EXHIBIT
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1 UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF MISSISSIPPI
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3
4 IN RE: MARITIME COMMUNICATIONS/LAND MOBILE, LLC
5 Debtor In Possession(s)
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7 CASE NO.: 11-13463-DWH
Chapter 11
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14 **TRANSCRIBED 341(a)**
Taken in Aberdeen, Mississippi on
15 Friday, September 23, 2011 beginning
at 11:40 a.m.
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22 **TRANSCRIBED BY:**
23 Laura Cross, CSR #1691
Court Reporter and Notary Public
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25

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1 Goad.
2 Q. Okay. And tell me who -- and say the
3 initials again, SJ --
4 A. SRJW Partnership.
5 Q. Okay. And who is that? Is -- who
6 composes that partnership?
7 A. It's me at this point. Yes.
8 Q. Just you?
9 A. And has only been me.
10 Q. Okay. All right. And who is --
11 A. It is actually -- I should say the
12 general partner is Communications Investments,
13 Inc.
14 Q. Okay.
15 A. And then I own 100 percent of
16 Communications Investments, Inc.
17 Q. Okay. Who manages the debtor? Who is
18 the managing member of the debtor?
19 A. The on -- sort of the on-site manager
20 is John Reardon in the Virginia office. And then
21 I provide supervision. And then Don DePriest does
22 some things as a manager, as well.
23 Q. Okay. Now, are any of these managing
24 members being paid a salary?
25 A. All right. John Reardon, we elected to

1 in place for the debtor to conduct business?
2 A. You're not talking about the FCC
3 licenses? You're talking about any...
4 Q. Well, you have to have an FCC license
5 to --
6 A. Yes.
7 Q. -- conduct your business --
8 A. Right.
9 Q. -- is that correct? Are those all in
10 place?
11 A. They are in place.
12 Q. Okay. So that the debtor can conduct
13 business. Those are...
14 A. We can lease at this point. And then
15 any sales have to be approved by the FCC.
16 Q. Okay. All right. Does the debtor
17 conduct any other business activities other than
18 what you've just testified to?
19 A. No.
20 Q. Okay. Have there been any other
21 bankruptcies by this particular debtor?
22 A. No.
23 Q. Okay. Could you, for the record,
24 please briefly describe the events that led to the
25 bankruptcy filing.

1 A. All right. From the outset when we
2 purchased the licenses and then filed for auction
3 licenses thereafter, we had -- have been involved
4 in challenges to the licenses. And so we have not
5 been able to conclude many of the transactions and
6 many of the proposed transactions have, you know,
7 have dissipated because of opposition primarily
8 from Warren Havens and his companies. And he has
9 filed when -- when denied relief at the FCC, he
10 has filed those same actions in state court. In
11 fact, filed one in California where he appealed it
12 to the California Supreme Court.
13 We won lower level and the appellate
14 level. And then he appealed it to the California
15 Supreme Court and was denied cert. And appealed
16 it to the US Supreme Court and was denied cert.
17 Then filed the same action actually in -- in that
18 same time frame in -- af -- after the conclusion
19 of the lower court decisions. And I think we were
20 at the appellate stage -- or had one at the
21 appellate stage. Filed the same case in New
22 Jersey. And we have won at the lower court level,
23 and he's appealing that.
24 So we have been tied up in litigation
25 with the FCC despite the purchase of these

1 licenses and have not been able to move forward.
2 And we have expended, as you can see from our
3 statement of liabilities, vast amounts of money to
4 try to keep a company alive and to keep the
5 transactions going. And we've not been able to
6 continue that. So without -- without some
7 protection and relief to be able to go ahead and
8 close some of these transactions, you know, we
9 have no way of continuing to operate.
10 Q. I understand. Could you please briefly
11 describe who Warren Havens is.
12 A. He is the companies that you described.
13 He represents four or five different companies.
14 And he is a competitor in this industry and, in
15 fact, he filed licenses -- applications for the
16 same auctions that we had been awarded, and then
17 had -- was actually in litigation against Mobex
18 before we purchased Mobex. And so we sort of
19 ended up buying that lawsuit without realizing it.
20 And we sort of just took on his ongoing claims.
21 And so that's basically who he is. I think he's
22 -- he's a -- I don't think he's ever billed out
23 his licenses. I think he's -- just enjoys
24 challenging us and other -- other communications
25 entities. He has not -- doesn't seem to be

1 wanting to operate the businesses, just wants to
2 prevent others from doing so.
3 Q. Okay. You had mentioned Donald
4 DePriest. Who is Donald DePriest?
5 A. He is my husband.
6 Q. Okay. And you had mentioned earlier,
7 and I did not follow up, which I should have, he
8 is not a member of this debtor; is that correct?
9 Because you had mentioned -- because I'd asked you
10 about the management and you had mentioned his
11 name.
12 A. He's had a management contract from the
13 beginning but he is not an owner, has no ownership
14 interest in the debtor.
15 Q. Okay. So he has a management contract
16 with the debtor?
17 A. Yes, but he gets no compensation for
18 that.
19 Q. Okay. So what is his -- I guess, what
20 is his consideration and what services does he
21 provide to the debtor via that contract?
22 A. He has, at my request, helped --
23 assisted me in obtaining financing and has --
24 Q. And his relation to you is --
25 A. He is my husband.

