



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE BEGINNING OF MUR # 4356

DATE FILMED 9-17-67 CAMERA NO. 4

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BEFORE THE
FEDERAL ELECTION COMMISSION

THE CENTER FOR RESPONSIVE POLITICS,)
1320 19th Street, NW)
Suite 700)
Washington, D.C. 20036)
(202) 857-0044)
Complainant,)
v.)
Dynamic Energy Resources, Inc.,)
Nora Lum, and Stuart Price)
Respondents.)

MUR 4356
COMPLAINT

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
MAY 1 10 22 AM '96

COMPLAINT OF THE CENTER FOR RESPONSIVE POLITICS

1. This complaint charges that respondents Dynamic Energy Resources, Inc. ("Dynamic") and Nora Lum made contributions and/or expenditures of corporate funds in connection with elections to federal office and that Respondent Stuart Price knowingly accepted or received prohibited contributions, all in violation of the Federal Election Campaign Act, 2 U.S.C. §431 et seq., as amended ("FECA").

PARTIES

2. Complainant Center for Responsive Politics ("Center") is a nonprofit, nonpartisan research organization incorporated in the State of Iowa and headquartered in Washington, D.C. that studies the role that money plays in federal elections. Founded in 1983, the Center was designed to study Congress and examine potential reforms that could improve both its internal operation and its responsiveness to the American public.

3. Respondent Dynamic is a business corporation based in Tulsa, Oklahoma, engaged in the natural gas business.

4. Respondent Stuart Price was the president and member of the board of directors of Dynamic in 1994. Respondent Price resigned from the company to run for Congress in 1994. He was the Democratic candidate for

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congress from the first district in Oklahoma. He returned to work for Dynamic after he lost the election.

5. Respondent Nora Lum was chair of Dynamic's board of directors in 1994.

APPLICABLE STATUTES AND REGULATIONS

6. The FECA prohibits any corporation whatever to make a contribution or expenditure in connection with any election for, *inter alia*, representative to Congress and prohibits any candidate knowingly to accept any such contribution. Further, the FECA prohibits any officer or director of any corporation from consenting to a prohibited corporate contribution or expenditure. 2 U.S.C. §441b(a); 11 C.F.R. §114.2.

7. The term "contribution or expenditure" includes any direct or indirect payment, distribution, loan, advance, deposit, or gift of money, or any services, or anything of value to any candidate, campaign committee, or political party or organization, in connection with any election for, *inter alia*, representative to Congress. 2 U.S.C. §441b(b)(2); 11 C.F.R. §114.1.

GROUND FOR COMPLAINT

8. Attached as Exhibit 1 is a partial transcript of testimony in *Linda Price v. Eugene Lum, Nora T. Lum, Kathy Nojima, Michael Brown, and Dynamic Energy Resources, Inc.*, No. CJ-95-1948 (Okla. Dist. Ct., Jan. 8, 1996) ("Transcript"). The Transcript contains portions of the minutes of an August 1, 1994 meeting of Dynamic's board of directors ("minutes"). According to the minutes, Respondent "Nora Lum stated that in exchange for the stocks held by the Prices, Dynamic Energy Resources, Inc., will contribute \$150,000 to Stuart [Price's] campaign." According to the minutes, the board resolved that Respondent "Dynamic spend \$150,000 for the benefit of Stuart's campaign and at the end of the election the unspent monies would be paid to Stuart as attorney and consultant's fee." Transcript at 173, 74.

9. According to the testimony of Stuart Price, he received \$100,000 from

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Dynamic in December of 1994, after he had lost his bid for Congress and returned to the company. Transcript at 27-28.

10. According to the minutes, Dynamic paid \$30,000 to an organization with which Stuart Price's brother, Robert Price, was affiliated. According to the minutes, "Chairman Nora Lum informed the board that the payment was to enable Robert Price, Stuart's brother, to be a full-time campaign manager" for Stuart Price's campaign. Transcript at 262-63.

11. According to the testimony of Stuart Price, Robert Price became Respondent Price's campaign manager in June of 1994. Transcript at 262.

12. According to records of Dynamic's expenditures and consultant fees, corporate funds were used to pay certain expenses of Minister Roderick Ewell. According to the testimony of Stuart Price, Reverend Ewell was involved in [Price's] campaign for Congress. Transcript at 252-53.

13. According to records of Dynamic's expenditures and consultant fees, corporate funds were used to pay certain expenses of Reverend Carl Washington. According to the testimony of Stuart Price, Reverend Washington was "flown by the company [Dynamic] to work on the Kennedy campaign." Transcript at 253-54.

14. According to records of Dynamic's expenditures, corporate funds were used to pay for Nora Lum, Eugene Lum—also a member of Respondent Dynamic's Board of Directors in 1994—and their daughters, Nickie Lum and Trisha Lum, to travel to Boston. According to the testimony of Stuart Price, the purpose of that trip was "to go help Ted Kennedy win his senate seat." Transcript at 86-87.

15. According to the testimony of Stuart Price, Respondent Price knowingly remained on Dynamic's health insurance plan after he had resigned from the company to run for Congress. Respondent Price did not reimburse the company for the cost of the health insurance, nor did he report the cost of the insurance as a contribution to his campaign. Transcript at 140, 153-55.

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16. Upon information and belief, Respondent Dynamic made contributions and/or expenditures of corporate funds to congressional candidate Stuart Price in connection with his election to federal office by: contributing approximately \$150,000 in corporate funds to his campaign; spending approximately \$30,000 in corporate funds to enable Robert Price to become Stuart Price's campaign manager; using corporate funds to pay certain expenses of Minister Roderick Ewell while he was assisting the federal campaign of Respondent Price; and paying for Respondent Price's health insurance after he left the company to run for office, all in violation of the applicable provisions of the FECA.

17. Upon information and belief, Respondent Dynamic made contributions and/or expenditures of corporate funds to congressional candidate Edward Kennedy in connection with his election to federal office by using corporate funds to pay the expenses of Respondent Lum, Eugene Lum, Nickie Lum and Trisha Lum for a campaign trip to Boston and by using corporate funds to pay the expenses of Reverend Carl Washington in connection with his work on the Kennedy campaign, in violation of the applicable provisions of the FECA.

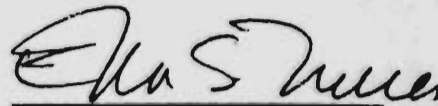
18. Upon information and belief, Respondent Nora Lum was instrumental in making contributions and/or expenditures of corporate funds to congressional candidate Stuart Price in connection with his election to federal office by consenting to the contribution of approximately \$150,000 in corporate funds to his campaign and to the expenditure of approximately \$30,000 in corporate funds to enable Robert Price to become Stuart Price's campaign manager, in violation of the applicable provisions of the FECA.

19. Upon information and belief, Respondent Stuart Price knowingly accepted and received prohibited contributions by remaining on Dynamic's health insurance plan after he resigned from the company to run for office, in violation of the applicable provisions of the FECA.

RELIEF

20. The Center respectfully urges the Commission to conduct a prompt and thorough investigation into the allegations in this Complaint, and of all related instances of violations of the FECA by Respondent Dynamic and its officers and directors, and to declare that the Respondents have violated the FECA, and to impose penalties for each violation. Finally, the Center urges the Commission to investigate whether the violations described above were knowing and willful so as to mandate enhanced penalties.

Respectfully submitted,



Ellen S. Miller
Executive Director
CENTER FOR RESPONSIVE POLITICS
1320 19th Street, NW
Washington, D.C. 20036
(202) 857-0044

Dated: May 6, 1996

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VERIFICATION

The undersigned complainant, on behalf of the Center for Responsive Politics, swears that the statements in this Complaint are based on the sources indicated, and, as such, are true and correct to the best of her information and belief.

Ellen S. Miller

Ellen S. Miller

District of Columbia)

) ss

Subscribed and sworn to before
me this 6th day of May, 1996

Robbyn M. Whermy

Notary Public

My Commission Expires May 1, 1998

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Exhibit 1

Partial Transcript of Testimony

*Linda Price v. Eugene Lum, Nora T. Lum, Kathy Nojima,
Michael Brown, and Dynamic Energy Resources, Inc.,
No. CJ-95-1948 (Okla. Dist. Ct., Jan. 8, 1996)*

IN THE DISTRICT COURT IN AND FOR TULSA COUNTY
STATE OF OKLAHOMA

LINDA PRICE,
Plaintiff,

-vs-

EUGENE LUM, NORA T. LUM,
KATHY NOJIMA, MICHAEL BROWN,
and DYNAMIC ENERGY RESOURCES,
INC.,

Defendants.

COPY

CASE NO. CJ-95-1948

PARTIAL TRANSCRIPT OF PROCEEDINGS

July 7, 1995

August 3, 1995

August 23, 1995

HEARD BEFORE THE

HONORABLE JEFFERSON D. SELLERS

A P P E A R A N C E S

FOR THE PLAINTIFF: MR. C. S. LEWIS
MS. MARILYN WAGNER
Attorneys at Law
Tulsa, Oklahoma

FOR THE DEFENDANT: MR. JOEL WOHLGEMUTH
MR. JOHN DOWDELL
Attorneys at Law
Tulsa, Oklahoma

REPORTED BY:
JUDY K. MULLINS, CSR
OFFICIAL SHORTHAND REPORTER
TULSA COUNTY, OKLAHOMA

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JULY 7, 1995

WILLIAM STUART PRICE,

called as a witness on behalf of the plaintiff, after
having been first duly sworn, testified as follows:

DIRECT EXAMINATION

BY MR. LEWIS:

Q Would you state your name, please.

A William Stuart Price.

Q Mr. Price, where do you live?

A I live at 2131 East 27th Street, Tulsa, Oklahoma.

Q And you're married?

A Yes, I'm married to Linda Mitchell Price and have
been for 15 years.

Q You have children?

A Yes, I have got four, Stephanie, 11, Stu, 9, Jackie,
7, and Nicky, 3.

Q Mr. Price, would you describe your educational
background?

A I received my JD from Tulsa University, and I
received my undergraduate degree in political science from
the University of Massachusetts at Amherst.

Q And since you obtained those degrees, what has been
your business or occupation?

A I've been engaged in the oil and gas business and
investments.

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1 Q Have you ever practiced law as an attorney?

2 A Not once.

3 Q When was the first time that you had occasion to
4 meet Gene and Nora Lum?

5 A A friend, actually at the Democratic National
6 Committee. They called me and said that there were some
7 people who were in town who were in a real bad way because
8 they were involved in an oil and gas deal --

9 MR. WOHLGEMUTH: I'm going to object as hearsay,
10 Your Honor.

11 THE COURT: I think the question has been more
12 than answered. I'm going to sustain the objection and ask
13 you to ask another question.

14 THE WITNESS: Fair enough.

15 Q (By Mr. Lewis) You were introduced to the Lums at
16 what point in time?

17 A Yeah, August, 1993.

18 Q And where was that?

19 A It was at a hotel. They were living in the Marriott
20 Hotel.

21 Q What city?

22 A In Tulsa, Oklahoma.

23 Q And did you have conversations with the Lums?

24 A Yes. I had conversation with Gene Lum, and he
25 stated that --

1 MR. WOHLGEMUTH: I'm going to object as not
2 responsive.

3 THE COURT: Let me -- Let me ask you, Mr. Price,
4 if you'd try to answer the question of Mr. Lewis and then
5 stop, maybe Mr. Lewis can direct the examination in a way
6 that will draw fewer objections. The objection is
7 sustained. You may ask another question, Mr. Lewis.

8 Q (By Mr. Lewis) What did the Lums tell you when you
9 first met them?

10 A That they had an option to purchase the Gage
11 Corporation.

12 MR. WOHLGEMUTH: We're going to object, Your
13 Honor, unless we identify what individual Mr. Price was
14 having the conversation with.

15 THE COURT: All right.

16 MR. LEWIS: I'll follow up on that.

17 THE COURT: I understood it to be the defendants
18 in this case.

19 MR. WOHLGEMUTH: He said the Lums. I don't
20 know who he specifically --

21 THE COURT: I don't know how many Lums there
22 are. If you would, please.

23 MR. WOHLGEMUTH: A number of them.

24 Q (By Mr. Lewis) Mr. Price, if I refer to the Lums
25 during this examination, unless I say otherwise I'm going

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1 to be referring to Gene and Nora Lum. Will you understand
2 that?

3 A Yes, sir.

4 Q And is it Gene and Nora Lum that you met in August
5 in Tulsa?

6 A Yes, sir.

7 Q And what was the nature of the conversation that you
8 had with Gene and Nora Lum? Was it with both Gene and
9 Nora Lum?

10 A It was with both of them, and they were wanting some
11 assistance to purchase the Gage assets that they had an
12 option on, and Gage is an oil and gas processing system in
13 southeast Oklahoma.

14 Q Did they advise you of why they were interested in
15 Gage?

16 A Yes. They thought there was a business opportunity
17 there. They had an option from one of their friends, Jim
18 Kitchens, who was a real estate construction fellow, I
19 guess, in Hawaii, who also had an interest in the Gage
20 Corporation.

21 Q Did they ask for your help?

22 A Yes, they did.

23 Q Did you discuss with the Lums what, if any,
24 experience they had in the oil and gas business?

25 A Yes, I did, and I discussed with them --

1 Q And what -- Let me finish. And what were you told
2 by them?

3 A I was told by Gene and Nora Lum that they had
4 absolutely no oil and gas experience, quote from Nora,
5 "This isn't my town, and I don't understand this
6 business," and they requested my help.

7 Q Did you agree to help?

8 A Yes, I did.

9 Q As part of the agreement that you entered into, was
10 a corporation discussed?

11 A Yes, it was.

12 Q And what was that?

13 A It was Dynamic Energy Resources.

14 Q And was that corporation formed?

15 A Yes, it was. It was formed. It was a Delaware
16 corporation formed in, I believe, October of 1993.

17 Q Did you and the Lums discuss what the ownership of
18 that corporation would be?

19 A Yes.

20 Q And was there an agreement reached?

21 A Yes.

22 Q And what was the ownership of the corporation to be?

23 A The initial ownership was 70 percent in Ki
24 Corporation, K-I Corporation.

25 Q What was Ki Corporation?

1 A That was a corporation that was owned by Nora Lum.

2 Q All right.

3 A And 30 percent in Denver Oil and Mineral
4 Corporation, which is a company I own 100 percent of, has
5 been an Oklahoma based corporation since 1980.

6 Q Was there a later point in time when the ownership
7 of the corporation changed?

8 A Yes.

9 Q And in what manner did it change?

10 A Well, after the Gage transaction, my 30 percent went
11 26 percent to my wife, Linda Mitchell Price, and one
12 percent each to my children, which is four percent,
13 Stephanie, Nicky, Jackie, and Stu, and the -- the Lums was
14 in Ki Corporation, 60 percent stayed in Nora Lum, and five
15 percent went to Michael Brown, Secretary Brown's son --
16 Secretary of Commerce Ron Brown's son -- and about eight
17 other people, including their relatives, friends.

18 Q Had the other five percent?

19 A Had the other five percent.

20 Q What was the purpose for forming Dynamic Energy?

21 A To purchase the assets from Gage.

22 Q Did you participate in the attempt to purchase the
23 assets from Gage?

24 A Totally.

25 Q At the time that Dynamic Energy was formed, were

1 there directors elected?

2 A Yes.

3 Q And who were the initial directors?

4 A I believe the four initial directors were me, Nora
5 Lum, Gene Lum, and Kathy Nojima.

6 Q Were officers elected at the time the corporation
7 was formed?

8 A Yes, Mr. Lewis.

9 Q Were you elected to an office?

10 A Yes. I was elected president of Dynamic.

11 Q In pursuing the Gage asset acquisition, what role
12 did you play?

13 A I played a pretty significant role. I did all of
14 the negotiation; I participated in all of the due
15 diligence of the company to determine what the assets were
16 valued at, et cetera, things you would do in a business
17 transaction.

18 Q In what capacity were you negotiating for the Gage
19 assets?

20 A As president of the corporation. Case in point, the
21 corporation --

22 MR. WOHLGEMUTH: Objection, Your Honor, not
23 responsive.

24 THE COURT: You may develop the testimony
25 further by additional questions, if you wish. The

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1 objection is sustained.

2 Q (By Mr. Lewis) At the time the corporation was

3 formed, was there any agreement as to what salary you or

4 the Lums would receive?

5 A Yes.

6 Q What was that?

7 A None.

8 Q No salary?

9 A No salaries.

10 Q Was there an agreement as to how you or the Lums

11 would receive remuneration from Dynamic Energy?

12 A Yes. The profits were to be shared proportionately

13 to the stock ownership.

14 Q At the time Dynamic Energy was formed, did any of

15 the shareholders contribute any cash into the company?

16 A The first financial contribution to the company came

17 from Denver Oil and Mineral Corporation, which was

18 \$20,000.

19 Q And in what form did that come in?

20 A It was prior to the closing. It was in the form of

21 a loan to pay -- to make sure that some creditors didn't

22 foreclose on Gage before we closed it. So I wrote a

23 \$20,000 check.

24 Q By the time of the Gage closing, had any money been

25 put into the corporation by the Lums?

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1 A No, sir.

2 Q Had any money been put into the corporation -- I'm
3 referring to Dynamic Energy -- by any other shareholders
4 other than the 20,000 loan you just referred to?

5 A No, sir.

6 Q Did you negotiate the ultimate purchase price for
7 the Gage assets?

8 A Yes, Mr. Lewis.

9 Q What was that purchase price?

10 A The ultimate purchase price was about 9.4 million
11 dollars.

12 Q And was part of that to be paid in cash?

13 A Yes.

14 Q How much was to be paid in cash?

15 A Approximately 6.3 million was paid in cash, and the
16 remaining was in a note.

17 Q Prior to the closing of the acquisition of the Gage
18 assets, did you take any other steps with regard to
19 negotiations?

20 A Yes.

21 Q And what were those?

22 A Well, the Lums had no money to contribute, and they
23 tried to go to the Bank of Oklahoma to borrow the money,
24 and the Bank of Oklahoma would not loan the money to the
25 corporation.

1 MR. WOHLGEMUTH: I'm going to object as hearsay,
2 Your Honor, as to any conduct of the Bank of Oklahoma.

3 THE COURT: All right. Do I understand you wish
4 to ask a different question?

5 MR. LEWIS: Please, Your Honor.

6 THE COURT: All right. I will allow it.

7 Q (By Mr. Lewis) Mr. Price, did you participate in any
8 discussions with Bank of Oklahoma?

9 A Yes, I did.

10 Q Did you participate in discussions with regard to
11 whether the bank was interested in making a loan to either
12 Dynamic Energy or the Lums in regard to the Gage
13 transaction?

14 A Yes.

15 Q Was a loan obtained from the Bank of Oklahoma?

16 A No.

17 Q Was a strategy developed as to how to finance the
18 purchase of the assets from Gage?

19 A Yes.

20 MR. WOHLGEMUTH: I'm going to object, Your
21 Honor, and renew the objection made earlier with respect
22 to the attorney/client privilege.

23 THE COURT: Overruled.

24 Q (By Mr. Lewis) Who developed the strategy?

25 A I did. I would discuss it with --

1 MR. WOHLGEMUTH: I'm going to object, not
2 responsive. He asked who developed the strategy.

3 Q (By Mr. Lewis) And as you developed the strategy,
4 did you share your thoughts with anyone?

5 A Yes.

6 Q With whom?

7 A Nora Lum and Gene Lum.

8 Q And what was the strategy that you developed in
9 order to have the money to close the Gage acquisition?

10 A Well, the strategy was there were two pieces to this
11 puzzle. One was the Gage asset; the other was the
12 litigation that Gage had filed against a local public
13 utility. And as part of settling -- buying Gage and
14 settling the litigation, there was a gas contract that
15 Dynamic would receive from the local public utility.

16 Q And was that gas contract something that was
17 negotiated?

18 A It was negotiated, oh, 10 or 15 days prior to
19 closing, that in the event it closed that the company
20 would receive that gas contract.

21 Q And were you the party involved in that negotiation?

22 A Yes.

23 Q Was there any other part to your strategy --

24 MR. WOHLGEMUTH: Objection, Your Honor. I would
25 like to object to this testimony in its entirety at this

1 point on grounds of relevance. We're talking about
2 whether there is any threatened activity in 1995 that's
3 going to result in the potential insolvency of the
4 company, not Mr. Price's involvement back in 1993
5 purchasing the original assets.

6 THE COURT: Mr. Lewis, is this background
7 primarily?

8 MR. LEWIS: This is background primarily, but
9 it's an important part of showing what the business of
10 Dynamic was, how it came to be, and what was to happen
11 with the money, and I don't intend to spend a lot of time
12 developing it.

13 THE COURT: That's my concern, that whatever
14 prejudicial -- whatever probative value there may be may
15 be outweighed by the delay of game, so to speak, and I
16 would ask you to speed through it, if you would.

17 MR. LEWIS: Very well, Your Honor.

18 THE COURT: I will allow you to lead as far as
19 that is concerned in view of everybody's concern about the
20 time.

21 Q (By Mr. Lewis) Did you develop a strategy as part of
22 the Gage transaction to raise the money for the Gage
23 closing?

24 A Yes.

25 Q And what was that?

1 A It was to sell off half of the gas contract to
2 Associated Natural Gas here in town, who agreed to pay 7.5
3 million dollars simultaneous to us closing so we would
4 have the monies available to fund the Gage acquisition.

5 Q And did that sale of half of the gas contract occur?

6 A Yes, sir.

7 Q And did Dynamic Energy receive seven point --

8 A Five million.

9 Q Seven point five million dollars?

10 A Yes, sir.

11 Q And was some of that 7.5 million dollars used to
12 fund the closing of the purchase of the Gage assets by
13 Dynamic?

14 A Approximately 6.3 million dollars. So even at
15 closing there was about a million two on hand -- cash on
16 hand.

17 Q So that the company, Dynamic, with no input in the
18 way of cash other than the \$20,000 loan that you testified
19 to, ended up closing and becoming the owner of the assets
20 of Gage Corporation, minus one-half of the gas contract
21 and still had over a million dollars in cash?

22 A Yes, sir.

23 Q Once the Gage contract had been closed -- And where
24 was that closing?

25 A It was at the offices of McAfee & Taft in Oklahoma

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1 City. We were represented by the Lindsey law firm in
2 Arkansas.

3 Q Who was represented by the Lindsey law firm?

4 A Dynamic Energy.

5 Q Following the Gage closing, describe for the Court
6 what the business of Dynamic Energy was?

7 A State your question again, please.

8 Q Following the Gage acquisition, what was the
9 business of Dynamic Energy?

10 A Two separate really enterprises, if you will. One
11 is the gas gathering facility, which is about 100 miles of
12 line, gathering processing facilities in Creek and
13 Okfuskee County, and that was part of it, four employees
14 there, and they tried to gather gas, sell them under small
15 contracts, and the second aspect was the other half of the
16 ONG contract, which was a very important, I guess
17 profitable opportunity in relation to the pipeline, which
18 really wasn't very profitable at all.

19 Q How many employees did Dynamic Energy need in order
20 to operate its business once it had acquired the Gage
21 assets?

22 A Well, once it acquired them, say, three full-time
23 field people and one part-time field person, somebody to
24 answer the phone in the office.

25 Q What was the magnitude --

1 A It's a very low volume system, Mr. Lewis.

2 Q What was the magnitude of the monthly receipts and
3 disbursements of operating the Gage pipeline once Dynamic
4 owned it?

5 A Well, the receipts were 50,000, and the expenses and
6 costs of gas were always over 50,000. So it was losing
7 money.

8 Q Now, the other half of the gas contract that you
9 referred to, were any steps taken to try to --

10 A Yes.

11 Q -- liquidate that?

12 A Well, yeah. With my connections in the business, I
13 thought a good candidate to acquire the other half of this
14 contract would be Enogex, and I approached Enogex and
15 offered to sell it to them at a price.

16 Q Did you ultimately strike a deal with Enogex?

17 A Yes.

18 Q And for what?

19 A Eleven million two hundred fifty thousand.

20 Q That was for the purchase of the other half of the
21 gas contract?

22 A Yes, sir.

23 (Thereupon, an Off-the-Record discussion was held.)

24 THE COURT: All right. Thank you, Mr. Lewis.

25 Go ahead.

1 Q (By Mr. Lewis) When was the closing of the Enogex
2 sale?

3 A March of 1994, so four months after we closed the
4 Gage deal.

5 Q Following the closing of that sale, what was the
6 financial condition of Dynamic Energy?

7 A About 12 million dollars cash in the bank and a
8 pipeline.

9 Q Were there any discussions between the Prices and
10 the Lums regarding a shareholder distribution of any of
11 that 12 million dollars after you had closed the Enogex
12 deal?

13 A Yes.

14 Q What were those discussions?

15 A The discussions were that those proceeds were going
16 to be given to the stockholders on a pro rata basis. As a
17 matter of fact, in about April or May after the closing,
18 it was distributed 5.2 million dollars to Nora Lum and 2.5
19 million -- 2.540,000 to Linda Price in May.

20 Q Of 1994?

21 A I believe so.

22 Q Following the closing of the Enogex deal, did you
23 have any conversations with either of the Lums regarding
24 their feelings about that closing?

25 A They were ecstatic. I mean, it's pretty obvious

1 that it was a very good deal for the corporation and the
2 stockholders. It was just a great win.

3 Q Following the distribution to shareholders that you
4 just referred to, how much cash was left in May of 1994 in
5 Dynamic Energy?

6 A I believe there was about 4.1 million dollars left
7 in May.

8 Q Did you have any discussions with either of the Lums
9 with regard to what would be done with that remaining 4.1
10 million dollars?

11 A Yes. That was going to be distributed to the --

12 MR. WOHLGEMUTH: Objection, Your Honor.

13 A -- stockholders on a pro rata basis.

14 MR. WOHLGEMUTH: Objection. The witness was
15 asked if he had a conversation with either of the Lums,
16 and I don't believe his answer is responsive. Our
17 objection is if so he should identify the individual who
18 the discussion was with and give some specifics regarding
19 what that individual said and what he said.

20 THE COURT: The objection will be overruled.

21 You may inquire as to the specifics on cross-examination.

22 Go ahead, Mr. Lewis -- Actually, Mr. Lewis, I had a 2:30
23 pretrial conference that I anticipate will take less than
24 15 minutes or so. I'm going to ask everybody to kind of
25 assemble their materials on counsel table and let me bring

1 other counsel in. We will take about a 15 minute recess
2 while I do that pretrial conference and summary judgment.

3 (Thereupon, a recess was taken.)

4 THE COURT: Let's go back on the Record in the
5 Price versus Lum and others matter, CJ-95-1948. And
6 Mr. Lewis, you may resume your examination of Mr. Price at
7 this time.

8 Q (By Mr. Lewis) Mr. Price, following the shareholder
9 distributions that were made in April or May of 1994 that
10 you have already testified about, was there any discussion
11 among the Prices and the Lums as to what to do with the
12 remaining 4.1 million dollars?

13 A Yes. Nora Lum and I had a discussion.

14 Q And what was said in that discussion?

15 A That we would distribute the additional 4.1 million
16 dollars at least by April 15th, 1995, in the proportion to
17 our stock interests.

18 Q What role did the Lums play in any of these
19 negotiations or sales that you have testified about?

20 A They were very -- you know -- They were involved in
21 the Gage deal on a daily basis, didn't handle really the
22 negotiations, but were involved. The Enogex deal, they
23 were not at all involved, had no face-to-face contact with
24 Enogex.

25 Q Following the initial shareholder and director

1 meetings when the corporation was first formed, when did
2 the Prices receive notice -- Let me rephrase that. Were
3 there any later shareholder or director meetings at which
4 the Prices received notice?

5 A There was a shareholder and director meeting in
6 January of 1994, and, yes, we did receive notice.

7 Q Did you and Linda attend?

8 A Yes, we did.

9 Q Following the January, 1994, meeting, did you or
10 Linda ever receive notice of any further shareholder or
11 director meetings?

12 A None.

13 Q Did your children ever receive any notices?

14 A None.

15 Q Have you ever received any minutes or other evidence
16 from the corporation that any further meetings were held?

17 A No, sir.

18 Q During the time frame that you were the president of
19 Dynamic, did Dynamic engage an outside accounting firm?

20 A Yes.

21 Q Who was that?

22 A Deloitte Touche.

23 Q Located in Tulsa?

24 A Located in Tulsa, and the primary person was Jimmy
25 Carter and Mary Jane -- I forget her last name.

1 Q And what type of work did Deloitte & Touche do for
2 Dynamic?

3 A They prepared the K-1's, but they also prepared the
4 ledger by taking the documents, the checkbooks, and
5 financial records from Dynamic and prepared ledgers and
6 balance sheets and things like that.

7 Q Do you from time to time in your capacity as
8 president or director receive documents from Deloitte
9 Touche of those balance sheets, ledgers, and so forth?

10 A Yes, sir.

11 Q Did your capacity change in June of 1994?

12 A Yes.

13 Q And what occurred?

14 A I resigned to run for Congress.

15 Q And you resigned what?

16 A I resigned as president of Dynamic Energy.

17 Q In running for Congress, were you required to file
18 any forms with the Federal Election Commission?

19 A Yes, sir.

20 Q What kind of forms?

21 A There is a form. It's called a financial disclosure
22 form from the FEC, and all candidates for federal office
23 have to sign them.

24 Q And did you fill out and file such a form?

25 A Yes.

1 Q Did you disclose your family's ownership in Dynamic
2 Energy on that disclosure form?

3 A Yes, I did.

4 Q Now, at the time that you resigned as president, did
5 you -- and pursued your campaign, did you spend any time
6 prior to election day after you resigned as president
7 working with Dynamic?

8 A No.

9 Q At the time you left as president of Dynamic, who
10 were the employees at Dynamic?

11 A When I was president of Dynamic, when I left in
12 June, there was a bookkeeper, Kathy Nojima, who is Nora
13 Lum's sister, and four field employees. That was it.
14 That was the totality of the salaries.

15 Q Are you aware of what the salary of Kathy Nojima
16 was?

17 A Yes.

18 Q How much was it?

19 A It was \$60,000. She was a clerk in Hawaii, but she
20 came here and got \$60,000 as a receptionist.

21 Q Who kept the checkbook and the company records?

22 A Kathy Nojima and Nora Lum.

23 Q At the time you resigned as president in June, were
24 there any other offices of Dynamic Energy besides the
25 Tulsa office?

- 1 A No, sir.
- 2 Q Where was the Tulsa office?
- 3 A It was at State Bank building, 502 South Main Mall,
4 Suite 309.
- 5 Q The election in November was not favorable to your
6 candidacy; was it?
- 7 A We know that truth to be self evident, yes, sir. I
8 lost by 20 some odd points.
- 9 Q What did you do after the election?
- 10 A The day after I went back to work at Dynamic.
- 11 Q Did you have conversations with Nora Lum in that
12 regard?
- 13 A Yes. She was very excited -- Had talked with Nora
14 Lum. She was very excited to have me back, and -- you
15 know -- working on business opportunities.
- 16 Q Did Nora Lum discuss any titles or roles that you
17 would play when you came back?
- 18 A Yes. It was kind of loose, but they prepared
19 various cards for me. One was an executive
20 vice-president, and that was after November 1st --
21 November 9th, and the other one is chief operating officer
22 is what the title of the cards they printed up.
- 23 Q With your name on them?
- 24 A With my name, yes, William Stuart Price.
- 25 Q And those were given to you?

1 A Yes, sir.

2 Q Was it your understanding based upon those
3 conversations and the business cards that they prepared
4 for you that you were again an officer of Dynamic Energy
5 when you came back in November?

6 A Yes.

7 Q What did you primarily spend your time doing after
8 you came back?

9 A Well, one is cleaning up some of their prior
10 business deals, but primarily from a positive standpoint I
11 worked on acquiring the Ramco, Double R stock, and I also
12 worked on a Shell acquisition -- Shell Oil Company
13 acquisition and various other things.

14 Q Did the Shell Oil acquisition ever finally get done?

15 A No. We made a bid on it, and we were not the
16 successful bidder.

17 Q Did you become advised by the Lums of any of the
18 business activities that had been pursued --

19 A Yeah.

20 Q -- by the corporation during your absence?

21 A Yes.

22 Q What were you advised?

23 A I was advised Nora was very embarrassed that she
24 squandered the corporation's money on two opportunities.
25 One was a tire shredder opportunity.

1 MR. WOHLGEMUTH: Objection, Your Honor, unless
2 he can attribute this to some individual.

3 A Nora Lum. I said Nora Lum.

4 MR. LEWIS: I believe the witness stated Nora
5 Lum.

6 THE COURT: I think it may not be so clear in
7 the Record, if you would clear that up as to who the
8 conversation was with.

9 Q (By Mr. Lewis) Are you referring to a conversation
10 you had with Nora Lum?

11 A Yes, I am.

12 Q And what were you told?

13 A I was told that they had invested money in a tire
14 shredder project and received no income, and even the
15 fellow who was in charge of the tire shredder took the
16 machine and -- I mean, it was really a debacle, but the
17 other business activity was they opened a Washington
18 office in my absence and employed their future -- their
19 daughter's -- their daughter's future husband's
20 mother-in-law in the lobbying business as well as Michael
21 Brown, the son of the Secretary of Commerce, Ron Brown.

22 Q Did Nora Lum advise you of what the business of
23 Dynamic was that was supposed to take place with the
24 opening of the Washington D.C. office?

25 A Just was lobbying. They thought that they were

1 going to qualify for minority contracts.

2 Q Did you ever become aware of any successful businesses
3 that generated money for the company out of that office?

4 A No. It lost hundreds of thousands of dollars over
5 the six-month period, and I assume to date it is still
6 losing money.

7 Q In November of 1994 when you came back to Dynamic,
8 do you know how much cash was still in the company?

9 A About 2.6 million dollars.

10 Q In December of 1994 were you approached by anyone
11 with regard to shareholder distributions?

12 A Yes.

13 Q Who were you approached by?

14 A Well, I was approached by both Jimmy Carter with
15 Deloitte Touche and Gene Lum.

16 Q What was the nature of the conversation you had?

17 A Well, for tax purposes, as it was explained to me,
18 and as an accommodation to the corporation, they asked
19 that of the 2.5 million that we received in stockholder
20 dividends, could we switch out 1.1 million dollars, give
21 that to the corporation and simultaneously -- I mean, it
22 was just simultaneous -- they gave us 1.1 million dollars
23 to Denver Oil and Minerals as consulting fees. I now know
24 that I think it was a ruse for tax purposes, but I did not
25 know that at the time.

1 Q Now, are you referring to the 2.5 million dollars
2 that was distributed --

3 A We had already received, yes.

4 Q -- in April or May of 1994?

5 A Yes, sir.

6 Q If I understood you correctly, you are saying that
7 you were asked -- you and Linda, I assume, were asked to
8 return 1.1 million of that distribution?

9 A Right.

10 Q And in exchange for the return you received back --

11 A One point one million immediately.

12 Q From Dynamic?

13 A Right.

14 Q And that returned 1.1 million that came back to you
15 was payable to whom?

16 A To Denver Oil and Mineral Corporation.

17 Q So after you had accommodated the swapping of
18 checks, did the Price family have any more or any less
19 money than you had before you did that?

20 A Not one penny.

21 Q Did you receive any other money from Dynamic Energy
22 in December of 1994?

23 A Yes.

24 Q What was that?

25 A I received \$100,000.

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1 Q And what was the occasion of your receiving that?

2 A Just partial payment of the future distributions.

3 Q And by whom were you given that \$100,000?

4 A By Nora Lum personally.

5 Q Did she tell you anything when she gave it to you?

6 A No, just thanks for being back.

7 Q Had you asked her to give you that \$100,000?

8 A No, sir, I did not.

9 Q And did you consider that \$100,000 part of the Price
10 family distribution?

11 A Yes. At that point I believed they owed us another
12 \$800,000 or something, and as per our agreement, that
13 would be delivered -- you know -- prior to April 15th.

14 Q Did you become aware after you came back that there
15 was then a Honolulu office of some sort --

16 A Uh-huh.

17 Q -- for Dynamic Energy?

18 A Yes.

19 Q Have you ever learned of any useful purpose for that
20 office?

21 A No, and from seeing the books I don't know that they
22 are even receiving any rent income on it or anything else.
23 I don't know what its purpose is. I don't know -- There's
24 no employees listed in any of the ledgers, so, no.

25 Q Now, in January of 1995 did you continue your work

1 on the Ramco transaction?

2 A Yes, sir.

3 Q What was the Ramco transaction?

4 A It was a -- Ramco is a private company owned by four
5 stockholders, and 25 percent of the company was owned by a
6 fellow named Robert Yaw, who went into foreclosure for
7 non-payment to U.S. Trust Company in New York. And I
8 started negotiating through the law firm of Boone, Smith
9 who represented U.S. Trust, and as a matter of fact,
10 Dynamic had an agreement to buy the stock earlier, okay,
11 like I'm saying maybe November, and at that point there
12 was not any due diligence done to feel comfortable with
13 it. The purchase price was \$600,000, and nobody had any
14 inkling of how much stock was going to come, what
15 promissory notes, anything like that. There had just
16 been -- There were a lot of holes in it.

17 Q And by whom had that \$600,000 deal been structured?

18 A I believe it was Nora Lum and Tom Schrader.

19 Q Who is Tom Schrader?

20 A Tom Schrader is a lawyer at Hall, Estill, I think is
21 who he works for.

22 Q What was the deal that ended up being negotiated by
23 you that related to the Ramco securities?

24 A Well, the first deal was not performed on, and
25 earnest money was forfeited, about \$10,000, and then I

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1 negotiated a deal for \$450,000 to buy not only Ramco, but
2 Double R and all the promissory notes and all the
3 securities associated with that.

4 Q Now, was there a closing of the transaction?

5 A Yes, there was.

6 Q Where was the closing?

7 A The closing was in, gosh -- The actual closing was
8 in Tulsa. The negotiations were a three-day marathon in
9 New York City, and the closing happened in the Boone,
10 Smith law firm here in Tulsa.

11 Q And where was the money obtained that was paid for
12 the Ramco stock?

13 A It was a cashier's check from Dynamic Energy
14 Resources, Inc.

15 Q Following the closing for the -- And when I say,
16 "Ramco stock," I'm referring to all of the securities that
17 were obtained at the time of the Ramco stock purchase, the
18 Double R and the promissory notes. Do you understand?

19 A Yes, sir.

20 Q At the time or following the closing of the Ramco
21 deal, did you have any conversations with regard to how
22 that stock could or should be held?

23 A Well, it was determined that it should be held in a
24 partnership, Dynamic Energy Resources, a partnership, of
25 which I was the general partner.

1 Q How did you come to find out that it needed to be
2 held in a partnership?

3 A It was a business consideration, because there --
4 Our tax advisers told us that a Subchapter S corporation
5 could not be a stockholder in another Subchapter S
6 corporation. So it was determined that rather than
7 break -- And if you do, you break the Subchapter S
8 election for everyone. And so if you do that, you lose
9 various tax credits, incentives, and things like that, and
10 so that's why we determined that it should be put in a
11 partnership.

12 Q With whom did you discuss that?

13 A With Nora Lum, Gene Lum.

14 Q And was a decision reached on how to hold that
15 stock?

16 A Yes, in the name of the partnership.

17 Q And who were the partners of that partnership?

18 A Me, Gene Lum, and Michael Brown.

19 Q In what percentage?

20 A A third, a third, and a third.

21 Q But you acknowledge that the money that was used to
22 acquire those securities had, of course, come from
23 Dynamic?

24 A Yes.

25 Q What was your understanding of the receipt of those

1 monies?

2 A The understanding, it was a distribution to each of
3 us and will be 1099'd at the end of the year, and the
4 partnership owns the stock.

5 Q Following the closing of the Ramco deal, did you
6 have any conversations with either of the Lums with regard
7 to when the 1995 distribution of the balance of the money
8 was going to occur?

9 A Mr. Lewis, I did with Nora Lum initially and then
10 Gene Lum after that.

11 Q What was the result of your discussions with Nora
12 Lum initially?

13 A Initially the discussions were, "Nora, I have been
14 over to the accountants. You have taken out more money
15 than your percentage. You need to put it back in the
16 company and distribute it properly to the rest of the
17 stockholders."

18 Q And what was her response?

19 A Just absolute kind of like I had caught her -- you
20 know -- and she just -- well, I -- this is -- She goes, "I
21 just -- I just don't know about taxes. I don't know about
22 taxes. I know nothing about taxes," and she walks out.
23 Never again was the matter discussed, because there was a
24 total avoidance of her to any overture, any phone calls
25 that I made to discuss the matter with her.

1 Q Following that conversation, did you make attempts
2 to have further discussions with Nora Lum?

3 A Yes.

4 Q Were you successful in having any further
5 discussions with her?

6 A No, I wasn't. I received a FAX from California
7 saying -- Even though I had been trying to talk to her for
8 several months, I get a FAX from California saying that,
9 "I'm leaving the country" as if there weren't phones either
10 in California or Japan, and -- you know -- "I will talk to
11 you later."

12 Q Did you begin to become concerned over what had
13 become of the money?

14 A I was very concerned once -- Yes.

15 Q And what did you do?

16 A What did I do? When I became concerned?

17 Q Yes.

18 A I continued to try to talk it out. I continued --

19 Q Who did you attempt to talk to besides the Lums in
20 order to satisfy your worries?

21 A Counsel.

22 Q Did you have any conversations with the accountants?

23 A Oh, that was what got me concerned, yes. I had
24 several conversations with the accountants.

25 Q And that would be whom?

1 A Jimmy Carter, who is the managing tax partner at
2 Touche Ross -- Deloitte Touche.

3 Q What did you learn from those conversations with
4 Deloitte Touche?

5 A Just that there was an outrageous amount of money
6 that went out in personal expenses; there was --

7 MR. WOHLGEMUTH: I'm going to object as hearsay,
8 Your Honor.

9 THE COURT: Well, is there an exception?

10 MR. LEWIS: It's a conversation with the
11 company's accountants with one of the officers of the
12 company.

13 THE COURT: I'm going to sustain the objection.
14 You may ask another question.

15 A Yes, I had conversations with him.

16 Q (By Mr. Lewis) Did you review any documents as part
17 of your attempt to determine what had become of the money?

18 A Yes.

19 Q What documents did you review?

20 A I reviewed the general ledger that was prepared by
21 Deloitte Touche and some balance statements.

22 Q You said earlier that you at a later point had a
23 conversation with Gene Lum?

24 A Yes.

25 Q Do you recall when that was?

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1 A Yes. It was in April, and I was very frustrated
2 that I wasn't able to --

3 MR. WOHLGEMUTH: I'm going to object as not
4 responsive, Your Honor, whether he was --

5 THE COURT: I'm going to sustain. Ask another
6 question.

7 Q (By Mr. Lewis) Your conversation was in April of
8 1995?

9 A Yes.

10 Q And where were you, and where was Gene Lum?

11 A I was in the Dynamic Energy offices, and Gene Lum
12 was at the Hilton Inn, Tokyo or Japan somewhere. I think
13 it was Tokyo, Japan.

14 Q Was anyone else in that conversation?

15 A No.

16 Q And what was said in that conversation?

17 A Well, he was shocked -- Well, I got him early in the
18 morning, and I said, "Gene, we've got to get this
19 resolved. The agreement was we make distributions before
20 April 15th." And his reply, if it pleases the Court, I
21 apologize for the language, but was "Fuck you, stupid.
22 You don't get nothing. You don't understand what a
23 majority owner in a corporation can do. They can do
24 anything they want. You don't get" -- I mean, it was a
25 very -- a lot of expletives. I said, "Gene, that's just

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1 not right. That's not pursuant to the law. That's not
2 pursuant to our agreements. You need to make it right."
3 And he says, "Go ahead and sue me, you stupid." He says,
4 "When you do, I'm going to use your money to defend you,
5 and not only that, even when the Court forces me to give
6 back hundreds of thousands of dollars that I took in
7 personal expenses" -- he says -- "I will take it back out
8 in bonuses, salary, and expenses, and you still won't get
9 shit, not one dime."

10 Q What did you say then?

11 A I said, "I can't believe this. I totally cannot
12 believe that you're acting like this." I said, "I think
13 you illegally took the money. I always thought it was
14 your intent to -- you know -- to distribute to the
15 stockholders. It's wrong," and I was just sick about it.

16 Q And what -- Anything else occur in that
17 conversation?

18 A Well, let me recollect. I was just stunned. You
19 know, I think I've got some written notes as to what
20 transpired in the conversation, but the gist was I don't
21 get one dime. He acknowledged he took a lot of money in
22 personal expenses and that the majority owner could take
23 anything he wants, because he is a lawyer and he had been
24 there -- he had been a lawyer for 18 years, and that
25 was -- you know -- just -- That's it. I mean, there is

1 more. I wrote down notes that moment that it happened,
2 because I just knew that they were not going to put the
3 money back in the corporation and do what was right.

4 Q And what did you do after that phone conversation?

5 A I consulted my lawyers.

6 Q Other than consulting lawyers, what did you do after
7 that conversation? What happened next?

8 A When he told me that they had taken the money,
9 that -- you know -- that he would -- they took the money
10 because he was a majority owner, he took out personal
11 expenses, even when he has to give it back he is going to
12 take it out in expenses, bonuses, and salaries, then I
13 suspected that given a chance, if he was on the mainland
14 that he would also try and take the stock of Ramco that
15 was owned by the partnership, and I went for safekeeping
16 down to the bank and --

17 Q Where was the stock?

18 A In State Bank. It was at State Bank in a safety
19 deposit box.

20 Q Did you take the stock out of that box?

21 A Yes, I did.

22 Q And what did you do with it?

23 A I took it home. I took it -- Then I took it to the
24 Bank of Oklahoma security box in the name of Dynamic
25 Energy Resources, Inc., a partnership, and then at the

1 time that the Court instructed, I delivered the stock to
2 you.

3 Q Did you continue to go to work at Dynamic Energy
4 after that phone call?

5 A No. Mr. Wohlgenuth sent me a letter -- you know --
6 Even though I had those titles he fired me as a
7 consultant, requested the car, and asked for the
8 securities that didn't belong to the corporation back.

9 Q And so did you leave the Dynamic offices following
10 that?

11 A Yes.

12 MR. LEWIS: If I may give this to the Court?

13 THE COURT: Yes. Thank you.

14 Q Mr. Price, I have handed you what's been marked as
15 Plaintiff's Exhibit 2 and ask you if you can identify
16 that, please?

17 A Yes. This was a Dynamic Energy Resources, Inc.,
18 balance sheet on May 31, 1994.

19 Q And the following pages?

20 A The following pages, a summary and the check ledgers
21 -- retained earnings, financial information, and then the
22 check ledger.

23 Q Who prepared this document?

24 A Deloitte Touche.

25 Q Is this one of the balance sheets and general

1 ledgers that they prepared for Dynamic that you testified
2 about earlier?

3 A Yes.

4 Q Does the first page of Plaintiff's Exhibit 2 reflect
5 how much cash Dynamic Energy had on May 31st, 1994?

6 A Yes. It reflects a cash amount of \$4,109,000.

7 Q Let me direct your attention to the third page.

8 MR. WOHLGEMUTH: Objection, Your Honor. This
9 has not been admitted yet.

10 MR. LEWIS: I would move the introduction of
11 Plaintiff's Exhibit 2.

12 THE COURT: Mr. Wohlgemuth, any objection to
13 Plaintiff's 2?

14 MR. WOHLGEMUTH: Your Honor, I would like to
15 make a short statement about this in the context of an
16 objection. This is a May 31st balance sheet for Dynamic
17 Energy Resources. In anticipation for this hearing, we
18 made an effort to obtain a May 31st, 1995, sheet, which
19 would be more relevant than this document, and were told
20 by Deloitte & Touche that they could not give us any
21 information, because Mr. Price as a client of theirs had
22 objected. Therefore, we don't have any further
23 information from Deloitte. I was under the impression
24 from statements that Mr. Lewis made at the last hearing
25 that he had subpoenaed Deloitte and they were going to be

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1 here to authenticate and to -- these particular exhibits
2 and to introduce them, and I think it's -- I think it's
3 material that if he is going to try to authenticate these
4 somehow through Mr. Price that we're in a position where
5 we cannot obtain, because of Mr. Price's objections, any
6 more current financial statements. Subject to that
7 objection, I have nothing else.

8 THE COURT: All right. Mr. Lewis, let me
9 inquire, will I see more recent balance sheets from the
10 accountants concerning Dynamic Energy Resources, Inc.?

11 MR. LEWIS: Your Honor, we have one more recent
12 one. I can advise the Court that this one and the more
13 recent one we have that is as of November 30th, 1994, are
14 the ones that had been obtained by the Prices prior to any
15 of this litigation. I can advise you that we have
16 attempted to get updated ones from Deloitte Touche and
17 have been told by them that Mr. Wohlgemuth's people had
18 told them not to give us any, so they haven't given us any
19 also.

20 THE COURT: Let me see if I understand
21 Mr. Wohlgemuth's statement. As attorney for the
22 corporation you're advising the Court that the
23 corporation's accountants refused to provide information?

24 MR. WOHLGEMUTH: That's correct. And I have --
25 There's documentation on that, Your Honor. I had to go to

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1 the New York office and was so advised for the reason I
2 stated, and we have not received it.

3 THE COURT: And the basis that they advised you
4 was that Mr. Price was a client of that firm and they --
5 and he had instructed that they not provide you
6 information on the corporation that you represented?

7 MR. WOHLGEMUTH: That's correct. They said
8 without his consent, which they could not obtain, they
9 could provide no additional information to us.

10 THE COURT: Okay. All right. I will receive
11 Plaintiff's Exhibit 2 over the objection of the
12 defendants.

13 Q (By Mr. Lewis) Mr. Price, let me direct your
14 attention to the third page of Plaintiff's Exhibit 2.
15 Does that reflect the distributions to stockholders that
16 occurred in April or May of 1994 that you previously
17 testified to?

18 A Yes, sir.

19 Q Two million five forty to Linda Price and five
20 million two fifty to Nora Lum?

21 A Yes, \$5,250,000.

22 Q Let me direct your attention to page 10 of the
23 general ledger. Again, this is all on Plaintiff's Exhibit
24 2. Do you see that?

25 A Yes.

1 Q Does that reflect consulting fees that were paid by
2 Dynamic Energy to various people?

3 A Yes, it does.

4 Q And does that reflect consulting fees paid to Nora
5 Lum?

6 A Yes.

7 Q In the amount of \$50,000 on January 10th, 1994?

8 A Yes, sir.

9 Q And on the following page \$175,000 on April 5th,
10 1994?

11 A Yes.

12 Q Does it also reflect a consulting fee to Mike Brown
13 on April 15th in the amount of \$10,000?

14 A Yes.

15 Q Were those entries listed as consulting fees
16 remuneration in addition to the shareholder distribution
17 of \$5,250,000?

18 A Yes, sir, they were.

19 Q Mr. Price, let me hand you what's been marked as
20 Plaintiff's Exhibit 1.

21 MR. PRICE: May I hand one to the Court?

22 THE COURT: Thank you.

23 Q And ask you if you can identify that, please?

24 A This is a check ledger that was prepared by Touche
25 Ross (sic) for Dynamic Energy Resources, Inc., with the

1 date -- It was run on November 11th, 1994, but it was to
2 October 31st, 1994.

3 Q Did you say November 11th?

4 A November 30th, 1994, is the run date --

5 Q All right.

6 A -- in the left-hand corner. It seems like the date
7 of the transaction ending was October 31st, 1994.

8 MR. LEWIS: I would offer Plaintiff's Exhibit 1.

9 THE COURT: Mr. Wohlgermuth?

10 MR. WOHLGEMUTH: No objection.

11 THE COURT: All right. Plaintiff's 1 will be
12 admitted.

13 Q (By Mr. Lewis) Mr. Price, let me direct your
14 attention to page 14 of Plaintiff's Exhibit 1.

15 A Yes, sir.

16 Q I believe those reflect the same consulting fees
17 that you already testified to from the earlier exhibit; is
18 that correct?

19 A Yes, sir, I believe so.

20 Q Let me address your attention to page 15, and does
21 that set forth a variety of additional payments to various
22 parties under the category of consulting fees?

23 A Yes.

24 Q Is M. Brown -- is that Mike Brown?

25 A Yes, \$10,000.

1 Q Who is T period Lum?

2 A Trisha Lum, their daughter, who was working at the
3 Department of Commerce at the time, I believe.

4 Q Was Trisha Lum an employee, to your knowledge, of
5 Dynamic Energy?

6 A No, sir.

7 Q Did she perform any service for Dynamic Energy?

8 A Not prior to 7-18, 1994.

9 Q Which is the date of the payment reflected on page
10 15?

11 A Yes.

12 Q Further down the page I see Maxine Lum. Who is
13 Maxine Lum?

14 A Maxine Lum is their daughter.

15 Q What does -- In September of 1994 what did Maxine
16 Lum do?

17 A To my knowledge nothing.

18 Q Was she an employee of Dynamic?

19 A No.

20 Q Below that you see Greenburg and Traureg. Do you
21 recognize that name?

22 A Yes.

23 Q What is that?

24 A That is the law firm in Washington D.C. that Michael
25 Brown works for as a lobbyist.

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1 Q Is Michael Brown a licensed attorney to your
2 knowledge?

3 A To my knowledge he has taken the bar several times,
4 but I don't think he has passed.

5 MR. WOHLGEMUTH: I'm going to object to that as
6 a being a gratuitous insult.

7 A None meant.

8 THE COURT: I don't know what knowledge this
9 witness could have. I'm going to take that objection as a
10 speculation, no foundation having been laid, and I'm going
11 to sustain it, and you may attempt to lay a foundation if
12 you can.

13 MR. LEWIS: Certainly.

14 Q (By Mr. Lewis) Have you had any conversations with
15 Mr. Brown as to what his profession is?

16 A Yes.

17 Q And has he told you what his profession is?

18 A Yes.

19 Q What is that?

20 A A lobbyist.

21 Q Okay. Has he told you whether or not he is a
22 licensed attorney?

23 A He told me that he took the New York Bar and --

24 MR. WOHLGEMUTH: I'm going to object. That
25 could be answered yes or no.

1 A He did tell me that he's not an attorney; okay?

2 Q (By Mr. Lewis) Let me reask the question just to be
3 technically correct.

4 A There you go. He's not an attorney.

5 Q Did he discuss any attempts he had made to pass
6 various bar exams?

7 A Yes, sir, he did.

8 Q Did he advise you whether he had passed any of them?

9 A He did not.

10 Q He did not advise you?

11 A He advised me he did not.

12 Q He advised you --

13 MR. WOHLGEMUTH: I'm going to object. This is
14 completely irrelevant and intended to be insulting.

15 THE COURT: I'm going to sustain that it's --
16 that it is late in the day, and I don't know that I
17 particularly care whether Mr. Michael Brown is an attorney
18 or not at this point. The problems with delay in getting
19 a resolution to this are outweighing any probative value I
20 can figure out, Mr. Lewis.

21 Q (By Mr. Lewis) Let me direct your attention to page
22 34 of Plaintiff's Exhibit 1.

23 A Yes.

24 Q Do you see the entry about a Robert Trent Jones Golf
25 Club --

1 A Yes.

2 Q -- for \$60,000? Do you know what that is?

3 A I guess the company just bought a \$60,000 golf club
4 membership.

5 Q Do you know of any benefit to Dynamic Energy of
6 that?

7 A None.

8 Q Do you know where that is located?

9 A It's in Virginia, and in discussions with Gene
10 Lum --

11 MR. WOHLGEMUTH: I'm going to object as
12 nonresponsive.

13 MR. LEWIS: Just a minute.

14 THE COURT: You may ask another question,
15 sustained.

16 Q (By Mr. Lewis) Has Gene Lum advised you of the
17 acquisition of that golf club membership?

18 A Yes.

19 Q What did he tell you?

20 A He said it was a personal expenditure.

21 Q Does Plaintiff's Exhibit 1 also contain a variety of
22 categories for travel expense, entertainment expense, and
23 other items?

24 A Yes.

25 Q Have you reviewed those various expenses in an

1 attempt to see whether those relate to any business you
2 are aware of of Dynamic Energy?

3 A You know, some of them, yes, but -- you know -- a
4 lot of them, no.

5 Q Let me hand you what's been marked as Plaintiff's
6 Exhibit 3.

7 MR. LEWIS: May I hand one to the Court?

8 THE COURT: Thank you.

9 Q Can you identify that, please?

10 A This is a reconciliation of expenditures prepared by
11 Deloitte Touche for Dynamic Energy.

12 Q Does this cover the November through December 31st,
13 1993, time frame?

14 A Yes.

15 Q Does this reflect checks written by Dynamic Energy?

16 A Yes, sir.

17 Q On this operating account?

18 A Yes.

19 MR. LEWIS: Move the admission of Plaintiff's
20 Exhibit 3.

21 MR. WOHLGEMUTH: I'm going to object, Your
22 Honor, on a couple of grounds. One, this is a draft
23 document apparently on its face. We don't know who
24 prepared it. And second of all, it really has no
25 relevance to any issue before the Court. This reconciles

1 expenditures for -- apparently for a two-month period a
2 year and a half before this case was filed at a time that
3 Mr. Price was the president of the company. I see no
4 probative value at all.

5 MR. LEWIS: If I may, Your Honor.

6 THE COURT: Yes, I would hear you in response.

7 MR. LEWIS: Based upon the failure by the
8 defendants to provide us with any of the requested
9 documents, we obviously don't have any better document
10 than the one that the Prices already had, which reflects
11 the checks. I secondly could ask the witness a qualifying
12 question, if I may, which is whether or not as president
13 whether the witness, one of his duties, was to sign the
14 checks for Dynamic.

15 A No.

16 THE COURT: You may ask that question, and the
17 response is no?

18 MR. LEWIS: The response was no, that was not
19 one of his duties was to sign checks.

20 THE COURT: All right.

21 MR. LEWIS: The purpose of this exhibit is
22 obviously the highlighted part, which is to show the
23 magnitude of consulting fees going to Nora Lum, which is a
24 part of this lawsuit; namely, the acquisition of
25 substantially beyond her pro rata share as a shareholder

1 of the cash of Dynamic Energy.

2 THE COURT: Well, is it not cumulative of other
3 exhibits, if that's the reason it is offered, and,
4 secondly, is this not a document that is created by
5 accountants at the end of the year -- end of the tax year
6 to tell the corporate entity which the heck account to put
7 it in for purposes of maximum tax benefit? Isn't that the
8 notation over on the left side?

9 MR. LEWIS: I do believe that's what it is, Your
10 Honor, and we don't have any interest in it for that
11 reason. Our only interest is the reflection of what check
12 number 92 was and the reflection of what check number 1010
13 was, and these times precede the earlier ledger exhibits,
14 and they are in addition to the items that are already
15 introduced is the only reason we present this exhibit.

16 THE COURT: All right. You're offering it for
17 that limited purpose?

18 MR. LEWIS: Yes, Your Honor.

19 THE COURT: It will be received for that limited
20 purpose. Am I going to hear from the accountants in this
21 case? Do you anticipate calling the accountants in your
22 part of the case, not today perhaps?

23 MR. LEWIS: I do not today. I do anticipate
24 that we will hear from the accountants, yes, Your Honor.

25 THE COURT: All right. Plaintiff's 3 will be

1 admitted for that limited purpose.

2 Q (By Mr. Lewis) Now, if I may, Your Honor, I want to
3 very briefly take the witness through the Exhibits 4, 5,
4 6, and 7 which have already been introduced, and in
5 connection therewith, in order to save time, I was also
6 going to have the witness refer to Plaintiff's Exhibit 12,
7 which is the black book full of checks.

8 THE COURT: All right. Let me say in the copies
9 that have been provided to the Court I have got two copies
10 of Plaintiff's 4 and no copy of Plaintiff's 5.

11 THE WITNESS: I'll trade you one, 5 for 4.

12 MR. LEWIS: I'm sorry, I mixed them up.

13 THE COURT: We are now square.

14 Q (By Mr. Lewis) For the Record, Mr. Price, I have
15 handed you a black notebook that contains what has been
16 marked as Plaintiff's Exhibit 12, the marking of the
17 exhibit stickers on the first document inside the book
18 under tab number one, and is intended to refer to the
19 entire book full of checks, and to the extent that we
20 refer to any of these checks, I will simply refer to them
21 as -- by tab number under Plaintiff's Exhibit 12. If I
22 could now have you take a look at Plaintiff's Exhibit 4.

23 A (Witness complied.) Yes, got it.

24 Q Which is the Dynamic commercial money market --

25 A Yes.

1 Q -- bank statement.

2 AUGUST 3, 1995

3

4 WILLIAM STUART PRICE,

5 called as a witness on behalf of the plaintiff, after
6 having been previously sworn, testified as follows:

7 DIRECT EXAMINATION

8 BY MR. LEWIS:

9 Q Mr. Price, you have before you Plaintiff's Exhibit
10 Number 4. Can you identify that, please?

11 A Yes. It's a copy of the Dynamic Energy Resources
12 commercial money market account, and the first page is
13 December 31, 1994.

14 Q I want to run through some of the highlighted
15 transactions that appear in that exhibit. Do you see,
16 first of all, as of the end of December of 1994 what the
17 balance was in that account?

18 A The end of December?

19 Q Yes.

20 A Four thousand dollars.

21 Q I believe it's the highlighted number.

22 A Well, okay, \$6,302.

23 Q And during the month of December do you see where
24 two million dollars was put into the account?

25 A Yes.

1 Q Do you know what that was from?

2 A Yes. On December 8th, 1994, I believe that a
3 treasury bill in R-Vest or State Bank came into Dynamic
4 Energy's money market account in the amount of two million
5 dollars.

6 Q Do you see the December 28th transaction that says,
7 "outgoing wire transfer" where that 2 million dollars was
8 taken from the --

9 A Yes. On December 28th, 1994, there was an outgoing
10 wire of two million dollars.

11 Q Let me refer you to item number 14 in the black
12 book, which I think is -- the book is marked as
13 Plaintiff's Exhibit 12 and ask if that corresponds with
14 the two million dollar item on Plaintiff's Exhibit 4?

15 A Yes. That money was requested to be wired by Gene
16 Kung Ho Lum on December 28th and Kathy Nojima, and they
17 wired two million dollars into Ms. Lum's account and
18 deposited it there.

19 Q It's item 14?

20 A Yes.

21 Q And at the bottom of the page on item 14, does that
22 reflect where that money was sent?

23 A It looked like it went into a fidelity investment
24 account in the name of Nora Takeko Lum.

25 Q In December of 1994 were you aware of or were you

1 advised that Nora Lum took two million dollars out of that
2 commercial money market account?

3 A No, sir.

4 Q Let me direct your attention to the second page of
5 Plaintiff's Exhibit 4. Do you see the highlighted item
6 that's marked as deposit --

7 A Right, yes.

8 Q -- of two million dollars?

9 A Yes.

10 Q And then let me direct your attention to item 17 in
11 the black book.

12 A Okay.

13 Q And is that -- does that item reflect that there was
14 a transfer from Gene Lum of two million dollars back into
15 the commercial money market account on that date?

16 A Yes, it does.

17 Q And then at the bottom of the page there's a
18 \$100,000 check shown, dated January 25th; is there not?

19 A Yes.

20 Q And if you would look at item number 18 in the black
21 book.

22 A (Witness complied.) Number what, sir? Number 18?

23 Q Yes, Number 18.

24 A Yes.

25 Q Is that, in fact, a --

1 A A \$10,000 check.

2 Q I believe it's 100 --

3 A I'm sorry, \$100,000 check.

4 Q And is that actually a transfer of money to the
5 Washington D.C. account?

6 A Yes.

7 Q And finally, the January 27th \$450,000 check. Do
8 you see that?

9 A Yes, Number 20, yes.

10 Q And is that the \$450,000 that was paid to United
11 States Trust Company in connection with the Ramco stock
12 transaction?

13 A Yes, sir.

14 Q Let me direct your attention to the fourth page of
15 Plaintiff's Exhibit 4. Does that reflect another \$100,000
16 transferred into the checking account of Dynamic?

17 A Yes.

18 Q And then on the fifth page, does that reflect
19 another \$70,000 transferred into the checking account of
20 Dynamic?

21 A Yes.

22 Q And at the bottom of the page it reflects \$200,000,
23 shows it as a check, but there is no check number, and I
24 believe another exhibit will show, will it not, that
25 that actually was also a transfer to the checking account

1 of Dynamic?

2 A Okay.

3 Q And then do you see the check number 501 listed at
4 the bottom of the page for a million dollars?

5 A Yes, sir.

6 Q Let me direct your attention to item 36 in the black
7 book.

8 A Uh-huh.

9 Q Does that reflect the one million dollar Dynamic
10 check to Nora Lum?

11 A Yes.

12 Q Check number 501?

13 A Yes.

14 Q And behind the check under item 36, does that show a
15 deposit slip where it was put into Nora Lum's account?

16 A Yes.

17 Q Did anyone at Dynamic advise you that Nora Lum was
18 taking a million dollars out of the Dynamic account in
19 April of 1994?

