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1 IN CHANCERY COURT OF LOWNDES COUNTY, MISSISSIPPI

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OLIVER L. PHILLIPS, JR. PLAINTIFF

4

VS. 2007-0526-B

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MCT INVESTORS, L.P., DONALD DEFENDANT

6

R. DEPRIEST, ET AL

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ROUGH DRAFT TRANSCRIPT OF THE ABOVE-MENTIONED CASE
HELD ON MAY 4, 2009, COLUMBUS, MISSISSIPPI

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APPEARANCES:

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1 statement?

2 MR. PHILLIPS: They bought shares in MCT
3 Russia, L.P., and Mr. DePriest is a director of
4 BioVentures.

5 **THE COURT:** All right. Thank you.

6 **BY MR. JAY NICHOLS:**

7 Q. Okay. Now, Mr. Phillips, I'm trying to
8 keep this in chronological order, the order of
9 events. You've testified that between 1997 and
10 1999, that you had loaned Mr. DePriest over
11 \$3 million; is that correct?

12 A. Yes.
13 Q. Now, did Mr. DePriest pay that money back
14 to you?

15 A. He did. He paid the principle back.

16 Q. When did he pay that?

17 A. At the time American Telecasting was sold.
18 I believe September the 24th was the day he paid it.
19 Well, I take that back. September the 24th, 99, he
20 paid two of the bank loans that I had made in order
21 to get his stock back, which was used as collateral
22 for those loans. And then subsequent to that date,
23 he paid me \$1,428,000, which was the balance due on
24 those loans.

25 Q. Okay. If you would, turn with me back to

1 Exhibit P11.

2 A. (Witness complied.)

3 Q Going back to the third page of that
4 exhibit again, the handwritten agreement.

5 A. Yes.

6 Q. Do you see the typewritten portion --

7 A. Yes.

8 Q. -- contained at the bottom? Does that
9 language reflect the payments that you were just
10 talking about that Mr. DePriest made?

11 A. It was. And Belinda Hudson, his executive
12 secretary, typed in that information, including
13 amount owing, and I got a check for 1,428,000, which
14 was the principle remaining on those loans --

15 Q. Okay.

16 A. -- without interest.

17 Q. So at this point in time, the end of 1999,
18 other than the \$5 million note that you've
19 testified about today and the 70 units involved with
20 that, what other financial obligations did Mr.
21 DePriest have to you as of the end of '99?

22 A. Other than what? Other than the
23 \$5 million and the 70 units?

24 Q. Other than those two things that were '96
25 and before. Were they options granted in '98?

Petitioners:
Belinda Hudson is
Mr. DePriest's
executive
secretary.

1 A. The options would have been -- they would
2 have been the options and the 70 units or
3 \$5 million.

4 Q. Okay. Now, I'm glad you brought that out.
5 Now, Mr. Phillips, are you asking the Court for \$5
6 million for the note that was signed in '96 and for
7 70 units?

8 A. No. I want \$5 million or \$5 million
9 dollars worth of the 70 units, whatever the 70 units
10 brought. And most of that has been liquidated, if
11 not all of it. Well, not all of it has been
12 liquidated. I just want the \$5 million that we
13 agreed on.

14 Q. Okay. Do you know how Mr. DePriest was
15 able to pay you back, in September of 1999, the
16 monies that he borrowed from you during those three
17 years, '97 to '99?

18 A. One of the entities in MCT Investors,
19 L.P., limited partnership was a company called
20 American Telecasting.

21 Q. Is that what we call Atell?

22 A. Atell. It had been distributed to the
23 partners. That entity got sold to Sprint, on or
24 about that time, for \$6 and a half a share.

25 Q. So, to your knowledge, did Mr. DePriest

1 receive some proceeds from the sale of Atell?

2 A. He did.

3 Q. Was that in September of 1999?

4 A. It was, yes.

5 Q. Okay. And that's when he paid you back
6 the monies that he had borrowed for those three
7 years?

8 A. That's correct.

9 Q. Mr. Phillips, would you turn with me to
10 Page -- excuse me -- to Exhibit P16?

11 A. (Witness complied.)

12 **MR. TAYLOR:** No objection to P16.

