

1 BEING FIRST DULY SWORN, WAS EXAMINED AND TESTIFIED AS FOLLOWS:

2 THE CLERK: BE SEATED, PLEASE, AND STATE YOUR NAME  
3 FOR THE RECORD.

4 THE WITNESS: DEWEY JOHNSON.

5 DIRECT EXAMINATION

6 BY MR. MOYE:

7 Q. MR. JOHNSON, WOULD YOU SPELL YOUR LAST NAME FOR THE COURT  
8 REPORTER?

9 A. J-O-H-N-S-O-N.

10 Q. HOW ARE YOU EMPLOYED, SIR?

11 A. I'M PRESIDENT OF FINANCIAL INVESTMENT GROUP, INC.

12 Q. CAN YOU TELL US WHAT FINANCIAL INVESTMENT GROUP, INC. IS?

13 A. IT'S A SMALL PRIVATELY-OWNED INVESTMENT FIRM. WE BUY,  
14 SELL AND TRADE MORTGAGES IN THE SECONDARY MARKET.

15 Q. CAN YOU BRIEFLY TELL US A LITTLE BIT ABOUT THE SECONDARY  
16 MARKET, WHAT IS THAT?

17 A. THERE ARE SEVERAL SECONDARY MARKETS, BUT THE ONE I  
18 PRIMARILY DEAL IN IS PRIVATE INVESTORS AND BANKS WHO BUY AND  
19 SELL MORTGAGES THAT DO NOT CONFORM TO CONVENTIONAL STANDARDS  
20 FOR FHA, VA AND THE MAJOR MORTGAGE MARKET POOLS.

21 Q. HOW LONG HAVE YOU AND IN THIS PARTICULAR FINANCIAL  
22 INVESTMENT GROUP, INC., BEEN INVOLVED IN THIS BUSINESS?

23 A. WE BEGAN, I FORMED THE CORPORATION IN 1980. SO IT HAS  
24 BEEN ABOUT 13 YEARS.

25 Q. WHERE IS YOUR OFFICE?

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1 A. 1956 CLAIRMONT ROAD IN DECATUR.

2 Q. IS THAT OUT NEAR CENTURY CENTER?

3 A. FURTHER BACK TOWARDS TOWN. WE ARE ABOUT THREE MILES FROM  
4 CENTURY CENTER.

5 Q. ARE YOU A CUSTODIAN OF THE RECORDS OF THE FINANCIAL  
6 INVESTMENT GROUP?

7 A. YES.

8 Q. HAVE YOU BROUGHT TODAY PURSUANT TO A REQUEST FROM THE  
9 GOVERNMENT AND SUBPOENA DOCUMENTS RELATED TO THE RECORD?

10 A. YES, I HAVE.

11 Q. BEFORE I SHOW YOU ANY OF THE FILE RECORDS, LET ME ASK YOU,  
12 SIR, IF YOU HAD OCCASION AT SOME POINT TO MEET GEORGE AND  
13 VIRGINIA HIGH?

14 A. YES.

15 Q. CAN YOU TELL US THE CIRCUMSTANCES UNDER WHICH YOU MET  
16 GEORGE AND VIRGINIA HIGH?

17 A. MY COMPANY BOUGHT A MORTGAGE OR DEED TO SECURE DEBT ON A  
18 RESIDENTIAL PIECE OF PROPERTY FROM A RICHARD KEITH WHO HAD SOLD  
19 THE PROPERTY TO A JONGHAN KIM, ONE OF THE KIM BROTHERS, KARATE  
20 PEOPLE, AND VIRGINIA HIGH HAD BOUGHT THAT PROPERTY FROM THEM,  
21 FROM MR. KIM, AND HAD ASSUMED THAT LOAN. SO WHEN I BOUGHT THE  
22 MORTGAGE FROM MR. KEITH, VIRGINIA HIGH WOULD THEN BE MAKING THE  
23 PAYMENTS. OUR COMPANY BOUGHT THAT MORTGAGE JOINTLY WITH C&S  
24 BANK, NOW NATIONSBANK.

25 Q. WHAT WAS THE TOTAL AMOUNT OF THE MORTGAGE THAT YOUR

1 COMPANY AND C&S JOINTLY PURCHASED?

2 A. \$255,000 WAS THE ORIGINAL AMOUNT.

3 Q. AT THE TIME OF THE PURCHASE, DO YOU RECALL WHAT THE AMOUNT  
4 WAS?

5 A. AT THE TIME OF OUR PURCHASE -- I COULD CHECK MY NOTES --  
6 BUT I DON'T BELIEVE ANY PAYMENTS HAD BEEN MADE BECAUSE IT WAS  
7 ANNUAL PAYMENTS.

