

CR-10-00757-PHX-ROS, (Kuhlman Excerpt)

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF ARIZONA

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5	United States of America,)	
6)	
7	Plaintiff,)	
8	vs.)	
9)	CR-10-00757-PHX-ROS
10	James R. Parker,)	
11)	
12	Defendant.)	June 5, 2012
13)	
14)	

BEFORE: THE HONORABLE ROSLYN O. SILVER, CHIEF JUDGE
REPORTER'S EXCERPTED TRANSCRIPT OF PROCEEDINGS

KEITH KUHLMAN TESTIMONY
(June 5 and June 6, 2012)

Official Court Reporter:
Elaine Cropper, RDR, CRR, CCP
Sandra Day O'Connor U.S. Courthouse, Suite 312
401 West Washington Street, Spc. 35
Phoenix, Arizona 85003-2151
(602) 322-7249

Proceedings Reported by Stenographic Court Reporter
Transcript Prepared by Computer-Aided Transcription

CR-10-00757-PHX-ROS, (Kuhlman Excerpt)

A P P E A R A N C E S

1
2 For the Government:

3 **PETER S. SEXTON, ESQ.**

4 **WALTER PERKEL, ESQ.**

5 U.S. Attorney's Office

6 40 North Central Avenue, Suite 1200

7 Phoenix, AZ 85004-4408

8 602.514.7500

9 For the Defendant:

10 **MICHAEL LOUIS MINNS, ESQ.**

11 **ASHLEY BLAIR ARNETT, ESQ.**

12 Minns Law Firm, P.L.C.

13 9119 S. Gessner, Suite 1

14 Houston, TX 77074

15 713.777.0772/(fax) 713.777.0453

KEITH KUHLMAN - Direct

P R O C E E D I N G S

KEITH KUHLMAN,

called as a witness herein by the Government, having been first duly sworn or affirmed to testify to the truth, was examined and testified as follows:

02:49:33

COURTROOM DEPUTY: State your name for the record, spell your last name, please.

THE WITNESS: Keith Kuhlman, the last name is spelled K-U-H-L-M-A-N.

COURTROOM DEPUTY: Please have a seat over here, sir.

02:49:52

MR. SEXTON: Ready, Judge?

THE COURT: Yes.

DIRECT EXAMINATION

BY MR. SEXTON:

Q. Sir, would you introduce yourself to the Court and to the ladies and gentlemen of the jury?

02:50:13

A. My name is Keith Kuhlman. I'm the assistant secretary for the Commissioners of the Land Office for the State of Oklahoma. And I have been working with the Commissioners of the Land Office for approximately 30 years.

02:50:24

Q. Now, your current title with the -- is this the Oklahoma Land Commission?

A. That's correct.

Q. Is that the correct title that I gave you or is it a title bigger than that?

02:50:38

United States District Court

KEITH KUHLMAN - Direct

1 A. It's actually Commissioners of the Land Office. 02:50:40
2 Q. What's your current title?
3 A. Assistant secretary.
4 Q. And in the pecking order, where does that place you?
5 A. I would be the deputy director of the agency. 02:50:51
6 Q. Number two, three, four?
7 A. Number two.
8 Q. Number two in command. Okay.
9 And how long have you had that position?
10 A. Approximately a year. 02:50:59
11 Q. And before that position, what did you do?
12 A. I was the director of real estate management.
13 Q. And for how long did you do that?
14 A. Since 1991.
15 Q. And would you give an overview of what your duties and 02:51:22
16 responsibilities were as the director of real estate management
17 for the -- I'm going to use the Oklahoma Land Commission. The
18 other one didn't work for me. What your duties and
19 responsibilities were in that regard?
20 A. Sure. We oversee approximately 750,000 acres of land. 02:51:34
21 This land is used for -- we lease it out to farmers, ranchers,
22 businesses. The proceeds from those properties are derived
23 from rental income, are given to the schools and universities
24 for Oklahoma. When I say that we oversaw the management of
25 those properties, we also lease them out to the entities, 02:52:00

United States District Court

KEITH KUHLMAN - Direct

1 whether they be a farmer, rancher or business, set the rentals, 02:52:03
2 oversee the management of those properties; in other words, go
3 inspect them, make sure that they are being properly taken care
4 of and just overall land management.

5 Q. When was this school land management begun in the state of 02:52:21
6 Oklahoma?

7 A. 1907, statehood.

8 Q. And give a sense to the jury of approximately how many
9 acres of land in Oklahoma are dedicated to, in essence, raising
10 funds for various school districts. 02:52:40

11 A. We have approximately 750,000 acres that is under active
12 management at this point in time.

13 Q. And then how is it configured? How is it that you break
14 that down in the state for purposes of determining auctions and
15 bids and regions and who gets the money and things of that 02:52:59
16 nature?

17 A. Okay. Each property that we have within the state is
18 designated for a specific trust fund. There are eight trust
19 funds and the largest is for our common schools, and then we
20 have an educational institution fund, and then four other 02:53:18
21 universities get specific funds, and then we have two public
22 building funds.

23 A section of land, which is 640 acres and a mile
24 square, was designated as statehood for those specific
25 educational institutions. 02:53:42

KEITH KUHLMAN - Direct

1 When we lease those pieces of property, we do that at 02:53:44
2 public auction for farms and ranches. We offer them for
3 five-year leases. It's done at a public outcry. In other
4 words, it's just like if you would go to a machinery auction or
5 something like that. If you want to buy that, you raise your 02:53:59
6 hand until you are the successful bidder.

7 Q. We'll get to that, sort of how you conduct an auction, in
8 a second.

9 From the standpoint of Cimarron County, approximately
10 how many acres of land are available in that county for 02:54:13
11 purposes of school land proceeds?

12 A. Cimarron County is actually our largest land holding. We
13 have approximately 230,000 acres there. We have one block of
14 land by itself. And when I say that, there's deeded land
15 intermingled with it and it's about 200,000 acres. 02:54:35

16 Q. And when you use the word "deeded land," are you drawing a
17 contrast to the leased land?

18 A. That's correct. There's private owners that have -- or
19 ranchers that own land, that is intermingled within the school
20 land? 02:54:51

21 Q. And then to the extent that leases are granted to the
22 school land, are they generally of a certain duration?

23 A. Yes, sir. They are five years for agricultural leases.
24 They are five years in extent and that's by constitution.
25 That's the maximum length of time. 02:55:11

United States District Court

KEITH KUHLMAN - Direct

1 Q. And is there a process by which not all of the land is up 02:55:13
2 for bid in one year? Do you stagger the approximately one
3 fifth at a time the amount of land in any given year that is up
4 for renewal or new bids?

5 A. That is correct. We offer one fifth of the leases every 02:55:25
6 year statewide. So, for example, in Cimarron County, we would
7 offer one fifth of those acres available. It's actually by
8 lease numbers, not by total acres, because some of these
9 ranches are larger than normal. And then like Lincoln County,
10 which is adjacent to Oklahoma City, we'll offer a fifth of 02:55:48
11 those numbers up for lease.

12 Q. Now, as the director of real estate management, and let's
13 focus on the time frame roughly 2003 to 2005-2006 range, do you
14 have personnel that sort of keep you abreast of what's going on
15 within the state? 02:56:12

16 A. Yes, sir. The entire agency, we have 55 people that work
17 within the agency. Of those, we have 10 field personnel that
18 are scattered throughout the state and they have designated
19 counties that they look after the land in those areas and their
20 function is that, again, they look -- go visit the leases, 02:56:30
21 evaluate the management of those properties, answer questions
22 that any of the lessees may have, do appraisal work for setting
23 leases, lease rentals, also setting sale values, doing easement
24 appraisals, settling oil and gas well damages, several things
25 like that. 02:56:51

United States District Court

KEITH KUHLMAN - Direct

1 Q. And do those people report back to you? 02:56:52
2 A. That's correct.
3 Q. And then the Cimarron County region, did you have a
4 particular field manager or field agent during roughly the
5 2004-2005 time period? 02:57:02
6 A. Yes, sir.
7 Q. Who was that?
8 A. His name was Jay Clark.
9 Q. During the period 2004-2005, did there come a time where
10 you were getting information from the field regarding some 02:57:16
11 activities going on in Cimarron County?
12 A. Yes, sir. I began to receive reports that we had a
13 gentleman that was interested in leasing a lot of land from the
14 School Land Commission and that -- and, again, it was just
15 information that he was talking about lots and lots of acres. 02:57:41
16 Q. And did you come to learn who that gentleman was?
17 A. It was James Parker.
18 Q. Now, you subsequently met Mr. Parker?
19 A. Correct.
20 Q. Do you see him in the courtroom today? 02:57:55
21 A. Yes, I do.
22 Q. Is he the gentleman that just stood up?
23 A. That's correct.
24 Q. Now, as a result of getting information from your field
25 manager, what did you decide to do next? 02:58:04

United States District Court

KEITH KUHLMAN - Direct

1 A. Well, I have to give you a little history first, is that 02:58:08
2 when we first started doing public lease auctions for these
3 properties, which was in 1982 and '83 in that country -- and
4 when I say that, Cimarron County, we had a gentleman named
5 Dennis Chapman from down in Texas that came up and bid on 02:58:27
6 several properties, not realizing what he was getting into and
7 he was a rancher himself.

8 Once he figured out what he was getting into, he
9 didn't want to have anything to do with the leases. So we had
10 to reset that auction back up, re-offer those leases. And 02:58:47
11 throughout the years we, have had that situation in that area
12 before. And the reason that is is because it's so unique.
13 It's a big chunk of land but there's also a lot of deeded land
14 that is intermingled with it and that causes unique issues with
15 water problems. Also fencing issues and a lot of people just 02:59:07
16 don't understand how arid that country really is and how
17 brittle it is when it comes to grazing and livestock-caring
18 capacities.

19 Q. And so I take from it your comments that part of what your
20 function sometimes in reaching out to new people in the area is 02:59:26
21 to educate them about what to expect with leasehold properties
22 from the school?

23 MR. MINNS: Pardon me. That is a speech and it's
24 leading. Narrative and leading.

25 THE COURT: Sustained. 02:59:40

United States District Court

KEITH KUHLMAN - Direct

1 BY MR. SEXTON: 02:59:41

2 Q. What's the purpose of reaching out to a person who might

3 be coming into the area who is not necessarily from the area?

4 A. Well, first of all, we want to make sure that they

5 understand what they are leasing. We want them to be able to 02:59:52

6 get into one of these leases. It's a five-year lease. It can

7 be a lot of money. And we want to make sure that they are

8 managers and that they are a legitimate entity that can take

9 care of these properties.

