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1 IN THE UNITED STATES DISTRICT COURT
2 FOR THE DISTRICT OF KANSAS
TOPEKA, KANSAS 7002 100

4 UNITED STATES OF AMERICA,)
5 ----- Plaintiff,)
6 vs.) Case No.
7 WILLIAM L. PICKARD and) 00-40104-01/02
CLYDE APPERSON,)
----- Defendants.)

APPEARANCES:

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ON BEHALF OF THE GOVERNMENT:

PAGE

5

GORDON TODD SKINNER

Direct Examination by Mr. Hough (Cont)

134

6

E X H I B I T S

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GOVERNMENT EX. NO.:

OFFERED ADMITTED

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800

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801

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(THEREUPON, the proceedings preceding
have not been ordered transcribed).

6

7 GORDON TODD SKINNER,
8 called as a witness on behalf of the
9 Government, having been previously sworn, and
10 testified as follows:

1

12 MR. HOUGH: Judge, yesterday the
13 witness referenced two exhibits, 800 and 801,
14 which we would offer at this time.

15

16 have no objection to 801. I would ask that you
17 reserve ruling on 800 until you take up other
18 matters, because I-- it was just filed
19 yesterday.

20

21 the same, Your Honor. We don't have any
22 objection to the one. We would ask that you
23 reserve the ruling on the other one.

24

25

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1 signed.

2 MR. RORK: Well, Judge, we understand
3 what it is, but we want an opportunity to
4 examine it and then ask you about it, because
5 the Government didn't give it to us until after
6 lunch and they had it in the morning.

7 MR. HOUGH: Judge, they've had it at
8 least 24 hours.

9 MR. RORK: Judge, it's been in their
10 box over there in that cart in their custody.

11 THE COURT: Well, do you need it
12 for-- in evidence right now?

13 MR. HOUGH: Well, no more so than for
14 a housekeeping matter so I don't forget about
15 it later, Judge.

16 THE COURT: All right. Well, I will
17 admit 800. And 801 is the one you want to look
18 at; is that right?

19 MR. RORK: 800 is the one we need to
20 look at, Judge. 801 we have no objection to.

21 THE COURT: All right. I will admit
22 801 and we'll take the other under advisement
23 and-- and we will look at it later and see.

24 DIRECT EXAMINATION

25 BY MR. HOUGH:

1 (Continued)

2 Q. Mr. Skinner, yesterday you talked about kilo
3 quantities of LSD coming out of the lab and
4 going to the Denver area where it was then
5 picked up by Petaluma Al. I would like to
6 start there.

7 A. By Petaluma Al's couriers.

8 Q. Okay.

15 MR. HOUGH: That would be appropriate
16 cross-examination, Judge.

17 THE COURT: Yes, overruled. Go
18 ahead.

19 Q. (BY MR. HOUGH) So with that point of
20 reference, can you tell us, is a kilogram of
21 LSD, is that a lot of LSD?

22 A. Yes.

23 MR. BENNETT: Well, I object to the
24 form. "A lot of LSD," Judge, I don't know what
25 that means.

THE COURT: Well, he will tell us.

2 Overruled, go ahead.

3 Q. (BY MR. HOUGH) And what is a dosage unit of
4 LSD?

5 A. It varies between 50 micrograms and 100
6 micrograms.

7 Q. Can you move the-- so you don't have to lean
8 forward, move that microphone there where
9 you're comfortable with it so you can sit back
10 and relax. So it varies between how much? I'm
11 sorry.

A. 50 micrograms and 100 micrograms.

13 Q. And how is it administered, based upon your
14 knowledge?

15 A. It goes to often liquid vials and it used to go
16 to blotter paper. And there's probably still
17 people that put it in the form of blotter
18 paper.

19 To go back and answer the question you
20 asked me before, one kilogram of LSD at a
21 100-microgram dose would be approximately 10
22 million doses. And I could go through the
23 explanation of how I got to that.

24 Q. Tell us.

25 A. Okay. A gram would be-- first of all, LSD is

effective at 100 micrograms, and a gram has one million micrograms. And so you would go one million micrograms times 1,000 grams that represents a kilogram, which is a billion, then you divide that by 100 micrograms, take two zeros off of the billion, and that's 10 million doses. But I can give you a physical description. This is a bottle of aspirin, I brought this not for this example but because I'm taking it because-- because of a slight cold. This weighs approximately a gram. And if it was ground up and everything, this would be about 10,000 doses of LSD in the pure crystalline form.

15 Q. And what would then a dosage unit sell for?

16 A. At the wholesale level to the largest customers
17 in the world, approximately 29.75 cents per
18 dosage.

19 Q. And what would it sell for then on the street
20 at the retail level, if you know?

21 A. Well, I-- I've heard as-- figures as high as
22 ten--

1 it's hearsay.

2 MR. HOUGH: Judge, if it's
3 information he learned during the course of
4 conspiracy, it's admissible.

5 MR. RORK: Well, he hasn't identified
6 that was when he learned it.

7 THE COURT: Overruled. Go ahead and
8 give your testimony.

9 A. A figure as high as \$10 per dose.

10 Q. (BY MR. HOUGH) So when a kilogram was
11 manufactured at this lab and it was then
12 given--

13 A. Fronted out to Petaluma Al.

14 Q. Fronted out to Petaluma Al, what was the
15 understanding of what that was worth and what--

16 A. \$2,975,000 approximately.

17 Q. Okay. And how would that money get back to
18 you, Mr. Apperson, Mr. Pickard?

19 A. Oh, it would come in many forms.

20 MR. RORK: Well, Judge, I object.

21 That assumes a fact not in foundation. He
22 hasn't established there's been any money or
23 that it's come back.

24 THE COURT: That's what we're trying
25 to find out. Overruled.

1 A. When it was fronted out and then the money was
2 repaid on the front, the-- where we loaned it
3 out until we were repaid, money would come back
4 in the form of 20s, 50s, \$100 U.S. bills, 1,000
5 Guilder bills and 1,000 Canadian dollar bills.
6 As the flow began to increase, we got to where
7 we refused to take 20s and then we got to where
8 we refused to take 50s. And we had very strict
9 rules because of counterfeiting that was
10 flowing in that we wouldn't take unbanded
11 bills, because it was just too much work for us
12 to work through to make sure we didn't pass off
13 counterfeit bills, which did happen and we had
14 encounters with the Secret Service as a result
15 of this. So we became very careful in the form
16 of the money we took and we enjoyed
17 concentrated currency, referring to 1,000
18 Guilder notes and particularly 1,000 Canadian
19 dollar notes.

20 Q. You indicated you enjoyed them?

21 A. Yes, because they were concentrated currency,
22 meaning we didn't have to carry around
23 suitcases full of money and-- for example, 20s
24 would just be unbearable. I mean, you know, to
25 deal with. We-- we absolutely got to where we

1 refused 20s.

2 Q. You indicated that--

3 A. And by the way, \$10 bills never-- we don't even
4 know where they went.

5 Q. What do you mean?

6 A. They never even-- no one even approached to try
7 to give us \$10 bills.

8 Q. You told us how the LSD went to Petaluma Al
9 through couriers. You indicated that was
10 fronted. Can you describe for us what it means
11 to front that?

12 A. Yes. It was given to him on credit because the
13 amount was so enormous, and then he would have
14 a certain amount of time to pay that back.

15 Q. And how was the pay-back made?

16 A. In increments as money flowed in to him and as
17 his smurfs and all of the network underneath
18 there had to concentrate their currency, and
19 concentrating their currency means converting
20 1s, 5s and 10s to 20s, 50s, 100s.

21 The story of the Guilder is a different
22 situation, and I am not quite for sure of the
23 Canadian 1,000-- Canadian dollar notes, I can't
24 explain how, that's always been a mystery to
25 me.

1 Q. And how did the money get from Petaluma Al back
2 to you, Mr. Apperson, Mr. Pickard, to anyone
3 else?

4 A. Well, usually we would-- okay, I know that we--
5 Leonard and myself, Leonard by himself,
6 occasionally employees of ours would go to pick
7 it up and there were usually two pickup spots.
8 One was the Buckhouse Road Inn, I believe is
9 right on the other side of the San Francisco
10 Golden Gate Bridge. The second place was in
11 Lyon's Restaurant in Petaluma. The reason we
12 made a change was I became suspicious of the
13 fact we went back to the same pickup space for
14 the money. And also, the traffic on 101 was
15 getting to be too dense and it was too much of
16 a problem for Petaluma Al to drive down. And
17 we were waiting around hours for the money or
18 something like this. And it would-- it would
19 be in boxes, paper sacks, just the most low key
20 kind of item that it could be in so that it
21 would draw the least amount of suspicion.

22 Q. And then how did the money get distributed
23 after that drop to the-- the other people
24 involved?

25 A. Depends on what the pressures were on that day.

1 For example, there's times that we would pick
2 up \$1.2 million and by the end of the day,
3 believe it or not, we would be virtually broke.
4 \$50,000 would be all that was left over. And
5 we would-- we would try to pay off anyone that
6 was owed money immediately, and these would be
7 people like the ET man, "C", and then where we
8 were-- or where Leonard was trying to get money
9 off-shore through Stefan Wathne, and we would
10 try and make these drop-offs of money. And if
11 there was a surplus of money, then it would go
12 to storage rental units. The surplus of money
13 would also go to-- maybe if there was a
14 tremendous surplus, he would say, Here, this is
15 100,000 to go to this credit account for you
16 and such and such. And then, of course, we
17 just had runaround money that we always drew
18 on.

19 Q. And where was that kept?

20 A. The runaround money? Oh, usually in the back
21 trunk of one of the vehicles-- all of our
22 vehicles and houses, hotel rooms. And we had a
23 few problems with money being found in hotel
24 rooms and such like that.

25 Q. What you've just described, did that occur and

1 go on during the entire time the lab was up and
2 operable in Santa Fe?

3 A. I believe so, yes, is the answer to that. Yes.

4 Q. And can you tell us what you saw and were told
5 about how this lab was set up, who set it up,
6 who did the cook, who was present, how it
7 worked, the day-to-day how it worked in Santa
8 Fe.

9 A. Well, in Santa Fe--

10 MR. RORK: Your Honor, if he does
11 describe how, who, and what was told, I would
12 ask he identify who was the what that told him
13 something.

14 THE COURT: All right. Go ahead.

15 Q. (BY MR. HOUGH) Go ahead.

16 A. Okay. Pickard, William Pickard told me that
17 "C" would only come in, in normal situations,
18 just to set up and tear down or to clean up,
19 because Leonard did not like cleaning up the
20 trash or just cleaning the lab up. Clyde took
21 on more and more responsibilities of physically
22 cleaning the lab up to keep it to where it
23 flowed for Leonard so he had less and less
24 physical work to do other than production.

25 Later, Clyde would tell me what his

1 functions were, which basically coincided,
2 although he said he was doing more clean-up and
3 more just, you know, washing the laundry,
4 throwing the clothes away, anything he could to
5 keep this-- I mean, throwing trivial trash
6 away, to getting rid of rodents or whatever
7 that was necessary. But the actual-- and the--
8 in the early part-- or the normal part of the
9 Santa Fe operation, mainly Leonard did-- was
10 the only one there.

11 Q. And how often--

12 A. When that tear-down occurred, it went to both
13 of them working literally 24 hours a day, not
14 for the tear-down but to get that production
15 out to handle the stall until we got the next
16 facility-- "we" being Leonard, Clyde and myself
17 got the facility in Kansas running. They
18 wanted to anticipate that. And so they wanted
19 to build up a surplus of LSD to feed into the
20 market while that was being dealt with.

21 Q. And how much LSD was made in the lab there how
22 often?

23 A. I cannot answer that.

24 Q. Why not?

25 A. I wasn't there to-- I can only-- I can only

1 give just rough estimates.

