

THE STATE OF SOUTH CAROLINA
In The Supreme Court

APPEAL FROM BEAUFORT COUNTY
Court of Common Pleas
J. Ernest Kinard, Jr., Circuit Court Judge

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Apr 19 2021

S.C. SUPREME COURT

Court of Appeals Opinion No. 2019-UP-393
Originally Filed as 2018-UP-178, 2018-UP-179 and 2018-UP-180
Withdrawn, Substituted and Refiled December 18, 2019

Appellate Case No. 2020-000667

The Callawassie Island Members Club, Inc., Respondent,

v.

Gregory L. Martin and Rebecca L. Martin, Defendants,

and

The Callawassie Island Members Club, Inc., Respondent,

v.

Michael J. Frey and Grace I. Frey, Defendants,

Of Whom Gregory L. Martin and Michael J. Frey are the Petitioners.

APPENDIX

Volume 2

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** In accordance with this Court's Order on the Appendix of April 16, 2021, the Petitioners have removed from the *Frey* Record on Appeal those documents that were merely duplicates of identical documents appearing elsewhere in the Appendix. With the exception of the documents that remain, the *Frey* Record was identical to that of Martin.

222411

IN THE STATE OF SOUTH CAROLINA
In the Court of Appeals

APPEAL FROM THE COURT OF COMMON PLEAS
BEAUFORT COUNTY
FOURTEENTH JUDICIAL CIRCUIT

J. Ernest Kinard, Jr., Judge

Appellate Case No. 2015-000001

The Callawassie Island Members Club, Inc.,

Respondent,

v.

Gregory L. Martin and Rebecca L. Martin,

Defendants,

Of Whom Gregory L. Martin is the Appellant.

RECORD ON APPEAL
Volume 2 of 4

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STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

THE CALLAWASSIE ISLAND
MEMBERS CLUB, INC.,

Plaintiff,

v.

GREGORY MARTIN and
REBECCA L. MARTIN,

Defendants.

IN THE COURT OF COMMON PLEAS
FOR THE FOURTEENTH JUDICIAL CIRCUIT
CIVIL ACTION NO. 2012-CP-07-03218

2014 MAR 8 AM 9:17
JERRI ANN ROSENEAU
BEAUFORT COUNTY, S.C.
CLERK OF COURT

AFFIDAVIT OF JEFF SPENCER

PERSONALLY appeared before the undersigned Notary Public Jeff Spencer, General Manager of The Callawassie Island Members Club, Inc. (hereinafter sometimes referred to as "The Callawassie Island Members Club" or "CIMC"), Plaintiff in the above-captioned matter, who having first been duly sworn, deposes and on oath says:

1. That as General Manager of The Callawassie Island Members Club, I am familiar with and have personal knowledge of the files and records associated with the membership which is the subject of this action and I have reviewed the account information and records of CIMC kept in the ordinary course of business reflecting the debits and credits relating to this matter and have reviewed the various governing documents.

2. That as of January 31, 2014, the Defendants are indebted to the Plaintiff for the total amount of Twenty Nine Thousand Nine Hundred Eighty-One and 66/100 (\$29,981.66) Dollars for unpaid dues, fees, assessments and other charges as shown on the statement attached to this affidavit as Exhibit "A". That the dues, fees, assessments and other charges are in the nature of continuing contractual obligations and unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, continue to accrue. Said amount does not include attorney's fees and other costs of collection which are also due and which are addressed in a separate affidavit.

CIVIL ACTION NO. 2012-CP-07-03218
AFFIDAVIT OF JEFF SPENCER

3. In applying for and contracting to purchase a membership from The Callawassie Island Club, Inc., Plaintiff's predecessor in interest, and, further, in subsequently purchasing said membership, the Defendants agreed to a continuing contractual obligation to pay such dues, fees and charges established from time to time and to keep the memberships in good standing. Defendants also agreed that their membership would be governed by the Plan for the Offering of Memberships in The Callawassie Island Club, dated April 1, 1994, as same may be amended from time to time ("Plan"). Additionally, Defendants agreed that their membership would be governed by the General Club Rules and that any payments would be billed in accordance with the customary billing and collection procedure of the The Callawassie Island Club, Inc.

4. The Defendants also agreed to release and hold The Callawassie Island Club, Inc. harmless from any claims, demands or actions they might have because of the Membership Purchase Agreement, the Application for Membership, or any subsequent acts or omissions suspending or terminating the membership.

5. The Defendants were provided notice to satisfy their delinquent account, but have failed or refused to satisfy their continuing obligations to CIMC.

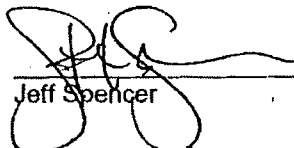
6. CIMC has demanded payment of the amounts due, but the Defendants have failed and refused to pay said delinquent amounts, and the Defendants are in breach and default of the agreements and covenants under the applicable documents, including but not limited to the The Callawassie Island Club Application for Membership and The Callawassie Island Club Membership Purchase Agreement; as well as the Plan, the By-Laws and the General Club Rules, as they may be amended from time to time.

CIVIL ACTION NO. 2012-CP-07-0318
AFFIDAVIT OF JEFF SPENCER

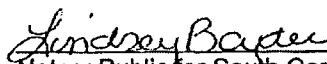
7. The fact that CIMC has been forced, owing to non-payment, to suspend the Defendants' membership rights and privileges pursuant to the applicable documents is unrelated to the Defendants' continuing obligation to maintain the memberships in good standing and pay the associated dues, fees, assessments and other charges.

8. The suspension of membership privileges does not relieve the Defendants' of their obligation to continue paying dues, fees and assessments until such time as their membership is reissued to a new member in accordance with the Plan, as amended.

FURTHER DEPONENT SAYETH NOT.


Jeff Spencer

SWORN to AND SUBSCRIBED before me
this 3rd day of March, 2014.

 (L.S.)
Notary Public for South Carolina
My Commission expires: September 5, 2016

01 - Callawassie Island Club
Member History Oct 01/10 - Feb 27/14

03093 - Mr. Gregory Martin
3801 Rosedale Road
Middletown OH 45042

Main Phone : 513-423-9767
Alt. Phone : 513-727-9300
Status : S

Date	Chit/Inv	Description	Charges	Tax/Grat	Amount	
		Balance Fwd.			659.18	659.18
Oct06/10	05120265	Pro Shop	24.00	1.68	25.68	684.86
Oct06/10	01133865	Grill Room	21.45	5.79	27.24	712.10
Oct07/10	05120268	Pro Shop	29.00	2.03	31.03	743.13
Oct07/10	05120277	Pro Shop	52.00	3.64	55.64	798.77
Oct07/10	01133925	Grill Room	24.20	6.53	30.73	829.50
Oct09/10	05120294	Pro Shop	44.00	3.08	47.08	876.58
Oct09/10	01133974	Grill Room	71.50	19.31	90.81	967.39
Oct09/10	01133972	Grill Room	18.40	4.97	23.37	990.76
Oct09/10	04087592	Bar	22.40	6.05	28.45	1,019.21
Oct31/10	SJ8105/05	Monthly Dues	556.00	-	556.00	1,575.21
Oct31/10	SJ8105/05	Club Amenities	50.00	-	50.00	1,625.21
Oct31/10	SJ8105/05	Golf Course Re	50.00	-	50.00	1,675.21
Oct31/10	4905/60	Ref. 4905 - Pa			(659.18)	1,016.03
Nov01/10	4905/58	Ref. 4905 - Pa			(659.18)	356.85
Nov01/10	4905/59	Reverse Cash R	659.18	-	659.18	1,016.03
Nov30/10	SJ8139/39	Monthly Dues	556.00	-	556.00	1,572.03
Nov30/10	SJ8139/39	Club Amenities	50.00	-	50.00	1,622.03
Nov30/10	SJ8139/39	Golf Course Re	50.00	-	50.00	1,672.03
Nov30/10	SJ8144/44	Finance Charge	15.25	-	15.25	1,687.28
Dec09/10	4958/75	Ref. 4958 - Pa			(862.03)	825.25
Dec28/10	01138636	Grill Room	22.95	6.20	29.15	854.40
Dec29/10	01138669	Grill Room	18.75	5.07	23.82	878.22
Dec29/10	01138828	Grill Room	64.00	17.28	81.28	959.50
Dec30/10	01138837	Grill Room	21.45	5.79	27.24	986.74
Dec30/10	06003057	To Go Order	99.00	18.81	117.81	1,104.55
Dec30/10	1388/84	Ref. 1388 - Pa			(825.25)	279.30
Dec31/10	SJ8177/77	Monthly Dues	605.00	-	605.00	884.30
Dec31/10	SJ8177/77	Club Amenities	50.00	-	50.00	934.30
Dec31/10	SJ8177/77	Golf Course Re	50.00	-	50.00	984.30
Dec31/10	05123003	Pro Shop	36.00	2.52	38.52	1,022.82
Dec31/10	01138854	Grill Room	20.45	5.52	25.97	1,048.79
Dec31/10	03003932	Snack Shop	-	-	-	1,048.79
Dec31/10	06003062	To Go Order	245.00	46.55	291.55	1,340.34
Jan31/11	SJ8209/09	Monthly Dues	605.00	-	605.00	1,945.34
Jan31/11	SJ8209/09	Club Amenities	50.00	-	50.00	1,995.34
Jan31/11	SJ8209/09	Golf Course Re	50.00	-	50.00	2,045.34
Jan31/11	SJ8209/09	Golf Deficit A	266.68	-	266.68	2,312.02
Jan31/11	SJ8209/10	Monthly Dues	(605.00)	-	(605.00)	1,707.02
Jan31/11	SJ8209/10	Club Amenities	(50.00)	-	(50.00)	1,657.02
Jan31/11	SJ8209/10	Golf Course Re	(50.00)	-	(50.00)	1,607.02
Jan31/11	SJ8209/10	Golf Deficit A	(266.68)	-	(266.68)	1,340.34
Jan31/11	SJ8211/11	Monthly Dues	605.00	-	605.00	1,945.34
Jan31/11	SJ8211/11	Club Amenities	50.00	-	50.00	1,995.34
Jan31/11	SJ8211/11	Golf Course Re	50.00	-	50.00	2,045.34
Jan31/11	SJ8212/12	Finance Charge	20.12	-	20.12	2,065.46
Feb08/11	5040/97	Ref. 5040 - Pa			(1,340.34)	725.12
Feb18/11	05124453	Pro Shop	79.00	5.53	84.53	809.65
Feb18/11	01141349	Grill Room	23.40	6.32	29.72	839.37
Feb19/11	05124465	Pro Shop	40.00	3.00	43.00	882.37

EXHIBIT A

Feb19/11	01141409	Grill Room	51.84	14.00	65.84	948.21
Feb20/11	05124494	Pro Shop	40.00	3.00	43.00	991.21
Feb28/11	SJ8234/34	Monthly Dues	605.00	-	605.00	1,596.21
Feb28/11	SJ8234/34	Club Amenities	50.00	-	50.00	1,646.21
Feb28/11	SJ8234/34	Golf Course Re	50.00	-	50.00	1,696.21
Feb28/11	SJ8233/33	Finance Charge	10.88	-	10.88	1,707.09
Mar17/11	5083/10	Ref. 5083 - Pa			(1,707.09)	
Mar31/11	SJ8267/67	Monthly Dues	605.00	-	605.00	605.00
Mar31/11	SJ8267/67	Club Amenities	50.00	-	50.00	655.00
Mar31/11	SJ8267/67	Golf Course Re	50.00	-	50.00	705.00
Apr30/11	SJ8295/95	Monthly Dues	605.00	-	605.00	1,310.00
Apr30/11	SJ8295/95	Club Amenities	50.00	-	50.00	1,360.00
Apr30/11	SJ8295/95	Golf Course Re	50.00	-	50.00	1,410.00
Apr30/11	SJ8295/96	Monthly Dues	(605.00)	-	(605.00)	805.00
Apr30/11	SJ8295/96	Club Amenities	(50.00)	-	(50.00)	755.00
Apr30/11	SJ8295/96	Golf Course Re	(50.00)	-	(50.00)	705.00
Apr30/11	SJ8297/97	Monthly Dues	605.00	-	605.00	1,310.00
Apr30/11	SJ8297/97	Club Amenities	50.00	-	50.00	1,360.00
Apr30/11	SJ8297/97	Golf Course Re	50.00	-	50.00	1,410.00
Apr30/11	SJ8299/99	Finance Charge	10.58	-	10.58	1,420.58
May12/11	5150/32	Ref. 5150 - Pa			(705.00)	715.58
May31/11	SJ8314/14	Monthly Dues	605.00	-	605.00	1,320.58
May31/11	SJ8314/14	Club Amenities	50.00	-	50.00	1,370.58
May31/11	SJ8314/14	Golf Course Re	50.00	-	50.00	1,420.58
May31/11	SJ8330/30	Finance Charge	10.74	-	10.74	1,431.32
Jun14/11	01148373	Grill Room	13.20	3.56	16.76	1,448.08
Jun22/11	5207/49	Ref. 5207 - Pa			(715.58)	732.50
Jun30/11	SJ8351/51	Monthly Dues	605.00	-	605.00	1,337.50
Jun30/11	SJ8351/51	Club Amenities	50.00	-	50.00	1,387.50
Jun30/11	SJ8351/51	Golf Course Re	50.00	-	50.00	1,437.50
Jun30/11	SJ8353/53	Finance Charge	10.74	-	10.74	1,448.24
Jul01/11	009277/64	Semi-Annual F&	411.56	-	411.56	1,859.80
Jul05/11	04095306	Bar	2.50	0.68	3.18	1,862.98
Jul15/11	05130914	Pro Shop	48.00	3.36	51.36	1,914.34
Jul15/11	01150040	Grill Room	22.40	6.05	28.45	1,942.79
Jul16/11	05130936	Pro Shop	20.00	1.50	21.50	1,964.29
Jul17/11	03004806	Snack Shop	31.25	8.45	39.70	2,003.99
Jul19/11	5266/64	Ref. 5266 - Pa			(715.94)	1,288.05
Jul31/11	SJ8380/80	Monthly Dues	605.00	-	605.00	1,893.05
Jul31/11	SJ8380/80	Club Amenities	50.00	-	50.00	1,943.05
Jul31/11	SJ8380/80	Golf Course Re	50.00	-	50.00	1,993.05
Jul31/11	SJ8387/87	Finance Charge	10.99	-	10.99	2,004.04
Aug31/11	SJ8409/09	Monthly Dues	605.00	-	605.00	2,609.04
Aug31/11	SJ8409/09	Club Amenities	50.00	-	50.00	2,659.04
Aug31/11	SJ8409/09	Golf Course Re	50.00	-	50.00	2,709.04
Aug31/11	SJ8411/11	Finance Charge	30.07	-	30.07	2,739.11
Sep09/11	5329/84	Ref. 5329 - Pa			(2,004.04)	735.07
Sep29/11	01153297	Bar	20.95	5.66	26.61	761.68
Sep30/11	SJ8429/29	Monthly Dues	605.00	-	605.00	1,366.68
Sep30/11	SJ8429/29	Club Amenities	50.00	-	50.00	1,416.68
Sep30/11	SJ8429/29	Golf Course Re	50.00	-	50.00	1,466.68
Sep30/11	01153446	Grill Room	31.85	8.60	40.45	1,507.13
Sep30/11	SJ8430/30	Finance Charge	11.03	-	11.03	1,518.16
Oct01/11	01153601	Grill Room	20.90	5.64	26.54	1,544.70
Oct31/11	SJ8454/54	Monthly Dues	605.00	-	605.00	2,149.70
Oct31/11	SJ8454/54	Club Amenities	50.00	-	50.00	2,199.70
Oct31/11	SJ8454/54	Golf Course Re	50.00	-	50.00	2,249.70

Oct31/11	SJ8458/58	Finance Charge	22.79	-	22.79	2,272.49	
Nov18/11	5417/22	Ref. 5417 - Pa			(1,518.16)	754.33	
Nov30/11	SJ8480/80	Monthly Dues	605.00	-	605.00	1,359.33	
Nov30/11	SJ8480/80	Club Amenities	50.00	-	50.00	1,409.33	
Nov30/11	SJ8480/80	Golf Course Re	50.00	-	50.00	1,459.33	
Nov30/11	SJ8482/82	Finance Charge	11.32	-	11.32	1,470.65	
Dec31/11	SJ8508/08	Monthly Dues	634.00	-	634.00	2,104.65	
Dec31/11	SJ8508/08	Club Amenities	50.00	-	50.00	2,154.65	
Dec31/11	SJ8508/08	Golf Course Re	50.00	-	50.00	2,204.65	
Dec31/11	SJ8510/10	Finance Charge	22.07	-	22.07	2,226.72	
Jan01/12	SJ8511/11	Annual Food &	370.15	-	370.15	2,596.87	
Jan31/12	SJ8532/32	Monthly Dues	634.00	-	634.00	3,230.87	
Jan31/12	SJ8532/32	Club Amenities	50.00	-	50.00	3,280.87	
Jan31/12	SJ8532/32	Golf Course Re	50.00	-	50.00	3,330.87	
Jan31/12	SJ8529/29	Finance Charge	33.41	-	33.41	3,364.28	
Feb28/12	5550/76	Ref. 5550 - Pa			(754.33)	2,609.95	
Feb29/12	SJ8555/55	Monthly Dues	634.00	-	634.00	3,243.95	
Feb29/12	SJ8555/55	Club Amenities	50.00	-	50.00	3,293.95	
Feb29/12	SJ8555/55	Golf Course Re	50.00	-	50.00	3,343.95	
Feb29/12	SJ8557/57	Finance Charge	39.15	-	39.15	3,383.10	
Mar01/12	05139789	Pro Shop	-	-	-	3,383.10	
Mar02/12	01163424	Grill Room	21.90	5.91	27.81	3,410.91	
Mar31/12	SJ8577/77	Monthly Dues	634.00	-	634.00	4,044.91	
Mar31/12	SJ8577/77	Club Amenities	50.00	-	50.00	4,094.91	
Mar31/12	SJ8577/77	Golf Course Re	50.00	-	50.00	4,144.91	
Mar31/12	SJ8579/79	Finance Charge	50.75	-	50.75	4,195.66	
Apr30/12	SJ8601/01	Monthly Dues	634.00	-	634.00	4,829.66	
Apr30/12	SJ8601/01	Club Amenities	50.00	-	50.00	4,879.66	
Apr30/12	SJ8601/01	Golf Course Re	50.00	-	50.00	4,929.66	
Apr30/12	SJ8604/04	Finance Charge	62.94	-	62.94	4,992.60	
May31/12	SJ8621/21	Monthly Dues	634.00	-	634.00	5,626.60	
May31/12	SJ8621/21	Club Amenities	50.00	-	50.00	5,676.60	
May31/12	SJ8621/21	Golf Course Re	50.00	-	50.00	5,726.60	
May31/12	SJ8626/26	Finance Charge	74.89	-	74.89	5,801.49	
Jun30/12	SJ8651/51	Monthly Dues	634.00	-	634.00	6,435.49	
Jun30/12	SJ8651/51	Club Amenities	50.00	-	50.00	6,485.49	
Jun30/12	SJ8651/51	Golf Course Re	50.00	-	50.00	6,535.49	
Jun30/12	SJ8652/52	Annual Food &	478.10	-	478.10	7,013.59	
Jun30/12	SJ8654/54	Finance Charge	87.02	-	87.02	7,100.61	
Jul31/12	SJ8671/71	Monthly Dues	634.00	-	634.00	7,734.61	
Jul31/12	SJ8671/71	Club Amenities	50.00	-	50.00	7,784.61	
Jul31/12	SJ8671/71	Golf Course Re	50.00	-	50.00	7,834.61	
Jul31/12	ADJ/70	Move Charge Fr	51.33	-	51.33	7,885.94	
Jul31/12	SJ8678/78	Finance Charge	106.51	-	106.51	7,992.45	
Aug31/12	SJ8696/96	Monthly Dues	634.00	-	634.00	8,626.45	
Aug31/12	SJ8696/96	Club Amenities	50.00	-	50.00	8,676.45	
Aug31/12	SJ8696/96	Golf Course Re	50.00	-	50.00	8,726.45	
Aug31/12	SJ8704/04	Finance Charge	119.89	-	119.89	8,846.34	
Sep30/12	SJ8728/28	Monthly Dues	634.00	-	634.00	9,480.34	
Sep30/12	SJ8728/28	Club Amenities	50.00	-	50.00	9,530.34	
Sep30/12	SJ8728/28	Golf Course Re	50.00	-	50.00	9,580.34	132.28
Sep30/12	SJ8730/30	Finance Charge	132.28	-	132.28	9,712.62	
Sep30/12	5826/71	Ref. 5826 - Pa			(27.81)	9,684.81	
Oct31/12	SJ8752/52	Monthly Dues	634.00	-	634.00	10,318.81	
Oct31/12	SJ8752/52	Club Amenities	50.00	-	50.00	10,368.81	
Oct31/12	SJ8752/52	Golf Course Re	50.00	-	50.00	10,418.81	145.27
Oct31/12	SJ8754/54	Finance Charge	145.27	-	145.27	10,564.08	

Nov30/12	SJ8770/70	Monthly Dues	634.00	-	634.00	11,198.08	
Nov30/12	SJ8770/70	Club Amenities	50.00	-	50.00	11,248.08	
Nov30/12	SJ8770/70	Golf Course Re	50.00	-	50.00	11,298.08	
Nov30/12	SJ8770/70	Golf Capital A	900.00	-	900.00	12,198.08	158.46
Nov30/12	SJ8791/91	Finance Charge	158.46	-	158.46	12,356.54	
Dec31/12	SJ8808/08	Monthly Dues	634.00	-	634.00	12,990.54	
Dec31/12	SJ8808/08	Club Amenities	50.00	-	50.00	13,040.54	
Dec31/12	SJ8808/08	Golf Course Re	50.00	-	50.00	13,090.54	
Dec31/12	SJ8830/30	Annual Food &	500.00	-	500.00	13,590.54	185.35
Dec31/12	SJ8827/27	Finance Charge	185.35	-	185.35	13,775.89	
Jan31/13	SJ8866/66	Monthly Dues	634.00	-	634.00	14,409.89	
Jan31/13	SJ8866/66	Club Amenities	50.00	-	50.00	14,459.89	
Jan31/13	SJ8866/66	Golf Course Re	50.00	-	50.00	14,509.89	206.64
Jan31/13	SJ8869/69	Finance Charge	206.64	-	206.64	14,716.53	
Feb28/13	SJ8877/77	Monthly Dues	634.00	-	634.00	15,350.53	
Feb28/13	SJ8877/77	Club Amenities	50.00	-	50.00	15,400.53	
Feb28/13	SJ8877/77	Golf Course Re	50.00	-	50.00	15,450.53	220.75
Feb28/13	SJ8890/90	Finance Charge	220.75	-	220.75	15,671.28	
Mar31/13	SJ8906/06	Monthly Dues	634.00	-	634.00	16,305.28	
Mar31/13	SJ8906/06	Club Amenities	50.00	-	50.00	16,355.28	
Mar31/13	SJ8906/06	Golf Course Re	50.00	-	50.00	16,405.28	235.07
Mar31/13	SJ8929/29	Finance Charge	235.07	-	235.07	16,640.34	
Mar31/13	SJ8929/31	Finance Charge	(235.07)	-	(235.07)	16,405.27	
Mar31/13	SJ8936/36	Finance Charge	235.07	-	235.07	16,640.34	
Mar31/13	AutoAdjust	Auto Account A	-	-	-	16,640.34	
Apr30/13	SJ8985/85	Monthly Dues	634.00	-	634.00	17,274.34	
Apr30/13	SJ8985/85	Club Amenities	50.00	-	50.00	17,324.34	
Apr30/13	SJ8985/85	Golf Course Re	50.00	-	50.00	17,374.34	249.61
Apr30/13	SJ8989/89	Finance Charge	249.61	-	249.61	17,623.95	
May31/13	SJ9015/15	Monthly Dues	634.00	-	634.00	18,257.95	
May31/13	SJ9015/15	Club Amenities	50.00	-	50.00	18,307.95	
May31/13	SJ9015/15	Golf Course Re	50.00	-	50.00	18,357.95	
May31/13	SJ9015/15	Golf Capital A	900.00	-	900.00	19,257.95	264.36
May31/13	SJ9017/17	Finance Charge	264.36	-	264.36	19,522.31	
Jun30/13	SJ9041/41	Monthly Dues	634.00	-	634.00	20,156.31	
Jun30/13	SJ9041/41	Club Amenities	50.00	-	50.00	20,206.31	
Jun30/13	SJ9041/41	Golf Course Re	50.00	-	50.00	20,256.31	
Jun30/13	SJ9044/44	Annual Food &	500.00	-	500.00	20,756.31	292.83
Jun30/13	SJ9043/43	Finance Charge	292.83	-	292.83	21,049.14	
Jul31/13	SJ9078/78	Monthly Dues	634.00	-	634.00	21,683.14	
Jul31/13	SJ9078/78	Club Amenities	50.00	-	50.00	21,733.14	
Jul31/13	SJ9078/78	Golf Course Re	50.00	-	50.00	21,783.14	315.74
Jul31/13	SJ9080/80	Finance Charge	315.74	-	315.74	22,098.88	
Aug31/13	SJ9103/03	Monthly Dues	634.00	-	634.00	22,732.88	
Aug31/13	SJ9103/03	Club Amenities	50.00	-	50.00	22,782.88	
Aug31/13	SJ9103/03	Golf Course Re	50.00	-	50.00	22,832.88	331.48
Aug31/13	SJ9106/06	Finance Charge	331.48	-	331.48	23,164.36	
Sep30/13	SJ9130/30	Monthly Dues	634.00	-	634.00	23,798.36	
Sep30/13	SJ9130/30	Club Amenities	50.00	-	50.00	23,848.36	
Sep30/13	SJ9130/30	Golf Course Re	50.00	-	50.00	23,898.36	347.47
Sep30/13	SJ9136/36	Finance Charge	347.47	-	347.47	24,245.83	
Oct31/13	SJ9207/07	Monthly Dues	634.00	-	634.00	24,879.83	
Oct31/13	SJ9207/07	Club Amenities	50.00	-	50.00	24,929.83	
Oct31/13	SJ9207/07	Golf Course Re	50.00	-	50.00	24,979.83	363.69
Oct31/13	SJ9212/12	Finance Charge	363.69	-	363.69	25,343.52	
Nov30/13	SJ9252/52	Monthly Dues	634.00	-	634.00	25,977.52	
Nov30/13	SJ9252/52	Club Amenities	50.00	-	50.00	26,027.52	

Martin ROA 405

STATE OF SOUTH CAROLINA)
COUNTY OF BEAUFORT)
THE CALLAWASSIE ISLAND)
MEMBERS CLUB, INC.,)

Plaintiff,)

v.)

GREGORY MARTIN and)
REBECCA L. MARTIN,)

Defendants.)

IN THE COURT OF COMMON PLEAS
FOR THE FOURTEENTH JUDICIAL CIRCUIT
CIVIL ACTION NO. 2012-CP-07-03218

SUPPLEMENTAL AFFIDAVIT
OF JEFF SPENCER

2014 MAY 19 PM 12:38

PERSONALLY appeared before the undersigned Notary Public Jeff Spencer, General Manager of The Callawassie Island Members Club, Inc. (hereinafter sometimes referred to as "The Callawassie Island Members Club" or "CIMC"), Plaintiff in the above-captioned matter, who having first been duly sworn, deposes and on oath says:

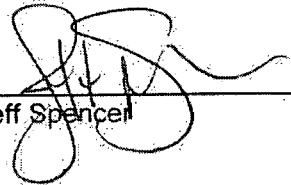
1. That as General Manager of The Callawassie Island Members Club, I am familiar with and have personal knowledge of the files and records associated with the membership which is the subject of this action and I have reviewed the account information and records of CIMC kept in the ordinary course of business reflecting the debits and credits relating to this matter and have reviewed the various governing documents.

2. That as of May 9, 2014, the Defendants are indebted to the Plaintiff for the total amount of Thirty Three Thousand Three Hundred and 11/100 (\$33,300.11) Dollars for unpaid dues, fees, assessments and other charges as shown on the statement attached to this affidavit as Exhibit "A". That the dues, fees, assessments and other charges are in the nature of continuing contractual obligations and unpaid dues, fees, assessments and other charges, including interest at the rate of one and one-half (1.5%) percent per month, continue to accrue. Said amount does not include attorney's fees and other costs of collection which are also due and which are addressed in a separate affidavit.

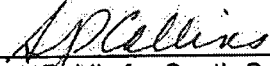
CIVIL ACTION NO. 2012-CP-07-03218
SUPPLEMENTAL AFFIDAVIT OF JEFF SPENCER

3. This Supplemental Affidavit is given for the purpose of updating the amounts currently due from Defendants

FURTHER DEPONENT SAYETH NOT.


Jeff Spencer

SWORN to AND SUBSCRIBED before me
this 16th day of May, 2014.

 (L.S.)
Notary Public for South Carolina
My Commission expires: 6-27-15

01 - Callawassie Island Club
Member History Oct 01/10 - May 09/14

03093 - Mr. Gregory Martin
3801 Rosedale Road
Middletown OH 45042

Main Phone : 513-423-9767
Alt. Phone : 513-727-9300

Date	Chit/Inv	Description	Charges	Tax/Grat	Amount	Status	S
		Balance Fwd			659.18		659.18
Oct06/10	05120265	Pro Shop	24.00	1.68	25.68		684.86
Oct06/10	01133865	Grill Room	21.45	5.79	27.24		712.10
Oct07/10	05120268	Pro Shop	29.00	2.03	31.03		743.13
Oct07/10	05120277	Pro Shop	52.00	3.64	55.64		798.77
Oct07/10	01133925	Grill Room	24.20	6.53	30.73		829.50
Oct09/10	05120294	Pro Shop	44.00	3.08	47.08		876.58
Oct09/10	01133974	Grill Room	71.50	19.31	90.81		967.39
Oct09/10	01133972	Grill Room	18.40	4.97	23.37		990.76
Oct09/10	04087592	Bar	22.40	6.05	28.45		1,019.21
Oct31/10	SJ8105/05	Monthly Dues	556.00	-	556.00		1,575.21
Oct31/10	SJ8105/05	Club Amenities	50.00	-	50.00		1,625.21
Oct31/10	SJ8105/05	Golf Course Re	50.00	-	50.00		1,675.21
Oct31/10	4905/60	Ref. 4905 - Pa			(659.18)		1,016.03
Nov01/10	4905/58	Ref. 4905 - Pa			(659.18)		356.85
Nov01/10	4905/59	Reverse Cash R	659.18	-	659.18		1,016.03
Nov30/10	SJ8139/39	Monthly Dues	556.00	-	556.00		1,572.03
Nov30/10	SJ8139/39	Club Amenities	50.00	-	50.00		1,622.03
Nov30/10	SJ8139/39	Golf Course Re	50.00	-	50.00		1,672.03
Nov30/10	SJ8144/44	Finance Charge	15.25	-	15.25		1,687.28
Dec09/10	4958/75	Ref. 4958 - Pa			(862.03)		825.25
Dec28/10	01138636	Grill Room	22.95	6.20	29.15		854.40
Dec29/10	01138669	Grill Room	18.75	5.07	23.82		878.22
Dec29/10	01138828	Grill Room	64.00	17.28	81.28		959.50
Dec30/10	01138837	Grill Room	21.45	5.79	27.24		986.74
Dec30/10	06003057	To Go Order	99.00	18.81	117.81		1,104.55
Dec30/10	1388/84	Ref. 1388 - Pa			(825.25)		279.30
Dec31/10	SJ8177/77	Monthly Dues	605.00	-	605.00		884.30
Dec31/10	SJ8177/77	Club Amenities	50.00	-	50.00		934.30
Dec31/10	SJ8177/77	Golf Course Re	50.00	-	50.00		984.30
Dec31/10	05123003	Pro Shop	36.00	2.52	38.52		1,022.82
Dec31/10	01138854	Grill Room	20.45	5.52	25.97		1,048.79
Dec31/10	03003932	Snack Shop		-	-		1,048.79
Dec31/10	06003062	To Go Order	245.00	46.55	291.55		1,340.34
Jan31/11	SJ8209/09	Monthly Dues	605.00	-	605.00		1,945.34
Jan31/11	SJ8209/09	Club Amenities	50.00	-	50.00		1,995.34
Jan31/11	SJ8209/09	Golf Course Re	50.00	-	50.00		2,045.34
Jan31/11	SJ8209/09	Golf Deficit A	266.68	-	266.68		2,312.02
Jan31/11	SJ8209/10	Monthly Dues	(605.00)	-	(605.00)		1,707.02
Jan31/11	SJ8209/10	Club Amenities	(50.00)	-	(50.00)		1,657.02
Jan31/11	SJ8209/10	Golf Course Re	(50.00)	-	(50.00)		1,607.02
Jan31/11	SJ8209/10	Golf Deficit A	(266.68)	-	(266.68)		1,340.34
Jan31/11	SJ8211/11	Monthly Dues	605.00	-	605.00		1,945.34
Jan31/11	SJ8211/11	Club Amenities	50.00	-	50.00		1,995.34
Jan31/11	SJ8211/11	Golf Course Re	50.00	-	50.00		2,045.34
Jan31/11	SJ8212/12	Finance Charge	20.12	-	20.12		2,065.46
Feb08/11	5040/97	Ref. 5040 - Pa			(1,340.34)		725.12
Feb18/11	05124453	Pro Shop	79.00	5.53	84.53		809.65
Feb18/11	01141349	Grill Room	23.40	6.32	29.72		839.37
Feb19/11	05124465	Pro Shop	40.00	3.00	43.00		882.37

EXHIBIT A

Feb19/11	01141409	Grill Room	51.84	14.00	65.84	948.21
Feb20/11	05124494	Pro Shop	40.00	3.00	43.00	991.21
Feb28/11	SJ8234/34	Monthly Dues	605.00	-	605.00	1,596.21
Feb28/11	SJ8234/34	Club Amenities	50.00	-	50.00	1,646.21
Feb28/11	SJ8234/34	Golf Course Re	50.00	-	50.00	1,696.21
Feb28/11	SJ8233/33	Finance Charge	10.88	-	10.88	1,707.09
Mar17/11	5083/10	Ref. 5083 - Pa			(1,707.09)	
Mar31/11	SJ8267/67	Monthly Dues	605.00	-	605.00	605.00
Mar31/11	SJ8267/67	Club Amenities	50.00	-	50.00	655.00
Mar31/11	SJ8267/67	Golf Course Re	50.00	-	50.00	705.00
Apr30/11	SJ8295/95	Monthly Dues	605.00	-	605.00	1,310.00
Apr30/11	SJ8295/95	Club Amenities	50.00	-	50.00	1,360.00
Apr30/11	SJ8295/95	Golf Course Re	50.00	-	50.00	1,410.00
Apr30/11	SJ8295/96	Monthly Dues	(605.00)	-	(605.00)	805.00
Apr30/11	SJ8295/96	Club Amenities	(50.00)	-	(50.00)	755.00
Apr30/11	SJ8295/96	Golf Course Re	(50.00)	-	(50.00)	705.00
Apr30/11	SJ8297/97	Monthly Dues	605.00	-	605.00	1,310.00
Apr30/11	SJ8297/97	Club Amenities	50.00	-	50.00	1,360.00
Apr30/11	SJ8297/97	Golf Course Re	50.00	-	50.00	1,410.00
Apr30/11	SJ8299/99	Finance Charge	10.58	-	10.58	1,420.58
May12/11	5150/32	Ref. 5150 - Pa			(705.00)	715.58
May31/11	SJ8314/14	Monthly Dues	605.00	-	605.00	1,320.58
May31/11	SJ8314/14	Club Amenities	50.00	-	50.00	1,370.58
May31/11	SJ8314/14	Golf Course Re	50.00	-	50.00	1,420.58
May31/11	SJ8330/30	Finance Charge	10.74	-	10.74	1,431.32
Jun14/11	01148373	Grill Room	13.20	3.56	16.76	1,448.08
Jun22/11	5207/49	Ref. 5207 - Pa			(715.58)	732.50
Jun30/11	SJ8351/51	Monthly Dues	605.00	-	605.00	1,337.50
Jun30/11	SJ8351/51	Club Amenities	50.00	-	50.00	1,387.50
Jun30/11	SJ8351/51	Golf Course Re	50.00	-	50.00	1,437.50
Jun30/11	SJ8353/53	Finance Charge	10.74	-	10.74	1,448.24
Jul01/11	009277/64	Semi-Annual F&	411.56	-	411.56	1,859.80
Jul05/11	04095306	Bar	2.50	0.68	3.18	1,862.98
Jul15/11	05130914	Pro Shop	48.00	3.36	51.36	1,914.34
Jul15/11	01150040	Grill Room	22.40	6.05	28.45	1,942.79
Jul16/11	05130936	Pro Shop	20.00	1.50	21.50	1,964.29
Jul17/11	03004806	Snack Shop	31.25	8.45	39.70	2,003.99
Jul19/11	5266/64	Ref. 5266 - Pa			(715.94)	1,288.05
Jul31/11	SJ8380/80	Monthly Dues	605.00	-	605.00	1,893.05
Jul31/11	SJ8380/80	Club Amenities	50.00	-	50.00	1,943.05
Jul31/11	SJ8380/80	Golf Course Re	50.00	-	50.00	1,993.05
Jul31/11	SJ8387/87	Finance Charge	10.99	-	10.99	2,004.04
Aug31/11	SJ8409/09	Monthly Dues	605.00	-	605.00	2,609.04
Aug31/11	SJ8409/09	Club Amenities	50.00	-	50.00	2,659.04
Aug31/11	SJ8409/09	Golf Course Re	50.00	-	50.00	2,709.04
Aug31/11	SJ8411/11	Finance Charge	30.07	-	30.07	2,739.11
Sep09/11	5329/84	Ref. 5329 - Pa			(2,004.04)	735.07
Sep29/11	01153297	Bar	20.95	5.66	26.61	761.68
Sep30/11	SJ8429/29	Monthly Dues	605.00	-	605.00	1,366.68
Sep30/11	SJ8429/29	Club Amenities	50.00	-	50.00	1,416.68
Sep30/11	SJ8429/29	Golf Course Re	50.00	-	50.00	1,466.68
Sep30/11	01153446	Grill Room	31.85	8.60	40.45	1,507.13
Sep30/11	SJ8430/30	Finance Charge	11.03	-	11.03	1,518.16
Oct01/11	01153601	Grill Room	20.90	5.64	26.54	1,544.70
Oct31/11	SJ8454/54	Monthly Dues	605.00	-	605.00	2,149.70
Oct31/11	SJ8454/54	Club Amenities	50.00	-	50.00	2,199.70
Oct31/11	SJ8454/54	Golf Course Re	50.00	-	50.00	2,249.70

Oct31/11	SJ8458/58	Finance Charge	22.79	-	22.79	2,272.49	
Nov18/11	5417/22	Ref. 5417 - Pa			(1,518.16)	754.33	
Nov30/11	SJ8480/80	Monthly Dues	605.00	-	605.00	1,359.33	
Nov30/11	SJ8480/80	Club Amenities	50.00	-	50.00	1,409.33	
Nov30/11	SJ8480/80	Golf Course Re	50.00	-	50.00	1,459.33	
Nov30/11	SJ8482/82	Finance Charge	11.32	-	11.32	1,470.65	
Dec31/11	SJ8508/08	Monthly Dues	634.00	-	634.00	2,104.65	
Dec31/11	SJ8508/08	Club Amenities	50.00	-	50.00	2,154.65	
Dec31/11	SJ8508/08	Golf Course Re	50.00	-	50.00	2,204.65	
Dec31/11	SJ8510/10	Finance Charge	22.07	-	22.07	2,226.72	
Jan01/12	SJ8511/11	Annual Food &	370.15	-	370.15	2,596.87	
Jan31/12	SJ8532/32	Monthly Dues	634.00	-	634.00	3,230.87	
Jan31/12	SJ8532/32	Club Amenities	50.00	-	50.00	3,280.87	
Jan31/12	SJ8532/32	Golf Course Re	50.00	-	50.00	3,330.87	
Jan31/12	SJ8529/29	Finance Charge	33.41	-	33.41	3,364.28	
Feb28/12	5550/76	Ref. 5550 - Pa			(754.33)	2,609.95	
Feb29/12	SJ8555/55	Monthly Dues	634.00	-	634.00	3,243.95	
Feb29/12	SJ8555/55	Club Amenities	50.00	-	50.00	3,293.95	
Feb29/12	SJ8555/55	Golf Course Re	50.00	-	50.00	3,343.95	
Feb29/12	SJ8557/57	Finance Charge	39.15	-	39.15	3,383.10	
Mar01/12	05139789	Pro Shop	-	-	-	3,383.10	
Mar02/12	01163424	Grill Room	21.90	5.91	27.81	3,410.91	
Mar31/12	SJ8577/77	Monthly Dues	634.00	-	634.00	4,044.91	
Mar31/12	SJ8577/77	Club Amenities	50.00	-	50.00	4,094.91	
Mar31/12	SJ8577/77	Golf Course Re	50.00	-	50.00	4,144.91	
Mar31/12	SJ8579/79	Finance Charge	50.75	-	50.75	4,195.66	
Apr30/12	SJ8601/01	Monthly Dues	634.00	-	634.00	4,829.66	
Apr30/12	SJ8601/01	Club Amenities	50.00	-	50.00	4,879.66	
Apr30/12	SJ8601/01	Golf Course Re	50.00	-	50.00	4,929.66	
Apr30/12	SJ8604/04	Finance Charge	62.94	-	62.94	4,992.60	
May31/12	SJ8621/21	Monthly Dues	634.00	-	634.00	5,626.60	
May31/12	SJ8621/21	Club Amenities	50.00	-	50.00	5,676.60	
May31/12	SJ8621/21	Golf Course Re	50.00	-	50.00	5,726.60	
May31/12	SJ8626/26	Finance Charge	74.89	-	74.89	5,801.49	
Jun30/12	SJ8651/51	Monthly Dues	634.00	-	634.00	6,435.49	
Jun30/12	SJ8651/51	Club Amenities	50.00	-	50.00	6,485.49	
Jun30/12	SJ8651/51	Golf Course Re	50.00	-	50.00	6,535.49	
Jun30/12	SJ8652/52	Annual Food &	478.10	-	478.10	7,013.59	
Jun30/12	SJ8654/54	Finance Charge	87.02	-	87.02	7,100.61	
Jul31/12	SJ8671/71	Monthly Dues	634.00	-	634.00	7,734.61	
Jul31/12	SJ8671/71	Club Amenities	50.00	-	50.00	7,784.61	
Jul31/12	SJ8671/71	Golf Course Re	50.00	-	50.00	7,834.61	
Jul31/12	ADJ/70	Move Charge Fr	51.33	-	51.33	7,885.94	
Jul31/12	SJ8678/78	Finance Charge	106.51	-	106.51	7,992.45	
Aug31/12	SJ8696/96	Monthly Dues	634.00	-	634.00	8,626.45	
Aug31/12	SJ8696/96	Club Amenities	50.00	-	50.00	8,676.45	
Aug31/12	SJ8696/96	Golf Course Re	50.00	-	50.00	8,726.45	
Aug31/12	SJ8704/04	Finance Charge	119.89	-	119.89	8,846.34	
Sep30/12	SJ8728/28	Monthly Dues	634.00	-	634.00	9,480.34	
Sep30/12	SJ8728/28	Club Amenities	50.00	-	50.00	9,530.34	
Sep30/12	SJ8728/28	Golf Course Re	50.00	-	50.00	9,580.34	132.28
Sep30/12	SJ8730/30	Finance Charge	132.28	-	132.28	9,712.62	
Sep30/12	5826/71	Ref. 5826 - Pa			(27.81)	9,684.81	
Oct31/12	SJ8752/52	Monthly Dues	634.00	-	634.00	10,318.81	
Oct31/12	SJ8752/52	Club Amenities	50.00	-	50.00	10,368.81	
Oct31/12	SJ8752/52	Golf Course Re	50.00	-	50.00	10,418.81	145.27
Oct31/12	SJ8754/54	Finance Charge	145.27	-	145.27	10,564.08	

Nov30/12	SJ8770/70	Monthly Dues	634.00	-	634.00	11,198.08	
Nov30/12	SJ8770/70	Club Amenities	50.00	-	50.00	11,248.08	
Nov30/12	SJ8770/70	Golf Course Re	50.00	-	50.00	11,298.08	
Nov30/12	SJ8770/70	Golf Capital A	900.00	-	900.00	12,198.08	158.46
Nov30/12	SJ8791/91	Finance Charge	158.46	-	158.46	12,356.54	
Dec31/12	SJ8808/08	Monthly Dues	634.00	-	634.00	12,990.54	
Dec31/12	SJ8808/08	Club Amenities	50.00	-	50.00	13,040.54	
Dec31/12	SJ8808/08	Golf Course Re	50.00	-	50.00	13,090.54	
Dec31/12	SJ8830/30	Annual Food &	500.00	-	500.00	13,590.54	185.35
Dec31/12	SJ8827/27	Finance Charge	185.35	-	185.35	13,775.89	
Jan31/13	SJ8866/66	Monthly Dues	634.00	-	634.00	14,409.89	
Jan31/13	SJ8866/66	Club Amenities	50.00	-	50.00	14,459.89	
Jan31/13	SJ8866/66	Golf Course Re	50.00	-	50.00	14,509.89	206.64
Jan31/13	SJ8869/69	Finance Charge	206.64	-	206.64	14,716.53	
Feb28/13	SJ8877/77	Monthly Dues	634.00	-	634.00	15,350.53	
Feb28/13	SJ8877/77	Club Amenities	50.00	-	50.00	15,400.53	
Feb28/13	SJ8877/77	Golf Course Re	50.00	-	50.00	15,450.53	220.75
Feb28/13	SJ8890/90	Finance Charge	220.75	-	220.75	15,671.28	
Mar31/13	SJ8906/06	Monthly Dues	634.00	-	634.00	16,305.28	
Mar31/13	SJ8906/06	Club Amenities	50.00	-	50.00	16,355.28	
Mar31/13	SJ8906/06	Golf Course Re	50.00	-	50.00	16,405.28	235.07
Mar31/13	SJ8929/29	Finance Charge	235.07	-	235.07	16,640.34	
Mar31/13	SJ8929/31	Finance Charge	(235.07)	-	(235.07)	16,405.27	
Mar31/13	SJ8936/36	Finance Charge	235.07	-	235.07	16,640.34	
Mar31/13	AutoAdjust	Auto Account A	-	-	-	16,640.34	
Apr30/13	SJ8985/85	Monthly Dues	634.00	-	634.00	17,274.34	
Apr30/13	SJ8985/85	Club Amenities	50.00	-	50.00	17,324.34	
Apr30/13	SJ8985/85	Golf Course Re	50.00	-	50.00	17,374.34	249.61
Apr30/13	SJ8989/89	Finance Charge	249.61	-	249.61	17,623.95	
May31/13	SJ9015/15	Monthly Dues	634.00	-	634.00	18,257.95	
May31/13	SJ9015/15	Club Amenities	50.00	-	50.00	18,307.95	
May31/13	SJ9015/15	Golf Course Re	50.00	-	50.00	18,357.95	
May31/13	SJ9015/15	Golf Capital A	900.00	-	900.00	19,257.95	264.36
May31/13	SJ9017/17	Finance Charge	264.36	-	264.36	19,522.31	
Jun30/13	SJ9041/41	Monthly Dues	634.00	-	634.00	20,156.31	
Jun30/13	SJ9041/41	Club Amenities	50.00	-	50.00	20,206.31	
Jun30/13	SJ9041/41	Golf Course Re	50.00	-	50.00	20,256.31	
Jun30/13	SJ9044/44	Annual Food &	500.00	-	500.00	20,756.31	292.83
Jun30/13	SJ9043/43	Finance Charge	292.83	-	292.83	21,049.14	
Jul31/13	SJ9078/78	Monthly Dues	634.00	-	634.00	21,683.14	
Jul31/13	SJ9078/78	Club Amenities	50.00	-	50.00	21,733.14	
Jul31/13	SJ9078/78	Golf Course Re	50.00	-	50.00	21,783.14	315.74
Jul31/13	SJ9080/80	Finance Charge	315.74	-	315.74	22,098.88	
Aug31/13	SJ9103/03	Monthly Dues	634.00	-	634.00	22,732.88	
Aug31/13	SJ9103/03	Club Amenities	50.00	-	50.00	22,782.88	
Aug31/13	SJ9103/03	Golf Course Re	50.00	-	50.00	22,832.88	331.48
Aug31/13	SJ9106/06	Finance Charge	331.48	-	331.48	23,164.36	
Sep30/13	SJ9130/30	Monthly Dues	634.00	-	634.00	23,798.36	
Sep30/13	SJ9130/30	Club Amenities	50.00	-	50.00	23,848.36	
Sep30/13	SJ9130/30	Golf Course Re	50.00	-	50.00	23,898.36	347.47
Sep30/13	SJ9136/36	Finance Charge	347.47	-	347.47	24,245.83	
Oct31/13	SJ9207/07	Monthly Dues	634.00	-	634.00	24,879.83	
Oct31/13	SJ9207/07	Club Amenities	50.00	-	50.00	24,929.83	
Oct31/13	SJ9207/07	Golf Course Re	50.00	-	50.00	24,979.83	363.69
Oct31/13	SJ9212/12	Finance Charge	363.69	-	363.69	25,343.52	
Nov30/13	SJ9252/52	Monthly Dues	634.00	-	634.00	25,977.52	
Nov30/13	SJ9252/52	Club Amenities	50.00	-	50.00	26,027.52	

Nov30/13	SJ9252/52	Golf Course Re	50.00	-	50.00	26,077.52	
Nov30/13	SJ9252/52	Golf Capital A	900.00	-	900.00	26,977.52	380.15
Nov30/13	SJ9255/55	Finance Charge	380.15	-	380.15	27,357.67	
Dec31/13	SJ9278/78	Island Dues	640.00	-	640.00	27,997.67	
Dec31/13	SJ9292/92	Annual Food &	500.00	-	500.00	28,497.67	410.37
Dec31/13	SJ9294/94	Finance Charge	410.37	-	410.37	28,908.03	
Jan31/14	SJ9329/29	Island Dues	640.00	-	640.00	29,548.03	433.62
Jan31/14	SJ9333/33	Finance Charge	433.62	-	433.62	29,981.66	
Feb28/14	SJ9364/64	Island Dues	640.00	-	640.00	30,621.66	449.72
Feb28/14	SJ9367/67	Finance Charge	449.72	-	449.72	31,071.38	
Mar31/14	SJ9393/93	Island Dues	640.00	-	640.00	31,711.38	466.07
Mar31/14	SJ9398/98	Finance Charge	466.07	-	466.07	32,177.45	
Apr30/14	SJ9419/19	Island Dues	640.00	-	640.00	32,817.45	482.66
Apr30/14	SJ9422/22	Finance Charge	482.66	-	482.66	33,300.11	

Total: 33,300.11

STATE OF SOUTH CAROLINA) IN THE COURT OF COMMON PLEAS
COUNTY OF BEAUFORT 2014 MAR -8) FOR THE FOURTEENTH JUDICIAL CIRCUIT
)) CIVIL ACTION NO. 2012-CP-07-03218
))
THE CALLAWASSIE ISLAND BEAUFORT COUNTY, S.C.
MEMBERS CLUB, INC.,) CLERK OF COURT

Plaintiff,)

v.)

GREGORY MARTIN and)
REBECCA L. MARTIN,)

Defendants.)

AFFIDAVIT OF EHRICK K. HAIGHT, JR.

PERSONALLY appeared before the undersigned Notary Public Ehrick K. Haight, Jr., who having first been duly sworn, deposes and says that he is an attorney with the law firm of Minor, Haight & Arundell, P.C., attorneys for the Plaintiff in the above-captioned matter.

That he has reviewed the books and records of the law firm, has personal knowledge of the same and finds that through and including February 28, 2014, Minor, Haight & Arundell, P.C., had expended time on behalf of the Plaintiff as set forth on the attached Statement of Time.

That such time was devoted to discussion, research, legal research, written correspondence, telephone calls, reviewing documents, preparation of pleadings and other documents, locating and perfecting service upon the Defendants, discovery, attendance at conferences, and hearing preparation. The time for each of the attorneys and paralegals involved in the file and their customary billing rates are set forth on the attached sheet. The Deponent believes it will be reasonably necessary to devote an additional Ten (10) to Twenty (20) hours until the conclusion of this action, assuming the Plaintiff's Motion of Summary Judgment is granted.

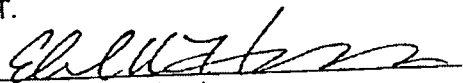
The Deponent calls the attention of the Court to the terms and conditions of those certain contracts with the Plaintiff or the Plaintiff's predecessor-in-interest on or about July of 1999 and

October of 1999, copies of which were previously filed with this court as Exhibits "A" and "B" to the Complaint, whereby the Defendants agreed to be bound by the terms and conditions of Plan for Offering of Memberships in the Callawassie Island Club, dated April 1994 and the exhibits thereto ("Membership Plan"), as amended. In agreeing to be bound to the Membership Plan, the Defendants became obligated for the payment of dues, fees, assessments and other charges. The Membership Plan was subsequently amended and made part of a Plan for Offering of Memberships (the "Plan"), which was adopted by the Defendants by virtue of their continuing membership with the Club. Under the Plan, Defendants continued to be obligated for the payment of dues, fees, assessments and other charges and the costs of collection, including reasonable attorney's fees. In addition, based upon the books and records of the law firm in this file, it appears that the law firm has expended on behalf of the Plaintiff the following sums, representing costs of collection:

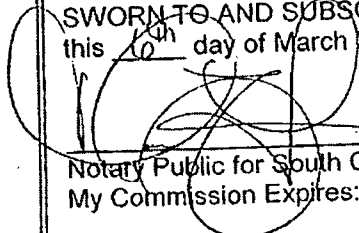
(1)	Filing fees:	\$175.00
(2)	Fees for service:	\$145.00
Total Costs (as of the filing hereof):		<u>\$320.00</u>

Based upon the foregoing, the Deponent is informed and believes that the court should award the sum of Eight Thousand Four Hundred Eighty-Eight and 63/100 (\$8,488.63) Dollars as reasonable attorneys' fees. Deponent is further informed and verily believes that such items should be recovered as a part of the judgment against the Defendants.

FURTHER DEPONENT SAYETH NOT.


Ehrick K. Haight, Jr.

SWORN TO AND SUBSCRIBED before me
this 10th day of March 2014.


Notary Public for South Carolina
My Commission Expires: 7.3.22

STATEMENT OF TIME & COSTS
MINOR, HAIGHT & ARUNDELL, P.C.

<u>Attorney</u>	<u>Hours Billed</u>	<u>Rate</u>	<u>Total</u>
Ehrick K. Haight, Jr.	6.83	\$225.00	\$ 1,535.63
Stacey Collins	9.18	\$200.00	\$ 1,835.00
<u>Paralegals</u>			
Elaine H. Montgomery	.60	\$ 80.00	\$ 48.00
Maria F. Lara	5.00	\$ 50.00	\$ 250.00
Fees incurred as of 2/28/2014:			\$ 3,668.63
Estimated Additional Fees:			\$ 4,500.00
Subtotal of Attorneys' Fees			\$ 8,168.63
Plus Costs:			\$ 320.00
TOTAL FEES AND COSTS:			\$ 8,488.63

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT
THE CALLAWASSIE ISLAND
MEMBERS CLUB, INC.,

Plaintiff,

v.

GREGORY MARTIN and
REBECCA L. MARTIN,

Defendants.

IN THE COURT OF COMMON PLEAS
FOR THE FOURTEENTH JUDICIAL CIRCUIT
CIVIL ACTION NO. 2012-CP-07-03218

SUPPLEMENTAL
AFFIDAVIT OF EHRICK K. HAIGHT JR.

2014 MAY 19 PM 12:36
CLERK OF COURT
SOUTH CAROLINA

PERSONALLY appeared before the undersigned Notary Public Ehrick K. Haight, Jr., who having first been duly sworn, deposes and says that he is an attorney with the law firm of Minor, Haight & Arundell, P.C., attorneys for the Plaintiff in the above-captioned matter.

That he has reviewed the books and records of the law firm, has personal knowledge of the same and finds that through and including May 13, 2014, Minor, Haight & Arundell, P.C., had expended time on behalf of the Plaintiff as set forth on the attached Statement of Time.

That such time was devoted to discussion, research, legal research, written correspondence, telephone calls, reviewing documents, preparation of pleadings and other documents, locating and perfecting service upon the Defendants, discovery, attendance at conferences, and hearing preparation. The time for each of the attorneys and paralegals involved in the file and their customary billing rates are set forth on the attached sheet. The Deponent believes it will be reasonably necessary to devote an additional Ten (10) to Fifteen (15) hours until the conclusion of this action, assuming the Plaintiff's Motion of Summary Judgment is granted.

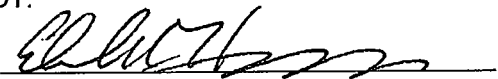
The Deponent calls the attention of the Court to the terms and conditions of those certain contracts with the Plaintiff or the Plaintiff's predecessor-in-interest, which were previously

filed with this court as Exhibits to the Complaint, whereby the Defendants agreed to be bound by the terms and conditions of Plan for Offering of Memberships in the Callawassie Island Club, dated April 1994 and the exhibits thereto ("Membership Plan"), as amended. In agreeing to be bound to the Membership Plan, the Defendants became obligated for the payment of dues, fees, assessments and other charges. The Membership Plan was subsequently amended and made part of a Plan for Offering of Memberships (the "Plan"), which was adopted by the Defendants by virtue of their continuing membership with the Club. Under the Plan, Defendants continued to be obligated for the payment of dues, fees, assessments and other charges and the costs of collection, including reasonable attorney's fees. In addition, based upon the books and records of the law firm in this file, it appears that the law firm has expended on behalf of the Plaintiff the following sums, representing costs of collection:

(1)	Filing fees:	\$175.00
(2)	Fees for service:	\$145.00
Total Costs (as of Filing hereof):		<u>\$320.00</u>

Based upon the foregoing, the Deponent is informed and believes that the court should award the sum of Eight Thousand Six Hundred Thirty and 13/100 (\$8,630.13) Dollars as reasonable attorneys' fees and costs. Deponent is further informed and verily believes that such items should be recovered as a part of the judgment against the Defendants.

FURTHER DEPONENT SAYETH NOT.


Ehrick K. Haight, Jr.

SWORN TO AND SUBSCRIBED before me
this 16 day of May, 2014.


Notary Public for South Carolina
My Commission Expires: 6-27-15

STATEMENT OF TIME & COSTS

MINOR, HAIGHT & ARUNDELL, P.C.

<u>Attorney</u>	<u>Hours Billed</u>	<u>Rate</u>	<u>Total</u>
Ehrick K. Haight, Jr.	9.49	\$225.00	\$ 2,134.13
Stacey Collins	11.73	\$200.00	\$ 2,345.00
<u>Paralegals</u>			
Elaine H. Montgomery	1.60	\$ 80.00	\$ 128.00
Maria F. Lara	5.00	\$ 50.00	\$ 250.00
Maria F. Lara	1.30	\$ 60.00	\$ 78.00

Fees incurred as of 05/13/2014: \$ 4,935.13

Estimated Additional Fees: \$ 3,375.00

Subtotal of Attorneys' Fees \$ 8,310.13

Plus Costs: \$ 320.00

TOTAL FEES AND COSTS: \$ 8,630.13

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

AFFIDAVIT OF G. HARMAN SWITZER, 3RD

PERSONALLY appeared before the undersigned Notary Public G. Harman Switzer, 3rd, a Member of the Board of Directors for The Callawassie Island Members Club, Inc. ("CIMC"), who having first been duly sworn, deposes and says as follows:

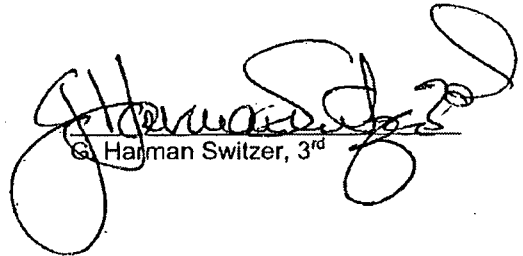
- (1) That I served on the Board of Directors for CIMC from its inception until March of 2002 ("Initial Term"), and was familiar with the business operations of CIMC during said Initial Term.
- (2) That I currently serve on the Board of Directors of CIMC and have done so since March of 2009.
- (3) That in addition, I served on the Board of Directors for The Callawassie Island Property Owners Association, Inc. ("CIPOA") from late 1996 until October of 1998.
- (4) That in the foregoing capacities, I am familiar with, and have personal knowledge of the records and business operations of CIMC and its Board.
- (5) That CIMC is a 501(c)(7) non-profit corporation, organized and existing in the State of South Carolina, and formed by a vote of the members of the Callawassie Island Club (the "Club") for the purpose of acquiring all, or substantially all of the assets of The Callawassie Island Club, Inc. ("CIC"), as well as certain real property relating to CIC and owned by Callawassie Island Company, L.P. ("Developer"); and for continuing the operation and management thereof following the transfer.
- (6) That CIMC did accomplish the purpose set forth in Paragraph 5 above by acquiring all, or substantially all of the Club assets from CIC and the Developer on or about June 29, 2001 (the "Closing Date") by Limited Warranty Deed filed with the Register of Deeds for Beaufort County, South Carolina on July 2, 2001 in Deed Book 01440, page 0817.

EXHIBIT "A" TO MEMORANDUM IN SUPPORT OF MOTION FOR SUMMARY JUDGMENT FILED BY THE
CALLAWASSIE ISLAND MEMBERS CLUB, INC. IN CASE NO.'S 2012-CP-07-03209, 2012-CP-07-03218 AND
2012-CP-07-03216

- (7) Prior to said transfer, the Club was managed and operated by CIC (whose Board of Directors was under the control of the Developer), which entity continued to issue memberships in the Club, up to the Closing Date.
- (8) That to the best of my knowledge and belief, upon due inquiry and investigation, neither CIMC, its officers or directors, made any representations to members acquiring a membership in CIC, regarding the value of such memberships, or the ability to resign from such memberships, nor would they have had the authority to do so prior to the Closing Date.
- (9) The "Plan for the Offering of Memberships in the Callawassie Island Club," dated April 1, 1994, Rev. July, 1994, and all subsequent versions and/or amendments thereto, obligated members to continue to pay dues, fees, assessments and other charges until their memberships are reissued.
- (10) That the "Plan for the Offering of Memberships in the Callawassie Island Club," dated April 1, 1994, Rev. July, 1994, additionally stipulated that members with more than one membership would have to pay dues on all of his or her equity memberships after the Closing Date.
- (11) Following the Closing Date, the Club became known as The Callawassie Island Members Club, Inc. doing business as The Callawassie Island Club.
- (12) For a period of approximately two (2) years following the Closing Date, the CIMC Board, on advice of counsel and in exercise of the power and authority granted it in the By-laws and by statutory authority, did negotiate settlements with various members who (a) owned memberships unaffiliated with real property on Callawassie Island, (b) who were in default and (c) had placed their memberships on the CIMC resale list; whereby said members were allowed to concede such memberships in settlement of their obligations and forfeit any return of their equity.

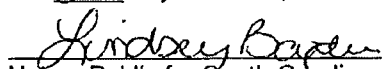
- (13) The CIMC Board's decision to make these proffers of settlement was triggered, in part, by two factors, namely, (a) the accrual of dues against equity would no longer be an option for members on the resale list after the Closing Date, and (b) the "Plan for the Offering of Memberships in the Callawassie Island Club," dated April 1, 1994, Rev. July, 1994, required payment of dues on multiple memberships following the Closing Date; both of which impacted upon those individual members who held more than one membership and/or whose membership was not affiliated with real property on Callawassie Island.
- (14) At some time in 2010, the CIMC Board made a similar offer to all members holding memberships unaffiliated with real property, who had placed their memberships on the resale list, for the primary purpose of eliminating memberships unaffiliated with real property and to minimize or eliminate the prospect of future bad debt associated with such memberships.
- (15) The foregoing offers of settlement were made in good faith, in the absence of any fraud, self-dealing or other unconscionable conduct, to all members in so situated as a compromise of debt justly owed which the CIMC Board determined was in the best interest of CIMC.

FURTHER DEPONENT SAYETH NOT.



G. Harman Switzer, 3rd

SWORN TO AND SUBSCRIBED BEFORE me
this 3rd day of March, 2014.

 (L.S.)
Notary Public for South Carolina
My Commission expires: September 5, 2016

STATE OF SOUTH CAROLINA
COUNTY OF BEAUFORT
THE CALLAWASSIE ISLAND,
MEMBERS CLUB, INC.

Plaintiff,

vs.

Gregory Martin and Rebecca Martin

Defendants.

IN THE COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

C.A. No.: 2012-CP-07-03218

Affidavit of Gregory Martin

RECEIVED
CLERK OF COURT
JAN 11 2013

Personally appeared before me, Gregory Martin, being duly sworn, deposes and under oath states:

1. I am over Eighteen (18) years of age, am a resident of the state of Ohio.
2. In 2001 I submitted an application for membership in a club known as the Callawassie Island Club.
3. The Membership Purchase Agreement I signed in February 2001 does NOT indicate that I was agreeing to amendments or changes to the Plan For the Offering of Memberships dated April 1, 1994 referenced in that document and that any other amendments to that document would have to be in compliance with the provisions contained in that Plan.
4. That the Plan for Offering of Membership and Club Rules did NOT obligate members to continue to pay dues, fees and assessments and other charges after 4 months of delinquency (at which point they were required to be expelled) and in no case was the liability ever greater than the value of the equity in the membership.
5. That I have not agreed to release the Plaintiff nor Callawassie Island Club, Inc. from claims and defenses asserted in defense and against them for failing to abide by the

terms of membership and for the violations of state statute and for any of the claims or defenses we have asserted in this case.

6. The Plan of Offering of Membership in the Callawassie Island Club dated April 1, 1994 restricted a members liability for dues and fees to the Club (such as the Plaintiff is seeking in this case) to the amount of equity that membership had in the Club.

7. That at page 17 of the 1994 Plan for the Offering of Membership it indicates that the "Partnership" could only modify that document up to the "Closing Date" and only if such change does not "materially and adversely affect the rights of the equity members", otherwise, the members so affected would have to approve the change.

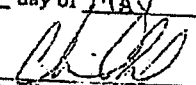
8. That, I have never voted to change the requirement that a member must be expelled after 4 months of suspension and have never been made aware of any vote to do so, nor have I voted to restrict my right to transfer my property or membership.

9. That the offers to concede memberships, which are admitted to by Harman Switzer in his affidavit of March 3, 2014, were never offered to me nor disclosed to me.

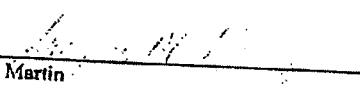
10. That I purchased property on Callawassie BEFORE December 2001 and therefore section 5.7.2 of the Callawassie Island Amended and Restated General Declaration of 2001 specifically recognizes that I am not bound by any provision requiring ownership of a membership in a Club as set forth in that document.

Further Affiant Sayeth not

Sworn to and subscribed before me
this 14 day of MAY, 2014


Notary Public for Ohio
My commission expires:

CHRIS S. DEBORD
NOTARY PUBLIC - STATE OF OHIO
Recorded in Warren County
My commission expires Feb. 18, 2016


Gregory Martin
Date: May 14, 2014

1

2

IN THE COURT OF COMMON PLEAS

3

FOURTEENTH JUDICIAL CIRCUIT

4

STATE OF SOUTH CAROLINA

5

COUNTY OF BEAUFORT

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CALLAWASSIE ISLAND MEMBERS CLUB, INC.,

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Plaintiff,

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vs.

CIVIL ACTION NUMBER

2009-CP-07-5410

ARTHUR APPELATE,

Defendant.

-----/

The deposition of PHILIP C. KILIAN, a
witness in the above-entitled cause, taken
pursuant to Notice and agreement, before Theresa
Saxon, Certified Court Reporter and Notary
Public, at the Law Office of Brian McDaniel,
LLC, 2015 Boundary Street, Beaufort, South
Carolina, on the 15th day of June 2012,
commencing at or about the hour of 2:08 p.m.

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 PHILIP C. KILIAN,

3 having been produced and first duly sworn as a
4 witness, testified as follows:

5 DIRECT EXAMINATION

6 BY MR. MCDANIEL:

7 Q Good afternoon, Mr. Kilian. My name is
8 Brian McDaniel, and we met before the deposition
9 a little bit, but let me just make sure that you
10 know that I am representing in this particular
11 case Arthur Applegate, the Defendant that has
12 been sued by Callawassie Island Members Club.
13 Let me get you to state your name for the
14 record.