10 Q. Now, as to Jim Parker, did you try to arrange any sort of 03:00:13

11 a meeting or conference call with him to discuss those things?

12 A. Yes, sir. And forgive me, I don't know the exact dates

13 but in approximately July of 2005 I arranged to have a

14 conference call with Mr. Parker; his attorney, Stan Manske; and

15 his ranch manager, Roy Young. 03:00:31

16 Q. Do you recall anybody else being on this conference call?

17 A. No, I do not.

18 Q. Do you know who initiated the call as between Mr. Parker

19 and you?

20 A. I did. 03:00:43

21 Q. Was there anybody else on the line besides the four that

22 you've identified including yourself?

23 A. I do not know of anybody other than just those four.

24 MR. MINNS: Pardon me. Your Honor, I didn't

25 understand. Was this a phone conversation or not? Could I ask 03:00:57

United States District Court

KEITH KUHLMAN - Direct

1 one question? 03:01:00

2 THE COURT: I'm sorry. When you say -- when you say

3 ask one question. What's the question concerning?

4 MR. MINNS: I'm trying to determine if this is a

5 phone conversation or a personal meeting. 03:01:12

6 THE COURT: I think he said phone conversation.

7 MR. SEXTON: That is correct.

8 THE COURT: It's a phone conversation.

9 MR. MINNS: Thank you, Your Honor.

10 BY MR. SEXTON: 03:01:21

11 Q. In this conference call, what was discussed between you

12 and Mr. Parker on this conference call that you recall?

13 A. What I remember of the phone conversation, it was very

14 general. It was actually to try and set up another meeting in

15 the future to actually visit Mr. Parker's new ranch operation, 03:01:40

16 which was located adjacent to Black Mesa, and also to just

17 understand what his intent and purpose was for gaining these

18 properties. And also to get an idea of the magnitude, how many

19 acres was he talking about.

20 Q. Do you have any sense of any other substantive 03:02:05

21 conversations you talked about other than to arrange perhaps a

22 face-to-face?

23 A. Not really. I mean, it was just a very general

24 conversation.

25 Q. Did you, in fact, set up a meeting with him? 03:02:18

United States District Court

KEITH KUHLMAN - Direct

1 A. Yes, sir, we did. 03:02:23

2 Q. Approximately when did a face-to-face first occur?

3 A. That would have occurred about a month later and we

4 arranged to meet at Mr. Parker's headquarters there north of

5 Kenton adjacent to Black Mesa. 03:02:34

6 MR. SEXTON: Can we put Exhibit 442, which is in

7 evidence, on the screen?

8 Q. Do you recognize that?

9 A. Yes, sir.

10 Q. Is that where you met? 03:02:54

11 A. Yes, sir. Right on that front porch.

12 Q. On the front porch there?

13 A. Yes, sir.

14 Q. Who was there?

15 A. Stan Manske, Mr. Parker's lawyer; Mr. Parker himself; Roy 03:03:04

16 Young; and Jay Clark, my field man; and myself.

17 Q. Was Sam Parker involved in this conversation in any way?

18 A. No, sir. He was not.

19 Based on that conversation, they -- I understood that

20 he was down by the corral area, which is about 150 yards 03:03:32

21 downhill from there. But I saw somebody down there, but I

22 couldn't tell -- I wouldn't know him if I saw him.

23 Q. But as far as this conversation, he did not participate?

24 A. No.

25 Q. Now, in this conversation with Mr. Parker on the porch, 03:03:50

United States District Court

KEITH KUHLMAN - Direct

1 what did you and he talk about at that time? 03:03:55

2 A. Actually, it was a very wide-ranging conversation.

3 Mr. Parker was in the process of building a -- I can only
4 describe it as a wild west old storefront town type thing and

5 he was telling me about his plans that he had for that. He 03:04:22

6 actually showed me his elevation drawings for those. We
7 discussed what his ideas and thoughts were, that he had planned
8 on putting in, like, a bed and breakfast type operation and
9 actually setting up like a dude ranch type of thing.

10 One of the reasons I was very interested in that 03:04:43
11 actually from our standpoint is we had been trying to get some
12 of our lessees to do some ag tourism type situations out there.
13 So I thought, well, maybe this is something that would be good
14 to start something like that. Maybe that would help out that
15 whole situation with our other lessees. 03:04:59

16 We then discussed in general and I guess actually
17 some specifics about the water situation on a lot of the
18 leases, and I asked him about the number of acres and the
19 extent of the country that he was wanting to lease. He was
20 very up front about that he was wanting to take on a lot of 03:05:24
21 country and when I say that, probably 80 to 100,000 acres at
22 that point in time based on the areas that he was indicating
23 and the ranches that he was indicating.

24 I -- he wanted to know if there was a problem with us
25 having him come in and bid, and of course there's not. That's 03:05:47

United States District Court

KEITH KUHLMAN - Direct

1 what our job is to do is to allow people to come in and bid on 03:05:50
2 these properties. That's what we do is to raise money for the
3 schools.

4 And so I wanted to assure him that there wasn't a
5 problem from our standpoint as long as he was a good lessee. 03:06:01
6 And when I say "a good lessee," somebody that manages the
7 property properly, takes care of it.

8 We also advised him about the water issues that are
9 out there that, again, a lot of the water, because of the way
10 that land was settled, is on deeded land. They came in and 03:06:19
11 settled on the draws and things like that. So that's where you
12 would find the windmills. So we talked about that.

13 Also fencing issues. If he came in and he leased out
14 a ranch, you have to fence out those deeded land acres because
15 Oklahoma is a fenced-in state. In other words, you have to 03:06:37
16 restrain your livestock and keep it off other people's
17 property.

18 So that can be quite expensive, which also affects
19 our management because we have to provide a survey showing
20 where those boundaries are, so that can be quite expensive on 03:06:50
21 our part. And so we, again, back to making sure that we've got
22 a legitimate good operator out there. If we go to that
23 expense, we want to make sure that we've got somebody that's
24 going to stay hooked up with us as well.

25 Q. In that process, was there any discussion at all about the 03:07:08

KEITH KUHLMAN - Direct

1 capacity or the abilities of Roy Young as a ranch manager? 03:07:11

2 A. Mr. Parker expressed confidence in Roy as a ranch manager
3 but Roy really did not participate in the conversation that
4 much that I can delve into. He actually -- the one part of the
5 conversation that I remember him bringing forward, it was 03:07:37
6 based, again -- and, again, I'm trying to keep this all in
7 context of jumping around a little bit.

8 Roy made some comment and it was based upon something
9 that I had said and I had said, you know, that once if he comes
10 in and if Mr. Parker comes in and leases a lot of this land, 03:08:04
11 we're going to be under a tremendous microscope. Everybody is
12 going to be looking at everything we do out there which, in
13 turn, is going to be looking at everything you do. So we all
14 have to work to this as a good partnership. We need to work
15 together. 03:08:21

16 And Roy, you know, made some off-key comment which
17 drew a response from Mr. Parker or something like, you know,
18 that if people mess with me, I can hire a lawyer and sue people
19 all the time and I've taken people down just like that.

20 The -- 03:08:44

21 Q. Did you react to that comment?

22 A. Not really because, again, you know, at that point in
23 time, what was there to react to? I mean, I don't want to call
24 it bluff or bluster but it was just a comment. I mean, just
25 take them as they come. 03:09:01

United States District Court

KEITH KUHLMAN - Direct

1 Q. Besides the old west town structure that he talked to you 03:09:04
2 about -- did you actually go visit that?

3 A. Yes, we did.

4 Q. Was it fully constructed or in some state of construction?

5 A. No. It was actually being constructed at that point in 03:09:14
6 time. The stem walls and the floor joists had been laid at
7 that point in time and Mr. Parker just showed me his front
8 elevation plans of what it would look like.

9 Q. And besides or like a bed and breakfast/dude ranch, did he
10 talk at all about other amenities that he was hoping to add to 03:09:33
11 this overall development?

12 A. Yes. Actually, I mean, he was going to have a little gas
13 station, gas pump thing out in front so that people could get
14 gasoline if they pulled up. He was talking about having a
15 steak house. He was wanted to go raise his own Angus beef and 03:09:50
16 bring in the finest Angus cattle that he could find and make
17 that into one of the best steak houses in the western United
18 States.

19 Q. Are you a rancher yourself?

20 A. Yes, I am. 03:10:04

21 Q. Okay. When we use Angus beef, is that, on the scale of
22 good to not so good beef, is that some of the best beef?

23 A. There's a lot of people that think that it is.

24 Q. Okay. Was there any discussion at all about any stores or
25 any other structures to be built? 03:10:25

United States District Court

KEITH KUHLMAN - Direct

1 A. There would be within this big building, there would be a 03:10:31
2 store, mercantile type thing. I believe that was in connection
3 with the gas station type deal.

4 Q. And then from the standpoint of who he was seeking to
5 attract to this development, was that discussed in any fashion? 03:10:46

6 A. Yeah. He was really wanting to bring in, attract --

7 Q. High rollers?

8 A. That's what I was going to say. That's not what he said I
9 don't believe. I think he was wanting to attract a wealthy
10 clientele that he could bring in. He felt like that he had 03:11:04
11 enough connections, obviously in the Phoenix area and so forth,
12 to bring some people in that way.

13 Q. And what kinds of activities were discussed as to when a
14 person would come visit this location, what were they looking
15 to do? 03:11:24

16 A. Other than have a good steak, they were talking about
17 doing the dude ranching type activities where they would go out
18 and work cattle, do things like that, hunting, no fishing
19 because, unfortunately, there's not very much water in the
20 river out there. 03:11:39

21 Q. As he's discussing his ideas for this area, are you being
22 shown any sorts of architectural plans or other rendering as
23 he's describing these things to you?

24 A. Yes, sir. He actually had -- the front elevation of that
25 building which, in architectural parlance, that's just a flat 03:12:02

United States District Court

KEITH KUHLMAN - Direct

1 view of what that property is going to look like if you looked 03:12:07
2 at it square on. But that -- he didn't show, like, a floor
3 plan to me or anything, like that just this front -- he had it
4 rolled up, set of plans.

5 Q. Did they seem professionally produced? 03:12:20
6 A. M'hum. Yes, sir.

7 Q. And then were there any discussions about even
8 constructing or laying out an air strip for private commercial
9 planes to land?