2 Q. Based upon what?

3 A. Based upon cash flow coming in from Petaluma

4 Al. Had there been other people that were
5 being sold to, which I don't know, there could
6 have been greater volume than was told to me.

7 And I just don't have a good grip, because
8 Leonard was giving tremendous disinformation to
9 Alfred because Alfred was wanting to drain as
10 much money off of Leonard as possible.

11 Disinformation meaning much lower production
12 than what was really going on. He didn't want
13 even "C" to know what kind of production
14 because he was spending so much money on things
15 that would upset Clyde while Clyde was waiting
16 for money to be paid. So I assume that he
17 could have been also misleading me, but I think
18 that my estimate-- my estimation--

19 MR. BENNETT: Well, now, Judge, I'm
20 going to object to the estimate, it's
21 speculation. He said he doesn't know.

22 MR. HOUGH: Judge, he said that he
23 can tell us based upon the money coming and
24 going. And we're laying the foundation for him
25 to do just that.

1 THE COURT: Yes, overruled. Go
2 ahead.

3 Q. (BY MR. HOUGH) Continue, please.

4 A. So just from what cash flow I could see coming
5 in and adding up from what Alfred said--

6 MR. RORK: And, Judge, I would ask
7 that he identify what the amount of cash flow
8 was. Just saying cash flow means nothing.

11 THE COURT: Yes. Overruled, go
12 ahead.

13 A. Okay. The cash flow coming in specifically
14 being-- like we would pick up \$1.2 million and
15 two weeks later \$1.4 million and a week later
16 \$300,000. And so we would add-- I would add
17 this up in my head and we would keep kind of
18 running ledgers. So when you ask about Santa
19 Fe, it's easier for me in the last year of the
20 conspiracy of the Santa Fe operation for me to
21 give you only what went through Petaluma Al.

22 Q. Do that.

23 A. Give you an idea?

24 Q. Yes.

25 A. A minimum of \$30 million.

1 Q. And of that \$30 million, how much did you get?

2 A. That's-- I would have to do-- it would be
3 easier for me to tell you the whole conspiracy
4 than--

5 Q. Describe it.

6 A. Okay. Do you mean the whole conspiracy?

7 Q. Yes.

8 A. Well, I-- I got-- about \$1.2 million of that
9 was easy to identify as an established amount
10 that went to me. And then there was fractional
11 amounts that came in that went right back out
12 to Leonard's bills. That would be in the
13 current Leonard expense bill account. And then
14 there would be fractional amounts where we just
15 owed a bill or something and, you know, I would
16 pay it and he would throw me a \$10,000 bundle
17 or a \$5,000 bundle.

18 By the way, to describe in the bundles of
19 money, we had very, very strict rules on how
20 money was to be bundled. If it had one band
21 around it, it stood for \$10,000. If it had two
22 bands around it, that was a \$5,000 bundle.

23 This was a universal standard. And if this was
24 not adhered to, there was tremendous problems
25 because it created accounting problems, because

1 when we would be paid bills, we would be always
2 stuck in traffic and we would be stopping and
3 we would just-- he would-- Leonard would go
4 into let's say Wathne's and just whip out a
5 bunch of 10,000 or \$5,000 bundles, and then we
6 would be in a hurry to make it over to the ET
7 man's hotel, which would be the Westin at the
8 airport, and it would be whipped out there.
9 And if that got messed up, it created
10 incredible accounting errors.

11 Q. (BY MR. HOUGH) And was it scheduled so that
12 those events, such as payments you've just
13 described, occurred on the same day or the same
14 close-in-time period?

15 MR. BENNETT: Judge, I'm going to
16 object. It's leading and suggestive. This
17 witness can testify without Mr. Hough
18 testifying and then asking him, "Is that the
19 way it happened?"

20 THE COURT: Well, try to make your
21 questions less leading.

22 A. I can go--

23 Q. (BY MR. HOUGH) Do you recall the question?

24 A. Yes, I can handle it.

25 Q. Can you describe it?

1 A. Yes. The problem was that nothing worked
2 according to schedule or plan. So in, in
3 essence, it was all trying to be organized that
4 way, but in reality, you know, Wathne would
5 come in and he would be there for just hours to
6 just a night, and that would be the pressure.
7 And we would be talking, you know, on the phone
8 trying to talk to the Compton Inn in San
9 Francisco and making sure he was there. He was
10 the pressure person, because the ET guy would
11 sit for however long it took to get his money,
12 he just didn't care. He would get very uptight
13 if it went one or two weeks. But the pressure
14 point was usually Wathne-- was Wathne. And
15 Wathne was continually complaining about the
16 fact that he wanted--

17 MR. RORK: Your Honor, excuse me. I
18 object to anything he's talking about this
19 individual. Is he going to be here subject to
20 cross examination and asked questions?

21 MR. HOUGH: The money launderer in
22 the conspiracy, Judge, would be a
23 co-conspirator statement.

24 MR. RORK: Well, Judge, he might be
25 the President of the United States, but he's

1 not named in the Indictment, he's not named as
2 a Government witness. And if he's not going to
3 be here to testify, we can't cross examine him
4 in front of the jury.

5 MR. BENNETT: Additionally, Your
6 Honor, these Defendants aren't charged with
7 conspiracy to launder money. It's not part of
8 the conspiracy that's alleged.

9 MR. HOUGH: Judge, part of any large
10 drug trafficking conspiracy includes laundering
11 money in the manner in which the witness has
12 previously described to the jury. These are
13 appropriate co-conspirator statements.

14 THE COURT: I will overrule and you
15 may proceed.

16 Q. (BY MR. HOUGH) Continue.

17 A. All right. Can I ask specifically where we're
18 going on this question?

19 Q. Let's do this; you-- you've described kind of
20 how the money went and the distribution of
21 the-- the funds then. After bills were paid,
22 how much went to Mr. Pickard, how much went to
23 Mr. Apperson after each delivery of income?

24 A. Well--

25 MR. RORK: Judge, I would ask that he

1 identify the deliveries, when was this, was it
2 in 1930, was it 1998? Those are the things
3 that we need to have him testify to.

4 THE COURT: Try to tie it down more.

5 Q. (BY MR. HOUGH) Did you understand the
6 question?

7 A. Yes, I understood the question.

8 Q. Was it a percentage cut or was--

9 A. No.

10 Q. -- it otherwise determined?

11 A. If there was an absolute amount of money left,
12 we would go to a storage unit and drop it off
13 in there and just leave it. And we would draw
14 from that money as necessary.

15 Q. How was that determined?

16 A. Just if there was a serious bill or, you know,
17 we had to be careful about what we did with
18 money as far as not just going reckless
19 spending money, because that was a common
20 problem.

21 Q. As far as income for day-to-day expenditures,
22 how was it determined who got what?

23 A. Basically Clyde did not have much to do with
24 that. Pickard would take whatever was
25 necessary for whatever the hotel bills were,

1 and these were expensive hotel bills, they
2 would start off around \$500 a night. And often
3 we would have two or three hotel rooms, and two
4 of them would not be occupied and one would be
5 occupied.

6 Q. Why?

7 A. To kind of play a shell game. And maybe
8 clothes and briefcases were in one and one was
9 where someone was staying so that they could be
10 visited, and another place could have been just
11 something where a laptop computer and work was
12 being done at.

13 Q. During the period of time you were in this
14 conspiracy with Mr. Pickard, did you know him
15 to actually own a residence anywhere?

16 A. Not that I know about.

17 Q. And to your knowledge, then, where would he
18 stay, where was home?

19 A. Well - -

20 MR. RORK: Well, Your Honor, I
21 object. The fact that somebody didn't own a
22 house is irrelevant to these proceedings. I
23 mean, I object to the nature and the form of
24 the question and its relevance.

THE COURT: Overruled.

1 A. Basically he lived in hotel's and floated from
2 hotel to hotel. After Natasha-- he became
3 heavily involved with Natasha, he would stay at
4 her apartment, of which he had a great deal of
5 difficulty because it wasn't small and wasn't
6 used to the standards that he liked.

7 Q. (BY MR. HOUGH) And who was paying the bills
8 for him staying in these motel rooms?

17 Q. Why you?

18 A. Because I had more of a history of-- of being
19 able to cover this, because I had a legitimate
20 business behind me.

21 Q. Gardner Springs?

22 A. Correct, Gardner Industries a/k/a as a subset
23 Gardner Spring, Inc.

24 Q. Okay. Now, did you personally ever distribute
25 the LSD?

1 A. Never.

2 Q. And during the period of time that the lab was
3 up and operable in Santa Fe-- let's, for
4 instance, say the last year as you described
5 it, the cook process to manufacture the LSD,
6 how long did that take?

7 A. Approximately ten--

8 MR. RORK: Well, Your Honor, I would
9 ask-- excuse me, I would ask that when he says
10 the cook process, how long did that take, I
11 would ask that the Government establish a
12 foundation, what's his knowledge based on, was
13 it personal knowledge, something that was told
14 to him. And if so, by whom. It's lack of
15 foundation.

16 MR. HOUGH: Judge, the foundation
17 started yesterday about 1:30.

18 MR. RORK: Well, Judge, it may have
19 started yesterday at 1:30, but he's asking him
20 a question now and he's trying to infer things.

21 THE COURT: I will overrule the
22 objection. You may go ahead.

23 Q. (BY MR. HOUGH) Continue.

24 A. Okay. I can give you both empirical data and
25 also data from Leonard and also data from

1 Clyde.

2 Q. Do that, please.

3 A. Leonard said typically if things went right,
4 humidity was controlled and such and such-- in
5 Santa Fe things ran easier, and I will later
6 explain that. There's a humidity problem here
7 in Kansas. In Santa Fe, approximately ten
8 days, could take 12 days. Let's say there was
9 a failure or he had something to do and he made
10 a mistake, it would extend it out. That-- that
11 was from his knowledge. But Clyde usually
12 would say somewhere between 10 and 14 days, it
13 depended on-- it also depended on what kind of
14 rotations they were doing, because he would be
15 doing multiple processes to get production up
16 and doing multiple steps in there.

17 Now, empirically, there would be times
18 when I would come into Santa Fe and I would
19 actually stay, rent a large block of rooms, and
20 I would see him come and go during the night
21 and I would know what length of time it took.
22 And there were times when the process was
23 shortened because tremendous amounts of work
24 was going into this, and times that it was
25 lengthened because he just didn't have the

1 energy to put it out. "He" being William
2 Leonard Pickard.

3 Q. And were cooks going on 24 hours a day seven
4 days a week during the whole period or how did
5 it work?

6 A. The-- there had to be-- there was long gaps
7 where the lab would sit. And he had
8 surveillance equipment, from his mouth, I did
9 not see the surveillance equipment installed in
10 the Santa Fe house. Also, I did not enter the
11 Santa Fe lab very far into it, but I did see
12 the surveillance equipment that was later
13 transported to Kansas, so I--

14 Q. Describe that.

15 A. The-- the-- the surveillance equipment?

16 Q. Yes.

17 A. One was a plant that had a-- a little videotape
18 in it. Another was a picture on the wall. And
19 there was another like a-- a boom box or
20 something, and I could be wrong about that.
21 But the two-- the plant and the picture on the
22 wall were two definite video surveillance
23 items. These would be triggered by motion or
24 by some mechanism and they were very-- Leonard
25 was very concerned about someone entering the

1 lab while he was gone. Of course, that--
2 because that meant everything was over with,
3 you know. So he wanted to know. He also was
4 very concerned about sneak and peak warrants.

5 Q. Okay. To your knowledge, then, while the lab
6 was in Santa Fe-- and again, the period of time
7 we're talking about is what?

