

1 Q. Did Miss Gray work at Business Options
2 or U.S. Bell?

3 A. She worked at Business Options. I
4 don't know for how long, but she was working
5 there when I came back to Indiana in '95.

6 Q. What was her role at Business Options?

7 A. I believe she worked in administration
8 for Kurtis, but I'm not really sure.

9 Q. Do you know what her responsibilities
10 were in '95?

11 A. No. They were in Lansing, Illinois in
12 an office. And when I came back in '95, we
13 started this company, CFO, right here at 8380
14 Louisiana, and we were totally separate. Kurt
15 was running that all by himself.

16 Q. And when did Miss Gray start up Great
17 Lakes Verification?

18 A. That's a good question. I don't know
19 exactly. I know that eventually Kurtis closed
20 down the Lansing office and moved Business
21 Options to 8380 Louisiana, and then CFO basically

1 became defunct. So if I had to guess, I would
2 say in '96 or '97, somewhere in there.

3 Q. Did she continue to work at Business
4 Options or for U.S. Bell when she was starting up
5 Great Lakes?

6 A. No.

7 Q. Do you know if Business Options helped
8 her start up Great Lakes with equipment or
9 funding or anything like that?

10 A. I don't know all the details. Kurtis
11 set that relationship up. But knowing Arethea
12 and Llewellyn, I would imagine that whatever the
13 business relationship was, it was initially
14 probably capitalized by Business Options.

15 Q. Do you know that for sure?

16 A. No, I don't know that for sure.

17 Q. Okay. Do you know how many employees
18 they had in '96-'97?

19 A. I don't know how many Arethea had.
20 But when I took over the operation, I think I had
21 two verifiers and a third was kind of part-time

1 in case needed.

2 Q. Do you remember when in '97 you took
3 over -- was it the first half, second half?

4 A. I ran the verification business for
5 about seven months. I just recently looked at
6 some taxes from '96, '97 and '98 just for myself
7 to remember, and I think February of '98 was the
8 last payroll that I did. So it was five months
9 back -- so July or August was when I took it
10 over.

11 Q. Okay. In '96 or '97, did Great Lakes
12 and Business Options share any employees?

13 A. I don't know. Not when I was doing
14 the Great Lakes. I don't know before that.

15 Q. But when you took over Great Lakes,
16 those verifiers -- those two verifiers and the
17 one part-time verifier were paid by Great Lakes
18 Verification?

19 A. Yes.

20 Q. At that time, were you still 26
21 percent owner of Business Options or U.S. Bell?

1 A. No. I think I got my ownership the
2 following year. I'd have to double-check, but I
3 think it was '98 or '99. And then I ended up --
4 I actually got 20 percent, and then I bought Andy
5 Hastings out. I bought his six percent, so I got
6 26 percent.

7 Q. But that didn't happen until '98 or
8 '99?

9 A. Correct.

10 Q. What was your relationship with
11 Business Options back in July of '97?

12 A. Well, I had been a CFO employee, and
13 then the verification relationship came up. CFO
14 was not surviving as a company, so I was working
15 on a couple of other pilot projects. I had a
16 business guy down in St. Louis who was -- he was
17 marketing motivational tapes is what he was
18 doing. And I did the back-end and delivery,
19 meaning the computers, the shipping and that kind
20 of stuff. So I was doing that. And then I was
21 also doing a start-up with a guy named Scott

1 Majors, who actually played second base for USC
2 when Mark McGuire was the third basemenat at that
3 time period. Scott is a nutritional guru for
4 lack of a better term. and we put together a
5 program to direct-sell a nutritional product
6 called the Z-Power. I was the back-end for that.
7 So I was doing those three things -- the tape
8 business; the Z-Power, which we had a few
9 thousand customers primarily on the west coast
10 who were all minor league baseball players and
11 stuff like that. And then I was also doing the
12 verification company -- I was supervising that.
13 So if I didn't answer your question, it was after
14 all of that, eventually 2000 or so is when I
15 really started getting more involved with
16 thinking, "Well, Business Options' business could
17 use me help."

18 Q. Yeah. I was under the impression that
19 you were -- that you had come back from
20 California in '95, and that was to work with CFO?

