER OF THOSE JOBS THAT WOULD HAVE BEEN SUFFICIENT TO TAKE CARE OF THE COST OVERRUNS HAVING TO DO WITH THE FLOOR COVERING?

MR. THOMAS: OBJECTION. RELEVANCE, YOUR HONOR.

MS. COOK: WHAT IS PART OF OUR CLAIM, YOUR HONOR.

JUDGE HOWE: WAS OR IS PART OF YOUR CLAIMS?

MS. COOK: PART OF OUR CLAIM IS AGAINST MR. SMITH, HAVING TO DO WITH THE AMOUNTS HE OWES TO A&E OR THE CHANGE ORDER AMOUNTS THAT WERE NOT ISSUED TO THE OWNERS OF THOSE BUILDINGS.

MR. DURANT: YOUR HONOR, THERE WERE CHANGE ORDERS ON THOSE JOBS THAT WE SHOWED YESTERDAY TO YOU OF SOME $35,000 AND $40,000. IF WE LOST MONEY ON THE JOB, HOW IS THAT A CLAIM AGAINST MR. SMITH?

MS. COOK: THERE WERE NO -- I ASKED MR. DURANT TO POINT OUT CHANGE ORDERS THAT WERE SHOWN YESTERDAY.

MR. DURANT: THAT'S ACTUALLY THE 757

WHICH SHE SHOWED ON THE SCHEDULE OF VALUES. WE SHOWED THAT THERE WAS $835,000, I THINK, PAID ON THAT JOB. THE DIFFERENCE WOULD BE ADDITIONS TO THE JOB.

MS. COOK: I THINK THAT'S A MATTER FOR THE COURT TO DECIDE BECAUSE THERE WILL BE OTHER TESTIMONY ABOUT OTHER EXCESS CHARGES ON THOSE JOBS.

JUDGE HOWE: SO YOU'RE SAYING THAT THESE EXCESS CHARGES WERE MR. SMITH'S RESPONSIBILITY?

MS. COOK: YES, MA'AM.

MR. DURANT: ON WHAT BASIS?

JUDGE HOWE: OVERRULED. LET'S SEE WHERE SHE GOES.

Q THE CREDITS ISSUED BY SHERWIN WILLIAMS, WERE THEY SUFFICIENT ENOUGH -- WERE THEY BIG ENOUGH CREDITS TO COVER THE EXCESS OR COST OVERRUNS HAVING TO DO WITH THE FLOOR COVERINGS THAT WERE ACTUALLY INSTALLED IN BOTH OF THOSE JOBS?

A NO.

JUDGE HOWE: JUST SO I DON'T GET CONFUSED, WHO WAS THE CREDIT ISSUED TO?

A I BELIEVE THE CREDIT ACCOUNT IS IN THE NAME OF

ARTHUR VEREEN CONSTRUCTION COMPANY FOR SHERWIN WILLIAMS.

Q IRRESPECTIVE OF WHAT NAME WAS ON THE ACCOUNT, WHO WAS PAYING THOSE BILLS AND WHO RECEIVED THE CREDIT?

A A&E CONSTRUCTION.

Q AT THAT POINT IN TIME, WAS ARTHUR VEREEN CONSTRUCTION DOING ANY BUSINESS?

A NO.

JUDGE HOWE: I MAY FORGET THIS BETWEEN NOW AND JANUARY, BUT WHY WOULD THAT BE A DEBT TO MR. SMITH?

MS. COOK: YOUR HONOR, WE WILL LET MR. VEREEN ADDRESS THAT.

JUDGE HOWE: ALRIGHT.

Q DID YOU DO ANY WORK ON THE TAHITIAN PEARL JOB?

A NO.

Q HAVE YOU BEEN BY THE TAHITIAN JOB?

A YES.

Q ARE THERE BRICK PAVERS ON THAT JOB?

A NOT THAT I HAVE BEEN ABLE TO SEE.

Q WHEN MR. SMITH AND MR. DURANT CAME TO THE A&E OFFICES IN MARCH OF 2009 OR '10 -- WHEN DID MR. SMITH, MR. DURANT, AND I BELIEVE MRS. BRADY, COME TO THE A&E OFFICES TO LOOK AT DOCUMENTS?

A IN MARCH OF 2009.
Q AND AT THAT TIME, DID MR. SMITH IDENTIFY TWO BOXES OF DOCUMENTS THAT HE WANTED TO HAVE COPIED?
A HE ACTUALLY IDENTIFIED A PILE ON THE TABLE THAT I PUT INTO TWO BOXES.
Q DID ONE BOX CONTAIN A DISCREET GROUP OF DOCUMENTS?
A ONE BOX WAS ALL OF THE TIME CARDS THAT WE HAD IN THE A&E FILES.
Q FOR ALL THE WORKERS, FOR ALL THE A&E JOBS?
A YES.
Q WAS THAT COPIED FOR MR. SMITH?
A WE FIRST TOOK -- WE TOOK BOTH BOXES TO KINKO'S PER HIS DIRECTION AND LEFT THEM THERE. AND I BELIEVE IT WAS TOO EXPENSIVE AND THEN PICKED THEM UP AND TOOK THEM TO MCGEE/CADD AND HAD THEM COPIED THERE. AND I BELIEVE MR. SMITH PICKED THEM UP FROM MCGEE/CADD. I LEFT MR. SMITH'S NAME AND NUMBER FOR THEM TO CONTACT HIM WHEN THE COPIES WERE READY.
Q LET ME SHOW YOU WHAT I HAVE MARKED AS DEFENDANT'S EXHIBIT "97". SEE IF YOU CAN IDENTIFY THAT. DON'T GO INTO A LONG EXPLANATION. JUST SAY WHAT'S IN THIS PACKAGE

AND GIVE THEM A MINUTE TO --

A IT IS A COPY OF THE JANUARY 1ST, 2004 TO DECEMBER 31ST, 2004 JOB LEDGER FOR THE PARKWAY OFFICES JOB FROM SUSAN'S 2004 NOTEBOOK. AND BEHIND IT ARE THE A&E CHECKS, AND THE A&E TIME CARDS FOR THE LABOR THAT'S REFLECTED ON THAT JOB LEDGER.

Q AND THOSE JOB LEDGERS WERE ACTUALLY CONTAINED WITHIN MRS. BRADY'S REPORT?

A YES.

Q AND THE CHECKS WERE CONTAINED -- THEY ARE A&E PAYROLL CHECKS, CORRECT?

A YES, MA'AM.

Q AND THE CHECKS WERE CONTAINED IN THE CHECKING ACCOUNT RECORDS OF A&E THAT WERE PRODUCED TO, AND SUBPOENAED BY THE PLAINTIFFS, IS THAT CORRECT?

A THE COPIES OF THE CHECKS ARE IN THE A&E CHECKING ACCOUNTS STATEMENTS, YES.

Q THAT PLAINTIFFS HAVE MARKED AS AN EXHIBIT IN THIS CASE?

A YES.

Q AND ADDITIONALLY, WE HAVE MARKED THE ENTIRE CHECKING ACCOUNT RECORDS OF A&E AS COURTS EXHIBIT "1", IS THAT CORRECT?

A THAT'S CORRECT.

Q AND THE COPIES OF THE TIME CARDS THAT YOU HAVE PUT WITH THIS, DO THEY CORRESPOND TO THE PAYROLL CHECK IN FRONT OF THE TIME CARD?

A YES, BUT THIS IS JUST FOR CLARIFICATION. THE COPY OF THE PAYROLL CHECK THAT'S IN HERE IS THE YELLOW COPY OF THE CHECK. THIS WOULD ACTUALLY HAVE MORE INFORMATION ON IT THAN WHAT WOULD BE REFLECTED IN THE CHECKING ACCOUNT STATEMENT. THE CHECKING ACCOUNT STATEMENT WOULD ONLY HAVE THE PART OF THE CHECK RATHER THAN THE WHOLE CHECK STUB. THIS IS WHAT WAS CONTAINED WITH THE PAYROLL CARDS IN THE BOXES THAT WERE PRODUCED.

Q AND THE PAYROLL CARDS AND THE CHECKS WOULD HAVE BEEN PART OF WHAT WAS PRODUCED AND COPIED BY MR. SMITH?

A YES.

MS. COOK: YOUR HONOR, WE WOULD SEEK TO INTRODUCE THAT AS DEFENDANT'S EXHIBIT "97".

JUDGE HOWE: ANY OBJECTION?

MR. DURANT: YOUR HONOR, I HAVE NO WAY TO VERIFY THAT IF SHE SAYS SHE CAN VERIFY THE RECORDS, SO BE IT.

JUDGE HOWE: ALRIGHT. DEFENDANT'S

EXHIBIT "97" SO ADMITTED.
P.W.O. JOB LEDGER AND CHECKS
MARKED FOR IDENTIFICATION
AND INTRODUCED INTO EVIDENCE
AS DEFENDANT'S EXHIBIT "97".

Q MRS. SISSON, IF WE COULD, LET'S JUST TAKE THIS JOB, THE PARKWAY OFFICES JOB. IS THE JOB THAT YOU HAD DESCRIBED TO THE COURT OVER THE LAST TWO DAYS OF BEING WHERE NOT ONLY MATERIALS AND LABOR FOR THE UP-FIT OF THE OFFICES WOULD'VE BEEN POSTED, BUT ALSO WHERE THE TIME WOULD HAVE BEEN POSTED FOR ANY OF THE A&E LABORERS THAT WERE WORKING PHYSICALLY AT THE SHOP, WHETHER THEY WERE WORKING ON SOMETHING FOR AN OFFSITE JOB OR WHETHER THEY WERE JUST CLEANING UP THE SHOP, IS THAT CORRECT?

A THAT'S CORRECT.

Q FIRST OF ALL, WOULD THE CHECKS, THE ACTUAL TIMECARDS -- IS THIS HOW THE EMPLOYEES OF A&E THAT ARE HOURLY PAID EMPLOYEES OF A&E KEPT TRACK OF THEIR TIME AND TURNED IT IN TO A&E TO DETERMINE HOW TO PAY THEM?

A YES, IT IS.

Q FOR INSTANCE, I FLIPPED AND LANDED ON THE CHECK TO MATTHEW CHESTNUT. IT'S CHECK NUMBER 2777

DATED MARCH 3RD, 2006 -- WAIT A MINUTE. I AM LOOKING AT THE NEXT YEAR. I CAN'T DO THAT. YOU HAVE OPENED RIGHT HERE TO -- LET'S JUST LOOK AT THE ONE YOU OPENED IT TO. IN THE STACK THAT BACKS UP THIS JOB LEDGER FOR PARKWAY OFFICES JOB LEDGER FOR THE YEAR OF 2004. WHAT'S THE DATE OF THAT CHECK AND WHO IS IT PAYABLE TO?

A IT'S A&E CHECK NUMBER 1849 DATED OCTOBER 7, 2004, PAYABLE TO JAMES CAMPBELL.

Q AND HIS TIME CARD JUSTIFIES HIM BEING PAID -- THAT'S AN A&E CHECK TO MR. CHESTNUT, I MEAN, MR. CAMPBELL?

A YES. CAMPBELL.

Q IS THE TIME CARD THAT JUSTIFIES THAT PAYMENT TO HIM DIRECTLY BEHIND THAT?

A IT IS.

Q AND WHAT DOES IT REFLECT -- WHERE DOES IT REFLECT THAT HE WAS WORKING ON WHATEVER THAT DAY?

A THE PAYROLL -- THE TIMECARDS SHOW THAT ON MONDAY HE WAS WORKING AT WILLOUGHBY EVEN THOUGH HE PUT "WB", WILLOUGHBY. ON TUESDAY IT SHOWS THAT HE WORKED AT -- SORRY. TUESDAY HE WORKED AT WILLOUGHBY. WEDNESDAY HE WORKED AT THE SHOP. THURSDAY HE WORKED FOR SIX AND A HALF HOURS AT

THE KEMP JOB, WHICH IS A JOB IN MURRELL'S INLET. I DON'T BELIEVE WE'VE TALKED ABOUT THAT. IT'S A HOUSE FOR THE KEMPS. AND THEN HE CAME BACK TO THE SHOP AND WORKED FOR THREE HOURS ON THURSDAY. AND THEN ON FRIDAY HE WORKED FOR THREE HOURS AT KEMP, AND ONE AND A HALF HOURS AT PLANTATION LAKES, AND HE CAME BACK TO THE SHOP AND WORKED FOR FOUR HOURS ON FRIDAY. THEY TYPICALLY DON'T WRITE DATES ON THEM, BUT THEY ARE TOGETHER WITH THE CHECKS... THE TIMECARDS ARE BOUNDED WITH THE YELLOW COPIES OF THE CHECKS IN THE RECORDS IN BOXES IN THE BACK OF THE ROOM.

Q WHAT SIGNIFICANCE ARE THESE TIMECARDS AND THE PAYROLL CHECKS APPLYING TO THIS 2004 LEDGER?

A THERE WAS A LOT OF DISCUSSION THAT SUSAN HAD ABOUT THIS NOT BEING A SHOP JOB LEDGER, THAT THIS WAS THE PARKWAY OFFICES UP-FIT JOB LEDGER. AND SO I COLLECTED THESE TO SHOW THAT, THAT'S NOT WHAT THIS WAS. THIS WAS ACTUAL SHOP TIME THAT THE GUYS CHARGED AND THIS IS WHERE CARRIE PUT IT.

Q I DIDN'T KILL MORE TREES BY MAKING TONS AND TONS OF COPIES OF THIS. I WANT TO LET THE COURT LOOK AT THAT. IF YOU PULLED THE PARKWAY OFFICES JOB THAT WAS IN THE COMPUTER AND THE LEDGER, DID YOU

DO THAT FOR THE CALENDAR YEAR '05, AND THE CALENDAR YEAR '06, AND THE CALENDAR YEAR '07?

A YES, BUT I USED SUSAN'S PARKWAY OFFICES JOB LEDGERS OUT OF HER NOTEBOOKS, SO THERE WAS NO CONFUSION ABOUT THE JOB LEDGER THAT I WAS USING.

MS. COOK: YOUR HONOR, WE WOULD LIKE TO INTRODUCE THOSE AS ONE COLLECTIVE EXHIBIT, AS DEFENDANT'S EXHIBIT "98".

MR. DURANT: NO OBJECTION.

JUDGE HOWE: DEFENDANT'S "98" SO ADMITTED.

JOB LEDGERS AND CHECKS 2005-2007
MARKED FOR IDENTIFICATION
AND INTRODUCED INTO EVIDENCE
AS DEFENDANT'S EXHIBIT "98".

MS. COOK: EXHIBIT "98" ARE THE 2005 THROUGH 2007 JOB LEDGERS WITH ASSOCIATED PAYROLL CHECKS AND TIME CARDS.

Q MRS. SISSON, IS A&E STILL A CORPORATION IN GOOD STANDING WITH THE SOUTH CAROLINA SECRETARY OF STATE'S OFFICE?

A I DON'T BELIEVE SO.

Q YOU THINK A&E HAS BEEN ADMINISTRATIVELY DISSOLVED?

A NO. NOT THAT I KNOW OF, BUT I DON'T KNOW...

MR. DURANT: EITHER SHE KNOWS OR SHE DOESN'T KNOW.

A I DON'T KNOW.

Q WHAT, IF ANYTHING, HAVE YOU DONE TO TRY TO -- IF ANYTHING, TO TRY TO WIND UP THE BUSINESS OF A&E? THE PHYSICAL BUSINESS OF A&E.

A WELL, AFTER MEETING WITH THE JUDGE IN LATE 2009, WE MADE SURE THAT THE CHECKING ACCOUNT WAS CLOSED. THAT WAS ONE THING THAT WE DID. THE OTHER THING THAT WE DID AND THIS WAS, I GUESS, IT WAS AROUND THE TIME OF THE DOCUMENT PRODUCTION IN MARCH 2009. I WENT THROUGH THE ENTIRE OFFICE AND COLLECTED ALL OF THE A&E DOCUMENTS AS FAR AS JOB FILES OR PAYABLE FILES, ANY RECORDS OF THAT SORT. AND BOUGHT THREE DIFFERENT COMMERCIAL FILING SHELVES AND ORGANIZED THEM IN ELLIS' OLD OFFICE TO MAKE SURE THAT ALL OF A&E RECORDS WERE KEPT IN ONE PLACE AND IF THEY WANTED TO COME BACK, THEY WERE AVAILABLE THERE FOR THEM TO LOOK AT.

Q IN TERMS OF ONGOING BUSINESS, DID A&E -- WHEN IS THE LAST TIME THAT A&E TOOK ANY JOB?

A AS FAR AS WE KNOW, IT WAS BACK IN '07.

Q AT THE END OF '07, HOW MANY EMPLOYEES DID A&E HAVE?

A A&E HAD MY DAD AND CARRIE AND ME.
Q AT THE END OF'07 -- DURING '07, THE THREE OF Y'ALL AND ELLIS, WHEN HE WAS STILL THERE, DID YOU HAVE ANY OTHER EMPLOYEES?
A WE HAD RANDY LONG, CHAD TOUSLEY, AND MATTHEW CHESTNUT.
Q AND HOW DID THEY SEPARATE FOR A&E? YOU SAID AT THE END OF '07, THEY WERE NO LONGER WORKING FOR A&E.
A CORRECT. I DON'T REMEMBER WHEN THEY QUIT DRAWING A PAYCHECK FROM A&E. I DON'T REMEMBER SPECIFICALLY THAT DATE.
Q EXPLAIN TO THE COURT IF THEY DIDN'T DRAW A PAY CHECK FROM A&E AT SOME POINT, EXPLAIN WHAT CHANGED?
A FOR A TIME PERIOD AFTER WE QUIT DOING WORK AS A&E, MY DAD WAS DOING CONSTRUCTION AND HE WAS STILL DOING DEVELOPMENT WORK. AND SO THE GUYS WERE WORKING ON THOSE JOBS. I DON'T REMEMBER HOW THEY WERE GETTING PAID RIGHT NOW.
Q AT THAT POINT, WERE THEY EITHER INDEPENDENT CONTRACTORS OR SUBS THAT OTHER ENTITIES OR OTHER PEOPLE WERE USING ON JOBS?
A YES. THAT'S HOW THAT HAPPENED WITH GRAND STRAND BUILDERS. AS SOON AS WE STARTED DOING WORK IN

GRAND STRAND BUILDERS, THEY WERE INDEPENDENT CONTRACTORS FOR GRAND STRAND BUILDERS AND THAT'S HOW THEY GOT PAID.

Q SINCE 2007, HAS A&E MAINTAINED GENERAL LIABILITY INSURANCE, IF YOU KNOW?

A I DON'T KNOW.

Q TO YOUR KNOWLEDGE, AFTER MRS. BRADY CEASED BEING THE ACCOUNTANT FOR PURPOSES OF PREPARING TAX RETURNS FOR 2004 AND 2005, DID YOU BEGIN INTERFACING ON BEHALF OF A&E WITH MR. CRUMPLER?

A YES.

Q TO YOUR KNOWLEDGE, WHAT STATE AND/OR FEDERAL TAX -- WHAT YEAR STATE AND/OR FEDERAL TAX RETURNS HAD BEEN FILED FOR A&E?

A 2004 HAS BEEN FILED. 2005 HAS BEEN FILED. THERE IS A DRAFT FOR 2006 AND A DRAFT FOR 2007.

Q THEY HAVE NOT BEEN FILED?

A THEY HAVE NOT.

Q AND NOTHING FOR 2008 OR 2009?

A THAT'S CORRECT.

Q DO YOU KNOW IF ANY AMENDMENTS HAVE BEEN SOUGHT FOR THE 2004 OR THE 2005 RETURNS BY A&E OR ANYONE ON BEHALF OF A&E?

A RICHARD REALLY HASN'T DONE MUCH WITH THOSE TAX RETURNS SINCE THIS LAWSUIT WAS INSTITUTED FOR

FEAR OF HAVING TO GO BACK AND REDO THE WORK.

MS. COOK: YOUR HONOR, THAT'S ALL THE QUESTIONS I HAVE FOR MRS. SISSON.

JUDGE HOWE: THANK YOU.

MR. DURANT: YOUR HONOR, I THINK WE THOUGHT THAT THIS MIGHT BE A GOOD TIME TO BREAK FOR TODAY. I WILL BE WITH HER FOR QUITE A WHILE.

JUDGE HOWE: IS THAT OKAY WITH YOU, MS. COOK?

MS. COOK: YES, MA'AM. IT IS. WE SCHEDULED WITH THE COURT TO RESERVE THE DAYS OF JANUARY 16TH THROUGH THE 19TH OF 2012. WE HAVE SCHEDULED A BACK-UP WEEK FOR FEBRUARY 22ND TO MARCH 2ND.

ELLIS SMITH ACCOUNTS RECEIVABLE MARKED FOR IDENTIFICATION ONLY AND INTRODUCED AS AS DEFENDANT'S EXHIBIT "81".

(THIS HEARING OF OCTOBER, 2011 IS ADJOURNED.)

SOUTH CAROLINA,

CERTIFICATE

HORRY COUNTY.

I, PEPPER M. McCARTHY , A NOTARY PUBLIC AND VERBATIM REPORTER IN AND FOR THE STATE OF SOUTH CAROLINA DO HEREBY CERTIFY THAT THE WITNESS FOR THIS HEARING WERE DULY SWORN PRIOR TO THE TAKING OF THEIR TESTIMONY AND THAT THE FOREGOING (SIX HUNDRED AND EIGHT-FOUR)(671) PAGES CONSTITUTE A TRUE AND ACCURATE TRANSCRIPT OF THE EVIDENCE AS GIVEN BY SAID WITNESSES AND AS TAKEN DOWN AND TRANSCRIBED BY ME. I FURTHER CERTIFY THAT THE PERSONS WERE PRESENT AS STATED IN THE CAPTION. I FURTHER CERTIFY THAT I AM NOT OF COUNSEL FOR NOR IN THE EMPLOY OF ANY OF THE PARTIES TO THIS ACTION NOR AM I INTERESTED EITHER DIRECTLY OR INDIRECTLY IN THE RESULTS THEREOF.

I FURTHER CERTIFY THAT I AM NOT RELATED BY BLOOD OR MARRIAGE TO ANY OF THE PARTIES TO THIS ACTION.

THIS THE 9TH, DAY OF DECEMBER 2011.

PEPPER M. McCARTHY,
VERBATIM REPORTER AND
NOTARY PUBLIC

MY COMISSION EXPIRES:
JANUARY 29, 2012

STATE OF SOUTH CAROLINA COURT OF COMMON PLEAS

COUNTY OF HORRY FIFTEENTH JUDICIAL CIRCUIT

CASE NUMBER 2009-CP-26-0620

ELLIS E. SMITH, INDIVIDUALLY, AND ON BEHALF OF A&E CONSTRUCTORS AND CONSULTANTS, INC., A SOUTH CAROLINA CORPORATION,

PLAINTIFFS,

V.

ARTHUR WAYNE VEREEN, PARK PLACE PROPERTIES OF MYRTLE BEACH, LLC, PARKWAY OFFICES, LLC, PARKWAY OFFICE, LLC, ARTHUR VEREEN CONSTRUCTION INC. AND LINDA C. VEREEN,

DEFENDANTS.

ARTHUR WAYNE VEREEN, INDIVIDUALLY AND ON BEHALF OF A&E CONSTRUCTORS AND CONSULTANTS, INC., AND 29TH PLACE DEVELOPERS, INC.,

THIRD-PARTY PLAINTIFFS

V.

E. SMITH AND SONS CONSTRUCTION, LLC, EES CONSTRUCTION AND CONSULTING, INC., AND ELLIS E. SMITH INDIVIDUALLY,

THIRD-PARTY DEFENDANT'S

COPY

HEARING

FROM (10:00.) UNTIL (3:00 P.M.)

AUGUST 27 THROUGH 30, 2012

AS TAKEN AND TRANSCRIBED BY PEPPER M. McCARTHY , NOTARY PUBLIC AND VERBATIM REPORTER, AT THE HORRY COUNTY COURT HOUSE, BEFORE THE HONORABLE CYNTHIA G. HOWE, 1201 3rd AVENUE , CONWAY, SOUTH CAROLINA.

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APPEARANCES

FOR PLAINTIFFS: ELLIS SMITH
EXPERT: SUSAN BRADY

DURANT & MARTIN
FRANK H. DURANT, ESQ.
2107 FARLOW STREET
MYRTLE BEACH, SOUTH CAROLINA 29577
E. SMITH AND SON
THOMPSON & HENRY LAW FIRM
J. JACKSON THOMAS, ESQ.
1314 PROFESSIONAL DRIVE
MYRTLE BEACH, SOUTH CAROLINA 29577

FOR DEFENDANTS: BETH SISSON

COOK & ROY
KATHRYN M. COOK, ESQ.
10409 N. KINGS HIGHWAY MYRTLE BEACH
SOUTH CAROLINA 29572

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80. NOTEBOOK.....PAGE 428

81. NOTEBOOK.....PAGE 428

COURT REPORTERS NOTES:

***ALL PROFFERED EXHIBIT ARE IN BOLD, 101. NO EXHIBIT 51 ON RECORD**
SOME EXHIBITS ARE MISSING FROM SEQUENCE
IDENTIFICATION ONLY ARE IN ITALIC 115
*ALL NOTEBOOKS RETAINED BY COUNSEL EXHIBITS 77, 79, 80, 81.
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JUDGE HOWE: LET ME FIRST READ THE ORDER OF REFERENCE INTO THE RECORD. THIS IS ELLIS SMITH INDIVIDUALLY AND ON BEHALF

OF A&E CONSTRUCTORS AND CONSULTANTS, INC., A SOUTH CAROLINA CORPORATION VERSES ARTHUR WAYNE VEREEN ET. AL. IT'S CIVIL ACTION NUMBER 2009-CP-26-6620. THERE IS AN ORDER OF REFERENCE AND IT IS CLOCKED IN ON JULY 23RD 2009 AND IS REFERRING THIS MATTER TO THE MASTER IN EQUITY AND IT IS SIGNED BY THE HONORABLE LARRY B. HYMAN, JUNIOR. SO, THIS COURT DOES HAVE JURISDICTION. WE ARE READY TO GO. WE WILL HAVE A SHORT OPENING. I THINK THAT WILL HELP THE COURT.

MR. DURANT: YOUR HONOR, BY WAY OF CLARIFICATION, I HAD MY INTERROGATORIES AND ANSWERS IN THERE NOT TO BLIND SIDE YOU, BUT I COULDN'T FIND ONE THAT WASN'T MARKED ON. THE MARKINGS ON THERE WERE BY US AND WE TRIED TO WHITE THEM OUT, BUT WE DIDN'T CHANGE ANYTHING. THEY ARE HANDWRITTEN NOTES THAT WE TRIED TO WHITE OUT. DO YOU WANT ME TO PUT A CLEAN ONE IN?

MS. COOK: ARE YOU REFERRING TO EXHIBIT 28 AND 29?

MR. DURANT: JUST THE INTERROGATORIES

FOR THE PLAINTIFF AND YOUR ANSWERS.

MS. COOK: NO OBJECTION. THAT'S FINE, YOUR HONOR, TO THE EXTENT THAT YOU'LL KNOW THAT THAT HAPPENED. ALSO IN SOME OF THE EXHIBITS JUST FOR HOUSEKEEPING, THERE ARE SOME HANDWRITINGS AND THERE ARE SOME HIGHLIGHTS. THOSE HAVE BEEN DONE BY VARIOUS PARTIES IN THIS AND WE WOULD ASK THAT THE COURT IGNORE THE HANDWRITING AND THE HIGHLIGHTS.

JUDGE HOWE: OKAY.

MS. COOK: TO THE EXTENT THAT THE COURT HAS TO REVIEW ALL THESE DOCUMENTS.

JUDGE HOWE: ALRIGHT. I SUPPOSE THAT YOU WILL LET ME KNOW WHAT HANDWRITINGS WERE THERE ORIGINALLY AND WHAT HAND-WRITINGS HAVE BEEN PUT ON SUBSEQUENTLY WHILE YOU WERE GOING THROUGH THE DOCUMENTS THAT YOU NEED TO --

MR. DURANT: TO THE EXTENT THAT WE WOULD USE THOSE INDIVIDUALLY.

MS. COOK: YES, MA'AM.

MR. DURANT: YOUR HONOR, I REPRESENT A&E, A SOUTH CAROLINA CORPORATION. THE TWO PARTNERS OR THE TWO SHAREHOLDERS ARE

MR. SMITH AND MR. VEREEN. NOW, IF YOU LOOK IN THE RECORDS YOU WILL SEE IT WAS FORMED IN OCTOBER OF 2003. THESE TWO GENTLEMEN HAVE KNOWN EACH OTHER FOR A LONG TIME AND THEY GOT TOGETHER TO FORM A CONSTRUCTION COMPANY. MR. VEREEN HAD A COMPANY CALLED ARTHUR VEREEN CONSTRUCTION COMPANY AND HE HAD BEEN IN BUSINESS FOR A LONG TIME. MR. SMITH HAD ACTUALLY DONE WORK FOR HIM EITHER AS A SUB OR AS AN EMPLOYEE. IN OCTOBER, THEY DECIDED TO GO INTO BUSINESS WITH THIS NEWLY FORMED COMPANY, ARTHUR VEREEN CONSTRUCTION COMPANY. THE ENTITY AFTER OCTOBER OF 2003 DIDN'T HAVE A CONSTRUCTION LICENSE ANY MORE WITH THE STATE. BASICALLY, CEASED DOING BUSINESS OTHER THAN FINISHING UP SOME EXISTING OBLIGATIONS HE HAD. THE COMPANY A&E BECAME LICENSED WITH THE STATE IN JANUARY OF '04. ALL OF THIS INFORMATION IS INCLUDED IN THESE MASSIVE DOCUMENTS THAT YOU HAVE INCLUDING THE DATES THAT THEY WERE CREATED, THE DATES THAT THEY CEASED TO DO BUSINESS AS AN ACTIVE

ENTITY WITH THE STATE AND ALSO THE DATES THAT THESE ENTITIES WERE LICENSED WITH THE STATE TO PERFORM CONSTRUCTION SERVICES. MR. SMITH WITH THE NEW COMPANY WAS THE LICENSED GENERAL CONTRACTOR THAT PLACED HIS LICENSE WITH A&E. MR. VEREEN HAS HAD A CONSTRUCTION LICENSE HIMSELF OR HE HAS PASSED THE TEST, BUT HIS LICENSE WAS NOT PLACED WITH THE COMPANY WHEN IT STARTED. THE AGREEMENT WAS THAT THE GENTLEMAN WERE WORKING ON PENDING JOBS THAT WERE GOING TO OCCUR, ACCORDING TO THE PLAINTIFF, AND THAT THEY WOULD START THESE JOBS IN THE NAME OF A&E THE LICENSED ENTITY AND SPLIT IT 50/50. THE CORPORATE DOCUMENTS ARE IN THERE AND THEY WILL SHOW THIS IS THE SUB-CHAPTER S COMPANY. THAT BEING THAT IT'S A 50/50 DEAL AND WE BELIEVE THE RECEIPTS OR DISBURSEMENTS HAVE TO BE 50/50 TO THE SHAREHOLDERS. AT THAT TIME, THEY AGREED THAT THERE WOULD NOT BE SALARIES PAID TO EACH OTHER UNTIL LATER ON BECAUSE THERE WERE JOBS IN PLANNING AND VARIOUS AND SUNDRY OTHER

THINGS GOING ON AND THEY BEGAN... MR. VEREEN, BEGAN TAKING A SALARY FOR A CERTAIN AMOUNT WHICH WE DON'T OBJECT TO THAT RIGHT NOW. MR. SMITH BEGAN... HE HAD OTHER JOBS THAT WERE PENDING THAT HE HAD OBLIGATIONS ON SO WHAT HE DID WAS SUBMIT INVOICES FROM HIS OLD COMPANY, EES, WHICH IS A NAMED DEFENDANT FOR THOSE SERVICES. THERE WERE SOME VENDERS THAT WOULD NOT DO BUSINESS WITH MR. VEREEN OR WHATEVER, SO CHARGING WAS DONE THROUGH MR. SMITH'S COMPANY AND THOSE INVOICES AND RECEIPTS WERE GIVEN TO HIM ON A WEEKLY BASIS AND MR. WAYNE VEREEN WOULD APPROVE A PAYMENT. A BUSINESS ACCOUNT FOR THE COMPANY WAS OPENED AT CAROLINA FIRST BANK. THAT ACCOUNT APPLICATION IS IN EVIDENCE. MR. SMITH WAS THE PRESIDENT OF THE COMPANY AND HE WAS THE DIRECTOR. MR. VEREEN WAS THE TREASURER OF THE COMPANY AND HE WAS THE DIRECTOR. WHEN MR. VEREEN OPENED THE ACCOUNT, HE WAS THE SOLE SIGNER AT CAROLINA FIRST. HE WROTE ON THE APPLICATION THAT HE WAS PRESIDENT AND

TREASURER OF THE COMPANY. THE PROBLEMS BEGIN SHORTLY AFTER THAT. BUT GOING QUANTITATIVE IN A TIME DEADLINE, THE COMPANY BEGAN GETTING VERY BUSY. THEY HAD SOME LARGE CONSTRUCTION JOBS. MR. SMITH WAS MORE OF THE SUPERVISOR OF THE JOBS AND WORKED OUT IN THE FIELD. HE FINISHES HIS OTHER JOBS, BUT HE DIDN'T CHARGE ANY OF HIS OWN WORK TO THE COMPANY. IN I THINK APRIL OR MAY OF 2005, HE STARTED DRAWING THE SAME SALARY AS MR. VEREEN. THEY OPERATED IN A BUILDING THAT WAS OWNED BY PARKWAY OFFICES AT ONE TIME OR MRS. LINDA VEREEN, WHO'S AN INDEPENDENT. PARKWAY OFFICES LEASED TO ARTHUR VEREEN CONSTRUCTION COMPANY AND THERE WAS A PERIOD OF TIME WHERE THE PLAINTIFF SAYS THAT ARTHUR VEREEN CONSTRUCTION COMPANY WORKED OUT OF THERE AND MRS. SISSON DID SOME WORK IN HER LAW PRACTICE THERE. PARK PLACE PROPERTIES, THE DEFENDANT OPERATED OUT OF THERE. SO, THERE WAS A LOT GOING ON THERE. I'M NOT MAKING A MOUNTAIN OUT OF A MOLEHILL, BUT ANYWAY,

WHEN THESE FIRST JOBS CAME IN 2004, WHAT WE FOUND OUT LATER IS THAT MR. VEREEN SIGNED THE CONSTRUCTION CONTRACTS IN THE NAME OF ARTHUR VEREEN CONSTRUCTION VERSES A&E. DURING THIS TIME PERIOD IN '04 AND INTO '05 AND SOMETIMES IN '06, HE BILLED THESE JOBS IN THE NAME OF ARTHUR VEREEN CONSTRUCTION AND SOMETIMES AS ARTHUR VEREEN CONSTRUCTION DOING BUSINESS AS A&E OUT OF THE SAME OFFICE AND USING THE SAME EMPLOYEES THAT A&E WAS PAYING. THOSE INVOICES WERE PAID IT APPEARS THROUGH THE COMPANY OFFICE, BUT CERTAIN AMOUNTS OF THEM WERE DEPOSITED INTO ACCOUNTS OTHER THAN A&E. EVEN THOUGH THE BUSINESS RECORDS WHICH ARE HERE WILL SHOW THAT A&E WAS ACTUALLY PAID FOR THAT LABOR AND MATERIAL ON THE COMPANY RECORDS AND BOOKS, THAT IS NOT TO SAY THAT MR. SMITH DIDN'T KNOW THAT MR. VEREEN WAS FINISHING UP OTHER JOBS BECAUSE HE DID KNOW THAT. THE PROBLEM CAME IS WHEN MR. VEREEN FINISHED SOME OF THESE OTHER JOBS IN ARTHUR VEREEN CONSTRUCTION, BUT HE PAID THE LABOR AND

MATERIALS OUT OF A&E AND GUESS WHAT, THERE'S NO BILLS AND THERE'S BEEN NO REIMBURSEMENT. THAT'S NOT A LOT OF MONEY, BUT THAT WAS FROM THE GET GO. THE BIG JOB THAT THEY DID WAS CALLED WILLOUGHBY PLACE. MR. WILLOUGHBY IS A FRIEND OF MR. VEREEN'S AND HAS BEEN FOR YEARS, BUT THAT JOB WAS PERMITTED IN JANUARY, BEGINNING IN JANUARY OF 2004. IT INVOLVED 3 OR 4 MILLION DOLLARS WORTH OF CONSTRUCTION. THERE'S NO CONSTRUCTION CONTRACT. WE CAN'T FIND IT, ALTHOUGH THERE IS A MULTITUDE OF CONSTRUCTION LOANS IN THERE. WE FOUND THROUGH THE EVIDENCE THAT JOB WAS BILLED TO THE BANK, BILLED TO THE CUSTOMER AS ARTHUR VEREEN CONSTRUCTION COMPANY JOB. IT WOULDN'T HAD MATTERED IF THE MONEY WOULD HAVE BEEN PUT INTO A&E BECAUSE A&E WAS PAYING THE BILLS, BUT THEY WEREN'T. THE MONEY WAS PUT IN HERE, THERE AND EVERYWHERE AND SOME MONEY WENT INTO THE COMPANY. ALL THE BILLS WE COULD SEE WERE GENERATED ON THE COMPUTER SYSTEM AND PAID BY A&E. NOW, MR. VEREEN

FURNISHED SEED MONEY FOR THE COMPANY. HE PUT MONEY IN AND HE TOOK IT OUT. HE TOOK IT IN AND PUT IT OUT AND NOBODY KNOWS HOW HE DID IT BECAUSE WHEN WE HAD THINGS DONE WHERE IF HE WAS DOING REIMBURSEMENT FROM ARTHUR VEREEN CONSTRUCTION COMPANY FOR SOMETHING, THERE'S NO INVOICE. THERE'S NO TYING IN THE MONEY. IT'S JUST GOING EVERYWHERE. AT ONE TIME IN '05 AND '06, THEY HAD THREE BIG JOBS THEY WERE WORKING AROUND THE CLOCK ON THESE JOBS AND ACTUALLY MAKING A LOT OF MONEY. BUT MR. SMITH WASN'T PAYING ATTENTION TO THE CHECKING ACCOUNT. MR. SMITH ACTUALLY COULDN'T EVEN SIGN A CHECK AND DID NOT SIGN A CHECK FOR THIS COMPANY. HE ONLY SUBMITTED INVOICES FOR STUFF THAT HE WANTED TO BE REIMBURSED FOR WHICH ONLY MR. VEREEN COULD APPROVE AS A TREASURER AND THE SIGNER OF THE COMPANY'S BANK ACCOUNT. SO, THIS KIND OF WENT ON AND YOU HAVE DOCUMENTS ALL OVER HERE AS TO... THERE'S GENERAL LEDGERS AND THERE'S THREE AND FOUR COPIES OF IT UP

THERE. WE EMPLOYED... WHEN HE BECAME CONCERNED ABOUT THE PROBLEM, IT WAS A CONVERSATION THAT HE HAD WITH THE COMPANY'S ACCOUNTANT. "HEY, WE MADE A LOT OF MONEY." WHETHER IT'S TRUE OR NOT, "WHAT ARE YOU GOING TO DO WITH YOUR HALF?" SO, HE BEGAN AN EXAMINATION IN LATE '06 AND '07, MAYBE I SHOULD LOOK AT THESE BOOKS AND SEE WHAT'S GOING ON. LOW AND BEHOLD WE HAVE THIS LAWSUIT. YOU'LL SEE HOW IT'S PLEAD IF YOU'LL LOOK AT THE PLEADINGS, YOUR HONOR. THERE'S SOME SPECIFIC ALLEGATIONS OF MISCONDUCT FROM WHICH THERE'S THE DENIAL. YOU CAN LOOK AT THE INTERROGATORIES TO THE DEFENDANT AND YOU CAN LOOK AT THE ANSWERS AND THERE'S NOT AN ADMISSION THAT HE DID THESE THINGS. YOU CAN LOOK AT THE REQUEST FOR PRODUCTION WHICH WE WILL GO THROUGH AND SHOW YOU HOW THIS HAPPENED AND HOW IT CONTINUED TO HAPPEN OVER THE YEARS THAT THIS COMPANY WAS IN BUSINESS. DURING THIS TIME, YOUR HONOR, MR. SMITH DIDN'T KNOW ANY OF THIS STUFF. WHAT HAPPENS IS WE FINISHED UP AND SAID,

"MY GOSH, WE'VE GOT HUNDREDS OF THOUSANDS OF DOLLARS GOING HERE AND THERE AND EVERYWHERE AND THERE'S NO ACCOUNTING." BASICALLY THE DEFENDANT'S ANSWER IS, "I PUT IN MORE MONEY THAN I TOOK OUT AND IT EITHER CAME FROM ME PERSONALLY OR IT CAME FROM MY OLD CONSTRUCTION COMPANY. IT CAME FROM ANOTHER COMPANY THAT I OWN, PARK PLACE PROPERTIES. IT CAME FROM A WIFE OF A WIRE FOR $252,000. AND YOU KNOW, THE NUMBERS DON'T ADD UP." SO, WE ARE HERE TODAY TO FIND OUT... TO RECONSTRUCT JUST EXACTLY WHAT DID MR. VEREEN DO AND HIS COMPANIES WITH THE COMPANY MONEY THAT BELONGED TO A&E. YOUR HONOR, THE CORPORATION STATUTES ARE VERY SPECIFIC ABOUT WHAT A DIRECTOR AND OFFICER CAN DO FOR A COMPANY WHEN THERE IS A CONFLICT OF INTEREST. NUMBER ONE, NO OFFICER OR DIRECTOR OF A COMPANY CAN TAKE COMPANY FUNDS AND PUT THEM INTO THEIR OWN ACCOUNT. WE ASKED THAT QUESTION IN DISCOVERY, YOUR HONOR, AND YOU KNOW WHAT, THEY WON'T FESS UP. IN THE

ANSWERS THEY WERE DENYING THEY DID IT. THEY SAID, "IT'S ALL RIGHT, WE PRACTICE VOODOO ECONOMIC. WHEREVER IT GOES IT DOESN'T MATTER BECAUSE WE'RE IN HORRY COUNTY AND WE CAN PUT THE MONEY WHEREVER WE WANT TO AS LONG AS WE DON'T TAKE OUT MORE THAT WE PUT IN, THEN WE ARE ALL RIGHT." UNFORTUNATELY, YOUR HONOR, THE PROBLEM IS THERE'S INCOME TAX LAWS. THERE'S TAX FILINGS THAT HAVE TO BE DONE AND CORPORATIONS HAVE TO KNOW: DO WE HAVE WORK IN PROCESS? IS THERE MONEY OWED TO US? ARE WE PROFITABLE OR ARE WE NOT? WHO ARE WE PAYING WHAT? AND MR. SMITH AND THE COMPANY HAVE A RIGHT TO EXPECT THAT MR. VEREEN WOULD NOT PAY PERSONAL BILLS OUT OF THE COMPANY. THAT HE WOULD NOT ENGAGE IN CONSTRUCTION WITH COMPANIES THAT HE CONTROLLED OR OWNED. AS A MATTER OF FACT, THAT HE WOULD BILL THOSE COMPANIES FOR THE WORK WHICH HE DID NOT DO. SO, WE HAVE A SERIES OF LARGE CONSTRUCTION CONTRACTS... WHEN I SAY, "CONTRACTS", YOUR HONOR, THERE ARE NO CONTRACTS. ALL WE KNOW IS THAT A&E

PAID FOR ALL OF IT AND IT WAS ALL MR. VEREEN'S COMPANIES AND HE DIDN'T BILL THEM, HE DIDN'T CHARGE THEM, HE DIDN'T PUT THE OVERHEAD ON IT. HE JUST DID IT AND SAID "SO WHAT?" "AT THE YEAR OF '06 AND '07 I ADMIT THAT I OWED YOU $400,000 ON ONE JOB, BUT, HECK, I PAID YOU MORE MONEY THAN I TOOK OUT AND THAT WAS AT PARK PLACE PROPERTIES, WHICH IS THE POINTE MARSH PROJECT." THE PUTT-PUTT WAS SUBSTANTIALLY RENOVATED BY THE COMPANY. A&E LICENSES ARE ON ALL OF THESE. A&E LABOR, A&E WORK, BUT GUESS WHAT ON THE PUTT-PUTT, NO PAYMENT, NO BILL AT ALL. THEY CAME BACK TO THE OFFICE WHERE PARKWAY OFFICES OWN WHERE THEY OCCUPY A SMALL PORTION OF THOSE BUILDINGS. HALF OF WHICH ARE OWNED BY LINDA VEREEN PERSONALLY AND HALF OF WHICH ARE OWNED BY PARKWAY OFFICES. THERE WAS SUBSTANTIAL RENOVATION THERE DONE. THE GENERAL LEDGER TELLS YOU HOW MUCH MONEY THEY PUT OUT FOR IT IN TERMS OF LABOR. AND GUESS WHAT, NO BILL, NO PAYMENT. AND ALSO MONEY GOING INTO

PARKWAY OFFICES OF THE LANDLORD INVOLVING CONSTRUCTION. SO, YOUR HONOR, WHERE WE ARE IS CORPORATE MISAPPROPRIATION, CORPORATE FRAUD, CORPORATE CONFLICTS OF, INTEREST WHICH UNDER THE STATUTE, THESE TYPES OF CONTRACTS, UNLESS THE OTHER SHAREHOLDER OR THE OTHER BOARD MEMBER, WHICH THERE ARE ONLY TWO THAT KNEW ABOUT IT. HE HAS MAINTAINED IN MOST OF HIS DISCOVERY OR RESPONSES THAT HE DIDN'T DISCUSS WITH MR. SMITH THAT HE WAS PERFORMING THIS WORK AND NOT BILLING HIMSELF LIKE HE WOULD ANY OTHER JOB. HE DIDN'T TELL MR. SMITH THAT HE DIDN'T HAVE A CONTRACT TO PERFORM THIS WORK. SO, ANYWAY, I UNDERSTAND THE DEFENDANTS FIELD AND IT'S THEIR POSITION HERE THAT WHEN ALL IS SAID AND DONE, "THAT THE MONEY IS ALL GOING TO WASH OUT. AND I DID ALL THESE THINGS WRONG." I THINK THE WORK WAS "QUIRKY". I DID SOME QUIRKY THINGS. SOME QUIRKY THINGS THAT WERE WRONG UNDER THE LAWS OF THIS NATION AND STATE FOR FILING TAX RETURNS. "BUT WHEN IT'S ALL

SAID AND DONE I PUT IN MORE MONEY THAN I TOOK OUT." TO THAT WE RESPOND TO YOUR HONOR WE HAVE MRS. BRADY, A CERTIFIED PUBLIC ACCOUNTANT. SHE ACTUALLY WAS GOING TO DO THE TAX RETURNS FOR THE COMPANY, BUT SHE COULDN'T AND SHE WILL TESTIFY WHY. BUT, ANYWAY, SHE WENT THROUGH THESE BOOKS LIKE A CERTIFIED PUBLIC ACCOUNTANT WOULD DO AND TRIED TO DETERMINE WHAT HAPPENED WITH THIS. WE HAD THE COMPANY ACCOUNTANT PREPARING THESE TAX RETURNS WHO WAS SMITH/SAPP AND YOU WILL SEE THE NAME SMITH/SAPP AND IT WAS RICHARD CRUMPLER. ANYWAY, SHE WAS ENGAGED, EMPLOYED AND SHE MET WITH THEM TO DETERMINE WHAT HAPPENED. LET ME LOOK AT THE TAX RETURNS AND LET'S SEE HOW THE ACCOUNTANTS PERFORMED THEIR TAX RETURNS FOR THE COMPANY IN '04 AND '05 AND HOW DID THE DEFENDANTS REPORT THEIR INCOME IN '04, '05 AND '06 TO DETERMINE WHAT'S GOING ON HERE. SHE TRIED TO GET TO THE BOTTOM OF IT AND I BELIEVE THAT SHE HAS SPENT, YOUR HONOR, CLOSE TO $100,000 IN FEES TO TRY TO GET TO THE BOTTOM OF

THIS. THE TESTIMONY WILL BE HAD MR. CRUMPLER OR HIS ASSOCIATES WORKED WITH HER, THEY COULD HAVE GONE THROUGH THIS. YOUR HONOR, WE WERE OVER HERE AND THEY DID NOT WANT TO HIRE THESE ACCOUNTANTS AND SO THE DEFENDANTS HAVE USED MRS. BETH SISSON, AND I MISPRONOUNCE HER NAME, BUT A MEMBER OF THE BAR WHO WORKED FOR THE COMPANY TO PREFORM THESE ACCOUNTING FUNCTIONS. THIS HAS CAUSED US A LOT OF PROBLEMS. I DON'T QUESTION HER INTEGRITY, YOUR HONOR, BUT THE PROBLEM IS SHE'S NOT AN ACCOUNTANT. SHE'S NOT INDEPENDENT. SHE WAS BEING PAID BY A&E WHEN SHE PREFORMING THE WORK AND A&E IS THE PLAINTIFF IN THIS CASE. SO, SHE'S PRESENTING CLAIMS ON BEHALF OF LOTS OF ENTITIES IN HERE SAYING, "WE ARE ENTITLED TO CREDITS FOR THINGS THAT WE PAID." HOWEVER, MRS. BRADY SAID THAT'S 5 OR 6 YEARS AGO THEY CHARGED THOSE EXPENSES OFF ON THEIR OTHER TAX RETURNS. HOW CAN THEY MAKE THIS COMPANY GIVE THEM CREDITS FOR? WHY WAS THIS DONE THIS WAY? THE QUESTION I HOPE YOU WILL SEE

AT THE END OF THE TRIAL IS, WHY DIDN'T SOMEONE TELL MR. SMITH? WHY DIDN'T SOMEONE TELL THE ACCOUNTANT THAT WAS DOING ALL THESE TAX RETURNS BECAUSE I DON'T THINK HE WOULD FILE FALSE TAX RETURNS. AND MR. VEREEN HAS SAID THAT I TOLD MY ACCOUNTANT EVERYTHING. THEY KNEW ABOUT ALL THESE THINGS AND THE TESTIMONY IS GOING TO COME OUT, YOUR HONOR, THAT THEY WERE WRONG, ILLEGAL, ABSENT WITH SENSE. YOU KNOW, IF YOU TAKE MONEY THAT YOU'RE NOT SUPPOSED TO AND YOU CAN ARGUE WHETHER OR NOT MR. SMITH KNEW IT OR DIDN'T KNOW IT, YOU GOT TO PAY TAXES ON IT AND HE DIDN'T AND THAT EVIDENCE WILL COME OUT. SO, I'VE TALKED A LOT, YOUR HONOR. MOST OF MY CASE OR THE CASE OF THE COMPANY, THIS IS A DERIVATIVE ACTION. WE WANT MR. VEREEN AND ALL OF HIS COMPANIES TO BE ORDERED TO PAY ALL THIS MONEY BACK BECAUSE IF YOU SEE THE RECORDS, THE MONEY IS FLOATING HERE, THERE AND EVERYWHERE. LIKE THE BUG COMPANIES, PARK PLACE PROPERTIES, A COMPANY THAT HIS WIFE OWNS

95% OF... THEY RECEIVED... THAT'S WHERE ALL THE MONEY WENT. THAT'S WHERE MILLIONS OF DOLLARS HAVE BEEN USED BY MR. AND MRS. VEREEN FOR THEIR PURPOSES. WE ACKNOWLEDGE THAT THEY PUT MONEY IN THIS COMPANY. AS A MATTER OF FACT MRS. BRADY WILL TESTIFY THAT... SHE'S GOT A RECORD OF IT TOO. SHE'S GIVEN THEM CREDIT FOR EVERYTHING. THAT'S KIND OF WHERE I AM. I REPRESENT THIS CORPORATION BECAUSE THIS SHAREHOLDER, THIS GUY THAT WROTE THE CHECK, HE'S DECEITFUL. HE DEFRAUDED THIS COMPANY OF ALL THIS MONEY. NOT WITHSTANDING MR. SMITH, HE DIDN'T PUT A LOT OF MONEY IN THE COMPANY, HE WORKED. HE EXPECTED TO BE PAID FOR IT AND IF THEY MADE A PROFIT ALL HE WANTS IS HIS HALF. YOUR HONOR, THE CLAIMS ARE MADE IN MR... I RECOGNIZE THE POTENTIAL CONFLICT WE HAVE IN THIS CASE, BUT WHAT ABOUT IF THEY GOT CLAIMS AGAINST MR. SMITH FOR ALL THESE THINGS. SO, MR. THOMAS IS REPRESENTING MR. SMITH AND HIS TWO COMPANIES TO RESPOND TO ANY COUNTERCLAIMS. SO THERE WILL BE A CLEAN

DIVISION OF AUTHORITY AS TO WHO DOES JACK REPRESENT AND WHO DO I REPRESENT. I REPRESENT THE COMPANY. I REPRESENT MR. SMITH ONLY TO THE EXTENT THAT HE'S A SHAREHOLDER THAT FILED THIS ACTION. THAT WAS SUPPOSED TO BE A SMALL OPENING BUT IT WAS VERBOSE. YOUR HONOR, THAT'S ALL I HAVE.

JUDGE HOWE: MS. COOK.

MS. COOK: YES, MA'AM. I THINK I'M GOING TO START WHERE FRANK LEFT OFF. HE SAYS ALL THAT MR. SMITH WANTS IS HALF IF A&E MADE A PROFIT. WELL, TESTIMONY AND ALL OF THESE EXHIBITS ARE GOING TO SHOW YOU NOT ONLY DID A&E NOT MAKE A PROFIT, BUT THAT THE PRESIDENT OF THE COMPANY DIDN'T EVER INVEST ONE DIME INTO THIS VENTURE. ALL THE MONEY THAT WAS USED TO OPERATE A&E WAS INVESTED BY MR. VEREEN. AND WHAT MR. VEREEN WANTS ON BEHALF OF A&E IS HALF OF THE MONEY A&E LOST, THAT ELLIS SMITH OWNS. JUST LIKE MR. VEREEN OWES HALF OF THE LOSS. THERE IS NO PROFIT HERE AND MR. SMITH HAS KNOWN THAT FROM DAY ONE. NOW, THERE ARE TWO SIDES

TO EVERY STORY. LET ME JUST START BY TELLING THE COURT, I AIN'T PERFECT. MR. VEREEN AIN'T PERFECT. MR. SMITH ISN'T PERFECT. MR. DURANT ISN'T PERFECT. MRS. BETH SISSON ISN'T PERFECT. SUSAN BRADY ISN'T PERFECT. IF THIS WAS ENRON AND IT WAS SOME MULTIMILLION CORPORATION WITH SOME INSIDER TRADING GOING ON OR WHATEVER THE HECK HAPPENED WITH IT, EVEN I DON'T UNDERSTAND IT AND I THINK I'M SMARTER THAN THE AVERAGE BEAR. DOTTING EVERY I AND CROSSING EVERY T AND DOING IT EXACTLY PERFECTLY IS WHAT YOU WOULD EXPECT FROM THAT TYPE OF CORPORATION. THAT'S NOT WHAT WE HAVE HERE. THAT IS NOT TO DISCOUNT THAT THERE ARE NOT SOUTH CAROLINA LAW AND TAX LAWS THAT REQUIRE CERTAIN THINGS TO BE DONE, BUT THIS ACTION BROUGHT BY MR. SMITH ON BEHALF OF A&E IS FOR AN ACCOUNTING. THAT'S WHAT HE'S ASKED FOR AND THEN HE'S ASKED FOR A JUDICIAL DISSOLUTION OF A&E. WELL, THERE'S A LOT ABOUT THAT THAT WE DON'T DISPUTE AND WE EVEN JOINED IN AND REQUESTED. NOW, WE TRIED TO SHOW MR.

SMITH BEFORE HE INSTITUTED THIS SUIT AND ALL DURING THIS SUIT WHAT HE DIDN'T WANT TO HEAR AND HE SOLD SUSAN BRADY AND FRANK DURANT A PIG IN A POCK. HE WANTED TO THINK THAT THERE WAS MILLIONS OF DOLLARS AND THAT HE WAS ENTITLED TO 50% OF IT, WHEN IN FACT, THERE'S LAWSUITS THAT CONTINUE AS WE GO. A&E HAS NOT BEEN DISSOLVED AND CAN'T BE DISSOLVED BECAUSE THERE ARE ONGOING LIABILITIES IN THIS CONSTRUCTION COMPANY. BUT WE, TOO, IN OUR ANSWER AND IN OUR COUNTERCLAIM SPECIFICALLY ASKED ON BEHALF OF A&E THROUGH MR. VEREEN INDIVIDUALLY FOR AN ACCOUNTING. ALL DEBTS, ALL EXPENSES, ALL FUNDING TO GET TO WHAT IS THE NET PROFIT OR LOSS AT A CERTAIN PERIOD OF TIME. WE CONCUR. WE THINK THAT SHOULD TAKE PLACE TOO BECAUSE... BECAUSE WHEN MR. SMITH DECIDED THAT HE THOUGHT HE COULD SHOW THAT THERE WERE MILLIONS OF DOLLARS TAKEN BY MR. VEREEN AND THAT HE WAS ENTITLED TO HALF OF THOSE MILLIONS OF DOLLARS AND THIS PROCESS STARTED, WE UNCOVERED A LOT OF THINGS TOO. AND SO,

WE HAVE JOINED IN. WE HAVE SPECIFICALLY COUNTERCLAIMED AGAINST MR. SMITH AND A&E ASKING FOR AN ACCOUNTING, THAT'S IN OUR SECOND DEFENSE AND COUNTERCLAIM. WE HAVE TWO OTHER COUNTERCLAIMS AND THIRD PARTY CLAIMS BY MR. VEREEN INDIVIDUALLY AND A PREVIOUS COMPANY OF MR. VEREEN'S, 29TH PLACE, WHICH ARE DIRECTED AGAINST MR. SMITH INDIVIDUALLY A COMPANY OF MR. SMITH'S, EES AND ANOTHER COMPANY OF MR. SMITH'S, E SMITH AND SONS. SO, THAT'S THE PLEADINGS AND WHAT WE ARE HERE ABOUT TODAY. NOW, AT THE OUTSET OF THIS SUIT WHICH STARTED, YOUR HONOR, BY THE FILING OF THIS ACTION IN 2009, JANUARY 2009, BY MR. SMITH AND HIS COUNSEL. OUR ANSWER WAS FILED ON MARCH 13TH 2009 THAT INCLUDES THESE COUNTERCLAIMS AND SPECIFICALLY, A COUNTERCLAIM THAT ASKED ALSO FOR AN ACCOUNTING AND AGREE THAT JUDICIAL DISSOLUTION WOULD BE PROPER. WE NOW DO NOT SEEK THAT REMEDY BECAUSE DURING THE PENDENCY OF THIS ACTION WE FOUND OUT ALL KINDS OF THINGS. AND WHEN WE FOUND OUT THAT ONE OF THE LARGER

PROJECTS THAT WE DID CALLED THE FOUNTAINS, AND YOU WILL HEAR ABOUT SOME OF THESE JOBS, HAVE SEVERAL POTENTIAL CONSTRUCTION DEFICIENCIES. ALL OF WHICH MR. VEREEN AND HIS DAUGHTER, OUT OF THEIR OWN POCKETS, HAVE BEEN TRYING TO TAKE CARE OF ON BEHALF OF A&E, WHO HAS NO MONEY AND AFTER MR. SMITH ABANDONED HIS OBLIGATIONS IN MAY OF 2007. SO, WE ASK AND WE WITHDRAWN TO THE EXTENT NECESSARY OUR REQUEST FOR DISSOLUTION BECAUSE THERE ARE OUTSTANDING OBLIGATIONS AND LIABILITIES OF THE CORPORATION WHICH MAKE IT IMPOSSIBLE AT THIS POINT TO DISSOLVE THIS COMPANY WITHOUT IMPOSING POTENTIAL PERSONAL LIABILITY ON MR. SMITH, WHO I DON'T THINK REALLY CARES ABOUT THAT FOR SEVERAL REASONS AND MR. VEREEN. BUT WE TOO ASK THIS COURT TO DO AN ACCOUNTING. LET ME ADDRESS A COUPLE OF THINGS FRANK SAID. MR. SMITH AND MR. VEREEN HAVE KNOWN EACH OTHER FOR NUMBER OF YEARS AND HAVE EITHER WORKED TOGETHER WHILE IN SEPARATE COMPANIES OR MR. SMITH ACTING

AS A SUB FOR MR. VEREEN'S COMPANY, ARTHUR VEREEN CONSTRUCTION OR MR. SMITH ACTUALLY WORKING FOR MR. VEREEN. AND MUCH TO MR. VEREEN'S DAUGHTER AND WIFE'S CHAGRIN, MR. VEREEN GIVES PEOPLE THE BENEFIT OF THE DOUBT AND REALLY LIKED AND CARED FOR MR. SMITH. SO MUCH SO THAT WHEN MR. SMITH AND HIS WIFE WERE BUILDING THEIR HOUSE THAT THEY LIVED IN PLANTATION POINTE LOTS OF YEARS AGO, MR. VEREEN ALLOWED MR. SMITH TO USE ARTHUR VEREEN CONSTRUCTION LICENSE TO PULL THE PERMIT. MR. VEREEN ALLOWED MR. SMITH TO CHARGE MATERIALS AND SUPPLIES ON ARTHUR VEREEN CONSTRUCTION ACCOUNT THAT WERE USED IN MR. SMITH'S HOME AT PLANTATION POINTE, SOME OF WHICH WERE NEVER REPAID. MR. VEREEN WAS VERY GOOD TO MR. SMITH AND MR. SMITH WORKED HARD AND GENERALLY IN THE EARLIER YEARS, DID A VERY GOOD JOB. MR. VEREEN BELIEVED MR. SMITH WOULD PAY HIM BACK. DIDN'T GET IT ALL IN WRITING WITH A WRITTEN CONTRACT LIKE AT ENRON, BUT FOR WHATEVER REASON, MR. SMITH HAD TO FILE PERSONAL BANKRUPTCY IN

THE 90'S, LATE 80'S OR 90'S. AND IN THAT PERSONAL BANKRUPTCY HE DID NOT LIST HIS OBLIGATIONS TO MR. VEREEN AND MR. VEREEN WILL TESTIFY ABOUT THIS AS ONE OF HIS DEBTS TO BE DISCHARGED IN BANKRUPTCY, SO IT WASN'T. ELLIS, MR. SMITH, TOLD MR. VEREEN THAT HE DIDN'T DO THAT BECAUSE HE INTENDED TO PAY HIM BACK. HE DIDN'T WANT THAT DEBT TO SCRATCH HIM. HE WANTED TO PAY HIM BACK. AGAIN, MR. VEREEN HAD A PROJECT GOING ON CARRIAGE ROW AT 29TH PLACE RIGHT BEHIND THE BELLAMY LAW FIRM, WHERE I USED TO WORK. MR. VEREEN AND HIS WIFE, WHO IS A SCHOOL TEACHER, WAS A SCHOOL TEACHER AND THEIR THREE CHILDREN, THEY NEEDED A PLACE TO LIVE SO MR. VEREEN SOLD... THIS COMPANY, THE DEVELOPER ENTITY THAT WAS CALLED 29TH PLACE WHICH IS A THIRD PARTY PLAINTIFF IN THIS ACTION SOLD A LOT AND TOWNHOME TO BE BUILT BY MR. SMITH AT 29TH PLACE AND MR. SMITH AND HIS FAMILY WOULD HAVE A PLACE TO LIVE. THIS WAS WAY BEFORE A&E, BUT IT'S IMPORTANT AND I WILL GET TO WHY. AGAIN, MR. SMITH

DIDN'T HAVE THE MONEY TO BUY THE LOT. HE DIDN'T HAVE THE MONEY TO BUY THE TOWNHOUSE THAT HE BUILT. SO, MR. VEREEN ENTERED INTO A LAND SALES CONTRACT WITH MR. SMITH FOR AN AMOUNT OF MONEY. WENT AHEAD AND DEEDED THE LOT TO HIM. NOW, AGAIN, LET MR. SMITH CHARGE SUPPLIES TO ARTHUR VEREEN CONSTRUCTION TO BUILD THE TOWNHOUSE. LET HIM AND HIS FAMILY MOVE IN. THEY LIVED THERE FOR A NUMBER OF YEARS AND UNDER THE LAND SALES CONTRACT MR. SMITH WAS SUPPOSED TO PUT $17,700 DOWN AND THEN WAS TO MAKE CERTAIN INTEREST PAYMENTS. IT WAS AN INTEREST ONLY LAND SALES CONTRACT FOR A COUPLE YEARS TO LET HIM GET BACK ON HIS FEET. AND THEN AT THE END OF THAT TIME TO PAY THE PRINCIPAL. WELL, YOU KNOW THAT ELLIS DIDN'T EVEN PAY THE $17,700 DOWN. HE DIDN'T HAVE THAT. WHAT HE DID WAS HE GAVE A NOTE TO MR. VEREEN FOR THAT MONEY AND TO THIS DAY HAS NEVER PAID THAT AMOUNT BACK. NEVER PAID THE FULL AMOUNT OF THE MATERIALS THAT HE CHARGED TO ARTHUR VEREEN CONSTRUCTION TO BUILD THAT

HOUSE, BUT HE FINALLY WAS ABLE TO DO, HE WAS ABLE TO GET A LOAN THAT SCOTT LONG'S OFFICE DID AND ALL OF THIS WILL BE IN THE RECORD. TO PURCHASE UNDER THE LAND SALES CONTRACT THAT LOT AND HOME THAT HE HAD BEEN LIVING IN AND NOT PAYING A PAYMENT ON, NOT PAYING THE INTEREST THAT WAS CALLED FOR. AND WHEN HE GOT THAT LOAN, HE GOT IT FOR THE AMOUNT OF THE BALANCE UNDER THE LAND SALES CONTRACT THAT WAS OWED MR. VEREEN WHICH WAS 38 OR $39,000, A ROUND FIGURE. BUT THAT WAS SUPPOSED TO TAKE HIM TO THE ACCOUNT THAT THE 17.7 GOT PAID, WHICH IT NEVER DID. BUT HE TOOK OUT A LOAN BIGGER THAN THAT, PAID MR. VEREEN AFTER THE TIME IT EXPIRED UNDER THE LAND SALES CONTRACT. THE 38 AND CHANGE THAT WAS OWED UNDER THE LAND SALES CONTRACT, IF YOU ASSUME THE DOWN PAYMENT HAD BEEN PAID AND THE INTEREST, BUT THAT WAS IT. HE NEVER PAID MR. VEREEN A PENNY OF THE INTEREST DURING THE TIME THAT HE WAS LIVING IN THAT HOUSE, SCOTT FREE. I WISH I COULD LIVE SOMEWHERE SCOTT FREE. NEVER PAID

THE $17,700, BUT ENTERED INTO A NOTE SO HE COULD CLOSE ON THAT LOAN HE WAS GETTING WHERE HE GOT MORE THAN THE 38 THAT HE OWED WAYNE. YOU'LL SEE ON THE HUD STATEMENT BECAUSE HE HAD TO PAY OFF A LOT OF OTHER BILLS TOO. AND AT THIS POINT HE'S WORKING FOR HIS OWN COMPANY, EES. HE'S IN CONSTRUCTION. THAT'S WHAT HE DOES. UNBEKNOWNST TO US UNTIL ABOUT A YEAR AGO, DO YOU KNOW THAT EES CONSTRUCTION COMPANY, WHICH IS A VALID SOUTH CAROLINA CORPORATION HAVING BEEN FORMED IN '96 NEVER EVER, EVER AND UNTIL THIS DAY STILL DOES NOT HAVE A GENERAL CONTRACTORS LICENSE OF ANY TYPE, UNLIMITED OR OTHERWISE. NEVER HAD A SPECIALTY CONTRACTORS LICENSE. NEVER HAD A RESIDENTIAL HOME BUILDERS LICENSE. THAT'S THE KIND OF CHARACTER UNFORTUNATELY, THAT MR. VEREEN WAS GIVING THE BENEFIT OF THE DOUBT. NOW, MY CLIENT DIDN'T KNOW THAT UNTIL THIS ACCOUNTING LAWSUIT STARTED AND WE HAD TO START DIGGING. HE TOOK THE MAN AT HIS WORD. WELL, TIME GOES ON AND MR. SMITH

IS STILL LIVING IN THAT CONDO THAT HE GOT THE LOAN FOR FINALLY IN '96, BUT NEVER PAID US BACK FOR. AND HE OWES WAYNE MONEY, BUT HE DOES APPROACH MR. VEREEN IN 2003, AND MR. VEREEN IS GOING TO TESTIFY, APPROACHED HIM AND SAID, "WAYNE, LET'S GO INTO BUSINESS TOGETHER. THAT WAY I'LL HAVE A WAY TO PAY YOU BACK THIS MONEY THAT I OWE YOU AND I WANT TO PAY YOU BACK. LET'S DO THAT. LET'S START THIS BUSINESS TOGETHER. MR. VEREEN TOOK OVER THE COMPANY, ARTHUR VEREEN CONSTRUCTION, FROM HIS DADDY AND HAS AN UNLIMITED GENERAL CONTRACTOR'S LICENSE THAT LET'S HIM BUILD ANYTHING, NOT A LIMITED CONTRACTORS LICENSE THAT MR. SMITH FINALLY GOT, BUT ONLY HAS THE FINANCIAL WHEREWITHAL THAT WILL LET HIM BUILD UP TO A HUNDRED THOUSAND DOLLARS LEVEL. MR. VEREEN CAN BUILD ANYTHING. LET'S GO TO THAT BUSINESS BECAUSE THAT'S GOING TO HELP BOTH OF THEM. THAT WAS SIGNIFICANT TO MR. VEREEN BECAUSE IT WOULD ALLOW HIM PERHAPS TO GET BACK THE MONEY THAT MR. SMITH OWED HIM. HE

NEEDED... HE WAS GETTING BUSY. HE NEEDED MORE GOOD SUPERINTENDENTS OUT IN THE FIELD TO DO GOOD WORK. IT WAS GOING TO HELP MR. SMITH BECAUSE NUMBER ONE, UNKNOWN TO US, HE HAD NO CONTRACTORS LICENSE AT ALL. BUT IT WAS GOING TO LET HIM BE AFFILIATED WITH A COMPANY THAT WITH MR. VEREEN'S BACKING WOULD HAVE AN UNLIMITED CONTRACTORS LICENSE. WE ALL REMEMBER WHAT THIS MARKET WAS IN 2003 AND 2004. THEY WERE THROWING UP CONDOS AS FAST AS YOU COULD SHAKE A STICK AT THEM. IT SHOULD HAVE BEEN A WIN-WIN SITUATION IF THINGS WERE PERFECT AND IF BOTH PARTNERS WERE REALLY... THIS IS A CORPORATION, BUT I'M GOING TO CALL THEM PARTNERS, WERE REALLY DOING WHAT THEY WERE SUPPOSED TO DO AND EXTENDING A FIDUCIARY DUTY TO EACH OTHER TO BENEFIT THE COMPANY A&E. WELL, THAT WAS WHAT MR. VEREEN WAS DOING AND THAT'S THE REASON THAT MR. VEREEN AND MR. SMITH JOINED FORCES. THE COMPANY WAS INCORPORATED ON OCTOBER 23RD 2003. MR. VEREEN HAD AN UNLIMITED GENERAL

CONTRACTORS LICENSE AND HE COULD HAVE PLACED HIS LICENSE AS THE RESPONSIBLE PARTY FOR A&E TO BE LICENSED, BUT ELLIS WANTED TO DO IT. SO, ELLIS DID. ELLIS SAT FOR THE FIRST TIME TO GET A LICENSE IN 1999. NOW, EES NEVER WAS A LICENSED CONTRACTOR IN THIS STATE AND STILL ISN'T, BUT ELLIS DID IN 1999, THE END OF IT. I BELIEVE IT WAS DECEMBER. HE TOOK THE GENERAL CONTRACTORS TEST AND PASSED SUCH THAT HE WAS A LICENSED INDIVIDUAL WHO COULD BE AFFILIATED WITH A COMPANY SO THAT THE... THE QUALIFYING PERSON FOR A CONTRACTORS COMPANY, BUT HE DID NOT HAVE THE FINANCIAL WHEREWITHAL TO FORM A COMPANY THAT WAS GOING TO HAVE AN UNLIMITED LICENSE OR WHAT THEY CALLED A BD2 LICENSE WHICH IS HUNDRED THOUSAND. EVEN A BD1 LICENSE. IN 2000, HE MET A GUY BY THE NAME OF RUSS BALTZER UP IN NORTH MYRTLE BEACH AND HOOKED UP WITH HIM AND RUSS HAD A COMPANY AND THE FINANCIAL WHEREWITHAL. HE WAS THE WAYNE VEREEN BEFORE WAYNE VEREEN, RUSS BALTZER WAS. SO, HE GOT HIS CONTRACTORS LICENSE

PLACED, IT WITH RUSS BALTZER'S COMPANY THAT HE HAD THE FINANCIAL WHEREWITHAL TO HAVE A COMPANY THAT WOULD HAVE AN UNQUALIFIED GENERAL CONTRACTORS LICENSE WITH MR. SMITH AS THE QUALIFYING PARTY. WE WILL GO INTO THAT IN JUST A FEW MINUTES, BUT I'M NOT GOING TAKE UP A LOT OF TIME. ABOUT THAT, THAT PROJECT WAS KNOWN AS CAROLINA KEYES. THOSE ARE SOME CONDOS BACK UP ON THE WATERWAY BEHIND... BUT BACK TO OUR STORY. WAYNE HAS HIS OWN LICENSE. IT'S ACTIVE THROUGHOUT A&E, BUT HE DID NOT PLACE IT WITH A&E AS THE QUALIFYING CONTRACTOR. HE LET ELLIS DO THAT. NO PROBLEM THERE. AND FRANK IS CORRECT. THE PARTIES DO AGREE THAT THEY WOULD FINISH UP WHAT THEY HAD BOTH OF THEM ABOUT THE END OF MOST JOBS AS FAR AS MR. VEREEN KNEW. THAT ANY NEW JOBS WOULD BE A&E JOBS, BUT AS ANY GOOD CONTRACTOR AT THE END OF 2003, WHEN THE COMPANY'S FORMED, THE LICENSE IS ISSUED IN JANUARY 2004. MR. VEREEN HAD BEEN WORKING ON DEALS PROSPECTIVE FOR THE FUTURE. BUT EVERY ONE OF THOSE DEALS

THAT MR. VEREEN HAD BEEN WORKING, SOME ON THEM FOR YEARS, IRRESPECTIVE OF WHOSE NAME WAS ON THE CONTRACT, WHETHER IT WAS ARTHUR VEREEN CONSTRUCTION OR A&E, EACH NEW DEAL THAT HE GOT INTO AFTER OCTOBER OF 2003, WHEN THIS COMPANY WAS FORMED, IRRESPECTIVE OF WHAT IT SAID ON A CHECK, IRRESPECTIVE OF WHAT IT SAID ON A CONTRACT, WAS AN A&E DEAL. WAS AN A&E DEAL AS FAR AS MR. VEREEN WAS CONCERNED, AS FAR AS THESE DOCUMENTS WILL SHOW YOU AND AS FAR AS MR. SMITH WAS CONCERNED. BUT INTERESTINGLY ENOUGH, THE FEW JOBS THAT MR. SMITH HAD GOING ON AT THE END OF 2003 BEGINNING OF '04 THOSE STAYED WITH MR. SMITH. NO PROBLEM THERE, BUT UNBEKNOWNST TO MR. VEREEN AND A&E, MR. SMITH CONTINUED TO WORK NOT FOR A&E, BUT FOR THIS COMPANY EES THAT DIDN'T HAVE A LICENSE. AND TOOK ON NEW JOBS THAT WERE A&E JOBS THAT MR. VEREEN AND A&E KNEW NOTHING ABOUT. SO, HE SPLIT HIS LOYALTY. TALKING ABOUT CONFLICTS OF INTEREST THAT THE STATUTES TALK ABOUT, HE SPLIT HIS LOYALTY AND GOES OUT AND...