10 A. Yes, there was and I think that was just something that 03:12:36
11 was in the distant future. He was actually talking about
12 bringing people on the airplanes to Boise City airport, which I
13 jokingly laughed at and said, "Well, if you've ever landed
14 there, you may want to think about that if it's anything more
15 than a single engine because it's a pretty rough runway." 03:12:58

16 Q. Was he interested in leasing, buying or a combination of
17 both as far as the land?

18 A. Actually, he -- of course we discussed leasing to a great
19 extent and then he also wanted to discuss whether any of the
20 land was available for purchase. It's been our board's policy 03:13:19
21 for a number of years not to sell any of these properties for
22 public auction.

23 Q. To not sell or sell?
24 A. To not sell.

25 Q. And what was his reaction that he would have to lease and 03:13:31

KEITH KUHLMAN - Direct

1 not be able to buy? 03:13:39

2 A. Well, it was kind of interesting. We kind of got into a
3 little bit of debate about what would be better for the school
4 kids of Oklahoma if he purchased it. In other words, if he
5 paid us this money, we could take it, reinvest it, maybe make 03:13:51
6 more money for the schools versus just leasing it out to them.
7 We certainly had a different view of that. We've ran those
8 same numbers and within the discussions that we had, I asked
9 him, well, if it's such a great investment -- poor investment
10 for us, why are you wanting to make that investment yourself? 03:14:10
11 He didn't have much of an answer for that except to say that he
12 could do different things with the land than maybe we could.

13 Q. When you were with him, was there any discussion at all
14 what he had done for a living and how he had made his money in
15 life? 03:14:32

16 A. Yes, sir. In fact, because the Commissioners Land Office
17 itself, we do commercial developments as well. We have some
18 golf courses and things like that.

19 When he said that he did commercial real estate
20 development, I asked him where, and he said here in the Phoenix 03:14:46
21 area but then he also said that he did some very high-end
22 condominium developments in Belize.

23 Q. Do you remember anything else about the conversation that
24 day? Did you raise with him the concerns of the other home
25 owners in the area? 03:15:12

United States District Court

KEITH KUHLMAN - Direct

1 A. Yes, I did, and, again, that's where we were talking about 03:15:13
2 being under the microscope, that as soon as he -- if he would
3 come in and lease those, people would be looking at everything
4 that we did on these properties and, in turn, everything that
5 he did would be scrutinized as well. When I say that, they 03:15:25
6 would be watching them. You know, when you've got one field
7 man that's going to be looking over, you know, 250,000 acres or
8 230,000 acres, he can't concentrate his entire time on one
9 individual.

10 But so we just wanted to make sure that he was 03:15:41
11 understanding that, that what he did was going to be looked at
12 by everybody.

13 And really, Mr. Parker struck me as, you know, he was
14 a very intelligent man. I mean, just that conversation. He
15 was a tough guy, too. I mean, he wasn't going to back down 03:16:07
16 from anybody on trying to bid on these properties. If he
17 wanted them, he was going to get them.

18 So all in all, it was a -- I think a good productive
19 conversation.

20 Q. Now, from the standpoint of the state of Oklahoma, the 03:16:26
21 more that is bid for a particular lease property, the better it
22 is for the school district?

23 A. Absolutely.

24 Q. Did you in any way broach with him the sensitivities that
25 some of these pieces of property may have been in families for 03:16:43

KEITH KUHLMAN - Direct

1 a long time? 03:16:46

2 A. Yes.

3 Q. And you might want to tread lightly in some regards?

4 A. Sure. A lot of these ranch families have had these

5 properties for years, literally since statehood. And he was 03:16:57

6 coming in. And if he was going to bid on these, you may have a

7 rancher that has 20,000 acres in his total ranch operation. Of

8 that 20,000 acres, 15,000 of it may be school land. If he gets

9 outbid on that 15,000 acres, he's out of business. You don't

10 just take a 500-cow unit and then stuff them all on 5,000 03:17:23

11 acres. You can't do that.

12 So there was a lot of sensitivity about that and they

13 would have to find a new home for these livestock. But that's

14 the rules of the game. When you lease that land for five years

15 at a time, that's the way it is. 03:17:42

16 Q. After this meeting on the porch, was your next contact

17 with him at the actual auction that took place in 2005?

18 A. Yes, sir.

19 Q. And was that on October 11, 2005?

20 A. That's correct. 03:17:58

21 Q. Where was that held, sir?

22 A. In Boise City, Oklahoma, at the fairgrounds building.

23 Q. And about a fifth of the school land was going to be up

24 for re-leasing at that time?

25 A. That's correct. 03:18:12

United States District Court

KEITH KUHLMAN - Direct

1 Q. Now, what is your role at an auction like the one that was 03:18:12
2 held on October 11, 2005? What do you do with your staff?

3 A. Sure. We have a staff of approximately seven people that
4 we take out. We have an auctioneer that is one of our staff
5 members. Then we also have a group of clerks that work what we 03:18:27
6 call our back table and that's where at the end of the auction,
7 an individual will come in and sign or have -- pay us the money
8 that is due, sign a contract, and we actually print out the
9 contract with everything done at that point in time there.

10 Then we have another what we call the front table, 03:18:52
11 and that up there we have our auctioneer. We have -- my role
12 that day was to operate the bid computer. In other words, when
13 we had a successful bidder, I would type in the amount of money
14 that was bid and then the number of the winning bidder. Then
15 we had what we called an announcer and what he does is he reads 03:19:18
16 out the lease number, the contract number, legal description,
17 the number of acres involved, and the minimum bid rice price
18 for those properties as they are put up for auction.

19 Q. Before the day of the auction, is a lot of the information
20 that you just described published in a lot of different ways to 03:19:34
21 let people know that an auction is about to occur and what the
22 pieces of property are that are up for lease?

23 A. Yes, we do. We actually advertise on the radio. We have
24 what we call sale bill fliers that we place in cafes and banks
25 and local places. You guys have probably seen them all 03:19:56

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KEITH KUHLMAN - Direct

1 yourselves. Then we also do extensive newspaper advertising. 03:19:59
2 We also -- and when I say that, it has to be in the local
3 newspaper but also larger circulation newspapers within the
4 state. Then we also do periodicals for farm and ranch
5 publications that are coming out at that point in time. 03:20:20
6 Q. And before the auction begins, do you have your staff sort
7 of assess what you think the likely bids and the proceeds that
8 you can expect based on historical trends to occur at the
9 auction?
10 A. Yes, we do. They actually are field people are 03:20:37
11 responsible for doing an appraisal prior to the auction and
12 that appraisal amount of rental then becomes the minimum bid at
13 the auction.
14 Q. Now, when a person wants to bid at an auction and this one
15 in particular, how do they go about registering to do that? 03:20:59
16 A. Okay. They come into the location. They come up and they
17 register with a lady who inputs the information into the
18 computer, their name, phone number, address, Social Security --
19 no, driver's license number. And then we give them a bidder's
20 registration number. 03:21:20
21 Q. And if a person is a successful bidder on a piece of
22 property, do you require any immediate down payment and
23 execution of the contracts at that time or is there a
24 cooling-off period or a 24-hour I've-changed-my-mind period?
25 A. I think some of them wish they were. No. We require 50 03:21:40

KEITH KUHLMAN - Direct

1 percent down at the date of auction and -- 03:21:44

2 Q. When you say 50 percent down --

3 A. 50 percent of the five --

4 Q. 50 percent of the five-year lease or the one-year portion

5 of the five-year lease? 03:21:55

6 A. The one-year portion of the five-year lease. And keep in

7 mind when they are bidding on this, if we have a piece of

8 property that is offered at the minimum bid of a thousand

9 dollars and it's bid to, say, \$2000, that \$2000 then becomes

10 their annual rent for the next five years. 03:22:09

11 Q. At this auction, was James Parker there?

12 A. Yes, he was.

13 Q. When you saw him, was he with others?

14 A. Yes, sir. He was with Stan Manske and Roy Young.

15 Q. Was Samuel Parker with him at the auction? 03:22:35

16 A. No, he was not.

17 Q. At least as to the auction portion when the bidding was

18 going on?

19 A. That's correct.

20 Q. Now, if you would, for the Court and the jury, sort of 03:22:48

21 describe how this auction went down that day.

22 A. It was very interesting because approximately five minutes

23 before the auction, Mr. Parker arrived and hand-delivered to me

24 an envelope and in the envelope was a letter signed by Sam

25 Parker as general manager of Cimarron River Ranch that stated 03:23:08

United States District Court

KEITH KUHLMAN - Direct

1 that they were in the process of purchasing some deeded land 03:23:12
2 within the school land area.

3 And in the process of reviewing title for that, they
4 found a sublease agreement between a lessee of ours and another
5 individual to sublease ranch area that was school land, and he 03:23:30
6 handed that to me and they requested that due to our rules,
7 which state that we shall refuse to accept a bid on any
8 property that we should not -- we should disallow this one
9 individual whose leases were up at this auction from bidding on
10 that piece of property. 03:23:54

11 Q. Did you, in fact, invalidate that bidder from that process
12 at that time?

13 A. No, sir, I didn't because, again, this is new information
14 for me. I mean, I'm just taking it, looking at it. I don't
15 know if it's correct or not. I mean, I've got to give them 03:24:08
16 their day in court as well. So I looked at it, thanked him,
17 stuffed it back in the envelope, and we proceeded to move on
18 with the auction.

19 Q. Now, give the ladies and gentlemen -- we're all used to
20 living in little quarter acre lots and not having much of a 03:24:23
21 backyard. Give them a sense of how much acreage is available
22 and how -- how inexpensive it is in some ways to lease a huge
23 amount of acreage on an annual basis?

24 A. The properties that we were offering that day would have
25 been probably -- I don't know the exact figure but I would be 03:24:46

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KEITH KUHLMAN - Direct

1 guessing that we were offering in the neighborhood of 60 to 03:24:50
2 70,000 acres of land for bid. And, again, if a section of
3 land, 640 acres, one mile square, well, you know, do you know
4 the math on that one so you've got -- it's like 10 square
5 miles, so think about that. And that's how big an area that we 03:25:13
6 were offering.

7 Now, again, these aren't contiguous acres. They are
8 kind of here's an area, here's an area, here's an area, and
9 those areas are called ranch units and they are based upon the
10 historic ranch unit that that -- that we've had for years and 03:25:29
11 years.

12 Q. So in the Cimarron area, prior to this auction, what would
13 be a fair average for per acre for leasing land of this type on
14 an annual basis?

