

**In The Matter Of:**

*IN RE THE MATTER OF:  
THE COMMISSION ON JUDICIAL CONDUCT*

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*GRANT L. ANDERSON*

*Vol. 2, June 27, 1997*

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[1] BEFORE THE COMMISSION ON JUDICIAL CONDUCT  
[2] OF THE STATE OF WASHINGTON

Page 109

[3] In re the Matter of: )  
[4] ) No. 96-2179  
[5] THE COMMISSION ON JUDICIAL )  
[6] CONDUCT. )

[7] Deposition Upon Oral Examination  
[8] of  
[9] GRANT L. ANDERSON - Volume II

[10] Taken at 3800, 1000 Second Avenue  
[11] Seattle, Washington

[12] DATE: June 27, 1997  
[13] REPORTED BY: Patrice E. Starkovich, RPR  
[14] CSR NO.: ST-AR-KP-E511MF

[15] APPEARANCES

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[23] Seattle, Washington 98109

Page 110

[24] INDEX

[25] EXAMINATION BY: Page  
[26] Mr. Taylor ..... 112

Page 111

[27] EXHIBITS FOR IDENTIFICATION:

[28] Number Page  
[29] 9 Security Agreement, General Pledge, 12/9/92 ..... 121  
[30] 10 Purchaser's Closing Statement ..... 124  
[31] 11 Ledgers Reflecting Trust Balances ..... 127  
[32] 12 Application for Liquor License Transfer or Change of Location, 9/28/92 ..... 128  
[33] 13 Ten-Page Document Consisting of Notes ..... 130  
[34] 14 One-Page Handwritten Document ..... 133  
[35] 15 Promissory Note, 12/4/92 ..... 133  
[36] 16 One-Page Handwritten Document ..... 135  
[37] 17 Letter to Rush from Hall, 7/28/95 ..... 137

[1] SEATTLE, WASHINGTON; FRIDAY, JUNE 27, 1997

[2] 1:30 P.M.

[3]

[4]

[5] GRANT L. ANDERSON, deponent herein, having been  
[6] first duly sworn on oath, was  
[7] examined and testified as  
[8] follows:

[9]

[10] EXAMINATION  
[11] BY MR. TAYLOR:

[12] Q: Good afternoon, your Honor. What role, if any,  
[13] did William Hamilton play in the management or operation of  
[14] the Pacific Lanes Bowling Alley between September 1, 1992,  
[15] and December 1 of 1992?  
[16] A: I believe he - I don't think he did anything in  
[17] the day-to-day - he had overall operation control. Whether  
[18] he did much in terms of changing or making changes in  
[19] personnel, I don't think he did any because you were in that  
[20] kind of gray area - well, they were doing the licenses,  
[21] liquor license and the gambling license transfers, and there  
[22] is an area in there where he took over the operation and  
[23] that would be general policy operation - and I just frankly  
[24] - I think went away, did not even go out to the facility,  
[25] that I recall, in any event. If he did, it was nominal.

Page 113

[1] Q: When you say "overall operation control," what  
[2] does that mean?

[3] A: It might be meaning making decisions as to - it  
[4] may be as to pricing. It could be as to changes that were  
[5] going to be made in the facilities in terms of - at that  
[6] juncture, the seasons were the - the season was up and  
[7] running. More of the changes might be under leagues,  
[8] promoting leagues. It might be changes or - the bar  
[9] operation, the restaurant operation; it might be gambling.  
[10] When I say "gambling," pull tabs.

[11] Q: Did he have authority and responsibility for the  
[12] operation of the pull tab business at the bowling alley  
[13] during this time period?

[14] A: I think he did. That was run by - mostly by  
[15] Jackie Pagni who was at that time - purchase of the games,  
[16] did all of the accounting, loading and unloading, and  
[17] responsibility - the day-to-day responsibility for the  
[18] games.

[19] Q: Just so the record is clear then, is it your  
[20] testimony that Mr. Hamilton had overall responsibility for  
[21] the gambling operations at the bowling alley during the  
[22] period September 1992 through December 1, 1992?  
[23] A: When you say "overall responsibility," as I  
[24] indicated to you, there was that time when we are  
[25] transferring the ultimate responsibility but probably still

Page 114

[1] be my responsibility because I was on the license until the  
[2] transfer was completed.

[3] Q: Had you delegated to Mr. Hamilton, during this  
[4] time period, any authority with regard to the gambling  
[5] operations at the bowling alley?

[6] A: I am going to say, in terms of - unless there was  
[7] a problem or something that arose, that, yes, he was  
[8] responsible for those operations.

[9] Q: Was he also responsible for the liquor-related  
[10] operations at the bowling alley during the period September  
[11] 1992 through December 1992?

[12] A: Yes, that would be under the same - if there had  
[13] been a problem or anything that came up relative to the  
[14] license, I was still ultimately on the license until the  
[15] transfer was complete.

