

STATE OF NORTH CAROLINA IN THE GENERAL COURT OF JUSTICE
COUNTY OF MOORE SUPERIOR COURT DIVISION

CHARLES DENNIS JONES and wife,	)	
LINDA HOWARD JONES, et al,	)	
	)	
Plaintiffs,	)	
	)	
V.	)	17-CVS-1184
	)	
WOODLAKE CC CORP.,	)	
	)	
Defendant,	)	
	)	

Deposition of JULIE WATSON

Held at the Law Offices of
William T. Clemmons
Southern Pines, North Carolina

Wednesday, March 14, 2018
10:05 A.M.

Volume 1
Pages 1 through 109

A P P E A R A N C E S

For the Plaintiffs Jones, et al:

Hope D. Carmichael, Esquire
Jordan Price Wall Gray Jones & Carlton, PLLC
1951 Clark Avenue
Post Office Box 10669
Raleigh, North Carolina 27605
(919) 828-2501
hcarmichael@jordanprice.com

T A B L E O F C O N T E N T S

<u>Witness</u>	<u>Direct</u>	<u>Cross</u>	<u>Redirect</u>	<u>Recross</u>
Julie Watson				
by Ms. Carmichael:	5-107			

E X H I B I T S

<u>Number</u>	<u>Description</u>	<u>Marked</u>
<u>Plaintiff's</u>		
1	Notice of Deposition of Julie Watson	6
2	Subpoena	7
3	North Carolina Deed of Trust	9
4	North Carolina Special Warranty Deed	16
5	Photographs of Papers	17
6	Woodlake Membership Folder 2015	48
7	Woodlake Membership Folder 2016	48
8	Woodlake Membership Folder 2017	48
9	Woodlake Membership Folder 2018	48
10	Articles of Incorporation	71

S T I P U L A T I O N S

Prior to the examination of the witness counsel for the parties stipulated and agreed as follows:

1. This deposition shall be taken for the purpose of discovery and for use as evidence in the above-entitled action;
2. Objections by any party as to the notice of the taking of the deposition, or to the time and place thereof, or the competency of the person before whom the deposition shall be taken, are hereby waived;
3. Objections to any questions and motions to strike answers need not be made during this deposition, but may be made at any pre-trial hearing held before a judge; or at any hearing at which this deposition may be used; or during the course of the trial; except for objections made to the form of the questions; these must be made at the time of the question; or the objection is waived;
4. The original transcript of this deposition will be delivered or mailed to the attorney taking the deposition in a sealed envelope;
5. The witness waives signature of the transcript.

P R O C E E D I N G S

10:05 A.M.

(Whereupon,

Julie Watson

was called as a witness, duly sworn, and testified as follows:)

D I R E C T E X A M I N A T I O N

10:05 A.M.

By Ms. Carmichael:

Q Ms. Watson, good morning; if you would just state your full name for the record?

A Julie Watson.

Q Okay, and I am Hope Carmichael. I'm representing the plaintiff in the lawsuit that has been filed by about seventeen named plaintiffs that have been certified with a class action in Moore County Superior Court, which is 17-CVS-1184. And the defendant is Woodlake CC Corp. of which you are an officer. Do you serve as vice president of Woodlake CC Corp.?

A Yes, ma'am.

Q Okay, have you ever had your deposition taken before, Ms. Watson?

A Yes, ma'am, with the Woodlake Partners LLC, with the lake, and also with Carolina Corporation.

Q Okay, and so just to refresh your memory, I will ask you questions. I need you to say yes or no

1 instead of nodding your head or shaking your head so
2 that the court reporter can actually record what you're
3 saying.

4 A Yes, ma'am.

5 Q And if at any time you want me to repeat a
6 question or you don't understand what I am asking you,
7 feel free to do that. It's very informal. You are
8 appearing today on your own without an attorney, is
9 that correct?

10 A Yes, ma'am.

11 Q Okay, so there will be no need for you to
12 stop and ask anyone else any questions, but if at any
13 time you need a break, use the rest room, just let me
14 know and we can do that. I just ask that you not do
15 that in the middle of me asking a question. If I have
16 asked you a question, go ahead and answer it, and we
17 can take a break after you answer.

18 A Yes, ma'am.

19 Q And if you let me finish the question before
20 you answer, then she can understand what I am saying
21 and understand what you're saying; we will keep our
22 respective answers and questions separate.

23 Ms. Carmichael: I would like for the
24 court reporter to mark that as Deposition Exhibit 1.

25 (Plaintiff's Exhibit Number 1 marked for

1 identification.)

2 By Ms. Carmichael:

3 Q And I am going to show that to you, Ms.
4 Watson. Did you receive a copy of this Notice of
5 Deposition --

6 A Yes, ma'am.

7 Q -- to be here today? And pursuant to this,
8 you are appearing today in your individual capacity?

9 A Yes, ma'am.

10 Q Okay.

11 Ms. Carmichael: I am going to ask the
12 court reporter to also introduce or mark this as
13 Exhibit 2.

14 (Plaintiff's Exhibit Number 2 marked for
15 identification.)

16 By Ms. Carmichael:

17 Q I will show you the subpoena that was issued
18 for your appearance here today. Were you served with a
19 copy of that subpoena by the Moore County Sheriff?

20 A Yes, ma'am.

21 Q Okay, let me ask you to turn on Exhibit 2 to
22 the third page which is Exhibit A, and a list of
23 documents that you were ordered to bring with you today
24 pursuant to the subpoena, and ask if you brought those
25 documents that are responsive there to Exhibit A.

1 A Yes, ma'am.

2 Q All right, so I am looking at the first
3 document. Let the record show that Ms. Watson has
4 handed me a stack of four green 8 1/2 by 11 folders,
5 which all appear to contain documents, as well as three
6 paper-clipped sets of documents on top of those four
7 folders. And I am just going to go through the
8 documents and ask you questions about those to start.

9 A Yes, ma'am.

10 Q The first document is clipped together, and
11 is six pages. And the cover sheet says Response to
12 Exhibit A, Civil Suit 17-CVS-1184. Number 1, please
13 see attached the only written document that I hold. By
14 that response, do you intend to be responding to the
15 four numbered questions on Exhibit A to the subpoena?

16 A Yes, ma'am, the only document that I have is
17 what you have.

18 Q Okay, so Number 1 on the subpoena asks for a
19 copy of any participation agreement, promissory note or
20 other documents evidencing the indebtedness of Woodlake
21 CC Corp. that is secured by the Deed of Trust. And in
22 looking at what's attached --

23 Ms. Carmichael: Let's just mark this for
24 identification as Plaintiff's Exhibit 3, Madam Court
25 Reporter.

1 (Plaintiff's Exhibit Number 3 marked for
2 identification.)

3 By Ms. Carmichael:

4 Q What you have attached is a copy of the
5 actual Deed of Trust. Tell me in your own words what
6 you understand this document to be?

7 A The bankruptcy -- when Woodlake CC Corp. was
8 purchased at a bankruptcy, Steiner Consulting and the
9 MAP Funds, they were going to put \$6.5 million into
10 Woodlake. At that time they thought the dam -- the
11 cost would only be \$2 million and then the rest would
12 go into other areas as needed at Woodlake. So the 6.5
13 million, the mortgage is what that was for.

14 Q Okay, and I see on this Deed of Trust that it
15 is signed by you on page 4 on behalf of Woodlake CC
16 Corp.

17 A Yes, ma'am.

18 Q And so let's see. I believe I have another
19 copy of this to let you look at at the same time I'm
20 looking. I am going to hand you --

21 A Okay.

22 Q -- back Exhibit 3 and ask you to look on that
23 Deed of Trust document at the page with your signature,
24 which is page 4 of the Deed or Trust. It's page 4 of
25 5.

1 A Yes, ma'am.

2 Q Okay, and if you look there at Item Number 15
3 above your signature, it says other terms. Do you see
4 that?

5 A I don't have my glasses today; other terms
6 -- oh, yes, ma'am.

7 Q Okay, all right, and it says maximum
8 principal amount secured. This is a future advance
9 Deed of Trust subject to the provision of Article 7 of
10 Chapter 45 of the North Carolina General Statutes. Do
11 you know what a future advance Deed of Trust is? Do
12 you have any understanding about that?

13 A No, ma'am.

14 Q Was there an attorney that advised you when
15 you signed this document?

16 A Yes, ma'am, I think my concern when I signed
17 this document a trusted attorney.

18 Q Who was that attorney?

19 A Mr. Scarborough.

20 Q Okay.

21 A When they were going to put the money into
22 Woodlake, I was willing to sign this for the community.
23 There's a dam that needed to be repaired and there's a
24 lot of other items that need to be repaired.

25 Q Okay.

1 A And this is why I did this.

2 Q Okay, and you said before that it was the
3 attention of Steiner Consulting and the MAP Group?

4 A M-A-P, yes, ma'am, M-A-P.

5 Q Okay, and tell me what is Steiner Consulting?

6 A Steiner Consulting, to the best of my
7 knowledge, he manages an investment group which is the
8 MAP.

9 Q He meaning who?

10 A Steiner, Illya Steiner.

11 Q Illya Steiner, okay; so Steiner Consulting is
12 Illya Steiner's company?

13 A Yes, ma'am.

14 Q Okay, and he manages an investment group?

15 A Yes, ma'am.

16 Q Okay, and you say that the investment group
17 that he manages is M-A-P Group?

18 A Yes, ma'am.

19 Q Okay, and so why were they involved in
20 wanting to invest money in Woodlake?

21 A Well, before the hurricane, they see
22 potential. They, at that time, thought the dam would
23 only be \$2 million. They had a cost of \$6.5 million
24 and with this amount they thought that it would be a
25 good investment to put into Woodlake.

1 Q What is the relationship between Illya
2 Steiner and Ingolf Boex?

3 A I don't know. I don't even think -- I don't
4 even think there is a relationship. I mean, I don't
5 know, but I don't even think there is a relationship, I
6 mean, as far as every day -- I just don't know.

7 Q Have you ever met Illya Steiner?

8 A Oh, yes, ma'am.

9 Q Did you meet him here in North Carolina?

10 A Yes, ma'am.

11 Q Okay, tell me about the first time you met
12 Illya Steiner?

13 A I met him and Frank Magdefessel. Frank
14 Magdefessel at the time was a partner with Illya.

15 Q Partners in Steiner Consulting?

16 A Yes, ma'am; they came to Woodlake to look.
17 They came several times to look.

18 Q Okay, and was that during the bankruptcy of
19 Woodlake Partners?

20 A Yes, ma'am.

21 Q Earlier you said something about the
22 bankruptcy of Woodlake CC Corp.

23 A I'm sorry.

24 Q Were you referring to the bankruptcy of
25 Woodlake Partners?

1 A Woodlake Partners; yes, ma'am, I'm sorry.

2 Q Did Illya Steiner have any interest in
3 Woodlake Partners?

4 A No, he just -- no, I mean, he was just
5 interested in Woodlake itself to purchase.

6 Q And when I say interest, I mean did he have
7 an ownership interest in Woodlake Partners?

8 A Oh, no, ma'am.

9 Q Okay, who were the owners in Woodlake
10 Partners?

11 A Gabrielle Boex and Ingolf Boex.

12 Q And what ownership interest did you have in
13 Woodlake Partners?

14 A None.

15 Q Okay, do you have an ownership interest in a
16 limited liability company called J & --

17 A Partners.

18 Q -- Partners, LLC?

19 A Uh-huh.

20 Q Okay, did J & Partners, and that is
21 ampersand, J ampersand Partners, LLC, am I correct?

22 A Yes, ma'am.

23 Q Did J & Partners have any ownership interest
24 in Woodlake Partners?

25 A No, ma'am.

1 Q Okay, did you hold an office or were you an
2 officer in Woodlake Partners?

3 A Yes, ma'am.

4 Q Okay, what was the office that you held in
5 Woodlake Partners?

6 A Best of my knowledge, vice president; I'm
7 sorry. I just went brain dead.

8 Q And so when you met -- who introduced you to
9 Illya Steiner on his first visit to Woodlake?

10 A Ingolf.

11 Q Okay, was Ingolf Boex in North Carolina at
12 the time? Did he come to Woodlake with Mr. Steiner?

13 A Yes, ma'am, and Frank Magdefessel.

14 Q Okay, and what did Mr. Boex explain to you
15 about Mr. Steiner and Mr. Magdefessel at the time?

16 A At the time we were all in a meeting in the
17 clubhouse and they just said they were interested in
18 purchasing. Mr. Steiner asked me to give him a list of
19 everything that was needed for Woodlake to restore its
20 beauty. He asked questions about the lake and asking
21 us for some ideas what would make the membership grow.
22 What were some things that could make the membership
23 grow; just basic conversation about Woodlake in
24 general?

25 Q And after that first meeting, how did things

1 progress in terms of Mr. Steiner and Mr. Magdefessel's
2 interest in purchasing the property of Woodlake
3 Partners?

4 A I'm not sure.

5 Q How many times did you meet with them after
6 that first meeting?

7 A To the best of my knowledge, it was -- I
8 don't know the exact, but it was many times. It was
9 several times they came.

10 Q Was it more than five?

11 A I would say that it was -- I would say that
12 it was not more than five.

13 Q Okay, what was the time period of the first
14 meeting and the somewhere around five other meetings?

15 A I can't -- I'm sorry. I can't recall.

16 Q Let me direct your attention back to Exhibit
17 3 which contains this Deed of Trust.

18 A Uh-huh.

19 Q And ths is dated April 25, 2017.

20 A Yes, ma'am.

21 Q Okay, do you remember the Woodlake CC Corp.'s
22 purchased the assets of Woodlake Partners out of the
23 bankruptcy in 2015?