1 Q. Okay. Okay.
2 A. So that's primarily what he has done.
3 Q. Okay. One more time. I'm sorry.
4 A. He has provided -- he has assisted me,
5 as I've asked him to do so, in providing
6 financing.
7 Q. Okay. So is --
8 A. By obtaining, you know, and helping me
9 obtain sources for financing.
10 Q. Okay. All right. But he is not
11 compensated in any way from the debtor for doing
12 that?
13 A. No.
14 Q. Okay. And other than assisting you
15 with obtaining financing, is there any other role
16 that he plays on behalf of this debtor?
17 A. He has made suggestions about, you
18 know, ways to market the licenses and that sort of
19 thing, but that primarily has been John Reardon as
20 the hands-on person doing that.
21 Q. Okay. How is it, Mrs. DePriest, do you
22 believe the debtor will you able to reorganize
23 through this Chapter 11 proceeding?
24 A. I am optimistic that based upon a
25 provision of a court decision called Second

1 Thursday that pertained to the FCC, that if an
2 applicant, a licensed applicant files bankruptcy
3 and when they are involved in matters before the
4 FCC, that there is a provision that the FCC will
5 stay -- or may stay the FCC proceedings so that
6 the creditors may be paid and the sales may be
7 approved, sales and transactions may be approved
8 under the condition that the applicant who, in our
9 case would be MCLM, and its owners would not
10 benefit from -- from that sale or from the sale of
11 those licenses.
12 So, you know, we have thought that that
13 was in the best interest of our creditors given
14 the past. Looking forward we see nothing but
15 litigation with Warren Havens. And so we -- I see
16 no future -- and we can't financially continue to
17 finance the FCC litigation. So there's no future
18 for us in this industry. And so -- but I do want
19 to see that our creditors are paid. The licenses
20 have value. And so if the FCC does choose, as
21 we've asked them to do, to apply the Second
22 Thursday provision and stay the FCC proceedings,
23 then we, pursuant to this bankruptcy Chapter 11
24 reorganization, can then have those existing
25 contracts approved and closed and then sell the

1 remaining licenses in a fixed period of time and
2 be able to pay the creditors. So that -- that is
3 -- you know, there are -- at this point there are
4 more assets, based upon what we perceive to be the
5 market, and based upon an appraisal, a 2008
6 appraisal that was done by Pinnacle Bank, that
7 there are sufficient assets to pay these
8 creditors, all of them. And so that is how we
9 would hope to do that, to be able to move through
10 this.
11 Q. And so it's the debtor's intent to sell
12 and liquidate --
13 A. Yes.
14 Q. -- primarily versus a reorganization?
15 A. Well, there are some assets of the
16 company that are not FCC licenses.
17 Q. I see.
18 A. So those could remain.
19 Q. Okay. So the debtor, if everything --
20 A. We could reorganize under that.
21 Q. -- works out according to plan then
22 there's a possibility the debtor could reorganize
23 to some extent.
24 A. Yes.
25 Q. Okay. Is the debtor able at this point

1 Q. Okay. All right. Schedule H,
2 codebtors. I'm going to ask you to verify that
3 all that information is correct.
4 A. Yes. Just a second. Yes, that's
5 correct.
6 Q. Okay. It's indication that your
7 husband, Donald DePriest, has been a codebtor in
8 various obligations on behalf of the debtor; is
9 that correct?
10 A. That's correct.
11 Q. Collateral Plus, LLC, you mentioned
12 them earlier. They are also a secured creditor.
13 A. Yes.
14 Q. Is that correct?
15 A. That's correct.
16 Q. In this case. And they are also a
17 codebtor for Pinnacle National Bank; is that
18 correct?
19 A. Where are you looking at that?
20 Q. Schedule H.
21 A. Yes, I see that. Yes. Yes, uh-huh
22 (affirmative).
23 Q. Okay. And if you can, explain who
24 Collateral Plus, LLC is, other than those roles
25 that we just mentioned.

1 A. There is a lawsuit, I think, that goes
2 back between -- that -- that Fred Goad had filed
3 against Don. And I think that's the basis of the
4 dispute. And I have not looked into all the terms
5 of that lawsuit. But I know that -- I think that
6 Fred Goad claimed that his interest was based on
7 an interest in Critical RF, not MCLM. But at the
8 time of his interest, Critical RF did not -- we
9 hadn't even purchased Critical RF. So I don't --
10 so that's what I'm saying. There's a dispute as
11 to the nature of his interest in Critical RF.
12 It's more like an internal issue, but...
13 Q. Okay. Now, we talked a little bit
14 before about your husband Donald DePriest's role
15 in the company. Did I get it right, that you said
16 he is essentially -- has management contract and
17 plays some management role in one shape or form --
18 could you tell me, is -- you know, describe more,
19 I guess, his management role in the company and
20 what role he takes.
21 MR. GENO:
22 I don't think she said he played a
23 management role.
24 BY MR. RUHL:
25 Q. Okay. Well, you tell me.

