

Exhibit G

UNITED STATES BANKRUPTCY COURT

STATE OF UTAH

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DEBTOR: AMERICAN : REPORTER'S AUDIO
INSTITUTIONAL PARTNERS, LLC, TRANSCRIPT OF HEARING

CHAPTER 11 MEETING OF : Case No. 09-25375
CREDITORS : DATE: July 2, 2009

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A P P E A R A N C E S

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For the United States Trustee's Office:

JOHN MORGAN

I N D E X

WITNESS	PAGE
PAUL BENSON	
Examination by Mr. Morgan:	5
Examination by Mr. McBride:	23
Further examination by Mr. Morgan:	45
Examination by Mr. Andreason:	47
Examination by Mr. Peterson:	91
Examination by Mr. Rasmussen:	96
Further examination by Mr. Peterson:	99
Further examination by Mr. McBride:	104
Further examination by Mr. Andreason:	107

Hearing dated July 2, 2009

1 P R O C E E D I N G S

2 MR. MORGAN: Good morning. It is July 2,
3 2009. We're at the United States Trustee's hearing
4 room, 405 South Main, Salt Lake City, in the case of
5 American Institutional Partners, L.L.C., case No.
6 09-25375, Chapter 11 meeting of creditors under section
7 341 of the bankruptcy code.

8 My name is John Morgan. I'm an attorney
9 with the United States Trustee's office. I'll be
10 conducting this meeting. Present are debtor's
11 attorney, Scott Blotter, and Mr. Paul Benson, who is, I
12 understand, an advisor with American Institutional
13 Partners.

14 The members -- the membership/ownership
15 interest in this L.L.C., according to the statement of
16 financial affairs, is an entity called Seven
17 Investments, L.L.C. --

18 MR. BLOTTER: Correct.

19 MR. MORGAN: -- that is a hundred percent
20 owner.

21 Counsel, does this -- does Mr. Benson have
22 knowledge of the statements and schedules?

23 MR. BLOTTER: Yes. There are a few items
24 that he's unsure of in reviewing them with him, but
25 most of the items -- most of the questions he'll be

Hearing dated July 2, 2009

1 able to respond to. And Mr. Robbins told me that next
2 to Mr. Robbins, Mr. Benson knows more about the company
3 than anybody, so...

4 MR. MORGAN: Is Mr. Robbins somewhere that
5 he's unavailable for this meeting?

6 MR. BLOTTER: Correct.

7 MR. MCBRIDE: He has an arrest warrant out
8 for him, so he hasn't been in the state for four
9 months.

10 MR. MORGAN: These proceedings are being
11 recorded, so I need anyone that speaks on the record to
12 come forward at some point and identify yourselves,
13 but...

14 Well, subject to possible objections by
15 parties, including U.S. Trustee, Mr. Benson, will you
16 raise your right hand, please, and be sworn?

17 Do you solemnly swear the testimony you'll
18 give in this proceeding will be the truth, the whole
19 truth and nothing but the truth?

20 THE WITNESS: I do.

21 EXAMINATION

22 BY MR. MORGAN:

23 Q. This is, again, being digitally recorded,
24 so everyone needs to answer audibly, not nodding the
25 head, and this will pick up most all of the statements

Hearing dated July 2, 2009

1 that are made here.

2 Mr. Benson, can you tell me what
3 precipitated the filing of this Chapter 11 case? Was
4 there any one event or occurrence that happened that...

5 A. Just Mr. Robbins ran out of money and there
6 were some debtors that were putting pressure for
7 payment and --

8 Q. You mean creditors?

9 A. I'm sorry. Creditors --

10 Q. Yes.

11 A. -- that were putting pressure on
12 Mr. Robbins for payment. And Mr. Robbins knew that
13 he'd have money coming at a later date, but not yet, so
14 the idea was to give him a chance to reorganize and --

15 Q. Can you tell me your position with --
16 you've identified earlier that you're an advisor. Are
17 you employed by the debtor?

18 A. I'm not a partner, I'm an employee.

19 Q. Okay. What does American Institutional
20 Partners, L.L.C., do?

21 A. Investment -- structured finance investment
22 firm.

23 Q. Do you know -- you heard me talking to your
24 counsel before the meeting started about an initial
25 debtor interview that was scheduled in this case. And

Hearing dated July 2, 2009

1 I assume that was not going to include you, it was
2 scheduled to include Mr. Robbins; is that correct?

3 A. That's correct.

4 Q. And Mr. Robbins was unable to -- do you
5 know why he was unable to appear or make telephone
6 contact for that meeting?

7 A. I have no idea with regard to that.

8 Q. All right. Have you reviewed the
9 statements and schedules that have been filed in this
10 case?

11 A. Yes.

12 Q. Did you have any part in their preparation?
13 Did you assist in their preparation?

14 A. No.

15 Q. You did not provide the information?

16 A. No.

17 Q. So you don't know if the information in
18 these documents is truthful, accurate, and correct?

19 A. I know -- as I go through some of the
20 lines, I know -- anything I was familiar with I can
21 answer whether it looks correct or not. There's
22 nothing in this that does not look correct, but there
23 are a few things that I'm unaware of.