THEY WERE SMALL JOBS. ON BEHALF OF EES... SMALL JOBS OUT HERE IN 2004, 2005, AND THEN WE FIND OUT 2006 AND 2007 AND SO ON AND SO FORTH. HE BRINGS SOME OTHER DETAILS THAT HE'S SOLICITING TO A&E. NOW, THAT'S HOW IT GOES UNTIL ALL OF A SUDDEN IN MAY OF 2007, ELLIS BRINGS A PERSPECTIVE PROJECT TO MR. VEREEN TO DO A JOB, THE CONDOLUX OFFICE BUILDING, MARTIN BROWN UP IN CHERRY GROVE AND WAYNE DOESN'T WANT TO DO THE JOB. THEY'VE ALREADY DONE A LOT OF JOBS FOR MARTIN BROWN. SO, WAYNE HAS ALREADY... A&E HAS. SO, WAYNE'S ALREADY GOT A FEEL FOR WHAT DOING A JOB FOR MARTIN IS LIKE OR HOW MUCH PROFIT THEY HAVE MADE OR LOST ON MARTIN BROWN JOBS. AND WAYNE SAID, "NOPE. A&E IS NOT GOING TO DO THAT JOB." WELL, FROM THAT POINT FORWARD THAT MAN IS SCARCE. THAT MAN IS SCARCE. THIS IS MAY OF 2007. HAVEN'T HEAR ONE WORD ABOUT SOMETHING'S GOING ON. "HEY, LET ME LOOK AT THE... CHECKBOOK." CARRIE, THAT'S THE BOOKKEEPER. "LET ME LOOK AT THOSE

REPORTS. LET ME LOOK AT A JOB LEDGER." NOT ONE WORD. 2003 NOPE. 2004 NOPE. 2005 NOPE. 2006 NOPE. 2007 NOPE. HE DOESN'T CARE BECAUSE HE KNOWS EVERY PENNY THAT IS BEING USED TO DO A&E'S BUSINESS IS EITHER FROM THE PROFITS THAT A&E IS MAKING OR IS BEING FUNDED BY THAT MAN OR SOME OF HIS ENTITIES. HE SEES AN OPPORTUNITY. MR. SMITH DOES IN MAY OR APRIL OF 2007, "WELL, WAYNE DOESN'T WANT TO DO THE A&E JOB FOR CONDOLUX, I'M GOING TO DO IT." SO, UNBEKNOWNST TO US, HE STARTS NEGOTIATING WITH MARTIN BROWN FOR THE CONDOLUX PROJECT AND WE DON'T SEE MUCH OF HIM ANYMORE. GUESS WHAT? UNBEKNOWNST TO US, HE'S USING THE A&E LICENSE TO PULL PERMITS. WELL, IN '07 WE DIDN'T KNOW THAT WAS HAPPENING, BUT BY AUGUST OF '07 HE... HE'S NOT BEEN AROUND AND HE'S DRIVING A COMPANY TRUCK WHICH HE STILL HAS AND WE PAID OFF. HE'S NOT SHOWING UP AND HE'S NOT WORKING MAY TO AUGUST. BUT HE STARTS AT SOME POINT... AND THE REASON IS BECAUSE IN APRIL OF 2007, MR. SMITH FORMS A COMPANY

KNOWN AS E SMITH AND SONS, A GENERAL CONTRACTOR. HE FORMS THAT AT THE SAME TIME HE'S STILL THE PRESIDENT AND 50% SHAREHOLDER OF A&E. SO, HE'S ALREADY GOT HIS PLAN OF EXITING. HE'S WORKING BOTH ENDS OF THIS THING. HE'S DRAWING A SALARY. AND SO, MR. VEREEN GOES ON VACATION AND HE COMES BACK AND THERE'S A LETTER ON HIS DESK AND THIS IS IN LATE MAY OR JUNE. HE LOOKS AT IT AND ELLIS IS SAYING, "YOU KNOW, I DON'T THINK THESE NUMBERS ARE RIGHT. THIS IS WHAT I'VE KIND OF FIGURED OUT." I MEAN, WELL, HE HAD ACCESS. IT'S CLEAR FROM THESE DOCUMENTS NOBODY DENIED HIM ACCESS TO THE OFFICE THAT A&E USED. THAT THEY WERE SUPPOSED TO PAY RENT FOR, BUT THEY WEREN'T MAKING ANY MONEY SO THEY DIDN'T PAY RENT. HE ADMITS IN HIS DEPOSITION THAT HE WAS SUPPOSED TO BE PAYING AT LEAST $1,600 A MONTH FOR THE RENT ON A FULLY FURNISHED OFFICE. A HUGE WAREHOUSE WHICH INCLUDED WORK SPACE AND A COUPLE OF STORAGE UNITS, BUT THAT WAS JUST ANOTHER FAVOR MR. VEREEN AND HIS

FAMILY WAS DOING FOR A&E. ANYWAY, OFF TRACK THERE A MINUTE. HE READS THIS NOTE AND SO WAYNE AND BETH START GETTING THE NUMBERS. IT'S OBVIOUS HE'S BEEN IN THERE TAKING FILES, RUNNING OFF STUFF AND WE TRY TO RESPOND BACK THE NUMBERS. NOW, HE'S THE PRESIDENT OF THE COMPANY. FROM 2003 ON HE COULD HAVE ASKED TO BE PUT ON THE CHECKING ACCOUNT, HE NEVER ASKED. HE COULD HAVE ASKED TO SEE ANY BOOKS AND RECORDS. HE COULD HAVE SAT DOWN AND LOOKED AT THE END OF THE YEAR FINANCIAL STATEMENTS, BUT HE NEVER ASKED. HE WAS CONTENT DOING WHAT HE DOES BEST, WHICH IS BUILDING. GOING OUT AND SMOOZING AND TRYING TO GET THESE SMALL JOBS. HE LEFT THE REST OF IT TO WAYNE AND RIGHTLY SO BECAUSE IT WAS WAYNE PUTTING ALL THE MONEY IN THERE. HE DIDN'T WANT TO TALK ABOUT IT BECAUSE WHAT IF WAYNE SAYS, "I NEED TO CUT YOUR SALARY BECAUSE YOU'RE NOT PUTTING ANY MONEY IN THE CASH FLOW HERE." HE LEAVES, NEVER SHOWS BACK UP AFTER THE BEGINNING OF AUGUST OF 2007. NEVER

SHOWS BACK UP. THAT'S THE LAST TIME HE'S THERE. WAYNE CONTINUES TO PAY HIM THE SALARY THROUGH A&E UNTIL THE END OF DECEMBER OF 2007. ELLIS SAYS, "WELL, WAYNE, YOU HAVE TAKEN OVER 14 WEEKS OF VACATION IN THE FOUR YEARS THAT WE HAVE RUN THIS BUSINESS, I THINK YOU OWE ME THAT AND WAYNE PAYS IT." LIVES FREE, SALARY'S FREE. GOSH, MUST BE A GOOD LIFE! WAYNE CONTINUES TO PAY HIM THE SAME SALARY THAT THEY BOTH WERE MAKING 'TIL THE END OF 2007. DURING 2008 ELLIS IS DOING WHATEVER ELLIS IS DOING UNBEKNOWNST TO US AND WE'RE TRYING TO TAKE CARE OF PROBLEMS THAT ARE NOW MANIFESTING THEMSELVES WITH CONSTRUCTION PROBLEMS THAT WE'RE FINDING OUT ABOUT AND THAT'S WHAT WE CONTINUE TO DO TODAY. WITH NO MONEY COMING IN, A&E AT THE END OF '07, DOESN'T TAKE ANY NEW BUSINESS IN THEIR TRYING TO WIND UP THEIR OBLIGATIONS. BUT AS WITH ANY CONSTRUCTION COMPANY, THE OBLIGATIONS ARE ONGOING, YOU KNOW. WE'VE GOT THE 8 YEARS STATUTE OF REPOSE FROM A CO. SO,

ALTHOUGH A&E, FOR ALL INTENTS AND PURPOSES. STOP SEEKING NEW CONSTRUCTION BUSINESS. THEY ARE STILL DOING BUSINESS. THEY ARE HAVING TO DO WORK TO MEET THE OBLIGATIONS OF A&E. IN '07, WHEN THEY WIND UP, BETH FORMS A COMPANY KNOWN AS GRAND STRAND BUILDERS. WHEN ELLIS LEAVES IN AUGUST OF '07 AND DOESN'T COME BACK AND LETS US KNOW, "I'M NOT COMING BACK IN AUGUST OF '07." IN MAY HE'S JUST DANGLING AROUND. MAY TO AUGUST HE'S JUST DANGLING AROUND. BUT WHEN THEY FIND OUT THAT ELLIS ISN'T COMING BACK, WHAT DOES WAYNE DO? HE GOES TO THE SOUTH CAROLINA LLR AND HAS HIS LICENSES PUT ON IN OCTOBER OF 2007 AS THE QUALIFYING PERSON SO A&E WILL CONTINUE TO BE LICENSED. AND A&E CONTINUES TO BE LICENSED THAT WAY UNTIL 2008. IN THE MEANTIME, BETH STARTS ANOTHER COMPANY SO THAT ANY NEW JOBS SHE WORKS ON ARE FOR HER OWN COMPANY. BUT FROM '08 TO TODAY'S DATE, WAYNE, BETH AND GRAND STRAND BUILDERS ARE OUT THERE TRYING TO TAKE CARE OF THE CONSTRUCTION

ISSUES OF A&E. NOW, ELLIS HAS BEEN WELL ADVISED OF ALL THESE PROBLEMS. A LOT OF THEM AT THE FOUNTAINS. HAS HE CONTRIBUTED EITHER LABOR OR MATERIALS OR EFFORT OR MONEY? OH, NO. OH, NO. OH, NO. WHERE WE COME DOWN TO JUDGE WITH THIS AND THESE ARE... THESE CHARGES ARE NOT IN EVIDENCE, BUT I HAVE GIVEN COPIES OF THIS TO FRANK AND TO JACK. WHAT I'VE GOT FOR YOU, YOUR HONOR, ARE TWO THINGS AND I'M GOING TO EXPLAIN THEM TO YOU. THE FIRST TWO PAGES ARE A CHART THAT'S GOING TO SHOW MONEY IN, MONEY OUT AND THEN I'VE GOT A RECAP OF WHERE WE END UP. I'VE ALSO GOT FOR YOUR HONOR TWO BLANK SHEETS IN CASE YOUR HONOR WANTS TO MAKE NOTES DURING THIS AND I'VE LIKEWISE GIVEN THAT TO MR. DURANT AND MR. THOMAS. WHERE THIS ENDS UP AND THERE'S A LOT OF DETAILS THAT YOU'LL HEAR ABOUT, JUDGE, THAT I HAVEN'T GONE INTO HERE, BUT WHERE WE COME TO AT THE END OF THE DAY IS FROM THE INITIAL CASH CONTRIBUTIONS TO START THIS COMPANY OF $50,000 MADE BY MR. VEREEN IN 2003,

OCTOBER 2003 THROUGH 12/31/2009, THESE NUMBERS ARE ONLY THROUGH 2009. EITHER MR. VEREEN OR HIS RELATED ENTITIES AND I'M GOING TO EXPLAIN THOSE TO YOU IN JUST A SECOND. I WILL GIVE YOU THE BIG NUMBERS AND THEN I WILL BREAK IT DOWN. MR. VEREEN HAS THREE RELATED ENTITIES THAT HAVE INFUSED WHETHER YOU WANT TO CALL THEM CAPITAL CONTRIBUTIONS OR WHATEVER, HAS INFUSED $2,078,534.84 INTO A&E. OF THOSE CASH CONTRIBUTIONS, AND BY THE WAY, MR. SMITH TESTIFIED HONESTLY AND FORTHRIGHTLY IN HIS DEPOSITION THAT IN SPILLING ANY PROFITS AT THE END OF THIS... I'VE GOT A TWO WORK PHASE FOR WHAT THIS IS, BUT I'M NOT GOING TO PUT IT ON RECORD. THE END OF THIS MATTER. WAYNE SHOULD BE PAID BACK HIS CAPITAL CASH CONTRIBUTIONS FIRST BECAUSE HE ACKNOWLEDGES THAT HE DIDN'T PUT IN ANY CASH. SO ANYWAY, THE VEREEN ENTITIES HAVE PUT IN $2,078,534.84. OF THAT AMOUNT A&E WOULD MAKE MONEY AND OF COURSE, THAT'S OVER TIME. THAT'S THE END OF '04 `TIL THE END OF '09. OVER

THE COURSE OF THE BUSINESS DEPENDING ON WHAT THE BUSINESS WAS BEING... WHAT WAS GOING ON IN THE ACCOUNTS, A&E HAS REIMBURSED MR. VEREEN OR HIS RELATED ENTITIES $1,092,525.61 AND WHETHER THAT WAS DIRECT CASH PAYMENTS BY CHECK FROM A&E OR IT WAS PROCEEDS FROM A&E JOBS THAT MR. VEREEN INSTEAD OF DEPOSITING INTO A&E DEPOSITED INTO ONE OF HIS ACCOUNTS AS A REPAYMENT. THAT'S THE SOURCE OF THAT ALMOST MILLION ONE. WHERE DOES THAT LEAVE US? THAT LEAVES THAT A&E IS DUE A BALANCE... I'M SORRY. MR. VEREEN AND ENTITIES ARE DUE A BALANCE FROM A&E OF $986,009.23 THROUGH 2009. MR. VEREEN IS OWED ALMOST A $1,000,000 THROUGH 2009. NOW, MR. VEREEN DOES CONCEDE AND HAS NEVER HIDDEN IT, MR. SMITH ALWAYS KNEW IT, MR. VEREEN DOES CONCEDE THAT HE HAS WRITTEN CHECKS OR USED FUNDS OF A&E FROM THE END OF 2003 THROUGH 2009 IN THE AMOUNT OF $601,000 THAT WERE PAYMENT OF PERSONAL EXPENSES THAT SHOULD NOT BE BORN BY A&E. ELLIS DID SOME OF THE SAME STUFF NOW,

NOT TO THAT EXTENT, BUT HE DID. WE ACKNOWLEDGE THAT THOSE ARE NOT A&E EXPENSES, BUT YOU'VE GOT TO REMEMBER, JUDGE, THIS ISN'T ENRON. THIS IS THIS MAN STROKING A CHECK FROM WHATEVER ACCOUNT HE HAD MONEY IN AT THE TIME TO PAY THE BILLS OF A&E SO A&E COULD KEEP WORKING. SO, STROKING A CHECK TO PAY FOR HIS DRY CLEANING OR STROKING A CHECK TO PAY FOR HIS LIFE INSURANCE OVER THE COURSE OF THAT TIME IS $601,000. AND WE ACKNOWLEDGE THAT THAT WASN'T AN A&E EXPENSE. SO, IF YOU DEDUCT THAT FROM WHAT HE'S OWED IT LEAVES A BALANCE STILL DUE TO MR. VEREEN OF $385,009.23. NOW, WHAT THESE OTHER TWO CHARTS SHOW, THEY SHOW THE SAME THING, BUT THE FIRST CHART BREAKS DOWN BY YEAR AND BY ENTITY. THE FIRST ONE IS FUNDING INTO A&E. THE TOP HALF OF THE CHART SHOWS BY YEAR THE SOURCE OF THE FUNDING, WAYNE VEREEN. SO, YOU CAN SEE FROM '03 TO '09 WAYNE PUT IN CASH OF $166,117. AVC, THAT'S ARTHUR VEREEN CONSTRUCTION COMPANY. THAT ENTITY PUT NO CASH IN. PPP, PARK

PLACE PROPERTIES, THAT'S A DEVELOPMENT ENTITY OF MR. VEREEN, WHO DURING THE TIME IN ISSUE, WAS BUILDING A DEVELOPMENT IN NORTH MYRTLE BEACH CALLED POINTE MARSH. YOU WILL HEAR ABOUT THAT AND IS THE OWNER OF THE PUTT-PUTT. IT PUT IN A $1,165,877.31 IN CASH. POW, IS A COMPANY OF HIS WIFE'S THAT IS THE OWNER OF SOME OF THE STORAGE UNITS AND THE OFFICE SPACE WHERE A&E WORKED OUT OF. AND OF COURSE, ELLIS SMITH IS SELF-EXPLANATORY AND HE DOESN'T DENY THAT HE PUT NO MONEY IN. THE TOP HALF IS FUNDING TO A&E FROM VEREEN OR HIS RELATED ENTITIES. THE BOTTOM HALF IS ALSO FUNDING TO A&E, BUT THIS IS BY WAY OF PAYMENT OF A&E EXPENSES BY EITHER WAYNE VEREEN, ARTHUR VEREEN CONSTRUCTION, PARK PLACE PROPERTIES OR PARKWAY OFFICES. AS I SAID, THERE WERE TIMES WHEN SUPPLIES WERE NEEDED ON A&E JOBS. A&E HAD NO MONEY, BUT MR. VEREEN HAD MONEY IN ARTHUR VEREEN CONSTRUCTION. SO, FOR INSTANCE, FROM 2003 TO 2009 ARTHUR VEREEN CONSTRUCTION PAID

$160,042.87 OF BILLS OF A&E. SO, AS YOU CAN SEE WHEN YOU ADD ALL THAT UP THAT'S WHERE YOU GET THE TOTAL OF THE $2,078,534.84 THAT WAS FUNDED BY MR. VEREEN OR HIS ENTITIES. AND THEN ON THE OTHER SIDE OF THE LEDGER, ZERO BEING FUNDED BY MR. SMITH. THE SECOND PAGE IS OKAY. THEY WERE REPAYMENTS MADE TO MR. VEREEN OR HIS ENTITIES NOT IN THE EXACT AMOUNTS EVERY TIME. IT WASN'T LIKE IN ENRON WHERE MAYBE YOU DID A LOAN OR A NOTE AND YOU BORROWED A HUNDRED HERE AND HERE AND YOU PAID A HUNDRED BACK. IT WASN'T A CASH INFUSION AND A CASH WITHDRAWAL IN THE EXACT SAME AMOUNTS. YOU'VE GOT TO DO IT CUMULATIVELY OVER TIME. SO, THE SECOND PAGE SHOWS LIKEWISE HOW AND WHEN FROM 2003 TO 2009 MR. VEREEN AND HIS ENTITIES WERE REPAID FOR SOME OF THESE CAPITAL CONTRIBUTIONS THEY MADE. AND YOU WILL SEE THAT THE TOP HALF OF THAT CHART IS AGAIN, THAT REFLECTS CHECKS WRITTEN FROM A&E DIRECTLY TO MR. VEREEN OR ONE OF HIS ENTITIES. THE BOTTOM HALF SHOWS

EXPENSES PAID BY A&E THAT WERE... NO. EXCUSE ME. THE BOTTOM HALF SHOWS CHECKS FROM A&E JOBS THAT RATHER THAN BEING... THE BETTER PRACTICE WOULD HAVE BEEN TO DEPOSIT ALL THAT MONEY INTO A&E'S ACCOUNT AND THEN WRITE MR. VEREEN OR HIS ENTITIES A CHECK OUT OF THAT, BUT WAYNE DID NOT DO IT THAT WAY. IF ONE OF THE PROJECTS, A DRAW WAS $15,000, INSTEAD OF DEPOSITING IT INTO A&E AND THEN HAVING A CHECK WRITTEN TO WAYNE FOR THE $15,000 REIMBURSEMENT, HE JUST PUT IT IN ONE OF HIS ACCOUNTS. BUT WE HAVE ACCOUNTED FOR EVERY PENNY, WHETHER IT'S CASH PAYMENTS FROM A&E OR CASH PAYMENTS FROM A&E JOBS THAT WENT DIRECTLY TO MR. VEREEN. AND THAT TOTALED IS THE ONE MILLION... CLOSE TO ONE MILLION ONE THAT WE SHOULD BE REIMBURSED. SO, WHEN WE GET DOWN TO THE END OF THE DAY, NOBODY'S PERFECT. THE I'S WEREN'T DOTTED AND THE T'S WEREN'T CROSSED. AND WHEN WE GET INTO THIS EVIDENCE YOU'RE GOING TO SEE SOME THAT WEREN'T DOTTED AND SOME T'S THAT WEREN'T CROSSED BY MR. SMITH TOO. IMPORTANTLY,

I WANT YOU TO KNOW BECAUSE MRS. BRADY'S GOING TO GO INTO SOME OF THESE FINAL NUMBERS THAT I HAVE ON THE TOP SHEET, THE 385 WAS DUE. THERE ARE SOME OTHER AMOUNTS OF MONEY THAT WE SAY WE ARE DUE, BUT WE HAVEN'T INCLUDED IT IN OUR CALCULATION BECAUSE THIS NUMBER IS THE BEST CASE SCENARIO FOR A&E AND MR. SMITH THESE NUMBERS. WE HAVE NOT INCLUDED HISPANIC LABOR THAT MR. VEREEN PAID FOR OR HIS ENTITIES PAID FOR THAT DID WORK ON A&E JOBS. EVEN MR. SMITH ACKNOWLEDGED IN HIS DEPOSITION THAT 5% OF THAT HISPANIC LABOR WAS A LEGITIMATE A&E EXPENSE REGARDLESS OF THE FACT THAT WE PAID IT, BUT WE DID NOT INCLUDE ANY OF IT. WE ALSO DIDN'T INCLUDE ANY AMOUNT FOR THE RENT FOR THE WAREHOUSE OR FOR THE OFFICE SPACE USED BY A&E FOR FOUR AND A HALF YEARS. WE INCLUDED NONE OF THAT. NOW, MR. SMITH TESTIFIED AND WROTE IN A LOT OF THE STUFF THAT'S IN HERE THAT HE ACKNOWLEDGED HE KNEW THEY WERE SUPPOSED TO BE PAYING PARKWAY OFFICES RENT, BUT A&E WASN'T MAKING ANY

MONEY. SO, MR. VEREEN WAS LIKE, "WHY AM I WRITING MYSELF A RENT CHECK BECAUSE I'M DOING ALL THE FUNDING?" THERE WAS A SMALL AMOUNT OF RENT FUNDED I THINK OVER THE COURSE OF THE WHOLE TIME. IT WAS LIKE $8,000 OR SOMETHING, BUT I HAVEN'T INCLUDED ANY ACCOUNT RECEIVABLE IN THESE NUMBERS FOR RENT THAT WAS OWED TO PARKWAY OFFICES, NONE. ALL OF THE CONSTRUCTION EQUIPMENT, THE HEAVY CONSTRUCTION EQUIPMENT THAT WAS USED BY A&E WAS CONSTRUCTION EQUIPMENT OWNED BY ARTHUR VEREEN CONSTRUCTION OR MR. VEREEN. BACKHOES, TRUCKS, TRAILERS, LULLS, ALL OF THAT HEAVY CONSTRUCTION EQUIPMENT AND THE TRAILERS AND ALL THE TRUCKS THAT WERE USED WERE MR. VEREEN'S. THERE'S NOT A CHARGE IN THERE FOR THE USE OF THAT EQUIPMENT. ALL THE OFFICE SUPPLIES, FURNITURE, EQUIPMENT, TELEPHONE LINES. WHAT I CALL OFFICE FF&E USED BY A&E OWNED BY MR. VEREEN AND HIS COMPANIES. NOT ONE PENNY. NOT ONE CHARGE FOR THE FF&E'S INCLUDED IN THESE TOTAL NUMBERS. NOW, WE SPELL IT OUT IN

OUR EVIDENCE TO SHOW YOU WHAT IT WOULD HAVE BEEN, BUT WE'RE NOT EVEN ASKING FOR THAT AT THIS POINT. LIKEWISE, WE HAVE NOT PUT IN THERE ANY ALLOWANCE OR MONEY FOR THE TRUCK THAT WAS USED BY MR. VEREEN FOR ALL OF THE A&E JOBS. NO MONEY FOR THE VALUE OF THE USE OF THE TRUCK OF FOR THAT TRUCK PAYMENT, THE GAS, THE INSURANCE OR THE TAXES ON THAT TRUCK, NOTHING. NOW, A&E WAS PAYING THE CAR PAYMENT FOR ELLIS' TRUCK THAT WAS TITLED IN A&E. THEY WERE PAYING ALL THE GAS FOR ELLIS' TRUCK. THEY WERE PAYING ALL THE TAXES FOR ELLIS' TRUCK. THEY WERE PAYING ALL THE INSURANCE FOR ELLIS' TRUCK. SO, THOSE ARE ALL LEGITIMATE EXPENSES THAT ARE INCLUDED BY THEIR ACCOUNTANT, BUT NO ALLOWANCE FOR US IN WHAT... IN WAYNE'S... FOR THE OTHER PARTNER. SO, WE HAVEN'T EVEN INCLUDED THAT. WE'VE GIVEN THEM THE BEST CASE SCENARIO. AND OF THAT, MR. VEREEN IS STILL OWED BY A&E $385,000. NOW, THAT DOESN'T TAKE INTO CONSIDERATION THAT AFTER MR. SMITH STOPPED WORKING FOR A&E,

IS STILL A PARTNER, IS STILL THE PRESIDENT, HE'S STILL A MEMBER OF A&E. AND AFTER MR. SMITH HAS FORMED HIS OWN COMPANY AND AT THAT POINT HAS NO COMPANY THAT IS LICENSED AND AFTER MR. VEREEN HAS TRANSFERRED AND REMITTED HIS LICENSE TO BE THE A&E QUALIFIED LICENSE HOLDER. UNBEKNOWNST TO US MILLIONS AND MILLIONS OF DOLLARS OF PERMITS ARE PULLED BY MR. SMITH IN THE NAME OF A&E. ALL UNKNOWN TO US IN 2007, IN 2008 AND IN 2009. HE'S PULLING PERMITS IN THE NAME OF A&E, EXPOSING A&E TO LIABILITY. AND WHY IS HE DOING THAT? WHY IS HE DOING THAT? BECAUSE HE CAN ONLY QUALIFY FOR A CONTRACTORS LICENSE THAT IS A BD2 LEVEL, MEANING YOU CAN ONLY BUILD BUILDINGS VALUED AT LESS THAN A HUNDRED... IT MIGHT BE $200,000 AND NO MORE THAN FOUR UNITS IN A BUILDING. BUT ARE THE PROJECTS THAT HE'S PULLING ON THAT LEVEL? OH, NO. THEY'RE OF THE LEVEL THAT YOU NEEDED AN UNLIMITED GENERAL CONTRACTORS LICENSE FOR. SO, TALK ABOUT BREACH OF FIDUCIARY DUTIES. TALK ABOUT

ILLEGALITY. THAT'S WHAT THAT MAN'S DOING.

JUDGE HOWE: ARE YOU ABOUT THROUGH?

MS. COOK: YES, MA'AM. YES, MA'AM. THAT'S WHERE WE ARE WITH THAT. SO THIS SHEET DOESN'T TAKE INTO CONSIDERATION THOSE CLAIMS THAT WE HAVE AGAINST EES, MR. SMITH AND E SMITH AND SONS FOR THE PULLING OF ALL THESE PERMITS THAT WE DIDN'T KNOW ABOUT. AND FOR PULLING PERMITS FROM 1999 THROUGH 2000 IN THE NAME OF ARTHUR VEREEN CONSTRUCTION COMPANY. HE'S NOT EVEN AFFILIATED WITH ARTHUR VEREEN CONSTRUCTION COMPANY TO BUILD CAROLINA KEYES. MORE THAN $10 MILLION WORTH OF PROJECTS. OF THE JOBS A&E DID WHILE ELLIS WAS STILL INVOLVED WITH A&E, $15 MILLION WORTH OF JOBS WERE BROUGHT IN BY THIS MAN AND $5 MILLION WERE BROUGHT IN BY THIS MAN. UNFORTUNATELY, GIVEN HOW THE COMPANY WAS RUN IN TERMS OF ELLIS NOT FUNDING... HE HAVING TO FUND EVERYTHING. ELLIS FAILING, NOT LIVING BEHIND HIS WORD. THERE ARE NO PROFITS IN THIS COMPANY.

WHAT THERE ARE, ARE LOSSES AND WE ASK THAT ELLIS SMITH FUND HIS HALF OF THOSE LOSSES TO A&E AND CONTINUE TO FUND WHILE A&E LIABILITIES ARE BEING MET ONGOING. THANK YOU, MA'AM.

JUDGE HOWE: MR. THOMAS, DO YOU HAVE ANYTHING TO ADD?

MR. THOMAS: YOUR HONOR, I WILL BE DONE BY 12 O'CLOCK.

JUDGE HOWE: OKAY. VERY GOOD.

MR. THOMAS: I AM GOING TO SAVE MY ORAL ARGUMENT FOR A MORE APPROPRIATE TIME. I THINK THE COURT WOULD BE BEST SERVED... OR MY SENSE IS THE COURT WILL BE BEST SERVED BY LISTENING TO THE EVIDENCE IN TERMS OF WHERE THE TRUTH LIES. I JUST WANT TO BRIEFLY OUTLINE THE CLAIMS THAT I'M INVOLVED IN. I REPRESENT ELLIS SMITH, INDIVIDUALLY AND I REPRESENT HIS TWO CORPORATIONS IN WHICH MR. SMITH HAD AN INTEREST IN. E SMITH AND SONS CONSTRUCTION, LLC AND EES CONSTRUCTION AND CONSULTING, INC. I WANT TO CALL THIS COURT'S ATTENTION SPECIFICALLY TO THE PLEADINGS BECAUSE THAT'S WHAT I

UNDERSTAND THAT WE ARE HERE ABOUT IS THE ISSUES MADE OUT BY THE PLEADINGS. THE FIRST CLAIM MADE BY MR. VEREEN IS ACTUALLY THEIR FIRST COUNTERCLAIM THAT'S KIND OF... I DON'T WANT TO SAY IT'S JUMBLED UP, BUT IT DOES INCLUDE SOME CLAIMS OF VARIOUS PARTIES. FOR EXAMPLE, IN IT'S FIRST COUNTERCLAIM, CLAIMS ARE MADE BY MR. VEREEN, 29TH PLACE AND ARTHUR VEREEN CONSTRUCTION COMPANY AGAINST MR. SMITH INDIVIDUALLY. IN THAT SAME CLAIM, THAT SAME COUNTERCLAIM OR CROSS-COMPLAINT, A CLAIM IS MADE BY MR. VEREEN ON BEHALF OF A&E AGAINST MR. SMITH AND EES CONSTRUCTION. I'M DEFENDING THAT. I'M ALSO DEFENDING THEIR SECOND CAUSE OF ACTION AND AS THE COURT WILL SEE AS IT'S PLEAD. IT'S A CLAIM BY 29TH PLACE DEVELOPERS, INC. AGAINST ELLIS SMITH. NOW, MS. COOK MENTIONED SOMETHING ABOUT A $17,000 NOTE AND THERE'S ABSOLUTELY NOT ONE WORD IN THIS COMPLAINT ABOUT ANY $17,000 NOTE. THERE IS A SECOND CAUSE OF ACTION INVOLVING THE LAND SALE CONTRACT BETWEEN

29TH PLACE AND MR. SMITH. IN FACT OUR ONLY EXHIBITS... WELL, THAT'S NOT RIGHT. BUT MOST OF OUR EXHIBITS WILL BE THE LAND SALE CONTRACT, THE CLOSING CONTRACT OR THE CLOSING STATEMENT SIGNED BY MR. VEREEN. THE CHECK WRITTEN TO MR. VEREEN AND ENDORSED BY MR. VEREEN. SO, WE THINK THAT THAT MATTER WILL SHORTLY GO BY THE WAYSIDE, BUT WE'LL WAIT ON THE EVIDENCE FOR THAT. FINALLY, THE LAST COUNTERCLAIM THAT THEY MAKE IS A CLAIM ONLY BY ARTHUR VEREEN CONSTRUCTION OR AT LEAST THAT'S THE WAY IT'S LABELED. THEN YOU GET DOWN INTO IT AND THEY SAY HE OWES MR. VEREEN PERSONALLY OR ARTHUR VEREEN CONSTRUCTION COMPANY BECAUSE BACK IN 1998 AND '99 THERE WAS SOME PERMITS TAKEN OUT TO CONSTRUCT PORTIONS OF A PROJECT CALLED CAROLINA KEYES SHOWING ARTHUR VEREEN CONSTRUCTION COMPANY AS THE CONTRACTOR AND THESE PERMITS WERE IN FACT TAKEN OUT BY MR. SMITH. THOSE ARE THE CLAIMS THAT I'M DEFENDING AND AGAIN, I WILL SAVE MY ARGUMENT FOR SOME OTHER MORE APPROPRIATE TIME. THANK YOU.

JUDGE HOWE: THANK YOU. DO YOU WANT TO CALL YOUR FIRST WITNESS.

ARTHUR WAYNE VEREEN, HAVING BEEN FIRST DULY SWORN, TESTIFIED AS FOLLOWS:

DIRECT EXAMINATION BY MR. DURANT:

A ARTHUR WAYNE VEREEN.

MR. DURANT: YOUR HONOR, PERMISSION TO TREAT HIM AS A HOSTILE WITNESS?

JUDGE HOWE: YOU MAY.

Q MR. VEREEN, I THINK YOU KNOW ME. I'M FRANK DURANT AND I REPRESENT A&E IN THE ACTION AGAINST THEM. HOW LONG HAVE YOU HAD A GENERAL CONTRACTORS LICENSE?

A I HONESTLY DON'T KNOW. I WOULD SAY BACK PROBABLY IN THE SINCE LATE 70'S.

Q AND YOU KNOW MR. SMITH WHO'S IN HERE TODAY? AND HE HAS WORKED WITH YOU FOR YEARS ON AND OFF?

A YES, SIR.

Q HE HAS ACTUALLY BEEN A SUB FOR YOU AS WELL AS A DIRECT EMPLOYEE FOR YOU?

A YES.

Q THE COMPANY EES HAS ACTUALLY DONE WORK FOR YOUR COMPANY ARTHUR VEREEN CONSTRUCTION, IS THAT CORRECT?

A I'M NOT SURE ABOUT DOING WORK FOR ARTHUR VEREEN

CONSTRUCTION BUT EES HAS DONE WORK FOR A&E. I'M NOT SURE ABOUT ARTHUR VEREEN CONSTRUCTION.

Q MR. VEREEN, YOU MET WITH MR. SMITH TO FORM THE COMPANY A&E CONSTRUCTION, IS THAT CORRECT?

A THAT'S CORRECT.

Q THAT CULMINATED IN YOU GOING TO ATTORNEY SCOTT LONG'S OFFICE AND DOING THE CORPORATION PAPERS?

A NO, SIR. I DID NOT GO TO SCOTT LONG'S OFFICE. ELLIS SMITH WENT TO SCOTT LONG'S OFFICE.

Q WELL, YOU SIGNED THE CORPORATE DOCUMENTS?

A I SIGNED THE DOCUMENTS IN MY OFFICE, YES, SIR.

Q AND YOU WERE A 50% OWNER IN THE COMPANY?

A THAT'S CORRECT.

Q AND MR. SMITH WAS A 50% OWNER?

A THAT'S CORRECT.

Q SO, YOU AGREED TO SPLIT THE PROFITS OF THE COMPANY 50/50%?

A THAT'S CORRECT.

Q AT THAT TIME YOU AND MR. SMITH AGREED THAT ANY NEW WORK AFTER OCTOBER WOULD BE PERMITTED IN THE NEW COMPANY AND THE MONEY WOULD COME INTO THE NEW COMPANY?

A THAT'S CORRECT.

Q AND ARTHUR VEREEN CONSTRUCTION IS YOUR COMPANY ALSO, IS IT NOT?

A YES, SIR.

Q IT WAS ORIGINALLY YOUR DADDY'S COMPANY?

A YES.

Q IN OCTOBER OF 2003 ARTHUR VEREEN CONSTRUCTION CEASED DOING ANY CONSTRUCTION WORK OTHER THAN FINISHING UP JOBS?

A THAT'S CORRECT.

Q YOU DID NO NEW JOBS?

A THAT'S CORRECT.

Q YOU HAD NO LICENSE TO DO ANY NEW JOBS, DID YOU, SIR? ARTHUR VEREEN CONSTRUCTION?

A YOU SAID AFTER OCTOBER?

Q YES, SIR.

A NO, SIR. MY LICENSE WAS... WAS IN DECEMBER OF '03.

MR. DURANT: YOUR HONOR, I'M HANDING THE WITNESS PLAINTIFF'S EXHIBIT 8, A PORTION OF IT. IT'S FROM THE SOUTH CAROLINA LABOR AND LICENSING.

Q WHAT DATE DOES IT SAY YOUR LICENSE EXPIRED?

A EXPIRATION DATE IS 10/31/2008.

Q EXCUSE ME, I GAVE YOU THE WRONG ONE. ARTHUR VEREEN CONSTRUCTION COMPANY.

A 10/31/03.

Q SO, YOUR LICENSE EXPIRED OCTOBER 31ST, IS THAT

CORRECT, SIR?

A THAT'S RIGHT.

Q SO, YOU WEREN'T LICENSED TO ENTER INTO ANY CONTRACTS TO PERFORM NEW CONSTRUCTION AT THAT TIME AFTER OCTOBER 31ST 2003?

A THAT'S CORRECT.

Q AND YOU DIDN'T, DID YOU, SIR?

A NO, SIR.

Q SO, ALL THE CONSTRUCTION CONTRACTS THAT YOU ENTERED INTO AFTER OCTOBER 31ST WERE IN THE NAME OF A&E CONSTRUCTION?

A NO, SIR.

Q I THOUGHT YOU JUST SAID YOU DIDN'T ENTER INTO ANY CONTRACT AFTER --

A I SAID I DIDN'T ENTER INTO ANY. WE ALSO ENTERED... WROTE A CONTRACT WITH I THINK WILLOUGHBY PLACE WAS IN ARTHUR VEREEN CONSTRUCTION COMPANY.

Q YOU'VE NEVER PRODUCED ANY OF THE CONSTRUCTION CONTRACTS FOR WILLOUGHBY PLACE, HAVE YOU, SIR?

A I HAVE NOT.

Q WHERE IS IT, SIR?

A THAT I CAN'T ANSWER.

Q HOW BIG? WAS THIS ABOUT A $4 MILLION DOLLAR JOB?

A SOMEWHERE IN THAT NEIGHBORHOOD. YES, SIR.

Q COULD I HAVE PLAINTIFF'S EXHIBIT 12. NOW, THE WILLOUGHBY JOB YOU DON'T HAVE A CONSTRUCTION CONTRACT, BUT WILLOUGHBY JOB DIDN'T START AS FAR AS CONSTRUCTION UNTIL THE MIDDLE OF 2004, IS THAT NOT CORRECT?

A IF YOU'RE ASKING ME IF THEY DIDN'T START CONSTRUCTION, IN VERTICAL CONSTRUCTION OF THE BUILDING IN 2004, THAT WOULD BE CORRECT.

Q YOUR INITIAL DRAWS THAT YOU HAD WERE FOR LAND CLEARING AND THOSE THINGS OCCURRING IN MARCH OR APRIL OF 2004?

A ARE YOU ASKING... MAYBE A VAGUE QUESTION. WE STARTED THE ACTUAL VERTICAL CONSTRUCTION IN 2004.

Q WHO IS "WE"?

A IF YOU JUST LET ME FINISH MY ANSWER I WILL BE GLAD TO ANSWER THAT FOR YOU. I'M TRYING TO GIVE YOU AN ANSWER. I BEGAN CONSTRUCTION... I BEGAN WORK ON THE PROJECT AT WILLOUGHBY PLACE BACK IN 2002. I WORKED FOR THAT PROJECT IN 2003. WE ACTUALLY CLEARED THAT PROPERTY ON THE CORNER OF 44TH AVENUE AND KEPT IT MAINTAINED WITH GRASS CUTTING FOR THE WILLOUGHBY FAMILY IN 2003. WE BEGIN IN 2002... WHEN I SAY, "WE" I'M TALKING

ABOUT MYSELF, ARTHUR VEREEN CONSTRUCTION COMPANY. BEGAN CONVERSATIONS WITH THE WILLOUGHBY FAMILY AS WELL AS WITH A GENTLEMAN BY THE NAME OF CHIP WILKINS AND STARTED PREPARING PERSPECTIVES OF DIFFERENT TYPES OF BUILDINGS. WE ALSO MET AND DEALT WITH ASI ENGINEERING AND STARTED DOING SOME SITE WORK. WE ALSO HAD MEETINGS WITH THE CITY OF MYRTLE BEACH AS FAR AS APPEARS BOARD. THOSE TYPE OF THINGS WERE GOING ON FOR ABOUT TWO YEARS.

Q YES, SIR. BUT YOU HAD NO PERMITS FOR THE WILLOUGHBY JOB? YOU DIDN'T OBTAIN ANY PERMITS IN ARTHUR VEREEN CONSTRUCTION FOR ANYTHING AT THE WILLOUGHBY PLACE, DID YOU?

A I DID NOT, NO.

Q I HAVE THOSE AND I SEE THERE ACTUALLY HAVE BEEN NO PERMITS FOR ARTHUR VEREEN CONSTRUCTION IN THE CALENDAR YEAR 2002 OR '03 IN THE CITY OF MYRTLE BEACH?

A EXACTLY, YES, SIR.

Q SO, THE PERMIT THAT YOU OBTAINED FOR WILLOUGHBY PLACE WAS IT IN THE NAME OF A&E THE PLAINTIFF?

A THAT'S CORRECT.

Q TELL ME, SIR, I AM GOING TO HAND YOU THE EXHIBIT ENTITLED WILLOUGHBY PLACE. WHY DID YOU HAVE ALL

THE DRAW REQUESTS MADE OUT BY ARTHUR VEREEN CONSTRUCTION COMPANY?

A I'M MISSING SOMETHING. I DON'T SEE MY NAME ON THEM SO.

Q WHAT?

A I DON'T SEE ARTHUR VEREEN CONSTRUCTION COMPANY'S NAME ON THOSE DRAW REQUESTS.

Q ON THE FIRST ONE?

A ON THE FIRST TWO OR THREE I'M LOOKING AT, SIR. I'M ALL THE WAY UP UNTIL MAY OF '04.

Q THE FIRST ONE IS MAY 12TH '04?

A THE FIRST ONE I SEE IS IN DECEMBER OF '04, AS ARTHUR VEREEN CONSTRUCTION COMPANY DOING BUSINESS AS A&E CONSTRUCTORS.

Q THEY WENT LIKE THAT THROUGH THE CONCLUSION OF THE PROJECT, DID IT NOT?

A IT APPEARS SO, YES, SIR.

Q BUT THE CHECKS... THESE RECORDS CAME FROM DOCUMENTS THAT YOU GAVE ME IN THE LAWSUIT. THE CHECKS FOR PAYMENT WERE MADE TO ARTHUR VEREEN CONSTRUCTION COMPANY, WEREN'T THEY? THE FIRST ONE BEING MAY 14TH?

A YES, SIR.

Q HAVE YOU SEEN THAT BEFORE?

A YES, SIR.

Q THAT WAS IN THE AMOUNT OF $100,782?

A IT LOOKS LIKE THE FIRST ONE WAS FOR $30,880.

Q OKAY. AND THAT WAS MADE TO ARTHUR VEREEN CONSTRUCTION?

A THAT'S CORRECT.

Q THE SECOND ONE WAS MADE TO ARTHUR VEREEN CONSTRUCTION?

A THAT'S CORRECT.

Q BY AND LARGE THESE CHECKS WERE ALWAYS PAID TO ARTHUR VEREEN CONSTRUCTION, WERE THEY NOT, UNTIL YOU GOT INTO 2006?

A IT LOOKS LIKE UNLESS THERE WERE CHECKS OUTSIDE OF THAT. THEY WERE CHECKS MADE TO THE WILLOUGHBY FAMILY INVESTMENTS.

Q MR. VEREEN --

A ATTACHED INTO WHAT YOU HAVE GIVEN ME.

Q YES, SIR.

A OKAY.

Q THERE'S A MULTITUDE OF PERMITS FROM THE CITY OF MYRTLE BEACH FOR A&E FOR THE WILLOUGHBY JOB?

A THAT'S CORRECT.

Q BECAUSE IT WAS AN A&E JOB, WAS IT NOT?

A THAT'S CORRECT.

Q SIR, WHY DIDN'T YOU PUT ALL THE MONEY IN THE A&E ACCOUNT WHEN YOU INVOICED THEM?

A I THINK WHAT WE... WELL, WHEN THE CHECK WAS MADE OUT TO ARTHUR VEREEN CONSTRUCTION COMPANY AND ARTHUR VEREEN CONSTRUCTION COMPANY WAS PAYING THE INVOICES AT THE BEGINNING OF THAT JOB. AS WELL AS I WAS PAYING MONEY ON THAT JOB. WE ONLY HAD $50,000 TO PUT INTO THAT ACCOUNT AND THE ONLY PERSON THAT WAS PUTTING MONEY INTO IT WAS MYSELF.

Q WELL, DID YOU --

A LET ME FINISH.

Q I'M GOING TO LET YOU FINISH.

A MY PARTNER, ELLIS SMITH, WAS NOT PARTICIPATING, HE WAS OFF DOING HIS OWN THING. HE DID NOT COME BACK AND GO TO WORK FOR A&E ON A DAILY BASIS UNTIL MAY OF '05.

Q MY QUESTION IS: WHY DIDN'T YOU PUT THE COMPENSATION FROM THE DRAWS REQUESTED INTO THE A&E ACCOUNT?

A I THINK I DID. I THINK I STATED WHAT I DID WAS ARTHUR VEREEN CONSTRUCTION... WHAT I SHOULD'VE DONE WAS PUT THE MONEY INTO ARTHUR VEREEN CONSTRUCTION COMPANY AND PAID A&E FOR WHAT THEY HAD DONE OR PUT THAT MONEY INTO A&E AND PAID ARTHUR VEREEN CONSTRUCTION COMPANY BACK. IN ESSENCE, I DID THAT.

Q YOU PUT A CHECK FOR $30,100 AND A CHECK FOR 52,500 DIRECTLY INTO YOUR PERSONAL ACCOUNT IN ARTHUR VEREEN CONSTRUCTION?

A YES, SIR.

Q AND THAT COMPANY WAS NOT DOING ANY BUSINESS AT THAT TIME?

A ANY NEW BUSINESS, THAT'S CORRECT.

Q DID YOU TELL HIM, MR. SMITH, THAT YOU WERE PUTTING COMPANY FUNDS INTO YOUR OWN ACCOUNT OTHER THAN A&E WHEN YOU DID YOUR BILLING FOR THE WILLOUGHBY PLACE JOB?

A NO, SIR.

Q AND MR. SMITH WAS ACTUALLY WORKING ON THAT JOB, WASN'T HE? HE WAS YOUR SUPERINTENDENT?

A NO, SIR. THAT'S NOT CORRECT. WE HIRED A SUPERINTENDENT.

Q WELL, YOU HAVE --

A I HIRED A SUPERINTENDENT.

Q I UNDERSTAND WHAT YOU'RE SAYING IS YOU BILLED IT UNDER NO NAME AND THEN YOU BILLED IT UNDER ARTHUR VEREEN DOING BUSINESS AS A&E AND THAT WAS BECAUSE YOU TOLD MRS. DREWETT TO DO IT THAT WAY, THE BOOKKEEPER?

A SAY THAT AGAIN.

Q DID YOU TELL MRS. DREWETT TO BILL IT OR DID YOU

BILL IT? YOU HAD DRAW REQUESTS IN THIS, DIDN'T YOU?

A DID I HAVE DRAW REQUESTS?

Q FOR WILLOUGHBY PLACE?

A I AM CONFUSED. I AM CONFUSED.

Q WELL, WILLOUGHBY PLACE YOU WERE HANDLING THE DRAW REQUESTS FOR A&E?

A YES.

Q FOR A LOAN THAT WILLOUGHBY PLACE TOOK OUT FOR THE CONSTRUCTION?

A THAT'S CORRECT.

Q AND YOU WERE MAKING DRAW REQUESTS? ALL OF THESE APPLICATIONS FOR PAYMENTS WERE PAID... WERE DRAW REQUESTS TO A BANK, WERE THEY NOT?

A THAT'S CORRECT.

Q AND SOME KIND OF CONTRACT WAS GIVEN TO THE BANK FOR CONSTRUCTION, WAS IT NOT?

A THAT'S CORRECT.

Q AND YOU DON'T HAVE THAT CONTRACT, DO YOU?

A I DON'T, BUT IT'S PRETTY OBVIOUS THAT A CONTRACT WAS WRITTEN SOMETIME IN 2003 THAT WAS GIVEN TO THE BANK BECAUSE ALSO PROVIDED AND I THINK I DID THIS IN MY DEPOSITION THAT I STATED. THAT I HAD DONE A PROFORMA FOR THE WILLOUGHBY FAMILY WHICH IT DID BACK IN 2002 AND 2003, WHICH I THINK I

HAVE GIVEN YOU COPIES OF THAT. IT'S DONE ON ARTHUR VEREEN CONSTRUCTION STATIONERY AND IT BREAKS DOWN THE CONSTRUCTION COSTS OF THOSE BUILDINGS, THE LAND CLEARING, THE SITE WORK, THE ARCHITECT, THE ENGINEERS AND IT ACTUALLY DOES THE PERFORMA ON THE SALES TRYING TO GUIDE THEM TO WHAT THAT PROPERTY COULD BE MARKETED FOR AND SOLD. AND I DID THOSE NUMBERS... THOSE NUMBERS CAME FROM MY MEETING WITH CHICORA, THE MARKETING COMPANY, THAT ALL HAPPENED BACK IN 2003. I HAD GIVEN YOU AS ELLIS'S ATTORNEY COPIES OF THIS DOCUMENTS.

Q YES, SIR. BUT YOU WERE PAID FOR AN A&E JOB AND YOU PUT THE MONEY INTO ANOTHER COMPANY, DIDN'T YOU, SIR?

A THAT'S CORRECT.

Q YOU TOLD ME BEFORE THAT YOUR COMPANY ARTHUR VEREEN CONSTRUCTION WASN'T DOING ANY MORE CONSTRUCTION WORK?

A THAT'S CORRECT.

Q AND THAT ALL YOUR JOBS WERE GOING TO BE THROUGH A&E?

A (NO RESPONSE).

Q NOW, LOOK AT PLAINTIFF'S EXHIBIT 13, THE KEMP JOB. THE KEMP JOB WAS AN A&E JOB, WAS IT NOT?

A YES.

MS. COOK: YOUR HONOR, IF HE'S GOING TO QUESTION HIM ABOUT THAT MAYBE HE COULD TURN THE EXHIBIT AROUND SO MR. VEREEN CAN LOOK AT THAT.

Q I'M GIVING HIM 12, NO. EXCUSE ME. 13.

A I'VE GOT 13.

Q THAT FIRST DOCUMENT IS A COUNTY OF GEORGETOWN BUILDING PERMIT, IS IT NOT?

A YES.

Q THAT WAS OBTAINED... IT LOOKS LIKE BY YOUR DAUGHTER, ELIZABETH SISSON, CORRECT?

A YES.

Q THAT WAS OBTAINED MARCH 2ND 2004, IS THAT CORRECT?

A YES.

Q BEHIND IT IS YOUR STANDARD FORM OF AGREEMENT BETWEEN OWNER AND CONTRACTOR. IS THAT WHAT YOU CALL A "CONSTRUCTION CONTRACT"? WE ARE STILL IN EXHIBIT 13 WHICH IS IN EVIDENCE.

A YES.

Q WHAT IS THE DATE OF THAT CONTRACT?

A JANUARY THE 31ST.

Q WHAT YEAR?

A 2004.

Q WHOSE THE OWNER?

A ROBERT KEMP.

Q WHO WAS LISTED AS THE CONTRACTOR?

A ARTHUR VEREEN CONSTRUCTION COMPANY.

Q I THOUGHT YOU TOLD ME ARTHUR VEREEN CONSTRUCTION COMPANY WASN'T LICENSED TO DO BUSINESS IN JANUARY OF '04?

A WE WERE NOT.

Q SO, WHY DID YOU SIGN THIS CONTRACT IN ARTHUR VEREEN CONSTRUCTION COMPANY WHEN IT WAS NOT LICENSED TO DO BUSINESS?

A I WOULD HAVE TO GO BACK AND LOOK IN THE FILE. I KNOW THAT WE STARTED... ENTERED INTO THE CONTRACT WITH THE KEMPS BACK IN THE EARLY PART OF 2003 AND THAT MAY HAVE JUST BEEN AN ERROR ON OUR PART. WE STARTED... ACTUALLY THIS JOB WAS ORIGINALLY A... GOING TO BE A CONSTRUCTION WITHDRAW FROM THE KEMP... HE AND HIS WIFE BACK IN 2003 AND THEY JUST KEPT CHANGING THEIR HOUSE PLANS, SO, IT TOOK ALMOST 8 OR 9 MONTHS BEFORE WE ACTUALLY GOT TO WRITING A CONTRACT.

Q BUT THE CONTRACT WAS SIGNED IN JANUARY OF '04 WHEN ARTHUR VEREEN CONSTRUCTION WAS NOT LICENSED TO DO BUSINESS IN THE STATE OF SOUTH CAROLINA?

A THAT'S CORRECT.

Q AND YOU KNEW THAT?

A YES.

Q AND YOU SIGNED IT ANYWAY?

A I DID.

Q YOU ACTUALLY SENT YOUR DAUGHTER DOWN THERE TO GET THE PERMIT IN THE NAME OF A&E, CORRECT?

A THAT'S CORRECT.

Q AND AS YOU LOOK BACK ON EXHIBIT 13, YOU GOT INVOICES IN THERE, DO YOU NOT, SIR?

A THAT'S CORRECT.

Q INVOICE NUMBER 131 APRIL 7TH 2004. IT'S AN INVOICE FOR $28,000, ISN'T IT, SIR?

A ON THE BACK?

Q INVOICE NUMBER 131?

A YES, SIR.

Q IT'S FOR $28,000?

A YES, SIR.

Q THERE'S A CHECK DATED FROM THE KEMPS FOR $28,000 PAYABLE TO WHO?

A ARTHUR VEREEN CONSTRUCTION.

Q WHAT DOES IT SAY DOWN THERE "FIRST DRAW"?

A FIRST DRAW.

Q WHAT ACCOUNT DID YOU PUT THAT IN?

A I DON'T KNOW, SIR.

Q LOOK AT THE SECOND INVOICE, INVOICE NUMBER 132.

A ALRIGHT, SIR.

Q WAS THAT SUBMITTED FROM ARTHUR VEREEN CONSTRUCTION?

A YES, SIR.

Q YOU ARE SHOWING HOW MUCH WAS DUE?

A 32,000.

Q AND BEHIND THAT THERE IS A CHECK DATED 5/17/04 FROM THE KEMPS FOR $32,000 AND THAT'S PAYABLE TO ARTHUR VEREEN CONSTRUCTION, IS IT NOT?

A THAT'S CORRECT.

Q WHERE WAS THAT DEPOSITED?

A I CAN'T TELL YOU.

Q YOU DON'T KNOW?

A I DON'T KNOW RIGHT NOW. NO, SIR.

Q OKAY. LOOK AT THE NEXT INVOICE, NUMBER 133. AN INVOICE TO MR. KEMP DATED 6/25/04. HOW MUCH IS THAT FOR?

A 61,000.

Q HOW MUCH WAS PAID ON THAT?

A 48,625.

Q $48,625.

A YES, SIR.

Q WHO WAS IT PAID TO?

A ARTHUR VEREEN CONSTRUCTION.

Q AND WHAT ACCOUNT WAS THAT PUT IN?

A I DON'T KNOW, SIR.

Q AND YOU HAVE A CHANGE ORDER I SEE, 6/10/04 AND WHAT NAME IS THAT IN?

A THE CHANGE ORDER IS IN A&E CONSTRUCTION.

Q SO, YOU SWITCHED FROM ARTHUR VEREEN CONSTRUCTION COMPANY TO A&E FOR THE CHANGE ORDER?

A YES.

Q HOW MUCH IS THAT FOR?

A $14,000.

Q THE NEXT INVOICE IS NUMBER 134?

A THAT'S 14,000 BY THE WAY.

Q CORRECT. WHO IS THAT INVOICE FROM? IT'S DATED 7/29/04.

A INVOICE 134?

Q YES, SIR.

A ARTHUR VEREEN CONSTRUCTION.

Q THAT'S AN INVOICE FOR $62,000?

A YES.

Q HOW MUCH WAS PAID ON THAT INVOICE?

A 59,972.

Q WHERE DID YOU PUT THAT MONEY?

A I DON'T HAVE IT IN FRONT OF ME. I CAN'T TELL YOU.

Q THERE IS ALSO A CHECK BACK THERE, NUMBER 237 DATED JANUARY 25TH 2005 IN THE AMOUNT OF

$50,000. WHO IS THAT MADE PAYABLE TO?

A PAID TO ARTHUR VEREEN CONSTRUCTION.

Q AND YOU HAVE BEEN IN BUSINESS FOR A YEAR AS A&E AT THIS TIME, CORRECT, SIR?

A THAT'S CORRECT.

Q AND WHAT ACCOUNT DID YOU PUT THAT CHECK IN?

A SIR, I COULDN'T TELL YOU.

Q THERE'S A CHECK DATED MARCH 21ST 2005 IN THE AMOUNT OF $23,101. WHO WAS THAT MADE PAYABLE TO?

A SIR, ARTHUR VEREEN CONSTRUCTION.

Q THAT'S FROM THE KEMPS?

A THAT'S CORRECT.

Q WHAT ACCOUNT WAS THAT PUT IN?

A I DON'T KNOW, SIR.

Q BEHIND THAT THERE'S AN INVOICE DATED JANUARY 19TH 2005 TO THE KEMPS. WHO IS THAT FROM?

A ARTHUR VEREEN CONSTRUCTION.

Q WHO TYPED THAT UP FOR YOU?

A I WOULD IMAGINE CARRIE DID.

Q MR. DREWETT, THAT'S THE LADY THAT WAS THE BOOKKEEPER FOR YOU?

A YES.

Q AND SO, SHE WAS PAID FOR... A&E PAID HER?

A YES.

Q SHE MAINTAINED A GENERAL LEDGER OR THE PEACHTREE SYSTEM FOR WRITING CHECKS AND KEEPING UP WITH JOBS, CORRECT?

A YES.

Q SO, A&E WAS PAYING FOR LABOR AND MATERIALS OUT OF THE A&E ACCOUNT FOR THE KEMP JOB, WERE THEY NOT?

A I WOULD HAVE TO GO LOOK. SIR, I COULDN'T ANSWER THAT QUESTION.

Q YOU DON'T KNOW?

A NO.

Q AND YOU DON'T KNOW WHAT ACCOUNT YOU PUT IT IN? WHAT ACCOUNT SHOULD YOU HAVE PUT IT IN MR. VEREEN?

A WELL, IT SHOULD HAVE GONE INTO A&E.

Q OKAY. DO YOU KNOW WHERE THERE WAS A JOB LEDGER CREATED FOR KEMP? DO YOU KNOW WHAT A JOB LEDGER IS, DON'T YOU?

A I DO.

Q WHAT IS IT?

A IT'S JOB COSTS FOR THAT PARTICULAR PROJECT.

Q IT WOULD BE LABOR, MATERIALS AND THE LIKE?

A THAT'S CORRECT.

Q THAT WOULD BE MAINTAINED ON YOUR ACCOUNTING SYSTEM?

A IT SHOULD BE.

Q HOW WOULD YOU DO YOUR BILLING FOR KEMP? I SEE WHERE YOU HAD THE INVOICE. IF YOU WERE BILLING IT OUT IN THE NAME OF ARTHUR VEREEN CONSTRUCTION VERSUS A&E? DO YOU UNDERSTAND THE QUESTION?

A I DON'T.

Q HOW DID YOU KEEP UP WITH IT? IF THE CHECKS WERE MADE PAYABLE TO ARTHUR VEREEN CONSTRUCTION VERSUS A&E?

A KEEP UP WITH THAT?

Q KEEP UP WITH THE PAYMENTS AND THE DISBURSEMENTS IN THE JOB ACCOUNT?

A (NO RESPONSE).

Q THE JOB LEDGER REFLECTS PAYMENTS, DOES IT NOT?

A YES.

Q HOW WOULD YOU KEEP UP WITH IT IF YOU DID NOT PUT IT IN A&E?

A IN OUR COMPUTER ARTHUR VEREEN CONSTRUCTION COMPANY AND A&E WERE BOTH INTERMIXED IN OUR COMPUTER. SO, I AM NOT SURE EXACTLY HOW THAT WOULD SHOW UP ON ONE OR THE OTHER. BUT I DO KNOW THAT WE ALSO HAD EXPENSES THAT ARTHUR VEREEN... WE ACTUALLY PAID SOME OF THOSE EXPENSES NOT... A&E DIDN'T PAY ALL THOSE EXPENSES. I THINK WE STATED THAT TO YOU IN MY

DEPOSITION EARLIER AND WE PROVIDED COPIES OF CHECKS WHERE WE HAVE PAID THOSE. I HAVE STATED EARLIER THAT... IT... BOTTOM LINE IS IF IN FACT IN 2004 MY PARTNER ELLIS SMITH HAD SHOWED UP FOR WORK ON A FULL-TIME BASIS, WE WOULD PROBABLY NOT BE HAVING THIS CONVERSATION TODAY.

Q ALRIGHT. SIR, ARE YOU TELLING ME THAT YOU MAINTAINED ACCOUNTS IN 2004 FOR ARTHUR VEREEN CONSTRUCTION WITH MRS. DREWETT ON THE COMPUTER? YOU ACTUALLY MAINTAINED ACCOUNTS?

A I DON'T KNOW WHAT YOU'RE TALKING ABOUT ACCOUNTS. DID WE MAINTAIN EXPENSES FROM ARTHUR VEREEN CONSTRUCTION COMPANY, ABSOLUTELY.

Q WELL, I'M SAYING --

A WE STATED EARLIER THAT IN 2004, I WAS ACTUALLY FINISHING UP SOME WORK.

Q FOR ARTHUR VEREEN CONSTRUCTION?

A YEAH. SO, WE DID KEEP RECORDS AT THAT TIME.

Q BUT NOT FOR THE KEMP JOB?

A I'M NOT SURE HOW CARRIE FILED THAT, SIR.

Q SHE WORKED FOR YOU, DIDN'T SHE?

A SHE DID.

Q AND SHE WORKED FOR YOU FOR HOW LONG?

A SHE WORKED FOR ME. SHE WORKED FOR ELLIS.

Q AND IT'S IMPORTANT TO YOU TO BE ABLE TO BILL AND

COLLECT YOUR MONEY, IS IT NOT?

A THAT'S CORRECT.

Q ANY CHARGES AND LABOR YOU WANT TO CHARGE THEM TO A JOB SO YOU CAN GET PAID BACK, ISN'T IT TRUE?

A THAT'S CORRECT.

Q YOU WANT THAT TO BE DONE, DON'T YOU?

A I DO. BUT WHAT YOU'RE ASKING ME IN PARTICULAR ON THE KEMP JOB JUST, FOR EXAMPLE, THAT'S A CONTRACT. IT DOESN'T MATTER WHETHER I WENT AND LOOKED AT THE JOB COSTS OF WHERE WE MADE $10,000 FOR EXPENSES THAT MONTH, WE GOT PAID ON A PERCENTAGE OF WHAT WE HAD COMPLETED.

Q SO, THERE WAS A CONSTRUCTION LOAN ON THAT ONE --

A I HAVE NO IDEA ABOUT THAT.

Q I HAND YOU PLAINTIFF'S EXHIBIT 14 WHICH SAYS, "DR. LALE" ALSO CALLED STRAND CARDIOLOGY I BELIEVE. THAT WAS AN A&E JOB, WAS IT NOT, SIR?

A IT WAS PERMITTED UNDER A&E. YES, SIR.

Q WHAT'S THE DATE OF THAT CONTRACT THAT'S IN FRONT OF YOU? STANDARD FORM OF AGREEMENT BETWEEN OWNER AND CONTRACTOR?

A JANUARY THE 30TH OF 2004.

Q JANUARY 30TH 2004. IT'S WITH DR. LALE, CORRECT?

A THAT'S CORRECT.

Q THE CONTRACTOR IS WHO?

A ARTHUR VEREEN CONSTRUCTION.

Q ARTHUR VEREEN CONSTRUCTION IS NOT AUTHORIZED TO ENTER INTO A CONTRACT IN JANUARY OF 2004, ARE THEY, SIR?

A THAT'S CORRECT.

Q WHY DID YOU DO THAT, SIR? WHY DID YOU SIGN A CONTRACT WITH HIM WHEN YOU JUST STATED THAT IN JANUARY... THAT IN OCTOBER EVERY NEW CONTRACT WAS GOING TO BE WITH A&E?

A I THINK I STATED EARLIER THAT... THIS IS ANOTHER JOB WITH DR. LALE THAT I HAD BEEN NEGOTIATING AND WORKING WITH HIM FOR OVER SIX MONTHS. NOW, YOU KNOW, IF WE FILLED IT OUT AND FILED IT AND WROTE THIS CONTRACT UNDER ARTHUR VEREEN CONSTRUCTION COMPANY AT OUR OFFICE IT WAS AN ERROR ON OUR PART. BUT WE DID THAT JOB UNDER A&E.

Q CORRECT. THE BUILDING PERMIT, IT'S BACK THERE. I BELIEVE IT'S HORRY COUNTY. WHAT NAME IS THE... WHAT'S THE CONTRACTOR'S NAME ON THE BUILDING PERMIT?

A A&E.

Q RIGHT BEHIND THAT THERE'S AN APPLICATION AND CERTIFICATE FOR PAYMENT, IS THAT NOT CORRECT? A DRAW REQUEST?

A THAT'S CORRECT.

Q AND TO DR. LALE AND WHO IS THE CONTRACTOR ON THAT APPLICATION FOR PAYMENT?

A ARTHUR VEREEN CONSTRUCTION.

Q AND YOU SIGNED THAT, DIDN'T YOU, SIR, AS ARTHUR VEREEN CONTRACTOR DATED MARCH 3RD 2004?

A THAT'S MY SIGNATURE, YES, SIR.

Q AS A RESULT YOU WERE PAID $62,500, WERE YOU NOT?

A THAT'S CORRECT.

Q YOU WERE SUBMITTING THIS REQUEST FOR PAYMENT TO A BANK?

A NO, SIR.

Q TO THE DOCTOR?

A YES, SIR.

Q BEHIND IT ON MARCH 16TH, THERE'S A CHECK FROM SOUTH STRAND CARDIOLOGY. THAT'S DR. LALE, ISN'T IT? IS THERE A CHECK THERE FOR $65,000?

A THAT'S CORRECT.

Q WHO IS THAT MADE PAYABLE TO?

A ARTHUR VEREEN CONSTRUCTION.

Q AND IT SAYS FOR WHAT, CONSTRUCTION COST?

A THAT'S CORRECT.

Q WHAT ACCOUNT DID YOU PUT THAT IN, SIR?

A SIR, I'M NOT SURE.

Q WHAT ACCOUNT SHOULD YOU HAVE PUT IT IN?

A BUT A&E DID MOST OF THE CONTRACTS.

Q NOW, THERE'S ANOTHER DRAW REQUEST RIGHT AFTER THAT THAT'S DATED APRIL 8TH '04, CORRECT?

A THAT'S CORRECT.

Q AND THE NAME OF THE CONTRACTOR IS ARTHUR VEREEN CONSTRUCTION?

A YES.

Q AND YOUR NAME IS ON THAT? YOU DIDN'T SIGN HIS COPY HERE, BUT HOW MUCH WAS IT FOR?

A LOOKS LIKE WAS PAYING 25,000.

Q AND BEHIND THAT THERE'S A CHANGE ORDER, IS THERE NOT?

A YES.

Q DATED 4/6/04?

A YES.

Q AND WHAT'S THE LETTERHEAD ON THE CHANGE ORDER?

A ARTHUR VEREEN CONSTRUCTION.

Q THAT'S DATED APRIL THE 6TH 2004?

A THAT'S CORRECT.

Q WHO TYPED THAT, SIR?

A I HAVE NO IDEA. MORE THAN LIKELY CARRIE.

Q CARRIE IS AN EMPLOYEE OF A&E, CORRECT?

A THAT'S CORRECT.

Q WHY WERE YOU SENDING A CHANGE ORDER IN THE NAME OF ARTHUR VEREEN CONSTRUCTION IF IT WAS AN A&E

JOB?

A SIR, ALL I CAN TELL YOU IS WE HAVE PRINTED UP CHANGE ORDERS AND I'M SURE THAT'S JUST WHAT SHE PICKED UP.

Q ALRIGHT, THEN. THE NEXT APPLICATION FOR PAYMENT BACK HERE IS FROM ARTHUR VEREEN CONSTRUCTION ALSO DATED 5/7/04.

A THAT'S CORRECT.

Q BEHIND THAT THERE'S A CHECK DATED MAY 17TH '04 FOR $15,000, IS THAT CORRECT, SIR, FOR SOUTH STRAND CARDIOLOGY?

A WELL, THERE IS A CERTIFICATE OF OCCUPANCY BEHIND THAT, BUT BEHIND THAT IS A CHECK FOR $50,000. YES.

Q PAYABLE TO WHOM?

A ARTHUR VEREEN CONSTRUCTION.

Q WHAT ACCOUNT DID YOU PUT THAT IN?

A SIR, I WOULD HAVE TO LOOK. I DON'T KNOW.

Q WHAT ACCOUNT SHOULD YOU HAVE PUT IT IN?

A A&E.

Q THE NEXT DOCUMENT IS AN APPLICATION FOR PAYMENT DATED 5/18, IS THAT THE SAME THING OR IS IT A DIFFERENT AMOUNT?

A SAY THAT AGAIN, SIR?

Q THERE IS A DRAW REQUEST FOR $12,423, IS THERE

NOT?

A THAT'S CORRECT.

Q THAT'S FROM YOU FROM ARTHUR VEREEN CONSTRUCTION COMPANY, IS IT NOT?

A THAT'S CORRECT.

Q WHERE WAS THAT PAYMENT DEPOSITED? THE CHECK'S RIGHT BEHIND IT, ISN'T IT? 6/2/2004 PAYABLE TO ARTHUR VEREEN CONSTRUCTION?

A ARTHUR VEREEN CONSTRUCTION.

Q $12,423?

A THAT'S CORRECT.

Q IT SAYS, "LAST PAYMENT", CORRECT?

A THAT'S CORRECT.

Q WHERE WAS THAT PAYMENT PUT?

A I'M NOT SURE, SIR.

Q WHERE SHOULD IT HAVE BEEN PUT?

A A&E CONSTRUCTION.

Q ALRIGHT. GO BACK BEHIND. THERE ARE SOME DEPOSITS LISTED OVER THERE. DO YOU SEE ONE WHERE IT LISTS SS CARDIOLOGY $50,000 ON A DEPOSIT TICKET?

A I DO.

Q WHAT NAME WAS THAT... WHERE WAS THAT DEPOSITED, THE $50,000 CHECK?

A DEPOSITED INTO ARTHUR VEREEN CONSTRUCTION.

Q THAT'S MAY 18TH 2004?

A THAT'S CORRECT.

Q WAS THAT AN ERROR?

A NO, SIR. I THINK I STATED EARLIER IF YOU GO LOOK ON OUR JOB LEDGER FOR... THAT WE MAINTAINED FROM ARTHUR VEREEN CONSTRUCTION COMPANY AND LOOK AT THE JOB LEDGER FOR A&E CONSTRUCTION, THOSE INVOICES THAT WORK WAS BEING DONE AND PAID FOR AND WAS NOT BEEN PAID BY A&E.

Q WELL, ARTHUR VEREEN CONSTRUCTION WASN'T PERFORMING ANY WORK, WAS IT? BECAUSE IT HAD NO LICENSE TO PERFORM CONSTRUCTION WORK, DID IT?

A BUT ARTHUR VEREEN CONSTRUCTION COMPANY WAS PAYING THE BILLS.

Q NO, SIR. THE QUESTION IS, YOU DIDN'T HAVE A LICENSE TO PERFORM CONSTRUCTION, DID YOU, SIR?

A THAT'S NOT WHAT YOU ASKED ME. YOU ASKED ME WHO WAS PAYING THE BILLS AND ARTHUR VEREEN CONSTRUCTION COMPANY WAS PAYING THOSE BILLS. A&E WAS NOT.

Q SO, YOU MAINTAINED A DOUBLE SET OF BOOKS AT THAT TIME, ONE FOR THE ARTHUR VEREEN JOBS THAT WERE YOURS AND ONE FOR A&E?

A NO, SIR, I DID NOT.

Q WELL, MRS. DREWETT WAS THE ONE WHO KEPT THE

BOOKS, WASN'T SHE?

A BOTTOM LINE, MR. DURANT. I THINK I HAVE SAID IT... STATED THIS A FEW MINUTES AGO. IF MY PARTNER ELLIS SMITH WOULD HAVE EVER SHOWED UP FOR WORK, IF HE HAD PUT ANY MONEY INTO THE COMPANY AND THE COMPANY HAD ANY MONEY, THEN WE WOULDN'T BE TALKING ABOUT THIS TODAY.

Q NO, SIR.

A THE ONLY WAY TO COMPLETE THE JOBS OF DR. LALE WAS ARTHUR VEREEN CONSTRUCTION COMPANY WAS THE ONE FUNDING IT. NOW, I HAD TO SHUT DOWN MY ENTIRE BUSINESS. I COULDN'T FINISH THE WORK I HAD UNDER CONSTRUCTION. I WOULD HAVE TO JUST STOP. WHO WAS GOING TO FUND THAT? SO, I WOULD BE HAVING A&E FUNDED THOSE JOBS OVER THERE AND YOU WOULD BE FUSSING AT ME ABOUT THAT TODAY.

Q LOOK AT THE DEPOSIT TICKETS THERE. DIDN'T DR. LALE, THROUGH HIS COMPANY, PAY YOU 100% OF THE AMOUNT INVOICED FOR THIS JOBS?

A HE DID. IT WAS $50,000 THAT WAS DEPOSITED INTO ARTHUR VEREEN CONSTRUCTION COMPANY AND THE OTHER BALANCE WAS PUT INTO A&E.

Q BUT WHAT I'M SAYING IS --

A EVEN THOUGH THAT CHECK WAS WRITTEN TO ARTHUR VEREEN CONSTRUCTION COMPANY, THE MONEY WAS

DEPOSITED INTO A&E CONSTRUCTORS.

Q NOW, LOOK AT EXHIBIT 15. FOR THE RECORD, MR. VEREEN, EXHIBIT NUMBER 15 REFERS TO PARK PLACE PROPERTIES, POINTE MARSH AND IT'S ALSO GOT BLACK PEARL PUTT-PUTT JOB FOR THE DEFENDANTS PARK PLACE PROPERTIES. LET ME ASK YOU, SIR, PARK PLACE PROPERTIES, IS THAT A COMPANY THAT YOU AND YOUR WIFE OWN 100% OF?

A IT IS, YES, SIR.

Q HOW LONG HAVE YOU AND YOUR WIFE OWNED THAT COMPANY AT THE TIME?

A I BELIEVE JUNE OF '04.

Q MR. THOMAS ACTUALLY REPRESENTED THE NIXONS WHEN THEY SOLD THE PROPERTY TO YOU, CORRECT?

A THAT'S CORRECT.

Q THE PARK PLACE PROPERTIES CONSTRUCTED 23 SINGLE FAMILY HOMES ON THAT PROPERTY, DID THEY NOT?

A ACTUALLY I'M GOING TO CORRECT MY STATEMENT. I'M WRONG. IT WASN'T JUNE OF 2004. IT WAS ACTUALLY IN 1997 WHEN WE FORMED PARK PLACE PROPERTIES.

Q OKAY. BUT YOU AND YOUR WIFE AT SOME POINT IN TIME IN 2003 OR EARLY 2004 ACQUIRED 100% OWNERSHIP OF IT, DID YOU NOT?

A I BELIEVE IT WAS IN 2002. I BELIEVE THAT'S CORRECT.

Q SO, YOUR WIFE STATES THAT SHE DOESN'T KNOW HOW MUCH SHE OWNS, BUT IS 95% IN HER NAME AND 5% IN YOUR NAME, IS THAT YOUR RECOLLECTION?

A THAT'S CORRECT.

Q HOWEVER, YOU MANAGE IT TOTALLY?

A I DO.

Q YOU MAKE ALL THE DAY TO DAY DECISIONS WITH HER PERMISSION?

A WHEN YOU SAY, "ALL" THAT'S PROBABLY NOT TRUE. I DON'T MAKE 100% OF THEM, BUT I DO MAKE A LARGE AMOUNT OF THEM.

Q BUT YOU ARE THE MANAGER OF THE LLC?

A THAT'S CORRECT.

Q SO, THE DECISIONS CONCERNING CONSTRUCTION WERE YOURS? THE 23 HOUSES THAT YOU WERE BUILDING WAS THAT SOMETHING THAT YOU TALKED TO YOUR WIFE ABOUT?

A YES.

Q THAT WAS SOMETHING THAT YOUR WIFE AGREED TO?

A THAT'S RIGHT.

Q AND SHE AGREED TO A&E PERFORMING CONSTRUCTION OR GETTING PERMITS FOR THOSE 23 HOUSES?

A YES. SHE AGREED FOR A&E TO BUY THE PERMITS. YES, SIR.

Q RIGHT. A&E AS FAR AS LICENSING A&E CONSTRUCTED

THE HOUSE, DIDN'T IT?

A YES.

Q YOU WENT AND OBTAINED CONSTRUCTION LOANS FROM TWO OR THREE DIFFERENT BANKS FOR THOSE HOUSES, DID YOU NOT?

A I DID.

Q YOU SUBMITTED SOME TYPE OF CONSTRUCTION CONTRACT, DID YOU NOT TO THE BANK? TO BE APPROVED FOR THE CONSTRUCTION LOAN?

A I DON'T REMEMBER THAT.

Q DID YOU EVER SUBMIT DRAW REQUESTS TO THE BANK FOR THOSE 23 HOUSES THAT WERE BUILT?

A I THINK THAT WE STARTED SUBMITTING A DRAW REQUEST AND THEN I THINK THE BEST I RECOLLECT IS THAT THEY ACTUALLY... THE BANKS OR WHOEVER THE LENDER WAS HAD A BANK INSPECTOR THAT CAME AND SUBMITTED PERCENTAGE-WISE OF WHAT THE JOB WAS... PROGRESS OF THE JOB WAS UNDER CONSTRUCTION.

Q WELL, FIRST PALMETTO BANK FINANCED A NUMBER OF THEM, DID THEY NOT?

A THEY DID.

Q YOU HAVE A REGULAR BANKING RELATIONSHIP WITH THEM?

A I DO.

Q AND THEY MADE DISBURSEMENTS ON SOME OCCASIONS TO

PARK PLACE PROPERTIES ONLY, CORRECT?

A I THINK SO.

Q BECAUSE THAT WAS THE OWNER OF THE PROPERTY?

A THAT'S CORRECT.

Q AND ON SOME OCCASIONS THE BANKS DISPERSED THE MONEY TO PARK PLACE AND A&E THE CONTRACTORS, IS THAT CORRECT?

A I WOULD HAVE TO LOOK, SIR, I'M NOT SURE.

Q AND IN ALL OF THESE PERMITS WHICH ARE ATTACHED OVER HERE WERE ALL BUILDING PERMITS OBTAINED FROM THE CITY OF MYRTLE BEACH BY A&E?

A YES.

Q WHO OBTAINED THOSE BUILDING PERMITS?

A I THINK IT WAS --

Q CITY OF NORTH MYRTLE BEACH. EXCUSE ME.

A I AM PRETTY SURE THAT I PURCHASED THE MAJORITY OF THEM AND I THINK ELLIS SMITH ACTUALLY PURCHASED THE FIRST ONE FOR ME BECAUSE HE JUST HAPPENED TO BE GOING THERE FOR ANOTHER REASON. I BELIEVE MY DAUGHTER, BETH, MAY HAVE PURCHASED A COUPLE, BUT THE MAJORITY OF THEM I DID.

Q SO, THE CONTRACT FOR CONSTRUCTION OR THERE IS NONE, CORRECT?

A CONTRACT TO CONSTRUCT THOSE HOUSES?

Q CORRECT.

A NO, SIR.

Q BUT THE LICENSE FOR A&E WAS USED FOR ALL 23 HOUSES?

A THAT'S CORRECT. I THINK I STATED THIS EARLIER, BUT I STATED IT IN WILLOUGHBY PLACE. THE SAME THING I HAD DONE FOR WILLOUGHBY PLACE. I ACTUALLY PROVIDED A SCHEDULE, A PERFORMA ON THE HOUSE. I DID THE SAME THING WITH POINTE MARSH, WHICH I GAVE TO FIRST PALMETTO. AS WELL AS I THINK STOCK BUILDING SUPPLY FUNDED SEVERAL OF THE HOUSES AND I THINK HORRY COUNTY STATE BANK FUNDED TWO OF THE HOUSES.

Q BUT THE MONEY WAS USED FROM THE A&E ACCOUNT TO PAY FOR LABOR AND MATERIALS ON THOSE HOUSES? YOU'VE GOT A JOB LEDGER RIGHT IN FRONT OF YOU, DON'T YOU, SIR?

A I DO.

Q WHAT DOES THAT JOB LEDGER SHOW INSOFAR AS THE HOUSES? HOW MUCH WAS USED OF THE COMPANY ON THOSE 23 HOUSES?

A (NO RESPONSE).

Q SIR, DOES IT SHOW THERE WAS $973,875.47 CHARGE TO THIS JOB ON YOUR JOB LEDGER?

A I'M LOOKING, SIR. FIRST SHEET SHOWS $612,510.75.

Q CORRECT. SIR, DOES THAT SAME JOB LEDGER SHOW THAT PARK PLACE PROPERTIES OWES THE COMPANY $347,400.76 FOR THE POINTE MARSH --

A IT DOES.

Q THAT IS A CORRECT FIGURE, IS IT NOT?

A THAT'S CORRECT.

Q SO WHAT I AM ASKING YOU, SIR, IS, DID YOU EVER TELL MR. SMITH... I TAKE IT THAT A&E DIDN'T BILL PARK PLACE PROPERTIES FOR THE WORK THEY WERE DOING?

A EVER WRITE OUT AN INVOICE?

Q A BILL?

A YES. THAT'S WHAT I'M ASKING YOU. YEAH, AN INVOICE. NO. THEY DID NOT.

Q HOW WOULD PARK PLACE PROPERTIES KNOW HOW MUCH IT OWED IF A BILL WAS GIVEN TO THEM?

A WELL, WE WOULD LOOK AT THE JOB LEDGER AND WE WOULD KNOW HOW MUCH WE OWE THEM.

Q ACTUALLY YOUR RECORDS SHOW THAT YOU STILL OWE ABOUT $400,000 ACCORDING TO THE JOB LEDGER.

A ACCORDING TO THE JOB LEDGER. THAT'S CORRECT. THAT DOES NOT REFLECT --

Q DID YOU EVER TELL --

A LET ME FINISH. IT DOES NOT REFLECT WHAT WE HAVE PROVIDED AND PRESENTED TO YOU SHOWING THE

DEPOSITS AND THE MONEY THAT PARK PLACE PROPERTIES HAS PAID AND HAS NOT BEEN APPLIED TO THAT PARTICULAR JOB. AND SO, WE HAVE TRIED TO DO THAT. I UNDERSTAND THAT OUR JOB LEDGER IS NOT CORRECT, BUT WE HAVE GIVEN YOU COPIES OF THOSE CHECKS AND COPIES OF THE BACK AND FRONT OF THOSE CHECKS TO REFLECT THOSE PAYMENTS MADE BY PARK PLACE PROPERTIES. MADE BY ME, MADE BY MY WIFE, MADE BY WHATEVER ENTITY IT IS THAT WE HAVE PUT INTO A&E.

Q DID YOU EVER TELL MR. SMITH THAT YOU WERE NOT BILLING PARK PLACE PROPERTIES FOR THE LABOR AND SERVICES THAT A&E WAS PROVIDING FOR THAT JOB?

A I'M STILL... WHAT YOU MEAN ACTUALLY WRITING UP AN INVOICE AND BILLING IT TO HIM. NO, SIR. I DID NOT WRITE AN INVOICE.

Q DID YOU EVER TELL MR. SMITH THAT YOU WERE NOT INVOICING THE COMPANY FOR THE $900,000 THAT WAS CHARGED AND THE $400,000 THAT IS SHOWING STILL BEING DUE?

A NO.

Q AND GOING ON THE BACK THERE'S ANOTHER JOB OVER THERE THAT WE CALL THE BLACK PEARL PUTT-PUTT --

A LET ME BACK UP FOR JUST A MINUTE. YOU JUST ASKED ME A STATEMENT THERE, BUT IF YOU'RE

IMPLYING OR GETTING ME TO TRYING TO SAY THAT ELLIS NEVER KNEW THAT A&E... THAT BILLS WERE GOING THROUGH A&E AND BEING POSTED ON OUR COMPUTER THAT'S NOT CORRECT. HE KNEW THOSE INVOICES WERE THERE. HE KNEW THAT I WAS PAYING A&E. THAT I WAS MAKING DEPOSITS INTO A&E. NOW, THE QUESTION YOU'RE ASKING ME, DID I WRITE OUT AN INVOICE? YOU'RE ABSOLUTELY CORRECT. I DID NOT. BUT HE KNEW THOSE INVOICES AND CHARGES WERE BEING PAID TO... BY A&E, BUT HE ALSO KNEW THAT PARK PLACE PROPERTIES OR POINTE MARSH WAS ACTUALLY MAKING DEPOSITS.

Q HOW WOULD HE KNOW THAT?

A BECAUSE, SIR, HE SAW THOSE CHECKS. HE SAW THOSE CHECKS IN THE OFFICE.

Q HOW WOULD HE KNOW THAT YOU HAD BILLED $900,000 AND SOMETHING WORTH OF CHARGES TO YOURSELF AND THAT YOU HADN'T MADE THE PAYMENT ACCORDING TO BOOKS AND RECORDS OF THE COMPANY. HOW WOULD HE KNOW THAT?

A BECAUSE HE WENT ON THE COMPUTER AND LOOKED.

Q AFTER THE FACT?

A NO. I HAVE NEVER TRIED TO HIDE ONE THING FROM HIM. THOSE FILES... THOSE BOOKS THAT ARE ON OUR COMPUTER AND IN OUR FILES ARE INVOICES FROM

OUR SUPPLIERS. ELLIS SMITH ACTUALLY DID WORK ON SOME OF THOSE HOUSES UP AT POINTE MARSH. AND HE WAS PAID.

Q BUT ELLIS SMITH NEVER SIGNED A CHECK AT ALL WITH THE COMPANY, DID HE?

A NOT THAT I'M AWARE OF.

Q HE DID NOT HAVE THE AUTHORITY TO SIGN, DID HE?

A YOU COULD HAVE IF HE WANTED TO, BUT HE DID NOT WANT BE NAMED. HE DID NOT WANT TO PUT HIS NAME ON THE CHECKBOOK.

Q WHEN IF EVER DID YOU SHOWN HIM THE BANKING STATEMENT FROM CAROLINA FIRST BANK?

A WHEN DID I SHOW IT TO HIM?

Q YES, SIR.

A SIR, I HAVE NEVER SHOWED IT TO HIM. IT'S SITTING RIGHT THERE, BUT I KNOW HE'S SEEN IT.

Q YOU'RE TELLING ME THAT WHILE THIS... WHEN THIS WAS FINISHING THAT HE KNEW THE COMPANY SHOWED PARK PLACE PROPERTIES OWED A&E $400,00. HE KNEW IT?

A I'M TELLING YOU HE KNEW IT. YES, SIR.

Q HE DID?

A I DON'T KNOW IF HE KNEW EXACTLY $400,000, BUT HE KNEW THERE WAS MONEY OWED.

Q NOW, DID HE --

A BUT HE ALSO KNEW THAT I WAS PUTTING MONEY IN. IN FACT, MR. DURANT ONE DAY STANDING IN FRONT OF THE OFFICE IN FRONT OF CARRIE'S DESK BACK IN... THERE AGAIN, YOU'RE GOING TO HAVE TO HELP ME ON DATES, BUT 2005, THE EARLIER PART OF 2006, CARRIE AND I WAS TALKING AND ELLIS WALKED INTO THE OFFICE AND WE WERE TALKING. CARRIE MADE A STATEMENT THAT DAY. SHE SAID, "WAYNE, WE GOT TO HAVE SOME MONEY INTO THE ACCOUNT OF A&E." I SAID, "ELLIS WE GOT TO PUT SOME IN THE ACCOUNT. WE NEED SOME MONEY." HE SAID, "I DON'T HAVE ANY." I WROTE THE CHECK AND PUT IT IN THERE. HE DIDN'T. HE KNOWS AND HE WOULD LOOK AT THE CHECKBOOK. HE'S LOOKED AT OUR BANK STATEMENTS.

Q YOU GOT CREDIT FOR IT, DIDN'T YOU?

A OH, YEAH, I DID. ABSOLUTELY. I HAVE NOT DENIED THAT.

Q LET ME ASK YOU THIS --

A WELL, I JUST STATED A FEW MINUTES AGO. YOU ASKED ME ABOUT THIS 900 AND SOMETHING THOUSAND DOLLARS AND I'VE TOLD YOU THERE THAT I'VE GOTTEN CREDIT. HAS IT BEEN PLACE... HAS IT BEEN PUT ON THE JOB LEDGER IN THE RIGHT PLACE, NO. BUT I HAVE GOTTEN CREDIT FOR IT NOW WITH ALL OUR BOOKKEEPING AND ALL OUR VERIFICATION FOR PULLING

EVERY CHECK AND EVERY INVOICE, EVERYTHING. WE HAVE GIVEN EVERY BENEFIT OF THE DOUBT.

Q ALRIGHT. MR. VEREEN, LET ME ASK YOU A SIMPLE QUESTION. IF YOU WERE BUILDING 23 HOUSES FOR A THIRD PARTY, NOT YOUR WIFE, NOT YOUR FAMILY, HOW OFTEN ARE YOU GOING TO INVOICE THEM FOR THIS WORK THAT YOU DO? MONTHLY?

A YES, SIR.

Q AND YOU ARE GOING TO GIVE THEM AN INVOICE?

A YES.

Q ARE YOU ARE GOING TO EXPECT PAYMENT OR YOU ARE GOING TO QUIT WORKING, CORRECT?

A YES, SIR.

Q WHO ELSE EXPECTS YOU TO BE PAID? THE BANK DOES THAT DURING THE CONSTRUCTION, CORRECT?

A THAT'S CORRECT.

Q SO ALL THIS WAS GOING ON WITH MULTIPLE LOANS AND THERE IS NO INVOICE AND HOW IS MR. SMITH SUPPOSED TO KNOW THAT YOU'RE TREATING YOUR JOBS DIFFERENT THAN EVERYBODY ELSE'S?

A HOW AM I TREATING THEM?

Q IS THERE ANOTHER JOBS THAT YOU HAVE DONE OTHER THAN A FAMILY MEMBER THAT YOU HAVE NOT INVOICED THEM MONTHLY OR WHENEVER?

A I COULD GO BACK AND START WITH WILLOUGHBY

PROJECT. THERE'S TWO YEARS OF WORK THAT I PERFORMED ON THAT JOB, FOR TWO SOLID YEARS THAT I NEVER COLLECTED A DIME.

Q I'M ASKING YOU A QUESTION ON A CONSTRUCTION JOB.

A YOU JUST ASKED ME THAT AND THAT IS A CONSTRUCTION PROJECT. THAT WAS A $5 MILLION CONSTRUCTION PROJECT THAT I DID NOT INVOICE ON THAT JOB FOR TWO SOLID YEARS.

Q NO, SIR. HAS THERE EVER BEEN A CONSTRUCTION JOB WHERE THERE IS A LOAN WHERE YOUR COMPANY WAS EXPERIENCING LABOR AND MATERIALS FOR OVER $5,000, DOES THAT MAKE IT EASIER, WHERE YOU DID NOT SEND THEM A MONTHLY BILL FOR IT?

A FOR OVER $5,000?

Q WELL, MR. VEREEN, YOU BILL FOR IT, DON'T YOU?

A YES, SIR.

Q YOU DIDN'T BILL YOURSELF. SO, YOU TREATED YOURSELF DIFFERENTLY, DIDN'T YOU, SIR?

A IF YOU THINK I DID. I MEAN, I DON'T THINK SO.

Q WELL, THE BLACK PEARL PUTT-PUTT WAS RIGHT ACROSS THE STREET FROM IT AND YOU OWNED IT, DIDN'T YOU?

A YES, SIR.

Q AND YOU GOT A JOB LEDGER FOR THE BLACK PEARL, DON'T YOU?

A I DO.

Q IT'S IN THE BACK OF THOSE FILES AND I THINK IT SHOWS THAT THERE WAS $114,281.23 EXPENDED BY THE COMPANY ON THE BLACK PEARL JOB OWNED BY PARK PLACE PROPERTIES, CORRECT?

A THE BLACK PEARL IS OWNED BY PARK PLACE PROPERTIES.

Q THAT WAS A SUBSTANTIAL REMODEL OF THE PUTT-PUTT, WAS IT NOT? YOU BUILT BOATS AND ALL KINDS OF STUFF?

A WELL, WE BUILT A BOAT.

Q YEAH. YOUR BOOKS, YOUR JOB LEDGER SHOWS THAT $114,000 WAS EXPENDED AND NONE WAS PAID?

A I THINK I'VE TRIED TO EXPLAIN THAT AND I HAVE STATED THAT, I GUESS, FOR THE 14 TIME. IT MAY NOT SHOW UP ON THAT JOB LEDGER, BUT I MADE DEPOSITS FROM PARK PLACE PROPERTIES, FROM ARTHUR VEREEN CONSTRUCTION, ARTHUR W. VEREEN AND IT MAY NOT SHOW UP ON THE JOB LEDGER, BUT MONEY HAS BEEN DEPOSITED INTO A&E. NOW, IF IT'S NOT ON THAT JOB LEDGER IT'S JUST BECAUSE IT WAS NOT POSTED CORRECTLY.

Q MR. VEREEN, LET ME ASK YOU A QUESTION. THE SERVICES THAT WERE RENDERED WERE RENDERED TO THE OWNER OF THE PROPERTY PARK PLACE PROPERTIES, LLC, CORRECT?

A YES.

Q AND YOU DIDN'T INVOICE PARK PLACE PROPERTIES, DID YOU, SIR, FOR THE $114,000?

A NO. I DID NOT INVOICE THEM FOR THAT EXACT AMOUNT OF MONEY.

Q AND YOU DIDN'T TELL MR. SMITH THAT A HUNDRED AND SOMETHING THOUSAND DOLLARS WORTH OF CONSTRUCTION WAS GOING ON AT THE PUTT-PUTT WHERE YOU WERE NOT INVOICING AND GETTING PAID FOR, DID YOU?

A NO.

Q WHY DIDN'T YOU TELL HIM?

A SIR, I JUST GOT THROUGH STATING WE TOOK THE... WE KEPT PUTTING MONEY INTO A&E. I MAY NOT HAVE INVOICED THEM FOR $20,000 FOR THIS MONTH, BUT WE PAID DEPOSITS INTO A&E. I DID NOT SPECIFICALLY LOOK AT EXACTLY IF IT WAS 20,000. IT MIGHT HAVE BEEN 15,000 THAT MONTH.

Q THE MONEY WAS OWED BY PARK PLACE PROPERTIES, WAS IT NOT?

A AND I DEPOSITED MONEY INTO A&E. A&E HAS BEEN PAID FOR THOSE INVOICES.

Q BY WHO?

A BY PARK PLACE PROPERTIES.

Q BUT YOU NEVER --

A BY PARK PLACE PROPERTIES, ARTHUR W. VEREEN. I

MEAN, WHATEVER ENTITY I'M INVOLVED IN, THEY HAVE BEEN PAID FOR THOSE INVOICES.

Q SO, THAT WOULD BE SOME OF YOUR "QUIRKY" TYPE OF ACCOUNTING?

A I'M THE ONE THAT USED "QUIRKY" AND I DID USE THAT TERM. YES, SIR, I DID.

Q SO, YOU WOULD PUT MONEY IN FROM HERE AND THERE?

A I'M JUST SAYING I PUT... I MADE DEPOSITS, BUT ABOUT CARRIE POSTING THEM EXACTLY WHERE THEY SHOULD HAVE GONE, I CAN'T ANSWER THAT QUESTION. AND OBVIOUSLY SHE DID NOT.

Q DIDN'T YOU TELL ME THAT YOU THOUGHT THAT YOUR WIFE HAD WIRED $251,000 INTO A&E'S ACCOUNT?

A NO, SIR. I TOLD YOU $215,000.

Q OKAY. $215,000 AND THAT MADE IT EQUAL. HAVE YOU CHECKED NOW TO SEE IF THAT $215,000 WAS EVER WIRED?

A NO, SIR.

Q IT WAS NOT?

A IT WAS NOT WIRED INTO A&E.

Q SO, WOULD THAT MESS UP YOUR CALCULATIONS IN YOUR MIND?

A NO, SIR.

Q SO, YOU WERE WAY BEYOND $215,000, WEREN'T YOU?

A THAT'S CORRECT.

Q WHERE DID YOU KEEP A LIST OF ALL THIS STUFF?

A WHERE DID I KEEP A LIST OF WHAT STUFF, SIR?

Q OF ALL THE CREDITS THAT YOU GOT. I HAVEN'T RECEIVED ANYTHING THAT SAID FROM YOU ON THE ACCOUNTING RECORDS MAINTAINED IN THE OFFICE THAT SAID ALL THIS MONEY HAD BEEN DEPOSITED OVER AND ABOVE WHAT YOU OWE?