15 A It's Philip C. Kilian, 210 Callawassie
16 Drive, Okatie, South Carolina 29909.

17 Q Have you ever had your deposition taken
18 before?

19 A Just once.

20 Q Was it in South Carolina?

21 A No, sir.

22 Q Let me just tell you briefly the rules
23 of the deposition. I'll ask you questions. You
24 do the best you can to answer those questions.
25 If you don't understand my question, the rules

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 state that you should direct your question to me
3 about my question so that you ask for a
4 clarification or for me to repeat the question,
5 and I'll be glad to do that for you. Do you
6 understand that?

7 A Yes.

8 Q The other thing I would mention,
9 there's a court reporter that is writing down
10 the responses, so for both of us, two things,
11 we'll try not to talk over each other, and, two,
12 if you'll give a verbal response, that will make
13 the record clean.

14 A I understand.

15 Q And the third thing I wanted to mention
16 is your attorneys might object from time to
17 time. If they do, you would go ahead and answer
18 the question unless they specifically direct you
19 to not answer the question.

20 A I understand.

21 Q Before the deposition started, I gave
22 you a set of documents, and did you have a
23 chance to discuss those with your attorneys?

24 A We did.

25 Q And what is your current position, if

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 any, with the Callawassie Island Members Club?

3 A I am a member of the board of
4 directors. I'm also the secretary to the board,
5 of directors. I'm a member of several
6 committees, the executive committee, the finance
7 committee, and the law committee, of which I am
8 the chair.

9 Q Are you on any other committees at this
10 time?

11 A Not at this time.

12 Q Tell me a little bit about yourself
13 first. What's your background, your education,
14 employment, briefly?

15 A I attended undergraduate school at
16 Adelphi University, law school at St. John's
17 University in New York. I graduated in June of
18 1965 and was admitted to the New York Bar in
19 December of that year. Several years
20 thereafter, I think it was three years
21 thereafter, I was admitted to the Southern and
22 Eastern Districts of New York, the Federal Court
23 System. I'm also a member of the bar of the
24 U.S. Federal Court of Claims.

25 Q Are you admitted to the bar in any

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 us waived or released, was the best possible
3 deal that we could make and do it without the
4 expense of litigation.

5 Q You say get half of the membership
6 rights. What is that referring to?

7 A The rights under -- Mr. Chaffin's
8 rights under the purchase agreement to issue
9 memberships and keep the money.

10 Q So you're saying -- when you say
11 "half," he sells a membership, you sell one of
12 those memberships, the club gets half and you
13 get half the money?

14 A Right. And under a normal set of
15 circumstances, if one of the 100 properties that
16 has no membership associated with it were sold
17 and he was at the top, it was his turn to sell a
18 membership, he kept the whole thing.

19 Q And what do you mean "at the top?" As
20 opposed to the fourth, the resale list --

21 A Yes.

22 Q -- back and forth deal?

23 A Right.

24 Q What was the club receiving from him on
25 a monthly basis prior to this deal and before he

1 MCDANIEL - KYLIAN (DIRECT EXAMINATION)

2 credits.

3 Q That they received back from the --

4 A -- from the club, yeah.

5 Q Let me ask you about the policy of
6 expelling delinquent members. What is the
7 Callawassie Island Members Club policy for
8 expulsion of members, delinquent members?

9 A We have never during my period on the
10 board expelled any members. We have suspended a
11 number of members for delinquencies and brought
12 suit against a number of members as well.

13 Q And what's the criteria for bringing
14 suit against a member?

15 A Well, after the member falls into the
16 more than 90 days past due under our protocol,
17 we refer the matter to Mr. Haight, and
18 Mr. Haight and the general manager take it from
19 there.

20 Q And has that been the policy since
21 you -- as far as you know, continuing, or has
22 there been any change there?

23 A No, that policy has been substantially
24 in effect for -- you know, since this whole
25 debacle occurred. You know, there was a period

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 when the club really had very few delinquencies.

3 When people ran into a hard time, they would

4 just sell the property at a big profit and move

5 on.

6 Q Are you aware of -- well, let me ask

7 you this. How do you become a suspended member?

8 A There are a series of letters which the

9 general manager sends to the membership getting

10 increasingly blunt, and at the period of I

11 believe 90 days, and it might be 60 days, the

12 member is suspended.

13 Q And what does suspension do? What's

14 the effect of that?

15 A They can no longer enjoy the privileges

16 of the club. Their names are posted on the

17 members' website, probably also in the locker

18 room, and they no longer can use the club

19 facilities.

20 Q When is a member referred to the

21 general manager and the attorney? At what point

22 are they referred, as you indicated?

23 A Well, the general manager, as I

24 understand it, gets monthly reports of

25 delinquencies from Mr. Simonson and decides

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)
2 whether the delinquency looks like it's going to
3 be one that's going to lead to continued
4 delinquency or some guy who's just -- who was
5 out of town and didn't pay his bill on time that
6 month, and there's probably a bunch of people
7 who pay their -- their check doesn't get up
8 there until the second of the month but yet
9 they're on the delinquency for the end of the
10 month, end of the prior month, so then he
11 decides what to do.

12 Q Who is "he"?

13 A Jeff Spencer.

14 Q The general manager?

15 A General manager.

16 Q So as far as the person deciding
17 whether to refer it to legal action, it's the
18 general manager?

19 A It's automatic.

20 Q It's automatic that what?

21 A That they refer it to counsel when it
22 gets to 90 days. Or should be.

23 Q Do you mean that's the policy?

24 A That's the policy.

25 Q So it's up to counsel to decide whether

1 MCDANIEL -- KILIAN (DIRECT EXAMINATION)

2 to file a claim or not?

3 A Well, Mr. Haight and the general
4 manager talk it over and decide what action to
5 take from there.

6 Q But the board is not involved in that
7 any further?

8 A Generally not, unless something comes
9 to the board for a special reason.

10 Q So what does the legal subcommittee do
11 then?

12 A The legal subcommittee is going to be
13 working with the general manager and Mr. Haight
14 to keep on top of all of this stuff. The list
15 is getting long, and we want to make sure
16 nothing falls between the cracks.

17 Q How many people are you aware of who
18 are currently being sued by the club?

19 A I have no idea.

20 Q Are you aware of any being filed in
21 2012?

22 A I don't know. I don't keep track of
23 the daily filing.

24 Q Before the legal subcommittee was
25 formed, the litigation was being monitored by

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 who with the club?

3 A The general manager, Mr. Lasota, then
4 Mr. Spencer. And I would try to try to keep an
5 eye on it, talk to them from time to time.

6 Q So there's no vote by the board members
7 as to whether to sue individual members or not?

8 A No, sir.

9 Q Were there any parameters put out by
10 the board for members as to who would be sued
11 and who would not be sued among the late paying,
12 suspended members?

13 A No, I mean, I don't -- essentially,
14 those -- I mean, if a default is minimal,
15 de minimis, and I'm thinking of instances where
16 there's been a sale and the club has recovered
17 all but a small amount, it probably wouldn't pay
18 to sue because we would pay Mr. Haight more than
19 we would possibly recover.

20 Q Has it been the club's policy, then, to
21 take into account such individual situations of
22 the members in determining whether to file suit
23 or not file suit?

24 A Well, not the situation of the members,
25 it's the situation as to the possible outcome.

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 If somebody only owes us \$1,000, I'm not going
3 to spend \$3,000 to get a judgment against them.

4 Q Let me ask you about the policy of
5 expelling members after they have been on the
6 suspended member list. Are you familiar with
7 any previous club policy of expelling a member
8 after they have been a suspended member for a
9 period of four months?

10 A I have never heard of a member being
11 expelled. I'm unaware of a member being
12 expelled.

13 Q Are you familiar with that policy?

14 A I don't think there was ever a policy.

15 (Whereupon, Defendant's Exhibit
16 Number 3 was marked for
17 identification.)

18 BY MR. MCDANIEL:

19 Q Let me ask you then to look at this
20 letter. I've marked it as Number 3 here, this
21 February 19th letter. Look at that. Are you
22 familiar with Richard Carling?

23 A Yes, I know him socially.

24 Q Is he currently on the board?

25 A He is not.

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 Q It indicates there he's treasurer.
3 Does that sound correct to you, that he was the
4 treasurer?

5 A I assume he must have been, just
6 looking at the letter. This is the first time
7 I've seen it. I was not, quite frankly,
8 generally aware of the fact that he was the
9 treasurer. I knew he had been on the board at
10 one point.

11 Q Well, if you'll look at that letter
12 there at the second paragraph, just read it, it
13 says, "Please refer to Paragraph 13.3.1 of the
14 Club Rules that states 'any member whose account
15 is not settled within the four months period
16 following suspension shall be expelled from the
17 club.'" And he seems to be quoting from the
18 club rules. It goes on to say Paragraph 14.1.5,
19 about what that means, that a person can no
20 longer be a member, no longer admitted to the
21 facilities, not again be eligible for
22 membership. Are you aware of that particular
23 provision being enforced at any time?

24 A I am not. I don't think that is a
25 current provision of the current rules.

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 Q Do you know when that provision would
3 have been the rule at the club?

4 A No, I don't, but I don't remember when
5 the current rules were last -- were amended. I
6 can look. Let's see, the general rules which
7 you gave to me were dated as of the 23rd of
8 February, 2009.

9 MR. MCDANIEL: Let's just mark
10 that as Exhibit 4 if you're going to
11 refer to it.

12 (Whereupon, Defendant's Exhibit
13 Number 4 was marked for
14 identification.)

15 THE WITNESS: And that was Section
16 13.3.1.

17 BY MR. MCDANIEL:

18 Q It's on Page 14, I believe.

19 A I don't see that that provision in
20 Mr. Carling's letter appears in the 2009
21 version.

22 Q Well, let me point you -- wait just a
23 second -- to the last sentence of that first
24 paragraph on that portion there on Page 14 at
25 13.3, that last sentence.

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 A It says he "may be expelled," but I've
3 never heard of a member being expelled.

4 Q But the provision from the 2009 rules
5 seem to say "may be expelled" as opposed to what
6 was quoted in here, "shall be expelled from the
7 club"; right?

8 A Yeah. And I don't know whether he made
9 a mistake or what. I can't explain it.

10 Q Do you know in 2007 if the policy was
11 that they shall be expelled?

12 A I have no idea.

13 Q Do you know when that provision, the
14 13.3.1, was revised, if ever?

15 A I don't know whether it was revised or
16 whether Carling made a mistake. I have no idea.
17 I don't have --

18 Q Let me show you what I'll represent to
19 you here is the August 8th, '01, and I'll mark
20 this as Number 5 -- let me make sure this is a
21 complete copy of it -- the Callawassie Island
22 General Club Rules. I'll let you flip to it.
23 See if you can find that same provision that's
24 referred to in the letter of Mr. Carling,
25 13.3.1.

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 A Yeah, on Page 8, it says "Any member
3 whose account is not settled within the four
4 months' period following suspension shall be
5 expelled from the Club."

6 (Whereupon, Defendant's Exhibit
7 Number 5 was marked for
8 identification.)

9 BY MR. MCDANIEL:

10 Q Do you know if or when those club rules
11 were changed, assuming they were, to say "may"
12 instead of "shall"?

13 A I assume sometime between 2001 and
14 2009.

15 Q You just don't know?

16 A I just don't know.

17 Q And again, if you don't know, I
18 understand, but what I want to ask is, do you
19 know how they were changed, as far as how would
20 that be done?

21 A I have no idea how they were done. I
22 could probably -- I think the general rules can
23 be amended by the board of directors.

24 Q I know you appear to be trying to
25 review it now to determine, but you don't know

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 Mr. Carling's letter, but I've never heard of a
3 member being expelled, and as I said earlier, I
4 think that the underlying club documents require
5 that membership in good standing be maintained
6 by even a member who was expelled or suspended.

7 Q Even if that is the case and assuming
8 that is the case, that an expelled member would
9 be, as you said, still liable for ongoing
10 obligations, is it your understanding of this
11 letter and of that particular provision that it
12 would be optional for the club to expel or not
13 expel the member if they meet those --

14 A I think they would have the option to
15 do it.

16 Q Do you think that's true under the
17 current plan?

18 A I think so, sure.

19 Q And do you think that's true under what
20 we looked at as the 2001 document?

21 A I think that, yeah, I think that the
22 board could do that.

23 Q I guess what I'm asking specifically,
24 are they obligated? Obviously, the distinction
25 here is it used to say "shall be expelled" and

1 MCDANIEL -- KILIAN (DIRECT EXAMINATION)

2 now appears to say "may be expelled." Is there
3 any import at all from that change, in your
4 mind?

5 A No. I was not involved in the
6 management or on the board of the club or in
7 revising the bylaws, but regardless of whether
8 it's this provision or the provision as
9 currently exists, I think the board has the
10 broad discretion to decide whether it's going to
11 expel or not.

12 Q And so I guess along those lines, you
13 would not agree with me that a member would have
14 the right to rely on being expelled from the
15 club based on this provision?

16 A No. I mean, I think that is totally
17 contrary not only to the documents but . . .
18 You know, a party to a contract who breaches a
19 contract can not, then, thereafter claim rights
20 under the contract, a breach of contract by
21 nonpayment, you can't claim rights under the
22 agreement, at least in New York.

23 Q But if that agreement sets forth what
24 would happen for nonpayment, then they would be
25 able to rely on the terms of that agreement

1 MCDANIEL -- KILIAN (DIRECT EXAMINATION)

2 BY MR. MCDANIEL:

3 Q Let me ask you about what I've marked
4 as Exhibit 6, this January 6th, 2011, letter.
5 It appears to be a letter from you. Do you
6 recognize the letter?

7 A Yes.

8 Q Again, it appears to be in response to
9 an attempt at resignation by Richard Mercier.
10 Are you familiar with Dick Mercier?

11 A I do not know him. Obviously, I've
12 heard the name, but I do not know him. I may
13 have met him, but . . .

14 Q In the letter, you can read it, it's
15 your letter -- would you acknowledge that you
16 wrote the letter?

17 A Yes.

18 Q -- you seem to lay out the effect of
19 resignation. And correct me if I'm wrong here,
20 but it appears that resignation simply does
21 three things or four things, puts you on the
22 resale list, takes it so that you can not sell
23 your membership with your property if it's sold,
24 and then makes it so you can't use the club
25 facilities; otherwise, nothing changes.

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 Correct?

3 A He's got to continue to make his
4 payments, as I note in Number 3, until his
5 membership is resold. That's why I wanted to
6 make perfectly clear to Mr. Mercier the effects
7 of resignation, that you just don't walk away.

8 Q Would you agree that resignation has no
9 benefits to the member, it's really only
10 liability?

11 A That's up to the member to decide,
12 but . . .

13 Q Well, let me ask you, can you think of
14 any possible benefit to the member for
15 resignation?

16 A No, I can't think of any benefit.

17 Q The next paragraph, let me ask you
18 about that. You say, "You joined in December,
19 1989 and accordingly the pre-2001 Offering Plan
20 is applicable to you." What do you mean by
21 that?

22 A Well, I think Mr. Mercier claimed that
23 he had superior rights, having joined the
24 Callawassie Island Club prior to the formation
25 of the Callawassie Island Members Club, when he

1 MCDANIEL - KILIAN (DIRECT EXAMINATION)

2 then became a member of CIMC, subject to the
3 December 1st, 2001 documents. And thereafter,
4 they were both the same, as I recall.

5 Q What do you mean, though, "the pre-2001
6 Offering Plan is applicable to you"? I guess
7 I'm just not clear what you're telling him
8 there.

9 A He seemed to, as I recall, be claiming
10 that he had some superior rights. But the
11 offering plans as I recall in 2001 -- or after
12 2001 and before 2001 when he joined in
13 December 1989 I think were virtually identical.

14 Q I'm just not real clear as to what the
15 offering plan documents could be that he was
16 referring or you were referring to.

17 A I don't recall for sure, but my
18 recollection is that he claimed that under the
19 very early CIC documents, that a member could
20 resign. These were the very early on documents
21 where members were given the right to resign,
22 but those were changed first by the developer
23 and then by -- you know, of course have been our
24 steadfast rule since CIMC was formed and bought
25 the land, bought the property, the club.

In The Matter Of:
Callawassie Island Members Club, Inc. vs.
Arthur Applegate, et al

James R. Carling
September 19, 2012

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STATE OF SOUTH CAROLINA

COURT OF COMMON PLEAS
FOURTEENTH JUDICIAL CIRCUIT

COUNTY OF BEAUFORT

CALLAWASSIE ISLAND MEMBERS CLUB, INC.,

Plaintiff,

vs.

ARTHUR APPLEGATE; CASE NO.: 09-CP-07-5410;
M. AULTON; CASE NO.: 09-CP-07-4648;
T. BAYLESS; CASE NO.: 11-CP-07-3055;
R. DENNIS; CASE NO.: 11-CP-07-3322;
R. MERCIER; CASE NO.: 11-CP-07-3323

Defendant.

DEPOSITION OF: JAMES R. CARLING

DATE: September 19, 2012

TIME: 10:51 AM

LOCATION: Law Offices of
Howell, Gibson & Hughes, PA
25 Rue Dubois
Lady's Island, SC

TAKEN BY: Counsel for the Defendants

REPORTED BY: TERRI L. BRUSSEAU, RPR,
CERTIFIED REALTIME REPORTER

A. WILLIAM ROBERTS, JR., & ASSOCIATES

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(INDEX AT REAR OF TRANSCRIPT)

1 STIPULATION

2 It is stipulated by and among Counsel
3 that this deposition is being taken in accordance
4 with the South Carolina Rules of Civil Procedure,
5 Rule 30; that all objections as to Notice of this
6 deposition are hereby waived; that all objections
7 except as to form are reserved until the time of
8 trial; and that the deponent waives reading and
9 signing of this deposition.

10 * * * * * * * * * *

11 JAMES R. CARLING

12 being first duly sworn, testified as follows:

13 EXAMINATION

14 BY MR. McDANIEL:

15 Q. Good morning, Mr. Carling. My name is
16 Brian McDaniel.

17 A. Yeah.

18 Q. I represent some of the club members
19 that have been sued by Callawassie Island Members
20 Club. Have you ever had a -- taken a deposition
21 before?

22 A. Yes, I have.

23 Q. Okay. Was it in South Carolina?

24 A. No, it was --

25 Q. A different state? Probably the same

1 format as the other state but I'll just tell you, I
2 mean, the way this works is I'll ask the questions
3 and you answer the questions as best you're able to
4 do that. You -- you have attorneys here this
5 morning and they can object to the questions. If
6 they do that, you would still go ahead and answer
7 the question unless they direct you not to answer
8 it so if they told you -- if they didn't want you
9 to answer it, they would tell you that, don't
10 answer the question. If you have a -- if you don't
11 understand my question or there's -- not clear, you
12 think it's a multipart or something like that, you
13 feel like it needs some clarification, just ask me
14 to clarify it and I'll be glad to do that, okay?
15 Make sense?

16 A. Yes.

17 Q. Okay.

18 MR. YOUNG: Brian, let me --

19 MR. McDANIEL: Sure.

20 MR. YOUNG: Sorry, let me take up one
21 thing, housekeeping, real quick. Rick had sent you
22 an e-mail about the -- the extension to reply,
23 Hobson, and I didn't see where you had ever
24 responded about giving an extension.

25 MR. McDANIEL: I haven't talked to him

1 yet about it so let me see. I --

2 MR. YOUNG: Okay. Because our -- our
3 time is running pretty quick on that so we just
4 need to --

5 MR. McDANIEL: Okay. I should be able
6 to find out today. I mean, I'll talk to him and
7 get him on the line but I know with his --

8 MR. HAIGHT: Him being Hobson?

9 MR. McDANIEL: Yeah. That's what
10 you're talking about, correct?

11 MR. HAIGHT: Yeah. Just I don't
12 know -- I didn't know why you'd have to ask him.

13 MR. McDANIEL: Well, I -- given the --
14 the past dealings I think I just want to make sure
15 that he -- that he's okay with that. I mean, I'll
16 definitely recommend that he do it but I want to
17 get his okay.

18 MR. HAIGHT: Right.

19 BY MR. McDANIEL:

20 Q. Tell me a little bit about yourself
21 first, which is -- your full name?

22 A. My full name is James Richard Carling.

23 Q. Okay. Where do you currently live?

24 A. I live at 28 River Bend Drive, Okatie,
25 South Carolina, 29909.

1 Q. Is that in Callawassie Island?

2 A. It is.

3 Q. Okay. How long have you lived there?

4 A. I've lived there since 2000.

5 Q. And do you have other family that lives
6 in Beaufort County?

7 A. No.

8 Q. Okay. And I'm just asking because a
9 potential jury pool for this type of thing, I just
10 want to know if there's family members that you
11 would have --

12 A. No.

13 Q. Okay. Tell me how you -- well, is
14 the -- 2000, is that when you first began living in
15 Callawassie Island?

16 A. July of 2000.

17 Q. Okay. And you didn't own other
18 property in Callawassie before that?

19 A. March of 1999 is when I bought that
20 house.

21 Q. And where did you move from?

22 A. Philadelphia.

23 Q. And what was your past employment? You
24 don't have to give me every employer but what was
25 your -- your past field?

1 A. I've been in -- in -- in the banking
2 industry.

3 Q. Okay. And are you retired?

4 A. I am retired.

5 Q. Okay. Were you retired in 2000 when
6 you moved down?

7 A. I retired in July of 2000.

8 Q. Okay. Do you own any other property in
9 Callawassie Island other than your current home
10 address?

11 A. No, I do not.

12 Q. Tell me if you would any times you have
13 been on the board or a committee for Callawassie
14 Island Members Club. Can you tell me -- how did
15 you first get on the board there?

16 A. How?

17 Q. Yeah, how and when? I mean, kind of
18 how that occurred.

19 A. Okay. I served on the board for four
20 years, from 2000 -- let's see, 4, 5 -- 2004, 5 and
21 6 and those terms expire in March of every year so
22 actually I -- I ended in February 2007. And then
23 prior to that -- I was on the finance committee for
24 three years prior -- two years -- two and a half
25 years prior to being elected to the board.

1 Q. Okay.

2 A. And I currently serve on the finance
3 committee.

4 Q. When did you get back on the finance
5 committee or have you stayed on that the whole
6 time?

7 A. No. Yeah, I -- I -- when I finished in
8 February, early March of 2007, I didn't have any
9 involvement until -- went back on finance committee
10 in 2010.

11 Q. Who else is on that finance committee
12 with you?

13 A. Currently?

14 Q. Currently, yes, so like 2010.

15 MR. YOUNG: I'm going to object to the
16 form.

17 THE WITNESS: The -- the people's
18 names?

19 BY MR. MCDANIEL:

20 Q. Yes.

21 A. Are they not made available to you?

22 Q. They may be. I don't -- I don't have
23 it with me. I just wondered if you know who they
24 are and if --

25 A. Yeah, I know who they are.

1 Q. Can you tell me who they are?

2 A. Yeah, Phil Killian, Rick Baugh, Bob
3 Gould, Rod Lewis, Andy Scott, Pat Herkenham and I
4 believe the homeowners association has a rep and
5 they substitute a person pretty regularly and I
6 think the gentleman who's supposed to attend, his
7 name is -- last name is Buley but I don't know his
8 first name.

9 Q. Okay. Have you also been either on a
10 committee or on the board of the homeowners
11 association?

12 A. No, I have not.

13 Q. Are you familiar with Richard Mercier,
14 do you know him, Dick Mercier?

15 A. I do know him.

16 Q. Okay. How do you know him?

17 A. Just through various activities. Over
18 time I've met him, I've played golf with him a few
19 times.

20 Q. Okay. Was he a member of the club --
21 if you can recall was he a member of the club when
22 you first came in 2000?

23 A. I don't recall that.

24 Q. What about the Baylesses, Tom Bayless,
25 you know who that is?

1 A. I know Tom Bayless.

2 Q. Okay. And may be the same answer but
3 how do you know Tom?

4 A. I know -- same -- pretty much the same
5 circumstances.

6 Q. Have you had any communication directly
7 with Tom or his wife about -- about the litigation
8 in this case?

9 A. No, I have not.

10 Q. What about Dick Mercier?

11 A. No, I have not.

12 Q. Okay. What about Mike or Sandy Aulton,
13 are you familiar with them?

14 A. Do not know them.

15 Q. Okay. Arthur Applegate?

16 A. I know the name.

17 Q. Okay. Have you met him?

18 A. No.

19 Q. Bill Hobson?

20 A. Have not met him. Recognize the name.

21 Q. Are you familiar with Ellen Padgett?

22 A. Yes.

23 Q. Okay. Who is Ellen Padgett?

24 A. Ellen was a -- is a person who has
25 worked in the office at our gateway. I don't

1 believe she works there now.

2 Q. Okay. And do you know what position
3 she had in that office?

4 A. I -- I'm not sure.

5 Q. Okay. When you were on the board in
6 2004 to early 2007, who was the president of the
7 board?

8 A. For which year?

9 Q. Well, for each year if you can remember
10 if you can tell me or if you don't remember the
11 year, who -- which -- just tell me the president's
12 names that you do recall.

13 A. I'm pretty -- I think it was Terry
14 Wurtzbacher for '04-'05. I was the president in
15 '06 and then stayed on for one additional year as
16 treasurer.

17 Q. Was Bill Hawkins ever the president
18 while you were on the board?

19 A. I don't believe so. I think he was the
20 president when I was on the finance committee.
21 May -- maybe one year but I -- I think he had
22 probably finished and then eventually moved to
23 Florida.

24 Q. Okay. So you were on the finance
25 committee in 2002, 2003 approximately?

1 A. 2000 -- that's correct.

2 Q. Okay. All right. Are you familiar
3 with Lindsey Cooler?

4 A. I know her.

5 Q. Okay. Do you know what position if any
6 she's had -- previously had with the C -- CIMC?

7 A. I -- I don't think I understand your
8 question.

9 Q. Were you aware of her being employed by
10 the club? And by the club I mean the Callawassie
11 Island Members Club.

12 A. Yes.

13 Q. Okay. What was her position with the
14 club?

15 A. I think she was a -- in some marketing
16 capacity as well as member relations.

17 Q. During your time on the board, who was
18 in charge of -- of the member billing?

19 A. The accounting office, which would have
20 been the -- part of the Chaffin/Light company.
21 They provided contracted service to CIMC.

22 Q. Who was in charge of the membership,
23 did you have a member director or membership
24 director while you were on the board?

25 A. No.

1 Q. Who was in charge of the members'
2 records then, keeping track of membership
3 documents?

4 A. It would be a -- a function that --
5 that was carried out by the executive secretary for
6 the general manager and I believe it was sort of
7 jointly shared between themselves and the
8 accounting office.

9 Q. Who was that executive secretary?

10 A. I don't recall.

11 Q. Who was the general manager?

12 A. At what time?

13 Q. While you were there. While you were
14 on the board, 2004, 5 and 6.

15 A. John Adams and Mark West.

16 Q. And you don't -- you believe it would
17 have been John Adams or Mark West's executive
18 secretary that would have been primarily
19 responsible for --

20 MR. HAIGHT: Object to the form.

21 BY MR. McDANIEL:

22 Q. -- keeping the membership direct --

23 A. I --

24 Q. -- membership records?

25 A. I'm -- I'm not sure exactly who had the

1 direct responsibility for those --

2 Q. Okay.

3 A. -- for the records, member records.

4 Q. Who do you believe was -- who do you
5 know of that was part of that responsibility, that
6 had at least some portion of that responsibility?
7 I mean, who --

8 A. Well, it would be the executive
9 secretary, it would be the accounting office and
10 then you also had the real estate sales function.

11 Q. What do you mean the real estate sales
12 function, who is that?

13 A. At that time it would probably be Ellen
14 Padgett.

15 Q. When you were on the board, do you
16 recall the governing rules, whether -- any of the
17 governing documents ever being amended or revised
18 or changed?

19 A. I don't recall.

20 Q. Are you aware of any changes being made
21 to the governing documents since the -- of the club
22 since the time you've been a member of CIMC?

23 A. Yes.

24 Q. Okay. Can you tell me when those
25 changes occurred?

1 A. No.

2 Q. Okay. Can you -- any of -- any of the
3 changes, can you -- can you --

4 A. Over the -- over the course of time I
5 think that membership plan has undergone some
6 changes in amendments but I can't tell you
7 specifically the dates nor the specific content.

8 Q. Okay. Are you familiar with the cost
9 of a golf membership, whether that has changed
10 since you've been a member?

11 A. The cost of the golf membership?

12 Q. Yes.

13 MR. YOUNG: Object to the form.

14 THE WITNESS: With regard to what,
15 monthly cost?

16 BY MR. McDANIEL:

17 Q. No, the initial equity purchase cost.

18 A. Yes, it has been changed.

19 Q. Okay. Can you tell me when that was
20 changed, approximately? You don't have to give me
21 an exact date but the year.

22 A. I believe about 18 months ago the -- 12
23 to 18 months the -- the price was dropped.

24 Q. Okay. Do you know what it previously
25 was and what it was dropped to?

1 A. 45,000 dollars to 15,000.

2 Q. Okay. And what was the basis for that
3 reduction?

4 MR. HAIGHT: Object to the form.

5 THE WITNESS: I believe that it was
6 done to bring the cost of membership in line with
7 competition --

8 BY MR. McDANIEL:

9 Q. Okay.

10 A. -- as well as the economic downturn.

11 Q. And what year did you say you think
12 that happened, about 18 months ago?

13 A. I believe --

14 MR. HAIGHT: Object to the form.

15 THE WITNESS: -- it happened within the
16 last 18 months, two years perhaps.

17 BY MR. McDANIEL:

18 Q. Are you familiar with any settlement
19 with the developer, with CIC, Callawassie Island
20 Company, that occurred between them and Callawassie
21 Island Members Club?

22 A. Yes.

23 Q. All right. What was the nature of that
24 settlement, what was the dispute that was being
25 resolved?

1 A. I don't know the details of -- of what
2 was negotiated and -- and settled.

3 Q. Okay. Were you on the board at that
4 time?

5 A. No, sir.

6 Q. Okay. That was after you?

7 A. Yes.

8 Q. Were you on the finance committee at
9 that -- when that happened?

10 A. Yes.

11 Q. Did the -- do you recall any
12 discussions with the finance committee regarding
13 the terms of that settlement?

14 A. No.

15 Q. All right. Are you aware of any offer
16 made by Callawassie Island Members Club to -- for
17 some members to concede memberships during your
18 time on the board?

19 A. Yes.

20 Q. Okay. Tell me what that -- what that
21 offer was.

22 A. The offer to concede was predicated
23 or -- or -- or driven by individuals who no longer
24 owned property that were given the opportunity to
25 make payment to the club and concede their

1 memberships.

2 Q. And what does it mean to concede their
3 membership?

4 A. Basically turn their membership back
5 in.

6 Q. And their -- their obligations would
7 end at that time?

8 MR. YOUNG: Object.

9 MR. HAIGHT: Object to the form.

10 THE WITNESS: Upon a negotiated
11 settlement, um-hum.

12 BY MR. McDANIEL:

13 Q. Okay. But I guess --

14 A. But they had no property.

15 Q. Okay. So for those members who were
16 not property owners, this -- they had this option
17 to concede their membership for -- with some other
18 as I understand it payment terms, is that -- well,
19 let me ask you that. What was the payment that
20 they would have to make in order to do that?

21 A. I don't know.

22 Q. Okay. Was it a one-time lump-sum
23 payment?

24 A. I don't -- I don't know the specific
25 terms or situations.

1 Q. Okay. Whose idea was this offer -- to
2 make this offer?

3 A. Whose idea was it?

4 Q. Right. Who came up with this offer --
5 this idea to make this offer for -- for members who
6 didn't own property to be able to concede their
7 membership?

8 A. I don't know the specific person's
9 name.

10 Q. Okay. Was that during -- did that
11 develop during the time you were on the board?

12 A. On the board? I can't recall.

13 Q. Okay. How was that offer trans -- how
14 was that offer communicated to members?

15 A. By the general manager.

16 Q. And was this a -- do you know whether
17 it was a letter or is it a direct phone call or do
18 you know how -- how they actually sent that offer
19 out?

20 A. I don't know.

21 Q. Do you know how many people responded
22 to that offer?

23 A. No, sir.

24 Q. Okay. Who would have been in charge of
25 putting out that offer and then negotiating the

1 terms with the members?

2 MR. HAIGHT: Object to the form.

3 THE WITNESS: I already responded
4 it's -- the general manager was the -- the central
5 point.

6 BY MR. McDANIEL:

7 Q. Okay. And which one of the general
8 managers or if there was more than one, that's fine
9 too, but was it John Adams and Mark West or
10 somebody else that was in charge of that operation?

11 A. Whoever happened to be the general
12 manager.

13 Q. Okay. Well, that's what I'm asking you
14 is do you know who was the general manager at that
15 time?

16 A. No, sir.

17 Q. Was that a one-time offer that was made
18 or do you know --

19 A. I don't know that.

20 Q. Okay. So it might have been
21 additional -- might have been two or three -- or, I
22 mean, might have been more times than one?

23 MR. HAIGHT: Object to the form.

24 THE WITNESS: I -- I don't know the
25 answer to your question.

1 BY MR. MCDANIEL:

2 Q. Okay. Are you aware whether -- after
3 you were off the board whether that offer was made
4 at times after that?

5 A. I -- I have no idea.

6 Q. Okay. But I guess as far as being on
7 the finance committee, you've never -- you haven't
8 heard in the times since you were on the board of
9 them making that offer again?

10 A. I'm not aware of it.

11 Q. Okay. And it was your understanding
12 that the -- well, do you know whether or not a
13 member would continue to pay dues after they
14 conceded their membership?

15 A. After they conceded their membership?

16 Q. Right.

17 A. I don't know the answer to that. I
18 wouldn't -- I wouldn't think they would but...

19 Q. Are you familiar with any members being
20 expelled from membership?

21 A. Specific members?

22 Q. No, that ever -- that ever happened.

23 A. The process, the -- you know, the
24 covenants within the club provide for expulsion,
25 termination.

1 Q. Okay. Are you aware of that ever
2 occurring?

3 A. Yes.

4 Q. Okay. And then I guess the question
5 you were saying, are you -- can you tell me what --
6 any of those instances that you recall,
7 specifically who -- who would have been expelled?

8 A. I can't recall specific names at this
9 time.

10 Q. Okay. Do you remember why the member
11 was expelled or what the circumstances were?

12 A. Because they didn't pay their dues on a
13 timely basis.

14 Q. Okay. While you were on the board,
15 did -- is that how you're familiar with that
16 occurring is because it happened while you were on
17 the board?

18 A. Very limited basis when I was on that
19 board.

20 Q. Okay. How else are you familiar with
21 that, I mean, are you familiar with it by being on
22 the finance committee?

23 A. I'm familiar with it as a result of my
24 board involvement over four years.

25 Q. Okay. And can you estimate how many --

1 how many expulsions there might have been during
2 that time?

3 A: No.

4 Q. And tell me if you would what are the
5 governing documents of the Callawassie Island
6 Members Club?

7 MR. YOUNG: Object to the form.

8 THE WITNESS: What are the governing
9 documents?

10 BY MR. McDANIEL:

11 Q. The governing documents.

12 A. I think there's obviously a membership
13 plan and -- and articles of incorporation. I don't
14 know specifically what you would -- how you'd
15 identify them.

16 Q. Okay. Well, I guess, you know, what
17 I'm considering is the -- the documents that
18 control how the membership is governed -- or how
19 the club is governed and the members' obligations,
20 responsibilities, rights --

21 A. Yeah.

22 Q. -- those type of things, if -- if you
23 know of the documents --

24 A. I would think be in the membership
25 plan.

1 Q. Okay. All right. What's the process,
2 for lack of a better word, training or educating
3 new board members as to -- orienting I guess would
4 be the better word -- orienting new board members
5 during the time you came onto the board? Are you
6 familiar with what that process would be?

7 A. The time I'm familiar with is
8 individuals were elected to the board. There would
9 be a session for new board members where the board
10 president and secretary, general manager would
11 discuss the -- the meeting routine, the typical
12 kind of agenda and would distribute relevant
13 documents that felt that the -- that the incoming
14 board members would benefit from.

15 Q. Okay. All right. Let me show you
16 this. Have you seen this letter before?

17 A. Yes, I have.

18 Q. Okay. And do you recall Bernard
19 Carpenter?

20 A. I recall the name.

21 Q. Okay. Did you know Bernie Carpenter?

22 A. No, sir.

23 Q. Okay. And did you write this letter?

24 A. I signed this letter.

25 Q. Okay. Do you think that somebody else

1 wrote the letter?

2 A. You mean as far as the -- the text and
3 typing it? Yes.

4 Q. Who did that?

5 A. I -- either came out of the general
6 manager's office or the accounting office, I'm not
7 sure.

8 Q. Okay. And how would you have gotten it
9 to -- to sign it, how would that have been
10 presented to you?

11 A. In this form.

12 Q. I'm saying did it come to you
13 personally or would you get this in the mail or
14 leave it in the box or something, how did you know
15 to sign this?

16 A. How did I -- yeah, I -- I signed it as
17 the treasurer in an effort to deal with a
18 delinquent account.

19 Q. Okay. I guess what I'm wondering is
20 what's the process by which you sent this letter
21 and I'm assuming this type of letter out to members
22 such as Bernie Carpenter and -- and what I'm asking
23 you is was this something presented to you at a
24 board meeting where the general manager would come
25 in and say, I need you to sign these or how were

1 you actually presented with a -- with a blank --
2 with a letter without your signature and told to
3 sign it?

4 MR. HAIGHT: Object to the form.

5 THE WITNESS: Well, I mean, I was not
6 told by anybody to sign it. I mean, I -- I was the
7 treasurer of the board at the time. This was the
8 last month that I served. When members were not
9 current in their accounts, the procedures call for
10 an effort to try and collect the debt and this was
11 basically a letter that was sent by me in that
12 process.

13 BY MR. McDANIEL:

14 Q. Okay. I understand that you said you
15 wrote the letter. I guess what I'm wondering is
16 how --

17 MR. HAIGHT: Object to the form.

18 THE WITNESS: No, I didn't -- I did not
19 write this letter. I signed this letter.

20 BY MR. McDANIEL:

21 Q. Okay. I understand. I understand you
22 signed it, excuse me. What I'm wondering is how
23 did you receive it?

24 A. How did I receive it?

25 Q. Yes.

1 A. I don't know how I received it. I -- I
2 don't recall.

3 Q. Okay. Do you recall sending out any
4 other letters of this type?

5 A. No.

6 Q. Do you believe this is the only letter
7 of this type that you sent out?

8 A. I don't know that.

9 Q. Okay. Did you read the letter before
10 you sent it out?

11 A. Yes.

12 Q. Okay. Do you agree with the content of
13 the letter?

14 A. Yes.

15 Q. Okay. In the letter it refers to
16 Paragraph 13 -- in the second paragraph of it it
17 talks about Paragraph 13.3.1 of the club rules and
18 what I'm wondering is are the club rules -- would
19 you also recognize those as governing documents of
20 the club?

21 A. Yes.

22 Q. Okay. And as the rule is quoted there,
23 any member whose account is not settled within the
24 four-month period following suspension shall be
25 expelled from the club. Is that the basis for

1 which the expulsions that you said you were aware
2 of, at least the one or however many, is that the
3 basis for expelling members for failing to pay
4 their dues?

5 MR. YOUNG: Object to the form.

6 THE WITNESS: If -- if they do not
7 bring their account current within four months?

8 BY MR. McDANIEL:

9 Q. Yes.

10 A. Following suspension they're expelled
11 from the club, yes.

12 Q. Okay. And I guess that's just what I'm
13 wondering is are you aware of other provisions that
14 speak to that same issue of expelling members for
15 failure to pay dues or bring their account current?

16 A. I -- other -- you used the term other
17 provisions.

18 Q. Right. Other governing provisions.

19 A. I don't understand the question.

20 Q. Okay. Well, let me -- let me move on
21 to -- to something else. The paragraph there
22 indicates that just -- where we just read the
23 four-month period following suspension shall be
24 expelled from the club. Are you aware of that
25 provision being changed to say may be expelled from

1 the club?

2 A. Perhaps a subsequent change in the
3 documents maybe changed some of that language but
4 I'm -- I'm not -- I'm not familiar with and not
5 able to -- to tell you the exact change and what
6 came about.

7 Q. Okay. Well, and I just want to ask you
8 if you don't know -- you know, if you don't know
9 the answer, that's fine, but I just want to be
10 clear. So you are not aware of the reason that
11 that change, if it was made to --

12 A. Correct, I'm not aware of that.

13 Q. Okay. And are you aware of the process
14 by which a change like that would have occurred?

15 A. A process would have come as a result
16 of the documents being reviewed through a
17 membership committee and with the recommended
18 changes that -- that be done in the membership
19 plan.

20 Q. Okay. And what --

21 A. And that would come in the form of an
22 amendment to the plan.

23 Q. What type of vote has to be taken to
24 make an amendment to the plan?

25 A. I don't know the answer to that.

1 Q. And as you understood this provision as
2 it was written at the time or as you understand it
3 reading it now, would you agree --

4 MR. HAIGHT: Object to the form.

5 BY MR. McDANIEL:

6 Q. Would you agree that the -- the rule at
7 that time was that a member would -- would be
8 expelled from the club if they were suspended for
9 more than four months and did not settle their
10 account?

11 A. Yes.

12 Q. It goes on to state that they would not
13 again be eligible for membership so is it your
14 understanding that that was the policy of
15 Callawassie Island Members Club is to not allow
16 expelled members to again be members?

17 MR. YOUNG: Object to the form.

18 THE WITNESS: Yes.

19 BY MR. McDANIEL:

20 Q. Okay. Are you aware of any expelled
21 member getting another membership?

22 A. No.

23 Q. All right. Are you familiar with
24 whether a member can resign their membership during
25 your time on the board?

1 A. No.

2 Q. You're not familiar with it or they
3 could -- can't resign?

4 A. Could not resign.

5 Q. Okay. Have -- and from your experience
6 since 2000, have members ever been able to resign
7 their membership from Callawassie Island Members
8 Club?

9 A. I'm not aware of that.

10 Q. Okay. And when you purchased your
11 property -- in 1999, was it?

12 A. March of '99.

13 Q. '99?

14 A. Um-hum.

15 Q. Were you aware at that time of whether
16 or not you had to purchase a membership in
17 Callawassie Island Members Club?

18 A. I did not have to purchase a
19 membership.

20 Q. Okay. Did you purchase a membership at
21 that time?

22 A. I did.

23 Q. Okay. How many memberships have you
24 purchased?

25 A. One.

1 Q. Okay. Was it your understanding at
2 that time that you could have resigned your
3 membership if you wanted to?

4 A. I don't recall.

5 Q. Okay.

6 MR. McDANIEL: I'd like to mark this as
7 Exhibit 1.

8 (DFT. EXH. 1, Letter dated 2/19/07 to
9 Mr. & Mrs. Bernard F. Carpenter from J. Richard
10 Carling, was marked for identification.)

11 MR. McDANIEL: The letter that was just
12 marked as Exhibit 1 dated February 19, 2007 also
13 has a copy of Defendant's Exhibit 3 from a previous
14 deposition on it but it is identified as Carling's
15 Deposition 1 for this exhibit.

16 BY MR. McDANIEL:

17 Q. During your time on the board, what was
18 the policy of CIMC with regard to members that
19 walked away from their membership, that is, they
20 just left, maybe they moved out of town and simply
21 stopped paying on their membership?

22 MR. YOUNG: Object to the form.

23 MR. HAIGHT: Object to the form.

24 THE WITNESS: The -- the club would
25 make an effort to continue to collect the

1 appropriate dues and charges from that individual.

2 BY MR. McDANIEL:

3 Q. Okay. Are you aware of the club suing
4 any -- any of the members during your time on the
5 board?

6 A. Yes.

7 Q. Okay. Who was --

8 A. I don't recall the names.

9 Q. Okay. What were the issues for which
10 they were sued?

11 A. For failure to pay their obligations on
12 time, financial obligations.

13 Q. Is that while you were on the board or
14 on the finance committee?

15 A. Both.

16 Q. Okay. What was the process by which a
17 member gets their membership put on the resale
18 list?

19 A. What is the process?

20 Q. Right. What do you have to do to put
21 your membership on the resale list?

22 A. I don't recall.

23 Q. Who maintained the resale list while
24 you were on the board?

25 A. The resale list while I was on the

1 board was maintained in -- I believe in one of
2 three places and it was a little bit -- I think it
3 was pretty much of a joint effort between the
4 executive secretary, the real estate sales office
5 and the accounting office and who had that specific
6 responsibility for it, I can't answer that.

7 Q. Okay. So during your time as board
8 president, if you wanted to get the resale list who
9 would you have talked to?

10 A. The resale list was in a -- a
11 document -- monthly board meeting package.

12 Q. Okay. What access did club members
13 have to that resale list?

14 A. What access did they have?

15 Q. Right.

16 A. I think they could -- pretty sure they
17 could go to the club office and look at it.

18 Q. Okay. So it was your understanding
19 that was available or at least open --

20 A. Yes.

21 Q. -- to the club members to see?

22 A. Yes.

23 Q. Okay. Tell me if you would what if --
24 what happened if a member -- a property owner who's
25 also a member sell -- sells their property --

1 A. Um-hum.

2 Q. -- and the purchaser of the property
3 buys a membership of a different type, that is,
4 they buy a social membership and the seller of the
5 property has a golf membership, what happens to the
6 golf membership?

7 A. Golf membership remains the
8 responsibility of the individual that owns it.

9 Q. Okay. Are you aware of any provision
10 for those types of persons to concede their
11 membership back to the club?

12 A. In other words, a golf member who no
13 longer owns property?

14 Q. Right.

15 A. Yeah, I believe there were some
16 situations where nonproperty owners conceded their
17 memberships back.

18 Q. Okay. And are you aware of whether
19 Bill Hawkins did that?

20 A. I'm not aware of that.

21 Q. Are you aware of whether Wurtzbacher
22 did anything along those lines?

23 A. No.

24 Q. Okay. Are you familiar with Don
25 Barrett?

1 A. I know the gentleman.

2 Q. Okay. Do you know who he sold his home
3 to?

4 A. No.

5 Q. All right. Would it be acceptable --
6 well, me let ask you this. Do you know who got Don
7 Barrett's golf membership?

8 A. No, I don't know that.

9 Q. Are you familiar with any officers of
10 the club getting any offers or deals that were not
11 made to the club members generally?

12 A. No, sir.

13 Q. Are you aware of any instances where
14 members who owned multiple memberships would pay
15 nonresident or have some split between a resident
16 and nonresident dues for their multiple
17 memberships, that is, they might have three
18 memberships and play -- pay either resident or
19 nonresident on one or two and pay the -- pay
20 resident on the other -- on the other membership?

21 A. Perhaps they might. I -- I'm -- I'm
22 not aware -- aware how that arrangement might work.

23 Q. Okay. Are you familiar with any
24 provision that would allow differing assessments of
25 dues for -- for a member for multiple memberships?

1 MR. YOUNG: Object to the form.

2 THE WITNESS: There might be. I'm
3 not -- I'm not familiar with -- with -- with any of
4 those details.

5 BY MR. McDANIEL:

6 Q. Okay. Are you familiar with -- are you
7 aware of any agreements being made to members which
8 are outside what the standard membership
9 requirements are?

10 A. No.

11 MR. HAIGHT: Object to the form.

12 BY MR. McDANIEL:

13 Q. Are you familiar with any deals with
14 members made by the developer for members not to
15 pay certain dues for some period or for them to
16 receive, for instance, maybe resident or
17 nonresident status when otherwise the rules would
18 say that they would be residents or nonresidents?

19 A. I think the only situation I'm aware of
20 is a developer -- arrangements made through an
21 auction sale that they conducted several years ago.

22 Q. Okay. And what are you familiar with
23 about that -- about that arrangement, what were the
24 terms of that arrangement?

25 A. The specific terms I'm not familiar

1 with. I'm just aware that the developer would pay
2 dues on behalf of the lot purchaser and the auction
3 for two years..

4 Q. Okay. Are you familiar with Jackie
5 Leffers?

6 A. I know the name.

7 Q. Okay. What do you -- do you know
8 anything about her membership, what happened with
9 her membership?

10 A. I believe she conceded her
11 membership --

12 Q. All right.

13 A. -- after she sold her property.

14 Q. Okay. Do you know when that occurred?

15 A. No, I don't.

16 Q. Do you know whether or not she made any
17 kind of payment as part of a settlement agreement?

18 A. I -- I don't know the terms with --
19 under which she conceded her membership.

20 Q. Okay. Do you have any idea
21 approximately what year that occurred?

22 A. What year?

23 Q. Yeah, within a --

24 A. I don't know.

25 Q. Was it -- was it the last few years or

1 was this early 2000s or was this while you were on
2 the board, I mean, can you place it in any time
3 frame?

4 A. I'd say it was in the -- within the
5 last five years.

6 Q. I show you a document. It's a little
7 bit small there but do you recognize that document?

8 A. This specific document?

9 MR. HAIGHT: I will object to the form
10 just that this one appears to have been altered.
11 It's not something I've ever seen before. Things
12 have been blacked out.

13 MR. McDANIEL: I don't -- I think
14 that's how we received it but I'll check.

15 THE WITNESS: Would you repeat your
16 question again?

17 BY MR. McDANIEL:

18 Q. Sure. Do you recognize the document?

19 A. I recognize the form of the document,
20 not the document itself.

21 Q. And what is the form of the document,
22 what is this?

23 A. It's a golf membership resale list and
24 a social membership resale list.

25 Q. Okay. And it's dated February -- I

1 mean January of 2007?

2 A. Um-hum.

3 Q. And you were on the board at that time?

4 A. Yes, I was.

5 Q. Okay. And it is -- if not exactly, I
6 mean, would you agree that this looks like the
7 resale list you would have seen during your period
8 on the board?

9 A. Yes.

10 Q. Okay. Under the -- on the left side
11 there's columns. The first it says name and the
12 second says status. I'm again looking at the one
13 that says golf --

14 A. Um-hum.

15 Q. -- membership resale list.

16 A. Um-hum.

17 Q. And you go down that list and there's
18 numerous ones that say conceded and beside it are
19 expelled and what I'm wondering is are the conceded
20 memberships placed on the resale list in any
21 particular order? Do you know how -- I guess the
22 better question is do you know how a conceded
23 membership gets placed on the resale list?

24 A. My understanding is they get -- they
25 get placed on the resale list at the time the --

1 the event or the transaction occurred.

2 Q. Okay.

3 A. They -- they don't receive any
4 priority, they just -- you know, they fall where
5 they may.

6 Q. Okay. But would it be your
7 understanding that those that are conceded would no
8 longer be incurring ongoing --

9 MR. HAIGHT: Object to the form.

10 BY MR. McDANIEL:

11 Q. -- dues and fees?

12 A. I -- I think it all depends on -- on
13 what was negotiated with the individual.

14 Q. Are you aware of some of these conceded
15 memberships where they continued to pay fees and
16 dues after they conceded their membership?

17 A. Well, you've asked me that a couple
18 times already. I don't know the answer to that.

19 Q. Okay. Looking at some of these as to
20 when they appear to be placed on the resale list,
21 there's -- I'm going down to Number 66 there where
22 it says CI Club, Oelkers.

23 A. Um-hum.

24 Q. Do you recall the Oelkers conceding
25 their membership?

1 A. No.

2 Q. And then 2005, Number 68, William Shaw,
3 do you recall William Shaw being -- or Shaw
4 William, I'm not sure, being expelled from the
5 club?

6 A. Do I recall the event or -- yeah.

7 Q. Can you tell me anything --

8 A. I don't --

9 Q. -- about that as -- while you were on
10 the board some -- just wondering if you have any --

11 A. Yeah.

12 Q. -- recollection of how this person got
13 expelled while you were on the board.

14 A. For not paying dues.

15 Q. Okay. And 72, Oakley is also
16 expelled --

17 A. Yeah.

18 Q. -- and it looks like that one was older
19 actually though when they were placed on there.

20 A. Yeah. I don't recognize that name at
21 all.

22 Q. Okay. If the person was -- well, what
23 about Long, 75, Long, which is another one that
24 appears to be during the time when you were on the
25 board?

1 A. Um-hum.

2 Q. Do you recall the circumstances of Long
3 being expelled?

4 A. No, I don't.

5 Q. Okay. And Reed, J.W. Reed, 77,
6 conceded their membership.

7 A. Yeah.

8 Q. Do you recall the circumstances of
9 that?

10 A. No, sir.

11 Q. Would that have been something -- an
12 expulsion or concession of membership, would that
13 have been something that would have been brought to
14 the board for any sort of a vote?

15 A. I -- I don't -- I don't know the answer
16 to that. I think they were processed through
17 the -- through the -- the -- the timeline as set
18 out in the governing documents of the club.

19 Q. Okay. And was the general manager
20 empowered to go by that and do that without further
21 board intervention?

22 A. Well, I -- I believe that these --
23 there was discussion about these names in -- in --
24 in board meetings.

25 Q. Okay. During your time on the board do

1 you recall anybody attempting to resign their
2 membership?

3 A. Yes.

4 Q. And did you respond to them or do you
5 know who did respond to them?

6 A. Either the -- did I respond to them? I
7 don't recall responding to them in the form of a --
8 of a written answer. My recollection is that
9 the -- the communication between the club and the
10 individual is done through the general manager's
11 office.

12 Q. Okay. And what would have been the --
13 the response to someone attempting to resign during
14 your time on the board?

15 A. Can't do it.

16 Q. Why not?

17 A. Because they have entered into an
18 agreement to pay dues while they still own the
19 membership.

20 Q. Okay. And are you aware of any state
21 law that mandates that nonprofits allow members to
22 resign?

23 A. I'm not -- I -- I don't -- I'm not
24 aware of that.

25 Q. Okay. But the policy during your time

1 on the board was to let members --

2 MR. HAIGHT: Object to the form.

3 BY MR. McDANIEL:

4 Q. -- to tell members that they could not
5 resign?

6 A. That's correct.

7 Q. Okay. Was Harman Switzer on the board
8 when -- the same time as you've been on the board?

9 A. No.

10 Q. Okay. Was -- are you familiar with
11 Harman?

12 A. I am.

13 Q. And when did he get on the board, if
14 you -- if you know, was it before you or after you?

15 A. Both.

16 Q. Okay. But you guys just didn't serve
17 at the same time?

18 A. That's correct.

19 Q. Have you been on the finance committee
20 while he was on the board?

21 A. Yes, while he was on the finance
22 committee. He chaired the finance committee when I
23 went back on it.

24 Q. Okay. In 2010?

25 A. About 2010.

1 Q. Okay. And before 2004 was he on the
2 board prior to that?

3 A. I don't -- I believe so. I'm not sure.

4 Q. Okay. Let me show you a letter --
5 well, actually, let me show you this one. It
6 doesn't have that mark -- the -- the exhibit number
7 on it.

8 A. Um-hum.

9 Q. This has the exhibit. It's the same
10 document. Do you recognize that letter?

11 A. No.

12 Q. Okay. I'll represent to you it was
13 from -- to William Hobson from Harman Switzer as
14 the treasurer.

15 A. Um-hum.

16 MR. HAIGHT: Object to the form.

17 BY MR. McDANIEL:

18 Q. Do you recognize -- or does that look
19 familiar to you as a letter of the type that would
20 have been sent out with regard to the concession of
21 memberships?

22 A. I -- does it look familiar to me? No.

23 Q. Okay. And I guess specifically as
24 to -- in the middle there seems to be a -- an offer
25 made --

1 A. Um-hum.

2 Q. -- at least as it's written there.

3 A. Sure.

4 Q. Does that offer ring any bells for
5 you --

6 A. No.

7 Q. -- as far as the --

8 A. I've never seen this letter before.

9 Q. Okay. And I understand that, that this
10 was after your time. Of course I guess you were
11 possibly on the finance committee but -- after your
12 time on the board but I'm just wondering -- we
13 talked earlier about certain arrangements being
14 made or agreements being made with members to
15 concede memberships.

16 A. Um-hum.

17 Q. And I'm wondering whether --

18 A. For nonproperty owners.

19 Q. For nonproperty owners.

20 A. Right.

21 Q. And I'm wondering whether this would
22 fit in your understanding with that -- with the
23 type of agreement.

24 A. I don't think I can answer that because
25 I think each -- each case was done on an individual

1 basis.

2 Q. Okay. And are you familiar with
3 whether or not Bill Hobson is a property owner?

4 A. I don't know that.

5 Q. Okay. Are you familiar with any offers
6 being made to property owners to concede their
7 memberships?

8 A. No.

9 Q. Okay.

10 MR. McDANIEL: We'll mark that as --
11 I'm sorry, let me go back. I'm going to mark the
12 resale list as Number 2 that we looked at earlier.

13 MR. HAIGHT: Same objection.

14 (DFT. EXH. 2, Golf Membership Resale
15 List dated 1/17/2007, was marked for
16 identification.)

17 (DFT. EXH. 3, Letter dated 4/12/10 to
18 Mr. William R. Hobson from Harman Switzer, was
19 marked for identification.)

20 BY MR. McDANIEL:

21 Q. And we've marked as Exhibit 3 the
22 letter to Hobson that we were just looking at.

23 And as I understand it, you're saying
24 you don't recognize that letter, you haven't seen
25 it before as far as you know?

1 A. Right.

2 Q. Who was in charge of negotiating a
3 settlement with Callawassie Island Company?

4 MR. YOUNG: Object to the form.

5 THE WITNESS: Who was in charge?

6 BY MR. McDANIEL:

7 Q. Yeah, from your understanding, who --

8 A. I have no way of knowing that.

9 Q. Okay. Were you on the finance
10 committee when that was done?

11 A. What date?

12 Q. The date of the negotiation, the
13 settlement, is that what you --

14 A. Yeah.

15 Q. I think it's 2010. I'm not sure.

16 A. I'm not sure either.

17 Q. Okay. So you don't recall?

18 A. I had nothing to do with it.

19 Q. Okay. Do you know who did?

20 A. I would just be speculating.

21 Q. Okay. Let me get you to look at that,
22 if you would, see if you -- if you recognize that
23 document.

24 A. Um-hum. I do recognize this document.

25 Q. Okay. What is that?

1 A. It's a document that was sent out to
2 club members at the time the --

3 MR. HAIGHT: Do you have one for us?

4 THE WITNESS: -- members --

5 MR. McDANIEL: No, I just have the two.

6 THE WITNESS: -- transitioned the --

7 MR. HAIGHT: Why don't we take a break
8 so we can make a copy of this --

9 THE WITNESS: Okay.

10 MR. HAIGHT: -- so that Bill and I can
11 look at it.

12 (A recess transpired.)

13 BY MR. McDANIEL:

14 Q. I think we were asking you can you
15 identify the --

16 A. Um-hum.

17 Q. -- document and tell me what the --
18 what is this?

19 A. This is a document that was used and
20 presented to members at the time the club
21 transitioned from -- ownership and control from the
22 developer to the members.

23 Q. Okay. And do you know what period of
24 time these rules were in effect or are they
25 continuing -- still in effect?

1 MR. YOUNG: Object to the form.

2 THE WITNESS: They are still general
3 club rules but as to the number of times they've
4 been changed in amendment since August of 2001, I
5 believe they've been amended but I don't know the
6 specific date.

7 BY MR. McDANIEL:

8 Q. Okay. Do you have any idea how many
9 times they've been amended?

10 A. No.

11 Q. Okay. Based on -- what would be the --
12 well, let me start over.

13 MR. McDANIEL: Let me mark this as
14 Exhibit 4.

15 (DFT. EXH. 4, The Callawassie Island
16 Members Club, Inc. General Club Rules dated 8/8/01,
17 was marked for identification.)

18 BY MR. McDANIEL:

19 Q. I believe from the letter that you had
20 signed that we identified as Exhibit 1 you were
21 citing from the club rules and it appears at least
22 to me to be these club rules where it cites to
23 13-3-1 (sic) and deals with specifically 3.3 deals
24 with delinquencies and the governing procedures for
25 dealing with those. Are you aware of anywhere else

1 in the -- in the general club rules dealing with
2 what happens to delinquent members? And I'll give
3 you a chance to look through and see -- see if
4 you -- if you can identify other places that deal
5 with that.

6 A. Well, you want me to look through this
7 document?

8 Q. Or are you familiar with the document?

9 A. This document was done in 2001, no, I'm
10 not familiar with this document.

11 Q. Okay. Was this the document that was
12 in effect while you were on the board for four
13 years?

14 A. Unless it was changed before that.

15 Q. Okay. Do you know whether or not this
16 is the document that was in effect while you were
17 on the board?

18 A. I don't know that this is specific or
19 whether it was changed -- any changes prior to
20 that, I don't know that.

21 Q. Okay. So when you were on the board,
22 you can't -- you can't state that this was the
23 governing -- were the general club rules at the
24 time that you were on the board? I just want to
25 make sure I understand.

1 A. Yeah. Well, we had general club rules.
2 Whether they were -- had been amended after this
3 date and while I was on the board, I can't answer
4 that.

5 Q. Okay. While you were on the board, do
6 you recall the general club rules ever being
7 amended?

8 A. No.

9 Q. Okay. Well, looking at these --
10 looking at Section 13 -- yeah, Section 13, can
11 you -- do you recognize or are you aware of any
12 changes that have been made to that Section 13.3.1,
13 13.3.2, 13.3.3 or 13.3.4? Are you familiar with
14 any changes that you know of that were made to
15 those?

16 A. No, I'm not.

17 Q. Okay. Are you familiar with Brian
18 LaSota?

19 A. I know the gentleman.

20 Q. Okay. Who is Brian LaSota?

21 A. Brian -- Brian LaSota at one time was
22 the general manager of the Callawassie Island
23 Members Club.

24 Q. Okay. Is he still the manager?

25 A. No.

1 Q. Okay. Why -- what happened to -- so
2 that he's no longer the manager?

3 A. I don't know the answer to that.

4 Q. Okay. Were you on the board at the
5 time when he was the general manager?

6 A. No.

7 Q. Okay. So -- and I think you
8 testified -- or you testified the only two that you
9 recall were -- let me see if I can find the names.

10 A. John Adams and Mark West.

11 Q. Mark West, okay. Do you know whether
12 Brian LaSota would have followed those?

13 A. I believe he did.

14 Q. Okay. And do you know who's -- after
15 Brian LaSota who's been general manager?

16 A. Yes.

17 Q. Who is that?

18 A. Jeff Spencer.

19 Q. Okay. Is that the current general
20 manager?

21 A. That's correct.

22 Q. Are you aware of anyone purchasing a
23 golf membership for less than 45,000 dollars before
24 the price change occurred?

25 A. No, I'm not.

1 Q. Okay. Are you aware of anyone
2 purchasing property on Callawassie Island who did
3 not purchase a membership since 2001?

4 A. I'm not aware of that.

5 Q. Are you familiar with -- I sort of
6 asked you this already so it may be the same but
7 are you familiar with --

8 MR. HAIGHT: Object to the form.

9 BY MR. McDANIEL:

10 Q. -- any special provision or special --
11 unusual term that would allow Bill Hawkins to
12 concede a membership without being on the resale
13 list?

14 A. I'm not aware of that.

15 Q. Is there -- if a member currently wants
16 to get the resale list, what would they need to do,
17 do you know how they would go about getting a copy
18 of that?

19 A. If -- I don't even know if there is a
20 resale list anymore.

21 Q. Why wouldn't there be a resale list?

22 A. I -- I thought when they -- when they
23 had a situation with the developer that -- I'm --
24 I'm not even aware that there still is a resale
25 list.

1 Q. Okay. What did -- how did the issue
2 with the developer resolve the resale list?

3 A. I -- I -- I don't know the answer to
4 that. I just -- hasn't been discussed, I haven't
5 seen a copy of it since that time. People are
6 selling their memberships with their property so
7 there's -- you know, if you don't sell your
8 membership with your property, I -- I don't know
9 what you do with it now.

10 Q. Since what -- since when?

11 A. Since -- since the settlement with the
12 developer.

13 Q. Okay. What would have been done with
14 it before -- what changed with the settlement with
15 the developer to --

16 A. I -- I don't know. I just have not
17 seen a copy of the resale list. That's what I'm
18 saying, I'm not aware that the process exists
19 anymore.

20 Q. Okay. Just a couple more questions,
21 give me just a second. Have you ever been employed
22 by Chaffin/Light or any of the --

23 A. No, sir.

24 Q. -- Chaffin companies?

25 Are you familiar with any other offers

1 such as the one that appears to be -- is
2 represented here in the letter to Bill Hobson that
3 we looked at, are you aware of any offers similar
4 to that being made?

5 A. No, sir.

6 Q. When you were on the board, tell me
7 what offices you held during your time on the
8 board. I know you were treasurer and president,
9 correct?

10 A. Right.

11 Q. What other --

12 A. I also -- one term as long-range
13 planning.

14 Q. Okay. Is the homeowners association --
15 CIPOA, property owners association, a separate
16 entity from the Callawassie Island Members Club?

17 MR. YOUNG: Object to the form.

18 THE WITNESS: I believe it is.

19 BY MR. McDANIEL:

20 Q. Okay. Did you have -- conduct meetings
21 together when you were on the board?

22 A. No.

23 Q. Okay.

24 MR. McDANIEL: That's all I have.

25 MR. HAIGHT: Let's take a little break.

1 (A recess transpired.)

2 MR. HAIGHT: We don't have anything.

3 MR. McDANIEL: All right. Mr. Carling,
4 thank you very much.

5 (WHEREUPON, the proceedings concluded
6 at 12:12 PM.)

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1 CERTIFICATE OF REPORTER

2 I, Terri L. Brusseau, Registered
3 Professional Reporter and Notary Public for the
4 State of South Carolina at Large, do hereby certify
5 that the foregoing transcript, Pages 1 through 60,
6 is a true, accurate and complete record.

7 I further certify that I am neither related
8 to nor counsel for any party to the cause pending
9 or interested in the events thereof.

10 Witness my hand, I have hereunto affixed my
11 official seal this 24th day of September, 2012 at
12 Charleston, Charleston County, South Carolina.

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18
19 Terri L. Brusseau,
20 Registered Professional Reporter,
21 Certified Realtime Reporter
22 My Commission expires
23 March 24, 2016.
24
25

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Resale List dated 1/17/2007		
DFT. EXH. 3, Letter dated	48	17
4/12/10 to Mr. William R.		
Hobson from Harman Switzer		
DFT. EXH. 4, The Callawassie	51	15
Island Members Club, Inc.		
General Club Rules dated		
8/8/01		



**CALLAWASSIE
ISLAND
CLUB**

February 19, 2007

Via Certified Mail/RRR and Regular Mail

Mr. & Mrs. Bernard F. Carpenter
23 Winding Oak Drive
Callawassie Island, SC 29909

Re: **Callawassie Island Members Club**
Delinquent Account: **02942**
Amount: **\$2,622.58**

Dear Mr. & Mrs. Carpenter,

As you know, your membership in the Callawassie Island Members Club, Inc. was suspended by the Board of Directors in accordance with Section 13.3.1 of the Callawassie Island Members Club, Inc. General Club Rules for failure to pay dues, fees, assessments and charges associated with your account.

Please refer to Paragraph 13.3.1 of the Club Rules that states "any member whose account is not settled within the four (4) months period following suspension shall be expelled from the club." Paragraph 14.1.5 states that "Any Member of the Club who has been expelled shall not again be eligible for membership nor admitted to Club Facilities under any circumstances. An expelled member shall be so notified by registered mail and shall have the obligation to surrender his or her membership certificate for reissuance by the Club to a new member.

As a result of current management changes we would like to offer delinquent members another opportunity to bring their accounts current. This correspondence serves as written notification that your account needs to be settled by March 1, 2007.

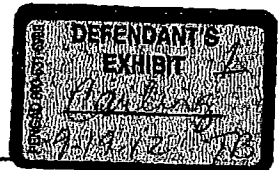
If you decide to pass on this opportunity, and do not bring your account up to date within ten (10) days of this correspondence, you will be expelled from membership in the Callawassie Island Members Club, Inc., and the following procedures will be put in motion to collect the debt:

1. We will commence a simple debt collection action seeking a money judgment including attorneys fees and all costs of collection.
2. Upon the successful prosecution of the lawsuit to a money judgment, the judgment will be filed in the Beaufort County Records and will attach to any and all property.
3. This judgment is capable of being collected through the Sheriff's execution of judgment process which includes the sale of the real property.

All attorney, collection and court costs will apply to the delinquent account. We strongly urge you to take advantage of this opportunity to bring your account current and avoid an unnecessary and costly legal process.