24 Q. So you just don't know. And you don't if
25 Mr. Robbins signed these documents?

Hearing dated July 2, 2009

1 A. I'm told by counsel he did sign them.

2 Q. But you didn't, and you don't know if
3 they're truthful, accurate, and correct?

4 A. Correct.

5 Q. This reflects that there have been --
6 there's no income from operations of this debtor in the
7 year 2009?

8 A. That would be correct.

9 Q. And that in 2007 it was -- the gross income
10 was approximately 6 million, and in 2008 approximately
11 2 million?

12 A. That's -- based on our controller, that
13 would be correct.

14 Q. Is the debtor current in filing tax
15 returns?

16 A. I am unaware if he filed for last year yet.

17 Q. 2007, yet?

18 A. Yes.

19 MR. MORGAN: Do you have a copy of that,
20 Counsel?

21 MR. BLOTTER: I don't.

22 MR. MORGAN: Can you get me a copy of...

23 MR. BLOTTER: '07 and '08?

24 MR. MORGAN: Yeah.

25 BY MR. MORGAN:

Hearing dated July 2, 2009

- 1 Q. Where is the debtor doing business?
2 A. Currently?
3 Q. What was the business address, yeah. Has
4 it changed?
5 A. Well, the debtor's business was in Salt
6 Lake City and currently the -- he is residing in
7 California.
8 Q. When you say "debtor," you mean
9 Mr. Robbins?
10 A. Mr. Robbins, yeah.
11 Q. But did A -- I'll call it AIP. I think you
12 referred to it as that. Does AIP have a business
13 address in Salt Lake?
14 A. No longer, no.
15 Q. Where was it though?
16 A. I don't know it off the top of my head.
17 It's 155 North 400 West, Suite 150.
18 Q. But you don't go there to work? When you
19 say you worked for them, you don't --
20 A. It's closed down.
21 Q. Okay. So you're presently not on a
22 day-to-day basis engaged in working for this debtor?
23 A. I was involved in real estate activities
24 with AIP.
25 Q. Do you know anything -- you said Seven

Hearing dated July 2, 2009

- 1 Investments is owned by Mr. Robbins and who else?
2 A. Allison Robbins.
3 Q. Are they married?
4 A. Yes.
5 Q. Debtor doesn't own any real property?
6 A. No.
7 Q. Are the -- this identifies some office
8 paintings valued at about a thousand dollars that are
9 located still in the premises of 155 North 400 West; is
10 that true?
11 A. I do not believe that to be true.
12 Q. And so the debtor has actually moved out,
13 as far as you know, the premises?
14 A. I was told that they auctioned off the
15 belongings of the premises.
16 Q. Is that the landlord?
17 A. What's that?
18 Q. The landlord did?
19 A. No.
20 Q. You said "they."
21 A. A creditor. I believe Fair Star.
22 Q. Okay. Do you know when that was?
23 A. Recently.
24 Q. Fair Star Resources Limited?
25 A. I believe so, yes.

Hearing dated July 2, 2009

1 Q. Do you have any knowledge of the financial
2 dealings of the debtor?

3 A. Currently?.

4 Q. In the last year.

5 A. Yes.

6 Q. Why would Allison Robbins have been paid
7 \$100,000 back in 2008?

8 A. I do not know the answer to that.

9 Q. Do you know the source of the money that
10 was used to pay her?

11 A. No.

12 Q. You said, I believe, that the debtor
13 anticipates -- filed because it expected that money
14 would be coming in but had not yet come in.

15 A. Yes, the debtor -- I'm sorry. AIP is --
16 well, Mark Robbins, who is in the process of finalizing
17 a business transaction that will pay off the creditors.

18 Q. Do you know what that business -- nature of
19 that transaction?

20 A. I do, I -- but it is confidential.

21 Q. Can you tell me what the -- so can you be
22 more specific about what this debtor intends to do in
23 Chapter 11, other than collect some sort of funds and
24 pay off creditors? Can you be more specific than that?

25 A. Well, he doesn't have the ability to pay

Hearing dated July 2, 2009

1 off the creditors currently, and he will shortly. It's
2 pretty much that simple.

3 UNIDENTIFIED SPEAKER: How's he -- what's
4 he going to do to get the money?

5 THE WITNESS: Well, this -- there's a
6 confidentiality agreement that's been signed, but the
7 business he's working on would pay off the creditors,
8 if that's what you're asking, from my --

9 BY MR. MORGAN:

10 Q. Is it someone who is going to buy the
11 interest of the debtor? Without identifying who that
12 is, I mean, what's the nature of -- is it someone who's
13 going to invest and buy out the debtor? Make a loan to
14 the debtor?

15 A. It's a combination between a business that
16 Mark Robbins is working on and a new entity that is in
17 the process of buying out his interests. Forming that
18 new business.

19 Q. And what -- what is -- is there any ongoing
20 business assets in the nature of good will, or a
21 customers list, or -- I mean, what assets are there
22 that can be sold?

23 A. I don't know of any right now that can be
24 sold. I mean, he did list his assets on here, but
25 nothing is liquid. I mean, nothing -- from what I'm

Hearing dated July 2, 2009

1 looking on here, nothing would be an easy asset to sell
2 off in the meantime. That's why he filed Chapter 11.

3 Q. AIP Resort Development, L.L.C., tell me
4 what that is.

5 A. It's an ownership and a management interest
6 in an island in the Bahamas known as Little Exuma
7 Island.

8 Q. Known as what?

9 A. Little Exuma Island. It's tied up in
10 litigation that prevents him from being able to pull
11 money out right now to settle his creditors.

12 Q. What's the basis of his valuation -- or the
13 debtor's valuation of that interest at \$5.5 million?

14 A. That number came from a recent offer, but
15 he cannot complete the transaction based on the
16 lawsuits involved.

17 Q. Does the debtor have any ability to --

18 A. Loan against it?

19 Q. Well, no to -- well, I was going to ask
20 does he have any ability -- does the debtor have any
21 ability to fund or prosecute the lawsuit?

22 A. Yes. The attorney that was originally
23 involved with it has agreed to take care of the
24 lawsuits on their part.