A I THINK WE PROVIDED YOU COPIES OF THOSE THINGS.

Q YOU'RE TALKING ABOUT AFTER THE LAWSUIT WAS FILED?

A NO, SIR. THOSE RECORDS WERE IN THE OFFICE.

Q OKAY.

A IN FACT, I THINK WE STATED EARLIER THAT AFTER Y'ALL... I HATE TO USE THAT WORD, Y'ALL, BUT AFTER THE DAY THAT THE... OUR COMPUTER SYSTEM DECIDED IT DIDN'T WANT TO WORK ANY LONGER BECAUSE OF YOU AND YOUR CLIENTS COMING IN AND NOT LETTING OUR SECRETARY OPEN UP OUR COMPUTER AND OPEN UP WHATEVER THEY WANTED TO LOOK AT, WE'VE LOST A LARGE AMOUNT OF MEMORY ON OUR COMPUTER, WHICH WE HAVE HAD TO GO BACK UP AND PULL BY HAND WHICH HAS TAKEN US TWO YEARS TO REPRODUCE. AND IT COULD HAVE BEEN DONE IN 15 MINUTES AT THAT POINT.

Q WOULD IT SURPRISE YOU, MR. VEREEN, THAT WE

ALREADY HAD A COPY OF THE DISC ON THAT COMPUTER --

A I DON'T --

Q -- BEFORE WE WENT THERE?

A NO, SIR. DID YOU EVER GIVE US A COPY OF IT BECAUSE WE ASKED YOU FOR IT.

Q WE OFFERED IT TO YOU AND WE STILL OFFER IT TO YOU.

A NO, SIR. I HAVE NEVER SEEN ONE.

Q LOOK AT EXHIBIT 16. IT'S CALLED, "THE PARKWAY OFFICES, LLC JOB".

A OKAY.

Q WHO IS PARKWAY OFFICES?

A MY WIFE.

Q IN OTHER WORDS, SHE OWNS THAT ENTITY BY HERSELF?

A THAT'S CORRECT.

Q HOW LONG HAS SHE OWED IT?

A SIR, I'M NOT SURE.

Q YOU ARE THE MANAGING MEMBER FOR THAT LLC?

A I AM.

Q SO YOU MAKE THE DECISION WITH YOUR WIFE'S PERMISSION?

A THAT'S CORRECT.

Q THERE WAS A RENOVATION DONE OF THOSE OFFICES BY A&E, WAS IT NOT?

A THERE WAS SOME WORK DONE ON THE SECOND BUILDING BY A&E. YOU SAID, "OFFICES" AND THAT'S NOT OFFICE.

Q I'M SORRY. THERE WAS WORK DONE AND I UNDERSTAND FROM YOUR DISCOVERY RESPONSES THE THINGS THAT YOU PUT IN THE LAWSUIT THAT YOUR WIFE WAS AWARE THAT THE WORK WAS BEING DONE.

A THAT'S CORRECT.

Q I LOOKED BACK HERE AND WE ASKED YOU FOR A COPY OF THE CONTRACT BETWEEN A&E AND PARKWAY OFFICES AND I UNDERSTAND THAT THERE WAS NONE?

A THAT'S CORRECT.

Q SO, THE ONLY THING THAT WE HAVE IS WORK WAS DONE BY EMPLOYEES OF A&E AND LABOR AND MATERIALS WERE PROVIDED BY A&E FOR THAT RENOVATION?

A PART OF IT, YES, SIR. PART OF IT.

Q WELL, IT'S ON YOUR JOB LEDGER?

A PART OF IT. I THINK I ANSWERED THIS BEFORE. I USED SOME SUBCONTRACTORS TO DO THE MAJORITY OF THAT WORK ON THAT OFFICE AND I THINK WE'VE ALREADY DISCUSSED THAT, THESE OFFICES AND SHOP CHARGES. I MADE A STATEMENT IN MY DEPOSITION THAT FOR 20 SOME YEARS WHEN MY EMPLOYEES GO TO... THEY MAY BE WORKING ON JOB A), BUT WHEN THEY GO TO THE OFFICE AND OUR SHOP AREA DOING

WORK ON THAT JOB A), THEY BILL IT TO THE SHOP OR OFFICE. I WENT BACK AN PULLED ELLIS' INVOICES, ELLIS' TIME CARDS BACK WHEN HE WAS AN EMPLOYEE OF MINE AND ON EVERY ONE OF THOSE TIME CARDS THERE WAS A SHOP CHARGE AND OFFICE CHARGE AND THAT'S WHEN HE'S WORKING IN THE OFFICE. IT SHOULD HAVE BEEN BILLED TO ANOTHER JOB. AND I ALWAYS HAD A HARD TIME OF ACTUALLY DEFINING EXACTLY WHERE THAT CHARGE WENT TO FOR MATERIALS OR LABOR ON THAT. THAT WAS BILLED TO THE SHOP AND THE OFFICE WHERE IT SHOULD GO TO A JOB. WE HAVE ALWAYS JUST KIND OF PUT A PERCENTAGE OUT THERE. WE WOULD BILL IT TO THIS JOB AND BILL IT TO THAT JOB OR THE JOBS THAT WE HAD IN PROGRESS. BUT I'VE ACTUALLY PULLED THOSE INVOICES AND WENT BACK TO ELLIS IN THE 90'S AND PULLED HIS INVOICES, HIS TIME CARDS AND I STILL HAVE THOSE RECORDS. I PULLED THOSE TIME CARDS AND PULLED THEM OUT WITH HIS NAME ON IT WITH CHARGES TO THE SHOP AND TO THE OFFICE ON IT.

Q LET ME ASK YOU SOMETHING, SIR --

A WELL, WHAT I... I WANT... THE STATEMENT I MADE IN MY DEPOSITION AND THE STATEMENT I'M GOING TO MAKE TODAY, AND I APOLOGIZE FOR JUST RAMBLING ON, BUT I'M GOING TO TELL YOU THAT I MADE THAT

STATEMENT BEFORE JUST BECAUSE IT SAYS IT'S A SHOP OR OFFICE DOES NOT MEAN IT'S PUT ON THAT BILLING.

Q I WANT TO ASK YOU THIS --

A IN FACT, I HATE TO INTERRUPT YOU AGAIN, BUT I'M GOING TO SAY ONE SUNDAY MORNING I GO BY MY OFFICE AND GO TO WORK. WE HAD TO ORDER BUNDLES OF PLYWOOD FOR A JOB, THE MATHI JOB OUT IN CONWAY. IT'S SITTING OUT IN THE YARD COVERED UP AND I STOPPED BY ON MY WAY TO CHURCH THAT MORNING AND ELLIS, HIS SON AND HIS FATHER-IN-LAW AND TWO OTHER GUYS WERE LOADING PLYWOOD UP AND THEY WERE TAKING IT TO PUTTING IT ON HIS SON'S HOUSE. WELL, THAT WAS MATERIAL THAT WAS DELIVERED TO THE OFFICE, BILLED TO THE SHOP, BUT IT WAS BEING DELIVERED TO THE MATHI JOB BECAUSE WE WEREN'T READY FOR IT. I HAD ORDERED THOSE BUNDLES OF PLYWOOD BECAUSE THE PLYWOOD WAS GOING UP. WE GOT IT AT A GOOD PRICE, HAD NO PLACE TO PUT IT. I HAD IT DELIVERED TO THE OFFICE AND IT WAS STACKED UP IN THE BACK IN THE BUILDING. SO, IT WAS BILLED TO THE SHOP, BUT --

Q I WANT YOU TO FINISH EVERYTHING. JUST LET ME KNOW WHEN YOU'RE FINISHED.

A IT WAS BEING USED AT THE MATHI JOB.

Q ALRIGHT. ARE YOU FINISHED?

A I'M FINISHED.

Q NOW, LET'S TRY TO ANSWER MY QUESTION. THERE WAS A RENOVATION DONE AT THE OFFICE FOR PARKWAY OFFICES?

A IT WAS, YES.

Q DID YOU HAVE A CONTRACT FOR IT? DID A&E HAVE TO GET A PERMIT?

A I'M NOT SURE IF WE PULLED A PERMIT OR NOT.

Q BUT THERE WERE SERVICES RENDERED BY THE COMPANY?

A IT WAS.

Q AND ACCORDING TO THE JOB LEDGER, YOU WROTE THE CHECKS AND PAID FOR THAT LABOR AND MATERIAL OUT OF THE ACCOUNT, DID YOU NOT, SIR? YOU MIGHT NOT HAVE KNOWN HOW THEY WERE CHARGED, BUT YOU WROTE THE CHECKS, DIDN'T YOU?

A I DID.

Q YOU WROTE EVERY CHECK, DIDN'T YOU, SIR?

A I DID.

Q WHAT I WANT TO KNOW, SIR, DID YOU EVER BILL PARKWAY OFFICES FOR THE WORK THAT WAS DONE WHATEVER IT WAS?

A I PROBABLY DIDN'T WRITE A BILL OUT, BUT WE HAVE PAID FOR THOSE INVOICES, THAT WORK.

Q YOU MEAN THAT THERE WAS AN INVOICE AND A PAYMENT

BASED UPON THE INVOICE?

A I JUST STATED... I JUST STATED... YOU ASKED ME THAT QUESTION: DID I EVER WRITE AN INVOICE TO PARKWAY OFFICES AND I SAID, NO. MY STATEMENT WAS I KNOW WE HAVE REIMBURSED A&E FOR THAT WORK.

Q BY CHECK IN THE AMOUNT OF THE... WHAT'S ON THE JOB LEDGER?

A NO, SIR. MR. DURANT, I'VE TRIED TO EXPLAIN IT AND I'M NOT DOING A VERY GOOD JOB AND I APOLOGIZE FOR THAT. I'VE TOLD YOU OVER AND OVER AND OVER AGAIN AND I WILL TELL YOU AGAIN, RIGHT NOW, IS THAT JUST BECAUSE THERE'S A LABOR CHARGE ON THIS TICKET, JUST BECAUSE THERE'S AN INVOICE FOR A PIECE OF PLYWOOD, JUST BECAUSE THERE'S AN INVOICE FOR A GALLON OF PAINT DOES NOT MEAN THAT THAT GALLON OF PAINT AND THAT PIECE OF PLYWOOD WAS USED AT THAT SHOP. WE, OVER A PERIOD OF FOUR YEARS OF BUILDING CONDOS WHERE WE HAD TO CUT PLYWOOD AND I WILL JUST GIVE YOU A FOR INSTANCE. CUTTING PLYWOOD FOR PROJECT. I KNOW I'M BORING YOU TO DEATH. BEFORE WE WOULD CUT PLYWOOD ON A PROJECT, DO YOU KNOW WHERE THAT PLYWOOD WAS CUT? THAT PLYWOOD WAS DELIVERED AND BILLED TO THE SHOP. THE LABOR WAS AT THE SHOP. THE LABOR WAS QUOTED AS A "SHOP", BUT IT WAS

BEING DELIVERED TO A PROJECT.

Q LET ME ASK YOU A QUESTION THEN. SOMETHING WAS DONE THERE AND THERE WERE SOME EXPENSES --

A THERE WAS.

Q -- DID YOU TELL MR. SMITH THAT YOU WEREN'T CHARGING FOR THOSE SERVICES TO PARKWAY OFFICES?

A I THINK I HAVE CHARGED IT. I JUST... I TRIED TO EXPLAIN THAT I KNOW WE'VE PAID... WE HAVE CHARGED... I DIDN'T MAKE ANY INVOICES AND I STATED THAT. I MEAN, I MADE AN INVOICE IN MY MIND AND WHAT I SAW ON THESE BOOKS, I KNEW WHAT WE HAD TO PAY FOR AND I KNOW A&E'S BEEN REIMBURSED FROM PARKWAY OFFICES, PARK PLACE PROPERTIES OR FROM ME PERSONALLY.

Q SO, YOU HAVE --

A ONE OF MY ENTITIES HAS PAID THAT MONEY BACK.

Q SO, YOU LOOKED AT THE JOB LEDGER AND YOU KIND OF GOT A FEELING OF WHAT YOU SHOULD BE PAYING?

A NO, SIR. I KNOW WHAT WENT ON AT THAT PROJECT. I DID IT.

Q OKAY. AND YOU DIDN'T TELL HIM THAT YOU WERE TREATING THAT JOB ANY DIFFERENT THAN ANY OTHER JOB FOR A THIRD PARTY?

A NO. YOU KNOW, THE MAJORITY OF THE TIME THAT WE WORKED ON THAT OFFICE NEXT DOOR WAS WHENEVER WE

HAD DOWN TIME. THERE WAS NOTHING GOING ON AND WE NEEDED SOMEWHERE TO SEND OUR GUYS. THAT'S THE BOTTOM LINE.

Q BUT IT WAS --

A YOU KNOW, I WANT TO TELL YOU... WHEN THE OFFICE AND OUR WAREHOUSES ARE USED FOR CONSTRUCTION, WE PERIODICALLY, AND WHEN I SAY, "PERIODICALLY" MAYBE ONCE A MONTH, MAYBE SOONER, WE WOULD HAVE TO JUST TAKE DOWN TIME FOR A COUPLE OF GUYS TO GO CLEAN ALL THAT MESS UP. WE HAD MATERIALS REGULARLY BEING DELIVERED TO OUR OFFICE, BROUGHT BACK TO OUR OFFICE. ELLIS ACTUALLY USED SEVERAL WAREHOUSES TO STORE WINDOWS FROM A HOUSE HE BUILT DOWN IN PRESWICK. THERE WERE THINGS LIKE THAT GOING ON ALL THE TIME. WE REGULARLY HAD TO CLEAN UP OUR BUILDINGS. WHERE DO THE GUYS CHARGE THEIR LABOR TO, THEY CHARGE IT TO THE SHOP OR TO THE OFFICE.

Q WELL, WHATEVER WAS OWED YOU PAID IT SOME WAY, IS THAT YOUR TESTIMONY?

A THAT'S CORRECT.

Q THERE'S EVIDENCE OF THAT PAYMENT SOMEWHERE?

A I THINK WE HAVE GIVEN YOU ALL THOSE DOCUMENTS.

Q BUT YOU DIDN'T ENTER IT INTO THE JOB LEDGER. A PAYMENT MADE FOR WHAT WAS CHARGED TO THIS JOB?

A IT LOOKS LIKE CARRIE HAS NOT, NO, SIR.

JUDGE HOWE: MR. DURANT, ARE YOU AT A STOPPING POINT? WE HAVE BEEN GOING SINCE ABOUT TEN O'CLOCK THIS MORNING AND IT'S ONE O'CLOCK. WE NEED A LUNCH BREAK.

(**OFF THE RECORD FOR LUNCH**).

MR. DURANT: ARE YOU READY TO PROCEED, YOUR HONOR.

JUDGE HOWE: YES.

Q MR. VEREEN, I HOPE YOU HAD A GOOD LUNCH. WE ARE GOING TO PLAINTIFF'S EXHIBIT 17, WHICH I WILL HAND YOU. IT'S BEEN ADMITTED INTO EVIDENCE. IT'S CALLED THE PLANTATION LAKES JOB. MR. VEREEN, DID YOU PERSONALLY OWN A HOUSE AT PLANTATION LAKES, LOT NUMBER 19 AT PLANTATION LAKES IN CAROLINA FOREST?

A ME PERSONALLY?

Q YES, SIR.

A NO.

Q YOU DID NOT?

A I OWNED A LOT.

Q OKAY. EXCUSE ME. I THOUGHT THAT'S WHAT I ASKED YOU. THERE'S A COPY OF A DEED IN THERE FROM LONG BAY DEVELOPMENT AND CONSTRUCTION TO YOU FOR

$5 AND ASSUMPTION OF THE MORTGAGE. IS THAT WHEN YOU PURCHASED THE PROPERTY?

A THAT'S WHEN I PURCHASED IT FROM LONG BAY. I WAS ALREADY A PARTNER AND PART OWNER OF THAT LOT PRIOR TO THAT.

Q SO, YOU HAD AN INTEREST IN LONG BAY DEVELOPMENT ITSELF?

A I DID.

Q AND YOU PURCHASED IT OR IT WENT INTO YOUR NAME ACCORDING TO THIS BY DEED DATED DECEMBER THE 1ST 2003? IT'S THE FIRST DEED THAT'S ATTACHED TO THAT EXHIBIT?

A THAT'S CORRECT.

Q TELL ME, SIR, DID YOU OBTAIN A PERMIT USING THE LICENSE OF A&E TO CONSTRUCT A HOME ON THAT PROPERTY?

A I BELIEVE I DID.

Q DID YOU SET UP A JOB FILE WITH A&E FOR THE CONSTRUCTION OF THIS HOUSE WITH YOUR RECORDS STORED AT YOUR OFFICE?

A I'M NOT SURE TO BE HONEST WITH YOU.

Q YOU MEAN, EVEN AFTER THIS LAWSUIT, YOU HAVEN'T LOOKED TO SEE IF THERE IS A JOB FILE?

A I LOOKED AT SO MANY THINGS, SIR. I PROBABLY CAN'T REMEMBER EVERYTHING.

Q WELL, LOOK AT THE BACK. THERE'S A DOCUMENT CALLED JOB LEDGER REPORT.

A OKAY.

Q JOB NUMBER 21,001, 1, 2, 3 AND 4, I TAKE IT. DOES THAT REFRESH YOUR MEMORY?

A ALRIGHT, SIR.

Q ALRIGHT. DOES THAT JOB LEDGER INDICATE THAT THE COMPANY, A&E, EXPENDED ACCORDING TO ITS COMPUTERIZED RECORDS $136,984.01 AT THE HOUSE WITH A CREDIT SHOWING A BALANCE OF $132,574.34?

A 132,574.94?

Q YES, SIR.

A IT DOES.

Q THAT IS THE JOB LEDGER THAT'S PART OF YOUR RECORDS?

A YES.

Q MAINTAINED?

A YES.

Q THAT WAS AN A&E JOB?

A THAT'S CORRECT.

Q AND A&E AND MR. SMITH PROVIDED LABOR ON THAT JOB ALSO, DID HE NOT?

A HE DID.

Q AND YOU CONSTRUCTED A HOME THERE? THAT WAS A SPEC HOUSE AS YOU CALL IT?

A THAT'S CORRECT.

Q AND THAT WAS OWNED BY YOU?

A THE PROPERTY WAS OWNED BY ME, YES, SIR.

Q HOW LONG DID IT TAKE TO BUILD THAT HOUSE?

A I DON'T REMEMBER, SIR.

Q DID YOU WORK THERE ALSO?

A WORK ON THE HOUSE?

Q YES.

A YES, SIR.

Q NOW, DID YOU TELL MR. SMITH THAT YOU WERE GOING TO INVOICE AND BILL -- I'M SAYING, A&E WAS GOING TO BILL ARTHUR WAYNE VEREEN FOR THE CONSTRUCTION COST AT THAT JOB?

A I'M NOT REALLY UNDERSTANDING WHAT YOU'RE ASKING ME.

Q WELL, LET ME ASK YOU SOMETHING. DID A&E EVER INVOICE ARTHUR WAYNE VEREEN FOR THE CONSTRUCTION COSTS SHOWN ON THE GENERAL LEDGER?

A NO.

Q WHAT DID YOU TELL MR. SMITH, IF ANYTHING, CONCERNING WHAT THE COMPANY WAS TO RECEIVE FOR THE $134,000 IT PAID OUT?

A I DON'T THINK THAT I EVER TOLD HIM ANYTHING SPECIFICALLY. I KNOW THAT WE MADE A DEPOSIT INTO A&E FROM THAT HOUSE. AND I KNOW, AS I HAVE

STATED EARLIER THIS MORNING, THAT I PERIODICALLY MADE DEPOSITS AND PAYMENTS TO... INTO A&E. THEY MAY NOT HAVE SPECIFICALLY SAID THAT IT WAS INTO THIS JOB OR ANOTHER JOB, BUT I PERIODICALLY MADE DEPOSITS INTO A&E.

Q YES, SIR. TELL ME, SIR, DID YOU HAVE A CONSTRUCTION LOAN FOR THIS JOB?

A I DID.

Q WHO DID YOU BORROW MONEY FROM?

A HORRY COUNTY STATE BANK.

Q AND HOW MUCH DID YOU BORROW, $281,000?

A THAT SEEMS RIGHT.

Q DID YOU HAVE CONSTRUCTION DRAW REQUESTS?

A I DID.

Q I DIDN'T SEE THEM IN THE JOB FILE. WHERE ARE THEY?

A LET ME BACK UP. I DID NOT DO CONSTRUCTION DRAW REQUESTS. THEY ACTUALLY WOULD... LIKE I SAID, I MAY HAVE TALKED TO THE BANK INSPECTOR.

Q SO THEY WOULD --

A I DON'T THINK... I'M PRETTY SURE THAT'S CORRECT.

Q SO, WAS THERE A CONTRACT BETWEEN YOU AND A&E FOR THE CONSTRUCTION THAT YOU HAD TO GIVE TO THE BANK TO GET THE LOAN?

A I DON'T RECALL THAT EITHER, SIR.

Q SO, WHEN THE BANK DISPERSED THAT MONEY, DID THEY WRITE THE CHECK TO YOU AND A&E OR HOW DID THEY DISPERSE IT?

A IT WAS DISPERSED TO ME.

Q AND YOU PUT IT INTO YOUR ACCOUNT? NOW, YOU GOT $281,000. DID YOU EVER PAY ANY OF THESE BILLS FROM THE CONSTRUCTION JOB?

A I DID.

Q WHERE?

A I PAID THEM THROUGH HORRY COUNTY STATE BANK.

Q WELL, YOU GOT --

A I HAD AN ACCOUNT WITH HORRY COUNTY STATE BANK.

Q CORRECT, BUT DID YOU EVER WRITE A CHECK FROM THE CONSTRUCTION ACCOUNT TO A&E FOR THE $132,000 --

A MR. DURANT, I THINK I... MAYBE I JUST DIDN'T ANSWER YOU, BUT I STATED EARLIER THAT I MADE DEPOSITS INTO A&E PERIODICALLY. THEY MAY NOT HAVE SPECIFICALLY SAID, "PLANTATION LAKES". BUT I PUT MONEY INTO A&E PERIODICALLY OVER THAT PERIOD OF TIME. AND ALSO AT THE CLOSING OF THIS HOUSE, THE PROCEEDS OF THAT WENT INTO A&E.

Q LET'S GET INTO THAT NOW. MR. VEREEN, YOU SIGNED THE CONTRACT TO SELL THIS HOUSE TO MR. AND MRS. REX WHITLEY, IS THAT CORRECT?

A THAT'S CORRECT.

Q AND YOU SIGNED THAT CONTRACT IN THE NAME OF ARTHUR WAYNE VEREEN?

A I'M NOT SURE TO BE HONEST.

Q IT WAS A WRITTEN CONTRACT, WASN'T IT?

A YES, IT WAS.

Q MR. WHITLEY HAD TO GET FINANCING AND ALL THAT KIND OF STUFF, CORRECT?

A THAT'S CORRECT.

Q TELL ME, SIR, WHY DID YOU ON JANUARY 5TH 2005 AT 10:21 RECORD A DEED FROM ARTHUR WAYNE VEREEN TO A&E CONSTRUCTOR AND CONSULTANTS FOR $5 AND AN ASSUMPTION OF THE MORTGAGE INDEBTEDNESS?

A WHY DID I CHANGE THAT?

Q NO. WHY DID YOU DEED THE PROPERTY THAT MORNING AT 10:00 TO A&E?

A BECAUSE I REALIZED... REALIZED WHEN I SAW... WHEN I SAW AN EARLIER CLOSING STATEMENT THAT IT WAS IN MY NAME AND I REALIZED THEN THAT MY AGREEMENT WITH ELLIS IN 2003, THAT EVERYTHING WE WERE DOING FROM JANUARY THE 1ST OF 2004 WAS GOING TO BE IN A&E. AND I REALIZED THEN THAT I HAD NOT CHANGED THAT PIECE OF PROPERTY THAT I HAD. HE KNEW WE WERE GOING TO BUILD A HOUSE AT PLANTATION LAKES AND I CHANGED IT ON THAT DATE AND THAT'S THE REASON I DID THAT. IT SHOULD

HAVE BEEN AN A&E... I SHOULD HAVE PUT THE LOT INTO A&E THAT DAY.

Q ALRIGHT. LET ME ASK YOU SOMETHING. YOU ARE TELLING ME THAT YOU TOLD MR. SMITH THAT YOU WERE GOING TO DEED THIS PROPERTY TO A&E?

A I DID NOT TELL HIM I WAS GOING TO DEED THE PROPERTY, THAT'S NOT WHAT I SAID. I SAID THAT WE WERE GOING TO BUILD A HOUSE AT PLANTATION LAKES IS WHAT I SAID.

Q YOU SAID, "WE WERE"?

A A&E WAS GOING TO CONSTRUCT THIS HOUSE AT PLANTATION LAKES. SO, I REALIZED THEN THAT... THAT I SHOULD... THAT I SHOULD HAVE... I SHOULD HAVE... MAYBE I DID IT WRONG. I JUST FELT LIKE AT THAT TIME, I SHOULD HAVE ACTUALLY TRADED... NOT TRADED, I SHOULD HAVE... I SHOULD HAVE TRANSFERRED THE DEED TO THAT PROPERTY INTO A&E AT THE TIME THAT I STARTED AND I DIDN'T DO THAT.

Q WELL, DID YOU EVER DISCUSS WITH YOUR BUSINESS PARTNER ABOUT WHETHER OR NOT HE KNEW A&E WAS ASSUMING THIS MORTGAGE? ARE YOU TELLING ME THERE WAS A MORTGAGE ASSUMPTION?

A NO. THERE WASN'T... THIS WAS QUICK DEED. I CHANGED THE PROPERTY... THE NAME... THE DATE I CLOSED THIS LOAN.

Q WHAT DOES IT SAY, DOES IT NOT SAY FOR THE CONSIDERATION OF $5 AND ASSUMPTION OF THE MORTGAGE INDEBTEDNESS AS SET FORTH BELOW? ISN'T THAT WHAT THAT DEED SAYS?

A WHAT PAGE, SIR?

Q THE FRONT PAGE OF THE DEED, MR. VEREEN?

A IT'S TRANSFERABLE FROM MYSELF TO A&E ASSUMING THE MORTGAGE AND INDEBTEDNESS.

Q DID YOU TALK WITH MR. SMITH ABOUT A&E ASSUMING YOUR DEBT ON THIS PROPERTY?

A I DID NOT.

Q ON THE AFFIDAVIT THAT'S ON THE BACK OF IT, DID YOU NOT SWEAR THAT THIS TRANSACTION IS EXEMPT FROM THE RECORDING FEE BECAUSE THE DEED IS TRANSFERRING REALTY IN WHICH THE VALUE OF THE REALITY IS EQUAL TO OR LESS THAN $100? THAT'S YOUR SIGNATURE, ISN'T IT?

A YES.

Q SO, THE ANSWER IS YES?

A YES.

Q TELL ME, SIR, YOU ACTUALLY HAD A CLOSING THAT VERY NEXT DAY... THAT SAME DAY ON JANUARY 5TH AT THE LESTER LAW FIRM, DID YOU NOT?

MS. COOK: BELLAMY LAW FIRM.

Q IS THERE A CLOSING STATEMENT IN THAT PACKAGE?

A YES.

Q DO YOU SEE IT?

JUDGE HOWE: I THINK SOMEBODY CORRECTED YOU, MR. DURANT, AND SAID THAT WAS THE BELLAMY LAW FIRM.

MR. DURANT: NO, MA'AM. IT WAS THE LESTER LAW FIRM.

MS. COOK: THAT'S CORRECT. THE ONE IN FRONT OF THAT'S THE BELLAMY LAW FIRM.

JUDGE HOWE: WHAT EXHIBIT IS THIS, MR. DURANT?

MR. DURANT: 17, YOUR HONOR. ALL THE DOCUMENTS ARE IN PLAINTIFF'S EVIDENCE.

A YES, SIR.

Q YOU DEEDED THE PROPERTY TO MR. AND MS. WHITLEY WITH A PURCHASE PRICE OF $395,000?

A THAT'S CORRECT.

Q AND AS A PART OF THE CLOSING, YOUR LOAN IN THE AMOUNT OF $265,999.73 WAS PAID TO HORRY COUNTY STATE BANK, YOUR CONSTRUCTION LOAN?

A YES, SIR. CONSTRUCTION LOAN AND LAND VALUE.

Q AND IT SAYS, "CASH TO SELLER $102,480.96." CORRECT?

A THAT'S CORRECT.

Q I WANT TO ASK YOU, SIR, DID YOU EVER TELL MR.

SMITH THAT YOU ATTENDED A CLOSING AT ANY LAW FIRM SELLING THIS PROPERTY AND YOU RECEIVED THE FUNDS?

A NO.

Q THERE WAS SUBSEQUENT TO THIS, THERE WERE SEVERAL CORRECTIVE DEEDS, IS THAT CORRECT? AND THEY ARE IN THERE?

A I'M NOT SURE WHAT A CORRECTIVE DEED IS.

Q IT'S CORRECTING SOMETHING TO DO WITH THE NAME OF THE PARTIES. IF YOU WILL LOOK IN THERE AND SEE IF YOU SEE DOCUMENTS ENTITLED, "SECOND CORRECTIVE QUICK CLAIM DEED."?

A IS THAT IT RIGHT THERE?

Q YES. THAT'S YOUR SIGNATURE ON THE DEED, ISN'T IT, SIR?

A YES, IT IS.

Q THAT'S FOR THAT SAME LOT THAT YOU --

MS. COOK: YOUR HONOR, I OBJECT TO... WHILE I... THIS IS SOMEWHAT AWKWARD. WHILE I DID NOT OBJECT TO THIS ENTIRE EXHIBIT BEING IN THIS FILE, IF I'M LOOKING AT THE CORRECT DEED THAT FRANK IS ASKING ABOUT, THIS IS NOT THE SAME PIECE OF PROPERTY. IT'S HIGHWAY 501. SO, I OBJECT TO --

MR. DURANT: I'M SORRY. I HAVE THE WRONG ONE IN THERE. THAT'S MY ERROR.

JUDGE HOWE: SO, YOU ARE GOING TO GET THE RIGHT COPY, MR. DURANT?

MR. DURANT: IF I FIND IT LATER ON, YOUR HONOR. I'M NOT GOING TO STAY HERE TOO LONG.

Q THE $102,000 ON THE CLOSING STATEMENT WENT INTO THE ACCOUNT OF A&E?

A IT DID.

Q HOW DID YOU TREAT THAT WHEN YOU FILED YOUR 2005 FEDERAL INCOME TAX RETURNS, MR. VEREEN?

A I DON'T HAVE ANY IDEA.

Q ISN'T IT TRUE, SIR, THERE WAS NO REPORT OF ANY GAIN TO YOU FROM THE SALE OF THE PROPERTY?

A I'M NOT SURE ABOUT THAT.

Q DIDN'T YOU PUT THE $102,000 RECEIVED AS A ACCOUNT RECEIVABLE FROM THE COMPANY TO YOU ON YOUR FEDERAL AND STATE INCOME TAX RETURNS?

A I'M NOT SURE, SIR.

Q YOU HAVEN'T HAD THE CHANCE TO LOOK AT THEM SINCE THIS LAWSUIT WAS FILED?

A WELL, I'M NOT SURE. I JUST DON'T RECALL.

Q SO, ARE YOU SAYING NOW THAT THAT WAS A MISTAKE YOU THINK OR YOU DON'T KNOW?

A I DON'T KNOW, SIR.

Q DID YOU COUNT THIS 102 AS BEING 102,000 THAT YOU PUT INTO THE COMPANY?

A I DID NOT. IT'S FILED... I THINK WHAT RICHARD HAD ACTUALLY POSTED ON ONE OF THE JOB LEDGER'S THAT HE SET BACK WAS THE PAYMENT OF PLANTATION LAKES.

Q THE PAYMENT OF THE MONEY THAT YOU OWNED A&E FOR THE --

A AT PLANTATION LAKES.

Q OKAY. LET ME ASK YOU SOMETHING. THERE WAS SOME MORE WORK DONE BY A&E ON THE WHITLEY HOUSE, WAS THERE NOT?

A WE DID SEVERAL THINGS, BUT I AM NOT SURE WHAT IT WAS. IT WAS NOTHING LARGE, BUT I DON'T RECALL. I THINK ONE OF THEM WAS WE BUILT A BRICK SCREEN AROUND A TRASH CAN.

Q SO, YOUR TESTIMONY IS THAT THIS WAS SUPPOSED TO BE AN A&E JOB SO YOU TRANSFERRED IT SO A&E COULD MAKE ALL THE PROFIT? IS THAT WHAT YOU'RE SAYING?

MS. COOK: OBJECTION, YOUR HONOR.

A I'M NOT SURE WHAT YOU'RE ASKING ME --

MS. COOK: HOLD ON. I OBJECT TO THAT. I MEAN, I KNOW HE'S ON DIRECT

EXAMINATION, BUT HE CAN EXAMINE. BUT HE JUST PUT IN TESTIMONY THAT MY CLIENT DID NOT SAY.

JUDGE HOWE: YOUR CLIENT WAS GETTING READY TO EXPLAIN. LET'S SEE WHAT HE HAS TO SAY.

JUDGE HOWE: WELL, I NEED TO GET MY OBJECTION ON THE RECORD.

A YOUR HONOR, I'M NOT SURE I CAN EXPLAIN IT. I WAS GETTING READY TO ASK. I DON'T UNDERSTAND WHAT YOU'RE ASKING ME.

Q YOUR TESTIMONY WAS THAT YOU TRANSFERRED IT THAT MORNING AT 10:00 BECAUSE IT WAS REALLY AN A&E ASSET, IS THAT YOUR TESTIMONY? IT WAS SUPPOSED TO BE IN A&E AND NOT ARTHUR WAYNE VEREEN?

A I'M SAYING THAT WE OWED MONEY TO A&E AND THAT'S WHAT I PUT MONEY IN THERE, YES, SIR. THE MONEY SHOULD HAVE GONE TO A&E, YES, SIR.

Q SO, THAT'S WHY YOU TRANSFERRED THE TITLE?

A I DID.

Q LET ME UNDERSTAND. YOU DID THAT IN THE MORNING AND THEN THE DEED FROM A&E WAS RECORDED AT 3 O'CLOCK THAT AFTERNOON --

A I THINK I STATED EARLIER WHEN I SAW A CLOSING DOCUMENT PRIOR TO THIS CLOSING AND REALIZED THAT

IT WAS STILL IN MY NAME. I HAD JUST FORGOTTEN TO DO IT EARLIER. IT HADN'T CROSSED MY MIND AND THAT'S WHY I KNEW THEN THAT I NEEDED TO DO THAT BECAUSE I WAS DOING IT UNDER A&E, THE WHOLE THING.

Q HAS THERE BEEN ANY ACCOUNTING FOR THE CONSTRUCTION LOAN THAT WAS PAID OFF OUT OF THIS ACCOUNT?

A ACCOUNTING FOR THE CONSTRUCTION LOAN?

Q YES. YOU TRANSFERRED IT TO A&E AND YOUR CONSTRUCTION LOAN OF $281,000 WAS PAID OFF?

A THAT'S CORRECT.

Q HAS THERE BEEN AN ACCOUNTING OF WHERE THAT MONEY WENT? AND DID YOU PAY TAXES ON THAT MONEY IF YOU DIDN'T USE IT FOR A CONSTRUCTION JOB?

A I THINK WE HAVE PROVIDED YOU COPIES OF CHECKS THAT I HAVE WRITTEN FOR NUMEROUS JOBS. THINGS HAVE WRITTEN BACK... I WILL GO BACK TO WHAT I SAID EARLIER. I WAS CONSTANTLY PUTTING MONEY INTO A&E. I WAS CONSTANTLY TAKING... I WAS CONSTANTLY PAYING A&E'S INVOICES. I HAVE DONE THE SAME THING ON THIS PARTICULAR JOB AS WELL.

Q YOU PUT YOUR MONEY IN THIS JOB?

A I DID PUT SOME MONEY IN THAT JOB ABSOLUTELY.

Q BUT YOU OWNED IT, DIDN'T YOU?

A NO. I DID NOT, A&E OWED IT. I JUST TOLD YOU THAT I SHOULD HAVE TRANSFERRED THAT WHEN I STARTED THE HOUSE. I HAD FORGOTTEN ABOUT IT UNTIL --

Q THEY OWNED IT FOR ABOUT 5 HOURS, DIDN'T THEY, A&E?

A THAT'S TRUE.

Q MR. VEREEN, I'M GOING TO HAND YOU PLAINTIFF'S EXHIBIT 32, WHICH IS IN EVIDENCE. IT'S A CHECK WRITTEN BY REX A. WHITLEY DATED 4/11/05 TO A&E CONSTRUCTION FOR $11,533 WHICH APPEARS TO BE DEPOSITED WHERE?

A IT LOOKS LIKE IT IS DEPOSITED INTO PARK PLACE PROPERTIES.

Q HOW DID YOU GET A CHECK PAYABLE TO A&E DEPOSITED INTO PARK PLACE PROPERTIES ACCOUNT?

A I DON'T KNOW, SIR. THAT'S NOT MY HANDWRITING. I DID NOT DO THAT. CARRIE MUST'VE DONE IT. I DIDN'T. AS I STATED EARLIER, I MEAN, I KNOW THAT I HAVE DEPOSITED SOME FUNDS THAT... INTO AN ACCOUNT THAT PROBABLY SHOULD'VE GONE SOMEWHERE ELSE, BUT I ALSO STATED AND I'VE TRIED TO SHOW YOU AND I'VE PROVIDED YOU COPIES OF THOSE CHECKS FRONT AND BACK, CASH DEPOSITS --

Q MR. VEREEN --

A WELL, I'M TRYING --

Q -- THE QUESTION IS --

MS. COOK: YOUR HONOR, LET HIM FINISH ANSWERING.

JUDGE HOWE: ARE YOU DONE, MR. VEREEN?

A YES.

Q THE QUESTION IS, WHY DID YOU TAKE A CHECK PAYABLE TO A&E WHERE YOU'RE THE TREASURER AND SIGN CHECKS AND DEPOSIT IT INTO ANOTHER ACCOUNT WHEN IT'S MADE PAYABLE TO A&E?

A SIR, I JUST TESTIFIED THAT I DID NOT DEPOSIT THAT CHECK.

Q YOU DIDN'T KNOW IT WAS DEPOSITED INTO YOUR OWN COMPANY? PARK PLACE PROPERTIES IS YOUR ACCOUNT, ISN'T IT?

A IT IS ABSOLUTELY.

Q AND THE ONLY PERSON THAT SIGNS ON THAT ACCOUNT IS YOU AND YOUR DAUGHTER, CORRECT?

A NO, SIR.

Q WHO ELSE SIGNS ON IT?

A MY WIFE DOES AS WELL.

Q MRS. DREWETT DOESN'T SIGN ON IT, DOES SHE?

A I'M NOT SURE IF SHE DOES OR NOT.

Q YOU DIDN'T KNOW THAT THIS CHECK WAS DEPOSITED INTO YOUR ACCOUNT, IS THAT WHAT YOU'RE TELLING

ME?

A I JUST DON'T RECALL, SIR. THAT'S WHAT I'M TRYING TO TELL YOU.

JUDGE HOWE: WHAT'S THE DATE ON IT CHECK.

Q HAVE YOU PAID THIS MONEY BACK?

A I THINK I HAVE PAID THAT MONEY BACK SEVERAL TIMES, SIR. I'VE DONE THAT. AS I STATED EARLIER, IF YOU WILL LOOK AT THE DEPOSITS THAT I HAVE PUT INTO A&E AND IF YOU LOOK AT THOSE CHECKS AND YOU WILL TOTAL IT ALL UP, IT WILL SHOW YOU THAT MONEY WAS PAID BACK.

Q LET ME ASK YOU SOMETHING, SIR, WHEN YOU GOT THIS CHECK, DID YOU TELL MR. SMITH THAT THE CHECK FROM THE WHITLEYS CAME IN AND WAS DEPOSITED INTO YOUR ACCOUNT? DID YOU EVEN DISCUSS IT WITH HIM?

A HOW COULD I? I JUST TESTIFIED THAT I WASN'T AWARE OF IT, SIR.

Q YOU WERE NOT AWARE?

A I JUST TESTIFIED THAT.

Q OKAY, RIGHT. YOU WEREN'T AWARE WHEN THIS LAWSUIT WAS FILED THAT THIS CHECK HAD BEEN DEPOSITED INTO PARK PLACE PROPERTIES?

A NO, SIR.

Q YOU DIDN'T GIVE US CREDIT TO PARK PLACE FOR THE

$11,533?

A I DIDN'T GIVE YOU CREDIT FOR IT?

Q YES, SIR. YOU SAID THAT ALL THIS MONEY THAT PARK PLACE... THAT A&E OWNED PARK PLACE. HAVE YOU GIVEN A&E CREDIT FOR THAT $11,000? IF YOU DIDN'T KNOW IT WAS THERE?

A I DON'T KNOW. WE CAN LOOK AT OUR PAPERWORK AND DOCUMENTS AND TELL YOU.

Q OKAY.

MS. COOK: YOUR HONOR, I DON'T HAVE ANY OBJECTION TO THIS EXHIBIT NUMBER 4. WHEN WE BREAK TONIGHT CAN I ASK IF WE CAN GET A COPY OF THIS OFF.

JUDGE HOWE: SURE.

Q MR. VEREEN, I HAVE GOT PLAINTIFF'S EXHIBIT 31, WHICH IS IN EVIDENCE AND I WILL HAND YOU A SERIES OF CHECKS. THE FIRST IS A CHECK FOR PARKWAY CARDIOLOGY, LLC TO ARTHUR VEREEN CONSTRUCTION IN THE AMOUNT OF 12,423 AND IT APPEARS THAT IT WAS DEPOSITED INTO PARKWAY OFFICES ACCOUNT?

A THAT'S WHAT IT LOOKS LIKE, YES, SIR.

Q DID YOU DEPOSIT THAT IN THERE?

A NO, SIR.

Q WERE YOU AWARE THAT THIS CHECK FROM SOUTH STRAND

CARDIOLOGY WAS DEPOSITED INTO THE PARKWAY OFFICES ACCOUNT?

A I DON'T THINK SO, NO, SIR.

Q WHEN YOU WERE DETERMINING HOW MUCH MONEY WAS DUE, DID YOU GIVE A&E CREDIT FOR THIS CHECK THAT YOU DEPOSITED INTO YOUR WIFE'S COMPANY, PARKWAY OFFICES FOR 12,000?

A ABSOLUTELY.

Q WELL, THEN HOW DID YOU KNOW ABOUT IT? I THOUGHT YOU SAID YOU DID NOT KNOW ABOUT IT --

A I DID NOT KNOW. YOU ASKED ME IF I KNEW ABOUT IT AT THE TIME, SIR, AND I DIDN'T.

Q WHEN DID YOU FIND OUT ABOUT IT?

A I'M TELLING YOU THAT WE'VE DONE AN ACCOUNTING AND YOU WILL FIND THAT I THINK THE CHECK WAS DEPOSITED INTO DR. LALE'S OFFICE WAS ABOUT $90,000 THE BEST I REMEMBER. I CAN'T REMEMBER THAT EXACT DATE, BUT AT THE SAME TIME ARTHUR VEREEN CONSTRUCTION COMPANY, WHICH I'VE TESTIFIED EARLIER, AS WELL AS PARK PLACE PROPERTIES HAS PAID A NUMBER OF INVOICES, A NUMBER OF BILLS ON THE LALE JOBS.

Q PARKWAY OFFICES HAS?

A PARK PLACE PROPERTIES. I MEAN, I DON'T KNOW WHY THAT WAS PUT INTO PARKWAY OFFICES. I HAD NO

IDEA.

Q WHY WOULD YOU PUT IT IN PARKWAY OFFICES IF PARKWAY OFFICES WAS JUST THE LANDLORD?

A SIR, I CAN'T ANSWER THAT QUESTION. I TOLD YOU THAT'S NOT MY WRITING. I DIDN'T DO THAT.

Q OKAY. RIGHT. I HAND YOU ANOTHER ONE THAT'S A CHECK FROM SOUTH STRAND CARDIOLOGY TO ARTHUR VEREEN CONSTRUCTION AND IT APPEARS TO BE DEPOSITED INTO ARTHUR VEREEN CONSTRUCTION. IT'S FOR $50,000 IN MAY OF '04, CORRECT?

A THAT'S CORRECT.

Q DID YOU MAKE THAT DEPOSIT?

A I DID NOT.

Q ARE YOU TELLING ME THAT YOU DIDN'T KNOW IT WAS MADE WHEN IT WAS MADE?

A SIR, I DID NOT TELL YOU THAT. I'M NOT SURE, BUT MORE THAN LIKELY, I DID KNOW IT. BUT I DID NOT MAKE THAT DEPOSIT.

Q BUT YOU INVOICED THAT IN THE NAME OF ARTHUR VEREEN CONSTRUCTION FOR AN A&E JOB, RIGHT?

A I THINK WE TESTIFIED TO THAT EARLIER WHEN YOU ASKED ME ABOUT SOUTH STRAND --

Q SO, YOU WERE AWARE OF THIS ONE?

A -- CARDIOLOGY JOB.

MR. DURANT: THESE ARE IN NO ORDER, YOUR

HONOR.

Q NOW, HERE'S A COUPLE FROM '09. IT LOOKS LIKE THERE WERE TWO CHECKS FROM BEACH MEETS TO A&E CONSTRUCTORS AND CONSULTANTS FOR $1,000 AND $1,500. WHERE WERE THOSE CHECKS DEPOSITED? FIRST OF ALL, WHO WERE THEY MADE OUT TO?

A ONE'S MADE OUT TO PARK PLACE PROPERTIES.

Q ALRIGHT.

A ONE MADE TO A&E.

Q FOR HOW MUCH?

A $500 AND ONE MADE OUT TO A&E $1,000.

Q WHERE WERE THOSE CHECKS DEPOSITED?

A THEY WERE DEPOSITED INTO PARK PLACE PROPERTIES. ANN OUR ACCOUNTING HAS PICKED THOSE UP AND THEY ARE ACCOUNTED FOR.

Q BUT YOU ARE AWARE THAT THESE DEPOSITS WERE PUT IN PARK PLACE PROPERTIES BEFORE THEREFORE THEY WERE DONE?

A BEFORE THOSE WERE DEPOSITED IN THERE?

Q YES, SIR.

A NO, SIR, I WAS NOT.

Q SO, WHEN DID YOU FIND OUT ABOUT THIS?

A WE FOUND OUT ABOUT IT DOING OUR ACCOUNTING FOR '09.

Q SO, WHEN YOU WERE FIGURING OUT WHETHER THE

COMPANY OWES YOU MONEY OR NOT, YOU DIDN'T KNOW ABOUT THIS ONE?

A NO, SIR. THAT'S NOT TRUE. THAT'S NOT WHAT I JUST SAID, MR. DURANT. I TOLD YOU WHEN WE STARTED DOING OUR ACCOUNTING, PULLING OUT ALL OUR CHECKS, PULLING OUT ALL OUR DEPOSITS, ALL OUR PAYABLES, WE ACCOUNTED FOR EVERY DIME OF THAT. IF THERE WAS A CHECK... FOR INSTANCE, THIS CHECK RIGHT HERE THAT WENT INTO PARK PLACE PROPERTIES. WE CREDITED IN TO A&E. AND THAT'S WHAT I... THAT'S WHAT I JUST STATED EARLIER.

Q I HAND YOU A CHECK NOW, IT'S FOR A DRAW AND I'M SURE IT'S WILLOUGHBY PLACE. IT'S MARCH 26TH 2004 TO ARTHUR VEREEN CONSTRUCTION FOR $30,880.

A THAT'S ON THE WILLOUGHBY PLACE, YES, SIR.

Q SO, THAT WAS A PAYMENT FOR AN ARTHUR VEREEN INVOICE FOR THE WILLOUGHBY PLACE?

A THAT'S CORRECT.

Q THAT WAS PUT INTO THE ACCOUNT OF ARTHUR VEREEN CONSTRUCTION?

A THAT'S CORRECT. AND IT HAS BEEN ACCOUNTED FOR AS WELL.

Q HERE'S ANOTHER CHECK JUST LIKE THAT ONE TO ARTHUR VEREEN FOR 30,100. WAS THAT FOR A WILLOUGHBY INVOICE PAYMENT?

A YES, SIR.

Q THAT WAS PUT INTO WHAT ACCOUNT?

A ARTHUR VEREEN CONSTRUCTION.

Q LET ME ASK YOU, SIR, WHEN THIS BILLING WAS DONE AND WHEN THESE CHECKS WERE PUT INTO ARTHUR VEREEN CONSTRUCTION, DID YOU TELL MR. SMITH THAT YOU WERE TAKING THESE DEPOSITS FOR THE WILLOUGHBY JOB AND PUTTING THEM INTO ARTHUR VEREEN CONSTRUCTION?

A I DID NOT. ARTHUR VEREEN CONSTRUCTION AT THAT TIME WAS PAYING THOSE INVOICES, A&E WAS NOT. IN OUR ACCOUNTING, AS I STATED EARLIER, WE ACCOUNTED FOR EVERY ONE OF THOSE CHECKS AND EVERY ONE OF THOSE DEPOSITS.

Q YOU MEAN AFTER THE LAWSUIT WAS FILED?

A NO. DURING THAT PROCESS WE WERE TRYING TO DO... PRIOR TO THE LAWSUIT.

Q I WILL HAND YOU A LETTER THAT'S ON A&E STATIONARY AND I ASK YOU, IS THAT YOUR SIGNATURE?

A IT APPEARS TO BE.

Q WOULD YOU PUBLISH IT PLEASE? READ IT TO THE COURT.

A IT SAYS, "SUE, HOPEFULLY, I HAVE FULFILLED THIS APPLICATION FOR INSURANCE FOR RENEWAL OUT

CORRECTLY. ONE AREA THAT I'M STILL CONFUSED WITH IS INCLUDING ARTHUR VEREEN CONSTRUCTION COMPANY AS AN ADDITIONAL INSURER. THIS COMPANY HASN'T ENTERED INTO A CONTRACT TO PERFORM WORK IN 3 OR 4 YEARS. A&E HAS AN UNLIMITED GENERAL CONTRACTORS LICENSE AND EVERY CONTRACT THAT WE HAVE PERFORMED SINCE 2003 HAS BEEN UNDER A&E. I AM CONCERNED AND DUE TO THE PROBLEMS WITH ARTHUR VEREEN CONSTRUCTION COMPANY INCLUDED UNDER THE PRESENT INSURANCE MAY CONFUSE OR MUDDY THIS SITUATION. I HAD ASKED JAMES TO INSURE ONLY A&E AND OMIT AVC. SHOULD WE LOOK INTO THIS? ALSO THE REASON OUR GROSS RECEIPTS ARE DOWN FROM PREVIOUS YEARS IS DUE TO THE FACT THAT WE DO NOT INTEND TO BUILD ANY CONDOS IN THE FUTURE. MY DIRECTION IS IN THE DIRECTION OF SINGLE FAMILY HOMES, REMODELING AND LIGHT COMMERCIAL BUILDING NOT TO EXCEED TWO STORIES. WE FULLY EXPECT A REDUCTION IN OUR BUSINESS DURING THIS TRANSITION. WE EXPECT IT TO TAKE OFF IN ABOUT SIX MONTHS."

Q NOW, THAT'S A LETTER TO SUE E. WALL --

A YES.

Q -- OF PEOPLE'S UNDERWRITERS? THAT'S YOUR WORKERS' --

A GENERAL LIABILITY, WORKERS' COMP?

Q RIGHT. AND YOU'RE TELLING HER IN THAT LETTER THAT ARTHUR VEREEN CONSTRUCTION HASN'T DONE ANY CONTRACTING WORK SINCE OCTOBER 2003?

A THAT'S CORRECT.

Q IS THAT YOUR SIGNATURE?

A THAT'S CORRECT.

Q YOU HAD AN AUDIT, DID YOU NOT?

A YES.

Q OF YOUR WORKERS' COMPENSATION FROM 2006, 2007?

A LET ME JUST EXPLAIN SOMETHING TO YOU. THE INSURANCE WAS UNDER ARTHUR VEREEN CONSTRUCTION COMPANY FROM SOLELY 2004 THROUGH I THINK IT'S THE FIRST PART OF 2005. THEY THEN ADDED A&E, BUT THEY WOULD NOT TAKE ARTHUR VEREEN CONSTRUCTION COMPANY OFF OF IT SINCE WE WERE ARTHUR VEREEN CONSTRUCTION COMPANY WAS INSURED FOR SO MANY YEARS. SUE E. WALL WOULD NOT DO IT. PEOPLE'S UNDERWRITERS WOULD NOT DO IT. I ASKED THEM NOT TO AND I COULD NEVER UNDERSTAND WHY BOTH ENTITIES HAD TO BE PUT ON THAT POLICY.

Q BUT AS A RESULT OF THAT LETTER AND THE AUDIT, PEOPLE'S UNDERWRITERS ISSUED A CHECK PAYABLE TO A&E FOR 49,221, DID THEY NOT?

A THAT'S CORRECT.

Q AND WHAT ACCOUNT DID YOU PUT THAT ONE IN?

A I DON'T KNOW.

Q YOU DON'T KNOW? YOU PUT IT IN PARK PLACE PROPERTIES, DIDN'T YOU, SIR?

A IF YOU HAVE A DEPOSIT SLIP I WILL VERIFY THAT.

Q WE'LL PRODUCE THAT LATER. DID YOU TELL MR. SMITH THAT THE COMPANY RECEIVED THE $49,000 REFUND CHECK FROM IT'S 2006, 2007 WORKERS' COMPENSATION AUDIT?

A NO, SIR.

Q WHY DIDN'T YOU TELL HIM?

A HE WASN'T AROUND.

Q RIGHT. DID YOU TELL HIM THAT YOU DIDN'T DEPOSIT IT INTO THE ACCOUNT?

A I DID NOT.

Q HERE IS ANOTHER REFUND CHECK FROM A&E... TO A&E CONSTRUCTION FROM PEOPLE'S UNDERWRITERS FOR 2,000 AND SOMETHING DOLLARS?

A I'M NOT REALLY SURE WHAT THAT IS SINCE IT HAS MY NAME ON IT.

Q WHOSE THE PAYEE?

A IT SAYS, "A&E CONSTRUCTORS AND MR. WAYNE VEREEN."

Q WHERE WAS THAT DEPOSITED?

A THAT WAS DEPOSITED INTO PARK PLACE PROPERTIES.

Q IS PARK PLACE PROPERTY A PAYEE OF THAT CHECK?

A NO, SIR.

Q DID YOU TELL MR. SMITH THAT YOU RECEIVED THIS CHECK AND PUT IT INTO ANOTHER COMPANY ACCOUNT?

A NO, SIR.

Q NOW, YOU WERE... THE SEVEN OAKS JOB WAS ACTUALLY AN OLD ARTHUR VEREEN JOB THAT YOU WERE FINISHING UP?

A THAT'S RIGHT.

Q AND YOU ACTUALLY OWNED PART OF THAT, DID YOU NOT?

A I DID.

Q I BELIEVE THE RECORDS OF THE COMPANY WILL SHOW THAT $8,000 OR $9,000 WORTH OF A&E EXPENSES WERE PAID ON THAT JOB? THERE'S A JOB LEDGER FOR IT.

A I WOULD LIKE TO SEE THAT, SIR.

Q BUT YOU WILL ADMIT THAT YOU HAVE NOT PAID THE COMPANY BACK ANY OF THAT MONEY, CORRECT?

A NO, SIR. I WILL NOT ADMIT THAT.

Q WELL, IT WOULD HAVE BEEN THROUGH THIS OTHER WAY. YOU PUT MORE MONEY IN THAN YOU TOOK OUT?

A YES, SIR.

Q BUT YOU ACTUALLY... ARTHUR VEREEN CONSTRUCTION ACTUALLY GOT PAID FOR DOING THAT EXTRA WORK, DIDN'T THEY?

A SEVEN OAKS?

Q YES, SIR.

A NO, SIR.

Q WELL, I WILL HAND YOU THIS EXHIBIT. ISN'T THAT A CHECK FROM SEVEN OAKS TO ARTHUR VEREEN CONSTRUCTION.

MS. COOK: IS THIS STILL EXHIBIT 31?

MR. DURANT: YES. ALL THE SAME.

A IT IS, YES, SIR. YOU SAID, "EXTRA WORK" THAT'S NOT EXTRA WORK.

Q WHAT DOES IT SAY IT'S FOR? AN INVOICE, ISN'T IT?

A IT IS. IT'S AN INVOICE FOR CONSTRUCTION WORK I WAS DOING ON THE PROJECT. MY FINAL PAYMENTS ON IT, THAT'S WHAT IT'S FOR. IT'S NOT EXTRA WORK.

Q I KNOW, BUT YOU DEPOSITED THAT INTO ARTHUR VEREEN CONSTRUCTION?

A I DID.

Q AND YOU CHARGED BILLS AND LABOR TO A&E, DID YOU NOT, FOR THAT JOB?

A I WOULD HAVE TO LOOK AT THE JOB LEDGER. I'M NOT SURE ABOUT THAT.

Q WELL, YOU DIDN'T TAKE THAT INTO ACCOUNT WHEN YOU WERE FIGURING UP WHO OWES WHO WHAT?

A I THINK WE HAVE ACCOUNTED FOR EVERYTHING, MR.

DURANT.

Q THIS PART?

A I'M NOT SURE ABOUT THAT, BUT I THINK WE HAVE. I WOULD HAVE TO LOOK AND SEE.

Q OKAY.

A I WOULD HAVE TO LOOK AT THAT AGAIN AND SEE BECAUSE WE ALSO... THAT COULD HAVE BEEN A DISTRIBUTION CHECK FROM THE PARTNERSHIP, BUT I'M NOT SURE.

Q IN SAYS, "INVOICE" ON THERE, DOESN'T IT?

A I WOULD HAVE TO LOOK AT IT AND SEE, SIR.

Q OKAY. WELL, DO IT.

A I WOULD STILL HAVE TO LOOK AT IT FROM THE PARTNERSHIP.

Q IT SAYS, "INVOICE 220"?

A I THINK THAT SAYS, "INVOICE 2204".

Q THAT WAS DEFINITELY AN ARTHUR VEREEN JOB, WASN'T IT?

A YES, IT PROBABLY WAS.

Q NOW, ELIZABETH SISSON, YOUR DAUGHTER, WORKED FOR THE COMPANY, CORRECT?

A YES.

Q AND SHE WAS A LAWYER?

A SHE IS A LAWYER.

Q RIGHT. SHE WAS RESPONSIBLE FOR A LOT OF PUNCH

WORK AND OTHER STUFF FOR THE COMPANY, WORKED THERE EVERY DAY?

A THAT'S CORRECT.

Q SOMETIMES IN '07 AND EARLIER PART OF '08, SHE DID A REMODEL IN HER HOUSE?

A THAT'S CORRECT.

Q AND THE COMPANY EXPENDED A HUNDRED AND SOMETHING THOUSAND DOLLARS WORTH OF MONEY FOR THE RENOVATIONS TO HER HOUSE?

A I DON'T KNOW THE EXACT FIGURES.

Q BUT IT'S ON THE JOB RECORDS, ISN'T IT?

A I STILL DON'T KNOW THE EXACT FIGURES.

Q NOW, DO YOU KNOW WHETHER OR NOT SHE REIMBURSED THE COMPANY FOR ALL THE MONEY THAT WAS TAKEN OUT?

A SHE'S EITHER REIMBURSED THE MONEY THAT WAS EXPENDED BY A&E, AS WELL AS THE MONEY THAT WAS MAYBE EXPENDED BY PARK PLACE PROPERTIES AND MADE SOME DEPOSITS IN THAT PERIOD... DURING THAT PERIOD OF TIME ON HER BEHALF.

Q OKAY. WELL, I BELIEVE I TOOK YOUR DEPOSITION EARLIER AND SHE AND YOU BOTH TESTIFIED THAT THE LAST INSTALLMENT OF $35,803.10 WAS PAID IN OCTOBER OF '08 REPRESENTING THE BALANCE OF THE MONEY DUE WITHOUT ANY PROFIT OR OVERHEAD. AND

YOU SAID SHE PAID IT BACK IN FULL, CORRECT?

A THAT'S CORRECT.

Q BUT, SIR, WHO WAS THAT CHECK MADE PAYABLE TO?

A IT WAS MADE TO PARK PLACE PROPERTIES.

Q BUT A&E WAS THE ONE THAT HAD THE JOB LEDGER WITH THE MONEY OUT, WAS IT NOT?

A AND I JUST... I JUST TESTIFIED TWO MINUTES AGO THAT PARK PLACE PROPERTIES HAD MADE PAYMENTS AND DEPOSITS INTO A&E ON BEHALF... ON BEHALF OF HER ON HER JOB.

Q WAS IT REFLECTED IN THE JOB LEDGER OF THE COMPANY?

A I'M NOT SURE ABOUT THAT, BUT I KNOW THAT WE MADE THE DEPOSITS.

Q DID YOU EVER TELL MR. SMITH THAT YOUR DAUGHTER WAS PAID IN FULL FOR ALL THE MONEY THAT IT WAS PAID OUT FOR LABOR AND MATERIALS... I'M NOT TALKING ABOUT PROFIT OR OVERHEAD. DID YOU EVER TELL HIM THAT SHE HAD PAID IT IN FULL?

A I HAVEN'T TALKED TO MR. SMITH. HE HASN'T BEEN AROUND.

Q SO, THE FINAL PAYMENT, ACCORDING TO YOU, WAS PUT IN YOUR COMPANY, PARK PLACE PROPERTIES AND DEPOSITED ON 10/29 AND THAT'S PART OF THIS? "I PUT IT IN SO I GET IT OUT" SCENARIO.

A NOT A SCENARIO, SIR. THAT'S A FACT.

Q YEAH. OKAY. I HAND YOU A CHECK FROM FEBRUARY 23RD '05 FROM MAUDLIN ENTERPRISES DOING BUSINESS AS MARBLE SLAB AND ASK IF YOU HAVE SEEN THAT CHECK?

A I HAVE.

Q WHO IS THAT MADE PAYABLE TO?

A MADE PAYABLE TO A&E CONSTRUCTION.

Q NOW, THOSE PEOPLE ARE RELATED TO YOU?

A YES.

Q WHAT'S YOUR RELATION TO THEM?

A HE WAS MY NIECES'S HUSBAND.

Q THERE'S A JOB LEDGER FOR THAT ON THE RECORDS OF A&E?

A THERE IS.

Q AND, SIR, WHERE DID YOU PUT THAT DEPOSIT?

A IT WAS DEPOSITED INTO PARK PLACE PROPERTIES.

Q WHO AUTHORIZED YOU TO PUT THAT DEPOSIT INTO PARK PLACE PROPERTIES?

A I BELIEVE THAT I WROTE THAT ONE, SIR.

Q THAT'S YOUR HANDWRITING?

A I THINK IT IS, BUT IT MAY NOT BE. THE DATES NOT, BUT I BELIEVE THE NUMBERS ARE. IT COULD BE, IT COULD NOT BE. I CAN READ IT. NORMALLY YOU CAN'T READ MY WRITING.

Q DID YOU TELL MR. SMITH THAT YOU TOOK THIS CHECK PAYABLE TO A&E FOR MARBLE SLAB AND PUT IT INTO PARK PLACE PROPERTIES.

A I DID NOT.

Q WHY DIDN'T YOU TELL HIM? IT'S $10,002, IS IT NOT?

A IT IS.

Q WHAT WAS YOUR REASON WHY YOU DIDN'T TELL HIM?

A WELL, I THINK I HAVE ANSWERED IT A HUNDRED TIMES TODAY THAT WITHOUT A DOUBT THAT PARK PLACE PROPERTIES HAD BEEN PAYING A LOT OF INVOICES AND WE'VE SHOWN THOSE INVOICES AND SHOWN THOSE CHECKS AND SHOWN THOSE DEPOSITS ON BEHALF OF A&E.

Q BUT THAT'S NOT REFLECTED ON THE BOOKS OF A&E, IS IT?

A WHAT?

Q THAT PAYMENT, MR. VEREEN?

A I'M NOT SURE, SIR.

Q LET ME ASK YOU, SIR. I BELIEVE I TOOK YOUR DEPOSITION AND YOU SAID THAT AFTER THE END OF '07 THERE WERE NO NEW JOBS IN THE NAME OF A&E. EVERYTHING WAS IN THE NAME OF THIS NEW COMPANY GRAND STRAND BUILDERS. FAIR STATEMENT?

A I DON'T RECALL THAT EITHER, BUT THAT CAN'T BE

TRUE.

Q ALRIGHT.

A ELLIS BUILT A BUILDING FOR A&E UNDER MARTIN BROWN --

Q NO, SIR. I'M TALKING ABOUT --

A YOU HAVE ASKED ME ABOUT A&E, SIR.

Q ALRIGHT. I'M SORRY.

A AFTER 2007, I KNOW THERE WAS A BUILDING BUILT IN NORTH MYRTLE BEACH FOR MARTIN BROWN. I KNOW THERE WAS A WAREHOUSE BUILT FOR MARTIN BROWN. THERE WAS SOME FENCE WORK. THERE WERE JOBS BEING BUILT BY A&E CONSTRUCTION AFTER 2007 SO I KNOW THAT. SO, IF YOU'RE ASKING ME IF I PERSONALLY OBTAINED A PERMIT AFTER 2007 FOR A&E, I DON'T THINK SO.

Q BECAUSE IT WAS FINISHING UP AT HER HOUSE WAS BASICALLY IT. BUT GRAND STRAND BUILDERS HAD OPENED UP? YOUR DAUGHTER CREATED THAT CORPORATION AND YOU PUT YOUR LICENSE OVER THERE AND THEY WERE IN OPERATION IN JANUARY OF '08, CORRECT?

A I'M NOT SURE OF THE DATES, SIR.

Q WHATEVER IT IS, IT IS. AND AFTER THAT YOU HAD... HOW MANY JOBS DID GRAND STRAND BUILDERS HAVE? WERE THEIR LICENSE USED?

A WELL, WE BUILT 3 OR 4.

Q HOW BIG ARE THEY?

A I THINK WE BUILT 3 OR 4 HOUSES.

Q ONE OF THEM... SOME OF THEM WERE SEVERAL MILLIONS OF DOLLARS, WERE THEY NOT?

A NO.

Q WHERE WERE THEY LOCATED?

A WE HAVE GOT ONE ON PORSCHE AVENUE, AND THERE IS TWO UP ON 74TH. THERE'S ONE UP ON 81ST.

Q WHOSE NAME WAS THE PERMIT TAKEN OUT IN?

A GRAND STRAND BUILDERS.

Q GRAND STRAND BUILDERS AND THAT WOULD BE YOUR DAUGHTER AND HER HUSBAND OWN THAT COMPANY?

A THAT'S CORRECT.

Q YOU'RE THE GENERAL CONTRACTOR, CORRECT?

A (NO RESPONSE).

Q YOUR LICENSES IS PLACED WITH GRAND STRAND BUILDERS?

A THAT'S CORRECT.

Q SHE WORKED FOR GRAND STRAND BUILDERS?

A YES.

Q AND YOU WORKED FOR GRAND STRAND BUILDERS?

A THAT'S CORRECT.

Q WELL, I LOOKED IN THE CHECKING ACCOUNT RECORDS AND I DIDN'T SEE ANY SALARIES GOING OUT TO YOU

OR YOUR DAUGHTER OUT OF GRAND STRAND BUILDERS?

A I DON'T THINK I'VE EVER DREW A SALARY.

Q SHE DIDN'T DRAW A SALARY OUT OF GRAND STRAND BUILDERS, DID SHE?

A I'M NOT SURE, SIR.

Q WEREN'T THE CONSTRUCTION DISBURSEMENTS FOR THOSE JOBS PLACED IN PARK PLACE PROPERTIES?

A I THINK THEY WERE, YES.

Q WELL, PARK PLACE PROPERTY DIDN'T OWN THAT PROPERTY, DID THEY?

A WELL, PARK PLACE PROPERTIES OWNED ONE OF THEM.

Q WELL, I LOOKED INTO PARK PLACE PROPERTIES CHECKING ACCOUNT AND IT APPEARS TO BE MULTIPLE DEPOSITS MADE FOR THESE JOBS INTO PARK PLACE PROPERTIES ACCOUNT?

A THAT'S CORRECT.

Q AND YOU WERE PAYING JOB EXPENSES OUT OF THE PARK PLACE PROPERTIES ACCOUNTS, WERE YOU NOT?

A I WAS.

Q AND THESE WERE JOBS WHERE YOU... WERE OWED BY AN ENTITY THAT YOU OWNED WITH SOME OTHER PEOPLE, CORRECT?

A (NO RESPONSE).

Q THE OWNERS OF RECORDS WERE COMPANIES THAT YOU OWED A PART OF?

A ON TWO OF THEM THERE WERE.

Q AND SO YOU DISPERSED --

A ONE OF THEM THERE WASN'T.

Q SO, YOU DISPERSED THE COST OF CONSTRUCTION AND THE PAYMENT INTO PARK PLACE PROPERTIES ACCOUNT?

A THAT'S TRUE.

Q BUT THAT WAS NOT THE GENERAL CONTRACTOR, CORRECT?

A THAT'S CORRECT.

Q IT WAS NOT THE OWNER? AND IT WAS THE BUILDER?

A ON TWO OF THEM, THAT'S RIGHT.

Q WHY DID YOU DO THAT, SIR?

A I DON'T KNOW.

Q AND DURING THIS ENTIRE TIME, MR. VEREEN, YOU ARE WRITING WEEKLY CHECKS AND PUTTING IT IN THE A&E ACCOUNT AND THE A&E ACCOUNT WAS WRITING SALARY CHECKS TO YOUR DAUGHTER AND YOU AND MRS. DREWETT, THE BOOKKEEPER FOR TWO YEARS?

A ABSOLUTELY.

Q SO, THE MONEY FOR THE PAYMENT CAME FROM THE CONSTRUCTION MONEY THAT WAS IN THE ACCOUNT?

A IT CAME FROM THE MONEY WE WERE MAKING OFF BUILDING THOSE HOUSES. SOMEBODY HAD TO PAY... WE STILL HAD JOBS IN PROGRESS TRYING TO FINISH UP THE PUNCH WORK, TRYING TO FINISH UP REPAIR

WORK. SOMEONE HAD TO KEEP FINISHING UP A&E. AND THERE WASN'T ANY MONEY IN THE ACCOUNT.

Q WELL, YOU WERE --

A WHETHER IT CAME FROM ME PERSONALLY OR IT CAME FROM PARK PLACE PROPERTIES OR IT CAME FROM WHEREVER, ONE OF MY ENTITIES PUT THAT MONEY IN THAT ACCOUNT TO FUNCTION AND KEEP A&E IN BUSINESS UNTIL THIS IS RESOLVED.

Q SO, LET ME GET IT STRAIGHT --

A I'M DOING THAT TODAY. I'VE DONE IT THROUGH TODAY.

Q SO, PARK PLACE PROPERTIES IS MAKING A DEPOSIT EVERY WEEK AFTER '08, INTO THE ACCOUNTS AND A&E IS WRITING YOU A CHECK AND HER A CHECK AND CARRIE A CHECK, BUT THE ONLY CONSTRUCTION THEY'RE DOING IS YOUR JOBS FOR OTHER ENTITIES THAT YOU OWN ANY INTEREST IN AND THAT MONEY IS GOING INTO PARK PLACE PROPERTIES?

A THAT'S NOT WHAT I SAID.

Q WELL, WHAT DID YOU SAY THEN?

A I JUST STATED A FEW MINUTES AGO THE ONLY REASON WE DID THAT WAS BECAUSE THE PROBLEMS THAT WE'VE HAD ON OUR PROJECTS THAT A&E HAD CONSTRUCTED TRYING TO GET THOSE THINGS... TRYING TO KEEP US AND WHEN I SAY "US" I'M TALKING ABOUT ELLIS

SMITH AND MYSELF, OUT OF MAJOR LAWSUITS. AND I HAVE BEEN DOING THAT WORK FOR OVER TWO YEARS, THE PROJECTS THAT WE HAVE CONSTRUCTED. NOW, HE WAS THE PRIMARY SUPERVISOR ON THOSE PROJECTS.

Q LET ME ASK YOU, SIR, A&E WAS PAYING YOU A WEEKLY SALARY OF $1,400 A MONTH AND YOU WERE GOING AND BUILDING THESE OTHER HOUSES, RIGHT? YOU WERE THE LICENSED BUILDER?

A I STILL WASN'T DOING ANY WORK, SIR. THAT DOESN'T MEAN I'M OUT THERE DRIVING A NAIL EVERY DAY.

Q WELL, THEN WHAT WERE YOU DOING FOR YOUR SALARY?

A I SPENT MORE... YOU REALLY DON'T WANT TO KNOW WHAT I'VE BEEN DOING FOR THE LAST TWO YEARS. I HAVE BEEN MEETING WITH THE STATE FIRE MARSHAL ON MAJOR PROBLEMS. MAJOR PROBLEMS THAT WE HAVE AT THE FOUNTAINS PROJECT. I HAVE BEEN MEETING WITH WINDOW MANUFACTURES ON PROBLEMS THAT WE'VE HAD ON INSTALLATION PROBLEMS AT THE WILLOUGHBY PLACE. IT LEAKS. I'VE BEEN FIXING CEILINGS. I'VE BEEN FIXING DRYWALL. I'VE BEEN PAINTING. I'VE BEEN FIXING ROOFS. I'VE BEEN... INSTALLATION OF SHINGLES. I'VE BEEN FIXING NON-EXISTENCE OF WATERPROOFING AT THE FOUNTAINS. I COULD GO ON AND ON. THAT'S WHAT I'VE BEEN

DOING FOR THE LAST TWO YEARS IS TAKING PHONE CALLS FROM IRATE PROPERTY MANAGEMENT COMPANIES. I'VE GOT A MEETING WITH ONE OF THEM ON THURSDAY. I'VE HAD MEETINGS REPEATEDLY AND HAS MY PARTNER RESPONDED, NO. HAS HE BEEN MADE AWARE OF IT, YES. YOU'VE BEEN MADE AWARE OF IT. HAS HE RESPONDED TO IT? NO, SIR. HE HAS NOT MADE THE FIRST --

Q LET ME ASK YOU, WAS BETH WORKING ON THESE JOBS WITH YOU?

A ABSOLUTELY, YES, SIR. YES.

Q SHE WAS?

A WHICH HOUSES ARE YOU TALKING ABOUT?

Q THE HOUSES YOU WERE CONSTRUCTING?

A SHE DID.

Q I DIDN'T SEE WHERE SHE'S GOTTEN PAID BY GRAND STRAND BUILDERS?

A SIR, I'M TELLING YOU THAT THE MAJORITY OF HER TIME, IF YOU LOOK AT THE CORRESPONDENCE AND THE PAPERWORK THAT WE HAVE GENERATED FOR THE PAST TWO YEARS, IT'S TERRIBLE. AND IT'S NOT OVER YET. WE'VE GOT A DEADLINE TO HAVE SOMETHING FIXED BY MARCH THE 1ST AT THE FOUNTAINS.

Q I'M JUST TRYING TO FIGURE OUT, WHO KEPT UP WITH ALL OF BILLS FOR THESE FOUR HOUSES THAT YOU

BUILT? DID CARRIE DO THAT IN THE COMPUTER?

A NO, SIR.

Q WELL, SHE WAS WORKING THERE, WASN'T SHE?

A SHE WAS.

Q AND SHE WAS BEING PAID BY A&E, WASN'T SHE?

A SHE WAS DOING A&E WORK, SIR. SHE WAS NOT DOING WORK ON THE HOUSES WE WERE BUILDING.

Q SO, PARK PLACE PROPERTIES HIRED SOMEBODY TO DO THAT WORK, THE BILLING AND TO KEEP UP WITH THE INVOICES AND THE PAYMENTS AND THE LABORERS?

A WE KEPT IT OURSELVES.

Q YOU KEPT IT YOURSELF, REALLY?

A THAT'S CORRECT.

Q YOU KEPT IT THERE AT THAT OFFICE, DIDN'T YOU?

A I DID.

Q YOU KEPT IT ON THE COMPUTER, DIDN'T YOU?

A NO, SIR.

Q WHAT? I HAND YOU A CHECK FROM CRAWFORD AND COMPANY IN THE AMOUNT OF $13,000 WAS THAT PERSONAL EQUIPMENT THAT WAS STOLEN?

A THAT'S A CHECK FOR REPLACEMENT... ON THE SKID STEER.

Q WASN'T THAT THE PROPERTY THAT WAS BOUGHT BY A&E?

A THAT'S CORRECT.

Q THAT CHECK IS MADE PAYABLE TO WHO?

A IT WAS PAID TO ARTHUR W. VEREEN.

Q WHERE DID YOU DEPOSIT THAT CHECK?

A SIR, IT'S PROBABLY DEPOSITED INTO PARK PLACE, BUT I DON'T KNOW.

Q AND I SEE SOME CHECKS HERE, OCEAN FOREST PARTNERS, LLC AND 74TH AVENUE PARK AND THOSE WERE COMPANIES THAT YOU OWED AN INTEREST IN THAT WERE BUILDING THESE HOUSES?

A THAT'S CORRECT.

Q I SEE THAT SOME KIND OF DISBURSEMENTS ARE MADE FROM THESE ENTITIES TO PARK PLACE PROPERTIES, WHAT ARE THOSE?

A I DON'T KNOW EXACTLY WHAT THEY ARE JUST FROM LOOKING AT IT, SIR.

Q WELL, 74TH AVENUE AND OCEAN FOREST PARTNERS WERE THE... THOSE WERE ENTITIES THAT OWED THE HOUSES BEEN CONSTRUCTED ON THE LAND, CORRECT?

A THAT'S CORRECT.

Q WELL, WHY WOULD THEY BE WRITING THE CHECK TO PARK PLACE PROPERTIES WHO'S NOT THE GENERAL CONTRACTOR?

A I WOULD IMAGINE THAT IT'S REPAYMENT FOR THE DISBURSEMENTS THAT PARK PLACE PROPERTIES HAD MADE.

Q SO, PARK PLACE PROPERTIES MADE DISBURSEMENTS TO

THESE ENTITIES AND THOSE WERE CHECKS SIGNED BY YOU?

A THAT'S CORRECT.

Q BOTH OF THEM AND THEY WERE DEPOSITED INTO PARK PLACE PROPERTIES ACCOUNT?

A THAT'S CORRECT.

Q MR. VEREEN, HOW DO YOU KEEP UP WITH ALL THIS?

A IT'S HARD TO DO, SIR.

Q I WILL HAND YOU PLAINTIFF'S EXHIBIT 18. IS THIS A FINANCIAL STATEMENT THAT YOU SUBMITTED TO NBSC FOR A LOAN? IT WAS SUBPOENAED FROM THEM.

A IT THE LOOKS SIMILAR, YES, SIR. THAT LOOKS RIGHT.

Q THAT'S YOUR FINANCIAL STATEMENT OF WHAT DATE?

A IT LOOKS LIKE JUNE OF '07.

Q AND IT SHOWS YOUR NET WORTH OF HOW MUCH?

A IT SAYS, "NET WORTH OF $10 MILLION".

Q THANK YOU, SIR. MR. VEREEN, I'M GOING TO HAND YOU PLAINTIFF'S EXHIBIT 19. IT'S NOT IN EVIDENCE, BUT WAS SUBPOENAED FROM PARK PLACE PROPERTIES ACCOUNTS AT SMITH/SAPP AND I WILL ASK YOU NUMBER ONE, HAVE YOU EVER SEEN THIS DOCUMENT IDENTIFIED AS BROKERS FEES?

A NO, SIR.

Q DID YOU, IN FACT, PAY $700 --

MS. COOK: YOUR HONOR, I'M GOING TO OBJECT. WELL, I KNOW WHAT LINE OF QUESTIONING MR. DURANT IS GOING INTO AND, I GUESS, I WILL LET HIM FINISH THE QUESTION. I WANT TO RING A BELL, BUT ANYWAY, GO AHEAD AND THEN I'M GOING TO OBJECT, FRANK.

Q OKAY. DID YOU PAY $764,955.35 TO A COMPANY CALLED DUNES INVESTMENTS FOR BROKERAGE FEES ON THE SALE OF POINTE MARSH HOUSES?

MS. COOK: YOUR HONOR.

A I'M NOT SURE --

MS. COOK: WHAT. YOUR HONOR, I OBJECT TO WHAT MR. VEREEN OR PARK PLACE PROPERTIES AS THE DEVELOPER OF HOUSES AND SELLER OF HOUSES PAID THEIR MORTGAGE BROKER OR PAID THEIR REAL ESTATE AGENTS OR PAID ANYBODY IN THE SALE OF THOSE HOMES. THAT DOESN'T HAVE ANY RELEVANCY WHATSOEVER WITH REGARD TO THE ACCOUNTING FOR A&E DEALING WITH THE CONSTRUCTION AND WHATEVER PART OF THE CONSTRUCTION THAT A&E PERFORMED ON THE CONSTRUCTION OF THOSE HOMES. THERE IS A DIFFERENCE BETWEEN THE SELLER OF THE HOMES, PPP,

PARK PLACE PROPERTIES AND WHAT THEY SOLD THEM FOR, WHAT THE REAL ESTATE COMMISSIONS WERE, WHAT THE SALES PRICE THEY GOT WAS AS OPPOSED TO WHAT'S RELEVANT IN THIS CASE WHICH IS MONIES, LABOR AND MATERIALS UTILIZED BY A&E AND WERE THEY PAID BACK.

JUDGE HOWE: MR. DURANT?

MR. DURANT: YOUR HONOR, UNDER OUR RULES OF EVIDENCE, WE HAVE SHOWN YOU FOR THE LAST THREE HOURS A PATTERN AND PRACTICE OF FRAUD AND DECEIT IN THE CREATION OF THIS COMPANY. WE HAVE HEARD THAT HE WAS A FINE UNDERSTANDING PERSON AND HE COULD KEEP UP WITH ALL THE MONEY. HE ALWAYS KNEW THAT HE PAID MORE IN THAN HE PAID OUT. YOUR HONOR, WE HAD EVIDENCE IN THESE FILES THAT THESE GENTLEMEN COMMITTED MORTGAGE FRAUD IN THE SALE OF THESE HOMES, 10 OR 11 OF THEM. AND THESE RECORDS WERE MAINTAINED IN HIS ACCOUNTANT'S OFFICE THAT WE SUBPOENAED. INDICATING THE SUM TOTAL, I'VE GOT THE CHECK AND THEY'RE IN EVIDENCE, YOUR HONOR. THE QUESTION IS, IF HE WOULD

DEFRAUD THE MORTGAGE COMPANY LOANING THE MONEY ON HOUSES HE WOULD DO IT TO ALSO BECAUSE IT'S NOT A SMALL AMOUNT OF MONEY, YOUR HONOR. THERE ARE CHECKS TO A PURCHASER FOR $90,000 ON THE DATE THAT THE HOUSE SOLD. WE HAVE THE CLOSING STATEMENTS IN THE FILE. THEY ARE IN THE SUBPOENAED RECORDS. SO, IT WASN'T ONE CHECK FOR $5,000, YOUR HONOR. IT WAS $700,000 AND A LIKE AMOUNT TO THE PURCHASER GIVEN OUTSIDE OF THE CLOSING STATEMENT. ON THE DAY OF CLOSING IN ALMOST EVERY SINGLE CASE.

MS. COOK: YOUR HONOR, WHAT HE'S GOT IS THE --

MR. DURANT: CAN I FINISH? THIS IS THE SAME ENTITY THEN SAID, "WE DIDN'T PAY YOU BECAUSE FOR WHATEVER EXCUSE..." THEY OWE US $400,000 AND SOME UP HERE AND ALL THE WORK WAS DONE THROUGH OUR LICENSES WITHOUT PEOPLE. AND NOW, HE'S GOING OUT AND SELLING THESE HOUSES. THESE RECORDS HERE ALSO SHOW HE MADE $8 MILLION ON THE SALE OF THE HOUSES AND WOULDN'T EVEN PAY HIS CONTRACTOR, WHO HE IS A DIRECTOR

WITH. YOUR HONOR, I THINK IT SHOWS MOTIVE, INTENT AND A CONTINUATION OF FRAUDULENT PRACTICES AGAINST THE MORTGAGE LENDER AND ALSO AGAINST THIS GENTLEMAN HERE FROM A&E.

JUDGE HOWE: IS THIS A&E?

MR. DURANT: NO, MA'AM. THIS IS PARK PLACE PROPERTIES THAT'S DOING IT, WHO WAS NAMED AS A DEFENDANT IN THIS CASE BECAUSE THEY WERE THE ONES WHO GOT ALL OF OUR MONEY. THIS STATEMENT HERE NUMBER ONE, SAYS, HE MADE $8 MILLION ON THE SALE OF THOSE HOUSES. THIS ONE HERE SAYS --

JUDGE HOWE: WHEN YOU SAY, "HE" --

MR. DURANT: PARK PLACE PROPERTIES MADE $8 MILLION ON THE SALE OF THOSE HOUSES IN THE YEARS '06 AND '07. AND THIS STATEMENT SHOWS A RECAP BY THEIR ACCOUNTANT FOR THE CALENDAR YEAR 2006 --

MS. COOK: YOUR HONOR, THEIR ACCOUNTANT ISN'T HERE AND HE'S GOT TO AUTHENTICATE IT. THAT'S NOT REALLY THE BASIS OF MY OBJECTION. WHAT PARK PLACE PROPERTIES MADE OR DIDN'T MAKE DOES NOT HAVE ANY

RELEVANCY WHATSOEVER WITH REGARD TO AN ACCOUNTING OF A&E.

JUDGE HOWE: BUT PARK PLACE PROPERTIES IS ALSO A DEFENDANT IN THIS LAWSUIT.

MS. COOK: IT IS A DEFENDANT IN THE LAWSUIT, BUT IT'S A DEFENDANT IN THE LAWSUIT WITH REGARDS TO WHAT MONIES ILLEGALLY PARK PLACE OWES A&E AND/OR WHAT MONIES A&E OWES PARK PLACE PROPERTIES. THAT'S THE ISSUE UPON WHICH PARK PLACE PROPERTIES IS A PARTY IN THIS ACTION.