20 A No.

21 Q Let me direct your attention to Plaintiff's Exhibit
22 5 and ask if that is a group of bank statements on the
23 Dynamic Energy commercial checking account?

24 A Yes, starting with December 31, 1994.

25 Q And as of November 30th of 1994, what was the

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1 balance of funds in that account? It's highlighted.

2 A Five hundred sixteen thousand dollars --
3 \$516,804.13.

4 Q Now, in the middle of the page on Plaintiff's
5 Exhibit 5, you see a \$2,600,000 deposit?

6 A Yes.

7 Q Let me -- And that says it was on December 14th.
8 Let me direct your attention to item number one in the
9 black book.

10 A Okay. Are you sure it's not -- Mr. Lewis, are you
11 sure it's not -- What was the date? December 14th? Would
12 that not be number five?

13 Q That's the date that the bank statement reflects it
14 was deposited, not the date on the check.

15 A Yes, sir.

16 Q Under item number one does that reflect a check
17 where Nora Lum put \$2,600,000 back into Dynamic?

18 A Yes.

19 Q And the deposit slip following that shows the money
20 coming back in?

21 A Yes.

22 Q And then the next highlighted entry on Plaintiff's
23 Exhibit 5 is another two million six check; is it not?

24 A Yes.

25 Q Let me direct your attention to item number two in

9 / 0 4 3 0 1 2

1 the black book. Is that a different \$2,600,000 check
2 where Nora Lum put the money back into Dynamic?

3 A Yes, a separate check.

4 Q And a deposit slip behind it showing December 14th
5 was the day it went in?

6 A Yes, sir.

7 Q And finally you see the December 30th \$1,100,000
8 transaction on Plaintiff's Exhibit 5?

9 A Yes.

10 Q Let me direct your attention to item 15 in the black
11 book.

12 A Yes.

13 Q And is that a check from your wife?

14 A Yes, in the sum of \$1,100,000.

15 Q And I believe you testified with regard to that
16 transaction before, but just briefly, what was the reason
17 why that \$1,100,000 check was given to Dynamic on December
18 30th?

19 A As an accommodation to the corporation. They gave
20 us simultaneously 1.1 million dollars to Denver Oil and
21 Minerals Corporation.

22 Q Who asked you to do that?

23 A Jimmy Carter with Deloitte & Touche and Gene Lum.

24 Q Let me direct your attention to the second page of
25 Plaintiff's Exhibit 5 -- I'm sorry, the third page, and on

1 the right-hand side you see the highlighted \$1,100,000
2 transaction?

3 A Yes.

4 Q On December 30th, check number 2177, let me direct
5 your attention to item 16 in the black book.

6 A Yes, sir.

7 Q And is that the \$1,100,000 check that was --

8 A That was simultaneously given to Denver Oil and
9 Minerals Corporation, a corporation that I own.

10 Q Were you present when that \$1,100,000 check was
11 given?

12 A Yes.

13 Q And did you receive that check, the one million one?

14 A Yes.

15 Q From whom did you receive it?

16 A From Jimmy Carter from Deloitte & Touche under
17 directions from Gene Lum.

18 Q Did he ask for a return check of one million one
19 from Linda in exchange for it?

20 A Yes.

21 Q Now, looking on the left side of this same page of
22 Plaintiff's Exhibit 5, do you see a highlighted entry of
23 \$2,600,000?

24 A Yes.

25 Q Being check number 2129?

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- 1 A Uh-huh.
- 2 Q Let me direct your attention to item number 3 in the
3 black book.
- 4 A Yes, sir.
- 5 Q Is that check 2129 payable to Gene Lum?
- 6 A Gene K. H. Lum, 2.6 million dollars, December 7th.
- 7 Q And on the same page of Plaintiff's Exhibit 5, there
8 is another \$2,600,000 entry on December 15th; is there
9 not?
- 10 A Yes, sir.
- 11 Q Check Number 2135?
- 12 A Yes, sir.
- 13 Q Let me direct your attention to item four in the
14 black book. Is that an additional \$2,600,000 check to
15 Gene Lum from Dynamic?
- 16 A Yes, sir, 2.6 million dollars to Gene K. H. Lum.
- 17 Q And would you look at the deposit slip following
18 that check under item four?
- 19 A Uh-huh.
- 20 Q Does that reflect that \$2,600,000 --
- 21 A Yes, it does. It looks like --
- 22 Q Wait a minute. Let me finish my question.
- 23 A Yes, sir.
- 24 Q Does that reflect a deposit of that check into a
25 Gene Lum client's account?

1 A It does say, "Gene Lum's client account," and a
2 deposit ticket associated therewith.

3 Q Also on the same page of Plaintiff's Exhibit 5 is a
4 \$100,000 highlighted entry?

5 A Yes, sir.

6 Q For check number 2132?

7 A Yes, sir.

8 Q Let me direct your attention to item 13 in the black
9 book.

10 A Yes, sir.

11 Q And is that that \$100,000 check?

12 A That's payable to William Stuart Price.

13 Q And you testified to that at the previous hearing?

14 A Yes.

15 Q That that check was given you by Nora Lum?

16 A Yes.

17 Q And did you ask for that check?

18 A No.

19 Q If you look at the next page of Plaintiff's Exhibit
20 5, does that reflect -- Plaintiff's Exhibit 5.

21 A Yes, sir.

22 Q Does that reflect what the December 31st balance was
23 in the Dynamic account?

24 A Ninety-seven thousand three hundred five dollars and
25 74 cents.

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- 1 Q Let me direct your attention to the later page in
2 that same exhibit that says March 31st at the top.
- 3 A Yes, sir.
- 4 Q Does that reflect another \$100,000 transfer from the
5 money market account into the checking account?
- 6 A Yes.
- 7 Q And two pages later --
- 8 A Okay. Yes, sir.
- 9 Q -- do you see a highlighted transaction that's check
10 number 2348?
- 11 A Yes, sir.
- 12 Q Let me direct your attention to item number 25 in
13 the black book, and is that check number 2348 -- Would you
14 look at the item?
- 15 A Yes, sir. That's the check.
- 16 Q Payable to Cherner Lincoln-Mercury?
- 17 A Cherner Lincoln-Mercury.
- 18 Q What does that show it's for?
- 19 A The notation says it's for Kun Lum, account number
20 whatnot.
- 21 Q Do you know what that check is for?
- 22 A It appears it went to pay off Gene Lum's Lincoln
23 Continental.
- 24 Q Let me also address your attention to the other
25 highlighted check on the same page of Exhibit 5, 2393.

1 A Uh-huh.

2 Q And direct your attention to item 31 in the black
3 book. Does that reflect that check was to Nora Lum for
4 \$5,000?

5 A Five thousand dollars, repayment of loan.

6 Q Were you aware of any Nora Lum loans in existence at
7 that point in time?

8 A No, sir.

9 Q If you will turn over a couple more pages in Exhibit
10 5 until you get to the next highlighted -- Go over another
11 page. Do you see a page with an entry for April 10th that
12 says \$11,000 check?

13 A Yes, sir.

14 Q Let me address your attention to item 34 in the
15 black book.

16 A Okay.

17 Q Does that reflect check number 2438 payable to
18 Trisha Lum for \$11,000?

19 A Yes, it does.

20 Q Who was Trisha Lum?

21 A Trisha Lum is their eldest daughter.

22 Q Let me direct your attention to Plaintiff's Exhibit
23 6.

24 A Yes, sir.

25 Q Is that a bank statement from January 31st, '95,

1 through May 31st, '95, for the Washington D.C. Dynamic
2 Energy account at State Bank?

3 A Yes.

4 Q And what does that reflect the balance being on
5 January 31st in that account?

6 A One hundred thousand dollars.

7 Q And as of May 31st, '95, on the last page, what does
8 that reflect the balance was?

9 A It went from \$100,000 to \$974.

10 Q If you would take a look at Plaintiff's Exhibit 7.

11 A Yes, sir.

12 Q Are these copies of certain bank statements on Nora
13 Lum's account at State Bank?

14 A Yes, sir.

15 Q Let me direct your attention to the first
16 highlighted item, \$10,000 deposit into her account --

17 A Yes.

18 Q -- on November 23rd. Let me direct your attention
19 to item seven in the black book.

20 A Yes.

21 Q Does that reflect a \$10,000 check to Nora Lum from
22 Dynamic?

23 A Yes, it does.

24 Q Deposited on December -- I'm sorry, on November
25 23rd?

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- 1 A Yes, it does. The notation is repayment.
- 2 Q Were you aware of any loans --
- 3 A No, sir.
- 4 Q -- to Nora Lum?
- 5 A No, sir.
- 6 Q Or by Nora Lum?
- 7 A No.
- 8 Q The next highlighted item is December 14th,
- 9 \$2,600,000. Do you see that?
- 10 A Yes.
- 11 Q Let me direct your attention to item five in the
- 12 black book and ask if that's a check from Gene Lum on his
- 13 account at State Bank to Nora Lum for \$2,600,000?
- 14 A Yes, it is.
- 15 Q And an accompanying deposit slip for Nora Lum's
- 16 account?
- 17 A That's correct.
- 18 Q And again, there's a second \$2,600,000 item on
- 19 Plaintiff's Exhibit 7 dated December 15th. Let me direct
- 20 your attention to item number six in the black book.
- 21 A Yes.
- 22 Q And is that a second check on Gene Lum's account to
- 23 Nora Lum for \$2,600,000?
- 24 A Yes, it is.
- 25 Q And also on December 15th, on Plaintiff's Exhibit 7,

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1 do you see a \$5,000 deposit listed on Nora Lum's account?

2 A Yes, I do.

3 Q Let me direct your attention to item 11 in the black
4 book.

5 A Yes.

6 Q And does that reflect on those two pages that that
7 was a \$5,000 check to Nora Lum from Dynamic?

8 A Yes.

9 Q On December 15th?

10 A Yes.

11 Q And at the bottom of the first page of Plaintiff's
12 Exhibit 7 there are two more \$2,600,000 checks listed
13 going from Nora Lum's account; are there not?

14 A Right.

15 Q Are those the same two checks that were items one
16 and two in the black book that you already testified
17 about?

18 A I believe so.

19 Q Let me direct your attention to the third page of
20 deposition -- I'm sorry, of Plaintiff's Exhibit 7. Do you
21 see the highlighted million dollar deposit into Nora Lum's
22 account on January 27th?

23 A Yes, I do.

24 Q Let me direct your attention to item 21 in the black
25 book.

- 1 A (Witness complied.)
- 2 Q Does that reflect where that deposit came from?
- 3 A Item 21?
- 4 Q Yes.
- 5 A It looks like it came -- transferred to the account
- 6 from Gene Lum.
- 7 Q And that came from account ending in the digits
- 8 0781?
- 9 A Yes, 0781.
- 10 Q Okay. And looking back to item number three in the
- 11 black book.
- 12 A Yes, sir.
- 13 Q The second page of that where Gene Lum had earlier
- 14 made a deposit in his account, does that reflect the same
- 15 account number of 0781 at the bottom of the check?
- 16 A Yes, it does. It is again client's account.
- 17 Q And let me direct your attention again on
- 18 Plaintiff's Exhibit 7 to the page that says April 17th,
- 19 '95, at the top.
- 20 A Yes.
- 21 Q Does that reflect an additional deposit into Nora
- 22 Lum's account of a million dollars on April 17th, 1995?
- 23 A On April 17th, 1995, there was a deposit of one
- 24 million dollars, and what's that corresponding tab?
- 25 Q Let me direct your attention to item 36 in the black

1 book.

2 A Yes.

3 Q That's the --

4 A From Dynamic to Nora Lum, repayment of loan, a
5 million dollars.

6 Q Mr. Price, I have handed you what has been marked as
7 Plaintiff's Exhibit 8. Let me ask you if that's a summary
8 exhibit that we have prepared to reflect the cash balances
9 in the various Dynamic Energy accounts on various dates?

10 A Yes.

11 Q And was the information set forth on this summary
12 exhibit taken from the exhibits that we have already
13 introduced?

14 A Yes, sir.

15 And this exhibit reflects that on May 31st, 1994,
16 Dynamic had how much cash?

17 A On May 31st, 1994, Dynamic had \$4,109,895.95, 4.1
18 million dollars.

19 Q And on November 30th, '94, after you had come back
20 from losing the election and you had come back to Dynamic,
21 how much cash did -- counting the treasury bill, how much
22 cash did Dynamic have?

23 A Two million five hundred eighteen thousand -- Two
24 hundred -- \$2,518,158.03, so 2.5 million dollars when I
25 returned on November 30th, 1994.

1 Q And following the transactions that occurred during
2 the month of December, 1994, how much cash did Dynamic
3 have?

4 A The next month it went from 2.5 million in November
5 to on December 31st, 1994, it went to \$103,000, so a loss
6 of 2.5 million dollars of the corporation.

7 Q Now, on January 31st, following the transactions you
8 have already testified to, which was two million dollars
9 coming back into the Dynamic account from Gene Lum in
10 January, by the end of January how much money did Dynamic
11 have in cash?

12 A January 31st, 1995, \$1,652,000 -- \$1,652,104.90.

13 Q And then by April 30th, following additional
14 expenditures and following the million dollars that Nora
15 Lum received in mid April from Dynamic, how much cash did
16 Dynamic have left?

17 A The cash balance at that point was \$161,894.66.

18 MR. LEWIS: I move the admission of Plaintiff's
19 Exhibit 8.

20 THE COURT: Any objection to Plaintiff's 8?

21 MR. WOHLGEMUTH: Your Honor, I have no objection
22 with this statement. We have no objection to the COURT
23 letting it in in this type of hearing for what it's worth.
24 We will have some challenges to these numbers as part of
25 our case as being accurate.

1 THE COURT: All right. The Court will accept it
2 as a summary of the plaintiff's position with respect to
3 the cash balances. Plaintiff's 8 will be admitted.

4 MR. LEWIS: If I may in that regard state, Your
5 Honor, that as the Court knows, we have not had full
6 access to every document in the case, so these were put
7 together based upon the exhibits that have been
8 introduced.

9 THE COURT: Very well.

10 Q (By Mr. Lewis) Mr. Price, let me hand you what's
11 been marked as Plaintiff's Exhibit 9 and ask if that's
12 another summary exhibit that we have prepared?

13 A Yes.

14 Q Reflecting cash received by Nora Lum from Dynamic
15 between November 11th, 1993, and April 15th of --

16 A Yes.

17 Q I can see there's an error on the last item, which I
18 corrected on my copy. The last entry that says April
19 30th, I believe, is March 30th. Now, is it true that this
20 exhibit only reflects items that we have found to date in
21 the documents that we have that show checks going to --
22 directly to Nora Lum?

23 A Yes.

24 Q And this exhibit is totaled by year, and what does
25 it reflect that Nora Lum received in 1993?

1 A One hundred seventy-five thousand dollars.

2 Q And how much cash does it reflect Nora Lum received
3 in 1994?

4 A Seven million five hundred fifty-three thousand
5 dollars.

6 Q And how much cash does it reflect Nora Lum received
7 in 1995?

8 A One million twelve thousand four hundred fifty-five
9 dollars.

10 MR. LEWIS: Move the admission of Plaintiff's
11 Exhibit 9.

12 THE COURT: Mr. Wohlgemuth?

13 MR. WOHLGEMUTH: I have no objection as long as
14 the plaintiff is not representing thi document to be the
15 net cash transfers to Nora Lum. It does not take into
16 account the deposits she made; correct?

17 MR. LEWIS: Which deposit?

18 MR. WOHLGEMUTH: This is just cash out. It
19 doesn't -- This does not intend to net out the cash in.

20 MR. LEWIS: This doesn't include any cash in.

21 MR. WOHLGEMUTH: Okay. I have no objection.

22 MR. LEWIS: Whatever cash in there may have
23 been.

24 A Nor does it talk about the money that went out to
25 Gene Lum either.

1 Q (By Mr. Lewis) No.

2 A Thank you.

3 MR. WOHLGEMUTH: No objection.

4 THE COURT: Plaintiff's 9 will be admitted.

5 Q (By Mr. Lewis) Mr. Price, let me hand you what's
6 been marked as Plaintiff's Exhibit 10.

7 A Yes, sir.

8 Q Let me ask if that's another summary exhibit that we
9 have prepared based upon the exhibits that have already
10 been introduced reflecting cash to Gene Lum from Dynamic?

11 A Yes, sir.

12 Q And again, other than the Cherner Lincoln check, the
13 last item on this exhibit, these others were all checks
14 that were actually written to Gene Lum?

15 A Yes, sir.

16 Q And this exhibit does not include items that we
17 didn't have at the time of preparing this exhibit
18 obviously, nor does it include personal expenses that may
19 have been paid by Dynamic for Gene Lum's benefit; is that
20 correct?

21 A Correct. I'm sure there are other expenses that he
22 incurred.

23 Q And how much does that reflect Gene Lum receiving in
24 1994 from Dynamic?

25 A Five million two hundred thirty thousand dollars in

1 three different checks.

2 MR. LEWIS: I move the admission of Plaintiff's
3 Exhibit 10.

4 MR. WOHLGEMUTH: No objection.

5 THE COURT: 10 will be admitted.

6 Q (By Mr. Lewis) Mr. Price, I have handed you what's
7 marked as Plaintiff's Exhibit 11 and ask you if that's an
8 additional summary exhibit which we have prepared
9 reflecting the cash transfers by the Lums that occurred
10 between November -- or at least checks dated November 15th
11 of 1994 through January 6th of 1995?

12 A Yes, sir.

13 Q And this exhibit outlines the movement of the two
14 \$2,600,000 amounts that you have already testified to
15 first from Nora Lum to Dynamic, then from Dynamic to Gene
16 Lum, then from Gene Lum to Nora Lum; does it not?

17 A It sure does.

18 Q And additionally it reflects the two million dollars
19 wired to the fidelity investment account of Nora Lum on
20 December 28th and then the January 6th transfer from Gene
21 Lum of two million dollars back to Dynamic; doesn't it?

22 A That is correct, sir.

23 Q Were you consulted or aware of any of these
24 transactions at the time they occurred?

25 A No, sir.

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1 MR. LEWIS: I move the admission of Plaintiff's
2 Exhibit 11.

3 MR. WOHLGEMUTH: No objection.

4 THE COURT: Plaintiff's 11 will be admitted.

5 Q (By Mr. Lewis) Mr. Price, I'm handing you what's
6 marked as Plaintiff's Exhibit 13, which is stated, "Draft
7 Dynamic Energy Resources, Inc., projected tax return
8 reconciliation of stockholders' equity May 31, 1994"; is
9 that correct?

10 A Yes.

11 Q Where did you receive this document, or from whom
12 did you receive this document?

13 A From Deloitte, Touche.

14 Q And did you receive it somewhere following May 31st,
15 1994?

16 A Yes, sir.

17 Q Does this document reflect the earnings of the
18 corporation after you had sold the second half of the gas
19 contract for \$11,250,000 in 1994?

20 A Yes, sir.

21 Q And in the second column -- Well, first of all, in
22 the first column were there any profits in Dynamic in
23 1993?

24 A No. There was actually a loss of \$161,000.

25 Q Okay.

- 1 A 1993 there was a loss of \$161,000.
- 2 Q But following the transactions in the spring of
3 1994, does the second column reflect the earnings of the
4 corporation?
- 5 A Yes.
- 6 Q As of May?
- 7 A Right. That number --
- 8 Q How much was that?
- 9 A That number is \$11,907,734.84, so 11.9 million in
10 earnings.
- 11 Q Does the third column reflect the distributions that
12 you are aware of that occurred in May of 1994 to the
13 shareholders of the corporation?
- 14 A Yes.
- 15 Q And does that reflect that a \$5,250,000 distribution
16 was made to Nora Lum as the 60 percent shareholder?
- 17 A Yes.
- 18 Q Does that reflect that a \$2,540,000 distribution was
19 made to Linda Price as a 26 percent shareholder?
- 20 A Yes.
- 21 Q And it reflects that no distributions were made to
22 your four children, each of whom was a one percent
23 shareholder; is that correct?
- 24 A That's correct.
- 25 Q And does the column on the right side of this

1 exhibit reflect the balance of profits to be distributed
2 to these shareholders at some time after May of 1994?

3 A Yes, sir. When I left --

4 Q How much does that reflect that the Price family
5 shareholders --

6 A Well, I would like to say --

7 Q -- still had coming?

8 A I would like to state it individually. My daughter,
9 Jackie Price, was owed \$117,465; my daughter, Nicki, was
10 owed 117 thousand some odd dollars; my other daughter,
11 Stephanie, was owed \$117,000; and my son, Stuart Price,
12 II, was owed another \$117,000; and my wife, Linda Mitchell
13 Price, was owed an additional \$514,000.

14 Q And the total of all of those remaining balances on
15 Plaintiff's Exhibit 13 is how much undistributed money?

16 A Three point seven million dollars.

17 Q And in fact, at the end of May of 1991 Dynamic
18 Energy had how much cash?

19 A Four point one million dollars.

20 MR. LEWIS: Move the admission of Plaintiff's
21 Exhibit 13.

22 MR. WOHLGEMUTH: No objection.

23 THE COURT: Plaintiff's 13 will be admitted.

24 Q (By Mr. Lewis) Let me hand you what's been marked as
25 Plaintiff's Exhibit 14 and ask if that is another document

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1 reflecting reconciliation of shareholder equity following
2 distributions made in October of 1994?

3 A Yes, sir.

4 Q From whom did you receive this document?

5 A Deloitte & Touche.

6 Q Did you receive it at some time after October of
7 1994?

8 A Yes, sir.

9 Q On the left-hand column, does that reflect who in
10 October of 1994 were the shareholders of Dynamic Energy?

11 A In the column on the left?

12 Q Beside the names.

13 A Just the names. There's one issue -- Yeah. I think
14 there's -- the ownership has changed one percent. Wally
15 Lean doesn't own that one percent anymore, but I believe
16 everyone else are currently stockholders.

17 Q Well, in fact, there's a parenthetical entry beside
18 the name of Nora Lum in the left-hand column that says
19 as of 1-1-94; is that correct?

20 A Yes.

21 Q And at some point in time did Wally Lean's one
22 percent ownership change?

23 A Yes. Well, it's interesting to me. I mean, he got
24 a lot of money. I don't know that the stock went to him.
25 I haven't seen the stock purchase agreement. It looks

1 like corporate money went to pay for it, and it looked
2 like Nora Lum was the recipient of the additional one
3 percent.

4 Q And on Plaintiff's Exhibit 14 under the column of
5 October, 1994, earnings, does that reflect broken out by
6 shareholder what the earnings of each shareholder were at
7 that point in time?

8 A Yes, sir.

9 Q And in the next column it reflects May, 1994,
10 distributions. Does that show the same distributions to
11 Nora Lum and to Linda Price that you previously testified
12 to?

13 A Yes, sir.

14 Q And then in the next to last column it reflects
15 additional distributions in October to certain
16 shareholders; does it not?

17 A Yes, it does.

18 Q Were you aware of those October distributions at the
19 time they occurred?

20 A No, sir.

21 Q And finally in the last column, does that reflect
22 the total balance of stockholder equity as of October,
23 1994?

24 A Yes, sir.

25 Q And your family still has --

1 A It owes each one of my children \$122,000, and it
2 owes my wife \$554,000.

3 Q I believe that says \$654,000.

4 A I'm sorry, \$654,198.25 is the amount owed to Linda
5 Mitchell Price.

6 MR. LEWIS: I move admission of Plaintiff's
7 Exhibit 14.

8 MR. WOHLGEMUTH: No objection.

9 THE COURT: Plaintiff's Exhibit 14 will be
10 admitted.

11 Q (By Mr. Lewis) Mr. Price, I have handed you what's
12 been marked as Plaintiff's Exhibit 16, which is titled
13 "Dynamic Energy schedule of amounts paid to Lums and
14 Prices, tax year ended 12-31-94"; is that correct?

15 A That's correct.

16 Q From whom did you receive this document?

17 A Deloitte & Touche.

18 Q Approximately when did you receive it?

19 A Oh, after year end. I mean, exact date?

20 Q Did you discuss this document with anyone at
21 Deloitte & Touche?

22 A Oh, yeah. I sat down with Jimmy Carter and a woman
23 in the office and went over it and looked at it and asked
24 the woman to leave and went -- I was very angry at the
25 numbers.

1 Q Was this document one of the first confirmations
2 that you had seen of the totality of funds going to the
3 Lum family in comparison with the Price family?

4 A I believe this was one of the many documents.

5 Q And this document reflects total cash to the Lum
6 family of how much?

7 A Total to the Lum family \$7,905,500.

8 Q And total cash to the Price family?

9 A Two million six hundred forty thousand dollars.

10 Q And is that total cash for the Price family made up
11 of the \$2,540,000 April, 1994, shareholder distribution
12 plus the \$100,000 check that was given you by Nora Lum in
13 December of 1994?

14 A Yes, sir.

15 Q You see in the middle of the page where it has a
16 column for loans and it says, "Linda Price"? Do you see
17 that?

18 A Uh-huh.

19 Q Has Linda Price ever borrowed any money from
20 Dynamic?

21 A No, sir.

22 MR. LEWIS: Move the admission of Plaintiff's
23 Exhibit 16.

24 MR. WOHLGEMUTH: No objection.

25 THE COURT: Plaintiff's 16 will be admitted.

1 Q (By Mr. Lewis) Mr. Price, I have handed you
2 Plaintiff's Exhibit 17, which consists of documents
3 produced by the defendants last week, beginning with Bates
4 Stamp Number D00110 through 2363, and I will represent to
5 you that these documents were produced to us as responsive
6 to the request for American Express Bank statements of
7 Dynamic. Have you had an opportunity to review
8 Plaintiff's Exhibit 17?

9 A Yes, I have, and I will point out that it's only
10 from November of '94 -- it's only a six-month period, I
11 believe. So we don't have anything, I believe, from
12 December on, nine months.

13 Q Well, while you were still at Dynamic, was a
14 corporate American Express account set up?

15 A Yes.

16 Q Who received American Express cards as part of that?

17 A Initially it was myself, Nora Lum, and Kathy Nojima,
18 I believe.

19 Q And at the time you left the company at the end of
20 June, are those the only cardholders that you can recall?

21 A I believe so.

22 Q From reviewing -- Strike that. Let me address your
23 attention to the first group, which begins on the second
24 page of one exhibit, reflecting a November 16th payment by
25 Dynamic of a 12,000 some odd dollar American Express bill.

1 Do you see that?

2 A Yes.

3 Q And is the next page the -- reflect the balance due
4 of \$12,368 that that check was paying?

5 A Yes.

6 Q And following that page do we have the detailed
7 itemizations of what all of the charges were that were in
8 that American Express bill?

9 A Yes.

10 Q Let me direct your attention on the page Bates
11 Stamped 114.

12 A Yes, sir.

13 Q Let me ask you about certain of the items in the
14 second from the left column, American Express numbers,
15 each one of these as item numbers.

16 MR. WOHLGEMUTH: Excuse me. What page are you
17 on?

18 MR. LEWIS: One one four. It's about two pages
19 after where you are.

20 Q (By Mr. Lewis) Do you see item number 11, Filigree &
21 Fancy, Newbury, Massachusetts?

22 A Yes, sir.

23 Q Do you know of any corporate purpose, sir, by that
24 \$525 charge?

25 A No.

1 MR. WOHLGEMUTH: I'm going to object to this,
2 Your Honor. I think this is during the period of time
3 that Mr. Price was not associated with the company. I'm
4 not sure he is a proper witness to testify with respect to
5 expenditures when he had terminated his relationship.

6 THE COURT: Well, he may testify if he knows. I
7 have heard that he doesn't know.

8 A No.

9 THE COURT: The objection is overruled. Go
10 ahead and ask another question, if you have any more.

11 Q (By Mr. Lewis) On the next page 116, item 38, do you
12 know of any corporate purpose being served by purchasing
13 Petite Sportswear in Filenes Basement for \$239?

14 A No, sir.

15 THE COURT: I'm sorry, which item was that?

16 MR. LEWIS: Item number 38.

17 THE WITNESS: 38.

18 Q (By Mr. Lewis) And in fact, Mr. Price, if you will
19 turn to page 126, those are the detailed chits that come
20 in the American Express bill that reflects each of the
21 charges; are they not?

22 A Yes, sir.

23 Q Let me direct your attention to item 38 at the lower
24 left-hand side of the page.

25 A Uh-huh. Petite sportswear, Misses sweaters, Misses

1 sweaters, Misses sweaters, and the same with item 39,
2 \$239, \$259, and, Mr. Lewis, it's -- there's hundreds of
3 these kinds of charges in here.

4 THE COURT: Mr. Price, who was the personal
5 guarantor on this account, or was there one?

6 THE WITNESS: You know --

7 THE COURT: No. I'm asking if you know. Do you
8 know?

9 THE WITNESS: Well --

10 THE COURT: All right. I take it you don't
11 know. Go ahead, Mr. Lewis.

12 Q (By Mr. Lewis) On the next page, item number 40, you
13 see Filenes Basement hosiery at the top of the page?

14 A What number, sir?

15 Q Item 40 at the top of the page.

16 A Yes.

17 Q Do you know of any corporate purpose being served by
18 that?

19 A Hosiery, hosiery, hosiery at Filenes Basement in
20 Boston, no, sir.

21 Q On page Bates Stamped -- I can't find the Bates
22 Stamp.

23 A Mr. Lewis, let me respond to -- I really believe
24 that I was a guarantor on the cards when they were
25 initially issued, and to the best of my knowledge, I

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1 really believe I was.

2 THE WITNESS: I was just trying to recollect in
3 my mind, Your Honor, what document was signed, but -- you
4 know -- they have the records.

5 Q (By Mr. Lewis) Let me address your attention -- I
6 can't find the Bates Stamp on the page, but it's a few
7 pages later, and American Express calls it page 11 of 12
8 at the top of the page.

9 A Yes.

10 Q Do you see a Trans World Airlines charge on the
11 upper right-hand side for T. Lum?

12 A Yes.

13 Q Who is T. Lum?

14 A That's Trisha Lum.

15 Q And Trisha Lum is one of the Lums' daughters?

16 A Yes.

17 Q Do you know of any corporate purpose for Trisha Lum
18 flying from Washington, D.C. to Tulsa and back?

19 A No, sir.

20 Q At the bottom of that same page, do you know of any
21 corporate purpose for Lancome makeup or Lancome treatment?

22 A From Saks Fifth Avenue in Boston, Lancome makeup
23 \$27.30, no, sir, I don't, and the same with item 63,
24 Lancome treatment, \$42, no, sir, I don't.

25 Q Let me address your attention to page 137.

1 A (Witness complied.)

2 Q Does that page reflect that out of that October 8th,
3 1994, American Express card that \$13,240 of that total
4 amount of charges was on Nora Lum's --

5 A Yes.

6 Q -- charge?

7 A Yes, sir.

8 Q Let me address your attention to the page marked 6
9 of 12 about three or four pages later.

10 A Yes, sir.

11 Q I can't find a Bates Stamp on it.

12 A Okay.

13 Q Do you know of any corporate purpose in salon shoes
14 being purchased at Nordstrom for \$185?

15 A In Edison, New Jersey, no, I don't. I believe
16 that's where one of their daughters in that vicinity goes
17 to school.

18 Q Let me direct your attention to the next page, which
19 is Bates Stamped 149, several airline travel tickets. Do
20 you know of any corporate purpose -- And I'm starting on
21 the second item on the left-hand column of Melinda Yee
22 traveling to Boston?

23 A No.

24 Q Let me finish. Do you know of any corporate purpose
25 in Nickie Lum traveling to Boston?

9 / U 4 0 0 3 0 4 1

- 1 A No.
- 2 Q Or Nora Lum traveling to Boston?
- 3 A No.
- 4 Q Or Gene Lum?
- 5 A No.
- 6 Q Or Trisha Lum?
- 7 A No. Mr. Lewis --
- 8 Q Did you discuss with the Lums the fact that they
9 went to Boston in September of 1994 or October?
- 10 A Yes.
- 11 Q Do you know what the purpose of that trip was?
- 12 A They said that they were going under instructions of
13 Commerce Secretary Ron Brown to go help Ted Kennedy win
14 his senate seat. I would like to point out something
15 here, Mr. Lewis, on that item you said, Melinda Yee. It
16 kind of concerns me. It looks like a government official.
17 She works for the Department of Commerce, and she
18 received -- you know -- a private corporation seems to be
19 paying her travel.
- 20 Q Let me address your attention to page 153.
- 21 A Yes, sir.
- 22 Q Do you see it? The second from the bottom on the
23 right-hand side, entry at Ann Taylor for apparel in
24 Boston, \$205. Do you know of any corporate purpose?
- 25 A No, sir. Nor on that same page the Lancome makeup

- 1 again, okay.
- 2 Q On page 155?
- 3 A One fifty-five?
- 4 Q Do you see another series of Lum family trips to
5 Boston?
- 6 A Yes, sir, I do.
- 7 Q Do you know of any corporate purpose for those
8 trips?
- 9 A No, sir.
- 10 Q If you would now turn to page 162, which is the
11 September 8th, 1994, American Express bill?
- 12 A Yes.
- 13 Q Does that reflect that \$14,915 of that bill was
14 charged by Nora Lum?
- 15 A Yes, sir.
- 16 Q If you would take a look at page 170, which American
17 Express calls five of ten?
- 18 A Yes, sir.
- 19 Q Do you see on the upper right-hand side Nantucket
20 Accommodations --
- 21 A Yes.
- 22 Q -- for lodging for \$600?
- 23 A Yes.
- 24 Q Were you aware --
- 25 A That's actually a credit, Mr. Lewis.

- 1 Q That is a credit.
- 2 A Yeah, but the one below it, I think --
- 3 Q The one below it, purchase of women's clothing from
4 Irresistibles in Nantucket, are you aware of any corporate
5 purpose?
- 6 A No, sir, I'm not.
- 7 Q Were you aware of a trip that the Lums made in that
8 time frame to Nantucket?
- 9 A Yeah. I think it was on some kind of Democratic
10 National Committee deal, yeah.
- 11 Q Do you see item 13?
- 12 A Yes, I do.
- 13 Q Beautiful People in Nantucket?
- 14 A The Beautiful People of Nantucket.
- 15 Q Do you know of any corporate purpose?
- 16 A No, sir, I don't, \$114.
- 17 Q On the next page, item 19, Filenes Basement in
18 Boston for Misses sportswear, \$349. Do you know of any
19 corporate purpose?
- 20 A No, sir.
- 21 Q On the next page, 174 --
- 22 A Yeah.
- 23 Q -- second item on the right, do you know of any
24 corporate purpose in a \$1,600 apparel purchase from Gus
25 Mayer in Nashville?

1 A No.

2 Q Were you aware of the Lums taking a trip in that
3 time frame to Nashville?

4 A Yes.

5 Q Do you know what the purpose of the trip to
6 Nashville was?

7 A Yes. Their daughter, Maxine, was getting -- got
8 married in Hawaii, and then they had a party at -- during
9 this time in her husband's town, if you will, of
10 Nashville, Tennessee, and I guess they took the whole
11 family and had a pretty good time.

12 Q On page 176, do you see a variety of charges at the
13 Stouffer Hotel in Nashville at the bottom half of the
14 page --

15 A Yes, sir.

16 Q -- in connection with that trip?

17 A Yeah. There's four of them in the area of \$350
18 each.

19 Q On the next page, 178, do you know of any corporate
20 purpose being served by Marshall Field's in Chicago,
21 women's hosiery? I can't read the other one.

22 A Which item is that, Mr. Lewis?

23 Q On page 178.

24 A Marshall Field's hosiery. It's not File:nes
25 Basement?

1 Q That's the next item. Do you know of any corporate
2 purpose --

3 A I don't see that one.

4 Q -- in Filenes Basement, bodywear for \$249?

5 A Bodywear.

6 Q Second item on the right?

7 A No, sir. Bodywear, bodywear, and bodywear, \$249,
8 women's --

9 Q On the next page, page 180, second item on the left,
10 do you know of any corporate purpose in purchasing fine
11 jewelry for \$1,000 from Carsons on State Street in
12 Illinois?

13 A No, I don't.

14 Q Do you know of any corporate purpose for spending
15 four days at a Palmer House in Chicago at the bottom of
16 that page for \$793?

17 A I don't, except I think they were trying to get
18 their daughter a job in Chicago.

19 Q In Chicago. I direct your attention to the page
20 183. Does that reflect -- That's the August 8th, '94,
21 American Express bill. Does that reflect that \$9,000 of
22 that bill was Nora Lum?

23 A Yes, sir.

24 Q On page 193 do you know of any -- middle of the
25 page, do you know of any corporate purpose in a variety of

1 stays in the Hilton Hawaiian Village in Honolulu?

2 A No, but I suppose that was during the time of their
3 daughter's wedding. I think they were putting up friends
4 and relatives would be my suspicion on a corporate card.

5 Q On the next page, number 195, bottom left-hand
6 entry. Do you know of any dental services -- I'm sorry,
7 any corporate purpose in paying a dental bill of \$1,200 in
8 Honolulu?

9 A No, sir.

10 Q On the next page, 197, at the top left, do you know
11 who A. Nojima is?

12 A That's her niece.

13 Q Whose niece?

14 A That's Nora Lum's niece. She lives in L.A. It
15 looks like they flew her over for the wedding.

16 Q Do you know of any corporate purpose in flying Ms.
17 Nojima to Honolulu?

18 A No, sir, I do not. I don't think she -- I know she
19 was not employed from the employment records at any time.

20 Q On page 202 --

21 A Yes, sir.

22 Q -- and 204 appear to be addressed to you from Turtle
23 Bay Hilton in Hawaii. What are those?

24 A We stayed at the Turtle Bay Hilton in Hawaii for
25 several days, and this was the charge for the rooms.

1 Q Why did you go there?

2 A We were really invited there after our successful
3 business dealings to celebrate and have a -- you know --
4 discussion about business.

5 Q Was this following the \$11,250,000 transaction --

6 A Yes.

7 Q -- in the spring of 1994?

8 A I believe so. Right before, yeah, but, yeah.

9 Anyway, that's just for our room. I would like to say
10 this, also --

11 MR. WOHLGEMUTH: I'm going to object to it as
12 being nonresponsive to any question.

13 THE COURT: You need to respond to the questions
14 asked by Mr. Lewis and then stop. Go ahead, Mr. Lewis.

15 Q (By Mr. Lewis) There are back in the back of this,
16 which are the earlier statements, are some statements from
17 the time that you were still at Dynamic and reflect
18 charges by you, which I think from the book we were given
19 by counsel, I think, will be one of their exhibits, and I
20 will let them ask you about the charges that you had in
21 that.

22 A Okay.

23 MR. LEWIS: We would move the admission of
24 Plaintiff's Exhibit 17.

25 THE COURT: Any objection?

1 MR. WOHLGEMUTH: No objection.

2 THE COURT: 17 will -- Plaintiff's Exhibit 17
3 will be admitted.

4 Q (By Mr. Lewis) Mr. Price, I have handed you what's
5 marked as Plaintiff's Exhibit 19, which I will represent
6 to you is a series of copies of items out of the bank
7 statements that were produced for us by the defendants
8 last week, and we have put them in this exhibit in
9 numerical order of the Bates Stamps at the bottom of the
10 page. We obviously haven't included every transaction.
11 Have you had an opportunity to look through the checks
12 in Plaintiff's Exhibit 19?

13 A Yes, sir.

14 Q If you would look at the first page --

15 A Yes.

16 Q -- top check, and I might also advise that since
17 these were copied by the copy shop three checks to a page,
18 there may only be one check on each one of these pages in
19 which we have any interest, but they were all on there.
20 The top check on page 457, was that the -- what was that?

21 A As you recall, I loaned the company or Denver Oil
22 and Minerals loaned the company \$20,000 to close this
23 transaction in late 1993. This is payment of the \$20,000
24 back to Denver Oil and Minerals.

25 Q On the next page, check 1541 in the middle?

1 A Yes.

2 Q King's Travel, \$15,000. It reflects, "Lum's
3 clients -- DERI." Does DERI stand for Dynamic?

4 A Yes.

5 Q Do you know what that relates to?

6 A I think it's for tickets to their daughter's wedding
7 in Hawaii. That's my belief.

8 Q On the next page, top of the page, 1562, Kathy
9 Muller Studios for \$11,200. Check says, "Per Ron
10 Higa/Nora Lum." Who is Ron Higa?

11 A Ron Higa is a small stockholder in Dynamic, a friend
12 of Nora Lum's, and the only thing I can figure, I called
13 Kathy Muller Studios, and I asked them -- you know -- what
14 they do, and they say that they do weddings.

15 MR. WOHLGEMUTH: I'm going to object as hearsay,
16 Your Honor.

17 THE COURT: Sustained.

18 Q (By Mr. Lewis) I might point out that the back of
19 that check is one of the items that we are still awaiting.

20 A Yes, sir.

21 Q Next page, the middle of the page, you see check
22 1587 to Michael Brown for \$10,000?

23 A Yes.

24 Q The next page, middle of the page, check 1598 for
25 \$10,000 to Wallace Lean. Who is that?

1 A That's -- He owned one percent of the company, and
2 now Nora owns that amount, and here's a check from Dynamic
3 to Wally Lean.

4 Q Let me direct your attention to the next page, 497.
5 Do you recognize the handwriting on the first check, check
6 number 1600?

7 A Yes.

8 Q Is that Nora Lum's handwriting?

9 A I do not believe it is.

10 Q Whose handwriting does that appear to be to you?

11 A It's very similar to Gene Kung Ho Lum's handwriting.

12 Q Do you know what Four Star Insurance is?

13 A I do not, but it seems like it's on several check
14 stubs in thousands of dollars, and it seems like it's for
15 insurance business in Hawaii.

16 Q The next page, top item, check to Trisha Lum for
17 \$5,000?

18 A Yes.

19 Q That's one of the Lums' daughters?

20 A Yes.

21 Q The next page at the bottom, is that the \$60,000 to
22 buy the Robert Trent Jones Golf Club membership?

23 A Yes. And the notation is that it's for Michael A.
24 Brown.

25 Q The next page at the top?

9 / 0 4 0 0 3 0 5 1

- 1 A Yes.
- 2 Q Another check to Robert Trent Jones Golf Club for
3 \$4,100?
- 4 A Forty-one hundred dollars for Michael Brown.
- 5 Q For Michael Brown?
- 6 A Yes.
- 7 Q The next page, top check, \$24,625 to Nora Lum?
- 8 A Yeah.
- 9 Q Do you know what that's for?
- 10 A I believe that some of that was to buy some
11 furniture and office supplies when they established the
12 Washington office.
- 13 Q The next page is -- bottom check, paying the
14 corporate American Express bill?
- 15 A Yes, sir.
- 16 Q Is that correct?
- 17 A Yes, sir.
- 18 Q The next page -- And for the Record I'm on page 587.
19 The check at the top to Bank of Hawaii, do you know of any
20 corporate purpose in that check?
- 21 A Where are you?
- 22 Q I'm on page 587.
- 23 A Top check?
- 24 Q Top check payable to Bank of Hawaii.
- 25 A Help me, Mr. Lewis. On that check what does that

1 say Dynamic Energy there?

2 Q Well, what does it say?

3 A It just shocks me. It looks like it's Kun Yin Lum,
4 Kun Yin Lum, and it's on --

5 Q Do you know who that is?

6 A No.

7 Q Okay.

8 A I mean, it looks like it is some Lum, but I don't
9 know him.

10 Q The next check on that page to Citibank Advantage,
11 does that reflect that's to pay a credit card for Nora
12 Lum?

13 A Yes, it does, \$1,811.

14 Q Next page, is that the \$30,000 check to Gene Lum
15 that was reflected on one of the earlier exhibits as a
16 consulting fee?

17 A Yes.

18 Q Next page at the bottom, check to Kathy Nojima for
19 \$3,000 for Chicago. Do you know of any corporate purpose
20 in that?

21 A No, sir, I don't.

22 Q Next page at the top is another American Express
23 bill, corporate card being paid; is it not?

24 A Yes, sir.

25 Q Okay. On the next page beginning with check 1781

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1 through check 1786, would you state what those checks
2 reflect?

3 A Well, I don't know what business purpose, but it
4 looks like Larry Wong, a stockholder, got \$3,000 for
5 reimbursement in September. Nora Lum got \$3,000 for
6 reimbursement in September, same -- you know -- a series
7 of checks. Eric Hubbard got \$2,000 for reimbursement --
8 these are all even amounts, by the way -- Gilbert Colon,
9 3,000; Michael Brown, 5,000; Helen Yee, 2,000; Kathy
10 Nojima -- Most of these are stockholders. She got the odd
11 amount, \$1,009.26.

12 Q And on the next page, top check to American Express
13 for Kung H. Lum, is that Gene Lum?

14 A That's interesting. I believe it would be, but it's
15 interesting that he is not using his legal name, which is
16 Eugene Lum.

17 Q Next page, bottom of the page, does that reflect
18 \$2,500 for Nora Lum?

19 A Yes. It doesn't have a notation what it's for.

20 Q The next page at the top reflects \$20,000 to Nora
21 Lum?

22 A Yes.

23 Q Were you aware of those payments going to Nora Lum
24 at the time?

25 A No, sir.

1 Q Next page at the top is \$500 to Anna Nojima. Is
2 that the same person you testified to, this Nora Lum's
3 niece that had a ticket to Hawaii in the earlier exhibit?

4 A Yes.

5 Q Do you know of any corporate purpose for her
6 receiving \$500?

7 A You know, I don't, but I don't know for sure.

8 Q Next page at the bottom, Citibank Advantage, is that
9 paying a Nora Lum --

10 A Credit card.

11 Q -- credit card?

12 A Citibank Advantage, Nora Lum, \$1,164.

13 Q Next page, top check, number 2188, is that paying a
14 Gene Lum American Express bill?

15 A Yes, it is.

16 Q Next page, top check, is that paying Trisha Lum's
17 VISA card?

18 A Yeah -- Yes.

19 Q Next page, middle of the page, is that paying -- to
20 Chase VISA, is that paying Nickie Lum's credit card?

21 A Yes, it is.

22 Q Next page, which is page 700, in the middle of the
23 page, is that a \$25,000 check to Nora Lum in January -- on
24 January 6th, 1995?

25 A Yes, it is.

1 Q Were you aware of that check?

2 A No, sir, I wasn't.

3 Q Is that check reflected on Plaintiff's Exhibit 9,
4 which was a listing of cash that we knew of at the time we
5 prepared the exhibit that Nora Lum had received?

6 A Fifty thousand?

7 Q No, 25,000 on January 6th.

8 A Twenty-five thousand on January 6th? I don't
9 believe that was -- Is that -- Huh. This is 2202 is the
10 check number on that 25,000.

11 Q We are in 1995, which is the last three entries on
12 the exhibit; are we not?

13 A It's not reflected in that, so, yeah.

14 Q Okay.

15 A She took more money.

16 Q If you will turn to the next page, bottom of that
17 page, do you see a January 9th check to Nora Lum for
18 \$50,000?

19 A Yes, I do.

20 Q That's January 9th, 1995?

21 A Yes, sir.

22 Q Is that reflected on the Plaintiff's Exhibit 9 as
23 cash going to Nora Lum?

24 A No, sir.

25 Q Next page in the middle of the page is a January,

1 1995, \$23,000 payment to American Express?

2 A That's the biggest one yet.

3 Q That's for one which we --

4 A Don't have any backup on it yet, but it's a check,
5 yes, sir.

6 Q The next page at the bottom is a check to American
7 Express on some different account?

8 A Yes, sir.

9 Q That's not the corporate account; is it?

10 A I don't believe so, but that's \$3,985.

11 Q The next page in the middle of the page, is that a
12 payment to American Express for Gene Lum's credit card?

13 A Yes, sir.

14 Q And the bottom of the page, is that a payment to
15 Citibank Advantage of \$1,900 for Nora Lum's credit card?

16 A Yes, sir.

17 Q The next page in the middle, is that a payment to
18 Bank of Hawaii for Trisha Lum?

19 A It appears to be a credit card, \$424, yes, sir.

20 MR. WOHLGEMUTH: Your Honor, we have no
21 objection to this exhibit. I don't know that by having
22 Mr. Price saying yes, that really advances the ball at
23 all.

24 THE COURT: Well, I think -- Are you going to be
25 much longer with this exhibit? The Court would allow --

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1 As 19 is going to come in, the Court would allow you to
2 call to the attention of the Court particular items on the
3 pages as we go through. That might speed things up.

4 MR. LEWIS: If I could just do that.

5 THE COURT: Surely.

6 MR. LEWIS: I think that's a good idea, Your
7 Honor.

8 Q (By Mr. Lewis) On page 767 --

9 THE COURT: I will show 19 admitted. Go ahead,
10 767. I'm with you.

11 Q (By Mr. Lewis) Citibank Advantage for \$4,700 for
12 Nora Lum at the top.

13 A Yes.

14 Q A Chase VISA for Nickie Lum at the bottom. On the
15 next page Maxine Lum receives a consultant fee in
16 September of \$1,500. Is Maxine the daughter that was just
17 married in August?

18 A Yeah. Maxine is a student in law school right now.

19 Q On the next page at the top is a check to Lexus of
20 Norwood. Mr. Price, are you aware of any company Lexus
21 cars?

22 A No, sir.

23 Q The bottom of the page is a payment of Maxine Lum's
24 American Express card for \$4,800.

25 A Yep.

1 Q On the next page is Kathy Nojima's VISA card for
2 \$1,000. On the next page in the middle is a payment to
3 The Associates that says, "Nojima/Lum account." On the
4 next page in the middle is the same Four Star Insurance
5 Agency that the witness already testified on an earlier
6 check, and it reflects it's insurance for autos in Hawaii
7 for \$3,480. Do you know of any corporate purpose in
8 paying insurance on Hawaii automobiles, Mr. Price?

9 A No. I mean -- you know -- an explanation, though,
10 there were some corporate automobiles, and they had to
11 insure them somewhere. I don't know if that's where they
12 insured them. I don't know.

13 Q And then over to page 819, top entry paying Nora
14 Lum's VISA -- I'm sorry, First USA Bank card.

15 A Yeah.

16 Q Next page at the bottom, \$2,600 for Nora Lum's
17 Citibank Advantage.

18 A Yes.

19 Q Next page at the top is paying Mr. Lum's American
20 Express for \$1,600. Next page at the top is to -- It
21 looks like Anbella Mutual Insurance Company for \$3,500
22 that says, "Lexus ES 300 insurance, Boston office." Mr.
23 Price, are you aware of a Boston office of Dynamic?

24 A No, sir, I'm not.

25 Q Next check on that page is Maxine Lum's American

1 Express bill. Bottom check is Michael Brown taking
2 another \$10,000. Top of the next page is Trisha Lum
3 getting a consulting fee of \$5,000.

4 A Yes, sir.

5 Q Next page at the bottom is Trisha Lum's Bank of
6 Hawaii payment being made?

7 A Yes, \$1,100.

8 Q The next page in the middle is Nora Lum's VISA card
9 of \$4,300 being paid, and at the bottom is Nickie Lum's
10 VISA card being paid.

11 A Yes, sir.

12 Q Next page is just the corporate American Express
13 again. On the following page -- I'm now on 912 -- at the
14 top is -- or actually that whole page is reimbursements to
15 Maxine Lum for phone, for car rental, and for short-term
16 rental of apartment, and you say Maxine was a student --

17 A Maxine --

18 Q -- in Boston at that time?

19 A Yes.

20 Q Next page, top entry is paying an American Express
21 bill. Next page is at the top Nora Lum's Citibank
22 Advantage for \$2,600, in the middle of the page Mr. Lum's
23 American Express for \$1,700, and at the bottom of the page
24 Trisha Lum's VISA for \$1,800. Skip the next page and now
25 on page 981, it's paying another American Express bill at

1 the bottom. The next page is paying at the bottom Kathy
2 Nojima's American Express bill.

3 A Yes.

4 Q The next page -- I'm on 1021 --paying Nora Lum's
5 account at Saks Fifth Avenue at the bottom of the page for
6 \$771.

7 A Her account at Saks Fifth Avenue, yes.

8 Q The next page paying Nora Lum's VISA for \$2,000?

9 A Yes.

10 Q The next page at the bottom is Stanley Nojima, \$400.
11 Who is Stanley Nojima?

12 A Stanley Nojima is Nora Lum's brother in Hawaii.

13 Q What does it reflect on that check?

14 A It just says, "February."

15 Q Do you know of any corporate purpose in paying
16 Stanley Nojima?

17 A No. Gene did tell me that he was getting his
18 Mercedes reupholstered and fixed up and shipped from
19 Hawaii to the Mainland, and it seems like to me that that
20 might be compensation for Stanley for getting Gene's
21 Mercedes ready.

22 Q The next page in the middle is Tim Yee, consultant
23 fee for \$3,000. Is that related to the shareholder named
24 Yee?

25 A Yeah. I think it's her son.

1 Q The next page, Anna Nojima another \$500. The next
2 page at the bottom, Nickie Lum receiving \$1,500 in
3 February of 1995. The next page is Nickie Lum getting a
4 consulting fee for September of \$1,500. What was Nickie
5 Lum doing to your knowledge in September of 1994?

6 A I think she was attending college in September.

7 Q The second check on that page, which is page 1119,
8 is to Stanley Nojima for \$1,150. Does that reflect that
9 has to do with the Mercedes?

10 A Yes, it's for King's Upholstery for the Mercedes,
11 \$1,150.

12 Q The next page, Nora Lum's Citibank Advantage --

13 A Four thousand one hundred dollars.

14 Q -- \$4,100?

15 A Correct.

16 Q The next page, somebody Lum, VISA card for \$904.

17 The next page at the bottom to Rice's Body Shop for an '81
18 450 Mercedes. Is that the Gene Lum Mercedes?

19 A I believe it is the one that came from Hawaii, that
20 they shipped over and reupholstered.

21 Q The next page at the bottom is paying the corporate
22 American Express bill.

23 A Yes.

24 Q The next page at the top paying Nickie Lum \$1,000,
25 in the middle paying Maxine Lum \$1,500 as a consultant

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1 fee. The next page at the top reflects a payroll check
2 from Paychex to Trisha Lum in March of 1995. To your
3 knowledge what was Trisha Lum doing in March of 1995?

4 A Oh, she was around the office. She was hanging
5 around the Tulsa office.

6 Q The next page in the middle to Stanley Nojima
7 apparently shipping a car. Does that relate to the
8 Mercedes again?

9 A That would be my guess.

10 Q The next page -- I'm on page 1202 at the bottom --
11 begins a series of checks dated March 31st, 1995, which
12 reflects that they are shareholder distributions and that
13 check number 2418 is to Ron Higa for \$11,282; is that
14 correct?

15 A Yes.

16 Q And then the following checks are to Ted Kimura,
17 Michael Brown, Helen Yee, Larry Wong, Richard Choi
18 Bertsch, Nickie Lum. Are all of those reflecting
19 shareholder distributions on March 31st, '95?

20 A Yes, sir.

21 Q The next page, Trisha Lum and Maxine Lum and Kathy
22 Nojima, more shareholder distributions?

23 A Yes.

24 Q And on the next page, which is page 1210, is a check
25 number 2429 payable to Linda Price --

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1 A Shareholder distribution.

2 Q -- for \$32,008 on March 31st, 1995. Was that a
3 shareholder distribution to Linda Price?

4 A It was, sir.

5 Q Below that, are those shareholder distribution
6 checks in March of '85 (sic) to your four children?

7 A Yes.

8 Q I'm now on page 1212. At the bottom of that page is
9 a check to Helen Yee for \$2,000. Who was Helen Yee?

10 A Helen yee is a stock -- a minority stockholder in
11 Dynamic and a mother of Melinda Yee at the Department of
12 Commerce.

13 Q Here begins another series of checks, basically
14 consecutive checks all in even number amounts to a variety
15 of shareholders on the same day as the shareholder
16 distribution checks, but these are all called
17 reimbursements, \$3,000 to Larry Wong, 1,500 to Maxine Lum,
18 11,000 to Trisha Lum, 2,000 to -- I'm sorry, 9,000 to
19 Michael Brown, all reflecting reimbursement. The next
20 page, another corporate American Express bill being paid.
21 The next page, which is 1283, is?

22 A Twelve what?

23 Q Page number 1283.

24 A Yes, sir.

25 Q Reflecting payments back in April of 1994. The

1 first check on page 1283, is that to Nora Lum for \$175,000
2 consulting?

3 A Yes.

4 Q And you signed that check; did you not?

5 A Yes, sir.

6 Q The next check is to Nora Lum for \$70,000, and it
7 says, "promissory note"?

8 A I never saw a promissory note.

9 Q Were you aware of that check?

10 A (Witness shakes his head back and forth.)

11 Q You need to answer out loud.

12 A No.

13 Q The next page is a check to Wally Lean for \$10,000
14 in April of 1994, and it says, "partial distribution of
15 profits"; is that correct?

16 A Yeah. I think we already went over that in that
17 prior exhibit. These are just the checks. Yes, sir,
18 \$10,000 Wally Lean.

19 Q And just to go through them, also Ron Higa, Richard
20 Choi Bertsch, Michael Brown -- I'm sorry, let me stop.

21 Higa and Bertsch were partial distributions of profits in
22 April. Middle of the page on 1287 is a \$10,000 fee called
23 a consulting fee to Michael Brown; is that correct?

24 A Yeah. They are calling that on the same day
25 that they were doing partial distributions of profits --

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1 they are calling that a consultant fee to Michael Brown.

2 Q Then at the bottom of that page, is that the check
3 that your wife, Linda Price, received on or about April
4 21st 1994, in the amount of \$2,540,000?

5 A Yes, sir, partial --

6 Q What does that reflect that it is for?

7 A For a "partial distribution of profits."

8 Q And on the next page Michael Brown also got \$250,000
9 as a partial distribution of profits at the same time; is
10 that correct?

11 A No. It looks to me like it is \$150,000, Mr. Lewis.

12 Q I'm sorry, you're right.

13 A Okay.

14 Q Now, at the bottom of that page, 1289, is \$2,500,000
15 that says, "cashier's check." Is that part of the Nora
16 Lum distribution on that date?

17 A Yes.

18 Q On the next page at the top is \$2,400,000 to Nora
19 Lum. Is that reflected as partial distribution of
20 profits?

21 A Yes.

22 Q Next check, \$300,000 to Nora Lum, is that a partial
23 distribution?

24 A Yes.

25 Q And the next check, again on page 1291, for \$50,000

1 to Nora Lum, is that also a partial distribution?

2 A Yes.

3 Q On the following page more partial distributions to
4 Helen Yee, Maxine Lum, Ted Kimura?

5 A Yes, sir.

6 Q And on the next page, more of the same to Larry
7 Wong, Nickie Lum, and Kathy Nojima?

8 A Yes, all \$10,000 and all partial distributions of
9 profits.

10 Q And then on the last page a check to Nora Lum for
11 \$12,000 on May 18th?

12 A Yes.

13 Q 1994?

14 A Yes, sir.

15 Q And that doesn't reflect what it's for?

16 A No. It's blank.

17 Q Let me direct your attention to Plaintiff's Exhibit
18 9 reflecting cash to Nora Lum and ask if the May 18th,
19 1994, check number 1431 to Nora Lum for \$12,000 is
20 reflected on that exhibit?

21 A I don't believe it is. I don't see it here.

22 MR. LEWIS: Your Honor, did you -- I believe you
23 already admitted Plaintiff's Exhibit 19; did you not?

24 THE COURT: 19 is admitted, yes.

25 Q (By Mr. Lewis) Mr. Price, in your previous testimony

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1 you were -- you testified with regard to the financial
2 disclosure form that you were required to fill out in July
3 of 1994 in connection with your running for First District
4 Congress; is that correct?

5 A That's correct.

6 Q Now I have handed you what's been marked as
7 Plaintiff's Exhibit Number 20 and ask if that is a copy of
8 a financial disclosure statement signed by you, dated July
9 23rd, 1994?

10 A Yes.

11 Q And filed on July 29th, 1994, with the Office of the
12 Clerk of the U.S. House of Representatives?

13 A Yes.

14 Q I would point out that we have redacted out portions
15 of some of the pages of this exhibit to remove personal
16 confidential financial matters that are not relevant to
17 the issues here today. Let me direct your attention to
18 the third page of this exhibit, which at the top right is
19 called page --

20 MR. WOHLGEMUTH: Excuse me, Mr. Lewis. I would
21 like to object to the use of this document before it is
22 admitted, and I don't know what's been redacted out. I
23 have never seen this redacted document before, so we need
24 to have some opportunity to review the document in its
25 entirety.

1 MR. LEWIS: Would you like me to go ahead and
2 ask him questions?

3 THE COURT: Yes, that's fine. It's not been
4 offered yet, and in view of your objection, I will not
5 review it until such time as you have an opportunity to
6 review the document and inquire.

7 MR. WOHLGEMUTH: Thank you, Judge.

8 Q (By Mr. Lewis) Mr. Price, does this Plaintiff's
9 Exhibit 20 include information regarding assets and income
10 that you or your family received?

11 A Yes.

12 Q Does this exhibit include positions that you held?

13 A Yes.

14 Q Are all items, which were in the original filing of
15 this exhibit, which reference Dynamic Energy, still in
16 this redacted version of the exhibit?

17 A Yes.

18 Q Are the only items that have been redacted out of
19 this exhibit personal income and assets from sources
20 unrelated to Dynamic Energy?

21 A Yes.

22 Q And but for those redactions, is this a true and
23 correct copy of the financial disclosure statement that
24 you filed with the House of Representatives?

25 A Uh-huh, as noted by the stamp of July 29th at the

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1 Office of the Clerk, U.S. House of Representatives.

2 MR. LEWIS: We offer Plaintiff's Exhibit 20.

3 THE COURT: Do you wish to voir dire on 20, or
4 you wish an opportunity to look at it?

5 MR. WOHLGEMUTH: I would just reserve the right,
6 Your Honor, to review the entire document, which is of
7 public record apparently. If you have a full copy of it,
8 I could do that over the lunch hour.

9 THE COURT: All right. We have reached 12:00,
10 and it would be an appropriate time for us to recess for
11 lunch. I have a matter that I must take up at 1:15, and
12 so we will be in recess for lunch for an hour and a half.

13 (Thereupon, a recess was taken for lunch.)

14 THE COURT: Are we ready for the continued
15 examination of Mr. Price?

16 MR. LEWIS: Plaintiff is ready, Your Honor.

17 MR. WOHLGEMUTH: Defendant is ready.

18 THE COURT: Mr. Price, if you would retake the
19 stand. You may continue your examination, Mr. Lewis, when
20 you are ready.

21 MR. LEWIS: Your Honor, over the break we have
22 shown an unredacted copy of Plaintiff's Exhibit 20 to
23 counsel and given them a chance to look at it. And I
24 would again move the admission of Plaintiff's Exhibit 20.

25 THE COURT: Mr. Wohlgenuth?

1 MR. WOHLGEMUTH: Your Honor, I would not object
2 to the exhibit in its unredacted form. I do object to it
3 in its redacted form.

4 THE COURT: All right.

5 MR. WOHLGEMUTH: And I might say I saw it about
6 ten minutes ago. There's a significant amount of
7 information regarding Denver Oil in part and other
8 ventures of Mr. Price, and I don't know at this time what
9 probative value that might have, but it very well may have
10 some, and it is a public record. I see no reason to have
11 a redacted copy in this file.

12 MR. LEWIS: May I respond?

13 THE COURT: Yes.

14 MR. LEWIS: I don't have any objection to
15 showing an unredacted copy to the Court either, but to put
16 this in the Record in this lawsuit with all of the other
17 financial affairs of the Prices, I appreciate it may be
18 officially a public record, but it's kind of obscure and
19 not readily available for most folks, and I would just as
20 soon not put a bunch of irrelevant personal financial
21 information in the Record.

22 THE COURT: Well, why is his personal financial
23 statement relevant to the issues in the case, the
24 receivership?

25 MR. LEWIS: The relevance is on the page that's

1 marked two of seven, which is the third page of the
2 exhibit.

3 THE COURT: All right.

4 MR. LEWIS: Which is the reflection of the
5 ownership in Dynamic Energy by the spouse, which is the SP
6 and dependent children, which is the DC, showing the value
7 of their ownership and showing the income received in that
8 year -- you know -- the categories of amounts. It's
9 relevant from the issue of July 23rd, 1994, when Mr. Price
10 signed this document that that was what they said they
11 owned, because it has been argued, if you will recall,
12 maybe it was at the last hearing, that the defendants'
13 position is that at the time Mr. Price left Dynamic in
14 June to go run for Congress that the Prices in some as yet
15 unknown manner agreed to give up all their shares. So it
16 is -- And Your Honor, I believe, questioned counsel as to
17 if Linda Price is no longer a shareholder, then why are we
18 even here? This shows that she was still a shareholder.
19 They also stated that the reason why the Prices were no
20 longer shareholders at the time Stuart Price left was
21 because he didn't want anyone to know that he was
22 connected with Dynamic Energy because the Lums were close
23 to the Clinton White House. It's in the transcript of the
24 opening statement by counsel, and so it's offered for the
25 purpose of showing apparently there was not any great

1 concern about reflecting the involvement in Dynamic,
2 either the ownership or the income or back on about the
3 fourth or fifth page the fact that Stuart was president of
4 Dynamic. It is all disclosed in this form. That's the
5 purpose.