8 A. We're talking-- well, '98, '99.

9 Q. To your knowledge, then, how many trips to meet
10 up with Petaluma Al were made?

11 A. You're-- you're talking about cash?

12 Q. Or his people.

13 A. You're talking about for the LSD--

14 Q. LSD.

15 A. -- to go to his people. I can't tell you that.
16 I mean, I just can't.

17 Q. Was there any type of an average; once a week,
18 once a month, anything like that?

19 A. I would say something on-- on the order of once
20 every one month one week, but I could be wrong
21 about that. I mean, I'm giving you some-- you
22 know--

23 Q. So five weeks?

24 A. Yeah, something like that.

25 Q. And your expectation every five weeks was-- how

1 much LSD went out?

2 A. I assume one kilogram. This is based upon a
3 visual operation-- a visual observation of a
4 room of where I was called in the middle of the
5 night because a group of people had actually--
6 accidently gotten dosed at a hotel room. It
7 was I believe hotel room 172, the casitas of
8 the Hilton Santa Fe, but it could have been--
9 it was either 171, 172 or 173. These were
10 three specific casitas, I believe it was the
11 center casita. And I had a call to my hotel
12 and Leonard said, "I need you over here
13 immediately. "I -- it was in the middle of the
14 night, I put my clothes on, I came over.

15 And this very elaborate box was-- had
16 been opened up and there had been exposure.
17 There were brown vials and there was
18 approximately-- well, looked-- assuming each of
19 these vials had what I was told, there would
20 have been one kilogram of LSD in this box.
21 This box fit in a specific part of what I
22 believe was a red Cadillac or some sort of a
23 classic car. There was a hiding compartment.
24 And one of the drivers was dying of lung cancer
25 was what I was told, he looked like a--

1 MR. BENNETT: Well, Judge, I would
2 like to know who's providing this information.
3 He says he was told this, he was told that.

4 THE COURT: Okay.

5 MR. HOUGH: Judge, he indicated--

6 MR. BENNETT: We're entitled to know
7 by who.

8 MR. HOUGH: He indicated that this is
9 a conversation, Mr. Pickard being called into
10 the room. I can ask him to clarify.

11 Q. (BY MR. HOUGH) At the room who was present?

12 A. Selene, a girlfriend of Leonard's, Miles
13 Cleaver, Leonard Pickard. And then when I
14 entered, myself.

15 Q. Okay. And who had told you that one of the men
16 had lung cancer?

17 A. This was not in that room that that occurred.
18 I-- the lung cancer story had been going on for
19 some time, because he was getting worse and
20 worse. And he would stay at Aroncho or-- it's
21 a downtown hotel in Santa Fe. And one time
22 when he came in to drive the load out, he was
23 so bad that they had to fly another person in
24 to--

25 Q. "They" who?

1 A. Petaluma Al had to fly someone out to help make
2 sure that he could physically make it back with
3 the load, because his health was declining that
4 fast.

5 Q. Okay.

6 A. I actually met the man.

7 Q. And the dose then-- the dose situation that
8 Leonard called you to the casitas about, what's
9 the rest of that incident?

10 A. Well, it-- it was not determined to me how,
11 quote, heavily dosed they were. Leonard seemed
12 to be quite a bit off of baseline. I could not
13 tell Selene's situation, nor could I tell Miles
14 Cleaver's situation, but I could tell that
15 there had been exposure. I think that-- I
16 think that I gave valium to everyone. And this
17 was not--

18 MR. RORK: Well, Judge, I object to
19 what he thinks. He can testify to what he did,
20 and I object to what he thinks as speculation.

21 THE WITNESS: Okay.

22 MR. HOUGH: Judge, he's testifying to
23 what he did in response to this situation to
24 the best of his memory. There's nothing
25 inappropriate about that.

1 THE COURT: Correct. Overruled.

2 Q. (BY MR. HOUGH) Continue.

3 A. I -- I don't know if I gave the valium to all
4 three of them, I just can't remember.

Q. And why give valium to someone dosed by LSD?

6 A. It helps bring the effect down, softens the
7 impact. And Selene was terrified of LSD
8 exposure and trips, because she had a very bad
9 experience as a younger-- when she was younger
10 with LSD.

11 Q. The use of L-- or use of valium for this
12 purpose, is this something that you had
13 discussed with Mr. Pickard or Mr. Apperson
14 ever?

15 A. Yes, we-- we had a standard protocol.

16 Q. Who? Which one of the two?

17 A. Both.

18 Q. Okay. Tell us about--

19 A. But the standard protocol was-- for Leonard was
20 depranil if it was available, valium, and then
21 if-- for some reason, hydrocodone. And that
22 would keep the edge off and allow-- you had to
23 balance it out to where you didn't get to where
24 you were too down. And the depranil was an
25 accident that he actually made the initial

1 discovery and then we found out that liquid
2 depranol was more effective than any of the
3 other forms. We had a specific brand of
4 depranol that was more effective, and it did
5 seem to block the effects. Because back when I
6 was trying to talk about how potent this is,
7 this stuff will move right through a latex
8 glove.

9 Q. LSD will?

10 A. Yes, the founder-- the man who first
11 synthesized what is called LSD-25, which is
12 just the 25th ergot compound or molecule that
13 was derived from ergot. It is not the name of
14 an analog or anything, it is just-- it was my--
15 it was Albert Hofmann's, 25th down on the list
16 item, hydrogene (spelled phonetically) was one.
17 There's-- oxytocin was another. And these
18 would all have a number at the end of them. So
19 it's not some specific form of LSD, LSD is just
20 one molecule there. There are other analogs.

21 But I'm going to go back to your
22 question. It is so potent that it can-- that
23 he got exposed accidentally in the lab and that
24 is how we came-- or we almost would have never
25 known LSD existed had he not gone back and done

1 a second experiment.

2 Q. Hofmann?

3 A. Hofmann.

4 Q. Okay. Now, the dose situation in Santa Fe that
5 you just described, did Mr. Pickard or Mr.
6 Apperson communicate to you how that occurred?

7 A. Apperson was not there.

8 Q. Okay. Did Mr. Pickard communicate to you how
9 it occurred?

10 A. Something like this; he had taken Selene to the
11 laboratory, he was dosed heavily enough that he
12 was telling me this because he knew that I
13 would be very upset about that. He said he
14 blindfolded her when he took her there. I
15 don't know why he took her there. But he
16 brought the kilogram back in the black case.
17 And when the kilogram was brought back, he was
18 just showing it to someone, I don't know why,
19 he was probably a little looser than his-- than
20 a normal tight mind would be and he was maybe
21 showing off. And when the case was opened,
22 there was enough residual LSD on the brown
23 vials that it went in the air and it dosed the
24 people.

25 Q. Did you personally during the course of your

1 involvement in the conspiracy use LSD?

2 A. Yes.

3 Q. Other drugs that you used?

4 A. I would like to start with the one I don't use.

5 I never used, to the best of my knowledge, any

6 form of tobacco product. I never used

7 methamphetamine, to the best of my knowledge.

8 Never used cocaine, to the best of my

9 knowledge. I have not used street drugs in

10 general, I avoided most street drugs. I've not

11 used PCP. The reason I'm doing the "nots"

12 because I've done so many unusual analogs that

13 that list gets to be long. So if we want to

14 start that, I will start it.

15 Q. Are they primarily hallucinogens?

16 MR. RORK: Judge, I would ask that he
17 continue with his answer. He was cut off. He
18 was going through what he didn't do and then
19 he was going to start what he did do, and I
20 would ask that he be allowed to do it.

21 MR. HOUGH: The witness asked me a
22 question and I responded with, "Were they
23 hallucinogens?"

24 THE COURT: Overruled, go ahead.

25 Q. (BY MR. HOUGH) Are they primarily

1 hallucinogens?

2 A. Yes.

3 Q. And why use so many hallucinogens?

4 MR. RORK: Before-- that's-- before
5 the foundation of why use so many, I would ask
6 that he be allowed to continue his answer and
7 identify what those are.

8 MR. HOUGH: Well, Judge, he has
9 indicated that there were many, many.

10 A. I can go ahead and start a laundry list.

11 Q. (BY MR. HOUGH) Tell us why you used so many
12 hallucinogens.

13 MR. RORK: Well, excuse me, Judge. I
14 would ask that you rule on my objection. Can
15 he tell his answer, what they all were.

16 THE COURT: I will overrule your
17 objection. Go ahead.

18 Q. (BY MR. HOUGH) Tell us why use so many
19 hallucinogens, sir.

20 A. Well, first of all, my first use was around 19,
21 on the cusp of 20. And I had been interested
22 in what I call entheogen, I do not like the
23 word hallucinogens or psychedelics. And it is
24 now common to call them entheogens. I studied
25 them because I was interested in brain

1 chemistry, but I did not touch them.

2 Q. (BY MR. HOUGH) Subsequently then, you got into
3 the use of--

4 MR. RORK: Judge, again, he's cutting
5 him off with his answer, I would ask that he be
6 allowed to finish.

7 MR. HOUGH: Judge, that's--

8 THE COURT: I thought he was through.

9 MR. HOUGH: He was.

10 MR. RORK: No, Judge, he was
11 explaining what he was using and when and then
12 he was cut off as he wanted to continue his
13 answer.

14 MR. HOUGH: Judge, I would ask that
15 counsel be admonished not to interrupt the
16 examination.

17 MR. RORK: Well, Judge, again, I ask
18 that counsel remember that this is a trial,
19 there are rules and they need to be brought to
20 your attention or they're not. If they're not,
21 then as-- I'm in error.

22 THE COURT: Well, we need to get
23 testimony in, please. You ask it so it will go
24 in and-- and you give a person a chance-- give
25 him a chance to put his case in. Go ahead.

1 Q. (BY MR. HOUGH) So at age 19, 20, you began
2 using hallucinogens, antigens, whatever you--

3 A. Entheogen.

4 Q. Entheogens, whatever you want to call them.

5 A. Mescaline was the first one that I used.

6 Q. Okay. And over what period of time have you
7 used them?

8 A. Since 19 I've used them.

9 Q. Okay. When was the last time that you did?

10 A. I'm not for sure.

11 Q. Okay. Are you under the influence of any drugs
12 now as you testify?

13 A. Yes, dextromethorphan.

14 Q. What is that?

15 A. It's in Day-Quil.

16 Q. So you're taking Day-Quil?

17 A. Also aspirin.

18 Q. Okay.

19 A. And unfortunately caffeine, which was-- now
20 slipped into baking soda.

21 Q. Okay. You're not under the influence of any
22 controlled substances during your testimony
23 here?

24 A. No, no.

25 Q. Were you under the influence of any controlled

1 substances during the period of time that you
2 were working with the DEA in this
3 investigation?

4 A. No.

5 Q. And just--

6 A. Wait, wait, wait, wait. That's not true.

7 Schedule III diazepam, which they are fully
8 aware of.

9 Q. Okay. And when did you use that and for what
10 purpose?

11 A. Diazepam, which is valium, I use for-- I was
12 taking something called Diflucan and Diflucan
13 at the levels I was taking would cause me to
14 shake slightly, so I would take the valium to
15 knock off that shaking.

16 Q. Were these prescribed by a doctor?

17 A. Yes, uh-huh.

18 Q. Okay. Now, during the course of your use of
19 drugs, your recreational use of drugs, give us
20 an idea of the drugs you took and why.

21 A. The-- first, we'll go through the list, so--
22 mescaline, not very many times. Peyote which--
23 it's the main entheogen or active constituent
24 of peyote, other than everything that makes you
25 sick in there, would mescaline. Peyote is

1 quite harsh. I have done Ayahuasca, I've done
2 pharmahuascs. Those are combination things
3 that have monoamine oxide inhibitors in them.

4 Q. Well, those are Ts, aren't they?

5 A. Yeah. And dimethyltryptamine Ts. But
6 pharmawaska would be pure form and the
7 crystalline of both the-- (reporter
8 interruption). Crystalline of the
9 beta-carbolines and dimethyltryptamine.

