

IN THE CIRCUIT COURT OF THE 15TH
JUDICIAL CIRCUIT IN AND FOR
PALM BEACH COUNTY, FLORIDA

AVP DESTINY, LLC, et al.,
Plaintiffs,
vs.

GENERAL JURISDICTION DIVISION
CASE NO.: 502009 CA029903XXXXMB AG
CONSOLIDATED WITH
CASE NO.: 502009 CA040295XXXXMB AG

FREDERICK A. DELUCA, et al.,
Defendants.

_____/

FD DESTINY, LLC, et al.,
Plaintiffs,
vs.

AVP DESTINY, LLC; et al.,
Defendants,

FD PARTIES' NOTICE OF FILING DEPOSITION TRANSCRIPTS OF
ANTHONY V. PUGLIESE, III

Pursuant to Florida Rule of Judicial Administration 2.425 and Florida Rules of Civil Procedure 1.280(f), 1.310(b)(6), 1.340, 1.410, 1.510, and 1.380, Plaintiffs, FD Destiny, LLC, Elisabeth DeLuca and Jonathan DeLuca, as Co-Personal Representatives of the Estate of Frederick A. DeLuca, and Land Company of Osceola County, LLC. ("FD Parties") by and through undersigned counsel, hereby give notice of filing the following for use at hearings, trial and any other purpose.

Deposition Transcripts (full) of:

1. **Anthony V. Pugliese, III**, deposed May 29, 2014.
2. **Anthony V. Pugliese, III**, deposed August 19, 2016.

December 14, 2016

Respectfully submitted,
Counsel for FD Parties
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CERTIFICATE OF SERVICE

I Hereby Certify that on **December 14, 2016**, I electronically filed the foregoing with the Florida Courts E-Filing Portal, which will serve it via electronic mail to counsel for Defendants, Pugliese Parties listed below.

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IN THE CIRCUIT COURT OF THE
FIFTEENTH JUDICIAL CIRCUIT IN
AND FOR PALM BEACH COUNTY, FLORIDA

GENERAL JURISDICTION DIVISION

FD DESTINY, LLC; FREDERICK
A. DELUCA; and LAND COMPANY
OF OSCEOLA COUNTY, LLC,

Plaintiffs,

vs.

Case No.:
502009 CA029903XXXXMB AG

AVP DESTINY, LLC; ANTHONY V.
PUGLIESE, III; ANTHONY V.
PUGLIESE, INC. d/b/a THE
PUGLIESE COMPANY; and JOSEPH
REAMER,

Defendants.

AVP DESTINY, LLC, a Florida
limited liability company;
ANTHONY V. PUGLIESE, III,
individually,

Plaintiffs,

vs.

Case No.:
502009 CA040295XXXX AG

FREDERICK A. DELUCA,
individually; FD DESTINY,
LLC; FD DESTINY CREDIT,
LLC; and DOCTOR'S ASSOCIATES,
INC.,

Defendants.

CONTINUED VIDEOTAPED DEPOSITION OF
ANTHONY V. PUGLIESE, III
VOLUME III
(Pages 561-823)

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CONTINUED VIDEOTAPED DEPOSITION OF
ANTHONY V. PUGLIESE, III
VOLUME III
(Pages 561-823)

DATE TAKEN: THURSDAY, MAY 29, 2014
TIME: 9:19 A.M. - 5:00 P.M.
PLACE: 500 SOUTH AUSTRALIAN AVENUE
SUITE 500
WEST PALM BEACH, FLORIDA 33401
TAKEN BEFORE: NINETTE BUTLER, RPR, CRR, FPR,
REALTIME SYSTEMS ADMINISTRATOR,
AND NOTARY PUBLIC

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A P P E A R A N C E S

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C O N T E N T S

PAGE

TESTIMONY OF ANTHONY V. PUGLIESE, III:

Direct Examination (Cont'd) by Mr. Hutchison 569

CERTIFICATE OF REPORTER 822
CERTIFICATE OF OATH 823

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

It is hereby agreed and so stipulated by and between the parties hereto, through their respective counsel, that the reading and signing of the transcript are expressly reserved by the Deponent.

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E X H I B I T S

PAGE

DEPOSITION EXHIBITS 1 THROUGH 384
(Not marked in this deposition.)

DEPOSITION EXHIBIT 385.....572

Check No. 5369, dated April 15, 2009, from Land
Company of Osceola County, LLC, to ARUP,
Bates No. FCB2000084

DEPOSITION EXHIBIT 386.....575

Check No. 5170, dated February 16, 2009, from Land
Company of Osceola County, LLC, to ARUP,
Bates No. FCB2000077

DEPOSITION EXHIBIT 387.....577

Check No. 5240, dated March 16, 2009, from Land
Company of Osceola County, LLC, to ARUP,
Bates No. FCB2000081

DEPOSITION EXHIBIT 388.....648

Letter dated March 28, 2005, from Julie
Kendig-Schrader, Esquire to R. James Robbins, Jr.,
Esquire, Bates No. HWH000474

DEPOSITION EXHIBIT 389.....715

E-mail correspondence, top e-mail dated June 21, 2007,
from Tom SanGiacomo to Albert Quentel, Bates No.
GT05_27_10FA-22292

DEPOSITION EXHIBIT 390.....766

E-mail correspondence, top e-mail dated August 6, 2007,
from Anthony Pugliese to Albert Quentel, Bates No.
GT05_27_10FA-27323

DEPOSITION EXHIBIT 391.....779

E-mail correspondence, top e-mail dated February 18,
2009, from Anthony Pugliese to Randy Johnson, Bates
No. GT0001-01058404

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PREVIOUSLY MARKED EXHIBITS
REFERENCED IN THIS DEPOSITION
(Attached.)

REFERENCED
ON PAGE

1		
2		
3		
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5	DEPOSITION EXHIBIT 242.....	773
6	Letter dated September 9, 2005, from Florida Family Development Group	
7	DEPOSITION EXHIBIT 258.....	579
8	Check No. 1002, dated May 21, 2009, from ARUP, LLC, to The Pugliese Company, Bates No. FCB2000085	
9	DEPOSITION EXHIBIT 267.....	726
10	E-mail correspondence, dated June 21, 2007, from Tom SanGiacomo to Dave Worroll, Joe Esposito and Fred DeLuca, Bates No. GT05_27_10FA-26116	
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1 P R O C E E D I N G S

2 THE VIDEOGRAPHER: We are now on the record in
3 the matter of FD Destiny, LLC, et al., versus AVP
4 Destiny, et al.

09:20 5 Today's date is May 29th, 2014. The time is
6 9:19 a.m. This is the continuation of the
7 video-recorded deposition of Anthony V. Pugliese,
8 III, being taken at 500 South Australian Avenue,
9 West Palm Beach, Florida.

09:20 10 My name is Khalid El-Musrati. I am the camera
11 operator. The court reporter is Ninette Butler.
12 We are both representing Barkley Court Reporters.

13 Will counsel please introduce themselves for
14 the record?

09:21 15 MR. HUTCHISON: Rick Hutchison and John
16 Chapman on behalf of the plaintiffs in the lower
17 case number and the defendants in the higher case
18 number.

19 MS. HOFFLER: I'm CK Hoffler on behalf of
09:21 20 Anthony Pugliese and the Pugliese Companies in both
21 cases.

22 MR. CRICKENBERGER: Glenn Crickenberger for
23 the Pugliese parties.

24 MR. DUNCAN: Douglas Duncan on behalf of
09:21 25 Mr. Pugliese individually.

1 THE VIDEOGRAPHER: Will the court reporter
2 please swear in the witness?

3 ANTHONY V. PUGLIESE, III,
4 having been first duly sworn to tell the truth, was
09:21 5 examined and testified as follows:

6 THE WITNESS: I do.

7 DIRECT EXAMINATION (Cont'd)

8 BY MR. HUTCHISON:

9 Q. Please state your full, legal name.

09:21 10 A. Anthony V. Pugliese, III.

11 Q. Mr. Pugliese, do you understand this is a
12 continuation of your previous deposition?

13 A. Yes.

14 MR. DUNCAN: And, Mr. Hutchison, for the
09:21 15 record, Mr. Pugliese again renews his Fifth
16 Amendment privileges but for Judge Crow's order of
17 November 25, 2013, advising that Mr. Pugliese had
18 waived that Fifth Amendment privilege as to the
19 items articulated in his order. A motion for stay
09:22 20 was filed. It was denied. An appeal was taken of
21 that motion to stay. Absent that, Mr. Pugliese
22 would be invoking his Fifth Amendment privilege,
23 but Judge Crow has ordered and compelled his
24 testimony.

09:22 25 MR. HUTCHISON: I understand that. And I

1 offer you the same stipulation last time regarding
2 your assertion of the Fifth to the questions.

3 BY MR. HUTCHISON:

4 Q. Mr. Pugliese, what is Roman Management?

09:22 5 A. An operating company.

6 Q. What does it do?

7 A. It basically -- management of different
8 companies.

9 Q. Are you doing business through Roman
09:23 10 Management today?

11 MS. HOFFLER: Form.

12 THE WITNESS: Yes.

13 BY MR. HUTCHISON:

14 Q. Previously you told me that you were still
09:23 15 working through the Pugliese Company. Are you working
16 through the Pugliese and Roman Management, or is your
17 work going through Roman Management?

18 A. I believe we --

19 MS. HOFFLER: Form.

09:23 20 THE WITNESS: -- work through both.

21 MS. HOFFLER: I'm sorry. Can you hear me or
22 do you need me to project my voice?

23 THE COURT REPORTER: If you don't mind.

24 MS. HOFFLER: Oh, now, that's a first. I will
09:23 25 project my voice.

1 BY MR. HUTCHISON:

2 Q. Does the Pugliese Company have an operating
3 bank -- a bank operating account?

4 A. I think it's a d/b/a for the Anthony
09:23 5 V. Pugliese, Inc.

6 Q. Does Anthony V. Pugliese, Inc., have a bank
7 account?

8 MS. HOFFLER: Form.

9 THE WITNESS: I don't know.

09:24 10 BY MR. HUTCHISON:

11 Q. Does Roman Management have a bank account?

12 A. Yes.

13 Q. Who owns Roman Management?

14 MS. HOFFLER: Form.

09:24 15 THE WITNESS: It's a limited partnership that
16 is owned, I think, by my wife and myself.

17 BY MR. HUTCHISON:

18 Q. Who's the managing partner or manager of Roman
19 Management?

09:24 20 A. I don't know.

21 Q. Do you have any titles in the company Roman
22 Management?

23 A. I'm not sure. I think it's -- I think I'm
24 manager.

09:24 25 Q. When's the last time the Pugliese Company or

1 Anthony V. Pugliese, Inc., filed a tax return?

2 A. I don't know.

3 Q. Did it file one for the year 2012?

4 A. I said I don't know.

09:25 5 Q. Do you know if it filed one for the year 2013?

6 MS. HOFFLER: Form.

7 THE WITNESS: I don't know.

8 BY MR. HUTCHISON:

9 Q. Do you know if it filed a tax return for the
09:25 10 year 2010 or 2011?

11 MS. HOFFLER: Form.

12 THE WITNESS: I don't know. I'm sure that if
13 we filed tax returns, that we filed tax returns for
14 them for every year. I'm just not sure if we filed
09:25 15 a tax return for the Pugliese Company or for Roman
16 Management. I'm not really sure how the accounting
17 is done.

18 BY MR. HUTCHISON:

19 Q. Who would know that?

09:25 20 A. Joseph Reamer.

21 (Deposition Exhibit 385 was marked for
22 Identification.)

23 BY MR. HUTCHISON:

24 Q. Let me show you Deposition Exhibit 385, Bates
09:25 25 Nos. FCB2000084. Take a look at that.

1 MS. HOFFLER: And thank you for making copies.

2 MR. HUTCHISON: I have copies of most of them,
3 extra copies of most of them.

4 MS. HOFFLER: So we won't have to make copies
09:26 5 here?

6 MR. HUTCHISON: We're going to have at least
7 two copies of everything, so -- I would hope, if
8 everything was copied correctly. Since I didn't
9 actually do the copying, I can't make any
09:26 10 guarantees until I open the folder.

11 MS. HOFFLER: Okay.

12 BY MR. HUTCHISON:

13 Q. Mr. Pugliese, do you recognize Exhibit
14 No. 385?

09:26 15 MR. DUNCAN: For the record, we renew the
16 Fifth Amendment privilege, but Judge Crow has
17 ordered you to answer questions regarding AVP.

18 THE WITNESS: I'm familiar with the signature,
19 the check and the name, but I'm not familiar with
09:26 20 the check, no.

21 BY MR. HUTCHISON:

22 Q. Is that Joseph Reamer's signature on Exhibit
23 385, on the check that's represented in Exhibit 385?

24 MS. HOFFLER: Form.

09:26 25 THE WITNESS: I assume.

1 BY MR. HUTCHISON:

2 Q. You recognize Joe Reamer's signature, don't
3 you?

4 A. It looks like it. I have nothing to compare
09:27 5 it to, but it looks like it.

6 Q. And that's a check from Land Company of
7 Osceola County, LLC, Check No. 5368, made -- paid to the
8 order of ARUP, A-R-U-P, for \$70,000, correct?

9 MS. HOFFLER: Form.

09:27 10 THE WITNESS: What it says.

11 BY MR. HUTCHISON:

12 Q. And according to the back of the check, which
13 is also represented in Exhibit 385, that was deposited
14 in a bank account for ARUP, A-R-U-P, LLC, correct?

09:27 15 MS. HOFFLER: Form.

16 THE WITNESS: Yes.

17 BY MR. HUTCHISON:

18 Q. And that is the ARUP, LLC, that you had
19 created?

09:27 20 MS. HOFFLER: Form.

21 THE WITNESS: That's correct, for the
22 protection of the project and to build the capital
23 reserve to fund when Mr. DeLuca stopped funding,
24 which, in fact, did happen again, for the second
09:27 25 time, in April of 2009.

1 BY MR. HUTCHISON:

2 Q. And so -- and with respect to Exhibit 385,
3 Mr. Reamer would have signed that check at your
4 direction, correct?

09:28 5 MS. HOFFLER: Form.

6 THE WITNESS: Yes. Probably.

7 BY MR. HUTCHISON:

8 Q. And Mr. Reamer would have deposited that in
9 ARUP's bank account at your direction, correct?

09:28 10 MS. HOFFLER: Object to the form.

11 THE WITNESS: Yes.

12 (Deposition Exhibit 386 was marked for
13 Identification.)

14 BY MR. HUTCHISON:

09:28 15 Q. Let me show you Exhibit 386, which is a check
16 from Land Company of Osceola County to the order of
17 ARUP, A-R-U-P, Check No. 5970. Tell me if you recognize
18 that check.

19 MS. HOFFLER: Exhibit 386?

09:28 20 MR. HUTCHISON: 386, Deposition Exhibit 386.

21 The check number is 5170.

22 MR. DUNCAN: Again, renew Mr. Pugliese's Fifth
23 Amendment privilege as to Exhibit 386 and all
24 questions related to the exhibit.

09:29 25 BY MR. HUTCHISON:

1 Q. That's Joe Reamer's signature on Deposition
2 Exhibit 386 on the check there, isn't it, Mr. Pugliese?

3 MS. HOFFLER: Form.

4 THE WITNESS: Appears to be.

09:29 5 BY MR. HUTCHISON:

6 Q. Mr. Reamer would have signed that check at
7 your direction?

8 MS. HOFFLER: Form.

9 THE WITNESS: Yes.

09:29 10 MS. HOFFLER: Mr. Pugliese, if you could wait
11 for any objections I have, please.

12 THE WITNESS: Sorry. Yes.

13 BY MR. HUTCHISON:

14 Q. And you would have directed Mr. Reamer to
09:29 15 deposit that in the bank account for ARUP, LLC?

16 MS. HOFFLER: Object to the form.

17 THE WITNESS: Yes, for the purpose of building
18 a capital reserve for the protection of Destiny and
19 the employees and paying bills in the event that
09:29 20 Mr. DeLuca stopped paying for second time, as he,
21 in fact, did in April of 2009. And all this money
22 was used to pay bills for Destiny.

23 BY MR. HUTCHISON:

24 Q. And that company, ARUP, A-R-U-P, that was a
09:30 25 company that you had created in approximately February

1 of 2009, correct?

2 A. I don't recall the dates.

3 MS. HOFFLER: Let me object to the form.

4 BY MR. HUTCHISON:

09:30 5 Q. Do you recall having a number of companies
6 created in February/March 2009?

7 MS. HOFFLER: Form.

8 THE WITNESS: I don't know the dates.

9 BY MR. HUTCHISON:

09:30 10 Q. And that money from Land Company of Osceola
11 County or LCOC to ARUP, A-R-U-P, would have come from
12 LCOC's operating account, correct?

13 MS. HOFFLER: Form.

14 THE WITNESS: I assume.

09:30 15 BY MR. HUTCHISON:

16 Q. And LCOC was funded 75 percent by FD Destiny,
17 LLC, and 25 percent by AVP Destiny, LLC, correct?

18 A. I believe that is correct.

19 (Deposition Exhibit 387 was marked for

09:31 20 Identification.)

21 BY MR. HUTCHISON:

22 Q. The next exhibit I'm going to show you is
23 Exhibit 387, Bates No. FCB200081, Check No. 5240, Land
24 Company of Osceola County, LLC, check paid to the order
09:31 25 of ARUP, A-R-U-P, for \$70,000. Take a look at Exhibit

1 387.

2 MR. DUNCAN: Again, renew Mr. Pugliese's Fifth
3 Amendment privilege as to Exhibit 387 and all
4 questions related to that exhibit.

09:31 5 BY MR. HUTCHISON:

6 Q. Do you recognize Joe Reamer's signature on
7 that check, 5240, which is represented in Exhibit 387?

8 A. Yes. It appears to be the same as the other
9 two checks.

09:32 10 Q. Mr. Reamer would have signed the Check 5240 at
11 your direction?

12 MS. HOFFLER: Form.

13 THE WITNESS: Yes.

14 BY MR. HUTCHISON:

09:32 15 Q. And Mr. Reamer would have deposited that in
16 ARUP, LLC's bank account at your direction, correct?

17 MS. HOFFLER: Form.

18 THE WITNESS: Yes, again, for the purposes of
19 funding a capital reserve for the protection of the
09:32 20 project from Fred DeLuca.

21 BY MR. HUTCHISON:

22 Q. And the money that would have went to ARUP
23 would have came out of LCOC's bank account, correct?

24 MS. HOFFLER: Form.

09:33 25 THE WITNESS: I assume.

1 (Deposition Exhibit 258 was previously marked
2 for Identification.)

3 BY MR. HUTCHISON:

4 Q. Let me show you what has previously been
09:33 5 marked as Exhibit 258.

6 MS. HOFFLER: This is Exhibit 258 previously
7 marked. Oh, yeah. All right.

8 MR. DUNCAN: I'm sure we renewed our Fifth
9 Amendment privilege as to Exhibit 258 but, for the
09:33 10 record, we renew our Fifth Amendment privilege as
11 to Exhibit 258 and all questions related to it.

12 BY MR. HUTCHISON:

13 Q. Okay. The Bates number in Exhibit 258 is
14 FCB200085 and FCB200092, correct, Mr. Pugliese?

09:33 15 MS. HOFFLER: Form.

16 THE WITNESS: I'm looking at it right now.

17 BY MR. HUTCHISON:

18 Q. Did I read those Bates numbers correctly?

19 A. Yes.

09:34 20 Q. The first page of Exhibit 258 is a check from
21 ARUP, LLC, paid to the order of The Pugliese Company in
22 the amount of \$200,000, dated May 21st, 2009. Do you
23 see that?

24 A. Yes.

09:34 25 Q. That is Joseph Reamer's signature on Check

1 1002 --

2 MS. HOFFLER: Form.

3 BY MR. HUTCHISON:

4 Q. -- which is the first page of Exhibit 258?

09:34 5 A. I believe it is.

6 Q. And Mr. Reamer would have signed Check 1002 at
7 your direction?

8 MS. HOFFLER: Form.

9 THE WITNESS: Yes.

09:34 10 BY MR. HUTCHISON:

11 Q. And Joseph Reamer would have deposited that
12 \$200,000 in the bank account of Anthony V. Pugliese,
13 Inc., d/b/a the Land Company, at your direction?

14 A. Yes.

09:34 15 MS. HOFFLER: Form.

16 THE WITNESS: He would have deposited this
17 into our account to help build the capital reserve
18 for protecting the project, as I stated before.

19 BY MR. HUTCHISON:

09:35 20 Q. And that money was actually deposited in the
21 Pugliese Company's bank account.

22 MS. HOFFLER: Form.

23 THE WITNESS: Yes.

24 BY MR. HUTCHISON:

09:35 25 Q. And, at that time, there was other money in

1 the Pugliese Company bank account, as well, correct?

2 MS. HOFFLER: Form.

3 THE WITNESS: A lot of other money, yes.

4 BY MR. HUTCHISON:

09:35 5 Q. So this \$200,000 represented in this check
6 would have just been mixed in with the existing money in
7 the Pugliese Company's bank account, correct?

8 MS. HOFFLER: Object to the form.

9 THE WITNESS: No. I wouldn't say that
09:35 10 exactly. I would say that this was kept by Joe
11 Reamer as a ledger to account for every dollar so
12 that in the event Fred DeLuca was to stop funding,
13 like he did in August of 2007 for five months or
14 six months and almost could have bankrupted our
09:35 15 company at that time and, again, not caring about
16 the project or the employees or any of the hard
17 work put into the project, we felt it was prudent
18 to reserve money to protect the project. And this
19 was one of the ways we were doing it. It may not
09:36 20 have been the best way to do it, but we felt that
21 we had to protect the project. And we were advised
22 that we needed to reserve money by his own
23 right-hand man, Fred Florio, who was basically at
24 our office every single day and knew Fred DeLuca
09:36 25 better than anyone there for the last 20 years, 25

1 years.

2 And we felt that we needed to put this money
3 away because he would do it again. And, sure
4 enough, in April of 2009, he, in fact, did stop
09:36 5 funding, unilaterally, without notice. And this
6 money was used to pay back -- to pay all the bills
7 that were incurred and all the employees and their
8 salaries and the health insurance, et cetera.

9 And we only had one account, so this went into
09:37 10 our one account, which had several millions of
11 dollars of our money in it. And none of this money
12 was ever touched by us at all.

13 BY MR. HUTCHISON:

14 Q. And the \$200,000 went into the bank account
09:37 15 with the other several millions of dollars that you just
16 testified that belonged to the Pugliese Company,
17 correct?

18 MS. HOFFLER: Object to the form.

19 THE WITNESS: Correct.

09:37 20 BY MR. HUTCHISON:

21 Q. The millions of dollars that belonged to the
22 Pugliese Company and the \$200,000 that's represented by
23 this check in Exhibit 258 were put together in the same
24 bank account.

09:37 25 MS. HOFFLER: Object to the form.

1 THE WITNESS: That's correct.

2 BY MR. HUTCHISON?

3 Q. Now, you said --

4 MS. HOFFLER: Excuse me. I need to consult
09:37 5 with the lawyers for a second. It'll just take a
6 second. There's no pending question.

7 MR. HUTCHISON: Sure.

8 MS. HOFFLER: It'll be really quick.

9 THE VIDEOGRAPHER: Would you like to go off
09:37 10 the video record or --

11 MR. HUTCHISON: No. We can stay on.

12 MS. HOFFLER: No. It's going to be really
13 quick.

14 (Exit Ms. Hoffler, Mr. Duncan and
09:37 15 Mr. Crickenberger.)

16 (Pause.)

17 (Enter Ms. Hoffler, Mr. Duncan and
18 Mr. Crickenberger.)

19 MR. HUTCHISON: Ready to proceed?

09:38 20 MS. HOFFLER: Yes.

21 BY MR. HUTCHISON:

22 Q. Mr. Pugliese, you had testified in your last
23 answer that you were advised by Mr. Fred Florio to
24 reserve money. What did Mr. Fred Florio advise you
09:39 25 regarding reserving money?

1 MS. HOFFLER: Form.

2 THE WITNESS: After Fred DeLuca stopped
3 funding, without any notice to anyone, in the
4 middle of a very large project with not only 35, 45
09:39 5 people in our office but probably a hundred and
6 some-odd people in the field and with
7 subcontractors and all the different people that we
8 had involved in the project at the time and that we
9 were in the process of moving towards certain
09:39 10 approvals, he decided just to stop funding and put
11 us into kind of a tailspin. And I had to dig into
12 my pocket, after bringing Mr. DeLuca into the
13 project at my par value, after working on the
14 project for five years without any compensation at
09:40 15 all. I had to then go into my pocket and start
16 paying bills for the following five or six months.

17 So when we finally started to pay again and
18 decided that he was going to pay, which was in
19 February, I believe, of 2008, Fred Florio said to
09:40 20 me, he says, I know this fellow. This is how he
21 operates. I've seen him do it in the past. He
22 says, you need to protect yourself and the
23 employees and the project, and you need to start
24 taking money and reserving it.

09:40 25 And, you know, we never went into detail how

1 to do that. But starting in March, I think it was
2 a very small amount and then more in April, and we
3 started putting money aside. And when we ran out
4 of, you know, different ways to do that, we went to
09:41 5 creating these companies and these bills.

6 But, again, the intent was only to protect the
7 project and it was always to use this money to pay
8 for bills and employees when Fred DeLuca stopped
9 paying for the second time, in which, in fact, he
09:41 10 did in April of 2009. And all this money was spent
11 to pay the bills that were incurred by Destiny.

12 BY MR. HUTCHISON:

13 Q. And you had that conversation with Fred Florio
14 when?

09:41 15 A. We had it probably sometime in the beginning
16 of 2008, probably before -- I want to say either before
17 or after he started refunding, something in that time
18 period. I don't remember exactly when it was.

19 Q. Was anybody present with you other than Fred
09:42 20 Florio and you?

21 MS. HOFFLER: Form.

22 THE WITNESS: No.

23 BY MR. HUTCHISON:

24 Q. Did you tell me everything that Fred Florio
09:42 25 told you with respect to setting money aside?

1 A. All I can think of at the moment. There might
2 be something else I can think of later on. Might be
3 something I forgot. But, basically, that was the
4 essence of the conversation.

09:42 5 Q. Did you tell Fred Florio that you were
6 creating companies and billing Land Company of Osceola
7 County for services from the companies that you had
8 created?

9 A. No. I said I did not tell him how I did it.
09:42 10 I just took his advice that I needed to protect the
11 project from Fred DeLuca, from his boss, who he advised
12 is not a good person and someone that we can't trust at
13 this point and that he has seen him do this in the past
14 and that -- Fred, I think, really got to like the people
09:43 15 who were working on the project. I think he had real
16 love for the project and concern. And I think this was
17 his way of basically saying, listen, this guy is going
18 to screw everyone, like he's done so many times before,
19 and that you need to protect yourself and you need to
09:43 20 start reserving money from the money that we get on a
21 monthly basis so that we have a bit of a cash reserve to
22 be able to pay bills when he stops paying again.

23 Q. Did you discuss reserving or setting aside
24 money with any other representative of Fred DeLuca other
09:43 25 than Fred Florio?

1 A. No. I don't -- he's the only representative
2 of Fred DeLuca's that was working with us and the only
3 one that I thought was a real man and someone I could
4 trust. So if you're referring to other people like
09:44 5 Bobby Ray and David Friedman, they're just pawns of Fred
6 DeLuca. There would be no trust in any of those people.

7 Q. So you never told any other representative of
8 Fred DeLuca, other than Fred Florio, that you were
9 setting aside money.

09:44 10 MS. HOFFLER: Form.

11 BY MR. HUTCHISON:

12 Q. Correct.

13 A. That's correct.

14 Q. When did Fred Florio -- when did you tell Fred
09:44 15 Florio that you were setting aside money?

16 MS. HOFFLER: Form.

17 THE WITNESS: I don't know. I don't remember.

18 BY MR. HUTCHISON:

19 Q. Did you tell Fred Florio that you started
09:44 20 setting aside money in the spring of 2008?

21 A. I believe so.

22 Q. So Fred Florio knew that you were setting
23 aside money every month; is that correct?

24 MS. HOFFLER: Form.

09:45 25 THE WITNESS: I would say that that was the

1 understanding. We really didn't have a lot of
2 discussion about it other than it was important to
3 reserve the money and that that was his advice,
4 which I took.

09:45 5 And as far as did I tell him I was doing --
6 reserving money every single month? I'm not sure.
7 Possibly. It's possible.

8 BY MR. HUTCHISON:

9 Q. Did you ever tell him that you were reserving
09:45 10 money?

11 A. Yeah. I told him we were reserving money.

12 Q. When did you tell him that?

13 A. I told him I was going to start reserving
14 money around the time that we talked about it.

09:45 15 Q. After that, did you then actually tell him
16 that you did, in fact, start reserving money?

17 MS. HOFFLER: Form.

18 THE WITNESS: I believe so.

19 BY MR. HUTCHISON:

09:45 20 Q. And to reserve money, you were asking FD
21 Destiny, LLC, to contribute more than the monthly
22 expenses for LCOC every month, correct?

23 MS. HOFFLER: Form.

24 THE WITNESS: Well, for both of us. Not just
09:46 25 for FD Destiny but for AVP Destiny, as well,

1 because 25 percent of that money that was reserved
2 was coming directly from me, as well.

3 BY MR. HUTCHISON:

4 Q. And 75 percent of all the money that was set
09:46 5 aside was money from FD Destiny, LLC, correct?

6 A. Correct.

7 Q. So the only person from Fred DeLuca -- strike
8 that.

9 The only representative of Fred DeLuca that
09:46 10 knew that you were setting aside money -- strike that.

11 Did you tell Fred Florio how much money you
12 had reserved?

13 MS. HOFFLER: Form.

14 THE WITNESS: I don't recall.

09:46 15 BY MR. HUTCHISON:

16 Q. You knew Fred DeLuca did not -- strike that.

17 You knew Fred Florio did not have the
18 authority to authorize you to set aside money every
19 month, correct?

09:47 20 MS. HOFFLER: Form.

21 THE WITNESS: I don't know. I don't know if I
22 ever thought about that. He was the treasurer, so
23 I don't know.

24 BY MR. HUTCHISON:

09:47 25 Q. Was he the treasurer of any of Fred DeLuca's

1 companies; do you know?

2 A. Of Land Company.

3 Q. He was the treasurer of LCOC, correct?

4 A. That's Land Company.

09:47 5 Q. You call LCOC or Land Company the same thing?

6 A. Yes.

7 Q. So my question to you is, with respect to Fred
8 DeLuca's money and FD Destiny, LLC's money, did you
9 believe that Fred Florio had the authority to authorize
09:47 10 you to bill FD Destiny, LLC, every month for more money
11 than LCOC actually incurred in expenses?

12 MS. HOFFLER: Form.

13 THE WITNESS: Well, you know, Fred Florio was
14 put there. He didn't have development experience.
09:48 15 He was put there as an extension of Fred DeLuca. I
16 don't know what the relationship was exactly from
17 the standpoint other than I knew they were close
18 and they were friends and they were friends for a
19 long, long time, probably 20 years before I even
09:48 20 met either one of them. We did follow his advice
21 on many things because he was in communication with
22 Fred DeLuca.

23 So the answer to that question is I'm really
24 not sure. Again, he was the treasurer. And I
09:48 25 would think he had certain -- certain authority to

1 do certain things to a certain point. I don't -- I
2 don't really know.

3 BY MR. HUTCHISON:

4 Q. So my question to you is, with respect to Fred
09:49 5 DeLuca's money or FD Destiny, LLC's money, did you
6 believe that Fred Florio had the authority to authorize
7 you to bill FD Destiny, LLC, every month for more money
8 than LCOC actually incurred in expenses?

9 MS. HOFFLER: Form.

09:49 10 THE WITNESS: I don't really know. I know
11 that he, in fact, was the president of many
12 companies. He was the owner of properties on
13 behalf of -- to shield Fred DeLuca from liability.
14 He had -- he was probably the closest person to
09:49 15 Fred DeLuca next to his wife. So I really don't
16 know exactly the answer to that question.

17 BY MR. HUTCHISON:

18 Q. Do you know if Fred Florio was an officer of
19 FD Destiny, LLC?

09:49 20 A. I don't know. He may have been. I don't
21 know.

22 Q. If you believed that Fred Florio had authority
23 to authorize you to bill FD Destiny every month more
24 money than LCOC's actual monthly expenses, why did you
09:50 25 create fake invoices and fake companies?

1 MS. HOFFLER: Object to the form.

2 MR. DUNCAN: Renew the Fifth Amendment
3 privilege.

4 THE WITNESS: I didn't say that I knew that he
09:50 5 did have the authority. I said he may have. I
6 don't really know. I didn't really know.

7 I know one thing. He said to me, my job, for
8 the most part, and in being here, is not to -- he
9 said, basically, his job was to protect Fred DeLuca
09:50 10 from Fred DeLuca. That was his job. And I guess,
11 in a way, what he was doing was protecting the
12 project and protecting Fred DeLuca.

13 BY MR. HUTCHISON:

14 Q. Describe your relationship with Fred Florio
09:50 15 today.

16 MS. HOFFLER: Form.

17 THE WITNESS: Fred is a -- Fred's a friend.

18 BY MR. HUTCHISON:

19 Q. Fred Florio is a friend of yours?

09:51 20 A. I have lots of friends.

21 Q. Is Fred Florio a friend of yours?

22 A. I would consider him a friend.

23 Q. How often do you talk to Fred Florio?

24 MS. HOFFLER: Form.

09:51 25 THE WITNESS: It varies from time to time,

1 depending on what might be going on in our lives or
2 his life or my life or around us or whatever. I
3 don't know. Maybe a couple times a month, maybe.

4 BY MR. HUTCHISON:

09:51 5 Q. Do you exchange e-mails with him?

6 A. No, I don't think we do. He never did e-mail.
7 He really didn't. He had a flip phone for a long time,
8 so -- I don't think we do.

9 Q. Do you text him?

09:52 10 MS. HOFFLER: Form.

11 THE WITNESS: I don't do much texting.

12 BY MR. HUTCHISON:

13 Q. Have you texted Fred Florio?

14 MS. HOFFLER: Form.

09:52 15 THE WITNESS: I don't know. I doubt it but I
16 don't know.

17 BY MR. HUTCHISON:

18 Q. Exhibit 258, the second page, Bates No.
19 FCB200092, do you have that in front of you still?

09:52 20 A. I do.

21 Q. A check from the LLC to the Pugliese Company
22 dated November 6, 2009, in the amount of \$9,803.20. Do
23 you see that?

24 MS. HOFFLER: Form.

09:52 25 THE WITNESS: Yes.

1 BY MR. HUTCHISON:

2 Q. That check from ARUP, LLC, which is the second
3 page of Exhibit 258, is that Joe Reamer's signature on
4 that check?

09:52 5 MS. HOFFLER: Form.

6 THE WITNESS: It appears to be.

7 BY MR. HUTCHISON:

8 Q. Did you authorize Joe Reamer to sign that
9 check?

09:53 10 MS. HOFFLER: Form.

11 THE WITNESS: I never authorized Joe Reamer to
12 sign individual checks. So when you say "that
13 check," not necessarily. And that goes to the
14 other checks. He had the authorization to sign on
09:53 15 that account, and he probably signed every single
16 check and signs probably almost every single check
17 that comes through our company for every single
18 company.

19 BY MR. HUTCHISON:

09:53 20 Q. But you knew Joe Reamer was writing checks to
21 ARUP, LLC, the company that you had created, correct?

22 MS. HOFFLER: Form.

23 THE WITNESS: I knew that he was transferring
24 money from ARUP into our reserve -- into our
09:53 25 reserve account, which happens to be going into the

1 Pugliese Company.

2 BY MR. HUTCHISON:

3 Q. You knew Joe Reamer was writing checks from
4 Land Company of Osceola County's bank account to ARUP,
09:53 5 LLC's bank account, correct?

6 MS. HOFFLER: Form.

7 THE WITNESS: Yes.

8 BY MR. HUTCHISON:

9 Q. And you -- because you approved those
09:53 10 invoices, correct?

11 MS. HOFFLER: Form.

12 THE WITNESS: Yes.

13 BY MR. HUTCHISON:

14 Q. You created invoices for ARUP, LLC, for
09:54 15 services that ARUP, LLC, did not provide. And you
16 approved those invoices so that Joe Reamer would pay
17 them out of Land Company of Osceola County's bank
18 account, correct?

19 MS. HOFFLER: Object to the form.

09:54 20 MR. DUNCAN: And I know we have a standing
21 objection but renew the Fifth Amendment privilege.

22 THE WITNESS: Well, let me back up a minute.

23 When you say ARUP, LLC, that's mentioned on
24 this check provided no services to Land Company, I
09:54 25 think that's really a misstatement because, in

1 fact, it did provide a service. It provided a
2 reserve to pay bills in the event, which it, in
3 fact, did do, when Fred DeLuca stopped paying
4 unilaterally without any warning. So I think it
09:54 5 did provide a service, as is all the companies that
6 we created.

7 BY MR. HUTCHISON:

8 Q. But the ARUP, LLC, that you created, did it
9 provide urban design services to Land Company of Osceola
09:55 10 County?

11 MR. DUNCAN: Renew the Fifth Amendment
12 privilege.

13 MS. HOFFLER: Form.

14 THE WITNESS: It paid bills.

09:55 15 BY MR. HUTCHISON:

16 Q. Did it provide urban design services --

17 MS. HOFFLER: Form.

18 BY MR. HUTCHISON:

19 Q. -- to Land Company of Osceola County?

09:55 20 MS. HOFFLER: Form.

21 THE WITNESS: No. I wouldn't say that was the
22 purpose of the company. No.

23 BY MR. HUTCHISON:

24 Q. But that's what you put on the invoice that
09:55 25 you created, correct?

1 A. That's correct. I did.

2 Q. So you'll agree with me that ARUP, LLC, a
3 company you created, did not provide urban design
4 services to LCOC as the invoice states, correct?

09:55 5 MS. HOFFLER: Form.

6 THE WITNESS: Yes, but that's not what you
7 said before. You said, did ARUP, LLC, provide any
8 services to Land Company? And I said, yes, it did.

9 BY MR. HUTCHISON:

09:56 10 Q. Mr. Pugliese, are you familiar with the
11 foreclosure that was initiated against Land Company of
12 Osceola County in Osceola County?

13 A. You mean, the sham, that fake foreclosure,
14 that sham that was perpetrated by David Friedman and
09:56 15 Fred DeLuca where the lender, who was Fred DeLuca, and
16 the general manager of Land Company general -- of Land
17 Company -- is that the one you're talking about?

18 Q. Now, explain that sham again to me.

19 A. Yeah. Let's talk about that.

09:56 20 Q. Tell me what -- why did you call it a sham?

21 A. Why do I call it a sham? Well, you have Fred
22 DeLuca, who becomes the general manager of Land Company
23 of Osceola County, and then you have the mortgage
24 company, let's call it, which is, I guess, FD Credit,
09:57 25 which is also owned by Fred DeLuca. But we can go all

1 the way back to where, you know, Wachovia was going to
2 loan the money. And Fred DeLuca decided that he could
3 pick up about \$24 million worth of interest by adding
4 3.1 percent interest onto the loan, so he becomes the
09:57 5 lender instead. However, then he takes and
6 cross-collateralizes that loan with the loan that he
7 borrowed money for the Zozzaro Company. So then when
8 the Zozzaro Company has a problem and Wachovia calls the
9 loan, they also call the loan on Destiny and now he's
09:57 10 forced to pay the loan off on Destiny for \$140 million,
11 roughly, and the one for Zozzaro Bros. for about \$40
12 million, roughly.

13 So now he becomes the lender and the partner,
14 and he starts foreclosure on the Land Company property.
09:58 15 And his crony, David Friedman, hires the lawyer to
16 represent Land Company in the foreclosure to fight the
17 foreclosure, but he also hires the lawyer to represent
18 FD Credit, who is the mortgage company with Fred DeLuca
19 behind it. And basically no fight's put up and a
09:58 20 foreclosure is obtained.

21 Q. Well, when you say no fight's put up, you
22 actually became a party in that foreclosure action,
23 correct? You personally, Anthony Pugliese.

24 MS. HOFFLER: Form.

09:58 25 THE WITNESS: I thought we -- I believe that

1 because we were a limited partner, not the general
2 partner, we were -- we had no say in what went on
3 with fighting the foreclosure.

4 BY MR. HUTCHISON:

09:59 5 Q. So is it your testimony, then, that you do not
6 know whether Anthony Pugliese actually became a party in
7 the foreclosure action in Osceola County?

8 MS. HOFFLER: Object to the form.

9 THE WITNESS: As far as a guarantor, are you
09:59 10 referring to?

11 BY MR. HUTCHISON:

12 Q. No. I mean, are you familiar with the word
13 "intervene"? Did you know that you, Anthony Pugliese,
14 intervened in the foreclosure lawsuit?

09:59 15 MS. HOFFLER: Form.

16 THE WITNESS: I know there was -- I know that
17 we did intervene to a certain point and then, at
18 that point -- Edgar was handling it, but I believe
19 at that point, we -- I don't know what it has to do
09:59 20 with the fact that we still have DeLuca
21 representing both sides. I don't understand that,
22 but there was nothing much we could do.

23 BY MR. HUTCHISON:

24 Q. When you say Edgar was representing, Edgar
09:59 25 Belaval --

1 A. Not Edgar. Edgar was handling it, but it was
2 someone else who was handling it for -- I guess it was
3 for Land Company.

4 Q. Did you ever speak with the lawyer that
10:00 5 represented Land Company of Osceola County?

6 A. No.

7 MS. HOFFLER: Form.

8 BY MR. HUTCHISON:

9 Q. Did Edgar Belaval ever speak with a lawyer
10:00 10 that represented Land Company of Osceola County?

11 MS. HOFFLER: Form.

12 THE WITNESS: I believe so.

13 BY MR. HUTCHISON:

14 Q. Did you know that Edgar Belaval represented
10:00 15 you, personally, in the foreclosure action in Osceola
16 County?

17 MS. HOFFLER: Form.

18 THE WITNESS: It's possible.

19 BY MR. HUTCHISON:

10:00 20 Q. Did you know that?

21 A. I don't remember the details.

22 MS. HOFFLER: Form.

23 BY MR. HUTCHISON:

24 Q. Did you know that Edgar Belaval went to court
10:00 25 in Osceola County and argued against the foreclosure

1 judgment?

2 A. Yes. I know that -- I don't know if he did or
3 there was an attorney that he had hired, but I know that
4 we did -- we were able to do a certain amount to
10:00 5 forestall the foreclosure. And then we were, I think,
6 precluded from being able to be involved after that
7 point.

8 Q. In trying to forestall the foreclosure lawsuit
9 in Osceola County, are you aware that your lawyer, Edgar
10:01 10 Belaval, made the argument to the judge that Fred DeLuca
11 was the plaintiff, FD Destiny Credit, and also the owner
12 of the manager of LCOC -- FD Destiny Management? Are
13 you aware of that?

14 MS. HOFFLER: Form.

10:01 15 THE WITNESS: I wasn't there, but I'm assuming
16 that's what his argument was, yes.

17 BY MR. HUTCHISON:

18 Q. And you know that that argument was presented
19 to the judge, correct?

10:01 20 A. I believe it was.

21 Q. And you know that the judge disregarded that
22 argument and ruled against you personally, correct?

23 MS. HOFFLER: Form.

24 THE WITNESS: I don't know if it was me
10:01 25 personally. And I'm sure we may not have been

1 happy with the decision, but it has nothing to do
2 with the fact that it still was a sham.

3 BY MR. HUTCHISON:

4 Q. So it's your testimony that the judge and the
10:02 5 judgment in Osceola County was a sham.

6 MS. HOFFLER: Object to the form.

7 THE WITNESS: No. I think he made a big -- a
8 great mistake.

9 BY MR. HUTCHISON:

10:02 10 Q. What was the sham? The judge made a ruling.
11 Did you agree with the ruling?

12 A. The reason we went into foreclosure is because
13 Fred DeLuca stopped funding the project and the project
14 was failing. His whole intent was to take over the
10:02 15 project because he knew that what I bought for \$137
16 million was able to be sold within six weeks of closing
17 for between 300 and \$500 million. And we have proof of
18 that, right? So I think he always intended to try to
19 control and take over the project and take over the
10:02 20 property, like he has done.

21 Q. You mentioned the Zozzaro Company. What is
22 the Zozzaro Company?

23 MR. DUNCAN: Excuse me. I'm going to invoke
24 the Fifth Amendment privilege as to the Zozzaro
10:02 25 Company. I don't believe that's covered by Judge

1 Crow's order. If I'm wrong, Rick, let's talk about
2 it. But, otherwise, I'm going to invoke the Fifth
3 Amendment privilege.

4 MS. HOFFLER: And I'm going to object to the
10:03 5 form.

6 MR. HUTCHISON: I think he just talked about
7 the Zozzaro Company and I want to know what the
8 Zozzaro Company is.

9 MS. HOFFLER: Object to the form.

10:03 10 BY MR. HUTCHISON:

11 Q. You said there was a loan to the Zozzaro
12 Company. What was that?

13 MR. DUNCAN: I'm going to invoke the Fifth
14 Amendment.

10:03 15 Mr. Pugliese, I'm going to advise you to
16 invoke your Fifth Amendment privilege as to any
17 questions regarding the Zozzaro Company.

18 MR. HUTCHISON: Well, given his answer
19 regarding the -- that included Zozzaro Company in a
10:03 20 loan, I think we waived that. But I have a lot of
21 questions about the loan regarding -- that you
22 mentioned regarding the Zozzaro Company.

23 BY MR. HUTCHISON:

24 Q. Are you going to assert the Fifth Amendment to
10:03 25 all those questions?

1 A. Yes. I will waive the -- not waive.

2 MS. HOFFLER: Assert.

3 THE WITNESS: Pardon?

4 MS. HOFFLER: Assert.

10:03 5 THE WITNESS: Assert. Assert my Fifth
6 Amendment privilege.

7 BY MR. HUTCHISON:

8 Q. Will you tell us what you meant by the loan to
9 the Zozzaro Company?

10:03 10 MS. HOFFLER: Object to the form.

11 MR. DUNCAN: Again, I'm going to advise you to
12 invoke your Fifth Amendment privilege.

13 THE WITNESS: I invoke my Fifth Amendment
14 privilege.

10:04 15 BY MR. HUTCHISON:

16 Q. Will you tell us why the loan for Zozzaro
17 Company for approximately \$40 million was mentioned in
18 your last answer, or one of your previous answers?

19 MS. HOFFLER: Form.

10:04 20 MR. DUNCAN: Again, advise you to invoke your
21 Fifth Amendment privilege.

22 THE WITNESS: I invoke my Fifth Amendment
23 privilege.

24 BY MR. HUTCHISON:

10:04 25 Q. Can you tell us what the loan that you

1 mentioned to Zozzaro Company has to do with the Land
2 Company of Osceola County's loan?

3 MS. HOFFLER: Form.

4 MR. DUNCAN: Advise you to invoke the Fifth
10:04 5 Amendment privilege.

6 THE WITNESS: I invoke my Fifth Amendment
7 privilege.

8 BY MR. HUTCHISON:

9 Q. Can you tell us the terms of this Zozzaro loan
10:04 10 that you mentioned?

11 MS. HOFFLER: Form.

12 MR. DUNCAN: Ask you to invoke your Fifth
13 Amendment privilege.

14 THE WITNESS: I invoke my Fifth Amendment
10:04 15 privilege.

16 BY MR. HUTCHISON:

17 Q. Is Zozzaro Z-O-Z-Z-A-R-O?

18 MS. HOFFLER: Form.

19 THE WITNESS: My Fifth Amendment privilege.

10:04 20 BY MR. HUTCHISON:

21 Q. You mentioned discussions with Fred DeLuca
22 regarding the loan. Were you talking about the Land
23 Company of Osceola Company loan or the Zozzaro Brother
24 loan?

10:05 25 MR. DUNCAN: I'll advise you to invoke your

1 Fifth Amendment privilege.

2 MS. HOFFLER: Form.

3 THE WITNESS: When?

4 BY MR. HUTCHISON:

10:05 5 Q. Well, in your answer, you mentioned you had
6 discussions with Fred DeLuca regarding the loan, and I
7 didn't know if you were talking about the Zozzaro
8 Company loan or the LCOC loan.

9 A. Both.

10:05 10 MS. HOFFLER: Form.

11 BY MR. HUTCHISON:

12 Q. So will you tell us about those discussions
13 with Fred DeLuca regarding the Zozzaro Company loan?

14 MS. HOFFLER: Form.

10:05 15 MR. DUNCAN: Mr. Pugliese, just wait before
16 you answer, please. Give me an opportunity, okay?

17 I would advise you to invoke your Fifth
18 Amendment privilege as to any questions regarding
19 the Zozzaro Company, the Zozzaro loan.

10:05 20 THE WITNESS: I invoke my Fifth Amendment
21 privilege.

22 BY MR. HUTCHISON:

23 Q. Tell us about the discussions you had with
24 Fred DeLuca regarding the Land Company of Osceola County
10:05 25 loan.

1 MS. HOFFLER: Object to the form.

2 BY MR. HUTCHISON:

3 Q. And I'm talking about the initial discussions
4 in 2005, prior to the purchase of the Yeehaw Junction
10:06 5 property. What were your discussions with Fred DeLuca
6 regarding the Land Company of Osceola County loan?

7 A. Well, for the sole reason to bring Fred DeLuca
8 into the deal and give him 50 percent at par value, with
9 no increase for any fee for myself for either a finder's
10:06 10 fee, a broker's fee, a management fee and anything fee,
11 was for him to handle the financing. He met with -- he
12 met with people that we had already been dealing with,
13 iStar. And he was completely frustrated with them. I
14 guess he took whatever information he could from them.
10:06 15 They even said to me that we've made three trips to
16 Florida and one or two trips to Connecticut. And I
17 believe that Fred DeLuca, in the end, is going to go
18 ahead and fund it himself.

19 Q. Who told you that from iStar?

10:07 20 A. The fellow from iStar.

21 Q. What was his name?

22 MS. HOFFLER: Form.

23 THE WITNESS: I don't recall his name.

24 BY MR. HUTCHISON:

10:07 25 Q. Do you have it written down anywhere? Would

1 you have that record anywhere?

2 MS. HOFFLER: Form.

3 THE WITNESS: I don't know.

4 BY MR. HUTCHISON:

10:07 5 Q. When did he tell you that? When did he tell
6 you that Fred DeLuca was going to make the loan himself?

7 A. Before Fred DeLuca decided to -- came to us
8 and told us that he was going to be doing a deal with
9 Wachovia --

10:07 10 Q. So --

11 A. -- around -- for the same terms or better.

12 Q. Did you tell -- so is it your testimony that
13 Fred DeLuca actually met with somebody from iStar?

14 A. Yes.

10:07 15 MS. HOFFLER: Form.

16 THE WITNESS: Well, I don't know if Fred
17 DeLuca himself did. I wasn't there.

18 BY MR. HUTCHISON:

19 Q. How do you know that Fred DeLuca or his
10:08 20 representatives met with anybody from iStar?

21 MS. HOFFLER: Form.

22 THE WITNESS: Fred DeLuca had told me that, as
23 well as the people from iStar.

24 BY MR. HUTCHISON:

10:08 25 Q. What did Fred DeLuca tell you?

1 A. That he was meeting from people with iStar.

2 Q. Did he tell you that he actually met with
3 people from iStar?

4 MS. HOFFLER: Form.

10:08 5 THE WITNESS: I believe he did.

6 BY MR. HUTCHISON:

7 Q. What did he tell you?

8 A. That he met with people from iStar.

9 Q. And what did he say about their meeting?

10:08 10 A. I remember there was discussion about the --
11 you know, the different details in the deal and that he
12 was going to be -- he was also, I think, working with
13 Wachovia at the time.

14 But your original question had to do with what
10:08 15 Fred DeLuca told me about the loan, right?

16 Q. Well, prior to meeting Fred DeLuca, you had
17 talked to a number of banks, correct?

18 A. No, we did not.

19 Q. You hadn't talked to KeyBank?

10:09 20 A. I don't believe we talked to KeyBank.

21 Q. Did any of your representatives talk to
22 KeyBank about obtaining financing for the purchase of
23 the Yeehaw Junction property?

24 MS. HOFFLER: Form.

10:09 25 THE WITNESS: I don't recall that.

1 BY MR. HUTCHISON:

2 Q. Any of your representatives talk to Barnett
3 Capital regarding financing for the purchase of Yeehaw
4 Junction property?

10:09 5 A. I don't recall that.

6 Q. Did any of your representatives or you meet
7 with Lehman Bros., L-E-H-M-A-N, regarding financing the
8 Yeehaw Junction property prior to its purchase in August
9 of 2005?

10:09 10 MS. HOFFLER: Form.

11 THE WITNESS: I don't recall.

12 BY MR. HUTCHISON:

13 Q. So all those banks that I just named or
14 finance companies I just named, did you or any of your
10:09 15 representatives meet with any of them regarding
16 financing prior to the August 2005 purchase of the
17 Yeehaw Junction property?

18 MS. HOFFLER: Form.

19 THE WITNESS: I did not.

10:10 20 BY MR. HUTCHISON:

21 Q. Do you know if your representatives did?

22 A. I don't know.

23 Q. Did you or any of your representatives meet
24 with Merrill Lynch or Met Life Financial with respect to
10:10 25 the purchase of the Yeehaw Junction property in August

1 of 2005?

2 MS. HOFFLER: Form.

3 THE WITNESS: I do not know. I did not.

4 BY MR. HUTCHISON:

10:10 5 Q. Did you know?

6 A. I did not.

7 Q. Did any of your representatives?

8 A. I don't know.

9 Q. Did you or any of your representatives meet
10:10 10 with Farm Credit, Morgan Stanley, Cohen Financial,
11 regarding financing for the Yeehaw Junction property
12 prior to its purchase in August of 2005?

13 THE WITNESS: Farm Credit, we did.

14 MS. HOFFLER: Form.

10:10 15 THE WITNESS: And it just wasn't their thing.
16 They're basically for financing farms. So, really,
17 it wasn't something for them on a long-term basis.

18 Cohen Financial is a -- I believe he was a
19 mortgage broker. We may have spoken to him. I
10:10 20 know him.

21 And the other was who?

22 BY MR. HUTCHISON:

23 Q. Morgan Stanley.

24 A. Morgan Stanley. I'm not sure.

10:11 25 Q. Did you speak with anybody from Farm Credit or

1 Cohen Financial regarding financing of the Yeehaw
2 Junction property?

3 MS. HOFFLER: Form.

4 THE WITNESS: I did.

10:11 5 BY MR. HUTCHISON:

6 Q. Who did you speak to?

7 A. I don't remember the name of the fellow from
8 Farm Credit. And the fellow from Cohen Financial, his
9 name escapes me. And I just -- I just ran into his name
10:11 10 just the other day, but I can't recall his name at the
11 moment.

12 Q. Other than Farm Credit, Cohen Financial and
13 iStar Capital, did you or any of your representatives
14 talk to any other company in order to obtain financing
10:11 15 for the purchase of the Yeehaw Junction property in
16 August of 2005?

17 MS. HOFFLER: Object to the form.

18 THE WITNESS: Fred DeLuca came in. When he
19 came in, that basically was his job to take care
10:12 20 of, so we did not -- we were concentrating on
21 having all the regional, national and local
22 builders and other people that were showing
23 interest in the project. We were more interested
24 in understanding what they thought about location,
10:12 25 about the property and the prospects of doing

1 development there. That's what we were
2 concentrating on. When Fred DeLuca came in, it was
3 basically -- he was going to handle the financing
4 part.

10:12 5 BY MR. HUTCHISON:

6 Q. Well, you signed the contract for the purchase
7 of the Yeehaw --

8 MS. HOFFLER: Excuse me. A bathroom break
9 when you get a chance.

10:12 10 BY MR. HUTCHISON:

11 Q. You signed the contract for the purchase of
12 the Yeehaw Junction property way back in 2004, correct?

13 A. I don't remember the date.

14 Q. Long before you met Fred DeLuca.

10:12 15 A. When you say "long," what does "long" mean?

16 Q. Months?

17 A. Yes.

18 Q. And in those months, you had only spoken with
19 three companies about financing: Farm Credit, Cohen
10:12 20 Financial and iStar Capital; is that correct?

21 MS. HOFFLER: Object to form.

22 THE WITNESS: I don't really remember or
23 recall because I was not handling that portion of
24 it. Tom SanGiacomo may have been dealing with some
10:13 25 of that. My thing was to ratify that my assumption

1 of this property as being a great find and a great
2 location and a future, you know, town at that time,
3 that it became more like a city, but a future town,
4 is what I wanted to be able to hear from the
10:13 5 developers. And we brought in I don't know how
6 many -- 20, 30 different developers, maybe 40
7 different developers that all loved the project,
8 all loved the location. All thought it was going
9 to be great. We haven't had not one person say
10:13 10 that this is ridiculous or this is too out of the
11 way or this is too far away. In fact, it was just
12 the opposite.

13 MR. HUTCHISON: We're going to take a break
14 here in a minute.

10:14 15 BY MR. HUTCHISON:

16 Q. Other than Farm Credit, Cohen Financial and
17 iStar Capital, do you recall any other companies that
18 you or your representatives talked to regarding
19 financing for the purchase of the Yeehaw Junction
10:14 20 property --

21 MS. HOFFLER: Form.

22 BY MR. HUTCHISON:

23 Q. -- in 2005?

24 A. And other than Fred DeLuca. That's why he was
10:14 25 brought in.

1 Q. Yes. Other than Fred DeLuca.

2 A. I don't recall.

3 Q. One last question.

4 The purchase contract that you signed was a
10:14 5 cash purchase of the property, right?

6 A. Yes.

7 Q. In other words, tell us what that means.

8 MS. HOFFLER: Form.

9 THE WITNESS: In other words, there was no
10:14 10 owner financing.

11 BY MR. HUTCHISON:

12 Q. There was owner financing --

13 A. There was no owner financing.

14 Q. And there was no financing contingency,
10:14 15 correct?

16 MS. HOFFLER: Form.

17 THE WITNESS: Correct.

18 BY MR. HUTCHISON:

19 Q. In other words, it was supposed to be a cash
10:14 20 deal at closing?

21 A. Correct.

22 MS. HOFFLER: Form.

23 MR. HUTCHISON: Let's take a break.

24 THE VIDEOGRAPHER: Off the record. 10:14 a.m.
10:25 25 (Break taken from 10:14 a.m. to 10:24 a.m.)

1 THE VIDEOGRAPHER: Beginning tape two. On the
2 record at 10:24 a.m.

3 BY MR. HUTCHISON:

4 Q. Mr. Pugliese, did Farm Credit offer any terms
10:25 5 with respect to the purchase of the Yeehaw Junction
6 property back in 2005?

7 A. No.

8 Q. Did Cohen Financial offer any terms for a loan
9 for the purchase of the Yeehaw Junction property in
10:25 10 2005?

11 A. I don't recall.

12 Q. Other than iStar and eventually Fred DeLuca,
13 did any other company offer loan terms or -- for the
14 purchase of the Yeehaw Junction property in 2005?

10:26 15 MS. HOFFLER: Form.

16 THE WITNESS: You know, we really weren't
17 seeking a commitment once Fred DeLuca came into the
18 fold, which was early on. Like I said, our main
19 objective was to put together a due diligence team,
10:26 20 which took some time, to put together what we
21 thought we -- what people called our team the dream
22 team. That took time. We were concentrating on
23 the property itself, knowing the property, knowing
24 what we had from all different standpoints, as well
10:26 25 as making sure, like I said to you, that we had a

1 good feel for why this would be a great location,
2 like I thought it would be. So we really had a lot
3 of builders and developers and different types of
4 development ideas coming. And that's what we were
10:27 5 concentrating on. And, you know, like I said, Fred
6 DeLuca's only job was to provide the financing.

7 BY MR. HUTCHISON:

8 Q. Other than Fred DeLuca and iStar, did you or
9 your representatives discuss any financing terms for the
10:27 10 purchase of the Yeehaw Junction property?

11 MS. HOFFLER: Object to the form.

12 THE WITNESS: Like I said, I don't recall.
13 Fred DeLuca came in early. That was his job to
14 take care of and -- as a partner, like I said, as a
10:27 15 50 percent partner, that came in at par value, that
16 was his job to take care of for us. And, instead,
17 he winds up impacting the loan by \$24 million
18 secretly, without divulging it to his partner.

19 BY MR. HUTCHISON:

10:27 20 Q. You said that once Fred DeLuca became involved
21 in the project that you weren't concerned about
22 financing anymore. Why was that?

23 A. Because he said he was going to take care of
24 it.

10:28 25 Q. What specifically did Fred DeLuca tell you in

1 2005 regarding how he was going to take care of the
2 financing for the Yeehaw Junction property?

3 A. I don't know if I can sit here, you know, nine
4 years later, specifically, and answer that question.

10:28 5 But the only reason to bring Fred DeLuca in
6 for 50 percent of a property that was already worth
7 probably 500 -- four to \$500 million was for him to
8 provide the financing. And he told us that he had the
9 ability to do that. He had not done a lot of financing,
10:28 10 that he paid cash for most everything.

11 Fred Florio had said the same thing, that --
12 he said, I don't know if Fred DeLuca ever borrowed money
13 in his life. He always paid cash. And I believe that
14 that was the impression that he put us under, that he
10:28 15 was going to handle the financing if it would have meant
16 that he would, you know, find a way. He would -- that
17 was his job. Otherwise, you know, why would we bring
18 him in, if he didn't serve a purpose of that importance?

19 Q. Prior to meeting Fred DeLuca, you had -- you
10:29 20 and your representatives were discussing potential loan
21 terms with iStar, correct?

22 A. Correct.

23 Q. Did anybody ever tell you that Fred DeLuca
24 would obtain financing terms other than the terms that
10:29 25 you were discussing with iStar?

1 A. Yeah. He did.

2 Q. Who did?

3 A. Fred DeLuca.

4 Q. When did he tell you that?

10:29 5 A. When he -- probably from the minute he started
6 working with iStar, he was going to work to improve the
7 deal and get the deal better for us.

8 Q. So Fred DeLuca's intent was to get a deal that
9 was better than the terms that were being discussed with
10:29 10 iStar in 2005.

11 MR. CRICKENBERGER: Object to the form.

12 MS. HOFFLER: Form.

13 THE WITNESS: I would say that's correct. He
14 was going to get us a better deal from iStar,
10:30 15 actually, is what he was referring to. By working
16 with iStar, he would improve that deal that we were
17 working on with iStar.

18 BY MR. HUTCHISON:

19 Q. Did he ever tell you that he was going to
10:30 20 get -- that he would provide financing through a source
21 other than iStar with terms better than the terms that
22 were being discussed with iStar?

23 A. No.

24 MS. HOFFLER: Form. We need to make sure that
10:30 25 we can make our objections.

1 BY MR. HUTCHISON:

2 Q. Did anybody ever tell you that Fred DeLuca's
3 intent was to loan money to Land Company of Osceola
4 County with terms that were better than the terms that
10:30 5 had been discussed with iStar?

6 MS. HOFFLER: Object to the form.

7 THE WITNESS: Fred DeLuca said that he would
8 work with iStar directly and improve the deal --
9 negotiate a deal that would be satisfactory to all
10:30 10 of us.

11 BY MR. HUTCHISON:

12 Q. But you knew there was a time when iStar was
13 not going to be the lender anymore. Did you discuss --
14 did you have any discussions with Fred DeLuca when you
10:31 15 learned that?

16 MS. HOFFLER: Form.

17 THE WITNESS: I don't really recall when it
18 kind of happened between -- I know iStar had come
19 down and they were perturbed. They spent a lot of
10:31 20 time and effort on the deal. Like I said, they
21 were down in Florida two or three times. They went
22 to Connecticut and sat with his people, who showed
23 him -- who showed them whatever information they
24 needed. And then they said to me, he said, I
10:31 25 believe that DeLuca's going to finance this thing

1 himself.