24 A Yes, ma'am.

25 Q Okay, so was the meeting with Mr. Steiner

1 closer to this 2017 date of the Deed of Trust or was
2 it --

3 A It was several meetings before.

4 Q Okay.

5 A Because the first time I met Dr. Steiner and
6 Frank Magdefessel, the amount told to me was \$6.5
7 million to put into -- the investors were going to put
8 into Woodlake.

9 Q And was that before they purchased Woodlake
10 out of the bankruptcy?

11 A No, this was -- I can't recall. I can't
12 recall, Ms. Carmichael. I'm sorry.

13 Q In 2015 when the ownership changed from
14 Woodlake Partners to Woodlake CC Corp. -- let's go
15 ahead and mark this as Plaintiff's Exhibit 4, which is
16 the second packet of paperwork that you brought to me
17 this morning, Ms. Watson.

18 (Plaintiff's Exhibit Number 4 marked for
19 identification.)

20 By Ms. Carmichael:

21 Q And attached to this is a Special Warranty
22 Deed from Woodlake Partners LLC to Woodlake CC Corp.
23 and it is dated May 29, 2015 and it is signed by Mr.
24 Hudson, who is the bankruptcy trustee.

25 A Yes, ma'am.

1 Q And attached to that deed is a copy of the
2 bankruptcy order that says that there was a sale on
3 March 26, 2015 and that the high bid was put in by
4 Steiner and Company for various pieces of property that
5 are described in the deed. Do you remember all of that
6 happening in the 2015 time frame?

7 A Yes, ma'am.

8 Q Okay, let's see what else you brought me. I
9 will show you, I am going to mark this as Plaintiff's
10 Exhibit 5.

11 (Plaintiff's Exhibit Number 5 marked for
12 identification.)

13 Ms. Carmichael: You can hand that to the
14 witness.

15 By Ms. Carmichael:

16 Q Exhibit 5, Ms. Watson, are some photographs
17 of papers pertaining to the Woodlake CC Corp. and the
18 first paper says that the undersigned, being all the
19 directors of Woodlake CC Corp., hereby adopt and
20 approve of the resolutions attached hereto and it's
21 signed Illya Steiner and Julie Watson and it's dated
22 April 27, 2015. Do you see that?

23 A Yes, ma'am.

24 Q Okay, so on April 27, 2015, were you the vice
25 president and a shareholder in Woodlake CC Corp.?

1 A Yes, ma'am.

2 Q And looking at the third page of that
3 exhibit, it says that the shareholders in Woodlake CC
4 Corp. were Steiner Consulting, GmbH --

5 A Yes, ma'am.

6 Q -- and J & Partners, LLC?

7 A Yes, ma'am.

8 Q And you signed as manager on 4/27/15, is that
9 correct?

10 A Yes, ma'am.

11 Q Okay, and then the last page of that Exhibit
12 5 indicates that you were issued on April 27, 2015 to
13 your partnership or to your LLC, J & Partners, LLC, 100
14 shares of stock in Woodlake CC Corp.?

15 A Yes, ma'am.

16 Q What monetary investment did you make in
17 Woodlake CC Corp. in exchange for your 100 shares?

18 A There were no funds given for the shares.

19 Q Okay, what was your arrangement with Dr.
20 Steiner in terms of you receiving a 50 percent
21 ownership interest in Woodlake CC Corp.?

22 A I -- my understanding is that we all met and
23 we all spoke. You know, they had asked if I wanted to
24 -- would I continue to stay at Woodlake. You know, and
25 I think he wanted me to continue to stay the manager

1 partner. And I think this is how this went about.

2 Q Okay, did you sign off on any debts in 2015
3 of the corporation?

4 A Repeat that. I'm sorry.

5 Q Did you sign off on any debts in 2015 of
6 Woodlake CC Corporation?

7 A I mean, please explain what --

8 Q Okay, do you owe a bank any money on behalf
9 of Woodlake CC Corporation?

10 A No, not on Woodlake CC Corp.

11 Q Okay, do you owe anyone other than a bank any
12 money on behalf of Woodlake CC Corp.?

13 A I have during the process of Woodlake CC
14 Corp., the years, I had to sign some personal
15 guarantees, yes, ma'am. They are -- they are coming
16 after me, yes, ma'am.

17 Q So what personal guarantee are they coming
18 after you for?

19 A Oh, I have several pumps for Hurricane
20 Matthew. I mean, I have signed my name on golf carts.
21 I have signed my name on different contracts, you know,
22 just for the daily operations.

23 Q So were these contracts with different
24 vendors of Woodland Country Club?

25 A Yes, ma'am.

1 Q Do you have any documents that you signed
2 where you owe Dr. Steiner or any entity controlled by
3 Dr. Steiner any money?

4 A No, ma'am.

5 Q Do you have any documents that you signed
6 where you owe Ingolf Boex --

7 A No, ma'am.

8 Q -- or Gabrielle Boex any money?

9 A No, ma'am.

10 Q How about Frank Megdefessel?

11 A No, ma'am.

12 Q Okay, does Woodlake CC Corp. owe any money to
13 Dr. Steiner or any entity that he controls?

14 A No; no, ma'am.

15 Q Does Woodlake CC Corp. owe any money to Frank
16 Magdefessel?

17 A No, ma'am.

18 Q Okay, does Woodlake CC Corp. owe any money to
19 Ingolf or Gabrielle Boex?

20 A No, ma'am.

21 Q Do you recall signing any notes to any banks
22 that Woodlake CC Corp. would owe money to?

23 A No, ma'am.

24 Q Okay, so going back to Plaintiff's Exhibit 4,
25 which is the Deed, what did you understand were the

1 debts that attached to the property that Woodlake CC
2 Corp. was buying out of the bankruptcy?

3 A I'm sorry. I don't --

4 Q What did you understand were the debts that
5 attached to the property which you were taking on for
6 Woodlake CC Corp.? Were there any debts from Woodlake
7 Partners?

8 A From Woodlake Partners, Woodlake CC Corp., it
9 was debt-free after they purchased that bankruptcy.

10 Q Okay, and Exhibit 4, in fact, recites that
11 all of the liens that had been filed by various banks
12 and lenders against the property --

13 A Uh-huh.

14 Q -- for Woodlake Partners would attach to the
15 proceeds in the bankruptcy and that Woodlake CC Corp.
16 was taking the property free and clear of any debts?

17 A Yes, ma'am.

18 Q Is that your understanding?

19 A Yes, ma'am.

20 Q Okay, and it appears from the bankruptcy
21 order that Steiner and Company paid \$59,400.00 for the
22 violet collateral property. Does that sound right, the
23 price that was paid?

24 A Yes, ma'am.

25 Q Okay, other than that \$59,000.00 that was

1 paid, are you aware of any cash or funds that were
2 advanced by Dr. Steiner or Frank Magdefessel on behalf
3 of Woodlake CC Corp. to purchase that property?

4 A Not to my knowledge; I don't know the answer.

5 Q Was it your understanding as a director, an
6 officer and a 50 percent shareholder in Woodlake CC
7 Corp. that the total purchase price paid for the
8 property that Woodlake CC Corp. owns was \$59,500.00?

9 A No, it was --

10 Q Let me hand you Exhibit 4.

11 A They had to pay -- and where you are seeing
12 the \$59,000.00?

13 Q If you will look at the bankruptcy order
14 which is attached as Exhibit B; see that B?

15 A Uh-huh.

16 Q See where it says total purchase price
17 \$59,400.00?

18 A I need my glasses. I'm sorry.

19 Q I'll read it to you. The debtor has filed a
20 recorded sale indicating that upon conclusion of the
21 auction the high bid was made by Steiner and Company
22 for the violet collateral and the debtor has requested
23 approval thereof. The high bidder was Steiner and
24 Company. The high bid was \$55,000.00. The buyer's
25 premium was \$4,400.00. The total purchase price was

1 \$59,400.00.

2 A The violet collateral was another mortgage.
3 The violet -- see, when Steiner purchased, there were
4 several mortgages he had to purchase also. So that was
5 separate in the sale of Woodlake -- the purchase of
6 Woodlake.

7 Q Okay, explain that to me?

8 A The whole total -- the whole total of
9 Woodlake, the best of my knowledge, is there was a
10 bank, the BHF Bank --

11 Q Uh-huh.

12 A -- which I think -- which was \$800,000.00 to
13 the best of my knowledge.

14 Q Uh-huh.

15 A \$500,000.00 for the purchase of Woodlake.

16 Q Uh-huh.

17 A And then there were other property that had
18 to be purchased; the violet collateral, Jackie Danker,
19 the Henn's land. There were several other items. So
20 to the best of my knowledge, it was about \$2.5 million
21 that they had to deposit MAP Funds put towards the
22 purchase.

23 Q And MAP Fund was the entity that actually
24 paid that cash into the bankruptcy court?

25 A Yes, ma'am.

1 Q Okay, now let me go back. Did you put
2 forward any of that cash?

3 A No, ma'am.

4 Q I am going to take you back to the Deed of
5 Trust which is Exhibit -- it's attached. Sorry, I've
6 gotten myself turned around here. I believe it was
7 Exhibit 3.

8 A I'm sorry. I may --

9 Q You have it -- okay.

10 A Yes, ma'am, I have it.

11 Q Okay, so looking at the Deed of Trust which
12 is attached, let's go back to that page 4 of 5 that has
13 your signature on it and we were talking about
14 paragraph 15.

15 A Yes, ma'am.

16 Q And it says -- this again is a Deed of Trust
17 and that was dated in April of 2017, two years after
18 the purchase in March of 2015, am I right?

19 A Uh-huh.

20 Q Was the \$2.5 million paid into the bankruptcy
21 court in 2015?

22 A The \$2.5 million, to the best of my
23 knowledge, that's what the cost -- was paid altogether
24 because they had to send money to the bankruptcy
25 attorney to pay Dr. Boex for the dam. It just added up

1 to that amount, is the best of my knowledge.

2 Q All right, and looking at paragraph 15 of the
3 Deed of Trust from 2017, it says that this Deed of
4 Trust is given wholly or partly to secure Number 1.
5 Borrower's present obligations to lender --

6 A Uh-huh.

7 Q -- which are approximately two and a half
8 million dollars. And the lender is named as Multi-
9 Asset Anspar Plan 3 GmbH & Co. KG.

10 A The MAP Fund.

11 Q Okay, now what is the document that says that
12 Woodlake CC Corp. owes that money to MAP Fund?

13 A That would be in Germany.

14 Q Okay, did you sign that document?

15 A Did I sign the document saying that --

16 Q Woodlake CC Corp. owes MAP Fund --

17 A No, ma'am.

18 Q -- two and a half million dollars?

19 A No, ma'am.

20 Q Who signed that document, or do you know if
21 such a document exists?

22 A I don't think there's a document.

23 Q Okay, is that something that you -- are you
24 in contact with Dr. Steiner?

25 A I'm more in contact with Mr. Tost, the MAP

1 representative.

2 Q Okay, spell Mr. Tost's name?

3 A T-O-S-T; he speaks very little English.

4 Q T-O-S-T?

5 A T-O-S-T, yes, ma'am.

6 Q And what is his first name?

7 A Daniel.

8 Q And is that a document that you could ask Mr.
9 Tost to send you by email or to fax to you, the
10 Participation Agreement that is referenced in the Deed
11 of Trust?

12 A I don't think it was a Participation
13 Agreement. Could be, I'm not sure. But I will be glad
14 to ask Mr. Tost for you, yes, ma'am.

15 Q Tell me what your communications have been
16 with Mr. Tost. Why are you in contact with him?

17 A I just need help sometimes, and Mr. Tost is
18 the only one I can get to reply. Mr. Tost, my
19 understanding, is the one who takes care of Woodlake
20 funding and so that's who I would contact.

21 Q Does Mr. Tost ever send you any money?

22 A He would send -- I mean, the MAP, Mr. Tost is
23 not the one. He had to get help to get approval, but
24 sometimes when we get, you know, \$25,000.00, they would
25 send money, yes. But I mean, when you start a company

1 that needed a lot of funding and, you know, the
2 hurricane came and that's when I think that they just
3 gave up, investors said it's not worth it.

4 Q Okay.

5 A It's not worth it. But to me it's worth it
6 because you have property owners who've worked hard and
7 they have their home. And I have fought for the
8 community. Ms. Carmichael, the only reason I have
9 stayed vice president is to make sure that lake stays a
10 lake and nothing else happens.

11 Q Explain that to me. What have you done to
12 make sure the lake stays a lake?

13 A Well, I'm just -- I'm not signing my name to
14 anything, mitigation or anything. I will only sign --
15 I will only -- my signature will only go to something
16 that says -- or to an entity or to -- that says this
17 will maintain a lake. I believe the property owners
18 should get the lake. I believe -- because when I leave
19 here, Ms. Carmichael, it's been a long time and the
20 only reason that I have stayed because I'm the one that
21 has been kicked aside. I've put up with a lot of
22 things from Woodlake. I've put up with a lot of things
23 from Germany. But I want to make sure that that lake
24 is a lake of the property owners. Giving it to the
25 property owners will make sure that no one could ever

1 come and take their property value away again.

2 Q And so what control do you have over that
3 decision?

4 A Because without -- if I would pull away from
5 officer that gives Illya the full control; with me
6 staying vice president, it would take two signatures.
7 He couldn't do anything without my signature.

8 Q Tell me why that is. Is there some corporate
9 document that requires both of your signatures to bind
10 the corporation?