25 Q. Is that lawsuit in the Bahamas?

Hearing dated July 2, 2009

1 A. It's in the Bahamas currently, yes.

2 Q. And the other asset that's listed here is a
3 note from that same entity, AIP Resort Development,
4 L.L.C., to the debtor for \$30 million, if I'm reading
5 that right.

6 A. AIP has loaned AIP Resort Development
7 somewhere between 20 to 30 million dollars over the
8 last few years.

9 Q. But what other assets does AIP have other
10 than this interest in the Little Exuma Island property?

11 A. Nothing that I know of.

12 Q. So it can possibly pay back \$30 million, or
13 20, or whatever the number is, to the debtor? It's not
14 collectible, in other words, is it?

15 A. Not currently, no.

16 Q. Do you have any estimation of the actual
17 value of that note receivable? Current liquidated
18 value of that --

19 A. Somewhere between 10 to 20 million dollars.

20 Q. And what would that be based on if the
21 debtor's --

22 A. It would be based on a recent Cushman &
23 Wakefield appraisal done in May.

24 Q. Again, of this island property?

25 A. Yes.

Hearing dated July 2, 2009

1 Q. You'd mentioned some sort of an execution
2 by the landlord. Who was the landlord? Or was it a
3 judgment? I may not have followed that.

4 A. I'm not completely familiar with the
5 details of his eviction and of the sale. I think there
6 is somebody that's here from Fair Star that --

7 Q. Okay. So --

8 A. -- could go into more detail on that.

9 Q. But did you previously say you thought it
10 was Fair Star Resources that had executed? Okay.
11 That's your understanding.

12 A. Yes.

13 Q. Would that -- what I was going to ask you
14 is, would that include these other assets listed as
15 office equipment, filing cabinets, leather chairs,
16 office chairs, all of that?

17 A. I do not know.

18 Q. All right.

19 A. I know the building is gone and the
20 property is gone. As far as who ended up with it...

21 Q. Do you know when that occurred?

22 A. Over the last few months.

23 Q. Okay.

24 Is there any immediate asset that this
25 bankruptcy was intended to stop foreclosure against? I

Hearing dated July 2, 2009

1 mean, if the creditors had already executed and the
2 debtor is not operating and is not in those premises
3 and the assets are gone, I don't understand the need
4 for Chapter 11.

5 A. I would assume the main creditor -- there's
6 two main creditors, Colony Bank and Fair Star. Those
7 are the two main creditors that are putting pressure on
8 Mr. Robbins.

9 Q. Well, what more can they execute on? I
10 mean, what more could they possibly execute on?

11 MR. BLOTTER: What more can -- he's just
12 wondering what they could get a judgement on or what
13 more property they could take if they've already taken
14 the assets from the office place.

15 THE WITNESS: I'm not sure. I assume
16 Exuma.

17 BY MR. MORGAN:

18 Q. Was it -- okay.

19 Was it -- and you didn't play any role, you
20 have no voice in the management of the debtor, as to
21 whether or not to have filed this Chapter 11 case?

22 A. I definitely do not.

23 Q. This shows on Schedule D, which is your
24 secured -- the debtor's secured creditors -- it shows a
25 note, security interest, about \$8 million to David Ray,

Hearing dated July 2, 2009

1 trustee, in Los Angeles?

2 A. This is Colony Bank.

3 Q. That's Colony Bank? And what's the
4 security interest? What does it cover?

5 A. Exuma.

6 Q. Okay.

7 And DPR Management, L.L.C., would that also
8 be a security interest in Exuma? Are there any other
9 assets they would have a security interest in?

10 A. DPR is one of the ones I'm unfamiliar with.
11 I'm not sure who that is.

12 Q. Okay.

13 Durham Jones Pinegar is a law firm here in
14 Salt Lake?

15 A. Yes.

16 Q. Do they have a security interest in the
17 Exuma property?

18 A. No.

19 Q. Do you know what their security agreement
20 and guarantee covers? Purports to cover?

21 A. No. I was told it was just AIP in general.

22 Q. You list -- are these wage claims? Kim
23 Haskins?

24 A. It was a loan based on wages, but it was a
25 loan. And Rama was also a loan.

Hearing dated July 2, 2009

1 Q. Describe that in more detail for me. So
2 they were -- Kim Haskins was owed wages?

3 A. She -- I believe she was owed wages. I
4 know that she gave Mark Robbins a loan in addition to
5 that.

6 MR. MORGAN: I want -- is that properly on
7 E or should it be on F, Counsel? I don't know.

8 MR. BLOTTER: If it's a loan -- well, I'll
9 look into it.

10 MR. MORGAN: I mean, I don't understand if
11 it's --

12 MR. BLOTTER: Because I don't know if
13 that's priority status.

14 MR. MORGAN: If it's not priority, yeah.

15 BY MR. MORGAN:

16 Q. Rama Chandra, is that a similar --

17 A. Yes.

18 Q. -- situation?

19 Although it's for a considerably larger
20 amount of money, 125,000. So that wouldn't be what was
21 owed in wages, correct?

22 A. Correct, that would be a loan to Mark
23 Robbins.

24 MR. MCBRIDE: Sounds like it needs to be
25 moved.

Hearing dated July 2, 2009

1 BY MR. MORGAN:

2 Q. Okay.

3 We identified Salt Lake County Assessor,
4 \$4,266. Do you know what that's for?

5 A. Taxes.

6 Q. On personal property?

7 A. I do not know what the nature of the tax
8 bill is.

9 Q. And the State Tax Commission, \$100,000.
10 What's that on? Do you know what that's for?

11 A. I do not know the nature of the tax, no.

12 Q. How long has the debtor been in business?
13 Do you know when it was formed?

14 A. I don't know the exact date. It's been at
15 least five years.

16 Q. Can you describe a little more specifically
17 for me, other than structured finance investments, what
18 this debtor actually did on a day-to-day basis?