2 BY MR. HUTCHISON:

3 Q. Someone from iStar told you that.

4 A. The fellow that we were dealing with from
10:31 5 iStar told us that.

6 Q. Who told you that iStar representatives went
7 to Connecticut to speak to DeLuca's representatives?

8 A. The fellow we were dealing with, the vice
9 president or president of that division. I forget his
10:31 10 name.

11 Q. Once that gentleman told you that Fred DeLuca
12 was going to provide the financing himself, did you have
13 any discussions with Fred DeLuca?

14 A. I'm trying to remember -- I believe at that
10:32 15 point he had a -- some kind of a relationship with
16 Wachovia, and that's who he was bringing -- bringing to
17 the table, is Wachovia.

18 Q. Who told you that?

19 A. I'm sure it was he, Florio, and SanGiacomo.
10:32 20 I've heard it from one of them. Probably from DeLuca
21 himself.

22 Q. What do you recall being told with respect to,
23 once iStar was out of the picture, who the lender was
24 going to be?

10:32 25 A. I just don't -- I don't want to speculate. I

1 don't -- you know, you're talking nine years ago. I
2 just don't remember exactly. But, you know, he was my
3 partner, so you know I'm not getting it from layers of
4 different people. It would have come from him.

10:33 5 And actually up until the day of closing, I
6 thought it was going to be Wachovia. I didn't realize
7 that he had substituted himself as the lender. It was
8 just a very confusing day or two before closing, closing
9 of a very big deal. We had a lot at stake. And, you
10:33 10 know, they sent us a partnership agreement the day of
11 closing. And, like I said, I almost felt foolish
12 because I thought that it was Wachovia that was closing
13 the deal. And later on I found out that it was really
14 Fred DeLuca who had stepped in at the last moment. And
10:33 15 that's kind of the reason we paid \$30,000 for a two-day
16 extension of the closing date, which I think I believe I
17 mentioned this in my last depositions as well, but I
18 didn't realize that Fred DeLuca was going to, you know,
19 be the lender, which I believe when he realized that he
10:34 20 could borrow money at .9 over LIBOR and then charge us 4
21 percent over LIBOR, and, again, never completing the
22 negotiation with iStar -- he never got to the end of
23 that deal. He kind of cut them off before we ever got
24 there.

10:34 25 Q. Now, with respect -- you keep calling him

1 partner. Why do you believe Fred DeLuca was your
2 partner?

3 A. Oh, come on. Let's not play this game, okay?
4 He's a partner. He's always been our partner. He
10:34 5 refers to himself as a partner. We refer to all our --
6 everything we've ever done as partner, everything you
7 read in the newspaper as partner. So now all of a
8 sudden he's not a partner. Now, that's not true.

9 Q. My question is what were you partners in?
10:34 10 What was your --

11 A. We were partners in the property, partners in
12 the future of Destiny.

13 Q. Now, you said that the land was worth 400 to
14 \$500 million. What's the value of the land today?

10:34 15 A. I have no idea.

16 MS. HOFFLER: Form.

17 BY MR. HUTCHISON:

18 Q. When was the last time you had the land
19 appraised?

10:35 20 A. I haven't had it appraised.

21 Q. When can you remember having it appraised?

22 A. I can't remember when we had it appraised.

23 Q. Did you ever have the land appraised?

24 A. I don't remember. Usually, the best idea of a
10:35 25 value is an offer from a qualified buyer, is really more

1 important than an appraiser who is really just taking
2 some comps and then is one man's opinion. So I would
3 assume that the contract terms that we received, the LOI
4 we received from the Fanjul family, would have been a
10:35 5 really good market value of the property at the time,
6 especially with just no more than a 30-day due diligence
7 and a 30-day to close with no contingencies for anything
8 other than that and then an offer after that that we did
9 not ask for a contract for LOI, other than we did get an
10:36 10 offer, a verbal offer, for much more than even what the
11 Fanjuls offered. However, the Fanjuls, when we turned
12 them down, had come to our office to basically ask us
13 how much will it take over and above the 315 million
14 that they had already offered us.

10:36 15 And then the Empire Group offered us somewhere
16 close to \$405 million within less than -- I think less
17 than ten weeks of closing, probably sometime in October.

18 Q. Well, you know that verbal offers for land are
19 unenforceable, right?

10:36 20 MS. HOFFLER: Form.

21 THE WITNESS: I think an LOI that we got
22 from -- an LOI that we had gotten with -- it was
23 an -- it was a very detailed LOI, was from a very
24 substantial family, like the Fanjuls, in my
10:37 25 estimation, would be a very good indication of a

1 buyer and the value.

2 BY MR. HUTCHISON:

3 Q. My question is, do you know that verbal offers
4 to purchase land are unenforceable?

10:37 5 A. Yes.

6 Q. My second question is, what is an LOI?

7 A. It's a letter of interest.

8 Q. It's not a contract for purchase and sale, is
9 it?

10:37 10 MS. HOFFLER: Object to the form.

11 THE WITNESS: It leads up to the purchase and
12 sale.

13 BY MR. HUTCHISON:

14 Q. Sometimes.

10:37 15 MS. HOFFLER: Form.

16 THE WITNESS: If the LOI is agreed to and you
17 go to a contract, when you go to a contract, you go
18 to a closing. Right?

19 BY MR. HUTCHISON:

10:37 20 Q. Did you ever sell -- did you ever receive an
21 LOI and not enter into a purchase and sale?

22 A. Sometimes. Sure. Just like we did -- just
23 like we did with the Fanjuls when we turned them down.

24 Q. Did you ever give LOIs to purchase property in
10:37 25 your career and end up not purchasing the property?

1 A. Absolutely.

2 Q. Did you ever hire Callaway & Price to do an
3 appraisal?

4 A. I think maybe for the lender at the time. It
10:38 5 was not done for any other reason other than for
6 financing, possibly, but I don't remember.

7 Q. Financing when?

8 A. I don't remember.

9 Q. Did you ever hire Callaway & Price to appraise
10:38 10 the property after LCOC purchased the property in August
11 2005?

12 MS. HOFFLER: Form.

13 THE WITNESS: I don't recall. We used
14 Callaway -- Joe Price, Callaway & Price, a lot in
10:38 15 those days for other properties. We may have
16 been -- we may have had to supply an appraisal for
17 the bank. I just don't recall.

18 BY MR. HUTCHISON:

19 Q. What bank?

10:38 20 A. Wachovia.

21 Q. I'm talking about after the purchase of the
22 Yeehaw Junction property in August of 2005. Did
23 Callaway & Price -- did you hire Callaway & Price to
24 prepare an appraisal?

10:39 25 A. I just don't remember. It certainly wouldn't

1 be for evaluating the property other than for a
2 particular purpose. That purpose is -- depends.

3 Q. Did you try to obtain financing to buy Fred
4 DeLuca's loan out or to replace Fred DeLuca's loan after
10:39 5 the Yeehaw Junction property was purchased in August
6 2005?

7 MS. HOFFLER: Form.

8 THE WITNESS: Fred DeLuca would never give us
9 a price. He would just say, I liked -- when we --
10:39 10 this is going probably into 2007 when he stopped
11 funding and we were -- he was telling us how, you
12 know, he sees a lot of uncertainty in the economy.
13 And I remember him saying to me, I don't even know
14 what my net worth is anymore. He was very
10:39 15 concerned. It was -- you know, I guess maybe from
16 being in a hundred countries around the world, he
17 was able to have a different view of things. And
18 maybe that's why he just stopped funding
19 arbitrarily because he cared more about himself
10:40 20 than he did about the project or the people working
21 for them. But he wanted to basically say, well,
22 buy me out, you know. But we could never get a
23 number from him.

24 BY MR. HUTCHISON:

10:40 25 Q. I'm talking about his loan. Did you ever try

1 to find a new lender to replace Fred DeLuca as the
2 lender?

3 A. He asked us --

4 MS. HOFFLER: Object to the form.

10:40 5 THE WITNESS: I believe he asked us to buy him
6 out at some point. I think when I told him and
7 caught him off guard and embarrassed him in front
8 of everybody that was at the table about how he
9 packed \$24 million worth of interest onto the loan
10:40 10 without telling his partners by striking a loan at
11 4 over LIBOR, when, in fact, he was only paying .9
12 over LIBOR, he was very upset. And at that point,
13 he said, well, just give me my money back. Just
14 give me my money back. And that led to, the
10:40 15 following days after he asked us to leave his
16 house, you know, to -- you know, things kind of
17 went downhill. And he wanted -- he wanted --
18 so-called wanted to be bought out, but he would
19 never give us the price. The price was 200 million
10:41 20 to four hundred -- 40 million but -- through David
21 Friedman but never -- even David Friedman says, I
22 can't get a price from him.

23 I said, how are we supposed to go and find
24 somebody to take him out if he doesn't give us a
10:41 25 price? Because what he's going to do is we bring

1 him 200 million. He'll move the ball to 250.

2 He says, I know. He says, there's nothing I
3 can do about it.

4 And that's his own guy, David Friedman.

10:41 5 BY MR. HUTCHISON:

6 Q. I'm not talking about buying him out. Did
7 Fred DeLuca ever tell you to find a new lender to
8 replace Fred DeLuca as the lender?

9 MS. HOFFLER: Object to the form.

10:41 10 THE WITNESS: At some point, like I said, he
11 wanted to get his money back.

12 BY MR. HUTCHISON:

13 Q. I'm just talking about the loan. Forget his
14 investment. I'm talking about the loan. Did you ever
10:41 15 have a discussion with Fred DeLuca regarding him being
16 replaced as the lender?

17 MS. HOFFLER: Object to the form.

18 THE WITNESS: I don't remember.

19 BY MR. HUTCHISON:

10:41 20 Q. Did you have any discussions with David
21 Friedman or any other representative of Fred DeLuca
22 regarding replacing Fred DeLuca as a lender?

23 MS. HOFFLER: Form.

24 THE WITNESS: That part I don't recall, no.

10:42 25 BY MR. HUTCHISON:

1 Q. To your knowledge, did any of your
2 representatives have any discussions with any of Fred
3 DeLuca's representatives regarding replacing Fred DeLuca
4 as the lender?

10:42 5 MS. HOFFLER: Form.

6 THE WITNESS: When you say "my
7 representatives," who are you referring to?

8 BY MR. HUTCHISON:

9 Q. Whoever worked -- Mr. Reamer, Randy Johnson,
10:42 10 Thomas SanGiacomo, anybody.

11 A. Okay. When you say Mr. DeLuca's representing
12 [sic], are you talking about David Friedman?

13 Q. David Friedman or Bobby Ray or anyone
14 else --

10:42 15 A. Or Fred Florio.

16 Q. Yeah. Well, did you have any discussions --

17 A. I'm saying, is Fred Florio considered his
18 representative?

19 MS. HOFFLER: Form.

10:42 20 BY MR. HUTCHISON:

21 Q. Are you not -- to your knowledge, did you or
22 any of your representatives have a discussion with Fred
23 Florio about replacing Fred DeLuca as the lender?

24 MS. HOFFLER: Form.

10:43 25 THE WITNESS: I know we had discussions about

1 buying him out. I just don't recall, because he
2 wanted to be bought out. I don't recall about
3 replacing him as the lender. It may have started
4 that way. I just don't remember exactly.

10:43 5 BY MR. HUTCHISON:

6 Q. Now, when you said Fred DeLuca stopped funding
7 arbitrarily in August 2007, is that when the amount of
8 the 6 or \$7 million that was built into the loan for the
9 entitlement process was exhausted?

10:43 10 MS. HOFFLER: Form.

11 THE WITNESS: I don't see that -- again, when
12 you're a partner and you're doing a project like
13 this, I don't think that's when you stop funding,
14 knowing that you have all this momentum going on.

10:43 15 I don't know what the numbers were. He was
16 keeping track of them. I don't know if it was 6
17 million, 7 million, 8 million. You know, I don't
18 really know what that number was, nor did we -- was
19 that kind of fixed in stone. Normally -- I mean,
10:43 20 you know, we didn't know what building a new city
21 was going to cost because one hadn't been done for
22 25 years before 2005, which I believe was Weston,
23 so -- and things, you know, changed in that 25
24 years. There's a lot more red tape and agencies to
10:44 25 maneuver through. Plus we were three times the

1 size of Weston. So, you know, it took -- it took
2 more than we anticipated. But, you know, you just
3 don't stop funding and leave the project in mid
4 air, hanging, with all the employees and approvals,
10:44 5 you know, that you're working through, unless
6 you're looking to, you know, use that to take over
7 a project.

8 BY MR. HUTCHISON:

9 Q. My question is, do you know, in August of
10:44 10 2007, when Fred DeLuca refused to fund LCOC -- do you
11 know if the loan had reached the maximum of \$111
12 million, the total principal amount of the loan?

13 MR. CRICKENBERGER: Object to form.

14 MS. HOFFLER: Form.

10:44 15 THE WITNESS: No, I don't remember.

16 BY MR. HUTCHISON:

17 Q. You talked about meeting with some developers.
18 Did you meet with Bonita Bay Development?

19 A. Yes.

10:45 20 Q. Who did you meet with?

21 A. I forget his name.

22 Q. Do you have that information anywhere?

23 A. I think you have it all.

24 Q. I don't have the name for anybody from Bonita
10:45 25 Bay Development, so --

1 A. Well, how did you have that name, Bonita Bay,
2 then?

3 Q. I don't have the contact person at Bonita Bay,
4 Mr. Pugliese. Do you know who --

10:45 5 A. Where did you get the name from?

6 Q. Do you know who you spoke with at Bonita Bay
7 Development?

8 A. I don't remember his name.

9 Q. When did you speak with them?

10:45 10 A. I spoke to many developers, but I did speak
11 with Bonita Bay.

12 Q. And do you recall who you spoke with?

13 A. I don't remember his name.

14 Q. Do you recall when you spoke with the person
10:45 15 from Bonita Bay?

16 A. I don't recall that, either, exactly.

17 Q. Do you recall the discussions --

18 A. Somewhere between 2004 and 2008, '7.

19 Something like that.

10:45 20 Q. What was the purposes of your discussion with
21 Bonita Bay?

22 A. We had lots of developers that liked the
23 concept. They liked -- we had people that liked the
24 name. We had people that liked the name, the concept.

10:46 25 They liked the location. They liked the fact that we

1 had this land. They liked the idea that we were going
2 to be America's first green city. And they wanted to be
3 able to have a relationship and be able to buy some
4 property and build on it. And Bonita Bay was a builder.

10:46 5 Q. Did Bonita Bay express an interest in
6 purchasing property from you?

7 A. I don't recall. Most everyone that we
8 talked to did. And you're talking about probably 20
9 different -- 20 different companies.

10:46 10 Q. I'm going to ask you about a series of them
11 right now -- a number of them, I mean. Right now I'm
12 talking about Bonita Bay.

13 Did you receive anything in writing from
14 Bonita Bay?

10:46 15 A. I don't recall.

16 Q. Did Bonita Bay contribute any money to the
17 development of the Yeehaw Junction property?

18 A. No one has contributed any money. We wouldn't
19 take anybody's money.

10:47 20 Q. Did Bonita Bay Development commit to
21 purchasing any land from LCOC?

22 A. No. It was too early on for that.

23 Q. Who did you speak with from Forest City
24 Enterprises?

10:47 25 A. I don't recall.

1 Q. Did you receive anything in writing from
2 Forest City Enterprises?

3 A. I don't recall.

4 Q. What was your discussions with Forest City
10:47 5 Enterprises?

6 A. I just don't remember.

7 Q. Did Forest City Enterprises commit to
8 purchasing any land or developing any property?

9 A. No, I don't think this was a deal for Forest
10:47 10 City, from what I recall. It just wasn't their kind of
11 thing.

12 Q. What about Landstar Homes?

13 A. I don't remember Landstar. It's possible.

14 Q. Do you know who you spoke with at Landstar
10:47 15 Homes?

16 A. No.

17 Q. Did Landstar Homes provide you anything in
18 writing?

19 A. I don't know.

10:48 20 Q. Did Landstar Homes commit to purchasing any
21 land or developing any property at Yeehaw Junction?

22 MS. HOFFLER: Form.

23 THE WITNESS: We were looking early for
24 commitments as much as we were looking for how they
10:48 25 felt about the project, the location, things of

1 that nature.

2 BY MR. HUTCHISON:

3 Q. Did --

4 A. We knew that we were a couple of years away
10:48 5 from obtaining approvals and being able to actually
6 deliver parcels of land. So I don't think we were going
7 to commit to property with putting a fixed number on it
8 today that two years from now could be a much different
9 number. So we weren't looking to sell to developers at
10:48 10 that point. We were just looking to -- we were trying
11 to evaluate their interest.

12 Q. Did Landstar Homes commit any money?

13 A. Nobody committed money.

14 Q. Did U.S. -- did you speak to U.S. Homes?

10:48 15 MS. HOFFLER: Form.

16 THE WITNESS: Again, you're going back nine
17 years ago, and I don't recall -- I would say it's
18 possible. It was -- like I said, there was a lot
19 of people.

10:49 20 BY MR. HUTCHISON:

21 Q. Would it be you personally or some of your
22 representatives?

23 A. Could have been me. Could have been Tom
24 SanGiacomo without me.

10:49 25 Q. Do you remember if you or any of your

1 representatives spoke with anybody from U.S. Homes?

2 A. I don't recall.

3 Q. Do you have anything in writing from U.S.

4 Homes?

10:49 5 A. I don't have anything in writing.

6 Q. Did U.S. Homes commit to purchasing any

7 property or commit any money to Yeehaw Junction?

8 A. We weren't looking for that, so I don't know

9 why you would keep asking that question. We weren't

10:49 10 looking for anybody to commit any money or even to

11 really commit to taking any property.

12 Q. What about Mercedes Homes or Lowell,

13 L-O-W-E-L-L, Homes? Did you or your representatives

14 meet with anybody from either of those companies?

10:49 15 A. I don't remember. I know the names. On this

16 particular project, it's possible.

17 Q. Do you have anything in writing with either of

18 those companies?

19 A. No.

10:50 20 Q. Do you know who you would have met with from

21 either of those companies?

22 A. I don't recall their names.

23 Q. Did Mercedes Homes or Lowell Homes make any

24 commitment to purchase property or invest any money?

10:50 25 A. I think I've already said three times that we

1 were not looking for anyone to purchase or make a
2 commitment.

3 Q. What about DiVosta, D-E-V-O-S-T-A [sic],
4 Beazer Homes, Core Communities, or Westinghouse
10:50 5 Communities?

6 MS. HOFFLER: Object to form.

7 BY MR. HUTCHISON:

8 Q. Did you or your representatives speak with
9 anybody from any of those companies?

10:50 10 A. Core Communities was all over us, yes. They
11 wanted to partner with us. They flew us up in
12 helicopters to show us their projects. And I'm trying
13 to remember his name. I think his name was Jack Abdo at
14 the time from United -- Bank United or Bank Atlantic,
10:51 15 was principal. We met the fellow who ran, who was the
16 CEO and who ran Core. I forget his name but I know if I
17 heard it. We met with them at their offices. Like I
18 said, he flew us up in a helicopter and flew us back.
19 They loved the project. They wanted to get involved
10:51 20 with helping us from the beginning, just about the
21 beginning. But we were not very -- I'm trying to
22 remember now. We weren't just very comfortable with
23 them coming in at that point.

24 As far as Beazer Homes, I mean, the fellow
10:51 25 from Beazer Homes, you're talking about the guy that --

1 yeah. Beazer's a big, big company. By the time I got
2 done with the conversation, showing the fellow from
3 Beazer Homes, which was Mike Scifres, he was ready --
4 actually, he wanted to quit working for Beazer Homes and
10:52 5 come work with us, which he actually did do for a short
6 period of time. And the deal was that he would be
7 actually acting as kind of the CEO or president and help
8 us with all the building developers, including Beazer
9 themselves, which is a big company. And we promised
10:52 10 him -- and Fred DeLuca agreed -- we would give him a 1
11 percent bonus. However, we could never get Fred DeLuca
12 to agree, after he verbally agreed, to put that bonus
13 into writing, again, into a partnership agreement, one
14 of seven that he wouldn't sign. So he left --
10:52 15 eventually left the company. That was Beazer.

16 Q. Is that S-F-E-R-S [sic], Scifres?

17 A. I don't know how to spell it exactly.

18 Q. Did Beazer Homes commit to purchasing any
19 property or investing any money?

10:53 20 A. We weren't looking for anyone to invest money.
21 We weren't looking for anyone to invest money, and we
22 weren't looking for anyone to purchase property at that
23 point. We were not at that point yet.

24 Q. What about DiVosta?

10:53 25 A. I met with Bud DiVosta. He thought -- I think

1 his name was Bud. Nice fellow. He liked the project.

2 They all liked the project, for the most part.

3 But, you know, we were -- we were a ways away
4 from getting approvals. It's nice to have a piece of
10:53 5 property, but you have to get the approvals on it. So
6 that's -- but he had some interest.

7 Q. What about Westinghouse Communities? Did you
8 or any of your representatives meet with anybody from
9 Westinghouse?

10:53 10 A. WCI, I'm not sure. I think so. I think we
11 did.

12 Q. Who did you meet with?

13 A. I said I think so. I don't remember who it
14 was. If we did meet with them, I don't remember who it
10:54 15 was. I'm not sure if we did meet with them.

16 Q. How many of those developers that I just
17 named, did you get anything in writing from any of them?

18 A. Writing of what?

19 Q. Any type of letter of intent.

10:54 20 A. Intent for what?

21 Q. To do anything.

22 MS. HOFFLER: I need to -- okay. We need to
23 have a question and then answer, and I need to
24 interpose an objection. So why don't you pose the
10:54 25 question again?

1 BY MR. HUTCHISON:

2 Q. Did you ever receive anything in writing from
3 any of those developers that I've gone over in the last
4 15 or 20 minutes regarding their interest in the
10:54 5 property or any purchase or investment in the Yeehaw
6 Junction property?

7 MS. HOFFLER: Object to the form.

8 THE WITNESS: Okay. Well, then, I'm going to
9 answer the question the way I've answered it before
10:54 10 and -- we were not looking for any investment money
11 so, therefore, I wouldn't have any communication
12 regarding investment money. We did meet with
13 several of them personally in our offices or were
14 flown by helicopter to their offices. And they all
10:55 15 loved the project and all had tremendous interest
16 in the project. Whether or not they had a
17 follow-up letter to say, "Hey, thanks for spending
18 the time. We have a lot of interest," I don't
19 know. I guess you would have those in the files
10:55 20 that were turned over to you. I don't remember if
21 we had gotten any of that.

22 BY MR. HUTCHISON:

23 Q. Did any of the developers that you met with
24 express any concern about the project?

10:55 25 MS. HOFFLER: Form.

1 THE WITNESS: You know, I just don't recall.
2 If there was any concern, it would have been in the
3 10 percent of the 20 or 30 people that we had come
4 in.

10:55 5 BY MR. HUTCHISON:

6 Q. D.R. Horton, Centex, C-E-N-T-E-X, Homes,
7 Staubach, S-T-A-U-B-A-C-H, and Lennar, did you or your
8 representatives meet with any of those builders?

9 MS. HOFFLER: Object to the form.

10:56 10 THE WITNESS: I met with Lennar -- I'm sorry.
11 I met with D.R. Horton.

12 It was funny because they divide the state --
13 they're the largest developer in the country. I
14 think they did -- that year they did 55,000 homes.

10:56 15 BY MR. HUTCHISON:

16 Q. When did you meet with D.R. Horton?

17 MS. HOFFLER: Wait a minute. Mr. Pugliese,
18 had you finished your answer?

19 THE WITNESS: No.

10:56 20 MS. HOFFLER: Please continue to answer.

21 THE WITNESS: About 55,000 homes in whatever
22 the year it was. Maybe it was 2005 or '6 or
23 something. And there was two divisions for
24 Florida. There was a south division and a north
10:56 25 division. And where we were located, at the very

1 north edge of what was considered South Florida, we
2 had a young fellow who was from the Orlando office
3 who believed that we should have been under his
4 control. Then we had a fellow from, I think, Miami
10:57 5 or Fort Lauderdale that thought -- they were
6 fighting over who was going to be involved. They
7 just absolutely loved the project. They wanted to
8 commit -- they told me they wanted to do 5,000
9 homes to start. They would like to do the entire
10:57 10 project. I mean, they were just all over us, all
11 over us.

12 BY MR. HUTCHISON:

13 Q. What was the name of the people from D.R.
14 Horton that you met with?

10:57 15 A. If you have some names, you want to run them
16 by me, I can see if they refresh my memory, but I don't
17 remember.

18 Q. I wasn't there, Mr. Pugliese. I don't know
19 who they were.

10:57 20 MS. HOFFLER: I'm going to move to strike.

21 THE WITNESS: And I don't remember from nine
22 years ago.

23 MS. HOFFLER: I'm going to move to strike the
24 comment of Counsel. That was inappropriate.

10:57 25 BY MR. HUTCHISON:

1 Q. Did you have anything in writing from the
2 people at D.R. Horton that you met with?

3 MS. HOFFLER: Form.

4 THE WITNESS: Tom SanGiacomo sometimes made
10:57 5 notes to things. I don't know if we got letters
6 back like you're looking for. Again, we did not
7 ask for commitments for the property. We did not
8 ask for investments. We did not ask for deposits.
9 We weren't there. We just wanted to take their
10:58 10 temperature. And we were just astounded that, like
11 I said, 90 percent of everyone we brought in just
12 thought it was the cat's meow.

13 BY MR. HUTCHISON:

14 Q. Do you remember the name of the person from
10:58 15 the D.R. Horton Orlando office?

16 A. No.

17 Q. What about from the South Florida office of
18 D.R. Horton?

19 A. I don't remember the name.

10:58 20 Q. Did you or your representatives -- excuse me.
21 Did you or your representatives speak with anybody from
22 Centex Homes?

23 MS. HOFFLER: Form.

24 THE WITNESS: I believe -- I believe we spoke
10:58 25 to people from Centex Homes.

1 BY MR. HUTCHISON:

2 Q. Who did?

3 A. I think Tom SanGiacomo and myself, and
4 sometimes Fred Florio and myself, or Fred Florio and
10:58 5 myself and Tom SanGiacomo, or sometimes myself, or
6 sometimes Tom SanGiacomo and myself, depending on who
7 was doing what that day, met with most of these people
8 you're talking about. That would be the only people
9 that would, in fact, be meeting with them, would be Tom
10:59 10 SanGiacomo, myself or Fred Florio. So I believe that we
11 met with Centex.

12 Q. Do you have any recollection of whether you
13 personally met with Centex Homes?

14 MS. HOFFLER: Form.

10:59 15 THE WITNESS: I would probably -- I would
16 probably say yes. It probably was me. I was in
17 most of those meetings. I'm the one that -- I
18 really wanted to get a feel for what people were
19 thinking. I had done business with Centex and
10:59 20 Lennar in a joint venture on a deal. We sold them
21 a couple hundred units in Boca Raton, a land that
22 we developed, got rezoned. So we had a
23 relationship with them at that time.

24 BY MR. HUTCHISON:

10:59 25 Q. What's the name of that development or land?

1 Where is that land?

2 A. It's on Spanish River Road in -- not
3 Spanish -- Spanish River Boulevard in Boca Raton.

4 Q. Where in Spanish River?

11:00 5 A. Right next to FAU, across the other side of
6 the canal from FAU. I think it's 202 units on 22 acres.

7 Q. And those units were constructed?

8 A. Oh, yes. It's beautiful. They did a nice job
9 on that.

11:00 10 Q. When was that?

11 A. I think we sold it in 2003. They probably
12 finished it in 2005.

13 Q. What's the name of the community?

14 A. I don't remember the name.

11:00 15 Q. Do you remember who from Centex Homes that you
16 spoke with?

17 A. No.

18 Q. Do you have anything in writing from Centex
19 Homes?

11:00 20 A. No.

21 Q. Staubach or Lennar, did you or any of your
22 representatives meet with either of those developers?

23 A. I believe Lennar. And Staubach, as well.

24 Q. Staubach is S-T-A-U-B-A-C-H.

11:01 25 Did you personally speak with anybody from

1 Staubach?

2 MS. HOFFLER: Form.

3 THE WITNESS: There was a fellow there that

4 had -- Staubach came into the area. They hired a

11:01 5 fellow that I knew. And I believe I spoke with him

6 about the project.

7 BY MR. HUTCHISON:

8 Q. What was that gentleman's name?

9 A. I can't think of it.

11:01 10 Q. What about Lennar? Did you or your

11 representatives speak with anybody from Lennar?

12 A. I think we did. I think we did. They would

13 have probably been a natural choice for us.

14 Q. Did you personally speak with anyone from

11:01 15 Lennar?

16 MS. HOFFLER: Form.

17 THE WITNESS: I think I did.

18 BY MR. HUTCHISON:

19 Q. Who did you speak with?

11:01 20 A. I don't know.

21 Q. Do you have anything in writing from either

22 Lennar or Staubach?

23 MS. HOFFLER: Form.

24 THE WITNESS: I don't believe so. I don't

11:02 25 know.

1 BY MR. HUTCHISON:

2 Q. Do you recall the names of any of the -- of
3 all the developers we went over, about 12 or 14 of them,
4 do you remember the names of any individuals that you
11:02 5 met with other than Mike Scifres?

6 A. Like I said, if you ran the names by me, I can
7 remember. But nine years later and not having contact
8 with them and some of these fellows move around a lot --
9 they're probably not even there -- I don't know.

11:02 10 Q. Do you have any records that would reflect the
11 individuals from those companies that you would have met
12 with?

13 MS. HOFFLER: Form.

14 THE WITNESS: No.

11:02 15 (Deposition Exhibit 388 was marked for
16 Identification.)

17 BY MR. HUTCHISON:

18 Q. I'm going to show you Deposition Exhibit 388.
19 It's a letter from Greenberg Traurig. It's a three-page
11:03 20 letter. The first page is a Bates No. HWH000474. If
21 you look at Exhibit 388 and tell me if you've seen it
22 before today.

23 MS. HOFFLER: What exhibit number is this?

24 MR. DUNCAN: 388.

11:05 25 MS. HOFFLER: 388.

1 MR. HUTCHISON: CK, we talked about taking a
2 lunch at 12:30.

3 MS. HOFFLER: We did? Okay.

4 Anthony, that works for you to take lunch at
11:05 5 12:30, as well?

6 THE WITNESS: That's fine.

7 MR. HUTCHISON: How long do you want to --

8 MR. HUTCHISON: 45 minutes.

9 MS. HOFFLER: Doug, that works for you?

11:05 10 MR. HUTCHISON: No problems if it's 50. Been
11 late before. I haven't gotten too upset.

12 (Pause.)

13 BY MR. HUTCHISON:

14 Q. Did you read it?

11:10 15 A. Yes.

16 Q. Have you ever seen that March 28th, 2005,
17 letter, which is Exhibit 388, before today?

18 MS. HOFFLER: Form.

19 THE WITNESS: I remember what they're talking
11:10 20 about in the letter. I probably have seen this. I
21 noticed I wasn't copied on it, but that doesn't
22 mean I didn't get a copy of it. I don't recall
23 exactly.

24 BY MR. HUTCHISON:

11:10 25 Q. When did you hire Greenberg Traurig to

1 represent you and Land Company of Osceola County?

2 A. Of course before -- that would be before -- I
3 think before -- well, certainly before closing. How
4 long before closing, I don't recall exactly the date
11:10 5 when.

6 Q. This letter is dated March 28, 2005. It would
7 have been prior to March 28th, 2005, correct?

8 A. That would be correct.

9 Q. And did you ever meet Julie Kendig,
11:11 10 K-E-N-D-I-G, hyphen, Schrader, S-C-H-R-A-D-E-R?

11 A. Julie Kendig-Schrader, yes, I have.

12 Q. What was her role in representing you?

13 A. Her role was a land use attorney.

14 Q. On the first page in the second paragraph
11:11 15 there, it's about the third sentence down. It says, "It
16 is estimated that approximately 40% of the Property
17 contains wetland soils."

18 Do you see that?

19 A. Yes.

11:11 20 Q. Did you know that prior to signing the
21 purchase and sale contract?

22 A. When we signed the purchase and sale contract,
23 the due diligence package that was given to us by Land
24 Company showed a lower amount of wetlands. I believe it
11:12 25 was closer to 25 percent. However, it was up to us to

1 confirm that by doing our own due diligence and hiring
2 our own experts to do that.

3 Q. So prior to the August 2005 purchase of the
4 Yeehaw Junction property from Latt Maxcy, L-A-T-T,
11:12 5 M-A-X-C-Y, you wouldn't have realized that there was
6 approximately 40 percent of the Yeehaw Junction property
7 that contained wetland soils?

8 A. Yes.

9 Q. Had you ever developed property that contained
11:12 10 wetland soils?

11 A. Yes. We run into it occasionally and,
12 actually, we felt that it was a benefit that it was 40
13 percent rather than 25 percent.

14 Q. Where did you develop property that contained
11:12 15 wetland soils?

16 A. I just sold a piece of property recently that
17 had the one acre of ten acres sitting at the back of a
18 property up against a community that had what they call
19 a wetland, which had to be preserved.

11:13 20 Q. Where was that?

21 A. In Margate.

22 Q. Who did you sell it to?

23 A. Actually, I sold it to the Fanjuls.

24 Q. And what was the name of the property?

11:13 25 A. No name.

1 Q. What was the entity that sold the property?

2 A. I forget.

3 Q. What was the name of the entity that purchased
4 the property?

11:13 5 A. I don't know what they used, but it was the
6 Fanjul family. I don't remember the name of their LLC
7 or whatever company.

8 Q. Did you own the seller of the property?

9 A. Pardon me?

11:13 10 Q. Did you own the company that sold the
11 property?

12 MS. HOFFLER: Object to the form.

13 THE WITNESS: We sold the property to -- we
14 sold the property to someone who sold it to them.

11:13 15 BY MR. HUTCHISON:

16 Q. Who's "we"?

17 A. Me.

18 Q. So you --

19 A. I always refer to me as "we."

11:14 20 Q. Well, for this deposition, I need to know
21 whether "we" means more than one.

22 A. Right.

23 Q. When you're saying that you sold ten acres,
24 what was the name of the company that was holding the
11:14 25 ten acres?

1 A. I don't remember.

2 Q. Did you own the company?

3 A. I think -- well, an LLC owned the company.

4 Q. Did you own the LLC?

11:14 5 A. Yes.

6 Q. So, ultimately, you owned the company that
7 sold the ten acres.

8 A. Right.

9 Q. And when was that sale?

11:14 10 A. I think it was last year.

11 Q. 2013?

12 A. Yes.

13 Q. And that was in Margate, Florida?

14 A. Yes.

11:14 15 Q. Other than that, prior to 2005, August of
16 2005, had you ever developed property that contained
17 wetlands?

18 A. Yes. Owned property and improved it, yes.

19 Q. When you say you improved it, what does that
11:15 20 mean?

21 A. Improved its value by increasing its density
22 and getting zoning.

23 Q. "Increasing its density," tell us what that
24 means.

11:15 25 A. In the case of this particular property, the

1 40 percent wetlands afforded us to utilize the Rural
2 Land Stewardship Act, which, in fact, gave us higher
3 densities to build on the uplands. The uplands is land
4 that is not underwater or not considered wetlands. And
11:15 5 when you're doing a development, if you could cluster
6 your development and make your infrastructure less
7 spread out by having a greater density on the nonwetland
8 portion, you're saving a lot because you are cutting
9 back on roads, water, sewer, curbing and all the other
11:15 10 services that you need to provide to a community or a
11 commercial development, for that matter.

12 And in this particular case, the wetland
13 portion was away from the road, more towards the
14 boundary line of the county, the south portion, so that
11:16 15 most of the development could have been done up towards
16 the road and providing less -- less road access to have
17 to go all the way to the back of the property. So it
18 was a major advantage, actually, of having the amount of
19 wetlands that we had.

11:16 20 Q. Did you ever -- you mentioned the Rural Land
21 Stewardship Act. Tell us what that is.

22 A. I don't know exactly what it is. In fact, I
23 don't know too many people who do, but the idea is to be
24 good stewards of the land and provide open space by
11:16 25 taking wetland areas like this and calculating exactly

1 what there is and what value it has and getting credits
2 so that you can build higher densities on the dry land
3 or the nonaffected wetlands.

4 Q. Prior to the purchase of the Yeehaw Junction
11:17 5 property, had you ever tried to increase density on land
6 using the Rural Land Stewardship Act?

7 A. No. I don't think too many people had.

8 Q. Had anybody working with you ever tried to
9 increase density on land using the Rural Land
11:17 10 Stewardship Act?

11 MR. CRICKENBERGER: Object to the form.

12 THE WITNESS: I think, again, our team was
13 topnotch and from this area. And I believe that
14 some of them did encounter the wetlands -- the
11:17 15 Rural Land Stewardship Act and had worked on
16 projects with it.

17 BY MR. HUTCHISON:

18 Q. Can you tell me the name of anybody who was on
19 your team that used the Rural Land Stewardship Act to
11:18 20 increase density on a piece of property?

21 A. Well, I would say that Quinn Turner from GLE
22 Architects potentially was involved in that. Bob
23 Whidden from RJ Whidden & Associates was probably
24 involved in that. I'm trying to -- George Wilson, who
11:18 25 was -- I believe he was formerly with the Autobahn as an

1 environmental consultant was involved in the Rural Land
2 Stewardship.

3 So I think, you know, several members of our
4 team had known of it and been involved in it and we were
11:18 5 using that as a -- as a method to be able to develop
6 this property in much higher densities than you normally
7 would be able to.

8 Q. Did Quinn Turner tell you that he had
9 increased density on property under the Rural Land
11:19 10 Stewardship Act?

11 A. I don't recall what Quinn said exactly. I'm
12 just saying that Quinn was very well versed in this
13 area. He helped assemble the team from the very
14 beginning. He had worked on, I think, the development
11:19 15 of Coral Springs, possibly. He had built some cities in
16 the past. He was an older gentleman, probably now in
17 his mid to late '70s, and very experienced, good guy,
18 good architect and very knowledgeable.

19 Q. My question is, do you have personal knowledge
11:19 20 of whether Quinn Turner, Bob Whidden or George Wilson
21 actually increased density on land using the Rural Land
22 Stewardship Act?

23 MS. HOFFLER: Form.

24 THE WITNESS: I believe they did. I'm not
11:20 25 exactly sure. I knew they were aware of the law

1 and how it worked. And it was pretty new, so I
2 don't know if they actually had completed a project
3 that actually took advantage of the Rural Land
4 Stewardship or not, but they were certainly aware
11:20 5 of it and they may have been involved in projects
6 that were completed utilizing the Rural Land
7 Stewardship.

8 BY MR. HUTCHISON:

9 Q. Did Bob Whidden tell you that he had increased
11:20 10 the density of land using the Rural Land Stewardship
11 Act?

12 A. I know you're going to go one by one, so let's
13 put them altogether.

14 Like I said, I believe all three of these
11:20 15 gentlemen knew the -- the Rural Land Stewardship well.
16 I'm not exactly sure whether or not or they told me
17 whether or not they had completed a project, but I knew
18 they knew it well and that this was the avenue of choice
19 by all, including Julie Kendig-Schrader. You can put
11:21 20 her on that list, too. I'm sure she's very familiar
21 with it and had completed projects or was -- or had
22 projects possibly in the process around at the same
23 time.

24 Q. Did Julie Kendig-Schrader tell you that she
11:21 25 had increased the density on properties using the Rural

1 Land Stewardship Act?

2 MS. HOFFLER: Form.

3 THE WITNESS: I just don't recall. But, like
4 I said, she was familiar with it. She was from
11:21 5 this area where you have a lot of open land and you
6 have a lot of wetland, especially in Osceola
7 County. That was her area of expertise for
8 Greenberg Traurig. And I believe that she was very
9 familiar with it, and she had other projects that
11:21 10 she represented. And I don't recall exactly what
11 she said, but I know she was definitely aware of
12 how the Rural Land Stewardship Act worked.

13 BY MR. HUTCHISON:

14 Q. Other than those four people, anybody else
11:22 15 working with you back in 2005 have experience in
16 obtaining or increasing density under the Rural Land
17 Stewardship Act?

18 A. I think most of them were aware of the Rural
19 Land Stewardship -- the Rural Land Stewardship Act. I
11:22 20 don't know particularly which one had actually utilized
21 it.

22 Q. Do you know how many times the Rural Land
23 Stewardship Act had actually been utilized in the state
24 of Florida to increase density on a property?

11:22 25 MS. HOFFLER: Object to the form.

1 THE WITNESS: Again, like I say, back in -- I
2 don't know. It's nine years ago. I don't remember
3 exactly, but I just don't recall.

4 BY MR. HUTCHISON:

11:22 5 Q. Now, let's stay with Exhibit 388. The next
6 sentence in paragraph two that I want to go over,
7 Ms. Kendig-Schrader writes, "Our review of the current
8 development entitlements for the Property has determined
9 that there is a residential density allocation for the
11:23 10 upland portion of the Property of one (1) unit to five
11 (5) acres."

12 Do you see that?

13 A. Yes.

14 Q. "Therefore, approximately 60% of the Property
11:23 15 is eligible for a density calculation of 1 unit to 5
16 acres."

17 Is that what your understanding was prior to
18 the purchase of the property in August 2005?

19 A. That's correct.

11:23 20 Q. And at any time did you find later that that
21 was not correct?

22 MS. HOFFLER: Form.

23 THE WITNESS: No.

24 BY MR. HUTCHISON:

11:23 25 Q. So, to your knowledge, as you are here today,

1 that statement by Ms. Kendig-Schrader is correct.

2 MS. HOFFLER: Form.

3 THE WITNESS: I believe it is.

4 BY MR. HUTCHISON:

11:23 5 Q. The next sentence says, "The Pugliese Company
6 instructed the development team to undertake a due
7 diligence investigation of possible entitlement changes
8 that may be achievable for the property, if any. As a
9 routine part of due diligence, the team members would
11:24 10 ordinarily undertake discussions with various state and
11 regional agencies in order to make an initial assessment
12 of the viability of any increase in development
13 entitlements. In the instant situation, however, the
14 development team has advised The Pugliese Company that
11:24 15 undertaking such a due diligence at this time could
16 prove very detrimental for the development potential of
17 the Property for reasons which will be discussed further
18 herein."

19 What were the reasons why the development team
11:24 20 or your team did not want to actually have discussions
21 with state and regional agencies?

22 A. Because the county was already -- had already
23 put together, you know, a comprehensive plan that was
24 being submitted to the county, and we didn't want to
11:25 25 disrupt that, from what I remember.

1 Q. What's your understanding of what a
2 comprehensive plan is?

3 MS. HOFFLER: Form.

4 THE WITNESS: It's -- the county does a
11:25 5 reevaluation, basically, which is the part of the
6 EAR report of what they like to see, the growth,
7 the direction of the growth, which would include
8 changing properties like this or other properties
9 to higher densities and allowing different types of
11:25 10 developments so they can kind of grow their county.

11 BY MR. HUTCHISON:

12 Q. You said EAR report, E-A-R?

13 A. Yeah. Evaluation and appraisal report that
14 was submitted by the county to the state.

11:25 15 Q. So, now, the comprehensive plan that the
16 County of Osceola had submitted to the state did not
17 include increasing in density -- any density on the
18 Yeehaw Junction property, correct?

19 MS. HOFFLER: Form.

11:26 20 THE WITNESS: No.

21 BY MR. HUTCHISON:

22 Q. No, that's not correct?

23 A. No, I don't believe it did.

24 Q. Let me ask you this because the question kind
11:26 25 of got crossed.

1 A. I don't know if their comprehensive plan
2 included any of the Destiny property.

3 Q. You don't know?

4 A. I don't remember.

11:26 5 Q. Okay. But you'll agree that the comprehensive
6 plan submitted by the county to the State of Florida in
7 2005 did not include increasing the density on the
8 Yeehaw Junction property, correct?

9 A. No, no. I don't believe it did.

11:26 10 Q. Now, if you skip down a paragraph, the one
11 starting with "A major issue," do you see that?

12 A. Yes.

13 Q. "A major issue surrounding any increase in
14 entitlements for the Property which the development team
11:27 15 has identified revolves around Osceola County's
16 population projections that are contained in the
17 comprehensive plan. The population demand for Osceola
18 County is not currently sufficient to justify any
19 significant increase in density for the Property without
11:27 20 creating a vacuum that would shift almost all available
21 population projections away from other portions of the
22 County."

23 Do you see that?

24 A. Yes.

11:27 25 Q. So prior to the purchase of the property in

1 August of 2005, you understood that, correct?

2 A. Uh-huh. Yes.

3 Q. And, now, in the next paragraph, Ms. Kendig
4 writes, "Our suggested extension would involve a series
11:27 5 of three (3), three (3) month extensions. At the
6 conclusion of each 3 month period, The Pugliese Company
7 would report back to Latt Maxcy Corp. regarding the
8 status of the due diligence investigation, the process
9 of the County's resolution of the EAR," E-A-R, "Based
11:28 10 Amendment and resolution of the population projection
11 issue. During any extension period, the Pugliese
12 Company and its development team would continue to
13 diligently pursue legislative avenues and encourage the
14 speedy resolution of issues surrounding the Osceola
11:28 15 County EAR Based Amendment."

16 Did I read that correctly?

17 A. Yes.

18 Q. Latt Maxcy Corp. was the seller?

19 A. Yes.

11:28 20 Q. Why did the Pugliese Company or, ultimately,
21 LCOC not obtain the extensions it was requesting in this
22 March 28th, 2005, letter by Ms. Kendig-Schrader?

23 A. Because the -- I believe we did get an
24 extension. I don't remember what it was exactly, but
11:28 25 the Latt Maxcy's weren't putting this property out with

1 a price tag on it. They weren't -- they were taking,
2 basically, bids. And then they were choosing who they
3 wanted to deal with, and they chose us. And, you know,
4 basically, I think they were figuring out -- they were
11:29 5 giving this property and its potential to one person to
6 deal with, like myself, at a very reduced cost overall
7 because, you know, some of the properties on the
8 frontage and on 441 and on the -- exposed to 441 and to
9 the Turnpike, you know, some of those properties they
11:29 10 felt were worth 20, 30, 40,000, 50,000 an acre. As a
11 matter of fact, they had prices on them where you could
12 buy this in several parcels, and the minimum bid was
13 based on some of these numbers.

14 So when they took \$5,000 an acre, I think they
11:30 15 wanted a quicker deal, a faster deal. They're not in
16 the business of developing this land at that time.
17 Although, they were doing some small developments
18 internally on other properties they owned. But most of
19 the farmland they had was land that they pulled for
11:30 20 many, many years, and they were actually running cattle
21 or grapefruit or oranges. And, you know, I believe that
22 they felt that, you know, this was a really good deal.
23 And they had set up a contract that you had to sign
24 without alterations. And I don't think they probably
11:30 25 wanted to stretch this out for another 90 days,

1 actually. Three three-month extensions would be more
2 than that. So it would be 270 days. So I don't believe
3 they agreed to that. I think we did get maybe some
4 extra time on due diligence.

11:31 5 But, you know, that was a recommendation. If
6 we could have got it, it would have been great. I
7 didn't think it was necessary to obtain.

8 Q. So prior to the August 2005 purchase of the
9 Yeehaw Junction property, is it accurate that the
11:31 10 development team did not speak with any state or
11 regional agencies regarding trying to increase the
12 density?

13 MS. HOFFLER: Form.

14 THE WITNESS: No. I'm not sure of that. I
11:31 15 would think that we probably had spoken to some --
16 some individuals.

17 BY MR. HUTCHISON:

18 Q. Ms. Kendig-Schrader says that "the team
19 members would ordinarily undertake discussions with
11:31 20 various state and regional agencies in order to make an
21 initial assessment of the viability of any increase in
22 development entitlements. In the instant situation,
23 however, the development team has advised The Pugliese
24 Company that undertaking such a due diligence at this
11:32 25 time could prove detrimental for the development

1 potential of the Property for reasons which will be
2 discussed herein."

3 A. I don't think we wanted to broadcast it in a
4 large way and maybe get in the way of Osceola County's
11:32 5 approval of their new comprehensive plan.

6 Q. Osceola County?

7 A. I'm sorry. Yeah. Osceola County. Yeah.

8 Q. Did -- to your knowledge, prior to the
9 purchase in August of 2005 of the Yeehaw Junction
11:32 10 property, were any state or regional agencies consulted,
11 or were there any discussions with any of those state or
12 regional agencies?

13 MS. HOFFLER: Form.

14 THE WITNESS: You're talking about prior to
11:32 15 when?

16 BY MR. HUTCHISON:

17 Q. Prior to the purchase in August of 2005.

18 MS. HOFFLER: Form.

19 THE WITNESS: I know I met with the DCA
11:32 20 director, new DCA director at that time, which was
21 appointed by Jeb Bush. And I had lunch with him
22 and we discussed the project, in fact, with Meril
23 Stumberger. And we loved the -- he loved the
24 project and he was in favor of -- he was very much
11:33 25 in favor of what we wanted to do.

1 But, now, you know, independently, who our
2 consultants may have spoken to, I don't recall.

3 BY MR. HUTCHISON:

4 Q. The DCA director was Tom Pelham?

11:33 5 A. No. The DCA director was Thaddeus Cohen.

6 Q. Spell his last name.

7 A. I think it's C-O-H-E-N.

8 Q. And when did you meet with Thaddeus Cohen for
9 lunch?

11:33 10 A. I don't remember exactly. It was before we
11 closed on the property. I met him at -- I met him for
12 lunch at City Oyster on Atlantic Avenue in Delray Beach
13 with Meril Stumberger, who arranged it, actually, and
14 myself. And we ran the whole project by him, and he
11:34 15 loved it and he was very much in favor of it. He was an
16 architect, actually, and he was just getting ready to
17 actually move to Tallahassee to take on -- take over the
18 job as DCA director.

19 But as far as other people, I don't know who
11:34 20 they may have talked to or not talked to at that time.

21 Q. Other than Thaddeus Cohen, are you aware of
22 whether the development team spoke with any state or
23 regional agencies about increasing the density on the
24 property?

11:34 25 A. I really don't know. I mean, I'm sure someone

1 had. I spoke to -- I spoke to Charlie Crist about it,
2 myself.

3 Q. Prior to the purchase in August of 2005?

4 A. I'm trying to remember now.

11:34 5 Q. My questions are all prior to the purchase,
6 Mr. Pugliese. Are you aware of any discussions with
7 state or regional agencies prior to the purchase of the
8 Yeehaw Junction property?

9 MS. HOFFLER: Form.

11:35 10 THE WITNESS: I don't recall. What's prior?
11 What the date was? I spoke to Charlie Crist. I
12 mean, when did he become governor? Do you know?

13 BY MR. HUTCHISON:

14 Q. Was he governor when you spoke to him?

11:35 15 A. I did speak to him when he was governor, but I
16 spoke to him before he was governor, as well. He also
17 loved the project.

18 Q. Did you raise money for the Charlie Crist
19 campaign?

11:35 20 MS. HOFFLER: Form.

21 THE WITNESS: Did I raise money for him? No.

22 BY MR. HUTCHISON:

23 Q. Did you contribute to his campaign?

24 MS. HOFFLER: Form.

11:35 25 THE WITNESS: I think Land Company did.

1 BY MR. HUTCHISON:

2 Q. Any of your other companies?

3 MS. HOFFLER: Form.

4 THE WITNESS: I don't believe so.

11:35 5 BY MR. HUTCHISON:

6 Q. Now, you said that Latt Maxcy had the property
7 up for sale and parcels. Did you make any offers to
8 purchase any parcels of the property as opposed to the
9 whole 27,000 acres?

11:36 10 A. No. They were receiving offers from several.
11 They had them broken out in letters from A to P, from
12 what I recall. And the closer you got to the road and
13 the closer you got to exposure to highways, the more the
14 property had increased four or five times in -- what
11:36 15 they were looking for. But, see, in the overall, they
16 didn't really have a number. We had to make an offer.
17 They had prices for everything else.

18 Q. So they had prices for each parcel A through
19 P.

11:36 20 A. A through P, from my remembrance.

21 Q. And you actually made an offer on all the
22 parcels.

23 MS. HOFFLER: Form.

24 THE WITNESS: We made a substantially lower
11:36 25 offer than adding them all up, but yes.

1 BY MR. HUTCHISON:

2 Q. Did -- do you know if Latt Maxcy received any
3 other offers for all the parcels?

4 A. I know they received offers for the entire
11:37 5 property, and they did receive offers for other parcels.
6 That was told to me by the broker, but I don't know that
7 firsthand.

8 Q. Who did you deal with directly from Latt
9 Maxcy?

11:37 10 A. Dean Saunders. Well, not -- well, you say
11 from -- he was representing Latt Maxcy.

12 Q. He was a real estate broker.

13 A. Yeah. We dealt with Hood Craddock and the
14 other fellow. I forget his name.

11:37 15 Q. What was that first guy's name?

16 A. Which one?

17 Q. The one you named.

18 A. Hood Craddock?

19 Q. Spell that for us.

11:38 20 A. I think it's actually -- it's H-O-O-D,
21 H-O-O-D, C-R-A-D-O-C-K [sic]. Craddock.

22 Q. And the first name was Hood?

23 A. Hood.

24 Q. Hood, H-O-O-D. And the last name is Craddock.

11:38 25 A. Correct.

1 Q. And who was the other person that you would
2 have dealt with at Latt Maxcy?

3 A. I can't recall his name right now. I can
4 picture him. I can't remember his name. I know if I
11:38 5 heard it --

6 Q. Did anybody from Latt Maxcy actually tell you
7 that there were other offers for all the parcels?

8 A. I didn't deal with Latt Maxcy until after we
9 made an offer. And Dean Saunders did, in fact, tell us
11:38 10 that there was several offers on the properties,
11 individually, as well as for the entire property and
12 that I did not meet the Latt Maxcys directly until we
13 actually drove and went to Frostproof to have a meeting
14 with the family and -- some of the family members. And
11:39 15 there are two -- there are two business associates or
16 consultants, which was Hood Craddock and the other
17 fellow. I just can't remember his name.

18 Q. Was it Harry Lerner?

19 A. It might have been. It might have been Harry
11:39 20 Lerner.

21 Q. And did you meet the people from Latt Maxcy
22 after you had already signed the contract or before?

23 A. No. I think it was before. He brought us up.
24 They wanted to interview everybody and choose who they
11:39 25 would deal with based on their interview.

1 Q. Why did you not consider using an option
2 contract?

3 MS. HOFFLER: Form.

4 THE WITNESS: Because the property was
11:39 5 basically being offered with a contract in a
6 package. You've seen the package, I'm sure. It
7 was a package about that thick with a contract in
8 it, and that's how you had a bid for it. It was
9 not available to be purchased any other way.

11:40 10 BY MR. HUTCHISON:

11 Q. So the seller would not sell it -- sell it
12 under an option contract? Is that your testimony?

13 MS. HOFFLER: Form.

14 THE WITNESS: That's correct.

11:40 15 BY MR. HUTCHISON:

16 Q. Did the seller agree to your request for three
17 three-month extensions?

18 A. Like I stated a few moments ago, I don't
19 recall. I believe we did get an extension of due
11:40 20 diligence. I just don't recall exactly what the time
21 frame was.

22 Q. When you performed your due diligence, now,
23 prior to closing, Mr. Pugliese -- I'm talking about
24 prior to the August 2005 closing -- were any financial
11:41 25 feasibility studies or projections done?

1 A. As far as the development rights, they
2 would -- we believe that we were able to obtain 40,000
3 units, residential units, of different types on the
4 original 27,000 acres. This is well before Rohde, so we
11:42 5 felt that we could get about 40,000 units. And I forget
6 how many millions of square feet. I think it was 6
7 million or 6 and a half million square feet of
8 commercial.

9 Q. And who gave you those estimates of 40,000
11:42 10 residential units and 6 and a half million square feet
11 of commercial space?

12 MS. HOFFLER: Form.

13 THE WITNESS: I don't recall. It could have
14 been GLE. It could have been Bob Whidden. I don't
11:42 15 recall.

16 But we calculated it based on the amount of
17 trade-off with the wetlands and the increase in
18 density on the uplands and the underlying zoning of
19 one to five acres. And that's how we kind of
11:42 20 estimated it. And we do that -- we do that now.
21 We do that all the time. We're doing it today on a
22 project.

23 BY MR. HUTCHISON:

24 Q. But as far as this estimate, 40,000 units and
11:42 25 6 and a half million square feet of commercial space,

1 that would have been an estimate provided to you by
2 either GLE or Bob Whidden?

3 A. Like I said, we do it ourselves sometimes
4 internally, like we're doing it right now today on a
11:43 5 project we're buying right now and converting from
6 commercial to higher density residential.

7 Q. What project is that?

8 A. It's a piece of property on Southern
9 Boulevard.

11:43 10 Q. And you're buying it -- is it under contract?

11 A. Yes.

12 Q. When's the closing?

13 A. I don't know if I can disclose any of that
14 information.

11:43 15 Q. How big is the property?

16 A. About 15 acres.

17 Q. So -- but with regard to the Yeehaw Junction
18 property, the 27,000 acres, were you qualified to
19 estimate the number of units and the number of square
11:43 20 feet that would be commercial use?

21 MR. CRICKENBERGER: Object to form.

22 BY MR. HUTCHISON:

23 Q. Or did you need to use a consultant?

24 MS. HOFFLER: Form.

11:43 25 THE WITNESS: Actually, I believe that I am

1 qualified, in my own mind, because I've been doing
2 this for 32 years here in Florida alone, of
3 changing the zoning of properties to a different
4 and higher and best use, whether it's residential
11:44 5 or commercial, and successfully obtaining those
6 approvals and coming up very, very close to my
7 estimates of what I think I can put on there, as
8 well as being involved in the design of the project
9 itself.

11:44 10 Now, that doesn't mean we don't have
11 consultants and we don't value their opinion, which
12 we do. So I would think that GLE -- like I said,
13 GLE and Bob Whidden and possibly a couple other
14 people, including the attorneys, probably, at some
11:44 15 point, we were having meetings with 20, 30 people
16 in our office from the team every month during the
17 due diligence period. And I'm sure we, you know,
18 zeroed in on it.

19 BY MR. HUTCHISON:

11:45 20 Q. Prior to August 2005, what was the largest
21 piece of property that you obtained entitlements for?

22 MR. DUNCAN: Form.

23 THE WITNESS: I don't know. I don't remember.
24 Right before this, we had just done 22 acres,
11:45 25 nothing, of course, of this size. Not too many

1 people have, but it's all pretty relative. It's
2 kind of like, you know, if you can build a house
3 for 1,000 feet, you can build one for 10,000 feet.

4 BY MR. HUTCHISON:

11:45 5 Q. So prior to August 2005, what was the biggest
6 piece of property that you would have obtained?

7 MS. HOFFLER: Form.

8 THE WITNESS: I don't really know. It's not
9 relevant --

11:45 10 BY MR. HUTCHISON:

11 Q. Would it have been over 500 acres?

12 A. -- in my mind.

13 No.

14 Q. Would it have been over 100 acres?

11:45 15 A. It could have been 100 acres.

16 Q. Where is that?

17 A. In Boca.

18 Q. Where?

19 A. Well, part of the 20 -- part of that -- part
11:46 20 of the property that we got zoned for multifamily, which
21 was single family -- we went from single family to --
22 from one unit per acre, I think, to nine units per acre
23 on 22 acres of 100 acres that we owned on Yamata Road
24 and Spanish River Road.

11:46 25 Q. So you went nine units per acre on 22 acres,

1 so you're talking about --

2 A. Actually, it was more than that. It came out
3 to 202 units on 22 acres.

4 Q. Is that the most --

11:46 5 A. Sounds about right. About the same.

6 Q. Is that the most entitlements that you've
7 obtained for residential units -- strike that. Is that
8 the largest -- strike that.

9 Is that the most residential entitlements
11:46 10 you've received on a piece of property?

11 MS. HOFFLER: Form.

12 THE WITNESS: I don't know. Probably not.

13 No.

14 BY MR. HUTCHISON:

11:46 15 Q. So the largest --

16 A. Probably not.

17 Q. How big was that Boca Raton property?

18 A. That portion of the property was 22 acres.

19 Q. But you told me that you thought it was a
11:47 20 total of 100 acres?

21 A. Yeah, a total of 100 acres.

22 Q. How many acres?

23 A. It was just around 100.

24 Q. On that 100 acres, you got about 202 units for
11:47 25 residential use. And how much square feet did you do

1 for commercial?

2 A. We didn't rezone the rest of it at that point.

3 Q. So --

4 A. Now it's zoned for -- for, I think, 2 million
11:47 5 square feet of -- I think it's zoned for 2 million
6 square feet of office and about 2,000 units, the
7 remaining 78 acres. And I don't know how many -- a
8 couple hundred thousand feet of commercial.

9 Q. But you didn't do that, correct?

11:47 10 A. No. I didn't do that.

11 Q. I'm talking about you, personally, prior to
12 August 2005, is the most units that you've ever obtained
13 on your entitlements 202 units?

14 MS. HOFFLER: Form.

11:47 15 THE WITNESS: No.

16 BY MR. HUTCHISON:

17 Q. What were the most residential units you
18 obtained on a piece of property --

19 A. As I sit here right now --

11:48 20 Q. Let me finish my question, please.

21 MS. HOFFLER: Form. Sorry.

22 BY MR. HUTCHISON:

23 Q. Prior to August 2005, what was the most
24 residential units you were able to obtain on a piece of
11:48 25 property?

1 A. I don't recall. I'd have to think about that.

2 MS. HOFFLER: I'm sorry. Did you get my form
3 objection?

4 THE COURT REPORTER: Yes.

11:48 5 BY MR. HUTCHISON:

6 Q. Prior to August 2005, did you ever increase
7 the density of any property with more than 202
8 residential units?

9 A. Probably. I don't know which one that is.
11:48 10 I'm not sure. And I certainly don't even understand the
11 significance of your question, but I just don't -- as I
12 sit here today, I don't remember.

13 Q. Prior to August 2005, have you ever obtained
14 entitlements for 6 and a half million square feet of
11:49 15 commercial use?

16 MS. HOFFLER: Form.

17 THE WITNESS: No.

18 BY MR. HUTCHISON:

19 Q. What was the largest -- or most -- what was
11:49 20 the most square footage of commercial use you have
21 obtained entitlements for prior to August of 2005?

22 A. Maybe 250,000 square feet.

23 Q. Where was that?

24 A. I think that was actually right here,
11:49 25 possibly. We did a project right here on Australian and

1 Belvedere. And that was for an office building.

2 Q. What's the office building? What's the
3 address?

4 A. It was never built. I think we obtained
11:49 5 approval for an office site.

6 Q. And then sold the property?

7 A. No. My partner -- when I split up with my
8 partner years ago, we split different properties up. He
9 never developed the property. Still holds it.

11:50 10 Q. Who is that?

11 A. Dominic Alfieri.

12 Q. And when was that, that you obtained the
13 250,000 square feet of commercial use on that property
14 off of Australia?

11:50 15 A. Probably in the '90s, early '80s -- mid '80s
16 to '90s.

17 Q. Now, was your initial plan to obtain
18 entitlements and then sell the property?

19 MR. CRICKENBERGER: Object to the form.

11:50 20 MS. HOFFLER: Form.

21 BY MR. HUTCHISON:

22 Q. Regarding the Yeehaw Junction property in
23 August 2005, was your initial plan to obtain
24 entitlements and then sell the property?

11:50 25 A. When you say "then sell the property," what do

1 you mean by "then sell the property."

2 Q. Sell the land with an increased density.

3 A. The entire property? Pieces of property?

4 Q. I'm asking you, what was your plan?

11:50 5 A. Our plan was to entitle the property for a --
6 basically for a complete city, which would include
7 different types of residential, from single family, from
8 a lower end to a higher end, ranchettes, multifamily,
9 condos, town houses, apartments, office, industrial,
11:51 10 retail, to include an airport and other concepts that we
11 were working with and people we were working with like
12 Emerson Fittipaldi and EarthPark, just a lot of
13 different things. And so it's not something where
14 you -- something that decides you're going to just sell
11:51 15 at one shot. Although, it's potentially possible.
16 Certainly, when we had an offer from the Fanjuls, it was
17 for the entire property. When the Empire Group made an
18 offer, that was for the entire property.