Sincerely,

J. Richard Carling
J. Richard Carling, Treasurer



**DEFENDANT'S
EXHIBIT**

22 Callawassie Club Drive Okatie, South Carolina 29909
Clubhouse (843) 987-2142 Pro Shop (843) 987-2161 Toll Free (800) 221-8431 Fax (843) 987-2166

Golf Membership Resale List

1/17/2007

Confidential

Factory 1000 only

NAME	STATUS	AGENT	PRICE	DATE	NUMBER	ORIGINAL	ORIGINAL	OWED TO	PROPERTY	CALLING HISTORY
Owned by Owner:			WHEN	PLACED	WHEN	DATE	PURCHASE	SELLER		
			PLACED		PLACED	PURCHASED	PRICE			
1 C.I. Club (Feldman, Al)	Conceded	BS	\$28,000	5/19/1988	47	8/28/1988	\$24,000	\$38,000	SOLD	4/14/03-16
2 C.I. Club (Perry)	Expelled	GA	\$28,000	6/3/1988	50	11/30/1988	\$16,000	\$38,000	SOLD	form sent 8/5
3 Beutegard		MA	\$28,000	6/24/1988	51	4/20/1987	\$10,000	\$38,000	SOLD	
4 C.I. Club (McCormack)	Conceded	AB	\$28,000	7/16/1988	48	1/28/1984	\$18,000	\$38,000	conceded 3/27/03	
5 C.I. Club (Harrison, S.)	Expelled	LA	\$28,000	8/8/1988	49	12/20/1988	\$12,500	\$38,000	SOLD	
6 C.I. Club (Zetza)	Expelled	AT	\$31,000	10/20/1988	60	1/28/1984	\$18,000	\$38,000	SOLD	Sold he conceded 2/19/03
7 Brown, Brian		GA	\$31,000	11/2/1988	62	1/17/1989	\$12,500	\$38,000	lot	
8 Leflore		BS	\$31,000	12/8/1988	57	8/30/1988	\$12,500	\$38,000	lot	8/22/14-12
9 C.I. Club (Knaus)	Conceded	GA	\$31,000	12/11/1988	68	12/11/1988	\$31,000	\$38,000	conceded 10/7/02	
10 C.I. Club (B. Burke)	Conceded	BS	\$31,000	12/23/1988	69	4/30/1987	\$28,000	\$38,000	conceded 1/22/02	
11 Williams, Dick		EP	\$31,000	1/7/1989	68	10/1/1988	\$18,000	\$38,000	SOLD	
12 C.I. Club (Provoost)	Conceded	LA	\$31,000	1/12/1989	60	7/1/1988	\$1,500	\$38,000	conceded 2/18/02	
13 C.I. Club (Sheckler)	Conceded	DF	\$31,000	1/27/1989	61	7/28/1983	\$12,500	\$38,000	conceded 10/7/02	
14 C.I. Club (Ostby)	Expelled	LA	\$31,000	3/23/1989	62	9/13/1988	\$10,000	\$38,000	SOLD	
15 C.I. Club (Scheppe)	Expelled	LA	\$31,000	3/26/1989	63	3/26/1989	\$10,000	\$38,000	SOLD	
16 C.I. Club (Aziz)	Conceded	LA	\$31,000	4/6/1989	63	1/28/1980	\$12,500	\$38,000	conceded 8/20/01	
17 C.I. Club (Bowen)	Conceded	BI	\$31,000	4/7/1989	65	6/12/1986	\$12,500	\$38,000	lot	
18 Hobson, W.		DF	\$31,000	4/28/1989	71	5/18/1980	\$24,000	\$38,000	conceded 1/1/03	4/14/03-32
19 Butcher		LA	\$31,000	6/3/1989	71	6/11/1980	\$16,000	\$38,000	SOLD	10/1/04-23
20 C.I. Club (Banksen)	Expelled	BS	\$31,000	8/16/1989	72	3/29/1988	\$12,500	\$38,000	conceded 3/8/03	
21 Brice		LA	\$31,000	7/28/1989	70	4/15/1987	\$10,000	\$38,000	SOLD	
22 C.I. Club (Brodar)	Conceded	LA	\$31,000	8/7/1989	71	6/17/1989	\$12,500	\$38,000	conceded 1/1/03	3/13/03-37, 11/4/04-28
23 C.I. Club (Morgan, JF)	Conceded	SI	\$31,000	11/16/1989	69	2/1/1980	\$12,500	\$38,000	conceded 4/16/02	
24 C.I. Club (Dixon, J)	Conceded	LA	\$31,000	12/7/1989	72	9/20/1988	\$18,000	\$38,000	2nd main	8/25/04 5/13/05
25 O.I. Club (Gleberman)	Conceded	BI	\$31,000	12/28/1989	74	Feb-90	\$12,500	\$38,000	conceded 12/14/01	Per Hawkins 8/03
26 C.I. Club (Wagner, Laurence)	Conceded	BS	\$31,000	1/3/2000	74	8/21/1986	\$24,000	\$38,000	conceded 11/1/01	
27 Hope		LA	\$31,000	1/10/2000	76	5/14/1987	\$10,000	\$38,000	SOLD	
28 C.I. Club (Ducato)	Conceded	SI	\$31,000	1/12/2000	77	2/1/1980	\$12,500	\$38,000	lot	3/3/2003-47
29 LaMotte		CO	\$31,000	1/17/2000	80	1986	\$10,000	\$38,000	lot	5-24-03 sent con form
30 C.I. Club (Linen)	Conceded	SI	\$31,000	1/20/2000	81	Feb-00	\$12,500	\$38,000	conceded 6/13/03	
31 C.I. Club (Shinn)	Conceded	SI	\$31,000	1/22/2000	82	Feb-00	\$12,500	\$38,000	conceded 2/5/03	
32 C.I. Club (Dozier)	Conceded	LA	\$31,000	2/8/2000	84	12/8/1987	\$10,000	\$38,000	conceded 4/24/03	
33 C.I. Club (Comlah)	Expelled	DF	\$31,000	4/6/2000	80	12/28/1998	\$22,000	\$38,000	SOLD	
34 C.I. Club (Davis, E.)	Conceded	SI	\$31,000	6/17/2000	81	Feb-00	\$12,500	\$38,000	conceded 3/4/03	
35 C.I. Club (Gargen)	Expelled	LA	\$31,000	7/16/2000	83	1/1/1982	\$12,500	\$38,000	LOT FOR SALE	
36 C.I. Club (Rothrock)	Conceded	LH	\$31,000	8/21/2000	84	12/18/1986	\$24,000	\$38,000	conceded 11/5/01	
37 Updegraff		TB	\$31,000	11/20/2000	78	6/30/1985	\$22,000	\$38,000	home	
38 G.I. Club (Gaulfield)	Conceded	DF	\$31,000	1/22/2001	89	8/18/1985	\$22,000	\$38,000	conceded 10/3/02	9/1/03-04
39 Flaid		LA	\$31,000	2/8/2001	91	2/8/1980	\$28,000	\$38,000	lot	
40 Hydon		GA	\$31,000	3/12/2001	84	8/26/2000	\$31,000	\$38,000	LOT FOR SALE	7/20/2005
41 C.I. Club (McGough)	Conceded	LA	\$31,000	4/30/2001	84	6/16/1988	\$28,000	\$38,000	lot	6/4/03-67, 10/4/4-51
42 C.I. Club (King, John (Skip)	Expelled	LA	\$31,000	6/4/2001	86	6/10/1986	\$1,500	\$38,000	SOLD	
43 Jucker		LA	\$31,000	6/26/2001	88	6/27/1988	\$10,000	\$38,000	home	
44 Wellbrough		DF	\$31,000	6/28/2001	88	7/1/1984	\$18,000	\$38,000	home	
45 C.I. Club (Richardson, JR)	Conceded	LA	\$31,000	7/12/2001	88	May-00	\$10,000	\$38,000	pal island owner	
46 C.I. Club (Karp)	Conceded	LA	\$45,000	7/16/2001	87	1/17/1986	\$18,000	\$38,000	lot	4/16/03-74
47 C.I. Club (Harris, Neal)	Expelled	SI	\$28,000	6/18/1988	47	2/1/1980	\$12,500	\$38,000	lot	8/24/04 4th
48 C.I. Club (Katz)	Conceded	BS	\$45,000	8/2/2001	90	8/30/1983	\$22,000	\$38,000	conceded 1/1/03	
49 C.I. Club (Roy)	Expelled	LH	\$45,000	8/14/2001	87	8/27/1988	\$1,500	\$38,000	SOLD	conceded 9/23/03
50 C.I. Club (R. Taylor)	Conceded	LA	\$45,000	10/16/2001	90	6/4/1983	\$12,500	\$38,000	conceded 1/2/02	
51 Gellup		SI	\$45,000	1/10/2002	88	Feb-00	\$12,500	\$38,000	home	
52 C.I. Club (Shaver)	Conceded	SI	\$45,000	5/16/2002	88	Feb-00	\$12,500	\$38,000	lot	
53 Robinson		LH	\$45,000	3/12/2003	88	11/23/1987	\$10,000	\$38,000	home	
54 C.I. Club (Iarvo)	Conceded	LA	\$45,000	8/13/2003	89	7/26/1985	\$1,200	\$38,000	conceded 1/1/03	8/16/4-70
55 C.I. Club (Jones)	Conceded	CIMC	\$45,000	4/1/2003	90	4/16/1987	\$28,000	\$38,000	conceded 5/2/03	
56 C.I. Club (M. Slinas)	Conceded	SI	\$45,000	4/6/2003	91	2/1/1980	\$12,500	\$38,000	conceded 9/23/03	
57 Bello		LA	\$45,000	6/24/2003	90	2/1/1985	\$22,000	\$38,000	home	
58 Karyn		BS	\$45,000	8/16/2003	91	12/22/1988	\$24,000	\$38,000	home	
59 Thomas, Philip		EP	\$45,000	10/1/2003	92	8/6/1988	\$12,500	\$38,000	lot via	
60 C.I. Club (Tempest)	Expelled	LA	\$45,000	10/13/2003	91	6/11/1980	\$12,500	\$38,000	lot	8/22/4-77
61 Sirovni		EP	\$45,000	10/13/2003	92	7/20/2001	\$31,000	\$38,000	lot	
62 Aulion		EP	\$45,000	1/4/2004	80	12/10/2003	\$45,000	\$38,000	lot	
63 Savage		EP	\$45,000	2/20/2004	85	12/6/2004	\$45,000	\$45,000	lot	7/21/2006
64 C.I. Club (A. J. Gern)	Conceded	SI	\$45,000		87	Feb-00	\$12,500	\$38,000	lot member conceded	
65 Sogore, James		BS	\$45,000	6/10/2004	88	10/1/1989	\$31,000	\$38,000		
66 Jordan, Jim		BS	\$45,000	8/9/2004	88	8/1/1981	\$12,500	\$38,000	home	
67 C.I. Club (Oskers)	Conceded	EP	\$45,000	8/10/2004	88	2/27/1988	\$20,000	\$38,000	lot	
68 Elias, Damien		BS	\$45,000	11/16/2004	90	12/8/2003	\$45,000	\$45,000	lot	
69 C.I. Club (William Shaw)	Expelled		\$45,000	2/7/2005	92	10/2/2000	\$31,000	\$38,000	home	
70 Whits, Charles R.			\$45,000	3/31/2005	93	10/27/1985	\$24,000	\$38,000	home	
71 Schwyrtker, Marjellen			\$45,000	4/7/2005	94	1/10/2001	\$31,000	\$38,000	home	
72 Garneck, John			\$45,000	10/31/2005	95	10/31/2000	\$31,000	\$38,000	home	
73 C.I. Club (Oakley)	Expelled	BS	\$20,000	2/4/1985	42	5/14/1980	\$12,500	\$38,000	SOLD	8/6/4-2, 10/16/04-2
74 Ferrell, III			\$45,000	6/24/2005	97	12/10/1987	\$10,000	\$38,000	Membership Only	
75 Welsh, Jean			\$45,000	8/31/2005	93	3/22/1993	\$18,000	\$38,000	home	
76 C.I. Club (Long)	Expelled		\$45,000	8/10/2005	94					
77 Hobson, W.			\$45,000	3/14/2006	88				membership only	
78 C.I. Club (Rold J W)	Conceded		\$45,000	8/8/2006	88				lot sold	
79 Catmore, Thomas				12/28/2006						



Social Membership Resale List

1/17/2007
Confidential
For Internal Use Only

	NAME	Status		AGENT	PRICE	DATE	NUMBER	ORIGINAL	ORIGINAL	OWED TO	PROPERTY
		Conceded	Excluded		WHEN	PLACED		DATE			
	Owner owned	0	0	0	PLACED		PLACED	PURCHASED	PRICE		4 SALE CIC
1	CI Club (Wojczak, Dennis)				\$18,500	8/21/2006	1				4 SALE OUTSIDE
2	Bothea, William & Paula				\$22,500	9/21/2006	2	6/29/2001			Property sold



April 12, 2010

Via Certified Mail/RRR and US Mail

Mr. William R. Hobson
42 Chechessee Bluff Circle
Okatie, SC 29909

Dear Mr. Hobson:

Your e-mail message of April 6, 2010, is replete with intentional misinformation and defamatory comments. You apparently failed to read or misunderstood the Callawassie Island Member Club's letter of February 3, 2010 that was authorized by the Board. Just so you are clear, the Board's position is that at no time has the Callawassie Island Members Club breached any agreement with you or misrepresented or otherwise mislead you regarding membership and the obligation to pay dues.

Notwithstanding your apparent present contentions, the Callawassie Island Members Club is restating the offer previously made to you. There are four components to the offer:

1. Pay dues, assessments and other charges outstanding as of March 31, 2010, in the amount of \$4,176.75;
2. Concede either one of your memberships;
3. Pay dues for one year on the conceded membership; and
4. Sign a general release and confidentiality agreement.

This offer will expire seven days from the date of this letter. If you accept this offer, please advise Mr. Brian Lasota in writing and necessary documentation will be provided for you to sign. If you fail to respond to this offer in a timely manner, we will consider you have declined the offer. Further, if you fail to pay outstanding dues, assessments and other charges, you will be suspended from use of any Callawassie Island Members Club facilities until such time that you are current in your obligations.

Additionally, we will take whatever action is necessary to protect the interests of Callawassie Island Members Club and its members in good standing.

Very truly yours,

Harman Switzer, Treasurer
On behalf of the Board of Directors
Callawassie Island Members Club



22 Callawassie Club Drive, Callawassie Island, South Carolina 29909
Clubhouse (843) 987-2142 ~ Fax (843) 987-2166 ~ Golf Pro Shop (843) 987-2161

THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.

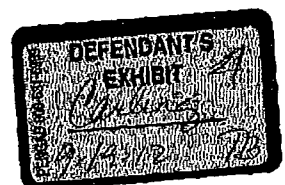
GENERAL CLUB RULES

8/8/01

These General Club Rules were adopted by the Board of Directors on 8 August 2001

This document is copyrighted proprietary property of the Callawassie Island Members Club, Inc. Distribution is authorized only to Club members, Candidates for membership and others directly affiliated with or retained by the Club.

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The Callawassie Island Members Club, Inc.



Martin ROA 509

GENERAL CLUB RULES TABLE OF CONTENTS

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8/8/01

1. GENERAL RULES

1.1. CLUB HOURS

The Callawassie Island Members Club, Inc. ("the Club") and its facilities shall be open on the days and during the hours as may be established by the Board of Directors from time to time.

1.2. RULES VIOLATIONS

Violation of any of the rules contained herein or conduct in a manner prejudicial to the best interests of the Club will subject one to disciplinary action in accordance with the By-Laws.

1.3. MODIFICATION OF THESE RULES

The Board of Directors reserves the right to amend or modify these rules when necessary and will notify the membership of such changes. Any such amendments or modifications shall be subject to and controlled by the applicable provisions of the By-Laws and the Plan for the Offering of Memberships.

1.4. MEMBER COMPLAINTS AND SUGGESTIONS

All member complaints or suggestions should be directed to and will be addressed by the Club General Manager, the chairman of the appropriate committee or the president of the Board of Directors.

1.5. MEMBER CONDUCT

Members should refrain from confronting members, guests, or visitors regarding the misuse or suspected misuse of Club property and amenities. The Club General Manager or Security should be promptly notified in such instances.

1.6. GUEST CONDUCT

Members are responsible for the conduct of their guests and must see that they comply with all Club rules. In order that all members may enjoy our facilities, the number of guests may be restricted by the Club General Manager.

1.7. PARTIES AND EVENTS

1.7.1. Private parties on the Club premises will be catered solely by the Club unless otherwise authorized by the Board of Directors or the Club General Manager.

1.7.2. Member sponsored and hosted events involving significant commitment of Club facilities and nonmember use will be preapproved by the Board of Directors.

1.7.3. Performance by entertainers will be permitted on the property of the Club only with the permission of the Board of Directors or the Club General Manager.

1.7.4. Alcoholic beverages will not be served or sold, or permitted to be consumed, on the premises during hours prohibited by law. No alcoholic beverages will be sold or served to any person not permitted to purchase the same under the laws of the State of South Carolina or be sold for off-premises consumption.

1.7.5. The Board of Directors or the Club General Manager will approve all nonmember sponsored functions to be held on Club premises prior to their authorization and will limit the number of such approved functions in accordance with then Club current policies.

1.8. EMPLOYEES

1.8.1. It is inappropriate for any members or guests to abuse or discipline any of the Club's employees, verbally or otherwise. Any employee not rendering courteous and prompt service should be reported to the Club General Manager.

1.8.2. No member shall request an employee to leave the Club's premises for any purpose whatsoever nor redirect an employee from their scheduled work activities. Notify the Club General Manager, the golf or tennis professionals or the golf course superintendent if a need occurs.

1.8.3. Members must not request special or personal services from employees of the Club who are on duty.

1.8.4. Club employees are not permitted to provide off-hour services away from the Club premises to members without pre-approval by the Club General Manager. Members wishing such services should speak to the Club General Manager.

1.8.5. Club employees are not permitted to deliver food or liquor to locations away from the immediate area of the Clubhouse without prior permission of the Club General Manager.

1.9. ADVERTISEMENTS AND PETITIONS

1.9.1. No commercial advertisements shall be posted or circulated in the Club.

1.9.2. Other than as permitted by the By-Laws of the Club, no petition shall be originated, solicited, circulated or posted within the Clubhouse or on Club property.

1.10. USE OF ELECTRONIC EQUIPMENT

1.10.1. Use of cell phones and pagers is prohibited within Club buildings, on or near the golf practice facility or while participating in sports or pool area activities except for emergency use.

1.10.2. Use of radios, tape players and CD players except with the use of headsets is prohibited in common areas, including dining rooms, bar, pool areas, on the golf course and tennis courts unless otherwise approved by the Board of Directors or the Club General Manager.

1.11. PETS

Dogs or other pets, with the exception of seeing-eye dogs, are not permitted in Club buildings or at the pools. Members may walk their pets on Club premises only in such areas and at such times as may be approved by the Board of Directors or the Club General Manager. Pets on Club premises shall be leashed at all times except on the golf course when the Pro Shop is closed and shall then be leashed or under voice control. Members are requested to dispose properly of any excrement produced by their pets.

1.12. GOLF CARTS AND CART PATHS

1.12.1. Use of the golf course or the cart paths by non-players is strictly forbidden at all times when the pro shop is open.

1.12.2 Golf carts are not to be driven on the cart paths by members driving to and from the Clubhouse area. Members are requested to use the roadways for this purpose.

1.12.3. Golf carts are to be white or near white in color and will be subject to the approval of the Golf Professional.

1.13. GOLF CART LIABILITY

Liability concerning privately owned golf carts is solely the individual responsibility of the owning member.

1.14. LAGOON FISHING

All fishing in the lagoons is strictly on a catch and release basis and not to be conducted in any areas abutting the golf course during hours in which the Pro Shop is open.

2. CLUB SERVICES AND ACTIVITIES

2.1. RESERVATIONS

Reservations are required for most Club activities and are taken on a first-come, first-serve basis by pre-registering with the appropriate Club personnel.

2.2. RESERVATION CANCELLATION

Cancellation of reservations for activities requiring prior payment may be made before the payment deadline without penalty. However, after that time, no refunds will be made except in emergencies as determined in the sole and absolute discretion of the Club General Manager.

2.3. PRIVATE PARTIES

The Club wishes to encourage the use of the Clubhouse by members for private parties on any day or evening, provided it does not interfere with the normal operation of the Club, or with the service regularly available to the members. Such parties require the prior written approval of the Club General Manager. The sponsoring member assumes full responsibility for the conduct of his or her guests and may be required to execute a written document so signifying.

3. DINING ROOM

3.1. DINING MINIMUMS

3.1.1. Each member will be charged a monthly food and beverage minimum as determined from time to time by the Board of Directors. All food and beverage charges exclusive of taxes and gratuities will be credited against the food and beverage minimum until such time as the minimum is completely used.

3.1.2. Any amount of the minimum unused in a membership year will not be carried over to the subsequent membership year.

3.2. RESERVATIONS

3.2.1. Dinner reservations are requested. Members are asked to assist in maintaining required service levels by making reservations for dining prior to noon on the day involved. For a party of ten or more, a minimum additional twenty-four (24) hour notice is required whenever possible. The courtesy of providing notice of necessary changes or cancellations is requested not later than 5:00 p.m. on the day involved.

3.2.2. For all functions at the Club, tables will be assigned on a first-call, first-choice basis.

3.3 GRATUITIES

3.3.1. A service charge in an amount determined by the Board of Directors from time to time will be added to all food and beverage sales which will be distributed to service personnel.

3.3.2. In November, it is customary to send a letter from the President of the Board of Directors providing an opportunity for the membership to contribute to a Holiday Fund for employees. Payment will be voluntary and, if elected, shall be included on each member's November bill.

4. ATTIRE

4.1. CLUBHOUSE

4.1.1. It is expected that members will dress in a fashion befitting the surroundings and atmosphere provided in the setting of the Club. It is also expected that members will advise their guests of the dress requirements. Special dress requirements may be established from time to time by the Board of Directors or the Club General Manager and made known to the members.

4.1.2. Appropriate attire for use of the dining facilities and Clubhouse for breakfast or luncheon consists of comfortable sportswear including tennis or golf clothes. No swimwear, even if accompanied by a robe or cover-up will be permitted.

4.1.3. Appropriate attire for dinner in the Clubhouse is expected to include collared shirts for gentlemen. Formal dining rooms require jackets for gentlemen.

4.1.4. Gentlemen may wear hats in the grillroom and lounge until 6 pm and are requested to remove their hats at other times and when elsewhere in the Main Clubhouse.

4.1.5. Dress standards of the Clubhouse may be waived or altered from time to time for special activities and functions.

4.2. GOLF

Proper golf attire is required at all times on the golf course and practice facility. Everyone must wear soft-spiked golf shoes. Men's shirts must have collars. Tank tops, gym shorts, cutoffs and denim jeans are not appropriate in these areas.

4.3. TENNIS

Proper tennis attire is required at all times when on the tennis courts. Smooth sole tennis shoes, as distinguished from basketball or jogging shoes, are required.

4.4. POOLS

All swimmers must wear bona fide swimming attire. Cutoffs, dungarees and Bermudas are not considered appropriate swimwear. Children wearing diapers are prohibited in the pools.

5. GUESTS

5.1. GENERAL

5.1.1. Callawassie Island property owners who are not members cannot use the Club facilities as a guest of a member except for attendance at private functions or other approved group activities.

5.1.2. All guests shall either be "day guests" or "house guests". A houseguest is defined as a guest temporarily residing in a member's unit at Callawassie. All other guests shall be considered to be day guests.

5.1.3. A day guest may be invited to use the golf course, tennis or pool facilities up to six (6) times per year.

5.2. REGISTRATION AND CHARGES

5.2.1. Guests may use the Club facilities either in the company of or unaccompanied by the sponsoring member, pursuant to conditions established by the Club from time to time including the payment of a guest fee if applicable.

5.2.2. If a guest is to use the Club facilities at any time without the accompaniment of the sponsoring member, the guest must be registered for a guest pass at the Club office by the sponsoring member prior to such unaccompanied usage. Information to be provided by the sponsoring member will include:

- Guest's name
- Club usage dates
- Callawassie residence and telephone number if applicable
- Whether or not the guest is to be authorized to sign for charges against the sponsoring member's Club account

5.2.3. Guest registration may be accomplished by the sponsoring member and guest personally appearing at the Club office or by letter, phone or fax. A registered guest may pick up his or her guest pass at the Club office during normal office hours.

5.2.4. Temporary charging privileges may be established at the Club office for guests.

5.2.5. Unaccompanied guests will not be allowed to use Club facilities without a guest pass which must be made available upon request at any time.

5.2.6. Member accompanied guests will not require a guest pass to use the Club facilities but must be registered with the appropriate professional prior to use of the Golf or Tennis facilities.

5.2.7. Guests may sign for charges against the hosting member's account if specifically authorized to do so in writing by the hosting member or they may charge to recognized personal charge cards. The hosting member will be responsible for any unpaid charges incurred by his or her guest(s).

5.2.8. The sponsoring member will at all times be responsible for the conduct of his or her guests while at the Club. If the manner, deportment and appearance of any guest is deemed by the Club to be unsatisfactory, the sponsoring member shall at the request of the Club General Manager, cause such guest to surrender his or her guest card and leave the Club premises. The Club may at any time suspend or terminate the guest sponsorship privileges of any member(s) of the Club.

6. CHILDREN

6.1 Children under fifteen years of age are not allowed in the Clubhouse pool, nor are they allowed in the Clubhouse unless accompanied by an adult.

6.2 Children under fifteen years old may use the River Club Pool when accompanied by an adult.

6.3 Children under the applicable minimum legal drinking age are not allowed in the bar unless accompanied by a parent.

6.4 The Golf Course may be used by juniors under thirteen years of age with the permission of the Golf Professional.

USE OF GOLF CARTS BY CHILDREN UNDER THE AGE OF FIFTEEN WITHOUT THE PRESENCE OF AN ADULT IN THE CART IS STRICTLY PROHIBITED.

7. LESSEE PRIVILEGES

7.1. Members shall have the right to designate the lessee of their residential unit in Callawassie as the beneficial user of their membership.

7.2. The sponsoring member must initiate the application for use privileges and furnish the Club with a copy of the lease, and the lessee's application must be approved by the Club General Manager prior to the lessee's use of the Club's facilities.

7.3. During the period when a lessee is designated as the user of the member's membership, the member shall not have the right or privileges of membership.

7.4. Lessees shall pay the designated fees for use of the Club's facilities.

7.5. Lessee member privileges may be denied, withdrawn, or revoked at any time for reasons considered sufficient by the Board of Directors in its sole and absolute discretion.

7.6. The Equity member will be responsible for the department of and for all unpaid charges of the lessee.

8. POOLS

USE OF THE CLUB POOL FACILITIES AT ANY TIME IS AT THE RISK OF THE SWIMMER

8.1. GENERAL

8.1.1. Only members and their guests may use the pools.

8.1.2. Showers are required prior to entering the pools.

8.1.3. Pool furniture must be kept on patio decks. All persons using pool furniture are required to cover the furniture with a towel when using suntan lotions. It has been found that these preparations stain and damage the vinyl strapping.

8.1.4. No running, jumping or boisterous playing is allowed.

8.1.5. All persons using the pool areas and washrooms are responsible for keeping the areas clean by properly disposing of towels, cans, paper plates, cigarettes, etc.

8.1.6. All swimmers must wear bona fide swimming attire. Cut-offs, dungarees and Bermudas are not considered appropriate attire.

8.1.7. Fishing, spear fishing and snorkeling equipment, other than a mask and/or fins are not to be used in the pool areas except as part of an organized course of instruction.

8.2. SAFETY

8.2.1. * No person under the influence of drugs or alcohol should use the pools.

8.2.2. * No spitting or blowing nose in pools.

8.2.3. * No person with communicable diseases allowed in pools.

8.2.4. * No person with skin, eye, ear or nasal infections allowed in pools.

8.2.5. * No animals or pets allowed in the pools or pool areas or on the marina docks.

8.2.6. * No glass or hard plastic allowed in the pools or pool areas.

8.2.7. * Pools are open from 8:00 a.m. to sundown.

8.2.8. * A FIRST AID KIT is located on the wall entering the restroom area at each pool.

8.2.9. * AN EMERGENCY PHONE is located on the wall entering the restroom area at each pool.

8.2.10. * NO SOLO SWIMMING. NO LIFEGUARD ON DUTY. SWIM AT YOUR OWN RISK.

8.3. RULES ENFORCEMENT

The Club General Manager has full authority to enforce these rules and regulations, and any infractions will be reported to the Board of Directors. By being mindful of these rules, all members and guests will be able to enjoy fully the pool facilities.

* All rules marked with an asterisk are required by DHEC.

8.4. CLUBHOUSE POOL

8.4.1. This pool is an ADULT pool. Persons must be fifteen years or older to use this pool.

8.4.2. Bringing food and beverages to the Clubhouse pool area is prohibited during Club service hours of 11:00 a.m. to 3:00 p.m. Tuesday through Sunday. The Club will serve food and beverages poolside during these hours.

8.4.3. No food is permitted in or around the perimeter of the pool. Members are encouraged to use the tables under the arbor.

8.4.4. *The maximum number of swimmers allowed in the pool is 100.

8.5. RIVER CLUB POOL

8.5.1. Children under fifteen years old must be accompanied by a parent or guardian.

8.5.2. No food is permitted in or around the perimeter of the pool. Members are encouraged to use the picnic tables on the back deck of the River Club.

8.5.3. Those wearing diapers are prohibited in the pool.

8.5.4. *The maximum number of swimmers allowed in the pool is 100.

9. GOLF

9.1. Rules concerning the use of the golf course and related facilities will be established from time to time by the Board of Directors with the advice of the Golf Committee, the Green Committee, the Golf Professional or the Club General Manager, will be made available to members as a printed booklet entitled, "Golf Rules and Guidelines," and will include the following:

- Starting times and weather associated policies
- Rain check policy
- Driving range rules
- Private golf cart rules
- Handicaps
- Golf course etiquette
- Attire

9.2. All members should familiarize themselves with and comply with the Club Golf Rules to ensure and enhance the enjoyment of the golf facilities by all members

9.3. Special rules and notices concerning golf facility usage will be posted on the bulletin boards in the Pro Shop from time to time as necessary and appropriate.

10. TENNIS

10.1. Rules concerning the use of the tennis facilities will be established from time to time by the Board of Directors with the advice of the Tennis Committee, the Tennis Professional or the Club General Manager, will be posted on the bulletin board at the tennis court or in the Tennis Pro Shop, and will include the following:

- Sign up privileges and restrictions
- Tennis attire
- Court etiquette
- Court maintenance

10.2. All club members are encouraged to familiarize themselves with and comply with the Club Tennis Rules to ensure and enhance the enjoyment of the tennis facilities by all members.

10.3. Special rules and notices concerning tennis facility usage will be posted on the bulletin board at the tennis courts or the Tennis Pro Shop from time to time as necessary and appropriate.

11. RIVER CLUB DOCK USAGE

11.1 The Club dock adjacent to the River Club is maintained and operated by the Club for the exclusive use of Club members and their guests. All other use of this facility, unless specifically authorized by the Club General Manager or the Board of Directors, is strictly prohibited and should be reported to the Club General Manager or Security.

11.2 THERE WILL GENERALLY BE NO ATTENDANT PRESENT AT OR NEAR THE DOCK FACILITY AND ALL MEMBERS AND GUESTS USE THE DOCK STRICTLY AND COMPLETELY AT THEIR OWN RISK FOR ANY PROPERTY DAMAGE, LOSS OR PERSONAL INJURY. FOR SAFETY REASONS UNACCOMPANIED CHILDREN ARE NOT PERMITTED ON THE DOCK FACILITY.

11.3 Club members or their guests are permitted to tie boats to the dock facility for a period not to exceed 72 consecutive hours unless otherwise approved by the Club General Manager.

11.4 In recognition of the severe river currents often present, rafting of a boat alongside another is not thought to generally be prudent and therefore, for safety reasons, extreme caution in doing so is recommended.

11.5 In compliance with dock permit restrictions, no persons are permitted to remain on docked boats overnight and any discharge of waste, garbage or other materials into the surrounding waters by any person at any time is strictly prohibited.

11.6 All Club members owning boats and who anticipate using the dock facility from time to time are required to list their boat registration number with the Club General Manager's office in order that any observed problems with a docked boat can be promptly reported to the owner. Any member guests docking boats for overnight stay are similarly requested to register boats with security for safety reasons.

11.7 Members using the facility for crabbing are required to clearly mark any traps left unattended at the dock with their names. Any baited trap placed in the water should be attended at least once every 24 hours.

11.8 The dock is an important Club facility operated for the pleasure of all Club members, both boat owners and others. Mutual consideration of and respect by all concerned for the rights and privileges of other members, including adjacent property owners, is requested and expected.

11.9 Callawassie Island Property Owners who are not Club members or their guests cannot use the dock facilities at any time including use as a guest of a member.

12. MEMBERSHIP CARDS

12.1. A membership card indicating a Club account number and type of membership will be issued to the member as well as other eligible members of the family entitled to membership privileges. Membership cards are not transferable. Presentation of a membership card may be required prior to use of the Club facilities.

12.2. A membership card may not be used by any person other than the member to whom it is issued.

12.3. In the event of a lost or stolen membership card, the Club General Manager must be notified in writing immediately. The member shall be responsible for all charges placed on the account until the Club is notified in writing that the membership card has been lost or stolen. For each card replaced, a \$5.00 charge per card, will be placed on the member's account.

13. DUES, FEES, ASSESSMENTS AND CHARGES

13.1. BILLING

13.1.1. Annual membership dues are payable monthly in advance.

13.1.2. All charges incurred by the member to his or her Club account will be billed monthly and shall be deemed delinquent if not paid within thirty (30) days of the statement date.

13.2. PAYMENT

13.2.1. If payment is not received by the end of the month following the statement date, the outstanding balance will be subject to an interest charge of one and one half percent (1.5%) per month which will be added to the balance until payment is received.

13.2.2. Arrangement or payment for services will generally be expected to be made at the time the service is rendered.

13.2.3. Form of payment may be by use of Club account number by the member, member's immediate family or authorized guests of the member or recognized credit card. Purchases in the Pro Shop also may be made in cash.

13.2.4. Charges to a Club account will appear on the next monthly statement and payment will be expected in accordance with the terms spelled out above.

13.3. DELINQUENCIES

13.3.1. Any member whose account is delinquent for sixty (60) days from the statement date may be suspended by the Board of Directors. Suspended members may not use any Club facilities, participate in any Club activities, or vote on any Club matters. Suspended members may be reinstated by the Board of Directors within four (4) months of their suspension upon payment of all indebtedness plus all dues, fees, assessments and charges (including any food and beverage minimums) accrued since the initial time of delinquency, plus interest calculated at the rate of one and one half percent (1.5%) monthly. Any member whose account is not settled within the four (4) months' period following suspension shall be expelled from the Club.

13.3.2. Suspended members will have their names posted in a prominent place in the Clubhouse.

13.3.3. In accordance with the By-Laws, the Club shall have a lien against each membership for any unpaid dues or other charges made by that member of the Club, which lien shall also accrue reasonable attorneys' fees incurred by the Club incident to the collection of such dues or other charges, or enforcement of such lien, whether or not legal proceedings are initiated. Any other liens placed against such equity membership shall be junior to Club's lien.

13.3.4. If the Club commences any legal action to collect any amount owed, or to enforce any liability of a member to the Club, the member shall also be liable for all costs and expenses of the legal action and reasonable attorneys' fees required in connection with appellate proceedings.

14. DISCIPLINE

14.1. GENERAL

14.1.1. Improper Conduct. Any member whose conduct, or whose family's or guests' conduct, shall be deemed by the Board of Directors to be improper or likely to endanger the welfare, safety, harmony or good reputation of the Club or its members, may be reprimanded, fined, suspended or expelled from the Club by action of the Board of Directors. The Board of Directors shall be the sole judge of what constitutes improper conduct or conduct likely to endanger the welfare, safety, harmony or good reputation of the Club or its members.

14.1.2. Board Action. Any such member shall be notified of such proposed action and shall be given an opportunity to be heard by the Board of Directors to show cause why he or she should not be disciplined in accordance with this Article. If such member desires to appeal, the Board of Directors shall set a time and date for the appeal hearing, which is not less than ten (10) days after the Board sets the date. While such appeal is being considered by the Board, the member shall enjoy the privileges of the Club.

14.1.3. Suspension. The Board of Directors may suspend a member and his or her family or guests from some or all the Club privileges for a period of up to one (1) year. Dues and other obligations shall accrue during such suspension and shall be paid in full before reinstatement to full privileges.

14.1.4. Termination. The Board of Directors may by a two-thirds (2/3) vote of the directors present request the resignation of any member of the Club for cause deemed sufficient to the Board. If the member does not resign at the request of the Board, the member may be expelled by the Board.

14.1.5. Expulsion. Any Member of the Club who has been expelled shall not again be eligible for membership nor admitted to Club Facilities under any circumstances. An expelled member shall be so notified by registered mail and shall have the obligation to surrender his or her membership certificate for reissuance by the Club to a new member.

14.1.6. Voting Rights. Any member suspended or terminated by action of the Board of Directors shall automatically lose all membership privileges including the right to a vote on Club matters during the period of suspension or termination.

14.2. REPRIMAND, SUSPENSION, EXPULSION AND TERMINATION OF MEMBERSHIP

14.2.1. Any member may terminate membership in the Club by delivering to the Membership Director written notice of termination in accordance with the Plan for the Offering of Club Memberships. Notwithstanding termination, the member shall remain liable for any unpaid club account, membership dues and charges (including any food and beverage minimums).

14.2.2. A member may be reprimanded, expelled or suspended by the Board of Directors if, in the sole judgment of the Board of Directors, the member, his or her family or guests:

- Exhibits unsatisfactory behavior, deportment and appearance
- Fails to pay the required membership contribution, dues, fees, charges (including any food and beverage minimums) or assessments in a proper and timely manner
- Fails to abide by the rules and regulations for the golf, tennis, pool and dining facilities or for any other recreational facilities of the Club
- Verbally or physically abuses the personnel or employees of the Club
- Submits false information on his or her Application or with respect to his or her guests or lessees

14.2.3. Notwithstanding any termination or suspension of membership, the member shall remain liable for any unpaid club account or membership dues, fees, charges and assessments and such member shall not be entitled to a refund of any part thereof paid by the member to the Club.

14.2.4. Any member who has had his or her membership terminated for any reason shall not again be admitted to the Club's Facilities under any circumstances while such suspension or termination is in force and shall not be permitted to vote on any matter brought before the members.

14.2.5. A suspended or terminated member may have full membership privileges restored only by specific Board of Directors action to restore such status until such time as the membership is reissued under the terms of the Plan for the Offering of Memberships.

15. LOSS OR DESTRUCTION OF PROPERTY OR INSTANCES OF PERSONAL INJURY

15.1. The Club shall not be responsible for any loss or damage to any property left or stored on the Club's premises, whether in lockers or elsewhere.

15.2. No person shall remove from the Club's premises any property belonging to the Club without proper authorization. Every member of the Club shall be liable for any property damage and/or personal injury at the Club, or at any activity or function operated, organized, arranged or sponsored by the Club, caused by the member, or his or her family, guests or lessees. The cost of any such damage may be charged to the member's club account.

15.3. Any member, guest or other person who, in any manner, makes use of or accepts the use of any apparatus, appliance, facility, privilege or service whatsoever owned, leased or operated by the Club, or who engages in any contest, game, function, exercise, competition or other activity operated, organized, arranged or sponsored by the Club, either on or off the Club's premises, shall do so at his or her own risk, and shall hold the Club and its directors, officers, employees, representatives, and agents harmless for any and all loss, cost, claim, injury, damage or liability sustained or incurred by him or her, resulting therefrom and/or from any act or omission of any director, officer, employee, representative or agent of the same. Any member shall have, owe and perform the same obligation to the Club, and its directors, officers, employees, representatives and agents, hereunder in respect to any such loss, cost, claim, injury, damage or liability sustained or incurred by any guest of such member.

16. MAILING ADDRESSES

16.1. Each member shall be responsible to inform and file with the Club General Manager's office in writing, preferably on a form provided by the Club, his mailing address, or any changes thereof, to which the member wishes all notices and invoices sent. A member shall be held to have received his club mailings ten (10) days after they have been mailed to the address on file with the Club General Manager's office.

17. PRIVACY OF CLUB INFORMATION

17.1. The Club does not generally provide information concerning Club activities or membership to the media or to other third parties. When appropriate, the designated Club media representative will do so. Members are cautioned to avoid answering media questions and specifically from providing club documents or member information to individuals outside the membership.

17.2. The roster or list of members in the Club shall be furnished only to members and appropriate Club staff and shall not be used by or given to anyone else by a member of the Club for any reason whatsoever.

1 STATE OF SOUTH CAROLINA

COURT OF COMMON PLEAS

2 COUNTY OF BEAUFORT

3 CALLAWASSIE ISLAND MEMBERS
4 CLUB, INC.,

Plaintiff,

5 vs.

CASE NO. 2009-CP-07-4648

6 MICHAEL A. AULTON and
7 SANDRA D. AULTON,

8 Defendants.
9

10 DEPOSITION OF: KAREN LEE NORWOOD

11 DATE: February 12, 2013

12 TIME: 2:19 p.m.

13 LOCATION: Hilton Garden Inn Beaufort
14 1500 Queen Street
Beaufort, SC

15 TAKEN BY: Counsel for the Defendants

16 REPORTED BY: TRISHA M. THOMAS
17

18 A. WILLIAM ROBERTS, JR. & ASSOCIATES

19 Fast, Accurate & Friendly

20 Charleston, SC Hilton Head, SC Myrtle Beach, SC
21 (843) 722-8414 (843) 785-3263 (843) 839-3376

22 Columbia, SC Greenville, SC Charlotte, NC
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Page 2

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24
25 (INDEX AT REAR OF TRANSCRIPT)

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1 **KAREN LEE NORWOOD**
2 being first duly sworn, testified as follows:
3 **EXAMINATION**
4 **BY MR. MCDANIEL:**
5 Q. Good morning -- or afternoon,
6 Ms. Norwood. My name is Brian McDaniel. I am
7 representing Dick Mercier, Arthur Applegate, Mike
8 and Sandy Aulton, Tom Bayless, Ron and Jeanette
9 Dennis, and some other members of the Callawassie
10 Island Members Club who've been sued by the club
11 for unpaid dues -- seeking to collect from them
12 unpaid dues and fees and representing them in that
13 defense as well as some counterclaims that they've
14 alleged against the club.
15 Let me ask you first, do you have an --
16 is an attorney here today representing you?
17 A. Yes.
18 Q. Okay. Who is your attorney?
19 Okay.
20 MR. HAIGHT: She's a former board
21 member, a former board president.
22 MR. MCDANIEL: Okay.
23 MR. HAIGHT: In that capacity.
24 **BY MR. MCDANIEL:**
25 Q. Okay. Well, I was told before that the

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1 club wasn't representing you guys, and that's why I
2 had you personally served.
3 A. I --
4 Q. That it wasn't representing you, so
5 that's why you were served in the case. So I
6 wasn't aware of that. That's fine.
7 Have you ever given a deposition
8 before?
9 A. Yeah. About a half a one --
10 Q. Okay. What was --
11 A. -- in the early '80s.
12 Q. Okay. What was the general dispute in
13 that, the reason for that deposition?
14 A. An automobile accident.
15 Q. Okay. And you said that was in the
16 '80s sometime?
17 A. It was -- yeah. It would be probably
18 '85 or '86.
19 Q. Okay. And was that in South Carolina?
20 A. No. That was in San Francisco.
21 Q. Okay. Tell me just -- well, let me
22 tell you this. You may recall from the deposition,
23 but basically the deposition is I'll be able to ask
24 you questions, and you would answer the questions
25 as best you're able to answer them.

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1 The court reporter is taking down what
2 you say. That's why from time to time if you don't
3 -- we like for you to give a response that can be
4 put down on paper, a yes or a no, other -- rather
5 than an uh-huh or huh-uh which a lot of times we
6 do, but -- so if I ask you to clarify whether it
7 was a yes or a no, that's the purpose of that,
8 probably, is to make sure that it's clear for the
9 record.
10 If I ask you a question and it doesn't
11 make sense to you, some part or all of it is
12 unclear, please just direct that to me and ask me
13 to clarify it rather than trying to answer --
14 answer it or -- I'll be glad to clarify it for you.
15 Is that understood?
16 A. Uh-huh.
17 Q. And that's a yes?
18 A. Yes.
19 Q. Okay. Everybody does that, and it
20 takes a little while, but I think you'll -- it will
21 be no problem.
22 If you need to take a break -- I've got
23 some things I need to get through, but certainly if
24 you need to get a drink, use the restroom, that's
25 fine. There's nothing that says we can't do that.

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1 Only restriction is you can't speak to your
2 attorney about the deposition or, if you do, I can
3 ask you about those conversations. So once the
4 deposition -- now it's begun, you can't consult
5 with your attorney about the nature of the
6 deposition without it being available for me to
7 question you.
8 Your attorney may object from time to
9 time to a question. There's various reasons why
10 attorneys will object during the deposition.
11 Unless he directs you not to answer it, even if he
12 objects, you'd go ahead and answer the question
13 after he completes his objection. Do you
14 understand that?
15 A. Yes.
16 Q. Tell me, if you would, your full name?
17 A. Karen Lee Norwood.
18 Q. Okay. And give me a little bit of your
19 background, basically your education, kind of where
20 you're from and your education since high school or
21 so, what you got you to -- I'm assuming you live in
22 the Beaufort area -- how you came to live here from
23 San Francisco, if it was San Francisco.
24 A. I was born and raised in Southern
25 California.

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1 Q. Okay.
2 A. And I started working on Wall Street
3 when I was in Southern California for Salomon
4 Brothers. I moved to New York and at that time
5 worked for Drexel Burnham and then transferred
6 within Drexel back to San Francisco.
7 And then I met my husband, and we had a
8 nice life in San Francisco, and then when we were
9 approaching retirement, we were looking at
10 different places to live, and we came to South
11 Carolina, and in the process of looking, we found
12 Callawassie, liked the lifestyle there, and have
13 lived happily ever since.
14 Q. Okay. What year was that that you
15 moved to Callawassie?
16 A. '99.
17 Q. Did you own property in Beaufort County
18 or Callawassie prior to '99?
19 A. Yes.
20 Q. Tell me what --
21 A. We bought the first piece of property
22 on Callawassie, I think in '95. I'm not certain,
23 but I think in '95, and then we bought a house.
24 That was a lot. Then we bought a house, '96 or
25 '97, then we bought another house I think about a

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1 year after that. And when we moved down here, we
2 lived in that house while we were building the one
3 we live in currently.
4 Q. And did you build that current house on
5 the lot you bought in '95?
6 A. Yeah.
7 Q. Okay. So you at some point owned two
8 homes and a lot and then you built -- did you
9 actually own three homes on Callawassie at some
10 point?
11 A. Yes.
12 Q. Okay. Do you still live in the -- the
13 lot you purchased in '95, the home built there?
14 A. Yes.
15 Q. Okay. What about the other two homes?
16 Tell me what the -- do you still own both of those
17 or --
18 A. No.
19 Q. Do you own either of them?
20 A. We rented those for a period of time
21 while construction was strong and people were
22 coming down to build their houses, and then we sold
23 them.
24 Q. Okay. Do you know when, about, that
25 was?

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1 A. If -- I don't know if you have a record
2 of when Dan Liese was in the real estate office,
3 but that's when we sold them.
4 Q. Okay. I'm not sure about this, but as
5 I recall, 2005, 2006 time frame. Is that --
6 A. Probably right.
7 Q. Okay. It could be a little later or a
8 little earlier. I'm not certain on that date
9 myself.
10 Tell me about any memberships in the
11 club that you have owned at any time.
12 A. Okay. We've just owned one. When we
13 bought the original property on Osprey Circle, we
14 bought that and the golf membership.
15 Q. And when you say originally, you're
16 talking about the lot?
17 A. No.
18 Q. Okay.
19 A. The -- wow.
20 Q. Talking about the second?
21 A. Okay. You just threw up a good
22 question. We -- I think we didn't buy a membership
23 when we bought the lot, but I'm not certain.
24 Q. Okay.
25 A. Because you didn't have to have a

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1 membership if you didn't have a roof, and then when
2 we bought the Osprey Circle house -- and I'm not
3 clear on my time frames, but when we bought the
4 Osprey Circle house, we bought the golf membership.
5 Q. Okay. And --
6 A. So that was two properties, and then
7 when we bought the third property, the 15 Longwood
8 home, we did not buy a membership.
9 Q. Okay. What's the street of the lot?
10 A. We live at 33 Longwood.
11 Q. Okay.
12 A. The second house was 15 Longwood, and
13 the first house was 59 Osprey Circle.
14 Q. Okay.
15 A. So it was three properties and one
16 membership.
17 Q. And you believe when you bought the
18 59 Osprey Circle is when you purchased the
19 membership, whenever that --
20 A. That I'm sure of.
21 Q. Okay. And you told me earlier you
22 think that was the '96, '97 time frame. Does that
23 sound --
24 A. I think. Yeah. I think that's right.
25 I know that we moved in '99, and I know that we

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1 bought the properties before we actually moved.
2 Q. Okay. What kind of membership did you
3 purchase at the time that you originally purchased
4 it?
5 A. Golf.
6 Q. Okay. And how much did you -- how much
7 was the cost to buy the golf membership?
8 A. Thirty-five.
9 Q. Okay. Do you know at that time whether
10 or not you were allowed to resign your membership
11 if you wanted to resign it?
12 A. You've never been allowed to resign
13 your membership to my knowledge.
14 Q. Do you know whether at that time, if
15 you owned a home, you had to purchase a membership?
16 A. You did not, which was why we had two
17 properties without memberships.
18 Q. Okay.
19 A. The mandatory membership was passed, I
20 believe, in 2001.
21 Q. Okay. And when you say it was passed,
22 you're referring to the --
23 A. The CIPOA vote.
24 Q. The CIPOA covenants?
25 A. Right.

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1 Q. Right. Okay. Do you have any other
2 family in Beaufort County?
3 A. I have a mother living at Summit Place.
4 She lived with us for six years. She's now at
5 Summit Place.
6 Q. Okay. Anybody else: Any children,
7 any --
8 A. No.
9 Q. Okay. And you are currently a member
10 of the Callawassie Island Members Club?
11 A. Yes.
12 Q. And are you still employed?
13 A. No.
14 Q. You're retired?
15 A. Retired.
16 Q. All right. Tell me, if you would, your
17 history of involvement, if any, with the
18 Callawassie Island Members Club as far as officer,
19 committees, any -- anything within the --
20 A. Uh-huh.
21 Q. -- the management of the club or the
22 governance of the club.
23 A. The first position I took was on the
24 marketing committee. I'm answering this slowly
25 because I am not sure the years.

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1 Q. That's fine.
2 A. But I was first on the marketing
3 committee, then after serving on the marketing
4 committee they asked me to run for the board, and I
5 did, so that would have been the following year.
6 Q. Can you approximate when this was going
7 -- when this was -- when you were on the marketing
8 committee? Was this early in your membership, or
9 has this been in the last few years?
10 A. No. I worked for the first five years
11 I lived here.
12 Q. Okay.
13 A. So this wasn't until after I retired.
14 Q. Okay. Where did you work for those
15 five years?
16 A. For Barclays -- Barclays Global
17 Investors.
18 Q. Okay. Were you working in an office,
19 or were you working out of your home?
20 A. I was working out of my home. We were
21 headquartered in San Francisco.
22 Q. Okay. But you weren't on any -- you
23 don't believe you were on any -- on the board or on
24 any committees for CI -- for any of the club until
25 after that --

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1 A. Not until I retired. 2 Q. Okay. So you moved here in '97, about? 3 A. I moved here in '99. 4 Q. '99. So it was sometime after about 5 2004? 6 A. Right. 7 Q. Okay. 8 A. I'm trying to piece the years together. 9 Q. Yeah. I always have to use certain 10 landmark dates that I know to -- 11 A. Yeah. 12 Q. -- correspond with things. It's hard 13 to keep up. 14 A. So I served on the -- on the marketing 15 committee, then I was elected to the board, and in 16 that capacity I served as chairman of the marketing 17 committee. So that would have been my first year 18 on the board. 19 My second year I chaired the membership 20 committee. My third year I was president of the 21 club. My fourth year I was president of the club, 22 and at the beginning of my fifth year I resigned 23 from the board. 24 Q. Was there anything that brought on you 25 resigning from the board?	1 point you had to manage the club? 2 A. Uh-huh. We all sort of did. I mean, 3 it was -- we didn't have a general manager, so... 4 Q. Right, right. Who was before Brian 5 Lasota? Do you remember who was the manager? 6 A. Yeah. Mark West. 7 Q. Mark West. What precipitated Mark West 8 to end his -- how did his employment end? 9 A. He resigned. 10 Q. Okay. 11 A. And I could -- well, he was not a very 12 popular general manager. There were a lot of 13 problems, and I guess if I had to pick one thing 14 that upset him more than anything else -- he was an 15 island general manager, not a club general manager. 16 Q. Okay. 17 A. So he was responsible for CIPOA as well 18 as the club, and there were two people that were 19 club members that were also employees. One worked 20 in the CIPOA office, and one -- he may still be 21 doing this. I'm not sure. Corky was doing ARC 22 work, and Mark objected strongly to those people in 23 those positions. 24 Q. Because of the -- 25 A. Because they were members of the club.
Page 15	Page 17
1 A. Yeah. 2 Q. What was that? 3 A. The general manager. 4 Q. Who was the general manager then? 5 A. Brian Lasota. 6 Q. Did you have some falling-out or 7 disagreement with the general manager? 8 A. Yeah. 9 Q. What was the -- 10 A. I would say. 11 Q. What was the nature of the disagreement 12 or the contention? 13 A. Well, Brian and I didn't -- there were 14 a lot of reasons that we didn't really get along 15 that well, but there was one situation where I had 16 spoken to -- at that time Holly Caviglia was there. 17 She was the food and beverage -- well, I guess she 18 was clubhouse manager. And I called Holly to talk 19 to her about something, and Brian called me 20 screaming and yelling at me that I was not to speak 21 directly to his employees. 22 And this was after I had had to manage 23 the club myself during about a six-month period 24 when we were between general managers. 25 Q. So while you were on the board at one	1 Q. Okay. 2 A. He didn't like it. And there were -- 3 there were lots of things that he did along the way 4 that the members didn't like, and to hear -- to 5 hear him talk about why he resigned, he would say 6 it was because of the run-in with CIPOA and the 7 fact that they had these employees there. 8 Q. Okay. 9 A. I think that's how he would 10 characterize his reason for resigning. 11 Q. Were you on the board when he resigned? 12 A. Yes. 13 Q. Did the board ask him to resign? 14 A. No. We -- though we weren't happy, he 15 had a contract with a big severance package, so we 16 were lucky that he resigned. 17 Q. So there were some other -- other 18 contingencies in place -- 19 A. That made it very expensive for the 20 club to fire him. 21 Q. Okay. When was he hired? Do you know? 22 A. Again, the years -- it was during Allan 23 Winneker's presidency, so it was the year before I 24 became president. 25 Q. Had Mark had any affiliation or was he

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1 a member of the club prior to his being hired? 2 A. No. 3 Q. Was he brought in? 4 A. He was from Florida. 5 Q. Okay. Did anybody know him that you 6 know of on the board prior to hiring him? 7 A. No. It was -- it was a headhunter that 8 brought him in. 9 Q. Okay. What about Brian Lasota? Do you 10 know if -- how he was picked? 11 A. Same thing. It was different 12 headhunter but brought in that way. 13 Q. Okay. And the same question with 14 Brian -- 15 A. And he was from Chicago. 16 Q. Brian Lasota was? 17 A. Yeah. 18 Q. Same question about him. When he 19 ultimately left, was he asked to resign, 20 terminated, fired, voluntarily resigned on his own? 21 What was the nature of -- 22 A. I wasn't on the board then. 23 Q. Okay. 24 A. I wasn't involved in that. 25 Q. When Brian Lasota left?	1 did get along, so there were -- it wasn't just me. 2 There were a number of issues for a long time. 3 Q. Okay. Was there ever discussions 4 amongst the board about terminating him? 5 A. Yes. 6 Q. And can you describe why he wasn't 7 terminated earlier? 8 A. Yes. Because we had had too much 9 turnover in general managers. 10 Q. Okay. Is there anything you attribute 11 that to, the turnover? Was that part of the 12 industry, you think, or was that something 13 particular with Callawassie or particular with the 14 people you happened to get? I mean, can you -- 15 A. You ever try to hire a club general 16 manager? 17 Q. I never have. 18 A. I would say -- well, we had a couple of 19 issues. One, they're hard to -- I think they're 20 hard to hire, from my personal experience, but, 21 two, we didn't have the budget that some of our 22 competitors had, so that made it difficult for us 23 as well. 24 Q. Are you familiar with Lindsey Cooler? 25 A. Uh-huh.
Page 19	Page 21
1 A. Right. 2 Q. Okay. So when you resigned, he was 3 still acting as the general manager? 4 A. Yes. 5 Q. Thank you. You mentioned the issue 6 with Brian Lasota and the clubhouse manager, that 7 as I understand you were saying that he was unhappy 8 that you had contacted her directly? Is that -- 9 A. Well, that was the -- that was the last 10 straw. 11 Q. Okay. 12 A. There were a lot of things that 13 happened before that. I wouldn't have resigned 14 over that. 15 Q. Okay. Tell me some other -- was there 16 any particular ongoing issues, or was it -- were 17 there -- yeah. I guess that's the question. Was 18 there ongoing disagreement on a particular issue, 19 or was it just you guys had various run-ins such as 20 that? 21 A. There were issues from the day he was 22 hired. 23 Q. Such as what? 24 A. I caught him in -- I caught him in a 25 number of lies. He -- he and Holly never really	1 Q. What's Lindsey -- 2 A. Yes. 3 Q. -- Cooler's position with relation to 4 the club? 5 A. She's the membership director. 6 Q. Okay. And do you know when she started 7 that position? 8 A. She was hired by Mark West. At that 9 time she was hired as marketing, not -- marketing 10 and membership. 11 Q. Hired by the -- 12 A. By Mark West. 13 Q. But by the club? I mean, the club paid 14 her? 15 A. Actually, he was island general manager 16 at that time, so she worked for both the club and 17 CIPOA. 18 Q. So how did he -- how did Mark West -- 19 whose employee was Mark West? 20 A. He -- the joint board's. 21 Q. Okay. And I guess I wasn't aware of 22 that. So there was a joint board? 23 MR. HAIGHT: Object to the form. 24 THE WITNESS: There are two boards, but 25 reported to two boards.

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1 BY MR. MCDANIEL: 2 Q. Okay. Do you know, did his pay come 3 out of the club budget or out of the CIPOA budget 4 or some combination? 5 A. It was a split. 6 Q. Okay. Got you. And do you know who 7 his supervisor would have been? 8 A. The board's. 9 Q. Okay. So he had basically two -- two 10 supervisors; each board was a supervisor for him? 11 A. Yes. I would say that. 12 Q. Do you know if that's how the managers 13 prior to Mark West had been -- also been employed? 14 A. Our first general manager, before I was 15 on the board, was Bruce McMinn, and he was hired as 16 a club general manager. And Cary -- Cary Kelley. 17 Is that right? There was somebody else that was 18 managing the -- I think his name was Cary Kelley 19 that was in the CIPOA office. 20 Q. Okay. So -- 21 A. But there was still a CIPOA board, but 22 he did -- took care of all the CIPOA stuff. And 23 then John Adams was hired after Bruce McMinn. He 24 was also hired as a club general manager, but 25 during his tenure they decided to create an island	1 A. I was not on the board. 2 Q. Okay. Do you have any other 3 information outside of the board as to how Jeff 4 Spencer came to be -- his name came to be a 5 candidate for the position? 6 A. No. I mean, I would have recommend it. 7 Q. Okay. 8 A. But I... 9 Q. But you don't know who -- you don't 10 know if they put out application -- asked him for 11 the job or he submitted an application? 12 A. Oh, you mean do a formal search with 13 multiple applicants? 14 Q. Yeah. Whatever was done. Do you know 15 what the process was by which he came to be in that 16 position? Was he -- 17 A. I guess I'd have to say not exactly. 18 He was there, and he had done management work in, I 19 think, the Chicago area before, so how he was 20 approached, I don't know. That was after my time. 21 Q. Okay. During your time at the club, 22 which I -- make sure I get this -- trying to get it 23 correct. You were a member since '96, '97, 24 whenever you purchased the 59 Osprey Circle, and 25 since that time tell me what you can -- and we'll
Page 23	Page 25
1 general manager position, so jobs -- John's 2 responsibilities were expanded to become an island 3 general manager. 4 Q. Okay. 5 A. So then when we hired Mark West, he was 6 hired as an island general manager, but we decided 7 that that wasn't working well, so then Brian was 8 brought in as a club general manager. 9 Q. So to your knowledge was John Adams 10 also paid in a similar way that Mark West was, a 11 split? 12 A. As far as I know. 13 Q. Okay. That was before your -- 14 A. That was before me. 15 Q. Okay. After Brian Lasota who was the 16 -- who's been general manager since then? 17 A. Jeff. 18 Q. Spencer? 19 A. Yes. 20 Q. Did anybody else act as general 21 manager? Was there ever an acting? 22 A. I don't believe so because Jeff was the 23 golf pro, so he was already there. 24 Q. Okay. Do you know who -- how Jeff 25 Spencer came to be hired as the general manager?	1 look at some documents, but tell me what you can as 2 what you understood to be the governing documents 3 of the club. 4 And to do that you might -- we might 5 have to back up. I know there's a distinction or 6 an event there in 2001, or at least I'll represent 7 there is, that might change things, but if you 8 would, just in -- best of your memory, tell me what 9 the -- what that progression of governing documents 10 would be for the club from the time you joined to 11 today. 12 A. Well, I don't think it's substantially 13 different. I think there was a CIPOA document. 14 Q. And that was when? Is that the one we 15 talked about from 2001? 16 A. Well, no. Be prior to that. 17 Q. Okay. 18 A. And then there was -- there's always 19 been the membership plan and the club rules. I 20 know that we always knew -- I don't know at what 21 point we saw the purchase agreement, but we knew 22 when we bought that the club -- that that was going 23 to take place. There would be a transition. We 24 knew that we would be assessed \$4,000 at that time. 25 Q. \$4,000 for what?

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1 A. At the time of the club transition. It
2 was -- it was for the clubhouse renovation and --
3 whoa. I think that was it.
4 Q. And that was in 2001, about?
5 A. Yeah.
6 Q. Okay.
7 A. Yeah.
8 Q. And that assessment's already occurred?
9 A. Oh, yeah. That was a long time ago,
10 but we knew about it when we came in.
11 Q. Okay. You knew about it --
12 A. I guess that was what my --
13 Q. -- in '97 that that was going to happen
14 sometime?
15 A. Yes.
16 Q. I see.
17 A. Yeah.
18 Q. And it in fact did happen. You got
19 that assessment.
20 A. It did happen, yeah.
21 Q. Okay.
22 A. My point was I didn't -- I still think
23 it was only those documents. I don't think that
24 the purchase agreement was involved when we bought
25 the first property.

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1 Q. Okay.
2 A. Because that didn't -- the purchase
3 agreement didn't get drawn, I don't think, until
4 2001, but I'm not certain.
5 Q. Okay. You mentioned the CIPOA
6 documents, and I'll represent to you I think I've
7 seen some that are December 2001 that were
8 covenants of Callawassie Island Property Owners
9 Association. Do you recall, or are there documents
10 prior to that you believe had some effect on your
11 membership --
12 A. Well --
13 Q. -- from CIPOA?
14 A. I don't know.
15 Q. Okay.
16 A. I don't know.
17 Q. Are you familiar with the covenants --
18 whether or not there were revised, amended
19 covenants passed in 2001?
20 A. Yes.
21 Q. And do you know the effect of those
22 covenants on memberships in the Callawassie Island
23 Club?
24 A. Yes.
25 Q. What was your understanding of that,

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1 impact of that?
2 A. It created the mandatory membership if
3 you purchased property at Callawassie.
4 Q. Mandatory membership in the club?
5 A. Yes.
6 Q. Okay.
7 A. Either golf or social.
8 Q. And do you know whether or not that
9 requirement was only for people who purchased after
10 that date, or did it retroactively apply that
11 anybody who owned property then that didn't have
12 membership had to go purchase a membership?
13 A. It did not. There were grandfathered
14 people.
15 Q. Okay. How did you come to know that,
16 that they were grandfathered? How was that
17 communicated to you?
18 A. I'm guessing through the document
19 because the document stated that.
20 Q. Okay.
21 A. It said after a particular date that
22 you had to own a membership if you owned property.
23 Q. Okay.
24 A. And if you sold property, you had to
25 sell that property with a membership. So they

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1 didn't -- they didn't force you -- if you were a
2 current property owner, you weren't forced to go
3 out and buy a membership; but if you sold your
4 property, then you had to sell it to -- the person
5 coming in had to buy a membership.
6 Q. Had to buy a membership. I've got you.
7 Could you sell your property without selling the
8 membership?
9 A. No.
10 Q. Are you aware of anybody doing that,
11 where they owned a -- let's say a golf membership
12 and the purchase -- person who purchased the
13 property bought a social membership?
14 A. No. Are you talking about after 2001?
15 Q. After 2001.
16 A. Okay. No. The only thing that I would
17 tell you -- in fact, I was in that position. We
18 owned three properties. So when we -- you could
19 move your membership to the property that you
20 wanted it to be. If you had three properties and
21 one membership, then that golf membership could
22 have been on any one of these three properties; and
23 technically, if we decided we didn't want to be
24 golf members, when we sold our Osprey Circle house,
25 we could have sold it with our golf membership.

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1 Q. Okay.
2 A. And then bought a social membership for
3 the home that we were living in. We did not do
4 that. Everybody -- we sold our memberships -- home
5 sold with golf memberships, but if you were a
6 multiple-property owner, you could sell one
7 property with the golf membership or a social
8 membership. We had that choice.
9 Q. Okay. In the situation you were just
10 saying, the scenario, you didn't -- you said you
11 could have sold your golf membership with your
12 property but, because you bought all your
13 properties before 2001, you wouldn't have had to
14 buy a social membership after that, would you,
15 or --
16 MR. HAIGHT: Object to the form.
17 BY MR. MCDANIEL:
18 Q. Would you think you would?
19 A. I would not have, I believe, because I
20 was grandfathered. I'm thinking of a situation. I
21 would not have -- I would have been able to sell my
22 golf membership and stay there because I would have
23 been grandfathered.
24 Q. But you'd have the option to buy a
25 membership that you could -- if you wanted one?

