

*RIECKE  
CUCCHIARA*

*KEVIN DAVIS*

Kenneth E. Dutruch v. Southeastern Louisiana Water & Sewer Co., LLC., et al

Videotaped Deposition of Jared J. Riecke

21st JUDICIAL DISTRICT OF LA PARISH OF ST. TAMMANY STATE OF LOUISIANA	1	INDEX	
	2		Page
WARRANT FOR ARREST	3		
RETURN	4	EXAMINATION BY MR. PERAGINE .....	9
EDUCATIONAL ATTENDANCE	5		
EDUCATIONAL ATTENDANCE	6		
EDUCATIONAL ATTENDANCE	7		
EDUCATIONAL ATTENDANCE	8	* * * *	
EDUCATIONAL ATTENDANCE	9		
EDUCATIONAL ATTENDANCE	10		
EDUCATIONAL ATTENDANCE	11	EXHIBIT INDEX	
EDUCATIONAL ATTENDANCE	12		Page
EDUCATIONAL ATTENDANCE	13		
EDUCATIONAL ATTENDANCE	14	Riecke Deposition Exhibit 1	
EDUCATIONAL ATTENDANCE	15	(Articles of Organization of	
EDUCATIONAL ATTENDANCE	16	Southeastern Louisiana	
EDUCATIONAL ATTENDANCE	17	Water & Sewer Co., L.L.C.;	
EDUCATIONAL ATTENDANCE	18	STP-000465 through	
EDUCATIONAL ATTENDANCE	19	STP-000466) .....	11
EDUCATIONAL ATTENDANCE	20	Riecke Deposition Exhibit 2	
EDUCATIONAL ATTENDANCE	21	(September 30, 2006 Record	
EDUCATIONAL ATTENDANCE	22	from the Office of Criminal	
EDUCATIONAL ATTENDANCE	23	Enforcement, Forensics and	
EDUCATIONAL ATTENDANCE	24	Training) .....	38
EDUCATIONAL ATTENDANCE	25	Riecke Deposition Exhibit 3	
EDUCATIONAL ATTENDANCE		(11/15/04 Agreement Between	
EDUCATIONAL ATTENDANCE		SELA and Messrs. Cucchiara,	
EDUCATIONAL ATTENDANCE		Dutruch and Gilbert) .....	52
EDUCATIONAL ATTENDANCE		Page 2	Page 3

*SELA*

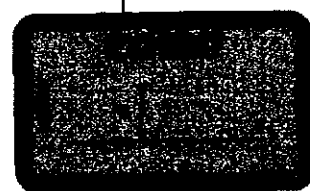
**UNABLE TO PROVIDE CLEAR  
IMAGE DUE TO CONDITION OF  
DOCUMENT ON FILE.**

1	ALSO PRESENT:	EXHIBIT INDEX	
2	Kenneth E. Dutruch	(continued)	
3			Page
4			
5	VIDEOGRAPHER:	Riecke Deposition Exhibit 4	
6	Michael Bergeron - PSR, Inc.	(Handwritten Hypothetical) .....	80
7	Legal Video Specialist		
8		Riecke Deposition Exhibit 5	
9		(Valuation Summary & Analysis	
10	REPORTED BY:	Based on Cash Flow From	
11		Operations (EBITDA) 04/20/05) .....	108
12	LYNN DeROCHE SIMMONS, CCR	Riecke Deposition Exhibit 6	
13	Certified Court Reporter	(4/27/05 Legal Opinion Letter	
14		of Paul J. Mayronne) .....	110
15		Riecke Deposition Exhibit 7	
16		(6/14/05 E-Mail from Gerald	
17		Gilbert to Bruce Cucchiara,	
18		J. Riecke, and Ken Dutruch	
19		with attached 2005 Cash Flow	
20		Projection for Proposed	
21		Water and Sewer District) ....	111
22		Riecke Deposition Exhibit 8	
23		(6/8/05 E-Mail String Between	
24		Leslie Long and Bruce	
25		Cucchiara; STP-003526) .....	116
		Riecke Deposition Exhibit 9	
		(August '05 E-Mail String	
		Between Leslie Long and	
		Bruce Cucchiara; STP-003522) ..	118
		Riecke Deposition Exhibit 10	
		(9/6/05 E-Mail from Ken	
		Dutruch to Bruce Cucchiara;	
		STP-004196) .....	123
		Page 2	Page 4

*2010-11-21-12 "JH"*  
**FILED**

MAR 19 2013

**MALISE PRETO-CLERK**  
Deputy



1 (Pages 1 to 4)

PROFESSIONAL SHORTHAND REPORTERS, INC(800) 536-5255  
New Orleans \* Baton Rouge \* Shreveport

(504) 529-5255

623 X 40 413

Kenneth E. Dutruch v. Southeastern Louisiana Water & Sewer Co., L.L.C., et al

Videotaped Deposition of Jared J. Riecke

EXHIBIT INDEX (continued)		EXHIBIT INDEX (continued)	
	Page		Page
Riecke Deposition Exhibit 11 (5/25/06 Letter to Jared Riecke from Kevin Davis; STP-004014) .....	123	Riecke Deposition Exhibit 24 (2/21/08 E-Mail from Greg Gordon to Kevin Davis, Bill Oiler, Kim Salter, and Kelly M. Rabalais; STP-003993) .....	168
Riecke Deposition Exhibit 12 (Strategy for Meeting with Parish and attached Company Perspective, June 2005) .....	125	Riecke Deposition Exhibit 25 (3/5/08 E-Mail from Greg Gordon to Bill Oiler and Kim Salter with attached Non-Binding Letter of Intent; STP-003849 through STP-003856)	169
Riecke Deposition Exhibit 13 (R. W. Beck Appraisal Report October 2006) .....	126		
Riecke Deposition Exhibit 14 (R. W. Beck Vendor Report; STP-003592) .....	131		
Riecke Deposition Exhibit 15 (10/25/07 Letter to Jared J. Caruso-Riecke from Kevin C. Davis) .....	132		
Riecke Deposition Exhibit 16 (5/17/07 Letter to Jared Riecke from Kevin C. Davis; STP-004054) .....	140		
Riecke Deposition Exhibit 17 (5/23/07 Letter to Kevin C. Davis from Jared J. Caruso-Riecke; STP-004073) ...	143		
	Page 5		Page 7

EXHIBIT INDEX (continued)		STIPULATION	
	Page		
Riecke Deposition Exhibit 18 (5/4/07 Unsigned Letter to Jared Riecke from Kevin C. Davis; STP-004063 through STP-004064) .....	144	It is stipulated and agreed by and between counsel for the parties hereto that the deposition of the aforementioned witness is hereby being taken for all purposes allowed under Article 1421, et seq, of the Louisiana Code of Civil Procedure, in accordance with law, pursuant to notice; That the formalities of reading and signing are specifically not waived; That the formalities of filing, sealing, and certification are specifically waived; That all objections, save those as to the form of the question and the responsiveness of the answer, are hereby reserved until such time as this deposition, or any part thereof, may be used or sought to be used in evidence.	
Riecke Deposition Exhibit 19 (10/29/07 E-Mail from Jared Riecke to Ken Dutruch, Bruce Cucchiara, and Gerald Gilbert) .....	144	* * *	
Riecke Deposition Exhibit 20 (11/5/07 Letter to Kevin Davis from Jared J. Riecke; STP-004217) .....	145	LYNN DeROCHE SIMMONS, CCR, Certified Court Reporter, in and for the State of Louisiana, officiated in administering the oath to the witness.	
Riecke Deposition Exhibit 21 (November 2006 E-Mail String Between Bruce Cucchiara and Greg Gordon; STP-003941) .	147		
Riecke Deposition Exhibit 22 (12/17/07 Memorandum to Greg Gordon from Nancy Hughes; STP-003826 through STP-003827) .....	150		
Riecke Deposition Exhibit 23 (1/31/07 Agreement Between SEA and Messrs. Cucchiara, Dutruch and Gilbert) .....	152		
	Page 6		Page 8

2 (Pages 5 to 8)

1 PROCEEDINGS  
 2 THE VIDEOGRAPHER:  
 3 We're on the record. Today is the  
 4 9th day of August, 2011. This is the  
 5 videotaped deposition of Mr. Jared Riecke  
 6 for the case entitled Kenneth Dutruch versus  
 7 Southeastern Louisiana Water Sewer &  
 8 Company, et al [sic].  
 9 Would counsel please identify  
 10 themselves and which parties they represent.  
 11 MR. PERAGINE:  
 12 Alex Peragine and Erin Lorio  
 13 representing the plaintiff, Kenneth Dutruch.  
 14 MR. GOUX:  
 15 Jeremy Goux representing  
 16 Southeastern Water and Jared Riecke.  
 17 MR. ARCENEAUX:  
 18 And James Arceneaux also  
 19 representing the defendants.  
 20 JARED J. RIECKE,  
 21 after having been first duly sworn by the  
 22 above-mentioned court reporter, did  
 23 testify as follows:  
 24 EXAMINATION BY MR. PERAGINE:  
 25 Q. Mr. Riecke, would you please state

Page 9

3 A. Again, I don't understand. How do  
 4 you mean?  
 5 Q. Well, were you the manager of SELA?  
 6 A. SELA was a C-corporation that got  
 7 switched to an LLC. So when we ran the  
 8 company, we had president, vice president,  
 9 CEO, those kind of things, but I was also  
 10 the managing member and we had a board of  
 11 directors.  
 12 Q. Fair enough.  
 13 A. So I don't -- I hope that answers  
 14 it.  
 15 Q. Okay. And if I -- I'm going to  
 16 show you a document. I'll mark it as  
 17 Exhibit 1. It's a set of Articles of  
 18 Organization of Southeastern Louisiana Water  
 19 & Sewer Co., LLC, Bates number STP-000465  
 20 through 466. It's just a two-page document,  
 21 sir, Articles of Organization. Do you  
 22 recognize that document?  
 23 A. Yes, I do.  
 24 Q. Okay. And if you look at the last  
 25 paragraph on first page, it says that the  
 company shall be managed by managers;  
 correct?

Page 11

1 your full name for the record.  
 2 A. Jared John Caruso-Riecke.  
 3 Q. At one time you were an officer of  
 4 a company named Southeastern Louisiana Water  
 5 & Sewer Company, LLC; correct?  
 6 A. Correct.  
 7 Q. And you were the chief executive  
 8 officer?  
 9 A. Correct.  
 10 Q. That same entity now survives today  
 11 under the name SECO Group, LLC; correct?  
 12 A. Correct.  
 13 Q. Okay. Is SECO Group, LLC an  
 14 operating entity?  
 15 A. I don't understand.  
 16 Q. Does it conduct business?  
 17 A. Yes, it does.  
 18 Q. Okay. What business does it  
 19 conduct?  
 20 A. Real estate management, real estate  
 21 sales and leasing, development and also  
 22 construction.  
 23 Q. Okay. When the company was named  
 24 SELA, it was a manager-managed LLC; is that  
 25 correct?

Page 10

1 A. "The Company shall be managed by  
 2 Managers..." Do you want me to read it?  
 3 Q. I'm just asking. Is that a fair  
 4 reading of it?  
 5 A. Yeah. It says, "The Company shall  
 6 be managed by Managers who shall comprise a  
 7 Board of Directors of the Company, who need  
 8 not be Members of the Company."  
 9 Q. Okay. Fair enough. Just put  
 10 that --  
 11 A. Where do you want me to put it?  
 12 Q. Everything goes to Lynn as you're  
 13 done with it.  
 14 A. Okay.  
 15 Q. Okay. Today who's on the board of  
 16 directors of SECO Group?  
 17 A. SECO right now is myself, Rod  
 18 Rodrigue, and I think that's it. I think  
 19 it's just the two of us.  
 20 Q. On the board of directors we're  
 21 talking about?  
 22 A. Yes.  
 23 Q. Okay. And who are the members?  
 24 A. The members are comprised of the  
 25 Karen S. Riecke Inter Vivos Trust.

Page 12

3 (Pages 9 to 12)

1 Q. And that is the sole member?  
 2 A. Yeah. They own all of the stock.  
 3 Q. And that was true also when the  
 4 company was named SELA; correct?  
 5 A. Correct.  
 6 Q. Okay. Why was the name changed?  
 7 A. When St. Tammany Parish bought the  
 8 assets, they wanted the name and the logos.  
 9 Q. And when you say St. Tammany bought  
 10 the assets, they did not buy all of the  
 11 assets of the company; correct?  
 12 A. Correct.  
 13 Q. And the assets that they did not  
 14 buy are assets that currently are used in  
 15 the current business activities of SECO; is  
 16 that a fair statement?  
 17 A. Some of the assets were sold to  
 18 other water and wastewater providers. Some  
 19 of the assets that remain that were part of  
 20 the original SELA that remain in SECO are  
 21 lots or pieces of -- small pieces of  
 22 property that might have had a well site or  
 23 a wastewater plant at one time. Then it was  
 24 disassembled during regionalization and  
 25 there was no reason for St. Tammany to take

Page 13

1 Q. Fair enough. And I'm -- You don't  
 2 have to guess.  
 3 A. Yeah.  
 4 Q. Approximates are fine.  
 5 A. Okay.  
 6 Q. Did some of those people go to work  
 7 for the Parish?  
 8 A. I believe most of them did.  
 9 Q. Okay. How many people are working  
 10 for SECO today?  
 11 A. We have four field employees and  
 12 one, two, three -- three or four office  
 13 employees.  
 14 Q. Okay. Have you ever performed any  
 15 work for St. Tammany Parish?  
 16 A. Me personally?  
 17 Q. Yeah.  
 18 A. No. Not me personally.  
 19 Q. Did you consult or work with the  
 20 Parish after it bought these assets at all?  
 21 A. No. Part of the agreement was that  
 22 I would be available if they had any  
 23 questions, but they've never called on me  
 24 for any questions.  
 25 THE VIDEOGRAPHER:

Page 15

1 it so that remained in there. And there was  
 2 some equipment that was left in there.  
 3 Q. Okay. Now, the -- St. Tammany  
 4 Parish assets that were acquired by the  
 5 Parish, were they generally the assets  
 6 required to run water and sewerage  
 7 operations within the parish of St. Tammany?  
 8 A. Yes.  
 9 Q. Okay.  
 10 A. Can I move my chair so I can  
 11 like --  
 12 Q. Sure.  
 13 A. -- look at you --  
 14 Q. However you'd like.  
 15 A. -- because I'd like to focus?  
 16 Q. Whatever you'd like to be -- Make  
 17 yourself comfortable.  
 18 A. Yeah. Okay.  
 19 Q. Okay. All right. At the time you  
 20 sold these assets to the Parish, how many  
 21 employees did SELA have?  
 22 A. Thirty -- Somewhere between 32, 33,  
 23 34, up in that range.  
 24 Q. Okay.  
 25 A. Somewhere around 30.

Page 14

1 Alex, can you slide it up?  
 2 EXAMINATION BY MR. PERAGINE:  
 3 Q. And when I look at your name on the  
 4 Secretary of State website, sir, I see a  
 5 large number of various LLC's and similar  
 6 types of entities. Have any of those  
 7 entities ever performed work for St. Tammany  
 8 Parish?  
 9 A. Yes.  
 10 Q. Okay. Which one?  
 11 A. SECO.  
 12 Q. And what has SECO done for the  
 13 Parish?  
 14 A. We gave them a bid to use a crane  
 15 to move a sewer plant and I think Riecke  
 16 Development & Construction, which is another  
 17 one of the companies we have, did some  
 18 fabrication work for them.  
 19 Q. Is that --  
 20 A. Metal fabrication work.  
 21 Q. I'm sorry?  
 22 A. Metal fabrication work for them.  
 23 Q. Was that before or after the sale  
 24 of SELA assets?  
 25 A. After.

Page 16

4 (Pages 13 to 16)

<p>1 Q. Both of those events?  2 A. Yes, sir.  3 Q. Okay. You said there's one member  4 of SELA and it's the Karen Smith Caruso  5 Riecke Trust?  6 A. Well, there's -- The stock in SECO  7 is all owned by Karen Smith Caruso Riecke  8 Trust.  9 Q. Okay. Now, you say the stock. I  10 seem to recall. The --  11 A. Well --  12 Q. -- entity SECO is SECO Group, LLC;  13 correct?  14 A. Yeah. The membership interests.  15 Q. Is entirely owned by this trust?  16 A. Correct.  17 Q. Okay. And that same thing was true  18 of SELA?  19 A. At some stage during the SELA life,  20 the majority was always -- like 90 percent  21 or better was always owned by the trust.  22 Myself, my brothers, my mom and dad might  23 have had small interests, but all of those  24 were absorbed or taken in by the trust  25 before the sale.</p>	<p>1 A. Correct.  2 Q. When does the trust expire?  3 A. I think it's got a long, long life.  4 I'd be guessing. To the best of my  5 knowledge, it's, I think, when I'm 65 or 70  6 years old, something like that.  7 Q. Who established the trust?  8 A. My mom and dad.  9 Q. Have there ever been any  10 beneficiaries of the trust other than you  11 and your two brothers?  12 A. Never.  13 Q. On January 13, 2010 SELA sold  14 assets to the Parish of St. Tammany;  15 correct?  16 A. No, sir.  17 Q. What was the date?  18 A. March.  19 Q. What was the purchase price?  20 A. Purchase price of the asset was \$36  21 million.  22 Q. And you said the asset. It was a  23 group of assets --  24 A. Yeah.  25 Q. -- correct? Okay. And you</p>
--	--

Page 17 Page 19

<p>1 Q. Before the sale to St. Tammany  2 Parish?  3 A. Correct.  4 Q. Okay. Who's the trustee of the  5 trust?  6 A. Rod Rodrigue.  7 Q. Has he always been the trustee of  8 the trust?  9 A. No. Prior to that, it was Ray  10 Riecke for a short period of time and prior  11 to that it was Jean Champagne for a period  12 of time.  13 Q. Is the trust governed pursuant to  14 an instrument of trust?  15 A. Yes.  16 Q. Okay. And who are the  17 beneficiaries of the trust?  18 A. Myself and my two brothers.  19 Q. And are the three of you as  20 beneficiaries equal in beneficiary status?  21 A. Yes.  22 Q. Okay. So to the extent the trust  23 was to pay out something to the  24 beneficiaries, it would be paid out a third  25 to each of you?</p>	<p>1 recommended as the manager that SELA enter  2 into that contract; correct?  3 A. Correct.  4 Q. Okay. Why did you consider that  5 contract to be in the best interest of the  6 company?  7 A. Well, at that stage there were many  8 reasons. The first reason at that stage was  9 that -- Well, you got to take -- You got to  10 take a step back and look at what was going  11 in globo with my -- with the family. We  12 were steeped very heavily in real estate  13 holdings, real estate development,  14 apartments, commercial buildings, and in  15 2009 -- 2008 really the market started to  16 slip. 2009, 2010 continuing today the real  17 estate market's very bad.  18 Quite honestly, in 2009 we decided  19 we needed to sell the company. We needed to  20 sell the assets. We needed to sell whatever  21 it was we could sell to keep everything  22 afloat, and that's why the decision was made  23 in 2009, somewhere around the summer of  24 2009, to sell the assets, the majority or  25 all of the assets out of the company to St.</p>
--	--

Page 18 Page 20

5 (Pages 17 to 20)

1 Tammany Parish.  
 2 Q. Thank you. Now, why did you think  
 3 that the price was a fair price?  
 4 A. Well, part of the problem in  
 5 looking at -- again, at what the price was  
 6 was the affordability of it. The bond  
 7 market in 2008 had taken a bad hit and 2009.  
 8 2009 I believe there was one company left  
 9 that was writing bond insurance on Wall  
 10 Street, and when you looked at the cash flow  
 11 numbers of the company and what it could  
 12 support, we were somewhere around that 36,  
 13 37 type number.  
 14 Q. And you said when you look at the  
 15 affordability. You're saying when you look  
 16 at the affordability from the perspective of  
 17 the Parish; correct?  
 18 A. Well, when you look at  
 19 affordability of what anybody could cash  
 20 flow this company as, yeah.  
 21 Q. Okay. You said you made the  
 22 decision around 2009, but it is a fair  
 23 statement, sir, that negotiations with the  
 24 Parish over a possible deal whereby the  
 25 Parish would acquire the assets of St.

Page 21

1 that.  
 2 Q. Okay.  
 3 A. SECO does today.  
 4 Q. SECO does today?  
 5 A. But back during the SELA days, no,  
 6 they didn't own anything like that.  
 7 Q. Okay. So at the time that you sold  
 8 assets to the Parish March 2010, did SELA  
 9 own any assets other than water and sewerage  
 10 assets?  
 11 A. Yeah. Like I said, it owned some  
 12 real estate like where small  
 13 subdivision-type plants, packet plants might  
 14 have been or small wells at one stage might  
 15 have been that were then plugged and  
 16 abandoned. Those small pieces of real  
 17 estate, those stayed in the company, but as  
 18 far as any type of commercial rental  
 19 properties or apartments or something like  
 20 that, that wasn't in the company.  
 21 Q. Okay. Now, let's go back to the  
 22 concept of a stock sale versus an asset  
 23 sale.  
 24 A. Uh-huh (indicating affirmatively).  
 25 Q. First of all, why was the

Page 23

1 Tammany -- of SELA began as early as 2005;  
 2 correct?  
 3 A. No. Early on the potential sale or  
 4 the selling of SELA was always a stock sale.  
 5 It was to sell the company as a whole, the  
 6 stock of the company. It wasn't until  
 7 sometime around the middle of '09 that we  
 8 came to the conclusion that we were going to  
 9 have to sell assets of the company.  
 10 Q. Let's talk about that for a bit  
 11 because --  
 12 A. Okay.  
 13 Q. -- you've indicated that the assets  
 14 you sold to the Parish were the assets  
 15 required to operate a water and sewerage  
 16 company in St. Tammany; correct?  
 17 A. Correct.  
 18 Q. And there are a number of other  
 19 assets of the company consisting of, I  
 20 believe you described, real estate,  
 21 construction equipment, commercial office  
 22 space, rental apartments; correct?  
 23 A. Yeah. But those weren't owned by  
 24 SELA. SELA never owned apartments or  
 25 commercial rental space or anything like

Page 22

1 difference important to you?  
 2 A. From our CPA's perspective, the  
 3 amount of taxes that we would pay was -- was  
 4 drastically different.  
 5 Q. Fair to say sellers always want to  
 6 do a stock sale and buyers always want to do  
 7 an asset purchase?  
 8 A. I guess it would be fair to say.  
 9 Q. Okay.  
 10 A. This is the only company -- the  
 11 only type of S kind of company I've ever  
 12 sold or bought so --  
 13 Q. Okay. In March 2010 when the deal  
 14 was made, how much of the sale proceeds went  
 15 to the trust that day?  
 16 A. We had to pay off bank debt. There  
 17 was a bunch of -- I'm thinking it was  
 18 somewhere around 18, 19 million.  
 19 Q. Out of the 36 million, you had to  
 20 pay bank debt, some of which was probably  
 21 secured by the assets; correct?  
 22 A. Correct.  
 23 Q. And after you paid off the  
 24 creditors, 18 to 19 million was left in the  
 25 accounts of SELA post sale to the Parish;

Page 24

1 correct?  
 2 A. Correct.  
 3 Q. Now, did that represent the  
 4 entirety of the purchase price or did the  
 5 Parish hold some money back?  
 6 A. Yeah. They held a million five  
 7 back.  
 8 Q. Okay. And has that million five  
 9 since been paid to the SELA or SECO Group  
 10 now?  
 11 A. A half a million has. 500 has.  
 12 They're still holding a million.  
 13 Q. Okay. And for how long do they  
 14 hold that million?  
 15 A. I think that goes until October of  
 16 this year.  
 17 Q. Okay. And have there been any  
 18 claims that you've been notified of --  
 19 A. Yeah.  
 20 Q. -- by the Parish --  
 21 A. Yes, there is.  
 22 Q. I'm sorry. Let's slow down.  
 23 A. Sorry.  
 24 Q. It's important if you let me finish  
 25 my question.

Page 25

1 want to hold that money.  
 2 Q. Okay. What is the development at  
 3 issue?  
 4 A. TerraBella.  
 5 Q. And who owns TerraBella?  
 6 A. My understanding is Boh Brothers.  
 7 Q. Okay. And what is the dispute  
 8 around this million dollars -- around which  
 9 this million dollars is focused?  
 10 A. SELA had with every group of  
 11 developers, subdivision-type developments,  
 12 not really commercial but on the residential  
 13 side would enter into a developmental  
 14 agreement with the developer. All of those  
 15 development -- developmental agreements that  
 16 were still active were transferred to take  
 17 SELA out and to name the Parish. When we  
 18 went to Boh Brothers group to get them to do  
 19 it, there were some issues with the  
 20 developmental agreement that's being worked  
 21 out.  
 22 Q. Well, how much is the claim of Boh  
 23 Brothers?  
 24 A. A low side of 250, a high side of  
 25 360.

Page 27

1 A. I apologize.  
 2 Q. I understand you're extremely  
 3 intelligent and you know where I'm going,  
 4 but she's got to get my question and your  
 5 answer and it's really easier for her if we  
 6 don't talk over each other. Okay?  
 7 A. Sorry, Alex.  
 8 Q. Okay.  
 9 A. I apologize.  
 10 Q. All right. You indicated a million  
 11 dollars has been held back and is due to be  
 12 paid in October of 2011; correct?  
 13 A. Yes, sir.  
 14 Q. And the question with regard --  
 15 that I was about to ask you was, has the  
 16 Parish notified you of any claims against  
 17 that million dollars that the Parish intends  
 18 to assert?  
 19 A. Yes.  
 20 Q. And --  
 21 A. There is a -- There's still a  
 22 contract between a development and the  
 23 Parish and SELA that needs to be worked out.  
 24 So we're in the process of working out the  
 25 agreement, and until that's worked out, they

Page 26

1 Q. Okay. And is it a claim for  
 2 construction costs generally?  
 3 A. No. It had nothing to do with  
 4 that.  
 5 Q. Oh.  
 6 A. It had to do with the -- with the  
 7 prepurchase capacities and it had to do with  
 8 rebates that as people tied in and capacity  
 9 fees were charged, what they would get back.  
 10 Q. I'm not certain I'm clear on what  
 11 you mean when you say prepurchase  
 12 capacities, sir.  
 13 A. Okay. To give you the quick  
 14 overview --  
 15 Q. Please.  
 16 A. -- water and wastewater are both  
 17 finite amounts of capacity. When you build  
 18 a million-gallon-per-day wastewater  
 19 treatment plant, you can only sell a million  
 20 gallons of theoretical wastewater out of it.  
 21 In other words, you can't build a  
 22 million-gallon plant and sell two million  
 23 gallons worth of wastewater.  
 24 So when we would build the  
 25 facilities, developers would come to us and

Page 28

7 (Pages 25 to 28)

1 see if we had capacity. Sometimes, but  
 2 especially during the 2005, 2006, 2007 era  
 3 when there was so much development going on,  
 4 developers would come in and prepurchase the  
 5 amount of capacity that they needed for a  
 6 subdivision to guarantee that their  
 7 subdivision could continue without being  
 8 slowed down while new facilities were being  
 9 built.  
 10 Q. And so fundamentally the question  
 11 is whether or not there's sufficient  
 12 capacity to fund the contracts?  
 13 A. Oh, no. There's sufficient  
 14 capacity to fund the contracts. The issue  
 15 with TerraBella comes in is that the Parish  
 16 is charging a capacity fee and is not  
 17 interested in rebating their portion of it  
 18 back to them as the contract agrees.  
 19 Q. So are you contesting the Parish's  
 20 position?  
 21 A. No. We're trying to work a deal  
 22 out with them.  
 23 Q. Okay. Who's working on that deal?  
 24 A. Paul Mayronne.  
 25 Q. Okay. Fair enough. And Paul

Page 29

1 A. The money goes -- Well, after that  
 2 the money goes up to the trust and then from  
 3 there money is loaned to other Riecke-held  
 4 companies.  
 5 Q. Okay. When you say the money goes  
 6 up to the trust, does the entirety of the  
 7 sum from the sale of SELA go to the trust?  
 8 A. No. I'm sure some was left in the  
 9 SECO account.  
 10 Q. Okay. How much was left in the  
 11 SECO account?  
 12 A. A couple of million, a few million.  
 13 Q. Well, couple, few. What? Two?  
 14 Five? Seven?  
 15 A. I don't know off the top of my  
 16 head.  
 17 Q. Okay. Well, after money came in,  
 18 18 or 19 million, to SELA, some stays in  
 19 SELA and is now in SECO; correct?  
 20 A. Correct.  
 21 Q. Okay. And some sum of money, maybe  
 22 10 to 12 to 15 million, goes from SELA to  
 23 the trust; correct?  
 24 A. Uh-huh (indicating affirmatively).  
 25 And -- Correct.

Page 31

1 Mayronne is an attorney with Jones Fussell  
 2 who represents SECO Group today; correct?  
 3 A. And represented SELA in the past  
 4 since 2002.  
 5 Q. And just so we can agree on it,  
 6 it's the same company. It was just a change  
 7 of name; correct?  
 8 A. Yeah. Correct.  
 9 Q. Okay. All right. Now, let's go  
 10 back to the date of the transaction with the  
 11 Parish. \$36 million changes hands.  
 12 Roughly -- Let's just say roughly half of it  
 13 goes to pay creditors; right? You said  
 14 there was like 18 --  
 15 A. About 18 --  
 16 Q. -- or 19?  
 17 A. -- 19. Yeah.  
 18 Q. Okay.  
 19 A. Yeah.  
 20 Q. So there's 18 or \$19 million and  
 21 that money comes into a bank account  
 22 controlled by SELA; correct?  
 23 A. Correct.  
 24 Q. Okay. Then what happens to that  
 25 money?

Page 30

1 Q. Okay.  
 2 A. And then --  
 3 Q. You don't have any particular  
 4 recollection of how much money that was?  
 5 A. Uh-uh (indicating negatively).  
 6 Q. Okay. Now, has the trust paid any  
 7 of that money to the beneficiaries?  
 8 A. No.  
 9 Q. Okay. The trust still controls all  
 10 that money?  
 11 A. What happened with the money is the  
 12 trust then loaned it to other Riecke-held  
 13 entities.  
 14 Q. Right. And what were those other  
 15 Riecke-held entities that the trust funded?  
 16 A. Let's see. It would have loaned  
 17 money to IIIIR Properties which was some  
 18 apartments. It would have loaned money to  
 19 Castine Pointe which is a Mississippi LLC  
 20 that owns raw land and Riecke Development &  
 21 Construction and those are the ones off the  
 22 top of my head. There may have been others.  
 23 Q. Any money the trust lent out was to  
 24 entities owned or controlled by you or other  
 25 members of your family?

Page 32

8 (Pages 29 to 32)



<p>1 A. Correct.</p> <p>2 Q. Okay. And I take it from your</p> <p>3 answer that none of the money has been</p> <p>4 actually put in your pockets in the form of</p> <p>5 a distribution of proceeds from the trust?</p> <p>6 A. No.</p> <p>7 Q. And the same --</p> <p>8 A. No. The trust is not distributed</p> <p>9 or anything.</p> <p>10 Q. And the same would be true for your</p> <p>11 brothers; correct?</p> <p>12 A. Correct.</p> <p>13 Q. Okay.</p> <p>14 A. Correct.</p> <p>15 Q. All right. At the time that you</p> <p>16 sold to the Parish, what was your salary for</p> <p>17 being the chief executive officer of SELA?</p> <p>18 A. Around a hundred thousand.</p> <p>19 Q. Okay. And did you get any</p> <p>20 incentives or bonus payments on top of that?</p> <p>21 A. No. You know, I had a company</p> <p>22 truck and I had health insurance.</p> <p>23 Q. Okay. Would you please provide a</p> <p>24 brief summary of your formal education?</p> <p>25 A. Sure. Went to St. Paul's,</p>	<p>1 development and various forms of</p> <p>2 construction but also handled the CEO duties</p> <p>3 at SELA.</p> <p>4 Q. Fair to say you've always worked</p> <p>5 for entities owned or controlled by your</p> <p>6 family?</p> <p>7 A. Sure. Yeah.</p> <p>8 Q. Going back to the deal with the</p> <p>9 Parish and thinking about specifically the</p> <p>10 assets that were excluded from the sale,</p> <p>11 were any of the assets excluded from the</p> <p>12 sale stock that was owned by SELA?</p> <p>13 A. No. Wait. Now I'm confused. The</p> <p>14 assets -- Yeah. They didn't buy the stock.</p> <p>15 They just bought -- They bought systems --</p> <p>16 Q. Yes.</p> <p>17 A. -- out of it. Okay.</p> <p>18 Q. But did SELA own any stock as an</p> <p>19 asset of SELA?</p> <p>20 A. Yes.</p> <p>21 Q. What stock?</p> <p>22 A. It owned stock in CoBank.</p> <p>23 Q. And --</p> <p>24 A. That was our lender.</p> <p>25 Q. Who's CoBank?</p>
--	--

Page 33

<p>1 graduated in 1989, went to LSU, graduated in</p> <p>2 1994.</p> <p>3 Q. And what did you graduate -- What</p> <p>4 did you major in?</p> <p>5 A. I was a political science major.</p> <p>6 Q. Okay. And no postgraduate</p> <p>7 education?</p> <p>8 A. No.</p> <p>9 Q. Okay. And since the time you</p> <p>10 graduated, briefly describe please your</p> <p>11 employment history.</p> <p>12 A. Sure. In '94 to '98 I worked for</p> <p>13 my family managing and operating rental</p> <p>14 apartments, residential rental properties,</p> <p>15 and building single-family housing. Around</p> <p>16 '98 I started working -- I started working</p> <p>17 with SELA in '98 as someone who handled</p> <p>18 customer disputes and a liaison with the</p> <p>19 Public Service Commission.</p> <p>20 And then in 2000 we stopped -- I</p> <p>21 stopped building houses and kind of put the</p> <p>22 construction business on the back burner and</p> <p>23 moved full time into SELA. 2002, 2003 I</p> <p>24 became CEO and during -- throughout that</p> <p>25 whole time I've been involved in real estate</p>	<p>1 A. CoBank's a big agricultural and</p> <p>2 utility bank somewhere in -- I think they</p> <p>3 were based out of Colorado.</p> <p>4 Q. Okay. And I'll just -- Do you</p> <p>5 recall other than the stock that you're</p> <p>6 describing any other assets that were</p> <p>7 excluded?</p> <p>8 A. Sure. The system at Terra Mariae</p> <p>9 on Stafford Road, that was sold to -- The</p> <p>10 Homeowners Association took -- took control</p> <p>11 of that. They bought the water and the</p> <p>12 sewer system for that. There was a</p> <p>13 subdivision in Hammond. I believe the name</p> <p>14 was Hidden Ponds. That was sold to another</p> <p>15 water/wastewater provider.</p> <p>16 Q. Anything else you recall?</p> <p>17 A. No.</p> <p>18 Q. It's not a memory test.</p> <p>19 A. No. I mean --</p> <p>20 Q. Okay.</p> <p>21 A. -- those are the two big ones that</p> <p>22 I remember.</p> <p>23 Q. Okay. And the one in Hammond or</p> <p>24 the one in Tangipahoa Parish, the Parish</p> <p>25 wasn't interested -- St. Tammany wasn't</p>
--	--

Page 34

9 (Pages 33 to 36)

1 interested in operating anything in --  
 2 A. No. I don't think --  
 3 Q. -- Tangipahoa?  
 4 A. -- they can cross lines.  
 5 Q. But it was never understood that  
 6 St. Tammany in any iteration of the deal --  
 7 Is it a fair statement that St. Tammany  
 8 Parish was never interested in buying water  
 9 and sewerage systems located in Tangipahoa  
 10 Parish?  
 11 A. Quite honestly, that whole issue  
 12 came up towards the end when we realized  
 13 that they can't.  
 14 Q. Right.  
 15 A. I mean, I don't think that they  
 16 necessarily recognized or realized that we  
 17 had something over there.  
 18 Q. Okay. But it became clear during  
 19 the negotiation process that the Parish  
 20 could not --  
 21 A. Yeah. They couldn't cross the  
 22 lines.  
 23 Q. Okay.  
 24 A. Sorry. Sorry.  
 25 Q. All right. We're going to try it

1 SELA.  
 2 A. Jury?  
 3 Q. Yeah.  
 4 A. Okay. The -- There was a period in  
 5 time around 2000, 2000 -- around 2000 that  
 6 my dad was no longer running SELA and he put  
 7 Mike Culver in charge of SELA. Mike Culver  
 8 was running the company and not running it  
 9 properly is the best way to put this. And  
 10 SELA had a number of clean water violations.  
 11 When we were made aware of it, and  
 12 that's something I'll never forget, Jean  
 13 Champagne was the counsel for SELA at the  
 14 time. Myself and Mike Culver were summoned  
 15 to DEQ in Baton Rouge, and, you know, I  
 16 remember on the way up there Jean even  
 17 asking Mike Culver, "What are we going for?  
 18 Is everything fine? What's going on?" And  
 19 Culver said, "Oh, I think they want to talk  
 20 to us about taking over a plant that's not  
 21 operating correctly," blah, blah, blah,  
 22 blah, blah.  
 23 Long story short, we walk into a  
 24 room with about 15 people from DEQ and they  
 25 just hit us right between the eyes with

1 one more time. Okay?  
 2 A. Sorry.  
 3 Q. All right. It became clear during  
 4 the negotiation process as you went towards  
 5 the sale that the Parish had no ability to  
 6 own and operate a water and sewerage  
 7 treatment system in Tangipahoa Parish;  
 8 correct?  
 9 A. Correct.  
 10 Q. I'm going to show you a document  
 11 and I am going to mark it as Deposition  
 12 Exhibit No. 2 as soon as I locate it. It is  
 13 a document from the Office of Criminal  
 14 Enforcement, Forensics and Training, United  
 15 States Environmental Protection Agency. Do  
 16 you recognize that document, sir?  
 17 A. I've never seen this document but I  
 18 can read it real quick.  
 19 Q. Please. Take your time.  
 20 A. (Witness reviews document.) Okay.  
 21 Q. Okay. Do you recall the events  
 22 that led to a guilty plea by SELA?  
 23 A. Yes, I do.  
 24 Q. And would you please tell the jury  
 25 about the events that led to the guilty by

1 pictures, with reports and everything else  
 2 at what had been going on. Shortly  
 3 thereafter we had a meeting between -- I  
 4 think my dad was involved, Jean Champagne,  
 5 Rod Rodrigue where it was decided that Mike  
 6 Culver would be relieved of his duties and I  
 7 would take over running the company.  
 8 Q. Okay. And that was the event that  
 9 triggered you becoming the chief executive  
 10 officer; correct?  
 11 A. Yes, sir.  
 12 Q. Okay. And charges -- formal  
 13 charges were filed by the federal  
 14 government; correct?  
 15 A. Against the company. Correct.  
 16 Q. And the company pled guilty to  
 17 those charges; correct?  
 18 A. Yes, we did. Okay.  
 19 Q. Put it there.  
 20 A. Oh, sorry.  
 21 Q. I'll show you a document dated  
 22 November 15, 2004. It is -- I will  
 23 characterize it as a letter from you to  
 24 Messrs. Cucchiara, Dutruch, and Gilbert. Do  
 25 you recognize that document, sir?