21 A. It was to work with Kurtis to start a

1 new company, so we started CFO. And then after a
2 couple of years, that dream was over.

3 (A short break was taken to change
4 tapes.)

5 Q. All right. We were talking you coming
6 back from California in '95 to work with your
7 brother Kurtis on CFO.

8 A. Uh-huh.

9 Q. At that time when you came back, were
10 you also working with Business Options?

11 A. No.

12 Q. So in July of '97, when you took over
13 for Miss Gray at Great Lakes Verification, you
14 had no role at Business Options or U.S. Bell; is
15 that correct?

16 A. I'd have to check all my records, but
17 I think that is correct. I don't think U.S. Bell
18 even existed at that point.

19 Q. But Business Options did.

20 A. Business Options existed, and I had --
21 I think the records should show that I received

1 money from Business Options as a vendor, Great
2 Lakes Verifications. That what my recollection
3 is of what it was. And then it was after Z-Power
4 and a couple of these other ventures that didn't
5 pan out -- maybe in '99-ish is when I started
6 helping out with the delivery area, actually, of
7 Business Options. And I went on payroll at that
8 point and started working with -- basically, I
9 was helping in upgrading the computers -- the
10 automation of Business Options. My interest is
11 in computers and whatnot, so I was able to help
12 out and remove -- there was a vendor that Kurtis
13 had, DCA, that was a nightmare vendor. They did
14 the billing and rating and whatnot, but they did
15 it off-sight in Oklahoma, and they were extremely
16 inconsistent and at least once would create mild
17 emergencies with the company. So I eventually
18 got that area reorganized and moved us to our own
19 software. That's kind of how I came back into
20 Business Options around that time period and then
21 started to move my way up to where I ran

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1 treasury, delivery and quality. And then I moved
2 up to executive director eventually.

3 Q. Why did you stop doing the
4 verifications as Great Lakes for Business
5 Options?

6 A. That's a good question. I think it
7 just wasn't really that profitable. And my
8 interest in Z-Power was expanding -- we had
9 several thousand distributors and customers, and
10 I my attention started to be needed more there.

11 Q. How did you wind up your relationship
12 with Business Options as Great Lakes?

13 A. As far as like -- I mean, it just
14 ended. One day I was doing it, the next day I
15 was done, paid in full, and I moved on.

16 Q. You had discussions with your brother
17 Kurtis before you did that; right?

18 A. Yeah, of course. I think -- I don't
19 remember exactly, but I just told him I was ready
20 to move on, to do something else.

21 Q. And that was in '98?

1 A. Yeah. It seems like February of '98
2 was the last payroll I just found.

3 Q. Did you have any involvement in
4 finding Business Options' next verifier?

5 A. Susan Corder, yes. She was -- I don't
6 remember her post, but she replaced me. She had
7 a location down on Route 30. I remember Kurtis
8 had the sales representatives at the Valparaiso
9 office, and they were faxing the orders to Susan
10 Corder Enterprises. And she had been working at
11 Business Options prior to starting a verification
12 business. I don't really know what post she was
13 on, though. It might have been in customer
14 service, I think.

15 Q. Can you spell her last name?

16 A. C-O-R-D-E-R. That was short-lived. I
17 know it was only two to three months, something
18 like that. And then she moved to California, and
19 I'm not sure exactly what occurred. But then
20 Tony Lowe came on the scene. And he had been --
21 He is an ex-military guy -- air force, I

1 believe -- where he trained a lot of people on
2 how to load planes and whatnot. He seemed like a
3 pretty decent guy. So he set up A&M
4 Verifications, which I think ran for a couple of
5 years.

6 Q. So was Susan Corder's job immediately
7 before assuming verification responsibilities for
8 Business Options as a Business Options employee?

9 A. I believe so.

10 Q. And if she took over for you in
11 February of '98 and lasted only two to three
12 months, she faded out in April or May of '98,
13 roughly?

14 A. Yeah, it may have been that summer, I
15 don't know for sure.

16 Q. And then Tony Lowe stepped in?

17 A. Correct.

18 Q. And he did Business Options'
19 verifications as A&M Verifications?

20 A. Yes. He may have a couple of names,
21 but I know it ended with A&M, which was Anthony,

1 and then "M" was his wife's name, but I don't
2 remember what her name was -- A&M Verifications.