19 Q. So the initial plan was to increase the
11:52 20 density -- when you use the term "increase density" or
21 "obtain entitlements," are you using those
22 interchangeably?

23 MS. HOFFLER: Form.

24 THE WITNESS: No.

11:52 25 BY MR. HUTCHISON:

1 Q. What's the difference between those two?

2 A. Well, obtaining entitlements to develop a
3 property that we would design that had a certain density
4 to it, whether it was commercial or residential. The
11:52 5 idea was to get the best, highest use but not
6 necessarily the highest amount but something that would
7 fit on the property properly and look right and be
8 right.

9 Q. So --

11:53 10 A. And here you're really -- you know, the idea
11 of being America's first eco-sustainable city was a
12 strong motivator and well -- very well received. As you
13 may know, we received the Clinton Climate Initiative
14 Award for nothing more than our land with the concept,
11:53 15 as well as the state legislature named the perimeter of
16 our land, including the Rohde property, the Community of
17 Destiny and actually erected signs on the highway. So
18 we were -- you know, we were highly respected and
19 appreciated. And it was a dream that was not only mine;
11:53 20 it was a lot of other people's.

21 Q. The community --

22 MS. HOFFLER: Mr. Hutchison, please allow him
23 to finish his answer before posing the next
24 question.

11:53 25 MR. HUTCHISON: Yeah. Of course. I thought

1 he was finished.

2 BY MR. HUTCHISON:

3 Q. Are you finished now?

4 A. Let me finish, then. Sure. I think it was a
11:53 5 dream that many people had in the community, in the
6 county, in the state level, that Fred DeLuca destroyed.

7 So now I'm finished.

8 Q. So the initial plan, right from the very
9 beginning, was to obtain the entitlements for a city.

11:54 10 MS. HOFFLER: Form.

11 THE WITNESS: I don't remember. I think,
12 certainly, it was very early on, probably before we
13 closed, it was -- the idea started with a town and
14 then it kind of grew into a city when we added
11:54 15 another 14,000 acres, which was an option contract,
16 by the way, which we paid a whole lot -- about six
17 times more for that land because it was an option
18 contract and was paying a lot more. And then, you
19 know, our town became more like a city.

11:55 20 MR. HUTCHISON: We need to change the tape.

21 THE VIDEOGRAPHER: We're off the record at
22 11:54 a.m., ending tape 2.

23 (Break taken from 11:54 a.m. to 12:03 a.m.)

24 (Enter Mr. Belaval.)

12:04 25 THE VIDEOGRAPHER: The beginning of Tape 3.

1 We're on the record at 12:03 p.m.

2 MS. HOFFLER: Edgar, do you want to make an
3 announcement for the record?

4 MR. BELAVAL: Sure. Ed Belaval here on behalf
12:04 5 of TPC -- I'm sorry --

6 THE WITNESS: Firestone?

7 MR. BELAVAL: -- AVP Destiny, LLC.

8 THE WITNESS: I thought you were going to say
9 Firestone.

12:04 10 BY MR. HUTCHISON:

11 Q. Mr. Pugliese, before the break, you were
12 talking about the City of Destiny. Was the Rohde
13 property, the 14,000 acres that belonged to Rohde,
14 R-O-H-D-E, were they included in the boundaries of the
12:04 15 City of Destiny?

16 A. I believe it -- you know, I think it was.
17 Yeah. I think we received that designation after Rohde
18 was included into the overall project.

19 Q. Now, was the initial -- you had talked about
12:05 20 the initial plan right before we took a break. Did the
21 initial plan include building any infrastructure or
22 utilities?

23 A. All those things had to be considered: roads,
24 water, sewer, in trying to do, you know, the most
12:05 25 effective way. I think we had -- I'm trying to remember

1 what it was called. It was some system that we could
2 use for the roadway with -- that helped reduce our
3 impact on other road systems. They were four-laning --
4 four-laning -- State Road 60, right down to the
12:05 5 interchange. Yeah. You know, it was -- it was roads.
6 It was water. It was sewer. It was the environmental
7 impact on the wetlands, as well as flora and fauna.
8 There was many, many layers of things.

9 Q. When it was designated the Community of
12:06 10 Destiny or -- is it a Community or City of Destiny?

11 A. Community.

12 Q. When it was designated the Community of
13 Destiny, at that point, did that include any additional
14 entitlements?

12:06 15 A. No, it did not. But it gave you a little bit
16 of feeling of how the legislature themselves felt about
17 the project. I don't think they would have designated
18 the Community of Destiny if they intended it to stay a
19 cattle ranch.

12:06 20 Q. Now, who was going to pay for the
21 infrastructure? Was LCOC going to build that
22 infrastructure and pay for it?

23 MS. HOFFLER: Form.

24 THE WITNESS: Depends on how we actually
12:07 25 disposed of the project after we got entitlements.

1 Many times, the developer will go in and do -- the
2 master developer, like ourselves, will go in and do
3 a certain amount. And then the developers will
4 take it from there.

12:07 5 For instance, on the deal that we were talking
6 about doing with Velocita, which was the Fittipaldi
7 Group, they were going to take it from a port --
8 they were going to take it from our stub of a main
9 road, and they were going to develop the road
12:07 10 system through their own entire development of
11 about 5,000 acres that they wanted to do.

12 BY MR. HUTCHISON:

13 Q. But that's the road system. Who was going to
14 build the sewers and bring in electric and water to --

12:07 15 A. They would have took it from that point as
16 well, but we had to have the roads, water, sewer in
17 place.

18 Q. Who was going to be the master builder? I'm
19 again talking about August 2005, the plan. Who was to
12:08 20 be the master developer?

21 A. It could have been anybody. It could have
22 been us or it could have been someone who was going to
23 take our place and pay us to leave.

24 Q. So as of at least August of 2005, the
12:08 25 projections of financing for the infrastructure was not

1 done, then, at that point.

2 MS. HOFFLER: Form.

3 THE WITNESS: You wouldn't do it, then. No.

4 BY MR. HUTCHISON:

12:08 5 Q. Was the projections for the cost of the
6 infrastructure ever done prior to you being removed as
7 manager in October of 2009?

8 A. I believe so.

9 Q. Who would have done that?

12:08 10 A. I don't recall. It might have been something
11 that Dale Lindon and Bobby Masters was working on at the
12 time.

13 Q. Bobby Masters didn't join LCOC until the
14 spring of 2009, correct?

12:08 15 A. Yes.

16 Q. So prior to --

17 A. I don't know.

18 Q. It might have been --

19 A. I think he was there before that.

12:09 20 Q. Early 2009?

21 A. I think maybe late 2008. I just don't
22 remember exactly.

23 Q. Prior to Bobby Masters joining LCOC, did
24 anybody do projections for the costs of the
12:09 25 infrastructure on the Yeehaw Junction property?

1 MS. HOFFLER: Form.

2 THE WITNESS: Dale Lindon was in charge of
3 some of that. We had this fellow, Gilkey. I
4 forget the name of his firm. He was doing some of
12:09 5 those costs, projections. We had a fellow that was
6 actually independent but was working out of our
7 office for weeks, maybe even months, under the
8 direction of Dale Lindon, who was also working on
9 projections.

12:09 10 Again, those kind of things we would not be
11 putting in and may never have put in.

12 BY MR. HUTCHISON:

13 Q. Were those projections ever completed?

14 MS. HOFFLER: Form.

12:09 15 THE WITNESS: I believe they were.

16 BY MR. HUTCHISON:

17 Q. Do you know where they are today?

18 A. I think you have them.

19 Q. I have not seen them. That's why I'm asking.
12:10 20 Do you know where they are?

21 A. I have seen them. And that's basically how we
22 derived at the \$10 billion profit potential that Destiny
23 had.

24 Q. When did you derive at a 10 billion -- did you
12:10 25 say "billion" with a B?

1 A. Yeah. That's why we have a \$5 billion lawsuit
2 against Fred DeLuca, which is half of \$10 billion.
3 which was our profit potential.

4 Q. Is there a financial analysis that shows a \$10
12:10 5 billion profit potential?

6 A. Yes. I believe you have that.

7 Q. I have not seen it, so who prepared it?

8 A. Well, maybe you want to take a look through
9 all the materials, then, we delivered to you.

12:10 10 But that was prepared by the -- again, I don't
11 remember his name. Now we're talking five years ago.
12 But it was a fellow that we used a couple different
13 scenarios to come with the -- come together with the
14 overall cost. And that would be information that we've
12:11 15 gathered from various consultants.

16 But the one fellow who was actually putting it
17 together, I'm trying to remember his name. I'm sure --
18 Dale Lindon handled that right up to the end. And he
19 worked with those other consultants to furnish
12:11 20 information to help us understand what those costs would
21 be and what the sales values of different properties and
22 different locations for different types of property,
23 whether it was -- again, whether it was the lower end of
24 single family, the higher end of single family,
12:11 25 ranchettes, apartments, condos, retail, office, all

1 those, you know, had different values set to them.

2 Q. When was this projection showing a \$10 billion
3 value completed?

4 A. Probably in -- I would say probably sometime
12:12 5 around the end of 2008.

6 Q. When was the last time you saw it?

7 A. Maybe sometime in 2009.

8 Q. Do you have a copy of it?

9 A. I don't know.

12:12 10 Q. Who would have a copy of it?

11 A. I don't know. I don't know. I think all
12 those records were handed to you.

13 Q. I can tell you that I have not seen it. The
14 only projections I saw were prepared by Bobby Masters.
12:12 15 I did see those projections. But I haven't seen
16 anything prepared by anybody other than Bobby Masters.

17 Do you know the name of the gentleman who
18 prepared the projection showing a \$10 billion profit?

19 A. I do not recall his name.

12:13 20 Q. What company did he work for?

21 A. I don't remember that, either.

22 Q. Who did you work with besides Dale Lindon?

23 A. If I recall, he was mostly with Dale Lindon.
24 It might have been Bobby Masters, when he came in. But
12:13 25 Dale actually brought him in.

1 And we had some other people, too. We had
2 other consultants that -- gathering information.

3 Q. Does Dale Lindon still work for you?

4 A. No.

12:13 5 Q. When did he leave your employment?

6 A. Sometime at the very end of 2009. When I say
7 "very end," you know, September.

8 Q. Do you know where he works today?

9 A. I do not.

12:14 10 Q. Other than that projection that's showing a
11 \$10 billion profit and the one prepared by Bobby
12 Masters, were there any other financial analyses done?

13 A. Well, there was financial analysis done
14 through the project by various consultants for different
12:14 15 reasons. The one I'm referring to with the \$10 billion
16 number might be the one that you have. Bobby Masters, I
17 believe, was involved in that.

18 Q. It doesn't show that much money in profit, so
19 I'm assuming it's a different one. I've never seen the
12:14 20 one you've talked about. When you think of the name of
21 the person who prepared it, then maybe we can find out
22 where it is.

23 A. Like I said, I believe we turned everything
24 over to you.

12:14 25 Q. Did that financial analysis include the cost

1 of obtaining entitlements and then selling the property,
2 or did it include the cost of paying entitlements and
3 infrastructure?

4 MS. HOFFLER: Object to the form.

12:15 5 THE WITNESS: The cost of entitlements may not
6 have been a projection because we were on that
7 track. And I don't believe that -- I don't believe
8 we had that much more to go to get entitlements, so
9 I don't think it was significant enough, a number,
12:15 10 at that time, to put into the projection. When I
11 say that, meaning that we were looking at the
12 projections from after we had entitlements because
13 we certainly believed that we would have
14 entitlements, and I think everyone else did, as
12:15 15 well.

16 And, you know, what would the property be
17 worth on a -- what would the land be worth on a
18 unit basis for whether it's high-end homes, low-end
19 homes, single family, and different -- I mean,
12:16 20 sorry -- ranchettes, multifamily, condos, different
21 types of multifamily, office, commercial, what the
22 land value was not building it out but just what
23 you would sell the land for to a developer, like we
24 do on a regular basis, who's going to go ahead and
12:16 25 build something on it when it's already approved.

1 BY MR. HUTCHISON:

2 Q. And that is my question. Did the profit
3 projection of \$10 billion include once the land was
4 entitled and then sold, or did it include once the land
12:16 5 was entitled, LCOC put in infrastructure, and then sold
6 it?

7 MS. HOFFLER: Form.

8 THE WITNESS: I don't believe it included
9 infrastructure. However, I think what we did was
12:16 10 we had accounted for the infrastructure, but it
11 wouldn't necessarily be our intent to put
12 infrastructure in. We would have the developer,
13 master developer, do that, someone like a D.R.
14 Horton or a Forest City, someone that would come in
12:17 15 and take over the project. But you have to
16 calculate that so you know what your cost is for
17 the land.

18 However, you could sell land based on a
19 per-unit use of that acre of land. For instance,
12:17 20 if you're getting \$40,000 per apartment for land
21 only and you can put 20 units on an acre, which you
22 can, then you can get \$800,000 for that piece of
23 land raw, without putting any of the improvements
24 in, including infrastructure, water, sewer,
12:17 25 drainage. Without putting any of that in, that's

1 how you could value the land and sell it.

2 BY MR. HUTCHISON:

3 Q. And that's my question. So the \$10 billion
4 profit projection, did it include the entitlements only,
12:17 5 or did it include entitlements plus the cost of the
6 infrastructure?

7 A. I believe it did not include entitlements,
8 which, again, was a very small balance, we felt, to get
9 it approved. But it did take into consideration the
12:18 10 cost that would have to be laid out to do entitlements,
11 not necessarily -- I'm sorry -- infrastructure, not by
12 us necessarily but by someone who would be buying the
13 property.

14 Q. And who did your calculation for what the
12:18 15 infrastructure would cost?

16 A. The same thing. I don't remember their name.

17 Q. You don't remember what consultant would have
18 provided you that information?

19 A. It could have been the -- it could have been
12:18 20 an accumulation of information from different
21 consultants that was put together, giving one consultant
22 that information to put the final together.

23 Now, Dale Lindon was working with that and so
24 was Bobby Masters. Yet -- and this young fellow that
12:18 25 Dale Lindon brought to our office, who actually came

1 from the Orlando area and stayed down in our area for
2 five days a week, I believe, and worked on it with Dale.

3 Q. What was his name?

4 A. I don't remember his name.

12:19 5 Q. Did you share the \$10 billion projection with
6 anybody?

7 A. Oh, yeah. I think everyone, including Fred
8 Florio and Fred DeLuca, was aware of that.

9 Q. You shared a \$10 billion profit projection
12:19 10 with Fred DeLuca?

11 A. Yes.

12 Q. When?

13 A. Whenever.

14 Q. When did you do it?

12:19 15 A. I don't know when we did it. When we did the
16 numbers. Same time frame.

17 Q. And you don't have a copy of that projection
18 today?

19 A. I don't know if we have it or not. I'm
12:19 20 assuming you have it. We certainly can see if we have
21 it. Take a look at it.

22 Q. And you don't know who prepared it.

23 MS. HOFFLER: Object to the form.

24 THE WITNESS: I've answered that five times
12:20 25 for you. I just don't remember his name, but I'm

1 sure if you get ahold of Dale Lindon, you probably
2 could get who that is.

3 BY MR. HUTCHISON:

4 Q. When did you first learn about the Avon Park
12:20 5 bombing range?

6 A. I don't remember. I think I got some notice
7 sometime maybe in 2008, maybe, '7 or '8. I mean, we
8 know it was there. We had no idea they wanted to try to
9 fly over our land at low altitude. And when we did, we
12:20 10 jumped on it, and we put a team together to work on it.
11 Bob Basehart ran that team. And we were stating our
12 objections, and we were actually making a lot of
13 traction.

14 And it's funny that -- I think it was the
12:21 15 fellow from BCPeabody who had been a former -- he was
16 a -- he was some kind of a general or something -- I'm
17 trying to remember now -- having to do with the Army
18 Corps. But I remember somebody -- maybe Bob Basehart
19 had said that when Fred DeLuca took over and really
12:21 20 didn't put any effort into working with -- you know,
21 against what Avalon wanted to do there, that one of the
22 generals turned around, I think to Bob or somebody. I
23 think it was Bob Whidden, maybe. I think it was Bob
24 Whidden had said to me not too long ago, something to
12:21 25 the effect that, boy, I'm really glad that Destiny

1 folded up because -- I don't know where it stands today,
2 if they ever got the proof for what they wanted to, but
3 they weren't going to get it, in my mind, because we
4 were fighting back and we had good reasons to push back
12:22 5 and we had support and that when Fred DeLuca became the
6 general manager, he put no effort, spent no money, put
7 nobody on it but -- I don't know -- maybe David
8 Friedman.

9 And so I don't know where it is today. And
12:22 10 where it wound up, but I do remember the conversation.
11 I think it was Bob Whidden had said, I'm really glad
12 that Destiny fell apart because -- he was referring to
13 the fact that that particular general who was in charge
14 of that, the Avon bombing range, knew that we were going
12:22 15 to beat them. And when we fell apart and nobody pushed
16 it, nobody spent any money on it, nobody paid any
17 attention into it, that nothing was going to happen, and
18 they were going to get what they wanted.

19 Q. And you heard that from Bob Whidden?

12:23 20 A. I believe it was Bob Whidden.

21 Q. Was the bombing range an issue during your
22 negotiations with Latt Maxcy?

23 A. No, not at all.

24 Q. Did it ever come up?

12:23 25 A. No.

1 Q. Did you have any discussions with any state or
2 regional agencies regarding the bombing range -- or
3 federal agencies -- did you have any discussions with
4 any agencies of any -- strike that.

12:23 5 Did you have any discussions with any
6 governmental agencies prior to the closing in August of
7 2005 regarding the bombing range?

8 A. Yeah. I think we -- we were aware of it. It
9 was a nonissue. I don't remember who we had dealing
12:23 10 with it, but, you know, there was certainly no plans to
11 fly over the property. I don't know how active it was
12 or wasn't. It was far enough away. It was not a
13 concern for us until later on when I think they decided
14 to close an Air Force base somewhere else and bring more
12:24 15 planes and more activity to that Air Force base, which
16 was probably in late 2007, 2008, of which it became a
17 concern to us.

18 Q. Who told you that they were going to close an
19 Air Force base and bring more activities --

12:24 20 A. That's what I recall hearing.

21 Q. From whom?

22 A. I don't remember. It might have been Bob
23 Whidden, if I remember.

24 Q. And that would have been while you were still
12:24 25 manager?

1 A. Yes. Yes.

2 Q. Now, what about marketing analysis? Were any
3 marketing analyses performed prior to the purchase of
4 the property in August of 2005?

12:24 5 A. We just went through how many names of
6 developers and builders. That's a marketing analysis.
7 When they come in and they tell you, yeah, we're really
8 interested; we want 5,000 acres; we would like to be
9 here; we think this is a great thing, to me, that's a
12:25 10 really good marketing analysis.

11 Now, did we have a marketing study done? I
12 think we did because we needed to have that as part of
13 our application. So that, you probably have a copy of.

14 Q. So you're telling me that there is a market
12:25 15 study that was done prior to August of 2005.

16 MS. HOFFLER: Form.

17 THE WITNESS: Well, a market -- like I said,
18 the market study that I am talking about is where
19 we actually called real-time users, real live
12:25 20 bodies in, showed them what we plan to do and get
21 their feedback, which was 90 percent positive all
22 the way down the line.

23 BY MR. HUTCHISON:

24 Q. Why do you say "90 percent positive"?

12:25 25 A. Well, I'm saying -- maybe it was 100.

1 Q. Do you know?

2 A. I don't know. All I can tell you is that I
3 have not talked to anybody that did not have -- I don't
4 recall speaking to anybody who didn't think it was a
12:26 5 great project and wanted to be part of it.

6 Q. Other than you speaking with builders that we
7 discussed earlier this morning, did -- was there a
8 marketing analysis done prior to the August 2005 closing
9 on the Yeehaw Junction property?

12:26 10 MR. CRICKENBERGER: Object to the form.

11 THE WITNESS: I don't know.

12 BY MR. HUTCHISON:

13 Q. Was there a needs analysis done prior to the
14 August 2005 closing?

12:26 15 A. It's not something we normally would do, so I
16 don't know.

17 Q. Do you know what a needs analysis is?

18 A. I'm not sure. Tell me what it is. Maybe you
19 can tell me what it is. I don't know.

12:26 20 Q. I'm asking you, do you know what a needs
21 analysis is?

22 MR. CRICKENBERGER: Object to form.

23 MS. HOFFLER: Form.

24 THE WITNESS: I'm not familiar with a needs
12:26 25 analysis, unless you're talking about a hospital.

1 BY MR. HUTCHISON:

2 Q. Was a jobs analysis done prior to the August
3 2005 closing?

4 A. We did have a jobs analysis done, things like
12:27 5 that. And I believe they were pretty -- they were
6 fairly well. Were they done -- I don't know if it was
7 done prior to closing or not.

8 Q. Who did the jobs analysis?

9 A. I don't remember, but we did -- I think we had
12:27 10 that done.

11 Q. When was it done?

12 A. I don't recall.

13 Q. Who worked on it?

14 A. I don't -- I don't remember.

12:27 15 Q. Was an outside consultant used to do the jobs
16 analysis?

17 MS. HOFFLER: Form.

18 THE WITNESS: Yes. Yes.

19 BY MR. HUTCHISON:

12:27 20 Q. Do you have a copy of the jobs analysis?

21 A. You should have it.

22 Q. Do you have a copy?

23 A. No, I don't.

24 Q. Okay. Do you know who would have a copy if it
12:27 25 was not in the 44 boxes of documents that were provided

1 to my law firm?

2 A. No.

3 Q. And you don't recall what company or what
4 consultants worked on the job analysis?

12:27 5 A. I guess I would if you ran the name by me, but
6 offhand, sitting here nine years later, I don't recall
7 the name.

8 Q. Would you have any record of it anywhere?

9 A. No.

12:28 10 Q. What was your initial offer to Latt Maxcy?

11 A. I think it was 46 or \$4,800 an acre because
12 they had an offer at 44 or 46. I think they had an
13 offer of 44 or 46, and that we were I think at 46, 48.

14 Q. And what was the ultimate price?

12:28 15 A. 5,000.

16 Q. And why did you go up?

17 A. Because the broker told us that the family
18 felt that they had a round number in their head, and
19 that that round number was \$5,000 and we were \$200 an
12:28 20 acre away. And I remember the old man, the broker, said
21 to me, Anthony, he says, this is the chance of a
22 lifetime, he says. For \$200 an acre, I don't think you
23 want to quibble over it. If that's what it's going to
24 take to make a deal with you, you really ought to think
12:29 25 about it. And he was right. For what amounted to be a

1 4 percent additional, that was the number and that was
2 the number they accepted. So the broker was right and
3 so was the broker for the Latt Maxcys.

4 Q. Who was the broker for Latt Maxcy?

12:29 5 A. Dean Saunders.

6 Q. I thought you said the broker was right and so
7 was the broker.

8 A. Yes. Our broker was right. And that's who I
9 was referring to. And he just passed away.

12:29 10 Q. Who was your broker?

11 A. I'm trying to remember his name. Oh, jeez.
12 There was two. The one I'm referring to, he just passed
13 away the other -- like last year. I can't recall his
14 name.

12:29 15 Q. Was he local or was he up in Osceola County?

16 A. No. He's from Miami.

17 Q. What company did he work with?

18 A. It might have been Wood.

19 Q. His last name was Wood?

12:30 20 A. No, no. The company he worked with was -- I
21 think was -- I forget the name. Something with Wood in
22 it. The last name was Wood, of the brokerage firm.

23 Q. And who was the other broker? You said you,
24 LCOC, the buyer, had two brokers?

12:30 25 A. We had two brokers. Yeah. It was Bill Koch,

1 Bill Koch, Jr.

2 Q. K-O-C-H?

3 A. K-O-C-H.

4 MR. HUTCHISON: Take a lunch break?

12:30 5 MS. HOFFLER: Sounds good.

6 THE VIDEOGRAPHER: Off the record at 12:29

7 p.m.

8 (Break taken at 12:29 p.m. to 1:51 p.m.)

9 THE VIDEOGRAPHER: We're on the record at 1:51

13:52 10 p.m.

11 BY MR. HUTCHISON:

12 Q. In 2005, what did Henry Portner,

13 P-O-R-T-N-E-R, do?

14 MS. HOFFLER: Object to the form.

13:52 15 THE WITNESS: Henry Portner was in-house

16 counsel.

17 BY MR. HUTCHISON:

18 Q. Henry Portner was in-house counsel for you in

19 2005?

13:52 20 A. Yes.

21 Q. Who was leading -- on behalf of you, who was
22 leading the effort to get a loan to purchase the Yeehaw
23 Junction?

24 A. Fred DeLuca.

13:53 25 Q. Well, was Tom SanGiacomo talking to lenders?

1 A. I believe he talked to iStar, maybe a couple
2 of others.

3 Q. So Tom SanGiacomo would have talked to iStar.
4 Do you know if he talked to any other potential lender?

13:53 5 A. Well, it was early on. And, like I said, Fred
6 DeLuca came in early on so he took over that
7 responsibility. So I don't know if he talked to anyone
8 other than iStar, but we did start a conversation with
9 iStar.

13:53 10 Q. When you said Fred DeLuca took over that
11 responsibility, what responsibility are you referring
12 to?

13 MS. HOFFLER: Form.

14 THE WITNESS: Like I stated earlier in this
13:53 15 deposition today, Fred DeLuca's responsibility was
16 to bring the financing. Otherwise, why would we
17 need to give Fred 50 percent at par value of a
18 property that was probably already worth four or
19 \$500 million?

13:53 20 BY MR. HUTCHISON:

21 Q. When you say worth four or \$500 million, you
22 base that on the letter of intent that you received?

23 A. Well, that was the initial letter of intent,
24 which was -- again, it's from a well-known Palm Beach
13:54 25 County-based -- Florida Crystals is a very big company

1 today and then as well and then a lot of different
2 things. So I would say that it's a multimillion dollar,
3 if not multibillion dollar corporation, that was
4 sincerely interested in purchasing the property and did
13:54 5 make us an offer, I think, initially, of eleven five an
6 acre, which translated out to somewhere about 315
7 million. And when Fred DeLuca told us that we should
8 turn the offer down, they insisted on coming to our
9 offices, of which an entourage from their company, which
13:55 10 included Pepe Fanjul, Jr., and a couple of the other
11 people in his firm and the brokerage firm that was
12 representing them to basically ask us, okay, you know,
13 if you're not going to sell it to us for 350 million --
14 315 million, how much is it going to take?

13:55 15 They were -- we figured that they probably
16 would have paid \$20,000 an acre. Again, that's just --
17 you know, we'd have to ask them that, but that's what we
18 think that they would have paid.

19 And then right after they left, within a
13:55 20 couple of weeks -- as little as a couple of weeks, the
21 Empire Group was brought to us by another brokerage
22 company from Canada. And they flew down specifically to
23 meet with us, drove the property, came back to the
24 office, came back the next day and, through the broker,
13:56 25 asked if we would accept \$15,000 an acre. And Fred

1 DeLuca says, why would we take that now? Think about
2 how much it would be worth once we have the approvals.

3 So that \$15,000 probably represented about
4 \$405 million. And that was their offer, not even a
13:56 5 counteroffer from us. Like I said, I think 20,000 an
6 acre was not out of the realm at the time, which would
7 have been over \$540 million.

8 So, yes, I believe somewhere between three and
9 500 million is what the property was worth when Fred
13:56 10 DeLuca came into the picture at par value.

11 Q. Now, when you said Fred DeLuca didn't want to
12 pursue any of those discussions with the Fanjul family
13 or the Empire Group, what was your recommendation?

14 A. I thought it would be really, you know,
13:57 15 something I would yield to him on. I thought it was
16 probably not a bad idea to really consider taking that
17 offer. I know Mr. DeLuca's worth billions and billions
18 of dollars. But, certainly, if we split a profit of
19 somewhere between 250 and 300 million, would have put a
13:57 20 smile on my face. Although, you know, it's not what he
21 thought was the right thing to do. And being that I did
22 have him as a partner and being that my dream was to
23 build the city, I did, in fact, believe that there was
24 billions of dollars of potential profit to be had upon
13:57 25 the rezoning and site planning approval of that site.

1 So it wasn't like I was, you know, totally disappointed,
2 but I did leave it up to him.

3 Q. Did you ever tell Fred DeLuca in writing that
4 you wanted to pursue either the offer from Empire Group
13:58 5 or the offer from the Fanjul family?

6 A. I told him on the phone.

7 Q. Did you ever tell him in writing?

8 A. No. No reason to tell him in writing if I'm
9 going to tell him on the phone or in person. We did
13:58 10 have some meetings also where he came to the office, and
11 those are the kinds of things we discussed.

12 Q. Did you tell him in person or did you tell him
13 on the phone?

14 A. I probably told him probably on the phone when
13:58 15 it first happened and then again reiterated. I'm sure
16 he didn't make a decision right there and then, so
17 probably again in person at a meeting either at my
18 office or his house. I don't recall exactly where. Of
19 course, I do remember when but not where.

13:58 20 Q. Now, did Tom SanGiacomo -- did you have any
21 discussions -- strike that.

22 Did you have any discussions with iStar
23 regarding potential terms for a loan?

24 A. Yes.

13:58 25 Q. Who did you have those discussions with?

1 A. Same person that I couldn't remember his name
2 an hour and a half ago.

3 Q. Can you remember it now?

4 A. No.

13:59 5 Q. Do you remember that a term of the loan with
6 iStar included an exit interest of 2 percent?

7 A. I remember there was an exit fee, and -- I do
8 remember there was an exit fee.

9 Q. Do you remember it being over \$2 million?

13:59 10 A. I would imagine it could have been over \$2
11 million. That was something that was still being
12 negotiated, however, so that was really -- DeLuca cut us
13 off from -- when he took over, he cut us off from
14 negotiating with them, and then he cut them off. So we
13:59 15 were not able to fully see to the end of the
16 negotiations. So things like that we probably would
17 have negotiated away.

18 Q. How do you know that DeLuca cut iStar off from
19 negotiating any further?

14:00 20 A. Because the fellow from iStar told me that he
21 felt that Fred DeLuca is going to abandon the
22 negotiations with iStar, with them, and he says that
23 he's going to wind up financing it himself.

24 Q. When that gentleman from iStar told you that,
14:00 25 did you have a discussion with Fred DeLuca regarding

1 what the iStar gentleman told you?

2 A. No, I didn't.

3 Q. Do you know what the final terms of -- strike
4 that. Do you know what the last term -- strike that.

14:00 5 The last terms that were being discussed with
6 iStar, are you aware of what they were?

7 A. I do remember seeing some things on that. I
8 think it was 4 and a half percent. We believe they
9 would have done less than that. There was other terms.

14:01 10 I couldn't remember exactly, you know, without seeing
11 something in front of me to refresh my memory, but I
12 remember that was something that was important, so we
13 were involved in it. So the answer is, you know, kind
14 of yes and kind of I don't remember.

14:01 15 Q. Do you remember that iStar was going to
16 provide, out of its loan, 105 million towards the
17 acquisition price of the property?

18 A. I think it required us to put up \$35 million,
19 roughly. I put up 10 million. DeLuca was going to put
14:01 20 up 25 million, and they were going to loan us probably a
21 hundred and small change.

22 Q. For the acquisition of the property.

23 A. Just for the acquisition. And then there was
24 going to be an interest reserve and some soft costs and
14:01 25 things of that nature.

1 Q. They were going to give you project costs or
2 development costs not to exceed \$4 million. Do you
3 remember that?

4 A. That was something we were negotiating, I
14:02 5 remember. I don't remember the exact amount, no.

6 Q. Do you remember the last number on the table
7 from iStar during those negotiations was up to \$4
8 million for project costs?

9 A. Like I said -- no. Like I said, DeLuca took
14:02 10 it over from there. It was only in the early stages.
11 And DeLuca took it over there and he was going to
12 negotiate the deal to its conclusion and, instead, he
13 kind of blew them off, pissed them off and kind of
14 exactly what they thought was happening at the time that
14:02 15 they displayed their displeasure with the way the deal
16 was going.

17 Q. Do you remember that there were some closing
18 costs of up to \$3 million, preclosing costs of up to \$3
19 million --

14:02 20 MS. HOFFLER: Object to the form.

21 BY MR. HUTCHISON:

22 Q. -- built into that loan with iStar?

23 A. No. I'm sure there were probably -- again,
24 you know, you're talking about something that was
14:02 25 negotiated. So could there have been some points in

1 there? Sure. I'm sure there could have been.

2 Q. Do you remember that you had a guarantee on
3 the loan for up to \$55 million plus interest?

4 A. Again, I just don't remember exactly, but
14:03 5 you're not talking about a concluded deal, so I don't
6 see the -- I don't see the rationale.

7 Q. Because the contract wasn't signed, so you
8 don't see any --

9 A. It wasn't fully negotiated.

14:03 10 MS. HOFFLER: Wait a minute. Wait a minute.
11 Wait. I need to interpose an objection.

12 Did you finish your question?

13 MR. HUTCHISON: No.

14 MS. HOFFLER: Why don't you finish your
14:03 15 question and then I need to interpose an objection.

16 MR. HUTCHISON: He answered my question but if
17 you want to --

18 MS. HOFFLER: You all cut each other off,
19 which we have to be careful not to do.

14:03 20 Madam Court Reporter, I'd like to interpose an
21 objection to that last question.

22 BY MR. HUTCHISON:

23 Q. Did you --

24 MS. HOFFLER: Rick, I'm assuming you're
14:03 25 reading from your notes, right, or are you reading

1 from a document?

2 MR. HUTCHISON: It doesn't matter what I'm
3 reading from.

4 BY MR. HUTCHISON:

14:03 5 Q. Did you --

6 MS. HOFFLER: I'm just asking because if
7 you're reading from a document which is an exhibit,
8 you can give it to the client as opposed to this
9 memory test. Of course, the client can ask that,
14:04 10 too.

11 BY MR. HUTCHISON:

12 Q. My question to you is, was there a -- did
13 iStar want to have a due diligence period --

14 MS. HOFFLER: Object to form.

14:04 15 BY MR. HUTCHISON:

16 Q. -- prior to when it would give a commitment
17 letter?

18 MS. HOFFLER: Object to form.

19 THE WITNESS: I don't recall.

14:04 20 BY MR. HUTCHISON:

21 Q. You mentioned an interest holdback. What's an
22 interest holdback?

23 A. I didn't say that.

24 Q. What did you call it? iStar wanted to do
14:04 25 something with the interest. You didn't use the term

1 holdback? What did you use? A reserve?

2 A. I said an interest reserve.

3 Q. What is an interest reserve?

4 A. It's an amount of money that they will put
14:04 5 aside to draw interest out of so that you're not paying
6 a monthly payment out of your pocket. It's built into
7 the deal.

8 Q. And the interest reserve that iStar had --
9 strike that.

14:05 10 The interest reserve included in the last
11 negotiations with iStar was \$31 million?

12 A. I have no idea.

13 Q. Do you remember it being approximately \$30
14 million?

14:05 15 MS. HOFFLER: Form.

16 THE WITNESS: No.

17 BY MR. HUTCHISON:

18 Q. Did iStar retain any approval rights if, in
19 fact, it had issued in a commitment letter?

14:05 20 A. I don't recall.

21 Q. Do you know what a commitment letter is?

22 A. I believe so.

23 Q. What was it?

24 A. Kind of an LOI from a bank.

14:05 25 Q. Okay. What does that mean, an LOI from a

1 bank?

2 A. It's an -- it shows -- it expresses their
3 interest in making a loan and the terms in which they
4 would make that loan.

14:05 5 Q. So are you telling me that -- but are they
6 committed to making a loan on those terms or not?

7 MS. HOFFLER: Object to the form.

8 THE WITNESS: What terms?

9 BY MR. HUTCHISON:

14:06 10 Q. I'm asking you if you know what a commitment
11 letter from a bank is.

12 MS. HOFFLER: Form.

13 THE WITNESS: Yeah. Once they sign it, I
14 believe there's a commitment letter, yes.

14:06 15 BY MR. HUTCHISON:

16 Q. Okay. So a commitment letter that includes
17 terms from a bank that the bank's committed to honor
18 those terms.

19 MS. HOFFLER: Object to the form.

14:06 20 THE WITNESS: Yes.

21 BY MR. HUTCHISON:

22 Q. Did LCOC receive a commitment letter from any
23 bank or any financial institution?

24 A. I don't know.

14:06 25 (Deposition Exhibit 389 was marked for

1 Identification.)

2 BY MR. HUTCHISON:

3 Q. Let me show you Exhibit 389. It's an e-mail
4 with an attachment. It's a five-page exhibit.

14:07 5 A. Would you like me to read it?

6 Q. You can. Feel free. Sure.

7 I'm going to ask you about that chain of
8 e-mails on the first page and about the attachment. You
9 can look at the attachment, if you'd like to.

14:11 10 (Pause.)

11 Did you have a chance to review Exhibit 389?

12 A. Yes.

13 Q. I want to start with the bottom e-mail on the
14 first page of Exhibit 389 from David Worroll to Tom
14:11 15 SanGiacomo. Do you see that?

16 A. First page?

17 Q. First page.

18 A. Yes.

19 Q. It's dated June 19th, 2008. And the subject
14:12 20 is LCOCL loan balance detail as of 12/31/2006. Do you
21 see that?

22 A. Yes.

23 Q. And he writes down in the -- I think it's the
24 second paragraph, he writes, "From the attached you'll
14:12 25 see that as of 12/31/06, the loan balance was

1 \$122,020,269.82 (principal of \$108,451,831.5 and accrued
2 interest of \$13,568,438.32)."

3 Do you see that?

4 A. Yes.

14:12 5 Q. "As of today the cumulative principal amount
6 we've advanced is \$110,022,639.29 - leaving only
7 \$977,360.71 additional funding available under the terms
8 of the loan with Fred."

9 Do you see that?

14:13 10 A. Yes, I do.

11 Q. "Please be aware that without agreement from
12 Fred I will NOT be able to fund the project beyond that
13 amount."

14 Do you see that?

14:13 15 A. Yes.

16 Q. And that e-mail is dated June 19th, 2007?

17 A. Yes.

18 Q. And then Tom SanGiacomo forwards it to you and
19 Joseph Reamer on June 19th, 2007, correct?

14:13 20 MS. HOFFLER: Form.

21 THE WITNESS: Yes.

22 BY MR. HUTCHISON:

23 Q. So you've seen this e-mail before today,
24 correct?

14:13 25 MS. HOFFLER: Form.

1 THE WITNESS: I don't recall it, but --

2 BY MR. HUTCHISON:

3 Q. It was sent to you on June 19th, 2007, though.

4 MS. HOFFLER: Form.

14:13 5 THE WITNESS: Yeah. Seven years ago. I'm
6 saying I just don't recall.

7 BY MR. HUTCHISON:

8 Q. Do you have any reason that you didn't receive
9 it?

14:13 10 MS. HOFFLER: Form.

11 THE WITNESS: It's possible.

12 BY MR. HUTCHISON:

13 Q. It's possible? Why is it possible?

14 A. Because I didn't use my computer on a regular
14:13 15 basis.

16 Q. Who used your computer?

17 A. No one.

18 Q. So it would have been on your computer had you
19 turned it on.

14:14 20 A. I assume.

21 Q. So when you turned it on, it was on your
22 computer.

23 A. I assume.

24 Q. Do you have any reason to believe that it
14:14 25 wasn't?

1 MS. HOFFLER: Form.

2 THE WITNESS: No. I have no -- you asked me a
3 question and I'm answering your question. You've
4 said, did I see this before? I'm saying, I don't
14:14 5 recall. Then you want to ask a bunch of questions
6 to follow up on that, and I'm telling you the same
7 thing. I don't recall. I didn't use -- I may not
8 have even been using a BlackBerry at the time. I
9 don't recall.

14:14 10 BY MR. HUTCHISON:

11 Q. Well, you had an e-mail address and a computer
12 in 2007.

13 MS. HOFFLER: Form.

14 THE WITNESS: Listen, I know he stopped paying
14:14 15 unilaterally, so this -- I understand.

16 BY MR. HUTCHISON:

17 Q. My question --

18 MS. HOFFLER: Wait a minute. Wait a minute.
19 Do not -- do not interrupt the witness so we can
14:14 20 have a clean record.

21 MR. HUTCHISON: I didn't interrupt him
22 intentionally.

23 MS. HOFFLER: You did.

24 MR. HUTCHISON: If you read the transcript, he
14:14 25 kept talking. But I won't interrupt.

1 Mr. Pugliese, if I do, just let me know you're
2 not done.

3 BY MR. HUTCHISON:

4 Q. My question to you is do you have any reason
14:15 5 to believe that you did not receive this e-mail and
6 attachment on June 19th, 2007?

7 MS. HOFFLER: Form.

8 THE WITNESS: I don't have any reason to
9 disbelieve that I did not -- to believe I did not
14:15 10 receive it. I'm just telling you that, you know,
11 things like this Tommy dealt with, and I was doing
12 other things. And I did not use my computer a lot.
13 That's all.

14 BY MR. HUTCHISON:

14:15 15 Q. And, now, Mr. David Worroll tells you that
16 once the loan hits the principal of \$111 million, Fred
17 DeLuca, the lender, was not going to put any more money
18 in, correct?

19 MR. CRICKENBERGER: Object to the form.

14:15 20 MS. HOFFLER: Form.

21 THE WITNESS: That's what it says.

22 BY MR. HUTCHISON:

23 Q. What's your understanding of how the funding
24 was to be made after the loan reached the \$111 million
14:16 25 principal?

1 MS. HOFFLER: Form.

2 THE WITNESS: Again, this was Fred DeLuca's
3 responsibility, was the financing. If we were
4 making -- at this time, the project had increased
14:16 5 in size by double. By the addition of the 14,000
6 acres and the fact we were able to go from 40,000
7 units to 80,000 units, from 6,000 square feet of
8 commercial to 20 million square feet, the project
9 actually more than doubled in size.

14:16 10 He knew very well -- and I told him several
11 times -- that the cost of having this work done now
12 has just increased by almost double and that we
13 could not do it in the same time frame. We could
14 not accomplish it in the same time frame from a
14:16 15 zoning standpoint. We couldn't get all this work
16 done in the same time frame that we initially set
17 forth out to do for 27,000 acres and that we needed
18 more time and we needed more money. And we would,
19 in fact, come back many, many, many times over
14:17 20 because we had contracted to purchase the property
21 across the street with an option contract, which we
22 put no money down on. We didn't have to pay
23 anything on that property for ten years and the
24 price would not change over the ten years.

14:17 25 So -- and everybody thought it was an absolute

1 phenomenal coo to be able to have brought the Rohde
2 property in which was exactly adjacent to our
3 property on the other side of State Road 7, which
4 gave us another nine miles of exposure on State
14:17 5 Road 7 and that it also was exactly what Tom Pelham
6 and the state wanted us to do, was come back with a
7 larger project. It made -- basically giving us the
8 ability to become a city in Osceola County,
9 everything all in one county, still dealing with
14:18 10 the same people in the same county and the same
11 process through Tallahassee that would more than
12 double our size, more than double our profit
13 potential, without laying any additional money out
14 other than soft costs. And that that was told to
14:18 15 him.

16 There was a need for partnership agreements
17 to be changed prior to this letter. And this was
18 my -- you know, this is all part of his plan, was
19 to ignore the fact that we had these discussions,
14:18 20 ignore the fact that we needed a new partnership
21 agreement to address not only additional funding
22 and additional time, which is, you know, his part
23 of the deal for 50 percent at par value. And
24 instead what he did was he added on 3.1 percent
14:19 25 interest which brought these numbers to come sooner

1 to a due date than they would have if he didn't put
2 and abscond 3.1 percent interest as well as a
3 million four commitment fee, which we never got a
4 commitment fee from Fred DeLuca, but I see one in
14:19 5 here for a million four.

6 So if you add all this together, we really
7 knew that we were getting taken advantage of, and
8 we believed it had to do with the fact that we
9 bought such a fabulous piece of property that was
14:19 10 now worth four or \$500 million, that the greedy
11 Mr. DeLuca wanted it all to himself.

12 And this was all part of the plan because this
13 was very simply to be able to take care of, you
14 know. This was your department. Go get some more
14:19 15 money. Get it extended. Do whatever you need to
16 do, but this is your department. Don't put it on
17 our back. I mean, what is Dave Worroll doing for
18 us, you know?

19 BY MR. HUTCHISON:

14:20 20 Q. When did he add on 3.1 percent?

21 A. You don't know that?

22 Q. I just want a date.

23 A. From the -- from day one.

24 Q. So you're talking about prior to the closing.
14:20 25 You're talking about --

1 A. I'm talking about the day of closing, for that
2 matter, the day of closing. He added on more than 3.1
3 percent. He added on a bunch of legal fees and a \$1.4
4 million commitment fee that we never got a commitment
14:20 5 for nor did we have to pay -- or did he have to pay to
6 Wachovia.

7 Q. Okay. Let me finish my question, too, okay?
8 But after this Exhibit 389, after you received
9 this e-mail and attachment on June 19, 2007, you agreed,
14:20 10 right, once the loan hit the principal of \$111 million,
11 to pay 25 percent of LCOC's operating costs going
12 forward, correct?

13 A. I had no choice. We knew it was not right.
14 We knew it wasn't fair. We knew he was taking advantage
14:20 15 of us. At that time, we already knew that, I believe.
16 I'm not sure if we did not know at that time. I don't
17 know if we knew that he had put on the 3.1 percent
18 interest at that time. I think we might have found that
19 out later on in 2008.

14:21 20 However, it still was his responsibility to be
21 a 50 percent partner at par value. And the financing
22 was our -- his deal, his part of our deal. Ours was to
23 run this massive project, come up with all the concepts
24 and ideas and get the approvals, assemble a team, run
14:21 25 the team, work the day-to-day operation of which, by the

1 way, I received absolutely no money for, no management
2 fee for, for five years, and bring him in at par value.
3 This was his job to do, and he now was not doing it.
4 All the while -- of course, we didn't know it, but he
14:21 5 was padding the interest to sink us sooner by the tune
6 of \$24 million.

7 So your question was, did I agree to put up 25
8 percent? You know, at that time, he had stopped funding
9 by the time we got to that point because I think it's
14:22 10 the beginning of August he stops funding, so only within
11 a few weeks of this being discussed and negotiated which
12 he was playing hard ball with us, not working with us as
13 a partner. It was more like a bank at that point and --
14 or even worse than a bank.

14:22 15 We didn't have a whole lot of choice, you
16 know. Bills had to be paid. I was paying them out of
17 my pocket a hundred percent for five or six months. And
18 then he reimbursed me 75 percent when he finally decided
19 to start paying back again in -- I think it was February
14:22 20 or March of 2008.

21 Q. But you agreed to pay 25 percent of LCOC's
22 operating costs before August of 2007 when Fred DeLuca,
23 the lender, quit funding because the loan hit the \$111
24 million principal amount, right?

14:23 25 MS. HOFFLER: Form.

1 MR. CRICKENBERGER: Object to the form.

2 THE WITNESS: I don't recall that. When did I
3 pay -- when did I actually pay the -- this says
4 something about \$50,000 here? Deposit of --

14:23 5 (Deposition Exhibit 267 was previously marked
6 for Identification.)

7 BY MR. HUTCHISON:

8 Q. Let me show you --

9 A. -- in the amount of 500,000.

14:23 10 Q. Let me show you Exhibit 267. This is a
11 document that we actually went over last time. And
12 after you've had a chance to look at it, let me know.

13 (Pause.)

14 A. Okay.

14:24 15 Q. Exhibit 267. Do you see the e-mail from Tom
16 SanGiacomo to Dave Worroll, Joe Esposito and Fred
17 DeLuca, copying Fred Florio, dated June 21st, 2007?

18 A. Yes.

19 Q. And then that e-mail is sent to you on June
14:25 20 21st, 2007. Do you see that?

21 A. Yes.

22 Q. So you received the e-mail that Tom SanGiacomo
23 sent on June 21st, 2007, correct?

24 MS. HOFFLER: Object to the form.

14:25 25 THE WITNESS: I assume.

1 BY MR. HUTCHISON:

2 Q. And Tom SanGiacomo writes in the second
3 sentence of his e-mail to Dave Worroll and the others,
4 "We believe the best strategy at this time is to short
14:25 5 term the funding and abide by the Operating Agreement
6 for Land Company of Osceola County, LLC, Section 5.3 on
7 page 15, Capital Contributions in the ratio of 75% by
8 the FD Entity and 25% by the AVP Entity until August 10,
9 2010, when they become 50-50."

14:25 10 Did I read that sentence correctly?

11 A. Yes.

12 Q. So you agreed to fund 25 percent of LCOC's
13 expenses until August 10th, 2010, according to
14 Mr. SanGiacomo's June 21st, 2007, e-mail, correct?

14:26 15 MS. HOFFLER: Object to the form.

16 THE WITNESS: I did not agree to anything.

17 This is Mr. SanGiacomo apparently negotiating with
18 Fred DeLuca through Dave Worroll of SUBWAY. I did
19 not. Therefore -- if I read -- if I can read a
14:26 20 little further on this, it says, therefore -- going
21 back one, two, three, four, five, six lines down
22 and starting with, therefore, the FD Destiny will
23 provide a payment in the amount of a million five,
24 that never happened, to same. See where it says a
14:26 25 million five?

1 So if I was to put up 500,000 and he would put
2 up a million five -- I put up a million five myself
3 over the course of the six months. Mr. Deluca
4 didn't put anything in because he wasn't satisfied
14:26 5 with this. He wanted a 20-year projection. He
6 wanted a ten-year projection. He wanted a
7 five-year projection. I mean, even his own people
8 couldn't understand what all that was about.
9 To me, it was just about bleeding us dry so that we
14:27 10 would die and he could just take it all, as he did
11 anyway.

12 BY MR. HUTCHISON:

13 Q. So after August 2007, the AVP entity, which is
14 AVP Destiny, LLC, funded 25 percent of LCOC's expenses,
14:27 15 correct?

16 MS. HOFFLER: Form.

17 THE WITNESS: When was this?

18 BY MR. HUTCHISON:

19 Q. After August 2007.

14:27 20 A. No. That's not correct. As far as I
21 understand, we funded 100 percent.

22 Q. Well, but FD Destiny, LLC, reimbursed you 75
23 percent.

24 A. Oh, after maybe they saw that I was able to
14:27 25 keep up with them for five months and they weren't going

1 to tank us. Why didn't he pay from August? September?
2 October? November? December? January? Because he
3 thought that we would be tanked and he would just walk
4 in. So when he saw that we were paying, he figured, I'd
14:28 5 better catch up here at some point because I could be in
6 trouble.

7 Yes. People say, why didn't we sue him? We
8 should have sued him at that point, but the project was
9 more important than having a lawsuit with Fred DeLuca.

14:28 10 Q. How do you know what Fred DeLuca thought?

11 A. A lot of it came through Fred Florio.

12 Q. What did Fred Florio tell you --

13 A. I'll tell you what Fred Florio told me.

14 Q. -- that led you to believe that Fred DeLuca
14:28 15 was trying to run you out?

16 A. Fred Florio said to me -- and Fred Florio's a
17 pretty bright guy, actually. He said to me, when you
18 have the kind of money Fred has, you just become more of
19 what you already are -- were -- are. He says, when I
14:28 20 first met Fred, he says, he didn't have a whole lot of
21 franchises; he didn't have a whole lot of money. He
22 says, actually, we were grossing more than he was in our
23 blind business. But as he got to be more and more
24 successful, he became more of what he is.

14:28 25 I said, what is that?

1 He says, just a greedy, selfish person.

2 And that tells you a lot for someone that's
3 dealt with somebody for 25 years and worked for him for
4 16 years. We felt -- and I think Florio felt the same
14:29 5 way -- that he wanted to just take it all. He realized
6 that the property was worth, you know, \$300 million more
7 than we paid for it and that he wanted it all for
8 himself.

9 Q. Did Fred Florio tell you that Fred DeLuca was
14:29 10 trying to steal the property?

11 A. Yeah. I would say you could probably say that
12 he felt that way.

13 Q. When did he tell you that?

14 A. More than -- more than I can remember.

14:29 15 Q. When was the first time he told you that?

16 A. Probably at this time, the first time he
17 stopped funding.

18 Q. What exactly did Fred Florio tell you?

19 A. I don't know what he said exactly. I'm just
14:29 20 telling you approximately what he said.

21 Q. What exactly -- strike that.

22 What did Fred Florio tell you with regard to
23 Fred DeLuca trying to take the property?

24 MS. HOFFLER: Form.

14:30 25 THE WITNESS: Fred Florio told me that Fred

1 DeLuca had become a different person. The more
2 money he got, the more of what he was is what he
3 became, which is a greedy individual that basically
4 didn't care about anything other than money. And
14:30 5 not even to spend it. Just to accumulate it.

6 BY MR. HUTCHISON:

7 Q. Did he tell you that Fred DeLuca was trying to
8 steal the property?

9 A. Yes. I think he felt that Fred was trying to
14:30 10 do what he -- he said, Fred has done this in the past,
11 things like this. And Fred wasn't the only one telling
12 us at this time, either.

13 Q. What specifically did Fred Florio tell you
14 about Fred DeLuca wanting to take the property?

14:30 15 A. I think I already answered that question.

16 Q. Anything else?

17 MS. HOFFLER: Form.

18 THE WITNESS: Anything else about what?

19 BY MR. HUTCHISON:

14:30 20 Q. Did he tell you anything else about Fred
21 DeLuca wanting to take the property? I'm trying to get
22 all your conversations with Fred Florio about Fred
23 DeLuca trying to take the property. Have you told me
24 all the --

14:31 25 A. You'll have the opportunity to ask that to

1 Fred DeLuca yourself. And I'm just going by what I
2 recall. And I recall that it was Fred who was most
3 alarmed because he knew him better than anyone else. We
4 really did not know him. We did not really know Fred
14:31 5 DeLuca.

6 Q. So Fred Florio actually told you that Fred
7 DeLuca was actually trying to take the property.

8 A. He believed that he was trying to take the
9 property because this was part of his MO, because he was
14:31 10 heavy-handed, because he had a lot of money. This is
11 how he operated.

12 Q. And did you ask any specifics, like where he
13 had done this before or when he had done it before?

14 A. I'm sure we've had discussions about that. I
14:31 15 guess you'd have to ask Fred Florio about that. I
16 wasn't concerned about other places. I was concerned
17 about this place and what was happening to me right then
18 and there.

19 Q. Do you remember any other discussions with
14:31 20 Fred Florio about Fred taking other projects from other
21 people?

22 A. Yeah. There was actually -- actually, Fran
23 Saavedra covered some of them. She felt exactly the
24 same way. Now, being his former lover and banker and
14:32 25 then my banker, she was the one who introduced us. She

1 became very, I think, emotionally involved in the
2 project from a standpoint that she figured that she put
3 me, who I think she thought I was a really good person,
4 put me together with this monster who just likes to
14:32 5 devour people and has no feeling. And I think she was
6 very concerned about that because she basically said
7 that he did it to another company that made parts for
8 iPhone cases, something Mac. Not Super Mac. Supreme
9 Mac. Some name like that. I'm sure Fran Saavedra or
14:32 10 Fred Florio will remember those companies. And there
11 was others, as well.

12 Q. Did Fred Florio name any of these companies?

13 A. I think he talked about this something Mac
14 company that made these parts that hold phones.

14:33 15 Q. Now, when you're told that Fred DeLuca is
16 trying to steal the property from you, did you confront
17 Fred DeLuca?

18 MS. HOFFLER: Form.

19 THE WITNESS: Well, I could tell you this: I
14:33 20 was more concerned about the project than
21 confronting Fred DeLuca because, you know, I even
22 had people say to me, why don't you sue him? I
23 don't know if that would have done any more than
24 dragged this out for another five years like we are
14:33 25 here today. The project was what I was interested

1 in. And I also had people working for me that had
2 jobs, that had families, that were important to me,
3 even though they weren't important to him, that I
4 wasn't going to try to destruct, so I dug into my
14:33 5 pocket and took the money out and not knowing when
6 he would pay it back to keep the project going so
7 we didn't lose any beat on it, especially we were
8 in certain crucial times of getting certain
9 milestones in the project, is kind of when he
14:34 10 picked the time to do this.

11 So, no, I did not confront him until later on
12 when I learned that he had, in fact, padded the
13 mortgage without telling me or anybody else in the
14 group by 3.1 percent interest or about \$24 million,
14:34 15 which all aided and abetted the plan of getting to
16 this point where we were running out of money
17 because there was no reason for us to run out of
18 money, besides the fact that the partnership
19 agreement was changed the day of closing without a
14:34 20 red line copy, probably by Adam Hodkin, and that
21 Henry Portner missed it because he did have a
22 sleeping order disease. And I don't know if he
23 still does, but I don't believe he ever read the
24 contract and that we, you know -- we may have, in
14:35 25 fact, signed a contract that they had added clauses

1 into that also made the dates advance.

2 But the fact is that when I did have a
3 discussion at Fred DeLuca's house in front of -- I
4 believe it was Tom SanGiacomo, Fred Florio, Randy
14:35 5 Johnson -- I think Randy was there. I'm not sure
6 -- myself, and I asked him -- I think we went
7 through this once before. If you want me to, I'll
8 repeat it again, if you'd like.

9 It had to do with a multiple-choice question
14:35 10 that I thought I was going to pose to Fred DeLuca,
11 was -- I said to him, you know, everybody tells me
12 that bringing the Rohde property in was a real
13 genius idea. I said, being that I did get a deal
14 with no money down, ten years, no increase in price
14:35 15 until we pay it off, I said, A, do you think I'm
16 entitled, you know, to some kind of a finder's fee;
17 or, B, that my wife is a real estate broker and is
18 entitled to a real estate commission; or, C, I
19 should just bring it in at par value like I did the
14:36 20 first hunk of the property?

21 Well, he jumped on C right away and said, C,
22 of course.

23 I said, really? Then, why didn't [sic] you do
24 that with the mortgage that you added 3.1 percent
14:36 25 interest on the moment you had a chance to and

1 never told us about it that added \$24 million to
2 our debt?

3 And he stood up and he cursed and he got all
4 upset and he basically asked us to leave. So that
14:36 5 was a little indication of what we might have been
6 dealing with at this point here, where he could
7 have created the whole deal.

8 So it is what it is.

9 BY MR. HUTCHISON:

14:36 10 Q. Whose idea was it to bring in the Rohde
11 property?

12 A. Pardon me?

13 Q. Whose idea was it to put the option contract
14 on the Rohde property?

14:36 15 A. Well, I was able to -- I met with the Rohdes
16 and made the deal with them.

17 Q. Was it your idea?

18 A. Well, it was my idea. The state wanted us to
19 bring in 100 acres. They wanted us to bring in the Latt
14:37 20 Maxcys, the Adam ranch, the Rohdes and people behind
21 Rohdes and have a project that was probably somewhere in
22 the vicinity of 100 to 150 acres -- 150,000 acres. But
23 it was impossible to do that because Adams didn't get
24 along with the Rohdes, and the Rohdes didn't get along
14:37 25 with the Latt Maxcys, and the Adams didn't get along

1 with the Latt Maxcys.

2 And the Latt Maxcys were wonderful people. I
3 met with them and I cut the deal with them. I thought
4 it was the best property for several reasons, not only
14:37 5 because it was exactly adjacent of our perimeter, across
6 State Road 60, but because it had land that had been
7 severely kind of trampled on and used over probably a
8 century or more and didn't have a whole lot of
9 environmentally sensitive area, where we had a lot of
14:37 10 environmentally sensitive area and that we could take
11 units from our side and put them onto their side, where
12 they would not be able to get the kind of density that
13 we could get because their property wasn't as disturbed.
14 So it was a perfect mismatch match: lots of density,
14:38 15 not a lot of density but lots of land to spread it out
16 over. So it was a perfect scenario, and they were the
17 right partners to be involved in.

18 So they're the ones that we did the deal with,
19 and they were terrific people to deal with. And on top
14:38 20 of that, too, they were very, very politically and loved
21 by everybody in Osceola County, where the Latt Maxcys,
22 they were from Frostproof and Polk County. They had no
23 real connection to, other than owning some land, to
24 Osceola County. When the Rohdes came in, we became one
14:38 25 of the good ol' boys ourselves in Osceola because we

1 brought them along with us, and whatever respect they
2 had, we had. So that was probably a bigger part of the
3 deal than the actual transaction itself.

4 Q. Who told you that you could take units off the
14:39 5 Yeehaw Junction property and transfer them to the Rohde
6 property or vice versa?

7 A. Everybody.

8 Q. Who?

9 A. You name it. Bob Whidden, Bob Basehart, all
14:39 10 of our consultants. That's how it worked. It became
11 one property at that point.

12 Q. Under what statute or under what governing --

13 A. I don't know. You'd have to ask that to them.

14 Q. So you're saying Bob Whidden told you that and
14:39 15 who else?

16 A. Bob Whidden, Bob Basehart, Julie
17 Kendig-Schrader, I guess, whoever we had -- we had
18 another fellow. I think his name was Ken Metcalf. Ken
19 worked for the DCA and he kind of took over -- he was
14:39 20 hired by Greenberg Traurig. He took over Julie
21 Kendig-Schrader's position with our company and he
22 became our land use attorney for Osceola County in
23 Tallahassee. And he was an expert on the Rural Land
24 Stewardship and other -- and all other types of land use
14:40 25 development.

1 Q. Did Ken Metcalf ever increase density on any
2 piece of property using the Rural Land Stewardship Act?

3 A. I have no idea.

4 Q. Who told -- strike that.

14:40 5 Why did the Rohdes not get along with the Latt
6 Maxcy family?

7 MS. HOFFLER: Form.

8 THE WITNESS: I don't know that. You'd have
9 to ask the Hatfield and McCoys. I don't know.

14:40 10 BY MR. HUTCHISON:

11 Q. There was bad blood there?

12 MS. HOFFLER: Form.

13 THE WITNESS: I believe so. It goes back,
14 you know -- they both go back there a hundred
14:40 15 years.

16 BY MR. HUTCHISON:

17 Q. Under the Rohde option agreement, when was
18 money due?

19 MS. HOFFLER: Form.

14:40 20 THE WITNESS: We had to give them a very small
21 amount of money after a few years. Like I think it
22 was -- I think it was -- there was four partners.
23 It was a million apiece. I think we had to give
24 them \$4 million after three, four, five years,
14:40 25 something like that. And the balance, I think,

1 wasn't due for ten years.

2 BY MR. HUTCHISON:

3 Q. Who are the four partners?

4 A. Three brothers and a sister, three Rohde
14:41 5 brothers and their sister.

6 Q. So LCOC had to give the Rohde family \$4
7 million.

8 A. At some point, not in the beginning. It was a
9 few years down the road, after we would have received
14:41 10 the approvals, the way we had timed it, is when we would
11 be able to afford to pay a lot of different things with
12 having your pools in hand. And that's when we were
13 going to give them the \$4 million.

14 Q. Was the \$4 million due in 2010?

14:41 15 A. I don't remember the date.

16 Q. Let's go back to the exhibit in front of you,
17 which is Exhibit 389, the e-mail with the attachment
18 that Dave Worroll sent on June 19th, 2007.

19 A. Yes.

14:41 20 Q. And I'm turning to the attachment now, the
21 second page of Exhibit 389. I'm going right down the
22 list. You see appraisal fee, cash at closing, a
23 commitment fee of 1.4 million, cash at closing. Do you
24 see all those amounts equaling \$103,550,862.46?

14:42 25 A. Yes.