15 A. About \$3.50 to \$5 per acre. 03:25:51

16 Q. So for \$3.50 for the whole year I can have an acre of
17 land, if I understand you?

18 A. That's correct. But we're not going to break it down in
19 one-acre lots.

20 Q. I understand you. 03:26:04

21 Now, as the auction began, tell the jury what
22 happened.

23 A. We, of course, started the auction. The main activity
24 that took place that day were on leases that Mr. Parker bid on.
25 And when I say Mr. Parker bid on them, Roy Young was actually 03:26:24

KEITH KUHLMAN - Direct

1 holder the bidder's card and was raising it up and down. 03:26:30

2 Mr. Parker was standing next to him. Next to him was Stan
3 Manske, like Roy is in the middle and they were the book ends.

4 And Mr. Parker's leaning against the table like this

5 (Indicating) and the bidding is proceeding. 03:26:44

6 The first property that was bid on by them I will --

7 I just wanted to call it the Smith ranch because that's the
8 area that the former lessee involved his deed of land. They
9 bid on that --

10 Q. When you say "they," who is they? 03:27:06

11 A. I'm sorry. Cimarron River Ranch.

12 Q. Okay.

13 A. And were the successful bidder. Then there was another
14 lease that went up and it went quite high and the crowd started
15 getting very, very restless because the individuals that 03:27:22

16 Mr. Parker's group was bidding against, Cimarron River Ranch
17 was bidding against, became extremely agitated. And keep in
18 mind, too, folks, we have highway patrol troopers there and
19 sheriff's deputies there just in the event that something crazy
20 goes on. 03:27:41

21 Well, I was afraid that something crazy might go on
22 at this one because the people were just getting really upset
23 at the amount of bidding that was going on. The bidding
24 continued and Mr. -- Cimarron River Ranch group stopped bidding
25 and then the other individual -- 03:27:57

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KEITH KUHLMAN - Direct

- 1 Q. On the second? 03:27:59
- 2 A. That's correct. And Bobby Apple, who was the lessee on
3 there, got it back. We went ahead and moved on as quickly as
4 we could because we didn't know if the crowd -- what they were
5 going to do. And the next property that went up, it went up 03:28:11
6 extremely high. It was probably the highest one in that area
7 that I've ever seen. And, again, Cimarron River Ranch got that
8 particular piece of property.
- 9 Then the final one which involved the Cimarron Trust
10 Estates, which is -- excuse me, but the letter that was 03:28:27
11 provided to me, that was the one that involved them. They bid
12 on it. But it -- it went, you know, it went high. But it
13 wasn't out of sight like the previous one.
- 14 Q. Give the jury a sense of sort of the dynamics of the
15 auction room itself in the sense that where were a certain 03:28:46
16 number of people and where was Mr. Parker, his attorney, and
17 his ranch hand. Was there like a big divide between them?
- 18 A. Ironically, yes. I mean, say this is the front table.
19 That's up here (Indicating). The auctioneer is crying the
20 sale. We have chairs set up in front and there's people that 03:29:09
21 are setting here but the majority of the crowd, it's ironic,
22 were over here on this side (Indicating). And then over here
23 was Mr. Parker and his group and that's how the room was set
24 up.
- 25 Q. And were your marshals or sheriff's office having to 03:29:28

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KEITH KUHLMAN - Direct

1 deal -- 03:29:33

2 A. The highway patrol troopers were on this side and the
3 sheriff's deputies were in the back.

4 Q. It was a contentious auction?

5 A. Yes. 03:29:46

6 Q. In your years, have you ever seen a more contentious
7 auction?

8 A. No. That was, by far, the worst one I've ever seen.

9 Q. Now, after the bidding occurred, what's the process that
10 occurs? What happens after that and the biddings are all over 03:29:58
11 and the winners do what at that point?

12 A. The successful bidders then come up to our back table
13 area. They are given a receipt after they pay their 50 percent
14 down. Then a contract is printed out with the name of the
15 people and then they can either sign that contract if all 03:30:18
16 participants are there or they can take that contract back with
17 them and have the other -- say if there's a husband and wife on
18 that lease --

19 Q. So they can return that later with all of the signatures?

20 A. Within a specified time on the lease. 03:30:38

21 Q. Now, as to Mr. James Parker, was he available immediately
22 thereafter to begin this process of --

23 A. Mr. Parker was there, yes, James Parker, but Sam Parker
24 was not there. They had to go get Sam.

25 Q. Who had to go get him? 03:30:56

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KEITH KUHLMAN - Direct

1 A. I -- 03:30:59

2 Q. Did you see who left to go get him?

3 A. No, I do not know who left.

4 Q. How long of a time transpired between the time that the
5 auction ended and Sam Parker arrived? 03:31:10

6 A. I would say close to an hour. All of the people that were
7 there at the auction had already signed out. We had already
8 packed up most of the equipment that we take with us to conduct
9 the auctions and we were just standing around. We had already
10 folded up all the chairs and put them away and we were waiting 03:31:25
11 for him to show up.

12 Q. And as to the leases that were associated with Cimarron
13 River Ranch, did Samuel Parker sign those?

14 A. Yes. He did.

15 Q. Where was Mr. Parker in relation to Samuel Parker when 03:31:40
16 that process of signing was occurring?

17 A. I was standing in the back -- well, in the back, kind of
18 in the middle of the floor and was talking with the two highway
19 patrol troopers and turned around and was really getting
20 impatient that we needed to go to our next auction site 03:31:57
21 wondering, you know, if we were to show up and turned around
22 and here's Sam sitting at the table signing with Mr. Parker
23 over his right shoulder, pointing and instructing him what to
24 do.

25 Q. Now, you have in front of you some exhibits. Would you 03:32:19

KEITH KUHLMAN - Direct

1 start with Exhibit 157, please, and it's a certified record 03:32:25
2 from the Commissioners Land Office.
3 MR. SEXTON: And we would offer it in at this time.
4 THE COURT: Any objection?
5 MR. MINNS: No. 03:32:48
6 THE COURT: It's admitted.
7 (Exhibit Number 157 was admitted into evidence.)
8 BY MR. SEXTON:
9 Q. If we could focus in the middle of this. Is this one of
10 the leases that was executed that day? 03:33:02
11 A. Yes, sir, it is.
12 Q. Okay. Let's orient the jury here. Who is the lessee or
13 the person leasing this property?
14 A. The lessee's name is Cimarron River Ranch, LLC.
15 Q. And then right beneath that is Samuel J. Parker as the 03:33:14
16 manager?
17 A. That's correct.
18 Q. And what is the annual lease?
19 A. The annual rental on this particular contract is \$76,000.
20 Q. To begin roughly January of 2006? 03:33:27
21 A. January 1, 2006, and expires December 31, 2010.
22 Q. And then right next to the "expires" is the overall cost
23 of this contract over the next five years?
24 A. That's correct. The contract run is just taking the
25 76,000 and multiplying that by five and that's \$380,000. 03:33:45

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KEITH KUHLMAN - Direct

1 Q. Go to page five of this. When I say page five, your 03:33:55
2 document may say four of nine, but look in the lower right-hand
3 corner. It has sort of a Bates stamp right at the bottom. I'm
4 looking at the page that has -- you can see the screen there to
5 give you some orientation. It's where the provisions 3.7, 3.9, 03:34:07
6 3.10. Do you see those?

7 Would you explain to the jury the notion of whether
8 subleasing of school land is generally allowed or not?

9 A. Subleasing is actually prohibited by statute. And the way
10 we handle those situations is that -- and we run into them 03:34:30
11 periodically throughout the year. I mean, it just happens.
12 And what we do is we contact the people that are involved and
13 we say, you know, "Look. We found that you're subleasing. The
14 way to rectify this is that you need to put your name on the
15 lease contract with them." And if they do that, then we've 03:34:48
16 solved the subleasing situation. We no longer have to worry
17 about going to court, litigation or anything like that, but now
18 you've got a legitimate lessee on that property as well.

19 Q. And then from the standpoint of when a person now is
20 leasing property and they make improvements to the property and 03:35:09
21 let's say they subsequently lose the right to lease that. They
22 don't win the next round of bidding five years later, what
23 happens or what choices do they have as to any improvements
24 they have made to the land during the time they were leasing
25 it? 03:35:26

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1 A. Typically, any improvements that are on the land -- and 03:35:28
2 that is typically fences. I mean that's the biggest thing that
3 most people have out there. There may be a windmill. Anything
4 that -- like a water well or a pond or anything is actually
5 owned by the state because it's part of the real estate. But 03:35:43
6 any fences, personal property, those type of things, they can
7 sell those to the incoming lessee. They don't have to but it's
8 at their price, whatever they negotiate out. It's their
9 business, not ours. So that's the way that is handled.

10 If they don't reach an agreement with selling those 03:36:00
11 improvements, they have to remove them or they can abandon them
12 in place; and if we feel like that they are an asset to the
13 trust, then we will accept those. If not, we will clean them
14 up for them and charge them for the cost of the cleanup of
15 those improvements. 03:36:19

16 Q. And if you would turn to page nine, sir, and is that the
17 signature page up at the top there with what looks to be Sam
18 Parker signing as the manager?

19 A. Actually, I have it on page eight.

20 Q. Of your document. Okay. Go ahead. 03:36:39

21 A. Yes. On page eight. This is the signature page for this
22 contract?

23 Q. And then, finally, if you look at the lower right-hand
24 corner, you'll see on page 11 is the description of what is the
25 leased land? 03:36:56

KEITH KUHLMAN - Direct

1 A. Correct. That is the actual legal description of this 03:36:59
2 property.
3 Q. Now, if you look at Exhibit 582 in conjunction with what
4 you have, is that a grid map of Cimarron ranch for the leases
5 in question here that have been prepared for illustration today 03:37:12
6 as to what happened at the auction?
7 A. Pardon me. Which exhibit?
8 Q. I'm sorry. I'm ahead of you. It's 582.
9 A. Okay.
10 Q. It should be a color map. 03:37:28
11 A. Yes.
12 Q. Is that something that you have prepared to sort of
13 illustrate the various leases in question as it relates to
14 Cimarron River Ranch?
15 A. That is correct. 03:37:41
16 MR. SEXTON: I would offer Exhibit 582 into evidence.
17 MR. MINNS: No objection, Your Honor.
18 THE COURT: It's admitted.
19 (Exhibit Number 582 was admitted into evidence.)
20 BY MR. SEXTON: 03:37:51
21 Q. Now, sir, looking back on page 11 of Exhibit 157, is there
22 a way you could use this color map and give them a sense of
23 what is being leased in the map that you have there?
24 A. Okay. Exhibit A, which we're looking at on that
25 particular contract, it's a five-year ranch unit number six and 03:38:10

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KEITH KUHLMAN - Direct

1 the contract number is 7504. The lease numbers, which 03:38:14
2 designate which trust funds these properties are owned by, is
3 the 102013. And if you will look in --

4 Can I point this, guys?

5 This right here, if you will look at the bright red 03:38:34
6 square, that's lease number 102013. That's a section of land.
7 That's the 640 acres.