10 Q. And are those in the "T" form controlled
11 substances?

12 A. It's a-- a federal judge has made this an
13 ambiguous thing as of August of last year. So
14 I can't tell you, they should be-- under the
15 reading of the laws, they should be controlled
16 substances. But under the Religious Freedom
17 Restoration Act of 1993, a judge has-- a
18 federal judge has ruled that the UDVs
19 sacraments may have to be given back to them by
20 Customs when a seizure occurred. But
21 classically, they would be considered Schedule
22 I items.

23 Q. Okay. Other drugs that-- that you used during
24 the period of time?

25 A. Yes, salvia divinorum, legal. And then its

1 active constituent, a diterpene called
2 salvinorin A, which is interesting because it's
3 a naturally-occurring compound that is almost
4 microgram as-- as potent as LSD. There are
5 some other fractions on down that may be more
6 potent than LSD, short-acting. 5-methoxy and
7 dimethyltryptamine, which is the common story
8 of people licking the toad, which is not what
9 you do, that is dangerous, causes foaming of
10 the mouth. But the Sonoran Desert Toad has
11 this excretion that if you excrete it onto a
12 glass slide, you can scrape off this material
13 and you'll get the main constituent being
14 5-methoxy and dimethyltryptamine.

15 Going on, other sources would be phalaris
16 arundinacea, which is called Canary Reed Grass
17 or Reed Canary Grass, which is all over the
18 place along phalaris aquatica, it grows in
19 ditches all over the world. And that yields--
20 (reporter interruption).

21 THE COURT: Can you slow down.

22 A. 5-methoxy-NN-dimethyltryptamine. I apologize.

23 MR. RORK: Your Honor, may he
24 continue?

25 A. Okay. In an experiment with amanita muscaria,

1 different variations, flotarida (spelled
2 phonetically and such, fly ageric is another
3 name of this mushroom, I went through an
4 elaborate process and consumed ibotenic acid,
5 which would have been the active constituent.
6 I rarely did this. I was nervous about the
7 research, because of the decarboxilation of
8 ibotenic acid that converts to muscimol, which
9 is an active constituent of fly ageric or
10 amanita muscaria, which is potentially the Soma
11 that is mentioned in the Rig Veda, which is one
12 of the oldest known sacramental plant usages on
13 the planet. I will continue to go.

14 Q. Is that-- yeah.

15 A. I have used 5-fluoro-alpha-methyltryptamine --
16 6-fluoro-alpha-methyltryptamine. I've used
17 reserpine accidentally, that was a mistake.
18 Racemethorphan which I may not-- the cane was
19 extracted from Indian snake root. Yes, I
20 smoked marijuana six times, I dislike it
21 intensely. Kiamin (spelled phonetically), a
22 disassociative anesthesia, which hits PCP-1 or
23 if-- the nomenclature PCP-A receptor site.
24 Then many analogs of the tryptamine family I've
25 experimented with. And this could be a-- a

1 long session if we went on this.

2 Q. (BY MR. HOUGH) Why take those at all?

3 A. Well, early on I wanted to see what my guinea
4 pig operations were in the-- you know, from my
5 early high school days to age 19, I decided to
6 go and take the step of actually experimenting.
7 I was a little nervous with messing with the
8 neurocomplex of the mind, so I slowly, I
9 gathered up data and--

10 Q. How?

11 A. Oh, all of my high school friends just lined up
12 to take anything that I had. And it was-- they
13 were volunteering, so it wasn't a problem. It
14 really helped me get through the things I had
15 no interest in taking.

16 Q. And your knowledge of chemical composition of
17 things, do you have a chemistry degree? Where
18 does this information come from, where did
19 you--

20 A. Accumulated it from reading and-- and
21 experimentation and such, although I did get
22 advanced-- some sort of honors in chemistry in
23 high school.

24 Q. Do you have any formal education after high
25 school?

1 A. Yes. In Germany I went to school in Heidelberg
2 and mainly it was concentrated around finance,
3 international finance, international banking
4 and these kind of things.

5 Q. And--

6 A. Specifically I took some classes in the math
7 involved with foreign currency fluctuations and
8 the math involved in how to do the Black
9 Scholls model.

10 Q. And that's the extent of your post-high school
11 schooling; is that correct?

12 A. Yeah.

13 Q. Formal education.

14 A. I also took-- I also took some classes in DIN
15 Standard, which is a German standard of
16 manufacturing, kind of like mill specs. And it
17 is where the United States has taken QS-9002
18 standards from, would be the DIN Standard.

19 Q. During any of your conversations with either
20 Mr. Pickard or Mr. Apperson, did you discuss
21 your personal drug use?

22 A. Yes.

23 Q. With whom?

24 A. With-- with Leonard extensively and with Clyde
25 occasionally.

1 Q. What was the purpose of those discussions and
2 what was said?

3 A. Well, Leonard was interested in comparing notes
4 of what he had done and what I had done. And
5 he was interested in what kind of effects and
6 what kind of things had happened in-- you know,
7 in those-- in his interest.

8 Q. Had he indicated his personal usage of some or
9 all of those items as well?

10 A. No. He indicated what he had used would be
11 mescaline, LSD. I was supposed to bring-- the
12 first time I was supposed to meet him, I did
13 not show up because of a snowstorm and I was
14 responsible for bringing phalaris arundinacea
15 to something called-- someplace called New
16 Buffalo Resort, or something like that in--
17 around Taos, New Mexico, and-- but I never made
18 it. But he actually did end up-- they did end
19 up doing some form of pharmahuasca or
20 ayahuasca.

21 MR. RORK: Judge, I might add he
22 said, "The first time I was supposed to meet
23 him," I would ask that he establish a
24 foundation for what, for when, and the purpose
25 thereof.

1 • MR. HOUGH: Judge, the witness is
2 describing this and will continue to describe
3 it, if we can keep from interrupting him.

4 MR. RORK: Well, Judge, it's not
5 interruption. He's been all over the world and
6 he's already been interrupted, not finishing
7 his drug use. And now we're into another
8 subject, I would like to get a foundation laid.

9 THE COURT: Well, go ahead and ask
10 the questions the way you think they need to be
11 asked.

12 Q. (BY MR. HOUGH) You indicated that this was--
13 or somewhere near Taos?

14 A. Yes.

15 Q. Okay. What time frame?

16 A. I can't tell you. I mean--

17 Q. Give us a year.

18 A. '97, '96.

19 Q. Okay.

20 A. Probably '96.

21 Q. And--

22 A. And I didn't know that he was going to be
23 there, it just turned out he was there.

24 Q. Right. During--

25 A. Alfred-- Alfred Savinelli invited him.

1 Q. And during your discussions with Mr. Pickard on
2 other occasions, did he indicate personal use
3 of controlled substance, other than what you've
4 just described?

5 A. Yes, MD--.

6 Q. When and where?

7 A. Well, in the '70s and '60s he was talking about
8 he had tried just about everything that came
9 out of the labs that he could get his hands on
10 and anything that Sasha had designed he had
11 tried, if it was available to him.

12 Q. And in your conversations with Mr. Apperson,
13 did he, too, indicate personal drug use?

14 A. It would have been years since he had done
15 anything other than let's say valium or
16 something to keep the effects from being in a
17 lab. Other than like, for example, he said he
18 thought that he had some MDMA buried somewhere
19 and-- but he had not used any psychedelics for
20 years.

21 Q. You mentioned mescaline. How would you liken
22 the effects of mescaline versus LSD?

23 A. Boy, you're asking some hard questions.
24 Mescaline is a difficult-- in my--

25 Q. The personal effects, how would you liken the

1 effects?

2 A. I'm trying-- I'll try and explain. Mescaline--
3 in order to be an effective dose for me, I have
4 to get it to a level to where it causes a
5 shaking in my body, because I'm what you would
6 call rather hardheaded, I hate that phrase, but
7 it means I have a high dose tolerance. And
8 the-- the mescaline works in the L-Dopa
9 channel, which is different than LSD. They're
10 two completely different parts of the brain
11 they're working on. Both of them are, quote,
12 dirty drugs, meaning they have multiple
13 receptor sites and they are not predictable in
14 the cascading through the mind or through the
15 brain and the neurocomplex of how they work.
16 So I'm trying to answer it. So in--

17 Q. Do you--

18 A. Years ago-- years ago I would have preferred
19 mescaline over LSD. But let's say starting ten
20 years ago or something, I-- and these are not
21 my preference entheogens.

22 Q. Okay.

23 A. But LSD is easier on my system than mescaline
24 is at this point. I mean, it has been for
25 years.

1 Q. What is the effect of either drug that makes it
2 something you would want to do?

3 A. Well, for -- I seem to have an idiosyncratic
4 response to entheogens or atypical response to
5 entheogens, that they are-- have-- maybe that's
6 arrogant, so I've got to be careful. They are
7 very spiritual and very sacramental things. I
8 do not use these-- I think you put
9 recreational, and I take offense to that,
10 unfortunately, because I do not use these
11 things recreationally. These are sacraments to
12 me.

13 MR. RORK: Your Honor, I would ask
14 that the-- again, continued responding what the
15 effects are for them.

16 MR. HOUGH: Judge, he's finished his
17 answer.

18 THE COURT: All right.

19 Q. (BY MR. HOUGH) The-- earlier in your testimony
20 you talked about the brown vials.

21 A. Yes.

22 Q. I will show you what's been caused to be marked
23 Government's Exhibit 249 that's been admitted
24 into evidence in this case and identified as
25 brown vials that came out of the lab that was

1 seized in this case. I'm wondering if those
2 appear similar to the brown vials that you
3 indicated that you had seen?

4 A. Those are the brown vials. They have little
5 rubber stoppers and a little aluminum clamp
6 that goes down on them. And these are exactly
7 the same style of brown vials that were in the
8 black case that was in the room 172, I believe,
9 in the Hilton in Santa Fe, the downtown Hilton
10 in Santa Fe.

11 Q. During the course of your association with Mr.
12 Pickard and Mr. Apperson when LSD was
13 manufactured, were these brown vials something
14 that were common place?

15 A. These were considered the standard. And in the
16 LSD world, the higher-ups of all the
17 distribution, this was the standard.

18 Q. And you described at Santa Fe this security, if
19 you will, surveillance equipment. Let me show
20 you Government's Exhibit 23--

21 A. But there was a time-- there was a change of
22 those brown vials, so it wasn't during the
23 whole conspiracy. We did change using those
24 brown vials.

25 Q. Tell us about that.

1 A. I was told through a Joel Kramer--

2 Q. Who is he?

3 A. He is a man that lives in Bolinas, California.

4 Q. What was his involvement in this?

5 MR. RORK: Well, Judge, if Mr. Kramer
6 is going to be here and testify, this would be
7 relevant. If he's not, I object for the right
8 to confront witnesses, which is a
9 constitutional right.

10 MR. HOUGH: Judge, if we could
11 establish who he is in relationship to the
12 conspiracy, it will be very clear. That's why
13 I've asked the witness who he was.

14 MR. RORK: And I've asked if he's
15 going to be here, Judge. It may be clear who
16 he is, but if he's going (sic) to be here and
17 not subject to confrontation, that's not a
18 right.

19 MR. HOUGH: Judge, there is such a
20 thing as a co-conspirator statement Mr. Rork is
21 having a problem with in the course of this
22 case, but it is an exception to hearsay.

23 MR. RORK: Judge, I have a problem.
24 He's not indicted, he's not going to be here,
25 he's not on the Government's witness list.

1 They can name anybody a co-conspirator and get
2 anything they want.

3 THE COURT: Let's find out who he
4 was.

5 MR. BENNETT: Judge, before we do
6 that, could we approach the bench for just a
7 moment, please?

8 THE COURT: Yes, you may.

9 (THEREUPON, the following.

10 proceedings were held at the bench and
11 outside of the hearing of the jury).

12 MR. BENNETT: Judge, to-- in order to
13 avoid both of us getting up and making
14 objections on the-- a lot of these things, can
15 we just have a-- an agreement and understanding
16 that if one of us objects on the basis of
17 whatever, that-- that that objection is also
18 being made by the-- the other party, the other
19 counsel? Otherwise, I'm going to need to get
20 up and-- and make the same objection in every
21 instance, and that's going to slow things down.

