

In The Matter Of:

*IN RE THE MATTER OF:
THE COMMISSION ON JUDICIAL CONDUCT*

*GRANT L. ANDERSON
Vol. 2, June 27, 1997*

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(1) BEFORE THE COMMISSION ON JUDICIAL CONDUCT
(2) OF THE STATE OF WASHINGTON

(3) In re the Matter of:)
(4)) No. 96-2179
(5) THE COMMISSION ON JUDICIAL)
(6) CONDUCT.)

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(8)
(9) Deposition Upon Oral Examination
(10) of
(11) GRANT L. ANDERSON - Volume II

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(17) Taken at 3800, 1000 Second Avenue
(18) Seattle, Washington

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(24) DATE: June 27, 1997
(25) REPORTED BY: Patrice E. Starkovitch, RPR
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(1) SEATTLE, WASHINGTON; FRIDAY, JUNE 27, 1997
(2) 1:30 P.M.
(3)
(4)
(5) GRANT L. ANDERSON, deponent herein, having been
(6) first duly sworn on oath, was
(7) examined and testified as
(8) follows:
(9)

(10) EXAMINATION
(11) BY MR. TAYLOR:

(12) Q: Good afternoon, your Honor. What role, if any,
(13) did William Hamilton play in the management or operation of
(14) the Pacific Lanes Bowling Alley between September 1, 1992,
(15) and December 1 of 1992?

(16) A: I believe he - I don't think he did anything in
(17) the day-to-day - he had overall operation control. Whether
(18) he did much in terms of changing or making changes in
(19) personnel, I don't think he did any because you were in that
(20) kind of gray area - well, they were doing the licenses,
(21) liquor license and the gambling license transfers, and there
(22) is an area in there where he took over the operation and
(23) that would be general policy operation - and I just frankly
(24) - I think went away, did not even go out to the facility,
(25) that I recall, in any event. If he did, it was nominal.

(1) Q: When you say "overall operation control," what
(2) does that mean?

(3) A: It might be meaning making decisions as to - it
(4) may be as to pricing. It could be as to changes that were
(5) going to be made in the facilities in terms of - at that
(6) juncture, the seasons were the - the season was up and
(7) running. More of the changes might be under leagues,
(8) promoting leagues. It might be changes or - the bar
(9) operation, the restaurant operation; it might be gambling.
(10) When I say "gambling," pull tabs.

(11) Q: Did he have authority and responsibility for the
(12) operation of the pull tab business at the bowling alley
(13) during this time period?

(14) A: I think he did. That was run by - mostly by
(15) Jackie Pagni who was at that time - purchase of the games,
(16) did all of the accounting, loading and unloading, and
(17) responsibility - the day-to-day responsibility for the
(18) games.

(19) Q: Just so the record is clear then, is it your
(20) testimony that Mr. Hamilton had overall responsibility for
(21) the gambling operations at the bowling alley during the
(22) period September 1992 through December 1, 1992?

(23) A: When you say "overall responsibility," as I
(24) indicated to you, there was that time when we are
(25) transferring the ultimate responsibility but probably still

(1) be my responsibility because I was on the license until the
(2) transfer was completed.

(3) Q: Had you delegated to Mr. Hamilton, during this
(4) time period, any authority with regard to the gambling
(5) operations at the bowling alley?

(6) A: I am going to say, in terms of - unless there was
(7) a problem or something that arose, that, yes, he was
(8) responsible for those operations.

(9) Q: Was he also responsible for the liquor-related
(10) operations at the bowling alley during the period September
(11) 1992 through December 1992?

(12) A: Yes, that would be under the same - if there had
(13) been a problem or anything that came up relative to the
(14) license, I was still ultimately on the license until the
(15) transfer was complete.

(16) Q: Did Mr. Hamilton expend any funds, related to the
(17) operation of the bowling alley or the physical plant of the
(18) bowling alley, during the period September 1992 through
(19) December of 1992?

(20) A: I don't know.

(21) Q: To your knowledge, did he make a hundred thousand
(22) dollars' worth of repairs to the bowling alley during that
(23) time period?

(24) A: I am not sure of the exact time period. There
(25) were substantial repairs that had been done, some had been

(1) done going into that season for which I think he assumed
(2) responsibility. Mr. Hamilton had said, in anticipation of
(3) the sale, you are going to do them. I don't know the
(4) dollar amounts, and I have not reviewed the books to know
(5) whether it was made during that six-month period or whether
(6) they were ordered or made during that time or paid for in
(7) '93. I just don't know.

(8) Q: As you sit here today, can you identify any
(9) repairs that were made to the physical plant of the bowling
(10) alley that were paid for by Mr. Hamilton during the period
(11) September 1, 1992 through December 1992?