8 Q. LET ME SHOW YOU AND HAND YOU GOVERNMENT'S EXHIBIT 132-A,  
9 AND ASK YOU IF THAT IS THE FILE WHICH YOU BROUGHT IN TODAY, MR.  
10 JOHNSON?

11 A. YES, IT IS.

12 Q. AND IS THAT FILE, DOES THAT INCLUDE THE DOCUMENTS RELATED  
13 TO THIS LOAN TRANSACTION WHICH YOU HAVE DESCRIBED?

14 A. YES.

15 Q. IS THE FILE ITSELF -- WERE THE DOCUMENTS IN THE FILE, WERE  
16 THEY PREPARED IN THE COURSE OF ENGAGING IN THIS LOAN  
17 TRANSACTION?

18 A. THEY HAD ALREADY BEEN PREPARED. THE ONLY ADDITIONAL  
19 DOCUMENT THAT WOULD HAVE BEEN PREPARED WOULD HAVE BEEN AN  
20 ASSIGNMENT INTO OUR CORPORATION.

21 Q. WERE THESE DOCUMENTS THAT YOU AND FINANCIAL INVESTMENT  
22 GROUP, INC. GATHERED IN ORDER TO BE INVOLVED IN THIS LOAN  
23 TRANSACTION?

24 A. YES.

25 Q. WERE THESE MAINTAINED AS PART OF YOUR ORDINARY BUSINESS

1 PRACTICE?

2 A. YES.

3 MR. MOYE: YOUR HONOR, I WOULD TENDER GOVERNMENT'S  
4 132-A.

5 THE COURT: ANY OBJECTION?

6 MR. ROSEN: NO, YOUR HONOR.

7 THE COURT: LET IT IN.

8 BY MR. MOYE:

9 Q. NOW, MR. JOHNSON, BY LOOKING AT YOUR RECORD, CAN YOU TELL  
10 US, FIRST, WHEN WAS IT THAT FINANCIAL INVESTMENT GROUP  
11 PURCHASED THIS PORTION OF THE MORTGAGE ON THE PROPERTY?

12 A. I HAD PREPARED A SEQUENCE OF EVENTS AND PUT IT IN THE  
13 FRONT OF THIS FILE AND IS IT THAT PART THERE? DO YOU HAVE  
14 THAT?

15 Q. IF YOU WILL LOOK THROUGH IT, PERHAPS IN GETTING THE  
16 DOCUMENTS IN THERE MARKED --

17 A. HERE IT IS.

18 Q. ARE THESE YOUR OWN NOTES?

19 A. YES. JUST ONE SHEET I PREPARED. THIS IS THE SUMMARY.

20 THE DATE WE PURCHASED IT WAS FEBRUARY 19TH, 1991.

21 Q. AND WHO WAS THE MORTGAGE HOLDER AT THE TIME YOU PURCHASED  
22 IT?

23 A. RICHARD R. KEITH HAD SOLD WHAT WE REFER TO IN THE BUSINESS  
24 AS A PARTIAL PURCHASE. HE HAD ALREADY SOLD PART OF THIS  
25 MORTGAGE TO C&S BANK. WHAT HE WAS DOING WITH OUR FIRM WAS

1 SELLING THE REMAINDER, AND WE PURCHASED THAT REMAINDER DIRECTLY  
2 FROM RICHARD R. KEITH.

3 Q. AM I CORRECT THAT THE TOTAL NOTE WAS \$250,000.

4 A. 255.

5 Q. WHAT WERE THE RESPECTIVE SHARES OF FINANCIAL INVESTMENT  
6 GROUP AND C&S?

7 A. C&S BANK HAD PURCHASED THREE OF THE FIRST ANNUAL  
8 INSTALLMENTS. WE HAD PURCHASED THE TWO REMAINING ANNUAL  
9 INSTALLMENTS FROM THE TOTAL OF FIVE.

10 Q. AND THE ANNUAL INSTALLMENTS, WERE THOSE -- THOSE WERE IN  
11 WHAT AMOUNTS, WHAT AMOUNTS WERE THEY SUPPOSED TO BE?

12 A. \$59,591 EACH.

13 Q. JUST SO I UNDERSTAND --

14 A. EXCUSE ME. THE LAST ONE WAS A FEW THOUSAND LESS, IT WAS  
15 53,000.

16 Q. THE TWO -- THERE WERE TO BE FIVE?

17 A. YES.

18 Q. DID Y'ALL BUY, THAT IS, FINANCIAL INVESTMENT GROUP, DID  
19 YOU BUY THE LAST TWO?

20 A. YES, THE LAST TWO. SO OUR FIRST PAYMENT WOULD NOT HAVE  
21 BEEN RECEIVED UNTIL DECEMBER OF THIS YEAR HAD THE MORTGAGE RUN  
22 ITS COURSE.