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1 A. Yes.
2 Q. Okay. Well, thank you.
3 A. Yeah. They could not force me to buy a
4 membership and -- you know, because I already had
5 my home.
6 Q. Okay. Do you know, if you wanted to
7 sell your membership without selling your property,
8 what the mechanism to do that would be?
9 A. Well, the documents clearly state that
10 memberships are transferable only to the club.
11 Q. Okay.
12 A. So you could not run an ad in the
13 Beaufort Gazette for your membership, if that's
14 what you're getting at with your question. The
15 club had to sell it. You would have to -- in fact,
16 that's the technical way that properties settle, is
17 your membership is transferred to the club and then
18 passes through.
19 Q. Okay. So when you sell your property
20 and your membership, it technically goes first to
21 the club and then to the new member?
22 A. Yes.
23 Q. I guess what I'm asking is a little bit
24 more into the actual process by which you would do
25 that. For instance, do you tell somebody, submit

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1 something in writing, that you want to sell your
2 property -- or excuse me -- you want to sell your
3 membership, or what's the actual physical process,
4 if you're aware, to go about selling a membership?
5 A. I can't sell it as long as I have
6 property.
7 Q. Okay. But let's say prior to 2001,
8 what would have been the process?
9 A. I don't know. I mean, the people -- we
10 had, I think -- I think 12 total. I'm not positive
11 what that number was that sold property prior to
12 that and left and kept their memberships. Their
13 memberships then went on the resale list.
14 Q. Okay.
15 A. Is that -- is that where you're going?
16 Q. Yeah. Yeah. I was going to ask you
17 about if there's -- how does a property get to the
18 resale list?
19 A. That's how it got to the resale list.
20 Q. Okay. And within the club offices, do
21 you know -- who would you call in pre-2001 or who
22 would you contact to ask that your membership be
23 put on the resale list?
24 A. If I was selling my property or...
25 Q. I'm just saying your member -- just

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1 your membership at that point, before 2001?
2 A. I don't know if anybody ever did that.
3 Q. Okay.
4 A. I have knowledge -- I have no knowledge
5 of anybody putting their -- living at Callawassie
6 and putting a membership on the resale list.
7 Q. Do you think that they couldn't do
8 that, or do you know?
9 A. Well, we had -- the resale list, when I
10 was involved, was 70-some names.
11 Q. Okay.
12 A. And it was -- there were -- I think the
13 number was 11 or 12 that were people who had sold
14 their property prior to the change, so they were
15 living in -- I don't know -- in some cases assisted
16 living, but they were living in all different
17 places and had their membership on the resale list
18 for sale.
19 The rest of that resale list was people
20 currently living on Callawassie that wanted to sell
21 their golf memberships so that they could downgrade
22 to social.
23 Q. Okay.
24 A. That was really what they wanted,
25 widows, things like that, that wanted to be social

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1 members and not golf members, but they still had
2 the option of selling their property with the
3 membership, but they were on the list because they
4 wanted to swap.
5 Q. Okay. Are you aware of people being on
6 that list who had conceded their memberships
7 because they were no longer going to be members of
8 any kind to the club?
9 A. That was Spring Island founding members
10 that did that.
11 Q. Okay.
12 A. And to my knowledge those were the only
13 ones.
14 Q. Are you familiar with Jackie Leffers?
15 A. Yes.
16 Q. Is she a Spring Island founding member?
17 A. No. But that was -- boy. I'm going to
18 try to get this right because I was involved with
19 that.
20 Q. Okay.
21 A. Jackie sold her property, I believe to
22 somebody else on the island, and it was agreed --
23 oh, God. Let me think about how this worked. It
24 was agreed that when those people sold the lot they
25 would sell their lot with Jackie's membership. I

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1 believe that's -- there was an agreement in place
2 that somebody was going to sell their property with
3 her membership.
4 Q. Okay.
5 A. I'm -- God.
6 Q. Do you know whether or not --
7 A. I wrote so many letters on that, and
8 I'm trying to -- you think you'll never forget.
9 But what happened was, when that -- everybody
10 forgot about it, and so when that property sold,
11 instead of selling Leffers' membership with that
12 property, it was sold with a new developer
13 membership, and Jackie was stuck with her property.
14 Or stuck with her membership. I'm sorry.
15 Q. Do you know when the original part of
16 her deal was worked out?
17 A. It was before I was there.
18 Q. Okay.
19 A. I researched it and found this out.
20 Q. Okay. Do you know if it was before the
21 2001 when that was worked out, or was it after?
22 A. I don't.
23 Q. Okay.
24 A. I don't.
25 Q. Do you know if that's something the

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1 developer agreed to do with her or something that
2 the club had agreed to do?
3 A. I don't know that either.
4 Q. Okay.
5 A. Boy.
6 Q. Do you know --
7 A. I knew of the situation, but it didn't
8 happen on my watch.
9 Q. I've got you.
10 A. The only thing that happened on my
11 watch was that Jackie Leffers was stuck in this
12 situation. Somebody didn't honor the agreement,
13 and so when the club went after her for back dues,
14 that's when it came up.
15 Q. Okay. Do you know anybody who
16 represented her? As I understand it, she might
17 have had a friend or an attorney --
18 A. She had a friend who was not an
19 attorney. Jack Cassells was her friend. Jack
20 Cassells was an attorney, but he was not acting as
21 an attorney on her behalf.
22 Q. Okay.
23 A. He was a friend. That's...
24 Q. Okay.
25 A. Not when he knocked on my door.

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1 Q. No. I understand. As best you can
2 recall, explain to me again the original situation
3 that you understood that created this -- the issue
4 with her membership. That is, I'm not clear and
5 maybe you're not clear, but as best you can, how
6 was it that her membership got associated with
7 somebody else's property?
8 A. I will tell you that that is in the
9 file.
10 Q. What file?
11 A. I wrote -- I don't want to answer the
12 question incorrectly, but I did write a letter.
13 Q. Okay.
14 A. And it was signed, I believe, by the
15 general manager. I'm trying to think if this came
16 up when Mark West was the manager. There is a
17 letter in the membership file to that effect. And
18 all of my files, when asked to research what I had,
19 I don't have anything left. I had a new computer
20 since then, but I gave a disk to Laurie.
21 Q. Laurie who?
22 A. Stewart.
23 Q. Who is that? I haven't heard.
24 A. She's the administrative assistant.
25 Q. Okay. For who?

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1 A. Jeff. 2 Q. Jeff's. Okay. When did you do -- 3 A. Formerly Mark West and formerly -- 4 Q. When did you do that? 5 A. I know I met with Jack when I was 6 president. I know that I also had to go back and 7 -- I know I explained this three different times to 8 Brian and Lindsey, and I put that in the file. 9 Both Brian and Lindsey were there the last time 10 this came up. 11 Q. So I guess I'm just -- make sure -- 12 A. And the history is in that letter. 13 Q. Okay. And when you talk about you 14 turned over a disk to them, that was, like, at the 15 end of the your term -- 16 A. Uh-huh. 17 Q. -- In the office, or was that in the 18 last few months? 19 A. No, no, no. This was when I left. 20 Q. Okay. And after you turned that over, 21 you had to go back and try to talk -- explain to 22 them three additional times, or is that -- did 23 those -- 24 A. No. I was still president the last 25 time.	1 A. Identify the document? 2 Q. Yes. If you know what that is. 3 A. I can't read it, but I know it's the 4 resale list. 5 Q. Okay. I'm there. Very good. I do 6 want to ask you a couple questions -- 7 A. Okay. 8 Q. -- if you're looking for glasses or -- 9 A. I am. 10 Q. Okay. Yeah. The writing's pretty 11 small on this thing. 12 A. Okay. 13 Q. Okay. So you're familiar with the -- 14 with this document? 15 A. I am. 16 Q. And you see the date that's on the top 17 right. It says 5/22/2012. Is that after you were 18 on the board? 19 A. Oh, yeah. 20 Q. Were you on the board at that time? 21 A. In 2012? 22 Q. Right. 23 A. No. 24 Q. Okay. Do you know who keeps/maintains 25 this resale list?
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1 Q. Okay, okay. So you did it three times, 2 then when you left you said here's the letter of 3 what we've talked about or here's the documents? 4 A. No. When I was president, the letter 5 was -- and Brian probably signed that letter. 6 Q. Okay. 7 A. But there was a letter that went in the 8 file during the time that I was president, Brian 9 was general manager, and Lindsey was membership 10 person. 11 Q. Okay. And that letter, to the best of 12 your recollection, explains the situation? 13 A. Right. 14 Q. Okay. All right. Let me ask you. 15 I've got a -- 16 A. I believe -- the only way that I could 17 think this could have happened is that Jackie sold 18 that property to people before the membership was 19 mandatory and there was an agreement that when that 20 property sold it would sell with her membership, 21 but I -- I'm sure it would be real clear once I saw 22 the piece of paper. 23 Q. Once you saw the document. Okay. Let 24 me get you to look at this. See if you can 25 identify this document.	1 A. I assume Lindsey. 2 Q. Okay. On there, and I have some 3 earlier dated ones that we can look at too, but I 4 wanted to see if you could tell me. Are you 5 familiar with how this document is kind of laid 6 out? 7 A. Yeah. 8 Q. Okay. So it has the name, then the 9 status, and under the status of a good of portion 10 these it says either conceded or expelled, and I 11 was wondering if you could tell me if you're 12 familiar -- with going down the list of expelled 13 persons, are you aware of anybody that has been 14 expelled from Callawassie Island Members Club? 15 A. It says expelled, so I have to say yes. 16 Q. Well, I'm saying from your -- 17 A. But it looks to me that the properties 18 are sold. 19 Q. I'm saying from your personal knowledge 20 are you aware of the board expelling anybody? 21 A. No. 22 Q. Okay. Or whether or not you were on 23 the board or not, do you have any information -- 24 specific information about an expulsion of any 25 member?

Page 42 1 A. No. 2 Q. Okay. If you look at, like, 63 or 69, 3 those seem to be -- the date placed anyway on that 4 is -- for 63 is February 7, two thousand -- I'm 5 sorry. Yeah. February 7, 2005. 6 A. Uh-huh. 7 Q. Is that a period when you were on the 8 board? 9 A. I may have been. Oh, God. Got to 10 figure out when I came on this board. I think I 11 retired in '04, so I think I might have been on the 12 membership committee -- no, no, no -- the marketing 13 committee, but I don't believe I was on the board. 14 It would really help if I knew when I was elected 15 to the board. 16 Q. Well, it might be -- might have a 17 document here that can refresh your memory, but 18 looking at the name Long -- I'm sorry. Not Long -- 19 William Shaw -- 20 A. Right. 21 Q. -- Shaw William, does that name sound 22 familiar to you at all? 23 A. Yeah. 24 Q. Who was that? 25 A. My next-door neighbor.	Page 44 1 recognize any of the names. 2 Q. Other than -- 3 A. The conceded ones I know are primarily 4 Spring Island founding members. 5 Q. Okay. 6 A. And my understanding -- this was before 7 my time. My understanding was that there was a 8 payment settlement that took place at that time, 9 but I don't know that. 10 Q. Okay. And I've got a couple of those 11 documents. 12 A. And I know nothing about anybody being 13 expelled. My God. A lot of these people. 14 Q. Let me ask you -- 15 A. I don't recognize any of their names. 16 Q. Well, you said you recognize William 17 Shaw. 18 A. That's the only one I recognize. 19 Q. Okay. And I just want to be -- make 20 sure I've asked you. Oakley, number 66, does that 21 name sound familiar to you? 22 A. No. I don't know them. 23 Q. Or Long? 24 A. Huh-uh. 25 Q. Tempest?
Page 43 1 Q. Oh. Are they still your neighbor? 2 A. No. 3 Q. Okay. Do you know when they moved? 4 A. Not exactly. 5 Q. Okay. 6 A. That would be easy enough to find out, 7 but I don't. I know they sold their property. I 8 don't -- they sold it and then rented it, so I 9 don't know. 10 Q. Okay. Do you know if at the same time 11 they sold their membership when they sold the 12 property? 13 A. That property has a membership on it. 14 I don't know what they did with their membership. 15 Q. Okay. It may be the same answer for 16 these, but let me just ask you about those that are 17 expelled because I'm trying to find out how a 18 person gets expelled from the club and if -- if you 19 know who might be able to tell me that, how these 20 -- one, two, three, four, five, six, seven, eight, 21 nine, ten, eleven, twelve, thirteen, fourteen -- 22 fifteen people got on this list indicating 23 expelled. I guess that's what I'm hoping you can 24 give me some information about. 25 A. I don't have a clue. I don't even	Page 45 1 A. I don't -- all I know is -- of Al 2 Tempest is I played golf with him once. 3 Q. Okay. Do you happen to know when he -- 4 if he left, when he left Callawassie? 5 A. I didn't think he lived on Callawassie. 6 Q. Okay. So you think maybe he wasn't an 7 owner? 8 A. I thought he -- I thought he was a 9 member that wasn't a homeowner, but I honestly 10 don't know. 11 Q. Okay. Do you know when the last time 12 you recall seeing him on the -- in Callawassie was? 13 A. Yeah. When I played with him in the 14 Buick Scramble. 15 Q. When was that? 16 A. I was still working. 17 Q. So in the first five years? 18 A. Within the first five years that I 19 lived there. 20 Q. Okay. Do you think he was a member 21 after 2001? 22 A. I don't know. 23 Q. Okay. Let me ask you some of these 24 older one -- or the ones that the dates placed are 25 older, like the Oelkers. Do you know who the

Page 46	Page 48
1 Oelkers are, number 61? 2 A. No. Never heard their name. 3 Q. Elias, 62? 4 A. Huh-uh. 5 Q. Okay. Gallup, 48, ask you about that 6 one? 7 A. Huh-uh. Only thing I know of these 8 names is having seen the names over the years. I 9 don't know the people at all. 10 Q. But you don't know them. And I guess 11 what I'm really asking you is do you have any 12 specific recollection of the terms by which they 13 may have conceded or expelled or whatever happened 14 to their membership? 15 A. No. I believe all these concessions 16 took place at the time we took over the club, and 17 that would have been when Bill Hawkins was 18 president, I believe. I'm not sure. 19 Q. Where is Bill Hawkins now? Do you 20 know? 21 A. Florida. 22 Q. Florida. Okay. And I think I -- did I 23 ask you already about Bill Hawkins? 24 A. He was -- he was on that list of, you 25 know, if I had any paperwork related to him.	1 A. He lives in Ponte Vedra, so we just 2 went down and visited. 3 Q. Do you have any information about the 4 terms of his membership as far as what happened 5 with his membership when he left? 6 A. No. 7 Q. Okay. Did Bill serve any other 8 capacities other than as board member for the club? 9 A. He was an interim GM for -- I don't 10 think very long. 11 Q. Do you know who hired him? 12 A. Well, he was president of the board. 13 Q. Do you know how much he got paid? 14 A. No clue. 15 Q. Okay. Do you know the years that he 16 was interim GM? 17 MR. HAIGHT: Object to the form. 18 THE WITNESS: No. 19 BY MR. MCDANIEL: 20 Q. Okay. 21 A. It was really early after the 22 transition. That's all I know. 23 Q. Okay. And do you know how long of a 24 period he was the GM? 25 A. No. I don't know. Wasn't very long.
Page 47	Page 49
1 Q. With what? Yes, yes. 2 A. This list. 3 Q. Oh, okay. I've got you. And did you 4 have any documents related to him? 5 A. No. And the only thing I would have 6 had -- I went to visit Bill because when I became 7 president I felt it was important to learn about 8 the history of the club. 9 Q. Okay. What did he tell you? Do you 10 remember the -- 11 A. Basically the relationship with the 12 developer. 13 Q. So that was in like two thousand -- 14 about 2006 or '7, somewhere in that area? 15 A. Yes. Sorry. 16 Q. And is Bill still living -- living at 17 the -- have you had additional contact with Bill 18 since that time? 19 A. We've had dinner with him a couple 20 times. 21 Q. When's the last time you've talked to 22 him? 23 A. Probably at least a year, and it 24 wouldn't have had anything to do with the club. 25 Q. Okay.	1 Q. Okay. All right. Let me mark that 2 document, the resale list, as Exhibit 1 just so we 3 can identify it for the -- for the transcript. 4 (DFT. EXH. 1, Golf Membership Resale 5 List, was marked for identification.) 6 BY MR. MCDANIEL: 7 Q. I've just got a couple -- couple more 8 questions about it. Towards the top there, number 9 7 is Leffers. 10 A. Right. 11 Q. And it just says conceded. Right below 12 her is Knearl. Are you familiar with Knearl, Homer 13 Knearl? 14 A. Only because he's writing a lot of 15 e-mails lately. 16 Q. You've gotten e-mails from him? What 17 kind of e-mails does he write? 18 A. It's about the board election. 19 Q. Okay. 20 A. And ideas for membership structure, I 21 guess. 22 Q. Is he a member of the club? 23 A. Yeah. 24 Q. Okay. He's on the list here as a -- 25 having conceded his membership. Do you have any --

Page 50 1 A. This is the first I know of that. 2 Q. Okay. And it seems to have -- you 3 follow number 8 all the way out, under property, it 4 says: Conceded 10/7/02. 5 A. The property was conceded? 6 Q. I'm not saying the property was 7 conceded. I'm saying under the -- under the column 8 of property there's a -- the note that says -- 9 A. Oh, I see. 10 Q. -- conceded 10/7/02. 11 A. Right. 12 Q. Does that mean anything to you? 13 A. No. 14 Q. Okay. 15 A. I don't remember seeing his name on the 16 delinquent list, so as far as I know, the guy's 17 paying dues. 18 Q. Okay. And then let me ask you about 19 24, Gleberman, looks like? 20 A. Never heard the name before. 21 Q. You haven't. Out in the property, in 22 the comments, it says: Conceded 12/14/01 per 23 Hawkins, 8/03. 24 Does that have any meaning to you? 25 A. No.	Page 52 1 Q. And what was the situation with their 2 memberships? 3 A. They had a villa and a lot, so there 4 was a roof on the villa, and they paid resident 5 dues. They paid nonresident dues on the lot 6 because they lived in Virginia. 7 Q. Okay. And did the resident dues depend 8 on what structure was on the property? The 9 determination of whether to pay resident or 10 nonresident, was that related to the structure on 11 the property? 12 A. Not solely. 13 Q. Was it also related to where the person 14 lived? 15 A. Yes. 16 Q. And as I understand, it was a 17 three-county -- 18 A. Yes. 19 Q. -- area that was considered resident; 20 is that correct? 21 A. Yes. 22 Q. If you lived in one of those three 23 counties but only owned a lot, would you pay 24 resident or nonresident? 25 A. Resident.
Page 51 1 Q. Did you discuss him, Mr. Gleberman, at 2 all with Hawkins when you went to talk to him? 3 A. No. I've never heard the name before. 4 Q. Okay. In your discussions with 5 Mr. Hawkins, did you discuss any terms of 6 concessions or expulsions of past members? 7 A. No. 8 Q. What was your understanding of the 9 arrangement, if there was any -- was there any 10 distinction with billing and assessing dues and 11 fees for people who owned more than one membership? 12 So if you own multiple memberships, are you aware 13 of any difference, I guess, that would be applied 14 to the second or third or multiple memberships as 15 opposed to the first in terms of billing, assessing 16 dues and fees? 17 A. No. 18 Q. Okay. Are you aware of any persons 19 being charged resident dues for their first 20 membership and then being allowed to pay 21 nonresident dues for any multiple memberships they 22 owned? 23 A. If they lived in Beaufort County, no. 24 If they lived -- I know of one that lived in 25 Virginia.	Page 53 1 Q. Okay. But if you owned only a lot and 2 didn't live in those three counties, is it -- 3 you're saying -- 4 A. Nonresident. 5 Q. Okay. 6 (Off-the-record conference.) 7 BY MR. MCDANIEL: 8 Q. Were you on the board at the -- in 9 2010? 10 A. No. 11 Q. Were you involved in the settlement 12 with Callawassie Island Company, L.P. and the club? 13 A. No. 14 Q. Are you familiar with the terms of that 15 settlement? 16 A. Not really. Sketchy but not -- not 17 really. 18 Q. Tell me what you can about what was the 19 basis for the dispute that led to that settlement. 20 A. The basis for the dispute? 21 Q. Yeah. What was the contention -- 22 A. You mean the fact that he stopped 23 paying dues? 24 Q. Okay. Who stopped paying dues? 25 A. The developer.

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1 Q. Okay. Do you know why or what the 2 developer's contention was, why he stopped paying 3 dues? 4 A. He couldn't afford it. 5 Q. Okay. And what was the -- to the best 6 of your knowledge, what was the terms of the 7 resolution with the developer? 8 A. I don't know. I wasn't involved in 9 that document. 10 Q. Do you know how much the developer was 11 paying in dues, approximately, each year? 12 A. Around -- it was 65 -- 65 or 67 13 memberships, and it was around 350, I believe. 14 Q. 350,000 a year that he was paying? 15 That's a yes? 16 A. Yes. 17 Q. And in one -- in a particular year it 18 was -- he stopped making those payments? 19 A. He did. 20 Q. Do you know if that -- was that 2010? 21 Do you know what year it was? 22 A. Not exactly. 23 Q. Okay. 24 A. It was after I left. 25 Q. Okay. And I understand. And if you	1 A. No. 2 Q. Are you aware of letters going out from 3 the club at any period in which they made an offer 4 to members that they could concede their membership 5 by making some sort of payment and turning in their 6 membership? 7 A. No. I've only heard comments that 8 there had been attempts to negotiate. 9 Q. Okay. 10 A. What the -- what those attempts were 11 and the form, I have no idea. 12 Q. Okay. 13 A. That's been -- that was in a public 14 forum. 15 Q. You don't have any knowledge that those 16 -- any such offers were ever made to -- 17 A. I don't. 18 Q. Just a second. 19 What's the club policy while you were 20 on the board with regard to suspending members for 21 nonpayment? 22 A. That they weren't allowed to use the 23 club. 24 Q. At what point were members to be 25 suspended?
Page 55	Page 57
1 don't know, that's fine. I'll ask you a few 2 questions about it, and if -- again, if your answer 3 is you don't know, that's understandable, but I 4 want to see -- as a member you may still have some 5 knowledge even if you weren't on the board. 6 Do you know whether the -- the terms of 7 any settlement included the developer making any 8 payments to the club? 9 A. I don't believe so, but I don't know. 10 Q. Okay. Do you know, were there any -- 11 did you have discussions with anyone as to filing a 12 lawsuit against the developer? 13 A. No. 14 Q. Okay. Do you know if a lawsuit was 15 ever filed against the developer for not paying the 16 dues and fees? 17 A. Well, there was an arbitration 18 agreement, so there wouldn't have been. 19 Q. Okay. Do you know whether it went to 20 arbitration? 21 A. I don't. 22 Q. Okay. Are you aware of anybody being 23 offered a buyout for their membership, concede 24 their membership and they can buy out their 25 membership with a payment?	1 A. If they didn't pay for 90 days. 2 Q. Okay. And what was the policy with 3 regard to pursuing them beyond 90 days while you 4 were on the board? As far as what was -- was there 5 any action taken by the club after 90 days, I guess 6 is better way to ask it? 7 A. I would say we weren't as active as we 8 should have been. 9 Q. Do you know if there's any procedure in 10 place to expel such members? 11 A. No. 12 Q. Do you know whether there's any 13 procedure in place to sue, file a lawsuit against 14 such members? 15 A. Well, nothing -- not that I know of. 16 Q. Okay. 17 A. The document says that you are 18 responsible for your membership as long as you own 19 property, so... 20 Q. And I understand. 21 A. That's what I know. 22 Q. I understand that the -- I mean the 23 club's position, the documents state that there's 24 the obligation. I'm just wondering what the -- 25 what the club's procedure has been with regard to

Page 58 1 pursuing that obligation. Has been there a set 2 policy, or do you believe the governing documents 3 set out a policy of what should or would happen to 4 delinquent members? 5 MR. YOUNG: Let's be clear. This is 6 not a 30(b)(6) deposition, so any attempts to have 7 Ms. Norwood speak on behalf of the club I would 8 object to. 9 BY MR. MCDANIEL: 10 Q. Go ahead and answer. 11 A. Repeat the question. 12 MR. MCDANIEL: Sure. 13 Can you repeat the question for me? 14 (The court reporter read the question 15 commencing on page 57, line 22, and concluding on 16 page 58, line 4.) 17 THE WITNESS: Without looking at the 18 document, I don't recall that a process with regard 19 to legal is written, but I don't -- I'm not 20 certain. 21 BY MR. MCDANIEL: 22 Q. Are you familiar with any procedure to 23 expel members after a certain period of time for 24 nonpayment? 25 A. It never happened when I was there, so	Page 60 1 Q. I've just handed you a letter marked as 2 Exhibit 2. Is this a document you recognize? 3 A. No. This was in 2010. I wasn't there. 4 Q. I understand. I just wanted to see if 5 you were -- if you were aware, even as a member, 6 that this sort of settlement negotiation went on or 7 this sort of letter went out to members -- a 8 member? 9 MR. HAIGHT: Object to the form. 10 THE WITNESS: No. 11 BY MR. MCDANIEL: 12 Q. Were you aware of any option within the 13 governing documents that would make this type of 14 negotiated settlement, to use the term in the 15 letter, an option or a possibility for members? 16 A. No. 17 Q. Okay. 18 A. I've got to read it. 19 Q. Yeah. Take your time. Look it over. 20 A. Marshall Field, I believe, would have 21 sold the property prior to the mandatory membership 22 and was on the resale list. 23 Q. Okay. 24 A. I believe that's the case, which was -- 25 remember, I told you I thought there were 11 or 12
Page 59 1 I would say no. 2 Q. Are you familiar with that being in the 3 governing documents, that a member would be 4 expelled after a set period if they are delinquent? 5 A. I believe there's a place that says 6 they may be expelled. 7 Q. Okay. Do you know where that is in the 8 documents? 9 A. Are you talking about citing a number? 10 Q. Well, as to which -- which document 11 that it's in. Earlier you had said the plan of 12 offering, the club rules, and I think you mentioned 13 the bylaws. You might have mentioned others. Do 14 you know which of those documents you're referring 15 to with the may be expelled? 16 A. Well, it could be in both the 17 membership plan and the club rules because there 18 are things that are in both. 19 Q. Okay. Let me show you this letter, if 20 I can reach that. 21 (Off-the-record conference.) 22 (DFT. EXH. 2, Letter from Brian Lasota 23 to Marshall Field dated April 14, 2010, was marked 24 for identification.) 25 BY MR. MCDANIEL:	Page 61 1 of those people. 2 Q. And are you aware of a governing 3 provision that would allow those people to make 4 this sort of negotiated settlement? 5 A. Not that I know that's written. I 6 don't know. 7 Q. Okay. And within the letter -- I'll 8 just read to you. It says: Includes payment of 9 the equivalent of one year's dues, 6,524, subject 10 to your agreement that this transaction shall 11 remain confidential. 12 Are you aware of any confidential 13 settlements or negotiated settlements during your 14 term on the board? 15 A. No. 16 Q. Okay. 17 A. And just to clarify, the Jackie Leffers 18 situation was not a confidential agreement of any 19 kind. It came up because there was a previous 20 agreement that her membership would be sold. 21 Q. Okay. But -- 22 A. So it was nothing like this. 23 Q. There was no confidentiality provision 24 with it? 25 A. No.

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1 Q. And you're not aware of any 2 confidentiality provisions made during your time on 3 the board? 4 A. No. 5 Q. Or any others, I guess. Are you aware 6 of any -- 7 A. No. 8 Q. Okay. During your time on the board, 9 was there ever -- was there a time at which there 10 was an irrigation -- 11 A. Yes. 12 Q. -- replacement project? 13 A. Yes. 14 Q. Do you remember any controversy going 15 on with that -- with that irrigation project? 16 A. Yes. 17 Q. Can you tell me what the -- 18 A. I could say no and be funny but -- 19 Q. Right. You tried to wipe that from 20 your memory, maybe? Tell me the nature of that 21 because I'm not as familiar with it as you guys 22 that kind of experienced that were. 23 A. The irrigation was an issue. Our 24 irrigation system was very much out of date, and it 25 put out too much water on the golf course. It was	1 indicating that the directors or somebody on the 2 club was misrepresenting to the members the nature 3 of the -- of the requirement by DHEC? 4 A. That accusation could have been there. 5 I don't recall exactly. 6 Q. Do you recall who did the renovations? 7 A. Oh, boy. Don't remember the name of 8 the company. 9 Q. Do you know if any of -- any board 10 member had any interest or -- 11 A. With -- affiliation or anything? 12 Q. Right. 13 A. No. 14 Q. You don't know or you don't -- 15 A. No. We -- Billy Fuller was the 16 consultant that we worked with, and Billy Fuller is 17 the one who recommended the construction people. 18 Q. Okay. 19 A. And did the search and all that stuff. 20 Q. Okay. Well, let me ask you about -- 21 A. He spearheaded the whole thing, as far 22 as I know. 23 Q. Let me ask you about this. See if you 24 recognize this, this letter. 25 MR. HAIGHT: Have you produced this
Page 63	Page 65
1 -- well, to say too much water on the golf course 2 is not a fair statement. The irrigation system was 3 an inefficient one. 4 We wanted to keep our well permits, and 5 in order to keep the well permit we needed to 6 demonstrate to DHEC that we were working to 7 conserve water. 8 We also -- since we were going to have 9 to tear up the golf course to do the irrigation 10 system, we also badly needed new -- green 11 replacement. Our greens were old, and they were -- 12 we were on sand for a good portion of the year, so 13 there was the total project which would have been 14 the replacement of the greens as well as the 15 irrigation system. 16 Q. Okay. What was the nature of the 17 disagreement, if there was one, with any of the 18 members? 19 A. Led by Mr. Hobson, he argued that we 20 would not save water with this irrigation change 21 and spent quite a lot of time with DHEC and a lot 22 of other people. He was, interestingly, not 23 against the new greens but was against the 24 irrigation system change. 25 Q. Okay. Do you recall him ever	1 before? 2 MR. MCDANIEL: No. 3 MR. HAIGHT: Okay. Why don't we take a 4 little break? We'll discuss it down the hall. 5 THE WITNESS: Me too? 6 MR. HAIGHT: Yeah, you too. An 7 exception to what -- this is on the record. An 8 exception to what he said earlier is that if he 9 brings out some new document, we are allowed to 10 discuss that during the course of the deposition. 11 MR. MCDANIEL: Let me give you this. 12 I'm going to ask her about this too. Y'all go 13 ahead and talk about these. 14 (A recess transpired.) 15 MR. YOUNG: Before we start, Brian, I'm 16 just trying to figure out why -- we've sent you 17 discovery requests and these documents haven't been 18 produced, and if you -- if you have any other 19 documents or if you obtain any other documents, 20 that you go ahead and produce them as you have an 21 ongoing obligation to do so under the rules. 22 MR. MCDANIEL: Yeah. And I'd ask the 23 same of y'all. 24 MR. YOUNG: I think we have been. 25 MR. MCDANIEL: Well, the last

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1 deposition there were several that we hadn't
2 obtained, so...
3 You weren't present there but...
4 MR. YOUNG: Yeah. I think those all
5 have been produced. I mean, if y'all didn't look
6 at them, then...
7 MR. MCDANIEL: I've looked at all those
8 documents.
9 MR. YOUNG: Okay.
10 THE WITNESS: Well --
11 BY MR. MCDANIEL:
12 Q. See if you can identify these two pages
13 you were handed. If you would, start with the --
14 well, go ahead as you want to.
15 A. The Q and A tells you exactly the way
16 that I answered the question.
17 Q. Okay.
18 A. Is there was nobody on the board that
19 was connected in any way. This describes what we
20 did. We went out and got bids from the number of
21 contractors. It describes Billy Fuller. It also
22 describes why we needed to do the project in the
23 first place.
24 Q. Okay. The document you're referring to
25 is the one that says Callawassie Island Club Golf

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1 Course Renovation Update?
2 A. Yeah.
3 Q. Do you know when that document --
4 A. Was written?
5 Q. Yes. About, approximately?
6 A. Well, let's see. Spring of 2008. I
7 would guess that it was written maybe early '08.
8 Q. Okay. And do you know --
9 A. It could have been -- that's my guess.
10 Q. Okay. Possibly a little earlier than
11 that?
12 A. Possibly earlier, yeah, because -- and
13 this -- Bob DeLuca was president in '08. I believe
14 I was president in '07, '06 and '7. This kind of
15 ties that together for me in terms of my dates.
16 This letter was written in '06.
17 Q. Okay. The other page, the DHEC letter?
18 A. Right.
19 Q. Okay.
20 A. And I've never seen this before. This
21 was addressed to Matthew and not to me, so I've
22 never seen that.
23 Q. Who is Matthew? Who is this --
24 A. He was the golf course superintendent
25 at the time.

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1 Q. Okay. And if we can just mark those --
2 the first one you were talking about, let's mark
3 that as the next exhibit, the Callawassie Island
4 Club Golf Course Renovation Update you referred to
5 as Q and A. Mark that as Exhibit 3.
6 Okay. And we'll do 4 as the next one.
7 (DFT. EXH. 3, Callawassie Island Club
8 Golf Course Renovation Update, was marked for
9 identification.)
10 (DFT. EXH. 4, Letter from Alexander P.
11 Butler to Matthew Tacilauskas dated September 11,
12 2006, was marked for identification.)
13 BY MR. MCDANIEL:
14 Q. I know you said with Exhibit -- what's
15 been marked as 4 is the letter from -- appears to
16 be a letter from DHEC. Do you recognize that
17 letter?
18 A. No. That was -- that was to Matthew
19 directly.
20 Q. Okay. Do you know if this was the
21 letter by which the club, Callawassie Island Club,
22 L.P. was referring in the Q and A as to --
23 MR. HAIGHT: Object to the form.
24 BY MR. MCDANIEL:
25 Q. -- as to the DHEC requirements?

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1 MR. HAIGHT: Callawassie Island Club,
2 L.P.?
3 MR. MCDANIEL: Okay.
4 THE WITNESS: I have no clue.
5 BY MR. MCDANIEL:
6 Q. Okay. How did you come to know, if you
7 did, that the -- what the DHEC was -- what DHEC was
8 requiring as far as the renovations are concerned?
9 A. Well, I relied on -- I did not read --
10 there were, I think, mountains of documentation
11 between DHEC and Callawassie Island. I did not
12 read those documents. The golf course
13 superintendent was probably the person who
14 primarily received those documents. And at that
15 time our vice president, Bob DeLuca, was also the
16 green committee chair, so he would have been most
17 involved with all of that.
18 Q. Okay. Do you ever recall Mr. Hobson
19 expressing concern that DHEC hadn't -- that it had
20 been misrepresented what DHEC was requiring?
21 A. Oh, sure.
22 Q. And did you ever do any investigation
23 of that?
24 A. Personally?
25 Q. Yes.

Page 70 1 A. No. 2 Q. Do you know whether the board did any 3 investigation of that, anybody else on the board? 4 A. Investigation of his accusations? 5 Q. Correct. That DHEC was not requiring 6 the changes that the club was indicating were 7 needed? 8 A. DHEC did not require that the club do 9 anything. DHEC told us that if we didn't do 10 something what the consequence would be. They did 11 not tell us you have to get a new irrigation system 12 or you have to do the project. 13 Q. Is it your understanding that the club 14 was told that they will not be renewed for their 15 well permit if they didn't do the renovations? Or 16 I guess -- 17 A. The club was told there was a -- they 18 didn't -- this is going from memory. Whether or 19 not they specifically said we will not renew your 20 well permit or whether the document said it's 21 highly likely, I don't know. 22 Q. Okay. 23 A. I just don't recall. 24 Q. Okay. Do you recall whether that was 25 presented to the membership as they will not or	Page 72 1 A. I don't know. I -- well, I don't have 2 the math off the top of my head. 3 Q. Do you have approximation of what 4 the -- 5 A. Six -- it was roughly \$6 million. 6 Q. Okay. Was there a special assessment 7 done to pay for that? 8 A. We did a \$50 a month assessment to pay 9 for that. 10 Q. Okay. How long did that last? 11 A. We did not have -- people didn't write 12 -- some people voluntarily wrote checks because 13 that was an option, but basically it was \$50 a 14 month per member. 15 Q. For how many months? 16 A. For -- well, the balloon payment is in 17 15 years, so 2018, I believe. 18 Q. So there's still a \$50 charge as part 19 of the membership dues and fees -- 20 A. Yes. 21 Q. -- related to this renovation? 22 A. Yes. 23 Q. Okay. And what happens with the 24 balloon payment? Do you know how -- is there a 25 policy as to how it's going to be paid?
Page 71 1 it's highly likely? 2 A. I don't remember which form it took. 3 Q. Okay. Was there a vote, a membership 4 vote, as to do the renovations? 5 A. A highly successful membership vote. 6 Q. And you don't know if the -- again, 7 you've never seen the letter, the -- that's marked 8 as Exhibit 4, correct? 9 A. No. 10 Q. Okay. 11 A. And I will -- I will add one comment. 12 Q. Sure. 13 A. As a result of this project we are 14 using 50 percent of the water that we were using 15 before the project. 16 Q. The renovations resulted in a 50 17 percent reduction? 18 A. Yes. 19 Q. What was the nature of the renovation 20 that did that? How did it -- 21 A. We put in a whole new irrigation 22 system, more efficient heads. We were using one 23 big head to water vast areas where now you might 24 have three or four heads watering less area. 25 Q. What was the total cost of the project?	Page 73 1 A. We've been talking about that. Now 2 it's the new board is working on that, but this is 3 an amortizing loan, so the loan is amortizing down, 4 and they've been discussing whether we're going to 5 reserve for it or what they're going to do on the 6 balloon payment. Probably renegotiate the loan. 7 Q. How much is the -- is expected to be in 8 the balloon payment? 9 A. Well, the loan has paid down -- I think 10 we're down to about 5 million 8 or 5 million 6. I 11 don't know the numbers off the top of my head 12 because I'm not involved in this anymore. I know 13 the loan's been paying down, and I don't know what 14 it will be in 2018. I don't have those numbers in 15 front of me. 16 Q. Okay. Let me ask about this. Gave you 17 a new document, it's a stack, and ask if you can 18 identify this? 19 A. Yeah. 20 Q. All right. What is this? 21 A. It's the general club rules. 22 Q. Okay. And let me get you to turn to 23 page 8, if you would. And what year is this the 24 general club rules? 25 A. 2001.

Page 74 1 Q. Okay. And you're of course free to 2 look through it, but after you've had a chance to, 3 please turn -- let me know if you -- look at 4 page 8. 5 A. I've got it. 6 Q. On page 8 -- are you familiar with this 7 document? 8 A. Yes. 9 Q. Okay. On page 8 it speaks of 10 delinquencies at 13.3? 11 A. Right, right. 12 Q. At the end of that paragraph, the last 13 sentence says: Any member whose account is not 14 settled within the four months' period following 15 suspension shall be expelled from the club. 16 A. I see. 17 Q. What was your understanding of that -- 18 of that provision of the club rules? 19 A. My understanding of the club rules is 20 that it's one document, and it also states -- let 21 me find it. 22 Notwithstanding any termination or 23 suspension of the membership, the member shall 24 remain liable for any unpaid club account dues, 25 fees, charges, and assessments, and such member	Page 76 1 membership plan is the first document, and the club 2 rules follow the membership plan. 3 Q. Okay. And I understand that, and the 4 -- your attorneys can certainly bring out other 5 provisions that they believe maybe speak to what 6 you're saying and -- but as to these individual 7 provisions, taken that they must be read in context 8 of the documents, is your contention, all the 9 documents -- 10 A. Right. 11 Q. -- I'm still just asking you what you 12 believe the meaning of that is. Going to the one 13 that you pointed out, 14.2.3, where it says 14 notwithstanding any termination or suspension of 15 membership, the member shall remain liable for any 16 unpaid club account or membership dues, fees, 17 charges, and assessments -- 18 A. Right. 19 Q. -- and such member shall not be 20 entitled to refund of any part thereof paid by the 21 member to the club, would you agree that that is 22 talking about at the time of the termination or 23 suspension anything that's -- 24 MR. HAIGHT: Object to the form. 25 BY MR. MCDANIEL:
Page 75 1 shall not be entitled to a refund or any part 2 thereof. 3 Q. And where are you reading from? 4 A. I'm reading on page 9. 5 Q. Okay. 14.2.3? 6 A. Yes. 7 Q. Okay. And what's your -- you're making 8 a connection there. What do you think -- how do 9 you think that impacts the paragraph I was asking 10 you to look at in 13.3.1? 11 A. I -- well, let me ask you a question, 12 if I may. 13 Q. Well, if we could clarify the question, 14 it's fine. If it's something outside -- go ahead, 15 and we'll see. 16 A. Do documents get viewed as total 17 documents? 18 Q. Well, I don't want to give you legal 19 advice about -- 20 A. Okay. 21 Q. -- about that, but that's fine. So -- 22 A. That's my understanding. 23 Q. Okay. And that's a -- 24 A. My understanding is that the overall 25 document rules, and my understanding is that the	Page 77 1 Q. -- anything that's not paid is what 2 that provision's referring to? 3 A. Would I agree to what? 4 Q. That that provision that you're 5 pointing out actually is discussing unpaid club 6 account, dues, fees, and charges at the time of a 7 termination or a suspension -- 8 MR. HAIGHT: Again, I object to the 9 form. 10 BY MR. MCDANIEL: 11 Q. -- of membership. 12 MR. MCDANIEL: Please let me finish the 13 question so she can hear it before you do the 14 objection. I understand you object to it. 15 THE WITNESS: I'm not sure how -- how 16 to answer. It's my -- what I would agree with is 17 that the membership plan that I agreed to when I 18 joined the club stated that I was responsible until 19 I sold my property. That's my understanding. 20 My understanding of delinquencies would 21 be that the board has the option to suspend 22 somebody or not suspend somebody, that the rules -- 23 they don't have to expel. That would be my 24 understanding if you're asking me if I agree. 25 BY MR. MCDANIEL:

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1 Q. Well, I am, but I'm asking your 2 understanding of these specific provisions. I 3 understand you believe that's the -- perhaps you're 4 saying the totality of the documents support that 5 contention. 6 A. Right. 7 Q. Do you believe that -- well -- 8 A. I'm not sure how to... 9 Q. I'm just asking you do you think that 10 this particular provision, 14.2.3, speaks to the 11 members' liability for unpaid club accounts, dues, 12 fees, charges, and assessments at the point of 13 their termination or suspension, or do you believe 14 this is -- 15 A. No. That's not -- 16 MR. HAIGHT: Again, I object to the 17 form. 18 THE WITNESS: No. What I would -- to 19 me it means until you sell your property. It 20 doesn't say that you would only have to pay until 21 you were suspended. 22 BY MR. MCDANIEL: 23 Q. Okay. 24 A. That would not be my understanding. 25 Q. Okay. But that provision doesn't say	1 understanding of expulsion in this context is that 2 you don't have the ability to use the club 3 facilities. It doesn't mean you don't have to pay 4 dues anymore. It means you don't -- you're not 5 entitled to use any of the facilities. 6 Q. Okay. Do you understand termination to 7 mean -- what do you understand termination to mean? 8 A. Termination, to me, would be -- we've 9 never terminated a member, in my knowledge, but I 10 would say if you were considering terminating -- 11 wait a minute. Let's see. Request -- I would say 12 misconduct. 13 Q. Okay. 14 A. That's -- that's the way I would read 15 it. 16 Q. And what would be the effect of 17 termination on the member? Would they be able to 18 use the club facilities? 19 A. No. 20 Q. Okay. What about suspension? 21 A. You would not be able to use club 22 facilities. 23 Q. Okay. So let me look at -- let you 24 look at 14.2.2, right above 14.2.3, and in that 25 paragraph it says a member may be reprimanded,
Page 79	Page 81
1 anything in it about the selling of property, 2 correct? 3 A. It does not. 4 Q. Okay. And do you see up above it there 5 in 14.1.3, 14.1.4, 14.1.5? 6 A. Right. 7 Q. And you see suspension, termination, 8 and expulsion are all defined terms? 9 A. Right. 10 Q. Okay. And going back down to 14.2.3, 11 would you agree that that provision does not deal 12 with expulsion? 13 MR. YOUNG: Object to the form. 14 MR. HAIGHT: Object to the form. 15 THE WITNESS: What am I supposed to 16 agree to? 17 BY MR. MCDANIEL: 18 Q. You're supposed to -- just tell me 19 whether or not you believe that 14.2.3 deals also 20 with expulsion in addition to suspension and 21 termination. 22 A. I would say yes. 23 Q. Okay. And how do you read -- how do 24 you read that to include expulsion? 25 A. Well, it doesn't say expulsion, but my	1 expelled, or suspended -- and speaks to the sole 2 judgment of the director. The member, his or her 3 family, or guests exhibit unsatisfactory behavior, 4 some other things, failure to pay required 5 membership contribution, fail to abide by the 6 rules, verbally -- 7 A. Right. 8 Q. Okay. 9 MR. HAIGHT: Object to the form. 10 BY MR. MCDANIEL: 11 Q. Looking at that provision, does that at 12 all change your interpretation of 14.2.3 that it 13 would include expelled members? 14 MR. YOUNG: Object to the form. 15 THE WITNESS: No. It doesn't say that. 16 BY MR. MCDANIEL: 17 Q. Okay. But 14.2.2 includes expelled 18 members, whereas 14.2.3 does not, right? 19 A. Right. 20 Q. Okay. Do you know who drafted these 21 documents? 22 A. The -- this one -- the one that says 23 may be expelled was done by Robert Lamb. 24 Q. Okay. 25 A. This one would have been the

Page 82 1 developer's -- I don't know if that's Bill Bethea. 2 Q. Okay. On the front it says -- 3 A. I don't know who did this. 4 Q. Okay. You don't know. On the front it 5 says: This document is copyrighted proprietary 6 property of the Callawassie Island Members Club, 7 Inc. Distribution is authorized only to club 8 members. 9 I'm just saying does that refresh who 10 might have drafted it? You don't -- 11 A. I don't know who drafted it. 12 Q. Okay. And that's fair enough. Let me 13 just go back to the delinquency section for one 14 second under 13.3. Again, you certainly read that 15 whole provision where it talks about any member 16 whose account is delinquent for 60 days from the 17 statement date may be suspended by the board of 18 directors. At the last paragraph, as we read 19 earlier, it says: Any member whose account is not 20 settled within the four months' period following 21 suspension shall be expelled from the club. 22 Are you aware of whether that phrase 23 was ever changed to say may be expelled from the 24 club? 25 A. It was.	Page 84 1 Q. Does he still do work for the club? 2 A. No. 3 Q. Do you recall any discussions of the 4 membership committee as to that particular change? 5 A. No. 6 Q. Do you recall any discussions with the 7 members as to making that change? 8 A. No. 9 Q. Looking at it now, do you have 10 understanding of why that change was made? 11 MR. HAIGHT: Object to the form. 12 THE WITNESS: Of course. 13 BY MR. MCDANIEL: 14 Q. Okay. What was it? 15 A. Because the -- that would suggest that 16 the member doesn't absolutely have to be expelled, 17 and I don't -- again, my understanding of being 18 expelled versus suspended is loss of privileges of 19 use of the club facilities. 20 Q. So suspended -- 21 A. And if it's -- to me, suspended means 22 until you pay your dues. Expelled means till you 23 get out of here. 24 Q. Meaning you can't -- 25 A. So I would say you could suspend
Page 83 1 Q. Okay. When was that change done? 2 A. I'm guessing '04 or '5. 3 Q. Okay. Were you on the -- 4 A. I was on the membership committee. 5 Q. Okay. And what was the purpose of 6 making that change? 7 A. It was part of -- 8 MR. YOUNG: Object to the form. 9 THE WITNESS: It was a part of a number 10 of changes that we made in the membership plan. 11 BY MR. MCDANIEL: 12 Q. Okay. What was the purpose of making 13 the change? 14 MR. YOUNG: Object to the form. 15 THE WITNESS: We didn't talk about the 16 purpose. Robert Lamb changed it. 17 BY MR. MCDANIEL: 18 Q. Okay. Who is Robert Lamb? 19 A. He was the attorney. 20 Q. Do you know who he's with, what firm 21 he's with? 22 A. Robert Lamb Associates in North 23 Carolina. 24 Q. Did he do any other work for the club? 25 A. Yes.	Page 85 1 somebody for 30 days, but if somebody's expelled, 2 they lose their right to use the facilities for 3 longer than 30 days. 4 Q. Permanently or just longer? 5 A. It could be permanently. 6 Q. Okay. 7 A. Not relieved of payment but relieved of 8 the ability to use the facilities. 9 Q. So -- 10 A. That's my understanding of being 11 expelled. 12 Q. Okay. And for an expelled -- under 13 your understanding, would an expelled person be 14 able to ever become a member again as far as paying 15 the amount that is claimed to be owed and then 16 would they be reinstated as a member or... 17 A. I guess under my understanding of it is 18 they would appeal to come back, where my 19 understanding of being -- I'm not a lawyer, but my 20 understanding of being suspended would be once you 21 write a check to -- to catch up with your back 22 dues, you haven't done anything that has violated 23 -- you know, misconduct as a member. 24 Q. Okay. You mean like verbally 25 assaulting or --

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1 A. Yeah.
2 Q. -- getting in a fight or something of
3 that nature?
4 A. Something -- yeah. Or running your car
5 on the golf course and putting tire tracks in it or
6 -- you know, those kinds of things. To me, that --
7 that would justify expulsion.
8 Q. Okay. And under 14.1.5, Expulsion,
9 I'll just read it: Any member of the club who has
10 been expelled shall not again be eligible for
11 membership nor admitted to club facilities under
12 any circumstances. An expelled member shall not be
13 -- or excuse me. Expelled member shall be so
14 notified by registered mail and shall have the
15 obligation to surrender his or her membership
16 certificate for reissuance by the club to a new
17 member.
18 A. Then you can't appeal it.
19 Q. So --
20 A. You couldn't appeal it.
21 Q. Okay. So --
22 A. Right.
23 Q. Would you agree that that's a little
24 different than what your understanding of expulsion
25 was?

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1 A. Because you can't -- yeah. You can't
2 appeal to be a member again.
3 Q. Okay. And --
4 A. But there are other ways to be expelled
5 besides nonpayment -- nonpayment of dues.
6 Q. Okay. Do you know what -- how the
7 change to this provision where it went from shall
8 to may, I believe -- do you know how that -- the
9 procedure by which the general club rules were
10 changed; that is, what procedure the -- was
11 followed to make that change?
12 A. Yes. The members voted.
13 Q. Okay. How did they do that?
14 Physically, what was the nature of that -- that
15 voting? Do you recall?
16 A. We changed a number of things in the
17 document. We held neighborhood meetings. We sent
18 -- I don't -- I don't know if it was a red line.
19 It might have been a red line that went out with
20 the ballot. We obviously worked with -- at that
21 time we worked with Ellen Nester, so we worked with
22 legal counsel before the document went out.
23 Q. Ellen Nester is another attorney?
24 A. Yeah. And --
25 Q. She's with McNair?

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1 A. Yes.
2 Q. Okay.
3 A. But we had -- since Robert's in North
4 Carolina, we had a South Carolina attorney review
5 it before we sent the ballots out. So the
6 document, as it would be voted -- as it would be
7 went out so the members could see what they were
8 voting for.
9 Q. Okay. How were those ballots stored or
10 maintained after they were received?
11 A. Physically I don't know where they were
12 put.
13 Q. Do you know if they would have been
14 stored, would have been kept?
15 A. Yes.
16 Q. Do you know who would know where they
17 might physically be stored?
18 A. Laurie Stewart.
19 Q. Who is she?
20 A. The administrative assistant.
21 Q. For who?
22 A. For Jeff Stewart. Or Jeff --
23 Q. Spencer?
24 A. -- Spencer, formerly Brian Lasota,
25 formerly Mark West.

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1 Q. So this vote occurred when who was the
2 general manager?
3 A. I was afraid you'd ask me that.
4 Without looking at dates, I can't answer the
5 question. I don't know.
6 Q. Okay. Don't know.
7 A. My guess is Mark West, but I'm not
8 certain.
9 Do you have the updated document?
10 Q. I have what is -- appears to be the
11 February 23, 2009 general club rules. Do you know,
12 is that a -- is that the one you're referring to?
13 A. I was not on the board at that time.
14 Q. Okay. So would have been before that?
15 A. Yes.
16 Q. Okay.
17 A. I think there was one in '07 but --
18 Q. Okay. I think there may have been.
19 A. Which would have been the right one.
20 Q. I also have a document that looks to me
21 to be the Callawassie Island Members Club Plan for
22 the Offering of Memberships amended September 1,
23 2007?
24 A. Right.
25 Q. Does that sound like the correct date?

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1 A. Yes.
2 Q. And --
3 A. The club rules would have been done at
4 the same time.
5 Q. Okay. The club rules, you believe,
6 were amended in two -- September of 2007?
7 A. At the same time.
8 Q. Okay. And it was at that point that
9 you were referring to that the shall was changed to
10 may in 13.3.1?
11 A. I believe so.
12 Q. Okay. What's your understanding of the
13 vote required to make that kind of a change? What
14 percentage of approval is needed?
15 A. Fifty percent of the eligible -- of the
16 eligible memberships. So in other words, golf
17 memberships times five, social memberships times
18 three. That's a number. And 50 percent of that
19 number.
20 Q. Has to approve --
21 A. Fifty percent plus one of that number.
22 Q. And you're saying has to approve the
23 change?
24 A. Yes.
25 Q. Okay. You may have already said this.

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1 Are you part of the -- I believe you testified you
2 were not part of the board that approved the
3 settlement with the developer in 2010.
4 A. Right.
5 Q. Correct?
6 A. I was not.
7 Q. Do you know whether that settlement was
8 voted on by the members?
9 A. The second one, the one in 2010?
10 Q. Yes.
11 A. It was not.
12 Q. Is it your understanding that it should
13 have been voted on by the members?
14 MR. YOUNG: Object to the form.
15 THE WITNESS: I don't believe so but --
16 I don't -- I don't think the board would do
17 something that was not supposed to be voted on by
18 the members.
19 BY MR. MCDANIEL:
20 Q. Okay. What is the determiner of
21 whether or not an agreement or an action of the
22 board is supposed to be voted on by the members?
23 A. If it negatively impacts the
24 membership.
25 Q. Are you aware of any voting

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1 requirements for changes that negatively impact a
2 particular class of membership?
3 MR. HAIGHT: Object to the form.
4 THE WITNESS: No, I am not.
5 BY MR. MCDANIEL:
6 Q. For instance, if you had a change that
7 only affected social members, could the --
8 MR. HAIGHT: Object to the form.
9 BY MR. MCDANIEL:
10 Q. -- could the golf members approve that
11 over the social members voting against it?
12 A. No. If there was something that only
13 affected golf members, then golf members would
14 vote. If there's something only impacting social
15 members -- actually, there is no vote that would
16 impact only social members that I know of. I'm
17 trying to think, but there --
18 Q. Well, maybe change their dues or fees
19 of social membership, right?
20 A. You don't vote for that.
21 Q. Okay. Well, what about the ability to
22 sell the membership? If there was a vote that
23 would affect that, would the members affected have
24 to approve that?
25 MR. HAIGHT: Object to the form.

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1 THE WITNESS: I don't understand the
2 question.
3 BY MR. MCDANIEL:
4 Q. Okay. Hypothetically, if the -- if the
5 club wanted to make a change to the membership plan
6 or to the rules, the bylaws, in which they required
7 a -- let's say, a payment upon the sale -- an
8 additional payment on the sale of the membership or
9 decided that the -- how about this -- decided that
10 social members would no longer receive any equity
11 at the sale of their memberships, is that something
12 that you believe that the social members would have
13 to vote on?
14 A. We just had a --
15 MR. HAIGHT: Object to the form.
16 MR. YOUNG: Object to the form.
17 THE WITNESS: We just had a vote to
18 change our membership structure.
19 BY MR. MCDANIEL:
20 Q. Okay.
21 A. That change went from -- and in the
22 club business equity does not mean your membership.
23 Your membership is refundable or it's nonrefundable
24 in -- in part. You know, 60 percent refundable, 80
25 percent refundable, whatever that is. You're still

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1 an equity member of the club. In other words, you 2 still vote and were still owners of the club. 3 Q. Okay. 4 A. So we changed the initiation fee 5 structure from a refundable to a nonrefundable. 6 Was still different prices for social and for golf. 7 We went from 45,000 for golf with an 80 percent 8 refundable to a nonrefundable \$15,000 fee. 9 Q. Okay. 10 A. And for social members from 25 to 12. 11 Again, from a refundable to a nonrefundable. The 12 members all voted on that. 13 Q. Okay. And all the members approved 14 that or not? 15 A. All the members approved that. That 16 was approved by a very large margin as well. 17 Q. Okay. Do you know what the percentage 18 that was needed -- 19 A. Yes. 20 Q. -- or the board believed was needed to 21 pass that? 22 A. Yes. 23 Q. What? 24 A. Fifty percent plus one of all eligible 25 votes.	1 A. State statutory? 2 Q. Correct. 3 MR. YOUNG: Object to the form. 4 BY MR. MCDANIEL: 5 Q. Say again. 6 A. No. 7 Q. Okay. Does the board do any training, 8 or has the board done any training while you were 9 on the board with regard to -- any sort of training 10 where the board brings in or goes to board training 11 to learn of those issues, the legal issues 12 regarding club management? 13 A. I know that the -- I say sitting board 14 now. I think it's the current sitting board had, I 15 believe, an all-day board training session. That's 16 all I know. I have no idea who was there. I have 17 no idea what they talked about. 18 Q. Do you know who was the instructor of 19 that? 20 A. I do not. 21 Q. Okay. Let me ask you about some 22 specific people and your dealings with them and see 23 what you can tell me. And I believe it was in the 24 subpoena that we had served. Have you dealt with 25 Michael and/or Sandra Aulton?
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1 Q. Okay. And what was the purpose of that 2 change? Why was that done? 3 MR. YOUNG: Object to the form. 4 THE WITNESS: Marketability and to 5 build reserves. 6 BY MR. MCDANIEL: 7 Q. Okay. What's your understanding of 8 what's meant by an equity membership? How is that 9 different than a nonequity membership? 10 A. It's not an equity membership. It's a 11 refundable membership. 12 Q. I'm asking you the terminology. You're 13 saying equity and refundable. What makes something 14 an equity membership versus a nonequity? What is 15 the -- in your understanding. 16 A. You get something back when you sell 17 it. 18 Q. Okay. 19 A. They're all still equity memberships. 20 We're all still voting members of the club 21 regardless of the refundability of the initiation 22 fee. 23 Q. Okay. Are you familiar with any 24 statutory provision that requires members to be 25 able to resign their membership from a nonprofit?	1 A. I've had conversations with them, but 2 that's -- I've met with them once or twice. 3 Q. And tell me the -- what you can recall 4 of the meetings and the conversations with them. 5 A. They wanted to get out from under their 6 dues obligation. They bought their property in the 7 auction, and their agreement on dues payments was 8 with the developer. I believe that it said there 9 was two years where they didn't have to pay dues 10 and then at the end of two years they started 11 paying dues. 12 Q. And do you recall them having any sort 13 of -- what was their issue or their problem that 14 they came -- they were talking to you about? 15 A. My recollection is that they had been 16 paying nonresident dues, and they live in Beaufort, 17 and so they were responsible for resident dues. 18 Q. And were they contending that they were 19 not responsible for it? 20 A. They contended that they were not 21 responsible. 22 Q. Do you recall on what basis they 23 believed that that was the case? 24 A. They said they had a conversation with 25 -- I think Mont.

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1 Q. Mont Blaisdell? Okay. 2 A. I believe that's who they said it was. 3 Q. And do you remember what you told them 4 about -- ultimately told them about that situation? 5 A. That they qualified as residents 6 because they lived in Beaufort County. 7 Q. Okay. Do you recall ever telling them 8 that they would have to get that agreement from the 9 -- from the developer? 10 A. In writing? 11 Q. Yes. 12 A. I don't -- I don't know if I told them 13 that or not. I don't remember. 14 Q. Okay. Could the developer have agreed 15 to that while you were on the board? Is it your 16 understanding that the developer could have made 17 that arrangement with them? 18 A. Well, it wouldn't have happened when I 19 was on the board. It would have happened during 20 the auction. 21 Q. Okay. If it had happened during the 22 auction, is that something that the members club 23 would have honored? 24 MR. HAIGHT: Object to the form. 25 THE WITNESS: I don't know the answer	1 A. I never had any conversation with them 2 about theirs. 3 Q. Okay. What about Tom Bayless? 4 A. Never did. 5 Q. Or Betty -- 6 A. I mean, I've had lots of conversations 7 with Tom because he was on the CIPOA board but 8 never about that. 9 Q. Nothing about his membership? 10 That's a no, right? No? You're 11 shaking your head. 12 A. No. I'm sorry. 13 Q. Okay. What about Dick Mercier? Do you 14 know who that is? 15 A. No. 16 Q. Do you know Dick Mercier? 17 A. Yes. 18 Q. But you've never had any conversations 19 with regard to his membership? 20 A. No. 21 Q. How about Arthur Applegate? 22 A. No. 23 Q. I know you talked earlier about Bill 24 Hobson. Have you ever discussed or e-mailed or had 25 any communication with him regarding any membership
Page 99	Page 101
1 because it was before my time. I know the 2 developer sprung the auction on the board. 3 BY MR. MCDANIEL: 4 Q. How so? 5 A. Well, they -- he decided to conduct 6 this auction, and it was -- had -- he didn't get 7 board approval to conduct this auction. 8 Q. Not sanctioned by the board? 9 A. Right. 10 Q. Okay. 11 A. At least that's what they told me. I 12 wasn't there, but that's what I was told by the 13 board members that were currently there. 14 Q. Who was telling you that? 15 A. The board members that were there. So 16 at that time a guy Steve Roeder, who doesn't live 17 here anymore. 18 Q. Okay. 19 A. I believe Terry Wurtzbacher was on the 20 board. I think Bill Hawkins was on the board. I'm 21 not sure who all the board members were. 22 Q. Okay. Any other conversations with 23 them that you can recall about their membership? 24 A. No. 25 Q. What about Ron or Jeanette Dennis?	1 issues? 2 A. No. 3 Q. What about any other member, any other 4 persons being sued by -- 5 A. No. 6 Q. -- Callawassie Island Members Club? 7 A. No. 8 Q. What about Jim Short? 9 A. Who's that? 10 Q. You don't know Jim Short? 11 A. No. 12 Q. Okay. All right. Give me just a 13 second. 14 Let me show you these two pages and see 15 if you can identify these. 16 MR. HAIGHT: Okay. Have these been 17 produced to us before? 18 MR. MCDANIEL: No. 19 MR. HAIGHT: All right. 20 THE WITNESS: Oh, I know who he is. 21 MR. HAIGHT: Let's go -- 22 THE WITNESS: Okay. I know who he is. 23 MR. HAIGHT: -- address these. 24 (A recess transpired.) 25 BY MR. MCDANIEL:

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1 Q. Before we go to this document, let me
2 go back and mark the -- I think the document I
3 handed you before that, the general club rules --
4 A. Uh-huh.
5 Q. -- dated -- what was the date on that
6 one?
7 A. '01.
8 Q. 2001. Let me mark that as exhibit --
9 the next one in line.
10 (DFT. EXH. 5, Callawassie Island
11 Members Club, Inc. General Club Rules, was marked
12 for identification.)
13 BY MR. MCDANIEL:
14 Q. Okay. So we marked the general club
15 rules as Exhibit 5. Now the documents I just
16 showed you -- I handed you, you and your attorney
17 had a chance to talk about the documents?
18 A. Uh-huh.
19 Q. Is that yes?
20 A. Yes.
21 Q. Okay. Let me ask you about the more
22 recent one first, or at least the one that appears
23 there. Do you recognize -- I asked you earlier who
24 Jim Short was and you didn't recognize that name.
25 Do you know who that is?

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1 A. I've never met him.
2 Q. Okay.
3 A. Yes. I met him doing a webinar. I
4 mean, I did a webinar. I conducted a webinar, and
5 he sent me e-mails afterwards.
6 Q. What was the webinar on?
7 A. Membership change.
8 Q. Okay. When did you do that?
9 A. Well, we've done two of them. We did
10 the one before the vote in '06, and we did one
11 before the change for the structure that I just
12 told you about, the refundability of the
13 membership.
14 Q. In 2009?
15 A. No. That was just completed -- this is
16 2013. It was completed at the end of 2011.
17 Q. Okay.
18 A. So for the whole year of 2012 we had
19 the nonrefundable membership.
20 Q. Okay. And why do you do the webinars?
21 A. I did them at the time because I was
22 chairing the committee that was making the change.
23 I was not a board member.
24 Q. Okay. And what was the committee?
25 A. The membership structure committee, I

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1 think it was called.
2 Q. And in 2006 were you -- is that the
3 same committee?
4 A. No.
5 Q. Why did you do it in 2006?
6 A. I chaired the membership committee.
7 Q. Okay. And maybe an obvious question,
8 but what is a webinar? What would you do for that?
9 A. You speak to nonresident members via
10 the computer.
11 Q. Okay. Would resident members, could
12 they watch that as well?
13 A. They didn't.
14 Q. What was --
15 A. I don't think we had any resident
16 members that participated because we had 12
17 neighborhood meetings.
18 Q. Okay. So the residents would come to
19 the neighborhood meetings, and then you did a
20 webinar for nonresidents?
21 A. Nonresidents.
22 Q. Okay. And was that attended, the
23 webinar? Were there people logged in that you
24 could tell?
25 A. Uh-huh.

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1 Q. Was it a recorded --
2 A. No. I don't believe so.
3 Q. Okay. Do you remember what service you
4 -- how you went about actually doing that? Was it
5 Skype or something of that nature?
6 A. We might have gone this through Go To
7 Meeting, but I'm not -- I don't remember.
8 Q. Okay.
9 A. I didn't piece it together. One of the
10 other members did.
11 Q. Do you know who that was or who pieced
12 it -- put that together?
13 A. Yeah. Lee Scott.
14 Q. Okay. And did he do it both times,
15 2006 and the 2011 one?
16 A. There wasn't one in 2006.
17 Q. Oh, okay. I thought you said you did
18 two webinars, one --
19 A. I did -- I didn't do a webinar in '06.
20 I'm sorry. I misspoke.
21 Q. Okay.
22 A. In '06 we had the change that I told
23 you -- well, a different change, the change that
24 Robert Lamb worked with me on where we revised the
25 2001 document.

Page 106 1 Q. Right. Okay. 2 A. This, in 2011, was the change to the 3 membership structure, the initiation fee and all of 4 that that I described to you. 5 Q. I've got you. Okay. And it was at one 6 of these webinars that you met, virtually met, I 7 guess, Mr. Short? 8 A. Yeah. I mean, he was just somebody 9 that was out there. 10 Q. Could you see him? Was this a video 11 deal? 12 A. Huh-uh. 13 Q. No? That's a no? 14 A. So I've never seen him. 15 Q. Okay. Okay. And after that did he -- 16 how did he end up -- what was the first contact you 17 had with him after the webinar? 18 A. That he sent me an e-mail, probably. 19 Q. Okay. Well, let's look at the -- 20 A. I don't see his e-mails here. I only 21 see mine. 22 Q. Yeah. That's what I was going to ask 23 you. This first one, it's just one page by itself. 24 It seems to be dated August 27, 2012. Do you 25 recognize that as your e-mail?	Page 108 1 Q. Well, let me ask -- 2 A. -- or spoke to him via e-mail was 3 definitely before we switched to Hargray. 4 Q. Okay. Let me ask you this. Do you 5 recognize the content of the e-mail? 6 A. Yeah. 7 Q. Okay. So you have concern that it's 8 not the correct e-mail address for you, but you 9 don't deny this is an e-mail that you sent to him? 10 A. No, no. 11 Q. Okay. 12 MR. HAIGHT: Brian, I notice -- sorry 13 to interject, but I notice down here at the bottom 14 there's quoted text hidden, and it obviously 15 occurred on Sunday, the 26th of August, 2012, looks 16 like fairly late at night, which would appear to be 17 the e-mail to which she responded. Do you have 18 that with you? 19 MR. MCDANIEL: I don't have that. 20 That's not -- not on the document. 21 MR. HAIGHT: Well, there's evidence of 22 it here on the document but -- it says quoted text 23 hidden. 24 MR. MCDANIEL: Yeah. This is how I 25 have the document, is what -- I don't have any
Page 107 1 A. Yeah. 2 Q. Okay. And that was in a response to an 3 e-mail from him? 4 A. Actually, you know what, at the -- I 5 don't -- August 2012. I didn't communicate with 6 him that -- well, maybe I did, but I wasn't Hargray 7 at the time, so I'm a little confused. 8 Q. Okay. Well, that's what I was going to 9 ask you. Is that your e-mail, or has that ever 10 been your e-mail: KNorwood -- 11 A. It is now. 12 Q. Okay. 13 A. But it was -- it was 14 BandKNor@Charter.net at the time of all of this, 15 which is what you have on these other ones. 16 Q. On the other ones. Okay. Do you know 17 what date that switched over to Hargray? 18 A. No. 19 Q. Okay. 20 A. But I -- one thing I'm certain of -- I 21 know I forgot who Jim Short was, but I know who he 22 is now. But I'm certain that he and I have not 23 communicated since I've been on Hargray. 24 Q. Oh, so you're -- so is -- 25 A. The last time I talked to him --	Page 109 1 other quoted text. 2 MR. HAIGHT: Are you going to be 3 requesting the hidden materials from Mr. Short? 4 MR. MCDANIEL: We can talk about that 5 after the deposition -- 6 MR. HAIGHT: Yeah. 7 MR. MCDANIEL: -- if you want to. 8 THE WITNESS: And that's true on all of 9 these. 10 MR. MCDANIEL: Right. You're obviously 11 free to request those of him as well. This is the 12 way I have it. 13 THE WITNESS: Yeah. I think it would 14 be a real good idea to see what he wrote. 15 BY MR. MCDANIEL: 16 Q. And we don't have that in either of 17 these pages, right? Don't have the -- where it 18 quoted text hidden, it appears to be where his part 19 of the message would have been, correct? 20 A. Right. 21 Q. Okay. But let me ask you -- let me go 22 ahead and mark -- the single page is August 27, 23 2012 -- as the next exhibit. Six, I believe. 24 (DFT. EXH. 6, E-mail dated August 27, 25 2012, was marked for identification.)