19 A. Would raise money for projects, such as the
20 Canyons. Attempted to raise money for Exuma.

21 Q. So he would have individual investors that
22 would loan money to AIP, and AIP would then lend out
23 money for big projects like Canyons?

24 A. Correct.

25 Q. And these -- all these people on Schedule

Hearing dated July 2, 2009

1 F, I assume, are people that -- well, I guess they're
2 not all that, but they're investors who were the first
3 group I talked of that lent money to the debtor -- or
4 invested with the debtor to have their money lent out
5 for other projects?

6 A. No, the only person on here for that, I
7 believe, is Colony Bank. Everything else was to be
8 operational at this point.

9 Q. Okay.

10 A. (Inaudible.)

11 Q. So were most of the investors -- did they
12 liquidate their position at some point? I mean, is
13 there another list of investors?

14 A. For the most part, the only deal that I
15 know of that was completed was the Canyons, and there
16 was only one investor. That person --

17 Q. Who was that?

18 A. -- is not listed on here. That was a done
19 deal two years ago.

20 Q. Okay.

21 So the rest of these debts on Schedule F
22 are just operational?

23 A. Looks to be, as I go through them.

24 Q. Do you know if Allison Robbins's loan is
25 documented by any --

Hearing dated July 2, 2009

1 A. Yes.

2 Q. Are there loan documents that she actually
3 lent \$2 million to the company?

4 A. Yes.

5 Q. What's the executory contract identified
6 with DPR Management, L.L.C.? Do you know? That's the
7 one you didn't know what it was, right?

8 A. Correct.

9 Q. Are there creditors that have questions?
10 Come forward and just sit here and identify yourself
11 and...

12 MR. MCBRIDE: My name is Darl McBride.

13 MR. MORGAN: Darwin?

14 MR. MCBRIDE: Darl, D-a-r-l.

15 MR. MORGAN: McBride?

16 MR. MCBRIDE: Yes.

17 MR. MORGAN: Thank you.

18 MR. MCBRIDE: I was not listed in their
19 filing as a creditor, but between Mr. and Mrs. Robbins,
20 they both owe me several hundred thousand dollars. I'm
21 still trying to sort out how much. I believe a portion
22 of that should be part of this filing, another portion
23 would be personal, and another portion would be his
24 wife. I have a judgment for check fraud against his
25 wife that was issued last week for \$109,000.

Hearing dated July 2, 2009

1 MR. MORGAN: That's against Mrs. Robbins?

2 MR. MCBRIDE: Yes, Allison Robbins as 51
3 percent owner of Seven Investments. And then I've
4 loaned several hundred thousand dollars to Mark Robbins
5 that I'm still trying to collect.

6 MR. MORGAN: Let me ask, Mr. Benson, do you
7 know Mr. McBride?

8 MR. BENSON: I do.

9 MR. MORGAN: Does the debtor -- does this
10 debtor acknowledge any debt -- portion of this debt
11 he's identified as being debt of this debtor?

12 MR. BENSON: He does not. Mr. James
13 Nesland is an attorney and has asked me to make a
14 statement that they're pursuing three different fraud
15 lawsuits against Mr. McBride currently. I'm supposed
16 to make that statement.

17 MR. MORGAN: Who is Mr. James Nesland?

18 MR. BENSON: Jim Nesland is an attorney for
19 Mark Robbins.

20 MR. MORGAN: In California?

21 MR. BENSON: He's based in Denver.

22 MR. MORGAN: Okay, that's fine.
23 Mr. McBride, you're free to file a proof of claim. In
24 that you're not identified in the schedules, that's not
25 preclusive against you, you can certainly file a claim

Hearing dated July 2, 2009

1 and assert your claim, but the debtor has clearly
2 stated at this point that they don't consider you
3 current. But you're free to ask questions.

4 MR. MCBRIDE: Okay.

5 EXAMINATION

6 BY MR. MCBRIDE:

7 Q. The first question has to do with the
8 entity that Mr. Robbins formed on March 27, 2009,
9 called Pelican Equities Investments. That is
10 supposedly now where the stock lending business is
11 showing up. He claims that that --

12 MR. MORGAN: When did he form it? Sorry.

13 MR. MCBRIDE: March 27th.

14 MR. MORGAN: Go ahead.

15 MR. MCBRIDE: So it's been 90 days of when
16 the bankruptcy was filed.

17 BY MR. MCBRIDE:

18 Q. It appears that he has tried to transfer
19 out value from the estate to this new entity called
20 Pelican Hills Equities. So a couple of questions with
21 respect to that transfer. Do you know the exact date
22 that the L.L.C. was formed?

23 A. I do not. I'm familiar with Pelican,
24 L.L.C., and Pelican is the company that is slowly
25 taking over anything Mark had and will be paying off

Hearing dated July 2, 2009

1 the creditors. I do not know the exact date.

2 Q. And did that -- when you say it's taking
3 over what he had, does -- what he -- is what they are
4 taking over there, does that include elements of the
5 stock lending business?

6 A. Yes, it does.

7 Q. Okay. And when you say "taking over," what
8 is the form of taking over? How does it move from this
9 estate to that estate? What was the transfer
10 agreement?

11 A. I do not know the details on that.

12 Q. And who are the principals of Pelican Hills
13 Equity?

14 A. I do not know the details of that, as well.

15 Q. But clearly, then, the stock lending
16 business that was part of --

17 A. I am not part of Pelican Hills Equities.
18 I'm just -- that's why I --

19 Q. But you do know about it?

20 A. Yes.

21 Q. So what I've come to understand is that
22 they have, in fact, tried to take money out of this
23 estate, take money -- take an operating entity that was
24 called Smart Hedge, at one time it was known as
25 Equitap, and another time -- it was roughly called the

Hearing dated July 2, 2009

1 AIP lending business that has always been part of the
2 AIP estate, and they have tried to set that up and pull
3 the rug -- pull it out from underneath the estate here.

