



# Oregon

Theodore R. Kulongoski, Governor

## Public Utility Commission

550 Capitol St NE, Suite 215

Mailing Address: PO Box 2148

Salem, OR 97308-2148

### Consumer Services

1-800-522-2404

Local: (503) 378-6600

### Administrative Services

(503) 373-7394

February 18, 2010

OREGON PUBLIC UTILITY COMMISSION  
ATTENTION: FILING CENTER  
PO BOX 2148  
SALEM OR 97308-2148

RE: **Docket No. WJ 8** - In the Matter of CROOKED RIVER RANCH WATER  
COMPANY Investigation Pursuant to ORS 756.515 to Determine  
Jurisdiction.

Enclosed for electronic filing in the above-captioned docket is the Public Utility  
Commission Staff's Initial Testimony, CORRECTED Exhibit 302.

*/s/ Lois Meerdink*

Lois Meerdink

Regulatory Operations Division

Filing on Behalf of Public Utility Commission Staff

(503) 378-8959

Email: lois.meerdink@state.or.us

c: WJ 8 Service List - parties

**CERTIFICATE OF SERVICE**

**WJ 8**

I certify that I have this day served the foregoing document upon all parties of record in this proceeding by delivering a copy in person or by mailing a copy properly addressed with first class postage prepaid, or by electronic mail pursuant to OAR 860-13-0070, to the following parties or attorneys of parties.

Dated at Salem, Oregon, this 18th day of February, 2010.

*Is/Lois Meerdink*

---

Lois Meerdink  
Public Utility Commission  
Regulatory Operations  
550 Capitol St NE Ste 215  
Salem, Oregon 97301-2551  
Telephone: (503) 378-8959

WJ 8  
Service List (Parties)

<b>CROOKED RIVER RANCH HOA</b>  FRANK FERRARO PRESIDENT	5195 SW CLUBHOUSE RD CROOKED RIVER OR 97760 info@crookedriverranch.com
<b>CROOKED RIVER RANCH WATER CO</b>  BRIAN ELLIOTT PRESIDENT, BOARD OF DIRECTORS	PMP 313 - 1604 S HWY 97 #2 REDMOND OR 97756
<b>DEPARTMENT OF JUSTICE</b>  JASON W JONES ASSISTANT ATTORNEY GENERAL	REGULATED UTILITY & BUSINESS SECTION 1162 COURT ST NE SALEM OR 97301-4096 jason.w.jones@state.or.us
<b>GLENN, SITES, REEDER &amp; GASSNER, LLP</b>  TIMOTHY GASSNER	205 SE 5TH ST. MADRAS OR 97741 tingassner@gmail.com
<b>HARRANG LONG GARY RUDNICK PC</b>  C. ROBERT STERINGER	1001 SW FIFTH AVENUE 16TH FLOOR PORTLAND OR 97204 bob.steringer@harrang.com
<b>PUBLIC UTILITY COMMISSION OF OREGON</b>  MICHAEL DOUGHERTY	PO BOX 2148 SALEM OR 97308-2148 michael.dougherty@state.or.us

CASE: WJ 8  
WITNESS: Michael Dougherty

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**RECEIVED**  
**FEB 19 2010**

Public Utility Commission of Oregon  
Administrative Hearings Division

HARD COPY OF ELECTRONIC  
DOCUMENT(S) RECEIVED

2-18-10

**STAFF EXHIBIT 302**

**Exhibit in Support of Testimony**

**February 16, 2010**

1  
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Sent From  
Charles Nichols

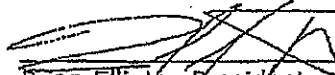
**DATE:** June 27, 2006  
**TO:** Board of Directors  
Crooked River Ranch Water Company  
**FROM:** James H. Rooks  
General Manager/Operations Manager  
**SUBJECT: DISSOLUTION OF CROOKED RIVER RANCH WATER CO.  
ORGANIZATION OF CROOKED RIVER RANCH WATER  
COOPERATIVE**

**Issue:** The CRRWC is, at this time, on record with the State of Oregon as being formed as a nonprofit, mutual benefit corporation, organized under Chapter 65 of the Oregon Revised Statutes. The Board of Directors of the CRRWC, after exhaustive investigation, have found that it is in the best interest of the members to form Crooked River Ranch Water as a cooperative. We have also been advised by our accountant, Wes Price, that we are listed as a 501 c 12 with the IRS, which is a cooperative. By organizing as a co-op, it gives the members of this co-op more participation in the operation of this company. Our attorneys, Dave Glenn and Tim Gassner, contacted the Secretary of States office and was advised that the simplest way to change our status is to dissolve our current company and refile our Articles of Incorporation under ORS Chapter 62, Cooperatives.

**Recommendation:** The attorneys, Dave Glenn and Tim Gassner, have recommended that Crooked River Ranch Water Company be dissolved with the dissolution contingent and conditioned upon the Cooperative being established. The current assets are to be transferred to the cooperative and all operations of the company will continue. The Articles of Incorporation will be filed with the Secretary of States office, and once completed, the company will be known as the Crooked River Ranch Water Cooperative.

**Resolution:** The Board of Directors agree with the attorney's recommendation to dissolve the current company and proceed with the establishment of the Crooked River Ranch Water Cooperative.

**APPROVED:**

  
\_\_\_\_\_  
Brian Elliott, President

Date: 6/29/06

  
\_\_\_\_\_  
Richard Miller, Secretary/Treasurer

Date: 6/29/06

John Combs  
John Combs, Director

Date: 6-29-06

Rick Keen  
Rick Keen, Director

Date: 6-29-06

Randy Scott  
Randy Scott, Director

Date: 6/29/06



Page 01



Phone: (503) 988-2200  
Fax: (503) 378-4381

Articles of Dissolution—Business/Professional/Nonprofit

Secretary of State  
Corporation Division  
255 Capitol St. NE, Suite 151  
Salem, OR 97310-1327  
FilingInOregon.com

Check the appropriate box below:

- BUSINESS/PROFESSIONAL CORPORATION  
(Complete only 1, 2, 3, 7, 8)
- NONPROFIT CORPORATION  
(Complete only 1, 4, 5, 6, 7, 8)

FILED

JUL - 5 2006

OREGON  
SECRETARY OF STATE

REGISTRY NUMBER: 120921-10

In accordance with Oregon Revised Statute 192.410-192.490, the information on this application is public record. We must release this information to all parties upon request and it will be posted on our website.

For office use only

Please Type or Print Legibly in Black Ink. Attach Additional Sheet if Necessary.

1) NAME OF CORPORATION Crooked River Ranch Water Company

BUSINESS/PROFESSIONAL CORPORATION ONLY

COMPLETE SECTION 2 OR 3 BELOW

2) None of the corporation's shares has been issued and the corporation has not commenced business. No debt of the corporation remains unpaid. A majority of the incorporators or initial directors authorized this dissolution.

DATE OF INCORPORATION \_\_\_\_\_

3) CHECK THE APPROPRIATE STATEMENT

- All shareholders entitled to vote consented in writing to the dissolution.
- Shareholder vote on the resolution to dissolve was as follows and the number of votes cast in favor of dissolution was sufficient for approval.

Class or series of shares	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST

DATE DISSOLUTION WAS AUTHORIZED \_\_\_\_\_

NONPROFIT CORPORATION ONLY

4) DATE DISSOLUTION WAS AUTHORIZED 6-29-06

The dissolution was approved by a sufficient vote of the board.

5) CHECK THE APPROPRIATE STATEMENT

Approval of members was not required and dissolution was approved by a sufficient vote of the board of directors or incorporators.

Membership approval was required. The vote was as follows:

Class(es) entitled to vote	Number of members entitled to vote	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST

6) NOTICE OF DISSOLUTION

Public benefit and religious corporations: A notice of dissolution has been sent to the Attorney General by the corporation.

7) EXECUTION  
Signature

Printed Name

Brian Elliott

Title

President

HS 07/5/06

8) CONTACT NAME (To resolve questions with this filing.)

James Rocks

DAYTIME PHONE NUMBER (Include area code.)

541-923-1041

FEES

Required Processing Fee \$50

Confirmation Copy (Optional) \$5

Processing Fees are nonrefundable.

Please make check payable to "Corporation Division."

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Fees may be paid with VISA or MasterCard. The card number and expiration date should be submitted on a separate sheet for your protection.

10/11/02



Phone: (503) 986-2200  
Fax: (503) 378-4381

**Restated Articles of Incorporation—Business/Professional/Nonprofit**

Secretary of State  
Corporation Division  
255 Capitol St. NE, Suite 151  
Salem, OR 97310-1327  
FilingInOregon.com

Check the appropriate box below:

- BUSINESS/PROFESSIONAL CORPORATION  
(Complete only 1, 2, 3, 4, 6, 7)
- NONPROFIT CORPORATION  
(Complete only 1, 2, 3, 5, 6, 7)

**FILED**

**JUL - 5 2006**

**OREGON**

**SECRETARY OF STATE**

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REGISTRY NUMBER: 369998-94

In accordance with Oregon Revised Statute 192.410-192.490, the information on this application is public record. We must release this information to all parties upon request and it will be posted on our website.

Please Type or Print Legibly in Black Ink. Attach Additional Sheet if Necessary.

- 1) NAME OF CORPORATION PRIOR TO AMENDMENT Crooked River Water Cooperative
- 2) NEW NAME OF THE CORPORATION (if changed) \_\_\_\_\_
- 3) A COPY OF THE RESTATED ARTICLES MUST BE ATTACHED

**BUSINESS/PROFESSIONAL CORPORATION ONLY**

4) CHECK THE APPROPRIATE STATEMENT

The restated articles contain amendments which do not require shareholder approval. The date of the adoption of the amendments and restated articles was \_\_\_\_\_  
These amendments were duly adopted by the board of directors.

The restated articles contain amendments which require shareholder approval. The date of the adoption of the amendments and restated articles was \_\_\_\_\_  
The vote of the shareholders was as follows:

Class or series of shares	Number of shares outstanding	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST

The corporation has not issued any shares of stock. Shareholder action was not required to adopt the restated articles. The restated articles were adopted by the incorporators or by the board of directors.

**NONPROFIT CORPORATION ONLY**

5) CHECK THE APPROPRIATE STATEMENT

The restated articles contain amendments which do not require membership approval. The date of the adoption of the amendments and restated articles was 7-5-06. These amendments were duly adopted by the board of directors.

The restated articles contain amendments which require membership approval. The date of the adoption of the amendments and restated articles was \_\_\_\_\_  
The vote of the members was as follows:

Class(es) entitled to vote	Number of members entitled to vote	Number of votes entitled to be cast	Number of votes cast FOR	Number of votes cast AGAINST

6) EXECUTION

Signature: [Signature] Printed Name: James Root Title: Sec. Mary

7) CONTACT NAME (To resolve questions with this filing.)

DAYTIME PHONE NUMBER (include area code.)

James Root 541-983-1041

**FEES**

Required Processing Fee \$50  
Confirmation Copy (Optional) \$5  
Processing Fees are nonrefundable.

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## Business Registry Business Name Search

[New Search](#)

Business Entity Data

05-23-2007  
10:18

Registry Nbr	Entity Type	Entity Status	Jurisdiction	Registry Date	Duration Date	Renewal Date
369998-94	DLOOP	ACT	OREGON	07-05-2006		07-05-2007
<b>Entity Name</b>	CROOKED RIVER RANCH WATER COOPERATIVE					
<b>Foreign Name</b>						

[New Search](#)

Associated Names

*Please click [here](#) for general information about registered agents and service of process.*

Type	AGT REGISTERED AGENT			Start Date	07-05-2006	Resign Date	
<b>Name</b>	JAMES		ROOKS				
<b>Addr 1</b>	13845 SW COMMERCIAL LP						
<b>Addr 2</b>							
<b>CSZ</b>	CROOKED RIVER RANCH	OR	97760		<b>Country</b>	UNITED STATES OF AMERICA	

Type	MAL MAILING ADDRESS						
<b>Addr 1</b>	PO BOX 1388						
<b>Addr 2</b>							
<b>CSZ</b>	CROOKED RIVER RANCH	OR	97760		<b>Country</b>	UNITED STATES OF AMERICA	

[New Search](#)

Name History

Business Entity Name	Name Type	Name Status	Start Date	End Date
CROOKED RIVER RANCH WATER COOPERATIVE	EN	CUR	07-05-2006	

Please read before ordering [Copies](#).[New Search](#)

Summary History

Image Date	Action	Transaction Date	Effective Date	Status	Name/Agent Change	Dissolved By
07-05-2006	RESTATED ARTICLES	07-05-2006		FI		
07-05-2006	ARTICLES OF INCORPORATION	07-05-2006		FI	Agent	

CERTIFICATE

# State of Oregon

OFFICE OF THE SECRETARY OF STATE  
Corporation Division

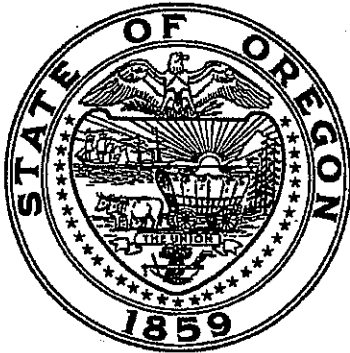
I, **BILL BRADBURY**, Secretary of State of Oregon, and Custodian of the Seal of said State, do hereby certify:

*That the attached Document File for:*

**CROOKED RIVER RANCH WATER COOPERATIVE**

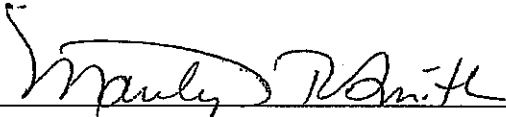
*is a true copy of the original documents  
that have been filed with this office.*

 **COPY**



*In Testimony Whereof, I have hereunto set  
my hand and affixed hereto the Seal of the  
State of Oregon.*

*BILL BRADBURY, Secretary of State*

By   
Marilyn R. Smith  
July 19, 2006

pg 01



Phone: (503) 986-2200  
Fax: (503) 378-4381

Articles of Incorporation—Cooperative

Secretary of State  
Corporation Division  
255 Capitol St. NE, Suite 151  
Salem, OR 97310-1327  
FilingInOregon.com

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**JUL - 5 2006**

**OREGON  
SECRETARY OF STATE**

REGISTRY NUMBER: 309998-94  
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In accordance with Oregon Revised Statute 192.410-192.490, the information on this application is public record. We must release this information to all parties upon request and it will be posted on our website.

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Please Type or Print Legibly in Black Ink. Attach Additional Sheet if Necessary.

1) NAME OF COOPERATIVE Crooked River Ranch Water Cooperative

2) REGISTERED AGENT  
James Rooks

8) MEMBERSHIP STOCK  
 A. If there is no membership stock, state the amount of the membership fee and the limitations, if any, on the transfer of membership.

3) REGISTERED AGENT'S PUBLICLY AVAILABLE ADDRESS (Must be an Oregon Street Address, which is identical to the registered agent's business office. Must include city, state, zip; No PO Boxes.)  
13845 SW Commercial Lp.  
Crooked River Ranch, OR 97760

\$150 membership fee. No transfer of membership allowed.

4) MAILING ADDRESS FOR NOTICES  
PO Box 1388  
Crooked River Ranch, OR 97760

B. If there is membership stock, state the classes of stock and the limitations on transfer, if any, applicable to such stock.  
No membership stock

5) NUMBER OF DIRECTORS CONSTITUTING THE INITIAL BOARD OF DIRECTORS  
5

9) BASIS OF DISTRIBUTION OF ASSETS (In the Event of Dissolution or Liquidation.)

6) PURPOSE FOR WHICH COOPERATIVE IS ORGANIZED  
CRRWC is a nonprofit organization organized for the express purpose of supplying potable & irrigation water to its members

In case of dissolution, control of the assets & system will revert to the Deschutes Valley Water Dist. while CRRWC is being reorganized. No distribution of assets to be made.

7) CAPITAL STOCK (Indicate the number and par value, if any, of shares of each authorized class of stock. If more than one class is authorized, indicate the designation, preferences, limitation, and relative rights of each class.)  
No capital stock

10) OPTIONAL PROVISIONS (Please attach a separate sheet.)

11) NAME AND ADDRESS OF EACH INCORPORATOR  
SEE ATTACHED LIST

11/00/15/06

12) EXECUTION  
Signature: [Signature]  
Richard Miller

Printed Name  
Brian Elliott  
Rick Keen  
Richard Miller

13) CONTACT NAME (To resolve questions with this filing.)  
James Rooks

DAYTIME PHONE NUMBER (include area code.)  
541-923-1041

FEES	
Required Processing Fee	\$50
Continuation Copy (Optional)	\$5
Processing Fees are nonrefundable	
Please make check payable to "Corporation Division"	
NOTE: Fees may be paid with VISA or MasterCard. The card number and expiration date should be submitted on a separate sheet for your protection.	

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CROOKED RIVER RANCH WATER CO.

*INCORPORATORS*

Rick Keen, Director  
PO Box 1963  
Redmond, OR 97756

Brian Elliott, President  
PMB 313, 1604 S. Hwy 97, #2  
Redmond, OR 97756

John Combs, Director  
8430 SW Crescent Pl.  
Crooked River Ranch, OR 97760

Richard Miller, Secretary/Treasurer  
PO Box 1508  
Terrebonne, OR 97760

Randy Scott, Director  
PO Box 62  
Terrebonne, OR 97760

*JAMES ROOKS  
P.O. Box 1388  
Crooked River Ranch, OR 97760*


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367998-94

CROOKED RIVER RANCH WATER COOPERATIVE  
ARTICLES OF INCORPORATION

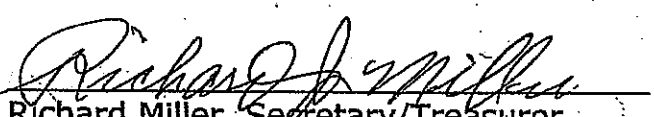
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\_\_\_\_\_  
Brian Elliott, President

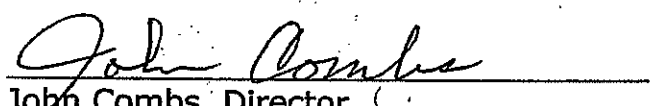
6/29/06  
Date

  
\_\_\_\_\_  
Rick Keen, Vice President

6/29/06  
Date

  
\_\_\_\_\_  
Richard Miller, Secretary/Treasurer


6/29/06  
Date

  
\_\_\_\_\_  
John Combs, Director

6-29-06  
Date

  
\_\_\_\_\_  
Randy Scott, Director

6-29-06  
Date

  
\_\_\_\_\_  
James Rooks, General Manager

6-29-06  
Date

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*Restated*

ARTICLES OF INCORPORATION

CROOKED RIVER RANCH WATER COOPERATIVE

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JUL - 5 2006  
OREGON  
SECRETARY OF STATE

**PURPOSE FOR WHICH COOPERATIVES MAY BE ORGANIZED**

Crooked River Ranch Water Cooperative is a non-profit organization organized for the express purpose of supplying potable and irrigation water to its members.

The Articles of Incorporation are the foundation of this cooperative; the Bylaws are the rules formulated by the Board of Directors and are administered by the management of the cooperative.

**GENERAL POWERS**

To have and exercise all powers necessary or convenient to effect any or all of the purposes for which the cooperative is organized and in compliance with the Oregon Revised Statutes, now existing or hereafter amended (hereinafter referred to as ORS), and with a perpetual duration.

The Board may set rates regarding water service, water, water related service, and future capital expenditures. The Board may set charges for other services related to the operation of the water system. All members of the Cooperative shall pay their water bills on a monthly basis and such other charges as are due and payable upon receipt of the bill. Members who are owners of rental property shall be billed and responsible for payment of water used by said property.

Other powers may be granted the board as needed and specified in the bylaws.

**I. COOPERATIVE NAME**

Let it be known that from the date of filing forward, the company name shall be Crooked River Ranch Water Cooperative.

**II. BYLAWS**

The bylaws of the Crooked River Ranch Water Cooperative may contain any provisions for the regulation and management of the affairs of the cooperative, not inconsistent with the law or the articles of incorporation.