22 MR. HOUGH: Judge, I think that's
23 appropriate. And I think that we would not
24 oppose the record reflecting counsel's
25 continuing objection to any co-conspirator

1 statements. And it's obvious that that is
2 what's going on here.

3 THE COURT: Yeah, yeah, I'm trying to
4 find out. Yes. Yes, you can have that.
5 We'll-- we'll do that. We will put that on the
6 record. What I'm trying to find out, is this a
7 co-conspirator? Is that what--

8 MR. HOUGH: That's my understanding,
9 and that's why I asked him who is he and if
10 he-- if he's-- if the witness says that--

11 MR. BENNETT: I would ask that he
12 be--

13 MR. HOUGH: If he indicates he's not
14 a co-conspirator, then we move on. It's that
15 simple. But the record in order-- I mean, I
16 have to make a record so that if we have a
17 co-conspirator, he has to be allowed to say who
18 he was.

19 MR. BENNETT: Well, that's the
20 problem, Judge, with-- with us and-- and with
21 whether or not we get up and object-- object or
22 not. Nobody has ever indicated to us since and
23 it's not indicated in the Indictment who the
24 alleged co-conspirators are. And it's
25 impossible for us-- I mean, we run the risk if

1 we sit back there and we don't object and then
2 it turns out that it's not a co-conspirator. I
3 would like for-- to be provided with a list of
4 who they are, co-conspirators, it would make
5 things go a lot faster.

6 MR. HOUGH: Judge, the law has never
7 required the Government to disclose the name of
8 co-conspirators. We think it's inappropriate
9 here as it is in--

10 THE COURT: Yeah.

11 MR. RORK: Well, Judge, the only
12 other thing I would like to indicate is that
13 the continuous comments or dialogue of Mr.
14 Hough. There's an objection that has to be
15 made and then just to say, "Well, he knows this
16 is co-conspirator, it's admissible," for you to
17 then sustain the objection and-- overrule it
18 gives added weight to his extra things in his
19 comments. He should state the legal objection,
20 period.

21 MR. HOUGH: Judge, if the record will
22 reflect Mr. Rork's ongoing objection to
23 co-conspirator statements, that may be
24 appropriate in the case. But when repeated
25 objections are made that co-conspirator

1 statements as hearsay, admittedly it wears
2 thin.

3 MR. RORK: Then if he just says
4 co-conspirator, and he said, "yeah," well,
5 what, why, where, how, what time period, it's
6 all controlled by the Government. And we
7 object and you're telling me to do it on the
8 cross examination when we should be allowed to
9 have it-- (reporter interruption). When we
10 should be allowed to have the answer and to
11 make an objection.

12 MR. BENNETT: When Mr. Hough says,
13 well, they could have a continuing objection to
14 co-conspirators hearsay, we don't know whether
15 they're co-conspirators or they aren't.
16 There's-- there's been nothing established that
17 Mark Klieman or Stefan Wathne or any of these
18 individuals are co-conspirators. That--
19 we're-- we're getting the cart before the
20 horse.

21 MR. HOUGH: Judge, if-- we would
22 challenge the record as to Wathne. During none
23 of the-- (reporter interruption). Judge, the
24 record is very clear that the witness has
25 testified that Wathne laundered money. So the

1 bottom line here is that co-conspirator
2 statements are admissible. If the witness
3 testifies that Joel Kramer was involved within
4 the conspiracy, then that is a co-conspirator
5 statement and the objection should be
6 overruled. If he testifies that Joel Kramer
7 had nothing to do with the conspiracy, then I
8 will move on. It's that simple.

9 MR. RORK: Well, Judge, and again we
10 are here for conspiracy to distribute LSD.
11 Money laundering is a variance and we're not
12 prepared for that. The Government brings up
13 that you consider the probative value versus
14 the constitutional and fair prejudice. And I
15 came here to defend a LSD case, I didn't come
16 here to defend a money laundering case. And
17 whether he did money laundering, he hasn't said
18 when, what time period, how much, who did he
19 get it from, when did he get it from them,
20 which LSD lab, and this is just general
21 statements that are coming in, Judge. It could
22 have been anytime.

23 MR. BENNETT: Well, then that's a
24 point I tried to make earlier, Judge, it is a
25 variance. They're not-- they're now trying to

1 put in testimony of a conspiracy to engage in
2 money laundering. I'm-- I'm just like Mr.
3 Rork, I didn't come here prepared to defend a
4 money laundering case and--

5 MR. HOUGH: Judge, that is
6 disingenuous. There's money laundering
7 involved in every drug conspiracy, and both of
8 these men know that.

9 THE COURT: Well, I'm going to
10 overrule the objections. Go ahead and try to
11 find out who this fellow is and find out if
12 he's part of a conspiracy.

13 MR. RORK: He can identify what the
14 conspiracy is, maybe if it's this conspiracy we
15 are on trial for or a different one or a third
16 one or a fourth one, what conspiracy.

17 THE COURT: This conspiracy we're
18 talking about.

19 MR. HOUGH: Thank you, Judge.

20 (THEREUPON, the bench conference
21 was concluded and the following
22 proceedings were held within the
23 hearing of the jury).

24 THE COURT: Why don't you ask this
25 question and then I think we will take a break,

1 Mr. Hough.

2 MR. HOUGH: Thank you.

3 Q. (BY MR. HOUGH) Joel Kramer, was he involved
4 within the conspiracy in some form or fashion?
5 Yes or no?

6 A. Yes.

7 Q. And what form or fashion?

8 A. Specifically when we-- when Leonard had
9 promised Alfred Savinelli that he would
10 synthesize dimethyltryptamine, he did not do
11 it. I had to go and buy dimethyltryptamine
12 from Joel Kramer to fulfill that. That was one
13 incident.

14 Q. That was part of the payment to Savinelli for
15 his role?

16 A. Correct.

17 MR. RORK: Judge, again, I object to
18 the Government's leading and suggestive
19 questions. You said go on.

20 THE COURT: Well, let's--

21 MR. HOUGH: Judge, we've now
22 established the issue that the Court was
23 concerned of a moment ago.

24 THE COURT: Yes. Yes, I think that--

25 MR. HOUGH: Do you want to take the

1 break now?

2 THE COURT: Yes. Ladies and
3 gentlemen, let's take a 15-minute break at this
4 time. We'll call you back when we need you.
5 Mr. Bailiff.

6 (THEREUPON, a recess was had).

7 THE COURT: You may continue, Mr.
8 Hough.

9 Q. (BY MR. HOUGH) Mr. Skinner, prior to the break
10 you were relating to us a matter of how this
11 conspiracy changed from using the brown vials
12 as shown in Exhibit 249 to another medium.

13 Would you describe that for us, please?

14 A. Yes. Joel Kramer communicated to me over the
15 phone that he needed to meet with me
16 immediately, that he had a serious medical
17 problem. And I-- I thought he was being
18 serious when he said medical problem, but it
19 turned out that it was code that there had been
20 a-- a legal bust in California of someone very
21 close to him. So I didn't put much emphasis on
22 it other than I kept trying to ask him, "Well,
23 tell me the symptoms." And, you know, by the
24 time I was finished talking to him, I was
25 looking up stuff on Parkinson's and it was a

1 total miscommunication. His ability to talk
2 encoded stuff was not very good.

3 And so when he physically met with me, I
4 was in shock, because he told me my health
5 problem was there has been a bust of-- of a man
6 by the name of Mel Kelm, I believe it's spelled
7 K-E-L-M, who was a supplier of MDMA and may
8 have been involved in the distribution of high
9 level wholesale of LSD.

10 I got a business card. And it turns out
11 that Leonard went to one of the Friday night
12 dinner events of Sasha's, actually thrown by
13 Sasha's stepdaughter, Wendy, used to be at
14 Wendy's real father's house, which is a very
15 well-known event amongst the community of
16 entheogen people, that he also got a business
17 card and scanned it into his computer and it
18 was-- there was a potential rumor that one of
19 these glass vials--

20 MR. BENNETT: Well, Judge, I'm going
21 to object to a potential rumor.

22 MR. HOUGH: Judge, to the extent that
23 the members of the conspiracy reacted to it,
24 it's relevant.

25 MR. BENNETT: Potential rumor, Your

1 Honor, that--

2 THE COURT: Well, it's something that
3 he had heard?

4 MR. HOUGH: Yes.

5 THE COURT: All right. Overruled.

6 Go ahead.

7 A. That a brown vial had been found or was
8 missing, but immaterial, that he had been
9 some-- in the lineage of a distribution system
10 and he definitely had connections to Petaluma
11 Al through some complicated mechanism, which is
12 not known to me and was not known to Leonard at
13 the time, or at least he didn't tell me.

14 Immediately upon hearing this, glass brown
15 vials were ceased as the packaging mechanism,
16 which was told to me, I-- and assume that it
17 was the truth, since it seemed to be.

18 Q. Who told you that?

19 A. Leonard.

20 Q. Okay. And when approximately did that occur in
21 relationship to the operation in Santa Fe?

22 A. No, it was beyond Santa Fe. Joel Kramer told
23 me this in November, I believe. No. All I
24 know is that--

25 Q. Was it before or after the lab was moved to

1 Kansas?

2 A. It was in Kansas.

3 Q. Okay. So sometime after December of '99?

4 A. Maybe-- maybe March of 2000.

5 Q. Okay. You mentioned the entheogen community,
6 is there a community of individuals that imbibe
7 the substances that you've described previously
8 today in your testimony?

9 A. Yes.

10 Q. And to your knowledge, has Mr. Pickard been
11 part of that community?

12 A. Yes.

13 Q. And to your knowledge, has Mr. Apperson been
14 part of that community?

15 A. I don't know. Early-- early years' usage, I
16 don't know.

17 Q. Okay. You also mentioned this community. As a
18 member of this community, someone coming into
19 court and testifying as you're doing, is that
20 commonplace?

21 A. That's virtually unheard of. We-- you know,
22 there are strict rules that we abide by. And,
23 in fact, one of the reasons that I delayed
24 coming to the Government was because I was
25 under rules that would have been difficult for

1 me to have come to the Government end. I was,
2 you know, dealing with the Indictment problem,
3 and I could not come in with an Indictment
4 hanging over me.

5 Q. Why?

6 A. That would be considered rolling, and we don't
7 roll. Rolling means we get busted, we do not
8 cooperate. And the higher up you go in the
9 system, the less chance of cooperation.

10 Q. And how is cooperation such as you're doing
11 viewed in that community?

12 A. In certain segments this is the death penalty.

13 Q. And given your-- strike that. Can you tell us
14 your status within that community, if any?

15 A. I was always considered a-- and I hate to use
16 this word, and I think it's arrogant, so I
17 would like to find a softer word, but an expert
18 in the tryptamine area, an expert in the
19 combination of beta carbolines or monoamine
20 oxide inhibitors with inactively-- inactive
21 oral tryptamines, i.e., dimethyltryptamine and
22 the derivatives thereof and also the research
23 of new molecular type designs and seeing how
24 they worked, safety and such. And-- and it was
25 given within the circle of-- of the better

1 people that scientists that were in that my
2 data was fairly accurate and correct.