[16] Q: Did Mr. Hamilton expend any funds, related to the  
[17] operation of the bowling alley or the physical plant of the  
[18] bowling alley, during the period September 1992 through  
[19] December of 1992?

[20] A: I don't know.

[21] Q: To your knowledge, did he make a hundred thousand  
[22] dollars' worth of repairs to the bowling alley during that  
[23] time period?

[24] A: I am not sure of the exact time period. There  
[25] were substantial repairs that had been done, some had been

[1] done going into that season for which I think he assumed  
[2] responsibility. Mr. Hamilton had said, in anticipation of  
[3] the sale, you are going to do them. I don't know the  
[4] dollar amounts, and I have not reviewed the books to know  
[5] whether it was made during that six-month period or whether  
[6] they were ordered or made during that time or paid for in  
[7] '93. I just don't know.

[8] Q: As you sit here today, can you identify any  
[9] repairs that were made to the physical plant of the bowling  
[10] alley that were paid for by Mr. Hamilton during the period  
[11] September 1, 1992 through December 1992?

[12] A: Mr. Taylor, you know, I kind of operated that  
[13] place for - going on three years. I was there after. And  
[14] there were a number of ongoing changes and repairs, whether  
[15] it was bowling alleys, whether it was carpets, whether it  
[16] was facilities. And can I specify now, five years later?

[17] The answer is I can't.

[18] Q: Okay.

[19] In connection with Pacific Recreation's purchase  
[20] of the business of the bowling alley, a note was executed in  
[21] the amount of \$250,000, correct?

[22] A: That would be my understanding, yes.

[23] Q: Was there, at some point, an agreement reached  
[24] between you and Mr. Hamilton whereby the face amount of that  
[25] note would be reduced to account for cash earned by the

Page 115

[1] subsequent date. And I can't tell you exactly when that  
[2] was, and I am not even sure that I participated directly in  
[3] how you resolve that cash shortage and that adjustment,  
[4] whether it was sometime near the end of the year.

[5] Q: Did the agreement to adjust the amount owed under  
[6] the note predate the execution of the note?

[7] A: Yes.

[8] When you say did the agreement - excuse me. Let  
[9] me back up. I want to make sure I understand. Did you say  
[10] did the agreement to adjust the note preexist? I want to be  
[11] sure I am right when I said yes. The agreement was that he  
[12] would have the cash. It probably did not, on second  
[13] thought. It probably was after that when they determined,  
[14] by the end of the year, that it was determined that the  
[15] monies that would have been his, pursuant to the agreement,  
[16] was not available, and, therefore, you had a couple of  
[17] options.

[18] The estate dredged up the money and gave it to  
[19] Mr. Hamilton, and then he paid the full \$250,000 or the  
[20] payments thereon, or what ultimately happened was then that  
[21] there was an adjustment to that note and it was just one of  
[22] the options.

[23] Q: When was the agreement made that the amount of the  
[24] note would be adjusted to reflect earnings from September  
[25] through December of 1992?

Page 118

[1] bowling alley from September through December of 1992?

[2] A: You are talking about values, and we had  
[3] established a price or a value as of September 1. The  
[4] execution of that document and what was anticipated by the  
[5] parties was effective that date. It got put off until the  
[6] approval and I can't remember whether it was gambling or  
[7] liquor license, whatever the last one was, and I think it  
[8] was December 4, and on the same day it was approved, we  
[9] signed the documents and it went away.

[10] The understanding had always been that there would  
[11] be an adjustment back to account for the cash from September  
[12] 1 because the values are totally different on September 1  
[13] and December 4.

[14] Q: When you say "an adjustment," does that mean an  
[15] adjustment to the face amount of the note?

[16] A: Well, initially, I guess, it would have been that  
[17] the cash would have - would have been his for his kitty, if  
[18] that is what it is, because you have to squirrel away monies  
[19] during the high operating season to cover the loss of the  
[20] summer season, which is normally the loss, and that money  
[21] would have been his to squirrel away. And then he would  
[22] have paid the note in accordance with the terms of the note.  
[23] As it worked out, that money never ceased to exist  
[24] because it was paid to the estate in other forms and other  
[25] manners and that is with the adjustment. He actually came

Page 116

[1] A: I do not have an independent recollection of when  
[2] that was, and I am sure it was not before - about the end  
[3] of the year or sometime thereabouts. I just do not have an  
[4] independent recollection.

[5] Q: Prior to the execution of the note, was there an  
[6] agreement in place between and you Mr. Hamilton that the  
[7] price to be paid would be reduced to reflect the cash  
[8] earnings of the bowling alley during the period September  
[9] through December 1992?

[10] A: No. It was not to be reduced. The agreement was  
[11] that he would have the benefit of all of that cash, whatever  
[12] was built up in the kitty, if that is the right word, to be  
[13] utilized for the down season later on.

[14] Q: And that agreement was ultimately fulfilled by an  
[15] adjustment in the amount owed under the note?