6 THE COURT: All right. I will receive
7 Plaintiff's Exhibit 20, and if there are other matters on
8 the unredacted copy of that that need to be called to the
9 Court's attention, counsel for defendants may do that.
10 And Plaintiff's 20 will be admitted.

11 Q (By Mr. Lewis) Mr. Price, if I could direct your
12 attention to the third page of Plaintiff's 20, which is
13 entitled page two of seven in the upper right-hand corner --

14 A Yes.

15 Q -- which is the Schedule 2, showing assets and
16 unearned income. And let me ask you what you have
17 reflected with regard to Dynamic Energy on that page?

18 A Okay. The first line where we were required to put
19 an entry was SP, and SP means spouse; okay? That is the
20 asset or the income source of your spouse. Okay. Then it
21 reflects that my spouse, Linda Mitchell Price, first,
22 only, and last owns Dynamic Energy Resources, Inc., Tulsa,
23 Oklahoma, Subchapter S corporation ownership, and then it
24 goes over to value that asset, and her asset is valued at
25 over 5 hundred -- over \$500,000 to one million dollars.

1 Then to go to the next line, the DC for dependent
2 children, that puts all of them in there, and so it would
3 be Stef, Stu, Jackie, and Nicki's, that they have an
4 ownership in Dynamic Energy Resources, Inc., a Subchapter
5 S corporation, Tulsa, Oklahoma, and their asset value is
6 over -- between a half million and one million dollars.

7 Q Does under the column further across the page
8 reflecting current year -- is that where you were supposed
9 to show what income has been received from that source in
10 the current year?

11 A Correct, sir, and that's over -- under Linda SP,
12 over a million dollars, which you reflect that 2.5 million
13 dollar check, and the children got less than -- in between
14 \$100,000 and a million dollars.

15 Q Now, the between \$100,000 and a million was
16 reflected on one of the earlier plaintiff's exhibits
17 showing the earnings per shareholder in May of 1994, but,
18 in fact, your testimony has been that the children didn't
19 actually receive the cash; is that correct?

20 A That's correct.

21 Q But at least on paper they had those earnings?

22 A Right.

23 Q Let me direct your attention to what is called page
24 five of seven under Schedule 4, where it says, "positions,"
25 and does that list positions that you held?

1 A Yes, it does.

2 Q And what's the second line?

3 A The second line is president of Dynamic Energy
4 Resources, Inc., Tulsa, Oklahoma.

5 Q Mr. Price, on July 6th, 1995, the day before the
6 last time the Court held a hearing on the receiver issue,
7 did you receive from the defendants a copy of a unanimous
8 board of directors resolution of Dynamic Energy?

9 A Yes.

10 Q Let me hand you what's been marked as Plaintiff's
11 Exhibit 21. Again, I will point out in the Record that
12 there were other matters contained within that document
13 unrelated to the resolution and not admissible, and for
14 that purpose, they have been redacted out. Is the
15 resolution that you just referred to on the second page of
16 Plaintiff's Exhibit 21?

17 A Yes.

18 Q And what does that resolution say?

19 A "On a unanimous vote of 13 to nothing the board of
20 directors authorizes a litigation budget of \$250,000."

21 Q And does that appear to be signed by --

22 A Mrs. Lum and Gene Lum, Helen Yee --

23 Q Let me finish -- Does that appear to be signed by
24 the 13 directors?

25 A It appears so.

1 MR. LEWIS: I would offer Plaintiff's 21.

2 MR. WOHLGEMUTH: I'm going to object as not
3 relevant, and it's one line of a several page document.

4 MR. LEWIS: We could certainly introduce the
5 rest of it. I assume counsel would object to the rest of
6 it, so that's why we redacted the rest.

7 MR. WOHLGEMUTH: I had no idea that -- I asked
8 you for documents earlier. I had no idea what you were
9 going to introduce. I don't have -- I don't have any
10 objection to the Judge seeing the entire document to rule
11 as to whether or not it is admissible. We object on the
12 basis of relevancy to the entire document.

13 THE COURT: What is your claim of relevance?

14 MR. LEWIS: The relevance, Your Honor, is that
15 that shows that the board of directors of Dynamic Energy
16 have said they are going to spend \$250,000 of the
17 corporation's money, in effect, to defend the actions, the
18 shareholder derivative claims, which are really the
19 corporation's claims against the Lums, Kathy Nojima, and
20 Michael Brown, that they are going to use further
21 corporate monies to defend the acts of those individuals.
22 That's the relevance of it. I think that's one more
23 reason why we need a receiver appointed.

24 MR. WOHLGEMUTH: There is nothing at all, Your
25 Honor, in Delaware law or Oklahoma law that precludes a

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1 corporation that's being sued to prepare a litigation
2 budget, whether it's a derivative case or an individual
3 case, and it certainly has no relevance to this
4 receivership.

5 THE COURT: I would certainly agree that there
6 is no law against a corporation spending money or setting
7 aside a budget for litigation. On the other hand, if I
8 get to the end of this hearing and I see that there appear
9 to be a number of expenses that have been personal
10 expenses, which have been paid by the corporation and not
11 reimbursed or otherwise resolved, the fact that the -- it
12 would seem to me it would be relevant that the corporate
13 officers -- the directors, excuse me, of the corporation,
14 rather than trying to resolve the matter, had geared up to
15 fight instead of resolve it by payback of personal
16 expenses. I don't know what relevance it may have. I
17 will receive Plaintiff's Exhibit 21. I think it may have
18 some relevance. It will be admitted.

19 Q (By Mr. Lewis) Mr. Price, at the previous hearing on
20 July 7th, it was stated in opening statement by the
21 defendants that Dynamic Energy had no liabilities. Do you
22 recall hearing that?

23 A Yes, I heard Mr. Wohlgemuth say that Dynamic Energy
24 had no liabilities.

25 Q Did your wife get served this week with a lawsuit as

1 the registered service agent for Dynamic Energy Resources,
2 Inc.?

3 A Yes, she did.

4 Q And who was that lawsuit brought by?

5 A It was brought by Enogex Corporation against Dynamic
6 Energy Resources, Inc.

7 Q Let me hand you what's been marked as Plaintiff's
8 Exhibit 22 and ask if that's a copy of the summons and
9 lawsuit that was served on your wife, Linda, earlier this
10 week?

11 A Yes, it is.

12 Q Does that lawsuit reflect that Enogex is claiming
13 \$224,000 against Dynamic?

14 A Yes.

15 MR. LEWIS: I would move the admission of
16 Plaintiff's Exhibit 22.

17 MR. WOHLGEMUTH: Judge, I object to this
18 exhibit. This is a disputed claim that's resulted in a
19 lawsuit, and if we get into considering the validity of
20 allegations of cases beyond this one, I think we're going
21 to be getting astray from what is the principal focus of
22 this hearing.

23 THE COURT: Why should I not consider this as
24 hearsay, Mr. Lewis?

25 MR. LEWIS: I think the accuracy of the

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1 allegations or the truth of the allegations in the lawsuit
2 would be hearsay. I think the fact that someone is
3 claiming that there is a \$224,000 liability against this
4 company is simply another reason why the Court should
5 consider appointing a receiver.

6 THE COURT: What's the nature of the claim
7 without me reading and digesting the paperwork?

8 MR. LEWIS: Enogex is the company, Your Honor,
9 that bought the second half of the gas contract for
10 \$11,250,000. There were certain requirements of gas that
11 needed to be met as part of that contract, including
12 Helmerich and Payne gas agreement, which turned out to be
13 less than it was thought to be, and that caused a
14 shortfall in what Enogex received, according to Enogex,
15 versus what they were entitled to receive, and so, in
16 effect, they are seeking to recoup a small portion of that
17 11 million 250 back. That's the essence of it. Whether
18 or not there are defenses that the company has, I have no
19 clue.

20 THE COURT: I'll admit Plaintiff's Exhibit 22.
21 It is of some relevance that someone claims that there is
22 money owed, even if that amount is disputed.

23 Q (By Mr. Lewis) Mr. Price, I will hand you what's
24 been marked as Plaintiff's Exhibit 23 and ask if that's a
25 copy of a December 31st, 1994, Dynamic Energy Resources

1 set of financial statements prepared by Deloitte & Touche,
2 which was produced yesterday afternoon to us by the
3 defendants?

4 A Yes.

5 Q And this document is Bates Stamped D001354 through
6 1418; is that correct?

7 A It's an unaudited --

8 Q No. I just asked you if it was Bates Stamped?

9 A Well, okay. Where?

10 Q That's okay. Mr. Price, let me direct your
11 attention to the third page -- I'm sorry, the fourth page,
12 which is page number 1357, which is entitled "Balance
13 Sheet, December 31st, 1994."

14 A Yes.

15 Q And what does this document reflect in the way of
16 current assets at that date?

17 A Current assets, \$1,769,000.

18 Q Well, I think that's total assets, but current
19 assets are halfway down the page.

20 A Oh, I'm sorry. Current assets are \$830,761.86.

21 Q Two hundred thousand dollars of which is an alleged
22 loan receivable from Linda Price that apparently results
23 from the recasting of the 5.2 million dollars by the Lums
24 in December?

25 A That's correct.

1 Q And under fixed assets as of December 31st, are
2 there any assets on the fixed asset list that were not
3 there at the time that you departed Dynamic in June of
4 1974 other than the Honolulu office?

5 A I would say the Honolulu office was acquired after I
6 left. Everything else was there.

7 Q And then down below that it says, "other assets,
8 investments," for \$70,000. Do you see that?

9 A Yes.

10 Q Let me direct your attention to page 10.

11 A Yes, sir.

12 Q Which is Bates Stamped 1370.

13 A Yes.

14 Q And at the top of that page, is that the portion of
15 the general ledger that reflects what the investments are?

16 A Yes.

17 Q And does that show that 60,000 of it is the golf
18 club membership?

19 A Yes.

20 Q And 10,000 of it was the down payment for the Ramco
21 stock of \$10,000?

22 A Interestingly enough, that \$10,000 was forfeited,
23 yes.

24 Q Does that reflect the \$10,000 down payment for Ramco
25 stock?

- 1 A Yes.
- 2 Q For a total of \$70,000 worth of investments?
- 3 A Yes.
- 4 Q Now let me direct your attention to the next page,
5 which is liabilities and equity?
- 6 A I see that.
- 7 Q Does this page reflect that the company has some
8 liabilities?
- 9 A Yes, it does.
- 10 Q And has, at least for this exhibit, \$927,000 worth?
- 11 A Yes, sir.
- 12 Q And does this exhibit reflect the ending capital
13 stock balance of the shareholders?
- 14 A Yes.
- 15 Q Does it reflect that your wife is still a
16 shareholder?
- 17 A Yes.
- 18 Q And does it reflect how much her interest is as of
19 the date of this report?
- 20 A Six thousand two hundred sixty-nine dollars.
- 21 Q And does it reflect that each of your four
22 children's interest is down to \$241?
- 23 A Yes, sir.
- 24 Q And as of the date of this report, had any of your
25 children received any money from this corporation as of

1 December 31st, 1994?

2 A Yes. Yes. I think they received \$1,000 in a check
3 after December 31st.

4 Q After December 31st?

5 A After December 31st.

6 Q In fact, this report is dated on the third page
7 signed by Deloitte & Touche as of April 17th, 1995; is
8 that correct?

9 A Uh-huh, yes.

10 Q What is the total shareholder equity that is
11 reflected as of December 31st, 1994?

12 A Total shareholder equity is \$327,199.

13 Q Now let me direct your attention to the next page --
14 next two pages, which are the income statement for the
15 entire -- entire year of 1994; are they not?

16 A Yes.

17 Q And looking at the revenues this company has
18 received in the entire year of 1994, do you see any
19 revenues that did not relate to either the gas gathering
20 system, which was in place when you left, minus the
21 production payments, or the sale of the gas contract,
22 Enogex, for the 11 million dollars?

23 A There's just one line that reflects that.

24 Q And what is that?

25 A That is consulting income.

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1 Q For how much?

2 A Twenty-four thousand ninety-one dollars and
3 eighty-five cents.

4 Q So the total revenues of this corporation reflected
5 for the year 1994, other than the revenues that were from
6 the gas gathering system, was \$24,000?

7 A Twenty-four thousand dollars.

8 Q And on the next page, how much were the operating
9 expenses incurred by the corporation during the year 1994
10 according to Deloitte & Touche?

11 A Eight million five hundred forty-three thousand two
12 hundred seventy-five dollars and ten cents.

13 MR. LEWIS: If I didn't already, I offer
14 Plaintiff's Exhibit 23.

15 MR. WOHLGEMUTH: No objection, Your Honor.

16 THE COURT: All right. Plaintiff's 23 will be
17 admitted.

18 MR. LEWIS: I have no further questions.

19 THE COURT: All right. Cross-examination for
20 this witness, Mr. Wohlgemuth?

21 MR. WOHLGEMUTH: Yes, Your Honor.

22 MR. LEWIS: One moment, if I may.

23 MR. WOHLGEMUTH: Sure.

24 MR. LEWIS: My co-counsel just pointed out that
25 I neglected to offer Plaintiff's Exhibit 12, and if I may

1 interrupt you, that's the black book of the checks.

2 MR. WOHLGEMUTH: No objection to that.

3 THE COURT: All right. Plaintiff's 12 will be
4 admitted.

5 CROSS-EXAMINATION

6 BY MR. WOHLGEMUTH:

7 Q Mr. Price, you are an attorney, and you are licensed
8 to practice in Oklahoma; correct?

9 A My license is on ice. I'm licensed, but I do not
10 practice law.

11 Q I'm sorry, you are licensed, but --

12 A I'm licensed.

13 Q Are you an active member of the Oklahoma Bar?

14 A I'm a member of the bar, but I don't take my CLE and
15 haven't for years.

16 Q You became involved with the Lums in August of 1993
17 approximately; isn't that right?

18 A Yes, sir.

19 Q And with Dynamic in October of 1993, which was when
20 that company was formed?

21 A We formed it, yes.

22 Q Before you met Nora and Gene Lum in August of 1993,
23 you had no knowledge of or involvement in the option to
24 purchase Gage; did you?

25 A That's correct.

1 Q You didn't know the principals of Gage?

2 A No, sir, I did not, but I knew about the company.

3 Q You didn't know the principals of Gage?

4 A Not personally.

5 Q Prior to your association with the Lums, did you
6 know Steve Guy with ONG?

7 A No.

8 Q Did you have any significant experience with
9 priority rules?

10 A No, sir.

11 Q Would you agree that Steve Guy's input was critical
12 to the success of the Gage transaction?

13 A I don't think -- I mean, critical, no. I mean, I
14 think he was an important part of a very complex deal,
15 yes.

16 Q In fact, there are a lot of people who played
17 important roles in that transaction; weren't there?

18 A When you say, "important people," you're talking
19 about important people at Associated Natural Gas,
20 important people at ONG, you bet.

21 Q ONG?

22 A A whole lot of people, yeah. It was a complex deal.
23 A lot of lawyers were involved in it, you bet. Everybody
24 was significant.

25 Q In fact, would you agree that Doug Nesbitt, who was

1 a consultant to the Lums, played an important role in the
2 success of that transaction?

3 A I don't -- I don't know that.

4 Q Do you have any knowledge of the fee paid to Mr.
5 Nesbitt for his services on the Gage transaction?

6 A I do not. I do know that I had lunch with Mr.
7 Nesbitt. He was unable to put the transaction together.

8 Q Do you know what the fee he received was? That was
9 my question.

10 A Not exactly.

11 Q In August when you met the Lums, did you know that
12 they had worked with counsel since November of 1992 on the
13 potential purchase of Gage?

14 A That was brought to my attention by an unpaid bill,
15 I think, to Mr. Redwine, an attorney from Norman,
16 Oklahoma.

17 Q So you knew that?

18 A I did through the unpaid bill, I believe.

19 Q And Mr. Redwine was with the firm of Redwine &
20 Hogger?

21 A I believe so. Norman, Oklahoma?

22 Q Norman, Oklahoma.

23 A Yes, sir.

24 Q Do you know what expenses the Lums incurred in
25 connection with the proposed acquisition of Gage before

1 you became involved with them?

2 A No, sir.

3 Q Okay. And you don't take sole credit for putting
4 together the acquisition of Gage; do you?

5 A I believe I was an important factor, but not sole
6 credit, absolutely not.

7 Q In fact, you and Linda would never have had the
8 opportunity to profit from the Gage transaction had it not
9 been for the Lums; is that correct?

10 A If we had not had an agreement, yes.

11 Q And in view of the contributions of the Lums to the
12 venture, you were satisfied with a 30 percent interest in
13 Dynamic?

14 A Thirty percent was the determined amount.

15 Q Was it acceptable to you at the time?

16 A Yes, it was.

17 Q Okay. In fact, you were extremely grateful to the
18 Lums for involving you in the deal; weren't you?

19 A I think it was a successful deal. I think if you
20 look at the numbers, it was successful. I was glad that
21 we made the agreement, Joel.

22 Q And you were grateful to them, and you expressed
23 your gratitude to them for involving you in the deal;
24 didn't you?

25 A I think it was mutual, Joel.

1 Q But you expressed your gratitude to them; didn't
2 you?

3 A Yes, and it was mutual, Joel.

4 Q When you met Gene and Nora Lum at the Southern Hills
5 Marriott in August of 1993, you told them you were an
6 attorney; didn't you?

7 A I don't know whether I told them I was an attorney.
8 I maybe gave them my curriculum -- or my resume, which
9 included going to law school, passing the bar, but I was
10 engaged in the oil and gas business, and I told them,
11 based on a phone call I received from their friend, they
12 needed my expertise in oil and gas matters.

13 Q Okay. Do you deny that you told them you were an
14 attorney at that time?

15 A I'm sure I said I was an attorney. I was an
16 attorney. I did not say that I was a practicing attorney.

17 Q But you told them you were an attorney; didn't you?

18 A I don't know that I did. I mean, I really don't.
19 Part of my resume is that I went to law school, passed the
20 bar, and I'm a member of the bar association.

21 Q Okay. You told them that you could assist them in
22 purchasing the Gage assets; correct?

23 A No. They begged me to help them.

24 Q Did they get down on their knees and ask? They
25 begged you to help them?

1 A Pretty close. Nora Lum's -- her hair was being
2 lost. She was scratching the hair out of her head. She
3 was in a very bad way. She was owed a lot of money -- or
4 she owed a lot of money back in Hawaii, and she seemed
5 under an incredible amount of stress and was very grateful
6 for my association with them.

7 Q When the agreement was initially drafted between
8 Dynamic and Gage, was there a requirement for your
9 personal guaranty?

10 A Now, say that again.

11 Q When the agreement was first drafted to acquire
12 Gage --

13 A Now, listen, okay. No -- There were like three
14 agreements. Which one specifically, Mr. Wohlgemuth?

15 Q Let me put it this way.

16 A Yes.

17 Q Do you recall a requirement that was made in one or
18 more of those agreements for your personal guaranty?

19 A There was negotiation to have everybody personally
20 guaranty, Mr. Wohlgemuth.

21 Q Including you?

22 A Including me.

23 Q Okay. Who persuaded Gage to waive that requirement?

24 A The personal guaranty?

25 Q Yes.

1 A Really it was a late night conversation in the --

2 Q Who was responsible?

3 A I believe I was. I negotiated with David Stinson,
4 and it ended up being that my Denver Oil and Mineral
5 Corporation is the only guaranty on the whole deal. Did
6 you hear -- The only guaranty was not personal, but the
7 only guaranty in the deal was Denver Oil and Mineral
8 Corporation's guaranty, sir.

9 Q And it's your testimony that you were the person
10 that persuaded Gage to waive the personal guaranty?

11 A I did the negotiation with David Stinson when it was
12 decided on the night before the closing in his conference
13 room.

14 Q You became president of Dynamic upon its formation
15 in October of 1993; correct?

16 A That's correct.

17 Q And you were a member of the board, which consisted
18 of yourself, Gene Lum, Nora Lum, and Kathy Nojima?

19 A I believe that was the makeup of the board at the
20 time.

21 Q Did you take your responsibility as president and a
22 member of the board seriously?

23 A Yes.

24 MR. WOHLGEMUTH: May I approach the witness,
25 Your Honor?

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1 THE COURT: Yes. Feel free to move around the
2 courtroom as you need to, Mr. Wohlgemuth.

3 MR. WOHLGEMUTH: Thank you, Judge. This is
4 volume two, Your Honor.

5 Q (By Mr. Wohlgemuth) Let me ask you to take a look at
6 Exhibit 22.

7 A I don't have Exhibit 22, Mr. Wohlgemuth.

8 Q I'm sorry, did I give you the first volume? Must
9 have. Do you recognize Exhibit 22 as being an agreement
10 dated December 8th, 1993, which you signed as president
11 for Dynamic Energy Resources?

12 A Yes.

13 Q With Nora Lum?

14 A Yes, sir.

15 Q Called for certain consulting payments to her?

16 A Yes.

17 MR. WOHLGEMUTH: I would offer Defendants' 22.

18 THE COURT: Any objection to Defendants' 22?

19 MR. LEWIS: No objection.

20 THE COURT: Defendants' 22 will be admitted.

21 Q (By Mr. Wohlgemuth) You approved this agreement as
22 president of Dynamic in late 1993; correct?

23 A Yes.

24 Q Did you believe it to be fair at the time?

25 A I believed it to be fair at the time.

1 Q And at the time you approved the agreement, you had
2 tremendous confidence and respect for Nora Lum; did you
3 not?

4 A I think that's an overstatement of her -- of my
5 belief in her abilities.

6 Q She was chairman of the board and the chief
7 executive officer --

8 A Yes.

9 Q -- of the corporation that you had been involved in
10 the formation of; right?

11 A Yes.

12 Q Did you have respect and confidence in her at the
13 time?

14 A She was the majority owner of the corporation, and
15 that was the title that she wanted.

16 Q My question to you is, did you have respect for her
17 and confidence in her at the time?

18 A I think I had respect for her.

19 THE COURT: Let me stop you-all at this point.
20 Only one of you may talk at once. I instruct you both not
21 to speak over the other, and I realize this is
22 extraordinarily difficult, Mr. Price, but it behooves no
23 one for you to seek to argue with Mr. Wohlgesuth in his
24 questioning. It will delay us. It certainly does not
25 predispose me in your favor for you to argue with Mr.

1 Wohlgemuth, so I encourage you answer the question and
2 stop and let him ask you another question. Go ahead, Mr.
3 Wohlgemuth.

4 MR. WOHLGEMUTH: Thank you, Judge.

5 THE WITNESS: I'm sorry.

6 Q (By Mr. Wohlgemuth) You remained as president and a
7 member of the board of directors until you resigned in
8 June of 1994 to run for Congress; is that correct?

9 A I resigned as president on June 17.

10 Q Was that to be effective at the end of June?

11 A I believe so.

12 Q During the period of time that you were president of
13 Dynamic, which would have been from October of 1993
14 through June of 1994, did you have any complaints or
15 grievances regarding the way the corporation was operated?

16 A I would say that I had a lot of questions as to the
17 direction of the corporation.

18 Q Did you have any complaints or grievances about the
19 corporate operations?

20 A Yeah, I was very, I guess, outspoken on a lot of
21 the -- what I call some kind of -- you know -- crazy
22 business ventures that they tried to get into.

23 Q Did you prepare any letters, notices, or other
24 documents objecting to the company's expenditures or, as
25 you say, those crazy ventures?

1 A I probably did not, but remember where we were. We
2 were right together, right next to each other. It wasn't
3 like you had to FAX somebody a letter to communicate.

4 Q But you didn't see it -- It wasn't necessary to --
5 in your view to prepare any notices or other documents
6 with respect to any objections or grievances you had to
7 the company's operations?

8 A It did not rise to the list of grievances. It was
9 more discussions.

10 Q You have never been a shareholder of Dynamic; have
11 you?

12 A My corporation was initially.

13 Q You have never been a shareholder, you, Stuart
14 Price?

15 A That's right.

16 Q After you resigned in June to pursue the
17 Congressional seat, is it true that Dynamic allowed you
18 and your family to remain on its health insurance plan
19 until you rejoined the company in late 1994?

20 A There was no agreement to that effect.

21 Q You know that you and your company remained on the
22 corporate medical plan and health insurance plan during
23 the period of time after you left the company?

24 A Yes, for those three months, yes, sir.

25 Q Also during those months you continued to have full.

1 access to the offices of Dynamic; didn't you?

2 A I don't know what full access is. Would you help
3 me?

4 Q You used the offices there during those months;
5 didn't you?

6 A I would say a total of -- you know -- very few
7 minutes, if it was stopping by in between a meeting, but I
8 did not have full access and use of the offices.

9 Q No person ever prevented you from using those
10 offices; did they?

11 A No.

12 Q And in fact, you continued to use a company car
13 during that period of time?

14 A That is not correct.

15 Q Did you continue to have Kathy Nojima perform a
16 number of tasks and administrative services for you during
17 that period of time?

18 A I'm sure she did some things for me. She was a very
19 big supporter of mine.

20 Q You continued to use Dynamic's Xerox machine, FAX,
21 and telephones during that time; didn't you?

22 A If it was, it was minimal.

23 Q Did you report any of that to the Federal Election
24 Commission?

25 A If there was any -- I don't know. I will have to

1 ask my accountant, but if there is, I wish they would
2 invoice me, because we paid all of our expenses. If there
3 is some amounts, I would like to see them itemized.

4 Q You don't know at this time if you made a report?

5 A I don't know.

6 Q Do you have any written agreement with Linda
7 regarding the ownership of the Dynamic shares?

8 A No.

9 Q They're solely her shares; correct?

10 A That's correct.

11 Q And she doesn't hold those shares in some form of
12 co-ownership or subject to any agreement with you; does
13 she?

14 A No, sir.

15 Q And you have always considered those shares to be
16 hers?

17 A Yes, but like everything that is hers, it's our
18 family's.

19 Q During the period, October of 1993 to June of 1994,
20 when you were president of Dynamic, did you -- did any
21 person at Dynamic ever prevent you from examining or
22 having access to company records?

23 A No.

24 Q And you had full check signing authority; didn't
25 you?

1 A I did not sign very many checks, but the answer is
2 no, Mr. Wohlgemuth, no.

3 Q You had some checking signing authority?

4 A Thank you, yes.

5 Q And you were also a signatory on Dynamic's safe
6 deposit box at State Bank and Trust; were you not?

7 A Correct, yes.

8 Q During the period of time that you were president of
9 the company, your wife, Linda, was the corporate
10 secretary; is that right?

11 A Yes.

12 Q Would you -- Would it be appropriate to say that you
13 were her representative on the board of directors as -- in
14 view of the fact that she held the shares?

15 A Say that again.

16 Q Were you her representative on the board of
17 directors?

18 A I was there because I was talented and they had a
19 lot of faith in my abilities is why I was on the board of
20 directors.

21 Q Linda, who is the plaintiff in this case, is also an
22 attorney; is that correct?

23 A Yes, she is an attorney. She is not a practicing
24 attorney and hasn't been for eight years.

25 Q Prior to her resignation of June of 1994, do you

1 know whether Linda ever made a request --

2 A Say that again.

3 Q I'm sorry, prior to the resignation of Linda and
4 yourself --

5 A Tell me about that; okay?

6 Q Let me finish the question, please. Prior to the
7 resignation of Linda as secretary and you as president in
8 June of 1994, do you know whether Linda ever made a
9 request for information from the company that she was
10 denied?

11 A Okay. The resignation of Linda, I don't think, ever
12 existed, okay, so that makes your question invalid. You
13 want to say it another way?

14 Q If you think it's invalid I will ask it this way.

15 A Okay.

16 Q Prior to June 30th of 1994, do you know of any
17 request that Linda made for information from Dynamic which
18 was denied?

19 A No, sir.

20 Q While you were president of the company, you knew
21 that the company at Linda's request reimbursed her for
22 significant personal expenses; don't you?

23 A No personal expenses, corporate expenses in
24 business -- in pursuing my business responsibilities, yes.

25 Q Okay. Let me ask you to look at Defendants' Exhibit

1 24.

2 A (Witness complied.)

3 Q Do you recall in March 8th of 1994 your wife, Linda
4 Price, submitting Defendants' Exhibit 24 for reimbursement
5 to Dynamic totaling \$14,969?

6 A I don't recall it, but I'm sure it was submitted.

7 Q It is her handwriting; isn't it?

8 A You bet.

9 Q You are sure this was submitted?

10 A Uh-huh.

11 Q And do you know whether or not she submitted any
12 expense receipts with this?

13 A I don't know if she did, but I'm sure that my wife
14 would have backup.

15 Q Okay. With respect to the items on Exhibit 24 for
16 which she was reimbursed close to \$15,000, is it your
17 testimony that these are all, as Mr. Lewis said, corporate
18 expenses?

19 A I would say that if you would like to go line by
20 line, I would like to give you my belief that they are,
21 but as I go over it, I would say that these look like
22 corporate expenses -- you know -- hotels, Norman when I'm
23 negotiating the deal at Gage. It says that I ate dinner
24 at Gage, which we ate dinner -- the Lums and I ate dinner
25 there often. It looks like -- you know -- the Loretta

1 Inn, these Mexico trips. We went down there trying to --
2 under Nora's recommendation from Pat Owens to try to
3 involve ourselves in a Mexican venture. The answer is as
4 I looked through these, they look to be valid business
5 expenses which we were reimbursed for.

6 Q Okay. Do you remember testifying on July 7th --

7 MR. WOHLGEMUTH: I would offer Defendants' 24,
8 Your Honor.

9 THE COURT: Any objection?

10 MR. LEWIS: No objection, Your Honor.

11 THE COURT: Defendants' 24 is admitted.

12 Q (By Mr. Wohlgenuth) In your testimony on July 7th do
13 you recall referring to Kathy Nojima as a \$60,000
14 receptionist?

15 A I think that it was more like \$80,000 is what she
16 got.

17 Q Do you remember testifying, though, that she was a
18 \$60,000 receptionist?

19 A I think those are the functions that she
20 basically -- Yeah, I probably said that, yeah.

21 Q Kathy Nojima is Nora Lum's sister; is that correct?

22 A I believe that's the case.

23 Q Were you fully aware of all of the services that
24 Kathy was providing to the company during the period of
25 time that you were associated with it?

1 A Uh-huh.

2 Q In fact, you knew that Kathy was a member of the
3 board, a member of the executive committee, treasurer of
4 the company during that period; right?

5 A Yes.

6 Q And do you recall that she replaced Linda as
7 secretary?

8 A I did not -- I don't recall the timing on that.

9 Q Well, while you were president of Dynamic, you never
10 objected to Kathy's position with Dynamic; did you?

11 A Well, Nora asked me if it would be all right that
12 she overpaid her sister, because she -- because she needed
13 help, she was unmarried, she needed a place to hang out,
14 and it was obvious that she didn't have the qualifications
15 to perform the duties that she supposedly did perform in
16 those capacities that you say that she had.

17 Q My question to you simply is, did you ever object to
18 Kathy Nojima serving as treasurer of the company, as a
19 member of the board, and as a member of the executive
20 committee?

21 A I was never asked whether or not she should stay on
22 the executive committee, whether or not she should be a
23 member of the board, but I will say this, that I did say
24 that she was overpaid. I did -- you know -- I talked
25 about her lack of credentials and -- you know -- the,

1 quote, big step with the --

2 Q With respect to your view that she was overpaid and
3 lacked credentials, did you ever put that in writing in a
4 complaint to the board of directors or the executive
5 committee?

6 A No, sir, I did not.

7 Q Did Linda Price, to your knowledge, ever object to
8 Kathy's role with Dynamic or compensation?

9 A Personally we objected. We kind of rolled our eyes
10 about it. Did we formally write a grievance? No, sir.

11 Q While you were at Dynamic, Kathy was responsible for
12 the payroll, payroll taxes, and quarterly taxes; correct?

13 A Uh-huh.

14 Q And she reviewed all the monthly expenditures for
15 the company?

16 A I guess.

17 Q You guess?

18 A Well, let me tell you. She -- It was totally
19 unorganized. It was -- you know -- without accounting
20 principles. She did a horrendous job in whatever she did.
21 If you call reviewing the financial statement -- or the
22 check stubs and putting it in a file folder and then into
23 a file, yes, I mean, she reviewed them.

24 Q When you were president of the company, did you know
25 what the monthly expenditures were on the average?

1 A Pretty much.

2 Q What were they?

3 A I would have to review it, but they were being cut
4 down, Joel. When I took charge of the company I tried to
5 cut expenses as much as I could, because --

6 Q I just asked you if you knew what they were?

7 A I have a pretty good idea.

8 Q Did you know what the breakdown was between the
9 administrative and field expenditures?

10 A I had a pretty good idea.

11 Q Was -- Is it true that Kathy maintained all the
12 records and files of the company's monthly expenditures?

13 A Yes.

14 Q And that Kathy reviewed and approved all such
15 expenditures?

16 A That's not correct.

17 Q As president of the company, you gave one of the
18 American Express Gold Cards to Kathy, did you not, or the
19 corporate cards rather?

20 A Nora ordered it. I think she asked that if she have
21 one. I think that was the initial one. I think I was the
22 guarantor on it.

23 Q Okay. As gas payments came in to Dynamic, who had
24 the responsibility for supervising the deposit of the
25 checks and transferring the funds to the producers'

1 revenue escrow account?

2 A Kathy Nojima.

3 Q When you became a Congressional candidate, your
4 apparently negative view of Kathy didn't cause you to
5 reject her \$1,000 contribution; did it?

6 A Personally she wasn't a bad person. I think she is
7 just underqualified, Joel.

8 Q You also had Kathy do work for you personally when
9 you were at Dynamic; didn't you?

10 A I'm sure. I mean, since it was my job, I'm sure
11 there was some personal things that she did. I don't know
12 what they are.

13 Q She was a horrendous employee, but you had her do
14 some of your personal work; right?

15 A She could type.

16 Q You also had her do work for Denver Oil and
17 Minerals; didn't you?

18 A If it was, it was minimal like sending -- like
19 mailing a letter or something. It wasn't a whole lot of
20 time.

21 Q During the period of October, 1993, to June of 1994,
22 you were familiar with Deloitte & Touche with the
23 company's accounts; correct?

24 A From what time to time?

25 Q This is during -- I'm talking about the October

1 period when you started Dynamic --

2 A Yes, sir.

3 Q -- until June?

4 A Yes, sir.

5 Q You knew Jimmy Carter, who was the partner in charge
6 of Deloitte --

7 A Yes.

8 Q -- in connection with the Dynamic account?

9 A Yes.

10 Q Is it a fact that you and Linda had known Mr. Carter
11 for some time prior to 1993?

12 A Yes.

13 Q Did you also use Deloitte & Touche on other matters
14 unrelated to your association with Dynamic?

15 A Some things, yes.

16 Q Let me ask you to take a look at -- this is in
17 volume one -- at Exhibit 12 --

18 A (Witness complied.)

19 Q -- which is a summary of certain expenditures. As
20 president of Dynamic, for example, did you approve the
21 reimbursements that were made to you in connection with
22 the items shown through June of 1994?

23 A They were all paid as the bills came in.

24 Q Okay. And is it your testimony that the trips you
25 took on June 22nd, 1994, or the June 22nd trip to District

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1 of Columbia, American Airlines, was for -- on company
2 business?

3 A I recollect that -- I'll check my records what.
4 Date is that?

5 Q That's June 22nd of 1994.

6 A June 22nd. Do you know, I recollect there may have
7 been an energy meeting at the White House that I went to
8 attend, or it may have been -- you know -- I was exploring
9 the possibilities of running for Congress at the time, and
10 I'm sure that I had some time that I spent there, but I
11 would have to go check my records to see exactly what I
12 did.

13 Q You didn't have any problem with the company
14 reimbursing you for those expenses; did you?

15 A I wouldn't have put them on there if I didn't think
16 they were business expenses.

17 Q And up where it says --

18 A Because, Joel, when I was in Washington, like I'm
19 always in Washington, I keep up to speed and up to date on
20 the new energy regulations, the new energy laws that they
21 are trying to pass, and have been to the Department of
22 Energy and things like that, so -- you know -- there's
23 always a business purpose while I'm in town.

24 Q Okay. With respect to the earlier trip to Boston,
25 was that a business trip?

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1 A I believe so. As a matter of fact, you want to hear
2 about it?

3 Q No. I just want to know whether it was a business
4 trip?

5 A Yes, sir.

6 Q And do you see the payments to Jaguar Credit
7 Corporation in July and August?

8 A Yes.

9 Q Aren't those payments made in connection with the
10 Jaguar that you were using, which was a Dynamic car?

11 A The answer there is it's my recollection that when I
12 resigned I gave up a black Jaguar back to the Lums for
13 their use, so, therefore, I was not using it during the
14 campaign.

15 THE COURT: Mr. Wohlgemuth, let me interrupt
16 you. I have got a very short meeting I need to attend in
17 chambers, and we're going to take about a 15-minute
18 recess, and we'll adjourn until about 2:15. Thank you.

19 (Thereupon, a recess was taken.)

20 THE COURT: Mr. Price, if you would retake the
21 stand, we will continue with your cross-examination.

22 Q (By Mr. Wohlgemuth) Mr. Price, going back to the
23 health insurance that you had with Dynamic, did you
24 reimburse Dynamic for the cost of your health insurance
25 during -- for the period of the time that you were

1 involved in running for Congress?

2 A I was never asked to.

3 Q Did you reimburse them is my question?

4 A The answer is I was never asked to, so I did not.

5 Q Did you report that cost of health insurance as an
6 in kind contribution on your campaign spending report?

7 MR. LEWIS: Your Honor, I object to the
8 question. There have been several questions about
9 that. I'm not sure what the relevancy is to this hearing
10 as to whether health insurance is shown on some campaign
11 form.

12 THE COURT: Mr. Wohlgemuth?

13 MR. WOHLGEMUTH: Yes.

14 THE COURT: Relevance?

15 MR. WOHLGEMUTH: The relevance, Your Honor,
16 first of all, is credibility with respect to this witness,
17 and, second, it has to do with, as we'll continue to show,
18 a pattern of taking personal expenses from the company
19 during the period of his association with it.

20 THE COURT: I'm going to permit it. The
21 objection will be overruled. Answer the question if it
22 was completed. Did we get the question completed? Why
23 don't you reask it, Mr. Wohlgemuth?

24 MR. WOHLGEMUTH: I will, Your Honor.

25 Q (By Mr. Wohlgemuth) Did you report the cost of your

1 health insurance for the period after you left Dynamic as
2 an in kind contribution on your campaign spending report?

3 A It was unnecessary to do so.

4 Q So your answer is no?

5 A It's no.

6 Q In January of 1994, Dynamic purchased about 13 Super
7 Bowl tickets?

8 A Uh-huh.

9 Q And you went to the Super Bowl?

10 A Yes.

11 Q Gene Lum and Nora Lum didn't attend; did they?

12 A No. Their daughters did.

13 Q Okay.

14 A And their son-in-laws and just a bunch of people.

15 Q And you took some other people on company expense;
16 right?

17 A I believe there were some people that went with us,
18 yeah.

19 Q People from the Riggs, Abney law firm?

20 A Uh-huh.

21 Q Who was it that actually attended?

22 A I would have to remember, but I know that Maxine Lum
23 was there; Dino Marishio went; Trisha Lum went; I don't
24 know if Trisha's boyfriend was there or not, but Trisha
25 definitely went; I went; boy -- I went. I could get a

1 whole list of them. I mean, I can get a whole list if I
2 just recollect who went on that one. I've attended a lot
3 of Super Bowls.

4 Q That was at Dynamic's expense and was a proper
5 corporate expenditure; correct?

6 A I believe so.

7 Q Let me ask you to take a look back at Defendants'
8 Exhibit 24, which is in volume two, if you will, which was
9 the list of expenses that your wife submitted as part of a
10 \$14,969 reimbursement.

11 A Yes, sir.

12 Q Do you see that?

13 A Yes, sir.

14 Q You do have -- Do you have family in Seattle?

15 A Do I have family in Seattle?

16 Q Yes.

17 A I don't believe so.

18 Q Okay.

19 A The Prices are a big family. I'm not precluding --

20 Q I'm just asking, you don't have family in Seattle?

21 A No, I don't believe so.

22 Q Was the plane fare of \$1,182 in connection with a
23 trip that Linda made on company business?

24 A To Seattle?

25 Q Yes.

- 1 A I don't believe so.
- 2 Q And the lodging in Seattle, do you know what that
3 is?
- 4 A Yes.
- 5 Q Okay. What was that?
- 6 A I was in Seattle at the request of the Lums to get
7 to know some of their friends, and that was probably my
8 hotel bill.
- 9 Q And with respect to the bottom item on the page,
10 Mexico City hotel, you and your wife and the Lums were in
11 Mexico City; correct?
- 12 A Uh-huh.
- 13 Q And was -- Did you understand that your bill was
14 exactly \$1,000?
- 15 A I don't know what the exact bill was. I didn't
16 prepare this. I didn't look for backup.
- 17 Q I don't know if I asked you this.
- 18 A We were on a legitimate business purpose.
- 19 Q You were on legitimate business?
- 20 A Yes, sir.
- 21 Q Do you remember, as a matter of fact, whether any
22 expense receipts were submitted with this?
- 23 A I don't know.
- 24 Q And on the third page of this, do you see car phone
25 \$754?

1 A Uh-huh.

2 Q Whose car was that?

3 A Well, it's probably my car, because we used my car
4 to effectuate the Gage transaction, so I was driving, and
5 at the time I think I had a Ford Explorer, and I had a car
6 phone in it, and I'm assuming that -- you know -- we
7 would --

8 Q Do you know one way or the other?

9 A I really believe that it was probably my car.

10 Q Did you ever see the \$754 bill attributable to your
11 car phone?

12 A I don't look at those bills.

13 Q Can you tell me whether or not --

14 A This was a transaction between -- you know -- that
15 my wife prepared.

16 Q Did she prepare this for her car phone or your car
17 phone?

18 A She doesn't have a car phone, or she didn't have a
19 car phone.

20 Q Do you know whether the gas expenses were exactly
21 \$200 as indicated?

22 A Don't know, but I did take a lot of trips to Norman
23 on behalf of the company, a lot of trips, and it's
24 probably understated.

25 Q Now, Dynamic provided you and your family with

1 tickets to fly to Hawaii for the summer, 1994, board
2 meeting; right?

3 A No. It was not a board meeting that I was invited
4 to attend. I was entitled -- I was invited to attend a
5 wedding.

6 Q Okay. You knew that there was going to be a board
7 meeting --

8 A Absolutely --

9 Q -- at Hawaii?

10 A Absolutely not.

11 Q Let me finish, please. Did you know that there was
12 a board meeting that was going to occur in Honolulu on or
13 about August 1st of 1994?

14 A Did not, no, have notice of a board meeting.

15 MR. LEWIS: May I have a moment?

16 MR. WOHLGEMUTH: Yes.

17 Q (By Mr. Wohlgemuth) You knew that before you left
18 the company on June 30th Dynamic provided you and your
19 family with five tickets to fly to Hawaii; correct?

20 A I don't know whether it was five or six. It was
21 a -- It was not Dynamic. It was Nora Lum who gave me the
22 tickets.

23 Q Is it your testimony those tickets were not paid for
24 by Dynamic?

25 A I don't know.

1 Q You don't know one way or the other?

2 A I do not know one way or the other.

3 Q Did you ever make any inquiry?

4 A They were a gift. Nora wanted us -- my family to
5 attend the wedding. They wanted my children to be in the
6 wedding as ring bearers or flower girls or whatever.

7 Q You actually didn't go to Hawaii, did you, because
8 of your Congressional race?

9 A That's correct.

10 Q But you kept the tickets?

11 A I tried to deliver them back to her. She said, "No,
12 please."

13 Q You kept the tickets; didn't you?

14 A I did indeed.

15 Q This was done with Linda's approval?

16 A I don't know if she -- Yeah, she knew we had them,
17 Mr. Wohlgemuth, yes.

18 Q Okay. You later used those tickets to go to Hawaii
19 with Linda and your children in March of 1995; didn't you?

20 A That's correct.

21 Q And this was at the time after Linda says in this
22 case that she discovered the wrongful actions of Dynamic
23 in early 1995; isn't that right?

24 A Yes.

25 Q Okay. Did you have any problem with using those

1 tickets in March of 1995 when --

2 A They were gifted to us by Nora Lum, and the answer
3 is no.

4 THE COURT: Please let him finish his question.

5 THE WITNESS: Yes, sir.

6 Q (By Mr. Wohlgemuth) Did you have any problem in your
7 mind using those tickets in March of 1995 to go to Hawaii
8 when you and your wife had formed the belief that the
9 company had engaged in wrongful activities?

10 A Those tickets were gifted to us by Nora Lum and not
11 -- when we tried to return them, she didn't want them
12 returned.

13 Q You also took your family to Hawaii on Dynamic in
14 March of 1994; didn't you?

15 A We did indeed.

16 Q Stayed at the Turtle Bay Hotel?

17 A Yes, sir.

18 Q How many rooms?

19 A I'm trying to think. I'd say one or two. We had
20 our four kids with us.

21 Q Stayed approximately ten days?

22 A Not entirely at Turtle Bay.

23 Q In Hawaii?

24 A Yes, sir.

25 Q At company expense?

1 A My personal expenses I paid, and Nora had dinners,
2 and she would pay for them.

3 Q Who paid for the hotel?

4 A I believe that Dynamic paid for the hotel.

5 Q That was company business, too; wasn't it?

6 A That particular time was a celebration and a
7 discussion after the Enogex sale, yes.

8 Q Was it company business?

9 A Yeah.

10 Q And during that period of time your family -- During
11 that period of time that you were in Hawaii with your
12 family, you and -- you used the American Express card for
13 such things as coffee mugs, T-shirts, and stable rights;
14 didn't you?

15 A Boy, I don't know. I would have --

16 Q You might have done that, though?

17 A I don't know. I don't know. As you can see, I used
18 my corporate credit card very frequently.

19 Q All right. During that trip the company paid \$703
20 for your daughter's birthday party at the Young King
21 Restaurant; isn't that right?

22 A I don't know -- No. She invited us to dinner; okay?
23 If that was my -- Anyway.

24 MR. LEWIS: Your Honor, if I may object, if
25 these are -- if these questions are based upon some

1 documents that do exist, I don't know if those are
2 documents that have been produced or if they haven't been
3 produced, but since we asked for all of these documents
4 and if the inference is being made that these documents
5 exist, I think we should be entitled to see them.

6 MR. WOHLGEMUTH; I'm not asking about the
7 documents; I'm just asking whether he has a recollection.

8 A Let me try and recollect.

9 THE COURT: Just a minute. There is an
10 objection before the Court. I think counsel is entitled
11 to test the recollection of this witness unrefreshed
12 without the document. However, I would certainly hope
13 that if there are documents that have not been provided to
14 the plaintiff in this matter that that would be remedied.
15 The objection will be overruled.

16 Q (By Mr. Wohlgemuth) Did you remember during that
17 trip Dynamic paying for a \$600 dinner for Linda at Turtle
18 Bay?

19 A For Linda?

20 Q Yeah. Was it Linda's birthday then?

21 A I know that we had dinner with -- You talk about the
22 reason for it. I mean, the reason was the Tisdales, the
23 Browns, the Lums, and Prices went out to dinner. That was
24 the reason for it.

25 Q You didn't have any objection to the company --

1 A Didn't know --

2 Q -- paying for those meals; did you?

3 A Didn't know the company paid for those meals.

4 Q As president, was it a matter of any concern to you
5 whether the company was paying for those meals?

6 A Well, I will tell you, I think that all expenditures
7 should be for legitimate business purposes.

8 Q My question is, did you have any concern that the
9 company was paying for these meals?

10 A I would say that -- Did I have some concern? I'm
11 not sure that I knew she was paying for the meals with the
12 corporate credit card.

13 Q Prior to June 30th of 199 --

14 A Was that her corporate credit card, Mr. Wohlgemuth?

15 Q Prior to June 30th, 1994, did you ever notify the
16 board of directors of Dynamic that you believed any
17 disbursements, fees, or other expenditures by the company
18 were improper or excessive?

19 A No.

20 Q In connection with this proceeding, you have used as
21 evidence selected company checks obtained from State Bank;
22 right?

23 A We've put some State Bank checks on, yes, sir.

24 Q You also made a conscious decision not to use
25 certain checks as evidence; didn't you?

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1 A The answer is I did not prepare the exhibits.

2 Q Okay. So you weren't involved in that
3 decision-making process?

4 A No.

5 Q Is that right?

6 A That's correct.

7 Q Did you make any decision with respect to whether or
8 not to use, for example, the company's \$5,000 contribution
9 to the Victims and Families Relief Fund in Oklahoma City
10 as an item of evidence?

11 A I did not make a decision --

12 Q One way or the other?

13 A I thought it --

14 Q You knew from reviewing the checks about that
15 contribution --

16 A No, I don't recollect seeing that.

17 Q -- didn't you?

18 A No, I don't recollect seeing that.

19 Q All right.

20 MR. WOHLGEMUTH: May I mark an exhibit, Your
21 Honor?

22 THE COURT: Yes, you may.

23 MR. LEWIS: Your Honor, if I may, if this is
24 something following up on the question that was just
25 asked, I would object to the relevance of some victims and

1 family check from the corporation.

2 THE COURT: All right. Let's get it marked and
3 labeled, discussed, exchanged, and then I will hear
4 counsel's objections, if any.

5 Q (By Mr. Wohlgemuth) Mr. Price, I have handed you
6 what's been marked as Defendants' Exhibit 26, which is
7 initially a letter dated April 21st, 1995, Honorable Frank
8 Keating, a letter from Mr. Keating back to Dynamic, and a
9 check. My question to you is, with respect to this check,
10 is this a check that you reviewed and made a decision not
11 to use as one of the selective checks in this case?

12 A I didn't make the decision, and I don't recall
13 reviewing it.

14 MR. WOHLGEMUTH: I would offer 26.

15 MR. LEWIS: Object to its relevance.

16 THE COURT: Overruled. I think all the
17 expenditures of the corporation are relevant. Go ahead.
18 It will be admitted.

19 Q (By Mr. Wohlgemuth) Prior to April 19th of 1995,
20 which was the day of your termination from the company --

21 A What was the date of my termination, sir?

22 Q April 29th -- April 19th.

23 A April 19th?

24 Q Yes. Is that --

25 A I guess.

1 Q Do you have any disagreement with that?

2 A That's about the time, yeah, that I received a
3 letter from you.

4 Q Prior to April 19th of 1995, the day of your
5 termination from the company, did you either personally or
6 on behalf of your wife make a demand on the board of
7 directors of Dynamic to take action against any of its
8 officers, directors, or shareholders?

9 A Just several of them.

10 Q Tell me what the first time was you made a demand on
11 the board of directors of Dynamic?

12 A I made a demand to various directors on the
13 executive committee, including one Nora Lum and including
14 one Gene Lum.

15 Q Okay. Were either of those demands in writing?

16 A No, sir.

17 Q Okay. Did you ever make any demand or did your wife
18 ever make any demand to the entire board of directors?

19 A No, sir.

20 Q Did you make a demand -- Did you or your wife ever
21 make a demand in writing or otherwise to any of the
22 outside directors of the company?

23 A No.

24 Q Did you ever consider making a demand to the entire
25 board of directors in writing with respect to your

1 perceived need for the company to file an action against
2 the defendants in this case?

3 A I thought it would be futile. I was talking with
4 the 60 percent ownership, the majority of the executive
5 committee, and the members of the board of directors were
6 their daughters, son-in-laws, and close political
7 associates. I was speaking to the people that owned 60
8 percent, and my wife owned and the kids 30 percent.

9 Q The testimony is that you did consider doing it, but
10 you believed it to be futile; is that correct?

11 A That's correct.

12 Q Let me ask you now to take a look at Defendants'
13 Exhibit 8, which is in volume one.

14 A What is the number?

15 Q Defendants' Exhibit 8.

16 A Yes, sir.

17 Q This is a letter dated July 5th of 19 -- or
18 memorandum dated July 5th of 1994.

19 A What number is that?

20 Q Defendants' 8.

21 A Eight, okay, got it.

22 Q Do you have it? It's a memorandum dated July 5th of
23 1994, to Nora Lum as acting president and CEO to the
24 shareholders and directors of Dynamic, subject,
25 resignation and update, and attached is a copy of a

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1 newspaper article relating to your announcement for the
2 First Congressional District Seat. Do you see that?

3 A Uh-huh. Now, say that again.

4 Q I was just pointing out that the second page was a
5 copy of an article from the Tulsa World relating to your
6 announcement for the First Congressional Seat.

7 A Right.

8 Q It's a fact, isn't it, Mr. Price, that this
9 memorandum with the attachment, Defendants' Exhibit 8, was
10 sent to your home and received by you and your wife?

11 A That's not true.

12 Q Is it your testimony that you never have seen this
13 document before this case?

14 A That's true.

15 Q Just one question with respect to a statement in the
16 first paragraph. It says, "As of June 30th neither Stuart
17 nor any members of his family are affiliated or have an
18 interest in Dynamic Energy. Stuart resigned to remain
19 clear of any conflict of interest." Was that a true
20 statement?

21 A That's a fantasy.

22 Q So it's not a true statement?

23 A It's fantasy.

24 Q Isn't it true, Mr. Price, that given your candidacy
25 for Congress in late June, you wanted to create the public

1 perception that you had no further connection with
2 Dynamic?

3 A The perception was that anybody asked me what I have
4 done, I have worked for Dynamic period.

5 Q Is it true that when you announced your candidacy on
6 June 30th, as reflected by this newspaper article, you did
7 not want the Lums to be present?

8 A Oh, that's not true at all, didn't -- one way or the
9 other.

10 Q In fact, you didn't want them to be present because
11 of their close ties with President Clinton and Senator
12 Kennedy; is that correct?

13 A That is absolutely untrue.

14 Q You believed that the disclosure of those
15 relationships to the voters of the first district would
16 destroy whatever chance you had of being --

17 A What relation? The relationships that the Lums had?

18 Q Yes.

19 A Say that again now.

20 Q Did you believe that your affiliation with the Lums,
21 given their relationships with President Clinton and
22 Senator Kennedy, would destroy whatever chance you had of
23 being elected?

24 A Absolutely not.

25 Q And you deny having stated that to the Lums?

1 A Absolutely.

2 Q Let me ask you now to look at Exhibit 9, which is a
3 letter to State Bank and Trust. It showed you received a
4 copy from Kathy Nojima showing that the board accepted
5 your resignation and that -- requesting new signature and
6 authorization forms for Dynamic accounts. You did receive
7 a copy of that; did you not?

8 A I do not recall receiving a copy of that.

9 Q Do you deny receiving a copy, or you just don't
10 recall?

11 A I don't recall, but I don't believe that I received
12 a copy of that. It says my name on there, but I don't
13 recall receiving a copy of that.

14 Q Let's look now at Defendants' Exhibit 10, which
15 are -- which is the August 1st, 1994, minutes from a
16 meeting -- a joint meeting of shareholders and directors
17 in Honolulu. Prior to the start of this hearing on July
18 7th, had you ever seen these minutes?

19 A Have I ever seen these minutes?

20 Q Yes.

21 A If it's part of the case, I've seen -- I believe I
22 have seen the minutes.

23 Q But only in connection with the case is what I'm
24 saying?

25 A That's correct.

1 Q You never saw this before the case was initiated;
2 did you?

3 A That's correct.

4 MR. LEWIS: Let me inquire, Joel. There is --
5 You've got a whole lot of pages under 10.

6 A I'm just looking at the first page.

7 MR. LEWIS: One of them under 10 is Stuart's
8 resignation. I don't know whether you are intending --

9 MR. WOHLGEMUTH: Okay. I'm referring to the
10 notice of the joint meeting and the minutes specifically.

11 Q (By Mr. Wohlgemuth) You never saw those before this
12 case; did you?

13 A That's correct.

14 Q All right. Let me just ask you about a couple --
15 not about the accuracy of the minutes, but about a couple
16 of the issues that are presented in the minutes. Do you
17 see down at the end of the first paragraph it says, "Nora
18 Lum"?

19 A I still don't know where you are. We're not at the
20 notice of the joint meeting of shareholders?

21 Q We're at the minutes.

22 A The minutes.

23 Q Page two.

24 A Okay.

25 Q And in the very final paragraph about four lines up

1 where it says, "Nora Lum" -- "Nora Lum stated"?

2 A Boy, I'm sorry. Am I stupid today? Second page of
3 the minutes.

4 Q I'm sorry, first page of the minutes.

5 A Okay. Where are we going from there?

6 Q Bottom paragraph.

7 A Bottom paragraph, four lines up, "Nora Lum stated."

8 Q Right. It says, "Nora Lum stated that in exchange
9 for the stocks held by the Prices, Dynamic Energy
10 Resources, Inc., will contribute \$150,000 to Stuart's
11 campaign." Is that a correct recitation of an agreement
12 that you had with Dynamic Energy?

13 A Absolute fantasy and lie.

14 Q It goes on to say, "However, to avoid certain tax
15 consequences, the stocks will be transferred after the
16 first of the year." Was that part of any agreement you
17 had?

18 A No, sir, it was not.

19 Q It also says, "Stuart has made it clear to the
20 employees working in the office that neither he or any
21 members of his family has any affiliation with DERI. Joe
22 Jondahl, gas manager, was instructed by Stuart not to
23 inform anyone calling that he had resigned, because that
24 would indicate that he had a prior affiliation to Dynamic,
25 but to just inform people he is not there and take a

1 message." Is that a correct --

2 A I think some of it is correct. Some of it is again
3 fantasy. I think the part that is correct, I said, "Look.
4 Just tell them I have resigned and take a message"; okay?
5 Joe was -- I think he was the only one there at the time,
6 and he was kind of a clerk and didn't -- you know -- have
7 any real understanding of the corporate workings. I said,
8 "Look. Just tell them I resigned and take a message."

9 Q Okay. Do you see in the middle of the page there's
10 a resolution that Dynamic spend -- This is in the middle
11 of what is the second page of the minutes. It's a
12 resolution that Dynamic spend \$150,000 for the benefit of
13 Stuart's campaign and at the end of the election the
14 unspent monies would be paid to Stuart as attorney and
15 consultant's fee. Do you recall being informed by the
16 Lums after this board meeting that Dynamic had, in fact,
17 made that resolution?

18 A Absolutely not, and that is just unfounded.

19 Q In fact, Mr. Price, Dynamic did spend \$150,000 on
20 your campaign; didn't it?

21 A In fact, I don't believe they did with any of my
22 authorization.

23 Q Okay. Looking at the next page of the minutes,
24 there's a -- I want to get into this a little bit later,
25 but I just want to ask you for the Record right now, down

1 at about the final third of the page or the bottom half,
2 there's a reference to a discussion about Dynamic's
3 payments to Timson Oil and Gas. Do you see that?

4 A No. What page are you on?

5 Q I'm sorry, this is -- Mr. Price, this is the fourth
6 page of the minutes.

7 A Yes.

8 Q Okay. And where it says, "The meeting continued
9 with the discussion of Dynamic's payment to Timson," do
10 you see that?

11 A Uh-huh. I haven't read it.

12 Q Okay. Timson is a company that your brother, Robert
13 Price, is associated with?

14 A That's correct.

15 Q And is it true that Robert Price became your
16 campaign manager?

17 A That's correct.

18 Q And again, we will come back to this later, but do
19 you have any recollection of requesting Dynamic to give
20 money to Robert's company so he could take on the position
21 of your campaign manager?

22 A Absolutely not.

23 Q You deny that?

24 A Absolutely.

25 Q In the final paragraph of the -- of these -- on this

9 / 0 4 0 0 3 1 3 0

1 page, there's an indication that the board was advised
2 that Dynamic would be actively pursuing the acquisition of
3 Ramco stocks and shares from New York Life. Do you see
4 that?

5 A Yes.

6 Q With respect to those Ramco securities, which are
7 referenced here, is this the project that you became
8 involved in for Dynamic after you returned to the company
9 in November of 1994?

10 A This was the project that I began before I left and
11 the project after I came back, yes, sir.

12 Q So you actually were involved in this prior to June
13 30th of 1994?

14 A Yes, sir.

15 Q And when you came back, you continued the project?

16 A Yes, sir.

17 Q And that project involved acquiring an interest in a
18 company known as Ramco?

19 A Yes, sir.

20 Q And a company known as Double R?

21 A Yes, sir.

22 Q And it also involved -- involved the acquisition of
23 securities that U.S. Trust had foreclosed upon?

24 A They hadn't foreclosed on them yet, but it was part
25 of that deal. We didn't realize there were promissory

1 notes or anything, but it evolved.

2 Q Okay. You testified initially in Court on July 7th
3 that upon your return to Dynamic in November the company
4 was pleased to have you back and printed up business cards
5 for which -- for you which contained the titles executive
6 vice-president and chief operating officer?

7 A I believe so.

8 Q And you believed, based upon your conversations with
9 the Lums, that you were again an officer of Dynamic after
10 your return from the election?

11 A It was pretty loose, but I conducted myself as a --
12 you know -- someone who was working for the corporation.

13 Q Well, my specific question to you, though, is, you
14 believed upon your return from the election that you were
15 an officer of the company?

16 A That's correct, not a consultant as you fired me
17 from.

18 Q Did you understand that as an officer you owed the
19 company fiduciary duties, which included a high degree of
20 loyalty?

21 A Yes, sir.

22 Q And you took that responsibility seriously?

23 A Yes, sir, I did.

24 Q Did you believe in late 1994 and early 1995 that the
25 Ramco transaction, if properly concluded, could result in

1 a significant benefit to Dynamic?

2 A Yes.

3 Q Let me ask you now to take a look at Defendants'

4 Exhibit 13, which is in volume one.

5 A (Witness complied.) Yes, sir.

6 Q Do you recognize Defendants' Exhibit 13 as a stock

7 purchase agreement dated January 20th of 1995 and at page

8 seven signed by U.S. Trust Company, Martin Feely,

9 vice-president, and yourself as vice-president for

10 Dynamic?

11 A Let me just make sure.

12 Q It is at page seven.

13 A You want to know whether or not I signed it?

14 Q First of all, do you recognize this as the stock

15 purchase agreement which bears your signature?

16 A Yes.

17 Q And you did, in fact, sign that as vice-president of

18 Dynamic Energy Resources, Inc.?

19 A That is correct, sir.

20 MR. WOHLGEMUTH: I would offer Defendants'

21 Exhibit 13.

22 THE COURT: Any objection?

23 MR. LEWIS: No objection.

24 THE COURT: Defendants' 13 is admitted.

25 Q (By Mr. Wohlgemuth) You signed this agreement on

1 behalf of Dynamic as vice-president with Mr. Lum's
2 consent; did you not? Gene Lum agreed to have you sign
3 that as vice-president?

4 A I didn't talk to Gene Lum about much business at
5 all. He merely drove Nora Lum around. The answer is I
6 discussed business matters with Nora Lum.

7 Q Is your testimony that you did not discuss the
8 execution of this agreement with Mr. Lum?

9 A If we did, we did it -- you know -- in a three-some,
10 it wasn't with Mr. Lum, with most of the discussion being
11 between me and Nora Lum.

12 Q Let me ask you to turn to right after the signature
13 pages. There's an Exhibit A which is attached to -- It's
14 a -- It says, "January blank, 1995, U.S. Trust Company"?

15 A Yes, sir.

16 Q Do you see that?

17 A Yes, sir.

18 Q And did you read all of these agreements prior to
19 the time you signed them, Mr. Price?

20 A I did, but I would have to refresh my memory on it
21 to see exactly what's in it.

22 Q Specifically, do you recall with respect to Exhibit
23 A that U.S. Trust Company was requiring the representation
24 by you as vice-president of Dynamic that the shares being
25 acquired by the undersigned are being acquired in good

1 faith solely for its account, for investment purposes only
2 and are not being purchased with the view to or for the
3 resale, distribution, subdivision, et cetera?

4 A Yes.

5 Q That was acceptable to you; wasn't it?

6 A Yes.

7 Q And let me ask you to turn to Exhibit 15 and to ask
8 you whether or not Exhibit 15 appears to you to be the
9 executed copies of that exhibit, which bears your
10 signature as vice-president of Dynamic Energy Resources,
11 Inc.?

12 A That's correct.

13 MR. WOHLGEMUTH: I'd offer Exhibit 15.

14 THE COURT: Any objection to 15?

15 MR. LEWIS: No objection.

16 THE COURT: Defendants' 15 will be admitted.

17 Q (By Mr. Wohlgemuth) And finally with respect to
18 these agreements, Mr. Price, looking at Defendants'
19 Exhibit 14, do you recognize 14 as being the certificate
20 of Dynamic Energy Resources, Inc., regarding the
21 representations and warranties set forth in Section 8 of
22 the stock purchase agreement?