3 Q. Is this community limited to the United States?

4 A. No, it's a worldwide community.

5 Q. Approximately how many members, to your
6 knowledge?

7 A. I can't tell you.

8 Q. You don't know or you can't?

9 A. No, I mean, I don't know because, I mean, you
10 know, I don't know how you define someone is in
11 that community and not. If they took one hit
12 of LSD, are they in that community or are-- you
13 know, the ones that we all know each other that
14 write the books and everything, are we talking
15 about that community? You know, I-- I don't
16 know at what level you're talking about, so--

17 Q. Does this community have like meetings and
18 gatherings and get-togethers?

19 A. Certain parts of it have meetings. There are--
20 there are formal, some are informal every two
21 years traditionally. There is a large meeting
22 every year. And it floats, sometimes it's in
23 Amsterdam, sometimes it's in San Francisco,
24 sometimes it's in Manous, and it's been--

25 Q. What was the last one?

1 A. I'm sorry, in Brazil. The-- the-- and then
2 every year I don't know about the last year or
3 two, because I'm-- you know, I've been
4 ex-communicated out of the community, so I
5 can't tell you anything about what's going on.
6 But the-- there's a-- there was a yearly
7 meeting that took place around Palengue,
8 Mexico, sometimes it would be in Hawaii.

9 Q. Did you attend some of-- some or all of the
10 meetings you've just described?

11 A. Also there's a-- a yearly event in Telluride,
12 which is a famous thing that does still go on.
13 Yes, I attended the ones that I thought were
14 appropriate, yet I kept a very, very back seat,
15 I did not-- I was not highly visible at these
16 events.

17 Q. Why?

18 A. Because I did not want to be known to people I
19 didn't know that well, because I was a
20 relatively private individual. And if I would
21 go to one of these meetings, often I would not
22 even attend the meetings, I would send someone
23 else to tell me what was done, and I would just
24 sit back and gather the information.

25 Q. To your knowledge, did Mr. Apperson or Mr.

1 Pickard attend these meetings?

2 A. Mr. Pickard did. I have no knowledge of Mr.
3 Apperson.

4 Q. Okay. And how routinely would Mr. Pickard
5 attend the meetings?

6 A. Infrequently. I mean, he-- but, you know, he
7 would make-- he made the big ethnobotany and
8 the Palace of Fine Arts and he made some
9 Telluride mushroom ventures. I was there with
10 him. He may have went, I don't remember, but
11 I-- I refused to go to any of the group things
12 that we did-- I did an anonymous contribution
13 but refused to actually go to the events.

14 Q. Why?

15 A. Didn't want to be seen.

16 Q. Why?

17 A. Enough Government interference that I'm-- don't
18 want to be around that. I just want to gather
19 information and know what's going on and see
20 where technology and what is happening within
21 the community.

22 Q. Was that something that you understood was of
23 interest or importance to Mr. Pickard?

24 A. Yes.

25 Q. Describe that for us.

1 A. Well, he had an academic side that he was
2 looking at, which was a-- a very interesting
3 strategy. He wanted to attend all sides, both
4 law enforcement worldwide and both sides of the
5 event, and he wanted to gather as much
6 information. And the strategy there was-- was
7 to pick up a new nonscheduled drug that would
8 not fall under the Drug Analog Act, which is
9 really tough because of isomers and because of
10 the analogs are, you know, so broadly defined
11 that everything just about fits. You know, you
12 have to be pretty novel to come up with
13 something. But, you know, it does happen.

14 And he wanted to be in on the front so
15 that, as he put it, we could sit back, tell
16 ex-chemical companies, pharmaceutical companies
17 to make tons of this stuff before it's ever
18 scheduled, and then dump it into the market and
19 see what happens. This was not primary-- this
20 is-- this is not something that I was pro or
21 negative, it was just something I listened to.
22 I was just, you know, kind of on the fence.

23 Q. Did you and Mr. Pickard ever do any
24 experimentations together with certain drugs?

25 A. Yes, uh-huh. One-- one thing that we were

1 interested in, because Sasha, Alexander T.
2 Shulgin, had written and had really talked
3 extensively about the significance of something
4 called 5-methoxy-N,N-DIIsopropyltryptamine,
5 which we later nicknamed Frank, and I can tell
6 you how it got that name. And it's since named
7 Foxy.

8 Q. Club drug?

9 A. Basically. And we experimented with it at
10 different levels of dose and--

11 Q. "We" being who?

12 A. Well, specifically Leonard, myself, my
13 girlfriend, and there-- there may have been
14 another person there that took it, I'm not for
15 sure, I just can't remember.

16 Q. Okay.

17 A. And there was other people around, and it was--
18 I said I don't know who would buy this stuff,
19 and I think Leonard concurred.

20 Q. Where and when did this occur?

21 A. It occurred at the base, I would have to really
22 focus in on the time.

23 Q. Which base?

24 A. The Wamego missile base.

25 Q. Okay. You talked about your attendance at some

1 of these conferences and Mr. Pickard's
2 attendance at some of these conferences. How
3 was that type of travel and expenditures
4 funded?

5 A. Through-- through the proceeds of the drug
6 money.

7 Q. Okay.

8 A. Now, you know, I've been going to them for
9 years and they just came out of my normal
10 income, legitimate income.

11 Q. During your association with Mr. Pickard, did
12 you know him to have legitimate income or was
13 it all the drug proceeds from this conspiracy?

14 A. I mean, that's a-- that's a difficult question,
15 because, you know, I don't know, did he
16 actually get the paychecks from UCLA. And
17 since that was drug money that was just
18 floating through, is that drug money that
19 you're getting as you're taking a paycheck? I
20 don't know. I mean, I-- I don't know of any
21 substantial amounts of money, anything above
22 \$5,000 or anything that Leonard got that wasn't
23 drug money, but I could be wrong about that.

24 Q. Okay. Earlier you talked about surveillance
25 cameras that were at Santa Fe. I show you

1 · Government's Exhibits 237, which is described
2 as a photograph that was seized out of the
3 Wamego site, and 238, which has been described
4 as the back of it showing a surveillance
5 apparatus. Is that what you were talking about
6 that you saw at Santa Fe?

7 A. That's one of them, yes, uh-huh.

8 Q. And you described a plant earlier that had some
9 type of a surveillance apparatus in it. Do you
10 recall that?

11 A. Yes, uh-huh.

12 Q. I will show you Exhibit 239 that's been
13 admitted into this case and described as such a
14 type of a plant. Exhibit 240 shows the
15 interior of it with that surveillance
16 apparatus. Is that what you were talking
17 about?

18 A. Yes.

19 Q. So those items made the move from Santa Fe to
20 Kansas?

21 A. Yes.

22 Q. You talked about there being certain things
23 that you knew about, certain things you didn't
24 know for sure, certain things Mr. Apperson knew
25 about, certain things you weren't sure whether

1 he knew. Within the context of this
2 conspiracy, was there some attempt at
3 compartmentalization?

4 A. Yes.

5 Q. Can you describe for the jury what that is and
6 why it was deemed important within the context
7 of this conspiracy?

8 A. First of all, a need-to-know basis was applied.
9 Which means that if it wasn't-- it wasn't
10 necessary information for someone to know, they
11 shouldn't know. Number two, signature threat
12 analysis was done within the organization,
13 meaning to look at an area that was becoming
14 troublesome; a change in the laws that were
15 becoming troublesome, a change in some sort of
16 event. And so signature threat analysis would
17 be done.

18 Q. Who did that?

19 A. Basically myself, Clyde and Leonard.

20 A. And-- and any other people that would send in--
21 I mean, sometimes this was done on an Internet
22 website, you know.

23 Q. Would it then be communicated among the three
24 of you?

25 A. Yes, or between any two of us, you know, we

1 would talk about it.

2 Q. And how often were those conversations?

3 A. They were frequent.

4 Q. And what types of specific matters do you
5 recall being discussed?

6 A. Phone technology, drifting from analog phones
7 to digital phones. We talked extensively about
8 the echelon system, which is an NSA program.
9 We talked extensively-- NSA for most people,
10 National Security Agency. We talked about the
11 echelon program under that. We talked about
12 FINSEN a lot.

13 Q. FINSEN is what?

14 A. Well, it's an organization that has accumulated
15 to track and look for money launderers and drug
16 money and illegal game proceeds throughout the
17 world. And it looks for suspicious currency
18 transactions and it is kind of like a
19 cooperative of-- many Government agencies feed
20 into it. And the Treasury has very
21 sophisticated devices, also, that they look at
22 and so does the comptroller of the currency.
23 And all of these things we talked about
24 extensively. And Leonard would actually look
25 at this. He kept up with the Senate laws as

1 they were being proposed. He even made-- told
2 me he was in the process of making proposals to
3 Treasury and the Senate subcommittee and stuff.

4 Q. What would the purposes of his proposals be?

5 A. There was a very complicated thing he was
6 talking about with off-shore banks that would
7 issue credit cards to any name that was given,
8 and he was very interested in that business.

9 Q. Why?

10 A. Well, one thing is he felt that it was a great
11 way to launder money. Number two, he thought
12 it was just genuinely a good business because
13 it was exploding fast, people wanted to be
14 anonymous. And the third thing is he wanted a
15 backdoor to have a tight relationship with--
16 this is what he was telling me, with the
17 Treasury Department to where he would feed a
18 certain number of people that were doing
19 illegal things to them and get brownie points
20 with the Treasury Department.

21 Q. Why would that be important?

22 A. To maybe deal with problems if he got in
23 trouble.

24 Q. What kinds of problems?

25 A. Oh, maybe something where we would get caught

1 with a bunch of cash or money laundering and
2 such. To also go on to that, there was a time
3 where-- see, he had told me that he was a-- a
4 confidential informant for the DEA and he had
5 told me that he had worked with different
6 agencies. And there was a time where I was
7 present in an airport and he actually called a
8 guy named Louie Perry or Perry Louie, who I
9 guess genuinely was a Customs agent of some
10 sort. I don't know that the call ever went
11 through, but I was right there when it was
12 being done, and I could hear something. And he
13 was calling in a man moving through with a
14 Pakistani passport or something that was
15 carrying heroin in there and there was going to
16 be a bust and he was notifying of this.

17 Q. Who was notifying whom?

18 A. Pickard was notifying this Customs agent named
19 Louie, I believe, and-- and I produced
20 documents that had that name. I was able to
21 prove this somewhat. And-- but what was really
22 going on was this was a setup and this was-- he
23 was not cooperating in the normal way. He was
24 in the process of getting someone busted that
25 didn't either know or had been paid off that

1 they were going to get busted so someone else
2 could get a brownie point to get them released.
3 This was his typical MO.

4 Q. So it was a setup, more misinformation; is that
5 what you're saying?

6 A. Yes. Or I was totally BS'd except for I let
7 -- I did read documents of faxes and found
8 that this was actually--

13 MR. HOUGH: Judge, if he read
14 documents and faxes that form the basis for
15 this testimony, he can certainly testify, as he
16 has, to having observed them.

17 MR. RORK: Judge, and I would like
18 for him to identify the time he read those,
19 would have been in October of 2000 when he was
20 cooperating with the Government and not before,
21 identify the time period.

25 THE COURT: Well, I'm going to

1 sustain the objection in this case.

2 Q. (BY MR. HOUGH) When did you see the documents?

3 A. Well, I actually had privy to the red book,
4 which had his Government contact numbers of all
5 important numbers --

6 MR. BENNETT: Well, Judge--

7 A. -- all the way through.

8 MR. BENNETT: Same--

9 Q. (BY MR. HOUGH) "He" is who?

10 A. William.

11 MR. BENNETT: Same objection.

12 A. William Leonard--

13 MR. BENNETT: It's not-- (reporter
14 interruption). It's not responsive to the
15 question and it's still hearsay. And the
16 documents aren't here, nobody knows what's in
17 them.

18 MR. HOUGH: Judge, the documents may
19 or may not exist now, but the witness can
20 testify as a foundational matter what he saw to
21 form the basis of conversations with Mr.
22 Pickard and/or Mr. Apperson, which is what this
23 testimony is.

24 MR. RORK: The question was when he
25 saw them, and he started going on to some red

1 book.

2 THE COURT: Well, go ahead and try to
3 find out more about it.

4 A. Okay.

5 Q. (BY MR. HOUGH) So the documents that you're--
6 you've just described in relationship to the
7 incident of where you saw Mr. Pickard make the
8 phone call, that occurred when?