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**III. MEMBERSHIP**

Any person, firm, association, or corporation which owns property within the boundaries of Crooked River Ranch or other adjacent properties then served by the cooperative or must haul water to their property on the Crooked River Ranch, shall be eligible for membership in this cooperative, subject to acceptance of application, payment of the membership fee, and proof of property ownership.

Existing customers at the time the Articles of Incorporation are filed with the State of Oregon, will be considered existing and initial members and will not be required to pay a membership fee.

New customers, applying for membership after the date the Articles of Incorporation are filed with the State of Oregon, will be required to pay a non-refundable membership fee in the amount of \$150.

A certificate of membership will be issued to all members of the Crooked River Ranch Water Cooperative. The certificates will have no monetary value, and will not be transferrable, and this will be stated on the certificate. Each membership certificate entitles the member to one (1) vote, regardless of the number of properties or connections to the water system the member has.

The bylaws may authorize procedures by which the membership fee initially stated in the articles may be changed in accordance with the authority in ORS Chapter 62 without filing amended or restated articles.

**IV. CAPITAL STOCK; MEMBERSHIP STOCK**

Crooked River Ranch Water Cooperative, a non-profit company, will issue no capital or membership stock. There will be no par value shares in Crooked River Ranch Water Cooperative. There is no transferrable stock or shares in the Crooked River Ranch Water Cooperative.

**V. LIMITATION OF LIABILITY OF MEMBERS**

Except for debts lawfully contracted between a member and the cooperative, no member is liable for the acts or debts of the cooperative to an amount exceeding the sum remaining unpaid on the subscription of the member of the cooperative, and the sum remaining unpaid on such member's membership fee if such fee is required by the cooperative.

**VI. MEETINGS OF MEMBERS**

All meetings of the Crooked River Ranch Water Cooperative will be

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held at the principle place of business of the cooperative, unless otherwise provided in the bylaws.

All member and special meetings will only be announced with the monthly billings, except where the ORS's may provide, or as provided for in the bylaws.

Members who abuse the petitioning process, as outlined in the bylaws, will be required to pay for all costs relating to the notification of a meeting and the mail-in ballot process if so required. Payment must be made in advance and the amount will be determined by the management of the cooperative as prescribed in the bylaws.

**VII. VOTING BY MEMBERS**

Members of the Crooked River Ranch Water Cooperative will be entitled to one (1) vote per membership certificate, regardless of the number of lots or service connections they have.

The board may cause to be submitted by mail-in ballot any question to be voted on at any member meeting, including the election of directors. In such event the secretary shall mail to each member along with the notice of the meeting, the ballot on each such question and a voting envelope. The ballot may be cast only in a sealed envelope which is authenticated by the member's signature. A vote so cast shall be counted as if the member were present and voting in person.

Members shall not vote by proxy; but a member that is a corporation, association or partnership may designate a representative to cast its vote. That designee must be a member of the cooperative.

The bylaws may set forth provisions, not inconsistent with the ORS's, relating to the methods and procedures for voting.

Whenever the articles require the vote of a greater proportion of the members than required by the ORS's, the articles shall control.

**VIII. COMMITTEES**

No committee may be formed in the cooperative except under the direction of the Articles of Incorporation. Formation of any committee in this cooperative can only be achieved by a mail-in ballot vote with a 51% affirmative vote of the entire membership. If 51% vote to appoint a committee, it is the Board of Directors responsibility to appoint the committee. No committee may exceed three members. Committees are to make all recommendations to the Board of Directors and any and all information is to be held confidential. It is the Board of Directors discretion whether to accept and act upon the committee's recommendation, or to put

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it to the vote of the membership.

**IX. QUORUM OF MEMBERS**

In the Crooked River Ranch Water Cooperative, a quorum consists of 51% affirmative vote of the total members in matters of changes to the Articles of Incorporation; formation of committees, and removal of a director by members. For the purposes of amendments to the bylaws, 50% of the total membership must cast a ballot, and 2/3 of those must be in the affirmative in order for the amendment to be adopted. All voting shall take place by mail-in ballot for regular or special meetings.

**X. BOARD OF DIRECTORS**

Directors must be a member of the cooperative and a natural person. The Board of Directors will consist of not less than three (3) and not more than five (5) directors. The quorum is the majority vote of the directors.

At least one director must be from the commercial district of Crooked River Ranch with an exception allowance as outlined in the bylaws.

A member of the cooperative shall be ineligible to serve on the Cooperative Board of Directors if that member shall at the same time be serving as an officer or director of either the Crooked River Ranch Club and Maintenance Association, the Crooked River Ranch Rural Fire Protection District, the Crooked River Ranch Special Road District, the Crooked River Ranch Chamber of Commerce, or any elected or appointed position with Jefferson County

Any qualified member of the Crooked River Ranch Water Cooperative may apply for a Board of Director position following the process outlined in the bylaws..

The members may remove one or more directors elected by them only with cause, as outlined in the bylaws, and the board member(s) have had an opportunity to respond to the allegations.

A quorum shall be fifty-one percent (51%) affirmative vote of the entire membership of the Cooperative and shall be required at a duly called annual, general or special meeting before transaction of business on which the membership may vote, except for the election of directors, who shall be elected by a majority of mailed-in ballots.

**XI. DIRECTORS' MEETING BY CONFERENCE TELEPHONE OR SIMILAR COMMUNICATIONS EQUIPMENT**

Any meeting held by the Board of Directors or a committee appointed

by the Board of Directors, that is held by means of conference telephone or similar communications equipment, must be held at the principle place of business of the cooperative and may be recorded.

**XII. TAKING ACTION WITHOUT MEETING**

Any action taken by the members without a meeting of the members must require a 51% affirmative vote of the entire membership. The voting requirements as outlined in these articles and the bylaws must be followed.

**XIII. VOTING REQUIREMENTS OF ARTICLES**

The articles of incorporation of the cooperative requires 51% affirmative vote of all members except for dissolution of company, which will require 2/3 affirmative vote of the entire membership.

**XIV. APPORTIONMENT AND DISTRIBUTION OF NET PROCEEDS OR SAVINGS OR NET LOSSES**

No proceeds from this non-profit cooperative will be apportioned to any member as all proceeds will go to the continuing operation of this cooperative.

**XV. PAYMENTS IN NAME OF DECEASED OWNER OF CAPITAL CREDITS OR RETAINS IN COOPERATIVE**

Each member who has a membership certificate is entitled to one (1) vote in the cooperative. These memberships are non-transferrable. If, in the event the member should be deceased, their surviving beneficiary must complete a new application form for a new membership certificate. The existing membership will be deleted. If the surviving beneficiary is the spouse or partner or a natural child, the \$150 membership fee will be waived. All other beneficiaries will be required to pay the membership fee. Exceptions may be granted on an individual basis upon application to the Board of Directors, as outlined in the bylaws.

**XVI. SALE OR OTHER DISPOSITION OF ENTIRE ASSETS**

A "substantial" part of this company would consist of 75% or more of its assets, and must be voted on and approved by 2/3 of the members, in the event of a sale or disposition of the cooperatives assets.

**XVII AUTHORITY TO INDEMNIFY DIRECTOR**

All directors and employees of this cooperative shall be indemnified as outlined in the ORS's.

**ADVANCE FOR EXPENSES**

Any or all reimbursements for reasonable expenses incurred by a director may be paid for by this cooperative by resolution of the Board of Directors. Advancement limits and procedures will be identified in the bylaws.

**XVIII RIGHT TO AMEND ARTICLES OF INCORPORATION**

The Board of Directors shall adopt a resolution setting forth the proposed amendment and directing that it be submitted to a vote of the members of the cooperative following the procedures outlined in the ORS's. A quorum vote of 51% of the entire membership voting in favor of the amendment is required to determine if the amendment shall be adopted.

**XIX RESTATED ARTICLES**

In order to restate the articles of this cooperative, a mail-in ballot vote with a 51% affirmative vote of the entire membership shall be required.

**XX VOLUNTARY DISSOLUTION/REORGANIZATION BY ACT OF COOPERATIVE**

In order for the Crooked River Ranch Water Cooperative to voluntarily reorganize or dissolve, the Board of Directors shall adopt a resolution directing that the question of reorganization/dissolution be submitted to a vote of the members, following the procedures outlined in the ORS's. Adoption of the resolution shall be by affirmative vote of two-thirds (2/3) of the membership.

No part of the net earnings of the cooperative shall inure to the benefit of any member, trustee, officer, or private individual, except that reasonable compensation may be paid for services rendered to or for the cooperative affecting one or more of its purposes, and no member, trustee, officer or any private individual shall be entitled to share in the distribution of any of the cooperative assets on dissolution of the cooperative. If the cooperative should be dissolved, then control of the assets and system shall revert to Deschutes Valley Water District, a domestic water district of the State of

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Oregon, for an interim period of time while reorganization of the Crooked River Ranch Water Cooperative is being developed.

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CROOKED RIVER RANCH WATER CO.

BOARD OF DIRECTORS

XXI

Rick Keen, Director  
PO Box 1963  
Redmond, OR 97756

Brian Elliott, President  
PMB 313, 1604 S. Hwy 97, #2  
Redmond, OR 97756

John Combs, Director  
8430 SW Crescent Pl.  
Crooked River Ranch, OR 97760

Richard Miller, Secretary/Treasurer  
PO Box 1508  
Terrebonne, OR 97760

Randy Scott, Director  
PO Box 62  
Terrebonne, OR 97760


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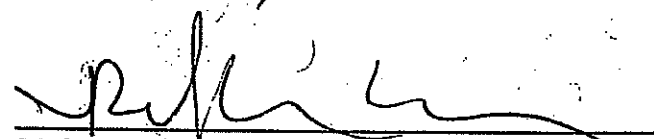
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CROOKED RIVER RANCH WATER COOPERATIVE  
ARTICLES OF INCORPORATION


SIGNATURE PAGE

  
\_\_\_\_\_  
Brian Elliott, President

6/29/06  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Rick Keen, Vice President


6/29/06  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Richard Miller, Secretary/Treasurer

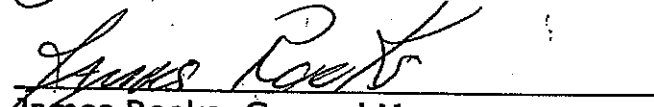
6/29/06  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
John Combs, Director

6-29-06  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Randy Scott, Director

6-29-06  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
James Rooks, General Manager

6-29-06  
\_\_\_\_\_  
Date

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IN THE CIRCUIT COURT OF THE STATE OF OREGON  
FOR THE COUNTY OF JEFFERSON

CHARLES NICHOLS, PETER NEUFELD,  
LAURENCE ROBBINS, RICHARD CARNER,  
DENNIS KIRK, HAROLD LEE, JIMMY  
QUIRICONI, KEITH BUCKLEY, ROBERT  
RANDIS, BARBARA ROBERTS, CHARLIE  
VAWTER, PENNY PIAZZA, MARY ANN  
CROSSLEY, SHERIDAN LOSTER, GEORGE  
BENTLEY, WILBUR DURFEE, STAN KIRK,  
JAMES McCAWLEY, DALTON CLARK, MIKE  
DRUMM, DON BLACK, JACK C. DEWING,  
KEVIN SMITH, KAREN SINIZER and  
RONALD MEISNER,

Plaintiffs,

vs.

CROOKED RIVER RANCH WATER  
COMPANY, an Oregon non-profit  
corporation; CROOKED RIVER RANCH  
WATER COOPERATIVE, an Oregon  
cooperative; RICHARD A. KEEN, JR.,  
RANDOLPH M. SCOTT, BRIAN A. ELLIOTT,  
and RICHARD J. MILLER, in their  
capacity as board members of the  
Crooked River Ranch Water Company  
and the Crooked River Ranch Water  
Cooperative; JOHN COMBS, in his  
capacity as a board member of the  
Crooked River Ranch Water Company;  
JAMES H. ROOKS, in his capacity as  
general manager of the Crooked River  
Ranch Water Company and as a board  
member of the CROOKED RIVER RANCH  
WATER COOPERATIVE; and the OREGON  
PUBLIC UTILITY COMMISSION, an  
administrative agency of the State  
of Oregon,

Defendants.

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Case No. 09CV0049

DEPOSITION OF JAMES H. ROOKS  
MONDAY, FEBRUARY 8, 2010  
CROOKED RIVER RANCH, OREGON

1 (Caption continued)  
2 STATE OF OREGON, by and through  
3 John R. Kroger, Attorney General,

4 Intervenor-Plaintiff

5 vs.

6 CROOKED RIVER RANCH WATER COMPANY,  
7 an Oregon non-profit corporation;  
8 CROOKED RIVER RANCH WATER  
9 COOPERATIVE, an Oregon cooperative;  
10 RICHARD A. KEEN JR., RANDOLPH M.  
11 SCOTT, BRIAN A. ELLIOTT, RICHARD J.  
12 MILLER, JOHN COMBS, and JAMES H.  
13 ROOKS,

14 Defendants.

15 \_\_\_\_\_ /  
16 Case No. 09CV0049

17 DEPOSITION OF JAMES H. ROOKS,

18 taken on behalf of Plaintiffs and Intervenor Plaintiff,  
19 pursuant to notice, at 13845 SW Commercial Loop, Crooked  
20 River Ranch, Oregon, before Deborah Fleischer, Shorthand  
21 Reporter for Around the Bend Court Reporting Service and  
22 Notary Public for the State of Oregon.  
23  
24  
25

A P P E A R A N C E S

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For the Plaintiffs:

CABLE HUSTON BENEDICT HAAGENSEN & LLOYD LLP  
BY TOMMY A. BROOKS  
1001 SW 5th Avenue  
Suite 2000  
Portland, Oregon 97204

For the Defendants:

GLENN SITES REEDER & GASSNER LLP  
BY TIMOTHY R. GASSNER  
205 SE 5th Street  
Madras, Oregon 97741

For the Intervenor-Plaintiff State of Oregon:

Oregon Department of Justice  
BY ALBERT C. DEPENBROCK  
1162 Court Street NE  
Salem, Oregon 97301-4096

Also present:

John Combs, Barbara Oakley, Bert Platz,  
Jacquelyn Rooks

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1 CROOKED RIVER RANCH, OREGON; MONDAY, FEBRUARY 8, 2010;

2 9:05 A.M.

3 JAMES H. ROOKS,

4 having been first duly sworn, was

5 examined and testified as follows:

6 EXAMINATION

7 BY MR. DEPENBROCK:

8 Q Can you state your name, please.

9 A James Rooks.

10 Q Middle name or initial?

11 A H.

12 Q Mr. Rooks, I understand you might have had your  
13 deposition taken a time or two in the past. Is that true?

14 A That's true.

15 Q So you probably heard all of this, but I do  
16 need to have you tell me -- I need you to answer questions  
17 audibly. Do you understand that?

18 A Yes.

19 Q And if you don't hear a question, I need you to  
20 tell me that you don't hear. Is that okay?

21 A I am having a hard time hearing you now.

22 Q Can we move the tables closer together?

23 A No, we're okay. I'll let you know if I can't  
24 hear you.

25 Q Will you do that for me, please?

1 A Yes.

2 Q And if you don't understand one of my  
3 questions, will you tell me you don't understand?

4 A I will do that.

5 Q So if I get an answer from you today, I can  
6 take from that answer that it's the best most complete and  
7 truthful answer that you can give me according to your  
8 ability today. Is that fair?

9 A As of this time, yes.

10 Q Tell me a little about your background. Where  
11 were you born? Where did you go to school?

12 A What's all that got to do with this case?

13 Q I'm asking the questions. Tell me where you  
14 are from and give me some of your background, please, sir.

15 A Born in St. Louis, Missouri 1946.

16 Q And where did you go to school?

17 A Sainte Genevieve, Missouri.

18 Q Did you graduate from high school?

19 A Yes.

20 Q What year did you graduate?

21 A In the Navy I got a GED.

22 Q Tell me about your military service. Did you  
23 serve in the military? It sounds like you did?

24 A United States Navy, six years.

25 Q What did you do in the Navy?



27

1           A       Fought in Vietnam, three tours in Vietnam.  
2           Q       And what were you doing there?  
3           A       I was on the USS Enterprise.  
4           Q       For three tours?  
5           A       Yes.  
6           Q       Did you get any awards or decorations for your  
7 service in Vietnam?  
8           A       Yes.  
9           Q       What did you get?  
10          A       I don't remember.  
11          Q       Did you get any negative treatment? Did you  
12 get an honorable discharge or what other kind of --  
13          A       Honorable discharge.  
14          Q       And any negative military record?  
15          A       No.  
16          Q       Since you had your GED, have you had any other  
17 formal education?  
18          A       Yes.  
19          Q       What did you have?  
20          A       Attended some college courses, went to some  
21 specialized training.  
22          Q       What college courses did you attend?  
23          A       A bunch of them. I don't remember. That was  
24 35 years ago.  
25          Q       But nothing -- no college courses more recently

1 than 35 years ago?

2 A Yes. I took some engineering courses out of  
3 southern California in the last five or six years.

4 Q What courses were those?

5 A Water related.

6 Q Do you have any further description?

7 A Water distributor one.

8 Q A water distributor one?

9 A Yes.

10 Q How long a course was that?

11 A I don't know how long they give you do it. I  
12 did it in about a month.

13 Q Did you do it in residence or did you do it  
14 from here?

15 A Yes.

16 Q I'm sorry. I asked a double question. Which  
17 one are you answering yes to?

18 A In residence.

19 Q So you went to southern California for about a  
20 month to --

21 A No, I took it here. Correspondence course.

22 Q Correspondence course. So you stayed here.  
23 What institution -- what school provided that course?

24 A I think it was Southern California Engineering  
25 School. I think that's the name of it.

1 Q When did you take that course?

2 A I don't remember what year it was.

3 Q Sometime in the last 10 years?

4 A Yes.

5 Q Sometime while you have been serving as the  
6 general manager of the Crooked River Water Company?

7 A Yes.

8 Q Have you taken any other college courses or  
9 courses of study, any formal education?

10 A Yes.

11 Q And what was that?

12 A I attended UTI for I think it was a year and a  
13 half, wasn't it? A year, year and a half. Something like  
14 that.

15 Q What's UTI?

16 A Universal Technical Institute in Arizona.

17 Q And again what courses were you taking at the  
18 Universal Technical Institute?

19 A Diesel mechanics, refrigeration, transmission.  
20 Allison transmissions. Everything.

21 Q When did you take these courses?

22 A 12, 13 years ago.

23 Q Before you came to work for the Crooked River  
24 Ranch Water Company?

25 A Yes.

1 Q Did you take those at the school in Arizona?

2 A Yes.

3 Q Any other formal education?

4 A I have taken a lot of courses over the past 30  
5 years. I don't remember what they all were.

6 Q But nothing more recently than the UTI course  
7 in Arizona?

8 A Other than the courses I have to take every  
9 year to maintain my rating.

10 Q What courses are those?

11 A They are just water courses.

12 Q And where do you take those courses?

13 A Anywhere in the state of Oregon.

14 Q Where have you taken them?

15 A Sunriver, Salem, Bend, Redmond.

16 Q How long of a course are they?

17 A Some of them are a week long. Some of them are  
18 three, four days long.

19 Q And you have taken one of them at least in  
20 Sunriver, Salem, Bend and Redmond?

21 A Yes.

22 Q Have you taken more than one in any of those  
23 locations?

24 A Yes.

25 Q Which ones?

1           A       I went to Portland a couple of times for cross  
2 connection back flow devices.

3           Q       Any others?

4           A       Not that I can recall.

5           Q       So two in Portland, one in Sunriver, one in  
6 Salem, one in Bend and one in Redmond?

7           A       Something like that.

8           Q       Have you had any other formal education?

9           A       Not that I recall at this time.

10          Q       Could you give me an overview of your work  
11 history. Do I take it that you went into the Navy either  
12 after or during the time you were going to high school?

13          A       Yes. I have been a mechanic most of my life,  
14 run small businesses all my life, plumbing, electrical.  
15 Just general maintenance.