[16] A: Yes.

[17] Q: My question is: At the time Mr. Hamilton signed  
[18] the note, did you know that there would be an adjustment to  
[19] the note, based on the earnings of the bowling alley, from  
[20] September through December?

[21] A: I don't believe so. We signed it just on December  
[22] 4th and it was one of those things where the - again, one  
[23] of the agencies, whether it was liquor or gambling - I  
[24] can't remember - said here is the letter, you are approved.  
[25] The papers were brought out that I think had probably been

Page 119

[1] out short on what he bargained for.

[2] Q: Let me come at it a different way.

[3] The face value of the note was \$250,000?

[4] A: That's right.

[5] Q: Mr. Hamilton did not ultimately pay \$250,000 on  
[6] that note, correct?

[7] A: That's correct.

[8] Q: The amount of the note was reduced by  
[9] approximately a hundred thousand dollars?

[10] A: 90-some thousand, I believe.

[11] Q: My question is: When, relative to the execution  
[12] of the note, was the agreement made that the amount of the  
[13] note would be reduced by the earnings of the bowling alley  
[14] during the period September through December 1992?

[15] A: I think the understanding that I came to with

[16] Mr. Hamilton is that he would have the alley, the bowling  
[17] alley, and the cash flow from that bowling alley, and the  
[18] value was established as of September 1st, 1992, and then it  
[19] became subject to the various licenses. And the  
[20] understanding was that any cash that was generated would  
[21] actually be his cash from that generation and that he would  
[22] pay the note.

[23] What happened is that that cash was generated and  
[24] then paid to or on behalf of the estate. And so it was  
[25] non-existent at the time that he signed the note or at a

Page 117

[1] in place and signed. We had not reflected - the figures  
[2] were not in for that quarter or maybe even that month - I  
[3] am not sure of the period of time - to reflect what the  
[4] cash was or where it was.

[5] Had we known exactly where it was or what it was  
[6] or could have determined that, it could have been an  
[7] adjustment at that instant, but it was not.

[8] Q: At the time that the note was signed, did you and  
[9] Mr. Hamilton have an understanding that there would be an  
[10] adjustment to the purchase price?

[11] A: The purchase price - we all had - it was valued  
[12] as of September 1st. It was not an adjustment to the  
[13] purchase price. That was the deal; the transaction was  
[14] there. Everybody got what they bargained for as of  
[15] September 1st.

[16] Q: At the time Mr. Hamilton signed the note, what was  
[17] your understanding of how the transaction would be revised  
[18] to reflect the earnings of September through December 1992?

[19] A: If the monies had been available - and I was not  
[20] aware of the spending pattern that had gone on - that money  
[21] would have been credited to him and his bank account or his  
[22] account to his company from the September 1st operation,  
[23] cashwise, to the end of the year or whenever, December 4th,  
[24] whenever the transition took place. He would have had that  
[25] cash, and then he would have made the payments required by

Page 120

[1] the note.  
 [2] What happened, at some point after that, it became  
 [3] apparent that that cash was, in fact, not there and that had  
 [4] been expended on behalf of the corporation already.  
 [5] Q: Was it at that point then the decision was made to  
 [6] simply reduce the amount owed under the note?  
 [7] A: I would say yes.  
 [8] Q: When was that point?  
 [9] A: I told you three times, I think, that I do not  
 [10] know. I do not have an independent recollection of when  
 [11] that was.  
 [12] (Discussion off the record.)  
 [13] (Exhibit 9 marked  
 [14] for identification.)  
 [15] Q: Have you had a chance to look at Exhibit 9, your  
 [16] Honor?  
 [17] A: I have.  
 [18] Q: That is your signature down at the bottom?  
 [19] A: It is. It appears to be.  
 [20] Q: Do you have any reason to doubt that it is your  
 [21] signature?  
 [22] A: No.  
 [23] Q: This reflects that the note for \$250,000 was given  
 [24] to First Interstate Bank as security for a loan that First  
 [25] Interstate had made to Pacific Lanes?

[1] A: As part of the security, yes.  
 [2] Q: Did you ever disclose to First Interstate Bank  
 [3] that the principal amount of the note had been reduced?  
 [4] A: I don't know that I did or didn't, not that I  
 [5] recall but -  
 [6] Q: At the time that you submitted the note to First  
 [7] Interstate Bank, did you tell them that there was an  
 [8] agreement in place whereby the principal amount of the note  
 [9] might be reduced?  
 [10] MR. BULMER: Objection. He has not testified  
 [11] there was an agreement in place.  
 [12] A: As I was about to say that.  
 [13] MR. BULMER: That is all right. Just answer  
 [14] the question.  
 [15] Q: At the time that you delivered the note for  
 [16] \$250,000 to First Interstate Bank, as partial security for a  
 [17] loan of Pacific Lanes, did you disclose anything to them  
 [18] about any agreement that might impact the face value of the  
 [19] note?  
 [20] A: There was, at that juncture, to the best of my  
 [21] recollection and knowledge, and, as I have indicated, no  
 [22] such agreement, so there was nothing to disclose to them.  
 [23] What I was delivering to them was this, and I don't know  
 [24] what else, so that they would satisfy, drop, forego, their  
 [25] creditor claim against the estate of Charles Hoffman who was

