

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM Horry COUNTY
Court of Common Pleas

Ralph P. Stroman
Special Referee

Case No.: 2008-CP-26-6169

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SC Court of Appeals

Joseph E. Mason, Jr., Appellant

v.

Catherine L. Mason, Joseph E. Mason, Sr., Kathy St. Blanchard,
Mason Holding Company, Inc., and Irwin Levine, Respondents

ADDENDUM TO RECORD ON APPEAL

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Testimony of Kathy St. Blanchard

Direct Examination by Emma Ruth Brittain (p. 236-240 of 11/17/2011 trial testimony)

1 A. Correct. He opened up a back
2 commercial end.

3 Q. Now, your brother, Joe Mason, Jr., what
4 was his role in the company, if you could outline
5 that from the beginning?

6 A. He moved up earlier than me to watch
7 the construction of the building of the Surfside
8 store. Then we both went in. Again, I did the
9 accounting and retail sales, and he basically did
10 the operation of the one location.

11 Q. After Mr. Levine came on board, how
12 often was he present in Surfside or in the
13 different offices in terms of performing his
14 services?

15 A. I'd say approximately a week to two
16 weeks a year.

17 Q. And was that consistent through the
18 years?

19 A. Yes.

20 Q. Now, from the time that this first
21 store opened until July of 2008, who pretty much
22 handled the day-to-day financial operations of the
23 business?

24 A. Joe, Jr.

25 Q. And who made the operational decisions

1 during that same period of time -- from the time
2 the first store opened until July of 2008, who was
3 primarily responsible for the daily operational
4 decisions of the business?

5 A. Joe, Jr.

6 Q. Now, were there certain periods of time
7 where Mr. Mason, Jr., would leave the company's
8 employment?

9 A. There would be times my brother would
10 walk off the job, yes.

11 Q. Do you know how many times he walked
12 off the job?

13 A. At least a handful, if not more.

14 Q. And what would happen? Would anyone
15 know where he had gone or why he had left?

16 A. My father would be in contact with him.

17 Q. Would he eventually come back?

18 A. Yes.

19 Q. Until this last time when he quit?

20 A. Yes.

21 Q. And was he allowed to pretty much walk
22 back in and pick up where he left off and assume
23 the reigns of running the business?

24 A. Yes, business as usual.

25 Q. Now, were there issues between the two

1 of you where Joe, Jr., and you did not get along?

2 A. All families have issues, so there were
3 issues.

4 Q. There were some issues. And were there
5 times when he would refuse to speak to you?

6 A. Yes.

7 Q. Were there times he would yell at you?

8 A. Yes.

9 Q. Did he ever threaten you?

10 A. Yes.

11 Q. Ms. St. Blanchard, we've heard a bit of
12 testimony about these promissory notes that were on
13 the books. I'd like to ask you a couple questions
14 about those notes. Let's talk about that first
15 promissory note. At the time that note was
16 created, what did you know about it?

17 A. Nothing.

18 Q. When did you learn about this
19 transaction and what it all meant in terms of what
20 was being done with the books?

21 A. Back then?

22 Q. Right, but when did -- well, when did
23 you first learn that the promissory note had been
24 created?

25 A. I believe I first learned when the

1 promissory note was created when my husband brought
2 it home to me.

3 Q. Did he explain it to you?

4 A. I didn't understand the fundamentals of
5 it. I knew I was making money on it.

6 Q. But you didn't know why it was created?

7 A. No, I was not involved in financials at
8 that time.

9 Q. Did you know if there was anything
10 wrong with the manner in which it was being used on
11 the books of the corporation?

12 A. No, I did not.

13 Q. When did you first find out that there
14 was a tax issue with this first promissory note?

15 A. I don't know if it included the
16 promissory note, but I knew there were tax issues
17 when we got a letter from Wayne Byrd saying there
18 were things being done wrong.

19 Q. So when you received the Wayne Byrd
20 letter, that was your first notice that there was a
21 problem with the books or with the taxes?

22 A. That's when I first found out there was
23 a problem with anything.

24 Q. Is it fair to say that would have been
25 sometime in 2007?

1 A. Correct.

2 Q. Was there an issue with a second
3 promissory note? Were you asked to sign a
4 promissory note later?

5 A. Yes.

6 Q. Tell us about that note and what you
7 did.

8 A. It was roughly late '07. Joe, Jr.,
9 came into my office with promissory notes and asked
10 me to sign two promissory notes.

11 Q. And what was your reaction?

12 A. I told him absolutely not, that I had
13 just gotten all these letters from his attorneys
14 and I wasn't signing anything.

15 Q. So you knew what -- you finally learned
16 about the first promissory note that something was
17 going on with that. Is that correct?

18 A. That is correct.

19 Q. And you didn't want to sign a second
20 one?

21 A. That is correct.

22 Q. What happened when you told him you
23 were not going to sign that one?

24 A. He stormed out of my office.

25 Q. Was anyone else present when he