16          Q       Do you have any licenses for say plumbing or  
17 electrical?

18          A       No, I do not.

19          Q       Do you have a contractors license of any kind?

20          A       No, I do not.

21          Q       Have you ever had any of these licenses?

22          A       No, I do not.

23          Q       Have you ever been in trouble with the law?

24          A       Explain.

25          Q       Have you ever been convicted of a crime?

1 A No.

2 Q Including any misdemeanors?

3 A I had a traffic violation a while back. Was  
4 that a misdemeanor? No, I don't think so.

5 Q When did you start work for the water company  
6 and in what capacity?

7 A November of '98 as a mechanic.

8 Q Then how long did that last and what did you do  
9 next?

10 A I have been here ever since.

11 Q When did you take over as the general manager  
12 of the water company?

13 A About the middle of '90 I think it was.

14 Q And how did it occur?

15 A There was a position open, I applied for it and  
16 got hired.

17 Q Are you the one that would be best able to look  
18 at some of these corporate minutes and corporate bylaws and  
19 just identify for me what they are?

20 A Probably.

21 (The document referred to was  
22 marked as Exhibit 1 for identification.)

23 BY MR. DEPENBROCK:

24 Q Let's take a look at some of this stuff. I  
25 have an original exhibit for the witness and a copy for

1 Counsel. I will try to do that with all of these exhibits.  
2 So I have marked this Exhibit No. 1. I believe this is a  
3 copy of the Articles of Incorporation of Crooked River  
4 Water Company that's been provided for me. I'm simply  
5 asking you to identify it if it is or tell me if it's not.

6 A This is the one that started in April 27 of  
7 1977, yes.

8 Q So this is a copy of the Articles of  
9 Incorporation?

10 A Yes, it is.

11 (The document referred to was  
12 marked as Exhibit 2 for identification.)

13 BY MR. DEPENBROCK:

14 Q Exhibit for the witness, a copy for Counsel.  
15 What I am handing you appears to be a Bill of Sale. I took  
16 this as an exhibit off of a complaint that the water  
17 company had filed I believe against the association. I  
18 wonder if you can identify what this is for me. This is  
19 Exhibit 2 that I am referring to. I'm sorry.

20 A This is a Bill of Sale signed I think it says  
21 September 15, 1980. I think that's the date on there. I  
22 can't tell. This is a pretty bad copy. From the Crooked  
23 River Ranch, a limited partnership to Crooked River Ranch  
24 Club and Maintenance January of 1980.

25 Q It appears to be from the Crooked River Ranch

1 Club and Maintenance Association to the Crooked River Ranch  
2 Water Company?

3 A Uh-huh. Yes.

4 Q Is that correct?

5 A Yes.

6 Q And it appears to transfer the water system,  
7 the Crooked River Ranch water system; is that correct?

8 A That's true.

9 Q Is this a copy that is maintained in the  
10 records of the Crooked River Ranch Water Company?

11 A Yes, it is.

12 Q Are there any other documents in the records of  
13 the Crooked River Ranch Water Company transferring the  
14 water system or any other property into the Crooked River  
15 Ranch Water Company?

16 A Not to my knowledge at this time, but I'm not  
17 standing in front of the files. So I don't have the file  
18 in front of me. But as far as I know, this is a copy of  
19 the transfer from the club and maintenance association to  
20 the water company.

21 Q Would it be possible to get the file and check  
22 or is that something we can do during the break and make a  
23 list of some of the things that we would like to see?

24 A Let me ask. Is there any other thing in the  
25 file other than this bill of sale that you know of?



1 MS. OAKLEY: I think that's the only one.

2 THE WITNESS: To the best of my knowledge I  
3 think this is the only one.

4 BY MR. DEPENBROCK:

5 Q Has the water company acquired other land,  
6 other property, other easements over the years? For  
7 example, the land that -- we are sitting in a building here  
8 today on the ranch. Is that something that the water  
9 company has acquired?

10 A Yes.

11 Q Could you tell me the details of those  
12 acquisitions. What was purchased, when was it purchased  
13 and how much was paid for it?

14 A I can't dictate all of it to you right now. I  
15 can give you a general outline of what was bought. I don't  
16 know the dates. I don't know the amounts off the top of my  
17 head.

18 Q Okay. Please give me your general outline.

19 A This land was purchased, the building was  
20 built. The lot next door was -- on the east side of this  
21 was built -- was bought. We bought a lot up on -- I'm  
22 drawing a blank.

23 MS. OAKLEY: Crater Loop.

24 THE WITNESS: Crater Loop to place a well on  
25 it. It's just a bare lot next door.

1 BY MR. DEPENBROCK:

2 Q And then this is a lot that the building is on;  
3 is that correct?

4 A This is a 1.1. I think that's a 1.3 acre lot.

5 Q And how large is the property on Crater Loop?

6 A One acre.

7 Q Any other land that the company has purchased  
8 over the years or acquired?

9 A Yes. They bought the one acre lot that well  
10 four is sitting on or well one now is sitting on and  
11 drilled a well and put it on there.

12 Q So that's four lots?

13 A Yes. At least, yes.

14 Q Any others that you can think of?

15 A No, not to my knowledge.

16 Q And these were all purchased within the last 10  
17 years, were they? Were they here before you were here?

18 A No, in the last 20 years.

19 Q How many have been purchased since you became  
20 general manager?

21 A Two.

22 Q Which ones?

23 A The lot next door and the lot for the new well.

24 Q Has there been any other property, any  
25 easements, anything else that the water company has

1 acquired that you are aware of that the company books show?

2 A We haven't acquired -- well, we did acquire one  
3 easement across a piece of property up here. We paid a guy  
4 1,800 bucks to run a water line across it. We don't own  
5 it, but we just got the easement. That's all we own.

6 Q Could you tell me who you got that from or  
7 where it is?

8 A I can't tell you his name. I think he is dead  
9 now. I don't remember his name now. But it was just a  
10 four inch water main run over to another street. We  
11 crossed his property and we paid him to do that under  
12 advice of our attorney.

13 Q I'm assuming that the land for the building,  
14 the lot to the east, the lot on Crater Loop, the lot for  
15 what is now well number one and the easement are all  
16 recorded transactions?

17 A Yes.

18 Q Are there any others, any other easements, any  
19 other recorded transactions, any other property rights of  
20 any kind that you are aware of that the company has  
21 acquired over the years?

22 A Not at this time. I can't remember at this  
23 time.

24 Q Does the company keep a file or files so that  
25 if you looked in the company records, you might be able to

1 tell for sure?

2 A Yes.

3 Q What is that file called?

4 A I don't know. Probably a property file. It's  
5 in the vault in there. We keep it locked up. All our  
6 deeds and titles and everything is in a vault.

7 Q In this building?

8 A Yes.

9 (The document referred to was  
10 marked as Exhibit 3 for identification.)

11 BY MR. DEPENBROCK:

12 Q I'm showing you what's been marked Exhibit 3  
13 with a copy to Counsel. I'm wondering if you can identify  
14 this document for me. It's a document that was provided to  
15 me purporting to be Articles of Amendment of the Crooked  
16 River Ranch Water Company.

17 A This looks like it was June 28, 1991. Is that  
18 when it was? That's what it looks like to me. Crooked  
19 River Ranch Water Company Articles of Amendment.

20 Q Are these part of the company's -- Crooked  
21 River Ranch articles that you find in your corporate book  
22 and that you keep as part of your corporate records?

23 A I assume so, yes.

24 Q Could we check on that at some point also or  
25 have someone here tell me for sure. One of the things I

1 want to do is just establish this is a document. Maybe  
2 Counsel would agree?

3 A Yes, we can.

4 MR. DEPENBROCK: Off the record for a moment.

5 (Discussion held off the record.)

6 (The document referred to was  
7 marked as Exhibit 4 for identification.)

8 BY MR. DEPENBROCK:

9 Q Back on the record. Showing you what's been  
10 marked Exhibit 4 with a copy to Counsel. It appears to be  
11 board minutes of a special meeting of the board of  
12 directors of November 15, 2000. Can you identify this  
13 document and if we can get agreement that that's what this  
14 is?

15 A Yes. This is just a resolution by the board  
16 appointing John Combs as a director year 2000.

17 Q Did you draft this resolution?

18 A No, I did not.

19 Q Who did?

20 A I don't know.

21 Q And it appears to be signed by Wayne Sutton.

22 A He was the secretary/treasurer at the time,  
23 yes.

24 (The document referred to was  
25 marked as Exhibit 5 for identification.)

1 BY MR. DEPENBROCK:

2 Q I am showing you what I have marked as  
3 Exhibit 5. Again this appears to me to be bylaws of  
4 Crooked River Ranch Water Company 2001. Could you take a  
5 look at this document and tell me if these are copies of  
6 the bylaws adopted by Crooked River Ranch Water Company as  
7 they say in May of 2001?

8 A They seem to be, yes.

9 (The document referred to was  
10 marked as Exhibit 6 for identification.)

11 BY MR. DEPENBROCK:

12 Q I show you what's been marked deposition  
13 Exhibit 6. It appears to be minutes or a corporate  
14 document of May 21, 2001. Can you tell me what this is?

15 A It's an amendment to the articles of  
16 incorporation.

17 Q This is a copy of something that we could find  
18 in your corporate book if we looked; is that correct?

19 A Yes.

20 Q It's minutes of a meeting dated May 21, 2001  
21 amending the articles of incorporation to say directors may  
22 be removed only for cause.

23 A That's what it says.

24 Q And it's signed by the five people whose names  
25 are listed towards the bottom.

1 A Yes.

2 Q Did you draft this resolution?

3 A No.

4 Q Do you know who did?

5 A I don't know.

6 (The document referred to was  
7 marked as Exhibit 7 for identification.)

8 BY MR. DEPENBROCK:

9 Q I show you what I have marked deposition  
10 Exhibit 7 with a copy for Counsel. Can you tell me what --  
11 can you identify this document for me?

12 A It's a -- it's the minutes of a meeting where  
13 we changed the quorum back to 25 percent of the membership.

14 Q Did you draft this document?

15 A I don't know.

16 (The document referred to was  
17 marked as Exhibit 8 for identification.)

18 BY MR. DEPENBROCK:

19 Q I show you what's been marked deposition  
20 Exhibit 8 and ask if you can identify deposition Exhibit 8  
21 for me, please.

22 A It's a change to the bylaws for a quorum of  
23 51 percent voted on by the board members.

24 Q On August 22, 2001?

25 A Yes.

1 Q And this also is a copy from the company's  
2 records, the company's corporate records?

3 A Yes.

4 Q Did you draft Exhibit 8?

5 A I don't remember.

6 (The document referred to was  
7 marked as Exhibit 9 for identification.)

8 BY MR. DEPENBROCK:

9 Q I will show you what's been marked deposition  
10 Exhibit 9. Could you identify Exhibit 9 for me, please.

11 A Minutes to a meeting that took place November  
12 18, 2002.

13 Q And this would also be a document, would it,  
14 from your corporate records?

15 A Yes, it would be.

16 Q Towards the bottom of the first page there is a  
17 note or a bullet point that says, "At this time the board  
18 of directors are not covered by nonprofit directors and  
19 officers liability, but Mike strongly encourages that the  
20 company find coverage. It is expensive. He anticipates  
21 \$5,000 for \$1 million coverage." Do you see that?

22 A Yes, I do.

23 Q What was the situation that gave rise to that  
24 bullet point?

25 A I don't remember.



1 Q Did the board -- was the board at that point in  
2 fact not covered by directors and officers liability?

3 A That's what it says.

4 Q But you don't have any recollection today one  
5 way or the other on that?

6 A I don't believe they were covered at that time,  
7 no.

8 Q Is the board covered today for directors and  
9 officers liability?

10 A No, it is not.

11 Q Has the board been covered at any time between  
12 this November 18, 2002 meeting and today for directors and  
13 officers liability?

14 A I believe it was.

15 Q When was the board covered for directors --

16 A I don't remember the dates.

17 Q For approximately how long was the board --

18 A I don't remember how long.

19 Q How long has it been since the board has had  
20 coverage for directors and officers liability?

21 A Without the records in front of me, I couldn't  
22 tell you.

23 Q Where would the records be that would provide  
24 an answer to that?

25 A Probably in our financial records when we

1 stopped paying it.

2 Q Did you draft what's been marked Exhibit 9?

3 A Did I draft what?

4 Q Did you type this up, this Exhibit 9?

5 A No, I did not.

6 Q Do you know who did?

7 A No. Wayne Sutton signed it but I'm sure he  
8 didn't type it. I don't know who typed it up. Probably  
9 one of my employees.

10 (The document referred to was  
11 marked as Exhibit 10 for identification.)

12 BY MR. DEPENBROCK:

13 Q I show you what's been marked deposition  
14 Exhibit 10 with a copy for Counsel. Can you identify  
15 deposition Exhibit 10 for me, please.

16 A Crooked River Ranch board of directors meeting  
17 November 20, 2002.

18 Q Would this be a copy from the corporate records  
19 of the Crooked River Ranch Water Company?

20 A Yes.

21 (The document referred to was  
22 marked as Exhibit 11 for identification.)

23 BY MR. DEPENBROCK:

24 Q I show you what's been marked deposition  
25 Exhibit 11 with a copy for Counsel and ask if you can

1 identify Exhibit 11 for me, please.

2 A It's a resolution for application process for  
3 board of directors dated December 19, 2003.

4 Q There appears to be a blank form of application  
5 attached. Is that the application that's referred to?

6 A Yes.

7 (The document referred to was  
8 marked as Exhibit 12 for identification.)

9 BY MR. DEPENBROCK:

10 Q I am showing you what's been marked deposition  
11 Exhibit 12. Can you identify Exhibit 12 for me, please.

12 A Crooked River Ranch Water Company board of  
13 directors, September 24, 2004.

14 Q And again is this a copy of a document that we  
15 could find in the corporate minute book?

16 A I assume so.

17 Q And this reflects what occurred at the meeting  
18 as stated in the minutes?

19 A Yes.

20 Q Did you draft Exhibit 12?

21 A I don't remember who did it.

22 (The document referred to was  
23 marked as Exhibit 13 for identification.)

24 BY MR. DEPENBROCK:

25 Q I show you what's been marked deposition

1 Exhibit 13 and ask if you can identify deposition  
2 Exhibit 13 for me, please.

3 A Bylaws for Crooked River Ranch Water Company as  
4 amended September 24, 2004.

5 Q The previous minutes indicated they were for a  
6 meeting for September 24 to approve bylaws. Are these the  
7 bylaws that were so approved?

8 A I assume they are.

9 Q I'd like you just to make sure. I need to  
10 ultimately get an agreement that these are the bylaws or we  
11 need to check and make sure from the corporate books that  
12 these are the bylaws. These are all documents that have  
13 been provided to me. I have no reason to believe they are  
14 not the bylaws, but I need to get everyone's understanding  
15 so --

16 A I would say they probably are.

17 (The document referred to was  
18 marked as Exhibit 14 for identification.)

19 BY MR. DEPENBROCK:

20 Q I show you what's been marked deposition  
21 Exhibit 14. Can you identify Exhibit 14 for me, please.

22 A Appears to be the minutes of February 15, 2005  
23 of a board meeting or it's a resolution actually.

24 Q And again is this a copy of a resolution that  
25 was adopted by the board and that we would find in the

1 corporate records of the Crooked River Ranch Water Company?

2 A Yes.

3 Q Did you draft this resolution?

4 A I probably had a hand in it, but I'm sure the  
5 board of directors are the ones that approved -- the board  
6 of directors are the ones that approved it. It says right  
7 here recommendation, the general manager proposes a  
8 complete revision in the company policy towards delinquent  
9 accounts. So that was me.

10 Q So did you draft this and then circulate it  
11 ahead of the meeting for people to look at or how did that  
12 work?

13 A For what people are you referring to?

14 Q For the directors? For the people -- for  
15 Mr. Dinsmoor, Mr. Sutton and Mr. Combs and Mr. Keen and  
16 Mr. Scott?

17 A I don't remember if they looked at it ahead of  
18 time.

19 Q Has it been your practice to circulate  
20 resolutions ahead of time or not?

21 A It's usually a practice to discuss them, yes.  
22 I don't know whether we circulated the resolution, but at  
23 the meeting they were presented with the resolution. They  
24 read it and discussed it.

25 Q Would they have been presented with it ahead of

1 the meeting? That's what I'm trying to get to.

2 A I don't remember.

3 Q How do you communicate with the directors when  
4 you have a meeting coming up or a resolution that you are  
5 proposing? Do you communicate with them at all ahead of  
6 time or --

7 A Yes. I talk to all of them.

8 Q Do you talk to them on the telephone? Do you  
9 talk to them in person?

10 A Sometimes both.

11 Q Do you use e-mail to communicate with the  
12 directors?

13 A No.

14 Q Have you ever used e-mail to communicate with  
15 any of the directors?

16 A I don't think so.

17 Q Do you use e-mail to communicate any company  
18 business or have you?

19 A I use e-mail to communicate with the accountant  
20 and my attorney and our attorneys.

21 Q Anybody else?

22 A Public Utilities Commission, probably Attorney  
23 General's office. People like that.

24 Q Do you use e-mail to communicate personally?

25 A No, very seldom.

1 Q Do you have a personal e-mail address?

2 A No. I only have the one I use here at the  
3 company.

4 (The document referred to was  
5 marked as Exhibit 15 for identification.)

6 BY MR. DEPENBROCK:

7 Q I show you what's been marked deposition  
8 Exhibit 15 and ask if you can identify that document for  
9 me, please.

10 A It's a board resolution appointing Brian  
11 Elliott to the board of directors.

12 Q On September 21, 2005?

13 A That's correct.

14 Q Did you draft that document?

15 A I don't know who drafted it. I may have.

16 Q And is that a copy of a document that we would  
17 find if we looked in the corporate book for the Crooked  
18 River Ranch Water Company?

19 A That is probably where it came from.

20 Q It's a document that was provided to me, and  
21 again I'm just trying to make sure that I have the complete  
22 record, a complete accurate copy of the record from the  
23 company.

24 A Yes.

25 Q You tell me that's what this is?

1           A       Yes.

2           Q       Thank you. Was Brian Elliott ever elected by  
3 the membership to serve as a director of the Crooked River  
4 Ranch Water Company?

5           A       Yes, he was.

6           Q       When did that election take place?

7           A       I don't remember the date. I don't have it in  
8 front of me.

9                               (The document referred to was  
10                              marked as Exhibit 16 for identification.)

11 BY MR. DEPENBROCK:

12           Q       I will show you what's been marked deposition  
13 Exhibit 16 and ask if you can identify that document for  
14 me, please.

15           A       It's a resolution to purchase a Case 160  
16 trackhoe.

17           Q       Dated September 27, 2005?

18           A       That's correct.

19           Q       And is this an accurate copy of the records of  
20 the water company?

21           A       Yes.

22           Q       Did you draft this document, Exhibit 16?

23           A       I probably did.

24           Q       When was it drafted?

25           A       I don't remember.



1 Q Was it drafted on September 27, 2005?

2 A I don't remember.

3 Q Was it drafted sometime in 2006?

4 A I doubt it.

5 Q Was this Case 160 trackhoe the trackhoe that  
6 you ultimately ended up with in your own name?

7 A That's true.

8 Q So you used water company funds in the sum of  
9 approximately about \$25,000 to pay a down payment on this  
10 Case 160 trackhoe in late 2005; is that correct?

11 A That's correct.

12 Q And you used water company funds to make  
13 several monthly payments on the tract hoe extending into  
14 2006; is that correct?

15 A The water company bought the trackhoe. That's  
16 correct.

17 Q And the trackhoe was placed in your name when  
18 the trackhoe was purchased, wasn't it?

19 A No. It was in the water company's name.

20 Q When did the trackhoe get put into your name?

21 A When I purchased it from the company.

22 Q When was that?

23 A I don't remember the exact date.

24 Q At some point in 2006, the Attorney General's  
25 investigator Wayne Trucke was looking through the business

1 records and had questions about the purchase of the  
2 trackhoe; is that correct?

3 A Probably.

4 Q And he questioned you among others about the  
5 trackhoe, the purchase of the trackhoe?

6 A Probably.

7 Q Did the drafting of this resolution come before  
8 or after the questions by Mr. Trucke about the purchase of  
9 the trackhoe?

10 A Before.

11 Q Do you have any explanation as to why none of  
12 the four people, Mr. Sutton, Mr. Combs, Mr. Elliott or  
13 Mr. Scott have dated -- a place to date beside their  
14 signature on Exhibit 16?

15 A I don't have any clue.

16 (The document referred to was  
17 marked as Exhibit 17 for identification.)