3 Q. When Susan Corder was doing it, was
4 she doing it as Great Lakes Verifications?

5 A. I don't think so, but she may have
6 been using Great Lakes Verification scripts.

7 Q. Okay.

8 A. I found -- It wasn't even that long
9 ago that I found some old Great Lakes
10 Verifications scripts that F&G was using for a
11 few months -- I think five months. I just saw a
12 dispatch that I had written to Bill in 2002 where
13 I had said, "Please remove that script. The
14 company doesn't exist anymore."

15 Q. Okay.

16 A. So then I had somebody double-check,
17 and it looked like for five months in 2002 the
18 Great Lakes Verifications script was being used
19 erroneously by F&G employees.

20 Q. Okay. Getting back to Tony Lowe, was
21 he an employee of Business Options at any time?

1 A. I think he was initially hired to do
2 training by Business Options to do some training
3 at the company because that was his background,
4 but I don't think he did that very long at all.
5 All of a sudden he was creating his own business,
6 A&M Verifications.

7 Q. Okay. So he was doing training --
8 it's your recollection he was doing training at
9 Business Options in the beginning part of '98,
10 immediately before he started as the verifier for
11 Business Options?

12 A. I don't know that he was -- Oh, the
13 verification company?

14 Q. The verification company, yeah.

15 A. Yeah, he was initially hired, I
16 believe, to do training. And I don't know who
17 hired him. I don't know if that was -- I don't
18 know how long that lasted. And then -- yeah, I
19 really remember Tony for a couple of years just
20 running the verifications.

21 Q. Do you remember when he stopped

1 operating as Business Options' verifier?

2 A. As the verification company for

3 Business Options?

4 Q. Yes.

5 A. Okay. I've got you.

6 Q. Thank you.

7 A. Well, let's see. F&G Verifications
8 was doing it until recently, and they are almost
9 going on two years, so 2001, maybe middle of
10 2001, somewhere in there.

11 Q. And he was operating as A&M
12 Verifications for most of that time period?

13 A. Yes.

14 Q. Was Mr. Lowe also the individual that
15 started the 7-Eleven type business?

16 A. Yes. He -- Yes. He sold -- To
17 expound on it, he was selling pop and donuts and
18 candy.

19 MR. HAWA: I don't know what pop is.

20 MR. SHOOK: Soda. It's the Midwest's
21 way of saying -- it's generic for soft drinks.

1 Just as the Midwesterners would say "pop,"
2 Easterners would use the term, "soda."

3 WITNESS: Yeah, I am going to go have
4 a pop.

5 MR. HARKRADER: I would call it coke.
6 That's what we grew up with.

7 MR. SHOOK: And he doesn't mean
8 cocaine.

9 MR. HARKRADER: Yeah, regardless of
10 whether it was Pepsi or anything else, you would
11 call it coke.

12 WITNESS: Okay.

13 BY MR. HARKRADER:

14 Q. Anyway, back to Mr. Lowe and his
15 ancillary business. That was something you were
16 not please with?

17 A. I was not pleased at all. Because
18 what happened is he expanded his lease and took
19 over a small office adjoining his verification
20 company. So then he had his own headquarters, if
21 you will, for him being the CEO of A&M

1 Verifications, and the verifiers were in his main
2 facility there, which is in our building. But it
3 is a separate location. And then he had an
4 adjacent office that he acquired. Anyway, he
5 also had a little TV in there, and he had his
6 Internet connection, and he had a radio, and it
7 was quite something to walk by and see him
8 marketing his coke products and whatever else to
9 our staff while he is watching TV. So it was
10 driving me nuts. In fact, the verifications was
11 running smoothly, but I just didn't like the fact
12 that he had his attention on making extra money
13 off of our staff. I wrote some reports on it,
14 and I was constantly on Bill's behind to get that
15 handled. And then finally, I just had it because
16 Tony was becoming unwilling to change.