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1 MR. MCDANIEL: We'll mark the other two
2 pages as 7.
3 (DFT. EXH. 7, E-mails dated November 8,
4 2011, was marked for identification.)
5 BY MR. MCDANIEL:
6 Q. All right. If I can get you to look at
7 those one more time. Thank you. Looking at the
8 one that's been marked as Exhibit 7, do you
9 recognize those e-mails as -- as well?
10 A. Yeah.
11 Q. Okay. And is that the -- you've
12 indicated BandKNor@Charter.net --
13 A. Right.
14 Q. -- was your e-mail?
15 A. Right.
16 Q. It's no longer?
17 A. Right.
18 Q. Okay. And that's just the switchover
19 from Charter --
20 A. Charter.
21 Q. -- to Hargray? Okay.
22 Do you recall this -- call it a
23 conversation, but these e-mails with Mr. Short,
24 what the nature of those e-mails was?
25 A. These -- these were written before we

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1 completed the change to the \$15,000 I told you
2 about.
3 Q. The membership refund issue?
4 A. Right. Well, it wasn't just the
5 refund. It was a substantial drop in the
6 initiation fee.
7 Q. Okay. What used to be the equity
8 purchase price?
9 A. It used to be 45,000. It's now 15.
10 Q. Okay.
11 A. So it was -- and we did that, as I
12 said, for marketability. It was impossible to sell
13 real estate, especially lots, when the buyer had to
14 pay \$45,000 for a membership; and what Jim Short
15 had done, just looking at this, I think he put a
16 thousand dollar price on his lot.
17 Q. Okay.
18 A. Well, it's not a thousand dollars when
19 you have a \$45,000 membership required, and that's
20 what this was about.
21 Q. Okay. Do you recall him -- do you
22 recognize this e-mail being from him that's at the
23 top of what's been marked as Exhibit 7, November 8,
24 2011, 7:42 p.m., it looks like, where he appears to
25 be saying thanks, Karen, for the additional

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1 insights and then asking a question and going on?
2 Do you recall that e-mail coming from Mr. Short?
3 A. Uh-huh, yes.
4 Q. Okay. And did you guys have discussion
5 about getting, as he says, managed -- it could be a
6 members club but managed by experts, he says --
7 A. An outside management company.
8 Q. Okay.
9 A. He wanted to know if we had ever
10 considered that.
11 Q. And what did you tell him about that?
12 A. I told him that we had.
13 Q. And did you yourself have any feeling
14 about that, whether you should have an outside
15 management company?
16 A. Obviously I did.
17 Q. Okay. What was --
18 A. And at that time I think I told you
19 that we had had difficulty hiring general managers,
20 and it was becoming more and more difficult, and we
21 had members that were coming in that felt that they
22 would know better than the general manager how to
23 run the club.
24 Q. Okay.
25 A. In fact, we had a slate of three of

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1 them about that time.
2 Q. Of board members?
3 A. People running for the board that were
4 essentially accusing the board of mismanagement,
5 spending too much money, that sort of thing.
6 Q. And you indicate on the second page
7 there, it says: Now that we have lived through two
8 more crappy GMS --
9 A. Right.
10 Q. -- BTW -- which I assume is by the
11 way -- I like Jeff -- is that correct? BTW
12 means --
13 A. Yes.
14 Q. -- is the e-mail acronym.
15 I like Jeff Spencer a lot. And then
16 you have: And a rotating -- and rotating
17 volunteers that have absolutely no experience in
18 running clubs.
19 A. Right.
20 Q. Who were you referring to there, the
21 rotating volunteers with no experience running --
22 absolutely no experience running clubs?
23 A. It could be committee members. I
24 wasn't referring to any particular individual. I
25 was -- it was a general statement because at that

Page 114 1 time the board members were not allowing the 2 general manager to do his job. 3 Q. And was it your opinion that the 4 general manager was better equipped than the board 5 members to make those decisions? 6 A. I would say yes, even though they were 7 not my ideal of a general manager, which I stated. 8 Q. Was Jeff Spencer the general manager? 9 A. I liked Jeff Spencer a lot, and this 10 was -- this would have been -- I don't know exactly 11 when he took over because I wasn't on the board, 12 but Jeff is an excellent general manager. 13 Q. At the time of this e-mail he was the 14 general manager? 15 A. But I think -- I don't know how long he 16 was the general manager. 17 Q. Okay. And I know it's probably not 18 comfortable, but let me ask you. Who were the two 19 crappy GMs that you were referring to? 20 A. Mark West and Brian Lasota. 21 Q. Okay. 22 A. It's not too... 23 Q. And then at the end of that paragraph 24 you said: That said, I want that money to go into 25 professional hands and not into the hands of more	Page 116 1 THE WITNESS: That's the -- it's the 2 nature of the way club boards work. 3 BY MR. MCDANIEL: 4 Q. How so? What do you mean by that? 5 A. It's rotating volunteers. It's what it 6 is. It's not -- if you don't have a general 7 manager that's there for a long period of time, you 8 lose your continuity, and each group that comes in 9 comes in with their own personal agenda. 10 Q. Okay. And you said: Frankly, the 11 volunteers are over their heads and their egos 12 won't allow them to admit it. They have no 13 experience in turning clubs around. 14 Again, do you know which volunteers 15 you're referring to there, or is it just a 16 general -- 17 A. I know exactly which ones I was 18 referring to. They were the ones that were running 19 for the board or were just newly on the board. 20 Q. Okay. Who was that? 21 A. Name the names of the people? 22 Q. Right. 23 A. Cliff Dykes, who was a purchasing 24 agent. Ken Myers, who was a purchasing agent. And 25 Bob Brown was in manufacturing.
Page 115 1 volunteers with personal agendas. 2 A. Right. 3 Q. What did you mean by that? 4 A. Because there were people that were 5 coming on -- onto the board with personal agendas; 6 that I felt their only interest was to make it easy 7 and cheap for them to live there. In other words, 8 they wouldn't have the best interest in the island 9 as a whole. 10 Q. Okay. And that was prior to the -- 11 those people had already -- or were already on the 12 board at that time? 13 A. They may have been. They may have just 14 gotten on the board. There were three of them. 15 Q. Okay. So your saying that I want that 16 money to go into professional hands and not into 17 the hands of more volunteers with personal agendas 18 seems to imply to me that there's -- that that 19 was -- 20 MR. HAIGHT: Object to the form. 21 BY MR. MCDANIEL: 22 Q. Seems to imply to me that's something 23 that had been ongoing. Is that how you understood 24 that? 25 MR. YOUNG: Object to the form.	Page 117 1 Q. What do you mean by purchasing agent? 2 That was their -- 3 A. That was their career. 4 Q. Okay. And do you know when they went 5 -- they came on the board? 6 A. This is their last term. They would 7 have been running in 2010. 8 Q. Okay. 9 A. At the end of 2010. 10 Q. In the last paragraph it indicates, it 11 says: I'm glad you had a chance to talk to Rich. 12 You might not always like what he has to say. 13 It goes on. But who is Rich? 14 A. Real estate agent. 15 Q. Who works in Callawassie? 16 A. Charter One. 17 Q. Okay. What would he have -- do you 18 have any idea what he would have talked to Rich 19 about? About the value of his property? 20 A. Yes. 21 Q. Okay. All right. The other letter -- 22 the other e-mail -- excuse me -- Exhibit 6, I 23 believe, that's dated August 27, 2012, do you -- 24 you said earlier you recognize this e-mail. Was 25 this what you were discussing with me earlier about

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1 the -- about the members that you understood --
2 where it says: The other 52 members ended up with
3 -- ended up the club's --
4 MR. HAIGHT: Object to the form.
5 BY MR. MCDANIEL:
6 Q. -- because people who left without
7 selling memberships, prior to the mandatory
8 membership requirement, stopped paying dues on
9 them.
10 When we were talking earlier, I'd asked
11 you -- I mean, that's the first paragraph. I'll
12 let you just read that.
13 A. Was paying dues...
14 Q. Well, let me back up. Let's go a
15 little -- little more slowly on that.
16 A. When he stopped paying the dues, the
17 other 52 memberships. Oh. Under the developer's
18 structure, before we took over the club, the
19 developer allowed people to be on the resale list
20 and not pay dues.
21 Q. Okay.
22 A. That was the developer that did that.
23 Q. Okay.
24 A. We did not allow that once we took over
25 the club.

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1 Q. Okay. For those people who were
2 already on the resale list and the developer was
3 allowing them not to pay dues, was anything done to
4 reassess --
5 A. My understanding -- I was not on the
6 board at the time. My understanding is that those
7 are the conceded memberships and there was a
8 settlement with those people.
9 Q. Okay. What about --
10 A. That's my understanding, but I don't
11 know that to be a fact.
12 Q. Okay. What about in the -- one of the
13 -- the first couple sentences there where you say
14 I'm not sure what you mean by a similar buyout,
15 then you go into: The developer was paying dues on
16 those memberships for years and when he had the
17 financial difficulties that he had, and continues
18 to have, he walked on those memberships?
19 MR. HAIGHT: Object to the form.
20 BY MR. MCDANIEL:
21 Q. Do you --
22 A. Well, first of all, without seeing his
23 e-mail, it's real hard to know what similar -- what
24 he said.
25 Q. Okay.

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1 A. In answer to your question. I don't
2 see his question here.
3 Q. Okay. Well, let me ask you this.
4 A. But nobody's ever been offered a buyout
5 of their membership to my knowledge.
6 Q. And that's what you have in the e-mail,
7 correct?
8 A. That's what I have in the e-mail.
9 Q. Okay.
10 A. I'm not a board member, you know. This
11 is just another member talking.
12 Q. I understand. I understand. And
13 that's what -- I'm just asking for your -- your
14 understanding of the -- the agreement with the
15 developer and whether or not this refreshes your
16 memory at all about -- is it your understanding of
17 the agreement with the developer was when he had
18 financial difficulties he walked on those
19 memberships?
20 A. He stopped paying dues. That's
21 correct.
22 Q. Okay. And that he did not get any
23 money for those memberships?
24 A. No, he did not.
25 Q. Are you aware whether he gets money

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1 when those memberships are sold or reissued?
2 A. I don't believe he gets anything.
3 Q. I'll represent to you he gets 50
4 percent of the payment from those sales, and it's
5 been -- evidence has suggested to me that there's
6 been -- that he will get 50 percent of the sale
7 from all of those memberships, and ask if that
8 sounds at all familiar to you?
9 A. He doesn't get anything now, not since
10 he stopped paying dues.
11 Q. Okay. And how do you know that?
12 A. Because that's -- that's what I
13 understand the agreement is.
14 Q. Okay. And how did you gain --
15 A. I don't think the board has lied to me
16 about that.
17 Q. Okay. So how did you gain your
18 understanding what the agreement is?
19 A. The board distributed -- no. The board
20 -- I don't know if they distributed the agreement.
21 I don't -- I don't know.
22 Q. Okay.
23 A. I don't know the answer. Until he
24 stopped paying dues, he did get payment on
25 memberships that were sold. Once he stopped paying

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1 dues, why would we pay him for memberships?
2 Q. Okay. You'd be surprised -- would you
3 be surprised to find out he was still getting money
4 from the sale of previous memberships?
5 MR. YOUNG: Object to the form.
6 MR. HAIGHT: Object to the form.
7 THE WITNESS: I guess I'll say yes. I
8 don't know.
9 BY MR. MCDANIEL:
10 Q. Okay.
11 A. I was not -- I don't know what the
12 agreements were. I was not on the board at the
13 time.
14 Q. I understand. That's about all. Just
15 one second. Give me just a second to look through,
16 see if I missed anything, but I think that's about
17 everything I wanted to ask you.
18 Were you familiar with the auction, the
19 2003 auction of memberships?
20 A. I know it took place.
21 MR. HAIGHT: Object to the form.
22 BY MR. MCDANIEL:
23 Q. Okay. Did you attend that auction?
24 A. No.
25 Q. Okay. Are you aware of whether or not

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1 the club was represented at the auction?
2 A. Didn't we talk about this before when I
3 said that the board was -- that the developer just
4 did this, unannounced to the board he was doing it?
5 Q. You said that, and I just wanted to
6 clarify. Specifically you're not aware of any --
7 they didn't, to your knowledge --
8 A. They weren't involved at all. They
9 were annoyed by it.
10 Q. Okay. I'm not sure that I asked you.
11 I had another deposition this morning, so forgive
12 me if I've asked you this already. Do you know
13 what Lindsey Cooler's position with the club has
14 been, if any?
15 A. She's membership director.
16 Q. Okay. And what years was she
17 membership director or is she membership director?
18 A. She was hired by Mark West.
19 Q. Okay. Is she still the membership
20 director?
21 A. Yes.
22 Q. Do you know who was serving in that
23 capacity before her?
24 A. Nobody.
25 Q. Okay. Do you know who was managing the

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1 membership before her?
2 A. The -- I guess the administrative
3 assistant or the general manager.
4 Q. Okay. Do you know that?
5 A. It was a new position when Mark hired
6 Lindsey. I know that.
7 Q. Do you have an idea what year that was
8 when Mark was there? I don't remember what you had
9 said. I might be able to look back and find those
10 dates.
11 A. I'm guessing 2007.
12 Q. Okay.
13 A. He was hired before I was president, so
14 that would have been in 2006, I believe.
15 Q. And did her duties include issuing
16 membership certificates?
17 A. Yeah.
18 Q. And sending new members the club rules,
19 bylaws, and plan of offering?
20 A. I assume so, yes.
21 Q. Okay. Do you know who did that prior
22 to Lindsey Cooler doing it, those functions?
23 A. I think it was the administrative
24 assistant that was there.
25 Q. Okay. Who was that? Do you know?

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1 A. Well, Laurie, when she was hired, and
2 the one before that. Please don't ask me to
3 remember her name.
4 Q. Do you know if it was Ellen Padgett?
5 A. No, it was not.
6 Q. Okay. Do you know if Ellen Padgett
7 ever issued certificates for the club that you can
8 recall?
9 A. She may have when the developer was
10 still involved. I don't know.
11 Q. Okay. Do you know if she did that
12 after 2001?
13 A. I do not.
14 Q. Okay. And I guess just to be clear,
15 from 2001 until -- forward, tell me if you know any
16 specific -- specifically who, if anybody, was the
17 membership coordinator or membership director of
18 the club.
19 A. There wasn't one.
20 Q. Okay. And the functions of a
21 membership coordinator or membership director, any
22 specific person you know was handling those
23 starting in 2001, going forward?
24 A. I assume it was the administrative
25 assistant.

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1 Q. And do you have knowledge of that? You
2 say you assume. Is that --
3 A. I don't have knowledge.
4 Q. Okay. Do you have anything to base
5 that assumption on? To what do you base that
6 assumption?
7 A. We only had so many employees.
8 Q. Okay.
9 A. We had a general manager. We had his
10 assistant. Ellen Padgett was in the real estate
11 office.
12 Q. Okay. When was the real estate office
13 developed or opened? Do you know?
14 A. Opened in the '80s.
15 Q. Okay. So you're -- okay. Fair enough.
16 Are you familiar with any waiting period or waiting
17 requirement for members to swap memberships?
18 A. A waiting requirement?
19 Q. That is they have to -- a member has to
20 be a member for a certain amount of time before
21 they can swap memberships with another member?
22 A. We implemented that when we did that
23 change in 2006.
24 Q. You're referring to 2006. The --
25 A. Or 2007.

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1 Q. Okay. Okay. Could be 2007?
2 A. Yeah.
3 Q. And when you say you implemented it in
4 2006 or '7, you implemented it to do what? What
5 was the change at that point?
6 A. We said that in order -- that you had
7 to be a social member for a certain period of time,
8 I believe, before you could do a membership
9 exchange.
10 Q. And do you remember the period of time?
11 A. I don't.
12 Q. Does five years sound familiar to you?
13 A. Five years?
14 Q. Five years.
15 A. Maybe.
16 Q. Okay.
17 A. I honestly don't member.
18 Q. You don't? Okay. And that's what I'm
19 -- that's fine. I'm not trying to --
20 A. Yeah. I don't remember.
21 Q. -- trick you. Just if that would
22 refresh your memory that it was five -- five years.
23 Okay. Do you know whether or not --
24 A. I haven't done this stuff for a while,
25 so...

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1 Q. Understood. Do you know whether that
2 changed again, whether that was -- that requirement
3 was removed at some point?
4 A. I do not know.
5 Q. Okay. Can you say whether it was
6 removed while you were on the board?
7 A. No.
8 MR. HAIGHT: Object to the form.
9 BY MR. MCDANIEL:
10 Q. You can't say, or it wasn't removed?
11 A. It wasn't.
12 Q. Okay. As to the resale list, can you
13 tell me who maintained the resale list in -- when
14 the club -- we'll say 2001 when the club -- at the
15 time of the signing of the new -- the 2001 plan of
16 offering, do you know who for the club managed the
17 resale list?
18 A. I do not.
19 Q. Okay. What's the earliest point you
20 know how the resale list was managed?
21 A. I assume the developer managed it
22 before we took over.
23 Q. And once the takeover occurred, do you
24 know who was responsible for that during your time
25 on the board?

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1 A. During my time on the board, Laurie
2 Stewart.
3 Q. Okay. Do you know prior to her who it
4 would have been?
5 A. It may have been the accounting office.
6 I don't know.
7 Q. Okay. When you were on the board, did
8 the board -- what was the name of the board?
9 Callawassie Island Members Club Board?
10 A. Yes.
11 Q. And did you meet jointly with CIPOA
12 board?
13 A. I sat in the CIPOA meetings.
14 Q. Were you on the --
15 A. As president of the board, I had to sit
16 in the CIPOA meetings.
17 Q. Okay. So --
18 A. Board meetings.
19 Q. Okay. Was the governance of the two
20 organizations jointly run, or were they separate?
21 A. Separate, just as they are now.
22 Q. Okay. Are you aware of a prior time
23 when they were jointly run?
24 A. No.
25 Q. I may have asked you this, but I just

Page 130 1 want to make sure. If you owned property and a 2 golf membership and you sell to someone who only -- 3 who wants to purchase only a social membership, 4 what is your understanding of what would happen to 5 your golf membership? 6 MR. YOUNG: Object to the form. 7 THE WITNESS: You'd still own it. 8 BY MR. MCDANIEL: 9 Q. And what would happen to it at that 10 point? Would it -- 11 A. You would -- 12 Q. If you wanted to get rid of it. 13 A. I'd still be responsible for paying 14 dues on it. 15 Q. Okay. And would it, to your knowledge, 16 go on the resale list? 17 A. Yes. 18 Q. Okay. Do you know of any function 19 within the governing documents or procedure by 20 which, in that situation, someone would be relieved 21 of their obligations to continue to own that golf 22 membership? 23 A. If they sell their property. 24 Q. So if you sell your property or if you 25 no longer own the property, then it's your	Page 132 1 I was grandfathered. I owned it before the 2 mandatory membership. 3 Q. And you only owned a golf membership? 4 A. I did. 5 Q. But you believe you could sell to the 6 buyer of your property a social membership? 7 A. Or golf. 8 Q. Let's say you sold them the social 9 membership. Would you no longer be obligated under 10 your golf membership? 11 A. I took my golf membership with me to 12 another piece of property. 13 Q. I understand. So you could transfer 14 it. You could hold onto that golf membership and 15 let them buy a social -- 16 A. And transfer it to another property. 17 Q. Okay. You're not claiming that -- or 18 do you believe that you could -- you would no 19 longer be obligated under that golf membership if 20 the purchaser of your property bought a social 21 membership? 22 A. No, I do not believe that. 23 Q. Okay. So in the situation of -- of 24 like Bill Hawkins, that's -- 25 MR. HAIGHT: Object to the form.
Page 131 1 understanding you can be relieved of your 2 obligations of the membership? 3 A. Well, you'd sell your membership. 4 Q. Okay. But if your membership doesn't 5 sell with the property, that is, you can -- there 6 continues to be a golf membership. The person 7 purchasing purchases -- wants only a social 8 membership. Do you know of any way that that 9 original owner would not be continued -- have 10 continued liability for the golf membership? 11 A. I don't know of anybody who's ever done 12 that. 13 Q. Okay. And you don't know if Bill 14 Hawkins did that? 15 A. Bill had multiple properties, so I 16 don't know what Bill did. 17 Q. Okay. 18 A. Remember, I told you that if you had 19 multiple properties -- and I was in the same 20 circumstance. I lived on Osprey Circle when I 21 bought my property -- when I bought my golf 22 membership. When I moved to 33 Longwood, I took my 23 membership to that property with me. I could sell 24 my Osprey Circle property with either a golf or a 25 social membership because I owned that property --	Page 133 1 BY MR. MCDANIEL: 2 Q. In the situation of a person who -- 3 such as yourself, who owns a golf membership, how 4 is that different because you own additional 5 properties as far as your responsibilities, your 6 obligations under that membership? 7 A. My obligation under my membership 8 remains the same. 9 Q. Okay. 10 A. It's pretty simple. If you have -- if 11 you bought before the mandatory membership, and we 12 have a lot of people who did, and you owned 13 multiple properties and one membership, you can 14 take that membership with you to whichever property 15 you want. 16 That gives you the ability to sell the 17 other two properties, in my case, with either a 18 golf or a social. My requirement is that I sell 19 with a membership. That has nothing to do with the 20 golf membership that I'm paying dues on. 21 Q. Right. But that's really no different 22 than anybody else who bought, even if they just -- 23 A. Exactly. 24 Q. -- have one property, right? 25 Even if you just have one property, I

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1 mean, you still --
2 A. If you bought prior --
3 Q. -- somebody can buy that social, but
4 you've still got to keep the golf. You're just
5 saying in your situation you can -- because you
6 still own property, you would want to keep the
7 golf, but --
8 A. Right.
9 Q. -- really you don't have the option to
10 keep it or not keep it?
11 A. Right.
12 Q. Under your understanding it continues
13 to stay with you, correct?
14 A. Right.
15 Q. Okay. Do you know who, during your
16 time on the board, was responsible for making sure
17 that those sort of membership exchanges, sales,
18 swaps, were done and done correctly?
19 MR. YOUNG: Object to the form.
20 THE WITNESS: General manager.
21 BY MR. MCDANIEL:
22 Q. General manager handled that?
23 A. I think so.
24 Q. Okay. Do you have any understanding as
25 to the progression of memberships being sold off of

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1 the resale list?
2 A. When the developer was there, every
3 third one was sold off the resale list and the
4 other ones were new memberships that the developer
5 sold.
6 Q. Okay. And I'm meaning more with regard
7 to the actual market for these memberships coming
8 off of the resale list. Do you have any sense of
9 how many memberships are taken -- sold and taken
10 off of the resale list each year?
11 A. Not very many because people sell their
12 memberships with their property.
13 Q. Okay. So not very many. Do you have
14 an idea of what that is?
15 A. No. I don't believe -- I don't know if
16 there are any people still on the resale list that
17 don't have property. I don't even know if a resale
18 list exists anymore.
19 Q. Why would it not? Do you know any
20 reason why -- why you wouldn't still have a resale
21 list?
22 A. Well, I just don't know. I don't know
23 if there's still all those people that wanted to
24 downgrade to social are still sitting on a resale
25 list.

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1 Q. Okay.
2 A. It may still -- I haven't even asked to
3 look at the resale list, so I have no idea what
4 exists and what doesn't exist.
5 Q. Okay. Look at the exhibits for a
6 second. Okay.
7 MR. HAIGHT: Haven't you already shown
8 us this?
9 MR. MCDANIEL: I don't think she's
10 identified this one. It's a little -- one of the
11 different --
12 MR. HAIGHT: We've already talked about
13 Marshall Field. Maybe this one's signed. The
14 other one's not signed?
15 MR. MCDANIEL: Right, right.
16 THE WITNESS: I don't know anything
17 about this letter.
18 MR. HAIGHT: Is that the only
19 difference? It's the same letter.
20 MR. MCDANIEL: Yeah. It's just the
21 only difference is --
22 BY MR. MCDANIEL:
23 Q. Do you recognize that?
24 A. No.
25 MR. MCDANIEL: I don't see the other

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1 copy of this, but I'm going to show her that as
2 well.
3 BY MR. MCDANIEL:
4 Q. Do you recognize that document?
5 A. No.
6 Q. And do you see it's a letter to McBee
7 Butcher?
8 A. Right. I see that.
9 Q. And if you read over that, if you
10 would, are you aware of any settlement or agreement
11 reached with Ms. Butcher in 2010 with regard to her
12 membership?
13 A. I was not on the board.
14 Q. Okay. And I understand. So the answer
15 is no?
16 A. No.
17 MR. MCDANIEL: Okay. Let's mark that
18 as Exhibit 8.
19 (DFT. EXH. 8, Letter from Brian Lasota
20 to McBee Butcher dated May 5, 2010, was marked for
21 identification.)
22 MR. HAIGHT: You only had one copy of
23 that?
24 MR. MCDANIEL: I have another copy, but
25 I can't find it. Do you want the one that's -- I

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1 have that's unsigned here? I don't have the --
2 that's the only one that's signed I have in there.
3 It's the same thing.
4 BY MR. MCDANIEL:
5 Q. Under the --
6 A. Butcher, by the way, never lived on
7 Callawassie, I don't believe, but I don't know.
8 Q. Okay. Under the terms of this --
9 MR. MCDANIEL: Actually, I think that
10 is a little different, what's written. So you
11 know. Yeah. I thought it was just signed, but
12 it's not.
13 MR. HAIGHT: Yeah. One's May 5, and
14 one's April 14.
15 MR. MCDANIEL: So the top one I showed
16 you is not the same. Or the one -- the second one
17 I showed you. I believe I have a copy of it.
18 BY MR. MCDANIEL:
19 Q. Do you see in there that -- what the
20 terms of that agreement seem to indicate, that the
21 payment would be through December of 2010 for dues,
22 fees, and assessments and then that that member
23 would no longer be obligated to pay ongoing dues,
24 fees, and assessments?
25 A. I can see what it says, but it -- this

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1 didn't happen on my watch. I never knew that
2 anybody received these.
3 Q. Okay. And is it surprising to you that
4 a member would receive that?
5 MR. YOUNG: Object to the form.
6 MR. HAIGHT: Object to the form.
7 THE WITNESS: I believe I stated
8 earlier that they said in public forum that they
9 have attempted to negotiate with members who have
10 refused to negotiate.
11 BY MR. MCDANIEL:
12 Q. Okay.
13 A. They said that in meetings.
14 Q. Okay.
15 A. I don't know what form those
16 negotiations were. I just know that they said that
17 they have attempted to negotiate.
18 Q. Okay. Are you aware of any members
19 being sued saying that the board has refused to
20 negotiate with them?
21 MR. HAIGHT: Object to the form.
22 THE WITNESS: I've never talked to any
23 of those people.
24 MR. MCDANIEL: Okay. Okay. Good
25 enough. That's all I have. Thank you. Your

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1 attorneys may have some questions for you. They
2 have an opportunity to ask you questions as well,
3 but thank you.
4 MR. HAIGHT: Let's go chat down the
5 hall.
6 (A recess transpired.)
7 MR. HAIGHT: We don't have any
8 questions.
9 MR. MCDANIEL: And you are free to go.
10 THE WITNESS: Oh, darn.
11 MR. MCDANIEL: Let's stay on the record
12 for a second. The other depositions?
13 MR. HAIGHT: Other depositions.
14 MR. MCDANIEL: Yeah. I've asked for
15 dates for other depositions. I think you had
16 indicated you have a trial coming up?
17 MR. HAIGHT: Yes, I do.
18 MR. MCDANIEL: And we're running --
19 MR. HAIGHT: That's the week of the
20 25th.
21 MR. MCDANIEL: And you're going to need
22 the week before that sometime to prepare, right?
23 MR. HAIGHT: I spent a lot of time with
24 you the last few days, Brian, and I really -- I
25 have some other things I need to spend some time on

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1 too, including that court-appointed matter that is
2 set for trial the week of the 25th.
3 MR. MCDANIEL: I've got no problem with
4 that. I just want to make sure we're going to
5 either agree to some kind of extension of the -- of
6 discovery or I need to file a motion.
7 MR. HAIGHT: Well, I think as we
8 discussed the other day with Steve, you know, let
9 us know what it is you're proposing, and we should
10 be able to work something out.
11 MR. MCDANIEL: Okay. All right. Thank
12 you.
13 (The witness, after having been advised
14 of her right to read and sign this transcript,
15 waives that right.)
16 (The deposition was concluded at
17 5:31 p.m.)
18
19
20
21
22
23
24
25

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1 CERTIFICATE OF REPORTER
2
3 I, Trisha M. Thomas, Court Reporter and
4 Notary Public for the State of South Carolina at
5 Large, do hereby certify that the foregoing
6 transcript, pages 3 through 141, is a true,
7 accurate, and complete record.
8 I further certify that I am neither
9 related to nor counsel for any party to the cause
10 pending or interested in the events thereof.
11 Witness my hand, I have hereunto
12 affixed my official seal this 24th day of February,
13 2013, at Hardeeville, Jasper County, South
14 Carolina.
15
16
17
18
19
20
21
22
23 Trisha M. Thomas,
24 Court Reporter
25 My Commission expires
February 2018

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

CALLAWASSIE ISLAND MEMBERS)
CLUB, INC.,)

CASE NO.: 2009-CP-07-4648

PLAINTIFF,)

DEPOSITION

VS.)

OF

MICHAEL A. AULTON AND SANDRA D)
AULTON, ON THEIR OWN BEHALF)
AND ON BEHALF OF ALL OTHER)
MEMBERS OF CALLAWASSIE ISLAND)
MEMBERS CLUB, INC.,)

MICHAEL AULTON

DEFENDANT,)
)

DEPOSITION OF MICHAEL AULTON, TAKEN BEFORE AMY GODLEY
FREEMAN, A NOTARY PUBLIC IN AND FOR THE STATE OF SOUTH
CAROLINA, COMMENCING AT THE HOUR OF 10:12 A.M., MONDAY,
JANUARY 21, 2013, AT THE OFFICE OF HOWELL GIBSON & HUGHES,
25 RUE DU BOIS, BEAUFORT, SOUTH CAROLINA.

COPY

REPORTED BY
AMY GODLEY FREEMAN

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Martin ROA 559

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ALSO PRESENT

SANDRA AULTON

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MARKED AS PLAINTIFF'S EXHIBITS**TO THE DEPOSITION OF MICHAEL AULTON**

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STIPULATIONS

IT IS STIPULATED BY AND BETWEEN COUNSEL FOR THE RESPECTIVE PARTIES THAT ALL OBJECTIONS ARE RESERVED UNTIL THE TIME OF TRIAL, EXCEPT AS TO THE FORM OF THE QUESTIONS.

THIS DEPOSITION IS BEING TAKEN PURSUANT TO THE SOUTH CAROLINA RULES OF CIVIL PROCEDURE.

— — — — —

THE READING AND SIGNING OF THIS DEPOSITION IS
WAIVED BY THE DEPONENT AND COUNSEL FOR THE
RESPECTIVE PARTIES

WHEREUPON, MICHAEL AULTON, BEING DULY SWORN AND
CAUTIONED TO SPEAK THE TRUTH, THE WHOLE TRUTH,
AND NOTHING BUT THE TRUTH, TESTIFIED AND DEPOSED AS FOLLOWS:

DIRECT EXAMINATION

BY MR. HUGHES:

Q Mr. Aulton, would you state your complete name for the record, please?

A Michael A. Aulton.

Q And what is your date of birth?

A 9/22/47.

Q Would you tell for me please, just briefly, the extent of your education.

A I graduated from high school in 1966. I served three

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Martin ROA 561

1 years in the Army as a military policeman. I came out
2 and went to five years of college and achieved a
3 Master's Degree in Public Administration.

4 Q And where did you attend college?

5 A I attended college at Miami-Dade Junior College, the
6 University of Miami and got my Master's at Barry
7 College in Miami.

8 Q B-?

9 A B-a-r-r-y.

10 Q And what year did you receive the Master's?

11 A It would be hard for me to pinpoint, but I think it was
12 like 1971/72, something like that. I had also went to
13 school out at CSU, Colorado State University, but I
14 didn't -- I transferred back to Barry College.

15 Q Does that pretty well summarize the extent of your
16 formal education?

17 A Yes, sir. Oh, I also went to -- I don't know if that's
18 formal or not, but we did four years of apprenticeship
19 in the Brick Layers and Mason's Union.

20 Q That sounds like a lot more fun. Okay. Tell for me,
21 please, your employment history since high school.

22 A Since high school?

23 Q Yes, sir.

24 A I was employed with the U.S. Army for three years.

25 Q That was the three years?

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- 1 A Yes. I came out, went to work with the Union Trowel
2 Trades in Miami.
- 3 Q Is that when you worked with the Brick Masons?
- 4 A Yes.
- 5 Q For how long a period?
- 6 A The total period was until I was about -- I started
7 when I was 14 and worked my way through -- worked every
8 summer and then after I got out of high school I worked
9 until I went to the Army. Then after I came out, I
10 worked and attended junior college and I worked
11 sometimes -- depends on my load, I worked three to five
12 days a week and that was throughout my college career.
13 That ended -- I don't know. I think I finally
14 graduated with that Master's age 30. Age 30 I did.
- 15 Q Several years anyway, right, it would have been?
- 16 A Yeah, several years. Ten years it was -- I was vested
17 for ten years in the Trowel Trades.
- 18 Q And then at that point you received your Master's from
19 Barry College in Miami?
- 20 A Correct.
- 21 Q And then did you change employment?
- 22 A Actually -- no, I didn't change employment. I created
23 a small business and I had a concept in my head about
24 self-determination and I wanted to work with people
25 that I knew and I wanted to create a small business and

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Martin ROA 563

- 1 turn it over to some minority persons that I had worked
2 with and that was the origination of Michael Aulton
3 Masonry in Miami, Florida.
- 4 Q Is it Mike Aulton Mason?
- 5 A Mike Aulton's. Just my name, Mike Aulton Masonry.
- 6 Q And you began that around 1974?
- 7 A '74 or so.
- 8 Q And the types of services that were rendered by that
9 business was?
- 10 A Masonry services.
- 11 Q And brick construction?
- 12 A Brick, block, concrete, stone.
- 13 Q Primarily in the context of residential construction
14 or?
- 15 A Residential and commercial.
- 16 Q And for how long a period did you engage in that
17 business?
- 18 A Actually, I engaged in that business throughout my
19 entire life.
- 20 Q Still doing it?
- 21 A No.
- 22 Q When did you --
- 23 A Actually, I stopped in 2011.
- 24 Q Are you retired now?
- 25 A Basically. Over the last two years I've had seven

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1 cancer surgeries on my face and head that has prevented
2 me from actually going out into that sun much anymore.
3 Because of the interspersed events, it was like once
4 every three months and then it took several weeks, up
5 to two months, to heal. So it was a period of time
6 that I couldn't be exposed to cement dust, et cetera,
7 et cetera. I've always been a hands-on operator.

8 Q So, your working career effectively was with the
9 business Michael Aulton Masonry?

10 A Yes. I did serve one year with Federal Bureau of
11 Investigation.

12 Q In what capacity?

13 A I was a clerk trainee recruited for a agent.

14 Q What timeframe was that?

15 A Special agent. That was -- let's see, they recruited
16 me out of junior college. That was about 1968.

17 Q How long have you been in Beaufort area?

18 A We actually moved to Beaufort in 2001, I believe it
19 was, late 2001.

20 Q Did you move here from Miami?

21 A We actually moved here from Jupiter, Florida.

22 Q Your masonry business was founded in Miami?

23 A Yes, it was founded Miami.

24 Q And for how long did you continue to work the business
25 there?

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- 1 A I got State of Florida license and then you could
2 license yourself in -- I was licensed in Dade, Broward
3 and Palm Beach County. Because of an assault on my
4 life with a handgun, I basically moved to Palm Beach
5 County.
- 6 Q When did you move to Palm Beach County?
- 7 A 1985, I believe it was.
- 8 Q And you moved from Palm Beach County to Beaufort County
9 in 2001?
- 10 A Correct. I was after -- I actually experienced some
11 heart attacks and I had triple bypass open heart
12 surgery and I closed the business down completely and
13 said I need time for rehabilitation and get my stuff in
14 order physically and health-wise. I got a call
15 actually from a contractor that I had worked for and he
16 said we have a job on Callawassie Island and we would
17 like you to come up and be the superintendent for it.
18 He said you'll have to lift nothing heavier than a pen.
19 So I said fine and he said I'll give you a car, a
20 stipend for accommodations, et cetera, et cetera.
- 21 Q Who was that that advised you of the job availability
22 at Callawassie?
- 23 A The job?
- 24 Q Yes.
- 25 A That was offered by Greg Morabito.

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- 1 Q M-o-r-b-i-d --
- 2 A. M-o-r-a-b-i-t-o.
- 3 Q That was in 2001?
- 4 A Yes, it was late 2001.
- 5 Q So am I correct in understanding that it was the job
- 6 offer at Callawassie that basically brought you here
- 7 from Jupiter, Florida in 2001?
- 8 A You're exactly right.
- 9 Q Okay. What was the nature of that job opportunity?
- 10 A Construction superintendent.
- 11 Q For residential construction on the island?
- 12 A It was for the basic improvements. It was a \$4.5
- 13 million contract Callawassie had with a general
- 14 contractor for improvements to the facilities, a new
- 15 tennis facility and tennis place and renovation to the
- 16 river club and renovation to the main clubhouse and the
- 17 golf and pro shop.
- 18 Q Did you actually take that job then and remain on the
- 19 job until completion of that project?
- 20 A I actually took the job and I was there for six months
- 21 plus. The company was going through some transitions,
- 22 the company I worked for. To be just open and honest
- 23 with you, they were -- it was a very regimented-type of
- 24 job and we reported to the Callawassie Board of
- 25 Directors and the club. They had a special group that

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1 we reported to every week about the progress we were
2 making, what was being done, what the costs were, if
3 they were any cost overruns, et cetera, et cetera.
4 Basically for a while I was the only person there. So
5 I got familiar with everybody. When they asked me a
6 question, I gave them a frank, honest answer. After
7 six months -- toward the end of the project I had --
8 everything was just about completed. The company and -
9 - they were out of Palm Beach County.

10 Q Who was the company that directly employed you for
11 that?

12 A I can't remember their name right now to be honest with
13 you.

14 Q And it was the company that contracted with the
15 Callawassie Island persons to make the improvements and
16 make the renovations?

17 A You're exactly right. And the reason they brought me
18 up here is the superintendent they had presently on the
19 job actually was in concert with the Callawassie Island
20 Club maintenance manager, he was in charge of all the
21 maintenance and stuff.

22 Q And who was that? Do you remember?

23 A I can't remember his name, but him and the
24 superintendent that was hired -- and actually they
25 hired him off the recommendation of the maintenance

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1 supervisor guy. Those two guys were stealing materials
2 from Callawassie. So the superintendent, of course,
3 was in charge of ordering materials and setting them up
4 and getting them delivered. And both guys were local
5 and they knew everybody. They were sifting off
6 materials of significant value to build additions to
7 their houses and to do work on the side.

8 Q And you don't recall the names of either of those
9 persons?

10 A Basically, you know, that was several years ago and I
11 was never concerned with those individuals. I had a
12 full-time job there and I had lots to do. So all that
13 past history, to me, was just something -- you know, I
14 knew I had to deal with the maintenance supervisor and
15 we got things straightened out and him and I were able
16 to work well together.

17 Q Were the persons you felt were taking materials from --

18 A I didn't feel anything.

19 Q You knew they were?

20 A No, I didn't know anything. This is why -- the general
21 manager for the corporation that hired me, the guy that
22 hired me, Greg Morabito, I said why do you need me to
23 up here, blah, blah, blah, you've got a superintendent
24 and, you know. He said well look, Mike, don't tell
25 anybody this, it's purely confidential but this is

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1 what's happening. I've got to get rid of this guy and
2 I've got to break this little thing up.

3 Q So Morabito told you that he suspected that one of his
4 persons was --

5 A He knew.

6 Q -- knew was taking material from the job site?

7 A Right. He did not want Callawassie to know.

8 Q And he didn't tell you who the guy was? Or do you know
9 who it was?

10 A No. They got rid of him before I got there. I mean,
11 his name was basically prevalent in the operation.

12 Q And you said there was another person who was stealing
13 as well, other than the --

14 A Well, they were in cahoots because the other guy was
15 employed directly by Callawassie Island. And he was
16 the --

17 Q Do you know what his name was?

18 A -- maintenance manager. He had a pretty darn good
19 position.

20 Q Now, how did you know about his dishonest activities?
21 Was it something else that Morabito told you?

22 A Yeah. Actually, Morabito discovered through the
23 accounting of the materials and materials that were
24 actually being ordered but not utilized and weren't
25 needed in the construction process. So he confronted

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1 these guys. And he basically told them, you know,
2 we're going to resolve this right now and the
3 superintendent's leaving and you're going to cooperate
4 with whoever I bring in. We're going to leave it at
5 that.

6 Q Did that resolve the issue as far as you were aware,
7 the issue being the theft of materials from the
8 Callawassie sites?

9 A Yes.

10 Q Okay. Is your knowledge of this dishonest activity by
11 these two persons premised entirely upon information
12 provided to you by Mr. Morabito?

13 A Yes, you're exactly right. Plus the people that worked
14 there, the carpenters and the concrete finishers, the
15 subcontractors that worked for us, they also said, you
16 know, are you going to get your hand in the till.

17 Q Okay. It's kind of far afield from where we need to
18 be, I suppose.

19 A Yeah, you're right.

20 Q You said you left a job after six months?

21 A That's correct.

22 Q And basically the job at that time was completed?

23 A No, it wasn't completed. It was down to the very last
24 stages of completion, the finishing stages.

25 Q Is there any particular reason why you left prior to

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1 completion?

2 A Well, basically the company, not Greg Morabito, because

3 he's supported me, one of the owners of the company

4 said that I wasn't working on behalf of the company.

5 Q Who was that?

6 A That was one of the -- I forget the guy's name, but

7 they came up to one of the meetings.

8 Q When you say the company, are you referring to the

9 company that hired you?

10 A Yes.

11 Q And you don't recall the name --

12 A Well, Greg Morabito hired me because he was a general

13 manager of this operation.

14 Q And you don't remember the name of the company?

15 A No. But, you know, I mean, it may come at any time

16 because I knew those people and I had been

17 subcontractor for them before.

18 Q Anyway, why did you leave prior to completion?

19 A Well, because at the meetings when they asked me a

20 question, I tried to tell the truth and I put it in the

21 most simplistic forms that I could explain it by. I

22 can give you one incident for an explanation. The guys

23 that were hired for the carpenter subcontractors they

24 were all from Tennessee. The subcontractor was

25 actually from Tennessee, too, and they didn't have any

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1 pneumatic nail guns or stuff like that, a little more
2 advanced type of equipment. So they were hand nailing
3 all the sheathing on. They asked at one of the
4 meetings why are you using hammers and not nail guns,
5 it would seem more efficient to use nail guns. I said
6 well this whole group of people are from Tennessee and
7 they do not own pneumatic nail guns or have the
8 compressors to run pneumatic nail guns, they hammer.
9 That's what they do. But they've got a contract price
10 that you've already agreed to and basically whether
11 they do it by hand or with nail gun, you know, it'll
12 still be done up to code and effectively. Basically,
13 the owner got wind of that and he said that's not a
14 reasonable response. He said you should have told them
15 that nailing can be done more effectively with a hammer
16 and a nail because you can feel the beam below it when
17 you nail the nail in and it's more effective to do it
18 with a hammer. I said well that is a true statement,
19 you're accurate about that. But, you know, the fact
20 about it is, is they weren't hammering because they
21 didn't have -- they were hammering the nails because
22 they didn't have pneumatic equipment. So, you know, I
23 just basically told the truth.

24 Q Okay. Those are the sorts of --

25 A Little things, yes.

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- 1 Q -- things that ultimately eventuated in your leaving
2 that job, correct?
- 3 A Yes, you're correct.
- 4 Q And following that, did you resume employment of any
5 capacity elsewhere?
- 6 A No.
- 7 Q Have you worked since you left the Callawassie Island
8 job site?
- 9 A Yes.
- 10 Q What did you do thereafter?
- 11 A Actually, I took about a year off after that. I had
12 gained some weight and basically my heart rate and my
13 blood pressure was not where it was when I had started
14 the job so I took off to basically rehab again and get
15 myself back in good physical condition. I think it was
16 close to a year, it may have been a little less, and
17 then after that I took a job as a masonry
18 superintendent.
- 19 Q That would have been sometime in 2003?
- 20 A Somewhere around there, yes, sir. It might have
21 actually been -- yeah, in 2003.
- 22 Q And you were working for another company at that point?
- 23 A Yes.
- 24 Q And what was the name of the company?
- 25 A It was Atco, A-t-c-o, Atco Construction Company.

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- 1 Q Is that a local company?
- 2 A It was a local company. They went bankrupt.
- 3 Q And for how long did you continue to work for Atco
- 4 Construction Company?
- 5 A I worked for them for several months, six months. I
- 6 did this church over here. I was the superintendent
- 7 for the masonry on the Catholic Church right here, the
- 8 big one. They were really happy, the performance
- 9 there. Atco basically went into bankruptcy and he left
- 10 all of his employees strung out for several weeks
- 11 without pay, including me.
- 12 Q Did you resume employment elsewhere?
- 13 A After that I decided I would just start up a small
- 14 masonry business again.
- 15 Q And did you do so?
- 16 A Yes.
- 17 Q Did you incorporate a business?
- 18 A No. I just worked as a sole proprietor.
- 19 Q And what was the name of that business?
- 20 A That was Michael Masonry.
- 21 Q Was that basically headquartered here in Beaufort
- 22 County?
- 23 A Yes. I had a state license and a Beaufort license.
- 24 Q And how long did you continue to operate that business?
- 25 A I continued to operate that through 2010 until I quit

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1 it at 2011. Basically I stopped -- I had lost my
2 license with the State of South Carolina and I could
3 not renew my Beaufort Business License or my liability
4 and Workmen's Compensation because I could not obtain a
5 license because of what had transpired with Callawassie
6 and the properties there.

7 Q I don't understand. Tell me the circumstances that led
8 to the loss of your license, if you would, that might
9 clarify it.

10 A Okay. Basically, what transpired was Callawassie
11 Island basically sued us for non-payment of dues, fees,
12 assessments.

13 Q You're referring to the litigation commenced through
14 the offices of Mr. Haight about a year ago to collect
15 the delinquent assessments and dues?

16 A Well, it was well over three years ago.

17 Q Oh, is that what it was? I guess it was a long time
18 ago.

19 MR. MCDANIEL: It was 2009.

20 Q We're talking about the litigation in which -- the
21 litigation we're involved in here where y'all
22 counterclaimed. Is that the litigation that you're
23 talking about?

24 A Yes, sir.

25 Q Okay. So Callawassie sued you for delinquent dues,

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1 fees and assessments?

2 A Right. It had a significant impact on us because, you
3 know, we were looking forward to retirement basically
4 within the stretch of 2008 to 2011, sometime in there.
5 So it changed my whole mindset about where I was headed
6 and what I was doing. Not only that, but that
7 recessionary period kicked in at that time and
8 basically had a horrific impact on the construction
9 industry. One job I had just finished over on Lady's
10 Island, those condominium buildings on the intercoastal
11 there, they left me holding the bag for \$35,000 and
12 they went bankrupt, that company out of Columbia. So I
13 just went down to a very small crew, a hands-on crew,
14 three men and myself where I could work every day and
15 be involved in what was happening. And basically doing
16 jobs that we could get paid for at the end of the week.
17 That seemed to be working out pretty good. The lawsuit
18 came, I said -- we were trying to figure out
19 alternatives to the lawsuit and continuous payment of
20 dues, fees, and assessments on three lots that we could
21 no longer afford because my income had been slashed by
22 about 80 percent. We decided that after negotiating
23 with Callawassie and attempting to settle the debt and
24 give back memberships, put the property up for sale,
25 continue to make the payments on it and surrender the

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1 membership certificates to them. We offered them at
2 least three different settlement propositions, but they
3 were not interested. So I went to the banks that we
4 had them financed with and I said the properties are
5 associated with memberships and these memberships I
6 cannot no longer to pay. I can pay the mortgages on
7 the properties because they're much -- they're only a
8 couple hundred dollars a month. But because of the
9 associated membership dues and fees, I said I'm just
10 surrendering the properties to the bank and I did. And
11 then the banks got judgments on us and the lawsuit was
12 filed and the State Board of Licensing had record that
13 lawsuits were filled and the fact that the bank had put
14 judgments against us on the properties. They wrote us
15 a letter saying your license would be suspended because
16 of those facts. We appealed to them and wrote a letter
17 and appeared in front of the licensing board and they
18 said we're sorry, if you file bankruptcy or settle this
19 lawsuit, we'll reconsider reinstating your license.
20 Basically, that's when I decided I was -- I could no
21 longer operate as a legitimate contractor because I did
22 not have a license and I could not produce valid
23 insurance.

24 Q So you haven't really been productively gainfully
25 employed since that time, early 2011?

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1 A No, I've only done miscellaneous jobs to help friends
2 or relatives.
3 Q You say you came to Beaufort County in 2001?
4 A Late 2000.
5 Q Yes. Where are you currently living?
6 A Right now we're in Anderson, South Carolina.
7 Q What is your address there?
8 A I'm not sure what the house address is to be honest
9 with you. Sandy will know exactly what it is.
10 Q How long have you lived there?
11 A We've been there one year now, basically.
12 Q Are you renting or do you own the house?
13 A We rent.
14 Q Up from 2001 until you moved to Anderson, did you
15 reside in Beaufort County?
16 A Yes, we reside -- our primary residence is in Beaufort
17 County and it still is.
18 Q Your primary residence is still in Beaufort County?
19 A Yes.
20 Q What is the address of that residence?
21 A That's 6112 Vaux, V-a-u-x, Vaux Road, Beaufort, South
22 Carolina.
23 Q And y'all, I take it, owned that house?
24 A We do not own it, but we do have two mortgages on it,
25 first and second mortgage. We are the owners of the

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Martin ROA 579

1 mortgages. I mean, we own the house but we have two
2 mortgages on the house.

3 Q You own the property that was deeded to you and your
4 wife?

5 A Correct.

6 Q And you granted mortgages to a bank or other financial
7 institutions?

8 A Yes, two different banks, correct.

9 Q When did you buy the house at 6112 Vaux Road?

10 A I believe we bought that house in 2003.

11 Q Did you live there consistently until you moved to
12 Anderson in what, 2012?

13 A Actually, yes. It was actually January of 2012, I
14 believe. Yes, that's correct.

15 Q So I take it, you continue to be registered to vote in
16 Beaufort County?

17 A Correct.

18 Q Am I correct in understanding that you claim the four
19 percent residential assessment on the house at 6112
20 Vaux Road in Beaufort?

21 A I'm not sure about that.

22 Q Do you own any other residences other than the one at
23 6112 Vaux Road?

24 A Actually, I do own a house trailer on Saint Helena.
25 The woman that -- I gave her a lease/purchase option

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1 two years ago, and if she -- and hopefully she's going
2 to pay it off within the next month or two.

3 Q Is she currently renting the house?

4 A She is leasing the house with an option to buy and
5 she's paid the majority of the money for the house
6 trailer.

7 Q Do you own any other residences in Beaufort County?

8 A No.

9 Q Do you own any other real estate other than the 6112
10 Vaux Road residence and the -- is the trailer -- let me
11 ask this before I forget. Is the trailer on Saint
12 Helena Island on a lot?

13 A Yes, sir. It's on one of those agricultural one acre
14 lots that is only 30 foot wide and 900 feet long.

15 Q And you owe that lot as well?

16 A Yes, sir.

17 Q And is the lease with option to buy something that
18 encompasses both the mobile home as well as the
19 underlying real estate?

20 A Correct.

21 Q Okay. So other than the house at 6112 Vaux Road and
22 the mobile home with the lot on Saint Helena Island, is
23 there any other real estate that you or your wife own?

24 A Yes.

25 Q Tell me about that.

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1 A Let's see, I think we -- no, we don't own those. We
2 sold them. Except for one piece of property. We do
3 own a lot off Parris Island Parkway. It was a tax sale
4 lot and I can't remember the date we bought it, but it
5 was around 2005 or something in that neighborhood. It
6 had a clouded deed and title. We had a lot of work
7 done on it. And we brought it back to the tax
8 assessor's office, the findings, and they rebated our
9 entire -- the entire money that we paid for the lot
10 with interest because we could not basically -- it was
11 an unmarketable piece of property. A good portion of
12 it was controlled by the electric and gas company
13 right-of-way over it. The gas, of course, was run
14 underneath it and the electric carrier lines were above
15 it.

16 Q Do you still own that lot then?

17 A Yeah. Actually, the county would not take it back, so
18 we still have it.

19 Q You bought it at the tax sale?

20 A Yes, sir.

21 Q Did you say you were given money back? Your money was
22 --

23 A Yeah. They rebated the entire purchase price of the
24 property plus interest because we showed them the
25 documentation for the survey that showed that the

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1 property that they claimed we bought at the tax sales
2 was basically owned by the adjoining party.

3 Q Was there an actual deed from the treasurer's office
4 into you and Mrs. Aulton?

5 A Yes, there was. But, the evaluation from the attorneys
6 and the surveyor was that it was not verifiable.

7 Q Other than those three pieces of real estate, is there
8 any other real estate that you owned or your wife
9 owned, whether here in Beaufort County or elsewhere?

10 A No, sir. Oh, yes, we own one other piece of property
11 in Jupiter, Florida.

12 Q What is the address of that piece of property?

13 A It's on Keith Road in Jupiter, Florida.

14 Q Okay.

15 A It was the last house we lived in in Jupiter before we
16 moved here.

17 Q So it's a house and lot in Jupiter?

18 A Yes. And it will be -- we sold it on a lease/purchase
19 option about two years ago and it will mature within
20 the next month or two as well. It will be done
21 completely.

22 Q Any other real estate that you or your wife own?

23 A No, sir.

24 Q Do you have any relatives living here in Beaufort
25 County?

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Martin ROA 583

- 1 A No.
- 2 Q Does your wife have any relatives living in Beaufort
3 County?
- 4 A No.
- 5 Q Is your wife employed?
- 6 A My wife is presently employed.
- 7 Q What does she do?
- 8 A She's a nurse practitioner.
- 9 Q Where does she work?
- 10 A She works at Clemson University.
- 11 Q For how long has she been working?
- 12 A A year, basically.
- 13 Q Since y'all moved to Anderson?
- 14 A That's the reason we moved to -- for support. We could
15 not pay our bills or keep functioning without obtaining
16 that job.
- 17 Q Was Mrs. Aulton employed while you were living in
18 Beaufort?
- 19 A Yes.
- 20 Q In what capacity?
- 21 A As a nurse practitioner.
- 22 Q Where was she working?
- 23 A At Beaufort Naval Hospital.
- 24 Q For how long a period was she employed there?
- 25 A I'm not exactly sure how long it was, but it was for

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1 the majority of the time we lived here.

2 Q Getting back just briefly to your real estate, am I

3 correct in understanding that you and Mrs. Aulton

4 continue to own the three lots at Callawassie Island?

5 A No, sir.

6 Q You do not?

7 A No, sir, we do not own those lots.

8 Q Who owns the lots at Callawassie?

9 A Two of those lots were sold at tax sale in 2012 and I

10 don't know exactly who owns them. The other one was

11 sold at tax sale. Actually, they were sold at tax sale

12 in 2011, the 2011 tax sale. The other one was sold at

13 the 2012 tax sale.

14 Q Okay. Do you know whether or not the two lots that

15 were sold at the 2011 tax sale have actually been

16 deeded by the assessor to the purchases of those sales?

17 A To the best of my knowledge, they have been.

18 Q Do you know who whether or not the lots sold at the

19 2012 tax sale has been deeded by the treasurer?

20 A I do not think that's happened yet because it's a one

21 year time lapse period before the deed is validated.

22 Q Let's talk about these three lots at Callawassie that

23 you and Mrs. Aulton purchased back in, I think, 2003.

24 A Correct.

25 Q Can you give me some background as to how you and Mrs.

1 Aulton first became interested in acquiring property at
2 Callawassie?

3 A Well, actually real estate was doing very well at that
4 time. We lived in a little house right outside
5 Callawassie and because I had worked there I was
6 familiar with the island and the basic setting the
7 island was in. I was very impressed with the natural
8 beauty and the organizational -- the total ambience of
9 the island I should say. We were pretty well convinced
10 that we could not afford to live there or purchase
11 property there, because it was really not within our
12 scope of lifestyle. But the properties came up for
13 auction and we discussed it and we said well this may
14 be an opportunity to buy some property at a very good
15 price and turn it over or I could build a house on it
16 and live there and turn the house over. So, basically,
17 that was our basic intention. We were investing in the
18 property, basically.

19 Q So your ultimate interest in the property was an
20 investment vehicle as opposed to planning on a long
21 term residence on the island; is that correct?

22 A That's correct. We were not sure we could sustain that
23 type of lifestyle with our budget.

24 Q Were there any other circumstances or considerations
25 which gave rise to your interest in acquiring the lots

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1 at Callawassie back in 2003 timeframe?

2 A I don't know exactly -- I mean, there's a lot of
3 influences, a lot of different peripheral-type of
4 influences that lead you to make a decision. The most
5 significant thing that led us to make the decision was
6 the basic natural beauty of the island and the
7 availability to walk and to ride bicycles in that
8 environment and observe wildlife. That was really our
9 key interest.

10 Q How did you initially learn of the anticipated auction
11 of the properties at Callawassie?

12 A Well, actually, we lived right outside Callawassie gate
13 at Chechessee Bluff Circle. We had a little house out
14 there and the auction signs were posted everywhere.
15 They were posted on 170, they were posted on 21 and
16 they were posted at the intersection of Callawassie
17 Drive and 170. They had fliers basically all over. We
18 set up an appointment to go look at what properties
19 were available.

20 Q Am I correct then in understanding that you and Mrs.
21 Aulton had an opportunity to inspect the lots at
22 Callawassie Island at some day prior to the actual
23 auctions of the property?

24 A That's correct.

25 Q Did you take advantage of that opportunity?

1 A Yes.

2 Q Did you have an opportunity thoroughly to inspect the
3 lots that you might purchase?

4 A Actually, we did purchase one lot prior to the auction.
5 It was during the auction period and the advertisement.
6 There was one particular lot that we liked. It was lot
7 42 Spring Island Way and it was a one acre lot,
8 basically. It backed up the golf course and it was --
9 we liked the setting of that lot. We made an offer on
10 that lot and negotiated a deal. We actually purchased
11 that lot prior to the auction.

12 Q Did you purchase that lot from the Callawassie Island
13 Club or, excuse me, the Callawassie Island Company LP?

14 A Actually, their realtor they brought in for the auction
15 was in charge at that time. Mrs. Kay was the name of
16 the realtor that we negotiated with from the auction
17 company.

18 Q Mrs. Kay, K-a-y?

19 A I can't remember the spelling of her name, just her
20 name.

21 Q So in dealing -- in buying Lot 42 in Phase B, you dealt
22 with the realtor for the auction company?

23 A Yes. But we talked with the Callawassie Island realtor
24 representative prior to him referring us over to the
25 auction company.

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- 1 Q Okay. And what about -- I realize you bought the one
2 lot outside of the auction. You bought the other lots
3 at the auction in 2003?
- 4 A That's correct.
- 5 Q Did you also deal primarily with the realtor for the
6 auction company in connection with your acquisition of
7 the lots at auction?
- 8 A Yes, sir.
- 9 Q Was that also with Mrs. Kay with whom you dealt?
- 10 A Yes.
- 11 Q Was your continuing -- were your continuing dealings
12 with Mrs. Kay basically a consequence of your initial
13 dealings with her?
- 14 A I'm not sure that was directly related to how that
15 transpired, but it may very well have been. I don't
16 know.
- 17 Q Well, I didn't realize that you'd bought a property in
18 anticipation of the auction, but I don't know if it
19 makes any difference.
- 20 A Also, the fact is when we bought that piece of
21 property, the realtor had suggested -- we wanted to pay
22 two years of dues, fees and assessments in advance.
- 23 Q You're talking about the Lot 42 Phase 10B lot?
- 24 A Spring Island, yes.
- 25 Q Okay.

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- 1 A And we did pay two years of dues, fees and assessments
2 in advance. I think the purchase price of the property
3 was \$76,000 and we paid \$12,000 and change for two
4 years of dues, fees and assessments.
- 5 Q And to whom did you pay those, do you know?
- 6 A We paid that to the real estate company.
- 7 Q Okay.
- 8 A Because on the other two lots that we bought there, we
9 were exempt from dues, fees for a two-year period.
10 That was part of the deal. That's why we were looking
11 at them so seriously. So we figured, well, we have two
12 years and we're both working and it won't -- we've
13 already paid. So for the next two years we can think
14 about marketing these or whatever we want to do with
15 them, build a house and maybe doing one house a year
16 because things were really turning over at that time
17 fairly well. I didn't think it was a stretch. I had
18 consulted with people that made a lot of money in real
19 estate and they said they couldn't believe that the
20 lots were being sold at that price and that you got a
21 deal that you couldn't lose on.
- 22 Q With whom did you consult on the status of real estate
23 and the value of real estate as an investment?
- 24 A Well, I actually consulted with my brother-in-law.
- 25 Q And who is he?

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- 1 A Paul Bennett.
- 2 Q Where does Mr. Bennett live?
- 3 A He lives in Gatlinburg, Tennessee.
- 4 Q Did you consult with Mr. Bennett prior to the purchase
5 of the lots at Callawassie?
- 6 A I called and talked with him about the purchases and he
7 thought it was a good idea as long as the properties
8 were being sold at the right price, basically is what
9 his interpretation was.
- 10 Q Am I correct in understanding that at least partly in
11 reliance upon his advice you purchased the lots at
12 Callawassie?
- 13 A The influence of his response was taken into
14 consideration, but it was not something that I relied
15 on. It was basically my familiarization with the
16 Island, with the economic conditions that existed at
17 the time and with our full and gainful employment that
18 we were experiencing at that time.
- 19 Q Did you consult with anyone else other than your
20 brother-in-law, Mr. Bennett, with regard to a decision
21 as to whether or not to purchase lots at Callawassie
22 back in 2003?
- 23 A Actually, I talked to a couple of members there that
24 were present at the auction.
- 25 Q Do you remember who they were?

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- 1 A I can't really remember who they were, but I was
2 familiar with them because of the work that I had done
3 there for that six months. I believe one of them was
4 Terry Wurtzbacher who I established kind of
5 relationship with.
- 6 Q You think it was Mr. Wurtzbacher?
- 7 A Yeah, you know, I knew -- he was there and present
8 because -- I don't know if he was the president at that
9 time, but he was the president of the board of
10 directors during the time that I worked there. So I
11 know I spoke with him -- oh, yeah, and I also spoke
12 with the builder and general contractor that also ended
13 up on the delinquency list.
- 14 Q Do you know who that was?
- 15 A He was a preferred builder in the community, but I
16 can't remember his name right now.
- 17 Q You spoke with another builder who was also
18 anticipating buying lots as an investment; is that
19 true?
- 20 A He was there as a preferred builder at Callawassie
21 Island and he did obtain three lots, but I don't know
22 in what manner or through what channels he obtained
23 them.
- 24 Q And you don't remember what his name was?
- 25 A I'm sure my wife will remember that.

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1 Q Okay. What did Mr. Wurtzbacher tell you, to the best
2 of your recollection?

3 A To the best of my recollection, I cannot remember what
4 he told me. I can remember that the members that were
5 in attendance at the auction were basically shocked at
6 the price the lots were selling for. The auction was
7 called off and suspended after the first -- I don't
8 know. It was after the first seven lots that were put
9 at the absolute auction price. They guaranteed the
10 auction company at least seven lots they could sell at
11 absolute. After those were sold, the governing board
12 for the Callawassie Club called the auction off in
13 conjunction and agreement with Jim Chaffin, I guess. I
14 don't know how all that worked out, but I know the
15 auction was suspended.

16 Q You think it was suspended by whom?

17 A I don't know. Most of the people that were on the --
18 you know, I was familiar with members of the board of
19 directors at that time because of the meetings I had
20 with them in the construction improvements, the company
21 that I worked for was doing. Most of them were present
22 at that auction. Of course, a lot of members were also
23 present at that. They were very concerned because the
24 properties were selling for the low 50s, that it was a
25 devaluation of the membership and the property because

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- 1 you were getting a membership which was valued at
2 \$45,000, plus you were getting a premier piece of
3 property that already had full facilities, you know, I
4 mean, full infrastructure improvement.
- 5 Q The properties were auctioned, as I understand it, by
6 the Callawassie Island Company, LP, correct?
- 7 A They brought in an independent --
- 8 Q I understand.
- 9 A -- auction company.
- 10 Q Right.
- 11 A But I don't know -- you would probably know more about
12 the details of how the legal transaction worked with
13 the realtors and how their agreements were done than I
14 do. I just know basically who I dealt with.
- 15 Q You've told me earlier that you dealt with the realtors
16 for the auction company with which the seller company
17 contracted in order to operate the auction, correct?
- 18 A That's correct.
- 19 Q And the company that actually retained the services of
20 the auction company, as far as I'm aware, was the
21 Callawassie Island Company, LP.
- 22 A That's how I understand it.
- 23 Q And the Callawassie Company, LP, is the entity from
24 which you and your wife ultimately purchased the three
25 lots at Callawassie, correct?

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1 A Through the auction company.

2 Q Auction company, I understand.

3 A Correct.

4 Q The Callawassie Island Member's Club, as far as I'm
5 aware, was not involved in the auction of those lots
6 when you bought in 2003. My question is: Do you have
7 any information to the contrary?

8 A I don't think they were legally involved in the
9 transactions, but they were definitely involved in the
10 proceedings of the auction which is a completely
11 different scenario than being legally involved. I
12 mean, they were vested in that community and they had a
13 keen interest in seeing that things were going to not
14 devalue property through that auction. And you know,
15 from what I understand the pieces that were being
16 auctioned were property possessed by Jim Chaffin, the
17 original developer.

18 Q Those were the properties that were being auctioned?

19 A As far as I know, sir.

20 Q Right. While I understand that the members of the
21 Callawassie Island Club might have an interest in the
22 auction proceedings, do you have any information that
23 anyone from the Callawassie Island Member's Club had
24 any right to control the auction or to dictate the term
25 of its implementation?

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- 1 A I have no empirical knowledge of that, but it was quite
2 evident that they were very concerned and they were
3 expressing their concerns as members to the real estate
4 company that represented them.
- 5 Q You've told me that after the sale of seven lots --
- 6 A I don't know how many it was. I thought it was maybe
7 seven.
- 8 Q And then you say the auction proceedings were stopped?
- 9 A They called the auction off.
- 10 Q Was the auction ever resumed?
- 11 A The auction was not resumed, but I'm pretty sure that
12 Jim Chaffin and the auction company and the real estate
13 company met with individuals that were interested in
14 purchasing properties after the auction. I wasn't
15 privy to any of that.
- 16 Q Do you know whether or not persons actually bought lots
17 from the developer following the termination of the
18 auction proceedings?
- 19 A It is my understanding that that did transpire. But
20 again, I was not privy to that or involved in that. We
21 were in the room, basically going over contracts and
22 details of purchasing.
- 23 Q As far as you're aware, though -- am I correct in
24 understanding that as far as you're aware once the
25 auction proceedings were stopped, the developer in that

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1 general timeframe continued to negotiate with
2 additional purchasers of lots owned by the developer to
3 sell those lots?
4 A That was my impression.
5 Q You, however, are among those who bought prior to the
6 termination of the auction proceedings; is that
7 correct?
8 A Yes.
9 Q Do you recall -- I know you told me that you dealt
10 primarily with the auction realtor named Mrs. Kay,
11 right?
12 A Correct.
13 Q Do you recall dealing with any other realtors in
14 conjunction with your acquisition of any of the lots
15 whether by contract outside of the auction or by
16 auction?
17 A Originally, we went in and spoke to a gentlemen that
18 represented Callawassie real estate's concern. I
19 believe he went with us to look at some of the lots
20 that were up for auction and he, of course, explained
21 different things, and we basically spoke with him about
22 the conditions of the purchase, et cetera, et cetera.
23 Q Do you recall signing a contract for the purchase for
24 each of the respective lots at Callawassie?
25 A Yes.

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Martin ROA 597

1 MR. HUGHES: We'll take a quick break here
2 and go copy this and I'll be right back with you.
3 I just want to go through these documents with
4 you. It really looks more intimidating than it
5 is. It won't take that long.

6 [OFF THE RECORD, 11:16 A.M. - 11:27 A.M.]

7 MR. HUGHES:

8 Q My understanding is that with regard to the acquisition
9 of each of three lots, you and your wife entered into a
10 purchase contract with the seller?

11 A Correct.

12 Q And I'm going to show you what I believe is a copy of
13 the contract for the acquisition of Lot 32 Phase 13B.
14 And if you could just utilize that and I'll you ask you
15 questions off this one.