1 Q. So the commitment fee that Fred DeLuca charged
2 LCOC was rolled into the loan amount, correct?

3 MS. HOFFLER: Object to the form.

4 THE WITNESS: I really don't know.

14:42 5 BY MR. HUTCHISON:

6 Q. Well, is it your testimony that LCOC actually
7 paid a commitment fee in cash to Fred DeLuca at closing?

8 A. First of all, I don't think it mattered to me.

9 MS. HOFFLER: Form.

14:42 10 THE WITNESS: Second of all -- when I say
11 "mattered," whether he took the hundred and four --
12 the \$1.4 million and he put it in his pocket or he
13 had it coming in time and was collecting interest
14 on it, it was the same thing to me, but I didn't
14:42 15 put this together so I really don't know. I have
16 no idea if -- I have no idea. All I know is he
17 could have taken it. I don't know.

18 BY MR. HUTCHISON:

19 Q. As the manager of LCOC, do you know whether
14:43 20 LCOC paid a \$1.4 million commitment fee to the lender,
21 Fred DeLuca?

22 MS. HOFFLER: Form.

23 THE WITNESS: As far as I'm concerned, yes, he
24 has.

14:43 25 BY MR. HUTCHISON:

1 Q. Okay. When you say, yes --

2 A. Or it was owed to him. One or the other. It
3 was still a commitment. It was still a fee. It was
4 still a charge that was owed from Land Company to the
14:43 5 lender. Whether it was paid at this point, I can't tell
6 you. We didn't have privy to that. We didn't get
7 information on things like that. We were told that that
8 has nothing to do with us. The discussions between Fred
9 Deluca and his lender have nothing to do with you.

14:43 10 Q. No. I'm talking about the commitment -- I'm
11 talking about discussions between LCOC and its lender,
12 Fred DeLuca. And, in fact, you do have information from
13 Fred DeLuca regarding the loan. And, in fact, that's
14 what we're looking right at, right? Exhibit 389 is a
14:44 15 balance of the loan, principal and interest, with all
16 adjustments, that was sent to you on June 19th, 2007,
17 correct?

18 MS. HOFFLER: Form.

19 THE WITNESS: And?

14:44 20 BY MR. HUTCHISON:

21 Q. Am I correct that you're getting
22 information --

23 MS. HOFFLER: I'm sorry. Object to form.

24 THE WITNESS: I guess. Yes.

14:44 25 BY MR. HUTCHISON:

1 Q. Well, you know that this is the loan that Land
2 Company of Osceola County had with Fred DeLuca, correct?

3 MS. HOFFLER: Object to the form.

4 THE WITNESS: You're talking about the loan
14:44 5 with the \$1.4 million appraisal fee in it?

6 BY MR. HUTCHISON:

7 Q. I'm talking about the information regarding
8 Fred DeLuca's loan to LCOC. That's what we're looking
9 at in Exhibit 389, correct?

14:44 10 MS. HOFFLER: Form.

11 THE WITNESS: These here items -- let me ask
12 you, were they prepared by Fred DeLuca?

13 BY MR. HUTCHISON:

14 Q. I'm asking you --

14:44 15 A. I don't know. I assume that they were
16 prepared by Fred DeLuca.

17 Q. But when you received this, you understood
18 that this is information regarding Fred DeLuca's loan to
19 LCOC, correct?

14:44 20 MS. HOFFLER: Object to the form.

21 THE WITNESS: Tommy would have received this,
22 and I may have seen it. I believe I saw it.

23 BY MR. HUTCHISON:

24 Q. And Tommy SanGiacomo would have received it
14:45 25 while he was working on behalf of LCOC, correct?

1 A. Yes.

2 MS. HOFFLER: Object to form.

3 THE WITNESS: All right. You know, let's just
4 say you're correct and I saw it. I'm trying to
14:45 5 understand what you're saying about the 1.4 fee.

6 BY MR. HUTCHISON:

7 Q. So my question is, you, as the manager of Land
8 Company of Osceola County, do you know whether a \$1.4
9 million commitment fee was actually paid to Fred DeLuca,
14:45 10 the lender, or whether it was owed to Fred DeLuca, the
11 lender?

12 MS. HOFFLER: Form.

13 THE WITNESS: Well, if I look in Column I, I'm
14 assuming that the -- if you're saying -- because
14:45 15 there's no other column that it's in, right? So,
16 therefore, if it is lumped together with Wachovia
17 Bank appraisal fee, cash at closing, commitment
18 fee, Carlton Fields, cash at closing, Bingham
19 McCutchen, or McCutch, cash at closing, and debit
14:46 20 memo at closing, I assume that was paid out. I
21 don't know. But it is, in fact, on the account.
22 And, apparently, we're paying interest on it. So I
23 would think it was, in fact, paid. I don't know.

24 BY MR. HUTCHISON:

14:46 25 Q. Why would you be paying interest on it if it

1 was, in fact, paid?

2 A. Because I'm paying interest on all those
3 items, am I not?

4 Q. Well, not if it was paid, you're not paying
14:46 5 interest. You're only paying interest on a loan,
6 correct?

7 MS. HOFFLER: Form.

8 THE WITNESS: That would be a loan. It would
9 be part of the loan.

14:46 10 BY MR. HUTCHISON:

11 Q. So my question, did LCOC, as the manager --
12 forget what's in front of you. Do you know whether the
13 1.4 commitment fee was paid by LCOC to Fred DeLuca or
14 whether it was owed and not paid to Fred DeLuca?

14:46 15 MR. CRICKENBERGER: Object to the form.

16 MS. HOFFLER: Object to the form.

17 THE WITNESS: Looking at this, I can't tell.
18 Can you tell me? Because I can't tell.

19 BY MR. HUTCHISON:

14:46 20 Q. I'm asking you as the manager, independent of
21 Exhibit 389.

22 MS. HOFFLER: Object to the form.

23 THE WITNESS: I'm assuming that whoever did --
24 the date of this e-mail is two thousand and -- June
14:47 25 2007, which is approximately two years after the

1 closing. I'm assuming that everybody on this list
2 has been paid the appraisal fee, the commitment
3 fee, Carlton Fields, everything on here. I look at
4 it and I think anybody else looking at it would
14:47 5 assume that it's been paid.

6 BY MR. HUTCHISON:

7 Q. Let's stay in Column I, then, where you are.

8 A. It says loan principal funding detail.

9 Q. Let's stay in Column I. You're still on
14:47 10 Column I on the first page of the attachment to Exhibit
11 389?

12 A. Yeah.

13 Q. Column I, was any part of the principal of
14 \$111 million paid by LCOC to Fred DeLuca?

14:47 15 MS. HOFFLER: Form.

16 THE WITNESS: I have no idea. He handled it
17 all.

18 BY MR. HUTCHISON:

19 Q. But while you were the manager of LCOC.

14:47 20 A. I didn't handle the money. He did. That was
21 his part of the deal.

22 MS. HOFFLER: Form.

23 BY MR. HUTCHISON:

24 Q. You received money every month from AVP
14:47 25 Destiny and FD Destiny, correct?

1 A. Uh-huh.

2 Q. Is that correct?

3 A. I contributed money at some point, and FD
4 Destiny contributed money and bills were paid. Right.

14:48 5 Q. And you were the manager.

6 A. I wasn't the bookkeeper.

7 Q. You were the manager, correct?

8 A. That's correct.

9 Q. And you were responsible for what expenses
14:48 10 were incurred and what expenses were paid, were you not?

11 MR. CRICKENBERGER: Object to form.

12 MS. HOFFLER: Form.

13 THE WITNESS: Yes.

14 BY MR. HUTCHISON:

14:48 15 Q. That was your role as manager; is that
16 correct?

17 MS. HOFFLER: Form.

18 THE WITNESS: Yes.

19 BY MR. HUTCHISON:

14:48 20 Q. So my question is, you, as manager, were --
21 was any part of the \$111 million principal loan from
22 Fred DeLuca paid by LCOC prior to you being removed as
23 manager in October 2009?

24 MR. CRICKENBERGER: Object to the form.

14:48 25 MS. HOFFLER: Form.

1 THE WITNESS: I look at this and, you know,
2 all I know is we started off with \$1,400,000 less
3 the day we go under -- the day we closed. So you
4 tell me. I don't know. Does it matter that he put
14:49 5 it in his pocket or -- he's still charging interest
6 for it. It still came out of the amount of money
7 that was available for us to get the project done.

8 BY MR. HUTCHISON:

9 Q. Just so I'm clear, as of today, you can't tell
14:49 10 the jury whether any part of the \$111 million loan from
11 Fred DeLuca was, in fact, paid to Fred DeLuca; is that
12 accurate?

13 MS. HOFFLER: Object to the form.

14 THE WITNESS: I don't know. I really can't
14:49 15 tell, no.

16 BY MR. HUTCHISON:

17 Q. As manager of LCOC, can you tell us whether
18 any interest on the loan from Fred DeLuca to LCOC was,
19 in fact, paid to Fred DeLuca?

14:49 20 MS. HOFFLER: Object to the form.

21 THE WITNESS: I can only tell you that if the
22 balance is going down, I must assume that money is
23 coming out of the account or being put somewhere
24 else. Otherwise, I wouldn't have an increasing
14:50 25 balance of -- a decreasing balance and an

1 increasing interest rate and interest being
2 accumulated by that balance.

3 BY MR. HUTCHISON:

4 Q. Mr. Pugliese, just so it's clear, I'm not
14:50 5 talking about Exhibit 389. So you keep referring to
6 Exhibit 389. I'm talking about your knowledge as the
7 manager of LCOC.

8 A. Right.

9 Q. You were the manager of Land Company of
14:50 10 Osceola County from August of 2005 to October of 2009,
11 correct?

12 MS. HOFFLER: Form.

13 THE WITNESS: Yes.

14 BY MR. HUTCHISON:

14:50 15 Q. During that period of time, while you were
16 manager of LCOC, was any interest paid by LCOC to Fred
17 DeLuca on the loan that Fred DeLuca had made to LCOC?

18 MS. HOFFLER: Form.

19 THE WITNESS: I have no idea.

14:50 20 BY MR. HUTCHISON:

21 Q. During that period of time that you were
22 manager, can you tell us whether any part of the \$111
23 million principal was paid back to Fred DeLuca for the
24 loan that he made to LCOC?

14:51 25 MS. HOFFLER: Form.

1 THE WITNESS: I have no idea.

2 BY MR. HUTCHISON:

3 Q. And as manager of LCOC, can you tell us
4 whether any closing costs were paid by LCOC to Fred
14:51 5 DeLuca on the loan that Fred DeLuca made to LCOC?

6 A. I have no idea.

7 MS. HOFFLER: Form.

8 BY MR. HUTCHISON:

9 Q. Now I want to go to Exhibit 389 a minute.
14:51 10 When you received this attachment on June
11 19th, 2007, did you ask anybody those questions
12 regarding how much interest was owed or how much
13 principal was owed?

14 MR. CRICKENBERGER: Object to the form.

14:51 15 MS. HOFFLER: Form.

16 THE WITNESS: I kind of think the thing speaks
17 for itself.

18 BY MR. HUTCHISON:

19 Q. When you received Exhibit 389 --

14:52 20 A. I mean, the third page says, you know, we
21 have a -- looks like we have a balance of \$122 million.
22 Why would it say that if Fred DeLuca wasn't either being
23 paid or getting -- apparently, he was accumulating
24 interest on the loan. I mean, my concern was -- at that
14:52 25 time was, how much do we owe? Like I said, this \$140

1 million threshold, that was something that came out of,
2 like, left field.

3 But, I mean, if you put on -- I'm not an
4 accountant, but if I see an accounting for \$103,550,000
14:53 5 on a sheet that shows appraisal fee and closing costs
6 and, you know, a commitment fee and all these other
7 things, I'm sure they're not on there for no reason.
8 There's still a debit against our debt.

9 Q. Joe Reamer's an accountant, isn't he?

14:53 10 MS. HOFFLER: Form.

11 THE WITNESS: Yeah.

12 BY MR. HUTCHISON:

13 Q. This was sent to Joe Reamer at the same time
14 it was sent to you on June 19th, 2007, correct?

14:53 15 MS. HOFFLER: Object to the form.

16 THE WITNESS: Yes.

17 BY MR. HUTCHISON:

18 Q. Did you discuss it with Joe Reamer?

19 A. I don't remember exactly who we discussed it
14:53 20 with. I know we discussed it. I don't know with who.
21 I know Tommy certainly was involved in it.

22 Q. So as manager of LCOC, did you keep any
23 records regarding the loan LCOC had with Fred DeLuca?

24 A. Other than Joe Reamer?

14:53 25 MS. HOFFLER: Wait a minute. That was the end

1 of your question?

2 Form. I'm sorry.

3 THE WITNESS: Other than Joe Reamer, no, I did
4 not keep any records.

14:54 5 BY MR. HUTCHISON:

6 Q. What records did Joe Reamer keep with regard
7 to the loan LCOC had with Fred DeLuca?

8 A. You'd have to ask Joe Reamer that.

9 Q. So as manager of LCOC, you expected Joe Reamer
14:54 10 to keep information regarding the loan?

11 A. No. No. I expected Tom Worroll and Fred
12 DeLuca to keep the records because that was his area of
13 expertise, was financing for the project.

14 Q. But as the borrower itself, you were not aware
14:54 15 of whether LCOC kept any records other than what Fred
16 DeLuca had.

17 MS. HOFFLER: Object to the form.

18 THE WITNESS: Correct.

19 MR. HUTCHISON: We need to change the tape.

14:54 20 THE VIDEOGRAPHER: We're off the record at
21 2:53 p.m.

22 (Break taken from 2:53 p.m. to 3:10 p.m.)

23 THE VIDEOGRAPHER: Beginning Tape 4. On the
24 record at 3:10 p.m.

15:11 25 BY MR. HUTCHISON:

1 Q. Mr. Pugliese, earlier you had mentioned
2 something about bonuses and amending the operating
3 agreement. Do you recall that?

4 A. No. I didn't say bonuses.

15:12 5 Q. I thought you said Michael Scifres or somebody
6 was supposed to get a 1 percent bonus?

7 A. Maybe, yeah. 1 percent interest. I might
8 have said bonus.

9 Q. Well, was there an issue with the bonuses,
15:12 10 whether it's interest in the project or in the form of a
11 bonus, was there interest regarding that and -- was
12 there an issue regarding that?

13 A. Yes.

14 Q. Tell us about that.

15:12 15 A. Well, the interest is that after seven
16 versions of a reworked partnership agreement that needed
17 to be done almost from the beginning because the
18 partnership agreement didn't show up until I think the
19 day of closing or the day before closing. It didn't
15:12 20 incorporate our promise -- and that's Fred DeLuca's
21 promise as well -- to Tom SanGiacomo for his 3 percent,
22 who was in the project at that point for probably almost
23 a year. And after seven versions, we couldn't get Fred
24 DeLuca to sign anything but the original partnership
15:13 25 agreement that we received the day or day before

1 closing, even though he agreed that we needed to provide
2 bonuses -- there's an e-mail to that effect from him --
3 and pay bonuses to certain individuals and percentages,
4 which would include Tom SanGiacomo, Randy Johnson, maybe
15:13 5 possibly Fred Florio and Mike Scifres at different
6 times. And, like I said, after seven versions,
7 including the last version that he hired Adam Hodkin to
8 do it, we just could not get him to sign another
9 agreement.

15:14 10 Q. The original operating agreement was signed in
11 August of 2005, so you're talking about these revisions
12 or reworked operating agreements in 2006 and --

13 A. Even the one that we signed the day of closing
14 didn't have anything there for -- any agreement in there
15:14 15 on Tom SanGiacomo's 3 percent interest, which was part
16 of our deal from the very beginning, and Fred DeLuca
17 knew that. Like I said, Tommy was involved in this deal
18 from day one, well before Fred DeLuca got into it.

19 Q. Did Fred DeLuca ever agree to any bonuses?

15:14 20 A. Yes. In writing?

21 Q. Yes.

22 A. Well, I have an e-mail somewhere that I
23 believe you have a copy of it, where he agrees to put
24 aside 10 percent in the form of a profits interest to
15:15 25 certain individuals and key players that may or may not

1 be with the company at this time -- at that time. But
2 they did include Tom SanGiacomo for sure.

3 Q. What's the approximate day of that e-mail?

4 A. I don't know. I mean, it's probably in 2006
15:15 5 or '7.

6 Q. Other than that 10 percent bonus that you just
7 referenced, was there -- did Fred DeLuca agree to any
8 lesser bonus or any other bonus program?

9 A. I -- we did have other bonuses for other
15:15 10 people.

11 Q. Did Fred DeLuca agree to it?

12 MS. HOFFLER: Object to the form.

13 BY MR. HUTCHISON:

14 Q. I believe he did.

15:15 15 What other people did you have bonuses for?

16 A. We had bonuses for -- put aside for Bob
17 Basehart, Meril Stumberger, I think Craig Connors,
18 possibly Roz Gatewood and maybe another one or two. I
19 don't recall offhand.

15:16 20 Q. Was Joe Reamer getting a bonus?

21 MS. HOFFLER: Form.

22 THE WITNESS: Possibly.

23 BY MR. HUTCHISON:

24 Q. When did you discuss Bob Basehart's bonus with
15:16 25 Fred DeLuca?

1 A. Before I hired him.

2 Q. Approximately when did you hire him?

3 A. I don't recall.

4 Q. And what was the bonus to be?

15:16 5 A. It was 250,000 on the bonus upon, I think,
6 completion or approval of the project, in addition to a
7 salary.

8 Q. So when LCOC obtained entitlements for the
9 Yeehaw Junction, they would get a \$250,000 bonus?

15:17 10 MS. HOFFLER: Form.

11 THE WITNESS: I believe that was it.

12 BY MR. HUTCHISON:

13 Q. Did there have to be any profits earned by
14 LCOC to pay the bonus?

15:17 15 MS. HOFFLER: Form.

16 THE WITNESS: No.

17 BY MR. HUTCHISON:

18 Q. And you discussed that with Fred DeLuca?

19 A. Yes.

15:17 20 Q. Was that in writing?

21 MS. HOFFLER: Form.

22 THE WITNESS: He had put stuff in writing.

23 And one particular e-mail that he put in writing he

24 agreed to pay 10 percent of the -- the project or

15:17 25 increase value or upon sale -- I forget what it was

1 exactly -- to various key individuals with Land
2 Company.

3 BY MR. HUTCHISON:

4 Q. That's different than the \$250,000 bonus to
15:17 5 Basehart, correct?

6 A. No. I think that's all inclusive.

7 Q. I thought you told me the 10 percent was based
8 on profits.

9 A. I don't know if -- when I say "profits," I
15:17 10 mean, let's face it. There's no profits coming out of a
11 piece of land. You know, I think that's part of the
12 problem we had with Fred DeLuca to begin with, is that,
13 you know, we're not making a \$5 footlong and handing it
14 over the counter and getting cash and buying another
15:18 15 hot -- a piece of bread and putting meat on it and some
16 mustard on it and handing it back over and getting cash
17 again. It takes time. You have to nurture it and you
18 have to get entitlements. Once you have entitlements,
19 you have increased the value. And once you increase
15:18 20 value, you can kind of count that as a profit.

21 Q. Is there anything in writing regarding the
22 \$250,000 bonus that you promised to Bob Basehart?

23 A. I don't know.

24 Q. Is there anything in writing with Fred DeLuca
15:18 25 regarding --

1 A. Oh, there's -- let me correct that.

2 Q. Let me finish my question first, sir, please.

3 Is there anything in writing with Fred DeLuca
4 regarding your promise to Bob Basehart to pay Basehart
15:18 5 \$250,000 upon obtaining entitlements for the property?

6 MR. CRICKENBERGER: Object to the form.

7 MS. HOFFLER: Form.

8 THE WITNESS: There is an agreement with --
9 that I signed with Bob Basehart and a discussion on
15:19 10 that hiring with Fred DeLuca, and I believe maybe
11 possibly Fred Florio, as well.

12 BY MR. HUTCHISON:

13 Q. And is there anything in writing between you
14 and Fred DeLuca regarding that \$250,000 bonus to
15:19 15 Basehart?

16 A. No. We didn't put things like that in writing
17 between us.

18 Q. Is there anything in writing -- now, you said
19 Fred Florio was promised a bonus, too?

15:19 20 A. No. I don't recall. I know that we were
21 talking about -- we talked about giving Fred Florio a
22 bonus. I don't think we ever resolved that.

23 Q. Never agreed to giving Fred Florio a bonus?

24 A. I don't remember. All I know is we could
15:19 25 never get a partnership agreement to be complete enough

1 to sign to be able to even get that far.

2 Q. What was the agreement for a bonus regarding
3 Meril Stumberger?

4 MS. HOFFLER: Form.

15:19 5 THE WITNESS: It was a bonus that was somewhat
6 different from the respect that because she wasn't
7 getting paid a lot of money, like Bob was getting
8 paid a lot of money, Meril was not. And she got a
9 bonus that was only on the successful completion of
15:20 10 the rezoning on the property and approvals on the
11 property and -- or abandonment of the project
12 because she was all on the -- all her money was on
13 the end. And if we sold the property sooner or
14 abandoned the project, I think -- I'm going by
15:20 15 memory -- then she was entitled to her bonus.

16 BY MR. HUTCHISON:

17 Q. When you say all of her money was on the end,
18 she received over \$400,000 in commission in August 2005
19 at the closing of the Yeehaw Junction property, correct?

15:20 20 A. That has nothing to do with the approval
21 process.

22 Q. But she did receive --

23 A. That was her participation in the purchase of
24 the property.

15:21 25 Q. And she received over \$400,000 in August of

1 two thousand --

2 A. Not from Land Company and not from Fred DeLuca
3 and not from Anthony Pugliese.

4 Q. Did she receive \$400,000 at the closing --
15:21 5 over \$400,000?

6 A. I don't remember what the exact amount was,
7 but it was paid to her by the broker and by the Latt
8 Maxcy family but not by -- it had nothing to do -- she
9 didn't have to do anything more to receive that money
15:21 10 other than to help us acquire successfully the purchase
11 of the property.

12 Q. How much was Meril Stumberger to receive in
13 bonus upon entitlement or abandonment of the property?

14 A. I think it started off at one number. And
15:21 15 when we had the Rohde, it increased. So I think it was
16 about 750 with both properties, with both -- with the
17 43,000 acres.

18 Q. And The Pugliese Company was paid \$10,000 a
19 month from LCOC as payment of Meril Stumberger's bonus
15:22 20 up to a total of \$250,000, correct?

21 A. Yes. We put that money -- we were putting
22 that money aside for Meril.

23 Q. And the Pugliese Company never paid that
24 \$250,000 to Meril Stumberger, did it?

15:22 25 MS. HOFFLER: Object to form.

1 MR. DUNCAN: Renew the Fifth Amendment
2 objection that Judge Crow's ordered you to answer
3 the questions.

4 MS. HOFFLER: Form.

15:22 5 THE WITNESS: That money was actually used to
6 pay bills for Land Company.

7 BY MR. HUTCHISON:

8 Q. But it didn't go to pay Meril Stumberger, was
9 it?

15:22 10 MS. HOFFLER: Form.

11 THE WITNESS: No. Meril's bill at that point
12 wasn't due, I guess you could say.

13 BY MR. HUTCHISON:

14 Q. But The Pugliese Company was holding it, that
15:22 15 bonus to Meril Stumberger.

16 A. Correct. We were holding it and it wasn't due
17 and it wasn't earned at that point until it was
18 abandoned or sold, and neither had taken place. And the
19 money then was used to pay other Land Company
15:22 20 obligations.

21 Q. And was there anything in writing between you
22 and Fred DeLuca regarding Meril Stumberger's bonus
23 agreement?

24 MS. HOFFLER: Form.

15:23 25 THE WITNESS: No. It was verbal.

1 BY MR. HUTCHISON:

2 Q. And Fred DeLuca okayed that?

3 A. Verbally, yes.

4 Q. How about Craig Connors? How much was he
15:23 5 promised as a bonus?

6 A. Do you have something you can show me?

7 Q. No.

8 A. I don't recall.

9 Q. Was there anything --

15:23 10 A. Sounded like maybe two fifty.

11 Q. Was there anything in writing between you and
12 Fred DeLuca regarding the bonus you promised to Craig
13 Connors?

14 A. We didn't do in writing to things that we had
15:23 15 already discussed and agreed to. So there's nothing
16 from him to me or me to him in writing.

17 Q. When was Craig Connors payable -- his bonus
18 payable?

19 A. I don't recall. Probably only on successful
15:23 20 completion.

21 Q. What about Ros Gatewood? Was she promised a
22 bonus?

23 A. I think so, probably along the same lines as
24 Craig Connors.

15:24 25 Q. And what about Joe Reamer?

1 A. I'm not sure about Joe Reamer.

2 Q. Anything in writing between you and Fred
3 DeLuca regarding Ros Gatewood or Joe Reamer's bonus?

4 A. No, not to my knowledge.

15:24 5 Q. Why was Joe Reamer's bonus and Gatewood's
6 bonus only to be upon obtaining entitlements?

7 A. I don't remember. I think. I'm not sure.

8 Q. So Stumberger was the only one who was going
9 to get her bonus even if the property was abandoned?

15:24 10 A. All I can remember is that each one of them
11 got a -- for what they did, they got a very fair salary.
12 So this was basically a bonus. Meril's really was kind
13 of a catch-up of all her pay and a bonus. And that was
14 her incentive, that, you know, we're not going to pay
15:24 15 you a lot of money up front but we're going to pay you a
16 larger bonus, which kind of compensates you in the form
17 of a salary, as well as a bonus.

18 Q. Was the bonus paid -- did LCOC pay The
19 Pugliese Company for anybody's bonus other than Meril
15:25 20 Stumberger's?

21 MS. HOFFLER: Form.

22 THE WITNESS: I don't believe so.

23 BY MR. HUTCHISON:

24 Q. Why was Meril Stumberger's bonus paid by The
15:25 25 Pugliese Company?

1 MR. CRICKENBERGER: Object to the form.

2 MS. HOFFLER: Form.

3 THE WITNESS: I'm thinking that it was Fred
4 Florio who actually said, you should start
15:25 5 reserving money towards her bonus because I don't
6 want to have a problem with him not paying her --
7 with DeLuca not paying her, you know, that amount
8 of money at the end. So I think we started
9 reserving the money because of that.

15:25 10 BY MR. HUTCHISON:

11 Q. When did Fred Florio tell you that?

12 A. I don't remember exactly.

13 Q. Why didn't you just keep the money in LCOC as
14 opposed to paying it to The Pugliese Company?

15:25 15 MS. HOFFLER: Form.

16 THE WITNESS: I don't know.

17 BY MR. HUTCHISON:

18 Q. Why didn't you keep the \$250,000 that was
19 supposed to be bonus money for Meril Stumberger --

15:26 20 MS. HOFFLER: Object to the form.

21 BY MR. HUTCHISON:

22 Q. -- in The Pugliese Company's bank account as
23 opposed to keeping it in LCOC's bank account?

24 MR. DUNCAN: Renew the Fifth Amendment.

15:26 25 Objection. I know we have a standing objection

1 but, for the record, we renew the Fifth Amendment.

2 THE WITNESS: I guess we wanted to --

3 MS. HOFFLER: You got my form objection,
4 right?

15:26 5 THE WITNESS: Probably because we wanted to
6 make sure that we had access to it for her and not
7 have it just sitting there.

8 BY MR. HUTCHISON:

9 Q. Regarding access, Joe Reamer had the only
15:26 10 signature authority on LCOC's bank account prior to
11 October 2009, correct?

12 A. I don't know.

13 Q. Do you know who had signature authority on the
14 bank account?

15:26 15 A. I don't recall at the time. No.

16 Q. I mean, Joe Reamer and you controlled the bank
17 accounts for LCOC, correct?

18 A. I don't know who else did.

19 Q. You know you did, correct?

15:27 20 A. I don't think I ever signed a check. I don't
21 know.

22 Q. Well, through Joe Reamer.

23 A. I'm sure I probably had signing authority, but
24 I don't know who else in the company was allowed to at
15:27 25 that time.

1 Q. You know Joe Reamer did.

2 A. Yeah. Of course.

3 Q. Did anybody have signature authority over
4 LCOC's bank accounts other than you and Joe Reamer prior
15:27 5 to October 2009?

6 MR. CRICKENBERGER: Object to the form.

7 MS. HOFFLER: Form.

8 THE WITNESS: I don't know.

9 (Deposition Exhibit 390 was marked for
15:27 10 Identification.)

11 BY MR. HUTCHISON:

12 Q. Let me show you Exhibit 390. Take a look at
13 that and let me know when you're done reading it,
14 please.

15:28 15 MS. HOFFLER: 390?

16 MR. HUTCHISON: Yes.

17 (Pause.)

18 BY MR. HUTCHISON:

19 Q. Did you read it?

15:29 20 A. Yes.

21 Q. Okay. The bottom is an e-mail from Fred
22 DeLuca to David Cousins, Fred Florio, Anthony
23 V. Pugliese and Tom SanGiacomo. And it's dated August
24 6th, 2007. Do you see that?

15:30 25 A. Yes.

1 Q. It says, "Hi David. At the end of June I
2 thought the first 5% of the plan was all set and
3 everything was agreed upon. Since then I haven't
4 discussed this with anyone. Because what you received
15:30 5 last week is changed substantially from the June
6 discussions, it would be best to wait until I return
7 from Europe in 3 weeks for me and Anthony to discuss
8 this and try to come to an agreement. Don't spend any
9 more time on this, nor any legal fees, until Anthony and
15:30 10 I agree on a plan."

11 And then in the same e-mail, he writes, "Hi
12 Anthony. If you wish, today we can go forward with the
13 5% percent program that was set up in June. We can then
14 meet in a month to discuss the other 5%. Alternatively,
15:30 15 we can discuss the entire 10% a month from now. Just
16 let us know what you would like to do."

17 Do you see that?

18 A. Yes.

19 Q. Do you recall receiving this e-mail on or
15:31 20 about August 6, 2007?

21 MS. HOFFLER: Objection to form.

22 THE WITNESS: It looks very familiar.

23 BY MR. HUTCHISON:

24 Q. When was the last time you saw it?

15:31 25 A. Maybe when it was written.

1 Q. And then Tom SanGiacomo forwards that to Al
2 Quentel, that same e-mail. Do you see that?

3 A. Yes.

4 Q. And then Al Quentel writes back to Tom
15:31 5 SanGiacomo and copies you on the same day, August 6,
6 2007. And he writes, "Tom and Anthony, I think we
7 should go forward with the 5% percent now. We'll just
8 go back to the last previous version of the documents.
9 What do you think? Al."

15:31 10 Do you see that e-mail?

11 A. Yes.

12 Q. So Al Quentel was drafting the documents? Is
13 that accurate?

14 A. I don't know. We had a lot of people drafting
15:31 15 documents and Fred DeLuca who kept changing the goal and
16 the rules. So, you know, Tommy SanGiacomo was most
17 interested because this affected his 3 percent, which he
18 was not able to get, from 2005 and August 2007. So for
19 two years from when we closed the property, he still
15:32 20 could not get anything in writing confirming Fred
21 DeLuca's agreement and my agreement to give him 3
22 percent of the project, not interest. So I'm sure this
23 5 percent had something else attached to it because Fred
24 DeLuca gave us, at one point, after he agreed to have 10
15:32 25 percent put aside -- he gave us some crazy, cockamamie

1 calculation that we had to do this and you had to do
2 that and you had to, you know -- you had to get to first
3 base on your left foot and make it to second on your
4 hands and then wind up on your head on third base and on
15:32 5 your ass at home. So it was like, you know -- it was
6 kind of a crazy thing that he came up with, kind of like
7 what he's doing right now with his 90/50 plan with his
8 development agents at SUBWAY right now, where they go to
9 90 percent, 80 percent, 70 percent, 60 and 50 percent of
15:33 10 what they're making over the next five years unless they
11 build more stores and build more profits and build more
12 sales. So, you know, that's kind of -- that's how he
13 looked at everything because he really didn't know a
14 lot. He really isn't that smart a man at all.

15:33 15 Actually, he's much of a fool. And he certainly knew
16 how to build sandwiches and that's about all he did know
17 how to do.

18 So when it came down to doing a land project,
19 he treated it very much like a \$5 footlong and expected
15:33 20 that we're going to hand it over the counter at DCA and
21 they were going to give us back, you know, a whole bunch
22 of cash. And we were going to take that and buy some
23 more sandwiches and hand it back over to the state
24 somewhere and they're going to ask for more money back.
15:33 25 So that was kind of the mindset, which was really tough

1 to get through to him because he thought he was a
2 genius.

3 Q. As of August 6, 2007, Fred DeLuca agreed in
4 this e-mail to go with a 5 percent plan, a draft of
15:34 5 which was sent to him back in June 2007, correct?

6 A. Do you have a copy of that?

7 Q. No. I'm reading --

8 A. Well, I mean, I don't know. Show me the plan.
9 I could just tell you that it was a straight five
15:34 10 percent. It wouldn't be still not completed. We had
11 seven -- we had seven agreements that he would not sign,
12 even though he commissioned them right down to the last
13 one, that Adam Hodkin paid seven -- I think \$7,500 by
14 Land Company upon DeLuca's say so to have his attorney,
15:34 15 Adam Hodkin, make an agreement, several pages long. And
16 when it came right down to it, Adam said, hey, I could
17 write the agreement. I can't force the guy to sign it,
18 okay? So the 5 percent, of what I remember, he had some
19 crazy calculation to how you can actually earn your
15:34 20 bonus. And it was nothing that made much sense.

21 Q. Al Quentel says --

22 A. Idiotic.

23 Q. -- in this e-mail to you, we'll just go back
24 to the last previous version of the documents.

15:34 25 Do you see that?

1 A. So show it to me.

2 Q. I'm asking you if --

3 A. I don't know. Show it to me. I can't go by
4 what it says there.

15:35 5 Q. You can't trust Al Quentel?

6 A. Sure. If you can show me the document, I will
7 trust him with my life. But I wouldn't trust you or
8 Fred Deluca with my pinkie finger.

9 Q. Okay. But then you write back to Al Quentel,
15:35 10 the top e-mail, do you see that?

11 I don't agree if we leave this undone. It
12 will be the top topic to discuss upon his return. If we
13 accept the 5 percent, the matter will be closed and
14 forgotten and hard to reopen. So we have waited this
15:35 15 long. So we need to wait a little longer.

16 Did you write that e-mail?

17 MS. HOFFLER: Form.

18 THE WITNESS: Where was that?

19 BY MR. HUTCHISON:

15:35 20 Q. The very top of the first page of Exhibit 390.

21 A. Yeah. That tells me that it's probably
22 precisely what I'm talking about. First he owes me 5
23 percent -- I mean, 10 percent. Then it became 5
24 percent. And now it's like let's wait longer and --
15:36 25 because there was all kinds of things attached to it.

1 He couldn't make a clean deal. He had to make it with
2 all kinds of attachments to it that were not agreed upon
3 to begin with. You have an understanding with him, and
4 then he would come back and then he would change the
15:36 5 deal by adding other things and caveats to it. And
6 that's why, to this day, we don't have a signed
7 agreement.

8 Q. My question to you is did you write that
9 e-mail at the top of Exhibit 390?

15:36 10 MS. HOFFLER: Object to the form.

11 THE WITNESS: I probably did.

12 BY MR. HUTCHISON:

13 Q. It's an e-mail from you to Al Quentel dated
14 August 6, 2007. Do you have any reason to believe that
15:36 15 you did not write it?

16 MS. HOFFLER: Form.

17 THE WITNESS: No.

18 BY MR. HUTCHISON:

19 Q. And after August 6, 2007, Fred DeLuca never
15:36 20 agreed to a bonus plan, correct?

21 A. No.

22 MS. HOFFLER: Form.

23 THE WITNESS: He never honored anything.

24 BY MR. HUTCHISON:

15:37 25 Q. Correct? He never agreed or it's not correct

1 that he agreed?

2 MS. HOFFLER: Form.

3 THE WITNESS: I don't believe he ever agreed
4 or honored any commitment he made regarding a bonus
15:37 5 or a redo of the partnership agreement.

6 (Deposition Exhibit 242 was previously marked
7 for Identification.)

8 BY MR. HUTCHISON:

9 Q. Now, we had started this exhibit last time.
15:37 10 At least I marked it at the end of the day but we never
11 got to it. This is Exhibit 242.

12 Is this the letter of intent that you were
13 referring to that you had received from the Fanjul
14 family?

15:41 15 A. Let me take a look at it.

16 (Pause.)

17 Q. Did you read it?

18 A. I did.

19 Q. Is that the letter of intent that you're
15:42 20 referring to that LCOC received from the Fanjul company?

21 A. Yes.

22 Q. Did LCOC receive any other written letters of
23 intent other than what is marked Exhibit 242?

24 A. Not to my -- no, I don't believe so, not to my
15:42 25 knowledge. Not while I was manager.

1 Q. This Exhibit 242 is dated September 9th, 2005,
2 and is addressed to Mr. Vincent Tugliosi,
3 T-U-G-L-I-O-S-I. Who is Vincent Tugliosi?

4 A. I assume that was me.

15:42 5 Q. Well, it's signed by Brian Crowley. Did you
6 ever speak to Brian Crowley?

7 A. There was a small -- we actually turned this
8 down upon Fred DeLuca's okay. And they -- this is --
9 they came in about, it looks like, three and a half
15:43 10 weeks after we closed. And then they asked for a
11 meeting, which they came in about maybe two weeks after
12 we received this and then turned them down. They asked
13 for a meeting and came in and they brought an entourage
14 with them. And the lead person then was Pepe Fanjul,
15:43 15 Jr. So he had a few people with him, about four others.
16 So this Brian Crowley could very well have been with
17 them at the time. I don't recall.

18 Q. Other than that, do you recall ever meeting
19 Brian Crowley?

15:43 20 A. No.

21 Q. Now, in this letter of intent -- and I'm going
22 to turn to Page 2 of it. At the bottom, those two
23 paragraphs, it says, "This Letter of Intent is
24 contingent upon the prospective Purchasers' willingness
15:44 25 to execute Purchase Agreement as well as review and

1 approval of the details of the transaction proposed
2 above by the appropriate principal parties of the
3 Seller."

4 Do you see that?

15:44 5 A. Yes.

6 Q. Did I read it correctly?

7 A. Yes.

8 Q. And then in the next paragraph, in the second
9 sentence, it says, "It is further understood that
10 neither party intends to create any contractual rights
11 or obligations as a result of entering into this Letter
12 of Intent."

13 Did I read that correctly?

14 A. Yes.

15:44 15 Q. Other than this letter of intent and the
16 verbal inquiry from Empire -- from the Empire Group,
17 were there any other inquiries to purchase the Yeehaw
18 Junction property from LCOC?

19 A. I don't really remember. We were not --
15:45 20 especially after these very early offers, we were not
21 focused in on selling the property as is. Fred DeLuca
22 basically turned these down because he said to me that
23 if the property is worth this much now, imagine what
24 it's going to be worth after it's rezoned? So our focus
15:45 25 was getting it rezoned because we knew it would be worth

1 billions of dollars and not just hundreds of millions of
2 dollars.

3 Q. You said Fred DeLuca said that. But did you
4 agree with Fred DeLuca or did you make any
15:45 5 recommendation to Fred DeLuca?

6 MS. HOFFLER: Form.

7 THE WITNESS: I mean, hey, you know, my focus
8 was on moving the project forward and completing
9 the project and the dream. I know Fran Saavedra
15:45 10 did tell me that he was bragging to her that we had
11 just received this offer for -- I think he told
12 her, you know, three times what we paid for it.

13 BY MR. HUTCHISON:

14 Q. With respect to the Exhibit 242, did you make
15:46 15 a recommendation to Fred DeLuca on whether or not LCOC
16 should sign the letter of intent and proceed with
17 discussions with the Fanjul family or the company that
18 signed the letter of intent?

19 A. I told him it wouldn't be a bad thing to, you
15:46 20 know, to walk away with a potential profit of two or
21 \$300 million. Certainly, after the second meeting we
22 had with them, I didn't want to -- knowing who they
23 were, I didn't want to jerk them around and tell them,
24 yeah, I think I can bring the deal in for 25,000 a unit,
15:47 25 an acre, and then have them say, you know, we'll agree

1 to that, and then have Fred DeLuca say no after he had
2 already said no. But I did -- said to him, you know --
3 he said, basically, listen, you know, I know it's a lot
4 of money but it's not going to change my life any. And
15:47 5 knowing that he makes, you know, hundreds of millions,
6 if not a billion dollars a year, he felt pretty
7 comfortable that we could just go ahead and keep moving
8 forward and it's going to be worth, you know, many, many
9 billions of dollars.

15:47 10 Q. So were you in agreement with not signing this
11 letter of intent?

12 MS. HOFFLER: Form.

13 THE WITNESS: I don't think it mattered if I
14 was in agreement. I kind of put him in a position
15:47 15 of power by making him a 50 percent partner and
16 then allowing him to basically hold all the purse
17 strings. So he basically did whatever he wanted to
18 do. And, you know, what he wanted to do was not
19 sell it.

15:47 20 BY MR. HUTCHISON:

21 Q. He was a 50 percent partner. If 50 percent
22 partners disagree, what was your recourse?

23 A. Would you have me sue him, then?

24 Q. I don't know.

15:48 25 A. Well, I wasn't looking to sue him. Like I

1 said, that wasn't our focus. Our focus was to get the
2 approvals. And if he didn't want to sell it, he didn't
3 want to sell it. I would have liked to have split a
4 \$300,000 -- \$300 million profit in, you know, six, nine
15:48 5 months, a year. That would have been nice capital
6 gains.

7 Q. When the \$4 million was due to the Rohde
8 family in September -- I'm sorry. Strike that.

9 When the \$4 million was due to the Rohde
15:48 10 family in 2010, did you tell any one of Fred DeLuca's
11 representatives that you would not put in your share of
12 the money?

13 A. You're talking about after Fred DeLuca took
14 control of the property?

15:49 15 Q. Yes.

16 A. I don't even know where that comes from.

17 Q. You don't know where what comes from?

18 A. I mean, Fred DeLuca wasn't moving the project
19 forward. Why would we pay and stay with the Rohde deal?

15:49 20 Q. Did you tell anybody -- any of Fred DeLuca's
21 representatives that you were not going to put any money
22 in to pay the --

23 A. I don't remember. I don't think so, but I
24 don't remember.

15:49 25 Q. Were you willing to pay the Rohde family in

1 2010?

2 A. I don't think so. I think we were in -- we
3 were in default and in the lawsuit in 2009. I don't
4 think it would have made any sense to pay them anything
15:49 5 in 2010.

6 Q. Who's Micky Grindstaff?

7 A. Micky Grindstaff, I believe, was the attorneys
8 for the Rohdes.

9 (Deposition Exhibit 391 was marked for
15:50 10 Identification.)

11 BY MR. HUTCHISON:

12 Q. Let me show you Deposition Exhibit 391. The
13 top is an e-mail to you from Randy Johnson. And just
14 below that is an e-mail from Micky Grindstaff to Randy
15:50 15 Johnson, Al Quentel and others. Take a look at
16 Deposition Exhibit 391.

17 (Pause.)

18 Did you read it?

19 A. Yes.

15:55 20 Q. When's the last time that you read that
21 e-mail?

22 A. Probably when it was written.

23 Q. And it was sent -- well, it was written on
24 February 17th, 2009, by Micky Grindstaff,
15:55 25 G-R-I-N-D-S-T-A-F-F, and it was sent to you by Randy

1 Johnson on February 18th, 2009. Do you see that?

2 A. Yes.

3 Q. And you would have received it on or about
4 February 18th, 2009?

15:56 5 A. Probably.

6 Q. Now, in the first para -- well, prior to you
7 having Doug Marek form ARUP, LLC, in February of 2009,
8 there was another company named ARUP that actually was a
9 land planner that LCOC hired, correct?

15:56 10 MS. HOFFLER: Object to the form.

11 THE WITNESS: Yes.

12 BY MR. HUTCHISON:

13 Q. So -- and what did the land planner ARUP, not
14 the company you created -- what did the land planner
15:56 15 ARUP do?

16 A. They were land planning.

17 Q. And -- that makes sense, but exactly what did
18 they do for LCOC?

19 MS. HOFFLER: Form.

15:56 20 THE WITNESS: They land plan.

21 BY MR. HUTCHISON:

22 Q. What did they plan?

23 A. They moved the -- when Bob Whidden designed
24 the Land Company development with the Rohde development,
15:57 25 he put the Town Center in the middle of State Road 60,

1 where you had to basically go kind of around it. Even
2 though it might have looked good, it wasn't very
3 practical, I think, in the long term.

4 So ARUP, who was a national company, and
15:57 5 because we were a green city, they were -- you know,
6 they really were very well known for their green
7 initiatives and their design plans. They moved the Town
8 Center into the Land Company site entirely, kind of
9 phasing the project, where Land Company would go first
15:57 10 and, more than likely, the north piece, which was the
11 Rohde piece, would be a second or third or fourth or
12 fifth phase over time, especially because we really
13 didn't have to pay for the Rohde property for, I think
14 it was, close to ten years. So I guess that was what it
15:58 15 seems like was their concern in this letter.

16 Q. And so Micky Grindstaff's reference to the --
17 to ARUP in the first paragraph and then he says the ARUP
18 plan, he's referring to ARUP the land planner.

19 A. Yes.

15:58 20 Q. Correct?

21 A. Yes.

22 Q. Now, in the next page, the second page of
23 Exhibit 391, it's Bates number GT0001-01058405. Do you
24 see Paragraph 6?

15:58 25 A. Yes.

1 Q. He writes, "We would like to reiterate that
2 the Rohde Family would like for all submittals and/or
3 all Development Orders to make abundantly clear that no
4 portion of the development rights attributable to the
15:58 5 Rohde Family Property are allowed to be transferred to
6 or utilized by the LCOC Property prior to LCOC's closing
7 on the acquisition of the Rohde Property."

8 A. Yes.

9 Q. "And that neither any member(s) of the Rohde
15:59 10 Property nor LCOC are required to complete the
11 dedication of any public rights of way or to grant any
12 type of easements or other interest on," even -- I'm
13 sorry -- "on, over or through any portion of their
14 respective property to the other or to any governmental
15:59 15 agency, quasi-governmental agency or other third-party
16 prior to Closing."

17 Do you see that?

18 A. Yes.

19 Q. And did you understand that that was Rohde's
15:59 20 position as of February 17th, 2009?

21 A. Well, I mean, we had a contract with them, so
22 when you say it's their position, I don't know what the
23 contract -- how the contract affected that. We
24 certainly weren't going to be taking their development
15:59 25 rights and stealing them from them. I didn't think it

1 was a problem with it.

2 And don't forget. I mean, we didn't have to
3 pay them for ten years, but that doesn't mean we
4 couldn't have paid them in five years.

16:00 5 Q. So as far as what Micky Grindstaff wrote in
6 Paragraph 6, you were in agreement with back in February
7 of 2009.

8 MS. HOFFLER: Form.

9 THE WITNESS: I don't really remember. I
16:00 10 assume. I don't know if there's any -- I mean, do
11 you have any other letters after this from us? I
12 don't know. I don't have these e-mails, so I don't
13 know if we responded to it differently than I sit
14 here today.

16:00 15 BY MR. HUTCHISON:

16 Q. I believe Greenberg Traurig produced these to
17 you and to Mr. DeLuca. But whether or not -- my
18 question to you is, as you sit here today, do you think
19 that what Mr. Grindstaff wrote in February 2009 in
16:00 20 Paragraph 6 is accurate?

21 MS. HOFFLER: Form.

22 THE WITNESS: I really don't know.

23 BY MR. HUTCHISON:

24 Q. Were you in agreement with what
16:00 25 Mr. Grindstaff --

1 A. I don't know. It's seven years ago and I
2 don't --

3 MS. HOFFLER: Excuse me. Form.

4 BY MR. HUTCHISON:

16:00 5 Q. Let me finish my question and then she can
6 object to form.

7 In February 2009 when you received
8 Mr. Grindstaff's e-mail, were you in agreement with the
9 position that he states in Paragraph 6 of his e-mail?

16:01 10 MS. HOFFLER: Form.

11 THE WITNESS: I don't know. It's seven years
12 ago, and you're showing me one e-mail. And I
13 really don't remember.

14 Again, if it fit with the -- within the
16:01 15 confines and the four corners of the signed
16 agreement and purchase contract, yes. If it's
17 something they're just adding in now, we may have
18 responded differently to it. I don't know.

19 BY MR. HUTCHISON:

16:01 20 Q. Okay. Based on your recollection --

21 A. I don't think it had -- go ahead.

22 Q. Based on your recollection of the contract
23 with the Rohdes, did Paragraph 6 of Mr. Grindstaff's
24 e-mail fit within the obligations of the parties in the
16:01 25 Rohde contract?

1 MS. HOFFLER: Form.

2 THE WITNESS: Do you think I really know the
3 four corners of the Rohde property seven years
4 later?

16:02 5 BY MR. HUTCHISON:

6 Q. I don't know --

7 A. Eight years later?

8 Q. -- what you know, Mr. Pugliese. That's why
9 I'm asking.

16:02 10 A. I don't know that.

11 Q. Now, stay with Mr. Grindstaff's e-mail for a
12 minute, which is Exhibit 391. And let's jump up to
13 Paragraph 4 on the second page. And it says, "Phase 0 -
14 Velocita Raceway."

16:02 15 A. Velocita.

16 Q. "The Velocita Raceway component is referred to
17 as Phase 0. What does this mean? We understand that
18 Scenario A contemplates that Velocita will be built and
19 that Scenario B contemplates that Velocita will not be
16:02 20 built. However, we are not clear as to what is meant by
21 'Phase 0.' Does the ARUP Plan contemplate that Velocita
22 may be built in the western portion of the LCOC Property
23 whether or not Phase I is built at all?"

24 Okay. So what was Phase 0?

16:02 25 A. I don't remember.

1 Q. Was the Velocita Raceway to be shared with the
2 Rohdes?

3 MS. HOFFLER: Form.

4 THE WITNESS: I don't know. I know that we
16:03 5 were trying to put the raceway close to the airport
6 because of the noise, and at one point we had the
7 airport and Velocita to the southwest of our
8 property, the Land Company property, south of State
9 Road 60. And then we had an idea of possibly
16:03 10 putting it on the Rohde property up in the far
11 northwest corner because of the potential noise
12 factor. So, as I sit here seven years later, I
13 don't really know.

14 BY MR. HUTCHISON:

16:03 15 Q. Do you have any agreements regarding the
16 Velocita Raceway that did not involve LCOC?

17 A. Like what? Personally?

18 Q. Any agreements --

19 A. No.

16:03 20 Q. -- regarding the Velocita Raceway that did not
21 involve LCOC.

22 A. No.

23 Q. I want to talk a little bit about your
24 professional background.

16:04 25 Are you a member of any real estate

1 associations or institutions?

2 A. No.

3 Q. Did you ever publish any books or articles
4 regarding real estate development?

16:05 5 A. No. I did win an award.

6 Q. What award did you win?

7 A. For the most beautiful building in Boca Raton
8 in 1985 that I designed in and out, 135,000-square-foot
9 building called Crystal Corporate Center, which is still
16:05 10 a beautiful building today.

11 Q. Is that on Federal Highway?

12 A. No. It is on Military Trail right by the
13 Glades Road Overpass.

14 Q. Just south of the Glades Road Overpass across
16:05 15 from the Boca Center?

16 A. No. It is on the south side of the overpass
17 across from a development there. It's a housing
18 development there, Boca -- it used to be Lynn
19 University. It's the pink -- it's the all-glass
16:05 20 building with the big pink arch in it in the middle.

21 Q. There's a gym there, right?

22 A. It's called Crystal Corporate Center.

23 Q. Crystal Corporate Center. Okay.

24 A. No, I don't think there's a gym there.

16:06 25 Q. That was 1985?

1 A. Yeah. We won an award for the best building
2 in Palm Beach County over 100,000 square feet.

3 And in 1984, we won a brochure that we
4 designed internally -- actually, my wife and I designed
16:06 5 it -- for Crystal Corporate Center in 1984.

6 Q. Any other awards?

7 A. I think we won some award for the corner of
8 Palmetto Park Road and North Federal Highway. We took
9 an ugly looking building and did a beautiful job on that
16:06 10 building that was on the corner of -- it is on the
11 corner of Federal and Palmetto on the north -- the
12 northeast -- northeast corner.

13 Q. Any other awards or certificates regarding
14 real estate development?

16:06 15 A. I think there was another one or two awards,
16 and I can't place which properties they were.

17 Q. Anything in last 15 years?

18 A. Not that I could think of. I mean, you had to
19 submit for those kind of things. And back then, when we
16:07 20 first got here, you know, I guess we were interested in
21 that kind of stuff. After that, we didn't really have a
22 whole lot of interest in those type of awards or what
23 they meant.

24 Q. When you say "first got here," when did you
16:07 25 first get to South Florida?

1 A. I moved here in '84. I've been here -- coming
2 here probably since the late '70s.

3 Q. So you moved here in 1984?

4 A. Yes.

16:07 5 Q. Any other publications, articles,
6 certificates, awards, regarding, you know, structural
7 organizations of a real estate development or any
8 process of real estate development, anything that --

9 A. We had articles, many articles, written about
16:08 10 things that we've done, but I wasn't really big into the
11 organizations and the awards. It wasn't -- it wasn't a
12 lot of interest to me.

13 Q. Have you ever testified as an expert regarding
14 real estate entitlements?

16:08 15 A. No. I don't think I've done that other than
16 I've been doing it for, you know, 40 years.

17 Q. And you said this a little bit earlier and you
18 couldn't remember. To the best of your recollection,
19 the largest residential development that you had
16:08 20 received entitlements for was for 220 units. Is that
21 accurate?

22 A. No. I don't think I said that. We did 270
23 units last year and 240 units last year.

24 Q. 270 units on one piece of property or --

16:09 25 A. One piece of property.

1 Q. Okay. Where was that?

2 A. That was on Wyles Road in Coconut Creek.

3 Q. And what's the name of the company that you
4 developed that piece of property with?

16:09 5 A. I don't recall the name.

6 Q. Did you own the company?

7 A. Probably. Yeah. You mean, the company that
8 we purchased the land in or the developer that built it?

9 Q. Well, did you actually build it or did you
16:09 10 just --

11 A. No. We bought the land. It was zoned
12 partially residential, agricultural and commercial, and
13 commercial office. It was about four parcels, 18 acres.
14 We put it all together, got it rezoned for multifamily,
16:10 15 270 units, 100,000 square feet of self-storage, and a
16 one acre restaurant or bank outparcel.

17 Q. And that's the Wyles Road property that you
18 were discussing?

19 A. That's the Wyles Road property.

16:10 20 Q. And you mentioned a 240 unit --

21 A. Pardon?

22 Q. Then you mentioned a 240 unit --

23 A. That's the one in Margate.

24 Q. We discussed that earlier?

16:10 25 A. Yes.

1 Q. Have you ever built -- have you ever received
2 entitle -- and you're just receiving entitlements and
3 then selling the land with the entitlements, correct?

4 A. That's what we do.

16:10 5 Q. You didn't build the residential units,
6 correct?

7 A. No. We have built buildings but not those.

8 Q. So when you're talking about these 270, 240
9 units, is it accurate to say that you did not build the
16:10 10 units? You just entitled the land and sold the land.

11 A. We could have built the units. We did not.

12 Q. So other than that 240 Margate and the 270 on
13 Wyles Road, were there any other ones?

14 A. I'm sure there are. I'm just trying to think,
16:11 15 though. You mentioned the one -- you mentioned one --

16 Q. Boca Raton and Spanish River?

17 A. Boca Raton and Spanish River.

18 Q. That was about 210 units or so.

19 A. And then we had one on Federal Highway in Boca
16:11 20 Raton.

21 Q. How many units?

22 A. It was town houses. I think it was 64.

23 Q. Have you ever done it for more than 270
24 residential units?

16:11 25 A. You know, I know you're asking the questions,

1 but it doesn't really matter if it's 200 or 2,000. It's
2 a matter of can you get what you're trying to get done
3 approved? And we have never, ever failed on one attempt
4 on a rezoning of a property in 40 years.

16:12 5 Q. Let me ask you this first: You said a lot
6 there, so let me just ask my question first and then
7 I'll go back and ask about your statement about not
8 failing.

9 Have you ever obtained entitlements for more
16:12 10 than 270 residential units?

11 MS. HOFFLER: Form.

12 THE WITNESS: It's possible. I just don't --
13 as I sit here, I don't just recall exactly the
14 number of units and even the projects. We have one
16:12 15 in Delray, in Downtown Delray, that was a hundred
16 condos, and that's different than apartments.

17 BY MR. HUTCHISON:

18 Q. When was that?

19 A. That was probably around this period of time
16:12 20 sometime, 2005, '6.

21 Q. Condos or apartments? What's the largest
22 residential -- largest number of residential units that
23 you received entitlements for?

24 A. You know, listen, I don't remember because
16:13 25 it's not that significant. It's more important on how

1 much you paid for it and how much you sell it for and
2 what kind of a project you're designing and is it good
3 for the environment, good for the neighborhood,
4 something that's pleasing and something you're going to
16:13 5 be proud of, not about numbers, you know.

6 Q. But you have to get the entitlements, right?

7 A. Yeah. You've got to get the entitlements. It
8 doesn't matter if it's 200 or 2,000 if you're not making
9 any money or if you don't get the entitlements. It's
16:13 10 more important that you get the entitlements that you're
11 after. And then when you're all said and done, you've
12 got a really nice project.

13 Q. But if you're trying to get entitlements for
14 200 residential units, isn't that a lot different than
16:13 15 trying to get entitlements for 40,000 residential units?

16 A. It's basically the same amount of -- I
17 shouldn't say the same amount of work. Of course, it
18 isn't the same amount of work. You're talking about --
19 you know what? I don't think you could sit here nor I
16:13 20 could sit here and tell you anybody who's gotten 40,000
21 units approved because I don't think it's been done
22 before. I don't think anyone has gotten a city approved
23 the size of what we were contemplating in the state of
24 Florida, for that matter. Certainly, Weston was only a
16:14 25 third of the size and that was 25 years and last one

1 before Destiny.

2 Q. So approval of --

3 A. So what you're trying to say is, you know, why
4 do you think you could get approved? We were on the
16:14 5 track of getting it approved. We had the dream team.
6 We had a number of professionals that you could take
7 depositions of that will tell you that we were very,
8 very close to getting there. And probably Fred DeLuca
9 knew that we were getting there, and that's why he did
16:14 10 what he did to stop us because he didn't want to build
11 that value and have to pay me a whole lot of money or
12 split the money with me.

13 Q. Approvals of a city the size of Destiny have
14 never been done before in the state of Florida. Is that
16:14 15 your testimony?

16 MR. CRICKENBERGER: Object to the form.

17 THE WITNESS: That's my guess. I don't
18 believe so. I can't think of any. Can you?

19 MS. HOFFLER: Form.

16:14 20 THE WITNESS: I can't think of any.

21 MS. HOFFLER: Form.

22 Mr. Pugliese, I want you to make sure you
23 understand, we don't want you to guess.

24 THE WITNESS: I said it's a guess.

16:15 25 I think Mr. Hutchison is trying to get me to

1 make some statements that he's going to try to use
2 against me later on, but I really can't answer the
3 question without guessing at it.

4 BY MR. HUTCHISON:

16:15 5 Q. Well, when you decided to go after approvals
6 for a city the size of Destiny, were you aware of that
7 ever being done before for another city the size that
8 Destiny was planned to be?

9 A. Well, it's kind of like when I first got a
16:15 10 10,000-square-foot office building built from an old
11 Acme market in Newark, New Jersey, back in the '70s.
12 Did I really think I was going to be able to design and
13 build 130,000 square feet ten years later in Boca Raton
14 and get an award for it? So I have no idea.

16:15 15 Q. That wasn't my question. My question is, in
16 August of 2005, when you came up with -- strike that.

17 In 2005, when you had the idea to seek
18 approvals for a city the size that you had planned
19 Destiny to be, were you aware of any other cities of
16:16 20 that size that approvals had been obtained for?

21 A. Other than Weston and other cities -- I mean,
22 Wellington is a large size. I don't know if it's 40,000
23 units, but it certainly is comparable in acreage and
24 square miles. However, because there's a lot of
16:16 25 ranches, it's not as dense as -- Destiny would have been

1 a little more dense.

2 But it's all valued on how many units you get.

3 Why would I want to go for 10,000 when I can get 40,000

4 and certainly be able to build a city and accommodate

16:16 5 them? Why would I want to do a smaller development when

6 I can do a larger development on the same piece of land

7 and utilize the land properly?

8 Q. Well, Destiny, as planned, would have been

9 much bigger than Weston, correct?

16:17 10 A. Oh, yeah. Much bigger.

11 Q. Have you ever developed a master planned

12 community before?

13 A. We have changed master plans before. We have

14 altered the master plan. We have projects that had to

16:17 15 be master planned and comp plan approved. As far as a

16 master planned community, no.

17 Q. What is a master planned community? Tell us.

18 MS. HOFFLER: Form.

19 THE WITNESS: A master planned community is

16:17 20 where you have a piece of property that you're

21 planning the access, the roads, the water, the

22 sewer, all of the -- it could be just for a

23 residential development. It doesn't have to have

24 retail or office or industrial as a component. It

16:17 25 doesn't have to be a city. It can be a development

1 of ten homes or 10,000 homes. It's just -- it's a
2 comprehensive plan of a layout that includes
3 everything that needs to be done to satisfy safety
4 and the police and traffic and water and sewer and
16:18 5 density and things of that nature, school. I mean,
6 there's a lot of components that go into it. And
7 it changes from town to town.

8 BY MR. HUTCHISON:

9 Q. You never developed a master planned
16:18 10 community, correct?

11 A. No, I didn't. No.

12 MR. CRICKENBERGER: Rick, when you get to a
13 good spot, I need a break for just a minute.

14 MS. HOFFLER: Go ahead.

16:18 15 VIDEOGRAPHER: We're off the record at 4:17
16 p.m.

17 (Break taken from 4:17 p.m. to 4:29 p.m.)

18 THE VIDEOGRAPHER: Beginning of Tape 5. On
19 the record at 4:29 p.m.

16:30 20 BY MR. HUTCHISON:

21 Q. Mr. Pugliese, I may have asked you this and,
22 if I did, I'm sorry.

23 Have you ever developed a master planned
24 community?

16:31 25 MS. HOFFLER: Object to the form.

1 THE WITNESS: Yes. Actually, back in probably
2 the '70s in North Caldwell, New Jersey. We had
3 bought the Dugan Estate, Dugan Bread Estate, which
4 had -- I'm going to be guessing again, but I'll say
16:31 5 I'm guessing. I think I had about 50, 60 acres of
6 land on Gould Avenue and one home, and we put the
7 roads, water, sewer in and master planned it for, I
8 think, like 40 homes and then sold off the lots to
9 builders.

16:31 10 BY MR. HUTCHISON:

11 Q. Is that the only master planned community that
12 you developed?

13 A. No. Then we did one called the Matarazzo Farm
14 in North Caldwell on -- I can't remember the name of the
16:32 15 road. It was right off of Gould. It might have been
16 Mountainview Avenue or something. That was a little bit
17 larger. I think the farm was about 80 acres. And we
18 did the same thing with that. And that was probably
19 prior to me moving to Florida by at least a couple of
16:32 20 years. So probably late '70s, very early '80s.

21 Q. How many residential units was on the second
22 farm that was 80 acres?

23 A. I don't remember exactly. Probably 60, maybe.
24 Maybe 70.

16:32 25 Q. Have you ever developed a master planned

1 community in the state of Florida?

2 A. No. We go kind of with -- we kind of go with
3 the trend at the time. When I first came here, we were
4 actually buying residential property and converting it
16:32 5 to office, which is even more difficult because it's an
6 upzone. And selling it and building -- building office
7 buildings as well as selling land for office buildings
8 to builders.

9 Then later on we started converting office
16:33 10 space to condos and commercial to condos. And then
11 later on and, most recently, with apartments being hot,
12 we convert the land to -- whatever it's zoned to
13 apartments.