(12) A: Mr. Taylor, you know, I kind of operated that
(13) place for - going on three years. I was there after. And
(14) there were a number of ongoing changes and repairs, whether
(15) it was bowling alleys, whether it was carpets, whether it
(16) was facilities. And can I specify now, five years later?
(17) The answer is I can't.

(18) Q: Okay.
(19) In connection with Pacific Recreation's purchase
(20) of the business of the bowling alley, a note was executed in
(21) the amount of \$250,000, correct?

(22) A: That would be my understanding, yes.

(23) Q: Was there, at some point, an agreement reached
(24) between you and Mr. Hamilton whereby the face amount of that
(25) note would be reduced to account for cash earned by the

(1) subsequent date. And I can't tell you exactly when that
(2) was, and I am not even sure that I participated directly in
(3) how you resolve that cash shortage and that adjustment,
(4) whether it was sometime near the end of the year.

(5) Q: Did the agreement to adjust the amount owed under
(6) the note predate the execution of the note?

(7) A: Yes.
(8) When you say did the agreement - excuse me. Let
(9) me back up. I want to make sure I understand. Did you say
(10) did the agreement to adjust the note preexist? I want to be
(11) sure I am right when I said yes. The agreement was that he
(12) would have the cash. It probably did not, on second
(13) thought. It probably was after that when they determined,
(14) by the end of the year, that it was determined that the
(15) monies that would have been his, pursuant to the agreement,
(16) was not available, and, therefore, you had a couple of
(17) options.

(18) The estate dredged up the money and gave it to
(19) Mr. Hamilton, and then he paid the full \$250,000 or the
(20) payments thereon, or what ultimately happened was then that
(21) there was an adjustment to that note and it was just one of
(22) the options.

(23) Q: When was the agreement made that the amount of the
(24) note would be adjusted to reflect earnings from September
(25) through December of 1992?

(1) bowling alley from September through December of 1992?

(2) A: You are talking about values, and we had
(3) established a price or a value as of September 1. The
(4) execution of that document and what was anticipated by the
(5) parties was effective that date. It got put off until the
(6) approval and I can't remember whether it was gambling or
(7) liquor license, whatever the last one was, and I think it
(8) was December 4, and on the same day it was approved, we
(9) signed the documents and it went away.

(10) The understanding had always been that there would
(11) be an adjustment back to account for the cash from September
(12) 1 because the values are totally different on September 1
(13) and December 4.

(14) Q: When you say "an adjustment," does that mean an
(15) adjustment to the face amount of the note?

(16) A: Well, initially, I guess, it would have been that
(17) the cash would have - would have been his for his kitty, if
(18) that is what it is, because you have to squirrel away monies
(19) during the high operating season to cover the loss of the
(20) summer season, which is normally the loss, and that money
(21) would have been his to squirrel away. And then he would
(22) have paid the note in accordance with the terms of the note.

(23) As it worked out, that money never ceased to exist
(24) because it was paid to the estate in other forms and other
(25) manners and that is with the adjustment. He actually came

(1) A: I do not have an independent recollection of when
(2) that was, and I am sure it was not before - about the end
(3) of the year or sometime thereabouts. I just do not have an
(4) independent recollection.

(5) Q: Prior to the execution of the note, was there an
(6) agreement in place between and you Mr. Hamilton that the
(7) price to be paid would be reduced to reflect the cash
(8) earnings of the bowling alley during the period September
(9) through December 1992?

(10) A: No. It was not to be reduced. The agreement was
(11) that he would have the benefit of all of that cash, whatever
(12) was built up in the kitty, if that is the right word, to be
(13) utilized for the down season later on.

(14) Q: And that agreement was ultimately fulfilled by an
(15) adjustment in the amount owed under the note?

(16) A: Yes.
(17) Q: My question is: At the time Mr. Hamilton signed
(18) the note, did you know that there would be an adjustment to
(19) the note, based on the earnings of the bowling alley, from
(20) September through December?

(21) A: I don't believe so. We signed it just on December
(22) 4th and it was one of those things where the - again, one
(23) of the agencies, whether it was liquor or gambling - I
(24) can't remember - said here is the letter; you are approved.
(25) The papers were brought out that I think had probably been

(1) out short on what he bargained for.

(2) Q: Let me come at it a different way.

(3) The face value of the note was \$250,000?

(4) A: That's right.

(5) Q: Mr. Hamilton did not ultimately pay \$250,000 on
(6) that note, correct?

(7) A: That's correct.

(8) Q: The amount of the note was reduced by
(9) approximately a hundred thousand dollars?

(10) A: 90-some thousand, I believe.

(11) Q: My question is: When, relative to the execution
(12) of the note, was the agreement made that the amount of the
(13) note would be reduced by the earnings of the bowling alley
(14) during the period September through December 1992?

