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AZ CLKP COMMISSION
DOCKET CONTROL

BEFORE THE ARIZONA CORPORATION COMMISSION

2016 DEC 12 P 12:39

Arizona Corporation Commission

DOCKETED

DEC 12 2016

COMMISSIONERS

DOUG LITTLE - Chairman
BOB STUMP
BOB BURNS
TOM FORESE
ANDY TOBIN

DOCKETED BY

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In the matter of:)
Visionary Business Works, Inc., d/b/a Fleetronix,)
an Arizona corporation,)
Robert Brian Brauer and Melissa Brauer, husband)
and wife,)
Timothy John Wales and Stacey Wales, husband)
and wife,)
Respondents.)

DOCKET NO. S-20976A-16-0210
**SECURITIES DIVISION'S RESPONSE
TO MOTION FOR ORDER
PERMITTING PREHEARING
DEPOSITIONS**

The Securities Division ("Division") respectfully requests that Respondents Timothy John Wales and Stacey Wales' (collectively "the Wales") Motion for Order Permitting Prehearing Depositions be denied.

The Wales' motion requests an order permitting prehearing depositions of six persons, Javier Cano, Jorge De Las Casas, Tammy Wight, J.W. Wight, Robert Brauer, and John Warren. The Administrative Procedure Act provides that a hearing officer may order prehearing depositions "... provided that the party seeking such discovery demonstrates that the party has reasonable need of the deposition testimony" A.R.S. § 41-1062(A)(4). The Wales' motion should be denied, however, because they have not demonstrated a reasonable need for the requested prehearing depositions.

The reasonable need standard for prehearing depositions should be applied particularly strictly for the requested depositions of non-parties (all of the requested witnesses other than Robert Brauer).

1 Administrative proceedings are intended to be speedier and less costly than civil litigation, as
2 demonstrated by the limited discovery allowed by the Arizona Procedures Act and the Commission's
3 Rules. See e.g. A.R.S. § 41-1062(A)(4); R14-3-109P. However, even under the liberal system of
4 discovery in civil litigation provided for by the Arizona Rules of Civil Procedure, non-party witnesses
5 other than experts may not be deposed without agreement of the parties or a finding of good cause.
6 See Ariz. R. Civ. P. 30(a). Therefore, in an administrative proceeding that is intended to be speedier
7 and less costly, non-parties in particular should not be unnecessarily burdened with the time and cost
8 of being deposed.

9 The Wales have not shown a reasonable need for prehearing depositions of Javier Cano
10 ("Cano") and Jorge De Las Casas ("De Las Casas"). Cano and De Las Casas were friends of the Wales
11 who later asked the Wales if they could invest in Visionary.¹ It was the Wales who communicated
12 with Cano and De Las Casas about Visionary and gave them Visionary financial information.² The
13 Wales have no reasonable need to depose Cano and De Las Casas regarding what they were told about
14 Visionary because the Wales already have personal knowledge of those communications.

15 The Wales have not shown a reasonable need for prehearing depositions of Tammy Wight,
16 J.W. Wight (collectively "the Wights"), or Robert Brauer ("Brauer") either. The Division's
17 Temporary Order to Cease and Desist and Notice of Opportunity for Hearing ("Notice") alleges that
18 Brauer prepared inaccurate financial data and financial forecasts. It also alleges that Brauer was
19 friends with the Wights and gave the Wights the inaccurate financial information. These allegations
20 are consistent with the Wales' own examination under oath testimony about their understanding of
21 Brauer's interactions with the Wights.³ The Wales can adequately test their understanding by calling
22 the Wights and Brauer as witnesses during the hearing without needing to burden them in advance
23 with depositions.

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26 ¹ Exhibit A pp.58:10-59:2, 62:10-63:6; Exhibit B p.31:12-20

² Exhibit A p.29:3-23

³ Exhibit A pp.28:9-23, 68:4-69:17, 92:3-93:4; Exhibit B p.99:3-25

1 Lastly, the Wales have not shown a reasonable need for a prehearing deposition of John
2 Warren (“Warren”). In fact, the Wales’ motion does not state any rationale for deposing Warren.
3 Warren does not have any information relevant to any of the claims or defenses because he is not an
4 investor and was not a participant. The relevant investments occurred in 2011, but Warren had no
5 connection to Visionary until 2014 when he planned to purchase Visionary but instead foreclosed on
6 all of Visionary’s assets by purchasing a delinquent loan that Visionary owed.⁴ The Wales were upset
7 by these events and by subsequent litigation with Warren.⁵ However, none of these events from 2014
8 are relevant because the offers, sales, representations, and omissions that the Division alleges occurred
9 in 2011. Therefore the Wales have no reasonable need for a prehearing deposition of Warren.