<p>1 A. Yes, I do.  2 Q. Okay. Is that your signature on  3 the second page?  4 A. Yes, it is.  5 Q. Okay. First sentence of the letter  6 says you are hereby authorized to act as our  7 exclusive agent to secure a sale for SELA;  8 correct?  9 A. Yeah. But it spells it out but --  10 Q. Yeah. But you want me to -- You  11 want to -- You want to --  12 A. Well, no. I'm just saying. You're  13 asking me and it says you're hereby  14 authorized to act as our exclusive agent to  15 secure a sale for the Southeastern -- or for  16 Southeastern Water &amp; Sewer Company, LLC.  17 Q. SELA?  18 A. SELA.  19 Q. Right. Okay. What is your  20 understanding of the term "exclusive agent"?  21 A. That they would be in charge of  22 finding buyers, dealing with the buyers and  23 bringing it to a closing.  24 Q. Okay. And the second sentence, why  25 don't you just read the second sentence out</p>	<p>1 Q. Okay. And there could be a lag of  2 time between a commitment to purchase and an  3 actual purchase; correct?  4 A. Sure.  5 Q. And the more complicated the deal,  6 the longer the lag of time might be?  7 A. Sure.  8 Q. Okay. Please read the next  9 sentence.  10 A. For these services, you are to be  11 paid five percent on the total amount of the  12 sale.  13 Q. So the way the fee under this  14 agreement would be calculated would be by  15 taking the total sale price and multiplying  16 it by .05; correct?  17 A. Sure.  18 Q. Okay. And then the next sentence  19 says the only exception to this agreement is  20 American Water Company with whom SELA has  21 had had previous communications. Did I read  22 that correctly?  23 A. Correct.  24 Q. Okay. And so obviously there had  25 been some prior discussion with American</p>
--	---

Page 41 Page 43

<p>1 loud?  2 A. Sure. Should a commitment to  3 purchase be obtained by you or by us from  4 any source you introduce, SELA agrees to pay  5 your fee on the total amount of the sales  6 price.  7 Q. Okay. And what do you understand  8 by the concept of a commitment to purchase?  9 A. A commitment to purchase would be a  10 purchase agreement, something that commits  11 both parties to moving forward to a closing.  12 Q. Okay. It's not the actual closing;  13 correct?  14 A. No. It wouldn't be the actual  15 closing.  16 Q. Okay. So I am correct in stating  17 it would not be the actual closing?  18 A. A commitment would be -- The best  19 way I can define a commitment would be a  20 purchase agreement, a bonding purchase  21 agreement.  22 Q. An agreement to purchase in the  23 future; fair?  24 A. A bonding agreement to purchase.  25 Correct.</p>	<p>1 Water Company and SELA; correct?  2 A. Correct.  3 Q. And you are saying that any deal  4 made with American Water Company was  5 excluded from this document; correct?  6 MR. GOUX:  7 Let me lodge an objection here,  8 Alex. I don't know that there's been a  9 foundation to suggest that Jared actually  10 authored this document and yet you're saying  11 that "you're saying." I believe the text of  12 this document was provided to Jared, so just  13 for clarification with that.  14 And also only to lodge a continuing  15 objection that I can understand your  16 questioning him as to his understanding of  17 the document but he's not a lawyer. He  18 can't give a legal opinion of the bonding  19 nature of it. Subject to --  20 MR. PERAGINE:  21 Absolutely.  22 MR. GOUX:  23 Okay.  24 EXAMINATION BY MR. PERAGINE:  25 Q. And, sir, to be completely fair,</p>
--	--

Page 42 Page 44

11 (Pages 41 to 44)

1 when I ask you what your understanding of  
 2 something is, I'm not asking for anything  
 3 more than your understanding as the manager  
 4 of SELA.  
 5 A. Okay.  
 6 Q. Okay. But let's deal with the  
 7 other objection raised by Mr. Goux. I did  
 8 ask and you did verify that that is your  
 9 signature on the second page; correct?  
 10 A. It is my signature.  
 11 Q. Okay. And so when you sign a  
 12 letter addressed to these people and there's  
 13 signature lines -- You know, go ahead and  
 14 look at the second page. You know, there's  
 15 very truly yours, Southeastern Water & Sewer  
 16 Company, LLC, by, and that's your signature;  
 17 right?  
 18 A. Sure.  
 19 Q. So you understand that when you  
 20 signed this, you were signing it on behalf  
 21 of SELA?  
 22 A. When I signed this document, I  
 23 signed it on behalf of SELA.  
 24 Q. Okay. And then underneath that it  
 25 says accepted this 15th day of November,  
 Page 45

1 Yeah. Alex, I'm not objecting to  
 2 that. I'm just saying --  
 3 THE WITNESS:  
 4 Yeah.  
 5 MR. GOUX:  
 6 -- your characterization, that  
 7 "your" language. I just want to make sure  
 8 you know that he didn't author the original  
 9 form of that.  
 10 MR. PERAGINE:  
 11 And I understand that he didn't  
 12 author the --  
 13 MR. GOUX:  
 14 No. I agree --  
 15 MR. PERAGINE:  
 16 -- original form.  
 17 MR. GOUX:  
 18 -- he signed it, no doubt.  
 19 MR. PERAGINE:  
 20 But I want to make it very clear  
 21 that he adopted it when he decided to sell.  
 22 MR. GOUX:  
 23 Fair enough.  
 24 EXAMINATION BY MR. PERAGINE:  
 25 Q. Do you understand that when you  
 Page 47

1 2004; correct?  
 2 A. Yes, sir, it does.  
 3 Q. And then there's signature lines  
 4 for Mr. Cucchiara, Dr. Dutruach, and Mr.  
 5 Gilbert; correct?  
 6 A. Correct.  
 7 Q. And they all appear to be signed;  
 8 correct?  
 9 A. Correct.  
 10 Q. Do you have any reason to doubt  
 11 that any of those signatures are the  
 12 signatures of those individuals?  
 13 A. No.  
 14 Q. Okay. So this is a letter you  
 15 signed; correct?  
 16 A. It's a letter. It's an agreement  
 17 that I signed.  
 18 Q. Okay. And --  
 19 A. But I didn't draft it.  
 20 Q. Okay. But you understood when you  
 21 signed it on behalf of SELA that you were  
 22 making this the agreement of SELA? You knew  
 23 that; correct?  
 24 A. Yeah.  
 25 MR. GOUX:  
 Page 46

1 decided to sign this on behalf of SELA, you  
 2 were adopting this language on behalf of  
 3 SELA?  
 4 A. I understand when I signed this  
 5 agreement, what you call a letter, that I  
 6 was bonding SELA to abide by this.  
 7 Q. Right. And it was a letter when  
 8 you signed it and it was a contract when all  
 9 parties signed it; fair enough?  
 10 A. I guess, if that's how y'all phrase  
 11 it.  
 12 Q. Okay.  
 13 A. I'm not a lawyer.  
 14 Q. I know.  
 15 A. You know, I look at it as an  
 16 agreement --  
 17 Q. I know.  
 18 A. -- not a letter.  
 19 Q. Let's go back to that. You look at  
 20 it as an agreement?  
 21 A. Yeah.  
 22 Q. You understand --  
 23 A. Not a letter. I mean, a letter is  
 24 something, you know, you would mail to  
 25 somebody, something like that. I look at  
 Page 48

12 (Pages 45 to 48)

<p>1 this as an agreement.  2 Q. Right. When everybody signed it,  3 in your view everybody agreed to this, then  4 it was a contract; fair?  5 A. Sure.  6 Q. Okay. Let's talk about that drive  7 up to Baton Rouge for a second with DEQ. In  8 the car were you and Mr. Culver and Jean  9 Champagne?  10 A. Correct.  11 Q. And did you say that Mr. Champagne  12 was acting as counsel?  13 A. Yeah. Jean Champagne was legal  14 counsel for SELA up until about 2003, I want  15 to say --  16 Q. That's interesting --  17 A. -- maybe early 2004.  18 Q. -- because I seem to recall the  19 date on the EPA document. What was it? Why  20 don't we just pull it back. What was the  21 date?  22 A. I'm sorry.  23 Q. The charge was made in August 2005  24 and the sentencing was in August 2005, is  25 what it looks like to me.</p>	<p>1 memory that Mr. Champagne was the counsel  2 with you when you went up to Baton Rouge  3 that day?  4 A. No. I know he was. See, all of  5 that, that happened in 2005. We were on our  6 way to DEQ, not EPA.  7 Q. Oh, okay.  8 A. The issue with DEQ started back in  9 2001, 2002.  10 Q. Okay. And so Mr. Champagne  11 shepherded you through the process with DEQ  12 but not with the process through EPA?  13 A. Well, I wouldn't define what he did  14 as shepherd me through. He went to a  15 meeting with me and then I hired outside  16 counsel.  17 Q. Okay. And I don't want to try to  18 put words in your mouth.  19 A. Yeah. Yeah.  20 Q. That's perfectly fine.  21 A. Yeah.  22 Q. And who was the outside counsel you  23 hired?  24 A. We hired multiple firms. We hired  25 a guy named Paul Dicharry who was at Adams</p>
---	--

<p>1 A. Okay.  2 Q. Was Mr. Champagne counsel for SELA  3 in 2005?  4 A. No. He left -- He left sometime in  5 2004, early/mid 2004.  6 Q. Why did he leave?  7 A. We had a parting of the ways in  8 globo with all of our businesses.  9 Q. Mr. Champagne had been involved in  10 many of the Riecke businesses; correct?  11 A. Yeah. For -- Mr. Champagne's my  12 uncle.  13 Q. I'm sorry. When I think -- Please  14 explain. Jean Champagne is not your uncle?  15 A. No. He is my uncle.  16 Q. Okay.  17 A. Mr. Champagne is my uncle. He's  18 married to my dad's baby sister. He and my  19 dad were in multiple businesses from  20 somewhere probably around 1987, '88 through  21 2004.  22 Q. Okay. Now, the fact that there had  23 been sort of a global parting of the ways,  24 does that make you wonder about the accuracy  25 of your prior statement which was from</p>	<p>1 and Reese and now is at Taylor Porter. We  2 hired somebody from David Sherman's office  3 at Chehardy Sherman.  4 Q. Chehardy Sherman?  5 A. Uh-huh (indicating affirmatively).  6 Q. Okay.  7 A. And Mr. Mayronne was --  8 Q. Okay.  9 A. -- hired as well.  10 Q. All right. Why don't we go back to  11 this document which, of course, I would now  12 like to go ahead and designate as Exhibit 3  13 and I'm talking about the November 15, '04,  14 2004, letter agreement which we've agreed is  15 a contract between Mr. Cucchiara, Mr.  16 Dutruch, and Mr. Gilbert on the one hand and  17 Southeastern Water &amp; Sewer on the other  18 hand. Okay? There was an exception to this  19 agreement for American Water Company and  20 tell me about the prior communications with  21 American Water Company.  22 A. American Water had reached out to  23 me to see if we had an interest in selling  24 so I had started communications with them.  25 We had probably two or three meetings and</p>
--	--

13 (Pages 49 to 52)

1	then that was really it.	1	my financial information, that it would be
2	Q. Oh. So it didn't go anywhere?	2	okay.
3	A. No.	3	Q. Okay.
4	Q. Okay.	4	A. That as long as they didn't do it
5	A. No. They had come in. I think	5	on purpose, that it would be okay.
6	they were talking to some of the other local	6	Q. And when you say my financial
7	utility companies. We spoke to them a	7	information --
8	couple of times. We shared some information	8	A. SELA's.
9	with them and that was about it.	9	Q. Right. Okay. Fair enough. Last
10	Q. And that was the only potential	10	sentence is, "Both parties will honor these
11	buyer excluded by this agreement; fair	11	guarantees for three years from the date of
12	statement?	12	this letter of agreement"; correct?
13	A. Correct.	13	A. Correct.
14	Q. Okay. Further down in the	14	Q. Okay. Now, anywhere in this
15	paragraph it says, "As of the date of this	15	document dated November 15, '04 do you see
16	letter of Agreement, SELA will direct all	16	any reference to whether a sale is an asset
17	potential buyers to agent for handling."	17	sale or a stock sale?
18	You see that statement?	18	A. Well, the first sentence says
19	A. Yes, sir.	19	you're authorized to act as exclusive --
20	Q. Okay. So the understanding here is	20	exclusive agent to secure a sale for the
21	that Messrs. Cucchiara, Dutruich, and Gilbert	21	Southeastern Louisiana Water & Sewer
22	would deal with potential buyers from the	22	Company, LLC.
23	date of this agreement forward for as long	23	Q. Okay.
24	as this agreement was in effect; fair	24	A. So that was that. In multiple,
25	statement?	25	multiple, multiple conversations that were

1	A. My understanding was they would	1	had with this group prior to and during
2	bring potential buyers in and any potential	2	this, it was always understood it was a
3	buyer that would have approached us	3	stock sale.
4	directly, we would turn over to them and	4	Q. Okay. And you hinge that strictly
5	they would be the ones to deal with the	5	on the first sentence from the agreement;
6	buyers.	6	correct?
7	Q. Okay. Second paragraph, "It is	7	A. I don't understand what you mean by
8	agreed and understood that: all financial	8	hinge that.
9	data supplied to you will be held in strict	9	Q. Well, there's -- is there anything
10	confidence between the principals involved;	10	other than the sentence you just pointed out
11	your fee is to be paid on the total amount	11	in this document that to you suggests that
12	of the sale price, is earned on the securing	12	it only applies to a stock sale and doesn't
13	of a commitment to purchase and payable upon	13	apply to an asset sale?
14	the execution of the documents consummating	14	A. Well, that sentence says it and
15	the sale"; correct?	15	there was an understanding between all of
16	A. Correct. That's --	16	the parties.
17	Q. Okay.	17	Q. Okay. I'm going to try this one
18	A. -- what it says.	18	more time. Okay? I've asked -- I
19	Q. All right. And then the last	19	understand your position, that you think the
20	paragraph, "SELA confirms that the warrants	20	first sentence means it has to be a stock
21	of this agreement are expressly deemed to	21	sale.
22	cover acts of negligence and any inadvertent	22	A. Okay.
23	disclosure or violation of these terms."	23	Q. And my question is, is there any
24	What does that sentence mean to you?	24	other sentence in this agreement that you
25	A. That if they inadvertently disclose	25	feel indicates that it has to be a stock

<p>1 sale other than the first sentence?  2 A. No.  3 Q. Thank you.  4 A. Are we done with this one?  5 Q. Yeah.  6 A. You are aware there's another  7 agreement after that; correct?  8 Q. Yes, sir.  9 A. Okay. I just want to make sure it  10 was in there.  11 Q. (Counsel indicates.)  12 A. Fair enough.  13 Q. Do you have any doubts?  14 A. No. Who knows.  15 Q. Admittedly, one never knows.  16 Have you ever been a party to a  17 civil or criminal action other than this  18 suit?  19 A. Yes.  20 Q. Okay. Please tell me about other  21 lawsuits to which you have been a party.  22 A. Okay. Me personally or SELA?  23 Q. That was the question.  24 A. Okay.  25 Q. You personally.</p>	<p>1 A. No. I've never sued anybody.  2 Q. Okay. The suit involving  3 rescission of a sale, do you recall who  4 filed that suit against you?  5 A. I don't. I don't remember their  6 name.  7 Q. Okay. The Champagne suit that you  8 described, how did that suit get resolved or  9 did it?  10 A. It did. We -- The lawyers working  11 for us after depositions had filed a Motion  12 for Summary Judgment and it got -- I don't  13 know the legal term for it -- got thrown  14 out.  15 Q. Okay. Who were the lawyers that  16 were working for you on that?  17 A. Will Crain, P. J. Stakelum, Jeremy  18 Goux.  19 Q. Okay.  20 A. Hang on. There was one more  21 somewhere in there. I can't remember who it  22 is.  23 Q. Fair enough.  24 A. Okay.  25 Q. And you don't have to -- I don't</p>
---	--

Page 57

Page 59

<p>1 A. Me personally? Jean Champagne, my  2 uncle we were talking about earlier, sued  3 myself, my dad, and multiple companies of  4 ours in, I think it was, 2005.  5 Q. That suit was filed here in this  6 parish in state court?  7 A. Yes, it was.  8 Q. Okay. Other than this suit and the  9 Jean Champagne suit, any other times?  10 A. I know I was named in suits  11 personally. When there were car wrecks at  12 SELA and that kind of stuff, that they would  13 sue the company and they would sue me  14 personally. The only other one I remember  15 is back in maybe '94, '95 I was sued for the  16 rescission of a sale of a lot.  17 Q. Who was the plaintiff in that suit?  18 A. I don't even remember.  19 Q. I'm going to make a general  20 statement. If you don't follow the  21 statement, just tell me you don't follow.  22 From your description of these lawsuits, it  23 sounds like in every instance you were a  24 defendant. You never actually affirmatively  25 filed a suit against someone else?</p>	<p>1 want you to speculate or guess.  2 A. Okay.  3 Q. If you don't remember, just --  4 A. Yeah. I don't remember.  5 Q. Okay.  6 A. Those three.  7 Q. All right. Now, what about  8 lawsuits in which you are not personally a  9 party but a company in which you were an  10 officer or a manager or director was sued?  11 A. SELA.  12 Q. And give me the lawsuits like that  13 that you recall.  14 A. SELA got sued one time for -- A  15 woman claimed to have stepped inside of a --  16 stepped on a meter box. The meter box gave  17 way and she broke her ankle and was never  18 allowed to work again.  19 Q. Okay. Any other lawsuits that you  20 recall?  21 A. Uh-huh (indicating affirmatively).  22 Car wrecks.  23 Q. Okay. You've been deposed before?  24 A. Yes, sir.  25 Q. How many times?</p>
--	--

Page 58

Page 60

15 (Pages 57 to 60)

1 A. Four, five.  
 2 Q. Okay. I take it one of them was in  
 3 connection with the Jean Champagne lawsuit;  
 4 correct?  
 5 A. Correct.  
 6 Q. Okay. What were the other times  
 7 you were deposed?  
 8 A. For the SELA lawsuit where the lady  
 9 fell in the meter box; during the rescission  
 10 of the sale of the lot; probably one of the  
 11 SELA sales where there was a car wreck  
 12 involved. In my capacity as a contractor,  
 13 there was a lawsuit between Robert Barnett  
 14 and Lisa Barnett and a bunch of contractors,  
 15 subcontractors, and we were deposed or I was  
 16 deposed on behalf of Riecke Development &  
 17 Construction because we did some mold  
 18 remediation work to their house and rebuilt  
 19 their house after -- after some damage to  
 20 it.  
 21 Q. Okay. Have you ever testified in  
 22 court?  
 23 A. Yes, I have.  
 24 Q. When was that?  
 25 A. That was during the -- That was

Page 61

1 Q. I do --  
 2 A. Okay.  
 3 Q. -- entirely and I --  
 4 A. No, no. That's fine. I just want  
 5 to make sure that's clear.  
 6 Q. In the sale to the Parish, did the  
 7 Parish acquire all of the land that provides  
 8 the water sold by SELA?  
 9 A. In other words, did they pro -- did  
 10 they take in all of the land that the well  
 11 sites sit on?  
 12 Q. Correct.  
 13 A. Yes, they did.  
 14 Q. Okay.  
 15 A. Well, I say yes. No, they didn't.  
 16 I'm sorry. There's one -- You know, of the  
 17 ones that they took in St. Tammany Parish,  
 18 yes. Like I said earlier, there was one  
 19 that was in St. Tammany Parish that we sold  
 20 to a different provider, but everything that  
 21 they took in, they had the land underneath  
 22 it for water and wastewater.  
 23 Q. Okay. And what was the one that  
 24 was sold to a different provider?  
 25 A. That was Terra Mariae.

Page 63

1 during the -- the lady that slipped or the  
 2 lady that claimed to have fallen in the  
 3 meter box.  
 4 Q. Okay. SELA itself pleaded guilty  
 5 to criminal charges twice; correct?  
 6 A. How do you mean? Once --  
 7 Q. Once --  
 8 A. -- that I know of in federal court.  
 9 Q. And once -- Was there not an  
 10 agreement or a plea with DEQ --  
 11 A. Yeah.  
 12 Q. -- at the state level?  
 13 A. There was a state thing, but that  
 14 never went to -- You know, the federal one  
 15 actually went into court and did it that  
 16 way. There was some type of letter  
 17 agreement with DEQ.  
 18 Q. So you reached a resolution with  
 19 DEQ short of a criminal conviction?  
 20 A. Yes.  
 21 Q. Okay.  
 22 A. Yeah.  
 23 Q. Fair enough. Fair enough.  
 24 A. And by me I'm assuming you mean  
 25 SELA.

Page 62

1 Q. Okay. Why was that one treated  
 2 differently? I'm not clear.  
 3 A. The Parish wasn't interested in it.  
 4 They didn't want it.  
 5 Q. Okay. So it was sold to the  
 6 Homeowners Association?  
 7 A. Yeah. They -- We sold it back to  
 8 the Homeowners Association and then they  
 9 parceled the water off to a water provider  
 10 and the wastewater off to a wastewater  
 11 provider.  
 12 Q. Was Terra Mariae a Riecke entity?  
 13 A. No.  
 14 Q. Okay.  
 15 A. Nothing at all.  
 16 Q. Okay. Was Terra Mariae located in  
 17 St. Tammany Parish?  
 18 A. Yeah. Off of Stafford Road.  
 19 Q. Do you have any understanding of  
 20 why the Parish wasn't interested in that?  
 21 A. The territory they weren't  
 22 interested in going into. It's towards --  
 23 going towards -- It's off of Lee Road, in  
 24 that area. It's a pretty rural area.  
 25 Q. Okay. So you sold that off to the

Page 64



1	Homeowners Association before the deal with	1	A. Correct.
2	the Parish or after?	2	Q. Yeah. But there was no question
3	A. Right before.	3	the Parish wanted that land?
4	Q. Okay. Does the Parish rent any	4	A. Uh-huh (indicating affirmatively).
5	land from SELA --	5	Q. Okay. All right. And there's no
6	A. No.	6	question that land was never an asset of
7	Q. -- or SECO Group today?	7	SELA; correct?
8	A. No. They don't rent anything from	8	A. No question at all.
9	SECO Group.	9	Q. You know my client, Ken Dutruch;
10	Q. Do they rent any land from any	10	correct?
11	entity that is a member of your family?	11	A. I do.
12	A. Yes, sir. They rent the warehouse	12	Q. When did you first meet him?
13	on Highway 59 from my mother.	13	A. I first met Ken probably in 2002,
14	Q. Right. And generally speaking,	14	2003 when we took the -- Do you want me to
15	what are the terms of those lease -- of that	15	embellish on that?
16	lease to the best you recall?	16	Q. Sure. Please.
17	A. Double net lease, 5,000 a month,	17	A. When we -- When I took over the
18	five-year term with maybe one extension.	18	company and we obviously, as you've seen,
19	Q. Yeah. Five-year extension maybe?	19	had some corrective actions to do, we were
20	A. Yeah.	20	seeking financing and it was suggested that
21	Q. That land was never owned by SELA;	21	we have an appraisal done and -- of the
22	correct?	22	company because we had never had one done
23	A. Correct.	23	before, and one of the names that was
24	Q. It was always owned by your -- I	24	offered to us was PEC. So we met Ken
25	want to say your mom but it might not --	25	through his role at PEC when we went up

Page 65 Page 67

1	A. It's my mom.	1	there to get the company appraised.
2	Q. Is it your mom or an LLC your mom	2	Q. Mr. Dutruch was the president of
3	controls?	3	PEC at that time; correct?
4	A. It's my mom.	4	A. I believe so, yeah.
5	Q. It's your mom. Okay. That lease	5	Q. And it was a lender that was
6	was part of the deal with the Parish;	6	suggesting to you that you obtain a
7	correct?	7	valuation; correct?
8	A. Yes, sir.	8	A. Correct.
9	Q. They wanted that office building	9	Q. The lender was Bank One?
10	for operating what they were buying in	10	A. Yes.
11	assets; correct?	11	Q. And Bank One recommended in
12	A. Correct.	12	particular perhaps go talk to this guy, Mr.
13	Q. Okay. So in order to do the deal	13	Dutruch, at PEC?
14	with the Parish, you had to get your mom to	14	A. Correct.
15	rent the land to the Parish as well;	15	Q. Correct?
16	correct?	16	A. Correct.
17	A. Well, originally they wanted us to	17	Q. Of course SELA had to pay for the
18	throw it in the deal.	18	valuation?
19	Q. Sure.	19	A. Yeah.
20	A. And then we weren't going to do	20	Q. You received a copy of that
21	that so then --	21	valuation; correct?
22	Q. Right.	22	A. I did.
23	A. -- we got it negotiated down to a	23	Q. Okay. What do you recall about the
24	five-year lease.	24	conclusions of that valuation?
25	Q. With a five-year option?	25	A. It was really -- It was an

Page 66 Page 68

17 (Pages 65 to 68)

1 appraisal of -- It was really quite well  
 2 done. It was an appraisal spelling out  
 3 every single water site, water production  
 4 site we had, wastewater production site we  
 5 had, the amount of pipelines we had in the  
 6 ground, linear footage, and put a value on  
 7 the sites themselves, the depreciated asset  
 8 value, put a value on the remaining  
 9 capacity, if I remember correctly, and put a  
 10 value on the pipelines' depreciated asset  
 11 value. So it was a really -- It was a  
 12 really good appraisal.  
 13 Q. As far as you were concerned, first  
 14 class work; right?  
 15 A. Absolutely.  
 16 Q. And it was accepted by Bank One?  
 17 A. It was.  
 18 Q. The first time you met with him,  
 19 where did that meeting occur? Do you  
 20 recall?  
 21 A. At their office in Baton Rouge.  
 22 Q. Okay. Have you generally found Mr.  
 23 Dutruich to be responsible and professional  
 24 in his work?  
 25 A. In the limited contact we've had,

Page 69

1 Q. So would you explain to the jury  
 2 please why you question his honesty because  
 3 he filed this lawsuit.  
 4 A. Because I don't think he's entitled  
 5 to anything.  
 6 Q. Okay. Would you explain to the  
 7 jury why you don't think he's entitled to  
 8 anything.  
 9 A. Okay. We signed an agreement, one  
 10 of which you made me read through, one of  
 11 which you haven't talked about yet, that  
 12 said his group would find me a buyer, get a  
 13 commitment, a bonding purchase agreement,  
 14 and get us to close before November 15,  
 15 2007. It never happened. Years later a  
 16 totally different deal happens and now I'm  
 17 being sued.  
 18 Q. Okay. Well, let's parse that a  
 19 little bit because you say find us a buyer,  
 20 get us an agreement, and get us to close  
 21 before the three years was up, but you don't  
 22 mean that. That's not accurate. You  
 23 already said that; correct?  
 24 A. No. That's exactly what I mean.  
 25 Q. Oh, really?

Page 71

1 yes.  
 2 Q. Okay. And as far as you know, has  
 3 he ever engaged in any business practice  
 4 that you would consider disreputable?  
 5 A. I have no knowledge, no  
 6 understanding, no -- don't know him that  
 7 well.  
 8 Q. Have you ever had any reason to  
 9 question his honesty?  
 10 A. Prior to this lawsuit? No.  
 11 Q. Okay. You question his honesty  
 12 because of this lawsuit?  
 13 A. Yeah.  
 14 Q. Okay. Explain to the jury why you  
 15 question his honesty because he filed this  
 16 lawsuit.  
 17 MR. GOUX:  
 18 I'm going to object to the extent  
 19 you're saying explain to the jury.  
 20 MR. PERAGINE:  
 21 Well, if he changes his answer at  
 22 trial, I'll be playing it to the jury.  
 23 MR. GOUX:  
 24 Okay. Fair enough.  
 25 EXAMINATION BY MR. PERAGINE:

Page 70

1 A. Yes.  
 2 Q. Let's pull back the exhibit. I  
 3 want to be completely clear with you. I  
 4 don't think you and I really have a  
 5 difference about this. I think that  
 6 Deposition Exhibit 3, the November 15, '04  
 7 agreement, does not require a closing within  
 8 the three-year period and I believe you've  
 9 previously testified that that's right. I'm  
 10 going to take you through it again --  
 11 A. Okay.  
 12 Q. -- and we're going to just make  
 13 sure that you and I are completely clear in  
 14 what we're saying.  
 15 MR. GOUX:  
 16 Your Honor, this -- Your Honor.  
 17 Alex, I'm going to lodge an objection.  
 18 MR. PERAGINE:  
 19 You can call me "Your Honor" all  
 20 day long, Jeremy. I'm fine with it.  
 21 MR. GOUX:  
 22 I'm going to lodge an objection to  
 23 the extent that you're suggesting that is  
 24 the only document that's binding between the  
 25 parties and yet there's a supplement to that

Page 72

1	contract.	1	fee when they bring me a commitment.
2	MR. PERAGINE:	2	Q. Okay.
3	Yeah. And I'm --	3	A. They get paid at the closing.
4	MR. GOUX:	4	Q. Right. But once they've earned
5	And to be fair --	5	their fee, if the closing doesn't happen
6	MR. PERAGINE:	6	until outside the time limit, they still get
7	-- only talking right now about	7	paid; correct?
8	this one.	8	A. No. That is not what that says.
9	MR. GOUX:	9	Q. Okay. So let me ask you something.
10	Right. But you're questioning him	10	You've had commission salespeople working
11	as to his understanding, and if his	11	for you over the years?
12	understanding revolves from the entirety of	12	A. As far as real estate goes?
13	the agreement, then it's an unfair	13	Q. Anything.
14	perception to play something to the jury	14	A. Yes. As far as real estate goes, I
15	that is only part of the total contract	15	have.
16	between the parties.	16	Q. Okay. And if an agent working for
17	MR. PERAGINE:	17	you on a sale gets a commitment to purchase
18	Fair enough. I'm just going to do	18	and later leaves your employment and then
19	it with this agreement. We're going to get	19	you close the deal based on the commitment
20	to the other agreement.	20	to purchase, you still owe him the fee;
21	MR. GOUX:	21	correct?
22	Fair enough.	22	A. If we sign an extension, yes.
23	MR. PERAGINE:	23	Q. Do you contend that you don't owe
24	It will be a while but we'll get	24	him the fee if you don't owe him -- file --
25	there.	25	if you don't sign an extension; correct?

1	MR. GOUX:	1	A. Correct.
2	Okay.	2	Q. So in your view if an agent earning
3	EXAMINATION BY MR. PERAGINE:	3	a commission working for you brings you a
4	Q. Okay. Please, sir, read again the	4	firm commitment to purchase, you fire him
5	second paragraph of Deposition Exhibit 3.	5	the next day, you close two weeks later, you
6	A. "It is agreed and understood that:	6	don't have to pay him? That's your view;
7	all financial data supplied to you will be	7	correct?
8	held in strict confidence between the	8	A. What I'm telling you is the
9	principals involved; your fee is to be paid	9	documents I sign, if in there it says you
10	on the total amount of the sale price, is	10	have to do X, Y and Z by a certain date and
11	earned on the securing of a commitment to	11	X, Y and Z by a certain date is not done,
12	purchase and payable upon the execution of	12	that's what the document says, period.
13	the documents consummating the sale."	13	Q. We'll parse it, take it slow.
14	Q. Okay. So it could -- The fee could	14	We're going to take a hypothetical case and
15	be earned on the commitment and payable on	15	I'm going to have you explain to the jury
16	the closing; correct?	16	your position.
17	MR. GOUX:	17	A. Okay.
18	Again, objection. You're asking	18	Q. Here's my hypothetical case. A
19	him to make a legal conclusion as to what	19	commission salesperson works for you. He
20	the terminology of the contract says.	20	brings you a firm agreement to purchase.
21	EXAMINATION BY MR. PERAGINE:	21	Okay?
22	Q. Is that --	22	A. Okay.
23	A. What that --	23	Q. The next day you fire him with or
24	Q. -- your understanding?	24	without cause. Okay?
25	A. -- document says is they earn their	25	A. Okay.