MR. DURANT: YOUR HONOR, ACCORDING TO THE RULES OF EVIDENCE, I HAVE SHOWN AND I THINK THE PLAINTIFFS HAVE SHOWN A PATTERN AND PRACTICE OF DECEIT AND FRAUD, TAKING MONEY THAT BELONGS TO THIS COMPANY AND PUTTING IT INTO MY ACCOUNT, NOT ACCOUNTING FOR IT, NOT TELLING HIS PARTNER ABOUT IT. WHO IS SUPPOSED TO KNOW? YOU KNOW WHAT THE CONFLICTS STATUTE SAYS FOR CORPORATIONS. IT'S A NO, NO. NOT ONCE, NOT TWICE, BUT 1,500 TIMES. SO, HERE WE GO WITH THE SALE OF HOUSES AND GOOD GOSH, WHAT DOES IT SHOW?

THE FIRST THING IT SHOWS IS THAT THEY MADE $8 MILLION AND THEY DIDN'T PAY FOR THE CONSTRUCTION. IT ALSO SHOWS THAT JUST WHAT HE WAS DEFRAUDING SOMEONE ELSE WHEN HE WAS SELLING THEM.

MS. COOK: YOUR HONOR, MR. DURANT MAY WANT TO THROW AROUND THE WORDS "FRAUD AND DECEIT" WELL, THERE'S NO EVIDENCE UNLESS HE'S GOING TO INTRODUCE SOMETHING RIGHT NOW THAT I DON'T KNOW ABOUT, WHICH I THINK I WOULD. NONE OF THE SELLERS, NONE OF THE MORTGAGE COMPANIES, NONE OF THE LENDERS, NOBODY'S BROUGHT ANY TYPE OF ACTION CRIMINALS, CIVIL OR OTHERWISE AGAINST MR. VEREEN FOR THIS ALLEGED MORTGAGE FRAUDS THAT MR. DURANT WANTS TO CHARACTERIZE. YOUR HONOR HAS GOT TO DECIDE IF THERE'S A PATTERN OF FRAUD AND DECEIT. YOUR HONOR, WHAT PARK PLACE PROPERTIES MADE ON THE SALE OF THE HOUSES, WHAT PARK PLACE PROPERTY HAD TO PAY ITS REALTORS OR WHOEVER ELSE ON THE SALE OF THE HOUSES AS THE OWNER AND SELLER OF THE HOUSES DOESN'T HAVE ANYTHING TO DO WITH WHAT MONIES PARK

PLACE PROPERTIES AS A OWNER HAVING WORK DONE BY THE CONTRACTOR A&E MAY OWE A&E OR WHAT MONIES PARK PLACE PROPERTIES INFUSED MILLIONS OF DOLLARS. OF COURSE, WE ARE NOT INTO MY CASE, BUT IT ALSO DOESN'T HAVE ANYTHING TO DO WITH THE 1,165,888.71 IN CASH AND ANOTHER $366,643.88 IN PAYMENT OF A&E BILLS THAT THE PARK PLACE PROPERTIES EXPENDED ON BEHALF OF A&E. NOT THAT IT OWES A&E $400,000 WHEN IT'S INFUSED ALMOST $2 MILLION INTO A&E.

JUDGE HOWE: I UNDERSTAND. I'M GOING TO SUSTAIN YOUR OBJECTION, BUT IF YOU WOULD LIKE TO PROFER THIS TESTIMONY YOU CERTAINLY MAY.

(**OFF THE RECORD**).

Q GOOD AFTERNOON, MR. VEREEN?

A GOOD AFTERNOON, DR. DURANT.

Q I'M GOING TO ASK YOU ABOUT THE MULTIPLE INVOICES FROM EES TO A&E WHICH WERE CHARGING BACK TO MR. SMITH?

A YES.

Q AND WAS IT TESTIMONY THAT YOU SIGNED EACH OF THOSE CHECKS TO EES?

A YES.

Q YOU SIGNED THOSE CHECKS?

A YES.

Q BASED UPON THE INVOICES THAT WERE GIVEN TO YOU BY EES WHICH WAS MR. SMITH'S BUSINESS?

A THAT'S NOT WHAT I SAID.

Q WHAT WAS YOUR TESTIMONY?

A MY TESTIMONY WAS I SIGNED THE CHECKS THAT WERE PRESENTED TO ME. THE INVOICES THAT ELLIS APPROVED. I DID NOT SEE THOSE INVOICES.

Q YOU DIDN'T EVEN LOOK AT THE INVOICES WHEN YOU SIGNED THE CHECKS?

A I DID NOT.

Q SO, FOR ALL THE CHECKS THAT ARE IN HERE FOR '04 AND '05, YOU NEVER LOOKED AT THOSE INVOICES AT ALL?

A I DIDN'T SAY THAT EITHER. I SAID IN MY TESTIMONY THAT I DID LOOK AT THE INSURANCE BILLS. I DID LOOK AT THE UTILITY BILLS. I DID LOOK AT ANY OF THE INVOICES THAT PERTAINED TO PARK PLACE PROPERTIES OR ANY OF THOSE ENTITIES. BUT AS FAR AS DEALING WITH THE SUB-CONTRACTORS AND SUPPLIERS FOR A&E, ELLIS REVIEWED THOSE INVOICES AND WOULD SUBMIT THOSE TO CARRIE FOR PROCESSING PAYMENT. SHE WOULD THEN PRESENT ME

WITH A CHECK FOR ME TO SIGN.

Q MY QUESTION IS REALLY TO THE EES INVOICES THAT YOU'RE SEEKING TO CHARGE BACK THE SUPERVISORY FEES, THOSE INVOICES IN '04 AND '05. DID YOU REVIEW THOSE INVOICES BEFORE YOU WROTE THOSE CHECKS?

A I DID NOT.

Q YOU DIDN'T LOOK AT THEM AT ALL.

A NO, I DID NOT.

Q WHEN DID YOU FIND OUT THAT THERE WAS AN ISSUE CONCERNING THOSE INVOICES?

A WHEN THIS CASE WAS FILED.

Q YOU HAD NOT REVIEWED THOSE INVOICES AT ANY TIME PRIOR TO THE FILING OF THIS SUIT? THE INVOICES WHERE THE SUPERVISORY FEES WERE PAID?

A NO.

Q SO, YOU HAVE NO KNOWLEDGE THAT HE WAS CHARGING A SUPERVISORY FEE FOR EES OVER AND ABOVE HARD BILLS?

A WELL, NO, ON TOP OF THE CHECK IT SHOWS THE SUPERVISORY FEE AND I DID NOT KNOW IT WAS ABOVE THE THOUSAND A WEEK THAT ELLIS WAS ISSUED.

Q SO, THAT WAS NEWS TO YOU?

A THAT'S CORRECT.

Q WELL, IN PLAINTIFF'S EXHIBIT 1, WHICH IS THE

2004 BOOK, LOOK INTO ITEM NUMBER ONE AND THOSE ARE CHECKS PAYABLE TO YOU?

A YES.

Q THOSE ARE CHECKS WRITTEN BY A&E SIGNED BY YOU FOR SUPERVISORY FEES?

A THAT'S CORRECT.

Q LOOKING INTO DEFENDANT'S 81, COULD YOU SEE IF YOU WROTE YOURSELF A FOR SUPERVISORY FEE ON THE SAME DATE THAT MR. SMITH SUBMITTED AN INVOICE FROM EES?

A I SEE ONE THAT WAS WRITTEN ON THAT SAME DAY.

Q WHAT WAS THAT?

A IT LOOKS LIKE NOVEMBER THE 18TH.

Q NOVEMBER THE 18TH?

A YES, SIR.

Q WELL, I WILL HAND YOU DEFENDANT'S EXHIBIT 81A. IT'S A CHECK WRITTEN TO EES CONSTRUCTION IN THE AMOUNT OF $9,215 AND THE INVOICE IS ATTACHED AS SUPERVISORY FEES. WILL YOU LOOK ON YOUR RECORDS TO SEE IF YOU WROTE YOURSELF A CHECK ON NOVEMBER THE 4TH ON THAT SAME DATE FOR SUPERVISORY FEES?

JUDGE HOWE: THAT IN THE 2004?

MR. DURANT: YES, MA'AM.

A I DID.

Q DID YOU WRITE YOURSELF A CHECK BECAUSE MR. SMITH

GAVE YOU AN INVOICE FROM EES THAT HAD SUPERVISORY FEES? IS THAT WHY YOU DID IT?

A MR. SMITH DID NOT GIVE ME AN INVOICE FOR SUPERVISORY FEES.

Q OKAY. WELL, LET ME ASK YOU A MORE SIMPLE QUESTION. WHY WERE YOU WRITING YOURSELF A SUPERVISORY FEE IF YOU DIDN'T KNOW MR. SMITH WAS GETTING ONE?

A I BELIEVE I DID KNOW IT. IT APPEARS I DID KNOW IT.

Q SO, YOUR TESTIMONY IS NOW THAT YOU --

A I HAVE NOT SEEN AN ACTUAL INVOICE FROM MR. SMITH.

Q WELL, HOW WOULD YOU KNOW THAT HE WAS CHARGING YOU A SUPERVISORY FEES UNLESS YOU SAW THE INVOICE?

A I REMEMBER A CONVERSATION WITH CARRIE IN REFERENCE TO WHAT THESE INVOICES WERE AND SHE SAYS THAT THIS WAS A CHARGE THAT ELLIS CHARGED FOR THOSE PARTICULAR JOBS. AND I SAID, "I WANT TO BE TREATED THE SAME WAY."

Q SO, YOU KNEW THEY WERE SUPERVISORY FEES?

A I DID NOT. I JUST SAID I DIDN'T KNOW THEY WERE SUPERVISORY FEES. I DIDN'T POST THIS AND I DIDN'T WRITE THAT CHECK. CARRIE WROTE THE

CHECK.

Q WELL, YOU SIGNED THE CHECK, SIR.

A ABSOLUTELY, I DID.

Q AND YOU SIGNED ALL THE CHECKS THROUGH 2004 THAT WERE CLASSIFIED AS SUPERVISORY FEES?

A YES.

Q AND TELL ME, DID YOU ASK MR. SMITH IF YOU COULD GET PAID A SUPERVISORY FEE IN ADDITION TO YOUR THOUSAND A WEEK SALARY?

A I DID NOT.

Q WHAT IS THE BASIS? YOU HAVE THESE CHECKS FOR ALL ODD... EVERYTHING FROM $16,000 TO $8,000 ALL THROUGH THE CALENDAR YEAR 2004 AS SHOWN ON TAB NUMBER 1. WHAT IS THE BASIS FOR THOSE SUPERVISORY FEES?

A SAME BASIS THAT ELLIS WAS ACHIEVING. WE HAVE GONE BACK... YOUR ACCOUNTANT HAS ASKED US TO REIMBURSE THOSE SUPERVISORY FEES. SHE TOOK MINE OUT. OKAY. SO, I'M SAYING TAKE MINE OUT AND MAKE IT VERY SIMPLE. ELLIS CAN REIMBURSE HIS, EVERYTHING EXCEPT FOR THE THOUSAND DOLLARS. LET'S GET ON THE SAME PLAYING FIELD AND THAT'S EXACTLY WHAT I DID.

Q NOW, I'M ASKING YOU THE QUESTION NOW, MR. VEREEN, WHAT IS THE BASIS FOR THOSE CHECKS THAT

YOU WROTE? THEY GO ANYWHERE FROM $7,000 TO $16,000. WHAT WAS THE BASIS FOR YOU TO WRITE YOURSELF THOSE CHECKS CLASSIFIED AS SUPERVISORY FEES IN 2004?

A I JUST STATED I DID NOT WRITE THESE CHECKS. I DID NOT CLASSIFY IT AS THAT, CARRIE DID.

Q LISTEN, I'M TALKING THE CHECKS THAT YOU WROTE TO YOURSELF?

A WHICH ONES ARE THOSE?

Q I HAVE SHOWED YOU COURT'S EXHIBIT 1, WHICH IS THE 2004 BOOK AND I HAVE SHOWED YOU THE LISTING OF CHECKS.

A YOU ARE SAYING I WROTE THAT CHECK? I DIDN'T WRITE THAT CHECK.

Q IS IT YOUR TESTIMONY THAT MRS. DREWETT ON HER OWN VOLITION JUST STARTED WRITING YOU CHECKS?

A I DID NOT SAY THAT, MR. DURANT. I JUST SAID... YOU ASKED ME THAT QUESTION AND I INQUIRED TO CARRIE IN REFERENCE TO WHAT THIS WAS AND SHE SAID ELLIS HAS BEEN CHARGING A&E MONEY ON THESE JOBS. AND I SAID, "I WANT TO BE TREATED THE SAME WAY. SO, IF HE'S GETTING THAT MONEY, I WANT THAT MONEY" AND THAT'S WHAT IT WAS. I HAD NO IDEA THAT IT WAS CLASSIFIED AS SUPERVISORY FEES.

Q WELL, YOUR CHECK SAYS SUPERVISORY FEES, DIDN'T IT?

A SIR, I DON'T KNOW. I WILL LOOK. YOU GOT ONE THERE FOR ME TO LOOK AT.

Q OH, YEAH. WOULD YOU LIKE FOR ME TO SHOW YOU THE 2005 CHECKS ALSO THAT WERE SUPERVISORY FEES?

A IF YOU WOULD LIKE TO, I GUESS.

Q I'M HANDING YOU PLAINTIFF'S EXHIBIT 2 TAB 1, WHICH IS A LISTING OF SUPERVISORY FEES. THAT'S IN 2005?

MS. COOK: YOUR HONOR, I OBJECT TO THIS EXHIBIT. IT SHOWS CLASSIFICATION OF SUPERVISORY FEES AND IT ALSO SHOWS GENERAL EXPENSES AND MATERIALS.

MR. DURANT: I'M ONLY ASKING ABOUT THE ONES THAT SAY SUPERVISORY FEES.

JUDGE HOWE: WHAT'S YOUR OBJECTION, MS. COOK?

MS. COOK: MY OBJECTION IS THAT HE INCORRECTLY CHARACTERIZED THE EXHIBIT THAT HE'S REFERRING TO FOR THE RECORD.

JUDGE HOWE: WHICH EXHIBITS ARE YOU REFERRING TO MR. DURANT? I MEAN, WHICH PAGES ARE YOU REFERRING TO, MR. DURANT?

MR. DURANT: TAB 1 OF PLAINTIFF'S

EXHIBIT 2, WHICH IS THE 2005 EXPENSES.

JUDGE HOWE: WE WERE JUST LOOKING AT EXHIBITS --

MR. DURANT: BEFORE THAT IT WAS EXHIBIT 1 TAB 1, 2004 EXPENSES DELINEATED AS SUPERVISORY FEES.

JUDGE HOWE: YOU'RE ONLY LOOKING AT THE ONES THAT SAY SUPERVISORY FEES.

MR. DURANT: YES, MA'AM.

JUDGE HOWE: ALRIGHT. SO YOU WITHDRAW THAT OBJECTION, MS. COOK?

MS. COOK: I WITHDRAW THAT OBJECTION TO THE EXTENT IT DID NOT INCLUDE WHAT IS ALSO BEHIND TAB 1, "GENERAL EXPENSES AND MATERIALS". YES, MA'AM.

JUDGE HOWE: MR. DURANT, COULD YOU HELP HIM?

MR. DURANT: I DON'T KNOW WHAT HE'S LOOKING AT. I WAS GIVING HIM ALL THE TIME HE WANTED.

A I'M HAVING A HARD TIME FINDING THE CHECKS, YOUR HONOR.

JUDGE HOWE: CAN YOU DIRECT HIM TO THE CHECK?

MS. COOK: YOUR HONOR, I THINK THE

PROBLEM IS THAT MRS. BRADY'S... MRS. BRADY'S EXHIBIT DOESN'T HAVE THE BACKUP.

MR. DURANT: YOUR HONOR, I REALLY WANT TO ASK HIM THE QUESTIONS WITHOUT INTERRUPTIONS.

JUDGE HOWE: I JUST WANT TO MAKE SURE WE HAVE THE SAME BOOKS.

MR. DURANT: WE DO.

JUDGE HOWE: MR. DURANT, IF YOU CAN KIND OF DIRECT MR. VEREEN TO WHAT YOU'RE LOOKING FOR.

MS. COOK: EXHIBIT 2 BEHIND TAB 1, THERE IS ONE CHECK. SO, HE CAN'T FIND THE CHECKS BECAUSE MRS. BRADY DOESN'T PROVIDE THE BACKUP IN HER EXHIBIT, YOUR HONOR.

MR. DURANT: I DIDN'T KNOW THAT WAS THE ISSUE. I'M SORRY.

Q I WILL HAND YOU MY COPY OF 2004. IT'S GOT NUMEROUS CHECKS IN THERE. IF YOU WILL LOOK -- LET'S STAY ON 2004 THEN.

MS. COOK: YOUR HONOR, I OBJECT UNLESS MR. DURANT WANTS TO PUT THAT INTO EVIDENCE AND MARK IT INTO EVIDENCE WHICH I DOUBT I WILL HAVE A PROBLEM WITH, BUT

HE'S TAKING SOMETHING OUT OF HIS VERSION OF EXHIBIT 1 THAT IS NOT IN THE INTRODUCED EXHIBIT 1. I DON'T HAVE ANY PROBLEM WITH THAT IF HE WANTS TO MARK IT AND PUT IT IN.

JUDGE HOWE: I THOUGHT MR. DURANT TOOK THE ORIGINAL 2004 FROM UP HERE.

MR. DURANT: HE HAS IT IN FRONT OF HIM.

JUDGE HOWE: I'M CONFESSED. MR. VEREEN HAS THE ORIGINAL 2004?

MR. DURANT: CORRECT.

MS. COOK: MR. DURANT HAS HIS VERSION OF 2004 WHICH IS DIFFERENT, YES, MA'AM. THE 2004, YOU HAVE ALL THE CHECKS THAT ARE LABELLED "SUPERVISORY FEES, IS THAT CORRECT?

MS. COOK: THE ACTUAL CHECKS IN EXHIBIT 1, IS THAT WHAT YOU'RE SAYING?

MR. DURANT: THE COPIES OF THE CHECKS LABELED AS SUPERVISORY FEES. HE JUST SAID THE 2004 CHECKS WERE THERE.

Q IS THAT CORRECT, MR. VEREEN?

A I WILL CHECK IT ONE MORE TIME, BUT I THINK THAT'S WHAT I SAID A FEW MINUTES AGO, SIR. YES.

Q SO, LET ME ASK YOU A QUESTION. WHEN MR. SMITH

SUBMITTED AN EES BILL IN 2004 THAT HAD SUPERVISORY FEES, DID YOU WRITE YOURSELF A CHECK FOR THE SAME AMOUNT?

A SIR, I THINK YOU HAVE ASKED ME THAT QUESTION AND I HAVE TRIED TO ANSWER IT THREE TIMES. I DID NOT RECEIVE THE INVOICE FROM ELLIS SMITH PRESENTED TO ME THAT HAD SUPERVISORY FEES ON IT. WHAT I TESTIFIED TO WAS THAT INVOICE WENT FROM APPROVAL TO CARRIE TO BE PRODUCED AND AT THAT TIME, I SAID CARRIE, "WHAT IS THIS?" SHE SAID, ELLIS IS GETTING... REQUESTING MONEY ON JOBS... TO BE PAID ON THESE JOBS, PERSONAL MONEY. I SAID, "WHATEVER HE'S GETTING, I WANT TO GET." I DID NOT GIVE HER A BILL FOR A SUPERVISORY FEE. I DID NOT SEE A BILL FROM ELLIS. I TESTIFIED EARLIER TODAY THAT SUB-CONTRACTOR BILLS, SUPPLIER BILLS, WERE SUBMITTED AND APPROVED BY ELLIS AND WERE GIVEN TO CARRIE. THE CHECKS WERE PRODUCED AND GIVEN TO ME WITHOUT BACKUP.

Q OKAY. ON THE CHECKS THAT WERE WRITTEN TO YOU, DID YOU SUBMIT AN INVOICE OR TELL MRS. DREWETT TO GIVE YOU THESE CHECKS IN 2004 OR HOW... DID MRS. DREWETT AUTOMATICALLY JUST START WRITING CHECKS AND GIVING THEM TO YOU TO SIGN?

A WELL, AFTER THE FIRST ONE THAT WAS THE CASE.

Q WHAT DO YOU MEAN?

A WELL, ON THE FIRST ONE. WHEN I ASKED CARRIE ABOUT WHERE THESE CHECKS WERE BEING GENERATED FROM AND SHE SAID THAT ELLIS WAS REQUESTING THIS MONEY PERSONALLY FROM THESE PARTICULAR JOBS. I HAD INDICATED TO HER THAT IF HE WAS GETTING THAT, I WANTED TO GET THAT MONEY. AND SO, THAT IS HOW THOSE CHECKS WERE GENERATED FROM THAT POINT ON.

Q SO, SHE WOULD JUST WRITE YOU A CHECK FOR THE SAME AMOUNT THAT ELLIS' BILL HAD FOR SUPERVISORY FEES?

A YES.

Q DID YOU EVER OVER THIS YEAR AND A HALF ASK MR. SMITH, "WHAT IS THIS SUPERVISORY FEE AND WHY ARE YOU CHARGING IT TO ME?"

A I HAVE... I'M HAVING A HARD TIME, I GUESS, MAKING MYSELF CLEAR. I DIDN'T CLASSIFY THIS... I DIDN'T WRITE THIS AS A SUPERVISORY FEE. IN FACT, I NOTICED IN ONE OF THOSE CHECKS AS IT'S CLASSIFIED AS A SUB-CONTRACTOR FEE. IT'S NOT CLASSIFIED AS A SUPERVISORY FEES. SO, HOWEVER CARRIE WOULD PRODUCE THAT CHECK IS HOW SHE PRODUCED IT AND HOW SHE CLASSIFIED IT.

Q I WAS JUST TRYING TO... BUT YOU DO KNOW WHY THE

CHECK WAS SUBMITTED TO YOU? MRS. DREWETT WOULD PRINT IT ON THE COMPUTER, CAUSED MRS. DREWETT TO WRITE THIS CHECK TO YOU AND YOU TO SIGN IT? PAYABLE TO YOURSELF FOR SUPERVISORY FEES?

A AGAIN, I'M NOT --

Q WHY WAS THE CHECK WRITTEN TO YOU?

A I'M NOT TRYING TO BE DIFFICULT. I'M JUST TRYING TO UNDERSTAND THE QUESTION.

Q YES.

A I THOUGHT I HAD ALREADY ANSWERED THAT QUESTION. IT IS THAT CARRIE CREATED THAT CHECK AS I HAVE FOUND OUT ARE THE INVOICES THAT EES/ELLIS SMITH SUBMITTED TO HER. AND CHECKS THAT I SIGNED WHEN I LOOKED AT THAT INVOICE THERE, I ASKED CARRIE... NOW, THESE IS THE THIRD OR FOURTH TIME WHAT IT WAS ABOUT. AND SHE TOLD ME THAT THIS WAS PERSONAL CHARGES THAT ELLIS WAS CHARGING TO THESE JOBS AND I SAID, "I WANTED TO BE TREATED THE SAME." I DID NOT EVER PRODUCE AN INVOICE TO HER FOR SUPERVISORY FEES.

Q BUT AS EES INVOICES WERE SUBMITTED IN '04 AND '05 HAD SUPERVISORY FEES AND THEY HAD MATERIALS AND LABOR AND OTHER STUFF IN THE VARIOUS BILLS, CORRECT? YOU HAVE SEEN THEM ALL AND YOU HAVE SUBMITTED THEM INTO EVIDENCE, RIGHT?

A I HAVE NOW, ABSOLUTELY.

Q SO, THEY WEREN'T ALL SUPERVISORY FEES? THERE WAS A MIXTURE OF STUFF ON THOSE BILLS?

A THERE WAS A MIXTURE OF STUFF ON THOSE BILLS WITHOUT ANY BACKUP ON IT. HANDWRITTEN.

Q WHAT I AM ASKING YOU IS IF THERE WAS A CHECK WRITTEN FOR $5,000 AND IT WAS FOR THREE OR FOUR DIFFERENT THINGS. HOW WOULD YOU KNOW HOW MUCH WAS SUPERVISORY FEES AND GET YOURSELF A CHECK WRITTEN FOR THAT AMOUNT? BECAUSE THAT WOULD NOT BE EQUAL TO THE TOTAL CHECK WRITTEN TO EES, WOULD IT?

A I MUST BE GETTING FRUSTRATED. YOUR HONOR, I APOLOGIZE. I'M NOT TRYING TO BE DIFFICULT. WHAT I SAID, NOW THIS IS MY FOURTH OR FIFTH TIME, IS THAT INVOICE WAS CREATED FROM ELLIS TO CARRIE AND WHEN I INQUIRED ABOUT WHAT THIS MONEY WAS, WHICH IS NOT IDENTIFIED AS MATERIALS OR TO A SUB-CONTRACTOR, BUT PERSONALLY WENT TO ELLIS SMITH, I WANTED TO BE TREATED THE SAME. I NEVER GENERATED A BILL THAT SAID, "SUPERVISORY FEES". CARRIE PRODUCED THOSE CHECKS, I DID NOT. AND THEY WERE GENERATED FROM PAPERWORK THAT WAS GIVEN BY ELLIS. I'M NOT SURE IF THAT A CLEAR ENOUGH ANSWER OR NOT.

Q IN OTHER WORDS MRS. DREWETT, IF A CHECK WAS PAID OUT THAT YOU SIGNED TO EES AND SHE SAW SUPERVISORY FEE IN IT, SHE WAS TO WRITE YOU A CHECK FOR THE SAME AMOUNT?

A I DIDN'T SAY THAT EITHER. WHAT I SAID WAS THAT SHE TOLD ME... I... SHE NEVER TOLD ME THAT THOSE THINGS WERE BEING CLASSIFIED AS A SUPERVISORY FEES. SHE TOLD ME THAT THOSE MONIES THAT WERE BEING PRODUCED THAT SAID ELLIS WAS GETTING THIS MONEY, PERSONALLY ON THOSE PARTICULAR JOBS. AND I SAID, "I WANT TO BE TREATED THE SAME." I DID NOT KNOW... I NEVER LOOKED AT THOSE CHECKS TO SEE WHAT THOSE THINGS WERE PRINTED AT THE TOP OF THE PAGE.

Q WELL, YOU HAD APPROXIMATELY, IF THESE RECORDS ARE CORRECT, IN THE FIRST YEAR, $88,000 WORTH OF SUPERVISORY FEES THAT YOU SIGNED CHECKS TO YOURSELF FOR THAT AMOUNT, CORRECT? AS SHOWN IN PLAINTIFF'S EXHIBIT 1?

MS. COOK: YOUR HONOR, I OBJECT TO THAT. THE EXHIBIT SHOWS THAT MRS. BRADY PREPARED SHOWS $55,000 IN WHAT'S CLASSIFIED AS SUB-CONTRACTOR FEES AND SUPERVISORY FEES, NOT $88,000. THERE ARE OTHER REIMBURSEMENTS AND GENERAL

EXPENSES IN THIS THE CHARACTERIZATION. $88,000 IS INACCURATE ACCORDING TO THE PLAINTIFF'S OWN EXHIBIT. I OBJECT TO THE MISCHARACTERIZATION OF THE --

JUDGE HOWE: WHAT IS PLAINTIFF'S 1?

MS. COOK: MRS. BRADY'S EXPERT REPORTS FOR 2004.

MR. DURANT: THE TAB ON THE FRONT SHOWS $88,550.68 SUPERVISORY FEES NOT ON THE W-2.

MS. COOK: BUT, YOUR HONOR, THE PROBLEM IS, I GUESS, NOW BECAUSE HE HAS THE ORIGINAL COPY AND YOU DON'T HAVE A COPY OF IT TO LOOK AT.

JUDGE HOWE: BUT ON THE W-2 FOR THAT YEAR THAT HE SUBMITTED TO THE IRS SHOWS 88,000, RIGHT?

MR. DURANT: THAT IS NOT CORRECT.

MS. COOK: YOUR HONOR, THIS IS MRS. BRADY'S 2004 REPORT. HE HAD BEEN DIRECTING MR. VEREEN BEHIND TAB 1 AND BEHIND TAB 1. THIS IS WHAT I WOULD CALL HER INDEX TO WHAT, IF ANY, SUPPORT THERE IS BEHIND IT. AND IF YOU ADD THIS AMOUNT, IT IS NOT 88,000. IT'S 55,000.

I THINK MAYBE MR. -- I DON'T KNOW, BUT I THINK MAYBE MR. DURANT WAS REFERRING TO HER FULL INDEX.

JUDGE HOWE: YES.

MS. COOK: WHICH IS SOMEWHAT CONFUSING BECAUSE WHAT'S ON THIS DOESN'T MATCH WITH WHAT'S ON THE SUPPORTING DOCUMENTATION.

JUDGE HOWE: OKAY.

Q MR. VEREEN, IN 2004 AND 2005 IT APPEARS YOU WERE WRITTEN 10 CHECKS IN 2005 AND SEVERAL CHECKS IN 2005 ENTITLED SUPERVISORY FEES WHICH EXCEEDED $100,000. TAKE YOUR TIME AND LOOK IF YOU NEED TO.

MS. COOK: YOUR HONOR, IF YOU LOOK AT THEIR OWN REPORT THOSE TWO YEARS, IT ADDS UP TO $74,709.68.

MR. DURANT: WELL, $75,000 THAT DOESN'T REALLY MATTER, YOUR HONOR.

MS. COOK: IT ACTUALLY DOES MATTER, YOUR HONOR. SO, I OBJECT TO THE MISCHARACTERIZATION OF HIS OWN EVIDENCE AND HIS OWN EXPERT'S EVIDENCE.

Q WELL, MR. VEREEN, YOU HAVE HAD MULTIPLE CHECKS WRITTEN ALL THROUGH 2004 AND ON UP UNTIL JUNE OF

2005 FOR SUPERVISORY FEES, FAIR STATEMENT?

A YES.

Q YOUR CHECKS ACTUALLY IDENTIFY SOME OF THE PROJECTS WHICH YOU WERE CHARGING THOSE TO, DOESN'T IT?

A YES.

Q WHERE DID THAT INFORMATION COME FROM?

A I WANT TO BACK UP ON THAT AGAIN. YOU'VE INDICATED SOME OF THOSE PROJECTS THAT I'M CHARGING IT TO. I WANT TO SAY IT AGAIN, I DID NOT GENERATE THAT CHECK. I DIDN'T GENERATE WHERE THOSE CHARGES WERE GOING. I DIDN'T DO THAT.

JUDGE HOWE: I'M CONFUSED. WHO DID?

A THOSE JOBS WERE CREATED AND GENERATED BY ELLIS SMITH. THEY WENT TO CARRIE AND CARRIE DUPLICATED THEM. I DIDN'T GENERATE THEM.

JUDGE HOWE: CARRIE THE BOOKKEEPER FOR A&E AND ANY NUMBER OF OTHER VEREEN ENTITIES?

A YES.

Q LET'S LOOK AT 81B. ON THE BACK IT'S GOT THE INVOICES AND IT SAYS, TO A&E AND IT'S GOT SUPERVISOR, $100, THE SECOND PAGE HAS SUPERVISOR $1,200, ECT CETERA, BUT THE CHECK WRITTEN ON THE

BASIS OF THOSE INVOICES WAS MADE PAYABLE TO WHOM?

A TO EES. THAT'S EXACTLY WHAT I'VE BEEN SAYING.

Q HOW WOULD YOU KNOW THAT THAT WAS MONEY THAT ELLIS SMITH GOT VERSES EES EXPENSES?

A I HAVE... I ASKED YOU THAT QUESTION WAS... I ANSWERED THAT QUESTION THAT I ASKED CARRIE WHAT THIS WAS GENERATING FROM? WHAT CREATED THIS MONEY? THIS MONEY... ALL IT SHOWS ME AND ALL I GOT WAS THE CHECK. WHAT DOES THAT GENERATE? SHE SAID THAT ELLIS... MAYBE EES, WHICH IS ELLIS SMITH, IS GETTING MONEY PERSONALLY AND THAT'S THE WAY HE'S WRITING IT OUT. I HAVE NEVER... I HAVEN'T BEEN PAID FOR MATERIALS ON ANY OF THOSE JOBS THAT EES RECEIVED.

Q SO, ON THESE $75,000 IF THAT'S THE NUMBER OF CHECKS, YOU WROTE YOURSELF THESE CHECKS AND YOU SAW MR. SMITH ALMOST EVERY DAY, DIDN'T YOU, IN THE MORNING?

A YES.

Q WHY DIDN'T YOU EVER ASK HIM, "ELLIS, WE ARE SUPPOSED TO GET A THOUSAND DOLLARS A WEEK. WHAT ARE YOU CHARGING ME $5,000 IN SUPERVISORY FEES FOR?"

A NO. I DON'T KNOW THAT I EVER HEARD IT WAS

CLASSIFIED AS SUPERVISORY FEES. I'VE ALREADY TOLD YOU THAT. I NEVER LOOKED AT AN INVOICE THAT ELLIS SUBMITTED FOR PAYMENT.

JUDGE HOWE: WAIT JUST A MINUTE. I WROTE DOWN JUST A MINUTE AGO THAT YOU DID SEE THEM. YOU SAID THAT WENT... THE FIRST TIME THAT YOU SAW THE CHECK, YOU WENT TO CARRIE DREWETT AND YOU SAW THE INVOICE.

A I DID. I DID. I DID. I SAW THE CHECK AND I SAW IT... NOT THE INVOICE. THAT'S WHAT I'M TALKING ABOUT, YOUR HONOR. I THINK WHAT I TESTIFIED TO WAS THAT... I KNOW I TESTIFIED TO THIS, THAT I DON'T GET THOSE. I GET A COPY OF THE CHECK --

JUDGE HOWE: I KNOW YOU DON'T TO BEGIN WITH, BUT IT IS MY UNDERSTANDING THAT YOU WENT TO CARRIE DREWETT AND AT THAT POINT YOU DID SEE THE INVOICE AND IT SAID, "SUPERVISORY FEES". DID I MISUNDERSTAND YOUR TESTIMONY?

A YES, MA'AM. WHAT I LOOKED AT WAS THE CHECK AND I ASKED CARRIE, "WHAT IS THIS GENERATING THIS CHECK?" SHE TOLD ME IT WAS GENERATING MONEY THAT ELLIS WAS GETTING PERSONALLY --

JUDGE HOWE: YES, SIR. FOR SUPERVISORY FEES?

A SHE DIDN'T SAY SUPERVISORY FEES. ELLIS WAS GETTING IT PERSONALLY OFF THESE JOBS.

JUDGE HOWE: BUT THESE ARE THE CHECKS WRITTEN TO EES?

A YES. THAT'S ELLIS SMITH.

Q IT'S YOUR STATEMENT TODAY THAT YOU NEVER ASKED MR. SMITH ABOUT ALL OF THIS MONEY THAT HE WAS GETTING ACCORDING TO YOUR CONVERSATION WITH MRS. DREWETT?

A NO. NOT UNTIL '05.

Q AND IT'S ALSO YOUR TESTIMONY THAT YOU NEVER TOLD MR. SMITH THAT YOU WERE WRITING YOURSELF THESE SUPERVISORY FEES BECAUSE HE WAS GETTING THEM?

A I DON'T THINK I DID, NO.

Q THE BETTER PRACTICE WOULD HAVE BEEN TO WHEN YOU WROTE A CHECK TO YOURSELF TO GET MR. SMITH'S APPROVAL, WOULD IT NOT? A CHECK AND A BALANCE, CORRECT, SIR?

A YES.

Q AND YOU DIDN'T DO THAT, DID YOU, SIR?

A I DID NOT.

Q YOU ALSO UNDERSTOOD THAT HE WAS SUPPOSED TO GET PAID SOME MONEY FOR HIS WORK, WAS HE NOT?

A HE WAS SUPPOSED TO GET A THOUSAND A WEEK JUST LIKE I WAS GETTING.

Q WHEN YOU GOT THE FIGURE FROM CARRIE, DID YOU REDUCE IT BY THE AMOUNT OF MONEY HE WAS SUPPOSED TO GET PAID?

A NO.

Q WHY DIDN'T YOU?

A I CAN'T ANSWER THAT QUESTION. MY ANSWER THE OTHER DAY WAS ELLIS HAD ACTED AS A SUB-CONTRACTOR FROM DAY ONE UNTIL '05. WHEN I FINALLY SAID, YOU KNOW, IT'S TIME TO COME TO WORK. HE JUST DIDN'T SHOW UP FOR WORK. HE WOULD COME BY... HE WAS DOING SUB-CONTRACTOR WORK, BUT HE WASN'T ACTUALLY PURSUING KEEPING US IN BUSINESS AT A&E CONSTRUCTION.

Q BUT THAT WASN'T THE QUESTION?

A BUT THAT WAS AN ANSWER.

Q WHY DIDN'T YOU DISCUSS IT WITH HIM?

A I DID DISCUSS IT WITH HIM. I JUST TOLD YOU IN '05 WE HAD THAT DISCUSSION.

Q ABOUT THE SUPERVISORY FEES?

A ABOUT THE SUPERVISORY FEE AND ABOUT HIM COMING TO WORK.

Q IN 2005, YOU TOLD HIM IN 2005 THAT YOU HAD WRITTEN YOURSELF THESE $74,000 WORTH OF

SUPERVISORY FEE?

A I DON'T THINK I'VE EVER TOLD HIM... DISCUSSED WITH HIM A FIGURE. DID I DISCUSS WITH HIM IN 2005, ABSOLUTELY.

Q YOU TOLD HIM YOU WERE WRITING YOURSELF CHECKS FOR SUPERVISORY FEES?

A SIR, THOSE CHECKS WERE SITTING RIGHT THERE IN THE OFFICE. THEY'RE SITTING IN A FILE... THEY ARE SITTING ON CARRIE'S DESK EVERYDAY.

Q NO. THE QUESTION IS IN 2005, DID YOU HAVE ANY CONVERSATIONS WITH ELLIS SMITH CONCERNING CHECKS YOU HAD WRITTEN YOURSELF FOR THE SAME AMOUNT HE HAD?

A NO.

Q WHEN DID YOU EVER DISCUSS WITH HIM, THAT BEING MR. SMITH, THAT YOU WERE PAYING YOUR PERSONAL BILLS OUT OF THE A&E CHECKING ACCOUNT?

A PERSONAL BILLS AS FAR AS WHAT?

Q DO YOU REALLY WANT ME TO LIST THEM? WE'VE HAD SOMEONE ON THE STAND FOR OVER A DAY. HOW ABOUT YOUR POTENTIAL INSURANCE? I'M LOOKING AT '04. THAT YOU ARE PAYING THE DRY CLEANING BILL OUT OF THE OFFICE ACCOUNT?

A HE AND I DISCUSSED THAT.

Q WHEN?

A IN '04.

Q WHAT WAS THAT DISCUSSION?

A THAT DISCUSSION HE ASKED ME ABOUT THOSE BILLS. I TOLD HIM I HAD ALWAYS PAID THAT MONEY OUT OF THE CONSTRUCTION COMPANY. IN FACT, HE KNEW THAT PRIOR TO EVEN COMING TO WORK FOR ME BECAUSE HE KNEW THAT I DID THAT WHEN HE WORKED FOR ME AS AN EMPLOYEE FOR 11 YEARS.

Q DID YOU TELL MR. SMITH, "COME ON AND BRING YOUR DRY CLEANING DOWN HERE AND WE WILL CHARGE IT OUT OF THE COMPANY TOO?"

A NO, I DID NOT. BUT I ALSO TOLD HIM THAT I WAS RESPONSIBLE FOR THAT AND I WOULD PAY THAT MONEY.

Q AND I SEE THE DRY CLEANING BILLS FOR THAT YEAR WERE $1,699 AND YOU CHARGED THAT BACK TO YOURSELF?

A YES, SIR. I'VE DONE THAT IN WHAT I'VE COMPOUNDED AND WHAT I PRESENTED EARLIER. EVERY EXPENSE THAT WAS MINE, I BILLED IT BACK TO ME. EVERY EXPENSE THAT SHOULD HAVE BEEN ELLIS. I ALSO TOLD YOU THAT WE PUT THIS SUPERVISORY FEES BACK. JUST LIKE SUSAN WANTED TO CHARGE ME BACK THOSE SUPERVISORY FEES, BUT SHE DIDN'T WANT TO CHARGE ELLIS BACK THOSE SUPERVISORY FEES. AND ALL THAT TO PUT US ON A PLAYING LEVEL FIELD WAS

DUMPED BACK IN. IF I WAS RESPONSIBLE FOR THOSE SUPERVISORY FEES, HE WAS RESPONSIBLE FOR THOSE SUPERVISORY FEES. HE WAS SUPPOSED TO BE CREDITED THAT THOUSAND A WEEK THAT I WAS GIVEN. SO, WE BOTH WOULD BE ON THE SAME. WHEN OUR SALARIES INCREASED $1,400, HE SHOULD HAVE GOTTEN THAT SAME CREDIT. THAT'S EXACTLY WHAT I DID AND IT'S PLAIN AND SIMPLE.

Q YEAH. I KNOW PLAIN AND SIMPLE, BUT WHEN THE 2004 TAX RETURN WAS DUE, YOU DIDN'T GET A W-2 FOR THE SUPERVISORY FEE IN 2004 OR 2005, DID YOU, SIR?

A (NO RESPONSE.)

Q YOU DIDN'T HAVE THAT INCOME ON YOUR W-2, DID YOU?

A I DID NOT.

Q HOW ARE WE GOING TO FIX THAT?

A I'M GOING TO HAVE TO PAY IT.

Q PAY WHAT?

A I'M GOING TO HAVE TO PAY INCOME ON THAT MONEY.

Q WHEN?

A (NO RESPONSE.)

Q WHAT HAPPENS TO THE CORPORATION WHO FILED A MATERIALLY INCORRECT TAX RETURN, A&E?

A IT'S GOING TO HAVE TO BE AMENDED AND CORRECTED,

SIR.

Q IT'S BEEN MORE THAN THREE YEARS, MR. VEREEN. ACTUALLY, IT'S BEEN 8 YEARS, CORRECT?

A IT HAS.

Q SAME WAY WITH ALL OF YOUR OTHER EXPENSES THAT AREN'T ON THE BOOKS OF THE COMPANY --

A THOSE EXPENSES WERE IN THE FILE, SIR. I WAS NEGLIGENT AND HE WAS NEGLIGENT. THOSE RECORDS WERE THERE. HE'S BEEN IN THAT PEACHTREE ACCOUNTING RECORD. SO, HE WAS AWARE... THE REASON I KNOW THAT IS BECAUSE HE'S PULLED THOSE DOCUMENTS OUT AND SHOWED THEM TO ME. HE'S PRINTED THAT... IN FACT, CARRIE ACTUALLY CALLED ME ONE DAY AND SAID --

Q DON'T TELL ME WHAT ANYONE ELSE SAID.

A I WAS ASKED... ALL I KNOW IS, FOR A FACT, THAT COPIES OF THE PEACHTREE ACCOUNTING FOR '04, '05, '06 AND '07 HAS BEEN PRINTED AND WAS GIVEN TO ELLIS AS HE REQUESTED.

Q THE SHELL CARD THAT WE HAVE TALKED ABOUT THAT WAS A CARD THAT BELONGED TO ARTHUR VEREEN CONSTRUCTION COMPANY, DID IT NOT?

A NO, SIR. IT BELONGED TO ARTHUR W. VEREEN.

Q AND YOUR DAUGHTER WAS USING IT AT THE UNIVERSITY OF SOUTH CAROLINA, CORRECT?

A SOME OF THE CHARGES, YES, SIR.

Q THE MAJORITY OF THEM YOU AGREED WERE PERSONAL EXPENSES, CORRECT?

A I DID.

Q MR. VEREEN, TELL THE COURT WHY YOU WERE PAYING PERSONAL EXPENSES THAT YOU PAID WITH A CREDIT CARD FROM THE A&E ACCOUNT?

A I AM NOT DENYING THAT THE COMPANY PAID THOSE SHELL CREDIT CARDS. AT THE SAME TIME, THE COMPANY WAS PAYING THE CREDIT CARD... BILLS THAT ELLIS WOULD PRESENT FOR FUEL FOR HIS TRUCK, HIS SON'S TRUCK AND HIS WIFE'S CAR. THOSE BILLS WERE BEING PAID THROUGH THE COMPANY. YET, AT THE SAME TIME, I AM PAYING FOR MY FUEL. I'M PAYING FOR IT. NOW, WAS IT PROPER TO LET THE COMPANY PAY THAT SHELL BILL? IT WAS BY FAR CHEAPER THAN IT WAS PAYING MY FUEL BILL. BUT I PAID MY PERSONAL ON MY TRUCK. I PAID MY PERSONAL FUEL BILLS ON THAT TRUCK.

Q ARE YOU FINISHED?

A YES.

Q THE QUESTION, MR. VEREEN, THAT YOU DID NOT ANSWER IS YOU KNEW THAT ALL OF THESE CHARGES WERE MADE BY YOUR DAUGHTER ON THE SHELL CARD, WHICH WAS YOUR PERSONAL CREDIT CARD NOT A&E.

WHY DID YOU PAY IT OUT OF THIS COMPANY? YOU HAVEN'T ANSWERED ME. YOU TOLD ME SOMEBODY ELSE DID IT, BUT YOU HAVEN'T TOLD ME WHY YOU DID IT.

A THOSE BILLS COME TO THE OFFICE AND THEY GO STRAIGHT TO CARRIE AND CARRIE PROCESSES AND I SIGN THE CHECKS. NOW, THE COMPANY ALSO... SOME OF THE EMPLOYEES... I HAD TWO SHELL CARDS; ONE THAT SHE USED AND ONE THAT I USED. I TOLD YOU AGAIN, I'M NOT DENYING THAT THOSE BILLS WERE... THOSE CHARGES WERE FOR MY DAUGHTER, SOME OF THOSE BILLS. SOME OF THEM WERE CHARGED TO THE COMPANY FOR COMPANY USE. DID I BREAK THEM OUT... DID SHE BREAK THEM OUT? IT APPEARS THAT SHE DID NOT.

Q MR. VEREEN, THE ONLY PERSON WHO COULD BREAK THE CHARGES OUT WHEN YOU GOT THE BILL WAS YOU AND YOUR DAUGHTER, ISN'T THAT CORRECT? NOBODY ELSE COULD DO IT? CARRIE DREWETT WOULD NOT KNOW WHO MADE THE CHARGES IF SOMEONE DIDN'T GIVE YOU RECEIPTS, CORRECT?

A WELL, I THINK IT WOULD BE... PROBABLY TRUE.

Q YOU KNEW THAT YOU WERE PAYING THE WHOLE BILL AND YOU KNEW THAT YOUR DAUGHTER WAS USING THE CARD, DIDN'T YOU?

A I DID.

Q WAS THAT FAIR TO MR. SMITH TO PAY YOUR PERSONAL BILLS AND NOT TELL HIM?

A I DON'T THINK IT WAS, BUT I ALSO DON'T THINK IT WAS FAIR FOR MR. SMITH TO LET ME PAY HIS PERSONAL BILLS FOR HIS SON AND HIS WIFE.

Q MR. VEREEN, IF MR. SMITH GAVE YOU A GASOLINE BILL WHETHER IT WAS RIGHT OR WRONG, IT HAD RECEIPTS THAT YOU COULD HAVE LOOKED AT IF YOU CHOOSE TO LOOK AT, CORRECT?

A MR. DURANT, HE REVIEWED THOSE CHARGES AND SUBMITTED THEM FOR PAYMENT. I WOULD'VE BELIEVED WHAT HE SUBMITTED FOR PAYMENT WAS CORRECT.

Q BUT YOU DIDN'T LOOK AT THEM?

A NO, SIR, I DIDN'T.

Q NEVER?

A I DID NOT. I HAVE LOOKED AT THEM NOW.

Q I KNOW YOU HAVE, SIR. TELL ME, VEREEN CONSTRUCTION, YOUR DAUGHTER TESTIFIED IN COURT THAT WAS A COMPANY THAT YOU AND SHE CREATED BECAUSE YOU WERE THINKING ABOUT YOUR OPTIONS IN 2004?

A MR. DURANT, I REALLY DON'T KNOW WHY WE DID THAT TO BE HONEST WITH YOU. THAT'S BEEN SO LONG AGO. THAT'S BEEN SOMETHING THAT WE DID NOT PURSUE. I REALLY DON'T KNOW.

Q THAT'S YOUR SIGNATURE ON THE ARTICLES --

A I'M NOT DENYING THAT, SIR, BUT I REALLY DON'T REMEMBER.

Q DID YOU GET HER TO DO IT OR DID YOU DO IT?

A NO. I ASKED HER TO DO IT. I HONESTLY... I DON'T KNOW. I DON'T RECALL. I KNOW WE NEVER DID ANYTHING WITH IT, BUT THAT I DON'T KNOW.

Q YOU DISCUSSED IT WITH HER, "HEY, WE ARE GOING TO STOP THIS WITH ELLIS AND WE ARE GOING TO JUST DO IT OURSELVES?"

A NO, SIR. I NEVER SAID THAT.

Q WHY WOULD YOU AND YOUR DAUGHTER, BETH, BE THE MEMBERS OF THE ENTITY IF YOU HADN'T DISCUSSED GOING INTO BUSINESS TOGETHER?

A I DON'T RECALL EXACTLY... I WILL SAY IT AGAIN. I DON'T RECALL WHY WE DID THAT. IT MIGHT HAVE BEEN SOMETHING THAT SHE AND I HAD BEEN TALKING ABOUT DOING. NEVER, NEVER, NEVER. AND I WILL SAY IT ONE MORE TIME, NEVER DID I ENTERTAIN STOPPING DOING BUSINESS WITH ELLIS SMITH.

Q AND I BELIEVE YOU TOLD ME THAT YOUR AGREEMENT WITH ELLIS SMITH WAS AFTER YOU SHUT YOUR COMPANY DOWN ON OCTOBER 31ST 2003? EVERYTHING WAS TO BE DONE IN A&E, IS THAT CORRECT?

A WELL, LET ME JUST CHANGE SOMETHING.

Q NO, SIR. I WANT YOU TO ANSWER MY QUESTION.

A WELL, I WANT TO CORRECT SOMETHING YOU SAID. YOU SAID THAT I SHUT MY COMPANY DOWN.

Q YES, SIR?

A WE STILL FILE RETURNS ON THAT EVERY YEAR. IT'S NOT SHUT DOWN.

Q WELL, AFTER YOUR COMPANY WAS NO LONGER LICENSED?

A THERE IS NOTHING GENERATING. RICHARD -- FILES A TAX RETURN EVERY YEAR.

Q AFTER YOUR COMPANY WAS NO LONGER LICENSED WITH THE STATE OF SOUTH CAROLINA AS A CONSTRUCTION COMPANY --

A YES, SIR.

Q -- YOUR DEAL WAS THAT EVERYTHING WAS TO BE DONE IN THE NEW COMPANY, CORRECT?

A THAT'S CORRECT.

Q I DON'T UNDERSTAND HOW THESE JOBS THAT YOU DID, THE LALE JOB AND THERE'S OTHER ONES, WHY WERE THEY IN THE NAME OF ARTHUR VEREEN CONSTRUCTION COMPANY? THESE ARE CONTRACTS EXECUTED AFTER YOU NO LONGER HAD A LICENSE, CORRECT?

A NO, SIR. DR. LALE'S CONTRACT WAS EXECUTED IN DECEMBER AND IT WAS EXECUTED UNDER ARTHUR VEREEN CONSTRUCTION COMPANY.

Q ARTHUR VEREEN CONSTRUCTION COMPANY DIDN'T HAVE A

LICENSE IN DECEMBER OF 2003?

A SIR, I STILL EXECUTED THAT CONTRACT. I COULD HAVE STARTED ARTHUR VEREEN CONSTRUCTION COMPANY BACK UP THE NEXT DAY. I COULD HAVE DONE IT ANY TIME I WANTED TO. I ELECTED THE SAME AS THAT MAN SITTING RIGHT OVER THERE WAS SUPPOSED TO HAVE DONE WHEN WE STARTED DOING THIS... THIS VENTURE IN THE SUMMER OF 2003. THAT ANY JOB THAT WE WERE ENTERTAINING, ANY JOB THAT WAS UNDER THE SCOPE OF NEW WORK WAS TO BE ROLLED OVER INTO THIS COMPANY A&E. NOW, BECAUSE I HAD... I HAD... I WISH I COULD FIND THE CONTRACTOR ON WILLOUGHBY PLACE EVERY PIECE OF DOCUMENT YOU WILL FIND AT FIRST PALMETTO THAT FINANCED THAT PROJECT IS UNDER ARTHUR VEREEN CONSTRUCTION COMPANY STATIONERY.

Q AND THE CONTRACT WAS WITH ARTHUR VEREEN CONSTRUCTION COMPANY, WAS IT NOT?

A WELL, I CAN'T PROVE THAT BECAUSE I CAN'T FIND A COPY OF THE CONTRACT.

Q BUT IT'S YOUR TESTIMONY THAT ARTHUR VEREEN CONSTRUCTION COMPANY SIGNED THAT CONTRACT?

A MY TESTIMONY RIGHT NOW?

Q YES?

A I DON'T RECALL. I DON'T KNOW WHETHER I SIGNED

THE CONTRACT ON WILLOUGHBY PLACE UNDER ARTHUR VEREEN CONSTRUCTION COMPANY OR NOT. I KNOW YOU'VE LOOKED DILIGENTLY TRYING TO FIND A COPY OF THAT CONTRACT. I KNOW YOU HAVE REQUESTED ONE FROM FIRST PALMETTO AND THEY HAVEN'T BEEN ABLE TO PRODUCE IT. I KNOW THAT YOU HAVE CONTACTED HARRY WILLOUGHBY BECAUSE HE TOLD ME. WELL, I THINK MR. THOMAS DID. HARRY CALLED ME AND HE COULDN'T FIND IT AND WANTED TO KNOW IF I HAD A COPY OF IT AND I TOLD HIM, "HARRY, I HAVEN'T BEEN ABLE TO FIND IT."

Q BUT WE DON'T HAVE A CONTRACT BETWEEN A&E AND WILLOUGHBY PLACE, DO WE?

A WELL, IF YOU WOULD LIKE FOR ME TO PUT WILLOUGHBY PLACE ON MY SIDE AND DR. LALE ON MY SIDE --

Q THAT WASN'T THE QUESTION.

A YOU CAN WAIT A MINUTE. I'M JUST SAYING.

Q THAT WASN'T MY QUESTION.

A BUT THAT'S WHAT YOU'RE IMPLYING.

Q NO.

A SO, IF YOU WANT TO PUT ALL THOSE JOBS BACK TO ARTHUR VEREEN CONSTRUCTION COMPANY THAT I GENERATED AND LET ELLIS BE RESPONSIBLE FOR THE JOBS THAT HE GENERATED THAT WOULD TICKLE ME PINK.

Q THE QUESTION IS --

A NO. THAT'S WHAT YOU'RE IMPLYING.

Q THE QUESTION WAS, IS THERE A CONTRACT BETWEEN A&E AND THE WILLOUGHBY FAMILY PARTNERS, THE OWNER OF THE WILLOUGHBY PLACE? WAS THERE A WRITTEN CONTACT?

A BETWEEN A&E?

Q YES?

A NO. LET ME ASK YOU THIS. CAN I ANSWER THAT QUESTION? I ASK THIS QUESTION BECAUSE I DON'T UNDERSTAND WHERE YOU'RE DRIVING --

MS. COOK: NO, SIR. YOU CAN'T ASK HIM A QUESTION. MR. VEREEN, YOU'RE DOING FINE, BUT JUST ANSWER MR. DURANT'S QUESTIONS.

A I'M TRYING. I'M NOT TRYING TO BE A JERK.

JUDGE HOWE: OKAY. WE NEED TO GET THROUGH IT AND YOU CAN'T ASK A QUESTION.

A I APOLOGIZE FOR GETTING FRUSTRATED AT MR. DURANT.

JUDGE HOWE: WE ARE ALL FRUSTRATED. IT'S BEEN WAY TOO LONG.

A I'M NOT TRYING TO BE UGLY. I KNOW SOMETIMES I GET FRUSTRATED AND TALK... I WILL APOLOGIZE TO YOU.

Q THAT'S FINE, I ACCEPT. I'M JUST TRYING TO FIND OUT BASED ON YOUR TESTIMONY WHO HAD THE WRITTEN CONTRACT? THERE WAS A LAWSUIT OVER IT THAT LASTED TWO OR THREE YEARS.

A MR. DURANT, I WOULD VENTURE TO SAY THAT MORE THAN LIKELY THE CONTRACT WAS PRESENTED UNDER ARTHUR VEREEN CONSTRUCTION COMPANY WITH THE PAPERWORK TO FIRST PALMETTO. BASED ON THE PAPERWORK THAT I HAVE LOCATED THAT SHOWS A BREAKDOWN OF THE COST, THE DEVELOPMENT COSTS AND SO FORTH IS ALL UNDER ARTHUR VEREEN CONSTRUCTION COMPANY STATIONERY. THE PERMITS THAT WERE PURCHASED WERE PURCHASED UNDER A&E CONSTRUCTION. NOW... BUT THERE AGAIN TOO, I DON'T HAVE IT. IF A CONTRACT WAS ACTUALLY SIGNED, I CAN'T IMAGINE WHY WE DON'T HAVE A COPY SOMEWHERE IN THE OFFICE, BUT HAVE YET TO FIND ONE.

Q YOU HAD NO INTEREST IN THE WILLOUGHBY PLACE DEVELOPMENT OTHER THAN AS A CONTRACTOR, DID YOU, SIR?

A THAT'S CORRECT.

Q YOU DIDN'T OWN ANY INTEREST IN THE DEVELOPMENT ENTITY?

A NO, SIR. I THINK I HAVE TESTIFIED A NUMBER OF TIMES IN MY DEPOSITION AS WELL AS A YEAR OR SO

AGO THAT THIS PROJECT BEGAN AS ONE THING AND ENDED UP TWO IDEAS LATER.

Q I UNDERSTAND.

A IT WAS NOT THE FIRST CONCEPTION AS IT BEGAN... AS IT WAS IN THE PROCESS IN THE BEGINNING STARTED AND IT ENDED UP AS SOMETHING ELSE.

Q YOU HAVE TESTIFIED THAT THE WILLOUGHBY PLACE LITIGATION EXPENSES SHOULD BE PAID BY A&E, IS THAT CORRECT?

A THAT'S CORRECT.

Q I'M TRYING TO FIGURE OUT WHEN YOU... YOU WERE THE ONE THAT WAS INVOLVED WITH THE DRAWING OF THE PLANS, NOT MR. SMITH, CORRECT? HE DIDN'T HAVE ANYTHING TO DO WITH THE PLANS FOR THE WILLOUGHBY PLACE PROJECT, DID HE?

A MR. SMITH, MYSELF MET WITH JACK DALLAS, THE ARCHITECT. WE MET WITH CHIP WILKINS, THE DRAFTSPERSON. WE MET WITH KEITH CRAIG, THE STRUCTURAL ENGINEER. WE ALL SAT IN MY OFFICE IN 2003 GOING OVER THOSE PLANS FOR THE WILLOUGHBY PLACE IN 2003, MR. DURANT.

Q WAS THIS AFTER OCTOBER 31ST 2003, WHEN YOU SURRENDERED YOUR LICENSE?

A NO, SIR.

Q THIS WAS BEFORE?

A YES, SIR.

Q SO, THAT WAS WHEN MR. SMITH WAS AN EMPLOYEE OF YOUR COMPANY, IS THAT CORRECT? HE WAS WORKING FOR YOU DOING SUB-CONTRACTING WORK?

A NO, SIR.

Q YOU DIDN'T FORM A&E THAT EARLY, DID YOU?

A NO, SIR. HE DIDN'T WORK FOR ME IN 2003.

Q WHAT WAS HIS INVOLVEMENT IN 2003 WITH THESE PLANS?

A I'M TRYING TO RE-GROUP... I'M TRYING TO... SO I CAN TRY TO MAYBE MAKE THIS A LITTLE BIT CLEARER. IN 2003, ELLIS APPROACHED ME IN EITHER... SOMETIME THAT SUMMER. I CAN'T TELL YOU WHICH MONTH IT WAS, WITH THE IDEA OF DOING THIS VENTURE. WE DISCUSSED THE PROJECTS THAT HE WAS WORKING ON, WORKING ON TO PRODUCE AND I MENTIONED THE NUMBER OF PROJECTS THAT I WAS WORKING ON TO PRODUCE. ONE OF THOSE WAS WILLOUGHBY PLACE AND WE DISCUSSED THAT PROJECT. IN LATE SUMMER OF 2003... LET'S BACK UP. THIS PROJECT YOU ARE FIXED ON RIGHT NOW IS... I BEGAN... WE BEGAN WORKING ON THIS PROJECT IN 2002, I DID, AS AN APARTMENT COMPLEX. IT THEN MOVED INTO A CONDOMINIUM COMPLEX. WHEN I SAY, "CONDOMINIUMS". AND I THINK I SAID THIS THE

OTHER DAY, YOUR HONOR. I HOPE I DID. IT WAS A CONCEPT... A CONDOMINIUM COMPLEX OF 8 UNIT BUILDINGS. IT THEN TRANSPIRED INTO A TOWNHOUSE PROJECT, BUT IT'S STILL A CONDOMINIUM JUST FOR THE SIMPLE REASON IT DOESN'T HAVE PROPER SETBACKS ON THE FRONT. THAT CONCEPT WAS BROUGHT TO... WAS BEGUN IN 2003 SOME TIME IN 2003 WHEN ELLIS AND I WERE TALKING ABOUT THIS VENTURE. AS I STATED, HE MADE ME AWARE OF PROJECTS OR JOBS THAT HE HAD IN PROGRESS TO START. I, LIKEWISE, TOLD HIM OF JOBS IN PROGRESS THAT I WAS WORKING ON TO START AND ONE OF THOSE WAS WILLOUGHBY PLACE. NOW, I WILL SAY IT AGAIN, THAT HE, JACK DALLAS, MYSELF, CHIP WILKINS AND KEITH CRAIG, WHO WAS THE STRUCTURAL ENGINEER, MET NOT ONCE, BUT A NUMBER OF TIMES IN REFERENCE TO BUILDING THE WILLOUGHBY PLACE TOWNHOMES. IN FACT, ELLIS AND I... THAT BUILDING HAS GOT AN OFFSET IN THE ROOF. IT'S NOT A STRAIGHT ROOF. THE ROOF IS OFFSET. HE AND I LOOKED AT HOW TO DO THAT TO GIVE IT A LITTLE BIT MORE CHARACTER. THE ARCHITECT SAID, "IT CAN'T BE DONE." WELL, ELLIS AND I DREW A SKETCH FOR HIM AND WE DESIGNED THAT ROOF LINE ON THAT BUILDING AND THAT WAS DONE IN 2003, SIR.

Q THAT'S GOOD. MR. SMITH HELPED YOU WITH ALL THAT STUFF EVEN BEFORE HE HAD THE COMPANY?

A ABSOLUTELY, ABSOLUTELY.

Q I'M TRYING TO FIGURE OUT IN JANUARY EVEN THOUGH YOU FORMED THIS COMPANY A&E... EVERYTHING WAS GOING TO BE A&E, CORRECT? EVERYTHING YOU DO?

A YES, SIR.

Q WHY DID YOU HAVE THESE CONTACTS WRITTEN IN ARTHUR VEREEN CONSTRUCTION COMPANY THAT WERE SIGNED IN JANUARY OF 2004?

A SIR, I HAD... A&E WAS INCORPORATED IN OCTOBER OF WHATEVER IT WAS. AT THE TIME I SIGNED THAT CONTRACT, WE WERE NOT EVEN SUPPOSED TO START BUSINESS UNTIL 2004. I SIGNED THOSE CONTRACTS, BUT I ROLLED THAT BUSINESS OVER INTO A&E. I DID THAT AS AN... WHEN WE STARTED THAT JOB. A&E PERMITTED, A&E DID THE WORK. EVEN THOUGH I MAY HAVE SIGNED THAT CONTRACT IN 2003.

Q BUT YOU SIGNED THE CONTRACTS IN 2004 WHEN A&E WAS IN GOOD STANDING AND HAD LICENSES TO DO THIS BUSINESS. YOU SIGNED THOSE CONTRACTS IN ARTHUR VEREEN CONSTRUCTION COMPANY AND I'M JUST ASKING YOU WHY? WHY DID YOU DO THAT?

A I'M TRYING... IN 2003, A&E WAS AS FAR AS I WAS CONCERNED WAS NOT IN BUSINESS. IT WASN'T GOING

TO BE IN BUSINESS UNTIL 2004. I WAS ACTIVELY PURSUING JOBS IN 2003 UNDER ARTHUR VEREEN CONSTRUCTION COMPANY. WHEN I WOULD SUBMIT MY PAPERWORK TO THOSE PROSPECTIVE CLIENTS, IT WAS DONE UNDER ARTHUR VEREEN CONSTRUCTION COMPANY NOT A&E. SO, I WOULD PRODUCE THAT CONTRACT UNDER ARTHUR VEREEN CONSTRUCTION COMPANY, BUT WHEN WE PERMITTED, I ROLLED MY JOBS OVER INTO A&E. I DID NOT LEAVE IT IN ARTHUR VEREEN CONSTRUCTION COMPANY. I COULD HAVE REACTIVATED MY COMPANY, ARTHUR VEREEN CONSTRUCTION COMPANY, ANY TIME I WANTED TO AND MOVE FORWARD.

Q LET ME ASK YOU A SHORT QUESTION. I BELIEVE THAT THE SS CARDIOLOGY, LALE CONTRACTS, WERE ALL DONE IN ARTHUR VEREEN CONSTRUCTION COMPANY'S NAME, THE WRITTEN CONTRACT, CORRECT?

A YES.

Q AND THEY WERE SIGNED IN JANUARY OF '04?

A YES.

Q ISN'T IT AGAINST THE LAW OF THE STATE OF SOUTH CAROLINA FOR AN UNLICENSED CONTRACTOR TO SIGN A CONTRACT WITH A HOMEOWNER OR A BUSINESS OWNER?

MS. COOK: YOUR HONOR, I OBJECT TO THE... HE'S ASKING FOR A LEGAL OPINION OR LEGAL CONCLUSION. THIS IS A

CONTRACTOR NOT A LAWYER.

JUDGE HOWE: BUT HE'S A LICENSED CONTRACTOR. IF HE KNOWS HE MAY ANSWER.

A YOUR HONOR, WHAT I DO KNOW IS IT IS ILLEGAL TO PREFORM WORK AS A CONTRACTOR IF YOU'RE NOT A LICENSED CONTRACTOR. NOW, I AM NOT SURE ABOUT IF IT'S ILLEGAL TO SIGN THAT CONTRACT AND NOT PRODUCE THE WORK. I CAN'T ANSWER THAT QUESTION. I WOULD LIKE TO FURTHER JUST CLARIFY THIS, MR. DURANT. IF, IN FACT, MY RELATIONSHIP WITH ELLIS HAD DETERIORATED ON JANUARY THE 5TH OF 2004. I'M JUST THROWING A DATE OUT THERE, YOUR HONOR, ARTHUR VEREEN CONSTRUCTION COMPANY WOULD HAVE BEEN ESTABLISHED ON JANUARY 4TH. I COULD HAVE DONE THAT AT ANY TIME I WANTED TO. AS I HAVE TESTIFIED AND AS IT HAS BEEN BROUGHT UP, YOU'RE ASKING ME ABOUT TRYING TO ENTER INTO A CONTRACT WITH ARTHUR VEREEN CONSTRUCTION COMPANY THAT WAS NO LONGER LICENSED IN THE STATE. EES CONSTRUCTION COMPANY --

Q WE DON'T NEED --

A I'M NOT TRYING TO MUDDY THE SITUATION. LET ME JUST FINISH MY ANSWER. I NEED TO FINISH MY COMMENT. I COULD HAVE STARTED ARTHUR VEREEN CONSTRUCTION COMPANY BACK ON JANUARY THE 5TH AND

MOVED FORWARD DOING WHATEVER I'VE BEEN DOING FOR THE LAST 40 YEARS. IN MY EARLIER TESTIMONY, I LAID OUT THE ONLY REASON I DID WHAT I DID. EES, ELLIS SMITH, WHATEVER COULD NOT FOR ANY REASON. SO, MY CONTRACTS THAT I DREW UP, YOUR HONOR... I'M GOING TO FINISH THIS UP AND I WILL SHUT UP, BUT IT'S IMPORTANT TO ME RIGHT NOW. YOU KEEP REFERENCING DR. LALE AND HIS CONTRACT. WE STARTED PRODUCING CONTRACTS ON THAT WAY BACK IN, I BELIEVE SEPTEMBER, 2003. I'M TRYING TO THINK OF THE NAME OF THE GENTLEMAN THAT WORKS WITH SMITH SAPP THAT RUNS THEIR COMPUTER. SMITH SAPP IS WHO SENT THAT CLIENT TO ME AND HIS LAST NAME IS PERRY I THINK.

JUDGE HOWE: STEVE PERRY?

A YES. STEVE PERRY IS THE GENTLEMAN THAT SENT DR. LALE TO ME. HE'S THE GENTLEMAN THAT I NEGOTIATED THAT CONTRACT... THAT JOB WITH. WE WENT THROUGH A SERIES OF CONTRACTS AND A SERIES OF PROPOSALS BACK PRIOR TO ACTUALLY FINISHING THAT FINAL CONTRACT WHICH WAS DONE UNDER ARTHUR VEREEN CONSTRUCTION COMPANY. THOSE WERE JOBS THAT I HAD SUBMITTED ESTIMATES UNDER ARTHUR VEREEN CONSTRUCTION COMPANY, PROPOSALS UNDER ARTHUR VEREEN CONSTRUCTION COMPANY, CONTRACTS

UNDER ARTHUR VEREEN CONSTRUCTION COMPANY TO DR. LALE. THAT'S THE REASON THAT FINAL CONTRACT THAT YOU KEEP REFERRING TO IN JANUARY WAS STILL PROCESSED THAT SAME WAY.

Q AS A LICENSED GENERAL CONTRACTOR, AND YOU ARE ONE, ISN'T IT TRUE UNDER YOUR LICENSING LAWS GOVERNING COMMERCIAL CONTRACTORS THAT IF YOU DON'T HAVE A LICENSE AND YOU HAVE A CONTRACT, YOU CAN'T ENFORCE YOUR CONTRACTS IN THE COURTS?

A I'M NOT SURE WHAT YOU'RE ASKING ME.

Q IN THE LICENSING PROVISION FOR COMMERCIAL CONTRACTORS, ISN'T THERE A PROVISION IN THE LAWS GOVERNING YOUR PROFESSION THAT IF YOU ARE NOT LICENSED WHEN YOU SIGN A CONTRACT THAT YOU CAN'T ENFORCE THE CONTRACT IN COURT?

A I'M STILL CONFUSED. I MEAN, ARE YOU ASKING ME WHETHER I CAN...

Q IF YOU DON'T KNOW THE ANSWER YOU CAN SAY YOU DON'T KNOW.

A WELL, ASK ME A DIFFERENT WAY. I WOULD LOVE TO ANSWER IT, BUT I JUST DON'T UNDERSTAND THE QUESTION.

JUDGE HOWE: HE'S ASKING IF YOU ENTERED INTO A CONTRACT AND YOU'RE NOT LICENSED AND THE CONTRACT IS BREACHED. SAY THE

OTHER PARTY DOESN'T PAY YOU, CAN YOU SUE ON THAT CONTRACT TO TRY TO GET PAID IN THE COURTS OF SOUTH CAROLINA.

A I DON'T THINK SO. YOUR HONOR, BUT I --

MS. COOK: YOUR HONOR, I'M GOING TO OBJECT TO THE QUESTION. IT'S NOT RELEVANT TO ANYTHING THAT WE'RE DEALING WITH HERE. DR. LALE PAID FOR HIS JOB. THERE WAS NO SUIT. A&E PERFORMED THE WORK. I DON'T THINK THAT'S DENIED AND A&E WAS PAID FOR THE WORK. I DON'T THINK THAT WAS DENIED. SO, I DON'T SEE THE RELEVANCE OF THAT ISSUE IN THIS ACCOUNTING CASE FOR WHAT PROFIT OR LOSS THERE IS OR SHOULD BE IN A&E FOR THE DISSOLUTION OF THE CORPORATION OR FOR DIVISION OF PROFIT OR LOSS BETWEEN THE PARTNERS.

JUDGE HOWE: WELL, I... MR. DURANT.

MR. DURANT: THIS IS DIRECT-EXAMINATION.

JUDGE HOWE: OVERRULED.

MR. DURANT: MAY I CONTINUE, YOUR HONOR?

JUDGE HOWE: YES.

Q MR. VEREEN, ON EACH OF THESE CONTRACTS THAT WE HAD, IT APPEARS THAT THE EARLY INVOICES WERE

INVOICED IN THE NAME OF ARTHUR VEREEN CONSTRUCTION COMPANY. CAN YOU TELL ME, SIR, NUMBER ONE, DID YOU TELL MR. SMITH WHEN YOU INVOICED THOSE CONTRACTS IN THE NAME OF ARTHUR VEREEN CONSTRUCTION COMPANY IN 2004? DID YOU TELL HIM THAT YOU WERE GOING TO DO IT THAT WAY?

A THE FIRST TIME THAT I BECAME AWARE... THAT I NOTICED THAT... IT'S MY FAULT AND I'M NOT GOING TO SAY IT... CARRIE'S THE ONE WHO GENERATES THE DRAW REQUESTS, THE PAY REQUESTS... IS THAT... I GENERATE A SCHEDULE. I GENERATE... I BREAK IT DOWN FOR HER TO PUT ON THE WORKSHEET THAT'S SUBMITTED. AND THE FIRST SEVERAL INVOICES THAT WERE SUBMITTED ESPECIALLY ON WILLOUGHBY PLACE WERE GENERATED UNDER ARTHUR VEREEN CONSTRUCTION COMPANY AND IT WAS CHANGED TO DOING BUSINESS AS A&E. AND THAT'S THE WAY THEY WERE SUBMITTED. IT MAKES ME WANT TO THINK, MR. DURANT, THE QUESTION THAT YOU'VE ASKED ME, WAS THERE A CONTRACT THAT WAS SIGNED AND DELIVERED BY ARTHUR VEREEN CONSTRUCTION COMPANY TO WILLOUGHBY AT SOME POINT IN TIME? THAT KIND OF MAKES ME WANT TO... WANT TO... MAKES ME WANT TO FEEL LIKE THAT, YES. I HAD ACTUALLY PRODUCED A CONTRACT TO WILLOUGHBY PLACE SOMETIME IN 2003 FOR

WILLOUGHBY PLACE UNDER ARTHUR VEREEN CONSTRUCTION COMPANY. IN OUR PAPERWORK IN OUR OFFICE BETWEEN MYSELF AND CARRIE, THAT'S JUST HOW IT GOT PROCESSED. I EVENTUALLY, AFTER I REALIZED WHAT WAS GOING ON, I MADE CARRIE CHANGE THAT AS WELL AS TRY TO STRAIGHTEN THAT MESS OUT.

Q ARE YOU TALKING ABOUT ON THE INVOICING FOR WILLOUGHBY PLACE?

A YES.

Q WHAT ABOUT ON THE INVOICES FOR THE OTHER ENTITIES; SOUTH STRAND CARDIOLOGY, AND I BELIEVE THERE WAS THE LALE JOB?

A THAT'S SOUTH STRAND.

Q WHY WERE THEY INVOICED IN ARTHUR VEREEN CONSTRUCTION COMPANY?

A I THINK IT'S THE SAME SCENARIO IS THAT... I KNOW WE HAD SUBMITTED MULTIPLE PROPOSALS, SEVERAL CONTRACTS... AT THAT TIME, I DON'T EVEN THINK WE WERE ACTUALLY DEALING... WE NEVER DEALT STRAIGHT WITH DR. LALE. WE DEALT STRAIGHT WITH STEVE PERRY AT SMITH SAPP EVEN THOUGH IT WAS STRAND CARDIOLOGY. WE ALWAYS JUST CALLED IT DR. LALE BECAUSE THAT WAS THE NAME OF THE JOB AS FAR AS I WAS CONCERNED, BUT I HAD DONE THAT FOR A NUMBER OF MONTHS, PROBABLY 6 TO 8 MONTHS IN '03.

Q BUT YOUR CONTRACT WAS SIGNED IN '03. THE QUESTION IS ON THE SS CARDIOLOGY, WHY WERE THE BILLS IN ARTHUR VEREEN CONSTRUCTION COMPANY IN '04? WHEN THE CONTRACT WAS SIGNED IN '04?

A WELL, I DON'T KNOW HOW TO EXPLAIN IT ANYMORE THAN WHAT I HAVE SAID TWO OR THREE TIMES NOW. WE PRODUCED THOSE CHECKS IN THERE... WE PRODUCED THOSE CONTRACTS AND PROPOSALS ALL UNDER ARTHUR VEREEN CONSTRUCTION COMPANY IN 2003 MULTIPLE TIMES. WE DID NOT DO ANYTHING INTENTIONALLY TO NOT PUT IT UNDER A&E. IT WAS SENT AND IT WAS DONE. DID I LEAVE IT IN A&E? I GO BACK TO... I DON'T KNOW WHY YOU ARE HARPING ON THIS SO MUCH FOR, BUT IF YOU WOULD LIKE ME TO TAKE DR. LALE... TAKE IT OUT OF A&E AND TAKE WILLOUGHBY PLACE OUT OF A&E AND PUT THOSE EXPENSES ON MY SIDE, YOU'RE TALKING ABOUT THE LAWSUIT WITH... AND PUT THOSE EXPENDITURES ON MY SIDE AND TAKE EVERYTHING THAT I BROUGHT TO THE TABLE FOR A&E OVER THOSE YEARS AND LET ELLIS PUT HIS SIDE --

Q NO, SIR.

A YOU LET ME FINISH. THAT'S WHAT YOU'RE IMPLYING AND THAT'S WHAT --

Q I DIDN'T ASK THAT QUESTION.

A THAT'S KIND OF WHAT... WHAT'S THE... THAT'S THE

VIBES I'M GETTING FROM YOU, IS YOU ARE SAYING THAT YOU DID THIS, WHY DID YOU DO THAT? WHY DID ARTHUR VEREEN CONSTRUCTION COMPANY DO THIS? WELL, BECAUSE ARTHUR VEREEN CONSTRUCTION COMPANY IS THE ONE WHO GENERATED THAT JOB?

JUDGE HOWE: NO, SIR. DON'T JUMP TO CONCLUSIONS. LET'S JUST ANSWER THE QUESTIONS.

A I APOLOGIZE.

JUDGE HOWE: I KNOW YOU'VE BEEN GOING THROUGH THIS SINCE 2009. LET'S TAKE A SHORT BREAK.

(RECESS TAKEN.)

Q MR. VEREEN, IN OUR EXAMINATION OF THE RECORDS AND THE RECORDS PRESENTED TO THE COURT, THERE WAS $113,480 WORTH OF CHECKS FOR THE WILLOUGHBY PLACE JOB THE FIRST YEAR. THAT BEING THREE CHECKS THAT WERE DEPOSITED INTO YOUR ACCOUNT, THAT BEING THE ARTHUR VEREEN CONSTRUCTION COMPANY ACCOUNT?

A OKAY.

Q TELL ME, SIR, SINCE THE CONTRACT WAS PROBABLY IN ARTHUR VEREEN CONSTRUCTION AND THE BILL WAS IN ARTHUR VEREEN CONSTRUCTION, IS THAT THE REASON YOU PUT THOSE CHECKS IN ARTHUR VEREEN

CONSTRUCTION VERSES A&E?

A AND THE CHECKS WERE ACTUALLY MADE OUT TO ARTHUR VEREEN CONSTRUCTION COMPANY?

Q YES. WAS THAT A MISTAKE?

A NO, SIR.

Q THEY WERE INVOICES PERFORMED BY A&E DURING THE FIRST FEW MONTHS OF CONSTRUCTION?

A I WOULD LOVE TO FOLLOW UP ON WHAT YOU JUST ASKED ME EARLIER ABOUT THE CONTRACT AND YOU ASKED ME ABOUT THE PAY REQUESTS AND I THINK I HAD STATED EARLIER THAT THOSE FIRST PAY REQUESTS WERE SUBMITTED UNDER ARTHUR VEREEN CONSTRUCTION COMPANY NOT UNDER A&E. I UNDERSTOOD THAT AND I ASKED CARRIE LATER THAT SHE NEEDS TO CHANGE THAT AND CORRECT THAT.

Q WHAT I'M ASKING IS, DID YOU TELL MR. SMITH YOUR BUSINESS PARTNER OR YOUR FELLOW SHAREHOLDER PRESENT THAT YOU BILLED IT THAT WAY AND YOU PUT THE MONEY IN ARTHUR VEREEN CONSTRUCTION COMPANY VERSUS A&E?

A I DID NOT.

Q WHY?

A I DID NOT. I THINK WHAT I SAID 30 SECONDS AGO WAS... I SAID THIS 15 MINUTES AGO. I PREPARE A SCHEDULE OF VALUES. I PREPARE... I DON'T FILL

OUT A NAME. I DON'T FILL OUT THE TOP. CARRIE GENERATES THAT OFF THE COMPUTER, BUT I DO THE REST OF IT. I DO THE ADDING AND THE SUBTRACTION AND THEN I DO THE SCOPE OF THE WORK AND THE SCHEDULE OF VALUES ON THE LAST SHEET AND I SUBMIT THAT TO GIVE IT TO CARRIE TO PROCESS.

Q I WAS ONLY ASKING ABOUT THE DEPOSITS?

A YES, SIR. I JUST SAID IT WAS DEPOSITED INTO ARTHUR VEREEN CONSTRUCTION COMPANY AND I AGREE WITH YOU.

Q IT SHOULDN'T HAVE BEEN?

A NO, SIR.

Q DID YOU TELL MR. SMITH THAT?

A I DID NOT.

Q WHEN DID YOU FIND OUT ABOUT THIS?

A I TOLD YOU I NOTICED IT... I NOTICED THAT WE WERE INVOICING INCORRECTLY. I THINK IT WAS THE THIRD ONE OR IT MIGHT HAVE BEEN THE FOURTH ONE, I DON'T REMEMBER. WE SHOULD HAVE CHANGED HOW THAT WAS BEING INVOICED.

Q I KNOW ABOUT THE INVOICES AND YOU CHANGED THE WAY YOU INVOICED IT. WHEN DID YOU FIND OUT THE MONEY WENT TO ARTHUR VEREEN CONSTRUCTION COMPANY VERSUS A&E, THE $113,000?

A I'M NOT SURE ABOUT THAT.

Q DID YOU KNOW IT WHEN YOU MADE THE DEPOSIT OR DID YOU KNOW IT THE NEXT MONTH?

A SIR, I DON'T KNOW. I DON'T MAKE THOSE DEPOSITS.

Q SO, YOU DON'T KEEP UP WITH HOW MUCH MONEY IS IN THE ARTHUR VEREEN CONSTRUCTION COMPANY ACCOUNT?

A I DON'T. I DON'T DO THAT, NO, SIR. CARRIE DOES THAT.

Q YOU DIDN'T EVEN KNOW IT WAS DONE WHEN IT WAS DONE?

A I'M NOT GOING TO SIT HERE AND TESTIFY THAT I DID OR I DIDN'T. IT'S BEEN SO LONG AGO I DON'T REMEMBER. I WILL GIVE YOU AS STRONG OF AN ANSWER AS I CAN REMEMBER. I DON'T RECALL.

Q BUT THOSE CHECKS WERE IN EARLY 2004, WERE THEY NOT, THOSE THREE CHECKS AROUND $30,000 APIECE?

A THEY HAD TO BE IN EARLY 2004. WE HAD ACTUALLY BEGUN CONSTRUCTION IN 2003 ON THAT PROJECT.

Q THERE WAS NO CONSTRUCTION PERMIT IN 2003, WAS THERE, SIR?

A I BELIEVE WE HAD A --

Q WELL, IT'S HERE IN THE RECORD.

A I KNOW THAT, BUT I KNOW WE DID SOME INSIGHT WORK THAT I HAD TO GET APPROVAL FROM THE CITY OF MYRTLE BEACH. I'M TRYING TO REMEMBER IF THEY ACTUALLY ISSUED A PERMIT FOR THAT AND WHAT THAT

PERTAINED TO WAS... WE ACTUALLY HAD THE CITE CLEARED IN EARLY 2003. I'M NOT SURE IF THE SITE CONTRACTOR WOULD HAVE PULLED THAT PERMIT OR EVEN IF THE CITY REQUIRED US TO DO IT, BUT I KNOW WE DID SOME WORK IN THE EARLY PART OF 2003.

Q LET'S MOVE ON. ON SS CARDIOLOGY, WHICH YOU BILLED IN ARTHUR VEREEN CONSTRUCTION WITH AN A&E CONTRACT IN JANUARY OF '04 AND YOU DEPOSITED $50,000 INTO THE ACCOUNT OF ARTHUR VEREEN CONSTRUCTION. WERE YOU AWARE THAT WAS DONE WHEN IT WAS DONE?

A I PROBABLY WAS, YES, SIR.

Q WHY DID YOU DO THAT?

A WELL, ARTHUR VEREEN CONSTRUCTION COMPANY WAS ACTUALLY PAYING SOME BILLS OF DR. LALE.

Q DID YOU TELL MR. SMITH YOU HAD DONE THAT WHEN YOU DID IT?

A I DID NOT.

Q WHY DIDN'T YOU?

A I REALLY DIDN'T THINK IT WAS THAT BIG OF AN ISSUE. AS LONG AT THE END OF THE JOB PROCESS WE ARE TRYING TO DO RIGHT NOW WAS ACCOUNTED FOR, I DIDN'T THINK IT WAS THAT BIG OF AN ISSUE.

Q IT WASN'T ACCOUNTED FOR IN 2004, WAS IT?

A I DON'T KNOW.

Q YOU DIDN'T MET WITH HIM IN 2004, AND TELL HIM," I OWE YOU X NUMBER OF DOLLARS IN 2004," DID YOU? YOU HAD NO MEETING WITH HIM ABOUT THE LALE JOB OR WILLOUGHBY PLACE, DID YOU?

A I DON'T THINK WE EVER MET ON ANY JOB THAT WE SAT DOWN AND SAID, "YOU OWE ME X AMOUNT OF MONEY" OR HE OWES ME X AMOUNT OF MONEY.

Q WE ARE STILL IN 2004. I SEE HERE WHERE YOU WROTE 12 CHECKS TOTALING $113,724 FROM A&E TO ARTHUR VEREEN CONSTRUCTION COMPANY. TELL ME WHY YOU DID THAT, SIR? THEY ARE ON TAB 13 IF YOU NEED TO LOOK AT THEM?

A ALRIGHT.

MS. COOK: IN WHAT EXHIBIT?

MR. DURANT: EXHIBIT 1.

A EXHIBIT 1?

MS. COOK: YOUR HONOR, THERE AGAIN, I DON'T BELIEVE THAT EXHIBIT HAS BACKUP DOCUMENTS. IT HAS A SCHEDULE PREPARED BY MRS. BRADY BEHIND TAB 1, BUT IT DOESN'T HAVE THE CHECKS BEHIND TAB 1.