8 Then if you look at the 205447, that is -- there will
9 be a section 13. I need to orient myself. You can barely see
10 it. 03:39:03

11 THE COURT: You can actually see it on the screen.

12 THE WITNESS: Hey.

13 BY MR. SEXTON:

14 Q. Do that again, what you just highlighted.

15 A. Okay. We're on 205447. 03:39:13

16 Q. Actually -- okay. Which one do you want to do?

17 A. 205447. It's not an Easter egg hunt. It's green. It's
18 not designated but you can see the pencil writing on there.

19 Yes. Very good. It says 13. You'll see it where it says 13.

20 That is that 205447 lease and then the remaining ranch unit is 03:39:38

21 613241 and that, of course, is the big green area that you can

22 see all through there. It's actually got that -- if you'll see

23 the yellow area that is divided and that green, that is deeded

24 land. That is when we say that how deeded land cuts the place

25 up. That is where that deeded land is. 03:40:04

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KEITH KUHLMAN - Direct

1 Q. Let's make it a little simpler. Let's pull back from the 03:40:08
2 close-in here.

3 As far as Mr. Parker, Cimarron Ranch, what is -- give
4 the jury the color coding of the areas that are under lease by
5 him. 03:40:26

6 A. Okay.

7 These are actually four separate ranch units. The
8 first is the -- involves the 613139.

9 Q. That's the big kind of purplish area on the left-hand
10 side? 03:40:42

11 A. Right. That is by his ranch headquarters. That
12 particular property is approximately 5,000 acres in extent.
13 That one, I don't recall exactly how much that one leased
14 for --

15 Q. We may get to it in a second. I just want you to orient 03:40:58
16 the jury, just generally speaking, when they are looking at the
17 color and on this exhibit, what's land leased to Mr. Parker?

18 A. Right. Actually, all of the --

19 MR. MINNS: Excuse me. Pardon me.

20 Your Honor, the witness has always consistently 03:41:14
21 testified the land is leased to Cimarron River Ranch. So the
22 government has been leading him to say Mr. Parker.

23 THE COURT: Well, when you hear leading, you make the
24 objection, Mr. Minns. And if I find it's leading, I'll sustain
25 it. 03:41:32

KEITH KUHLMAN - Direct

1 MR. MINNS: I make the objection, leading as -- 03:41:33

2 THE COURT: All right. It's sustained.

3 MR. MINNS: And ask for instructions that the
4 statement be stricken.

5 THE COURT: And the last statement is stricken. 03:41:40

6 BY MR. SEXTON:

7 Q. As to Cimarron River Ranch leases that we just saw, the
8 first one that was signed by Sam Parker, would you answer the
9 question as to which are the leased school areas associated
10 with Cimarron River Ranch? 03:41:57

11 A. Okay. All of the areas that are color coded and, again,
12 we went over the one just a little bit ago with the green and
13 the reds and so forth. Right next to that is another ranch
14 area that's a ranch unit, which is the 307198, and then south
15 of that is another block of land in approximately 4,000 acres 03:42:27
16 which has, looks like, some purple, pink, green and yellow and
17 all of that is leased to Cimarron River Ranch -- or was.

18 Q. Any others?

19 A. And, again, back up to where your original arrow was on
20 the 613139, the area just south of that, that is also a lease 03:42:52
21 area for Cimarron River Ranch.

22 Q. Okay.

23 Do the arrows generally reflect the areas that were
24 leased by Cimarron River Ranch?

25 A. That's correct. 03:43:06

KEITH KUHLMAN - Direct

1 Q. Would you look at Exhibit 158? 03:43:08

2 MR. SEXTON: I would move 158 into evidence as

3 another certified lease record.

4 MR. MINNS: No objection, Your Honor.

5 THE COURT: It's admitted. 03:43:22

6 (Exhibit Number 158 was admitted into evidence.)

7 BY MR. SEXTON:

8 Q. We can go through this fairly quickly. This is another

9 one that was leased by Cimarron River Ranch as far as the

10 lessee indicating it's Samuel Parker as the manager? 03:43:32

11 A. Yes, sir.

12 Q. What is the amount of the annual rent and the total

13 contract rent?

14 A. For contract number 7505, it's \$73,000 per year for a

15 total contract rent of \$365,000. 03:43:52

16 Q. And just looking on page nine, is it signed by Sam Parker?

17 Appears to be.

18 A. On my page eight, yes, it's signed by Sam Parker.

19 Q. Okay. Exhibit 159, if you would look at that one, sir,

20 next. 03:44:15

21 MR. SEXTON: I would offer that in as a certified

22 lease as well.

23 MR. MINNS: No objection, Your Honor.

24 THE COURT: It's admitted.

25 (Exhibit Number 159 was admitted into evidence.) 03:44:20

KEITH KUHLMAN - Direct

1 BY MR. SEXTON: 03:44:27

2 Q. Another Cimarron River Ranch lease?

3 A. Yes, sir. This is contract number 7506. The annual
4 rental is \$89,000. The contract rent is \$445,000.

5 Q. Exhibit 155. 03:44:49

6 MR. SEXTON: I would move that in.

7 MR. MINNS: No objection, Your Honor.

8 THE COURT: It's admitted.

9 (Exhibit Number 155 was admitted into evidence.)

10 THE WITNESS: This is contract number 8090. The 03:44:58
11 annual rental is \$5,000 with a contract rental of \$25,000 with
12 the name of Cimarron River Ranch, LLC.

13 MR. SEXTON: 156. I offer that into evidence as
14 well.

15 MR. MINNS: No objection, Your Honor. 03:45:15

16 THE COURT: It's admitted.

17 (Exhibit Number 156 was admitted into evidence.)

18 A. This is lease number 307093, contract number 8091. Annual
19 rental on it is \$1600 with a contract rental of \$8,000 to
20 Cimarron River Ranch, LLC. 03:45:40

21 Q. Overall, approximately how many acres of lease land did
22 Cimarron River Ranch enter into leases?

23 A. At that point in time, Cimarron River Ranch had
24 approximately 24,000 acres of leased land.

25 Q. Now, after this auction, did you ever have another contact 03:46:11

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KEITH KUHLMAN - Direct

1 with Mr. James Parker? 03:46:15

2 A. Yes, on a few more occasions.

3 Q. When was the next time that you can recall after this

4 auction? And the auction was October 11, 2005?

5 A. Again, I don't have an exact date but the next meeting 03:46:26

6 that I had with Mr. Parker was at his attorney's office, Stan

7 Manske's office, in January, February, something like that, of

8 2006. Present at that meeting were Jay Clark, my field man;

9 myself; Stan Manske; and Roy Young.

10 Q. And what did you and Mr. Parker talk about at this 03:46:55

11 meeting?

12 A. In general, that meeting was about establishing some --

13 MR. MINNS: Excuse me. Objection, Your Honor. He

14 said what did you and Mr. Parker talk about. He said in

15 general what was discussed. So the discussion is -- 03:47:10

16 THE COURT: Well, I'm not so sure. You can maybe

17 rephrase, make sure that it is not hearsay.

18 MR. SEXTON: Yes.

19 BY MR. SEXTON:

20 Q. What I'm looking for is what you said to Mr. Parker or 03:47:23

21 Mr. Parker said to you at this time. Don't tell me anything

22 that any of the other participants may have said at this

23 meeting. Do you understand?

24 A. Sure.

25 Q. So now as to you and Mr. Parker, what did you and he talk 03:47:36

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KEITH KUHLMAN - Direct

1 about? 03:47:42

2 A. Our discussion was about fencing and also laying out where
3 the deeded land boundaries were.

4 Q. In this discussion, was there any discussion at all about
5 any of his other properties outside of the state of Oklahoma? 03:47:57

6 A. Yes, sir. Actually, Mr. Parker had a real estate brochure
7 at that meeting showing that he was getting ready to sell his
8 house here in Phoenix, the Phoenix area, Carefree, Arizona, and
9 showed that to me.

10 Q. Did he in any way express to you that he was the owner of 03:48:23
11 that house at this meeting?

12 A. Yes. He said he was selling his house. He had it offered
13 for sale.

14 Q. Was there any discussion as to why he was selling it for
15 sale? 03:48:35

16 A. He was moving to Amarillo. He had -- I believe he had
17 already bought a home there or was in the process of buying a
18 home in Amarillo, Texas.

19 Q. And the brochures that you were looking at, describe it
20 for the jury and the Court. 03:48:54

21 A. It was a very nice real estate brochure that showed
22 pictures of Mr. Parker's house and it was a beautiful home, one
23 of the most beautiful homes I've ever seen.

24 Q. Other than talking about that and the fencing issues you
25 talked about, was there anything else that you recall having 03:49:17

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KEITH KUHLMAN - Direct

1 been discussed at this meeting in Mr. Manske's office? 03:49:22

2 A. No. That was about the extent of it.

3 Q. When was the next time, if any, that you had a
4 conversation either over the phone or in person with
5 Mr. Parker? 03:49:35

6 A. We had a situation on one of the ranch units that Mr. --
7 that Cimarron River Ranch had leased.

8 Q. Before you get into it, approximately what period are we
9 talking about here? What year?

10 A. This would have been in March of 2006. Cimarron River 03:49:53

11 Ranch had placed livestock on one of the ranch units that they
12 had got at auction. We had gone out and surveyed the deeded
13 land area. The ranch manager had erected an electric fence
14 around these deeded land areas, and I don't think he actually
15 knew how to set up an electric fence very good because it 03:50:21

16 didn't work and the livestock were getting over on these deeded
17 lands. And the deeded land owner who Mr. Parker had just
18 outbid for these properties was very upset, contacted us, was
19 going to call the sheriff, have the livestock impounded for
20 trespassing. So I contacted Mr. Manske originally and then 03:50:38

21 Mr. Parker contacted me after I told him that there was a
22 complaint filed or could be filed for the cattle to be removed.