19 (Pages 73 to 76)

1	Q. Two weeks later you close the deal.	1	Q. Sure.
2	You don't have to pay him your commission?	2	A. Okay. Write the --
3	That's your contention; correct?	3	Q. Write it.
4	A. What's the documents say?	4	A. -- contract. No. You said you
5	Q. Well, the document says that he	5	were going to write the contract. You write
6	earns a commission when he brings you a	6	it.
7	commitment to purchase. Do you owe him the	7	Q. Okay. You want me to write it?
8	money?	8	I'll write it.
9	A. Is there a time line on that?	9	A. Yeah. I want you -- If it's your
10	Q. Assume that he brings you the	10	hypothet, you write it.
11	commitment to purchase within the time	11	Q. Fair enough. Okay. You're the
12	period.	12	employer, some company you control. All
13	A. Does the document say it will close	13	right?
14	during the time period?	14	A. Okay.
15	Q. Assume that the document says he	15	Q. We'll call it the LLC.
16	has to be employed at the time he closes.	16	A. Okay.
17	MR. GOUX:	17	Q. And then we've got an employee.
18	Objection. What does that mean?	18	Okay? And let's call him an at-will
19	EXAMINATION BY MR. PERAGINE:	19	employee. Do you know what that means?
20	Q. In other words, if an employee	20	A. I'm pretty certain I do.
21	who's a commission salesperson brings you a	21	Q. Okay. Tell me your understanding.
22	commission to sell -- a firm commitment to	22	A. My understanding is he's not
23	buy, okay, and you have an employment	23	contract -- I'm not contractually obligated
24	agreement that says, yeah, but you have to	24	to keep him employed. He's not
25	be employed here at the closing or I don't	25	contractually obligated to work for me.

1	have to pay you, you could -- you feel in	1	Q. Either of you can part ways at any
2	your view the day after he brings you the	2	time?
3	commitment to purchase, in your view it's	3	A. Correct.
4	fair if you fire him and then don't pay him	4	Q. Okay. And let's say that this
5	two weeks later when you close the deal?	5	employee who is at will is paid on a
6	A. Alex, I can't answer this. You're	6	commission basis. Okay?
7	asking me hypothets about things that in the	7	A. Uh-huh (indicating affirmatively).
8	middle of the sentence you're saying buy,	8	Q. And let's say that the commission
9	no, sell. I mean, if you got something you	9	contract says he has to bring you a firm
10	want me to look at it, show it to me. If	10	commitment. Okay?
11	you want to write a hypothet up and we can	11	A. Okay.
12	talk about it, write it up. Let me --	12	Q. A. And, B, dose the deal while
13	Q. Let's write --	13	he's employed.
14	A. -- review it.	14	A. Okay.
15	Q. -- it up.	15	Q. Okay? We're flat on that so far?
16	A. Write it up.	16	A. Thus far.
17	Q. Let's write it up. Okay.	17	Q. Okay. And I'm going to make this
18	A. Okay.	18	Deposition Exhibit No. 4. And my
19	Q. We'll just do it slowly and when	19	hypothetical question to you, sir, is this
20	you're comfortable, we'll do it.	20	employee brings you a commitment, a firm
21	A. Okay.	21	commitment one day and it's a firm
22	Q. Here's the hypothet.	22	commitment to do a deal that you're going to
23	A. You just --	23	have to pay him a commission on.
24	Q. You have --	24	A. Okay.
25	A. -- said we're going to write it up.	25	Q. And the next day he quits or you

1	fire him, either way.	1	your view it's fair that you don't pay him,
2	A. Okay.	2	correct, because that's what the contract
3	Q. Do you feel like you have to pay	3	says?
4	him?	4	MR. GOUX:
5	A. No. The document says while	5	Same objection. You can answer.
6	employed.	6	THE WITNESS:
7	Q. Right.	7	Okay. In my understanding of this
8	A. If he's no longer employed, he's no	8	hypothet with this contract, I would be in
9	longer employed.	9	my right to not pay him because he is no
10	Q. And your feeling is the same if you	10	longer employed.
11	as the employer look at the commitment and	11	MR. PERAGINE:
12	say, "Wow, I'm going to have pay him a lot	12	Okay. Great. Thank you.
13	of money. I better fire him tomorrow so	13	Can we take a break?
14	that he doesn't get paid at the closing?"	14	MR. GOUX:
15	And you think that's fair and correct under	15	Sure.
16	the law and under equity?	16	THE VIDEOGRAPHER:
17	A. You're insinuating that that's what	17	We're off the record.
18	I would do.	18	(Whereupon a brief recess was
19	Q. Well, I am not insinuating, sir. I	19	taken.)
20	am asking you a hypothetical question.	20	MR. PERAGINE:
21	A. Okay. Under that hypothet, if he's	21	Back on the record.
22	no longer employed for me, he doesn't get	22	EXAMINATION BY MR. PERAGINE:
23	paid.	23	Q. Mr. Riecke, let's --
24	Q. Okay. And you can do that in your	24	THE VIDEOGRAPHER:
25	mind even if he brings you a firm commitment	25	Back on the record.

1	because you don't want to pay him the	1	COURT REPORTER:
2	commission?	2	Go ahead.
3	MR. GOUX:	3	EXAMINATION BY MR. PERAGINE:
4	I'm going to --	4	Q. Mr. Riecke, I'm referring again to
5	EXAMINATION BY MR. PERAGINE:	5	Deposition Exhibit 3 and the second
6	Q. It's too much money. You think	6	paragraph. What is your understanding of
7	that's fair?	7	the difference between something that is
8	MR. GOUX:	8	earned and something that is payable?
9	I'm going to object to the extent	9	A. (Witness reviews document.)
10	that you're suggesting -- you're speculating	10	Q. Take your time, sir.
11	as to what his mental element would be in	11	A. Okay.
12	suggesting that he doesn't want to pay or	12	Q. What is your understanding of the
13	doesn't -- therefore, he's going to fire him	13	difference between something that is earned
14	so that he can close without him. I think	14	and something that is payable?
15	that's an unfair hypothetical.	15	A. Well, in the -- as it says here, my
16	EXAMINATION BY MR. PERAGINE:	16	understanding of this would be that when
17	Q. Mr. Riecke --	17	they brought me a commitment to purchase,
18	A. Yes.	18	when they brought me a purchase agreement,
19	Q. -- tell the jury in your view,	19	that their fee would be earned, would be --
20	please. This employee who's a commission	20	I guess that's what you're asking me. A
21	employee brings you a firm commitment to	21	synonym for earned would be --
22	purchase. Assume that the commission is	22	Q. How about owed? Would that work
23	substantial. Assume you don't want to pay	23	for you?
24	the commission. You can fire him the next	24	A. Well, not really because the way
25	day. The closing happens in two weeks. In	25	this is is they're deserving of their fee

1 when they bring me a purchase agreement but  
 2 the fee would be, as it says, payable which  
 3 means owed at the closing.  
 4 Q. But earned in your mind doesn't  
 5 mean owed?  
 6 A. No. Earned would be -- No. I  
 7 don't necessarily see where the two are  
 8 identical --  
 9 Q. Okay.  
 10 A. -- or synonyms for one another.  
 11 Q. Fair enough. Why don't you put  
 12 that exhibit away and we'll move on.  
 13 A. Okay.  
 14 Q. When you met Mr. Dutruch back in, I  
 15 believe you said, '03 or '04 roughly --  
 16 A. '02, '03 ~~14~~  
 17 Q. Okay.  
 18 A. -- at first.  
 19 Q. Were you aware of his particular  
 20 experience representing public bodies in  
 21 acquiring private water utilities?  
 22 A. No. We knew that -- I knew that  
 23 they were a big engineering firm.  
 24 Q. Okay. Did you -- And you had no  
 25 knowledge of any of his expertise in

Page 85

1 A. Well, afterwards, after we had the  
 2 first meeting, and then I got to know Ken's  
 3 side of his background in doing that.  
 4 Q. You mean after signing the November  
 5 '04 agreement?  
 6 A. No. I think we had one meeting  
 7 before we signed the agreement.  
 8 Q. Okay. So at that meeting before  
 9 you signed the agreement, that's not your  
 10 first meeting with Mr. Dutruch --  
 11 A. No.  
 12 Q. -- in Baton Rouge; correct?  
 13 A. Correct.  
 14 Q. Okay. When's the second meeting?  
 15 A. Uh-huh (indicating affirmatively).  
 16 Q. When is the --  
 17 A. Actually, I think he came down. He  
 18 was down in St. Tammany Parish.  
 19 Q. And you think that meeting happened  
 20 before you signed the November '04 agreement  
 21 that's Deposition Exhibit 3; correct?  
 22 A. I believe so.  
 23 Q. Okay. Tell me everything you  
 24 recall about that meeting.  
 25 A. I just remember having a meeting

Page 87

1 representing entities involved in the  
 2 purchase or sale of water utilities at all?  
 3 A. No.  
 4 Q. Okay. When you entered into this  
 5 agreement with him in November of '04, why  
 6 did you choose him?  
 7 A. I didn't. Bruce Cucchiara came to  
 8 me and said this is what we'd like to do to  
 9 try and sell the company. We're going to  
 10 put me, Jerry Gilbert, and Ken Dutruch,  
 11 because I had only met Ken one time, as I  
 12 said, at it related to that. So I didn't  
 13 really put the group together.  
 14 Q. Okay. Did Mr. Cucchiara indicate  
 15 to you any particular reason why he wanted  
 16 Mr. Dutruch in the group?  
 17 A. Yeah. That Ken had a big  
 18 understanding or big knowledge, a big  
 19 portfolio of potential buyers. He knew the  
 20 people at CDM, Severn Trent, U.S. Filter,  
 21 those type of big water/wastewater  
 22 companies.  
 23 Q. And all of your understanding about  
 24 Mr. Dutruch's experience in buying and  
 25 selling utilities came from Mr. Cucchiara?

Page 86

1 with him. It might have been right before  
 2 we signed it. It could have been right  
 3 after we signed it, but it relayed, you  
 4 know, what they were going to be doing, how  
 5 they were going to be pursuing, who they  
 6 were going to be talking to and those kind  
 7 of issues.  
 8 Q. Okay. Well, who do you recall they  
 9 were going to be talking to?  
 10 A. They were putting it together -- I  
 11 don't know that they had somebody yet. We  
 12 were kicking around names, like I said,  
 13 kicking around -- U.S. Filter was one of the  
 14 names I remember. Severn Trent was one of  
 15 the names I remember.  
 16 Q. You remember those names from that  
 17 particular meeting?  
 18 A. Yes.  
 19 Q. And you can't tell me whether that  
 20 meeting was before or after the November  
 21 '04?  
 22 A. I can't. It was right around that  
 23 time --  
 24 Q. Fair enough.  
 25 A. -- frame.

Page 88

<p>1 Q. And those are the only two 2 potential buyers' names you recall being 3 discussed at that meeting? 4 A. Those are the only two private 5 potential buyers. 6 Q. Okay. Well, were there any public 7 potential buyers identified at that meeting? 8 A. Yeah. I told them that my -- that 9 I had already had meetings with St. Tammany 10 Parish, that myself, Kevin Davis, and Bill 11 Oiler had met one time about that, and it 12 was pretty common knowledge in the 13 water/wastewater world that the Parish was 14 moving forward to taking all of the privates 15 over. 16 Q. But you saw no reason based on your 17 prior meeting with Mr. Oiler -- and who 18 else? 19 A. Kevin Davis. 20 Q. And Kevin Davis. You saw no reason 21 to exclude the Parish from the November '04 22 exclusive agency dealing simply because of 23 your prior meeting with those two 24 individuals; correct? 25 A. Correct.</p>	<p>1 with me on -- in a couple of LLC's. 2 Q. What LLC's was Mr. Cucchiara a 3 partner with you on? 4 A. Wellington Ridge was one. 2005. 5 BSJ might have been right around that same 6 time period. I think those are the only two 7 at that stage. 8 Q. Was Mr. Gilbert likewise a partner 9 in any of the Riecke entities? 10 A. No, sir. 11 Q. Okay. Wellington Ridge and BSJ. 12 Would you please describe for me what those 13 entities did? 14 A. Yeah. Wellington Ridge was an LLC 15 that was a single-family development in the 16 Lafayette area. 17 Q. Okay. 18 A. And BSJ was an LLC that owned a 19 strip center in Broussard, Louisiana. 20 Q. And was Mr. Cucchiara a member of 21 these LLC's by virtue of purchasing an 22 investment? 23 A. I don't understand. 24 Q. Did he buy into these LLC's? 25 A. Well, no. They were LLC's that --</p>
---	---

<p>1 Q. In November 2004 when Exhibit 3 is 2 executed, what is Mr. Cucchiara's position 3 at SELA? 4 A. He was a director. He was one of 5 the members of the board of directors. 6 Q. Was he an officer of the company? 7 A. No. Not yet. 8 Q. He became an officer later? 9 A. Yes. 10 Q. When did he become an officer? 11 A. I'll say somewhere around April of 12 '05. 13 Q. Okay. And at that same time, 14 November '04, what was Mr. Gilbert's 15 position? 16 A. He was a director as well. 17 Q. Okay. And was he an officer? 18 A. No. 19 Q. Did he ever become an officer? 20 A. No, sir. 21 Q. Okay. Did either Mr. Cucchiara or 22 Mr. Gilbert have any involvement with any of 23 the other various LLC's run by the Riecke 24 family? 25 A. Mr. Cucchiara was partners with --</p>	<p>1 Like Wellington Ridge, Bruce Cucchiara, 2 myself and a third party got together, 3 formed the LLC, and went and bought a piece 4 of property and then developed it into a 5 subdivision. BSJ was Bruce Cucchiara, 6 myself, and a different third party, formed 7 the LLC and then we went and bought a strip 8 center. 9 Q. Where did the money come from for 10 these two entities to buy these properties? 11 A. Both of them were bank loans. 12 Q. What bank? 13 A. BSJ was First Guaranty in Hammond. 14 Wellington Ridge, I think Wellington Ridge 15 was First Guaranty in Hammond as well. 16 Q. In either event did Mr. Cucchiara 17 put up cash? 18 A. Yes. 19 Q. Okay. Did he guarantee loans? 20 A. Yes. 21 Q. Okay. Did he put up the same 22 amount of cash as you? 23 A. Yes. 24 Q. In each event? 25 A. In each event.</p>
--	--

23 (Pages 89 to 92)

1 Q. And in each event he signed the  
 2 same guarantees as you?  
 3 A. Sure.  
 4 Q. To the same amount?  
 5 A. Yeah. They were all in solido.  
 6 Q. Okay. And was your family involved  
 7 in any of the banking institutions that lent  
 8 the money?  
 9 A. No.  
 10 Q. At the time we signed -- At the  
 11 time SELA signs the November 4th agreement  
 12 with Mr. Dutruch, Mr. Cucchiara, and Mr.  
 13 Gilbert, Mr. Dutruch and Mr. Gilbert are  
 14 both directors of --  
 15 A. I'm sorry. I don't mean to  
 16 interrupt you but which November 4th  
 17 agreement?  
 18 Q. Deposition Exhibit 3, November 15,  
 19 '04.  
 20 MR. GOUX:  
 21 November 15th.  
 22 THE WITNESS:  
 23 November 15th.  
 24 MR. PERAGINE:  
 25 Yeah.

Page 93

1 A. Sure.  
 2 Q. Do you understand when you serve on  
 3 the board of directors of a company that you  
 4 owe a fiduciary duty to oversee the  
 5 management of the company?  
 6 A. Yes.  
 7 Q. Okay. So is there any doubt in  
 8 your mind that when on November 15, '04 Mr.  
 9 Cucchiara and Mr. Gilbert signed this  
 10 document, they were at that time board of --  
 11 members of board of directors of SELA who  
 12 owed fiduciary duties to SELA?  
 13 A. Yes.  
 14 Q. There's doubt in your mind --  
 15 A. No.  
 16 Q. -- about that?  
 17 A. I understand the question and I  
 18 understand that I said yes.  
 19 Q. Okay. So they owed fiduciary  
 20 duties to SELA when they signed this  
 21 document; correct?  
 22 A. Yes.  
 23 Q. Okay. And who was the entirety of  
 24 the board of directors of SELA at the time  
 25 this document was signed?

Page 95

1 MR. GOUX:  
 2 You said November 4th.  
 3 MR. PERAGINE:  
 4 I'm sorry.  
 5 THE WITNESS:  
 6 It just confused me. That's all.  
 7 EXAMINATION BY MR. PERAGINE:  
 8 Q. Let me just --  
 9 A. I'm sorry.  
 10 Q. -- restate the whole question. I  
 11 don't want to have any desire to confuse  
 12 you.  
 13 A. Thank you.  
 14 Q. When the November 15, '04 document,  
 15 Exhibit 3, was signed by SELA through your  
 16 signature, Mr. Cucchiara and Mr. Gilbert  
 17 both were members of the board of directors  
 18 of SELA; correct?  
 19 A. Yes, sir.  
 20 Q. So as members of the board of  
 21 directors, did you understand that they owed  
 22 fiduciary duties to SELA?  
 23 A. Yeah. I would assume so.  
 24 Q. Well, have you ever served on the  
 25 board of directors of a company, sir?

Page 94

1 A. It would have been myself, Bruce  
 2 Cucchiara, Jerry Gilbert, Rod Rodrigue, and  
 3 James McCune.  
 4 Q. Did you go to the board before you  
 5 executed this document and say, "Board of  
 6 Directors, I'd like to have approval of the  
 7 board for Mr. Cucchiara and Mr. Gilbert to  
 8 execute this document"?  
 9 A. I did it via the telephone.  
 10 Q. And tell me about those telephone  
 11 calls.  
 12 A. I just called Rod Rodrigue and  
 13 said, "I'm going to sign an agreement with  
 14 them to see if they can get the company  
 15 sold." He said, "Great. Go ahead."  
 16 Q. All right.  
 17 A. Called Jimmy McCune, said, "This is  
 18 the direction I think we need to go in." He  
 19 said, "Go ahead."  
 20 Q. And then you and that constitutes  
 21 along with these two individuals everybody  
 22 on the board at the time?  
 23 A. Correct.  
 24 Q. Okay. Now, you did understand that  
 25 there was a certain tension between the

Page 96



<p>1 duties of Mr. Cucchiara and Mr. Gilbert as  2 directors of the company and their personal  3 profit incentive in facilitating an  4 acquisition that was afforded to them by the  5 contract that is Deposition Exhibit 3?  6 A. Yes.  7 MR. GOUX:  8 Objection to form.  9 MR. PERAGINE:  10 Would you please explain the nature  11 of the form objection, Jeremy?  12 MR. GOUX:  13 Certainly. I didn't understand the  14 question.  15 EXAMINATION BY MR. PERAGINE:  16 Q. Sir, did you understand the  17 question?  18 A. I think I did, yeah.  19 Q. Okay. Thank you. When did you  20 first meet Bruce Cucchiara?  21 A. 19, it would be, '94, '95.  22 Q. How did you come to meet him?  23 A. He was running, I think it was,  24 Acadian Bank, and when I got out of college,  25 went to work for my parents and one of the</p>	<p>1 Q. Oh.  2 A. Now it's ULL.  3 Q. Sorry.  4 A. I've been corrected 9,000 times in  5 the past two years so now it's ingrained in  6 my head that it's ULL, not USL.  7 Q. Okay. And Mr. Cucchiara, what is  8 his current primary employment to your  9 knowledge?  10 A. He works for Riecke Development &amp;  11 Construction.  12 Q. And is that a full-time job?  13 A. Yes.  14 Q. Okay. What's his salary?  15 A. He makes 90,000 a year.  16 Q. Okay. Does he get bonuses or other  17 payments?  18 A. He has a company truck and he gets  19 company health insurance.  20 Q. No bonuses?  21 A. No.  22 Q. Okay. And he's still involved in  23 those other two entities you described;  24 correct?  25 A. Which two?</p>
---	---

<p>1 duties -- one of the first duties I had was  2 making bank deposits and those kind of  3 things and that was one of the banks that I  4 would go to to make deposits.  5 Q. Okay. When you say he was running  6 the bank, was he president of the bank?  7 A. I don't think so. I think he  8 was -- might have been executive vice  9 president of Acadian.  10 Q. Okay. What did you know about his  11 employment history?  12 A. That he was a banker. I mean,  13 that's -- that's all I really knew.  14 Q. What about his educational  15 background?  16 A. At that stage of the game?  17 Q. Sure.  18 A. In 1994, '95? Nothing.  19 Q. Okay. What have you come to learn  20 since then about his educational background?  21 A. He graduated from ULL in business  22 and went to Louisiana Banking School.  23 Q. Okay. And I'm sorry. Did you say  24 UAL?  25 A. ULL. USL.</p>	<p>1 Q. I thought that they were Wellington  2 Ridge and BSJ.  3 A. No. Both of those have been sold  4 now.  5 Q. Okay. And to whom were they sold?  6 A. Right after Katrina a group out of  7 Baton Rouge came in and bought all the  8 remaining lots in Wellington Ridge. I don't  9 recall their name, this group out of Baton  10 Rouge. BSJ, the real estate out of BSJ was  11 sold to SECO.  12 Q. What were the terms of the sale  13 from BSJ to SECO?  14 A. It was a cash sale.  15 Q. Okay. And how much real estate was  16 involved?  17 A. The strip center in Broussard that  18 I mentioned.  19 Q. Okay. Was the ownership of BSJ  20 different than the ownership of SECO?  21 A. Yes.  22 Q. Okay. What was the difference  23 between the two ownerships?  24 A. SECO is owned by the Karen S.  25 Riecke Trust.</p>
--	--

25 (Pages 97 to 100)

1 Q. And BSJ was owned by Mr. Cucchiara?  
 2 A. One third Mr. Cucchiara, initially  
 3 it was one-third Scott Capdepon and  
 4 one-third me. At some stage I bought about  
 5 20 percent of Mr. Capdepon. No. Actually,  
 6 let me take that back. Brett Oubre  
 7 brought -- bought 20 percent of Scott  
 8 Capdepon and Scott Capdepon remaining  
 9 amounts, and then when we went to the sale,  
 10 Brett had already sold his interest back and  
 11 so let me think. And I had bought Scott's.  
 12 So it would have been about a third Bruce  
 13 and SECO would have been 20 percent and I  
 14 would have been the remainder. I don't know  
 15 how to calculate that right off the top of  
 16 my head.  
 17 Q. So you owned something around 40,  
 18 45 percent maybe?  
 19 A. About 40, 42 percent.  
 20 Q. SECO owned another 20 or so?  
 21 A. Twenty. Right around 20.  
 22 Q. And then --  
 23 A. And then Bruce --  
 24 Q. -- a third -- you're pretty sure it  
 25 was a third?

Page 101

1 A. Canizaro is the one over there  
 2 by --  
 3 MR. GOUX:  
 4 First Bank?  
 5 MR. PERAGINE:  
 6 First Bank.  
 7 THE WITNESS:  
 8 There you go.  
 9 MR. PERAGINE:  
 10 That's it.  
 11 THE WITNESS:  
 12 First Bank. There you go.  
 13 MR. PERAGINE:  
 14 That's it. Yeah.  
 15 THE WITNESS:  
 16 So the loan officer moved over  
 17 there. Harry something or another. I can't  
 18 remember his name. I can get it for you.  
 19 EXAMINATION BY MR. PERAGINE:  
 20 Q. The records of that transaction,  
 21 SECO would have its own set of records;  
 22 correct?  
 23 A. Sure. Yeah. It's just a cash  
 24 sale.  
 25 Q. Well, you say it's a cash sale. I

Page 103

1 A. He kept his -- He kept his third  
 2 throughout.  
 3 Q. Right. And that sale was to SECO;  
 4 correct?  
 5 A. Correct.  
 6 Q. And when did that sale take place?  
 7 A. Sometime around June or July of  
 8 '10.  
 9 Q. And what was the purchase price?  
 10 A. Right around 2.4 I think. It was  
 11 whatever the appraised value was.  
 12 Q. Who performed the appraisal?  
 13 A. I'm not sure. It was bank ordered.  
 14 Q. SECO borrowed the money?  
 15 A. Yes.  
 16 Q. What bank?  
 17 A. BankcorpSouth out of Baton Rouge.  
 18 Q. Who was the lending officer?  
 19 A. I don't remember his name. He's  
 20 left BankcorpSouth. He's over at Canizaro's  
 21 bank now.  
 22 Q. First NBC in New Orleans?  
 23 A. No. I don't think that's it.  
 24 FNBC, that's Ashton Ryan.  
 25 Q. Oh.

Page 102

1 thought you said there was financing  
 2 involved.  
 3 A. Well, it's a cash sale with a  
 4 mortgage.  
 5 Q. With a mortgage?  
 6 A. Yeah.  
 7 Q. Wellington was sold shortly after  
 8 Katrina?  
 9 A. Yeah.  
 10 Q. When did you first meet Gerald  
 11 Gilbert?  
 12 A. I met Jerry Gilbert probably in the  
 13 mid to late '90s.  
 14 Q. How did you come to meet him?  
 15 A. In my role as a director at  
 16 American Bank & Trust, he was a loan broker.  
 17 I think I met him through my dad. My dad  
 18 had known him when he was a banker at other  
 19 banks.  
 20 Q. What was your role at American Bank  
 21 & Trust?  
 22 A. Which? What time frame?  
 23 Q. Any time.  
 24 A. Well, I've been a director since  
 25 1995. I became vice chairman of the board

Page 104

<p>1 in 2009. Somewhere around 2004, 2005 -- No.  2 2005, 2006 I became chair of the South  3 Louisiana Loan Committee, Compensation  4 Committee, and Compliance Committee.  5 Q. You own stock in the bank?  6 A. I do.  7 Q. How much?  8 A. About 30,000 shares.  9 Q. Do you know how many shares are  10 total outstanding?  11 A. No, I don't, not off the top of my  12 head.  13 Q. Do you know if you own maybe two,  14 three percent of the bank?  15 A. Yeah. Probably something like  16 that. One percent, two percent, something  17 like that.  18 Q. Okay. I'm sorry. I don't mean to  19 be so forgetful. Mr. Gilbert was working at  20 the bank when you --  21 A. No, no, no.  22 Q. -- became affiliated with the bank?  23 A. No, sir. He wasn't working at our  24 bank. He was a banker at other banks. I  25 met him in his capacity as a loan broker.</p>	<p>1 the financing.  2 Q. And just so that we're all clear  3 about this, when you talk about the troubles  4 you were in, you're talking about the  5 environmental compliance, state and federal;  6 correct?  7 A. Correct. That was pretty much the  8 stage that I brought all new directors on  9 and Jimmy McCune was an environmental  10 specialist.  11 Q. Okay.  12 A. You know, obviously y'all know Rod  13 Rodrigue. He was an attorney. Jerry --  14 Q. Well, Rod was on the board before?  15 A. Yeah. Yeah.  16 Q. I mean, he didn't make a change in  17 Rod's --  18 A. He's --  19 Q. -- position?  20 A. -- the only one that stayed. I got  21 rid of everybody else.  22 Q. Yeah. Rod -- Rod was an attorney  23 of the board of SELA and he was also a  24 trustee of the trust that owned the interest  25 of SELA?</p>
---	--

Page 105 Page 107

<p>1 He had left and left working for banks and  2 had started his own company brokering loans.  3 Q. Okay. And what was the name of  4 that company?  5 A. I don't know that it has a name. I  6 think it was just him personally.  7 Q. Okay. So fair to say you knew him  8 as a banker/finance type?  9 A. Absolutely.  10 Q. Okay. Who decided to offer him a  11 position on the board of SELA?  12 A. I did.  13 Q. And why did you choose him?  14 A. Well, again, putting everything  15 into a frame of reference as it relates to  16 the time line, in 2002, as you've seen and  17 I've testified, 2002, 2003, the company was  18 in a bad spot and I had to put together  19 financing to -- I mean, real financing. I  20 had to go borrow four, five, \$6 million to  21 get -- to fix the ills of what the prior  22 administration had done to the company.  23 That's when, you know, we decided to reach  24 out to Jerry, see if he would come on the  25 board and help guide that and put together</p>	<p>1 A. Correct.  2 Q. 100 percent?  3 A. Correct.  4 Q. Let me show you a document I'm  5 going to mark as Deposition Exhibit 5. It's  6 dated Southeastern Louisiana Water &amp; Sewer  7 Company, LLC, April 20, 2005, Valuation  8 Summary &amp; Analysis Based on Cash Flow From  9 Operations (EBITDA). It is unfortunately  10 not page numbered but it's a three-page  11 document from the appearance of it.  12 MR. PERAGINE:  13 Actually, Jeremy, if you would just  14 give that back. It's just the first three  15 pages.  16 EXAMINATION BY MR. PERAGINE:  17 Q. Do you recognize that document,  18 sir?  19 A. I've seen it before.  20 Q. Do you know in what context you've  21 seen it before?  22 A. I saw it getting ready for this  23 deposition.  24 Q. Okay. And I want to just be very  25 clear with you. Anything you discuss with</p>
--	--

Page 106 Page 108

27 (Pages 105 to 108)

1 your attorney in the process of preparing  
 2 for this deposition I don't want to hear  
 3 about. Okay?  
 4 A. Okay.  
 5 Q. Fair enough?  
 6 A. Fair enough.  
 7 Q. Okay. Do you recall receiving it  
 8 on or about April 20, 2005?  
 9 A. No. But this is -- this looks like  
 10 a bunch of -- there were a bunch of these  
 11 that were generated during that period --  
 12 Q. You may or --  
 13 A. -- of time.  
 14 Q. -- may not have --  
 15 A. I may or may not have seen it.  
 16 Q. You don't have any reason to  
 17 believe one way or the other; correct?  
 18 A. No.  
 19 Q. Do you know whose work this is?  
 20 A. No.  
 21 Q. Okay. Fair enough. Just move it  
 22 on.  
 23 A. Okay.  
 24 Q. I'm going to show you a document  
 25 that is labeled attorney-client privilege.

Page 109

1 discussion of whether or not if the Parish  
 2 was buying us, was it going to have to go to  
 3 a vote of the people and that's why I had  
 4 Paul do that.  
 5 Q. Okay. Did you have any -- I mean,  
 6 you received this. You reviewed it at the  
 7 time you received it probably; fair?  
 8 A. Yeah. Most likely what happened is  
 9 I talked to Paul and said, "Okay. What does  
 10 it say?" I mean, you know, if you just  
 11 really want to know how it happened, that's  
 12 how it happened.  
 13 Q. That's great. And I don't want you  
 14 to answer any further questions about the  
 15 content of the communications.  
 16 MR. GOUX:  
 17 Thank you.  
 18 EXAMINATION BY MR. PERAGINE:  
 19 Q. We're leaving that one alone. Take  
 20 that. That's Exhibit 6.  
 21 I'm going to show you a document  
 22 I'm going to mark Riecke Deposition  
 23 Exhibit 7. This is an e-mail with  
 24 attachments dated June 14, 2005. Mr.  
 25 Cucchiara, Mr. Riecke, and Mr. Dutruv are

Page 111

1 It has on the first page of it in  
 2 handwriting Exhibit 8 and it is a six-page  
 3 letter from Paul Mayronne at Jones Fussell  
 4 to Southeastern Water, your -- care of you,  
 5 dated April 27, 2005. I'm going to mark it  
 6 as Riecke Deposition Exhibit 6. First of  
 7 all, do you recognize the document, sir?  
 8 A. Yes. Yes, sir.  
 9 Q. Okay. And would you just kind  
 10 of --  
 11 A. Is that working? Sorry.  
 12 Q. Would you just kind of in summary  
 13 fashion tell me what that document is in  
 14 your -- to your understanding.  
 15 A. A legal opinion.  
 16 Q. And that was the legal opinion you  
 17 had requested from Mr. Mayronne?  
 18 A. Yes, it is.  
 19 Q. And this was the legal opinion I  
 20 believe you may have referenced earlier with  
 21 regard to the ability of the Parish to buy  
 22 water and sewerage treatment systems?  
 23 A. The big question -- Yes, sir, it  
 24 is. The big question, the reason why I  
 25 asked Paul to do this was there was some

Page 110

1 the recipients. Mr. Gilbert is sending it  
 2 and I'm just going to ask you --  
 3 MR. PERAGINE:  
 4 Jeremy, do we have a bunch of  
 5 paperclips available --  
 6 MR. ARCENEUX:  
 7 I'll get them.  
 8 MR. PERAGINE:  
 9 -- so I don't mess these up?  
 10 We got them. We got them.  
 11 MR. ARCENEUX:  
 12 You got them?  
 13 MR. PERAGINE:  
 14 Yeah.  
 15 MR. ARCENEUX:  
 16 Okay.  
 17 MR. PERAGINE:  
 18 We're still on the record.  
 19 EXAMINATION BY MR. PERAGINE:  
 20 Q. Okay. Riecke Exhibit 7, the e-mail  
 21 I was referring to, sir, of June 14, '05,  
 22 Mr. Gilbert and Mr. Cucchiara, you and Mr.  
 23 Dutruv, do you recognize the document?  
 24 A. Again, I'm not trying to be  
 25 evasive. When you say do you recognize it,

Page 112

<p>1 I've looked at all of this stuff getting  2 ready for the deposition. Do I remember  3 receiving this or remember getting this back  4 in 2005? Not necessarily.  5 Q. So the only way you recognize the  6 document is because of your deposition  7 preparation; correct?  8 A. This one.  9 Q. Yeah.  10 A. Yeah.  11 Q. Okay. Do you have any reason to  12 doubt that you received that document on or  13 about the date of June --  14 A. June.  15 Q. -- 14, 2005?  16 A. No. I have no reason to doubt that  17 I received this.  18 Q. Okay. And does that look like a  19 document of the nature and type you would  20 have been receiving around that time --  21 A. It looks --  22 Q. -- with regard to working towards  23 the sale of SELA?  24 A. Yes. This looks like the type of  25 document that Jerry Gilbert would do. He</p>	<p>1 Q. Well, okay. Not really and no are  2 two different --  3 A. Well --  4 Q. -- answers. Why don't you explain  5 to me --  6 A. Okay.  7 Q. -- please --  8 A. When I would get an e-mail, I would  9 print them out and give them to the girls to  10 put in the files.  11 Q. What files were those?  12 A. Whatever file the e-mail might have  13 been related to.  14 Q. Did -- When you sold the assets of  15 SELA, did you keep or sell those files?  16 A. We kept -- The majority of those  17 files went to the Parish. We kept some of  18 the files. The financial data files and  19 those kind of things we kept. Files as it  20 related to regulatory compliance went to the  21 Parish.  22 Q. What about files related to the  23 negotiation of the acquisition by SELA?  24 A. I think I sent all that I had to  25 Jeremy.</p>
--	--

Page 113 Page 115

<p>1 was king of spreadsheets. He showed up at  2 every meeting with spreadsheets, every board  3 meeting with spreadsheets.  4 Q. I notice at the top of the document  5 Mr. Gilbert's e-mail address as  6 gilbert@cableone.net; correct?  7 A. "Ggilbert."  8 Q. Okay. "Ggilbert." What would your  9 e-mail address have been around that time?  10 A. I had one that was J-a-y, the  11 number 069, at BellSouth.net and I believe I  12 also had a jay@selawater.com.  13 Q. Okay. When you sold the assets of  14 SELA to the Parish, certain of the assets of  15 SELA to the Parish, did that include  16 computer systems?  17 A. Yes.  18 Q. Did that include the servers upon  19 which e-mails that were sent to your e-mail  20 address at SELA were stored?  21 A. Yeah. They took the computers from  22 the office itself.  23 Q. And did you maintain a copy of your  24 computerized records?  25 A. Not really, no.</p>	<p>1 Q. Who's Leslie Long?  2 A. Leslie Long. Here. You don't need  3 this? Leslie Long works for St. Tammany  4 Parish.  5 Q. What did you understand to be her  6 job at St. Tammany Parish in or around the  7 summer of 2005?  8 A. I believe she's a CFO. She was  9 then and still is.  10 Q. And still is?  11 A. From my understanding.  12 Q. Okay. I'm going to show you a  13 document I'm going to mark as Riecke 8.  14 It's a series of e-mails between Mr.  15 Cucchiara and Ms. Long, Bates number  16 STP-003526. Sir, you were not -- as far as  17 I can tell, you were not copied on any of  18 this and I have no reason to think you've  19 seen it before, but do you recognize the  20 document?  21 A. Again, only from getting ready for  22 this --  23 Q. Okay.  24 A. -- deposition.  25 Q. Do you have any reason to believe</p>
---	--

Page 114 Page 116

29 (Pages 113 to 116)

1 you did receive that document at or about  
2 the time it was sent?  
3 A. No. I don't seem to be copied on  
4 it.  
5 Q. Would Mr. Cucchiara occasionally  
6 blind copy you on documents where he was  
7 communicating with the Parish?  
8 A. No.  
9 Q. Never happened that you received a  
10 blind copy of a document from --  
11 A. I'm not saying it never happened.  
12 It saying it wasn't his common practice.  
13 Q. Do you recall it ever happening?  
14 A. I don't recall it happening.  
15 Q. Okay. Would Mr. Cucchiara ever  
16 forward to you e-mail strings between him  
17 and representatives of the Parish?  
18 A. He might have, though it would have  
19 probably been more common for him to come in  
20 and talk to me about what was going on.  
21 Q. Do you recall him ever forwarding  
22 to you strings of communications between him  
23 and members of the Parish?  
24 A. No. I don't have any --  
25 Q. Specific --

Page 117

1 A. -- recollection of that certain  
2 document. If there's one, I can look at it  
3 and see, but, like I said, it was more  
4 common for him just to walk in and talk to  
5 me.  
6 Q. Perfectly fair.  
7 A. Okay.  
8 Q. Thank you. I'm going to show you a  
9 document I'm going to attach as Riecke 9,  
10 STP-003522. It's a series of e-mails  
11 between Ms. Long and Mr. Cucchiara. Take a  
12 look at that document and tell me whether or  
13 not you recognize it.  
14 A. I recognize it from getting ready  
15 for the deposition.  
16 Q. Okay. But if you hadn't looked at  
17 it before preparing for this deposition, you  
18 probably wouldn't recall it; fair statement?  
19 A. Fair statement.  
20 Q. Okay. I want to call your  
21 attention at the bottom of the document  
22 around here. It says, "Jared will be  
23 dropping off the 2004 audited financials..."  
24 Do you see that, sir?  
25 A. Uh-huh (indicating affirmatively).