23 A Yes, sir.

24 Q And you did sign that --

25 A Yes, I did.

9 / 0 4 3 0 3 5 1 3 5

1 Q Well, let me finish, please. You did sign that
2 again as vice-president of Dynamic Energy Resources, Inc.?

3 A Yes, I did, as vice-president.

4 Q Okay. And looking at Defendants' -- I'm sorry.

5 MR. WOHLGEMUTH: I would offer Exhibit 14.

6 MR. LEWIS: No objection.

7 THE COURT: 14 will be admitted.

8 Q (By Mr. Wohlgemuth) Looking now at Defendants'
9 Exhibit 16, that appears to be the check that Dynamic
10 Energy Resources wrote in the amount of \$450,000 for
11 the -- what I will refer to generally as the Ramco
12 securities?

13 A Yes, sir.

14 Q Okay.

15 MR. WOHLGEMUTH: I would offer Defendants'
16 Exhibit 16.

17 MR. LEWIS: No objection.

18 THE COURT: Defendants' 16 will be admitted.

19 Q (By Mr. Wohlgemuth) Now, Mr. Price, the securities
20 that were acquired by Dynamic, pursuant to this
21 transaction, involved shares of Ramco, shares of Double R
22 Corporation, and some promissory notes; is that right?

23 A That's correct.

24 Q Is it true that because Ramco and Double R
25 Corporations were S corporations that a problem was

1 presented by Dynamic Energy Resources holding the stock?

2 A That's correct.

3 Q Therefore, you and -- you and Gene Lum agreed --

4 A And Nora Lum.

5 Q Okay. I'm just asking you whether you and Gene Lum

6 agreed to form Dynamic Energy Resources, a partnership,

7 without a written agreement to hold the Ramco securities?

8 A Now, say that again. To hold it --

9 Q Yes.

10 A -- or to own it? I mean, restate it again.

11 Q Okay. Did you and Gene Lum form that partnership to

12 hold those securities as a nominee for the corporation?

13 A No, sir.

14 Q Well, there was no written partnership agreement

15 ever prepared; was there?

16 A No, sir.

17 Q Is it true that Ramco -- We're talking about Ramco

18 and also Double R, and just referring now to Ramco, did

19 Ramco ultimately reissue the stock to this partnership?

20 A That's correct.

21 Q And I believe you testified that that partnership

22 was a partnership comprised of yourself, Gene Lum, and

23 Michael Brown?

24 A Right.

25 Q Is that right?

1 A Yes.

2 Q A third, a third, and a third?

3 A Well -- you know -- I would say 30 percent for me and
4 70 percent for them. I mean, it was represented to me
5 that they would get the rest.

6 Q Didn't you testify on July 7th that it was a third,
7 a third, and a third?

8 A I believe that's how they were going to split their
9 70 percent. I believe that's how they were going to split
10 it, but I know that I owned 30 percent.

11 Q Well, did you own 30 percent or a third?

12 A Thirty percent.

13 Q Okay. So if you said a third on July 7th, you were
14 overstating it by about 3 percent?

15 A I would say yes.

16 Q Do you know of any written documents between the
17 three of you which set out this purported ownership of 70
18 percent to them and 30 percent to you?

19 A No.

20 Q We talked about the fact that the Ramco stock was
21 reissued in the name of the partnership, but isn't it true
22 that the Double R stock never was?

23 A That's correct.

24 Q And so we can take a look at it, let's turn to
25 Exhibit 4 -- I'm sorry 4A, which is the -- which are

1 pictures of the -- by photocopy of the shares in Ramco
2 Operating Company and Double R Corporation as well as the
3 promissory notes. Do you see that? And I will represent
4 to you, Mr. Price, to try to move this along a little bit,
5 these are simply --

6 A All the promissory notes contained in --

7 Q Well, let me mention this to you. This is the
8 -- After the Court's order was entered in this case, these
9 are copies of what your attorneys furnished to me.

10 A Yes, sir.

11 Q And do you see, for example, the -- As we were
12 discussing, the Ramco Operating Company shares is in the
13 name of Dynamic Energy Resources, a partnership?

14 A Uh-huh.

15 Q And as is the second page. The Double R stock has
16 not been changed; has it?

17 A That's correct.

18 Q And then there are a series of promissory notes, the
19 first one for \$197,604, the maker being Ramco Holding. Do
20 you see that?

21 A Yes, sir.

22 Q And that was one of the securities that was acquired
23 in the \$450,000 transaction; isn't that right?

24 A That was conveyed also, yes.

25 Q So the \$450,000 Dynamic paid, the company acquired

1 the shares of stock that are indicated here as well as the
2 promissory notes?

3 A That's correct.

4 Q With respect to the Double R stock and the
5 promissory notes, do you know of any assignments of these
6 securities to Dynamic Energy Resources, a partnership?

7 A Any assignments to them?

8 Q Yes.

9 A No, sir.

10 Q Did you ever ask that any assignments be prepared?

11 A Well, it was our belief that we keep them all
12 together as a group, because they are part and parcel of
13 the same business transaction, so they would all be held
14 by the partnership.

15 Q You never prepared any assignments with respect to
16 those securities; did you?

17 A No, sir.

18 Q Now, Dynamic, the corporation -- not this
19 partnership, you mentioned, but Dynamic, the defendant in
20 this case, had a safe deposit box at State Bank and Trust;
21 correct?

22 A That's correct.

23 MR. WOHLGEMUTH: Incidentally, I would offer
24 Exhibit 4A.

25 A I don't think so.

1 MR. LEWIS: No objection.

2 MR. WOHLGEMUTH: I'm sorry?

3 THE COURT: 4A will be admitted.

4 A I'm sorry.

5 Q (By Mr. Wohlgemuth) Let me ask you to turn to
6 Exhibit 17, which is in volume two.

7 A (Witness complied.)

8 Q Do you recognize Exhibit 17 as being a copy of the
9 safe deposit box entry record at State Bank and Trust
10 Company for Dynamic Energy?

11 A Uh-huh.

12 Q Your answer is yes?

13 A Yes. I'm just -- I'm trying to read.

14 Q Okay. That is your signature on the top. You were
15 one of the signatories?

16 A Yes.

17 Q As was Kathy Nojima?

18 A Uh-huh.

19 Q And Nora Lum?

20 A Correct.

21 Q And on the left-hand side is the date and time and
22 then the signature of any entrant into the box. Do you
23 see that?

24 A Yes, sir.

25 MR. WOHLGEMUTH: I would offer, Your Honor,

1 Defendants' Exhibit 17.

2 THE COURT: Any objection?

3 MR. LEWIS: No objection.

4 THE COURT: 17 will be admitted.

5 Q (By Mr. Wohlgeomuth) Mr. Price, the securities that
6 were acquired from U.S. Trust Company and are contained in
7 Exhibit 4A were put in the corporation's safe deposit box
8 at State Bank and Trust; is that correct?

9 A It says, "Dynamic Energies."

10 Q Yes.

11 A It doesn't say corporation.

12 Q Well, this safe deposit box had been -- The safe
13 deposit box was opened. It shows Kathy Nojima was the
14 first entrant.

15 A It looks like I was the first signature.

16 Q I'm sorry, at the very top, Kathy Nojima?

17 A Yeah. I think I signed it first when it opened.

18 Q Are you saying that this was not a corporate safe
19 deposit box?

20 A It was to hold the securities.

21 Q It's your testimony this was not leased by the
22 corporation; is that right?

23 A I don't know if it's leased or not by the
24 corporation.

25 Q You know, as a matter of fact, it was leased by the

1 corporation; don't you?

2 A I know that I opened it to put in securities, but I
3 said, "Put in Dynamic Energy." That's what I know.

4 Q Now, going back to your testimony on July 7th for a
5 second, I believe you stated -- and I'm quoting you at
6 this point, "It was determined that the securities with
7 the Ramco stock should be held in the name of Dynamic
8 Energy Resources, a partnership, of which I was the
9 general partner." Is that a correct statement of your
10 testimony?

11 A Yes.

12 Q And you further testified that "The remaining
13 partners were Michael Brown and Gene Lum, each holding a
14 one-third interest"?

15 A Uh-huh.

16 Q Is that right?

17 A I testified to that, yes. It's 70-30, one-third,
18 35-35.

19 Q Let's get that straight now. Was it -- Were you
20 mistaken on July 7th when you testified that it was to be
21 held a third, a third, and a third?

22 A I always thought it would be held in direct
23 proportion with my family ownership in the corporation of
24 Dynamic.

25 Q And you also testified that this was intended to be

1 a distribution by Dynamic to the three of you, yourself,
2 Mr. Brown, and Mr. Lum, to be 1099'd at the end of the
3 year?

4 A Uh-huh.

5 Q That was your testimony?

6 A Yes.

7 Q This agreement that each of you had an interest
8 which -- separate from the corporation's interest, which
9 was to be 1099'd at the end of the year, was not in
10 writing; was it?

11 A No, it was not.

12 Q Did you ever talk to Michael Brown about the terms
13 of that agreement?

14 A Did not.

15 Q Okay. Did Michael -- Do you know whether Michael
16 Brown concurred with you that he was personally entitled
17 to a one-third interest in the Ramco securities?

18 A You know, it's interesting. I was at a meeting at
19 Pray, Walker, and Michael Brown was in the room, Gene Lum,
20 was in the room, and we were talking to some officials of
21 New York Life, and they asked me to introduce them, and I
22 introduced them as my partners in the ownership of Dynamic
23 Energy Resources, the partnership that owned Ramco, Double
24 R, and the promissory notes, and I don't know if it was
25 stated at that point -- you know -- 30-70 or 30-35-35, but

1 as I was told by Nora Lum and Gene Lum is that Michael was
2 a personal partner in it.

3 Q My question to you simply was, did Michael Brown
4 ever tell you or lead you to believe that he believed he
5 was entitled to one-third interest in those securities?

6 A I didn't talk with Michael about it. I talked with
7 Nora about it.

8 Q Did you believe, Mr. Price, at the time that Michael
9 Brown, a five percent shareholder in Dynamic, was entitled
10 to a one-third interest in those securities?

11 A I didn't believe he was.

12 Q You didn't believe he was, but he was part of a
13 partnership that you said was a third, a third, a third;
14 isn't that right?

15 A As conveyed to me by the only partners in this,
16 knowing that we had to put it in a partnership, me, Gene,
17 and Michael.

18 Q Okay. Were you satisfied with Michael Brown having
19 a one-third interest in those securities apart from the
20 corporation?

21 A You know, hey, the Lums spend their money, and --
22 you know -- share their interests like drunken sailors.
23 What they wanted to do with their interest was fine with
24 me.

25 Q And that was always something, the way the Lums

1 operated, that was acceptable to you when you were
2 associated with them; wasn't it?

3 A What?

4 Q Their method of spending.

5 A Their method of spending?

6 Q Yeah.

7 A Their share is fine with me.

8 Q Okay. And you were the beneficiary of a lot of
9 their spending; weren't you, Mr. Price?

10 A I don't believe I was the beneficiary. I think that
11 I'm a victim here, as they have overspent 3 million
12 dollars and taken over a million dollars from my children
13 and my wife. That's why we are here, Mr. Wohlgenuth.

14 Q You were an executive vice-president or an officer
15 one way or the other in Dynamic --

16 A Or you called me a consultant.

17 Q Pardon me?

18 A Or consultant.

19 Q Well, no, from your standpoint.

20 A Okay.

21 Q You testified that you were an officer of the
22 corporation at the time the Ramco deal closed; correct?

23 A Uh-huh.

24 Q Was there any board resolution of Dynamic or any
25 other document which authorized the assignment of these

1 securities, which were purchased by Dynamic, to this
2 partnership that you testified to?

3 A No. It was by agreement.

4 Q As an officer of Dynamic, didn't you think there
5 should be such an agreement which reflected some type of
6 consideration to protect the corporation?

7 A Now, say that again.

8 Q Okay. As an officer of Dynamic, didn't you think
9 there should have been an agreement assigning those
10 securities of this partnership and reflecting what the
11 consideration was for the assignment?

12 A It's always better to have writings, I agree.

13 Q Did you make a conscious decision not to have a
14 writing?

15 A No, sir.

16 Q As an officer of Dynamic, did you believe that this
17 transaction by which you and Mr. Lum and Mr. Brown
18 allegedly acquired the securities was fair to the company?

19 A Now, say that again.

20 Q As an officer of Dynamic, did you believe that the
21 transaction which involved Dynamic spending \$450,000 for
22 these securities, which wound up, according to your
23 testimony, in a three-way partnership -- did you believe
24 that to be fair to the company?

25 A Oh, yeah.

1 Q Okay. Isn't it true, Mr. Price, that the only
2 reason the partnership was formed was as an accommodation
3 to Ramco and Double R? The partnership was just a
4 nominee; wasn't it?

5 A Absolutely not, and I would like to direct you to
6 the IRS regulations. A corporation cannot be -- You
7 cannot have a partnership be a nominee for a corporation
8 without busting an S, absolutely not. I mean, that's the
9 tax advice I have gotten, so it could not be a nominee, if
10 that was the intent, to preserve the Subchapter S status.
11 A partnership could not act as a designee or a nominee for
12 a corporation. It in and of itself breaks the Subchapter
13 S status, sir.

14 Q Following January 20th of 1995, when this
15 transaction closed, did you ever calculate the value of
16 your alleged partnership interest?

17 A Oh, it's a speculative deal. I mean -- No. I mean,
18 there have been a lot of calculations. It's just
19 speculative until you sell, until it is monetized, Mr.
20 Wohlgemuth.

21 Q Did you show your partnership interest on this
22 campaign form that you introduced today?

23 A Because it was -- the partnership was formed after
24 the campaign formed, Mr. Wohlgemuth.

25 Q Is your answer that you never put a value on your

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1 interest in this --

2 A Between the Lums and myself --

3 Q -- partnership?

4 A -- we tried to value it from nothing, because it's
5 very speculative. It's in litigation right now in federal
6 court, and it could end up being worth zero, or it could
7 turn into some money. That's the risk of business, so did
8 I ever value it, no, you can't. It's a minority interest
9 in a privately held corporation, so it's very difficult to
10 ascertain a value.

11 Q And you knew that when you acquired it?

12 A Yes.

13 Q And you at that time determined as an officer of
14 Dynamic that the corporation should pay \$450,000 for those
15 assets; right?

16 A Yes, I did.

17 Q Okay. And you felt there was a potential upside to
18 that investment; didn't you?

19 A Yes, sir. It's called analyzing risk, yes, sir.

20 Q Is it your position that your wife and children
21 retained a 30 percent interest in Dynamic following
22 January 1st of 1995?

23 A Absolutely.

24 Q Can you tell me why Linda, as an ostensible
25 shareholder of the company, did not receive any interest

1 in the Ramco securities?

2 A We view -- you know -- the interest as family, so
3 what's mine is hers. I guess if she wants to kick about
4 it, she will. You will have a chance to talk about it.

5 Q There was a conscious decision that you made or
6 Linda made or both of you made to put the Dynamic stock in
7 her name; right?

8 A Yes, sir.

9 Q Okay. Can you tell me why she's not a one-third
10 partner in this deal?

11 A Yeah, because it's a very complex transaction
12 involving Fortune 500 companies that I have had personal
13 contact with for the last year. It's involving lawyers,
14 law firms, stockholders. It's involving the directors and
15 management of these various corporations, and I am the
16 logical person to hold the stock.

17 Q Now, you testified on July 7th, when you testified,
18 that you had a discussion with Gene Lum in April of this
19 year while he was in Tokyo; isn't that right?

20 A Yes, sir.

21 Q And you said you had some notes of that
22 conversation?

23 A Yes.

24 Q Have you retrieved those for the hearing today?

25 A Yes.

1 Q Do you have them?

2 A I think my lawyer has copies of them, what I had.

3 Q While he looks for that, let me ask you this: You
4 made that call on April 11th; correct?

5 A I believe it was in early April.

6 Q Yeah. But you made the call on April 11th; didn't
7 you?

8 A I believe it was -- I can look at the phone records,
9 okay, but I assume that it was in early April, and there
10 was a phone call from Dynamic at about 5:00 to Tokyo, and
11 I spoke with Gene Lum at length, yes, sir.

12 Q You remember your counsel in the opening statement
13 saying the call was on April 11th; don't you?

14 A Well, okay. Let's say it -- I don't know when it
15 was.

16 Q And in fact -- I want to get this straight. Let's
17 just take a look here at Defendants' Exhibit 20, if we
18 may.

19 A Yes, sir.

20 Q And Exhibit 20 is the responses to the
21 interrogatories that were filed and signed by -- I believe
22 your wife verified them?

23 A Uh-huh.

24 Q Have you seen these?

25 A I have not.

1 Q You haven't?

2 A No, sir, I have not.

3 Q You see at page three -- I'm sorry, there's an
4 interrogatory asked at page three about any demands you
5 made on the company, and I believe you said earlier today
6 you made a demand upon -- at one time upon Nora Lum and
7 another time upon Gene Lum. Do you see at the top of page
8 four it says, "On April 11th, 1995, plaintiff through her
9 husband had a conversation with Gene Lum in which demand
10 again was made for the return of corporate assets and
11 wrongful -- and cash wrongfully taken by the Lums." Do
12 you see that?

13 A Yes.

14 Q That's verified under oath by your wife?

15 A Yes.

16 Q Okay. Now, with respect to that -- And that refers
17 to the call that you made from Tulsa and Mr. Lum was in
18 Tokyo; right?

19 A I believe that was the day. I don't know why
20 this -- you know -- I assume it was the 11th.

21 Q You have no reason to doubt your wife's voracity
22 under oath; do you?

23 A That's probably her impression of -- I mean,
24 probably her understanding.

25 Q Well, it's her sworn statement; isn't it?

1 A Talk to her about it. You want her up here to swear
2 again to it? I tell you that I believe the conversation
3 was in early April.

4 THE COURT: Mr. Price, I'm going to instruct you
5 again not to argue with counsel. Ask another question,
6 Mr. Wohlgemuth.

7 Q (By Mr. Wohlgemuth) How long did the call last?

8 A I'm going to say between ten and 30 minutes.

9 Q Okay. And you testified --

10 A Tom Schrader would know for sure.

11 Q You testified that as a result of that call you went
12 to the State Bank and Trust Company and removed the stock
13 from the safe deposit box; didn't you?

14 A No. What I testified to is that because of the
15 accumulation of all the wrongs that the Lums were
16 committing that in early April I took the stock to
17 safeguard them from being stolen. That's what happened.

18 Q All right. But didn't you testify that Mr. Lum made
19 a statement about the Ramco stock in that conversation
20 with you and as a result of that you went to the State
21 Bank?

22 A Would you read me the point -- Read that to me,
23 where he said something with Ramco? What page is that,
24 sir?

25 Q It's at 45, Mr. Price. You're talking. At 45

1 you're discussing your recollection of that conversation,
2 and down at the bottom do you see where it says, "If he
3 was on the main" --

4 MR. LEWIS: Excuse me, Joel, page 45?

5 MR. WOHLGEMUTH: Page 45.

6 Q (By Mr. Wohlgemuth) Do you see, Mr. Price, where you
7 are recalling that conversation, and you say:

8 "If he was on the mainland that he would also try to
9 take the stock of Ramco that was owned by the partnership,
10 and I went for safekeeping down to the bank and --

11 Question? Where was the stock?

12 Answer: In State Bank. It was at State Bank in a
13 safe deposit box.

14 Did you take the stock out of the box?

15 Yes, I did.

16 And what did you do with it?

17 I took it home."

18 Do you see that?

19 A Yes, sir.

20 Q So it was your testimony that as a result of what
21 you perceived to be a threat by Mr. Lum you went to State
22 Bank and took the stock?

23 A No. My testimony is that as a result of the threat
24 by the money that they had stolen from the documents given
25 to me by Deloitte, Touche, by me knowing the money that

1 they were taking out of State Bank, by their actions to
2 me, by a conversation I had with Nora Lum the week before
3 where I said, "You call me by 5:00 if -- to resolve this
4 matter," and that's what precipitated me to take the stock
5 for safekeeping.

6 Q So as a matter of fact, then you had taken the stock
7 out of the safe deposit box at State Bank prior to your
8 conversation with Mr. Lum?

9 A Yes.

10 Q Is that your testimony?

11 A I believe that to be correct.

12 Q And that's what you meant here on pages 45 and 46?

13 A Well, I guess. I mean, I'm telling you exactly what
14 I recollect happening.

15 Q You didn't mean --

16 A That I went directly, no.

17 Q And it wasn't -- Is it your testimony now that it
18 was not as a result of the conversation with Mr. Lum in
19 Tokyo that caused you to go to State Bank and take the
20 securities?

21 A No. It was to safeguard the securities. It was the
22 culmination of all the Lums' bad acts and actions leading
23 up to that.

24 Q And taking a look at Defendants' Exhibit 17, which
25 is the safe deposit box entry record?

- 1 A Yes.
- 2 Q You went into the box on April 6th and again on
3 April 7th; didn't you?
- 4 A I believe so.
- 5 Q Is it true that on April 6th you reviewed the
6 contents of the box so you could determine what was in
7 there and then decide what you were going to do?
- 8 A I did look at the contents of the box.
- 9 Q And that's why you went April 6th?
- 10 A I believe so.
- 11 Q Did you take anything out on April 6th?
- 12 A I don't believe so.
- 13 Q Okay. You took the securities out on April 7th;
14 didn't you?
- 15 A Yes, sir. I believe I did on April 7th.
- 16 Q And that was approximately four days before your
17 conversation with Mr. Lum in Tokyo? That's your
18 testimony?
- 19 A I believe that to be the case.
- 20 Q You didn't tell Mr. Lum in that conversation that
21 you had taken the securities; did you?
- 22 A He didn't ask.
- 23 Q And you were an officer of Dynamic at that time;
24 weren't you?
- 25 A I was indeed.

1 Q Did you tell Linda that you intended to take the
2 securities out of the State Bank box?

3 A No.

4 Q Did you notify any person that you intended to take
5 those securities before you entered the box?

6 A Yes.

7 Q Who?

8 A Counsel.

9 Q When you say you notified counsel, you didn't notify
10 the corporation's counsel, Mr. Schrader; did you?

11 A Excuse me?

12 Q You didn't notify Mr. Schrader, who was an attorney
13 for Dynamic; did you?

14 A No, sir.

15 Q Did you notify -- Did you notify Kathy Nojima or
16 Nora Lum, the other two signatories on the safe deposit
17 entry record, that you intended to enter the box and take
18 the securities?

19 A No, sir. I had full authority to take those
20 securities at any time I wanted.

21 AUGUST 23, 1995

22 WILLIAM STUART PRICE,

23 called as a witness on behalf of the plaintiff, after
24 having been previously sworn, testified as follows:

25 CONTINUED CROSS-EXAMINATION

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1 BY MR. WOHLGEMUTH:

2 Q Mr. Price, when you took the securities from the
3 Dynamic box on April 7th and with the exception of your
4 activity in that box the day before, you never personally
5 used that box for safekeeping; did you?

6 A I used that box to house the securities for Dynamic
7 Energy Limited partnership.

8 Q That's not my question. My question is prior to your
9 entry into the box on April 6th, with respect to seeing
10 what was in there in the way of the Ramco securities, did
11 you ever use that box for safekeeping of any other papers?

12 A No.

13 MR. LEWIS: Your Honor, let me object. We're
14 starting off right now. That is one of the counts in the
15 federal court lawsuit. Counsel is attempting to do a
16 discovery deposition of the witness. He has sued this
17 witness for stealing the stock, which this Court will recall
18 was taken for safekeeping and is being held in our safe
19 under order of this Court. He has sued Mr. Price for
20 conversion and theft of the stock as he has also sued Linda
21 Price in this lawsuit, none of which has anything whatsoever
22 to do with the appointment of a receiver.

23 THE COURT: I'm going to overrule the objection.
24 You may ask another question. That one has been answered.

25 Q (By Mr. Wohlgemuth) After you took the securities on

1 April 7th, did you tell the other members of your alleged
2 partnership, Mr. Lum and Mr. Brown, that you had possession
3 of them?

4 A They were informed at a later date.

5 Q No. When you took them on April 7th --

6 A On that date?

7 Q Yes.

8 A No, sir.

9 Q Did you secure any consent or approval from Mr. Lum or
10 Mr. Brown with respect to your seizing of those securities?

11 A I didn't need any consent.

12 Q No. Did you obtain it?

13 A I didn't need any consent, so I didn't obtain it.

14 THE COURT: The witness is instructed to answer
15 yes or no.

16 THE WITNESS: At that --

17 THE COURT: Just a minute. Answer yes or no, Mr.
18 Price. You need the question read back, sir?

19 THE WITNESS: Sir, if he asks questions that are
20 two-parted, may I -- like he did in the last testimony,
21 may I try and not answer yes or no if it would lead to a
22 false conclusion?

23 THE COURT: Mr. Price, I'm not going to entertain
24 your hypothetical question to the Court. Do you need the
25 question read back? I have instructed you to --

1 THE WITNESS: Please, sir.

2 THE COURT: -- answer the question yes or no.

3 Will the reporter please read the question back?

4 (The last question was read by the reporter.)

5 A No.

6 Q (By Mr. Wohlgemuth) At that time on April 7th, were
7 you claiming some personal interest in the Double R stock
8 and in the promissory notes?

9 A It was part of the partnership.

10 Q Were you -- And you were claiming an interest in those
11 securities?

12 MR. LEWIS: I object, Your Honor. He is trying to
13 trap the witness in a legal conclusion issue of whether a
14 personal interest means that he has already testified it was
15 in a partnership, he was a partner, could that be a personal
16 interest, or does he mean did you personally claim that
17 you owned it yourself? And I object to the question
18 unless he defines what he is trying to get at.

19 THE COURT: The objection as to form is overruled.
20 Answer the question, Mr. Price.

21 THE WITNESS: What's the question, Mr.
22 Wohlgemuth?

23 Q (By Mr. Wohlgemuth) At the time that you seized those
24 securities, were you claiming any interest in the Double R
25 stock or in the promissory notes?

1 A As a partner, yes.

2 Q Okay. Do you know of a single document that
3 indicates an ownership interest in the Double R stock or
4 in the promissory notes by the partnership?

5 A No, sir.

6 Q Let me ask you now to look at Exhibit 18, which is a
7 letter of May 12th, 1995, that was written by Ben Abney --

8 A Who wrote that?

9 Q Pardon me?

10 A Who wrote it?

11 Q Ben Abney.

12 A Okay.

13 Q It's Exhibit 18. Do you see it?

14 A Yes, sir.

15 Q Volume two?

16 A Yes.

17 Q That letter was written on your behalf, was it not, in
18 connection with the issue of the Ramco securities?

19 A Yes, sir.

20 Q Let me ask you to look at page two. Do you see a
21 copy of the letter went to you?

22 A Yes.

23 Q In that letter Mr. Abney says, "On January 20th, 1995,
24 a purchase agreement was entered into whereby Dynamic Energy
25 Resources, a partnership, purchased the securities described

1 in your letter of April 19th, 1995." Do you know of any
2 such purchase agreement?

3 A No.

4 Q With respect to any supposed purchase agreement, can
5 you tell me what the amount of the purchase price was paid
6 by Dynamic Energy Resources, if any, to the corporation
7 for the stock?

8 A Could you say that again?

9 Q In connection --

10 A Are you talking about the partnership or the
11 corporation?

12 Q It indicates that there was a purchase agreement
13 between Dynamic Energy Resources wherein -- whereby
14 Dynamic Energy Resources purchased the securities. Do you
15 see that first sentence?

16 A Dynamic Energy Resources is a partnership.

17 Q That's right. How much money, if any, was paid by
18 Dynamic Energy Resources?

19 A The corporation?

20 Q No, by the partnership.

21 A By the partnership? The partnership did not pay any
22 money to U.S. Trust.

23 Q And down below it says, "The funds used to purchase
24 the stock were loaned by Dynamic Energy Resources, a
25 corporation, to the partnership." Is there any promissory

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1 notes or other documentation of that loan?

2 A No, sir.

3 Q Okay. You don't know of any such loan; do you?

4 A No, sir.

5 Q After you read that letter from Mr. Abney, did you
6 make any request that that letter be changed, revised, or
7 amended to reflect --

8 A That was his interpretation.

9 Q It's not correct; is it?

10 A It is not.

11 Q You testified on July 7th that after you took the
12 securities from the State Bank box on April the 7th, 1994,
13 you took them home and then to a box at BOK; correct?

14 A That's correct.

15 Q Actually you didn't put the securities in the BOK
16 box until May 15th; did you?

17 A Don't know the exact date, but that would be about
18 the approximate time.

19 Q Let's look at Defendants' Exhibit 19 so we get the
20 correct date.

21 A Okay. It says -- It was rented on May 15th, 1995, at
22 the Brookside branch of Bank of Oklahoma.

23 Q Approximately five weeks after you took the
24 securities; right?

25 A Uh-huh.

1 Q So was that the time you put the securities in the
2 box at BOK?

3 A Yes, sir.

4 Q And that was -- they were put in the box four days
5 prior to a hearing in this court, isn't that right, in
6 this case?

7 A That was the date, I would say, if it was four days
8 after May 15th.

9 Q During that period, April 7th to May 15th, where
10 were the securities?

11 A In my briefcase.

12 Q Did you tell your partners, Gene Lum and Michael
13 Brown, that the securities were in your briefcase during
14 that period of time?

15 A Did not.

16 Q Did you consider doing that?

17 A They knew that I had possession of the stock.

18 Q Did you consider doing that?

19 A Telling them?

20 Q Yes.

21 A Didn't have to.

22 Q During the period April 7th to May 15th, did you
23 tell Linda Price that you had possession of the Ramco
24 securities?

25 A Probably.

1 Q Well, you took the securities, according to your
2 testimony, to protect her 30 percent interest; didn't you?

3 A Sure did. I'm sure glad I did.

4 Q Did Linda approve of your action in seizing those
5 securities?

6 A Did not approve of it. Didn't have anything to do
7 with it.

8 Q Did she disapprove of it?

9 A Didn't have anything to do with it.

10 Q Did she disapprove of it?

11 A Didn't have anything to do with it.

12 Q But she knew it; didn't she?

13 A I think she was aware of it.

14 Q You know she was aware of it; don't you?

15 A Yes.

16 Q Let me ask you to take a look at --

17 MR. WOHLGEMUTH: I would hand these up to the
18 Court. These are the next set of the volumes. Let me hand
19 this volume to you.

20 Q (By Mr. Wohlgemuth) Let me ask you to look at Exhibit
21 36 in volume three.

22 A Yes.

23 Q This exhibit is a reply to the counterclaim filed in
24 this case on July 31st, 1995. Have you seen this document
25 before?

1 A No.

2 Q Let me direct your attention to page two, paragraph
3 18.

4 A Okay.

5 Q Do you see where it says, "Stuart Price, as an
6 officer of Dynamic, had authority to remove the securities
7 for safekeeping after he became aware of defendants'
8 self-dealing"? Do you see that?

9 A Yes, I see that.

10 Q Is it true that, in taking the securities on April
11 7th, you were acting as an officer of Dynamic Energy
12 Resources, a corporation?

13 A No, sir.

14 Q So that's wrong?

15 A You'd have to ask who wrote it his impression, but I
16 was --

17 Q You were not acting as an officer?

18 A I was acting as general partner of the partnership,
19 as I stated earlier.

20 Q That's what I'm trying to establish. That's not
21 correct when it is indicated you were acting as an officer?

22 MR. LEWIS: I'd object, Your Honor. What it
23 says is Stuart Price, as an officer, had authority to
24 remove the securities. It doesn't say he removed them
25 from the box as an officer. It said he had authority to

1 enter the box. I wrote that.

2 THE COURT: Overruled.

3 Q (By Mr. Wohlgemuth) Mr. Price, did you receive a call
4 from Dynamic's attorney, Tom Schroedter, after April 7th
5 asking about the securities after they had been removed from
6 the box?

7 A Yes.

8 Q Did you ask Mr. Schroedter if he had checked with
9 Kathy Nojima about the location of the securities?

10 A Yes.

11 Q You weren't trying to dodge Mr. Schroedter; were you?

12 A I was pointing out the obvious.

13 Q What was the obvious you were pointing out?

14 A The obvious is she would know.

15 Q You then told Mr. Schroedter that you would get back
16 to him; right?

17 A I don't recall that.

18 Q In fact, you didn't call him back; did you?

19 A I think that it's interesting you say that, because
20 he said he was representing the Lums and not me, because
21 they were paying him more money is what he told me, and so
22 I thought since he was a representative and I was in a
23 dispute that I should not discuss it with him.

24 Q My simple question to you is, you did not call him
25 back; did you?

1 A No, I did not.

2 Q When Mr. Schroedter next contacted you and asked for
3 the stock, you refused to give it to him; correct?

4 A I don't know that he asked me for the stock and I
5 refused to give it to him. I just remember it was
6 discussed.

7 Q Are you denying that he called you again and asked
8 you to deliver the stock?

9 A He may have.

10 Q Now, Linda received a distribution of \$2,540,000 for
11 her and your children in late April of 1994; correct?

12 A Yes.

13 Q In June of 1994, prior to your announcement for
14 Congress, did you have a meeting with Nora Lum regarding the
15 sale of Linda's interest back to the company in exchange for
16 the April distribution and the additional payment of
17 \$150,000 for your political campaign?

18 A You are -- I did have a meeting, but I did not state
19 the facts that you included in your question, sir.

20 Q And you then deny that you reached such an agreement
21 with Nora Lum?

22 A Absolutely. Unequivocally.

23 Q Is it true that the \$2,540,000 payment to Linda in
24 April represented a pro rata share of the portion -- of a
25 portion of the proceeds from Gage?

- 1 A From Gage?
- 2 Q From the transaction that you described.
- 3 A From Dynamic's?
- 4 Q Yes.
- 5 A It was from Dynamic; it wasn't from Gage.
- 6 Q In connection with the Gage transaction.
- 7 A Okay. Would you like to restate the question so I
8 can see if I can answer it?
- 9 Q The \$2,540,000 payment that was made to Linda in April
10 of 1994 was from Dynamic and arose out of the company's
11 profits in the Gage transaction?
- 12 A It was a partial distribution of proceeds from the
13 company.
- 14 Q Okay. Linda received --
- 15 A Profits is what it says. Partial distribution of
16 profits from Dynamic. It had nothing to do with the Gage.
- 17 Q Partial distribution of profits; correct?
- 18 A I believe that to be the case, sir.
- 19 Q Now, Linda received that money prior to your filing
20 of a financial disclosure statement with the United States
21 House of Representatives on July 25th, 1994; correct?
- 22 A Yes, she did.
- 23 Q Incidentally, following the last hearing in this case,
24 you and your family were on vacation in Maine; is that
25 right?

- 1 A State your question again.
- 2 Q After August 3rd did you take a family vacation to
3 Maine?
- 4 A No.
- 5 Q Okay. Did you take a vacation to Maine earlier in the
6 summer?
- 7 A We were in Maine, yes.
- 8 Q Can you tell me the telephone number?
- 9 A No, I don't know it, but I can get it to you.
- 10 Q Thank you. Let me ask you to look in volume three
11 of the exhibits at Exhibit 29, which is an unredacted
12 version of what you presented last week.
- 13 A What section, sir?
- 14 Q Defendants' Exhibit 29.
- 15 A (Witness complied.)
- 16 Q Do you recognize this exhibit, Defendants' Exhibit 29,
17 as being a financial disclosure statement filed on July
18 25th, 1994, with the United States House of Representatives?
- 19 A Yes, I do.
- 20 Q Do you remember in the last hearing you introduced
21 this statement, but it was redacted; correct?
- 22 A I guess.
- 23 Q Well, you know that is a fact; don't you?
- 24 A No. I know that he submitted it to the Court, okay,
25 in an unredacted form after we came back after noon. I do

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1 know that.

2 Q Now, the statement was signed by you on July 23rd,
3 1994, after you had left Dynamic; isn't that right?

4 A That is right.

5 Q Did you read this statement in its entirety before
6 you signed it?

7 A Probably read it. I don't have any recollection of
8 what it says.

9 Q It was important that it be correct?

10 A You bet.

11 Q In fact, you did read that any individual who
12 knowingly and wilfully falsifies or who knowingly and
13 wilfully fails to file the report may be subject to civil
14 and criminal sanctions; didn't you?

15 A Yes, sir, I read that.

16 Q Now, with respect to the actual preparation of the
17 report and the printing and markings on the report, were
18 those done by your wife?

19 A I believe it may be in conjunction with Deloitte,
20 Touche.

21 Q But, for example, the handwriting, Stuart Price,
22 that's up at the top of page one and some of the other
23 handwriting on page two --

24 A I believe that's Linda's.

25 Q Okay. So she assisted you in preparing this; didn't

1 she?

2 A Uh-huh.

3 Q And she knew what was in the report; isn't that
4 correct?

5 A I believe so.

6 Q Did you understand -- Did you understand when you
7 certified this report what the consequences were of any
8 miscertification?

9 A Yes, I did.

10 Q Let's look at schedule one, which is the next page,
11 which is earned income. Do you see that?

12 A Uh-huh.

13 Q And that's the schedule that you redacted in your
14 exhibit; isn't it, Mr. Price?

15 A May I have a copy of what I redacted? I didn't look
16 at it that close, so I mean, let's take a look at it.

17 MR. LEWIS: Actually that was one of the schedules
18 that was redacted, I believe, Counsel.

19 Q (By Mr. Wohlgenuth) Let me hand you what's been
20 marked as Plaintiff's 20, and particularly looking at the
21 second page, that's redacted; isn't it?

22 A It appears to be redacted, Mr. Wohlgenuth.

23 Q On schedule one of earned income, you did not list
24 the \$2,540,000 your wife received in April of 1994 from
25 Dynamic; did you?

1 A Well, let me read this to you; okay? It says your
2 current --

3 Q No, just answer.

4 A -- my current employment, Mr. Wohlgemuth. The
5 reason it wasn't is because that was her income as a
6 stockholder of Dynamic Energy --

7 Q Well, let me ask --

8 A -- and was a partial distribution to her. This is
9 mine.

10 Q I understand.

11 A Thank you.

12 Q I understand that's your view, but let's look at what
13 this says, Mr. Price. Do you see up on top where it gives
14 you the directions? It says, "For a spouse, list the
15 source and amount of any honoraria, and list only the
16 source for other spouse earned income exceeding \$1,000."
17 Do you see that?

18 A It asks for a spouse's honoraria. I see that very
19 clearly. It says, "For spouse, list the source and amount
20 of honoraria."

21 Q Okay. Do you see what the next part of the sentence
22 is, requiring the listing of a spouse's earned income in
23 excess of \$1,000?

24 A Earned income. I think it's my earned income.

25 Q Oh, that's the reason you didn't put it on there is

1 because it was your earned income and not hers; is that
2 correct?

3 A Say what?

4 Q Can you tell me why you failed to show Linda's
5 \$2,540,000 distribution of income?

6 A It's right in here under assets and under earned
7 income on schedule three. Why? Because they probably
8 didn't think it was necessary to put it in there, Mr.
9 Wohlgemuth.

10 Q Who's they?

11 A They? Linda and the accountant.

12 Q Now, isn't it true that the reporting period covered
13 by the financial disclosure statement was January 1st of
14 1993 to June 30th of 1994?

15 A I believe that to be the case.

16 Q Okay. So the information reflected on schedule one
17 and the other schedules is as of June 30th; correct, Mr.
18 Price?

19 A Yes.

20 Q Dynamic was an S corporation; isn't that right?

21 A Yes.

22 Q And isn't it true, Mr. Price, that the reason you
23 did not list the distribution to Linda is that you and
24 Linda treated that payment as a capital gain in connection
25 with the company's repurchase of your stock?

1 A Absolutely not, Mr. Wohlgemuth.

2 Q Let's look at schedule three now.

3 A Let's do.

4 Q All right. Do you see -- Now, schedule three, this is
5 Linda's handwriting again; isn't it, Mr. Price?

6 A Yes, it is, Mr. Wohlgemuth.

7 Q And this schedule was true at the time you prepared
8 it; isn't that right?

9 A I believe it to be correct, Mr. Wohlgemuth.

10 Q And you knew how to report earned income, because that
11 was on schedule one; correct? This is unearned income.

12 A I knew how to?

13 Q Yes. You knew that earned income was to be put on
14 schedule one?

15 A Okay.

16 Q And you knew that unearned income and capital gains --

17 A I filled this out to the best of my knowledge. I
18 filled it out to the best of my knowledge.

19 THE COURT: Let me interrupt right here. It is
20 absolutely essential that one person speak in this courtroom
21 at a time so that an adequate Record can be made. Mr.
22 Price, please allow Mr. Wohlgemuth the courtesy of finishing
23 his question before you attempt to answer it.

24 In addition, while I realize that you are
25 indignant about some of the questions Mr. Wohlgemuth is

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1 asking, please disengage from that indignancy, answer the
2 question, and let's go on to the other questions.

3 THE WITNESS: Yes, sir.

4 THE COURT: Thank you very much. Go ahead, Mr.
5 Wohlgemuth.

6 Q (By Mr. Wohlgemuth) Mr. Price, I want you to take a
7 look at your schedule of unearned income, and
8 specifically do you see the first line in Linda's
9 handwriting where it says, "SP" for spouse?

10 A Yes.

11 Q And after that it says, "Dynamic Energy Resources,
12 Inc. Tulsa, Oklahoma, S Corp. ownership"; do you see that?

13 A Yes.

14 Q And it shows value of asset, next block says type of
15 income, and then the amount of the income. And after -- And
16 let's skip to current year, item nine, where it shows the
17 amount of the income over 1 million dollars; correct? Do
18 you see that under current year in the very last column?

19 A Uh-huh.

20 Q Okay. And do you see where Linda checked and you
21 verified that she received over 1 million dollars;
22 correct?

23 A Two point five four, to be exact.

24 Q Exactly. And that's what you intended to reflect;
25 isn't it?

- 1 A What's that?
- 2 Q That's what you intended to reflect by this check
3 mark.
- 4 A I intended to reflect that she received 2.54 million
5 dollars as partial distribution of profits from Dynamic.
6 That's what I intended.
- 7 Q But what you told the U.S. House of Representatives in
8 this form was that that money was received as a capital
9 gain; didn't you, Mr. Price?
- 10 A I don't believe that at all, and I don't -- Not only
11 do I not believe it, but he's talking about me violating
12 the federal law in filing a false disclosure, and I would
13 recommend that you point this out, if you think that it is
14 a false filing, Mr. Wohlgenuth, because it was not filed
15 falsely.
- 16 Q Okay. You are telling me it was not a capital gain;
17 correct?
- 18 A I'm telling you that it was -- that mark was for the
19 2.54 million dollars that Linda received as partial
20 distribution of profit for her stock ownership in Dynamic
21 Energy, that is correct.
- 22 Q We're not talking about your view now. I'm talking
23 about your view in July.
- 24 A That was my view then.
- 25 Q And your view in July was that that was a capital gain

1 in connection with the repurchase of your stock by Dynamic;
2 correct?

3 A Absolutely -- I don't understand your whole thought
4 process here. Ask it again so I can understand it.

5 Q Your view in July, when you signed this, was that the
6 money Linda received was treated as a capital gain in
7 connection with the repurchase of her Dynamic stock; isn't
8 that right?

9 A No.

10 Q Okay. Take a look at the first line under spouse,
11 and tell me what your wife checked as the nature of the
12 income received?

13 A I don't know.

14 Q Well, you see where it says, "capital gain"?

15 A Where does it say it?

16 Q Right in the first line. It shows Dynamic Energy
17 Resources capital gains. It says, "Type of income. If
18 other than one of the listed categories, specify the type
19 of income" --

20 A I don't see it. Show me. I mean, I don't see it.

21 Are we on page two?

22 Q Yes.

23 A Help me out here, Mr. Wohlgemuth. Okay.

24 Q That check mark.

25 A Yeah.

1 Q It's true that Linda showed that and you signed that
2 statement in July of 1994 reflecting that the money she
3 received was a capital gain?

4 A Well, I mean, let's just see what -- let's just see
5 -- Yeah. It wasn't excepted trust or blind qualified, but
6 she was told to -- She checked it, yes.

7 Q Checked a capital gain?

8 A Yes, she did.

9 Q Okay. And she checked the capital gain because it was
10 a capital gain received in connection with the sale of her
11 stock back to Dynamic; isn't that right?

12 A No, it's not. How many times do I have to answer that
13 question?

14 Q Okay.

15 A No, it's not.

16 Q Tell me why she checked it and you verified it as a
17 capital gain.

18 A I verified it, because these are complicated things,
19 and we went through -- These things you go through every
20 single bit of information in your financial life, and you
21 fill it out, and we did it to the best of our knowledge,
22 but there is no way that that was for the sale of Dynamic
23 stock, and I think all the records in this case show it's
24 not, Mr. Wohlgenuth.

25 Q Tell the Court why it is that you show that as a

1 capital gain.

2 A Because she believed it was a capital gain. It's
3 not.

4 Q And you did, too, didn't you, Mr. Price, at that
5 time?

6 A No, I did not.

7 Q Okay. Why did you show it as a capital gain if you
8 didn't believe it?

9 A That was probably the category I thought it figured
10 into.

11 Q And you were an attorney at the time. You understood
12 this; didn't you?

13 A I signed it, Mr. Wohlgermuth.

14 Q Okay. Incidentally, one final matter on this
15 particular document, page five. Do you see where you are
16 supposed to list your directorships and your board positions
17 as well as your official positions with companies at
18 schedule six -- schedule four, page five of seven?

19 A Yes, I see that.

20 Q Can you tell us why you did not indicate that you
21 had been a director of Dynamic?

22 A I ran out of room. I'm a director of the Tulsa Park
23 Board, I'm on the Gilcrease Board, I ran out of room, but
24 I did say that I was president of Dynamic Energy
25 Resources, Inc.

1 Q That's my question to you.

2 A Thank you.

3 Q You ran out of room. That was the reason. Did you
4 indicate that on the document, that the reason you failed
5 to show that you were a director of Dynamic was that you
6 ran out of room?

7 A No, I didn't, Mr. Wohlgemuth.

8 MR. LEWIS: Your Honor, I think Counsel is
9 getting pretty argumentative in his line of questioning.

10 THE COURT: Sustained. Let me caution you, Mr.
11 Price. Your actions in this court during this
12 examination, despite the admonitions of the Court to you,
13 are bordering on direct contempt of court. I'm going to
14 admonish you one more time before I start to impose fines.
15 This is -- You're an attorney. This is a courtroom.
16 You're required to answer the questions that are posed you
17 on cross-examination, and you are required by this Court
18 not to throw books around, not to argue with counsel, and
19 to disengage from your personal indignation about the
20 questions that may be asked.

21 THE WITNESS: Yes, sir.

22 THE COURT: I'm not impressed. It is detrimental
23 to your case for you to act that way, and I'm seriously
24 considering imposing a monetary fine or other punishment for
25 -- summarily for civil contempt, if you continue this. Do

1 I make myself clear?

2 THE WITNESS: Very clear, sir.

3 THE COURT: All right. Thank you. Go ahead, Mr.
4 Wohlgemuth.

5 MR. LEWIS: Would it be appropriate if we took
6 about a three-minute recess?

7 THE COURT: No.

8 Q (By Mr. Wohlgemuth) Mr. Price, after -- Let me ask
9 you to look at Defendants' Exhibit 1, which is the letter of
10 April 19th, 1995, that you received from our office. Do
11 you see that?

12 A Yes.

13 Q After you received the April 19th letter, do you
14 recall making a call to me to set up a meeting with Gene
15 Lum in Tulsa?

16 A Yes.

17 Q And you were told that Mr. Lum was out of town but
18 that I would contact him; correct?

19 A Correct.

20 Q Isn't it true that Mr. Lum called you the next week
21 and agreed to a meeting in Tulsa regarding those issues?

22 A Uh-huh.

23 Q And you met where Mr. Lum on April 28th?

24 A Yes, sir.

25 Q And after approximately 30 minutes, you served

1 Mr. Lum with the petition in this lawsuit; correct?

2 A The timing is not correct, but --

3 Q Was it 45 minutes?

4 A I would say it was a couple of hours.

5 Q It wasn't 30 minutes, it was a couple of hours; is
6 that your testimony?

7 A Uh-huh.

8 Q You have to answer audibly.

9 A Yes.

10 Q Let me ask you to take a look, in conjunction with
11 this, at Defendants' Exhibit 20, which is in volume two.

12 A Okay.

13 Q And at page four of that exhibit, which is plaintiff's
14 responses to defendants' interrogatories, and referring to
15 page four, the response is made that "On April 28th, 1995,
16 plaintiff, through her husband, had another similar
17 conversation with Gene Lum in which demand was made that the
18 assets be returned to the corporation." It says, "As a
19 result of the responses by defendants, this lawsuit was
20 filed on April 28th." Do you see that?

21 A Uh-huh.

22 Q Now, that April 28th conversation is the conversation
23 that we just talked about as having occurred in Tulsa
24 between yourself and Mr. Lum; right?

25 A Correct.

1 Q And in fact, when you met with Mr. Lum, you already
2 had the lawsuit on file, but you didn't tell him that; isn't
3 that right?

4 A I don't know that it was filed --

5 Q Well, it had to be --

6 A -- at the time. I told my client -- I told him
7 after my meeting when I told Gene, "You stole this money,
8 are you going to give it back," and he said "no, I'm not
9 going to give it back," and he told me how -- I reiterated
10 -- all the things he said he was going to do about use my
11 money to -- he's going to take it all in expenses, he's
12 going to take it all in salaries, even when he does have
13 to give it back -- He made all of those same claims again,
14 and then I instructed my client -- my attorney when I left
15 there, because he told me -- This is an important point
16 because under the same guise of that ruse of a settlement
17 conference we had, he said, "I'll need to get board
18 approval," and so I knew it was a ruse; I knew it was a
19 delay. I told him he had until noon to meet my demand.
20 At noon -- After noon, he was served.

21 Q Well, you know he got served as he was walking out of
22 the office after your meeting; don't you?

23 A Not true.

24 Q Okay. And the lawsuit was, in fact, on file first
25 thing in the morning; wasn't it?

1 A I don't know when it was filed.

2 Q You're not denying it was on file?

3 A I don't know what time it was filed.

4 Q The petition in this case that was filed on April 28th
5 was the very first document prepared on behalf of you or
6 your wife that asserted wrongdoing on the part of Lums and
7 Dynamic; isn't that correct?

8 A The first document?

9 Q Yes.

10 A I think the documents were in Deloitte & Touche's
11 office. Those were the documents that the wrongdoing was
12 clearly evident.

13 Q I'm not talking about any documents that you think
14 are evidence. I'm asking you whether or not the April
15 28th petition was the first document that was prepared on
16 behalf of either you or your wife that asserted wrongdoing
17 against the Lums or Dynamic.

18 A I believe that to be correct, sir.

19 Q Incidentally, before this lawsuit was filed, did you
20 tell Jim Stevens that Gene and Nora Lum had stolen two
21 million dollars from you?

22 A If I -- I don't recall that conversation, but if I
23 did, I understated it.

24 Q I'm sorry. You understated it if you told them they
25 stole two million dollars from you?

1 A I don't remember the conversation, but it looks like
2 they stole significantly more from the corporation than two
3 million dollars.

4 Q You don't deny then that you told Mr. Stevens --

5 A I don't recollect the conversation, Mr. Wohlgemuth.

6 Q But you don't deny it?

7 A I don't recollect the conversation.

8 Q Okay. Let's look at Defendants' Exhibit 6, which is
9 the second amended petition, and at page four --

10 A What?

11 Q Defendants' 6 in volume one.

12 A Okay.

13 Q And, specifically at page four, if I can direct your
14 attention to the bottom of page four, it says there's an
15 allegation in there about Michael Brown and consulting fees.

16 A Uh-huh.

17 Q You were associated with the company and took
18 business trips with Michael Brown and attended meetings
19 with Michael Brown at various times; isn't that right?

20 A Yes.

21 Q And Michael was involved in Dynamic's behalf in the
22 Ramco negotiations; correct?

23 A Could you define involved?

24 Q Well, he was involved to some extent in the Ramco
25 acquisition; wasn't he?

1 A He just sat in a chair and never said a word.

2 Q But he was there.

3 A He was there on two occasions, I believe, yes.

4 Q And in fact, you claim that Michael Brown is
5 entitled to a one-third interest in the Ramco securities;
6 don't you, Mr. Price?

7 A No. What I said in my testimony last time is that
8 Linda and our family would get their 30 percent. However
9 they wanted to distribute their 70 percent was fine, and it
10 was my understanding that Michael was going to get a third
11 of it.

12 Q And the first time you testified, you said it was a
13 third, a third, and a third between yourself, Mr. Lum, and
14 Mr. Brown; right?

15 A Uh-huh.

16 Q Is your answer yes?

17 A Uh-huh. Yes.

18 Q You told Gene Lum that Michael Brown was awesome, in
19 your words, and opened a lot of doors for you; didn't you?

20 A No.

21 Q You've never said that?

22 A No.

23 Q Okay.

24 A He absolutely is there for them to gain influence with
25 the Department of Commerce, and that's it, and they think

1 he's is a buffoon, and their discussions with me is that
2 he's there because they want influence, and that's why he
3 is getting paid, and that's why they gave him five percent
4 of the stock for free.

5 Q You didn't think he was a buffoon in July when you
6 were running for Congress; did you?

7 A He was very interested in politics.

8 Q In fact, there was a fund raiser on your behalf in
9 Washington on July 19th?

10 A That's correct.

11 Q And isn't it true that a majority of the contributions
12 to that fund raiser were made by individuals affiliated with
13 Dynamic and who got there through Michael Brown?

14 A I don't know that I would say a majority, but there
15 certainly was a presence at that fund raiser.

16 Q And Mr. Brown and his wife contributed \$4,000 to you;
17 didn't they?

18 A I believe so.

19 Q Is it true that Asians and African-Americans who
20 were recruited by Dynamic to that fund raiser accounted
21 for more than one-half of the amount raised?

22 A I don't know exactly.

23 MR. LEWIS: Excuse me. I need to object again.
24 I just don't have any idea what the relevance of this line
25 of questioning is.

1 THE COURT: Mr. Wohlgemuth?

2 MR. WOHLGEMUTH: I'll move on, Judge.

3 THE COURT: All right.

4 Q (By Mr. Wohlgemuth) Mr. Brown assumed the
5 responsibilities of executive vice-president after you left
6 the company; isn't that right?

7 A That's not correct.

8 Q Starting in approximately September of 1994, Dynamic
9 began paying Mr. Brown and his firm \$7,500 a month as
10 consultant fees; isn't that right?

11 A I believe so.

12 Q And you rejoined Dynamic in November of 1994?

13 A Yes, sir.

14 Q You never objected prior to this lawsuit to any
15 payments to Michael Brown; did you?

16 A I had discussions with Nora, like all my discussions,
17 on why this money is going there, yes.

18 Q Okay. You did object?

19 A Absolutely.

20 Q Is there any written --

21 A No, sir.

22 Q -- document that reflects your objection?

23 A No, sir.

24 Q Do you know whether your wife, Linda, objected to
25 the payments to Michael Brown?

1 A No, sir.

2 Q Going back to June of 1994 when you left Dynamic to
3 pursue the Congressional race, you knew that there was going
4 to be a shareholders and directors meeting in Honolulu in
5 August; didn't you?

6 A No.

7 Q You learned that later?

8 A Yes.

9 Q And that you and Linda would be replaced as officers
10 of the company?

11 A No, I did not know that.

12 Q Well, you knew you would be leaving the company?

13 A I knew that I did, yes.

14 Q Following August 1st of 1994, did you become aware of
15 the identity of the members of the Dynamic board?

16 A I knew the members of the Dynamic board on January
17 15th, 1994, when we had a board meeting in Tulsa.

18 Q Did you make any --

19 A That's January, 1994.

20 Q Yes. I understood your answer.

21 A Thank you.

22 Q How many members of the board did you understand
23 there were at that time?

24 A Just a lot. I mean --

25 Q About 13?

1 A Thereabouts. May I state that the members of the
2 board -- Remember, Nora owned 60.

3 Q That's not my question to you. I just asked you if
4 you knew who they were.

5 A Yes, sir.

6 Q After January -- After you returned to the company
7 in November of 1994, did you make any effort at all to
8 contact the board members who are not parties to this case
9 about the alleged wrongdoing?

10 A That would only be their children, their children
11 and their political friends that they funnel campaign
12 contributions for, so I thought it would be futile.

13 Q That's not my question to you. My question --

14 A What's your question?

15 Q -- is simply after you rejoined the company in 1994,
16 did you make any effort to contact any of the board members
17 who are not defendants in this case to complain to them or
18 object with respect to the wrongdoing that you perceived?

19 A I contacted the executive committee that handled all
20 the important dealings of Dynamic, which consisted of Gene
21 Lum, Nora Lum, and Kathy Nojima.

22 Q Was that in writing?

23 A No. They officed right next to me, Joel.

24 Q With respect to the other nine board members who
25 aren't parties here, you never made any effort to contact

1 them; did you?

2 A No.

3 Q According to the answer to interrogatories in this
4 case, and I'm referring to Defendants' Exhibit 20, Linda
5 states that she became aware of the wrongful acts of the
6 defendants in early 1995; isn't that correct?

7 A If she stated it, that's --

8 Q Okay. And according to your testimony on July 7th,
9 you became troubled in late 1994 by the establishment of
10 offices in Honolulu and Washington; right?

11 A Yes.

12 Q You also received information from Jimmy Carter at
13 Deloitte regarding, in your view, an allegedly outrageous
14 amount of money that had gone out of the company for
15 personal expenses; isn't that right?

16 A Yes.

17 Q Did any person at Dynamic prevent you from making
18 inquiry from Deloitte at any time regarding the affairs of
19 Dynamic?

20 A No.

21 Q When in 19 -- in late 1994 or 1995 did you receive
22 information from Jimmy Carter at Deloitte that caused you
23 great concern about the operation of the company?

24 A I would say first quarter of 1995.

25 Q Okay. Do you remember whether that was January or

1 March?

2 A Don't remember exactly.

3 Q You have no notes of it?

4 A I have copies of information he gave me.

5 Q And that information has been used --

6 A Could be dated. I don't know.

7 Q At the time you received that information, did you
8 make any effort to contact the board of directors of
9 Dynamic to ask that the board take appropriate action to
10 recover the monies that had been wrongfully expended?

11 A Like I stated, I contacted Gene Lum and Nora Lum.
12 They're on the board of directors and make up a majority
13 of the executive committee.

14 Q You made no effort to contact any other board
15 member; did you?

16 A Did I call their daughters? No.

17 Q Well, there are other members on the board other than
18 their daughters; aren't there?

19 A Yes, several. You want their -- Yes, sir.

20 Q And nobody prevented you from contacting the other
21 members of the board; did they, Mr. Price?

22 A No, sir.

23 Q Instead, you made the decision in April to seize,
24 without notice, the Ramco securities; isn't that right?

25 A Could you say that again? You say I seized them?

1 Q Instead of contacting the board of directors, you made
2 the decision to go into the bank without notice and take the
3 Ramco securities.

4 A I had all rights to do what I did, so, no, they did
5 not receive notices.

6 Q Prior to taking the Ramco securities on April 7th,
7 do you recall making a telephone -- or having a telephone
8 call with Nora Lum who was in Los Angeles at some time
9 prior to April 7th, the first week of April?

10 A I don't believe I did talk to her when she was in Los
11 Angeles.

12 Q Don't you remember a telephone call with Nora when
13 she was on her way to Tokyo and you told her that you would
14 give her a deal and get out of Dynamic for \$500,000?

15 A I had -- Yeah, I did have a conversation. She sent
16 me a FAX in response to it.

17 Q But you remember in that conversation telling her
18 that you would give her a deal and get out of Dynamic for
19 \$500,000?

20 A Well, I remember telling her that they took too much
21 money out of the corporation and they needed to make it
22 right and demanded that she treat Linda and my children
23 appropriately, and there may have been some settlement
24 discussions at that point.

25 Q Okay. Did you tell her that you would give her a deal

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1 and get out of Dynamic for \$500,000?

2 A I may have.

3 Q Okay. Now, you also told her that if she didn't call
4 you back and agree to your proposal, she would be sorry;
5 didn't you?

6 A I told her that she should get back to me.

7 Q Didn't you tell her that if she didn't call you back
8 and agree to your proposal, she would be sorry?

9 A I may have said that.

10 MR. LEWIS: Your Honor, this line of
11 questioning, again, is off exploring a settlement discussion
12 apparently from the way the facts are unfolding from
13 Counsel's questions, and I think, therefore, that is
14 something that should not be admissible.

15 THE COURT: Mr. Wohlgermuth?

16 MR. WOHLGEMUTH: I have no further questions
17 regarding that conversation. I don't think it was a
18 settlement conversation in any respect. It was a demand.

19 THE COURT: I'm going to overrule the objection.
20 We're going to take about a ten-minute recess until 11:00.

21 (Whereupon, a recess was taken.)

22 THE COURT: Mr. Price, you may retake the witness
23 stand, and Mr. Wohlgermuth, you may continue your
24 cross-examination when you are ready.

25 MR. WOHLGEMUTH: Thank you, Your Honor.

1 Incidentally, Your Honor, I would offer Exhibit 29,
2 which is the unredacted version of the financial
3 disclosure statement.

4 THE COURT: Mr. Lewis --

5 MR. LEWIS: No objection.

6 THE COURT: -- is there an objection to 29?

7 MR. LEWIS: No objection.

8 THE COURT: 29 is admitted.

9 Q (By Mr. Wohlgemuth) In your testimony on August 3rd,
10 Mr. Price, you indicated that you called -- you placed a
11 telephone call to Kathy Muller Studios. Do you remember
12 that testimony?

13 A Uh-huh.

14 Q Is your answer yes?

15 A Yes.

16 Q Was that call placed by you as a result of checks
17 that had been furnished showing a payment to Kathy Muller
18 Studios?

19 A No.

20 Q When did you make the call?

21 A I don't recall.

22 Q With respect to the telephone call you had with Gene
23 Lum when he was in Tokyo that we talked about on August 3rd,
24 do you remember I asked you some questions trying to pin
25 down the date of that call?

1 A Yes.

2 Q And I showed you some answers to interrogatories
3 that your wife filed that suggested that the call was on
4 April 11th?

5 A Yes.

6 Q And you indicated I would need to ask her about the
7 date of the call?

8 A I felt that was about the approximate time.

9 Q Have you had a chance since that hearing to refresh
10 your recollection with respect to what the date of that
11 call was?

12 A The only thing I have done is in one of your
13 exhibits it looks like there is a Japan call on April
14 11th.

15 Q Okay. Let's take a look at Exhibit 27 in volume
16 three.

17 A Yes, sir.

18 Q In that exhibit and on the very last page of the
19 exhibit, do you see -- and this is an AT&T billing
20 statement to Dynamic -- do you see the call that was made
21 41 minutes on April 11th at 5:07 to Japan?

22 A Yes, sir.

23 Q On the very last page?

24 A Yes, sir.

25 Q In fact, you did make the call from Dynamic's

1 offices, and that is the call that was made to Mr. Lum;
2 isn't that right?

3 A Yes, sir.

4 MR. WOHLGEMUTH: I would offer Exhibit 27.

5 MR. LEWIS: No objection.

6 THE COURT: Defendants' Exhibit 27 will be
7 admitted.

8 Q (By Mr. Wohlgemuth) Now, that call was on April 11th,
9 four days after you took the Ramco securities; correct?

10 A Correct.

11 Q And it's true that in that call you didn't tell
12 Mr. Lum that you took the securities; did you?

13 A That's correct.

14 Q You then filed this suit on April 28th or -- I'm
15 sorry, your wife filed the suit on April 28th seeking
16 personal judgments against defendants for millions of
17 dollars; isn't that right?

18 MR. LEWIS: Objection, Your Honor. That's a legal
19 conclusion. We have already argued that out with the Court
20 on many occasions as to whether they were personal or
21 whether they were derivative or whatever.

22 Q (By Mr. Wohlgemuth) You filed the suit on April
23 28th.

24 THE COURT: I'm going to sustain to the form. Go
25 ahead, Mr. Wohlgemuth.

1 Q (By Mr. Wohlgemuth) Your wife filed this suit on
2 April 28th, and you knew it was filed at that time;
3 correct?

4 A Yes, sir.

5 Q Was it your idea to file the suit?

6 A I think that it was our idea.

7 Q In fact, it was your idea to take the securities, file
8 the lawsuit, and arrange for a sham meeting in Tulsa with
9 Gene Lum so that you could serve him; isn't that right?

10 A No.

11 Q In late 1990 -- In late 1994 you received a payment
12 from Dynamic in the amount of \$100,000; did you not?

13 A Yes, sir.

14 Q Directing your attention to Defendants' Exhibit 12
15 in volume one, just so we have the date, this is a Dynamic
16 exhibit listing certain payments made to you or on your
17 behalf, and do you see the December 14th, 1994, check
18 number 2132, attorney and consultant fee \$100,000?

19 A Yes.

20 Q That was the day you received the \$100,000 payment;
21 isn't that right?

22 A Yes.

23 Q At the same time Linda received a shareholder's
24 distribution, which was the restructure, of approximately
25 \$1,440,000?