23 Mr. Parker was very responsive. He was out there
24 literally within hours to try and rectify that situation. He
25 was fairly upset himself because he didn't want this rancher 03:51:05

KEITH KUHLMAN - Direct

1 going on that leased property to get to their deeded land but, 03:51:08
2 again, you have to remember, everybody's land is intermingled.
3 You can't just seal somebody off. So, you know, we were trying
4 to be good neighbors to everybody and so brought -- you know,
5 came to the conclusion on it I was very appreciative of 03:51:27
6 Mr. Parker being out there that soon to help rectify that
7 situation. The cattle were taken off that deeded land.
8 Q. Other than that, was there anything more about this
9 particular contact with Mr. Parker?
10 A. We discussed -- we were in the process of working on a 03:51:42
11 land exchange with that particular deeded land owner. There
12 was an isolated 40 acres that was completely away from this
13 property that was included with that lease and we were trying
14 to get -- trade that for a piece of this deed land that was
15 fenced out so that they would have more grazing acres there 03:51:59
16 available for the livestock. So, that was --
17 Q. That was part of your conversation?
18 A. Yes.
19 Q. After this contact, do you recall any other contacts you
20 had either by phone or in person with Mr. Parker? 03:52:13
21 A. Yes. We had -- okay. Let's see here. I'm kind of
22 drawing a blank at this point in time. Yes, we had several
23 other conversations.
24 Q. Well, were there any conversations regarding the condition
25 of his cattle? 03:52:35

United States District Court

KEITH KUHLMAN - Direct

1 A. Yes. Unfortunately, we had a horrible blizzard -- 03:52:40

2 Q. Orient the jury as to when?

3 A. This is probably in February of 2007.

4 We had a horrible blizzard in the Panhandle of
5 Oklahoma, one of these, you know, early -- or late winter ones, 03:52:56
6 and I mean dumped 16, 18 inches of snow on us and so it was
7 just a bad situation for anybody that owned.

8 We were in the process of working on another land
9 exchange that Mr. Parker's -- adjacent to some of Mr. Parker's
10 lease land again so we could consolidate his acres and get some 03:53:20
11 deeded land out of there so there wouldn't be any trespass
12 issues. I had reports given to me that the livestock on --
13 Mr. Parker's livestock or Cimarron River Ranch's livestock that
14 was on the property were in horrible shape and that they were
15 going to be reported to the sheriff for inhumane treatment. 03:53:40

16 Again, as I said, we're under the microscope out
17 there. So I made the effort to contact Stan Manske, his
18 lawyer, who is also the Assistant District Attorney for
19 Cimarron County, so it would have been ironic if he would have
20 had to prosecute his own client for inhumane abuse of cattle. 03:54:01

21 So I gave him the heads-up on that and told him he
22 really needs to get that checked out. And could he get with
23 Mr. Parker and do that.

24 Mr. Parker, again, was fairly responsive on that. He
25 got back with me within a couple of weeks. He made a trip out 03:54:23

United States District Court

KEITH KUHLMAN - Direct

1 to the ranch with his ranch -- with his ranch manager, Roy 03:54:25
2 Young, and actually was very defensive about Roy.

3 He said, "You know, there's nothing wrong with my
4 livestock. They are fine. I don't know what you people are
5 looking at." And he defended Roy and his -- he said, "They are 03:54:42
6 well-fed cattle," et cetera.

7 I just iterated to Mr. Parker that, again, there's --
8 he needs to get the cattle fed because if not, they are going
9 to get turned in and I believe they started feeding them
10 probably right after that phone call to Mr. Manske, in a lot 03:55:02
11 better condition.

12 Q. And at this time, was there any question about lease
13 payments that you raised with Mr. Parker?

14 A. Yeah. We also discussed the land exchange at that point
15 in time and what we were trying to do to consolidate it. The 03:55:18
16 gentleman that owned the deeded land, his name is George
17 Wilson, and he was getting very, very frustrated with Cimarron
18 River Ranch's cattle trespassing on his deeded land. He was
19 more than frustrated. He was downright angry about it.
20 Because that's his livestock feed they are eating. So he's not 03:55:34
21 happy.

22 So I was telling him about that and also that, "By
23 the way, you guys haven't paid your rent. Are you going to pay
24 your rent?"

25 Well, that kind of upset him because he said, "No, 03:55:48

KEITH KUHLMAN - Direct

1 that can't be right. You know, I deposit money into the ranch 03:55:51
2 account and Roy Young is supposed to send that in and pay for
3 it. So I'll it get checked out and get that settled." And
4 they did. They sent in the rental income within probably 30
5 days. 03:56:07

6 Q. From the standpoint of the leases, did there come a time
7 when Cimarron River Ranch did not continue to pay for some of
8 the leases that they had won at auction?

9 A. Right. Because of the land exchanges that we had done on
10 a couple of the ranch units, Mr. Parker claimed that that, in 03:56:25
11 essence, was a sale of the property and so, therefore, he had a
12 right under the contract to terminate the lease. Of course our
13 position was that these were exchanged lands. We did nothing
14 but take an acre for an acre and made his place better, so that
15 resulted in litigation and he refused to pay the rental on two 03:56:47
16 of the ranch units, three of the ranch units.

17 Q. Is that litigation still ongoing?

18 A. It is. It is still ongoing.

19 Q. And in this process, we talked earlier, was there a
20 sheriff's sale that was conducted on some of the leased 03:57:08
21 properties in order to make good on some of the leasehold
22 improvements?

23 A. Initially our office was granted summary judgment against
24 Mr. Parker for nonpayment of rent and then for Mr. Parker to
25 have the ability to be appeal, he had to place a bond on the 03:57:30

KEITH KUHLMAN - Direct

1 property.

03:57:34

2 MR. MINNS: Excuse me, Your Honor. There's --
3 Mr. Parker is not a party to that lawsuit. I object to the
4 witness testifying that there's a judgment against Mr. Parker
5 when there's a judgment against Cimarron River Ranch.

03:57:47

6 THE COURT: Well, hold on for a second. I take it
7 your objection is hearsay. I will sustain the objection on a
8 hearsay basis.

9 And, ladies and gentlemen, you are to ignore the last
10 answer to the last question.

03:58:02

11 BY MR. SEXTON:

12 Q. Was a sheriff's sale done on some of the leased property?

13 A. Yes, and also some of Cimarron River Ranch's deeded
14 property.

15 Q. And approximately when did that occur?

03:58:17

16 A. April of 2010.

17 THE COURT: All right. Mr. Sexton, we'll stop here
18 for the day. As you know, we are concluding today at 4 o'clock
19 and we will see you here tomorrow and we'll start at 8:30.

20 We are adjourned for the day.

03:58:37

21 (Jury departs.)

22 (Whereupon, these proceedings recessed at 3:59 p.m.;
23 resumed June 6, 2012 at 8:36 a.m.)

24

25

United States District Court

KEITH KUHLMAN - Direct

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KEITH KUHLMAN,

called as a witness herein by the Government, having been previously duly sworn or affirmed to testify to the truth, was further examined and testified as follows:

DIRECT EXAMINATION (Continued)

BY MR. SEXTON:

Q. Good morning, Mr. Kuhlman.

A. Good morning.

Q. We left off that on the eve of a sheriff's sale in April of 2010 associated with some of the leaseholds and the deeded property associated with the Cimarron River Ranch.

A. That's correct.

Q. Now, around that same time --

A. Would you look at Exhibit 78? Is that in front of you, sir?

MR. SEXTON: We would offer Exhibit 78 into evidence as a certified record from Oklahoma.

MR. MINNS: We object to it. It has nothing to do with this witness, Your Honor. This witness can't lay any predicates on it.

THE COURT: Well, let's see if he can lay some foundation.

BY MR. SEXTON:

Q. Do you recognize this document?

MR. MINNS: Has this already been admitted. It's on

08:36:48
08:37:03
08:37:28
08:37:46
08:37:54

KEITH KUHLMAN - Direct

1 the screen. 08:37:58
2 COURTROOM DEPUTY: It's not being published to the
3 jury.
4 MR. MINNS: Oh. Just asking. Thank you.
5 BY MR. SEXTON: 08:38:02
6 Q. Do you recognize this document?
7 A. Yes, I do.
8 Q. Was this a document that you received around the time it
9 was actually at the sheriff's sale?
10 A. Yes, sir. It was received by our attorneys at that time. 08:38:13
11 MR. SEXTON: Again, it's a certified public record
12 from Oklahoma and we would offer it at this time.
13 THE COURT: It's admitted.
14 MR. MINNS: Thank you, Your Honor.
15 (Exhibit Number 78 was admitted into evidence.) 08:38:24
16 BY MR. SEXTON:
17 Q. Let's start with page two. Do you have that affidavit in
18 front of you, sir?
19 A. Yes, sir.
20 Q. Let's focus, if we could, on sort of the top portion. Who 08:38:52
21 is this an affidavit from?
22 A. This is an affidavit of Stanley Manske who is with Manske
23 Law Office in Boise City.
24 Q. And looking at the first full paragraph there, would you
25 read the first line of that paragraph? 08:39:24

United States District Court

KEITH KUHLMAN - Direct

1 A. "Stanley Ed Manske, being first duly sworn, deposes and 08:39:33
2 states as follows:
3 "The Manske Law Office, P.C., and the undersigned
4 counsel have performed legal services for James R. Parker and
5 Jacqueline L. Parker, and in that capacity, have maintained for 08:39:46
6 them, in the firm's fire proof storage, three original
7 promissory notes from Cimarron River Ranch, L.L.C., in favor of
8 James R. Parker and Jacqueline L. Parker, husband and wife as
9 joint tenants."
10 Q. And then the next paragraph. The next three paragraphs, 08:40:09
11 would you read each one of those?
12 A. "Note dated April 13, 2005 in the original sum of
13 \$450,000, due within thirty days after demand and containing a
14 covenant against encumbrances concerning real properties of
15 Cimarron River Ranch, L.L.C. 08:40:28
16 "Note dated June 16, 2005 in the original sum of
17 \$450,000, due within thirty days after demand and containing a
18 covenant against encumbrances concerning the livestock of
19 Cimarron River Ranch, L.L.C.
20 "Note dated August 31, 2005 in the original sum of 08:40:46
21 \$239,903.48 due September 1, 2010 and providing for the note to
22 be secured by a mortgage lien on the real properties of
23 Cimarron River Ranch, L.L.C."
24 Q. Now, below that, in the signature area -- let's go to the
25 second half of the document now. 08:41:29