4 MR. MORGAN: What is it that Smart Hedge
5 does?

6 MR. MCBRIDE: It's a stock --

7 MR. MORGAN: Or what you're calling the AIP
8 lending business. What does it do?

9 MR. MCBRIDE: So, roughly, what they do is
10 they go out and offer loans to people. There's someone
11 in the room here that knows a lot about it, because
12 it's someone that has a \$2.2 million judgement against
13 Mr. Robbins.

14 But, roughly, what it does, Mr. Robbins
15 would go to people and say, "If you transfer me the
16 stock that you have in your publically traded company,
17 I will give you a loan against that."

18 So instead of having to sell your stock and
19 liquidate it, you give your stock to Mr. Robbins. And
20 what Mr. Robbins does then is he says -- he signs an
21 agreement with you that says, "I will transfer this
22 back to you over some period of time, a two- or
23 three-year period, with interest involved there."

24 What he has done in more than one case, it
25 appears, at least in --

Hearing dated July 2, 2009

1 MR. MORGAN: So he gives his investors,
2 shall we call them, cash that he has from somewhere?

3 MR. MCBRIDE: Yes. Yeah. And the way he
4 gets the cash, is he sells the stock.

5 MR. MORGAN: Okay.

6 MR. MCBRIDE: He doesn't actually have
7 cash, but he takes the cash -- the stock that comes in
8 and he sells it. Then he says, "In three years from
9 now, I'll give you your stock back." Okay?

10 MR. MORGAN: And this is all according to
11 what is the setup or is this --

12 MR. MCBRIDE: The stock lending business.
13 They have an agreement --

14 MR. MORGAN: But the sale of that stock is
15 not outside of the course of what's supposed to happen.
16 That's what supposed to happen?

17 MR. MCBRIDE: This is the deal. There's a
18 stock lending agreement, both parties sign it, and then
19 part of the agreement is, "You give me your stock, I'll
20 give you cash, about 50 cents on the dollar, roughly,
21 of what it is trading at." And then what Mr. Robbins
22 is supposed to do, is to give them their stock back in
23 two years, and basically what he makes on it is the
24 interest during that period of time. Unless they
25 default on their payments along the way, then he gets

Hearing dated July 2, 2009

1 to keep the whole stock.

2 Well, in the case of Fair Star, Mr. Robbins
3 had a number of obligations he failed to meet last
4 summer, including myself, and what he did is he did a
5 deal with this Australian company called Fair Star, and
6 the deal was he was supposed to --

7 MR. BLOTTER: Do you think if he's going to
8 -- we ought to put him under oath? Because this really
9 isn't questioning, it's kind of more testimony.

10 MR. ANDREASON: This is Rod Andreason on
11 behalf of Fair Star. We could ask Mr. Benson these
12 things, too, perhaps if that would help. To have
13 testimony from the --

14 MR. MORGAN: Yeah. Really what you should
15 be doing today is asking questions.

16 MR. MCBRIDE: Okay.

17 MR. MORGAN: I mean, you answered my
18 question, and that was great.

19 BY MR. MCBRIDE:

20 Q. Okay. So I'll ask the question, then. Are
21 you familiar with the Fair Star transaction?

22 A. Vaguely. I mean, I understand that it's a
23 debt owed and I understand it was a stock loan out of
24 Australia. I think that's the extent of what I
25 understand about it.

Hearing dated July 2, 2009

1 Q. And you're aware that Mr. Robbins has fully
2 paid the \$2.2 million?

3 A. Through this document I'm aware of the \$2
4 million. I've never actually seen it.

5 Q. But are you aware of how much money he
6 actually paid them?

7 A. No.

8 Q. Are you aware -- you're not aware, then, he
9 paid them zero?

10 MR. BLOTTER: It's been asked and answered.

11 THE WITNESS: I'm not aware of that. I was
12 actually not --

13 BY MR. MCBRIDE:

14 Q. Are you aware that he has a judgement
15 against him by Fair Star for the \$2.2 million that he
16 did not transfer them in cash that was owed them?

17 A. It says that here as well as my
18 understanding is that's why things were liquidated.

19 Q. Okay. So then on --

20 A. I want to make a correction. I was under
21 the impression there was between two to four hundred
22 thousand dollars paid, so... And I believe that figure
23 stands. I believe it's \$400,000 that's been paid
24 towards Fair Star so far.

25 MR. MORGAN: That's been paid to Fair Star?

Hearing dated July 2, 2009

1 BY MR. MCBRIDE:

2 Q. Are you aware that there was monies on top
3 of the 2.2 million owed for attorney fees and for
4 interest?

5 A. I'm not aware of the detail of it. I've
6 never been involved heavily in the stock loan side of
7 the business, just the real estate side. So I know
8 very little.

9 Q. Are you aware that for failure to appear in
10 the Fair Star case, that Mr. Robbins has an arrest
11 warrant out for him?

12 A. I have been told that, yes.

13 Q. And are you aware that since January,
14 Mr. Robbins has left the state as a result of avoiding
15 being arrested under that warrant?

16 A. I am -- I can't speak of the details why he
17 hasn't come back or what the proceedings are. I am
18 unaware of that. But my understanding is he has not
19 been back in the state.