10 Because the Wales have not shown a reasonable need for the prehearing depositions they
11 requested, their motion should be denied.

12 RESPECTFULLY SUBMITTED this 12th day of December, 2016.

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15 ARIZONA CORPORATION COMMISSION

16 By: Paul Kitchin

17 Paul Kitchin
18 Attorney for the Securities Division of the
19 Arizona Corporation Commission

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26 ⁴ Exhibit A pp.126:7–127:16; Exhibit B pp.113:2–8; 125:21–126:9, 127:17–129:20, 130:13–25

⁵ Exhibit A pp.30:14–18, 126:7–127:16; Exhibit B p.130:13–25

1 On this 12th day of December, 2016, the foregoing document was filed with Docket Control as a
2 Securities Division Response to Motion, and copies of the foregoing were mailed on behalf of the
3 Securities Division to the following who have not consented to email service. On this date or as
4 soon as possible thereafter, the Commission's eDocket program will automatically email a link to
5 the foregoing to the following who have consented to email service.

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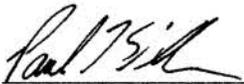
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18 By:  _____
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Exhibit A

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BEFORE THE
ARIZONA CORPORATION COMMISSION
SECURITIES DIVISION

IN THE MATTER OF THE INVESTIGATION)	
OF:)	FILE NO. 8526
)	
VISIONARY BUSINESS WORKS,)	
INCORPORATED.)	
)	
)	
)	

EXAMINATION UNDER OATH OF TIMOTHY JOHN WALES

Phoenix, Arizona
March 18, 2016

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Certified Reporter
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Notary Public, State of AZ

1 was it. So we weren't out actively -- you know, that's
2 not our specialty. So, umm, it was -- we work hard, and
3 people would mention people.

4 One of the investors, Javier, did a lot of
5 high-end homes, so he kept introducing us to
6 individuals.

7 But, you know, we never had an offering, or
8 understood how to do that, to be quite frank.

9 Q. And when you say that people talked to other
10 people --

11 A. Um-hum.

12 Q. -- how did -- what kind of contacts were
13 those? How did those people know each other?

14 A. Either friends or something. I can't recall.
15 I know Rob Brauer and JW Wight were very close friends.
16 Rob Brauer actually came to us and said, "I've been
17 talking to a gentleman that wants to invest, and I
18 shared financials with him and all this."

19 And I said "Okay." And that was his
20 specialty. That was his strength. That's what he
21 complimented the executive team with, the start-up, and
22 why he actually was given stock, because that was his
23 expertise.

24 Q. What was his expertise?

25 A. His expertise was as a CFO and understanding

1 securities and lots of classes. His degree was in
2 accounting.

3 Q. Did the company provide investors with any
4 offering documents?

5 A. Just the subscription agreements and
6 everything you see in a standard investor pitch, if you
7 want to call it that. It wasn't really an investor
8 pitch because we didn't get into asking for an offering.
9 It simply was an overview of the company.

10 I cannot -- I personally -- Stacey and I
11 worked with the two early guys that bought the license.
12 JW Wight really worked with Rob Brauer. We did not know
13 the gentleman at all.

14 Q. And when you said a pitch or a company
15 summary, what did that consist of?

16 A. Like, an overview of the executive team. So
17 myself, Stacey, and Rob, was the only one that we ever
18 really created. I can't remember what it all is, but it
19 walked through the financials, disclosed our target
20 markets, our sales pipeline, and basic information like
21 that about the performance of the company and
22 forward-looking vision for the company going forward
23 from a performance standpoint.

24 Q. And was this a document created for the
25 purposes of having a summary on hand?

1 A. No. It was actually utilized for also
2 selling. So as we go to a big corporation -- for
3 example, like Google, we did a small project for Google,
4 and we would use the same documents because it gives
5 insight to who we are as a company.

6 Q. About how long was the document?

7 A. I couldn't even recall. Not less than 10
8 pages -- no. 10 slides. 10 to 12 max. And it's a very
9 long time ago, so I can't recall specifics.