1 A Not on the same day.

2 Q At about the same period of time in December?

3 A Yes.

4 Q And Denver Oil, which is a company you control,
5 received a fee of \$1,100,000?

6 A Correct.

7 Q Did either you or Linda object to any of those
8 payments?

9 A No.

10 Q With respect to the million one that went to Denver,
11 what services, if any, did Denver Oil render to Dynamic?

12 A Well, the services, if you want to go way back in
13 time, they loaned \$20,000 to the company to start the
14 company to keep it going.

15 Q That was repaid?

16 MR. LEWIS: Your Honor, I would ask that Mr.
17 Wohlgemuth not interrupt the witness either so that he can
18 answer his question.

19 THE COURT: I think that's a fair request.

20 MR. WOHLGEMUTH: Okay.

21 THE COURT: Go ahead and continue with your
22 answer.

23 A Yes, sir. And then Denver Oil and Minerals corporate
24 guaranteed the monies that were owed to Gage at the
25 conclusion of the transaction, and so -- if there were

1 any, and I was president of Denver Oil and Mineral
2 Corporation.

3 Q And with respect to the \$100,000 payment to you
4 personally, do you recall testifying on July 7th that this
5 was a partial payment against future distributions?

6 A Yes.

7 Q Was this a payment that you were entitled to for
8 services that you actually rendered?

9 A Yes.

10 Q Isn't it a fact, Mr. Price, that you had
11 specifically requested that payment from the Lums to
12 retire political debts that you had incurred in your
13 campaign?

14 A No.

15 Q And that was part of the consideration for
16 transferring back the 30 percent interest in Dynamic; isn't
17 that correct?

18 A No.

19 Q And at that time you were very grateful to the Lums
20 for that payment as well as for the other monies they put
21 into your campaign?

22 A No.

23 Q With respect to the restructure that occurred of the
24 distributions in late December, you knew that Deloitte &
25 Touche was involved in doing that work; didn't you?

1 A Yes, sir.

2 Q Looking at Exhibit 11, which is the consent and
3 memorandum -- that's in volume one -- dated December 1st of
4 1994 --

5 A Uh-huh.

6 Q -- with respect to this consent and memorandum, is
7 this the ruse, as you called it, for tax purposes that
8 occurred in December of 1994?

9 A Uh-huh.

10 Q You and Linda cashed the checks and took no action of
11 any type; did you?

12 A That is correct.

13 Q After December 31st of 1994, did you or Linda ever
14 request from Deloitte copies of Dynamic's 1994 financial
15 statements?

16 A Yes. I mean, the financial information. I'd like
17 to point out, if I may --

18 Q Let me hand you what's been marked as Plaintiff's
19 Exhibit 16 --

20 A Yes.

21 Q -- which is a letter -- which is one of your exhibits.
22 Is this one of the documents that Deloitte gave to you
23 regarding the financial affairs of Dynamic?

24 A I believe so.

25 Q When was this received?

1 A Don't know the exact date.

2 Q Did you notify Deloitte that you believed that
3 Plaintiff's Exhibit 16 was inaccurate regarding the loan to
4 Linda Price?

5 A Yes.

6 Q Is there any letter or document we can look at which
7 contains an objection or complaint or statement of
8 inaccuracy?

9 A Just discussions, sir.

10 Q Okay. Was it your position or your wife's position,
11 following December 31st, 1994, that Linda was entitled to a
12 distribution of funds beyond the amounts received by the two
13 of you in 1994?

14 A Yes.

15 Q How much money were you two entitled to beyond the two
16 million six hundred some thousand dollars you got?

17 A It depends if you take out the personal expenses in
18 the tune of hundreds of thousands of dollars that the Lums
19 took, if you take out all the money that Gene Lum took
20 when he said he was a consultant and didn't perform any
21 consulting fees to the corporation. It's about a million
22 dollars.

23 Q Okay. Is there any letter, written claim, or other
24 document that you can point to that was prepared after
25 January 1st of 1995, which quantifies some amount that your

1 family claims to be due from Dynamic?

2 A Did I prepare one?

3 Q Yes.

4 A No.

5 Q Have you ever asked that it be prepared by anybody?

6 A I've certainly calculated it.

7 Q Okay. What is that amount?

8 A Well, it's over a million dollars.

9 Q Is it -- I mean, is it over two million dollars?

10 A Our percentage of it?

11 Q The amount that you claim is due.

12 A It's over a million dollars. It's not over two
13 million dollars.

14 Q Is it over a million five?

15 A I think it could be construed with the amounts of
16 personal money that they took out.

17 Q You don't have any written calculations; do you?

18 A It depends on which day. The numbers have been
19 revised about a hundred times between the Lums and Deloitte,
20 Touche, who, by the way, don't make any representations as
21 to the accuracy of those numbers.

22 Q Are you aware of the fact that Deloitte determined
23 that there was a \$200,000 over-distribution to Linda for
24 1994?

25 MR. LEWIS: Objection, Your Honor. This is

1 leading questions for which there is no evidence of any
2 kind. I object to this form of questioning.

3 THE COURT: Overruled.

4 A What's your question, sir?

5 Q (By Mr. Wohlgemuth) The question is: Are you aware
6 of the fact that Deloitte & Touche determined that there
7 was a \$200,000 over-distribution to Linda from Dynamic in
8 1994?

9 A Deloitte did not make that determination.

10 Q Let me ask you to take a look in volume two, Exhibit
11 21.

12 A Yes, sir.

13 Q In fact, I think this is the same as one of the
14 plaintiff's exhibits.

15 A Twenty-one, sir?

16 Q Yes, 21, which is the financial statements for the
17 period ended December 31st, 1994.

18 A Uh-huh.

19 Q Do you see that? At page -- the fourth page, I
20 guess the Bates Stamped page 1357?

21 A Thirteen --

22 Q -- fifty-seven in the lower right-hand corner. It's
23 at the very -- It's a Bates Stamp done by Deloitte. Do
24 you see that?

25 A Yes, sir.

1 Q And you received -- You have received this report
2 before today, in fact, used it as part of your case; didn't
3 you?

4 A Uh-huh.

5 Q Do you see the loan receivable, Linda Price, \$200,000?

6 A Yes.

7 Q Following the announcement of your candidacy for
8 Congress in June of 1994, isn't it true that Dynamic, with
9 your approval and at your request, paid approximately
10 \$50,000 of your campaign expenses?

11 A No.

12 Q And this was in addition to the \$13,000 that Dynamic's
13 representatives paid to you in Washington; correct?

14 A No.

15 Q And a \$10,000 contribution that Dynamic made on your
16 behalf to the Democratic Congressional Campaign Committee?

17 A What's the question?

18 Q Are you aware of the fact that Dynamic made a \$10,000
19 contribution on your behalf to the Democratic National
20 Campaign Committee?

21 A No.

22 Q You don't know that?

23 A No, I don't know that.

24 Q Let me ask you to look at Defendants' Exhibit 23 in
25 volume two, I believe. This exhibit lists certain

1 expenditures and consultant fees of Dynamic. Let me ask
2 you with respect to an individual named up here at the
3 top, who is Roderick Ewell?

4 A He's a Baptist minister.

5 Q Okay. Was he involved in your campaign?

6 A Yes.

7 Q And you knew that Dynamic had paid this money to Mr.
8 Ewell and on his behalf for your campaign; didn't you, Mr.
9 Price?

10 A No.

11 Q Okay. Mr. -- Reverend Ewell came to Tulsa with his
12 wife and son to assist you in north Tulsa at Dynamic's
13 expense and with your approval; isn't that right?

14 A No.

15 Q Who paid Reverend Ewell's rent and provided a car to
16 him when he was here?

17 A You will have to ask Reverend Ewell.

18 Q You know it was Dynamic; don't you, Mr. Price?

19 A No, I don't.

20 Q You don't have any information about that?

21 A He was a consultant for Dynamic, who worked on a
22 goat cheese operation, and on the weekends we would go to
23 church together.

24 Q And he was here for your campaign; wasn't he?

25 A He was here to work for Dynamic.

1 Q Who paid Reverend Ewell's gas money, meals,
2 printing, telephone, and FAX costs?

3 A It says that Dynamic did here.

4 Q Okay.

5 A I wasn't with the company at that time.

6 Q Incidentally, who is Carl Washington?

7 A He's another Baptist preacher, I believe from Los
8 Angeles.

9 Q He won the Reebok Freedom Award. Are you aware of
10 that?

11 A No.

12 Q He came to Tulsa for your campaign at Dynamic's
13 expense; didn't he?

14 A I didn't know it was at Dynamic's expense.

15 Q Let me hand you what's been marked as Plaintiff's
16 Exhibit 1, one of your exhibits.

17 A Yes, sir.

18 Q You received this exhibit or these materials from
19 Deloitte in early 1995; did you not?

20 A I don't know when exactly I received them.

21 Q You read it when you received it; correct?

22 A Yes.

23 Q Would you please turn to page 15.

24 A (Witness complied.)

25 THE COURT: Mr. Wohlgemuth, what is the exhibit

1 number?

2 MR. WOHLGEMUTH: I'm sorry, Your Honor. It is
3 Exhibit 1 of the plaintiff.

4 THE COURT: Thank you.

5 Q (By Mr. Wohlgemuth) With respect to this exhibit, do
6 you see the indication of payments made to Reverend Carl
7 Washington of \$4,820, \$2,450, if I'm reading on the right
8 -- I'm sorry. I'm reading the wrong line there. The first
9 line is \$2,450, \$2,200, and \$1,000, and then there's a
10 VISA payment, and then there's another \$1,000 payment to
11 Reverend Carl Washington?

12 A I see some payments to Reverend Washington.

13 Q By Dynamic; correct?

14 A Yes.

15 Q And you knew in -- at least in early 1995 that Dynamic
16 had paid money to Reverend Carl Washington to work on your
17 campaign; isn't that correct?

18 A No. It's interesting. These checks that you point
19 out are in October?

20 Q Yes.

21 A And that's when he was flown to Boston by the company
22 to work on the Kennedy campaign, it appears to me.

23 Q Uh-huh. Isn't it true that Reverend Carl Washington
24 came to Tulsa to work on your campaign?

25 A No. I mean, I had some, I think, churches. We went

1 to a church and a barbecue together.

2 Q Let's look back at Exhibit 23, and do you see the
3 various rent payments for Reverend Ewell in the middle of
4 the page at Sheridan Pond?

5 A What page, sir?

6 Q This is in the middle of the page on Exhibit 23.

7 A Yes, sir.

8 Q And those were payments made so that Reverend Ewell
9 could work on your Congressional campaign by Dynamic;
10 isn't that correct?

11 A No.

12 Q And with respect to the various van rentals down at
13 the bottom of this page, those were vans used --

14 A What page is that, sir?

15 Q This is on Exhibit 23.

16 A Exhibit 23. I'm sorry. I'm on page 23, Exhibit
17 Number 1. Excuse me for a second.

18 Q I'm sorry. Defendants's Exhibit 23.

19 A Is that volume two?

20 Q Yes.

21 A Yes, sir.

22 Q Those van rentals were payments made by Dynamic in
23 connection with the Stuart Price campaign; isn't that right?

24 A No.

25 Q Are you denying today, Mr. Price, that with respect

1 to the items on Defendants' Exhibit 23, that you never knew
2 that Dynamic was paying these expenses and fees for your
3 political campaign?

4 A I never knew that they were -- I never approved that
5 they were paying these fees for my campaign.

6 Q You never knew it?

7 A No.

8 Q Aren't those fees and those expenses part of the
9 additional \$50,000 in campaign expenses that the Lums
10 promised to you as part of the consideration for the
11 repurchase of your stock?

12 A No, Mr. Wohlgemuth.

13 Q Let me ask you now to take a look at Exhibit 4,
14 which is the agreed order in the case. It's in volume one.

15 A I'm sorry.

16 Q It's volume one, Exhibit 4. I'm sorry. I'm trying to
17 move as quickly as I can.

18 A I don't have it, I don't believe.

19 Q Volume one, Exhibit 4. Do you have that in front of
20 you?

21 A Agreed order, yes, sir.

22 Q You were aware of this order when it was entered;
23 isn't that right?

24 A I signed it on August 1st, I believe.

25 Q No. I'm sorry. It's not that order, Mr. Price.

1 This is the -- sort of the standstill order that was
2 entered into early in the case which involved the holding
3 of the Ramco stock as well as restrictions on Dynamic's
4 business.

5 A Yes, sir.

6 Q And you were aware of that order when it was signed?

7 A Yes, sir.

8 Q And this order was acceptable to you and Linda when
9 it was entered?

10 A Yes, sir.

11 Q Do you know of any transactions that have occurred
12 since this order was entered that have placed the company
13 in imminent danger of being insolvent?

14 A Yes.

15 Q What transactions?

16 A I think they are numerous, but the corporation has
17 incurred another 1.4 million dollars worth of debt,
18 ostensibly debt that is owed to Nora Lum, which makes the
19 company insolvent in and of itself, and every month
20 they -- and according to the financial records, they have
21 only had \$7,000 worth of income, and they are losing money
22 every month, and they can't even cover it up with
23 financial nuances that they are trying to show.

24 Q Okay.

25 A So, yeah. I mean, it's on and on. I could go on

1 forever, I believe.

2 Q Has the order been violated by Dynamic?

3 A I believe so.

4 Q Do you know whether or not Linda Price, the
5 plaintiff in this case, has taken the position in this case
6 that the order has been violated and applied for relief to
7 the Court?

8 A I think we're here in an emergency hearing trying to
9 get a receiver appointed, so what's your question of Linda?

10 Q Have you done some -- Prior to the time you became a
11 associated with the Lums in 1993, you had done some
12 investigation of them; hadn't you?

13 A No. Unfortunately, no.

14 Q You knew that the Lums had been highly successful
15 business people in Hawaii and elsewhere?

16 A No.

17 Q And that they had strong connections with the Clinton
18 Administration and leaders of the Democratic National
19 Party?

20 A Define strong, sir.

21 Q They had connections.

22 A Uh-huh.

23 Q Is your answer yes?

24 A Yes.

25 Q And you knew that they were heavily involved in

1 projects and political activities to empower minorities;
2 didn't you?

3 A No.

4 Q You believed in many of the same causes that they
5 did?

6 A I believe we have a lot of the same political
7 philosophies, yes, sir.

8 Q Okay. Do you presently have any knowledge with
9 respect to Michael Brown's day-to-day activities for
10 Dynamic?

11 A What he is doing today?

12 Q Yes.

13 A No, sir.

14 Q Okay. You don't have any information with respect to
15 what Michael Brown is doing on behalf of the company and has
16 done on behalf of the company over the last three months; do
17 you?

18 A That's correct.

19 Q Nor do you have any information regarding the
20 projects that Mr. Brown is developing or working on in
21 Washington D.C. and elsewhere?

22 A No.

23 Q You find something humorous about that?

24 A He never developed a project while I was there, but if
25 he has done it since then, please tell me. I didn't know.

1 Q Do you have any information about the status of the
2 L.A. Sound project?

3 A No, sir.

4 Q Do you know what responsibilities Michael Brown has
5 on the L.A. Sound project?

6 A No, sir.

7 Q Have you formed any view regarding the potential
8 impact on the L.A. Sound project of the appointment of a
9 receiver?

10 A Now, say that again.

11 Q Do you have any view about what would happen to the
12 L.A. Sound project if the Court appointed a receiver?

13 A Well, the fact is that they have -- Nora Lum has
14 formed a new corporation in Nevada called L.A. Sound
15 International, and it appears to me that she may be trying
16 to do it in Dynamic for purposes of this, but it's my
17 impression that under one of the issues that we filed
18 here, they are trying to usurp corporate opportunities.

19 Q We'll get to that, but my question to you is, have
20 you evaluated what impact the appointment of a receiver
21 would have on the L.A. Sound project?

22 A I don't think it would have any impact.

23 Q Do you have any information regarding Dynamic's
24 projects in China, Japan, and South Africa?

25 A I have one in South Africa that they are -- one -- you

9 / 0 4 0 0 3 3 2 1 5

1 know -- another one of their crazy business schemes that
2 didn't materialize that they have been working on to provide
3 housing in South Africa, and I have knowledge of that one.

4 Q Do you have knowledge of any others in China, Japan,
5 or South Africa?

6 A No.

7 Q Do you know what role Michael Brown is playing in
8 those projects?

9 A No, sir.

10 Q Let's go back now to Defendants' Exhibit 10, which
11 is the -- And that's in Volume one. This is the August 1st,
12 1994, minutes of The Dynamic board.

13 A Which one is that?

14 Q I'm sorry. It's Number 10.

15 A Yes, sir.

16 Q In volume one.

17 A Yes, sir.

18 Q Understanding that this exhibit was prepared after you
19 left Dynamic, I want to talk to you a little bit about what
20 happened before this time. When you were president of
21 Dynamic, did you support the payment by the company to --
22 payments by the company to Timson Oil and Gas?

23 A That was Nora's decision.

24 Q No. That's not my question to you.

25 A No.

- 1 Q You didn't support it?
- 2 A No.
- 3 Q Timson is a company that your brother, Robert Price, is
4 associated with; isn't that right?
- 5 A That is correct.
- 6 Q What's his position with Timson?
- 7 A He is the -- I believe he is vice-president.
- 8 Q Okay. Did Robert become your campaign manager in
9 June of 1994?
- 10 A Yes, sir.
- 11 Q Referring to the \$30,000 payment, which is shown on
12 Exhibit 10, and that's on the fourth page of Exhibit 10.
- 13 A Uh-huh.
- 14 Q Do you see it says, "The meeting continued with a
15 discussion of Dynamic's payment to Timson" --
- 16 A Uh-huh.
- 17 Q -- "in the amount of \$30,000." It says, "Chairman
18 Nora Lum informed the board that the payment was to enable
19 Robert Price, Stuart's brother, to be a full-time campaign
20 manager"?
- 21 A I don't see that. Where is that again? I don't see
22 it. Exhibit 10?
- 23 Q Exhibit 10.
- 24 A First page, I've got the minutes.
- 25 Q This is about the fourth --

- 1 A Third page.
- 2 Q Fourth page.
- 3 A Fourth page of the minutes. Okay.
- 4 Q You see "the meeting continued?" It's down toward
5 the bottom?
- 6 A Yes, sir.
- 7 Q And do you see the statement about "Chairman Nora
8 Lum informed the board that the payment was made to enable
9 Robert Price, Stuart's brother, to be a full-time campaign
10 manager"?
- 11 A Uh-huh.
- 12 Q And then there's a statement about additional
13 investments to be made by Dynamic to Timson?
- 14 A Uh-huh.
- 15 Q Isn't it true, Mr. Price, that the \$30,000 payment was
16 made at your request?
- 17 A No, Mr. Wohlgemuth.
- 18 Q You actually approved a drilling contract with Timson;
19 didn't you?
- 20 A No, Mr. Wohlgemuth.
- 21 Q Who was the company's legal counsel then with respect
22 to the approval of that drilling contract?
- 23 A Probably Gene Lum.
- 24 Q Do you know how much money in total Dynamic paid to
25 Timson?

- 1 A No, sir.
- 2 Q Do you know that it was approximately \$100,000?
- 3 A I suspect it's a lot less than that.
- 4 Q Okay. Isn't it true that the monies that went to
5 Timson were specifically at your request to enable your
6 brother to serve as your campaign manager?
- 7 A Absolutely not, Mr. Wohlgemuth.
- 8 Q What return, Mr. Price, if any, has Dynamic received
9 on the Timson investment?
- 10 A I don't know.
- 11 Q They have received zero; isn't that right?
- 12 A They drilled two dry holes in the Arcoma basin.
13 It's the oil and gas business, sir.
- 14 Q Let's look now at Defendants' Exhibit 25 in
15 volume two. With respect to Exhibit 25, this is an Avis
16 transaction record and then some flight tickets?
- 17 A I don't see that.
- 18 Q I'm sorry.
- 19 A Okay.
- 20 Q Do you have it?
- 21 A There you go, yeah.
- 22 Q Avis, and it shows Robert Mauricio.
- 23 A Uh-huh.
- 24 Q And on the next page it shows Mauricio, Stuart
25 Price, and Robert Price, trip to Denver.

- 1 A Uh-huh.
- 2 Q Do you recall that trip?
- 3 A Yes, sir.
- 4 Q Was Robert Price in Denver at Dynamic business?
- 5 A Excuse me?
- 6 Q Was Robert Price in Denver on Dynamic business?
- 7 A Yes. He introduced us to a business opportunity.
- 8 Q Was it a business opportunity that was successful?
- 9 A No. It was successful in that we didn't invest in it.
- 10 Q Do you presently contend that Dynamic is insolvent?
- 11 A Yes.
- 12 Q Do you know of any debts of the company that have
- 13 not been paid on a regular basis?
- 14 A Yes.
- 15 Q What are they?
- 16 A Well, they owe Enogex about \$224,000.
- 17 Q Now, you are talking about the Enogex lawsuit; right?
- 18 A No. I'm talking about the invoice that they received
- 19 on a regular basis that they didn't pay.
- 20 Q Enogex was the deal you negotiated; isn't that right?
- 21 A Yes, it was.
- 22 Q Okay. And you understand that the issue of the Enogex
- 23 claim is in litigation; don't you?
- 24 A Correct.
- 25 Q Okay. Apart from Enogex, do you know of any unpaid

1 creditors?

2 A No.

3 Q Do you know of any judgments against the company?

4 A No, I don't.

5 Q You're not taking the position one way or the other
6 with respect to whether Dynamic is obligated or liable to
7 Enogex; are you? You don't know the facts; do you?

8 A As I know the facts, there was a dispute on a
9 contract.

10 Q Is it your position that Dynamic's liable to Enogex
11 in that lawsuit?

12 A Yes.

13 Q Do you know of any taxes that are due?

14 A Yes.

15 Q What taxes haven't been paid?

16 A Well, I firmly believe that Dynamic Energy Resources
17 is in a criminal enterprise to defraud the federal
18 government of taxes, and I think, if it's ever
19 investigated, it is going to be huge and it's going to
20 have a horrendous impact against my wife and my children,
21 who had nothing to do with their acts, and I'm saying they
22 are illegal criminal acts as it relates to taxes. Thank
23 you.

24 Q Okay. Are there any unpaid taxes?

25 A I believe there are.

1 Q Okay. Do you know of any taxes that have been
2 assessed by the government that haven't been paid?

3 A No.

4 Q Have you taken any action with the federal government
5 or with any agency regarding this alleged criminal
6 enterprise?

7 A I have been contacted by some federal agents.

8 Q Okay. Tell me what the basis is for your claim that
9 Dynamic is insolvent?

10 A They don't -- They have more obligations than they
11 have assets.

12 Q Okay. Have you done any study of the financial
13 records of Dynamic for 1995 to determine if they are
14 insolvent?

15 A Yeah. I believe they are insolvent, yeah.

16 Q Did you make an anonymous telephone call to the
17 Department of Commerce regarding Melinda Yee?

18 MR. LEWIS: Objection, Your Honor. That's
19 getting into an area that has nothing to do with the
20 receivership hearing. It has to do with the allegations in
21 the motion and brief that was filed yesterday evening for
22 which the Court said we would deal with that at another
23 time.

24 THE COURT: Overruled. I think it has to do with
25 the witness' credibility. Go ahead.

1 Q (By Mr. Wohlgemuth) Did you make an anonymous
2 telephone call to The Department of Commerce regarding
3 Melinda Yee?

4 A I spoke with some officials at the Department of
5 Commerce.

6 Q When did you speak with the officials at the
7 Department of Commerce?

8 A I don't recall. Most recently, two agents were in
9 town.

10 Q Well, how many contacts have you had with the
11 Department of Commerce regarding Melinda Yee?

12 A I believe -- It was not regarding Melinda Yee. It was
13 regarding some actions that --

14 Q You have talked to the Department of Commerce about
15 Melinda Yee; have you not?

16 A Yes.

17 Q When did you do that?

18 A I believe it was in July.

19 Q And you understood that Melinda Yee is the daughter of
20 Helen Yee on the Dynamic board; isn't that correct?

21 A I've met her. I know that for a fact.

22 Q And that Melinda Yee is an employee of the Department
23 of Commerce; is that right?

24 A Yes, correct.

25 Q What did you tell the Department of Commerce about

1 Melinda Yee?

2 A I don't recall the exact conversation, but it seems
3 like there's been some potential illegal -- you know --
4 communications or what I think -- you know -- breached that
5 level between Melinda Yee and Dynamic.

6 Q And you believe that as a result of what you have
7 seen in this case; isn't that right?

8 A No.

9 Q Not at all?

10 A Beforehand. I formed my opinion then.

11 Q It's as a result of the documents you were furnished
12 in this case; isn't that right?

13 A Absolutely not.

14 Q Regarding the payments of the Yees?

15 A Absolutely not.

16 Q How many times have you talked to the Department of
17 Commerce about Melinda Yee?

18 A We've talked about a lot of things. Several.

19 Q Several times?

20 A Uh-huh.

21 Q I'm sorry. You nodded your head. Is your answer
22 yes, that you have had several contacts with the
23 Department of Commerce about Melinda Yee?

24 A It hasn't been about Melinda Yee, but I have had
25 several contacts with the Department of Commerce.

9 / U 4 0 0 3 2 2 4

1 Q And in those contacts, you have discussed Melinda Yee?

2 A She was mentioned, yes, sir.

3 Q It's been your belief from the beginning of this
4 case that you need to take action outside of the case to
5 advance your interests; isn't that right?

6 A No, sir.

7 Q For example, you have made numerous personal threats
8 to John Dowdell and myself in this courthouse since the case
9 has been started; haven't you?

10 A No personal threats.

11 Q Okay. Do you deny that on the afternoon of August
12 3rd in this courtroom you told Mr. Dowdell and I that you
13 had filed grievances and a malicious prosecution action
14 against us?

15 A No. It's being prepared, and I will give you the
16 lawyer who is preparing it.

17 Q And do you recall making the statement to Mr. Dowdell
18 and me on July 7th "You're going down"?

19 A No.

20 Q You deny making that statement?

21 A I don't remember saying, "You're going down." John
22 and I used to play football together. He pushed me in the
23 hall, hit me in the head. I mean, I know the guy. He
24 lives two blocks from me.

25 Q And when we entered the courtroom today, do you

1 remember making the statement, "Here are the sleeze
2 brothers"?

3 A No. I think I said -- I turned to my wife and said
4 that "Linda, these are the ones who lied again in their
5 sleezy documents."

6 Q You remember saying, "Here are the sleeze brothers"?

7 A I may have said, "brothers," but --

8 Q May have said brothers. Did you say, "sleeze
9 brothers"?

10 A Probably.

11 Q Okay. And you told Mr. Dowdell that you were going to
12 have your daughter changed to another class at Monte Cassino
13 because "I don't want my daughter hanging around people
14 who have sleezy parents"?

15 A Correct.

16 Q You made that statement?

17 A Yes, I did.

18 Q Okay. What the purpose of that statement?

19 A Because you know something? I have been accused of
20 everything by you guys to defame my character. You and your
21 clients have sent federal lawsuits all over to the media.
22 They have been harassing me. You guys have lied, I believe,
23 in your petition, and I don't think that my kid, in a
24 classroom with somebody who has those kinds of feelings and
25 takes those kind of actions, is going to be able to excel to

1 the best of her abilities.

2 Q Do you recall asking Mr. Lewis in the presence of
3 Mr. Dowdell and myself what the penalty is for submitting
4 false or fraudulent documents to the Court?

5 A Uh-huh.

6 Q That was intended to intimidate us; wasn't it?

7 A I doubt you could be intimidated.

8 Q You testified on July the 7th that when you returned
9 to Dynamic in November of 1994 as an officer, you learned
10 that while you were gone Nora Lum had squandered Dynamic's
11 business on two opportunities -- Dynamic's money on two
12 opportunities. Do you remember that?

13 A Okay.

14 Q The tire shredder project and the establishment of
15 the Washington office?

16 A Yes.

17 Q You really don't know anything, do you, about the
18 operations of the Washington office?

19 A Yes, I do. I reviewed them at her request and found
20 that they spent money and didn't make any, so, yeah, I do
21 know about the operations up until the time that I left.

22 Q I'm talking about presently.

23 A Oh, presently?

24 Q Yes.

25 A I do know that it's is a one-room office about the

1 size of that desk. That's what I know. And it's one person
2 who works there, since you asked me, who is the future
3 mother-in-law of Trisha Lum, and she stays in that little
4 cubical, and they call that a Washington office, so I do
5 know that that's their office that they have difficulty
6 getting documents from.

7 Q You don't know anything about the present operations
8 of that office; do you?

9 A No.

10 Q Now, notwithstanding everything you knew about the
11 company in November of 1994, when you rejoined the company,
12 you were thrilled to be back; were you not?

13 A I think -- I went to work.

14 Q You were thrilled to be back and you told the Lums
15 that; didn't you?

16 A I was happy to be working on the Ramco transaction,
17 which I thought had some value.

18 Q And neither you or Linda had a single problem with any
19 of the expenditures the Lums had made prior to that time;
20 isn't that right?

21 A Not true.

22 MR. LEWIS: Your Honor, I would object. I think
23 this has been asked about four different times, and I
24 think the time limit set by the Court is also up.

25 THE COURT: We have reached close to the time

1 limit. However, I took a recess, and the objection will be
2 overruled. And I'll afford another ten minutes or so, and
3 then we'll address your concerns, Mr. Wohlgemuth.

4 Q (By Mr. Wohlgemuth) Okay. Notwithstanding the
5 knowledge you had in November of 1994 regarding the
6 expenditures that Dynamic had made prior to that time, you
7 were thrilled to rejoin the company; weren't you?

8 A I was happy to be working there, yes.

9 Q I'm sorry?

10 A I was happy to be working there, yes.

11 Q Okay. Isn't it true, Mr. Price, that since this --
12 since the documents that have been made available by the
13 defendants and by State Bank have been furnished to you,
14 you have made numerous contacts with the Legal Times in
15 Washington and the Honolulu Star Bulletin?

16 MR. LEWIS: Same objection, Your Honor, that I
17 made before. I understood the Court to say this morning we
18 would take this up at an appropriate time rather than on the
19 issue of whether a receiver should be appointed.

20 THE COURT: We've now crossed the line into
21 discovery, and I'm going to afford you the opportunity to
22 depose him. I'm going to sustain that objection.

23 Q (By Mr. Wohlgemuth) All right. Let me ask you to
24 take a look at volume three.

25 A Yes, sir.

1 Q And beginning with Exhibit 30?

2 A Yes, sir.

3 Q Exhibit 30 is the May 31st, 1994, Dynamic statement
4 prepared by Deloitte & Touche at your request; is that
5 correct?

6 A Yes.

7 Q And I believe another copy of this has been
8 introduced by the plaintiffs. It doesn't have -- I don't
9 think your copy has that bottom legend on it about the tax
10 depreciation. Sir, we're looking at 30 in volume three.

11 A Okay. All right.

12 Q Now, was this received by you in late 1994 or early
13 1995?

14 A Okay. May 31st, 1994. I don't know exactly when I
15 got it, Joel. I really don't.

16 Q Do you see line 110? It says, "Certificates of
17 deposit, \$668,000" as part of the 4 million dollar asset
18 figure?

19 A What page are you, sir?

20 Q This is page one of Defendants' 30 at the top under
21 certificates of deposits.

22 A Yes, I do.

23 Q Okay. And at the time you received this, you knew
24 that that amount was overstated; didn't you?

25 A I have no idea.

1 Q Well, don't you remember discussions with Deloitte and
2 the Lums about the fact that this number didn't include a
3 \$500,000 certificate of deposit that already had been cashed
4 in?

5 A I don't remember those discussions.

6 Q Do you deny that those discussions occurred, or you
7 just don't remember?

8 A I don't remember those discussions at all.

9 Q Okay.

10 MR. WOHLGEMUTH: I would offer Defendants' 30.

11 THE COURT: Any objection to Defendants' 30?

12 MR. LEWIS: Is Defendants' 30 the identical
13 document to the plaintiff's exhibit, Joel, that is --
14 purports to be the same basic --

15 MR. WOHLGEMUTH: With the exception of the
16 bottom line, which is this "above does not reflect."

17 MR. LEWIS: But the internal figures are all the
18 same?

19 MR. WOHLGEMUTH: Yes.

20 MR. LEWIS: No objection.

21 THE COURT: All right. Defendants' 30 will be
22 admitted.

23 Q (By Mr. Wohlgemuth) Let me ask you now to look at
24 Exhibit 31.

25 A Yes, sir.

1 Q When you were the president of Dynamic and on the
2 board of directors in early 1994, isn't it true that you
3 requested that State Bank send certain of the -- of its
4 financial records relating to Dynamic's account to your home
5 in Tulsa?

6 A When we opened the account --

7 Q Just yes or no.

8 A Now, say that again then.

9 Q Well, in early 1994 when you were president of
10 Dynamic and a member of the board, isn't it true that you
11 asked that State Bank send certain of its account records
12 to your home on 27th Street rather than to the company
13 offices?

14 A I'll say yes.

15 Q And in fact, Defendants' Exhibit 31 is one of the
16 statements, 2-28-94 on the first page, and then you can see
17 I have other statements behind it, November of 1993?

18 A Uh-huh.

19 Q Do you see all of this going to your home?

20 A Yes.

21 Q Okay. In fact, the first page of this statement
22 relates to interest that had been accrued on the -- on a
23 \$500,000 certificate of deposit; didn't it?

24 A I don't know.

25



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 13, 1996

John F. Zamparelli, Treasurer
Kennedy for Senate
307 5th Street, NE
Washington, DC 20002

RE: MUR 4356

Dear Mr. Zamparelli:

The Federal Election Commission received a complaint which indicates that Kennedy for Senate ("Committee") and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4356. Please refer to this number in all future correspondence.

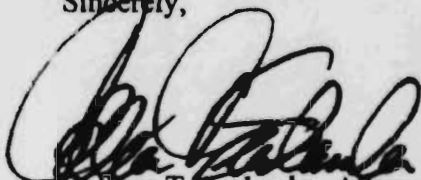
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

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If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

97043636235



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 13, 1996

Eugene Lum
502 Main Mall, Suite 309
Tulsa, OK 74103-4421

RE: MUR 4356

Dear Mr. Lum:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4356. Please refer to this number in all future correspondence.

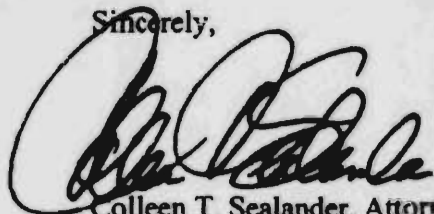
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

97045633236

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

9 / U 4 0 0 3 0 2 3 1



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 13, 1996

Linda Mitchell Price, Treasurer
Stuart Price for Congress
2131 East 27th Street
Tulsa, OK 74114

RE: MUR 4356

Dear Ms. Mitchell:

The Federal Election Commission received a complaint which indicates that Stuart Price for Congress and you, as treasurer, may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4356. Please refer to this number in all future correspondence.

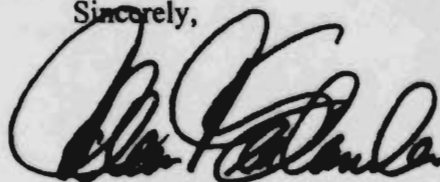
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against the Committee and you, as treasurer, in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

97040030230

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

9704335239



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 13, 1998

Nora Lum
7327 S. Sleepy Hollow Drive
Tulsa, OK 74136

RE: MUR 4356

Dear Ms. Lum:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4356. Please refer to this number in all future correspondence.


Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

9704305240

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

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FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 13, 1996

Stuart Price
2131 East 27th Street
Tulsa, OK 74114

RE: MUR 4356

Dear Mr. Price:

The Federal Election Commission received a complaint which indicates that you may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4356. Please refer to this number in all future correspondence.

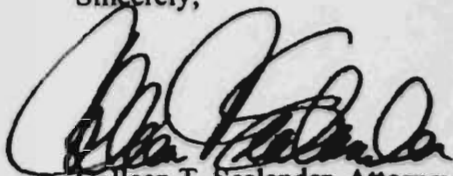
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against you in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

9704363242

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

9704303243



FEDERAL ELECTION COMMISSION
Washington, DC 20463

May 13, 1996

President
Dynamic Energy Resources, Inc.
502 South Main Mall, Suite 502
Tulsa, OK 74103

RE: MUR 4356

Dear Sir or Madam:

The Federal Election Commission received a complaint which indicates that Dynamic Energy Resources, Inc. may have violated the Federal Election Campaign Act of 1971, as amended ("the Act"). A copy of the complaint is enclosed. We have numbered this matter MUR 4356. Please refer to this number in all future correspondence.

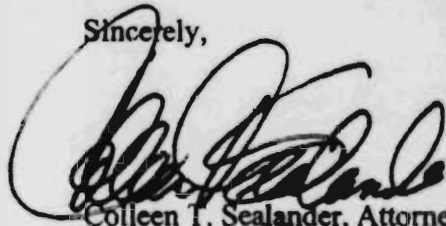
Under the Act, you have the opportunity to demonstrate in writing that no action should be taken against Dynamic Energy Resources, Inc. in this matter. Please submit any factual or legal materials which you believe are relevant to the Commission's analysis of this matter. Where appropriate, statements should be submitted under oath. Your response, which should be addressed to the General Counsel's Office, must be submitted within 15 days of receipt of this letter. If no response is received within 15 days, the Commission may take further action based on the available information.

This matter will remain confidential in accordance with 2 U.S.C. § 437g(a)(4)(B) and § 437g(a)(12)(A) unless you notify the Commission in writing that you wish the matter to be made public. If you intend to be represented by counsel in this matter, please advise the Commission by completing the enclosed form stating the name, address and telephone number of such counsel, and authorizing such counsel to receive any notifications and other communications from the Commission.

970433244

If you have any questions, please contact Alva E. Smith at (202) 219-3400. For your information, we have enclosed a brief description of the Commission's procedures for handling complaints.

Sincerely,



Colleen T. Sealander, Attorney
Central Enforcement Docket

Enclosures

1. Complaint
2. Procedures
3. Designation of Counsel Statement

9704333245



FEDERAL ELECTION COMMISSION

Washington, DC 20463

May 13, 1996

Ellen S. Miller
The Center for Responsive Politics
1320 19th Street, NW, Suite 700
Washington, DC 20036

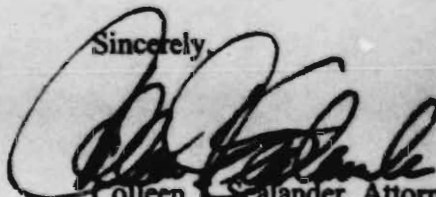
RE: MUR 4356

Dear Ms. Miller:

This letter acknowledges receipt on May 7, 1996, of your complaint alleging possible violations of the Federal Election Campaign Act of 1971, as amended ("the Act"). The respondent(s) will be notified of this complaint within five days.

You will be notified as soon as the Federal Election Commission takes final action on your complaint. Should you receive any additional information in this matter, please forward it to the Office of the General Counsel. Such information must be sworn to in the same manner as the original complaint. We have numbered this matter MUR 4356. Please refer to this number in all future communications. For your information, we have attached a brief description of the Commission's procedures for handling complaints.

Sincerely,


Colleen K. Sealander, Attorney
Central Enforcement Docket

Enclosure
Procedures

9704303246

OLDAKER, RYAN, PHILLIPS & UTRECHT

ATTORNEYS AT LAW

818 CONNECTICUT AVENUE, N.W.

SUITE 1100

WASHINGTON, D.C. 20006

(202) 728-1010

FACSIMILE (202) 728-4044

Via Facsimile and Regular Mail

May 17, 1996

Ms. Alva E. Smith
Federal Election Commission
Office of General Counsel
999 E Street, NW
Washington, DC 20463

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COMMISSION
OFFICE OF GENERAL
COUNSEL
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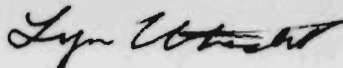
RE: MUR 4356
Kennedy for Senate
and John F. Zamparelli, as treasurer

Dear Ms. Smith:

I am writing on behalf of the Kennedy for Senate Committee and John F. Zamparelli, as treasurer to request an extension of time to respond to MUR 4356. Due to numerous other items facing counsel at this time, we are requesting a twenty (20) day extension, which would make the response due date June 19, 1996. I would appreciate your assistance in this matter.

If you have any further questions, please contact me at (202) 728-1010.

Sincerely,



Lyn Utrecht

9 / 0 4 5 0 0 2 5 7

EDWARD L. WRIGHT
(1903-1977)
ROBERT S. LINDSEY
(1913-1991)
ISAAC A. SCOTT, JR.
JOHN G. LILE
GORDON S. RATHER, JR.
TERRY L. MATHEWS
DAVID M. POWELL
ROGER A. GLASGOW
C. DOUGLAS BUFORD, JR.
PATRICK J. GOSS
ALSTON JENNINGS, JR.
JOHN R. TISDALE
KATHLYN GRAVES
M. SAMUEL JONES III
JOHN WILLIAM SPIVEY III
LEE J. MULDROW
N. M. NORTON
EDGAR J. TYLER
CHARLES C. PRICE
CHARLES T. COLEMAN
JAMES J. GLOVER
EDWIN L. LOWTHER, JR.
CHARLES L. SCHLUMBERGER
SAMMYE L. TAYLOR
WALTER E. MAY
ANNA HIRAI GIBSON
GREGORY T. JONES

WRIGHT, LINDSEY & JENNINGS
ATTORNEYS AT LAW

200 WEST CAPITOL AVENUE
SUITE 2200
LITTLE ROCK, ARKANSAS 72201-3699

(501) 371-0808

FAX (501) 376 9442

OF COUNSEL
BEVERLY BASSETT SCHAFFER
ALSTON JENNINGS
RONALD A. MAY

WRITER'S DIRECT DIAL NO.
(501) 212-1266

H. KEITH MORRISON
BETTINA E. BROWNSTEIN
WALTER MCPADDEN
ROGER D. ROWE
NANCY BELLHOUSE MAY
JOHN D. DAVIS
JUDY SIMMONS HENRY
KIMBERLY WOOD TUCKER
RAY F. COY, JR.
HARRY S. HURST, JR.
TROY A. PRYOR
PATRICIA SIEVERS LEWALLEN
JAMES M. MOODY, JR.
KATHRYN A. PRYOR
J. MARK DAVIS
CLAIRE SHOWS HANCOCK
KEVIN W. KENNEDY
JERRY J. SALLINGS
FRED M. PERKINS III
WILLIAM STUART JACKSON
MICHAEL D. BARNES
STEPHEN R. LANCASTER
JUDY M. ROBINSON
BETSY MEACHAM
AINSLEY H. LANG
KYLE R. WILSON
DON S. MCKINNEY
MICHELE L. SIMMONS
KRISTI M. MOODY

May 24, 1996

Colleen T. Sealander, Esq.
Federal Election Commission
999 E Street, N.W.
Washington, D.C. 20463

VIA FACSIMILE
202/219-3923
Confirmation via Regular Mail

Re: MUR 4356

Dear Ms. Sealander:

We are the attorneys for Gene and Nora Lum. Mr. and Mrs. Lum received a letter from you dated May 13, 1996, enclosing the complaint in the above-captioned MUR. Mrs. Lum is one of the named respondents in the Complaint.

I received copies of your letters and the Complaint on Tuesday, May 21, 1996. I am unable to provide you with a Statement of Designation of Counsel or a response to the Complaint on behalf of the Lums because Mr. and Mrs. Lum are presently out of the country. They have been gone for almost a month on a business transaction. It is possible that they will return by the end of next week (May 31, 1996), but in all likelihood they will not be available until the end of the following week.

In addition to the fact that Mr. and Mrs. Lum are not available to consult with me, there is an additional reason for our inability to respond on behalf of Mr. and Mrs. Lum in the fifteen (15) days set forth in your procedures. Dynamic Energy Resources, Inc., is a debtor in possession in a Chapter 11 bankruptcy proceeding in United States Bankruptcy Court in Oklahoma. In that proceeding, Mr. and Mrs. Lum were among several parties to a litigated matter and, as a result, are

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OFFICE OF GENERAL
COUNSEL

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WRIGHT, LINDSEY & JENNINGS

Colleen T. Sealander, Esq.
May 24, 1996
Page 2

subject to an Order of the Court which significantly limits their ability to disclose information or documents concerning the business activities of the debtor in possession. I do not have a copy of that Order, but I have been told that there is a procedure established in that Order with which they can comply in order to disclose information about Dynamic pursuant to court proceedings or subpoenas. I am obtaining a copy of that Order from the bankruptcy counsel for Dynamic Energy Resources, Inc., and will provide it to you. The procedures established in that Order may also delay my clients' ability to respond to the Complaint.

As a result, I respectfully request an extension of time for my clients, Gene and Nora Lum, to respond to the Complaint in MUR 4356 until at least June 14, 1996. Depending upon the procedure outlined in the Order of the Bankruptcy Court, I may need to ask for additional time.

Thank you very much for your consideration in this matter.

Cordially yours,

WRIGHT, LINDSEY & JENNINGS


John R. Tisdale

JRT:tgs

k:gal074.027

I am enclosing a copy of the Order, which I received after dictation of this letter. JRT

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COMMISSION
OFFICE OF GENERAL
COUNSEL

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

JAN 2 1996

DOROTHY A. BANE, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA

In re:

DYNAMIC ENERGY RESOURCES, INC.,)
EIN: 73-1436867,)

Case No. 95-03029-C
(Chapter 11)

Debtor.)

**ORDER IN CONNECTION WITH SETTLEMENT
AND COMPROMISE AGREEMENT
BETWEEN PARTIES, APPROVED
DECEMBER 15, 1995, AND MODIFYING PROTECTIVE ORDER**

NOW ON THIS 2nd day of January, 1996, the Court for good
cause finds and concludes as follows:

1. On December 15, 1995, this Court entered an Order Granting Application of Dynamic Energy Resources, Inc. Authority to Obtain Unsecured Financing From Nora T. Lum and Order Approving Joint Motion for Authority to Compromise and Settle Claim and Resolved Related Matters ("Order"), which resolved all claims between and among Linda M. Price, William Stuart Price (sometimes known as Stuart Price), their minor children, Jacqueline Price, Stephanie Price, Nicole Price and William Stuart Price, II, together with Denver Oil & Mineral Corporation (collectively called "Price"), Dynamic Energy Resources, Inc., Debtor-in-Possession ("Dynamic"), Nora T. Lum, Eugene Lum, and Kathy Wojina (collectively called "LUM") and Michael Brown ("Brown"). The Compromise and Settlement Agreement is in the best interest of creditors and interest holders of this estate, and was approved by this Court.

2. This Court was actively involved in the events leading to the settlement, by virtue of its conducting a settlement

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conference from which the ultimate settlement arose, which was thereafter approved by the Court, after notice and hearing. The Court is therefore well familiar with the considerations for settlement and in particular, the parties' requirement as an essential element of the settlement and compromise, of maintaining as confidential, all confidential information of Dynamic, Price, Lum and Brown. Without assurance of the maintenance of confidentiality of Dynamic's business records and information, and certain information of Price, Lum and Brown, settlement could not have been achieved.

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3. On November 16, 1995, this Court entered an Order Governing Discovery and the Conduct of Particular Parties in this Case ("November 16, 1995 Order"). The November 16, 1995 Order has remained effective through the date of this Order, as expressly provided for in the Order Approving Compromise and Settlement of Claims entered December 19, 1995. Furthermore, the Order provided that the November 16, 1995 Order would be continued, supplemented, amended or replaced. The Court finds that such Order should be modified and replaced in its entirety by this Order, and the November 16, 1995 Order shall, upon the effectiveness of this Order, be replaced by it.

4. The Court has subject matter jurisdiction to enter this Order pursuant to 11 U.S.C. § 157(a)(2)(A) and (O), and 11 U.S.C. § 105 and § 541.

5. Dynamic, as Debtor-in-Possession, is subject to the jurisdiction of this Court, having commenced a voluntary Chapter 11 Petition on September 29, 1995, and has remained as a Debtor-in-

Possession in this case. Price and Nora T. Lum have submitted to the jurisdiction of this Court with respect to claims presented by each. Eugene Lum and Kathy Nojima actively participated in the settlement conference in their individual capacities. Michael Brown joined in the Joint Motion approved in the Order. Accordingly, Dynamic, Price, Lum and Brown are each subject to the personal jurisdiction of this Court.

6. The business and financial records of Dynamic, whatever the form and whether the form be original, copies or summaries thereof, and the information related thereto constitute property of the Estate as contemplated by § 541 and are subject to the continuing jurisdiction of this Court.

7. This Order, being an Order governing conduct of the parties and dealing with administrative matters, does not require notice and hearing pursuant to Bankruptcy Rule 2002. Further, as provided in paragraph 15, a party who wishes to obtain access to any information deemed confidential has an established mechanism to do so pursuant to this Order.

8. All documents and information which relate to the business or financial affairs of Dynamic, whatever the form and whether the form be original, copies or summaries thereof in the possession of Dynamic, or its agents, or in the possession of any person, produced pursuant to subpoena or protective order, shall be deemed to be confidential and subject to the terms of this Order, subject only to the use, or disclosure by, Dynamic, or with its consent.

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9. Certain documents and information of Dynamic and of the Lum's have been provided to Price, their attorneys or accountants, pursuant to pending litigation between Price, Dynamic, Lum and Brown styled Linda Price v. Eugene Lum, et al., Tulsa County District Court Case No. CJ-95-1948, which is to be resolved pursuant to the Order. Such documents and information were produced pursuant to Protective Orders of the District Court in which the litigation is pending. All such documents and information of Dynamic and the Lum's so produced are confidential within the meaning of this Order.

10. Price, Lum, and Brown are hereby ordered and directed that they shall not disclose nor deliver, directly or indirectly, without the consent of Dynamic, any confidential documents or information to any person, except as hereinafter provided, and are further ordered, directed and prohibited from engaging in communication of any kind, or providing documents or disseminating information related to Dynamic, without consent of Dynamic, or relating to one of the other parties (Price, Lum, Brown, Dynamic), to any third party, except for communication with an attorney, accountant or third party as specified in paragraph 11, 12 and 13 hereof, and are further ordered and directed not to initiate any complaint, charge, inquiry or grievance against one of the other parties (Price, Lum, Brown, Dynamic).

11. This Order shall not preclude or prohibit a party from responding to a subpoena or Court Order directing or compelling under process of law the disclosure of any otherwise

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confidential information, provided that immediately upon receipt of any such subpoena or legal process, a complete copy shall be provided to Lum, by service upon Joel L. Wohlgenuth, at Norman & Wohlgenuth, 2900 MidContinent Tower, Tulsa, Oklahoma 74103, to Dynamic by service upon Gary M. McDonald, at Doerner, Saunders, Daniel & Anderson, 320 South Boston, Suite 500, Tulsa, Oklahoma 74103, to Brown by service upon William W. Taylor, III, Zuckerman, Spaeder, Goldstein, Taylor & Kolker, 1201 Connecticut Avenue N.W., Washington, D.C. 20036, to Price by service upon C. S. Lewis, III, at Riggs, Abney, Neal, Turpan, Orbison & Lewis, 502 W. 6th Street, Tulsa, Oklahoma 74119. Any party receiving such notice may then take such actions as such party or parties deems necessary.

12. This Order shall not preclude or prohibit a party from disclosing confidential information of Dynamic to any attorney a party consults for the purpose of obtaining legal advice, provided that the party gives the attorney a copy of this Order, and the attorney agrees to be bound by its provisions. Nothing in this Order shall preclude or prohibit a party or his attorney from disclosing information covered by this Order to any tribunal or official of the United States or any State government, or to third parties or their counsel pursuant to a common interest or joint defense agreement, where necessary to defend or vindicate such party's rights in connection with an administrative, judicial or other legal investigation or proceeding to which the party is involuntarily subjected, provided that the party gives written notice of party's intent to disclose such information, to Dynamic, through its counsel.

13. Lum, Price and Brown may communicate and disclose confidential information of Dynamic to any accountant or financial advisor, or their agents and employees, who is assisting any of such parties in preparation of federal or state income tax returns, or providing financial planning services, provided that a copy of this Order shall be provided to any such accountant or financial advisor, or their agents or employees, prior to providing access to such confidential information, and such accountant or financial advisor, and their agents and employees, agree to be bound by its provisions.

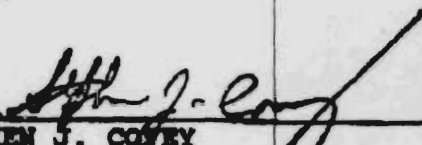
14. The copies of the Tulsa County District Court Case No. CJ-95-1948 trial transcript and exhibits from such case which were provided to this Court by the parties are confidential documents within the meaning of this Order.

15. The administration of a bankruptcy case involves a balance between private rights of confidentiality of a debtor seeking Bankruptcy Code relief, and the rights of creditors and parties in interest who seek to have access to information related to the business affairs of a debtor. This case presents unique circumstances, which have provided the basis for entry of this Order. Notwithstanding this Order, this Court will consider on a case-by-case basis, any request of a creditor or party in interest to obtain access, custody or control over any confidential documents or information of Dynamic upon written application seeking such relief filed in this case, with copies of such application provided as designated in paragraph 11.

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16. This Court will retain jurisdiction over the parties hereto and the subject matter hereof for enforcement of this Order, and such jurisdiction shall survive the closing of this case. In the event that any efforts for enforcement of this Order shall be undertaken by any party hereto, the reasonable costs and attorney's fees incurred in such undertaking shall be awarded to the prevailing party.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED this 2nd day of ~~December~~ ^{12/21/95} 1995.


STEPHEN J. COVEY
UNITED STATES BANKRUPTCY JUDGE
NORTHERN DISTRICT OF OKLAHOMA

ACCEPTED AND AGREED TO:
DYNAMIC ENERGY RESOURCES, INC.

By: _____
Nora T. Lum, President

Nora T. Lum

Eugene Lum

Kathy Nojima

Michael Brown

Linda M. Price

970433256

16. This Court will retain jurisdiction over the parties hereto and the subject matter hereof for enforcement of this Order, and such jurisdiction shall survive the closing of this case. In the event that any efforts for enforcement of this Order shall be undertaken by any party hereto, the reasonable costs and attorney's fees incurred in such undertaking shall be awarded to the prevailing party.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED this ____ day of January, 1996.

STEPHEN J. COVEY
UNITED STATES BANKRUPTCY JUDGE
NORTHERN DISTRICT OF OKLAHOMA

ACCEPTED AND AGREED TO:
DYNAMIC ENERGY RESOURCES, INC.

By: Wong T. Lum
Wong T. Lum, President

Wong T. Lum
Wong T. Lum

[Signature]
Suzanne Lum

[Signature]
Kathy [Name]

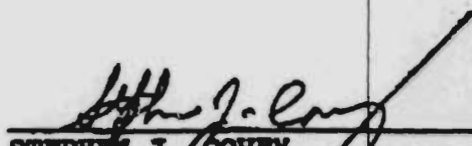
Michael Brown

Linda N. Price

97043633257

16. This Court will retain jurisdiction over the parties hereto and the subject matter hereof for enforcement of this Order, and such jurisdiction shall survive the closing of this case. In the event that any efforts for enforcement of this Order shall be undertaken by any party hereto, the reasonable costs and attorney's fees incurred in such undertaking shall be awarded to the prevailing party.

IT IS THEREFORE ORDERED, ADJUDGED AND DECREED this 2nd day of January, 1995.


STEPHEN J. COVEY
UNITED STATES BANKRUPTCY JUDGE
NORTHERN DISTRICT OF OKLAHOMA

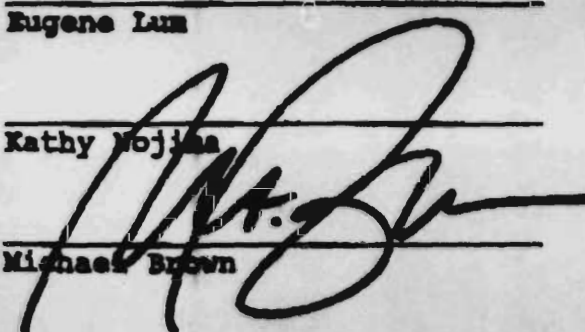
ACCEPTED AND AGREED TO:
DYNAMIC ENERGY RESOURCES, INC.

By: _____
Nora T. Lum, President

Nora T. Lum

Eugene Lum

Kathy Wojcik



Michael Brown

Linda M. Price

97043833256

William Stuart Price

MINOR CHILDREN:

By: Linda M. Price

DENVER OIL & MINERAL CORPORATION

By: _____
Its: _____

97043033259

/u/diane2/docs/dynamic/order.aid10

William Stuart Price

MINOR CHILDREN:

By: Linda M. Price

DENVER OIL & MINERAL CORPORATION

By: _____
Its: _____

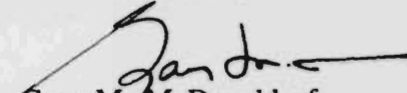
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May 24, 1996
Page 2

Resources, Inc. Accordingly, we request additional time, through June 15, 1996, to prepare a response, and further request that your Staff Attorney contact us concerning the issues related to 11 U.S.C. § 362.

Very truly yours,


Gary M. McDonald of
DOERNER, SAUNDERS, DANIEL & ANDERSON

GMM:ah
cc: Dynamic Energy Resources, Inc.

97004300201



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 30, 1996

Gary M. McDonald, Esquire
DOERNER, SAUNDERS, DANIEL & ANDERSON
320 South Boston Avenue, Suite 320
Tulsa, Oklahoma 74103-3725

RE: MUR 4356
Dynamic Energy Resources, Inc.

Dear Mr. McDonald:

This is in response to your letter dated May 24, 1996, requesting an extension until June 15, 1996, to respond to the complaint filed in the above-noted matter. Based on your assurance that you represent the above-named respondent, and after considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on June 15, 1996. Please be sure to send us a Designation of Counsel as soon as possible.

If you have any questions, please contact the Central Enforcement Docket at (202) 219-3400.

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

9704363263



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 30, 1996

John R. Tisdale, Esquire
WRIGHT, LINDSEY & JENNINGS
200 West Capitol Avenue, Suite 2200
Little Rock, Arkansas 72201-3699

RE: MUR 4356
Gene and Nora Lum

Dear Mr. Tisdale:

This is in response to your letter dated May 24, 1996, requesting an extension until June 14, 1996, to respond to the complaint filed in the above-noted matter. Based on your assurance that you represent the above-named respondents, and after considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on June 14, 1996. Please be sure to send us a Designation of Counsel as soon as possible.

If you have any questions, please contact the Central Enforcement Docket at (202) 219-3400.

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

Celebrating the Commission's 20th Anniversary

YESTERDAY, TODAY AND TOMORROW
DEDICATED TO KEEPING THE PUBLIC INFORMED

9704333264



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

May 30, 1996

Lyn Utrecht, Esq.
OLDAKER, RYAN, PHILLIPS & UTRECHT
818 Connecticut Avenue, NW, Suite 1100
Washington, D.C. 20006

RE: MUR 4356
Kennedy for Senate
John F. Zamparelli, as Treasurer

Dear Ms. Utrecht:

This is in response to your letter dated May 17, 1996, requesting an extension until June 19, 1996, to respond to the complaint filed in the above-noted matter. After considering the circumstances presented in your letter, the Office of the General Counsel has granted the requested extension. Accordingly, your response is due by the close of business on June 19, 1996.

If you have any questions, please contact the Central Enforcement Docket at (202) 219-3400.

Sincerely,

Colleen T. Sealander, Attorney
Central Enforcement Docket

970433265

STATEMENT OF DESIGNATION OF COUNSEL

MAY 31 12 32 PM '96

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

MUR: 4356
Name of Counsel: William C. Oldaker and Lyn Utrecht
Address: Oldaker, Ryan, Phillips & Utrecht
818 Connecticut Avenue, N.W.
Suite 1100
Washington, D.C. 20006
Telephone: (202) 728-1010

The above-named individuals are hereby designated as my counsel and are authorized to receive any notifications and other communications from the Federal Election Commission and to act on my behalf before the Federal Election Commission.

5/23/96
Date

John F. Zamparelli
Signature

Name: John F. Zamparelli, Treasurer
Address: 1 Davis Square
Somerville, MA ~~02135~~ 02144
Business Phone: (617) 776-6633

970433266

MAY 31 9 52 AM '96

William Stuart Price
2131 East 27th Street
Tulsa, Oklahoma 74114

May 30, 1996

Federal Election Commission
999 E Street N.W.
Washington D.C. 20463
Attn: Office of the General Counsel

Re: MUR 4356

Gentlemen:

This letter constitutes the response of Stuart Price, one of the respondents, and his wife, Linda Price, as treasurer of the Stuart Price for Congress campaign, to the complaint filed by the Center for Responsive Politics.

Stuart Price filed to run for the U.S. House of Representatives in July of 1994. Mr. Price had never run for political office before, although he had been a successful businessman and had served his community as a volunteer on various civic and charitable boards. When he decided to run for Congress, only six weeks remained until the Democratic primary and ten more weeks thereafter in which to wage a bid for the general election.

Mr. Price and his wife, Linda Mitchell Price, the campaign's treasurer recognized from the beginning that their quest was a long shot at best, and their most important desire and goal was to run a clean, above reproach campaign. Mr. Price believed that he could make a positive contribution to the country and his community by offering his energy and talents as a member of the House of Representatives. The Prices made the decision to spend over \$300,000 from their savings and to hire a big six accounting firm to assist and prepare the Federal Election Commission documentation and reports which reflects their commitment to conduct an honorable and honest campaign.

The Prices conducted themselves and the campaign in an honest and open manner at all times, speaking openly and acting with dignity as they pursued their long shot quest. It is very hurtful and disturbing to them to now have to deal with malicious, fraudulent allegations which have been made irresponsibly and falsely. Neither the Prices nor the Price campaign violated any election regulations and they trust they will be dismissed from the complaint filed by the Center for Responsive Politics as early as practicable. It is perhaps noteworthy that the Center for Responsive Politics apparently determined that it was in its best interest to widely distribute a false and misleading press release to the media in conjunction with its filing of the complaint.

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The complaint purports to be based upon information contained in a partial transcript of proceedings which took place in a shareholder derivative lawsuit filed on April 28, 1995 in state court in Oklahoma by Linda Price, as Plaintiff, against Eugene Lum, Nora T. Lum, Dynamic Energy Resources, Inc. ("Dynamic"), and others (the "Price Lawsuit"). What is not disclosed by the complainant, however, is that the transcript does not contain one iota of testimony of any campaign law violations by the Prices, but to the contrary, contains sworn testimony from both Stuart and Linda Price as to the falsity of any such allegations. The assertions of the complainant are a textbook example of the "big lie" in which allegations are made, without any verification or basis, regarding which the only sworn testimony wholly and totally disproves such allegations.

In the Price Lawsuit, Linda Price (who with her four children owned 30% of the stock of Dynamic) sued the Lums for damages based upon the Lums looting of the assets of Dynamic, mismanagement of the affairs of Dynamic and for wrongfully causing the payment of millions of dollars of consulting fees, expenses and other benefits from Dynamic to the Lums and their family and friends.

Prior to running for Congress, Stuart Price had served as president of Dynamic, a company started in 1993 by the Lums and the Prices. Nora Lum owned 60% of the stock and was the C.E.O. and Chairman of the Board. Mr. Price resigned as president in late June, 1994, to run for Congress. After losing the election, he returned to Dynamic in November 1994. After his return, financial irregularities committed by the Lums were discovered by the Prices and led to the filing of the Price Lawsuit.

The Lums' strategy in defending the Price Lawsuit was to attempt to intimidate and coerce the Prices into dismissing their lawsuit by threatening to lie about Mr. Price and destroy his excellent reputation. As far back as June 1995, the Lums, through their Tulsa attorneys, Joel Wohlgenuth and John Dowdell, threatened, in a letter addressed to the Prices' attorneys, to file a lawsuit alleging the Prices knowingly violated federal election laws if the Prices did not settle their claims against the Lums within 72 hours. This event is an example of the pattern of threats, lies and extortion which ensued.

The principal tool which the Lums concocted and fraudulently created was a set of alleged minutes of an August 1, 1994 Dynamic board meeting after Stuart Price had resigned as president to run for Congress. These alleged minutes were created after the Price Lawsuit was filed in April 1995 and produced by the Lums as part of document discovery in the Price Lawsuit after the Judge entered an order compelling the Lums to provide copies of all corporate minutes. Not only are the alleged minutes false, they are so obviously outrageous and incredible as to be laughable. No witness ever appeared to sponsor the minutes as genuine or accurate. In fact, there is no documentation that notice of any such board meeting was given to the board

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Federal Election Commission

May 30, 1996

Page -3-

members and the Prices have been told by at least two board members that they never received notice of such alleged meeting. Stuart Price, as is shown in the transcript, testified under oath that the statements in the alleged minutes were an "absolute fantasy and lie."