16 A 32 Wood Stork Watch, okay.

17 Q Is that a copy of the contract that was signed by you
18 and your wife as purchasers of Lot 32 Phase 13B at
19 Callawassie Island?

20 A Yes. I can see my printing on here.

21 Q And I believe that it's dated on page 1 at the top,
22 November 15, 2003?

23 A Yes.

24 Q And it identifies as the seller, Callawassie Island
25 Company, LP, does it not, also at the top of the page,

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1 the third line down just above your names?

2 A Just above?

3 Q Yes, sir.

4 A Yes.

5 Q And that same contract identifies as the purchasers,

6 Michael A. Aulton and Sandra D. Aulton?

7 A That's correct.

8 Q And those persons are you and your wife?

9 A Yes.

10 Q And the property referenced in that contract is Lot 32

11 Phase 13B at Callawassie Island?

12 A Correct.

13 Q It's my understanding that with regard to the

14 acquisition of each of these lots, Lot 32 in Phase 13B,

15 Lot 5 in Phase 6A and Lot 42 in Phase 10B, you and your

16 wife executed what were basically identical contracts

17 with the seller. The changes being, of course, the

18 individual lots and the prices being paid; is that

19 correct?

20 A As far as I know, yes.

21 Q What I'm going to do is go through the provisions of

22 this contract and then simply ask you to affirm that

23 identical provisions were contained within the other

24 documents as well which will preclude the need for us

25 to go through every contract. Okay?

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- 1 A Good.
- 2 Q This contract for the acquisition for Lot 32 in Phase
- 3 13B calls for a basic sale, a bid price of \$62,000;
- 4 does it not?
- 5 A Correct.
- 6 Q And it calls for an additional 10 percent buyer's
- 7 premium of \$6,200, correct?
- 8 A Correct.
- 9 Q And am I correct in understanding of the buyer's
- 10 premium was something that you paid on top of the base
- 11 purchase price to the seller?
- 12 A As far as I can recall.
- 13 Q In any event, the total purchase price as reflected on
- 14 that contract for Lot 32 Phase 13B was \$68,200?
- 15 A That's correct.
- 16 Q Okay. And of course, you'll see that it called for a
- 17 down payment and some additional checks. In any event,
- 18 it ultimately calls for the balance to be paid by you
- 19 and your wife as purchasers to the seller at closing in
- 20 the amount of, looks like \$61,080?
- 21 A It's really washed out here, but I'll take your word
- 22 for it.
- 23 Q It's approximately \$61,000, in that neighborhood is it
- 24 not? Is that correct?
- 25 A I believe so.

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1 Q Looking at page -- this contract, of course, has a host
2 of provisions to which you and your wife agreed and to
3 which the seller agreed, correct?

4 A Yes, sir.

5 Q And they're all basically numbered 1 through I think
6 44. Actually, 1 through 45. As you look at the final
7 page of the contract, the various provisions of the
8 contract with their subparts are generally numbered 1
9 through 45, are they not?

10 A Yes.

11 Q And generally speaking, each of the provisions 1
12 through 45 has a heading which identifies generally
13 speaking what's contained within that provision?

14 MR. MCDANIEL: I ask how many pages you have
15 in yours?

16 MR. HUGHES: I have one, two, three, four,
17 five.

18 MR. MCDANIEL: I just have three pages.

19 MR. HUGHES: You know what, I didn't copy the
20 back side. I am sorry.

21 [OFF THE RECORD, BRIEFLY.]

22 MR. HUGHES:

23 Q Can you satisfy yourself that is a copy of a contract
24 containing five pages? Actually, it's a four page
25 contract inclusive of an addendum or a good faith

1 estimate of cost, right?

2 A Yes.

3 MR. HUGHES: Before we any further, let's go
4 ahead and mark that as Exhibit Number 1 to this
5 deposition.

6 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 1, DEPOSITION
7 OF MICHAEL AULTON; CONTRACT LOT 32 PHASE 13B, 5
8 PAGES (FRONT/BACK).

9 Q Just so the record is clear, Exhibit 1 to this
10 deposition is a copy of the contract between seller,
11 Callawassie Island Company, LP, and purchasers, Michael
12 A. Aulton and Sandra B. Aulton, dated November 15,
13 2003, at page 1 of the contract. And it is a contract
14 for the purchase of Lot 32 Phase 13B at Callawassie
15 Island, correct?

16 A Correct.

17 Q And I was going to ask you about the provisions for the
18 contract and basically it says it's a binding offer.
19 This contract indicates that it's an absolute purchase.
20 The purchaser agrees this is an absolute sale and is a
21 binding and irrevocable offer; is that correct?

22 A Yes.

23 Q And then looking at page 1, again, it refers to the
24 closing. And basically indicates that -- I'm going to
25 through these --

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1 A Can I give this over to Sandy because I really don't
2 have my bifocal glasses with me at this time and it's
3 hard for me to read through this. I mean, I can see
4 it, but I need to really do it very slowly.

5 MR. HAIGHT: Are they in your car?

6 DEPONENT: No. I don't have them with me to
7 be honest with you. I just have my sunglasses
8 which are single prescription. She can read it
9 very well. But I can give it to Brian, too. He's
10 got sharp eyes.

11 Q The send -- of the issues here is there is a host of
12 documents and you're going to have the same issue with
13 regard to -- if you can read it and if it's going to
14 take you a while, that's okay. I don't mind waiting.
15 If you can't read it, that's another issue entirely.
16 But there is a host of documents here which will
17 require your identification and commentary.

18 A Well, I can read it but it's -- you know, it's
19 difficult for me to concentrate and it's like you have
20 to read one word at a time instead of a sentence
21 because it blurs out. If I concentrate, you know, I
22 can see it. But go ahead.

23 MR. HAIGHT: How about this, why don't we
24 adjourn his for a moment, pick up hers and he can
25 drive home and get his glasses?

1 DEPONENT: I don't have them with me at all.

2 Wait a minute. I have them in the briefcase in
3 the car.

4 Q You have them here?

5 A Yeah, I got them in the briefcase. I brought those.

6 MR. HUGHES: Yeah, let's get those. Let's
7 take a little break.

8 [OFF THE RECORD, 11:37 A.M. - 11:44 A.M.]

9 MR. HUGHES:

10 Q I was asking you about the provisions of this contract
11 and I was referring you to the provisions of Article 5
12 which are captioned the closing, correct?

13 A Article 5?

14 Q Yes, sir. One page 1. Closing is in bold face. It
15 says "Closing."

16 A Yes, sir.

17 Q And basically at subparagraph A it says at the closing
18 seller shall deliver to purchaser the following and
19 along the documents which the seller is to deliver are
20 at subparagraph C, the general easements, equitable
21 restrictions, limitations on use, and affirmative
22 obligations to pay charges contained in the amended and
23 restated general declaration of the Callawassie Island
24 and provisions for Callawassie Island Property Owner's
25 Association, Inc., of December 1, 2001 and all

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1 amendments thereto as recorded in the Office of the
2 Register of Deeds for Beaufort County, South Carolina,
3 correct?

4 A Yes.

5 Q Which are referred to as the covenants.

6 A Covenants, correct.

7 Q And that further says that the seller at closing shall
8 deliver to the purchaser. Then at subparagraph E it
9 says, any other applicable covenants herein referred
10 to, correct?

11 A Yes, sir.

12 Q In any event, the contract which you and your wife
13 signed certainly advised of the existence of the
14 easements, restrictions and the overall covenants
15 affecting the property; does it not?

16 A According to this, it does.

17 Q Okay. Looking at Article 14 on page 2 of the contract
18 it refers to representations, warranties and covenants
19 of the purchaser.

20 A Okay.

21 Q And if you look at subparagraph A1, I'm just going to
22 read this to you and I want you to confirm that this is
23 in fact what the contract says. "The purchaser
24 represents, warrants, and covenants to seller as
25 follows: Purchaser is purchasing the property in it's

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1 as-is, where-is condition with no warranties by seller
2 as to merchantability, suitability or fitness for any
3 particular purpose. It being understood and agreed
4 that purchaser is relying solely on its own
5 inspections, engineering studies and reports, economic
6 and feasibility studies, and examinations of the
7 property, and purchasers own determination of the
8 condition of the property and any improvements,
9 fixtures and equipment to be purchased by purchaser
10 under this contract."

11 A Yes.

12 Q Article 15 goes on simply to recognize that the
13 purchasers are making additional representations to the
14 seller; does it not? I won't read through them, but
15 basically confirms that --

16 A Yes.

17 Q The agreement won't be binding upon you and upon the
18 seller, et cetera, correct?

19 A That's right.

20 Q If you look at Article 20 also on page 2, basically
21 confirms that the agreement set forth in these several
22 pages is the entire agreement between the parties; does
23 it not?

24 A Yes, sir.

25 Q And basically it says, and I'll quote it: "This

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1 contract represents the entire understanding between
2 the seller and the purchaser and supersedes,
3 incorporates and merges all prior negotiations,
4 representations and agreements, whether oral or
5 written. This contract may be amended only by a
6 written instrument signed by both the seller and the
7 purchaser and dated on or subsequent to the effective
8 date," correct?

9 A Correct.

10 Q Are you aware of any subsequent written documents by
11 which either of the parties of this contract attempted
12 to modify it? Mr. Aulton?

13 A To modify this contract as it is written?

14 Q Yes, sir.

15 A We had discussion with the realtor and with the
16 member's management, I believe her position was Manager
17 of Membership, in reference to the property and in
18 reference to an escape clause, the ability to withdrawn
19 from the membership of Callawassie Island Club members.
20 We had a discussion -- what actually transpired was we
21 went in to sign these documents with the representative
22 from the auction company. Callawassie sent in the
23 member -- she was a representative for the club. She
24 was the member's -- the Manager of Membership.

25 Q What was her name?

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1 A I'm sorry, I can't recall her name right now, but I do
2 know her name and I can identify it immediately.

3 Q What did she look like?

4 A She was a taller thin woman with dark hair.

5 Q Approximate age?

6 A I would say she was in her -- it's hard for me to say,
7 late 30's, early 40's.

8 Q And what did she tell you?

9 A Basically, we were discussing the dues, fees,
10 assessments and the possession of the membership.
11 Because of my background and basically working for a
12 living and not being involved in the investment world
13 per say and et cetera, et cetera, I was skeptical
14 somewhat about the dues, fees and assessments for over
15 a long period of time, like a lifetime. I said what if
16 something happens to me or my job or whatever the
17 circumstance might be, are there any provisions within
18 the covenants of this agreement or is there an ability
19 to exit from this obligation? Both the realtor
20 representative and the representative from the
21 Callawassie Club were very casual about the fact that,
22 yes, that you could surrender your membership if you
23 were four months -- I think if you were delinquent for
24 four months you shall surrender your membership and the
25 Callawassie Club would take it for resale for

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1 reissuance. Then I said well, you know, I don't want -
2 - I feel responsible for -- we would, you know -- but
3 that's basically all there is to it. That's what I
4 asked. They said yes, that's basically all there is to
5 it. But I said, well, you know, but we are going to
6 pay back the money if we couldn't make the payments and
7 they said that would be fine. That does not mean you
8 could be reinstated to the club. And I said well, that
9 would be fine, too, because if at that point we
10 couldn't afford to be members, we wouldn't want to be
11 reinstated. That was a concern I had basically because
12 of being in the construction industry most of my life.

13 Q The realtor was the auction company's realtor who was
14 telling you these things?

15 A The auction company realtor was actually deferring
16 these questions to the member's representative.

17 Q And you don't remember the woman's name? You recall
18 her being a dark-haired, tall, thin woman in her late
19 30's at the time. Do you know by whom she was
20 employed?

21 A She was employed by the Callawassie Club. She was the
22 member representative.

23 Q The Callawassie Island Member's Club or the Callawassie
24 Island Company?

25 A She worked at the realtor's office and she managed the

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1 front desk there. I do know that. I do not know
2 specifically who she worked for at that time.

3 Q Okay.

4 A I don't know who was writing her paycheck.

5 Q All right. Was any of that put in writing? Was any of
6 that conversation or any of those representations put
7 in writing in an agreement between you and Mrs. Aulton
8 and the seller?

9 A I believe that it was documented in the covenants, the
10 Callawassie Covenants, the little manual they gave us,
11 and I believe -- I believe that's where she got the
12 information from. It was -- and since we have started
13 this proceeding, got involved in a lawsuit, I know it's
14 in -- I think it's 13.3.1, article of covenants, deeds
15 and restrictions or something of that affect.

16 Q Was there anything put in writing at the time you
17 purchased the lots to confirm the representation by
18 anyone to you that the obligations to pay dues, fees
19 and assessments upon memberships in the Callawassie
20 Island Club could be terminated following the failure
21 to pay those fees, dues and assessments for four month
22 period?

23 A Actually, it was verifiable through the documentation
24 that she had that outlined the rules of membership in
25 the club.

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1 Q And did you actually look at those documents at that
2 time?

3 A She actually had that present with her at that time.
4 That's what she was referring to.

5 Q Did you look at those documents at that time?

6 A No, I did not, to be honest with you. I took the word
7 of the professionals that were in the room.

8 Q And you're telling me that this woman, whoever it was,
9 referred in your conversations to club documents that
10 purportedly limit your obligations to pay dues, fees
11 and assessments?

12 A That basically had a provision for expulsion from the
13 club for delinquency of dues, fees and assessments and
14 allowed you to surrender your certificate of membership
15 so the club could reissue or resale a certification
16 valued at \$45,000 and you were excluded from using the
17 club, the membership amenities, but as explained from
18 them, you could retain the possession of your property.

19 Q Did you discuss these issues in that sort of detail --

20 A Yes.

21 Q -- with this woman? Okay. Was there any further
22 documentation with regard to the contract documents
23 executed between you and Mrs. Aulton and the seller or
24 with regard to a possible termination of any
25 assessments, that sort of thing?

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1 A We also discussed the jeopardy of being charged three
2 memberships and only having the use of one because we
3 were exempt from two memberships through the agreement
4 at the purchase at the auction for two years. So it
5 was something that was on the horizon and it was
6 something that I thought was a concern. They assured
7 us that we would only pay non-residence for the two
8 memberships that were not our primary membership that
9 we had already paid two years of dues, fees, and
10 assessments in advance within the context of the
11 contract.

12 Q On Lot 42 --

13 A Spring Island Way.

14 Q -- Phase 10B, when you paid the two years of
15 assessments in advance, the two years of dues in
16 advance, did you pay on the non-resident rate or the
17 resident rate?

18 A That's a very good question. To be honest with you, I
19 could not accurately answer that, but Sandy could, I
20 think.

21 Q And you knew that the dues on the other two lots, Lot
22 32 Phase 13B and Lot 5 Phase 6A, you knew that dues on
23 those lots were being paid for the two-year period
24 following your purchase of the lots by the developer at
25 the non-resident rate?

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1 A I did not know how those dues, fees or assessments were
2 being paid. I only knew that we were exempt from
3 paying them for a two-year period.

4 Q Okay. Was there any documentation indicating any
5 representations to you or Mrs. Aulton concerning the
6 imposition of dues at a resident rate after the
7 expiration of that two-year period? Is that question
8 not clear?

9 A No, not really.

10 Q You talked with someone during the course of purchasing
11 the lots about whether or not you'd be liable for dues
12 at a resident or a non-resident rate?

13 A Correct.

14 Q And what, if anything, were you told at that time?

15 A That we would pay resident's rates on the first lot.

16 Q The Lot 42?

17 A Lot 42 Spring Island Way and that we would pay non-
18 resident on the other two lots for the period of time
19 we owned them after the two-year exemption.

20 Q And my question is: Was any of that put in writing?

21 A The way it was explained, it was explained as a self-
22 evident fact, that you could not use more than one full
23 membership at a time. So it really was not a
24 consideration that you would have to pay full resident
25 fees for two more memberships that did not allow you

1 any more privileges or access than the one.

2 Q My question is, though, was any of that ever put in
3 writing?

4 A It was never documented specifically in those terms.
5 But you also must consider the fact that at that time
6 there was a lot of activity going on in that sales
7 office and within the confines of that auction and that
8 going into long explanations and writing and
9 documenting was not part of the agenda at those sales
10 negotiations. So you were very dependent and relying
11 on the good faith and honesty of the representatives
12 that you were speaking with.

13 Q You and your wife executed virtually the same contract
14 document with regard to each of these lots, correct?

15 A That's correct.

16 Q Did anyone limit your opportunity to review any of
17 these three separate contracts that you executed prior
18 to signing them?

19 A No. We sat down and basically reviewed -- we had
20 already purchased the first lot and then the other two
21 lots we purchased at the auction and they were
22 basically the same contracts as I understood. The only
23 factors that were up for clarification was how the
24 dues, fees and assessments would be charged, residents
25 versus non-residents and that was of concern and I also

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1 wanted to make sure that the two-year exemption did
2 take place on the two lots bought at auction.

3 Q But my question is -- am I correct in understanding
4 that you and your wife had an opportunity to read these
5 three contracts prior to executing them?

6 A Yes, we did.

7 Q And you took advantage of that opportunity prior to
8 investing a fairly significant amount of money in these
9 three lots?

10 A We went over the contracts with the realtor and the
11 representative.

12 Q Okay. Let's continue to discuss the contract. You
13 just told me you had some discussions. Looking at
14 paragraph 22, it refers to joint purchasers and it
15 basically says that the term purchasers shall be read
16 as purchasers if more than one person is the purchaser
17 of the property, in which case their obligation shall
18 be joint and separate; is that correct?

19 A Yes, sir.

20 Q Basically telling you that if you and Mrs. Aulton were
21 both listed as purchasers, each of you is obligated to
22 buy this property, correct?

23 A Correct.

24 Q And then look at Article 28, which basically talks
25 about the applicability of South Carolina law. And

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1 would you agree with me that that provision simply
2 confirms that the contract would be governed and
3 controlled by the provisions of South Carolina law?

4 A Yes, sir, it sure does.

5 Q Okay. And then looking further down the contract at
6 Article 33 it refers to exhibits. Basically it says
7 and I'll quote, "All exhibits described here and
8 attached to here to are incorporated herein by this
9 reference for all purposes," correct?

10 A Yes, sir.

11 Q Basically advising the purchasers that if there's a
12 reference to some exhibit within this contract
13 document, that's incorporated into the agreement
14 between the parties, correct?

15 A Yes, sir.

16 Q Then look at number 42 which talks about an OILSR
17 exemption. And basically it advises -- and again, I'll
18 quote, "This transaction is exempt from the Interstate
19 Line Sales Full Disclosure Act pursuant to the
20 provisions of section 1710.10. In that connection,
21 seller represents to the purchaser," and then
22 thereafter it sets forth several representations; does
23 it not?

24 A Yes, sir.

25 Q And the first of those is that the lot in question is

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1 located within Beaufort County which specifics minimum
2 standards for the development and design of planned
3 unit developments within its jurisdiction. It advises
4 further that Callawassie Island has been approved by
5 Beaufort County as a single-family lot subdivision,
6 correct?

7 A Correct.

8 Q Goes on to say at subparagraph B within Article 42
9 that, the property is being sold subject to enforceable
10 restrictive covenants, that it be used for single-
11 family residents only, correct?

12 A Single-family residents only, yes.

13 Q Right. Now, going on beyond that looking at Article
14 43, it talks about the purchaser's acknowledgment,
15 correct?

16 A Yes, sir.

17 Q And again, this serves primarily as an acknowledgement
18 that -- certain acknowledgements by the purchasers of
19 the agreements between the parties; does it not? I'll
20 read the portions of it in a second. It says,
21 "Purchaser acknowledges that purchaser has received a
22 copy of the covenants," right?

23 A Correct.

24 Q And those are the covenants which were earlier
25 referenced in the contract. Further, the purchaser

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1 understands that the salesman who handled the sale does
2 not have the authority to make any statements in
3 conflict with, or in addition to, the information
4 contained in this contract. And the documents that the
5 seller specific -- and the document -- excuse me. Let
6 me start that over again.

7 A Okay.

8 Q Among the purchaser's acknowledgements it reads as
9 follows: "Purchaser acknowledges that purchaser has
10 received a copy of the covenants. Further, purchaser
11 understands that the salesman who handled the sale does
12 not have the authority to make any statements in
13 conflict with, or in addition to, the information
14 contained in this contract and the documents. And the
15 seller specifically disclaims responsibility for such
16 statements. Purchaser understands that if the salesman
17 has made such statements, that they are not binding on
18 the seller unless incorporated in writing into this
19 contract. By execution of this contract, purchaser
20 affirms that purchaser has not relied upon any such
21 statements, if any, and waives any rights that the
22 purchaser might have as a result of such statements
23 unless they are incorporated into this contract. It is
24 expressly understood and agreed by the purchaser that
25 the property shall be conveyed subject to the recorded

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1 plat and all easements as shown thereon, and subject to
2 the general easements, equable restrictions,
3 limitations on use, and affirmative obligations to pay
4 charges and the covenants and restrictions relating to
5 Callawassie Island. All as specified in the covenants
6 as amended from time to time. A copy of which has been
7 provided to the purchaser simultaneously with the
8 execution of this agreement. The receipt of which is
9 hereby acknowledged." Have I read that accurately?

10 A Yes, sir.

11 Q You and your wife appear to have initialed that you
12 have received those?

13 A Yes, sir. And the fact about it is that the salesman
14 did not represent -- the salesman did not represent the
15 terms of the covenants, deeds or restrictions. It was
16 the representative that was employed by a division of
17 the Callawassie Island Club. I don't know exactly her
18 employment status, but she was the member's
19 representative basically and she was the one that was
20 placed in the room to answer questions and to verify
21 information or questions you had about the covenants,
22 deeds or restrictions and she had the book with her,
23 the basic manual.

24 Q And you told me that you don't know whether or not she
25 was employed by the Callawassie Island Member's Club or

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1 the Callawassie Island Company, LP, you simply don't
2 know?

3 A I'm not sure who she was employed by specifically, but
4 she was associated directly with the Island.

5 Q In any event, none of those representations that you
6 tell us were made by representative was ever documented
7 in any written means -- by any written means?

8 A Actually, they were documented in the Callawassie
9 Member's Club Manual, Deeds, Covenants and Restrictions
10 and that's where she was drawing her information from.
11 So I felt no necessity to have her write out additional
12 documentation, since this was the bible for ownership
13 of property within that community.

14 Q My point is, to the extent that the club documents,
15 whether covenants, restrictions, plan of offering,
16 bylaws, general rules, to the extent that those may
17 impose continuing obligations to pay dues, fees and
18 assessments regardless of any representation that you
19 say was made to you, to the extent of those documents
20 actually imposed that obligation though you received
21 nothing in writing counter to that?

22 MR. MCDANIEL: Object to the form. Go ahead
23 and answer.

24 A Actually --

25 Q If you did, I'd like to know it.

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1 A Actually, what we received was the information directly
2 from the ownership bible that basically said you shall
3 be expelled from the club if you're delinquent for four
4 months of dues, fees or assessments and you will
5 surrender your memberships and those membership
6 certificates can or will be issued, reissued or resold
7 to recoup the losses by the club. Basically, something
8 of that affect. We took that as a matter of fact.

9 Q Okay. That's basically the third time you've told me
10 that by my count.

11 A Yes.

12 Q So those were the representations that were made to
13 you?

14 A Correct.

15 Q However, other than the documents themselves to which
16 the contract refers, whether they be the covenants or
17 the bylaws or the plan of member or anything else,
18 other than those documents whatever their content might
19 be, you were not given any specific written
20 confirmation of the representations made to you during
21 the course of these conversations; is that true?

22 A That's true. Not only was I not given but I did not
23 feel it was necessary, that there was additional
24 response at the sales negotiation period.

25 Q Continuing to look at 43, this is Article 43. It

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1 continues with the language: "Seller urges purchaser
2 to read the covenants" -- excuse me, "Seller urges
3 purchaser to read said covenants. Purchaser does
4 acknowledge that the covenants do include the following
5 provisions." It goes on at subparagraph B of Article
6 43 to read assessments. "In order to provide for the
7 preservation, maintenance, security and operation of
8 common facilities within Callawassie Island" -- are you
9 with me?

10 A No.

11 Q It's right here at the top, right here.

12 A This?

13 Q Looking at the second paragraph down, assessments. "In
14 order to provide for the preservation, maintenance,
15 security and operation of common facilities within
16 Callawassie Island, as well as asset the Callawassie
17 owners in the administration of said common facilities,
18 there has been a created of the Callawassie Island
19 Property Owner's Association, the Association. As set
20 forth in the covenants the Association is granted the
21 right to assess property owners within its jurisdiction
22 in order to carry out the prescribed functions.
23 Purchaser hereby acknowledges that it is aware of the
24 right of the Association to levy and enforce
25 assessments against it, and purchasers hereby agrees to

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1 pay promptly all such assessments which are properly
2 made against the Association. The 2003 annual
3 assessment per lot is \$875. This assessment shall be
4 prorated at closing." Correct?

5 A That's what it says.

6 Q And then finally if you look at Article 44, it refers
7 to the Callawassie Island Member's Club, right?

8 A Yes, sir.

9 Q And it says, and again I'll quote, "Purchaser
10 acknowledges that the Callawassie Island Member's Club,
11 the Club, on Callawassie Island is a private equity
12 club pursuant to the Callawassie Island Club Plan, the
13 Club Plan. As a condition to the purchaser's purchase
14 of the property, purchaser is required a) to purchase a
15 golf equity membership in the club for a membership
16 contribution fee of \$45,000 which b) membership
17 contribution free is included in the purchase price and
18 to remain an equity member in good standing in the club
19 for so long as the purchaser owns the property." Have
20 I accurately quoted that?

21 A Yes, sir. And the key word there is "a", required to
22 purchase a membership.

23 Q Right. However, each of these contracts contains a
24 similar provision, does it not?

25 A Yes.

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1 Q Okay. And again, not to belabor the point, but
2 subparagraph B of Article 44 of this written contract,
3 three of which you and your wife executed, specifically
4 advises that is the purchasers responsibility and
5 obligation "to remain an equity member in good standing
6 in the club for so long as the purchaser owns the
7 property," correct?

8 A That's exactly what it says.

9 Q Is there any written documentation of which you're
10 aware of which limits the obligation which you and your
11 wife undertook to remain equity members in the club for
12 as long as you owned the property?

13 MR. MCDANIEL: Object to the form.

14 MR. HUGHES: What's your objection?

15 MR. MCDANIEL: I'm not sure I understood what
16 the question was.

17 MR. HAIGHT: It's not leading.

18 Q We've established that the contract requires that you
19 as purchasers of Lot 7 obligation to remain equity
20 members in good standing for as long as you own the
21 lots, correct? That's right here in Article 44.

22 A Yes, sir.

23 Q My question is: Is there any written documentation,
24 whether an amendment to this contract or some other
25 written material, which limits the obligation which you

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1 and Mrs. Aulton as purchasers have undertaken to remain
2 members in good standing in the Callawassie Island
3 Member's Club for as long as you own the real estate?

4 A I have just to refer back to that same 13.3.1 article
5 that actually says that you will be expelled from the
6 club and you will not retain your membership, that the
7 membership will be surrendered and you will -- and
8 basically, you could still own the property. But I
9 also have to add that we actually gave up the property
10 because of the language that you have just read.

11 Q And you gave up the property pursuant to some
12 foreclosure proceedings under the tax laws?

13 A We surrendered the property to the banks that held the
14 mortgage.

15 Q Did the banks take title?

16 A The banks would not take title to the property because
17 they considered the property a toxic asset with
18 liabilities they did not want to assume.

19 Q So, is the title still in your name as far as you know?

20 A Two of the titles that were sold at tax sale are not in
21 our names at all. The other title is still in our name
22 but has been sold at tax sale and the County I think is
23 holding the deed. I don't know how that works exactly.

24 Q Okay. I want to go ahead and make reference to them
25 now. You've already confirmed to me that you and your

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1 wife executed two other contracts which were identical
2 to the one we've been discussing.

3 A Yes, sir.

4 Q One of those was the contract by which you and Sandra
5 Aulton purchased Lot 5 in Phase 6A of the Callawassie
6 Island Member's Club, correct?

7 A Lot 5, South Oak Forest, that's correct.

8 Q And that contract was also dated November 15, 2003?

9 A Okay.

10 Q Was it not?

11 A Yes, sir.

12 Q And it called for a contract price for the purchase of
13 Lot 5 in Phase 6A, I think, \$54,000?

14 A \$54,000, that's correct.

15 Q It's \$54,000. And y'all paid an additional buyer's
16 premium of 10 percent which amounted to another \$5,400,
17 did you not?

18 A Yes, sir.

19 Q Which brought the total price for that lot to \$59,400,
20 correct?

21 A Correct.

22 Q That binding offer was also absolute from the contract?

23 A Yes, sir.

24 Q And the only material difference between the contract
25 for the purchase of Lot 5 in Phase 6A and the one we've

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1 been talking about with regard to the purchase of Lot
2 52 in 13B was the identification of the particular
3 property being purchased and the purchase price,
4 correct?

5 A Yes.

6 Q All of the other provisions which we've been discussing
7 were incorporated in the second contract as well as in
8 the first?

9 A Correct, except for the question of the membership dues
10 and fees as being non-resident versus resident. So
11 they were -- that was the only thing that was up for
12 question and I don't believe it is explicitly spelled
13 out in the contract that you would pay full resident
14 fees on additional lot memberships. We knew for sure
15 that other people owned multiple lots and were not
16 paying full membership dues and fees. I believe one of
17 them was Terry Wurtzbacher had experienced the same
18 thing.

19 Q Before you -- I do want to go there eventually.

20 A Okay.

21 Q The contracts themselves, as far as I've seen, don't
22 appear specifically to address the issue of non-
23 resident versus resident dues. They do so, however, by
24 reference to the various club documents; do they not?

25 A Yes.

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- 1 Q And so the club documents you understood would govern
2 your responsibility as a membership owner to pay dues
3 whether at the resident or non-resident rate, correct?
- 4 A You're correct.
- 5 Q Okay. Just want to clarify that. In any event, the
6 contract for the purchase for Lot 5, 6A is what I'm
7 handing you now.
- 8 A Okay.
- 9 Q If you could just identify that.
- 10 A Yes.
- 11 Q And again, you've already confirmed that it's virtually
12 identical to the initial contract with the exception of
13 the designation of the property being purchased and the
14 purchase price, correct?
- 15 A I think that's correct, I believe. Yeah, and this one
16 is exempt from the additional copies as well, as the
17 earlier one was. I think it jumps from question 7 to
18 47 or something.
- 19 Q No, no. This has on the second page.
- 20 A You've got them all in there?
- 21 Q I've got all these. Satisfy yourself that that is the
22 case. If you look on the rear, on the reverse sides of
23 those pages, I think they have all of them.
- 24 A Oh, on the reverse. I may have missed that. I believe
25 that's the same documents.

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1 MR. HUGHES: Let's mark this, that is the
2 contract by which the Aulton's agreed to purchase
3 Lot 5 in Phase 6A of Callawassie Island, as
4 Exhibit Number 2.

5 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 2, DEPOSITION
6 OF MICHAEL AULTON; CONTRACT LOT 5 PHASE 6A, 4
7 PAGES (FRONT/BACK).

8 Q And the same series of questions with regard to the
9 contract by which you and Mrs. Aulton agreed with the
10 Callawassie Island Club, LP, to purchase Lot 42 in
11 Phase 10B of Callawassie Island. If you can identify
12 that document, Mr. Aulton?

13 A That seems to be the identical document.

14 Q Okay. So you would agree with me that with the
15 exception of the identification of the property being
16 purchased and the purchase price paid for the lot the
17 contract for the acquisition of Lot 42 Phase 10B is
18 identical to the previous two contracts we've
19 discussing?

20 A Yes, sir.

21 MR. HUGHES: And let's mark that third
22 contract as Exhibit 3. Again, that being the
23 contract by which the Aultons agreed to purchase
24 Lot 42 in Phase 10B.
25 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 3, DEPOSITION

1 OF MICHAEL AULTON; CONTRACT LOT 42 PHASE 10B, 4
2 PAGES (FRONT/BACK).
3 A May I use the restroom?
4 Q Certainly, anytime. This is not a marathon.
5 [OFF THE RECORD, BRIEFLY.]
6 MR. HUGHES:
7 Q Evidently, it was your understanding that the dues,
8 payments for the first two years on the initial lot,
9 that is Lot 32 Phase 13B and Lot 5 Phase 6A, were
10 basically to be paid by the developer on your behalf?
11 A I didn't know who they were being paid for by. I just
12 knew we were exempt from the payment.
13 Q Okay. And that, in fact, turned out to be the case,
14 did it not?
15 A Yes.
16 Q You were not charged dues on those two lots for the
17 first two years of your ownership? You didn't have to
18 pay --
19 A We did not have to pay them, but we received a billing
20 statement on those lots, but we were exempt from the
21 payment.
22 Q Am I correct in understanding that the billing
23 statement that you received basically confirmed that
24 payment of those dues had been made by someone?
25 A I believe you're right.

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1 Q Okay. This is what I understand to be -- or a copy of
2 the deed for Lot 5 Phase 6A at Callawassie Island. Can
3 you identify that document?

4 A Yes, sir.

5 Q And is that in fact a copy of the deed from the
6 Callawassie Island Company, LP, to you and Mrs. Aulton?

7 A A limited warranty deed, yes, sir.

8 Q Right. For Lot 5?

9 A Yes.

10 Q Okay.

11 MR. HUGHES: Let's go ahead and mark this as
12 Exhibit Number 4. Again, being the lot by which
13 the grantee, Callawassie Island Company, LP,
14 conveyed to grantees, Michael A. Aulton, Sandra D.
15 Aulton, title to the property designated as Lot 5
16 Phase 6A in Callawassie.

17 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 4, DEPOSITION
18 OF MICHAEL AULTON; DEED LOT 5 PHASE 6A, 4 PAGES.

19 Q Do you recall that the deeds by the Callawassie Island
20 Company, LP, to you and Mrs. Aulton for the other two
21 lots were basically identical in form to the deed
22 identified as Exhibit 4?

23 A I don't recall that exact detail, but I would submit to
24 that, yes.

25 Q In addition to describing the property being conveyed,

1 this deed, Exhibit 4, also advises, and again I'll
2 quote. You take that one so you can read along with
3 me. "The within property is conveyed subject to all
4 covenants, easements, restrictions, et cetera of record
5 affecting the property including, but not necessarily
6 limited to the amended and restated general declaration
7 for Callawassie Island and provision for the
8 Callawassie Island Property Owner's Association,
9 recorded April 20, 1993 in the Beaufort County records
10 in deed book 623 at page 456 and first addendum
11 recorded June 22, 1994 in book 713 at page 2398.
12 Second addendum recorded March 20, 1995 in book 766 at
13 page 536 and all easements as shown on the above-
14 referenced plat." Correct? Did I accurate read that?
15 A Yes, sir.
16 Q Would you agree with me that that advises you and Mrs.
17 Aulton as the purchasers that this property is subject
18 to the recorded covenants, et cetera?
19 A Yes.
20 Q Okay. Including those set forth specifically within
21 this deed?
22 A Correct.
23 Q And again, this deed is from the grantor, Callawassie
24 Island Company, LP, correct?
25 A Correct.

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- 1 Q The deed is not from the Callawassie Island Member's
2 Club, Inc., is it?
- 3 A That's true.
- 4 Q There's no reference to that entity within the deed, is
5 there?
- 6 A Not that I see.
- 7 Q Now, let me ask you to identify what I believe is the
8 deed from the Callawassie Island Company, LP, to you
9 and Mrs. Aulton for Lot 32 Phase 13B and ask you if you
10 can identify that?
- 11 A Yes, sir.
- 12 Q Would you agree with me that the deed for the
13 conveyance of that lot is generally identical to the
14 deed conveying Lot 32 in Phase 13B?
- 15 A Yes, sir.
- 16 Q The only exception again being the identification of
17 the specific property?
- 18 A Yes, sir.
- 19 Q And finally, I want to show you what I believe is the
20 deed conveying -- by the Callawassie Island Company,
21 LP, to you and Mrs. Aulton the property identified as
22 Lot 42 Phase 10B in Callawassie and ask if you can
23 identify that?
- 24 A And this is Lot 42, correct?
- 25 Q Yes, sir.

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1 A Okay.

2 Q It should be right there on the description.

3 A Yes, sir.

4 Q And again, am I correct in my understanding that the
5 deed conveying Lot 42 in Phase 10B is virtually
6 identical in all particulars with the previous deeds
7 we've been discussing? The only real change being in
8 its designation of the property conveyed?

9 A Correct, and the price.

10 Q And the price, exactly. And that's the case with all
11 of them.

12 A Yes.

13 MR. HUGHES: Let's make the deed conveying
14 Lot 32 Phase 13B as Exhibit 5. And the deed
15 conveying Lot 42 Phase 10B as Exhibit 6.

16 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 5, DEPOSITION
17 OF MICHAEL AULTON; DEED LOT 32 PHASE 13B, 4 PAGES.
18 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 6, DEPOSITION
19 OF MICHAEL AULTON; DEED LOT 42 PHASE 10B, 4 PAGES.

20 Q You confirm this, but it looks to me as though each of
21 these deeds we've been talking about, Exhibits 4, 5 and
22 6, is dated December 12, 2006; is that correct? On the
23 final page you'll see the date.

24 A The 12th, that's correct.

25 MR. MCDANIEL: What year?

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1 MR. HUGHES: Excuse me, December 12, 2003.

2 A Correct, 2003. Yes.

3 Q So, am I correct in my understanding that each of these
4 three deeds, Exhibits 4, 5 and 6, represents a
5 conveyance of the respective lots to you and your wife
6 pursuant to the agreements of the parties set forth in
7 the contracts for sale and purchase that we've been
8 talking about earlier?

9 A That's correct.

10 Q At the risk of further lengthening the time of this
11 deposition, I want to show you what are some settlement
12 statements. The first of these -- and again, my
13 understanding is that there were HUD settlement
14 statements that were prepared for each of these
15 conveyances, correct, which set forth the purchase
16 price, the ultimate amounts paid for you and your wife
17 paid for the lots, the disposition of the funds at
18 closing, correct?

19 A Correct.

20 Q And my understanding is they were all set forth upon a
21 HUD form and simply put forth all the relevant purchase
22 information, disposition of funds information, that
23 sort of thing, correct?

24 A Yes.

25 Q Let me just show you this one, which is the settlement

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1 statement, and see if you can confirm that that is the
2 settlement statement that was prepared in conjunction
3 with the purchase by you and Mrs. Aulton of Lot 32 at
4 Phase 13B. Does that appear to be the case?
5 A Yes.
6 Q And my primary areas of inquiry are on the cover page
7 which basically identifies you and Mrs. Aulton as the
8 borrowers.
9 A Correct.
10 Q And it specifically identifies the seller as the
11 Callawassie Island Company, LP, correct?
12 A Yes.
13 Q And it sets forth the name of the lender which in this
14 instance is, which bank?
15 A This says South Carolina Bank and Trust.
16 Q Okay. And again, it sets for the property address
17 itself, correct?
18 A Yes.
19 Q And identifies the property as Lot 32 Phase 13B?
20 A Yes.
21 Q Basically identifies the settlement agent as Bethea,
22 Jordan and Griffin, PA?
23 A That's correct.
24 Q Did you understand that that was a law firm on Hilton
25 Head Island?

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1 A Yes. Actually, we had retained that law firm previous
2 to this closing and I believe the attorney we dealt
3 with, a woman, was present at the auction at that time.

4 Q Do you remember who that was?

5 A Again, I could identify her and I know her very well
6 and I can identify her name immediately, but my recall
7 on her name is not present.

8 Q Did you understand that she was acting as your attorney
9 at closing?

10 A I believe she did represent us at closing.

11 Q Do you know whether or not she's still practicing?

12 A As far as I know, yes.

13 Q Looking at this statement further, it clearly confirms
14 that the property is subject to POA assessments,
15 looking at line 104?

16 A 2004 POA assessments, \$913.

17 Q Okay. I simply want -- I offered you this simply to
18 confirm the nature of those particular elements of the
19 transaction.

20 MR. HUGHES: Let's go ahead mark that as
21 Exhibit Number 7, I believe.

22 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 7, DEPOSITION
23 OF MICHAEL AULTON; SETTLEMENT STATEMENT, 2 PAGES.

24 Q And I'm going to show you what I understand to be a
25 similar HUD statement that was executed in conjunction

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1 with your acquisition of Lot 5 Phase 6A at Callawassie.

2 A Yes, sir.

3 Q Okay. Going back briefly to Exhibit Number 7. There
4 is a reference on the settlement statement which is
5 identified as Exhibit 7 at line 102. Let's look at
6 line 101. It says the contract price of \$14,400.

7 Excuse me, it has a contract price in what amount?

8 A \$23,200.

9 Q And immediately following that at line 102 it has
10 personal property in the amount of \$45,000?

11 A \$45,000.

12 Q And my understanding is that the \$45,000 was for the
13 acquisition of the club membership; is that correct?

14 A That's correct.

15 Q And are you aware that that \$45,000 was paid to the
16 Callawassie Island Club, LP, your seller, the entity
17 that conveyed that property to you?

18 MR. HAIGHT: Company.

19 Q Excuse me, Callawassie Island Company. Let me rephrase
20 that question. Are you aware that the \$45,000 in
21 personal property price for the acquisition of the club
22 membership was paid to the Callawassie Island Company,
23 LP?

24 A I wasn't aware at that time how those disbursements
25 were being made or how exactly -- I was a novice at

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1 private community memberships and private gated
2 communities. I had never owned a piece of property in
3 a private club or a community of that nature. So I was
4 a novice at that type of transaction, and I was not
5 aware of how the transactions were distributed or who
6 was receiving what, et cetera.

7 Q Let me just direct your attention on that matter to the
8 right-hand column under the summary of sellers
9 transaction. You with me?

10 A Yes.

11 Q And it goes down and it shows the contract sales price
12 of \$14,400 -- excuse me. It says the contract sales --
13 this reflects a contract sales price of \$23,200.

14 A Yes, sir.

15 Q It reflects personal property cost of \$45,000; does it
16 not?

17 A Correct.

18 Q It reflects county taxes of \$21.61, I think. It
19 reflects assessments of approximately \$38 and some
20 change.

21 A Yes.

22 Q It goes on and cites the gross amounts due the seller,
23 which is the accumulation of all the fees we've just
24 been discussing, at \$68,260, correct?

25 A Correct.

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- 1 Q And it goes further and shows reductions in the amount
2 actually due from the seller; does it not?
- 3 A Reductions in the amount due to seller, that's correct.
- 4 Q So there would be some reduction from the \$68,260,
5 correct?
- 6 A Yes.
- 7 Q And among those would be the settlement charges to the
8 seller --
- 9 A Yes, sir.
- 10 Q -- of \$7,900, roughly. Prorated taxes of approximately
11 \$494, correct?
- 12 A Correct.
- 13 Q And an additional reduction from the amount due to the
14 seller -- that's not correct.
- 15 A That's club membership, client 509.
- 16 Q It goes on and talks about Callawassie Island, LP, --
17 goes on to show that the amounts due to the seller. It
18 goes on and reflects the Callawassie Island Company,
19 LP, membership of \$45,000, correct?
- 20 A Disbursement, that's correct.
- 21 Q Right. Did you discuss this document with your counsel
22 at the time of the purchase of the property?
- 23 A We definitely went over the document and looked all the
24 numbers over. We were in fact aware that the
25 disbursements were being -- that the membership was a

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1 45 -- was equated at a \$45,000 value.

2 Q Right.

3 A And the closing was reflecting that.

4 Q Am I correct in understanding that for each of the
5 memberships, the membership related to Lot 42 Phase
6 13B, Lot 5' Phase 5A, and Lot 42 Phase 10B, you and your
7 wife paid separate charges of \$45,000 per membership?

8 A I imagine you could state it that way. Actually, the way
9 we seen it is we were paying a base amount for the
10 property and the membership. So we bought the property
11 basically on a negotiated sale, the first one, Lot 42.
12 The other two we bought at the auction. It was a price
13 that included the membership. It was not explained
14 that the membership was mutually exclusive from the
15 property. It was a package that you were buying the
16 property that included a membership that was valued at
17 \$45,000. I did not know prior to the auction what a
18 membership value was appraised at. But when they
19 basically revealed that at the auction that a \$45,000
20 membership value was included in the purchase of the
21 property then I was aware that you were receiving a
22 membership. But I wasn't aware that it was a mutually
23 exclusive deal from one another.

24 Q However, the --

25 A Disbursement does show that.

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1 Q It clearly shows that payment of \$45,000 was made for
2 the acquisition of the club membership?

3 A That's correct.

4 Q And do you recall that similar disclosures were made in
5 the settlement statements which were relevant to the
6 other two lots you purchased?

7 A I believe that is correct.

8 Q I'm not a real estate lawyer, so some of things are
9 news to me.

10 A They're all news to me.

11 Q Let's look briefly at some of these club documents.

12 A Can we take a lunch break before we really get into
13 that because that's going be a whole new agenda?

14 Q You'd be doing me a favor.

15 [OFF THE RECORD, 12:58 P.M. - 2:14 P.M.]

16 MR. HUGHES:

17 Q Let me ask you something. It occurred to me while at
18 lunch -- the woman with whom you spoke who was the
19 membership director and you could not recall whether or
20 not she had been associated with --

21 A Manager, I believe.

22 Q Manager, whatever. And you didn't know whether or not
23 she'd been associated with -- you didn't know who her
24 employer was. You said if you heard her name, you
25 would know it?

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- 1 A Yes.
- 2 Q Was that Ellen Padgett?
- 3 A You're exactly right.
- 4 Q Okay. That's all I wanted to know.
- 5 A And as soon as I walked out, I remember Sarah
- 6 Robertson's name.
- 7 Q She was the attorney who represented you in the
- 8 purchase of the property?
- 9 A Yes, and the closings.
- 10 Q Yes, sir. She's the attorney with Bethea Jordan and
- 11 Griffin?
- 12 A Yes, sir.
- 13 Q We had just gotten through talking about the various
- 14 HUD settlement statements and I believe you had
- 15 identified the first one that related to your
- 16 acquisition of Lot 32 in Phase 13B. I think you told
- 17 me that the other two HUD settlement statements were
- 18 basically identical with the exception of the purchase
- 19 prices paid and the identification of the lots, that
- 20 kind of thing.
- 21 A Correct.
- 22 Q Let me show you what I believe is a copy of the
- 23 application which you submitted for membership in the
- 24 Callawassie Island Member's Club, Inc., and see if you
- 25 can identify that document.

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Martin ROA 643

1 A That's definitely in Sandy's handwriting. Okay.

2 Q Does that appear to you to be the application which you
3 executed for membership in the club?

4 A Yes.

5 MR. HUGHES: Let's mark this as Exhibit
6 Number 8.

7 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 8, DEPOSITION
8 OF MICHAEL AULTON; APPLICATION FOR MEMBERSHIP, 4
9 PAGES.

10 Q I just have a few questions about this. This appears
11 to have been submitted on August 16, 2003. Excuse me,
12 November 16, 2003.

13 A Correct.

14 Q And basically --

15 A November 24, '03.

16 Q Right. Was actually -- it looks as though it was
17 signed by you and your wife on November 16th and signed
18 by the Callawassie Island Member Club representative on
19 November 24th; is that right?

20 A That's what it says.

21 Q The only part that is really of interest to me is
22 paragraph 1 of the agreement itself. I'm going to read
23 the contents. "I hereby apply for membership in the
24 Callawassie Island Member's Club, Inc., the Club, and
25 agree to pay such dues, fees, and charges including

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1 food and beverage minimums established by the Club from
2 time to time. I acknowledge that my membership will be
3 governed by the Plan of Offering memberships in the
4 Callawassie Island Member's Club dated August 8, 2001
5 referred to as the membership and this application, and
6 agree to be bound by the membership plan as the same
7 may be amended from time to time." Did I quote that
8 accurately?

9 A Yes, you did.

10 Q I have no further questions on that document. Rick may
11 want to revisit it later. That is your signature on
12 that document as an applicant?

13 A I think I allowed my wife to sign that document for me.

14 Q She signed on your behalf?

15 A But I was present at the time.

16 Q You authorized her to sign for you then?

17 A Yes.

18 Q And that's her signature as well on her behalf?

19 A It looks like it, yes.

20 Q Now, that document that's been marked as Exhibit Number
21 8, that document refers to the Callawassie Island
22 Member's Club, Inc., Plan for the Offering of
23 Memberships dated August 8, 2001, correct? I just read
24 that to you.

25 A Correct.

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Martin ROA 645

1 Q And that is an agreement to which you and your wife
2 agreed to be bound?

3 A Yes.

4 Q Let me show you what appears to me to be a document
5 entitled, "The Callawassie Island Member's Club, Inc.
6 Plan for the Offerings of Memberships, dated August 8,
7 2001," and ask if you can identify that?

8 A I believe these are the ones we copied and turned over
9 to Mr. Haight.

10 Q Is that among the documents that were provided to you
11 in conjunction with your initial purchase of the three
12 lots we've been talking about all morning?

13 A I believe so.

14 Q And is that in fact a copy of the Plan for the Offering
15 of Membership that is referenced within your
16 application in the Callawassie Island Member's Club?

17 A I would assume so.

18 MR. HUGHES: Let's mark that, as soon as Mr.
19 McDaniels gets through with it, as Exhibit Number
20 9.

21 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 9, DEPOSITION
22 OF MICHAEL AULTON; PLAN FOR OFFERING, 16 PAGES.

23 Q I'll stand over your shoulder only because it makes the
24 questions easier.

25 A Sure.

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- 1 Q I have a few questions concerning the document.
2 Referring specifically to paragraph 1. -- well, in the
3 first place we have a Plan of Offering table of
4 contents, do we not?
- 5 A Yes.
- 6 Q And it generally sets forth various sections which deal
7 with specific aspects of membership, correct?
- 8 A Yes.
- 9 Q And that includes the general description of the Plan
10 of Offering, description of equity memberships in the
11 club, membership admissions and things of that nature,
12 correct?
- 13 A Correct.
- 14 Q Looking at the category one, the general description of
15 the plan for the offering of memberships. If you look
16 at paragraph 1.7, it sets forth in bold-faced print
17 carefully review all documents, correct?
- 18 A Carefully review all documents. That's the heading
19 under 1.7.
- 20 Q Would you agree with me that that is a specific
21 admonition to the purchaser to review all of the
22 available club documents?
- 23 A Yes.
- 24 Q And as matter of fact it cautions you that what you're
25 looking at is a summary or the plan is a summary of

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1 club membership opportunities, but it also clearly
2 advises that any person contemplating membership should
3 look at all the available club documents, does it not?

4 MR. MCDANIEL: Object to the form.

5 Q Well, let me read it you then. You can tell me if I'm
6 saying it right. Subparagraph 1.7 of the Article 1 of
7 the plan, "This plan is a summary of the membership
8 opportunities offered by the club and is qualified by
9 the definitive information set forth in the attached
10 exhibits. Every person who desires to purchase a
11 membership in the club should carefully read the plan
12 and all of the attached documents, and should consider
13 seeking professional advice to evaluate these
14 documents." Is that what it says?

15 A Yes.

16 Q Clearly advising you that this plan is a summary of the
17 membership opportunities, clearly advising you that the
18 comprehensive nature of club membership and
19 opportunities is only available through review of club
20 documents and clearly advising that you should consult
21 professional advice prior to entering the club, does it
22 not?

23 A Yes, and they provided professional advisor that was
24 the club membership manager for asking questions. They
25 provided that and not only at the time of the sales,

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1 but you could go and talk with Ms. Ellen Padgett after
2 the sales.

3 Q Did you ever seek the advice of any professionals --
4 did you ever seek any professional advice with regard
5 to your contemplating club membership from anyone other
6 than persons associated with the Callawassie Island
7 Company?

8 A I can't really recall if I did seek any other
9 professional advice outside of the club's -- Ellen
10 Padgett and members of the club.

11 Q You told us that prior to buying the lots you consulted
12 with your brother-in-law, I believe you told us, Mr.
13 Bennett?

14 A Yes, but that was as to the value of the property.

15 Q Right.

16 A He had no experience with private club memberships or
17 any of this stuff as well.

18 Q My point though is, you didn't consult with the seller
19 of the property, you consulted with an independent
20 third party with regard to advice as to whether or not
21 you might want to buy the lots, correct?

22 A Well, yes. I didn't consult directly with the seller
23 as to the value of the lots because they had already
24 expressed during the sales event that the value of the
25 lots were significantly more than what the offering was

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1 being made at.

2 Q But my additional point is, you did not consult with
3 any third parties, any independent parties, with regard
4 to the obligations you were undertaking in joining this
5 club; is that true?

6 A To be quite honest with you, I cannot remember. I know
7 that my friend Conrad Damon, who was an attorney, a
8 real estate attorney -- I had access to him on a
9 personal basis as a friend. I cannot explicitly
10 remember whether I consulted with him or not because I
11 did talk with him and consult with him about real
12 estate transactions that I had been involved in.

13 Q Did you ask him to review either the Plan of Offering
14 which is designated as Exhibit 9 or any of the other
15 club documents referenced in the various club
16 materials?

17 A No. I'm quite sure I did not have this document
18 available to show him because he was in Jupiter,
19 Florida. But I also think there's a good possibility
20 that we did discuss this with Sarah Robertson.

21 Q She was your attorney you utilized in buying the
22 property?

23 A Correct.

24 Q Okay. Do you remember what, if any advice, she gave
25 you with regard to the contents of these documents?

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1 A I don't have any -- the distinct recall on that. I
2 know that most of the replies we got in reference to
3 the membership offering was very casually presenting.

4 Q Did you discuss specifically with Ms. Robertson the
5 nature of the obligations that you were undertaking by
6 joining the club as those obligations related to the
7 continuing payment of dues in the Callawassie Island
8 Member's Club? Did you discuss that issue with her?

9 A I'm relatively sure we did discuss that issue, but I
10 don't think it was on a documented legal advice-type of
11 thing like this meeting is.

12 Q Do you recall the advice she gave you with regard to
13 your continuing obligation to pay dues to the
14 Callawassie Island Member's Club by virtue of your
15 joining the club?

16 A Again, it's very hard for me to recall the exact
17 details because those meetings were not prolonged,
18 because it was business of closing and settling on
19 these properties. So we were -- but I did have
20 expressed concerns about an ongoing and non-terminating
21 obligation that at some point in time we would not be
22 able to fulfill. And I remember the generality that
23 was expressed casually by the people I approached to
24 with that, is that you are capable of surrendering your
25 membership and getting out from underneath that

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1 obligation, and that's a very general concept that was
2 presented when I spoke with people that were basically
3 familiar with the club and the legal situation involved
4 here.

5 Q And you said you had spoken with Ellen Padgett, with
6 Sarah Robertson, and perhaps with Conrad Dawson?

7 A Conrad Damon.

8 Q Excuse me, Damon.

9 MR. HAIGHT: How is that spelled?

10 DEPONENT: D-a-m-o-n.

11 Q Anyone else with whom you spoke about those issues?

12 A Well, actually I continued to speak about these issues
13 for a long time, especially --

14 Q I'm talking prior to your purchase of the lots.

15 A Prior to or at time of purchase?

16 Q Yes, sir.

17 A Actually, I can't think of anybody else I would have
18 talked to.

19 Q Looking again at the agreement, specifically at
20 subparagraph 18. It also says in bold type, "Rely only
21 upon information in this membership plan," correct?

22 A Yes.

23 Q And it goes on to say "No person has been authorized to
24 give any information or make any representation not
25 contained in the plan, and if given or made, such

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1 information or representation must not be relied upon
2 as having been authorized by the club," correct?

3 A That's exactly what it says. But in lieu of that
4 statement there, we also have to repeat the fact that
5 the plan was referred to in 13.3.1 ability to get out
6 of the plan. So it was a direct relationship between
7 the information given by a representative to what the
8 plan stated.

9 Q You've already told me that you had dealt with regard
10 to that issue only with Ellen Padgett as a
11 representative of the Callawassie Island Company,
12 right?

13 A Correct.

14 Q Okay. That was information being provided to you by
15 the seller from whom you and your wife purchased the
16 lots, correct?

17 A That was -- what information?

18 Q The information that you received from -- with regard
19 to the ongoing obligation to pay dues as an equity
20 member of the Callawassie Island Member's Club came to
21 you you've told several times earlier from Ellen
22 Padgett.

23 A Correct.

24 Q And perhaps from Conrad Damon and perhaps from Sarah
25 Robertson, but no one else?

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- 1 A Not that I know of, correct.
- 2 Q All right. Looking again at the Exhibit 9, the Plan.
- 3 At subparagraph 1.9, again, it tells you in bold-faced
- 4 print, "Memberships offered only for recreational
- 5 purposes;" does it not?
- 6 A That's what the memberships are offered for.
- 7 Q And it goes on to say, "Memberships are being offered
- 8 exclusively for the purchase of permitting persons
- 9 acquiring memberships to obtain recreational use of the
- 10 club facilities. Membership should not be viewed or
- 11 acquired as an investment and no person purchasing a
- 12 membership should expect to derive any economic profits
- 13 for membership in the club. No federal or state
- 14 authority is passed upon or endorsed the merits of this
- 15 membership plan." Have I accurately quoted that
- 16 provision of the plan?
- 17 A Yes, sir. We never expected to profit from the
- 18 membership of the club. We thought that there would be
- 19 appreciation of the property value that was contained
- 20 in the package of the purchase of membership and real
- 21 property. We had no expectation or plan from -- the
- 22 reason we wanted to own the memberships was for
- 23 peaceful and passive recreation, basically, walking and
- 24 bicycling and occasionally using the dock.
- 25 Q But you've already told me earlier that you bought

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1 these lots and the associated memberships as
2 investments intending to flip them down the road?
3 A Actually, I told you that we bought the memberships as
4 a package with the property. We were primarily buying
5 the property, but the memberships were accompanied with
6 the property. They claimed there was a \$45,000 value
7 for the membership. I had -- I did not really conceive
8 at that time that these were mutually exclusive
9 entities and I had no expectations at all of profiting
10 or gaining financially from owning memberships. I felt
11 that the membership was an accent to the property and
12 the land value of the property would appreciate,
13 because all land values throughout the entire country
14 were appreciating at that time.
15 Q You were aware, however, were you not, that you could
16 not -- a person could not acquire a lot within
17 Callawassie Island without corresponding acquiring an
18 equity membership in the Callawassie Island Member's
19 Club; you were aware of that?
20 A That basically is not true.
21 Q Were you not advised of that obligation at numerous
22 locations within the club documents that were provided
23 to you at the time you bought the property?
24 A We were told you had to have an equity membership for
25 each piece of property, but we were not told that there

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1 were multiple properties owned on the island without
2 equitable memberships attached, and the fact that other
3 people had walked away completely from their
4 memberships and had sold their properties without the
5 memberships attached to it.

6 Q We'll address that in a little while.

7 A Amen.

8 Q The fact is -- I understand what you're saying and I
9 know that is a position you want to make clear.
10 However, in the documents that were provided to you and
11 in the documents that you executed at the time you
12 purchased these three lots and these three memberships
13 in the Callawassie Island Member's Club, did these
14 documents not make clear to you that anyone purchasing
15 a lot at Callawassie Island had to buy a corresponding
16 equity membership in the Callawassie Island Member's
17 Club?

18 A They alleged --

19 Q Did the documents not say that?

20 A They alleged --

21 Q Allegations aside.

22 A Excuse me. They alleged -- okay. Go ahead.

23 Q I'm not here to argue with you.

24 A I am not here to argue with you.

25 Q Just answer my question. Do not the documents clearly

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1 advise you that in order to purchase a lot at
2 Callawassie Island at any time subsequent to 2001, a
3 person buying a lot also had to buy an equity
4 membership in the Callawassie Island Member's Club, is
5 that not a fact, Mr. Aulton? Regardless of any other
6 allegations, is that not a fact that those
7 representations are set forth within the club
8 documents?

9 A That advice was put forth, but it was not accurate and
10 it was not completely truthful.

11 Q Okay. You are free to make that point to the court and
12 I'll look forward to hearing your arguments on that
13 point. But the fact is the documents say what they
14 say.

15 MR. MCDANIEL: Object to the form.

16 Q Looking at the table of contents, just briefly going
17 back, the table of contents sets forth again a host of
18 subjects which is addressed within the Plan of
19 Offering. It also refers to the exhibits, does it not?

20 A Exhibits, yes.

21 Q And the table of contents in referencing exhibits says
22 attachment A, the partnership rights; attachment B,
23 conditional addendum to membership plan, and also the
24 general club rules. All of which are exhibits to the
25 membership plan, are they not?

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- 1 A Yes.
- 2 Q Okay. Looking at the Article 2 of the membership plan
3 which deals with equity memberships in the club. I'm
4 looking specifically at subparagraph 2.4.1. It refers
5 to the fact that memberships may be transferred only to
6 the club; does it not?
- 7 A It has some provisions for transferring after a certain
8 number were sold. Otherwise it says that memberships
9 may be transferred only to the club.
- 10 Q And it advises you further that the club would then
11 reissue memberships to qualifying members upon the
12 member's purchase of the membership, correct?
- 13 A Can you repeat that question again?
- 14 Q Basically it advises you that in the event that a
15 transfer of a membership is made to the club, the club
16 would then reissue that membership to a qualifying
17 purchaser, does it not?
- 18 A Yes.
- 19 Q Okay. And then it goes on to say at section 2.4.2, it
20 addresses reissuance of resigned equity memberships,
21 does it not?
- 22 A Reissuance of resigned equity memberships.
- 23 Q Right.
- 24 A That's what it says.
- 25 Q And it goes on to explain, and I can certainly read it,

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1 but generally it explains that if a membership is
2 resigned, the club places it upon a resale list,
3 correct, and then once the membership is purchased in
4 accordance with the provisions governing the resale
5 list, the club would then reissue that membership to a
6 qualifying purchaser, correct?

7 A That is a provision that has been provided for in this,
8 but was not strictly adhered to in the general practice
9 of transferring memberships.

10 Q Let me ask you this: Doesn't section 2.4.2 of the plan
11 state in relevant form, and I'll quote here, "The club
12 shall be obligated to repurchase a resigning member's
13 equity membership only in accordance with this plan and
14 only if an individual who is acceptable to the club is
15 willing to purchase the membership." Isn't that what
16 it says?

17 A That's exactly what it says, but the club had made
18 deviations from that under confidentiality statements
19 and in secrecy of members, and that is a fact.

20 Q I understand that you want to make those points and
21 I'll give you more than adequate opportunity to do that
22 down the road. I promise you I or Mr. Haight will
23 allow you to address those issues to your heart's
24 content. But before we go there, I simply want to go
25 through the portions of -- I'm not meaning to muzzle

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1 you. We need to get through these documents first, and
2 if you're going to tell me that these documents don't
3 say what I think they say, I need to know that. Thus
4 far, I don't think you're saying that. You're simply
5 saying that other considerations might come into play,
6 right?

7 A I believe that the documentation as you're describing
8 it is accurate according to your description, but the
9 actual practice and following of the documentation by
10 the authorities of the club was not executed in an
11 honest, open and forthright manner. That's exactly
12 what I'm saying.

13 Q Looking at -- I understand what points you're making.
14 But looking at section 2.4.9 of the same plan, it talks
15 about payment of dues by resigned equity members; does
16 it not?

17 A Yes.

18 Q And it says, and I'm going to quote again, "An equity
19 member who is on the waiting list to sell their club
20 membership will be obligated to continue to pay all
21 charges to the club until his or her equity membership
22 is reissued by the club." Isn't that what it says?

23 A That's what it says on paper.

24 Q And it goes on to say that any unpaid charges, plus
25 interest accrued under the then prevailing terms of the

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1 general club rules will be deducted from the amount to
2 be paid by the resigned member upon the reissuance of
3 his or her resigned membership, correct? Is that what
4 it says?

5 A Yes. And this question should be addressed to many
6 other people that have not fulfilled that obligation.

7 Q Okay. Looking at section -- well, Article 5 of this
8 same agreement, it deals with dues, fees, charges and
9 liens; does it not?

10 A Yes.

11 Q And that would include, I take it, whether those dues
12 are non-resident dues or resident dues, correct?

13 A I would think so.

14 Q And subparagraph 5.1 refers to setting of dues, fees,
15 and charges, right?

16 A Setting of dues, fees, and charges.

17 Q And it says specifically, and I'll quote again,
18 "Members are and will continue to be the primary source
19 of operating and capital funds for the club. Each year
20 the board of directors of the club will determine the
21 dues, fees, and charges, including any food and
22 beverage minimums for each category of membership in
23 the club. All dues will be payable in advance on or
24 before the first day of each month during membership
25 year, unless otherwise determined by the club." Have I

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1 accurately quoted that?

2 A You've accurately quoted that.

3 Q And then it goes on at section 5.2 to address resident
4 and non-resident dues, correct? Bold form print at
5 Subparagraph 5.2 advises that that provision addresses
6 resident and non-resident dues; is that correct?

7 A Resident and non-resident dues, that's correct.

8 Q And it goes on to explain "Resident and non-resident
9 dues categories will be established by the club. Each
10 member who has completed a residential unit or who
11 residents for three or more months during any member
12 year in Beaufort or Jasper County, South Carolina, or
13 Chatham County, Georgia will be considered a resident
14 and will be required to pay the residential category of
15 dues." Have I accurately quoted that?

16 A You've accurately quoted that.

17 Q So a person who lives in Chatham County, Georgia or
18 Beaufort County, South Carolina or Jasper County, South
19 Carolina for at least three months out of a year is
20 deemed under the provisions of this membership plan to
21 be a resident, correct? Under the provisions that I
22 just read you; is that correct?

23 A It's presumed that they would be a resident and pay
24 resident fees on at least one piece of property.

25 Q And by the same token that same provision Subparagraph

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1 5.2, specifically says, "If one is deemed a resident
2 under the club documents, that resident pays membership
3 dues at a resident rate;" does it not?

4 A It says that, but it does not address the full
5 complexity of ownership of multiple properties which
6 many people had and several people did not pay any
7 dues, fees, or assessments toward the second or third
8 properties and it does not address the fact that you
9 could own properties adjacent to one another and not
10 have multiple dues, fees and assessments.

11 Q Okay. Did you at the time that you purchased the three
12 lots and the three memberships at the Callawassie
13 Island Member's Club review this plan this Callawassie
14 Island Member's Club Plan for the Offering of
15 Memberships dated August 8, 2001?

16 A Yes, we did review it and we did ask questions of it.
17 The replies were very casual and very matter of fact
18 that if you wanted out of the club, you could basically
19 get out of it without a continuing lifetime obligation
20 that would indebt you until death.

21 Q Let's look now at the Callawassie Island Member's Club,
22 Inc., General Club Rules. I'm going to show you what I
23 believe are the General Club Rules that were dated
24 August 8, 2001 and ask if you can identify those?

25 A Didn't we already look at these?

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1 Q No, sir. We looked at the Plan of Offering.

2 A Yes. I'm sure that these were given to us and we had
3 those in the file and these are probably the copies
4 that we sent to Mr. Haight.

5 Q Let me ask you this: The General Club Rules which
6 you've just been reviewing are the General Club Rules
7 that are referenced as exhibits in the Plan of Offering
8 which you were discussing with me earlier?

9 A Yes.

10 MR. HUGHES: Let's mark these Club Rules
11 dated August 1, 2001 as Exhibit Number 10.
12 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 10,
13 DEPOSITION OF MICHAEL AULTON; GENERAL CLUB RULES,
14 13 PAGES.

15 Q I've got to ask you a few questions about those, just
16 bear with me if you would. I'm going to give you
17 plenty of opportunity down the road --

18 A Yes. Well, we're going down that road.

19 Q I'm glad to go there. We've got to get the ground work
20 on this stuff laid first. Looking at those club rules,
21 let me refer you first again to a general table of
22 contents, correct?

23 A Yes.

24 Q And it basically has a table of contents setting forth
25 the various sections contained within the rules that

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1 identify various matters that are contained within the
2 rules themselves; correct?

3 A Yes.

4 Q You look at paragraph -- Article 13 within the table of
5 contents refers specifically to dues, fees, assessments
6 and charges; does it not?

7 A Yes, it does.

8 Q So if you look at Article 13 set forth within this
9 document, it commences, I think, on page 8, correct?

10 A Eight, that's correct.

11 Q All right. Article 13.1 basically again reiterates
12 that annual membership dues are paid monthly in
13 advance, correct?

14 A That's correct.

15 Q And again, 13.1.2 simply advises that all charges
16 incurred by the member will be billed monthly and shall
17 be deemed delinquent which is not paid within 30 days
18 of the statement date, correct?

19 A Correct. May I add that until we decided that we could
20 no longer afford to pay these dues, fees and
21 assessments for all three of these lots, we had never
22 missed a payment and never been late with a payment and
23 we were responsible in the respect of trying to fulfill
24 the general rules and obligation to the membership of
25 the club. But we never expected that it would not be -

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1 - it would be a lifelong obligation without any
2 resource or allotment for exiting, except through
3 death.