[1] on as a guarantor.  
 [2] Q: Is it correct the note was delivered to First  
 [3] Interstate Bank in part to induce them not to pursue a  
 [4] creditor's claim at that time?  
 [5] A: The note had been paid down substantially. I  
 [6] don't remember what the balance was. But it would have been  
 [7] way down. They were comfortable with the operation. They  
 [8] had more than sufficient assets underlying where they were  
 [9] in first position and, in part, yes. I mean, this note  
 [10] was not the only item. It was just - as I recall, they  
 [11] said, "What else do you have," and, I said, "This is it,"  
 [12] and, they said, "We are happy to."  
 [13] Q: My question, again, just so the record is clear:  
 [14] Is it correct that the note for \$250,000 was  
 [15] delivered to the bank, in part, to induce the bank not to  
 [16] proceed with collection on the note signed by Pacific Lanes  
 [17] to the bank?  
 [18] A: Not to proceed on collection - to - they were  
 [19] collecting it in the manner provided in whatever that  
 [20] obligation was. It was relative to their creditor claim  
 [21] against Charles Hoffman as a guarantor of that, is my  
 [22] recollection, my best recollection.  
 [23] Q: So the note was given to First Interstate to  
 [24] induce them not to proceed against Mr. Hoffman's estate in  
 [25] his capacity as a guarantor on the note from Pacific Lanes

[1] to First Interstate; is that correct?  
 [2] A: As part of the inducement, yes.  
 [3] (Exhibit 10 marked  
 [4] for identification.)  
 [5] Q: Once an agreement was reached to reduce the amount  
 [6] owed under the note, your Honor -  
 [7] A: I'm sorry.  
 [8] Q: Once the agreement was made to reduce the amount  
 [9] owed under the note, was there any disclosure to the bank of  
 [10] that agreement?  
 [11] A: I frankly don't believe - to the best of my  
 [12] recollection, not by me. At those junctures, I was not  
 [13] directly involved in the operation. Mr. Fisher was handling  
 [14] that. I did not, to the best of my knowledge, disclose  
 [15] anything to the bank because I was not actively  
 [16] participating in Pacific Lanes' business.  
 [17] Q: Did you ever discuss with anyone what would have  
 [18] happened if the bank had had to foreclose on that security,  
 [19] which it believed to be \$250,000 and the bank was advised  
 [20] that the security was a hundred thousand dollars less?  
 [21] MR. BULMER: Objection, lack of foundation.  
 [22] Q: Did you ever discuss that with anyone?  
 [23] A: Not that I recall. As I indicated, they had  
 [24] security up the ying-yang way far beyond that.  
 [25] Q: Exhibit No. 10. Why isn't there anything in the

[1] closing statement, which refers to or relates to an  
 [2] agreement to adjust the amount that Mr. Hamilton would be  
 [3] paying?  
 [4] A: Because, at that juncture, as I think I indicated,  
 [5] there was not an agreement that it would be adjusted. That  
 [6] did not come about until a later time when it became  
 [7] apparent that there was not sufficient cash to uphold the  
 [8] September 1 agreement and value-setting time. It was - had  
 [9] the estate had the money or - to pay him or had he had the  
 [10] money from that operational period of time to tide him over  
 [11] in the summer months or the down season for bowling, then  
 [12] there would not have been a reduction and he would have made  
 [13] his payments. But there was no agreement at that juncture,  
 [14] to the best of my recollection.  
 [15] Q: During the period September through December 1992,  
 [16] your law firm continued to receive a management fee in  
 [17] connection with the Pacific Lanes Bowling Alley. Do you  
 [18] recall that?  
 [19] A: Yes.  
 [20] Q: Why was that?  
 [21] A: We had management fee that was - and that had  
 [22] been on kind of autopilot, as it were, for a long period of  
 [23] time. Those fees were not designated from - to "this fee is  
 [24] for managing the bowling alley." There were also fees that  
 [25] were paid for from Surfside - I can't remember if it was