Page 118

1 Q. Do you recall that you provided  
2 audited financials to the Parish in 2004?  
3 A. I'm sure I would have.  
4 Q. That -- Those would have been  
5 audited financials of SELA; correct?  
6 A. Correct.  
7 Q. And you wouldn't have had those  
8 until the summer of 2005 in all likelihood  
9 probably; right?  
10 A. Probably not, yeah.  
11 Q. What was the fiscal year of SELA  
12 back then?  
13 A. It was calendar year, but we had  
14 just started doing audited financials. I  
15 want to say either two or three. We had a  
16 short year. Two, I think, was a short year.  
17 It was just basically a quarter year, and  
18 then four would have been the first true  
19 audited statements. So it would have  
20 probably taken them till the summertime to  
21 generate that.  
22 Q. And let me just make sure I follow  
23 your answer completely. You talk about a  
24 short year. Was there a conversion in the  
25 tax status?

Page 119

1 A. There was a conversion.  
2 Q. Okay. And that was from what to  
3 what?  
4 A. I think they had it -- I think it  
5 was a financial year ending at the end of  
6 the third quarter and we moved it to a  
7 financial year of a calendar year.  
8 Q. Yes. But you also converted from  
9 one tax treatment to another? No? Or did  
10 you only change --  
11 A. No.  
12 Q. -- the fiscal year?  
13 A. I think we just changed the fiscal  
14 year.  
15 Q. Okay. All right. Prior to 2002,  
16 2003, did you -- did SELA create audited  
17 financials to your knowledge?  
18 A. I don't believe we had them.  
19 Q. Is the reason SELA started creating  
20 audited financials related to the fact that  
21 SELA took on substantial debt because of the  
22 problems you previously described with the  
23 various environmental authorities?  
24 A. I think it was along those lines.  
25 I think we had to start doing audited

Page 120

30 (Pages 117 to 120)

<p>1 financials in order to borrow large amounts 2 of money -- 3 Q. Right. 4 A. -- in order to correct the 5 problems. 6 Q. The lenders required that you -- 7 that as one of the conditions of the 8 loan -- 9 A. Yeah. But -- 10 Q. Let me finish. 11 A. I'm sorry. Sorry. Sorry. 12 Q. Stop. It's not about anything 13 other than Lynn -- 14 A. I understand. 15 Q. -- trying to get it all down. The 16 lenders asked that SELA start preparing 17 audited financials as part of the overall 18 package where SELA borrowed a substantial 19 amount of money to improve operations, 20 address DEQ, and federal and state 21 environmental issues; fair statement? 22 A. Bank One didn't require it. They 23 were suggesting it. Jean Champagne, who at 24 the time was the CFO and general counsel for 25 SELA, came to me and said we need to start</p>	<p>1 Q. Okay. So you dealt directly with 2 Mr. Kushner? 3 A. Correct. 4 Q. I'm going to show you a document 5 I'm going to mark as Riecke Exhibit 10, 6 STP-004196. Do you recognize that document, 7 sir? 8 A. I read it getting ready for the 9 deposition. 10 Q. Okay. You don't have any 11 independent recollection other than having 12 read it? 13 A. No, sir. 14 Q. Do you believe you saw a copy of 15 that document on or about the date it was 16 created? 17 A. I may or may not have. 18 Q. No recollection whatsoever? 19 A. No, sir. 20 Q. Any reason to doubt the content or 21 accuracy of the e-mail? 22 A. No. 23 Q. Thank you. I'm going to show you a 24 document dated May 25, 2006, STP-004014, 25 attached as Riecke Deposition Exhibit 11.</p>
--	---

<p>1 doing this. We're getting to the size. 2 You're going to be trying to borrow the 3 money. You know -- 4 Q. Okay. 5 A. -- we need to do this. 6 Q. Okay. 7 A. So I don't think it was like a 8 mandate from a bank, but in, you know, good 9 practice we needed to start doing that. 10 Q. Fair enough. Who were the outside 11 auditors? 12 A. Kushner LaGraize. 13 Q. I'm sorry? 14 A. Kushner LaGraize. 15 Q. Where are they? 16 A. They're in Metairie. 17 Q. Okay. And were they the outside 18 auditors from that time forward all the way 19 through the date of the sale to the Parish? 20 A. Yes. 21 Q. And was there a particular person 22 assigned to the audit responsibilities? 23 A. I don't remember. They would send 24 in a different team every year, but I dealt 25 with David Kushner.</p>	<p>1 It is a letter to you from Parish President 2 Kevin Davis, and do you recognize that 3 document? 4 A. Yes, sir. 5 Q. Do you believe you received that 6 document on or around May 25, 2006? 7 A. Sure. 8 Q. Okay. I mean, it was a letter from 9 Kevin Davis; right? 10 A. It was a letter, yeah. 11 Q. And you know he was the parish 12 president; right? 13 A. Right. Something I would have 14 read. 15 Q. Yeah. And in the last paragraph I 16 believe, and I'm paraphrasing, he asks you 17 to appoint a particular person as the 18 representative of SELA in discussions with 19 the Parish. Is that a fair 20 characterization? 21 A. Yes, sir. 22 Q. And did you, in fact, appoint such 23 a person? 24 A. Yes, sir. 25 Q. And who was that person?</p>
---	--

31 (Pages 121 to 124)

1 A. Bruce Cucchiara.  
 2 Q. Okay. Okay. When you appointed  
 3 Bruce Cucchiara, you were appointing him to  
 4 represent SELA in negotiations with the  
 5 Parish; correct?  
 6 A. Correct.  
 7 Q. And why did you choose Mr.  
 8 Cucchiara?  
 9 A. Well, because Mr. Cucchiara was  
 10 part of the group that was tasked with the  
 11 item at hand.  
 12 Q. And the group you're referring to  
 13 here is Mr. Cucchiara, Mr. Gilbert, and Mr.  
 14 Dutruch; correct?  
 15 A. Correct.  
 16 Q. Let me show you a document I'm  
 17 going to attach as Riecke Exhibit 12. It is  
 18 a document that has at the front of it  
 19 "Strategy for Meeting with Parish" which is  
 20 two pages and behind that something called  
 21 "Company Perspective April 2005" and any  
 22 number of exhibits to it. Do you recognize  
 23 that document, sir?  
 24 A. Yes, I do.  
 25 Q. And do you recall that that was the

Page 125

1 value appraisal of R. W. Beck was in October  
 2 of 2006?  
 3 A. Woefully low but not a number.  
 4 Q. Okay. I think, if I'm not  
 5 mistaken, you can go near the back in  
 6 another --  
 7 A. I was going to say it's got to be  
 8 in here.  
 9 Q. It's 20.5 million maybe. I don't  
 10 want to misquote.  
 11 A. Okay.  
 12 Q. Do you see there on page -- in  
 13 Section 6, Conclusions, the total fair  
 14 market as of September 1, 2006? Do you see  
 15 that?  
 16 A. I do.  
 17 Q. And what was that total fair market  
 18 value estimated by R. W. Beck at that time?  
 19 A. 20,200,000.  
 20 Q. Okay. And as indicated, you  
 21 thought it was woefully low; correct?  
 22 A. And there were a number -- that I  
 23 remember, there were a number of errors in  
 24 this.  
 25 Q. Absolutely.

Page 127

1 document prepared by the team that was  
 2 assisting Southeastern in its efforts to  
 3 sell the company to the Parish?  
 4 A. Yeah. When I said I recognize it,  
 5 I recognize it getting ready for this, but,  
 6 you know, I probably saw a copy of it back  
 7 then as well.  
 8 Q. And you don't have any reason to  
 9 doubt that this is a document prepared by  
 10 the team of Gilbert, Dutruch, and Cucchiara  
 11 in connection with the effort to sell SELA  
 12 to the Parish; correct?  
 13 A. Yeah. I have no reason to doubt  
 14 that.  
 15 Q. Okay. Thanks. I'm going to show  
 16 you a document I'm going to mark as Riecke  
 17 Exhibit 13. It is an appraisal report of  
 18 Southeastern Louisiana Water & Sewer Company  
 19 dated October 2006. Have you ever seen that  
 20 document, sir?  
 21 A. I probably did during the -- I  
 22 definitely have seen it getting ready for  
 23 this. I probably saw it back during October  
 24 2006.  
 25 Q. Do you recall what the fair market

Page 126

1 A. Yes, sir.  
 2 Q. And, in fact -- Well, let's just  
 3 talk about R. W. Beck. When did you first  
 4 become aware of R. W. Beck as a company?  
 5 A. When the Parish hired them to do  
 6 their appraisal on Southeastern Louisiana  
 7 Water & Sewer.  
 8 Q. So probably initially sometime  
 9 around October 2006; fair?  
 10 A. Probably sooner than that just  
 11 because of the amount of time they came in.  
 12 So maybe sometime during 2006.  
 13 Q. Okay. And the Parish hired them.  
 14 People from R. W. Beck came down and talked  
 15 to people at SELA?  
 16 A. Correct.  
 17 Q. And you were certainly one of those  
 18 people?  
 19 A. Correct.  
 20 Q. Do you recall anyone in particular  
 21 from R. W. Beck with whom you met?  
 22 A. I met with a lady named Nancy once  
 23 and there was a gentleman whose name escapes  
 24 me that I met with. I ran into him more. I  
 25 would see him at the warehouse and those

Page 128



<p>1 kind of things. He was actually kind of  2 more the boots on the ground doing some of  3 the work.  4 Q. Nancy, maybe Nancy Hughes?  5 A. Yeah. That's probably it.  6 Q. And she was higher up and the  7 gentleman you're describing was doing  8 work — the grunt work; fair statement?  9 A. Fair statement.  10 Q. Okay. And how many times do you  11 think you met with Nancy Hughes?  12 A. Once.  13 Q. Just one time?  14 A. Yeah. Once initially.  15 Q. And that was in the context of her  16 formally interviewing you for the purpose of  17 discussing matters related to her appraisal?  18 A. I believe so, yeah.  19 Q. I mean, it was a scheduled meeting;  20 correct?  21 A. Oh, yeah. Yeah. I mean, it had --  22 it had to do with her scope, preparing the  23 appraisal for St. Tammany Parish.  24 Q. Okay. From the time the Parish  25 hired R. W. Beck through the time the Parish</p>	<p>1 to the Parish, you didn't see it?  2 A. I don't know what that means.  3 Q. You know, the report of bills from  4 R. W. Beck to the Parish. You didn't see  5 that?  6 A. I don't think so.  7 Q. Well, sir, I must admit. I'm  8 surprised that there was a document that you  9 did not review in preparation for your  10 deposition. I'm going to show you a  11 document I'm going to attach as Riecke 14.  12 It is called -- Well, it is Bates stamped  13 STP-0003592 and, of course, the second page  14 is not Bates stamped but I will represent to  15 you my belief that this is a vendor report  16 between the Parish and R. W. Beck that shows  17 monthly invoicing by R. W. Beck to the  18 Parish. Have you ever seen that document  19 before?  20 A. No, sir.  21 Q. Do you have any reason to doubt  22 that that is a vendor report showing  23 billings by R. W. Beck to the Parish?  24 A. No.  25 Q. Okay. Do you know of any work that</p>
---	--

Page 129 Page 131

<p>1 actually acquired assets from SELA, R. W.  2 Beck consistently advised the Parish with  3 regard to the transaction; correct?  4 A. I assume so, yeah.  5 Q. Do you have any reason to doubt it?  6 A. No.  7 Q. And there were more than -- There  8 was more than one appraisal report from  9 R. W. Beck to your knowledge; correct?  10 A. To my knowledge, there was probably  11 two or three.  12 Q. Right. And those were all prepared  13 by R. W. Beck at the request of the Parish;  14 correct?  15 A. Correct.  16 Q. And that was all during this  17 process that started in October of 2005 and  18 went on through the date of the closing;  19 correct?  20 A. I guess. Yeah.  21 Q. Yeah. I have a vendor report on  22 it. Did you see the vendor report while you  23 were preparing for the deposition?  24 A. I don't know.  25 Q. The vendor report from R. W. Beck</p>	<p>1 R. W. Beck was doing for the Parish other  2 than valuing assets of SELA?  3 A. No.  4 Q. Thank you.  5 A. Okay.  6 Q. Do you recall that on or about  7 May 23, 2007 you sent a letter to Kevin  8 Davis offering to sell SELA for 54 million?  9 A. Can I see it?  10 Q. No. Because I don't have it right  11 in front of me right now.  12 A. Oh, okay.  13 Q. You can see it if we find it. You  14 don't recall sending it?  15 A. Yeah. I recall sending it, but I'm  16 not sure of the exact date.  17 Q. All right. Do you recall --  18 A. You know, there were different  19 dates and different -- but I sent -- Yeah.  20 I sent a letter to him.  21 Q. In or around May of '07 and  22 offering to sell for 54 million; correct?  23 A. I believe so.  24 Q. Okay. Do you recall receiving the  25 document I'm going to attach as Riecke 15</p>
--	---

Page 130 Page 132

33 (Pages 129 to 132)

1 from Mr. Davis to you October 25, 2007  
 2 rejecting that offer and countering at 39  
 3 million?  
 4 A. Yeah. If I remember correctly,  
 5 Alex, they sent me the offer first. Then I  
 6 countered. Then they sent another one.  
 7 Q. Okay.  
 8 A. So in the train of it, I don't know  
 9 which -- You know what I'm saying? I  
 10 just --  
 11 Q. But you don't have any reason to  
 12 doubt that you -- your offer at 54 million  
 13 was rejected by the Parish and the Parish  
 14 countered at 39 million --  
 15 A. Correct.  
 16 Q. -- In October of '07; correct?  
 17 A. Correct.  
 18 Q. Now, did you think that 39 million  
 19 was a fair price in October of '07?  
 20 A. No, I did not.  
 21 Q. Okay. Now, you ultimately sell in  
 22 January 2010 for 36 million; correct?  
 23 A. Correct.  
 24 Q. Okay. And, in fairness, as you've  
 25 previously indicated, the markets

Page 133

1 had issues. 2004, 2005 we were able to get  
 2 our funding put in place. By 2007 I had a  
 3 good board of directors. I hired -- I  
 4 believe I was one of, if not the -- I was  
 5 one of the only privately-held utility  
 6 companies to have a full-time regulatory  
 7 compliance officer that answered directly to  
 8 the board. The makeup and the composition  
 9 of SELA was better than it had ever been  
 10 personnel-wise.  
 11 We had spent a tremendous amount of  
 12 money on infrastructure during 2004, 2005,  
 13 2006 and into 2007, and we were -- 2006,  
 14 2007 we were reaping the benefits of that.  
 15 You know, we had these huge capital outlay  
 16 projects. In 2006 I think we had about a  
 17 million dollars come in in capacity fees  
 18 which, as I've explained to you, is  
 19 basically recovering the investment you put  
 20 in as far as infrastructure goes.  
 21 2007 we were in line to make about  
 22 two million and we had, as far as we could  
 23 see going out, eight, nine, ten. The real  
 24 estate bubble hadn't burst yet. We had so  
 25 much in the pipeline and we were growing in

Page 135

1 substantially deteriorated beginning in  
 2 2008; correct?  
 3 A. Correct.  
 4 Q. And the fact that you were willing  
 5 to accept a price of 36 million in January  
 6 of 2010 and not accept 39 million in October  
 7 of 2007, that's not because there was a  
 8 downturn in performance or value of SELA in  
 9 your mind. Is that a fair statement?  
 10 A. I'm sorry. Can you restate the  
 11 question?  
 12 Q. Yeah. It was poorly done. The  
 13 reason you thought 39 million was a bad deal  
 14 in 2007 but 36 million was an okay deal in  
 15 January 2010, is the primary reason for that  
 16 difference is in the marketplace and funding  
 17 and the economy in general between those  
 18 times?  
 19 A. Well, there were a lot of different  
 20 reasons why we thought 39 million in October  
 21 of 2007 was not a good number.  
 22 Q. Okay.  
 23 A. One of the main reasons is, you  
 24 know, as I said earlier, as you try and  
 25 recall my time lines, 2002, 2003 the company

Page 134

1 the markets that we were occupying. There  
 2 was to reason to do that. There was no  
 3 reason to, what we saw, give the company  
 4 away. The deal just didn't work at \$39  
 5 million.  
 6 Q. At that time?  
 7 A. At that time.  
 8 Q. Okay. And in January 2010 the deal  
 9 works at 36 million?  
 10 A. Yes.  
 11 Q. Okay. Now, what are the major  
 12 differences?  
 13 A. Well, the major difference, like I  
 14 said, one of the things is had we sold it at  
 15 that date, at that time, we would not have  
 16 recovered any of the capacity fees that we  
 17 had put into the ground. During this  
 18 period, like I said, 2007 was about two  
 19 million. 2008 was somewhere that million  
 20 three, million four, million five. 2009 was  
 21 another million and change. So we were  
 22 starting to recoup all of that money. One  
 23 of the other realities of the situation is  
 24 that in 2007 we didn't have to sell. In  
 25 2009, 2010 I had to sell.

Page 136

<p>1 Q. Okay. Why do you say you had to or 2 didn't have to? 3 A. Well, in 2007, again, like I said, 4 our family is steeped heavily in real estate 5 and we had the utility company and the real 6 estate market was fine. Everything was 7 blowing and going. You know, the utility 8 company was making plenty of money. 9 Everything was fine. 2008, 2009 the bottom 10 falls out of the real estate market, and as 11 a family we're faced with some very hard 12 decisions. I mean, quite honestly, do we 13 take a company that's multi-generational and 14 sell it to save everything else or do we, 15 you know, risk losing everything. It was a 16 very -- It was a very dark decision and it 17 was a very hard decision we as a family sat 18 down and made. 19 Q. And I fully appreciate that and I 20 want to make -- I want you to understand my 21 next question isn't in any manner a 22 denigration of that judgment. What I want 23 to ask you is this. The value of SELA that 24 you reject at \$39 million in 2007 and you 25 accept at \$36 million in 2010 is largely the</p>	<p>1 family's long on real estate. For the same 2 general reasons, it's hard to borrow money 3 and even the bond markets are affected. 4 Those are all external financial situations 5 that led you, the board of directors, your 6 family to conclude let's take 36 million in 7 2010 and we wouldn't have wanted it at 39 8 million in 2007? Those are the factors that 9 changed over that time? 10 A. Well, yes. Those are the factors. 11 Also, too remember in 2007 we're talking 12 about a stock sale. In 2009 we're talking 13 about an asset sale. So we were able to 14 recoup selling assets to other people and 15 retaining some of those assets, more money 16 to the bottom line as well. 17 Q. You say that. Is there anything in 18 the letter in front of you which is Riecke 19 Exhibit 15 that says anything about a stock 20 sale? 21 A. Again, it says the acquisition of 22 Southeastern Louisiana Water &amp; Sewer Company 23 so -- 24 Q. May I see that? 25 A. Line two.</p>
---	---

Page 137 Page 139

<p>1 result of, well, you've enjoyed some profits 2 in between and in between the overall 3 economy and the real estate market have 4 tanked; fair enough? 5 A. Yeah. 6 Q. Okay. 7 A. For -- 8 Q. And your company -- I mean, excuse 9 me, and your family was long on real estate 10 and the cash was welcome? 11 A. Yes. And the other -- the other 12 factor in that too is you got to look at the 13 bond market. I mean, something's only worth 14 what it can cash flow for. 15 Q. Right. 16 A. You know, in 2007 I think bond 17 coverages were 1.1, 1.2. When we ended up 18 selling it, the bond coverage required was 19 1.5. 20 Q. So we -- 21 A. I mean -- 22 Q. -- can say you between those dates 23 of 2007 and 2010 recouped some investment. 24 Real estate values have dropped 25 significantly and substantially. Your</p>	<p>1 Q. Okay. And then I'm going to show 2 you, sir, the May 17, 2007 document, 3 Deposition Riecke 16, and this obviously 4 predates that. 5 A. Yes. 6 Q. And this is the actual, as I 7 appreciate it -- the document whereby he 8 first -- excuse me -- whereby the Parish 9 first offers you \$39 million. Recognize 10 that document? 11 A. Yeah. 12 Q. Okay. Now, he doesn't refer to the 13 acquisition of the company, does he? 14 A. He refers to it as the water and 15 sewer systems. 16 Q. Right. So he's not talking about 17 acquiring the company. He's talking about 18 acquiring the systems that the company owns; 19 correct? 20 A. But there was an understanding 21 between us that they were going to buy the 22 stock -- 23 Q. Okay. 24 A. -- from the beginning. 25 Q. I will try the question one more</p>
---	---

Page 138 Page 140

35 (Pages 137 to 140)

1 time. I'm going to ask you that you answer  
 2 the question. He does not refer in the  
 3 first sentence to buying the stock. He  
 4 refers in the first sentence to buying the  
 5 systems owned by the company; correct?  
 6 A. Correct.  
 7 Q. Thank you, sir.  
 8 THE VIDEOGRAPHER:  
 9 Change the tape, Alex.  
 10 MR. PERAGINE:  
 11 Okay. Off the record.  
 12 THE VIDEOGRAPHER:  
 13 We're off the record. It's the end  
 14 of tape one.  
 15 (Whereupon a brief recess was  
 16 taken.)  
 17 MR. PERAGINE:  
 18 Back on the record.  
 19 THE VIDEOGRAPHER:  
 20 Just one moment. We're back on  
 21 record.  
 22 MR. GOUX:  
 23 Do you want me to make that?  
 24 MR. PERAGINE:  
 25 Yeah. Go ahead, Jeremy.

Page 141

1 Could I see Riecke 16, please?  
 2 EXAMINATION BY MR. PERAGINE:  
 3 Q. Mr. Riecke, Riecke 16 is the  
 4 May 17, 2000 [sic] letter from Mr. Davis,  
 5 parish president, to you on behalf of SELA;  
 6 correct?  
 7 A. Yes, sir.  
 8 Q. That's the \$39 million offer for  
 9 the systems of SELA; correct?  
 10 A. Yes, sir.  
 11 Q. Okay. And on May 23, 2007 you  
 12 reply to Mr. Davis by sending a letter that  
 13 I've marked as Deposition Exhibit 17. Is  
 14 that, in fact, a letter you sent in reply?  
 15 A. Yes, sir.  
 16 Q. Okay. And in that letter you state  
 17 that you cannot accept the \$39 million  
 18 tender but you counter at 54 million;  
 19 correct?  
 20 A. Yes, sir.  
 21 Q. Correct. Your letter doesn't make  
 22 any mention of countering with regard to the  
 23 issue of systems versus stock, does your  
 24 letter?  
 25 A. No, sir.

Page 143

1 MR. GOUX:  
 2 Jeremy Goux on behalf of  
 3 Southeastern Water and Jared Riecke. In  
 4 discussion with opposing counsel, there's  
 5 been a description of other documents which  
 6 isn't -- which are in the possession of  
 7 counsel. Specifically responsible for  
 8 carrying through an agreement with the  
 9 Parish, those documents have not been  
 10 provided to either myself or opposing  
 11 counsel, and it's our understanding that  
 12 over the next week we will get with Jones  
 13 Fussell, who is the steward of those  
 14 documents, and pull those documents which  
 15 are discoverable to both parties and  
 16 exchange them.  
 17 MR. PERAGINE:  
 18 And after that we'll reconvene this  
 19 deposition, and you're fine if I don't try  
 20 and do everything today and we can do  
 21 everything in one day when we reconvene?  
 22 MR. GOUX:  
 23 Absolutely.  
 24 MR. PERAGINE:  
 25 Okay. Fine.

Page 142

1 Q. Thank you. I'm going to show you a  
 2 document I'm going to mark as Riecke 18. It  
 3 is an unsigned draft letter that I do not  
 4 believe was ever sent dated May 4, 2007 from  
 5 the Parish to you and it is an offer to  
 6 purchase at 42 million. I don't know if you  
 7 ever saw this letter. Maybe you saw it in  
 8 your deposition preparation. Do you  
 9 recognize it?  
 10 A. I don't think I saw it during the  
 11 deposition preparation -- during deposition  
 12 prep either, but no, I've never seen this  
 13 one.  
 14 Q. And you were not aware that Mr.  
 15 Davis had prepared an offer at 42 million  
 16 shortly before what? Ten days before the  
 17 letter he actually -- ten days before the  
 18 letter he actually sent?  
 19 A. No.  
 20 Q. Didn't know about that; correct?  
 21 A. No, sir.  
 22 Q. Thank you. I'm going to show you a  
 23 document I'm going to mark as Riecke 19  
 24 dated October 29, '07. It's an e-mail from  
 25 you to Mr. Dutruch, Mr. Cucchiara, and Mr.

Page 144

Kenneth E. Dabuch v. Southeastern Louisiana Water & Sewer Co., L.L.C., et al

Videotaped Deposition of Jared J. Riecke

<p>1 Gilbert. Do you recognize that document, 2 sir? 3 A. Yes, sir. 4 Q. All right. Do you have any reason 5 to doubt that you did, in fact, send that 6 e-mail on or about October 29, 2007? 7 A. No, sir. 8 Q. Okay. And that's your work; 9 correct? 10 A. Yes, sir. 11 Q. Okay. And you expressed to the 12 group no qualms about the work being 13 performed by the group; correct? 14 A. Correct. 15 Q. In fact, you say you're happy and 16 satisfied with their work; fair statement? 17 A. Fair statement. 18 Q. Okay. Thank you. I'm going to 19 show you a document I'm going to mark as 20 Riecke 20, November 5, 2007, a letter from 21 you to Parish President Kevin Davis. This 22 is yet another letter from you rejecting the 23 offer of 39 million; correct? 24 A. Yes, sir. 25 Q. Okay. Was there any other reason</p>	<p>1 No, I'm not. 2 MR. GOUX: 3 Okay. 4 MR. PERAGINE: 5 I'm not going to use the document I 6 was about -- 7 MR. GOUX: 8 Okay. 9 MR. PERAGINE: 10 -- to attach as 21. 11 EXAMINATION BY MR. PERAGINE: 12 Q. I'm going to go back in time a 13 little bit, attach as Exhibit 21 an e-mail 14 from Mr. Cucchiara to Mr. Gordon and ask 15 you -- It's dated November 17, 2006. Do you 16 recognize that document? 17 A. I do. 18 Q. Okay. And is that a document you 19 recognize because of deposition preparation 20 or independently? 21 A. Deposition preparation. 22 Q. In reviewing that document, it 23 appears to me that this is work designed to 24 convince the Parish that the R. W. Beck 25 appraisal at 20.2 million is low. Do you</p>
--	---

Page 145

<p>1 for that letter other than to reject the \$39 2 million offer? 3 A. Yeah. It basically said enough was 4 enough. That we're going to reject the 5 offer and that we're just going to continue 6 to operate and run the company and continue 7 to try and grow in customer size and 8 territory size. 9 Q. Kind of a walk-away letter; fair 10 characterization? 11 A. Yeah. 12 Q. Okay. Fair enough. I'll show you 13 a document I'm going to attach as Riecke 21, 14 appraisal report by Beck, again, dated 15 October -- Scratch that. 16 MR. PERAGINE: 17 I'm going to need a new 21, please. 18 MR. GOUX: 19 That's not going to be 21? 20 MR. PERAGINE: 21 What's my next number? 22 MR. GOUX: 23 No. I'm just asking. You're not 24 using that? 25 MR. PERAGINE:</p>	<p>1 agree with that? 2 A. Let me read it. 3 Q. Please. Take your time. 4 A. (Witness reviews document.) It's 5 contradicting one of their reports. I don't 6 know what the date of that report would be, 7 but it's contradicting one of their reports 8 in item number one. 9 Q. Okay. I notice a cc on the letter, 10 jay069@bellsouth.net. Do you know who that 11 is? 12 A. Yeah. That's me. 13 Q. Okay. Would you go back two 14 deposition exhibits and look at Deposition 15 Exhibit 19? 16 A. Okay. 17 Q. You also have an e-mail account 18 shown on Deposition Exhibit 19 -- 19 A. Yeah. 20 Q. -- at Riecke -- 21 A. And associates.com. 22 Q. -- and associates.com? 23 A. Yeah. 24 Q. Is that an e-mail address you 25 maintain today?</p>
---	---

Page 146

37 (Pages 145 to 148)

1 A. Yes, it is.  
 2 Q. Okay. And where is that e-mail  
 3 address? What computer does that -- do  
 4 these e-mails go?  
 5 A. It goes to my computer.  
 6 Q. Okay. And you still have that  
 7 computer?  
 8 A. Yes.  
 9 Q. And have you searched that computer  
 10 for any and all e-mails potentially  
 11 responsive to document requests in this  
 12 litigation?  
 13 A. Yes. Everything that I had as it  
 14 related I sent to Jeremy.  
 15 Q. Including from a Riecke and  
 16 Associates e-mail address? That's not a --  
 17 A. Yeah. What I would do on my  
 18 computer is I had files on the side and it  
 19 doesn't matter what it came into. At one  
 20 time I had Jay069 which is personal e-mail,  
 21 Riecke and Associates which is for the  
 22 Development & Construction, and then I had a  
 23 jay@selawater.com. It didn't matter what it  
 24 came to. I put it in the file. I  
 25 highlighted the file and I sent it to

Page 149

1 me about this.  
 2 Q. Okay. I want to caution you. I  
 3 don't want you --  
 4 A. Okay.  
 5 Q. -- to say anything to me about what  
 6 Mr. Goux may have told you at deposition  
 7 preparation. That's none of my business.  
 8 A. Okay.  
 9 Q. Okay.  
 10 A. I was just trying to answer --  
 11 Q. Okay.  
 12 A. -- your question.  
 13 MR. PERAGINE:  
 14 And I'm going to ask that the last  
 15 response be stricken from the record.  
 16 MR. GOUX:  
 17 Thank you.  
 18 EXAMINATION BY MR. PERAGINE:  
 19 Q. Okay. You can put that away,  
 20 please. What kind of stomach surgery did  
 21 you have?  
 22 A. I had a bleeding ulcer that would  
 23 not stop so they had to cauterize it. It  
 24 was very unenjoyable stomach surgery.  
 25 Q. This is no such thing as enjoyable

Page 151

1 Jeremy.  
 2 Q. Fair enough. I just wanted to make  
 3 sure we were getting the entire universe of  
 4 documents.  
 5 A. Yeah.  
 6 Q. Give all that back to Lynn, please.  
 7 A. Okay.  
 8 Q. Let me see Deposition Exhibit 21  
 9 please, and 20. I'm going to show you a  
 10 document I'm going to attach as Exhibit 22.  
 11 It is from Nancy Hughes at R. W. Beck to Mr.  
 12 Gordon, Updated Analysis, dated December 17,  
 13 '07. Do you recognize that document?  
 14 A. Not really. I might have seen it  
 15 in deposition prep.  
 16 Q. Did you have an understanding that  
 17 even after you sent what we characterized as  
 18 the walk-away exhibit -- the walk-away  
 19 letter, Deposition Exhibit 20, where you say  
 20 November 5, '07 to the Parish we're going to  
 21 go our own way, the Parish nevertheless  
 22 appears to have continued to work on the  
 23 possibility of a deal?  
 24 A. I was made aware of that during  
 25 deposition prep when Jeremy, Mr. Goux, told

Page 150

1 stomach surgery in my experience.  
 2 Well, let's get to Deposition  
 3 Exhibit 23. We've been waiting a while to  
 4 get to it so it's the January 31, 2007  
 5 document. I'm going to characterize this as  
 6 an amendment to the contract dated  
 7 November 15, 2004 between SELA and Messrs.  
 8 Cucchiara, Dutruch, and Gilbert. Do you  
 9 recognize that document?  
 10 A. Yes, sir.  
 11 Q. And is that your signature on the  
 12 third page?  
 13 A. Yes, sir.  
 14 Q. And do you have any doubt that  
 15 that's an amendment to the contract entered  
 16 November 15, 2004 between SELA and Messrs.  
 17 Cucchiara, Gilbert, and Dutruch?  
 18 A. I have no --  
 19 MR. GOUX:  
 20 I'm going to lodge an objection,  
 21 just semantics, the termination of amendment  
 22 versus supplement as far as the legal  
 23 terminology of that distinction. I don't  
 24 know if he knows that distinction so --  
 25 MR. PERAGINE:

Page 152

1 Okay. Now I forgot the question.  
 2 MR. GOUX:  
 3 Do you want me to rephrase it for  
 4 you?  
 5 MR. PERAGINE:  
 6 I think I can handle it.  
 7 MR. GOUX:  
 8 All right.  
 9 EXAMINATION BY MR. PERAGINE:  
 10 Q. Mr. Riecke, do you have any doubt  
 11 that this is an amendment to the  
 12 November 15, 2004 agreement previously  
 13 attached to this deposition as Deposition  
 14 Exhibit 3?  
 15 A. I have no reason to doubt that.  
 16 Q. Okay. Do you believe that this is  
 17 an enforceable and valid contract between  
 18 SELA and Messrs. Dutruich, Gilbert, and  
 19 Cucchiara?  
 20 A. Yes, I do.  
 21 Q. Okay. Thank you. And why did you  
 22 enter into this amendment on behalf of SELA?  
 23 A. Well, when we did the first  
 24 agreement, it was -- I don't think it was  
 25 contemplated the deal would be as difficult

Page 153

1 with as many moving parts as ended up coming  
 2 throughout the 2005, 2006 time frame. There  
 3 were a lot of issues that -- you know, the  
 4 issue of -- and I know you've read in there  
 5 the stuff about the real estate. Property  
 6 that was owned by my family they wanted  
 7 thrown in the deal for free. At some stage  
 8 we had talked about making donations of real  
 9 estate that was underneath facilities for  
 10 tax reasons. There were a lot of other  
 11 moving parts to this. That was one of the  
 12 issues.  
 13 The second issue was at this time  
 14 during this window when I was being asked to  
 15 consider a purchase price of far less than  
 16 what we had anticipated and what we were  
 17 going to walk away from -- walk away from  
 18 the sale with, it didn't seem to me that  
 19 the -- that, you know -- Originally we had  
 20 talked about a certain number and the group  
 21 was going to get paid a certain number. Now  
 22 I was being asked to take less. I thought  
 23 it only fair that they take less.  
 24 Q. Fair enough. And just so that  
 25 we're completely comfortable, originally you

Page 154

1 said we were thinking about a certain number  
 2 and the group was going to take a certain  
 3 number. What I interpret you to be saying  
 4 is that originally you were thinking about a  
 5 higher sale price and the group taking a  
 6 percentage of the sale price originally;  
 7 correct?  
 8 A. That's a fair statement. That's a  
 9 fair way of rephrasing what I said.  
 10 Q. And then when you entered into this  
 11 amendment, because you were realizing you  
 12 might get a lower number, you wanted to put  
 13 a firm numerical cap on the quantum of a  
 14 fee; is that a fair statement?  
 15 A. Fair statement.  
 16 Q. And the numerical cap you picked, I  
 17 believe, was 1.4 million; correct?  
 18 A. Well, there's -- it's a chart.  
 19 Q. Yeah. But the highest --  
 20 A. So zero --  
 21 Q. -- you could --  
 22 A. No.  
 23 Q. No?  
 24 A. No.  
 25 Q. How does it work? Tell us how it

Page 155

1 would work.  
 2 A. Look. The chart says zero through  
 3 48 million, a flat rate finder's fee of 1.4.  
 4 Q. Okay.  
 5 A. 48 million and a dollar --  
 6 Q. I see.  
 7 A. -- to 53, 1.6.  
 8 Q. Okay.  
 9 A. 53 to 57, it was a four percent.  
 10 57 and greater, five percent.  
 11 Q. Okay. So the original deal, which  
 12 was five percent of the purchase price, is  
 13 changed and it's only five percent over 57  
 14 million; correct?  
 15 A. Correct.  
 16 Q. And lower numbers according to the  
 17 box on the second page of Deposition Exhibit  
 18 No. 23 as you just described; correct?  
 19 A. Correct.  
 20 Q. Okay. And between zero and 48  
 21 million, the flat rate finder's fee is  
 22 1.4 million; correct?  
 23 A. Correct.  
 24 Q. Okay. Now, during this time,  
 25 certainly the Parish was one contemplated

Page 156

39 (Pages 153 to 156)

1 purchaser of SELA; correct?  
 2 A. Yes.  
 3 Q. Okay. And whatever deal might be  
 4 constructed with the Parish, you were not  
 5 suggesting by this that the Parish -- a sale  
 6 to the Parish would be excluded from this  
 7 contract, were you?  
 8 A. No.  
 9 Q. Okay.  
 10 A. I wasn't excluding any purchaser --  
 11 Q. Right.  
 12 A. -- from this contract.  
 13 Q. And including the Parish?  
 14 A. Correct.  
 15 Q. Though excluding perhaps that one  
 16 company that was excluded originally,  
 17 American Water Systems?  
 18 A. Yeah.  
 19 Q. But by this time they were not even  
 20 in consideration?  
 21 A. Yeah.  
 22 Q. Okay.  
 23 A. That had fallen apart.  
 24 Q. Okay. All right. How did you  
 25 learn that the Parish was only going to

Page 157

1 A. Mostly it was between Paul Mayronne  
 2 and her, but I -- there were a couple of  
 3 meetings at the Parish that, you know,  
 4 everybody from the Parish, everybody from  
 5 our side would sit in.  
 6 Q. Okay.  
 7 A. And I met her a couple of times  
 8 there.  
 9 Q. Did the economic terms in your mind  
 10 change because you were selling assets and  
 11 not selling stock?  
 12 A. The economic terms?  
 13 Q. The price that the Parish was  
 14 willing to pay, did the price change because  
 15 you were receiving these -- the price in  
 16 exchange for assets rather than stock?  
 17 A. From whose perspective? From our  
 18 perspective --  
 19 Q. Yeah.  
 20 A. -- or the Parish's perspective?  
 21 Q. From your perspective.  
 22 A. Yeah.  
 23 Q. Did the price being paid by the  
 24 Parish change because they were purchasing  
 25 assets rather than buying stock?