(15) A: I think the understanding that I came to with
(16) Mr. Hamilton is that he would have the alley, the bowling
(17) alley, and the cash flow from that bowling alley, and the
(18) value was established as of September 1st, 1992, and then it
(19) became subject to the various licenses. And the
(20) understanding was that any cash that was generated would
(21) actually be his cash from that generation and that he would
(22) pay the note.

(23) What happened is that that cash was generated and
(24) then paid to or on behalf of the estate. And so it was
(25) non-existent at the time that he signed the note or at a

(1) in place and signed. We had not reflected - the figures
(2) were not in for that quarter or maybe even that month - I
(3) am not sure of the period of time - to reflect what the
(4) cash was or where it was.

(5) Had we known exactly where it was or what it was
(6) or could have determined that, it could have been an
(7) adjustment at that instant, but it was not.

(8) Q: At the time that the note was signed, did you and
(9) Mr. Hamilton have an understanding that there would be an
(10) adjustment to the purchase price?

(11) A: The purchase price - we all had - it was valued
(12) as of September 1st. It was not an adjustment to the
(13) purchase price. That was the deal; the transaction was
(14) there. Everybody got what they bargained for as of
(15) September 1st.

(16) Q: At the time Mr. Hamilton signed the note, what was
(17) your understanding of how the transaction would be revised
(18) to reflect the earnings of September through December 1992?

(19) A: If the monies had been available - and I was not
(20) aware of the spending pattern that had gone on - that money
(21) would have been credited to him and his bank account or his
(22) account to his company from the September 1st operation,
(23) cashwise, to the end of the year or whenever, December 4th,
(24) whenever the transition took place. He would have had that
(25) cash, and then he would have made the payments required by

(1) the note.
 (2) What happened, at some point after that, it became
 (3) apparent that that cash was, in fact, not there and that had
 (4) been expended on behalf of the corporation already.
 (5) Q: Was it at that point then the decision was made to
 (6) simply reduce the amount owed under the note?
 (7) A: I would say yes.
 (8) Q: When was that point?
 (9) A: I told you three times, I think, that I do not
 (10) know. I do not have an independent recollection of when
 (11) that was.
 (12) (Discussion off the record.)
 (13) (Exhibit 9 marked
 (14) for identification.)
 (15) Q: Have you had a chance to look at Exhibit 9, your
 (16) Honor?
 (17) A: I have.
 (18) Q: That is your signature down at the bottom?
 (19) A: It is. It appears to be.
 (20) Q: Do you have any reason to doubt that it is your
 (21) signature?
 (22) A: No.
 (23) Q: This reflects that the note for \$250,000 was given
 (24) to First Interstate Bank as security for a loan that First
 (25) Interstate had made to Pacific Lanes?

(1) A: As part of the security, yes.
 (2) Q: Did you ever disclose to First Interstate Bank
 (3) that the principal amount of the note had been reduced?
 (4) A: I don't know that I did or didn't, not that I
 (5) recall but -
 (6) Q: At the time that you submitted the note to First
 (7) Interstate Bank, did you tell them that there was an
 (8) agreement in place whereby the principal amount of the note
 (9) might be reduced?
 (10) MR. BULMER: Objection. He has not testified
 (11) there was an agreement in place.
 (12) A: As I was about to say that.
 (13) MR. BULMER: That is all right. Just answer
 (14) the question.
 (15) Q: At the time that you delivered the note for
 (16) \$250,000 to First Interstate Bank, as partial security for a
 (17) loan of Pacific Lanes, did you disclose anything to them
 (18) about any agreement that might impact the face value of the
 (19) note?
 (20) A: There was, at that juncture, to the best of my
 (21) recollection and knowledge, and, as I have indicated, no
 (22) such agreement, so there was nothing to disclose to them.
 (23) What I was delivering to them was this, and I don't know
 (24) what else, so that they would satisfy, drop, forego, their
 (25) creditor claim against the estate of Charles Hoffman who was

(1) on as a guarantor.
 (2) Q: Is it correct the note was delivered to First
 (3) Interstate Bank in part to induce them not to pursue a
 (4) creditor's claim at that time?
 (5) A: The note had been paid down substantially. I
 (6) don't remember what the balance was. But it would have been
 (7) way down. They were comfortable with the operation. They
 (8) had more than sufficient assets underlying where they were
 (9) in first position and, in part, yes. I mean, this note
 (10) was not the only item. It was just - as I recall, they
 (11) said, "What else do you have," and, I said, "This is it,"
 (12) and, they said, "We are happy to."
 (13) Q: My question, again, just so the record is clear:
 (14) Is it correct that the note for \$250,000 was
 (15) delivered to the bank, in part, to induce the bank not to
 (16) proceed with collection on the note signed by Pacific Lanes
 (17) to the bank?
 (18) A: Not to proceed on collection - to - they were
 (19) collecting it in the manner provided in whatever that
 (20) obligation was. It was relative to their creditor claim
 (21) against Charles Hoffman as a guarantor of that, is my
 (22) recollection, my best recollection.
 (23) Q: So the note was given to First Interstate to
 (24) induce them not to proceed against Mr. Hoffman's estate in
 (25) his capacity as a guarantor on the note from Pacific Lanes