The Honorable Jefferson Sellers, Judge in the Price Lawsuit, stated, in reference to the alleged minutes, that there was "overwhelming evidence" that Nora Lum made "a false statement" to the shareholders of Dynamic and that she apparently "lied to the shareholders" of Dynamic for her own purposes. Judge Sellers also ruled that Linda Price never sold her Dynamic stock as stated in the fraudulent minutes. He went on to hold that the evidence of self dealing and conversion of corporate assets by the Lums was clear. As a result, the Court granted Linda Price's request to appoint an independent receiver to take charge of the assets and operations of Dynamic. (See Exhibit A attached hereto.)


9 1 0 4 3 3 2 6 2
The Lums went to great lengths in the Price Lawsuit to successfully avoid having to testify under oath. Their absence was noted by Judge Sellers, who had also seen evidence of perjured testimony by the Lums in depositions in a federal court lawsuit in Hawaii. In those depositions, given on December 20, 1994, Nora Lum falsely denied being the majority shareholder of Dynamic in order to minimize disclosure of her financial stake in Dynamic. (See Exhibit B attached hereto.) Eugene Lum, after taking the Fifth Amendment more than once, denied under oath that he had any assets other than some mortgaged real estate, even though Dynamic's records reflect he had received several million dollars in "consulting fees" from Dynamic one week earlier. Having already been caught lying under oath once, the Lums clearly chose not to testify in support of their false allegations made in the Price Lawsuit. (See Exhibit C attached hereto.)

In short, the Lums and their fraudulent minutes were totally discredited in the Price Lawsuit, as is confirmed by the Judge's findings. Dynamic never made any contributions to the Price campaign. The Prices never knowingly accepted or received any prohibited contributions.

Finally, with regard to the complainant's allegation that Stuart Price "knowingly accepted and received prohibited contribution by remaining on Dynamic's health insurance plan," Mr. Price disagrees that such insurance constituted a contribution in connection with an election. The health insurance for Stuart Price and his family long predated his campaign and was a benefit received by other directors or shareholders as well. Linda Price remained a shareholder of Dynamic throughout the campaign, and both Stuart and Linda Price remained as directors. The Prices received this benefit regardless of Stuart Price's candidacy, and never occurred to them to report it as a contribution because it was not in any way connected to his campaign. There was never any intent on the part of the Prices to avoid election law requirements and the health insurance benefits in no way contributed to the furtherance Mr. Price's campaign.

Federal Election Commission
May 30, 1996
Page -4-

The Prices respectfully request that the complaint filed by the Center for Responsive Politics be dismissed as to them. If any additional information is required, please let us know.


William Stuart Price

9704333270

IN THE DISTRICT COURT IN AND FOR TULSA COUNTY
STATE OF OKLAHOMA

COPY

LINDA PRICE,)	
)	
Plaintiff,)	
)	
--vs--)	CASE NO. CJ-95-1948
)	
EUGENE LUM, NORA T. LUM,)	
KATHY NOJIMA, MICHAEL BROWN,)	
and DYNAMIC ENERGY RESOURCES,)	
INC.,)	
)	
Defendants.)	

PARTIAL TRANSCRIPT OF PROCEEDINGS

September 27, 1995

HEARD BEFORE THE

HONORABLE JEFFERSON D. SELLERS

A P P E A R A N C E S

FOR THE PLAINTIFF:	MR. C. S. LEWIS
	MS. MARILYN WAGNER
	Attorneys at Law
	Tulsa, Oklahoma
FOR THE DEFENDANT:	MR. JOEL WOHLGEMUTH
	MR. JOHN DOWDELL
	Attorneys at Law
	Tulsa, Oklahoma

REPORTED BY:
 JUDY K. MULLINS, CSR
 OFFICIAL SHORTHAND REPORTER
 TULSA COUNTY, OKLAHOMA

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1 and yesterday, the Court has been inundated with calls
2 from the press. Yesterday representatives of the press
3 were here, and a lot of that is precisely what Mr. Price
4 wanted, and he has done so -- There have been agents, as
5 the Court is aware, who have attempted to gain access to
6 court records that have been filed in this case, some of
7 which are the subject of a protective order, specifically
8 the subject of the protective order. And based upon our
9 obligations to our clients and, perhaps more important for
10 this argument, our assessment of what it is the evidence
11 has shown, we made the decision that we should go forward
12 and not further belabor this hearing and proceed, because
13 we think that the evidence is quite clear as to whether or
14 not the appointment of a receiver would be appropriate.
15 And I don't think that too much more should be made of the
16 fact of whether or not someone is here. It is the
17 plaintiff's burden, and it's our vigorous view that they
18 have failed to meet that burden, and I will address that
19 in a moment.

20 THE COURT: Let me ask you one question: I've
21 got clearly in the Record here a corporate minute that
22 Mrs. Lum advised the board of directors or advised the
23 shareholders that the Prices had no further interest in
24 this corporation. I've got that minute. I've got
25 evidence that -- The overwhelming evidence is that that

1 is -- that was a false statement to them, that, in fact,
2 the Price -- that Linda Price had stock, never turned over
3 her stock. There may have been discussions about the
4 stock, but that Linda Price remained a shareholder from
5 the start of the corporation until today, and that is -- I
6 mean, either Mrs. Lum lied to the shareholders for her own
7 purpose, or there is some other explanation, and where is
8 Nora Lum or Gene Lum or whoever it is that made that
9 statement to the shareholders that -- I mean, really
10 that's the crux of this case. Are they shareholders, or
11 are they not? Has their stock been paid for and simply
12 the fact of the stock transfer on the books not
13 accomplished or not? Are there -- Were there agreements
14 for the purchase of stock that were partially carried out
15 or not? And I only have one side of the evidence in this
16 case, and the Court certainly understands the heavy burden
17 that is placed on the plaintiff for the appointment of a
18 receivership, but I do need some explanation as to their
19 absence from the hearing. It may be that they are so sure
20 that the writ that's now pending before the Supreme Court
21 will prevent a receivership being -- going forward in this
22 case or that on direct appeal or other appeal from the
23 Court's rulings today that they will not be adversely
24 affected, if they are adversely affected by the Court's
25 rulings, but these are very troubling things to the Court,

1 shown at least that there either is insolvency or an
2 imminent danger for sure of insolvency with the way this
3 company is being managed and the way the assets are being
4 consumed as we speak.

5 I don't want to belabor the point of the issue
6 that was raised at the beginning of the defendants'
7 closing, attacking the plaintiff's husband and accusing
8 him of all sorts of things, but I think it's clear to the
9 Court that there is an awful lot of interest in the media
10 in the Lums. I think the Court has seen in briefs and in
11 other documents that have been presented that that has
12 been an ongoing thing. I think the Court has seen that
13 the sending by a Dynamic employee of federal complaints to
14 the Tulsa World, and I won't go through -- The Court has
15 heard all of those. There has been a concerted effort to
16 damage the Prices' reputations, including, in my opinion,
17 the filing of the federal court lawsuit itself, which
18 could have easily been a counterclaim included in this
19 case, so I think that's not the point on the appointment
20 of a receiver, but I just didn't want to leave those
21 suggestions one-sided. So, again, we would ask the Court
22 to appoint a receiver. We think the evidence is clear and
23 appreciate all the time that the Court has put in.

24 THE COURT: All right. At this time the Court
25 would make the following findings of fact: I find that

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1 the plaintiff, Linda Price, is a holder of 26 percent of
2 the corporate stock of the defendant corporation, Dynamic
3 Energy Resources, Inc., and that her minor children, whose
4 names are set out in the Record in exhibits presented here
5 and are not in dispute, own an additional four percent.

6 I find that the ordinary requirement of a
7 written demand or certainly a demand upon the board of
8 directors is excused in this case by reason of the
9 futility of such demand upon the board of directors by
10 reason of the control of that board of directors by the
11 majority shareholder, Nora Lum. The defendants in this
12 case -- The Court finds and concludes that the defendants
13 in this case have prevented the Court from having a full
14 knowledge of the current corporate affairs, but the
15 evidence the Court has is clear and convincing that the
16 corporation is insolvent at this time or is in immediate
17 danger of insolvency. The Record is replete, the evidence
18 is clear, of self-dealing and of conversion of corporate
19 assets.

20 The Court, having considered the extraordinary
21 measure and possible injury which may be visited upon the
22 corporate entity and the other shareholders and, in fact,
23 the plaintiff by the appointment of a receiver, has
24 determined that there are ongoing processes that make the
25 appointment of a receiver necessary, including, but not

1 limited to the manner in which this litigation has been
2 pursued, purportedly in the corporation's behalf. And the
3 Court -- As further evidence of that, the Court would note
4 to the record that there has been additional litigation
5 spawned, the corporate headquarters of the -- of this
6 corporation has been moved outside the jurisdiction of
7 this Court and without any explanation whatsoever to this
8 Court of that fact, and the Court, taking all of this
9 evidence as a whole, can only come to the conclusion that
10 it is a further effort of the majority shareholders to use
11 the corporation as its own football and in effect take
12 football home.

13 Based on the limited record that I have here
14 today, which is as full as the defendants would allow the
15 Court to have, I do find that there is a great exigency
16 that exists in that the continuation of litigation in and
17 of itself is likely to further exacerbate the
18 corporation's financial problems, and I am appointing a
19 receiver for the corporate entity.

20 And now I would hear from counsel as to the --
21 as to the timing of the Supreme Court's review of the
22 writ. When is that to be heard, Mr. Lewis or Mr.
23 Wohlgenuth either one?

24 MR. LEWIS: There is an oral argument set on the
25 17th of October, don't know when a decision would be made.

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

4	RAYMOND PEDRENA, et al.,)	CIVIL NO. 89-439 ACX
)	
5	Plaintiffs,)	
)	
6	vs.)	
)	
7	HAN KUK CHUN, et al.,)	
)	
8	Defendants.)	

DEPOSITION OF NORA LUM

Taken on behalf of the Plaintiffs on December 20, 1994,
commencing at 11:30 a.m., at the Law Offices of Anthony P.
Locricchio, 903 Maunawili Circle, Kailua, Hawaii 96734,
pursuant to Notice.

BEFORE: JEAN MARIE McMANUS
Hawaii CSR #156, California CSR #3119
Notary Public, State of Hawaii

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- 1 Q How about stock?
- 2 A In Dynamic Energy Resource.
- 3 Q How much stock do you own?
- 4 A I don't know the exact amount of stock, but. . .
- 5 Q Are you the majority stockholder?
- 6 A At this point, no.
- 7 Q At one time were you the majority stockholder?
- 8 A For a short period of time, for one month.
- 9 Q How long ago was that?
- 10 A I don't recall, I really don't.
- 11 Q Do you currently own more than 40 percent of the
- 12 stock in Dynamic Energy Resources?
- 13 A No.
- 14 Q Twenty percent?
- 15 A Around 30, I think.
- 16 Q And can you explain for the record what Dynamic
- 17 Energy Resources is?
- 18 A It's a natural gas company with pipelines.
- 19 Q And where is it based?
- 20 A Tulsa.
- 21 Q Have there been any government agency investigations
- 22 of Dynamic Energy Resources within the last three years?
- 23 A It hasn't existed for three years.
- 24 Q Since its existence?
- 25 A Not that I'm aware of.

1 A That we did not want to create an adversary type
2 relationship with the state. We were willing to work with the
3 state, work to achieve a win/win situation.

4 Q Is this before or after you arranged for campaign
5 contributions to governor -- let's ask that.

6 Isn't it true that Y.Y. Valley Corporation made
7 campaign contributions in excess of \$10,000 to the campaign of
8 John Waihee?

9 A I have no knowledge of that.

10 MS. NAKAMOTO: Objection, mischaracterizes the
11 record, and assumes facts not established.

12 Q (By Mr. Locricchio): Are you aware that Ken
13 Hayashida signed a sworn affidavit before the Federal Election
14 Commission admitting payments of more than \$10,000 to the
15 campaign of John Waihee, Mr. Lum?

16 A No, I was not aware of that.

17 Q You weren't aware that he admitted it, right?

18 A Beg pardon?

19 Q You weren't aware that he admitted it?

20 A I was not aware of anything.

21 Q Isn't it true that as part of your duties to acquire
22 the title to Old Government Road, you arranged for that
23 campaign contribution to go to the governor?

24 A I'm going to take the Fifth at this time and the
25 attorney/client privilege.

1 lead you to believe you did know where the cattle were?

2 A If I did.

3 Q Did you make arrangements as representative of Y.Y.
4 Valley to return those cattle to the Wongs?

5 A I don't recall.

6 Q Did you ever return the cattle to the Wongs, Mr.
7 Lum?

8 A I never had possession of the cattle.

9 Q But you knew where they were, didn't you, Mr. Lum?

10 A I do not know.

11 Q You don't know whether you --

12 A I don't recall.

13 Q You don't recall now. Let me ask you a background
14 question.

15 Is it like you, Mr. Lum, to go on television and to
16 lie while you were on camera talking about this incident? Yes
17 or no.

18 A I don't think I would lie.

19 Q So that we can rely on your statement at the time as
20 an accurate and truthful statement; is that correct?

21 A If you want to rely on it, you could.

22 Q I'm not asking that, Mr. Lum, I'm asking you,
23 whether or not --

24 A I would have to see the statement.

25 Q After the theft, did you in fact become a

1 conspirator after the fact with regard to the whereabouts of
2 the cattle?

3 A Take the Fifth on that one.

4 Q Mr. Lum, because you opened the door before taking
5 the Fifth, you're not allowed now to take it. I'm notifying
6 you of that. Will you answer the question or are you going to
7 continue to take the Fifth?

8 A Continue. You never said conspiracy prior to asking
9 me that question.

10 Q Mr. Lum, are you an attorney?

11 A Yes.

12 Q Did you ever take a course called "criminal law"?

13 A Yes.

14 Q Did you ever practice any criminal law?

15 A No.

16 Q Did you take a bar exam that had a criminal law
17 section on it?

18 A Yeah.

19 Q Have you read the terms of this complaint?

20 A Which one?

21 Q The RICO, racketeering --

22 A First, second or fourth complaint? It lost me.

23 Q Apparently got lost quite a bit, didn't you, Mr.

24 Lum? We haven't seen you since, you haven't taken this very
25 seriously.

- 1 A No.
- 2 Q And is there a mortgage on that property?
- 3 A Yes, there's a first with International for about
- 4 25,000, savings and loan. And the second which is to my dad
- 5 in amount of 200,000.
- 6 Q And are the seconds to your dad recorded?
- 7 A Yes.
- 8 Q How about land on other islands in Hawaii?
- 9 A No.
- 10 Q How about stock in corporations?
- 11 A No.
- 12 Q Do you own no stock in Akahi?
- 13 A No.
- 14 Q Do you own any stock at all?
- 15 A No.
- 16 Q Do you have any other assets?
- 17 A No.
- 18 Q Your testimony is you have no assets, is that right,
- 19 under oath?
- 20 A That's all the assets I have.
- 21 Q Do you have a vehicle?
- 22 A No.
- 23 Q Do you have a vehicle in Las Vegas?
- 24 A No.
- 25 Q How do you get around in Las Vegas?

FILED

SEP 29 1995

DOROTHY A. EVANS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN OF OKLAHOMA

In re:)
)
DYNAMIC ENERGY RESOURCES, INC.)
TAX I.D. NO. 73-1436867,)
)
)
)
Debtor.)

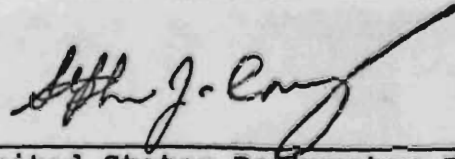
Case No. **95-03029-C**
(Chapter 11)

**ORDER AUTHORIZING EMPLOYMENT OF
ATTORNEY FOR DEBTOR IN POSSESSION**

97040033285
Upon consideration of the application of Dynamic Energy Resources, Inc., Debtor in Possession in this case, seeking authority to employ the law firm of Doerner, Saunders, Daniel & Anderson to represent the Debtor as Debtor in Possession in this case, and upon consideration of the attached Declaration Under Penalty of Perjury by Gary M. McDonald, and it appearing that the law firm of Doerner, Saunders, Daniel & Anderson is duly qualified to represent the Debtor before this Court, and the Court being satisfied that the law firm of Doerner, Saunders, Daniel & Anderson represents no interest adverse to the Debtor or the Debtor's Estate in the matters upon which it is to be engaged, that its employment is necessary and would be in the best interests of the estate, and it appearing that no notice of a hearing on this application need be given,

IT IS THEREFORE ORDERED on this 29 day of Sept., 1995, that Dynamic Energy Resources, Inc., as the Debtor in Possession in this case, be and hereby are authorized to employ Doerner,

Saunders, Daniel & Anderson as counsel, to represent the Debtor as Debtor in Possession in this case under Chapter 11 of the Bankruptcy Code.



United States Bankruptcy Judge

9704333286

EDWARD L. WRIGHT
(1903-1977)
ROBERT S. LINDSEY
(1913-1991)
ISAAC A. SCOTT, JR.
JOHN G. LILE
GORDON S. RATHER, JR.
TERRY L. MATHEWS
DAVID M. POWELL
ROGER A. GLASGOW
C. DOUGLAS BUFORD, JR.
PATRICK J. GOSS
ALSTON JENNINGS, JR.
JOHN R. TISDALE
KATHLYN GRAVES
M. SAMUEL JONES III
JOHN WILLIAM SPIVEY III
LEE J. MULDROW
N. M. NORTON
EDGAR J. TYLER
CHARLES C. PRICE
CHARLES T. COLEMAN
JAMES J. GLOVER
EDWIN L. LOWTHER, JR.
CHARLES L. SCHLUMBERGER
SAMMYE L. TAYLOR
WALTER E. MAY
ANNA HIRAI GIBSON
GREGORY T. JONES

WRIGHT, LINDSEY & JENNINGS
ATTORNEYS AT LAW

200 WEST CAPITOL AVENUE
SUITE 2200
LITTLE ROCK, ARKANSAS 72201-3699

(501) 371-0808

FAX (501) 376-8442

OF COUNSEL
ALSTON JENNINGS
RONALD A. MAY
BEVERLY BASSETT SCHAFFER

June 13, 1996

H. KEITH MORRISON
BETTINA E. BROWNSTEIN
WALTER MCGSPADDEN
ROGER D. ROWE
NANCY BELL-KIUBE MAY
JOHN D. DAVIS
JUDY SIMMONS HENRY
KIMBERLY WOOD TUCKER
RAY F. COX, JR.
HARRY S. HURST, JR.
TROY A. PRICE
PATRICIA SIEVERS LEWALLEN
JAMES M. MOODY, JR.
KATHRYN A. PRYOR
J. MARK DAVIS
CLAIRE SHOWS HANCOCK
KEVIN W. KENNEDY
JERRY J. SALLINGS
FRED M. PERKINS III
WILLIAM STUART JACKSON
MICHAEL D. BARNES
STEPHEN R. LANCASTER
JUDY M. ROBINSON
BETSEY MEACHAM
AINSLEY H. LANG
KYLE R. WILSON
DON S. MCKINNEY
MICHELE L. SIMMONS
KRISTI M. MOODY

VIA FEDERAL EXPRESS - TRACKER

Ms. Colleen T. Sealander, Esq.
ATTN: Alva Smith
FEDERAL ELECTION COMMISSION
99 E Street, N.W.
Washington, District of Columbia 20463

Re: The Center For Responsive Politics v. Dynamic Energy
Resources, Inc., Nora Lum, and Stuart Price
MUR 4356

Dear Ms. Sealander:

Enclosed please find the Response of Gene and Nora Lum and the Statements of Designation of Counsel in the above-referenced MUR. Mr. and Mrs. Lum are presently out of the country. Their return has been delayed due to the illness of Mr. Lum.

I also enclose the General Powers of Attorney executed by Mr. and Mrs. Lum authorizing Kathy Nojima to sign the enclosed Statements on their behalf. Ms. Nojima is the sister of Mrs. Lum.

If you have any questions or concerns, please do not hesitate to contact us.

Cordially,

WRIGHT, LINDSEY & JENNINGS

Judy M. Robinson
Judy M. Robinson

JMR/lam

Enclosures: 1. Response of Gene and Nora Lum (original)
2. Statements of Designation of Counsel (original)
3. General Power of Attorney (original)

rlm1218.107-1

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

JUN 14 10 04 AM '96

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BEFORE THE
FEDERAL ELECTION COMMISSION

THE CENTER FOR RESPONSIVE POLITICS,
Complainant

v.

MUR 4356

DYNAMIC ENERGY RESOURCES, INC.,
NORA LUM, AND STUART PRICE,
Respondents

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL
JUN 14 10 04 AM '96

RESPONSE OF GENE AND NORA LUM

Gene and Nora Lum ("Lums"), by and through their undersigned counsel, for their Response to the Complaint of The Center for Responsive Politics, state:

1. The allegations concerning Nora Lum and Dynamic Energy Resources, Inc. ("Dynamic") contained in paragraph 1 are denied.

2. The Lums are without sufficient knowledge to either admit or deny the information contained in paragraph 2.

3. The allegations in paragraphs 3, 4, 5, 6, and 7 are admitted. The allegations in paragraphs 8, 9, 10, 11, 12, 13, 14, and 15 are recitations of allegations made by Stuart Price and Linda Price in litigation against the Lums, Dynamic and others, and the Lums deny those allegations. Further, the Lums deny that they have violated the applicable provisions of the Federal Election Campaign Act, 2 U.S.C. § 431 et seq. ("FECA").

4. The allegations in paragraphs 16, 17, 18, and 19 are denied.

5. The term "contribution" includes any gift, loan, advance, or deposit of money or anything of value made by any person for the purpose of influencing any election for Federal office. 2 U.S.C. § 431 (8) (A).

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6. The term "expenditure" includes any purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value, made by any person for the purpose of influencing any election for Federal office and a written contract, promise, or agreement to make an expenditure. 2 U.S.C. § 431 (9) (A).

7. In late 1993, the Lums and Mr. Price formed Dynamic. Mr. Price, through his corporation, Denver Oil & Minerals Corp., owned 30% of the stock of Dynamic. That stock was subsequently transferred by Denver Oil & Minerals Corp. to Mr. Price's wife, Linda, and their four minor children. Mr. and Mrs. Lum and Mr. and Mrs. Price were members of the Board of Directors of Dynamic; Mrs. Lum was Chairman of the Board, and Mr. Price was President of Dynamic.

8. In mid-1994, Mr. Price advised the Lums that (a) he would seek a Congressional seat, (b) he would resign from all his positions at Dynamic, and (c) he and his wife wanted to sell back to Dynamic the 30% stock ownership. After heated negotiations, Mr. Price and Mrs. Lum agreed on the figure of \$150,000.00 as consideration from Dynamic to redeem the Price stock. Mr. Price requested that the consideration be paid as follows:

- (i) \$30,000 to Timpson Oil, the employer of Mr. Price's brother, Robert; and
- (ii) payment of the balance to Mr. Price's Congressional campaign when requested.

The agreement also was that the difference, if any, between the agreed price of \$150,000 and amounts paid to Timpson Oil and the campaign would be paid to Mr. Price, individually, at the end of

1994. In December, Mr. Price was paid this amount, which totalled \$100,000. Mr. Price agreed to transfer the stock on January 1, 1995.

9. The minutes of the August, 1994, Board meeting of Dynamic reflect some, but not all, of the details of the agreement with Mr. Price for redemption of the stock.

10. Rev. Carl Washington and Rev. Roderick Ewell are well known in Los Angeles, California for an anti-gang program which they organize and promote in inner-city neighborhoods. These activities have been supported in the past by Mr. and Mrs. Lum. The Lums, either individually or through Dynamic, have sponsored presentations by one or both of these men in several cities, including Tulsa, Oklahoma, Washington, D.C. and Los Angeles, California. Both men also assisted in organizing "get out the vote" campaign in Tulsa, Oklahoma.

11. The Lums have been unable to verify the facts alleged in paragraph 15, but deny the allegations.

12. On December 14, 1994, after Price lost his bid for Congress, Dynamic issued check #2132 to him in the amount of \$100,000 as the remaining balance owed to him for the sale of the stock. After January 1, 1995, Mr. Price refused to transfer the stock to Dynamic and asked for additional money. In May, 1995, Mrs. Price began litigation against Dynamic and the Lums seeking money damages, among other claims.

13. The payment of approximately \$50,000 as requested by Mr. Price for campaign related expenses was not a "contribution" or

an "expenditure" since they were not made for the purpose of influencing the Congressional election as prohibited by FECA. The payments were all made pursuant to an agreement in which Mr. Price agreed to sell and Dynamic agreed to purchase stock owned by Mr. Price's family.

14. The \$150,000 from the treasury of Dynamic was paid as directed by Mr. Price as consideration for the sale of stock in Dynamic. The proceeds from the sale of stock are "personal funds" of Mr. Price. 11 C.F.R. 110.10(b)(2). Mr. Price transferred those funds to his own campaign.

15. The conduct of the Lums in connection with the sale and purchase of Price's stock was not a knowing, or deliberate, or conscious disregard of FECA.

WHEREFORE, Gene and Nora Lum respectfully request that the Commission dismiss the Complaint, and for all other proper relief to which they are entitled.

Respectfully submitted:

WRIGHT, LINDSEY & JENNINGS
200 West Capitol Avenue
Suite 2200
Little Rock, Arkansas 72201-3699
(501) 371-0808

By Judy M. Robinson
John R. Tisdale (75127)
Judy M. Robinson (93217)
Attorneys for Gene and Nora Lum

R:jar2262.107

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4356

NAME OF COUNSEL: John R. Tisdale, Judy M. Robinson

FIRM: Wright, Lindsey & Jennings

ADDRESS: 200 West Capitol Avenue, Suite 2200
Little Rock, Arkansas 72201-3699

TELEPHONE: (501) 371-0808

FAX: (501) 376-9442

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

6/11/96
Date

Kathy [Signature]
Signature

RESPONDENT'S NAME: Noza T. Lum

ADDRESS: 7527 S. Sleepy Hollow Drive
Tulsa, Oklahoma 74136

TELEPHONE: HOME () _____

BUSINESS () _____

97043634292

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4356

NAME OF COUNSEL: John R. Tisdale, Judy M. Robinson

FIRM: Wright, Lindsey & Jennings

ADDRESS: 200 West Capitol Avenue, Suite 2200

Little Rock, Arkansas 72201-3699

TELEPHONE: (501) 371-0808

FAX: (501) 376-9442

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

6/11/96
Date

Kathy [Signature]
Signature

RESPONDENT'S NAME: Gene K. H. Lum

ADDRESS: 7327 S. Sleepy Hollow Drive

Tulsa, Oklahoma 74136

TELEPHONE: HOME() _____

BUSINESS() _____

9704333293

GENERAL POWER OF ATTORNEY

I, Nora T. Lum, do hereby constitute and appoint my sister, Kathy Y. Nojima, my true and lawful agent and attorney-in-fact, to exercise the following powers on my behalf, in a fiduciary capacity, if and to the extent my attorney-in-fact deems advisable:

(1) To acquire such goods and services for my use and benefit, and pay for the same from funds belonging to me, as my attorney-in-fact determines to be appropriate for my comfort and welfare, and to make such claims on insurance and Medicare and to apply for Medicaid or any other federal or state assistance program for which I may be or become eligible as may be necessary for my care;

(2) to make deposits to and to withdraw funds from any bank or savings and loan association account in my name;

(3) to pay, compromise, discharge or otherwise dispose of any obligations incurred by or asserted against me;

(4) to redeem or renew any certificate of deposit owned by me;

(5) to invest and reinvest funds and property which I own in such manner, and to purchase or acquire any assets or investments in my name, including the exercise of any options or rights I may hold to acquire assets or interests therein, and to purchase life insurance policies on my life or the life of others on whom I have an insurable interest, including the designation of beneficiaries thereunder, all as my attorney-in-fact determines to serve my best interests;

(6) to sell or lease any real or personal property owned by me, and execute, acknowledge and deliver all conveyances or other instruments incident thereto, upon such terms and conditions as my attorney-in-fact deems advisable;

(7) to borrow money on my behalf, for the purpose of carrying out any of the transactions hereby authorized, and to give mortgages or security interests on any property of mine in connection therewith, upon such terms and conditions as my attorney-in-fact deems appropriate;

(8) to vote as my proxy any stock or other voting securities which I own;

(9) to have access to any safe deposit box to which I have access, with authority to remove assets therefrom;

(10) to prepare and file such federal and state tax returns as may be required on my behalf and pay any taxes (including interest or penalties) found due, and to execute such applications, consents, waivers, or other instruments as may be advisable in connection with the determination of my tax liabilities;

(11) to engage such attorneys, agents and advisors as may be necessary to represent me in any legal proceedings and to perform any of the matters hereby authorized and to pay their reasonable compensation and expenses therefor;

(12) to make gifts of property owned by me, to disclaim property interests given to me by others, to create inter-vivos trusts for me as the settlor thereof (or fund by transfer of any assets thereto any existing trust created by me) and to purchase United States Treasury Bonds redeemable at par in payment of federal estate taxes imposed at my death, if and to the extent my attorney-in-fact deems advisable in furtherance of my estate planning; and

(13) generally to do and perform every act, and execute every document, that I might have the right to perform or execute if acting in my own right, whether or not similar to any of the specific acts above enumerated;

My attorney-in-fact shall have authority to designate one or more persons as substitute or successor agents under this General Power of Attorney, to perform some or all of the matters hereby enumerated.

EXECUTED in CONSULAR SECTION EMBASSY MOSCOW, this 11 day of June, 1996.

Nora T. Lum
Nora T. Lum

97043033295

ACKNOWLEDGMENT

On this 11th day of June, 1996, before me, the undersigned Notary Public, appeared in person Gene K. H. LUM, who acknowledged to me that he executed the foregoing General Power of Attorney, for the consideration and purposes therein mentioned.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Russian Federation
Moscow Oblast
City of Moscow
Embassy of the United States of America
Consular Section

Patricia J. Crowley
Notary Public

Patricia J. Crowley
Vice-Consul
of the United States
of America

My Commission Expires:

EX-108.877

970433296

GENERAL POWER OF ATTORNEY

I, Gene K. H. Lum, do hereby constitute and appoint Kathy Y. Nojima, my true and lawful agent and attorney-in-fact, to exercise the following powers on my behalf, in a fiduciary capacity, if and to the extent my attorney-in-fact deems advisable:

(1) To acquire such goods and services for my use and benefit, and pay for the same from funds belonging to me, as my attorney-in-fact determines to be appropriate for my comfort and welfare, and to make such claims on insurance and Medicare and to apply for Medicaid or any other federal or state assistance program for which I may be or become eligible as may be necessary for my care;

(2) to make deposits to and to withdraw funds from any bank or savings and loan association account in my name;

(3) to pay, compromise, discharge or otherwise dispose of any obligations incurred by or asserted against me;

(4) to redeem or renew any certificate of deposit owned by me;

(5) to vote as my proxy any stock or other voting securities which I own;

(6) to have access to any safe deposit box to which I have access, with authority to remove assets therefrom;

(7) to prepare and file such federal and state tax returns as may be required on my behalf and pay any taxes (including interest or penalties) found due, and to execute such applications, consents, waivers, or other instruments as may be advisable in connection with the determination of my tax liabilities;

(8) to engage such attorneys, agents and advisors as may be necessary to represent me in any legal proceeding and to perform any of the matters hereby authorized and to pay their reasonable compensation and expenses therefor;

(9) to make gifts of property owned by me, to disclaim property interests given to me by others, to create inter-vivos trusts for me as the settlor thereof (or fund by transfer of any assets thereto any existing trust created by me) and to purchase United States Treasury Bonds redeemable at par in payment of federal estate taxes imposed at my death, if and to the extent my

attorney-in-fact deems advisable in furtherance of my estate planning; and

(10) generally to do and perform every act, and execute every document, that I might have the right to perform or execute if acting in my own right, whether or not similar to any of the specific acts above enumerated;

My attorney-in-fact shall have authority to designate one or more persons as substitute or successor agents under this General Power of Attorney, to perform some or all of the matters hereby enumerated.

EXECUTED in CONSULAR SECTION, EMBASSY MOSCOW, this 11 day of June, 1996.



Gene K. H. Lum

9704353293

ACKNOWLEDGMENT

On this 11th day of June, 1996, before me, the undersigned Notary Public, appeared in person Nora T. Lum, who acknowledged to me that she executed the foregoing General Power of Attorney, for the consideration and purposes therein mentioned.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Russian Federation
Moscow Oblast
City of Moscow
Embassy of the United States of America
Consular Section

Patricia J. Crowley
Notary Public

Patricia J. Crowley
Vice-Consul
of the United States
of America

My Commission Expires:

N/A

Exp:000.0000

97043035299

DOERNER, SAUNDERS, DANIEL & ANDERSON

ATTORNEYS AT LAW

SUITE 500

320 SOUTH BOSTON AVENUE
TULSA, OKLAHOMA 74103-3725

SAM P. DANIEL
WILLIAM C. ANDERSON
VARLEY H. TAYLOR, JR.
G. MICHAEL LEWIS
LAWRENCE T. CHAMBERS, JR.
DALLAS E. FERGUSON
SAM G. BRATTON II
GARY M. McDONALD
E. WAYNE COOPER
KEVIN C. COUSTANT
RICHARD P. HIN
LYNN PAUL MATTSO
WILLIAM F. RIGGS
LEWIS N. CARTER
LINDA C. MARTIN
JAMES P. MCCANN
RICHARD H. POSTER
CHARLES S. PLUM
LEONARD I. PATAKI

S. DOUGLAS DOBB
ELISE DUNITZ BRENNAN
KATHY R. NEAL
JOHN J. CARWILE
JON E. BRIGHTMIRE
TOM O. FERGUSON
RICHARD J. LAGLETON
REBECCA M. FOWLER
KRISTEN L. BRIGHTMIRE
MICHAEL C. REDMAN
SCOTT B. WOOD
STEVEN K. METCALF
BENJAMIN J. CHAPMAN
SHELLY L. DALRYMPLE
RUSSELL W. KROLL
ROBERT A. BURK
RONALD W. LITTLE
JAMES C. MILTON

E. J. DOERNER
(918) 741-1000

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE
JUN 17 9 58 AM '96
TELEPHONE
FACSIMILE
(918) 501-5000

June 14, 1996

VIA FEDERAL EXPRESS

Colleen T. Sealander
Attorney
Central Enforcement Docket
Federal Elections Committee
Washington, D.C. 20463

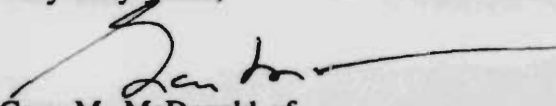
Re: Response of Dynamic Energy Resources, Inc. - MUR4356

Dear Ms. Sealander:

Please find enclosed an original and two machine copies of the Response of Dynamic Energy Resources, Inc., together with the original designation of counsel executed by an officer of Dynamic Energy Resources, Inc. We would appreciate your returning to us a file-stamped copy of the Response indicating its timely receipt, pursuant to the extension previously granted for Response by Dynamic Energy Resources, Inc.

As noted in the Response, Dynamic Energy Resources, Inc., is a Debtor-in-Possession in a proceeding pending before the United States Bankruptcy Court for the Northern District of Oklahoma. It is our view that that Court has the jurisdiction to determine any claims of the Federal Election Commission as against the Debtor, under the pervasive jurisdiction granted to it under appropriate Federal statutes. Nonetheless, in the spirit of cooperation, we submit the enclosed Response.

Very truly yours,


Gary M. McDonald of
DOERNER, SAUNDERS, DANIEL & ANDERSON

GMM:ah
encl.
cc: Kathy Nojima (w/encl.)

**BEFORE THE
FEDERAL ELECTION COMMISSION**

**THE CENTER FOR RESPONSIVE POLITICS,)
Complainant)**

v.)

MUR 4356

**DYNAMIC ENERGY RESOURCES, INC.,)
NORA LUM, AND STUART PRICE,)
Respondents)**

RESPONSE OF DYNAMIC ENERGY RESOURCES, INC.

Dynamic Energy Resources, Inc., Debtor-in-Possession (Dynamic), by and through its counsel, responds to the Complaint of The Center for Responsive Politics as follows:

1. The allegations concerning Dynamic contained in paragraph 1 are denied.
2. Dynamic is without sufficient knowledge to either admit or deny the information contained in paragraph 2.
3. The allegations in paragraphs 3, 4, 5, 6, and 7 are admitted. The allegations in paragraphs 8, 9, 10, 11, 12, 13, 14, and 15 are recitations of litigation contentions made by Stuart Price and Linda Price in litigation against the Lums, Dynamic and others. Dynamic denies the accuracy of such allegations as descriptive of transactions between Dynamic and Price. With respect to Paragraphs 8 and 10 Dynamic asserts that the quoted statements are taken out of context, and therefore may convey a different meaning. Further, Dynamic denies that it has violated the applicable provisions of the Federal Election Campaign Act, 2 U.S.C. §431 et seq.
4. The allegations in paragraphs 16, 17, 18, and 19 are denied.
5. Dynamic states that it is a debtor-in-possession in a Chapter 11 bankruptcy

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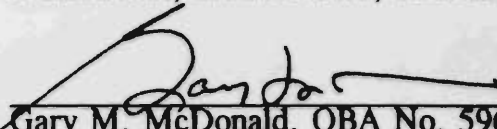
reorganization proceeding pending in the United States Bankruptcy Court for the Northern District of Oklahoma, Case No. 95-03029-C ("Reorganization Case"). Based upon the superior knowledge and information of Gene and Nora Lum, Dynamic hereby incorporates paragraphs 5-15 of the Response of Gene and Nora Lum filed in this proceeding by and through their counsel, Wright, Lindsey & Jennings, John R. Tisdale and Judy M. Robinson.

6. Dynamic by way of further response appends hereto and incorporates herein its Disclosure Statement and Plan of Reorganization filed in the pending Reorganization Case on June 19, 1996. Pursuant to Bankruptcy Code and Procedure, the Disclosure Statement is scheduled for consideration by the Bankruptcy Court on July 31, 1996.

7. By its Response, Dynamic expressly does not waive any claim, defense, or protection existing pursuant to the United States Bankruptcy Code, including without limitation 11 U.S.C. §362, and reserves all rights arising thereunder.

WHEREFORE, Dynamic respectfully requests that the Commission dismiss the Complaint and provide any further and other proper relief to which Dynamic may be entitled.

DOERNER, SAUNDERS, DANIEL & ANDERSON



Gary M. McDonald, OBA No. 5960
Tom Q. Ferguson, OBA No. 12288
320 S. Boston, Suite 500
Tulsa, Oklahoma 74103
(918) 582-1211

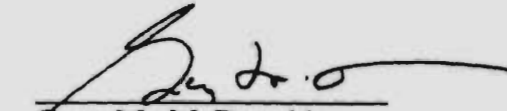
970400050

CERTIFICATE OF MAILING

The undersigned hereby certifies that on the ^{14th / 2006} 18th day of June, 1996, a true and correct copy of the above and foregoing Response was mailed, with proper postage thereon, to:

Ellen S. Miller
1320 19th Street, NW
Washington, D.C. 20036

John R. Tisdale
Judy M. Robinson
WRIGHT, LINDSEY & JENNINGS
200 West Capitol Avenue
Suite 2200
Little Rock, Arkansas 72201-3699



Gary M. McDonald

97043030

FILED

IN THE UNITED STATES BANKRUPTCY COURT **JUN 10 1996**
FOR THE NORTHERN DISTRICT OF OKLAHOMA

DOROTHY A. EVANS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA

IN RE:)
)
DYNAMIC ENERGY RESOURCES, INC.)
)
Debtor.)
)
Federal I.D. #73-1340306)

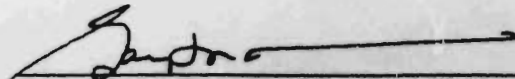
Case No. 95-03029-C
(Chapter 11)

**SUBMISSION OF DISCLOSURE STATEMENT AND PLAN BY
DYNAMIC ENERGY RESOURCE, INC.**

Dynamic Energy Resources, Inc., through its counsel Doerner, Saunders, Daniel & Anderson submits the attached proposed Disclosure Statement (Exhibit "A") and Plan of Reorganization (Exhibit "B") for consideration by this Court, after notice and hearing, as provided in the United States Bankruptcy Code.

DOERNER, SAUNDERS, DANIEL & ANDERSON

By:



Gary M. McDonald, OBA No. 5960
Leonard I. Pataki, OBA No. 6935
Tom Q. Ferguson, OBA No. 12288
320 South Boston, Suite 500
Tulsa, Oklahoma 74103
(918) 582-1211

Attorneys for Dynamic Energy Resources, Inc.

970430304

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

IN RE:)
DYNAMIC ENERGY RESOURCES, INC.) Case No. 95-03029-C
Debtor.) (Chapter 11)
Federal I.D. #73-1340306)

**DISCLOSURE STATEMENT OF
DYNAMIC ENERGY RESOURCES, INC.**

Dynamic Energy Resources, Inc. ("Dynamic"), a Delaware corporation, proposes the following Disclosure Statement and Plan of Reorganization (the "Plan") to Dynamic Creditors. The Plan is submitted under a separate document filed contemporaneously herewith. Capitalized terms used herein shall refer to defined terms in the Plan. In the event of any conflict between this Disclosure Statement and the Plan, the terms of the Plan shall govern.

I. GENERAL STATEMENT CONCERNING PLAN

Dynamic proposes this Plan which provides for the payment in full of all Administrative Claims and Allowed Claims within five (5) days of the Effective Date except for certain Disputed Claims, which will be paid when finally determined. Payments have previously been made to Creditors (Producers) who are owners of interests in oil and gas leaseholds, for sale of prepetition gas production to Dynamic. These payments made pursuant to an Order of the Bankruptcy Court dated October 2, 1995, are ratified under the Plan. The settlement and compromise of claims between Dynamic, Nora T. Lum, Kathy Nojima and Michael Brown, and Linda Mitchell Price, William Stuart Price, Denver Oil & Minerals, Inc., and the Price Minor Children, approved by this Court on December 19, 1995, is also ratified and affirmed under this Plan.

In order to fund this Plan, Dynamic will sell, through a Bankruptcy Court Supervised Sale, the Creek and K-2 Pipelines and Gas Gathering Systems, pursuant to 11 U.S.C. § 363, and will assume and assign certain contracts pursuant to 11 U.S.C. § 365. Dynamic proposes

EXHIBIT A

970433305

the Sale of Assets to Enerfin Resources I Limited Partnership ("Enerfin") for \$650,000.00 cash, all as more particularly set forth in the Motion for Authority to Sell Assets, filed on June 11, 1996. The Enerfin offer is subject to higher bids at the time of the sale.

After the Sale of Assets which will occur prior to the Effective Date, the net proceeds will be held for payment of claims under the Plan.

Dynamic as Reorganized Debtor will retain significant assets under the Plan, including a condominium in Honolulu Hawaii, the North Kelleyville Dutcher Enhanced Recovery Unit, and two compressors in which Associated Natural Gas Inc. ("ANGI") asserts a right of ownership and right to delivery in December 1998. The ANGI claims to the two (2) compressors will be resolved by the Bankruptcy Court on the ANGI Objection.

970433306
The assets not disposed of pursuant to this Plan will vest in the Reorganized Debtor free and clear of all liens, claim, and interests, except to the extent that upon determination of Disputed Claims satisfaction thereof shall require additional money, the retained assets shall be subject to any such unpaid Claim. Dynamic will emerge from this Plan as an operating business entity. All prepetition stock will remain outstanding, except that certain prepetition stock which has been conveyed by Price to Dynamic are Treasury Shares and will remain Treasury Shares. There will be no change in the existing management of Dynamic as the Reorganized Debtor. This Plan, if confirmed, will permit Dynamic to resume business operations after repayment in full of all prepetition obligations represented by Allowed Claims.

A. SOLICITATION OF VOTES

Solicitation of acceptances of a Plan is not permitted unless accompanied by a Disclosure Statement which has been approved by the Bankruptcy Court. This Disclosure Statement was approved by the Bankruptcy Court at a hearing held on the ____ day of ____, 1996. Accordingly, solicitation of your acceptance of this Plan is now permitted.

WHILE IT IS A REQUIREMENT OF THE BANKRUPTCY CODE THAT A DISCLOSURE STATEMENT BE APPROVED BY THE COURT, SUCH COURT APPROVAL DOES NOT IMPLY ANY JUDGMENT MADE OF THE COURT IN RESPECT

TO THE DESIRABILITY OR VIABILITY OF A PLAN OF REORGANIZATION. THE APPROVAL MEANS NOTHING MORE THAN THAT THE COURT HAS DETERMINED THAT THIS DISCLOSURE STATEMENT PROVIDES "ADEQUATE INFORMATION" TO THE CREDITORS OF THIS ESTATE, SUFFICIENT TO ENABLE THEM TO MAKE A REASONED AND INFORMED JUDGMENT ABOUT WHETHER THE PLAN ADEQUATELY PROTECTS THEIR INTEREST. Each Creditor should carefully evaluate this Disclosure Statement in conjunction with the Plan, in order to determine whether or not it is in that Creditors' best interest to accept the Plan.

B. ELIGIBILITY TO VOTE

970433307
All those person who have been listed as Creditors in the Debtor's Schedules and Statement of Affairs or have timely filed a Proof of Claim and whose Claim has not been disallowed are entitled to vote, either in favor of or against the Plan, utilizing the ballot circulated together with this Disclosure Statement. However, pursuant to 11 U.S.C. § 1126(f), a Class of Creditors whose Claim or Interest is not impaired, is conclusively presumed to have accepted the Plan, and solicitation of acceptances with respect to any such Class from the holders of Claims or Interest of such Class is not required. Accordingly, under the proposed Plan of Reorganization, Classes 1, 2, 3, 4, 5, 8, 10 and 11 are not impaired, and therefore solicitation of votes is not required of those Classes pursuant to 11 U.S.C. § 1126(f). Each Creditor whose Claim is impaired should determine the Class into which its Claim falls. Upon completion of the ballot, each Creditor should return it to the Dynamic's counsel, Gary M. McDonald, at the address shown on the ballot before the Deadline for Submission to assure proper tabulation.

Distributions under the Plan will be made only to holders of Allowed Claims. Schedules attached to the Plan identify all Allowed Claims, and the Plan identifies the Classes of such Creditor's Allowed Claims, and the amounts in which Claims have been allowed.

II. INTRODUCTION

Dynamic Energy Resources, a Delaware corporation, invoked the jurisdiction and sought protection of this Court on September 29, 1996 to afford Dynamic the opportunity to resolve legal disputes in a practical and economical forum with broad jurisdiction over properties and parties.

Dynamic was formed in 1993. In November of 1993, it purchased certain assets from GAGE Corporation, and concurrently entered into a Gas Sale Agreement with Oklahoma Natural Gas Company ("ONG"). In November 1993, Dynamic sold and assigned to ANGI certain rights under the Gas Sale Agreement, but also retained for its own benefit certain rights to sell gas to ONG. Dynamic also entered into a separate Gas Purchasing and Processing Agreement with ANGI dated November 13, 1993. From late 1993, Dynamic operated two gas pipelines and gathering systems, known as the Creek System and the K-2 System, and sold production to ANGI and ONG.

In January 1994, Dynamic sold and delivered to ANGI certain compressors which had been utilized in connection with the gas pipelines and gathering systems. These compressors were removed from the gas pipelines and gathering systems. The two compressors located on the North Kelleyville Dutcher Unit, were not delivered to ANGI and not included in the sale of the other compressors. These two compressors are subject to a dispute in a separate agreement addressed involved in the ANGI Claim Objection. Dynamic also operated the North Kelleyville Dutcher Enhanced Recovery Unit, and pursued business ventures in other industries, outside the energy field.

In March of 1994, Dynamic assigned and transferred to Enogex Services Corporation by written agreement all of its retained rights under its Contract with ONG, and all rights under a Contract with Helmerich & Payne, Inc.

The original business purposes of Dynamic included the vision of empowerment of individuals, often denied opportunity. The Board of Directors of Dynamic was and is composed of a broad and diverse representation of the American people. Dynamic intended to sponsor

and develop programs for the education of students from Asian nations at leading American Universities, and to provide similar opportunities for minority citizens within the United States.

William Stuart Price served as President of Dynamic from late 1993 until June 1994 when he left Dynamic to pursue a campaign for election to the United States Congress from the Oklahoma Second Congressional District. Mr. Price's campaign was not successful. Mr. Price returned to Dynamic in November 1994. Mr. Price finally left Dynamic in May 1995, under circumstances of disagreement with Dynamic.

Denver Oil & Minerals Corporation, a corporation owned by William Stuart Price, was one of the initial Shareholders of Dynamic. Linda Mitchell Price, the wife of William Stuart Price, and the four minor children of the Prices obtained the shares originally owned by Denver Oil & Minerals Corporation. The Prices held shares representing a minority interest of the outstanding shares of stock of Dynamic.

Dynamic understood that in conjunction with Mr. Price's departure to seek a Congressional seat in June of 1994, that Dynamic had achieved an agreement with Linda Mitchell Price and her minor children that Dynamic would purchase the Price Stock in Dynamic for \$150,000.00. Dynamic paid such sum to and on behalf of the Price family, for what Dynamic understood was the purchase of the Price Stock. At that time, in mid 1994, the return of William Stuart Price to Dynamic in November 1994 was not contemplated.

Later, after Mr. Price returned to Dynamic, the Prices contended that there was never any agreement to sell the Price Stock to Dynamic for \$150,000.00, and they further contended the Price Stock had never been sold. The Prices contended that they were entitled to recover from Dynamic substantial sums of money exceeding one million dollars, by virtue of their status as Dynamic Shareholders. In addition, Price alleged that Dynamic had made improper payments to or for the benefit of Nora T. Lum, Eugene Lum, Lum family members, and Michael Brown, a Dynamic Director. Dynamic vigorously disputed the Price Claims.

In May of 1995, Linda Mitchell Price commenced an action styled Linda Price v. Eugene Lum, Nora T. Lum, Kathy Nojima, Michael Brown and Dynamic, Tulsa County

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District Court Case No. CJ-95-1948. The litigation was bitterly contested, and Dynamic vigorously opposed the Price Claims. In the face of a State Court decision to appoint a Receiver for Dynamic, Dynamic sought protection of the United States Bankruptcy Court, to reorganize its affairs as Debtor-in-Possession.

In January, 1996, after extended litigation with Price in the Bankruptcy case, Dynamic entered into a Settlement Agreement with Price, pursuant to which Price released all claims against Dynamic, and conveyed all shares of Price Stock to Dynamic. Under the settlement, Dynamic paid Price \$150,000.00 and conveyed to Price Dynamic's interest in Ramco Energy Corporation. In connection with the settlement, which was approved by the Bankruptcy Court on December 19, 1995, Nora T. Lum loaned to Dynamic \$150,000.00 to fund the Settlement Agreement with Price. Nora Lum was granted an administrative expense priority for that \$150,000.00 unsecured loan. The Price Settlement ended a bitter dispute, which consumed substantial energy and resources of Dynamic for almost one year. During the course of the litigation, certain charges were made and publicized which created additional inquiries by various regulatory agencies. Dynamic became the subject of sometimes sensational news accounts involving public figures and issues, which in most respect were either inaccurate or distorted. These reports, however, increased the difficulty encountered by Dynamic in its efforts to continue to operate and reorganize its business affairs.

Post-Petition, Dynamic, under the capable direction of its limited staff of employees, continued to operated the Creek and K-2 Systems. In order to assure uninterrupted payments to Dynamic's producers, and to preserve the confidence of producers, Dynamic sought and obtained an Order of the Bankruptcy Court authorizing Dynamic to pay all prepetition producer claims as well as prepetition priority wage claims. These claims were paid, and the payments are ratified under the Plan. Dynamic has paid all producers in accordance with contractual provisions, without interruption.

In April 1996, Dynamic successfully obtained a renewal from the Oklahoma Corporation Commission of a hardship Priority One designation of the Creek System for an additional year.

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Dynamic has attempted to market the Creek and K-2 Systems since shortly after the Bankruptcy was filed. An obvious and logical buyer was ANGI, which was the purchaser of production from these Systems. ANGI submitted an offer to purchase the Systems and two Compressors located on the North Kelleyville Dutcher Unit for \$750,000.00. Dynamic contends the offer was duly accepted. Thereafter ANGI attempted to substantially modify the offer to the detriment of Dynamic and its creditors and attempted to withdraw it. ANGI contends the offer was withdrawn prior to acceptance. Dynamic contends the original offer was accepted, and thereafter breached by ANGI. Later, ANGI offered to pay \$500,000.00 for the gas gathering systems in open Court, which bid Dynamic rejected. Dynamic asserts a breach of contract claim against ANGI, which claim is not released under the Plan. However, the Plan does not depend upon a recovery against ANGI for funding of the Plan.

On June 11, 1996, Dynamic filed its Motion for Authority to Sell Assets. Pursuant to the Motion for Authority to Sell Assets, Dynamic proposes to sell the identified assets of the gas pipelines and gathering systems and associated assets to Enerfin for \$650,000.00 cash. Other parties will be provided an opportunity to bid on the Sale Assets.

Dynamic has objected to two creditor claims. These claims, asserted by ANGI and Enogex Services Corporation ("Enogex"), will be classified as Class 10 claims when and if allowed. Dynamic also asserts a counterclaim of \$72,481, plus interest, against Enogex.

After the Sale of Assets, Dynamic will pay Creditor Claims as provided in this Plan and will pay all Allowed Administrative Claims. Dynamic will continue in business, administer its retained assets, and enjoy the opportunity to again pursue its corporate purposes, which were shelved during the period of bitter litigation and the administration of this case.

III. THE PLAN

A. THE PRINCIPAL ELEMENTS

This Plan of Reorganization contemplates continued business operations of Dynamic, under the direction of current management. Accumulated cash together with proceeds from the Sale of Assets will be utilized to pay Creditor Claims within five (5) business days of the

Effective Date. All pre-petition Creditors will be paid in full pursuant to the Plan. Disputed Claims will be paid when finally determined. All outstanding stock (Class 11) of Dynamic will be unaffected by this Plan. Class Two will retain its secured status in the certificates of deposit.

IV. CLASSIFICATION OF CREDITORS

Creditors are classified into eleven separate classes as more particularly described in the Plan:

Class 1: Tax Claims: There is one claim within this Class.

Class 2: Contingent Secured Claim of State Bank.

Class 3: Secured Claim of Nora Lum for loans to Dynamic.

Class 4: Contingent Claim of Federal Election Commission.

Class 5: Price Creditors Claim.

Class 6: Warnock and Yocham Surface Damages Claim.

Class 7: Toyota Motor Credit Claim.

Class 8: Jaguar Credit Corporation Claim.

Class 9: Greenberg & Traurig Claim

Class 10: Unsecured Claims.

Class 11: Interests

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Estimated administrative claims through May 31, 1996 which have not yet been determined, are separately classed, and include claims of Doerner, Saunders, Daniel & Anderson (\$215,000.00) bankruptcy counsel; special counsel for Debtor, Cheri M. Wheeler (\$3,500.00); Coopers & Lybrand, accountants (\$21,300.00); and V. Alan Ratliff, Industry Expert and Consultant (\$32,000.00). In addition, Nora Lum holds an administrative claim of \$150,000.00 together with accruing interest since December 31, 1996, at eight percent (8%) per annum, which will be paid in full. The professional fees will be partially paid by \$45,000.00 in retainers previously authorized by the Bankruptcy Court. The Plan provides for

payment of professional fee administrative claims upon determination of the amount due or otherwise as the recipient may agree.

V. PLAN FEASIBILITY

Payments under the Plan are as follows:

Administrative Professional Fees (Estimated - net of \$45,000 in retainers)	\$ 226,500.00
Personal Property Taxes (Creek, Okfuskee)	12,000.00
Nora Lum Administrative Claim	150,000.00*
Class 1	2,100.00
Class 2	0.00
Class 3	87,500.00*
Class 4	Unknown
Class 5	0.00
Class 6	8,900.00
Class 7	0.00
Class 8	0.00
Class 9	25,000.00
Class 10**	92,152.79
Class 11	0.00
	<u>\$604,152.00</u>

Cash from Sale of Gas Gathering System

\$ 650,000.00

(Minimum price)

Other Assets

Compressors - Rental value	\$ 100,000.00
Hawaiian Condominium	100,000.00
Certificates of Deposit	40,000.00
Furniture, Fixtures & Equipment (Unknown)	

Total Value of Assets 890,000.00

Excess Assets for Disputed Claims: \$ 285,848.00

No Value given to cash on hand, other assets and claims.
No Payments made to Class 11, Interest Holders.

* Interest will accrue on these claims.

** Does not include disputed claims of Enogex and ANGI.

VI. OFFICERS AND DIRECTORS OF DYNAMIC AFTER CONFIRMATION

After confirmation, the pre-petition stock of Dynamic will remain outstanding. The following current officers and directors will remain after confirmation:

<u>Name</u>	<u>No. Shares</u>	<u>Office</u>
Nora T. Lum	610	President
Kathy Nojima	5	Secretary/Treasurer

Nora T. Lum is both a Creditor and Majority Shareholder of Dynamic.

VII. RETENTION OF CLAIMS

Dynamic as Reorganized Debtor will retain and be vested with all rights, claims, and causes of action which existed against third parties at the commencement of this case, and which have not been compromised, released or discharged in this Bankruptcy Case or Plan. No recovery on any such claim is required for purposes of the funding of this Plan.

VIII. TAX IMPACT OF THE PLAN UPON DEBTOR

Virtually, all Creditor Claims are proposed to be paid in full so that there will be no significant forgiveness of indebtedness income. There will be no transfer of ownership or control of Dynamic under this Plan. Under these circumstances, Dynamic believes that the Plan as proposed will have no significant impact on Dynamic or upon its pre-petition tax status.

IX. STANDARDS OF CONFIRMATION

In order to confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan, including that (a) the Plan has classified claims and interests in a permissible manner; (b) the Plan complies with the technical requirements of Chapter 11 of the Code; (c) the Plan has been proposed in good faith; and (d) the disclosures as required by Chapter 11 of the Bankruptcy Code have been adequate and have included information concerning all payments made or promised to be made in conjunction with the Plan. Dynamic believes that all of these conditions will have been met and will seek rulings of the Bankruptcy Court to this effect.

The Bankruptcy Code also requires that the Plan has been accepted by the requisite vote of Creditors (except to the extent that "cram-down" is available under § 1129(b) of the Code, as described in Section 5 below "Confirmation Without Acceptance By All Impaired Classes"); that the Plan be feasible (that is, there is a reasonable prospect that the Debtor will be able to

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perform its obligations under the Plan, and continue its business pursuits without further financial reorganization); and that the Plan is in the "best interest" of all Creditors (that is, that the Creditors will receive at least as much pursuant to the Plan as they would receive in a Chapter 7 liquidation). To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met (unless the applicable provisions of § 1129(b) of the Bankruptcy Code are employed in which event the Plan could be confirmed even though a Class does not accept the Plan). Thus, even if the Creditors of Dynamic accept the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Plan's feasibility and whether it is in the best interest of the Creditors of Dynamic, before it may confirm the Plan. The statutory conditions to confirmation are discussed below:

1. Classification of Claims Or Interests. The Bankruptcy Code requires that a Plan of Reorganization place each Creditor's claim in a Class with other claims and interests which are "substantially similar." Dynamic believes that the Plan meets the classification requirements of the Code. Creditors who are Affiliates have been separately classed and treated in subordinate fashion.

2. Voting. As a condition of confirmation, the Code requires that each Impaired Class of Claims or interests accept the Plan. The Bankruptcy Code defines acceptance of a Plan by a Class of Claims as acceptance by holders of two-third (2/3) in dollar amount and a majority in number of Claims of that Class, but for that purpose counts only those Creditors who actually vote to accept or reject the Plan.

Classes of claims that are not "impaired" under the Plan are deemed to have accepted the Plan. Acceptances of the Plan are therefore being solicited only from those persons who hold Claims in an impaired class. A Class is "impaired" if the legal, equitable, or contractual right attaching to the claims or interest of that class are modified, other than by curing defaults and reinstating maturity or by payment in full of each. Classes 6, 7 and 9 are impaired under the Plan. Classes 1, 2, 3, 4, 5, 8, 10 and 11 are unimpaired, and the holders of claims in these

3.02 Class 2 Contingent Secured Claim of State Bank. At the pre-petition request of Dynamic, State Bank issued certain letters of credit, each of which is secured by a Certificate of Deposit issued by State Bank, more particularly identified as follows:

<u>Letter of Credit Commitment No.:</u>	<u>Amount</u>	<u>Beneficiary</u>	<u>CD No.</u>
	\$ 8,249.98	Oklahoma Tax Commission	
	25,000.00	Oklahoma Corporation Commission	
	10,000.00	Aetna Casualty and Surety Company	

Each letter of credit is secured by the certificate of deposit in the amount of the letter of credit, identified above. State Bank has possession of each of the above described certificates of deposit issued to Dynamic by State Bank.

3.03 Class 3 Secured Claim of Nora Lum Loans. Nora Lum, President of Dynamic, has made certain post-petition loans to Dynamic as shown on Exhibit 2 attached hereto and incorporated herein by reference, pursuant to Orders of this Court authorized such borrowing. The Nora Lum Loans are outstanding in the amount of \$87,500.00 principal and accruing interest of 8% per annum. Pursuant to Orders of the Bankruptcy Court, the Nora Lum Loans are secured by all assets of Dynamic, pursuant to 11 U.S.C. § 364.

3.04 Class 4 Contingent Claim of Federal Election Commission. By letter dated May 13, 1996, Dynamic was advised by the Federal Election Commission of Washington D.C., that a Complaint had been submitted to it by the Center for Responsive Politics, which Complaint relates to pre-petition events. The Federal Election Commission is investigating the Complaint. Dynamic has not yet responded, and the time for response, as extended, has not expired.

3.05 Class 5 Price Creditors. The Price creditors consist of Price as defined herein. Stuart Price was formerly an officer of Dynamic. Linda Mitchell Price was formerly a Director and Shareholder of Dynamic. Linda Mitchell Price, Stephanie Lynn Price, William Stuart Price II, Jacqueline Elizabeth Price and Nicole Marie Price previously claimed ownership

Classes will not be solicited for acceptance pursuant to 11 U.S.C. § 1126(f), and their acceptances will be presumed.

3. Best Interest of Creditors. Notwithstanding Acceptance of the Plan by Creditors, as provided for in the Bankruptcy Code, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan is in the best interest of all classes of Creditors impaired by the Plan. The "best interest" test requires that the Bankruptcy Court find that the Plan provides for each member of each Impaired Class of Claims recovery which has a value at least equal to the value of the distribution which each such Creditor would receive if Dynamic were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate what members of each Impaired Class of Unsecured Creditors would receive if the Dynamic Estate were liquidated, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from Dynamic's assets if the Chapter 11 case were converted to a Chapter 7 case under the Bankruptcy Code and the assets were liquidated by a Trustee in bankruptcy (the "Liquidation Value"). The Liquidation Value would consist of the net proceeds from the disposition of non exempt assets of the Debtor, augmented by the cash held by Dynamic and recoveries on actions against third parties.

The Liquidation Value available to general Creditors would be reduced by (a) the claims of secured Creditors and (b) by the costs and expenses of liquidation as well as other administrative expenses of the Debtor's Estate. The Debtor's cost of liquidation under Chapter 7 would include compensation of a Trustee, as well as of counsel and other professionals retained by the Trustee; disposition expenses; all unpaid expenses incurred by the Debtor during the Chapter 11 reorganization proceeding (such as compensation for attorneys, which are allowed in a Chapter 7 proceeding; litigation costs; and claims arising during the pendency of the Chapter 11 reorganization and Chapter 7 liquidation proceedings. Once the percentage of recoveries of Secured Creditors, Priority Claimants, General Creditors, and Equity Security Holders are ascertained, the value of the distribution out of the Liquidation Value is compared with the value of the consideration offered to each of the classes of Claims under the Plan to

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determine if the Plan is in the best interest of each Creditor and Equity Security Holder. Dynamic is in effect liquidating its principal asset through the Sale of Assets, in a manner to far surpass in value the results likely to be achieved by a Chapter 7 Trustee. Under the circumstances, the Plan proposes a better recovery than liquidation in a Chapter 7 case.

(4) Feasibility of the Plan. Dynamic believes that the Reorganized Debtor will be able to perform the obligations under the Plan and continue to successfully conduct business, because the Sale of Assets and value of its other assets will generate sufficient funds to satisfy its obligations.

(5) Confirmation Without Acceptance By All Impaired Classes. The Bankruptcy Code contains provision for confirmation of a plan even if the Plan is not accepted by all impaired classes, as long as at least one impaired class of Claims has accepted it. These "cram-down" provisions are set forth in § 1129(b) of the Bankruptcy Code.

A Plan may be confirmed under the "cram-down" provisions if, in addition to satisfying the usual requirements of § 1129 of the Bankruptcy Code, it (i) "does not discriminate unfairly" and (ii) "is fair and equitable with respect to each class of Claims or interest that is impaired under, and has not accepted the Plan". As used by the Bankruptcy Code, the phrases "discriminate unfairly" and "fair and equitable" have narrow and specific meanings unique to bankruptcy law.

The requirement that a plan not "discriminate unfairly" means that a dissenting class must be treated equally with respect to other Classes of equal rank. Dynamic believes that the Plan does not "discriminate unfairly" with respect to any class of claims because no class is afforded treatment which is disproportionate to the treatment afforded other classes of equal rank.