18 BY MR. DEPENBROCK:

19 Q I show you what's been marked deposition  
20 Exhibit 17 and ask if you can identify that for me, please.

21 A It's a resolution dated December 8, 2005  
22 removing Wayne Sutton from the board of directors.

23 Q It appears to be -- actually it's a two page  
24 document and I was provided two documents. One of  
25 documents -- both documents seem to me to say the same

1 thing. One is of them is signed by four people. One of  
2 them is signed by three people. Do you have an explanation  
3 for that?

4 A We probably had to fax Brian Elliott the  
5 document down for his signature.

6 Q The signatures on the second one all appear to  
7 be date stamped with the same stamp on December 8, 2005.  
8 Do you see that?

9 A Yes.

10 Q Who date stamped?

11 A I don't know.

12 Q Where could I find a stamp with that particular  
13 format like that?

14 A In our front office probably.

15 Q Someone here at the office most likely date  
16 stamped that document at least the second page of it where  
17 the date appears; is that fair?

18 A Probably.

19 Q Why was Wayne Sutton removed from the board of  
20 directors on or about December 8, 2005?

21 A This document says the board in their judgment  
22 has deemed that Mr. Sutton's presence on the board not to  
23 be in the best interest of Crooked River Ranch Water  
24 Company.

25 Q Why? Why was his presence on the board not in

1 the best interest of the water company?

2 A As I remember it, Mr. Sutton made false  
3 accusations to a newspaper about the appointment of Brian  
4 Elliott, and when he was confronted with it, he lied.

5 Q What was it that Mr. Sutton said about the  
6 appointment of Mr. Elliott?

7 A He said he didn't remember signing the document  
8 appointing Mr. Elliott to the board.

9 Q Was there any other reason that Mr. Sutton was  
10 deemed not to be -- that it was deemed that Mr. Sutton's  
11 presence on the board was not in the best interest of the  
12 water company?

13 A You would have to ask the board of directors.  
14 I don't know. I wasn't on the board.

15 Q Were you present at the meeting when it was  
16 discussed?

17 A Yes.

18 Q Did you draft this document, Exhibit 17?

19 A I don't remember who drafted it.

20 Q Well, was it drafted at your direction by  
21 someone, either you or one of your employees?

22 A Possibly.

23 Q It looks to be typed by the same typewriter  
24 that some of these others are.

25 A Could be. I'm not an expert on typewriters.

1 Q Did you draft this resolution and then present  
2 it to the board on or about December 8, 2005?

3 A I don't remember.

4 MR. GASSNER: Could I have a minute off the  
5 record?

6 (Brief break.)

7 MR. GASSNER: Let me go back on the record  
8 here. I think my client -- I wanted to clarify my client's  
9 understanding of one of your prior questions in regards to  
10 the boards consideration of the dismissal of Wayne Sutton  
11 and acknowledge that my client has in that regard. And so  
12 he does have some additional information that he believes  
13 was part of the boards consideration.

14 BY MR. DEPENBROCK:

15 Q So Mr. Rooks, what if any additional  
16 information do you have that was part of the boards  
17 consideration of dismissing Wayne Sutton?

18 A You mean above and beyond what's stated on this  
19 document?

20 Q Yes.

21 A It became known to me and the board of  
22 directors that Wayne Sutton was operating a business in  
23 Portland. I call it a chop shop. He will call it a repair  
24 shop. Okay. And he was selling cars with illegal titles.  
25 And when the board found that out, they did not want him on

1 the board any more. Now, when you asked the question  
2 before, I thought you meant just what was on this page. I  
3 didn't know -- I missed that part when you said anything  
4 else. I apologize for that, but I'm about 75 percent deaf.  
5 But that's one of the considerations they took when Wayne  
6 Sutton -- and he was convicted of it in court and had to  
7 pay a fine and had to buy the car back and it cost him his  
8 business and that's when he moved down here.

9 Q He was convicted of that when, before he became  
10 a director or after?

11 A Before he moved in to the area even. We didn't  
12 find out about it until after he had been on the board for  
13 several years, and then he's the one that told me. And I  
14 informed the board of that because I didn't think that we  
15 should have anybody on the board with that reputation.

16 Q And was there any other consideration?

17 A Not that I remember at this time.

18 Q Again who or how was this resolution prepared?  
19 How are resolutions of the board, minutes of the board  
20 prepared generally?

21 A I usually go around and discuss it with the  
22 board members or call them on the phone and discuss it with  
23 them. We call a meeting. We discuss it in a meeting or  
24 sometimes the board members don't have time to come to a  
25 meeting. I go to them individually and we discuss it.

1 Then we draw up a resolution, the board reads it and we  
2 make any changes that the board of directors want made on  
3 the resolution and then they sign it.

4 Q Who draws up the resolution?

5 A We do it in the office here.

6 Q Who in the office?

7 A Whoever I have hired -- whatever -- sometimes  
8 Jacquie, sometimes Barbara. Whoever else is working for  
9 me.

10 Q Do you yourself type?

11 A No, I do not.

12 Q So you wouldn't have typed this Exhibit 17?

13 A It would have took me two hours to type that  
14 up.

15 Q But Jacquie or Barbara or someone --

16 A Or someone else that was working for me at the  
17 time could have, yes.

18 Q Did the directors ever type this stuff up?

19 A I don't know if they ever did. I don't recall  
20 at this point if any of them ever did.

21 Q You can't recall any of them ever doing that as  
22 we are sitting here?

23 A They could have, yes.

24 (The document referred to was  
25 marked as Exhibit 18 for identification.)

1 BY MR. DEPENBROCK:

2 Q I show you what's been marked deposition  
3 Exhibit 18. Can you identify Exhibit 18 for me, please.

4 A It's dated December 29, '05. It's a resolution  
5 disqualification of board of directors.

6 Q And is Exhibit 18 a complete copy, an accurate  
7 copy of what we would find in your corporate minute book,  
8 your corporate records? And I would caution you that I  
9 have two pages for Exhibit 18. One appears to be signed by  
10 three people and one appears to be signed by four people.

11 A Yes. They were both essentially the same.

12 Q They appear to be exactly the same except for  
13 the number of people signing.

14 A Yes. We probably had to fax it to one of the  
15 board members to have them sign it.

16 Q Why do you fax it to him?

17 A Fast, easy.

18 Q Where does he live?

19 A He lives here on the ranch and he owns a  
20 hospital in Los Angeles.

21 Q So would you fax it to him in Los Angeles? Is  
22 that what I am hearing?

23 A Possibly. I don't remember what we did on this  
24 one.

25 Q But in any event, Exhibit 18 in all likelihood



1 four signatures?

2 A Yes.

3 Q Is a copy of the corporate records of the  
4 Crooked River Ranch Water Company?

5 A That's right. A quorum is three. So four is  
6 ample.

7 (The document referred to was  
8 marked as Exhibit 19 for identification.)

9 BY MR. DEPENBROCK:

10 Q I show you what's been marked deposition  
11 Exhibit 19. Can you identify Exhibit 19 for me, please.

12 A Dated March 14, 2006 appointment of Richard  
13 Miller to the board of directors.

14 Q And again is this a complete and accurate copy  
15 of the minutes of the Crooked River Ranch Water Company  
16 regarding the appointment of Richard Miller to the board of  
17 directors?

18 A Yes.

19 (The document referred to was  
20 marked as Exhibit 20 for identification.)

21 BY MR. DEPENBROCK:

22 Q I am handing you what's been marked Exhibit 20.  
23 Can you identify Exhibit 20 for me, please.

24 A Amendment to the -- it's a resolution for  
25 amendment to the articles of incorporation, April 22, 2006.

1 Q Is this a complete and accurate copy from the  
2 records of the Crooked River Ranch Water Company of this  
3 April 20 amendment to the articles of incorporation?

4 A Yes.

5 (The document referred to was  
6 marked as Exhibit 21 for identification.)

7 BY MR. DEPENBROCK:

8 Q I show you what's been marked Exhibit 21. Can  
9 you identify Exhibit 21 for me, please?

10 A Crooked River Ranch board of directors special  
11 meeting dated 4/23 of '06. Minutes of the meeting.

12 Q Is it a complete and accurate record of the  
13 minutes of the meeting of April 23, 2006 of the Crooked  
14 River Ranch Water Company?

15 A It's probably the one we have on record.  
16 Whether it's complete, I don't know.

17 Q Well, what do you mean?

18 A Well --

19 Q You have other minutes of that meeting?

20 A No. I don't remember what went on at that  
21 meeting.

22 Q So do you have the corporate book handy?

23 A Do I have what?

24 Q The corporate records here in the building that  
25 we can look at?

1           A       They're here, yes.

2           Q       Could we just maybe take a break and get them  
3 and we will be able to allow you to look at them and answer  
4 these questions?

5           A       Barbara, could you retrieve the resolution book  
6 for me, please. Minutes of meeting book. I'm sorry.

7                   (Pause in proceedings.)

8           THE WITNESS: What is it you want to know?

9           BY MR. DEPENBROCK:

10          Q       I'd like to know, please, if Exhibit 21 is a  
11 complete and accurate copy of the minutes in your corporate  
12 book regarding that meeting on April 23, 2006?

13          A       When you copied this, Barbara, did you put a  
14 copy in the book here?

15          MS. OAKLEY: It's in there.

16          THE WITNESS: I don't see 2006. See if you can  
17 find a copy of it. This one right here. That's an  
18 accurate account.

19          BY MR. DEPENBROCK:

20          Q       Would it be possible to hand copies to  
21 Ms. Oakley of each of the other exhibits that we have gone  
22 through and have her check so that we could get her  
23 testimony as to whether or not they are also true and  
24 accurate copies of the documents?

25          A       She is not being deposed, is she?

1 Q I would like to do that. I want to make sure  
2 that I have got a -- if Mr. Rooks can't do it, it appears  
3 Ms. Oakley is the most capable of doing that.

4 MR. GASSNER: I don't have a problem with that.  
5 Are there going to be other questions for Ms. Oakley  
6 besides just authenticating documents at this point?

7 MR. DEPENBROCK: At this point, no. There may  
8 be, but at this point all I want to do is make sure --

9 MR. GASSNER: I don't see any --

10 MR. DEPENBROCK: We are spending a lot of time  
11 going through this.

12 MR. GASSNER: Yes. Did you want her to  
13 authenticate the previously admitted exhibits?

14 MR. DEPENBROCK: Yes.

15 MR. GASSNER: Let's hand those to Barbara.

16 (The document referred to was  
17 marked as Exhibit 22 for identification.)

18 BY MR. DEPENBROCK:

19 Q I show you what's been marked Exhibit 22. Can  
20 you identify Exhibit 22 for me, please.

21 A Annual meeting minutes, June 3, 2006.

22 Q I think what I will do -- I would ask you the  
23 same question if you can identify this as a complete and  
24 accurate copy, but I think we will just put it in a stack  
25 if that's okay and I will ask Ms. Oakley about that.

1           A       That's fine with me.

2                               (The document referred to was  
3                               marked as Exhibit 23 for identification.)

4 BY MR. DEPENBROCK:

5           Q       I have handed you deposition Exhibit 23. Can  
6 you identify Exhibit 23 for me, please.

7           A       It's a resolution by the board, dissolution of  
8 the Crooked River Ranch Water Company organization of  
9 Crooked River Ranch Water Cooperative.

10          Q       Can you tell me if that's a complete and  
11 accurate record of the resolution that we would find --

12          A       To the best of my knowledge it is.

13          Q       Tell me how this came about. How this was  
14 drafted if you will, please.

15          A       We had several conversations with our  
16 accountant, and in one of those conversations if I recall  
17 he said that we have always been considered a co-op by the  
18 federal government or the same as a co-op and we probably  
19 should do something about that. So that's one of the  
20 reasons why we converted to a co-op if I remember the  
21 conversation correctly.

22          Q       When was this document Exhibit 23 drafted?

23          A       Before June 27.

24          Q       How long before June 27?

25          A       We started work on the cooperative conversion

1 probably a year prior to when this was done.

2 Q You have had discussions with board members  
3 about converting to a co-op as long as a year before  
4 June 27, 2006?

5 A Yes.

6 Q Who did you talk to about that?

7 A All the board members on and off.

8 Q Mr. Elliott, Mr. Miller, Mr. Combs, Mr. Keen,  
9 Mr. Scott?

10 A Yes.

11 Q What were the nature of those conversations?

12 A Just trying to clean up the paperwork.

13 Q Other than discussing it with your accountant  
14 and discussing it with the board members, were there any  
15 other discussions with anyone about converting it -- did I  
16 use the right word about changing somehow to a co-op?

17 A We probably discussed it with legal counsel.

18 Q Other than that anyone?

19 A I can't remember anybody at this time.

20 Q Okay. Did you have any meetings with the  
21 members where it was announced that you were planning to  
22 change it to a co-op?

23 A No.

24 Q Did you have any board meetings other than  
25 might be reflected by Exhibit 23 here where discussion of

1 changing it to a co-op occurred?

2 A I don't remember at this time.

3 Q I couldn't find any minutes. I believe I have  
4 been provided a copy of your corporate book. I couldn't  
5 find any minutes on it. Do you recall if there would be  
6 any minutes anywhere in the corporate book discussing the  
7 conversion or the change somehow from a company to a co-op?

8 A I don't know. I would have to go through the  
9 entire book and look. A lot of our meetings were informal.

10 Q But as you sit here, you can't recall any  
11 particular board meeting where that was discussed; is that  
12 correct?

13 A Not right now.

14 Q Did you develop any plan, any written plan of  
15 dissolution?

16 A Yes.

17 Q What was that plan?

18 A This resolution right here.

19 Q Any other written plan besides what we see here  
20 as Exhibit 23?

21 A I don't know. I would have to go back through  
22 the books and look.

23 Q I didn't find any in the copy that was provided  
24 to me. Do you recall whether there is any such plan?

25 A I just said I don't know.

1 Q We will have to ask. Was any plan of  
2 dissolution beyond what I see here in Exhibit 23 presented  
3 to the board on or about June 29, 2006?

4 A Not that I know of.

5 Q And there's nothing in the corporate book about  
6 that, is there, on or about that date?

7 A This is all that was required.

8 Q This is all that was done; is that correct?

9 A I don't know if it was all that was done, but  
10 this is the official record of the dissolution and the plan  
11 to dissolve -- of the dissolution of the company and change  
12 the name. We really didn't dissolve anything. We just  
13 changed the name.

14 Q You basically carried on the same business  
15 after this changing the name; is that correct?

16 A Yes.

17 Q The books continue?

18 A Yes.

19 Q The finances?

20 A Yes.

21 Q There wasn't any formal transfer of any of  
22 these real properties, was there? In other words, you  
23 didn't sign any deeds from the company to the co-op of this  
24 building, for example?

25 A I don't remember. I would have to look at the



1 books.

2 Q You would have those in the books if we looked  
3 at them?

4 A Uh-huh.

5 Q Same thing with bank accounts, they just  
6 continued in the same account. The money stayed in the  
7 same accounts; right?

8 A That's right.

9 Q And just for the record, the company didn't  
10 deed any property back to Deschutes Valley Water System,  
11 the one that it said in the articles that the system  
12 reverted back to on dissolution?

13 A It was not necessary.

14 Q Well, the question is it wasn't done, was it?

15 A No, it was not.

16 Q And you didn't deed back or convey back the  
17 water system to the club and maintenance association  
18 either?

19 A That's true.

20 Q Everything just continued on without any formal  
21 action if you will to be for lack of a better word the same  
22 business with the name of a cooperative?

23 A Except for the paperwork we filed with the  
24 Secretary of State, that's true.

25 ///

1 (The document referred to was  
2 marked as Exhibit 24 for identification.)

3 BY MR. DEPENBROCK:

4 Q I show you what's been marked Exhibit 24 and  
5 ask can you identify Exhibit 24 for me, please.

6 A Bylaws for Crooked River Ranch --

7 MR. GASSNER: Do you have one for me?

8 MR. DEPENBROCK: I did.

9 MR. GASSNER: Sorry. I missed it. Sorry.

10 THE WITNESS: Bylaws for Crooked River Ranch  
11 Water Cooperative dated June 30, 2006.

12 BY MR. DEPENBROCK:

13 Q And again my question is is this a complete and  
14 accurate copy of the bylaws from Crooked River Ranch Water  
15 Cooperative of June 30, 2006?

16 A Yes.

17 (The document referred to was  
18 marked as Exhibit 25 for identification.)

19 BY MR. DEPENBROCK:

20 Q I show you what's been marked Exhibit 25. Can  
21 you identify Exhibit 25 for me, please.

22 A It's a document articles of dissolution  
23 business, professional, nonprofit filed July 5, 2006, State  
24 of Oregon.

25 Q Is this a copy of the articles of dissolution

1 that you or perhaps Brian Elliott caused to be filed with  
2 the state?

3 A Yes.

4 Q This is a complete and accurate copy of the  
5 records from your corporate book, is it?

6 A Yes.

7 (The document referred to was  
8 marked as Exhibit 26 for identification.)

9 BY MR. DEPENBROCK:

10 Q I show you Exhibit 26 and ask if you can  
11 identify Exhibit 26 for me, please.

12 A It's articles of incorporation cooperative  
13 filed July 5, 2006, State of Oregon.

14 Q And is this a complete and accurate copy from  
15 your corporate book of the articles of incorporation of  
16 Crooked River Ranch Water Cooperative filed July 5, 2006?

17 A Yes.

18 (The document referred to was  
19 marked as Exhibit 27 for identification.)

20 BY MR. DEPENBROCK:

21 Q I show you what's been marked Exhibit 27. Can  
22 you identify Exhibit 27 for me, please.

23 A This is dated March 8 of 2007, bylaws for  
24 Crooked River Ranch Cooperative.

25 Q It appears to be a copy of a resolution from

1 the corporate book dated between March 13 and March 18,  
2 2007 by the people signing it in any event. Is this a  
3 complete and accurate copy of this particular resolution?

4 A Yes.

5 (The document referred to was  
6 marked as Exhibit 28 for identification.)

7 BY MR. DEPENBROCK:

8 Q I show you what's been marked deposition  
9 Exhibit 28. Can you identify Exhibit 28 for me, please.

10 A Resolution subject articles of incorporation  
11 amendment, April 7, 2006.

12 Q Is this a complete and accurate copy of the  
13 resolution from the corporate book of the Crooked River  
14 Ranch Water Company?

15 A Yes.

16 Q How did this resolution come to be drafted?

17 A I don't remember.

18 Q Was it circulated ahead of time?

19 A I don't remember.

20 Q Was it presented at a meeting?

21 A I don't remember.

22 Q Or was it circulated without a meeting and just  
23 for people's signature?

24 A I don't remember.

25 ///

1                                   (The document referred to was  
2                                   marked as Exhibit 29 for identification.)

3 BY MR. DEPENBROCK:

4           Q       I show you what's been marked deposition  
5 Exhibit 29. Could you identify deposition Exhibit 29, for  
6 me, please.

7           A       Annual meeting minutes dated June 2, 2007.

8           Q       Is this a complete and accurate copy of the  
9 minutes of the annual meeting of June 2, 2007 from the  
10 corporate book?

11          A       I assume it is, yes.

12          Q       Well, on page four there is a question by  
13 Barbara Roberts. The question is, "How much does J.R. get  
14 paid?" And then it says, "\$25 per hour? 240 hours a  
15 month? All employees work 240 hours a month." Do you see  
16 that?

17          A       Yes.

18          Q       Do you recall that question being asked at the  
19 meeting?

20          A       No, I do not.

21          Q       Did you get -- how much an hour were you being  
22 paid at June 2, 2007?

23          A       \$25 an hour.

24          Q       How many hours a month did you work?

25          A       I don't have the records in front of me. I

1 can't answer that.

2 Q What records would be that would show how many  
3 hours a month you were working in mid June of 2007?

4 A Time sheets.

5 Q Is your pay basically based on the hours you  
6 work or do you get a monthly salary?

7 A It was then. It's a monthly salary now.

8 Q When did it change to a monthly salary?

9 A I don't remember. I'd have to look at the  
10 records. A couple years ago I think.

11 Q Did it ever change from \$25 per hour until it  
12 changed -- I understand it changed to a monthly salary.  
13 How much per hour were you getting before it changed to a  
14 monthly salary?