23 Q. NOW, AFTER YOU HAVE MADE THE PURCHASE OF THIS MORTGAGE,  
24 WHEN WAS THE FIRST TIME THAT YOU CAME INTO CONTACT WITH MRS.  
25 HIGH?

1 A. THERE WAS ONLY ONE TIME. AFTER WE PURCHASED THE LOAN,  
2 JUST BY ACCIDENT I WAS READING THE ATLANTA BUSINESS CHRONICLE,  
3 AND I SAW OUT OF THE PUBLIC RECORD SECTION THAT GEORGE HIGH HAD  
4 JUST FILED BANKRUPTCY, AND THAT THREW UP A RED FLAG TO ME IN  
5 THAT WE WERE HOLDING THIS MORTGAGE, EVEN THOUGH HE WAS NOT ON  
6 THIS NOTE MORTGAGE, IT WAS VIRGINIA ONLY. SO I CALLED MRS.  
7 HIGH.

8 Q. WHY DID YOU ASSOCIATE GEORGE HIGH WITH VIRGINIA HIGH?

9 A. I HAD COPIES OF HER FINANCIAL STATEMENT FOR HIGH REALTY,  
10 AND IT WAS SIGNED BY VIRGINIA HIGH AND GEORGE HIGH. AND WHEN I  
11 SAW THE NOTICE OF BANKRUPTCY, MY PARTNER AND I, WITHIN A COUPLE  
12 OF DAYS, WENT OUT TO THE PROPERTY THAT SECURED THIS LOAN, AND  
13 THE PROPERTY WAS VACANT.

14 Q. WHAT WAS THE PROPERTY? CAN YOU TELL US THE ADDRESS?

15 A. YES. 4775 RIVER SOUND DRIVE IN LITHONIA.

16 Q. ALL RIGHT, SIR.

17 A. WE WENT OUT TO THE PROPERTY AND THE PROPERTY WAS VACANT.  
18 AND AS I REMEMBER, THE PROPERTY WAS UP FOR SALE. WE WENT BACK  
19 TO THE OFFICE AND I CALLED MRS. HIGH AND ASKED HER WHAT WAS  
20 GOING ON WITH REGARD TO THE BANKRUPTCY. AND AS I RECALL, SHE  
21 INDICATED THAT --

22 MR. ABBOTT: I OBJECT TO HEARSAY, YOUR HONOR. I ALSO  
23 OBJECT TO RELEVANCE.

24 THE COURT: IF MRS. HIGH TOLD HIM IT IS NOT HEARSAY.  
25 I WILL OVERRULE THE OBJECTION ON THE HEARSAY AND OVERRULE ON

1 RELEVANCE.

2 THE WITNESS: I ASKED HER ABOUT THE BANKRUPTCY, AND  
3 AS I RECALL, SHE INDICATED THAT WAS GEORGE'S BANKRUPTCY. I  
4 ALSO ASKED HER ABOUT THE PROPERTY. AND SHE DID INDICATE IT WAS  
5 UP FOR SALE AND SHOULD BE SOLD SOON. AS A FURTHER CONCERN I  
6 CALLED OUR ATTORNEY, WHO IS ROBERT WITCHER, AND ASKED HIM TO  
7 CHECK THE TITLE OF THE PROPERTY TO MAKE SURE THAT GEORGE HIGH  
8 HAD NO INTEREST IN THAT PROPERTY. BECAUSE THE LAST THING I  
9 WANTED TO DO IS GET INVOLVED WITH THE BANKRUPTCY COURT.

10 BY MR. MOYE:

11 Q. DID YOU EVER HAVE TO GET INVOLVED IN THE BANKRUPTCY?

12 A. NO. WE WERE NEVER NOTIFIED OF THE BANKRUPTCY AND GEORGE  
13 HIGH WAS NOT OUR BORROWER, SO THERE WAS NO REASON. BUT HAD HE  
14 HAD ANY INTEREST IN THAT REAL ESTATE, IT COULD HAVE BROUGHT US  
15 INTO BANKRUPTCY COURT.

16 Q. DID YOU EVER DETERMINE THAT GEORGE HIGH HAD NO INTEREST IN  
17 THE PROPERTY?

18 A. YES. THAT'S WHY WHEN I CALLED OUR ATTORNEY I ASKED HIM TO  
19 CHECK THE TITLE DOWN, AND HE DID AND HE INDICATED MRS. HIGH HAD  
20 TRANSFERRED THE TITLE OF THAT PROPERTY TO HIGH REALTY.