JUDGE HOWE: WHAT EXHIBIT IS THAT?

MR. DURANT: EXHIBIT 1. IT HAS THE CHECKS BEHIND IT.

MS. COOK: MAYBE THAT'S ONE OF THE ONES

THAT I DON'T HAVE THE SAME THING AS THE COURT'S EXHIBIT DOES. I APOLOGIZE FOR SPEAKING TO THE COURT.

JUDGE HOWE: SO, DID YOU WITHDRAW YOUR OBJECTION?

MS. COOK: YES, MA'AM. I WITHDRAW MY OBJECTION.

JUDGE HOWE: ALRIGHT.

Q YOU WROTE THOSE CHECKS, DID YOU NOT, SIR?

A LOOKS LIKE I WROTE... YES, SIR.

Q TELL ME WHY YOU WROTE THOSE CHECKS THERE? LOOKS LIKE THEY START ONE JANUARY, ONE FEBRUARY, TWO IN MARCH, ONE IN APRIL, ONE IN MAY, ONE IN JUNE, THREE IN AUGUST AND TWO IN SEPTEMBER.

A MR. DURANT, I WOULD... IT WOULD APPEAR TO ME THAT WHAT THOSE ARE IS I'M PAYING FOR EXPENSES THAT ARTHUR VEREEN CONSTRUCTION COMPANY HAD DONE ON BEHALF OF A&E AT WILLOUGHBY PLACE.

Q LET ME ASK YOU, DID YOU TELL CARRIE TO DO THESE CHECKS OR DID SHE JUST PRESENT YOU A CHECK AND SIGNED IT?

A NO, SIR. THESE CHECKS ARE ACTUALLY IN MY HANDWRITING. THIS CHECK IS ANYWAY.

Q WHAT ABOUT THE REST OF THEM?

JUDGE HOWE: WHEN YOU SAY, "THIS CHECK"

WHAT ARE --

A THE FIRST CHECK I'M LOOKING AT, YOUR HONOR, PAGE 1 OF 1. IT IS ACTUALLY $43,000.

Q $43,377?

A YES, SIR.

Q THAT WAS THE HANDWRITTEN CHECK?

A THE OTHERS WERE TYPEWRITTEN SO I DOUBT IF I DID THOSE.

Q WHAT I AM ASKING YOU IS, WHERE'S THE BACKUP FOR THESE CHECKS?

A THE BACKUP FOR THOSE CHECKS YOU WILL FIND IN THE DOCUMENTS THAT WE PRODUCED TODAY. WE HAVE ACCOUNTED FOR THIS MONEY. IN FACT, WE HAVE RECEIVED MORE MONEY THAN WE SHOULD HAVE AND WE HAVE GIVEN A&E CREDIT FOR IT. IF WE RECEIVED LESS MONEY THAN WE SHOULD HAVE, WE'VE ASKED FOR CREDIT FROM A&E.

Q THAT WASN'T MY QUESTION. MY QUESTION WAS, IF YOU WROTE YOURSELF A CHECK ON 1/18/04 THE FIRST ONE FOR $25,000, WHAT WAS THE BASIS OF YOU WRITING YOURSELF A CHECK ON JANUARY THE 18TH 2004 FOR $25,000? THE COMPANY WAS CAPITALIZED BY YOU WITH $50,000, WAS IT NOT?

A YES.

Q WHY DID YOU WRITE YOURSELF A CHECK ON

JANUARY 18TH FOR $25,000? I SAY, "YOU" TO ARTHUR VEREEN CONSTRUCTION COMPANY?

A I ANSWERED THAT QUESTION. I DON'T KNOW.

Q THERE IS NOT BACKUP IN YOUR COMPANY RECORDS, IS THERE?

A I'M NOT SURE ABOUT THAT EITHER, SIR.

Q I'M TALKING ABOUT INVOICES?

A I'M NOT SURE ABOUT THAT EITHER, SIR.

Q DID YOU FIND ANY INVOICES TO MATCH THESE CHECKS TO SUPPORT A CLAIM FOR A CHECK TO BE WRITTEN FROM A&E TO ARTHUR VEREEN CONSTRUCTION COMPANY FOR ANY OF THESE INVOICES?

A I'M SURE THAT ARTHUR VEREEN CONSTRUCTION COMPANY PAID SOME INVOICES ON THE BEHALF OF A&E. WE HAVE PROVIDED THOSE DOCUMENTS WHETHER IT WAS TO A SUB-CONTRACTOR OR A SUPPLIER ON JOBS THAT WE WERE ACTUALLY IN PROGRESS OF DOING IN '03 WHEN A&E WAS NOT STARTED. THE FIRST DEPOSIT WAS MADE WHEN THE ACCOUNT WAS OPENED UP. I BELIEVE IT WAS IN DECEMBER. THAT IF WE HAD EXPENDITURES THAT WERE GOING ON TO PRODUCE THOSE JOBS IN '03, I WAS ENTITLED TO THAT MONEY BACK.

Q LET ME ASK YOU, MR. VEREEN, DID YOU TELL MR. SMITH THAT YOU WROTE CHECKS FOR $113,000 TO ARTHUR VEREEN CONSTRUCTION COMPANY BECAUSE

ARTHUR VEREEN HAD ADVANCED MONEY?

A SPECIFICALLY, NO. WHEN WE FIRST BEGIN DISCUSSIONS OF STARTING A&E, I MADE HIM AWARE THAT I WAS EXPENDING MONEY ON BEHALF OF ARTHUR VEREEN CONSTRUCTION COMPANY THAT WAS GOING TO BE DOING THESE JOBS THAT WE WERE SCHEDULED TO START THAT WE WERE SPENDING THIS MONEY. ANY MONIES THAT WE WERE SPENDING OUT, WE WERE GOING TO GET REIMBURSED FOR. I WOULD HAVE EXPECTED THAT ANY JOB THAT ELLIS HAD PRODUCED, WHICH WERE THE FOUR JOBS THAT I HAVE BEEN MAKING REFERENCE TO. THAT IF HE HAD PRODUCED THOSE JOBS AND PUT THEM INTO A&E, WHATEVER LEGWORK HE HAD DONE TO GET THOSE JOBS IN TO A&E AND PRODUCE THOSE JOBS HE NEEDED TO BE REIMBURSED FOR. NOW, I NEVER TOOK A JOB... EVERY JOB THAT I HAD INDICATED TO HIM THAT I PROCESSED, THAT I WAS PROCESSING, THAT I WAS GOING TO BUILD, I PUT... I DID EXACTLY WHAT I SAID I WAS GOING TO DO. BUT I ALSO WANTED TO GET REIMBURSED FOR WHATEVER EXPENDITURES THAT I HAD PAID. NOW, I THINK I HAVE ALREADY TESTIFIED TO THIS AND I --

Q BUT I JUST ASKED YOU --

A LISTEN, I'M TRYING TO ANSWER IT. I CAN'T GIVE YOU A YES OR NO ANSWER OR JUST ONE ANSWER. I

WOULD NOT HAVE... ELLIS WAS AWARE IN 2003 THAT I WAS SPENDING MONEY SPECIFICALLY, FAIRLY GOOD SIZE MONEY, PARTS OF MONEY ON WILLOUGHBY PLACE. THIS WAS SOMETHING THAT I HAD BEEN WORKING ON FOR TWO YEARS. I HAD BEEN SPENDING MONEY ON THAT JOB TO GET IT WHERE IT WAS GOING TO BE A JOB THAT I WAS GOING TO ACTUALLY CONSTRUCT. THE SAME WAS WITH BEACH DUNES. THAT WAS ANOTHER JOB THAT I HAD BEEN WORKING ON FOR ALMOST A YEAR. I THINK I TESTIFIED YESTERDAY THAT CHICKY, WHO WAS ALIVE AT THAT TIME, BROUGHT IT TO ME BECAUSE SHE DIED BEFORE I EVER STARTED THE JOB. SO, THOSE WERE JOBS THAT I HAD EXPENDED MONEY ON THAT AS A CONTRACTOR, YOU WILL SPEND MONEY WORKING ON A JOB WHETHER IT EVER COMES TO... IF YOU EVER BUILD THAT BUILDING OR NOT, BUT IF I DO IT, I'VE GOT MONEY EXPENDED IN IT AND I WANT MY MONEY BACK.

Q I DON'T DISAGREE WITH YOU. WHEN EES WANTED TO BE REIMBURSED FOR A BILL?

A YES.

Q HE HAD TO SUBMIT AN INVOICE TO THE COMPANY? MRS. DREWETT GOT IT AND YOU WROTE A CHECK YOU COULD HAVE LOOKED AT? WHAT HAPPENS WHEN YOU WANT TO BE REIMBURSED?

A WELL, I UNDERSTAND THAT. IN MY OPINION, WHEN I WROTE THAT CHECK I WROTE AN INVOICE. HE COULD HAVE GOTTEN THAT AND LOOKED AT THAT ANY TIME HE WANTED TO. THOSE CHECK RECORDS ARE IN THE OFFICE.

Q THERE'S AN INVOICE FOR THESE CHECKS?

A THAT CHECK RIGHT THERE IS MY INVOICE. I'M TELLING YOU THAT THOSE CHECKS FROM ARTHUR VEREEN CONSTRUCTION COMPANY, FROM PARK PLACE PROPERTIES, PARKWAY OFFICES, ARTHUR W. VEREEN AND A&E ARE IN FILE CABINETS IN OUR OFFICE.

Q CHECKS FROM WILLOUGHBY PLACE WERE IN THERE?

A YES, SIR.

Q AND THE ONES YOU PUT IN ARTHUR VEREEN CONSTRUCTION COMPANY --

A ABSOLUTELY. THEY'RE IN THE JOB SITE JACKET. AND THEY ARE STILL IN THERE.

Q THE CHECKS FROM SS CARDIOLOGY ARE IN THERE?

A ABSOLUTELY.

Q THEN WHEN I ASKED YOU THOSE QUESTIONS ON THE INTERROGATORIES, WHY DIDN'T YOU ANSWER THAT, YES, I DID TAKE THOSE CHECKS AND PUT THEM IN MY ACCOUNT? WHETHER IT BE ARTHUR VEREEN CONSTRUCTION COMPANY, OR ARTHUR VEREEN PERSONALLY? WHY DIDN'T YOU ANSWER, YES, I TOOK

THOSE CHECKS?

A I CAN'T IMAGINE I DIDN'T.

Q YOU DIDN'T READ THE INTERROGATORY ANSWERS?

A IF I DID, I MISSPOKE. I CAN'T --

MS. COOK: YOUR HONOR, I OBJECT. THESE ARE SOME OF THE INTERROGATORY ANSWERS THAT WE WENT OVER PREVIOUSLY AND MR. DURANT -- 18 OR 19 WHICH REFERRED BACK TO INTERROGATORY ANSWER 13 WHICH SPECIFICALLY SAID ANY AMOUNTS THAT WERE DEPOSITED INTO OTHER ACCOUNTS WERE EITHER BY WAY OF REIMBURSEMENTS OF EXPENSES PAID OR CAPITAL CONTRIBUTIONS. IF HE'S GOING TO CROSS-EXAMINE LIKE THAT I WOULD REQUEST THAT HE GIVE THE ANSWERS TO MR. VEREEN AND LET HIM READ... NOT MISCHARACTERIZE THE ANSWERS TO THE INTERROGATORIES, WHICH I BELIEVE ARE IN EVIDENCE. I THINK THEY WERE MARKED INTO EVIDENCE.

JUDGE HOWE: DO YOU HAVE THE INTERROGATORIES?

MR. DURANT: YOUR HONOR, WE WILL GO ON TO SOMETHING ELSE.

Q NOW, WE GO INTO PARKWAY OFFICES. YOU

ACKNOWLEDGE THAT THERE WAS A PARKWAY OFFICES JOB, DON'T YOU, SIR?

A YES, I DO.

Q THERE HAS BEEN TESTIMONY OVER HERE ABOUT SHOP CHARGES BEING CHARGED TO PARKWAY OFFICES. WAS THAT YOUR TESTIMONY EARLIER?

A I'M NOT SO SURE IT WAS ACTUALLY CHARGED TO PARKWAY OFFICES. I THINK IT WAS CHARGED TO OFFICE OR SHOP.

Q I THINK THIS IS ALREADY IN EVIDENCE. IT'S A JOB LIST. IT'S A LIST OF ALL THE JOBS ON THE PEACHTREE SYSTEM. CAN YOU SEE A JOB LISTED AS PARKWAY OFFICES? I THINK IT'S 3 -- 32,000 IS THE NUMBERS.

A YES.

Q WHAT IS IT CALLED AND WHAT ARE THE NUMBERS?

A IT'S 32,000. LOOKS LIKE THROUGH 32,004.

Q 32,000 32,001, 32,002 AND 32,004?

A THAT'S CORRECT.

Q WHAT ARE THOSE SUB CATEGORIES THAT ARE IN THERE?

A IT'S SAYS, "LABOR, MATERIALS, SUBS AND OTHER."

Q IT WAS A COMMON PRACTICE FOR YOU TO CREATE A JOB LEDGER EVERY TIME YOU HAD A NEW JOB, WAS IT NOT, IN THE PEACHTREE ACCOUNTING SYSTEM?

A YES. MY SECRETARY, CARRIE, TOOK CARE OF THAT.

Q THERE WAS, IN FACT, ONE SET UP FOR PARKWAY OFFICES, WAS IT NOT?

A YES.

Q AND PARKWAY OFFICES IS OWNED BY YOUR WIFE, ISN'T THAT CORRECT?

A YES.

Q THERE WERE IMPROVEMENTS DONE BY A&E AT THE PARKWAY OFFICES LOCATION ON MORE THAN ONE OCCASION?

A THERE WERE SOME, YES.

Q IS THERE NOT ON THOSE SAME JOB CATEGORIES A DIFFERENT CATEGORY WHERE IT HAS SHOP?

A ABSOLUTELY.

Q YOU'RE NOT CONTENDING THAT THE SHOP EXPENSES WERE INCLUDED IN THE PLAINTIFF'S CLAIM AGAINST YOU, ARE YOU?

A I DON'T KNOW, SIR. I WOULD HAVE TO LOOK AT WHAT THOSE SHOP CHARGES WERE. I THINK WHAT I'VE TESTIFIED TO AND WHAT I KNOW IS THAT WE DID WORK THAT WAS IN THE SHOP WOULD BE CLASSIFIED AS "SHOP". WHEN WE WOULD DO WORK AROUND THE OFFICE IT MAY BE CLASSIFIED AS "OFFICE". BUT IT DOESN'T MEAN THAT IT WAS CONSTRUCTION WORK AS OFFICE. MY GUYS SOMETIMES... AND I THINK I DID THIS... ANYWAY, WE HAVE DONE THIS... I KNOW I

TESTIFIED THE OTHER DAY THAT FOR 40 YEARS MY GUYS HAVE ALWAYS TURNED THEIR TIMECARDS IN AND IT SAYS, "SHOP" OR "OFFICE" WHEN THEY PRESENTED THEIR BILL OR THEIR TIMECARD.

Q WELL, I WOULD --

A I KNOW YOU ARE GOING TO ASK ME ANOTHER QUESTION AND HOPEFULLY I CAN ANSWER THIS FOR YOU.

Q GO AHEAD.

A WE WOULD HAVE MATERIALS DELIVERED TO THE OFFICE FOR JOBS THAT WE WERE DOING SOMEWHERE ELSE. WHEN THAT MATERIAL WAS DELIVERED TO THE OFFICE IT WOULD SAY, "OFFICE" IN IT. CARRIE WOULD PICK UP THAT INVOICE AND LOG IT UNDER OFFICE. JUST FOR A PRIME EXAMPLE OF THAT, WE WERE DOING THE CONDOMINIUMS THAT ELLIS WAS WORKING ON, WE HAD LOTS OF PLYWOOD DELIVERED TO OUR OFFICE THAT THEY WOULD CUT UP AND COME TO THE OFFICE AND WORK ON BUILDING COLORS FOR DOORS AND WINDOWS AND ALL KINDS OF THINGS. WE ARE DOING THE BEACH DUNES. WE ACTUALLY HAD PATIO DOORS, WE HAD PLYWOOD, WE HAD SHELVING MATERIAL THAT WAS DELIVERED TO THE OFFICE. WE BUILT THAT STUFF AT OUR OFFICE, OUR SHOP. WHEN THAT MATERIAL WAS DELIVERED, IT WAS DELIVERED TO OUR OFFICE AT GRISSOM PARKWAY. NOW, THAT IS MY FAULT AND

ELLIS' FAULT THAT WE DIDN'T GO PULL THOSE INVOICES OUT AND SEPARATE THEM. CARRIE DIDN'T KNOW ANY BETTER.

Q IS THERE A LEDGER THERE JUST FOR OFFICE?

A YES, IT'S PARKWAY OFFICES. MR. DURANT, IT USED TO BE UNTIL 2000... I'M TRYING TO REMEMBER WHEN MY WIFE BECAME OWNER OF THOSE PROPERTIES. I BELIEVE IT WAS 2000 OR 2001 THAT... ACTUALLY IT'S 2000. THE BUILDING THAT LOANED HER... THE BUILDING BELONGED TO MY MOTHER AND FATHER AND WHEN MY DAD DIED IN 1997, I PURCHASED THAT PIECE OF PROPERTY FOR MY MOTHER. AND IN 2000, I PURCHASED THE PROPERTY NEXT DOOR AND THAT'S WHERE THE CONCEPT OF PARKWAY OFFICES CAME FROM. BUT THE PROPERTY HAS ALWAYS BEEN THOUGHT OF AS OUR EMPLOYEES OFFICES. WHEN WE WOULD HAVE MATERIAL DELIVERED TO THE OFFICE LOCATION... IT WAS NEVER DELIVERED TO... IT WAS DELIVERED TO THE OFFICE AND THE ADDRESS WAS ALWAYS 511 GRISSOM PARKWAY.

Q RIGHT. BUT YOU HAD A JOB LEDGER FOR PARKWAY OFFICES AS A JOB IN YOUR COMPUTER?

A YES, SIR.

Q THERE WERE CHARGES CONTRIBUTED TO IT?

A ABSOLUTELY.

Q I THINK THERE WAS EVEN A CHARGE FOR "APPLYING SEALER AND RE-STRIPPING THE PARKING LOT LINES" IN DECEMBER OF '07 AFTER MR. SMITH LEFT, CORRECT? WOULD YOU LIKE TO LOOK AT IT?

A YES.

Q FROM HARRELSON CONSTRUCTION COMPANY FOR 2,855.10?

JUDGE HOWE: IS THAT IN EVIDENCE?

A NO, SIR. THIS RIGHT HERE IS HARRELSON COMPANY AT WILLOUGHBY PLACE. NO, NO, NO. THEY RE-STRIPPED... WE FINISHED THAT PROJECT ON 44TH AVENUE AND THE HOA... CHICORA WAS THE PROPERTY MANAGEMENT COMPANY AND THE HOA BECAUSE WE HAD DONE SOME DAMAGE WHEN WE POURED THE CONCRETE TO THE PAVING. THE ENTIRE PROPERTY... WE PAID HALF AND THE HOA PAID HALF. THAT'S WHAT THAT 2,855.10 IS. THAT'S NOT PARKWAY OFFICES, IT'S... IF THAT'S UNDER PARKWAY OFFICES, IT'S WRONG. IT'S A WILLOUGHBY PLACE BILL.

JUDGE HOWE: WHAT DOCUMENT IS THAT?

MR. DURANT: IT'S A JOB LEDGER REPORT FOR PARKWAY OFFICES WHICH IS IN THE RECORD.

JUDGE HOWE: WHAT EXHIBIT NUMBER?

MR. DURANT: EVERY ONE OF THEM IS THERE

LISTED IN THE RECORDS THAT WE INTRODUCED IN THE VERY BEGINNING.

MS. COOK: WELL, WE NEED TO LOOK AT IT.

MR. DURANT: IT'S IN PLAINTIFF'S 6. THIS IS FOR JOB ID NUMBER 32000, 1 THROUGH 4, BUT NEVERTHELESS --

MS. COOK: YOUR HONOR, I HAVE TRIED TO INDULGE THEM. CAN THEY INDULGE ME A MINUTE?

MR. DURANT: SURE.

MS. COOK: WELL, I HAVE A SHEET THAT SAYS, "JOB LEDGER." I DON'T HAVE THE JOB LEDGERS.

MR. DURANT: I'M DONE ASKING QUESTIONS ABOUT IT.

MS. COOK: IT DOESN'T MATTER, FRANK, I NEED IT.

JUDGE HOWE: DO YOU HAVE THE LEDGER, MR. DURANT, SO WE CAN MOVE ON?

MR. DURANT: YES, MA'AM.

MS. COOK: YOUR HONOR, I NEED TO LOOK AT WHAT HE SHOWED MR. VEREEN.

JUDGE HOWE: IS IT NOT IN EVIDENCE?

MR. DURANT: YES. IT WAS IN EVIDENCE. ALL THE JOB LEDGERS WERE --

MRS. BRADY: I CAN BRING IT UP ON THE COMPUTER IF YOU WANT TO SEE IT?

MS. COOK: IT EITHER IS OR ISN'T. I MEAN... CAN WE MARK THIS ONE? YOU'RE REFERRING TO THIS 12/06/07 HARRELSON CONSTRUCTION?

MR. DURANT: YES.

MS. COOK: YOUR HONOR, I HAVE BEEN ABLE TO LOOK AT THIS NOW. IF I COULD ASK MR. DURANT IF WE COULD HOLD THIS OUT BECAUSE I MAY NEED TO ADDRESS IT ON RE-DIRECT.

MR. DURANT: IF YOU WANT TO MARK IT AS AN EXHIBIT WE CAN.

MS. COOK: OKAY. THAT WILL BE FINE.

JUDGE HOWE: DO WE NOT HAVE A DOCUMENT IN EVIDENCE THAT WE CAN PULL?

MS. COOK: WELL, MRS. BRADY SEEMS TO BE ASKING THAT THE ACTUAL JOB LEDGERS ARE MARKED AS A PLAINTIFF'S EXHIBIT.

(DISCUSSIONS OFF THE RECORD).

JUDGE HOWE: DO WE NOT CARE ABOUT THAT ONE THEN?

MS. COOK: YOUR HONOR, IT'S THE PLAINTIFF'S EXHIBIT AND IF THE INTEGRITY OF THE PLAINTIFF'S EXHIBIT DON'T MATTER

TO THE PLAINTIFF, IT WILL JUST BE AN ISSUE DOWN THE ROAD, IF IT IS AN ISSUE. BUT IF IT WERE ME, I WOULD BE WORRIED ABOUT THE INTEGRITY OF THE EXHIBIT I PUT INTO EVIDENCE.

JUDGE HOWE: DO YOU WANT IT MARKED --

MR. DURANT: YOUR HONOR, WE WILL BRING A SUBSTITUTE, ANOTHER COPY OF IT.

MS. COOK: LET'S JUST MARK IT AS THE NEXT PLAINTIFF'S EXHIBIT.

COURT REPORTER: THE NEXT PLAINTIFF'S EXHIBIT WILL BE 48.

MS. COOK: I HAVE NO OBJECTION TO IT GOING IN THE RECORD. IN FACT, I'M THE ONE WHO INSISTED IT GO INTO THE RECORD IN EVIDENCE.

DOCUMENT FROM HARRELSON CONSTRUCTION DATED 12/06/07 MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS PLAINTIFF'S EXHIBIT 48.

Q MR. VEREEN, LET'S SPEED THIS UP IF WE CAN. YOU HAD THE SEVEN OAKS JOB THAT YOU DID UNDER ARTHUR VEREEN CONSTRUCTION COMPANY, CORRECT?

A YES.

Q AFTER YOUR LICENSE BECAME INACTIVE, YOU CONTINUED TO FINISH UP THAT JOB UP THROUGH THE MID-PART OF 2004?

A YES. LET ME CLARIFY ONE MORE THOUGHT WITH YOU RIGHT NOW. IF I PERMITTED THE JOB TODAY AND MY LICENSE EXPIRED BEFORE I FINISHED THAT JOB, I COULD COMPLETE THAT JOB.

Q WELL, I'M NOT GOING TO AGREE WITH YOU. THE ONLY THING I'M CONCERNED WITH IS THAT I SAW $15,000 OR $16,000 WORTH OF EXPENSES THAT WERE CHARGED TO A&E --

A THAT WE HAVE ACCOUNTED FOR AND ACKNOWLEDGED THAT THOSE WERE OUR EXPENSES.

Q YES, SIR. YOU HAVE ADMITTED THAT, BUT WHAT I WANT TO KNOW IS, WHY DID YOU PAY FOR THESE COSTS AND EXPENSES OUT OF A&E?

A AS I HAVE SAID A NUMBER OF TIMES IN MY FIRST DEPOSITION IS CARRIE GETS THOSE THINGS AND POSTS THEM. IF IT'S MY FAULT FOR NOT WATCHING WHAT SHE PUTS IN FRONT OF ME, IT'S JUST A PRACTICE THAT I'VE DONE. I EXPECTED THAT WHAT SHE HAS PROVIDED TO ME AND WHAT'S SHE'S PRODUCED TO ME SHE HAS CHECKED. THAT'S NOT WHAT I DO. I'M A NAIL DRIVER AND I GO OUT AND GET JOBS AND I PUSH MY JOB TO COMPLETION, THAT'S WHAT I DO. I DO

SHOP DRAWINGS. I DO CODE ENFORCEMENTS. SO, I EXPECT MY BOOKKEEPER TO CHECK THAT PAPERWORK.

Q SO, WHAT YOU'RE TELLING ME IS THAT YOU... THERE WAS A JOB LEDGER CREATED FOR SEVEN OAKS, WAS THERE NOT, IN THE PEACHTREE ACCOUNTING SYSTEM FOR A&E?

A OBVIOUSLY IT HAS BEEN. SEVEN OAKS THE JOB LEDGER WAS CREATED IN ARTHUR VEREEN CONSTRUCTION COMPANY BACK IN 2000 OR 2001, SOMEWHERE IN THAT NEIGHBORHOOD. IT MIGHT HAVE BEEN '99. I BELIEVE IT WAS IN 2000. SO, WHEN CARRIE... I DON'T KNOW FOR A FACT, BUT I WOULD VENTURE TO SAY WHEN CARRIE RECLASSIFIED THE PEACHTREE BECAUSE A LOT OF THOSE THINGS ROLLED OVER INTO A&E.

Q ARE YOU TELLING ME IN 2004, YOU DID NOT KNOW THAT A&E HAD PAID FOR SOME OF THE SEVEN OAKS EXPENSES, EVEN THOUGH YOU SIGNED THE CHECKS?

A I THINK MORE THAN LIKELY I DID KNOW.

Q DID YOU TELL MR. SMITH THAT YOU WERE WRITING CHECKS FOR EXPENSES THAT WERE CLEARLY ARTHUR VEREEN CONSTRUCTION COMPANY JOBS?

A NO.

Q AND HAVE YOU EVER WRITTEN A CHECK BACK FOR THESE SPECIFIC EXPENSES THAT YOU PAID OUT OF A&E?

A I NEVER WROTE A CHECK THAT WAS FOR THAT SPECIFIC AMOUNT OF MONEY. I DID MAKE DEPOSITS. I DID MAKE CONTRIBUTIONS. I DID PAY INVOICES ON BEHALF OF A&E THAT WOULD HAVE OFFSET THOSE EXPENSES. I DID DO THAT.

Q BUT YOU NEVER GATHERED THOSE CHECKS TOGETHER, SUBMITTED AN INVOICE AND WROTE A CHECK FOR THE AMOUNT OF THE CHECKS THAT YOU WROTE OUT OF A&E?

A I DID NOT WRITE THE EXACT AMOUNT, NO, SIR.

Q AND YOU NEVER TOLD MR. SMITH ABOUT THIS AT ANY TIME PRIOR TO THE FILING OF THIS LAWSUIT?

A I DON'T BELIEVE SO. I DON'T THINK MR. SMITH AND I... ELLIS... BUT HE AND I DIDN'T TELL EACH OTHER A LOT OF THINGS.

Q YOU DON'T REMEMBER?

A I DON'T REMEMBER WHAT, SIR.

Q WHETHER YOU TOLD HIM ABOUT THESE EXPENSES BEING PAID OUT OF A&E?

A I THINK I ALREADY STATED THAT I PROBABLY DIDN'T.

Q YOU TESTIFIED, OF COURSE, IT WAS SOME TIME AGO THAT THERE WAS NO JOB SUPERINTENDENTS EMPLOYED BY A&E THAT WORKED AT THE PARK PLACE PROPERTIES, DID YOU NOT?

A I THINK WHAT I TESTIFIED TO WAS THAT I HIRED RANDY LONG IN '06 TO WORK AT THE POINTE MARSH.

BASIL KIRTON WAS EMPLOYED BY A&E AND SERVED AS A SUPERINTENDENT AT POINTE MARSH FOR SOME PERIOD OF TIME UNTIL I ACTUALLY FIRED HIM.

Q SO, THERE WAS A SUPERVISOR AT POINTE MARSH FOR A PARK PLACE PROPERTIES JOB THAT WAS A PAID SUPERVISOR BY A&E?

A FOR A SHORT PERIOD OF TIME, YES.

Q I AM LOOKING AT CHECKS. WOULD YOU DENY THAT MR. KIRTON WAS WORKING ON FEBRUARY OF '05 THROUGH JULY OF '05?

A I'M NOT SURE THE EXACT DATE, BUT I KNOW THAT HE WAS THERE FOR A SHORT PERIOD OF TIME AND THAT I ACTUALLY FIRED HIM BECAUSE HE CUSSED ME OUT.

JUDGE HOWE: THAT WAS WHO?

A BASIL KIRTON.

JUDGE HOWE: THANK YOU.

A BASIL HAD BEEN AN EMPLOYEE OF MINE FOR A NUMBER OF YEARS, BUT HE SHOULDN'T HAVE CUSSED ME OUT.

Q THAT'S NOT A GOOD WAY TO KEEP A JOB, IS IT?

A IT WASN'T FOR HIM.

Q AND MR. LONG BECAME THE SUPERVISOR SOMETIME IN THE LATTER PART OF '05, TO BE THE SUPERVISOR AT PARK PLACE PROPERTIES?

A MR. DURANT, I REALLY DON'T REMEMBER THE EXACT TIME, BUT AFTER BASIL... AND I'M NOT EXACTLY

SURE WHAT THAT PERIOD OF TIME WAS.

Q HE HAD PREVIOUSLY WORKED WITH EES AND ELLIS SMITH, IS THAT --

A WELL, IF YOU GO BACK A NUMBER OF YEARS, YOU FIND THAT RANDY ACTUALLY WORKED WITH ME FOR A NUMBER OF YEARS.

Q HE'S A GOOD EMPLOYEE, IS HE NOT?

A HE IS. HE ACTUALLY WORKS FOR ME TODAY. NO, HE WORKS FOR BETH TODAY. HE IS A GOOD EMPLOYEE FROM WHAT I HAVE KNOWN AND I HAVE KNOWN HIS FATHER AND HE USED TO WORK FOR ME. HE HAS BEEN ASSOCIATED WITH ME IN SOME FASHION OR FORM FOR A LONG, LONG TIME.

Q YOU HAVE THE TOP LEDGER... THERE WAS A JOB LEDGER CREATED FOR YOUR DAUGHTER, BETH SISSON, CORRECT?

A YES.

Q I THINK THERE HAS ALREADY BEEN TESTIMONY THAT THE LAST CHECK FOR SOME $35,000 THAT PAID THE AMOUNT SHOWN ON THAT JOB LEDGER, DID IT NOT?

A YES.

Q THAT CHECK WAS PAID TO PARK PLACE PROPERTIES, WAS IT NOT, AND NOT A&E?

A IT WAS.

Q TELL ME, WHAT DID YOU DO WITH THAT WHEN YOU CAME

UP WITH THIS FIGURE YOU HAD THE $35,000 THAT SHOULD HAVE BEEN PAID TO A&E, SHOULDN'T IT?

A WE ACTUALLY DIDN'T HAVE A CHECKING ACCOUNT AT THE TIME I DON'T BELIEVE.

Q BUT A&E WAS THE ONE WHO PAID THE BILLS, CORRECT?

A I THINK Y'ALL INSTRUCTED US TO CLOSE THAT ACCOUNT. A&E PAID THESE BILLS? THESE BILLS?

Q IT CAME OUT OF THE A&E CHECKING ACCOUNT?

A NO, SIR. IF YOU WILL GO BACK AND LOOK, PARK PLACE PROPERTIES DEPOSITED MONEY INTO THESE ACCOUNTS TO PAY THESE INVOICES AND TO PAY THESE EMPLOYEES.

Q MR. VEREEN, WE DON'T WANT TO GO IN CIRCULAR ACCOUNTING, THE ACCOUNT WHERE IT CAME OUT OF WAS A&E, CORRECT?

MS. COOK: YOUR HONOR, I DON'T THINK MR. VEREEN WAS FINISHED WITH HIS ANSWER AND HE NEEDS TO BE ABLE TO FINISH HIS ANSWER.

JUDGE HOWE: FINISH YOUR ANSWER, MR. VEREEN.

A NOW, I'M NOT SURE THAT I... ASK ME A BETTER QUESTION AND MAYBE I CAN ANSWER IT THAT WAY.

Q WELL, ALL THE INVOICES THAT ARE SHOWN ON THE JOB LEDGER FOR YOUR DAUGHTER WERE PAID OUT OF THE

CHECKING ACCOUNT OF A&E, CORRECT?

A YES, SIR.

Q YOU SIGNED EVERY ONE OF THEM, DIDN'T YOU?

A ABSOLUTELY.

Q THE LAST CHECK THAT SHE GAVE YOU WAS NOT PAYABLE TO A&E, BUT WAS PAYABLE TO PARK PLACE PROPERTIES, THE COMPANY YOU OWN?

A THAT'S CORRECT.

Q AND SHE SAID THAT WAS PAYMENT IN FULL, CORRECT?

A THAT'S CORRECT.

Q SO, THAT WAS PAYING THE CHECK TO PARK PLACE PROPERTIES OR AN OBLIGATION THAT A&E HAD PAID FOR?

A NO, SIR. WHAT I WAS TRYING TO EXPLAIN IN EARLY '09, MONIES THAT A&E WAS OPERATING ON, I PLACED THAT MONEY INTO A&E, EITHER THROUGH MY ACCOUNT, PARKWAY OFFICES ACCOUNT OR PARK PLACE PROPERTIES. THAT'S WHERE THAT MONEY CAME FROM. IT DIDN'T COME FROM A&E. I THINK IF YOU LOOK AT OUR CHECKING ACCOUNT IT WAS FORTY SOME THOUSAND DOLLARS IN '07.

Q AND THOSE EXPENSES WERE WRITTEN IN '07, WERE THEY NOT, MR. VEREEN? THOSE WERE THE DATES ON ALL THOSE INVOICES.

A I THINK THEY ARE. AND I THINK YOU WILL SEE THAT

THE CHECK WAS DEPOSITED TO MORE... TO MORE TO COVER THOSE EXPENSES. I'M JUST LOOKING AT THE LABOR CHARGES FROM '07 AND THE MAJORITY OF THESE INVOICES ARE IN '08 AND '09.

Q THE MAJORITY?

A THE MAJORITY OF THEM WERE IN '08. IF YOU WILL LOOK, THE 33,274 IN '08 WAS THE AMOUNT THAT WAS GENERATED IN '08.

Q WHOSE IDEA WAS IT --

A AND THE 33,274.50 IS THE EXACT SAME AMOUNT OF MONEY THAT WAS PUT ON THE LEDGER FOR A&E IN '08, WHICH I'M THE ONE THAT PUT THE MONEY IN AND I WANTED MY MONEY BACK. I PAID THOSE INVOICES. ONE OF MY ENTITIES PAID THOSE INVOICES. THE EXACT AMOUNT OF MONEY OF... TO THE PENNY WAS 33,274.50. THE AMOUNT OF THE LAST CHECK THAT BETH WROTE TO CLEAR THAT ACCOUNT UP WAS 35,803.10. SHE HAD ALREADY PAID... SHE HAD PAID... WELL, THE LEDGER SHOWS THROUGH '07, $62,376. SHE PAID A&E $65,300.94.

Q WERE YOU THE ONE THAT TOLD HER SHE COULD CHARGE ALL THE EXPENSES TO A&E?

A YES.

Q IS A&E A BANK?

A IS A&E A BANK?

Q YES.

A I DON'T SEE HOW YOU CAN SAY THAT A&E IS A BANK WHEN A&E GOT PAID BACK FOR WHAT THEY WERE CHARGED.

Q SHE GOT USE TO THE MONEY FOR FREE, CORRECT?

A MR. DURANT, IN JANUARY OF '08, SHE DEPOSITED $30,000. IN FEBRUARY OF '08, SHE DEPOSITED $25,000. IN JUNE OF '08, SHE DEPOSITED $7,376.80. I AM NOT SURE WHY YOU CALL THAT USING THE MONEY FOR FREE. WE DO JOBS EVERY DAY IN THE CONSTRUCTION AND IT COULD BE ANYWHERE FROM SIX MONTHS TO TWO YEARS BEFORE WE GET OUR MONEY BACK. THAT'S NOT WHAT I WOULD CLASSIFY AS DOING... MY BUSINESS IS SO VOLATILE THAT WE WORKING... AND I KNOW YOU AS A ATTORNEY ARE FULLY AWARE OF THAT. WE DON'T ACTUALLY GET OUR MONEY BACK ON A REGULAR BASIS, BUT SHE PAID THOSE INVOICES AS THEY WERE GENERATED. SHE PAID THEM ON TIME.

Q WELL, LET ME ASK YOU SIR, IS THERE A CONTRACT FOR THIS?

A A CONTRACT? NO, SIR.

Q HAS THERE BEEN ANY PAYMENTS FOR THE FICA MATCH AND OTHER REQUIRED PAYMENTS THAT AN EMPLOYER HAS TO PAID?

A SHE HAS PAID... SHE HAS REIMBURSED A&E FOR EVERY DIME THAT THEY WOULD DO.

Q WELL, EVERY DIME THAT IS SHOWN ON THAT LEDGER, YEAH.

A YES, SIR.

Q BUT THAT DOESN'T INCLUDE THE MANDATED CHARGES THAT THE FEDERAL GOVERNMENT HAS FOR FICA MATCH.

A WHAT IS THAT?

Q WORKERS' COMPENSATION, THE COST.

A I WOULD NEED TO GO BACK AND LOOK AT THESE... LIKE BRANDY... RANDY LONG AND BRANDON LONG AND THOSE INDIVIDUALS, BUT I THINK THEY WERE PAID AS SUB-CONTRACTORS. IN OTHER WORDS, IF THEY SUBMITTED A LABOR BILL FOR 120 BUCKS THEY WERE PAID 120 BUCKS. THESE WERE GUYS THAT WERE DOING WORK ON BETH'S HOUSE THAT WERE EMPLOYEES OF A&E AT SOME POINT IN TIME. THAT... I'M NOT SURE IF THEY RECEIVED... IF THEY WERE TREATED AS AN EMPLOYEE OR NOT. I DON'T REMEMBER. IT'S BEEN SO LONG THAT I DON'T REMEMBER, MR. DURANT. I DO KNOW WHAT WAS GENERATED AND GIVEN TO HER TO PAY SHE PAID.

Q BUT NOT NECESSARILY TO A&E?

A YES, SIR. SHE PAID... SHE PAID WHAT WAS DUE TO A&E THROUGH '07 UP UNTIL '08. I HAVE ALREADY

STATED WHAT MONIES WERE PAID IN '08 AND '09. IT'S THE MONEY THAT I PUT IN THAT I WAS REIMBURSED FOR.

Q LET BE ASK YOU SOMETHING, RANDY LONG'S SON WORKED ON THAT JOB, DIDN'T HE?

A LET ME LOOK. BRANDON LONG. YES, HE DID.

Q AND RANDY WORKED ON THE JOB ALSO, DIDN'T HE?

A HE DID.

Q WHERE DO YOU SEE ANY PAYMENTS ON THAT GENERAL LEDGER TO RANDY LONG?

MS. COOK: IS THAT A GENERAL LEDGER OR A JOB LEDGER?

MR. DURANT: JOB LEDGER.

A WELL, I DON'T. I MAY HAVE MISSPOKEN. I'M NOT SURE IF HE WORKED THERE OR NOT.

Q DO YOU KNOW?

A I DO NOT KNOW.

Q MR. VEREEN, I HAND YOU PLAINTIFF'S EXHIBIT 49 AND IT'S A --

A ONE SECOND. MR. DURANT, I APOLOGIZE. I WAS JUST TRYING TO SEE IF THE LEDGER WOULD BREAK IT OUT FOR ME IN '07 AND '08 AND IT DOESN'T. IT'S ACCUMULATED ALL THE WAY THROUGH. IT JUST KEEPS ADDING UP. SO, I TRIED TO DO THAT TO MAKE REFERENCE TO THE CHECKS AND DEPOSITS THAT WERE

ACTUALLY PAID IN A PERIOD OF TIME, BUT THIS DOESN'T REALLY DO THAT.

Q WELL, DENNIS LONG WORKED FOR YOUR COMPANY ON SALARY, DID HE NOT? $1,100 A WEEK PLUS PAYMENT OF HIS CAR AND INSURANCE?

A HE DID THAT FOR A PERIOD OF TIME. I'M NOT SURE WHEN THAT STOPPED.

Q I'M HERE TO HAND YOU A SERIES OF CHECKS THAT HAVE BEEN IDENTIFIED AS PLAINTIFF'S EXHIBIT 49, WHICH WERE PRODUCED EARLIER BY THE DEFENDANTS. THEY ARE CHECKS AND WEEKLY TIME RECORDS FOR DENNIS R. LONG AND THEY ALL APPARENTLY HAVE BETH'S HOUSE ON THE... AS BEING THE PLACE HE WORKED. I WANT YOU TO LOOK THROUGH THOSE AND SEE IF YOU RECOGNIZE THAT THOSE ARE CHECKS TO DENNIS LONG FROM A&E AND THAT PART OF THOSE CHECKS ARE LABELED FOR BETH'S HOUSE?

A IT DOES APPEAR THAT THERE ARE SOME CHECKS IN HERE THAT WERE WRITTEN TO RANDY LONG.

Q AND ON MOST OF THOSE CHECKS A SUBSTANTIAL AMOUNT OF THE TIME WAS IDENTIFIED AS BEING AT BETH'S HOUSE, THE SESSION JOB, RIGHT?

A THERE ARE SOME, YES, SIR.

Q CAN YOU TELL ME, SIR, WHY THOSE CHARGES ARE NOT INCLUDED ON THE JOB LEDGER? WHY SHE HAS NOT

MADE PAYMENT FOR THOSE CHARGES?

A I HAVE NO IDEA. THIS IS WHAT WAS PRINTED OFF BY CARRIE IN THE OFFICE. I DON'T... I DON'T ENTER THOSE INVOICES. SHE DOESN'T ENTER THOSE INVOICES. CARRIE WOULD HAVE DONE THIS. SO, I HAVE NO IDEA.

Q DURING THOSE TWO MONTHS MR. LONG WAS THERE A SUBSTANTIAL PERIOD TIME, WAS HE NOT WORKING AT HER HOUSE? THAT'S WHAT THE RECORDS SUPPORT, CORRECT?

A HE WAS THERE SOME, YES, SIR.

Q DO YOU THINK THAT YOUR DAUGHTER WOULD KNOW WHETHER OR NOT MR. LONG WAS WORKING ON HER OWN HOUSE?

A I WOULD THINK SO.

MR. DURANT: YOUR HONOR, I OFFER THESE INTO EVIDENCE.

JUDGE HOWE: PLAINTIFF'S 49.

MS. COOK: NO OBJECTION.

JUDGE HOWE: PLAINTIFF'S 49 TO ADMITTED.

PAYROLL CHECKS MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS PLAINTIFF'S EXHIBIT 49.

Q SOME GENERAL QUESTIONS ON THE INSURANCE

INFORMATION THAT YOU PREVIOUSLY FILED. I THINK IT WAS FOR 109, MR. VEREEN. SO, YOU DISPUTE THAT YOU PAID YOUR WIFE'S AUTOMOBILE INSURANCE WITH A CHECK PAYABLE FROM A&E?

A I THINK I TESTIFIED TO THAT YESTERDAY.

Q YOU ALSO... A&E ALSO PAID FOR THE PROPERTY INSURANCE FOR ALL THE BUILDINGS THERE ON ROBERT GRISSOM, DID THEY NOT, UNDER THE HARTFORD POLICY? IT WAS A COMBINED POLICY, WAS IT NOT?

A IT SEEMS LIKE IT WAS FOR SEVERAL YEARS, BUT IT WAS NOT THE LAST YEAR.

Q YEAH, ALRIGHT. YOU HAD SOME EQUIPMENT IN HERE THAT WAS EQUIPMENT THAT WAS NOT USED BY A&E OR OWNED BY A&E SUCH AS A FARM TRACTOR WHICH IS YOUR PERSONAL STUFF?

A SIR, THE BULLDOZER, THE BACKHOE, THE BUSH HOG THAT YOU'RE TALKING ABOUT WAS USED TO BUSH HOG THE PROPERTY ON WILLOUGHBY PLACE. I FURNISHED THAT TRACTOR AND I BUSHHOGGED THAT PROPERTY AND THAT'S ONE OF A&E JOBS.

Q AND THEN --

A LET ME FINISH. YOU ASKED ME A QUESTION. THE BULLDOZER WAS USED ON WILLOUGHBY PLACE TO DO SOME GRADING. THE BOBCAT WAS USED AT TAHITIAN PRINCESS WHICH WAS BURNED UP. THE MOTOR WAS

RUINED AT TAHITIAN PRINCESS BY ELLIS SMITH AND THAT WAS MY MACHINE. NOW, A&E USED THAT EQUIPMENT. A&E USED OUR TRAILERS TO MOVE THAT EQUIPMENT. A&E USED OUR TRAILERS FOR HAULING MATERIALS AS WELL AS HE USED MY DUMP TRUCK. AND THEY PAID THE INSURANCE AND COVERAGE ON THAT. IT'S INDICATED IN THOSE INSURANCE POLICIES.

Q WHAT ABOUT THE FARM TRACTOR?

A THE FARM TRACTOR WAS USED... I JUST STATED THAT.

Q THAT STAYS IN MARION, DOESN'T IT?

A IT DOES NOW ABSOLUTELY. I JUST STATED WILLOUGHBY PLACE ON GRISSOM PARKWAY WAS A WOODED HIGH BRUSH AREA. WE BUSHHOGGED THAT PROPERTY FOR ALMOST... SINCE 2002, YOUR HONOR, UP UNTIL 2005. IN FACT, IF YOU GO BACK AND READ MY DEPOSITION THAT I DID WHEN YOU DEPOSED ME IN YOUR OFFICE THAT THE PIECE OF DIRT ON 44TH AVENUE AND GRISSOM PARKWAY WAS A PIECE OF PROPERTY THAT I WAS LOOKING AT TO BUY TO DEVELOP. I WAS APPROACHED BY THE WILLOUGHBY FAMILY TO LOOK AT A PIECE OF PROPERTY IN LITCHFIELD THAT THEY WERE INTERESTED IN TO DO ANOTHER DEVELOPMENT. WE LOOKED AT SEVERAL PIECES OF PROPERTY WITH THE WILLOUGHBY FAMILY AND I FINALLY ENTERTAINED AND SHOWED AND TOOK

THEM TO THE PROPERTY ON 44TH AVENUE THAT THEY PURCHASED. BUT I BUSHHOGGED THAT PROPERTY FOR A PERIOD OF TIME WITH MY TRACTOR AND MY BUSHHOG.

JUDGE HOWE: WHAT ENTITY OWNS THE FARM TRACTOR?

A I OWN THAT PERSONALLY. I DON'T ANY LONGER, BUT I DID AT THE TIME.

JUDGE HOWE: WHO OWNS IT NOW?

A IT'S OWED BY WAHEE.

JUDGE HOWE: WHAT IS THAT?

A THAT'S THE FARM OVER IN MARION.

JUDGE HOWE: IS THAT AN ENTITY OWED BY YOU OR --

A YES, SIR.

JUDGE HOWE: -- OR RELATED TO YOU?

A YES, MA'AM. IT'S A CORPORATION.

Q GOING BACK TO YOUR INSURANCE. WHY WAS A&E PAYING FOR YOUR WIFE'S CAR INSURANCE?

A I HAD... I HAD PAID ON THE AUTO INSURANCE THROUGH ARTHUR VEREEN CONSTRUCTION COMPANY FOR A NUMBER OF YEARS ON OUR PERSONAL VEHICLES. MY WIFE'S CAR THAT WAS THE WAY IT WAS SET UP WITH PEOPLE'S UNDERWRITERS WHEN WE TRANSFERRED INSURANCE FROM... WELL, WE DIDN'T TRANSFER INSURANCE FROM ARTHUR VEREEN CONSTRUCTION

COMPANY. WE ADDED A&E AS AN ADDITIONAL INSURED AS DOING ARTHUR VEREEN CONSTRUCTION COMPANY AND A&E CONSTRUCTOR BECAUSE... TESTIFIED WHATEVER IT WAS IN THE LAST DAY OR TWO BECAUSE PEOPLE'S UNDERWRITER WAS NOT ALLOWING US TO... WOULDN'T PROVIDE US INSURANCE, BUT A&E. THAT WAS JUST ONE OF THOSE THINGS THAT WAS CAUGHT UP IN THAT... I HAVEN'T DENIED IT. I HAVEN'T... I HAVE CLAIMED THAT WE OWED THAT MONEY AND WE HAVE SHOWN THAT WE OWE THAT MONEY.

Q WHAT MONEY?

A FOR MY WIFE'S CAR.

Q I'M JUST ASKING YOU FOR THESE FOUR YEARS. WHY WOULD YOU EVER CHARGE YOUR WIFE'S CAR INSURANCE ON A&E? YOU DIDN'T TELL MR. SMITH THAT, DID YOU?

A NO, SIR. AND I'M TRYING TO TELL YOU THAT --

Q JUST ANSWER MY QUESTION?

A I'M TRYING. I WAS NOT EVEN AWARE THAT THAT PARTICULAR VEHICLE WAS STILL STUCK ON... IT NEVER EVEN DAWNED ON MY MIND. WE ROLLED MY INSURANCE FROM ARTHUR VEREEN CONSTRUCTION COMPANY INTO A&E AND THAT VEHICLE WAS INSURED UNDER THAT POLICY WITH PEOPLE'S UNDERWRITER AND THAT'S THE WAY IT STAYED. I NEVER... I DID NOT

LOOK AT WHAT SPECIFIC VEHICLES WERE INSURED. MY TRUCK WASN'T EVEN INSURED UNDER THAT. I PAID MY INSURANCE MYSELF. AND THEN... BUT AS TO MY WIFE'S CAR, I DID NOT REVIEW THAT AND PICK THAT UP, MR. DURANT.

Q WHY WAS A&E PAYING FOR THESE OTHER OFFICE SPACES ON ROBERT GRISSOM THROUGH THIS POLICY FOR FOUR YEARS?

A OUR INSURANCE WITH THE WAY IT WAS GROUPED AND THE WAY IT WAS DONE WAS DONE WITH PEOPLE'S UNDERWRITERS. THEY DID A NUMBER OF THINGS FOR US. IF WE HAD BEEN ABLE TO GET A POLICY SPECIFICALLY FOR A&E, THIS OTHER STUFF WOULD HAVE BEEN SEPARATED. IT EVER... I NEVER EVEN PICKED UP ON IT. I NEVER EVEN PAID ANY ATTENTION TO IT. I HAVE NEVER DENIED WHEN WE FOUND THIS OUT THAT WE OWED THAT MONEY TO A&E FOR THOSE. WE HAVE ALLOCATED, NOT ALLOCATED, BUT WE ARE RESPONSIBLE FOR THEM.

Q I CAN'T LOOK AT THESE BILLS AND FIGURE OUT WHAT YOU HAVE DONE BECAUSE THE BUILDING IS NOT OWNED BY A&E, BUT YET A&E IS PAYING THE BUILDING PREMIUM FOR TWO BUILDINGS, CORRECT?

A IT IS FOR UP UNTIL I THINK THE LAST '07 OR '08 I CAN'T REMEMBER WHAT IT WAS.

Q AND THEY SHOULDN'T HAVE BEEN PAYING PREMIUMS FOR ANY BUILDINGS, SHOULD THEY?

A I HAVE ALREADY SAID THAT. YOU ASKED ME THAT QUESTION AND I SAID, YES.

Q BUT THERE IS NO LEASE THAT SAYS THEY HAVE TO PAY YOUR INSURANCE EVEN FOR THE BUILDING THEY OCCUPY; YOUR FIRE INSURANCE, YOUR HAZARD INSURANCE? YOU HAVE NO LEASE THAT SAYS THAT, DO YOU?

A WE DON'T HAVE A LEASE THAT SAYS THEY HAVE TO PAY A DIME.

Q BUT YOU NEVER DISCUSSED THIS WITH MR. SMITH ALSO? BECAUSE THIS IS A SUBSTANTIAL AMOUNT OF MONEY --

A I DID NOT DISCUSS THAT SPECIFIC ITEM WITH MR. SMITH. WHAT I DID DISCUSS WITH MR. SMITH WAS THAT WE WERE NOT GOING TO BE ABLE TO OBTAIN... I HAVE STATED THIS BEFORE TOO. OBTAIN INSURANCE FOR A&E CONSTRUCTORS TO DO THE WORK THAT WE WERE DOING BECAUSE OF THE TYPE OF WORK WE WERE PERFORMING. WE HAD TO STICK WITH PEOPLE'S UNDERWRITERS AND ADD A&E AS A CO-INSURER.

Q THAT'S GENERAL LIABILITY INSURANCE, THAT'S NOT PROPERTY INSURANCE?

A SIR, THAT WHOLE BUSINESS OF INSURANCE IS ALL

UNDER ONE POLICY THAT I TOOK OUT WITH PEOPLE'S UNDERWRITERS TO TRY TO KEEP OUR PREMIUM DOWN AND I DID THAT YEARS AND YEARS AND YEARS AGO. FRANK OWED PEOPLE'S UNDERWRITERS IN CONWAY. THAT'S HOW LONG I HAVE BEEN DOING BUSINESS WITH PEOPLE'S UNDERWRITERS. IT'S BEEN A LONG TIME. AND I AGREE WITH YOU THAT THAT POLICY... THAT CAR WAS IN THERE AND I AGREE THE TWO BUILDINGS WERE IN THERE. ONE OF THOSE BUILDING SHOULDN'T HAVE BEEN IN THERE. AND THEN...

Q WELL, A&E NEVER RENTED THE WHOLE BUILDING, DID THEY?

A THE FIRST BUILDING THEY DID.

Q THE WHOLE BUILDING?

A YEAH, SURE.

Q FOR HOW LONG?

A COUPLE OF YEARS.

Q THE REST OF THE TIME THEY DIDN'T RENT IT ALL, DID THEY?

A NO, SIR. BUT THEY DID RENT THE BUILDING NEXT DOOR.

Q BUT NOT THE WHOLE BUILDING?

A THEY RENTED THE BUILDING NEXT DOOR.

Q BUT THERE WERE OTHER BUSINESSES THERE THAT YOU RENTED OUT TO OTHER PEOPLE, CORRECT?

A ONE.

Q THE BARBERSHOP?

A YES.

Q AND THERE WAS AN ENGINEERING FIRM TOO?

A NO, SIR. THE ENGINEERING FIRM WAS IN THE BUILDING YOU LEFT OUT. AND THEY PAID INSURANCE ON THAT BUILDING.

Q THEY PAID THE PROPERTY INSURANCE?

A THEY DID THE FIRST YEAR.

Q BUT A&E PAID IT ACCORDING TO THESE RECORDS?

A IT GOT PAID TWICE.

Q LET'S GO ON TO SOMETHING ELSE. LET'S GO TO PLANTATION LAKES?

A OKAY.

Q THAT WAS YOUR LOT, RIGHT?

A YES, IT WAS.

Q YOU BOUGHT IT IN DECEMBER OF '03?

A I DON'T REMEMBER THE EXACT... WE ACTUALLY BOUGHT IT... I ACTUALLY BOUGHT THAT WITH A GENTLEMAN BY THE NAME OF SHANE HARDEE SEVERAL YEARS PRIOR TO THAT.

Q CORRECT. BUT WHEN YOU BOUGHT IT --

A BUT I DID PURCHASE THAT LOT FROM HIM, YES, SIR.

Q IN JANUARY YOU GOT A CONSTRUCTION PERMIT IN A&E AND YOU GOT A LOAN FOR 280,000 FROM HORRY COUNTY

STATE BANK?

A I DON'T REMEMBER EXACTLY.

Q CONSTRUCTION LOAN?

A YES.

Q GOT A PERMIT IN A&E AND ACCORDING TO THE RECORDS WE SEE HERE, WE'VE TALKED ABOUT THIS BEFORE. YOU HAD A HUNDRED AND SOME THOUSAND DOLLARS WORTH OF CONSTRUCTION PAID FOR OUT OF THE A&E ACCOUNT, FAIR STATEMENT?

A YES.

Q YOU DON'T DISPUTE THAT? YOU DON'T DISPUTE THAT'S MONEY THAT YOU HAVE AN OBLIGATION TO PAY BACK, FAIR STATEMENT?

A YES.

Q AND YOU, DURING THE COURSE OF THAT YEAR... THE HOUSE WAS UNDER CONSTRUCTION FOR 8 OR 9 MONTHS BEFORE IT WAS SOLD?

A I DON'T THINK IT WAS UNDER CONSTRUCTION FOR THAT LONG. IT MIGHT HAVE BEEN 8 OR 9 MONTHS BEFORE IT WAS SOLD.

Q BUT YOU WERE GETTING CONSTRUCTION DRAWS FROM HORRY COUNTY STATE BANK?

A I WAS.

Q WHY DIDN'T YOU PAY A&E MONTHLY LIKE EVERYONE ELSE WOULD THAT CONTRACTED WITH A&E SINCE YOU

ARE A PRINCIPAL AND AN OWNER?

A WELL, I AM NOT SURE THAT I DIDN'T BECAUSE I... WHAT YOU HAVE BEEN FUSSING AT ME ABOUT IS PROBABLY LEGITIMATE OF NOT WRITING A CHECK TO A&E SPECIFICALLY DETAILING WHAT IT WAS COVERING. SO, I MADE DEPOSITS INTO A&E. IT MAY NOT HAVE SAID PLANTATION LAKES. IT MAY NOT HAVE SAID ME. I DON'T MATTER. I'M JUST GIVING YOU A FOR INSTANCE AND I SHOULD HAVE. I SHOULD HAVE SPECIFICALLY IDENTIFIED EXACTLY WHAT THAT CHECK WENT TO AND I'M NOT DENYING THAT'S WHAT HAPPENED IN MOST CASES.

Q I DIDN'T SEE... AND CORRECT ME IF I'M WRONG. I DIDN'T SEE IN '04 WHERE ARTHUR VEREEN INDIVIDUALLY MADE ANY CHECKS PAYABLE TO A&E. I'M NOT TALKING ABOUT ARTHUR VEREEN CONSTRUCTION COMPANY OR PARK PLACE PROPERTIES? ARE YOU TELLING ME THAT ARTHUR WAYNE VEREEN PUT A PERSONAL CHECK IN THE A&E ACCOUNT?

A I WOULD HAVE TO LOOK AND SEE. I THINK I CAN DO THAT.

Q LET'S MOVE ALONG. I DON'T CARE ABOUT THE ANSWER.

MS. COOK: YOUR HONOR, I DO.

A I HAVE A CHECK THAT WAS WRITTEN BY AWV FOR

$75,000 IN 2004. AND WHERE I PAID INVOICES FROM TWO OTHERS FOR $92,992.18. NOW, WITHOUT GOING BACK THROUGH EVERY INVOICE AND TRYING TO FIGURE OUT EXACTLY IF THAT PAID FOR SOME ON PLANTATION LAKES. I KNOW THAT I MADE A DEPOSIT FROM ARTHUR W. VEREEN AND YOU HAVE POSTED IT IN THE BOOKS, MR. DURANT.

Q FOR $75,000?

A FOR $75,000.

Q AND YOU GOT A CHECK BACK THREE OR FOUR DAYS LATER FOR $75,000, DIDN'T YOU?

A WELL, LET'S SEE. I WILL TELL YOU. I ACTUALLY GOT A REPAYMENT OF SEVERAL CHECKS BACK IN 2004. I AM NOT SURE EXACTLY IF THEY WERE ON THOSE DATES OR NOT, BUT I DID GET REPAYMENT, YES, SIR.

Q LET ME ASK YOU SOMETHING. DID A&E HAVE A CONTRACT WITH YOU, TO BE FAIR TO A&E, TO STATE WHAT TERMS AND CONDITIONS WERE FOR THIS CONTRACT FOR YOU AT THE PLANTATION LAKES HOUSE?

A NO.

Q WHY?

A THE SAME REASON THAT WE HAD BEEN DISCUSSING THAT WE WERE BUILDING IT FOR COST.

Q WHO WAS BUILDING IT FOR COST?

A MY PER -- THAT WAS MY PROJECT, A&E. AND A&E WAS

BUILDING THAT PROJECT FOR COST.

Q YOU OWED IT, DIDN'T YOU?

A I OWED THE LOT.

Q AND YOU OWNED A HOUSE, DID YOU, THAT WAS BEING BUILT? IT'S IN YOUR NAME, RIGHT?

A YES.

Q YOU BORROWED THE MONEY PERSONALLY, DID YOU NOT?

A I DID.

Q YOU AND YOUR WIFE GUARANTEED THE DEBT, DID YOU NOT?

A NO, SIR.

Q SHE DIDN'T?

A NO, SIR.

Q THE DISBURSEMENTS WEREN'T MADE TO THE CONTRACTOR, WERE THEY?

A NO, SIR.

Q THEY WERE MADE TO YOU, WEREN'T THEY?

A THEY WERE.

Q SO, EVERY OTHER JOB THAT YOU DID FOR A THIRD PARTY YOU SUBMITTED DRAWS, DIDN'T YOU?

A I DID.

Q SO, AS CONSTRUCTION PROCESSED THE DRAWS WOULD BE SENT OUT AND YOU WOULD GET PAID, CORRECT?

A YES.

Q AND IF YOU DIDN'T GET PAID WHAT WOULD YOU DO?

A GO ASK THEM FOR MONEY.

Q OR YOU WOULD STOP WORKING, WOULDN'T YOU?

A YES.

Q THAT DIDN'T OCCUR HERE, DID IT?

A IT DIDN'T OCCUR AS FAR AS ME SUBMITTING A BILL, BUT I DID MAKE PAYMENTS TO A&E.

Q BUT NOT PURSUANT TO ANY INVOICE FOR THIS PARTICULAR WORK? THERE WERE NO INVOICES, CORRECT?

A THAT'S RIGHT.

Q DID YOU TELL YOUR PARTNER OVER HERE, THE PRESIDENT OF THE COMPANY, THAT ELLIS A&E IS GOING TO PAY ALL THE BILLS AND WE'LL GET THE MONEY WHEN THE HOUSE SELLS? DID YOU TELL HIM SOMETHING LIKE THAT?

A I DON'T THINK THAT'S WHAT I HAVE STATED, MR. DURANT.

Q WHAT DID YOU TELL HIM?

A I THINK I HAVE SAID THAT WE MADE PAYMENTS TO A&E PERIODICALLY IN 2004. THEN IN... ELLIS HAS... I HAVE HEARD TESTIMONY THAT THAT WAS NOT AN A&E JOB. I'VE GOT INVOICES FROM EES MADE OUT TO A&E CONSTRUCTION FOR PLANTATION LAKES.

Q WHAT'S WRONG WITH THAT?

A THERE'S NOTHING WRONG WITH THAT AND THAT'S WHAT

I HAVE BEEN SAYING ALL ALONG. IT WAS AN A&E JOB. I HAVE HEARD YOU CROSS-EXAMINE ME AND SAY, THIS IS NOT AN A&E JOB.

Q I HAVE NEVER... THIS WAS A PERMITTED JOB FOR A&E, CORRECT?

A YES, SIR.

Q A&E WAS THE JOB CONTRACTOR, CORRECT?

A MR. DURANT, YOU HAVE QUESTIONED ME THAT THIS WAS NOT AN A&E JOB.

Q NO, SIR.

A YES, SIR.

Q NO, SIR. THIS WAS A JOB WHERE A&E WAS THE GENERAL CONTRACTOR AND YOU WERE THE OWNER, FAIR STATEMENT?

A THAT'S CORRECT.

Q THERE WAS NO CONTRACT BECAUSE YOU DIDN'T PREPARE ONE, RIGHT?

A NO, SIR.

Q AND THERE WAS NO PAYMENT MADE ACCORDING TO THE JOB LEDGERS DURING CALENDAR YEAR 2004 UP UNTIL THIS HOUSE SOLD IN JANUARY OF 2005, CORRECT?

A I'M NOT SURE HOW CARRIE ENTERED THESE DEPOSITS INTO THE JOB LEDGER. SO, I CAN'T ANSWER THAT QUESTION.

Q YOU HAVE SEEN YOUR OWN JOB LEDGER, HAVEN'T YOU,

SIR?

A WELL, IF YOU GOT ONE I WILL LOOK AT IT.

Q ARE YOU TELLING ME THAT YOU HAVEN'T LOOKED AT IT?

A I DON'T LOOK AT EVERYTHING.

Q PLANTATION LAKES YOUR OWN JOB?

A I'M JUST TELLING YOU, MR. DURANT, I'VE LOOK AT SO MUCH STUFF. I DON'T KNOW WHETHER I HAVE LOOKED AT IT OR NOT, BUT I WILL BE GLAD TO LOOK AT IT FOR YOU.

Q YOU SOLD THE HOUSE TO MR. WHITLEY, CORRECT?

A I DID.

Q AND YOU TRANSFERRED THE PROPERTY THAT MORNING TO A&E AND THAT AFTERNOON A&E DEEDED THE PROPERTY... I MEAN, YOU TRANSFERRED IT TO A&E FOR $5.00 AND AN ASSUMPTION OR MORTGAGE?

A THAT'S CORRECT.

Q DID YOU EVER TELL THIS GENTLEMAN OVER HERE THAT, "LOOK, A&E IS GOING TO ASSUME MY MORTGAGE, $280,00?"

A NO.

Q WHY DIDN'T YOU TELL HIM THAT?

A I AM NOT REAL SURE OTHER THAN THE CONTRACT WAS WRITTEN FROM THE WHITLEYS ON THAT PROPERTY WITH A&E CONSTRUCTORS.

Q WHO PREPARED THAT?

A I DON'T RECALL, MR. DURANT. IT WASN'T ME. I DON'T RECALL.

Q YOU WERE THE ONLY ONE WHO OWNED IT, CORRECT?

A PARDON ME.

Q YOU OWNED THE HOUSE, DIDN'T YOU?

A I DID.

Q YOU WOULDN'T SIGN A CONTRACT TO SELL A PIECE OF PROPERTY YOU DIDN'T OWN, WOULD YOU?

A NOT INITIALLY.

Q SO, YOU TRANSFERRED THE PROPERTY WHATEVER AND ON THAT DAY OF SALE YOUR CONSTRUCTION MORTGAGE GETS PAID OFF, CORRECT?

A YES.

Q A&E GETS $102,000 AND THAT WAS THE END OF IT, WASN'T IT?

A THAT'S CORRECT.

Q YOU HAVE COSTS AND EXPENSES THAT THE COMPANY INCURRED IN CONSTRUCTING THAT HOUSE OVER AND ABOVE WHAT IS SHOWN ON THE JOB LEDGER, DO YOU NOT?

A I BELIEVE THE JOB LEDGER REFLECTS $130,000.

Q $134,000?

A SOMETHING LIKE THAT. I'VE STATED THAT I CAN'T GIVE YOU A SPECIFIC AMOUNT, BUT I KNOW THAT I

MADE DEPOSITS INTO A&E AND I MADE PAYMENTS ON BEHALF OF A&E PERSONALLY IN 2004. HOW WE TREATED THAT IN THE OFFICE AT THAT TIME, I CAN'T ANSWER THAT. ALL I HAVE DONE IS GONE BACK AND DONE ENOUGH RESEARCH THAT I HAVE TAKEN EVERY INVOICE, EVERY CHECK, EVERY DEPOSIT, EVERY PAYMENT THAT WAS MADE ON BEHALF OF THE A&E OR WHOEVER IT WAS THAT PAID IT. EVERY CHECK THAT CAME INTO THOSE ENTITIES FROM WHEREVER AND DECIDED FROM THAT INFORMATION WHERE WE WERE AND WHO OWES MONEY TO WHO. SO, I AGREE. THAT WAS PROBABLY NOT THE CORRECT WAY TO DO IT. I'M NOT GOING TO AGUE THAT.

Q BUT THERE IS OVERHEAD AND COST FOR THE PLANTATION LAKES JOB THAT WEREN'T EVEN ON THE LEDGER BECAUSE YOU HAVE THOSE IN EVERY JOB, DO YOU NOT?

A YES.

Q WORKERS' COMPENSATION. ALL THOSE THINGS THAT WE TALKED ABOUT. THERE HAS BEEN NO ACCOUNTING FOR THAT ANYWHERE, HAS THERE? YOU DIDN'T ACCOUNT FOR IT IN THIS THING YOU INTRODUCED EARLIER TODAY, DID YOU, SIR?

A (NO RESPONSE).

Q WHAT ABOUT PROFIT? DID YOU PROFIT ON THE

PLANTATION LAKES?

A NO.

Q WELL, IT WAS SUPPOSED TO BE DONE AT COST?

A YES.

Q SO, ARE YOU TELLING ME UNDER OATH THAT THE COMPANY BUILT THE $380,000 HOUSE AND HAD NO CHANCE OF EVER MAKING A PROFIT?

A THE COMPANY DID VERY LITTLE WORK ON THAT PARTICULAR JOB. THOSE JOBS WAS DONE BY SUB-CONTRACTORS. ELLIS SMITH AND EES WAS A SUB-CONTRACTOR.

Q THEY DID $134,000 WORTH OF WORK, DIDN'T THEY?

A PARDON.

Q THEY DID $134,000 WORTH OF WORK AT COST, DID THEY NOT?

A NO. THEY DIDN'T DO $134,000 WORTH OF WORK ON THAT.

Q ISN'T THAT WHAT THE GENERAL LEDGER SHOWS --

A HE DIDN'T. IT DOES NOT SHOW THAT HE DID $134,000.

Q NO. THE COMPANY A&E IS WHO I'M TALKING ABOUT.

A NOW, WITH MATERIALS AND SUBS, YES.

Q NOW, BESIDE THE $102,000 THAT WE HAVE FROM THE CLOSING STATEMENT OF A&E, THERE WAS EXTRAS THAT WERE DONE THAT YOU PUT INTO YOUR OWN ACCOUNT,

DIDN'T YOU, SIR? YOU DIDN'T PUT IT INTO THE A&E ACCOUNT? DID YOU ACCOUNT FOR THOSE CHECKS IN THIS THING THAT YOU SUBMITTED TO THE COURT --

A ABSOLUTELY.

Q DOES IT SHOW THEM ON THE LINE ITEMS SOMEWHERE WE COULD FIND IT?

A WE CAN SHOW IT TO YOU, YES, SIR.

Q THE WORKERS' COMP INSURANCE, THE $49,000 REFUND CHECK FOR A&E'S WORKERS' COMP, YOU DEPOSITED THAT INTO YOUR PERSONAL ACCOUNT TOO, DIDN'T YOU, SIR? SORRY, PARK PLACE PROPERTIES?

A I DEPOSITED IT INTO PARK PLACE PROPERTIES.

Q WHY WOULD YOU DEPOSIT A CHECK PAYABLE FOR A&E'S WORKERS' COMPENSATION INTO THE PARK PLACE PROPERTIES ACCOUNT?

A WHEN WAS THAT?

Q JANUARY 2008. DO YOU RECALL THERE WAS A LETTER FROM YOU IN THERE AND WE INTRODUCED IT EARLIER THAT SAID THE REASON THAT OUR PREMIUM SHOULD BE LOWERED IS BECAUSE ARTHUR VEREEN CONSTRUCTION COMPANY AND A&E WERE NOT DOING HIGH RISE BUILDING ANYMORE?

A I THINK IT SAID WE WERE DOING SINGLE FAMILY RESIDENCES, YEAH. I DON'T THINK WE ADDRESSED HIGH RISE CONDOS. INVESTED... WE WERE...

PRIMARILY INVESTED IN DOING... CONCENTRATING ON DOING SINGLE FAMILY STRUCTURES.

Q WELL, WE KNOW THAT YOU PUT IT IN PARK PLACE PROPERTIES ACCOUNT, BUT THE QUESTION IS --

A I DID.

Q WHY?

A PARDON.

Q IN 2008, YOU DON'T DISPUTE THAT YOU OWED, ACCORDING TO THE JOB LEDGER OVER $500,000 FOR PARK PLACE PROPERTIES JOBS, CORRECT, IN JANUARY OF '08?

A NO, SIR. I SHOW PARK PLACE PROPERTIES AS A BALANCE DUE OF... PARK PLACE PROPERTIES HAS PAID. THERE IS STILL $614,000 TO PARK PLACE PROPERTIES.

Q FROM A&E?

A FROM A&E. THAT'S WHAT MY ACCOUNTING SHOWS, YES, SIR.

Q I UNDERSTAND. BUT ACCORDING TO THE JOB LEDGER OF A&E, YOU OWE PARK PLACE PROPERTIES A SUBSTANTIAL AMOUNT OF MONEY TO A&E, DOES IT NOT?

A ACCORDING TO THE JOB LEDGER THAT'S KEPT IN OFFICE THAT CARRIE DID, WHICH WE HAVE FOUND THAT SHE HAS NOT CREDITED THE DEPOSITS THAT WERE PUT IT IN BY MYSELF, BY PARKWAY OFFICES, BY PARK

PLACE PROPERTIES, ARTHUR VEREEN CONSTRUCTION COMPANY, SHE HAS NOT POSTED THOSE ON THAT JOB LEDGER. WE HAVE GONE BACK AND PULLED EVERY CHECK AND IN MOST CASES Y'ALL HAVE PICKED UP ON THOSE. WE WENT THROUGH THE TOTAL ACCOUNTING. THAT I... WE SPOKE ABOUT EARLIER THAT WE TOOK OUT ELLIS' SUPERVISORY FEES AND TOOK OUT MY SUPERVISORY FEES. TOOK OUT MY BONUS, TOOK OUT HIS BONUS. TOOK OUT THE RENT ON THE TRUCK AND ON THE OFFICE BUILDING. TOOK OUT THE HISPANIC LABOR. DID EVERYTHING TRYING TO GET IT BACK TO A STARTING POINT THAT WE COULD FIGURE OUT WHAT WAS IN, WHO PUT MONEY IN AND WHAT DID THAT MONEY GO TO. THAT'S WHAT WE'VE DONE. THAT'S WHAT WE PROVIDED YOU.

Q WHY DID YOU PUT THE $49,000 CHECK PAYABLE TO A&E INTO THE PARK PLACE PROPERTIES ACCOUNT WHEN IT WAS A REFUND FOR A&E'S PAID WORKERS' COMPENSATION PREMIUMS? JUST ANSWER THE QUESTION.

A MR. DURANT, IT HAS AN ERROR ON MY PART. I SHOULD HAVE PUT IT INTO A&E, BUT AT THAT TIME I WAS THE ONE PUTTING MONEY INTO THE BUSINESS. I WAS PUTTING MONEY INTO A&E. I'M THE ONLY ONE WHO EVER PUT A DIME INTO A&E. I KNEW THAT I HAD

PUT MORE MONEY INTO A&E THAN I HAD GOTTEN OUT AND THAN I WAS EVER GOING TO GET OUT. I KNEW I HAD PUT THAT MONEY IN. SO, DID I MAKE A MISTAKE, I DID. IT WAS... ANYWAY.

Q MR. VEREEN, WHY DIDN'T YOU JUST DEPOSIT THE CHECK INTO A&E, TURN RIGHT AROUND AND THEN ASK MR. SMITH FOR PERMISSION TO WRITE YOURSELF A CHECK FOR $49,000, PROPER BOOKKEEPING BECAUSE YOU PUT IN MORE MONEY THAN YOU TOOK OUT?

A BECAUSE HE WASN'T THERE.

Q WHY DIDN'T YOU PUT IT IN THE ACCOUNT SO IT COULD BE RECORDED ON THE BOOKS AND RECORDS? YOU ARE SUPPOSED TO DO THAT, RIGHT?

A YOU ARE.

Q IT WASN'T A REFUND TO PARK PLACE PROPERTIES, WAS IT?

A NO.

Q WHY DIDN'T YOU DO THAT SO WE WOULD HAVE A RECORD OF IT? MR. CRUMPLER HAS TO DO THE TAX RETURNS FOR A&E AND THAT MONEY BELONGS TO A&E, DOESN'T IT?

A IT DOES.

Q IF PARK PLACE PROPERTIES IS OWED MONEY THEN PARK PLACE PROPERTIES IS GOING TO SHOW A RECEIVABLE ON YOUR BOOKS, IS IT NOT?

A IT IS.

Q YOUR PROBLEM IS, IS THAT YOU DIDN'T KEEP THESE RECORDS CORRECTLY, DID YOU, SIR, FROM THE GET GO?

A I PERSONALLY BELIEVE THAT MYSELF AND ELLIS NEITHER ONE FOLLOWED THIS BOOKKEEPING AND THIS ACCOUNTING PROPERLY LIKE WE SHOULD HAVE. NOW, I AM NOT DENYING THAT THAT'S WHAT I SHOULD HAVE DONE. I HAVE GOT... YOU HAVE GOT A COPY OF THAT REFUND CHECK FROM THE INSURANCE BECAUSE WE PROVIDED IT. I THINK YOU GOT A COPY FROM PEOPLE'S UNDERWRITERS --

Q NO, SIR. YOU DID NOT DISCLOSE IT IN YOUR ANSWERS TO INTERROGATORIES.

A PEOPLE'S UNDERWRITERS.

Q WHAT?

A YOU GOT A COPY FROM PEOPLE'S UNDERWRITERS.

Q NO. I GOT IT FROM SUBPOENAING YOUR RECORDS AFTER THE INSTITUTION OF THIS LAWSUIT.

A OKAY.

Q YOU DID NOT COME UP AND TELL ME THAT YOU DID THAT.

A I SURE WASN'T TRYING TO HIDE ANYTHING FROM YOU.

Q YEAH. AND WITH YOUR ACCOUNTANT OVER AT SMITH SAPP, YOU FILED SOME KIND OF RECORDS CLAIMING

CREDIT FOR SOME OF THESE STATEMENTS. ALSO THAT YOU MADE BY THESE VARIOUS SUNDRY OTHER COMPANIES, IS THAT CORRECT?

A WE HAVE FILED SOME, YES, SIR.

Q THE ISSUE REALLY WITH THOSE IS THAT MR. CRUMPLER WAS PROVIDING ADEQUATE BACK UP, WAS HE NOT, SIR?

A NO, SIR. WHAT THE MAJORITY OF THOSE WERE WAS ME COMPLETING THAT INFORMATION FOR HIM.

Q WELL, WE ARE HERE TODAY IN 2012, AND WE'RE TALKING ABOUT STUFF THAT HAPPENED IN 2004, 2005, 2006 AND 2007 FOR THE MOST PART, CORRECT, SIR.

A 2004, 2005, 2006, 2007, 2008 AND 2009.

Q I BELIEVE I TOOK YOUR DEPOSITION IN 2010, AND I ASKED YOU ABOUT ALL THESE RECORDS AND YOU TOLD ME, "I GOT THEM. I GOT THEM", CORRECT?

A I DID.

Q THE CHECK AND YOU HAD THE INVOICE?

A THAT'S CORRECT.

Q AND EVEN TODAY WE DON'T HAVE THOSE COMBINATIONS FOR MOST OF THE EXPENSES?

A NO, SIR. YOU DON'T HAVE THEM FOR SOME OF THEM, BUT I CAN TELL YOU THIS THAT THOSE INVOICES WERE IN THAT OFFICE AT SOME POINT IN TIME. NOW, I'M NOT THE ONLY PERSON THAT HAS HAD ACCESS. I'M NOT THE ONLY PERSON WHO HAD ACCESS TO THE

BUILDING OR HAD ACCESS TO THOSE FILES. AND ONE OF THE REASONS, YOUR HONOR, THAT HAS TAKEN SO LONG, IT TOOK US SO LONG TO TRY TO PUT THIS STUFF TOGETHER IS THAT THE FILES THAT WE PUT IN THE CONFERENCE ROOM TO BE REVIEWED WERE NOT PUT BACK IN THOSE FOLDERS. THEY WERE CLUMPED TOGETHER AND PUT IN WHATEVER. WE DIDN'T FIGURE THAT OUT FOR A LONG TIME. WE COULDN'T FIGURE OUT WHAT HAPPENED TO THESE INVOICES UNTIL WE ACTUALLY PULLED... I KNOW IT DOESN'T SOUND LIKE THERE WOULD BE A LOT OF PAPERWORK, BUT THERE ARE FILES AND FILES AND FILES OF PAPERWORK. SO, WE STARTED GOING THROUGH EVERY JACKET THAT WE HAD AND WE JUST FIND THAT WE HAD INVOICES THAT WERE PUT IN THE WRONG JACKET AND THOSE INVOICES AND SOME OF THEM AFTER YOUR DATE THAT YOU GAVE US THAT WE COULDN'T FIND. THOSE WERE NOT PROPERLY PUT BACK WHERE THEY SHOULD HAVE BEEN. AND THAT'S ONE OF REASONS IT TOOK US SO LONG. I HIRED... MY WIFE HELPED. AMY, SHE IS IN THERE AND SHE HELPED. MY DAUGHTER HELPED. I HIRED JESSICA VANCE TO COME HELP. CARRIE DREWETT, MYSELF, BETH, WE SPENT HOURS AND HOURS AND HOURS PULLING THAT STUFF. IT TOOK US FOREVER TO FIGURE OUT WHY THEY WEREN'T WHERE THEY WERE

SUPPOSED TO BE. I KNEW WE HAD THAT STUFF. I KNEW WE HAD SEEN THAT STUFF, BUT WE COULDN'T PUT OUR FINGERS ON IT. BUT ANYWAY... AND TODAY SOME OF THESE WE STILL HAVEN'T LOCATED. I'M NOT THE BEST BOOKKEEPER IN WORLD, BUT I VERY RARELY THROW AWAY A PIECE OF PAPER. NORMALLY I HAVE THAT STUFF WHERE IT OUGHT TO GO WITH A NOTE WRITTEN ON IT OR WHATEVER. I'VE GOT JOB FILES FOR 40 YEARS AGO THAT I STILL HAVE RECORDS OF.

Q MR. VEREEN, INSOFAR AS A&E IS CONCERNED, YOU HAVE FILED THE TAX RETURNS FOR TWO YEARS, HAVEN'T YOU, SIR?

A WE HAVE.

Q YOU GAVE THE COMPLETED RECORDS TO THE CPA FOR THE COMPANY, DID YOU NOT?

A WE GAVE INCOMPLETE RECORDS TO THE CPA TO FILE AND HE KNEW THAT WE WERE GOING TO HAVE TO AMEND THOSE RETURNS.

Q THE 2004 AND 2005 RETURNS WERE GIVEN TO YOUR ACCOUNTANT AND BASED UPON THE INFORMATION THAT YOU GAVE, THE ACCOUNTANT PREPARED AND SIGNED BY YOU, AS I BELIEVE PRESIDENT OF THE COMPANY, RIGHT?

A I DON'T RECALL.

Q BUT YOU SIGNED THEM AND YOU CERTIFIED TO THE IRS

AND STATE GOVERNMENT THAT THEY WERE CORRECT?

A I AM NOT SURE IF THAT'S WHAT IT SAYS. I DID SIGN THE RETURN BUT RICHARD WAS ALSO FULLY AWARE THAT THOSE THINGS WOULD HAVE TO BE AMENDED.

Q BUT THEY WERE MATERIALLY INCORRECT, WERE THEY NOT, SIR? FOR THESE EXPENSES THAT WERE PAID THAT WERE NOT LEGITIMATE EXPENSES OF A&E THAT WE'VE TALKED ABOUT IN THIS LAWSUIT IN '04 AND '05?

A YES.

Q AND YOU HAVE CLAIMED SOMEWHERE THAT THESE EXPENSES THAT YOU DO NOT HAVE ARE EXPENSES FOR OTHER ENTITIES THAT YOU WANT TO THE REIMBURSED FOR, CORRECT? ARTHUR VEREEN INDIVIDUALLY, ARTHUR VEREEN CONSTRUCTION COMPANY AND PARK PLACE PROPERTIES, THE ENTITIES, THE LLCS?

A I'M NOT SURE IF THEY ARE... IF THEY ARE... THEY ARE DIRECTLY OR SPECIFICALLY JUST FOR THOSE ENTITIES. I MEAN, I DON'T KNOW. JUST TALKING TO YOU RIGHT NOW IF THAT'S THE ONLY ONES THAT IT PERTAINS TO.

Q BUT EVEN TODAY, AS LONG AS 8 YEARS LATER AND AS EARLY AS 2007, FIVE YEARS LATER, YOU'RE HAVING PROBLEMS DOCUMENTING EXPENSES AND YOU'RE ASKING THIS COURT TO SAY, "LET ME HAVE CREDIT FOR IT"

AS IF THIS WERE A REIMBURSEMENT FOR AN EXPENSE? THIS IS 8 YEARS AFTER THE FACT.

A ABSOLUTELY NOT, MR. DURANT. WHAT I HAVE SUBMITTED TO THE COURT TODAY IS A... THIS IS A... IT'S AN ACCOUNTING OF WHAT WAS PAID AND WHAT RECEIPTS ARE THERE AND THOSE THAT WE DON'T HAVE RECEIPTS WE DIDN'T... WE JUST IGNORED. WE ARE SAYING THE SAME FOR A&E. IF WE DON'T HAVE... AT LEAST, I HAD A CHECK THAT YOU DIDN'T GIVE ME A CREDIT FOR. A&E SUBMITTED A PIECE OF PAPER THAT HE RECEIVED A CHECK. HE DIDN'T PROVIDE A CHECK SHOWING WHAT HE PAID. AT LEAST I HAVE A CHECK TO SHOW THAT I WROTE IT AND IT IS WRITTEN ON THERE WHAT PARTICULAR JOB IT WENT TO. YOU'RE SAYING YOU DON'T GET CREDIT FOR IT BECAUSE YOU DON'T HAVE AN INVOICE. WE TOOK THAT OUT, YOUR HONOR. WE SAID WE ARE JUST GOING TO TAKE IT OUT. WE ONLY WENT THROUGH THOSE INVOICES THAT WE COULD PROVIDE DOCUMENTATION FOR IS WHAT WE INCLUDED IN THIS PAPERWORK RIGHT HERE.