14 Like right now we just contracted for a piece
16:33 15 yesterday that we're going to be building two hundred
16 and probably eighty-five apartments or planned to build
17 285 apartments -- we won't build them -- which is now a
18 former commercial site.

19 Q. Where is that piece of property?

16:33 20 A. In Royal Palm Beach.

21 Q. And are you the owner of that company that
22 is -- bought that property and trying to get the
23 entitlements?

24 A. Yes.

16:34 25 Q. What's the name of the company?

1 A. I don't know what we used for that. Probably
2 something to do with the name. I don't remember.
3 Something -- some initials or something we used.

4 Q. Now, are you familiar with the term
16:34 5 development of regional impact or DRI?

6 A. Yes.

7 Q. What is a DRI?

8 A. DRI is when a project is large enough in scale
9 to impact the region around it so that it would be
16:34 10 called a development of regional impact; therefore,
11 requiring it to go through a different -- some different
12 procedures, including -- including the Treasure Coast
13 Regional Planning Council, as well, of course, the
14 county -- the county councils, county commission. And
16:34 15 it could be the city council, county commission,
16 Treasure Coast Regional Planning Council, and then the
17 DCA, the Department of Community Affairs, kind of like
18 we did with Destiny. But we have done them on smaller
19 projects. I think you could probably have one that's
16:35 20 required that might be as little as -- it went by square
21 feet.

22 And those rules have changed under our new
23 governor. But developments of about 30 to 35 acres and
24 over 310,000 square feet, thereabouts, within 10 percent
16:35 25 either direction, required you to go for a DRI, which

1 was a lot of waste of time and effort and money and time
2 that was more rules and regulations put on developers by
3 the state to keep a lot of people employed and make a
4 lot of fees and made a lot of no sense. And that's why
16:36 5 Governor Scott has basically gutted the DCA today.

6 Q. Other than the Yeehaw Junction property, have
7 you ever submitted a DRI application?

8 A. Yes.

9 Q. For what properties?

16:36 10 A. We submitted one for Yamata Road in Boca
11 Raton. I think we submitted one for our property, 70
12 acres, on Belvedere and 441, that right now houses a
13 275,000-square-foot Walmart, a hundred-and-some-odd
14 thousand square foot office building, 150,000
16:36 15 self-storage facility and about 10,000 square feet of
16 retail, a gas station and 15-acre retention pond.

17 Q. And you sold it before those buildings were
18 built. You just got the entitlements for it?

19 A. No. Actually, I sold to Walmart. Then I sold
16:36 20 to -- no. I sold to Walmart. They sold the gas
21 station. They made it a Sam's gas station. They sold
22 the 10,000 square feet to a developer to build -- to
23 build 10,000 feet from what we sold them. I built the
24 150,000-square-foot self-storage facility and the
16:37 25 hundred thousand plus, maybe 125,000-square-foot office

1 building. And then the land left over for another
2 office building I sold to a developer who built an
3 immigration center between my office building and the
4 10,000-square-foot retail center. It runs on the --
16:37 5 it's the north -- I'm sorry -- on the southeast corner
6 of 441 and Belvedere Road.

7 Q. And you submitted a DRI application for that?

8 A. Yes.

9 Q. And you told me that you submitted a DRI
16:37 10 application for Yamata Road and where was that?

11 A. I-95 and Yamata Road.

12 Q. How many acres was that?

13 A. 198 acres, 100 acres.

14 Q. And you submitted a DRI for 70 acres in
16:38 15 Belvedere. That's the one you just told us about,
16 right?

17 A. Yes. I'm thinking there might have been
18 another one. I don't recall.

19 Q. So that's two DRI applications you submitted.
16:38 20 Were there any other ones?

21 A. I can't think of any others. We try to stay
22 under that threshold because it's just a lot of waste of
23 money, time, and a year and a half, maybe two years. So
24 what you would sometimes do is break it up so that you
16:38 25 didn't have to be in a DRI.

1 Q. Were the two DRIs that you gave us -- strike
2 that.

3 The two DRI applications that you just
4 described, one on Yamata Road in Boca and one on
16:38 5 Belvedere, were those DRI applications submitted to the
6 Department of Community Affairs?

7 A. Yes.

8 Q. And who was the director of the Department of
9 Community Affairs at the time?

16:38 10 A. I don't remember.

11 Q. What year would the one on Yamata Road have
12 been?

13 A. Probably in the -- that was probably in the
14 mid '80s. And the other was probably in the mid '90s,
16:39 15 the latter part of the '90s.

16 Q. And the one on 70 acres --

17 A. Latter part of the '90s.

18 Q. -- off of Belvedere, that's the one that would
19 have been the latter part of the '90s?

16:39 20 A. Yes.

21 Q. Have you submitted a DRI application since the
22 late 1990s?

23 A. Like I said, we try to stay away from them.
24 But I don't believe so.

16:39 25 Q. What is a master comprehensive plan?

1 MS. HOFFLER: Form.

2 THE WITNESS: You're talking about from a
3 developer's standpoint or from the -- something
4 that the county is doing themselves? You're
16:39 5 talking about a comprehensive plan or a master
6 comprehensive plan, right?

7 BY MR. HUTCHISON:

8 Q. Are you familiar with the term "master
9 comprehensive plan"?

16:39 10 A. Yes.

11 Q. What do you understand it to be?

12 MS. HOFFLER: Form.

13 THE WITNESS: I think it's just an
14 all-encompassing plan of probably the entire city
16:40 15 or county, whichever is submitting that plan that
16 probably covers more than one piece of property or
17 covers several pieces of property. It could
18 probably just be two pieces of property.

19 BY MR. HUTCHISON:

16:40 20 Q. Have you, as a developer, ever sought to amend
21 a comprehensive plan as part of the entitlement process?

22 A. Oh, many times. Yes. And we have done it
23 many times successfully.

24 Q. And give me some examples.

16:40 25 A. Almost everything we do that's over --

1 anything we do over ten acres will require -- right now
2 this property we just purchased will require a rezoning.
3 And if it's over ten acres or over -- I think it's ten
4 units per acre -- it requires a rezoning of the property
16:41 5 which includes what you just said.

6 Q. An amendment to the --

7 A. An amendment to the master -- amendment to
8 the -- to the -- Jesus, it's getting late.

9 Q. The comprehensive --

16:41 10 A. -- comprehensive plan.

11 Q. And that property you were just talking about,
12 the one in Royal Palm?

13 A. Yes. But we've done it on Royal Palm. We've
14 done it --

16:41 15 Q. Where is the property located --

16 MS. HOFFLER: Excuse me.

17 Mr. Pugliese, have you finished your answer?

18 THE WITNESS: Yeah. I'm good.

19 It's on the corner of Belvedere and 441 in
16:41 20 Royal Palm Beach.

21 BY MR. HUTCHISON:

22 Q. Northeast corner? Southwest corner?

23 A. It's the southeast corner. It was zoned
24 residential, with some commercial. And the county
16:42 25 preferred us to go with all commercial, which required

1 us to do a change in the comprehensive plan. And we did
2 that. And it improved the value of the property because
3 commercial at that time was more valuable than
4 apartments were in the Royal Palm Beach area.

16:42 5 Q. At the time LCOC purchased the Yeehaw Junction
6 property in August 2005, what was the development plan
7 for the Yeehaw Junction property?

8 A. Very much what we were doing from day one,
9 which was to maximize the potential of the property to
16:43 10 build different types of units, residential units, for
11 rent, condos, single family, from one -- from one end of
12 the scale to the other. The idea was to build a
13 community that children could grow up in and go away to
14 college or possibly go right to a college that would be
16:43 15 on Destiny's grounds and be able to stay in the
16 community by moving into an apartment or a condo or a
17 small home and didn't have to leave their town.

18 In many areas like in Boca or even Delray
19 today, when someone grows up in that area, they go away
16:43 20 to college. They come back 24 years old. They're
21 making, you know, seven or 800 a week and they can't
22 afford to live. They have to move to Lake Worth or
23 they've got to move out west. So we wanted to make a
24 town that people could live in and grow up in and go to
16:44 25 school and then come back and actually be able to work

1 in their own town and live there.

2 So that encompassed not just living
3 requirements for these different sectors and levels of
4 the economic scale but also to have jobs. So we were
16:44 5 focused on building jobs and creating jobs. And it was
6 something that Fred DeLuca just couldn't understand, why
7 we had like a interior -- in-house development team --
8 I'm sorry -- marketing team to be able to attract, early
9 on, universities, hospitals, large corporations. That's
16:44 10 -- we were gearing it towards building a town, not just
11 building a community, not just building some homes with
12 a couple of retail centers on the perimeter. We wanted
13 to build a dream city that would encompass everything
14 that you would want to have in your hometown.
16:45 15 America's first actual eco-sustainable city.

16 Q. You mentioned universities, hospitals and
17 corporations. Did any of them ever commit to coming
18 to --

19 A. No. We were working our way there. We were
16:45 20 working our way there.

21 We could have afforded -- at \$5,000 an acre, I
22 mean, we could have gone -- and today would have been
23 just perfect timing because there's so many large
24 companies looking for large tracts of land to build a
16:45 25 campus of 100, 200, 300 acres.

1 And think about it. We could have offered a
2 half a dozen different types of major entities, whether
3 they're public corporations or private corporations or
4 hospitals or schools -- we could give away 100 acres.
16:45 5 What does it cost us? A hundred acres cost us a half a
6 million dollars. It builds your community there. It
7 makes sure you hire from Destiny and makes sure those
8 people live in Destiny and shop in Destiny, and that's
9 all you need to do to be able to have 100 acres free and
16:45 10 clear. And we could have done that many, many, many,
11 many times over again. And we could have done that and
12 would have done that if we were allowed.

13 Q. Can you describe the entitlements that you
14 were seeking for the Yeehaw Junction property?

16:46 15 MS. HOFFLER: Form.

16 THE WITNESS: Can I describe the entitlements?
17 We were trying to get 80,000 units and 20 million
18 square feet.

19 BY MR. HUTCHISON:

16:46 20 Q. 80,000 residential units and 20 million square
21 feet of commercial?

22 A. Yes. Not counting we were designating, I
23 think, 40 or 50 sites for schools and churches of
24 different denominations that we would give land for.

16:46 25 Q. Was the 80,000 units and 20 million square

1 feet of commercial space to be on the 27,000 acres at
2 Yeehaw Junction or did that include the 14,000 of Rohde,
3 as well?

4 A. It included Rohde, as well.

16:46 5 Q. Now --

6 A. Without Rohde, we only got half that. That's
7 why Rohde was such a great place because it literally
8 doubled the size of the project and the profit potential
9 without laying a dollar out for ten years.

16:47 10 Q. Take us briefly -- take us through the
11 development process. So what was the process, as you
12 understood it, in August of 2005 in order to get those
13 entitlements for 80,000 units and 20 million square feet
14 of commercial space?

16:47 15 MR. CRICKENBERGER: Object to the form.

16 THE WITNESS: I mean, you're asking a question
17 like you know -- that's why we had a team. It
18 wasn't just something I can explain that simply.
19 It was a process that had to be -- you had to go
16:47 20 through where you needed to cover all -- I mean, a
21 voluminous amount of applications and questions
22 from roads, water, sewer, birds, bees, bugs,
23 traffic. I mean, it just went on and on. It's
24 just not that simple. It was a team of people that
16:48 25 would more than fill this room to be able to answer

1 those questions succinctly because each one had a
2 different department, so to speak, to spearhead.

3 BY MR. HUTCHISON:

4 Q. Let me ask you this: What was your plan for
16:48 5 the infrastructure, or had you not gotten to that point
6 yet?

7 A. As far as what? Its infrastructure -- we
8 were -- we had roads planned.

9 Q. What about sewers, bringing water to the
16:48 10 property?

11 A. Water was -- water was available. We really
12 felt that, again, with our mantra being America's first
13 eco-sustainable city, that we were going to actually
14 extract a lot of landscape water, which represents about
16:48 15 90 percent of the water that you normally use on your
16 home. We were going to extract that, as I do at my
17 house, with an RO machine that I was testing and still
18 using today and testing today. That is a wonderful
19 thing to be able to pull brackish water out of the
16:49 20 ground and turn it into freshwater, store it and use it
21 overnight and reduce my water bill by 90 percent. So
22 that was one of the things that we were going to kind of
23 make as part of what each house would be like.

24 Each house was going to be designed
16:49 25 differently than most of your homes. Your homes would

1 be kind of obsolete next to what we were planning to do
2 because we were going to be taking advantage of the --
3 where the sun hits and where we could have glass that
4 generated electricity and where we can have solar panels
16:49 5 and where we can have gardens that would shield the sun
6 and also grow fruits and vegetables that you could
7 actually be able to utilize and eat.

8 And even the waste products would be going
9 to -- we had someone that wanted to come in and take
16:50 10 every cuttings, all our cuttings, all our waste from
11 restaurants and all of our garbage that was able to be
12 put into this system -- I forget the name of it. It was
13 a very neat system of kind of like these heat-generating
14 blankets, that you would be able to take 20, 30 acres at
16:50 15 a time and dump your garbage on top of this and then
16 cover it up. And within I think it was 30 or 60 days,
17 you had a fully mulched -- it did what it would normally
18 take naturally about nine months or a year to do, it
19 would do in about two or three months. And then that
16:50 20 would be take -- and that would take and you would mix
21 that with soil and you would make a product like a peat
22 moss product and a fertilizing product that you could
23 sell rather than put it into a dump.

24 Q. Did you ever get to the point where that peat
16:51 25 moss product process was actually priced out per home?

1 A. No, no, no. This was going to be a company
2 that was going to actually be doing it on land that we
3 were not going to be building on. And that company
4 would have made Destiny a partner.

16:51 5 We had a lot of deals where Destiny would be a
6 partner, like, for instance, your cable, Internet,
7 telephone, all that kind of stuff underground would all
8 be owned by Destiny and subleased in easements to
9 different utility companies that we'd be paying Destiny
16:51 10 a perpetual return.

11 Q. What was the peat moss company?

12 A. I don't remember, but they were very
13 interested. And they came in several times, and they
14 were going to fund the whole thing themselves.

16:51 15 Q. Who were the people you dealt with?

16 A. And we were going to become their partners by
17 giving them a certain acreage of land.

18 Pardon?

19 Q. What were the names of people that --

16:51 20 A. I don't remember. It was seven years ago.

21 Q. How much did the RO machine cost?

22 A. The whole system was about fifty, 60,000
23 completed, but Land Company bought a machine for about
24 32, 33,000.

16:52 25 Q. Was there any --

1 A. The rest of it I funded myself.

2 Q. Was there any financial viability testing done
3 to see if you could afford an RO machine for each house
4 or each number of houses of the project or did you not
16:52 5 get that far?

6 A. I think the best test is what I just told you.
7 The machine paid for itself in 18 months. So if I could
8 get different size machines for different size homes --
9 there's different gallon usage -- it would be the same
16:52 10 thing.

11 Q. When you say it paid for itself in 18 months,
12 what are you basing that on?

13 A. Based on my water bill went down by 90
14 percent.

16:52 15 Q. So what was your water bill and what is it
16 now?

17 A. My water bill was about \$4,400 every two
18 months, and it went down to \$400 every two months.

19 Q. And that was because of this RO machine?

16:52 20 A. Absolutely.

21 Q. What about sewers? Did you get to the point
22 where you are planning for the infrastructure regarding
23 sewers, or did you not get to that point?

24 A. I really -- no. We were at that point, too.
16:53 25 I just don't recall offhand now. I don't know if we had

1 sewer available to us or we were going to put our own
2 sewer plan in. We were going to use it for
3 fertilization. I just don't recall exactly.

4 Q. How was LCOC going to fund the sewers?

16:53 5 MS. HOFFLER: Form.

6 THE WITNESS: We weren't. That wasn't in our
7 plan at that point. Our initial plan was to get
8 the property rezoned, develop a concept that
9 someone would come in and probably have bought,
16:53 10 knowing that we have got basically a city approved
11 with a phenomenal concept, with some users already
12 on board. And companies like Core and like St. Joe
13 would come in and buy the whole -- buy the whole
14 deal. Even if they bought it in pieces, that would
16:54 15 be okay, too.

16 BY MR. HUTCHISON:

17 Q. So is it accurate to say with regard to
18 infrastructure for water and sewer, you had not gotten
19 to the point where you had to worry about financing that
16:54 20 infrastructure?

21 A. No, because --

22 MS. HOFFLER: Object to the form.

23 BY MR. HUTCHISON:

24 Q. Is that accurate?

16:54 25 A. First of all, you couldn't put water and sewer

1 in until you had approvals. Once we had approvals, the
2 property would have increased this value by maybe -- oh,
3 I don't know -- maybe ten, 20 times, 20 fold. At that
4 point, it would have been easy to finance the property,
16:54 5 pay off Fred DeLuca, have an interest reserve and be
6 able to put the improvements in the ground, if we so
7 desired to do that.

8 Q. You mean -- okay. And by "improvements," you
9 mean the infrastructure.

16:55 10 MS. HOFFLER: Form.

11 THE WITNESS: Yes. Or including the fact that
12 we wanted to build a welcoming center right off of
13 the Turnpike to kind of advertise that Destiny is
14 alive and open for business.

16:55 15 BY MR. HUTCHISON:

16 Q. Now, you said the property would increase by a
17 value of ten to 20 fold once you got the entitlements.
18 What do you base that on?

19 A. I base that on the fact that at \$5,000 an
16:55 20 acre, you've got nowhere to go but up. If you did it by
21 10, it would only be \$50,000 an acre. If you did it by
22 20, it would be only \$100,000 an acre. And, certainly,
23 it would probably have been closer to the 50 times that.
24 And that's how we get to the \$10 million once you
16:55 25 assessed it all and put it all together.

1 Q. So what are you basing this --

2 A. I'm basing it on the reports that we did.

3 Q. You've got to let me finish my question.

4 You said that if you got the entitlements, the
16:55 5 property would go up by ten to 20 fold. What are you
6 basing that on?

7 MS. HOFFLER: Form.

8 THE WITNESS: I'm basing it on the studies
9 that we had done, which the one I'm referring to,
16:56 10 where there was a \$10 billion potential profit.

11 BY MR. HUTCHISON:

12 Q. What study was done? You mean, there was a
13 financial analysis for a \$10 billion profit.

14 A. That's a study, yeah.

16:56 15 Q. What studies show -- was it a study?

16 A. That is a study. It's a study of what the
17 numbers would look like.

18 Q. Was there ever any marketing study to show you
19 that you could sell those pieces of property if there
16:56 20 was an increase by ten to 20 fold?

21 A. Yes. I believe that's how we had to get to
22 those numbers, is by using some comparables from other
23 developments.

24 Q. What company or what consultant provided those
16:56 25 comparables?

1 A. I don't know. I mean, as I sit here today, I
2 don't remember. I think Gilkey may have been involved
3 in some of that stuff.

4 But, you know, the rule of thumb is usually
16:56 5 that 20 percent -- 18 to 20 percent of the retail cost
6 of a house, for instance, that's the value of the land.
7 So if the house was to sell for a half a million
8 dollars, the lot would be worth 100,000. If the house
9 sold for \$2 million, the lot would be worth 400,000. So
16:57 10 you wouldn't build a \$2 million house on a 100,000 piece
11 of land, right? Nor would you build a \$400,000 house on
12 a 400,000 piece land. So it was kind of geared to that.
13 That's why we had different types of residential
14 developments, from a hundred-and-some-odd thousand up
16:57 15 into the millions of dollars.

16 Q. The financial analysis projection was geared
17 to the rule of thumb? Is that what you said?

18 MS. HOFFLER: Object to form.

19 THE WITNESS: Oh, no. I'm just saying that's
16:57 20 the rule of thumb.

21 We use that ourselves today. You say I'm
22 buying this property. We're putting 280 units on
23 it in Royal Palm Beach. You don't think we'd go
24 out and spent \$100,000 in getting studies done. We
16:57 25 know that the apartments are going to rent for X

1 amount of dollars, \$1.50, \$1.60 a square foot per
2 month for 1,000 square feet.

3 We know that that unit is worth X amount of
4 dollars. Let's say it's worth -- on a retail
16:57 5 market when it's sold, it's going to be worth about
6 roughly \$200,000 to an institution who will buy it
7 from the developer once they stabilize it. Well,
8 20 percent of that is about \$40,000 for the land
9 value. So we're going to price our units at
16:58 10 \$40,000 when we offer them for sale. If we have
11 280 of them, that would be \$40,000 apiece, which is
12 about \$9,600,000.

13 So we buy the property for 5 million and
14 change. We know we can sell it for 9 million and
16:58 15 change within the year, a year and a half.

16 BY MR. HUTCHISON:

17 Q. Now, the location of the property -- and I'm
18 talking about the Yeehaw Junction property -- the
19 location of the property and its attributes are built
16:58 20 into the purchase price, correct?

21 A. What does that mean, attributes?

22 Q. Didn't you tell us that one of the attributes
23 was that it was right here near the Turnpike and there
24 was an exchange there?

16:58 25 A. Yeah. That exchange is about \$75 million

1 today if we had to build one.

2 Q. And that attribute or that exchange would have
3 been built into the purchase price that LCOC paid.

4 A. I don't think -- to tell you the truth, I
16:59 5 think that Latt Maxcy realized that they screwed up and
6 sold the wrong piece of property. They were trying to
7 keep the property that had less environmentally
8 sensitive land and closer to the river, I think, because
9 they thought that the river was going to be of value.

16:59 10 Where, in fact, the highway -- is closer to the highway
11 became more valuable. That's why as soon as we bought
12 it from them -- and they thought they probably made a
13 good deal -- they'd just jump right on the bandwagon
14 when they saw what we were doing and, right away, they
16:59 15 wanted to be part of our development.

16 They went to the -- they went to the DCA and
17 said, ho, guys, we need to get a part of this. We want
18 to see that town center moved half onto Latt Maxcy and
19 half on the LCOC, right in the middle of the Peavine
16:59 20 Grade which separated our two properties because they
21 wanted some of that action. So I believe that they
22 realized that they screwed up and sold the property too
23 soon too cheap.

24 So, no, I don't think that that \$75 million
16:59 25 improvement was ever even considered by them because I

1 think they were too busy herding cattle and eating
2 oranges.

3 Q. Why do you estimate that that improvement
4 would have cost --

17:00 5 A. That's what it cost to build a new
6 interchange, from what I understand, today. A new
7 four-way interchange is about \$75 million.

8 Q. Who told you that?

9 A. Bob Basehart, I think, mentioned it. And then
17:00 10 I think that's -- I think I even read it. As a matter
11 of fact, they're putting one in right now in Spanish
12 River, which I'm not even sure it's going to be
13 four-way, but it's -- you're talking multimillions. If
14 it's not 75, it's 74 million or 100 million. They're
17:00 15 not going down. They're only going up.

16 MS. HOFFLER: I hate to break up this love
17 fest, but it's 5:00 and I do have a flight to
18 catch.

19 MR. HUTCHISON: I was hoping we could go a
17:00 20 little later, since we started late and --

21 THE WITNESS: Yeah. I have an appointment
22 myself, too.

23 MR. BELAVAL: We took a lot less breaks, too.

24 MS. HOFFLER: Well, that's neither here nor
17:00 25 there. Five o'clock, I need to go.

1 MR. HUTCHISON: If you have to go, if you've
2 got a flight, what am I going to do?

3 MS. HOFFLER: Nothing. Nothing you can do.

4 THE VIDEOGRAPHER: We're off the record at
17:01 5 five o'clock p.m.

6 THE COURT REPORTER: Same ordering?

7 MS. HOFFLER: Yes.

8 (The deposition was concluded at 5:00 p.m.)

9 ---o0o---

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CERTIFICATE OF REPORTER

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STATE OF FLORIDA
COUNTY OF PALM BEACH

17:01 I, NINETTE BUTLER, RPR, CRR, FPR, do hereby certify
that I was authorized to and did stenographically report
the foregoing video-recorded deposition of ANTHONY V.
PUGLIESE, III; that a review of the transcript was
requested; and that the foregoing transcript, Pages 568
17:01 through 821, is a true record of my stenographic notes.

I FURTHER CERTIFY that I am not a relative,
employee, attorney or counsel of any of the parties'
attorneys or counsel connected with the action, nor am I
financially interested in the action.

17:01 DATED this 30th day of May, 2014, in Orlando,
Orange County, Florida.

NINETTE BUTLER, RPR, CRR, FPR,
REALTIME SYSTEMS ADMINISTRATOR

1 CERTIFICATE OF OATH

2

3 STATE OF FLORIDA
4 COUNTY OF PALM BEACH

5

17:01 5 I, NINETTE BUTLER, RPR, CRR, FPR and Notary Public,
6 State of Florida, certify that the witness, ANTHONY V.
7 PUGLIESE, III, personally appeared before me on the 29th
8 day of May, 2014, and was duly sworn.

9

17:01 10 WITNESS my hand and official seal this 30th day of
11 May, 2014.

12

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17:01 15

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17 _____
18 NINETTE BUTLER, RPR, CRR, FPR,
19 REALTIME SYSTEMS ADMINISTRATOR
20 AND NOTARY PUBLIC
21 Commission No.: EE033998
22 My Commission Expires: 10/11/2014

17:01 20

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IN THE CIRCUIT COURT OF THE 15TH JUDICIAL
CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA
GENERAL JURISDICTION DIVISION

CASE NO.: 502009 CAO29903XXXXMB AG
CONSOLIDATED WITH
CASE NO.: 502009 CAO40295XXXXMB AG

FD DESTINY, LLC, et al.,

Plaintiffs,

vs.

AVP DESTINY, LLC, et al.

Defendants.

5550 Glades Road
Fifth Floor
Boca Raton, Florida
Friday, 9:40 a.m. to 4:55 p.m.
August 19, 2016

VIDEOTAPED DEPOSITION OF ANTHONY PUGLIESE, III

Taken on behalf of the Plaintiff before
Janet Baldauf, RPR, FPR, and Notary Public in and
for the State of Florida at Large, pursuant to
Notice of Taking Deposition in the above cause.

1 APPEARANCES:

2

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18 BY: EDGAR BELAVAL, ESQUIRE
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19

20

21 ALSO PRESENT:

22 Todd Cohen, Videographer
Henry Fishkind
23 Anthony Trella

24

25

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1 THE VIDEOGRAPHER: We are now on the video
2 record. My name is Todd Cohen representing
3 Veritext. The date today is August 19th, 2016,
4 and the time on the video record is 9:40 a.m.

5 This deposition is being held at Town
6 Center Executive Suites located at 5550 Glades
7 Road in Boca Raton, Florida. The caption of
8 the case today is FD Destiny, LLC, et al.
9 versus AVP Destiny, LLC, et al.

10 The case is being held in the Circuit
11 Court of the 15th Judicial Circuit in and for
12 Palm Beach County, Florida.

13 The name of our witness this morning is
14 Mr. Anthony V. Pugliese, III.

15 At this time, may I please have all
16 attorneys announce their appearances for the
17 video record after which our court reporter,
18 Janet Baldauf, with Veritext will swear in
19 Mr. Pugliese and we can begin our deposition.

20 MR. HUTCHISON: Rick Hutchison, Kelly-Ann
21 Cartwright, John Chapman, Henry Fishkind and
22 Anthony Trella on behalf of the FD parties.

23 MR. YANEZ: Anthony Yanez and Edgar Belaval
24 on behalf of the Pugliese parties.

25 THE REPORTER: Do you solemnly swear or

1 affirm the testimony you are about to give will be
2 the truth, the whole truth and nothing but the
3 truth?

4 THE WITNESS: I do.

5 DIRECT EXAMINATION

6 BY MR. HUTCHISON:

7 Q. Please state your full legal name.

8 A. Anthony V. Pugliese, III.

9 Q. Mr. Pugliese, are you a member of any real
10 estate associations, institutions or organizations?

11 A. No.

12 Q. And do you have any post high school
13 education?

14 A. No.

15 Q. Have you published any books or articles
16 with respect to real estate?

17 A. No.

18 Q. What is the largest single real estate
19 development that you completed?

20 A. What type?

21 Q. Well, let's start with residential.

22 A. Single family or multi-family?

23 Q. Let's start with single family.

24 A. New Jersey I developed a large tract of
25 land -- two large tracts of land in North Caldwell

1 where one was a farm, one was an estate, and put roads,
2 water, sewer, subdivided them and then sold the lots to
3 developers.

4 Q. North Caldwell?

5 A. North Caldwell, New Jersey.

6 Q. Spell that for us.

7 A. C-A-L-D-W-E-L-L.

8 Q. When was that?

9 A. Probably in the late '70s.

10 Q. How big was the lot that -- you said one was
11 an estate and one was a farm?

12 A. One was a farm. I forget the size. It was
13 about -- I think it was about a hundred acres. The
14 other site was an estate that I believe that was
15 somewhere around 50, 60 acres.

16 Q. What are the names of those projects or
17 developments?

18 A. I don't remember the names exactly.

19 Q. Do you remember the name of either one?

20 A. One was on Gould Avenue.

21 Q. Spell that, please.

22 A. G-A-U-L-D -- G-O-U-L-D. And the other was
23 on the main street, main street that went through North
24 Caldwell.

25 Q. Do you remember the names of either of those

1 projects?

2 A. I don't. One was the Dugan Estate, and I
3 think the other was the Matarazzo Farm.

4 Q. Can you spell the farm, please.

5 A. I would only be guessing. M-A-T-R-A-Z-Z-O
6 possibly.

7 Q. And spell the Dugan Estate?

8 A. Dugan, D-U-G-A-N.

9 Q. And both of those were developed in the late
10 1970s?

11 A. Yes.

12 Q. You had mentioned -- what kind of -- you
13 said these were fully developed lots?

14 A. No. They became fully developed lots.
15 Roads, water, sewers, streets, curbs.

16 Q. And you did that?

17 A. I did that with -- with my partners.

18 Q. How many partners did you have?

19 A. Actually, I had one partner.

20 Q. What was the name of your company?

21 A. We used a -- probably an LLC at the time.
22 I'm sorry. A corporation at the time. I don't really
23 remember.

24 Q. Did the same corporation develop both of
25 those pieces of property, the Dugan Estate and the

1 Matarazzo Farm?

2 A. No, I believe they were separate
3 corporations.

4 Q. Can you tell me the name of either of those
5 corporations?

6 A. I don't recall them.

7 Q. What other single-family residential
8 properties have you developed?

9 A. As far as lots go you mean?

10 Q. As far as any developments that you've done
11 of single-family homes. Then we'll go to multi-family
12 homes.

13 A. I don't recall any other.

14 Q. And how many units or houses were built on
15 the Matarazzo Farm property that was approximately a
16 hundred acres?

17 A. I don't recall exactly. Probably about 50
18 or 60 on the Gould property and Matarazzo was larger.
19 Might have been a hundred, 150.

20 Q. So you have 50 to 60 lots on the Gould
21 Estate in New Jersey; is that correct?

22 A. I think so. It's been 36 years. I don't
23 remember exactly.

24 Q. Approximately a hundred houses or lots on
25 the Matarazzo Farm in Caldwell, New Jersey?

1 A. I believe so.

2 Q. Did you sell the lots fully developed or did
3 you actually build the houses?

4 A. No, sold the lots.

5 Q. On both properties the Gould -- I'm sorry.

6 On both of those properties in North
7 Caldwell that you told us about you sold the lots?

8 A. Yes.

9 Q. And they were fully-developed lots?

10 A. Yes.

11 Q. Is that what you would call a turn-key lot?

12 A. I guess you could call it that.

13 Q. How do you define turn key?

14 A. You defined it, not me.

15 Q. I'm asking you. You are the developer, sir,
16 so can you tell me what your definition of turn key is?

17 A. I would imagine it would be water, sewer,
18 curbs, roads, electric, cable and the roads.

19 Q. So that would mean that each house would
20 have water, sewer, electric, and roads right up to the
21 lot?

22 A. Yes.

23 Q. Did you sell turn-key lots in Caldwell, New
24 Jersey? Would these have been turn-key lots that you
25 told us about?

1 MR. YANEZ: Object to the form.

2 BY MR. HUTCHISON:

3 Q. Strike that. I'll rephrase it.

4 A. I sold them to developers.

5 Q. Were the lots that you sold in Caldwell, New
6 Jersey to developers, were they turn-key lots?

7 A. I believe they were.

8 Q. So the 50 to 60 lots that you developed on
9 the Dugan Estate, were they turn-key lots?

10 A. I believe they were.

11 Q. And the approximately hundred lots that you
12 sold with respect to the Matarazzo Farm, were they
13 turn-key lots?

14 A. I don't recall if we sold turn-key lots or
15 we sold chunks to other developers. I just don't
16 recall.

17 Q. That's on the Matarazzo Farm you don't
18 recall?

19 A. I don't.

20 Q. And they were in the city of North Caldwell
21 those properties?

22 A. Yes.

23 Q. Do you recall what the original zoning was
24 on the estate property?

25 A. I don't recall. It was a single resident.

1 Q. And with respect to the water and sewer that
2 you took to each lot on the Dugan Estate, was water and
3 sewer already available to be hooked up and then you
4 just --

5 A. We are talking 36 years ago. I don't
6 remember.

7 Q. Okay. Any other single-family residential
8 development that you've done?

9 MR. YANEZ: Objection. Specify a time
10 frame, please.

11 MR. HUTCHISON: Ever.

12 BY MR. HUTCHISON:

13 Q. I'm here to get your total experience,
14 Mr. Pugliese, so my question to you is can you tell us
15 about any other residential single-family development
16 that you've done?

17 A. Actually, when I was very young, probably
18 14, 15 years old, I worked on a project with my father
19 and my uncle. We built houses in Scotch Plains, New
20 Jersey. I don't remember. Ashberg Drive in Scotch
21 Point, New Jersey.

22 Q. And that was when you were a teenager
23 working for your father?

24 A. I was just working. I wasn't working for my
25 father. My father was working for my uncle, and I was

1 just going to work with my father.

2 Q. And that was when you were a teenager?

3 A. I was anywhere from 12, 13 on up until
4 probably 14, 15.

5 Q. As a developer, did you develop any other
6 single-family projects?

7 A. I built some houses for myself, for my son,
8 but nothing for others. I was not building houses for
9 other persons. I wasn't building houses as a housing
10 developer.

11 Q. And what about developing lots for
12 single-family homes other than the two in Caldwell, New
13 Jersey that you told us about?

14 A. I don't recall any others.

15 Q. Let's talk about multi-family. What
16 multi-family projects have you developed?

17 A. Might be a little not in line with the
18 timing, but 90 units and 10,000 feet of retail on
19 Pineapple Grove Way in Delray Beach. 200-and-some-odd
20 units on Spanish River Road in Boca Raton. 270 units
21 on Wiles Road in Coconut Creek.

22 This is where we had -- we took the
23 properties and rezoned them for multi-family and
24 then sold the design and the project to other
25 developers -- to another developer. Two or 350-some

1 units on Congress Avenue in Delray Beach. Currently
2 working on 306 units in Miami.

3 I can't think of anything else. There
4 might be a few others. I can't think of any at the
5 time.

6 Q. So let's start with the ones at Pineapple
7 Grove that you mentioned. You said that that was 90
8 units and 10,000 square feet of retail. Is that
9 accurate?

10 A. It's 90 condos and 10,000 feet of retail.

11 Q. Is it one building?

12 A. Yes. It's actually two buildings.

13 Q. Two buildings. And that's in the City of
14 Delray Beach?

15 A. Yes.

16 Q. And when did you do that?

17 A. 19 -- I mean 2005 or '06. Four or five.

18 Q. Did you build the buildings or did you just
19 get the zoning changed?

20 A. We designed it, got the zoning changed and
21 sold it as a package to a developer.

22 Q. What was it originally zoned?

23 A. Commercial.

24 Q. And then you had it changed to mixed-use
25 zoning -- commercial and residential?

1 A. Yes.

2 Q. The second one you mentioned is 200 units on
3 Spanish River in Boca Raton, Florida?

4 A. Yes.

5 Q. Where is that located?

6 A. Right by the airport east of 95 on the south
7 side of Spanish River and 5th Avenue.

8 Q. What's the name of the development?

9 A. I don't remember.

10 Q. And, again, is this a situation where you
11 just got the property rezoned for 200 units and then
12 sold the property?

13 A. The property was single family, 22 -- I
14 think 22 houses -- 22 house lots. We rezoned it, and
15 sold it to a developer. Rezoned it, designed it and
16 sold it to a developer.

17 Q. Did you do any of the building on that
18 property?

19 A. No.

20 Q. Did you do any of the building on the
21 Pineapple Grove property?

22 A. I built a 20,000-square-foot office building
23 there.

24 Q. That's your personal office building?

25 A. Yes.

1 Q. I'm talking about the 90 units and the
2 10,000-square-foot of retail that you said are now
3 contained in two building in the city of Delray,
4 Florida?

5 A. Right.

6 Q. Did you do any building there?

7 A. No. I said we sold it to a developer after
8 we designed it and got it rezoned.

9 Q. And the one at Spanish River, is that one
10 building or two buildings, those 200 units?

11 A. No, it's not.

12 Q. What are they?

13 A. I think they are 24 units to a building.
14 They are different-sized building.

15 Q. Several buildings and they come up to 200
16 units?

17 A. 202 I think it was.

18 Q. The third one you mentioned is 270 units on
19 Wiles Road in the city of Coconut Creek, Florida; is
20 that correct?

21 A. Right.

22 Q. And where is that located?

23 A. On Wiles Road.

24 Q. Can you give me an address or a cross
25 street?

1 A. I don't know the address.

2 Q. Cross street?

3 A. Cross street is, I think, 441.

4 Q. What's the name of the project?

5 A. They changed the name when it sold. I don't
6 remember.

7 Q. What was the name when you were involved or
8 after you sold it?

9 A. I think we called Belago at Coconut Creek.

10 Q. Spell that, please.

11 A. B-E-L-A-G-O.

12 Q. And what was the property when you first
13 purchased it? How was it zoned?

14 A. It was 18 acres. Part of it was zoned
15 residential, part was zoned office, part was zoned
16 agricultural, and part, I believe, was zoned
17 industrial.

18 Q. And you changed the zoning?

19 A. Changed the zoning to mixed use with two
20 outparcels, commercial outparcels, one for self
21 storage, one for a restaurant, and the rest for
22 multi-family, 270 units, and a three-acre lake.

23 Q. Did you do any building on that property?

24 A. We did not.

25 Q. You sold it to a builder or another

1 developer?

2 A. I sold the 270 units to Altman Builders in
3 Boca, and I sold the self-storage parcel to Public
4 Storage. I'm currently rezoning the restaurant parcel
5 to another self storage parcel, another hundred
6 thousand -- about 90,000 feet.

7 Q. The fourth project you told us about was
8 about 350 units on Cypress Creek Road -- was it Cypress
9 Creek Road?

10 A. No. Congress Avenue.

11 Q. I'm sorry. I can't read my own writing.

12 A. It was zoned -- it was 445 units, but they
13 didn't build all 445.

14 Q. So with respect to the development you
15 mentioned on Congress Road in Delray Beach, where is
16 that located?

17 A. That is on the west side of Congress, and
18 it's south of Atlantic.

19 Q. What's the name of the project?

20 A. I don't remember.

21 Q. And what was it when you first bought it?

22 A. It was approximately 10 acres of commercial
23 property.

24 Q. And you rezoned it to what?

25 A. Rezoned it to multi-family. I think it was

1 45 units per acre, 45 units per acre zoning required
2 because of its proximity to the Amtrak or the train, I
3 should say. And I think the site was actually too
4 small to fit all those units, so I think we got it
5 zoned for 450, but I think the developer ended up
6 building about 360, 370.

7 Q. Did you do any building on that property?

8 A. No.

9 Q. What year was that property -- that you
10 participated in changing the zoning?

11 A. Probably 2008 maybe.

12 Q. What about --

13 A. Seven. I don't recall exactly.

14 Q. 2007, 2008 is a good estimate?

15 A. Six or seven or eight.

16 Q. What about the property on Wiles Road, when
17 did you do that?

18 A. About three years ago, three or four years
19 ago.

20 Q. And the one on Spanish River in Boca Raton,
21 when did you do that?

22 A. That's probably about 2003 or four.

23 Q. The fifth project that you mentioned was 306
24 units in Miami that you are currently working on.
25 Where is that located?

1 MR. YANEZ: Excuse me. We can't get into
2 that. It's an ongoing project. There's some
3 confidentiality issues.

4 MR. HUTCHISON: Can we have a stipulation
5 that that project will not be used to any way
6 qualify him as an expert.

7 MR. YANEZ: It's an ongoing project, yes.
8 Yes.

9 MR. HUTCHISON: As long as we have a
10 stipulation it's not going to be admitted or
11 talked about.

12 MR. YANEZ: We just said we did. Thank you.

13 BY MR. HUTCHISON:

14 Q. Other than those -- well, the four
15 multi-family projects that we actually spoke about and
16 the residential projects we talked about, do you have
17 anymore experience in the development of residential
18 projects?

19 A. Rehabilitation to some existing units. I've
20 done that many years ago.

21 Q. What do you mean by the rehabilitation to
22 some existing units?

23 A. I renovated -- I think it was 18 -- three
24 six-story -- three six-unit buildings in -- on -- I'm
25 trying to remember the name of the street. This was

1 probably in 1970 -- probably 1971 or '72.

2 Also, there was a -- I think it was a
3 24-family garden-style apartment complex that we did
4 some work in and renovated that building, owned and
5 operated them. It was around the same time, early
6 '70s. That was also in North New Jersey, North
7 Newark.

8 Q. Both the 24-family garden-style apartment
9 project and the three six-unit multi-family buildings
10 were in New Jersey?

11 A. Yes.

12 Q. And your work on those projects would have
13 been renovating those projects?

14 A. Yes.

15 Q. And you renovated them and sold them; is
16 that what you did?

17 A. No. We rented them. And then we sold them
18 a few years later.

19 Q. Do you own either one today?

20 A. No.

21 Q. Did either one of those projects involve
22 change of zoning?

23 A. No.

24 Q. Now, the multi-family projects that you told
25 us about, Pineapple Grove in Delray Beach, and the one

1 on Spanish River in Boca Raton, Florida, did you
2 purchase those properties before the rezoning was
3 completed?

4 A. Yes, I did.

5 Q. So you would have bought the project -- both
6 those properties and changed the zoning under your
7 ownership?

8 A. Yes.

9 Q. And would that also be the same for the one
10 on Wiles Road and the one on Cypress Creek and
11 Congress? Would that also be the same for the one on
12 Wiles Road in the city of Coconut Creek?

13 A. Yes.

14 Q. And did you also purchase -- did you also
15 purchase the property before the zoning was completed
16 for the one on Congress in the city of Delray Beach?

17 A. Yes.

18 Q. Were you involved in the development of any
19 other residential projects that we haven't talked about
20 this morning?

21 A. Well, residential land. That's what I'm
22 referring to, residential land. There is others, yes.

23 Q. So I'm here to get all your experience with
24 the development of residential projects or residential
25 land.

1 A. Okay.

2 Q. Are there any other projects?

3 A. Yes.

4 Q. Okay. Which ones?

5 A. In Plantation Key, there was a residential
6 property that I bought on the ocean on what they call
7 Millionaires Row or the Old Road. It runs to the east
8 of the Overseas Highway. We bought four acres, four
9 and a half acres with 500 feet on the ocean and 35 feet
10 on the road.

11 And we went next door, and I bought the
12 piece from Mr. Kinsel. I bought 465 feet on the
13 road down to -- with no ocean part of it, so that
14 when it was done I had a square piece that was about
15 500 feet on the road and 500 feet on the ocean. And
16 purchased that, sold it, tax-free exchange to a
17 parcel of land on Congress Avenue in Delray Beach
18 and that's, like, 1977, I believe, '78, '76.

19 Q. So the four acres and the neighboring parcel
20 that you purchased on Plantation Key, that was zoned
21 residential?

22 A. Yes.

23 Q. Did you do anything to change the zoning
24 when you owned the project?

25 A. No, I didn't do anything to change it. What

1 I did was improve the configuration of it so I was able
2 to actually quadruple -- almost quadruple the value.

3 Q. And then you did a tax-free exchange with a
4 piece of property on Congress?

5 A. On Congress Avenue, yes.

6 Q. Congress Avenue in Delray Beach?

7 A. Yes.

8 Q. What's the address of that property?

9 A. I don't know the address, but it's just to
10 the north of Hardrives which is to the south of
11 Atlantic.

12 Q. South of Linton?

13 A. South of Linton. I tax-free exchanged the
14 profits from that deal, which is about 300,000, into
15 seven acres. Because I paid cash, I was able to get
16 the price from a dollar-fifty a square foot down to a
17 dollar a square foot. So I think I paid 300 or 315 for
18 the seven acres that faced 95 zoned industrial.

19 Q. And you did that tax-free exchange in what
20 year?

21 A. '77.

22 Q. And then you had seven acres on Congress,
23 and what did you do with the seven acres on Congress?

24 A. I went partners with Dominic Alfieri in 1983
25 or '84. We put that property into our partnership, and

1 I valued it -- we valued it at a million five.

2 Q. Did you do any of the change to zoning on
3 that seven acres on Congress Avenue in Delray Beach,
4 Florida?

5 A. Yes. Eventually we were able to get a
6 zoning called -- I think it's called MIC or something
7 that allowed for office and commercial. The property
8 became more value than industrial, so we got it
9 rezoned. Today the property is worth about \$7 million,
10 about a million an acre.

11 Q. When did you sell it?

12 A. I traded it actually with my partner when we
13 settled and split our partnership up years ago.

14 Q. What year was that that you split?

15 A. Would be in '89 maybe.

16 Q. And do you still have the ownership of the
17 seven acres?

18 A. No. That became my partner's.

19 Q. Any other developments of residential,
20 commercial, industrial that we haven't talked about
21 that you've been involved with?

22 A. Down in the Keys probably 20, 25 different
23 parcels all for residential.

24 Q. These are all single-family-home parcels?

25 A. Yes.

1 Q. And were these properties that you bought
2 and invested in and flipped for a profit or were these
3 properties in the Keys that you actually changed the
4 zoning on?

5 A. A little of both, but all for profit, yes.

6 Q. Let's talk about the ones you changed the
7 zoning on. Which ones were those?

8 A. I can't remember exactly. It was 30 years
9 ago, but they were in Key Largo, they were in
10 Plantation Key. They were in Islamorada, Tavernier
11 Creek, which is actually I think part of Key Largo or
12 Islamorada. They were normally waterfront lots, and
13 would be able to build a house on it anywhere from a
14 half acre, quarter acre to four acres probably. I
15 don't know. Could have been 20, 25 different lots.

16 Q. And they were all single-family-residential
17 lots?

18 A. Yes.

19 Q. And so did you change the zoning on those
20 lots or did you just flip those?

21 A. Some of them we -- some of them I think we
22 had to get additional zoning. I don't remember
23 exactly.

24 Q. When was the last time you had one of those
25 properties down in the Keys?

1 A. Probably the mid '80s.

2 Q. What other development experience have you
3 had with either residential, industrial, commercial
4 properties?

5 A. Which one do you want to start with?

6 Q. I think -- did we complete your residential?

7 A. I don't think we completed it, but I just
8 don't recall everything. Maybe as we continue I'll
9 have to backtrack into something I remember.

10 Q. So at least as of now, can you think of
11 anymore residential properties that you had as a
12 developer that we didn't discuss already this morning?

13 A. I just don't recall at the moment.

14 Q. Let's talk about commercial.

15 A. Well, I bought my first industrial building
16 in 1970. It was on North 6th Street in Newark on the
17 Belleville line.

18 Q. What did you do with that property?

19 A. I used it for a while for my swimming pool
20 business. Then I acquired the building next door that
21 was an auto body shop with the land, put them together,
22 got them zoned for an office building and built a
23 20,000-square foot class-A office building on that
24 site; rented the bottom floor to a bank, second floor
25 to an insurance company.

1 And then I bought an old Acme building on
2 Mount Prospect Avenue in Newark, 10,000 square feet,
3 renovated it, and turned that into a new office and
4 yard for my swimming pool company. Then I bought --

5 Q. When did you buy the Acme building?

6 A. Probably like '71.

7 Q. When did you sell it?

8 A. I don't think I sold it until we moved our
9 business to Orange to a building I bought there, and
10 renovated, and that was probably in the early '80s or
11 -- probably more like the late '70s.

12 Q. And what about the building -- the first
13 building you talked about in Newark, New Jersey where
14 it was zoned industrial, and you bought the neighboring
15 building and rezoned it to office, when did you sell
16 that?

17 A. Actually, the first building I bought was
18 residential. The building next to it was industrial
19 use, so I got them combined into one lot and rezoned
20 into office.

21 Q. What year did you sell that?

22 A. I don't recall, but I think we built that
23 again in the mid '70s -- used it for a couple of years
24 for the company, and then probably built it in, like,
25 '75, '70-- something like that. Mid '70s.

1 Q. You would have sold it by 1980?

2 A. Yes.

3 Q. Any other buildings other than that building
4 and the Acme building?

5 A. Yes. Quite a few.

6 Q. What other?

7 A. I bought a property from the City of Newark
8 on 19th Street. It was a former school. We bought
9 that building. It was vacant and vandalized, renovated
10 it and sold it to a church.

11 Q. Did that involve rezoning as well or no?

12 A. I don't remember. I think it might have
13 been a separate zoning from school to church or maybe
14 not because of the public use. I don't remember.

15 Q. Let's go to Florida.

16 A. Oh, you're leaving a lot behind if you want
17 to cover it. We have a hundred -- a million and a half
18 square feet in New Jersey, another 400,000 square feet.
19 I mean, we are leaving about 2 million square feet
20 behind.

21 Q. I'm concerned with Florida and residential.
22 Have you ever been a master developer for a residential
23 property in Florida?

24 A. No.

25 Q. What is your understanding of what a master

1 developer is?

2 A. Master developer is, I assume, is something
3 -- one who buys a piece of property and puts the roads,
4 water and sewer in and sells it to builders for them to
5 build a house of a certain criteria and under certain
6 criteria to be able to be a builder in that
7 development.

8 Q. Have you ever been a master developer in the
9 State of Florida?

10 A. I never want to be a master developer, no.
11 I'm a land developer.

12 Q. What do you mean by a land developer?

13 A. I buy land, I change the zoning, and I make
14 a lot of money when I sell it. That's what I do.

15 Q. What's your understanding of a
16 master-planned community?

17 A. My understanding of a master-planned
18 community is where you have the same thing basically,
19 where you have a piece of land that is zoned for -- you
20 rezone it or it is already zoned for residential use,
21 maybe some mixed use, maybe you have a golf course,
22 maybe you have a clubhouse, and, you know, it's built
23 under certain criteria that is established for that
24 particular parcel.

25 Q. Was Destiny supposed to be a master-planned

1 community?

2 A. I would say that would be correct.

3 Q. Was it your intention to have Destiny be a
4 master-planned community?

5 A. Our intention with Destiny was very simple.
6 We were going to rezone the property and sell it to
7 other developers and make a lot of money. We weren't
8 intending to build houses or probably any buildings or
9 probably not even a road.

10 Q. Were you going to build any roads at
11 Destiny?

12 A. I didn't need to build any roads. I would
13 have somebody else build the roads. Why would I want
14 to do it when I could have somebody else do it. The
15 whole idea was to create something that was beautiful,
16 that works, and you could make a lot of money doing it.

17 Q. Was it your intention to be the master
18 developer of Destiny?

19 MR. YANEZ: Objection. Asked and answered.

20 THE WITNESS: No, I don't think so.

21 BY MR. HUTCHISON:

22 Q. Was it your intention to have Destiny be a
23 master-planned community?

24 A. Yes.

25 Q. What steps need to be done to initiate a

1 master-planned community?

2 A. Well, you have to start with getting the
3 zoning.

4 Q. Get the zoning and then what?

5 A. Well, that's where the money is made.

6 Q. What steps would be after getting the
7 zoning?

8 A. Selling it to others, developers, people
9 that specialize in, say, residential. People --
10 certain parts of residential. People that would be
11 doing high-end homes, middle, low, residential from the
12 standpoint of multi-family, condos, a number of
13 different developers.

14 Q. Well, prior to Destiny, what was the largest
15 residential development that you had done in Florida?

16 A. We are talking about land. You keep talking
17 about residential and trying to see if you can keyhole
18 me into the fact that I haven't built thousands of
19 homes. But that's not what this is about.

20 Destiny was a concept. It was a dream
21 project that people wanted to be associated with,
22 and it was all about land. I never purported myself
23 to be a residential builder, a home builder. I
24 could build a home. I built some very beautiful
25 homes, but that's not what I do. I do land.

1 Q. So your intention was not to build any homes
2 at Destiny?

3 A. No.

4 Q. Is that correct?

5 A. That's correct.

6 Q. Now, so what is the largest piece of
7 property in Florida that you purchased and changed the
8 zoning on for residential use?

9 A. I don't know. It didn't really matter. It
10 doesn't matter if you are zoning ten acres or you are
11 zoning a thousand acres. It doesn't really matter. It
12 matters on the plan, the design and how you purchased
13 it and what you are going to sell it for as a land
14 developer.

15 Q. But what was the largest piece of property
16 that you had purchased in Florida that you had then
17 successfully changed the zoning for that property with
18 respect to residential zoning?

19 A. I can't think of anything that probably
20 would exceed 20 acres, 30 acres.

21 Q. So prior to --

22 A. Probably 20 acres.

23 Q. So prior to LCOC's purchase of the Destiny
24 property, the largest track of land that you would have
25 purchased to change the zoning to residential would

1 have been approximately 20 acres?

2 A. Thereabouts.

3 Q. And where was that 20 acres located?

4 A. There's one in Boca Raton on Spanish River
5 Road.

6 Q. The one in the city of Boca Raton on Spanish
7 River Road that you told us about earlier?

8 A. Yes.

9 Q. Have you ever successfully directed a
10 development of regional impact?

11 A. I did do a development of regional impact on
12 a hundred acres that I owned in Boca.

13 Q. Where was that located?

14 A. On Yamato Road and including Spanish River
15 Road.

16 Q. What did you do with the development of
17 regional impact? What were you able to accomplish?

18 A. We were planning to build a regional mall,
19 actually sell the site to Mel Simon to build a regional
20 mall at Spanish River and Yamato.

21 Q. Did you purchase the hundred acres?

22 A. Yes.

23 Q. When was that?

24 A. 1986.

25 Q. And that was in the City of Boca Raton?

1 A. Yes.

2 Q. And what was the regional impact that you
3 applied for and received?

4 A. I believe it was for commercial. It was for
5 the regional mall. I don't think there was any
6 residential in with that.

7 Q. Were you able to change the zoning?

8 A. I don't remember. I don't think -- it was
9 zoned residential. It was zoned residential at the
10 time. I don't recall. 1989 we had the recession, so I
11 don't remember what happened. Everything kind of
12 stopped at that point on that site as well as a lot of
13 other things. So I just don't remember if we ever did
14 get -- how far we got. We got pretty far on putting
15 together the package which was very extensive, but I
16 just don't remember.

17 Q. Was the DRI approved?

18 A. I don't know. It might have been approved.
19 We didn't move forward with it. After the recession
20 Simon -- mall developers pulled back, and property sat
21 for a while.

22 Q. What happened to the property?

23 A. Well, 22 acres of it is where the apartments
24 were built. Another 80 acres -- I think we split the
25 property in -- with the land -- the person who actually

1 owned the land mortgage on it, we split the property
2 with him, and he got the 80 acres. We got the
3 22 acres. And then we developed the 22 acres. And the
4 80 acres actually is -- will probably be developed. It
5 still hasn't been developed. It will be developed in
6 the future, I'm sure, because they are putting a new
7 interchange in there now.

8 Q. The 22 acres, is that the 200 units on
9 Spanish River that you told us about earlier?

10 A. Yes.

11 Q. And the 80 acres went to another party,
12 correct?

13 A. Yes.

14 Q. Were you involved in any other DRIs in the
15 State of Florida?

16 A. No.

17 Q. Did you apply for any other DRIs in the
18 State of Florida?

19 A. No.

20 Q. Have you ever testified as an expert witness
21 before?

22 A. No.

23 Q. What did you do to prepare for your
24 deposition today?

25 A. Not much. Just read through some of the

1 things I had, notes I made.

2 Q. Read through what?

3 A. Read through some of the notes I had.

4 Q. Notes regarding what?

5 A. The case overall.

6 (Thereupon, Revised Initial Expert Witness List
7 was marked for identification as Plaintiff's
8 Exhibit 1.)

9 BY MR. HUTCHISON:

10 Q. I'm going to hand you Deposition Exhibit 1.
11 It's Revised Initial Expert Witness List, and I'm going
12 to direct you to page three. Have you seen that before
13 today?

14 A. I think so.

15 Q. Do you understand that you have been
16 disclosed as an expert witness in this case?

17 A. Yes.

18 Q. And do you understand that part of your
19 expert witness testimony that was offered is that you
20 are going to provide testimony regarding lost profits.
21 Do you understand that?

22 A. I would say that's correct.

23 (Thereupon, Answers to Interrogatories were marked
24 for identification as Plaintiff's Exhibit 2.)

25 BY MR. HUTCHISON:

1 Q. Let me show you Plaintiff's Exhibit 2. It's
2 interrogatory answers of Anthony Pugliese. Is that
3 your signature on page four of Exhibit 2?

4 A. Yes.

5 Q. And if I look on the second page, the bottom
6 entry Roman Numeral Number IX, do you see that?

7 A. Yes.

8 Q. It says, "The projected lost profits of net
9 present value of Destiny for 20 years of discounted
10 rate of 7 percent valued at \$9,902,329,091."

11 Do you see that?

12 A. I do.

13 Q. Okay. When you signed the interrogatory
14 answers, which are Deposition Exhibit Number 2, is that
15 what you understood the lost profits claim to be in
16 this lawsuit?

17 A. Yes.

18 THE VIDEOGRAPHER: Stand by to go off the
19 video record. Time is 10:30 a.m.

20 (Thereupon, a recess was taken in the proceedings
21 from 10:30 a.m. to 10:43 a.m.)

22 THE VIDEOGRAPHER: We are now back on video
23 record. This is the beginning of media unit
24 number two. The time back on is 10:43 a.m.

25 BY MR. HUTCHISON:

1 Q. Mr. Pugliese, in Deposition Exhibit 2 in
2 front of you on the third page, number 10, you are
3 seeking damages for the equivalent of a management fee
4 to compensate you for the five years that you spent
5 managing Destiny from August 2004 until September 2005;
6 is that correct?

7 A. Yes.

8 Q. What's that amount?

9 A. I don't know if I've calculated it yet.

10 Q. Well, did the operating agreement for Land
11 Company of Osceola County compensate you receiving a
12 management fee for a period of five years?

13 A. No, it did not.

14 Q. When you entered into the operating
15 agreement for Land Company of Osceola County in
16 August 2005, you knew this was going to be a multi-year
17 project, correct?

18 A. Yes.

19 Q. And you knew that you were going to be the
20 manager of Land Company of Osceola County, correct?

21 A. That's correct.

22 Q. And you were the manager of Land Company of
23 Osceola County -- strike that.

24 It was your intention to be the manager
25 of Land Company of Osceola County from the very

1 beginning, correct?

2 A. Yes.

3 Q. Was it -- when Land Company of Osceola
4 County purchased the 27,000 acres from the Latt Maxcy
5 family, what was your plan with respect to the
6 property?

7 MR. YANEZ: Objection. Asked and answered.

8 THE WITNESS: The plan was to rezone it,
9 increase its value, and sell it.

10 BY MR. HUTCHISON:

11 Q. Now, when you talk about rezone it, is that
12 what you refer to as obtaining entitlements?

13 A. Yes.

14 Q. Tell us what you mean by obtaining
15 entitlements?

16 A. Going to the authority that has jurisdiction
17 over that property, whether it's the state or the
18 county and seeking to increase the utilization of the
19 property to the highest and best use to attain the
20 desire of the plan that we would like to develop and to
21 increase the value of the property substantially.

22 Q. When you say increase the utilization of the
23 property to the highest use, what do you mean by that?

24 A. Depends on -- are you talking about this
25 property or any property?

1 Q. I'm talking on the 27,000 acres that LCOC
2 purchased?

3 A. We have property that is agricultural land
4 that we purchased for \$5,000 an acre, and the idea was
5 to put together a development plan that would increase
6 its value and create a community here including
7 residential and commercial and industrial that would
8 increase the value of the land substantially.

9 Q. Was it your intention to build the
10 community?

11 A. No.

12 Q. Did you have any intention to build the city
13 of Destiny?

14 A. When you say build, putting shovels in the
15 ground or designing something that gets built, is the
16 architect the builder or is the builder the builder?

17 Q. Well, what's a builder to you?

18 A. A builder to me is someone who puts concrete
19 and wood and steel and builds something that's
20 potentially designed by someone else for someone else.
21 That's a builder.

22 Q. Was it your intention that you were going to
23 build the city of Destiny?

24 A. No. If that's what you are referring to as
25 builder, no.

1 Q. Were you going to sell the land in an
2 undeveloped state?

3 A. We were going to sell the land approved in
4 an undeveloped state like I've done many times before.

5 Q. It was your intention to get the
6 entitlements on the land and then sell the land as it
7 was undeveloped?

8 A. To get the --

9 MR. YANEZ: Object to the form. Excuse me.
10 When I say objection, you still have to answer the
11 question unless it calls for privilege. He didn't
12 explain that to you in the beginning, but I know
13 you've been deposed, so you know that.

14 THE WITNESS: Repeat the question.

15 BY MR. HUTCHISON:

16 Q. I will. It was your intention to get
17 additional entitlements on the 27,000 acres and then to
18 sell that land in an undeveloped condition, correct?

19 A. Yes, for the most part.

20 Q. When you --

21 A. That doesn't mean we wouldn't maybe do an
22 entrance feature. I mean, we talked about actually
23 doing a welcoming center, things of that nature, but
24 most of it would be done by other developers.

25 Q. So you would do a welcome center. Were you

1 going to do any other building besides a welcome
2 center?

3 A. Nothing -- again, we never got to complete
4 the project, so I can't answer that entirely. Doing
5 what I've done in the smaller way can be done in a
6 larger way, and that's where we tried to not do more
7 than we have to to make a substantial profit on the
8 land.

9 Q. So was the plan, other than to maybe build a
10 welcome center, was the plan to build anything else?

11 MR. YANEZ: Object to the form.

12 BY MR. HUTCHISON:

13 Q. For you to build anything else?

14 MR. YANEZ: Object to the form.

15 THE WITNESS: I don't know if I would have
16 built the welcome center either myself. We would
17 probably have someone else build it. We would
18 have planned and designed it and have someone else
19 build it.

20 BY MR. HUTCHISON:

21 Q. Well, when you say -- we are talking about
22 the Land Company of Osceola County. Was Land Company
23 of Osceola County going to do any building on the
24 27,000 acres?

25 A. No, not at the initial stages. Maybe as we

1 got into it, we might have had to do certain things,
2 but we kind of play it by ear.

3 Q. I'm talking about plans, as far as you
4 actually had plans. Did you have any plans that Land
5 Company of Osceola County was going to do any building
6 on the 27,000 acres?

7 A. No.

8 (Thereupon, Destiny 20-Year Pro Forma 60/40 was
9 marked for identification as Plaintiff's Exhibit
10 3.)

11 BY MR. HUTCHISON:

12 Q. I'm going to show you Deposition Exhibit 3,
13 and it is a projection that has a net present value of
14 \$9,902,329,091, the same amount that matches the
15 interrogatory answer, which is Exhibit 2. If you look
16 -- do you see the Bates numbers at bottom,
17 Mr. Pugliese?

18 A. Yes.

19 Q. If you look at .0108, and you look at the
20 bottom. Do you see that net present value number?

21 A. Yes.

22 Q. Okay. Take a look at Exhibit 3 and tell me,
23 have you seen that before?

24 A. I've seen something just like this in a
25 little bit different format.

1 Q. Well, let me ask you this: The net present
2 value in Exhibit 3 matches the interrogatory answer
3 that we went over earlier in Exhibit 2, correct?