1 A. He has a managing contract.
2 Q. He has a management contract. Okay.
3 So what does he do for the company under that
4 management contract or any other management
5 capacity?
6 A. He has assisted me in raising the
7 financing for the company.
8 Q. Okay. Has he ever been an authorized
9 signer for the debtor company?
10 A. Yes, he is an authorized signer.
11 Q. He's still an authorized signer?
12 A. Yes.
13 Q. What sorts of things will he sign on
14 behalf of the company?
15 A. He has -- he could sign most anything
16 if, you know -- but he usually will go over it
17 with me, we'll discuss it. And if he's handling
18 it on site he can sign it. I mean, we're talking
19 about if he -- you know, he could sign, you know,
20 a lease agreement, an asset purchase agreement.
21 He could sign something like that.
22 Q. Okay. But he's not an officer of the
23 company, right?
24 A. No, he's not an officer of the company.
25 Q. Does he have any ownership interest at

1 have any such interests?
2 A. No, I do not.
3 Q. Okay. I saw on Schedule G that he's
4 listed as a co -- that Donald DePriest is listed
5 as codebtor; is that right?
6 A. Yes.
7 Q. Are those based on personal guarantees
8 he signed guaranteeing debt of the debtor?
9 A. Yes.
10 Q. Okay. Do you have any ballpark
11 estimate of the total dollar amount of debt that
12 he's guaranteed?
13 A. I'm going to say about 8 million.
14 Q. Now, Critical RF, Inc., which was
15 discussed earlier when Ms. Tharp was asking
16 questions, the schedules list a value of the
17 debtor's interest in Critical RF, Inc. as being
18 valued at $50,000. Can you tell me, was that
19 based on some sort of appraisal, or who came up
20 with that figure? How was that figure arrived at?
21 A. I think it's the value of the
22 equipment. And that's what I had said. And I
23 think that's the case.
24 Q. Based on the debtor's estimate of it or
25 an appraisal or something else?

1 A. Internal estimate.
2 Q. Okay.
3 A. Yes, debtor's estimate.
4 Q. How much did the debtor pay for the 90
5 percent interest when it acquired that interest in
6 2006?
7 A. I don't recall. It seemed like it was
8 5- or $600,000. And it may be in one of those
9 schedules. But let me check on that so that I
10 don't make a representation that's not exactly
11 right.
12 Q. Okay. But your best recollection, as
13 we sit here today, was that the debtor paid 5- to
14 $600,000?
15 A. It was -- I was looking at a document
16 here that was on one of the tax forms and that
17 jogged a thought earlier.
18 Q. Okay. Did Critical RF, Inc. have some
19 sort of assets back in 2006 that it doesn't have
20 now that would have justified that higher price?
21 A. It is technology more than an asset,
22 but the technology has not been fully developed.
23 Q. But -- okay. But at that time the 5-
24 to $600,000 was based on --
25 A. And, again, let me take a confirmation

1 Q. Okay. All right. On your Schedule --
2 or your statement of financial affairs you listed
3 a number of legal actions or lawsuits,
4 administrative hearings that are currently
5 pending. With respect to the FCC -- I might have
6 missed this -- but I think you said you filed
7 something immediately after the petition was filed
8 with the FCC?
9 A. Yes, a motion to stay the proceedings.
10 Q. Okay. And so that would, under the
11 Second Thursday rule allow you-all to move forward
12 with your existing contracts that have been on
13 hold?
14 A. Yes.
15 Q. Okay.
16 A. It would once the FCC signs that.
17 Q. Okay. What is the -- what is y'all's
18 expected time frame, because it seems to me that
19 this is all depending on what the FCC does.
20 A. It seems to me -- it seems to me that
21 it's taking long.
22 Q. Okay.
23 A. But there have been a number of
24 objections raised by Mr. Ruhl's client.
25 Q. Mr. Ruhl's a very good lawyer, so we

1 CERTIFICATE OF COURT REPORTER

2 I, LAURA CROSS, C.S.R., Court Reporter and
3 Notary Public, in and for the County of Rankin,
4 State of Mississippi, hereby certify that the
5 foregoing pages contain a true and correct
6 transcription of the testimony of the witness.
7 This was reduced to typewritten form by
8 computer-aided transcription under my supervision,
9 to the best of my skill and ability.
10 I further certify that I am not in the employ
11 of, or related to, any counsel or party in this
12 matter, and have no interest, monetary or
13 otherwise, in the final outcome of the
14 proceedings.
15 Witness my signature and seal, this the 13th
16 day of October, 2011.
17
18 _____
Laura Cross, CSR #1691
19 My Commission Expires March 4, 2015
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