Q MR. VEREEN, ANSWER A SIMPLE QUESTION FOR ME. SUPPOSE YOU HAVE AN INVOICE FOR $5,000 THAT YOU PAID IN 2005, THAT TAX RETURNS ARE DONE, BUT YOU DON'T SUBMIT IT TO ME UNTIL DECEMBER OF 2011?

WHAT HAPPENS IF WE CAN'T USE THAT AS A CREDIT ON THE STATE AND FEDERAL INCOME TAX?

A I CAN'T ANSWER THAT QUESTION FOR YOU.

Q WHAT HAPPENS WHEN YOU PAY YOURSELF MONEY OUT OF THIS COMPANY AND DON'T REPORT THAT AS A 1099 INCOME TO YOU OR A W-2 INCOME? WHAT HAPPENS TO THE CORPORATION WHEN YOU DO THAT? WHEN WE CAN'T AMEND THE RETURN?

A I'M NOT SURE THAT I HAVE EVEN DONE THAT ON MY TAXES. I HAVE A ESTIMATED INCOME IN ONE CASE OF LIKE $375,000 FOR THAT YEAR.

Q FOR WHAT YEAR?

A 2005 I HAD AN ESTIMATED AMOUNT OF MY INCOME AND IN '06 AND IN '07, I'VE GOT MONEY THAT I HAD ESTIMATED AMOUNT THAT WAS ON MY TAX RETURNS.

Q YOU FILED YOUR TAX RETURNS FOR 2004 AND 2005 INDIVIDUALLY?

A YES.

Q AND YOU HAVE TO STATE WHAT YOUR INCOME IS ON THERE, DON'T YOU?

A YEAH.

Q AND YOU DIDN'T STATE ALL THE INCOME, DID YOU?

A I JUST GOT THROUGH SAYING THAT I HAVE STATED... I... THE INCOME FROM MY SALARY, WHATEVER INVESTMENTS I HAVE AND ALL THAT. THERE IS A

LINE ITEM FOR ESTIMATED THAT RICHARD TOOK AND I PAID TAXES ON.

Q WHAT HAPPENS TO THE COMPANY, A&E, THEY FILED A '04 AND '05 RETURN AND YOU DID NOT REPORT THAT $200,000 WORTH OF MONEY WAS PAID TO ARTHUR VEREEN CONSTRUCTION COMPANY BY A&E? EITHER BY YOU TAKING THE CHECK AND PUTTING IT IN THERE OR BY YOU WRITING A CHECK FROM A&E TO ARTHUR VEREEN CONSTRUCTION COMPANY? IT'S NOT REPORTED ON YOUR INCOME TAXES, IS IT?

A I CAN'T ANSWER THAT QUESTION.

Q YOU DON'T KNOW?

A I CAN'T ANSWER THAT QUESTION.

Q HOW DOES PARK PLACE PROPERTIES PREPARE THEIR TAX RETURNS WHEN WE HAVE A RECEIVABLE SHOWING $400,000 OR $500,000 FROM YOU ON THE BOOKS AND RECORDS OF A&E?

A I THINK THE BOOKS OF A&E HAS GOT TO BE CORRECTED.

Q WHOSE JOB WAS IT TO KEEP THE RECORDS CORRECT?

A THAT MAN SITTING RIGHT OVER THERE AND THIS MAN SITTING RIGHT HERE.

Q HE KEPT THE BOOKS AND RECORDS OF THIS COMPANY OR THE SECRETARY DID?

A I DIDN'T KEEP THE BOOKS AND RECORDS OF THIS

COMPANY.

Q YOU WROTE EVERY CHECK THAT WAS WRITTEN, DID YOU NOT, SIR?

A MR DURANT, HE'S THE PRESIDENT OF THE BUSINESS. HE HAS FULL ACCESS TO THE ACCOUNTING. AND THEN... CARRIE DREWETT THAT WORKED FOR THE BOOKKEEPER OF A&E WAS AN EMPLOYEE OF ELLIS SMITH AND WAYNE VEREEN. SHE WASN'T MY EMPLOYEE. I MEAN, YOU CAN'T... HE HAD FULL ACCESS TO THAT OFFICE 24 HOURS A DAY. HE HAD HIS KEY. HE COULD GO IN ANY TIME HE WANTED TO. AND IT WAS OBVIOUS TO ME THAT SOMEBODY HAD BEEN IN THERE BECAUSE SOMEBODY HAD BEEN ON MY COMPUTER SEVERAL TIMES. I KNOW WHEN SOMEBODY MESSES WITH MY STUFF AND I'M NOT A DUMMY. IF ANYBODY MESSES WITH MY COMPUTER AND MOVES MY ICONS AROUND, I KNOW SOMEBODY HAS MESSED WITH IT, BUT I DON'T KNOW WHO DID IT. BUT I KNOW THAT OUR BOOKS ARE THERE AND THEY ARE THERE FOR HIM TO ACCESS ANY TIME HE WANTED TO.

Q ON HOW MANY OCCASIONS DID MR. SMITH TAKE A CHECK FROM THIS COMPANY AND WRITE IT TO HIMSELF? WHERE HE SIGNED THE CHECK?

A WELL, I THINK THERE'S EVIDENCE OF SEVERAL CHECKS THAT HE TOOK FROM SOME INDIVIDUALS THAT HE

DEPOSITED DIRECTLY INTO HIS ACCOUNT OR EES THAT HASN'T BEEN REPORTED ON HIS BOOKS AS WELL.

Q WELL, I THINK THEY PROBABLY HAVE BEEN. HE NEVER TOOK AN A&E CHECK AND SIGNED THAT CHECK FOR A COMPANY THAT HE OWED? HE DIDN'T DO IT HIMSELF?

A WELL, HE DIDN'T SIGN THEM BECAUSE HE DIDN'T, BUT HE DID PRODUCE AN INVOICE FROM EES WITHOUT ANY BACKUP AND APPROVED IT FOR ME TO SIGN, WHICH I DID SIGN.

Q RIGHT. HE APPROVED IT FOR YOU TO SIGN?

A YES.

Q ON MANY OCCASIONS DID HE GO AND BUILD A HOUSE AND CHARGE ALL THE EXPENSES TO A&E AND NOT PAY THE MONEY BACK OR TELL YOU ABOUT IT, BEING THE CARPET BILL? IT DIDN'T HAPPEN, DID IT?

A WELL, THERE ARE SOME CHARGES TO LAKESIDE CROSSING THAT WERE INVOICED TO EES... TO A&E AND PAID BY A&E. THAT'S A JOB OF ELLIS SMITH.

Q THERE'S NO DOCUMENTATION OF THAT ANYWHERE?

A YES, YES, YES, YES, SIR, THERE IS.

Q ON HOW MANY --

A THERE ARE INVOICES FOR DUMPSTER CHARGES THAT WERE BILLED -- WELL, ON THE NORTH END OF TOWN. THEY WERE BILLED TO A&E?

Q AND THEY WERE PAID, WERE THEY NOT?

A THEY WERE PAID BY A&E. THEY WEREN'T ONE OF OUR JOBS.

Q BUT YOU GOT REIMBURSED, DID YOU NOT?

A NO, SIR.

Q LET ME ASK YOU THEN, HOW MANY OCCASIONS DID MR. SMITH WRITE A CHECK TO HIMSELF FOR AN AMOUNT OVER $100,000?

A I DON'T THINK HE DID. HE NEVER PUT A DIME INTO THE BUSINESS.

Q HOW MANY OCCASIONS DID MR. SMITH WRITE A CHECK TO A BANK FOR A LOAN OF HIS WITHOUT YOUR KNOWLEDGE?

A I DON'T THINK HE DID.

Q ON HOW MANY OCCASIONS DID HE CHARGE FOR THE CONSTRUCTION OF A HOME AND PAY FOR IT OUT OF THE COMPANY WITHOUT YOUR KNOWLEDGE?

A I DON'T KNOW.

MR. DURANT: YOUR HONOR, CAN WE HAVE A BREAK BEFORE WE FINISH UP?

JUDGE HOWE: HOW MUCH LONGER DO YOU WANT TO GO TODAY?

MR. DURANT: JUST A FEW MINUTES.

(OFF THE RECORD).

Q MR. VEREEN, I GOING TO HAND YOU WHAT'S BEEN MARKED FOR IDENTIFICATION AS PLAINTIFF'S EXHIBIT

50 AND 51 WHICH APPEAR TO BE COPIES OF YOUR FEDERAL INCOME TAX RETURN FOR 2004 AND 2005. I WILL GIVE YOU A CHANCE AND AN OPPORTUNITY TO LOOK AT IT AND SEE IF THAT'S A COPY OF YOUR TAX RETURN THAT WE RECEIVED FROM MR. CRUMPLER'S OFFICE VIA SUBPOENA?

A OKAY.

Q ARE THOSE COPIES OF YOUR 2004 AND 2005 FEDERAL INCOME TAX RETURNS?

A IT APPEARS TO BE.

Q AND YOU HAVE FILED THOSE RETURNS WITH THE INTERNAL REVENUE SERVICE, HAVE YOU NOT?

A I HAVE.

Q YOU SIGNED THOSE ON THE BOTTOM IN THE SIGNATURE PLACE? IT'S NOT ON THIS COPY, BUT YOU SIGNED THOSE RETURNS, DID YOU NOT?

A I'M SURE I DID.

Q WHAT DOES IT SHOW YOUR INCOME IS IN 2004 FOR A&E?

A IT LOOKS LIKE THE $23,095.

Q YOU HAVE SCHEDULES ATTACHED TO THAT TAX RETURN THAT COVERED THE INCOME THAT YOU RECEIVED FROM PARK PLACE PROPERTIES BEING AN LLC AND ARTHUR VEREEN CONSTRUCTION COMPANY AND ALL THOSE ENTITIES THAT PASSED THROUGH, CORRECT?

A I DO.

Q BECAUSE ARTHUR VEREEN CONSTRUCTION COMPANY IS A SUBCHAPTER S CORPORATION, IS IT NOT?

A IT IS.

Q AND PARK PLACE PROPERTIES IS A LIMITED LIABILITY COMPANY TREATED AS A PARTNERSHIP, IS THAT NOT CORRECT?

A IT IS.

Q THE PAST... SHOULD BE SHOWN ON THAT 2004 TAX RETURN?

A YES.

Q FOR 2005, DO YOU HAVE ANY 1099 INCOME ON THERE FOR THESE SUPERVISORY FEES THAT YOU'RE TALKING ABOUT?

A I DO NOT.

Q UNDER THE 2005 TAX RETURNS WHAT DOES IT SHOW YOUR INCOME TO BE FROM A&E?

A I CAN'T SEE IT.

Q WELL, TAKE YOUR TIME.

A LOOKS LIKE $7,775.

Q FOR 2005? I THINK IT'S $52,000, BUT IF YOU'RE LOOKING AT THE RIGHT SCHEDULE. NO, NO. W-2 INCOME?

A $52,000.

Q $52,000?

A YES, SIR.

Q IS THERE ANY 1099 INCOME FOR SUPERVISORY FEES IN 2005 ON THAT TAX RETURN?

A THERE IS NOT.

Q SO, THAT WAS NOT REPORTED ON THOSE INCOME TAX RETURN?

A IT WAS NOT.

Q THE PASSIVE ACTIVITIES THAT YOU HAVE THE SAME QUESTIONS FOR PARK PLACE PROPERTIES AS AN LLC AND ARTHUR VEREEN CONSTRUCTION COMPANY WOULD ALL BE SHOWN ON THOSE SCHEDULES ATTACHED TO THE EXTENT THAT YOU HAD INCOME FROM THEM?

A YES.

MR. DURANT: YOUR HONOR, WE OFFER PLAINTIFF'S 50 AND 51 INTO EVIDENCE.

MS. COOK: NO OBJECTIONS.

JUDGE HOWE: WITHOUT OBJECTION PLAINTIFF'S 50 AND 51 ARE ADMITTED.

TAX RETURNS FOR 2004
MARKED FOR IDENTIFICATION AND
INTRODUCED INTO EVIDENCE AS
PLAINTIFF'S EXHIBIT 50.

TAX RETURNS FOR 2005
MARKED FOR IDENTIFICATION AND
INTRODUCED INTO EVIDENCE AS

PLAINTIFF'S EXHIBIT 51.

Q AND MY UNDERSTANDING, MR. VEREEN, IS YOU HAVE NOT DONE 2006 FORWARD FOR WHATEVER REASON?

A YES, I HAVE.

Q YOU HAVE DONE THOSE RETURNS?

A YES, I HAVE.

Q I DON'T HAVE THEM. THAT'S ALL THE QUESTIONS I HAVE FOR THIS WITNESS.

ANSWERS TO INTERROGATORIES MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS PLAINTIFF'S EXHIBIT 43.

VERIFICATION OF INTERROGATORIES MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS PLAINTIFF'S EXHIBIT 44.

PHOTOGRAPH MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS PLAINTIFF'S EXHIBIT 45.

PHOTOGRAPH MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS PLAINTIFF'S EXHIBIT 46.

ARTICLES OF ORGANIZATION
MARKED FOR IDENTIFICATION AND
INTRODUCED INTO EVIDENCE AS
PLAINTIFF'S EXHIBIT 47.

JUDGE HOWE: LET'S ADJOURN FOR TODAY.

MR. THOMAS: YES, MA'AM.

(**END OF AUGUST 27, 2012**).

(**RECESS TAKEN UNTIL AUGUST 28, 2012.**)

CROSS EXAMINATION BY MS. COOK:

Q MR. VEREEN, LET ME SHOW YOU WHAT WAS MARKED EARLIER IN THIS TRIAL. I BELIEVE IT WAS IN JUNE, DEFENDANT'S EXHIBIT 25, WHICH IS A JULY 25TH COVER LETTER FROM SCOTT LONG'S OFFICE WITH A HUD STATEMENT. TAKE A LOOK AT THAT AND... IT'S ALREADY BEEN INTRODUCED. 25 HAS ALREADY BEEN INTRODUCED?

A OKAY.

Q DO YOU RECOGNIZE THAT DOCUMENT AS BEING CONNECTED WITH THE 29TH PLACE HOME THAT YOU ASSISTED ELLIS IN BUILDING FOR HIS FAMILY?

A YES.

Q ALSO EARLIER IN THE TRIAL WE INTRODUCED THE ACTUAL DOCUMENT I BELIEVE WHERE THE CONTRACT WHERE ELLIS... I BELIEVE IT WAS A LAND/SALES CONTRACT THAT YOU ENTERED INTO WITH HIM?

A YES.

Q AND IN THAT LAND/SALES CONTRACT IT PROVIDED THAT HE WOULD PAY YOU SOME INTEREST IN EXHIBIT 25. IS IT FROM THE CLOSING WHERE ELLIS ACTUALLY WAS ABLE TO BUY THAT HOME FROM YOU?

A YES.

Q NOW, ACCORDING TO THE HUD STATEMENT, WHEN ELLIS BOUGHT THE 29TH PLACE HOME, THERE WAS A CHECK TENDERED TO YOU FOR $38,359.18, CORRECT?

A WELL, THIS ACTUALLY SAYS $38,447.58 ON THE STATEMENT, BUT IT LOOKS LIKE I GOT 338,559.18.

Q NOW, IN ASSOCIATION WITH THAT, WAS THERE OTHER MONEY OWED THAT YOU DID NOT GET PAID ASSOCIATED WITH THE PLANTATION LAKES HOUSE?

A PLANTATION LAKES?

Q I'M SORRY. 29TH PLACE? LET ME SHOW YOU WHAT WAS EARLIER PROFFERED AS DEFENDANT'S EXHIBIT 26. IT'S A DECEMBER 30TH 1996 FAX FROM SCOTT LONG TO YOU. TAKE A LOOK AT THAT DOCUMENT AND SEE IF YOU CAN IDENTIFY IT.

A IT'S THE BALANCE OF THE $17,000 THAT WAS STILL LEFT OWED TO ME OFF THAT PROPERTY.

Q WHEN YOU WERE... ACCORDING TO DEFENDANT'S EXHIBIT 25 WHEN YOU WERE PAID FROM THE CLOSING IN JULY 1996, THERE WAS MONEY STILL LEFT OWED BY

ELLIS ON THE 29TH PLACE?

MR. THOMAS: OBJECT TO THE FORM. A), IT'S LEADING AND B), THAT'S NOT WHAT IT SAYS. IT DOESN'T SAY ANYTHING ABOUT ANY MONEY BEING OWED.

MS. COOK: I SAID THERE WAS MORE MONEY OWED.

A YES.

Q DID YOU HAVE MR. LONG DRAW UP SOME DOCUMENTS TO EVIDENCE WHAT THE ADDITIONAL BALANCE OWED TO YOU WAS?

A ACTUALLY, ELLIS HAD MR. LONG DRAW THIS UP. THESE WERE FROM SCOTT LONG.

Q IS THAT THE PAPERWORK THAT'S CONTAINED IN DEFENDANT'S EXHIBIT 26?

A YES.

MS. COOK: YOUR HONOR, I WOULD LIKE TO INTRODUCE DEFENDANT'S EXHIBIT 26 INTO EVIDENCE.

MR. THOMAS: CAN WE LOOK AT IT PLEASE?

MS. COOK: WELL, YOU HAD A COPY OF IT WHEN IT WAS MARKED IN JUNE.

MR. THOMAS: I DON'T HAVE WHAT I DON'T HAVE. IS THAT THE NOTE THAT HAD ALREADY BEEN RULED ON? YOUR HONOR,

YOU HAVE ALREADY RULED ON THAT. YOU HAVE ALREADY EXCLUDED IT BECAUSE IT WAS NOT PRODUCED TO US AS REQUIRED BY THE COURT ORDER AS I RECALL.

JUDGE HOWE: IS THAT WHY I DID NOT ALLOW IT IN BECAUSE IT WAS NOT PRODUCED?

MR. THOMAS: YES, MA'AM.

JUDGE HOWE: I HONESTLY CANNOT REMEMBER. I'VE GOT IT DOWN PROFFERED ONLY.

MR. THOMAS: MY RECOLLECTION IS IT'S PROFFERED AND IT WAS NOT ADMITTED INTO EVIDENCE AND MY RECOLLECTION IS IT WAS NOT ADMITTED BECAUSE IT WAS NOT PRODUCED TO US PURSUANT TO YOUR ORDER.

JUDGE HOWE: OKAY. I CAN'T LET IT IN NOW IF I DIDN'T LET IT IN THEN. I HAVE DOWN PROFFERED ONLY.

MS. COOK: ALRIGHT. THIS WILL BE PART OF THE PROFER PAPER WORK AS **DEFENDANT'S 26 PROFFERED ONLY.**

Q MR. VEREEN, WERE YOU EVER PAID THE BALANCE OF WHAT WAS OWED BY ELLIS ON THE 29TH CARRIAGE ROW PROPERTY?

A NO, NOT IN FULL.

Q DID YOU ASK ELLIS TO PAY YOU THE BALANCE OWED?

A YES. HE WAS SUPPOSED TO MAKE FOUR QUARTERLY PAYMENTS.

Q LET ME SHOW YOU WHAT I HAVE MARKED AS DEFENDANT'S EXHIBIT 101. TAKE A LOOK AT WHAT I HAVE MARKED. DO YOU RECOGNIZE DEFENDANT'S EXHIBIT 101?

A YES.

Q WHAT IS THAT MR. VEREEN?

A A LETTER I SENT TO ELLIS --

MR. THOMAS: OBJECT TO IT. A), I DON'T THINK THAT WE'VE EVER SEEN BEFORE. B), IT'S JUST AN ATTEMPT TO COME IN THROUGH THE BACK DOOR TALKING ABOUT THE NOTE THAT YOU'VE ALREADY RULED OUT BECAUSE THEY DIDN'T GET IT TO US AS THE ORDER PROVIDED.

MS. COOK: YOUR HONOR, MAYBE WE CAN'T TALK ABOUT THE NOTE, BUT THERE WAS NOTHING PRESCRIBED HIM... EXCLUDES HIM FROM TESTIFYING THAT HE WASN'T PAID IN FULL. IN FACT, THIS WAS GIVEN TO MR. THOMAS PURSUANT TO YOU IN THE OCTOBER DOCUMENT PRODUCTION... OCTOBER LIST OF... OCTOBER ANSWERS TO INTERROGATORIES AND LIST OF DOCUMENTS AND THAT WAS AN

OCTOBER 20011 LIST.

MR. THOMAS: TO MY INTERROGATORIES?

MS. COOK: YES.

MR. THOMAS: I'VE NEVER GIVEN YOU A REQUEST FOR PRODUCTION. IT'S TALKING IN HERE ABOUT THE NOTE THAT HAS ALREADY BEEN EXCLUDED FROM EVIDENCE.

MS. COOK: I UNDERSTAND THAT DOCUMENT CANNOT COME IN AND IF YOUR HONOR EXCLUDES THIS, I'M GOING TO PROFFER IT, WHICH IS NOT A PROBLEM BUT I BELIEVE HE CAN TESTIFY ABOUT IT.

JUDGE HOWE: MAY I SEE IT? I DON'T HAVE A COPY OF IT.

MS. COOK: I'M SORRY, YOUR HONOR.

JUDGE HOWE: IS THE DATE OF THIS DECEMBER 31ST, 1996.

MS. COOK: YES, MA'AM.

JUDGE HOWE: HAVE Y'ALL SEEN THE LETTER?

MR. DURANT: NO. WE HAVEN'T SEEN THE LETTER. THE CLAIM IS FOLLOWED BY THE STATUTE OF LIMITATIONS ANYWAY, YOUR HONOR. 1990 NOTE AND WE'RE IN 2009, ALMOST 19 YEARS AFTER.

MS. COOK: I HAVEN'T CLAIMED THIS AS...

THIS IS NOT BEING CLAIMED AGAINST MR. SMITH.

JUDGE HOWE: WHAT'S THE PURPOSE OF IT?

MS. COOK: TO SHOW WHY MR. VEREEN WENT INTO BUSINESS WITH MR. SMITH.

JUDGE HOWE: WHY DO YOU NEED THIS LETTER IN?

MR. COOK: I WOULD LIKE THE LETTER TO SHOW THAT MR. VEREEN WAS NOT MAKING THINGS UP OUT OF HIS HEAD. IT'S A CONTEMPORANEOUS DOCUMENT DONE AT THE TIME THAT THE DEBT WAS OWED.

JUDGE HOWE: I THOUGHT MR. SMITH ADMITTED THAT.

MS. COOK: NO, MA'AM. I DON'T BELIEVE HE DID. THAT'S WHY THEY WANTED TO KEEP THAT NOTE OUT IS BECAUSE MR. SMITH WOULD NOT ADMIT THAT. REMEMBER THAT IS WHEN MR. SMITH COULD NOT PRODUCE THE $17,700 CHECK THAT HE OBTRUSIVELY GOT FROM HIS FATHER TO MAKE THE DOWN PAYMENT ON THE CARRIAGE ROW HOUSE. HE COULDN'T PRODUCE IT BUT HE SAID HE PAID IT. I QUESTIONED HIM ABOUT WHETHER OR NOT HE REALLY DIDN'T MAKE THAT PAYMENT AND INSTEAD WAS

STILL OBLIGATED ON THAT PAYMENT TO MR. VEREEN AND HE DENIED IT. I WOULD LIKE TO INTRODUCE THIS DOCUMENT TO VERIFY THAT THIS WAS A DEBT THAT WAS STILL OWED IN 1996 AND IS PART OF WHAT MR. VEREEN HAS TESTIFIED AS TO ONE OF THE REASONS HE WENT INTO BUSINESS WITH MR. SMITH IN 2003 BECAUSE HE KNEW THAT WAS THE ONLY WAY THAT HE WAS GOING TO GET BACK ANY OF THE $67,000 THAT HE'D BEEN SNICKERED OUT OF ON PLANTATION POINTE OR THIS ADDITIONAL 9,000 AND CHANGE THAT HE WAS SNICKERED OUT OF WITH CARRIAGE ROW EVEN THOUGH HE KEEP TRYING TO HELP MR. SMITH.

JUDGE HOWE: I AM GOING TO SUSTAIN THE OBJECTION AND ALLOW YOU TO PROFFER IT, OF COURSE.

MS. COOK: YES, MA'AM. WE LIKE TO PROFFER DEFENDANT'S EXHIBIT 101.

LETTER FROM MR. VEREEN TO MR. SMITH PROFFERED AS DEFENDANT'S 101.

Q ARE THERE ANY OTHER TIMES THAT YOU HELPED MR. SMITH WHERE HE OWED YOU MONEY THAT FORMED THE BASIS OF A REASON THAT YOU WENT INTO BUSINESS WITH HIM IN 2003?

A I BELIEVE THOSE ARE THE TWO MAJOR REASONS I CAN THINK OF.

Q WHAT WAS YOUR UNDERSTANDING FROM DISCUSSIONS WITH MR. SMITH ABOUT GOING INTO BUSINESS TOGETHER IN 2003? WAS THERE AN UNDERSTANDING AS TO WHAT EACH PARTY'S CONTRIBUTIONS WOULD BE? WHAT YOUR BUSINESS... HOW Y'ALL WOULD WORK TOGETHER WOULD BE?

A WELL, TO BACK UP JUST TO GET FULL GROUNDWORK OF WHERE THIS IS LEADING TO, WAS IN LATE 1997, '98 SOMEWHERE AROUND THAT AREA, HE APPROACHED ME ABOUT HELPING HIM WITH A PROJECT CALLED CAROLINA KEYES BY USING MY LICENSE TO BUILD THAT PROJECT. HE SAID THAT HIS LICENSE WAS NOT LARGE ENOUGH TO DO THAT PROJECT. AND I TOLD HIM AT THE TIME THAT VARIOUS CONDITIONS WERE THAT I HAD TO BE INVOLVED IN AT LEAST THREE INSPECTIONS DURING THE WEEK, A NUMBER OF THINGS. AS WELL AS NOTIFYING MY INSURANCE COMPANY OF LIABILITY ISSUES. AS WELL AS BEING COMPENSATED FOR IT AND THAT WAS NO PROBLEM. HE CAME BACK TO ME WITHIN THE NEXT 30 DAYS AND TOLD ME THEY HAD FOUND ANOTHER BUILDER NOT AS STRINGENT CONDITIONS AND DIDN'T NEED MY HELP, WHICH WAS FINE. HE THEN APPROACHED ME IN 2003... WELL, BACK UP ON THAT,

2002. IT MIGHT HAVE BEEN 2001. HE CAME TO ME WHEN I WAS DOING A PROJECT CALLED SEVEN OAKS IN NORTH MYRTLE BEACH AND SAID HE WAS NO LONGER ASSOCIATED WITH THE CAROLINA KEYES PROJECT AND HE NEEDED SOME WORK. HIM AND HIS CREW WERE OUT OF WORK. HE WANTED TO KNOW IF WE HAD ANYTHING USABLE AND I ALLOWED HIM TO BUILD TWO BUILDINGS.

Q AT SEVER OAKS?

A THERE AGAIN... THERE AGAIN, BELIEVING HE WAS LICENSED TO DO THAT WORK. THAT'S MY FAULT FOR NOT CHECKING. BUT HE HAD ALWAYS REPRESENTED ME. I HAD SEEN HIM WORK AROUND TOWN. I HAD SEEN HIM BUILD BUILDINGS. HOW IN THE WORLD WAS HE DOING THIS WORK IF HE WASN'T LICENSED? SO, I PUT HIM TO WORK DOING TWO BUILDINGS AND IN 2003, HE CAME AND APPROACHED ME ABOUT THE IDEA THAT HE HAD SOME PROJECTS THAT WAS GETTING READY TO HAPPEN THAT HE COULDN'T PERMIT. HE NEEDED SOME HELP DOING THAT. IF WE WOULD START A NEW COMPANY THAT WE COULD BECOME PARTNERS DOING THAT. I HAD PROJECTS THAT WERE ONGOING THAT I WAS GETTING READY TO START ON. HE WOULD PAY ME BACK THE MONEY THAT HE OWED ME ALL THESE YEARS. THAT WAS MY WHOLE INTENTION OF DOING THIS. I DIDN'T NEED ELLIS SMITH. I HAD A LICENSE. I HAVE BEEN

DOING BUSINESS FOR 40 YEARS. I HAD A PLACE TO WORK OUT OF AND I HAD WORK ALREADY SCHEDULED FOR THE NEXT THREE OR FOUR YEARS FOR ME. BUT THIS AGAIN WAS AN EFFORT ON MY PART TO TRY TO HELP A FRIEND OF MINE AS WELL AS WE GET SOME OF MY MONEY BACK. SO, WE DID THAT. I'M THE ONE THAT PUT THE WORK IN THAT I HAD BEEN WORKING ON. AND I KEPT ASKING HIM... ANYWAY, I'M NOT GOING TO GET INTO THAT. GO AHEAD AND ASK ME ANOTHER QUESTION.

Q AND WITH THAT UNDERSTANDING, Y'ALL FORMED A&E IN OCTOBER OF 2003, CORRECT?

A CORRECT.

Q NOW, WHAT WAS YOUR UNDERSTANDING FROM DISCUSSIONS WITH ELLIS AS TO WHAT WAS GOING TO HAPPEN WITH THE WORK THAT YOU AND ARTHUR VEREEN CONSTRUCTION COMPANY HAD BEEN WORKING ON? WHAT WAS YOUR UNDERSTANDING AS TO WHAT WAS GOING TO HAPPEN WITH THE WORK THAT ELLIS WAS TRYING TO GET WHEN Y'ALL STARTED A&E? WHAT WAS YOUR UNDERSTANDING OF WHAT WAS GOING TO HAPPEN TO THOSE JOBS OR POTENTIAL JOBS THAT EACH OF YOU HAD BEEN WORKING ON?

A WELL, I HAD INFORMED HIM THAT I HAD A TOWNHOUSE PROJECT FOR THE WILLOUGHBY FAMILY THAT I HAD

BEEN WORKING ON SINCE 2002. THE PROJECT ORIGINALLY BEGAN AS AN APARTMENT COMPLEX AND THE ECONOMY WENT KIND OF SOUR ON THE APARTMENTS. THEN WE WENT INTO CONDOMINIUM BUILDINGS, 8 UNITS PER BUILDING. THEN WENT INTO A TOWNHOUSE PROJECT, IT'S STILL A CONDOMINIUM, BUT IT'S TOWNHOUSES. THE ONLY REASON THAT'S IT'S CLASSIFIED AS CONDOMINIUMS IS BECAUSE IT DOESN'T MEET THE CITY OF MYRTLE BEACH'S FRONT YARD SETBACK. OTHER THAN THAT, IT'S BUILT LIKE A TOWNHOUSE. I HAD THE OFFICE UP THERE FOR DR. LALE. I HAD PLANTATION LAKES JOB THAT WE WERE GOING TO BUILD. I HAD THE BEACH DUNES THAT WE HAD BEEN WORKING ON SINCE 2002 WITH JACK ROBERTSON, ABOUT UP-FITTING HIS HOTEL ON THE WATERFRONT. SO, I HAD THOSE JOBS THAT I HAD BEEN WORKING ON FOR QUITE SOME PERIOD OF TIME. THE REASON I KNOW THE DATES VERY SPECIFIC BECAUSE A FRIEND OF MINE BY THE NAME OF... MY EX-BROTHER-IN-LAW, NEAL HAMMONDS, HIS SISTER CHICKY HAMMONDS IS THE ONE THAT GOT JACK ROBERTSON AND ME TOGETHER. AND I KNOW WHEN SHE DIED. SO, THAT WAS PRIOR TO ME ACTUALLY STARTING THE WORK AT BEACH DUNES. SO, I KNOW THOSE DATES IN THERE. ELLIS HAD TOLD ME THAT HE

HAD SEVERAL JOBS THAT HE WAS WORKING ON; NUMBER ONE WAS HE WAS GOING TO DO TWO JOBS; ONE WAS A FENCE AND THE OTHER WAS SOME WORK AT THE MARINA AT GRANDE DUNES. A HOUSE THAT HE WAS GOING TO BUILD FOR PEREZ. THE HOUSE THAT HE WAS BUILDING FOR MCMILLAN. HE HAD THESE JOBS THAT HE WAS DOING. AND THE WHOLE TIME HE TOLD ME THAT HE HAD A PERMIT AND A LICENSE TO DO WORK BECAUSE SOMEBODY HAD TO PULL THE PERMIT. SO, WHEN I ROLLED MY STUFF OVER, HE DIDN'T ROLL ANYTHING OVER IN 2004 AND I INQUIRED ABOUT THAT. HE JUST TOLD ME --

Q WHAT WAS YOUR UNDERSTANDING WHEN YOU FORMED THE BUSINESS AS FAR AS WHAT YOU WERE GOING TO ROLL OVER AND WHAT HE WAS GOING TO ROLL OVER?

A EVERYTHING, EVERY JOB THAT WE HAD SCHEDULED TO WORK ON WAS COMING INTO A&E.

Q DID YOUR WILLOUGHBY PLACE, DR. LALE, PLANTATION LAKES AND BEACH DUNES ROLL THAT INTO A&E?

A YES.

Q DID ELLIS ROLL IN THE TWO BURROUGHS AND CHAPIN JOBS, THE FENCE AND WHATEVER HE WAS GOING TO DO AT THE MARINA, THE PEREZ JOB AND THE MCMILLAN JOB?

A NO.

Q DID YOU KNOW HE WAS WORKING ON THOSE JOBS AND HAD NOT ROLLED THEM INTO YOUR COMPANY?

A THE ONLY JOB THAT I FOUND OUT THAT HE WAS ACTUALLY WORKING ON UNTIL LATER WHEN ALL THIS CAME ABOUT WAS THE PEREZ HOUSE AND I FOUND OUT THAT IN LATE 2004, WHENEVER HE CAME TO ME ONE DAY AT THE OFFICE AND SAID THAT HE HAD ALL THESE WINDOWS AND DOORS LEFT OFF THE PEREZ HOUSE BECAUSE HE WAS NOT FINISHING THE HOUSE. HE WASN'T GOING TO WORK THERE AND HE NEEDED A PLACE TO STORE IT AND HE STORED THEM IN ONE OF OUR WAREHOUSES.

Q I STOPPED YOU WHEN YOU WERE TALKING ABOUT YOU HAD ROLLED YOUR JOBS OVER AND YOU INQUIRED OF ELLIS ABOUT HIS JOBS NOT BEING ROLLED OVER. TELL THE COURT ABOUT THAT CONVERSATION?

A HE TOLD ME THAT HE WASN'T DOING THAT WORK AT THAT TIME.

Q OKAY. WHAT WAS YOUR AGREEMENT WITH REGARD TO WHEN ELLIS WOULD START ACTIVELY PARTICIPATING AND WORKING AT A&E?

A JANUARY THE 1ST 2004.

Q AND WHAT WAS YOUR UNDERSTANDING OF WHEN YOU WERE TO START WORKING FOR A&E?

A JANUARY THE 1ST 2004.

Q WHEN DID YOU START WORKING FOR A&E?

A IN LATE 2003.

Q WHEN DID ELLIS COME TO WORK FOR A&E?

A I BELIEVE IT WAS IN JUNE OF 2005.

Q NOW, BETWEEN JANUARY OF '04 AND JUNE OF '05, WHAT WAS ELLIS DOING?

A WELL, I DON'T KNOW WHAT HE WAS DOING ALL THE TIME. I DIDN'T SEE HIM THAT MUCH. I ASSUMED THAT HE WAS WORKING. I DID SEE HIM ON OUR JOBS, BUT HE WAS WORKING PERIODICALLY ON OUR JOBS.

Q OKAY. THEN --

A BUT I DID NOT SEE HIM EVERY DAY.

Q WHAT WAS YOUR AGREEMENT WHEN YOU STARTED THE BUSINESS ABOUT HOW YOU WOULD BE PAID AND HOW ELLIS WOULD BE PAID?

A OUR SALARIES WERE A THOUSAND DOLLARS A WEEK.

Q WAS THERE ANY OTHER COMPENSATION WHEN YOU STARTED THAT WAS TO BE PAID TO YOU OR TO ELLIS OTHER THAN THE THOUSAND DOLLARS A WEEK?

A NO.

Q DID YOU PAY ELLIS A THOUSAND DOLLARS A WEEK DURING THE TIME PERIOD FROM JANUARY OF 2004 TO JUNE OF 2005, WHEN HE ACTUALLY DID COME ON AND BECOME AN EMPLOYEE OF A&E?

A NO. HE KEEP BILLING ME AS A SUBCONTRACTOR

THROUGH EES AND THAT'S HOW HE WAS PAID.

Q DID A&E PAY YOU A THOUSAND DOLLARS WEEKLY?

A YES.

Q NOW, WHY DID A&E UTILIZE ELLIS' SERVICES THROUGH EES AS A SUBCONTRACTOR AS OPPOSED TO HIM WORKING DIRECTLY FOR A&E LIKE YOU WERE?

A I HAVE NO IDEA. THAT WAS AN ERROR ON MY PART. THAT WAS THE WAY ELLIS... ELLIS WAS... I HAD EMPLOYEES THAT WENT TO WORK FOR A&E. ELLIS HAD SEVERAL EMPLOYEES AND THEY WERE SUPPOSED TO COME TO WORK FOR A&E. INSTEAD OF DOING THAT, HE BILLED ME OR BILLED THE COMPANY ON A WEEKLY BASIS THROUGH EES.

Q OKAY. THE EMPLOYEES DURING THAT TIMEFRAME THAT WORKED DIRECTLY FOR A&E, WERE THEY PAID AN HOURLY RATE?

A YES.

Q THE EMPLOYEES OF EES AND ELLIS THAT WORKED FOR EES AS OPPOSED TO WORKING FOR A&E, DO YOU KNOW WHAT THE BASIS OF HOW THEY WERE PAID?

A I DO NOT.

Q DID A&E PAY EES WEEKLY OR BY SOME BI-MONTHLY?

A HE WAS PAID AS HE SUBMITTED A BILL.

Q WHEN YOU SAY, "HE"?

A ELLIS, EES.

Q WHEN EES SUBMITTED A BILL TO A&E, WHAT TYPES OF THINGS WERE INCLUDED ON THAT BILLING FOR EES TO A&E?

A THERE COULD BE A CHARGE FOR COASTAL FASTENERS FOR MATERIALS. THERE COULD BE LABOR FOR SO MUCH MONEY. NORMALLY, THERE WASN'T ANYTHING OTHER THAN JUST WRITTEN OUT BILLS FROM EES.

Q A&E WAS PAYING YOU A SALARY AND PAYROLL TO A&E'S EMPLOYEES, BUT IT WAS PAYING ELLIS BY VENTURE OF THESE BILLING FOR EES AND HIS EMPLOYEES, CORRECT?

A THAT'S CORRECT.

Q DID THERE BECOME A POINT IN TIME, WHEN THAT METHOD OF PAYMENT CHANGED FOR A&E?

A I STOPPED IN JUNE OF '05 WHEN I TOLD ELLIS THAT I HAD ENOUGH. HE HAD TO COME WORK. HE HAD TO COME TO WORK LIKE I DID EVERY DAY AND THE BILLS HE WAS TURNING IN HAD NO BACKUP TO THEM. I WAS STOPPING IT, NO MORE. HE HAD TO COME TO WORK.

Q FROM THAT CONVERSATION DID ELLIS AND HIS EMPLOYEES COME TO WORK DIRECTLY FOR A&E LIKE YOU AND YOUR EMPLOYEES WERE DOING?

A A FEW OF THEM DID. HE BROUGHT BASICALLY LABORERS, HIS SONS AND I THINK THE GUY'S NAME WAS MELLOW AND I CAN'T THINK OF THE OTHER

GENTLEMAN'S NAME, BUT A YOUNG... ANYWAY, THEY WERE LABORERS.

Q AND FROM THE POINT IN TIME WHEN ELLIS CAME ON TO BE EMPLOYED DIRECTLY BY A&E, HOW WAS HE PAID? WAS HE PAID THE SAME SALARY AS YOU WERE?

A YES.

Q THAT WAS IN JUNE OF 2005 WHEN ELLIS STOPPED WORKING AT A&E?

A WELL, ACTIVITY STOPPED IN THE EARLY PART OF 2007. HE NEVER SHOWED BACK UP AROUND JULY OF '07.

Q WHEN HE NEVER SHOWED BACK UP AFTER JULY OF 2007, DID THERE COME A POINT IN TIME... BEFORE JULY OF 2007, WERE YOU MADE AWARE BY ELLIS THAT HE WAS GOING TO TAKE SOME TIME OFF?

A HE TOLD ME I THINK IT WAS JUNE OR LATE JUNE THAT HE WAS DUE SOME VACATION TIME AND HE WAS GOING TO TAKE A COUPLE WEEKS OFF.

Q WHEN HE CONVEYED THAT TO YOU, DID HE EVER INDICATE TO YOU THAT HE DIDN'T PLAN TO COME BACK TO WORK?

A NO.

Q HOW DID YOU LEARN HE WASN'T GOING TO COME BACK TO WORK?

A BECAUSE HE DIDN'T COME BACK TO WORK.

Q WHAT DID YOU DO WHEN HE DIDN'T COME BACK TO WORK? DID YOU INQUIRE FOR HIM?

A I DID. IN FACT, HIS SON, EWELL, WAS STILL WORKING FOR US AND I ASKED EWELL A NUMBER OF TIMES WHERE HIS DAD WAS, WHAT WAS GOING ON AND I DID NOT GET A STRAIGHT ANSWER OUT OF THAT. WE FINALLY GOT A LETTER FROM ELLIS AND I BELIEVE IT WAS IN OCTOBER, SEPTEMBER, OCTOBER, SOMETIME THAT FALL.

Q OF 2007?

A YES. AND THAT'S THE REASON WE ARE HERE TODAY. THAT HE WAS NOT COMING BACK TO WORK. BUT WE CONTINUED TO PAY HIM THROUGH THE END OF THAT YEAR?

Q INTO 2007?

A YES.

Q SO, AFTER JUNE WHEN HE TOLD YOU HE WAS GOING TO TAKE SOME VACATION AND THEN YOU ULTIMATELY LEARNED IN SEPTEMBER OR OCTOBER THAT HE WASN'T GOING TO COME BACK TO WORK, YOU, NONETHELESS, CONTINUED TO PAY HIS SALARY TO HIM DURING THAT TIMEFRAME?

A YES.

Q WAS THAT SALARY AT THE SAME RATE YOUR SALARY WAS?

A YES, IT WAS.

Q NOW, WHEN YOU STARTED THIS BUSINESS A&E WITH MR. SMITH IN 2003, DID YOU HAVE AN AGREEMENT THAT EACH OF YOU COULD INDEPENDENTLY DO WORK OTHER THAN THROUGH A&E?

A I DON'T THINK WE EVER REALLY DISCUSSED THAT. THE WAY WE DISCUSSED IT AT THE VERY BEGINNING WAS WORK JUST LIKE I STATED EARLIER. I HAD SOME WORK THAT I WAS WORKING ON THAT I KNEW WAS GETTING READY TO START AND HE LIKEWISE HAD WORK THAT HE WAS GETTING READY TO START. DURING THE TIMEFRAME FROM 2004 TO 2007 I CONTINUED TO PICK UP SOME WORK AND PUT IT IN A&E AND LIKEWISE, HE PICKED UP A FEW JOBS AND PUT INTO A&E.

Q DURING THAT TIMEFRAME, DID YOU HAVE ANY KNOWLEDGE OTHER THAN THE PEREZ JOB THAT ELLIS WAS DOING OTHER WORK OTHER THAN WHAT HE HAD PUT INTO A&E?

A NO.

Q DURING THAT TIMEFRAME, DID YOU DO ANY WORK OTHER THAN WORK THAT YOU PUT INTO A&E?

A WELL, YES. I DID A PROJECT CALLED POINTE MARSH.

Q OKAY. LET'S TALK A MOMENT ABOUT THAT POINTE MARSH PROJECT. BEFORE YOU STARTED THAT... LET'S BACK UP, THE POINTE MARSH PROJECT AT ANY POINT

IN TIME, DID YOU HIDE OR NOT MAKE ELLIS AWARE THAT YOU WERE GOING TO BE INVOLVED IN THE POINTE MARSH PROJECT? DID YOU EVER KEEP THAT FROM HIM?

A NO. I MADE HIM AWARE OF IT.

Q IN FACT, IF YOU WILL EXPLAIN TO THE COURT YOUR VARIOUS INVOLVEMENTS, THE DIFFERENT HATS THAT YOU WORE OR YOUR COMPANIES WORE WITH REGARD TO POINTE MARSH AND IT'S DEVELOPMENT. LET'S START FIRST, WHO OWNED THE LAND THAT THE POINTE MARSH PROJECT WAS BUILT ON?

A PARK PLACE PROPERTIES PURCHASED THAT PROPERTY IN LATE JUNE OF '04.

Q AND PARK PLACE PROPERTIES WAS THE OWNER OF THE PROPERTY AND THE DEVELOPER OF THE PROPERTY, IS THAT RIGHT?

A THAT'S CORRECT.

Q AND AT THE TIME PARK PLACE PROPERTIES WAS PURCHASING THAT PROPERTY AND DOING THE DEVELOPMENT, DID YOU OFFER ANY DEVELOPMENT OR INTEREST IN THAT DEVELOPMENT VENTURE TO ELLIS?

A I DID. THAT PIECE OF PROPERTY I PURCHASED, MR. THOMAS WAS ACTUALLY THE ATTORNEY THAT CLOSED THAT PIECE OF PROPERTY. IT WAS ACTUALLY PURCHASED IN TWO SECTIONS AND ONE SECTION OF IT I HAD DECIDED TO DEVELOP THAT BACKSIDE. AND I

ACTUALLY CALLED ELLIS AND BETH INTO MY OFFICE ONE DAY AND SAT THEM DOWN AND TOLD THEM I'M GETTING READY TO BUY THIS PIECE OF PROPERTY. I'VE BEEN WORKING ON IT FOR WELL OVER A YEAR.

Q YOU WERE HAVING TO DEAL WITH JOHN RAY, WEREN'T YOU?

A NO. I WAS HAVING TO DEAL WITH DR. NIXON.

MR. THOMAS: LET THE RECORD SHOW THAT I REPRESENTED THE SELLER IN THAT TRANSACTION.

A YES, SIR. THAT'S RIGHT. IT TOOK ABOUT A YEAR TO GET THE TRANSACTION TAKEN CARE OF. I INFORMED BETH AND ELLIS THAT I WAS GOING TO GO IN A VENTURE OF DEVELOPING THIS BACKSIDE OF THOSE PROPERTIES AND IF THEY WANTED TO BE A PARTNER AND INVEST SOME MONEY INTO THAT I WAS GOING TO OFFER IT TO THEM. AND ELLIS HAD INDICATED THEY DIDN'T HAVE THE FUNDS TO DO IT AND WEREN'T INTERESTED.

Q AFTER YOU OFFERED BOTH OF THEM AN OPPORTUNITY TO COME IN ON THE DEVELOPMENT OF IT, DID PARK PLACE PROPERTIES GO FORWARD WITH THE DEVELOPMENT?

A YES.

Q WHAT TYPE OF PROJECT WAS IT?

A WE BUILT SOME BEACH HOUSES.

Q SINGLE FAMILY, STAND ALONE BEACH HOUSES?

A YES.

Q UP THERE OFF SEA MOUNTAIN HIGHWAY FACING INTO THE MARSH, IS THAT RIGHT?

A YES.

Q AND DID PARK PLACE PROPERTIES HIRE OR UTILIZE A&E TO PERFORM ANY OF THE WORK UP ON THAT PROJECT.

A A&E DID SOME WORK, YES.

Q WHO PULLED THE PERMIT FOR THAT JOB?

A A&E.

Q AS THE CONTRACTOR?

A YES.

Q WHO WAS LISTED AS THE OWNER OF THE PROJECT?

A PARK PLACE PROPERTIES.

Q WHO IS THE CHAIR HOLDER OR MEMBER OF PARK PLACE PROPERTIES?

A MY WIFE IS THE MAJOR STOCKHOLDER.

Q AND IN DOING THAT DEVELOPMENT, DID A&E HAVE A SUPERINTENDENT TO GO MANAGE THAT JOB?

A NO. PARK PLACE PROPERTIES.

Q WHO PAID THAT SUPERINTENDENT TO RUN THAT JOB?

A PARK PLACE PROPERTIES.

Q DID A&E EVER PAY THAT SUPERINTENDENT ON THE JOB?

A NO.

Q WHO WAS THE SUPERINTENDENT ON THE POINTE MARSH JOB?

A RANDY LONG.

Q WAS THERE A POINT IN TIME WHERE THERE WAS ANOTHER SUPERINTENDENT OTHER THAN MR. LONG?

A I DON'T RECALL.

Q WHILE MR. LONG WAS THE SUPERINTENDENT ON THAT JOB, DID HE DO ANY OTHER WORK FOR A&E OR WAS HE SOLELY TO THE POINTE MARSH PROJECT?

A HE WAS AT THE POINTE MARSH.

Q ALRIGHT. WHAT TYPE OF WORK DID A&E ACTUALLY PERFORM ON POINTE MARSH?

A WELL, KAY WHITE WAS A FRIEND OF MINE AND THEY RETIRED AND ELLIS AND I WERE HIRED TO DO SOME PUNCH WORK FOR THEM. HE AND HIS SON, EWELL, DID SOME PUNCH WORK. GO IN THERE WHEN THE HOUSES WERE FINISHED.

Q MR. WHITE AND MR. SMITH'S SON?

A YES, EWELL. THEY DID ODDS AND ENDS LABOR WORK. AS FAR AS THE FRAMERS, WE HAD FRAMERS THAT FRAMED THE HOUSES. WE HAD A SIDING CONTRACTOR THAT PUT THE SIDING ON. WE HAD OUR ON PAINTERS, HEAT AND AIR GUYS TOO.

Q IN ESSENCE, DID PARK PLACE PROPERTIES SUB THE TYPE OF JOB OUT TO SUBCONTRACTORS?

A YES.

Q A&E WAS ONE SUBCONTRACTOR THAT --

A IT WAS. IN FACT, EES ACTUALLY DID SOME SUB WORK. THEY DID THE TRIM WORK ON A COUPLE OF THE HOUSES. ANYWAY, THEY DID SOME THINGS OUT THERE.

Q AND DID A&E PAY... DID PARK PLACE PROPERTIES PAY A&E FOR THE WORK THAT IT DID ON POINTE MARSH?

A YES.

Q NOW, DID A&E EVER SUBMIT A BILL OR AN INVOICE TO PARK PLACE PROPERTIES FOR THE WORK TO BE PAID FOR?

A NO.

Q IF A&E DIDN'T SUBMIT A BILL, HOW DID PARK PLACE PROPERTIES KNOW HOW MUCH TO PAY?

A WE HAD A JOB LEDGER.

Q WOULD THAT BE THE SAME TYPE OF JOB LEDGER THAT WE'VE BEEN TALKING ABOUT, THE JOB LEDGER THAT WAS MAINTAINED ON THE PEACHTREE ACCOUNTING SYSTEM AT YOUR OFFICE BY CARRIE THAT LISTED THE VARIOUS CHARGES TO THE VARIOUS JOBS?

A YES.

Q THAT'S THE JOB LEDGER YOU'RE REFERRING TO?

A YES.

Q SO, WHEN A&E WAS GOING TO BE PAID, HOW WOULD PARK PLACE PROPERTIES... WOULD PARK PLACE

PROPERTIES USE THAT JOB LEDGER TO MAKE THE PAYMENT?

MR. DURANT: YOUR HONOR, I THINK SHE'S LEADING THE WITNESS A LITTLE BIT.

JUDGE HOWE: SHE IS.

Q WERE THERE PAYMENTS MADE IN ADDITION TO LABOR? WERE THERE ANY MATERIALS THAT WERE CHARGED OR PAID FOR BY A&E?

A YES.

Q FOR POINTE MARSH?

A YES.

Q HOW WERE THOSE CHARGES ACCOUNTED FOR AND THEN PAID FOR BY PARK PLACE PROPERTIES?

A WELL, PARK PLACE PROPERTIES WOULD ISSUE A CHECK AND NOT ALL THE TIME, IT COULD BE FOR LESS MONEY OR MORE MONEY. I MEAN, IT BALANCED ITSELF OUT AS WE WENT THROUGH. WE HAD... THERE HAS BEEN SOME QUESTION ABOUT SOME INVOICES FROM STOCK BUILDING SUPPLIES. WE CAN'T FIND OUR WHOLE STOCK BUILDINGS SUPPLIES. THERE IS NOT A BILL IN OUR OFFICE. WE KNOW FOR A FACT THAT ONE OF THOSE BILLS THAT WAS DELIVERED TO POINTE MARSH WAS MATERIALS BEING DELIVERED TO WILLOUGHBY PLACE. WE ACTUALLY INDICATED THAT ON OUR BILLS. THAT'S ONE ITEM THAT NO ONE WANTS TO ACCEPT

BECAUSE WE CAN'T FIND ANY INVOICE. STOCK BUILDING SUPPLIES IS NO LONGER IN BUSINESS. SO, WE WERE ABLE TO GET STOCK TO GIVE US COPIES OF OUR INVOICES. SO, WE ARE NOT... ANYWAY.

Q THE RECORDS THAT ARE MISSING FROM A&E'S RECORDS FOR STOCK BUILDERS, IS IT JUST THE STOCK BUILDERS RECORDS HAVING TO DO WITH POINTE MARSH OR WOULD IT BE ALL OF THE STOCK BUILDERS INVOICES AND RECORDS FOR 2004 TO 2007 FOR A&E?

A EVERY STOCK. THERE IS NOT A STOCK INVOICE IN OUR OFFICE.

Q WHO HAD ACCESS IN 2004 TO 2007 TO THE RECORDS OF A&E?

A THAT WOULD BE MYSELF, ELLIS SMITH AND CARRIE.

Q IN ADDITION TO PARK PLACE PROPERTIES DOING THE POINTE MARSH JOB, DID PARK PLACE PROPERTIES ALSO HAVE ANOTHER JOB THAT IT DID THAT HAS BEEN REFERRED TO EARLIER AS THE PUTT-PUTT JOB?

A YES.

Q COULD YOU EXPLAIN WHAT THE PUTT-PUTT JOB WAS AND WHO THE OWNER OF THE PUTT-PUTT WAS OR IS?

A IT'S OWNED BY PARK PLACE PROPERTIES.

Q WHAT IS IT?

A WELL, IT'S A MINIATURE GOLF COURSE THAT WAS PART OF THE TRANSACTION THAT WAS PURCHASED AT THE END

OF JUNE 2004.

Q THAT WAS PART OF THE CLOSING THAT MR. THOMAS DID?

A CORRECT.

Q WAS THERE ALREADY AN EXISTING PUTT-PUTT ON PART OF THAT PROPERTY THAT PARK PLACE PROPERTIES BOUGHT?

A YES.

Q AFTER THAT PURCHASE WAS MADE WHAT TYPE OF WORK... WHAT WAS THE SCOPE OF WORK THAT WAS DONE ON THAT PROPERTY?

A THERE WASN'T ANYTHING DONE TO IT UNTIL '05. IN 2005, WE BUILT... WE REARRANGED SOME HOLES AND TOOK OFF... IN LATER '04 WE ELIMINATED HOLE NUMBER 15 AND RELOCATED IT AND MOVED SOME DIRT BECAUSE THERE WAS A PILE OF DIRT THERE. WE DIDN'T REALLY DO ANY WORK ON THE PUTT-PUTT UNTIL THE NEXT YEAR AND WE ACTUALLY REARRANGED 5 OR 6 HOLES. LATER THAT YEAR WE BUILT A WATERFALL AND PIRATE SHIP.

Q NOW, THE OWNER WAS PARK PLACE PROPERTIES. WHO PULLED THE PERMIT FOR THAT JOB?

A A&E.

Q WAS THAT AN A&E JOB?

A NO.

Q WHO'S JOB WAS IT?

A PARK PLACE PROPERTY.

Q DID PARK PLACE PROPERTIES UTILIZE A&E AS A SUBCONTRACTOR TO DO WORK ON THAT JOB?

A I ACTUALLY HIRED --

MR. DURANT: YOUR HONOR, I OBJECT TO THAT. I DON'T THINK PARK PLACE PROPERTIES CAN HIRE A SUBCONTRACTOR. A CORPORATION CAN'T DO THEIR OWN CONSTRUCTION. THAT'S A MATTER OF STATE LAW NOR CAN THEY HIRE SUBCONTRACTORS. IT MUST BE DONE BY A LICENSED GENERAL CONTRACTOR.

MS. COOK: WAS THAT AN OBJECTION?

MR. DURANT: YES. AND THAT'S WHAT I STATED. BECAUSE STATE LAW WILL NOT LET HIM HIRE A SUBCONTRACTOR AS THE OWNER OF A COMMERCIAL PROPERTY. ANY CONSTRUCTION WORK MUST BE DONE BY A LICENSED CONTRACTOR PURSUANT TO A PERMIT OBTAINED FROM GOVERNMENTAL AUTHORITY.

JUDGE HOWE: SUSTAINED. YOU CAN GO OVER THAT ON CROSS-EXAMINATION.

Q WHO WAS THE CONTRACTOR THAT PULLED THE PERMIT?

A A&E.

Q DID A&E PERFORM CONSTRUCTION WORK ON THAT PROJECT?

A SOME.

Q WERE THERE OTHER CONTRACTORS WHO PERFORMED WORK ON THAT JOB?

A A GENTLEMAN BY THE NAME OF WAYNE COATS THAT BUILDS PUTT-PUTTS DID THE MAJORITY OF THAT WORK.

Q FOR THE WORK THAT A&E DID ON THE JOB, WAS THERE A JOB LEDGER CREATED IN THE ACCOUNTING PEACHTREE SYSTEM?

A YES.

Q WAS A&E PAID FOR THE WORK THAT IT DID ON THE JOB?

A YES.

Q DID YOU SUBMIT A DIRECT BILL TO A&E FOR THAT JOB? DID PARK PLACE PROPERTIES SUBMIT A BILL?

A THE OTHER WAY AROUND.

Q YES. DID A&E SUBMIT A BILL TO PARK PLACE PROPERTIES?

A NO.

Q HOW DID PARK PLACE PROPERTIES KNOW HOW MUCH TO PAY?

A SAME WAY BY REVIEWING THE PEACHTREE ACCOUNTING.

Q DURING THE COURSE OF WORK FROM 2004 TO 2005 WHEN ELLIS CAME ON AS A DIRECT EMPLOYEE OF A&E... SO,

WHILE ELLIS WAS WORKING FOR EES AND BILLING A&E, DID HE RECEIVE FEES OVER AND ABOVE? WAS HE PAID FEES OVER AND ABOVE A THOUSAND DOLLARS A WEEK THAT Y'ALL HAD AGREED TO FOR HIS WORK?

A HE BILLED US TWO THOUSAND DOLLARS.

Q DID YOU RECEIVE OR BILL A&E FOR $2,000 RATHER THAN THE $1,000 YOU AGREED TO?

A NO.

Q DID THERE COME A POINT IN TIME WHEN YOU DID START RECEIVING ADDITIONAL COMPENSATION OVER AND ABOVE THE $1,000 A WEEK OR THE $52,00O IN SALARY?

A HE AND I BOTH STARTED DRAWING SUPERVISORY FEES.

Q AND WHY DID YOU DO THAT?

A BECAUSE HE WAS BILLING IT TO A&E AS SUPERVISORY FEES AND I WAS TRYING TO KEEP IT AS EVEN AS WE COULD.

Q UP UNTIL THAT POINT WAS IT EVEN IN TERMS OF WHAT HE RECEIVED VERSES WHAT YOU RECEIVED?

A NO.

Q WHAT WAS THE DIFFERENCE?

A THE DIFFERENCE WAS HE WAS BEING COMPENSATED MORE THROUGH EES THAN WHAT I WAS GETTING OUT OF A&E.

Q DURING THAT TIME, DID HE EVER MAKE ANY MONETARY CONTRIBUTION TO RUN THE COMPANY? TO FUND THE

JOBS?

A HE HAS NEVER PUT A PENNY IN THERE.

Q DID YOU MAKE MONETARY CONTRIBUTIONS TO KEEP A&E GOING?

A SUBSTANTIAL.

Q IN WHAT WAYS DID YOU MAKE CAPITAL CONTRIBUTIONS OR FUND THE OPERATION OF A&E? HOW DID YOU DO THAT?

A I WOULD DO IT THROUGH EITHER A PERSONAL CHECK OR A CHECK FROM ARTHUR VEREEN CONSTRUCTION COMPANY OR PARK PLACE PROPERTIES OR PARKWAY OFFICES.

Q OTHER THAN MAKING DIRECT DEPOSITS OR MONETARY DEPOSITS FROM ONE OF YOUR COMPANIES OR YOURSELF INTO A&E, DID YOU MAKE CONTRIBUTIONS OR PAY ANY OTHER... MAKE ANY OTHER CONTRIBUTIONS OTHER THAN JUST MAKING A DIRECT MONETARY CONTRIBUTION?

A I PAID A LOT OF SUBCONTRACTORS AND A LOT OF MATERIAL BILLS.

Q WHEN YOU SAY, "YOU PAID" A&E PAID THEM?

A NO, ME, MYSELF OR ONE OF THE ENTITIES I JUST MENTIONED.

Q WHY DID YOU OR ONE OF YOUR ENTITIES PAY THOSE BILLS FOR A&E VERSES HAVING A&E PAY THE BILLS?

A WELL, THE INITIAL INVESTMENT WAS SUPPOSED TO BE $50,000 BY BOTH OF US AND I'M THE ONLY ONE WHO

PUT $50,000 IN IT. WE NEVER HAD ENOUGH MONEY. THERE WAS NEVER ENOUGH MONEY IN THE ACCOUNT TO KEEP THE SUBCONTRACTORS AND KEEP OUR SUPPLY BILLS PAID.

Q ALRIGHT.

A I WOULD PERIODICALLY OWE MONEY TO A&E. LIKE I SAID, THROUGH PARK PLACE PROPERTIES OR THE POINTE MARSH OR THE PUTT-PUTT AND I WOULD PAY THOSE BILLS.

Q HOW DID YOU KEEP STRAIGHT HOW MUCH IN CASH YOU HAD CONTRIBUTED TO A&E VERSUS HOW MUCH YOU OR YOUR COMPANIES HAD PAID ON BEHALF OF A&E? HOW DID YOU KEEP THAT STRAIGHT?

A PROBABLY NOT AS ACCURATE AS I SHOULD HAVE.

Q HOW DID YOU THEN KEEP STRAIGHT OR REIMBURSE... WERE THERE TIMES WHEN A&E REIMBURSED YOU OR YOUR COMPANIES FOR EITHER THOSE CASH CONTRIBUTIONS OR THE MONIES YOU AND YOUR COMPANIES HAD PAID ON BEHALF OF A&E?

A ABSOLUTELY.

Q WAS IT A SITUATION WHERE... LET'S SAY YOU CONTRIBUTED ONE WEEK $50,000 BECAUSE THAT'S WHAT A&E NEEDED WHEN IT CAME TIME AND THERE WAS MONEY IN THE BANK, WOULD YOU WRITE THE RESPECTIVE ENTITY THAT HAD CONTRIBUTED THAT MONEY A CHECK

BACK FOR EXACTLY THAT $50,000 SO THAT IT WAS EASY TO TRACK?

A NO.

Q DO YOU ACKNOWLEDGE THAT THE WAY THAT WAS HANDLED HAS MADE IT DIFFICULT, TO SAY THE LEAST, TO TRACK THE CONTRIBUTIONS YOU AND YOUR COMPANIES HAVE PAID IN AND THE REIMBURSEMENTS THAT YOU AND YOUR COMPANIES HAVE GOTTEN BACKED OUT OF A&E?

A YES, IT HAS.

Q AND YOU DON'T DENY THAT, DO YOU, MR. VEREEN?

A NO.

Q WHY YOU DIDN'T KNOW EXACTLY HOW MUCH WAS IN AND HOW MUCH WAS OUT? DID YOU MONITOR OR DID YOU KEEP IN YOUR MIND OR IN SOME METHODOLOGY ABOUT WHERE YOU AND COMPANIES STOOD WITH EACH OTHER?

A YES. I NORMALLY WOULD WRITE MYSELF A NOTE ABOUT HOW MUCH MONEY I HAD DEPOSITED OR HOW MUCH MONEY... SIZE... GENERALLY, YOU... A ROUNDABOUT FIGURE. A CLOSE FIGURE OF WHERE I WAS AT.

Q AND DID MR. SMITH KNOW THAT YOU OR ANY YOUR COMPANIES WERE HAVING TO FUND THE ONGOING OPERATIONS OF A&E?

A WELL, I KNOW OF A FACT. IN ONE INSTANCE, I KNOW HE DOES BECAUSE WHEN I WALKED IN THE OFFICE CARRIE TOLD ME THAT WE WERE OVERDRAWN AT THE

BANK AND NEED TO MAKE A DEPOSIT AND I BELIEVE IT WAS $125,000 AND SOME ODD DOLLARS. I WROTE HER A CHECK FOR $125,000 AND I WENT BACK TO THE WAREHOUSE DOING SOMETHING AND WHEN I CAME BACK SHE SAID, "WELL, WE ACTUALLY NEED ANOTHER $40,000." AND ELLIS WALKED IN THE OFFICE AT THAT TIME. I SAID, "BUDDY, WE GOT TO HAVE SOME MONEY. WE GOT TO PUT SOME MONEY IN THIS BUSINESS". HE SAID, "I DON'T HAVE ANY." SO, I WROTE ANOTHER CHECK FOR $40,000. I'M PRETTY SURE THAT FIGURES IS RIGHT FOR $160,000 AND THAT WAS DONE ON THE SAME DAY.

Q NOW, WHEN Y'ALL STARTED BUSINESS, WHERE DID YOU ACTUALLY DO BUSINESS OUT OF? WHERE WERE YOU LOCATED?

A WELL, OUR ADDRESS CHANGED AND I'M TRYING TO REMEMBER WHAT THE OLD ADDRESS WAS, BUT ANYWAY, IT USED TO BE ON WHAT THEY CALLED 707 AND THEY CHANGED IT TO GRISSOM PARKWAY.

Q BEFORE YOU GET TO COSTCO'S AND TURN TO THE RIGHT, ISN'T THAT IT?

A YES. THEY CHANGED THE ADDRESS TO 511 GRISSOM.

Q WHEN A&E FIRST STARTED OUT THAT'S WHERE Y'ALL WERE LOCATED?

A YES.

Q WHO OWNED THAT OFFICE BUILDING WHERE YOU WERE FIRST LOCATED?

A MY WIFE DOES.

Q DOES SHE OWN IT IN AN INDIVIDUAL NAME OR IS IT OWNED BY A CORPORATION?

A IT'S OWNED BY AN INDIVIDUAL.

Q IS THERE AN ENTITY NAMED PARKWAY OFFICES?

A YES.

Q WHAT IS PARKWAY OFFICES?

A THEY OWN A BUILDING WE ACTUALLY MOVED INTO. EVENTUALLY WE MOVED INTO.

Q THAT WASN'T THE FIRST OFFICE THAT YOU WERE IN, YOU WERE IN ANOTHER OFFICE?

A YES. TWO PIECES AND ONE OF THEM IS 511 AND WE MOVED INTO 505.

Q 511 WAS IT THE BIGGER OR THE SMALLER OF THE TWO?

A THE BIGGER.

Q THAT SPACE AND THAT BUILDING IS OWNED BY YOUR WIFE?

A YES.

Q AT SOME POINT IN TIME A&E MOVED THEIR LOCATION TO THE SMALLER BUILDING?

A THAT'S CORRECT.

Q THAT BUILDING IS OWNED BY PARKWAY OFFICES?

A THAT'S CORRECT.

Q AND PARKWAY OFFICES IS OWNED BY WHO?

A MY WIFE.

Q WAS THERE AN AGREEMENT WHEN Y'ALL FIRST STARTED IN THE END OF 2003, BEGINNING IN 2004 AS TO WHAT, IF ANY, COMPENSATION THE OWNER OF YOUR OFFICE SPACE WAS GOING TO GET?

A YES. WE WERE GOING TO PAY RENT.

Q WAS THERE AN AGREEMENT ABOUT HOW MUCH IN RENT THE OWNER OF THE OFFICE SPACE WOULD BE PAID?

A EVERYTHING WE DID WAS IN VERBAL. WE RENTED THE OFFICE SPACE AND IT $3,600 A MONTH FOR THE OFFICE AND $600 A MONTH FOR THE WAREHOUSE.

Q THE FIRST ONE WAS THE SMALLER SPACE?

A NO. THAT WAS THE LARGER SPACE.

Q AND THAT WAS $3,600 A MONTH?

A THAT'S CORRECT.

Q AND YOU AND ELLIS AGREED TO THAT WITH THE LANDLORD?

A I'M THE ONE WHO MANAGES IT FOR MY WIFE. SO, YES. I WOULD SAY I'M THE LANDLORD.

Q AND YOU AGREED ON THAT WITH ELLIS?

A ABSOLUTELY.

Q AND HE AGREED TO THAT?

A ABSOLUTELY.

Q AND IN ADDITION TO THE RENT FOR THE ACTUAL

OFFICE SPACE THERE WAS ALSO WAREHOUSE SPACE?

A THE OFFICE SPACE WAS 3,852 SQUARE FEET AND THE WAREHOUSE 3,000 SQUARE FEET.

Q DID THE $3,600 A MONTH INCLUDE THE WAREHOUSE SPACE AND THE OFFICE SPACE?

A NO.

Q HOW MUCH WAS THE WAREHOUSE SPACE?

A $600.

Q DID YOU AGREE UPON THAT WITH ELLIS?

A YES.

Q SO, ELLIS AGREED WITH THAT?

A YES.

Q NONE OF THIS WAS PUT IN WRITING?

A NO.

Q DID YOU TRUST ELLIS AT THAT TIME?

A I DID. HE ACTUALLY CAME TO ME, I GUESS, A YEAR AFTER WE HAD BEEN IN THE BUILDING THAT HE HAD LOCATED A BUILDING BETWEEN SOCASTEE AND CONWAY, A METAL BUILDING THAT WE COULD MOVE INTO FOR $1,600 A MONTH AND I TOLD HIM THEN, "I'M NOT MOVING. THIS IS WHERE I'M AT. THIS IS MY PLACE OF BUSINESS AND THIS IS WHERE WE AGREED TO PUT OUR BUSINESS AT AND THIS IS WHERE WE ARE STAYING" AND WE STAYED THERE.

Q ABOUT WHEN DID YOU MOVE FROM THE BIGGER OFFICE

SPACE TO THE SMALLER OFFICE SPACE?

A I BELIEVE IT WAS SOMETIME IN LATE '05 THAT WE MOVED NEXT DOOR TO ABOUT 1700 SQUARE FEET.

Q WHEN YOU MOVED TO THE SMALLER SPACE WAS IT THE SAME AGREEMENT IN TERMS OF RENT OR WAS THERE A CHANGE IN --

A NO. RENT WAS LESS. I BELIEVE IT WAS 1,600.

Q SO, WHEN YOU MOVED TO THE SMALLER SPACE IT WAS 1,600?

A YES.

Q DID YOU DISCUSS THAT WITH ELLIS?

A YES.

Q DID HE AGREE WITH THAT?

A YES. BECAUSE IT WAS CHEAPER.

Q DID YOU CONTINUE TO RENT THE WAREHOUSE SPACE?

A YES.

Q AT THE SAME PRICE?

A YES.

Q THAT WAREHOUSE SPACE IS RIGHT THERE BEHIND YOUR OFFICE BUILDING, IS THAT RIGHT?

A YES.

Q IN ADDITION TO THE OFFICE SPACE, WHERE DID A&E GET THE FURNISHING AND THE COMPUTER SYSTEM AND THE DESK AND ALL THE THINGS THAT YOU NEED IN YOUR OFFICE, YOUR OFFICE EQUIPMENT AND YOUR

OFFICE FURNITURE? DID YOU PURCHASE THAT?

A WELL, WE HAD... I HAD THE COMPUTERS AND THE OFFICE DESK, THE FURNITURE. WE ENDED UP BUYING SEVERAL COMPUTERS. WHEN I SAY, "WE" I BOUGHT SEVERAL COMPUTERS THAT WE PUT IN THE OFFICE.

Q A&E DIDN'T BUY THEM, YOU BOUGHT THEM?

A YES, THAT'S CORRECT.

Q DID YOU HAVE ANY DISCUSSIONS WITH ELLIS AT THE BEGINNING OF THIS BUSINESS ABOUT CHARGING ANY RENT OR ANY FEE FOR THAT OFFICE EQUIPMENT AND THE USE OF THAT OFFICE EQUIPMENT?

A NO.

Q WERE THERE PIECES OF EQUIPMENT, VEHICLES. I DON'T KNOW A WHOLE LOT ABOUT CONSTRUCTION, BUT WE'VE HEARD ABOUT SKID STEERS AND LULLS AND THINGS OF THAT NATURE IN THIS LITIGATION. WERE THERE PIECES OF EQUIPMENT, THE HEAVY EQUIPMENT, BIGGER EQUIPMENT, NOT HAMMERS AND STUFF THAT, THAT WERE UTILIZED BY A&E WHILE THEY WERE IN BUSINESS?

A I HAD THREE TRUCKS; DUMP TRUCK, ONE BIG FLATBED AND ONE MEDIUM SIZED FLATBED TRAILER AND A SMALL ONE. I HAD A DUMP TRAILER. I HAD A BOBCAT WHICH IS A SKID STEER AND A BACKHOE AND A BULLDOZER.

Q YOU SAID, "YOU HAD". WHO OWNED THAT EQUIPMENT?

A ARTHUR VEREEN CONSTRUCTION COMPANY.

Q THAT'S WHO IT WAS TITLED IN THE NAME OF?

A YES.

Q WHO WAS RESPONSIBLE FOR PAYING TAXES--

A WELL, BACK UP. THREE OF THE PICKUP TRUCKS I ACTUALLY TITLED IN MY NAME.

Q ALRIGHT. WHO WAS RESPONSIBLE FOR PAYING THE TAXES AND THE MAINTENANCE AND UPKEEP ON THAT EQUIPMENT ONCE A&E WENT INTO BUSINESS?

A A&E.

MR. DURANT: YOUR HONOR, I OBJECT TO THE QUESTION. I THINK SHE CAN ASK HIM, DID HE HAVE AN AGREEMENT WITH ANYONE THAT HE WAS TO PAY. THE FORM OF THE QUESTION.

Q WHO UTILIZED THIS EQUIPMENT; THE DUMP TRUCK, THE THREE TRUCKS, THE FLATBED, DUMP TRAILER, THE BOBCAT, THE BACKHOE, THE BULLDOZER? WHO UTILIZED ALL THAT EQUIPMENT WHEN A&E WAS IN BUSINESS?

A A&E USED IT.

Q DID YOU HAVE DISCUSSION WITH MR. SMITH ABOUT WHO WOULD BE RESPONSIBLE FOR ANY COSTS THAT HAD TO DO WITH THAT EQUIPMENT?

A A&E IS RESPONSIBLE FOR IT.

Q DID YOU HAVE DISCUSSION WITH MR. SMITH ABOUT THAT?

A YES.

Q DID HE AGREE TO THAT?

A YES.

Q DID MR. SMITH BRING ANY EQUIPMENT INTO THE BUSINESS TO A&E?

A HE HAD HIS TRUCK AND I THINK HIS SON HAD A TRUCK. I KNOW HE HAD A VAN THAT RANDY LONG WAS DRIVING THAT WE WOULD GET BILLS FOR. HE WOULD BILL US FOR HIS TRUCKS AND BILL US FOR HIS VAN.

Q WHEN YOU SAY... DID YOU HAVE A TRUCK THAT YOU UTILIZED?

A I HAD A TRUCK I OWNED PERSONALLY, YES.

Q AND WHEN A&E STARTED, DID YOU HAVE AN AGREEMENT ABOUT A&E PAYING FOR ANYTHING HAVING TO DO WITH YOUR PERSONAL TRUCK?

A NO.

Q AT THE TIME A&E STARTED, DID MR. SMITH HAVE HIS OWN TRUCK?

A YES.

Q WAS THERE ANY AGREEMENT BY A&E TO BE RESPONSIBLE FOR ANYTHING HAVING TO DO WITH MR. SMITH TRUCK?

A NO.

Q HOW ABOUT HIS SON'S TRUCK?

A NO.

Q HOW ABOUT THE VAN THAT EES HAD? WHEN YOU FIRST STARTED WAS THERE ANY AGREEMENT THAT A&E WOULD BE RESPONSIBLE FOR ANYTHING HAVING TO DO WITH THE VAN OWNED BY EES?

A NO.

Q DID THERE COME A POINT IN TIME WHEN A&E PURCHASED A TRUCK FROM MR. SMITH?

A PURCHASED A TRUCK FOR MR. SMITH?

Q RIGHT.

A YES. WE PURCHASED... I PURCHASED ONE FROM BELL AND BELL. I BELIEVE IT WAS IN 2005, MAYBE 2006.

Q WE MIGHT DO THIS TOMORROW WITH ALL THE DOCUMENTS, BUT THAT WILL GIVE ME A LITTLE BIT MORE TIME TO GET ORGANIZED, BUT JUST FOR NOW I THINK THE DOCUMENTS ARE GOING TO SHOW A 2005 GMC TRUCK. DOES THAT SOUND RIGHT?

A '05 OR '06.

Q WAS IT A NEW TRUCK WHEN A&E PURCHASES IT?

A YES.

Q AND DID A&E PURCHASE IT?

A YES.

Q DID IT PURCHASE IT FOR CASH OR DID IT FINANCE THE TRUCK?

A FINANCED IT.

Q WHAT WAS THE AGREEMENT BETWEEN YOU AND MR. SMITH ABOUT THE OWNERSHIP AND THE COST OF THAT TRUCK?

A NOT REALLY. HE CAME TO ME ONE DAY AND SAID HE NEEDED A NEW TRUCK BECAUSE EWELL'S TRUCK WAS... THE ONE HE WAS DRIVING...

Q EWELL IS HIS SON?

A SON. WAS ON IT'S LAST LEG. EWELL WAS GOING TO BUY HIS TRUCK AND ELLIS WAS GIVING HIM HIS TRUCK AND HE NEEDED A TRUCK. I WENT TO BELL AND BELL AND MADE THE ARRANGEMENTS AND SIGNED THE NOTE AND BORROWED THE MONEY FROM GMAC AND BOUGHT HIM A TRUCK.

Q WHEN YOU SAY, "YOU SIGNED THE NOTE", DID YOU SIGN THE NOTE ON BEHALF OF A&E OR DID YOU SIGN THE NOTE PERSONALLY?

A IT'S A&E, BUT I HAVE A TRACK RECORD WITH GMAC OVER THE LAST 20 OR 30 YEARS. SO, I BOUGHT IT. I ACTUALLY HAD SOME BONUS MILES OR BONUS POINTS OR CASH POINTS OR SOMETHING AND I SAID, "WELL HELL, I'LL JUST BUY THE TRUCK".

Q THE PAYMENT FOR THAT 2005 TRUCK DRIVEN BY ELLIS WAS MADE BY A&E?

A THAT'S CORRECT.

Q WHEN ELLIS TOLD YOU HE WAS GOING TO GO ON VACATION AND LEFT IN JULY AND NEVER CAME BACK,

DID HE TAKE THE TRUCK WITH HIM?

A YES.

Q WAS THE TRUCK PAID OFF WHEN HE LEFT?

A NO.

Q IS THE TRUCK PAID OFF NOW?

A YES.

Q WHO PAID THE TRUCK OFF?

A I DID.

MR. DURANT: MR. VEREEN DID OR A&E?

A NO, MR. VEREEN.

Q AFTER ELLIS LEFT IN 2007 IN JULY AND YOU FOUND OUT IN SEPTEMBER OR OCTOBER HE WASN'T GOING TO COME BACK, DID YOU DEMAND THAT HE RETURN THE TRUCK?

A NO.

Q DO YOU RECALL ABOUT WHEN THE TRUCK WAS PAID OFF?

A IT WAS PROBABLY... BUT I THINK WE HAD... PROBABLY IN LATE '08 OR THE BEGINNING OF '09. I THINK WE HAD A 48 MONTH FINANCING ARRANGEMENT ON IT. SO, WE PROBABLY BORROWED IT IN JANUARY OF '05 AND IT WAS PROBABLY PAID OFF IN DECEMBER OR JANUARY OF '08 OR '09.

Q IN ADDITION AFTER ELLIS LEFT WITH THE TRUCK, DID A&E CONTINUE TO PAY THE TAXES ON THAT TRUCK?

A WELL, WE DID FOR A PERIOD OF TIME.

Q DID A&E CONTINUE TO PAY THE INSURANCE ON THE TRUCK?

A WE DID FOR A PERIOD OF TIME.

Q WHEN DID A&E AND OR YOU STOP PAYING THE TAXES AND THE INSURANCE ON THE TRUCK?

A I DON'T REMEMBER THE EXACT TIMEFRAME, BUT IT PROBABLY WAS AROUND THE TIME THAT WE GOT INVOLVED IN THIS LAWSUIT WE'RE INVOLVED IN.

Q WOULD THAT BE ABOUT THE SAME TIME THAT YOU HAD PAID OFF THE TRUCK?

A YES, MA'AM. IN FACT, I THINK WE PAID IT OFF AND SIGNED THE BACK OF IT SENDING THE TITLE TO HIM.

Q ONCE YOU PAID IT OFF AND YOU SIGNED THE TITLE OVER AND GAVE THE TRUCK AT THAT POINT TO ELLIS, IS THAT WHEN YOU STOPPED PAYING THE TAXES AND INSURANCE?

A YES.

Q DURING THIS TIME IN '08 AND '09, WHEN THERE IS STILL THE OBLIGATION FOR THE TRUCK PAYMENT AND THE TRUCK IS IN THE NAME OF A&E SO THERE IS POTENTIAL LIABILITY OF SOMETHING HAPPENED IN TERMS OF A WRECK YOU KEPT IT INSURED. WAS THE INCOME COMING IN FROM A&E JOBS IN 2008 AND 2009?

A NO.

Q HOW WAS A&E BEING FUNDED IN ORDER TO PAY THOSE

PAYMENTS?

A IT WAS COMING FROM ME OR ONE OF THE COMPANIES I WAS INVOLVED IN.

Q AND HAVE YOU REVIEWED MRS. BRADY'S ACCOUNTING FROM 2004 THROUGH 2007?

A YES.

Q DID YOU SEE ANYWHERE IN MRS. BRADY'S ACCOUNTING WHERE SHE HAD MADE ANY CREDITS OR ACCOUNTS RECEIVABLE OR ANY KIND OF FINANCIAL ADJUSTMENT FOR THE VALUE OF THE PAYMENTS FOR THE TRUCK, THE INSURANCE FOR THE TRUCK, THE TAXES A&E PAID ON THE TRUCK OR THE VALUE OF THE TRUCK WHEN IT WAS GIVEN TO ELLIS AFTER 2007?

A NO.

Q DID A&E BUY A TRUCK FOR YOU?

A NO.

Q DID A&E GIVE YOU A TRUCK AT THE BEGINNING OF 2009?

A NO.

Q DID A&E PAY THE TAXES AND INSURANCE ON YOUR TRUCK FROM 2004 TO 2007?

A NO.

Q DID A&E PAY THE TAXES AND INSURANCE ON YOUR TRUCK IN 2008 AND 2009?

A NO.

Q DID A&E PAY FOR THE TAXES AND INSURANCE ON THE... WHAT I'M GOING TO CALL HEAVY EQUIPMENT UTILIZED BY A&E? THE DUMP TRUCK, THE THREE OTHER TRUCKS, THE FLATBED? DID A&E PAY EXPENSES WITH REGARD TO MAINTENANCE AND UPKEEP AND TAXES ON THOSE PIECES OF EQUIPMENT?

A THEY DID SOME, YES.

Q WITH REGARDS TO THE POINTE MARSH PROJECT THAT PARK PLACE PROPERTIES DID, DID PARK PLACE PROPERTIES UTILIZE THE SKID STEER AND LULL OF ARTHUR VEREEN CONSTRUCTION THAT WAS BEING USED BY A&E?

A WE USED THE SKID STEER VERY LITTLE. THE LULL WAS PARKED UP THERE. WE BOUGHT THAT LULU... ELLIS AND I TALKED ABOUT IT. WE BOUGHT THAT LULL FOR ONE VERY SPECIFIC REASON AND THAT WAS TO USE IT AT THE FOUNTAINS TO BUILD THE FOUNTAINS. AND WE USED IT TO BUILD THE TAHITIAN PRINCESS, BUT WE FOUND OUT THAT THE LULL THAT WE PURCHASED WAS A 45 FOOT BOOM AND IT WOULDN'T REACH AT THE TAHITIAN PRINCESS. AND THE CONTRACTOR THAT WE USED AT THE FOUNTAINS HAD HIS OWN LULL. AND THE CONTRACTORS THAT I USED AT POINTE MARSH HAD THEIR OWN LULL. NOW, WE HAD NO PLACE TO PARK THEM. WE RENTED A BUILDING THAT

WE JUST MOVED OUT OF. WE MOVED NEXT DOOR AND WE'VE GOT TWO TENANTS THAT RENTS HALF OF THAT BUILDING AND WE OWN HALF OF IT. WE HAD NO PLACE TO PARK THAT THING. QUESTION I'M THINKING... FRANK HAS SHOWN MY LAWYER A PICTURE OF A LULL SITTING ON 74TH AVENUE. I HAD NO PLACE TO PARK IT. IT'S SITTING ON 74TH AVENUE RIGHT NOW.

Q I'VE SEEN IT MYSELF.

A THERE IS NO PLACE TO PUT IT. I'VE TRIED PUTTING IT ON A LOT THAT I HAVE ON 3RD AVENUE AND THE CITY TOLD ME I HAD TO MOVE IT. THAT YOU CAN'T STORE EQUIPMENT ON RESIDENTIAL PROPERTIES AND SO IT'S SITTING ON 74TH AVENUE.

Q LET'S TALK ABOUT THAT PARTICULAR LULL FOR A MINUTE. THAT PIECE OF EQUIPMENT, THAT LULL, THE BOOM WAS TOO SHORT FOR WHERE YOU INTENDED TO USE IT AT TAHITIAN PRINCESS? YOU AND ELLIS DISCUSSED THAT AND Y'ALL DECIDED JOINTLY THAT A&E WOULD BUY THAT LULL?

A CORRECT.

Q WAS THAT A CASH PAYMENT TO BUY IR WAS THAT FINANCED?

A NO. WE FINANCED IT THROUGH A BOY FROM HERTZ EQUIPMENT RENTAL AND I CAN'T REMEMBER THE NAME OF THE FINANCE COMPANY, BUT WE HAD A 5 OR 6 YEAR

NOTE ON THAT PIECE OF EQUIPMENT.