13 **THE COURT:** P16 will be received into
14 evidence.

15 (Thereupon, the document was marked Exhibit No. P16
16 and received into evidence.)

17 **BY MR. JAY NICHOLS:**

18 Q. Mr. Phillips, can you identify Exhibit
19 P16?

20 A. This is a copy of a hand ledger that
21 Belinda Hudson, Don's executive secretary, kept of
22 the loans that I had made and any paybacks or
23 reimbursement that he had given me. It was during
24 the period -- it looks like the first one is
25 May 30th, 2001, and it goes through 5/25, 2005.

1 Q. Okay. Did Mr. DePriest borrow any money
2 from you between September of '99 and May of 2001,
3 that you're aware of?

4 A. I don't recall anything. It may have
5 been; but if he did, he paid it right back.

6 Q. Okay. Did you have any knowledge of why
7 he wouldn't have continued to borrow money from you
8 from '99 to 2001?

9 A. He still had some proceeds left over from
10 the Atell sale.

11 Q. Okay. Now, did you have an opportunity,
12 prior to this litigation, to see this document
13 that's been identified as P16?

14 A. Yes.

15 Q. Tell me about that opportunity.

16 A. This document was in Belinda's -- she has
17 a notebook that she keeps similar documents like
18 this for the notes and debts that Don has. I felt
19 like it was time to get something reduced to writing
20 on all of these since it was getting to be a
21 substantial amount of money, so I met with Belinda.
22 She took this ledger page, and I took the
23 information that I had available, that I had kept
24 regarding Don's loans and advances, and we confirmed
25 the amounts and the dates. This was in late 2004, I

1 believe.

2 Q. Okay. Now, before I go back to this
3 ledger, would you turn with me, Mr. Phillips, to
4 Exhibit P17?

5 A. (Witness complied.)

6 **MR. TAYLOR:** No objection, Your Honor?

7 **THE COURT:** P17 will be received into
8 evidence.

9 (Thereupon, the document was marked Exhibit No. P17
10 and received into evidence.)

11 **BY MR. JAY NICHOLS:**

12 Q. Mr. Phillips, can you identify that
13 document, P17?

14 A. This is a promissory note dated
15 November 30th, 2004, for \$3,373,710.

16 Q. Now, was this note the result of that
17 series of transactions that's recorded on Belinda
18 Hudson's ledger that's been introduced as P16?

19 A. This is as a result of this ledger, plus
20 the information that I had that we confirmed and
21 reduced it to this note.

22 Q. Okay. What's the date of this \$3,373,710
23 note?

24 A. November 30th, 2004.

25 Q. Okay. Now, Mr. Phillips, if you would,

1 flip back with me to Exhibit P16.

2 A. (Witness complied.)

3 Q Mr. Phillips, on this ledger, do you see a
4 column -- the left-hand column has numbered lines
5 all the way down, 1 through 40; is that correct?

6 A. That's correct.

7 Q. Okay. And then there will be entries out
8 to the right side of these dates shown in that
9 column; is that correct?

10 A. That's correct.

11 Q. Do you see a heading up on the top that
12 says "Received"?

13 A. That's the first column on the four-column
14 pad, yes.

15 Q. Mr. Phillips, I'll try to use Mr.
16 Taylor's -- this is the column I'm talking about on
17 the document. Does that say "Received"?

18 A. Yes.

19 Q. Okay. Now, what are the numbers reflected
20 under that "received" column representing, if you
21 know?

22 **THE COURT:** I mean, that's the money you
23 advanced to Mr. DePriest?

24 **MR. PHILLIPS:** That's the money I advanced
25 to Mr. DePriest. And if he paid it back, it's

1 in that column. It also tells where the money
2 went to, as best Belinda could determine.
3 Actually, that's where I got it from, too.
4 Like, the first item, May 30th, '01, is for
5 \$40,000, Peoples Bank, by wire.

6 Q. Okay.

7 **MR. JAY NICHOLS:** Your Honor, I'm not
8 going to go through each individual entry, but
9 I think it's important for us to go through
10 some of these entries in here.