11 A I mean, I would think so, you know. It would
12 take two or it would take -- or maybe not, maybe not,
13 but he's in Germany. He doesn't see what's really
14 happening here. And I just want the lake to go to the
15 property owners. I'm working with property owners now.
16 Ms. Carmichael, there are some things I can't even put
17 out because it goes to the newspaper or somebody is
18 going to try to sabotage. I'm not against the
19 community of Woodlake. I'm for the lake. I've met
20 with people in Richmond County that had sort of the
21 same situation of, you know, them -- of property owners
22 taking over the -- taking over the lake. I'm working
23 now. I had a meeting night before last. I'm working
24 with some property owners now, doing everything I can.
25 But I can't go and just say to the community this is

1 what's happening, because there's some that just
2 sabotage us. They want me out. And you know what, Ms.
3 Carmichael; if anyone has the money and comes to me and
4 says, hey, I've got money, I've got someone backing me
5 up, I'd sign my shares over today to them. I don't
6 want shares at Woodlake. I don't want to be vice
7 president at Woodlake. I work hard there. I take care
8 of my father who has dementia. I'm tired. But I won't
9 turn my back on the community. Turning my back would
10 close the door. We still have tournaments. We still
11 have functions. There's still things that goes on at
12 Woodlake. When they come in the front gate, there's
13 not grass growing up. I mean, it's still -- even
14 though it's not restored to its beauty, there's still
15 -- there's still -- there is still -- it's still being
16 maintained the best that I can. There's people in this
17 lawsuit, they don't have revenge. There's a couple of
18 them that have personal agendas against me, but the
19 rest of them, they're not -- they just want their lake.
20 They worked hard. They have beautiful homes. And I'm
21 trying to work with a group now to see, to try to get
22 this lake in place for the property owners.

23 Q Okay, so tell me who that group is and what
24 you are doing to try and get the lake back. Would you
25 agree that the lake right now -- you agree that the

1 lake was drained, that the dam --

2 A Yes, ma'am.

3 Q -- was breached by the state?

4 A Yes, ma'am.

5 Q There's a big mud puddle out there.

6 A Yes, ma'am; yes, ma'am.

7 Q So tell me what you mean by you are working
8 with a group to get the lake back?

9 A Well, just -- I'm just -- I have some people,
10 some property owners, that I go to and that I trust and
11 they're from the community. They're not just for Julie
12 Watson. They're for the community. And we're trying
13 to see how we can move forward.

14 Q Okay, tell me specifically what you're doing
15 to move forward?

16 A Well, we're looking at different options,
17 things. And we're looking at, you know --

18 Q Give me one of the options?

19 A The main option is to make a lake to give it
20 to the property owners.

21 Q Okay, and what have you done to explore that
22 option?

23 A Well, I have talked to the residents -- the
24 property owners in Richmond County. I have, you know,
25 just trying --

1 Q Do any of the property owners in Richmond
2 County own property at Woodlake?

3 A No, no, no, no; they had an incident, Ms.
4 Carmichael, where the dam -- they lost their dam,
5 breached also and it sat for a long time. And so
6 someone bought it for a dollar and they did receive
7 help. But there's a lot -- see, there's a lot of
8 things, Ms. Carmichael, I just can't give it over to
9 the community without finding out what's our
10 liabilities. You have to have it all together and then
11 present it to the community. And say, you know, you're
12 not going to be liable for this; you're not going to be
13 liable for that. Take a poll, you know, would you
14 agree with this? There's steps to make, but I'm not
15 against -- I mean, I'm not against -- I'm trying to
16 help them.

17 Q So have you taken a poll?

18 A No, no, no, no.

19 Q I am trying to -- okay, you said you talked
20 to property owners in Richmond County.

21 A Uh-huh.

22 Q What have you done in terms of the option of
23 transferring the lake to the property owners in Moore
24 County?

25 A Just -- we're just trying to figure it out.

1 We're just trying to figure out the liability. I don't
2 have attorneys, Ms. Carmichael. I don't. That would
3 be so much easier and faster for me, if I could go and
4 ask these questions, you know, to help me. And so
5 we're just -- we're just trying to figure it out. I'm
6 just trying --

7 Q Tell me who we is?

8 A It's just some of the property owners.

9 Q Do you have some names of those property
10 owners that you have been talking to?

11 A I'd rather not give them. Because of the
12 deposition, I don't want them to --

13 Q You are under oath. You have to answer --

14 A Okay, yes, ma'am; well, really the community
15 knows of this; Chris Ming, Dave Harris and Erica
16 Peterson.

17 Q What was the first name, Ming, M-I-N-G?

18 A Chris Ming, yes, ma'am.

19 Q Okay, I have heard that name.

20 A Dave Harris and Erica Peterson; and in
21 working with those three property owners, what plans
22 have you put in place to transfer the lake to anyone?

23 A We're just talking. We're just talking, you
24 know. We're talking, you know -- and again, too, I
25 would have to go to Steiner, but I would really -- I

1 would really stress this, I just -- the issue. I think
2 it's important for the property owners to have a lake.
3 I only want to see the property owners have a lake.

4 Q Do you recall -- when was the last time you
5 talked to these three property owners or any of these
6 three property owners about exploring this option of
7 giving the lake to the property owners?

8 A I think -- Ms. Carmichael, I think it was
9 Monday evening we had a meeting. To the best of my
10 knowledge, I think it was Monday evening.

11 Q And do they have a proposal for how they are
12 going to get this accomplished?

13 A We're just talking. We're just speaking.
14 We're looking. Chris Ming and Erica have really -- you
15 know, they're doing a lot of work, you know, just
16 trying to see what's best, to present something to the
17 community. And this is what we continue to work on.

18 Q And when you say you are concerned about the
19 liabilities, explain that to me?

20 A Well, I don't want to give the community --
21 sign the lake over and there's liability that could
22 affect them. I want to make sure when they get the
23 lake, anything that the liability of Woodlake owing the
24 state, I want to make sure that they're known, what
25 they're getting into. You know, this is a lake, but

1 you don't have to worry about this; you don't have to
2 worry about that; this is Woodlake CC. I'm just
3 trying, Ms. Carmichael, to do the best that I can, you
4 know, for the community.

5 Q Who are you talking to about those
6 liabilities? Are you talking to somebody in the
7 Attorney General's office?

8 A No, I will have to -- this is on our meeting
9 Monday night that I said that I would have to contact
10 and I will seek some legal advice. I haven't did that
11 yet, because I've just been really tied up with my
12 father like a couple of days, and Woodlake. And so I
13 will do that.

14 Q And have you talked to Dr. Steiner about any
15 of what you've been speaking with these three others
16 about?

17 A No, I would put -- when we -- when maybe a
18 proposal is put together, I will send it to him also.
19 And I would say I think this is what's best for the
20 community.

21 Q Okay, what other liabilities are you
22 concerned about, other than the liabilities to the
23 state for the dam?

24 A That's the main liability. I guess my
25 question, too, on legal advice would be what could be

1 liabilities. Are there any liabilities that should be
2 known?

3 Q What about the six and a half million dollar
4 Deed of Trust; do you consider that -- that you brought
5 me a copy of this morning as Exhibit 3?

6 A Yes, ma'am.

7 Q Is that a liability in your mind?

8 A No; no, ma'am.

9 Q Okay, why not?

10 A I haven't thought about it.

11 Q Do you recall receiving a letter from me, Ms.
12 Watson, in the Summer of 2017 on behalf of Restore
13 Woodlake LLC responding to an offer that had been
14 extended to deed the lake to a property owner's
15 association that had been formed for the purpose of
16 owning the lake?

17 A Yes, ma'am, but you see, at the time we were
18 -- I had put a group together and I had taken one
19 person off with like an attitude to the group to work
20 together, to have a plan.

21 Q Tell me, did that group include Mr. Ming, Mr.
22 Harris and Ms. Peterson?

23 A Ms. Peterson wasn't in the group.

24 Q Okay, but Mr. Ming, Mr. Harris, who else was
25 in the group that we are talking about in the Summer of

1 2017?

2 A I think, Ms. Carmichael, Tom Meyers, Ms.
3 Cantwell, Tom Earnhardt, and Art Hill, and it wasn't
4 supposed to just go jump and get a board of directors;
5 let's work together; let's put something -- let's come
6 up with a plan; come up with a plan and present it, you
7 know. It was even told -- you know, it was even said
8 into our community that they would wait for an offer.
9 And you can't just go jump; you've got -- everybody --
10 Ms. Carmichael, when something is deeded over, a lake,
11 this responsibility, everyone should have a say-so in
12 this community, lakefront property owners, inland, I
13 mean, just everyone. And then when it happened, it was
14 moving so fast I was getting people calling saying this
15 is not fair. I don't want to be part of this lake.
16 This is not fair. And everyone -- it was just crazy.
17 I said no, no, we have to have a plan. We can't just
18 do this. We have to have a plan. And this is what I
19 speak with Chris and Dave and Erica now. We have to
20 have a plan to present to the community. And again,
21 Ms. Carmichael, I would like to -- the day that I exit
22 out here, I would love to see it to the property owners
23 so no one could ever take that value from their
24 property again.

25 Q And when you say take that value from their

1 property again, are you saying that you believe that
2 there has been property value that has diminished at
3 Woodlake?

4 A Oh, yes, ma'am, the lake is Woodlake. The
5 lake -- I mean, we have beautiful homes on the lake and
6 that's why the owners bought, because the beauty of the
7 lake on their homes.

8 Q We are going to -- I am going to ask you some
9 questions about that, but let me stay with this idea --

10 A Okay.

11 Q -- of the Summer of 2017 and the offer to
12 deed the lake or deed the property over and then
13 leading to the letter that I sent you, and you have
14 explained to me why that did not happen. Why didn't
15 you respond to my letter and explain that you thought
16 there needed to be a plan; why just completely refuse
17 to respond at all?

18 A I don't know, Ms. Carmichael. It's very
19 difficult for me. You know, when you -- the hurricane,
20 no -- I mean, I stand all alone. It's just at the
21 point everything I say or do goes to the newspapers.
22 Things are sometimes true. Sometimes things are not
23 true. It's like you just don't know what to do. You
24 just don't know what to do.

25 Q So when you say you are standing all alone,

1 did you share my letter -- well, did you receive -- I
2 sent my letter to Dr. Steiner as well as to you.

3 A Uh-huh.

4 Q Did Dr. Steiner contact you about my letter?

5 A No.

6 Q Did you contact Dr. Steiner about my letter?

7 A No, I didn't because you had sent him the
8 letter.

9 Q Did you contact Mr. Tost about my letter?

10 A No, I didn't contact Mr. Tost.

11 Q How about Mr. Magdefessel?

12 A No.

13 Q How about Mr. Boex?

14 A No.

15 Q Did you hear from any of those individuals
16 about the situation or the offer to transfer the lake
17 to the property owners association?

18 A No.

19 Q When is the last time that you talked with
20 Illya Steiner?

21 A I can't recall. It's been -- it's been
22 months.

23 Q I filed this lawsuit that we are here on this
24 deposition on October 23, 2017. Have you talked to Dr
25 Steiner since October 23rd of 2017?

1 A Un-ugh.

2 Q Okay, there was an attorney hired who filed a
3 motion for extension of time to file an answer to the
4 lawsuit, an attorney in Sanford. Did you hire that
5 attorney?

6 A Mr. Tost sent money for the attorney and --
7 he didn't send money for the attorney. He sent
8 \$25,000.00, so I gave a retainer fee. But Chip did not
9 want to get involved with the lawsuit.

10 Q And so you were the one who initially talked
11 to the attorney in Sanford?

12 A Yes.

13 Q Okay.

14 A Yes, ma'am.

15 Q And how was the decision reached that
16 Woodlake CC Corp. was not going to file an answer to
17 the lawsuit?

18 A You need an attorney. We needed an attorney.
19 We needed an attorney and this all goes to funds for a
20 retainer, Ms. Carmichael.

21 Q Okay, and did you talk about that situation
22 and the status of the lawsuit with Mr. Tost?

23 A Mr. Tost only received the lawsuit. You
24 know, I forwarded that to Mr. Tost.

25 Q And what was his response to you forwarding

1 that to him? How did you convey to him that you needed
2 \$25,000.00?

3 A I didn't say I needed \$25,000.00. He just
4 sent \$25,000.00. They forwarded me \$25,000.00.

5 Q Did he send a letter or a note with the
6 \$25,000.00 telling you what you should use that for?

7 A They just sent it over. They just sent over
8 -- you know, I say I need funds; they just send it
9 over.

10 Q And did you say specifically that you needed
11 funds for the lawsuit or you needed funds to pay
12 vendors or you needed funds for golf balls?

13 A We need funds for everything, yes, ma'am.
14 Also, Ms. Carmichael, too, I worked six months with a
15 potential buyer, six months, and did not want it to --
16 and they were potential buyers who had the funds to
17 bring Woodlake back to its glory.

18 Q And tell me the time frame of that six
19 months?

20 A I think, Ms. Carmichael, to the best of my
21 knowledge it's like from July till December, I think.

22 Q Of 2017?

23 A Yes, ma'am; I worked with their
24 representatives. I never met the potential buyer. I
25 met with their representatives. They were interested,

1 very interested. I was excited for the community. I
2 also told them that, you know, they had an option that
3 I thought, you know, the community would take the lake.
4 But they were not -- they didn't want a partnership,
5 you know. So they looked -- my understanding, they
6 really looked into the lake. They loved the place.
7 They were there playing golf. And then at the end --
8 and I had a friend of mine help with the negotiations
9 and help in Pinehurst.

10 Q Was that a Realtor friend?

11 A It was an attorney, Mr. Tracy Parks. And at
12 the end, they said due to the bad PR and the
13 uncertainty of the dam, they didn't choose.

14 Q And who was that potential buyer?

15 A I never met the potential buyer. I only met
16 the representatives.

17 Q And who were the representatives?

18 A They -- they were from Southern Pines, a
19 Realtor. Sophie was her name, and she worked with a
20 company in Southern Pines.