10 Q. Do you still have access to any copies of any
11 versions of it?

12 A. I have nothing on that company.

13 Q. Do you know who would?

14 A. Everything was in that online portal.
15 Everything was stored digitally and was turned over to
16 the gentleman running the Omnivations company. We lost
17 access to that when there was corruption on their side
18 with some illegal moves in the Texas judicial system.

19 Q. Who drafted the offering documents that the
20 company had?

21 A. Troy Wallin.

22 Q. And he's an attorney?

23 A. He is an attorney, yep.

24 Q. Who drafted the summary document?

25 A. I don't even recall what that one is or -- any

1 scummiest people you could ever imagine that crossed our
2 path, that looked good one way or the other, and they're
3 really not. So. . .

4 Q. Next, I'm going to hand you what's been marked
5 as Exhibit 2 --

6 A. Okay.

7 Q. -- a subscription agreement with Javier Cano.
8 Bates Number ACC15390 is the starting page.

9 A. Um-hum.

10 Q. On the first page, "Section 1.1, Purchase
11 Price," mentions that Mr. Cano has already paid
12 \$113,250. Was that correct?

13 A. Once again, I don't know the numbers exactly.
14 They purchased that license, so -- and the way the
15 license worked is, they had to pay X amount to maintain
16 the license, if I recall, and to have those exclusive
17 rights to sell our technology within Mexico.

18 Remember I stated we got to the point where we
19 were growing faster and we needed -- you know, we needed
20 additional money to make the company move. They came to
21 us and said, "Look, we're looking for something bigger.
22 Are you guys open to us coming in?"

23 And we were very close friends at the time, so
24 when we went to the attorneys we said we want to -- you
25 know, why don't we just take what you've already done

1 and transfer it over to convert it into whatever, stocks
2 or whatever.

3 But, once again, that was kind of done by the
4 attorneys and stuff, and we're not going to be educated
5 enough to give you an explanation.

6 Q. The first paragraph, there's a mention that
7 blank day July 2011. Do you recall whether or not this
8 was signed in approximately July 2011?

9 A. Umm, you know, I can't recall. That wasn't
10 the side of the business that I -- Stacey has that
11 attention to detail, and she makes sure people sign
12 things. So, yeah, I can't recall.

13 Q. And Mr. Cano eventually became a shareholder?

14 A. He did.

15 Q. How long had he -- how long before he became a
16 shareholder was it since when he purchased the license
17 you mentioned?

18 A. I don't recall. It's too long ago. You know,
19 I would be guessing the date and stuff.

20 Q. But they weren't -- they weren't
21 contemporaneous?

22 A. Umm, can you explain it in a different way?

23 Q. Were they part of the same transaction or --

24 A. No. No. No, not at all. We weren't raising
25 -- like, we weren't raising capital. We were focusing

1 Status."

2 A. Um-hum.

3 Q. What does accredited investor refer to?

4 A. Accredited investor was a Rule 504 and
5 AR1-401, whatever it is. I don't remember the exact,
6 X amount of net worth and assets up to this. I would
7 have to go back and look it up, but I am somewhat
8 educated on it, yes. I deal with this. And I have
9 Google. I can look it up in two seconds for you.

10 Q. Next I'm going to hand you what's been marked
11 as Exhibit 3, another subscription agreement; this one
12 with Jorge De las Casas, starting Bates Number ACC15397.

13 Turning to, again, Section 1.1, this agreement
14 also mentions him having already paid the same amount,
15 \$113,250. Does that --

16 A. These are identical situations to this one.
17 Exactly. They came in together. They're friends. They
18 were friends with us. They worked together in their
19 transactions as business partners. So we gave them a
20 total price for the license, and they split it up and
21 did it whatever way they wanted.

22 Q. And just to be clear, when you mean "they,"
23 you mean --

24 A. Javier and Jorge.

25 Q. Mr. Cano and Mr. De Las Casas, these two

1 subscription agreements, the circumstances of both are
2 the same?

3 A. Exactly the same. They went in together as
4 business partners to run that license in Mexico. That's
5 how their relationship with us was originally founded
6 upon.

7 Q. And the fact that Exhibits 2 and 3 both cite
8 them having paid the same dollar amount, \$113,250, does
9 that shed any light on recalling whether or not that
10 amount was all on top of or in addition to what they had
11 previously paid for the license or not?