[1] Hoffman-Stevenson or Surfside - that were part of the  
 [2] management fee payment. Those all went into a common pot  
 [3] against management hours spent on estate business purposes,  
 [4] whether it be Surfside, Hoffman-Stevenson or Pacific Lanes'  
 [5] business. At that juncture, that was a source of funds, and  
 [6] that had been coming in two or three years - I don't know,  
 [7] some substantial period of time.  
 [8] Q: Is it your position that your firm was entitled to  
 [9] a management fee for work done for Pacific Lanes during  
 [10] the period September 2, 1992 to December 1992?  
 [11] A: It was my position that the firm was entitled to a  
 [12] management fee for the business of the estate and that  
 [13] included different entities.  
 [14] Q: Do you believe that you were entitled to be paid  
 [15] for work done by your firm with regard to Pacific Lanes?  
 [16] A: Specifically Pacific Lanes at that time?  
 [17] Q: Yes.  
 [18] A: No, because management had been turned over to  
 [19] Mr. Hamilton.  
 [20] Q: Is there any document which reflects that, as of  
 [21] September 1, 1992, management of the bowling alley was under  
 [22] Mr. Hamilton?  
 [23] A: I can - you have all of the documents. There is  
 [24] no specific document that I can put my finger on.  
 [25] MR. TAYLOR: Let me take a couple-minute

[1] break. I need to find a document.  
[2] (Short recess.)  
[3] (Exhibit 11 marked  
[4] for identification.)  
[5] Q: Turning to the second-to-the-last page of Exhibit  
[6] 11, please.  
[7] MR. BULMER: Can you say on the record - I  
[8] don't know what these are. I don't recognize them. These  
[9] are checkbook entries.  
[10] MR. TAYLOR: My understanding is this is the  
[11] ledger from Hoffman-Stevenson, Inc.  
[12] Q: If you look at the entries, your Honor, for  
[13] example, on November 5, 1992, you see a check -  
[14] MR. BULMER: This one. Is that the one that  
[15] you are talking about?  
[16] MR. TAYLOR: Yes.  
[17] Q: Do you know what that check is for, November 5th,  
[18] 1992?  
[19] A: Specifically, it says "Pacific Lanes," no.  
[20] Q: I will have to get a different document at a  
[21] break. I'm sorry.  
[22] A: Can I rethink - you are coming at me in a very  
[23] specific way, and relative to the fees. The firm did  
[24] receive cash or payment from Pacific Lanes -  
[25] Q: Yes.

[1] A: - of whatever the number is. Maybe that is what  
[2] you are trying to tell me there. And you said we're I  
[3] entitled to fees for management. The firm was entitled to  
[4] fees for whatever services we performed for the estate, in  
[5] my view, whether that included Pacific Lanes and whether  
[6] it included Surfside or whatever matters it included.  
[7] In a general sense, the management or the  
[8] operation had been turned over to Mr. Hamilton effective  
[9] September 1st, but that did not mean there was not  
[10] involvement on behalf of the estate, i.e., with closing and  
[11] other things and maybe licensing things and other things  
[12] that would have been considered management relative to  
[13] Pacific Lanes for which the firm would have been entitled to  
[14] compensation.  
[15] Q: When was the State Gambling Commission first  
[16] contacted about changing the license to reflect  
[17] Mr. Hamilton's acquisition of the business?  
[18] A: I don't know.  
[19] Q: Well, was it before or after September 1 of 1992?  
[20] A: I don't know. You have the paperwork, sir. Show  
[21] me a paper and maybe we can establish it. But I do not know  
[22] independently.  
[23] (Exhibit 12 marked  
[24] for identification.)  
[25] Q: Exhibit 12 is an application for a liquor license

[1] transfer.  
[2] A: Yes.  
[3] Q: It is signed by you?  
[4] A: Yes.  
[5] Q: Is this the first involvement you had in  
[6] connection with applying for a change in the liquor license?  
[7] A: I don't know.  
[8] Q: Did you ever personally go to the State Liquor  
[9] Commission or Liquor Control Board physically?  
[10] A: No.  
[11] Q: To your knowledge, did Mr. Hamilton?  
[12] A: I don't know.  
[13] Q: Did you ever physically go to the State Gambling  
[14] Commission?  
[15] A: No, not that I recall.  
[16] Q: To your knowledge, did Mr. Hamilton?  
[17] A: I don't know.  
[18] Q: Do you recall having any dealings with the State  
[19] Liquor Control Board that predated September 28 of 1992?  
[20] MR. BULMER: May I ask just a clarifying  
[21] question?  
[22] MR. TAYLOR: Sure.  
[23] MR. BULMER: Can I say this without  
[24] suggesting an answer to my client? I don't mean to.  
[25] Is your question connected with the transfer

[1] of stuff? He had had contact with them earlier, in terms  
[2] of, you know, what can we do; how can we run it, when he was  
[3] running it before Mr. Hamilton was on the scene.  
[4] MR. TAYLOR: My question is related to  
[5] contact relating to them with the change in ownership.  
[6] MR. BULMER: Thank you. I didn't mean to -  
[7] Q: Did you have any dealings with the Liquor Control  
[8] Board relating to the change in ownership that predated  
[9] September 28 of 1992?  
[10] A: Not that I recall.  
[11] Q: Do you recall Mr. Hamilton ever telling you that  
[12] he had gone to the Liquor Control Board in August of 1992?  
[13] A: I do not recall dates five years ago.  
[14] Q: Do you have any reason to believe that he had gone  
[15] to the Liquor Control Board in August of 1992?  
[16] A: I wouldn't have any reason to believe that he did  
[17] or didn't.  
[18] Q: Was the Washington State Gambling Commission ever  
[19] advised of Mr. Hamilton's managerial responsibility with  
[20] regard to gambling operations prior to December of 1992?  
[21] A: I don't know.  
[22] Q: Did you ever do that?  
[23] A: Not that I recall.  
[24] (Exhibit 13 marked  
[25] for identification.)