21 Q Do you remember any other -- who was it that
22 was there playing golf? Were these the real estate
23 agents?

24 A No, it was some of the -- my understanding it
25 was people that were interested.

1 Q And so you arranged with Sophie for these
2 people to play golf?

3 A No, I never met -- no, ma'am, they were -- I
4 just noticed that they were there and she had told me
5 they had been out to play golf and they had been in the
6 area and they loved it. But then it brought back to
7 memory I know -- I said, oh, yeah, they're the ones
8 that I seen all the time, you know. They were from
9 China and they were very interested. My understanding,
10 one of the potential buyers flew in from China. But
11 they just didn't want to get involved. They said the
12 bad PR and the uncertainty of the dam. I was so
13 excited for the community.

14 Q Okay.

15 A I was so excited, because I was hoping it
16 would happen for them.

17 Q Okay, and so did you have any discussions
18 with Dr. Steiner about these potential buyers?

19 A Yes, I let him know and then Tracy, when I
20 needed -- you know, I thought it was best that for
21 negotiation I needed someone who had experience. And
22 so Tracy kind of kept in touch with Dr. Steiner.

23 Q Okay.

24 A We sent a letter that stated, and he signed,
25 that he'd be willing to sell.

1 Q Okay, is a copy of that letter in anything
2 you brought me today?

3 A Un-ugh.

4 Q Do you remember about when that was?

5 A No, ma'am, but I can find it and send it to
6 you if you like.

7 Q And what about Mr. Tost or Mr. Magdefessel,
8 did you have any conversations with them about
9 potential buyers or just with Dr. Steiner? Or was the
10 conversation through Tracy Parks?

11 A Tracy really coordinated with Mr. Steiner --
12 Dr. Steiner.

13 Q Okay.

14 A And we've had several offers. People have
15 asked to -- but they're not interested in the lake.
16 They wouldn't do anything to the lake. So as I speak
17 with the other people who are interested, I'm like --
18 it's just fair -- my thinking, it's fair for the
19 property owners to have the lake.

20 Q What influence do you think you will have
21 over that decision? Do you think if you decide that
22 there's a group that you want to deed the lake to, that
23 Dr. Steiner would go along with you?

24 A I think he would.

25 Q Why do you think that?

1 A I just -- I mean, why not; you know, why not?
2 Why not -- I just think he would.

3 Q Okay, let's go back to something that you
4 first told me when we were talking again about Exhibit
5 3, which is the Deed of Trust, and you said in April of
6 2017 the MAP Fund had told you that they were going to
7 put six and half million dollars into Woodlake.

8 A Yes, ma'am.

9 Q Did that come to fruition?

10 A (Shakes head negatively.)

11 Q I need you to answer out loud.

12 A I'm sorry; no, ma'am.

13 Q Okay, what money did the MAP Fund put into
14 Woodlake?

15 A They put \$2.5 million. That's part of \$6.5
16 million.

17 Q Okay.

18 A And then they maybe sent, Ms. Carmichael, and
19 this -- again, this is just a guesstimation. They
20 would send, you know, \$100,000.00 here, \$50,000.00,
21 \$20,000.00, \$25,000.00. They would send different
22 amounts at times.

23 Q And how much money have they sent you since
24 April 2017 when you signed that Exhibit 3?

25 A I'm not sure, Ms. Carmichael. There's been a

1 couple of hundred thousand, maybe, or more. And then
2 again I'm just guessing.

3 Q Tell me what's going on at Woodlake today.
4 How many golf courses are there? What's happening with
5 the lake?

6 A We just have one golf course. The other golf
7 course needs a lot of work. I mean, we still have golf
8 tournaments. We still -- you know, we have functions
9 that go on. We just try to maintain the operations as
10 we can. We still have a lot of memberships that enjoy,
11 you know, being together. The lake -- the lake is not
12 pretty; no lake. I mean, we need a lake and I'm hoping
13 that someone will purchase it. I've been working
14 really hard to try to get someone to purchase it. If
15 someone, even at Woodlake if there's someone that, hey,
16 we can have the money, we can do this, we can put this
17 place together, they need to come see me. It's not
18 fair -- it's not fair to the community. It's like I
19 said, Ms. Carmichael, I would love to leave today. I'm
20 tired, but I'm not -- I have did the best that I could
21 to make sure the lake stays a lake.

22 Q So you said there is one golf course?

23 A Yes, ma'am.

24 Q There is no lake; what about the clubhouse?

25 A The clubhouse, we have -- you know, we --

1 it's not -- it's closed, but sometimes -- we've had
2 weddings that people -- and functions, you know, if
3 they needed a function there, but we can't find a
4 shift. We have ran it for a year. No one wants to
5 work out at the lake when you see the newspaper and you
6 don't know day to day will I have a job; are they going
7 to close tomorrow, the bad PR. We can't get anyone.

8 Q When was the last wedding that you had at the
9 clubhouse?

10 A Maybe 2016, I think; we won't accept any
11 more. We still get phone calls, but I won't accept any
12 more.

13 Q When was the last time that you had regular
14 diners at the clubhouse?

15 A I'm not sure; probably a year; could be
16 longer.

17 Q Do you have employees that are working at the
18 golf course?

19 A Yes, ma'am.

20 Q Is there a functioning pro shop at the golf
21 course?

22 A Yes, ma'am.

23 Q Is there any kind of food service or grill at
24 the golf course?

25 A No, ma'am; what we do, we will -- I will

1 cater, you know, food; say the Niners, they played last
2 Monday and I catered food for them.

3 Q Tell me what the Niners are, because I don't
4 know?

5 A They're a golf team. They play nine holes.

6 Q Okay, and is it a public course?

7 A Yes, it is.

8 Q So you take outside play, okay. And who is
9 the business manager for the golf course?

10 A I guess it would be me, Ms. Carmichael.

11 Q Do you manage a bank account for Woodlake CC
12 Corp.?

13 A Uh-huh.

14 Q And where are your revenues coming from that
15 you are depositing into that bank account?

16 A From memberships, you know, if we have --
17 mainly the memberships.

18 Q And so one of the things I asked you for was
19 membership records and I see that I have these four
20 green folders that you brought me labeled Woodlake
21 Membership 2015, 2016, 2017 and 2018.

22 A Yes, ma'am.

23 Q So tell me, just outline for me what you have
24 brought for me here?

25 A Our membership director submitted those for

1 me. It shows the membership, the category of the
2 membership and how many we have.

3 Q Who is the membership director?

4 A Janet Britt.

5 Q I am going to collectively mark -- well,
6 let's not do that. Let's mark the green folder labeled
7 Woodlake Membership 2015 as Plaintiff's Exhibit 6. We
8 will label the folder for Woodlake Membership 2016 as
9 Plaintiff's Exhibit 7; the folder for Woodlake
10 Membership 2017 as Plaintiff's Exhibit 8; and the
11 folder for Woodlake membership 2018 as Plaintiff's
12 Exhibit 9.

13 (Plaintiff's Exhibit Numbers 6, 7, 8 and 9
14 marked for identification.)

15 By Ms. Carmichael:

16 Q So you were telling me the name of the
17 membership director.

18 A Janet Britt.

19 Q And is Janet employed full-time?

20 A Yes, ma'am.

21 Q And is she an employee of Woodlake CC Corp.?

22 A Yes, ma'am.

23 Q Okay, does she work 40 hours a week?

24 A Yes, ma'am.

25 Q Okay, does she have an office?

1 A Yes, ma'am.

2 Q Where is her office located?

3 A In the clubhouse, upstairs.

4 Q And what are Janet's job responsibilities?

5 A She's the membership director and she takes
6 care of the membership, a very good job. And she helps
7 out in other areas. Because of the situation now, we
8 sort of all join in, employees, and do what we can do
9 to continue the operations.

10 Q And in looking at these print-outs, I am
11 looking at the contents of Plaintiff's Exhibit 6
12 folder. I have one packet that says Invoice SKU Line
13 Item Listing and it runs through it looks like several
14 invoice numbers and customer numbers designated as
15 Social Membership.

16 A Yes, ma'am, that shows the membership.

17 Q Okay, and then after the first 18 pages, it
18 starts a new listing for Social-NFM. What does that
19 mean?

20 A The NFM, we had -- at one time we had a food
21 minimum, and we do not have that now. So the NFM is
22 just non-food minimum. It's just in the system that
23 way.

24 Q And this looks like she printed that you
25 received \$78,870.44 of revenue from social memberships

1 between May 29th of 2015 to December 29th of 2015.

2 Does that sound right?

3 A Yes, ma'am, if that's what she has, yes,
4 ma'am.

5 Q And a total for social membership no food
6 minimum of \$143,128.52, same time period; does that
7 sound right?

8 A Can I see that, Ms. Carmichael?

9 Q Yes.

10 A Because the way the system -- is this all,
11 Ms. Carmichael, that she has for this?

12 Q That is 2015.

13 A Uh-huh.

14 Q May 29th of 2105 to December 29th of 2015,
15 and that is just listing --

16 A The Social.

17 Q -- the Social and the Social NFM.

18 A Okay, so this is the amount for the Social.

19 Q And then there is a subtotal. If you look at
20 the end of page 18, there is a subtotal for Social and
21 then there is a subtotal at the back for Social NFM,
22 and there are two different numbers.

23 A This number may include the Premier, the
24 other membership category that you have.

25 Q Okay, we will look.

1 A Uh-huh.

2 Q But the other categories that it looks like I
3 have are Social Plus, --

4 A Yes, ma'am.

5 Q -- NFM, --

6 A Yes, ma'am.

7 Q -- and Social Plus?

8 A Yes, ma'am.

9 Q Premier Gold Single NFM?

10 A Yes, ma'am.

11 Q Premier Gold?

12 A Yes, ma'am.

13 Q Premier Gold NFM?

14 A Uh-huh.

15 Q Premier Gold Plus without -- I guess they do
16 have a food minimum.

17 A No, ma'am, there's not any food minimum
18 anymore, so --

19 Q Well, this was in 2015.

20 A Yeah, it shouldn't -- I guess it's still in
21 the system that way, but it shouldn't be. We don't
22 have a food minimum.

23 Q In 2015 you didn't have a food minimum
24 either?

25 A No, ma'am.

1 Q And you also had a category here for lake
2 only.

3 A Yes, ma'am.

4 Q What does that mean?

5 A That's all they use, just use the lake. That
6 was their membership.

7 Q Okay, and then there is a category for
8 Transitory?

9 A Yes, ma'am.

10 Q What does that mean?

11 A Transitory, you own a lot that has not yet
12 been built on.

13 Q But yet they are required to have a
14 membership?

15 A Yes, ma'am.

16 Q And on all of these sheets -- I will put that
17 one back in the folder -- there is a column for an
18 invoice number. There is a column for a customer
19 number, column for a date and then the description of
20 the type of membership. Is Janet the employee who
21 could tell me the name that correlates to these
22 customer numbers?

23 A Yes, ma'am.

24 Q And is that information that is in the
25 system?

1 A (Nods affirmatively.)

2 Court Reporter: I need you to say yes.

3 The Witness: Yes, ma'am, I'm sorry.

4 By Ms. Carmichael:

5 Q So when I ask in Exhibit A to the subpoena,
6 number 4, a copy of membership records, books and
7 accounts, it does not appear that you have included the
8 names of the members in anything that you have provided
9 to me. Is that something that you have printed out
10 somewhere that I am not seeing?

11 A If she doesn't have it in there, it's -- it's
12 not available in there, but that's something that's
13 easy to print off.

14 Q Okay, when we take a break, I might let you
15 -- is Janet working today?

16 A Yes, ma'am.

17 Q Okay, I might let you contact her and see if
18 she can do a print-off of these customer numbers,
19 because part of the lawsuit is that the Court has asked
20 us to identify everybody who had a membership --

21 A Yes, ma'am.

22 Q -- in Woodlake from 2015 to the present.

23 A Okay.

24 Q And so that is the reason for needing that
25 information. Are there members that are not property

1 owners at Woodlake?

2 A No, ma'am.

3 Q Everybody who is a member is a property
4 owner?

5 A Yes, ma'am.

6 Q So we would have all their contact
7 information, because we already have the names of all
8 the property owners.

9 A Yes, ma'am.

10 Q It's just that we would need to cross-
11 reference who is a member because I'm assuming not all
12 property owners are also members; --

13 A Right.

14 Q -- some people have dropped their membership.

15 A (Nods affirmatively.)

16 Q Okay, and so do each of these folders,
17 Plaintiff's Exhibit 6, 7, 8 and 9, contain the
18 different print-outs for the membership receipts that
19 were made for each of these years that the folders are
20 marked?

21 A The amount they paid?

22 Q Yes, ma'am.

23 A Yes, ma'am, she can print it out -- she
24 should be able to print it out Julie Watson, Social,
25 and amount.

1 Q And so in looking at the membership records
2 for 2018 which are in the folder marked as Plaintiff's
3 Exhibit 9, the folder is not as thick as the membership
4 records for the prior years. Is that because
5 membership --

6 A It's January and February. The others went
7 for a whole year. This is just for January and
8 February.

9 Q What about the membership total, the number
10 of members; has the number of members dropped off?

11 A Yes, ma'am.

12 Q Okay, do you happen to know what the
13 percentage is?

14 A No, ma'am.

15 Q We are going to Look at Plaintiff's Exhibit
16 8, which are the records for 2017. It appears that for
17 the category of Special NFM for the calendar year 2017
18 there was a total collected of \$201,759.48?

19 A And this is for --

20 Q 2017, the folder that I am getting it out of
21 and the dates on the documents appear to say 2017, but
22 I will let you verify that.

23 Ms. Carmichael: Let the record reflect
24 that I have handed the exhibit to the witness.

25 The Witness: I don't think we had that

1 much in 2017. And another thing, Ms. Carmichael, when
2 -- there's a lot of people who had past due amounts
3 that also run in that amount, too, I would think. But
4 I would have to verify with Janet how that's running.

5 By Ms. Carmichael:

6 Q So you don't know as we sit here whether this
7 is a record of amounts collected or amounts billed?

8 A Yes, this is what I'm thinking; it had to be
9 amounts billed.

10 Q Do you have a general knowledge of what the
11 total revenues of Woodlake CC Corp. were for 2017?

12 A No, ma'am, on hand I don't.

13 Q Does Woodlake CC Corp. employ a business
14 manager who keeps the books for the corporation?

15 A Oh, yes, ma'am; we have accountant Florrie
16 Southerland.

17 Q Florrie?

18 A Yes, ma'am.

19 Q Southerland?

20 A F-L-O-R-R-I-E.

21 Q And is Florrie an employee of Woodlake CC
22 Corp.?

23 A No, ma'am.

24 Q Okay, who is Florrie?

25 A She -- she's our accountant.

1 Q Is she a CPA?

2 A No, ma'am.

3 Q Okay, so is she the bookkeeper?

4 A Yes, ma'am, she does our books for us.

5 Q And does she have her own business?

6 A Yes, ma'am.

7 Q Okay, does that go by any name other than
8 just Florrie Southerland?

9 A It's Southerland Business Accounting.

10 Q Where is she located?

11 A She's in Pinehurst.

12 Court Reporter: Is that S-U-T-H?

13 The Witness: You know, I'm just trying to
14 think. I think it's S-O maybe.

15 Court Reporter: That's okay. I can look it
16 up.

17 The Witness: Her office just recently
18 moved and I think it's in Pinehurst.

19 By Ms. Carmichael:

20 Q I am showing Florrie Southerland, with a
21 S-O-U-T-H-E-R-L-A-N-D is in the accounting and business
22 services industry in Pinehurst, North Carolina. Is
23 that a picture of Florrie Southerland? I think we have
24 found the right person.

25 A That's Florrie.

1 Q So we talked about Janet Britt being a full-
2 time employee working out of an office in the
3 clubhouse.

4 A Yes, ma'am.

5 Q Are you an employee of Woodland CC Corp.?

6 A Yes, ma'am.

7 Q Okay, and do you take a salary?

8 A Yes, ma'am.

9 Q What is your salary?

10 A \$80,000.00 a year.

11 Q Are you paid in monthly paychecks or every --

12 A Every two weeks.

13 Q -- two weeks? And what is Ms. Britt's
14 salary?

15 A I'm not sure, Ms. Carmichael. I'm sorry. I
16 don't --

17 Q Would she be paid every two weeks?

18 A Yes, ma'am.

19 Q Okay, what other employees are there of
20 Woodlake CC Corp.?

21 A We have pro shop, Walter Baker. We have I
22 think it's five or six golf course maintenance workers;
23 Mary Larson.

24 Q What is Mary's job?

25 A She's administration, and she also takes care

1 of the Architectural Review Committee.

2 Q Where is Mary's office?

3 A She's at the sales office.

4 Q Where is the sales office located?

5 A It's by the gate when you first come in
6 Woodlake. It's the first building on the right.

7 Q And is that building owned by Woodlake CC
8 Corp.?

9 A Yes, ma'am; Ryan Hagan.

10 Q Is Ryan a man or a woman?

11 A It's a woman.

12 Q And what is Ryan's job?

13 A She is the broker.

14 Q Okay, and does she work 40 hours a week?

15 A Yes, ma'am.

16 Q Does she receive a salary or work on
17 commission?

18 A She receives a salary.

19 Q Okay, does Mary Larson receive a salary?

20 A Yes, ma'am.

21 Q And does she work 40 hours a week, to your
22 knowledge?

23 A No, Mary works only part-time.

24 Q Is Ryan Hagan full-time?

25 A Yes, ma'am; and Lauren, she works -- she's

1 housekeeper.

2 Q Do you remember Lauren's last name?

3 A M-E-N-D-E-Z; and --

4 Q Is she a full-time employee?

5 A Yes, ma'am; and Christian Hicks.

6 Q Is Christian a man or a woman?

7 A A woman.

8 Q And what does she do?

9 A She works in the -- bartender. She's a
10 bartender.

11 Q And where is the bar?

12 A It's located across from the clubhouse.

13 Q Is that used primarily by people playing
14 golf?

15 A It's a members lounge. It's for members that
16 golf. They kind of gather. They have -- we have
17 Bingo. We have karaoke. We have different little
18 functions in that building.

19 Q Are those ongoing functions at present?

20 A Oh, yes; yes, ma'am, we do have --

21 Q So the bar is open and the members lounge is
22 open and Christian is a full-time employee?

23 A Uh-huh.

24 Q Okay, any other employees?

25 A I think that's it, Ms. Carmichael.

1 Q We have Julie Watson, Janet Britt, Mary
2 Larson who is a part-time employee, Ryan Hagan, Lauren
3 Mendez, Walter Baker who -- does he run the pro shop or
4 is he the golf pro?

5 A Well, he runs the pro shop.

6 Q Okay, five to six golf course maintenance
7 workers; are they full-time?

8 A Yes, ma'am.

9 Q Okay, and is Walter full-time?

10 A No, Walter's not full-time.

11 Q Okay, and Christian Hicks who is the
12 bartender?

13 A And Vernon; we have Vernon and I'm sorry, Ms.
14 Carmichael; I cannot recall his last name.

15 Q What does Vernon do?

16 A He's pro shop and -- works in the pro shop
17 and also with the carts, golf carts.

18 Q And do you rent the golf carts or does the
19 club own the golf carts?

20 A Well, we do not have a whole fleet of golf
21 carts, and most of the members using the golf carts,
22 they use their own because there was just no need for
23 me to sign my signature as a guarantee for a fleet of
24 golf carts not knowing the future of Woodlake.

25 Q What is it that Vernon does with the golf

1 carts?

2 A We do have some golf carts and he -- like if
3 a member's cart breaks down, he just -- you know,
4 anything that's needed in the golf cart area, but also
5 he mostly works in the pro shop.

6 Q And you say Lauren Mendez is housekeeping.
7 What is it that she is taking care of? What areas does
8 she take care of?

9 A She's taking care of the sales office, the
10 members lounge, the clubhouse and pro shop. She does
11 general things, bathrooms, pool area when it's open.

12 Q Tell me about the pool. Was the pool open in
13 the Summer of 2017?

14 A Yes, ma'am.

15 Q Okay, is there a snack bar or anything at the
16 pool?

17 A Yes, ma'am.

18 Q Okay, do you employ lifeguards --

19 A No, ma'am.

20 Q -- and snack bar workers in the summer?

21 A The snack bar workers, yes, ma'am.

22 Q Okay, do you contract with an outside pool
23 maintenance company or --

24 A Yes, ma'am.

25 Q Okay, who is that?

1 A Mike Yawn.

2 Q Can you spell that?

3 A M-I-K-E, Y-A-W-N.

4 Q Okay, and does he have a business or is he
5 just an individual that --

6 A He's just an individual. He takes care of
7 Woodlake and several other pools. He just -- he's out
8 of Spring Lake.

9 Q Okay, so there are no lifeguards at the pool?

10 A No, ma'am.

11 Q Okay, are the snack bar workers just seasonal
12 when the pool is open?

13 A Yes, ma'am.

14 Q What are your intentions to open the pool for
15 2018?

16 A We plan on opening it. It's -- you know,
17 people enjoy the pool.

18 Q So are the revenues from the golf operations
19 and your membership sustaining your expenses for all
20 these employees and your supplies and so forth?

21 A It's hard, Ms. Carmichael. I mean, we are,
22 but it's hard. It's just so hard. It's just so hard,
23 you know. We do -- we do -- it's hard.

24 Q But you are not getting regular infusions of
25 cash from the MAP Fund?

1 A Not now; they have closed the books.

2 Q When did that happen?

3 A I would say maybe the end of -- sometime at
4 the end of last year. I'm not sure.

5 Q What was the discussion that let you know
6 that they had, as you say, closed the books?

7 A Well, you know, you can't -- they're not
8 going to send -- the MAP Fund thinks that, you know,
9 it's just not a good investment and they're not going
10 to send any more money.

11 Q And who told you that?

12 A Mr. Tost.

13 Q Okay, how did he tell you that; on the phone
14 or in writing or --

15 A You know, Mr. Tost, I had -- when I needed
16 funds and I couldn't get hold of anyone to talk to that
17 spoke English; I called Ingolf Boex and I said I need
18 help here; what is going on? I cannot speak to anyone;
19 would you please ask Mr. Tost -- and I said we can't
20 talk on the phone well, and he -- asked him would he go
21 by. After many phone calls to Ingolf, he went by and
22 talked to Mr. Tost and Mr. Tost told him to tell me
23 that they have closed the books.

24 Q Where does Ingolf Boex live?

25 A I've heard two different places. I've heard

1 Hanover and I've heard Hamburg. I'm not sure.

2 Q But it is in Germany?

3 A Yes, ma'am.

4 Q Not in North Carolina?

5 A No, ma'am.

6 Q Okay, and so why did you call Mr. Boex to
7 intercede for you with Mr. Tost?

8 A Because Mr. -- no, ma'am, I'm sorry. I did
9 not call Mr. Boex. He called me to tell me that. I'm
10 sorry. I did not call him. He called me.

11 Q Okay, why would Mr. Boex call and tell you
12 that? What is Mr. Boex's role in Lakewood CC Corp.?

13 A Nothing.

14 Q So why did Mr. Boex call you?

15 A Because Mr. Tost -- Mr. Tost, well, he --
16 with Ingolf, he would go by the office, you know, just
17 like -- I don't know why they told Ingolf, but they
18 told Ingolf. Illya does not communicate with me.

19 Q What is Mr. Boex's relationship with Mr.
20 Steiner?

21 A I don't know. I don't think they have a
22 relationship. I mean, I don't know. I really don't
23 know. I don't know.

24 Q Did you think it was -- how many times have
25 you talked to Mr. Boex since 2015 about Woodlake?

1 A I don't -- I don't recall. If I called Dr.
2 Boex, it's the same as Illya. I have to beg. Dr.
3 Boex, Illya, they're all -- they're not interested in
4 Woodlake. They're not interested in Woodlake.

5 Q So what role does Mr. Boex play with Woodlake
6 since 2015?

7 A He plays no role except for -- I think he
8 consulted with Steiner and Mr. Tost consulted with him.

9 Q Is Mr. Boex an investor in the MAP Fund?

10 A No, ma'am.

11 Q It just seems to me like it's not unusual
12 that you had this phone call from Mr. Boex and that is
13 just not making any sense to me if Mr. Boex doesn't
14 have any relationship with Mr. Steiner or Mr. Tost.

15 A I'm not saying that -- he may have a
16 relationship, but I don't know the relationship. But I
17 don't think it's an everyday close relationship. I am
18 put in a situation at Woodlake that if I can't get any
19 response from anyone; you know, it's just like money,
20 you know, what are they going to do with Woodlake.
21 This is what I needed to know, you know. Mr. Tost
22 doesn't speak English well on the phone, so I can't
23 talk to Mr. Tost. So I think when -- you know, I don't
24 know if Mr. Tost called him or what, you know. I think
25 -- I mean, I don't know. I don't know. I might have

1 sent an email. I just don't know. I think maybe I did
2 send an email to him. I needed to tell the community
3 something, what's going on or something like that to
4 Illya and they probably just, you know -- I don't know.
5 But I do know they're no longer going to support
6 Woodlake.

7 Q Do you remember if that phone call from Mr.
8 Boex was before Christmas?

9 A I don't. I think it was after Christmas, Ms.
10 Carmichael. I think it was -- I think it was later. I
11 think it was after Christmas. I don't know. I really
12 don't know. It's just been so confusing for me,
13 because like I said, I've been -- I don't know what to
14 tell the community. I don't know what to say. You
15 know, I -- you know, you just need -- this is why with
16 the lake, I don't think there will be any problems with
17 Dr. Steiner because there's not an interest here
18 anymore. This would not be a problem with the property
19 owners, deeding it to the property owners.

20 Q When you talked to -- is it Dr. Boex or Mr.
21 Boex?

22 A Dr. Boex; Dr. Steiner.

23 Q When you talked to -- I'll just call him Dr.
24 Boex.

25 A Okay.

1 Q I don't understand the titles in German. But
2 what did you talk about other than that the MAP Fund
3 had closed the books on Woodlake?

4 A That's basically it. I mean, I said, you
5 know -- I mean, that was basically it. I probably said
6 something like it was unfair for the community; it was
7 unfair for me, you know.

8 Q And what was his response?

9 A I don't even know. I don't even know. It
10 was very, very short. I don't remember.

11 Q Did you talk to Dr. Boex about the lawsuit?

12 A No, I -- all the lawsuit was sent to -- I had
13 Janet send -- when something comes in, I have Janet
14 forward it to Illya and Mr. Tost.

15 Q So you don't recall that you ever got any
16 response from Illya or Mr. Tost other than \$25,000.00?

17 A Yes; I may have gotten an email. I don't
18 know, Ms. Carmichael. Even when Mr. Tost sends an
19 email, his English, you can receive it the wrong -- you
20 know, receive it -- his English is not well at all
21 receiving and giving.

22 Ms. Carmichael: Okay, let's take a break,
23 because we've been going for about an hour and a half.
24 Does anybody need to take a bathroom break or step
25 outside for a minute; everybody good? Okay, we will

1 just go back on the record then, and I am going to go
2 back to Exhibit 5.

3 By Ms. Carmichael:

4 Q All right, Exhibit 5 was this packet of it
5 looks like photographs.

6 A Okay.

7 Q Look at the last page and it talks about the
8 two shareholders --

9 A Uh-huh.

10 Q -- of Woodlake CC Corp., Steiner Consulting,
11 GmbH and J & Partners, LLC. Is the MAP Fund a member
12 of Steiner Consulting? What is the relationship
13 between Steiner Consulting and MAP Fund? Do you know?

14 A Steiner manages. He's just the manager of
15 the MAP Fund. And the MAP Fund would be a silent
16 partner.

17 Q In Steiner Consulting?

18 A I'm not sure if they're in Steiner Consulting
19 or a private partner in -- MA -- I mean a silent
20 partner with just the MAP. I'm not sure how that
21 really would go, Ms. Carmichael.

22 Q Okay, but you do not remember signing any
23 documents on behalf of Woodlake CC Corp. that promised
24 to pay money to MAP Fund?

25 A No, ma'am; no, ma'am.

1 Q Your understanding is, this is just an
2 investment on their part, not a loan to the
3 corporation?

4 A They wanted their money back. I mean, they
5 wanted to invest their money. They wanted their money
6 back, yes, ma'am. They wanted their money back.

7 Q Well, I would say most investors invest with
8 the idea of getting their money back, but there is a
9 difference in loaning money and investing money
10 speculatively hoping that you will get a return on your
11 investment.

12 A Right, yes, ma'am.

13 Q So I am asking you if as an officer of
14 Woodlake CC Corp. you promised to pay them back?

15 A I never signed --

16 Q Or was it just an investment that they hoped
17 they would see a return on their investment, either
18 through selling the property or operating at a profit?

19 A I never signed anything saying -- to a debt
20 that would be paid back, no, ma'am.

21 Q Let's look at this other document. So we
22 talked about Exhibit 3, which was the first stack of
23 papers on top of these green folders you brought me,
24 and we talked about the four green folders which are
25 Exhibits 6, 7, 8 and 9, and we talked about Exhibit 4,

1 which is the Deed which conveyed property to Woodlake
2 CC Corp.

3 A Uh-huh.

4 Q And then I have one other packet of documents
5 which we will mark as Plaintiff's Exhibit 10.

6 (Pleading's Exhibit Number 10 marked for
7 identification.)

8 By Ms. Carmichael:

9 Q Actually, I am going to ask you to let me
10 look at that first since we only have the one copy.

11 A Okay.

12 Q And then I will hand it to you to look at.
13 This appears to be Articles of Incorporation for a
14 different corporation called Woodlake CC Real Estate
15 Corporation. And there were 100 shares of stock issued
16 and this was a corporation that was formed by you in
17 2016. Can you verify that that is what that document
18 is?

19 A Yes, ma'am.

20 Q So tell me about Woodlake CC Real Estate
21 Corporation?

22 A This is a daughter company. Nothing's held
23 there. They had plans to develop the real estate, but
24 I have resigned as President, because I wasn't supposed
25 to be President. It was Illya, but that's how --

1 matter of fact, it's just a daughter company with
2 nothing in it.

3 Q The daughter company of whom?

4 A Woodlake CC Corp.

5 Q Okay, are there any other affiliated
6 companies with Woodlake CC Corp.?

7 A No, ma'am, that's the only one.

8 Q If I could have you hand me back what we have
9 marked as Plaintiff's Exhibit 3, that one right there,
10 and let me ask you about your summary statement. Here
11 is the cover page. So attached to your memo that is
12 dated March 13th was a Deed of Trust. That is the only
13 document you have that is responsive to me asking about
14 a participation agreement or the indebtedness of
15 Woodlake CC Corp.?

16 A Yes, ma'am.

17 Q To the MAP Fund?

18 A I will be glad to contact Mr. Tost, email
19 him, and see what I can get for you.

20 Q Okay, I would like for you to do that and so
21 we will make sure we -- I have your email and have a
22 way to communicate with you and you have mine so that
23 you can just forward that to me.

24 A Okay.

25 Q Then Number 2, I asked you for all documents

1 concerning Woodlake CC Corp.'s relationship with any
2 parent company, subsidiary, predecessor, agent or other
3 entity relating Woodlake CC Corp., and you responded
4 here in summary, J & Partners and Steiner Consulting
5 hold all shares of Woodlake CC Corp, and then are no
6 contracts between shareholders?

7 A No, ma'am.

8 Q A daughter company, Woodlake CC Real Estate
9 Corp. holds nothing in its name?

10 A Yes, ma'am.

11 Q And that is what relates to Exhibit 10?

12 A Yes, ma'am.

13 Q And there were a hundred shares of stock in
14 Woodlake CC Real Estate Corp. Who owns those shares?

15 A That would be -- they have it as it would be
16 me, but it's going to Illya, because I resigned because
17 it's really supposed to be Illya Steiner, Dr. Steiner.

18 Q Do you remember having any stock certificates
19 or shares?

20 A No, ma'am.

21 Q Who helped you with the formation of that
22 corporation?

23 A I think Ryan did this; Ryan, our broker.

24 Q Ryan Hagan, was that her name?

25 A Yes, and also, too, Ms. Carmichael, I think

1 she had spoke with Brian Darer, too, over the phone,
2 probably.

3 Q Tell me Brian's last name?

4 A Darer.

5 Q D-A --

6 A -R-E-R.

7 Q Darer, okay.

8 A He's an attorney in Raleigh.

9 Q Okay.

10 A I think she probably asked him for advice or
11 whatever. I mean, I don't know. To the best of my
12 knowledge, she did speak with Brian, but I have
13 resigned as President of that.

14 Q Okay, and talk to me a little bit more about
15 Ryan Hagan's role as an employee and as the Broker. Is
16 she in contact with Dr. Steiner or Mr. Tost?

17 A No, ma'am.

18 Q What is her job responsibility?

19 A Real estate, selling real estate, but of
20 course, you know, the real estate just is not selling
21 and so she's just a Broker because you have to have a
22 Broker on site for the real estate company.

23 Q Is she an officer in Woodlake CC Corp.?

24 A No, ma'am.

25 Q I'm just confused about why Ryan Hagan would

1 be contacting attorney on behalf of Woodlake CC Corp.
2 for legal advice?

3 A Well, I -- and I may be wrong, Ms.
4 Carmichael, because I know Brian did this. And when
5 I'm saying she contacted Brian, I mean, I may be wrong.
6 I may be totally wrong. I guess in my mind I was -- I
7 just may be wrong on that, Ms. Carmichael.

8 Q So when you say Ryan did this, let the record
9 reflect that the witness was pointing to Plaintiff's
10 Exhibit 10. Do you mean the formation of Woodlake CC
11 Real Estate Corp., the daughter company?

12 A Yes, ma'am.

13 Q And do you remember having a conversation
14 with Ryan about why she was doing that?

15 A Yes, because we wanted to set it up; we
16 needed to set this up, and so, Ryan, she -- she did it
17 up. We did have a conversation.

18 Q Okay.

19 A She just didn't take it upon herself.

20 Q Okay.

21 A We were -- we were together talking and I
22 think to me there was a question, I said -- that
23 there's a question that I had asked, and I said, well,
24 just call Brian and make sure it's the right answer.
25 It wasn't -- it wasn't guidance with this. It just

1 seems like I had a question and I asked her to call
2 Brian.

3 Q Okay, so tell me what Brian Darer advised
4 Woodlake CC Corp. about? What was the subject matter
5 of his representation?

6 A I don't -- I'm sorry.

7 Q Was he advising you about real estate matters
8 or about bankruptcy or about the issues with the State
9 of North Carolina or what?

10 A Brian was Woodlake CC Corp.'s attorney,
11 Parker Poe.

12 Q Okay, he doesn't represent Woodlake CC Corp.
13 in this lawsuit?

14 A No, ma'am, and he -- he -- you know, it's
15 just -- he doesn't -- I mean -- and when I said that
16 we've talked to Brian, it was just a little question.
17 I don't know what it would even be about.

18 Q So who hired Brian?

19 A Brian Darer?

20 Q Yes.

21 A Steiner.

22 Q Okay.

23 A Uh-huh.

24 Q And when was that?

25 A During the process of Steiner purchasing

1 Woodlake CC Corp.

2 Q And so going back to Plaintiff's Exhibit 4, I
3 see that this Deed says mail after recording to Brian
4 Davis, Parker Poe. Was that because Parker Poe was
5 representing Woodlake CC Corp. in the purchase?

6 A At that time, yes, ma'am.

7 Q So were they consulting in the bankruptcy?

8 A Yes, ma'am.

9 Q Okay, did you have any conversations with
10 Brian Darer about the legal proceedings that were
11 brought by the Division of Environmental Equality
12 against Woodlake CC Corp. in 2016 and '17?

13 A Yes, it was -- I've had several conversations
14 with Brian and Mr. Weber I think who was a colleague in
15 Charlotte with Parker Poe, and, you know, we spoke, we
16 met, with the issue.

17 Q Okay, so when you were served with a copy of
18 the lawsuit in October of 2017, did you call Mr. Darer
19 about it?

20 A I spoke with Mr. Darer. I think he contacted
21 -- contacted -- I don't know if he contacted me or I
22 contacted him because, you know, with attorneys, you
23 know, they have these lawsuits and some way the
24 lawsuits come through, but I did speak with him about
25 it. Yes, I did.

1 Q Okay.

2 A And he was -- he would have been happy to
3 represent Woodlake CC Corp. but, of course, he needed a
4 retainer.

5 Q So you did not -- did you tell Mr. Steiner
6 and Mr. Tost about the retainer that Mr. Darer would
7 charge to represent?

8 A No, ma'am, Brian Darer did.

9 Q Okay, and was it your understanding that they
10 said they were not going to pay his retainer?

11 A I don't think they responded. I don't think
12 they even responded back. I'm not sure, Ms.
13 Carmichael.

14 Q So what led you to contact -- let me find it.

15 A Okay.

16 Q What led you to contact Chip Post to
17 represent Woodlake CC Corp.?

18 A I was recommended by -- he was recommended to
19 me by Tracy Parks who at the time was working with the
20 potential buyer, the Chinese people, and we were hoping
21 that -- yeah, he extended the -- extended the lawsuit;
22 however, he did not want to get involved in the
23 lawsuit. And to be honest, Ms. Carmichael, because
24 they sent money to retain, who's to say would even
25 finish paying? This is why today I try not to even --

1 even get anyone involved because people need to be paid
2 and, you know, this is why, you know, it's just so
3 difficult and I just -- I wish someone -- Ms.
4 Carmichael, if it was auctioned off today, all the
5 lake, first the lake be given to the property owners.
6 I'd be so happy.

7 Q When you say the lake be given to the
8 property owners, ma'am, who do you envision that is? I
9 mean --

10 A The property owners; be deeded to the
11 property owners.

12 Q Would you sign a Deed with 2,000 owners'
13 names on it for the 2,000 lot owners? I mean, that
14 doesn't seem very practical.

15 A Well, if the owners -- if the property
16 owners, this is -- you know, this is, you know -- if
17 they want a lake, you know; if the property owners want
18 to take responsibility for the lake, I mean, to see if
19 they can get the lake repaired, I'm the first one to
20 help them. But it's a process. We can't just be
21 jumping and running to and getting the Board of
22 Directors into that. It has to be a process. We have
23 to work together as a community. And everyone should
24 have to have a say-so.

25 Q And did it ever occur to you to reach out to

1 the people who offered to buy the lake from you to tell
2 them that, that it needed to be a process?

3 A To who?

4 Q The Restore Woodlake folks that I represent
5 sent you the letter offering to take the lake?

6 A The way that it worked, when I first formed a
7 group, this group was supposed to come together with a
8 proposal and it was told we would wait for an offer by
9 Restore Woodlake and they didn't wait. They kind of
10 went ahead with the Board of Directors, went ahead with
11 this and that, and then, you know, people began to
12 contact me about it and it all became crazy. There are
13 some people in that lawsuit. They are part of the
14 solution. They wouldn't be part of the problem. But,
15 Ms. Carmichael, I can't work with someone who -- who --
16 that has personal agendas against me. I want to help
17 everyone of them. I don't care if you like me or you
18 dislike me. If you're a property owner, I think you
19 should have that lake. You should look out your door
20 and see the lake.

21 Q And why is that? What does the lake mean in
22 terms of the overall picture of Woodlake?

23 A I think it's -- the lake is Woodlake. The
24 lake is a value -- when you buy a lakefront property,
25 that's your value. That's a lot of your value of your

1 home.

2 Q But what value do you think the people that
3 don't live on the lake get out of the lake?

4 A I know there's different opinions with what
5 I'm saying. I think everyone benefits from the lake.
6 And so maybe that's only my opinion because you -- even
7 though you don't live on the lake, I think everyone
8 still benefits from that lake.

9 Q All right, I just have some general questions
10 that I am going to run through and you just tell me if
11 you know the answers to them, okay?

12 A Yes, ma'am.

13 Q Who is Elizabeth Chapman?

14 A She is the registered agent in our -- she is
15 part of -- she is part of Parker -- Elizabeth Chapman.
16 To the best of my knowledge, Ms. Carmichael, she is
17 with Parker Poe in Charlotte office.

18 Q She is involved with the incorporation of
19 Woodlake CC Corp.?

20 A Yes, ma'am.

21 Q So she is an attorney?

22 A Yes, ma'am.

23 Q Are there any other owners of J & Partners,
24 LLC other than yourself?

25 A No, ma'am.

1 Q You own all the interests in that LLC?

2 A Yes, ma'am.

3 Q And I believe you may have answered this.

4 How much money of your own have you invested in

5 Woodlake CC Corp.?

6 A I haven't invested in the purchase price of

7 -- I haven't -- zero.

8 Q Has J & Partners, LLC invested any money in

9 Woodlake?

10 A No, ma'am.

11 Q Other than the purchase price, have you

12 invested in the ongoing operation of Woodlake CC Corp.?

13 A Yes, ma'am, lots.

14 Q Okay, describe that for me?

15 A It's just constantly. I mean, even though I
16 get a paycheck, it goes right back into Woodlake. It's

17 paying for this, paying for that, making sure the

18 operations -- I mean, it's just -- you know, it's just

19 trying to keep things alive, trying to keep things

20 alive.

21 Q Are there records of loans you have made to

22 the corporation?

23 A I mean, I have my checks that I write out,

24 yes. I try to, you know, if I can pay myself back.

25 It's just very difficult. I put Woodlake CC Corp.

1 before my own personal, me. I mean, if I had a light
2 bill that had to be paid and if there was something
3 that was needed at Woodlake, that would come first.
4 Ms. Carmichael, I have done everything I could to keep
5 these operations going.

6 Q And have those advances been from Julie
7 Watson personally or from J & Partners?

8 A Julie Watson.

9 Q Tell me about who hired Dan Marks?

10 A Dr. Dan Marks, he was back with Woodlake
11 Partners. It was probably Ingolf Boex because he
12 worked with Dr. Dan Marks before, so I'm sure it was
13 Dr. Marks -- I mean Ingolf Boex.

14 Q And did Woodlake CC Corp. continue the
15 employment relationship with Dr. Marks?

16 A Yes.

17 Q Okay, so did you have any personal
18 interactions with Dr. Marks?

19 A Oh, yes, ma'am.

20 Q And what were your discussions with Dr.
21 Marks?

22 A It was just the dam. I mean, he would come
23 and he would stay and -- you know, Dr. Marks was sick a
24 lot during Woodlake CC Corp. And his wife had a lot of
25 health issues and -- you know, it was just basically

1 the dam.

2 Q Then was he coming up with a design to fix
3 the problems with the dam?

4 A Yes, ma'am.

5 Q Okay, and did you proceed with any plan with
6 Dr. Marks outlined to fix the dam?

7 A I seen so many. The plans were approved with
8 Dr. Marks, but then we -- I think because he was sick,
9 we had to go to another engineer and no, we did not
10 proceed with his plans.

11 Q Okay, and do you hold any Powers of Attorney
12 for Ingolf Boex?

13 A When it was Woodlake Partners, I mean, I held
14 his Power of Attorney, because every manager held his
15 Power of Attorney, Margaret Tattershall, myself.

16 Q Who is Margaret Tattershall?

17 A She used to be a manager at Woodlake.

18 Court Reporter: What's her last name?

19 The Witness: Tattershall.

20 Court Reporter: Can you spell that?

21 The Witness: T-A-T-T-E-R-S-H-A-L-L;

22 because when he did that, I remember asking and I
23 remember him saying that that usually happened; he
24 would give that to managers. But now I have no say-so
25 on his POA.

1 By Ms. Carmichael:

2 Q Do you have a Power of Attorney for Illya
3 Steiner?

4 A No, ma'am.

5 Q Do you have a Power of Attorney for any other
6 individuals that are affiliated with Woodlake CC Corp.?

7 A No, ma'am.

8 Q What is your understanding of your authority
9 to act on behalf of Woodlake CC Corp.?

10 A Ms. Carmichael, since no one cares or no one
11 seems to see the situation at Woodlake, I'm the only
12 one right now that can get it through. If we sell it,
13 auction it off, property owners would be -- I feel like
14 that I'm just kind of thrown to the side. I mean, I'm
15 having all the burden on my shoulders now, everything.

16 Q Do you have any Bylaws for Woodlake CC Corp.?

17 A The shareholder's Bylaws?

18 Q Yes.

19 A Brian Darer has those.

20 Q Okay, could you request -- do you have those
21 in your possession?

22 A I don't have them in my possession, no,
23 ma'am.

24 Q Can you request a copy from Mr. Darer?

25 A Yes.

1 Q Can you request copies from Mr. Scarborough
2 on behalf of Woodlake CC Corp. of the Participation
3 Agreement that is referenced in the Deed of Trust?

4 A Yes, ma'am, if there's one, yes, ma'am.

5 Q I want to ask you about property that
6 Woodlake CC Corp. has transferred to you. Recently,
7 there were some Deeds recorded from Woodlake CC Corp.
8 Tell me about that?

9 A The reason that was deeded over to me is
10 because I have -- like I said previously, there is so
11 many responsibilities that I have, that I have to sign
12 for, of money that is for Woodlake CC Corp., and that's
13 something that -- I mean, I have to look out for
14 myself. I don't have any money. My money has gone
15 into Woodlake. I'm still paying loans for Woodlake
16 Partners. I can't lose everything I have because of
17 Woodlake CC Corp.

18 Q So tell me about the properties that were
19 transferred to you? Is that -- did you sign the Deeds
20 on behalf of Woodlake CC Corp.?

21 A Yeah, I signed the Deeds.

22 Q And what were the properties that were
23 transferred?

24 A It was -- it's a home. It needs -- I signed
25 the loans on the outside. It was in -- they need great

1 repair.

2 Q How many homes?

3 A Just one, which I have; it is -- it needs a
4 lot of repairs.

5 Q And where is that house located?

6 A Outside of Woodlake.

7 Q What is the address?

8 A 949 McLaughlin.

9 Q Spell McLaughlin?

10 A M-C-L-A-U-G-H-L-I-N.

11 Q And is that in Vass?

12 A Yes, ma'am.

13 Q Is the property occupied?

14 A No, ma'am, it's not livable.

15 Q Is the property listed for sale?

16 A No, ma'am.

17 Q And it is owned in the individual name of
18 Julie Watson?

19 A Yes, ma'am.

20 Q What is the approximate value of that
21 property?

22 A I'm not sure, Ms. Carmichael. It's not
23 livable. I'm not even sure. It would take so much
24 money to even make it livable.

25 Q Is there a mortgage on the property?

1 A No, ma'am.

2 Q Are there any other properties that are owned
3 by Woodlake CC Corp. that you have deeded to yourself?

4 A Just some land outside of Woodlake.

5 Q Okay, describe that land for me?

6 A It's just land. It's just outside of
7 Woodlake. It's just -- nothing's on it.

8 Q How many acres?

9 A I think it's -- I'm not sure; maybe 30 acres;
10 maybe 20 something acres.

11 Q Okay.

12 A It's the judgment that people that are coming
13 to me now. It's not fair. It's not fair.

14 Q Do you know the approximate value of that 30
15 acres?

16 A No, ma'am, maybe -- no, ma'am, I don't -- I
17 don't know that.

18 Q How is that land zoned? Is it zoned for
19 residential development, commercial development?

20 A Residential.

21 Q In Vass?

22 A Yes, ma'am.

23 Q In Moore County?

24 A Yes, ma'am.

25 Q Any other properties other than the house at

1 949 McLaughlin and the approximately 30 acres outside
2 of Woodlake?

3 A No, ma'am.

4 Q Have you deeded any other land on behalf of
5 Woodlake CC Corp. to any other entities or individuals?

6 A No, ma'am.

7 Q Okay, so other than property that Woodlake CC
8 Corp. has sold since 2015, does Woodlake CC Corp. still
9 own all of the property that it bought out of the
10 Woodlake Partners bankruptcy?

11 A Yes, ma'am.

12 Q All right, I am going to ask you some
13 questions about the Complaint. What was your first
14 involvement with Woodlake Country Club?

15 A When I first started to work there?

16 Q Yes.

17 A I started out, I don't know how many years
18 ago, I can't even think, but anyway I started out in
19 Housekeeping and Maintenance Department. I was under
20 -- well, it was a contract. Margaret Tattershall
21 called me and asked me would I come and help set up
22 those departments for her.

23 Q And was that in the 1980's, 1990's? Do you
24 remember?

25 A Ms. Carmichael, I was trying to remember. I

1 think it was in 19 -- early 1990's.

2 Q Okay, how did you know Ms. Tattershall?

3 A She just heard -- someone that knew me that I
4 was kind of friends with, she knew Martha and it sort
5 of kind of -- we met through a friend.

6 Q How old were you at the time?

7 A I'm fifty-eight now, so.

8 Q Okay, you -- we're almost the same age so
9 trying to figure out. I was twenty-five, so you were
10 in your early thirties?

11 A Yes.

12 Q So what did you do prior to becoming -- since
13 the early '90's when you became employed with Woodlake
14 Country Club, have you been employed by anybody else
15 other than Woodlake?

16 A Yes, I worked since early age with Assisted
17 Living with the rest homes, with the elderly.

18 Q And was that after you got out of high school
19 or college?

20 A I was working when I was even in high school.
21 I kind of like learned the job like I did at Woodlake.

22 Q Where did you go to high school?

23 A At Rockingham.

24 Q Okay, and did you live in -- what town did
25 you live in?

1 A Rockingham.

2 Q Okay, and were you living in -- were you
3 working at assisted living facilities in Rockingham?

4 A Yes, ma'am.

5 Q Did you move to Vass when you started working
6 for Woodlake Country Club?

7 A Yes, four or five -- I worked as I was
8 contracted out for Woodlake CC and then when my
9 daughter moved -- my last daughter moved out of the
10 home, I moved there.

11 Q To Vass?

12 A Yes, ma'am.

13 Q What was your position with Woodlake CC Corp.
14 when Woodlake Partners filed bankruptcy?

15 A I was General Manager.

16 Q Okay, and were there any concessions with you
17 by the Woodlake Partners' leadership about that
18 bankruptcy?

19 A I guess it had to be with Ingolf Boex,
20 because I mean -- I mean with the bankruptcy, yes,
21 ma'am.

22 Q Were you told why that partnership was filing
23 bankruptcy?

24 A It was just -- I mean, there was just not
25 funds there to run it. I mean, you know, he couldn't

1 -- there was no money coming from Germany. There was
2 no money -- I mean, there was no one was sending money.

3 Q What was your understanding of the state of
4 the dam at the time that Woodlake Partners filed
5 bankruptcy?

6 A It was just going to be two million to repair
7 it.

8 Q So you were aware at the time that Woodlake
9 Partners filed bankruptcy that the dam was in need of
10 repair?

11 A Yes, ma'am, uh-huh.

12 Q And Woodlake Partners had received deficiency
13 notices from the State Department of Environment and
14 Natural Resources?

15 A Yes, ma'am.

16 Q And so as a shareholder and also Woodlake CC
17 Corp., you were aware that the dam had received those
18 notices of deficiency?

19 A Yes, ma'am.

20 Q And were you aware that at the time Woodlake
21 CC Corp. purchased the property?

22 A Yes, ma'am.

23 Q Starting in 2015, has Woodlake CC Corp.
24 marketed properties within the Woodlake subdivision for
25 sale to the general public?

1 A To the best of my knowledge, we haven't,
2 because we didn't even have brochures made up for
3 Woodlake CC Corp. I think it was on the website and I
4 had -- asked Ryan to make sure that was taken down for
5 the lake. But Woodlake CC Corp., I never did even have
6 brochures made up.

7 Q Okay, then what was Ryan Hagan doing as the
8 Broker?

9 A Doing as?

10 Q Was she not trying to sell the property that
11 Woodlake CC Corp. owned?

12 A Well, at the time Betty Howard was working as
13 our real estate agent and she was trying to sell homes,
14 yes, but we would make sure Betty Howard -- at that
15 time that she was not a paid employee. We would make
16 sure that Betty knew what was going on with the dam.
17 We would leave anything on the email. I mean -- she --
18 they made sure people were made aware of what was
19 happening.

20 Q Okay, so let me just ask you, does Woodlake
21 CC Corp. own some houses in the Woodlake subdivision?

22 A No.

23 Q Did they own vacant lots?

24 A We have rentals. Ryan -- we have short-term
25 rentals that -- that she maintains.

1 Q And are they houses? Are they condos?

2 A Houses, condos.

3 Q And so those are being marketed for rent, or
4 if somebody wanted to buy them, would you sell them to
5 somebody?

6 A If they wanted to purchase a home, I mean, we
7 would sell it, but they would know what they're -- you
8 know, there's no lake.

9 Q Okay, and did Woodlake CC Corp. maintain a
10 website for the Woodlake Country Club?

11 A Yes.

12 Q And on the website, isn't it true that you
13 advertised that there were two golf courses, a pool and
14 a clubhouse?

15 A Well, we do have a pool and clubhouse and the
16 clubhouse at the time we were doing -- I mean, today,
17 if someone -- if a member wanted to use the clubhouse,
18 we would let them use the clubhouse.

19 Q Okay, and isn't it true that the lake has
20 been and is consistently described by Woodlake CC Corp.
21 as a 1,200 acre spring fed lake with boating, swimming,
22 fishing and water skiing?

23 A That was on the website, but it should be
24 taken down.

25 Q Is it true that Woodlake CC Corp. has

1 advertising and continues to advertise lakefront lots
2 for sale within the community?

3 A We haven't -- I mean, if it's somewhere
4 advertised, I have no knowledge of it. We haven't
5 advertised that for a long time.

6 Q And by advertised, I mean including posting
7 this on the website?

8 A It shouldn't be on the website because --
9 this is something I have stated to make sure it was
10 taken down.

11 Q Do you recall that the website stated, beach
12 club and lakeside pool that's panoramic views and
13 tropical ambience truly make every day feel like a
14 holiday; great golf, numerous amenities, breathtaking
15 views, and then there's the lake, perfect for boating,
16 fishing and skiing. It's an integral part of what
17 makes Woodlake Resort and Country Club what it is.

18 A Again, it should not be on there. I was told
19 it was taken off.

20 Q Would you agree that the lake is an integral
21 part of what makes Woodlake Country Club --

22 A I would agree that.

23 Q -- what it is? And that as we discussed in
24 these four folders, Plaintiff's Exhibits 6, 7, 8 and 9,
25 that Woodlake CC Corp. accepted different levels of

1 membership for use of the amenities?

2 A Yes, ma'am.

3 Q Is use of the lake an availability to every
4 level of membership?

5 A No, ma'am.

6 Q Okay, tell me about that?

7 A There's different structures. I mean, you
8 could have -- you would have to have a lake membership
9 to use it.

10 Q Okay, but in the social membership, did they
11 have an opportunity to use the clubhouse which is
12 advertised as sitting on the lake with the panoramic
13 views of the lake?

14 A Yes.

15 Q Is it true that as early as 1996 there were
16 notices of deficiency issued with regard to the dam at
17 Woodlake?

18 A I don't remember the year, but, yes, ma'am,
19 they were.

20 Q Okay, and that continued for 1997 through
21 2000, which included deficiencies of deterioration in
22 the joints of the concrete spillway, upstream wave
23 erosion, washed-out rip rap and seepage from the
24 drainage system?

25 A Yes, ma'am.

1 Q And then from 2009 to 2015, did you continue
2 to receive notices of deficiency for the dam?

3 A I don't recall the dates, but, yes, ma'am, I
4 did receive deficiencies.

5 Q Do you remember ultimately that a Dam Safety
6 Order was issued on December 15, 2014, demanding that
7 within 90 days plans and schedules for breaching the
8 dam be developed?

9 A Yes, ma'am.

10 Q And was that when Mr. Boex hired Dr. Marks in
11 2014 or '15?

12 A To the best of my knowledge, Ms. Carmichael,
13 I would say, yes.

14 Q Okay, do you recall in May of 2015 after
15 Woodlake CC Corp. took ownership of the property that
16 you sent correspondence to the residents of Woodlake
17 that in cooperation with DENR, Woodlake would be
18 coordinating with a hired professional engineer
19 consultant, Dr. Dan Marks, to solicit bids for repair
20 of the dam? The dam is in no immediate danger and DENR
21 is allowing us sufficient time to solicit the bids and
22 repair the dam. The clubhouse will be opening in June.
23 Date will be announced and will be reserved for members
24 functions and outside golf guests.

25 A Uh-huh.

1 Q Do you remember that communication?

2 A Yes, ma'am.

3 Q In March of 2017, do you remember your
4 appearance in court before Judge Webb on the Motion for
5 Contempt, on March 15, 2017?

6 A Yes, ma'am.

7 Q And in open court and under oath, did you
8 testify that Woodlake CC Corp. fully intended to comply
9 with the Consent Order that had been negotiated with
10 the State of North Carolina to make a temporary breach
11 and repair of the dam?

12 A Yes, ma'am.

13 Q Did, in fact, Woodlake CC Corp. comply with
14 the Consent Order that had been negotiated with the
15 State?

16 A No; again, there comes the financial partner.
17 We -- there's no funds been sent.

18 Q Okay, what were your discussions with Mr.
19 Tost, Mr. Steiner?

20 A When I spoke with Steiner, it was to continue
21 to go on. We would repair the dam. I would never -- I
22 would never go -- I would never sign anything not
23 knowing that they would be -- I mean, that Steiner was
24 not going to send the funds to get it repaired.

25 Q So how did he let you know he was not going

1 to send the funds?

2 A He never did let me know. I -- as we spoke,
3 he said yes, we must do this. We must -- wanted us to
4 go ahead. And I think that he -- well, he did send --
5 he did send Brian Darer \$10,000.00, so I mean, you
6 know, to -- at that point to -- something that was
7 needed with the dam. So I mean, he was carrying on.
8 That always happened, Ms. Carmichael. In the middle of
9 the ball game, everything would stop; always. It's
10 always been that way.

11 Q So in May, about two months after your court
12 appearance, you sent a notice to the Woodlake residents
13 saying that work on the bridge of the dam began this
14 weekend and will continue to ramp up over the next few
15 days and weeks. You should expect to see personnel and
16 equipment working on the dam, initially preparing and
17 then excavating the spillway for the required breach.
18 Do you remember sending that notification out to the
19 community?

20 A I -- yes, ma'am.

21 Q And do you understand that Woodlake CC
22 Corp.'s failure to comply with the Dam Safety Orders
23 and to repair the dam to State's emergency breach and
24 the draining of the lake?

25 A Uh-huh.

1 Q And you have already testified that you
2 understand that has had a direct negative effect on the
3 property value for all residents?

4 A Yes, ma'am, I agree totally.

5 Q Are you a licensed real estate broker?

6 A No, ma'am.

7 Q Have you ever told any members that if they
8 do not continue to pay their membership dues that they
9 would be required to pay the initiation fee to rejoin
10 the club?

11 A No, ma'am, I don't recall because Janet
12 totally talks to everyone with a membership. I don't.
13 To the best of my knowledge, I do not recall telling
14 anyone that.

15 Q What is your understanding of the rules for
16 what is required to join as a member at Woodlake
17 Country Club?

18 A The rules, as a member you have to pay -- you
19 have to have membership on your property and you -- you
20 have to own property and you have to hold membership on
21 your property.

22 Q Okay, how much does that cost?

23 A It says the initiation fee was \$25,000.00.
24 No one -- I mean, I may be wrong, but there is very,
25 very in the last year who's paid an initiation fee

1 because I've always helped people, you know, that
2 wanted a membership. Janet will work with them, let
3 them make payments. And I don't think -- if there's
4 been one, there hasn't been in the last -- since '15 to
5 pay a \$25,000.00 membership.

6 Q So was the initiation fee lowered from
7 \$25,000.00?

8 A No, ma'am, you can pay a transfer fee, too.

9 Q Okay.

10 A But the initiation fee, we always work -- I
11 just -- I would -- we would just work to bring it down
12 \$12,500.00. And again, to the best of my knowledge,
13 I'm thinking there were only one since '15, and I may
14 be wrong on that.

15 Q Okay, and what if someone gave up their
16 membership; would they have to -- how would they renew
17 their membership if the lake came back and the golf
18 courses were restored, as you have testified, to their
19 glory?

20 A Uh-huh.

21 Q What are the rules or the requirements for
22 someone to rejoin if they had stopped payment their
23 membership?

24 A I think that -- if it had stopped because of
25 the lake, I just don't think that someone should have

1 to come back and pay their full membership. I just
2 think there should be -- I just think there should be
3 something worked out that if they've had the membership
4 on their home, if they've had the membership but they
5 said, you know, I'm not getting any services, I'm not
6 going to pay, then I think that they should not have to
7 come back and pay an initiation and transfer fee.

8 Q Have you written that into the rules?

9 A No, ma'am, we haven't written into the rules.
10 I haven't written into the rules. I don't -- and to be
11 honest with you, Ms. Carmichael, hopefully the next
12 rules there will be a new owner. There will be
13 somebody there with money who's going to make it where
14 every member will get every dime of something of their
15 membership because that's what I hope for it.

16 Q Let's take one quick break.

17 (A short break was taken at 12:41 P.M.)

18 (Direct Examination resumed at 12:42 P.M.)

19 By Ms. Carmichael:

20 Q What discussions have you had with the State
21 of North Carolina about payment for the costs of the
22 emergency breach?

23 A I haven't -- I've only called and spoke with
24 the Attorney General's office when the Chinese were
25 interested to see what the amount would be and, you

1 know, I was told we would get a bill soon.

2 Q Have you received a bill?

3 A No, ma'am.

4 Q Did they forecast to you the approximate
5 amount?

6 A No, ma'am.

7 Q Tell me about the back taxes that are owed on
8 Woodlake CC Corp.'s property. What is your intention
9 about paying the taxes?

10 A My intentions, if I had the funds, I would
11 pay them, but I'm not a financial partner. I'm not --
12 and I think they should have been paid. I think
13 everyone that's owed money should be paid.

14 Q What percentage of revenues that you are
15 taking in for memberships and operations are you using
16 to pay debt?

17 A It takes -- it takes everything that's
18 bringing in to pay -- I do the very best I can, Ms.
19 Carmichael. Everything goes to debt or payroll,
20 everything.

21 Q Who handles the payroll?

22 A Janet Britt.

23 Q Have you considered laying off any employees?

24 A Well, I mean, we're thin. We can't -- I
25 mean, we're just really thin now. You know, it's just

1 like I -- we're just really, really thin now. We just
2 -- I'm thinking everything I can. With the golf
3 course, there's still a lot of activity for the members
4 on the golf course, and we're just trying do all we
5 can. Hopefully, hopefully, there will be a new owner
6 or it will be auctioned off so everything will get
7 paid. I think everyone should get paid. I'd stand
8 beside anyone today in front of any judge and say that
9 that individual or corporation or entity, they need to
10 get paid.

11 Q What discussions have you had with anyone
12 about Woodlake CC Corp. filing bankruptcy?

13 A I don't think I've -- I haven't had any
14 conversations with -- because that hadn't been
15 discussed anywhere.

16 Q All right, have you considered it?

17 A No, I haven't considered it, no.

18 Q Are there any other interested buyers that
19 you have spoken with or brokers on behalf of buyers
20 about buying the Woodlake CC Corp. property?

21 A I had -- I've had -- besides the potential
22 buyers, the Chinese group, I've had a gentleman call.
23 He wanted to do something else with it with the bed
24 lake. And then we had --

25 Q What did he want to do with the -- I am

1 assuming when you say bed lake, I would say lake bed.

2 A Yeah, so even with the lake, he wanted to do
3 -- he was just going to dig. It wasn't going to be a
4 lake. It wasn't going to be a lake.

5 Q And who was that potential buyer? Do you
6 recall?

7 A I don't remember his name. He was far off.
8 He lived far off.

9 Q Far off as in he was in the United States or
10 far off as in --

11 A In the United States, but far off, but the
12 lake bed, he had other intentions. And then we had
13 someone that -- a broker had contacted me, she didn't
14 give me his name, from Southern Pines and he wasn't
15 interested because of the lake. And then we have -- we
16 had someone else who called who had -- he's the one who
17 may be interested, but I haven't heard anything back.

18 Q And have these other contacts been since the
19 Chinese deal fell through?

20 A Yes, ma'am.

21 Q So these have been in 2018?

22 A Yes, ma'am, and everyone I've met with --
23 that I have met with or talked to, I have told them all
24 I care about -- I can't speak for Steiner, but all I
25 care about is the debt getting paid and that the

1 property owners will have a lake. I could care less
2 about making one penny. All I want is every debt paid
3 and the property owners to have a lake. And that's
4 what I've always wanted.

5 Q So tell me, in your mind and to your
6 knowledge, what are the debts that you would want to
7 get paid?

8 A Everything due.

9 Q And what is that? Let's be specific.

10 A Okay, we have the taxes.

11 Q Okay.

12 A We have the POA.

13 Q Okay.

14 A We've got Brian Darer -- or Parker Poe, I'm
15 sorry.

16 Q And what is owed to Parker Poe; just an
17 outstanding invoice?

18 A Yes, ma'am.

19 Q All right.

20 A I think we have some GEO Syntec.

21 Q What is owed to GEO Syntec?

22 A Ms. Carmichael, I think around \$300,000.

23 Q Okay.

24 A And that's basically the large ones. I mean
25 -- and then we have some smaller things, but that's the

1 main ones right there.

2 Q When you say smaller things, are they vendors
3 like suppliers and --

4 A Vendors and -- yes, tere's not a -- I mean,
5 that's your largest debt, and of course the State. The
6 State will have to be paid for the work.

7 Q Any other debts that you can think of?

8 A No, those are the main ones.

9 Ms. Carmichael: I have no further
10 questions. And what I have that you have committed to
11 under oath to follow up on is to call Mr. Scarborough
12 to ask if he can send you a copy of the Participation
13 Agreement.

14 The Witness: Yes, ma'am.

15 Ms. Carmichael: Would you like for me to
16 write this down?

17 The Witness: Yes, ma'am, please.

18 Ms. Carmichael: All right, copy of
19 Participation Agreement from Attorney Scarborough or
20 any other note associated with the Deed of Trust that
21 he prepared in 2017; the same thing, copy of
22 Participation Agreement or any other notes from
23 Woodlake CC Corp., from Daniel Tost, and then -- let me
24 just look and see. There's one other thing that you
25 were going to ask for. You were going to ask Janet

1 Britt to provide a list of all of the membership names
2 that coincide with the customer numbers that are on
3 these various reports from 2015 through 2018. And that
4 email is h.carmichael@jordanprice.com and I will state
5 for the record that if you will email me those
6 documents that I will consider that you have fully
7 complied with the Subpoena. And let the record also
8 reflect that I have written out that list of the
9 documents that we have just described and handed that
10 to Ms. Watson so that she can follow up on that; any
11 other questions you have for me?

12 The Witness: No, ma'am.

13 Ms. Carmichael: Thank you very much for
14 coming in and answering my questions; we're off the
15 record.

16 (The proceedings were concluded at 12:50
17 P.M.)

NORTH CAROLINA

WAKE COUNTY

C E R T I F I C A T E

I, David L. Overby, Notary/Reporter, do hereby certify that Julie Watson was duly sworn by Diane C. Byrd, Notary/Reporter, prior to the taking of the foregoing deposition; and that this deposition was taken by Diane C. Byrd and transcribed under my direction and that the one hundred nine pages which constitute this deposition are a true and accurate transcript of the witness's testimony.

I certify that I am not counsel for, or employed by either party in this action, nor am I interested in the outcome of this action.

I further certify that the stipulations contained in this transcript were entered into by Counsel before the taking of this deposition.

IN WITNESS THEREOF, I have hereunto set my hand this 20th day of March, 2018.

David L. Overby

David L. Overby
Notary Public
Certificate No.: 19930120037