(1) to First Interstate; is that correct?
 (2) A: As part of the inducement, yes.
 (3) (Exhibit 10 marked
 (4) for identification.)
 (5) Q: Once an agreement was reached to reduce the amount
 (6) owed under the note, your Honor -
 (7) A: I'm sorry.
 (8) Q: Once the agreement was made to reduce the amount
 (9) owed under the note, was there any disclosure to the bank of
 (10) that agreement?
 (11) A: I frankly don't believe - to the best of my
 (12) recollection, not by me. At those junctures, I was not
 (13) directly involved in the operation. Mr. Fisher was handling
 (14) that. I did not, to the best of my knowledge, disclose
 (15) anything to the bank because I was not actively
 (16) participating in Pacific Lanes' business.
 (17) Q: Did you ever discuss with anyone what would have
 (18) happened if the bank had had to foreclose on that security,
 (19) which it believed to be \$250,000 and the bank was advised
 (20) that the security was a hundred thousand dollars less?
 (21) MR. BULMER: Objection, lack of foundation.
 (22) Q: Did you ever discuss that with anyone?
 (23) A: Not that I recall. As I indicated, they had
 (24) security up the ying-yang way far beyond that.
 (25) Q: Exhibit No. 10. Why isn't there anything in the

(1) closing statement, which refers to or relates to an
 (2) agreement to adjust the amount that Mr. Hamilton would be
 (3) paying?
 (4) A: Because, at that juncture, as I think I indicated,
 (5) there was not an agreement that it would be adjusted. That
 (6) did not come about until a later time when it became
 (7) apparent that there was not sufficient cash to uphold the
 (8) September 1 agreement and value-setting time. It was - had
 (9) the estate had the money or - to pay him or had he had the
 (10) money from that operational period of time to tide him over
 (11) in the summer months or the down season for bowling, then
 (12) there would not have been a reduction and he would have made
 (13) his payments. But there was no agreement at that juncture,
 (14) to the best of my recollection.
 (15) Q: During the period September through December 1992,
 (16) your law firm continued to receive a management fee in
 (17) connection with the Pacific Lanes Bowling Alley. Do you
 (18) recall that?
 (19) A: Yes.
 (20) Q: Why was that?
 (21) A: We had management fee that was - and that had
 (22) been on kind of autopilot, as it were, for a long period of
 (23) time. Those fees were not designated from - to "this fee is
 (24) for managing the bowling alley." There were also fees that
 (25) were paid for from Surfside - I can't remember if it was

(1) Hoffman-Stevenson or Surfside - that were part of the
 (2) management fee payment. Those all went into a common pot
 (3) against management hours spent on estate business purposes,
 (4) whether it be Surfside, Hoffman-Stevenson or Pacific Lanes'
 (5) business. At that juncture, that was a source of funds, and
 (6) that had been coming in two or three years - I don't know,
 (7) some substantial period of time.
 (8) Q: Is it your position that your firm was entitled to
 (9) a management fee for work done for Pacific Lanes during
 (10) the period September 2, 1992 to December 1992?
 (11) A: It was my position that the firm was entitled to a
 (12) management fee for the business of the estate and that
 (13) included different entities.
 (14) Q: Do you believe that you were entitled to be paid
 (15) for work done by your firm with regard to Pacific Lanes?
 (16) A: Specifically Pacific Lanes at that time?
 (17) Q: Yes.
 (18) A: No, because management had been turned over to
 (19) Mr. Hamilton.
 (20) Q: Is there any document which reflects that, as of
 (21) September 1, 1992, management of the bowling alley was under
 (22) Mr. Hamilton?
 (23) A: I can - you have all of the documents. There is
 (24) no specific document that I can put my finger on.
 (25) MR. TAYLOR: Let me take a couple-minute

[1] break. I need to find a document.
 [2] (Short recess.)
 [3] (Exhibit 11 marked
 [4] for identification.)
 [5] Q: Turning to the second-to-the-last page of Exhibit
 [6] 11, please.
 [7] MR. BULMER: Can you say on the record - I
 [8] don't know what these are. I don't recognize them. These
 [9] are checkbook entries.
 [10] MR. TAYLOR: My understanding is this is the
 [11] ledger from Hoffman-Stevenson, Inc.
 [12] Q: If you look at the entries, your Honor, for
 [13] example, on November 5, 1992, you see a check -
 [14] MR. BULMER: This one. Is that the one that
 [15] you are talking about?
 [16] MR. TAYLOR: Yes.
 [17] Q: Do you know what that check is for, November 5th,
 [18] 1992?
 [19] A: Specifically, it says "Pacific Lanes," no.
 [20] Q: I will have to get a different document at a
 [21] break. I'm sorry.
 [22] A: Can I rethink - you are coming at me in a very
 [23] specific way, and relative to the fees. The firm did
 [24] receive cash or payment from Pacific Lanes -
 [25] Q: Yes.

[1] A: - of whatever the number is. Maybe that is what
 [2] you are trying to tell me there. And you said were I
 [3] entitled to fees for management. The firm was entitled to
 [4] fees for whatever services we performed for the estate, in
 [5] my view, whether that included Pacific Lanes and whether
 [6] it included Surfside or whatever matters it included.
 [7] In a general sense, the management or the
 [8] operation had been turned over to Mr. Hamilton effective
 [9] September 1st, but that did not mean there was not
 [10] involvement on behalf of the estate, i.e., with closing and
 [11] other things and maybe licensing things and other things
 [12] that would have been considered management relative to
 [13] Pacific Lanes for which the firm would have been entitled to
 [14] compensation.
 [15] Q: When was the State Gambling Commission first
 [16] contacted about changing the license to reflect
 [17] Mr. Hamilton's acquisition of the business?
 [18] A: I don't know.
 [19] Q: Well, was it before or after September 1 of 1992?
 [20] A: I don't know. You have the paperwork, sir. Show
 [21] me a paper and maybe we can establish it. But I do not know
 [22] independently.
 [23] (Exhibit 12 marked
 [24] for identification.)
 [25] Q: Exhibit 12 is an application for a liquor license

[1] transfer.
 [2] A: Yes.
 [3] Q: It is signed by you?
 [4] A: Yes.
 [5] Q: Is this the first involvement you had in
 [6] connection with applying for a change in the liquor license?
 [7] A: I don't know.
 [8] Q: Did you ever personally go to the State Liquor
 [9] Commission or Liquor Control Board physically?
 [10] A: No.
 [11] Q: To your knowledge, did Mr. Hamilton?
 [12] A: I don't know.
 [13] Q: Did you ever physically go to the State Gambling
 [14] Commission?
 [15] A: No, not that I recall.
 [16] Q: To your knowledge, did Mr. Hamilton?
 [17] A: I don't know.
 [18] Q: Do you recall having any dealings with the State
 [19] Liquor Control Board that predated September 28 of 1992?
 [20] MR. BULMER: May I ask just a clarifying
 [21] question?
 [22] MR. TAYLOR: Sure.
 [23] MR. BULMER: Can I say this without
 [24] suggesting an answer to my client? I don't mean to.
 [25] Is your question connected with the transfer

[1] of stuff? He had had contact with them earlier, in terms
 [2] of, you know, what can we do; how can we run it, when he was
 [3] running it before Mr. Hamilton was on the scene.
 [4] MR. TAYLOR: My question is related to
 [5] contact relating to them with the change in ownership.
 [6] MR. BULMER: Thank you. I didn't mean to -
 [7] Q: Did you have any dealings with the Liquor Control
 [8] Board relating to the change in ownership that predated
 [9] September 28 of 1992?
 [10] A: Not that I recall.
 [11] Q: Do you recall Mr. Hamilton ever telling you that
 [12] he had gone to the Liquor Control Board in August of 1992?
 [13] A: I do not recall dates five years ago.
 [14] Q: Do you have any reason to believe that he had gone
 [15] to the Liquor Control Board in August of 1992?
 [16] A: I wouldn't have any reason to believe that he did
 [17] or didn't.
 [18] Q: Was the Washington State Gambling Commission ever
 [19] advised of Mr. Hamilton's managerial responsibility with
 [20] regard to gambling operations prior to December of 1992?
 [21] A: I don't know.
 [22] Q: Did you ever do that?
 [23] A: Not that I recall.
 [24] (Exhibit 13 marked
 [25] for identification.)

[1] Q: Turning to the first page of Exhibit 13, do you
 [2] know whose handwriting that is?
 [3] A: No, I do not.
 [4] Q: Do you recall meeting with Bill Hamilton on
 [5] December 8, 1992?
 [6] A: I don't recall that I did or didn't. I mean,
 [7] December 8 - I can hardly remember what I did yesterday or
 [8] the day before.
 [9] MR. BULMER: Did you say you do recognize the
 [10] handwriting?
 [11] THE WITNESS: I do not recognize the
 [12] handwriting.
 [13] Q: Do you know who Mark Gullickson is?
 [14] A: I do not.
 [15] Q: Turn to the third page. Do you recognize that
 [16] handwriting?
 [17] A: I do not.
 [18] MR. BULMER: Is that the page that has "plus
 [19] conference at top" or something like that?
 [20] MR. TAYLOR: Yes.
 [21] Q: Turn to the fourth page. Do you recognize that
 [22] handwriting?
 [23] A: I do not.
 [24] Q: Do you recognize the name Dave Richmond?
 [25] A: No.

[1] Q: Does it refresh your recollection if I tell you
 [2] Mr. Richmond worked for First Interstate Bank?
 [3] A: The name has familiarity, but, beyond that, I do
 [4] not have independent recollection of who he was.
 [5] Q: The fifth page of Exhibit 13, do you recognize
 [6] that handwriting?
 [7] A: I do not.
 [8] Q: The sixth page, do you recognize that?
 [9] A: I do not.
 [10] Q: Seventh page?
 [11] A: It looks like the same handwriting. I still don't
 [12] recognize it.
 [13] Q: Page eight?
 [14] A: I do not recognize it.
 [15] Q: Page nine?
 [16] A: Do not recognize it.
 [17] Q: Page 10?
 [18] A: Do not recognize it.
 [19] MR. TAYLOR: Kurt, we are going to go back to
 [20] the thin file. About six pages back, there is a handwritten
 [21] document, legal size, that talks about liquor license. That
 [22] is it right there.
 [23] MR. BULMER: Is it two pages or one?
 [24] MR. TAYLOR: One page.

(1) (Exhibit 14 marked
 (2) for identification.)
 (3) Q: Do you recognize the handwriting on Exhibit 14?
 (4) A: I do not.
 (5) MR. TAYLOR: Kurt, I am going to the thick
 (6) file now; it has October 11, 1983.
 (7) (Exhibit 15 marked
 (8) for identification.)
 (9) Q: Do you recognize the handwriting at the top of
 (10) Exhibit 15?
 (11) A: Yes.
 (12) Q: Whose handwriting is that?
 (13) A: This appears to be my handwriting.
 (14) Q: The entry, at the upper right-hand corner, says,
 (15) "Paid in full 10-12-93, Grant L. Anderson." Is that your
 (16) handwriting?
 (17) A: Yes.
 (18) Q: Why did you make that entry on there?
 (19) A: I believe that that is when the renegotiation that
 (20) Mr. Fisher and Mr. Hamilton put together and Mr. Fisher came
 (21) to me and said, "Will you sign these closing documents,
 (22) which would include the note, because you are still
 (23) president of the company," and I think that is when it was
 (24) completed, and that is why I signed it.
 (25) Q: Had the note been paid in full?

(1) A: Yes.
 (2) Q: Who did you believe the payments were being made
 (3) by?
 (4) A: Mr. Hamilton.
 (5) Q: What discussion, if any, did you have with
 (6) Mr. Rush about car payments being made by Mr. Hamilton?
 (7) A: I think the discussions were not significant or
 (8) not many, but I think I told him that they were gifts from
 (9) Mr. Hamilton.
 (10) Q: Did you tell him anything else?
 (11) A: I believe I told him that we - to the best of my
 (12) recollection, I said the car was taken off the table, if
 (13) that is the right nomenclature, that I would put it in at
 (14) full value with no deduction for any amount that may be
 (15) owed.
 (16) Q: Had you told your ex-wife about the payments being
 (17) made by Mr. Hamilton?
 (18) A: Mr. Taylor, at this juncture, when we talked last
 (19) time, I told you very candidly, I think, what I thought that
 (20) I had said. I know you have a statement from my wife that I
 (21) suspect is on the subject, and I know, by commission policy,
 (22) you may not even acknowledge that you do or don't have it,
 (23) but you can't give it to me, in any event, or I can't see
 (24) it. I guess I would rather reflect on - until I have an
 (25) opportunity to see it or reflect on it, I would rather

(1) A: It had been - it depends on when you say, "Had it
 (2) been paid in full." I am going to say either via credit or
 (3) cash, to the best of my knowledge, or I was so advised.
 (4) Q: When you say "via credit or cash," how did you
 (5) mean?
 (6) A: I think we talked about earlier the offset for the
 (7) operational period from September 1st to December - end
 (8) of December '92.
 (9) Q: The handwriting, in the upper left-hand corner, it
 (10) says, "Original note at First Interstate Bank assigned as
 (11) part of security"; that is your handwriting?
 (12) A: Yes.
 (13) Q: When did you make that entry on the promissory
 (14) note?
 (15) A: I do not know.
 (16) Q: Do you recall discussions with Mr. Richmond at
 (17) First Interstate Bank about this promissory note?
 (18) A: I discussed it with somebody. It may have been
 (19) Mr. Richmond. I don't recall who.
 (20) Q: You are the person who physically took the
 (21) original note to First Interstate Bank?
 (22) A: I do not recall that.
 (23) Q: Do you have any reason to believe it was someone
 (24) else?
 (25) A: It could have been Jackie or it could have been

(1) consider or at least think about or have a chance to think
 (2) through the husband/wife privilege, communication privilege.
 (3) Q: With all due respect, your Honor, it is my
 (4) position that you testified last time about -
 (5) A: That I waived the privilege.
 (6) Q: - that you had discussed your wife and the
 (7) privilege has been waived at this point.
 (8) A: That may or may not be the case. I, at that time,
 (9) did not have any knowledge that any statement was out there;
 (10) it was not provided. And, if it comes to me and I have got
 (11) time to think it through - and I have not - or to research
 (12) it, if I have waived it, then I will at this juncture. And
 (13) I don't mean that in a very - almost apologetic sense that
 (14) I say that, but that is what I think I am going to do.
 (15) Q: Are you declining to answer the question?
 (16) A: Yes.
 (17) (Exhibit 17 marked
 (18) for identification.)
 (19) Q: Did you ever see a copy of Exhibit 17?
 (20) MR. TAYLOR: Off the record.
 (21) (Discussion off the record.)
 (22) MR. TAYLOR: Back on the record.
 (23) Q: Putting aside any conversations that you may have
 (24) had with your counsel, Mr. Bulmer, have you seen a copy of
 (25) Exhibit 17 previously?

(1) Janet. They were going down there on a regular daily basis.
 (2) MR. TAYLOR: Kurt, I will tell you where to
 (3) find this if he is recognizes the handwriting.
 (4) (Exhibit 16 marked
 (5) for identification.)
 (6) Q: Do you recognize this handwriting, your Honor?
 (7) A: I do not.
 (8) MR. BULMER: Wait. I will find it.
 (9) Q: There is an entry, second from the bottom, that
 (10) says "250,000 adjust to 125,000." Do you know what that
 (11) refers to?
 (12) A: I do not.
 (13) Q: There is an entry that reads "benefit of bargain,"
 (14) do you know what that refers to?
 (15) A: I do not.
 (16) MR. BULMER: Let me find it here.
 (17) MR. TAYLOR: I am going to move on, Kurt.
 (18) Q: What discussions did you have with attorney
 (19) William Rush about the car payments made on your Cadillac by
 (20) Pacific Recreation?
 (21) A: I don't believe, when I had any discussions with
 (22) him, I was aware that any payments were being made by
 (23) Pacific Recreation.
 (24) Q: Did you believe that the payments were being made
 (25) by somebody other than yourself?

(1) A: Can you repeat that question, please.
 (2) Q: It is an awkward -
 (3) MR. BULMER: Let me make it simple. I will
 (4) make it easy. I have no problem with him, as long as we are
 (5) not expressly waiving, acknowledging, in preparation for
 (6) this deposition, I showed him a copy of this recently.
 (7) Conversations connected with what we talked about in
 (8) connection with it, I would like to preserve. Other than
 (9) what I have -
 (10) A: I have seen it, yes.
 (11) Q: In or around July or August of 1995, did you see a
 (12) copy of this letter?
 (13) A: I believe I did.
 (14) Q: Turn to the second page, paragraph number 6.
 (15) There is a request "Please provide us with all of the
 (16) documentation that supports this relationship," et cetera.
 (17) What documentation, if any, did you provide in response to
 (18) this?
 (19) A: To the best of my recollection, none. I think the
 (20) notation it is "free and clear title on the car" was put in
 (21) and any monies owed on the car was not considered.
 (22) Q: Did you discuss this with Mr. Rush?
 (23) A: I think we - I think - yes.
 (24) Q: What did you discuss?
 (25) A: Just what the note says, that the title is free

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(1) and clear. The payments were gifts, that that gave - I had
 (2) concern, as far as the deduction on the - on the debt side
 (3) of things, and I said I took it out of the equation long
 (4) ago, clear before Mr. Rush was even involved.
 (5) Q: Have you discussed with Mr. Hamilton any recent
 (6) amendments to Pacific Recreation's tax return relating to
 (7) the Cadillac payments?
 (8) A: No.
 (9) Q: Have you discussed with Mr. Hamilton any recent
 (10) contact he has had with either the State Gambling Commission
 (11) or the Washington State Liquor Control Board?
 (12) A: I do know, in discussions, that he went down after
 (13) his deposition with you to find out what, in fact, were in the
 (14) records of those respective agencies.
 (15) Q: What did you discuss with him?
 (16) A: Just the fact that he went down to look at them.
 (17) Q: When was the discussion?
 (18) A: I can't tell you, some time ago. It would have
 (19) been after your deposition. That is all that I can tell
 (20) you.
 (21) Q: What did he tell you he found?
 (22) A: Nothing of any specificity. He said - I remember
 (23) him saying they had to dig them out of archives or something
 (24) of that nature, and that is literally about all I know.
 (25) Q: Did he tell you that they did not have documents