United States District Court

KEITH KUHLMAN - Direct

1 And is there a signature line for Stanley Manske? 08:41:36
2 A. Yes, sir there, is.
3 Q. And what is the date that he is signing this document
4 above it?
5 A. April 12, 2010. 08:41:46
6 Q. Was this affidavit produced before or after the sale was
7 to be done on the property?
8 A. Before.
9 Q. Now, let's go to page three. Actually, let's go to page
10 five, sir. Actually, focus on the first -- the upper half of 08:42:11
11 the document. That's good.
12 What's the amount in this promissory note?
13 A. \$450,000.
14 Q. And what is the date in the right-hand corner?
15 A. April 13, 2005. 08:42:43
16 Q. And who is to be paid this according to the first line?
17 A. It states, "Without grace, the undersigned promises to pay
18 to James R. Parker and Jacqueline L. Parker, husband and wife,
19 as joint tenants with full rights of survivorship, the sum of
20 \$450,000 . . ." 08:43:04
21 Q. And then skipping down to the third paragraph that has an
22 underlined Covenant Against Encumbrances, could you read what
23 is being encumbered by this promissory note?
24 A. It states, "Covenants Against Encumbrances: Maker
25 covenants and agrees to allow no voluntary or involuntary 08:43:23

United States District Court

KEITH KUHLMAN - Direct

1 mortgages, liens, or encumbrances to be placed of record 08:43:26
2 against the following described property, to-wit . . ."
3 Q. Actually, don't read that. Is it just a legal description
4 of some property?
5 A. That's correct. 08:43:41
6 Q. And then at the bottom in the signature area, does it
7 indicate a signature for Samuel Parker as the manager of
8 Cimarron River Ranch?
9 A. Yes. It's signed Cimarron River Ranch, LLC, with Samuel
10 James Parker, manager. 08:44:00
11 Q. And just to the left of that signature, when was that
12 document recorded in the state of Oklahoma?
13 A. This is from the Cimarron County courthouse, this
14 instrument was filed and recorded April 12, 2010.
15 Q. Page four, again, if you could focus on the top half, what 08:44:24
16 is the amount of this promissory note?
17 A. The amount is \$450,000.
18 Q. And what's the date of this promissory note?
19 A. June 16, 2005.
20 Q. And who is to be paid this \$450,000? 08:44:41
21 A. It states, "Without grace, the undersigned promises to pay
22 James R. Parker and Jacqueline L. Parker, husband and wife, as
23 joint tenants with full rights of survivorship . . ."
24 Q. And what is encumbered by this promissory note? When I
25 use the word "encumbrance," what does that mean? 08:45:02

United States District Court

KEITH KUHLMAN - Direct

1 A. It means that it has a lien against that particular 08:45:05
2 property, whatever it may be, whether it be personal or real
3 property.
4 Q. And then what is being encumbered by this promissory note?
5 A. It states, "Covenants Against Encumbrances: Maker 08:45:18
6 covenants and agrees to allow no voluntary or involuntary
7 mortgages, liens or encumbrances to be placed of record against
8 the following described property, to wit:"
9 And then it states, "All livestock and the issue and
10 proceeds of all livestock, now owned or hereafter acquired by 08:45:35
11 Cimarron River Ranch, L.L.C."
12 Q. And is this signed at the bottom of this document by
13 Samuel Parker?
14 A. Yes, sir, it is.
15 Q. And this is a promissory note evidencing a debt from 08:45:50
16 Cimarron River Ranch to Mr. and Mrs. Parker for \$450,000?
17 A. That's correct.
18 Q. And we say a promissory note. What's a promissory note?
19 A. Again, it's just a document that if I sign something and I
20 promise to pay somebody \$450,000, I have stated that that's 08:46:14
21 what I am going to do.
22 Q. Is it a form of IOU?
23 A. Yes.
24 Q. And then the last promissory note, page three, what's the
25 amount of this promissory note? 08:46:39

United States District Court

KEITH KUHLMAN - Direct

1 A. \$239,903.48. 08:46:42
2 Q. And what's the date of it?
3 A. This is dated August 31, 2005.
4 Q. And who is this IOU to be paid to?
5 A. It states, "Without grace, I, or we, or either of us 08:47:01
6 promise to pay to the order of James R. Parker and Jacqueline
7 L. Parker, husband and wife, as joint tenants with the rights
8 of survivorship . . ."
9 Q. And then looking at the second-to-the-last paragraph, does
10 it indicate an encumbrance in that second-to-the-last 08:47:20
11 paragraph?
12 A. The second-to-the-last paragraph states, "And, provided
13 further, that as of the date hereof the makers hereof have
14 executed a real estate mortgage in favor of payee herein, and
15 all of the terms, agreements and conditions set forth in said 08:47:37
16 mortgage of real estate are hereby made a part of this
17 obligation."
18 Q. And then at the bottom, is it signed by Samuel Parker as
19 manager of Cimarron River Ranch?
20 A. That's correct. 08:47:58
21 MR. SEXTON: I have no further questions, Your Honor.
22 THE COURT: All right.
23 Cross?
24 MR. MINNS: Yes, please, Your Honor.
25

KEITH KUHLMAN - Cross

CROSS - EXAMINATION

08:48:25

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BY MR. MINNS:
Q. Good morning, Mr. Kuhlman.
A. Good morning.
Q. You and I shook hands for the first time about 15 minutes ago; correct?
A. Correct.
Q. I had never met you before and you had never met me?
A. That's correct.
Q. Pleasure to have met you. I introduced myself to you as Jim Parker's attorney.
A. That's correct.
Q. And you smiled and weren't mean to me.
In these auctions where the state of Oklahoma conducts them, during that brief moment you and I talked, I asked you if the state of Oklahoma had the legal right to refuse to give the property to the high bidder.
A. That's correct.
Q. And I haven't seen one of those before so it's interesting to me. And your answer was the state of Oklahoma can refuse to give to it the high bidder.
A. My answer was yes.
Q. And so if the state of Oklahoma thinks there's something wrong with the high bidder, they reject the bid?
A. Yes, sir. We -- in our notice of invitation to bid, we

08:48:31
08:48:37
08:48:57
08:49:14
08:49:31

KEITH KUHLMAN - Cross

1 have the right to reject any and all bids placed at the time of 08:49:36
2 auction.

3 Q. But the state of Oklahoma accepted the bids of Cimarron
4 River Ranch?

5 A. Yes, sir. 08:49:45

6 Q. Did Jim Parker or Sam Parker or Stan Manske on their own,
7 had any of them gotten permission to bid on their own
8 individual behalves at that auction or was Cimarron River Ranch
9 the only one that had permission to bid at that auction?

10 A. Cimarron River Ranch was the registered bidder at the 08:50:11
11 lease auction.

12 Q. Okay. And you only allow registered bidders to bid?

13 A. That's correct.

14 Q. But a limited liability partnership or corporation or any
15 other kind of partnership, basically, those are pieces of paper 08:50:27
16 and they have to have a human being actually show up at the
17 auction to bid for those pieces of paper; correct?

18 A. Yes.

19 Q. And was the property Cimarron River Ranch was bidding on
20 certain specific large blocks of land, the right to lease them 08:50:48
21 for five years; correct?

22 A. Correct.

23 Q. And an argument came about. After a while, the state of
24 Oklahoma said, "We don't want you to have the specific pieces
25 you bid on. We want you to have different pieces that are just 08:51:11

KEITH KUHLMAN - Cross

1 as good or better for you"; correct? 08:51:15

2 A. No.

3 Q. The state of Oklahoma didn't switch the property on them

4 later and tell them, "You had to lease this different

5 property"? 08:51:23

6 A. The way are you forming your question, I can't answer

7 that.

8 Q. Okay. I'll do my best. There's a lawsuit going on

9 because Cimarron River Ranch says, "You tried to change the

10 property on us and we don't agree that that isn't right." Is 08:51:37

11 that pretty much what they are saying? "We don't think we have

12 to pay leases on a different piece of property than we bid on."

13 Is that what they are saying in their lawsuit?

14 A. It's a lot more technical than that.

15 Q. I'm no expert on it and probably the jurors aren't either. 08:51:56

16 But is that the crux of it? Is that basically what they are

17 complaining about?

18 A. I would say it this way, is that a land exchange was

19 conducted and with the land exchange --

20 Q. If I could interrupt for a second. The land exchange -- 08:52:21

21 MR. SEXTON: Hold on a second.

22 May the witness be allowed to answer the question

23 that was put to him?

24 THE COURT: Yes.

25 You may finish the answer. 08:52:29

KEITH KUHLMAN - Cross

1 THE WITNESS: Thank you. 08:52:31

2 The land exchange was completed within the ranch
3 boundaries as they existed. The parcels that were exchanged, I
4 had conversations with Mr. Parker concerning those, land
5 exchanges as we were in the process of doing those and 08:52:47
6 Mr. Parker did not have any objections at that time.

7 In October of 2007 Mr. Parker, after we informed him
8 of the -- in writing that these exchanges were completed, wrote
9 and stated that based on a provision within the lease contract,
10 he had the right to terminate the lease contract because he 08:53:18
11 considered the exchange a sale of land, not a swapping of
12 property. Then Cimarron River Ranch refused to pay the rental
13 on the property and that's when the litigation started.

14 MR. MINNS: May I continue my questioning, Your
15 Honor? 08:53:45

16 THE COURT: Well, you can ask him a question.

17 MR. MINNS: Thank you.

18 BY MR. MINNS:

19 Q. So the bottom line is, you all exchanged the piece that he
20 bid on. When you put it in writing, he said, "No, I don't 08:53:54
21 agree to this exchange and Cimarron River Ranch doesn't want to
22 pay the lease on the exchanged property, the substituted
23 property"?

24 A. They refused to pay the contract rental.

25 Q. But -- and you all said, "You have to pay it even 08:54:14

KEITH KUHLMAN - Cross

1 though -- because we have the right to change the land," to 08:54:17
2 exchange it to use your word?

3 A. Yes.

4 Q. And the trial court agreed with you but the Supreme Court
5 disagreed with you; correct? 08:54:30

6 A. We received a summary judgment in district court and then
7 it was appealed and the appeal court remanded it back to
8 district court for further consideration.