20 Q. Have you visited him?

21 A. Yes.

22 Q. And where is his current residence?

23 A. Newport Beach.

24 Q. And are you --

25 MR. MORGAN: I'm sorry, I didn't hear your

Hearing dated July 2, 2009

1 answer.

2 THE WITNESS: Newport Beach, California.

3 MR. MORGAN: Go ahead.

4 BY MR. MCBRIDE:

5 Q. Are you aware of the circumstances, the
6 lodging, that he lives in right now?

7 A. Yes.

8 Q. Do you know that he -- that the lodging
9 that he lives in is roughly \$2,000 a night?

10 A. Yes.

11 Q. Do you know where he is getting his money
12 to pay, you know, \$60,000 a month for that kind --

13 A. I don't believe he has any money. He has
14 been put up by a company that is interested in what he
15 can offer as far as the stock lending business. It's a
16 company that he has previously owed money to that is
17 interested in taking over AIP and paying off the
18 creditors and is putting up Mr. Robbins in room and
19 board.

20 Q. Who is that company?

21 A. That would be Pelican.

22 Q. Pelican is the one he just started, right?

23 A. That's the name of the group that they have
24 formed. I know it's Mark Jensen. That's the best I
25 can tell you. I don't know beyond that.

Hearing dated July 2, 2009

1 Q. So Mark Jensen is paying for Robbins to
2 live in the \$60,000 a month --

3 A. Well, the company. There's several people
4 involved.

5 Q. Who are the other people involved?

6 A. I'm not part of the stock lending business,
7 so I don't honestly know who is a partner, who is an
8 investor, who is specifically involved. But I know
9 that when I went down there, for example, there was a
10 large group of about a dozen attorneys and about a
11 dozen other people in many villas. So it's not
12 specific to Mark Robbins, it's pretty much this group
13 has almost the entire resort.

14 Q. And you said somebody owed some money.
15 Which way -- Robbins owes the money to Jensen, or
16 Jensen owes the money to Robbins?

17 A. Well, they've had previous business
18 dealings and I think this is a situation where -- I
19 honestly don't know the details of that. They've had
20 previous business dealings and --

21 MR. MORGAN: Do you know the name of the
22 resort?

23 THE WITNESS: Yes, Pelican.

24 MR. MORGAN: So that's actually its name?

25 MR. MCBRIDE: Pelican Hills Resort?

Hearing dated July 2, 2009

1 THE WITNESS: Yeah, Pelican Hills Villas.

2 MR. MORGAN: Does that have the same name
3 as the entity that was formed here in Utah that you
4 talked about? Okay. Go ahead.

5 BY MR. MCBRIDE:

6 Q. So back to this stock lending business,
7 then. Are you familiar with the company that's part of
8 the estate here called Smart Hedge?

9 A. Yes.

10 Q. And Smart Hedge is basically the same thing
11 that they're doing in Pelican, right?

12 A. Yes. A variation of it, but yes.

13 Q. Okay.

14 A. There are several changes from when I know
15 you were involved in it, but it's evolved.

16 Q. And so how does -- how does the Smart Hedge
17 entity get transferred into Pelican Hills Equities?

18 A. I do not know the structure of the Smart
19 Hedge entity as I wasn't privy to that.

20 Q. I guess the issue that I want to raise here
21 is that it feels like they're selling out from
22 underneath the --

23 MR. MORGAN: Well, let me ask you this:
24 Has it already occurred?

25 THE WITNESS: I didn't even know there was

Hearing dated July 2, 2009

1 -- the Smart Hedge entity is at least listed on here.

2 So to the best of my knowledge, no, it has not

3 occurred.

4 BY MR. MCBRIDE:

5 Q. No, but Pelican --

6 A. I was under the impression Pelican was a
7 new company.

8 Q. But Pelican has taken, basically, what
9 Smart Hedge was?

10 A. Well, in every -- I mean, Pelican is
11 interested in all of AIP, not specific to Smart Hedge,
12 including Exuma, including everything. They're
13 interested in taking every single thing Mark Robbins
14 has ever looked at and thought of making money with and
15 finding a way to make money with it to pay off the
16 creditors.

17 Q. And I guess that's the issue I want to
18 raise here --

19 A. In any way they can help him do that..

20 Q. -- for the court is, they're interested in
21 taking everything that's on the estate, and now they're
22 off doing business with it, yet they're not doing it
23 under the purview of -- you know, file Chapter 11, but
24 then say, "We don't have to answer to them on this
25 other issue."

Hearing dated July 2, 2009

1 Théy filed a lawsuit yesterday in New York.
2 They didn't file it here because he doesn't have any
3 standing in Utah apparently now with his arrest
4 warrant.

5 MR. MORGAN: Who filed?

6 MR. MCBRIDE: Pelican Equities and Mark
7 Robbins filed a lawsuit yesterday in New York. And
8 they're trying to use the standing of Pelican Equities,
9 which really is just a derivative -- or really is just
10 part of what we're talking about here in this
11 proceeding.

12 MR. MORGAN: And who's the lawsuit against
13 and for what?

14 MR. MCBRIDE: There's six or some-odd
15 people named in it. The main person that was named in
16 it was Rob Brasell, Steve Norris. There were a handful
17 of other people. I was included in it.

18 MR. BLOTTER: My understanding is that
19 there were other lawsuits, including Utah and
20 California, coming down, and the reason New York was
21 the first one is because the office is based in New
22 York that this group is operating.

23 MR. MCBRIDE: So, again, back to my point,
24 is they're trying to use the standing of an entity that
25 is really an entity under the purview of this court,

Hearing dated July 2, 2009

1 and they're trying to separate it and say it's not the
2 same thing. But he just gave testimony that it is the
3 same thing.