The "fair and equitable" standard, also known as the "absolute priority rule," requires that dissenting classes receive full compensation for their allowed claims before any junior class receives any distribution. Dynamic believes this Plan satisfies such standard.

(6) Alternatives to the Plan. Dynamic believes that the Plan, which provides for payment of Dynamic's Creditors, achieves the full objective of Chapter 11 Reorganization. The

alternatives to confirmation of the Plan are (i) confirmation of an alternative plan of reorganization submitted by the Debtor or by another party in interest or (ii) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. Dynamic is unaware of any alternate plan, and because the claims of Affiliates are subordinated to other Creditors which would otherwise not be absolutely required, the recovery under this Plan is greater for non-Affiliate Creditors than under alternative plans. For reasons described herein, Dynamic believes that the distribution to Unsecured Allowed Claims under the Plan will be greater and earlier than distributions which might be received after liquidation of Dynamic.

Dynamic believes that Confirmation of the Plan is preferable to any available alternatives described above because the Plan provides for an equitable, early distribution to all impaired classes of the Debtor's Creditors and preserves the value and earning capacity of Dynamic, thus allowing its contribution to this Plan; any alternatives to confirmation of the Plan would result in diminution of recoveries.

X. CONCLUSION

This Disclosure Statement contains information intended to assist Creditors of Dynamic in evaluating the Plan of Reorganization. If the Plan is confirmed, all Creditors of Dynamic will be bound by its terms.

Dynamic urges each Creditor to read the Plan carefully and to use this Disclosure Statement and such other information as may be available in order to make an informed decision on the Plan.

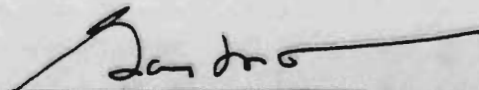
DATED this 10th day of June, 1996.

DYNAMIC ENERGY RESOURCES, INC.

By: Kathy Nejima
Kathy Nejima, Secretary/Treasurer

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DOERNER, SAUNDERS, DANIEL & ANDERSON

By: 

Gary M. McDonald, OBA No. 5960
Leonard I. Pataki, OBA No. 6935
320 South Boston, Suite 500
Tulsa, Oklahoma 74103
(918) 582-1211

Attorneys for Dynamic Energy Resources, Inc.

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

IN RE:)
DYNAMIC ENERGY RESOURCES, INC.) Case No. 95-03029-C
Debtor.) (Chapter 11)
Federal I.D. #73-1340306)

PLAN OF REORGANIZATION OF
DYNAMIC ENERGY RESOURCES, INC.

Dynamic Energy Resources, Inc. ("Dynamic"), Debtor in the above-styled case, proposes the following Plan of Reorganization ("Plan"), pursuant to Chapter 11 of the United States Bankruptcy Code.

GENERAL PLAN SUMMARY

This Plan of Reorganization contemplates that Dynamic will pay in full all Administrative Claims and all Allowed Claims held by creditors from funds on hand or to be obtained through the Sale of Assets of Dynamic, as more particularly described in this Plan. No new stock will be issued pursuant to this Plan of Reorganization. All existing shares of stock as of the commencement of this case will remain valid and outstanding, except that the Price Stock, as defined herein, will remain Treasury Stock. Disputed Claims of Associated Natural Gas, Inc. ("ANGI") and Enogex Services Company ("Enogex"), may be resolved after Confirmation Date, in pending litigation before the Bankruptcy Court. The holders of all Allowed Unsecured Claims except for ANGI and Enogex will be paid within five (5) business days of the Effective Date. Funds attributable to the ANGI and Enogex claims will be deposited by Dynamic in a segregated account pending determination of claims as provided herein. Payment under this Plan is not dependent upon the outcome of unresolved claims or litigation, but is dependent upon consummation of the closing of the Sale of Assets. Dynamic will reorganize as the Reorganized Debtor, owning all of its claims and assets not otherwise released or disposed of under this Plan.

ARTICLE I
DEFINITIONS

For the purposes of the Plan, the following terms shall have the respective meanings hereinafter set forth:

1.01 Acceptance. As used herein, this term is defined in § 1126 of the Bankruptcy Code. A Class of Claims has accepted this Plan if the Plan has been accepted by claimants of that Class that hold at least two-thirds in dollar amount and a majority in number of the Allowed Claims of such Class which vote either to accept or to reject the Plan. Pursuant to 1126(f), a Class that is not impaired under this Plan, and each holder of a claim or interest of such Class, is conclusively presumed to have accepted the Plan, and Solicitation of Acceptances with respect to such Class from the holders of claims or interests of such Class is not required. Classes 1, 2, 3, 4, 5, 8, 10 and 11 are not impaired.

1.02 Administrative Expense. Any cost or expense of administration of the case allowed by the Bankruptcy Court under Section 503(b) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Dynamic Estate, and all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under Section 330 of the Bankruptcy Code and the Bankruptcy Rules, and the post-confirmation expenses incident to the implementation of this Plan.

1.03 Allowed Claim shall mean a claim (a) which has been scheduled by Dynamic which is not shown as disputed, contingent or unliquidated, or (b) as to which a proof of claim has been properly filed prior to the Bar Date established by the Court, and as to which no objection to the allowance thereof has been or will be interposed or as to which any such objection has been determined by an order or judgment which is no longer subject to appeal and as to which no appeal is pending. A schedule listing the Allowed Claims and the classification of such creditors pursuant to this Plan, and the amounts thereof is attached hereto as Exhibit "A" and is incorporated herein by reference.

1.04 ANGI Claim Objection: The Objection to Claim of ANGI, which is a pending contested matter in the Bankruptcy Case.

1.05 Bankruptcy Code. The Bankruptcy Reform Act of 1978, as amended, title 11, United States Code (11 U.S.C. 101, *et seq.*).

1.06 Bankruptcy Court. The United States Bankruptcy Court for the Northern District of Oklahoma having jurisdiction over this Chapter 11 case.

1.07 Bar Date. December 4, 1995, the date established by Order of the Bankruptcy Court for the filing of claims.

1.08 Claim. Any right of a creditor to payment from Dynamic, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to any equitable remedy for breach of performance if such breach gives rise to a right of payment from Dynamic, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.09 Class. A category of holders of Claims which are substantially similar to the other Claims in such class.

1.10 Confidentiality Order. The Order of the Bankruptcy Court entered in this case on January 2, 1996, styled *Order in Connection with Settlement and Compromise Agreement Between Parties, Approved December 15, 1995, and Modifying Protective Order*.

1.11 Confirmation. The entry by the Bankruptcy Court of an Order confirming this Plan of Reorganization.

1.12 Confirmation Date. The date upon which the Order of Confirmation is entered by the Bankruptcy Court.

1.13 Confirmation Order. The Order entered by the Bankruptcy Court confirming the Plan.

1.14 Consummation of the Plan. The substantial performance of all material obligations provided for in the Plan.

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1.15 Creditor. Any person having a Claim against Dynamic that arose on or before the Petition date or a Claim against any of Dynamic's Estate of a kind specified in Section 502(g), (h) or (i) of the Bankruptcy Code.

1.16 Disputed Claims. The Claims of Associated Natural Gas, Inc., and Enogex Services Corporation.

1.17 Dynamic. Dynamic Energy Resources, Inc., a Delaware corporation, Debtor-in-Possession herein.

1.18 Effective Date. A date which is twenty (20) days after the entry of the Confirmation Order.

1.19 Enogex Adversary. The Objection to Claim of Enogex Services Corporation, Adversary Proceeding No. 96-0077-C.

1.20 Motion for Authority to Sell Assets. The *Motion for (i) Approval of Sale of Natural Gas Pipeline Gathering Systems pursuant to 11 U.S.C. § 363, (ii) Assumption and Assignment of Executory Contracts and Unexpired Leases Pursuant to 11 U.S.C. § 365, and (iii) Established Sale Procedures and Brief in Support* filed by Dynamic on June 11, 1996.

1.21 Order Approving Joint Motion for Authority to Settle and Compromise Claim. The *Order Granting Application of Dynamic Energy Resources, Inc. Authority to Obtain Unsecured Financing from Nora T. Lum and Order Approving Joint Motion for Authority to Compromise and Settle Claim and Resolve Related Matters* entered by the Bankruptcy Court on December 19, 1995.

1.22 Petition Date. September 29, 1995, the date of commencement of this bankruptcy case.

1.23 Plan. This Chapter 11 Plan, as it may be amended in accordance with the terms hereof or modified in accordance with the Bankruptcy Code.

1.24 Price. Collectively William Stuart Price, Linda Mitchell Price, Stephanie Lynn Price, William Stuart Price, II, Jacqueline Elizabeth Price, Nicole Marie Price, and Denver Oil & Minerals Inc.

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1.25 Price Stock. Shares of Stock of Dynamic formerly owned by Price, which have become Treasury Stock pursuant to the Order Approving Joint Motion for Authority to Settle and Compromise Claim.

1.26 Reorganized Debtor. Dynamic Energy Resources, Inc. after Confirmation and Consummation of the Plan.

1.27 Retained Assets. All assets of Dynamic Energy Resources, Inc., or its Estate, including, but not limited to, causes of action, claims, rights, tangible assets and in tangible assets, not otherwise released, sold, or disposed of under this Plan.

1.28 Rules. The Federal Rules of Bankruptcy Procedure, as supplemented by the Local Bankruptcy Rules as adopted by the Bankruptcy Court.

1.29 Sale of Assets. The sale of certain Assets pursuant to the Motion for Authority to Sell Assets.

1.30 Schedules. The Schedules and Statement of Affairs filed by Dynamic, as supplemented and amended.

1.31 Treasury Shares. All shares of stock of Price, conveyed to Dynamic pursuant to the Order Approving Joint Motion for Authority to Settle and Compromise Claims.

ARTICLE II

ADMINISTRATIVE EXPENSE PRIORITY CLAIMS

2.01 The Administrative Expenses of Dynamic incurred in the administration of Dynamic's bankruptcy case which are entitled to priority pursuant to Section 507(a)(1), (3), (4), (5) and (6) are anticipated to include and are estimated to be the following unpaid sums:

(a) Allowed fees and expenses of Dynamic's attorneys, Doerner, Saunders, Daniel & Anderson ("Doerner, Saunders"), as approved by the Bankruptcy Court. The Bankruptcy Court has previously authorized Dynamic to retain Doerner, Saunders and to deliver to Doerner, Saunders a retainer in the amount of \$25,000 for fees and expenses incurred subject to ultimate Bankruptcy Court approval. No Interim Fee Applications have been

presented by Doerner, Saunders, Daniel & Anderson. Fees and expenses since September 29, 1995 are estimated at \$215,000.00.

(b) Allowed fees and expenses of Cheri M. Wheeler, special counsel for Dynamic. The Bankruptcy Court has previously authorized Dynamic to retain Ms. Wheeler of Behrens, Taylor, Dobelbower & Gee, as special counsel to assist in matters before the Oklahoma Corporation Commission. No Interim Fee Application has been presented by Ms. Wheeler. Fees and expenses since retention are estimated at \$3,500.00.

(c) Allowed fees and expenses of Coopers & Lybrand, accountants for Dynamic. The Bankruptcy Court has previously authorized Dynamic to retain Coopers & Lybrand and authorized payment of a retainer in the amount of \$15,000.00 for fees and expenses incurred subject to ultimate Bankruptcy Court approval. No Interim Fee Application has been presented by Cooper & Lybrand. Fees and expenses after retention are estimated to be \$21,300.00.

(d) Allowed fees and expenses of V. Alan Ratliff, Industry Expert and Consultant of Dynamic. The Bankruptcy Court has previously authorized Dynamic to retain V. Alan Ratliff, of Woodbine Natural Gas Marketing, as Industry Expert and Consultant and authorized a retainer in the amount of \$5,000.00 for fees and expenses. No Interim Fee Application has been presented by Mr. Ratliff. Fees and expenses after retention, retroactive to December 12, 1995 are estimated at \$32,000.00.

(g) The loan of Nora T. Lum of \$150,000 made December 1, 1995, pursuant to Bankruptcy Court authorization, together with interest at eight percent (8%) per annum until paid.

(h) Unpaid personal property taxes of Dynamic for 1995, owed to the Okfuskee Country Treasurer and the Creek Country Treasurer in the approximate aggregate amount of \$12,000.00.

(i) Other allowed administrative expenses pursuant to Section 503 of the Code in such amounts as may be determined and allowed by the Bankruptcy Court. Dynamic is not aware at this time of any administrative expenses other than as stated herein.

2.02 Order Regarding Payment. Pursuant to this Plan, the Bankruptcy Court will enter a Final Order for payment of professional fees and costs with respect to those sums as are to be provided hereunder, pursuant to 11 U.S.C. § 330.

2.03 Treatment of Administrative Claims. Administrative Expense Claims shall be payable in cash within five (5) business days of the Effective Date, or thereafter shall be paid when determined by the Bankruptcy Court unless otherwise agreed. The personal property taxes due to the Okfuskee County Treasurer and the Creek County Treasurer together with accruing interest will be paid from proceeds of the Sale of Assets. If not so paid, they will be paid when other Administrative Claims are paid.

2.04 Determination of Administrative Claims Which Have Not Been Determined by Confirmation Date. The Bankruptcy Court shall retain jurisdiction, *inter alia*, to allow, or if applicable, disallow claims pertaining to Administrative Expenses presented, and/or incurred prior to and following Confirmation and the Effective Date, including claims as yet presented as contemplated in paragraphs 2.1, 2.3 or 2.4.

ARTICLE III

CLASSIFICATION OF CLAIMS AND INTERESTS

3.01 Class 1 Tax Claims. Class 1 consists of all claims of governmental entities entitled to priority pursuant to § 507(a)(7). These claims include Dynamic's pre-petition obligations to the Internal Revenue Service ("IRS"), the Oklahoma Tax Commission, and the Oklahoma Employment Security Commission. There are no such known tax claim obligations except as shown on Exhibit 1, appended hereto and incorporated herein by reference. Dynamic owes no taxes entitled to priority pursuant to 507(a)(7). Dynamic is current on all federal and Oklahoma taxes incurred on a post-petition basis.

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of the Price Stock, which claims and rights have been compromised, and all right to the Price Stock has been conveyed to Dynamic.

3.06 Class 6 Warnock and Yocham Surface Damage Claims. The Warnock claim, asserted by William Warnock, is based upon a May 1995 claim for property damages in the amount of \$1,500.00 incurred in connection with prepetition pipeline repairs. The Yocham claim, in the amount of \$7,400.00 is based upon damages alleged to have resulted from prepetition operation of the gas pipeline and gathering systems, pursuant to right of way across Mr. Yocham's property. Both claims are asserted by land owners for surface damages.

3.07 Class 7 Toyota Motor Credit Claim. Toyota Motor Credit asserts a claim in the amount of \$12,766.70, arising from a lease of an automobile, described as a Lexus ES 3000. Since commencement of this Case, monthly payments of \$579.85 have been paid by Nora T. Lum, and the automobile has been subject to use by Nora T. Lum, or her designee. The current remaining lease term is sixteen months, with the term expiring on October 14, 1997.

3.08 Class 8 Jaguar Credit Corporation. Jaguar Credit Corporation has filed two Proofs of Claims in this Case each based upon a motor vehicle lease identified as follows:

- (1) Jaguar Automobile
- (2) Jaguar Automobile

Pursuant to the respective Vehicle Leases, Dynamic had the option to acquire the automobiles pursuant to the Vehicle Lease Agreement, or to return the vehicles to Jaguar Credit Corporation on April 26, 1996. Both Vehicle Lease Agreements have expired by their terms.

3.09 Class 9 Greenberg & Traurig. Greenberg & Traurig asserts a claim of \$48,003.00 for prepetition professional services rendered to Dynamic.

3.10 Class 10 Unsecured Claims. Class 10 includes all Unsecured Allowed Claims against Dynamic which are not entitled to priority under § 507 of the Code and which do not represent contingent or unliquidated claims. All Class 10 Claims and the allowed

amounts thereof are listed on Exhibit 3. The Class 10 Claims of Enogex and ANGI are Disputed Claims, and are subject to pending litigation in the Bankruptcy Court.

3.11 Class 11 Interest. Class 11 consists of the holders of all interests in Dynamic represented by issued Common Stock of Dynamic Energy Resources, Inc., owned by the parties as shown on Exhibit 4 appended hereto and incorporated herein by reference. By a Settlement and Compromise Agreement on January 3, 1996, approved in the Order Approving Motion to Settle and Compromise, Linda Mitchell Price conveyed Certificate No. 2 representing 260 Shares of Common Stock to Dynamic; Jacqueline Elizabeth Price conveyed Certificate No. 16 representing 10 Shares of Common Stock to Dynamic; Nicole Marie Price conveyed Certificate No. 17 representing 10 Shares of Common Stock of Dynamic; William Stuart Price, II, conveyed Certificate No. 12 representing 10 Shares of Common Stock to Dynamic; and Stephanie Lynn Price conveyed Certificate No. 3 representing 10 Shares of Common Stock to Dynamic. All such Shares are held by Dynamic as Treasury Shares.

ARTICLE IV

TREATMENT OF CLAIMS

4.01 Class 1 Claims. Pursuant to the Plan, Dynamic shall pay a sum equal to one hundred percent (100%) of the allowed Claim, exclusive of interest, in cash, within five (5) business days after the Effective Date. There is only one known creditor within this class. Class 1 is unimpaired under the treatment provided.

4.02 Class 2 Contingent Secured Claim of State Bank. State Bank shall retain possession of each certificate of deposit as collateral for each respective letter of credit which each secures. State Bank will pay interest accruing on the certificates of deposit to Dynamic, notwithstanding the pledge of such certificates of deposit as collateral, in accordance with existing practice during the time such certificate of deposit is outstanding, and the letter of credit is unfunded. Upon termination, cancellation or expiration of each respective letter of credit, State Bank shall return to Dynamic the certificate of deposit securing the same and shall release its security interest and claim in such certificate of deposit. In the event that a

beneficiary of a letter of credit makes a claim under a letter of credit, notice thereof shall be provided in writing to Dynamic. State Bank shall be entitled to redeem and apply the respective certificate of deposit in satisfaction of the obligation created by funding of the letter of credit in accordance with commercial practice. If a letter of credit is funded, State Bank shall not be required to obtain relief from the Bankruptcy Court under provisions of 11 U.S.C. § 362 or under this Plan, prior to redeeming and applying such certificate of deposit in payment of Dynamic's obligation to State Bank, which arises from the payment of a letter of credit by State Bank, but shall act in accordance with commercial practice. Class 2 is unimpaired.

4.03 Class 3 Secured Claim Nora Lum Loan. The Nora Lum Loan, including principal and accrued interest shall be paid from proceeds of the Sale of Assets within five (5) business days of the Effective Date, and in full satisfaction of her lien against the assets of Dynamic. Class 3 is unimpaired.

4.04 Class 4 Possible Claim of Federal Election Commission. In the event a Claim is established, it shall become a Class 10 Unsecured Claim and shall be treated accordingly. Dynamic expects to contest any such claim. Class 4 is unimpaired.

4.05 Class 5 Price Creditors. The Prices are entitled to no Claim in this case. All Claims of the Prices of whatever form or nature have been settled, compromised and released. Prices shall be entitled to retain all consideration paid herefore pursuant to the Order Approving Joint Motion for Authority to Compromise and Settle Claims, and will continue to be bound by the Confidentiality Order. Class 5 is unimpaired.

4.06 Class 6 Warnock and Yocham Claims. Within five (5) business days of the Effective Date, Dynamic will pay to Warnock \$1,500.00 and to Yocham \$7,400.00 in full and complete satisfaction of any and all claims against Dynamic from the beginning of time through the Effective Date. In consideration of such payment, Warnock and Yocham will each be required to execute a document of understanding, in a form acceptable to Warnock, Yocham and the purchaser of the gas gathering systems, acknowledging the right of access to the right of way for purposes of repair as necessary. Class 6 is impaired.

4.07 Class 7 Toyota Motor Credit Claim. Pursuant to this Plan, the Toyota Motor Credit Corporation Vehicle Lease will be assumed by Dynamic pursuant to 11 U.S.C. § 365, and immediately assigned to Nora T. Lum. All payments due under the Vehicle Lease will be paid by Nora T. Lum, and all rights and benefits thereunder, of Dynamic will be assumed by Nora T. Lum. Class 7 is impaired.

4.08 Class 8 Jaguar Credit Corporation. Since commencement of this Case, all lease payments due to Jaguar Credit Corporation were paid with non-Estate funds. No claim for the funds utilized for payment is made or recognized in this Plan, in connection with payments to Jaguar Credit Corporation. On April 26, 1996, both vehicles were returned to Jaguar Credit Corporation, and all obligations of Dynamic under the Vehicle Lease Agreement has been satisfied. Therefore, the Jaguar Credit Corporation claim have been satisfied, and there will be no payment to Jaguar Credit Corporation under this Plan. Class 8 is unimpaired.

4.09 Class 9 Greenberg & Traurig. The Greenberg & Traurig Claim will be allowed as a claim of \$48,003.00 against Dynamic and will be paid the sum of \$25,000.00 in full satisfaction of its Claim against Dynamic, within five (5) business days of the Effective Date. Class 9 is impaired.

4.10 Class 10 Unsecured Claims. Pursuant to this Plan, Dynamic shall pay a sum equal to one hundred percent (100%) of the Allowed Claim, exclusive of interest, in cash within five (5) business days after the Effective Date for all Allowed Creditors. Class 10 is unimpaired, and pursuant to 11 U.S.C. § 1126(f), is conclusively presumed to have accepted this Plan, without solicitation of ballots. No Claim will be paid on a disputed Class 10 Claim until this has been finally determined and allowed. Disputed Class 10 claims will be paid when the amount has been fully determined. As a contingency for disputed claims, in the event the disputed claim when allowed exceeds the funds available for Class 10, the Retained Assets will be liquidated to pay Class 10 Claims as required.

4.11 Class 11 Interests. All outstanding shares of Common Stock shall remain valid and outstanding shares of Dynamic. Treasury Shares shall remain Treasury Shares of

Stock of Dynamic. No additional shares of stock in Dynamic shall be issued pursuant to this Plan. Class 11 is unimpaired, and pursuant to 11 U.S.C. § 1126(f), is conclusively presumed to have accepted this Plan, without solicitation of ballots.

4.12 Payments Made to Producers Pursuant to Order Entered October 4, 1995 on Dynamic's Application. All producers who have received payment from Dynamic for pre-petition production of hydrocarbons under the Order of the Bankruptcy Court entered on October 4, 1995, shall be entitled to retain such payments, in payment of pre-petition claims, pursuant to this Plan. This Plan expressly ratifies and affirms the payments made pursuant to the Order of October 4, 1995.

ARTICLE V

IMPLEMENTATION OF THE PLAN

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5.01 Concept of the Plan. This Plan provides for the full payment of all of Dynamic's pre and post-petition claims except for Class 9, and further provides for the survival of all existing shares of Stock issued by Dynamic pre-petition to Interest Holders, which remain outstanding (and not transferred to Treasury Shares). Dynamic has filed its Motion for Authority to Sell Assets to Enerfin Resources Limited Partnership. Dynamic proposes to sell certain assets including two separate gas gathering and pipeline systems, known as the Creek System and the K-2 System, for \$650,000.00 cash, or for such other higher cash offer as may be obtained at the Sale. Proceeds of the Sale of Assets will be first utilized to discharge 1995 personal property tax obligations of Dynamic to the Creek County Treasurer of approximately \$6,755.98 excluding interest, and to the Okfuskee County Treasurer of approximately \$4,965.95 excluding interest. The remaining net proceeds of the Sale of Assets after deducting costs of closing, will be utilized hereunder for payments required under this Plan. All Allowed Claims will be paid in full within five (5) business days of the Effective Date, and the Dynamic will retain the balance of funds on hand for payment in accordance with this Plan. Under this Plan, all Administrative Expenses and Claims (other than Disputed Claims) will be paid in cash

within five (5) business days of the Effective Date or when determined. All obligations to producers due from Dynamic will be paid in the ordinary course of business.

5.02 Discharge of Dynamic. Upon Confirmation of the Plan, Dynamic shall be granted a discharge of all Claims, subject only to Consummation of this Plan and the obligations herein created, provided that the security interest of State Bank granted to Class 2 shall survive this Plan. Upon Confirmation of the Plan, any claims against Debtor-in-Possession, including its management, officers and directors arising from this Bankruptcy Case shall be released and discharged.

5.03 Tax Obligations. Upon the Effective Date, Dynamic shall continue its obligations to prepare, file and pay any sums due to any governmental authority in connection with taxes due upon income of Dynamic.

5.04 Property of Estate to Vest in Dynamic. All Retained Assets, not otherwise provided for or distributed hereunder shall vest in Dynamic as Reorganized Debtor, including all claims or causes of action of any kind or nature. Included in the property to vest in Reorganized Debtor upon Confirmation are, without limitation, the assets shown on Exhibit 5 appended hereto and incorporated herein by reference which interests will be free and clear of any liens, claims or encumbrances, except that should there be insufficient funds to pay all Class 10 Claims including disputed claims when allowed, then the Retained Assets shall be liquidated or mortgaged as required to fund the Plan.

5.05 Retention of Claims. Dynamic, as Reorganized Debtor under this Plan, will retain all claims and causes of action against third parties unless such claims are or have been expressly released in this Plan, or otherwise expressly released. Specifically included in retained claims is Dynamic's claim against ANGI arising from ANGI's prior agreement to purchase the Creek and K-2 Gas Pipelines and Gathering Systems, as well as claims arising prior to the Sale of Assets under the Gas Purchase and Processing Agreement between Dynamic and ANGI dated November 13, 1993. It is the express intent of this Plan that all such claims whether known or unknown, shall not be discharged but reserved and retained by the

Reorganized Debtor. Dynamic shall in its sole discretion, determine whether to pursue any such claim, and any recoveries shall constitute assets of the Reorganized Debtor. The feasibility of this Plan is not contingent upon any recovery on retained claims.

5.06 Confidentiality Order. The Confidentiality Order will not be affected or superseded by this Plan, and will remain in full force and effect. enforceable in the Bankruptcy Court or another Court of competent jurisdiction.

5.07 Releases. Those certain releases by Dynamic heretofore granted of all Claims of Dynamic against Nora T. Lum, Eugene Lum, Kathy Nojima, Michael Brown, Linda M. Price, William Stuart Price, Denver Oil & Mineral Corporation, Jacqueline Elizabeth Price, Stephanie Lynn Price, Nicole Price and William Stuart Price, II, or against their respective officers, directors, agents, attorneys, employees, successors and assigns, pursuant to the Order Approving Joint Motion for Authority to Settle and Compromise Claim are ratified and affirmed by this Plan.

5.08 Severance Pay for Employees. In recognition of the efforts of Dynamic's employees, especially since the commencement of this Bankruptcy Case, and in recognition that certain employee positions may be eliminated by the Sale of Assets, Dynamic will provide to each employee who is not employed within forty-five (45) days by the successful purchaser of the Sale of Assets severance pay equal to one month's salary.

ARTICLE VI

AMENDMENTS

This Plan may be amended pursuant to the provisions of § 1127 of the Code.

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ARTICLE VII
EXECUTORY CONTRACTS

Pursuant to the Motion for Authority to Sell Assets, the contract between ANGI and Dynamic denominated Gas Purchase and Processing Agreement, and all Producer Contracts and all Rights of Way are to be assumed and assigned. In addition, the Executory Contracts shown on Exhibit 6 are assumed and assigned. All other Executory Contracts will be rejected upon Confirmation of the Plan.

ARTICLE IX
RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction of this Chapter 11 case for the following purposes:

- (a) To hear and determine objections or disputes to Claims, if any;
- (b) Fix allowances of compensation or other administrative expenses allowable under the Bankruptcy Code and the Plan;
- (c) Hear and determine causes of action by or against Dynamic arising prior to the commencement of or during the pendency of this proceeding, or to enforce Orders entered herein;
- (d) Hear, determine and adjudicate disputes arising under or relating to this Plan;
- (e) For such other matters as may be set forth in the Order of Confirmation or as may be appropriate under the Bankruptcy Code;
- (f) Hear, determine and adjudicate any dispute concerning consummation of this Plan;
- (g) Hear, determine and adjudicate the ANGI Objection and the Enogex Adversary Proceeding; and
- (h) To enforce the Confidentiality Order

ARTICLE X

DEFAULT

In the event of a default in the performance of the provisions of this Plan subsequent to the Confirmation Date, any party-in-interest shall have the right to request a determination that such default exists, and if so, petition the Bankruptcy Court for performance of the provisions hereof, or any other relief to which such party deems itself entitled, or is deemed appropriate by the Bankruptcy Court.

ARTICLE XI

MISCELLANEOUS

11.01 Headings in this Plan are for convenience of reference only, and shall not limit or otherwise effect the meanings hereof.

11.02 After Confirmation of the Plan, Dynamic may settle claims and controversies, set off accounts or charges, compromise and determine claims with a creditor and settle uncollected judgments and claims by the Estate without Bankruptcy Court approval.

ARTICLE XII

EFFECT OF CONFIRMATION

12.01 Upon Confirmation, all property of the Estate will vest in the Reorganized Debtor unless otherwise provided by the Plan.

12.02 Upon Confirmation, all property of the Estate shall be free and clear of all Claims of Creditors except as otherwise provided by the Plan or by a valid and enforceable security agreement, mortgage or other written contract which is not rejected by the Plan.

12.03 The provisions of the Plan, when confirmed, will bind Dynamic, and all Creditors and Interest Holders.

12.04 Confirmation of the Plan will operate as a discharge of Dynamic of all claims, except as expressly provided herein.

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ARTICLE XIII

ALLOWANCE OF CLAIMS FOR PURPOSE OF VOTING

All Creditor Claims which have not been previously disallowed will be deemed Allowed for the purpose of voting on the Plan in the amount as shown on the Schedules hereto, unless an Order is entered by the Bankruptcy Court determining or estimating the amount of a Creditor's Claim prior to Confirmation, in which case the Claim will be treated for voting according to such Order. Allowance of a Claim under this section for the purpose of voting on the Plan shall not prejudice the right of Dynamic or a party in interest to object to the allowance of any Claim either prior or subsequent to Confirmation.

DATED this 10th day of June, 1996.

DYNAMIC ENERGY RESOURCES, INC.

By: Kathy Nojima
Kathy Nojima, Secretary/Treasurer

DOERNER, SAUNDERS, DANIEL & ANDERSON

By: Gary M. McDonald
Gary M. McDonald, OBA No. 5960
Leonard I. Pataki, OBA No. 6935
Tom Q. Ferguson, OBA No. 12288
320 South Boston, Suite 500
Tulsa, Oklahoma 74103
(918) 582-1211

Attorneys for Dynamic Energy Resources, Inc.

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EXHIBIT 1

Class 1 Tax Claims

<u>Creditor</u>	<u>Amount</u>
Internal Revenue Service	\$2,100.00

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Exhibit 2

LOANS TO DYNAMIC FROM NORA LUM

<u>DATED</u>	<u>PAYEE</u>	<u>AMOUNT</u>
10/25/95	Dynamic Energy Resources, Inc.	\$16,100.00
10/30/95	Dynamic Energy Resources, Inc.	10,000.00
11/30/95	Dynamic Energy Resources, Inc.	20,000.00
12/28/95	Dynamic Energy Resources, Inc.	12,000.00
01/19/96	Dynamic Energy Resources, Inc.	2,000.00
01/24/96	Dynamic Energy Resources, Inc.	4,900.00
01/26/96	Dynamic Energy Resources, Inc.	5,000.00
02/20/96	Dynamic Energy Resources, Inc.	5,000.00
03/19/96	Dynamic Energy Resources, Inc.	7,000.00
04/22/96	Dynamic Energy Resources, Inc.	5,500.00

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EXHIBIT 3

Allowed Unsecured Claims
Class 10

<u>Creditor</u>	<u>Allowed Claim</u>
Associated Natural Gas, Inc.	\$ Disputed
AT&T	1,164.03
Baker Nut Pipe & Supply	120.00
Cellular One	94.17
Compressor Credit Corp.	5,000.00
D&G Energy Corp.	500.00
Enogex Services Corporation	Disputed
Federal Express	686.95
Glacier Petroleum	2,464.00
Hall, Estill, Hardwick, Gable, Golden & Nelson	7,428.24
Jaguar Credit Corporation	0.00
Jaguar Credit Corporation	0.00
Kitchen Oil	262.15
Nora T. Lum	0.00
Norman & Wohlgemuth	71,666.54
OG&E	19.72
Oklahoma Corporation Commission	126.89
Linda Mitchell Price	0.00
Principal Mutual Life Insurance Company	0.00
St. Francis Hospital	40.00
Shields Oil Field	1,120.56
Sooner Tire & Distributors, Inc.	613.38
Southwestern Bell Telephone	297.20
Toyota Motor Credit Corporation	0.00
Triple A. Tools	90.72
UPS	91.50
U.S. Cellular	366.74
	<u>\$ 92,152.79</u>
 <u>Disputed Claims</u>	
ANGI Claim	\$ 51,700.00
Enogex Claim	241,806.72

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EXHIBIT 4

Class 11 Interest Holders

<u>Shareholder</u>	<u>Type share</u>	<u>No. of Shares</u>
Nora T. Lum	Common	610
Michael Brown	Common	50
Kathy Nojima	Common	5
Nickie Lum	Common	5
Maxine Lum	Common	5
Trisha Lum	Common	5
Ron Higa	Common	5
Richard Choi Bertsch	Common	5
Larry Wong	Common	5
Helen Yee	Common	<u>5</u>
		700

Treasury Shares

Dynamic
Certificate #2

Common

Price Snares

Certificate #3
Certificate #12
Certificate #16
Certificate #17

970433341

EXHIBIT 5

Retained Assets of
Reorganized Debtor

All Assets Not Disposed of Pursuant to Plan Including:

- Cash not utilized to fund Plan.
- Certificates of Deposit to extent not utilized to fund Plan.
- Interest in two (2) compressors on North Kelleyville Dutcher Unit.
- North Kelleyville Dutcher Enhanced Recovery Unit
- Hawaiian Condominium.
- Membership in Robert Trent Jones Country Club.
- Furniture, fixtures, machinery and equipment.
- All claims and causes of action not specifically released by the Plan.

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4
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3
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2

Exhibit 6

Executory Contracts to be Assumed and Assigned

Toyota Motor Credit Corporation Vehicle Lease

97043633343

STATEMENT OF DESIGNATION OF COUNSEL

MUR 4356

NAME OF COUNSEL: Gary M. McDonald

FIRM: DOERNER, SAUNDERS, DANIEL & ANDERSON

ADDRESS: 320 S. Boston, Suite 500
Tulsa, OK 74103

TELEPHONE: (918) 582-1211

FAX: (918) 591-5360

The above-named individual is hereby designated as my counsel and is authorized to receive any notifications and other communications from the Commission and to act on my behalf before the Commission.

6/14/96
Date

Kathy Njima
Signature

RESPONDENT'S NAME: Dynamic Energy Resources

ADDRESS: 525 S. Main, Suite 502
Tulsa, OK 74103

TELEPHONE: HOME() _____

BUSINESS(918) 585-2462

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According to his transcript, Mr. Price testified that Mrs. Nora Lum used several airline travel tickets purchased on Dynamic's American Express card to pay for the personal travel of the Lum family (Nora, Eugene, Nickie and Tricia) to Boston for the purpose of "help[ing] Ted Kennedy win his Senate seat." Transcript at 86-87. Mr. Price also testified that certain checks listed on a corporate expense report were apparently for the payment of the travel of Reverend Carl Washington to work on the Kennedy Campaign. Transcript at 254.

II. Background

The Committee has very limited knowledge of the Lum family or the circumstances surrounding this matter. Mrs. Lum had helped raise funds for Senator Kennedy's 1994 election by hosting a fundraiser and asking friends to make contributions to the Kennedy Campaign. In October of 1994, Mrs. Lum and her daughter, Trisha, volunteered their services to the Kennedy Campaign by assisting daily at its office headquarters located in Boston. Reverend Carl Washington, a friend of the Lum Family, also volunteered his services to the Committee by conducting voter outreach in minority communities. The Committee was introduced to Reverend Washington by Mrs. Lum.

The Lums appeared to be a wealthy family which owned residences in Hawaii, Oklahoma, Washington, D.C. and Boston and whose members supported the re-election of Senator Kennedy. The Lums had made financial contributions to the Committee and had offered to volunteer for the Committee. Due to the enormous size of the campaign and the thousands of individuals who volunteered their services to the Committee in the Fall of 1994, the Committee does not recall any details nor does it have any records relating to the Lums or Reverend Washington's volunteer services. Specifically, the Committee does not have any knowledge of travel taken by the Lums or Reverend Washington in connection with their volunteer work for the Kennedy Campaign. The Lums and Reverend Washington were not personally known by anyone at the Kennedy Campaign and were not asked by anyone at the Kennedy Campaign to perform any services; all services by the Lums and Reverend Washington were performed by their own volition.

All members of the Lum family (Nora, Eugene, Trisha, Nickie and Maxine) made financial contributions to the Kennedy Campaign during the 1994 election cycle. All contributions were drawn from either individual or joint personal checking accounts. See attached copies of contribution checks. All contributions were within the individual contribution limitations and all contribution checks were properly designated and signed by the appropriate individual.

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Lawrence M. Noble, Esq.
MUR 4365
June 19, 1996
Page 3

III. Discussion

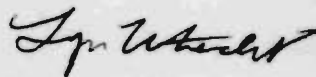
The Committee does not understand how to exactly address this matter since there were no specific allegations made against the Committee. Allegedly based on corporate records itemizing air travel to Boston, Mr. Price apparently testified that it was his belief such trips were not business related, but rather personal trips in connection with the Lums and Reverend Washington's volunteer work with the Kennedy Campaign. Neither the Complainant nor the FEC have provided any documentation confirming that such travel took place or even that the travel was for the purpose of volunteering for the Kennedy Campaign. Moreover, since it appeared that the Lums owned a residence in Boston, the Committee had no reason to believe that there was any travel expense incurred in connection with their volunteer activities.

The FEC regulations expressly allow volunteers to spend unlimited personal funds on meals and lodging in connection with volunteer activity, and up to \$1,000 per candidate per election on transportation expenses without making a contribution. 11 C.F.R. §100.7(b)(8). The Committee would have reimbursed the Lums or anyone else for travel expenses not covered by the travel exemption. However, the Committee was never made aware that the Lums and Reverend Washington paid for any travel expenses on behalf of the Committee, and, if payments were made for such travel, the Committee certainly had no reason to believe that the payments may have been made from Dynamic's funds. Thus, there was no reason for the Committee to believe that the Lums had made any type of improper payments or contributions in connection with their volunteer activity.

IV. Conclusion

The Committee has no records or information indicating that the Lums or Reverend Washington traveled on behalf of the Campaign, or even used corporate funds to pay for such travel. The Committee is deeply distressed to learn that such activities may have taken place and would like to fully cooperate with the FEC with respect to its investigation into this matter. However, due to the absence of any specific allegations against the Committee or evidence supporting any allegations, we respectfully request that the Commission take no further action against the Committee in this matter.

Sincerely,



Lyn Utrecht

Attachments

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SENATOR EDWARD M. KENNEDY

9 1 0 4 3 3 3 3 4 0

FLEET PRIVATE BANKING

Fleet Bank 44426
Boston, Massachusetts 02109

DATE 5/25 1994

DEPOSITORS ARE NOT RESPONSIBLE FOR IMMEDIATE RETURNABLE
LIST CHECKS SINGLY OR ATTACH LIST
DOLLARS
CENTS

CURRENCY
CHECK NO.
CHECK ID

\$ 104505.-

\$ 104505.-

PLEASE ENTER TOTAL HERE

Checks and other items are received for deposit
subject to the provisions of the Uniform Commercial
Code or any applicable collection agreement.

⑆5560⑈⑆345⑆ 07965 17852⑈

GENE K. LUM 4-93
NORA T. LUM
3707 MILITARY RD., N.W.
WASHINGTON, D.C. 20015

137

PAY TO THE ORDER OF Comm to Reelect Senate Senator May 18 19 94 5-308
Joe Llewellyn 120/101 \$ 1,000.00

CITIZENS BANK
OF WASHINGTON, N.A.
WASHINGTON, DC 20005

DOLLARS

MEMO #7225

[Signature]

U 4 3 0 3 3 3 4 9
5-13/10

DEPOSIT TICKET

COMMITTEE TO RE-ELECT
SENATOR EDWARD M. KENNEDY

FLEET PRIVATE BANKING
First Bank 64426
Boston, Massachusetts 02109

DATE 5/2 19 94
MEMORANDUM NOT BE AVAILABLE FOR INDICATE WITHIN BANK
LIST CHECKS SINGLY OR ATTACH LIST
DOLLARS CENTS

CURRENCY	CHECKS	DOLLARS	CENTS
<input type="checkbox"/>	<input type="checkbox"/>		
<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	10.	
<input type="checkbox"/>	<input type="checkbox"/>	1000.	
<input type="checkbox"/>	<input type="checkbox"/>	2000.	
<input type="checkbox"/>	<input type="checkbox"/>	1000.	
<input type="checkbox"/>	<input type="checkbox"/>	1000.	
<input type="checkbox"/>	<input type="checkbox"/>	1000.	
<input type="checkbox"/>	<input type="checkbox"/>	500.	
<input type="checkbox"/>	<input type="checkbox"/>	250.	
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		9260.-	
		9260.-	

⑆5560⑈⑆349⑆ 07965 17852⑈

PLEASE ENTER TOTAL HERE
Checks and other items not received for deposit
subject to provisions of Regulation CC, 12 CFR 205.10

NORA TAKEKO LUM
3315 E. 68TH ST.
TULSA, OK 74138

411

4/26 1994

85-337/1038

PAY TO THE ORDER OF Kennedy Campaign \$ 2000⁰⁰
Two thousand and no/100 DOLLARS

StateBank
STATE BANK & TRUST
MEMBER OF STATE GROUP
TULSA, OKLAHOMA 74103

Payable

MEMO JF/16 Nora T. Lum

050194

97043335 MAXINE LUM

DEPOSIT TICKET 5-19/18

COMMITTEE TO RE-ELECT SENATOR EDWARD M. KENNEDY

FLEET PRIVATE BANKING

First Book #4478
Boston, Massachusetts 02109

DATE 9/22 1994
LIST CHECKS SINGLY OR ATTACH LIST
DOLLARS
CENTS

1	2	3	4	5	6	7	8	9	0	1	2	3	4	5	6	7	8	9	0
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

\$

22650.00

22650.00

PLEASE ENTER TOTAL HERE

Checks and other items are received for deposit subject to the provisions of the Uniform Commercial Code.

0922 MA

⑆5560-6345⑆ 07965 17852⑈

SchwabOne 104

MAXINE LUM
418 MARLBOROUGH ST 707
BOSTON MA 02115

9/14 1994

Pay to the order of Kennedy for Senate \$ 1000.00

One Thousand and 00/100 Dollars

Charles Schwab
PNC BANK N.A.
Philadelphia, PA

For Maxine Lum

COMMITTEE TO RE-ELECT
SENATOR EDWARD M. KENNEDY

FLEET PRIVATE BANKING

Fleet Bank 6478
Boston, Massachusetts 02109

DATE

5/25

1994

DEPOSIT MAY BE AVAILABLE FOR IMMEDIATE WITHDRAWAL

LIST CHECKS SINGLY OR ATTACH LIST

DOLLARS

CENTS

CURRENCY

COIN

CHEQUE

⑆5560⑈⑆345⑆07965⑆7852⑈

\$

104505.—

\$

104505.—

PLEASE ENTER TOTAL HERE

Checks and other items are received for deposit
subject to the provisions of the Uniform Commercial Code
(Code or any applicable collection agreement)



MAXINE LUM
416 MARLBOROUGH ST., #707
BOSTON, MA 02115

141

5/17

94

53-7112/2113

FOR THE USE OF
Committee to Re-Elect Senator Kennedy's 1000.00
One Thousand and 00/100 — 5322222

CSB CAMBRIDGE
SAVINGS BANK
Cambridge, MA 02142

#7225

Maxine Lum

124

4/9 94

55-23801
212

NICKIE M. LUM
1330 DOMINIS ST.
HONOLULU, HI 96822

Order of
Re: Elect Senator Kennedy '94 \$1000.00

one thousand dollars

CHEMICAL BANK* Chemical Bank New Jersey NA
76 Nassau St.
Princeton, NJ 08540

7225

Nickie M. Lum

⑈5560⑈1345⑈07965 12852⑈

06/89403

DEPOSIT TICKET

5-12/18

COMMITTEE TO RE-ELECT
SENATOR EDWARD M. KENNEDY

FIRST PRIVATE BANKING

First Bank Group
Boston, Massachusetts 02119

DATE: 6/20 1994

LIST CHECKS SINGLY OR ATTACH LIST

DOLLARS

CENTS

See attached

PLEASE ENTER TOTAL HERE

↑

27600.00

\$

27600.00

TRISHA LUM
1812 18TH ST., N.W. APT. B-1
WASHINGTON, D.C. 20009

4/7 94 405

FD-647/210

AY TO THE ORDER OF Committee to Re-Elect Senator Kennedy \$ 1000.00
One thousand Dollars DOLLARS



Payable Thru National, Massadaie, NY
Department of Commerce
Federal Credit Union
Washington, D.C. 20230 2540

VOID AFTER 6 MONTHS

Trisha Lum

7225

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3
3
3
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3
3
3
2

⑆5560⑆1345⑆07965⑆17852⑆

06/18/9403

COMMITTEE TO RE-ELECT
SENATOR EDWARD M. KENNEDY

DEPOSIT TICKET

9-0/118

PLEASE USE PRIVATE BANKING

First Bank 4405
Boston, Massachusetts 02111

DATE 6/20 19 94
LIST CHECKS SMOGLY ON ATTACH LIST
DOLLARS
CENTS

CASH

ONDEPOSIT

see attached

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\$ 27600.00

\$ 27600.00

PLEASE ENTER TOTAL HERE

(Checks and other items are subject to deposit
limitations and procedures of the Uniform Commercial Code)

Trisha Lum

4383555

DEPOSIT TICKET 9 3/13/1994

COMMITTEE TO RE-ELECT SENATOR EDWARD M. KENNEDY

FIRST PRIVATE BANKING

First Bank 44026 Boston Massachusetts 02109

DATE 9/23 1994
DEPOSITS MAY NOT BE AVAILABLE FOR IMMEDIATE WITHDRAWAL
LIST CHECKS SINGLY OR ATTACH LIST

CURRENCY
COIN
CHECKS

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\$ 84401.00

PLEASE ENTER TOTAL HERE

Checks and other items are accepted for deposit subject to the provisions of the Uniform Commercial Code in any applicable jurisdiction.

092394

⑆5560⑆⑆345⑆07965⑆7852⑆

GENE K. LUM 4-93 1056
 NORA T. LUM 723
~~TRISHA C. LUM~~
 1099 - 22ND ST., N.W., NO. 811
 WASHINGTON, D.C. 20037 9/19 94 15-55 540-6
 PAY TO THE ORDER OF Kennedy for Senate \$ 1,000⁰⁰
 One Thousand Dollars DOLLARS
 CITIZENS BANK OF WASHINGTON WASHINGTON, DC 20026
 MEMO Trisha Lum

DOERNER, SAUNDERS, DANIEL & ANDERSON

ATTORNEYS AT LAW

SUITE 500

320 SOUTH BOSTON AVENUE
TULSA, OKLAHOMA 74103-3725

RECEIVED
FEDERAL ELECTION
COMMISSION
OFFICE OF GENERAL
COUNSEL

AUG 5 2 30 PM '96

B. J. DOERNER
(1987-1990)

OF COUNSEL
DICKSON M. SAUNDERS
WILLIAM D. MORGAN
NANCY J. SIEGEL

TELEPHONE
(918) 582-1211

FACSIMILE
(918) 591-5380

DANIEL
WILLIAM C. ANDERSON
VAHLEY B. TAYLOR, JR.
G. MICHAEL LEVINS
LAWRENCE T. CHAMBERS, JR.
DALLAS E. FERGUSON
SAM G. BRATTON II
GARY M. McDONALD
E. WAYNE COOPER
KEVIN C. COYTANT
RICHARD F. SIX
LYNN PAUL MATTSO
WILLIAM F. RIGGS
LEWIS N. CARTER
LINDA C. MARTIN
JAMES P. McCANN
RICHARD E. FOSTER
CHARLES S. PLUMB
LEONARD I. PATAKI

S. DOUGLAS DODD
ELISE DUNITZ BRENNAN
KATHY E. NEAL
JOHN J. CAEWILE
JON E. BRIGHTMIRE
TOM O. FERGUSON
RICHARD J. EARLETON
REBECCA K. FOWLER
KRISTEN L. BRIGHTMIRE
MR. RAEL C. BEDMAN
SCOTT E. WOOD
STEVEN E. METCALF
BENJAMIN J. CHAPMAN
SEELLY L. DALRYMPLE
RUSSELL W. KROLL
ROBERT A. BURK
RONALD W. LITTLE
JAMES C. MILTON

August 1, 1996

MUR 4356

Dear Creditor of Dynamic Energy Resources, Inc.:

Enclosed is a Court approved Disclosure Statement and a Plan of Reorganization for Dynamic Energy Resources, Inc. Also enclosed is a copy of two Court Orders, one which set the Disclosure Statement for Hearing, and the second which approved the Disclosure Statement.

Please carefully review the Plan of Reorganization. The plan provides that all Class 10 Unsecured Creditors will be paid in full. Two claims of Creditors are disputed, and await resolution by the United States Bankruptcy Court prior to payment.

Under the United States Bankruptcy Code, a creditor whose claim against a debtor is "unimpaired," (that is essentially left as it was without rights altered) is not required to be balloted for approval of Plan of Reorganization because approval is presumed. Accordingly, only a limited number of Creditors will be balloted under this Plan.

If you are entitled to vote on the Plan, a Ballot is enclosed. We request that you review the Plan and complete and return the Ballot to Gary M. McDonald of Doerner, Saunders, Daniel & Anderson, Suite 500, 320 South Boston Avenue, Tulsa, Oklahoma 74103, and that you do so by the balloting deadline of August 15, 1996. Dynamic Energy Resources, Inc. urges all Creditors to support its Plan of Reorganization, which is a result of hard and careful work over a period of approximately ten (10) months.

Sincerely,

Gary M. McDonald of
DOERNER, SAUNDERS, DANIEL & ANDERSON

GMM:tna
Enclosures

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NO BALLOT IS ENCLOSED
BECAUSE YOUR ACCEPTANCE
IS PRESUMED UNDER 11 USC 1124(F)
BECAUSE PLAN TREATMENT DOES
NOT IMPAIR YOUR CLAM.

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FILED

AUG 01 1996

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA**

**DOROTHY A. EVANS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA**

IN RE:)
)
DYNAMIC ENERGY RESOURCES, INC.)
)
Debtor.)
)
Federal I.D. #73-1340306)

Case No. 95-03029-C
(Chapter 11)

**PLAN OF REORGANIZATION OF
DYNAMIC ENERGY RESOURCES, INC.**

Dynamic Energy Resources, Inc. ("Dynamic"), Debtor in the above-styled case, proposes the following Plan of Reorganization ("Plan"), pursuant to Chapter 11 of the United States Bankruptcy Code.

GENERAL PLAN SUMMARY

This Plan of Reorganization contemplates that Dynamic will pay in full all Administrative Claims and all Allowed Claims held by creditors from funds on hand or to be obtained through the Sale of Assets of Dynamic, as more particularly described in this Plan. No new stock will be issued pursuant to this Plan of Reorganization. All existing shares of stock as of the commencement of this case will remain valid and outstanding, except that the Price Stock, as defined herein, will remain Treasury Stock. Disputed Claims of Associated Natural Gas, Inc. ("ANGI") and Enogex Services Company ("Enogex"), may be resolved after Confirmation Date, in pending litigation before the Bankruptcy Court. The holders of all Allowed Unsecured Claims except for ANGI and Enogex will be paid within five (5) business days of the Effective Date. Funds attributable to the ANGI and Enogex claims will be deposited by Dynamic in a segregated account pending determination of claims as provided herein. Payment under this Plan is not

dependent upon the outcome of unresolved claims or litigation, but is dependent upon consummation of the closing of the Sale of Assets. Dynamic will reorganize as the Reorganized Debtor, owning all of its claims and assets not otherwise released or disposed of under this Plan.

ARTICLE I

DEFINITIONS

For the purposes of the Plan, the following terms shall have the respective meanings hereinafter set forth:

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1.01 Acceptance. As used herein, this term is defined in § 1126 of the Bankruptcy Code. A Class of Claims has accepted this Plan if the Plan has been accepted by claimants of that Class that hold at least two-thirds in dollar amount and a majority in number of the Allowed Claims of such Class which vote either to accept or to reject the Plan. Pursuant to 1126(f), a Class that is not impaired under this Plan, and each holder of a claim or interest of such Class, is conclusively presumed to have accepted the Plan, and Solicitation of Acceptances with respect to such Class from the holders of claims or interests of such Class is not required. Classes 1, 2, 3, 4, 5, 8, 10 and 11 are not impaired.

1.02 Administrative Expense. Any cost or expense of administration of the case allowed by the Bankruptcy Court under Section 503(b) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the Dynamic Estate, and all allowances of compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under Section 330 of the Bankruptcy Code and the Bankruptcy Rules, and the post-confirmation expenses incident to the implementation of this Plan.

1.03 Allowed Claim shall mean a claim (a) which has been scheduled by Dynamic which is not shown as disputed, contingent or unliquidated, or (b) as to which a proof

of claim has been properly filed prior to the Bar Date established by the Court, and as to which no objection to the allowance thereof has been or will be interposed or as to which any such objection has been determined by an order or judgment which is no longer subject to appeal and as to which no appeal is pending. A schedule listing the Allowed Claims and the classification of such creditors pursuant to this Plan, and the amounts thereof is attached hereto as Exhibit "A" and is incorporated herein by reference.

1.04 ANGI Claim Objection: The Objection to Claim of ANGI, which is a pending contested matter in the Bankruptcy Case.

1.05 Bankruptcy Code. The Bankruptcy Reform Act of 1978, as amended, title 11, United States Code (11 U.S.C. 101, *et seq.*).

1.06 Bankruptcy Court. The United States Bankruptcy Court for the Northern District of Oklahoma having jurisdiction over this Chapter 11 case.

1.07 Bar Date. December 4, 1995, the date established by Order of the Bankruptcy Court for the filing of claims.

1.08 Claim. Any right of a creditor to payment from Dynamic, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or any right to any equitable remedy for breach of performance if such breach gives rise to a right of payment from Dynamic, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

1.09 Class. A category of holders of Claims which are substantially similar to the other Claims in such class.

1.10 Confidentiality Order. The Order of the Bankruptcy Court entered in this case on January 2, 1996, styled *Order in Connection with Settlement and Compromise Agreement Between Parties, Approved December 15, 1995, and Modifying Protective Order*.

1.11 Confirmation. The entry by the Bankruptcy Court of an Order confirming this Plan of Reorganization.

1.12 Confirmation Date. The date upon which the Order of Confirmation is entered by the Bankruptcy Court.

1.13 Confirmation Order. The Order entered by the Bankruptcy Court confirming the Plan.

1.14 Consummation of the Plan. The substantial performance of all material obligations provided for in the Plan.

1.15 Creditor. Any person having a Claim against Dynamic that arose on or before the Petition date or a Claim against any of Dynamic's Estate of a kind specified in Section 502(g), (h) or (i) of the Bankruptcy Code.

1.16 Disputed Claims. The Claims of Associated Natural Gas, Inc., and Enogex Services Corporation.

1.17 Dynamic. Dynamic Energy Resources, Inc., a Delaware corporation, Debtor-in-Possession herein.

1.18 Effective Date. A date which is twenty (20) days after the entry of the Confirmation Order.

1.19 Enogex Adversary. The Objection to Claim of Enogex Services Corporation, Adversary Proceeding No. 96-0077-C.

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1.20 Motion for Authority to Sell Assets. The *Motion for (i) Approval of Sale of Natural Gas Pipeline Gathering Systems pursuant to 11 U.S.C. § 363, (ii) Assumption and Assignment of Executory Contracts and Unexpired Leases Pursuant to 11 U.S.C. § 365, and (iii) Established Sale Procedures and Brief in Support* filed by Dynamic on June 11, 1996. On July 31, 1996 the Bankruptcy Court entered its Order approving the motion and authorized the sale for \$650,000 cash to Enerfin Resources I Limited Partnership.

1.21 Order Approving Joint Motion for Authority to Settle and Compromise Claim. The *Order Granting Application of Dynamic Energy Resources, Inc. Authority to Obtain Unsecured Financing from Nora T. Lum and Order Approving Joint Motion for Authority to Compromise and Settle Claim and Resolve Related Matters* entered by the Bankruptcy Court on December 19, 1995.

1.22 Petition Date. September 29, 1995, the date of commencement of this bankruptcy case.

1.23 Plan. This Chapter 11 Plan, as it may be amended in accordance with the terms hereof or modified in accordance with the Bankruptcy Code.

1.24 Price. Collectively William Stuart Price, Linda Mitchell Price, Stephanie Lynn Price, William Stuart Price, II, Jacqueline Elizabeth Price, Nicole Marie Price, and Denver Oil & Minerals Inc.

1.25 Price Stock. Shares of Stock of Dynamic formerly owned by Price, which have become Treasury Stock pursuant to the Order Approving Joint Motion for Authority to Settle and Compromise Claim.

1.26 Reorganized Debtor. Dynamic Energy Resources, Inc. after Confirmation and Consummation of the Plan.

1.27 Retained Assets. All assets of Dynamic Energy Resources, Inc., or its Estate, including, but not limited to, causes of action, claims, rights, tangible assets and intangible assets, not otherwise released, sold, or disposed of under this Plan.

1.28 Rules. The Federal Rules of Bankruptcy Procedure, as supplemented by the Local Bankruptcy Rules as adopted by the Bankruptcy Court.

1.29 Sale of Assets. The sale of certain Assets pursuant to the Motion for Authority to Sell Assets.

1.30 Schedules. The Schedules and Statement of Affairs filed by Dynamic, as supplemented and amended.

1.31 Treasury Shares. All shares of stock of Price, conveyed to Dynamic pursuant to the Order Approving Joint Motion for Authority to Settle and Compromise Claims.

ARTICLE II

ADMINISTRATIVE EXPENSE PRIORITY CLAIMS

2.01 The Administrative Expenses of Dynamic incurred in the administration of Dynamic's bankruptcy case which are entitled to priority pursuant to Section 507(a)(1), (3), (4), (5) and (6) are anticipated to include and are estimated to be the following unpaid sums:

(a) Allowed fees and expenses of Dynamic's attorneys, Doerner, Saunders, Daniel & Anderson ("Doerner, Saunders"), as approved by the Bankruptcy Court. The Bankruptcy Court has previously authorized Dynamic to retain Doerner, Saunders and to deliver to Doerner, Saunders a retainer in the amount of \$25,000 for fees and expenses incurred subject to ultimate Bankruptcy Court approval. No Interim Fee Applications have been presented by Doerner, Saunders, Daniel & Anderson. Fees and expenses since September 29, 1995 are estimated at \$215,000.00.

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(b) Allowed fees and expenses of Cheri M. Wheeler, special counsel for Dynamic. The Bankruptcy Court has previously authorized Dynamic to retain Ms. Wheeler of Behrens, Taylor, Dobelbower & Gee, as special counsel to assist in matters before the Oklahoma Corporation Commission. No Interim Fee Application has been presented by Ms. Wheeler. Fees and expenses since retention are estimated at \$3,500.00.

(c) Allowed fees and expenses of Coopers & Lybrand, accountants for Dynamic. The Bankruptcy Court has previously authorized Dynamic to retain Coopers & Lybrand and authorized payment of a retainer in the amount of \$15,000.00 for fees and expenses incurred subject to ultimate Bankruptcy Court approval. No Interim Fee Application has been presented by Cooper & Lybrand. Fees and expenses after retention are estimated to be \$21,300.00.

(d) Allowed fees and expenses of V. Alan Ratliff, Industry Expert and Consultant of Dynamic. The Bankruptcy Court has previously authorized Dynamic to retain V. Alan Ratliff, of Woodbine Natural Gas Marketing, as Industry Expert and Consultant and authorized a retainer in the amount of \$5,000.00 for fees and expenses. No Interim Fee Application has been presented by Mr. Ratliff. Fees and expenses after retention, retroactive to December 12, 1995 are estimated at \$32,000.00.

(g) The loan of Nora T. Lum of \$150,000 made December 1, 1995, pursuant to Bankruptcy Court authorization, together with interest at eight percent (8%) per annum until paid.

(h) Unpaid personal property taxes of Dynamic for 1995, owed to the Okfuskee Country Treasurer and the Creek Country Treasurer in the approximate aggregate amount of \$12,000.00.

(i) Other allowed administrative expenses pursuant to Section 503 of the Code in such amounts as may be determined and allowed by the Bankruptcy Court. Dynamic is not aware at this time of any administrative expenses other than as stated herein.

2.02 Order Regarding Payment. Pursuant to this Plan, the Bankruptcy Court will enter a Final Order for payment of professional fees and costs with respect to those sums as are to be provided hereunder, pursuant to 11 U.S.C. § 330.

2.03 Treatment of Administrative Claims. Administrative Expense Claims shall be payable in cash within five (5) business days of the Effective Date, or thereafter shall be paid when determined by the Bankruptcy Court, unless otherwise agreed. The personal property taxes due to the Okfuskee County Treasurer and the Creek County Treasurer together with accruing interest will be paid from proceeds of the Sale of Assets. If not so paid, they will be paid when other Administrative Claims are paid.

2.04 Determination of Administrative Claims Which Have Not Been Determined by Confirmation Date. The Bankruptcy Court shall retain jurisdiction, *inter alia*, to allow, or if applicable, disallow claims pertaining to Administrative Expenses presented, and/or incurred prior to and following Confirmation and the Effective Date, including claims as yet presented as contemplated in paragraphs 2.01, 2.03 or 2.04.

ARTICLE III

CLASSIFICATION OF CLAIMS AND INTERESTS

3.01 Class 1 Tax Claims. Class 1 consists of all claims of governmental entities entitled to priority pursuant to § 507(a)(7). These claims include Dynamic's pre-petition obligations to the Internal Revenue Service ("IRS"), the Oklahoma Tax Commission, and the Oklahoma Employment Security Commission. There are no such known tax claim obligations

except as shown on Exhibit 1, appended hereto and incorporated herein by reference. Dynamic owes no taxes entitled to priority pursuant to 507(a)(7). Dynamic is current on all federal and Oklahoma taxes incurred on a post-petition basis.

3.02 Class 2 Contingent Secured Claim of State Bank. At the pre-petition request of Dynamic, State Bank issued certain letters of credit in connection with business operations of Dynamic, each of which is secured by a Certificate of Deposit issued by State Bank, more particularly identified as follows:

<u>Letter of Credit Commitment No.:</u>	<u>Amount</u>	<u>Beneficiary</u>	<u>CD No.</u>
	\$ 8,249.98	Oklahoma Tax Commission	
	25,000.00	Oklahoma Corporation Commission	
	10,000.00	Aetna Casualty and Surety Company	

Each letter of credit is secured by the certificate of deposit in the amount of the letter of credit, identified above. State Bank has possession of each of the above described certificates of deposit issued to Dynamic by State Bank.

3.03 Class 3 Secured Claim of Nora Lum Loans. Nora Lum, President of Dynamic, has made certain post-petition loans to Dynamic as shown on Exhibit 2 attached hereto and incorporated herein by reference, pursuant to Orders of this Court authorized such borrowing. The Nora Lum Loans are outstanding in the amount of \$87,500.00 principal and accruing interest of 8% per annum. Pursuant to Orders of the Bankruptcy Court, the Nora Lum Loans are secured by all assets of Dynamic, pursuant to 11 U.S.C. § 364.

3.04 Class 4 Contingent Claim of Federal Election Commission. By letter dated May 13, 1996, Dynamic was advised by the Federal Election Commission of Washington

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D.C., that a Complaint had been submitted to it by the Center for Responsive Politics, which Complaint relates to pre-petition events. The Federal Election Commission is investigating the Complaint. Dynamic has not yet responded, and the time for response, as extended, has not expired.

3.05 Class 5 Price Creditors. The Price creditors consist of Price as defined herein. Stuart Price was formerly an officer of Dynamic. Linda Mitchell Price was formerly a Director and Shareholder of Dynamic. Linda Mitchell Price, Stephanie Lynn Price, William Stuart Price II, Jacqueline Elizabeth Price and Nicole Marie Price previously claimed ownership of the Price Stock, which claims and rights have been compromised, and all right to the Price Stock has been conveyed to Dynamic.