Q THIS IS GOING TO SHOW HOW STUPID I AM, BUT DO YOU TITLE A LULL?

A YOU DON'T REALLY TITLE THEM. YOU GET A UCC LICENSE.

Q DO YOU HAVE TO PAY TAXES ON IT?

A NO.

Q PERSONAL PROPERTY TAXES?

A NO.

Q WAS THERE ANY OTHER EQUIPMENT DURING 2004 TO 2007 WHEN A&E WAS IN OPERATION, BIG HEAVY EQUIPMENT, OTHER THAN THIS LULL AND OTHER THAN ELLIS' TRUCK THAT A&E PURCHASED?

A YES. WE BOUGHT A CATERPILLAR SKID STEER BECAUSE MY BOBCAT SKID STEER THAT ELLIS WAS USING AT THE TAHITIAN PRINCESS RAN HOT AND HE PUT COLD WATER IN AND BUSTED THE MOTOR. SO, MY BOBCAT WAS RUINED AND WE ENDED UP BUYING ONE... ACTUALLY WE BOUGHT ONE FROM HERTZ WITH A LEASE PURCHASE. THAT WAS OUR FIRST DEAL. WE USED IT ON THE WILLOUGHBY PLACE. WE HAD IT FOR 30 OR 45 DAYS AND IT WAS STOLEN. WE ENDED UP HAVING TO PAY HERTZ $4,000 OR $5,000 BECAUSE OF THE LOST OF THE VALUE OF THE EQUIPMENT. THE INSURANCE PAID PART OF IT AND WE HAD TO PAY THE OTHER PART OF

IT. WE NEVER REALLY PURCHASED IT. IT WAS A LEASE TO PURCHASE AT THE END OF THE LEASE. WE THEN TURNED AROUND AND BOUGHT ANOTHER SKID STEER FROM HERTZ THAT WAS ACTUALLY STOLEN AGAIN, BUT IT WAS RECOVERED. SO, WE'VE ACTUALLY HAD THREE OF THOSE THINGS.

Q AND THAT SKID STEER THAT Y'ALL PURCHASED THAT WAS USED AT THE FOUNTAINS?

A WHICH ONE?

Q ONE OF THE TWO THAT GOT STOLEN --

A IT WAS USED A LOT OF PLACES.

Q WAS THERE HEAVY EQUIPMENT THAT WAS A SKID STEER OR A BOBCAT THAT WAS USED BY... ON POINTE MARSH THAT WAS A&E EQUIPMENT VERSES IT BEING RENTED?

A I JUST STATED THAT WE USED THAT SKID STEER VERY LITTLE, BUT WE DID USE IT SOME. IT WAS VERY LITTLE BECAUSE NUMBER ONE, I HIRED A SITE CONTRACTOR TO DO THE SITE WORK. I HIRED A CONTRACTOR TO PUT IN OUR FOUNDATIONS AND I HIRED A FRAMING CONTRACTOR TOO AND HE FURNISHED HIS OWN LIFTS.

Q WAS THERE EVER A TIME WHEN... THAT YOU RECALL WHEN UTILIZATION OF ANY OF THE HEAVY EQUIPMENT AT POINTE MARSH CAUSED A&E TO HAVE TO GO OUT AND RENT DIFFERENT HEAVY EQUIPMENT?

A NO.

Q DID YOU AND ELLIS DISCUSS WHAT FINANCIAL ARRANGEMENTS A&E WOULD ENTER INTO IF THERE WERE PERSONAL PROJECTS ON... AS YOUR PERSONAL HOME OR BETH'S PERSONAL HOME OR ELLIS' PERSONAL HOME, WHAT A&E'S POSITION WOULD BE WITH REGARD TO DOING THAT TYPE OF WORK?

A IT WAS MY UNDERSTANDING AND I'M SURE IT WAS ELLIS' UNDERSTANDING THAT ANYTHING WE DID PERSONALLY WAS DONE AT COST.

Q DID A&E DO WORK AT ELLIS' HOME?

A YES.

Q DID A&E DO WORK AT YOUR PERSONAL HOME?

A VERY LITTLE AT MY OWN PERSONAL HOUSE.

Q DID A&E DO WORK AT BETH'S HOUSE?

A THEY DID.

Q TO YOUR KNOWLEDGE HAS A&E BEEN PAID FOR ANY MONIES IT SPENT ON DOING ANY PERSONAL WORK AT YOUR HOME OR BETH'S HOME?

A YES.

Q TO YOUR KNOWLEDGE HAS A&E BEEN PAID FOR ANY WORK THAT IT DID AT ELLIS' HOME?

A YES.

Q WAS A&E PAID ANY PROFIT OR OVERHEAD ON THOSE... WHAT I'M GOING TO CALL Y'ALL'S PERSONAL JOBS?

A NO.

Q DID ELLIS PAY ANY PROFIT OR OVERHEAD TO A&E ON THE WORK A&E DID ON HIS HOME?

A NO.

Q DID YOU EXPECT HIM TO?

A NO.

Q DID YOU EVER HIDE ANY WORK THAT YOU WERE HAVING A&E PREFORM AT YOUR HOME OR BETH'S HOME?

A NO.

Q DID A&E DO ANY WORK AT THE OFFICE SPACE THAT WAS ONE PIECE OWNED BY YOUR WIFE AND ONE PIECE OWNED BY PARKWAY OFFICES?

A WE DID DO SOME, YES.

Q WHAT WAS YOUR UNDERSTANDING OF HOW A&E WOULD BE COMPENSATED FOR THAT WORK?

MR. DURANT: OBJECT TO THE FORM OF THAT QUESTION, YOUR HONOR. SHE'S GOT TO ASK DID HE HAVE AN AGREEMENT WITH SOMEONE ABOUT HOW HE WOULD BE PAID. WHO THE AGREEMENT WAS WITH.

JUDGE HOWE: DID A&E HAVE AN AGREEMENT?

MR. DURANT: MR. VEREEN, COULD NOT HAVE AN AGREEMENT WITH HIMSELF. I ASSUME SHE IS ASKING HIM DID HE HAVE AN AGREEMENT WITH MR SMITH.

MS. COOK: I SAID, DID HE HAVE AN UNDERSTANDING AS TO HOW A&E WOULD BE COMPENSATED FOR ANY WORK THAT IT DID ON THE OFFICE PROPERTIES.

MR. DURANT: YOUR HONOR, THE OBJECTION IS TO THE FORM OF THE QUESTION. THE AGREEMENT WOULD HAVE TO BE WITH MR. SMITH WHO IS THE ONLY OTHER OWNER BECAUSE HE IS AN INTERESTED PARTY.

MS. COOK: ALL HE NEEDS TO SAY IS OBJECT TO THE FORM OF THE QUESTION.

JUDGE HOWE: SUSTAINED.

Q DID YOU HAVE ANY DISCUSSIONS OR UNDERSTANDING WITH MR. SMITH ABOUT THE TERMS OF PAYMENT OR HOW A&E WOULD BE COMPENSATED FOR WORK DONE ON THE OFFICE BUILDING?

A WE HAD THE SAME UNDERSTANDING ON ANYTHING THAT WAS DONE PERSONALLY THAT WE WERE INVOLVED IN.

Q DID YOU HAVE... DID YOU HAVE A ACTUAL CONVERSATION WITH REGARD TO THOSE TYPE MATTERS AND HE AGREED TO THAT, MR. SMITH?

A YES.

Q THERE WAS SOME TESTIMONY EARLIER IN THIS CASE ABOUT THE WAY SOME JOBS WERE RECORDED ON JOB LEDGERS OF THE PEACHTREE ACCOUNTING SYSTEM

UTILIZED BY A&E.

A YES.

Q AND THERE WAS REFERENCE ABOUT THERE BEING A JOB CALLED "PARKWAY OFFICES" AND THERE ALSO WOULD BE A JOB ON THE LEDGER CALLED "SHOP". DO YOU KNOW OR DID YOU HAVE ANY INPUT INTO HOW CARRIE POSTED DIFFERENT CHARGES BETWEEN THOSE TWO LISTED JOBS ON THE A&E JOB LEDGER?

A SHE WOULD POST THAT ON THE JOB LEDGER AS I HAD COME TO FIND OUT, IS THAT ANY TIME THE EMPLOYEES WOULD PUT DOWN "SHOP" OR PUT "OFFICE" THAT'S EXACTLY HOW SHE WOULD POST THEM. THAT'S THE REASON IT SHOWS UP AS TWO DIFFERENT JOBS UNDER SHOP AND OFFICE.

Q NOW, IF A&E WORKERS WERE DOING... PERFORMING LABOR OR DOING SOME TASK AT THE OFFICE AND THEY WROTE DOWN SHOP, WHAT TYPES OF THINGS WOULD THEY BE DOING?

A WELL, FOR EXAMPLE, WE DID BEACH DUNES. WE BUILT ALL THE CABINET FRONTS, THE CLOSETS. WE DID ALL THAT STUFF IN THE WAREHOUSE. OUR EMPLOYEES WHEN THEY WOULD TURN IN THEIR TIME CARDS IT WOULD SAY, "SHOP." IT WOULD NOT SAY BEACH DUNES BECAUSE THAT'S WHERE THEY WORKED AT THE SHOP. THEY WOULD EITHER SAY, SHOP OR OFFICE, THAT WAS

THE WAY IT WOULD BE POSTED. I ACTUALLY WENT BACK AND I DON'T KNOW WHY I COULDN'T PUT MY FINGER'S ON IT, BUT WHEN ELLIS WAS AN EMPLOYEE OF MINE WORKING AT ONE OF OUR PROJECTS, I PULLED OUT A COPY OF ONE OF HIS TIME CARDS FOR THAT WEEK AND IT WAS POSTED "SHOP". I GUARANTEE YOU WE DIDN'T WORK AT THE SHOP AS LABOR THAT DAY, THAT WEEK. THAT WAS A JOB HE WAS DOING... MY GUYS HAVE DONE THAT FOR 40 YEARS WORKING AT THE OFFICE. THAT WAS WORKING AT THE SHOP BECAUSE WE HAD A SHOP IN THE BACK. WORKING IN THAT SHOP IS WHERE THEY WOULD PUT THEIR TIME DOWN. IT WAS OUR JOB TO BREAK IT DOWN AND ACTUALLY FIND OUT WHERE THEY WENT.

Q WHICH ACTUAL PROJECT OF THAT SHOP WORK SHOULD HAVE BEEN ALLOCATED TOWARDS?

A THAT'S CORRECT.

Q THAT WOULD BE THE PROPER WAY TO DO IT?

A YES. I THINK THAT BETH HAD TESTIFIED EARLIER THAT ONE OF THE THINGS THAT RICHARD SAID WAS SOMETIMES HE'S GOT TO FIGURE OUT --

MR. DURANT: OBJECT, YOUR HONOR, TO ANYTHING THAT RICHARD WOULD SAY AS BEING HEARSAY.

A THE ACCOUNTANT AND BOOKKEEPING HAS TO TRY TO

FIGURE OUT WHERE TO DISPLAY OR MOVE THIS JOB COST AROUND TO PUT IT IN THE RIGHT SPOT.

MR. DURANT: YOUR HONOR?

Q EVEN BEFORE A&E CAME INTO BUSINESS AND YOU HAD BEEN DOING BUSINESS AS ARTHUR VEREEN CONSTRUCTION COMPANY FOR ALL THESE YEARS PRIOR TO A&E, DID YOU POST IT AND DO IT THE EXACT SAME WAY IT WAS DONE AT A&E?

A YES.

Q AND WHEN THE TAXES WERE BEING DONE FOR YOU PERSONALLY AND FOR ARTHUR VEREEN CONSTRUCTION COMPANY WOULD THAT END OF YEAR ALLOCATION HAVE TO TRY TO BE MADE BY YOU OR THE PROFESSIONALS THAT YOU HIRED TO ALLOCATE SOME OF THAT UNASSIGNED CONSTRUCTION COSTS TO DIFFERENT JOBS?

A YES.

Q AND THE SAME CARRIED THROUGH WHEN YOU STARTED DOING BUSINESS AS A&E, CORRECT?

A CORRECT.

Q IN ADDITION TO THERE BEING WORK DONE BY YOUR GUYS IN THE SHOP THAT COULD BE ALLOCATED, BUT WASN'T TO A PARTICULAR JOB, BUT WAS ALLOCATED TO A CATEGORY CALLED "SHOP", WAS THERE ACTUALLY SOME RENOVATION WORK THAT YOUR FELLOWS DID PERFORM ON THE OFFICE?

A YES, THEY DID.

Q AND SOME CHANGES?

A YES.

Q DID YOU OR CARRIE TRY TO POST THAT WORK TO A CATEGORY WHETHER IT WAS SHOP OR OFFICE?

A I'M NOT SO SURE SHE REALLY TRIED TO DO IT REAL HARD, BUT SHE PROBABLY DID.

Q SINCE THIS LITIGATION STARTED, HAVE YOU GONE BACK TO REVIEW THE LEDGERS FOR THE SHOP JOB AND THE LEDGERS FOR THE OFFICE JOB AND THEN BACK UP DOCUMENTATION BY VIRTUE OF TIME CARDS, BY VIRTUE OF ANY OTHER BACKUP DOCUMENTATION YOU MIGHT HAVE TO TRY TO PROPERLY ALLOCATE THOSE JOB COST TO EITHER OFFICE OR PARTICULAR JOBS THAT YOUR WORKERS WERE DOING WHILE AT THE WAREHOUSE?

A YES. LET ME EXPLAIN THAT A LITTLE BIT FURTHER TOO. ONE OF THE THINGS WE'VE DONE WITH A&E AND THE THINGS THAT I'VE DONE FOR THE LAST 40 YEARS IN THE CONSTRUCTION BUSINESS, YOU HAVE DOWNTIME. YOU HAVE A TIME WHEN YOU DON'T NEED THAT PARTICULAR ONE OR TWO EMPLOYEES. ELLIS AND I WOULD FIND SOMETHING FOR THOSE GUYS TO DO AROUND THE OFFICE OR SHOP. WHETHER IT WAS SWEEPING, CLEANING THAT TRUCK UP, CLEANING THE PARKING LOT UP, PULLING WEEDS, WHATEVER IT WAS, WE WOULD

FIND SOMETHING FOR THEM TO DO. THEY WOULD PUT THAT DOWN AS A SHOP JOB. A LOT OF TIMES THAT'S WHERE MOST OF THAT COST WOULD COME IN. WE NEVER LAID ANYBODY OFF. WE DIDN'T FIRE ANYBODY. WE WOULD FIND SOMETHING FOR THE THEM TO DO. IF WE DIDN'T HAVE A SPECIFIC JOB FOR THEM TO GO TO THAT DAY, WE WOULD CREATE SOMETHING FOR THEM TO DO.

Q NOW, A&E WENT INTO BUSINESS AND STARTED DOING WORK, DID IT CARRY LIABILITY AND WORKERS' COMPENSATION INSURANCE?

A YES.

Q AND HOW AND THROUGH WHOM WAS THAT INSURANCE PLACED?

A I WENT TO PEOPLE'S UNDERWRITERS AND I HAD INSURANCE FOR A NUMBER OF YEARS AND THEY WOULD NOT LET ME DO ANOTHER COMPANY. I HAD TO DO IT UNDER ARTHUR VEREEN CONSTRUCTION COMPANY DOING BUSINESS AS A&E. THAT'S THE WAY OUR POLICY WAS WRITTEN.

Q OKAY. ARTHUR VEREEN CONSTRUCTION COMPANY HAD MAINTAINED WORKERS' COMPENSATION, GENERAL LIABILITY INSURANCE THROUGH PEOPLE'S UNDERWRITERS FOR A NUMBER OF YEARS?

A YES.

Q DURING THE TIME A&E WAS IN BUSINESS, DID A&E PAY THE PREMIUM FOR THAT INSURANCE COVERAGE?

A YES.

Q TO YOUR KNOWLEDGE DURING THE POINT AND TIME WHEN... BEFORE ELLIS CAME... HE AND HIS GUYS CAME AND BECAME DIRECT EMPLOYEES DURING THE TIME OF JANUARY 2004 TO JUNE 2005, WHEN THEY ARE WORKING FOR A&E THROUGH EES. DID YOU MAINTAIN... DID A&E MAINTAIN WORKERS' COMP AND LIABILITY INSURANCE FOR EES?

A NO.

Q DO YOU KNOW IF EES MAINTAINED LIABILITY INSURANCE OR WORKERS' COMP?

A NO. I ACTUALLY OBTAINED A COPY OF HIS INSURANCE AND I BELIEVE IT WAS WITH PUCKETT, SHEETS...

MR. THOMAS: YOUR HONOR, IF HE WANTS TO TESTIFY ABOUT THE CONTRACT OF SOME DOCUMENT THAT'S NOT IN EVIDENCE, I THINK WE NEED THE DOCUMENT AND I'M NOT SURE WE GOT IT.

MS. COOK: WELL, I TELL YOU WHAT. I WILL FIND IT FOR TOMORROW AND I WILL PUT THAT ON MY LIST FOR TOMORROW. FINE.

A I WOULD LIKE TO SAY ONE OTHER THING ABOUT INSURANCE WITH PEOPLE'S UNDERWRITERS AND THE

REASON THAT WE HAD TO STAY WITH THEM. VERY FEW INSURANCE COMPANIES TODAY WANT TO WRITE INSURANCE FOR CONDOMINIUMS PERIOD ESPECIALLY CONDOMINIUMS HIGHER THAN THREE STORIES. THE PREMIUMS WERE EXTREMELY HIGH AND FOR US TO... ELLIS AND I HAD THIS CONVERSATION BECAUSE HE WAS FUSSING ABOUT HOW MUCH WE WAS PAYING IN PREMIUMS. I SAID, "IF YOU CAN FIND SOMETHING CHEAPER OR SOMEBODY TO WRITE IT, GO GET IT." MOST INSURANCE COMPANIES DO NOT WANT TO WRITE INSURANCE FOR A WOOD BUILT, THREE STORY CONDOMINIUM BECAUSE YOU'RE GOING TO GET SUED AND THEY DID NOT WANT TO WRITE IT. BUT PEOPLE'S HAS BEEN DOING MY INSURANCE FOR SO MANY YEARS THAT THEY DID WRITE THE POLICY FOR US. IT WAS EXPENSIVE, BUT I HAD TO BE UPFRONT WITH PEOPLE THAT WE WERE GETTING READY TO DO SOME THREE STORY CONDOMINIUM BUILDINGS.

Q DID YOU HAVE AN UNDERSTANDING WITH ELLIS AS TO WHAT, FOR INSTANCE, WHAT CELL PHONES OR... LET'S JUST TALK ABOUT THAT FOR A MINUTE. DID A&E... DID YOU AND ELLIS HAVE AN UNDERSTANDING ABOUT WHAT CELL PHONES BILLS A&E WOULD BE RESPONSIBLE FOR?

A NO.

Q DID A&E PAY FOR YOUR CELL PHONE BILL?

A NO.

Q DID A&E PAY FOR BETH'S CELL PHONE BILL?

A NO.

Q DID A&E PAY FOR ELLIS' CELL PHONE BILL?

A YES.

Q DID A&E PAY FOR EWELL'S CELL PHONE BILL?

A YES.

Q THAT'S THE SON?

A YES.

Q DID A&E PAY NOT ONLY FOR ELLIS' SON'S CELL PHONE BILL, BUT DID IT PAY FOR A NEXTEL PHONE FOR ELLIS?

A YES.

Q DO YOU KNOW IF A&E PAID FOR A CELL PHONE FOR ELLIS' WIFE, JOANNE?

A I HAVE SEEN IT IN ONE LOCATION, YES. I KNOW ONCE.

Q DID YOU AGREE WITH... DID YOU TELL ELLIS THAT YOU WOULD AGREE TO PAY FOR A CELL PHONE FOR HIS WIFE?

A NO.

Q THOSE TYPES OF BILLS; A CELL PHONE BILL, INSURANCE ON ELLIS' TRUCK OR... WHEN THOSE TYPES OF BILLS NEEDS TO BE PAID, WHO WERE THEY GIVEN

TO AND HOW WERE THEY PROCESSED?

A ACTUALLY, HE WOULD SUBMIT THE BILL AND HE WOULD OKAY IT AND GIVE IT TO CARRIE. CARRIE WOULD RIGHT THE CHECK AND PUT IT ON MY DESK.

Q DID YOU SIGN THE CHECK?

A I DID.

Q DO YOU EVER RECALL GOING BACK TO ELLIS DURING THE TIME HE WAS THERE AND CHALLENGING HIM ON ANY PARTICULAR CHECK THAT YOU... THAT HAD BEEN PRESENTED TO YOU TO SIGN TO PAY FOR ANYTHING?

A THE ONLY TIME I EVER DID THAT WAS... AND I THINK WE SPOKE ABOUT THIS FOUR MONTHS AGO OR HOWEVER LONG IT'S BEEN, I CAN'T REMEMBER. WAS IN REFERENCE TO THE UP CHARGE ON THE FLOOR COVERING ON THE CONDOMINIUM BUILDING THAT I CAUGHT GETTING READY TO SIGN THAT CHECK. THAT BILL WAS THIRTY SOME ODD THOUSAND DOLLARS AND I KNEW IT WAS HIGH. I WENT AND PULLED THE INVOICE ON THE BILL THAT WE HAD JUST FINISHED AND IT WAS IDENTICAL AND THE BILL WAS THIRTY SOME ODD THOUSAND DOLLARS HIGHER. I DIDN'T SIGN THAT CHECK AND THAT'S THE ONLY TIME I EVER QUESTIONED HIM ABOUT AN INVOICE.

Q DID YOU AND ELLIS ON BEHALF OF A&E HAVE ANY AGREEMENT ABOUT PAYMENT FOR GAS OR MAINTENANCE

FOR TRUCKS OR PRIVATE VEHICLES... NOT HEAVY EQUIPMENT, BUT VEHICLES DRIVEN BY YOU OR ELLIS OR BETH OR ANY OF THE OTHER WORKERS? WAS THERE AN AGREEMENT ABOUT PAYMENT FOR MAINTENANCE ON THOSE VEHICLES OR GAS?

A NO. I THINK IT WAS JUST BASICALLY AN UNDERSTANDING THAT THE COMPANY WOULD PAY FOR THE FUEL FOR BUSINESS EXPENSES.

Q DID THE COMPANY PAY FOR FUEL FOR ELLIS?

A YES.

Q DID THE COMPANY PAY FOR FUEL FOR EWELL?

A YES.

Q DID THE COMPANY PAY FOR FUEL FOR BETH?

A SHE DID GET AN ALLOWANCE FOR GAS.

Q SHE GOT AN ALLOWANCE RATHER THAN SUBMITTING INVOICES?

A YES.

Q HOW ABOUT FOR CARRIE? WAS CARRIE COMPENSATED FOR GAS?

A CARRIE GOT A PAY RAISE AND INSTEAD OF GIVING HER A SALARY RAISE, WE GAVE HER A FUEL ALLOWANCE.

Q AND DID ELLIS AGREE WITH THAT?

A HE NEVER QUESTIONED ME.

Q DID THERE COME A POINT IN TIME AND YOU HAD TESTIFIED EARLIER THAT ON THE PARK PLACE

PROPERTIES JOB, POINTE MARSH, RANDY WAS THE SUPERINTENDENT ON THAT JOB AND HE WORKED FOR AND WAS PAID BY PARK PLACE PROPERTIES NOT A&E, IS THAT CORRECT?

A CORRECT.

Q DID THERE COME A POINT IN TIME WHEN RANDY STOPPED BEING THE SUPERINTENDENT ON PARK PLACE PROPERTIES AND DID COME TO WORK FOR A&E?

A YES.

Q WHEN RANDY CAME TO WORK FOR A&E, WAS HE PAID BY A&E?

A YES.

Q WAS HE PAID A SALARY OR WAS HE PAID AN HOURLY WAGE?

A HE WAS PAID A SALARY.

Q AND WAS ELLIS STILL THERE WORKING FOR A&E AT THAT TIME?

A I DON'T THINK SO.

Q WAS THERE A TRUCK OR VAN THAT WAS OWNED BY EES?

A YES.

Q DID YOU HAVE AN UNDERSTANDING WITH ELLIS ABOUT IF AND WHEN A&E WOULD MAKE THE EES VAN PAYMENTS?

A WE MADE PAYMENTS FOR EES.

Q ON THE EES VAN?

A NO.

Q WAS THERE A LOAN ON THE VAN AS FAR AS YOU KNOW?

A I DO KNOW THERE WAS ONE.

Q WAS THE EES VAN DRIVEN BY RANDY LONG?

A YES.

Q WAS THERE A POINT IN TIME WHEN PARK PLACE PROPERTIES OR YOU PAID THE VAN PAYMENTS ON THE EES VAN FOR RANDY LONG WHEN HE WAS WORKING AT POINTE MARSH?

A YES.

Q DID YOU AGREE OR DID YOU ADVISE ELLIS THAT YOU WOULD DO THAT WHILE RANDY... WOULD PAY THOSE CHARGES FOR THE VAN LOAN WHILE RANDY WAS WORKING AT POINTE MARSH?

A YES.

Q AND EES WAS OBLIGATED FOR THOSE PAYMENTS, BUT YOU PAID THEM?

A YES.

Q NOW, DID YOU AGREE THAT YOU WOULD PAY THE INSURANCE ON THAT VAN OR THE TAXES ON THAT VAN?

A NO.

Q DID YOU LEARN THROUGH THE PROCESS OF THIS LITIGATION THAT IN FACT BILLS, TAX BILLS AND INSURANCE BILLS WERE SUBMITTED TO CARRIE BY ELLIS FOR PAYMENT OF TAXES AND INSURANCE ON THE EES VAN?

A YES.

Q DID YOU LEARN THAT YOU SIGNED CHECKS PAYING THOSE TAXES AND INSURANCE?

A I DID.

Q WHEN RANDY LONG STOPPED WORKING FOR POINTE MARSH AND CAME TO WORK FOR A&E, DID A&E AGREE TO CONTINUE TO PAY THOSE EES VAN PAYMENTS?

A NO.

Q DID YOU KNOW THAT ELLIS WAS CONTINUING TO SUBMIT THE EES VAN INVOICES FOR PAYMENT?

A NO. I DO KNOW THAT AT ONE POINT THAT RANDY APPROACHED ME... I'M TRYING TO REMEMBER THE CONVERSATION THAT HE AND ELLIS HAD ABOUT THAT VAN. HE AND RANDY WERE HAVING A DISAGREEMENT ABOUT THE VAN AND ELLIS HAD TOLD HIM THAT HE WAS GOING TO GIVE HIM THE VAN WHEN HE PAID IT OFF. THERE WAS A DISAGREEMENT BETWEEN HE AND ELLIS ABOUT THE VAN. I ASKED RANDY, "HOW MUCH DO YOU OWE ON THE VAN?"

MR. DURANT: YOUR HONOR, I OBJECT TO THAT BEING HEARSAY.

Q I FOUND OUT THROUGH SOME RESEARCH HOW MUCH WAS OWED ON THE VAN?

MR. DURANT: SAME OBJECTION.

JUDGE HOWE: SUSTAINED.

Q DID A&E PAY OFF THE VAN?

A ACTUALLY, I PAID IT OFF.

Q AND THAT WAS AN OBLIGATION OF EES?

A YES.

Q DID YOU SUBSEQUENTLY LEARN THAT EVEN AFTER ELLIS HAD STOPPED COMING TO WORK AFTER JULY OF 2007 THAT HE NONETHELESS CAME IN AND SUBMITTED A BILL FOR INSURANCE AND TAXES FOR CARRIE TO PAY?

A YES.

Q FOR A&E TO PAY ON THAT VAN?

A YES.

Q DID A&E REFUSE TO PAY THAT?

A NO, I DON'T THINK SO.

Q AND AFTER ELLIS STOPPED COMING TO A&E TO WORK IN 2008, WAS THERE STILL ONGOING WORK THAT HAD TO BE FINISHED UP BY A&E?

A WE WERE STILL FULLY INVOLVED AT THE MATHI JOB. IT WAS NOT COMPLETED. WE WERE STILL DOING PUNCH WORK AND REPAIR WORK AT ALL OUR JOBS.

Q AND DID THAT CONTINUE INTO 2009?

A YES.

Q AND IN THE 2009/2010 TIMEFRAME INTO 2011, HAVE PROBLEMS BEEN FOUND AT THE FOUNTAINS PROJECT?

A WELL, YES.

Q NOW, THE FOUNTAINS PROJECT WAS AN A&E JOB,

CORRECT TOO?

A YES.

Q WHO BROUGHT THAT JOB TO A&E?

A I DID.

Q IF YOU COULD JUST BRIEFLY DESCRIBE THE ISSUE THAT HAS BEEN RAISED ABOUT ALLEGED ISSUES AT THE FOUNTAINS PROJECT?

A WELL, THERE'S A LOT OF SERIOUS ISSUES ABOUT WATERPROOFING. THE MAJOR ISSUE OUT THERE IS THE LOCATION OF THE SPRINKLER SYSTEM. THAT WAS ON OUR PLANS AND ENGINEERED TO BE INSTALLED IN A CONDITIONED SPACE INSIDE THE BUILDING AND IT WAS INSTALLED IN AN UNCONDITIONED SPACE EXPOSED TO THE ELEMENTS AND NOT WEATHER PROTECTED OUTSIDE. WE HAD ONE BUILDING TO ACTUALLY BURST AND THAT'S WHEN I FOUND OUT THE PROBLEM.

Q NOW, THE FOLKS AT THE FOUNTAINS HAVE BEEN... HAVE MADE YOU AWARE OF THINGS THAT THEY ALLEGE ARE ISSUES. HAVE YOU OR A&E OR SOMEONE ON YOUR BEHALF PASSED THAT INFORMATION ALONG TO ELLIS TO MAKE HIM AWARE OF THOSE ISSUES?

A WE HAVE AND I'M NOT SURE IF WE STILL DO IT. I GOT TIRED OF SENDING CERTIFIED LETTERS, BUT WE HAVE MADE HIM AWARE OF THE PROBLEMS ON VARIOUS JOBS THAT WE WERE ASSOCIATED WITH FOR OVER THREE

OR FOUR YEARS AND THE PROBLEMS WE WERE HAVING AND THE ACTIONS THAT WERE TAKEN TO CORRECT THOSE PROBLEMS.

Q AS HE PARTICIPATED IN ANY WAY TO RESOLVE THOSE ISSUES?

A AS FAR AS I KNOW, NO.

Q IN FACT, I THINK WE CAN GRAB HOLD OF THESE PRETTY EASILY. I'M GOING TO ASK YOU TO LOOK AT WHAT WAS MARKED AS DEFENDANT'S EXHIBIT 92, 93 AND 94. ARE THOSE EXAMPLES OF THREE LETTERS THAT GRAND STRAND BUILDERS, WHERE YOUR LICENSE IS NOW SENT, TO ELLIS ON MAY 17TH 2011 AND JULY 21, 2011 AND OCTOBER 3RD 2011 MAKING HIM AWARE OF THE ISSUES THAT WERE BEING PRESENTED TO YOU AT THE FOUNTAINS?

A COUPLE OF THEM ARE ON THE WILLOUGHBY PLACE. I HAVE A TERRIBLE HEADACHE. MY EYES ARE... IT WAS BETWEEN THE FOUNTAINS AND THE WILLOUGHBY PLACE.

Q HAVE YOU BEN CONTACTED BY THE STATE FIRE MARSHAL ABOUT THE FOUNTAINS ISSUES?

A I HAD ACTUALLY TWO CONVERSATIONS WITH THEM.

Q HAVE YOU INVITED ELLIS TO ATTEND?

A I DID ON OCCASION.

Q I KNOW ENOUGH TO BE DANGEROUS ABOUT LITIGATION AND CONSTRUCTION, BUT HAS IT BEEN LESS THAN 8

YEARS SINCE THE LAST TIME A CO WAS ISSUED ON THE FOUNTAINS PROJECT?

A YES.

Q AND BEING IN THE CONSTRUCTION BUSINESS FOR THE LAST 40 SOME ODD YEARS, DOES THAT 8 YEAR TIME PERIOD HAVE SOME SIGNIFICANCE TO YOU WITH REGARD TO INSURANCE?

A WELL, THAT'S SUPPOSEDLY OUR LIMITATIONS. WE ARE NO LONGER UNDER THAT HEAVY FOOT REST.

Q OF POTENTIAL LIABILITY?

A YES.

Q SO, IT'S BEEN LESS THAN A YEAR, CORRECT?

A YES.

Q A&E POTENTIALLY COULD HAVE LIABILITY ON ANY OF THESE PROJECTS THAT YOU HAVE DONE THAT HAVE BEEN CO'ED LESS THAN 8 YEARS AGO, CORRECT?

A POTENTIALLY, YES. THAT'S TRUE ON ANY CONSTRUCTION JOB.

Q DOES A&E CONTINUE TO MAINTAIN GENERAL LIABILITY INSURANCE?

A NO.

Q WHEN DID YOU STOP MAINTAINING GENERAL LIABILITY INSURANCE FOR A&E?

A I AM NOT SURE EXACTLY THE YEAR BUT IT WAS PROBABLY IN '08.

Q AND AS FAR AS YOU KNOW... DO YOU AND ARE YOU ASKING THIS COURT TO DISSOLVE A&E OR ARE YOU ASKING THIS COURT NOT TO DISSOLVE A&E BECAUSE OF POTENTIAL LIABILITY THAT MAY BEFALL YOU AND/OR ELLIS? IS THE CORPORATION IS DISSOLVED?

A I'M ASKING THEM NOT TO DISSOLVE IT UNTIL OUR PROBLEMS ARE DISSOLVED.

Q AND EVEN TODAY ARE YOU CALLED UPON AND IS BETH CALLED UPON WITH REGARD TO DIFFERENT ISSUES THAT ARISE WITH A&E JOBS?

A WE STILL GET PHONE CALLS, BUT NOT AS MANY AS WE WERE GETTING. THEY HAVE GOTTEN FEWER. WE HAVE ADDRESSED SO MANY ISSUES OVER THE LAST TWO OR THREE YEARS THAT HOPEFULLY WE HAVE SLOWED DOWN THE COMPLAINTS FROM HOMEOWNERS. WE STILL HAVE SOME ISSUES THAT WE'VE GOT TO ADDRESS ONE OF THESE DAYS.

Q AFTER ELLIS STOPPED COMING TO A&E AND PERFORMING WORK WITH A&E, DID YOU LEARN THAT HE WAS NONETHELESS STILL DOING WORK AS A&E?

A I DID. IT'S A STRANGE SERIES OF EVENTS. I CAME INTO THE OFFICE AND CARRIE SAID THERE'S A SANTEE COOPER BILL HERE AND I DON'T KNOW WHAT TO DO WITH. I SAID, "LET ME SEE IT." SO, SHE SHOWED IT TO ME AND I SAID, "I DON'T HAVE A JOB AT THAT

ADDRESS. I DON'T HAVE ANY IDEA WHAT THAT IS. IT WAS JUST BILLED WRONG FROM SANTEE COOPER. ACTUALLY, I'M GOING TO NORTH MYRTLE BEACH LATER THIS MORNING SO I WILL DROP BY A CHECK." SO, I RODE BY NORTH MYRTLE BEACH AND THERE WASN'T A SIGN OUT THERE, BUT THERE WAS A FENCE AROUND THIS CONSTRUCTION SITE. I STOPPED AND TOOK THE NUMBER OFF THE METER AND WENT BY SANTEE COOPER AND JUST ASKED THEM AND THEY SAID --

MR. DURANT: OBJECT, HEARSAY.

A I WENT BY SANTEE COPPER AND I LEARNED BY SPEAKING WITH SANTEE COOPER THAT THE ACCOUNT WAS A&E. THEN MADE A VISIT BACK UP THERE TO THAT JOB SITE AND THEN CONFRONTED ELLIS AND HE HAPPENED TO BE THERE AND CONFRONTED HIM ABOUT IT. "YOU GOT A POWER BILL HERE THAT'S BEEN BILLED TO A&E AND IT'S NOT OUR METER." HE SAID, "I DID THAT BY MISTAKE AND I WILL TAKE CARE OF IT." I SAID, "GOOD". AND I SAID, "BY THE WAY, WHO IS BUILDING THIS BUILDING?" HE SAID, "E SMITH AND SONS IS BUILDING IT." SOME MONTHS WENT BY AND I VISITED HIM AGAIN AT THAT JOB SITE AND THEY WERE ACTUALLY POURING THE SLAB, THE ELEVATOR SLAB. THEY WERE POURING IT. HE CAME OFF THE BUILDING AND WALKED OVER TO ME AND WE

WERE TALKING AND I SAID, "ELLIS, WHO'S BUILDING THIS BUILDING?" HE SAID, "E SMITH AND SONS." I SAID, "OKAY. GOOD LUCK TO YOU."

Q LET ME STOP YOU RIGHT THERE. WHERE WAS THIS LOCATED AND WHAT BUILDING HAD IT TURNED OUT TO BE?

A IT WAS MARTIN BROWN'S... I'M NOT SURE IF IT IS ANYMORE, BUT IT'S HIS OFFICE BUILDING ON UP IN CRESCENT BEACH.

Q NAMED CONDOLUX?

A CONDOLUX. I DID NOT LEARN UNTIL WE... THIS LAWSUIT CAME ABOUT AND WE STARTED PULLING PERMITS AND STUFF OF A&E. WE FOUND OUT THAT BUILDING IN NORTH MYRTLE BEACH WAS ACTUALLY PERMITTED IN A&E AS WELL AS ANOTHER NUMBER OF BUILDINGS THAT WERE BUILT IN NORTH MYRTLE BEACH.

Q DID YOU EVER GIVE ELLIS SMITH THE AUTHORITY TO PULL PERMITS FOR THOSE JOBS FOR A&E?

A I DID NOT. LET ME BACK UP. ELLIS SMITH AND I... NOVEMBER, DECEMBER OF 06, HE CAME TO ME ABOUT MARTIN BROWN WANTING HIM TO BUILD AN OFFICE BUILDING, CONDOLUX. WE LOOKED AT THE BUILDING. I TOLD HIM, "ELLIS, AT THAT TIME... I HAVE BUILT SOME ELEVATORS SLAB BUILDINGS AND IT'S BEEN A LONG TIME AGO. I'M NOT THAT UP TO

DATE ON THAT TYPE OF CONSTRUCTION TODAY. PLUS, THESE BUILDING ARE ALL CONCRETE BLOCK FORWARD WALLS. IF YOU WANT TO PRICE IT, WE WILL PRICE IT." SO, WE DID.

Q WHEN YOU SAY "WE" --

A ELLIS AND I DID, A&E. HE CAME BACK TO ME AND TOLD ME THAT MARTIN BROWN SAID IT WAS TOO MUCH AND HE WAS PROBABLY GOING TO GO WITH BALDWIN CONSTRUCTION COMPANY. HE THEN CAME BACK TO ME, "WHAT YOU THINK ABOUT IT IF WE DO SOME WOOD FRAMING INSTEAD OF THE CONCRETE BLOCKS?" I SAID, "WELL, YOU CAN GO TO..." SO, WE DID THAT.

Q WHAT?

A WE PRICED THAT JOB OUT WITH ANOTHER METHOD OF CONSTRUCTION. HE THEN CAME TO ME AND SAID MARTIN BROWN SAID, "WE CAN DO THE JOB, BUT IT'S GOT TO BE BONDED." I SAID, "ELLIS, I'M NOT GOING TO GET INVOLVED WITH THAT, THAT'S 10 YEARS. YOU'RE ON BOND OR PERFORMANCE TO PAY THE BOND YOU'RE TIED UP FOR 10 YEARS. AT MY AGE, I'M NOT GOING TO DO IT." HE SAID, "WE'RE NOT GOING TO GET THE JOB." AND I SAID, "I'M NOT GOING TO DO IT." SO, HE TOLD ME THEN WE WERE NOT GOING TO BUILD THE BUILDING. AS IT TURNED OUT, I GUESS, WE DID BUILD THE BUILDING.

Q WHEN YOU SAY, "WE BUILT THE BUILDING..."

A A&E CONSTRUCTION COMPANY BUILT THE BUILDING.

Q DID... THE A&E IN WHICH YOU WERE A MEMBER? WAS A&E EVER PAID ANY MONEY?

A NO.

Q DID YOU LEARN THAT IN ADDITION TO THE CONDOLUX BUILDING THAT THERE WERE OTHER BUILDINGS THAT ELLIS PULLED A&E... USED A&E TO PULL THE PERMIT AND DO THE WORK?

A YES.

Q WAS A&E COMPENSATED FOR ANY OF THAT WORK?

A NO.

Q DID YOU KNOW ANYTHING ABOUT THAT WORK GOING FORWARD OR GIVE PERMISSION FOR THAT WORK TO GO FORWARD UNDER THE A&E PERMIT?

A NO.

MS. COOK: YOUR HONOR, WE CAN KEEP GOING, BUT I'M ABOUT THE GET TO WHERE I WOULD START WORKING WITH DOCUMENTS.

JUDGE HOWE: THAT'S FINE. IS THAT OKAY?

MR. DURANT: THAT'S FINE. WE WOULD INSTRUCT THAT THIS WITNESS NOT TALK TO HIS DAUGHTER OR MS. COOK.

JUDGE HOWE: MR. VEREEN, DO YOU UNDERSTAND?

A YES.

(OFF THE RECORD UNTIL AUGUST 28TH, 2012.)

(START OF AUGUST 29, 2012).

CROSS EXAMINATION BY MR. THOMAS:

Q GOOD MORNING, MR. VEREEN.

A GOOD MORNING.

Q BEFORE I FORGET, LET ME ASK YOU TO CLARIFY SOMETHING FROM YOUR TESTIMONY THAT CAME RIGHT AT THE END OF THE DAY YESTERDAY. LET ME HAND YOU PLAINTIFF'S EXHIBIT 50, WHICH IS YOUR 2004 TAX RETURN AND AS I UNDERSTAND IT, THAT IS... WHILE THAT'S NOT SIGNED, YOU HAVE ACKNOWLEDGED THAT APPEARS TO BE THE RETURN THAT YOU FILED WITH THE INTERNAL REVENUE SERVICE FOR THE YEAR 2004?

A YES, SIR, THAT'S WHAT I SAID YESTERDAY.

Q HERE'S WHAT I DON'T UNDERSTAND. AS I UNDERSTOOD YOUR TESTIMONY YESTERDAY, CORRECT ME IF I GOT IT WRONG, YOU REPORTED ON THAT 2004 RETURN SUPERVISORY FEES OF $23,000 SOME ODD DOLLARS. DID I UNDERSTAND THAT RIGHT?

A NO, SIR.

Q WHAT DID YOU REPORT IN SUPERVISORY FEES THAT YOU RECEIVED FROM A&E IN 2004?

A I THINK I TESTIFIED YESTERDAY THEY WEREN'T REPORTED.

Q I'M SORRY. OH, NONE OF IT WAS REPORTED?

A THAT'S CORRECT.

Q THAT'S WHAT I GUESS THAT I DIDN'T UNDERSTAND. I THOUGHT PART OF IT WASN'T REPORTED. BUT IF ALL OF IT WASN'T REPORTED, LET ME ASK YOU THIS: I THOUGHT THAT YOU HAD TO FILE A RETURN EVERY YEAR BASED ON THE INCOME YOU HAD RECEIVED AND PAID THE TAXES ON. AM I WRONG ABOUT THAT?

A I DON'T THINK SO. I THINK YOU'RE RIGHT.

Q WELL, WHY DID YOU NOT REPORT THAT INCOME AND PAY THE TAXES ON IT IN 2004?

A I THINK WE JUST MADE AN ERROR, MR. THOMAS.

Q YOU FORGOT TO... YOU SAY, "WE" MADE AN ERROR. IS THAT YOUR ERROR OR DID MR. CRUMPLER MAKE THAT ERROR?

A NO, IT'S MY ERROR.

Q IF YOU WOULD TURN TO PAGE 2 UNDER WHERE YOU SIGN. AM I CORRECT IF I READ IT AS SAYING AS FOLLOWS: "UNDER PENALTIES OF PERJURY, I DECLARE THAT I HAVE EXAMINED THIS RETURN AND ACCOMPANYING SCHEDULES AND STATEMENTS AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, THEY ARE TRUE, CORRECT AND COMPLETE." DID YOU SIGN THAT?

A I DID.

Q AND YOU SENT IT TO THE INTERNAL REVENUE?

A I DID.

Q WHEN DID YOU DISCOVER YOUR MISTAKE THAT YOU HAD MADE A SUBSTANTIAL OMISSION OF INCOME FROM YOUR 2004 RETURNS?

A DURING THE... DURING THE DISCOVERY... THE DISCOVERY OF THIS TRIAL.

Q AND WHEN DID YOU FILE YOUR AMENDED 2004 RETURN AND PAY THE TAXES AND TAKE A PENALTY FOR NOT PAYING IT ON TIME?

A I HAVE NOT DONE THAT.

Q WHY NOT?

A WELL, AS WE WERE INSTRUCTED BY... BY... BY SUSAN BRADY, SHE HAS INSTRUCTED US TO BACK THOSE OUT BECAUSE THEY WERE NOT BEING TREATED AS SUPERVISORY FEES. SO, AT TIME IN MY... IN MY OPINION, THEY WERE NOT INCOME. SHE WAS ASKING US TO TAKE THAT OUT. AS WELL AS ASKING ELLIS TO TAKE HIS OUT AND IT WAS NO LONGER INCOME. SO, AT THAT POINT, IT WAS STRICTLY MONEY WE HAD TO PUT BACK INTO A&E OR BE ACCOUNTED FOR.

Q LET ME ASK YOU, MR. VEREEN, DO YOU UNDERSTAND WHAT MRS. BRADY HAS DONE IN THIS CASE?

A NO, SIR.

Q THANK YOU. THAT CLEARS THAT UP FOR ME. LET ME ASK YOU A LITTLE BIT, SIR. AS YOU KNOW, I

REPRESENT ELLIS SMITH, INDIVIDUALLY, E SMITH AND SONS, EES IN CONNECTION WITH SOME CLAIMS THAT YOU HAVE BROUGHT AGAINST THOSE PARTIES. I WANT TO ASK YOU ABOUT THOSE AND APOLOGIZE, I WILL BE SKIPPING AROUND A LITTLE BIT AND I WILL TRY NOT TO COVER ANY GROUND THAT MR. DURANT HAS ALREADY COVERED, BUT I'M SURE THERE WILL BE SOME OVERLAP. NOW, YOU HAVE BEEN IN THE CONSTRUCTION BUSINESS FOR 40 YEARS, IS THAT RIGHT?

A YES, SIR. GIVE OR TAKE A FEW YEARS.

Q YOUR DADDY WAS A CONTRACTOR?

A YES.

Q SO, YOU GREW UP IN THE CONSTRUCTION BUSINESS, IS THAT RIGHT?

A WELL, I GREW UP IN THE... I DID GROW UP IN THE CONSTRUCTION BUSINESS, BUT LIKE EVERYONE ELSE GROWING UP, I DID A LITTLE BIT OF DIFFERENT THINGS, LIFEGUARD AND THAT KIND OF STUFF.

Q I UNDERSTAND THAT, SIR.

A YES. I'VE BEEN INVOLVED IN SOME ASPECTS.

Q AND AFTER YOU GRADUATED FROM CAROLINA, YOU CAME BACK TO THE BEACH AND YOU WENT INTO THE CONTRACTING BUSINESS?

A WELL, TWO YEARS LATER I DID.

Q OVER THE 40 YEARS THAT YOU HAD BEEN IN THE

CONTRACTING BUSINESS, YOU HAVE DONE A LOT OF CONSTRUCTION WORK, IS THAT RIGHT?

A I HAVE DONE SOME, YES, SIR.

Q AND YOU'VE DONE A LOT OF DEVELOPMENT WORK, IS THAT RIGHT?

A I'VE DONE SOME, NOT A LOT.

Q YOU'VE BEEN PRETTY SUCCESSFUL, IS THAT RIGHT?

A WELL, I MEAN, I MAKE A LIVING AND IT'S COMFORTABLE.

Q WELL, IS IT TRUE THAT YOU HAVE A PART INTEREST IN A HOUSE IN GREEN TURTLE KEY IN THE BAHAMAS?

A NO, THAT'S NOT TRUE.

Q DID YOU HAVE AN INTEREST?

A I DO NOT.

Q DID YOU EVER HAVE AN INTEREST?

A I DO NOT. MY WIFE HAS AN INTEREST, I DON'T.

Q I APOLOGIZE.

A NO. I'M JUST CLARIFYING IT.

Q DID YOU OR YOUR WIFE BEFORE IT CRASHED HAVE AN INTEREST IN AN AIRPLANE?

A WE DID. WE OWED 51/2%.

Q AND YOU LIVE IN A MULTIMILLION DOLLAR HOUSE IN MURRELL'S INLET?

A NO, SIR, I WISH IT WAS.

Q IT'S NOT A MULTIMILLION DOLLAR HOUSE?

A NO, SIR.

Q BUT IT'S PRETTY NICE HOUSE, ISN'T IT?

A IT IS A NICE HOME.

Q AND YOU OWN A COCKABOOTH AT CAROLINA THAT YOU USE WHEN YOU GO TO THE GAMES?

A I DO.

Q AM I MISSTATING IT TO SAY THAT YOU HAVE BEEN A SUCCESSFUL BUSINESSPERSON OVER THE LAST 30 YEARS?

A WELL, I THINK I HAVE BEEN FAIRLY SUCCESSFUL, YES.

Q AM I MISSTATING IT TO CHARACTERIZE YOU AS A SOPHISTICATED BUSINESSPERSON?

A YES. I WOULD NOT CLASSIFY ME AS BEING A SOPHISTICATED BUSINESSPERSON.

Q HOW WOULD YOU CLASSIFY YOURSELF IF YOU'RE NOT A... ARE YOU AN EXPERIENCED BUSINESSPERSON?

A SOMEWHAT.

Q OKAY. YOU MADE THE POINT OR MS. COOK MADE THE POINT IN HER DIRECT EXAMINATION THAT THIS WAS THE FIRST TIME THAT YOU HAD A PARTNER IN THE STRUCTURAL BUSINESS, IS THAT RIGHT?

A THAT'S CORRECT.

Q BUT YOU HAD PARTNERS IN OTHER BUSINESSES BEFORE, HAVE YOU NOT? IN YOUR DEVELOPMENT BUSINESS, YOU

HAVE HAD PARTNERS?

A I HAVE.

Q YOU DEVELOPED A BIG SET OF CONDOMINIUMS DOWN NEAR SURFSIDE, YOU AND DICK SHARON?

A GARDEN CITY.

Q GARDEN CITY.

A I'M TRYING TO GET YOUR GRAPHICS STRAIGHTENED OUT.

Q ALRIGHT. SO, THIS BUSINESS WITH MR. SMITH, THIS WAS NOT YOUR FIRST RODEO? YOU KNEW WHAT YOU WERE DOING? YOU WERE EXPERIENCED AND KNOWLEDGEABLE?

A THE DIFFERENCE IN THAT IS THIS WAS NOT A DEVELOPMENT BUSINESS WITH ELLIS SMITH THAT I GOT INVOLVED IN. THIS WAS CONSTRUCTION BUSINESS. PHYSICALLY, ACTUALLY DOING THE GRUNT WORK. IT WAS A LITTLE BIT OF DIFFERENCE BETWEEN THE TWO. NOT A LITTLE BIT, BUT A LOT OF DIFFERENCE BETWEEN THE TWO.

Q BUT AS FAR AS ACCOUNTING FOR THE BUSINESS THERE'S NO DIFFERENCE, IS THERE? WHETHER IT'S THE DEVELOPMENT BUSINESS OR CONDOMINIUM BUSINESS OR A CONSTRUCTION BUSINESS, YOU HAVE TO KEEP ACCURATE BOOKS AND RECORDS TO REFLECT THE EXPENSES OF THAT BUSINESS AND THE REVENUES OF

THAT BUSINESS, IS THAT RIGHT?

A I WOULD THINK THAT WOULD BE RESPONSIBILITIES OF ALL PARTIES INVOLVED.

Q YOU DON'T WANT TO JUMBLE THEM TOGETHER? YOU DON'T WANT TO MIX THEM UP OR CO-MINGLE THEM, IS THAT RIGHT? THAT WOULD BE INAPPROPRIATE?

A WELL, I DON'T KNOW ABOUT THAT... IT WOULD... I WOULD... I THINK YOU WOULD HAVE TO LOOK AT WHERE THE MONIES COMING FROM AND ALL PARTIES INVOLVED IN THAT WOULD HAVE TO BE EQUALLY PARTNERS IN PUTTING MONEY IN. SO, I THINK SOMETIMES THAT CAN GET MUDDIED UP OR GET INTERMIXED THROUGH WHAT PARTIES... WHAT PARTY'S ACTUALLY FUNDING WHAT'S GOING ON. AND I WAS THE ONLY ONE THAT FUNDED ANYTHING.

Q I UNDERSTAND THAT YOU HAVE TOLD US THAT SEVERAL TIMES BEFORE, BUT DO YOU DISAGREE WITH THE PRINCIPLE THAT WHEN YOU HANDLE BUSINESS, WHETHER YOU HAVE PARTNERS OR YOU DON'T HAVE A PARTNER BECAUSE UNCLE SAM IS YOUR PARTNER IF YOU DON'T HAVE ANOTHER ONE, THAT YOU NEED TO APPROPRIATELY ACCOUNT ON THE BOOKS AND RECORDS OF THAT COMPANY FOR THE REVENUES THAT IT MAKES AND FOR THE EXPENSES THAT IT INCURS SO YOU WILL KNOW WHAT THE PROFIT IS? DO YOU DISAGREE WITH THAT?

A NO. I THINK THAT'S A FAIR...

Q OKAY. IS THERE A QUESTION, MR. VEREEN, THAT YOU DIDN'T DO THAT IN THIS CASE? YOU DID NOT DO THAT?

A WHEN YOU SAY, "YOU" ARE YOU TALKING ABOUT ME?

Q I AM TALKING ABOUT YOU, WAYNE VEREEN, DID NOT DO THAT?

A I THINK THE DIFFERENCE HERE IS WHAT I TESTIFIED TO YESTERDAY. THAT ELLIS AND MYSELF DID NOT DO PROPER... OVERLOOKED WHAT WAS BEING HANDLED INSIDE THE OFFICE. AND I THINK THAT'S OUR RESPONSIBILITY, BOTH OF US. IT'S NOT JUST MY SOLE RESPONSIBILITY.

Q LET'S TALK A LITTLE BIT ABOUT YOUR AGREEMENT TO GO INTO BUSINESS WITH MR. SMITH. AS I UNDERSTAND IT, OF COURSE, WOULD YOU AGREE WITH ME THAT IN 2004, 2005, 2006 AND 2007 WAS JUST AN EXTREMELY GOOD TIME TO BE A CONTRACTOR IN HORRY AND GEORGETOWN COUNTIES?

A WHAT DO YOU MEAN BY "EXTREMELY GOOD"?

Q A LOT OF BUSINESS? LOANS WERE EASY TO GET? OWNERS WEREN'T THAT MUCH... ALTHOUGH THEY DID CARE ABOUT THE PRICES YOU WERE CHARGING, BUT THERE WAS A LOT OF OPPORTUNITY OUT THERE IN '04, '05, '06 AND '07 FOR ANYBODY THAT TOUCHED A

PIECE OF REAL ESTATE IN HORRY AND GEORGETOWN COUNTY COULD MAKE A LOT OF MONEY?

A I'M NOT SO SURE THAT... I'M NOT TRYING TO BE ARGUMENTATIVE, BUT I SURE WOULD NOT CLASSIFY 2004 AS BEING A GOOD YEAR. I WOULDN'T CLASSIFY THE FIRST PART OF 2005 AS BEING A GOOD YEAR. I WOULD CLASSIFY AS... IN THE REAL ESTATE MARKET THAT IN '05 AND '06 AND A TOUCH OF '07 AS PROBABLY GOOD YEARS IN THE REAL ESTATE BUSINESS. I WOULD CLASSIFY THE END OF '07 NOT BEING A GOOD YEAR AS WELL AS I WOULD CLASSIFY THE FIRST PART OF '05 AS NOT BEING A PARTICULARLY GOOD YEAR.

Q WELL, THEN YOU DID --

A BUT IT DIDN'T... MR. THOMAS, IT REALLY DIDN'T MAKE MUCH DIFFERENCE TO US IN THE CONSTRUCTION BUSINESS. I WAS NORMALLY A $4 MILLION DOLLAR TYPE OF CONTRACTOR. THAT'S WHAT I DID NORMALLY IN BUSINESS IN REVENUE. THAT'S WHAT I DID. IN THOSE NUMBER OF YEARS THAT WE WERE ACTUALLY IN BUSINESS, WE DIDN'T INCREASE THAT VOLUME OF BUSINESS OR VERY MUCH ABOVE THAT. WE WERE PRETTY MUCH IN LINE FOR WHAT I HAD BEEN DOING OVER THOSE YEARS. YOU SAID I WAS INVOLVED WITH DICK SHANNON IN GARDEN CITY. I WAS A 15% PARTNER I BELIEVE IT WAS AND I BUILT THE

BUILDINGS AS A CONTRACTOR. BUT I ALSO WAS A... AND THE ONLY REASON I WAS A 50% PARTNER --

Q HOW ABOUT THIS --

A I'M JUST TRYING TO GIVE YOU ALL THE EQUIPMENT YOU ASKED ME ABOUT.

Q WELL, WOULD YOU AT LEAST AGREE WITH ME THAT THAT WASN'T A BAD TIME TO BE A CONTRACTOR?

A NO. THAT WASN'T A BAD TIME.

Q AND WITH THAT IN MIND, YOU ENTERED INTO AN AGREEMENT WITH MR. SMITH TO GO INTO THE CONSTRUCTION BUSINESS STARTING AROUND THE FIRST OF 2004?

A SAY THAT ONE MORE TIME.

Q WHEN DID YOU START WITH MR. SMITH AND A&E?

A LET ME ASK YOU --

Q WHEN DID YOU START WITH MR. SMITH AND A&E?

A YOU STATED AND I THINK WHAT I UNDERSTOOD YOU TO SAY, THAT I ENTERED INTO A BUSINESS WITH...

JUDGE HOWE: NOW, LISTEN TO ME. THE LAST QUESTION WAS WHEN DID YOU START WITH MR. SMITH IN BUSINESS? JUST ANSWER THAT.

A A&E ACTUALLY WENT INTO BUSINESS IN 2004.

Q THANK YOU. NOW, WHEN YOU WENT INTO BUSINESS WITH MR. SMITH, AS I UNDERSTOOD YOUR TESTIMONY

WHEN YOU WERE TESTIFYING THROUGH MS. COOK, YOU SAW THE BUSINESS AS AN OPPORTUNITY TO RECOUP MONEY HE OWED ME, IS THAT RIGHT?

A YES.

Q WHEN DID YOU TELL MR. SMITH THAT YOU SAW THIS AS AN OPPORTUNITY TO RECOUP THE MONEY THAT YOU SAY HE OWED YOU?

A I DIDN'T HAVE TO TELL MR. SMITH. HE IS THE ONE WHO BROUGHT IT TO MY ATTENTION AS AN OPPORTUNITY TO REPAY ME MONEY THAT HE OWED ME FOR THE LAST 20 OR 30 YEARS.

Q THAT WAS AN IMPORTANT ASPECT OF WHY YOU AGREED TO GO INTO BUSINESS WITH HIM, WASN'T IT?

A ABSOLUTELY.

Q SO, WHEN YOU WENT INTO BUSINESS WITH HIM YOU HAD TO MAKE IT ABSOLUTELY CLEAR, DID YOU NOT, THAT YOU WERE EXPECTING TO GET PAID BACK SOME MONEY?

A YES.

Q WERE YOU REPRESENTED BY AN ATTORNEY WHEN YOU DRAFTED THE DOCUMENTS FOR THE LLC?

A I THINK SCOTT LONG DREW UP THE PAPERWORK.

Q DID YOU SAY, "SCOTT, MAKE SURE WE GOT IN HERE THE FACT THAT I'M GOING TO GET PAID THIS MONEY BACK." DID YOU DO THAT?

A I DID NOT.

Q IN FACT, IS THERE ANYTHING IN WRITING ANYWHERE THAT YOU'VE GOT OR ANYWHERE THAT YOU KNOW OF THAT SAYS THE AGREEMENT WAS, "I WAS GOING TO GET MY MONEY BACK."?

A I THINK THE ONLY DOCUMENT THAT I ACTUALLY HAVE SIGNED IS THAT $17,000 ON THAT LOT THAT WAS SUPPOSED TO BE PAID BACK IN QUARTERLY PAYMENTS. AS FAR AS THE MONIES FROM THE -- MONIES FROM THE --

Q MR. VEREEN, LISTEN TO MY QUESTION --

MS. COOK: HE WASN'T FINISHED, YOUR HONOR. LET HIM FINISH.

Q BUT I WANT HIM TO ANSWER MY QUESTION, NOT JUST SOME RANDOM QUESTION HE WANTS TO ANSWER.

MS. COOK: HE WAS ANSWERING YOUR QUESTION. HE'S ENTITLED TO FINISH.

Q NO, HE WAS NOT.

A MR. THOMAS, YOU ASKED ME IF THERE WAS ANY DOCUMENTS THAT WERE... THAT RELATED TO THAT MONEY --

Q DID YOU HAVE IN WRITING AS TO HOW MUCH YOU WERE GOING TO GET BACK --

A YES, SIR.

Q MR. VEREEN --

A THE ONLY DOCUMENT THAT I SAID I KNEW HAD BEEN

PREPARED SOMETIME BEFORE THAT WAS PAYMENT FOR THAT LOT OF $17,000.

Q OKAY.

A SO, THE ANSWER TO THAT QUESTION IS DID I DIFFERENTLY PREPARE ANYTHING AT THE TIME THAT WE STARTED A&E, WE DID NOT.

Q OKAY. YOU DIDN'T THINK THAT WAS IMPORTANT?

A I DID NOT.

Q DID YOU HAVE A NUMBER IN MIND THAT YOU THOUGHT YOU WERE GOING TO GET PAID BACK?

A YOU KNOW, A TOTAL NUMBER?

Q YES.

A NO. I KNEW THAT I WAS GOING TO GET PAID BACK.

Q YOU JUST HAD SOME CONCEPT AT SOME POINT, I MIGHT GET PAID BACK SOME AMOUNT OF MONEY IF I GO INTO BUSINESS WITH ELLIS?

A I DON'T KNOW IF I THOUGHT I MIGHT GET PAID BACK. I INTENDED TO GET PAID BACK.

Q LET ME ASK YOU --

A I MEAN, I HAVE NEVER FELT IF ELLIS OWES ME MONEY, HE WASN'T GOING TO PAY ME. HE TOLD ME OVER THE YEARS THAT HE WAS GOING TO DO THAT.

Q IF YOU INTEND TO GET PAID BACK, WHAT YOU MEAN IS OUT OF MR. SMITH'S SHARE OF THE PROFITS OF THE COMPANY. WHY DID YOU THEN WRITE CHECKS TO HIM

IN 2005 FOR $51,000, FOR $11,000? WOULDN'T THAT HAD BEEN A GOOD OPPORTUNITY FOR YOU TO RECOVER YOUR MONEY RATHER THAN GO AHEAD AND WRITE THOSE CHECKS?

A BECAUSE HE CAME TO ME AND TOLD ME THAT HE HAD AN OPPORTUNITY TO BUY, I THINK IT WAS GEORGE BLACK'S HOUSE ON 49TH AVENUE OR WHEREVER IT IS UP THERE AND HE NEEDED THAT MONEY AS A DOWN PAYMENT TO PURCHASE THE HOUSE. NOW, THAT DOESN'T MEAN THAT I NEVER FELT LIKE THAT HE WAS NOT GOING TO PAY ME THE MONEY HE OWES ME.

Q OUT OF ANY OF THE PAYMENTS THAT YOU EVER GOT, TELL THE COURT HOW MUCH YOU WITHHELD THAT YOU CONSIDERED TO BE A REPAYMENT OF THE MONEY HE OWED YOU THAT WAS THE RATIONALE FOR YOUR GOING INTO BUSINESS?

A I NEVER WITHHELD ANY MONEY FROM HIM.

Q NOT A PENNY?

A NO, SIR.

Q LET ME ASK YOU... I REPRESENT... WHEN MR. MCDONALD FILED HIS ANSWER, YOU MADE A NUMBER OF CLAIMS AGAINST MR. SMITH AND HIS ENTITY AND I WANT TO ASK YOU ABOUT SOME OF THOSE. ONE OF THE CLAIMS THAT YOU MADE IS A CLAIM THAT YOU MADE ON BEHALF OF ARTHUR VEREEN CONSTRUCTION WHERE YOU

SAID THAT HE BREACHED AN AGREEMENT WITH YOU FOR THE USE OF YOUR LICENSE AND THEREFORE, THAT HE OWED YOU APPROXIMATELY $580,000. ARE YOU STILL MAKING THAT CLAIM OR HAVE YOU GIVEN UP ON THAT?

A MR. THOMAS, IN THE ACCOUNTING THAT WE PREPARED, WE WENT THROUGH... THAT IS NOT SHOWN. AND AM I STILL CONCERNED AND DISTURBED THAT... I DON'T LIKE THE WORD YOU'RE USING WHEN YOU SAID "BREACHED THAT AGREEMENT." I AM NOT SURE, YOUR HONOR, WHAT THAT MEANS WHEN IT SAYS "BREACH" THAT KIND OF SAYS THAT WE HAVE A FORMAL WRITTEN AGREEMENT. I GUESS THAT'S WHAT IT MEANS.

JUDGE HOWE: WELL, SOMETIMES PEOPLE AT THE BEGINNING OF A LAWSUIT WILL FILE AN ANSWER AND COUNTERCLAIM BELIEVING THAT IN FACT MR. SMITH OR E SMITH ACTUALLY DID BREACH THE AGREEMENT, BUT THEN AFTER YOU GO THROUGH DISCOVERY AND EXCHANGE DOCUMENTS AND GO THROUGH THE ACCOUNTING PROCESS, IT MAY BE THAT YOU NO LONGER BELIEVE THAT YOU'VE ACTUALLY SUFFERED $580,000 WORTH OF DAMAGES. AND SO NOW MR. THOMAS IS ASKING YOU, DO YOU STILL BELIEVE THAT YOU HAD BEEN DAMAGED TO THE $580,000 BECAUSE OF THAT ALLEGED BREACH?

NOW, HE'S ASKING YOU TODAY SEVERAL YEARS LATER, DO YOU STILL BELIEVE THAT.

A YES, MA'AM.

JUDGE HOWE: WHETHER IT'S A BREACH OF CONTRACT OR DID THE USE YOUR PERMIT WHEN HE SHOULDN'T HAVE, WHATEVER YOU WANT TO CALL IT. DO YOU BELIEVE YOU SUFFERED $580,000... I BELIEVE THAT'S WHAT MR. THOMAS IS ASKING.

Q DO YOU STILL THINK YOU ARE SUING HIM FOR THAT OR ARE YOU NOT SUING THEM FOR THAT ANY MORE WHETHER IT'S 580 OR WHATEVER IT? IF YOU ARE, I NEED TO ASK YOU ABOUT IT. IF YOU'RE NOT, I WILL MOVE ON.

A I AM NOT SURE IF WE ACTUALLY SUED FOR THAT SPECIFIC AMOUNT MONEY.

Q YOU DID.

A I THINK WE OVERALL SUED WAS FOR A NUMBER OF THINGS AND THAT MAY BE ONE OF THOSE ITEMS THAT WAS NEVER IN THERE. NOW, DO I FEEL THAT ELLIS USED MY LICENSE WITHOUT MY KNOWLEDGE? AND... AND... HE RECEIVED A TREMENDOUS AMOUNT OF THE BENEFITS FROM IT. SO, I WOULD SAY THAT, YES. I STILL FEEL LIKE I SHOULD HAVE BEEN COMPENSATED FOR WHAT OUR ORIGINAL AGREEMENT WAS THAT IF I

WAS GOING TO BE INVOLVED IN THE CAROLINA KEYES PROJECT, WHATEVER THAT AGREEMENT WAS, I THINK THAT I'M STILL ENTITLED TO IT.

Q AS I UNDERSTAND IT, YOU ARE STILL ASKING THIS COURT TO AWARD JUDGMENT TO ARTHUR VEREEN CONSTRUCTION FOR WHATEVER IT WAS THAT HAPPENED WITH THE ARTHUR VEREEN LICENSES ON THE CAROLINA KEYES? ARE YOU SAYING YOU ARE STILL ASKING THE COURT TO GIVE YOU MONEY FOR THAT CLAIM OR ARE YOU SAID YOU'RE NOT ASKING?

A CAN YOU MOVE ON TO SOMETHING ELSE AND LET ME JUST THINK ABOUT IT IN MY MIND A LITTLE BIT? I'M NOT TRYING --

Q WELL, THE THING IS IF YOU SAY YOU'RE NOT, I'M GOING TO MOVE ON TO SOMETHING ELSE. IF YOU SAY YOU ARE, THEN I NEED TO ASK YOU ABOUT IT.

JUDGE HOWE: IT'S NOT LIKE BEING IN A RESTAURANT AND YOU ARE SAYING, "I DON'T KNOW WHAT I WANT TO EAT. GO DOWN TO THE REST OF THE PEOPLE." JUST ANSWER THE QUESTION.

A I UNDERSTAND, YOUR HONOR.

JUDGE HOWE: IT'S YOUR TIME TO ORDER NOW.

A YES, MA'AM. I UNDERSTAND.

Q MR. VEREEN, ARE YOU THINKING OR ARE YOU WAITING ON ME TO DO SOMETHING?

A NO. THE PROBLEM I'M HAVING, JACK, IS IT'S NEVER BEEN MY INTENTION TO WANT TO DO ANYTHING THAT'S GOING TO DAMAGES ELLIS SMITH OR HIS FAMILY OR ANYONE ELSE. BUT AT THE SAME TIME, I DON'T WANT TO BE DAMAGED ON MY PART EITHER. AND ALL I'VE DONE IS THROUGH WHAT WE HAVE ACCOUNTED FOR IS TO TRY TO BRING THIS TO SOME RESOLUTION TO GET IT TO SHOW WHERE WE ARE. NOW, YOU --

Q NOW, YOU DIDN'T INCLUDE THIS IN THE ACCOUNTING, DID YOU?

A I DID NOT. MR. THOMAS, I DID NOT. I HAVE ADDRESSED THIS. THIS IS WHAT WE'VE DONE IS... IS... IS... CORRECT A&E AND BOTH PARTIES INVOLVED. I AM NOT AND NEVER HAVE BEEN WANTING TO HARM OR HURT THAT MAN SITTING RIGHT OVER THERE OR HIS FAMILY. I HAVE DONE NOTHING BUT HELP HIM FOR THE LAST 30 YEARS. SO, IT'S NOT MY... I'M STRUGGLING, YOUR HONOR... BECAUSE I DON'T WANT TO TAKE ANOTHER... AT THE SAME TIME I DON'T WANT TO HURT MYSELF OR MY FAMILY. SO, I AM TRYING TO WEIGH THE THING IN MY MIND RIGHT NOW AND MY HEART TO WHAT I FEEL LIKE I WANTED TO DO AND IT'S A TOUGH DECISION BECAUSE I HAVE NO

IDEA. SO, SO I WANT TO SAY, I WANT TO FORGIVE $600,000 WHEN I FEEL LIKE I'M DUE THAT. AT THE SAME TIME, YOUR HONOR, I WOULD EXPECT THAT WOULD BE SOMETHING THAT WOULD BE LOOKED AT AND CONSIDERED. I'M NOT SAYING THAT YOU'RE GOING TO SAY, "YES, I'M GOING TO DO THIS." THAT'S NOT WHAT I'M SAYING, BUT IT IS A NUMBER THAT WOULD BE LOOKED AT AND CONSIDERED AS ALL THE OTHER NUMBERS. SO, IF I SIT HERE TODAY AND SAY, NO, I DON'T WANT TO CONSIDER IT, THEN I WOULDN'T EXPECT THIS COURT TO CONSIDER IT AT THAT TIME. SO, THAT WHERE I'M STRUGGLING, JACK, IS I WANT TO BE ADDRESSED FAIRLY AND EQUITABLY AND YOU HAVE ASKED ME A QUESTION AND I WILL GO BACK TO WHAT I... I'M STRUGGLING RIGHT NOW SO. YOUR HONOR, IF YOU WILL GIVE ME FIVE MINUTES TO THINK I WILL GIVE YOU AN ANSWER.

Q LET'S MOVE ON AND I'LL COME BACK TO THAT.

A OKAY. THAT'S FAIR ENOUGH.

Q NOW, I'M GOING TO ASK YOU ABOUT THE SECOND CAUSE OF ACTION. AND I NOTICED THAT THERE'S NOTHING IN YOUR COMPLAINT... THE SECOND CAUSE OF ACTION IS A CLAIM THAT YOU BROUGHT OR THAT 29TH PLACE DEVELOPERS BROUGHT AGAINST MR. SMITH ALLEGING THAT HE OWED YOU $38,750 PLUS INTEREST. ARE YOU

STILL SUING HIM FOR THE SECOND CAUSE OF ACTION OR ARE YOU NOT GOING TO PURSUE THAT?

A I THOUGHT THAT THAT ACTION WAS RESOLVED SOME TIME AGO.

Q WHAT?

A I THOUGHT WE CLEARED ALL THAT MATTERED UP AT ONE OF OUR PREVIOUS HEARINGS IN COURT.

Q WHEN?

A Y'ALL PRESENTED A SETTLEMENT STATEMENT FROM SCOTT LONG'S OFFICE THAT REFLECTED THAT AMOUNT OF MONEY --

Q SO YOU'RE NOT --

A NO, I'M NOT PURSUING IT --

Q YOU'RE NOT PURSUING IT?

A NO, SIR.

MR. THOMAS: YOUR HONOR, WE MOVE TO STRIKE THE SECOND CAUSE OF ACTION.

JUDGE HOWE: WHY DON'T WE JUST DO ALL THE MOTIONS AT THE END?

MR. THOMAS: OKAY. THAT MIGHT BE A MORE APPROPRIATE TIME. THANK YOU, YOUR HONOR.

Q I'M NOT GOING TO ASK YOU ANY MORE ABOUT THE SECOND CAUSE OF ACTION. THAT LEAVES THE FIRST COUNTERCLAIM AND MAYBE THE THIRD. WE WILL COME

BACK TO THE THIRD ON CAROLINA KEYES. LET ME ASK YOU NOW ABOUT THE FIRST ONE. IN YOUR SUMMARY THAT YOU PRESENTED TO THE COURT YESTERDAY, 116 AND 117... NOW, MR. VEREEN, YESTERDAY WAS THE FIRST TIME THAT I HAD THE OPPORTUNITY TO SEE THESE EXHIBITS SO I NEED YOU TO HELP ME UNDERSTAND THEM IF YOU WOULD.

A OKAY.

Q FIRST OF ALL, AS I UNDERSTAND IT, YOU PREPARED THESE EXHIBITS? BETH DID THE TYPING, BUT YOU PREPARED THEM?

A YES.

Q CAN YOU TELL ME WHEN THEY WERE PREPARED?

A THE ACTUAL DATE?

Q YES, SIR. I WON'T HOLD YOU TO THE EXACT DATE, BUT APPROXIMATE DATE.

A THEY WERE PREPARED WITHIN THE LAST THREE OR FOUR MONTHS.

Q AFTER THE LAST TIME THAT WE WERE TOGETHER?

A YES.

Q WHERE THEY FINALIZED THAT LONG AGO?

A I DON'T THINK THEY WERE FINALIZED... THEY WERE TYPED AND PUT INTO THIS FORMAT.

Q I WANT TO MAKE SURE I UNDERSTAND EXACTLY WHAT THIS IS. THIS IS YOUR ACCOUNTING, IS THAT

RIGHT?

A THAT'S CORRECT.

Q FOR THE REVENUES AND EXPENSES OF A&E, IS THAT RIGHT?

A THIS IS THE ACCOUNTING OF... YOU'RE TALKING ABOUT TOTAL REVENUE. IT WAS ACTUALLY REVENUES OF MONEY THAT WAS CONTRIBUTED BY MYSELF OR ONE OF MY ENTITIES AS WELL AS ANYTHING THAT THEY MAY HAVE PAID ON BEHALF OF A&E AS WELL AS ANY MONIES THEY MAY HAVE RECEIVED. THAT'S THE ACCOUNTING OF THAT. THAT DOESN'T REFLECT ALL OF THE ACCOUNTING FOR A&E. THAT DOES NOT INCLUDE... ALL I DID WAS... MYSELF AND MY ENTITIES AND THAT'S WHAT THIS IS.

Q THIS IS YOUR ACCOUNTING SUMMARY THAT YOU'RE PRESENTING TO THE COURT AND YOU'RE ASKING THE COURT TO EXPECT YOUR ACCOUNTING AS OPPOSED TO THE ACCOUNTING THAT MRS. BRADY, A CERTIFIED CPA, HAS GIVEN? IS THAT A FAIR STATEMENT?

A THAT'S FAIR STATEMENT.

Q NOW, IS IT TRUE, MR. VEREEN, AS I UNDERSTAND, THIS IS NOT RICHARD CRUMPLER'S WORK?

A (NO RESPONSE).

Q THIS IS NOT ANY ACCOUNTANT'S WORK? THIS IS YOUR WORK? YOUR AND BETH'S WORKING TOGETHER?

A WELL, NO. I THINK PART OF IT ACTUALLY CAME FROM SUSAN BRADY THROUGH OUR MEETINGS WITH SUSAN IN OUR OFFICE.

Q SO, YOU USED MRS. BRADY'S WORK AS YOUR OWN WORK? NOW, IS IT TRUE THAT YOU DON'T KNOW HOW TO PROPERLY... DESPITE YOUR EXPERIENCE, YOU DON'T KNOW HOW TO PROPERLY ACCOUNT FOR CONSTRUCTION COST, IS THAT TRUE?

A I'M NOT SURE WHAT YOU'RE ASKING ME.

Q DID I ASK YOU IN YOUR DEPOSITION, "WHEN IT COMES TO KNOWING HOW TO PROPERLY ACCOUNT FOR CONSTRUCTION COMPANIES, YOU KNOW HOW TO DO IT RIGHT, DON'T YOU?" AND YOUR RESPONSE WAS --

MS. COOK: YOUR HONOR, I DON'T THINK THAT'S THE PROPER WAY TO --

Q I AGREE.

MS. COOK: I WOULD ASSUME THAT YOU AND MR. DURANT HAVE THE ORIGINAL SOMEWHERE BECAUSE THE COURT NEEDS IT.

MR. THOMAS: I GOT IT RIGHT HERE.

JUDGE HOWE: LET THE RECORD REFLECT THAT I AM NOW OPENING THE DEPOSITION OF ARTHUR WAYNE VEREEN WHICH WAS ADJOURNED ON MAY THE 12TH 2010, AND THIS ONE WAS RECONVENED ON AUGUST 8TH 2010 AT 9:38.

MR. VEREEN, I'M GOING TO HAND IT BACK TO YOU THROUGH THE COURT REPORTER.

Q MR. VEREEN, IF YOU WOULD PLEASE TURN TO PAGE 53, THAT DEPOSITION, LINE 12. NOW YOU RECALL HAVING GIVEN YOUR DEPOSITION ON TWO OCCASIONS IN THIS CASE, IS THAT CORRECT?

A THAT'S CORRECT.

Q BOTH TIMES YOU WERE UNDER OATH AND WE HAD A COURT REPORTER PRESENT AND YOUR TESTIMONY WAS TRANSCRIBED?

A YES.

Q DO YOU RECALL WHEN I ASKED YOU THE QUESTION IN THIS DEPOSITION, "AND WHEN IT COMES TO KNOWING HOW TO PROPERLY ACCOUNT FOR CONSTRUCTION COMPANIES, YOU KNOW HOW TO DO THAT RIGHT, DON'T YOU?" AND YOUR RESPONSE WAS WHAT? STARTING AT LINE 15.

A LET ME READ ALL OF THIS JUST ONE SECOND.

Q SURE.

A WHAT DO YOU WANT ME TO READ?

Q START WITH THE LINE 15. WHAT WAS YOUR RESPONSE?

A "WELL OBVIOUSLY, I MUST NOT. I'M SURE THAT I... LIKE I SAID, I MADE THAT STATEMENT THAT I HAVE DONE SOME QUIRKY THINGS."

Q AND THEN I ASKED YOU, "WELL, MY POINT IS

REGARDLESS OF WHETHER YOU DID QUIRKY THINGS OR NOT, DO YOU KNOW HOW TO PROPERLY ACCOUNT FOR THE OPERATIONS OF A CONSTRUCTION BUSINESS?" AND AT THAT POINT MS. COOK SAYS, "I THINK HE'S ASKED AND ANSWERED." AND I SAID, "I DON'T THINK HE'S ANSWERED IT." AND MS. COOK SAID, "OBVIOUSLY NOT." WHEN YOU ASK HIM BEFORE. AND THEN I ASKED YOU AGAIN, "ALRIGHT. SO, YOU DON'T KNOW DESPITE YOUR EXPERIENCE HOW TO PROPERLY ACCOUNT FOR THE OPERATIONS OF A CONSTRUCTION BUSINESS." YOUR RESPONSE WAS WHAT?

A I SAID, "I THINK THAT WOULD BE A FAIR STATEMENT."

Q NOW, WHAT IS THERE --

MS. COOK: YOUR HONOR, AT THIS POINT, I WOULD LIKE TO... I THINK THE RULES ALLOW THE PUBLISHING OF OTHER RELEVANT INFORMATION. SO, I WOULD LIKE TO MOVE FORWARD WITH THAT LINE OF QUESTIONING AND IN FACT ENTER THE DEPOSITION AS WELL.

JUDGE HOWE: OKAY.

RE-CROSS EXAMINATION BY MS. COOK:

Q I'M GOING TO PICK UP THERE, MR. VEREEN, AND READ MR. THOMAS' QUESTIONS. "OKAY. IN RECOGNIZING

THAT YOU DON'T KNOW HOW TO PROPERLY ACCOUNT FOR THE OPERATION OF A CONSTRUCTION BUSINESS, WHAT DID YOU AS A CONTRACTOR DO TO ENSURE THE BOOKS AND RECORDS OF A&E WERE KEPT ACCURATELY AND APPROPRIATELY?" READ YOUR ANSWER.

A "WE HAVE A BOOKKEEPER."

Q "THAT WOULD BE CARRIE?"

A "YES."

Q LET'S GO BACK AND I WANT TO DIRECT YOU TO COME BACK TO THE PAGE BEFORE MR. THOMAS HAD YOU READ AND WE WILL BE GOING TO PAGE 52. I'M GOING TO START AT LINE 7 WITH A QUESTION FROM MR. THOMAS AND I'M GOING TO READ THE --

MR. THOMAS: YOUR HONOR, I UNDERSTAND SHE'S PERMITTED, BUT LIMITED TO MAKE SURE I DIDN'T MISQUOTE OR TAKE OUT OF CONTEXT OF WHAT I ASKED HIM, BUT SHE IS GETTING INTO SOMETHING ENTIRELY DIFFERENT.

MS. COOK: IT'S RIGHT BEFORE THE QUESTION HE HAD. IT'S THE CONTENTS OF THE QUESTION ON THE NEXT PAGE.

MR. THOMAS: FINE.

Q THE QUESTION IS, "DID YOU EVER HAVE ANY CONVERSATION WITH MR. SMITH WHEN YOU DETERMINED

TO FORM A&E THAT, "ELLIS, WE'RE TAKING OVER THE WILLOUGHBY PLACE JOB AND I EXPECT TO BE REIMBURSED X DOLLARS FOR MY TIME THAT I'VE ALREADY SPENT ON THE WILLOUGHBY PLACE JOB." DID YOU EVER HAD THAT CONVERSATION?

A MY ANSWER WAS, "I NEVER SAID X DOLLARS."

Q "SIR?"

A "WE NEVER SAID X DOLLARS."

Q "WHAT DID YOU SAY?"

A "WHAT I DID SAY WAS WE HAVE EXPENSES THAT WE HAVE INCURRED FOR TWO YEARS AND WE DO EXPECT TO GET THE REIMBURSEMENT FOR THAT. THAT WAS NEVER A AMOUNT SET, BUT WE... I DO EXPECT TO GET REIMBURSED FOR THAT."

Q "NOW, WAYNE, YOU MADE THIS STATEMENT IN YOUR LAST DEPOSITION THAT YOU DID A LOT OF QUIRKY THINGS, NO DOUBT ABOUT IT. AT LEAST THAT'S WHAT I WROTE DOWN. IF I WROTE IT DOWN RIGHT. NOW, YOU HAVE BEEN A CONTRACTOR YOUR ENTIRE CAREER, IS THAT RIGHT?"

A "YES. I APOLOGIZE. MOST OF IT."

Q "AND YOUR FATHER WAS A CONTRACTOR?"

A "YES."

Q "AND WAS ARTHUR VEREEN CONSTRUCTION THAT WE'VE BEEN TALKING ABOUT HERE TODAY, IS THAT THE SAME

ARTHUR VEREEN CONSTRUCTION THAT YOUR DADDY HAD OR WAS THAT A NEW COMPANY?"

A "SAME COMPANY."

Q "SO YOU'VE BEEN IN CONTRACTING REALLY ALL YOUR LIFE, IS THAT RIGHT?"

A "THAT'S RIGHT."

Q "BUT WHEN IT COMES TO..." THAT'S THE QUESTION THAT MR. THOMAS ASKED?

A YES.

RE-CROSS-EXAMINATION BY MR. THOMAS:

Q LET ME ASK YOU THIS, MR. VEREEN. WHAT IS THERE THAT HAS OCCURRED SINCE YOUR DEPOSITION IN OCTOBER OF 2010, WHERE YOU KNOWLEDGE THAT YOU WERE INCOMPETENT TO ACCOUNT... DIDN'T KNOW HOW TO ACCOUNT FOR A CONSTRUCTION BUSINESS THAT MAKES YOU CAPABLY OF GIVING AN PROPER ACCOUNTING TO THIS COURT NOW? HAVE YOU BEEN TO AN ACCOUNTING SCHOOL OR TAKEN ANY ACCOUNTING COURSES?