[1] Q: Turning to the first page of Exhibit 13, do you  
[2] know whose handwriting that is?  
[3] A: No, I do not.  
[4] Q: Do you recall meeting with Bill Hamilton on  
[5] December 8, 1992?  
[6] A: I don't recall that I did or didn't. I mean,  
[7] December 8 - I can hardly remember what I did yesterday or  
[8] the day before.  
[9] MR. BULMER: Did you say you do recognize the  
[10] handwriting?  
[11] THE WITNESS: I do not recognize the  
[12] handwriting.  
[13] Q: Do you know who Mark Gullickson is?  
[14] A: I do not.  
[15] Q: Turn to the third page. Do you recognize that  
[16] handwriting?  
[17] A: I do not.  
[18] MR. BULMER: Is that the page that has "plus  
[19] conference at top" or something like that?  
[20] MR. TAYLOR: Yes.  
[21] Q: Turn to the fourth page. Do you recognize that  
[22] handwriting?  
[23] A: I do not.  
[24] Q: Do you recognize the name Dave Richmond?  
[25] A: No.

[1] Q: Does it refresh your recollection if I tell you  
[2] Mr. Richmond worked for First Interstate Bank?  
[3] A: The name has familiarity, but, beyond that, I do  
[4] not have independent recollection of who he was.  
[5] Q: The fifth page of Exhibit 13, do you recognize  
[6] that handwriting?  
[7] A: I do not.  
[8] Q: The sixth page, do you recognize that?  
[9] A: I do not.  
[10] Q: Seventh page?  
[11] A: It looks like the same handwriting. I still don't  
[12] recognize it.  
[13] Q: Page eight?  
[14] A: I do not recognize it.  
[15] Q: Page nine?  
[16] A: Do not recognize it.  
[17] Q: Page 10?  
[18] A: Do not recognize it.  
[19] MR. TAYLOR: Kurt, we are going to go back to  
[20] the thin file. About six pages back, there is a handwritten  
[21] document, legal size, that talks about liquor license. That  
[22] is it right there.  
[23] MR. BULMER: Is it two pages or one?  
[24] MR. TAYLOR: One page.

[1] (Exhibit 14 marked  
[2] for identification.)  
[3] Q: Do you recognize the handwriting on Exhibit 14?  
[4] A: I do not.  
[5] MR. TAYLOR: Kurt, I am going to the thick  
[6] file now; it has October 11, 1983.  
[7] (Exhibit 15 marked  
[8] for identification.)  
[9] Q: Do you recognize the handwriting at the top of  
[10] Exhibit 15?  
[11] A: Yes.  
[12] Q: Whose handwriting is that?  
[13] A: This appears to be my handwriting.  
[14] Q: The entry, at the upper right-hand corner, says,  
[15] "Paid in full 10-12-93, Grant L. Anderson." Is that your  
[16] handwriting?  
[17] A: Yes.  
[18] Q: Why did you make that entry on there?  
[19] A: I believe that that is when the renegotiation that  
[20] Mr. Fisher and Mr. Hamilton put together and Mr. Fisher came  
[21] to me and said, "Will you sign these closing documents,  
[22] which would include the note, because you are still  
[23] president of the company," and I think that is when it was  
[24] completed, and that is why I signed it.  
[25] Q: Had the note been paid in full?

Page 133

Page 136

[1] A: Yes.  
[2] Q: Who did you believe the payments were being made  
[3] by?  
[4] A: Mr. Hamilton.  
[5] Q: What discussion, if any, did you have with  
[6] Mr. Rush about car payments being made by Mr. Hamilton?  
[7] A: I think the discussions were not significant or  
[8] not many, but I think I told him that they were gifts from  
[9] Mr. Hamilton.  
[10] Q: Did you tell him anything else?  
[11] A: I believe I told him that we - to the best of my  
[12] recollection, I said the car was taken off the table, if  
[13] that is the right nomenclature, that I would put it in at  
[14] full value with no deduction for any amount that may be  
[15] owed.  
[16] Q: Had you told your ex-wife about the payments being  
[17] made by Mr. Hamilton?  
[18] A: Mr. Taylor, at this juncture, when we talked last  
[19] time, I told you very candidly, I think, what I thought that  
[20] I had said. I know you have a statement from my wife that I  
[21] suspect is on the subject, and I know, by commission policy,  
[22] you may not even acknowledge that you do or don't have it,  
[23] but you can't give it to me, in any event, or I can't see  
[24] it. I guess I would rather reflect on - until I have an  
[25] opportunity to see it or reflect on it, I would rather