4 A. Yes.

5 Q. If you go to the interrogatory answer in
6 Exhibit 2, what document did you use to calculate the
7 \$9,902,329,091?

8 A. One like this.

9 Q. One like Exhibit 7 -- Exhibit 3, I mean?

10 A. Yes.

11 Q. Several of these pro formas or projections
12 were provided to me. The Bates numbers were provided
13 to me. The one in your hand is the only one that comes
14 up with the number \$9,902,329,091. What projection
15 have you seen with that same number that isn't like
16 Exhibit 3?

17 A. I'm sure it's the same. It's just in
18 different format, larger sheet.

19 Q. Is the calculation on the sheet you saw and
20 the calculation in Exhibit 3 the same?

21 A. Yes.

22 Q. So now with respect to the net present value
23 in Exhibit 3, did you prepare or help prepare the pro
24 forma which is Exhibit 3?

25 A. I believe Eric -- I forgot his last name --

1 and Dale Lindon worked on these, and I really didn't
2 work on them myself. They did, and that was their job
3 to do. This was a requirement of Mr. DeLuca, and they
4 worked on this for quite a while. And I did have some
5 input I would think when it came to values.

6 Q. Okay. What input did you have on Exhibit 3?

7 A. I don't know specifically. It would have to
8 do with potentially values.

9 Q. Can you tell us the methodology used in
10 Exhibit 3 to calculate the net present value?

11 A. I don't understand your question.

12 Q. Do you understand the methodology that was
13 used to calculate the net present value in Deposition
14 Exhibit 3?

15 A. You mean from the 33.5 billion, the present
16 day value, used a 7 percent cap.

17 Q. How was that calculated?

18 A. I don't know. I didn't do it. Dale did it.
19 I'm sure he used a program to do it or a calculator to
20 do it.

21 Q. Can you -- let me ask you this: Do you know
22 what program was used to prepare Deposition Exhibit 3?

23 A. No.

24 Q. Have you ever prepared a pro forma like
25 Exhibit 3?

1 A. What do you mean, ever?

2 Q. Do you have the technical experience or
3 expertise to prepare a pro forma like Exhibit 3?

4 A. I've done proformas for things I've worked
5 on, but I did not do this one.

6 Q. What software do you use to do your pro
7 formas?

8 A. I do it by hand.

9 Q. That's my question. Do you have the
10 technical expertise or the computer expertise to
11 prepare a pro forma like Exhibit 3?

12 A. No. Someone else in my company would do
13 that.

14 Q. Well, how did you calculate in Exhibit 3 the
15 \$9,902,329,091 amount?

16 A. I mean, I did not calculate this. This was
17 done by Dale Lindon and by Eric. I forget his last
18 name. And they did it.

19 Q. Do you know how they did it?

20 A. Do I know how they did it? I don't
21 understand what that means.

22 Q. Do you know how they calculated the
23 \$9,902,329,091?

24 A. It's present day value from 33 million --
25 33.5 billion.

1 Q. How did they get the 33 billion?

2 A. I guess you have to go through the whole
3 thing.

4 Q. Well, do you understand how they did it?

5 A. Yes. They did a projection based on 20
6 years based on land sales year by year, the quantities
7 of lots and different properties. I mean, you know,
8 acres of land, depending on if it was commercial or
9 residential or industrial, and they spread it out over
10 a period of 20 years.

11 Q. Why was a 20-year period used?

12 A. Fred DeLuca wanted a 20 year -- he wanted a
13 20-year pro forma originally. Actually, he started
14 with a five year and then he said he wanted 20 years.
15 And then he wanted 30 years and 35 years and 40 years.
16 And this was done, you know, to kind of satisfy him.

17 Q. You are the developer, correct?

18 A. I am the land developer.

19 Q. Well, Fred DeLuca didn't have experience
20 with land development when you met him in 2005, did he?

21 A. I don't know what experience he had or
22 didn't.

23 Q. Well, who was to run LCOC?

24 A. I was to run LCOC.

25 Q. Who was --

1 A. But he was involved on a regular basis.

2 Q. But you were the manager, right?

3 A. Yes.

4 Q. And was Fred DeLuca involved in LCOC on a
5 day-to-day basis?

6 A. No, but Fred Florio, his right-hand man, was
7 put there on a regular basis.

8 Q. So my question is, as the land developer,
9 with the experience you had, why was a 20-year time
10 period used to create the net present value that we see
11 in Exhibit 3?

12 MR. YANEZ: Objection. Asked and answered.

13 THE WITNESS: Fred DeLuca asked for all
14 these different pro formas. I believe it was a
15 little -- I mean, the idea was to get the property
16 rezoned for the maximum amount of usage. These
17 were done mostly because he wanted them done and
18 demanded they be done.

19 BY MR. HUTCHISON:

20 Q. Well, do you believe that -- according to
21 Exhibit 3, there's nearly 80,000 units that are sold
22 over approximately a 20-year time period, correct?

23 A. Yes.

24 Q. Do you believe that the 80,000 units could
25 have been sold over a 20-year time period?

1 A. No. I think they probably could have been
2 done less. Take an example of The Villages. You would
3 find that they would probably be able to -- you
4 probably could exceed that and build this in less time.

5 Q. Let's first talk about the Destiny project.
6 What was the target market for the Destiny project?

7 A. The target was to get the property rezoned
8 and create America's first eco sustainable city. That
9 was the target.

10 Q. Was there a market of consumers that you
11 were going to target with the property that you were
12 going to sell?

13 A. That would have come as we went along. The
14 market in Florida is there. We had the location. We
15 had a 55 -- at that time a \$55 million interchange
16 right at our door step with miles of exposure to two
17 major roads. We had the ability to go from -- to the
18 ocean or to the Gulf, to Tallahassee or to Miami within
19 a day's ride.

20 I often said that this property was -- at
21 this time in the middle of nowhere that would be the
22 middle of everywhere. And it was, like I said,
23 America's first eco-sustainable city that would
24 attract people. We had people that were interested
25 early on. We had every developer, every residential

1 developer in the state and in the country that we
2 were able to bring into our offices all wanted to
3 have a piece of this.

4 And the way Florida was growing at the
5 time and still growing, there will always be a
6 demand for land. As you can see now in our county
7 here where we have no land left to do anything like
8 this.

9 Q. Was a marketing plan ever developed by LCOC
10 or for LCOC with respect to what consumers would be
11 targeted?

12 A. It would be. We would have done that. We
13 would have done that. Yes.

14 Q. But was it ever done?

15 A. No. There was no reason to do it at this
16 time. The whole idea was to get the property zoned.
17 It's kind of putting the horse before the cart.

18 Q. So why did LCOC never have a marketing plan
19 targeting the type of consumer it was going to sell to?

20 A. We would have. We were cut off, if you
21 recall.

22 Q. Well, you're saying you were cut off in May
23 of 2009 when Fred DeLuca stopped funding?

24 A. The second time, yes.

25 Q. So --

1 A. We actually were cut off back in August of
2 2007.

3 Q. But so is it your testimony today that there
4 would have been a marketing plan for LCOC had Fred
5 DeLuca not cut the funding in May of 2009?

6 A. No. I'm saying that Fred DeLuca and Bobby
7 Ray and David Friedman were looking to cut back on all
8 expenses, the things that we would have done. They
9 didn't even believe that having the business
10 development crew that we had was something that was
11 important. They wanted to be involved in what we were
12 trying to accomplish. They were bringing people in
13 like Bobby Ray and David Friedman who had no knowledge
14 of doing any of this and never done any of it that
15 wanted to dictate what we should be doing.

16 So, yes, that would have been done other
17 than the fact that input from Fred DeLuca was let's
18 reduce expenses. I mean, he even thought that we
19 shouldn't be operating out of my office building.

20 Q. The business development team that you
21 mentioned, that was a group of people that you had
22 trying to get businesses to commit to bring their
23 respective businesses to the Destiny project?

24 A. I don't know if it was commit as much as it
25 was to create interest. We did have people commit even

1 though we probably weren't -- you know, that wasn't our
2 main objective. Our objective was to show that we
3 could, in fact, build Destiny and create something new,
4 something that's never been done in Florida before. I
5 mean, we did get and win the Clinton Climate Initiative
6 Award for one of the best of 16 projects in the world,
7 and that was basically on our concept, my concept and
8 the location of this property.

9 Q. You used the word commit. I saw letters of
10 interest from some companies, but I never saw an actual
11 contract or a company committed to building a business
12 on the Destiny land. Are you telling me there is such
13 a contract?

14 MR. YANEZ: Object to the form.

15 THE WITNESS: You used the word commit. I
16 said there were people willing to commit. There
17 was several people that wanted to move forward,
18 but, you know, nobody is going to commit to
19 something that is not fully been done as far as
20 zoning goes. I mean, we were still in the
21 process, you know.

22 We were -- we had interest from lots of
23 different people. Certainly every builder that
24 I can sit here and name, 10 or 15 of them all
25 wanted to be part of this. That wasn't

1 something we were dreaming up. Fred DeLuca
2 himself witnessed at meetings the interest that
3 we had.

4 BY MR. HUTCHISON:

5 Q. Is it your testimony that an employer would
6 not commit to building a business on the Destiny land
7 until there were entitlements and some development
8 under way?

9 A. I mean, I think that could be partly true.
10 We did have people that were looking for commitments
11 from us for Earth Park, Velocita, the industrial park.
12 Certainly the residential developers were all
13 interested, but they would be interested when the
14 property was zoned. And we didn't want to -- we were
15 using our time as efficiently as we could to create
16 this concept and to get approvals and not make
17 commitments for something that we didn't have in hand
18 at the time.

19 Q. Now, between 2000 and 2015, can you identify
20 any developments in Florida that have attracted
21 employers employing over 500 employees to their
22 undeveloped master-planned communities?

23 A. I have no idea.

24 Q. Are you aware of any?

25 A. I haven't looked at that.

1 Q. But as you sit here today, can you name one?

2 A. I don't know how many employees Scripps have
3 right now. I don't know.

4 Q. Well, did Scripps come here and commit when
5 it was an undeveloped master-planned community in North
6 Palm Beach County?

7 A. Say that again.

8 Q. My question to you was, after the year 2000,
9 are you aware of any development in Florida that has
10 attracted a commitment from a major employer employing
11 over 500 employees to an undeveloped master community?

12 MR. YANEZ: Objection. Asked and answered.

13 THE WITNESS: I don't know.

14 BY MR. HUTCHISON:

15 Q. Now, let's go back to Exhibit 3. As an
16 expert, is it your opinion to a reasonable degree of
17 certainty that the net present value of lost profits
18 that LCOC suffered is the amount of \$9,902,329,091?

19 MR. YANEZ: Objection.

20 THE WITNESS: That's what it says.

21 BY MR. HUTCHISON:

22 Q. Well, is that your opinion of what the net
23 present value would have been on the property?

24 A. I guess.

25 Q. You guess?

1 A. I said yes.

2 Q. So how is it that you came to that opinion?

3 A. Again, these were done -- these were asked
4 to be done by Fred DeLuca, and this is the result of
5 that by people who were in that business and did more
6 development than I did.

7 Bobby Ginn -- we had two of Bobby Ginn's
8 people in this, and Bobby Ginn had done a tremendous
9 amount of development. Maybe not as creative as the
10 Destiny project. Maybe not as visionary as the
11 Destiny project, but certainly his people, Dale
12 Lindon, Bobby Masters and, again, Eric, which I
13 forget his last name, was brought in by him. This
14 is the kind of projection that was produced.

15 Q. When was Exhibit 3 created?

16 A. I don't know the exact date.

17 Q. Where was the water going to come from for
18 the property of Destiny?

19 A. Actually, I believe the water would have
20 been coming from the ground.

21 Q. Okay.

22 A. I am still utilizing an RO system that is
23 producing thousands and thousands of gallons a day from
24 brackish water, and I think a lot of the water -- we
25 were working with a water company to bring us water at

1 that time. We didn't see it as a problem.

2 Q. What was the name of the company?

3 A. I believe -- I forget. But I do believe a
4 lot of water would have been generated, as part of our
5 eco-sustainable plan, from the ground itself.

6 Q. What was the name of the company?

7 A. I don't recall.

8 Q. So the machine that you have at your house,
9 you called it a water osmosis machine, I believe, at an
10 earlier time?

11 A. A water osmosis machine, yes.

12 Q. Is that being used in a large-scale
13 community basis anywhere in the United States?

14 A. I don't think it has to be done on a large
15 scale. It can be done in sections. We produce, I
16 think, about 12, 14,000 gallons of water a day.

17 Q. What do you need 12 or 14,000 gallons of
18 water a day for?

19 A. To irrigate my lawn, fill up my pools and
20 fountains, and we use it every day.

21 Q. Do you use 12 or 14,000 gallons a day at
22 your house?

23 A. Yes. Over half a million gallons a month.

24 Q. Have you seen an osmosis machine such as the
25 one you have at your house used in a community?

1 A. Why wouldn't it be able to be used if it's
2 able to be used at my house? If it's producing 11 or
3 12,000 gallons of water a day, why couldn't it be used
4 for 10 or 20 homes at a time?

5 Q. Have you seen it?

6 A. I haven't seen it, no. I haven't seen it.

7 Q. What about the electricity? Where was the
8 electricity going to come from?

9 A. I forgot the name of the electric company
10 that we were speaking with, but electric was not going
11 to be a problem. We also had people that wanted to
12 do-- I forget how many watts solar array that was going
13 to go on part of Rohde's property. A hundred thousand
14 watts possibly. I forget the amount.

15 Q. Did you have a commitment with the electric
16 company to bring electric or power to the Destiny
17 property?

18 A. As I sit here right now, I just don't
19 remember every detail from nine years ago, eight years
20 ago, seven years ago, but, yes, I don't think electric
21 or water was going to be a problem.

22 Q. Okay. Well, did you research who was going
23 to bring electric to the Destiny property as part of
24 your expert opinion in this case?

25 A. Yes, we did. I just don't remember who it

1 was. We had other people involved in the project, not
2 just myself.

3 Q. You realize you are giving an expert opinion
4 in this lawsuit?

5 A. Yes.

6 Q. So in preparing your expert opinion in this
7 lawsuit, did you take a look at who was going to bring
8 electric and power to the Destiny property?

9 A. Yes.

10 Q. Okay. Who was that?

11 A. I told you already, I don't remember their
12 name.

13 Q. Did LCOC have a written contract or a
14 written commitment from that electric company?

15 A. I don't recall.

16 Q. How were sewers going to come to and from
17 the Destiny property?

18 A. That's what we had engineers for on the job.

19 Q. Well, I have not seen any documents showing
20 that there was a plan for sewage on the Destiny
21 property. Are you telling me that there was a plan for
22 sewage on the Destiny property?

23 A. I'm saying that Hanson and Walters, that
24 was -- their job was for water and sewer. And there
25 was never a problem with any of that. Actually, I

1 believe that we would probably have tried to utilize
2 some of the new technologies to handle the sewage and
3 the water, as I just spoke about, so I don't think that
4 would have been a problem.

5 Q. Have you seen the cost estimates for what a
6 sewer would cost to have installed at the Destiny
7 project?

8 A. I don't recall.

9 Q. As part of your expert opinion, do you know
10 what the cost would have been to bring sewers to and
11 from the Destiny property?

12 A. I just don't recall after all these years.

13 Q. As part of your expert opinion, do you know
14 the cost that it would take to bring the electricity
15 and power to the Destiny property?

16 A. We were in the middle of a lot of this stuff
17 including a solar array that would have powered part of
18 the city, if not all of it.

19 Q. As part of your expert opinion, can you tell
20 me what the cost would have been?

21 A. Not as I sit here today.

22 Q. As part of your expert opinion, can you tell
23 me what the cost would have been to have water on the
24 Destiny property for approximately 80,000 housing
25 units?

1 A. I thought I addressed that, but not as I sit
2 here today. But a lot of that would be reclaimed water
3 from the ground.

4 Q. But do you know what the cost would have
5 been?

6 A. I do not. That's something that we actually
7 wouldn't have done ourselves or paid for ourselves. No
8 different than when I sell a piece of property right
9 now.

10 When I sold the 22 acres on Spanish
11 River, I wasn't planning on putting the water or
12 sewer or the road that went through the property.
13 That wasn't ours to do. That was for the developer
14 to do. We are the land developers, not developer.

15 Q. And that property on Spanish River you just
16 mentioned is in the City of Boca Raton, correct?

17 A. Correct.

18 Q. Now let's go to the approval process. How
19 were you going to get entitlements for the 27,000 acres
20 at Yeehaw Junction property?

21 A. We were in that. We were doing it.

22 Q. Tell us what the plan was.

23 A. The plan was to entitle 41,000 acres and
24 provide for about 80 to 85,000 homes over time and over
25 20-some-million square feet of commercial.

1 Q. What did you have to apply for or obtain in
2 order to get those entitlements?

3 A. Well, we had to change the zoning.

4 Q. How were you going to change the zoning on
5 the 27,000 acres?

6 A. It was all part and parcel of the entire
7 package we were putting together.

8 Q. And that's what I want to understand.
9 Please tell us what the package was that LCOC was
10 putting together to change the zoning on the
11 27,000 acres?

12 A. Bob Basehart was our man in charge of all
13 that area, and we were in the process of moving through
14 the county and the state to get the approvals that we
15 needed.

16 Q. So you, as manager of LCOC, can you explain
17 to me what that process entailed?

18 A. That particular portion is not my expertise.
19 That part is why we had someone like a Bob Basehart who
20 was a planner his entire life to do that.

21 Q. I'm just asking your understanding of it.
22 Did you understand that development -- regional impacts
23 had to be applied for?

24 A. Yes.

25 Q. Okay. So tell us about that process. How

1 was that to happen?

2 A. Well, you have to start with a plan, an
3 application and put all the pieces together.

4 Q. Do you understand how those DRIs would have
5 had to have been put together?

6 A. Not to be the one to be doing it, no. I
7 wouldn't have been the one doing it because I don't
8 understand it like the people we hired to do it. That
9 was their expertise to do. There are many parts and
10 pieces to it, traffic, roads, water, sewer, everything
11 that took to assemble to be able to get those
12 approvals.

13 Q. What other -- what state agencies had to
14 sign on with respect to those other approvals?

15 A. There were many state agencies. I don't
16 recall the -- besides the Department of Community
17 Affairs you are talking about?

18 Q. Yes. There were other state agencies as
19 well. Do you know what they were? My question is
20 do you know what state agencies would have had to
21 approve --

22 A. It was the Army Corps of Engineers, there
23 was the DCA, there were people from the County. It
24 was, you know, a pretty involved and lengthy process.

25 Q. Have you personally ever been through the

1 federal permitting agency?

2 A. No.

3 Q. So you've never personally had -- personally
4 meaning through one of your businesses. Through one of
5 your businesses, have you ever had to get federal
6 permits for land entitlements?

7 A. We have, but not personal.

8 Q. What do you mean not personal?

9 A. I did not acquire them personally. We would
10 higher someone like a Bob Basehart to do that.

11 Q. Do you understand the process?

12 A. The process is different in different parts
13 of the state, in different parts of the city, in
14 different parts of the county. It's all different
15 process.

16 Q. LCOC never obtained any additional
17 entitlements at all, correct?

18 MR. YANEZ: Object to the form.

19 THE WITNESS: We were there. We were in
20 that process.

21 BY MR. HUTCHISON:

22 Q. Okay. But did LCOC ever obtain any
23 additional entitlements?

24 A. We were cut off by Fred DeLuca twice.

25 Q. Was the zoning on the Yeehaw Junction

1 property one unit per five acres when LCOC purchased it
2 in August of 2005?

3 A. Yes.

4 Q. Was the 27,000 acres zoned agricultural?

5 A. Yes.

6 Q. Is the 27,000 acres zoned agricultural
7 today?

8 A. I believe it is, yes.

9 Q. Is the zoning still one unit per five acres
10 today?

11 A. That's correct.

12 Q. Let's go back to Exhibit 3. If I understand
13 this correctly, you see on the front page of Exhibit 3,
14 that's the Bates number ending in 096? Front page.
15 Look at the Bates in right-hand corner.

16 A. Yes.

17 Q. Up at the top you see where it says
18 absorption on line three? And then it has line four,
19 single family?

20 A. Yes.

21 Q. And then it has developed and then it has
22 lot sales. Do you see that?

23 A. Yes.

24 Q. And then if you look, over a hundred percent
25 of the sales were going to be lot sales. Am I reading

1 that correctly?

2 A. Yes.

3 Q. Were these lots turn-key lots or super
4 paths?

5 A. What did you call them? Super paths?
6 What's that?

7 Q. You are the builder, Mr. Pugliese.

8 MR. YANEZ: Objection. Move to strike.

9 THE WITNESS: I'm not the builder.

10 BY MR. HUTCHISON:

11 Q. You are the land developer. Do you know
12 what super path is?

13 A. No, never heard that before.

14 Q. Okay. So were these turn-key lots or
15 undeveloped lots?

16 A. Undeveloped lots.

17 Q. So define undeveloped lots for us.

18 A. It's a unit of land.

19 Q. Okay. Does it have infrastructure running
20 through it?

21 A. No.

22 Q. So tell us the condition of these lots when
23 they were to be sold according to your pro forma which
24 is Deposition Exhibit 3.

25 A. They are going to be undeveloped, and they

1 will be sold in large acreage to developers,
2 residential developers who would build the
3 infrastructure to their pod or section of land and pay
4 us for a unit of land based on these numbers, and then
5 build on them.

6 Q. What was the size of the unit of land that
7 you referred to?

8 A. It depends on the size of the lot.

9 Q. So when you say unit of land, you are
10 talking about the size of the lots?

11 A. On the residential it depends on the size of
12 the lot, and the type of value of the lot is based on
13 what would be built there.

14 Q. Now, when you sold these large acres --
15 large acreage to developers, what size parcels were you
16 referring to?

17 A. I'm not referring to any.

18 Q. Well, you said that these lots would be
19 large acreage of lots --

20 A. Depending on what the developer wanted.
21 Some developers came in and said they wanted
22 5,000 acres, some said they wanted a thousand acres.
23 We sold based on that.

24 Q. Would there be any infrastructure included
25 at all?

1 A. No.

2 Q. Would there be infrastructure that at least
3 went up to the edge of that large piece of property
4 that was sold to a developer?

5 A. I don't believe so, but, again, these
6 projections were asked to be done by Fred DeLuca. And
7 I probably wouldn't have -- I mean, my objective was to
8 get the rezoning done. You are looking way off into
9 the future, but my objective was to get the land zoned.
10 That's where the value is made. That's where the value
11 increases.

12 Q. Is Exhibit 3 a model that you are using in
13 your expert testimony to support your claim for damages
14 of \$9,902,329,091?

15 A. Yes, as prescribed by Mr. DeLuca himself.

16 Q. So just so we are clear for the record,
17 Exhibit 3 is a projection or a pro forma that you are
18 using to support your damage claim for \$9,902,000,000.

19 A. Yes.

20 Q. What infrastructure or development was
21 included in the sale of these large plots of land to
22 builders?

23 A. None.

24 Q. Okay. So these large plots of land that you
25 mentioned would be sold to developers, how are they

1 accounted for in this pro forma which is Deposition
2 Exhibit 3?

3 A. How was what? The infrastructure?

4 Q. No. The land itself, you told me that the
5 plan was that LCOC would sell large plots of land to
6 builders, correct?

7 A. Yes.

8 Q. Okay. So where are those large plots of
9 land represented in the pro forma which is Deposition
10 Exhibit 3?

11 A. They are broken by unit. That's the unit
12 price. So it depends on how big the plot of land, as
13 you say, the developer wanted. We didn't have
14 contracts with developers at this time. We weren't
15 seeking to have contracts with developers at this time.

16 Q. So at the time these projections were done,
17 were there any contracts with builders or developers to
18 purchase the land?

19 MR. YANEZ: Objection. Asked and answered.

20 THE WITNESS: That wouldn't be the right
21 thing to do. The right thing to do would be to
22 get the property zoned and approved first, then
23 seek the developer, not do it in the middle of it.

24 BY MR. HUTCHISON:

25 Q. Now, you've used the word developer and

1 builder. Are you using those two terms
2 interchangeably?

3 A. No. I would think that the housing -- the
4 builder would be considered a developer as well.

5 Q. So you use those two words interchangeably
6 today?

7 A. No. They are kind of separate. There are
8 people who build houses on developed lots, and there
9 are people who build houses on land that they actually
10 put the infrastructure in, so you would say that they
11 are a builder developer.

12 Q. Was your plan to sell large plots of land to
13 developers or to builders?

14 A. No. To developers.

15 Q. Now, I want to make sure I understand this
16 projection, so back on page one of Exhibit 3. You have
17 lot sales, a hundred percent, and then for the year
18 2012, you have 900 lots projected to be sold. Is that
19 accurate?

20 A. That's what it says, yes.

21 Q. Is that what you understand it to mean?

22 A. Yes.

23 Q. And is that what you are relying on for your
24 opinion that the damages in this case is \$9,902,000,000
25 plus?

1 A. Actually this is conservative because we
2 were talking to developers who wanted a thousand acres
3 and 5,000 acres, and I would think that 900 is probably
4 conservative.

5 Q. But at this point, I just want to make sure
6 I'm reading Exhibit 3 correctly, so in 2013, you
7 projected that LCOC would sell 900 of these undeveloped
8 lots to a developer; is that correct?

9 A. Yes.

10 Q. Now, what research was done to determine
11 that there would be a market to sell 900 lots in the
12 year 2014, for example?

13 A. Well, I think you would have to ask that
14 question to Dale Lindon and the other fellow. My goal
15 was to get the property rezoned. I knew that there
16 were developers -- I'm sorry -- builders, developers,
17 teed up that wanted Destiny. They wanted to be part of
18 Destiny. And I'm talking about at least 10 to 15 of
19 your major developers throughout the country.

20 Q. Are you aware -- are you familiar with the
21 term absorption rate?

22 A. Yes.

23 Q. Tell me that means.

24 A. The amount of, depending on what you are
25 talking about, that can be absorbed within a certain of

1 period of time.

2 Q. So these numbers that we've been reading,
3 the sale numbers on line six of Deposition Exhibit 3,
4 they would be absorption rates?

5 A. That's what apparently Dale and Bobby
6 Masters assumed, yes.

7 Q. Did you understand that these numbers are
8 absorption rates?

9 A. Yes.

10 Q. So, for example, in the year 2012, the
11 absorption rate was 900 lots; is that accurate?

12 A. 900 units. I guess you could call them a
13 lot.

14 Q. Well, it says lot sales on line six, right?

15 A. Yes, you can call them a lot.

16 Q. So when you use the word units, you are
17 talking about lots, correct?

18 A. In this particular case, yes. Not for
19 commercial -- not for office or hotel or multi-family,
20 but for this use, yes.

21 Q. Line six, I'm talking about Exhibit 3, and
22 the use of lot sales on line six, this is single-family
23 lots on line six, correct?

24 A. That's correct.

25 Q. And those are the absorption rates going

1 across as we look under each year. And, for example,
2 on the front page, they are all 900 per year, do you
3 see that?

4 A. Yes, I do.

5 Q. And that's what you would call the
6 absorption for that particular year?

7 A. That's what they were projecting, yes.

8 Q. So did you see any market research that
9 verified those absorption rates?

10 A. No. That wasn't my concern at this time.
11 Market research was apparently done by these fellows
12 when they put this together. But I can tell you, like
13 I said before that there was tremendous interest and
14 that I think these numbers are very conservative.

15 Certainly for The Villages these numbers
16 would be nothing. They would probably be maybe 20,
17 30 percent of what The Villages actually projected
18 to build in a year.

19 Q. So if I turn to page two, which is the Bates
20 number ending in 097 of Deposition Exhibit 3, do you
21 see that the absorption rates for the later years such
22 as 2018, 2019, they go up, and they are showing a sale
23 of 2,040 units a year. Do you see that?

24 A. No, what number are you talking about?

25 Q. Bates number ending in 97, the very next

1 page.

2 A. Okay.

3 Q. Look at line six.

4 A. Okay.

5 Q. And you see the year for 2017, 2018, 2019?

6 A. Yes.

7 Q. How many lot sales were projected to be sold
8 in those years?

9 A. It looks like 2,800, 2,808.

10 Q. Well, for each year I see 2,040 on line six.

11 A. Oh, I'm sorry, yes. 2,040.

12 Q. And that's for each year, 2017 --

13 A. Again, I think that's very conservative. I
14 think, again, using The Villages as an example, it
15 would be almost double that.

16 Q. So let me finish my question, please. Am I
17 reading this pro forma correctly, in the year 2018,
18 this pro forma projects that 2,040 lots would be sold
19 in the year 2018?

20 A. Yes.

21 Q. And another 2,040 lots would be sold for the
22 year 2019?

23 A. Yes.

24 Q. In preparing your expert opinion, did you do
25 any research to support the projection that LCOC could

1 sell 2,040 lots a year in the years 2017 through 2021?

2 A. Again, this was put together for Fred
3 DeLuca. This was not my concern at the time. My
4 concern was that this doesn't mean anything unless the
5 property was rezoned. So the first thing I had to do
6 was rezone. You can't put the cart before the horse.
7 Get the property rezoned. That's number one.

8 Number two, meeting with Gary Morse at
9 The Villages and seeing his projections that are
10 somewhat similar over the years of actual what he
11 was able to build and develop in an area that I
12 would call second rate to Destiny with a concept
13 that is second rate to Destiny's. He did double
14 this amount in many years. So that's why I said I
15 believe this is conservative.

16 Q. In preparing your expert opinion, did you
17 see any -- strike that.

18 In preparing your expert opinion what
19 support do you have that LCOC could sell 2,040 lots
20 a year in the years 2017 through 2021?

21 MR. YANEZ: Objection. Asked and answered.

22 THE WITNESS: I agree. I said I think The
23 Villages was a perfect example of a large-scale
24 development by a family-owned company that was
25 able to -- I believe there's, like, 150,000 people

1 living there right now, do much better than these
2 numbers.

3 BY MR. HUTCHISON:

4 Q. Other than The Villages, did you do any
5 research to determine that LCOC could sell over 2,000
6 units or 2,000 lots a year in the years 2017 through
7 2021?

8 A. I'll reiterate what I said. I did not --
9 Fred DeLuca asked for this. People like the second man
10 in the Bobby Ginn company, as well as Dale Lindon and
11 Eric, they did this. This was their assumptions. And,
12 if anything, I think they were conservative. Now what
13 research they did, I don't know.

14 Q. Who is Eric?

15 A. He is a fellow who was working with Dale.

16 Q. Is he experienced in this type of --

17 A. I assume he was.

18 Q. Okay. So I just want to be very specific.
19 Other than The Villages, did you personally do any
20 research to support your expert opinion that LCOC could
21 sell 2,040 lots in 2017 and 2,040 lots in 2018 and
22 2,040 lots in 2019?

23 A. I met with -- again, I relied on them from
24 their expertise, but I also, like I said, I met with
25 Gary Morse, I also met with Jack Abdo and the people

1 from Core who built Traditions, and a couple other
2 large communities. We toured them, spoke to the people
3 who developed them, and we felt that with the interest
4 that we had from the developers, the actual builders
5 and developers around the country, that these numbers
6 were not only achievable, but were conservative.

7 And, again, this would have come later
8 on. This was only done at this time because of Fred
9 DeLuca required and asked for these as our partner,
10 but -- and we did that because he was our partner.
11 But the fact is that we were in the process of
12 getting the property rezoned. That was the most
13 important thing to do, design it and get it rezoned.

14 Q. With respect to the absorption rates
15 contained in Exhibit 3, have you seen any market
16 studies or market research that supports the absorption
17 rates reflected in Exhibit 3?

18 A. There was a lot of -- there was a lot of
19 discussion. There was a lot of information. As I sit
20 here today, I don't recall what that was exactly. But
21 I'm sure that's what it took to put this together.

22 Q. Can -- as you sit here today as an expert
23 witness, can you identify any market research that you
24 saw that supports the absorption rates or number of
25 units sold reflected on Deposition Exhibit 3?

1 MR. YANEZ: Objection. Asked and answered
2 maybe -- I don't know how many times, but tell him
3 again.

4 THE WITNESS: Like I said, I met with
5 developers that actually did the jobs, built the
6 communities here in Florida that were very
7 successful, that were not as big as this project,
8 but quite, quite large as well as all of the --
9 now, you can look at all the market research you
10 want, but when you get out to the field and talk
11 to the people themselves and have the developers
12 come to your office and tell you they want to do a
13 thousand acres, they want 5,000 acres, that to me
14 is more important than looking at some statistics
15 from around the country.

16 BY MR. HUTCHISON:

17 Q. I'm going to turn you to Bates number ending
18 in 0100.

19 A. Yes.

20 Q. Do you see the revenue assumptions?

21 A. Yes.

22 Q. And you see where it says lot sales
23 \$130,500?

24 A. Yes.

25 Q. What does that mean?

1 A. The price per lot.

2 Q. So price per lot was projected to be
3 \$130,500?

4 A. Yes.

5 Q. And down below there's a line 86, there's
6 something called an escalator, and it says 1.10. Do
7 you see that?

8 A. No, I don't.

9 Q. Okay. Line 86. Do you see the word
10 escalator?

11 A. Yes.

12 Q. Read across to the right.

13 A. Yes.

14 Q. What does that mean?

15 A. That's the increase over the -- over a
16 period of time.

17 Q. And if I'm reading this correctly, every
18 year the --

19 A. Price would increase.

20 Q. -- price per lot was to increase 10 percent?

21 A. Yes. That's correct.

22 Q. What was the industry standard for an
23 escalator in 2008, 2009?

24 A. I don't know, and I don't think it mattered.

25 Q. Okay. Do you know at any time what the

1 industry standard was for an escalator as it's used on
2 Deposition Exhibit 3 on page .0100?

3 A. The 10 percent increase per year was based
4 on Destiny. Destiny was unique. You can't compare it
5 to too many other things. It was a very unique
6 project, and we believed that the demand would have
7 been very great, and we were going to escalate it at
8 10 percent.

9 Q. What projects can you compare Destiny to?

10 A. Oh, I don't think you can compare it to many
11 other than maybe Sejong City in China which was
12 actually a sister city -- we had an agreement to be a
13 sister city with them. They also won the -- one of the
14 Clinton Climate Initiative Awards for the best
15 innovative city.

16 Q. Can you spell that city for us?

17 A. S-O-J-O-N-G I think it is, Sejong City which
18 actually started around the same time and now it's very
19 successful and very developed. There's probably about
20 150,000 people living there within the last couple of
21 years. That's where we were growing, not -- not a
22 retirement village home like The Villages with some
23 retail and some very, you know -- some offices. Not
24 like Traditions. We were well above that. We were
25 more like Walt Disney's Epcot that never got to be,

1 that Walt never got to see developed and built.

2 Q. The Villages is an active retirement
3 community, correct?

4 A. Yes.

5 Q. Is The Villages comparable to Destiny?

6 A. Apparently you didn't hear what I said. I
7 said it is not. Nothing is comparable to Destiny other
8 than something like Sejong. Something from the 21st
9 century. Traditions and Villages are 20th century
10 development.

11 Q. You are right. I didn't hear what you said.
12 Your testimony is that The Villages and Traditions is
13 not comparable developments to the Destiny project,
14 correct?

15 A. Parts of them are, but overall Destiny is
16 much -- is well beyond what The Villages is and what
17 Tradition is.

18 Q. Sejong City, do you know what they -- what
19 the houses were selling for in Sejong City, China?

20 A. I don't recall as I sit here.

21 Q. Do you know what the costs were of the
22 houses in Sejong City, China?

23 A. I don't recall.

24 Q. Do you know what the absorption rates were
25 for the sale of lots in Sejong City, China?

1 A. Pretty amazing, pretty amazing. We would
2 have been happy for a small percentage of that.

3 Q. Okay. What were they?

4 A. I don't know, but there's about 150,000
5 people, I believe, living there now.

6 Q. Well, do you know what the absorption rates
7 were when Sejong City was selling lots?

8 A. Well, let's put it this way: If they are
9 ten years old, it would have been 15,000 units a year.

10 Q. Well, do you know that?

11 A. Roughly. That's roughly the time frame from
12 what I recall.

13 Q. Where did you get that information?

14 A. I've known them since we -- I've known of
15 their existence since we did this project, and I've
16 seen some of those numbers on the internet.

17 Q. You said it was 150,000 people living there?

18 A. I believe there's 150,000 homes there.

19 Q. And you believe that by what you read on
20 internet?

21 A. I believe so.

22 Q. Have you ever been --

23 A. Our people have been there, yes.

24 Q. Have you been there?

25 A. I didn't go to receive the Climate

1 Initiative Award. Craig Connors and Roz Gatewood
2 physically went there and was presented the award by
3 President Clinton personally.

4 Q. In Sejong City?

5 A. I forget exactly where they were. I don't
6 know if it was Sejong or not, but I think they did.
7 They may have visited Sejong. I just don't recall.

8 Q. So with respect to the cost of land --
9 Sejong City is the name of the developer?

10 A. No. It's the name of the city.

11 Q. What is the name of the developer?

12 A. I don't know.

13 Q. Do you have any of the cost information that
14 the developer of Sejong City had?

15 A. No.

16 Q. Do you have any profit information the
17 developer of Sejong City had?

18 A. No.

19 Q. All right. Let's go back to Deposition
20 Exhibit 3, and I'm going to stay on the same page,
21 .0100. I'm going back to line 86, the escalator where
22 you have 10 percent. Do you know any developments in
23 Florida that use a 10 percent escalator in 2010 or 2011
24 through 2020?

25 A. No, I don't know. I don't know if they did

1 or they didn't.

2 Q. So the developed lots you said the price per
3 lot was going to be 130,500?

4 A. That's what Dale and the crew projected.

5 Q. How was that number calculated?

6 A. You would have to ask Dale and Bobby Masters
7 and Eric that question.

8 Q. Do you know how that number was calculated?

9 A. I thought I just answered that.

10 Q. Do you know how the \$130,500 number was
11 calculated?

12 A. No. Do I know how it was? No, I do not.

13 Q. Now, below that it says ranch homes
14 3,500,000. Was that supposed to be the sale price of
15 each ranch home?

16 A. That was the sale price of a hundred acre
17 ranch without the home.

18 Q. Do you know how the \$3,500,000 ranch price
19 was calculated?

20 A. Based on \$35,000 an acre.

21 Q. And how was the \$35,000 an acre price
22 calculated?

23 A. I don't recall.

24 Q. Multi-family, \$50,000. Does that mean that
25 each multi-family lot was to go for \$50,000?

1 A. No. I believe that's for each -- for each
2 key, for each door. For each individual apartment, the
3 land value would be based on about 20 percent of its
4 sale value. So if it sold for 250,000, 20 percent of
5 that is \$50,000 and that's how that number, I believe,
6 was arrived.

7 Q. But these are undeveloped lots, correct?

8 A. That's how we sell it. That's how I sell it
9 today.

10 Q. So it's your testimony that the sales price
11 of a house is about five times the price of the
12 undeveloped lot?

13 A. You are talking a house now or are you
14 talking about what you just asked me for which was the
15 multi-family.

16 Q. Let's stick with multi-family. Fair enough.
17 So with respect to a multi-family unit,
18 is it your testimony that the sale price of that
19 unit is approximately five times the price of the
20 undeveloped lot or the undeveloped lot as you
21 calculated it per key?

22 A. I'm saying that 20 percent of the sale price
23 of the condo is the value of the land, the raw land,
24 undeveloped raw land, approved raw land. That I do
25 have an expertise in because I do that all the time.

1 Q. So for the multi-family where it's \$50,000
2 for the raw land?

3 A. It's \$250,000 unit, would be 20 percent,
4 would be \$50,000.

5 Q. Okay. Fair enough. What research was done
6 to calculate the cost of that raw land multi-family
7 unit on line 79 at \$50,000?

8 A. Again, you would have to ask that question
9 to either Bobby Masters or Dale Lindon, but I would
10 think that number sounds like a very fair number for a
11 condo in that area, in Destiny.

12 Q. Well, did you, as part of your expert
13 opinion, do any research to support that price of
14 \$50,000?

15 A. I did not.

16 Q. And then below that it has industrial, 25.
17 Does that mean \$25 a foot for industrial?

18 A. \$25 a square foot for the land underneath
19 the building.

20 Q. And the same for research and development,
21 that would be \$30 a square foot for the land?

22 A. Yes.

23 Q. And would that be the same for office, \$35 a
24 square foot for the land as indicated on line --

25 A. That's for the square foot of the building

1 equal to the value of the land.

2 Q. That's on line 82, correct?

3 A. Which one are you looking at?

4 Q. Well, office was \$35. I think that's on
5 line 82, correct?

6 A. No. It's on line 70.

7 Q. 70?

8 A. Well, it's on 70 also.

9 MR. YANEZ: Revenue assumptions.

10 BY MR. HUTCHISON:

11 Q. These are the revenue assumptions that are
12 used in this projection, correct?

13 A. Yes.

14 Q. And then you see hotel, and it looks like
15 \$30,000 a key?

16 A. Correct.

17 Q. And did you see any research as part of your
18 expert opinion that supports that number of \$30,000 a
19 key for the hotel as indicated on line 84?

20 A. A lot of these numbers come right from some
21 of the developers themselves. The hotel I believe came
22 from hotel developers as well as the -- I believe the
23 people at Velocita planned on building a couple of
24 hotels.

25 Q. What hotel developer gave you the price of

1 \$30,000 a key at Destiny?

2 A. I said I don't recall their name, but I
3 believe that's where those numbers came from. Again,
4 you would have to ask Dale.

5 Q. With respect to the industrial research and
6 development office and commercial space listed there on
7 the same page that you just read, where did those
8 numbers of 25 for multi -- I'm sorry -- for industrial,
9 \$30 for research and development and \$35 for office
10 come from?

11 A. Again, Dale Lindon put these numbers
12 together, but from my own familiarity with them and
13 from building office buildings and industrial
14 buildings, I would say those numbers are quite fair.

15 Q. Okay. Well, did you see any research that
16 supported those numbers as part of preparing your
17 expert opinion?

18 A. I've used these numbers myself in buying and
19 selling and developing vacant land for office buildings
20 and industrial buildings.

21 Q. Have you ever bought or sold land in Osceola
22 County?

23 A. No, not before this.

24 Q. So the only time you've ever bought or sold
25 land in Osceola County is when LCOC purchased the

1 27,000 acres?

2 A. That's correct.

3 Q. And have you ever bought or sold land
4 outside the urban growth boundary?

5 A. Of where?

6 Q. Of any particular county.

7 A. Urban growth boundaries are moved all the
8 time, and for something this large, that wasn't an
9 obstacle for us.

10 Q. Tell us what the urban growth boundary is.

11 A. That's a line of demarcation that the county
12 might say that we want to develop within this area.

13 Q. In any county in Florida, have you ever
14 bought land outside the urban growth boundary?

15 A. I think I have.

16 Q. Okay. What county?

17 A. I'm trying to recall. I think it was St.
18 Lucie County.

19 Q. Okay. Where is the land located?

20 A. Some road. I can't remember the road name.

21 Q. How much land?

22 A. I think it was two parcels of 40,000 acres
23 each -- I'm sorry. 40 acres each.

24 Q. Two parcels of 40 acres each?

25 A. Uh-huh.

1 Q. Did you develop that land?

2 A. No.

3 Q. Did you entitle that land?

4 A. Yes.

5 Q. What was it entitled when you bought it?

6 A. Agricultural.

7 Q. And what did you change the zoning to?

8 A. Commercial.

9 Q. What year?

10 A. Probably I would say in the '90s, sometime
11 in the mid '90s.

12 Q. Okay. Tell us how we can identify that
13 land.

14 A. I couldn't do it from here.

15 Q. What was the name of the company that you
16 used to purchase those parcels of 40 acres each?

17 A. I don't remember the name. A name that was
18 done for the project itself, for the property itself.

19 Q. Say that again.

20 A. A name that was just used for that
21 particular piece of property.

22 Q. Did the same company purchase both parcels
23 or were there two different companies?

24 A. I think they were two different LLCs or
25 corporations. I don't know.

1 Q. So each company was a single-purpose entity
2 or LLC?

3 A. Yes.

4 Q. You know what a single-purpose entity is,
5 right?

6 A. Yes.

7 Q. Tell us your understanding of a
8 single-purpose entity.

9 A. An entity that owns one particular purpose
10 or one particular piece of property, for instance.

11 Q. Can you tell us where this land is located
12 in St. Lucie County?

13 A. It's west of the airport if I recall.

14 Q. Any roads to identify where it is?

15 A. As I sit here today, I don't remember the
16 name of the road.

17 Q. When you got it entitled -- when you changed
18 the entitlement on those two pieces of property, were
19 they in the urban growth boundary?

20 A. I don't believe they were.

21 Q. Do you know for sure?

22 A. I'm almost certain they were not in the
23 urban growth boundary.

24 Q. Okay. Any other examples of where you
25 purchased land outside the urban growth boundary in a

1 county in Florida?

2 A. I don't believe so.

3 Q. Have you ever purchased land outside the
4 urban growth boundary and had it rezoned residential?

5 A. I just said I didn't think I purchased any
6 other property outside the urban growth boundary in
7 Florida or Palm Beach County.

8 Q. I'm talking about Florida. Have you ever
9 purchased land in any county in Florida outside the
10 urban growth boundary and changed the zoning to
11 residential?

12 A. I don't know. I don't think so.

13 Q. Okay. Now, I'm going to take you to page
14 1.012 of Deposition Exhibit 3. And you see the number
15 -- tell me when you are there. Do you see the number
16 on line 100, \$17,730,239,301?

17 A. Yes.

18 Q. And if you go to the next page, on line 100
19 you'll see the amount \$31,268,789,000. Do you see
20 that?

21 A. Yes, I do.

22 Q. How did you get from the \$17,730,239,301 to
23 the 31 billion number on the next page?

24 A. You say I got to. I did not -- this was,
25 again, asked to be done by Fred DeLuca, and we used two

1 people who have more experience in residential
2 development than I certainly do to put this together,
3 so --

4 Q. Okay. So is it accurate to say you don't
5 understand how that happened?

6 A. No. I haven't seen these sheets. This is
7 the first time I'm looking at this. I have always seen
8 the one master sheet that we have, that I have.

9 Q. What master sheet are you referring to?

10 A. One of these sheets that is a combination of
11 this page and possibly this page here.

12 Q. I haven't seen that -- that sheet, this is
13 one of several pro formas that were identified for me.

14 A. I haven't seen this in a long -- either I
15 haven't seen it at all or I haven't seen it in a very
16 long time.

17 Q. For your expert opinion, why did you choose
18 20 years as the sell-out period of all the lots at
19 Destiny?

20 A. I didn't. It was Fred DeLuca who chose that
21 number.

22 Q. Well, Fred DeLuca has passed away. You've
23 been identified as an expert a month ago or two months
24 ago. For your expert opinion in this case why --
25 strike that.

1 My question to you is for your expert
2 opinion in this case, why did you choose 20 years as
3 the sell-out period for the units at Destiny?

4 A. Okay. I'll just say it again. Fred DeLuca
5 asked this to be done. I would not have done this at
6 this time. And my expertise, by the way, is in land
7 rezoning and development, not in putting together these
8 pro formas, and I did not ask this to be done. This
9 would have been done later on, not in the middle of the
10 rezoning.

11 Q. So as part of your expert opinion, can you
12 tell me why you chose 20-year pro forma as the model
13 for damages in this lawsuit?

14 A. 20 years probably is a possibly longer time
15 than it would take to actually develop Destiny. These
16 pro formas were made. They were commissioned to be
17 done by Fred DeLuca. They were put together by people
18 with more experience than I do in residential
19 development, and that's why we used them because they
20 exist. I assume that if I was to do it, I would have
21 probably done possibly maybe a shorter period of time.

22 Q. But your expert opinion is based on this
23 20-year pro forma, correct?

24 A. Pardon?

25 Q. Your expert opinion in this case is based on

1 this 20-year pro forma?

2 A. I'm using the 20-year pro forma which is
3 fine.

4 Q. So let's talk about Deposition Exhibit 3
5 page ending in .0104.

6 A. 04.

7 Q. Are you there?

8 A. 104, yes.

9 Q. Line 124, you see where it says developed SF
10 subdivision infrastructure?

11 A. Yes.

12 Q. Do you understand that to mean single-family
13 home, the SF?

14 A. Yes.

15 Q. What are the costs -- and then you read out
16 there, it says the costs, \$30,000. Do you see that?

17 A. Yes.

18 Q. What does that mean?

19 A. I assume that is the cost to provide
20 infrastructure to a lot.

21 Q. Okay. And it says it looks here like the
22 total is \$6 million.

23 A. I see the number.

24 Q. Okay. What does that mean?

25 A. I don't know. I haven't seen this sheet

1 before. I assume that's the cost for a group of lots.

2 Q. Is it your testimony that you don't know
3 what the line 124 at the cost of \$30,000 and a total of
4 \$6 million represents?

5 MR. YANEZ: Object to the form.

6 THE WITNESS: Well, I assume it represents
7 200 lots, but I don't know. Like I said, I
8 haven't seen this before.

9 BY MR. HUTCHISON:

10 Q. You haven't seen what before?

11 A. I haven't seen this page in a long time, I
12 should say.

13 Q. Did you see this page in preparing for your
14 expert opinion?

15 A. No.

16 Q. Well, your expert opinion would contain the
17 same costs that's in Exhibit 3 regardless of the format
18 that you saw the pro forma, correct?

19 MR. YANEZ: Objection. Mischaracterization.
20 Object to the form of the question. You can
21 answer if you understand.

22 THE WITNESS: I'm sorry. Say it again.

23 BY MR. HUTCHISON:

24 Q. The pro forma you saw that you mentioned
25 earlier has the exact same net present value of

1 \$9,902,329,091, correct?

2 A. Yes.

3 Q. Okay. So it would have the same revenues
4 and the same costs to come up with the same net present
5 value period, correct?

6 A. I would assume.

7 Q. Do you have any reason to believe that it
8 doesn't?

9 A. I don't know. I didn't put this together
10 myself, so I don't know.

11 Q. Okay.

12 A. If there's a mistake, maybe there's a
13 mistake. I don't know.

14 Q. Well, the other format of this pro forma
15 that you said you saw, did you prepare that?

16 A. No.

17 Q. Who did?

18 A. Dale Lindon and Bobby Masters, I would
19 assume.

20 Q. Do you know who prepared it?

21 A. Dale Lindon for sure, I would assume with
22 some input from Bob Masters and Eric also prepared
23 this.

24 Q. And Dale Lindon also prepared Deposition
25 Exhibit 3?

1 A. I would think so, yes.

2 Q. Okay. So the other format that you referred
3 to, where is that document?

4 A. I don't see it here. Just a different
5 format.

6 Q. Was it provided by your lawyers as part of
7 your expert opinion?

8 A. No. It's been -- I think it's been around
9 for -- since it was done.

10 Q. And do you have a copy of it?

11 A. I do.

12 Q. Will you provide a copy of it?

13 A. Pardon?

14 Q. Can you provide us a copy of it?

15 A. Sure. Can we take a break?

16 MR. YANEZ: It's 12:00. Do you want to
17 break for lunch?

18 MR. HUTCHISON: Yeah, we can take a lunch
19 break. Anthony, if you have -- we can stay on the
20 record. Anthony, if you have a copy of the pro
21 forma he's talking about --

22 MR. YANEZ: What he's referring to is the
23 format. We previously gave it in a different
24 format. It wasn't printed out on landscape. It
25 was printed out horizontally.

1 MR. HUTCHISON: The only one we have is that
2 small image.

3 MR. YANEZ: No, but other pro formas have
4 been produced before and we gave --

5 MR. BELAVAL: I think what they are talking
6 about, is the one you're talking about, the one
7 that's on landscape.

8 MR. HUTCHISON: Oh, I can't read that one.
9 It's this big.

10 MR. YANEZ: Everything was condensed.

11 MR. HUTCHISON: You don't have it?

12 MR. YANEZ: We don't have it with us, no.

13 MR. HUTCHISON: You don't have a bigger
14 version of it? Because I can't -- I'll mark it.

15 MR. BELAVAL: A slightly bigger version,
16 yes. It's like about this, but, again, it's in a
17 different format than this one.

18 MR. HUTCHISON: But it's the same one?

19 MR. BELAVAL: It is the same one. I think
20 he just doesn't recognize where to look for what
21 because he was used to that format for five years
22 or six years.

23 MR. HUTCHISON: If I had it, I would put it
24 in front of him.

25 MR. BELAVAL: What's that?

1 MR. HUTCHISON: If I had it, I would put it
2 in front of him.

3 MR. BELAVAL: I know. Well, if a fifth were
4 a fifth, we would all be drunk.

5 THE VIDEOGRAPHER: Stand by to go off media
6 unit number two. Going off the record at
7 12:06 p.m.

8 (Thereupon, a recess was taken in the proceedings
9 from 12:06 p.m. to 1:20 p.m.)

10 THE VIDEOGRAPHER: We are now back on the
11 video record. This is the beginning of media unit
12 number three. The time back on the record is
13 1:20 p.m.

14 (Thereupon, Destiny 20-Year Pro Forma 60/40 was
15 marked for identification as Plaintiff's Exhibit
16 4.)

17 BY MR. HUTCHISON:

18 Q. Mr. Pugliese, I'm going to hand you
19 Deposition Exhibit 4. And earlier today you told me
20 that the 20-year pro forma that was Deposition Exhibit
21 3 had the right net present value number with respect
22 to the damages you were seeking, but you had not seen
23 that pro forma in that format; is that correct?

24 A. That's correct.

25 Q. Is Deposition Exhibit 4 the format that you

1 are used to seeing the 20-year pro forma in?

2 A. That's the one I saw last, yes.

3 Q. And is that the one you are basing your
4 expert opinion on in this case?

5 A. Yes.

6 Q. And what it is, is it's Deposition Exhibit 3
7 but the columns are collapsed. Do you understand that?

8 A. Uh-huh. I do.

9 Q. If you are looking at Deposition Exhibit 3
10 -- my first question is this: Deposition Exhibit 4,
11 does that contemplate the sale of individual lots? And
12 you can look at three or four, look at them both
13 together, whatever is easier for you.

14 When I look at Deposition Exhibit 3, for
15 example, line six, it says lot sales. So you'll
16 agree that your 20-year pro forma is contemplating
17 the sale of individual lots?

18 A. Yes.

19 Q. And you'll also agree that your 20-year pro
20 forma contemplates the sale of ranch homes?

21 A. Yes, it does.

22 Q. And it also contemplates the sale of
23 multi-family -- lots for multi-family homes?

24 A. Yes, it does.

25 Q. There's also a line item, and it's on both

1 pro formas. I'm looking at Exhibit 4 -- I'm sorry --
2 3, Deposition Exhibit 3, and Bates number is 104 ending
3 in 104 which is right where we left off before lunch.

4 A. Okay.

5 Q. And it says on line 124 -- tell me when you
6 are there.

7 A. Yes.

8 Q. Developed single-family subdivision
9 infrastructure. Do you see that?

10 A. Yes.

11 Q. And it's \$6 million?

12 A. Yes.

13 Q. And above that, it also has a -- contains a
14 bunch of costs for master infrastructure. Do you see
15 that, starting on line 105?

16 A. Yes.

17 Q. So you'll agree that the 20-year pro forma
18 contains anticipated costs for master infrastructure as
19 well as development for single-family subdivision
20 subdivisions, correct?

21 A. Yes.

22 Q. Earlier you told me that the land was to be
23 sold in an undeveloped condition. Why do you have
24 costs for the development of infrastructure contained
25 in your 20-year pro forma which is Deposition Exhibit 3

1 and 4?

2 A. I believe that's what Fred DeLuca had
3 required Dale and his associates that worked on this to
4 do. This is not what we would be doing.

5 Q. Okay. But you're an expert in this case,
6 correct?

7 A. In certain areas.

8 Q. Well, you understand that you are going to
9 be an expert with respect to the lost profit claim in
10 your case?

11 A. Yes.

12 Q. So I'm asking you as an expert, why do you
13 have the infrastructure costs in your 20-year pro forma
14 if your intention was to sell land in its undeveloped
15 state?

16 A. I thought I answered that, but I'll try
17 again. Fred DeLuca required this to be done. This is
18 how a developer, such as Ginn who is going to develop
19 it, would break it out. And it probably is a good idea
20 because it wouldn't -- would lead you to the bottom
21 line after taking out all the costs and expenses.

22 So our sale of the raw land would, you
23 know, would factor in the costs that the developer
24 would use to put the property into a state where he
25 can actually build on it.

1 Q. But the sale of raw land from LCOC to a
2 developer would not include infrastructure costs,
3 correct?

4 A. That's what I'm saying. We would back those
5 costs out and sell him the same -- this is the same
6 scenario. It's just that we wouldn't be putting those
7 infrastructures in ourselves, and we wouldn't be paying
8 for it. He would be paying for it.

9 Q. So your 20-year pro forma contains LCOC's
10 revenue from selling the land in its undeveloped state,
11 correct?

12 A. Correct.

13 Q. And it also contains the builder's costs
14 with respect to doing some of the infrastructure?

15 A. Well, I think you have to clarify what you
16 are saying. You are saying the bottom number, the
17 present day value of 9.9 billion is the profit? I'm
18 just trying to understand. What are you saying?

19 Q. Well, what is that 9.9 number in your
20 20-year pro forma, which is Deposition Exhibits 3 and
21 4?

22 A. The present day value --

23 Q. Let me finish my question, sir. What is
24 that 9.9 billion number in your pro forma, which is
25 Deposition Exhibits 3 and 4?

1 A. It's a present day value on the lost profit
2 on the sale of the property.

3 Q. And when you calculate lost profits, you
4 indicate the sale revenues that LCOC would receive
5 selling the land in its undeveloped state, correct?

6 A. Well, that's how we got to that number.

7 Q. Okay. But you'll agree with me that your
8 20-year pro forma also includes infrastructure costs
9 that you told me LCOC was not going to do, correct?

10 A. No, we wouldn't be doing that.

11 Q. So why are those infrastructure costs in
12 your 20-year pro forma?

13 A. Because Fred DeLuca asked for them, but they
14 also would help you net out a fair market value for the
15 land without doing those infrastructure costs which
16 would be the burden of the developer himself.

17 Q. But if you were selling the land in its
18 undeveloped state, why are you subtracting costs for
19 infrastructure that LCOC were never going to incur?

20 MR. YANEZ: Objection. Asked and answered.

21 THE WITNESS: I guess it's a matter of
22 semantics. What you are saying is just because we
23 had the costs down there doesn't mean that we were
24 going to do it.

25 We were trying to come up with a fair

1 number of what our raw land would be worth with
2 the approvals once the infrastructure was done
3 by the developer. And in order to do that,
4 that's how they decided to put it in there.

5 BY MR. HUTCHISON:

6 Q. The 20-year pro forma which is in front of
7 you, Deposition Exhibit 3 and 4, you understand that
8 assumes that the land was already entitled, correct?

9 A. Correct.

10 Q. In other words, the 20 year pro forma
11 assumes that you were able to obtain entitlements for
12 approximately 80,000 residential units on the Destiny
13 property, correct?

14 A. Yes.

15 Q. It also assumes that all the agencies
16 including the Department of Community Affairs signed
17 off on those entitlements, correct?

18 A. That's correct.

19 Q. Why did LCOC never submit a DRI to the
20 Department of Community Affairs to obtain additional
21 entitlements?

22 MR. YANEZ: Objection. Mischaracterization.
23 Assumes facts not in evidence. Calls for
24 speculation.

25 THE WITNESS: Well, because Fred DeLuca took

1 over the project, did nothing with it and allowed
2 it to fester to nothing. And all the time that we
3 spent, all the money we spent, it was all
4 basically wasted, and that he never brought it to
5 fruition to be able to reap the rewards of all the
6 profits that could be made according to his own
7 asked-for pro forma.

8 BY MR. HUTCHISON:

9 Q. When was -- excuse me. When did you intend
10 to submit DRIs on behalf of LCOC to the Department of
11 Community Affairs?

12 A. I don't recall.

13 Q. Would it have been in 2009 or in 2010 or
14 later?

15 A. I don't recall.

16 Q. So going back to the pro formas, the
17 \$9.9 billion number, if you, as LCOC, are subtracting
18 the costs for the infrastructure in order to calculate
19 that number, then that's including costs that LCOC were
20 not going to actually incur, correct?

21 A. That's correct, but those costs we would not
22 incur, no. Someone else would incur them, but the
23 bottom line of \$9.9 billion is what land company would
24 have received present day value.

25 Q. You understand that \$9.9 billion includes

1 the present value of the future profits of LCOC?

2 A. That's correct.

3 Q. And you understand those future profits of
4 LCOC as calculated in your 20-year pro forma --

5 A. Yes.

6 Q. -- were calculated by subtracting the costs
7 of the infrastructure from the revenues derived from
8 the sale of the land?

9 A. It's the same thing. It's just netting --
10 the bottom line is netting out the amount that would
11 have gone to Land Company because that's the number we
12 would use to back into the raw land cost that we would
13 have charged the developer.

14 Q. Well, you understand that the profits that
15 LCOC would have received were derived from the revenue
16 of the sale of land?

17 A. Yes. That was the intention.

18 Q. And to calculate profits you would then
19 deduct any associated costs that LCOC had in selling
20 the undeveloped land, correct?

21 A. Not really, no. Besides deducting the costs
22 for what we actually laid out, which would be all the
23 soft costs for the entitlement process, we went further
24 in this pro forma, as again asked by Fred DeLuca, and I
25 think probably too soon, but if you deducted all of the

1 costs to actually make that lot a finished lot, then
2 you could say, yes, those costs are associated with the
3 bottom line of this. But we were not planning to do
4 this infrastructure, and thus, we would be selling the
5 land entitled but not developed ready to build.

6 Q. Okay.

7 A. These are -- this would give you a
8 ready-to-build development which was not our intent.
9 That's not what my business model is.

10 Q. For example, the infrastructure for the
11 subdivisions, that's not included in the pro forma, is
12 it?

13 MR. YANEZ: Object to the form.

14 THE WITNESS: What are you talking about?

15 BY MR. HUTCHISON:

16 Q. Line 27, that's not infrastructure for all
17 40 -- or all 80,000 lots, is it? It's infrastructure
18 for 200 lots is what you told me this morning.

19 A. Well, that one cost there, I assume.

20 Q. Yeah, but that's the same total. If you
21 look over on page 107, it's the same total on line 124.

22 A. I don't recall what DeLuca instructed them
23 to come up with on that total number of sale of lots
24 sold.

25 Q. I'm concerned with Anthony Pugliese's

1 opinion as an expert. Did you include the cost of
2 infrastructure in calculating your lost profit damages
3 in this lawsuit?

4 A. My input on this was based upon values of
5 finished lots.

6 Q. What do you mean by finished lots?

7 A. A saleable parcel.

8 Q. What do you mean by a saleable parcel?

9 A. A parcel that I would sell to a developer
10 for him to build.

11 Q. But undeveloped land as you defined earlier,
12 correct?

13 A. Yes.

14 Q. So LCOC was going to sell land undeveloped
15 to developers, correct?

16 MR. YANEZ: Objection. Asked and answered.

17 THE WITNESS: Yes.

18 BY MR. HUTCHISON:

19 Q. In calculating your lost profit damages in
20 deposition Exhibits 3 and 4, did you deduct
21 infrastructure costs?

22 A. Yes, I believe the infrastructure costs --
23 I'm not familiar with this sheet, so I have to go back
24 to Exhibit 4.