A NO. WHAT THIS MAKES REFERENCE TO, MR. THOMAS, IS I AM NOT COMPETENT ENOUGH, BUT I DON'T WORK ON THAT COMPUTER POSTING THIS STUFF TO PEACHTREE. THAT'S THE STATEMENT THAT I'M TELLING YOU. WE USED TO RUN OUR CONSTRUCTION COMPANY, MR. THOMAS. PRIOR TO COMPUTER SYSTEM,

EVERYTHING WAS DONE ON A PIECE OF PAPER WITH A PENCIL AND WE WOULD POST THOSE ON THE LEDGERS AND COST. I DON'T ENTER THOSE FIGURES ON THAT COMPUTER. I DON'T CODE THEM. I DID NOT PUT THEM INTO A SPECIFIC LINE ITEM. THAT WAS THE JOB OF THE BOOKKEEPER. NOW, THAT'S WHAT I'M MAKE REFERENCE TO. AS FAR AS ME SAYING, "I DON'T KNOW HOW TO RUN A CONSTRUCTION COMPANY" AND YOU JUST LED THAT STATEMENT TO ME EARLIER THAT I'VE BEEN SUCCESSFUL IN THE CONSTRUCTION BUSINESS. SO, THAT WOULD TEND TO MAKE ME BELIEVE THAT YOU BELIEVE THAT I HAVE BEEN ABLE TO BUILD BUILDINGS, COLLECT MY MONEY, PAY MY BILLS AND MAKE SOME MONEY. SO, I DON'T... I DON'T DO PAYROLLS. I DON'T DO THE PAYROLL TAX REPORTS. I DON'T ENTER THAT STUFF ON THE COMPUTER. THAT WAS THE JOB OF CARRIE OUR BOOKKEEPER. THAT'S WHAT I'M MAKING REFERENCE TO.

Q DID YOU MISUNDERSTAND THE QUESTION THAT I ASKED IN YOUR DEPOSITION?

A AND I DON'T THINK I'M MISSING ANSWERING IT.

Q DID YOU SEE ANYTHING IN THAT QUESTION WHERE I ASKED YOU ABOUT, DID YOU KNOW HOW TO WORK THE COMPUTER?

A YOU ASKED... YOU ASKED... YOU ASKED ME A QUESTION IN REFERENCE TO... IT SAYS, "KNOWING HOW TO PROPERLY ACCOUNT FOR CONSTRUCTION COMPANIES, DO YOU KNOW HOW TO DO IT RIGHT?" AND MY ANSWER WAS "OBVIOUSLY NOT" I DON'T PUT THOSE AND CODE THOSE IN THE PEACHTREE ACCOUNTING. I DON'T DO THAT. AND I THINK I'VE ANSWERED THAT A NUMBER OF TIMES YESTERDAY. I DO NOT DO THAT.

Q LET'S MOVE ON. LET ME ASK YOU ABOUT WHEN YOU TALKED ABOUT MRS. DREWETT. NOW, MRS. DREWETT STARTED WORKING FOR YOU WHEN?

A PROBABLY, MR. THOMAS, THERE AGAIN TOO, IT'S PROBABLY JUST AN ESTIMATE, BUT BACK IN THE LATE 90S.

Q IN THE LATE 90S?

A I DON'T REALLY KNOW THE EXACT DATE.

Q SO, SHE HAS WORKED FOR YOU FOR A WHILE BEFORE A&E WAS EVER STARTED, IS THAT RIGHT?

A YES.

Q SHE DID THE BOOKKEEPING WORK FOR ARTHUR VEREEN CONSTRUCTION WHILE THEY WERE DOING BUSINESS?

A YES.

Q SHE WAS DOING THE BOOKKEEPING FOR PARK PLACE PROPERTIES AND YOUR OTHER COMPANIES?

A SHE DIDN'T START DOING PARK PLACE PROPERTIES

UNTIL I DON'T BELIEVE, MR. THOMAS, I BELIEVE IT WAS IN 2004 OR 2005. PRIOR TO THAT TIME, ACTUALLY MY AUNT DID THE BOOKKEEPING ON... FOR US.

Q SHE HAS BEEN WITH YOU SEVERAL YEARS? IS SHE COMPETENT OR INCOMPETENT?

A I DON'T THINK SHE'S AS COMPETENT AS I THOUGHT SHE WAS.

Q DID YOU NOT DISCOVER HER LACK OF COMPETENCE DURING THE NUMBER OF YEARS THAT SHE WORKED FOR YOU OR ARTHUR VEREEN?

A NO, SIR.

Q WHEN DID YOU FIRST BECOME AWARE OF HER LACK OF COMPETENCE?

A PROBABLY AT THE SAME TIME THAT ELLIS BECAME AWARE OF IT. I WOULD SAY THAT'S PROBABLY INTO 2007 OR 2008.

Q SO, DURING THE ENTIRE TIME THAT SHE WAS DOING THE BOOKKEEPING FOR A&E IN 2004, '05, 06 AND PART OF '07 YOU WERE UNAWARE THAT YOUR BOOKKEEPER WHO HAD WORKED FOR YOU FOR A NUMBER OF YEARS WAS INCOMPETENT?

A INCOMPETENT TO ME MEANS... THERE AGAIN TOO, I THINK WHAT YOU'RE DISPLAYING OR DESCRIBING HER AS, IS NOT BEING ABLE TO PREFORM ANY JOB... ANY

PORTION OF HER JOB AS A BOOKKEEPER. AND I DON'T THINK THAT IS CORRECT. I THINK THAT'S... I THINK SHE HAS MADE SOME ERRORS AND MADE SOME... CODED PARTICULAR ITEMS THAT WERE WRONG IN THE PEACHTREE PROGRAM. I THINK SHE HAS MADE SOME MISTAKES. THAT'S WHAT I'M... I HAVE A HARD TIME TRYING TO CALL SOMEBODY INCOMPETENT. TO ME THAT MEANS THEY DON'T HAVE ANY KNOWLEDGE OR ANY UNDERSTANDING OF THAT PARTICULAR JOB AT ALL. THAT TO ME MEANS THEY'RE JUST TOTALLY --

Q LET ME REPHRASE MY QUESTION. DID SHE DO A COMPETENT JOB OF KEEPING THE BOOKS OF A&E?

A I DON'T THINK SHE DID A GOOD ACCURATE COMPETENT JOB.

Q ARE YOU GOING FOR MARGINALLY COMPETENT?

A WELL, I DON'T KNOW. ASK ME IF I'M A COMPETENT CONTRACTOR? I THINK I AM, BUT I ALSO MAKE MISTAKES IN THE CONSTRUCTION BUSINESS.

Q I KNOW IT'S AN UNCOMFORTABLE QUESTION.

A NO, NO. I'M NOT TRYING TO BE ARGUMENTATIVE, MR. THOMAS.

Q NOW, YOU MADE THE STATEMENT WHEN MS. COOK WAS EXAMINING YOU OR AT LEAST I WROTE IT DOWN. "ELLIS WAS IN THE FIELD MOST OF THE TIME." DO YOU RECALL TESTIFYING TO THAT?

A ELLIS WAS IN THE FIELD. HE WAS IN THE OFFICE AT TIMES. I WAS IN THE FIELD AND I WAS IN THE OFFICE AT TIMES. WE NORMALLY WOULD... I WAS ALWAYS AT THE OFFICE AROUND 6:00 OR 6:15 IN THE MORNING. AND THEN MOST OF ELLIS AND THE REST OF THE GUYS WOULD GET THERE AROUND 7:00. SO, WE WOULD ALL DISPERSE AROUND 7:30, BUT HE AND I WOULD DO CERTAIN JOBS INSIDE THE OFFICE AND THEN WE WOULD NORMALLY BE OUT IN THE FIELD. SO, YES, I THINK THAT'S... I THINK THAT'S A PRETTY FAIR STATEMENT THAT WE WERE ACTUALLY IN THE FIELD MOST OF THE DAY.

Q NOW, THAT ISN'T WHAT I ASKED YOU, MR. VEREEN. I ASKED IF YOU MADE THE STATEMENT THAT ELLIS WAS IN THE FIELD MOST OF THE TIME? AND DO YOU RECALL MAKING THAT STATEMENT AND IF YOU MADE IT, WAS IT TRUE?

A I THINK I DID MAKE IT. I SAID MOST OF THE TIME. HE WAS... HE WAS IN THE OFFICE PART OF THE TIME.

Q BUT HE WAS IN THE FIELD MOST OF THE TIME AND THAT'S WHERE YOU EXPECTED HIM TO BE MOST OF THE TIME, WASN'T IT, IN THE FIELD?

A SAME AS MYSELF, YES, SIR.

Q BUT HE WAS THE "CONSTRUCTION GUY" AND YOU WERE MORE OF THE "BUSINESS GUY" WITH YOUR EXPERIENCE,

TRAINING AND SUCCESS?

A NO, SIR. I HAVE NEVER... MR. THOMAS, I HAVE NEVER BEEN SOMEONE TO SIT IN AN OFFICE. I HAVE ALWAYS BEEN A HANDS-ON SUBCONTRACTOR. I HAVE NEVER BEEN ASHAMED TO GO HELP DIG A DITCH IF IT HAD TO BE DUG. SO, I AM NOT A CONTRACTOR THAT WEARS A COAT AND TIE TO GO TO WORK. I WEAR KHAKI PANTS, BOOTS AND A SHIRT. AND SO, I DROVE A PICKUP TRUCK. I WOULD DELIVER LUMBER AT WILLOUGHBY PLACE. YOUR HONOR, AT WILLOUGHBY PLACE WE HAD TO PUT IN SOME RIPRAP FOR DRAINAGE CONTROL. I HELPED THOSE GUYS UNLOAD THAT STUFF AND CARRY THOSE BOULDERS. I DO MOST OF THE LAYOUT ON MY BUILDINGS. I SIT THERE AND WORK ON THE JOB SITES. SO, I MEAN, I'M NOT SOMEBODY TO SIT IN THE OFFICE AND NEVER HAVE BEEN.

Q OKAY. NOW, I DON'T WANT TO SPEND A LOT OF TIME ON THESE SUPERVISORY FEES, BUT LET ME ASK YOU A LITTLE BIT ABOUT THEM. YOU SAID THAT IN 2004 ELLIS DIDN'T COME TO WORK, IS THAT RIGHT? DIDN'T YOU TESTIFY TO THAT?

A HE DIDN'T COME TO WORK?

Q HE DID NOT COME TO WORK IN 2004?

A NO. WHAT I SAID WAS AND WHAT I WAS REFERENCING TO, HE WAS NOT WORKING AT A&E IN MY OPINION. HE

WAS WORKING AS A SUBCONTRACTOR.

Q I WROTE DOWN JANUARY OF '05, ELLIS CAME TO WORK.

A NO, SIR. IF I MADE THAT STATEMENT THAT'S INCORRECT, NO, SIR. AND I BELIEVE IT WAS IN MAY OR JUNE OF '05 IS WHEN HE ACTUALLY WENT ON PAYROLL.

Q LET TALK ABOUT THE PAYROLL. DID HE GO ON PAYROLL?

A YES.

Q HE GOT A SALARY CHECK?

A YES.

Q OR DID HE GET PAYMENT WITH GAS IN LIEU OF A SALARY CHECK?

A NO, SIR. HE GOT A CHECK FROM A&E IN 2005. IN MAY OR JUNE OF 2005 IS WHEN I ACTUALLY TOLD HIM HE HAD TO STOP DOING WHAT WAS DOING AND HE HAD TO GET INTO THE PAYCHECKS.

Q ALRIGHT. WHEN HE STARTED AT SOME POINT, HE STARTED NOT GETTING A PAYCHECK AND GETTING SUPERVISORY FEES PAID AS A SUBCONTRACTOR?

A NO, SIR.

Q IN 2004 THAT DIDN'T HAPPEN?

A HE NEVER RECEIVED A PAYROLL CHECK IN 2004.

Q HE NEVER RECEIVED A PAYROLL CHECK IN 2004?

A THAT'S CORRECT.

Q I THOUGHT THAT'S WHAT I ASKED. HE DID NOT RECEIVE A PAYROLL CHECK IN 2004? HE ONLY RECEIVED PAYMENTS TO EES, RIGHT?

A YES. BUT YOU ASKED ME... YOU SAID THAT IN JANUARY OF 2005 HE STARTED RECEIVING PAYROLL CHECKS. AND I SAID, "NOM, THAT'S CORRECT. HE STARTED RECEIVING A PAYROLL CHECK IN EITHER MAY OR JUNE OF 2005."

Q I TELL YOU WHAT. IF THERE IS A QUESTION LIKE THAT IN THERE I WILL WITHDRAW IT. NOW, LET ME GO BACK TO YOUR LAWSUIT AND WE HAVE TALKED ABOUT THE THIRD AND THE SECOND COUNTERCLAIM. I WANT TO TALK ABOUT THE FIRST COUNTERCLAIM. THE FIRST COUNTERCLAIM YOU HAVE ALLEGED THAT THERE WERE SOME JOBS THAT MR. SMITH DID THAT HE DID ON THIS OWN AND WEREN'T A&E JOBS AND THEN YOU HAVE LISTED A THROUGH P IN YOUR COMPLAINT. AND I DON'T KNOW IF YOU LISTED THOSE ON YOUR EXHIBIT'S 116 AND 117. FIRST OF ALL, LET ME ASK YOU, IS THERE ANYTHING ON 116 AND 117 THAT YOU THINK SAYS ELLIS OUGHT TO PAY THE COMPANY SOME MONEY FOR THOSE JOBS THAT HE DID?

A THERE'S NOT.

Q OKAY. ARE YOU STILL MAKING THAT CLAIM OR ARE YOU NOT MAKING THAT CLAIM?

A WHAT ARE THOSE?

Q SIR?

A WHAT ARE THOSE?

Q HORRY COUNTY PERMITS. CARI ANN DAVIS NEW HOME?

A CAN I LOOK AT THEM?

Q SURE.

A MR. THOMAS, THE REASON THAT I'M STUDYING SO HARD ON THIS IS THAT THERE ARE SEVERAL ISSUES THAT HAPPENED AT THE VERY BEGINNING WITH A&E THAT... A COUPLE JOBS THAT WE FIRST STARTED ON THAT WE ENDED UP HAVING TO CONCEDE BACK TO BEACH DUNES AND THIS FOUNTAINS IN THE FORM OF A HUNDRED AND SOME ODD THOUSAND DOLLARS BECAUSE WE DIDN'T GET THESE JOBS FINISHED AND COMPLETED ON TIME. THOSE WERE JOBS THAT ELLIS WAS RESPONSIBLE FOR TO GET THEM FINISHED AND COMPLETED. AND THOSE WERE JOBS THAT I ACTUALLY HAD TO... THAT I GOT INVOLVED IN AND GOT THEM COMPLETED. AND WE STILL HAD TO... WRITE OFF IS THE WRONG WORD, BUT WE HAD TO DEDUCT A CERTAIN AMOUNT OF MONEY FROM OUR LAST DRAWS TO THOSE OWNERS AND SO...

Q THE SAME QUESTION I ASKED YOU ABOUT THE THIRD CAUSE OF ACTION. IS THERE... I UNDERSTAND THAT YOU DID NOT INCLUDE ANYTHING IN YOUR ACCOUNTING THAT YOU GAVE THE COURT EXHIBIT'S 116 AND 117

RELATED TO MONIES YOU CLAIM MR. SMITH OUGHT TO PUT IN THE COMPANY BECAUSE OF THESE JOBS?

A I DID NOT.

Q DOES THAT MEAN THAT YOU ARE OR YOU ARE NOT ASKING THE COURT TO AWARD MONEY IN RESPECT TO THESE JOBS? IF YOU'RE NOT, I'M GOING TO MOVE ON TO SOMEBODY ELSE, BUT IF YOU ARE, I NEED TO ASK YOU ABOUT THEM.

A WELL, ASK ME ABOUT THEM.

Q THAT MEANS YOU ARE STILL ASKING --

A WELL, SOME OF THEM. ASK ME ABOUT THEM.

Q ALRIGHT. CARI ANN DAVIS, HOW MUCH ARE YOU ASKING THE COURT TO AWARD ON THAT ONE?

A I'M NOT INTERESTED IN CARI ANN DAVIS.

Q ALRIGHT. ROBERT SEALEY, HOW MUCH ARE YOU ASKING THE COURT TO AWARD YOU ON THAT ONE?

A I'M NOT INTERESTED IN ROBERT SEALEY.

Q I TELL YOU WHAT, WHY DON'T YOU TELL ME WHAT YOU ARE INTERESTED IN AND TELL ME HOW MUCH YOU CLAIM MR. SMITH OUGHT TO HAVE TO PAY AND WHY?

A I'M INTERESTED IN THE BURROUGHS AND CHAPIN FENCE.

Q ALRIGHT.

A WE DON'T EVEN HAVE IT LISTED ON THIS COMPLAINT ABOUT THE WORK AT THE GRANDE DUNES OR AT THE

MARINA. I AM CONCERNED ABOUT ANY PERMIT THAT WAS PULLED BY A&E THAT WE WERE NOT AWARE OF. IF THERE WAS ANY JOB THAT HE DID THAT A&E WAS AWARE OF THEN I'M NOT CONCERNED ABOUT IT.

Q TELL US --

A THE ONES THAT ARE THE ONES THAT SAYS, "NORTH MYRTLE BEACH" ON THE PERMITS.

Q SO, THAT WOULD BE D --

A D THROUGH J.

Q E, F, G, H, I, J, K?

A NO, SIR. D THROUGH K.

Q OKAY.

A YES, SIR.

Q AND M?

A YES, SIR.

Q OTHERS YOU ARE NOT MAKING ANY CLAIM?

A NO, SIR.

Q AND THIS ONE I HAVE TO ASK YOU SINCE IT'S NOT ON YOUR ACCOUNTING. TELL ME HOW MUCH YOU'RE CLAIMING ON THE MARTIN BROWN JOB AND WHY?

A I DON'T THINK I HAVE DETERMINED EXACTLY THE AMOUNT. I DO FEEL LIKE THOSE WERE PULLED... THE OFFICE BUILDING... I THINK... I KNOW I TESTIFIED THE OTHER DAY WAS A JOB THAT WE HAD ACTUALLY... WHEN I SAY, "WE" ELLIS AND I, HAD PRICED THAT

BUILDING OUT FOR MARTIN BROWN AND I WAS INFORMED BY ELLIS THAT MARTIN WAS NOT GOING WITH... THE ONLY WAY TO BUILD THAT BUILDING WAS TO PROVIDE A PERFORMANCE OF PAYMENT BOND. AND I HAD STATED THAT I WASN'T INTERESTED BECAUSE IT WAS A 10 YEAR OBLIGATION ON THAT PAYMENT PERFORMANCE BOND SO I WASN'T INTERESTED IN BEING STUCK OUT THERE FOR 10 YEARS. AND SO, I WASN'T INTERESTED IN IT. I WAS INFORMED THAT WAS THE ONLY WAY THE JOB WOULD BE BUILT. AND I GAVE ELLIS TWO OPPORTUNITIES TO TELL ME THAT THIS WAS NOT AN A&E JOB. I WAS TOLD THAT IT WAS AN E SMITH AND SONS JOB WHEN I INQUIRED ABOUT IT. SO, I AM CONCERNED ABOUT IT. AND THE OTHER JOB WAS... I DID THE PROFIT THAT WAS REALIZED OFF OF THE WILLOUGHBY PLACE, BEACH DUNES, DR. LALE, THOSE JOBS THAT I PUT INTO A&E. THE JOBS THAT HE HAD IN PROGRESS AT THE TIME, HE WAS SUPPOSED TO PUT THOSE JOBS INTO A&E TOO AND THOSE JOBS WERE NOT PUT IN THERE. SO, IF A&E REALIZED THE PROFIT OFF OF THE WILLOUGHBY PLACE AND DR. LALE AND BEACH DUNES, THEN I THINK THAT... ON THAT... AT THAT TIME WITH THOSE JOBS THERE PROBABLY SHOULD BE SOME COMPENSATION ON THAT PART TO A&E... INTO A&E FOR THOSE JOBS THAT HE DID OUTSIDE OF THAT.

HE HAD MENTIONED... HE HAD MENTIONED...

Q HELP ME UNDERSTAND YOUR ANSWER. DO YOU UNDERSTAND MY QUESTION?

A YES, I DO.

Q WHY ARE YOU CLAIMING, IF YOU'RE CLAIMING...

A YES.

Q AND HOW MUCH DO YOU CLAIM? IS YOUR TESTIMONY THAT YOU DON'T KNOW?

A WELL, I GUESS, MR. THOMAS IF ELLIS WANTED TO, HE CAN SAY HE DIDN'T MAKE ANY MONEY. IT COULD BE THAT THERE'S NO PROFIT THERE. I HAVE NO ANSWER, BUT I KNOW THAT WE MADE A PROFIT AT DOCTOR LALE. I KNOW WE MADE A PROFIT AT BEACH DUNES AND I KNOW WE MADE A PROFIT AT WILLOUGHBY PLACE. AND THOSE WERE THE JOBS THAT I ROLLED OVER AND PUT IN THERE. SO, I CAN'T ANSWER THAT QUESTION OF WHETHER THERE IS ANY MONEY THERE. IF HE MADE ZERO MONEY, HOW AM I GOING TO GET ANY MONEY?

Q OKAY. I UNDERSTAND. AND YOU DON'T KNOW WHETHER HE MADE ANY MONEY OR NOT?

A I HAVE NO IDEA.

Q OKAY. THE SAME IS TRUE ON D THROUGH J AND M, IS THAT RIGHT? YOU DON'T KNOW IF HE MADE ANY PROFIT, IF HE DID MAKE A PROFIT, YOU THINK HE OUGHT TO PAY IT BACK?

A WELL, I MEAN, YOU KNOW, YOU LOOK AT THE BURROUGHS AND CHAPIN FENCE. HE SHOWED A SCHEDULE OF VALUE OF 125,000 AND HE GOT PAID 297,000. THAT'S SAYING HE MADE $175,000 OFF THAT FENCE IF THAT'S THE VALUE THAT HE PUT ON IT.

Q NOW, MR. VEREEN, IS THAT THE WAY YOU CALCULATE PROFIT IN A CONSTRUCTION BUSINESS? YOU LOOK AT THE BUILDING PERMIT AND YOU LOOK AT THE CONTRACT AND THE DIFFERENCE IS THE PROFIT?

A I WOULD ASSUME THAT IF YOU BOUGHT THAT PERMIT THAT YOU WERE GOING TO PUT A FAIR VALUE ON THAT PERMIT.

Q YOU WOULD ASSUME THAT YOU WOULD BE TELLING THE TRUTH WHEN YOU GOT THE PERMIT JUST LIKE WHEN YOU FILED YOUR TAXES, RIGHT?

A WHAT? I'M ASSUMING THAT, MS. THOMAS, BUT FROM 125,000 TO 300,000 IS A TREMENDOUS AMOUNT OF DIFFERENCE.

Q OTHER THAN YOUR ASSUMPTION, YOU HAVE NO IDEA AND NO TESTIMONY TO GIVE THIS COURT IN SUPPORT OF ANY PROFITS THAT WERE MADE ON THE BURROUGHS AND CHAPIN FENCE?

A I DO NOT.

Q NOW, LET'S TALK FOR A LITTLE BIT ABOUT YOU MADE

A SUBSTANTIAL CLAIM AGAINST MR. SMITH FOR THE COMPANY TO BE PAID BACK MONEY THAT THE COMPANY PAID MR. SMITH AND HE WAS PAYING WITH A CHECK THAT YOU SIGNED. DO YOU AGREE WITH ME? YOU ARE ASKING FOR A LOT OF MONEY TO BE PAID BACK?

A YOU WOULD HAVE TO SHOW THAT TO ME.

Q IS THERE A CATEGORY IN YOUR ACCOUNTING THAT SETS OUT THE AMOUNT OF MONEY YOU WANT PAID BACK BECAUSE... ALTHOUGH YOU SIGNED A CHECK, I THINK YOU NOW SAY YOU SHOULDN'T HAVE SIGNED THE CHECK? IS THERE A COUPLE OR A COUPLE OF CATEGORIES THAT YOU COULD POINT THE COURT TO?

A THE MAJOR PORTION OF THIS, MR. THOMAS, ARE THE BASICS.

Q I'M SORRY.

A THIS IS THE BASICS OF WHAT MAKES UP THIS RIGHT HERE. IN OUR LAST MEETING WITH MRS. BRADY, SHE SAID AND MR. SMITH HAS SAID AND MR. DURANT HAS SAID AND I'M SURE THAT YOU SAID, THAT IF THERE WERE NO INVOICES TO BACK UP PAYMENTS, THEY HAD TO BE REIMBURSED. WHAT WE DID WAS WE ACTUALLY HAD A CHECK THAT HAD WHAT THE JOB WAS THAT WE WEREN'T GETTING CREDIT FOR. EVEN THOUGH WE DIDN'T HAVE AN INVOICE, WE HAD THAT. WE DIDN'T EVEN HAVE A CHECK FROM HIM. SO, MRS. BRADY SAID

THAT YOU SHOULD BE... YOU HAVE TO GIVE THAT MONEY BACK TO A&E. YOU HAVE TO GIVE THAT MONEY BACK AS SUPERVISORY FEES. SHE TOLD ELLIS THE SAME THING AND SHE TOLD ME THAT SAME THING. THAT'S WHAT MAKES UP THIS PAYMENT.

Q WHERE ON THIS PAPER DO I FIND IT? IS IT THIS NUMBER RIGHT HERE $558,370?

A YES.

Q THAT'S IT?

A YES.

Q THAT'S ALL.

A YES, SIR.

Q THAT 558,370 IS YOU SIGNED CHECKS TO ELLIS AND NOW YOU'RE SAYING IN RETROSPECT THAT MAYBE WE SHOULDN'T HAVE SIGNED THOSE CHECKS, IS THAT FAIR?

A I THINK I SAID YESTERDAY I SIGNED CHECKS THAT ELLIS APPROVED. THAT ELLIS SUBMITTED TO CARRIE NOW. AND CARRIE PUT A CHECK ON MY DESK.

Q LET'S TALK FOR A MINUTE ABOUT THE PROCEDURE FOR SIGNING CHECKS AT A&E. NOW, YOU GET BILLS IN EVERY DAY. HOW DOES CARRIE DECIDE WHAT TO PAY AND WHAT NOT TO PAY OR WHEN TO PAY?

A I HAVE STATED YESTERDAY AND THE DAY BEFORE, PAYMENTS... INVOICES FROM SUPPLIERS OR

SUBCONTRACTORS ELLIS WOULD REVIEW FOR PAYMENT AND HE WOULD OKAY IT AND LAID THEM ON CARRIE'S DESK TO BE PAID. PAYMENTS ON... I PAID THE UTILITY BILLS. I'VE REVIEWED THOSE. I REVIEWED OUR INSURANCE BILLS AND THOSE TYPE OF THINGS. BUT ANY OTHER ITEMS I HAVE EXPLAINED... I'VE STATED THAT THAT IS THE WAY THE PROCESS WORKS.

Q BUT IF SHE OPENS A BILL FOR A SUPPLIER, DOES SHE SIT DOWN AND WRITE A CHECK THAT DAY? DOES SHE WAIT 10 DAYS? DOES SHE WAIT UNTIL YOU REVIEW IT AND TELL HER TO WRITE A CHECK? HOW DOES IT HAPPEN?

A UNTIL I REVIEW WHAT, SIR?

Q THE BILL.

A I HAVE ALREADY SAID THAT I DON'T REVIEW THE BILLS.

Q YOU DON'T REVIEW THE BILLS?

A NO, SIR.

Q YOU JUST LET THE BOOKKEEPER REVIEW THEM?

A NO, SIR. I DID NOT SAY THAT. I STATED THAT ELLIS' JOB... ELLIS' PART OF IT WAS... HE WOULDN'T... YOU WERE THE ONE WHO STATED A FEW MINUTES AGO THAT HE WAS IN THE FIELD DEALING WITH THESE JOBS. HE WAS THE ONE THAT WAS ORDERING MATERIALS AND HE WAS THE ONE DEALING

WITH THE SUBCONTRACTORS. HE WOULD REVIEW THOSE INVOICES AND REVIEW THOSE BILLS, HE WOULD THEN GIVE IT TO CARRIE FOR PAYMENT. HE WOULD PUT, "OKAY. PAY" AND HE WOULD GIVE IT TO HER.

Q NOW, IF YOU WERE DISSATISFIED OR DIDN'T HAVE ENOUGH INFORMATION WITH A CHECK THAT YOU WERE PRESENTED, DID YOU HAVE EVERY RIGHT TO SAY TO ELLIS OR CARRIE OR WHOMEVER, "LOOK, I'M NOT SATISFIED WITH PAYING THIS. I WANT MORE INFORMATION."?

A OH, YEAH.

Q AND YOU ELECTED NOT TO DO THAT?

A I DON'T THINK I'VE EVER QUESTION THAT, MR. THOMAS, EXCEPT --

Q YOU MADE A CONSCIOUS DECISION NOT TO --

MS. COOK: HE SAID EXCEPT, JACK. LET HIM FINISH HIS ANSWER.

Q ALRIGHT.

A THE ONLY QUESTION THAT I... MR. DURANT CROSS-EXAMINE... BACK THERE SOMETIME MAYBE YESTERDAY WAS THE SUPERVISORY FEES THAT HE KEPT DRAWING AND HARPING ON THAT I STATED THEN I WAS GIVEN FROM CARRIE. WHEN I INQUIRED ABOUT THEM WHAT THEY WERE, THAT THEY WERE JUST PERSONAL EXPENSES THAT ELLIS WAS ASKING FOR AND I WANTED

TO BE TREATED THE SAME. THAT'S THE ONLY ONE THAT I NEVER QUESTIONED THAT ELLIS SUBMITTED FOR PAYMENT. HE'S THE ONE THAT REVIEWED THOSE MATERIAL JOBS. AND WE USUALLY WOULD HAVE PURCHASE ORDERS IN THE OFFICE TO GO ALONG WITH... OR WE ARE SUPPOSED TO HAVE PURCHASE ORDERS. WE DIDN'T DO IT AS 100% ACCURATE AS WE SHOULD, BUT WE NORMALLY WOULD HAVE PURCHASE ORDERS TO ACCOMPANY THOSE PARTICULAR PURCHASES THAT WE MADE. THAT WAS TO ASSIST ELLIS IN THAT. IT WAS ALSO TO ASSIST CARRIE.

Q NOW, BACK TO THE QUESTION I WANT TO ASK YOU IS, BEFORE YOU SIGNED THE CHECK, YOU MADE A CONSCIOUS DECISION EITHER TO SIGN IT, NOT SIGN IT OR REQUIRE MORE INFORMATION? THAT WAS UP TO YOU AND YOU HAD THAT RIGHT?

A ABSOLUTELY.

Q AND YOU DID?

A I RELIED ON THE INFORMATION THAT I WAS GIVEN.

Q WHEN YOU GOT IN CHECKS ON THE WILLOUGHBY JOB AND DEPOSITED THEM SOMEPLACE OTHER THAN A&E, DID MR. SMITH HAVE THE OPPORTUNITY TO REVIEW THAT TRANSACTION OR DID YOU JUST GO AHEAD AND DO IT AND NOT TELL HIM?

A I THINK I ALREADY TESTIFIED THAT I DID THOSE...

I DEPOSITED THOSE FUNDS INTO ONE OF OUR ACCOUNTS AND I DID THAT BECAUSE I WAS THE ONE WHO WAS FUNDING THE MONEY IN A&E. AND I ALREADY TESTIFIED THAT... THAT I... THAT I MORE THAN LIKELY DID NOT DO IT CORRECTLY, BUT I HAD WHAT I HAD... I WAS PUTTING MONEY INTO A&E AND I HAVE ACCOUNTED FOR THAT MONEY AND I HAVE ALSO ACCOUNTED FOR THE MONEY THAT I'VE PAID ON BEHALF OF A&E.

Q YOU KEEP MENTIONING THE MONEY THAT YOU PAID ON BEHALF OF A&E. LET'S LOOK AT MRS. BRADY'S 2004 BINDER?

A YES.

Q THAT'S THE FIRST YEAR OF OPERATION, IS THAT RIGHT?

A IT LOOKS LIKE IT.

Q AND CAN YOU TURN TO THE BALANCE SHEET THAT'S BEHIND THE TABLE OF CONTENTS TAB RIGHT IN FRONT OF TAB 1?

MS. COOK: YOUR HONOR, PLAINTIFF'S EXHIBIT 1 IS NOT IN THE SAME ORDER SO I JUST WANT TO MAKE SURE HE'S LOOKING AT THE RIGHT THING.

Q AT THE TOP, MR. VEREEN, "DECEMBER 31, 2004 BALANCE SHEET OF A&E CONSTRUCTORS AND

CONSULTANTS", DO YOU SEE THAT?

A NO, SIR.

Q MAY I LOOK OVER YOUR SHOULDER AND SEE IF I CAN HELP DIRECT YOU?

A I WOULD APPRECIATE IT.

Q DO YOU SEE THAT? THAT'S MRS. BRADY'S WORK. IS THAT RIGHT?

A I DON'T KNOW. THERE'S NOT A NAME ON IT SO I DON'T HAVE ANY IDEA.

Q WELL, IT'S SOMEBODY'S WORK. WHOEVER DID THAT WORK DETERMINED THAT AS OF THE END OF DECEMBER 31, 2004... THAT'S THE FIRST YEAR, DO WE AGREE ON THAT?

A YES.

Q THAT YOU OWED THE COMPANY, NOT THAT THE COMPANY OWED YOU, BUT YOU OWED THE COMPANY $673,253.56, DO YOU AGREE WITH THAT NUMBER?

A NO.

MS. COOK: YOUR HONOR, I OBJECT. HE JUST SAID HE DOESN'T KNOW WHAT THIS IS. I DON'T THINK HE CAN...

JUDGE HOWE: NO, MA'AM. HE DIDN'T SAID HE DIDN'T KNOW WHAT IT WAS. HE SAID HE DIDN'T KNOW WHO PREPARED IT.

MS. COOK: WELL, OKAY.

JUDGE HOWE: IS THAT CORRECT?

A IT IS CORRECT. BUT I HAVE NO IDEA WHAT THIS IS.

JUDGE HOWE: OKAY. SO NOW, YOU DON'T KNOW WHAT IT IS EITHER THAT YOU'RE LOOKING AT?

A TO BE HONEST WITH YOU, YOUR HONOR, THIS IS THE FIRST TIME I'VE LOOKED AT IT SO I HAVE NO IDEA.

Q IT'S PLAINTIFF'S EXHIBIT 1 AS MRS. BRADY'S 2004 REPORT AND YOU'VE NEVER EVEN LOOKED AT HER REPORT BEFORE?

A MR. THOMAS, I HAVE LOOKED AT SO MANY THINGS THAT SHE HAS GIVEN US THAT SHE KEEPS CONSTANTLY CHANGING AND CHANGING IT. AND SO, I HAVE SAT IN HER OFFICE AND GONE THROUGH WHAT WAS ALLEGED AND WHAT WE AGREED ON AND THAT'S WHERE WE STARTED FROM.

Q I'M SURE MS. COOK WILL CORRECT ME IF I AM WRONG, BUT IT WAS REPRESENTED TO THE COURT AND INTRODUCED AS PLAINTIFF'S EXHIBIT 1 --

A OKAY.

Q -- AS MRS. BRADY'S WORK PRODUCT?

JUDGE HOWE: DO YOU WANT TO TAKE A MOMENT?

A I DO. I WOULD LOVE TO.

MR. DURANT: CAN WE TAKE A FEW MINUTES?

JUDGE HOWE: THIS MIGHT BE A GOOD TIME TO TAKE ABOUT A 10 MINUTE BREAK.

(**DISCUSSION OFF THE RECORD.**)

JUDGE HOWE: PAGE 637 OF THE TRANSCRIPT, WE'RE TALKING ABOUT A NOTEBOOK DURING MRS. SISSON'S TESTIMONY. MRS. SISSON AUTHENTICATES THE NOTEBOOK. IT IS IDENTIFIED AND AUTHENTICATED, BUT IT DOES NOT COME IN. I BELIEVE THIS IS DURING THE OCTOBER TRIAL BECAUSE WE ARE TALKING ABOUT WHEN WE COME BACK IN JANUARY. MR. VEREEN WELL HAS CALCULATED SO HE CAN VERIFY ALL OF THE NUMBERS. THAT'S DEALING WITH EXHIBIT 81. DO WE DO THE SAME THING WITH EXHIBIT 77, 79 AND 80 MS. COURT REPORTER?

COURT REPORTER: THAT'S WHAT I WAS CONFUSED ABOUT, YOUR HONOR. IT NEVER REALLY MENTIONED THEM WHEN THEY WERE MARKED AND THEY WEREN'T EVER INTRODUCED BUT LATER ON IN THE TESTIMONY THEY WERE REFERRED TO AS EVIDENCE.

JUDGE HOWE: OKAY. I UNDERSTAND. BUT YOUR DOCUMENTS DO NOT SHOW --

COURT REPORTER: THEY DO NOT SHOW YOU

ADMITTING IT. NO, MA'AM.

JUDGE HOWE: ALRIGHT.

MS. COOK: YOUR HONOR, I WILL ADMIT... AND I THINK PROBABLY EVERYBODY IN THIS ROOM WILL ADMIT DUE TO THE WAY THAT WE'VE TRIED THIS CASE BEING SPREAD OUT OVER ALMOST A YEAR NOW. I THINK WE STARTED IN JANUARY OF 2011 AND WE ARE NOW IN AUGUST OF 2012. IT HAS MADE FOR THE COURT REPORTER, AS WELL AS EVERYBODY INVOLVED IN THE TRIAL, NOT AS FRESH AND OUR MEMORIES MIGHT NOT BE AS WELL AS THEY WOULD HAVE BEEN IF WE HAD TRIED IT ALL AT ONE TIME LIKE WE NORMALLY DO. MY RECOLLECTION IS DIFFERENT. I RECALL AND I DO REMEMBER THE DISCUSSION AFTER YOU READ THAT ABOUT MRS. SISSON TESTIFYING ABOUT EXHIBIT 81, WHICH IS THE BOOK OF DOCUMENTS... WHICH IS THE BOOK THAT HAS THE DOCUMENTATION VERIFYING WHAT MR. VEREEN AND HIS COMPANIES AND MR. VEREEN ON BEHALF OF A&E BELIEVE ARE DUE TO A&E OR MR. VEREEN AND HIS COMPANIES FROM ELLIS SMITH, EES OR HIS NEW COMPANY E SMITH AND SONS. THAT'S WHAT EXHIBIT 81

IS. FOR SHORTHAND WE CALL IT THE ELLIS SMITH ACCOUNTS RECEIVABLE NOTEBOOK. SO, THAT THE RECORD IS CLEAR ON WHAT WE'RE TALKING ABOUT AS FAR AS 81 IS CONCERNED, WHEN YOU READ THAT, I DID NOT RECALL THAT BEFORE YOU READ IT. I'M GOING TO BE PERFECTLY HONEST. MY RECOLLECTION WAS THAT ALL OF THE NOTEBOOKS DEALING WITH THE FUNDS CONTRIBUTED BY MR. VEREEN AND HIS COMPANIES AS WELL AS REIMBURSED TO MR. VEREEN AND HIS COMPANIES FROM A&E, WHICH ARE 77 THROUGH 80, DEFENDANT'S EXHIBIT NOTEBOOKS 77 THROUGH DEFENDANT'S 80 HAVE BEEN MARKED. IT WAS ALSO MY RECOLLECTION THAT 81 HAD COME IN. I ASSUME WHAT I AM RECALLING IS THAT IT HAD BEEN AUTHENTICATED AND MARKED AND THAT WE WERE GOING TO INTRODUCE IT IF YOUR HONOR ALLOWED IT TO BE INTO EVIDENCE THROUGH MR. VEREEN. I ALSO WAS RELYING ON MRS. MCCARTHY'S INDEX TO THE EXHIBITS THAT SHE HAS GIVEN TO ALL OF US. THE PLAINTIFF'S EXHIBITS AS WELL AS THE DEFENDANT'S EXHIBIT AND THE WAY MRS. MCCARTHY HANDLES DOCUMENTS

OR EXHIBITS THAT ARE ADMITTED VERSES IF THEY HAVE BEEN PROFFER OR MARKED FOR ID IS IF THEY ARE ADMITTED IT'S REGULAR TYPE. IF THEY'RE MARKED FOR ID AND WERE NOT YET ADMITTED OR PROFFERED BECAUSE THEY'RE NOT ADMITTED BY THE COURT, SHE PUTS THOSE IN BOLD IN THE INDEX THAT SHE HAD DONE FOR THIS HEARING. AND AS I SAID, WE HAD TWO DAYS IN JANUARY OF 2011 AND I BELIEVE THAT'S BEEN TRANSCRIBED. I BELIEVE WE HAD THREE DAYS IN JUNE OF 2011 WHICH WE ENDED ON WEDNESDAY AS I BECAME ILL. I BELIEVE THAT ONE HAS NOT BEEN TRANSCRIBED, BUT SHE DID PROVIDE... WHILE THE HEARING ITSELF HASN'T BEEN TRANSCRIBED, SHE DID PROVIDE EACH OF US WITH THE LIST OF EXHIBITS THAT WERE INTRODUCED DURING THAT TRIAL. AND THEN WE WERE TOGETHER AGAIN IN OCTOBER OF 2011 FOR EITHER TWO OR THREE DAYS, YOUR HONOR, AND THAT HAS BEEN TRANSCRIBED AS WELL AS THE UPDATED EXHIBIT LIST PROVIDED. AND ON THOSE LISTS THAT WERE PROVIDED... AND PROVIDED CONTEMPORANEOUSLY WITH THE TRANSCRIPTS

OF THOSE HEARINGS THAT HAVE BEEN TRANSCRIBED, IT INDICATES THAT THOSE EXHIBITS WERE ADMITTED. SO, I DIDN'T MEAN TO MISLEAD THE COURT AND I KNOW PEPPER DID NOT MISLEAD THE COURT. AND IF, IN FACT, THAT IS THE CASE, THEN THAT IS THE CASE. THIS MAY ALL BE IMMATERIAL BECAUSE MR. VEREEN IS GOING BACK ON THE STAND. WE'VE TALKED ABOUT THE BOOKS AT LENGTH. I KNOW THAT PLAINTIFFS MAY HAVE SOME OBJECTIONS, BUT IF THEY COME IN BASICALLY NO HARM NO FOUL AS FAR AS THE DEFENDANT'S ARE CONCERNED. BUT BECAUSE THE AREA OF THE TRANSCRIPT THAT COVERS FROM EXHIBIT 77 THROUGH EXHIBIT 81, I BELIEVE MRS. MCCARTHY INDICATED MAYBE GOES FROM SOMEWHERE AROUND PAGE 300 OF THAT SERIES OF TRANSCRIPTS TO THE 600S AND NEITHER THE COURT NOR I HAVE HAD THE TIME NATURALLY TO REVIEW THAT. I WOULD JUST LIKE TO STATE FOR THE RECORD THAT IS NOT MY RECOLLECTION, BUT I WOULD LIKE TO RESERVE THE RIGHT TO REVIEW THE TRANSCRIPT AND IF I FIND THAT TO BE THE CASE, FINE. BUT ADDITIONALLY, ONCE MR.

VEREEN GETS ON THE STAND, THE FIRST THING I'M GOING TO DO IS TRY TO INTRODUCE THE ONES THAT THE COURT REPORTER HAS INDICATED SHE DOESN'T THINK WERE EVER INTRODUCED AND IF THEY COME IN IT DOESN'T MATTER AT THIS POINT.

JUDGE HOWE: I THINK THAT'S A GOOD THING. I THINK YOU NEED TO TRY TO GET THEM BACK IN UNDER MR. VEREEN. 77, 79, 80 AND 81 YOU NEED TO TRY TO GET IN UNDER MR. VEREEN.

MS. COOK: OKAY. BU+T I WOULD JUST LIKE TO NOTE THAT AT THIS POINT IN THE TRANSCRIPT AND RESERVE THE RIGHT WITH REGARD TO THOSE MATTERS AND HOPEFULLY IN 15 MINUTES OR 10 MINUTES, IT'S NOT REALLY GOING TO MATTER IN THE SCHEME OF THINGS AS FAR AS THE DEFENSE IS CONCERNED.

JUDGE HOWE: THAT WOULD BE MY RECOMMENDATION BASED ON WHAT THE COURT REPORTER HAS LOOKED AT LAST NIGHT AND WHAT I SAY IN THE RECORD RIGHT NOW. THANK YOU. ANYTHING ELSE BEFORE WE GET STARTED?

MS. COOK: YES, MA'AM. I WILL NEED THIS TO BE ON THE RECORD AS WELL. MRS. BRADY DID TAKE HOME THE COURT'S... OR THE PLAINTIFFS EXHIBITS THAT I THINK ARE THE ORIGINALS OF PLAINTIFF'S 1 THROUGH 4, WHICH ARE THE NOTEBOOKS OF MRS. BRADY'S FOR THE YEARS 2004 THROUGH 2007 RESPECTIVELY, TO RUN COPIES OFF FOR THE DEFENDANT TO MAKE SURE THAT THEY HAD THE RIGHT THING. AM I CORRECT, MRS. BRADY?

MRS. BRADY: YES. I JUST KIND OF VERIFIED BECAUSE I HAD SOME BACKUPS IN MY OFFICE AND MADE SURE THAT MY BOOKS MATCHED. THAT WE WOULD HAVE A COPY THAT MATCHED WHAT THE JUDGE HAS.

MS. COOK: THIS MORNING, I HAVE LIKEWISE GONE THROUGH TO TRY TO MAKE SURE THAT MY COPY OF WHAT WAS INTRODUCED AS PLAINTIFF'S EXHIBIT 1 THROUGH 4 IS WHAT WAS INTRODUCED AS EXHIBITS 1 THROUGH 4. I ALSO WENT THROUGH EXHIBIT 40 WHICH IS KIND OF HER SUMMARY END REPORT. I HAVE HAD AN OPPORTUNITY TO REVIEW EXHIBIT 40, EXHIBIT 1 WHICH IS THE 2004 NOTEBOOK. EXHIBIT 2 WHICH IS THE 2005 NOTEBOOK.

EXHIBIT 4 WHICH IS THE 2007 NOTEBOOK. I HAVE REVIEWED THOSE IN TOTALITY. SO, I HAVE REVIEWED THE SUMMARY REPORT EXHIBIT 40, THE YEARS 2004, 2005 AND 2007. I'M UP TO TAB 11 IN THE 2006 NOTEBOOK WHICH IS PLAINTIFF'S EXHIBIT 3. AND I CAN FINISH THAT AT LUNCH OR AS WE TAKE BREAKS. THAT'S NOT A PROBLEM BUT SO FAR... I'M NOT ALLEGING THAT THERE'S ANYTHING UNTOWARD THAT HAS OCCURRED, THE VOLUME OF PAPER AND THE LENGTH OF TIME THIS CASE HAS TAKEN, I'M NOT ACCUSING ANYBODY OF ANYTHING. BUT I JUST WANT TO MAKE SURE I'M WORKING ON THE SAME PAGE AS THE PLAINTIFFS AND FOR THE ONES THAT I HAVE GONE THROUGH, IF IT'S GOT A GREEN STICKY ON IT, THOSE ARE DOCUMENTS THAT ARE IN MRS. BRADY'S REPORTS THAT HAVE BEEN INTRODUCED THAT ARE NOT IN WHAT I WAS PROVIDED. THERE IS ONE EXHIBIT THAT I'VE GOT MARKED. THERE ARE TWO EXHIBITS THAT I'VE GOT MARKED THAT I WAS PROVIDED, BUT NOT THE VERSION OF IT. I WAS PROVIDED AN EARLIER VERSION AND THERE IS A DIFFERENCE IN BOTH OF THOSE.

IT'S NOT A MATERIAL DIFFERENCE, BUT THERE IS A DIFFERENCE IN THE VERSION OF THOSE TWO EXHIBITS THAT ARE IN AND THE EXHIBITS THAT HAVE BEEN INTRODUCED BY THE PLAINTIFF AND WHAT I HAVE. WHAT I WOULD LIKE IS, COULD I BE ALLOWED THIS EVENING OR COULD WE HAVE YOUR COURT STAFF... NOT TODAY, IT DOESN'T HAVE TO BE DONE TODAY, BUT IF I COULD JUST HAVE RUN OFF WHAT I'VE MARKED --

JUDGE HOWE: SURE.

MS. COOK: -- SO THAT I CAN PUT IT IN MY NOTEBOOKS... SO THEY WILL BE EXACTLY THE SAME AS WHAT HAS BEEN PROVIDED TO THE COURT AND MARKED INTO EVIDENCE.

JUDGE HOWE: SURE. I DON'T I HAVE PLAINTIFF'S 40. DO Y'ALL HAVE PLAINTIFF'S 40 BACK THERE ON ONE OF THE COUNSEL'S TABLES?

MS. COOK: PEPPER HAS IT, YOUR HONOR.

COURT REPORTER: YES, MA'AM.

MS. COOK: SO WHETHER I TAKE THEM THIS EVENING TO MAKE THOSE COPIES... DOES COUNSEL HAVE A PROBLEM WITH ME DOING THAT?

MR. DURANT: NO PROBLEM.

MS. COOK: JUST FOR THE COURTS' INFORMATION, MRS. SISSON IS VERY ILL. NOT THAT SHE DOESN'T BELIEVE THIS IS NOT IMPORTANT. SHE'S VERY ILL.

RE-RE-CROSS EXAMINATION BY MS. COOK:

Q MR. VEREEN, BEFORE WE GET BACK INTO KIND OF WHERE WE LEFT OFF YESTERDAY, I'M GOING TO SHOW YOU SOME EXHIBITS AND HAVE YOU IDENTIFY THEM AND WE'LL GO FROM THERE. MR. VEREEN, I'M HANDING YOU A NOTEBOOK THAT'S BEEN MARKED AS DEFENDANT'S EXHIBIT 77 AND IT'S ENTITLED ARTHUR W. VEREEN ACCOUNTS RECEIVABLE DUE FROM A&E 2003 THROUGH 2009. IT SAYS IT WAS PREPARED IN JANUARY OF 2011. ARE YOU FAMILIAR WITH THIS EXHIBIT AND THE DOCUMENTS THAT ARE CONTAINED IN THIS EXHIBIT?

A I AM.

Q AND WHAT IN TERMS OF A GENERAL DESCRIPTION IS CONTAINED IN EXHIBIT 77?

A THERE ARE COPIES OF CHECKS AND INVOICES THAT WE HAVE --

Q WHO IS "WE"? I NEED YOU TO BE --

A ME. THAT I PULLED AS WELL AS MY DAUGHTER, BETH, IN THE OFFICE AND FROM MY RECORDS THAT PERTAIN

TO MONIES THAT I HAVE PAID ON BEHALF OF A&E THAT I EXPECT TO BE REIMBURSED FOR.

Q THE RECORDS THAT ARE CONTAINED IN THIS NOTEBOOK AND YOU PULLED THEM WITH THE ASSISTANCE OF YOUR DAUGHTER WHO ALSO WORKED FOR A&E, IS THAT CORRECT?

A THAT'S CORRECT.

Q IN SETTING UP THE NOTEBOOK YOU SET IT UP BY YEAR?

A YES.

Q THE DOCUMENTS THAT ARE CONTAINED IN EXHIBIT 77, ARE THEY DOCUMENTS THAT ARE FINANCIAL RECORDS, CHECKS, THINGS OF THAT NATURE THAT ARE OF YOUR PERSONAL FINANCES?

A YES.

Q DO THESE RECORDS ALSO CONTAIN INVOICES AND SUPPORTING DOCUMENTATION FROM VENDERS OR SUBCONTRACTORS OR PROVIDERS OF MATERIALS THAT WERE FOR JOBS BEING DONE BY A&E THAT YOU HAVE KEPT IN THE NORMAL COURSE OF A&E'S BUSINESS AS WELL AS YOUR BUSINESS VENTURES?

A YES.

Q AND WERE THOSE DOCUMENTS THE INVOICES OR THE BACKUP? WERE THEY PREPARED AND SUBMITTED TO EITHER YOU AND/OR A&E AT THE TIME THE DEBTS WERE

INCURRED?

A YES.

Q AND ALSO WITHIN THIS EXHIBIT HAVE YOU DONE SOME TABLE OF CONTENT TYPE LEDGERS TO MAKE IT EASIER TO ORGANIZE AND FIND WHAT'S NEEDED IN THIS BOOK?

A YES. I DIDN'T PHYSICALLY TYPE IT. WE DID WRITE IT OUT OR I WROTE IT OUT.

Q HAVE YOU LOOKED AT AND EXAMINED EVERY DOCUMENT IN THIS NOTEBOOK?

A YES.

Q HAVE YOU VERIFIED THAT THESE ARE PERSONAL RECORDS OF YOURS AND/OR BUSINESS RECORDS THAT PERTAIN TO JOBS THAT A&E WAS DOING FOR WORK DURING THE TIMEFRAMES REPRESENTED IN THIS BOOK WHICH WOULD BE THROUGH 2009?

A YES.

MS. COOK: YOUR HONOR, WE WOULD LIKE TO INTRODUCE EXHIBIT 77 INTO EVIDENCE.

JUDGE HOWE: ANY OBJECTIONS?

MR. DURANT: YOUR HONOR, THERE'S NUMEROUS OBJECTIONS. ONE BEING THE SAME OBJECTION THAT WE HAD BEFORE IS THAT THE COURTS' ORDER REQUIRED THAT THERE BE AN ACTUAL INVOICE IDENTIFIED OF WHAT THE BILL WAS FOR AND A CHECK FOR PAYMENT IN

THERE. THESE RECORDS CONTAIN MANY, MANY, MANY CREDIT CARD BILLS THAT'S NOTHING BUT A CREDIT CARD BILL AND SOME HANDWRITING I THINK BY BETH AND ON MANY OCCASIONS NO CHECKS FOR PAYMENT. WE THINK THEY ARE IMPROPER. TO THE EXTENT THAT THERE WAS A TIMELY INVOICE SUBMITTED BY DECEMBER 1ST THE CUTOFF DATE AND A CHECK FOR PAYMENT THERE, I THINK THEY ARE PROPER TO GO INTO EVIDENCE, BUT TO THE EXTENT THAT THEY ARE NOT, THEY ARE IMPROPER. THAT'S WHY WE DID NOT AGREE FOR THOSE TO GO INTO EVIDENCE. AND HIS TESTIMONY IS YESTERDAY THAT HE SUBMITTED THESE INVOICES TO A&E FOR PAYMENT WHEN THE BILLS WERE RENDERED. WE WANT THE CHANCE TO CROSS-EXAMINE HIM ON THAT ISSUE NOW BECAUSE I DON'T THINK THERE'S EVER BEEN A REQUEST TO A&E FOR PREPAYMENT OF THESE INVOICES. WE DID NOT EVEN HAVE THEM WHEN WE TOOK HIS DEPOSITION. A&E DIDN'T HAVE THEM AND HE DIDN'T HAVE THEM.

JUDGE HOWE: YOU WILL CERTAINLY HAVE THE RIGHT TO CROSS-EXAMINE.

JUDGE HOWE: MS. COOK?

MS. COOK: I DON'T KNOW IF MR. THOMAS HAS AN OBJECTION OTHER THAN... I WOULD RATHER THE PLAINTIFF'S OBJECT --

MR. THOMAS: MY ONLY OBJECTION IN ADDITION TO WHAT MR. DURANT STATED IS THESE HAVE BEEN REPRESENTED AS BUSINESS RECORDS OF A&E. I SUBMIT THAT WHEN WE STARTED LOOKING THROUGH THERE, WE ARE GOING TO FIND THAT THESE ARE RECORDS OF EVERYBODY BUT A&E. THEY'RE RECORDS OF WAYNE VEREEN PERSONALLY. THEY'RE RECORDS OF SOMEBODY ELSE OTHER THAN THEM. OTHER THAN THAT FACT, I GUESS, THEY CAN COME IN IF WE CAN CROSS-EXAMINE HIM ON THEM. I JUST WANT TO MAKE SURE EVERYBODY'S CLEARED AS TO WHAT THEY ACTUALLY ARE.

JUDGE HOWE: MS. COOK, DO YOU HAVE THESE THE WAY YOU DID THE OTHERS, IN BLUE AFTER THE CUTOFF DATE?

MS. COOK: I DO. YES, MA'AM. I WILL ADD TO OR AMEND MY REQUEST TO ADMIT EXHIBIT 77 AS IT SITS IN TOTALITY WITH THE UNDERSTANDING THAT EXHIBIT 77

INCLUDES SOME DOCUMENTS THAT ARE RUN OFF ON BLUE PAPER. THEY ARE DOCUMENTS THAT WERE NOT PRODUCED BY YOUR DECEMBER 1ST CUTOFF DATE. I UNDERSTAND AND I KNOWLEDGE THAT THOSE DOCUMENTS CANNOT COME INTO EVIDENCE BECAUSE OF THE COURTS' ORDER THAT WE REVIEWED TOGETHER YESTERDAY. I WOULD LIKE TO PROFFER THOSE AND THAT WILL STAND TRUE OR THE OTHER THREE NOTEBOOKS THAT WE ARE GOING THROUGH. TO PROFFER THE BLUE SHEETS WITH THE UNDERSTANDING THAT THE COURTS NOT GOING TO ALLOW THOSE IN, BUT FOR PURPOSES OF THE RECORD I WILL PROFFER THEM. THE REMAINING SHEETS THAT ARE IN THE NOTEBOOK MET THE COURT'S ORDER IN TERMS OF BEING PROVIDED BEFORE THE CUTOFF DATE. I WILL ADDRESS THAT. SO I WOULD LIKE TO ADMIT ALL THE SHEETS EXCEPT THE BLUE SHEETS THAT ARE WITHIN EXHIBIT 77 INTO EVIDENCE AND I WILL LIKEWISE PROFFER THE BLUE SHEETS.

JUDGE HOWE: ALRIGHT. WITH THAT STIPULATION THEN DEFENDANT'S 77 SO ADMITTED EXCEPT FOR THE BLUE SHEETS THAT

MS. COOK WILL PROFFER.

NOTEBOOK FROM MRS. BRADY

MARKED FOR IDENTIFICATION AND

INTRODUCED INTO EVIDENCE AS

DEFENDANT'S EXHIBIT 77.

BLUE SHEETS IN 77 ARE JUST

PROFFERED.

MR. DURANT: YOUR HONOR, JUST TO BE CLEAR. THE COURT IS GOING TO LET CREDIT CARD CHARGES INTO EVIDENCE AT THIS TIME THAT ARE NOT SUPPOSED TO BE BY WHAT THE CHARGE WERE AND THE CHECK? THAT'S WHAT'S IN THIS BOOK.

JUDGE HOWE: YES. I'M GOING TO LET THEM IN AND THEN YOU MAY CROSS-EXAMINE BECAUSE I DON'T KNOW WHAT ALL IS IN THERE. YOU MAY CROSS-EXAMINE TO YOUR HEARTS DESIRE.

MR. DURANT: THANK YOU, YOUR HONOR. MAY WE HAVE TWO MINUTES?

MS. COOK: BEFORE THEY TAKE THEIR TWO MINUTES. COULD I... I WOULD LIKE TO REQUEST THE INTRODUCTION OF 79, 80 AND 81 AND IF PLAINTIFFS COUNSEL WOULD LIKE ME TO GO THROUGH TO PROPERLY

AUTHENTICATE AND LAY THE FOUNDATION FOR EACH OF THOSE, BUT I WILL BE MOVING TO INTRODUCE THOSE LIKEWISE THROUGH MR. VEREEN WITH THE UNDERSTANDING THAT THE BLUE SHEETS THAT ARE WITHIN THOSE NOTEBOOKS WHICH WERE NOT PRODUCED WITHIN THE TIMEFRAME THE COURT ORDERED ARE PROFFERED. THEY ARE NOT INTRODUCED. I DID NOT KNOW IF WHEN YOU TAKE YOUR TWO MINUTES... I UNDERSTAND YOUR OBJECTIONS AND WE COULD LET THAT BE A STANDING OBJECTION AND SEE IF YOUR HONOR WILL JUST BLANKET AND LET THOSE IN WITHOUT GOING THROUGH EACH EXERCISE, BUT I DON'T MIND EITHER WAY.

JUDGE HOWE: TO SAVE TIME?

MS. COOK: I UNDERSTAND YOU'RE NOT GOING TO CONSENT TO IT, BUT --

MR. THOMAS: WITH REGARD AT LEAST TO DEFENDANT'S EXHIBIT 81, THERE'S AN ADDITIONAL CONCERN THAT WE EXPRESSED TO THE COURT YESTERDAY. THAT IS LARGELY A COMPILATION OF BILLS THAT THEY PAID THAT THEY WISH THEY DIDN'T PAY.

JUDGE HOWE: YES, SIR. I UNDERSTAND.

MR. THOMAS: I THINK THEY ARE BARRED FOR INTRODUCING EVIDENCE ABOUT THAT.

JUDGE HOWE: THOSE ARE THE ONES THAT MR. VEREEN ACTUALLY SIGNED THE CHECKS FOR?

MR. THOMAS: THAT'S CORRECT. YES, MA'AM.

MS. COOK: YOUR HONOR, I UNDERSTAND THAT THEY TAKE THAT POSITION, BUT THOSE ARE EVIDENCE OF AMOUNTS THAT WE BELIEVED IN DOING A FULL AND PROPER ACCOUNTING OF A&E MUST BE TAKEN INTO CONSIDERATION TO DO AN ACCOUNTING. IN THE PLEADINGS IN THIS CASE THERE ARE COUNTERCLAIMS ON BEHALF OF A&E THROUGH MR. VEREEN BACK AGAINST MR. SMITH. ALSO AGAINST E SMITH AND SONS CONSTRUCTION AND EES CONSTRUCTION AND CONSULTING, INC. THOSE ARE THE THINGS THAT ARE IN... THOSE ARE THE DOCUMENTS AND PROOF THAT WE WOULD BE SUBMITTED INTO IN ADDITION TO THE TESTIMONY THAT GO TO THOSE ISSUES.

JUDGE HOWE: WELL, I WILL LET ALL THOSE NOTEBOOKS IN FOR NOW UNDER THE STIPULATION THAT YOU HAVE MADE AND WE WILL LET PLAINTIFF'S COUNSEL

CROSS-EXAMINE ALL THOSE ISSUES INCLUDING THE ISSUE THAT MR. VEREEN SIGNED ALL THOSE CHECKS.

NOTEBOOK FROM MRS. BRADY MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS DEFENDANT'S EXHIBIT 79.

BLUE SHEETS IN 79 ARE JUST PROFFERED.

NOTEBOOK FROM MRS. BRADY MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS DEFENDANT'S EXHIBIT 80.

BLUE SHEETS IN 80 ARE JUST PROFFERED.

NOTEBOOK FROM MRS. BRADY MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS DEFENDANT'S EXHIBIT 81.

BLUE SHEETS IN 81 ARE JUST PROFFERED.

MS. COOK: YES, MA'AM.

MR. DURANT: YOUR HONOR, JUST FOR THE RECORD. WE HAVE AN OBJECTION TO EACH ONE GOING IN AS FAR AS COMPLYING WITH

YOUR ORDER WITH THERE BEING AN INVOICE AND A CHECK. WE BELIEVE THAT IS A REQUIREMENT FOR THE INTRODUCTION OF EVIDENCE.

JUDGE HOWE: I UNDERSTAND.

MR. DURANT: WE CAN'T GO THROUGH EVERY ONE OF THEM AND SO WE THINK THEY CANNOT BE PROPERLY AUTHENTICATED AS BEING LEGITIMATE BILLS OF A&E. SO, WE DON'T GO THROUGH THIS SAME SCENARIO.

JUDGE HOWE: I UNDERSTAND.

MR. DURANT: THANK YOU, YOUR HONOR.

JUDGE HOWE: HOPEFULLY SHE'S NOT GOING TO GO THROUGH EVERY ONE OF THESE INVOICES.

MS. COOK: NO, MA'AM.

MR. DURANT: GOD BLESS HER.

JUDGE HOWE: 5 MINUTE BREAK.

(OFF THE RECORD.)

JUDGE HOWE: OKAY. MS. COOK.

MS. COOK: WE ARE GOING TO LOOK NOW AT MRS. BRADY'S EXHIBIT 40 WHICH, I'M GOING TO, FOR SHORTHAND, CALL HER FINAL REPORT OR ALMOST FINAL REPORT, HER EXHIBIT 40. LOOK AT THE YEAR 2006 AND WE WILL LOOK

AT HER REFERENCE NUMBER WHICH IS THAT SECOND COLUMN. UNDER LINE ITEM 23, THERE ARE A NUMBER OF 23'S, BUT THE VERY FIRST ENTRY IS FOR THE HARTFORD INSURANCE COMPANY TAB 23. IS EVERYBODY WITH ME?

Q MR. VEREEN, LOOKING AT MRS. BRADY'S REPORT OF WHAT SHE HAS SAID ON BEHALF OF THE PLAINTIFF IS DUE BACK FROM A&E TO YOU. HOW MUCH DID THE PLAINTIFF INITIALLY ALLEGE WAS OWNED BY YOU TO A&E?

A INITIALLY WAS 23,939.81.

Q AFTER PROVIDING BACK UP AND MEETING WITH THE PLAINTIFF, HAVE WE CONCEDED THAT WE DO OWE A&E A PORTION OF THAT AMOUNT?

A YES.

Q AND HOW MUCH DO WE CONCEDE WE DO OWE?

A 5,626.

Q THAT LEAVES APPROXIMATELY 18,000 AND CHANGE THAT THEY BELIEVE THAT WE STILL OWE AND WE DISPUTE THAT, IS THAT CORRECT?

A THAT'S CORRECT.

Q LET ME SHOW YOU WHAT WE HAVE MARKED AS... WE HAVEN'T YET, BUT WE WILL. LET ME SHOW YOU WHAT WE HAVE MARKED AS EXHIBIT 109. IT'S A SERIES OF

CHECKS AND SOME BACKUP STUFF. CAN YOU IDENTIFY THAT DOCUMENT?

A IT'S OUR GENERAL LIABILITY INSURANCE, COMPANY INSURANCE, AS WELL AS AUTOMOBILE INSURANCE, EQUIPMENT INSURANCE.

Q AND THAT WOULD BE THE BILLING TO PAY FOR THE GENERAL LIABILITY INSURANCE AND THEN THE EQUIPMENT INSURANCE ON THE WORK TRUCKS AND BULLDOZERS AND THINGS OF THAT NATURE FOR THE YEAR 2006, IS THAT CORRECT?

A IT ALSO HAS SOME OFFICE EQUIPMENT THAT'S COVERS THE WAREHOUSE EQUIPMENT AND THERE'S ALSO A POLICY IN THERE FOR OFFICE AS WELL AS THE EQUIPMENT INSIDE THAT OFFICE. IT ALSO INCLUDES PERSONAL STUFF LIKE PERSONAL CAR.

Q THE PERSONAL CAR IS YOUR CAR OR YOUR FAMILY'S CAR?

A THAT'S CORRECT.

Q AND THE VAN IS WHOSE VAN?

A THAT'S MY VAN.

Q THOSE ARE THE BILLS FOR THE YEAR OF '06?

A YES.

Q THAT'S WHAT EXHIBIT 109 IS?

A YES.

MS. COOK: YOUR HONOR, WE WOULD LIKE TO

INTRODUCE EXHIBIT 109.

JUDGE HOWE: ANY OBJECTIONS?

MR. DURANT: YOUR HONOR, WE DON'T HAVE ANY OBJECTIONS TO THE BILLS COMING IN AS BEING A BILL FOR HARTFORD THAT WAS PAID. WE HAVE THE ISSUE OF WHETHER THIS IS AN APPROPRIATE BUSINESS EXPENSE.

MR. THOMAS: SAME.

JUDGE HOWE: DEFENDANT'S 109 SO ADMITTED.

CHECK AND BACK UP DOCUMENTS MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS DEFENDANT'S EXHIBIT 109.

Q LET ME ALSO SHOW YOU WHAT WE HAVE MARKED AS DEFENDANT'S EXHIBIT 110. CAN YOU TELL ME WHAT DEFENDANT'S 110 IS?

A I THINK I TESTIFIED THAT THE '05 SIERRA WAS MY VAN, BUT ACTUALLY THAT'S ELLIS TRUCK. IT'S NOT MY VAN. THE CAR IS MY WIFE'S CAR.

Q ALRIGHT. SO, 110 IS THE SAME COVERAGE ON THE OFFICE, THE WAREHOUSE, THE EQUIPMENT, ELLIS' VAN --

A NO. ELLIS' TRUCK.

Q ELLIS' TRUCK AND YOUR WIFE'S CAR?

A THAT'S CORRECT.

Q 109 IS FOR '06 AND 110 IS FOR 2007?

A THAT'S CORRECT.

MS. COOK: WE WOULD LIKE TO INTRODUCE EXHIBIT 110 INTO EVIDENCE.

MR. DURANT: YOUR HONOR, BEFORE WE DO THAT COULD WE INQUIRE AS TO WHETHER THE PROPERTY DAMAGE COVERAGE ALSO COVERED OTHER OFFICES THAT WERE OWNED BY MR. VEREEN'S WIFE ON ROBERT GRISSOM?

JUDGE HOWE: WHAT?

DR. DURANT: PARKWAY OFFICES ARE LINDA VEREENS'. I THOUGHT THESE BILLS INCLUDED OTHER OFFICES OTHER THAN THE OFFICE THAT A&E WAS OCCUPYING.

MS. COOK: I WILL ASK HIM THAT QUESTION, BUT OF COURSE, MR. DURANT IS GOING TO HAVE AN OPPORTUNITY TO CROSS-EXAMINE MY CLIENT.

MR. DURANT: WELL, YOU ASKED HIM WHAT IT INCLUDED AND BEFORE WE OBJECTED WE WANT TO KNOW WHAT IT COVERS.

JUDGE HOWE: IT'S HARD TO TELL ABOUT THAT POLICY HERE.

Q MR. VEREEN, CAN YOU LOOK AT 109 AND 110 AND TELL

IF THE INSURANCE THAT COVERED OFFICE SPACE, WHAT OFFICE SPACE IT COVERED?

A IT DOES INCLUDE INSURANCE ON THE BUILDINGS.

Q IT INCLUDES INSURANCE ON THE BUILDING THAT WAS OCCUPIED BY A&E AS WELL AS THE OTHER BUILDING THAT IS OWNED BY YOUR WIFE, IS THAT CORRECT?

A THAT'S CORRECT.

Q SO, IT DOES INCLUDE BOTH THE BUILDING BEING OCCUPIED BY A&E AND THE BUILDING OWNED BUT NOT OCCUPIED BY A&E?

A THAT'S CORRECT.

MS. COOK: THERE'S THE ANSWER TO THAT QUESTION, FRANK. I WOULD LIKE TO INTRODUCE DEFENDANT'S EXHIBIT 110.

MR. DURANT: YOUR HONOR, HERE IS EQUIPMENT THAT IS INSURED UNDER THERE THAT IS NOT OWNED BY A&E OR USED BY A&E. WE OBJECT TO THAT BEING A LEGITIMATE BUSINESS EXPENSE.

MS. COOK: YOUR HONOR, HE CAN DO THIS ON CROSS-EXAMINATION. THAT'S NOT WHETHER IT CAN BE INTRODUCED. I CAN FURTHER QUESTION... WHICH MAY CONCEDE TO SOME OF THAT STUFF THROUGH THE QUESTIONING.

JUDGE HOWE: I WILL ALLOW IT.
DEFENDANT'S 110 ADMITTED OVER OBJECTION AND I WILL ALLOW YOU TO CROSS-EXAMINE ON THAT.
A&E CHECKS MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS DEFENDANT'S EXHIBIT 110.

Q OF THE AMOUNT THAT WE HAVE CONCEDED AS PERSONAL EXPENSES PAID FOR INSURANCE COVERAGE TO THE HARTFORD, WHAT DOES THAT INCLUDE? THAT WE AGREED AND THAT WE CONCEDE ARE PERSONAL EXPENSES?

A THAT AMOUNT IS $5,626.00 WHICH IS INSURANCE ONLY FOR WHAT I CALL THE OFFICE BUILDING.

Q BOTH OFFICE BUILDINGS OR THE OFFICE BUILDING THAT IS OWNED BY YOUR WIFE AS OPPOSED TO A&E?

A I BELIEVE IT'S THE OFFICE BUILDING THAT WE DID NOT OCCUPY. BUT THAT INSURANCE ON THE BUILDING THAT WE DID NOT OCCUPY AT THAT TIME WE ALSO USED THE WAREHOUSE AS WELL AS THE... WE USED MANY WAREHOUSES AND SHARED INSURANCE ON THEM.

Q BUT WE HAVE CONCEDED THAT OF THE TOTAL NUMBER THE PLAINTIFF'S SEEK, THE 5,000 AND CHANGE THAT WE AGREE WITH INCLUDES THE INSURANCE ON YOUR

PERSONAL TRUCK AND --

A NO. MY WIFE'S CAR.

Q RIGHT. ON YOUR WIFE'S CAR AND THE INSURANCE ON THE BUILDING THAT WAS NOT OCCUPIED BY A&E, AND THE WAREHOUSES EVEN THOUGH THEY WERE USED TO SOME EXTENT BY A&E, IS THAT CORRECT?

A THAT'S CORRECT.

Q THE BALANCE OF 18,000 THAT WE DON'T CONCEDE YOU OWE THAT WE CONTEST AND SAY IT IS A LEGITIMATE A&E EXPENSE FOR THE YEAR 2006, THAT'S REPRESENTED IN EXHIBIT 109. WHAT IS THAT MADE UP OF THAT THE PLAINTIFF AND THEIR EXPERT HAVE NOT AGREED SHOULD BE A LEGITIMATE EXPENSE?

A IN OUR MEETING WE SAID ALL THE HARTFORD WAS MY EXPENSE, WHICH IS INSURANCE FOR THE COMPANY GENERAL LIABILITY, COMMERCIAL, VEHICLE INSURANCE.

Q WHEN YOU SAID, "VEHICLE INSURANCE"?

A VEHICLES AND EQUIPMENT USED BY A&E DURING CONSTRUCTION.

Q IF WE TURN IN MRS. BRADY'S BOOK TO THE NEXT YEAR, 2007?

JUDGE HOWE: IS MR. VEREEN SAYING THAT THE PROPERTY INSURANCE SHOULD BE INCLUDED AS AN A&E EXPENSE FOR THE

OFFICES? ARE YOU SAYING THAT A&E SHOULD PAY THE INSURANCE ON THE BUILDING?

A I'M SAYING A&E PAYS THE INSURANCE ON THE BUILDING THEY'RE OCCUPYING, NOT ON THE BUILDING IT'S NOT OCCUPYING.

JUDGE HOWE: IS THAT PART OF THE LEASE THAT A&E SHOULD PAY THE PROPERTY INSURANCE?

A YES. THAT'S WHAT WAS IN OUR DISCUSSIONS BETWEEN ELLIS AND I, BUT WE DON'T HAVE... IT'S JUST A VERBAL LEASE, YOUR HONOR. WE DID NOT HAVE ANYTHING IN WRITING.

JUDGE HOWE: RIGHT. THANK YOU.

Q SO, THE DIFFERENCE OF 18 FOR 2006 IS MADE UP OF THE 18 AND CHANGE? WHEN WE TURN AND LOOK AT 2007 IN MRS. BRADY'S REPORT AND WE LOOK AGAIN AT LINE ITEM... THE SECOND PAGE AND WE LOOK AT LINE ITEM 21, WHAT DOES IT SHOW THAT THE PLAINTIFFS HAVE ALLEGED THAT WE OWE TO A&E FOR PAYMENTS TO THE HARTFORD IN 2007?

A $11,585.39.

Q OF THAT AMOUNT, WHAT DO WE AGREE WE OWE BACK TO A&E?

A $2,972.00.

Q WHAT ARE THOSE CHARGES MADE UP OF THAT WE AGREE

ARE PERSONAL EXPENSES, EXHIBIT 110?

A THIS POLICY IS STRICTLY COMPANY INSURANCE AND DOES NOT INCLUDE THE INSURANCE ON THE OFFICE BUILDING.

Q SO WE SAY ALL OF THE AMOUNTS THAT ARE REFLECTED IN EXHIBIT 110 ARE LEGITIMATE EXPENSES EXCEPT FOR THE A&E?

A THAT'S CORRECT. EXCEPT FOR MY WIFE'S CAR.

Q IS THAT THE AMOUNT THAT YOU CONCEDED THAT IS ON --

A YES.

Q WHAT IS THAT AMOUNT?

A $2,972.00.

Q SO THAT LEAVES ABOUT HOW MUCH?

A 11,000.

Q THE DIFFERENCE BETWEEN THE TWO IS ABOUT HOW MUCH?

A $9,500, $9,600 SOMETHING LIKE THAT.

Q IF I COULD ASK YOU TO FLIP BACK TO MRS. BRADY'S REPORT TO THE YEAR 2005. IN HER REPORT IN 2005 ON THE SECOND PAGE, DOES SHE HAVE A ITEM WHERE THE PLAINTIFF ALLEGED THAT THERE IS AN AMOUNT OWED BY YOU BACK TO A&E FOR THE RENTAL OF A LULL AND A SKID?

A YES.

Q NOW, I DON'T WANT TO REPEAT MYSELF, BUT WHEN YOU TESTIFIED YESTERDAY, DID YOU USE A&E'S LULL AND/OR SKID AT PARK PLACE PROPERTIES?

A I TESTIFIED YESTERDAY I DID NOT USE THE LULL. THE LULL WAS ACTUALLY STORED ON PARK PLACE PROPERTIES, ON IT'S PROPERTY UP IN NORTH MYRTLE BEACH. NOW, THE SKID STEER I DID INDICATE THAT I DID USE IT VERY SPARINGLY.

Q IF YOU WOULD FLIP TO 2006 AND IF YOU WOULD LOOK AT MRS. BRADY'S REVISED REPORT ON THE SECOND PAGE, DOES SHE LIKEWISE HAVE A CHARGE FOR A SKID STEER AND A LULL?

A YES.

Q AND THAT'S LINE ITEMS 20, IS THAT CORRECT?

A THAT'S CORRECT.

Q HOW MUCH DOES SHE ALLEGE YOU OWE FOR THE LULL?

A THE LULL SHE HAS $22,800.

Q HOW ABOUT FOR THE SKID STEER?

A 15,000.

Q DO YOU CONCEDE THAT ANY OF THAT AMOUNT IS OWED BY YOU TO A&E?

A I DO NOT.

Q IN 2006, DID YOU RENT EQUIPMENT TO USE AT PARK PLACE PROPERTIES?

A I DID, BUT I'M NOT SURE WHAT THE TIMEFRAME WAS,

BUT I BELIEVE IT WAS IN '05. THE SKID STEER WE HAD PURCHASED AND I TOLD YOU THIS YESTERDAY. ACTUALLY, IT WAS STOLEN FROM WILLOUGHBY PLACE.

Q DID YOU SAY IT WAS STOLEN?

A YES, MA'AM. IT WAS STOLEN OFF OF WILLOUGHBY PLACE AND WE DID NOT HAVE A SKID STEER. I HAD A SKID STEER WHEN WE STARTED THAT A&E USED THAT I OWNED. ELLIS USED IT AT THE TAHITIAN PRINCESS AND THAT MOTOR WAS BLOWN UP. THE MACHINE DESTROYED IT AT TAHITIAN PRINCESS. THAT'S WHY WE PURCHASED... OR LEASED A BACK UP. WE DID A LEASE PURCHASE, AS I TESTIFIED YESTERDAY, FROM EQUIPMENT RENTALS AND THAT MACHINE WAS STOLEN OFF OF THE WILLOUGHBY PLACE IN '05. AND THEN A FEW MONTHS LATER, I'M NOT SURE OF THE TIMEFRAME, WE ENDED UP BUYING... WELL, IT HAD TO BE IN '06 BECAUSE THE MACHINE THAT WE BOUGHT WAS A 2006 SKID STEER FROM HERTZ. THERE WAS A TIMEFRAME THAT WE DID NOT OWN OR DID NOT LEASE A SKID STEER.

Q LET ME SHOW YOU A GROUP OF DOCUMENTS THAT I'M GOING TO **PRE-MARK FOR ID EXHIBIT 111.** IF YOU WOULD TAKE A LOOK AT THOSE?

A OKAY.

Q MR. VEREEN, WHAT IS EXHIBIT 111?

A IT'S A COPY OF INVOICES FOR EQUIPMENT THAT WAS PURCHASED AND WHEN WE PURCHASED IT. THAT WAS RENTED AT THE POINTE MARSH AND PARK PLACE PROPERTIES.

Q THESE ARE THE ACTUAL INVOICES FROM HERTZ AND THE CHECKS WHERE PARK PLACE PROPERTIES PAID FOR THE RENTAL OF THAT EQUIPMENT, IS THAT CORRECT?

A THAT'S CORRECT.

MS. COOK: YOUR HONOR, WE WOULD LIKE TO INTRODUCE DEFENDANT'S EXHIBIT 111.

MR. DURANT: ARE THESE THE SAME ONES THAT WE HAD BEFORE? NO OBJECTION. I THINK THEY HAVE ALREADY BEEN INTRODUCED.

MS. COOK: I COULDN'T BE SURE.

JUDGE HOWE: DEFENDANT'S 111 IS ADMITTED WITHOUT OBJECTION.

PPP CHECKS MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS DEFENDANT'S EXHIBIT 111.

Q FOR 2007, IS THERE LIKEWISE A CHARGE BY THE PLAINTIFFS FOR A VALUE FOR RENTAL OF A SKID STEER AND A LULL?

A YES.

Q THAT AGAIN, IS SHOWN UNDER LINE ITEM 20. HOW

MUCH DOES THE PLAINTIFF CHARGE FOR THE USE OR RENTAL OF A SKID STEER AND A LULL FOR 2007?

A THE LULL WAS $5,700 AND THE SKID STEER WAS 3,750.

Q LIKE 2006, DID... FOR THE USE OF EQUIPMENT SUCH AS THAT AT PARK PLACE, DID PARK PLACE RENT ITS OWN EQUIPMENT IF IT WAS NEEDED? DID THE SUBS HAVE THEIR OWN?

A THAT'S CORRECT.

Q DID YOU HAVE ANY AGREEMENT WITH ELLIS THAT A&E WOULD... THAT YOU OR PARK PLACE PROPERTIES WOULD PAY ANY RENT ON EQUIPMENT TO A&E?

A I DIDN'T HAVE ANY EQUIPMENT I WAS RENTING FROM A&E.

Q THANK YOU. MR. VEREEN, COULD I ASK YOU TO LOOK AT MRS. BRADY'S REPORT FOR THE YEAR 2005?

A OKAY.

Q IF YOU WOULD LOOK, IS THERE AN AMOUNT THAT THE PLAINTIFF HAS ALLEGED IS OWED BY YOU ON AN INVOICE FROM AN ENTITY KNOWN AS DOLPHIN?

A YES.

Q HOW MUCH DOES THE PLAINTIFF SAY IS OWED BY YOU FOR THE DOLPHIN ENTRY?

A 6,209.86.

Q NOW, IF I COULD, WHO WAS ON THE FOUNTAINS JOB?

THE FOUNTAINS WAS AN A&E JOB, CORRECT?

A THAT'S CORRECT.

Q WHO WAS IN CHARGE OF THAT JOB?

A ELLIS SMITH.

Q DO YOU RECOGNIZE ELLIS SMITH'S HANDWRITING?

A I DO.

Q LET ME SHOW YOU WHAT I HAVE MARKED AS DEFENDANT'S EXHIBIT 112?

MR. DURANT: LET ME CHECK AND SEE IF WE HAVE A COPY OF IT.

Q LET ME SHOW YOU WHAT I HAVE MARKED AS DEFENDANT'S EXHIBIT 112, CAN YOU IDENTIFY THAT DOCUMENT?

A YES. IT'S A CHECK THAT I WROTE TO DOLPHIN EQUIPMENT.

Q THAT YOU WROTE?

A YEAH. I HANDWROTE THE CHECK.

Q WHAT IS THE DATE OF THAT CHECK?

A MAY 1ST OF '05.

Q WAS THE FOUNTAINS JOB GOING ON IN MAY OF '05?

A YES.

Q DO YOU KNOW THAT... THAT CHECK IS WRITTEN OFF WHAT ACCOUNT?

A OFF OF A&E'S.

Q HOW MUCH IS THE CHECK FOR?

A 6,209.86.

Q THAT'S THE SAME AMOUNT THAT THE PLAINTIFFS HAVE CHARGED YOU THAT YOU OWE BACK ON TAB 13 BEHIND THE YEAR 2005, IS THAT CORRECT?

A THAT'S CORRECT.

Q MR. VEREEN, DO YOU KNOW WHAT THAT CHECK WAS PAYMENT FOR?

A WAS FOR MATERIALS THAT WE ORDERED FOR 511 BUILDING C OUT AT THE FOUNTAINS.

MRS. COOK: YOUR HONOR, WE WOULD LIKE TO INTRODUCE EXHIBIT 112 INTO EVIDENCE.

MR. DURANT: NO OBJECTION, YOUR HONOR, I THINK IT'S ALREADY IN EVIDENCE.

JUDGE HOWE: DEFENDANT'S 112 SO ADMITTED.

Q IN MRS. BRADY'S REVISED REPORT, HAS SHE ACKNOWLEDGED THAT THAT IS A LEGITIMATE A&E EXPENSE?

A NO.

Q IS SHE STILL SEEKING THAT ON BEHALF OF --

A SHE IS STILL SEEKING IT.

Q WAS THIS FOR PAYMENT OF MATERIALS ON AN A&E JOB?

A YES.

MR. DURANT: YOUR HONOR, I THOUGHT HE

SAID IT WAS FOR REPAIRS.

A I DID NOT. I SAID IT WAS FOR MATERIALS AND EQUIPMENT AT THE FOUNTAINS.

DOLPHIN CHECK MARKED FOR IDENTIFICATION AND INTRODUCED INTO EVIDENCE AS DEFENDANT'S EXHIBIT 112.

Q MR. VEREEN, LET ME SHOW YOU WHAT I HAVE MARKED AS DEFENDANT'S EXHIBIT 102. CAN YOU TELL THE COURT WHAT THAT IS?

A IT'S MY APPLICATION TO THE LLR CONTRACTORS LICENSE BOARD TO PLACE MY GENERAL CONTRACTORS LICENSE INTO A&E.

Q AS THE QUALIFYING PERSON?

A QUALIFYING PARTNER, YES.

Q WHAT'S THE DATE THAT YOU SOUGHT TO HAVE YOUR LICENSE PLACED WITH A&E AS THE QUALIFYING PERSON?

A OCTOBER THE 2ND OF 2007.

Q WHY DID YOU DO THAT IN OCTOBER OF 2007?

A I DID IT BECAUSE IT WAS OBVIOUS THAT ELLIS WAS NOT COMING BACK. WE HAD DETERMINED THAT HE WAS ACTUALLY WORKING ON AN OFFICE BUILDING FOR MARTIN BROWN AND THAT E SMITH AND SONS WAS THE CONTRACTOR. SO, I PLACED MY LICENSE WITH A&E TO