Page 159

1 proceed with an acquisition under the terms  
 2 of an asset purchase rather than a stock  
 3 purchase?  
 4 A. After meetings Paul Mayronne had  
 5 with Susan Talley at Stone, Pigman in -- To  
 6 the best of my recollection, it would have  
 7 been the second quarter of '09, second,  
 8 third -- Well, I don't know. Maybe  
 9 somewhere around -- between March, June,  
 10 July, somewhere up in that window.  
 11 Q. Of 2009?  
 12 A. Yes, sir.  
 13 Q. Okay. Just to be fair with you, I  
 14 practiced law with Susan Talley for many  
 15 years and hold her in high esteem as a  
 16 lawyer.  
 17 A. She was fine to deal with.  
 18 Q. By the time she's involved in the  
 19 deal, the economic terms are set; correct?  
 20 A. I don't remember.  
 21 Q. Okay. Were you in meetings with  
 22 Susan Talley?  
 23 A. Oh, yeah. I sat in a couple of  
 24 meetings with her.  
 25 Q. Okay.

Page 159

1 A. Well, I think I told you why the  
 2 price changed. I mean, there was numerous  
 3 reasons why.  
 4 Q. Yes. Well, was one of the reasons  
 5 that the Parish changed its price the fact  
 6 that it was purchasing assets rather than  
 7 stock?  
 8 A. Yes.  
 9 Q. Okay. You think that the Parish  
 10 changed its price because it wasn't buying  
 11 stock?  
 12 A. Now I'm utterly confused.  
 13 Q. Okay.  
 14 A. I asked you --  
 15 Q. All right. Let me rephrase.  
 16 A. -- from my perspective or the  
 17 Parish's perspective.  
 18 Q. And I want to -- All right. We'll  
 19 do it both ways and we'll take it slow.  
 20 A. Okay.  
 21 Q. From your perspective the Parish  
 22 went from 39 million in '07 to 36 million in  
 23 late '09, early '10; correct?  
 24 A. Correct.  
 25 Q. Okay. And we all know markets

Page 160



<p>1 tanked, lending got hard, lots of different  2 changes and, of course, as you expressed,  3 your family was long on real estate, plus  4 you had recouped some investment over the  5 years; fair?  6 A. Fair.  7 Q. Okay. From the Parish's  8 perspective, the price dropped. What was  9 your understanding of why the Parish dropped  10 the price?  11 A. My understanding of why the Parish  12 dropped the price was market conditions.  13 Q. Right. In other words, an  14 appraisal by R. W. Beck or whoever in '07  15 wasn't going to give as high a value in late  16 '09, early '10 as you got close to a  17 closing; correct?  18 A. It really wasn't so much R. W. Beck  19 in my mind. It was more along the lines of  20 Grant Schlueter, the people at Merrill  21 Lynch, the financial guys. There were some  22 fundamental disagreements from day one to  23 day zero that we had with R. W. Beck, one of  24 which they did not want to put a value in  25 for contributed assets. They didn't want to</p>	<p>1 ratio to a 1.5. I mean, that was --  2 Q. Gone up?  3 A. -- tremendous. Gone up, yeah.  4 That was tremendous. There was --  5 Q. Sure.  6 A. -- one company in the United States  7 at that time writing bond insurance versus  8 ten, you know, years prior. So from my  9 perspective, my belief, the reason why their  10 number was coming down was based solely on  11 cash flow and their level of comfort for  12 what the future was going to bring.  13 Q. Fair enough. You did understand,  14 of course, that before the Parish could  15 close on the deal, they would need an  16 appraisal upon which they could hang their  17 hat --  18 A. Sure. Sorry. Sorry. I'm sorry.  19 Sorry.  20 Q. You did understand that in addition  21 to all these other factors, the Parish would  22 need an appraisal on which it could say in  23 good faith we've appraised these assets as  24 of the time of closing and we've received an  25 appraisal that assures the Parish that it's</p>
---	--

<p>1 give us credit for excess capacity fees.  2 So at some stage in my mind, and I  3 can't solidify when that date was, I kind of  4 considered R. W. Beck a non-entity in this  5 deal and looked at it from the standpoint  6 that why were they giving us this number.  7 Well, let's look at the cash flow reasons.  8 Let's look at their projections. Let's look  9 at their pro formas based on that. I mean,  10 yes, in my mind there was a fundamental  11 change in the reality of the situation that  12 the cash flow numbers and the potential cash  13 flow was coming down, but I never agreed  14 with R. W. Beck's -- I mean, you could have  15 a PEC report and you could have an R. W.  16 Beck report. One was half of what the other  17 one was for the identical thing.  18 Q. Sure.  19 A. And it just made no sense to me.  20 So late nine, '10, that area, one of the  21 ways we were looking -- one of the ways I  22 was looking at it was what does the cash  23 flow and future cash flow support. Like I  24 said, I think, earlier, they had dropped  25 from a 1.1 to one -- or 1.2 service coverage</p>	<p>1 getting good value for its money? You  2 understand that; right?  3 A. I did understand that, yes.  4 Q. Okay. And R. W. Beck, in fact, was  5 the company that gave that appraisal;  6 correct?  7 A. For the Parish. Correct.  8 Q. Yes. And R. W. Beck was involved  9 from what? I believe as early as '05 all  10 the way through the closing in March of  11 2010; correct?  12 A. I didn't engage them but whenever  13 they were, they were. You showed me  14 documents so --  15 Q. Well, you knew that they provided  16 the appraisal for the closing; right?  17 A. Correct.  18 Q. And you knew they provided  19 appraisals throughout the process; correct?  20 A. Again, I remember seeing two, maybe  21 three different drafts.  22 Q. And you met with Nancy Hughes;  23 correct?  24 A. Sometime in, yeah, 2006 I think.  25 Q. And you knew that Mr. Gordon and</p>
---	--

41 (Pages 161 to 164)

Kenneth E. Dutruich v. Southeastern Louisiana Water & Sewer Co., L.L.C., et al

Videotaped Deposition of Jared J. Riecke

1 Mr. Cucchiara and Mr. Dutruich were dealing  
 2 with R. W. Beck during the -- relatively  
 3 during the time period from '05 to 2010;  
 4 correct?  
 5 A. Well, I knew early on, 2006 into  
 6 seven, they were dealing with Nancy, but  
 7 then after 2000 -- after the deal -- after  
 8 we sent the letter saying no thank you to  
 9 the Parish in 2007, I, SELA, understand that  
 10 no one else at SELA had any contact with Mr.  
 11 Dutruich until I got the e-mail from him.  
 12 Q. That's a fascinating statement but  
 13 I'm going to ask you to consider my  
 14 question. Okay? My question wasn't about  
 15 communications with Mr. Dutruich. My  
 16 question was about communications with R. W.  
 17 Beck.  
 18 A. Okay.  
 19 Q. Okay? Now, my question was this.  
 20 Even -- and I'm going to rephrase it. I'll  
 21 be fair to you. I'm going to rephrase the  
 22 question. Let's take it from the time where  
 23 you say you kind of walk away from the  
 24 Parish's deal, I believe, late November '07;  
 25 correct?

Page 165

1 MR. PERAGINE:  
 2 Sure. Off the record.  
 3 THE VIDEOGRAPHER:  
 4 Hold up. We're off the record.  
 5 (Whereupon a discussion was held  
 6 off the record.)  
 7 MR. PERAGINE:  
 8 Back on the record.  
 9 THE VIDEOGRAPHER:  
 10 Back on record.  
 11 EXAMINATION BY MR. PERAGINE:  
 12 Q. You were aware that R. W. Beck was  
 13 involved at the closing of the deal in 2010;  
 14 correct?  
 15 A. I became aware of that during my  
 16 deposition prep.  
 17 Q. You were not aware of it in the  
 18 period leading up to the closing?  
 19 A. No. I was not aware of it. There  
 20 was a period of time in 2000 -- November  
 21 2007 into 2008 where the deal was dead. I  
 22 did not know until getting ready for this  
 23 deposition reviewing the documents that are  
 24 all over this table that they had continued  
 25 work on it.

Page 167

1 A. Early November '07.  
 2 Q. Early November '07. Even after  
 3 that date R. W. Beck is working for the  
 4 Parish. Are you aware of that fact?  
 5 A. I'm aware of it now and I'm going  
 6 to say it and you're going to strike it but  
 7 I'm only aware of it because in getting  
 8 ready for this --  
 9 MR. GOUX:  
 10 No, no.  
 11 THE WITNESS:  
 12 -- Mr. Goux --  
 13 MR. PERAGINE:  
 14 No, no, no.  
 15 MR. GOUX:  
 16 No, no.  
 17 MR. PERAGINE:  
 18 Time out.  
 19 MR. GOUX:  
 20 Don't even say it.  
 21 MR. PERAGINE:  
 22 Don't even say it.  
 23 MR. GOUX:  
 24 Let's go off the record for one  
 25 second.

Page 166

1 Q. Okay. Fair enough. I'm going to  
 2 just be a couple more minutes. I want to  
 3 make sure we all leave with plenty of good  
 4 things to think about.  
 5 Riecke 24, Greg Gordon to Kevin  
 6 Davis, Bill Oiler, Kim Salter, Kelly  
 7 Rabalais, G. Schlueter at Foley Judell. No  
 8 reason to think you've ever seen this  
 9 document before, have you?  
 10 A. No, sir.  
 11 Q. Okay. And do you know all those  
 12 people?  
 13 A. Yes, sir, I do.  
 14 Q. And how do you know the attorney at  
 15 Foley Judell?  
 16 A. Well, I had met Grant Schlueter a  
 17 long time ago through Jean Champagne. They  
 18 were at -- I think they were at Deloitte  
 19 together, all of them, and then I guess in  
 20 the tempo of this e-mail I had met him  
 21 through meetings in working with -- He was  
 22 the bond counsel for the Parish to try and  
 23 put together the bonds to purchase SELA.  
 24 Q. And Ms. Salter, she was an  
 25 administrative officer at the Parish?

Page 168

42 (Pages 165 to 168)

1 A. I think she's the assistant COO.  
 2 Q. Okay.  
 3 A. Bill Oiler's the COO. She's the  
 4 assistant COO.  
 5 Q. Okay. Fair enough.  
 6 A. And we all know who Mr. Davis is.  
 7 Q. And Paul Mayronne was your  
 8 attorney?  
 9 A. Yes, sir.  
 10 Q. Okay. Now, in November '07 you say  
 11 the deal's dead; correct?  
 12 A. Yes, sir.  
 13 Q. Okay. Paul Mayronne sends an  
 14 e-mail in March of '08 to Greg Gordon, Kelly  
 15 Rabalais, and you regarding a proposed  
 16 letter of intent. Do you recall that?  
 17 A. I do.  
 18 Q. Okay. So this proposed letter of  
 19 intent that Mr. Mayronne sends for everybody  
 20 to review, it's seven pages long, single  
 21 spaced, and I'm going to mark it as  
 22 Riecke 25. Do you recognize the document,  
 23 the e-mail and the attachment?  
 24 A. I do.  
 25 Q. So sometime between early November  
 Page 169

1 with CoBank, reestablishing lines of credit.  
 2 I think we had reached out to Kelly McHugh  
 3 over at NEES/Greenleaves Utilities about  
 4 purchasing him. We were moving in a  
 5 direction to grow. We obviously weren't big  
 6 enough for the type of companies that were  
 7 in the water and wastewater business to come  
 8 buy us and at that stage the deal with the  
 9 Parish was dead. There was no reason to  
 10 sell it to them for 39 million under that  
 11 scenario.  
 12 Sometime in February -- I don't  
 13 remember exactly when but it was sometime in  
 14 February -- Bruce Cucchiara walked back in  
 15 my office and said, Look. I ran into Greg  
 16 Gordon at PAC which -- Pelican Athletic. He  
 17 said the Parish may be interested in talking  
 18 again. And I said, Look. Until we get  
 19 something real and definitive, something  
 20 that we really know what we're doing, you  
 21 know, we're going to continue with the focus  
 22 that we're doing; run the company, grow the  
 23 company. If you want to go run down that  
 24 path, go run down the path. You know,  
 25 that's fine. I'll go to a meeting or two,  
 Page 171

1 '07 when the deal was, quote, dead and  
 2 March 5, '08, you instruct Mr. Mayronne to  
 3 prepare a letter of intent; correct?  
 4 A. Correct.  
 5 Q. And that's for this very sale to  
 6 the Parish; correct?  
 7 A. Well, it's for a potential sale to  
 8 the Parish.  
 9 Q. Right. For everybody considered?  
 10 A. Sure.  
 11 Q. So when did you change your mind?  
 12 A. I didn't change my mind. In 2007  
 13 when I dropped the -- I forgot how you  
 14 phrased the letter.  
 15 Q. I thought we called it -- and I  
 16 wasn't trying --  
 17 A. Whatever. However it is, yeah.  
 18 Q. I thought --  
 19 A. Drop-away --  
 20 Q. Walk-away letter?  
 21 A. -- walk-away, however you want to  
 22 phrase it --  
 23 Q. Okay.  
 24 A. -- letter. After that we  
 25 refocused. We were going to move forward  
 Page 170

1 but until we have something physical,  
 2 actual, that LOI, the reason why that LOI  
 3 was drafted, we really can't consider that  
 4 this is -- I mean, they played with us for  
 5 three years. So that's how that document  
 6 got drafted.  
 7 Q. But you did instruct Mr. Cucchiara  
 8 to continue to keep the channels of  
 9 communication open and continue the  
 10 possibility of exploring a deal with the  
 11 Parish?  
 12 A. I said if he wanted to run down  
 13 that path, run down it.  
 14 Q. And apparently he did; correct?  
 15 A. Sure. Yeah.  
 16 Q. I mean, obviously Mr. Mayronne  
 17 didn't do this for free; correct?  
 18 A. No. Absolutely not.  
 19 Q. Okay.  
 20 A. So --  
 21 MR. PERAGINE:  
 22 All right. Well, I think we can  
 23 end that there for today.  
 24 MR. GOUX:  
 25 Okay. Fair enough.  
 Page 172

43 (Pages 169 to 172)

1	MR. PERAGINE:	1	
2	Unless you have something you want	2	
3	to put on the record or anything.	3	<b>REPORTER'S CERTIFICATE</b>
4	MR. GOUX:	4	
5	No. I'll reserve it till later.	5	I, LYNN DeROCHE SIMMONS, Certified
6	MR. PERAGINE:	6	Court Reporter, do hereby certify that the
7	Sure.	7	above-named witness, after having been first
8	THE VIDEOGRAPHER:	8	duly sworn by me to testify to the truth,
9	We're off the record.	9	did testify as hereinabove set forth;
10	(Whereupon the deposition was	10	That the testimony was reported by me
11	adjourned.)	11	in shorthand and transcribed under my
12		12	personal direction and supervision, and is a
13		13	true and correct transcript, to the best of
14		14	my ability and understanding;
15		15	That I am not of counsel, not related
16		16	to counsel or parties hereto, and not in any
17		17	way interested in the outcome of this
18		18	matter.
19		19	
20		20	
21		21	
22		22	
23		23	<b>LYNN DeROCHE SIMMONS</b>
24		24	Certified Court Reporter
25		25	

1	
2	
3	
4	<b>WITNESS' CERTIFICATE</b>
5	
6	I have read or have had the foregoing
7	testimony read to me and hereby certify that
8	it is a true and correct transcription of my
9	testimony with the exception of any attached
10	corrections or changes.
11	
12	
13	
14	
15	<b>JARED J. RIECKE</b>
16	
17	<b>PLEASE INDICATE</b>
18	<b>( ) NO CORRECTIONS</b>
19	<b>( ) CORRECTIONS; ERRATA SHEET(S) ENCLOSED</b>
20	
21	
22	
23	
24	
25	

<p>2009 CONTINGENT FEE ORDER          JUDGE OF THE DISTRICT COURT          STATE OF LOUISIANA</p> <p>DEPOSITION OF JARED I. RIECKE          NO. 0010 11212          DEPOSEE          J. I. RIECKE          COUSSEMENT, LOUISIANA          RYAN &amp; BERRY, L.L.C.          1001 N. BAYOU BLVD          * * * * *</p> <p>EXHIBIT II</p> <p>Continuation of the videotaped deposition of JARED I. RIECKE, 11 Magellan Boulevard Drive, Covington, Louisiana 70038, taken in the office of Wayne, Deak &amp; LeBlond, 410 North Jefferson Street, Covington, Louisiana 70038, on Tuesday, the 22nd day of March, 2010.</p> <p>ATTORNEYS:          PERKINS &amp; LORAIN, L.L.C.          1801 River St., Bogalusa, Louisiana          KRISTIN LOZLEY, Esquire          521 N. Boston Street          Bogalusa, Louisiana 70003          Attorneys for the Plaintiff          WONG, GONZ &amp; LEBLANC          1801 James E. Roux, Esquire          Jared I. Rieckebau, IV, Esquire,          410 North Jefferson Street          Covington, Louisiana 70038          Attorneys for the Defendant</p>		<p>1 INDEX          2          3 Page          4 EXAMINATION BY MR. PERAGINE ..... 185          5          6 * * * * *          7          8 EXHIBIT INDEX          9 Page          10          11          12          13 Riecke Deposition Exhibit 26          14 (Secretary of State Printout          15 on BSI Holdings, LLC) ..... 186          16          17 Riecke Deposition Exhibit 27          18 (Handwritten Notes with Heading          19 2/11/08 SELA mtg; STP-003957          20 through STP-003958) ..... 195          21          22 Riecke Deposition Exhibit 28          23 (Handwritten Notes with Heading          24 2/20/08 SELA mtg; STP-003994          25 through STP-003996) ..... 195          26          27 Riecke Deposition Exhibit 29          28 (3/11/08 E-Mail String Between          29 Greg Gordon, Bill Oiler,          30 Kim Salter, and Nancy Hughes;          31 STP-003847) ..... 197          32          33          34          35</p>
<p>1 ALSO PRESENT:          2 Kenneth E. Dutruch          3          4          5 VIDEOGRAPHER:          6 Brian Soileau - PSR, Inc.          7 Legal Video Specialist          8          9          10 REPORTED BY:          11 LYNN DeROCHE SIMMONS, CCR          12 Certified Court Reporter          13          14          15          16          17          18          19          20          21          22          23          24          25</p>	<p>1 EXHIBIT INDEX          2 (continued)          3 Page          4 Riecke Deposition Exhibit 30          5 (3/28/08 Memorandum to Greg          6 Gordon from Nancy Hughes          7 and Ed Wetzel; STP-003975          8 through STP-003978) ..... 198          9          10 Riecke Deposition Exhibit 31          11 (3/28/08 E-Mail String Between          12 Greg Gordon, Bill Oiler,          13 Kim Salter, Kelly M.          14 Rabalais, Grant Schlueter,          15 and Edward Wetzel with          16 attached Memorandum;          17 STP-003842 and STP-003967          18 through STP-003968) ..... 200          19          20 Riecke Deposition Exhibit 32          21 (Handwritten Notes with Heading          22 Sign-In Sheet 6/12/08;          23 STP-004136) ..... 205          24          25 Riecke Deposition Exhibit 33          26 (Handwritten Notes with Heading          27 Legal Mtg. Agenda; STP-004137) 209          28          29 Riecke Deposition Exhibit 34          30 (6/14/08 E-Mail from David          31 Moffett to Grant Schlueter;          STP-004248) ..... 211          32          33 Riecke Deposition Exhibit 35          34 (7/9/08 E-Mail from Greg          35 Gordon to Kevin Davis, Bill          Oiler and Kim Salter;          STP-004247) ..... 214</p>	

1 (Pages 176 to 179)

Kenneth E. Dutruch v. Southeastern Louisiana Water & Sewer Co., L.L.C., et al

Continuation of the Videotaped Deposition of Jared J. Riecke

EXHIBIT INDEX (continued)		EXHIBIT INDEX (continued)	
	Page		Page
Riecke Deposition Exhibit 36 (7/12/08 E-Mail from Greg Gordon to Kevin Davis, Bill Oiler and Kim Salter; STP-004246) .....	215	Riecke Deposition Exhibit 48 (Interoffice Memorandum to Kevin Davis from Greg Gordon dated September 21, 2009; STP-004195) .....	265
Riecke Deposition Exhibit 37 (Interoffice Memorandum to Kevin Davis, Bill Oiler and Kim Salter from Greg Gordon dated August 26, 2008; STP-004088 through STP-004091) .....	223	Riecke Deposition Exhibit 49 (10/1/09, 9/30/09 E-Mail String Between Grant Schnitzer, Greg Gordon, Kelly M. Rabalais, Susan G. Talley; STP-004226) .....	268
Riecke Deposition Exhibit 38 (10/20/08 E-Mail Between Bruce Cucchiara, Greg Gordon and Nancy Hughes; STP-003895) .....	236	Riecke Deposition Exhibit 50 (St. Tammany Parish Ordinance dated November 5, 2009; STP-000331 through STP-000332) .....	269
Riecke Deposition Exhibit 39 (Interoffice Memorandum to Kevin Davis, Bill Oiler, Kim Salter and Gina Campo from Greg Gordon dated October 27, 2008; STP-003832) .....	240	Riecke Deposition Exhibit 51 (October 2009 Appraisal Report; STP-004148 through STP-004162) .....	270
Riecke Deposition Exhibit 40 (3/10/09 E-Mail String Between Jared Riecke and Kelly M. Rabalais; STP-004241 through STP-004242) .....	247	Riecke Deposition Exhibit 52 (Sources and Uses of Funds; STP-003798) .....	271
Riecke Deposition Exhibit 41 (St. Tammany Parish Council Resolution; STP-004164) .....	253	Riecke Deposition Exhibit 53 (Consulting Engineers Report; STP-004167 through STP-004177) .....	272
	Page 180	Riecke Deposition Exhibit 54 (12/1/09 E-Mail from Ken Dutruch to J. Riecke) .....	273
			Page 182
EXHIBIT INDEX (continued)		EXHIBIT INDEX (continued)	
	Page		Page
Riecke Deposition Exhibit 42 (Letter dated June 22, 2009 to Jared J. Caruso-Riecke from Kevin Davis; STP-004193 through STP-004194) .....	254	Riecke Deposition Exhibit 55 (5/26/11 E-Mail from Paul Mayronne to Naomi K. Reyes; SELA 3, Page 39) .....	276
Riecke Deposition Exhibit 43 (Letter dated June 24, 2009 to Greg Gordon from Nancy Helzer Hughes) .....	255	Riecke Deposition Exhibit 56 (3/2/10 E-Mail from Greg Gordon to Paul Mayronne; SELA 3, Page 442 through SELA 3, Page 444) .....	278
Riecke Deposition Exhibit 44 (7/24/09 Partial E-Mail String Between Susan G. Talley and Paul J. Mayronne; STP-004239) .....	257	Riecke Deposition Exhibit 57 (2/27/10 E-Mail String Between Susan G. Talley and Paul Mayronne; SELA 3, Page 628 through SELA 3, Page 630) .....	281
Riecke Deposition Exhibit 45 (July 31, 2009 Memorandum to Distribution List from R. W. Beck, Inc.; STP-004221 through STP-004225) .....	258		
Riecke Deposition Exhibit 46 (9/11/09 E-Mail String Between Evan Rist, Greg Gordon and Grant Schlueter; STP-003803) .....	261		
Riecke Deposition Exhibit 47 (9/18/09 E-Mail String Between Bruce Cucchiara and Greg Gordon; STP-003933) .....	264		
	Page 181		Page 183

2 (Pages 180 to 183)

<p>1                   <b>STIPULATION</b></p> <p>2</p> <p>3                   It is stipulated and agreed by and</p> <p>4 between counsel for the parties hereto that</p> <p>5 the deposition of the aforementioned witness</p> <p>6 is hereby being taken for all purposes</p> <p>7 allowed under Article 1421, et seq, of the</p> <p>8 Louisiana Code of Civil Procedure, in</p> <p>9 accordance with law, pursuant to notice;</p> <p>10                  That the formalities of reading and</p> <p>11 signing are specifically not waived;</p> <p>12                  That the formalities of filing,</p> <p>13 sealing, and certification are specifically</p> <p>14 waived;</p> <p>15                  That all objections, save those as to</p> <p>16 the form of the question and the</p> <p>17 responsiveness of the answer, are hereby</p> <p>18 reserved until such time as this deposition,</p> <p>19 or any part thereof, may be used or sought</p> <p>20 to be used in evidence.</p> <p>21                   * * *</p> <p>22                  LYNN DeROCHE SIMMONS, CCR, Certified</p> <p>23 Court Reporter, in and for the State of</p> <p>24 Louisiana, officiated in administering the</p> <p>25 oath to the witness.</p> <p style="text-align: right;">Page 184</p>	<p>1                   Q. Thank you for allowing me to</p> <p>2 shorten the day the last time. I think we</p> <p>3 should not be too long today, maybe three or</p> <p>4 four hours. Okay?</p> <p>5                   A. I understand.</p> <p>6                   Q. Okay. I've shown you a document I</p> <p>7 just marked as Riecke 26. It's a Secretary</p> <p>8 of State printout on BSJ Holdings, LLC.</p> <p>9                   A. Yes, sir.</p> <p>10                  Q. And we talked about this entity</p> <p>11 briefly the last time. This was an entity</p> <p>12 that owned a strip shopping center? Is that</p> <p>13 what you said?</p> <p>14                   A. Correct.</p> <p>15                   Q. And where was that strip shopping</p> <p>16 center located?</p> <p>17                   A. BSJ is in Broussard, Louisiana</p> <p>18 right outside of Lafayette.</p> <p>19                   Q. I checked the land records in</p> <p>20 Lafayette Parish. I couldn't find a</p> <p>21 transaction whereby BSJ Holdings, LLC bought</p> <p>22 that property. Is that the -- Do I have the</p> <p>23 right entity?</p> <p>24                   A. Oh, yeah. BSJ is -- Yeah. It was</p> <p>25 a -- I can get that stuff from you [sic].</p> <p style="text-align: right;">Page 186</p>
<p>1                   <b>PROCEEDINGS</b></p> <p>2                   <b>THE VIDEOGRAPHER:</b></p> <p>3                   Today is the 20th day of March,</p> <p>4 2012. The time is approximately 10:01.</p> <p>5 This is the videotaped deposition of Jared</p> <p>6 Riecke, Volume II, for the case entitled</p> <p>7 Kenneth Dutruch versus Southeastern</p> <p>8 Louisiana Water &amp; Sewer Company, LLC, et al.</p> <p>9                   Would counsel please identify</p> <p>10 themselves and which party they represent.</p> <p>11                   <b>MR. PERAGINE:</b></p> <p>12                   Alex Peragine and Erin Lorio</p> <p>13 together with the plaintiff, Ken Dutruch,</p> <p>14 for the plaintiff.</p> <p>15                   <b>MR. GOUX:</b></p> <p>16                   Jeremy Goux and James Arceneaux on</p> <p>17 behalf of Southeastern Louisiana Water &amp;</p> <p>18 Sewer Company, et al.</p> <p>19                   <b>JARED J. RIECKE,</b></p> <p>20 after having been first duly sworn by the</p> <p>21 above-mentioned court reporter, did</p> <p>22 testify as follows:</p> <p>23                   <b>EXAMINATION BY MR. PERAGINE:</b></p> <p>24                   Q. Good-morning.</p> <p>25                   A. Morning.</p> <p style="text-align: right;">Page 185</p>	<p>1                   It's -- I'm trying to think. BSJ was formed</p> <p>2 to buy it, so yeah.</p> <p>3                   Q. Okay. I'm going to ask your</p> <p>4 counsel if I could just get two documents,</p> <p>5 the act of sale whereby BSJ acquired and the</p> <p>6 act of sale whereby SECO --</p> <p>7                   A. SECO bought it.</p> <p>8                   Q. -- bought it.</p> <p>9                   <b>MR. PERAGINE:</b></p> <p>10                   I would just request those. Okay,</p> <p>11 Jeremy?</p> <p>12                   <b>MR. GOUX:</b></p> <p>13                   Okay.</p> <p>14                   <b>MR. PERAGINE:</b></p> <p>15                   Thank you, sir.</p> <p>16                   <b>THE WITNESS:</b></p> <p>17                   Where do these go?</p> <p>18                   <b>EXAMINATION BY MR. PERAGINE:</b></p> <p>19                   Q. Done. Oh, one other question about</p> <p>20 it though.</p> <p>21                   A. Yes.</p> <p>22                   Q. BSJ is a still an active company;</p> <p>23 correct?</p> <p>24                   A. Yeah. But Bruce is no longer a</p> <p>25 member so thank you for bringing that to my</p> <p style="text-align: right;">Page 187</p>

3 (Pages 184 to 187)

1 attention.  
 2 Q. Okay.  
 3 A. I see that on here. He shouldn't  
 4 be on there.  
 5 Q. Okay. Does BSJ still operate?  
 6 A. BSJ is owned by SECO now. So BSJ  
 7 owns the real estate. SECO owns BSJ.  
 8 Q. Does BSJ conduct any operations  
 9 other than the strip mall?  
 10 A. Nothing at all.  
 11 Q. Okay. Thank you very much. SECO  
 12 paid 2.4 million for that property; right?  
 13 A. Yes, sir.  
 14 Q. And of that amount Mr. Cucchiara  
 15 received one-third?  
 16 A. One-third of what would have been  
 17 the equity, the difference between the debt  
 18 that it had and the purchase price.  
 19 Q. Do you recall what the debt was?  
 20 A. I don't at this time.  
 21 Q. Okay. And then you personally  
 22 would have received the other 40 percent of  
 23 the net?  
 24 A. Correct. And then there was Scott  
 25 Capdepon had a small --

Page 188

1 Q. Twenty?  
 2 A. Somewhere up in there.  
 3 Q. Eighteen?  
 4 A. Whatever the difference between a  
 5 hundred, a third and 41 or 42 percent would  
 6 have been.  
 7 Q. Okay. Thank you. I'll put before  
 8 you Riecke 6 again.  
 9 A. Okay.  
 10 Q. This is a letter from Paul Mayronne  
 11 who was counsel to SELA; correct?  
 12 A. Yes, sir.  
 13 Q. And you asked Mr. Mayronne to  
 14 prepare this letter to research legal  
 15 considerations surrounding the possibility  
 16 of the Parish purchasing SELA; correct?  
 17 A. Yes, sir.  
 18 Q. And one of the things that Mr.  
 19 Mayronne says on the second page of the  
 20 letter is that the Parish, in the first  
 21 paragraph on the second page, would  
 22 establish waterworks and sewerage districts  
 23 within the boundaries that encompass the  
 24 existing SELA service area. Do you see  
 25 that?

Page 189

1 A. Yes, sir.  
 2 Q. Did the Parish, in fact, do that?  
 3 A. No, sir. I don't believe they did.  
 4 Q. How did the Parish proceed to  
 5 acquire SELA if it did not do that?  
 6 MR. GOUX:  
 7 Objection.  
 8 THE WITNESS:  
 9 You know --  
 10 MR. GOUX:  
 11 Objection as to time frame, Alex,  
 12 because I think the Parish proceeds  
 13 differently over the course of time,  
 14 especially in time frame of when this letter  
 15 is written.  
 16 EXAMINATION BY MR. PERAGINE:  
 17 Q. Let me make it simple. To the best  
 18 of your knowledge, do you know?  
 19 A. I really don't.  
 20 Q. Okay. Fair enough. I don't ask to  
 21 you speculate.  
 22 A. Okay.  
 23 Q. Okay.  
 24 A. Yeah. I was just trying to --  
 25 There were so many different conversations

Page 190

1 going on during that whole period with that.  
 2 Q. If you know the answer, you do. If  
 3 you don't, you don't.  
 4 A. Yes, sir.  
 5 Q. Did the Parish pay for the  
 6 acquisition with bonds?  
 7 A. Yes, sir. I believe they did.  
 8 Q. Okay. Before the deal closed --  
 9 A. Keep this one?  
 10 Q. No. You can put it down. Before  
 11 the deal closed, was there an increase in  
 12 rates?  
 13 A. Yes, sir.  
 14 Q. How much?  
 15 A. Well, which time period are we  
 16 talking about?  
 17 Q. I believe the rate increase -- the  
 18 last rate increase I saw was in late 2009.  
 19 A. Yes, sir.  
 20 Q. Is that right?  
 21 A. Yes, sir.  
 22 Q. And was that approximately a  
 23 ten-percent increase in rates?  
 24 A. Roughly, if I remember correctly.  
 25 Q. Okay.