9 A. Oh, that occurred sometime in '99 at the
10 latest, it could have been '98. And I'm just
11 sorry I can't tell you.

12 Q. During your--

13 A. But I want to make something clear, I did not
14 see all these documents in October of 2000. I
15 was trusted with all the documents in the year
16 1999 and the transfer of the base-- of the lab.
17 Therefore, I had access to the documents far
18 before October of 2000. And the red book,
19 which was-- he lost frequently and let me flip
20 through, and I would look numbers up, had Who's
21 Who of Government agencies in it.

22 Q. And what was the purpose of him having that, to
23 your knowledge?

24 A. Well, he had one thing that he liked to do. He
25 said one thing that he liked to do is get a

1 phone that was connected to him that was under
2 his name and he would call Government numbers
3 so he could say if anything ever happened here,
4 I've been contacting the Government all over
5 the place. Another thing he liked to do is he
6 liked to have a laptop that he-- would be just
7 for them in case cookies were dropped in, that
8 he would communicate and send e-mails so that
9 he could say, "Look, I've been working with the
10 Government." But to the best of my knowledge,
11 I don't know, I'm going to leave it at that, I
12 don't know what happened.

13 Q. Was it the type of a thing that you talked
14 about with Mr. Pickard doing in a humorous
15 fashion or what?

16 A. No, it was very serious. He said that on--
17 when-- when we were in the airport, he made the
18 phone call on getting this man-- trying to get
19 the man busted with the heroin. He said,
20 "You're the only person in the world that knows
21 what's going on here."

22 Q. And again, why was it important to Mr. Pickard
23 to be doing this?

24 A. He was in the process of trying to get a friend
25 out of jail, prison on that particular

1 instance.

2 Q. Okay. And generally, him doing these types of
3 things, such as just dialing the random
4 Government numbers and sending the random
5 e-mails to Government agencies, his stated
6 purpose was what for doing those?

7 A. Well, there was more than one. One was to have
8 this long list of things that showed that he
9 had been calling all these people and
10 communicating with them.

11 Q. And why would that be important?

12 A. In case he got busted or had to have some clout
13 on something. Then there was a second reason
14 called the Feds Project.

15 Q. Okay. And what was that?

16 A. Well, this was an idea of where he wanted to
17 throw a conference that was funded, had to be
18 legitimately funded, to look at the trends of
19 drug use and new drugs and what was going to be
20 done to handle this. And he wanted to be-- to
21 be able to host this conference, whether it was
22 known that he was hosting it or not, he wanted
23 to be able to handle that conference. "He"
24 being William Leonard Pickard.

25 Q. Why?

1 A. Because he felt that it would give our group,
2 himself specifically, a leading edge in new
3 drugs.

4 Q. Why was that important?

5 A. Because it would keep us ahead of the laws and
6 it would also allow us to have more
7 intelligence coming in because ultimately we
8 were always in the process of gaining
9 intelligence on the U.S. Government's drug war.

10 Q. And ultimately, then that would be to further
11 the conspiracy?

12 A. Of course.

13 Q. And being on the cutting edge, did you guys
14 have a lot of competition in the LSD market?

15 A. I don't think we had much competition in any
16 market. so--

17 Q. Now, you talked about different roles earlier
18 in your testimony. Was there an echelon within
19 the conspiracy, a pecking order, if you will?

A. Do you mean a hierarchy?

21 Q. Yes.

22 A. The hierarchy is difficult within the
23 situation, because, for example, if "C" said--
24 Clyde Apperson said, "There isn't any way we
25 are going to use this room," it was final, that

1 was his decision. If Leonard said there isn't
2 any way we are going to do a certain thing that
3 was within that area of expertise, I mean, it
4 was just given. If I said, "There's no way
5 we're going to use this form of
6 communications," that was given. If-- if we--
7 if-- and then if it came down to a group vote,
8 and these weren't like we're doing little
9 private ballot votes, we would talk these
10 things out and-- and see what would happen as a
11 result of that.

12 Q. Okay. And within the context of the roles and
13 responsibilities of Mr. Pickard and Mr.
14 Apperson, would Mr. Apperson, for instance,
15 have supervised other individuals in getting
16 things done?

17 MR. BENNETT: Judge, I'm going to
18 object. It's leading, it's suggestive. He can
19 ask him what Mr. Apperson did, not ask him to
20 agree with-- with the question.

21 MR. HOUGH: Judge, I asked him if Mr.
22 Apperson had a supervisory role and then I'm
23 going to ask him to explain how that's so.
24 There's nothing inappropriate about that.

25 THE COURT: Well, overruled, go

1 ahead.

2 A. There was theoretically, and I was shown a
3 picture of at least one smurf, pictures flowed
4 into me of most of the members of the
5 organization of which I approved.

6 Q. From whom?

7 A. From--

8 Q. Flowed in to you from where?

9 A. Anyone involved. I mean, even if they didn't
10 know they were involved, all camera film was
11 seized and went to me. My picture-- the reason
12 it was never shown was because my picture was a
13 security level that was never released until a
14 great deal of effort was made for a
15 year-and-a-half. And finally, they got it and
16 put it all over the world. But I had photos of
17 everyone, I had the-- not everyone, but I had
18 the largest amount of photos that were coming
19 in. And a picture of a man was shown to me
20 that Clyde said is a smurf for him and a worker
21 for him, and that man's name was Bill, I
22 believe.

23 Q. Any idea how many of those type people Mr.
24 Apperson supervised?

25 A. He had a lady who was involved with a limousine

1 thing that would drive money and maybe drug
2 loads, and I don't know about the drug loads, I
3 only heard references that it's potentially
4 going to be used. But money-- ..

5 Q. From whom?

6 A. From both Clyde and from Leonard. But picking
7 up money, I'm for sure of that, that this lady
8 was used to pick up money. And--

9 Q. So at least two?

10 A. Yes.

11 Q. And in the tear-down and build-up of the labs,
12 how many people did he have at his disposal
13 that he was--

14 A. Well, all of my employees, as long as they were
15 not-- you know, they didn't know what they were
16 doing until, you know-- and maybe Mike Hobbs
17 may have had some idea something funny was
18 going on. But the rest of the people just
19 didn't have any clue. So any of my people.
20 And I don't know if Clyde had access to
21 Leonard's-- one of Leonard's employees named
22 Miles Cleaver, I can't tell you.

23 Q. So that would be five or more?

24 A. I can't-- yes.

25 Q. Okay. And the Bill that you referenced-- let

1 me show you Government's Exhibit 521. Do you
2 recognize the individual shown in that
3 photograph?

4 A. That was told to me and--

5 Q. By whom?

6 A. I can't remember. It was either Clyde or
7 Pickard.

8 Q. Okay.

9 A. I'm sorry about that.

10 Q. And they told you it was who?

11 A. Bill. And they said, "Let's get ID for him."

12 Q. Okay. So you actually got ID for this man?

13 A. No, no, I never generated ID for this
14 particular man.

15 Q. Why not?

16 A. I needed a different type of photo and it never
17 came in.

18 Q. And what was the purpose of you getting ID for
19 the man shown in the--

20 MR. RORK: Judge, if he's not going
21 to put the exhibit in, I ask that he remove it
22 and not just continually display the photo.

23 MR. HOUGH: We'll offer Exhibit 521.

24 MR. RORK: And we object, Judge, the
25 foundation on it. We don't know who it is,

1 when he got it, where it was.

2 MR. HOUGH: The witness has just
3 identified it, Judge, and we would challenge
4 the record on that.

5 MR. BENNETT: We object--

6 THE COURT: That will be admitted.

7 Q. (BY MR. HOUGH) What was the purpose of you
8 getting identification or being asked to get
9 identification for the man by Mr. Pickard and
10 Mr. Apperson?

11 A. Well-- well, Clyde said the reason we need--
12 what I'm saying-- who gave and showed me this,
13 but Clyde talked to me about this, said this is
14 going to be a smurfer and he's going to go
15 around and in case he gets ID'd under some sort
16 of a trap of a currency problem, because the
17 rules were really changing on us for smurfing,
18 they wanted to have another ID for him. It was
19 not uncommon. I was given pictures to produce
20 IDs for many of the members that I didn't even
21 know their real names of.

22 Q. And getting IDs for members within the
23 conspiracy then was one of your roles?

24 A. Yes, that's true.

25 Q. And you never knew that man beyond the name of

1 Bill?

2 A. I may have been told a last name, I just don't
3 remember.

4 Q. You also in your testimony referenced an
5 address book or red book. Let me show you
6 Government's Exhibit 211. Take a moment and
7 look at that, if you will.

8 A. May I take it out of the package?

9 Q. Please.

10 A. This is the red book.

11 Q. And that has been admitted into evidence and
12 identified as an address book seized from Mr.
13 Pickard's briefcase in this investigation after
14 his arrest. Can you look through that exhibit
15 and tell us, if you will, entries in the red
16 book that would be names associated with the
17 conspiracy and identify them?

18 A. Do you mean the whole book do you want me to go
19 through?

20 Q. If you could, please. And likewise--

21 A. Okay.

22 Q. -- if you see names and phone numbers of
23 Government people, consistent with your prior
24 testimony, that Mr. Pickard would call to
25 create a ruse, identify them as well.

1 MR. RORK: Judge, number one, that's
2 a compound question. Number two, it misstates
3 the evidence. He's talked about some guy named
4 Peter or Louie, one person, and Mr. Hough said
5 if you see the names of individuals you've said
6 were in there. He's talking about one person.
7 There were other names in there, Judge, and I
8 don't know if they're going to be here and be
9 subject to cross examination.

10 THE COURT: Well, sustained. Let's
11 keep it to one person at a time.

12 Q. (BY MR. HOUGH) All right. Describe for us,
13 then, if you will, first off the numbers and
14 names associated, to your knowledge, with
15 members of the conspiracy.

16 A. Alfred, which refers to Alfred Savinelli has
17 his 800 numbers and all of his phone numbers,
18 personal phone numbers and his business phone
19 numbers. Yeah, here we've got Customs, Perry
20 Louie's phone number, and this would be the man
21 that he contacted. It talks about his
22 supervisor number and name, and this would be
23 the man that was called on this heroin setup
24 situation.

25 Q. And that again was a setup?

1 A. Yes.

2 Q. Okay.

3 A. It could have been as involved as just being a
4 scam on me, just to put a show on, I don't
5 know. My name is in here with a phone number.
6 John Halprin's name is in here.

7 Q. And John Halprin--

8 A. Doctor John Halprin was involved in money
9 laundering for Leonard. Bob Jesse was not a
10 part of the conspiracy, but he received illegal
11 funds in my presence and knew they were illegal
12 funds.

13 Q. For what purpose?

14 A. To further his operation that he was-- he had
15 some sort of an operation trying to work on
16 legalizing some sort of entheogen.

17 Q. And who gave the money to him in your presence?

18 A. Actually, technically, one time it may have
19 been me because I had been given a white sack
20 with 100 and something thousand dollars in it
21 and I was told--

22 Q. By who?

23 A. By Leonard at the Ritz Carlton, and I was told,
24 "Oh, wait, we've got to pull 30,000 out for
25 Bob." And I pulled 30,000. And I may have

1 handed it to Leonard, but I pulled it out of
2 the white sack. And I-- and I believe it was
3 30,000 that day.

4 MR. RORK: Judge, could I just ask if
5 he would identify like a time period, a year.

6 A. Yeah, I-- I can try. March or April of '98, I
7 think. I'm doing my best. If I had more
8 records, I could get it down to the day.

9 Jessica Guin wasn't part of the conspiracy, but
10 she was someone--

11 MR. RORK: Judge, again, I would ask
12 him-- the question was a part of the conspiracy
13 of who's in here. And now he's getting into
14 other factors that aren't involved in here or
15 even relevant.

16 MR. HOUGH: Well, Judge--

17 THE WITNESS: This person was
18 involved in the potential murder-- using her as
19 a potential murderer of the person in Oregon or
20 Washington.