11 **THE COURT:** Go ahead.

12 **BY MR. JAY NICHOLS:**

13 Q. Mr. Phillips, you just referenced the
14 first item on there, \$40,000, and you said it
15 reads -- appears to read to DRD Peoples Bank by
16 wire?

17 A. Yes.

18 Q. Do you know what that money -- what was at
19 Peoples Bank? Where was that \$40,000 going?

20 A. That was Don's personal bank account at
21 Peoples Bank. I don't know what he used it for,
22 other than just to pay his bills.

23 Q. Okay. Line 2, does it also show about
24 87,000 going into the same account?

25 A. It did go to Peoples bank by wire.

1 Q. Okay. Drop down with me to Line 7.

2 A. Okay.

3 Q. Do you see where it says "wire to
4 Bombardia for ANC"?

5 A. Yes. That was -- Bombardia was a creditor
6 of American Nonwovens, and this was wired directly
7 to them, \$50,000.

8 Q. And what was American Nonwovens?

9 A. It was a company that Don owned,
10 manufacturing company.

11 Q. So you were loaning money that Mr.
12 DePriest was paying creditors for his businesses
13 with?

14 A. Yes.

15 Q. Okay.

16 **MR. JAY NICHOLS:** I'm trying to skip
17 through some of this, Your Honor.

18 A. Also, on this, you can see I was wiring
19 money directly to pay his bank notes with other
20 banks, too.

21 **BY MR. JAY NICHOLS:**

22 Q. Well, let me just ask you that question:
23 Do you know where the monies that you loaned Mr.
24 DePriest from May of 2001, shown on this first page,
25 through -- I'm not going to go all the way to the

1 end -- November 30th, 2004? Do you know where all
2 of those monies were being used?

3 MR. TAYLOR: Your Honor, we object to
4 relevance.

5 THE COURT: I mean, I don't -- it's
6 sustained, because what Mr. Phillips says,
7 everything that's on 16 was merged into this
8 note and it was signed by Mr. DePriest.

9 MR. PHILLIPS: Yes, sir.

10 MR. JAY NICHOLS: And, Your Honor, in
11 response to his objection, what we would like
12 to show to the Court is that Mr. Phillips was
13 making payments directly to payroll accounts
14 for Mr. DePriest, operating accounts for Mr.
15 DePriest's businesses and making bank notes for
16 him, and there's allegations in this lawsuit
17 that Mr. Phillips is the one who was solicitous
18 and taking advantage of a relationship with Mr.
19 DePriest, and I think it's relevant for those
20 issues.

21 THE COURT: All right. Go ahead.

22 MR. TAYLOR: Your Honor, just one comment
23 and I'll sit down, I promise you. We've got
24 the note, and we've stipulated to everything
25 except for the interest.

1 **THE COURT:** Is that right?

2 **MR. JAY NICHOLS:** Your Honor, we have a
3 stipulation of -- strictly for the purpose that
4 I just mentioned, we wanted this in so the
5 Court would know and the record would
6 reflect --

7 **THE COURT:** I think you've done it very
8 well. He said, you know, that it was used to
9 pay some of these creditors of his corporations
10 directly to his bank accounts and all of that,
11 so I've got a feel for it --

12 **MR. JAY NICHOLS:** Okay?

13 **THE COURT:** -- I think.

14 **BY MR. JAY NICHOLS:**

15 Q Mr. Phillips, during this time span, from
16 May of '01 through November of '04, did you ever
17 loan any money to Mr. DePriest that he didn't ask
18 for?

19 A. Never.

20 Q. Do you recall how many times in total you
21 loaned money or advanced money to Mr. DePriest?

22 A. Oh, somewhere between 70 and 100 times,
23 probably. I would have to add them up, but I think
24 there's more than 70.

25 Q. Would Mr. DePriest tell you where to send

1 these monies that you were loaning him?

2 A. Yes, or he would instruct Belinda to. She
3 would give me wire instructions or fax me wiring
4 instructions. Actually, sometimes, I would even ask
5 her to call my banker, to give him the wiring
6 information, if I was busy or out or town, unable to
7 do it at that instant.