4 MR. MORGAN: Okay. Go ahead.

5 BY MR. MCBRIDE:

6 Q. Let's go back to the island. You said
7 there was a Cushman & Wakefield appraisal and you said
8 it was 10 or 20 million?

9 A. No, I said the value of the island is
10 currently 10 to 20 million. There's a recent appraisal
11 of 16 million.

12 Q. The appraisal was 16 million? And that was
13 done when?

14 A. It was an informal appraisal done over the
15 course of three days about two months ago in May.

16 Q. Can the court get a copy of that appraisal?

17 MR. BLOTTER: Why are you asking for the
18 court?

19 THE WITNESS: I'm not sure.

20 MR. MORGAN: I would like a copy of the
21 appraisal.

22 MR. BLOTTER: You can ask questions of the
23 debtor.

24 BY MR. MORGAN:

25 Q. Can we get a copy of it?

Hearing dated July 2, 2009

1 A. I assume so.

2 Q. Can the creditors get a copy of that
3 appraisal?

4 MR. BLOTTER: We'll make a copy available
5 to the trustee. You can ask for the court to order us
6 to give you one if you like, but we will give one to
7 the trustee.

8 MR. MCBRIDE: Okay.

9 BY MR. MCBRIDE:

10 Q. But you say that's for 16 million?

11 A. Not for Mark's interest, it's for the
12 island in the Bahamas.

13 Q. Okay. So how much would Mark's interest
14 be?

15 MR. BLOTTER: Let me answer that question,
16 then. The appraisal is based on a free and clear of
17 litigation island.

18 BY MR. MCBRIDE:

19 Q. And what is the litigation that's
20 involved in it right now that wouldn't make it free and
21 clear?

22 A. Well, you have one of the partners that is
23 claiming he's entitled to the entire project because he
24 has a mortgage on it. You have a question as far as
25 whether the project has a free and clear title. And

Hearing dated July 2, 2009

1 you have another partner suing the entire group for
2 mismanagement. And then you have a partner that is
3 suing because they believe they're entitled to a
4 greater value on the island because of a set amount of
5 acres that were assigned to them.

6 So you basically have four crossing
7 lawsuits currently that make it pretty much still
8 impossible.

9 MR. MORGAN: Who's the one partner that you
10 identified?

11 THE WITNESS: Which one?

12 MR. MORGAN: That claims the entire island.

13 THE WITNESS: We have -- that would be
14 Hamby, Jack Bistricher.

15 BY MR. MCBRIDE:

16 Q. So you're saying the one asset that shows
17 up in your -- that has some value is almost impossible
18 to sell?

19 A. Currently.

20 MR. MORGAN: Is the debtor's interest --

21 THE WITNESS: We believe we have a plan to
22 work through it, but currently --

23 MR. MORGAN: Is the debtor's interest a
24 percentage interest, then, in this? I mean, what --

25 MR. BLOTTER: He owns 50 percent.

Hearing dated July 2, 2009

1 MR. MORGAN: AIP owns 50 percent?

2 MR. BLOTTER: AIP Resort Development owns
3 50 percent of Exuma. That's not all Mark's, there are
4 some other people in AIP Resort Development that have
5 carried interest after expenses are recouped, and so
6 forth, in, I believe, the court.

7 MR. MORGAN: What's the debtor's interest
8 in the AIP development resort?

9 MR. BLOTTER: AIP owns AIP Resort
10 Development.

11 MR. MORGAN: But I'm trying to understand,
12 you said Mark's interest is not the -- 50 percent is
13 owned by -- 50 percent of the island is claimed by AIP
14 Resort Development.

15 THE WITNESS: The island is called
16 Hermitage. Fifty percent is owned by AIP Resort
17 Development --

18 MR. MORGAN: And what --

19 THE WITNESS: -- and AIP Resort Development
20 is owned by AIP.

21 MR. MORGAN: Okay. So that passes through.
22 Go ahead.

23 BY MR. MCBRIDE:

24 Q. And AIPRD, what's the ownership interest
25 inside of that?

Hearing dated July 2, 2009

1 A. I don't know the exact breakdown on that.

2 Q. Does Mark own a hundred percent of AIPRD?

3 A. I believe so. But there are written and
4 carried interests after Mark recoups his expenses of
5 approximately 30 or 35 percent.

6 MR. ANDREASON: I'm sorry, is that Mark or
7 AIP that owns a hundred percent of AIPRD?

8 THE WITNESS: The way I believe it's
9 written is Mark owns AIPRD up until he gets his money
10 back that he's put in, as far as his loans, and then
11 there are other interests for Rasmussen and Alan Cottle
12 and Peterson.

13 I'm not sure of your structure. The
14 attorney representing Mark on AIP, which is Jeff Jones,
15 told me this morning that he would -- do not -- you do
16 not own any interest on Exuma. He said he could
17 provide documents for that.

18 MR. MORGAN: I'm not sure I picked up that.
19 You say Mr. Jones represents Mark personally?

20 THE WITNESS: On Exuma. He's the attorney
21 that's dealt with Exuma.

22 MR. MCBRIDE: I thought it was --

23 MR. MORGAN: But who does he represent?

24 THE WITNESS: Well, Mark, AIP, AIPRD.

25 MR. RASMUSSEN: This is Rodney Rasmussen.

Hearing dated July 2, 2009

1 He has represented AIP. He's been the primary attorney
2 for AIP and for the Exuma properties and almost
3 everything AIP has done for five years up until
4 recently.