17 Q. Was he located in the Business Options
18 offices when he was doing the A&M Verifications?

19 A. The A&M Verifications office has it's
20 own office and space, but it's in the same
21 building as Business Options.

1 Q. Okay. And I think you told me this
2 already, but when Miss Corder was doing Business
3 Options' verifications, she was in a separate
4 location?

5 A. Correct.

6 Q. When you were doing -- When you and
7 Miss Gray did Great Lakes in that '97-'98 time
8 period, where were your offices located?

9 A. I think I had the office that Tony
10 Lowe or A&M Verifications eventually took over.
11 That's where my staff was working -- right there
12 in that location.

13 Q. So in 2001, is that when F&G
14 Verifications took over --

15 A. Yes.

16 Q. -- for Tony Lowe's entity?

17 A. Yes. F&G had another name. It's F&G
18 Verifications, but they also go by -- I don't
19 know exactly why, but TAASHKO, T-A-A-S-H-K-O.

20 Q. Okay. Do you know what the "F" and
21 the "G" stand for?

1 A. Furmankiewicz and Golceri. And I do
2 not know how to spell it.

3 Q. I got Furmankiewicz yesterday. I
4 wondered if maybe your counsel had that second
5 name.

6 A. Actually, I do know how to spell that
7 one.

8 Q. Oh, you've got that one?

9 A. G-O-L-C-E-R-I, I believe. It's
10 Italian. Golceri is how they pronounce it.

11 Q. Is that another individual?

12 A. Alan Furmankiewicz was our CPA, and he
13 worked at the Internal Revenue for 15 years and
14 then retired from there and went into independent
15 practice. And then Bob Golceri or Golceri,
16 however you pronounce it -- they are from the
17 same church, and Bob worked for 20 years for a
18 real big -- I think a "Big Eight" firm as a
19 CPA -- a four billion company, I'm not sure of
20 the name. And then he left that company and went
21 into business with Alan. So they are two CPA's

1 running a CPA business and other ventures.

2 Q. And their CPA business is
3 Furmankiewicz and Associates?

4 A. Yes.

5 Q. And how long have they been doing the
6 accounting work for Business Options?

7 A. I think we started using Alan around
8 '99, something like that. I would have to look
9 at the tax returns --

10 Q. Right. How did they get involved in
11 doing the verifications for Business Options?

12 A. Alan knew that I was not happy with
13 Tony, and Alan is pretty entrepreneurial himself,
14 so he liked the idea of taking over that
15 business. He was also Tony's CPA or A&M's CPA.
16 So he struck up negotiations. And I don't know
17 if he bought out -- it seems like he bought Tony
18 out. I don't know for sure, though, or how many
19 assets that was. But he basically dealt with --
20 he knew that we needed somebody new, so he took
21 over for Tony and created a company. And his

1 plan was -- and still is, actually -- he wants to
2 get other customers. You know, he likes that
3 business. It's just he has been busy with his
4 CPA business, and he hasn't gone out and gotten
5 other customers and expanded it. The original
6 plan was he was going to move his location to his
7 offices in Chesterton, which has never happened.
8 So we started -- or I started this year using
9 this company out of Florida -- a verification
10 company -- on a pilot project, and then they
11 ended up doing almost half of our verifications
12 at one point. And then just recently we moved
13 them to where they do almost everything now. We
14 kind of tested all the electronic -- you know,
15 they are in Florida, so we have to deal with
16 three-way calling into them and all that kind of
17 stuff off of our T-1 phone lines. Anyhow, that's
18 now fully operational and de-bugged, and they do
19 all of our verifications. I think they started
20 about a month ago, in that area.

21 Q. So F&G was doing the verifications up

1 until very recently, until a couple of months
2 ago?

3 A. They were doing most of the
4 verifications. And then for 2003, they were
5 doing at least half, if not a little bit more.
6 But this other company, The Verification Company,
7 was doing a pretty good number of our verified
8 orders.

9 Q. Did F&G move into the office space
10 formerly occupied by A&M Verifications?

11 A. Yes.

12 Q. And how many employees do they have?

13 A. Well, that's the funny part. They
14 never ended up doing a payroll. Tony Lowe was
15 totally separated, independent and did all of his
16 own payroll and whatnot. So we basically did
17 like an employee lease-back, where he had two
18 employees basically that were paid by U.S. Bell
19 and Buzz.