12 A. I don't recall exactly what the license number
13 was. It's like an old -- you know, there's an old sales
14 model behind it; part of the proforma to bring X amount
15 of sales channel for private licensing in a product. So
16 I don't recall what was -- when they bought that
17 license, they bought that license as them buying that
18 license. And then it shifted into they both needed
19 their equity portions. So I don't remember how the
20 split-up worked or why or -- you know, I don't recall.

21 Q. Do you recall approximately how much the
22 license amount was?

23 A. I don't. I really don't.

24 Q. Do you even remember if it was --

25 A. I built it. And, honestly, I can't remember.

1 this. So you're posting financials for the Board
2 members on this system.

3 THE WITNESS: Yes.

4 MR. KEYT: Is it showing -- these are from
5 Brauer, right?

6 THE WITNESS: Yep.

7 MR. KEYT: Does it show, like, 10 months of
8 unpaid rent?

9 THE WITNESS: No. That's the problem. He was
10 running two books. Mark Johnson uncovered -- he had
11 created some journal entries that were hidden. He was
12 running two sets of Quick Books actually. And he was
13 running -- we had -- we ran what they called Dynamics,
14 as accounting. That's what I ran because I knew how to
15 operate it. I don't know -- I know how to operate the
16 back end to get it to work, right? I know how to do all
17 the accounting stuff. When Rob Brauer came in, he
18 immediately switched it Quick Books.

19 The financials that were being posted by Rob
20 did show the debt that Stacey and I knew about because
21 that's -- we were responsible for the company before he
22 came on. What it didn't show was all the stuff that he
23 was doing.

24 And when Mark Johnson got involved, he
25 uncovered that there was other Quick Books, companies

1 built, that he was basically accruing money for himself
2 that he was paying other companies of his, and a bunch
3 of things that he was doing.

4 So those financials, the real ones, when we
5 found them by doing the audit, discovered that he was
6 presenting false financials to everybody.

7 MR. SCHMEISER: How can we get that
8 information.

9 THE WITNESS: Man, I wish I knew. It's all in
10 that book. That book, I'm telling you, was so slick,
11 and it lays out everything that he did, from writing a
12 check to himself for \$15,000 while he's supposedly at a
13 funeral in Michigan, that an alert came up and triggered
14 us, to an e-mail statement stating, "Rob, we notice that
15 you paid somebody that we don't know money." And other
16 things. And e-mail dialogues with him completely
17 denying it, and then us showing him the check.

18 So everything was digital. It had a digital
19 footprint signature on it because we wrote everything
20 down. I mean, that book would literally shed some crazy
21 light on whatever you guys are investigating.

22 BY MR. KITCHIN:

23 Q. Would that file include the second set of
24 books that he had made?

25 A. It does. So it's not that it was books. What

1 the world, they can log in and see the heartbeat of the
2 company.

3 Now, I can't -- I can't say that the reports
4 that Rob was putting up there were accurate. I cannot
5 make that statement, claim, because I know they were not
6 accurate, because we found them on his personal
7 computer, the fake -- the real financials.

8 Q. Had his financials, the ones that he presented
9 to the company, had they been incorrect all along since
10 he started?

11 A. After the audit, no. You know, early, when he
12 first started, everything looked copacetic. What we
13 believe happened is, he was getting into some trouble
14 with some things on his side. He had a gambling problem
15 and some other things. He was in the process of losing
16 his house.

17 We actually gave him -- you know, there was
18 some money that was allocated to him that we ran by the
19 Board so he can get out of that. In turn, we lost our
20 house because of it. Okay.

21 So everything was okay early on. We do have a
22 date in that book where we found the first fraudulent
23 transaction. And it looks like he just -- he was
24 anticipating some of those big sales. So what we
25 believe he was doing, he got in so deep that he was

1 borrowing from here to put there, and he had intention,
2 that's why he was logging things, to put it back. But
3 he got in so deep and we caught him, is when he
4 disappeared.

5 So, like I said, that book will tell you every
6 detail. And then, you know, I asked Stacey, and she's
7 going to make some calls, too, and see if she can get it
8 for us.

9 Q. Thanks.

10 A. By the way, JW Wight, Javier, and Jorge all
11 had their own books made. JW Wight, point blank to me,
12 to my face, said, "I do not believe Rob Brauer would
13 steal a thing."

14 So they have had access to it immediately when
15 we found out about it. And that's the responsible thing
16 to do, is to tell your Board and your investors.