Page 191

4 (Pages 188 to 191)



1 A. It wasn't uncommon for us to try  
 2 and get rate increases every -- quite  
 3 honestly, as often as we could --  
 4 Q. Well --  
 5 A. -- as often as you could justify it  
 6 so --  
 7 Q. It's not uncommon for any utility  
 8 to operate that way in my experience, sir.  
 9 I'm going to show you one last  
 10 document we went over the last time,  
 11 actually two more, but this one's Exhibit  
 12 17. I just forgot to ask you one question  
 13 about this. Do you recognize the  
 14 handwriting on there or any of the  
 15 handwriting?  
 16 A. No, sir, I don't.  
 17 Q. None of it's your handwriting;  
 18 correct?  
 19 A. Yes, sir. That's correct. None of  
 20 it's mine.  
 21 Q. Okay. Thank you. Exhibit 24 and  
 22 this is an e-mail with an attached draft of  
 23 a letter of intent and it's being sent from  
 24 Greg Gordon to Bill Oiler and Kim Salter at  
 25 the Parish; correct?

Page 192

1 MR. GOUX:  
 2 One second.  
 3 MR. PERAGINE:  
 4 25.  
 5 MR. GOUX:  
 6 25.  
 7 MR. PERAGINE:  
 8 I said 24?  
 9 MR. GOUX:  
 10 Yeah.  
 11 MR. PERAGINE:  
 12 Please correct the record. It's  
 13 25.  
 14 THE WITNESS:  
 15 Yes, sir.  
 16 EXAMINATION BY MR. PERAGINE:  
 17 Q. Okay. And on the second page of  
 18 this exhibit, which is the first page of the  
 19 nonbinding letter of intent, the purchase  
 20 price is listed as, A, 42 million and, B, an  
 21 excess capacity payment; correct?  
 22 A. Yes, sir.  
 23 Q. What was your understanding of the  
 24 amount of the excess capacity payment?  
 25 A. At that time? I'm trying to

Page 193

1 remember. It would have been in the range  
 2 of 20, 26 million, somewhere up in there.  
 3 Capacity moved on a daily event so -- on a  
 4 daily basis, rather, so it would have been  
 5 in the neighborhood of \$20 million.  
 6 Q. So the total purchase price you  
 7 were seeking under this nonbinding letter of  
 8 intent in March of '08 really was closer to  
 9 62 million?  
 10 A. Yeah. I mean, if you take into  
 11 consideration time value of money and how  
 12 long it was going to take, lah-dah, lah-dah,  
 13 lah-dah, all that stuff, but yeah, it was in  
 14 the neighborhood of that.  
 15 Q. And when you say how long it was  
 16 going to take, what do you mean?  
 17 A. Well, what we were contemplating  
 18 here in this LOI was a \$42 million purchase  
 19 price, and then as I explained last time,  
 20 capacity is a finite amount. So water  
 21 capacity and sewer capacity for argument's  
 22 sake total to \$20 million. As the Parish  
 23 would sell capacity to new end users, new  
 24 developers and get paid for it, they would  
 25 remit that payment to us. It could have

Page 194

1 taken foreseeably 10, 15, 20 years for that  
 2 capacity to run out.  
 3 Q. Okay. Thank you. That's all for  
 4 that.  
 5 I'm going to show you a document  
 6 I'm going to mark as Riecke 27. I don't  
 7 have any reason to think that you  
 8 necessarily have ever seen this document  
 9 before. You may have; you may not have. Do  
 10 you recognize it?  
 11 A. No, sir.  
 12 Q. None of that's your handwriting?  
 13 A. No, sir.  
 14 Q. Do you recall attending a meeting  
 15 with any Parish officials in February of  
 16 2008?  
 17 A. No, sir. Not off the top of my  
 18 head.  
 19 Q. Fair enough. I'm going to show you  
 20 a document I'm going to mark as Riecke 28.  
 21 A. Keep this one out?  
 22 Q. No. Done with it. Moving quickly.  
 23 A. Okay.  
 24 Q. Again, same question. Is this a  
 25 document that you recognize?

Page 195

5 (Pages 192 to 195)

1 A. No, sir.  
 2 Q. It references -- The document  
 3 references a February 20th meeting. You  
 4 don't recall any February 20th meeting with  
 5 the Parish or do you?  
 6 A. No, sir.  
 7 Q. At the bottom of the first page, it  
 8 talks about 60 days with the bond  
 9 commission. Do you see that?  
 10 A. Yes, sir.  
 11 Q. And then it says Schlueter's  
 12 involvement. Do you know who Schlueter is?  
 13 A. I'm assuming they're referring to  
 14 Grant Schlueter who was the Merrill Lynch --  
 15 I don't know what his title is, Merrill  
 16 Lynch bond guy, the guy that puts together  
 17 the bonds for Merrill Lynch.  
 18 Q. So by February 2008 the Parish was  
 19 already working with Merrill Lynch and  
 20 already contemplating bond financing for the  
 21 transaction?  
 22 MR. GOUX:  
 23 Objection. I don't know if he can  
 24 speculate as to what the Parish was doing.  
 25 EXAMINATION BY MR. PERAGINE:

Page 196

1 Q. Do you know?  
 2 A. I don't know.  
 3 Q. Okay. Fair enough. Riecke 29 is a  
 4 series of e-mails between Greg Gordon and  
 5 Nancy Hughes. Take a look at that. March  
 6 of -- Now, Greg Gordon at this point is  
 7 working for who?  
 8 A. St. Tammany Parish Government.  
 9 Q. Okay. And Nancy Hughes you  
 10 previously identified as someone working for  
 11 R. W. Beck; correct?  
 12 A. Yes, sir.  
 13 Q. I believe you said you had a  
 14 meeting with her at least once?  
 15 A. Yeah. I think early on.  
 16 Q. Okay. So in March of 2008 the  
 17 Parish is requesting help from R. W. Beck by  
 18 way of this e-mail in the middle of the page  
 19 from Greg Gordon and Nancy Hughes regarding  
 20 SELA; correct?  
 21 A. Yeah. That's what it says, glad to  
 22 help.  
 23 Q. Okay. Item four of that e-mail,  
 24 since the building is now out of the  
 25 equation, do you have any understanding of

Page 197

1 what building Greg might be discussing  
 2 there?  
 3 MR. GOUX:  
 4 Again, I'm going to just for --  
 5 MR. PERAGINE:  
 6 I'm just asking for his  
 7 understanding. That's all.  
 8 MR. GOUX:  
 9 Okay.  
 10 THE WITNESS:  
 11 My assumption would be it would be  
 12 the building located on Highway 59.  
 13 EXAMINATION BY MR. PERAGINE:  
 14 Q. The building your mom owns  
 15 personally?  
 16 A. Correct.  
 17 Q. Right. Okay. That's what I  
 18 thought as well. I just wanted to see if  
 19 that was your thinking.  
 20 I'm going to show you a document  
 21 I'm going to mark as Riecke 30. No reason  
 22 to think you've ever seen it before but if  
 23 you have, let me know. Just take a look at  
 24 it.  
 25 A. Just in preparation for this

Page 198

1 deposition.  
 2 Q. Who is Ed Wetzel?  
 3 A. I'm guessing but I think he worked  
 4 for R. W. Beck. I might have run into him  
 5 at the warehouse once. I think -- In my  
 6 first deposition I think I couldn't remember  
 7 his name and I didn't know if he was --  
 8 whose boss -- who was whose boss, but he was  
 9 the one I actually would run into at the  
 10 warehouse occasionally.  
 11 Q. Mr. Wetzel would come in and  
 12 periodically during this time period of '07,  
 13 eight, nine, ten be performing work for  
 14 R. W. Beck in behalf of the Parish at SELA;  
 15 correct?  
 16 A. I don't remember when I met him.  
 17 Q. Okay. R. W. Beck represented the  
 18 Parish in connection with its purchase of  
 19 assets from SELA; correct?  
 20 A. Correct.  
 21 Q. Okay. And R. W. Beck periodically  
 22 would come in to SELA to assess the  
 23 equipment, the assets; correct?  
 24 A. That's correct.  
 25 Q. Okay. And that would happen

Page 199

6 (Pages 196 to 199)

1 periodically from time to time as the deal  
 2 was progressing; correct?  
 3 A. It happened periodically, yeah.  
 4 Q. Okay. I'm going to ask you to give  
 5 me back that document for one second.  
 6 A. (Witness complies.)  
 7 Q. And I am going to ask Jeremy to  
 8 unstaple it because it's got a bad staple  
 9 and it should just be three pages. So  
 10 Riecke 30 is a three-page document only and  
 11 we're done with that.  
 12 Riecke 31 is a March 28 e-mail from  
 13 Greg Gordon to various people at the Parish  
 14 attaching comments from R. W. Beck regarding  
 15 the excess capacity purchase of SELA. I  
 16 don't know if you've ever seen this document  
 17 before, sir.  
 18 MR. GOUX:  
 19 Three pages, Alex?  
 20 MR. PERAGINE:  
 21 I'm sorry?  
 22 MR. GOUX:  
 23 Three pages?  
 24 MR. PERAGINE:  
 25 Yes.

Page 200

1 MR. GOUX:  
 2 Okay.  
 3 EXAMINATION BY MR. PERAGINE:  
 4 Q. Have you ever seen that?  
 5 A. No, I haven't.  
 6 Q. Okay.  
 7 A. Like I said, I might have in  
 8 preparation for the deposition but I don't  
 9 recall it.  
 10 Q. Look at the second page, item E.  
 11 Oh, I'm sorry. I've got the wrong document  
 12 in front of me. On the first page of the  
 13 memorandum, the third paragraph, the last  
 14 sentence, she says the value of the  
 15 projected excess capacity --  
 16 A. Wait. I'm sorry.  
 17 Q. I'm sorry. Go to the next page.  
 18 I'm sorry.  
 19 A. Okay.  
 20 Q. And the third paragraph --  
 21 A. Okay.  
 22 Q. -- starting with, "As stated in our  
 23 March 28th memo."  
 24 A. Yeah.  
 25 Q. Look at the last -- Read the last

Page 201

1 sentence to yourself just quickly and let me  
 2 know when you're done.  
 3 A. (Witness complies.) Okay.  
 4 Q. Okay. Ms. Hughes is stating that  
 5 the excess capacity payment in the view of  
 6 R. W. Beck was already included in the \$42  
 7 million purchase price; correct?  
 8 A. That's what she's stating.  
 9 Q. Right. And you would not agree  
 10 with that statement; correct?  
 11 A. That is correct.  
 12 Q. Okay. Why wouldn't you agree with  
 13 her statement?  
 14 A. Because I don't think they valued  
 15 the company properly.  
 16 Q. Do you think Beck ever properly  
 17 valued the company?  
 18 A. No.  
 19 Q. Okay.  
 20 A. In all the different renditions  
 21 that I saw that they did, no.  
 22 Q. Did they value the company in a  
 23 consistent manner in all the different  
 24 renditions?  
 25 A. I didn't read their methodologies

Page 202

1 on how they did it. I know that they did  
 2 not include contribution in aid of income  
 3 which other companies similar to theirs do.  
 4 I know that they weren't giving us excess  
 5 credit for capacity which, as I've  
 6 explained, capacity is almost like inventory  
 7 for a utility company. So no, from that  
 8 point on I really didn't read and I don't  
 9 remember which rendition of theirs I ever  
 10 read. I was really relying on people to  
 11 tell me what they said, and, you know, just  
 12 that -- that ideology, that theory that  
 13 those have no value was ludicrous to me.  
 14 Q. Fair enough. You can put that  
 15 aside. Do you have an understanding of what  
 16 WWTP sites are?  
 17 A. Wastewater treatment plant.  
 18 Q. Was the Parish contemplating that  
 19 it would need to construct additional  
 20 wastewater treatment plants  
 21 contemporaneously or upon the purchase of  
 22 SELA?  
 23 MR. GOUX:  
 24 Let me lodge an objection real  
 25 quick, Alex, and maybe this would make

Page 203

7 (Pages 200 to 203)

<p>1 things easier if it's okay with you. We'll  2 just --  3 MR. PERAGINE:  4 Please.  5 MR. GOUX:  6 -- do a continuing objection to the  7 extent that you ask Mr. Riecke anything  8 about what the Parish is contemplating, that  9 he can only tell you if he has knowledge  10 from some other independent source. He  11 obviously can't tell you what the Parish was  12 thinking.  13 MR. PERAGINE:  14 That's right.  15 MR. GOUX:  16 Okay.  17 THE WITNESS:  18 No. I didn't know what they were  19 planning on doing. It's not uncommon in the  20 wastewater business to constantly be growing  21 and modifying. The larger the plant size  22 you have, the more efficiently it operates,  23 the higher limits you can make and it's more  24 beneficial for the environment that way.  25 EXAMINATION BY MR. PERAGINE:</p>	<p>1 A. It's my handwriting. It's not my  2 signature but that's my handwriting.  3 Q. Okay. Fair enough. And do you  4 recall that meeting?  5 A. A little bit.  6 Q. Tell me what you --  7 A. I remember having a meeting. We  8 had gone to a meeting to talk to the Parish  9 and their finance people, I guess, about how  10 to structure the stock sale versus asset  11 sale and to introduce them to CoBank and  12 CoBank is the bank that was at that time  13 financing SELA. They were a big utility and  14 agricultural bank that did deals, from my  15 understanding, even larger than this one,  16 even larger than SELA.  17 Q. CoBank was not looking towards  18 financing the Parish's purchase, were they?  19 A. Yes. That's why they were there.  20 They wanted to introduce themselves and try  21 and say, you know, we understand you have  22 the ability to go the bond route but, you  23 know, there's -- we are a source as well.  24 Q. So CoBank was your lender and  25 wanted to become the Parish's lender in</p>
Page 204	Page 206
<p>1 Q. Were you aware in June of 2008 that  2 the Parish was contemplating hiring the law  3 firm of Phelps Dunbar to represent the  4 Parish in the acquisition of SELA?  5 A. In reading all this for this stuff,  6 yeah. I saw that in there.  7 Q. Okay. And I -- I appreciate that  8 and my question is a little harder than  9 that. Back in 2008 did you have an  10 understanding then that the Parish was  11 considering hiring Phelps Dunbar to  12 represent it?  13 A. Not necessarily, no.  14 Q. You don't remember?  15 A. I don't remember. The first firm I  16 remember is the one that Susan Talley is  17 with.  18 Q. Stone Pigman?  19 A. Stone Pigman.  20 Q. Right. Okay. I'm going to show  21 you what I'm going to mark as Riecke 32.  22 It's a sign-in sheet for a June 12, '08  23 meeting and I see your name and Mr.  24 Cucchiara's name on the sign-in sheet. Is  25 that, in fact, your signature there?</p>	<p>1 connection with the sale; correct?  2 A. I guess that's a fair  3 characterization of why they were there.  4 Q. I note that Foley &amp; Judell was also  5 represented at that meeting; correct?  6 A. Yes, sir.  7 Q. And they, of course, were the  8 Parish's bond counsel?  9 A. Yes, sir.  10 Q. Ed Dillard, what function did he  11 play at SELA?  12 A. He was -- He is, was then and still  13 is, the CPA for my family and he was the --  14 or -- and still is the CPA for the Karen S.  15 Riecke Trust, but he was not the CPA for  16 SELA. That was a different firm out of New  17 Orleans.  18 Q. Right. We talked about them last  19 time.  20 A. Yeah.  21 Q. That's why --  22 A. Kushner LaGraize.  23 Q. Kushner. Right.  24 A. Yeah.  25 Q. And that's why I was wondering why</p>
Page 205	Page 207

1 Dillard was there but I understand. Thank  
 2 you. Paul Mayronne, he was there as the  
 3 attorney for SELA; correct?  
 4 A. Yes, sir.  
 5 Q. Bill Becknell, do you have any  
 6 understanding why he was there?  
 7 A. Yeah. He was referred to us by  
 8 David Sherman from Chehardy Sherman. David  
 9 referred Bill Becknell to us because Bill  
 10 Becknell had had previous success doing  
 11 these stock sales to public entities. He  
 12 had done some of those so that's why he was  
 13 there.  
 14 Q. Had he been someone you had a  
 15 relationship with prior to the time that  
 16 David Sherman recommended him to you?  
 17 A. No, sir.  
 18 Q. And did he have -- after this  
 19 meeting, did he have a long relationship  
 20 with SELA?  
 21 A. I don't remember the time line but  
 22 he was still around --  
 23 Q. Did he represent --  
 24 A. -- after the meeting.  
 25 Q. Did he help represent SELA in the

Page 208

1 actual sale to the Parish?  
 2 A. In the very final sale?  
 3 Q. Yes.  
 4 A. No, sir.  
 5 Q. Because it wasn't a stock sale;  
 6 correct?  
 7 A. Correct.  
 8 Q. You see the name underneath Bill  
 9 Becknell's name, Jim Stuckey? Do you  
 10 remember him?  
 11 A. I don't remember him, but I see  
 12 he's with Phelps Dunbar.  
 13 Q. Does that refresh your recollection  
 14 that Phelps Dunbar was representing the  
 15 Parish at that point in time?  
 16 A. I guess it does, yeah.  
 17 Q. Okay. Thank you. I'm going to  
 18 show you document Riecke 33. It bears Bates  
 19 number STP-004137. Sir, I don't know if  
 20 this is your handwriting or not. I don't  
 21 think it is, but would you tell me?  
 22 A. No, sir. That's not my  
 23 handwriting.  
 24 Q. All right. This document  
 25 references legal issues to cover in the

Page 209

1 middle. You see that?  
 2 A. Yes, sir.  
 3 Q. And it says asset sale/stock sale?  
 4 A. Yes, sir.  
 5 Q. Do you recall a discussion at that  
 6 June meeting, June 12 meeting in 2008 about  
 7 that issue?  
 8 A. Not specifically. Like I said, I  
 9 know that's why we had brought Bill Becknell  
 10 to the meeting was to talk about that.  
 11 Q. Do you recall Bill Becknell  
 12 addressing that group at that meeting about  
 13 a sale of stock?  
 14 A. Not specifically. I mean, I  
 15 don't -- I don't have a visual imagine or  
 16 memory of, you know, the topics we talked  
 17 about and all. I remember being at the  
 18 meeting. I remember the meeting. I  
 19 remember why everybody was there. I mean,  
 20 parts of the meeting I remember. I remember  
 21 CoBank pretty much getting slammed, that  
 22 they said we're not doing anything other  
 23 than bond financing, and I felt bad for them  
 24 because it was almost like a wasted trip.  
 25 I remember Bill Becknell talking

Page 210

1 about how these in his history in doing them  
 2 and other type deals for the City of New  
 3 Orleans and Jefferson Parish that he had  
 4 done but I don't remember any real specifics  
 5 like that.  
 6 Q. Okay. And it references CoBank  
 7 here. Where was this meeting?  
 8 A. At the Parish.  
 9 Q. Koop Drive?  
 10 A. Koop Drive.  
 11 Q. Okay. Thank you. Do you remember  
 12 the involvement of a gentleman in this  
 13 transaction named David Moffett with Merrill  
 14 Lynch?  
 15 A. I don't remember him really. The  
 16 only one I really remember from Merrill  
 17 Lynch is Grant Schlueter.  
 18 Q. Okay. I'm just going to show you a  
 19 document. I'm going to mark it Riecke 34.  
 20 I just want to clarify a couple of things.  
 21 Take a look at the e-mail addresses on the  
 22 top of 34. Grant Schlueter is identified as  
 23 the person to whom this e-mail is sent and  
 24 he's with Foley Judell. Does that refresh  
 25 your recollection that Grant Schlueter was

Page 211

9 (Pages 208 to 211)

1 not with Merril Lynch?  
 2 A. Yes, sir. You're right.  
 3 Q. All right. And then a couple of  
 4 gentlemen from Phelps are also recipients on  
 5 this; correct?  
 6 A. Yes, sir.  
 7 Q. Okay. Do you know Stephen  
 8 Claiborn?  
 9 A. No, sir.  
 10 Q. Do you know what GMI Munis is?  
 11 A. No, sir.  
 12 Q. Look at the e-mail underneath that  
 13 from Grant Schlueter at Foley Judell to  
 14 David Moffett at GMI Munis.  
 15 A. Okay.  
 16 Q. Mr. Schlueter is referencing a  
 17 meeting he had with the SELA Group and this  
 18 is June 14, 2008; correct?  
 19 A. Yes, sir.  
 20 Q. All right. And so that's two days  
 21 after the June 12th meeting; correct?  
 22 A. Yes, sir.  
 23 Q. Okay. I tend to think he's  
 24 referencing that June 2008 meeting. Do you  
 25 have any reason to think I'm wrong?  
 Page 212

1 A. No, sir.  
 2 Q. Okay. And the CoBank people who  
 3 were at the meeting, they came in from  
 4 Colorado?  
 5 A. Yes, sir. I think that's what the  
 6 "Co" in CoBank is.  
 7 Q. Okay. Thank you.  
 8 A. Colorado Bank.  
 9 Q. Got it. Mr. Schlueter in the  
 10 middle of that paragraph says he told  
 11 everyone that the bottom line is we need a  
 12 decent draft of the R. W. Beck report  
 13 reflecting appraisal and basis for premium  
 14 pricing and estimated revenue stream to  
 15 support operations, debt service, etc. You  
 16 see that?  
 17 A. Yes, sir.  
 18 Q. Do you recall there being a  
 19 discussion at the meeting about the need for  
 20 an updated R. W. Beck report?  
 21 A. I don't remember one way or the  
 22 other.  
 23 Q. Do you remember any discussion  
 24 about R. W. Beck at the meeting?  
 25 A. Not necessarily, no. Like I said,  
 Page 213

1 I don't -- the high points of the meeting  
 2 that I remember were kind of the CoBank  
 3 getting --  
 4 Q. Fair enough. The last sentence of  
 5 the e-mail, "SELA folks indicated they owed  
 6 RW Beck some information and that they would  
 7 arrange a face to face meeting with them."  
 8 You see that?  
 9 A. Yes, sir.  
 10 Q. Do you have any recollection of  
 11 face-to-face meetings with R. W. Beck  
 12 following the June 2008 meeting?  
 13 A. I didn't have any. I'm not saying  
 14 that people from SELA didn't but I'm -- I  
 15 know I didn't.  
 16 Q. Who would it have been from SELA --  
 17 A. Probably --  
 18 Q. -- in your best --  
 19 A. Probably Bruce Cucchiara.  
 20 Q. Okay. Thank you. I'm going to  
 21 show you a document I'm going to mark as  
 22 Riecke 35, STP-004247. Take a look at that.  
 23 Again, no reason to think you've ever seen  
 24 it before but have you?  
 25 A. No, sir.  
 Page 214

1 Q. Okay. You see the handwriting at  
 2 the bottom? Do you know whose handwriting  
 3 that is?  
 4 A. No, sir.  
 5 Q. Okay. I'm going to read the  
 6 handwriting and ask you a couple of  
 7 questions about the statement in there.  
 8 A. Okay.  
 9 Q. Note: R. W. Beck per Gordon's  
 10 request did their analysis based on SELA's  
 11 2007 financial and now they say they are  
 12 having trouble supporting \$42 million price.  
 13 I don't know what the word is before price.  
 14 A. Base.  
 15 Q. Base price alone. Okay. Do you  
 16 recall anyone from the Parish telling you  
 17 around July of 2008 that R. W. Beck's  
 18 numbers were not going to support a \$42  
 19 million base price?  
 20 A. No.  
 21 Q. Okay. Let me show you a document,  
 22 Riecke 36, dated July 12, 2008, STP-004246.  
 23 No reason to think you've ever seen it but  
 24 you might have. Do you recognize it?  
 25 A. Only that I might have seen it  
 Page 215

<p>1 getting ready for this --  2 Q. Okay.  3 A. -- deposition.  4 Q. All right. And Mr. Gordon says  5 that Nancy and I met with the SELA folks  6 yesterday. You see that?  7 A. Yes, sir.  8 Q. I'm going to assume, and I will ask  9 Greg Gordon this, that that is a reference  10 to Nancy Hughes. Okay?  11 A. Okay.  12 Q. Do you recall meeting with Nancy  13 Hughes around July 11, 2008?  14 A. No, I do not.  15 Q. Is that the type of meeting you  16 would have let Mr. Cucchiara handle?  17 A. Probably, yeah. And at this stage  18 too Mr. Dillard might have been at a meeting  19 like that as well.  20 Q. Okay. Look at the third sentence.  21 "Suffice to say they came clean about a lot  22 of Riecke family expenses that are routed  23 through the company's books. It did make a  24 sizeable difference in the expense side of  25 things so they are going to provide more</p> <p style="text-align: right;">Page 216</p>	<p>1 Q. Any others?  2 A. Well, I don't remember specifically  3 item -- line item by line item, but I'm sure  4 there were, like I said, those types of  5 items. Again, it's not like we were running  6 things outside of the course of normal  7 business through it because that would have  8 been caught by PSC audits. Remember every  9 time we go in for a rate increase, Public  10 Service Commission comes in and audits our  11 books. So what I think the point that we  12 were trying to get is when the Parish bought  13 it, there were going to be certain expenses  14 that any company owned by a private family  15 would not have.  16 Q. Right. And I just want to -- I  17 mean, Mr. Gordon says that those expenses  18 make a sizable difference on the expense  19 side of things. Do you see that?  20 A. I do.  21 Q. Okay. So what I've got right now  22 is board fee to your father?  23 A. Uh-huh (indicating affirmatively).  24 Q. A guarantee fee to your mother?  25 A. Uh-huh (indicating affirmatively).</p> <p style="text-align: right;">Page 218</p>
<p>1 detail and Nancy and I will review for  2 accuracy." You see that?  3 A. I do see that.  4 Q. Do you remember saying to the  5 Parish at any point that SELA would be more  6 profitable after a sale to the Parish  7 because Riecke family expenses would no  8 longer be run through SELA?  9 A. Well, I think that's -- I wouldn't  10 have quite phrased it that way, but the  11 reality of the situation is any private  12 business by a family is going to have  13 expenses in it that if you sell it to a  14 public body it's not going to have.  15 My dad was getting paid a board  16 fee. Obviously after they -- you know,  17 after they buy it, they're not going to have  18 to pay my dad a fee. My mother got some  19 fees for guaranteeing loans for SELA at some  20 stage. Obviously they're not going to have  21 to pay that. Meals and entertainment that  22 myself or Heather Salyer or Bruce Cucchiara  23 or any of the officers that were entitled to  24 have expense accounts, all those numbers  25 would go away, those kind of items.</p> <p style="text-align: right;">Page 217</p>	<p>1 Q. And --  2 A. We had rent to my mother.  3 Q. -- meals and entertainment?  4 A. Rent to my mother for the  5 warehouse.  6 Q. What was the rent to your mom for  7 the warehouse?  8 A. I don't remember at that time.  9 Q. Was it more than what the Parish  10 was going to pay after the deal?  11 A. It might have been, somewhere  12 around the same.  13 Q. Okay.  14 A. Maybe a little more.  15 Q. So I'm trying to get to what would  16 have been sizable. Well, maybe I'm missing  17 something. What kind of board fees were  18 being paid to your father?  19 A. Customary. It --  20 Q. Right.  21 A. -- wouldn't have been -- you know,  22 2500 a month, something like that.  23 Q. Okay. And what kind of guarantee  24 fee was being paid to your mother?  25 A. Don't remember.</p> <p style="text-align: right;">Page 219</p>

11 (Pages 216 to 219)

1 Q. Okay.  
 2 A. We also -- My parents also and the  
 3 trust owned real estate that SELA leased.  
 4 So in the sale it was contemplated all those  
 5 leases would go away.  
 6 Q. Did SELA use the land that was  
 7 leased?  
 8 A. Absolutely.  
 9 Q. Well, then wouldn't the Parish need  
 10 that same land?  
 11 A. Well, yeah.  
 12 Q. Oh, the Parish was buying that  
 13 land --  
 14 A. Yes.  
 15 Q. -- as part of the deal, is what  
 16 you're saying?  
 17 A. Exactly.  
 18 Q. Not like the warehouse?  
 19 A. Correct.  
 20 Q. Okay.  
 21 A. And they were insisting on that  
 22 because those were parcels of land that  
 23 might have had a water production well or  
 24 wastewater treatment facility or a lift  
 25 station on them itself.

Page 220

1 Q. Okay. You say the PSC would do an  
 2 audit every time you requested a rate  
 3 increase; correct?  
 4 A. Yes, sir.  
 5 Q. And in these PSC audits, would the  
 6 PSC -- would SELA customarily say to the  
 7 PSC, "Please ignore the following expenses  
 8 because they're Riecke family expenses"?  
 9 A. No, not at all.  
 10 Q. You left it to the PSC to figure  
 11 that out?  
 12 A. Well, it was stated in there what  
 13 the expense was. If it was rent to Karen S.  
 14 Riecke for a warehouse, it was on the  
 15 general ledger as rent for the warehouse  
 16 with copies of checks.  
 17 Q. And for all you know, it was  
 18 included in the rate base; correct?  
 19 A. As well it should have been.  
 20 Q. Okay. All right. Were there any  
 21 expenses to your knowledge that the Parish  
 22 took out as Riecke family expenses that were  
 23 things that were included in the rate base  
 24 presented to the Public Service Commission?  
 25 A. Sure.

Page 221

1 Q. What were those?  
 2 A. Well, I'm sure there were some. I  
 3 don't know the entirety of what they took  
 4 out, but, again, you would have had rent or  
 5 lease payments on properties that had water  
 6 wells and wastewater treatment plants. At  
 7 one time -- and I don't know the exact. It  
 8 would have probably been prior to 2004,  
 9 maybe 2002 -- the water tower at Koop Drive,  
 10 the big water tower in front of Koop Drive,  
 11 that was owned by my father and with a  
 12 closed-in lease to SELA.  
 13 So you had those kind of items that  
 14 after the sale all of those would have gone  
 15 away, but those would have absolutely been  
 16 in rate base because they were valid  
 17 expenses. I know the Public Service  
 18 Commission does exclude out-of-rate-base  
 19 meals and entertainment.  
 20 Q. Did SELA pay automobile allowances?  
 21 A. It might have had one or two, but  
 22 the majority of the people had company cars,  
 23 company take-home cars.  
 24 Q. Were those cars part of the assets  
 25 that were sold to the Parish?

Page 222

1 A. Some were. Some weren't.  
 2 Q. Okay. How many cars were not sold  
 3 to the Parish?  
 4 A. Four or five.  
 5 Q. Do you recall what cars those were?  
 6 A. It would have been a Toyota  
 7 Highlander, a Ford F-150, a GMC Tahoe, and a  
 8 GMC Suburban.  
 9 Q. Whose cars were those?  
 10 A. Heather Salyer got her Toyota, and  
 11 the other cars were actually bought by SECO  
 12 or bought by SELA and we kept those outside  
 13 of the sale.  
 14 Q. They were bought by SELA before the  
 15 sale --  
 16 A. Correct.  
 17 Q. -- to the Parish?  
 18 A. And we kept --  
 19 Q. And they were assets that SELA did  
 20 not sell to the Parish?  
 21 A. Correct.  
 22 Q. I'm going to show you a document  
 23 I'm going to mark as Riecke 37. It's dated  
 24 August 26, 2008, Bates numbers STP-004088  
 25 through 4091. I don't know that you've ever

Page 223

12 (Pages 220 to 223)



1 seen it but you may have. Let me know,  
 2 please.  
 3 A. No, sir, I haven't.  
 4 Q. This is an Interoffice Memorandum  
 5 to Kevin Davis, Bill Oller, and Kim Salter  
 6 from Greg Gordon. I want to call your  
 7 attention to the bottom of the first page  
 8 where it says SELA colon and it talks about  
 9 non-utility expenses removed from the  
 10 analysis. Do you see that?  
 11 A. I do.  
 12 Q. Okay. It references the second  
 13 item, \$10,000 in consulting fees. Do you  
 14 know what that item is?  
 15 A. I don't remember.  
 16 Q. Okay. \$140,000 in travel expense  
 17 just kind of strikes me as high on travel  
 18 expense for a water utility. Any idea why  
 19 it's that high?  
 20 A. I don't know what period this is or  
 21 how long of a period it is, but for one  
 22 year, yeah, that would be incredibly high.  
 23 Q. Okay. On the next page, \$31,000,  
 24 and I'm rounding up there, for repairs and  
 25 maintenance to the 350 North Causeway

Page 224

1 building. What building is that?  
 2 A. That was where our main offices  
 3 were.  
 4 Q. Was that building owned by SELA?  
 5 A. No. It was rented by SELA.  
 6 Q. And from whom did SELA rent that  
 7 building?  
 8 A. The E. T. Riecke Inter Vivos Trust.  
 9 Q. And was 350 North Causeway as an  
 10 asset, that building, was it sold to the  
 11 Parish?  
 12 A. No.  
 13 Q. Okay. So you kept that building  
 14 and SELA had been performing repairs and  
 15 maintenance on that building at its cost as  
 16 part of the lease; correct?  
 17 A. Sure.  
 18 Q. Okay. Now, the next paragraph  
 19 there says, Parish: Lease payments: SELA  
 20 has offered to lease the LA 59 warehouse  
 21 site for \$5,000 per month for up to five  
 22 years; correct?  
 23 A. Yes, sir.  
 24 Q. And, in fact, in the final deal in  
 25 March of 2010, that is exactly what

Page 225

1 happened; correct?  
 2 A. And I think they have a five-year  
 3 option as well.  
 4 Q. Right. But it's \$5,000 a month for  
 5 five years with a five-year option?  
 6 A. Correct.  
 7 Q. Okay.  
 8 A. And it's a double net lease.  
 9 Q. And I'm very familiar, sir, with  
 10 triple net leasing.  
 11 A. The difference is we pay the taxes.  
 12 Q. Ah.  
 13 A. They pay their insurance and  
 14 maintenance repairs but we pay the taxes.  
 15 Q. Okay. And it does contemplate --  
 16 Oh, never mind. Retract. Withdrawn.  
 17 Look at the third page, the one  
 18 numbered 4090, at the bottom of it, "Legal  
 19 Issues," and there's a notation there that  
 20 the hourly rates for Phelps Dunbar were  
 21 considered too high and that the Parish was  
 22 looking to switch over to Stone Pigman. You  
 23 see that? Take a minute and review it.  
 24 A. Yes, sir. I see that.  
 25 Q. Okay. And this is in August of

Page 226

1 2008 and the Parish is making the change  
 2 over to Stone Pigman. Stone Pigman was  
 3 counsel to the Parish all the way through  
 4 the final transaction; correct?  
 5 A. Yes, sir.  
 6 Q. Okay. Look at the summary there  
 7 presented to Kevin Davis by Mr. Gordon.  
 8 He's got four items in bold. Would you  
 9 please read those to yourself and let me  
 10 know --  
 11 A. Okay.  
 12 Q. -- when you're finished?  
 13 A. (Witness reviews document.) Yeah.  
 14 Q. Do you have any reason to disagree  
 15 with Mr. Gordon's conclusions in August  
 16 2008?  
 17 MR. GOUX:  
 18 I'm going to object for a second,  
 19 Alex. The summary is advising, I believe,  
 20 Kevin Davis --  
 21 MR. PERAGINE:  
 22 Yes.  
 23 MR. GOUX:  
 24 -- what he now has in his  
 25 possession.