20 Q. All right.

21 A. The plan was -- I mean, he did

1 eventually establish bank accounts, and that was
2 his plan -- to do the whole deal, but it never
3 happened.

4 Q. Now, how did that relationship come
5 about -- was it initiated by Mr. Furmankiewicz,
6 or was it initiated by you and Kurtis?

7 A. The relationship of him being our CPA,
8 or what?

9 Q. No, that is a good clarification. The
10 relationship of the sharing of the employees from
11 Business Options or Buzz to F&G.

12 A. Well, that would have been me. I
13 mean, basically Alan and I -- you know, the whole
14 idea was that he would do his own payroll. And
15 in the agreement, he would basically -- we would
16 pay, and he would run the company and do all the
17 payroll taxes and the payroll and all of that,
18 and that maybe he would like employee-lease like
19 one of our people in treasury to do some of the
20 paperwork. But it would basically be all in
21 F&G's books and banks and all that stuff. And

1 then he would just kind of run the phone, the
2 person in charge.

3 Q. All right.

4 A. That was the basic plan. And then, of
5 course, they were going to move, too, but that
6 just never happened, so --

7 Q. But this was a way that Business
8 Options and/or U.S. Bell or Buzz could help F&G
9 get up on their feet and on their own?

10 A. Yes.

11 Q. Okay. Did F&G Verifications do all of
12 the verification work for BOI and Buzz and U.S.
13 Bell in 2002?

14 A. I believe so, yes.

15 Q. I want to show you a copy of a
16 transcript for the verification of Mr. Bracket.
17 Have you seen that document before?

18 A. No.

19 Q. Okay. Would you mind just reading it
20 to just get a feel for it?

21 A. Out loud, or --

1 Q. No, just to yourself.

2 A. Oh, okay. I can see the first
3 sentence is not good.

4 (Witness read document.)

5 A. Okay.

6 Q. What about the first sentence is not
7 good?

8 A. Well, it's got Great Lakes
9 Verification Company, so they were using a script
10 that they shouldn't have been using. And as I
11 said earlier, there was about five months, is
12 what I found recently, where the Great Lakes
13 Verification Company's script was being used when
14 it should have been the F&G Verification script.
15 So that's really the only error I see, is that
16 they used the wrong name.

17 Q. So the verification at this time -- at
18 least with respect to this particular consumer,
19 the actual verification company was F&G
20 Verification?

21 A. Correct.

1 Q. It was not Great Lakes Verification?

2 A. Correct.

3 Q. What was the five-month period of time
4 in which the verifiers were using the Great Lakes
5 script?

6 A. I don't know exactly, but I could get
7 you that information, because I do have it
8 written down somewhere.

9 Q. And this verification took place
10 within that five-month period of time?

11 A. Yes. That's why we double-checked off
12 of this date, and then we expanded -- we had
13 somebody who went -- all of the verification
14 tapes are organized for two years with dates, so
15 we had somebody just spot-check out until they
16 started finding F&G Verifications, and that's how
17 we determined it was five months. But, yes, this
18 was during that period.

19 Q. Before that five-month period, do you
20 know if the companies that were doing Business
21 Options' verifications were actually using their

1 own names, or were they using the names of Great
2 Lakes?

3 A. I think it was F&G -- well, it was A&M
4 Verification, then F&G Verifications, then all of
5 a sudden for five months somebody got a hold of a
6 script and just put it in there, and it was Great
7 Lakes Verifications. And then it was switched
8 back after I sent a note to Bill when I
9 discovered back in 2002 saying, "What the heck is
10 this?"

11 Q. Do you remember when you discovered
12 it?

13 A. It seems like toward the end of 2002.
14 There is a note somewhere that I sent to Bill
15 that is dated. And it says, "Hey, fix this
16 problem."

17 Q. How did you discover that? How did
18 you discover that in fact F&G Verifications was
19 using the Great Lakes Verifications script?

20 A. That's a good question. I don't know
21 for sure. Somebody might have brought it to my