21 IMMEDIATELY I CONTACTED MRS. HIGH BY TELEPHONE AND TOLD HER  
22 THAT BY TRANSFERRING THAT PROPERTY WAS A VIOLATION OF THE  
23 SECURITY DEED, VIOLATION OF THE DUE ON SALE CLAUSE, AND SINCE  
24 GEORGE HAD SIGNED THE FINANCIAL STATEMENT, WE DIDN'T CARE WHAT  
25 HIS INVOLVEMENT WAS, BUT THEY VIOLATED THE LOAN DEED AND WE

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1 WERE CALLING THE ENTIRE BALANCE DUE.

2 Q. AFTER YOU NOTIFIED MRS. HIGH THAT THE LOAN BALANCE WAS  
3 BEING CALLED DUE, WHAT OCCURRED?

4 A. SHE INDICATED THAT THEY WOULD PAY THE LOAN OFF SOON. AND  
5 I SAID, WELL, THE BEST THING TO DO WOULD BE FOR YOU TO GET IN  
6 TOUCH WITH OUR ATTORNEY AND WORK OUT THE PAYMENT ARRANGEMENT  
7 PRIOR TO US BEGINNING A FORECLOSURE. SHE DID CONTACT MR.  
8 WITCHER AND SHE WENT INTO HIS OFFICE.

9 Q. WERE YOU THERE?

10 A. NO.

11 Q. WERE ARRANGEMENTS MADE FOR HER TO PAY OFF THE LOAN?

12 A. THAT WAS NOT THE PURPOSE OF MEETING WITH OUR ATTORNEY.  
13 THE PURPOSE OF THE MEETING WAS TO ENTER INTO AN AGREEMENT FOR A  
14 DEFINITIVE TIME TO PAY THE LOAN OFF.

15 Q. DID YOU AND MRS. HIGH DISCUSS THE FACT SHE WOULD BE  
16 MEETING WITH YOUR ATTORNEY?

17 A. YES.

18 Q. WITHOUT GOING INTO ANYTHING THE ATTORNEY MAY HAVE TOLD  
19 YOU, DID YOU AND MRS. HIGH DISCUSS LATER THE FACT THAT THE  
20 MEETING DID TAKE PLACE?

21 A. YES, AND A WRITTEN AGREEMENT RESULTED IN THAT MEETING.

22 Q. DO YOU HAVE THAT WRITTEN AGREEMENT? IS THAT PART OF YOUR  
23 FILE?

24 I SHOW YOU WHAT I HAVE MARKED FOR IDENTIFICATION AS  
25 GOVERNMENT'S 132-A-3. THAT IS PART OF THE FILE IN EVIDENCE.



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1 CAN YOU TELL US, MR. JOHNSON, JUST WHAT THAT AGREEMENT IS AND  
2 WHAT IT SAYS?

3 A. WELL, BASICALLY IT JUST SAYS THAT VIRGINIA HIGH AND HIGH  
4 REALTY ACKNOWLEDGE THAT THEY HAD VIOLATED THE TERMS OF THE  
5 SECURITY DEED BY TRANSFERRING THE PROPERTY FROM VIRGINIA HIGH  
6 TO HIGH REALTY, AND THAT IN EXCHANGE FOR THAT ACKNOWLEDGEMENT,  
7 WE WOULD EXTEND THE PERIOD OF TIME FOR HER TO PAY THE LOAN OFF  
8 UNTIL AUGUST 1. THIS AGREEMENT WAS ENTERED INTO ON THE 29TH  
9 DAY OF MAY. THAT WOULD GIVE HER WHAT WE FELT AND WHAT SHE FELT  
10 WOULD HAVE BEEN AMPLE TIME TO SELL THE PROPERTY AND TAKE THE  
11 PROCEEDS AND PAY US OFF.

12 Q. ALL RIGHT, SIR. NOW, WHAT WAS THE DATE THAT THE LOAN WAS  
13 GOING TO BE PAID OFF?

14 A. ON OR BEFORE AUGUST 1ST.

15 Q. ABOUT AUGUST 1ST WAS THE LOAN PAID OFF?

16 A. YES, I BELIEVE IT WAS PAID OFF ON AUGUST 1ST.

17 Q. CAN YOU TELL US ABOUT THE EVENTS OF AUGUST 1ST?

18 A. I HAD CALLED MRS. HIGH A FEW DAYS BEFORE THE DEADLINE AND  
19 REMINDED HER OF THE DEADLINE. AND SHE INDICATED THAT SHE WOULD  
20 BE PAYING IT OFF. AS I RECALL, SHE CALLED THAT MORNING AND WE  
21 SET UP AN APPOINTMENT FOR MY OFFICE FOR EARLY AFTERNOON FOR HER  
22 TO COME IN AND PAY THE LOAN OFF, WHICH SHE DID.

23 Q. AND WHEN SHE CAME WAS SHE ALONE OR WAS THERE ANYONE WITH  
24 HER?

25 A. GEORGE HIGH WAS WITH HER.

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1 Q. AND WHEN THEY CAME IN, WHAT HAPPENED?

2 A. THEY CAME IN AND INTRODUCED THEMSELVES. THIS IS THE FIRST  
3 TIME I HAD EVER MET IN PERSON EITHER ONE OF THEM. AND SHE KNEW  
4 THE AMOUNT THAT WAS GOING TO REQUIRE TO PAY THE LOAN OFF IN  
5 ADVANCE, WHICH WAS SOME \$114,000 FOR OUR PORTION. SHE BEGAN  
6 PRODUCING CASHIER CHECKS. ONE FOR 6,100, ONE FOR \$12,400, ONE  
7 FOR \$56,000, THE BALANCE OF WHICH SHE BEGAN WRITING A PERSONAL  
8 CHECK.

9 Q. WHAT WAS THE BALANCE?

10 A. OUR BALANCE WAS \$114,000.

11 Q. AND THE PERSONAL CHECK, DO YOU RECALL WHAT THE AMOUNT WAS  
12 THAT SHE WAS WRITING THE PERSONAL CHECK FOR?

13 A. YES. THE AMOUNT WAS \$35,496.

14 Q. AND DID SHE TENDER THIS CHECK TO YOU?

15 A. SHE ATTEMPTED TO TO BEGIN WITH AND I REMINDED HER THAT I  
16 TOLD HER I WOULD ONLY TAKE CASHIER'S CHECKS OR HARD FUNDS. AND  
17 WHEN I SAID THAT TO HER, THEN SHE AND GEORGE SAID WELL, YOU  
18 DON'T NEED TO BE CONCERNED ABOUT IT, WE ARE GOING TO CASH IT  
19 FOR YOU. AND I SAID WELL, TRUST COMPANY BANK, OUR BANK, IS  
20 RIGHT ACROSS THE STREET. AND THEN GEORGE HIGH PRODUCED THE  
21 CASH.

22 Q. TELL US ABOUT THE PRODUCTION OF THE CASH. WHAT ACTUALLY  
23 HAPPENED?

24 A. HE WAS CARRYING A BRIEFCASE AND HE CAME OVER TO MY DESK.  
25 HE WAS SITTING ON A COUCH IN MY OFFICE NEXT TO THE WINDOW. HE

1 CAME TO MY DESK AND LAID THE BRIEFCASE DOWN AND BEGAN COUNTING  
2 THE MONEY OUT. I SAID WAIT A MINUTE, NUMBER ONE, THIS IS A  
3 LITTLE UNUSUAL, BUT I AM GOING TO HAVE TO GET SOME PEOPLE IN MY  
4 OFFICE HERE TO WITNESS THIS AND ALSO TO COUNT IT. I CAN'T TAKE  
5 YOUR WORD FOR WHAT IS HERE. THIS WAS UNUSUAL. SO I CALLED MY  
6 SECRETARY IN AND I ALSO CALLED A COMPUTER CONSULTANT WHO WAS  
7 THERE WORKING ON THE COMPUTER THEN, AND THEY WATCHED AND  
8 COUNTED THE MONEY OUT.

9 Q. AND THE MONEY THAT MR. HIGH GAVE TO YOU, HOW WAS IT  
10 BUNDLED?

11 A. MUCH LIKE YOU SEE IN A BANK, IN TWO, THREE, FOUR, \$5,000  
12 WITH THE BANDS ON IT, LABELED AS TO HOW MUCH MONEY WAS IN EACH  
13 STACK. IT WAS NOT ALL LARGE BILLS. THERE WERE HUNDREDS,  
14 FIFTIES, TWENTIES AND EVEN TENS.

15 Q. HOW MANY BUNDLES OF MONEY DO YOU RECALL MR. HIGH HANDING  
16 YOU?

17 A. IT TOOK US SOME FORTY-FIVE MINUTES, THREE PEOPLE TO COUNT  
18 IT.

19 Q. DO YOU KNOW HOW MUCH MONEY IT WAS YOU RECEIVED?

20 A. THE EXACT AMOUNT OF THE CHECK SHE WROTE, WHICH WAS  
21 \$34,496.

22 Q. ONCE YOU RECEIVED THE MONEY, DID YOU MARK THE NOTE OR YOUR  
23 PORTION OF THE NOTE SATISFIED?

24 A. SINCE WE WERE NOT IN POSSESSION OF THE ORIGINAL PROMISSORY  
25 NOTE, BECAUSE THE BANK WOULD HOLD THAT SINCE THEY STILL HAD AN

1 INTEREST IN IT, WE GAVE VIRGINIA HIGH A QUIT CLAIM DEED WITH A  
2 RECITATION IN THE QUIT DEED THAT THE SPECIFIC PURPOSE OF THAT  
3 DEED WAS TO RELEASE OUR INTEREST IN THE NOTE.

4 Q. LET ME ASK, FIRST, MR. JOHNSON, IN PART OF YOUR FILE,  
5 GOVERNMENT'S 132-A, DID YOU COPY THOSE CHECKS THAT WERE  
6 DELIVERED TO YOU?

7 A. AFTER SHE HAD GIVEN ME THE CHECK AND THEN THEY CASHED THE  
8 CHECK, SHE ALSO ASKED, AND AS I RECALL -- I CANNOT REMEMBER  
9 EXACTLY, BUT AS I RECALL SHE ALSO WANTED TO WRITE ANOTHER  
10 PERSONAL CHECK FOR SOME \$5,500. I FELT TO COMPLETE THE  
11 TRANSACTION THAT DAY THAT WE WOULD ACCEPT THAT SMALL CHECK IN  
12 RELATION TO THE AMOUNT OF THE MONEY, THE REST OF THE MONEY THAT  
13 WE HAD IN HARD FUNDS. SO WE DID ACCEPT THAT CHECK.

14 THE CHECK THAT I THINK YOU'RE REFERRING TO, THE ONE  
15 THEY CASHED, NO, WE DID NOT MAKE A COPY OF THAT CHECK. I AM  
16 NOT SURE WHETHER THAT WAS AN OVERSIGHT BY MY SECRETARY IN THE  
17 CONFUSION OF COUNTING THAT MUCH CASH OR WHAT, BUT OUR RECORDS  
18 DO NOT HAVE A COPY OF THAT CHECK.

19 Q. DID YOU MAINTAIN COPIES OF THE CHECKS THAT YOU DID ACCEPT?

20 A. YES, WE HAVE ALL OF THOSE.

21 Q. AND FOR THE RECORD, I HAND YOU GOVERNMENT'S EXHIBIT  
22 132-A-2, AND ASK YOU, SIR, WHAT THAT DOCUMENT IS?

23 A. A CASHIER'S CHECK FOR \$6,100 PAYABLE TO OUR COMPANY.

24 Q. WHO WAS THE PURCHASER?

25 A. VIRGINIA C. HIGH AND HIGH REALTY, INC.

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1 Q. IS THERE A SECOND CHECK ON THERE?

2 A. THERE IS A CASHIER'S CHECK PAYABLE TO FINANCIAL INVESTMENT  
3 GROUP. THE PURCHASER WAS VIRGINIA C. HIGH AND HIGH REALTY,  
4 INC.

5 Q. AND THE AMOUNT OF THAT CHECK WAS WHAT?

6 A. \$12,400.

7 Q. AND IS THERE A THIRD CASHIER'S CHECK?

8 A. THE LARGEST ONE IS ALSO PAYABLE TO OUR COMPANY FOR \$56,000  
9 EVEN, AND THE REMITTER WAS VIRGINIA C. HIGH AND HIGH REALTY,  
10 INC.

11 Q. IS THERE A COPY OF THE PERSONAL CHECK WHICH YOU ACCEPTED?

12 A. YES. AND IT IS DRAWN, OR THE REMITTER WAS VIRGINIA C.  
13 HIGH.

14 Q. AND IS IT DRAWN ON A PERSONAL ACCOUNT?

15 A. YES.

16 Q. HOW DOES THE NAME APPEAR ON THE CHECK?

17 A. I AM NOT SURE WHAT YOU MEAN.

18 Q. WHAT IS THE NAME ON THE CHECK?

19 A. VIRGINIA C. HIGH.

20 Q. NOW, DO YOU HAVE A COPY IN YOUR FILE OF THE ORIGINAL NOTE?

21 A. EITHER IN THIS FILE OR THE OTHER FILE. I HAVE THIS COPY  
22 WHICH I MADE JUST THE COPY, I THOUGHT YOU WOULD NEED. I DO  
23 HAVE A COPY OF THE SECURITY DEED.

24 Q. I HAND YOU GOVERNMENT 132-A-4, AND ASK YOU, SIR, WHAT THAT  
25 DOCUMENT IS?

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1 A. THAT IS THE SECURITY DEED THAT WE PURCHASED THAT SECURED  
2 THIS LOAN.