Page 227

13 (Pages 224 to 227)

1 MR. PERAGINE: 1 A. Yes, sir.  
2 Yes. And Mr. Gordon then has four 2 Q. So that would indicate capacity  
3 bold-faced items in the summary. 3 fees were not on the table at that point;  
4 MR. GOUX: 4 correct?  
5 Okay. 5 A. I don't know what it indicates.  
6 MR. PERAGINE: 6 That's --  
7 And I'm asking the question of Mr. 7 Q. Okay.  
8 Riecke whether he has any reason to disagree 8 A. I'm not trying to be evasive. I'm  
9 with Mr. Gordon that as of August 2008 all 9 just saying this deal that they're talking  
10 four of those factors were in place for Mr. 10 about at this August 26th of 2008 isn't  
11 Davis. 11 really spelled out right here. So I don't  
12 MR. GOUX: 12 know what exactly the deal points that  
13 Or in possession of Mr. Davis? I 13 they're talking about are.  
14 don't know if -- 14 Q. Well, let's look at the third  
15 MR. PERAGINE: 15 summary point.  
16 Okay. 16 A. Okay.  
17 MR. GOUX: 17 Q. Mr. Gordon indicates to Mr. Davis  
18 Okay. To the extent you can 18 that one of the things that Mr. Davis has is  
19 testify as to whether or not you know what 19 a seller willing to accept an offer within  
20 Kevin Davis -- 20 the range of acquisition prices discussed in  
21 THE WITNESS: 21 this memo. Was it your view in August of  
22 Yeah. That's -- That's what I was 22 2008 that you were willing to accept  
23 going to say. I mean, the one thing I 23 acquisition prices in the range of 42 to \$45  
24 figured out reading all of this is some of 24 million in total?  
25 what I was being told by the Parish and some 25 A. No. It's my recollection at that  
Page 228 Page 230

1 of what they were talking about to 1 stage of the game we were still talking  
2 themselves behind the scenes wasn't exactly 2 about 42 plus our capacity fees.  
3 the same thing. 3 Q. And so --  
4 EXAMINATION BY MR. PERAGINE: 4 A. I do -- You know, I'm looking  
5 Q. Okay. Well, then let's -- 5 through it to see what they're talking  
6 A. So -- 6 about. I'm not trying to be rude or  
7 Q. Let's go through it point by point. 7 interrupt you --  
8 In August 2008 Mr. Gordon is telling Mr. 8 Q. Take your time.  
9 Davis, the president of the parish, that 9 A. -- but that's what I'm --  
10 there is a range of acquisition prices 10 Q. Take your time.  
11 supported by reasonably favorable financial 11 A. Because I didn't read all of this.  
12 analysis. You don't know one way or the 12 I don't know --  
13 other whether that is accurate? 13 Q. Go ahead. Take your time.  
14 A. Well, what I'm trying to say is I 14 MR. GOUX:  
15 don't know if at this stage of the game that 15 Okay. One second. Let me lodge an  
16 if what they're talking about here is the 16 objection. You're asking him to testify to  
17 \$42 million purchase price with the capacity 17 the continuation of a section which begins  
18 fees attached to it. 18 on page two which wasn't discussed  
19 Q. Well, why don't we look at the 19 previously. In bold it says, Legal Issues.  
20 bottom underneath the summary. It says, 20 This memorandum is concerned with offering  
21 back to regular-face print, Kevin, if you 21 information to move ahead with an  
22 REALLY, all caps, want to do this, I 22 acquisition price offer only. Once a price  
23 personally recommend: One, coming to terms 23 hurdle has been cleared, we will then have  
24 with acquiring at a price between 42 and 45 24 to deal with the legal issues surrounding  
25 million. You see that? 25 asset/stock sale scenario. At this time of  
Page 229 Page 231

1 the memorandum, the Legal Department has  
 2 terminated the issuance of a professional  
 3 services contract with Phelps Dunbar. It  
 4 goes on to continue a few other things.  
 5 So I just think if you're going to  
 6 question him to the mental impressions of  
 7 either Greg Gordon or Kevin Davis as it  
 8 relates to even the bold summary, that  
 9 portion needs to be included as well.  
 10 MR. PERAGINE:  
 11 Fair enough.  
 12 EXAMINATION BY MR. PERAGINE:  
 13 Q. You understand what your lawyer  
 14 just said?  
 15 A. No, I don't. I'm sorry.  
 16 Q. Why don't you take some time and  
 17 read this.  
 18 A. Okay.  
 19 Q. This is a pretty important  
 20 document. In fact, why don't we take a  
 21 five-minute break.  
 22 MR. GOUX:  
 23 Okay. Sure.  
 24 THE VIDEOGRAPHER:  
 25 Okay. We're off the record. It's  
 Page 232

1 10:50.  
 2 (Whereupon a brief recess was  
 3 taken.)  
 4 THE VIDEOGRAPHER:  
 5 Okay. We're back on the record.  
 6 It's 10:57.  
 7 EXAMINATION BY MR. PERAGINE:  
 8 Q. Mr. Riecke, we were talking about  
 9 Deposition Exhibit No. 37 and we were  
 10 particularly discussing the four items on  
 11 the last page, Bates number STP-004091, and  
 12 when I say the four items, I mean the four  
 13 items printed in bold underneath the word  
 14 "Summary." Mr. Gordon is providing to Kevin  
 15 Davis and other Parish officials his view of  
 16 the status of the proposed SELA acquisition  
 17 as of August 26, 2008. My question, sir,  
 18 is, do you have any reason to disagree with  
 19 his summary of those four points?  
 20 A. Yes, sir, I do.  
 21 Q. Okay. Please explain.  
 22 A. Okay. In August of '08 we were  
 23 still -- and I say we. I mean SELA -- were  
 24 still in the mindset of that 42 million plus  
 25 capacity fee price range. Number two, we  
 Page 233

1 were still in the mindset of a stock sale.  
 2 And when I read through -- We went off the  
 3 record and I had the opportunity to read  
 4 through this to see what he's talking about.  
 5 He's, I guess, saying that there's a range  
 6 of acquisition prices supported by  
 7 reasonable favorable analysis. I don't see  
 8 them in here. Maybe they were outside of  
 9 this document so -- a range of acquisition  
 10 prices supported by favorable appraisal.  
 11 Again, that's not in here. But a seller  
 12 willing to accept an offer within the range  
 13 of acquisition prices discussed in this  
 14 memo, that's not where we were at that time.  
 15 And then when you read through  
 16 this, they're talking about, you know, like  
 17 one of the -- under -- I guess it would be  
 18 page three in legal issues. Once the  
 19 acquisition price hurdle has been cleared,  
 20 we will have to deal with the legal issues  
 21 surrounding asset/stock sale. The way I  
 22 read that is they're coming back at me with  
 23 an offer. They're not giving me what I'm  
 24 asking for as far as price goes, and, you  
 25 know, there's some legal issues surrounding  
 Page 234

1 the asset/stock sale scenario.  
 2 And then on the following page,  
 3 right above "Summary," even if we reach an  
 4 accord on price, please be aware there is  
 5 still a purchase agreement that needs to be  
 6 structured and agreed on by both parties. I  
 7 think it's a -- I think it's -- I think it's  
 8 a -- I don't know how to phrase it. I think  
 9 it's a premature statement to say that you  
 10 have a willing ready to -- willing -- a  
 11 seller willing to accept an offer within the  
 12 range of acquisition discussed in this memo.  
 13 Q. You don't have any -- Well, let me  
 14 withdraw. Do you have any understanding of  
 15 why Greg Gordon would have stated to Kevin  
 16 Davis in writing in August of 2008 that the  
 17 seller, SELA, was willing to accept an offer  
 18 within the range of acquisition prices  
 19 discussed here, 42 to 45 million?  
 20 A. No, sir.  
 21 Q. Correct?  
 22 A. I mean, that's what he said, but  
 23 no, I don't know why he said that.  
 24 Q. Okay. Now, who was Greg Gordon's  
 25 primary contact at SELA?  
 Page 235

15 (Pages 232 to 235)

<p>1 A. Bruce Cucchiara.  2 Q. I'm going to show you a document  3 I'm going to mark as Riecke 38, STP-03895  4 [sic] dated October 20, 2008.  5 MR. GOUX:  6 0895? Is that what you said?  7 MR. PERAGINE:  8 3895, sir. I'm sorry.  9 EXAMINATION BY MR. PERAGINE:  10 Q. This is an e-mail from Bruce  11 Cucchiara to Greg Gordon. I don't see you  12 copied on this e-mail. Do you recall  13 whether you might have been blind copied?  14 A. Like we -- like I had said last  15 time, that was not common practice in SELA  16 was to blind copy each other. It was more  17 likely Bruce would come in, have  18 conversations with me to tell me what was  19 going on. As a matter of fact, any of the  20 people that were at SELA would just do that.  21 Q. All right. And then this is  22 October 2008 and this is from Mr. Cucchiara  23 to Mr. Gordon who wrote the memo we just  24 looked at.  25 A. Correct.</p>	<p>1 or who it is?  2 A. I think that was another company --  3 I'm pretty sure that that was another  4 company that we had reached out to. I say  5 we. SELA had reached out to because, like I  6 said, I just disagreed with Beck's ideology  7 and their theories of doing the appraisal  8 from day one.  9 Q. Do you recall ever meeting with  10 anyone from a company called CH2M Hill?  11 A. No, sir, I don't.  12 Q. And you're not even sure what the  13 name of that company is; correct?  14 A. Correct.  15 Q. Okay. On the next line he states  16 that they do not take away the CIA as R. W.  17 Beck does. Any idea --  18 A. CIA is --  19 Q. I'm assuming he's not talking  20 about --  21 A. No.  22 Q. -- the Central Intelligence Agency.  23 A. They do not take away the  24 contribution in aid.  25 Q. Okay. So the RCNLD. What about an</p>
Page 236	Page 238
<p>1 Q. And this is two or three months  2 later, and at the very beginning Mr.  3 Cucchiara says, "I believe the capacity fee  4 issue can be resolved." Do you see that?  5 A. Yes, sir.  6 Q. Was it your understanding by  7 October of 2008 that the capacity fee issue  8 had been resolved?  9 A. No, sir. It was my understanding  10 that they were going to try and put together  11 a price just to buy us because some people  12 at the Parish had concerns of an ongoing  13 accounting and how to account for, you know,  14 something that was going to go 20 years into  15 the future, how they were going to be able  16 to logistically do that.  17 Q. All right. Let's do acronyms for a  18 while. In the first line he's talking about  19 Beck, and I assume that means R. W. Beck,  20 will not consider the low CIP value. Do you  21 understand what the CIP value is?  22 A. Capital improvement projects.  23 Q. Okay. And then on the third line  24 he says -- Mr. Cucchiara says he's spoken  25 with CH2M Hill. Any idea what CH2M Hill is</p>	<p>1 RCNLD?  2 A. Replacement cost new less  3 depreciation.  4 Q. Okay. While the RCN?  5 A. Replacement cost new.  6 Q. Thank you.  7 A. Yeah. It's confusing. I'll give  8 you that one.  9 Q. Look at the e-mail below from Greg  10 Gordon the same day. Actually, you got --  11 Yeah. It's set about 30 minutes before the  12 first e-mail from Bruce. In the first  13 e-mail Bruce is replying to Greg Gordon at  14 about 10:48 a.m. Do you see that?  15 A. Yes, sir.  16 Q. And then below is the e-mail from  17 Greg Gordon to Bruce at 10:19 a.m. You see  18 that?  19 A. Yes, sir.  20 Q. Okay. The first sentence of Mr.  21 Gordon's e-mail talks about the downturn in  22 the housing market and the dependence on  23 capacity fees to support the debt service.  24 You see that?  25 A. Yes, sir.</p>
Page 237	Page 239

1 Q. The Parish was already  
 2 contemplating that debt service would have  
 3 to be supported to some extent by capacity  
 4 fees. Was that your understanding at this  
 5 point?  
 6 A. It probably was. Yes, sir.  
 7 Q. He states further that -- Mr.  
 8 Gordon states that he thinks it is obvious  
 9 that the capacity fee revenues programmed  
 10 into our analysis over the next two to three  
 11 years are not going to happen. Do you see  
 12 that?  
 13 A. I do see that.  
 14 Q. Now, by October of 2008 we're  
 15 already in a global financial crisis. Do  
 16 you recall that?  
 17 A. Yes, sir, I do.  
 18 Q. Do you have any reason to disagree  
 19 with Mr. Gordon's conclusion there?  
 20 A. No, sir. I don't disagree with  
 21 that.  
 22 Q. I'm going to show you a document  
 23 Riecke 39, STP-003832. Take a look at that.  
 24 Again, I don't think you have any reason to  
 25 think you've seen it before but you may

Page 240

1 have. Have you?  
 2 A. If I did, it was getting ready for  
 3 the deposition.  
 4 Q. Okay.  
 5 A. And I don't mean to keep answering  
 6 that way. I just --  
 7 Q. No, no. That's fine.  
 8 A. I don't want to say I haven't seen  
 9 something if I've seen it, but at this time  
 10 of the -- in -- around -- on or around  
 11 October 27, 2008, no, I didn't see it.  
 12 Q. Okay. Thank you. The document is  
 13 a memorandum once again from Greg Gordon to  
 14 Kevin Davis and other Parish officials dated  
 15 October 27, 2008 and in the first paragraph  
 16 references a meeting of October 23, 2008  
 17 between representatives of the parish  
 18 government, senior management, and this  
 19 department and the owner of SELA. That  
 20 would have been you; correct?  
 21 A. Yes, sir.  
 22 Q. Okay. And Mr. Gordon says that the  
 23 meeting concerned the proposed asset  
 24 acquisition of the private utility. The  
 25 parties came to an agreement on a proposed

Page 241

1 price with a number of legal and financial  
 2 caveats and the agreement now prompts this  
 3 department to draft a memorandum listing the  
 4 transition/due diligence items involved in  
 5 the acquisition process. Do you see that?  
 6 A. Yes, sir. I see that.  
 7 Q. Do you have any reason to disagree  
 8 with Mr. Gordon's summary of the October 23,  
 9 2008 meeting?  
 10 A. Yes, sir. Because on -- in the  
 11 time frame of October of 2008 we were still  
 12 talking about a stock purchase, not an asset  
 13 purchase, but I agree with the rest of what  
 14 he said.  
 15 Q. The proposed asset acquisition  
 16 is -- You have a problem -- You disagree  
 17 with the term "asset acquisition"; correct?  
 18 A. Yes, sir.  
 19 Q. Okay.  
 20 A. If that were changed to stock  
 21 acquisition, then yes, I agree with what  
 22 you're saying.  
 23 Q. And that question ultimately came  
 24 down to a question of what the Parish could  
 25 do legally; correct?

Page 242

1 A. Yes, sir.  
 2 Q. Okay. What was the agreement on a  
 3 proposed price?  
 4 A. Again, at this stage we were still  
 5 at 42 million and we got the excess capacity  
 6 fees.  
 7 Q. And it was your understanding that  
 8 everybody had agreed on that?  
 9 A. Yes, sir.  
 10 Q. Mr. --  
 11 A. Well, let me say this. It was a  
 12 meeting with Mr. Davis, Mr. Dillard, and  
 13 myself. I believe Greg Gordon was in the  
 14 meeting, and I remember because it was such  
 15 a quick and simple meeting which was  
 16 uncharacteristic for all of my meetings with  
 17 the Parish, especially the ones that -- you  
 18 know, involving this, because I said, you  
 19 know, "Mr. Davis, they're not giving us  
 20 credit for capacity. If they're not giving  
 21 us capacity -- If they're not giving us  
 22 credit for it, why should I sell it? How  
 23 about I just give you the price -- I'll sell  
 24 it to you for the price you want to but we  
 25 get to keep the capacity." And he said,

Page 243

17 (Pages 240 to 243)

1 "Fine." And it just -- it struck me as odd  
 2 that it was that quick -- that quick of a  
 3 tempo that easy, and I remember the look on  
 4 Greg's face. I could tell he was displeased  
 5 with that.  
 6 Q. And ultimately the deal did not  
 7 break down that way, correct?  
 8 A. Ultimately this deal fell apart and  
 9 we move on to another new deal.  
 10 Q. When do you recall this deal  
 11 falling apart?  
 12 A. It would have been sometime in '09.  
 13 Q. You recall why you thought it fell  
 14 apart?  
 15 A. Oh, it fell apart because they  
 16 weren't going to give us the capacity fees  
 17 first and foremost, and then the very final  
 18 deal that we agreed to in '09, as you said,  
 19 was an asset sale, not a stock sale. We did  
 20 not get the capacity fees.  
 21 Q. All right.  
 22 A. Are we done with this? I'm sorry.  
 23 Q. Yeah. We're done with that for  
 24 now.  
 25 In October 2008 your understanding

Page 244

1 was that Kevin Davis agreed to pay you the  
 2 capacity fees on top of a \$42 million  
 3 purchase price; right?  
 4 A. Absolutely.  
 5 Q. And later Mr. Davis said he was not  
 6 going to do that; correct?  
 7 A. Later he said that he was going to  
 8 be unable to do it because of the cash flow,  
 9 the asset -- the cash flow and -- How's the  
 10 best way to phrase it? The reports that  
 11 were run by the Parish showed that they  
 12 would be cash flow negative if they  
 13 attempted to let us maintain the capacity  
 14 fees and run the company using the  
 15 pro formas they were putting together with  
 16 the downturn in the housing market and those  
 17 other items that we all know that was going  
 18 on at the time.  
 19 Q. And fair to say the economic  
 20 collapse that started in the autumn of 2008  
 21 continued and got worse in 2009, 2010, all  
 22 the way through the time this deal was done;  
 23 correct?  
 24 A. I would say the economic downturn  
 25 is still going on today.

Page 245

1 Q. So would I. Let me ask you this.  
 2 You don't feel that Mr. Davis backed out of  
 3 anything, do you?  
 4 A. No. I feel Mr. Davis -- I think  
 5 Mr. Davis at that time made an agreement  
 6 with me and shook hands with me with -- to  
 7 do a deal with the best information he had  
 8 at hand. When it was obvious to all parties  
 9 that that deal wasn't going to work, well,  
 10 you sit down and you renegotiate or you do  
 11 what you got to do and you come up with a  
 12 new deal.  
 13 Q. Fair enough.  
 14 A. And then you come up with a new  
 15 deal and you try and do that, and if that  
 16 one doesn't work and both parties are still  
 17 interested, you still have a willing buyer  
 18 and a willing seller, sit down and try and  
 19 make a new deal, and that's what we did.  
 20 Q. Mr. Davis was representing the  
 21 interests of the Parish and its citizens;  
 22 correct?  
 23 A. Yes, sir.  
 24 Q. And you feel that he did a good job  
 25 in representing those people's interests?

Page 246

1 A. I think Mr. Davis got a great deal  
 2 for his -- for his constituents.  
 3 Q. And you understand that Mr. Davis  
 4 has a responsibility in making an  
 5 acquisition for the parish to ensure that  
 6 what he is acquiring is worth the amount of  
 7 money he's spending; correct?  
 8 A. Correct.  
 9 Q. I mean, that's his legal  
 10 responsibility as the president of the  
 11 parish; correct?  
 12 A. Sure.  
 13 Q. So he wasn't going to be able to  
 14 pay you more than could be justified by an  
 15 appraisal; correct?  
 16 A. That's correct.  
 17 MR. PERAGINE:  
 18 I appear to have one document that  
 19 I do not have multiple copies of. Jeremy,  
 20 you want to come over and take a look at it  
 21 real quick before I show it to your client?  
 22 EXAMINATION BY MR. PERAGINE:  
 23 Q. The next document I'm going to  
 24 attach is Riecke Deposition Exhibit 40 and  
 25 it is a series of e-mails back and forth

Page 247

1 between you and Kelly Rabalais. The first  
 2 e-mail is dated -- Both e-mails are dated  
 3 March 10, 2009.  
 4 MR. GOUX:  
 5 One second, Alex, This is 40?  
 6 MR. PERAGINE:  
 7 40. Yes, sir.  
 8 MR. GOUX:  
 9 And it's STP --  
 10 MR. PERAGINE:  
 11 And it bears Bates numbers  
 12 STP-004241 and 4242. I apologize for not  
 13 having an extra copy for you, Jeremy.  
 14 MR. GOUX:  
 15 No. I've got the STP documents. I  
 16 just -- all 4400 of them or whatever.  
 17 MR. PERAGINE:  
 18 And we narrowed the range quite a  
 19 bit.  
 20 MR. GOUX:  
 21 Well, yeah. I saw your bantering  
 22 back and forth with her.  
 23 MR. PERAGINE:  
 24 Yeah.  
 25 EXAMINATION BY MR. PERAGINE:

Page 248

1 Q. I'm going to ask you, sir, to read  
 2 the e-mail you sent to Kelly Rabalais on  
 3 March 10, 2009. It begins on the bottom of  
 4 STP-004241 and it goes to the next page.  
 5 Just read it to yourself and let me know  
 6 when you're done.  
 7 A. Okay. (Witness reviews document.)  
 8 Okay.  
 9 Q. Do you recall sending that e-mail?  
 10 A. I do.  
 11 Q. Okay. You were upset; correct?  
 12 A. Yes, sir. That's fair to say.  
 13 Q. Explain why you were upset.  
 14 A. I was upset because I had gotten a  
 15 letter from Paul Mayronne, my lawyer,  
 16 that -- Well, he informed --  
 17 Q. Wait. Stop.  
 18 MR. PERAGINE:  
 19 Jeremy?  
 20 EXAMINATION BY MR. PERAGINE:  
 21 Q. I don't want to know what Paul  
 22 Mayronne told you, and there's a very good  
 23 reason I don't have the document you're  
 24 about to speak about. If that is a letter  
 25 from Paul Mayronne to you, that is strictly

Page 249

1 between you and Paul Mayronne. I do not  
 2 wish to invade the attorney-client  
 3 privilege. That is not my style at all.  
 4 A. I appreciate that.  
 5 Q. If you could explain your upset --  
 6 A. Okay.  
 7 Q. -- without referencing  
 8 communications between yourself and your  
 9 lawyer, that's fine. If you can't, I  
 10 understand that as well, sir.  
 11 A. Well, I think I can. It was my  
 12 understanding that Ms. Rabalais wanted SELA  
 13 to stop communicating with Greg Gordon --  
 14 Greg Gordon directly and wanted all  
 15 communications for SELA to go to Paul  
 16 Mayronne and then Paul Mayronne would take  
 17 our communications to Ms. Rabalais and Ms.  
 18 Rabalais would then take all communications  
 19 to Greg Gordon. So I was upset by that.  
 20 Q. Okay. Why did that upset you?  
 21 A. Well, it upset me for a number of  
 22 reasons. First and foremost, at this stage  
 23 and prior to this and after this, I have a  
 24 company to run that is highly regulated and  
 25 it was being regulated -- one of my

Page 250

1 regulators was Greg Gordon and his staff who  
 2 my staff and myself had spent years  
 3 developing a good rapport and a good  
 4 relationship with where Greg's office and  
 5 the people underneath him felt free to call  
 6 my head of regulatory compliance or felt  
 7 free to call my controller in the office and  
 8 the head of bookkeeping if they had  
 9 questions, and basically what she was saying  
 10 is that all communications between SELA and  
 11 DES would stop and be routed that way. That  
 12 upset me for many reasons. Number one, it  
 13 was going to slow our normal everyday course  
 14 of business. Take the whole possibility and  
 15 consideration of sale out of the mix.  
 16 That's going to slow us down on anything  
 17 that we do with that, number one.  
 18 Number two, with all due respect to  
 19 everybody in the room almost, it was going  
 20 to run my legal fees, you know, to the  
 21 heavens if everything that -- every document  
 22 we had to do, every conversation we had to  
 23 have had to go through Paul Mayronne. Paul  
 24 is a fine lawyer. Jones Fussell is a great  
 25 firm, but they bill just like everybody

Page 251

19 (Pages 248 to 251)

1 else.  
 2 Number three, in regards to a  
 3 potential sale, a sale we're working on,  
 4 however you want to phrase it, Kevin Davis  
 5 specifically, her boss, told me, "Deal with  
 6 Greg." He didn't say, "Have your lawyer  
 7 send everything through my lawyers." He  
 8 said, "Deal with Greg." So basically I was  
 9 getting chastised for doing exactly what I  
 10 had been doing since before she was even  
 11 there all the way through and, as it related  
 12 to any type of sale, what her boss told me  
 13 to do. So hindsight being 20/20, I probably  
 14 shouldn't have gotten as upset as I did but  
 15 I did.  
 16 Q. You know Ms. Rabalais personally;  
 17 correct?  
 18 A. I do.  
 19 Q. And you're not contending that she  
 20 wasn't doing anything other than what she  
 21 thought was her job; correct?  
 22 A. Absolutely not. And since -- since  
 23 this document, Kelly and I have a great --  
 24 had a great working relationship and have a  
 25 great -- now that, you know, I don't do as  
 Page 252

1 much business with the Parish, we have a  
 2 great personal relationship.  
 3 Q. Can I have that back, please?  
 4 A. Yes, sir.  
 5 Q. I'm done with that.  
 6 A. Okay.  
 7 Q. What's that last document?  
 8 A. I'm sorry?  
 9 Q. I want to check the date. I like  
 10 to proceed in chronological order. I'm a  
 11 little bit out.  
 12 On or about January 8, 2009, the  
 13 St. Tammany Parish Council passed a  
 14 resolution regarding the potential  
 15 acquisition of an existing utility system to  
 16 be reimbursed with the proceeds of tax  
 17 exempt borrowings, STP-004164, also Riecke  
 18 41. Take a look at that. Do you recognize  
 19 it?  
 20 A. Yes, sir.  
 21 Q. Do you recall whether you attended  
 22 a St. Tammany Parish council meeting on or  
 23 about January 8, 2009?  
 24 A. I would not have attended it.  
 25 Q. Would you have sent someone in your  
 Page 253

1 place?  
 2 A. Mr. Mayronne would have gone.  
 3 Q. Okay. Do you have any reason to  
 4 doubt that Mr. Mayronne went to this  
 5 meeting?  
 6 A. I have no reason to doubt it.  
 7 Q. Okay. You recall the Parish  
 8 passing a resolution in January 2009  
 9 regarding the acquisition of SELA?  
 10 A. Yes, sir.  
 11 Q. Okay. Thank you. Ah, here's the  
 12 extra copies.  
 13 MR. GOUX:  
 14 That was 40; correct?  
 15 MR. PERAGINE:  
 16 Yes. Sorry about that.  
 17 EXAMINATION BY MR. PERAGINE:  
 18 Q. I'm going to show you a document  
 19 dated STP-004193 [sic]. It is an unsigned  
 20 letter from Kevin Davis, Riecke 42. Sir, I  
 21 have no reason to believe you've ever seen  
 22 this document. I'm simply asking you. Have  
 23 you ever seen this document?  
 24 A. In preparation for this deposition  
 25 I've seen it.  
 Page 254

1 Q. Do you believe you ever saw such a  
 2 document in June of 2009?  
 3 A. I'm fairly certain I never received  
 4 or saw this document.  
 5 Q. Do you ever recall Mr. Davis having  
 6 a discussion with you about possibly  
 7 expropriating SELA?  
 8 A. I do not recall a conversation that  
 9 me and Mr. Davis ever had about that.  
 10 Q. And if you and Mr. Davis ever had a  
 11 conversation about possibly expropriating  
 12 SELA, pretty likely you would remember it;  
 13 fairly stated?  
 14 A. Yes, sir.  
 15 Q. Okay. I'm going to show you a  
 16 document I'm going to mark as Riecke 43. It  
 17 bears Bates numbers that are not legible  
 18 because of a footer at the bottom of the  
 19 page, but it is a June 24, 2009 letter and I  
 20 will represent to Mr. Goux that I am nearly  
 21 certain this came from the Parish  
 22 production, a letter of June 24, 2009 from  
 23 Nancy Hughes to Greg Gordon. Mr. Riecke,  
 24 you may or may not have ever seen that. Do  
 25 you know?  
 Page 255



1 MR. PERAGINE:  
2 And here you go, Jeremy.  
3 THE WITNESS:  
4 At that time, at that date, no, I  
5 didn't, but I think I might have seen this  
6 in preparation for the deposition.  
7 EXAMINATION BY MR. PERAGINE:  
8 Q. Do you recall after that letter was  
9 sent that you had some meetings with R. W.  
10 Beck?  
11 MR. GOUX:  
12 Only to the extent of time frame;  
13 correct, Alex?  
14 MR. PERAGINE:  
15 Yeah. Yeah.  
16 THE WITNESS:  
17 Again, I don't think I personally  
18 would have gone to the meeting but I know we  
19 as a company probably would have --  
20 EXAMINATION BY MR. PERAGINE:  
21 Q. That's fine.  
22 A. -- had a meeting about that time  
23 line.  
24 Q. Okay. Thank you. You can put that  
25 down.

Page 256

1 A. Okay.  
2 Q. I'm going to show you a document  
3 I'm going to mark as Riecke 44, STP-004239.  
4 It is one page from a series of e-mails and  
5 Susan Talley is sending an e-mail here to  
6 Paul Mayronne dated July 24, 2009, and in  
7 the first paragraph she informs Mr. Mayronne  
8 that the outcome of a meeting she had with  
9 the Parish is that a stock sale is off the  
10 table and we are proceeding on the basis of  
11 an asset acquisition. Do you see that?  
12 A. Yes, sir.  
13 Q. Is it consistent with your  
14 recollection that around July 24, 2009 you  
15 were advised that the Parish would only  
16 proceed on an asset basis and not a stock  
17 basis?  
18 A. Yes, sir.  
19 Q. Thank you.  
20 A. Right around that date.  
21 MR. GOUX:  
22 Do you have an extra copy, Alex?  
23 MR. PERAGINE:  
24 Oh, I'm sorry.  
25 EXAMINATION BY MR. PERAGINE:

Page 257

1 Q. I'm going to show you a document  
2 I'm going to mark as Riecke 45 dated  
3 July 31, 2009, STP-004221 through 4225.  
4 Sir, do you recognize that document?  
5 A. Not really, no.  
6 Q. Okay.  
7 MR. GOUX:  
8 Woe, woe, woe. Alex, I've got the  
9 same document you gave me as Exhibit 43.  
10 June 24, 2009?  
11 THE WITNESS:  
12 No. This is July 31, 2009.  
13 MR. GOUX:  
14 It's not this one then.  
15 MS. LORIO:  
16 Here.  
17 MR. PERAGINE:  
18 Sorry. You got July 31 --  
19 MR. GOUX:  
20 Got it.  
21 MR. PERAGINE:  
22 -- 2009, Jeremy? Okay.  
23 EXAMINATION BY MR. PERAGINE:  
24 Q. It says to distribution list, sir,  
25 and I don't have any reason to believe

Page 258

1 you're on the distribution list. You don't  
2 recognize the document?  
3 A. No, sir.  
4 Q. Okay. It says in the summary  
5 section that existing rates plus 2.4 percent  
6 annual rate increases starting in 2011 do  
7 not support an acquisition price of \$42  
8 million. Do you see that?  
9 A. I do see that.  
10 Q. And then in the next section it  
11 talks about changes since previous analysis.  
12 You see that?  
13 A. Yes, sir.  
14 Q. The first change noted is that  
15 customer growth projections have changed and  
16 are lower. Do you see that?  
17 A. Yes, sir.  
18 Q. The next section underneath that  
19 talks about the previous analysis had 2.4  
20 percent rate increases in '09 and 2010. The  
21 '09 increase was not implemented and the  
22 2010 increase is not included. Do you see  
23 that?  
24 A. I do.  
25 Q. Did rates, in fact, increase in

Page 259

21 (Pages 256 to 259)

1 either of 2009 or 2010?  
 2 A. In 2009 we had gotten a rate  
 3 increase, but they're talking about 2010 and  
 4 this is July 31st of 2009.  
 5 Q. So you don't think at that point in  
 6 2009 you had received the rate increase?  
 7 A. Correct.  
 8 Q. Okay. Do you recall approximately  
 9 when the rate increase was received?  
 10 A. It was towards the end of the third  
 11 quarter, somewhere right up in there. It  
 12 would have been September, October,  
 13 November, right up in there.  
 14 Q. And that was done at the Louisiana  
 15 Public Service Commission of course; right?  
 16 A. Yes, sir.  
 17 Q. And who represented SELA in front  
 18 of the commission?  
 19 A. Brian Eddington.  
 20 Q. I'm sorry?  
 21 A. Brian Eddington.  
 22 Q. And who is Mr. Eddington with?  
 23 A. He's in a firm in Baton Rouge.  
 24 It's just him and an older lawyer, Ted  
 25 Moses. No. Ted Jones. I'm sorry. Ted

Page 260

1 Jones and Brian Eddington. They share an  
 2 office together. That's pretty much all he  
 3 does is Public Service Commission work.  
 4 Q. I'll ask you to turn to the last  
 5 page of this exhibit, 4225. It says Parish  
 6 Ownership, Merrill Lynch, \$36 million  
 7 purchase price. Do you see that?  
 8 A. I do.  
 9 Q. And it's got projections from 2010  
 10 to 2017. You see that?  
 11 A. Yes, sir.  
 12 Q. And at the bottom, debt service  
 13 coverage ratios. You see that?  
 14 A. I do. As I previously testified,  
 15 Mr. Davis made an excellent deal for his  
 16 constituents.  
 17 Q. Thank you. We're done with that  
 18 one.  
 19 I'm going to show you a document  
 20 I'm going to mark as Riecke 46, STP-003803.  
 21 I don't have any reason to know that --  
 22 think that you've seen this before, sir, but  
 23 if you have, let me know.  
 24 A. No, sir, I haven't.  
 25 Q. Okay. Do you know Evan Kist?

Page 261

1 A. No, sir, I do not.  
 2 Q. Okay. His e-mail would suggest  
 3 that he's with Merrill Lynch. He's writing  
 4 to Mr. Gordon here and saying here are  
 5 updated numbers reflecting an 11-percent  
 6 increase and updated market rates. Is the  
 7 Public Service Commission rate increase that  
 8 you received in 2009, second half of the  
 9 year, maybe third, fourth quarter, was it an  
 10 11-percent increase?  
 11 A. No, sir.  
 12 Q. What was it?  
 13 A. I don't remember off the top of my  
 14 hand but -- off the top of my head but I  
 15 know it wasn't 11 percent.  
 16 Q. Was it --  
 17 A. I believe it was --  
 18 Q. -- maybe perhaps at 10 percent?  
 19 A. I think it would have been single  
 20 digits.  
 21 Q. You just don't recall?  
 22 A. I don't recall but --  
 23 Q. Fair enough.  
 24 A. -- 11 percent would be a -- I mean,  
 25 typically speaking, that would have been a

Page 262

1 pretty decent rate increase.  
 2 Q. Do you think you might have asked  
 3 for a 10-percent or an 11-percent increase  
 4 and received something less?  
 5 A. Yes, sir. That's -- I mean, that's  
 6 common practice. You ask for more than what  
 7 you think you're going to get. I hate to  
 8 sound cynical but that's the way it is.  
 9 Q. I don't think it's cynical at all.  
 10 A. I think it's realistic, quite  
 11 honestly, but that's the way it works.  
 12 Q. Do you recall what percent increase  
 13 you requested?  
 14 A. We might have requested 11 percent.  
 15 I think we got maybe an eight percent.  
 16 Those numbers tend to ring a bell, but,  
 17 again, I can get those for you fairly  
 18 easily.  
 19 MR. PERAGINE:  
 20 Actually, Jeremy, would you mind?  
 21 THE WITNESS:  
 22 Jeremy, we'll just call Brian  
 23 Eddington and he'll still have my files  
 24 open.  
 25 EXAMINATION BY MR. PERAGINE:

Page 263

1 Q. I'm going to show you a document --  
 2 A. Are you done with this one?  
 3 Q. Yeah, I'm done.  
 4 -- a document I'm going to mark as  
 5 Riecke 47, STP-003933, and do you recognize  
 6 this document?  
 7 A. No, sir.  
 8 Q. Okay.  
 9 A. I would have seen it getting ready  
 10 for the deposition but not necessarily back  
 11 at this stage.  
 12 Q. This is Mr. Cucchiara writing to  
 13 Mr. Gordon September 18, 2009; correct?  
 14 A. Yes, sir.  
 15 Q. Okay. So even after that exchange  
 16 between you and Ms. Rabalais, Mr. Cucchiara  
 17 and Mr. Gordon are still dealing directly  
 18 with regard to the proposed acquisition of  
 19 SELA; correct?  
 20 A. Evidently so. Yes, sir.  
 21 Q. Okay. And Mr. Cucchiara is  
 22 advising Mr. Gordon with reference to the  
 23 following: CIAC issue. "That adjustment  
 24 should get the Total Value of --"  
 25 A. Wait, wait. At the bottom?