21 MR. RORK: And, Judge--

22 MR. HOUGH: It's obviously relevant.

23 MR. RORK: Judge, is that murder in
24 Washington or Oregon involving something that
25 the Government was involved in? Something that

1 somebody else was involved in? I don't know.

2 Again, we're getting outside of the scope of
3 this matter.

4 MR. HOUGH: Judge, that's consistent
5 with the witness' testimony yesterday about why
6 he came in to begin with.

7 THE COURT: Overruled. When you
8 complete this, let's take our noon break, but
9 go ahead and try to complete it.

10 MR. HOUGH: Yes, sir.

11 A. Laura and Elliott Haas. Laura ends up being
12 married or something with Alfred, and they were
13 somewhat involved. Taos, New Mexico. Elliott,
14 I have no knowledge was involved with anything.
15 I can't read their--

16 Q. (BY MR. HOUGH) Are the entries in there--

17 A. Mike Bauer.

18 Q. And Mike Bauer would have served what role
19 within the--

20 A. Multiple roles. Interesting situation. I
21 think that he was sent to check me out
22 extensively, and hitched a ride from Taos to
23 Tulsa, and then he ended up going to Wamego and
24 became almost a permanent resident. But he did
25 research for Leonard. And early on I told

1 Mike, "Get out of this thing, this is a giant
2 LSD conspiracy and I don't want you getting
3 hurt."

4 Q. When did that occur?

5 A. '97, I don't know. Oh, by the way, they told
6 him that I was psychotic.

7 Q. "They" being who?

8 A. Halprin and Leonard said that I suffered from
9 many psychoses and that I was totally nuts and
10 that there was no such thing as this, and all
11 the money that Leonard had came from an
12 inheritance from his father and mother.

13 Q. And--

14 A. He believed them, believe it or not.

15 Q. Bauer did?

16 A. Yep.

17 Q. And based upon your knowledge of Mr. Pickard,
18 your conversations with Mr. Pickard and your
19 association with Mr. Pickard, did you know that
20 story to be true or untrue?

21 A. Which story?

22 Q. About the inheritance being the sole support.

23 A. No. I mean, he said he got 100,000 or
24 something and he had gone through it years ago,
25 probably the first month he had it, you know,

1 so I don't know enough. It's not me that's
2 beeping, by the way.

3 MR. HOUGH: Judge, why don't we take
4 the break for lunch now.

5 THE COURT: All right. Ladies and
6 gentlemen, let's take our noon break. Let's
7 recess until 1:30 and we'll come back and hear
8 further evidence at that time. Mr. Bailiff.

9 (THEREUPON, a recess was had;
10 WHEREUPON, the following proceedings
11 were held outside of the presence of the
12 jury).

13 THE COURT: Mr. Bennett, you had
14 something you wanted to talk about?

15 MR. BENNETT: Yes. Well, Judge, I
16 wanted to-- when you recessed for lunch, I had
17 to go make a phone call and I went to make it
18 and I learned later that a request had been
19 made to-- by the Government to remove one of
20 the exhibits from the courtroom over the noon
21 hour. And I didn't have-- I didn't get an
22 opportunity to object to it, and I wanted the
23 record to show that I do object-- did object to
24 it or am objecting to it. And I don't think
25 that's proper or appropriate. I understand

1 that the Court was aware of it and-- and-- and
2 allowed it and-- and all I'm-- then what I want
3 to do is ask for the same opportunity, if-- if
4 it need be, because I've understood all along
5 that I had to look at the exhibits in the
6 presence of the court clerk and-- and I-- I've
7 come up early in order to do that or stayed
8 late in order to do it. And I would ask that
9 the-- the-- I have whatever opportunity that
10 the Government is having to look at these
11 outside the presence of this courtroom.

12 MR. HOUGH: Judge, if I may. For the
13 record, what happened, the phone book or
14 address book Mr. Skinner had been testifying
15 about immediately prior to the lunch break was
16 released to the custody of the DEA agent, who
17 then during the lunch hour and still in his
18 custody allowed Mr. Skinner to look at it so
19 that we could come back now and move much
20 quicker through it than the snail's pace that
21 we were going immediately prior to lunch. And
22 we certainly have no objection to counsel
23 viewing items in the same manner, them being
24 released out of evidence to a case agent who is
25 responsible for the integrity of the evidence,

1 as was this case, and defense counsel and their
2 clients viewing it under the same circumstances
3 that Mr. Skinner viewed this during the lunch
4 hour. We don't object to that.

5 THE COURT: Well, the Court was
6 informed we were doing this to speed up the
7 trial.

8 MR. HOUGH: Yes, sir.

9 THE COURT: And that's the reason.
10 And in most cases, there's no problem with
11 things like this at all. But in this case,
12 there apparently are problems. So yes, Mr.
13 Bennett, you'll be given every privilege that
14 we give the other side. And you've made it
15 clear to me that you don't think you're getting
16 it, but if you'll just ask for it, why, I will
17 be happy to--

18 MR. BENNETT: Thank you, Your Honor.

19 THE COURT: -- give you all the
20 privileges you want.

21 MR. BENNETT: Thank you.

22 MR. RORK: And, Judge, if I could
23 just state briefly so we-- while we're off of
24 the presence of the jury, if the Government
25 continues to ask about other matters and other

1 conspiracies, I would ask that we be allowed to
2 approach the bench and under K-O-T-T-E-A-K-O-S,
3 the Kotteakos ruling on multiple conspiracies,
4 that we make sure the record here shows that
5 the individual he talks about knew about it,
6 knew about the entire scope of the proceeding,
7 and that it wasn't just limited to some other
8 conspiracy. Because mere presence, mere
9 association, mere knowledge, all of those
10 things don't mean that they then joined in this
11 conspiracy. And Mr. Hough interrelates, "Well,
12 this relates to the conspiracy," but you need
13 to make a finding that the other events he's
14 talking about, that they-- those people adopted
15 the entire objectives of the conspiracy that
16 we're here on. And that's my only problem in
17 the future. I don't know if he intends to go
18 into it more, but if he does I think we need to
19 approach the bench and then have a fact-finding
20 to show-- you make the finding that whatever
21 other conspiracy he's talking about, that
22 you're satisfied that that part has been
23 adopted by the main objectives of this one.

24 THE COURT: Well, Mr. Hough.

25 MR. HOUGH: Judge, if I may. The

1 fundamental rule of conspiracy, a conspirator
2 does not have to know the entire picture.
3 Additionally, in a large drug trafficking--
4 well, in any drug trafficking conspiracy, money
5 laundering, laundering the proceeds of it,
6 particularly when it's large scale, is part and
7 parcel to that conspiracy. And that's been the
8 testimony here. So Mr. Skinner has done a good
9 job under questioning of establishing an
10 individual's role and what is essentially an
11 unspoken conspiracy so that the record clearly
12 indicates that what has happened so far is
13 appropriate under the law. Mr. Rork's request
14 is entirely overbroad and misreads the case
15 that he has cited, which certainly doesn't
16 stand for the proposition that any player in a
17 conspiracy must know all of the ultimate
18 objectives before you can testify about their
19 role or their co-conspirators' statements.

20 THE COURT: Yes. My instructions
21 will cover this. And so far I believe this
22 gentleman has testified that he-- that this was
23 part of this conspiracy. I think you asked him
24 that. That-- that will--

25 MR. RORK: We'll get it on cross.

1 THE COURT: I will take the
2 admonitions that I'm getting from the attorneys
3 in hand and look at them and watch them and--
4 and I'm sure you'll continue to give me
5 additional ones, so--

6 MR. HOUGH: Judge, if I give you any
7 admonitions, please take them with a grain of
8 salt, I don't want to be admonishing you on
9 anything.

10 THE COURT: All right. Let's bring
11 in the jury.

12 (THEREUPON, the following.

13 proceedings were held in the presence of
14 the jury).

15 THE COURT: All right. You may all
16 be seated. And, Mr. Hough, you may continue
17 with your examination.

18 Q. (BY MR. HOUGH) Mr. Skinner, over the lunch
19 hour in the presence of Agent Nichols, did you
20 look further at the address book of which you
21 were testifying prior to lunch?

22 A. Yes.

23 Q. And did you during that time tab items that you
24 thought were relative to the line of
25 questioning that I had given you immediately

1 prior to the lunch recess?

2 A. Yes.

3 Q. Can you tell us and continue with those entries
4 into that address book, please?

5 A. Mark Klieman, he was immediately over William
6 Leonard Pickard at UCLA. There had been a
7 grant or some form of funding that was drug
8 money that started in the form of a thousand
9 Guilder Dutch notes that were sent to someone
10 in Virginia.

11 Q. How do you know this?

12 A. Through Pickard and through Halprin's
13 statements. And that one of the problems was
14 this money was then going to be donated back to
15 UCLA in some way, I do not know the mechanism,
16 and there was a substantial fall in the value
17 of the Dutch Guilder during this time and--

18 Q. What time are we talking?

19 A. '99, last six months of '99, something like
20 that. And there was a 40 percent fee for this
21 duty. Who got the money, I don't know. And
22 it's-- the stories are only from Pickard and
23 from Halprin. I do know that there was a-- I
24 saw some sort of letter--

25 Q. From whom?

1 A. From UCLA telling--

2 Q. To who?

3 A. William Leonard Pickard that he had not filled
4 out his pay things in completion or something
5 like that.

6 Q. Okay.

7 A. And also--

8 Q. Was he--

9 A. -- some of Mark Klieman's medical bills were
10 paid for with money orders that were fragmental
11 amounts with-- by Pickard.

12 Q. Your understanding based upon your discussions
13 with Mr. Pickard, was there any legitimate
14 funding--

15 A. No.

16 Q. -- nondrug proceedings--

17 A. No.

18 Q. -- to the UCLA deal?

19 A. No.

20 Q. Was there any legitimate work done by Mr.
21 Pickard based upon your conversations with Mr.
22 Pickard as a result of this association with
23 UCLA?

24 A. By his own statements, yes, there was
25 legitimate work done.

1 Q. Okay. And continue, then, to the next name.

2 Well, strike that. Did you ever see any of--
3 of the fruits that he claimed was legitimate
4 work, or was it just his claim?

5 A. I actually saw the fruits, large posters done
6 with studies on them.

7 Q. Studies of what?

8 A. I would have to really go back to remember. It
9 was some sort of a drug study, and I can't
10 remember what it was.

11 Q. Okay.

12 A. But they were large posters and he did a-- and
13 I think he flew down to Mexico to give a
14 presentation or something.

15 Q. And who funded the trip to Mexico?

16 A. Leonard did, not UCLA.

17 Q. Okay. And would that have been with money that
18 you were aware of from the conspiracy or
19 another source?

20 A. I can't answer that.

21 Q. Okay.

22 A. Natasha Vorobee, that is his I assume wife.

23 Q. His is-- his who?

24 A. William Leonard Pickard.

25 Q. Okay.

1 A. Another name for her is Natasha Kruglova.

2 Q. And during-- within the context of the
3 conspiracy, how, if at all, was she involved,
4 to your knowledge?

5 A. She came to Kansas, she was the one that was
6 not arrested but the money was seized from
7 and--

8 Q. At the Kansas City airport?

9 A. Kansas City airport. And she was around when
10 Leonard would buy casino checks off of me for
11 cash.

12 Q. And what was the purpose of doing that?

13 A. She needed some tuition paid for.

14 Q. Why buy casino checks off of you for cash?

15 A. Electronic money instead of it being cash.

16 Q. Why was that something--

17 A. It gets underneath the cash reporting, shows a
18 legitimate source of the money.

19 Q. Okay.

20 A. Stefan Wathne.

21 Q. And describe what you know about him within the
22 context of the conspiracy between yourself, Mr.
23 Apperson and Mr. Pickard.

24 A. I've never once met Stefan Wathne, I've never,
25 to the best of my knowledge, ever seen a