25 Q. Okay.

1 A. I believe the total master infrastructure is
2 -- it looks like it's about 2.5, is that?

3 Q. I read 2,141,000,000?

4 A. Yes.

5 Q. So my question is, in calculating your lost
6 profits, did you deduct infrastructure costs?

7 A. Yes.

8 Q. Now I'm turning to Deposition Exhibit 3, and
9 on Bates number ending .0108.

10 A. Yes.

11 Q. Do you see where line 174 says total builder
12 fee cash flow?

13 A. Yes.

14 Q. What was that?

15 A. I guess it's part of the costs.

16 Q. Well, is it a cost? What is the cost for?

17 A. Again, I'm not familiar with this format so
18 I'm not sure.

19 Q. Okay. Look on Exhibit 4, the format you are
20 familiar with. And about almost down at the bottom,
21 you see the section that says builder fee revenue
22 percentage of home sale value 3 percent?

23 A. I'm sure it's a cost associated with a
24 builder developer, not us. It's a cost that they
25 estimated that the builder would take on top of all the

1 other costs as a fee.

2 Q. Does that go as a cost according to your
3 calculations in your 20-year pro forma or is that a
4 revenue?

5 A. I still can't find it here.

6 Q. Right there. Do you see it?

7 A. I do.

8 Q. It's cut off a little bit, but it says LDER
9 fee revenue, percentage of home sale value, and then
10 below it, it's cut okay off, total builder fee cash
11 flow. And my question is --

12 A. Is that 4.8 billion?

13 Q. That's 4,849,004,900 --

14 A. Just under 5 billion.

15 Q. Yes. So is that a revenue according to your
16 20-year pro forma or is that an expense? Do you know?

17 A. I'm trying to see. I believe it's a revenue
18 stream.

19 Q. Why was LCOC going to get a revenue stream
20 called the builder fee cash flow?

21 A. I don't think they were -- this, again, was
22 done for Fred DeLuca. This is not -- this is a revenue
23 stream that they are adding apparently. If it is a
24 revenue stream, they are adding it as a profit which I
25 would build into the cost of the lots to begin with.

1 So they are breaking it down as a builder
2 because that's what Ginn was, in fact, a builder
3 developer. And this was done by Bobby Masters and
4 Dale Lindon and this is -- as well as Eric. And
5 this is the format they used.

6 But the bottom line is that I probably
7 would have done it somewhat differently, and this
8 will all come out to the same bottom number.

9 Q. Why did you not do it for your expert
10 opinion differently as you said you would do it?

11 MR. YANEZ: Object to form. Argumentative.

12 THE WITNESS: My expert opinion as to what?

13 BY MR. HUTCHISON:

14 Q. In this lawsuit you're giving an opinion.

15 A. What about it? Mine is very simple. Mine
16 is a very simple procedure. I sell the land after it's
17 entitled to a developer in its raw state, and they do
18 all the work. And I put a price per unit on it,
19 whether it's an acre or a square foot or a unit cost of
20 a condo or an apartment or a hotel key. That's how I
21 do it. This is how a builder would do it, I assume.

22 Q. So Exhibit 4, is that an accurate
23 calculation of the lost profits you are seeking in this
24 lawsuit?

25 A. Yes. It's just backed into it differently.

1 Q. So my question to you is, is the line item
2 that we've been going over, the builder fee cash flow
3 line, which shows a revenue to LCOC of \$4,849,004,939
4 how was that number calculated?

5 A. Just another -- based on a percentage, but
6 it's just another way of developing a unit price the
7 way I would have done it.

8 Q. How is the 3 percent used to calculate that
9 number?

10 A. I don't know. I mean, this is done by -- my
11 input here was all about what is the land valued at.
12 What are costs of the per acre ranchettes, what are the
13 costs per square foot for the industrial property, the
14 commercial property, the residential property, the
15 offices, the land sales of lots, a median price. It
16 could be lower, it could be higher. And then they
17 backed into these numbers by adding in developer fees
18 as if they were building it.

19 Q. Do you know how the 3 percent number was
20 come to in calculating the builder fee cash flow? Why
21 was 3 percent used?

22 A. That's a number that Dale and Bobby
23 apparently used as builder developers.

24 Q. So you are relying on the accuracy of the
25 information that Dale Lindon used in these pro formas

1 that are in front of you?

2 A. No. Only partly. I mean, again, mine would
3 be a lot simpler than this, but it would come out to
4 the same bottom number as they did. They broke down
5 the number that we were looking to obtain on a sale,
6 and they just broke it all down.

7 Q. Sir, Dale Lindon had a lot of input into
8 this pro forma that's in front of you, Exhibits 3 and
9 4?

10 A. Dale Lindon and I believe Bobby Masters did
11 as well.

12 Q. And are you relying on the accuracy of the
13 information that Dale Lindon used in those pro formas?

14 MR. YANEZ: Objection. Asked and answered.

15 THE WITNESS: I would say to a certain
16 degree, yes. And, again, the stuff that I gave
17 him was the numbers. The stuff I provided, the
18 numbers I provided were based on a unit price for
19 land, for acres, for home sites and for unit
20 prices.

21 BY MR. HUTCHISON:

22 Q. Okay. So, for example, the unit price we
23 went over earlier was \$130,500 a lot for a single
24 family. Do you remember that?

25 A. Yes.

1 Q. Okay. Is that a number that you provided to
2 Dale Lindon?

3 A. Probably provided most of these numbers with
4 some discussions with Bobby Masters and Dale as well.

5 Q. Okay. So if you turn to Bates number .0100
6 and you see those revenue assumptions, and you see for
7 the single-family lots, it's \$130,500 on line 77?

8 A. Yes.

9 Q. And if you look at Exhibit 4 that same
10 number is also under the total revenue for a single
11 family lot?

12 A. Okay.

13 Q. How did you calculate that single family
14 lots would sell in phase one, and that would be the
15 years 2010 through 2017 for an average price of
16 \$130,500?

17 A. Again, based on the price of the house that
18 would be built there.

19 Q. Well, actually, I was wrong. It actually
20 escalates at a price of 10 percent a year, right?
21 Isn't that what you told me earlier? So if you are
22 looking at the year --

23 A. Yes.

24 Q. -- 2012 is the first year of sales, correct?

25 A. Yes.

1 Q. Okay. And the first year of sales, a lot
2 would sell for \$130,500, correct?

3 A. Correct.

4 Q. And the second year of sales in 2013, the
5 house -- the price of a lot would sell for \$143,550,
6 correct?

7 A. Yes.

8 Q. That's because the price went up 10 percent
9 over the previous year, correct?

10 A. That's correct.

11 Q. How is it that you calculated the number of
12 \$130,500 a lot would be the market price for the year
13 2012?

14 A. Based on, again, input from developers and
15 input from Bobby who has tremendous experience and
16 Dale. And some of the values were actually off of --
17 we checked on some sales that were made on -- actually,
18 by Dean Saunders had sold a number of large pieces of
19 property including this one to us. But even since then
20 he's sold a lot of properties in and around Northern
21 and Central Florida including Osceola County.

22 And a lot of the information that we used
23 was some historical information and numbers that we
24 would have also gotten a feel from the many
25 developers that were interested in our property that

1 they would, you know -- what they would think of the
2 values that they would put on a finished product.

3 Q. So the price of \$130,500 per lot in the year
4 2012, that assumes that there would be entitlements on
5 that land, correct?

6 A. I believe that was an entitled price. I
7 don't remember.

8 Q. Right. The price assumes it was entitled,
9 correct?

10 A. I'm not sure. Probably.

11 Q. So you're telling me that in the year 2012
12 you projected selling lots at Destiny for \$130,500
13 without entitlements?

14 MR. YANEZ: Objection. Argumentative.

15 THE WITNESS: No. I said I'm not sure.

16 BY MR. HUTCHISON:

17 Q. So is it your --

18 A. I mean, it's seven years ago. I just don't
19 remember.

20 Q. So is it your testimony that the price of
21 \$130,500 per lot contained in the 20-year pro formas in
22 front of you today, you are not sure whether that
23 included entitlements or not? Is that your testimony?

24 A. No, it's not.

25 Q. So does the \$130,500 price include

1 entitlements or not?

2 A. I believe it does include all of the
3 entitlements that we wouldn't be developing, but it
4 includes all the costs it would take to entitle -- to
5 make that a developable lot.

6 Q. When you were manager of LCOC, why did you
7 not submit a DRI to the Department of Community
8 Affairs?

9 MR. YANEZ: Objection. Mischaracterization
10 of evidence.

11 THE WITNESS: When?

12 BY MR. HUTCHISON:

13 Q. When you were manager of LCOC.

14 A. At what time?

15 Q. At any time why did you not submit a DRI to
16 the Department of Community Affairs?

17 A. Because we were going along with a raw land
18 steward ship, and it got changed to a new city overlay.
19 And then the rest of it DeLuca took and ran with it, so
20 you can ask him that question. We weren't doing a DRI.
21 We weren't recommending to do a DRI at that time.

22 Q. If the new city overlay was approved, did
23 LCOC have to submit DRIs in order to get more
24 entitlements?

25 A. After it was improved we would probably have

1 to do a number of DRIs, although there was some
2 potential process of not having to go through a DRI.

3 Q. What's that process?

4 A. That Governor Crist had suggested that any
5 property of 25 acres or more would be able to bypass
6 the DCA and not have to do DRIs.

7 Q. Did Governor Crist ever tell you that he
8 would intervene or assist you in obtaining entitlements
9 for Destiny?

10 A. I'm telling you what he said, that he was
11 going -- that he thought that it would make sense to
12 have project of this size not have to deal with a
13 government agency that was dealing with as little as
14 10 acres or 20 acres of land.

15 Q. So what did Governor Crist tell you
16 specifically?

17 A. That he would be in favor of legislation
18 that would say that 25,000 acres or greater did not
19 require us to deal with the DCA at all.

20 Q. Was that legislation ever passed?

21 A. That legislation was in the hands of Randy
22 Johnson, and at that time Randy Johnson basically --
23 again, going back to Fred DeLuca, Fred DeLuca would not
24 honor anything that he said to Randy Johnson about his
25 participation in the project, Tom San Giacomo's

1 participation in the project. And that's why both
2 Tommy and Randy quit in the middle of all of this.

3 And, again, as a partner, instead of
4 discussing it, he was just heavy handed and did his
5 own thing, DeLuca, which, like I said, we were right
6 there with getting it approved. And Randy Johnson
7 at that point decided he was going to use it as a
8 leverage to get the partnership that he had never
9 been able to get after, I don't know, seven or eight
10 different versions of the partnership agreement that
11 Fred DeLuca not only asked to be done but then
12 refused to sign.

13 And Randy, I think, at that point was
14 just discouraged, and I don't think he really tried
15 to get it done, so it did not pass legislation. It
16 could have passed legislation, but it didn't. And
17 it goes back to Fred DeLuca, again, disrupting the
18 entire process.

19 Q. Other than Charlie Crist telling you that he
20 would support legislation in favor of bypassing the DCA
21 if the land was over 25,000 acres in size, did you have
22 any other discussions with Charlie Crist regarding the
23 entitlements or obtaining entitlements on Destiny?

24 A. Other than he loved the project and would
25 have liked to have seen it approved. He thought it was

1 great. He thought it was innovative. He thought it
2 would be great for the state. I mean, things of that
3 nature.

4 Q. Did Charlie Crist tell you that he would
5 intervene with the Department of Community Affairs so
6 that the Department of Community Affairs would allow
7 LCOC to obtain entitlements on the Destiny property?

8 MR. YANEZ: Objection. Calls for
9 speculation and asked and answered.

10 MR. HUTCHISON: No, it doesn't.

11 BY MR. HUTCHISON:

12 Q. You can answer.

13 A. I did not have a discussion with Charlie
14 Crist about intervening with the DCA. The DCA was just
15 kind of an obstacle that was put in your way that you
16 can always get through and around, and all you had to
17 do was jump over some more hoops to get there.

18 Q. Did Charlie Crist ever tell you that he
19 would override any decision of the DCA with respect to
20 DCA's decision not to allow entitlements on the
21 project?

22 MR. YANEZ: Objection. Mischaracterization.

23 THE WITNESS: Not in so many words, but when
24 you think about his idea in proposing any project
25 25,000 acres or more and us being over

1 25,000 acres to not have to deal with the DCA that
2 was, in fact, what I think Charlie was probably
3 trying to achieve.

4 BY MR. HUTCHISON:

5 Q. Did Charlie Crist tell you he would speak to
6 Tom Pelham --

7 A. No.

8 Q. -- who was the head of the DCA on behalf of
9 you or LCOC?

10 A. No.

11 Q. Now, you had told us earlier in the 20-year
12 projection you came up with some of the lot pricing.

13 A. Probably a good part of it, most of it.

14 Q. Okay. What research -- market research did
15 you review in order to come up with that market
16 pricing?

17 A. You know, this -- I do this on a regular
18 basis. I have for the 32 years I'm here in Florida.
19 That has been what I've done is land. And it's just a
20 matter of having an idea what the price will bear, what
21 the developers will pay, what type of product mostly
22 they are going to build, and what is the price of that
23 product going to be. And then I would take a
24 percentage of that.

25 So even today we don't do projections

1 like this for some of the smaller deals we are
2 working on. But we know what the market is. And in
3 this particular case, you know, there was some
4 information out here available. And the best source
5 of this is actually the examples of things and
6 places like I mentioned before, which is Traditions
7 and The Villages as well as, you know, speaking with
8 developers, Core, which was part of Traditions,
9 speaking with them about what values -- or Kid
10 Kitson (sic) also at the time.

11 And all these sites were really inferior
12 to our site because none of them had an interchange
13 right on the property basically and had this kind of
14 exposure or having this location where you could go
15 anywhere from, like I said, from the east of the
16 state to west of the state or north or south all
17 within a day's run so...

18 Q. How many residential units could that
19 interstate off the turnpike near the Destiny property
20 handle?

21 A. We had all that. I just don't recall it
22 right now.

23 Q. Do you know if it was less than 4,000 units?

24 A. No, I don't believe so.

25 Q. So you don't know?

1 A. I don't remember. I don't remember. A lot
2 of our traffic was going to be internalized because
3 being a full city, we would not have a lot of traffic.
4 We don't have people travelling the roads. We have
5 people living, working, staying, playing in Destiny
6 trying to accommodate even children coming back from
7 college to be able to live in a place like Destiny
8 where like in Delray Beach, kids go out, and they go to
9 college. By the time they come back four years later,
10 the price of a lot went from maybe 500,000 to a million
11 five or a million two for a house, and they can't
12 afford to live there. That was not our goal. Our goal
13 at Destiny was to provide for people to live there
14 generationally.

15 Q. But you were escalating the prices at
16 Destiny by 10 percent per year.

17 A. Yes, because we started off on the lower
18 side.

19 Q. So other than the pricing information --

20 A. And that's an average price. You have to
21 understand, that's an average number of the cost --

22 Q. No, sir. That's not an average price.

23 A. It's an average price for the home sales.

24 Q. If you look at -- no. Look at the
25 Deposition Exhibit Number 3, and look at the Bates

1 number ending in .0100. Do you see that?

2 A. Yes.

3 Q. The price in 2012, look at line 77, right?

4 The price in 2012 was \$130,500 for a single-family lot.

5 A. Well, how big is that lot?

6 Q. Well, it's your property. You tell me.

7 A. I'm telling you it's an average. That's
8 what you don't understand.

9 Q. And in 2013 the price goes up to 143,550?

10 A. That has nothing to do with the price of
11 130,500. You can't look at this and tell me what lot
12 is it, where it is located, is it on the water, is it
13 small, is it large, is he going to build a \$250,000
14 house or a 2-and-a-half-million-dollar house.

15 Q. Can you tell me?

16 A. It's an average price.

17 Q. Of a lot that year though?

18 A. No. It's an average price that -- across
19 the entire spectrum.

20 Q. Right. But 130,500 is an average price of a
21 lot in the year 2012 that was to be sold?

22 A. Yes.

23 Q. Okay.

24 A. Also means that the lot could have been
25 50,000, and it could also have been 500,000 or 400,000

1 or 300,000. You get an average of \$130,500. It was an
2 average price.

3 Q. Other than the pricing, was the rest of the
4 information in your 20-year provided by Dale Lindon?

5 A. Say that again.

6 Q. Other than the pricing information you've
7 told us about, was the other information contained in
8 the 20-year pro formas in front of you provided by Dale
9 Lindon?

10 A. No. This was a group effort. It was Dale
11 Lindon, it was Bobby Masters and myself, and Dale
12 really was the guy in charge of working the numbers.
13 Rick Kleinhans from our office worked with him as well
14 and so did Eric. But a lot of the information came
15 here from discussions that we had about what types of
16 properties we are going to be selling.

17 Q. Exhibit 4. I'm looking at your net present
18 value, \$9,902,000,000. Do you see that?

19 A. Yes.

20 Q. Why did you -- what is a discount rate?

21 A. It's when you take a number, a value like we
22 have 33.5 billion and you discount it over 20 years, so
23 you bring it to a present day value of what it would be
24 worth today. It's discounted by a percentage that you
25 pick.

1 Q. Okay. Why was 7 percent used in calculating
2 your damage number?

3 A. That was a number at that time that we
4 thought was a -- well, this wasn't done for damages,
5 but at the time that this was being requested to be
6 done by Fred DeLuca, that's the number that we used.
7 He was charging, you know, 9 percent interest.

8 Q. Why was 7 percent used as a discount rate?

9 A. That was the number that we chose to use at
10 the time. I don't remember exactly.

11 Q. What were other developers using in this
12 same time period, 2009, 2010, 2011? What were other
13 developers using as a discount rate?

14 MR. YANEZ: Object to the form.

15 THE WITNESS: I don't know what other
16 developers were using.

17 BY MR. HUTCHISON:

18 Q. Do you know what other developers were using
19 in the State of Florida as a discount rate in the 2010
20 to 2015 time frame?

21 A. No, other than Bobby Ginn's people, his top
22 people. His top person in the entire company of over
23 2,500 employees was Bobby Masters. So I'm sure that
24 number came from Dale or Bobby Masters which seemed to
25 be a fair number.

1 Q. And do you know why the 7 percent number was
2 chosen?

3 MR. YANEZ: Asked and answered.

4 THE WITNESS: I believe it was chosen by the
5 experience that was behind Bobby and Dale working
6 for the Ginn company for many years.

7 BY MR. HUTCHISON:

8 Q. When was this pro forma prepared?

9 A. I don't remember.

10 Q. Deposition Exhibit 4, when was it prepared?

11 A. I don't remember.

12 Q. Now, the 7 percent, I'm looking at gross
13 profit with other services of -- gross profit with
14 other revenues of \$33,514,227,000. Do you see that?

15 A. No.

16 Q. Right above the 9 billion number. Do you
17 see the gross profit with other revenues?

18 A. Yes.

19 Q. In the amount of 33,514,000,000?

20 A. Yes.

21 Q. You see that number?

22 A. Yes.

23 Q. Okay. And the number above it, project
24 gross profit of 28,134,000,000, do you see that?

25 A. Yes.

1 Q. The 7 percent is 7 percent of which number?

2 A. I don't remember.

3 Q. Which number did you discount, the
4 28,134,560,000 or did you discount the 33,514,227,000?

5 A. I don't recall.

6 Q. Based on your expertise, which number should
7 be discounted?

8 A. I don't like guessing at those kind of
9 things.

10 Q. Well, as an expert today, do you know?

11 A. I think that just because I can be an expert
12 in certain fields doesn't mean that I'm able to
13 mathematically calculate that in my head.

14 Q. Are you an expert in calculating lost
15 profits?

16 A. No. I'm normally a pretty good expert at
17 calculating profit from raw land.

18 Q. Are you an expert at calculating lost
19 profits from the sale of raw land?

20 A. No, I'm not. Although, it's not that hard
21 to do really because I would take the profit, and if
22 I'm going to get into a situation where I'm losing
23 money, I guess I can calculate that. I just don't
24 think that's the way to do business.

25 MR. YANEZ: Just answer if there's a

1 question pending. Sorry, for the future.

2 BY MR. HUTCHISON:

3 Q. Okay. In the exhibit it has the projected
4 IRR, 63 percent. Do you see that?

5 A. Where am I looking at?

6 Q. You can look at the bottom of Exhibit 4 or
7 Exhibit 3. It's the same number in both places.
8 Exhibit 3 it's line number 193 on page 108. And it's
9 also here. Right here, Mr. Pugliese. Do you see it on
10 Deposition Exhibit 4?

11 A. Line 193?

12 Q. I'm in Deposition Exhibit 4 now right up at
13 bottom where it says -- you see ECT IRR? Do you see
14 that? Internal --

15 A. Internal rate of return, yes.

16 Q. And why was the internal rate of return
17 63 percent number? Do you see that? Are you aware of
18 any other projects in Florida that had an internal rate
19 of return of 63 percent?

20 A. I don't really remember.

21 Q. How is the internal rate of return
22 calculated?

23 A. It was calculated by Dale.

24 Q. Do you know how Dale did the internal rate
25 of return calculation?

1 A. Not exactly.

2 Q. Do you have an idea how Dale did the
3 internal rate of return calculation?

4 A. No, I don't.

5 Q. Do you know how to do an internal rate of
6 return calculation?

7 A. Not really. I normally wouldn't do that
8 myself. I would have someone do it for me.

9 Q. Do you know any other projects in the State
10 of Florida that had internal rate of return of
11 63 percent?

12 A. I would think if they bought land for \$5,000
13 an acre, they probably could achieve that or higher.

14 Q. But do you know of any other projects in
15 Florida --

16 A. I'm not that familiar with others, no.

17 Q. Sir, let me finish my question. Do you know
18 of any other projects in Florida that had an internal
19 rate of return in the 2010 to 2015 time frame?

20 A. I'm not familiar with that many projects
21 outside of this project.

22 Q. Then it says internal rate of return with
23 other revenues of 68 percent. Do you see that?

24 A. Yes, I do.

25 Q. Are you aware of any other projects in the

1 State of Florida that had an internal rate of return
2 with other revenues of 68 percent in this time period
3 of 2008, 2010 to 2015?

4 A. I'm not aware of other projects and their
5 inner workers or their rate of returns or their pro
6 formas which I would think were private.

7 Q. Now, if you stay on page 108 in Deposition
8 Exhibit 3, do you see the line 192, cumulative annual
9 net cash flow?

10 A. Yes.

11 Q. And you see for 2010 and 2011 and 2012,
12 there's negative cash flows of 155 million, 168 million
13 and 62 million? Do you see that?

14 A. Yes.

15 Q. How were those to be funded?

16 A. By the developer.

17 Q. By the developers that were going to buy
18 land from LCOC?

19 A. Yes.

20 Q. How were they going to fund it?

21 A. Maybe you have to ask them.

22 Q. Do you know?

23 A. I'm sure they wouldn't get into buying our
24 land from us if they weren't going to be prepared to
25 fund their own infrastructure.

1 Q. Well, this is a net cash flow, negative net
2 cash flow of LCOC, not of the developers. So my
3 question is how was LCOC going to fund those negative
4 net cash flows for the years 2010 to 2012?

5 A. How is it LCOC's?

6 Q. Well, you understand that this 20-year pro
7 forma pertains to LCOC's sales, revenues, profits,
8 correct?

9 A. I also understand that this was done because
10 Fred DeLuca required it to be done and it was done as
11 if we were building this project ourselves.

12 Q. So --

13 A. We would not be accumulating this kind of
14 negative cash flow unless it's paying off a debt. I
15 don't know what's on here right now.

16 Q. Well, I guess my question then, you're
17 telling me that this 20-year pro forma represents
18 revenues and profits that LCOC would have had if LCOC
19 actually built the homes?

20 A. I didn't do the pro forma. I didn't require
21 the pro forma. I didn't request the pro forma. And I
22 assume that that's the way it was done as if we were
23 building it out is the only way I can think why it was
24 done. I don't know why this was done to begin with.

25 Q. Do you know whether the 20-year pro forma in

1 front of you, Exhibits 3 and 4, capture the lost
2 profits for the sale of homes as if LCOC was actually
3 going to build the homes?

4 A. No. I don't think so.

5 Q. You don't think what?

6 A. No because then it would have the homes and
7 the profits from the sale of those homes --

8 Q. Okay.

9 A. -- which it doesn't have.

10 Q. So you'll agree with me then that the
11 20-year pro forma shows LCOC's profits for selling the
12 raw land?

13 A. Correct.

14 Q. And the 20-year shows LCOC's profits for
15 showing -- selling the raw land already entitled?

16 A. Correct.

17 Q. So then going back to page one, the Bates
18 number ending in .018 how was LCOC going to fund those
19 net cash flow deficits in the year 2010 to 2012?

20 A. What do they pertain to?

21 Q. Well, do you know what those --

22 A. No, I haven't seen this thing in a long
23 time.

24 Q. Well, I'm asking you, in your opinion today,
25 on line 192, do you see the cumulative annual net cash

1 flow, Bates ending in 0.108.

2 A. I'm looking for the heading.

3 Q. Look at line 192. Do you see the cumulative
4 annual net cash flow? Do you see it?

5 A. I do.

6 Q. How was LCOC going to fund those cash flow
7 deficits in the year 2010 to 2012?

8 A. They weren't. This pro forma was done as if
9 they were backing into the numbers by putting in costs
10 that would be paid by other parties.

11 Q. So who was going to pay --

12 A. Developer.

13 Q. Why would developers pay for those net cash
14 flow deficits of LCOC?

15 A. To be able to develop the project.

16 Q. But it doesn't appear that LCOC received
17 revenues in 2010 and 2011.

18 A. Well --

19 Q. So how was LCOC going to pay the cash flow
20 deficits in 2010 and 2011?

21 A. Where did the deficits come from?

22 Q. Sir --

23 A. You have it in front of you. I don't know.

24 Q. Do you know where the deficits come from in
25 the year 2010?

1 A. I would assume they are coming from
2 infrastructure costs, but we are not doing the
3 infrastructure. They are going to be done -- this pro
4 forma is done again by developer builder, requested by
5 Fred DeLuca, not by me. And this is as if he was going
6 to be buying this property, developing it himself,
7 themselves.

8 Q. Does the 20-year pro forma in front of you
9 contain infrastructure costs?

10 A. Yes, they do.

11 Q. Was LCOC ever going to incur infrastructure
12 costs?

13 A. No.

14 Q. All right. I have a couple more questions.
15 If you turn to the assumptions in Exhibit 4, it's the
16 last page, and Exhibit 3, it's on page ending in .0113
17 so whichever one is easier for you to read. You'll
18 agree that the assumptions in those two exhibits are
19 the same, correct? .0113. I don't think you are on
20 page 0113.

21 A. Yes, I am. Oh, 113 you said.

22 Q. Yes, 113. So if you go to .0113 in
23 Deposition Exhibit 3 and you compare the assumptions to
24 the second page of Deposition Exhibit 4, they are the
25 same, correct?

1 A. The assumptions in this area, yes.

2 Q. And you understand that the 20-year pro
3 formas in front of you include those assumptions in the
4 calculation of net present value?

5 A. It says notes. It doesn't say assumptions
6 but it says notes.

7 Q. Do you understand that those notes apply to
8 the calculations in the 20-year pro formas in front of
9 you in calculating the net present value?

10 A. I don't know. I would have to read it.
11 Would you like me to read it?

12 Q. You never read those notes before today?

13 A. Probably not in a long time.

14 Q. Do you know if those notes apply to the
15 calculations contained in the 20-year pro forma?

16 A. Not until I read it.

17 Q. Okay. Take a second and read it.

18 A. Okay.

19 Q. Do those notes apply to the calculations of
20 net present value contained in the 20-year pro formas
21 which are Exhibit 3 and 4?

22 A. I believe so.

23 Q. And if you look at line 221 -- do you see
24 line 221?

25 A. I do.

1 Q. It says, "Hard construction cost estimates
2 have not been provided, hence, above should not be
3 relied on as being accurate given a professional
4 engineer has not provided a cost analysis/estimate and
5 reg agencies have not approved proposed transportation,
6 school, environmental and other mitigation."

7 Did I read that correctly?

8 A. Yes.

9 Q. And you understood that when you saw these
10 net present value calculations contained in Exhibit 3
11 and 4, correct?

12 A. When I saw them when?

13 Q. Well, in order to give your expert testimony
14 in this case.

15 A. Uh-huh.

16 Q. You know those notes apply to these
17 calculations, correct?

18 A. I assume they do.

19 Q. Do you have any reason to believe they
20 don't?

21 A. No.

22 Q. The 20-year pro formas in front of you,
23 Exhibits 3 and 4, that's the only calculation of lost
24 profits that you have that you are basing your opinion
25 on in this case, right? Let me say it another way.

1 The exhibits in front of you, Exhibit 3 and 4,
2 calculate lost profits and net present value.

3 Did you calculate lost profits for your
4 expert opinion in any different manner or different
5 methodology than in Exhibits 3 and 4?

6 A. Yes.

7 Q. Where is that calculation?

8 A. In my head.

9 Q. Other than in your head?

10 A. No. It's very simple. You had
11 41,000 acres. 11,000 acres of it was wetlands. About
12 30,000 acres was developable and buildable. And if I
13 achieved approximately \$8 a square foot overall, units
14 of all different types, that would give me a very
15 sizable profit.

16 Q. What would the profit be?

17 A. About \$350,000 an acre based upon
18 30,000 acres would be just about a little over 11,
19 11.5, \$12 billion.

20 Q. So is your expert testimony in this case
21 that the net present value of your lost profits and
22 their damages are \$9,902,329,091 or is your
23 calculation --

24 A. It's a range.

25 Q. -- of damages another number?

1 A. It's a range.

2 Q. And what is that range?

3 A. Because you have a lot of assumptions in
4 here, so, therefore, it has to be a range, right? By
5 the way, 217, if you read that, it tells you exactly
6 what I was saying before, that the 30,000 per door is
7 based on an average value across a range of product
8 types from 15,000 a door to \$45,000 a door.

9 THE REPORTER: You have to speak a little
10 slower when you are reading.

11 THE WITNESS: Oh, sorry about that. Do you
12 want me to say it again?

13 THE REPORTER: Yes.

14 THE WITNESS: Hotel values of 30,000 per
15 door is based on an average value across a range
16 of product types from 15,000 a door to \$45,000 a
17 door depends on if it's a hotel or a motel kind of
18 thing. Same thing with lots. Same thing with all
19 the commercial, industrial and office.

20 BY MR. HUTCHISON:

21 Q. Mr. Pugliese, when I asked you earlier
22 whether your expert opinion in this case was -- and I
23 have deposition Exhibit 2, your interrogatories, was
24 that the projected lost profits of the net present
25 value of Destiny over 20 years at a discounted rate of

1 7 percent valued at \$9,902,329,091 was your expert
2 opinion in this case you told me yes?

3 MR. YANEZ: Object to the form.

4 THE WITNESS: Say that again.

5 BY MR. HUTCHISON:

6 Q. What is your expert opinion in this case
7 regarding projected lost profits of Destiny?

8 A. I would say between 10 and more billion, 10
9 to 12 billion.

10 Q. And how is it that you come to a range of 10
11 to \$12 billion?

12 A. Well, you have one scenario in front of you.

13 Q. Okay.

14 A. And I just did a real thumbnail for you,
15 kind of like what we do with a lot of what we do on a
16 regular basis. Take a unit number times the number of
17 units and come up with a number.

18 So on the land side what we paid
19 approximately 11 or 11, 12 cents a square foot for
20 would turn out to be about 8 or \$9 a square foot.
21 And if you do that on 30,000 acres, you would wind
22 up with 11 or \$12 billion.

23 Q. So is it accurate to say that for the bottom
24 of your range, Exhibits 3 and 4 are the methodology in
25 which you calculated --

1 A. Well, actually Fred DeLuca calculated this.

2 Q. Mr. Pugliese, I'm asking what you are
3 relying on. Are you relying on Exhibits 3 and 4 to
4 give your projected lost profit damages in this
5 lawsuit?

6 MR. YANEZ: Objection. Asked and answered.

7 THE WITNESS: Yes. I think Fred DeLuca had
8 something done that probably came out to be very
9 important for us to utilize today.

10 BY MR. HUTCHISON:

11 Q. So other than Exhibits 3 and 4, what else
12 are you utilizing to calculate your projected lost
13 profit damages in this lawsuit?

14 A. My own internal knowledge of how to evaluate
15 and profit from a piece of land that I take from
16 nothing and zone it for something that will increase
17 the value tremendously, which I've done over the last
18 32 years.

19 Q. Other than your internal knowledge, are you
20 using any other documents to support your lost profit
21 net present value calculations?

22 A. For which?

23 Q. For your lost profit damages.

24 A. My own assumptions?

25 Q. No. Exhibits 3 and 4 are one set of damage

1 calculations, correct?

2 A. Correct.

3 Q. You said that there was a second set of
4 damage calculations in your head; is that correct?

5 A. Kind of that I can apply very simply for you
6 to understand.

7 Q. Is there any other set of damage
8 calculations that you are relying on to give your
9 expert opinions in this case?

10 A. No.

11 Q. So it's either the calculation in your head
12 or the 20-year pro forma which is Exhibit 3 and 4?

13 A. Let's not mischaracterize what I said as a
14 calculation in my head. That's an expert opinion that
15 I am when it comes to raw land and profiting from raw
16 land, which I've proven over and over for 32 years, as
17 a matter of fact going back almost 45 years.

18 So that is a very easy way to calculate
19 it, very simple. Like I said, if I have a piece of
20 property that I get zoned for a hundred units of
21 residential, and I can sell those units as a condo
22 for a hundred thousand dollars per unit, which I
23 have done right in Delray Beach, that's \$10 million.
24 I paid for that property around \$700,000. That
25 profit was achieved within a couple-year period of

1 time. That's simple enough for me to be able to
2 say, you know what, that's a great deal. And that's
3 how I do it all the time.

4 I don't have to go through these kind of
5 machinations that take weeks and weeks and months
6 and months to do and sit here and pick it apart.
7 But it comes out about the same, so six of one, half
8 dozen of the other. And right now at this stage of
9 development, it was an estimate. It was kind of
10 almost like a real educated guess, but it wasn't
11 exactly the number. It was probably a little bit
12 higher than this.

13 Q. Based on your calculations in your head,
14 what's the damages that you are seeking as an expert
15 witness in this case?

16 A. 10 billion.

17 Q. So you as an expert witness are going to
18 provide an expert opinion that LCOC incurred
19 \$10 billion in damages; is that accurate?

20 A. Yes.

21 Q. And would you tell us that calculation
22 again.

23 A. It's this sheet right here. This is good
24 enough. We can start with this.

25 Q. We've already gone through Exhibits 3 and 4.

1 Now I want to do the one that you talked about in your
2 head. What's that calculation?

3 MR. YANEZ: Asked and answered. Do you want
4 him to do it again?

5 MR. HUTCHISON: Yes.

6 MR. YANEZ: Do it again.

7 THE WITNESS: 41,000 acres, 11,000 acres of
8 wetlands, which, by the way, also has value. It
9 also has value. 30,000 acres of land at
10 approximately \$350,000 per acre or about \$8 and
11 change per square foot, overall, all different
12 types of utilizations of products from single
13 family, multi-family, condos, town homes,
14 industrial, manufacturing, commercial,
15 distribution, office.

16 All these different types of potential
17 commercial and developable uses on the land.
18 Take that quick number and run it out, and it's
19 about 11 or \$12 billion.

20 BY MR. HUTCHISON:

21 Q. 11 to \$12 billion gross?

22 A. Again, just a rough number, yes. Less the
23 cost of the purchase of the LCOC property and the Rohde
24 property.

25 Q. So the Rohde property was \$30,000 an acre?

1 A. That was \$30,000 an acre.

2 Q. And how is it they calculated \$30,000 an
3 acre for the Rohde property? How was that determined
4 that LCOC would pay \$30,000 an acre?

5 A. Well, number one, that was the number that
6 the Rohdes wanted, nothing less, and it was also
7 something we did not have to really pay for or deal
8 with for eight years plus. The deal was structured for
9 ten years. Originally they wanted to go with eight.
10 We knew they would go to ten if we needed it, so it did
11 not increase in value. It was really a number that you
12 can present day value it from ten years to present,
13 whatever that calculation would be.

14 So we weren't really paying 30,000 an
15 acre, and we felt like we would never have to even
16 pay for it at all because whoever bought the project
17 would be buying it indirectly and paying it off at
18 closing.

19 Q. The calculation in your head, that comes out
20 to about \$10.5 billion?

21 A. Something around -- something like that. I
22 think maybe 11 billion. I said \$8 and change. So it's
23 between 350,000 to 400,000 per acre.

24 Q. Is that the net present value of the lost
25 profit calculation?

1 A. No. I think that's the calculation that I
2 would use that could have been achieved probably by
3 now.

4 Q. Okay. So you are saying that --

5 A. I think we could have sold the property --
6 if DeLuca didn't pull the plug like he did and destroy
7 the project, we would have probably had it approved
8 especially in these days when you don't have a DCA to
9 contend with and we have a different government. We
10 would have gotten the project approved in 2011 or 2012
11 and probably have sold the property by now four years
12 later. So I would say it's a present value.

13 Q. So that's a present value?

14 A. That's without doing a present day because
15 you don't have to. I'm saying we probably would have
16 achieved that by today.

17 Q. Did you use any type of discount rate --

18 A. There's no reason.

19 Q. Sir, let me finish my question. Did you use
20 any type of discount rate in calculating your
21 10.5 billion damages in your head?

22 A. There's no discount rate to use because we
23 were not projecting it out 30-odd years. We are
24 talking about that's what I think it could have been
25 sold for today.

1 Q. Do you have any comparable property sales
2 that would support that valuation of \$10.5 billion?

3 A. Actually, if you went online and you looked
4 up Lands of Florida and go to Dean Saunders on the
5 website, you'll see some very, very interesting large
6 numbers that he is selling for land, and a lot of it is
7 not even entitled.

8 Q. Okay. Where is the land located?

9 A. It's all over the state and all over -- all
10 over the northern -- central to northern part of the
11 state. But there is more particularly zeroing in on
12 Osceola County and the counties around Osceola County.

13 Q. So what land in Osceola County is selling --

14 A. You have to go to the site.

15 Q. Well, I'm asking you, sir. You are an
16 expert. So I'm asking you what do you base comparable
17 value -- in other words, you valued the land today at
18 \$10.5 billion with entitlements. My question to you is
19 what land in Osceola County is selling at comparable
20 prices per acre?

21 A. Again, you would have to look at the site.
22 That would not be the only comp I would use is just
23 Osceola County. I would use some other counties. You
24 can use Dean Saunders' site. You could use Land of
25 Florida site.

1 But you can also refer it to what we were
2 going to be doing. We were going to be doing things
3 very much like what's being done here in Palm Beach
4 County. So we are really talking about a
5 development of Destiny would be more in line with
6 doing something kind of like Walt Disney did with --
7 to Orlando, and what he did to -- what he did with
8 Disney World.

9 Q. Now, with regard to your \$10 billion
10 valuation in your head, what specific properties would
11 have a comparable valuation in Osceola County on a
12 per-acre basis?

13 A. It doesn't have to be in Osceola County. It
14 doesn't have to be.

15 Q. I'm asking you first --

16 A. I don't know. You would have to go on those
17 websites and take a look. You'll see some very large,
18 multi-million sales for properties a fraction of the
19 size of Destiny.

20 Q. Can you name me any property in Osceola
21 County that has a valuation on a per-acre basis
22 equivalent to the \$10.5 billion number you gave us
23 earlier this afternoon?

24 A. I think you have to go on that website, and
25 take a look. I don't know offhand, and I don't think

1 that you would leave it just in Osceola County.

2 Q. Did you --

3 A. You would go to -- you can go to Palm Beach
4 County. You can go to Martin County.

5 Q. Did you identify any properties that on a
6 per-acre basis are comparable to the Destiny property
7 and have the valuation per acre of the \$10.5 billion
8 valuation you applied to the Destiny property?

9 A. Again, you have to go on the website to take
10 a look. I don't recall offhand, but I wouldn't use
11 that as comparable by itself.

12 Q. Now comparables. Now, with respect to the
13 lost profits damages analysis in Exhibits 3 and 4 in
14 front of you --

15 A. Can we take a break?

16 MR. YANEZ: Yes, let's take a break.

17 THE VIDEOGRAPHER: Stand by to go off media
18 unit number three. Going off the record at
19 2:32 p.m.

20 (Thereupon, a recess was taken in the proceedings
21 from 2:32 p.m. to 2:43 p.m.)

22 THE VIDEOGRAPHER: We are now back on the
23 video record. Is this the beginning of media unit
24 number 4. The time back on the record is
25 2:43 p.m.

1 BY MR. HUTCHISON:

2 Q. Mr. Pugliese, the 10.5 billion damage
3 calculation that you calculated in your head, do you
4 have any papers or documents that show that
5 calculation?

6 A. No. But, again, Saunders puts out a report,
7 and it's for properties, agricultural-type properties
8 and properties like the Destiny property, not quite as
9 large, but like it, that I did rely on to, you know,
10 think about -- think about those numbers, knowing what
11 we planned to do with Destiny.

12 Q. But you took \$350,000 per acre and
13 multiplied it times 30 acres?

14 A. 350 to 400 thousand by 30,000 acres.

15 Q. How did you get the price of 350,000 per
16 acre?

17 A. At about \$8 a square foot.

18 Q. And how did you get the \$8 a square foot?
19 How did you calculate that as the value of the land?

20 A. As a median price for what I believe that
21 the land would bring today with the improvements -- I'm
22 sorry -- without the improvements -- with the
23 entitlements across the board for all the different
24 types of uses.

25 Q. So that median price is based on what

1 comparables or what information?

2 A. It's based on my experience as well as
3 actual projects, not just the saying I'm an expert by
4 reading some books, but by actually doing it and
5 actually profiting from it as well as going on and
6 reading reports from Dean Saunders who happened to be a
7 broker on our project, properties that he values that
8 he has on properties today as well as Land of America
9 which is a different company -- Lands of Florida, which
10 also puts out a report.

11 Q. When did you go on the Land of Florida
12 website?

13 A. Oh, a couple of weeks ago, week and a half
14 ago.

15 Q. Is that when you looked at comparable
16 properties?

17 A. There's a series of properties on that
18 website from all around the state. When I say around
19 the state, I'm talking above the Vero Beach line
20 mostly.

21 Q. Let's go back. I want to make sure I
22 understand your testimony. You said the \$350,000 an
23 acre is the value of the acre as of today?

24 A. I'm saying that that is the amount of
25 dollars that we could achieve today with the

1 entitlements for 30,000 acres of land. The other
2 11,000 actually could be sold to the State. They did
3 offer \$4,000 an acre for just the wetland portion of
4 Destiny back in 2005.

5 Q. So --

6 A. So they would bring probably a higher price
7 from the State.

8 Q. So I'm just trying to understand. You are
9 saying that today is -- the value of 30,000 acres
10 entitled in Osceola County would be \$350,000 per acre
11 or \$10.5 billion for 30,000 acres?

12 A. Yes, broken down into different types of
13 uses as I've stated.

14 Q. So your \$10.5 billion damage amount is as of
15 2016?

16 A. Well, we are using your damage amount from
17 DeLuca's pro forma.

18 Q. No, sir. We are not using --

19 A. I am. Present day value.

20 Q. Let me be clear. I'm not using my damage
21 amount. You are the expert. My understanding is that
22 the damages that you are seeking in this case for lost
23 profits are \$9,902,329,091. Has that damage amount
24 that I just read from your signed interrogatory answer
25 changed during the course of this deposition?

1 MR. YANEZ: Object to the form.

2 THE WITNESS: No, no.

3 BY MR. HUTCHISON:

4 Q. Okay.

5 A. What I'm trying to say is that I did a quick
6 thumbnail analysis to justify that present day value
7 based on assumptions that I have made myself being an
8 expert in the field of land development and land
9 entitlement and land sales and profiting from land
10 sales.

11 Q. So do you have any papers or documents that
12 you did your thumbnail analysis on?

13 A. It doesn't take a lot to calculate them in
14 your head.

15 Q. So to be clear, your thumbnail analysis is
16 totally a calculation that you did in your head?

17 A. I just took 30,000 acres out of the
18 41,000 acres and I applied a number to it that I
19 couldn't replicate that number for those types of
20 developments that could be built on approved property
21 that would have been on that property today, and just
22 did a simple 350 to \$400,000-per-acre number.

23 Now, of course in some cases, some of the
24 land could be worth as much as 2 or \$3 million an
25 acre, and as little as a hundred to \$150,000 an

1 acre. It depends on exactly how many units of
2 different types of property we are going to be
3 building or selling the land for.

4 Q. To be clear, the thumbnail analysis was done
5 only in your head, and there are no papers, correct?

6 A. It's from my experience.

7 Q. But you did it in your head?

8 A. You can say I did it in my head.

9 Q. Well, I can --

10 A. I'll also tell you -- I'll also go on --

11 MR. YANEZ: Finish your answer.

12 THE WITNESS: I'll also go on to Dean
13 Saunders' website, as well as Lands of America --
14 Land of Florida website and look at some offerings
15 of properties and some sales of large tracts of
16 land entitled and unentitled at today's values.

17 BY MR. HUTCHISON:

18 Q. Well, these are sales, right? These are
19 list prices for sale?

20 A. Some were sold, some were for sale.

21 Q. My question is, when did you go on Dean
22 Saunders' website?

23 A. Like I said, a couple of weeks ago, week and
24 a half ago.

25 Q. And the \$10.5 billion that you call the

1 thumbnail analysis, that is as of 2016 using today's
2 prices of the land, correct?

3 A. Yes.

4 Q. Can you give me the names of any specific
5 properties that you used in verifying or in using your
6 thumbnail analysis?

7 A. Well, I can tell you that I have sold
8 property and achieved much higher numbers than that in
9 Palm Beach County, Broward County, Dade County, and I
10 believe that a project of -- a world class project that
11 we were planning would be able to achieve those
12 numbers.

13 I know you are saying, well, it's Osceola
14 County, and there's a bunch of farms and this and
15 that. But we are talking about Destiny. We are
16 talking about America's first eco-sustainable city,
17 something very special. No different than Walt
18 Disney plunking down 25, 26,000 acres purchase in a
19 place called Orlando, and nobody knew where it was,
20 and it wasn't on a highway like ours is.

21 Q. Did you ever, either personally or through
22 one of your companies, buy or sell any land in Osceola
23 County other than the 27,000 acres that LCOC purchased?

24 A. It's an irrelevant question, but no. You've
25 asked me that already once.

1 Q. And how did you calculate that the Rohde --
2 well, let me ask you this: How much was -- how many
3 acres of wetlands was on LCOC's 27,000 acres?

4 A. I think I'm using a number of approximately
5 40 percent, about 11,000 acres.

6 Q. How much wetlands was on Rohde?

7 A. I think we could probably utilize all of
8 Rohde's property.

9 Q. Okay. Any restricted species on the Destiny
10 -- LCOC 27,000 piece?

11 A. That's not really part of a calculation you
12 would use.

13 Q. Well, you are trying to calculate buildable
14 acres, correct?

15 MR. YANEZ: Objection.

16 THE WITNESS: Yes. I can build -- has
17 nothing to do with it.

18 BY MR. HUTCHISON:

19 Q. Restricted species has nothing to do with
20 calculating buildable acres?

21 MR. YANEZ: Object to the form.

22 THE WITNESS: No.

23 BY MR. HUTCHISON:

24 Q. Is that your testimony?

25 A. That's correct. When you are talking about

1 restricted, are you talking about -- if you're talking
2 about scrub jays or eagles, an eagle nest, those type
3 of things, they were on the wetland area at Destiny.
4 There's none in the Rohde property, and there wasn't
5 really anything off the highway on the other
6 30,000 acres that would be devaluing that property.

7 Q. Okay. So you're telling me that there was
8 only 11,000 acres of land on LCOC's 27,000 acres that
9 could not be built on, that's your testimony?

10 A. No, that's not what I said.

11 Q. Okay.

12 A. We are talking about 41,000 acres --

13 Q. And you're telling me that --

14 MR. YANEZ: Finish your answer.

15 THE WITNESS: -- and 14,000 of that 30,000
16 laid on the Rohde piece, and approximately
17 16,000 acres or so -- approximately a little bit
18 more on the Latt Maxcy piece.

19 BY MR. HUTCHISON:

20 Q. And you are telling me that a hundred
21 percent of the 14,000 acres on the Rohde piece were
22 buildable?

23 A. Yes. That doesn't mean we would build on
24 all of it. It means I can get density for it. All
25 right? If I could build on two acres or ten acres and

1 be able to go up three stories, then I don't need to go
2 out onto three or four acres. I can do it all on two
3 or three acres. I don't need to use the whole ten
4 acres.

5 Q. Well, in 2005 when LCOC purchased the
6 27,000 acres, was it zoned one unit per five acres of
7 only buildable acres?

8 A. No. It was zoned one unit for five acres of
9 all the acres.

10 Q. And that's your understanding of how Osceola
11 County zoned the 27,000 acres that LCOC purchased?

12 A. Years ago.

13 Q. In 2005?

14 A. No. They didn't zone it in 2005. The
15 number was for years and years before that.

16 Q. So you are telling me that in 2005 it was
17 not buildable acres. It was total acres?

18 A. No. It was total acres.

19 Q. Now, have you ever heard the rule of thumb
20 that a sale price of a house is approximately 9 to 10
21 times the cost of the undeveloped lot?

22 A. No, never heard of that. It's inaccurate.

23 Q. Now, going back to Exhibits 3 and 4, are you
24 aware of any other project in the State of Florida that
25 had profit numbers comparable to what you project in

1 Exhibits 3 and 4?

2 A. I don't know what their basis is, so I
3 couldn't tell you that. When you have \$5,000 an acre,
4 you have lots of room to make profit. Pay \$50,000 an
5 acre, it's a little bit different.

6 Q. So, as of today, is there any project in
7 Florida that you can compare profitability of LCOC as
8 you have projected in Exhibits 3 and 4 to the
9 profitability of any of those other projects in the
10 State of Florida?

11 A. I don't, and it's only because I don't have
12 that information. I don't know the cost basis. I
13 don't know what they sold the properties for. I don't
14 know what it cost them to develop it. I don't know
15 what that is.

16 Q. You had mentioned Traditions earlier. Did
17 you know that that land was actually foreclosed on?

18 A. I don't know what the reasons behind it was.

19 Q. Okay. The 9.9 billion net present value you
20 have in Exhibits 3 and 4, did you do anything to test
21 that number?

22 A. Again, this was done by Fred DeLuca. This
23 is not something that we would have been doing at this
24 time just yet.

25 Q. Well, Fred DeLuca did not make the

1 calculations in Exhibits 3 and 4?

2 A. He asked for them to be done.

3 Q. I'm asking you this: In Exhibits 3 and 4
4 you have a net present value of \$9,902,329,091. Did
5 you do anything to test that calculation?

6 A. I just did it for you.

7 Q. The thumbnail analysis in your head?

8 A. That's one way of doing it.

9 Q. Okay. Other than the thumbnail analysis you
10 did in your head, did you test the \$9,902,329,091 net
11 present value calculation any other way?

12 A. Well, first of all, that's derived from --
13 that is derived from a per-unit land cost value, right?
14 For what we are selling different types of units for,
15 different types of property for. That, in fact, was
16 something that we just didn't pull necessarily out of
17 the air, that these numbers equate to what properties
18 have, in fact, historically sold for by the unit price,
19 by the square foot, by the square foot of actual
20 building value.

21 Q. What are you looking at?

22 A. Just looking at actually -- this one here.

23 Q. Which page? Okay. Exhibit 4. And you are
24 telling me that what numbers were derived by historical
25 basis?

1 A. All of these numbers.

2 Q. Okay. So let's just start. Total revenue
3 where you have lots for 130,500.

4 A. That's, again, a blend of lots from -- I
5 forget. I don't have that paperwork in front of me,
6 but a blend. To get the 130 that was an average price,
7 so that tells me the numbers could have been as little
8 as 50,000 and maybe as much as I'll say 250,000,
9 200,000.

10 Q. What historical data did you look at to
11 calculate the \$130,500 price per lot that's used in
12 Exhibits 3 and 4?

13 A. I'm familiar with the prices that are here.
14 A lot of these prices came from me. They were
15 confirmed by Bobby Masters and Dale, but I'm familiar
16 with these numbers because these are the numbers I've
17 used myself in selling properties.

18 Q. When you say used these numbers, you used
19 130,500 per lot in selling properties. What do you
20 mean by that?

21 A. I said that's an average.

22 Q. That average number of 130,500, what
23 historical data did you use to calculate that number?

24 A. That number comes from other developers,
25 other builders.

1 Q. Other developers?

2 A. Builders.

3 Q. Where?

4 A. Does it matter where?

5 Q. What other builders were selling lots that
6 were undeveloped for \$130,500 in the years 2011, 2012?

7 A. Falcon Groups sold Touse Homes, a number of
8 lots. I believe it was 20-some-thousand acres of lots.

9 Q. What was the name of the price?

10 A. Transeastern. Transeastern sold a number of
11 thousand acres. I forget. I think it was 20,000 acres
12 worth of lots to Touse.

13 Q. Spell Touse.

14 A. I don't know. T-O-U-S-A possibly.

15 Q. And Transeastern?

16 A. For 1.6 billion, I understand.

17 Q. Where were those lots located?

18 A. Or was it 20,000 lots? I'm trying to
19 remember what it was. But they were all over the map.
20 They were not in any one spot. They were spread out
21 all over the state. They were not a Destiny. They
22 were nothing more than another community -- just
23 another residential development. They were not
24 Destiny.

25 Q. What were the costs of those properties to

1 Transeastern Group?

2 A. I don't know that. I'm sure it was not
3 anything near \$1.6 billion.

4 Q. Transeastern was the seller of those lots?

5 A. Yes.

6 Q. And do you know what profit Transeastern
7 gained from the sale of those lots was?

8 A. I really don't know. I heard it was over a
9 billion one. I'm not sure.

10 Q. Do you know what Transeastern's costs were
11 in the land that they sold --

12 A. Not nearly 1.6 billion.

13 Q. Do you know what the cost was?

14 A. I said I don't know what the cost was. I
15 don't know the inner workings, but I said that I
16 believe that the profit potential was over a billion,
17 one, two out of the million six.

18 Q. How do you know that?

19 A. That's what I heard.

20 Q. Heard it from whom?

21 A. Heard it from other realtors that have been
22 involved in transactions.

23 Q. Did you ever see any of the information that
24 you can testify that you have personal knowledge of
25 what the cost basis was of the land that Transeastern

1 sold?

2 MR. YANEZ: Object to the form.

3 BY MR. HUTCHISON:

4 Q. Did you ever see any information that showed
5 you the profit that Transeastern gained from the sale
6 of that land?

7 A. No. How would I do that? How would I be
8 able to access that?

9 Q. So my question to you was, Exhibits 3 and 4
10 have a 9.9 billion net present value calculation. Did
11 you do anything to test that number?

12 A. Yes. I used -- the numbers I used don't
13 have to be tested. They are numbers that I've actually
14 achieved in selling properties myself.

15 Q. What numbers contained in Exhibit 4 did you
16 actually achieve?

17 A. Would be on the commercial, on the
18 industrial, on the multi-family. Hotel is standard.

19 Q. Where are you looking at? I don't know
20 where you are looking at, sir. What part of Exhibit 4
21 are you looking at? Or Exhibit 3. It doesn't matter
22 which one. Just tell me where you are looking.

23 A. I was looking at the price per unit was on
24 one of these that you gave me.

25 Q. Okay. The price per unit would be on

1 Exhibit 3, if you want to go there.

2 A. Go ahead.

3 Q. Well, it's actually on Exhibit 4 as well.

4 Look at Exhibit 4 and look under total revenue in the
5 per-unit column. Do you see it here?

6 A. Yes.

7 Q. So you are using the price per undeveloped
8 lot for single-family home of \$130,500 average,
9 correct?

10 A. Where are you pointing that out? Where are
11 you finding that?

12 Q. Do you see it?

13 A. Yes.

14 Q. You told me -- I asked you what numbers on
15 Exhibit 4 are you telling us that you obtained from
16 your personal experience. You said the sale of
17 undeveloped lots.

18 A. I didn't say that.

19 Q. Okay.

20 A. I said commercial, industrial, multi-family.
21 Now, as far as the single family lots, that is really
22 more of an expertise of Bobby Masters and Dale, so I
23 would defer to them, but \$130,500 was, again, an
24 average price for different single-family homes that
25 would range from a couple hundred thousand dollars or

1 less to over a couple million dollars.

2 Q. Do you know how Dale Lindon and Bobby
3 Masters calculated the average price of \$130,500 for --

4 A. From their experience.

5 Q. -- a single-family undeveloped lot?

6 A. From their experience.

7 Q. And with respect to industrial, research and
8 development, office and commercial, the numbers there,
9 have you ever sold industrial property in Osceola
10 County?

11 A. I don't think it has to be in Osceola
12 County. Why do you keep saying Osceola County?

13 Q. My question is simple, sir. Yes or no, have
14 you ever sold --

15 A. No, I have not. I don't think it matters.

16 Q. Have you ever sold property for research and
17 development in Osceola County?

18 A. No, I have not, you know I have not, and it
19 doesn't matter.

20 Q. Did you ever sell space for office in
21 Osceola County?

22 A. No, I have not, you know I have not, and it
23 doesn't matter.

24 Q. And you have other commercial for \$45 a
25 foot. Did you ever sell property for other commercial

1 development in Osceola County?

2 A. No.

3 Q. Did you know that the Touse Group that
4 bought the property that you identified from
5 Transeastern went bankrupt?

6 A. Yes, they did.

7 Q. You know that?

8 A. I know that they went bankrupt, yes.

9 Q. And that's the group that paid the
10 1.6 billion to Transeastern?

11 A. Yeah. I don't know if that's the reason it
12 went bankrupt, but it went bankrupt.

13 Q. All right. I'm going to go to your Exhibit
14 1, your expert opinions, and if you turn to page 10.
15 Turn to page 10 of Exhibit 1.

16 A. Yes.

17 Q. I'm going to read -- do you see the bold
18 print kind of in the middle of the page, starts with
19 Mr. Pugliese opines?

20 A. Yes.

21 Q. It says, "Mr. Pugliese opines that he did
22 not accept a real estate brokerage fee, acquisition fee
23 or management fee for his role in seeking to negotiate,
24 aiding the purchase option contract with the Rohde
25 family because of his beliefs in the strength of his

1 partnership with DeLuca."

2 A. That's correct.

3 Q. Can you give me the amount you are seeking
4 for the real estate brokerage fee, acquisition fee and
5 management fee?

6 A. Can you point me -- is there a number I'm
7 seeking?

8 Q. No. And that's what I'm asking you. What
9 is the number that you are seeking to cover the real
10 estate broker fee, acquisition fee and management fee
11 that you claim you are entitled to in this case?

12 A. Well, if I was -- I would have to break that
13 out because you got a management fee, you have a
14 brokerage fee and an acquisition fee.

15 Q. Do you the amount that you are seeking for
16 those fees, sir?

17 A. I don't remember what they were. Are they
18 in here?

19 Q. I have not seen them, sir. That's why I'm
20 asking you? Do you know the numbers?

21 A. I don't know them offhand.

22 Q. The next sentence, "Mr. Pugliese further
23 opines that Mr. DeLuca received the benefit to purchase
24 the option of Rohde at 30,000 per acre because it
25 placed the land value of Destiny project at over a

1 billion dollars and worth potentially 10 billion."

2 Now, I've gone through your lost profit
3 calculation analysis in Exhibits 2 and 3. Is that
4 what you are referring to in that sentence or are
5 you referring to something different?

6 A. I think we are referring to that.

7 Q. Okay. So to be clear, on page 10 of Exhibit
8 1, when your expert opinion is that the value of the
9 Destiny project is over 1 billion and worth potentially
10 10 billion, Exhibit 3 and 4, are the opinions that you
11 are going to give regarding that opinion?

12 MR. YANEZ: Form.

13 THE WITNESS: Yes.

14 BY MR. HUTCHISON:

15 Q. So it's not really over 1 billion -- I mean,
16 it's over 1 billion, but it's really 9.9 billion,
17 right?

18 MR. YANEZ: Objection.

19 THE WITNESS: Yes.

20 BY MR. HUTCHISON:

21 Q. Is there any number lower than 9.9 billion
22 you are seeking pursuant to that expert opinion on page
23 10?

24 A. No.

25 Q. So there's not a 1 billion or 2 billion or

1 3 billion damage calculation that you are going to
2 opine on as an expert, correct?

3 MR. YANEZ: Form.

4 THE WITNESS: I don't know.

5 BY MR. HUTCHISON:

6 Q. As of today?

7 A. No.

8 Q. As of today, is it correct that you are not
9 going to give any damage calculation as an expert less
10 than \$9.9 billion?

11 A. I don't know. I can't answer that.

12 Q. Well, do you have a damage calculation as of
13 today that's less than \$9.9 billion?

14 A. No.

15 Q. What are CDD bonds?

16 A. They are bonds that -- they are development
17 bonds that you have to put up in order to develop
18 property, nothing that we would be doing.

19 Q. Well, the reason why I ask, is your Exhibits
20 3 and 4 include CDD bonds.

21 A. Again, and this is --

22 Q. Do you see Exhibit 4?

23 A. -- asked to be done by Fred DeLuca.

24 Q. Do you see Exhibit 4 right here where my
25 thumb is? A little lower, lower your thumb a little

1 bit. It says CDD financing vehicle issuances. Do you
2 see that?

3 A. Yes.

4 Q. And I can show you on Exhibit 3. It might
5 be easier to read. It's the same number. Turn to
6 Bates number ending in 0104.

7 A. Yes.

8 Q. If you go to line 148, it says CDD financing
9 vehicle/issuances. Do you see that?

10 A. Yes.

11 Q. What does CDD stand for?

12 A. I just can't recall.

13 Q. Have you ever done a project that you used
14 CDD bonds before?

15 A. No.

16 Q. Do you know what the CDD market was in 2010,
17 2011, 2012 time frame?

18 A. No.

19 Q. Now, if you look at line 138 where it's --
20 139 where it says less costs funded by CDD a bonds, do
21 you see that?

22 A. Yes.

23 Q. And you see some large numbers as you read
24 across. Single family for 2012, \$10,800,000 in costs
25 were supposed to be funded by CDD bonds. Do you see

1 that?

2 A. Yes.

3 Q. And that goes through 10,800,000 a year for
4 the rest of that page. Do you see that?

5 A. Yes.

6 Q. Okay. How was LCOC going to use CDD bonds
7 to fund part of the cost as identified in the 20-year
8 pro formas in front of you?

9 A. We weren't.

10 Q. Well, you see that in least in Exhibits 3
11 and 4 those two -- those pro formas or that pro
12 forma -- it's the same pro forma -- shows that costs
13 are being covered by CDD bonds. Do you see that?

14 A. It's only part of their calculation to
15 understand what the bottom line would be for the cost
16 to a developer. And, again, this was put together for
17 Fred DeLuca. Instructed them, I assume Dale, on what
18 he was looking for. And this is not -- this would not
19 pertain to the way we would sell this property. We
20 wouldn't be involved in all of this.

21 Q. But you do understand that costs being
22 funded by CDD bonds are contained in the 20-year pro
23 forma in front of you?

24 A. Yes.

25 Q. And you understand that if you took those

1 costs out, it would affect the lost profit calculation
2 and the net present value calculation?

3 A. It would certainly -- I would think all the
4 costs would affect it.

5 Q. So if you took a cost out, it's going to
6 affect the net profit calculation, correct?

7 A. It's going to drive the profit higher, but
8 you wouldn't do that because these are things I would
9 think have to be considered when we sell the raw land
10 to the developer who has to pay for some of these other
11 items.

12 Q. Was LCOC ever going to use CDD bonds to fund
13 any of the costs?

14 A. I don't know. I would assume so. I
15 shouldn't say that. I would assume that developers
16 would, in fact, do that.

17 Q. Was LCOC going to use CDD bonds to fund any
18 of its costs in selling its land?

19 MR. YANEZ: Objection. Asked and answered.

20 THE WITNESS: Again, Land Company was not
21 going to be developing out this property.

22 BY MR. HUTCHISON:

23 Q. Was LCOC going to use CDD bonds to fund the
24 costs for selling any of its land?

25 MR. YANEZ: Objection. Asked and answered.

1 THE WITNESS: No.

2 BY MR. HUTCHISON:

3 Q. Okay. Also, in your interrogatory Exhibit
4 Number 2 in front of you, there's on page two,
5 Romanette number VII talks about lost profits from the
6 sale of Destiny to the Florida Family Development Group
7 at a cost of \$11,500 per acre. Do you see that?
8 Romanette number VII.