3.06 Class 6 Warnock and Yocham Surface Damage Claims. The Warnock claim, asserted by William Warnock, is based upon a May 1995 claim for property damages in the amount of \$1,500.00 incurred in connection with prepetition pipeline repairs. The Yocham claim, in the amount of \$7,400.00 is based upon damages alleged to have resulted from prepetition operation of the gas pipeline and gathering systems, pursuant to right of way across Mr. Yocham's property. Both claims are asserted by land owners for surface damages.

3.07 Class 7 Toyota Motor Credit Claim. Toyota Motor Credit asserts a claim in the amount of \$12,766.70, arising from a lease of an automobile, described as a Lexus ES

Since commencement of this Case, monthly payments of \$579.85 have been paid by Nora T. Lum, and the automobile has been subject to use by Nora T. Lum, or her designee. The current remaining lease term is sixteen months, with the term expiring on October 14, 1997.

3.08 Class 8 Jaguar Credit Corporation. Jaguar Credit Corporation has filed two Proofs of Claims in this Case each based upon a motor vehicle lease identified as follows:

- (1) Jaguar Automobile
- (2) Jaguar Automobile

Pursuant to the respective Vehicle Leases, Dynamic had the option to acquire the automobiles pursuant to the Vehicle Lease Agreement, or to return the vehicles to Jaguar Credit Corporation on April 26, 1996. Both Vehicle Lease Agreements have expired by their terms.

3.09 Class 9 Greenberg & Traurig. Greenberg & Traurig asserts a claim of \$48,003.00 for prepetition professional services rendered to Dynamic.

3.10 Class 10 Unsecured Claims. Class 10 includes all Unsecured Allowed Claims against Dynamic which are not entitled to priority under § 507 of the Code and which do not represent contingent or unliquidated claims. All Class 10 Claims and the allowed amounts thereof are listed on Exhibit 3. The Class 10 Claims of Enogex and ANGI are Disputed Claims, and are subject to pending litigation in the Bankruptcy Court.

3.11 Class 11 Interest. Class 11 consists of the holders of all interests in Dynamic represented by issued Common Stock of Dynamic Energy Resources, Inc., owned by the parties as shown on Exhibit 4 appended hereto and incorporated herein by reference. By a Settlement and Compromise Agreement on January 3, 1996, approved in the Order Approving Motion to Settle and Compromise, Linda Mitchell Price conveyed Certificate No. 2 representing 260 Shares of Common Stock to Dynamic; Jacqueline Elizabeth Price conveyed Certificate No. 16 representing 10 Shares of Common Stock to Dynamic; Nicole Marie Price conveyed Certificate No. 17 representing 10 Shares of Common Stock of Dynamic; William Stuart Price,

II, conveyed Certificate No. 12 representing 10 Shares of Common Stock to Dynamic; and Stephanie Lynn Price conveyed Certificate No. 3 representing 10 Shares of Common Stock to Dynamic. All such Shares are held by Dynamic as Treasury Shares.

ARTICLE IV

TREATMENT OF CLAIMS

4.01 Class 1 Claims. Pursuant to the Plan, Dynamic shall pay a sum equal to one hundred percent (100%) of the allowed Claim, exclusive of interest, in cash, within five (5) business days after the Effective Date. There is only one known creditor within this class. Class 1 is unimpaired under the treatment provided.

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4.02 Class 2 Contingent Secured Claim of State Bank. State Bank shall retain possession of each certificate of deposit as collateral for each respective letter of credit which each secures. State Bank will pay interest accruing on the certificates of deposit to Dynamic, notwithstanding the pledge of such certificates of deposit as collateral, in accordance with existing practice during the time such certificate of deposit is outstanding, and the letter of credit is unfunded. Upon termination, cancellation or expiration of each respective letter of credit, State Bank shall return to Dynamic the certificate of deposit securing the same and shall release its security interest and claim in such certificate of deposit. In the event that a beneficiary of a letter of credit makes a claim under a letter of credit, notice thereof shall be provided in writing to Dynamic. State Bank shall be entitled to redeem and apply the respective certificate of deposit in satisfaction of the obligation created by funding of the letter of credit in accordance with commercial practice. If a letter of credit is funded, State Bank shall not be required to obtain relief from the Bankruptcy Court under provisions of 11 U.S.C. § 362 or under this Plan, prior to redeeming and applying such certificate of deposit in payment of Dynamic's obligation

to State Bank, which arises from the payment of a letter of credit by State Bank, but shall act in accordance with commercial practice. Class 2 is unimpaired.

4.03 Class 3 Secured Claim Nora Lum Loan. The Nora Lum Loan, including principal and accrued interest shall be paid from proceeds of the Sale of Assets within five (5) business days of the Effective Date, and in full satisfaction of her lien against the assets of Dynamic. Class 3 is unimpaired.

4.04 Class 4 Possible Claim of Federal Election Commission. In the event a Claim is established, it shall become a Class 10 Unsecured Claim and shall be treated accordingly. Dynamic expects to contest any such claim. Class 4 is unimpaired.

4.05 Class 5 Price Creditors. The Prices are entitled to no Claim in this case. All Claims of the Prices of whatever form or nature have been settled, compromised and released. Prices shall be entitled to retain all consideration paid herefore pursuant to the Order Approving Joint Motion for Authority to Compromise and Settle Claims, and will continue to be bound by the Confidentiality Order. Class 5 is unimpaired.

4.06 Class 6 Warnock and Yocham Claims. Within five (5) business days of the Effective Date, Dynamic will pay to Warnock \$1,500.00 and to Yocham \$7,400.00 in full and complete satisfaction of any and all claims against Dynamic from the beginning of time through the Effective Date. In consideration of such payment, Warnock and Yocham will each be required to execute a document of understanding, in a form acceptable to Warnock, Yocham and the purchaser of the gas gathering systems, acknowledging the right of access to the right of way for purposes of repair as necessary. Class 6 is impaired.

4.07 Class 7 Toyota Motor Credit Claim. Pursuant to this Plan, the Toyota Motor Credit Corporation Vehicle Lease will be assumed by Dynamic pursuant to 11 U.S.C.

§ 365, and immediately assigned to Nora T. Lum. All payments due under the Vehicle Lease will be paid by Nora T. Lum, and all rights and benefits thereunder, of Dynamic will be assumed by Nora T. Lum. Class 7 is impaired.

4.08 Class 8 Jaguar Credit Corporation. Since commencement of this Case, all lease payments due to Jaguar Credit Corporation were paid with non-Estate funds. No claim for the funds utilized for payment is made or recognized in this Plan, in connection with payments to Jaguar Credit Corporation. On April 26, 1996, both vehicles were returned to Jaguar Credit Corporation, and all obligations of Dynamic under the Vehicle Lease Agreement has been satisfied. Therefore, the Jaguar Credit Corporation claim have been satisfied, and there will be no payment to Jaguar Credit Corporation under this Plan. Class 8 is unimpaired.

4.09 Class 9 Greenberg & Traurig. The Greenberg & Traurig Claim will be allowed as a claim of \$48,003.00 against Dynamic and will be paid the sum of \$25,000.00 in full satisfaction of its Claim against Dynamic, within five (5) business days of the Effective Date. Class 9 is impaired.

4.10 Class 10 Unsecured Claims. Pursuant to this Plan, Dynamic shall pay a sum equal to one hundred percent (100%) of the Allowed Claim, exclusive of interest, in cash within five (5) business days after the Effective Date for all Allowed Creditors. Class 10 is unimpaired, and pursuant to 11 U.S.C. § 1126(f), is conclusively presumed to have accepted this Plan, without solicitation of ballots. No Claim will be paid on a disputed Class 10 Claim until this has been finally determined and allowed. Disputed Class 10 claims will be paid when the amount has been fully determined. As a contingency for the payment of disputed claims, in the event the Disputed Claim when allowed exceeds the remaining funds available for Class 10, the Retained Assets will be liquidated to pay Class 10 Claims as required.

4.11 Class 11 Interests. All outstanding shares of Common Stock shall remain valid and outstanding shares of Dynamic. Treasury Shares shall remain Treasury Shares of Stock of Dynamic. No additional shares of stock in Dynamic shall be issued pursuant to this Plan. Class 11 is unimpaired, and pursuant to 11 U.S.C. § 1126(f), is conclusively presumed to have accepted this Plan, without solicitation of ballots.

4.12 Payments Made to Producers Pursuant to Order Entered October 4, 1995 on Dynamic's Application. All producers who have received payment from Dynamic for pre-petition production of hydrocarbons under the Order of the Bankruptcy Court entered on October 4, 1995, shall be entitled to retain such payments, in payment of pre-petition claims, pursuant to this Plan. This Plan expressly ratifies and affirms the payments made pursuant to the Order of October 4, 1995.

ARTICLE V

IMPLEMENTATION OF THE PLAN

5.01 Concept of the Plan. This Plan provides for the full payment of all of Dynamic's pre and post-petition claims except for Class 9, and further provides for the survival of all existing shares of Stock issued by Dynamic pre-petition to Interest Holders, which remain outstanding (and not transferred to Treasury Shares). Dynamic has filed its Motion for Authority to Sell Assets to Enerfin Resources Limited Partnership. Dynamic has sold certain assets including two separate gas gathering and pipeline systems, known as the Creek System and the K-2 System, for \$650,000.00 cash to Enerfin Resources I Limited Partnership. Proceeds of the Sale of Assets will be first utilized to discharge 1995 personal property tax obligations of Dynamic to the Creek County Treasurer of approximately \$6,755.98 excluding interest, and to the Okfuskee County Treasurer of approximately \$4,965.95 excluding interest. The remaining

net proceeds after deducting costs of closing, will be utilized hereunder for payments required under this Plan. All Allowed Claims will be paid in full within five (5) business days of the Effective Date, and the Dynamic will retain the balance of funds on hand for payment in accordance with this Plan. Under this Plan, all Administrative Expenses and Claims (other than Disputed Claims) will be paid in cash within five (5) business days of the Effective Date or when determined. All obligations to producers due from Dynamic will be paid in the ordinary course of business. Dynamic will liquidate in commercially reasonable manner such Retained Assets as are necessary to provide adequate funds to pay Disputed Claims, when finally determined.

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5.02 Discharge of Dynamic. Upon Confirmation of the Plan, Dynamic shall be granted a discharge of all Claims, subject only to Consummation of this Plan and the obligations herein created, provided that the security interest of State Bank granted to Class 2 shall survive this Plan. Upon Confirmation of the Plan, any claims against Debtor-in-Possession, including its management, officers and directors arising from this Bankruptcy Case shall be released and discharged.

5.03 Tax Obligations. Upon the Effective Date, Dynamic shall continue its obligations to prepare, file and pay any sums due to any governmental authority in connection with taxes due upon income of Dynamic.

5.04 Property of Estate to Vest in Dynamic. All Retained Assets, not otherwise provided for or distributed hereunder shall vest in Dynamic as Reorganized Debtor, including all claims or causes of action of any kind or nature. Included in the property to vest in Reorganized Debtor upon Confirmation are, without limitation, the assets shown on Exhibit 5 appended hereto and incorporated herein by reference which interests will be free and clear of

any liens, claims or encumbrances, except that should there be insufficient funds to pay all Class 10 Claims including disputed claims when allowed, then the Retained Assets shall be liquidated or mortgaged as required to fund the Plan.

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5.05 Retention of Claims. Dynamic, as Reorganized Debtor under this Plan, will retain all claims and causes of action against third parties unless such claims are or have been expressly released in this Plan, or otherwise expressly released. Specifically included in retained claims is Dynamic's claim against ANGI arising from ANGI's prior agreement to purchase the Creek and K-2 Gas Pipelines and Gathering Systems, as well as claims arising prior to the Sale of Assets under the Gas Purchase and Processing Agreement between Dynamic and ANGI dated November 13, 1993. It is the express intent of this Plan that all such claims whether known or unknown, shall not be discharged but reserved and retained by the Reorganized Debtor. Dynamic shall in its sole discretion, determine whether to pursue any such claim, and any recoveries shall constitute assets of the Reorganized Debtor. The feasibility of this Plan is not contingent upon any recovery on retained claims.

5.06 Confidentiality Order. The Confidentiality Order will not be affected or superseded by this Plan, and will remain in full force and effect, enforceable in the Bankruptcy Court or another Court of competent jurisdiction.

5.07 Releases. Those certain releases by Dynamic heretofore granted of all Claims of Dynamic against Nora T. Lum, Eugene Lum, Kathy Nojima, Michael Brown, Linda M. Price, William Stuart Price, Denver Oil & Mineral Corporation, Jacqueline Elizabeth Price, Stephanie Lynn Price, Nicole Price and William Stuart Price, II, or against their respective officers, directors, agents, attorneys, employees, successors and assigns, pursuant to the Order

Approving Joint Motion for Authority to Settle and Compromise Claim are ratified and affirmed by this Plan.

5.08 Severance Pay for Employees. In recognition of the efforts of Dynamic's employees, especially since the commencement of this Bankruptcy Case, and in recognition that certain employee positions may be eliminated by the Sale of Assets, Dynamic will provide to each employee who is not employed within forty-five (45) days by the successful purchaser of the Sale of Assets severance pay equal to one month's salary.

ARTICLE VI

AMENDMENTS

This Plan may be amended pursuant to the provisions of § 1127 of the Code.

ARTICLE VII

EXECUTORY CONTRACTS

Pursuant to the Motion for Authority to Sell Assets, the contract between ANGI and Dynamic denominated Gas Purchase and Processing Agreement, and all Producer Contracts and all Rights of Way are to be assumed and assigned. In addition, the Executory Contracts shown on Exhibit 6 are assumed and assigned. All other Executory Contracts will be rejected upon Confirmation of the Plan.

ARTICLE IX

RETENTION OF JURISDICTION

The Bankruptcy Court shall retain jurisdiction of this Chapter 11 case for the following purposes:

- (a) To hear and determine objections or disputes to Claims, if any;

(b) Fix allowances of compensation or other administrative expenses allowable under the Bankruptcy Code and the Plan;

(c) Hear and determine causes of action by or against Dynamic arising prior to the commencement of or during the pendency of this proceeding, or to enforce Orders entered herein;

(d) Hear, determine and adjudicate disputes arising under or relating to this Plan;

(e) For such other matters as may be set forth in the Order of Confirmation or as may be appropriate under the Bankruptcy Code;

(f) Hear, determine and adjudicate any dispute concerning consummation of this Plan;

(g) Hear, determine and adjudicate the ANGI Objection and the Enogex Adversary Proceeding; and

(h) To enforce the Confidentiality Order.

ARTICLE X

DEFAULT

In the event of a default in the performance of the provisions of this Plan subsequent to the Confirmation Date, any party-in-interest shall have the right to request a determination that such default exists, and if so, petition the Bankruptcy Court for performance of the provisions hereof, or any other relief to which such party deems itself entitled, or is deemed appropriate by the Bankruptcy Court.

ARTICLE XI

MISCELLANEOUS

11.01 Headings in this Plan are for convenience of reference only, and shall not limit or otherwise effect the meanings hereof.

11.02 After Confirmation of the Plan, Dynamic may settle claims and controversies, set off accounts or charges, compromise and determine claims with a creditor and settle uncollected judgments and claims by the Estate without Bankruptcy Court approval.

ARTICLE XII

EFFECT OF CONFIRMATION

12.01 Upon Confirmation, all property of the Estate will vest in the Reorganized Debtor unless otherwise provided by the Plan.

12.02 Upon Confirmation, all property of the Estate shall be free and clear of all Claims of Creditors except as otherwise provided by the Plan or by a valid and enforceable security agreement, mortgage or other written contract which is not rejected by the Plan.

12.03 The provisions of the Plan, when confirmed, will bind Dynamic, and all Creditors and Interest Holders.

12.04 Confirmation of the Plan will operate as a discharge of Dynamic of all claims, except as expressly provided herein.

ARTICLE XIII

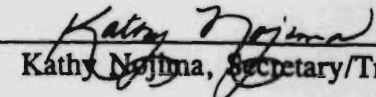
ALLOWANCE OF CLAIMS FOR PURPOSE OF VOTING

All Creditor Claims which have not been previously disallowed will be deemed Allowed for the purpose of voting on the Plan in the amount as shown on the Schedules hereto, unless an Order is entered by the Bankruptcy Court determining or estimating the amount of a Creditor's Claim prior to Confirmation, in which case the Claim will be treated for voting according to such Order. Allowance of a Claim under this section for the purpose of voting on

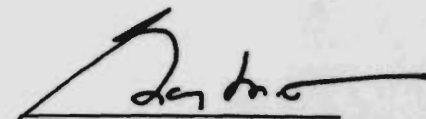
the Plan shall not prejudice the right of Dynamic or a party in interest to object to the allowance of any Claim either prior or subsequent to Confirmation.

DATED this 31st day of July, 1996.

DYNAMIC ENERGY RESOURCES, INC.

By: 
Kathy Nojima, Secretary/Treasurer

DOERNER, SAUNDERS, DANIEL & ANDERSON

By: 
Gary M. McDonald, OBA No. 5960
Leonard I. Pataki, OBA No. 6935
Tom Q. Ferguson, OBA No. 12288
320 South Boston, Suite 500
Tulsa, Oklahoma 74103
(918) 582-1211

Attorneys for Dynamic Energy Resources, Inc.

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EXHIBIT 1

Class 1 Tax Claims

<u>Creditor</u>	<u>Amount</u>
Internal Revenue Service	\$2,100.00

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Exhibit 2

LOANS TO DYNAMIC FROM NORA LUM

<u>DATED</u>	<u>PAYEE</u>	<u>AMOUNT</u>
10/25/95	Dynamic Energy Resources, Inc.	\$16,100.00
10/30/95	Dynamic Energy Resources, Inc.	10,000.00
11/30/95	Dynamic Energy Resources, Inc.	20,000.00
12/28/95	Dynamic Energy Resources, Inc.	12,000.00
01/19/96	Dynamic Energy Resources, Inc.	2,000.00
01/24/96	Dynamic Energy Resources, Inc.	4,900.00
01/26/96	Dynamic Energy Resources, Inc.	5,000.00
02/20/96	Dynamic Energy Resources, Inc.	5,000.00
03/19/96	Dynamic Energy Resources, Inc.	7,000.00
04/22/96	Dynamic Energy Resources, Inc.	5,500.00

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EXHIBIT 3

Allowed Unsecured Claims
Class 10

<u>Creditor</u>	<u>Allowed Claim</u>
Associated Natural Gas, Inc.	\$ Disputed
AT&T	1,164.03
Baker Nut Pipe & Supply	120.00
Cellular One	94.17
Compressor Credit Corp.	5,000.00
D&G Energy Corp.	500.00
Enogex Services Corporation	Disputed
Federal Express	686.95
Glacier Petroleum	2,464.00
Hall, Estill, Hardwick, Gable, Golden & Nelson	7,428.24
Jaguar Credit Corporation	0.00
Jaguar Credit Corporation	0.00
Kitchen Oil	262.15
Nora T. Lum	0.00
Norman & Wohlgemuth	71,666.54
OG&E	19.72
Oklahoma Corporation Commission	126.89
Linda Mitchell Price	0.00
Principal Mutual Life Insurance Company	0.00
St. Francis Hospital	40.00
Shields Oil Field	1,120.56
Sooner Tire & Distributors, Inc.	613.38
Southwestern Bell Telephone	297.20
Toyota Motor Credit Corporation	0.00
Triple A. Tools	90.72
UPS	91.50
U.S. Cellular	<u>366.74</u>
	\$ 92,152.79

Disputed Claims

ANGI Claim	\$ 51,700.00
Enogex Claim	241,806.72

EXHIBIT 4

Class 11 Interest Holders

<u>Shareholder</u>	<u>Type share</u>	<u>No. of Shares</u>
Nora T. Lum	Common	610
Michael Brown	Common	50
Kathy Nojima	Common	5
Nickie Lum	Common	5
Maxine Lum	Common	5
Trisha Lum	Common	5
Ron Higa	Common	5
Richard Choi Bertsch	Common	5
Larry Wong	Common	5
Helen Yee	Common	<u>5</u>
		700

Treasury Shares

Dynamic
Certificate #2

Common

Price Shares

Certificate #3
Certificate #12
Certificate #16
Certificate #17

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EXHIBIT 5

Retained Assets of
Reorganized Debtor

All Assets Not Disposed of Pursuant to Plan Including:

- Cash not utilized to fund Plan.
- Certificates of Deposit to extent not utilized to fund Plan.
- Interest in two (2) compressors on North Kelleyville Dutcher Unit.
- North Kelleyville Dutcher Enhanced Recovery Unit
- Hawaiian Condominium.
- Membership in Robert Trent Jones Country Club.
- Furniture, fixtures, machinery and equipment.
- All claims and causes of action not specifically released by the Plan.

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Exhibit 6

Executory Contracts to be Assumed and Assigned

Toyota Motor Credit Corporation Vehicle Lease

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FILED

JUN 17 1996

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN OF OKLAHOMA**

**DOROTHY A. EVANS, CLERK
U. S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA**

In re:)
)
DYNAMIC ENERGY RESOURCES, INC.)
EIN: 73-1436867,)
)
Debtor.)

Case No. 95-03029-C
(Chapter 11)

**ORDER SETTING HEARING ON APPROVAL OF DISCLOSURE
STATEMENT AND DIRECTING MANNER OF NOTICE TO
CREDITORS AND OTHER PARTIES IN INTEREST**

The Court, having been advised that Dynamic Energy Resources, Inc., Debtor-in-Possession herein, has filed on the 10th day of June, 1996, its Disclosure Statement and Plan of Reorganization, pursuant to this Court's previous Orders extending the Debtor-in-Possession's exclusive period for filing its Plan and Disclosure Statement, finds that the same should be set for hearing on approval thereof, and that notice should be provided to creditors and other parties in interest as provided herein. Accordingly,

IT IS HEREBY ORDERED,

1. The hearing to approve the Disclosure Statement shall be set for **1:30 o'clock p.m. on the 31st day of July, 1996**, before Stephen J. Covey, United States Bankruptcy Judge, Federal Building, Courtroom #2, 224 South Boulder, Tulsa, Oklahoma 74103.

2. All written objections to the Disclosure Statement must be filed with the Clerk of the United States Bankruptcy Court, and copies thereof served upon Gary M. McDonald, counsel for Dynamic Energy Resources, Inc., 320 South Boston, Suite 500, Tulsa, Oklahoma 74103 on or before the **29th day of July, 1996**.

3. The hearing on Confirmation of Plan will be **August 19, 1996, at 1:00 o'clock p.m.**, before Stephen J. Covey, United States Bankruptcy Judge, United States Bankruptcy Courtroom #2, 224 South Boulder, Tulsa, Oklahoma 74103, unless rescheduled by Order of the Court.

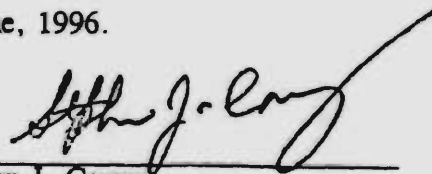
4. Ballots which will be mailed to creditors after approval of the Disclosure Statement must be submitted on or before **August 15, 1996**, unless such date is extended by

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the Court, to Gary M. McDonald, Doerner, Saunders, Daniel & Anderson, 320 South Boulder, Suite 500, Tulsa, Oklahoma 74103-3725.

5. Within three (3) days of entry of this Order, Dynamic Energy Resources, Inc. shall cause to be mailed to all parties in interest, parties required to receive notice by the Bankruptcy Code, and parties who have requested service of pleadings and notices in this matter, a copy of this Order, the Disclosure Statement, and the proposed Plan of Reorganization. Debtor-in-Possession shall cause a Certificate of Mailing attesting to such mailing to be filed prior to the date set hereinabove for hearing on the Disclosure Statement.

IT IS SO ORDERED this ^{17th} ~~14th~~ day of June, 1996.



Stephen J. Covey
United States Bankruptcy Judge

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

DOROTHY A. EVANS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA

In re:)	
)	
DYNAMIC ENERGY RESOURCES, INC.,)	Case No. 95-03029-C
EIN: 73-1436867,)	(Chapter 11)
)	
Debtor.)	

ORDER APPROVING DISCLOSURE STATEMENT
AS AMENDED

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NOW on this 31st day of July, 1996 came on for consideration the Disclosure Statement of Dynamic Energy Resources, Inc. set for hearing pursuant to Order dated June 17, 1996. Dynamic Energy Resources, Inc. was present through its counsel, Doerner, Saunders, Daniel & Anderson, by Gary M. McDonald. Enogex Services Corporation ("Enogex") was present through its counsel, McKinney, Stringer & Webster, P.C., by Michelle Campney. Other parties appeared as shown on the Appearance Docket. The Court proceeded to consider the Disclosure Statement and finds as follows:

1. By Order dated June 17, 1996, consideration of the Disclosure Statement was scheduled for 1:30 o'clock p.m. on July 31, 1996. Written objections were required to be filed on or before July 29, 1996.

2. Enogex has filed an Objection to which the Debtor, Dynamic, has filed a Response. Dynamic has advised the Court, in such Response, of certain technical corrections to be made to the Disclosure Statement and the Plan of Reorganization, and other

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AUG 01 1996

DOROTHY A. EVANS, CLERK
U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF OKLAHOMA

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

IN RE:)	
)	
DYNAMIC ENERGY RESOURCES, INC.)	Case No. 95-03029-C
)	(Chapter 11)
Debtor.)	
)	
Federal I.D. #73-1340306)	

**DISCLOSURE STATEMENT OF
DYNAMIC ENERGY RESOURCES, INC.**

Dynamic Energy Resources, Inc. ("Dynamic"), a Delaware corporation, proposes the following Disclosure Statement and Plan of Reorganization (the "Plan") to Dynamic Creditors. The Plan is submitted under a separate document filed contemporaneously herewith. Capitalized terms used herein shall refer to defined terms in the Plan. In the event of any conflict between this Disclosure Statement and the Plan, the terms of the Plan shall govern.

I. GENERAL STATEMENT CONCERNING PLAN

Dynamic proposes this Plan which provides for the payment in full of all Administrative Claims and Allowed Claims within five (5) days of the Effective Date except for certain Disputed Claims, which will be paid when finally determined. Payments have previously been made to Creditors (Producers) who are owners of interests in oil and gas leaseholds, for sale of prepetition gas production to Dynamic. These payments made pursuant to an Order of the Bankruptcy Court dated October 2, 1995, are ratified under the Plan. The settlement and compromise of claims between Dynamic, Nora T. Lum, Kathy Nojima and Michael Brown, and Linda Mitchell Price, William Stuart Price, Denver Oil & Minerals, Inc., and the Price Minor

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Children, approved by this Court on December 19, 1995, is also ratified and affirmed under this Plan.

In order to fund this Plan, Dynamic has sold, through a Bankruptcy Court Supervised Sale, the Creek and K-2 Pipelines and Gas Gathering Systems, pursuant to 11 U.S.C. § 363, and has assumed and assigned certain contracts pursuant to 11 U.S.C. § 365. The Purchase Price for the Sale of Assets to Enerfin Resources I Limited Partnership ("Enerfin") is \$650,000.00 cash, all as more particularly set forth in the Order Approving Sale of Natural Gas Pipeline Gathering Systems pursuant to 11 U.S.C. § 363 and Assumption and Assignment of Executory Contracts and Unexpired Leases Pursuant to 11 U.S.C. § 365, entered on July 31, 1996.

The net proceeds from the Sale of Assets will be held for payment of claims under the Plan.

Dynamic as Reorganized Debtor will retain significant assets ("Retained Assets") under the Plan, including a condominium in Honolulu Hawaii, the North Kelleyville Dutcher Enhanced Recovery Unit, a Golf Club Membership in the Robert Trent Jones Golf Club, furniture and fixtures and two compressors in which Associated Natural Gas Inc. ("ANGI") asserts a right of ownership and right to delivery in December 1998. The ANGI claims to the two (2) compressors will be resolved by the Bankruptcy Court on the ANGI Objection.

The Retained Assets will vest in the Reorganized Debtor free and clear of all liens, claim, and interests, except to the extent that upon determination of Disputed Claims, satisfaction thereof shall require additional money, the Retained Assets shall be subject to any such unpaid Disputed Claim, as provided in Paragraphs 4.10 and 5.04 of the Plan of Reorganization. Dynamic will emerge from this Plan as an operating business entity. All prepetition stock will

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remain outstanding, except that certain prepetition stock which has been conveyed by Price to Dynamic are Treasury Shares and will remain Treasury Shares. There will be no change in the existing management of Dynamic as the Reorganized Debtor. This Plan, if confirmed, will permit Dynamic to resume business operations after repayment in full of all prepetition obligations represented by Allowed Claims.

A. SOLICITATION OF VOTES

Solicitation of acceptances of a Plan is not permitted unless accompanied by a Disclosure Statement which has been approved by the Bankruptcy Court. This Disclosure Statement was approved by the Bankruptcy Court at a hearing held on the 31 day of July, 1996. Accordingly, solicitation of your acceptance of this Plan is now permitted.

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WHILE IT IS A REQUIREMENT OF THE BANKRUPTCY CODE THAT A DISCLOSURE STATEMENT BE APPROVED BY THE COURT, SUCH COURT APPROVAL DOES NOT IMPLY ANY JUDGMENT MADE OF THE COURT IN RESPECT TO THE DESIRABILITY OR VIABILITY OF A PLAN OF REORGANIZATION. THE APPROVAL MEANS NOTHING MORE THAN THAT THE COURT HAS DETERMINED THAT THIS DISCLOSURE STATEMENT PROVIDES "ADEQUATE INFORMATION" TO THE CREDITORS OF THIS ESTATE, SUFFICIENT TO ENABLE THEM TO MAKE A REASONED AND INFORMED JUDGMENT ABOUT WHETHER THE PLAN ADEQUATELY PROTECTS THEIR INTEREST. Each Creditor should carefully evaluate this Disclosure Statement in conjunction with the Plan, in order to determine whether or not it is in that Creditors' best interest to accept the Plan.

B. ELIGIBILITY TO VOTE

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All those person who have been listed as Creditors in the Debtor's Schedules and Statement of Affairs or have timely filed a Proof of Claim and whose Claim has not been disallowed are entitled to vote, either in favor of or against the Plan, utilizing the ballot circulated together with this Disclosure Statement. However, pursuant to 11 U.S.C. § 1126(f), a Class of Creditors whose Claim or Interest is not impaired, is conclusively presumed to have accepted the Plan, and solicitation of acceptances with respect to any such Class from the holders of Claims or Interest of such Class is not required. Accordingly, under the proposed Plan of Reorganization, Classes 1, 2, 3, 4, 5, 8, 10 and 11 are not impaired, and therefore solicitation of votes is not required of those Classes pursuant to 11 U.S.C. § 1126(f). Each Creditor whose Claim is impaired should determine the Class into which its Claim falls. Upon completion of the ballot, each Creditor should return it to the Dynamic's counsel, Gary M. McDonald, at the address shown on the ballot **before the Deadline for Submission** to assure proper tabulation.

Distributions under the Plan will be made only to holders of Allowed Claims. Schedules attached to the Plan identify all Allowed Claims, and the Plan identifies the Classes of such Creditor's Allowed Claims, and the amounts in which Claims have been allowed.

II. INTRODUCTION

Dynamic Energy Resources, a Delaware corporation, invoked the jurisdiction and sought protection of this Court on September 29, 1995 to afford Dynamic the opportunity to resolve legal disputes in a practical and economical forum with broad jurisdiction over properties and parties.

Dynamic was formed in 1993. In November of 1993, it purchased certain assets from GAGE Corporation, and concurrently entered into a Gas Sale Agreement with Oklahoma Natural

Gas Company ("ONG"). In November 1993, Dynamic sold and assigned to ANGI certain rights under the Gas Sale Agreement, but also retained for its own benefit certain rights to sell gas to ONG. Dynamic also entered into a separate Gas Purchasing and Processing Agreement with ANGI dated November 13, 1993. From late 1993, Dynamic operated two gas pipelines and gathering systems, known as the Creek System and the K-2 System, and sold production to ANGI and ONG.

In January 1994, Dynamic sold and delivered to ANGI certain compressors which had been utilized in connection with the gas pipelines and gathering systems. These compressors were removed from the gas pipelines and gathering systems. The two compressors located on the North Kelleyville Dutcher Unit, were not delivered to ANGI and not included in the sale of the other compressors. These two compressors are subject to a dispute in a separate agreement addressed involved in the ANGI Claim Objection. Dynamic also operated the North Kelleyville Dutcher Enhanced Recovery Unit, and pursued business ventures in other industries, outside the energy field.

In March of 1994, Dynamic assigned and transferred to Enogex Services Corporation by written agreement all of its retained rights under its Contract with ONG, and all rights under a Contract with Helmerich & Payne, Inc.

The original business purposes of Dynamic included the vision of empowerment of individuals, often denied opportunity. The Board of Directors of Dynamic was and is composed of a broad and diverse representation of the American people. Dynamic intended to sponsor and develop programs for the education of students from Asian nations at leading American Universities, and to provide similar opportunities for minority citizens within the United States.

William Stuart Price served as President of Dynamic from late 1993 until June 1994 when he left Dynamic to pursue a campaign for election to the United States Congress from the Oklahoma Second Congressional District. Mr. Price's campaign was not successful. Mr. Price returned to Dynamic in November 1994. Mr. Price finally left Dynamic in May 1995, under circumstances of disagreement with Dynamic.

Denver Oil & Minerals Corporation, a corporation owned by William Stuart Price, was one of the initial Shareholders of Dynamic. Linda Mitchell Price, the wife of William Stuart Price, and the four minor children of the Prices obtained the shares originally owned by Denver Oil & Minerals Corporation. The Prices held shares representing a minority interest of the outstanding shares of stock of Dynamic.

Dynamic understood that in conjunction with Mr. Price's departure to seek a Congressional seat in June of 1994, that Dynamic had achieved an agreement with Linda Mitchell Price and her minor children that Dynamic would purchase the Price Stock in Dynamic for \$150,000.00. Dynamic paid such sum to and on behalf of the Price family, for what Dynamic understood was the purchase of the Price Stock. At that time, in mid 1994, the return of William Stuart Price to Dynamic in November 1994 was not contemplated.

Later, after Mr. Price returned to Dynamic, the Prices contended that there was never any agreement to sell the Price Stock to Dynamic for \$150,000.00, and they further contended the Price Stock had never been sold. The Prices contended that they were entitled to recover from Dynamic substantial sums of money exceeding one million dollars, by virtue of their status as Dynamic Shareholders. In addition, Price alleged that Dynamic had made improper payments to or for the benefit of Nora T. Lum, Eugene Lum, Lum family members, and Michael Brown, a Dynamic Director. Dynamic vigorously disputed the Price Claims.

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In May of 1995, Linda Mitchell Price commenced an action styled Linda Price v. Eugene Lum, Nora T. Lum, Kathy Nojima, Michael Brown and Dynamic, Tulsa Country District Court Case No. CJ-95-1948. The litigation was bitterly contested, and Dynamic vigorously opposed the Price Claims. In the face of a State Court decision to appoint a Receiver for Dynamic, Dynamic sought protection of the United States Bankruptcy Court, to reorganize its affairs as Debtor-in-Possession.

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In January, 1996, after extended litigation with Price in the Bankruptcy case, Dynamic entered into a Settlement Agreement with Price, pursuant to which Price released all claims against Dynamic, and conveyed all shares of Price Stock to Dynamic. Under the settlement, Dynamic paid Price \$150,000.00 and conveyed to Price Dynamic's interest in Ramco Energy Corporation. In connection with the settlement, which was approved by the Bankruptcy Court on December 19, 1995, Nora T. Lum loaned to Dynamic \$150,000.00 to fund the Settlement Agreement with Price. Nora Lum was granted an administrative expense priority for that \$150,000.00 unsecured loan. The Price Settlement ended a bitter dispute, which consumed substantial energy and resources of Dynamic for almost one year. During the course of the litigation, certain charges were made and publicized which created additional inquiries by various regulatory agencies. Dynamic became the subject of sometimes sensational news accounts involving public figures and issues, which in most respect were either inaccurate or distorted. These reports, however, increased the difficulty encountered by Dynamic in its efforts to continue to operate and reorganize its business affairs.

Enogex Services Corporation and Associated Natural Gas Company each objected to the Settlement Agreement. Enogex filed a written objection which its attorney unsuccessfully argued to the Bankruptcy Court. Both Enogex and ANGI objections were overruled. Neither objecting

party commenced an appeal of the Settlement Agreement which was consummated in January, 1996. Dynamic believes that the Order on the Settlement Agreement is a final, binding determination in this case. Dynamic has been advised by counsel for Enogex that Enogex may contend that the Settlement Agreement is not final, and could be overturned if the Dynamic plan is confirmed, and the plan as confirmed is contested. Dynamic advises creditors of Enogex's position, which Dynamic does not share. Enogex could have, but did not take, a timely appeal of the Settlement Agreement, and in Dynamic's view, no longer has a right to challenge the Settlement Agreement.

Post-Petition, Dynamic, under the capable direction of its limited staff of employees, continued to operate the Creek and K-2 Systems. In order to assure uninterrupted payments to Dynamic's producers, and to preserve the confidence of producers, Dynamic sought and obtained an Order of the Bankruptcy Court authorizing Dynamic to pay all prepetition producer claims as well as prepetition priority wage claims. These claims were paid, and the payments are ratified under the Plan. Dynamic has paid all producers in accordance with contractual provisions, without interruption.

In April 1996, Dynamic successfully obtained a renewal from the Oklahoma Corporation Commission of a hardship Priority One designation of the Creek System for an additional year.

Dynamic has attempted to market the Creek and K-2 Systems since shortly after the Bankruptcy was filed. An obvious and logical buyer was ANGI, which was the purchaser of production from these Systems. ANGI submitted an offer to purchase the Systems and two Compressors located on the North Kelleyville Dutcher Unit for \$750,000.00. Dynamic contends the offer was duly accepted. Thereafter ANGI attempted to substantially modify the offer to the detriment of Dynamic and its creditors and attempted to withdraw it. ANGI contends the offer

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was withdrawn prior to acceptance. Dynamic contends the original offer was accepted, and thereafter breached by ANGI. Later, ANGI offered to pay \$500,000.00 for the gas gathering systems in open Court, which bid Dynamic rejected. Dynamic asserts a breach of contract claim against ANGI, which claim is not released under the Plan. However, the Plan does not depend upon a recovery against ANGI for funding of the Plan.

On July 26, 1996, Dynamic sold the identified assets of the gas pipelines and gathering systems and associated assets to Enerfin for \$650,000.00 cash.

Dynamic has objected to two creditor claims. These claims, asserted by ANGI and Enogex Services Corporation ("Enogex"), will be classified as Class 10 claims when and if allowed. Dynamic also asserts a counterclaim of \$72,481, plus interest, against Enogex.

After the Sale of Assets, Dynamic will pay Creditor Claims as provided in this Plan and will pay all Allowed Administrative Claims. Dynamic will continue in business, administer its retained assets, and enjoy the opportunity to again pursue its corporate purposes, which were shelved during the period of bitter litigation and the administration of this case. If funds on hand are insufficient to pay the amount of Dispute Claims, when the amount of such claims are determined, the Retained Assets will be liquidated as necessary to fund such claims. Prior to the final determination of the Disputed Claims, Dynamic will list for sale with a qualified realtor the Hawaii Condominium for a sale price sufficient to generate a net price of at least \$100,000. The Condominium sale proceeds will remain subject to the payment of Disputed Claims, if so required. In addition, Dynamic will proceed to render the two gas compressors income producing, either through lease or sale, subject to the resolution of ANGI's claim in both compressors. Additional funds for payment of Disputed Claims will arise from release of the various certificates of deposit of Dynamic which presently secure the class 2 claim of State

Bank. State Bank will retain its security interest in the certificates of deposit until the underlying bond or letter of credit issued by State Bank is terminated. Dynamic will expeditiously work to obtain bond terminations as business activities for which the bonds were issued, are terminated by Dynamic. Finally Dynamic will undertake to establish procedures for the liquidation of the Robert Trent Jones Golf Club Membership necessary to fund Class 10 Disputed Claims. Dynamic does not believe that the amount of Disputed Claims as ultimately allowed will require the liquidation of all Retained Assets, but is prepared to liquidate such assets as may be required to assume Class 10 Disputed Claim payment.

III. THE PLAN

A. THE PRINCIPAL ELEMENTS

This Plan of Reorganization contemplates continued business operations of Dynamic, under the direction of current management. Accumulated cash together with proceeds from the Sale of Assets will be utilized to pay Creditor Claims within five (5) business days of the Effective Date. All pre-petition Creditors will be paid in full pursuant to the Plan. Disputed Claims will be paid when finally determined. All outstanding stock (Class 11) of Dynamic will be unaffected by this Plan. Class Two will retain its secured status in the certificates of deposit.

IV. CLASSIFICATION OF CREDITORS

Creditors are classified into eleven separate classes as more particularly described in the Plan:

Class 1: Tax Claims: There is one claim within this Class.

Class 2: Contingent Secured Claim of State Bank.

Class 3: Secured Claim of Nora Lum for loans to Dynamic.

Class 4: Contingent Claim of Federal Election Commission.

Class 5: Price Creditors Claim.

Class 6: Warnock and Yocham Surface Damages Claim.

Class 7: Toyota Motor Credit Claim.

Class 8: Jaguar Credit Corporation Claim.

Class 9: Greenberg & Traurig Claim

Class 10: Unsecured Claims.

Class 11: Interests

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Estimated administrative claims through May 31, 1996 which have not yet been determined, are separately classed, and include claims of Doerner, Saunders, Daniel & Anderson (\$215,000.00) bankruptcy counsel; special counsel for Debtor, Cheri M. Wheeler (\$3,500.00); Coopers & Lybrand, accountants (\$21,300.00); and V. Alan Ratliff, Industry Expert and Consultant (\$32,000.00). In addition, Nora Lum holds an administrative claim of \$150,000.00 together with accruing interest since December 31, 1996, at eight percent (8%) per annum, which will be paid in full. The professional fees will be partially paid by \$45,000.00 in retainers previously authorized by the Bankruptcy Court. The Plan provides for payment of professional fee administrative claims upon determination of the amount due or otherwise as the recipient may agree.

V. PLAN FEASIBILITY

Payments under the Plan are as follows:

Administrative Professional Fees	\$ 216,500.00
(Estimated - net of \$45,000 in retainers)	
Personal Property Taxes (Creek, Okfuskee)	12,000.00
Nora Lum Administrative Claim	150,000.00*
Class 1	2,100.00
Class 2	0.00

Class 3	87,500.00*
Class 4	Unknown
Class 5	0.00
Class 6	8,900.00
Class 7	0.00
Class 8	0.00
Class 9	25,000.00
Class 10**	92,152.79
Class 11	<u>0.00</u>
	\$604,152.00

Cash from Sale of Gas Gathering System \$ 650,000.00

Other Assets

Cash on Hand	\$ 25,000.00
***Compressors - Rental value	100,000.00
Hawaiian Condominium	100,000.00
Certificates of Deposit	40,000.00
Furniture, Fixtures & Equipment (Unknown)	?
Robert Trent Jones Golf Club	
Membership (Estimated)	<u>30,000.00</u>
Total Value of Assets	945,000.00
	<u>604,152.00</u>
Excess Assets for Disputed Claims	\$ 340,848.00

No Value given to cash on hand, other assets and claims.
No Payments made to Class 11, Interest Holders.

- * Interest will accrue on these claims.
- ** Does not include disputed claims of Enogex and ANGI.
- *** Estimate of rental income from 2 compressors over a 24 month period.

**VI. OFFICERS AND DIRECTORS OF
DYNAMIC AFTER CONFIRMATION**

After confirmation, the pre-petition stock of Dynamic will remain outstanding. The following current officers and directors will remain after confirmation:

<u>Name</u>	<u>No. Shares</u>	<u>Office</u>
Nora T. Lum	610	President

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Nora T. Lum is both a Creditor and Majority Shareholder of Dynamic.

VII. RETENTION OF CLAIMS

Dynamic as Reorganized Debtor will retain and be vested with all rights, claims, and causes of action which existed against third parties at the commencement of this case, and which have not been compromised, released or discharged in this Bankruptcy Case or Plan. No recovery on any such claim is required for purposes of the funding of this Plan.

VIII. TAX IMPACT OF THE PLAN UPON DEBTOR

Virtually, all Creditor Claims are proposed to be paid in full so that there will be no significant forgiveness of indebtedness income. There will be no transfer of ownership or control of Dynamic under this Plan. Under these circumstances, Dynamic believes that the Plan as proposed will have no significant impact on Dynamic or upon its pre-petition tax status.

IX. STANDARDS OF CONFIRMATION

In order to confirm the Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Plan, including that (a) the Plan has classified claims and interests in a permissible manner; (b) the Plan complies with the technical requirements of Chapter 11 of the Code; (c) the Plan has been proposed in good faith; and (d) the disclosures as required by Chapter 11 of the Bankruptcy Code have been adequate and have included information concerning all payments made or promised to be made in conjunction with the Plan. Dynamic believes that all of these conditions will have been met and will seek rulings of the Bankruptcy Court to this effect.

The Bankruptcy Code also requires that the Plan has been accepted by the requisite vote of Creditors (except to the extent that "cram-down" is available under § 1129(b) of the Code, as

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described in Section 5 below "Confirmation Without Acceptance By All Impaired Classes"); that the Plan be feasible (that is, there is a reasonable prospect that the Debtor will be able to perform its obligations under the Plan, and continue its business pursuits without further financial reorganization); and that the Plan is in the "best interest" of all Creditors (that is, that the Creditors will receive at least as much pursuant to the Plan as they would receive in a Chapter 7 liquidation). To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met (unless the applicable provisions of § 1129(b) of the Bankruptcy Code are employed in which event the Plan could be confirmed even though a Class does not accept the Plan). Thus, even if the Creditors of Dynamic accept the Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Plan's feasibility and whether it is in the best interest of the Creditors of Dynamic, before it may confirm the Plan. The statutory conditions to confirmation are discussed below:

1. Classification of Claims Or Interests. The Bankruptcy Code requires that a Plan of Reorganization place each Creditor's claim in a Class with other claims and interests which are "substantially similar." Dynamic believes that the Plan meets the classification requirements of the Code. Creditors who are Affiliates have been separately classed and treated in subordinate fashion.

2. Voting. As a condition of confirmation, the Code requires that each Impaired Class of Claims or interests accept the Plan. The Bankruptcy Code defines acceptance of a Plan by a Class of Claims as acceptance by holders of two-third (2/3) in dollar amount and a majority in number of Claims of that Class, but for that purpose counts only those Creditors who actually vote to accept or reject the Plan.

Classes of claims that are not "impaired" under the Plan are deemed to have accepted the Plan. Acceptances of the Plan are therefore being solicited only from those persons who hold Claims in an impaired class. A Class is "impaired" if the legal, equitable, or contractual right attaching to the claims or interest of that class are modified, other than by curing defaults and reinstating maturity or by payment in full of each. Classes 6, 7 and 9 are impaired under the Plan. Classes 1, 2, 3, 4, 5, 8, 10 and 11 are unimpaired, and the holders of claims in these Classes will not be solicited for acceptance pursuant to 11 U.S.C. § 1126(f), and their acceptances will be presumed.

3. Best Interest of Creditors. Notwithstanding Acceptance of the Plan by Creditors, as provided for in the Bankruptcy Code, in order to confirm the Plan, the Bankruptcy Court must independently determine that the Plan is in the best interest of all classes of Creditors impaired by the Plan. The "best interest" test requires that the Bankruptcy Court find that the Plan provides for each member of each Impaired Class of Claims recovery which has a value at least equal to the value of the distribution which each such Creditor would receive if Dynamic were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate what members of each Impaired Class of Unsecured Creditors would receive if the Dynamic Estate were liquidated, the Bankruptcy Court must first determine the aggregate dollar amount that would be generated from Dynamic's assets if the Chapter 11 case were converted to a Chapter 7 case under the Bankruptcy Code and the assets were liquidated by a Trustee in bankruptcy (the "Liquidation Value"). The Liquidation Value would consist of the net proceeds from the disposition of non exempt assets of the Debtor, augmented by the cash held by Dynamic and recoveries on actions against third parties.

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The Liquidation Value available to general Creditors would be reduced by (a) the claims of secured Creditors and (b) by the costs and expenses of liquidation as well as other administrative expenses of the Debtor's Estate. The Debtor's cost of liquidation under Chapter 7 would include compensation of a Trustee, as well as of counsel and other professionals retained by the Trustee; disposition expenses; all unpaid expenses incurred by the Debtor during the Chapter 11 reorganization proceeding (such as compensation for attorneys, which are allowed in a Chapter 7 proceeding; litigation costs; and claims arising during the pendency of the Chapter 11 reorganization and Chapter 7 liquidation proceedings. Once the percentage of recoveries of Secured Creditors, Priority Claimants, General Creditors, and Equity Security Holders are ascertained, the value of the distribution out of the Liquidation Value is compared with the value of the consideration offered to each of the classes of Claims under the Plan to determine if the Plan is in the best interest of each Creditor and Equity Security Holder. Dynamic is in effect liquidating its principal asset through the Sale of Assets, in a manner to far surpass in value the results likely to be achieved by a Chapter 7 Trustee. Under the circumstances, the Plan proposes a better recovery than liquidation in a Chapter 7 case.

(4) Feasibility of the Plan. Dynamic believes that the Reorganized Debtor will be able to perform the obligations under the Plan and continue to successfully conduct business, because the Sale of Assets and value of its other assets will generate sufficient funds to satisfy its obligations.

(5) Confirmation Without Acceptance By All Impaired Classes. The Bankruptcy Code contains provision for confirmation of a plan even if the Plan is not accepted by all impaired classes, as long as at least one impaired class of Claims has accepted it. These "cram-down" provisions are set forth in § 1129(b) of the Bankruptcy Code.

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A Plan may be confirmed under the "cram-down" provisions if, in addition to satisfying the usual requirements of § 1129 of the Bankruptcy Code, it (i) "does not discriminate unfairly" and (ii) "is fair and equitable with respect to each class of Claims or interest that is impaired under, and has not accepted the Plan". As used by the Bankruptcy Code, the phrases "discriminate unfairly" and "fair and equitable" have narrow and specific meanings unique to bankruptcy law.

The requirement that a plan not "discriminate unfairly" means that a dissenting class must be treated equally with respect to other Classes of equal rank. Dynamic believes that the Plan does not "discriminate unfairly" with respect to any class of claims because no class is afforded treatment which is disproportionate to the treatment afforded other classes of equal rank.

The "fair and equitable" standard, also known as the "absolute priority rule," requires that dissenting classes receive full compensation for their allowed claims before any junior class receives any distribution. Dynamic believes this Plan satisfies such standard.

(6) Alternatives to the Plan. Dynamic believes that the Plan, which provides for payment of Dynamic's Creditors, achieves the full objective of Chapter 11 Reorganization. The alternatives to confirmation of the Plan are (i) confirmation of an alternative plan of reorganization submitted by the Debtor or by another party in interest or (ii) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code. Dynamic is unaware of any alternate plan, and because the claims of Affiliates are subordinated to other Creditors which would otherwise not be absolutely required, the recovery under this Plan is greater for non-Affiliate Creditors than under alternative plans. For reasons described herein, Dynamic believes that the distribution to Unsecured Allowed Claims under the Plan will be greater and earlier than distributions which might be received after liquidation of Dynamic.

Dynamic believes that Confirmation of the Plan is preferable to any available alternatives described above because the Plan provides for an equitable, early distribution to all impaired classes of the Debtor's Creditors and preserves the value and earning capacity of Dynamic, thus allowing its contribution to this Plan; any alternatives to confirmation of the Plan would result in diminution of recoveries.

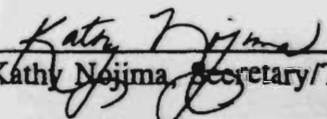
X. CONCLUSION

This Disclosure Statement contains information intended to assist Creditors of Dynamic in evaluating the Plan of Reorganization. If the Plan is confirmed, all Creditors of Dynamic will be bound by its terms.

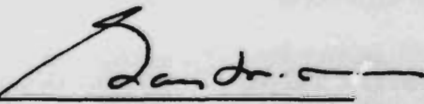
Dynamic urges each Creditor to read the Plan carefully and to use this Disclosure Statement and such other information as may be available in order to make an informed decision on the Plan.

DATED this 31st day of July, 1996.

DYNAMIC ENERGY RESOURCES, INC.

By: 
Kathy Nojima, Secretary/Treasurer

DOERNER, SAUNDERS, DANIEL & ANDERSON

By: 
Gary M. McDonald, OBA No. 5960
Leonard I. Pataki, OBA No. 6935
320 South Boston, Suite 500
Tulsa, Oklahoma 74103
(918) 582-1211

Attorneys for Dynamic Energy Resources, Inc.

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BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)

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ENFORCEMENT PRIORITY

RECEIVED
FEDERAL ELECTION COMMISSION
SECRETARIAT
AUG 14 4 25 PM '97

SENSITIVE

AUG 19 1997

**EXECUTIVE SESSION
SUBMITTED LATE**

GENERAL COUNSEL'S REPORT

I. INTRODUCTION.

The cases listed below have been identified as either stale or of low priority based upon evaluation under the Enforcement Priority System (EPS). This report is submitted to recommend that the Commission no longer pursue these cases.

II. CASES RECOMMENDED FOR CLOSURE.

A. Cases Not Warranting Further Action Relative to Other Cases Pending Before the Commission

EPS was created to identify pending cases which, due to the length of their pendency in inactive status or the lower priority of the issues raised in the matters relative to others presently pending before the Commission, do not warrant further expenditure of resources. Central Enforcement Docket (CED) evaluates each incoming matter using Commission-approved criteria which results in a numerical rating of each case.

Closing such cases permits the Commission to focus its limited resources on more important cases presently pending before it. Based upon this review, we have identified 34 cases which do not warrant further action relative to other pending matters.¹

¹ These cases are: MUR 4470 (Ward for Congress); MUR 4478 (Citizens for Tom Reynolds); MUR 4492 (Friends of Ken Poston); MUR 4498 (Darryl Roberts for Congress); MUR 4506 (The Hon. Ted Little); MUR 4512 (Friends of Lane Evans); MUR 4517 (Unknown Respondent); MUR 4518 (Kansas for Rathbun); MUR 4520 (Larry Lerner for

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Attachment 1 to this report contains summaries of each case, the EPS rating, and the factors leading to assignment of a low priority and recommendation not to further pursue the matter.

B. Stale Cases

Effective enforcement relies upon the timely pursuit of complaints and referrals to ensure compliance with the law. Investigations concerning activity more distant in time usually require a greater commitment of resources, primarily due to the fact that the evidence of such activity becomes more remote and consequently more difficult to develop. Focusing investigative efforts on more recent and more significant activity also has a more positive effect on the electoral process and the regulated community. In recognition of these facts, EPS also provides us with the means to identify those cases which, though earning a higher rating when received, remained unassigned due to a lack of resources for effective investigation. The utility of commencing an investigation declines as these cases age, until they reach a point when activation of a case would not be an efficient use of the Commission's resources.

Congress); MUR 4522 (*Republican Party of Bexar County*); MUR 4523 (*Cong. Andrea Seastrand*); MUR 4524 (*Danny Covington Campaign Fund Committee*); MUR 4526 (*Hoeffell for Congress*); MUR 4528 (*Pete King for Congress*); MUR 4529 (*Pete King for Congress*); MUR 4532 (*Citizen's Committee for Gilman for Congress*); MUR 4535 (*Visclosky for Congress*); MUR 4537 (*Di Nicola for Congress*); MUR 4541 (*Ross Perot*); MUR 4548 (*Blagojevich for Congress*); MUR 4550 (*Friends of Wamp for Congress*); MUR 4551 (*John N. Hostettler*); MUR 4557 (*De La Rosa for Congress*); MUR 4559 (*Bill Baker for Congress*); MUR 4560 (*George Stuart Jr. for Congress*); MUR 4562 (*Wayne E. Schile*); MUR 4566 (*A. Gore*); MUR 4574 (*Danny Covington Campaign Fund Committee*); MUR 4576 (*Volunteers for Shimkus*); MUR 4579 (*New Zion Baptist Church*); MUR 4580 (*Friends of Mike Forbes*); MUR 4584 (*Bill Baker for Congress*); MUR 4588 (*Navarro for Congress*); and MUR 4613 (*Guy Kelley for Congress*).

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The U.S. District Court for the District of Columbia, however, held in *Democratic Senatorial Campaign Committee v. FEC*, (Civil Action No. 95-0349) (D.D.C. April 17, 1996) that 24 months was too long a time in which to hold a case in an inactive status.

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Twenty one cases have remained on the Central Enforcement Docket for a sufficient period of time to render them stale, all of which are recommended for closure in this Report.⁴ This group includes four MURs that became stale several months ago, but were held pending criminal prosecution by the Department of Justice.⁵ DOJ obtained convictions in the two criminal cases related to these four MURs (*U.S. v. Jay Kim* and *U.S. v. Dynamic Energy Resources*) based upon guilty pleas by the key defendants, who are also the principal respondents in our pending matters. Pursuit of civil enforcement action in view of the satisfactory results obtained in the criminal cases would not be the most effective use of the Commission's scarce resources at this time.

We recommend that the Commission exercise its prosecutorial discretion and direct closure of the cases listed below, effective August 29, 1997. Closing these cases as

⁴ These cases are: MUR 4274 (*GOPAC*); MUR 4358 (*Miller for Senate*); MUR 4361 (*ABC-TV*); MUR 4368 (*Citizens Business Bank*); MUR 4380 (*AFGE Local 2391 PAC*); MUR 4385 (*Dial for Congress*); MUR 4386 (*Zimmer for Senate*); MUR 4396 (*ABC*); MUR 4404 (*Friends of Steve Stockman*); MUR 4410 (*39th Legislative District*); MUR 4417 (*Our Choice II*); MUR 4422 (*Desana for Congress Committee*); and Pre-MUR 336 (*Park National Bank & Trust*).

⁵ These cases are: MUR 3796 (*Jay Kim for Congress*); MUR 3798 (*Jay Kim*); MUR 4275 (*Jay Kim*); and MUR 4356 (*Dynamic Energy Resources*). In dismissing the *Jay Kim* cases, we also recommend closing Pre-MUR 352, which is the transmittal of the guilty plea agreement and related documentation in the criminal case against Congressman Kim forwarded by United States Attorney's office.

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of this date will permit CED and the Legal Review Team the necessary time to prepare closing letters and case files for the public record.

III. RECOMMENDATIONS.

A. Decline to open a MUR, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:

Pre-MUR 336

Pre-MUR 352

B. Take no action, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:

MUR 3796	MUR 4396	MUR 4522	MUR 4559
MUR 3798	MUR 4404	MUR 4523	MUR 4560
MUR 4274	MUR 4410	MUR 4524	MUR 4562
MUR 4275	MUR 4417	MUR 4526	MUR 4566
	MUR 4422	MUR 4528	MUR 4574
MUR 4356	MUR 4470	MUR 4529	MUR 4576
MUR 4358	MUR 4478	MUR 4532	MUR 4579
MUR 4361	MUR 4492	MUR 4535	MUR 4580
MUR 4368	MUR 4498	MUR 4537	MUR 4584
	MUR 4506	MUR 4541	MUR 4588
MUR 4380	MUR 4512	MUR 4548	MUR 4613
MUR 4385	MUR 4517	MUR 4550	
MUR 4386	MUR 4518	MUR 4551	
	MUR 4520	MUR 4557	

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8/14/97
Date

Lawrence M. Noble (L2)
Lawrence M. Noble
General Counsel

Attachment:
Case Summaries

BEFORE THE FEDERAL ELECTION COMMISSION

In the Matter of)
Enforcement Priority) Agenda Document No. X97-55

CERTIFICATION

I, Marjorie W. Emmons, recording secretary for the Federal Election Commission executive session on August 19, 1997, do hereby certify that the Commission decided by a vote of 4-1 to take the following actions with respect to Agenda Document No. X97-55:

- A. Decline to open a MUR, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:
1. Pre-MUR 336.
 2. Pre-MUR 352.
- B. Take no action, close the file effective August 29, 1997, and approve the appropriate letters in the following matters:
1. MUR 3796.
 2. MUR 3798.
 3. MUR 4274.
 4. MUR 4275.
 5. MUR 4356.
 6. MUR 4358.
 7. MUR 4361.
 8. MUR 4368.
 9. MUR 4380.
 10. MUR 4385.
 11. MUR 4386.
 12. MUR 4396.
 13. MUR 4404.
 14. MUR 4410.
 15. MUR 4417.
 16. MUR 4422.
 17. MUR 4470.
 18. MUR 4478.

(continued)

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Federal Election Commission
Certification: Enforcement Priority
August 19, 1997

Page 2

19. MUR 4492. 20. MUR 4498. 21. MUR 4506.
22. MUR 4512. 23. MUR 4517. 24. MUR 4518.
25. MUR 4520. 26. MUR 4522. 27. MUR 4523.
28. MUR 4524. 29. MUR 4526. 30. MUR 4528
31. MUR 4529. 32. MUR 4532. 33. MUR 4535.
34. MUR 4537. 35. MUR 4541. 36. MUR 4548
37. MUR 4550. 38. MUR 4551. 39. MUR 4557.
40. MUR 4559. 41. MUR 4560. 42. MUR 4562.
43. MUR 4566. 44. MUR 4574. 45. MUR 4576.
46. MUR 4579. 47. MUR 4580. 48. MUR 4584.
49. MUR 4588. 50. MUR 4613.

Commissioners Aikens, McDonald, McGarry, and Thomas
voted affirmatively for the decision; Commissioner Elliott
dissented.

Attest:

8-21-97
Date

Marjorie W. Emmons
Marjorie W. Emmons
Secretary of the Commission

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Kent Cooper, Executive Director
The Center for Responsive Politics
1320 19th Street, N.W. Suite 700
Washington, D.C. 20036

RE: MUR 4356

Dear Mr. Cooper:

On May 7, 1997, the Federal Election Commission received a complaint filed by Ellen S. Miller alleging certain violations of the Federal Election Campaign Act of 1971, as amended ("the Act").

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action in the matter. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in this matter on August 29, 1997. This matter will become part of the public record within 30 days.

The Act allows a complainant to seek judicial review of the Commission's dismissal of this action. See 2 U.S.C. § 437(g)(a)(8).

Sincerely,

A handwritten signature in black ink, appearing to read "F. Andrew Turley".

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

John R. Tisdale, Esquire
WRIGHT, LINDSEY & JENNINGS
200 West Capitol Avenue, Suite 2200
Little Rock, Arkansas 72201-3699

RE: MUR 4356
Gene and Nora Lum

Dear Mr. Tisdale:

On May 13, 1996, the Federal Election Commission notified your clients, Gene and Nora Lum, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your clients. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

Stuart Price
2131 East 27th Street
Tulsa, OK 74114

RE: MUR 4356

Dear Mr. Price:

On May 13, 1996, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against you. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

Linda Mitchell Price
Stuart Price for Congress
2131 East 27th Street
Tulsa, OK 74114

RE: MUR 4356

Dear Ms. Price:

On May 13, 1996, the Federal Election Commission notified you of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against Stuart Price for Congress and you, as treasurer. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION

WASHINGTON, D.C. 20463

August 29, 1997

Lyn Utrecht, Esquire
OLDAKER, RYAN, PHILLIPS & UTRECHT
818 Connecticut Avenue, N.W. Suite 1100
Washington, D.C. 20006

RE: MUR 4356
Kennedy for Senate
John F. Zamparelli, Treasurer

Dear Ms. Utrecht:

On May 13, 1996, the Federal Election Commission notified your clients, Kennedy for Senate and John F. Zamparelli, as treasurer, of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your clients. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Turley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

August 29, 1997

Gary M. McDonald, Esquire
DOERNER, SAUNDERS, DANIEL & ANDERSON
320 South Boston Avenue, Suite 320
Tulsa, OK 74103-3725

RE: MUR 4356
Dynamic Energy Resources, Inc.

Dear Mr. McDonald:

On May 13, 1996, the Federal Election Commission notified your client, Dynamic Energy Resources, Inc., of a complaint alleging certain violations of the Federal Election Campaign Act of 1971, as amended. A copy of the complaint was enclosed with that notification.

After considering the circumstances of this matter, the Commission exercised its prosecutorial discretion to take no action against your client. This case was evaluated objectively relative to other matters on the Commission's docket. In light of the information on the record, the relative significance of the case, and the amount of time that has elapsed, the Commission determined to close its file in the matter on August 29, 1997.

The confidentiality provisions of 2 U.S.C. § 437g(a)(12) no longer apply and this matter is now public. In addition, although the complete file must be placed on the public record within 30 days, this could occur at any time following certification of the Commission's vote. If you wish to submit any factual or legal materials to appear on the public record, please do so as soon as possible. While the file may be placed on the public record prior to receipt of your additional materials, any permissible submissions will be added to the public record when received.

If you have any questions, please contact Alva E. Smith on our toll-free telephone number, (800) 424-9530. Our local telephone number is (202) 219-3400.

Sincerely,

F. Andrew Tunley
Supervisory Attorney
Central Enforcement Docket

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FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

THIS IS THE END OF MUR # 4356

DATE FILMED 9-17-97 CAMERA NO. 4

CAMERAMAN JMIS

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