Page 264

1 Q. No. I'm at the top. I'm sorry,  
 2 sir.  
 3 A. Okay.  
 4 Q. September 18, '09. And he says,  
 5 "RE: CIAC." What is CIAC again?  
 6 A. Oh. Contribution in aid of  
 7 construction.  
 8 Q. Okay. And he's saying that  
 9 adjustment should get the total value of the  
 10 SELA system based on the revised Beck  
 11 numbers from December 7, '06 to 42 million.  
 12 You see that?  
 13 A. Yes, sir.  
 14 Q. Okay. So Mr. Cucchiara is trying  
 15 to convince Mr. Gordon in September 2009  
 16 that the total value of the SELA system  
 17 should be roughly \$42 million; correct?  
 18 A. That's the way I see it.  
 19 Q. Okay. Thank you. I'm going to  
 20 show you a document Riecke 48. It's an  
 21 Interoffice Memorandum from Greg Gordon to  
 22 Kevin Davis three days after the e-mail you  
 23 just saw, September 21, 2009. Mr. Gordon  
 24 says to Mr. Davis in the fifth paragraph  
 25 that it seems that a \$36 million acquisition

Page 265

1 is a safe and conservative offer to SELA.  
 2 Do you see that?  
 3 A. I do.  
 4 Q. Okay. So Mr. Cucchiara a few days  
 5 before is trying to convince Mr. Gordon that  
 6 it's worth 42 and Mr. Gordon is recommending  
 7 to Mr. Davis 36 million; correct?  
 8 A. Correct.  
 9 Q. Okay. Then underneath it in  
 10 handwriting I see, "Greg, he countered at  
 11 39." Do you see that?  
 12 A. I do.  
 13 Q. Do you know whose handwriting that  
 14 is?  
 15 A. I do not.  
 16 Q. And you see the letter "K"  
 17 underneath it?  
 18 A. Yes, sir.  
 19 Q. Okay. Did you ever talk to Mr.  
 20 Davis about an acquisition at 39 million on  
 21 or around September 21, 2009?  
 22 A. Yes, sir.  
 23 Q. Okay. And you offered to sell it  
 24 in September of 2009 for 39 million total?  
 25 A. Yes, sir.

Page 266

1 Q. Now, at this point we're just a few  
 2 months away from the actual acquisition  
 3 itself; correct?  
 4 A. About six months.  
 5 Q. Yeah. But there's a whole lot of  
 6 paperwork to be done --  
 7 A. Yes, sir.  
 8 Q. -- correct? Mountains?  
 9 A. Yes, sir.  
 10 Q. Okay. And regulatory approvals;  
 11 correct?  
 12 A. Yes, sir.  
 13 Q. And parish council approvals;  
 14 correct?  
 15 A. Yes, sir.  
 16 Q. Okay. Would you characterize this  
 17 as the very late stages of price  
 18 negotiation?  
 19 A. I would consider this -- well,  
 20 within days of this because this is  
 21 referring to the 39 that I countered and all  
 22 that. I would say probably by the end of  
 23 September, beginning of October we actually  
 24 finally have a deal.  
 25 Q. At 36 million?

Page 267

23 (Pages 264 to 267)

1 A. \$36 million asset sale --  
 2 Q. Okay.  
 3 A. -- all in.  
 4 Q. Right. No excess capital?  
 5 A. No excess capacity.  
 6 Q. Capacity. Right. Thank you. Of  
 7 course there were still many things that had  
 8 to happen from the time you, quote, have a  
 9 deal to the actual closing of the deal;  
 10 correct?  
 11 A. Yes, sir.  
 12 Q. And if any of those things go  
 13 wrong, you know, the deal could still fall  
 14 apart. That's possible; right?  
 15 A. Remember what I referred to before  
 16 where they would fall apart and we'd sit  
 17 down and renegotiate a brand new deal again.  
 18 Yeah, I guess it could have, but I think at  
 19 this stage of the game we were all pretty  
 20 well solidified.  
 21 Q. I'm going to show you Riecke 49,  
 22 STP-004226. Take a look at this. Do you  
 23 recognize the document?  
 24 A. I might have read it getting ready  
 25 for my deposition.

Page 268

1 Q. You're not copied on the document,  
 2 are you?  
 3 A. No, sir.  
 4 Q. Okay. Mr. Schlueter is referencing  
 5 a state bond commission meeting at the end  
 6 of October; correct?  
 7 A. Yes, sir.  
 8 Q. And he says the state bond  
 9 commission needs the R. W. Beck appraisal;  
 10 correct?  
 11 A. Yes, sir.  
 12 Q. So they're all waiting on the R. W.  
 13 Beck appraisal to go to the bond commission  
 14 and get approval for the bond financing;  
 15 correct?  
 16 A. That's the way it reads here. Yes,  
 17 sir.  
 18 Q. Okay. Thank you. And I'm going to  
 19 show you Riecke 50, STP-00331 and 332,  
 20 November 5, 2009, ordinance passed by the  
 21 St. Tammany Parish Council with reference to  
 22 the acquisition of SELA. Do you recognize  
 23 this document?  
 24 A. Yes, sir, I do.  
 25 Q. Were you in attendance at this

Page 269

1 meeting?  
 2 A. No, sir, I was not.  
 3 Q. You sent Mr. Mayronne?  
 4 A. Well, I think Mr. Mayronne was  
 5 going.  
 6 Q. Okay. And this was an ordinance  
 7 that was needed in order to proceed with the  
 8 transaction; correct?  
 9 A. Correct.  
 10 Q. And at the top of the second page,  
 11 it says that if purchased, the purchase  
 12 price shall not exceed fair market value of  
 13 the property as evidenced by an appraisal  
 14 obtained or supplied to the Parish plus fees  
 15 and costs; correct?  
 16 A. Yes, sir.  
 17 Q. And that was always your  
 18 understanding, that the Parish was going to  
 19 have to support a purchase price with an  
 20 appraisal; correct?  
 21 A. Yes, sir.  
 22 Q. I'm going to show you an October  
 23 2009 appraisal report. It's Riecke 51,  
 24 STP-004148 through 4162. Do you recognize  
 25 it?

Page 270

1 A. It's an appraisal from R. W. Beck.  
 2 Q. And do you have any reason to doubt  
 3 that this is, in fact, the final appraisal  
 4 used with reference to the transaction  
 5 whereby the Parish acquired SELA?  
 6 A. No. I have no reason to doubt  
 7 that.  
 8 Q. Thank you very much. I'm going to  
 9 show you a document I'm going to attach as  
 10 Riecke 52. It indicates it is something  
 11 that was prepared by Merrill Lynch. It  
 12 bears Bates numbers STP-003798. Do you  
 13 recognize that document?  
 14 MR. GOUX:  
 15 You already gave me one. Now,  
 16 you're only using this front page?  
 17 MR. PERAGINE:  
 18 Yeah. Just -- Yeah. It was a  
 19 mistake in stapling but hold on to it.  
 20 You're going to need the next one in a  
 21 second.  
 22 EXAMINATION BY MR. PERAGINE:  
 23 Q. Do you recognize that, sir?  
 24 A. I've seen this before.  
 25 Q. Okay. So you were aware that the

Page 271

24 (Pages 268 to 271)

1 bond proceeds received by the Parish were  
 2 roughly 43 million?  
 3 A. Yes, sir.  
 4 Q. Okay. And that 36 million of that  
 5 was being used to fund the acquisition of  
 6 SELA; correct?  
 7 A. Yes, sir.  
 8 Q. Okay. Thank you. And in  
 9 connection with that bond financing, R. W.  
 10 Beck issued a consulting engineer's report,  
 11 Deposition Exhibit 53, STP-004167 through  
 12 4177. Are you familiar with that document,  
 13 sir?  
 14 A. I might have seen it before.  
 15 Q. You don't recall?  
 16 A. No, sir.  
 17 Q. Here R. W. Beck --  
 18 A. I generally just didn't read too  
 19 much of what R. W. Beck sent.  
 20 Q. Okay.  
 21 A. I'm just being honest with you. I  
 22 mean, they -- it just wasn't worth me  
 23 reading.  
 24 Q. Okay. Not a problem. I tell you  
 25 what. Let's just move right on.

Page 272

1 A. Okay.  
 2 Q. Riecke 54, e-mail from Mr. Dutruch  
 3 to you, copy to Mr. Gilbert and Mr.  
 4 Cucchiara, December 1, 2009. Do you recall  
 5 receiving this e-mail?  
 6 A. I do.  
 7 Q. Do you recall whether you replied?  
 8 A. I did not reply.  
 9 Q. Did you instruct anyone else to  
 10 reply?  
 11 A. No, sir.  
 12 Q. Okay. After you saw this E-mail,  
 13 did you go back and review the January 31,  
 14 2007 amended agreement with SELA referenced  
 15 by Mr. Dutruch?  
 16 A. No, sir. After I received it, I  
 17 reported it to Paul Mayronne and Jeremy  
 18 Goux.  
 19 Q. And you never dealt with this  
 20 again; correct?  
 21 A. Well --  
 22 Q. Until the lawsuit?  
 23 A. Yes, sir.  
 24 Q. Is that fair?  
 25 A. Fair statement.

Page 273

1 Q. Okay. Thank you.  
 2 MR. PERAGINE:  
 3 You know what? We're going to  
 4 finish very soon.  
 5 MR. GOUX:  
 6 Okay.  
 7 MR. PERAGINE:  
 8 We're not even going to need lunch.  
 9 MR. GOUX:  
 10 Okay.  
 11 EXAMINATION BY MR. PERAGINE:  
 12 Q. Are you okay with going straight  
 13 through till we finish?  
 14 A. Sure.  
 15 Q. Okay.  
 16 MR. GOUX:  
 17 Let me tell --  
 18 MR. PERAGINE:  
 19 Do you want to take a break or  
 20 something?  
 21 MR. GOUX:  
 22 No. Just let me tell them.  
 23 (Whereupon there was a brief  
 24 pause.)  
 25 MR. GOUX:

Page 274

1 Thanks, Alex.  
 2 EXAMINATION BY MR. PERAGINE:  
 3 Q. Mr. Riecke, as recently as this  
 4 past summer, you were negotiating back and  
 5 forth with the Parish through your counsel,  
 6 Paul Mayronne, and the Parish's counsel,  
 7 Susan Talley, with regard to the Tella --  
 8 A. TerraBella.  
 9 Q. -- TerraBella Subdivision; correct?  
 10 A. Correct.  
 11 Q. What was the substance of these  
 12 negotiations in sum?  
 13 A. TerraBella -- if you remember back  
 14 to my first deposition, TerraBella was a  
 15 contract that they're holding -- that they  
 16 have the hold-back money for sitting at the  
 17 Parish. TerraBella is a Boh Brothers  
 18 development and there is -- I'm trying to  
 19 sum up the simplest way. There -- The  
 20 developers are entitled to a partial refund  
 21 from the utility tie-in fees as people tie  
 22 in. Currently the Parish is not giving them  
 23 their refunds.  
 24 Number two, the -- I call it the  
 25 Boh Brothers group. The Boh Brothers -- the

Page 275

25 (Pages 272 to 275)

1 developers want to make sure that  
 2 whatever -- however the Parish takes over in  
 3 SELA's duties is identical to the deal that  
 4 they had with SELA.  
 5 Q. Has the matter been resolved?  
 6 A. No. We're still working on it.  
 7 Q. Is there litigation pending?  
 8 A. No, sir. And I know I said it nine  
 9 months ago in my first deposition and today  
 10 I still believe we're pretty close to having  
 11 a deal done. Mr. Mayronne, you know, talks  
 12 to me on a weekly basis about it. He really  
 13 believes at this stage we are really close  
 14 to having a deal done.  
 15 Q. Very close in lawyer terms?  
 16 A. Evidently.  
 17 Q. I'm going to show you an e-mail.  
 18 I'm going to mark it as Riecke 55, Mr.  
 19 Mayronne to Naomi Reyes or "Ray-ez." I'm  
 20 going to represent to you she's an attorney  
 21 at Stone Pigman. Take a look at that  
 22 e-mail. Are you familiar with that e-mail?  
 23 Take a second. I'm sorry.  
 24 A. I'm familiar with this.  
 25 Q. Okay. What was the --

Page 276

1 A. I say I'm familiar with the subject  
 2 matter.  
 3 Q. Okay. What was the deal that was  
 4 worked out with Mr. Davis and you?  
 5 A. Mr. Davis and I had come to an  
 6 agreement as it related to TerraBella that  
 7 what we were going to do was look for the  
 8 difference in the amount that was supposed  
 9 to be rebated to the developers and put a  
 10 present value calculation on it and come up  
 11 with a number in today's dollars that the  
 12 Parish would accept. They would hold that  
 13 money out of the hold-back money that  
 14 they're still holding from the sale, if that  
 15 makes sense, and then release the rest of  
 16 the money and we -- all three parties would  
 17 sign the document and the deal would be  
 18 complete.  
 19 Q. Now, Mr. Davis is no longer parish  
 20 president obviously; correct?  
 21 A. Correct.  
 22 Q. Is the deal still proceeding  
 23 roughly along the lines you just described?  
 24 A. Yes, sir.  
 25 Q. Okay. SELA pages 442 to 444 are

Page 277

1 attached as Riecke 56, e-mail string between  
 2 Greg Gordon and Paul Mayronne. Take a look  
 3 at that. Is that something you've seen  
 4 before?  
 5 A. Yes, sir. In getting ready for  
 6 this deposition.  
 7 Q. Do you have any -- Do you think  
 8 this is something you would have seen on or  
 9 about March 2nd of 2010?  
 10 A. No, sir.  
 11 Q. Okay. Mr. Gordon is stating to Mr.  
 12 Mayronne, she -- and I'm not sure who she is  
 13 in this context -- she said she did not know  
 14 if Emile was going to allow for a vote  
 15 tonight. He might push for a public meeting  
 16 in the area. Do you have any understanding  
 17 of who Emile might be?  
 18 A. My guess would be Emile Lombard.  
 19 Q. And who is that?  
 20 A. The head of the -- at the time it  
 21 was the head of planning and zoning for St.  
 22 Tammany Parish.  
 23 Q. Okay. The next --  
 24 A. I read this. I don't think it  
 25 has -- I don't think that part has anything

Page 278

1 to do with SELA.  
 2 Q. Well, look at the subject line,  
 3 SELA Closing Documents (Donation, Bill of  
 4 Sale and Assignment).  
 5 A. I know but -- I mean, you'd have to  
 6 ask Mayronne, but I don't think that has to  
 7 do -- At this stage of the game on March  
 8 2nd, we were sitting in closings. We had  
 9 nothing in front of P and Z because all that  
 10 would have been cleared up before the  
 11 closing date. On March 2nd we're physically  
 12 sitting in New Orleans in a closing.  
 13 MR. PERAGINE:  
 14 Do you mind picking up the phone  
 15 and talking to Paul about it, seeing  
 16 whether --  
 17 MR. GOUX:  
 18 Yeah.  
 19 MR. PERAGINE:  
 20 -- this is just a mistake?  
 21 MR. GOUX:  
 22 Absolutely.  
 23 MR. PERAGINE:  
 24 All right. It may be just a  
 25 mistake in production.

Page 279

26 (Pages 276 to 279)

1 EXAMINATION BY MR. PERAGINE:  
2 Q. Let me ask you something. "I have  
3 noticed that he --" and I believe that that  
4 references Emile -- "is Howell's person to  
5 drag things out if she is unsure." Do you  
6 have any idea who Howell is?  
7 A. No, sir.  
8 Q. Okay.  
9 MR. PERAGINE:  
10 Jeremy --  
11 MR. GOUX:  
12 I'll ask Paul.  
13 MR. PERAGINE:  
14 -- let me know.  
15 MR. GOUX:  
16 Yeah.  
17 MR. PERAGINE:  
18 This could just be an inadvertent.  
19 MR. GOUX:  
20 It could be that Greg and Paul were  
21 talking about other stuff and they were just  
22 using the same subject line. I believe that  
23 firm does a lot for counsel.  
24 EXAMINATION BY MR. PERAGINE:  
25 Q. I'm going to show you SELA 628  
Page 280

1 through 630. I'm going to mark them as  
2 Riecke 57. Take a look at these and tell me  
3 if you're familiar with any of these  
4 e-mails, if you recall them. What's the  
5 first -- I'm sorry, sir. Can I have that  
6 back one second? 628. Yes, that one. Sir,  
7 you're not copied on any of these or are  
8 you?  
9 A. No, sir, I'm not.  
10 Q. Yeah. Do you recognize any of  
11 them?  
12 A. I recognize -- I recognize the  
13 subject matter.  
14 Q. Okay. Does this have anything to  
15 do with the deal that closed on March 1 or  
16 March 2, 2010?  
17 A. Yes, sir.  
18 Q. Because the Re: line here is  
19 "Insert to Terra Bella Amendment." I  
20 thought the TerraBella asset was not  
21 included in the actual document.  
22 A. Oh, no, no. It's included. You  
23 might be confusing that with Terra Mariae.  
24 Terra Mariae was --  
25 Q. Thank you.  
Page 281

1 A. -- one of the ones that was not  
2 included.  
3 Q. All right.  
4 A. TerraBella is the one that we were  
5 just talking about with Boh Brothers.  
6 Q. Right. And Ms. Talley is asking  
7 for personal guarantees by the beneficiaries  
8 of the trust; correct?  
9 A. Correct.  
10 Q. And Mr. Mayronne is trying to  
11 convince her that that's not required if you  
12 look on the second page?  
13 A. Yes, sir.  
14 Q. And he provides a listing of trust  
15 assets, not an exhaustive listing obviously  
16 but a listing of three trust assets. You  
17 see that?  
18 A. I do.  
19 Q. And is it, in fact, the case that  
20 those are -- those were at that time three  
21 trust assets?  
22 A. Yes, sir.  
23 Q. Okay. And then it refers to the  
24 life insurance on the lives of Mr. and Mrs.  
25 Riecke. I believe he is speaking about your  
Page 282

1 parents. Am I correct?  
2 A. You are correct.  
3 Q. Okay. Ms. Talley ultimately says  
4 notwithstanding the assets of the trust, she  
5 wants the beneficiaries to personally  
6 guarantee the indemnity provisions; correct?  
7 A. Yes. That's what she's asking for.  
8 Q. And she got it; right?  
9 A. No, she didn't.  
10 Q. She didn't?  
11 A. No, sir.  
12 Q. Okay. So it's just the trust?  
13 A. No, sir. It's not even the trust.  
14 They are holding -- Basically St. Tammany  
15 Parish is still holding hold-back money --  
16 Q. As settlement?  
17 A. -- as it relates to this item.  
18 Q. Rather -- So rather than do a  
19 personal guarantee, you just said let's do a  
20 hold back?  
21 A. Well, I didn't say it. They did,  
22 they being --  
23 Q. But you --  
24 A. -- the Parish.  
25 Q. -- agreed with it?  
Page 283

27 (Pages 280 to 283)

1 A. Yes, sir.  
 2 Q. Okay. All right. That was how you  
 3 got past this impasse?  
 4 A. Yes, sir.  
 5 Q. And this was literally maybe days  
 6 before closing; right?  
 7 A. Days before closing.  
 8 Q. Okay. Thank you very much. Let's  
 9 take a break. I want to talk to my client  
 10 and co-counsel and --  
 11 THE VIDEOGRAPHER:  
 12 We're off the record. It's 11:55.  
 13 (Whereupon a brief recess was  
 14 taken.)  
 15 THE VIDEOGRAPHER:  
 16 Okay. We're back on the record.  
 17 It's 12:25, beginning of tape two.  
 18 EXAMINATION BY MR. PERAGINE:  
 19 Q. Mr. Riecke, I'm going to show you  
 20 again Riecke 3. It's the November 4 letter  
 21 between you and Messrs. Cucchiara, Dutruh  
 22 and Gilbert. Just take a brief look. You  
 23 recognize that document; correct?  
 24 A. Yes, sir.  
 25 Q. What was your understanding of what

Page 284

1 Mr. Dutruh, Cucchiara and Gilbert were  
 2 supposed to do?  
 3 A. Bring a purchaser to purchase  
 4 Southeastern Louisiana Water & Sewer  
 5 Company.  
 6 Q. Okay. I'm going to show you a  
 7 document previously marked as Deposition  
 8 Exhibit 11, May thousand -- May 2000 --  
 9 May 25, 2006, Kevin Davis to you. He says  
 10 that they are seriously considering the  
 11 matter and moving forward with their  
 12 analysis. Do you see that?  
 13 A. Yes, sir.  
 14 Q. You recall receiving that?  
 15 A. Yes, sir.  
 16 Q. Okay. Did Mr. Davis ever tell you  
 17 from that date on through the time in 2010  
 18 when the deal was closed that the Parish did  
 19 not want to acquire SELA?  
 20 A. Did Mr. Davis ever have that  
 21 conversation with me? No, sir.  
 22 Q. Okay. Did anybody from the Parish  
 23 ever tell you that the Parish was no longer  
 24 interested in acquiring SELA?  
 25 A. No, sir.

Page 285

1 Q. So from 2006 to 2010 the Parish was  
 2 pretty consistent in wanting SELA. There  
 3 was some question of price and terms; fair?  
 4 A. I guess.  
 5 Q. As far as you know?  
 6 A. As far as I know.  
 7 Q. Okay.  
 8 A. Do I put that one in that stack  
 9 or --  
 10 Q. Actually, give me that back because  
 11 it goes in my binder.  
 12 A. Sure.  
 13 Q. From 2006 to 2010 did you have  
 14 serious negotiations with any potential  
 15 buyer of SELA other than the Parish?  
 16 A. How do you mean by serious?  
 17 Q. Did you have detailed written  
 18 negotiations with any other potential buyer?  
 19 A. We sent financial documents to one  
 20 other potential buyer but that was it.  
 21 Q. Okay. You just sent them a  
 22 financial package and that was the end of  
 23 it?  
 24 A. Yes, sir.  
 25 Q. Okay. Who was that potential  
 buyer?

1 A. His name was Dominic Kulik out of  
 2 New York.  
 3 Q. Okay. And he never responded?  
 4 A. I don't really remember. No, sir.  
 5 Perhaps not.  
 6 Q. When was that?  
 7 A. That was in first, second quarter  
 8 of '08.  
 9 Q. Okay. I want to talk about Mr.  
 10 Cucchiara. What is his current role within  
 11 your operation?  
 12 A. He works for Riecke Land  
 13 Development.  
 14 Q. What does he do?  
 15 A. He underwrites deals. One -- He  
 16 has several different duties. He  
 17 underwrites deals as you understand that,  
 18 his background being in finance. He  
 19 underwrites potential deals that we're  
 20 looking at purchasing. He handles  
 21 refinancing of current properties that we  
 22 have, restructuring of bank debts and those  
 23 type of financial issues throughout the real  
 24 estate development and construction.

Page 287



1 Q. You say he acts as an underwriter.  
 2 Maybe we have different understandings of  
 3 the term. He's not lending money to the  
 4 entity, is he?  
 5 A. No. He's acting as an underwriter  
 6 for us looking at deals to purchase. He  
 7 underwrites it for us. In other words,  
 8 somebody walks in -- hypothetically somebody  
 9 walks in with an apartment complex for a  
 10 million dollars and says, "We think this --  
 11 Here's a good apartment complex. Why don't  
 12 you buy it for a million dollars."  
 13 He'll go in. He'll do all the due  
 14 diligence, look at the rates that are being  
 15 charged, is it market rate, is it above  
 16 market, below market, is there room to move  
 17 the rates up, what is the condition, is  
 18 there capital expenditure that needs to be  
 19 done, if so, how much, and he'll put  
 20 together a financial pro forma on the piece  
 21 of property that we're considering buying.  
 22 Q. Is he paid a salary?  
 23 A. Yes, he is.  
 24 Q. What's his salary?  
 25 A. Right around \$90,000 a year.

Page 288

1 Q. Right. Does he get a commission on  
 2 the deals?  
 3 A. No, sir.  
 4 Q. That's his full compensation  
 5 package except for incidental benefits;  
 6 right?  
 7 A. Oh, he's got a truck and he gets  
 8 health insurance --  
 9 Q. Certainly.  
 10 A. -- and that kind of stuff.  
 11 Q. We talked about BSJ Holdings, LLC.  
 12 A. Yes, sir.  
 13 Q. Have you and Mr. Cucchiara ever  
 14 been involved in any business venture other  
 15 than BSJ Holdings, LLC?  
 16 A. Yes, sir.  
 17 Q. Would you please tell me about  
 18 those?  
 19 A. Sure. Wellington Ridge was one of  
 20 the LLC's we talked about before.  
 21 Q. Right.  
 22 A. Do you want me to go into detail  
 23 about Wellington or do you want me just to  
 24 name them?  
 25 Q. List them all, please.

Page 289

1 A. Okay. Wellington Ridge, BSJ,  
 2 Castine Pointe, and Iron -- Iron House  
 3 Construction.  
 4 Q. Okay. Are any of those entities  
 5 currently entities where you and Mr.  
 6 Cucchiara continue to do business today?  
 7 A. Yes.  
 8 Q. Which ones?  
 9 A. He is still a member of Castine  
 10 Pointe and he is still a member of Iron. I  
 11 think it's Iron Horse or Iron House. I got  
 12 to look that up and see. I don't remember.  
 13 It's a sub-member of an LLC with other  
 14 partners.  
 15 Q. Okay.  
 16 A. Sorry.  
 17 Q. No. That's --  
 18 A. And I didn't name it so --  
 19 Q. Not a problem. Tell me what the  
 20 entity that Iron Horse is a sub of. What is  
 21 that entity?  
 22 A. Global Deployable Housing, GDH  
 23 Housing.  
 24 Q. And what does that entity do?  
 25 A. We build containerized housing,

Page 290

1 disaster housing units.  
 2 Q. And for the oil industry as well;  
 3 right?  
 4 A. Yeah. We build it for the oil  
 5 industry. We've sold -- trying to mark them  
 6 more towards hunters and that kind -- those  
 7 kind of people.  
 8 Q. I'm sorry?  
 9 A. Hunters. Hunting camps.  
 10 Q. Oh, okay.  
 11 A. They work well. And to FEMA, for  
 12 the government.  
 13 Q. Okay. Then the entity before that,  
 14 what was its name?  
 15 A. Castine Pointe.  
 16 Q. Tell me about what that entity is  
 17 doing.  
 18 A. It owns real estate. It owns a  
 19 piece of raw land in Mississippi.  
 20 Q. Does it own any real estate at  
 21 Castine Pointe?  
 22 A. No. And I don't know why it was  
 23 named that. Again, I didn't name it so --  
 24 Q. When you say real estate in  
 25 Mississippi, are we talking about raw land

Page 291

29 (Pages 288 to 291)

1 or developed land?  
 2 A. Raw land.  
 3 Q. Okay. And there's no development  
 4 or plans to develop that on the table?  
 5 A. No, sir. Not right now.  
 6 Q. All right. The raw land that's  
 7 owned by Castine Pointe, was that purchased  
 8 with cash or did you borrow money to fund it  
 9 or --  
 10 A. We borrowed money from Central  
 11 Progressive. We bought it in -- We had the  
 12 purchase agreement right before Katrina and  
 13 then we executed -- it was several months  
 14 after Katrina because the courthouses had  
 15 all their issues and stuff so I don't  
 16 remember exactly but it was somewhere right  
 17 after Katrina, in that '05 area when we  
 18 bought it.  
 19 Q. Okay. Mr. Cucchiara participated?  
 20 He put up his share of the money; right?  
 21 A. We borrowed all the money to do it.  
 22 Q. All right. And y'all personally  
 23 guaranteed the loan; right?  
 24 A. We were all guaranteeing in solido.  
 25 Q. And you've never done anything with

Page 292

1 that land and you continue to hold it to  
 2 this day?  
 3 A. It's sitting there waiting for the  
 4 development market to improve.  
 5 Q. So that's a long-term plan?  
 6 A. Yes. It's going to have to be.  
 7 Q. We talked about the possibility  
 8 that the Parish might expropriate SELA. You  
 9 said you never had any discussions with  
 10 Kevin Davis about that; right? Correct?  
 11 A. No.  
 12 Q. Did you have any discussions with  
 13 anybody at the Parish about that ever?  
 14 A. No.  
 15 Q. Do you have any belief that Mr.  
 16 Dutruch ever violated the terms of his  
 17 agreement with you dated November 15, 2004?  
 18 A. No, sir.  
 19 Q. Okay.  
 20 A. Excuse me.  
 21 Q. No problem. Do you recall that in  
 22 January 2007 you offered Mr. Dutruch  
 23 \$500,000 at the closing of the deal in an  
 24 effort to renegotiate the contract that you  
 25 signed in November 2004?

Page 293

1 A. Yes, sir, I do.  
 2 Q. Why did you do that?  
 3 A. We were in the process of trying to  
 4 renegotiate the contract that I had with  
 5 them for several reasons and that was in the  
 6 course of trying to come to a meeting of the  
 7 minds as to the agreement itself.  
 8 Q. Why were you trying to renegotiate  
 9 the terms?  
 10 A. Well, there were several reasons.  
 11 One, the price point that we thought we were  
 12 going to get, which was in the neighborhood  
 13 of 50, 55 million, as you saw from the  
 14 offers coming from the Parish, were  
 15 considerably less. They were in the \$39  
 16 million range. Another factor is that we  
 17 had talked to the Parish about the capacity  
 18 fees being some type of donated asset, and  
 19 when you're talking roughly \$20 million, I  
 20 would have been paying commission on either  
 21 tax credit or phantom income or something  
 22 along those lines. You look confused.  
 23 Q. I am.  
 24 A. Okay.  
 25 Q. If you could explain that a little

Page 294

1 bit more --  
 2 A. Sure.  
 3 Q. -- I would appreciate it.  
 4 A. Well, because according to R. W.  
 5 Beck, they weren't giving us value for it.  
 6 So our concept was then why don't we sell  
 7 the company for more money and then donate  
 8 the capacity to the Parish in an effort to  
 9 get a donation for that amount of money. It  
 10 wouldn't cost the Parish any money -- any  
 11 more money out of pocket but it would  
 12 protect us on --  
 13 Q. How does it benefit you? That's  
 14 what I'm not getting, the donation theory.  
 15 A. You'd have to talk to the CPA's.  
 16 It was their theory.  
 17 Q. Oh, it was a tax play?  
 18 A. It was a tax play.  
 19 Q. Okay.  
 20 A. But the reality of the situation is  
 21 it would have made the purchase price more  
 22 and I would have been having to pay  
 23 commissions on that.  
 24 Q. So it didn't look like a good tax  
 25 play?

Page 295

1 A. Well, eventually it never happened  
 2 anyway so -- but that was one of the items  
 3 being kicked around. I'm trying to keep  
 4 myself in the frame --  
 5 Q. Sure.  
 6 A. -- of reference during -- during  
 7 the time we were renegotiating this. And  
 8 then also you're aware of the building that  
 9 was valued at roughly \$2 million, that they  
 10 wanted that as well. So the whole deal  
 11 changed. You know, it's -- it's -- these  
 12 are all very significant numbers. Don't get  
 13 me wrong. But when you're talking from my  
 14 family's perspective, we owe roughly \$20  
 15 million on SELA, and if you're taking \$39  
 16 million, you're ending up with \$19 million  
 17 left over.  
 18 When we were talking in the \$55  
 19 million range minus that same amount, the  
 20 post closing dollars weren't what everybody  
 21 had kind of, you know, I guess, had the seed  
 22 planted in their head of what the post  
 23 closing dollars were going to be. And,  
 24 again, keeping it in the frame of reference,  
 25 in 2007 we were in -- 2006, that whole era,

Page 296

1 we were in a position real estate was doing  
 2 great. Construction was doing great. The  
 3 water company, as I previously testified, we  
 4 had already -- as we -- however you --  
 5 whatever cute analogy you want to do. We  
 6 crested the hill. We rounded the bend. We  
 7 settled all of our issues with the federal  
 8 government. We had all of our new financing  
 9 instruments in place. SELA itself was  
 10 financially quite feasible now. It was  
 11 making good money on capacity fees and  
 12 ordinary income. So we didn't have to sell  
 13 it. If we were going to sell it, we wanted  
 14 to recognize post closing dollars close to  
 15 kind of what everybody had had in mind when  
 16 these -- when these conversations started.  
 17 So what we did is sat down and  
 18 said, "Hey, look. The Parish isn't going to  
 19 give us what we all thought they were going  
 20 to give us which was that 50, \$55 million  
 21 range. We're taking a significant haircut.  
 22 We're taking significantly less in post  
 23 closing dollars. We think it's only fair  
 24 that the group take less."  
 25 And that was part of the

Page 297

1 negotiations around that January time frame  
 2 that concluded January 31st with the new  
 3 agreement that all the parties used until  
 4 '07, to November 15th of '07 if my dates are  
 5 right.  
 6 Q. I think you're right, yeah.  
 7 A. So that might have been long-winded  
 8 but that's how I was trying to -- you know,  
 9 keeping it in that time frame, in that  
 10 mindset.  
 11 MR. PERAGINE:  
 12 Thank you, sir. I'm done.  
 13 THE WITNESS:  
 14 Okay.  
 15 MR. GOUX:  
 16 Thanks.  
 17 THE VIDEOGRAPHER:  
 18 Okay. That concludes our  
 19 deposition. It is 12:40.  
 20 (Whereupon the deposition was  
 21 concluded.)

Page 298

1  
 2  
 3  
 4  
 5  
 6  
 7  
 8  
 9  
 10  
 11  
 12  
 13  
 14  
 15  
 16  
 17  
 18  
 19  
 20  
 21  
 22  
 23  
 24  
 25

WITNESS' CERTIFICATE

I have read or have had the foregoing  
 testimony read to me and hereby certify that  
 it is a true and correct transcription of my  
 testimony with the exception of any attached  
 corrections or changes.

\_\_\_\_\_  
 JARED J. RIECKE

PLEASE INDICATE  
 ( ) NO CORRECTIONS  
 ( ) CORRECTIONS; ERRATA SHEET(S) ENCLOSED

Page 299

31 (Pages 296 to 299)

1  
2  
3           **REPORTER'S CERTIFICATE**  
4  
5           I, LYNN DeROCHE SIMMONS, Certified  
6 Court Reporter, do hereby certify that the  
7 above-named witness, after having been first  
8 duly sworn by me to testify to the truth,  
9 did testify as hereinabove set forth;  
10          That the testimony was reported by me  
11 in shorthand and transcribed under my  
12 personal direction and supervision, and is a  
13 true and correct transcript, to the best of  
14 my ability and understanding;  
15          That I am not of counsel, not related  
16 to counsel or parties hereto, and not in any  
17 way interested in the outcome of this  
18 matter.  
19  
20  
21  
22  
23           \_\_\_\_\_  
24           LYNN DeROCHE SIMMONS  
25           Certified Court Reporter

Page 300