5 THE WITNESS: And Mark Robbins.

6 MR. MORGAN: Okay. And is Durham Jones a
7 creditor of this debtor?

8 THE WITNESS: Yes, and is listed.

9 MR. MORGAN: Okay. Go ahead.

10 BY MR. MCBRIDE:

11 Q. What is your personal interest in the
12 island?

13 A. I do not have a specific partnership
14 interest, I have a fee.

15 Q. And what is that fee? How much do you make
16 if the island sells?

17 A. A million dollars.

18 Q. A million dollars flat? Have you been
19 trying to sell the island --

20 A. Yes.

21 Q. -- recently?

22 A. Yes.

23 Q. And how is that going?

24 A. Have to get through the litigation. We're
25 going in the right direction and thought we'd be in a

Hearing dated July 2, 2009

1 position to get rid of the creditors and we were dealt
2 a blow from the court this week that set us back
3 another few months.

4 Q. And who have you been shopping it to?

5 A. That's confidential. There are people in
6 this courtroom.

7 Q. What amount have they talked about buying
8 it for?

9 A. Also confidential. We're under the --
10 we're under a confidentiality agreement. He's told me
11 that he got an offer for \$5.5 million.

12 Q. 5.5 million?

13 A. Well, for Mark's interest, yes.

14 Q. For Mark's interest. And then you get a
15 million dollars of that?

16 A. Yes.

17 Q. So you're down to 4.5 million, then, if it
18 goes through.

19 Do you know what the \$2 million deal was
20 with Allison Robbins?

21 A. I believe she -- it came from her trust and
22 money she put into AIP when AIP needed more operational
23 dollars.

24 Q. And when did that come in?

25 A. A couple years ago. I don't know the exact

Hearing dated July 2, 2009

1 date.

2 Q. You said you have that documented?

3 A. It was documented through Durham Jones &
4 Pinegar, yes.

5 Q. So you can supply that also.

6 I think I'm about done now.

7 Would you agree that if you have a sale of
8 the island, that that sale would need to be tied into
9 the proceedings here in this bankruptcy court?

10 A. I can't speak to the legalities. I -- I'm
11 not here with all of the knowledge that --

12 MR. BLOTTER: Asks for a legal conclusion,
13 too, and he's not an attorney, so... There are plenty
14 of them (inaudible).

15 THE WITNESS: I'm just here to answer any
16 questions to help you guys out, I'm not here to make
17 opinions of how it should go.

18 MR. MORGAN: You're not -- and this is for
19 clarity. You're not a member of this debtor?

20 THE WITNESS: A member? A partner? No,
21 I'm not a partner.

22 MR. MORGAN: Or a managing member, you're
23 not -- of this L.L.C.?

24 THE WITNESS: I'm not a managing member of
25 this L.L.C.

Hearing dated July 2, 2009

1 MR. MORGAN: Okay.

2 Did Mr. Robbins ask you to come to this
3 meeting?

4 THE WITNESS: Mr. Robbins' attorneys did.
5 I have not spoken to Mr. Robbins about it.

6 BY MR. MCBRIDE:

7 Q. You haven't spoken to Mr. Robbins about
8 this -- this issue?

9 A. No.

10 Q. Not at all?

11 A. No.

12 MR. MORGAN: When you said Mr. Robbins'
13 attorneys asked you, who is that?

14 THE WITNESS: Well, that was Steve Altman,
15 first, and then I met this gentleman this morning. He
16 pulled me off the golf course. I'm the only person,
17 other than Darl McBride, that's been with -- Mark is
18 pretty much a one-man company for the most part, so I'm
19 the only person that's been with him for the last few
20 years, so -- not that I can answer all these questions,
21 but I can answer more than probably anybody else.

22 BY MR. MCBRIDE:

23 Q. When did they ask you to come to this
24 meeting?

25 A. Early this morning.

Hearing dated July 2, 2009

1 Q. Really? So you didn't have any preparation
2 time for this?

3 A. Can you tell?

4 Q. Okay. Well, it's interesting, to say the
5 least.

6 Who is Steve Altman?

7 A. He's an attorney representing Pelican.

8 Q. And do you -- has Mr. Robbins paid you any
9 monies in the last six months?

10 A. No.

11 Q. So you're working for free as an employee?

12 A. I am. I am. I'm working more for what's
13 called a contractor's fee, assuming that there's ever
14 an entity to sell.

15 Q. One last question. You mentioned that
16 employees that were due money, Ms. Haskins and Mr. Rama
17 Chandra, you said that those were loans. Are you aware
18 that they're also owed money for payroll from wages?

19 A. I'm unaware of Rama's situation. I believe
20 that to be the case for Kim Haskins, yes.

21 Q. You believe that Kim is owed money for
22 wages?

23 A. Yes.

24 Q. And you think it might for Rama, but you
25 don't know?

Hearing dated July 2, 2009

1 A. I don't know anything about Rama's
2 financial situation with Mark.

3 Q. Okay. Those are the questions. I guess
4 I'd just like to register one issue, which is there is
5 a real concern about the assets getting out of the
6 barn, if you will. I would appreciate the trustee -- I
7 realize I'm maybe not the right one to be asking all
8 the right legal questions and making sure there's 363
9 asset sale issues addressed and that there's --

10 MR. MORGAN: Do you have a card?

11 MR. MCBRIDE: Yes, I do.

12 And it's a little bit disturbing that
13 Mr. Robbins is able to use the court system, at the
14 same time avoiding the courts trying to round him up
15 and arrest him in various venues. And it seems to me
16 that if he's going to use the legal system to his
17 advantage, then he should be showing up here and facing
18 the music and not calling some guy off the golf course
19 an hour before -- not even him calling, but having an
20 attorney call him and say, "Hey, go in and act like you
21 know what we're doing." This is a pattern that we've
22 seen with Mr. Robbins over and over.

23 MR. MORGAN: Thank you.

24 FURTHER EXAMINATION

25 BY MR. MORGAN: