

1 about his other activities?

2 A Because he was money. It was very different
3 from Robin. Robin was directly involved with owning
4 and running her station. Mr. Knobel was very involved
5 in real estate deals and making money. I talked to him
6 about money, which is what I wanted from him.

7 Q Did he offer any information about that,
8 about his interests in broadcasting?

9 A No. Just that his wife had once tried to get
10 a station. And I even talked with her about it.

11 Q You talked to Mr. Knobel's wife?

12 A Yes.

13 Q Did you know that he was a limited partner in
14 an application out of Fernardino Beach at all?

15 A No, I did not. I think that happened
16 afterward. I don't think it happened when I was
17 involved with getting my money from him initially.

18 Q You are aware of the proximity of --

19 A Oh, of course, yes.

20 Q It was not a problem having what might be
21 potentially a competing application in the --

22 A No, it was not.

23 Q Did you know that Robin had an interest in
24 this Fernardino Beach?

25 A No, I did not.

1 Q You didn't ask?

2 A No, I didn't ask.

3 MS. ROBINSON: At this point, Your Honor, I'd
4 like to move Peaches 17 and 18 into evidence.

5 JUDGE LUTON: Any objections?

6 MR. HALAGAO: Your Honor, Ms. Rothschild is
7 no longer a party to the application and I would not
8 have any objection to possibly, 17, but I didn't know
9 about 18, Your Honor. I feel like it's no longer
10 necessary, since Ms. Rothschild's no longer --

11 JUDGE LUTON: Why is 18 relevant to anything?

12 MS. ROBINSON: Well, actually, it goes to her
13 knowledge regarding the --

14 JUDGE LUTON: Whose?

15 MS. ROBINSON: Ms. Morgan's knowledge
16 regarding the broadcast investment activities of her
17 potential partner in this matter.

18 JUDGE LUTON: It doesn't mean a thing. I'm
19 going to sustain the objection to 18 and receive 17.

20 (The document heretofore
21 marked Peaches Exhibit No. 17
22 for identification was
23 received into evidence.)

24

25

1 (The document heretofore
2 marked Peaches Exhibit No. 18
3 for identification was
4 rejected from evidence.)

5 BY MS. ROBINSON:

6 Q Ms. Morgan, Serrano and Newton, they prepared
7 your application, is that right?

8 A Yes, they helped me with that.

9 Q And they put you in touch with Mr. Knobel?

10 A Yes, they did.

11 Q They're still on retainer with you?

12 A Mr. Serrano has been paid. Mr. Newton is
13 working on a contingency basis.

14 Q Are they attorneys, either one of them?

15 A No, they are not. Mr. Halagao is my
16 attorney.

17 Q No, are they attorneys, not your attorneys,
18 but?

19 A No.

20 Q And Serrano listed his address as the
21 applicant's address for service, is that right?

22 A Yes.

23 MS. ROBINSON: I'd like to have marked for
24 identification Peaches 19 and Peaches 20.

25

1 (The documents referred to
2 above were marked Peaches
3 Exhibits No. 19 and 20 for
4 identification.)

5 BY MS. ROBINSON:

6 Q Have you had a chance to look at those, Ms.
7 Morgan?

8 A Yes.

9 JUDGE LUTON: Would you describe, to some
10 extent, the documents that you want marked and the
11 numbers you want placed on them?

12 MS. ROBINSON: Peaches Exhibit 19 is a notice
13 of appearance by Joyce Morgan on behalf of JEM
14 Productions. It's a three-page document, signed by
15 Salvador Serrano.

16 Peaches 20 is a fee processing form, first
17 page.

18 BY MS. ROBINSON:

19 Q So, Ms. Morgan, you've had a chance to look
20 over them?

21 A Yes, I have.

22 Q And the Peaches 20, which is a fee processing
23 form, it does show that Mr. Serrano is the person whose
24 address is listed for the service of process?

25 A Yes, it does.

1 Q And he's also the signature on the last page
2 of Peaches 19, the notice of appearance?

3 A Yes, it is.

4 Q Whose idea was the original equity
5 percentage?

6 A Whose idea was that?

7 MR. HALAGAO: Excuse me, Your Honor. Was it
8 received?

9 MS. ROBINSON: No, I'm not ready to have it
10 received.

11 MR. HALAGAO: We are going to another
12 question now?

13 BY MS. ROBINSON:

14 Q The original equity structure?

15 A The original equity structure came about,
16 basically through my talks with George. Because, as my
17 consultant and the one who introduced the whole process
18 to me, I had no idea of exactly how to set it up or
19 what should be where and what should be done and he
20 assisted me with that and coming up with the totals.

21 Q Who was the this again, I'm sorry.

22 A George Newton.

23 Q And whose idea was it to incorporate it into
24 Delaware, to incorporate the partnership?

25 A Well, that goes along with the whole idea of

1 the consultant, because of the fact that I had no idea
2 of how to do most of this. He also helped me with
3 that. And I talked with Peter Knobel as well about
4 where and how to set up.

5 MS. ROBINSON: Your Honor, at this time I
6 would like to move Peaches 19 and 20 into evidence.

7 JUDGE LUTON: Any objections to either?

8 MR. HALAGAO: Yes, Your Honor. I would like
9 to ask the relevancy of the exhibits here. Ms. Morgan
10 has indicated that she agrees with this and I think
11 it's already on the record that she agrees on this one.
12 So I don't know if you would like to have more
13 documents in the record, Your Honor. So I would like
14 to object. I don't mind it come in, but I think Ms.
15 Morgan has indicated that she already agree to this
16 documents.

17 JUDGE LUTON: Then it ought not to be
18 objectionable. The objections are overruled. Nineteen
19 and 20 are received.

20 (The documents heretofore
21 marked Peaches Exhibits No. 19
22 and 20 for identification were
23 received into evidence.)

24 JUDGE LUTON: Henceforth, would you offer
25 them singly, one at a time, so we can deal with that

1 one at a time instead of in twos?

2 MS. ROBINSON: No problem, Your Honor.

3 MS. ROBINSON: I'd also like to have marked
4 Peaches Exhibit 21.

5 (The document referred to
6 above was marked Peaches
7 Exhibit No. 21 for
8 identification.)

9 BY MS. ROBINSON:

10 Q Ms. Morgan, do you recognize this document?

11 A Yes, I do.

12 Q Okay. Was this the original limited partner
13 agreement?

14 A Yes, it is.

15 Q Okay. And how did it come into being?

16 A What prompted it?

17 Q The creation of it, yes.

18 A Because I was applying for a license for a
19 radio station.

20 Q And you were interested in having the people
21 listed as partners?

22 A Exactly.

23 Q And who prepared it?

24 A George Newton.

25 Q Did you have a lawyer look at it?

1 (The document referred to
2 above was marked Peaches
3 Exhibit No. 22 for
4 identification.)

5 BY MS. ROBINSON:

6 Q Ms. Morgan, the first partnership agreement
7 was signed on November 4th, 1989. Is that correct?

8 A That is correct when I signed it.

9 Q And after you signed the agreement, you
10 instructed Mr. Knobel to file the agreement, is that
11 correct?

12 A That is correct.

13 Q He filed the agreement after April 25th,
14 1989? Is that correct.

15 A No, that is not correct. It was filed April
16 9th.

17 Q Of what year?

18 A 1991.

19 Q Okay. April 9th, 1991. And that was per
20 your instructions?

21 A No, that wasn't per my instructions. My
22 instructions were to file it immediately.

23 Q In '89?

24 A In '89.

25 Q And he file it on April 25, 1991?

1 A That is correct.

2 Q Are you familiar with the law firm Battle
3 Fowler?

4 A Yes, I am.

5 Q And have you ever hired them for any purpose?

6 A Not personally. It is not my firm. It is
7 Peter Knobel's law firm.

8 Q Have they done work for the partnership?

9 A Yes, they have.

10 Q Have you paid them?

11 A No, I have not.

12 Q Has Mr. Knobel paid them?

13 A No, he has not.

14 Q Is Mr. Knobel's loan to you a secured loan or
15 unsecured loan?

16 A His loan for what?

17 Q For the partnership?

18 A For the partnership?

19 Q Yes.

20 A It's unsecured.

21 Q Okay. Now, there was an amount of \$250,000
22 pledged to construct the station. Is that correct?

23 A That is correct.

24 Q Okay. That was to construct but not
25 prosecute. Is that correct?

1 Q Do you know who it was that -- I'll backtrack
2 -- did you renegotiate that structure at all?

3 A Yes.

4 Q Who were involved in the structure of that?

5 A Absolutely.

6 MS. ROBINSON: I'd like to have marked for
7 identification Peaches 23, which is agreement of
8 limited partnership of JEM Productions.

9 (The document referred to
10 above was marked Peaches
11 Exhibit No. 23 for
12 identification.)

13 BY MS. ROBINSON:

14 Q Okay, Ms. Morgan. Paragraph 8.3 of that
15 document. I'd like you to review it for a moment.

16 What is your understanding of that particular
17 provision?

18 JUDGE LUTON: Ms. Robinson, you should go
19 through the formality of asking whether she's seen the
20 document before, does she know what it is --

21 MS. ROBINSON: I'm sorry, Your Honor.

22 JUDGE LUTON: -- before you ask her what it
23 means.

24 BY MS. ROBINSON:

25 Q Ms. Morgan, have you ever seen this document?

1 A Yes, I have.

2 Q Do you recall signing the entirety of this
3 document?

4 A Yes, I do.

5 Q Okay. Now, do you understand the provisions
6 that I referred to in this document?

7 A You were talking about all of 8.3?

8 Q Eight point three, three. There's five sub
9 provisions.

10 MR. HALAGAO: Objection, Your Honor. Could
11 you, Ms. Robinson, could you be more specific?

12 JUDGE LUTON: Please address the comments to
13 me. Don't get into a private conversation with
14 counsel.

15 MR. HALAGAO: I'm sorry, Your Honor. Your
16 Honor, an objection on the question. The question is
17 very general and vague for 8.3. Eight point three --

18 JUDGE LUTON: Eight point three provides for
19 a lot, so I think your question could be asked with
20 more precision.

21 MS. ROBINSON: No problem, Your Honor.
22 Actually, I'll just read the pertinent provision, if
23 that's okay.

24 It relates to termination of general partner.
25 And, upon the first to occur of the following events,

1 each a terminating event, sub provision 3 states that
2 if the partnership suffers two consecutive fiscal
3 quarters of operating losses on the financial
4 statements referred to in Section 2.B(1) or (2).

5 BY MS. ROBINSON:

6 Q My question to Ms. Morgan is what is her
7 understanding of that particular provision?

8 A What is my understanding of it? Well, it
9 says if the partnership suffers two consecutive fiscal
10 quarters of operating losses, that is one of the
11 provisions that this section 8.3 says is a termination
12 of a general partner.

13 Q So, in essence, if the station suffers a loss
14 of two quarters, you could be removed. Is that correct
15 according to these terms?

16 A Well, according to this term.

17 Q According to this term, which is a binding
18 term. Is that correct?

19 A Yes.

20 Q Okay. And at your deposition, you mentioned
21 that the station perhaps may not turn a profit for a
22 year?

23 A That could be possible.

24 Q Do you recall stating that?

25 A Yeah, I recall it.

1 Q Okay. So if that's the case, then, it is a
2 fact that the limited partner can move you if that
3 happens?

4 A That could be the case. I doubt it very
5 seriously.

6 Q Okay. But in any event, according to this
7 document --

8 JUDGE LUTON: You've already got this and I'm
9 assuming you're going to introduce this into evidence,
10 right. There's no need to hammer away at this? It
11 tends to be argumentative.

12 MS. ROBINSON: No problem. No problem. Your
13 Honor, I'd like to offer Peaches number 23 into
14 evidence.

15 JUDGE LUTON: Any objections?

16 MR. HALAGAO: No objection, Your Honor.

17 JUDGE LUTON: Twenty-three is received.

18 (The document heretofore
19 marked Peaches Exhibit No. 23
20 for identification was
21 received into evidence.)

22 BY MS. ROBINSON:

23 Q Who owns the site that was listed in your
24 application, do you know? The site for your
25 engineering tower?

1 Q But no written documents?

2 A No written documents.

3 Q There is a budget for the station. Is that
4 correct?

5 A That is correct.

6 Q Okay. And Mr. Newton prepared that?

7 A He helped me, yes.

8 Q Now was there a budget for the staff listed
9 within that overall budget?

10 A No.

11 Q And there was also basically, it was a
12 generic application?

13 A Yes, it is.

14 Q How long each day will the station be on the
15 air?

16 A I don't think it will be 24 hours, somewhere
17 between 12 to 14 to possibly 18.

18 Q Okay, who made that decision?

19 A I did.

20 Q Okay. I'd like to direct your attention to
21 your list of your, your resume, under Exhibit 2.

22 Under experience, the list of civic
23 activities. Could you point out the activities that
24 were not job-related?

25 A The United Way Board of Directors, Public

1 Relations Director for Visions 2005, Jacksonville Urban
2 League Auxiliary, NAACP Alpha Kappa Alpha Sorority.

3 Q They were not job related?

4 A No.

5 Q All right.

6 MS. ROBINSON: I have no further questions,
7 Your Honor.

8 JUDGE LUTON: All right. Additional cross?

9 MR. WINSTON: Yes, Your Honor.

10 JUDGE LUTON: Before you start, let's take a
11 ten-minute recess.

12 Off the record.

13 (Discussion off the record.)

14 JUDGE LUTON: On the record. Let's proceed
15 with the examination by Northeast Florida.

16 MR. WINSTON: Okay.

17 CROSS EXAMINATION

18 BY MR. WINSTON:

19 Q Ms. Morgan, my name is James Winston. I'll
20 be questioning you on behalf of Northeast Florida
21 Broadcasting Corp.

22 Ms. Morgan, who is the limited partner in JEM
23 Productions Limited Partnership?

24 A Peter Knobel.

25 Q What is Baylan Communications, Inc.?

1 A That is his communications company?

2 Q Is it not correct that in your limited
3 partnership agreement when you refer to Peaches Exhibit
4 number 23, the first page of that exhibit which was
5 received earlier. It identifies the limited partner as
6 being Baylan Communications, Inc.?

7 A Twenty-three. Peaches 23.

8 Q Yes, the first page, the very first
9 paragraph.

10 A My 23 says assignment of partnership
11 interest. What does your 23 say?

12 Q Do I have the numbers wrong?

13 A All of mine are not numbered.

14 Q For accuracy of the record, I have as
15 identified Peaches number 23, the agreement of limited
16 partnership of JEM Productions. Is that Your Honor's
17 understanding of exhibit number 23?

18 JUDGE LUTON: Yes it is.

19 MR. WINSTON: All right. We're in agreement.
20 This should be marked for your convenience, Ms. Morgan.

21 BY MR. WINSTON:

22 Q I direct your attention to the first
23 paragraph of that document. Does it not state that the
24 limited partner of JEM Productions Limited Partnership
25 is Baylan Communications, Inc., a Delaware corporation?

1 A That's correct.

2 Q So, your statement that the limited partner
3 is Pete Knobel is not correct, is it?

4 A Peter Knobel is Baylan Communications.

5 Q In your mind there's no distinction between
6 the two?

7 A No.

8 Q Who owns Baylan Communications?

9 A Peter Knobel.

10 Q How much of it does he own?

11 A The entire amount, 100 percent of Baylan.

12 Q Have you ever seen any corporate documents on
13 Baylan Communications, Inc.?

14 A No, I have not.

15 Q You've never seen the Articles of
16 Incorporation, Bylaws, no stock information?

17 A No.

18 Q You're understanding of Baylan Communications
19 is derived from what?

20 A From Peter Knobel.

21 Q From speaking to him concerning that matter?

22 A That is correct.

23 Q Have you ever seen any financial statements
24 of Baylan Communications, Inc.?

25 A No, I have not.

1 Q Do you know what business Baylan
2 Communications, Inc., is in?

3 A Communications.

4 Q Do you know specifically what it does?

5 A No, I don't.

6 Q Does it have any ongoing business?

7 A Does it have what?

8 Q Any ongoing business?

9 A Any ongoing business. Perhaps you mean
10 Baylan is Peter's company that he basically becomes
11 limited partners with other folks as -- I guess that's
12 what you're trying to get at?

13 Q I'm just trying to find out what you know?
14 Is that what you know?

15 A Yeah, that's all I know.

16 Q So you don't know if it owns any radio
17 stations?

18 A Not to my knowledge.

19 Q Okay. Is Baylan Communications, Inc. a
20 limited partner for other applications?

21 A I believe so.

22 Q Other than Baylan Communications, Inc. and
23 Robin M. Rothschild, have there any other limited
24 partners in JEM Productions Limited Partnership?

25 A No.

1 A Yes, I do.

2 Q Okay. It states that Robin Rothschild owns
3 89 percent of that station?

4 A Oh, that's right. I see that.

5 Q Okay. Do you know who owns the other 11
6 percent of that station?

7 A I think her husband does, her ex-husband.

8 Q Okay. So that if Atlantic Pacific
9 Broadcasting Inc. is, in fact, a company that owns
10 WAVY-FM, then would that indicate that when Atlantic
11 Pacific Broadcasting Inc. was a limited partner of JEM
12 Productions LP, that in fact, Ms. Rothschild's husband
13 owned 11 percent of that interest?

14 A That could be.

15 Q You don't know that for a fact, though?

16 A I don't know it for a fact.

17 Q Ms. Morgan, is Mr. Knobel -- this may have
18 been asked -- is Mr. Knobel an applicant for other
19 broadcast facilities?

20 A Is he part of other applications, yes.

21 Q And how many other applications does he
22 currently involved in?

23 A I think about three.

24 Q Do you know if Mr. Knobel has any financial
25 obligations to those other applicants?

1 A Yes, he does.

2 Q When did you learn that?

3 A When did I learn that? Sometime last year.

4 Q Did he have any financial obligations from
5 any other applications at the time you filed your
6 application?

7 A Not to my knowledge.

8 Q So you didn't discuss that with him prior to
9 the application being filed?

10 A No.

11 Q Ms. Morgan, you stated that Mr. Knobel is
12 committed to make a loan to JEM Productions LP? Is
13 that correct?

14 A That is correct.

15 Q Okay. And that loan is in the amount of
16 \$250,000?

17 A That is correct.

18 Q And has Mr. Morgan ever made any loans to you
19 personally in connection with the application?

20 A Personally?

21 Q Personally to you?

22 A What do you mean personally?

23 Q Has he lent money to you to pay your share of
24 the application costs?

25 A No. My share of the application was, as

1 Q You're familiar with the limited partnership
2 agreement itself in general terms?

3 A Yes.

4 Q Do you recall who prepared that agreement?

5 A Who prepared the agreement?

6 Q Yes. What attorney in particular?

7 A Battle, Fowler -- I don't know the attorney's
8 name.

9 Q Okay. But you testified earlier that Battle,
10 Fowler is Mr. Knobel's attorney, that firm represents
11 Mr. Knobel, is that correct?

12 A Correct. He uses that firm.

13 Q So that it's fair to state that Mr. Knobel'
14 law firm prepared your agreement of limited
15 partnership, dated February 27, 1991?

16 A That is correct.

17 Q And would that also be true for the agreement
18 of limited partnership dated May 2nd, 1991?

19 A Yes, that's the same agreement with taking
20 Robin Rothschild and Atlantic Pacific Broadcasting out
21 and changing it to a 50-50 agreement.

22 MR. WINSTON: I believe I'm finished with
23 this witness. No more questions, Your Honor.

24 JUDGE LUTON: White, do you have questions?

25 MR. WHITE: No questions, Your Honor.

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CROSS EXAMINATION

BY MS. ROBINSON:

Q Good morning, Mr. Knobel.

A Good morning.

Q I think we've met before. My name is Rhonda Robinson and I'm appearing on behalf of Peaches Broadcasting.

How are you employed?

A How am I employed? I own various investment companies.

Q And how did you come to know a gentlemen, Salvador Serrano?

A I met him through George Newton.

Q And how did you come to know George Newton?

A My wife's friend is his daughter.

Q Okay. What prompted your involvement in this particular application?

A His daughter owns a radio station, WAVY in Vermont. I knew Robin Rothschild when she was a -- she used to be a work out teacher at health clubs in New York City. She is my wife's oldest friend. And she got to talking to us about radio stations.

Q And how did that lead to your involvement?

A My wife, George approached my wife or Robin had told my wife about an application in Montauk, Long

1 Island. We have a weekend home in Suffolk County,
2 which is the county that Montauk is in. And Robin
3 said, "wouldn't it be great if you owned the radio
4 station." And also to my wife. My wife thought it
5 would be a good idea.

6 George contacted me wife, came up to see my
7 wife and educate her on what the possibilities were to
8 owning a radio station and I got to listen, so I would
9 pop in and out and then my wife discussed it with me
10 and my wife applied for the radio station, the
11 application.

12 Q For which radio station?

13 A The Montauk application.

14 Q Okay, but as far as this application, how did
15 you --

16 A After my wife started working with George
17 Newton, I got to know him better and better and said to
18 George, maybe there would be other -- when I started to
19 understand the program -- maybe there would be other
20 applicants around the country who needed financing.

21 So George said that his business was going
22 out and putting these projects together. I said,
23 "well, when you find an applicant, have them call me
24 and let me know whether they could use me as a
25 prospect." And that's occurred in this situation.

1 Q So that's what prompted finding Joyce Morgan,
2 your request by them to --

3 A No, I had no request. I said to George that
4 I would be interested as an investor in other radio
5 applications. And that I had no specific needs, say,
6 Jacksonville or Oklahoma or Tennessee, wherever. If he
7 had an applicant who was interested, that I would
8 review who the applicant was and their qualifications
9 and maybe I would become their financial partner.

10 Q But they, in fact, found you Joyce Morgan?

11 A Correct.

12 Q What is the function of Mr. Serrano is this,
13 besides what you've mentioned. Are there any
14 additional roles that he's played?

15 A Be more specific.

16 Q What is his overall role in the application,
17 Mr. Serrano, beside matching you with your partner. Do
18 you know of any other --

19 A I believe he's an engineer.

20 Q An engineer?

21 A Yes.

22 Q Not in this particular application?

23 A I don't specifically know.

24 Q But as far as his particular role in this
25 particular application, what is your knowledge of his

1 A Yes.

2 Q You are or were an investor in three other
3 partnerships?

4 A Yes.

5 Q Okay. Along with your investments, was there
6 the same type of parity in equity interest, 20-40-40?

7 A Yes.

8 Q And that was basically between you,
9 Rothschild and a general partner. Is that correct?

10 A Correct.

11 Q And who set those up?

12 A The percentages?

13 Q Yes.

14 A I had discussed with George and Joyce Morgan
15 that originally I would want to have 50 percent. But
16 it was suggested to me 20-40-40 and I felt that 20-40-
17 40 was close enough.

18 Q Okay. And then each of those applications
19 are or were you pledging the same amount?

20 A Always the same amount. Manhauken may have
21 been more money.

22 Q Would you have a copy of the partnership
23 agreement?

24 A No.

25 Q Could you turn to Page Three of that