3 Q. AND THE SECURITY DEED ITSELF, 132-A-4, WHAT WAS THE DATE  
4 OF THE DEED AND WHO WERE THE PARTIES?

5 A. THE BORROWER WAS JONGHAN, J-O-N-G-H-A-N, KIM, K-I-M, AND  
6 IT WAS PAYABLE TO RICHARD R. KEITH.

7 Q. DID YOU KNOW MR. KIM AT ALL?

8 A. NO.

9 Q. AND IS THIS SECURITY DEED TO SECURE A NOTE?

10 A. YES, IT IS.

11 Q. DO YOU HAVE A COPY OF THE NOTE IN YOUR FILE?

12 A. NOT IN THIS FILE. IT WOULD BE IN THE OTHER FILE.

13 Q. DO YOU HAVE A COPY OF THE ASSIGNMENT FROM --

14 A. THE ASSIGNMENT TO US?

15 Q. YES, SIR.

16 A. YES, I DO.

17 Q. FOR THE RECORD, I HAND YOU GOVERNMENT'S EXHIBIT 132-A-5,  
18 AND ASK YOU WHAT THAT IS?

19 A. IT'S A TRANSFER AND ASSIGNMENT OF THE NOTE AND SECURITY  
20 DEED.

21 Q. NOW, ON THESE DOCUMENTS I HAVE SHOWN YOU COMING FROM YOUR  
22 FILE, MR. JOHNSON, MRS. HIGH'S NAME ONLY APPEARS ON THE  
23 ACKNOWLEDGEMENT AND THE AGREEMENT?

24 A. YES, THAT IS CORRECT.

25 Q. THE NOTE THAT YOU HAVE REFERRED TO, DID HER NAME APPEAR ON

1 THE NOTE?

2 A. NO, IT DID NOT.

3 Q. MR. JOHNSON, TWO OTHER MATTERS. DO YOU RECOGNIZE GEORGE  
4 AND VIRGINIA HIGH?

5 A. YES.

6 Q. WOULD YOU IDENTIFY THEM FOR THE RECORD?

7 A. MRS. HIGH IS SITTING AT THIS TABLE AND GEORGE IS SITTING  
8 AT THE FAR RIGHT.

9 MR. MOYE: YOUR HONOR, MAY THE RECORD REFLECT THE  
10 WITNESS HAS IDENTIFIED THE DEFENDANTS GEORGE AND VIRGINIA HIGH?

11 THE COURT: ALL RIGHT.

12 BY MR. MOYE:

13 Q. MR. JOHNSON, AFTER MR. HIGH PULLED OUT THE STACKS OF MONEY  
14 GIVEN TO YOU, WAS THERE ANY MONEY LEFT IN THE BRIEFCASE?

15 A. AS I RECALL THERE WAS.

16 Q. DO YOU HAVE ANY WAY OF KNOWING HOW MUCH?

17 A. NO.

18 MR. MOYE: THANK YOU, MR. JOHNSON.

19 YOUR HONOR, THOSE ARE ALL THE QUESTIONS ON DIRECT  
20 EXAMINATION.

21 THE COURT: MR. MORRISON?

22 MR. MORRISON: IF I MIGHT HAVE JUST A MOMENT.

23 CROSS-EXAMINATION

24 BY MR. MORRISON:

25 Q. MR. JOHNSON, MY NAME IS BILL MORRISON, AND I REPRESENT

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1 GEORGE HIGH.

2 WHEN YOU COMPLETED THIS TRANSACTION WITH MR. HIGH,  
3 DID YOU PREPARE OR FILL OUT A CASH TRANSACTION REPORTING FORM?

4 A. WE DID NOT. OUR CPA FIRM DID.

5 Q. AND WAS IT FILED WITH THE APPROPRIATE AUTHORITIES?

6 A. I ASSUME IT WAS, YES.

7 Q. NOW, HOW LONG BETWEEN THE TIME WAS IT, BETWEEN THE TIME YOU  
8 PURCHASED PART OF THE MORTGAGE FROM, I BELIEVE IT WAS MR.  
9 KEITH, BEFORE YOU ACTUALLY TALKED WITH EITHER ONE OF THE HIGHS?

10 A. NOT VERY LONG, TWO OR THREE WEEKS.

11 Q. FROM THAT POINT ON IT WAS APPROXIMATELY HOW LONG BEFORE  
12 YOU WENT THROUGH THE TRANSACTION WHERE THEY PAID OFF THE  
13 MORTGAGE?

14 A. WE PURCHASED IT ON FEBRUARY 19TH. I SAW THE ARTICLE THE  
15 WEEK OF MARCH 4TH. THEY ENTERED IN THE AGREEMENT IN MAY AND  
16 THEY PAID IT OFF IN AUGUST.

17 MR. MORRISON: THANK YOU.

18 THE COURT: MR. ABBOTT?

19 CROSS-EXAMINATION

20 BY MR. ABBOTT:

21 Q. MR. JOHNSON, VERY BRIEFLY.

22 SO I UNDERSTAND, THE BALANCE DUE ON THE RIVER SOUND  
23 PROPERTY WAS APPROXIMATELY \$114,000?

24 A. THE BALANCE DUE.

25 Q. FOR YOUR PART?



1 A. THAT IS CORRECT.

2 Q. AND THE DAY THAT MR. AND MRS. HIGH CAME IN TO PAY, I  
3 UNDERSTAND THEY GAVE YOU A CASHIER'S CHECK FOR 6,000 PLUS,  
4 12,000 PLUS, AND 56,000, MORE OR LESS; IS THAT CORRECT?

5 A. THAT IS CORRECT.

6 Q. AND THEN MR. HIGH PRODUCED A SUITCASE IN WHICH HE -- WELL,  
7 MY UNDERSTANDING OF YOUR TESTIMONY IS THAT VIRGINIA HIGH WROTE  
8 OUT A PERSONAL CHECK FOR THE 34,000 PLUS; THAT WAS THE BALANCE  
9 OF THAT 114?

10 A. BALANCE LACKING \$5,595.

11 Q. AND THEN THEY GAVE THAT TO YOU AND YOU ACTUALLY GAVE IT  
12 BACK TO THEM, AND THEY IN A SENSE SERVED AS A BANK AND CASHED  
13 IT FOR YOU. IS THAT WHAT HAPPENED?

14 A. I INDICATED I WOULD NOT ACCEPT A PERSONAL CHECK FOR 30  
15 SOMETHING THOUSAND DOLLARS, AND THEY SAID YOU DON'T HAVE TO, WE  
16 ARE GOING TO CASH IT FOR YOU.

17 Q. SO IN FACT THAT'S WHAT HAPPENED? SHE GAVE YOU A CHECK AND  
18 YOU GAVE IT BACK TO HER, AND THEY GAVE YOU THIS 34,000 PLUS IN  
19 CASH?

20 A. YES.

21 Q. DID YOU ASK ANY QUESTIONS ABOUT THE CASH, LIKE WHERE DID  
22 YOU GET THIS, WHERE IS IT FROM?

23 A. I BELIEVE I DID JOKINGLY AND NOT JOKINGLY. BUT THERE WAS  
24 NO REAL ANSWER, YOU KNOW. I NEVER HAD A CASH TRANSACTION  
25 ANYWHERE NEAR THIS SIZE BEFORE AND I WAS A LITTLE BIT SURPRISED

1 SOMEBODY WOULD BE WALKING AROUND WITH THAT KIND OF CASH.

2 Q. YOU DID IT JOKINGLY, BUT YOU WERE NOT EXACTLY SURE WHETHER  
3 YOU WERE SERIOUS OR NOT?

4 A. NO, NOT THAT. IN THAT JOKINGLY LIKE WHEN I CALLED MY  
5 SECRETARY TO COME IN AND HELP COUNT A BRIEFCASE FULL OF MONEY,  
6 IT WASN'T AMUSING, IT WAS SURPRISING.

7 Q. BUT OBVIOUSLY YOU TOOK THE MONEY?

8 A. WE WERE HAPPY TO GET THE MONEY.

9 Q. YOU DIDN'T FEEL LIKE YOU WERE DOING ANYTHING ILLEGAL?

10 A. ABSOLUTELY NOT. THEY OWED THE MONEY AND THEY PAID THE  
11 MONEY, AND WE UNDER THE CIRCUMSTANCES OF THE PROPERTY BEING  
12 TRANSFERRED AND GEORGE HIGH BEING BANKRUPT, WE WERE HAPPY WE  
13 DIDN'T HAVE TO LITIGATE THAT.

14 Q. AND IN FACT CASH IS LEGAL TENDER?

15 A. THE BEST KIND.

16 Q. BEST KIND. YOU TESTIFIED THAT YOU BELIEVE YOUR ACCOUNTANT  
17 FILE A CTR?

18 A. YES, HE INDICATED HE DID, YES.

19 Q. AND THAT WOULD HAVE IDENTIFIED THE PARTIES AND THE AMOUNT  
20 OF MONEY AND SO FORTH AND SO ON; IS THAT CORRECT?

21 A. I HAVE NOT SEEN THE FORM. AFTER WE DID THE CASH  
22 TRANSACTION, WE TALKED WITH HIM AND HE KNEW THE FORM THAT WOULD  
23 NEED TO BE FILED AND WE LATER VERIFIED THAT HE FILED IT.

24 MR. ABBOTT: THOSE ARE MY QUESTIONS.

25 THE COURT: ANYONE ELSE HAVE ANY QUESTIONS?