9 Q. They threw the judgment out. They disagreed with you;
10 correct? 08:54:47

11 A. Yes.

12 Q. Okay. And you're one of the people that's been sued in
13 the suit; is that correct or not?

14 A. No, not that I'm aware of.

15 Q. Well, I apologize. Probably wrong. 08:55:00

16 This is a suit between the state of Oklahoma based on
17 the exchange and Cimarron River Ranch.

18 A. Actually, I believe the case is styled with Commissioners
19 of the Land Officer, Tecelote, and it's a ranching partnership,
20 George Wilson, I think those are the parties involved that are 08:55:27
21 being sued by Cimarron River Ranch.

22 Q. Okay. I apologize for my error.

23 But bottom line, there's a disagreement right now
24 whether or not you all can just exchange the property and force
25 Cimarron River Ranch to pay lease payments on a property they 08:55:58

KEITH KUHLMAN - Cross

1 did not bid on? 08:56:00

2 A. Again, sir, it's more complicated than that because,
3 actually, their attorneys have raised the question on whether
4 or not an exchange is a sale which would, in essence, trigger
5 paragraph 2.4 of the lease contract which would allow the 08:56:21
6 lessee to get out of the lease at that point in time at his
7 option.

8 Q. Are you an elected official?

9 A. No, sir.

10 Q. Now, at this meeting, I believe you said the meeting that 08:56:36
11 you had with Roy Young with the lawyer, Stan Manske, with Jim
12 Parker was on the deck of the house of the property, the first
13 meeting, and I believe you said you called the meeting and it
14 was very cordial.

15 A. Yes. 08:56:55

16 Q. And I suppose that if they refused to meet with you, you
17 could say, "I will not let you bid on property."

18 A. No.

19 Q. So at that meeting, you were representing the state of
20 Oklahoma? 08:57:19

21 A. That's correct, the Commissioners of the Land Office.

22 Q. But you're not one of the commissioners that was sued,
23 that filed the suit against Cimarron River Ranch. You're not
24 one of the commissioners?

25 A. No, sir, I am not. 08:57:31

KEITH KUHLMAN - Cross

1 Q. Okay. You don't own any of the land; you just represent 08:57:33
2 the state of Oklahoma to protect the land for the school
3 district?
4 A. That's correct. It's a trust and we are trustees, in
5 essence. 08:57:49
6 Q. Now, the government has put on an exhibit recent a few
7 minutes ago, 78. And with the Court's permission, I'm going to
8 publish the affidavit page here.
9 A. Yes.
10 Q. And on that exhibit, Mr. Kuhlman, it says that it has been 08:58:31
11 maintained for James and Jacqueline Parker in the law firm's
12 fireproof storage. You have no reason to disagree with the
13 sworn statement of Stan Manske; correct?
14 A. Correct.
15 Q. And so it appears that it had been sitting in his safety 08:59:00
16 deposit box, fireproof safety deposit box, since on or about
17 June 15, 2005, about five years?
18 A. Are we talking about the one that you have posted?
19 Q. Yes, sir.
20 A. Yes, sir. It's June 16, 2005. 08:59:28
21 Q. There's another one and it has a different date. But if
22 that is useful, tell the jury. If that useful to talk about
23 that date, go ahead and do so.
24 A. The one that you have displayed at this point in time
25 states "note" and the date on that is August 31, 2005. 08:59:45

KEITH KUHLMAN - Cross

1 Q. So they both seem to be the same year? 08:59:56

2 A. Yes. June 16, 2005, and August 31, 2005.

3 Q. And in your investigation, did you learn that this money

4 was borrowed from Belize Land & Development Limited for the

5 purposes of financing Cimarron River Ranch? 09:00:24

6 MR. SEXTON: Objection. Foundation as to --

7 THE COURT: Sustained.

8 MR. MINNS: May I approach the witness, Your Honor,

9 with Parker Exhibit 1027?

10 THE COURT: Do we have a copy of it or an original? 09:00:46

11 MR. MINNS: Where is the original?

12 COURTROOM DEPUTY: Is that the one I handed you, sir?

13 THE COURT: Okay. Thank you, Christine. He has it.

14 So what Exhibit Number is it?

15 MR. MINNS: Defendant's Exhibit 1027. 09:01:03

16 BY MR. MINNS:

17 Q. You're holding the judgment by Belize Land & Development

18 Limited against Cimarron River Ranch, LLC, for \$3,192,375; is

19 that correct?

20 A. I am just looking at the document for the first time. 09:01:27

21 It states, "The above named defendant" --

22 MR. SEXTON: Hold on. He's reading from the

23 document. We object as to foundation, hearsay and

24 authentication.

25 THE COURT: Sustained. 09:01:42

KEITH KUHLMAN - Cross

1 MR. MINNS: This is authenticated, Your Honor, from 09:01:42
2 the Supreme Court of Belize. We offer it into evidence.

3 THE COURT: Well, unless there has been a stipulation
4 to the foundation for the admission of the document, it's not
5 admitted; and unless this witness has personal knowledge and 09:01:55
6 can identify the document so that it shows that it is what it
7 purports to be and is not hearsay, then the objection will
8 continue to be sustained.

9 So you are not, Mr. Kuhlman, to read the document.

10 THE WITNESS: Yes, ma'am. 09:02:21

11 BY MR. MINNS:

12 Q. Do you know where the money that was originally loaned for
13 the notes that you've already testified to came from?

14 MR. SEXTON: Objection. Foundation. And it would
15 lead to a hearsay response. 09:02:32

16 THE COURT: Well, I'm going to ask him if he knows.

17 You can answer that yes or no. Do you know?

18 THE WITNESS: No, ma'am.

19 THE COURT: All right.

20 BY MR. MINNS: 09:02:50

21 Q. Yesterday you used the term -- in describing this piece of
22 property, you used the term "dude ranch" and you also used the
23 word "wild west." Do you recall that?

24 A. Yes.

25 Q. Now, you can, as a public official, and you've been 09:03:06

KEITH KUHLMAN - Cross

1 instructed not to talk to the other witnesses about what they 09:03:09
2 testify in during this trial; correct?
3 A. Correct.
4 Q. Have you discussed this case with Cerita Walker?
5 A. No, I have not. 09:03:23
6 Q. Did you discuss the term "wild west" with Cerita Walker?
7 A. I did not.
8 Q. Are you friends with Cerita Walker?
9 A. I met her for the first time yesterday.
10 Q. So if she used that exact same term describing the 09:03:34
11 property, that's just a coincidence?
12 A. I would assume that it would be.
13 Q. As custodian of the property in Oklahoma that's trying to
14 get a judgment from Cimarron River Ranch for the -- what was
15 the word -- traded. I apologize. What was the word that you 09:04:06
16 used? Traded, extended property? What was the word you used?
17 A. Exchanged.
18 Q. Exchanged. For the exchanged property, you're hoping that
19 Oklahoma gets a judgment for that exchanged property and that
20 Cimarron River Ranch is forced to make rental payments on the 09:04:28
21 exchanged property; correct?
22 A. We have a judgment for nonpayment of rent and that is what
23 we're hoping to collect.
24 Q. Well, you don't have any more. The Supreme Court of
25 Oklahoma threw it out, did they not? 09:04:45

KEITH KUHLMAN - Cross

1 A. You are correct. It's not the Supreme Court. It's the 09:04:49
2 Appeals Court.

3 Q. You still want -- you still are pursuing it, though. You
4 would like to get it back. You would like to get that judgment
5 back even though it's been thrown out? 09:05:01

6 A. Yes, sir.

7 Q. And as far as ownership of Cimarron River Ranch, who owns
8 the individual shares of Cimarron River Ranch?

9 A. I do not know.

10 Q. You don't know if Jim Parker owns a single share; correct? 09:05:16

11 MR. SEXTON: Objection. He just answered the
12 question he doesn't know.

13 THE COURT: Sustained. Asked and answered.

14 MR. MINNS: Your Honor, the government has been
15 allowed to ask many questions about the same issue and I had 09:05:29
16 four about this same issue.

17 THE COURT: Well, if you ask the same question,
18 though, Mr. Minns, and he has already answered that question,
19 then I'm going to sustain the objection.

20 MR. MINNS: Thank you, Your Honor. 09:05:45

21 BY MR. MINNS:

22 Q. Nobody has made any secret about this, that Jim Parker is
23 actively involved in helping Cimarron River Ranch; correct?

24 A. Helping?

25 Q. Working for them? 09:06:05

KEITH KUHLMAN - Cross

1 A. Every time I've had to do anything with Cimarron River 09:06:08
2 Ranch, I've either dealt with Stan Manske, Jim Parker, or Roy
3 Young.
4 Q. And I'll repeat my question again. I apologize that it
5 wasn't clear. My question is, nobody has ever tried to make a 09:06:19
6 secret of the fact that Jim Parker was doing work for Cimarron
7 River Ranch, yes or no?
8 A. Yes.
9 Q. The owner of Cimarron River Ranch today you know is Belize
10 Land & Development Limited? 09:06:57
11 A. I do not know that.
12 Q. You haven't checked to see who owns it currently?
13 A. No, sir.
14 Q. You do not know that because of the judgment, they have
15 taken it over? 09:07:11
16 MR. SEXTON: Objection. He's answered the question.
17 THE COURT: It's a different question.
18 All right. Can you answer that yes or no?
19 THE WITNESS: No, ma'am. I do not know who.
20 THE COURT: Okay. He answered it. 09:07:20
21 MR. MINNS: Mr. Kuhlman, thank you for coming to
22 Arizona.
23 I pass the witness.
24 THE COURT: Any redirect?
25 MR. SEXTON: Question, judge. 09:07:30

KEITH KUHLMAN - Redirect

REDIRECT EXAMINATION

09:07:31

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BY MR. SEXTON:

Q. Is this litigation still ongoing?

A. Yes, sir.

Q. Is it something that the state of Oklahoma is still pursuing?

09:07:37

A. Yes, sir.

MR. SEXTON: No further questions.

THE COURT: All right. You may step down.

(Witness excused.)

09:07:43

(This concludes this excerpt.)

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KEITH KUHLMAN - Redirect

C E R T I F I C A T E

I, ELAINE M. CROPPER, do hereby certify that I am
duly appointed and qualified to act as Official Court Reporter
for the United States District Court for the District of
Arizona.

I FURTHER CERTIFY that the foregoing pages constitute
a full, true, and accurate transcript of all of that portion of
the proceedings contained herein, had in the above-entitled
cause on the date specified therein, and that said transcript
was prepared under my direction and control, and to the best of
my ability.

DATED at Phoenix, Arizona, this 21st day of August,
2012.

s/Elaine M. Cropper

Elaine M. Cropper, RDR, CRR, CCP

United States District Court