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(1) which he claimed that he had submitted to them?
 (2) A: He said their files were a mess, that they had -
 (3) did not keep very good files, that they had had a purging
 (4) operation in one or the other, and I can't tell you which
 (5) one.
 (6) Q: He said they had purged documents?
 (7) A: One agency or the other - and I can't tell you
 (8) which one - in archives, that there had been a purging
 (9) operation going on.
 (10) Q: With respect to the files of Pacific Recreation?
 (11) A: Oh, I don't think he ever said that specifically.
 (12) Q: Tell me, the best that you can recall, what he said
 (13) about documents being purged.
 (14) A: That they - either on contract or with some -
 (15) somebody, they were purging or cleaning out their files, and
 (16) that a substantial number of files had been purged without
 (17) guidelines and substantially thrown away or cleaned out.
 (18) That is about all I - that's about it. Did it reflect on
 (19) this one or not? I don't know.
 (20) Q: Is it correct that the first contact you had with
 (21) the automobile agency that sold you the Cadillac is when
 (22) Mr. Mark Rauschert called you?
 (23) A: I honestly can't recall. I don't know whether he
 (24) called me or I went in. I don't - I do not recall. At
 (25) this juncture, I do not recall. But I don't know.

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(1) Q: Didn't Mr. Rauschert call you and say Bill
 (2) Hamilton had suggested to Mr. Rauschert that Mr. Rauschert
 (3) call you?
 (4) A: I don't have any such recollection. I don't know
 (5) that he didn't. But I do not have a recollection of any
 (6) phone call.
 (7) MR. BULMER: Do you know how to spell
 (8) Rauschert?
 (9) MR. TAYLOR: I think it is R-a-u-s-c-h-e-r-t.
 (10) Q: The excise tax affidavit that we went over in your
 (11) prior deposition, it is my understanding now that someone in
 (12) your office dealt with the Pacific County Assessor's Office
 (13) with regard to that?
 (14) A: Primarily, yes.
 (15) Q: Who would that be?
 (16) A: Diane DeLyon (ph.).
 (17) Q: What did she do?
 (18) A: You would have to ask her specifically what she
 (19) did, but I think she called Charlie Mills, at Pacific County
 (20) Title, got a determination from him that value, sales value,
 (21) for excise tax affidavit purposes was the assessed value and
 (22) got that number from him and that is the number that she
 (23) used.
 (24) Q: Did she report that number to you then?
 (25) A: She typed it on the document.

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(1) Q: Did you ask her where she got that number?
 (2) A: At this juncture, I don't remember. It was a tax
 (3) value, as opposed to cash paid, because there was no cash
 (4) paid.
 (5) MR. TAYLOR: Why don't we take five.
 (6) (Short recess.)
 (7) MR. TAYLOR: I don't have anything further.
 (8) (The deposition concluded
 (9) at 3:06 p.m.)
 (10) (Signature was not waived.)

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(1) AFFIDAVIT
 (2)
 (3) STATE OF WASHINGTON)
 (4) COUNTY OF KING) ss.
 (5)
 (6) I have read my within deposition,
 (7) and the same is true and correct, save and
 (8) except for changes and/or corrections, if any,
 (9) as indicated by me on the "CORRECTIONS" flyleaf
 (10) page hereof.
 (11)
 (12) GRANT L ANDERSON
 (13)
 (14) SUBSCRIBED AND SWORN to before me
 (15) this _____ day of _____, 1997.
 (16)
 (17)
 (18)
 (19)
 (20)
 (21) NOTARY PUBLIC in and for
 (22) the State of Washington,
 (23) residing at _____
 (24) My commission expires _____

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(1) CERTIFICATE
 (2)
 (3) STATE OF WASHINGTON)
 (4) COUNTY OF KING) ss.
 (5)
 (6) I, the undersigned officer of the Court,
 (7) under my commission as a Notary Public in and for
 (8) the State of Washington, hereby certify that the
 (9) foregoing deposition upon oral examination of the
 (10) witness named herein was taken stenographically
 (11) before me and thereafter transcribed under my
 (12) direction;
 (13)
 (14) That the witness before examination was
 (15) first duly sworn by me to testify truthfully; that
 (16) the transcript of the deposition is a full, true
 (17) and correct transcript of the testimony, including
 (18) questions and answers and all objections, motions,
 (19) and exceptions of counsel made and taken at the
 (20) time of the foregoing examination;
 (21)
 (22) That I am neither attorney for, nor a
 (23) relative or employee of any of the parties to the
 (24) action; further, that I am not a relative or
 (25) employee of any attorney or counsel employed by the
 (26) parties hereto, nor financially interested in its
 (27) outcome.
 (28)
 (29) IN WITNESS WHEREOF, I have hereunto set my
 (30) hand and seal this 7th day of July, 1997.
 (31)
 (32) Patrice E. Starkovich
 (33) NOTARY PUBLIC in and for the
 (34) State of Washington, residing
 (35) at Seattle.
 (36) My Commission Expires 5-31-2000.