17 Q. When you say they had their own books made, so
18 they had access to the investigative file that you made?

19 A. Not only did they have access to the
20 investigative file, Stacey made them each a black and
21 white copy of the entire reports and everything.

22 We had an emergency meeting even at JW Wight's
23 house for what we uncovered. And everybody decided
24 we're all going to jump in and help and we're going to
25 get things fixed and turned around. That was the first

1 A. I'll tell you what the big picture and the
2 downfall is, we realized that the recourse of what
3 transpired with Rob was so devastating that if a big
4 sale or something big didn't happen, we didn't know how
5 we were going to survive personally, our assets,
6 anything.

7 And I was at a -- I was at a conference and I
8 met the guy in Texas who was building an alternative
9 fuel product. And I said our asset product will help
10 you with your trucking company, and we have a custom
11 development line, why don't you pay for that so we can
12 do some custom development to give you the first ever
13 advanced alternative fuel dashboard and visibility into
14 that system. And that was going great. I reported that
15 this guy seemed to have money. He stated he was an
16 investor.

17 That opportunity turned into he wanted to buy
18 us. And there was documents passed around that the
19 entire Board approved on. Our goal was to get everybody
20 as whole we could get them and get rid of the debt and
21 have a fresh start.

22 What went wrong is that guy found a loophole
23 and he ended up being a corrupt person.

24 Believe it or not, you know, I helped him
25 introduce him to T. Wood Pickens who helped get them the

1 investment, that they needed a company. I didn't do
2 that, but I happened to meet somebody and made an
3 introduction, you know.

4 And that guy -- I exposed him for steeling
5 money because I was trained for what Rob did. And when
6 I exposed him, he also was trying to make sexual
7 advances to Stacey and I. And I exposed him to the
8 Board and the investors. He threatened my life.

9 He actually had a false meeting scheduled in
10 Texas to illegally eliminate Stacey as a managing
11 member. And he showed up here with guns in a car and
12 held a gun to me at gunpoint to steel my technology.
13 Okay. So you want to know what went wrong? Bad people.
14 This is the hell we went through.

15 So we've got nothing to show for it, except
16 for we're here.

17 Q. I think there's -- it's almost 12:00. I think
18 there are probably some more questions, but probably not
19 a lot more. Do we want to just work through for now?

20 A. I'm fine. I've got some meetings this
21 afternoon about 2:00, 2:30.

22 MR. KEYT: Let's push on.

23 THE WITNESS: Yeah.

24 MR. KITCHIN: Okay. Is that okay if we keep
25 going for a bit, Debbie?

Exhibit B

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BEFORE THE
ARIZONA CORPORATION COMMISSION
SECURITIES DIVISION

IN THE MATTER OF THE INVESTIGATION)	
OF:)	FILE NO. 8526
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VISIONARY BUSINESS WORKS,)	
INCORPORATED.)	
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EXAMINATION UNDER OATH OF STACEY WALES

Phoenix, Arizona
March 17, 2016

COASH & COASH, INC.
Court Reporting, Video & Videoconferencing
1802 N. 7th Street, Phoenix, AZ 85006
602-258-1440 staff@coashandcoash.com

Prepared By:
DEBORAH L. TUCKER, RPR
Certified Reporter
Certificate No. 50464
Notary Public, State of AZ

1 potential investors?

2 A. No. He knew that we were a start-up company
3 and that we were trying to get off the ground and were
4 trying to make connections in the, you know, local area
5 just to further the business either with, you know,
6 sales or anything like that.

7 And he had mentioned that, umm, he knew two
8 guys that were in the grocery store business and might
9 have some vehicles, some trucks, that maybe they would
10 be a good, you know, customer for us. And he introduced
11 them to us in that manner.

12 And it wasn't until a little while later that
13 we discussed them becoming -- I don't know if we ever
14 discussed them becoming an investor, but it wasn't until
15 a little while later that it started to head that
16 direction, that our business acquaintance relationship
17 turned into friendship with Jorge De Las Casas and
18 Javier Cano, and they became close to us like family.
19 And they would -- that's when money started to get
20 involved, is after we knew them fairly well.

21 Q. Were there companies ever actually customers
22 of Visionary Business Works?

23 A. Yeah.

24 Q. Were they customers at some point before they
25 became investors also?

1 family, if they had rich parents. I had no idea. No
2 idea.