Page 134

Page 137

[1] A: It had been - it depends on when you say, "Had it  
[2] been paid in full." I am going to say either via credit or  
[3] cash, to the best of my knowledge, or I was so advised.  
[4] Q: When you say "via credit or cash," how did you  
[5] mean?  
[6] A: I think we talked about earlier the offset for the  
[7] operational period from September 1st to December - end  
[8] of December '92.  
[9] Q: The handwriting, in the upper left-hand corner, it  
[10] says, "Original note at First Interstate Bank assigned as  
[11] part of security"; that is your handwriting?  
[12] A: Yes.  
[13] Q: When did you make that entry on the promissory  
[14] note?  
[15] A: I do not know.  
[16] Q: Do you recall discussions with Mr. Richmond at  
[17] First Interstate Bank about this promissory note?  
[18] A: I discussed it with somebody. It may have been  
[19] Mr. Richmond. I don't recall who.  
[20] Q: You are the person who physically took the  
[21] original note to First Interstate Bank?  
[22] A: I do not recall that.  
[23] Q: Do you have any reason to believe it was someone  
[24] else?  
[25] A: It could have been Jackie or it could have been

Page 135

Page 138

[1] Janet. They were going down there on a regular daily basis.  
[2] MR. TAYLOR: Kurt, I will tell you where to  
[3] find this if he is recognizes the handwriting.  
[4] (Exhibit 16 marked  
[5] for identification.)  
[6] Q: Do you recognize this handwriting, your Honor?  
[7] A: I do not.  
[8] MR. BULMER: Wait. I will find it.  
[9] Q: There is an entry, second from the bottom, that  
[10] says "250,000 adjust to 125,000." Do you know what that  
[11] refers to?  
[12] A: I do not.  
[13] Q: There is an entry that reads "benefit of bargain,"  
[14] do you know what that refers to?  
[15] A: I do not.  
[16] MR. BULMER: Let me find it here.  
[17] MR. TAYLOR: I am going to move on, Kurt.  
[18] Q: What discussions did you have with attorney  
[19] William Rush about the car payments made on your Cadillac by  
[20] Pacific Recreation?  
[21] A: I don't believe, when I had any discussions with  
[22] him, I was aware that any payments were being made by  
[23] Pacific Recreation.  
[24] Q: Did you believe that the payments were being made  
[25] by somebody other than yourself?

[1] A: Can you repeat that question, please.  
[2] Q: It is an awkward -  
[3] MR. BULMER: Let me make it simple. I will  
[4] make it easy. I have no problem with him, as long as we are  
[5] not expressly waiving, acknowledging, in preparation for  
[6] this deposition, I showed him a copy of this recently.  
[7] Conversations connected with what we talked about in  
[8] connection with it, I would like to preserve. Other than  
[9] what I have -  
[10] A: I have seen it, yes.  
[11] Q: In or around July or August of 1995, did you see a  
[12] copy of this letter?  
[13] A: I believe I did.  
[14] Q: Turn to the second page, paragraph number 6.  
[15] There is a request "Please provide us with all of the  
[16] documentation that supports this relationship," et cetera.  
[17] What documentation, if any, did you provide in response to  
[18] this?  
[19] A: To the best of my recollection, none. I think the  
[20] notation it is "free and clear title on the car" was put in  
[21] and any monies owed on the car was not considered.  
[22] Q: Did you discuss this with Mr. Rush?  
[23] A: I think we - I think - yes.  
[24] Q: What did you discuss?  
[25] A: Just what the note says, that the title is free

Page 139

[1] and clear. The payments were gifts, that that gave - I had  
[2] concern, as far as the deduction on the - on the debt side  
[3] of things, and I said I took it out of the equation long  
[4] ago, clear before Mr. Rush was even involved.  
[5] Q: Have you discussed with Mr. Hamilton any recent  
[6] amendments to Pacific Recreation's tax return relating to  
[7] the Cadillac payments?  
[8] A: No.  
[9] Q: Have you discussed with Mr. Hamilton any recent  
[10] contact he has had with either the State Gambling Commission  
[11] or the Washington State Liquor Control Board?  
[12] A: I do know, in discussions, that he went down after  
[13] his deposition with you to find out what, in fact, were in the  
[14] records of those respective agencies.  
[15] Q: What did you discuss with him?  
[16] A: Just the fact that he went down to look at them.  
[17] Q: When was the discussion?  
[18] A: I can't tell you, some time ago. It would have  
[19] been after your deposition. That is all that I can tell  
[20] you.  
[21] Q: What did he tell you he found?  
[22] A: Nothing of any specificity. He said - I remember  
[23] him saying they had to dig them out of archives or something  
[24] of that nature, and that is literally about all I know.  
[25] Q: Did he tell you that they did not have documents