8 Q. Did you have any control over these
9 businesses or those business accounts --

10 A. No.

11 Q. -- of Mr. DePriest?

12 A. No, I had no control over them, American
13 Nonwovens, or any or these accounts of his.

14 Q. Okay. Mr. Phillips, were you taking
15 advantage of Mr. DePriest when you were loaning him
16 monies for his businesses?

17 A. No.

18 **THE COURT:** That's been asked and
19 answered.

20 **BY MR. JAY NICHOLS:**

21 Q. Now, Mr. Phillips, the \$3 million that we
22 talked about in this promissory note, was this
23 reflective of monies in addition to the
24 \$2 million-plus in legal fees that you loaned
25 Mr. DePriest in the early nineties?

1 identify that as a note that is related to the
2 stipulation.

3 THE COURT: Okay.

4 BY MR. JAY NICHOLS:

5 Q Can you identify that document, Mr.
6 Phillips?

7 A. Yes.

8 Q What is it?

9 A. It's a \$300,000 promissory note dated
10 February 4th, 2005, where I loaned \$300,000 to
11 Donald R. DePriest, and he signed the note.

12 Q. Is it your understanding that this is one
13 of the promissory notes referenced in the
14 stipulations that we just submitted to the Court?

15 A It is.

16 Q. Would you turn to P19, please?

17 A. Yes.

18 Q. Can you identify that document?

19 A. It's \$150,000 promissory note dated
20 June 7th, 2005, Don DePriest to Oliver Phillips, due
21 December 30th, 2005.

22 Q. Is it your understanding that that is
23 another promissory note that's been handled in the
24 stipulations that have just been submitted to the
25 Court?

Petitioners: Loans Mr. DePriest obtained and gauranteed on behalf of MCLM.

1 A. It is.

2 Q. Would you turn to Exhibit P21, please?

3 A. Okay, sir.

4 Q. Can you identify that document that?

5 A. That's a promissory note to a group of
6 people, Oliver L. Phillips, Jr., and others dated
7 September the 20th, 2005, in the amount of \$737,000
8 from Airtime Communications Land Mobile, LLC. That
9 was due March 1st, 2006.

10 Q. What was your portion of that note?

11 A. \$200,000.

12 Q. Okay. Would you turn to P22, please?

13 A. Yes, sir.

14 Q. Can you identify that document?

15 A. It's an instrument of personal guaranty
16 signed by Donald R. DePriest individually to
17 guarantee that \$737,000 note to the MC Group, as it
18 was called.

19 Q Is it your understanding that the
20 portion -- your portion of that \$737,000 group note
21 is subject to the stipulations that were just
22 submitted to the Court?

23 A. It is. 200,000 of the 737.

24 Q. Mr. Phillips, did you charge Mr. DePriest
25 any exorbitant interest on any of those promissory

1 notes that have been stipulated?

2 A. No. They were either charged at the -- at
3 whatever mirror note -- the mirror that we would
4 have had that the bank charged or they were prime
5 plus 1 percent if they were larger, included more
6 than one note, which is what I was paying at my
7 primary bank.

8 Q Is prime plus 1 percent a reasonable rate
9 of interest, in your mind?

10 A. It's very reasonable.

11 Q. Mr. Phillips, you're aware, are you not,
12 that Mr. DePriest has filed a counterclaim against
13 you in this action?

14 A. I am aware.

15 Q. Okay. Have you had an opportunity to
16 review, during the course of this litigation, some
17 of the allegations contained in that counterclaim?

18 A. Yes.

19 Q. Do you recall language or allegations that
20 you have interjected yourself into all of his
21 business ventures?

22 A. Yes, I do recall.

23 Q. Okay. I want you to, if you would, tell
24 the Court about your day-to-day involvement in the
25 operations of MCT Investors L.P.

1 A. I had no day-to-day involvement in the
2 operations of MCT Investors, L.P. That was done in
3 Washington, D.C., at MCT Investors' office there.
4 Rick Seney was the general manager, along with Don
5 DePriest. They ran that operation, and I don't
6 recall having ever any involvement in that
7 management.