3 Q. You mentioned earlier that Brauer met with the
4 Wights --

5 A. Um-hum.

6 Q. -- independently and talked to him about the
7 company. But setting aside whatever he told people that
8 you don't know about, what were the Wights told about
9 Visionary Business Works that you are aware of, either
10 firsthand or secondhand?

11 A. I am firsthand aware from Tammi Wight stating
12 that she had a meeting with Rob and his wife, not
13 sanctioned by the company, not endorsed by the company,
14 not at the company, so it was like a private or personal
15 meeting that the Wights had with the Brauers.

16 And Tammi Wight said that the reason she
17 invested was because she directly talked to Melissa
18 Brauer, Rob's wife, looked her in the eye and said, "If
19 you were me, would you invest in this company?"

20 And Tammi Wight stated that Melissa Brauer
21 told her, "Yes, I would." And they apparently had some
22 kind of either bond or friendship or trust. But Tammi
23 Wight did disclose to me that the reason she made the
24 investment was because of the confidence from Melissa
25 Brauer's testimony to her about our company.

1 was that established?

2 A. Omnivations was formed in Texas by John Warren
3 and Troy Brown, the statutory agent, with the hopes of
4 having -- with the goal of having Tim and I come on
5 board of that company in the management aspect, and also
6 as part of equity shareholders in Omnivations, in order
7 to do an asset purchase of Fleetronix and then use the
8 IP to make new opportunities for a venture. However,
9 Omnivations --

10 Q. For you and Tim?

11 A. No, for Omnivations.

12 Q. Okay.

13 A. For Omnivations to have, effectively,
14 Fleetronix assets and be a company that would go out and
15 sell a new software --

16 Q. Okay.

17 A. -- using the Fleetronix assets as its starting
18 point after an asset purchase agreement.

19 The problem was that Omnivations had no money
20 put into it, so it could not execute and finalize the
21 asset purchase agreement of \$800,000. So, Omnivations
22 had to go out and raise money. And John Warren was
23 solely responsible for that.

24 He found a company, Trucknology. And
25 Trucknology had meetings with John Warren about

1 Fleetronix. He made the introduction and said please
2 work with Fleetronix. We need to get a better rate.

3 Q. Okay.

4 A. If I had to recall a number, it was -- I don't
5 recall an exact amount, but it was between 2,000 and
6 \$3,000 a month.

7 Q. Okay. And then your monthly expenses, could
8 you give a ball park?

9 A. I could not, not without reviewing some
10 financial documents.

11 Q. Okay.

12 A. And it would fluctuate, as well.

13 Q. Okay. Now, you gave the -- through '09 --
14 through '09 to 2013, you gave the income that you -- the
15 revenue that you had?

16 A. Um-hum.

17 Q. Why is there nothing for '14 and '15?

18 A. There is nothing in '15 because it was --
19 Fleetronix was -- umm, let me see. There's nothing for
20 2015 because Fleetronix was -- it wasn't bought out, it
21 was effectively taken. All of the assets for Fleetronix
22 were taken by Omnivations II, LLC, in the fall of 2014.

23 Q. Okay.

24 A. And Fleetronix was no longer operating after,
25 definitively, November 7th of 2014. So that's why

1 there's nothing for 2015.

2 2014 was when we were trying to get the asset
3 purchase agreement executed. And let's see. Umm, that
4 effort began in, effectively, February of 2014. So
5 there were some revenues in 2014. I don't know what
6 they are, because a CFO was brought in from Omnivations
7 to start working on it. It all got very, very, very
8 gray because Omnivations was positioning itself to do
9 the asset purchase.

10 And really nothing would change logistically.
11 We would still be operating out of our same office, same
12 desk, same employees, same personnel. The only thing
13 that would change is that what was supposed to happen
14 was the asset purchase would be funded, we would be able
15 to pay all the debts for Fleetronix, pay the
16 shareholders for Fleetronix, and just basically continue
17 operating, just now, you know, when bills would go out,
18 they would be under Omnivations. And when we would send
19 bills to collect revenue from customers, all the
20 customers were going to move over. Everything was going
21 to be moved over to Omnivations.

22 So there started to be some -- so Omnivations
23 started to -- Omnivations started to pay some expenses
24 of Fleetronix, starting in the summer of 2014, because
25 Fleetronix was still fledgling until we could get out

1 from under the debt that it had. And we had that
2 purchase agreement to try to make that company whole so
3 we could be done free and clear.