Page 140

[1] which he claimed that he had submitted to them?  
[2] A: He said their files were a mess, that they had -  
[3] did not keep very good files, that they had had a purging  
[4] operation in one or the other, and I can't tell you which  
[5] one.  
[6] Q: He said they had purged documents?  
[7] A: One agency or the other - and I can't tell you  
[8] which one - in archives, that there had been a purging  
[9] operation going on.  
[10] Q: With respect to the files of Pacific Recreation?  
[11] A: Oh, I don't think he ever said that specifically.  
[12] Q: Tell me, the best that you can recall, what he said  
[13] about documents being purged.  
[14] A: That they - either on contract or with some -  
[15] somebody, they were purging or cleaning out their files, and  
[16] that a substantial number of files had been purged without  
[17] guidelines and substantially thrown away or cleaned out.  
[18] That is about all I - that's about it. Did it reflect on  
[19] this one or not? I don't know.  
[20] Q: Is it correct that the first contact you had with  
[21] the automobile agency that sold you the Cadillac is when  
[22] Mr. Mark Rauschert called you?  
[23] A: I honestly can't recall. I don't know whether he  
[24] called me or I went in. I don't - I do not recall. At  
[25] this juncture, I do not recall. But I don't know.

Page 141

[1] Q: Didn't Mr. Rauschert call you and say Bill  
[2] Hamilton had suggested to Mr. Rauschert that Mr. Rauschert  
[3] call you?  
[4] A: I don't have any such recollection. I don't know  
[5] that he didn't. But I do not have a recollection of any  
[6] phone call.  
[7] MR. BULMER: Do you know how to spell  
[8] Rauschert?  
[9] MR. TAYLOR: I think it is R-a-u-s-c-h-e-r-t.  
[10] Q: The excise tax affidavit that we went over in your  
[11] prior deposition, it is my understanding now that someone in  
[12] your office dealt with the Pacific County Assessor's Office  
[13] with regard to that?  
[14] A: Primarily, yes.  
[15] Q: Who would that be?  
[16] A: Diane DeLyon (ph.).  
[17] Q: What did she do?  
[18] A: You would have to ask her specifically what she  
[19] did, but I think she called Charlie Mills, at Pacific County  
[20] Title, got a determination from him that value, sales value,  
[21] for excise tax affidavit purposes was the assessed value and  
[22] got that number from him and that is the number that she  
[23] used.  
[24] Q: Did she report that number to you then?  
[25] A: She typed it on the document.

[1] Q: Did you ask her where she got that number?  
[2] A: At this juncture, I don't remember. It was a tax  
[3] value, as opposed to cash paid, because there was no cash  
[4] paid.  
[5] MR. TAYLOR: Why don't we take five.  
[6] (Short recess.)  
[7] MR. TAYLOR: I don't have anything further.  
[8] (The deposition concluded  
[9] at 3:06 p.m.)  
[10] (Signature was not waived.)

Page 142

[1] AFFIDAVIT  
[2]  
[3] STATE OF WASHINGTON )  
[4] COUNTY OF KING ) ss.  
[5]  
[6] I have read my within deposition,  
[7] and the same is true and correct, save and  
[8] except for changes and/or corrections, if any,  
[9] as indicated by me on the "CORRECTIONS" leaflet  
[10] page hereof.  
[11]  
[12] GRANT L. ANDERSON  
[13]  
[14]  
[15] SUBSCRIBED AND SWEARN to before me  
[16] this \_\_\_\_ day of \_\_\_\_ 1997.  
[17]  
[18]  
[19]  
[20]  
[21] NOTARY PUBLIC in and for  
the State of Washington,  
residing at \_\_\_\_.  
[22] My commission expires

Page 143

[1] CERTIFICATE  
[2]  
[3] STATE OF WASHINGTON )  
[4] COUNTY OF KING ) ss.  
[5]  
[6] I, the undersigned officer of the Court,  
[7] under my commission as a Notary Public in and for  
the State of Washington, hereby certify that the  
[8] foregoing deposition upon oral examination of the  
witness named herein was taken stenographically  
[9] before me and thereafter transcribed under my  
direction;  
[10] That the witness before examination was  
[11] first duly sworn by me to testify truthfully; that  
the transcript of the deposition is a full, true  
[12] and correct transcript of the testimony, including  
questions and answers and all objections, motions,  
[13] and exceptions of counsel made and taken at the  
time of the foregoing examination;  
[14] That I am neither attorney for, nor a  
[15] relative or employee of any of the parties to the  
action; further, that I am not a relative or  
[16] employee of any attorney or counsel employed by the  
parties herein, nor financially interested in its  
outcome.  
[17] IN WITNESS WHEREOF, I have hereunto set my  
hand and seal this 7th day of July, 1997.  
[18]  
[19]  
[20]  
[21] Patrice E. Starkovich  
NOTARY PUBLIC in and for the  
State of Washington, residing  
at Seattle.  
[22] My Commission Expires 5-31-2000.

Page 144