9 A. Yes.

10 Q. Tell us about that. Who did you deal with?

11 A. We had received an offer in writing for --
12 from the Florida Family Development Group. We didn't
13 know who that was, for 11.5 per acre.

14 Q. Who is Brian Crowley?

15 A. He's the broker that presented that.

16 Q. Did you talk to Brian Crowley?

17 A. I did not talk to Brian Crowley. Someone
18 else in the office did. They sent the contract -- I
19 mean, an LOI with this price of 11.5 per acre, and 180
20 days due diligence and 60 days to close all cash. And
21 when I talked to DeLuca, he said to me that -- he said,
22 you know what, three weeks after we close, he says
23 that's great, he says but you know what, it's not going
24 to change my life. And if it's worth this much money
25 now, can you imagine how much money it's going to be

1 worth later on. So we basically told them we weren't
2 interested.

3 Q. By LOI do you mean letter of intent?

4 A. Yes.

5 Q. And the offer was contained in a letter of
6 intent?

7 A. Yes.

8 Q. You never spoke with the broker, correct?

9 MR. YANEZ: Form.

10 THE WITNESS: Not at this time.

11 BY MR. HUTCHISON:

12 Q. Did you ever speak with Brian Crowley
13 regarding the sales to FFDG?

14 A. Yes. Well, he was in a meeting -- he
15 insisted on having a meeting after we turned him down,
16 and he brought in -- oh, besides himself, there was
17 another person from his firm, I believe. There was
18 Pepe Fanjul, Jr. and one or two people from his company
19 that came in. That was the first time that we, I
20 guess, put together that Florida family development
21 group was actually the Fanjuls, the Florida Crystal
22 Sugar people.

23 Q. Did you have discussions with Pepe Fanjul,
24 Jr. --

25 A. Yes.

1 MR. BELAVAL: You guys are starting to talk
2 over each other.

3 THE WITNESS: That's me.

4 MR. BELAVAL: It's getting conversational.
5 If you can slow down, Mr. Pugliese.

6 BY MR. HUTCHISON:

7 Q. Did you have any discussions with Pepe
8 Fanjul about selling the land?

9 A. Yes.

10 Q. Tell us about those conversations.

11 A. They basically came to say that they really
12 were interested in the property and that they wanted to
13 buy the property, and they wanted to know how much more
14 money would it take to make a deal.

15 Q. Is that what Mr. Pepe Fanjul said?

16 A. Yes. In so many words, yes.

17 Q. And what was your response?

18 A. Well, when I found out who it was, knowing
19 Mr. DeLuca's disposition about disposing of the
20 property, I told him I didn't want to, in so many
21 words, jerk him around. Because of knowing his father
22 and knowing who they are in the community, I didn't
23 want them to start making another offer which I'm sure
24 would have been probably considerably higher and then
25 only to have to turn them down again.

1 So I just told him at this point we are
2 really looking forward to developing Destiny and
3 that -- and I told him basically like that. I
4 wasn't looking to get another offer out of you or
5 jerk you around. So he understood and thanked me
6 for my forthcomingness and honesty and said hey,
7 let's stay in touch, and, you know, if you ever need
8 me, call me, and that was it.

9 Q. Did you ever talk to him again about the
10 27,000 acres at Yeehaw Junction?

11 A. Yes. I saw him after that, sometime I
12 remember now. I think it was some mutual thing that we
13 went to, and he was there.

14 Q. And did you discuss selling the land to him
15 then?

16 A. No, did not. He asked me how we were doing.
17 I told him we were working through the process and we
18 are doing fine.

19 Q. Were you in agreement with Fred DeLuca to
20 not sell the property to Florida Family Development
21 Group?

22 A. Well, if I knew what I know now, that Fred
23 DeLuca was trying to steal the property from me and
24 overcharge me on the interest -- I think if I knew that
25 he was going to try to make \$24 million on the interest

1 after I let him into the project at my cost and was
2 going to work for five years for free, I would have
3 probably said I'm voting to take and negotiate this
4 number to 20,000 an acre and sell it. So things would
5 have been different if I knew what I knew later on,
6 years later.

7 Q. In 2005 did you agree with Mr. DeLuca's
8 decision not to sell the property?

9 A. I went along with it based on his -- on what
10 he had to say which is listen, I'm here, I'm standing
11 behind you, we are going to move this thing forward,
12 and we are going to make it worth billions of dollars,
13 and that I don't think we should sell it right now
14 because if it's worth this kind of money today, it's
15 going to be worth many, many, many more hundreds of
16 millions of dollars if not billions of dollars in the
17 future.

18 And when you have someone of his wealth,
19 me and Subway, because Subway was where he was
20 telling me he was going to be able to borrow money
21 at a very good rate as much as we need it, why
22 wouldn't I continue to go along with it?

23 Q. Any other discussions with Pepe Fanjul about
24 the purchase of any of the 27,000 acres?

25 A. No.

1 Q. Have you spoken with Pepe Fanjul about this
2 lawsuit?

3 A. No.

4 Q. Now, also in Romanette number IV on the same
5 page you write -- no, not that one. Number eight, lost
6 profits from the sale of Destiny to the Empire
7 Communities of Canada?

8 A. Yes.

9 Q. Okay. At 15,000 per acre. Do you see that?

10 A. Yes.

11 Q. Okay. Who do you speak with at Empire?

12 A. Mike Scarpino brought in -- he called me and
13 told me --

14 Q. Mike Scarpino is a broker?

15 A. Yes. He's a well-known broker in the land
16 and commercial properties around our area. And he told
17 me that he wanted to bring down a fellow by the name of
18 Cazetta. I think his last name was Cazetta who was
19 very interested in purchasing the Destiny project. And
20 this fellow did, in fact, come down. He was from the
21 Empire Communities Group out of Canada, which is a very
22 large concern that builds multi-family and high-rise
23 and office and retail. And he was there for two days.
24 He actually drove the property, and he spent two days
25 in our office and up on the property, and he made an

1 offer of \$15,000 per acre through Mike Scarpino.

2 Q. Did you ever speak with Cazetta?

3 A. Yes.

4 Q. Did he make the \$15,000 offer to you?

5 A. Yes.

6 Q. And you spoke to Mike Scarpino on the phone
7 or in person?

8 A. In person.

9 Q. And that was where?

10 A. My office.

11 Q. In Delray Beach?

12 A. Yes.

13 Q. And did you meet with Mike Scarpino once or
14 more than once?

15 A. I met with him several times. I remember I
16 talked to him on the phone and met him in person.

17 Q. Tell me about the verbal offer for sale.

18 A. I just did.

19 Q. Well, he --

20 A. He made an offer of \$15,000 per acre.

21 Q. And how did you respond?

22 A. I went back to DeLuca, and he said
23 basically, see, you were looking at 11.5, now we are up
24 to 15. He says why would we want to sell when now we
25 are being offered \$400 million for something we just

1 closed on at \$137 million. And as we reach
2 entitlements, this property is worth billions of
3 dollars, so I don't think we should take the money.

4 Q. Did the Empire verbal offer come after your
5 discussion with Florida Family Development Group?

6 A. They were very close together. I'm thinking
7 that it was, in fact, after the Fanjul.

8 Q. How far apart?

9 A. A matter of weeks.

10 Q. So then you went back to Mr. Cazetta and
11 told him what?

12 A. I think eventually we wound up because it
13 wasn't Pepe Fanjul, I guess we did throw a number out
14 there to him, a larger number. I think it was six or
15 \$700 million.

16 Q. You threw out to who?

17 A. To Cazetta I think.

18 Q. So you offered to sell the property to
19 Mr. Cazetta for six to \$700 million you remember?

20 A. I think not me personally. I think one of
21 our people spoke with Mike.

22 Q. Mike is Cazetta?

23 A. Mike is Scarpino.

24 Q. Okay.

25 A. And I remember something about \$660 million

1 number. Something like that.

2 Q. And did Empire ever respond to that?

3 A. I don't remember.

4 Q. So out of the deal with -- how did the
5 discussions with Empire end?

6 A. I don't know. I don't think we really
7 followed up. Again, I don't think that DeLuca would
8 have wanted to sell it at \$660 million either.

9 Q. How did the discussions with Empire end?

10 A. I don't recall. I think we just didn't show
11 enough enthusiasm, and I think he probably already
12 figured that we just didn't want to sell it.

13 Q. You had told us earlier that your deal with
14 Rohde was for 30,000 an acre, but the purchase would
15 not have taken place if there wasn't entitlements,
16 correct?

17 A. Well, the purchase didn't have to take place
18 at all any time we didn't want it to even though it was
19 a contract. It wasn't an option. It was a contract.

20 Q. Some money had to be paid though, right?
21 You did have to pay money for that contract?

22 A. No. Initially we didn't have to pay any
23 money at all.

24 Q. Initially you didn't, but two years into the
25 deal you had to, two or three years?

1 A. I forget. We didn't have to pay any money
2 up front. All we had to do was pay for the entitlement
3 costs going forward on that site, and we actually had a
4 provision in the contract, I believe, that said if we
5 were to obtain certain amount of units, that we would
6 retain, even if we did not go forward with the property
7 or the sale, that we would retain a portion of those,
8 maybe like 20 or 25 percent of the entitlements, we
9 would retain them as owners.

10 Q. When was the first time money was due under
11 that contract?

12 A. I don't remember. Four years, three, four,
13 five years.

14 Q. Wasn't there a two or \$3 million payment
15 that was due in 2009?

16 A. I don't remember right now.

17 Q. There was some payment that was due though?

18 A. There was some payment that would have been
19 due. Not that we couldn't -- they were very easy to
20 deal with. They were wonderful to have on board. They
21 were known by everybody and loved by everybody in the
22 County, unlike the Latt Maxcys who were actually really
23 disliked. And they were a big addition to our team,
24 the two brothers -- three brothers and sister.

25 And I'm confident that I could have

1 gotten additional years and pushed out money even
2 further because they didn't even need the money.
3 They basically said we just don't want to have our
4 children fighting over land like we've seen happen
5 so many times. So we want to be able to dispose of
6 it when we are ready to retire, which was 10 or 15
7 years from that point when we initially went into
8 deal with them in 2006. And they wanted to be able
9 to basically slice it into four chunks at about a
10 hundred million dollars a slice and use that to feed
11 their estate.

12 So they were very flexible. They all
13 were working still. They were wealthy people. They
14 were younger. And they liked us a lot. And I think
15 that I probably could have got them to extend the
16 payments by a couple of years and probably go to 10
17 or 12 years on the 30,000 per acre number.

18 Q. Did you ever ask them to extend the
19 contract?

20 A. Yes. Yes, I did.

21 Q. You never asked for an extension to make the
22 payment though, did you?

23 A. No. The payment wasn't due any time.

24 MR. HUTCHISON: I'm going to show you --
25 this was previously marked, Anthony, but I'm just

1 going to put a sticker over it. Actually, I can
2 leave it the same, make it a little bigger. This
3 was previously marked as Deposition Exhibit 17.
4 Take a look at this. We better mark a new one
5 here.

6 MR. YANEZ: It was 17 to Whidden.

7 MR. HUTCHISON: That's what I was going to
8 say. We probably don't want to do that here. I'm
9 going to make this deposition Exhibit 5.

10 (Thereupon, 3-23-09 E-mail was marked for
11 identification as Plaintiff's Exhibit 5.)

12 BY MR. HUTCHISON:

13 Q. Take a look at that, Mr. Pugliese. Did you
14 ever see that e-mail before today?

15 A. No.

16 Q. Who is Bobby Masters?

17 A. Bobby Masters worked for us.

18 Q. He worked for you?

19 A. He worked for Land Company.

20 Q. Did Bobby Masters report to you?

21 A. Yes.

22 Q. Did Randy Johnson report to you?

23 A. Yes.

24 Q. And Mr. Whidden writes -- it's an e-mail
25 from Gary Reese, but the e-mail itself is from Bob

1 Whidden, right? Do you see that?

2 A. It says from Gary Reese.

3 Q. Do you see down below Bob Whidden signed an
4 e-mail?

5 A. Yes.

6 Q. Do you see where it says Bob Whidden?

7 A. Yes.

8 Q. And number one says, "There are several
9 development footprint impacts indicated for wildlife
10 species that will prove difficult to mitigate. The
11 degree of mitigation difficulty is shown on the maps in
12 the species legend shown thereon. Do you see that?

13 A. Yes.

14 Q. And if you turn to the map, it says that on
15 the Rohde portion on the bottom -- do you see the
16 little key at the bottom?

17 A. Yes.

18 Q. The required acreage is 7,048 acres
19 according to the ARUP development footprint. Do you
20 see that?

21 A. Yes.

22 Q. And that the available acreage to
23 accommodate the ARUP development footprint is
24 6,242 acres. Do you see that?

25 A. Yes.

1 Q. So there was actually an acreage deficit
2 according to Bob Whidden, do you see that?

3 A. Yes.

4 Q. And the Pugliese portion -- the Pugliese
5 portion would be the Land Company of Osceola County
6 land, correct?

7 A. Yes.

8 Q. And it says required acreage for ARUP
9 development footprint is 12,108 acres? Do you see
10 that?

11 A. Yes.

12 Q. And the available acreage to accommodate
13 ARUP development footprint is 10,554 acres. Do you see
14 that?

15 A. Yes.

16 Q. And the acreage deficit was 1,554 acres. Do
17 you see that?

18 A. Yes.

19 Q. So in total if you put Rohde and the
20 27,000 acres of LCOC together, you did not have enough
21 land for the ARUP development footprint. Do you see
22 that?

23 A. That doesn't mean anything.

24 Q. Okay. And according to Mr. Whidden, the
25 only -- the total land available on LCOC's 27,000 acres

1 for ARUP's development footprint was only 10,554 acres.
2 Do you see that?

3 A. Yes, but this is all fungible. Doesn't mean
4 that this is correct. As a matter of fact, Bob Whidden
5 disdained the idea that we had brought in the ARUP
6 Group, and he was looking for any way that he could to
7 put them down. And I think they were kind of doing the
8 same thing. But this is something you are going to
9 find on all the property in Florida.

10 Q. What was ARUP, A-R-U-P?

11 A. I don't know what it stood for. I don't
12 think it stood for anything that we knew of.

13 Q. What did the company do?

14 A. They were environmental architects, I guess
15 you can call it.

16 Q. Did you hire them to do work for Land
17 Company of Osceola County?

18 A. We hired them because we felt that the scope
19 of the job was much too large to Bob Whidden. And
20 Bob's idea of having a turn-around in the middle of
21 State Road 60 or a big circle on State Road 60, the
22 scope was just much too large, I think, for his
23 capacity. And we brought in a world scope type of
24 architect at that time.

25 Q. Was the job too big for Bob Whidden?

1 A. I think it was. I think it was too big.

2 Q. Were you happy with ARUP's services?

3 A. Yes, and no. Not exactly.

4 Q. Did you end up terminating ARUP's services?

5 A. Yes, we did.

6 Q. Why?

7 A. I don't remember exactly. Again, it's seven
8 years ago. I just don't remember. You know, these
9 things are something when you are in planning, changes
10 all the time, almost to the time you are ready to put a
11 shovel in the ground.

12 Q. Were you told that the ARUP footprint was
13 too big for the amount of acreage on the two properties
14 to accommodate?

15 A. No.

16 Q. No one told you that?

17 A. No.

18 Q. Bobby Masters never told you that?

19 A. No. I think when you look at a couple of
20 thousand acres, and you look at the scope of 41,000,
21 you are talking about 5 percent or less amount. It
22 doesn't make much difference. You just have to move
23 things around a little bit. It was inconsequential.

24 Q. Let's go back to Exhibit 1 or Exhibit 2 for
25 a minute, the interrogatory answers. Do you still have

1 those in front of you?

2 A. Yes.

3 Q. Okay. Number 11 on page three says that the
4 equivalent -- you are seeking the equivalent of a real
5 estate brokerage fee, acquisition fee and management
6 fee to compensate you for the time you spent
7 negotiating and acquiring the option to purchase the
8 Rohde property. Do you see that?

9 A. I do.

10 Q. What is the amount you are seeking pursuant
11 to that paragraph I just read?

12 A. I have not been asked to put that number
13 together yet.

14 Q. As of today do you know what that number is?

15 A. No, I don't, but I can calculate it.

16 Q. And you see the next one where this says --

17 A. What page are you on right now?

18 Q. Page three, keep reading, number 12. You
19 are seeking more than a million dollars that you spent
20 to fund Destiny expenses from 2007 through 2009 when
21 DeLuca failed to fund plus interest. Do you see that?

22 A. That's correct.

23 Q. What specifically are you referring to
24 there?

25 A. I'm referring to money that we funded -- we

1 funded the project when he refused to fund the first
2 time. He short-changed us when he finally started to
3 pay. He stopped funding without notice, just about
4 without notice, I think in July of 2007. Then he
5 started funding again in February or March of 2008.
6 And when he did decide to fund and pay back the money I
7 laid out and loaned to the company, he short-changed me
8 about \$600,000 and change.

9 Q. So you are saying --

10 A. I'm not sure what this refers to exactly
11 because then that's one area. Then he -- you know,
12 there's many areas in which he took advantage of me.
13 One would be the interest rate, of course, where he
14 charged 4 over LIBOR when he was only paying .9 over
15 LIBOR. That's about 22 million and change. And then
16 he charged a closing fee of a million four when he
17 paid \$150,000 closing fee to the bank. So you got
18 about \$24 million there. And then he stopped funding
19 again in April of -- April or May of 2009, and I
20 actually am owed about nine between 600 and \$900,000
21 there.

22 Q. Mr. Pugliese, look at page two of deposition
23 Exhibit 2, and if you look at number six, there it
24 talks about the interest of more than \$22 million. Do
25 you see that?

1 A. Yes.

2 Q. So what I'm asking you, in your
3 interrogatory answers on page three, what are you
4 referring to in the Roman numeral XII where you say you
5 are entitled to more than a million dollars that you
6 spent to fund Destiny expenses from 2007 to 2009 when
7 DeLuca failed to fund?

8 MR. YANEZ: Form.

9 BY MR. HUTCHISON:

10 Q. What are you seeking there?

11 A. It has nothing to do with that number six.

12 Q. That's what I'm saying.

13 A. That's a separate issue.

14 Q. That's right. So what does the million
15 dollars refer to in Roman numeral number XII?

16 A. The million dollars is a round number, but I
17 can tell you that I think we got short-changed like
18 635,000 the first time he stopped funding in 2007, and
19 the we are also short -- we are also owed about
20 600-and-some-odd thousand dollars from Land Company
21 on -- when he stopped funding again in April or May of
22 2009.

23 So I think the 600,000 is a hundred
24 percent owed to me, and then the money that was
25 paid, that I paid to Land Company would be half of

1 mine, so if that was 600-and-some-odd thousand that
2 would be 300-and-some-odd thousand along with
3 600-and-some-odd thousand is probably how we got to
4 the million dollars plus interest.

5 Q. On Deposition Exhibit 4 where you seek
6 \$9.9 billion in net present value of the lost profits.

7 A. Yes.

8 Q. Do you see that? That would be LCOC's
9 money, correct?

10 A. Yes.

11 Q. And half of that would be Fred DeLuca's and
12 half of that would be -- actually, half of that would
13 be FD Destiny, LLC's and half of that would be AVP
14 Destiny, LLC's, correct?

15 A. I don't think I look at it that way any
16 longer, no.

17 Q. Well, you agree that the land was owned by
18 LCOC?

19 A. Yes.

20 Q. I guess what I'm saying in this lawsuit of
21 net present value of \$9.9 billion, only half of it
22 would belong to you or your companies, and half would
23 belong to Fred DeLuca and his companies, correct?

24 A. No. If Fred DeLuca did not go into this
25 with the bad intentions that he did, to steal the

1 project, to overcharge me and put me out of business
2 into Destiny, I would say you are correct. But with
3 that, I believe I deserve all of the profits of the
4 company, a hundred percent plus punitive damages.

5 Q. What's that again?

6 A. Plus punitive damages.

7 MR. HUTCHISON: All right. I need a
8 five-minute break.

9 THE VIDEOGRAPHER: Stand by to go off media
10 unit number 4. Going off the record at 3:42 p.m.
11 (Thereupon, a recess was taken in the proceedings
12 from 3:42 p.m. to 3:50 p.m.)

13 THE VIDEOGRAPHER: We are now back on the
14 video record. This is the beginning of media unit
15 number five. The time back on the record is
16 3:50 p.m.

17 (Thereupon, Brochures were marked for
18 identification as Plaintiff's Exhibit 6.)

19 BY MR. HUTCHISON:

20 Q. Mr. Pugliese, I'm going to hand you
21 Deposition Exhibit 6, and it is documents that were
22 produced pursuant to a subpoena or court order that
23 were documents that you supposedly rely on for your
24 expert opinion. Do you recognize those documents?

25 A. I recognize them.

1 Q. And I'm looking at the -- there's actually
2 three stapled, colored brochures. They are all labeled
3 Lay of the Land, and I'm going to look at -- it says
4 Florida Land Conference 2013. Do you see that? And
5 the bottom Bates number is AVP3-08.10.16 and then
6 there's dash 0001. Do you see that?

7 A. Yes.

8 Q. Take a look at that, and tell me in that
9 series of documents, the Florida Land Conference 2013
10 what you are relying on to support your expert opinions
11 in this case.

12 A. Well, first of all, it's only partially why
13 I support my opinion.

14 Q. Is there anything in that Florida Land
15 Conference 2013 brochure that supports your opinions?

16 A. Any of the three or just this one?

17 Q. Well, let's go one at a time. So let's just
18 stay at this one. Take your time. Go through it, and
19 point us to any page that supports your opinions. If
20 it doesn't, then we'll go to the next one.

21 A. I prefer to go to the next one.

22 Q. Okay. So just to be clear now, let's make
23 sure, in Deposition Exhibit Number 6, the brochure Lay
24 of the Land Florida Land Conference 2013 starting the
25 first page is the Bates number 001, is there anything

1 in that brochure that supports your opinions?

2 A. Well, I went through all of these reports,
3 and there's various areas for instance on page six.

4 Q. That's Bates number ending in 06?

5 A. 01 on page six.

6 Q. When you say 01, you mean the Bates number
7 ending in 006?

8 A. Yes.

9 Q. Just look at the last three digits of the
10 Bates number.

11 A. Correct.

12 Q. Okay.

13 A. Where it says values.

14 Q. Right.

15 A. Okay. You see the smaller acreage, the
16 40 acres in size?

17 Q. Yes.

18 A. All right.

19 Q. Where it says they averaged about 40 acres
20 in size?

21 A. 40 acres in size and you see the land value
22 is running 12,000 to 15,000 per acre.

23 Q. Okay. Now, that's in Highlands County. Do
24 you know where that is?

25 A. Yeah. It's -- it's Polk County, Highlands

1 County, so it's near Polk County, right?

2 Q. Is that what your testimony is?

3 A. That's what it says here. If you are trying
4 to make a comparison to land sales in the area next to
5 Destiny, we are really not -- this is not the way to do
6 it.

7 Destiny was a unique project, and it was
8 not just another piece of farm land. It's also
9 located on 18 miles of frontage on State Road 60 and
10 three -- seven miles on 441 and four or five miles
11 on the Turnpike, and on a full interchange of State
12 Road 60 and the Turnpike. That is hard to compare
13 to almost anything in any of these accounts.

14 But what I'm referring to is that the
15 smaller parcels of land even for the citrus brings
16 larger amounts of dollars, not 5,000 an acre.

17 Q. You'll agree that citrus land is more
18 valuable than just farm land?

19 A. No. I think citrus land is not as valuable
20 as any of the land placed on an interchange that's
21 going to be a future development.

22 Q. It says, "Sales in Highlands County were
23 limited to about 10 arm-length transactions. They
24 averaged about 40 acres in size, and the average sales
25 price was almost 12,000 per acre." Do you see that?

1 A. Yes.

2 Q. Do you know any of the information with
3 respect to any of those ten arms-length transactions
4 referenced there?

5 A. I think they are in some of the other -- I
6 think they are referenced in here.

7 Q. With respect to those ten sales, do you know
8 what the cost of the land was?

9 A. The cost of the land?

10 Q. Sure.

11 A. No.

12 Q. Do you know what the profit was on any of
13 those ten sales?

14 A. I don't -- that doesn't really make a
15 difference to me.

16 Q. Do you know what the profit was?

17 A. No. How would I know that without knowing
18 what the cost was?

19 Q. In any of those ten sales, did you actually
20 see the land?

21 A. I didn't see any of the land.

22 Q. Anything else in that document that you
23 believe supports your expert opinions?

24 A. I think -- you know what, you can go over to
25 page 16, 016 and there's some entitled land purchases

1 there. Keep in mind, again, these are small, mostly
2 inconsequential in respect to a city like Destiny, but
3 you see the numbers range from 33 to \$320,000 an acre.

4 Q. So are any of those properties listed there
5 outside the urban growth boundary?

6 A. I don't think that makes a difference.

7 Q. Do you know if any of the properties
8 there --

9 A. I don't and I don't think your reference to
10 outside the urban growth boundary as it relates to
11 Destiny, we all knew and so did the County, the County
12 was behind us a hundred percent, that's their urban
13 growth boundary, boundary line. And they didn't shut
14 us down. They were proponents of our project. So I
15 don't think that really has anything to do with this.

16 Q. Okay. You have to let me finish my
17 question.

18 A. Okay.

19 Q. Are any of the properties listed there on
20 page 016 outside the urban grown boundary of the County
21 that property is in?

22 A. And I say I do not know and it doesn't
23 matter to me.

24 Q. Now, when you said Osceola County was
25 supportive of the Destiny project, you know that

1 Osceola County could have adopted the new city overlay
2 and chose not to, correct?

3 MR. YANEZ: Objection to form.

4 Argumentative. Assumes facts not in evidence.

5 THE WITNESS: No, I don't think that's the
6 case. I don't think that's the case.

7 BY MR. HUTCHISON:

8 Q. So to be clear, you, as the manager of
9 Osceola County, did not know that Osceola County could
10 have adopted the new city overlay even after the ORC
11 was issued?

12 MR. YANEZ: Same objection.

13 THE WITNESS: I don't believe that would
14 have been the right way to do it. They were
15 trying to do the right thing, and I don't believe
16 them just going forward and adopting anything
17 would have gone over very well overall.

18 BY MR. HUTCHISON:

19 Q. But you do agree with me that Osceola County
20 could have adopted the new city overlay that it
21 proposed to the Department of Community Affairs even
22 after the Community Affairs issued its objections and
23 recommendations and comments?

24 A. I can only tell you that everybody at
25 Osceola County was in favor of the project, and all you

1 would have to do is run the videotape from
2 September 2009 -- what do you call it -- unveiling of
3 Destiny.

4 Q. So my question is you do know that Osceola
5 County could have adopted the new city overlay even
6 after the Department of Community Affairs issued it's
7 ORC, correct?

8 A. Yes.

9 Q. Now, what else in Deposition Exhibit 6 in
10 this first brochure do you believe supports your expert
11 opinion?

12 A. I think just take a look at some of the
13 values placed on some of these smaller parcels of land,
14 New Tampa, 69 acres, \$320,000.

15 Q. Okay. Where is that?

16 A. That's under Entitled Land Purchase on 016.

17 Q. So that land in Tampa that you just
18 mentioned was already entitled, correct?

19 A. It's entitled property.

20 Q. And the land that LCOC owned was not
21 entitled, correct?

22 A. It was not entitled because Mr. DeLuca
23 interfered with the entitlement process, otherwise it
24 would have been entitled.

25 Q. And what land that you just talked about is

1 in Hillsboro County?

2 A. Yes, probably. Yes, Hillsboro.

3 Q. And do you know if that land is inside the
4 urban growth boundary in Hillsboro County?

5 A. No, I don't know that.

6 Q. Do you know where that land is in relation
7 to the City of Tampa?

8 A. No, I don't know.

9 Q. Okay. What other information in this
10 brochure supports your expert opinion?

11 A. I would like to go look at the next one.

12 Q. Well, you had told us earlier that you
13 believed the value of the Yeehaw Junction land entitled
14 today would be 350,000 an acre. Is there anything in
15 this first brochure that supports that opinion?

16 A. I think, again, it's very hard to compare.
17 It's like when we compare Disney World to some water
18 park somewhere. It's not the same thing. It's not the
19 same thing.

20 It's kind of like the difference between
21 this building we are in and Crystal Corporate
22 Center. Crystal Corporate Center -- we can have an
23 office at Crystal Corporate Center for \$35 a foot
24 and you can probably be in here for \$25 a foot.
25 It's all -- it's a matter of how you put it all

1 together.

2 And I do think Destiny would command some
3 of the highest prices for land in that area or any
4 of the areas that we are talking including even
5 parts of Palm Beach County or Broward County.

6 Q. So is there any information in Deposition
7 Exhibit 6 that supports your opinion that an acre --

8 A. I just pointed it to you.

9 Q. Sir, let me finish my question. Is there
10 any information in Deposition Exhibit 6 that supports
11 your opinion that an acre at Destiny, if it was
12 entitled, would be worth \$350,000 today?

13 MR. YANEZ: And for the record, we are
14 referring to Composite Exhibit 6. There's more
15 than one report in Exhibit 6. Because you are
16 referring to it as a single document. It's a
17 composite exhibit.

18 BY MR. HUTCHISON:

19 Q. And by all means, are we done with the first
20 one?

21 A. For now.

22 Q. Okay.

23 A. I would like to come back to it.

24 Q. And if there's anything it that supports
25 your opinion that an acre at Destiny today entitled

1 would be worth \$350,000, please point it out to us.

2 A. I can take again the New Tampa sale.

3 Q. Which document are you on?

4 A. 016.

5 Q. That's the same page we were in. Okay.

6 A. 69 acres for \$320,000.

7 Q. Okay. That's in Hillsboro County?

8 A. Yes.

9 Q. And have you ever seen that land, that
10 69 acres?

11 A. No, I have not.

12 Q. Do you know where it is in relation to the
13 city of Tampa?

14 A. No, I do not.

15 Q. And it's entitled land, correct?

16 A. It's entitled.

17 Q. And do you know that it's in the urban
18 growth boundary in Hillsboro County?

19 A. I don't know.

20 Q. And you believe today that the land at
21 Destiny if entitled would be worth more than \$320,000
22 an acre, correct?

23 A. Absolutely.

24 Q. Any other information in Exhibit 6? And you
25 can stay in the first brochure. When you are done with

1 that, we will go to the second.

2 A. Not at this moment. I would like to come
3 back to it.

4 Q. Okay. Look at the first brochure and look
5 through the second. I want to see all the information
6 in Exhibit 6 that supports your opinion.

7 A. Maybe you can help me find it. I can't find
8 the unit breakdown per lot. Did there come from us or
9 did you take this off the website.

10 Q. No. That came from you and there's your
11 lawyer's e-mail, cover e-mail that attached it to them,
12 and that was the first page of Deposition Exhibit 6.

13 A. I'm looking for the -- I thought I saw it
14 here, but I can't seem to find it now. I'll go back
15 and go through them again. It covers the land for lots
16 on a unit basis.

17 MR. BELAVAL: To speed this along, can I
18 assist and point out where it's located without
19 coaching anything on the page?

20 MR. HUTCHISON: Show me where it's located.

21 MR. BELAVAL: If you are looking at 2014.

22 MR. HUTCHISON: Okay. Your lawyer wants you
23 to turn to page 49, Mr. Pugliese.

24 MR. BELAVAL: 29.

25 MR. HUTCHISON: You gave me 49.

1 MR. BELAVAL: It's Bates number 49, page 29
2 of the report.

3 BY MR. HUTCHISON:

4 Q. Bates number 49. Go by Bates number.
5 That's what Mr. Belaval is telling me. Is that what
6 you were looking for?

7 A. I was looking for the unit price. There are
8 some land sales in here for \$228,000, \$287,000 per
9 acre.

10 Q. Let's slow down. Okay. But you are looking
11 at residential entitled land, correct?

12 A. I don't know. Let's see. Residential lots.

13 Q. Look at the bottom of page, the top of page
14 48. Doesn't that say residential entitled land, Bates
15 number 48, and then it goes to 49 continued?

16 A. Yes.

17 Q. Okay. So on Bates number ending in 049, you
18 are looking at residential entitled lots?

19 A. Yes.

20 Q. What specific lots are you pointing to?

21 A. I was referring to where it says residential
22 lots on 046.

23 Q. Bates number 046. So let's go to that.

24 A. You have the price per lot on here that
25 range, range anywhere from as little as 17,000 to as

1 much as \$263,000 per lot.

2 Q. Okay. I see some for less than 17,000.

3 A. There's one at 16, one at 11, there's some
4 lesser. A lot doesn't necessarily mean one acre. A
5 lot could be -- it could potentially four or five lots
6 per acre.

7 Q. Okay. And so you're on Bates number 0046,
8 right?

9 A. Correct.

10 Q. In Deposition Exhibit 6?

11 A. Yes.

12 Q. And on that page, you see various prices
13 from as low as 11,900 all the by the way up to 263,000?

14 A. Yes.

15 Q. Okay. So let's talk about 263,000 is in
16 Manatee County in Bradenton, Florida, right?

17 A. Yes.

18 Q. Did you ever see that property?

19 A. No.

20 Q. Do you know anything about the cost basis of
21 that property?

22 A. Cost basis has nothing to do with it, no.

23 Q. Well, these are list prices, right? We are
24 not looking at sales prices. We are looking at the
25 list price of what the seller was asking for, correct?

1 A. I believe that's the list price. I'm not
2 sure.

3 Q. And that piece of property in Bradenton,
4 Florida, do you know if that's inside the urban growth
5 boundary of Manatee County?

6 A. I do not.

7 Q. Do you know where that is in relationship to
8 the City of Bradenton?

9 A. I do not.

10 Q. Do you know where that is in relationship to
11 the Gulf?

12 A. It's not on the Gulf.

13 Q. Do you know how far away from the Gulf it
14 is?

15 A. I don't think that matters. It's not on the
16 Gulf. If it's on the Gulf that's a different story.

17 Q. But do you know how close it is to the Gulf?

18 A. No, I don't.

19 Q. With respect to any of the properties on
20 that Bates page number 046 on Deposition Exhibit 6, do
21 you know whether they are in the urban growth
22 boundaries of the counties they are existing in?

23 A. No.

24 Q. Any other information on Bates number 046
25 you are relying on?

1 A. I'm -- yeah, Destiny is not Bradenton.
2 Bradenton is not Tavares. It's not exactly about what
3 town it's in or what city it's in, what county it's in.
4 It's more like where it's located. And the unique
5 location of Yeehaw Junction and where Destiny lies
6 within Yeehaw Junction is what's important to its value
7 and what the overall 41,000-acre city would have been
8 as America's first eco-sustainable city.

9 Q. So is it accurate to say that none of the
10 properties in Exhibit 6 are comparable to a property in
11 Destiny as you had it planned to be entitled?

12 A. There isn't too many things that are
13 comparable.

14 Q. Was there anything that's comparable that
15 you are relying on for your expert opinions?

16 A. Well, this just gives us a range of value
17 based on the lot price on areas in and around the same
18 type of remote -- more remote locations as they were or
19 are in comparison to more of an inner city location.

20 Q. How do you know that the lots on Bates
21 number 046 in Deposition Exhibit 6 are remote
22 locations?

23 A. Well, Bradenton has been around for a very
24 long time. Bradenton is nothing new. Destiny would be
25 brand new. Destiny would be unique.

1 Q. That wasn't my question. You made a comment
2 about the lots on 046 being in remote locations. How
3 do you know that any of those lots on page 046 on
4 Deposition Exhibit 6 are in remote locations?

5 A. Well, areas like Winter Garden and Bradenton
6 and Mount Dora are in my estimation more of a rural
7 kind of area.

8 Q. But there are cities there, right, that
9 exist and are entitled?

10 A. There are cities, older cities.

11 Q. And there's an urban grown boundary in
12 Manatee County, and Bradenton sits in the heart of that
13 urban growth boundary, correct?

14 A. You keep saying the urban growth boundary.
15 I don't think that has any relationship to the values
16 at Destiny.

17 Q. But you'll agree with me that Bradenton sits
18 in the heart of the urban growth boundary in Manatee
19 County, correct?

20 MR. YANEZ: Objection to form.

21 THE WITNESS: I'm not sure if it does or it
22 doesn't.

23 BY MR. HUTCHISON:

24 Q. So you are telling me you think Bradenton is
25 outside the urban growth boundary of Manatee County?

1 MR. YANEZ: Objection to form.

2 THE WITNESS: I don't really know.

3 BY MR. HUTCHISON:

4 Q. Anything else in Exhibit 6 that supports
5 your testimony?

6 With regards to those lots in Bates
7 number 046 of Deposition Exhibit 6, do you know if
8 any of those lots are entitled?

9 A. I'm assuming they are entitled.

10 Q. Do you know what's on any of those lots?

11 A. No.

12 Q. Do you know if any of those lots are
13 improved in any way?

14 A. I'm assuming they are improved because they
15 are lots, and they are -- I'm assuming they are
16 approved lots because it doesn't say acreage. It says
17 lots.

18 Q. And LCOC was going to sell unimproved lots,
19 correct?

20 A. Unimproved lots, correct.

21 Q. Any other information in Deposition Exhibit
22 6 that you are relying on for your expert testimony?

23 A. This is eight, isn't it? Isn't it eight we
24 are looking at?

25 Q. No, we are looking at Exhibit 6. Remember

1 the e-mail from Anthony Yanez? It's the front page.

2 A. Okay. I think that what I'm referring to
3 here is that the numbers are basically kind of all over
4 the map because -- and they are higher for the smaller
5 units, but there's a wide range of disparity between
6 the numbers from a couple hundred thousand a lot to a
7 few thousand a lot.

8 Q. Any other information in Deposition Exhibit
9 6 that supports your expert testimony?

10 A. Just more of the same.

11 Q. Anything -- when you say more of the same,
12 I'm looking for information that you are relying upon
13 as an expert and you are going to cite to support your
14 opinions. That's what I'm looking for.

15 A. I'm not relying on this as the holy grail or
16 the complete analysis generated from this report. This
17 is just showing some of your more rural areas and the
18 kinds of dollars per lot being achieved with
19 entitlement. And, again, a lot could be four or five
20 lots per acre.

21 Q. What do you mean a lot could be four or five
22 lots per acre?

23 A. Well, one lot doesn't mean it's one acre.
24 If I take -- Winter Garden, 32 lots that sold for
25 \$186,000. There might be as many as four lots on one

1 acre which would make that acre approximately \$750,000.

2 Q. Where are you now? Tell me that Bates
3 number again? And let me hear that math again.

4 A. Page 29. Well, it's Bates 0081.

5 Q. I want to hear that math again because I'm
6 not sure I understood.

7 A. 0081.

8 Q. Okay. Which property are we looking at?

9 A. Winter Garden.

10 Q. Where is that?

11 A. About tenth from the bottom. It says Winter
12 Garden.

13 Q. Okay.

14 A. There's 32 lots sold in December '15, and
15 they are \$186,869 each. Now, it doesn't say how big
16 they are, but what I'm getting at is that there could
17 be four lots to an acre, and that would be
18 approximately 12, less the road, say 10,000 square feet
19 a lot which is a decent size lot, a hundred by a
20 hundred.

21 Q. Well, you'll agree with me that that piece
22 of property in Winter Garden you are looking at doesn't
23 indicate the size of the lots, correct?

24 A. It does not, but it could be.

25 Q. Have you seen that property?

1 A. No, I have not, but I have seen lots that
2 are 10,000 square feet.

3 Q. Do you know what the size of the lots are
4 there listed in Winter Garden are?

5 A. No.

6 Q. And they are finished lots, correct?

7 A. Correct.

8 Q. And do you know where they are located in
9 Winter Garden?

10 A. No.

11 Q. Do you know if they are located in the urban
12 growth boundary of Orange County?

13 A. No. But they are not in Destiny.

14 Q. Pardon me.

15 A. But they are not in Destiny which would make
16 it more valuable.

17 Q. Any other information in Exhibit 6 that you
18 are relying on for your expert opinions?

19 A. More of the same kind of stuff.

20 Q. Anything else you want to show us that you
21 are using to support your expert opinion today?

22 A. No. Like I said, more of the same.

23 (Thereupon, Supporting Documents were marked for
24 identification as Plaintiff's Exhibit 7.)

25 MR. HUTCHISON: I'm going to hand you

1 another group of documents that was provided to us
2 to support your expert opinion, and I'll mark this
3 Composite Exhibit 7. An e-mail from one of your
4 lawyers. The Bates number is AVP3001, and it goes
5 through 0248.

6 BY MR. HUTCHISON:

7 Q. If you look at the Bates number 01.

8 A. Yes.

9 Q. Okay. How does this support your expert
10 opinion? It says promissory note, F. DeLuca, and then
11 it has a loan balance, running loan balance. It says
12 total promissory note Fred DeLuca. Do you see that?

13 A. Are we looking at the same thing?

14 Q. Yes.

15 A. Where do you see it says promissory note?

16 Oh, on the bottom. Okay.

17 Q. Does it not say total promissory note, dash,
18 F. DeLuca?

19 A. Yes.

20 Q. And is this an accurate printout of LCOC's
21 QuickBooks? It says Account Quick Report?

22 A. I assume so.

23 Q. And it was produced to support your expert
24 opinion. Do you know how it supports your expert
25 opinion?

1 A. Opinion about what?

2 Q. I don't know. Whatever you are going to
3 opine on. Did you use it to formulate any of your
4 expert opinions?

5 A. I don't understand what we are talking
6 about.

7 Q. Did you use this document in formulating any
8 of your expert opinions?

9 A. Well, expert opinion as to how much Fred
10 DeLuca screwed us out of? I mean, a million four, I
11 guess you can say that for sure.

12 Q. Is that an expert opinion?

13 A. No. That's a fact. Yeah, you could call
14 that an expert opinion. Yeah, that's a fact.

15 Q. Turn to Bates number 009.

16 A. Are you done with that?

17 Q. Unless you can tell me how it supports your
18 opinion.

19 A. Well, I just said the million four was a
20 fee. Then it says Wachovia loan fee. And there was no
21 Wachovia loan fee for \$1.4 million. So I think that
22 clearly shows that there was something wrong.

23 Q. It also says promissory note to Fred DeLuca?

24 A. What does that mean to you?

25 Q. More importantly, what did it mean to you?

1 A. I don't know.

2 Q. Okay.

3 A. I guess it's money that we owed to Fred
4 DeLuca.

5 Q. Look at Bates number 009. Try to keep them
6 in order. And if you flip them this way, you can keep
7 them all in order. There's a website there from Laura
8 Pugliese dated July 7th, 2016 -- an e-mail from Laura
9 Pugliese dated July 7th, 2016 to Anthony Yanez and
10 others and to you. And it says check out this website.

11 I will tell you that it was a PDF, so it
12 wasn't a link and we could not check out the
13 website. What was on that website -- is there
14 anything on that website that you are using to
15 support your expert opinion and if so --

16 MR. YANEZ: Objection as to form. Move to
17 strike commentary of counsel.

18 MR. HUTCHISON: Well, it is a PDF. Is there
19 a website that you are relying because if there
20 is, can you provide us at least the information on
21 the website.

22 MR. YANEZ: I produced the e-mail with the
23 link.

24 MR. HUTCHISON: You can't go to the link.
25 It's a PDF of a link, Anthony. It's a PDF of a

1 link. There's no link there. It's like a
2 photocopy of a link.

3 MR. YANEZ: I produced the e-mail.

4 BY MR. HUTCHISON:

5 Q. Is there anything on that website that you
6 are relying on?

7 A. I don't know. I can't tell. What website
8 is it?

9 Q. I don't know.

10 A. I can't tell.

11 Q. So in Deposition Exhibit Number 7, Bates
12 number ending in 009, is there anything on that website
13 that's listed in Laura Pugliese's July 7th, 2016 e-mail
14 that you are relying on for your expert opinion?

15 A. Well, if you tell me what this is for. I
16 don't know.

17 Q. Sir, I can only tell you that's how it was
18 produced to me.

19 A. I don't know.

20 Q. Do you know anything in that website that to
21 your knowledge supports your expert opinion?

22 A. I don't know what it is.

23 Q. The next page on Deposition Exhibit 7, Bates
24 number ending in 0010 says it's an e-mail from you
25 dated July 9th, 2016. This scattered hogpoag,

1 H-O-G-P-O-A-G, assemblage of land is 37K per acres. I
2 guess you mean \$37,000 per acre -- in Osceola County,
3 not on State Road 60 or on Turnpike exchange. I know
4 it's not an asking price, not a sale. And you can read
5 the rest to yourself. How does this information in
6 this e-mail on Bates number ending in 010 support your
7 expert opinions?

8 A. I guess it's just showing value of land at
9 \$37,000 per acre that's not on State Road 60 or the
10 interchange.

11 Q. Okay. Well, where is that land located?

12 A. I don't know. It's in Osceola County.

13 Q. Is it in the urban growth boundary in
14 Osceola County?

15 A. There's an attachment. Do you have the
16 attachment?

17 Q. The only thing that I think may be the
18 attachment is Bates number ending in 015 and 016, and
19 then I couldn't tell if it was the attachment or not
20 because it wasn't provided next to the e-mail. So go
21 down further in the pile to 015 and 016.

22 MR. YANEZ: Rick, can I explain off the
23 record or do you want me to do it on the record?

24 MR. HUTCHISON: You can do it on the record.

25 MR. YANEZ: Okay. These are attachments

1 Anthony sent to us from his phone. You see PNG
2 file, text file, PNG. Basically it's pictures of
3 listings on properties. That's what it is. And I
4 produced it without attaching the pictures. I
5 don't know how they were going to print out, but
6 that's where this is coming from.

7 MR. HUTCHISON: So we don't have the
8 pictures?

9 MR. YANEZ: I didn't produce it with the
10 pictures. That was inadvertent. I can produce it
11 with the pictures if you want to see if or if
12 Anthony still has it on his phone.

13 BY MR. HUTCHISON:

14 Q. With that explanation, do you know what
15 properties Anthony Yanez is referring to?

16 A. I don't know other than here's 1,128 acres
17 in Osceola County for 42 million.

18 Q. Let's go back to 010 first so I can do one
19 at a time. Do you know what pictures Anthony Yanez
20 just referred to when he gave that explanation?

21 MR. YANEZ: What Bates number are you
22 looking at?

23 MR. HUTCHISON: It's 15 and 16.

24 THE WITNESS: I don't.

25 BY MR. HUTCHISON:

1 Q. Let's go to Bates number 15 and 16 now.

2 MR. YANEZ: I believe those are the
3 attachments.

4 MR. HUTCHISON: Okay.

5 BY MR. HUTCHISON:

6 Q. Were these the attachments to the e-mail
7 that was Bates number ending in 010 in deposition
8 Exhibit 7?

9 A. I don't know.

10 Q. Okay. How does the Bates number 015 and 016
11 in Deposition Exhibit 7 support your expert testimony?

12 A. Well, I think that this 11,200 --
13 1,128 acres at \$42 million is an example of the kind of
14 value that would have been created without entitlement
15 potentially.

16 Q. Well, do you see where in the description it
17 says the land is within the urban growth boundaries of
18 Osceola County? Do you see that?

19 A. Where is that?

20 Q. Bates number 015. It says "This
21 project/property is within the urban growth boundary
22 for Osceola County."

23 A. Yes.

24 Q. Do you see that?

25 A. Yes, I do.

1 Q. And it also says, "This property is part of
2 the Edgewater DRI."

3 A. Yes.

4 Q. "Potentially 3,650 residential/multi-family
5 units available." Do you see that?

6 A. Yes.

7 Q. So this property that you just referred to
8 which was 1,128 acres is within the urban growth
9 boundary of Land Company of Osceola County and is part
10 of a DRI, correct?

11 A. Yes.

12 Q. It says it's located on the east shore of
13 Lake Tohopekaliga.

14 A. Toho.

15 Q. Say it.

16 A. Just Toho.

17 Q. Toho, T-O-H-O-P-E-K-L-A-I-G-A.

18 A. Call it Toho.

19 Q. Have you ever been to this property?

20 A. I've been to the area.

21 Q. And you've seen this property?

22 A. Not this particular property.

23 Q. And it says, "The property has direct
24 frontage on Goblets Cove and it's two and a half miles
25 west of the city of St. Cloud." Do you see that?

1 A. I do.

2 Q. It says it's ten minutes south of Medical
3 City. Do you see that?

4 A. I do.

5 Q. What is Medical City?

6 A. That's a development out there in -- I
7 forget. Somewhere in that area.

8 Q. And it says it's 20 minutes from Orlando's
9 International Airport?

10 A. Uh-huh.

11 Q. Any other documents in Exhibits 6 -- well,
12 let me see. Yeah. So how does that property support
13 your expert opinion in this case?

14 A. I think based on the fact that it's
15 somewhere around 40,000 an acre I think is -- and,
16 again, it's not part of a planned community like
17 Destiny. It's not sitting on a full interchange. It's
18 just 1,100 acres.

19 Q. And that's the asking price?

20 A. I'm sure the asking price is not far from
21 the accepted price, but it's still quite a bit
22 considering that it's an outland piece of property that
23 doesn't have a theme to it. Like I said, it's like
24 comparing Disney World to a small water park somewhere.
25 It's not the same.

1 Q. But you'll agree that's just the asking
2 price, correct?

3 A. It's the asking price. It's still 40,000 an
4 acre asking price.

5 Q. Well, how does that support your opinion
6 that the property today is worth 350,000 an acre
7 entitled because that land is also entitled, correct?

8 A. Well, this is talking about three units per
9 acre roughly. We were talking about a whole lot more
10 than three units per acre.

11 Q. How do you know it's three units per acre?

12 A. I just did some quick math here, and
13 1,128 acres times three would be about 3,400 so
14 slightly over three units per acre. And this is
15 strictly residential multi-family. There's no core to
16 this development. It's not part of a city. It's not
17 located as well as Destiny.

18 It's -- I mean, two and a half miles
19 southwest of St. Cloud is not an advantage in my
20 mind. Being ten minutes from south of Medical City
21 is also not an advantage especially since Medical
22 City has so much to develop. Why would you want to
23 go here when you could go to Medical City?

24 I think it's really a good indication of
25 where the land values have gone.

1 Q. So is it your opinion this property we are
2 describing on Bates number 015 and 016 is not
3 comparable to the Destiny property?

4 A. It's not as good as the Destiny property.
5 Absolutely not.

6 Q. Okay. Look at Bates number 052 in Exhibit
7 7.

8 A. 052. Okay.

9 Q. It's a copy -- part of a copy, but it's a
10 copy of the operating agreement for LCOC. Why is that
11 page blacked out?

12 A. I have no idea.

13 MR. HUTCHISON: Anthony, do you know why
14 it's blacked out, 052?

15 MR. YANEZ: It's just how it was in the
16 Grant Thornton production. If you look at the
17 preceding page, it's a copy of the operating
18 agreement.

19 MR. HUTCHISON: I know what it is. I just
20 didn't know why --

21 MR. YANEZ: I don't know why it's blacked
22 out.

23 MR. HUTCHISON: It looks like it's really
24 squared blacked out.

25 MR. YANEZ: I don't know why it's blacked

1 out. That's how it was printed out from the Grant
2 Thornton production, but it's part of the
3 operating agreement.

4 MR. HUTCHISON: No. I know that. I was
5 just curious as to why. I'm going to take a five
6 minute break and then I'm going to wrap this up.

7 THE VIDEOGRAPHER: Stand by to go off media
8 unit number five. Going off the record at
9 4:43 p.m.

10 (Thereupon, a recess was taken in the proceedings
11 from 4:43 p.m. to 4:49 p.m.)

12 THE VIDEOGRAPHER: We are now back on media
13 unit five. The time back on the 4:49 p.m.

14 BY MR. HUTCHISON:

15 Q. Mr. Pugliese, in formulating your expert
16 opinions, did you have any conversations with Dale
17 Lindon about the pro formas which are Exhibits 3 and 4?

18 A. When?

19 Q. Within the last year.

20 A. No.

21 Q. Did you have any conversations with Dale
22 Lindon at all in the last year with respect to the pro
23 formas which are Exhibits 3 and 4?

24 A. I don't believe so.

25 Q. Did you have any discussions with Bobby

1 Masters within the last year regarding your expert
2 opinions and the pro formas that are Exhibits 3 and 4?

3 A. No.

4 Q. Did you discuss these pro formas that are
5 Exhibits 3 and 4 with anyone while formulating your
6 expert opinions?

7 A. No. I mean, my expert opinion was
8 accumulating the totality of all of the things that we
9 see here, not just individual pieces, just reading all
10 of the information, looking at websites, looking at
11 prices of properties that are being offered, and, of
12 course, looking at Destiny as a whole and utilizing
13 that as a guideline from where we were seven years ago
14 when that was created.

15 Q. When was Exhibit 3 and 4 created?

16 A. Probably in, I don't remember, 2008 or '09.

17 Q. And who created the financial model that is
18 Exhibit 4?

19 A. The -- geez, I forget his name. Young guy
20 that worked with Dale.

21 Q. Eric?

22 A. Eric.

23 Q. Eric Wilson?

24 A. Eric Wilson.

25 Q. Is that right?

1 A. Yes. He and Dale and input from me on the
2 unit prices and Bobby Masters.

3 Q. Are the financial models on Exhibits 3 and 4
4 complete?

5 A. 3 and 4, those items there.

6 Q. Yes, the 20-year pro formas we went over.
7 You have them in front of you, Exhibits 3 and 4.

8 A. Yes, I would assume they are.

9 Q. If you look at Exhibit 1, page 10. I just
10 have a question for you. It should be right on top
11 Exhibit 1 with the yellow sticker. Exhibit 1, page 10.

12 A. Yes.

13 Q. Okay. It says -- you see where it says the
14 bold, the middle, in the second sentence, it says,
15 Mr. Pugliese further opines --

16 A. Yes.

17 Q. -- that Mr. DeLuca received a benefit of the
18 purchase option of the Rohde property at 30,000 per
19 acre because it placed the land value of the Destiny
20 project. Do you see that? What's the "it" that you
21 are referring to there?

22 A. I'm trying to find where you were. Oh,
23 okay.

24 Q. I'm just not sure what "it" refers to in
25 that sentence.

1 A. I think we were referring to that entire
2 41,000 acres.

3 Q. Mr. Pugliese further opines that Mr. DeLuca
4 received a benefit to the purchase option of the Rohde
5 at 30,000 per acre because 41,000 acres placed the land
6 value?

7 A. No. I think it sets the bar for the acreage
8 value. I think that's what that means.

9 Q. So it's not referring to a company or a
10 person?

11 A. I don't believe so. I didn't write this.
12 (Thereupon, Destiny 35 Year Absorption Realistic
13 Pro Forma was marked for identification as
14 Plaintiff's Exhibit 8.)

15 BY MR. HUTCHISON:

16 Q. Okay. Let me show you Exhibit 8. This is
17 another pro forma and sort of like the one that I went
18 over with Dale Lindon. And it's called Destiny 35 Year
19 Absorption Realistic. Do you see that?

20 A. Yes.

21 Q. Did you see different pro formas for
22 different years?

23 A. Yes, I did.

24 Q. With respect to this one, when is the first
25 time you saw this one?

1 A. I don't know. He was working on 20, 25, 30,
2 35-year, 40-year projections.

3 Q. Well, this one is entitled 35 Year
4 Realistic. Did you ever discuss this one with Dale
5 Lindon?

6 A. I don't know.

7 Q. Does it look familiar to you?

8 A. It looks like the others.

9 Q. Okay. And this one has a net present value
10 of a negative \$136,664,726 on Bates number ending in
11 .0130. Do you see that?

12 A. 0130?

13 Q. Yes. What's the net present value?

14 A. Minus 136 million.

15 Q. Did you review this in formulating your
16 expert opinion for the case?

17 A. No. This doesn't make any sense.

18 Q. Okay. Why does it not make any sense?

19 A. Because it wouldn't -- first of all, it
20 wouldn't take 35 years to build out the project.
21 Certainly from our standpoint, we wouldn't have been
22 anywhere near probably more than a couple of years
23 beyond approval, so this doesn't really relate to
24 anything we would be doing.

25 I imagine if he ran this out for 50

1 years, it would be a bigger deficit or a hundred
2 years, a much bigger deficit. It's a matter of
3 playing with the numbers in the computer I assume.
4 When it says realistic, I don't believe it's
5 realistic at all.

6 Q. Okay. So did you discuss this model that's
7 titled Realistic with anybody?

8 A. I don't believe that we were working with
9 anything more than the 20 years that I recall that made
10 sense.

11 Q. Okay. Why did no more than 20 years make
12 sense?

13 A. Because that was the -- I believe that we
14 could have accomplished our goal with less than 20
15 years.

16 Q. So according to your testimony, the only
17 plan, at least in your mind, was to sell out in 20
18 years or less?

19 A. No. We actually would have sold out in a
20 couple of years. This is a build-out -- again, you are
21 looking at something that was done. Fred DeLuca wanted
22 these things done, and they were done basically as a
23 developer who, I guess, purchased this land and
24 approved it and developed it and built it and sold it.
25 And that was not what we do. We are land developers.

1 We weren't a company like the Ginn company.

2 Q. So Exhibits 3 and 4, those are projections
3 that a developer that actually does the building and
4 selling would use?

5 A. I assume. I don't know.

6 Q. Well, no, what was your testimony about
7 these were types of projections that developers that
8 actually build and sell? What did you say about those
9 type of projections that are Exhibits 3 and 4?

10 A. It's what I said before, that this is the
11 kind of projection that a developer would use to
12 evaluate how much he has to put in for infrastructure
13 and sell the property for, and then, you know, get to
14 the bottom line of how much is the land value.

15 Q. How much money did you raise for Charlie
16 Crist?

17 A. I don't think we raised any money.

18 Q. You didn't -- in LCOC's books and records,
19 there's contributions to Charlie Crist. Did you not
20 provide that money to Charlie Crist campaign?

21 A. You said raised for him.

22 Q. Yeah. How much did you raise and help
23 contribute?

24 A. We didn't raise. Fred DeLuca and I donated
25 money to Charlie Crist.

1 Q. How much?

2 A. I don't remember the number.

3 Q. Was it over a hundred thousand dollars?

4 A. I don't recall.

5 Q. So you don't recall how much money you
6 contributed to Charlie Crist's campaigns?

7 A. Seven years later? No, I don't.

8 Q. When is the last time you contributed to one
9 of Charlie Crist's campaigns?

10 A. Probably that was the last time, seven years
11 ago.

12 MR. HUTCHISON: I have no more questions
13 providing we have all the documents, and provided
14 that there's no outstanding documents, and we
15 reserve subject to whatever documents are provided
16 regarding his expert opinions.

17 MR. YANEZ: We are done.

18 THE VIDEOGRAPHER: Stand by to go off media
19 unit number 5. This concludes our deposition at
20 this time. The time off the record is 4:55 p.m.

21

22 (Thereupon, the taking of the deposition was
23 concluded at 4:55 p.m. Signature and formalities
24 were not waived.)

25

ERRATA SHEET

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RE : FD DESTINY v AVP DESTINY
DEPO OF: ANTHONY PUGLIESE, III
TAKEN : 8-19-16 Job No. FLA2354981

DO NOT WRITE ON TRANSCRIPT, ENTER ANY CHANGES HERE

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State of Florida)
County of)

Under penalties of perjury, I declare that I have read by deposition transcript, and it is true and correct subject to any changes in form or substance entered here.

Date ANTHONY PUGLIESE, III

CERTIFICATE OF OATH OF WITNESS

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STATE OF FLORIDA

SS:

COUNTY OF PALM BEACH

I, JANET BALDAUF, Registered Professional
Reporter, Florida Professional Reporter and Notary
Public in and for the State of Florida at Large,
certify that the witness, ANTHONY PUGLIESE, III,
personally appeared before me on 8-19-16 and was
duly sworn by me.

WITNESS my hand and official seal this
23rd day of August 2016.

<%Signature%>

JANET BALDAUF, RPR, FPR
Notary Public
State of Florida at Large

Notary # FF208072

My Commission Expires: 3-31-2019

1 REPORTER'S DEPOSITION CERTIFICATE

2
3 I, JANET BALDAUF, Registered Professional
4 Reporter and Florida Professional Reporter, certify
5 that I was authorized to and did stenographically
6 report the deposition of ANTHONY PUGLIESE, III the
7 witness herein on 8-19-16; that a review of the
8 transcript was requested; that the foregoing pages
9 numbered from 1 to 238 inclusive is a true and
10 complete record of my stenographic notes of the
11 deposition by said witness; and that this
12 computer-assisted transcript was prepared under my
13 supervision.

14 I further certify that I am not a
15 relative, employee, attorney or counsel of any of
16 the parties, nor am I a relative or employee of any
17 of the parties' attorney or counsel connected with
18 the action.

19 DATED this 23rd day of August 2016.

20 <%Signature%>

21 _____
22 JANET BALDAUF
23 Florida Professional Reporter
24 Registered Professional Reporter
25

1 VERITEXT LEGAL SOLUTIONS
2 One Biscayne Tower, Suite 2250
3 Two South Biscayne Boulevard
4 Miami, Florida 33131
5 (305) 376-8800

6 August 23rd, 2016

7 ANTHONY PUGLIESE, III
8 c/o ANTHONY YANEZ, ESQUIRE
9 BLANK ROME, LLP
10 500 East Broward Boulevard
11 Suite 2100
12 Fort Lauderdale, Florida 33394

13 RE : FD DESTINY v AVP DESTINY
14 DEPO OF: ANTHONY PUGLIESE, III
15 TAKEN : 8-19-16
16 READ & SIGN BY: 9-23-16
17 Attn: ANTHONY PUGLIESE, III:

18 This letter is to advise you that the transcript
19 of the deposition listed above is completed and
20 is available for reading and signing.

21 PLEASE CALL THE ABOVE NUMBER TO MAKE AN APPOINTMENT to
22 come to the Veritext office closest to you to read and
23 sign the transcript. Our office hours are from 8:30
24 a.m. to 4:30 p.m., Monday through Friday.

25 IN THE EVENT OTHER ARRANGEMENTS ARE MADE, please send
us a list of any and all corrections, signed and
notarized, noting page and line numbers and the reason
for such changes, so we can furnish all counsel with a
copy of same. If the reading and signing has not been
completed prior to the referenced date, we shall
conclude that you have waived the reading and signing
of the deposition
transcript. Your prompt attention to this matter is
appreciated.

Sincerely,

JANET BALDAUF, RPR, FPR

cc: Counsel of Record

1 VERITEXT LEGAL SOLUTIONS
2 One Biscayne Tower, Suite 2250
3 Two South Biscayne Boulevard
4 Miami, Florida 33131
5 (305) 376-8800

6 August 23rd, 2016

7 RICHARD HUTCHISON, ESQUIRE
8 HOLLAND & KNIGHT, LLP
9 701 Brickell Avenue
10 Suite 3300
11 Miami, Florida 33131

12 RE : FD DESTINY v AVP DESTINY
13 DEPO OF: ANTHONY PUGLIESE, III
14 TAKEN : 8-19-16
15 READ & SIGN BY: 9-23-16

16 Dear Counsel:

17 The original transcript of the deposition listed
18 above is enclosed for your file. The witness
19 did not waive reading and signing and has been
20 sent a letter notifying them to come in and read
21 and sign their deposition transcript.

22 The witness will be provided a copy of their
23 deposition transcript for reading in our office
24 should they come in to review the transcript, and
25 we will forward to you any corrections made by
the witness at that time, along with an original
signature page which should be attached to the
original transcript which is in your possession.

Sincerely,

JANET BALDAUF, RPR, FPR