8 Q. Okay. Well, tell the Court about your
9 involvement -- day-to-day involvement or involvement
10 period in the operations of MCT of Russia, L.P.

11 A. I have never had any involvement at all.
12 That, again, was operated out of the Washington
13 office of MCT Russia, and then they had offices in
14 Russia, which they operated out of.

15 Q Okay.

16 A. I've never been to those offices regarding
17 MCT Russia, at either place.

18 Q. Have you ever had control over any of the
19 operating accounts of those two entities?

20 A. Never.

21 Q. Okay. What about your participation in
22 American Telecasting, Inc., operations?

23 A. Again, American Telecasting was an MCT
24 Investors, L.P., entity, and it was operated out of
25 the Washington office. I never had any involvement.

Petitioners: Mr. Phillips, who is intimate with Mr. DePriests' businesses and finances (as argued by DePriest himself in the case), states the Maritel and MCLM are Mr. DePriests' companies.

1 Q. Mr. Phillips, what is Maritel, Inc.?

2 A Maritel is a marine waterways
3 communications system. That, at one time, was in
4 Memphis and then later moved to the gulf coast.
5 And, I guess, now -- I don't know where it is.

6 Q. Is that one of Mr. DePriest's companies?

7 A. It is.

8 Q. Tell the Court about your involvement in
9 the operations of that company.

10 A. I have never had any involvement in the
11 operations of that company.

12 Q. Okay. Mr. Phillips, what about Maritime
13 Communications?

14 A. I have no knowledge of any operations at
15 all. I don't know what they do or where they're
16 located.

17 Q. To your knowledge, is that one of Mr.
18 DePriest's companies?

19 A. It is.

20 Q. We've talked about today American
21 Nonwovens Corporation. Have you ever had any
22 involvement in the day-to-day operations of American
23 Nonwovens Corporation?

24 A. Never. Never had any day-to-day
25 involvement, other than to loan Mr. DePriest money

1 to make his payroll or pay for suppliers.

2 Q. Have you ever had control over the
3 operating or payroll accounts of American Nonwovens
4 Corporation?

5 A. No. I had no control over those accounts.

6 Q. Okay. Mr. Phillips, what is BioVentures,
7 Inc.?

8 A. BioVentures is a -- I refer to it as a
9 DNA-type operation. It's located in Murphreesboro,
10 Tennessee. I have never been to that site or
11 attended any meetings and have no involvement at all
12 in any of those operations.

13 Q. Okay. Well, Mr. Phillips, are there any
14 business entities of Mr. DePriest or that Mr.
15 DePriest claims are his that over which you had any
16 influence in the day-to-day operations?

17 A. No, there aren't any.

18 Q. Mr. Phillips, on all of the transactions
19 that we've submitted to the Court today and that
20 you've testified about, have you ever forced Mr.
21 DePriest to sign any of these documents or
22 agreements?

23 A. No.

24 Q. Did Mr. DePriest voluntarily sign all of
25 the documents that you've presented here today to

1 the Court as evidence?

2 A. Yes.

3 Q. Mr. Phillips, as Mr. DePriest's CPA over a
4 number of years, did you ever have any control over
5 Mr. DePriest's decision-making abilities?

6 A. No, I did not.

7 Q. Mr. Phillips, do you know Mr. DePriest to
8 be a smart businessman?

9 A. He is a smart businessman. He's been
10 involved in numerous companies in the United States
11 and all over the world.

12 Q. Are you aware of any condition that Mr.
13 DePriest may have had that would lend him unable to
14 make good decisions regarding the transactions
15 between you and him over the last 30 years?

16 A. No.

17 Q. Mr. Phillips, do you know Mr. DePriest's
18 wife?

19 A. Sandra DePriest?

20 Q. Um-hmm. (Yes)

21 A. Yes.

22 Q. Is she an attorney?

23 A. Yes.

24 Q. Mr. Phillips, in the years that we've
25 discussed here today before the Court, have you ever

1 conducted yourself in such a manner to exhibit any
2 control over Mr. DePriest or his ability to make
3 decisions and handle his own business?

4 A. No, I never have.

5 MR. JAY NICHOLS: May I have just a
6 moment, Your Honor?

7 THE COURT: Sure. Counsel, do you want to
8 look at this exhibit list and see if you want
9 to move any others into evidence?

10 MR. WINDHAM: Yes.

11 THE COURT: Do you want to look at the
12 court reporter's list? I'm just.

13 MR. WINDHAM: 18 through 22?

14 THE COURT: If there are any that you want
15 to add that are not added.

16 (Off the record.)

17 MR. WINDHAM: Give us just one second,
18 Your Honor.

19 THE COURT: Sure. I don't mean to rush
20 you.

21 (Off the record.)

22 THE COURT: Those exhibits will be
23 received in, including 20.

24 (Thereupon, the document was marked Exhibit No. P18

25 and received into evidence.)

1 (Thereupon, the document was marked Exhibit No. P19
2 and received into evidence.)

3 (Thereupon, the document was marked Exhibit No. P20
4 and received into evidence.)

5 (Thereupon, the document was marked Exhibit No. P21
6 and received into evidence.)

7 (Thereupon, the document was marked Exhibit No. P22
8 and received into evidence.)

9 **MR. JAY NICHOLS:** May I proceed, Your
10 Honor?

11 **THE COURT:** Yes, sir.

12 **BY MR. JAY NICHOLS:**

13 Q Mr. Phillips, if you would, would you turn
14 to what's been introduced as Exhibit P20, please.

15 A (Witness Complied.)

16 Q Tell the Court what that document is.

17 A. This is a copy of the note that I signed
18 for the \$150,000 loan I made at Amsouth Bank that
19 was deposited to Maritime Communications Amsouth
20 bank account. It was wired to Mobex account at Bank
21 of America, according to Belinda Hudson's notations
22 on the copy of the note.

23 Q. Okay. Would that note be the underlying
24 note that precipitated the \$150,000 promissory note
25 that's been stipulated to as P19?

Petitioners: Loan money obtained by Mr. DePriest from Mr. Phillips and then deposited to MCLM and then wired to Mobex.



1 A. It would.

2 Q. Okay. Mr. Phillips, would you turn with
3 me to P26, please?

4 A. (Witness Complied.)

5 **MR. TAYLOR:** We don't object to that, Your
6 Honor.

7 **THE COURT:** Thank you. It will be
8 received into evidence as 26, P26.

9 (Thereupon, the document was marked Exhibit No. P26
10 and received into evidence.)

11 **BY MR. JAY NICHOLS:**

12 Q. Mr. Phillips, can you identify P26 for me?

13 A. That's a letter that Don DePriest sent out
14 to all of the partners of MCT Investors, L.P.,
15 notifying them that the partnership has dissolved
16 upon the expiration of the terms of the partnership
17 on December 31st, 2007.

18 Q. Okay. Now, when the partnership, MCT
19 Investors, L.P., dissolved December 31, 2007, did
20 you receive any distributions or benefits or
21 proceeds from the 70 units of MCT Investors, L.P. --

22 A. I did not.

23 Q. -- for your certificate of ownership? Do
24 you still have the certificate of ownership?

25 A. I do still have the original certificate

1 of ownership.

2 Q. And what was your answer? Did you
3 receive any of the benefits?

4 A. I have received no benefits from that
5 certificate of 70 units.

6 Q. Mr. Phillips, can I refer you back to P5
7 again? Are you with me?

8 A. Yes, sir.

9 Q. When were any assets that were distributed
10 or proceeds of benefits -- for benefits from 70 MCT
11 Investors, L.P., units have been distributed to you
12 pursuant to this certification?

13 A. Upon the dissolution of the limited
14 partnership.

15 Q. And that was?

16 A. December 31st, 2007.

17 Q. Mr. Phillips, over the course of the last
18 almost 30 years with Mr. DePriest, has Mr. DePriest
19 always had access to legal counsel, to your
20 knowledge?

21 A. Yes.

22 Q. Has he also had access to financial advice
23 from folks other than you?

24 A. Yes.

25 MR. JAY NICHOLS: Your Honor, if you'll

DRAFT

1 OLIVER L. PHILLIPS, JR.

2 VS.

2007-0526B

3 MCT INVESTORS, L.P., DONALD R. DEPRIEST, ET AL

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7 *****

8 ROUGH DRAFT OF PROCEEDINGS HELD MAY 8, 2009

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1 THE COURT: Sure.

2 MR. JAY NICHOLS: Your Honor, the record
3 will reflect that Mr. Phillips has some
4 handmade notes that he's made to refresh his
5 recollection, if there's no objection to him
6 looking at those while he testifies.

7 THE COURT: Okay. Any objection to his
8 freshening his memory?

9 MR. TAYLOR: I wasn't clear -- I'm sorry.
10 I wasn't clear of what he's looking at.

11 MR. JAY NICHOLS: He has some notes to
12 refresh his recollection on the amounts of the
13 notes and the days.

14 MR. TAYLOR: That's fine, Your Honor.

15 THE COURT: Okay. And then, certainly,
16 you would be entitled to see those notes, as I
17 understand the rule.

18 MR. TAYLOR: Yes, sir.

19 BY MR. JAY NICHOLS:

20 Q. Mr. Phillips, if you would, please tell
21 the Court each loan that Mr. DePriest has, actually,
22 hypothecated collateral for for you, the proceeds of
23 which went to Mr. DePriest.

24 A. I'd like to begin first with just -- no
25 necessary order. There were two notes at Pinnacle

Petitioners: In 2004, per Phillips' testimony, Mr. DePriest was in a partnership, C.D. Partners, with Carol Oaks. MCLM did not list this on its Form 175 or Form 601 as an affiliate or ever disclose it and its gross revenues to the FCC.

1 Bank, \$500,000 each. They were secured by Don's MCT
 2 stock, which he received the proceeds, with
 3 exception of \$100,000 of that, which I had given him
 4 credit on his \$3 million 3 note. Bank of Vernon,
 5 there were two small notes. Both of these were in
 6 2004. The original amount was -- one of them was
 7 \$102,500, the other was 187,561. Those two loans
 8 were collateralized by C.D. Partners MCT stock.
 9 C.D. Partners was a partnership between Don DePriest
 10 and Carol Oaks in Memphis.



11 The next one I had listed is a
 12 Trustmark loan, April the 30th, 1999, for \$1
 13 million, and that was secured by American
 14 Telecasting stock. The next one I have is
 15 Bancorpsouth, May the 26th, 1999, \$440,000. That
 16 was secured by American Telecasting stock. The next
 17 one is a Regions loan for \$1 million, which is
 18 secured by MCT stock. I had -- the total of those
 19 is \$3,730,000.

20 Q. Mr. Phillips, let me ask you a question.
 21 Do you recall Mr. DePriest's testimony that it may
 22 not have been necessary -- I mean he may not have
 23 been necessarily hypothecating collateral for each
 24 and every individual loan, but that he had
 25 hypothecated collateral for the majority of the

1 money that you loaned him over that time?

2 A. I did.

3 Q. Okay. Now, what does the total of those
4 notes that he hypothecated collateral add up to be?

5 A. \$3,730,000.

6 Q. Have you also calculated the amount of
7 money that you've loaned Mr. DePriest from 1990 to
8 present?

9 A. I have.

10 Q. What's that amount?

11 A Well, it's over 100 loans, and the total
12 is somewhere between 13 and \$14 million.

13 Q. Mr. Phillips, have you ever borrowed money
14 from Don DePriest?

15 A. Never have I borrowed money from Don
16 DePriest.

17 Q. Do you recall testimony from Mr. DePriest
18 regarding a handwritten financial statement that you
19 provided him in 1996?

20 A. I do.

21 MR. JAY NICHOLS: May I have the court
22 reporter hand Mr. Phillips what's been entered
23 as D54, I believe?

24 (The reporter tendered Exhibit D54 to the witness.)

25