15 A \$25 an hour.

16 Q How much is your monthly salary?

17 A I don't know. I never see my paycheck. I  
18 don't know. I would have to figure it out.

19 Q You don't know how much your monthly salary is?

20 A No. I don't have a clue. I never look at the  
21 paycheck.

22 Q How much is your annual salary?

23 A I think it's 83,000 a year.

24 (The document referred to was  
25 marked as Exhibit 30 for identification.)

1 BY MR. DEPENBROCK:

2 Q I show you what's been marked Exhibit 30. Can  
3 you identify Exhibit 30 for me, please.

4 A Board of directors meeting dated 6/12 of '07.

5 Q And is this a complete and accurate copy of the  
6 minutes of the meeting from your corporate minute book?

7 A It appears to be.

8 Q There's some discussions about -- it starts the  
9 second first full paragraph, "J.R. has a real problem with  
10 Hal Robbins" and then it goes on to discuss that. Can you  
11 just tell me in your own words what kind of a problem you  
12 were having with Hal Robbins that lead to that comment.

13 A I don't remember the incident. It says here  
14 that he accused us of mismanaging the company. I don't  
15 remember the instance.

16 Q But you don't recall what in particular he said  
17 about company management?

18 A No. No, I do not.

19 Q Have you had any more problems with Mr. Robbins  
20 since June of '07?

21 A No.

22 Q Did you or the board take any action against  
23 Mr. Robbins?

24 A Not that I recall.

25 Q Did you threaten any?

1 A No.

2 Q What if anything did you do regarding  
3 Mr. Robbins?

4 A I think we talked to our attorney about it, but  
5 that was as far as it went.

6 (The document referred to was  
7 marked as Exhibit 31 for identification.)

8 BY MR. DEPENBROCK:

9 Q I show you what's been marked Exhibit 31. Can  
10 you identify Exhibit 31 for me, please.

11 A It's an application by Brian Morgan.

12 Q Is it an application to the board of directors  
13 to be placed on the ballot to serve as a director of the  
14 water company?

15 A Yes.

16 Q And was this -- what if anything happened to  
17 this application? I assume -- let me start over again. I  
18 assume that you or someone for the water company received  
19 this application; is that correct?

20 A The water company received it, yes.

21 Q And then what happened to it?

22 A It was reviewed probably by the board and I  
23 don't know what happened. I don't know whether he -- his  
24 name was ever part of the ballot. I don't remember what  
25 happened.



1 Q Did you review it?

2 A Probably.

3 Q Did you make any recommendation to the board  
4 regarding the application of Brian Morgan?

5 A I don't remember.

6 Q Do you recall discussing the application of  
7 Brian Morgan with any board member?

8 A No, I do not at this time.

9 (The document referred to was  
10 marked as Exhibit 32 for identification.)

11 BY MR. DEPENBROCK:

12 Q I show you what's been marked Exhibit 32. Can  
13 you tell me what Exhibit 32 is?

14 A Would be the same thing. Lynnelle R. Morgan.

15 Q It appears to be an application by Lynnelle R.  
16 Morgan?

17 A Yes.

18 Q For a position on the ballot to be -- she wants  
19 to be nominated for election to the board of directors of  
20 the Crooked River Ranch Water Co-op. Is that what it  
21 appears to be to you?

22 A Yes.

23 Q And is this something that was received by the  
24 company?

25 A Yes.

1 Q And what if anything happened -- what action if  
2 any was taken in response to this application?

3 A I don't remember at this time.

4 Q Did you see this application?

5 A Probably.

6 Q Did you make any comment to anyone about it,  
7 any board members about it, for example?

8 A I might have.

9 Q Who did you talk to about it?

10 A I don't remember.

11 Q Did you make any written comments about it?

12 A I don't think so.

13 Q Did you send any e-mails about it?

14 A Not to my knowledge.

15 Q Was the application approved or denied?

16 A I don't know. I don't have that information in  
17 front of me.

18 Q Who would know?

19 A We would have to look and see who was on the  
20 ballot in '08. I don't remember.

21 (The document referred to was  
22 marked as Exhibit 33 for identification.)

23 BY MR. DEPENBROCK:

24 Q I show you what's been marked Exhibit 33. Can  
25 you identify deposition Exhibit 33 for me, please.

1           A       It says special board of directors meeting, May  
2 19, 2008.

3           Q       Is this an accurate copy of the minutes of the  
4 special board meeting of May 19, 2008?

5           A       Yes, I assume it is.

6           Q       Would this tell you what if anything happened  
7 to the applications of the Morgans?

8           A       It says here the applications received from  
9 Brian and Lynnelle Morgan were rejected as Crooked River  
10 Ranch is in litigation with the Morgans.

11          Q       Is Crooked River Ranch still in litigation with  
12 the Morgans?

13          A       Yes.

14          Q       What's the nature of that litigation?

15          A       They refused to pay their connection fee.

16          Q       So what are you doing? Are you suing them for  
17 money or what's the --

18          A       Yes.

19          Q       What attorneys represent you if any in that  
20 litigation?

21          A       Tim Gassner.

22                               (The document referred to was  
23                               marked as Exhibit 34 for identification.)

24 BY MR. DEPENBROCK:

25          Q       I am going to show you what's been marked

1 deposition Exhibit 34. Could you identify Exhibit 34 for  
2 me, please.

3 A It says work for hire agreement with We Can Do  
4 Services.

5 Q So this appears to be a contract, a work for  
6 hire agreement as it's called, with an entity called We Can  
7 Do Services. Who are the principals of We Can Do Services?

8 A My daughter-in-law and son-in-law.

9 Q What was the service that your daughter-in-law  
10 and son-in-law would be providing?

11 A They were going to install double check valves.

12 Q Who drafted this agreement?

13 A Probably my daughter.

14 Q Is the agreement still in force?

15 A No.

16 Q When was the agreement ended?

17 A I don't know the exact date.

18 Q Within the last five years?

19 A No.

20 Q It was ended before five years ago; is that  
21 correct?

22 A Yes.

23 Q Is your daughter currently employed by the  
24 water company?

25 A Yes.

1 Q In what capacity?

2 A In training.

3 Q What does she do?

4 A She is in training to be my assistant.

5 Q How much is she being paid?

6 A That's a good question. I don't know the  
7 answer. We just hired her yesterday.

8 Q What in general --

9 A Nothing if I can help it.

10 Q What will her duties be in general while --

11 A Office work.

12 Q How long do you anticipate that she will be in  
13 training to be your assistant?

14 A Two or three years.

15 Q Has she been employed by the water company in  
16 the past?

17 A Yes.

18 Q In what capacity?

19 A Meter reader, office worker.

20 Q When was she originally hired by the water  
21 company as a meter reader and a office worker?

22 A I don't have the dates in front of me. I don't  
23 know.

24 Q About when?

25 A Years ago. I don't remember the dates.

1 Q Has she been employed more or less continuously  
2 in that capacity until yesterday?

3 A With this company?

4 Q Yes.

5 A No.

6 Q What has been her employment over the last 10  
7 years?

8 A She worked over at the dairy for probably about  
9 six months, and then before that she ran her own business  
10 in Lakeview. I don't know what it was.

11 Q So she was employed here for a period of time?

12 A Yes.

13 Q A number of years ago?

14 A Yes. How many years ago was that, Jacquie?

15 MRS. ROOKS: I'm going to say they've lived in  
16 Lakeview probably the last four years until probably just  
17 recently. Until August.

18 MR. DEPENBROCK: So she has been employed here  
19 since August; is that correct?

20 MRS. ROOKS: She moved up -- her and her  
21 husband separated in August. She worked somewhere else  
22 until today.

23 THE WITNESS: She was employed at Eberhard's.

24 MR. DEPENBROCK: Is that the dairy you were  
25 referring to, Eberhard's Dairy?

1 MRS. ROOKS: Eberhard's. She was also employed  
2 down in Lakeview. I don't remember the name of the company  
3 currently, but she was there about six months or a year.

4 THE WITNESS: She ran a water company down  
5 there for about a year.

6 MRS. ROOKS: She ran a water company also.

7 MR. DEPENBROCK: What water company did she run  
8 in Lakeview?

9 MRS. ROOKS: Lakeview Water District I think it  
10 was called. I have forgotten about that.

11 MR. DEPENBROCK: So she worked here for a  
12 number of years and then about four years ago if I  
13 understand it right --

14 MRS. ROOKS: Well, there's been a great deal of  
15 interruption in service because they moved to Lakeview. He  
16 got a job with the state. They came back up here. Then  
17 they went back to Lakeview because he was transferred. So  
18 there has been a lot of interruptions and I cannot give you  
19 the dates.

20 MR. DEPENBROCK: And when she lived here, she  
21 worked here more or less?

22 MRS. ROOKS: No, not always.

23 (The document referred to was  
24 marked as Exhibit 35 for identification.)

25 ///

1 BY MR. DEPENBROCK:

2 Q I show you what's been marked deposition  
3 Exhibit 35. Can you identify deposition Exhibit 35 for me,  
4 please.

5 A It says Crooked River Ranch Water Company  
6 employment agreement.

7 Q It appears to be an employment agreement. It  
8 says it's effective May 1, 2004 between Crooked River Ranch  
9 Water Company and you.

10 A That's correct.

11 Q Who drafted this employment agreement?

12 A I did.

13 Q And when did you draft this employment  
14 agreement?

15 A Probably sometime in 2004.

16 Q It appears to be signed by yourself and Paul  
17 Dinsmoor; is that correct?

18 A Correct.

19 Q And if I'm understanding it right -- correct me  
20 if I am not -- this was an agreement that was in effect to  
21 pay you \$25 an hour until you went on salary; is that  
22 correct?

23 A That's correct.

24 Q Do you have a current employment agreement?

25 A No.



1 MR. GASSNER: Off the record there.

2 (Discussion held off the record.)

3 BY MR. DEPENBROCK:

4 Q So my question was do you have a written  
5 employment agreement at this time?

6 A With the company?

7 Q Yes.

8 A No, I don't think so.

9 Q Do you have a written employment agreement or  
10 something that you characterize similarly with any other  
11 entity?

12 A The Public Utility has got something but I  
13 forget what it was.

14 MS. OAKLEY: Affiliated interest.

15 THE WITNESS: What?

16 MS. OAKLEY: Affiliated interest.

17 THE WITNESS: Affiliated interest thing or  
18 something, yes.

19 BY MR. DEPENBROCK:

20 Q The Public Utility Commission has an affiliated  
21 interest thing?

22 A Yes.

23 Q What is an affiliated interest thing?

24 A I don't know. You are an attorney. You tell  
25 me.

1 Q Do you have a copy of this document somewhere?

2 A It's probably in the records somewhere, yes.

3 MR. GASSNER: I can get you a copy of that  
4 document if you can't get it from the PUC. I'm pretty sure  
5 it's posted on their web site as well.

6 BY MR. DEPENBROCK:

7 Q Can you give me an idea what it says?

8 A I don't remember what it says. It says  
9 something about I work for the company. I don't remember  
10 what it says at this time. We would have to dig it out and  
11 read it. I didn't even consider it valid when they did it.

12 Q But as far as any documents, any written  
13 agreement between you and the company, this document marked  
14 Exhibit 35 is all there is?

15 A That I can recall at this time, yes.

16 Q And you don't have any new one since you went  
17 on salary?

18 A I don't think so. Barbara, did we sign an  
19 agreement with the board for my wages or do we -- I know we  
20 discussed it.

21 MS. OAKLEY: I don't know. I'm not aware of  
22 any.

23 THE WITNESS: I'm not aware of any, no.

24 BY MR. DEPENBROCK:

25 Q When was it that you went on salary? You may

1 have told me.

2 A A couple years ago.

3 Q And you get an annual salary of \$83,000. What  
4 do you do for your annual salary?

5 A Manage the company.

6 Q Do you have to punch a clock?

7 A No.

8 Q So you get \$83,000 regardless of whether you  
9 work 25/7 or one?

10 A That's right.

11 Q Do you have any other employment benefits as  
12 part of your working for the company?

13 A We have a medical plan and a dental plan. I  
14 think that's about it.

15 Q Anything else?

16 A (Witness nods no.)

17 Q Do you have a pension?

18 A No.

19 Q Do you get a personal car?

20 A Describe personal car.

21 Q Well, a car the company owns that you drive  
22 pretty much any time or any place?

23 A Yes, I have a company truck.

24 Q Do you have a personal vehicle of your own? Do  
25 you and your wife have a personal vehicle or vehicles in

1 addition to the company truck?

2 A Yes.

3 Q What do you have?

4 A Two shop trucks, three or four cars, backhoe,  
5 trackhoe, four wheeler.

6 MRS. ROOKS: Two trucks.

7 THE WITNESS: Two trucks, yes.

8 BY MR. DEPENBROCK:

9 Q What kind of cars do you have?

10 A I got one, two, three or four 1970s and '80s  
11 Mercedes-Benz.

12 Q Are they all running?

13 A Yes.

14 Q It's curious --

15 A I got transmission trouble with one of them.  
16 I'm rebuilding hers. That's what she's bitching about.  
17 Hers hasn't run for two years because I'm in the process of  
18 reconstructing it.

19 Q Do you collect them or do you buy them and fix  
20 them up and sell them?

21 A Yes. No, I don't sell them.

22 Q Just collect them more or less?

23 A You can call it that.

24 Q I don't want to put words in your mouth. I  
25 just was curious. Not everybody has three or four 1970s

1 and 1980s Mercedes.

2 A They don't? I thought everybody did.

3 MRS. ROOKS: We have one for parts.

4 THE WITNESS: She drives one. I use two or  
5 three of them for parts cars.

6 BY MR. DEPENBROCK:

7 Q And then what kind of -- you say you had a  
8 couple trucks?

9 A Yes.

10 Q What do you have?

11 A An '89 Ford and an '89 Dodge.

12 Q Are those pickups?

13 A One is a shop truck, two ton shop truck, and  
14 one is a pickup. The Dodge is a pickup.

15 MR. DEPENBROCK: It's 11:00. Can we take five  
16 minutes?

17 MR. GASSNER: Certainly.

18 (Brief break.)

19 BY MR. DEPENBROCK:

20 Q Mr. Rooks, what property do you and your wife  
21 own yourselves?

22 A I own two lots here on the ranch.

23 Q Which lots are those?

24 MRS. ROOKS: I think they are 52 and 53.

25 THE WITNESS: 52 and 53.

1 BY MR. DEPENBROCK:

2 Q What if anything is located on Lot 52?

3 A The shop and I live in a fifth wheeler.

4 Q And what if anything is located on Lot 53?

5 A No, 52 is the one we live on. 53 is the one  
6 next to it. There is nothing there.

7 Q You live on Lot 52 and you have a fifth wheeler  
8 there did I hear you say?

9 A Yes.

10 MRS. ROOKS: And I have to confirm those lot  
11 numbers because I'm not positive.

12 BY MR. DEPENBROCK:

13 Q Are you paying for those lots? Do you own them  
14 free and clear?

15 A What's that got to do with this case?

16 Q Well --

17 MR. GASSNER: Jerry, you can answer the  
18 question. Can we go off the record for a minute?

19 THE WITNESS: Yes, they are paid.

20 MR. GASSNER: Can we still go off the record  
21 for a minute?

22 MR. DEPENBROCK: Sure.

23 (Discussion held off the record.)

24 BY MR. DEPENBROCK:

25 Q So both lots are paid for?

1 A Yes.

2 Q When did you purchase -- which one did you buy  
3 first?

4 A The one I live on.

5 Q And when did you buy that?

6 A I don't know. 10, 12 years ago.

7 Q And when did you buy the other one, Lot 53 if  
8 that's what it is?

9 A Right after that. I don't remember the years.

10 Q Who did you buy them from?

11 A What was his --

12 MRS. ROOKS: Hayden Watson is the first one and  
13 second one was Tim Schmidt.

14 THE WITNESS: Yes.

15 BY MR. DEPENBROCK:

16 Q Both purchased on a contract and both since  
17 paid off?

18 MRS. ROOKS: Only one was on a contract.

19 THE WITNESS: They are paid off.

20 MR. DEPENBROCK: And the other one, you paid  
21 cash for that?

22 MRS. ROOKS: We saved up and paid cash for it.

23 MR. DEPENBROCK: Do you know when you bought  
24 it?

25 MRS. ROOKS: The second one I think was 2004.

1 I don't remember the first one. And I'm not even positive  
2 of that.

3 BY MR. DEPENBROCK:

4 Q Do you remember how much you paid for it?

5 A We paid --

6 MRS. ROOKS: I think they were -- I think we  
7 paid 35 for the first one and 32 for the second one.

8 THE WITNESS: Yes, something like that.

9 (The document referred to was  
10 marked as Exhibit 36 for identification.)

11 BY MR. DEPENBROCK:

12 Q I'm going to show you what's been marked  
13 Exhibit 36 and ask if you can identify Exhibit 36 for me,  
14 please.

15 A It says Jefferson County Official Records.  
16 It's a bargain and sale deed for Jacquie and I.

17 Q It appears to be a deed signed by you and your  
18 wife Jacquie.

19 A Okay.

20 Q Conveying Lot 52, Crooked River Ranch number  
21 16, Jefferson County to Randolph Scott and Richard Keen.

22 MRS. ROOKS: So we must live on 53 then.

23 BY MR. DEPENBROCK:

24 Q So in 2005 you signed a deed conveying from you  
25 and your wife to you, your wife, Mr. Scott and Mr. Keen



1 Lot 52; is that correct?

2 A Uh-huh. Yes.

3 Q Did you charge any money for that?

4 A No.

5 Q Have Mr. Scott or Mr. Keen ever paid any money  
6 towards Lot 52?

7 A No.

8 Q And Lot 52 would not be the lot you live on.  
9 That would be the vacant lot; is that correct?

10 A That's correct.

11 Q And then there's no water service to Lot 52; is  
12 that correct?

13 A That is not correct.

14 Q What's correct?

15 A The water service has been paid for to that  
16 lot.

17 Q Do you have like you pay a monthly bill to that  
18 lot?

19 A No, the connection fee was paid.

20 Q So there's a water connection to that lot?

21 A Yes.

22 Q Is there a water connection to Lot 53, the one  
23 you live on?

24 A Yes.

25 Q Is there water delivered to Lot 53?

1 A The one we live on?

2 Q Yes.

3 A We live on 51.

4 MRS. ROOKS: No, 53. I think they go down as  
5 they come down the street.

6 THE WITNESS: The lot we live on has water  
7 connected to it, yes.

8 BY MR. DEPENBROCK:

9 Q And the water flows so you have your domestic  
10 water from the Crooked River Ranch water system; is that  
11 correct?

12 A Yes.

13 Q And do you pay for the Crooked River Ranch  
14 water monthly that you get to the property you live on?

15 A Yes.

16 Q Does anybody pay monthly for water to the other  
17 lot?

18 A No.

19 Q Has Mr. Scott or Mr. Keen invested any money,  
20 paid any property taxes, done anything else by way of  
21 financial dealings with this Lot 52 that they have been  
22 deeded?

23 A Not yet.

24 Q Do they still own their interest in it?

25 A Yes.

1 Q Each of them?

2 A Yes.

3 Q Do they know they do? Have you delivered this  
4 deed to them?

5 A I think they got a copy of it.

6 (The document referred to was  
7 marked as Exhibit 37 for identification.)

8 BY MR. DEPENBROCK:

9 Q I show you what's been marked deposition  
10 Exhibit 37 and ask if you can identify Exhibit 37 for me.

11 A Looks like one of my paychecks.

12 Q I'm going to tell you how I got it. We have  
13 been provided a copy of the Quickbooks records for the  
14 finances of the company, and we can go into Quickbooks and  
15 it will print a copy of your paycheck essentially. That's  
16 what we have done. And I'm just wanting to make sure that  
17 that's what it is. I don't know how else to ask it. Maybe  
18 you or your wife can say, yes, that is --

19 MRS. ROOKS: If I can see it, I can answer it.  
20 Yes, it appears to be.

21 BY MR. DEPENBROCK:

22 Q So from this paycheck it appears that \$200 has  
23 been deducted and it says for supplies. Do you see that on  
24 the pay stub?

25 A Yes.

1 Q I see that in most, maybe all of your paychecks  
2 there's some amount deducted, and up through this May 28,  
3 2008 paycheck it was deducted and it said it was for  
4 supplies on these pay stubs. Can you tell me anything  
5 about that? What's being deducted and what for? What's  
6 that?

7 A I have my wife take money out of my paycheck to  
8 put into a payroll savings every month, every two weeks.

9 MRS. ROOKS: Not payroll savings. What he does  
10 is he has me deduct \$200 in case he ends up buying supplies  
11 so he's not using company money. And it's sitting in a pot  
12 right now probably between a thousand -- 1,500 and \$2,000  
13 or more.

14 BY MR. DEPENBROCK:

15 Q Do you keep any record of what you buy when you  
16 use company money so that you reimburse from this pot?

17 MRS. ROOKS: Everything he signs it says. Take  
18 out of J.R.'s check.

19 THE WITNESS: We have a record of it but most  
20 of the time it's not company money. It's my money. It's  
21 taken out of my paycheck ahead of time.

22 MRS. ROOKS: We still have to have receipts  
23 proving what was done, and in fact, Wayne Trucke had a copy  
24 of the entire book.

25 MR. DEPENBROCK: That's kind of what I was

1 getting to.. So Wayne Trucke made a list in his report.

2 Did you see his report?

3 MRS. ROOKS: Yes, but it's been a long time  
4 since I looked at it.

5 MR. DEPENBROCK: And that list stopped a couple  
6 years ago, and what I'm trying to do is to see what the  
7 list is since then.

8 MRS. ROOKS: There is very little.

9 MR. DEPENBROCK: Could we get a copy of that at  
10 some point?

11 MRS. ROOKS: It may take me a couple days  
12 because I'm behind because I have been doing three jobs for  
13 about six months. So I'm very behind in everything I do.

14 MR. DEPENBROCK: Do you keep a regular list or  
15 do you keep a box of receipts?

16 MRS. ROOKS: I keep a copy of the receipts,  
17 yes.

18 MR. DEPENBROCK: Would it be possible to  
19 simply -- well, to provide a copy of the receipts in the  
20 box?

21 MRS. ROOKS: They are in not a box. They are  
22 at home in my book. I have to put them together. I will  
23 get them and get them to you as soon as I can.

24 (The document referred to was  
25 marked as Exhibit 38 for identification.)

1 BY MR. DEPENBROCK:

2 Q I show you what's been marked deposition  
3 Exhibit 38 and ask if you can tell me what that is and  
4 maybe we could have Mrs. Rooks look at number 38.

5 MRS. ROOKS: It appears to be the same thing.

6 BY MR. DEPENBROCK:

7 Q So what I have here what I am going to  
8 represent to you is what we did was print a copy of your  
9 pay stub from the Quickbooks files that were provided  
10 for -- this one is August 19, 2009, and somewhat like the  
11 earlier one, there is a deduction of \$100. This time it  
12 says supplies bolts instead of supplies. Can you tell me  
13 what the significance of that deduction is?

14 A I bought some bolts at a store and charged it  
15 to the company and she took it out of my paycheck.

16 Q It appears to me that there were a fair number  
17 of checks with an amount deducted each month, each one says  
18 supplies bolts.

19 MRS. ROOKS: That was my error for not taking  
20 it off. It was my error for not removing the word bolts.  
21 It was just deducted. There was no bolts purchased.

22 MR. DEPENBROCK: Did you change your accounting  
23 of what was going on with that money?

24 MRS. ROOKS: I'm sorry?

25 MR. DEPENBROCK: Did you change your Quickbooks

1 as to what accounts, how you accounted for that?

2 MRS. ROOKS: What I usually do is wait until  
3 the accountants do our books at the end of the year and  
4 then we go over what I have done wrong or what they  
5 perceive as different than they want done.

6 BY MR. DEPENBROCK:

7 Q It appears there have been deductions from  
8 Mr. Rooks' paycheck for supplies going back on these  
9 records as far as the year 2000 and stopping in 2007 and  
10 then deductions for supplies bolts starting in 2008, in  
11 April of 2008, on your books. Why is that?

12 A Because it's just the way she listed it. Like  
13 she said, she didn't take the word bolt off.

14 MRS. ROOKS: That's what I just said. I did  
15 not take the word bolts off. There obviously is a gap in  
16 there because he wasn't purchasing anything.

17 BY MR. DEPENBROCK:

18 Q Do you have any other explanation for why those  
19 would be listed as deductions for supplies and then  
20 deductions for supplies bolts?

21 A When we went under PUC, they changed our whole  
22 books around to fit their format and she had to do a lot  
23 of -- her and the accountant had to do a lot of changing  
24 formats because of PUC and some of that happened then.

25 MRS. ROOKS: Possibly, but he bought some bolts

1 and the next time -- because he does automatic deductions  
2 every pay day and I did not remove the word bolts.

3 THE WITNESS: It doesn't mean I bought bolts  
4 every week. It just stayed on there.

5 MRS. ROOKS: Instead of turning it over and  
6 changing and saying just supplies, it says bolts. It's  
7 still money that went on the books the company has of his.

8 MR. DEPENBROCK: You are thinking he is ahead?

9 MRS. ROOKS: Absolutely.

10 THE WITNESS: Usually I am. But any tools or  
11 equipment -- I know I'm not supposed to volunteer but I  
12 want to state this. Anything I buy, anything I bought over  
13 the last 10 or 11 years was to run this water company  
14 period. Okay. This is not personal supplies. This is  
15 not -- if it's tools -- I have bought a welder. I bought a  
16 lot of stuff. I wore my welder out so I bought a welder  
17 through the company and I paid the company back for that  
18 money because they had an account at Norco or something  
19 like that.

20 These are not -- for the most part these are  
21 not personal supplies. All this company had -- when I came  
22 to work here, the first day on my job they said we need to  
23 install a meter. The people that worked here prior to us  
24 stole everything this company owned. There wasn't even a  
25 crescent wrench here to fix anything. Okay. So I bought



1 all the tools and equipment. Most of the tools and  
2 equipment that operate this company are mine and I bought  
3 them. Some of them through the company, some of them on my  
4 own thing. But everything you see there and all the lists  
5 she has got of the stuff I bought was to run this company.  
6 I don't work for anybody else in the world. Okay.

7 BY MR. DEPENBROCK:

8 Q And all of the income that you have in the  
9 world comes from either this company or I gather a small  
10 pension from Alaska; is that right?

11 A I do not have a pension from Alaska. My wife  
12 did. She doesn't. She gets \$50 a month now I think or  
13 something like that.

14 MRS. ROOKS: Which goes towards my insurance  
15 that I buy from the state. So virtually pay out about \$200  
16 a month for my pension for insurance.

17 MR. DEPENBROCK: And how much do you bring in  
18 on your pension?

19 MRS. ROOKS: Nothing.

20 MR. DEPENBROCK: I see. So it's a negative?

21 MRS. ROOKS: Pretty much.

22 BY MR. DEPENBROCK:

23 Q Other than buying that one lot on credit, have  
24 you folks borrowed any money over the last --

25 A Have I what?

1 Q Borrowed money other than what we are talking  
2 about through the company, did you borrow money from anyone  
3 that you can recall over the last 10 years?

4 A I live within my means.

5 Q Is that true, Mrs. Rooks?

6 MRS. ROOKS: Absolutely.

7 THE WITNESS: And the company is debt free  
8 because we live that way.

9 BY MR. DEPENBROCK:

10 Q It would be fair to say that everything that  
11 you have, everything that -- your money and your property  
12 has come in one way or another from the company and your  
13 wife's pension because there's been no other source?

14 A This job is the only job I have had for the  
15 last 11 years, yes.

16 Q You haven't had any other source of money?

17 A No.

18 Q Do you have any explanation of why some of  
19 these reimbursement accounts are in an account called water  
20 tower in the Quickbooks records?

21 MRS. ROOKS: That's something the accountant  
22 set up. I have nothing to do with water tower. I have  
23 never put a dime or taken a dime out of the water tower. I  
24 have no idea what it is. That's something they deal with.

25 THE WITNESS: Can he be talking about the

1 antennas on the water tower?

2 MRS. ROOKS: That goes under communications.

3 BY MR. DEPENBROCK:

4 Q It appears that the money that's deducted from  
5 your paycheck affects the balance of an account called  
6 water tower.

7 A What?

8 Q If you know, tell me. If you don't, tell me  
9 that you don't know.

10 MRS. ROOKS: I have no idea why it does.

11 THE WITNESS: We have to go over with the  
12 accountant and look at the books. I don't understand  
13 anything about water tower.

14 MRS. ROOKS: Because I don't know why it would  
15 do that. I don't attach it to anything.

16 THE WITNESS: Could we have had an account for  
17 the water tower when I repaired it and then the numbers got  
18 mixed up?

19 MRS. ROOKS: I don't know. I don't know what's  
20 going on. I would have to talk to either Wes or our new  
21 accountant.

22 MR. DEPENBROCK: Does the company have a new  
23 accountant?

24 MRS. ROOKS: Yes, we do.

25 MR. DEPENBROCK: Who is that?

1 MR. ROOKS: Nissen & Meyer.

2 MR. DEPENBROCK: Where are they located?

3 MRS. ROOKS: Redmond.

4 MR. DEPENBROCK: And the first name again?

5 MRS. ROOKS: Nissen & Meyer, N-i-s-s-e-n.

6 BY MR. DEPENBROCK:

7 Q When were Nissen & Meyer engaged as the company  
8 accountants?

9 A Within the last year.

10 MRS. ROOKS: October, November last year, maybe  
11 September.

12 BY MR. DEPENBROCK:

13 Q Has the company filed it's federal income tax  
14 forms for 2008?

15 MRS. ROOKS: Yes.

16 THE WITNESS: Yes.

17 BY MR. DEPENBROCK:

18 Q Was that done by Nissen & Meyer?

19 A Yes.

20 Q When you provide information to Nissen & Meyer,  
21 do you give them these Quickbooks records?

22 MRS. ROOKS: Yes.

23 MR. DEPENBROCK: Very much as you did --

24 MRS. ROOKS: Exactly the same. I give them all  
25 the memory stick.

1 (The document referred to was  
2 marked as Exhibit 39 for identification.)

3 BY MR. DEPENBROCK:

4 Q I show you what's been marked Exhibit 39 and  
5 ask you if you can identify Exhibit 39 for me, please.

6 A From Harrigan Price & Frank Company dated May  
7 29, 2007.

8 Q It appears to be a letter sending you a copy of  
9 the federal tax return for the water company for 2006, the  
10 2006 tax return being sent to you on May of 2007. Does  
11 that look like it to you?

12 A Yes.

13 Q Attached to this letter there is a note for  
14 \$14,678.62, and as part of the letter Mr. Price tells you,  
15 "Also enclosed is a promissory note in the amount of  
16 \$14,678.62 which needs to be signed and retained in your  
17 files until paid in full." Do you see that comment by  
18 Mr. Price?

19 A Yes.

20 Q And you see the note?

21 A You mean the last page?

22 Q Yes. The last page that appears to be for your  
23 signature on the note, the note for \$14,678.62.

24 A Yes.

25 Q So did you get that letter and that note from

1 Mr. Price on or about May 29, 2007?

2 A I don't remember getting it. I don't remember  
3 reading it. But if this came out of our files, we probably  
4 did get it.

5 Q Did you sign the note?

6 A It doesn't look like it.

7 Q Do you have a signed copy of that note in your  
8 records here?

9 A I don't know. I would have to look.

10 Q Did you generally follow your accountant's  
11 advice?

12 A Yes.

13 Q So if your accountant is telling you here is a  
14 promissory note in the sum of \$14,678.62 which needs to be  
15 signed and retained in your files until paid in full, would  
16 you generally follow his advice and sign it and keep it in  
17 the files?

18 A I believe so.

19 Q What was the note for?

20 A I don't -- F.R. Custom Builders, who is that?  
21 MRS. ROOKS: Is that what it says?

22 MR. DEPENBROCK: Show Mrs. Rooks. The note is  
23 a very curious note. It says signed a note to F.R. Custom  
24 Builders Incorporated at Bend, Oregon, \$14,678.62. Why is  
25 your accountant telling you that Mr. Rooks needs to sign a

1 note to these people?

2 MRS. ROOKS: I don't even know who they are.

3 THE WITNESS: I don't even know who they are.

4 I don't remember ever getting this thing.

5 MRS. ROOKS: No. Because we never did anything

6 through -- because we have never built anything that we

7 haven't paid cash for. F.R. Custom Builders?

8 THE WITNESS: Is F.R. -- no, F.R. Custom

9 Builders is not the one that helped me on the cistern.

10 What year was this?

11 MRS. ROOKS: 2007. You did the cistern in

12 2001.

13 MR. DEPENBROCK: This is a note that apparently

14 came with your 2006 tax returns. Let me see -- here is

15 another clue. Maybe you can help me. So we are looking at

16 your Quickbooks files and maybe I'll just show Mrs. Rooks.

17 And I am looking at the printout here and there is an item

18 called note receivable, J.R. Rooks and it says on December

19 31, 2006, \$14,678.62, the exact same amount.

20 MRS. ROOKS: It's got to be for the trackhoe.

21 It's the only thing it can do. But I have no idea who

22 F.R. Builders is. I have never heard of them and it's on

23 the water tower too. That doesn't even make any sense.

24 But it's got to be for the trackhoe. That's the only thing

25 I can assume it is.

1 THE WITNESS: Oh, was that when I did the -- I  
2 rebuilt the backhoe or the trackhoe?

3 MR. DEPENBROCK: This is an indication that  
4 Mr. Rooks owes money to the company in the sum of \$14,678.

5 MRS. ROOKS: The only thing I can assume is  
6 what you still have outstanding for the trackhoe. And they  
7 would have done the changes -- this is a journal entry and  
8 I don't do journal entries without them telling me to.

9 THE WITNESS: It could have been something to  
10 do with the trackhoe.

11 MRS. ROOKS: It's probably the remaining  
12 balance for the trackhoe.

13 THE WITNESS: Yes, could have been.

14 MRS. ROOKS: Whenever you see a journal entry,  
15 I do not do them unless the accountant directs me or does  
16 them themselves and puts them in the system.

17 MR. DEPENBROCK: If you have a copy of that  
18 note, could I get a copy of that?

19 MRS. ROOKS: I have never seen it, but I will  
20 look if we have it.

21 THE WITNESS: I remember something about this  
22 now that you mention trackhoe. I remember they did the  
23 books and they said you still owe \$14,000 of trackhoe or  
24 something and we paid it off.

25 MRS. ROOKS: We probably paid it off.



1 THE WITNESS: We paid it off prior to this note  
2 or something. I don't know. We will look up the records  
3 and find out. Let me see that one that you got in your  
4 hand here.

5 MR. DEPENBROCK: This one says that as of  
6 December 31, 2006, there was a note receivable to -- it  
7 says NR, I take that to be note receivable J.R. Rooks,  
8 \$14,000 in that exact amount.

9 THE WITNESS: What year did I buy the trackhoe,  
10 2006?

11 MS. OAKLEY: I don't remember.

12 BY MR. DEPENBROCK:

13 Q The initial purchase of the trackhoe I think  
14 was made -- the down payment was made in late 2005.

15 A Yes. So this could have been the remainder of  
16 the down payment on the -- the remainder of the money I  
17 paid on the trackhoe. But I don't know who -- I have no  
18 clue who F.R. Custom Builders Incorporated is.

19 Q I don't either. I'm surmising that a mistake  
20 was made in the payee. Perhaps it's somebody else the  
21 accountant represents and he sent -- he got the name  
22 crossed up. I don't know. But I also surmise that there  
23 was on the books an obligation to repay \$14,678.62 or the  
24 accountant wouldn't have sent you a note, but that's just  
25 me.

1           A       Well, I don't know. We will have to ask the  
2 accountant.

3           MR. GASSNER: I don't want you to guess at this  
4 stuff.

5           THE WITNESS: No, I'm not guessing at anything.  
6 I don't know. I don't know who F.R. Custom Builders is.

7           MRS. ROOKS: I never heard of them.

8           THE WITNESS: I never heard of them. I have  
9 never done any business with a builder in Bend, Oregon of  
10 any kind.

11          MRS. ROOKS: What date was that?

12          THE WITNESS: May 29, 2007.

13          MRS. ROOKS: Here's a journal entry, this is  
14 dated March 29, but the journal entries they sent us. And  
15 I do not put them in. I usually had the accountant come  
16 over and help me because I don't want to mess them up. But  
17 at this point I am not finding any copy of that anywhere.

18          THE WITNESS: Where did you get this copy?

19          MR. DEPENBROCK: From Mr. Price's file.

20          MRS. ROOKS: I'm still going through stuff just  
21 in case. People have been in and out of these files.

22          MR. DEPENBROCK: I got the letter with the note  
23 from the records that I subpoenaed from the accountant.  
24 Mr. Price.

25          MRS. ROOKS: I understand what you are saying,

1 but I'm not finding it in my files at this point.

2 MR. DEPENBROCK: And I got the ledger from the  
3 Quickbooks records that you folks provided me.

4 MRS. ROOKS: We do not have that letter. It  
5 has never been received.

6 THE WITNESS: I don't think I have ever laid  
7 eyes on this thing before to tell you the truth about it  
8 and I didn't sign it.

9 MR. DEPENBROCK: We don't have any such note in  
10 the corporate --

11 MRS. ROOKS: You are welcome to go through if  
12 you want to but I didn't find anything. I don't remember  
13 ever seeing it.

14 MR. DEPENBROCK: Could I take a look through  
15 just to see what it is we got here?

16 MRS. ROOKS: Do you have an objection to that?

17 MR. GASSNER: No.

18 MRS. ROOKS: That doesn't belong in there.

19 MR. DEPENBROCK: There is a letter in here from  
20 a lawyer. I will leave that alone.

21 MR. GASSNER: I appreciate that.

22 MR. DEPENBROCK: It's on the inside front  
23 cover. You want to just hold it for the time being. I  
24 will leave the prongs open where it goes back. Do you want  
25 to come back at one?

1 MR. GASSNER: You want to take a lunch break?

2 MR. DEPENBROCK: I can finish some more here.

3 I will ask some other questions and then if I can have a  
4 chance maybe to look at this.

5 MR. GASSNER: That's fine.

6 THE WITNESS: Did you find it in there?

7 MR. GASSNER: With the same provision if  
8 there's any more attorney client correspondence.

9 MR. DEPENBROCK: Absolutely.

10 MRS. ROOKS: We have had several temps here and  
11 obviously they couldn't read.

12 (The document referred to was  
13 marked as Exhibit 40 for identification.)

14 BY MR. DEPENBROCK:

15 Q I am showing the witness what's been marked  
16 deposition Exhibit 40. I wonder if you can identify  
17 deposition Exhibit 40 for me, please.

18 A It says September 5, 2007. Below are all  
19 payments made by James Rooks for the 160 Case trackhoe.

20 Q Who prepared that document Exhibit 40?

21 A Probably Jacquie.

22 Q Can I show it to her or a copy, please. I  
23 don't have an extra one.

24 MRS. ROOKS: Yes, I did.

25 MR. DEPENBROCK: And from what records did you

1 prepare that document?

2 MRS. ROOKS: Quickbooks and checking account.

3 MR. DEPENBROCK: Your personal checking  
4 account?

5 MRS. ROOKS: Correct. There should be copies  
6 of the checks somewhere.

7 MR. DEPENBROCK: That was my question. Do you  
8 have copies of your personal checks from --

9 MRS. ROOKS: Not here.

10 MR. DEPENBROCK: Could I request that you  
11 produce those also?

12 MRS. ROOKS: They should have been in Wayne  
13 Trucke's information.

14 MR. GASSNER: I think those were already  
15 produced in the Trucke report.

16 THE WITNESS: I have given him our whole  
17 checking account.

18 MR. DEPENBROCK: If they have been produced, I  
19 don't need them anymore. But I'm thinking that this -- let  
20 me see this again, please. I'm thinking that by September  
21 5 of '07, Mr. Trucke had taken such records as he needed  
22 and had been gone. So some of this is after Mr. Trucke's  
23 request. So one of the checks on this is a check dated  
24 September 5, 2007. It says to CRRWC, our check number  
25 1159, trackhoe payment \$5,571.63.

1 MRS. ROOKS: Can you read that figure again,  
2 please.

3 MR. DEPENBROCK: \$5,571.63, September 5, 2007,  
4 check number 1159.

5 MRS. ROOKS: I got all of that.

6 MR. DEPENBROCK: And was this a true statement  
7 of the payments that you made on the trackhoe?

8 MRS. ROOKS: To the best of my knowledge.

9 MR. DEPENBROCK: I'm looking through the  
10 Quickbooks record and I can't find a record of those  
11 deposits. Do you have any explanation of those personal  
12 checks? I can find a record of the deductions from the  
13 paychecks that are listed. I can't find a record of the  
14 deposits.

15 MRS. ROOKS: It may have been included with  
16 other deposits. If we have several large checks that came  
17 in, it would have been included.

18 MR. DEPENBROCK: Is there any other  
19 explanation?

20 MRS. ROOKS: No.

21 MR. DEPENBROCK: Then you will provide me with  
22 copies of canceled checks that made those payments?

23 MRS. ROOKS: Yes, I will.

24 (The document referred to was  
25 marked as Exhibit 41 for identification.)

1 BY MR. DEPENBROCK:

2 Q I show you what's been marked deposition  
3 Exhibit 41 and I am going to tell you what it is. It's a  
4 copy of Exhibit 47 to the report of Wayne Trucke.  
5 Mr. Trucke after examining the company books and asking the  
6 questions as you know prepared a report. He attached  
7 exhibits. One of the exhibits that he attached itemized  
8 expenditures or items purchased by Mr. Rooks with CRRWC  
9 funds, and he lists some three pages of them totaling  
10 \$77,058.62. Included within that were the \$25,000 down  
11 payment for the trackhoe.

12 A Okay.

13 Q So my question is did this money -- is this a  
14 list of items purchased by Mr. Rooks with CRR funds as  
15 Mr. Trucke says it is?

16 A Say that again.

17 Q Is this a list of items that were purchased by  
18 you with Crooked River Ranch Water Company funds? Is  
19 Mr. Trucke right?

20 A No. It's a false statement. Most of it was  
21 purchased with my own funds that was taken out of my check.

22 Q Which of these items were purchased with  
23 Crooked River Ranch Water Company funds?

24 A I can't -- I can't pick out which ones.

25 Q Let me go back.

1           A       I don't know when I had a deficit, when I had a  
2 credit on the books.

3           Q       I think I understand. We may be saying the  
4 same thing. So you were having money withdrawn from your  
5 checks?

6           A       Yes.

7           Q       Going back at least by one accounting to the  
8 year 2000?

9           A       Yes.

10          Q       And you were purchasing items with Crooked  
11 River Ranch Water Company funds and then keeping track of  
12 those purchases and repaying the company from the money  
13 that was withdrawn from your checks. Do I understand that  
14 right?

15          A       No.

16          Q       What am I wrong about?

17          A       Most of the time the money was either taken out  
18 of my check prior to the purchase, or when we purchased it,  
19 we paid it off out of the next paycheck. So the company  
20 actually had paid for very few funds. I used very little  
21 company money to pay for equipment, tools and everything.  
22 That was mostly used for company rehabilitation.

23          Q       So in point of fact, each of the items on this  
24 list was purchased by the company. The money came to pay  
25 the person, let's say NAPA Auto Parts from the company?



1           A       No, it came out of my paycheck.

2           Q       But it came from the company's account?

3           A       It came out of my account, my paycheck.

4           Q       You mean you kept a separate bank account?

5           A       No, it just come out of my paycheck. The money  
6 was already -- most of it was already on the books.

7           Q       All right. But the money -- you are telling me  
8 the money was on the books. What I am trying to establish  
9 is that the items were paid for with company funds. We  
10 will get to how they were reimbursed or how they were  
11 repaid or whether there was money on the books ahead of  
12 time. All I want to is establish is first off that these  
13 items were in fact paid for by the company checkbook if you  
14 will.

15          A       Yes, but I didn't consider it company money.  
16 It's my money.

17          Q       But it was paid for by the company?

18          A       Okay.

19          Q       And you were having moneys withheld from your  
20 paycheck?

21          A       Right.

22          Q       And you were keeping accurate records of what  
23 was withheld from your paycheck and what was spent so that  
24 you could reconcile those; is that correct?

25          A       That's correct.

1 Q And who kept those records?

2 A My wife.

3 Q How much money do you currently owe or how much  
4 are you ahead with regard to that practice today?

5 MRS. ROOKS: I said between 1,500 and 2,000.

6 THE WITNESS: Somewhere around 3,000. The  
7 company owes me about 3,000.

8 MRS. ROOKS: I've been behind because as I told  
9 you, for a year I have been doing more than one job. I  
10 have copies of everything and records of everything. I  
11 just don't have them at this point to show you a  
12 spreadsheet.

13 THE WITNESS: At this time I'm several thousand  
14 dollars ahead. The company has my money.

15 BY MR. DEPENBROCK:

16 Q Some time ago we served your attorneys with  
17 some requests for admissions, and we got a response to  
18 those requests generally either admitting or denying a  
19 particular request. So my question is did you assist in  
20 preparing the response to that request for admissions?

21 A I think so. Didn't I?

22 MR. GASSNER: You can answer that question.

23 THE WITNESS: Yes.

24 BY MR. DEPENBROCK:

25 Q There was a request for an admission --

1 MR. GASSNER: Can you hang on just a moment. I  
2 want to see if I have that today. That might be in a  
3 different notebook. Proceed. I don't have my copy of it  
4 available.

5 MR. BROOKS: I can give you a copy of your  
6 response, but it doesn't have the questions on it if you  
7 need it.

8 MR. GASSNER: Sure. That would be helpful.

9 BY MR. DEPENBROCK:

10 Q So in response to request number seven which  
11 the request said on or about June 29, 2005, the membership  
12 in the company of defendant Richard A. Keen, Jr. terminated  
13 automatically because he sold the Crooked River Ranch  
14 property served by the company that was the basis for his  
15 membership, and the response was to deny that. So I'm  
16 wondering why is that not a true statement if you will?  
17 Did Mr. Keen -- break it down. Did Mr. Keen sell his  
18 property on or about June 29, 2005?

19 A Probably did.

20 Q Because we have a deed for that?

21 A Yes.

22 Q So why wasn't that -- why didn't terminate  
23 automatically his membership in the Crooked River Ranch  
24 Water Company?

25 A Because I had a working agreement with him on

1 my property to place him on my property to develop the  
2 property.

3 Q This was that deed that we saw a little bit ago  
4 where he and --

5 A We had an agreement like a year ahead of that.

6 Q Do you have any writing reflecting that  
7 agreement a year ahead of that?

8 A No. It was a verbal agreement.

9 MRS. ROOKS: There's an error on this sheet, at  
10 least one. This 1,428, we purchased that HP for here on  
11 our account. And so it was our money that purchased that  
12 HP.

13 MR. DEPENBROCK: Which exhibit are you  
14 referring to?

15 MRS. ROOKS: 41.

16 MR. DEPENBROCK: And what item is it that's an  
17 error?

18 MRS. ROOKS: Costco, HP.

19 MR. DEPENBROCK: And what do you say the error  
20 is?

21 MRS. ROOKS: We purchased it for the company  
22 and they reimbursed us or went on towards credit.

23 MR. DEPENBROCK: I'm suggesting that if it's on  
24 here, there must have been a company payment of that  
25 amount.

1 MRS. ROOKS: I don't know. I will have to  
2 look.

3 BY MR. DEPENBROCK:

4 Q Is there any other reason why you denied the  
5 request to admit that statement that I just said that on  
6 June 29, 2005, Mr. Keen's membership terminated because he  
7 sold his property on the ranch?

8 A On legal advice from our attorneys, yes.

9 Q Request number nine was similar. It says on or  
10 about April 24, 2002 the membership in the company of  
11 defendant Randolph Scott terminated automatically because  
12 he sold the Crooked River Ranch property served by the  
13 company that was the basis for his membership. You deny  
14 that. Why was that statement denied?

15 A On advice from our attorney.

16 Q Do you have any reason yourself why you think  
17 that isn't true?

18 A Yes. Mr. Scott was also in agreement with me  
19 on that piece of property to develop that piece of property  
20 and his name eventually went on the title when I had a  
21 chance to put it on there.

22 Q And that agreement extended back to April 24,  
23 2002 when he sold his own property. Is that what you are  
24 saying?

25 A Yes.

1 Q You had this verbal agreement with Mr. Scott at  
2 that point?

3 A Yes.

4 Q When did this verbal agreement with Mr. Keen  
5 and Mr. Scott --

6 MR. GASSNER: Before you ask your next  
7 question, can I have a moment to confer with my client?

8 MR. DEPENBROCK: Sure.

9 (Brief break.)

10 BY MR. DEPENBROCK:

11 Q So we are back. Mr. Rooks, is there any other  
12 reason that you can think of why it wouldn't be a true  
13 statement that on or about April 24, 2002 the membership in  
14 the company of Mr. Scott terminated because he sold his  
15 Crooked River Ranch property?

16 A I don't recall at this time. I'd have to look  
17 up the records or stop and think about it for a while, but  
18 I don't recall at this time.

19 Q And you told me a little bit ago that you had a  
20 verbal agreement with Mr. Scott and Mr. Keen predating  
21 April 24, 2002 that they would purchase your property or  
22 join with you. I forgot how that went.

23 A Yes. We were going to join in a joint venture  
24 on that property, yes.

25 Q And you spoke to Mr. Keen about that before

1 April 24, 2002?

2 A I believe so.

3 Q And you spoke to Mr. Scott about that before  
4 April 24, 2002?

5 A I believe so.

6 Q Mr. Combs I believe was not elected to the  
7 company board; is that correct?

8 A He was appointed.

9 Q And I asked by way of admissions to admit that  
10 he was not appointed to fill another vacancy after his  
11 initial appointment and you denied that. Was Mr. Combs  
12 appointed and do you have any record of Mr. Combs being  
13 appointed to fill any other vacancies beyond his first  
14 appointment?

15 A Mr. Combs was appointed twice. I don't know  
16 whether -- I don't know where the records are, but he was  
17 appointed a second time.

18 Q When was the second appointment?

19 A To the board of directors.

20 Q Yes.

21 A After his first term ran out.

22 Q Immediately after?

23 A Yes. He was on for five years and then he  
24 didn't want to run again so we didn't put him on the  
25 ballot. And I don't think anybody else ran that year or we

1 couldn't get anybody else to run so we asked him to take  
2 another appointment and he did.

3 Q Was Richard J. Miller ever elected by the  
4 membership to the company board?

5 A Yes.

6 Q And when was Mr. Miller elected to the company  
7 board by the membership?

8 A I don't know. I don't have -- I don't have the  
9 specs in front of me right now.

10 Q Do you recall any record in the company minutes  
11 of Mr. Miller being elected to the company board?

12 A I'm sure we have them.

13 Q When the company board voted to dissolve if you  
14 will or when the dissolution was put into effect on or  
15 about June 29, 2006, was there any notice -- strike that.  
16 I see that's an admission. I was thinking it had been  
17 denied. Never mind. One of my requests number 27 asks for  
18 an admission that on or about April 2005, Defendant Rooks  
19 paid company funds totaling \$3,805 to purchase pipe for  
20 defendant Combs personal use. That request for admissions  
21 was denied. What can you tell me if anything about the  
22 company's purchase of pipe for Mr. Combs?

23 A You are going to have to break that down. I  
24 heard about three questions there. Say again.

25 Q So you denied -- company records that we have



1 looked at appear to show that company money was spent to  
2 purchase pipe, \$3,805?

3 A Which John Combs paid back.

4 Q So the company money was spent. That part  
5 would be true. John Combs paid it back would be the  
6 response?

7 A Yes.

8 MR. DEPENBROCK: Let's take a lunch break.

9 (Noon recess.)

10 MR. DEPENBROCK: Back on the record. What I'd  
11 like to start with this afternoon is to swear in Mrs. Rooks  
12 if you could, please.

13 JACQUELYN ROOKS,  
14 having been first duly sworn, was  
15 examined and testified as follows:

16 MR. DEPENBROCK: Would you state your name,  
17 please, for the record.

18 MRS. ROOKS: Jacquelyn, J-a-c-q-u-e-l-y-n R.  
19 Rooks.

20 MR. DEPENBROCK: And are you married to James  
21 Rooks that we spoke to this morning?

22 MRS. ROOKS: Yes.

23 MR. DEPENBROCK: You were here for the  
24 deposition this morning and answered a number of questions.  
25 You are very helpful. I appreciate it. What I want to do

1 just for the record is to confirm that what you said this  
2 morning was true?

3 MRS. ROOKS: Absolutely.

4 MR. DEPENBROCK: So that if we ask questions  
5 this afternoon, you are both under oath instead of just  
6 one. My mistake. I'm sorry.

7 MRS. ROOKS: That's all right.

8 BY MR. DEPENBROCK:

9 Q Looking at some of the records that have been  
10 produced, among them were records of payments by individual  
11 water customers. And I noticed in looking at the records  
12 that most customers were listed as being on a particular  
13 route. Route one, two, three, four, five.

14 A Okay.

15 Q Richard Miller, former director Richard Miller  
16 was listed as being on Route 24. What was the significance  
17 of that?

18 A Route what?

19 Q 24.

20 A I don't have a clue.

21 Q Richard Miller did not appear to ever pay a  
22 water bill.

23 A He paid a water bill. Richard Miller was --  
24 joined the water company as a water hauler. Okay.

25 Q Are water haulers listed on the roster of those

1 who are paying water bills under Route 24?

2 A I don't know.

3 MRS. ROOKS: Six.

4 THE WITNESS: What?

5 MRS. ROOKS: Route six.

6 THE WITNESS: Route six?

7 MRS. ROOKS: But he did not haul on a regular  
8 basis.

9 THE WITNESS: Water haulers don't pay year  
10 round. They don't pay a connection fee. They don't pay on  
11 a regular basis. They pay when they use the water.

12 BY MR. DEPENBROCK:

13 Q Do you have -- do you use a rubber stamp for  
14 your signature on company checks, for example?

15 A Sometimes.

16 Q Do you have and did you use a rubber stamp on  
17 Richard Miller's signature?

18 A I didn't use it. He did.

19 Q Who used it?

20 A He did.

21 Q Who maintains the rubber stamp of Richard  
22 Miller's signature?

23 A Who what?

24 MRS. ROOKS: He did.

25 BY MR. DEPENBROCK:

1 Q You don't keep it here at the office?

2 A No.

3 Q So he would come by from time to time and  
4 rubber stamp the checks?

5 MRS. ROOKS: Or we would go to their house.

6 BY MR. DEPENBROCK:

7 Q Where do they live? Where did they live at the  
8 time?

9 A He lived on Chickadee.

10 MS. OAKLEY: No, Chipmonk.

11 THE WITNESS: Chipmonk. I'm sorry.

12 MR. DEPENBROCK: Here on the ranch?

13 MRS. ROOKS: Correct. He wanted the rubber  
14 stamp because of his hands.

15 BY MR. DEPENBROCK:

16 Q And why did you have a rubber stamp for  
17 Mr. James Rooks' signature?

18 A Because I sign about 30 checks at a time.

19 Q Who applies the rubber stamp with your  
20 signature? Do you do that? Does your wife do that?

21 A I just told Jacquie to have it made and she had  
22 it made someplace.

23 Q And when you go to put your stamp signature on  
24 a check, who stamps the check?

25 A I do.

1 Q Over the years I have not seen any -- I have  
2 looked at your records and we have looked at your records  
3 and we don't see any records of member accounts as members  
4 might have some equity in the company if you will. Can you  
5 confirm for me that that's the case, that you don't --

6 A That is the case. Members have no equity in  
7 the company.

8 Q They haven't had. They don't. I'm sorry?

9 A No.

10 (The document referred to was  
11 marked as Exhibit 42 for identification.)

12 BY MR. DEPENBROCK:

13 Q I have handed you what's been marked Exhibit 42  
14 and ask you if you can identify Exhibit 42, please. I have  
15 handed Mrs. Rooks a copy of Exhibit 42. Can you identify  
16 Exhibit 42 for me, please.

17 A It's a 990 form return of organization exempt  
18 from income taxes 2004.

19 Q This would be the water company's federal tax  
20 return for 2004; correct?

21 A Yes.

22 Q Is this an accurate copy of the -- complete and  
23 accurate complete of the water company's federal tax return  
24 for 2004?

25 A To the best of my knowledge.

1 Q Mrs. Rooks, can you answer that question? Do  
2 you have records available?

3 MRS. ROOKS: It appears to be.

4 MR. DEPENBROCK: Is it the return that someone  
5 here signed?

6 MRS. ROOKS: Wayne Sutton signed it.

7 MR. DEPENBROCK: Do we have records available  
8 that we could compare to make sure that this is an accurate  
9 copy of the tax return?

10 MRS. ROOKS: Yes. They are in the -- but it  
11 should be. I can't see why it wouldn't be, but, yes, we  
12 do.

13 MR. DEPENBROCK: I can't see why it wouldn't be  
14 either. What I need is a statement that it is.

15 MRS. ROOKS: It is.

16 MR. DEPENBROCK: Thank you. If you are  
17 comfortable making it --

18 MRS. ROOKS: I am comfortable making it.

19 (The document referred to was  
20 marked as Exhibit 43 for identification.)

21 BY MR. DEPENBROCK:

22 Q I will show you what's been marked deposition  
23 Exhibit 43 and see if you can identify that document for  
24 me. Showing Mrs. Rooks a copy. My question again is that  
25 a complete and accurate copy of the company tax return,

1 federal tax return form 990 for the year 2005?

2 A I believe it is.

3 MRS. ROOKS: Well, there is a blank page. I  
4 don't know what that should be. The second page these  
5 copies are blank.

6 MR. DEPENBROCK: I don't either.

7 MRS. ROOKS: May be the back side of something  
8 that's blank. It does have a T -- it says TEEAD102. It's  
9 a page number.

10 MR. DEPENBROCK: I suspect that it's part of a  
11 form that was copied and that was the only thing on it was  
12 that --

13 MRS. ROOKS: There is a number on it so that's  
14 what I would suspect as well.

15 MR. DEPENBROCK: So can I get a straight yes or  
16 no as to whether this is a complete and accurate copy?

17 MRS. ROOKS: I'm not sure because there seems  
18 to be not as many attachments as normal.

19 MR. DEPENBROCK: Could we get a chance to look  
20 at the company records to make sure that it is?

21 MRS. ROOKS: You want me to do it now or later  
22 on?

23 MR. DEPENBROCK: Let's do it now. I have this  
24 tax return and a couple more and I want to make sure they  
25 are copies.

1 MRS. ROOKS: Why don't we check all of them and  
2 I can check the other ones.

3 (The documents referred to were  
4 marked as Exhibits 44 & 45 for identification.)

5 MR. DEPENBROCK: We will make the 2006 return  
6 Exhibit 44. And this is Exhibit 44 for you, Mr. Rooks, for  
7 the time being. And make the 2007 return Exhibit 45. I  
8 have a copy. And then if we could, let's just take a  
9 moment and see if we have 2004 through 2007.

10 MRS. ROOKS: Could I see them so I have an idea  
11 what I am looking -- what may or may not be missing if  
12 there is any.

13 MR. DEPENBROCK: Maybe we could pass these  
14 originals over.

15 MRS. ROOKS: This one 2008 appears to look like  
16 most of the other ones. So I just want to question six and  
17 five.

18 MR. DEPENBROCK: I don't have an '08. That  
19 might have been an '07 return sent in '08.

20 MRS. ROOKS: It's the '07 year.

21 MR. DEPENBROCK: So '07 looks okay?

22 MRS. ROOKS: Yes, the attachments appear to be  
23 what we normally have. Six is fine. The only one I am  
24 going to have to look for is '05. It's not in this folder.  
25 I am going to say 2005 is fine. It's got quite a few



1 attachments. The only thing I was concerned with was some  
2 of the attachments.

3 MR. DEPENBROCK: Could we please pass the  
4 original exhibits with the yellow stickers.

5 MS. OAKLEY: How far back?

6 MR. DEPENBROCK: Just the tax returns. So for  
7 the record Exhibits 42, 43, 44 and 45 are complete and  
8 accurate copies of the company's federal form 990 tax  
9 returns for the years 2004, 2005, 2006 and 2007?

10 MRS. ROOKS: Yes.

11 THE WITNESS: With the exception I think they  
12 have eliminated a board member's name off of each one of  
13 them.

14 MR. DEPENBROCK: Could you tell me what you  
15 are -- show me what you are referring to, please.

16 MRS. ROOKS: I missed that.

17 THE WITNESS: If you look at these --

18 BY MR. DEPENBROCK:

19 Q Which one are you looking at, sir?

20 A I am looking at '06 here. They list Keen,  
21 Scott, Brian and Miller. That's in '06. Who else was --  
22 wasn't John Combs on the board in '06?

23 MS. OAKLEY: I don't remember. You want me to  
24 get my list?

25 THE WITNESS: Yes. This is prepared by the

1 accountant, not by us.

2 BY MR. DEPENBROCK:

3 Q What page is it that they list the directors?

4 A I am on page five. Let's look at '06 who was  
5 on the board. There's five of them; right? They are only  
6 listing four. Who did they leave off?

7 MS. OAKLEY: When was that done?

8 THE WITNESS: This is '06.

9 MS. OAKLEY: When was the form done?

10 THE WITNESS: I don't know. Let me look.

11 MRS. ROOKS: Look on when it was signed, Jim.

12 THE WITNESS: When it was signed? 6/1 of '07.

13 So the accountant has left off one of the board members on  
14 every one of these things for some reason or other and I  
15 don't know why. Let's look at '05, Barbara.

16 BY MR. DEPENBROCK:

17 Q So just to be sure, these are complete and  
18 accurate copies of the company's returns, but there has  
19 apparently been a mistake made in listing the directors?

20 A Right.

21 MRS. ROOKS: Five has got all five of them.

22 BY MR. DEPENBROCK:

23 Q At least on the '06 return Mr. Rooks is  
24 testifying that one of the directors who should be on there  
25 is not on there?

1           A       But on the '05 --

2                   MRS. ROOKS: '06 there's five. That's the year  
3 you became a board member.

4                   THE WITNESS: No.

5                   MRS. ROOKS: I'm sorry. I stand corrected.  
6 You are manager.

7                   THE WITNESS: Manager, yes. Again they are  
8 only listing four board members. I'm sure we had five.  
9 How many did we have? We had Keen, Combs, Scott, Elliott  
10 and who else?

11                   MS. OAKLEY: Wayne.

12                   THE WITNESS: Wayne. Wayne was on the board in  
13 '05. So they don't even list him here for some reason and  
14 I don't know why. So that's two years there's a mistake  
15 made there.

16 BY MR. DEPENBROCK:

17           Q       Which two years?

18           A       That's '05 and '06. Let's look at '04. In '04  
19 they had one, two, three, four -- in '04 they list all five  
20 of them.

21           Q       So these exhibits are complete and accurate  
22 copies of the company's tax returns for those four years,  
23 2004, five, six and seven, but on the years 2005 and 2006  
24 the accountant has made a mistaken in the listing of the  
25 directors?

1 A I don't have '07. Do you have '07 there?

2 Q We have an '07. That should be it there.

3 A Thank you. No, in '07 they list all five board  
4 members.

5 Q So the list is incorrect on '05 and '06?

6 A Right.

7 Q But those are copies of the returns the company  
8 filed in any event?

9 A They are accurate copies of the returns filed  
10 by our accountant, yes.

11 Q They are filed on behalf of the company; right?  
12 They are prepared by the accountant and filed by the  
13 company?

14 A Yes.

15 Q Ma'am, I am forgetting your name? Mrs. Oakley,  
16 was it?

17 MS. OAKLEY: Barbara Oakley.

18 MR. DEPENBROCK: Barbara Oakley, did you have a  
19 chance to go through those exhibits that we had from this  
20 morning session, Exhibit 1 through 33 I believe?

21 MS. OAKLEY: Uh-huh. And we have them all in  
22 our official records except for one that I couldn't find  
23 and that was Exhibit No. 4.

24 MR. DEPENBROCK: So except for Exhibit 4, are  
25 those exhibits complete and accurate copies of what you

1 have in your official corporate book?

2 MS. OAKLEY: Yes. I'm sure we have number four  
3 somewhere in the office. It just is not in the minutes  
4 book.

5 MR. DEPENBROCK: And what leads you to say  
6 that?

7 MS. OAKLEY: Pardon me?

8 MR. DEPENBROCK: And what leads you to say  
9 that?

10 MS. OAKLEY: Well, there is a copy of it. So  
11 it's got to be here someplace.

12 THE WITNESS: They could have got it someplace  
13 else.

14 MS. OAKLEY: That's always a possibility too.

15 THE WITNESS: They could have got it from the  
16 accountant or anybody.

17 MR. DEPENBROCK: I got this -- I can tell you  
18 where I got this. I got this from the Nichols plaintiffs  
19 who got it from I believe your attorney when they requested  
20 copies. I can tell you I got that page because I am  
21 looking at the numbers and the letters that I put at the  
22 bottom and that tells me where I got it. It won't tell  
23 much of anything to you, but at least I know where I got  
24 it.

25 MS. OAKLEY: If it came by one of our

1 attorneys, then it's here in the office. It just was not  
2 in our minutes book. So I can do some more looking.

3 BY MR. DEPENBROCK:

4 Q So Mr. Rooks, again after having looked at  
5 Exhibit 4, do you recognize that as something that --  
6 reflecting some action by the board that occurred back in  
7 or about November 15 of the year 2000?

8 A Yes.

9 Q So there should be a copy here somewhere? We  
10 don't have any reason to believe this isn't a copy?

11 A No.

12 Q So again how many lawsuits has the company paid  
13 lawyers for since you have been the general manager?

14 A I don't know.

15 Q Any idea?

16 A I think that is confidential information  
17 between the attorneys and me and the company.

18 Q I guess I take a different position. You know,  
19 when you talk to lawyers, that may be privileged. When the  
20 company pays money to lawyers, it's going to be our  
21 position that the amount paid and the purpose -- the  
22 business purpose or whatnot is not privileged and needs to  
23 be disclosed. And I am not asking what was said. I just  
24 want to know what case --

25 MR. GASSNER: Why don't you ask -- if you

1 believe the company has been represented by attorneys other  
2 than myself which I think is true, why don't you ask about  
3 who -- if the company has been represented by a particular  
4 attorney and what the purpose was.

5 BY MR. DEPENBROCK:

6 Q I plan to. My first question was how many  
7 different cases has the company paid lawyers for during  
8 Mr. Rooks' tenure?

9 A I don't know.

10 Q How much money has the company spent on legal  
11 fees during your tenure?

12 A I don't know right now.

13 Q Does anybody know offhand sitting here?  
14 Mrs. Rooks, do you know?

15 MRS. ROOKS: Not offhand.

16 BY MR. DEPENBROCK:

17 Q How many times has the company sued the Crooked  
18 River Ranch Club and Maintenance Association during your  
19 tenure?

20 A Once -- I filed -- the company has only sued  
21 them once.

22 Q And when was that and what was the nature of  
23 the lawsuit?

24 A Over easement right-of-ways.

25 Q I'm looking or I have looked at court records

1 that indicate that there was a suit filed against the  
2 association by the water company in 2000 and another suit  
3 filed in 2009. Does that refresh your recollection?

4 A The one in 2009 is my lawsuit -- that covers  
5 part of it but it's my lawsuit against the association for  
6 illegally having me arrested.

7 Q My records indicate that there is a lawsuit by  
8 you James Rooks against certain members of the association  
9 and others. I think Woods is the name of the lead  
10 defendant and Harry Brown is among the defendants. The  
11 court records that I have seen also indicate that there is  
12 an active suit by the water company against the  
13 association, and my records indicate that in 2000 there was  
14 a suit. Does that refresh your recollection?

15 A Yes. The company is suing them for recovery of  
16 legal fees is all.

17 Q The company is suing the association to recover  
18 legal fees?

19 A I think that's the way it's worded. I don't  
20 have the lawsuit in front of me.

21 Q That's the current lawsuit between the water  
22 company and the association?

23 A Yes.

24 Q Who represents the water company in that  
25 lawsuit against the association?



1 A Who represents the company?

2 Q What lawyers or law firm represents the water  
3 company in that lawsuit against the association to recover  
4 legal fees?

5 A It was Mr. Steele. Now it is Mr. Balyeat.

6 Q What happened? Did Mr. Steele use to work for  
7 Mr. Balyeat and then Mr. Steele left and then I gather that  
8 Mr. Balyeat is continuing with the case?

9 A Yes.

10 Q Who represents you in your case with Mr. Wood,  
11 Mr. Brown and others?

12 A Mr. Balyeat.

13 Q Has Mr. Balyeat or his law firm represented  
14 either you or the company in any other matter, any other  
15 lawsuit?

16 A Yes.

17 Q Which lawsuit is that?

18 A Against -- the Barry lawsuit.

19 Q Can you tell me who is bringing or brought that  
20 lawsuit and what was the nature of the suit and what was  
21 the suit against?

22 A The suit was against me and the company and a  
23 woman by the name of Barry brought the lawsuit.

24 Q What was her complaint?

25 A Said I scared her with a backhoe. I was

1 driving three miles an hour.

2 Q So Mr. Balyeat or someone in his firm has  
3 represented you or the company in three lawsuits. Have  
4 they represented you or the company in any other matters?

5 A Mr. Balyeat has not, no.

6 Q How about Mr. Steele?

7 A No.

8 Q Or anybody else in that firm?

9 A Mr. Eager represents the company in a lawsuit.

10 Q What lawsuit does Mr. Eager represent the  
11 company in?

12 A I fired an employee and -- I didn't fire her.  
13 An employee quit and she claims sexual harassment.

14 Q What's her name?

15 A Biggs.

16 Q What is her first name?

17 MRS. ROOKS: Cindy.

18 THE WITNESS: Cindy Biggs.

19 BY MR. DEPENBROCK:

20 Q And who represents Cindy Biggs?

21 A I don't know.

22 Q But Mr. Eager represents who?

23 A The water company.

24 Q Do you have a separate attorney representing  
25 you in that case?

1 A No. He represents the water company and me.

2 Q What is the firm of Harrang, Long, et al.?

3 What suit or what matters do they represent either you or  
4 the water company in?

5 A They represent the water company against the  
6 Public Utilities Commission.

7 Q Do they represent the water company regarding  
8 anything else?

9 A Not to my knowledge.

10 Q What matters does Mr. Gassner or his law firm  
11 represent you or the company in?

12 A What we are sitting in a room for right now.

13 Q What else? So this case -- we are in a room  
14 right now talking about a case called Nichols versus  
15 Crooked River Ranch Water Company and others including  
16 yourself.

17 A Yes.

18 Q And Mr. Gassner represents the company in that,  
19 does he?

20 A Yes.

21 Q Does he also represent you in that?

22 A I guess.

23 Q And does he represent the other named  
24 defendants to the best of your knowledge?

25 A Board of directors and he also works on the PUC

1 cases.

2 Q Does anyone besides Mr. Gassner and his firm  
3 and the Harrang, Long firm work on the PUC cases?

4 A I don't think so.

5 Q Do you have any way to break out the amount of  
6 money that the company has paid Mr. Balyeat and his firm  
7 for working on company -- representing the water company as  
8 opposed to representing you?

9 A It's all one lawsuit. You can't break it out.  
10 It's intertwined.

11 Q So there is three lawsuits as I understand it.

12 A Yes.

13 Q So you have paid them -- the company has paid  
14 that law firm money to represent the company or to  
15 represent someone on each of those lawsuits; is that  
16 correct?

17 A That's correct.

18 Q One of those lawsuits is brought by you alone,  
19 but I understand that the company has paid the legal fees  
20 of that law firm to represent you on that lawsuit; is that  
21 correct?

22 A No. The lawsuit is the company and me if I  
23 recall correctly.

24 MR. DEPENBROCK: I need to take a short break  
25 and get some papers from my car. I will be right back.

1 (Pause in proceedings.)

2 BY MR. DEPENBROCK:

3 Q So I am looking at court records which tell me  
4 that in 2008 James H. Rooks sued a number of people. The  
5 list starts with Frank Wood and ends with Harry Brown and  
6 there's a bunch of other folks who I believe to be members  
7 of the association.

8 A Yes. And that was within the scope of my  
9 employment.

10 Q But the sole plaintiff -- just for the record  
11 the sole plaintiff is you?

12 A Yes. But Balyeat hasn't billed me anything  
13 yet. He hasn't billed me anything yet because he hasn't  
14 really started the -- we haven't done depositions or done  
15 anything yet. Maybe he did some work for the company and  
16 they billed the company for that.

17 Q How much has the company paid Mr. Balyeat for  
18 his work on this case, James Rooks versus Frank Wood and  
19 others?

20 A I don't think they paid him anything. They  
21 paid Mr. Steele something, but I don't know how much it  
22 was.

23 Q Mr. Steele being part of Mr. Balyeat's company?

24 A Right. But they haven't done anything on my  
25 case yet.

1 Q How much has the company paid that firm for  
2 working on the case against the association as such, each  
3 of the other two cases?

4 A Say that again.

5 Q So there's three cases that law firm has worked  
6 on; right?

7 A Okay. Yes.

8 Q So nothing has been paid on this case?

9 A Not to my knowledge.

10 Q It's been paid on the other two cases?

11 A I don't know whether we have paid Eager -- I  
12 don't know how much -- has he done any work and we paid him  
13 for on the Biggs case?

14 MRS. ROOKS: Yes.

15 THE WITNESS: Okay.

16 MRS. ROOKS: Not much but there was some.

17 THE WITNESS: But the Biggs case she is suing  
18 the company.

19 BY MR. DEPENBROCK:

20 Q She is suing the company and you?

21 A Both.

22 Q And the company is paying the lawyer bill for  
23 that case?

24 A Because I was on the job at the time.

25 Q That's a yes?

1           A       In the scope of my employment.

2           Q       But the answer is yes? You are giving me a  
3 reason for it, but the straight answer is just yes;  
4 correct? The company is paying the lawsuit, paying the  
5 lawyer to defend that lawsuit? You are not paying it?

6           A       Because of the company involvement. That's  
7 right.

8           Q       And the other case, maybe Mrs. Rooks can help  
9 me here?

10                   MRS. ROOKS: Which other case?

11 BY MR. DEPENBROCK:

12           Q       The third case where somebody is suing the  
13 association over too much legal fees or something like  
14 that. I know I phrase it wrong. I'm sorry. But that's  
15 what I remember you telling me that there was a lawsuit by  
16 the water company against the association for --

17           A       Illegally having me arrested.

18           Q       No, the other one.

19           A       There's another one?

20           Q       Yes. There's a lawsuit against the association  
21 by Crooked River Ranch. It was filed in '08.

22                   MR. GASSNER: Can we go off the record here.

23                   MR. DEPENBROCK: Sure.

24                   (Discussion held off the record.)

25           ///

1 BY MR. DEPENBROCK:

2 Q The Quickbooks records that you have provided  
3 show payments to Balyeat & Eager starting in September of  
4 '07 and continuing until the end of the records that were  
5 provided in August of '09 of some almost \$66,000. Are you  
6 telling me that those were all on which case? I'm sorry.  
7 I'm losing track.

8 A Well, there was -- the first case was the Barry  
9 case. They handled that and that was against the water  
10 company and me because I worked at the water company.

11 MR. GASSNER: If we can go off the record again  
12 here, I can probably explain this.

13 MR. DEPENBROCK: Please.

14 (Discussion held off the record.)

15 MR. DEPENBROCK: So we are back on the record.  
16 We have had a conference off the record and I believe we  
17 have an agreement or a statement of the facts of the  
18 representation. So I am wondering if perhaps, Mr. Gassner,  
19 if you could tell me again just what our understanding or  
20 what you were telling me. I don't mean it to be your  
21 testimony. I just want to understand what happened.

22 MR. GASSNER: J.R., can you recount that?

23 THE WITNESS: Okay. I got to think back here.  
24 Ruby Barry sued the water company. The insurance company  
25 settled with her and she also sued me because I was



1 employed by the water company. I was doing my job when  
2 she -- with her false claim that I tried to scare her with  
3 a backhoe. And I contracted -- the water company  
4 contracted Glenn, Sites & Reeder and Tim Gassner to  
5 represent us. He turned us over to Balyeat. Balyeat took  
6 it up from there. And the water company paid that bill  
7 because I was on -- being I was employed. I was on the job  
8 at the time it took place. It was under my employment.

9 BY MR. DEPENBROCK:

10 Q Do you have happen to know or can you give me a  
11 reasonable estimate of how much of the \$66,000 was paid for  
12 that?

13 A I don't have a clue.

14 Q So then there was another suit by you James  
15 Rooks against Mr. Wood, Mr. Brown and a number of other  
16 individuals.

17 A And I don't think we paid anything out on that  
18 yet.

19 MRS. ROOKS: There may be some. I don't know.  
20 I would have to look.

21 MR. DEPENBROCK: And then there was another  
22 suit if I can find it here unless you can help me maybe,  
23 Counsel.

24 MR. GASSNER: The suit -- if you are referring  
25 to the suit against the association for easement rights, is

1 that --

2 MR. DEPENBROCK: No. There was a third suit  
3 that the Balyeat firm -- one of the attorneys at least from  
4 that firm was representing someone on that we're seeing  
5 bills for.

6 THE WITNESS: The Biggs lawsuit.

7 BY MR. DEPENBROCK:

8 Q The Biggs lawsuit?

9 A Right.

10 Q So what happened with the Biggs lawsuit?

11 A Well, it's ongoing right now. She is suing the  
12 water company and me for sexual harassment.

13 Q And is there insurance on that like there was  
14 with the Barry suit?

15 A No.

16 Q And so you have one attorney representing  
17 everybody, all the defendants in that suit. Is that the  
18 case?

19 A That's right.

20 Q And that's the Balyeat firm again?

21 A Yes.

22 Q And do you have any estimate of how much money  
23 you have paid or the company has paid for that?

24 A I don't have any idea.

25 Q And how much money if any have you and your

1 wife paid to that firm for any of this?

2 A None that I know of. The case hasn't even  
3 really started yet.

4 Q How much money have you and your wife paid to  
5 the Balyeat firm if any for any of these three cases?

6 A They haven't billed me yet.

7 Q Are you expecting they will?

8 A Yes. I'm sure they will.

9 Q You personally as opposed to the company?

10 A Yes. I'm sure they will.

11 Q But to date you haven't paid them any money?

12 A They haven't billed me anything yet.

13 Q Have you paid them any money so far?

14 A No.

15 Q I show a lawsuit filed in 2000 I believe. May  
16 of 2000, Crooked River Ranch Water Company versus the  
17 Crooked River Ranch Club and Maintenance Association,  
18 plaintiff's attorney is listed as Mr. Glenn. Is that --

19 A That's true.

20 Q And I show another lawsuit filed in 2007 I  
21 believe, maybe it was later. I believe it's the one in  
22 2007, Crooked River Ranch Water Company represented by  
23 Mr. Gassner against Brian Morgan, is it? Or is that -- is  
24 that a suit versus the association?

25 MR. GASSNER: No.

1 THE WITNESS: The Morgans are customers that  
2 refused to pay their connection fee so we are taking them  
3 to court to make them pay their connection fee. They  
4 violated a contract.

5 BY MR. DEPENBROCK:

6 Q I see a suit filed in September of 2006 in  
7 Jefferson County, Crooked River Ranch Water Company versus  
8 William Hobbs. What was that suit about?

9 A I don't remember a lawsuit against Williams  
10 Hobbs.

11 MRS. ROOKS: That was the small claims when he  
12 used the accountant without permission or was -- that was  
13 he called that we were charged for the accountant when he  
14 used it without permission.

15 THE WITNESS: That's right. He run up a bill  
16 at the accountant and I tried to collect it.

17 BY MR. DEPENBROCK:

18 Q I see a suit filed in 2008 by Craig Soule  
19 against James Rooks at Crooked River Ranch Water company.  
20 What was that about?

21 MRS. ROOKS: PUC.

22 MR. DEPENBROCK: Plaintiff was Craig Soule. I  
23 don't believe that's the PUC.

24 MRS. ROOKS: Yes, it was.

25 MR. GASSNER: If you want to go off the record