4 So Omnivations started to pay some of the
5 operating expenses for Fleetronix in anticipation of the
6 asset purchase agreement. And nothing started to be
7 very -- the anticipation was that once the asset
8 purchase agreement was done, that a CFO from Trucknology
9 that John Warren did appoint would take care of all
10 finances and things like that. And that gentleman's
11 name was Jeff Berlin.

12 And so we were waiting for the asset purchase
13 to finish, Jeff Berlin to step in as CFO and make sense
14 of all of the books and revenues, and things like that.
15 And it never -- it never ended up happening. It just
16 kept getting dragged on and never ended up happening.

17 Q. So as the agreement, the purchase agreement,
18 fell through with Omnivations and Fleetronix, how did
19 they still take over the assets? How did that take
20 place?

21 A. So as part of the due diligence during the
22 asset purchase agreement period, which was from
23 approximately March 2014 through September 30th of 2014,
24 there was -- umm, there was the due diligence that
25 Omnivations was doing with Fleetronix. They had to know

1 all of the legal implications that it was involved with,
2 any lawsuits it was involved with, any debts that were
3 owed, any taxes. Anything that could bind the company,
4 they needed to know all of that. And we disclosed all
5 of that to them.

6 During that discovery, they realized, or
7 discovered, or put two and two together, that Agility
8 Ventures, which is one of these exhibits here, had a
9 UCC-1 on all assets of the company, plus a 51 percent
10 stop pledge agreement of my personal shares in
11 Fleetronix should we default on that loan, plus, plus,
12 plus, plus, plus, plus -- there was -- everything was
13 tied up with Agility Ventures, that if we didn't make
14 good on that loan and we were in default, we effectively
15 lost everything. We would lose our assets. We would
16 lose our shares in the company. Really, there wouldn't
17 be anything left without any assets to bring in revenue.

18 So they realized that the amount owed still to
19 Agility Ventures, during their due diligence,
20 Omnivations is doing due diligence, they realized that
21 for approximately 40 to \$50,000, which was still owed to
22 Agility Ventures, they got the idea, without my
23 knowledge, without my involvement, without my vote,
24 without even consulting me in any way, shape or form,
25 Omnivations got the idea, with John Warren, Troy Brown,

1 and another lawyer friend of theirs that sits on the
2 Board of Omnivations out of Michigan, they decided that,
3 hey, instead of paying \$800,000 for Fleetronix, we just
4 discovered in the due diligence that we can buy the debt
5 from Agility Ventures for \$50,000, or maybe even
6 negotiate it less, and then all we have to do is
7 foreclose on the loan. Fleetronix can't pay it, and
8 then they'll default and we can collect on everything
9 that they've pledged. Their assets, their shares,
10 everything.

11 Q. Okay.

12 A. And so instead of paying \$800,000 to really
13 walk away with the assets of Fleetronix and the IP, they
14 could get that for a negotiated rate between 40 and
15 \$50,000. And so they -- that was the decision that
16 Omnivations made.

17 Q. Okay.

18 A. That's how they got all of the assets.

19 MR. KEYT: Also she doesn't have the 2014
20 records because Warren has them all.

21 THE WITNESS: Yes.

22 BY MR. SCHMEISER:

23 Q. Okay. When they came in did you guys have to
24 open your books, as well?

25 A. Yeah. Yeah.

1 Q. So they saw that?

2 A. Yes. All of it. All financials.

3 Q. Did they have any problems with the
4 financials, from your books at that time?

5 A. What do you mean "problems"?

6 Q. Well, I guess they obviously saw that there
7 was a large amount of debt, but did they say any red
8 flags, from an accounting side of your books, that they
9 said, hey, like, money's going out and we don't know
10 where it's going out?

11 A. No, not to that.

12 Q. Okay.

13 A. But John Warren is -- is very insulated
14 legally from Troy Brown, his best friend and lawyer from
15 the third grade, and the other guy out of Michigan who
16 has been involved with him for a very long time. And so
17 John Warren knows legally how to navigate deals like
18 this in the most legal way possible, but still the most
19 smarly way possible. Smarly, S-m-a-r-l-y. I want that
20 in the record. Because it was the shadiest legal thing,
21 in my opinion, that you could have done.

22 And he knew, and he would essentially brag to
23 me and Tim that you never want to buy a company, you
24 just want to buy their assets so you get all the good
25 without any of the bad.