4 Q Let me ask you this: you had a period of two years
5 following December of 2003 when you were not expected
6 to pay the dues on two of the lots and you had already
7 paid in advance the two of years on the third lot,
8 correct?

9 A You're exactly right.

10 Q And then at the expiration of that two-year period,
11 which I think would have been December of 2005, that's
12 when you and your wife began paying dues on the three
13 memberships?

14 A We had already paid the dues, fees and assessments in
15 access for the first two years on the first lot. We
16 continued -- we picked up the dues, fees and
17 assessments for the other two lots -- well, the two
18 memberships associated with the other two lots and we
19 paid those diligently and completely every month as
20 called for.

21 Q And you started paying those in January of 2006?

22 A I can't tell you the exact date.

23 Q Two years after the two-year period expired?

24 A Basically, I think it was 25 months.

25 Q You had a grace period effectively either having paid

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1 them in advance for two years or someone else was going
2 to pay them for you for two years, right?

3 A Right.

4 Q So after the expiration of that two-year period you and
5 your wife began paying those dues?

6 A Yes, we did.

7 Q Which, if I'm calculating correctly, would have been
8 January or February of 2006?

9 A I would say.

10 Q Right?

11 A Yes, sir.

12 Q And for how long a period did you continue to pay those
13 dues on those three separate memberships?

14 A I believe we suspended paying dues, fees and
15 assessments in April of 2008. My wife could verify
16 that very specifically.

17 Q And while you were paying those, were you paying those
18 at a non-resident rate or at a resident rate?

19 A We always paid the two lots at a non-resident rate and
20 prior to picking up the payments for those two lots
21 they were billed at a non-resident rate.

22 Q But when you started paying them in January, February,
23 March of 2006, whenever you began, did you continue to
24 have to pay them at the resident rate or the non-
25 resident rate?

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- 1 A The non-resident rate for two lots and the resident
2 rate for the one that we bought prior to the auction.
- 3 Q And during that period, was the Callawassie Island
4 Member's Club contending that it was entitled to bill
5 you and be paid at a resident rate for those dues?
- 6 A At some point in time after we had picked up the
7 payment on the two lots, and I'm not sure exactly what
8 point in time it was, they challenged the fact that we
9 were paying non-resident instead of resident on those
10 two lots and they wanted us to pay resident fees, but
11 we never acquiesced to that demand because we had been
12 guaranteed that we would only pay non-resident on those
13 two lots.
- 14 Q Subparagraph 13.2 of Article 13 refers to payment of
15 these dues, fees, assessments, charges, et cetera,
16 correct?
- 17 A Yes.
- 18 Q And 13.2.1 states specifically that if payment is not
19 received by the end of the month following the
20 statement date, the outstanding balance will be subject
21 to an interest charge of one and one half percent per
22 month which shall be added to the balance until payment
23 is received.
- 24 A Yes.
- 25 Q Clearly advising the membership owner that in the event

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1 of any delinquency in the payment of his dues that
2 delinquency would bear interest, correct?

3 A You're correct. But prior to not paying the dues, fees
4 and assessments we approached the club and the club
5 manager and offered to settle on the properties and
6 make cash settlements as well as attempt to sell the
7 properties and forward all the revenues from the
8 properties to the club. So we did not just walk away
9 as other members did from their responsibilities of the
10 dues, fees and assessments. And these other members
11 were never penalized, nor sued, nor charged with any
12 violation of club rules. So we felt that we were being
13 open, honest and forthright with the club in our
14 negotiations and our attempt to exit the club
15 membership. At the time that we stopped paying, prior
16 to the time we stopped paying for club memberships, we
17 would not use or access any of the club's amenities
18 because we felt like we did not have a right to use
19 those privileges and amenities if we were not paying
20 for them.

21 Q My understanding is, and this is premised upon some
22 communication from your wife to the club that neither
23 you nor she ever utilized the amenities available at
24 the club throughout the period of your ownership of
25 those lots and your ownership of the membership.

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1 A To be very explicit about that, we never utilized the
2 golf privileges. We never used the golf course. We
3 never used any of the golfing facilities. We did use
4 the dock a few times. We did -- I did use the swimming
5 pool while we were paying for it and we fulfilled our
6 obligation of consumption of food that we were paying
7 for.

8 Q Subparagraph 13.3 of Article 13 deals with
9 delinquencies, correct?

10 A 13.3, delinquencies. That's what it says.

11 Q Have you had a previous opportunity to review that
12 specific provision?

13 A Okay.

14 Q Would you agree with me that the provisions of
15 subparagraph 13.3.1 advised the member that in the
16 event of his failure timely to pay required dues, et
17 cetera, you were subject to possible suspension and
18 possible expulsion as possible penalties for his
19 failure?

20 A Yes. And we fully, voluntarily relinquished any use or
21 privileges of membership prior to defaulting on any
22 payments. We voluntarily omitted ourselves from club
23 privileges and use prior to being expelled or not being
24 -- prior to being delinquent, I should say.

25 Q Let me ask something with regard to subparagraph

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1 13.3.4.

2 A Okay.

3 Q Would you agree with me that that advises the member
4 that he would be responsible for attorney's fees in the
5 event that collection efforts were necessary to collect
6 the delinquent dues?

7 A If the delinquent dues had been -- as they approached -
8 - as a four month delinquency, there would have been no
9 need for attorney's fees in this case because we were
10 gladly -- we would have been glad to pay the four
11 months and surrender our memberships.

12 Q But my question really is: Would you agree with me
13 that under the provisions of the subparagraph 13.3.4, a
14 delinquent member is responsible for the payment of any
15 attorney's fees necessary in collection with dues and
16 fees that were in fact delinquent?

17 A Only if those dues and fees exceed the four month
18 limitation that was mentioned.

19 Q Okay. Looking at Article 14 of these general rules.
20 These deal with the overall category of discipline, do
21 they not?

22 A Where does that -- number 14 says discipline. Yes, it
23 does.

24 Q And that basically advises the member of the potential
25 sanctions or penalties that might be imposed either

1 because of member misconduct or because of a member's
2 failure timely to pay dues, fees, assessments, et
3 cetera, is that correct, as more specifically explained
4 within Article 14?

5 A It says right here, the board of directors shall be the
6 sole judge of what constitutes improper conduct or
7 conduct likely endanger the welfare, safety, harmony or
8 good reputation of the club or its members. I would
9 ask in reference to that, where is the discipline for
10 the governing board of directors to enforce this upon
11 the overall population without exception, without favor
12 and without secrecy or confidentiality commitments?

13 Q Looking at subparagraph 14.1.3, it deals with
14 suspension as a possible penalty to be imposed by the
15 board; does it not?

16 A Yes, it does. And basically I never -- prior to
17 receiving the lawsuit threat and then the following
18 intent to sue, I had never received any -- I can't
19 remember, let's put it that way. I cannot remember
20 receiving any formal suspension letter. Now, Sandy
21 would have track of that and know exactly what date and
22 if that occurred. But for me, I didn't know that and
23 we had interceded with the club well prior to any
24 suspension or delinquency to satisfy the club as to our
25 financial obligation in reference to the memberships.

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1 So, it is imperative that we understand the
2 relationship between the member and the club rules, and
3 the differentiation of treatment between members in
4 order to interpret this document in an honest and open
5 manner. And that's what I've got to say about that.

6 Q I understand. Now, 14.1.3 addresses the possible
7 remedy of suspension available to the board, does it
8 not? You've already told that it does, correct?

9 A Yes.

10 Q And also 14.1.4 addresses termination as a possible
11 sanction that could be imposed by the board, does it
12 not?

13 A Yes.

14 Q And I'm going to read this and you tell me if I'm
15 reading it correctly. "The Board of Directors may by a
16 two-thirds vote of the directors present request the
17 resignation of any member of the club for cause deemed
18 sufficient to the Board. If the member does not resign
19 at the request of the Board, the member may be expelled
20 by the Board." Is that what it says?

21 A How does that apply in this case? I do not --

22 Q Bear with me. Bear with me.

23 A I'm listening.

24 Q Is that what it says?

25 A It basically says that.

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- 1 Q Okay. Now, look at section 14.1.5 which addresses
2 expulsion. And I'm going to read this and you tell me
3 if I'm reading it correctly. "Any member of the club
4 who has been expelled shall not again be eligible for
5 membership nor admitted to the club facilities under
6 any circumstances. An expelled member shall be
7 notified by registered mail and shall have the
8 obligation to surrender his or her membership
9 certificate for reissuance by the club to a new
10 member." Correct?
- 11 A That's exactly what it says, but we offered the club
12 memberships to the club prior to any expulsion, prior
13 to any sanctions, prior to any delinquency. We were
14 willing to not only offer the certificates of
15 membership as a token of our wanting to cooperate with
16 the club, but we also offered to put all the properties
17 up for sale and transact the sales, have the property
18 in the control of the club and pay the mortgages on the
19 properties for basically an indefinite period of time.
20 Does that sound like a reasonable offer?
- 21 Q Section 14.2, again, continues to address reprimands,
22 suspension, expulsion and termination, correct?
- 23 A Reprimands, suspension, expulsion, termination of
24 membership.
- 25 Q Any of which appears to have been an option for the

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1 board to utilize in the event of a club member's either
2 inappropriate activity or failure to pay the
3 appropriate dues, correct?

4 A We never were inappropriate in any of the club rules.

5 Q But does it appear to you that those were the options
6 available to the board to discipline members who were
7 not compliant with the board's interpretation of the
8 requirements?

9 A I believe the board's interpretation of the
10 requirements was that they could, according to their
11 opinion and their discretion, could allow or disallow
12 individuals that were members of that club to walk away
13 from their memberships or prosecute them for owning the
14 membership and wanting to give it up. That's what I
15 fully believe they represented.

16 Q Did it appear to you that among the possible
17 terminations from club membership was an expulsion?

18 MR. MCDANIEL: Object to the form.

19 A I'm really -- I never --

20 MR. HUGHES: What's the nature of your
21 objection?

22 MR. MCDANIEL: The objection is I think that
23 misrepresents the terminology in the agreement.

24 MR. HUGHES: All right. Let's go through it
25 then.

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Martin ROA 675

- 1 A Well, let's just discuss -- what is it, being expelled?
- 2 Q Reprimand, suspension, expulsion, termination of
- 3 membership or the remedies that are set forth within
- 4 subparagraph 14.2 under discipline, correct?
- 5 A Let's go through each item. We were never reprimanded.
- 6 Q Looking at 14.2.1. I think I've already quoted this,
- 7 I'll do it again. "Any member may terminate membership
- 8 in the club by delivering to the membership director
- 9 written notice of termination in accordance with the
- 10 Plan of Offering new memberships. Notwithstanding the
- 11 termination, the member shall remain liable for any
- 12 unpaid club account, membership dues and charges,
- 13 including food and beverage minimums." Correct? Is
- 14 that way it says?
- 15 A That is the dictate that was drafted in this agreement,
- 16 but it was not the operating procedure that was carried
- 17 out by the governing board of the club and there is
- 18 empirical evidence to show that.
- 19 Q Wasn't it clear to you, however, that under the terms
- 20 of the club documents, specifically these club rules
- 21 we've been referring to, that regardless of a means of
- 22 termination or attempt to termination, the club member
- 23 remained liable to pay dues until that membership had
- 24 been reissued by the club? Wasn't it clear to you?
- 25 A No, it was not.

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1 Q And why was it not?

2 A Because of the fact that we were advised that you could
3 pay the four month delinquency, you were excluded from
4 the club and you were no longer held responsible for
5 club's dues, fees and assessments, that you had no
6 attached privileges or ownership to. That's honestly
7 what I believed throughout the ownership of those
8 memberships.

9 Q When did you and your wife or you and/or wife first
10 object to the continuing obligation to pay these dues?

11 A Actually, it started in 2008, like I had explained
12 before. The construction crisis, the economic
13 downfall, et cetera affected my income by decreasing it
14 by about 80 percent. I really did not object to paying
15 these things. I could not pay them and therefore I
16 notified the club that it was beyond my reasonable
17 means to pay these exorbitant fees for privileges and
18 facilities I had not used, I did not intend to use, and
19 that I have withdrawn my personal presence from. I
20 never intended to short the club or beat them out dues,
21 fees and assessments that were due them.

22 Q I think we've probably exhausted the utility of these
23 general rules. Let's move onto something else. You've
24 already told us that you were provided a copy of the
25 amended and restated general declarations for

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Martin ROA 677

1 Callawassie Island the time that you executed the
2 contract.

3 A The 2001 rules?

4 Q These are actually the 2001 covenants and declarations
5 which I referenced in your purchase agreement which you
6 told me earlier you executed and acknowledged receipt
7 of -- you told me earlier that by virtue of the
8 execution of the contract for sale --

9 A Yes.

10 Q -- you acknowledged receipt of the covenants that
11 governed the property.

12 A Yes. I'm pretty sure we received all that
13 documentation because it was a matter of procedure at
14 the sales and closing.

15 Q And you also, by virtue of the execution of your
16 application for membership within the club, agreed to
17 be bound by the Plan of Offering we've just been
18 discussing.

19 A The Plan of Offering, but also the basic agreement,
20 understanding that was injected into that sales
21 agreement verbally by the membership manager or
22 whatever her title was.

23 Q Okay. Let me show you what is identified as the
24 Amended and Restated General Declaration for
25 Callawassie Island and Provisions for the Callawassie

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1 Island Property Owner's Association, Inc., of December
2 1, 2001, and ask if you can identify that? Can you
3 identify that document? I think that's what that is.
4 A This is basically at 76-page document with 4 or 5 pages
5 of amendments and exhibits.
6 Q This by virtue of the -- this incorporates the most
7 recent revision of the covenants for the Callawassie
8 Island Development effective as of December 1, 2001; is
9 it not? If you look at the opening provisions of the
10 document, you'll see that that is the case. These are
11 the covenants which were in affect -- I will represent
12 to you that these were the covenants which were in
13 affect at the time that you purchased the property. If
14 that's not the case, I would like you to tell me now if
15 you're not aware that -- if you're aware of any
16 information to the contrary?
17 A I'm not aware of any information to the contrary.
18 Q And these are the covenants which were referenced in
19 the contracts of sale which you and your wife executed.
20 A Those are what was provided to us in a printed form.
21 We were also provided with what we had previously
22 discussed as provisions for exiting the club in a
23 verbal form by an authority on club rules and
24 membership.
25 Q And who was that? That was Ellen Padgett?

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1 A Ellen Padgett.

2 MR. HUGHES: Let's mark this, the Amended and
3 Restated General Declarations of December 1, 2001,
4 as Exhibit Number 11.

5 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 11,
6 DEPOSITION OF MICHAEL AULTON; AMENDED
7 DECLARATIONS, 88 PAGES.

8 A I'm going to take a slight break.

9 Q Go ahead.

10 [OFF THE RECORD, 3:23 P.M. - 3:30 P.M.]

11 DEPONENT: I am going to make a statement.

12 MR. MCDANIEL: Is this on the record?

13 DEPONENT: This is for your edification. I
14 am getting very emotionally and psychologically
15 involved in this thing. I do have coronary heart
16 disease and I have suspended my use of my blood
17 pressure medicine because it affected me ill. I
18 am feeling a sense of dizziness and queasiness --

19 MR. MCDANIEL: Then we need to stop.

20 MRS. AULTON: Yes. We need to stop.

21 MR. HUGHES: Do you want to stop?

22 DEPONENT: -- in this process.

23 MR. HAIGHT: She is the only medical
24 professional here and if --

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Martin ROA 680

1 MRS. AULTON: We need to stop. It's not
2 worth your health.

3 DEPONENT: If I took my blood pressure now, I
4 would bet is close to 200 over 195. I am
5 emotionally and psychologically very vested into
6 what is being said here more than just as a
7 conversation. It is affecting me physically.

8 MR. HUGHES: I don't want you to --

9 MRS. AULTON: Actually he had come off his
10 blood pressure medicine and was doing fine until
11 this Callawassie Lawsuit came up and he had to go
12 back on. But, it is not worth the physical body.

13 MR. HUGHES: No it isn't. We were nearly
14 through so --

15 DEPONENT: I can endure it.

16 MR. HUGHES: No.

17 MRS. AULTON: Let them depose me.

18 MR. MCDANIEL: Go find somewhere you can get
19 a little more comfortable and maybe you can come
20 back.

21 DEPONENT: I need to do a long walk is what I
22 need to do and I can relax.

23 MR. HUGHES: The witness, Mr. Aulton, has
24 advised that he has seized taking his blood
25 pressure medication because of its other adverse

1 effects on his condition and because of that he
2 feels as though he is becoming light-headed and
3 queasy and not quite up to full physical capacity.
4 So, because of that, he has requested that we
5 adjourn for the time being his deposition. We of
6 course will reserve the right to bring Mr. Aulton
7 back for the completion of his deposition.

8 MR. MCDANIEL: I agree with that. That's
9 fine.

10
11 (WHEREUPON, THE DEPOSITION WAS ADJOURNED)

12
13 (DEPONENT HAS WAIVED READING AND SIGNING.)

*DIGITALLY RECORDED AUDIO RETAINED FOR TWELVE (12) MONTHS
FROM DATE OF CERTIFICATION.

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Martin ROA 682

STATE OF SOUTH CAROLINA)
) CERTIFICATE
 COUNTY OF COLLETON)

BE IT KNOWN THAT I TOOK THE FOREGOING
 DEPOSITION OF MICHAEL AULTON;

THAT I WAS THEN AND THERE A NOTARY PUBLIC IN
 AND FOR THE STATE OF SOUTH CAROLINA-AT-LARGE;

THAT BY VIRTUE THEREOF I WAS DULY AUTHORIZED
 TO ADMINISTER AN OATH;

THAT THE WITNESS WAS BY ME FIRST DULY SWORN TO
 TESTIFY THE TRUTH, THE WHOLE TRUTH, AND NOTHING BUT THE
 TRUTH, CONCERNING THE MATTER IN CONTROVERSY AFORESAID;

THE FOREGOING TRANSCRIPT OF 124 TYPEWRITTEN PAGES
 REPRESENTS A TRUE, ACCURATE AND COMPLETE TRANSCRIPTION OF
 THE TESTIMONY SO GIVEN AT THE TIME AND PLACE AFORESAID TO
 THE BEST OF MY SKILL AND ABILITY;

THAT I AM NOT RELATED TO NOR AN EMPLOYEE OF
 ANY OF THE PARTIES HERETO, NOR A RELATIVE OR EMPLOYEE OF
 ANY ATTORNEY OR COUNSEL EMPLOYED BY THE PARTIES HERETO,
 NOR INTERESTED IN THE OUTCOME OF THIS ACTION.

WITNESS MY HAND AND SEAL THIS 14TH DAY OF
 FEBRUARY, 2013.

 AMY GODLEY FREEMAN
 LOWCOUNTRY COURT REPORTING

NOTARY PUBLIC FOR SOUTH CAROLINA
 MY COMMISSION EXPIRES NOVEMBER 2ND, 2014.

*THIS TRANSCRIPT MAY CONTAIN QUOTED MATERIAL. SUCH
 MATERIAL IS REPRODUCED AS READ OR QUOTED BY THE SPEAKER.

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

THE CALLAWASSIE ISLAND MEMBERS)
CLUB, INC.,)

CASE NO.: 2011-CP-07-3322

PLAINTIFF,)

DEPOSITION

VS.)

OF

RONNIE D. DENNIS AND JEANETTE)
DENNIS,)

JEANETTE DENNIS

DEFENDANT,)
)

DEPOSITION OF JEANETTE DENNIS, TAKEN BEFORE AMY GODLEY
FREEMAN, A NOTARY PUBLIC IN AND FOR THE STATE OF SOUTH
CAROLINA, COMMENCING AT THE HOUR OF 2:31 P.M., TUESDAY,
JANUARY 29, 2013, AT THE OFFICE OF HOWELL GIBSON & HUGHES,
25 RUE DU BOIS, BEAUFORT, SOUTH CAROLINA.

COPY

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AMY GODLEY FREEMAN

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Martin ROA 684

1 anything. He owned it.

2 Q Well, I understand that you didn't consider it an
3 equity membership. My question really goes to: I
4 understand you did not overhear or participate in any
5 conversations with Ms. Padgett in 1999 --

6 A Right.

7 Q -- with regard to either the acquisition of the
8 associate membership or the later acquisition of the
9 golf membership, correct?

10 A Correct.

11 Q And you told me earlier that you did not at that time
12 quote/unquote overhear any conversations or participant
13 in any conversations. Were there any comments
14 subsequent to 1999 in which Ms. Padgett addressed those
15 issues, that is, the benefits and/or obligations of
16 club membership, any right to resign, any ongoing
17 obligations for dues, that you were a party to or that
18 you overheard?

19 A In '99 and back?

20 Q After 1999.

* 21 A Yes, after.

22 Q Tell me about that.

23 A The best of my recollection it would have been probably
24 2000 that I was concerned about some things and went up
25 and talked to Ellen. We were talking about the

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1 membership and it was not a equity. If we wanted out,
2 we thought we had the four months and that was our
3 liability.

4 Q Did she tell you that?

5 A That's what was said that day. I don't know what day
6 it was, but it was --

7 Q And what specifically did she tell you?

* 8 A If we ever wanted out, then we had the four months.
9 That was the most that we would be responsible for.

10 Q So, it's your recollection that sometime in the 2000
11 Ms. Padgett told you that if you ever wanted to leave,
12 the amount of exposure you would have was for four
13 months of dues?

14 A Correct.

15 Q Now, did Mrs. Padgett in connection with those comments
16 reference any club documents upon which her comments
17 might have been based?

18 A I don't remember.

19 Q Do you remember whether or not any of those
20 representations by Ms. Padgett were put in written
21 form?

22 A I don't remember.

23 Q Are you in the possession of any specific documentation
24 which confirms those representations to you, that is
25 those representations concerning the maximum liability

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1 you'd have for the payment of four months dues?

2 A The 1994 pages that were sent to us in 2000, I believe.

3 Q And I'll ask you about those in just a few minutes. Do

4 you recall in conjunction with your communications in

5 2000 with Ms. Padgett, did she reduce to writing or did

6 anyone reduce to writing any representation that your

7 liability for dues would be limited to four months?

8 A In writing?

9 Q Yes.

10 A No.

11 Q Okay. Did you receive anything from anyone acting on

12 behalf of the Callawassie Island Club which reduced

13 that representation to writing?

14 A No.

15 Q Same question with regards specifically to the

16 developer. Did you ever receive anything from the

17 developer which reduced that understanding or those

18 representations to writing?

19 A No.

20 Q Did you, yourself, ever have any communications with

21 anyone affiliated or associated with Chaffin/Light?

22 A No.

23 Q What was your understanding of Ms. Padgett's position

24 at the time you were dealing with her in 2000?

25 A Membership director.

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- 1 Q For the Callawassie Island Club?
- 2 A Uh-huh.
- 3 Q That's a yes?
- 4 A Yes. I'm sorry.
- 5 Q Other than the communications in 2000, were there any
- 6 other times during which Ms. Padgett made any
- 7 representations to you concerning benefits, obligations
- 8 imposed or obtained by virtue of your membership in the
- 9 club, the golf membership?
- 10 A No.
- 11 Q Subsequent to 2000, were there any representations by
- 12 anyone at the Callawassie Island Club concerning such
- 13 obligations or benefits?
- 14 A No.
- 15 Q Were there subsequent to 2000 any representations
- 16 concerning the benefits or obligations associated with
- 17 membership, any such representations by anyone with the
- 18 Callawassie Island Member's Club?
- 19 A Say that again.
- 20 Q Subsequent to 2000, do you recall any representations
- 21 by anyone with the Callawassie Island Member's Club
- 22 which addressed the potential burdens or benefits
- 23 associated with a golf membership in the Callawassie
- 24 Island Member's Club?
- 25 A No.

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1 charges, including any food and beverage minimums, will
2 be determined by the partnership. Each year after the
3 closing date, the board of directors of the Club will
4 determine the dues, fees and charges, including any
5 food and beverage minimums for each category of
6 membership in the Club. It goes on to say that all
7 dues will be payable in advance, on or before the first
8 day of each month during the membership year unless
9 otherwise determined by the Club." Have I accurate
10 quoted that?

11 A You quoted it correctly, but Chaffin was determining
12 what the dues would be.

13 Q I understand. Sure. And ultimately when the club is
14 transferred to the members, the Board of Directors of
15 the membership club itself --

16 A He was still dictating it.

17 Q Okay. We'll go there. Upon what basis do you make
18 that contention?

19 A Make that?

20 Q Yes, ma'am.

21 A We were told in meetings.

22 Q That the club -- when did that cease to be the case, if
23 at all, or do you know?

24 A When he decided he was no longer going to pay
25 membership for the lots.

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1 Q Okay. And when do you understand that to be the case?
2 When do you understand the developer stopped making
3 payments on his membership?
4 A I'd probably be -- times go by too quick. Probably --
5 I want to say probably four years ago.
6 Q And that's your understanding?
7 A That's what I recall.
8 Q All right.
9 A Approximately. There about.
10 Q Okay. That's fine. Let's go onto the next document.
11 Your husband has previously identified the general club
12 rules and that's Exhibit 7 to his deposition.
13 A Okay.
14 Q Do those appear to you to be the General Club Rules for
15 the Callawassie Island Club?
16 A Yes.
17 Q You told me a moment ago that the Plan for the Offering
18 for Membership identified as Exhibit 6 included a
19 reference to exhibits which included the general club
20 rules. Remember that?
21 A Okay.
22 Q Very bottom it makes reference to Exhibit 7.
23 A Okay.
24 Q Does this appear to you to be a copy of the general
25 club rules which were an exhibit to the Plan of

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1 A No.

2 Q Has it ever been your telephone number?

3 A No.

4 Q Has that ever been a number for either you or your
5 husband?

6 A No, never saw the number in my life.

7 Q Have you ever faxed anything from that number that you
8 know of?

9 A No.

10 MR. HUGHES: That's all I have. Thank you.

11 MR. MCDANIEL: I got one question for you.

12 MR. HUGHES: As long as it's only one.

13 MR. MCDANIEL: One topic of questions. Very
14 good point. Excellent.

15 CROSS-EXAMINATION

16 MR. MCDANIEL:

17 Q I just want to make something clear, and it may be, but
18 it wasn't exactly clear to me as regard to the swapping
19 of the membership issue. Am I correct in understanding
20 that you -- before you entered into the one-year
21 agreement, you attempted to permanently swap with the
22 Greene's, the membership?

23 A Yes. But there was a five year -- they had to live on
24 the island five years.

25 Q And that's what you were told by who?

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1 A Lindsey.

2 Q Okay. But before you agreed to one year of a swap, you
3 had initially tried to do a permanent swap of your golf
4 with their social?

5 A Yeah. We had tried -- thinking of ways to get rid --
6 you know, cut our costs.

7 Q You were told you could only do a one-year transfer?

8 A We had to do it yearly. Each year they had to go up
9 and sign papers. When Lindsey was out on maternity
10 leave, no one in the office knew how to do any of it.
11 So we had to wait until Lindsey got back and when
12 Lindsey came back then -- there was a change in that
13 time period where that five years, I guess, was swished
14 under the carpet because we've never heard of it since,
15 along with a lot of other rules. Yeah, we were going
16 to do it permanently. They would not let us. The
17 second year we would have done it permanently, they
18 would not let us.

19 Q So you tried it again in the second year?

20 A Yes.

21 Q Do you remember specifically asking can we do a
22 permanent swap and again being told that or do you
23 recall any specifics?

24 A They hadn't lived there five years, the second year.
25 So we knew -- I mean, I was going by what I had been

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1 told and I never saw any rules come out that changed
2 and notified the membership.

3 Q Do you know about when that was when you first did that
4 swap?

5 A It had to be -- I want to say 2005.

6 Q Had you done that swap, would it be your understanding
7 you would have been social --

8 A Social.

9 MR. HAIGHT: Object to the form.

10 Q -- social dues and fees since that point forward had
11 you been allowed to swap?

12 A Yes.

13 Q That's all.

14 RE-DIRECT EXAMINATION

15 MR. HUGHES:

16 Q Do you know of anyone who was allowed to engage in that
17 swap on a permanent basis other than your understanding
18 the Greene's agreement with their counterparts?

19 A I know the Alred's did a swap.

20 Q And theirs was a swap of a golf membership for a social
21 membership?

22 A Right.

23 Q Anyone else?

24 A Not that I can recall.

25 Q Do you know the first names of the Allred's?

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

CALLAWASSIE ISLAND MEMBERS)
CLUB, INC.,)

CASE NO.: 2009-CP-07-4648

PLAINTIFF,)

DEPOSITION

VS.)

OF

MICHAEL A. AULTON AND SANDRA D)
AULTON, ON THEIR OWN BEHALF)
AND ON BEHALF OF ALL OTHER)
MEMBERS OF CALLAWASSIE ISLAND)
MEMBERS CLUB, INC.,)

MICHAEL AULTON

DEFENDANT,)
)

DEPOSITION OF MICHAEL AULTON, TAKEN BEFORE AMY GODLEY
FREEMAN, A NOTARY PUBLIC IN AND FOR THE STATE OF SOUTH
CAROLINA, COMMENCING AT THE HOUR OF 10:12 A.M., MONDAY,
JANUARY 21, 2013, AT THE OFFICE OF HOWELL GIBSON & HUGHES,
25 RUE DU BOIS, BEAUFORT, SOUTH CAROLINA.

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AMY GODLEY FREEMAN

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Martin ROA 694

1 contract represents the entire understanding between
2 the seller and the purchaser and supersedes,
3 incorporates and merges all prior negotiations,
4 representations and agreements, whether oral or
5 written. This contract may be amended only by a
6 written instrument signed by both the seller and the
7 purchaser and dated on or subsequent to the effective
8 date," correct?

9 A Correct.

10 Q Are you aware of any subsequent written documents by
11 which either of the parties of this contract attempted
12 to modify it? Mr. Aulton?

13 A To modify this contract as it is written?

14 Q Yes, sir.

15 A We had discussion with the realtor and with the
16 member's management, I believe her position was Manager
17 of Membership, in reference to the property and in
18 reference to an escape clause, the ability to withdrawn
19 from the membership of Callawassie Island Club members.
20 We had a discussion -- what actually transpired was we
21 went in to sign these documents with the representative
22 from the auction company. Callawassie sent in the
23 member -- she was a representative for the club. She
24 was the member's -- the Manager of Membership.

25 Q What was her name?

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1 A I'm sorry, I can't recall her name right now, but I do
2 know her name and I can identify it immediately.

3 Q What did she look like?

4 A She was a taller thin woman with dark hair.

5 Q Approximate age?

6 A I would say she was in her -- it's hard for me to say,
7 late 30's, early 40's.

8 Q And what did she tell you?

9 A Basically, we were discussing the dues, fees,
10 assessments and the possession of the membership.
11 Because of my background and basically working for a
12 living and not being involved in the investment world
13 per say and et cetera, et cetera, I was skeptical
14 somewhat about the dues, fees and assessments for over
15 a long period of time, like a lifetime. I said what if
16 something happens to me or my job or whatever the
17 circumstance might be, are there any provisions within
18 the covenants of this agreement or is there an ability
19 to exit from this obligation? Both the realtor
20 representative and the representative from the
21 Callawassie Club were very casual about the fact that,
22 yes, that you could surrender your membership if you
23 were four months -- I think if you were delinquent for
24 four months you shall surrender your membership and the
25 Callawassie Club would take it for resale for

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1 Q It clearly shows that payment of \$45,000 was made for
2 the acquisition of the club membership?

3 A That's correct.

4 Q And do you recall that similar disclosures were made in
5 the settlement statements which were relevant to the
6 other two lots you purchased?

7 A I believe that is correct.

8 Q I'm not a real estate lawyer, so some of things are
9 news to me.

10 A They're all news to me.

11 Q Let's look briefly at some of these club documents.

12 A Can we take a lunch break before we really get into
13 that because that's going be a whole new agenda?

14 Q You'd be doing me a favor.

15 [OFF THE RECORD, 12:58 P.M. - 2:14 P.M.]

16 MR. HUGHES:

17 Q Let me ask you something. It occurred to me while at
18 lunch -- the woman with whom you spoke who was the
19 membership director and you could not recall whether or
20 not she had been associated with --

21 A Manager, I believe.

22 Q Manager, whatever. And you didn't know whether or not
23 she'd been associated with -- you didn't know who her
24 employer was. You said if you heard her name, you
25 would know it?

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1 A Yes.

2 Q Was that Ellen Padgett?

3 A You're exactly right.

4 Q Okay. That's all I wanted to know.

5 A And as soon as I walked out, I remember Sarah

6 Robertson's name.

7 Q She was the attorney who represented you in the

8 purchase of the property?

9 A Yes, and the closings.

10 Q Yes, sir. She's the attorney with Bethea Jordan and

11 Griffin?

12 A Yes, sir.

13 Q We had just gotten through talking about the various

14 HUD settlement statements and I believe you had

15 identified the first one that related to your

16 acquisition of Lot 32 in Phase 13B. I think you told

17 me that the other two HUD settlement statements were

18 basically identical with the exception of the purchase

19 prices paid and the identification of the lots, that

20 kind of thing.

21 A Correct.

22 Q Let me show you what I believe is a copy of the

23 application which you submitted for membership in the

24 Callawassie Island Member's Club, Inc., and see if you

25 can identify that document.

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

CALLAWASSIE ISLAND MEMBERS)
CLUB, INC.,)

PLAINTIFF,)

VS.)

MICHAEL A. AULTON AND SANDRA D)
AULTON, ON THEIR OWN BEHALF)
AND ON BEHALF OF ALL OTHER)
MEMBERS OF CALLAWASSIE ISLAND)
MEMBERS CLUB, INC.,)

DEFENDANT,)
)

CASE NO.: 2009-CP-07-4648

DEPOSITION

OF

SANDRA AULTON

DEPOSITION OF SANDRA AULTON, TAKEN BEFORE AMY GODLEY
FREEMAN, A NOTARY PUBLIC IN AND FOR THE STATE OF SOUTH
CAROLINA, COMMENCING AT THE HOUR OF 3:42 P.M., MONDAY,
JANUARY 21, 2013, AT THE OFFICE OF HOWELL GIBSON & HUGHES,
25 RUE DU BOIS, BEAUFORT, SOUTH CAROLINA.

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Martin ROA 699

1 contract; is it not?

2 A Well yes. It refers to the salesman which is the real
3 estate people. However, the club manager, Ellen
4 Padgett, was not the salesman. She was their liaison
5 to explain what the covenants, et cetera are so she
6 wasn't a salesman.

7 Q Any representations that she may have made as a
8 representative of Callawassie Island Company, LP, to
9 the extent that you understood her to make some
10 representations, those were never incorporated into any
11 written amendment or revision to this contract, were
12 they?

13 A Well, it would have been written in what they handed
14 us, the covenants.

15 Q The documents say what they say.

16 A Yeah. And it would've been in there.

17 Q And those would be subject ultimately to the
18 determination of the court, I would imagine.

19 A Sure.

20 Q But the fact is, there was never any specific
21 modification of this contract --

22 A Not in writing, no.

23 Q -- that was signed by you or the seller or any
24 representatives of the sellers?

25 A Nothing from the salesman. You know, the salesman.

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- 1 Q Okay. This goes on to say that -- in paragraph 1.8,
2 that you should -- well, it says rely only on
3 information in this membership plan. It says, "No
4 person has been authorized to give any information or
5 make any representation not contained in the plan and
6 if given or made, such information or representation
7 must not be relied upon as having been authorized by
8 the club." Have I accurately quoted that?
- 9 A That's what it says.
- 10 Q And you were aware of this when you purchased the
11 property as well?
- 12 A If this is what I was given. This does say that in
13 that statement, yes.
- 14 Q Okay.
- 15 A 1.8.
- 16 Q All right. And finally with regard to the general
17 description of the plan of offering, it basically says
18 that memberships offered only for recreation purposes;
19 does it not?
- 20 A Memberships are offered only for recreation, sure.
- 21 Q And basically that -- would you agree with me that this
22 is telling you that the memberships are offered for
23 purposes of permitting persons to participate in the
24 club recreational activities?
- 25 A Yes.

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT)

THE CALLAWASSIE ISLAND MEMBERS)
CLUB, INC.,)

PLAINTIFF,)

VS.)

RONNIE D. DENNIS AND JEANETTE)
DENNIS,)

DEFENDANT,)
)

CASE NO.: 2011-CP-07-3322

DEPOSITION

OF

RONNIE DENNIS

DEPOSITION OF RONNIE DENNIS, TAKEN BEFORE AMY GODLEY
FREEMAN, A NOTARY PUBLIC IN AND FOR THE STATE OF SOUTH
CAROLINA, COMMENCING AT THE HOUR OF 10:48 A.M., TUESDAY,
JANUARY 29, 2013, AT THE OFFICE OF HOWELL GIBSON & HUGHES,
25 RUE DU BOIS, BEAUFORT, SOUTH CAROLINA.

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Martin ROA 702

1 A I did. Well, we spoke with two realtors and I can't
2 tell you the name of the first one. His name was Lee
3 and I don't remember his last name, he still lives
4 there, and Angela Barbick was the realtor that actually
5 ended up putting us in contact with Dwayne. She took
6 the transaction from there.

7 Q Am I correct in understanding that -- well, you first
8 visited Callawassie Island sometime in 1999?

9 A We did in May of 1999.

10 Q And during your first tour of the island you found a
11 lot upon which Mr. Harms had commenced construction.
12 You liked the house. You spoke with him. He was
13 willing to sell it to you and your wife. And that is
14 exactly what ultimately happened? You purchased the
15 house he was building?

16 A That is correct.

17 Q When was that house completed?

18 A December of '99.

19 Q So you closed upon the purchase in December of 1999?

20 A We did.

21 Q It's not Lee Allen, is it?

22 A No.

23 Q Okay. Other than the realtors, Lee and Angela -- you
24 said Barbick?

25 A Uh-huh.

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1 Q Did you deal with any other realtors in connection with
2 your initial purchase of the lot and house at
3 Callawassie?

4 A Not any realtors. We dealt with Ellen Padgett, but not
5 any realtors.

6 Q Tell me about your dealings with Ellen Padgett.

7 A Well, Ellen was -- we met with her about the club.

8 Q When you refer to the club, you're referring to the
9 organization which made available the amenities such as
10 the golf course and the tennis courts and the
11 clubhouse, that sort of thing?

12 A The Callawassie Island Club, yes.

13 Q Tell me about your dealings with Ms. Padgett.

14 A Yes.

15 Q Just tell me that. What is it?

16 A Tell you about the dealings --

17 Q Your dealing with Ms. Padgett, yes. You dealt with Ms.
18 Padgett in --

19 A She explained the club to us and the membership
20 requirements.

21 Q What did she tell you specifically about the club?

22 A That it had golf, it had tennis and a river club. Cost
23 of a full golf membership at that time was \$31,000. I
24 could get my money back anytime I wanted it and they
25 had a special program where it was an associate

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- 1 membership that I could put up \$1,000 and try out the
2 amenities. Then if I liked it, I could join or I could
3 back out or I could convert the membership, not join.
- 4 Q You just told me that they had a special program called
5 an associate membership; is that what you said?
- 6 A That was the name of it at the time as I recall.
- 7 Q What did you understand to be the overall -- what did
8 you understand was entailed by an associate membership
9 in the Callawassie Island Club?
- 10 A You give them \$1,000, you try it. If you like it, you
11 convert it. If you don't like it, you get your \$1,000
12 back and you go away.
- 13 Q And was there a period during which you could
14 participate in this associate membership program?
- 15 A Yeah. I think the membership was actually for -- you
16 could participate for a year.
- 17 Q And was the only charge associated with that associate
18 membership the initial payment of \$1,000?
- 19 A Plus dues.
- 20 Q And when you say plus dues, you mean the dues that
21 accrued during the year of your membership?
- 22 A Yes, whatever the then current dues were.
- 23 Q You told me a moment ago that Ms. Padgett represented
24 to you that you could get at any time get back your
25 \$31,000 cost of the full golf membership?

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1 A She did.

2 Q Tell me about the circumstances under which she told
3 you that.

4 A Later after I had become an associate member I met with
5 Ellen about converting it because we got a message --
6 letter, I think it was, that wanted us to convert to
7 the full membership and I agreed to do so and that's
8 when I met with Ellen and talked to her about the
9 \$31,000. That's when she told me that we could get
10 back -- she did tell me at one point that there might
11 be a \$900, not \$900, \$9,000 transfer fee back to the
12 club if I wanted out.

13 Q Am I correct in understanding that it's your
14 recollection that Ms. Padgett advised you that of the
15 \$31,000 membership fee which was applicable to the
16 acquisition of an equity golf membership, if you wanted
17 to leave the club thereafter, you would have to forfeit
18 \$9,000 of that \$31,000?

19 A That is correct with one exception. I never considered
20 the club an equity membership however because I was
21 never buying any equity because the developer owned all
22 of the property.

23 Q In any event, it was your understanding that at some
24 point if you so desired, you could leave and expect
25 reimbursement from the club of \$22,000 amount?

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1 A Correct.

2 Q Did Ms. Padgett direct you to any documentation that
3 would relate to that possible reimbursement?

4 A Not at that time.

5 Q Were her representations concerning possible
6 reimbursement of a portion of your membership fee of
7 \$31,000, were those representations ever reduced to any
8 sort of writing?

9 A I'm sorry, I didn't understand the question.

10 Q You told me that you and Ms. Padgett had discussions
11 that according to your recollection Ms. Padgett
12 represented that of the \$31,000 membership fee which
13 you were paying for the golf membership you could
14 ultimately expect reimbursement of \$22,000 if you ever
15 were to leave.

16 A Correct.

17 Q And you told me that during the course of those
18 representations Mrs. Padgett did not refer you to any
19 specific documents or club materials which related to
20 that supposed obligation to reimburse.

21 A Correct.

22 Q My question is: Were those representations by Ms.
23 Padgett to the affect that you could expect
24 reimbursement of \$22,000 of your club membership, were
25 those representations ever placed in writing?

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1 A No.

2 Q Did you ever request that those representations be
3 placed in writing?

4 A I did not.

5 Q Was there a reason that you didn't request that that
6 sort of agreement be placed in writing?

7 A I didn't have any reason to think I needed to.

8 Q When you first obtained your membership in the club it
9 was in the Callawassie Island Club?

10 A It was.

11 Q Did you have any understanding as to by whom or by what
12 organization Ms. Padgett was employed at the time you
13 dealt with her in 1999?

14 A She was the membership director of the Callawassie
15 Island Club.

16 Q You told me a moment ago that it was your understanding
17 that the club facilities, the club itself, was owned by
18 the Callawassie Island Club or what?

19 A My understanding was it was owned by the developer.

20 Q Did you know who the developer or developers were?

21 A Chaffin and Light.

22 Q Did you know either Mr. Chaffin or Mr. Light?

23 A Did not.

24 Q Did you make their acquaintance at any time during the
25 course of your acquisition of the club membership or

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1 the purchase of the lot and the house?
2 A I did not.
3 Q Did you have any dealings with them of any kind during
4 the course of the acquisition of the club membership
5 initially?
6 A Not any direct dealings, no.
7 Q Am I correct in understanding that you purchased the
8 house and the lot from the builder, Mr. Harms, and you
9 separately purchased the membership from the
10 Callawassie Island Club developer, Chaffin and Light?
11 A Not correct.
12 Q Tell me what's --
13 A I bought the membership first.
14 Q Okay. But you did, however, buy the membership in the
15 Callawassie Island Club directly from a developer?
16 A I bought the membership from -- yes, from the
17 developer.
18 Q Chaffin and Light?
19 A Well, Ellen Padgett and the Callawassie Island Club.
20 Q Was it your understanding, basically, that the
21 Callawassie Island Club was Chaffin and Light and vice
22 versa?
23 A Correct.
24 Q Am I correct in understanding that you paid \$31,000 for
25 the golf membership in Callawassie Island Club in 1999?

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1 A That is correct.

2 Q Am I similarly correct in understanding that your
3 purchase of the golf membership for \$31,000 was
4 preceded by a purchase of a social membership?

5 A That is correct.

6 Q Other than Mrs. Padgett, was there anyone else with
7 whom you dealt in connection with your acquisition of
8 either the social membership or the golf membership in
9 the Callawassie Island Club?

10 A I never dealt on a social membership.

11 Q Okay. With whom did you deal with regard to the
12 acquisition of the social membership?

13 A I did not deal with anybody on -- I didn't have a
14 social membership, nor did I inquire about a social
15 membership.

16 Q Did your wife have a social membership?

17 A No.

18 Q Did you ever make an application for a social
19 membership?

20 A No.

21 Q Okay. You simply inquired about the possibility of a
22 social membership.

23 A I did not.

24 Q Tell me how you were aware of the benefits and
25 obligations of a social membership?

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1 A I don't know where the conversation from a social
2 membership came up.

3 Q Maybe I misunderstood. I thought you told me earlier
4 that you went out there and decided to purchase a lot
5 and a house at Callawassie. You also decided to
6 purchase a membership. You were advised of the
7 availability of -- maybe I'm misunderstanding. Is a
8 social membership not the trial membership, they were
9 two different things?

10 A No, it's an associate.

11 Q I'm sorry. I'm glad you clarified that because I was
12 proceeding along the wrong lines. So, the associate
13 membership was simply a temporary membership available
14 for one year?

15 A It was a trial membership, basically.

16 Q Right. And that is a membership which you actually
17 purchased and utilized?

18 A I did.

19 Q And so my question goes back. Did you deal with anyone
20 other than Ms. Padgett in connection with your
21 acquisition of the trial membership?

22 A No. Only with the real estate people but, you know,
23 they just -- Ellen Padgett was the one I dealt with.

24 Q Did you deal with anyone other than Ellen Padgett in
25 connection with your acquisition of the permanent golf

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1 membership?

2 A I did not.

3 Q Okay. Did the realtors make any representations to you
4 concerning the club facilities or membership in the
5 Callawassie Island Member's Club?

6 A As I recall, they did speak in general terms about the
7 club. I don't recall any specifics that they brought
8 up about the club.

9 Q Did either of the realtors with whom you dealt make any
10 representations concerning the obligations which you
11 were undertaking as a member with regard to payment of
12 dues, fees, assessments, that sort of thing?

13 A They did not. Only Ellen Padgett referred to any of
14 the financial aspects.

15 Q Okay. When Ms. Padgett, to the best of your
16 recollection, was making representations concerning the
17 possible refund of a portion of your equity membership
18 price, did she offer you any information as to whether
19 or not such a reimbursement was contingent upon any
20 sort of developments?

21 A She did not.

22 Q Did she indicate that there was any ongoing obligation
23 to pay membership dues and fees under any
24 circumstances?

25 A No.

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1 Q Did she discuss with you a mechanism for terminating
2 your membership in the Callawassie Island Club?

3 A I don't recall any specific conversations, other than
4 the one conversation we did have as I recall. She said
5 I might be liable for four months of dues if I resign,
6 but that's the only recollection I have of that
7 conversation.

8 Q And what is your specific recollection of that
9 conversation?

10 A As I just said, she mentioned that I might be liable
11 for four months of dues should I resign my membership.
12 That's the only recollection I have of that
13 conversation.

14 Q When did she make those representations? Was that --

15 A During the conversion from the associate member to the
16 full membership.

17 Q Was that representation, that is that you might be
18 liable for four months of dues in the event that you
19 were resign, was that representation documented by any
20 sort of writing?

21 A No.

22 Q Did she refer you to any sort of document that related
23 the possibility that you might be liable only for four
24 months of continuing dues in the event of a
25 resignation?

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1 A She did not.

2 Q Did you seek or did you request -- did you attempt to
3 obtain from the developer any sort of written
4 confirmation that you would in fact be able to resign
5 or otherwise termination your membership in the club
6 without any continuing obligation to pay dues beyond
7 the four months?

8 A I did not.

9 Q Did you seek any written confirmation from the
10 developer or the club that you would in fact be
11 entitled to a refund of a significant portion of your
12 initial membership fees for the golf membership?

13 A I did not.

14 Q Did anyone in connection with any representation
15 concerning ongoing obligations to pay dues or
16 concerning any limitation upon that ongoing obligation
17 refer you to any specific club materials?

18 A Not at that time. I didn't have any club materials at
19 that time.

20 Q Am I correct in understanding that in connection with
21 your associate membership and in connection with your
22 golf membership, you submitted applications for those
23 respective memberships?

24 A I submitted one application, yes.

25 Q And was it in connection with the submission of those

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1 applications that you had these conversations with Ms.
2 Padgett?

3 A The first one, yes. The second one was when I
4 converted it over.

5 Q Right. At the time of the conversion I take is -- am I
6 correct in understanding that it was at the time of the
7 conversion that Ms. Padgett made these various
8 representations to you concerning possible
9 reimbursement of golf membership costs and possible
10 termination of your ongoing obligation for dues?

11 A The first representation was in the first meeting I had
12 when I was doing the original membership, the associate
13 membership. She represented that I could get my money
14 back at any time. That was the conversation we had at
15 that point. And the conversion to the full golf
16 membership is when she made the comments about the four
17 -- maybe having four months' worth of liability. So it
18 was two separate conversations.

19 Q Roughly a year apart?

20 A I don't think it was that long. I think it was -- the
21 first one was probably in July and I think the
22 conversion -- I know it was prior to yearend. The
23 developer quote/unquote, whoever, I don't remember who
24 the letter came from, said that if I would convert the
25 membership prior to 2000, that they would waive six

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1 months' worth of dues. So I accepted that offer.

2 Q It was to your advantage to convert an existing
3 associate membership to a permanent membership because
4 you saved some amount in dues payments?

5 A Right, and they got 30 grand. I believe that was in
6 October, but I'm not sure of the date, of '99.

7 Q Do you recall having received any club materials in
8 connection with your initial application for membership
9 on an associate basis?

10 A I did not.

11 Q Did you get any club materials between the time of your
12 application of the associate membership and your
13 subsequent application for the golf membership?

14 A At that time, no. I did receive some later and I
15 believe it was after year-end. I think it was around -
16 - I don't know, January or February of 2000 I did get
17 the full book of all of the various documents.

18 Q Did you receive the full book of various documents
19 after your application for a golf membership or prior
20 to that?

21 A After I had already joined.

22 Q On a golf membership basis?

23 A Yes.

24 Q Am I correct in understanding that your payment of
25 \$1,000 for your associate membership was made to the

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1 membership, appear to you to confirm that you did in
2 fact execute the membership purchase agreement for the
3 associate membership, and in fact pay the \$1,000
4 initiation fee as of July 26, 1999?

5 A It appears that way, yes.

6 Q Okay. Looking back at Exhibit 2, the membership
7 purchase agreement which is dated July 18, 1999.

8 A Yes.

9 Q Although it bears the signatures of you and Mrs.
10 Dennis, if you look at the next page, it apparently
11 does not bear the signature of anyone on behalf of the
12 club, does it?

13 A It does not.

14 Q So maybe this will explain what went on. Let me show
15 you another document and see if you can identify that.

16 A I can.

17 Q What does that appear to you to be?

18 A It appears to be when we actually converted the
19 associate member to the full golf.

20 Q And is that document entitled, The Callawassie Island
21 Club Membership Purchase Agreement?

22 A It is.

23 Q And it looks to be signed by Ronnie Dennis as an
24 applicant?

25 A Yes.

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1 Q And also as by Jeanette Dennis as an applicant?

2 A Yes.

3 Q And it bears a date of October 20, 1999?

4 A It does.

5 Q Do you recognize that as your signature?

6 A I do.

7 Q Do you recognize the signature of Jeanette Dennis as
8 that of your wife?

9 A Yes.

10 Q Do you recall having executed this document?

11 A I remember this document, yes. Ellen Padgett also
12 signed this document.

13 Q Yes. It looks as though Ellen Padgett was signing on
14 behalf of the Callawassie Island Club, Inc.?

15 A It looks like -- well, yes.

16 Q And does it look as though her signature constituted
17 the acceptance of the membership purchase agreement on
18 behalf of the club?

19 A It appears to, yes.

20 Q And again, let's just go through the same exercise we
21 went through a moment ago.

22 MR. HUGHES: Let's mark that first as Exhibit
23 Number 5.

24 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 5, DEPOSITION
25 OF RONNIE DENNIS; MEMBERSHIP PURCHASE AGREEMENT, 1

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1 PAGE.

2 Q Does it look as though perhaps you initially thought
3 about, and I'm just asking you this, may not have been
4 the case, does it look as though you and your wife
5 possibly initially considered a golf membership and
6 maybe even executed an application for a golf
7 membership and then upon reconsideration decided really
8 that you wanted the associate membership on a trial
9 basis? Do you have any recollection of that?

10 A My recollection of the way it happened is that we had
11 talked about the golf membership with Ellen and in
12 talking to Ellen, she subsequently said we do have a
13 \$1,000 associate membership where you can try the club,
14 see if you like it, then you can join. So I took that
15 opportunity to do that because I didn't have any
16 obligations that way.

17 Q Did you have any recollection of having executed an
18 application for potential membership in the golf club -
19 - golf club membership prior to deciding upon the
20 associate membership?

21 A I do not. My recollection is the first thing I did was
22 the associate membership.

23 Q Okay. It is what it is. Let me ask you a few
24 questions about what is now Exhibit Number 5. Again,
25 the opening paragraph indicates, and I'll quote, "The

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Martin ROA 719

1 Q Did you read the club documents that were provided to
2 you?

3 A I skimmed the documents and found them to be very -- I
4 had difficulty with them because they would say one
5 thing in one place and something else in another. So,
6 yeah, I skimmed them. I did not read them in detail.

7 Q Were there any specific provisions of those documents
8 upon which you relied at that time?

9 MR. HUGHES: Object to the form.

10 Q You can answer the question.

11 A No.

12 Q You said that you found certain provisions to be
13 confusing. Can you tell which of the --

14 A Not as much confusing as contradictory.

15 Q Can you tell which of those you at the time felt to be
16 contradictory?

17 A I can't at this time, no. I just remembering thinking
18 at the time it said one thing in one place and some
19 else in another.

20 Q Did you find that to be the case within a particular
21 document or?

22 A From document to document.

23 Q Okay. And you recognized that when you received the
24 documents in November 1999?

25 A I did, yes.

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1 A I did.

2 Q All right. Just to digress for a moment. Do you
3 recall when you first submitted your agreement for
4 membership in the Callawassie Island Club back in 1999?
5 You with me?

6 A Uh-huh.

7 Q Do you recall having subsequently received a
8 certificate which evidenced your membership, the golf
9 membership, in the Callawassie Island Club?

10 A Yes.

11 Q Let me show you that document.

12 A Well, I got three of them, so I'm not sure which one is
13 which.

14 Q What's the number on that one?

15 A 423.

16 Q And what's the date of that?

17 A This is January 27, 2000.

18 Q That is issued by the Callawassie Island Club?

19 A Yes.

20 Q And it indicates that who is a member in the
21 Callawassie Island Club? Who is the member indicated
22 by that certificate?

23 A Ronnie D. and Jeanette Dennis.

24 MR. HUGHES: Let's mark this as Exhibit

25 Number 9. This Exhibit Number 9 is a copy of

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1 case that neither you nor your wife has any continuing
2 obligation to make payments of dues, fees and
3 assessment upon your golf membership in the Callawassie
4 Island Member's Club?

5 A That's correct.

6 Q Would you basically explain to me the circumstances
7 which you feel eliminate any responsibility you may
8 have for what the club contends is an ongoing
9 obligation?

10 A I resigned an association. I sent a letter and
11 resigned. I believe that the documents say that --
12 what I was told by Ellen is A and B, my maximum
13 liability was four months. So that's my reasoning. I
14 don't believe I owe the club anything beyond that.

15 Q When did you resign? Do you recall?

16 A October of '09.

17 Q And was that by letter that you resigned?

18 A It was.

19 Q Were there circumstances that led up to your
20 resignation?

21 A What is the question?

22 Q Where there circumstances that led up to your decision
23 to submit your resignation?

24 A Yeah, I couldn't afford it any more.

25 Q Had you communicated your concerns over your ability to

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1 pay the dues, et cetera, to anyone at the club?

2 A Yes.

3 Q And whom did you discuss it?

4 A Brian Lasota, the general manager at that time.

5 Q What did you and he discuss?

6 A He didn't have no help. I mean, just -- so, keep

7 paying. I couldn't.

8 Q Did he explain to you that it was the club's position

9 that you had an ongoing obligation to pay the dues?

10 A Well, he originally sent me a letter offering to let me

11 buy out for \$8,000.

12 Q Did he explain to you in that letter the reasons or any

13 -- did the letter address any circumstances which might

14 have made you eligible for that sort of negotiated

15 resolution?

16 A He just said that my membership would never sell, so if

17 I would pay next year's dues, I could buy it out for

18 eight grand. I countered with I'll do it for \$5,000

19 and then they took it off the table.

20 Q Okay. Let me show you -- was Mr. Lasota's offer to

21 allow you to resolve the differences evidenced by a

22 letter from him to you?

23 A It was.

24 Q Let me show you a document and ask if you can identify

25 that.

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1 A That appears to be the letter.
2 Q That's the letter dated April 14, 2010, correct?
3 A Correct.
4 Q And it's addressed to Mr. Ronnie D. Dennis?
5 A Correct.
6 Q And it's addressed to you at an address in Trade,
7 Tennessee, is it not?
8 A It is.
9 Q And it's signed by Brian Lasota acting as Club General
10 Manager for the Callawassie Island Member's Club?
11 A He was the club general manager, yes.
12 MR. HUGHES: Let's mark this letter as
13 Exhibit Number 13.
14 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 13,
15 DEPOSITION OF RONNIE DENNIS; LETTER FROM LASOTA, 1
16 PAGE.
17 MR. MCDANIEL: I'll talk to him about that in
18 just a second.
19 MR. HUGHES: This is your letter. You
20 brought it.
21 MR. MCDANIEL: I don't believe it is.
22 MR. HUGHES: No, it isn't. Go ahead and talk
23 about it to your heart's content.
24 [OFF THE RECORD, BRIEFLY.]
25 MR. HUGHES:

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1 Q Did you have a copy of the letter of resignation?
2 A I have one on my computer somewhere. I don't have a
3 hard copy of it.
4 Q But your recollection is that was in October of 2009?
5 A Yeah. That's my recollection. I can look on my
6 computer and see if I can find it, but that's what I
7 remember.
8 Q And within that letter of resignation, did you set
9 forth your reasons for resigning?
10 A Yes, I did.
11 Q And what did you set forth within that letter to the
12 best of your recollection?
13 A Same thing I just said here: financial, medical and
14 financial reasons.
15 Q And it was your position that as of the time you
16 resigned you had no further obligation with the
17 possible exception of paying four additional months of
18 dues?
19 A Correct.
20 Q Have you had an opportunity to discuss with your
21 counsel the letter of April 14, 2010 from Mr. Lasotta
22 to you?
23 A I have.
24 Q And that was just recently marked as Exhibit Number 13.
25 MR. HUGHES: Let me make a copy of this.

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1 correspondence.

2 Q What was the nature of your continuing e-mail
3 correspondence?

4 A He invited me to come and talk, which I declined.

5 Q You told me earlier that you thought you had resigned
6 in October of 2009, but you told me a moment ago that
7 your resignation postdated Mr. Lasota's letter of April
8 14, 2010?

9 A It must have been 2010 when I resigned because this
10 letter came first.

11 Q So it is your current recollection that your
12 resignation was submitted --

13 A Must have been November 1, 2010.

14 Q And conveniently I have a letter that indicates just
15 that. If you can identify that?

16 A That appears to be my letter to him.

17 MR. HUGHES: Let's mark that letter as
18 Exhibit Number 15. Exhibit 15 is a copy of a
19 letter dated November 1, 2010 from Ronnie D.
20 Dennis to Brain Lasota as General Manager of the
21 Callawassie Island Member's Club. Mr. Dennis has
22 just identified it as his letter of resignation.
23 MARKED AS PLAINTIFF'S EXHIBIT NUMBER 15,
24 DEPOSITION OF RONNIE DENNIS; 11/1/10 RESIGNATION
25 LETTER, 1 PAGE.

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THE CALLAWASSIE ISLAND CLUB
MEMBERSHIP PURCHASE AGREEMENT

The undersigned hereby agrees to acquire an equity membership in The Callawassie Island Club, Inc., a South Carolina non-profit corporation (the "Club"), in the category of equity membership and at the membership contribution indicated below:

Category of Membership	Membership Contribution
☒ Golf Membership	\$31,000.00
☐ Social Membership	\$10,000.00

The undersigned hereby submits an Application for Membership and a check in the amount of \$ 31,000.00 made payable to the Club, along with this Membership Purchase Agreement.

The undersigned understands that this Membership Purchase Agreement is irrevocable after mailing or delivery to the Club unless the undersigned is not approved for membership in the Club. No membership certificate shall be issued until the undersigned has been approved for membership and the membership contribution has been paid in full.

The undersigned hereby acknowledges receipt of a copy of the Plan For The Offering Of Memberships in the Callawassie Island Club, dated April 1994, and the exhibits thereto (collectively, the "Membership Plan"), and agrees to be bound by all of their respective terms and conditions. If approved for membership, the undersigned agrees to fully substitute the membership privileges acquired pursuant to the Membership Plan for any and all present and prior rights in or to use the Club Facilities.

The undersigned hereby authorizes the disclosure and release of information to the Club for investigating the undersigned's qualifications of membership and authorizes those persons or entities set forth in the Application for Membership to furnish information to the Club.

The undersigned agrees to release and hold harmless the Club, Callawassie Island Company, L.P. (the "Partnership") and their respective officers, directors, partners, employees, agents and affiliates from any claims, demands or actions the undersigned have against them because of this Membership Purchase Agreement, the Application for Membership or any subsequent acts or omissions suspending or terminating the membership.

If the Applicants are married, the signatures of both spouses are required.

Dated: OCTOBER 20, 1999

RONNIE D. DENNIS
Please print name

Ronnie D. Dennis
Applicant

JEANETTE DENNIS
Please print name

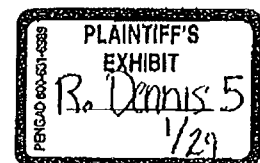
Jeanette Dennis
Applicant

This Membership Purchase Agreement shall not be binding upon the Club until the acceptance below is signed.

The Callawassie Island Club, Inc.

By: Ellen D. Padgett

Date: 10-20-99



EVIDENCE B



April 14, 2010

Mr. Ronnie D. Dennis
984 Highway 67 N
Trade, TN 37691

Dear Mr. Dennis,

The Callawassie Island Members Club (CIMC) is aware that your membership is not related to ownership of any real estate on Callawassie Island. Consequently, as number 75 on the resale list, it is unlikely that your membership will be sold in the near future. Therefore, CIMC is willing to accept return of this membership to CIMC as part of a negotiated settlement which also includes payment of the equivalent of one year's dues \$8,672, subject to your agreement that this transaction shall remain confidential. Please let us know if you care to exercise this option by signing below, and returning this letter with your payment.

Very truly yours,

Brian Lasota
Club General Manager
Callawassie Island Members Club

Ronnie D. Dennis



22 Callawassie Club Drive, Callawassie Island, South Carolina 29909
Clubhouse (843) 987-2142 ~ Fax (843) 987-2166 ~ Golf Pro Shop (843) 987-2161

1
2 IN THE COURT OF COMMON PLEAS
3 FOURTEENTH JUDICIAL CIRCUIT
4 STATE OF SOUTH CAROLINA
5 COUNTY OF BEAUFORT
6

7 THE CALLAWASSIE ISLAND MEMBERS CLUB, INC.,
8 Plaintiff,
9

10 vs.

CIVIL ACTION NUMBER
2012-CP-07-02681

11
12
13
14 WILLIAM HOBSON and PATRICIA HOBSON,
15 Defendants.
16

COPY

17 -----/
18 The deposition of LINDSAY COOLER, a
19 witness in the above-entitled cause, taken
20 pursuant to Notice and agreement, before Ceil
21 Weser, Certified Court Reporter and Notary
22 Public, at the Law Offices of Brian McDaniel,
23 2015 Boundary Street, Beaufort, South Carolina,
24 on the 1st day of May, 2015, commencing at or
25 about the hour of 10:05 a.m.

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1
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ALSO PRESENT:

William Hobson
Patricia Hobson

- - -

I N D E X

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D O C U M E N T A R Y E V I D E N C E

<u>NUMBER</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
DX-1	Social Membership Certificate	34
DX-2	Hobson Production Document 605	36
DX-3	Statement dated July 31, 2005, Member Number 2016	40
DX-4	Statement dated July 31, 2005, Member Number 2016	42
DX-5	Statement dated July 31, 2005, Member Number 2582	44
DX-6	Statement dated August 31, 2007, Member Number 2582	45
DX-7	Statement dated August 31, 2005, Member Number 1714	51
DX-8	Statement dated January 31, 2011, Member Number 2582	53
DX-9	Statement dated April 30, 2012, Member Number 1714	53

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 LINDSAY COOLER,

3 having been produced and first duly sworn as a
4 witness, testified as follows:

5 DIRECT EXAMINATION

6 BY MR. MCDANIEL:

7 Q Good morning, Miss Cooler. My name is
8 Brian McDaniel. I think we have met before, and
9 I believe you have taken an a deposition before,
10 but let me just restate for the record --

11 MR. HAIGHT: You are the one who
12 took it, Brian.

13 BY MR. MCDANIEL:

14 Q So I am sure you took a deposition
15 before. Let me just restate for the record if
16 you have any questions about the questions I ask
17 you, you should direct that to me. Your
18 attorney can object, and if they do you can
19 still answer the question, unless they direct
20 you not to answer the question. And that if you
21 do answer the question, I will assume that it
22 was understood so if it is confusing to you for
23 some reason, then just ask me to clarify the
24 question.

25 Good? Does that make sense?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A Yes.

3 Q Let me start and just to get you to
4 tell us what is your position with the
5 Callawassie Island Members Club?

6 A I am the membership director.

7 Q Is it correct you have been the
8 membership director since 2007?

9 A Correct.

10 Q And as the membership director if you
11 would just state what does that position entail?
12 What are your duties in that position?

13 A I take care of membership issues,
14 concerns, someone can't figure out how to get
15 their E-mails, that sort of thing.

16 I work with potential new members
17 coming in, and I work with new members getting
18 them orientated to the club, introducing them to
19 staff. A lot of member services type duties.

20 Q And is there anybody else -- any other
21 positions other than yours that you work closely
22 with or that you work with with regard to
23 membership issues?

24 A The closest one would be Jeff Spencer,
25 our general manager.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q And he has been the general manager
3 since the time you have been there or has that
4 changed?

5 A Yes, he wasn't there when I started,
6 and then shortly after he was hired he was the
7 golf pro and then he got hired as the general
8 manager. I can't remember the exact year it
9 was.

10 Q Now, did you receive a copy of the
11 Notice of the Deposition?

12 A For mine?

13 Q Yes, did you see the actual Notice of
14 Deposition?

15 A I believe I did via E-mail.

16 Q I will ask you here, part of the notice
17 if you had seen it was asking for you to bring
18 documents to the deposition.

19 Did you bring any documents with you
20 today?

21 A I did not.

22 Q Let me just ask you to look at this for
23 a second before we get started, the attachment
24 A, and see are there any documents there that
25 you --

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Well, let me ask you why didn't you
3 bring any documents with you?

4 A Well, to be quite honest I forgot.

5 MR. HAIGHT: Well, and Brian,
6 don't you have all of this in
7 discovery? Isn't this simply
8 duplicative at this point?

9 MR. MCDANIEL: I don't know. I
10 mean that was kind of the idea of
11 sending the letter.

12 MR. HAIGHT: You are asking for a
13 lot more than just with regard to the
14 Hobson's. This is with regard to Alden
15 Applegate, Dennis Racere (phonetic).
16 And you have gotten the documents with
17 regard to the swap with Reese.

18 MR. MCDANIEL: So are you saying
19 that all of the documents there have
20 been turned over?

21 MR. HAIGHT: Well, I know there
22 was certainly a lot of questioning
23 about that during the Hobsons'
24 depositions. That was based on
25 documents, all the same ones that we

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 have are the ones that you have.

3 MR. MCDANIEL: Okay.

4 But you can't tell me if all the
5 documents there have been turned over
6 or not?

7 MR. HAIGHT: That is not what I
8 said. I said we have responded fully
9 in discovery with all these cases that
10 you have listed. So I would be very
11 surprised if there was something that
12 is not in there, unless it is something
13 the Hobson's have. Mr. Hobson seems to
14 have a lot of documentation.

15 MR. MCDANIEL: I am not asking for
16 what he had. I am asking for what the
17 club has, and that is what this was, is
18 a request to bring this to the
19 deposition.

20 MR. HAIGHT: You have already
21 submitted discovery on those that have
22 been responded to. This is
23 duplicative.

24 MR. MCDANIEL: Well, there may be
25 some duplicative things in here, but

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2 there are certainly others that are not
3 that haven't been requested in the
4 case.

5 MR. HAIGHT: For example?

6 MR. MCDANIEL: So -- look, you
7 didn't bring the documents, so for
8 example is going to be very hard to
9 say.

10 Why didn't you bring the documents
11 with you?

12 MR. HAIGHT: Because you already
13 have them.

14 MR. MCDANIEL: Well, that wasn't
15 the reason that was just given. It was
16 she forgot to bring them.

17 So my assumption from that is she
18 wasn't -- there were documents there.

19 So that is fine, we will move on.
20 Because we don't have them, so there is
21 nothing to argue about.

22 MR. HAIGHT: My guess is we will
23 see a lot of them here during the
24 course of this deposition because you
25 already have them.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 MR. MCDANIEL: We will see what we
3 see.

4 All right.

5 BY MR. MCDANIEL:

6 Q Let me ask you just a question to
7 start, are you aware of a method for members to
8 resign from the Callawassie Members Club?

9 A No.

10 Q And to your knowledge is that something
11 that a member cannot do is resign from the club?

12 A They can put their membership on the
13 resale list, but they are still responsible for
14 the payment until it is transferred.

15 Q But as far as resigning they are put on
16 the resale list --

17 MR. HAIGHT: Object to the form.

18 BY MR. MCDANIEL:

19 Q -- Does that allow them to resign? Is
20 that a resignation?

21 A I would assume, but like I said as our
22 governing documents state they are still
23 responsible for the dues.

24 Q Are you aware of whether the governing
25 documents allow a member to resign?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 MR. HAIGHT: Object to the form.

3 THE WITNESS: Yes.

4 BY MR. MCDANIEL:

5 Q You are aware, and do they?

6 A Some have.

7 Q Some governing documents have or some
8 members have?

9 A Some members have.

10 Q Okay.

11 As far as the governing documents and
12 since some members have, I am assuming you are
13 saying then that the governing documents do
14 allow for a member to resign?

15 MR. HAIGHT: Object to the form.

16 THE WITNESS: They say if you
17 resign you place your membership on the
18 resale list, but it says you are still
19 responsible until it is sold.

20 BY MR. MCDANIEL:

21 Q And I understand that there is some --
22 I mean I have become fairly familiar with some
23 of the documents, so I understand there is some
24 language with regard to what happens or that
25 there is documents they have.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 But I am just asking you as a
3 membership director if a member comes to you and
4 says I want to resign, would you instruct them
5 that is something they could or could not do?

6 A Sure, we write back and say okay, thank
7 you for your letter or Notice and you have been
8 placed on the resale list, but you are still
9 responsible for your membership until it is
10 sold.

11 Q Can you describe for me, is there any
12 other way that a member can relinquish or
13 terminate or end their membership other than
14 resignation?

15 A Well sure, if they sell it.

16 Q What would that -- how would that end
17 their membership?

18 A Or transfer -- when property is sold on
19 the island a membership must be required.

20 Q And for members who don't -- are you
21 aware of any members who don't own property?
22 Any club members who don't own property?

23 A Well yes, we have a couple of associate
24 members that are nonproperty owners.

25 Q And is an associate member something

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 different than a golf or a social member?

3 A Yes.

4 Q Are you aware of any golf or social
5 members who don't own property?

6 A No.

7 Q If there were such things, if you did
8 have such a person how would that person be able
9 to extinguish their membership?

10 MR. HAIGHT: Object to the form.

11 THE WITNESS: Can you repeat the
12 question, please?

13 BY MR. MCDANIEL:

14 Q Sure, if you have a golf member who
15 doesn't own a piece of property, is there a
16 method by which they would be able to transfer
17 their membership?

18 A At this time I don't know of any
19 members that are equity members that don't own
20 property.

21 We did have a couple of years ago some
22 members, equity members that had sold their
23 property without their membership and kept their
24 membership for whatever reason. Maybe they felt
25 they were going to use it again.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q Okay.

3 So with those people what was the club
4 policy to allow them to transfer or relinquish
5 or terminate that membership?

6 A The board wrote letters to those people
7 saying they had realized that their membership
8 wasn't associated with a property, and there was
9 the option to give that membership back to the
10 club. If they -- I can't remember exactly
11 the -- you know, an X amount of money, whether
12 it was the rest of the year's dues that need to
13 be paid or whatever, if they would like to
14 concede that membership.

15 Q Are you aware of whether or not that
16 was done through some provision of the governing
17 documents?

18 A No, I am not.

19 Q And is that something that is available
20 to any member in that position, or do you know?

21 A Can you repeat the question?

22 Q Sure, if there is any other members who
23 sell their property and the purchaser of the
24 property doesn't buy their membership for
25 whatever reason --

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2 A Okay.

3 Q -- Would they also be allowed to do
4 that?

5 A I don't know. I would assume it would
6 be a case-by-case basis, but that is assuming.

7 Q And as far as the -- in that situation
8 is there any mechanism that you know of in the
9 governing provisions of how that type of member
10 could relinquish or terminate their membership,
11 outside of a special offer by the board?

12 A No.

13 Q All right.

14 Is it accurate to say that a member may
15 be able to sell their property and that the
16 owner would not be required to buy their
17 membership? That is to say if you have a golf
18 member and the purchaser wants to buy a social
19 membership, what happens --

20 MR. HAIGHT: Object to the form.

21 BY MR. MCDANIEL:

22 Q -- What happens in that situation?

23 A We don't offer social memberships
24 anymore. Our membership structure has changed.

25 Q So what do you offer now?

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2 A Just an island membership.

3 Q But prior to that, prior to that --
4 that change was what? In the last year?

5 A 2013.

6 Q Okay.

7 Prior to 2013 in the situation I gave
8 you what would be the case for the golf member
9 whose purchaser bought a social membership?

10 A Okay, so you are saying --

11 Just repeat the question if you don't
12 mind.

13 Q Prior to 2013 a landowner on
14 Callawassie was has a golf membership sells
15 their property and the buyer wants to just get a
16 social membership?

17 A Okay.

18 Q So the seller would still own their
19 golf membership?

20 A Correct.

21 Q And at that point they wouldn't own
22 property, correct?

23 A Correct.

24 Q And if they wanted to somehow end their
25 membership in the Callawassie Island Members

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Club, what would they need to do?

3 A Well, it would be put on the resale
4 list; but obviously it still states that you
5 would be responsible for it until it is sold.

6 Q Well, and if it is put on the resale
7 list, what would be the likelihood that it would
8 get sold and be taken off that resale list? --
9 let me ask it this way, how many people are on
10 the resale list now? How many memberships?

11 A 80? I am taking a guess because I
12 don't know off the top of my head.

13 Q How many unsold lots are there on
14 Callawassie Island, do you know that?

15 A There is like 90 properties. That is a
16 mix of home sites and homes.

17 Q And from the resale list how do
18 memberships come off of the resale list?

19 A We sell through developer to one of our
20 ones off the resale list.

21 Q Okay.

22 A New memberships.

23 Q Right.

24 And those would be the one's -- pretty
25 much would be the only ones coming off the

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 resale list would be new memberships, is that
3 correct?

4 MR. HAIGHT: Object to the form.

5 THE WITNESS: State the question
6 again, please.

7 BY MR. MCDANIEL:

8 Q As far as the memberships on the resale
9 list, for them to be taken off the resale list,
10 would it not normally have to be a sale of a
11 property that didn't have an associated
12 membership already with it?

13 A Correct.

14 Q So wouldn't that be these lots that you
15 are talking about? These 90 plus lots?

16 A Correct.

17 Q So to come off the resale list it
18 pretty much has to be a sale of a previously
19 unsold property? One of these 90?

20 A Well, they are all resale. It would
21 just be someone that didn't have a membership.

22 Q And so to get to number 80 you wouldn't
23 actually go just straight 80, it would also be
24 every fourth one would come off the resale list,
25 right?

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2 A Yes.

3 Q So somebody who is 90 on the resale
4 list without an associated property, what would
5 you think their chances of having that
6 membership sold from the membership would be?

7 A It would you a few years.

8 Q A few years? Like how many?

9 A I am guessing 20.

10 Q So after 20 years, and now we have sold
11 all 90 available lots, you still wouldn't get to
12 selling 80 off the resale list, would you? If
13 you are taking every third off?

14 A If I do the math, no.

15 Q Okay.

16 And so would you agree that if you are
17 80 on the resale list you really don't have any
18 expectation that you would be able to get off
19 that resale list if you don't have a piece of
20 property to sell with it, would you agree with
21 that?

22 A I agree.

23 Q And even if you do have a property, if
24 the person doesn't buy your membership, doesn't
25 buy the same type of membership, then you would

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 be in this situation?

3 MR. HAIGHT: Object to the form.

4 THE WITNESS: Well, we only offer
5 the one type of membership now so --

6 BY MR. MCDANIEL:

7 Q All right.

8 I want to ask you about Mr. Hobson and
9 Mrs. Hobson's property and the membership that
10 is the basis of this litigation or this lawsuit.

11 Are you familiar with their situation
12 and the exchange of memberships that occurred
13 with them in about 2007?

14 A Yes.

15 Q Tell me then what you know of that?
16 What happened there?

17 A From what I can recall Mr. Hobson was
18 looking to exchange. He had two golf
19 memberships and he was looking to exchange one.
20 I can't remember how he got to be with
21 Mr. Reese. Whether it was they found each other
22 in the community or what, but they did exchange
23 their memberships. Mr. Reese had a social and
24 wanted a golf mand Mr. Hobson had a golf and
25 wanted a social and they exchanged; and

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2 Mr. Hobson then put his social membership on the
3 resale list.

4 Q And do you recall any specific
5 conversations with Mr. Hobson, or any
6 communications I should say, with him about that
7 swap or that --

8 A I mean I know I talked to Mr. Hobson,
9 but I can't recall.

10 Q Okay.

11 Do you recall how he -- well, do you
12 recall having conversations with Mr. Reese about
13 that transaction?

14 A I don't recall.

15 Q Are you familiar with the property
16 situation that Mr. Hobson had at that time, as
17 far as what property he owned or the reason why
18 he wanted to make this exchange?

19 MR. HAIGHT: Object to the form.

20 THE WITNESS: No.

21 BY MR. MCDANIEL:

22 Q Do you recall him ever -- are you aware
23 at that time that he had two memberships?
24 Mr. Hobson did?

25 A Yes.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q I think you did mention that, yeah.

3 A I said that.

4 Q And do you know whether at that time he
5 had two pieces of property?

6 A I don't recall.

7 Q Well, I will represent to you that he
8 had owned two pieces of property and had sold
9 one of them in 2000?

10 A Okay.

11 Q Does that sounds familiar to you at
12 all?

13 A Yes.

14 But he kept the membership.

15 Q Right, the person who bought the villa
16 didn't want the membership?

17 A Uh-huh.

18 Q Right.

19 But he still had a lot that he had
20 purchased in 1988, if you are aware of that or
21 not?

22 A Okay.

23 Q I will represent that to you.

24 I was just going to ask you, do you
25 recall that being that fact or that being --

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2 A I have heard this.

3 Q Do you know what happened to the social
4 membership after that?

5 A Mr. Hobson's social membership?

6 Q Yes.

7 A It was placed on the resale list.

8 Q And do you know what ultimately --

9 A Yes, it was sold off the resale list.

10 Q And I believe that was about 2010, does
11 that sound correct?

12 A Yes. And I believe he was actually
13 given some money back for that.

14 Q And at this time how many memberships
15 are you aware that Mr. Hobson still has with the
16 CIMC or the Callawassie Island Members Club has
17 on record that he has?

18 A One.

19 Q And are you familiar with whether or
20 not there is a piece of property associated with
21 that membership?

22 A No.

23 Q How does the club keep track of
24 property and memberships, or does it? You do
25 that in some way?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A Yes, we have a database called Jonas.
3 It is our Jonas billing system. That
4 information is there.

5 Q Okay.

6 And in Jonas, it links the membership
7 with the property in some way?

8 A It would have a note in there with what
9 property it was, yes.

10 Q When did Jonas go into effect, do you
11 know?

12 A Prior to my time.

13 Q Okay.

14 And so when Mr. Hobson's membership
15 sold from the resale list in 2010, his social
16 membership, what notations or what actions would
17 be taken by either yourself or anybody else, if
18 you know, to document what property that was
19 associated with, the membership? Or is there
20 anything like that that is done?

21 A Well, we would mark them as sold out in
22 Jonas, so therefore they wouldn't get billed on
23 that membership anymore.

24 Q Okay.

25 Do you know whether -- who sends out

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 the billing from the Jonas system?

3 A It comes from our accounting office.

4 Q Which is Phoenix?

5 A Phoenix Financial.

6 Q So that actual billing doesn't go
7 through your office?

8 A No.

9 Q And does the -- are you aware of
10 whether Jonas owned the billing statement which
11 showed the property that it is linked to, or
12 would it simply have the address where the bill
13 is sent?

14 A It would have the address where the
15 bill is sent, along with the membership number.

16 Q Okay.

17 And where does that membership number
18 come from?

19 A From Jonas.

20 Q Is that the same membership number that
21 might be on the certificate that would be --

22 A No.

23 Q -- A membership certificate?

24 A No.

25 Q It is not?

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2 A No.

3 Q So that is just an internally generated
4 number from Jonas?

5 A Uh-huh, it would be the membership
6 number.

7 Q That is a yes? I am sorry, you said
8 uh-huh?

9 A Yes, I am sorry.

10 Q I just want to make sure of what you
11 are saying.

12 So Jonas as members are added to that
13 system, does it just give the next number in the
14 sequence?

15 A Correct.

16 Q And so as people were put into the
17 Jonas, their memberships were numbered within
18 Jonas just sequentially by how many members were
19 there?

20 A Correct.

21 Q And so when Mr. Hobson got, did this
22 swap, we will just call it a swap with
23 Mr. Reese, how did it determine what his new
24 billing number would be for the social
25 membership?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A The same thing. It would be the next
3 social membership number.

4 Q So he didn't keep Mr. Reese's number
5 from Jonas?

6 A Not that I can recall.

7 Q Okay.

8 It would have been the next one, and so
9 if we look at that -- I think I have a couple of
10 these numbers -- that maybe it would be -- that
11 was the one in 2000 --

12 A '7.

13 Q '7, that was just the next one issued?
14 If somebody had bought it the next day, they
15 would have had the next number after that?

16 A Correct.

17 Q And I think I asked you this, but I
18 just want to make sure, do you know when Jonas
19 was put into effect? I think you said you don't
20 know.

21 MR. HAIGHT: You already asked.

22 THE WITNESS: Prior to my time.

23 BY MR. MCDANIEL:

24 Q Okay.

25 Do you know who would have been in

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 charge of doing that? Putting those names into
3 Jonas prior to you?

4 MR. HAIGHT: Object to the form.

5 THE WITNESS: No.

6 BY MR. MCDANIEL:

7 Q At some point in 2009 and 2010
8 Mr. Hobson owned two memberships, correct? Or
9 prior to the social membership being sold?

10 A Correct.

11 Q During that period when a member such
12 as him in this particular case, he owned two
13 memberships, if a member doesn't pay on one of
14 them, are their membership privileges suspended
15 as to both memberships?

16 A Yes.

17 Q And why is that?

18 A Because you have to be current on all
19 memberships.

20 Q And is that -- from where do you get
21 that statement?

22 A It is in our governing documents. And
23 I can't recall if it is the club rules or the
24 membership plan. I am sure you have the copies.

25 Q So it is your belief, testimony that

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 being late on one membership under the governing
3 rules means that you can be suspended under even
4 other current memberships?

5 A Yes.

6 Q But you are not sure, you can't point
7 me to any particular provision in the governing
8 rules that say that, correct?

9 A Without looking at them, right.

10 Q You think if I showed you the governing
11 rules you could find that?

12 A I could try.

13 Q Okay.

14 Is there anywhere that actually does
15 link membership certificate numbers with the
16 membership account numbers?

17 A No.

18 Q Is the member notified in some way as
19 to -- scratch that. I will ask you a different
20 question.

21 Are you familiar with Jackie Lefferts,
22 do you know who that is?

23 A No.

24 Q Are you familiar with whether all
25 suspended members are being sued or not? That

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)
2 is, sued for those claimed late dues and fees?
3 A Yes.
4 Q You believe that they are?
5 A Yes.
6 Q Is it your understanding because that
7 is the policy of CIMC is to sue all members who
8 have suspended memberships?
9 A I would not like to say it is the
10 policy, because I wouldn't know for sure.
11 Q Do you know of any suspended members
12 who have not been sued since the club started
13 that enforcement in --
14 A No.
15 Q All right.
16 So I am going to show you a couple
17 pages here and see if you can help me just
18 identify these.
19 So I got some billing statements
20 from -- I will represent to you from July of '07
21 say from Mr. and Mrs. William Hobson is the
22 address and get you -- see if you can help me if
23 they look familiar to you? I am going to hand
24 you two first that are June and July -- let me
25 make a quick copy of these. I thought I had a

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)
2 copy in here, so let me do that to start.

3 MR. HAIGHT: I know we have seen
4 some of these billing statements
5 before, but these don't have any -- in
6 your production, but these don't have
7 any marks on them or any kind of Bates
8 Stamp on them.

9 Are these ones that have been
10 provided to us?

11 MR. MCDANIEL: Yes, we have
12 provided the entire billing record.

13 I can go print off the Bates stamp
14 one's if you want me to.

15 MR. HAIGHT: It would be helpful
16 to all of us if you use Bates Stamped
17 documents, so we all know.

18 MR. MCDANIEL: I mean they are
19 billing records from CIMC, so clearly
20 they are records from that --

21 MR. HAIGHT: Well, they are from
22 his files and they are from a date that
23 could even be earlier than when she
24 started there, because it is June of
25 '07. She said she started in June of

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 '07.

3 MR. MCDANIEL: She is not the one
4 when it was the club and there are club
5 documents. So clearly they have them.
6 But I don't mind doing that. We have
7 turned them over so --

8 MR. HAIGHT: Well, these weren't
9 produced by us.

10 These were produced by you,
11 correct?

12 MR. MCDANIEL: Yes, they have been
13 produced in discovery, right.

14 Yeah, they have been produced. We
15 will take a few minute break, and I
16 will go get the Bates Stamped ones and
17 make copies.

18 (Whereupon, a short break was
19 taken.)

20 BY MR. MCDANIEL:

21 Q I will show you this document first
22 before we get to the billing and see if you
23 recognize this.

24 A The same thing?

25 Q Yes.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 MR. HAIGHT: We got three copies.

3 BY MR. MCDANIEL:

4 Q Do you recognize this?

5 A Yes, it is a certificate.

6 Q And what would that be a certificate
7 for?

8 A Mr. Hobson's social membership.

9 Q And when would that have been issued?

10 A It is dated August 31, 2007.

11 Q Would that be your understanding of
12 when it would be issued?

13 A Yes.

14 Q And does that document, do you
15 understand that to be a copy of the certificate
16 that Mr. Hobson was issued at the swap we have
17 been calling for the social membership?

18 MR. HAIGHT: Object to the form.

19 BY MR. MCDANIEL:

20 Q I mean the golf membership for the
21 social membership?

22 A Yes.

23 MR. MCDANIEL: I will mark that as
24 Exhibit 1.

25 (Whereupon, Defendant's Exhibit

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Number 1 was marked for
3 identification.)

4 BY MR. MCDANIEL:

5 Q And on what has been marked as Exhibit
6 1, do you see whether it has a certificate
7 number on it?

8 A Yes.

9 Q And is that 2166?

10 A That is what it says.

11 Q And just to be clear, is it your
12 testimony that that certificate number has no
13 bearing on the account number that is issued for
14 accounting purposes?

15 A Yes.

16 Q Okay.

17 They are completely separate, right?

18 A Yes.

19 Q Is there -- prior to 2001 are you
20 familiar with how billing was done to subsequent
21 club members?

22 A No.

23 Q Do you know, does the club keep records
24 of previous billing statements before 2001?

25 A I don't know.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q You haven't seen any such records?

3 A Not that I recall.

4 Q Let me ask you about this.

5 This is Hobson production document 605.

6 Can you recognize that document? Or do
7 you recognize it?

8 A Not really, no, sir.

9 Q Does that look like a form that is
10 familiar to you with regard to your employment
11 with Callawassie Island Members Club?

12 A Can you repeat the question?

13 Q Sure.

14 Is this a form that you use as the
15 membership director?

16 A No.

17 Q Have you seen this form before in
18 member files such as the Hobson's?

19 A Possibly.

20 Q Are you familiar with whether or not in
21 2001 -- I think you said earlier Mr. Hobson
22 resigned one of his memberships and put it on
23 the resale list at that time?

24 A I don't think I said that.

25 Q Are you familiar with that occurring?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A Yes.

3 Q And would it be -- would this document
4 appear to fit with that understanding that
5 Mr. Hobson resigned the membership in 2001?

6 A Well, it says membership resignation
7 and then it is dated 2001; so yes.

8 Q And you don't have any documents
9 that -- you didn't bring any documents with you
10 that would indicate anything other than the fact
11 that he resigned his membership in 2001,
12 correct?

13 A Correct.

14 Q And are you aware of any other
15 documents that would exist that would contest
16 what is shown on this document?

17 A Not that I can recall.

18 Q Okay.

19 MR. MCDANIEL: I will mark that as
20 Exhibit 2.

21 (Whereupon, Defendant's Exhibit
22 Number 2 was marked for
23 identification.)

24 BY MR. MCDANIEL:

25 Q So just to be clear, is it your

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 understanding that Mr. Hobson did have two
3 memberships after 2000 and only owned one piece
4 of property?

5 A Yes.

6 Q And the first membership he purchased
7 was purchased when?

8 A I can't recall.

9 Q I think we had said he purchased the
10 property about 1988?

11 A Okay.

12 Q Does that sound correct?

13 A That sounds accurate.

14 Q And the second membership he purchased
15 would have been sometime later when he purchased
16 another piece of property in 1996?

17 A Okay.

18 Q Does that fit with the records you have
19 for Mr. Hobson?

20 A Off the top of my head it sounds
21 accurate.

22 Q Did you review any records of
23 Mr. Hobson's file for this deposition?

24 A I have.

25 Q And what did you review?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A His file.

3 Q Okay.

4 A And his history of memberships.

5 Q And so in that review did you find that
6 to be accurate that he in fact purchased a
7 second membership in 1996?

8 A Yes.

9 Q And did that correspond with his
10 purchase of a villa at Callawassie Island?

11 A I don't recall the property.

12 Q Let me ask you some questions about the
13 billing records and see if you can just identify
14 a couple of things for me.

15 So this is document 3 -- Hobson
16 production document 348, and I want to see if
17 you can look at that for me and see if you can
18 identify that as a Callawassie Island club
19 billing statement?

20 A Yes.

21 Q And does this look like the billing
22 statements that you are familiar with in
23 Mr. Hobson's file?

24 A Yes.

25 Q And was this issued by the Callawassie

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Island Club?

3 A It is for Callawassie Island Club's
4 dues, but it comes from our accounting office.

5 Q And this is dated when?

6 A It says July 31 of 2005.

7 Q And at this time why was it called the
8 Callawassie Island Club? Why is that? Is that
9 who was doing the billing at that time?

10 A I don't know.

11 Q If you would, look at that membership
12 number.

13 A Okay.

14 Q And it appears to be 02016?

15 A Yes.

16 Q And can you tell from the billing on
17 that whether that would be a social or a golf
18 membership? By looking at this billing
19 statement?

20 A I can't tell.

21 Q Okay.

22 A I would have to remember what the dues
23 were in 2005 -- if you had that.

24 Q So let me jump ahead a little bit with
25 you.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 MR. MCDANIEL: First let me mark
3 that as Exhibit 3.

4 (Whereupon, Defendant's Exhibit
5 Number 3 was marked for
6 identification.)

7 BY MR. MCDANIEL:

8 Q I am going to show you two documents,
9 one that I am going to put together is Hobson
10 production 452 and one is 453.

11 And I will represent to you it appears
12 to be a later billing statement of July of 2007.
13 I will get you to look at those.

14 MR. HAIGHT: Are you marking these
15 as separate exhibits?

16 MR. MCDANIEL: No, they will be
17 one exhibit together.

18 MR. HAIGHT: I mean they are
19 different member numbers. Why would
20 you introduce them as 1?

21 BY MR. MCDANIEL:

22 Q So if you would look at that, could you
23 identify those two documents?

24 A They are member statements.

25 Q And as your Counsel has pointed out for

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 you, these are two separate member numbers, is
3 that correct?

4 A Yes.

5 Q And do you recognize either of these
6 member numbers. Particularly for Mr. Hobson?

7 A Do I recognize them?

8 Q Sure.

9 Do they look familiar to you?

10 A Sure.

11 Q Do you remember Mr. Hobson's member
12 number?

13 A Yes.

14 Q Okay.

15 Can you tell from these member numbers
16 and from the billing amounts what their --
17 either one would be a social membership or a
18 golf membership? Can you make any conclusions
19 by looking at them?

20 A No.

21 Q Do they appear to both be golf
22 memberships? You can't tell?

23 A I can't tell.

24 I would say one does because there is a
25 lot of golf charges on here.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q And that would be which one?

3 A The 2582.

4 Q Okay.

5 And so at this time in 2007 -- well,
6 let me back up because I think that was about
7 the same year that these were actually -- that
8 we had some changeover.

9 MR. MCDANIEL: Let me go ahead and
10 mark those as Exhibit 4 together.

11 MR. HAIGHT: Again, you are going
12 to make them one exhibit, even though
13 they are clearly separate documents?

14 MR. MCDANIEL: Correct.

15 (Whereupon, Defendant's Exhibit
16 Number 4 was marked for
17 identification.)

18 BY MR. MCDANIEL:

19 Q Let me back up and this may help
20 clarify it.

21 I will show you a different document
22 production 349 and this goes back to 2005, I
23 will represent to you.

24 So does this appear to be also a
25 billing statement for Mr. Hobson for a

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 membership from the Callawassie Island Club?

3 A Yes.

4 Q And that membership number that is
5 represented there is what?

6 A It says 2582. 02582.

7 Q And if you look back at Exhibit 3 that
8 we looked at a minute ago, that is a different
9 membership number than was on Exhibit 3,
10 correct?

11 A Yes.

12 Q But they are the same date essentially?
13 The same period, July 31 of 2004?

14 A That is what it says.

15 Q So would it be fair to assume that --
16 MR. HAIGHT: Object to the form.

17 BY MR. MCDANIEL:

18 Q -- That those are billing records for
19 the two memberships that Mr. Hobson owned in
20 2005?

21 A Yes.

22 Q And then going forward to Exhibit 4,
23 those appear to be the same billing numbers,
24 account numbers or what they refer to on the
25 sheet as member number that he had in July of

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 '07, is that correct?

3 A Yeah, in '07, 2582; and in '05, 2582.

4 And in '07, 2016 and in '05, 2016.

5 Q I am not trying to trick you.

6 I am trying to establish that so I can
7 show you the next one in '07.

8 A Okay.

9 Q Which is this.

10 MR. HAIGHT: Is this Exhibit 5?

11 MR. MCDANIEL: Yeah, I want to
12 make sure I keep them together here.

13 Let me mark this as Exhibit 5.

14 (Whereupon, Defendant's Exhibit
15 Number 5 was marked for
16 identification.)

17 BY MR. MCDANIEL:

18 Q So now I am just going to show you what
19 appears to be document 4, Hobson production
20 number 456 and 457, which I will represent to
21 you is another billing statement, a two-page
22 one.

23 And this is -- am I correct that this
24 is the next month in '07? That is, it is August
25 of 2007?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A It says August of 2007.

3 Q And it has a billing number on it,
4 correct -- A member number, I am sorry?

5 A It has a member number.

6 Q And what is that member number?

7 A It says 02582.

8 Q And that was one of the memberships
9 that was owned in that we looked at Exhibit 5
10 showing a member number of 02582 as well, is
11 that correct?

12 A That is what your Exhibit 5 shows.

13 MR. MCDANIEL: Let me mark that as
14 Exhibit 6.

15 (Whereupon, Defendant's Exhibit
16 Number 6 was marked for
17 identification.)

18 BY MR. MCDANIEL:

19 Q And I will show you another document.

20 A Okay.

21 Q Hobson production number 458. It is
22 also August 31 of '07.

23 This one shows a membership number of
24 01714, correct?

25 A That is what it says.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q So would it be fair then to -- is it
3 your understanding of looking at that and
4 comparing it with the July documents that we
5 just looked at, so you have the two August ones
6 from the previous Exhibit 6 along with the one I
7 am showing you now, and the July documents that
8 show -- it appears to show, am I correct, that
9 the 2582 membership from July of -- I am sorry,
10 I am getting the '05 here -- I showed you the
11 wrong one.

12 The 2582 membership from July of '07,
13 that there is a corresponding August bill for
14 that same membership number.

15 But for the 2016 membership from July
16 of '07, then the August of '07 it appears to
17 change membership numbers to 01714.

18 A Okay.

19 Q Would that correspond with the sale of
20 Mr. Hobson's golf membership to Mr. Reese and
21 the swap that occurred when he received a social
22 membership?

23 A Yes.

24 Q Is that what would happen with the
25 accounting as far as there would be a new

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 account number to Mr. Hobson when that occurred?

3 A From what I can recall, yes.

4 Q And is that approximately the right
5 time frame that that would have happened in
6 2007?

7 A Under 2007. I don't know the date.

8 Q Okay.

9 Do you have any records that would
10 show -- that you believe show something other
11 than the fact that this is the time period --
12 that these bills are an accurate reflection of
13 the records from the Callawassie Island Club
14 with regard to the billing for Mr. Hobson at
15 that period?

16 A Not with me.

17 Q Do you believe there are documents that
18 would dispute what is being shown in these
19 records?

20 A No.

21 Q Assuming this document here that has
22 got this 1714 membership on it, the August 31,
23 '07, how does that 1714 member number get
24 assigned to Mr. Hobson?

25 A It would be the next social membership

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 in the Jonas system.

3 Q So 1713 would have been the last one
4 before that and then he would have gotten 1714?

5 A I would think so.

6 Q Do you know how it was selected which
7 one of his previous billing membership account
8 numbers or member numbers were kept and which
9 one was changed into a social membership?

10 A I don't recall.

11 Q Who would have been in charge of that?
12 You?

13 A Yes.

14 Q What basis would you use to normally
15 determine that?

16 A The earliest one.

17 Q The earliest what?

18 A Membership.

19 Q Earliest how? Earliest by member
20 number?

21 A Correct.

22 Q So whenever they got entered into
23 Jonas --

24 A Uh-huh.

25 Q -- You would take whichever one was

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 lower for a swap?

3 A Yes.

4 Q And why would you select the lowest?

5 What was the reason there?

6 A From talking to board members and
7 accounting, and I guess how it had been done in
8 the past.

9 Q Who did you talk to? Do you recall who
10 you talked to about that?

11 A I don't recall.

12 Q And do you know whether or not that
13 number, the lower number corresponded to any
14 particular fact or was that just how it happened
15 to get entered into Jonas?

16 A Can you ask the question again?

17 MR. HAIGHT: Object to the form.

18 BY MR. MCDANIEL:

19 Q So if a member has two memberships when
20 the Jonas system is instituted --

21 A Uh-huh.

22 Q -- Do you know whether there is any
23 system for how those two memberships are -- I
24 mean one could be certificate 1 and one could be
25 certificate 2,000, right?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A Sure.

3 Q How was that determination? Do you
4 have any idea if there was any procedure for
5 what selected the number that it got put into
6 Jonas?

7 A Yes, it would just be the next
8 membership number.

9 Q But originally they were all entered?
10 I mean Jonas had to at some point be -- the
11 members had to be all inputted into it to begin
12 with, correct?

13 MR. HAIGHT: Object to the form.

14 THE WITNESS: I wasn't around
15 then, so I don't know.

16 BY MR. MCDANIEL:

17 Q And that is what I just wanted to make
18 sure.

19 You don't know the basis for how
20 members were initially entered into the Jonas
21 system?

22 A No.

23 Q And do you know, the Jonas was started
24 at some time after 2001, correct?

25 A Correct.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q And so members like Mr. Hobson who had
3 already purchased both of his memberships prior
4 to the Jonas system being instituted, his would
5 have been subject to being an initial input into
6 the system, right?

7 MR. HAIGHT: Object to the form.

8 THE WITNESS: Yes.

9 BY MR. MCDANIEL:

10 Q I mean it would have to be, right? Can
11 you think of any other way that that would be --

12 A No.

13 Q Okay.

14 So let me move you ahead --

15 MR. MCDANIEL: Did we mark that
16 last document?

17 MR. HAIGHT: No.

18 MR. MCDANIEL: Let me mark what is
19 identified as document Hobson
20 production document 458 as Exhibit 7.

21 (Whereupon, Defendant's Exhibit
22 Number 7 was marked for
23 identification.)

24 BY MR. MCDANIEL:

25 Q And you said you believed that

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Mr. Hobson sold the social membership from the
3 resale list in 2010, correct?

4 A Yes.

5 Q And after that would he continue to be
6 billed for that membership?

7 A No.

8 Q Let me show you the 2011, January 2011
9 document that is for -- I mean it is 582.

10 And does that appear to be a billing
11 statement to Mr. and Mrs. Bill Hobson for
12 membership number 2582?

13 A That is what it says.

14 Q And is that from your position as the
15 membership director, does it appear to be an
16 accurate representation of the billing
17 statements that would be sent out to members
18 such as Mr. Hobson?

19 A The statement, yes.

20 Q And it is dated January 31, 2011,
21 correct?

22 A Yes.

23 Q So would it be your understanding that
24 that would be a copy of the bill pertaining to
25 Mr. Hobson's membership that was not sold in

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 2010?

3 A Correct.

4 Q Okay.

5 And so if we look back at the
6 previous -- some of the previous exhibits --
7 well, that is all right. That would be the
8 current bill.

9 Let me show you another document that
10 is 587 and I might have to go back and mark the
11 other one first.

12 A Okay.

13 Q You can look at this one. And let me
14 mark the one we just talked about, document 582,
15 as the next exhibit.

16 (Whereupon, Defendant's Exhibit
17 Number 8 was marked for
18 identification.)

19 MR. MCDANIEL: Now, if we can mark
20 it as Exhibit 9.

21 (Whereupon, Defendant's Exhibit
22 Number 9 was marked for
23 identification.)

24 BY MR. MCDANIEL:

25 Q So what has been marked as Exhibit 9,

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843-525-9600 FAX 843-785-5837

- 1 MCDANIEL - COOLER (DIRECT EXAMINATION)
- 2 can you identify that document for me.
- 3 A It says it is a statement.
- 4 Q And does it appear to be a Callawassie
- 5 Island Club statement to Mr. and Mrs. William
- 6 Hobson for account number 01714?
- 7 A That is what it says.
- 8 Q And this would be from April 2012?
- 9 A That is what it says.
- 10 Q And you see on there it says March
- 11 legal fees?
- 12 A I see that.
- 13 Q Are you aware of whether this 1714 is
- 14 the membership that was sold in 2010?
- 15 A Yes.
- 16 Q It is?
- 17 A Yes.
- 18 Q Do you know why it would be
- 19 accumulating legal fees in April of 2012?
- 20 A I do not.
- 21 Q Who would have input that into the
- 22 system? You?
- 23 A No, the accounting office.
- 24 Q Phoenix would do that?
- 25 A Yes.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q And that would be Craig Simonson?

3 A He is the controller.

4 Q All right.

5 Would you agree with me that if in
6 Mr. Hobson's situation -- let me just ask this,
7 in Mr. Hobson's situation when he purchased his
8 villa in '96 and purchased a membership at that
9 time, that when he sold the villa in 2000 that
10 it would make sense that he would then be trying
11 to --

12 MR. HAIGHT: Object to the form.

13 BY MR. MCDANIEL:

14 Q -- Get rid of the membership associated
15 with that villa?

16 A Yes.

17 Q And that when he transferred a
18 membership to the social membership, but wanted
19 to continue to play golf, that is in 2007 when
20 he made that swap, but knew that he wanted to
21 continue to play golf, would it also make sense
22 that he would want to transfer the membership
23 that he wanted to sell to the social membership?

24 MR. HAIGHT: Object to the form.

25 THE WITNESS: Can you please

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 repeat the question.

3 BY MR. MCDANIEL:

4 Q Sure.

5 If somebody has two memberships and
6 wants to get rid of them like Mr. Hobson, but he
7 wants to keep one membership so he can continue
8 to play golf, I mean if he is attempting to do
9 that, then he would probably, most likely, most
10 reasonably want to put that --

11 MR. HAIGHT: Object to the form.

12 BY MR. MCDANIEL:

13 Q -- Membership that wants to be sold on
14 the social membership, because that is the list
15 that could sell more quickly, correct?

16 A I am sorry, can you ask it a different
17 way? I am trying to follow you.

18 Q That is all right. Okay.

19 Is the social member resale list in
20 2007 longer or shorter than the golf resale
21 list?

22 A Shorter.

23 Q So wouldn't it make sense that a person
24 wanting to sell their membership if they could
25 choose between the golf and the social, would

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 choose to have it on the social resale list?

3 MR. HAIGHT: Object to the form.

4 MR. YOHO: Object to the form.

5 THE WITNESS: Yes.

6 BY MR. MCDANIEL:

7 Q Does the club have a -- would you also
8 believe it is reasonable that of a membership
9 associated with property -- let me just I guess
10 make it a little more simple.

11 Did Mr. Hobson ever make it known to
12 you that he was trying to get rid of his second
13 membership?

14 A The social membership?

15 Q The second membership, did he ever
16 refer to a membership as his second membership?

17 A Not that I can recall.

18 Q And do you ever recall any discussions
19 directly about asking him or any communications
20 from him about which membership he was
21 attempting to sell?

22 A I don't recall.

23 Q Okay.

24 Give me just one minute, just a quick
25 break.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 (Whereupon, a short break was
3 taken.)

4 BY MR. MCDANIEL:

5 Q If a member puts their membership on
6 the resale list and then later put a second
7 membership on the resale list, which one of
8 those would it be your understanding would sell
9 first from the resale list? The earlier one or
10 the later one?

11 A The first one.

12 Q And in the event that the -- in this
13 situation isn't it reasonable to expect that the
14 member in that situation --

15 MR. HAIGHT: Object to the form.

16 BY MR. MCDANIEL:

17 Q -- Would intend to sell if he is going
18 to sell one of those two first, the one that was
19 first put on the resale list?

20 A Yes.

21 Q How does the club determine who it is
22 going to sue, and who it is not going to sue
23 currently?

24 A I don't know.

25 Q Who makes that determination?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A The board and our general manager.

3 Q Okay.

4 Just to be clear, are the members
5 notified about how their membership number are
6 linked to any sort of accounting number? Is
7 there any way the member would know that? That
8 is, their certificate number?

9 Is there any way that they are notified
10 this certificate number is linked to this
11 membership account number?

12 A Not to my knowledge.

13 Q Okay.

14 What documents do you have that
15 authorized the repurchase of Mr. Hobson's
16 secondary membership in 2007? What documents
17 does the club maintain for that?

18 A Can you repeat the question?

19 Q Sure.

20 When Mr. Hobson's secondary membership
21 was swapped in 2007 --

22 MR. HAIGHT: Object to the form.

23 BY MR. MCDANIEL:

24 Q -- That was actually a repurchase,
25 correct? That is, the club purchased it, it was

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 actually sold to the club, and then he purchased
3 a social membership?

4 A No, they swapped. They exchanged.

5 Q How does that occur? What is the
6 mechanics of how that transaction happens?

7 A Through the club.

8 Q And so do the two members actually just
9 hand each other their certificate?

10 A No.

11 Q Okay.

12 So it is my understanding that that
13 actually gets transferred back to the club, both
14 the memberships, is that correct?

15 A Okay.

16 Q Does that sound correct?

17 A Yes.

18 Q And that the club then sells the new
19 membership to each person? They actually have
20 another transaction where it is re-issued?

21 A But it is not a new membership.

22 Q I understand that. It is a -- it is
23 not a -- it is a transfer to the club first and
24 then to the new person, correct?

25 A Correct.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q And does the club keep documents that
3 authorize that swap?

4 A Yes.

5 Q And what documents does the club have
6 that regard that swap?

7 A I know there is a piece of paper in
8 Mr. Hobson's file that has both signatures on it
9 saying they were doing a swap.

10 Q Both signatures being who?

11 A The Hobson's, Mr. and Mrs.

12 Q Is there a signature of the person they
13 are swapping with?

14 A I believe so, but I would have to check
15 my file.

16 Q And you don't have that with you today?

17 A No.

18 Q When you intake a new member, how is
19 the information for their account transferred
20 over to Phoenix? Is that something you actually
21 input?

22 A Yes.

23 Q And so you have access to Jonas,
24 correct?

25 A Yes.

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- 1 MCDANIEL - COOLER (DIRECT EXAMINATION)
- 2 Q And do you set up the account number?
- 3 A Yes.
- 4 Q And is it self-generated through the
- 5 Jonas system?
- 6 A Yes, it would be the next one in line.
- 7 Q And it automatically fills that in for
- 8 you?
- 9 A Yes.
- 10 Q Does the Jonas system internally have a
- 11 connection to a membership certificate number?
- 12 A No.
- 13 Q How is it connected to it?
- 14 A I believe there are notes within the
- 15 system.
- 16 Q And do those notes in the system
- 17 identify a certificate number for each person?
- 18 A Some of them.
- 19 Q But not all of them?
- 20 A Not that I can recall.
- 21 Q And do you know, is there some
- 22 understanding of why some and not others are
- 23 noted? Is it the age of the membership?
- 24 A I don't know.
- 25 Q Is there a designation in the Jonas

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 system for whether the person is a resident or
3 nonresident?

4 A We don't have that category anymore.

5 Q Was there a designation?

6 A It was designated by the dues that they
7 paid, resident and nonresident.

8 Q But within Jonas would the dues that
9 they paid be specified as resident or
10 nonresident? Or is it just a different amount
11 was plugged in?

12 A If I can recall correctly, it was just
13 a different amount.

14 Q And so when you had this change of the
15 membership accounting, go into the one type of
16 membership, did you get a new software program
17 or is it still Jonas?

18 A No, it is still Jonas.

19 Q How would a member such as the Hobson's
20 who have more than one membership be able to
21 know which membership they are being billed for
22 by the account statements? If they have more
23 than one membership, how would they know when
24 they get their statements which one goes to
25 which membership?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A I don't know.

3 Q Looking at the membership, the invoices
4 that we had here or from your knowledge of it,
5 do you know of any way they could delineate
6 between, well, this must be the membership I got
7 in one year and this must be the membership I
8 got in another year?

9 A No.

10 Q Could you explain the process for
11 applying legal fees to the account? As far as
12 how those interest and legal fees get applied to
13 a member's account?

14 A No.

15 Q Who does that?

16 A That would be the accounting office.

17 Q What fees and charges do you input, if
18 any?

19 A None.

20 Q That is not part of what you do?

21 A No.

22 Q Are you aware of any multiple
23 memberships holder who has not been billed
24 monthly dues or fees on one of their
25 memberships?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A No.

3 Q How many multiple memberships are there
4 today, do you know? People that have more than
5 one membership?

6 A 10? Around 10.

7 Q And are you aware of any multiple
8 membership holders who do not own property
9 associated with one or more of their
10 memberships?

11 A Can you repeat the question?

12 Q Are you aware of any multiple
13 membership holders who do not have property
14 associated with one or more of their
15 memberships?

16 A No.

17 Q What records does the Callawassie
18 Island Members Club keep regarding former
19 members or ex-members? Does it maintain a file
20 for those people?

21 A Yes.

22 Probably not all of them.

23 Q Not all of the former members or not
24 all of the records?

25 A Probably both.

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 Q What is the retention policy for the
3 membership documents?

4 A I don't know.

5 Q Who is in charge of maintaining those
6 files?

7 A Me.

8 Q And what is your policy for how often
9 you destroy files?

10 A I don't destroy any.

11 Q How are those records kept, as far as
12 what medium are they in? Are they all paper,
13 electronic, scanned in?

14 A Paper and they have been scanned in.

15 Q Have they have been scanned in in their
16 entirety's?

17 A Yes.

18 Q Does CIMC maintain E-mails from board
19 members?

20 A Yes.

21 Q Do they maintain employee staff
22 E-mails?

23 A Yes.

24 Q Does CIMC have its own E-mail
25 addresses?

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)

2 A Yes.

3 Q And is the staff all given a separate
4 E-mail address?

5 A Yes.

6 Q How about the board member, do they
7 also have a separate CIMC address?

8 A No, their own personal E-mail
9 addresses.

10 Q What about the billing records like the
11 one's we looked at, would these type of billing
12 records be maintained in the membership file?

13 A No, they would be in through Jonas.

14 Q Is there a paper copy -- is it your
15 understanding that there is a paper copy kept of
16 these type of billing records by the Callawassie
17 Island Club?

18 A Not by us, no.

19 Q By anybody?

20 A I don't know.

21 Q You are not aware of whether Phoenix
22 Financial maintains a written copy? A hard
23 copy?

24 A No.

25 Q Are you aware of any records by these

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)
2 defendant that have not been turned over in this
3 case?

4 A I don't.

5 MR. HAIGHT: By these defendants,
6 you are reversing who?

7 BY MR. MCDANIEL:

8 Q I am referencing to the Hobson's and
9 this case? The Defendants in this case?

10 A No.

11 Q You are not aware of any CIMC documents
12 related to them or their membership that have
13 not been turned over in the case?

14 A No.

15 Q Give me just one more minute, and I
16 think that might be all I have. I will just
17 talk with my client for just a minute.

18 (Whereupon, a short break was
19 taken.)

20 BY MR. MCDANIEL:

21 Q I believe that is all I have for you,
22 unless your Counsel wants to ask any questions.

23 MR. HAIGHT: Let me chat with Andy
24 first outside a minute.

25 (Whereupon, a short break was

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1 MCDANIEL - COOLER (DIRECT EXAMINATION)
2 taken.)
3 MR. HAIGHT: Nothing from us.
4 (Whereupon, the deposition of
5 Lindsay Cooler was concluded at
6 11:46 p.m.)
7
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1
2 CERTIFICATE
3

4 STATE OF SOUTH CAROLINA:

5 BEAUFORT COUNTY:
6

7 I, Ceil Weser, CSR and Notary

8 Public in and for the above county and state, do
9 hereby certify that the foregoing testimony was
10 taken before me at the time and place
11 herein before set forth; that the witness was by
12 me first duly sworn to testify to the truth, the
13 whole truth, and nothing but the truth, that
14 thereupon the foregoing testimony was later
15 reduced by computer transcription; and I certify
16 that this is a true and correct transcript of my
17 stenographic notes so taken.

18 I further certify that I am not of
19 counsel to either party, nor interested in the
20 event of this cause.

21
22 -----
23 Ceil Weser, CCR

24 Notary Public

25 Beaufort, South Carolina

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CERTIFICATE NO. 2166

Social Membership Certificate

The Callawassie Island Members Club, Inc.

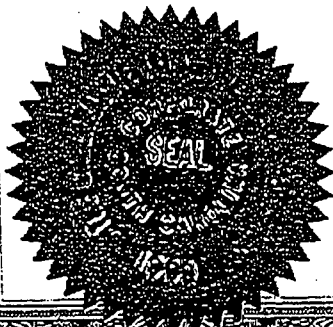
A NON-PROFIT CORPORATION
INCORPORATED UNDER THE LAWS OF THE STATE OF SOUTH CAROLINA

THIS CERTIFIES THAT William Hobson & Pat Hobson IS THE OWNER OF ONE (1) SOCIAL MEMBERSHIP CERTIFICATE (THE "CERTIFICATE") IN THE CALLAWASSIE ISLAND MEMBERS CLUB, INC. (THE "CLUB"). THIS CERTIFICATE IS TRANSFERABLE ONLY TO THE CLUB. CONSIDERATION FOR THE TRANSFER OF THIS CERTIFICATE WILL BE PAYABLE TO THE HOLDER ONLY WHEN AN INDIVIDUAL WHO IS ACCEPTABLE TO THE CLUB ACQUIRES THIS CERTIFICATE AND PAYS THE REQUIRED PURCHASE PRICE FOR MEMBERSHIP, IN ACCORDANCE WITH THE BY-LAWS OF THE CLUB. ON ALL MATTERS TO BE VOTED UPON BY THE MEMBERS OF THE CLUB, EACH SOCIAL MEMBERSHIP SHALL BE ENTITLED TO TWO (2) VOTES.

THE CLUB SHALL HAVE A LIEN AGAINST EACH EQUITY MEMBERSHIP FOR ANY UNPAID DUES, FEES, CHARGES, OR ASSESSMENTS FOR WHICH THE MEMBER IS RESPONSIBLE. ANY OTHER LIEN PLACED AGAINST SUCH EQUITY MEMBERSHIP SHALL BE JUNIOR TO CLUB'S LIEN.

IN WITNESS WHEREOF, THE CLUB HAS CAUSED THIS CERTIFICATE TO BE SIGNED BY ITS DULY AUTHORIZED OFFICERS AND TO BE SEALED WITH ITS SEAL.

DATED: AUGUST 31, 2007



SECRETARY

PRESIDENT

Hobson Motion doc 109

DEFENDANT'S	
EXHIBIT NO.	
FOR IDENTIFICATION	
DATE:	00/2/07
RPTR:	EW

IMPORTANT: PLEASE FILL OUT, SIGN, AND RETURN THE FOLLOWING FORM TO:
Callawassie Island Company, Attention Ellen Padgett, 176 Callawassie Drive, Okatie, SC 29910
or FAX to 843-987-2121.

****IF YOU WISH TO ACCRUE YOUR DUES, PLEASE BE SURE TO INITIAL THE APPROPRIATE LINE.**

****IF YOU WISH TO REMOVE YOUR NAME FROM THE RESALE LIST, PLEASE SIGN ON THE APPROPRIATE LINE.**

MEMBERSHIP RESIGNATION / DUES ACCRUAL FORM

membership # 2

I, William R. Hobson have tendered my resignation to the Callawassie Island Club, Inc. by placing my equity membership on the Membership Resale List. I understand that I am obligated to continue to pay dues and food and beverage minimums to the Club until the membership is reissued by the Club. I may continue to use the Club's facilities as long as my membership account remains current.

I further understand that by resigning from the Callawassie Island Club, Inc., I have placed my membership on the resale waiting list, to be reissued by the Club in accordance with the Club's by-laws. *Should I withdraw my resignation from the Club at any time before the re-issuance of the membership, I understand that I will be assessed a \$2,000 reinstatement fee.*

OPTION: I may allow my dues and food and beverage minimums to accrue against and be deducted from the amount to be paid to me when my membership is reissued. Accounts managed in this manner will become past due after 30 days. Dues and charges (including any food and beverage minimums) accrued since the initial time of delinquency will be charged interest at the rate of eighteen percent (18%) compounded annually. Also, membership privileges and credit will be suspended until the membership account is brought current. (See the Plan for the Offering of Memberships, Article XIII, Delinquencies.) *This option is only available as long as Callawassie Island Company owns the Club.*

Please Initial if you are choosing the option to allow your dues to accrue:

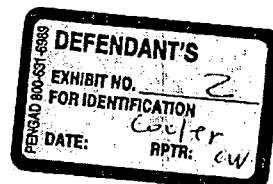
☒ I would like my dues and food and beverage minimums plus any interest on unpaid balances to accrue against the equity of my membership as outlined per the Club Plan.

<u>William R. Hobson</u>	<u>2/12/01</u>	_____
Member	Date	SSN#
<u>Patricia C. Hobson</u>	<u>02/12/01</u>	_____
Member	Date	SSN#

MEMBERSHIP REINSTATEMENT: Please sign and return if applicable.

Please REMOVE my membership from the resale list and reinstate my membership. There will be no \$2,000 reinstatement fee if membership is withdrawn from the resale list by **March 6, 2001**.

_____	_____	_____
Member	Date	SSN#
_____	_____	_____
Member	Date	SSN#



CALLAWASSIE ISLAND CLUB
174 CALLAWASSIE DRIVE
OKATIE, SC 29909
(843) 987-2100

Mr. and Mrs. William Hobson
42 Chechessee Bluff Circle
Okatie SC 29909

02016	Jul 31/05
MEMBER NO.	DATE

AMOUNT PAID \$

Thank You

Please detach and remit with check made payable to Callawassie Island Club.

DATE	REF. NO.	DESCRIPTION	AMOUNT	SERVICE CHARGE	TAX	TOTAL
		Balance Forward				371.00
Jul27/05	27	Ref. 885927 - Payment Received				-371.00
Jul31/05	46	Monthly Dues	321.00	0.00	0.00	321.00
Jul31/05	46	Club Amenities Assessment	50.00	0.00	0.00	50.00
Please return top portion with payment. Call Joy Smith at (843) 987-2128 with any questions.						
EBP 8/24/05						
DEFENDANT'S EXHIBIT NO. <u>3</u> FOR IDENTIFICATION DATE: <u>Cooper</u> RPTR: <u>cu</u>						
Totals			371.00	0.00	0.00	371.00

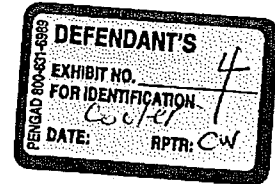
02016	371.00	0.00	0.00	0.00	371.00
MEMBER NO.	CURRENT BAL.	30 DAYS BAL.	60 DAYS BAL.	90 DAYS BAL.	AMOUNT DUE

CALLAWASSIE ISLAND CLUB

Payment for dues are not deductible as charitable contributions.
Outstanding balances are due within 30 days of statement date. Unpaid balances will be assessed a late fee of 1.5% per month, calculated in accordance with Club By-Laws.
PRINTED (843) 515-9993

CALLAWASSIE ISLAND CLUB
 174 CALLAWASSIE DRIVE
 OKATIE, SC 29909
 (843) 987-2100

Edison Production doc 452
Statement



Mr. and Mrs. William Hobson
 42 Chechessee Bluff Circle
 Okatie SC 29909

02016	Jul 31/07
MEMBER NO.	DATE

AMOUNT PAID \$ _____

Please detach and remit with check made payable to Callawassie Island Club.

Thank You

DATE	REF. NO.	DESCRIPTION	AMOUNT	SERVICE CHARGE	TAX	TOTAL
Jul30/07		Balance Forward				388.00
Jul31/07	60	Ref. 6218 - Payment Received				-388.00
Jul31/07	60	Monthly Dues	338.00	0.00	0.00	338.00
		Club Amenities Assessment	50.00	0.00	0.00	50.00
For questions contact Joy Smith at (843) 987-2128 or jsmith@chaffinlight.com						
<i>EBP: 08/29/07</i>						
Totals			388.00	0.00	0.00	388.00

02016	388.00	0.00	0.00	0.00	388.00
MEMBER NO.	CURRENT BAL.	30 DAYS BAL.	60 DAYS BAL.	90 DAYS BAL.	AMOUNT DUE

CALLAWASSIE ISLAND CLUB

Payment for dues are not deductible as charitable contributions.
 Outstanding balances are due within 30 days of statement date. Unpaid balances will be assessed a late fee of 1.5% per month, calculated in accordance with Club By-Laws.
 PRINTED (813) 575-5993

CALLAWASSIE ISLAND CLUB

174 CALLAWASSIE DRIVE
OKATIE, SC 29909
(843) 987-2100

Hobson Production doc 349
Statement

Mr. and Mrs. Bill Hobson
42 Chechessee Bluff Circle
Okatie SC 29909

02582
MEMBER NO.

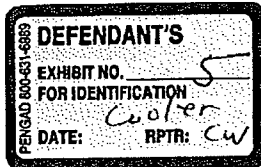
Jul 31/05
DATE

AMOUNT PAID \$

Thank You

Please detach and remit with check made payable to Callawassie Island Club.

DATE	REF. NO.	DESCRIPTION	AMOUNT	SERVICE CHARGE	TAX	TOTAL
		Balance Forward				567.20
Jul10/05	048779	Grill Room	11.50	2.07	0.81	14.38
Jul24/05	049199	Grill Room	13.50	2.43	0.95	16.88
Jul27/05	28	Ref. 885928 - Payment Received				-542.60
Jul31/05	46	Monthly Dues	468.00	0.00	0.00	468.00
Jul31/05	46	Club Amenities Assessment	50.00	0.00	0.00	50.00
Please return top portion with payment. Call Joy Smith at (843) 987-2128 with any questions.						573.86
						\$24.60
						\$549.26
Unspent Food & Beverage Minimum for the period \$ 205.35						
Totals			543.00	4.50	1.76	573.86



02582	549.26	24.60	0.00	0.00	573.86
MEMBER NO.	CURRENT BAL.	30 DAYS BAL.	60 DAYS BAL.	90 DAYS BAL.	AMOUNT DUE

CALLAWASSIE ISLAND CLUB

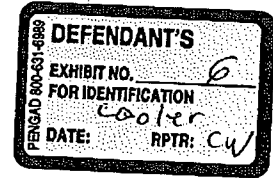
Payment for dues are not deductible as charitable contributions.
Outstanding balances are due within 30 days of statement date. Unpaid balances will be assessed a late fee of 1.5% per month, calculated in accordance with Club By-Laws.
PRINT (843) 525-9993

Martin ROA 803

CALLAWASSIE ISLAND CLUB

174 CALLAWASSIE DRIVE
OKATIE, SC 29909
(843) 987-2100

Hobson Production doc 456
Statement



Mr. and Mrs. Bill Hobson
42 Chechessee Bluff Circle
Okatie SC 29909

02582	Aug 31/07
MEMBER NO.	DATE

AMOUNT PAID \$

Thank You

Please detach and remit with check made payable to Callawassie Island Club.

DATE	REF. NO.	DESCRIPTION	AMOUNT	SERVICE CHARGE	TAX	TOTAL
Aug 5/07	079973	Balance Forward				717.24
Aug 5/07	079973	Grill Room	18.00	3.24	1.62	22.86
Aug 5/07	079973	Comp. Meals				-3.50
Aug 7/07	077194	Event: Men's Day 8-7-07 -	5.00	0.00	0.00	5.00
Aug14/07	077403	Pro Shop	5.00	0.00	0.00	5.00
Aug15/07	077439	Pro Shop	5.00	0.00	0.00	5.00
Aug17/07	080378	Grill Room	3.75	0.68	0.34	4.77
Aug22/07	077599	Event: Men's 9 Hole - Pr	5.00	0.00	0.00	5.00
Aug24/07	080714	Grill Room	3.75	0.68	0.34	4.77
Aug26/07	080826	Grill Room	21.70	3.91	1.95	27.56
Aug26/07	080826	Comp. Meals				-21.70
Aug28/07	077736	Event: mens day - Pro Sho	5.00	0.00	0.00	5.00
Aug28/07		Ref. 6228 - Payment Received -				-717.24
Aug31/07	74	Monthly Dues	492.00	0.00	0.00	492.00
Aug31/07	74	Trail Fee	90.00	0.00	0.00	90.00
Aug31/07	74	Club Amenities Assessment	50.00	0.00	0.00	50.00
Aug31/07	081085	Grill Room	7.87	1.42	0.71	10.00
For questions contact Joy Smith at (843) 987-2128 or jsmith@chaffinlight.com						
	Unspent	Food & Beverage Minimum for the period	\$ 108.59			
		Totals	712.07	9.93	4.96	701.76

EBP: 09/27/07

02582	701.76	0.00	0.00	0.00	701.76
MEMBER NO.	CURRENT BAL.	30 DAYS BAL.	60 DAYS BAL.	90 DAYS BAL.	AMOUNT DUE

CALLAWASSIE ISLAND CLUB

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PSP0107 (843) 525-9593

Callawassie Island Club

Chit Details -----
Member: 02582 Hobson, William
Server: Catherine
Area: Grill Room
Table#: 3 Covers: 1
Chit #: 01079973
Date: Aug 5/07 Time: 3:19pm
Mimosa 3.50
2 Coffee 2.50
Eggs Benedict 6.75
Omelet 5.25

Sub-Total: 18.00
Service Charge 3.24
Sales Tax 1.26
Bft Hosp. Tax 0.36

Chit Total: \$22.86

Comp. Meals \$3.50-
Member Charge \$19.36-
Member Number: 02582
Signature: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Hobson, William
Server: Teresa
Area: Grill Room
Table#: 56 Covers: 2
Chit #: 01080826
Date: Aug 26/07 Time: 1:30pm
Callawassie Wrap 7.00
Blue Plate Spec.#1 9.95
Diet Coke 1.25
Mimosa 3.50

Sub-Total: 21.70
Service Charge 3.91
Sales Tax 1.52
Bft Hosp. Tax 0.43

Chit Total: \$27.56

Comp. Meals \$21.70-
Member Charge \$5.86-
Member Number: 02582
Signature: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Hobson, William
Server: Eric
Area: Pro Shop
Covers: 1
Chit #: 05077403
Date: Aug 14/07 Time: 8:59am
Tournament Fees 5.00

Sub-Total: 5.00

Chit Total: \$5.00

Quick Mem Charge \$5.00-
Member Number: 02582
Signature: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Hobson, William
Server: Patricia
Area: Grill Room
Table#: 62 Covers: 1
Chit #: 01080378
Date: Aug 17/07 Time: 2:40pm
Soup of Day Cup 2.50
Diet Coke 1.25

Sub-Total: 3.75
Service Charge 0.68
Sales Tax 0.26
Bft Hosp. Tax 0.08

Chit Total: \$4.77

Member Charge \$4.77-
Member Number: 02582
Signature: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Hobson, William
SERVER: Karrie
Area: Grill Room
Table#: 65 Covers: 1
Chit #: 01081085
Original Chit Date: Aug 31/07
Date: Sep 1/07 Time: 3:38pm
CMGA Lunch 7.87

Sub-Total: 7.87
Service Charge 1.42
Sales Tax 0.55
Bft Hosp. Tax 0.16

Chit Total: \$10.00

Member Charge \$10.00-
Member Number: 02582
Signature: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Hobson, William
Server: Eric
Area: Pro Shop
Covers: 1
Chit #: 05077439
Date: Aug 15/07 Time: 8:58am
Tournament Fees 5.00

Sub-Total: 5.00

Chit Total: \$5.00

Quick Mem Charge \$5.00-
Member Number: 02582
Signature: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Member: Hobson, Willi
Server: Eric
Area: Pro Shop
Covers: 1
Chit #: 05077599
Date: Aug 22/07 Time: 9:50am
Event: Men's 9 Hole
Tournament Fees 5.00

Sub-Total: 5.00

Chit Total: \$5.00

Member Number: 02582
Signature: Member: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Hobson, William
Server: Demeka
Area: Grill Room
Table#: 62 Covers: 2
Chit #: 01080714
Date: Aug 24/07 Time: 2:01pm
Soup of Day Cup 2.50
Diet Coke 1.25

Sub-Total: 3.75
Service Charge 0.68
Sales Tax 0.26
Bft Hosp. Tax 0.08

Chit Total: \$4.77

Member Charge \$4.77-
Member Number: 02582
Signature: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Member: Hobson, Willi
Server: Eric
Area: Pro Shop
Covers: 1
Chit #: 05077194
Date: Aug 7/07 Time: 8:45am
Event: Men's Day 8-7-07
Tournament Fees 5.00

Sub-Total: 5.00

Chit Total: \$5.00

Member Number: 02582
Signature: Member: Hobson, William

Callawassie Island Club

Chit Details -----
Member: 02582 Member: Hobson, Willi
Server: Eric
Area: Pro Shop
Covers: 1
Chit #: 05077736
Date: Aug 28/07 Time: 8:49am
Event: mens day
Tournament Fees 5.00

Sub-Total: 5.00

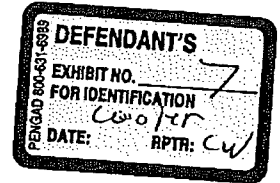
Chit Total: \$5.00

Member Number: 02582
Signature: Member: Hobson, William

CALLAWASSIE ISLAND CLUB

174 CALLAWASSIE DRIVE
OKATIE, SC 29909
(843) 987-2100

Hobson Production doc 458
Statement



Mr. & Mrs. William Hobson
42 Chechessee Bluff Circle
Okatie, SC 29909

01714
MEMBER NO.

Aug 31/07
DATE

AMOUNT PAID \$ _____

Please detach and remit with check made payable to Callawassie Island Club.

Thank You

DATE	REF. NO.	DESCRIPTION	AMOUNT	SERVICE CHARGE	TAX	TOTAL
Aug31/07	74	Monthly Dues	225.00	0.00	0.00	225.00
Aug31/07	74	Club Amenities Assessment	44.00	0.00	0.00	44.00
For questions contact Joy Smith at (843) 987-2128 or jsmith@chaffinlight.com						
EBP: 09/27/07						
Unspent Food & Beverage Minimum for the period			\$ 500.00			
Totals			269.00	0.00	0.00	269.00

01714	269.00	0.00	0.00	0.00	269.00
MEMBER NO.	CURRENT BAL.	30 DAYS BAL.	60 DAYS BAL.	90 DAYS BAL.	AMOUNT DUE

CALLAWASSIE ISLAND CLUB

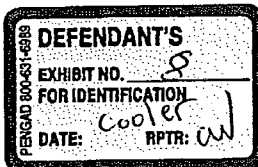
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PINPOINT (813) 525-9593

Martin ROA 806

CALLAWASSIE ISLAND CLUB

174 CALLAWASSIE DRIVE
OKATIE, SC 29909
(843) 987-2128

Hobson Production doc 582
Statement



Mr. and Mrs. Bill Hobson
42 Chechessee Bluff Circle
Okatie SC 29909

02582	Jan 31/11
MEMBER NO.	DATE

AMOUNT PAID \$

Thank You

Please detach and remit with check made payable to Callawassie Island Club.

DATE	REF. NO.	DESCRIPTION	AMOUNT	SERVICE CHARGE	TAX	TOTAL
		Balance Forward				779.83
Jan 4/11	123119	Event: CMGA 1-4-11 - Pro	5.00	0.00	0.00	5.00
Jan 4/11	139005	Grill Room	4.20	0.76	0.37	5.33
Jan 7/11	123274	Event: 2011 Handicap Char	25.00	0.00	0.00	25.00
Jan28/11	140046	Grill Room	4.20	0.76	0.37	5.33
Jan31/11	11	Monthly Dues	605.00	0.00	0.00	605.00
Jan31/11	11	Club Amenities Assessment	50.00	0.00	0.00	50.00
Jan31/11	11	Golf Course Renovation As	50.00	0.00	0.00	50.00
Jan31/11		Ref. 6667 - Payment Received -				-779.83
For questions contact Carrie Barth at (843) 987-3310 or cbarth@pfs-sc.com						
check # 5921 \$40.66 2/17/11						
	Unspent	Food & Beverage Minimum for the period	\$ 491.60			
		Totals	743.40	1.52	0.74	745.66

02582	745.66	0.00	0.00	0.00	745.66
MEMBER NO.	CURRENT BAL.	30 DAYS BAL.	60 DAYS BAL.	90 DAYS BAL.	AMOUNT DUE

CALLAWASSIE ISLAND CLUB

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-705.00
40.66

Martin ROA 807

CALLAWASSIE ISLAND CLUB

174 CALLAWASSIE DRIVE

OKATIE, SC 29909

(843) 987-2128

Hobson Production doc 587
Statement

*This might be the
ACCOUNT FROM OUR
OLD SOCIAL
Membership*

Mr. & Mrs. William Hobson
42 Chechessee Bluff Circle
Okatie, SC 29909

01714
MEMBER NO.

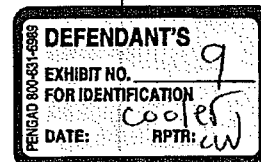
Apr 30/12
DATE

AMOUNT PAID \$

Thank You

Please detach and remit with check made payable to Callawassie Island Club.

DATE	REF. NO.	DESCRIPTION	AMOUNT	SERVICE CHARGE	TAX	TOTAL
Apr30/12	L	March Legal Fees For questions contact Carrie Barth at (843) 987-3310 or cbarth@pfs-sc.com	2,450.75	0.00	0.00	2,450.75
	Unspent	Food & Beverage Minimum for the period	\$ 0.00			
		Totals	2,450.75	0.00	0.00	2,450.75



01714	2,450.75	0.00	0.00	0.00	2,450.75
MEMBER NO.	CURRENT BAL.	30 DAYS BAL.	60 DAYS BAL.	90 DAYS BAL.	▲ AMOUNT DUE ▲

CALLAWASSIE ISLAND CLUB

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FINPOINT (843) 622-9933