

1 A. 1998. I'm not certain of that. I think 1998.

2 Q. Okay. What is -- what is the business of  
3 Portfolio Marketing Group?

4 A. What we did originally, we were reps for other  
5 companies. We were sales reps for other companies with  
6 Portfolio Marketing Group. And now that I own  
7 Advantage Conferences it is not nearly used as much.  
8 We will use it for some tool production. Any training  
9 that I put together that we sell, we will do it through  
10 that entity.

11 Q. Okay. When you say that Portfolio  
12 Marketing -- were you the sole owner of Portfolio  
13 Marketing?

14 A. LLC. It was two members. It was 99 percent  
15 me; 1 percent my father.

16 Q. What is your father's name?

17 A. Dr. David Darnell.

18 Q. Is there a written LLC agreement for --

19 A. Yes.

20 Q. -- Portfolio Marketing Group?

9:33A 21 A. Yes, there is.

22 Q. All right. And when you say you were  
23 originally the sales reps for other companies, what  
24 other companies was Portfolio Marketing Group a sales  
25 rep?

1           A.     We repped for a company called Travel Dynamics  
2 who changed their name to Tru Dynamics, T-r-u, with no  
3 E, Dynamics.

4           Q.     And what did -- what was -- what did you --  
5 product did you sell through --

6           A.     They sold very similar to Advantage  
7 Conferences. It was educational conferences.

8           Q.     Who were -- who was the -- who owned Travel  
9 Dynamics and later Tru Dynamics?

10          A.     A gentleman named Jim Piccolo.

11          Q.     How do you spell that?

12          A.     P-i-c-c-o-l-o.

13          Q.     Where does he live?

14          A.     He is in Scottsdale, Arizona.

9:34A 15          Q.     Is Travel Dynamics or Tru Dynamics, as it was  
16 later known, still around?

17          A.     No.

18          Q.     What happened to it, do you know?

19          A.     I -- you know, I really don't. We left --  
20 they changed the compensation plan three times on us  
21 which is very devastating to a marketer, and we  
22 determined that we could not -- it was just not  
23 acceptable.

24          Q.     Okay. What was the -- what was the  
25 compensation plan that was changed three times by Tru

9:38A

1 Q. I was going to ask you about that.

2 A. Yeah. And I was with partners in that  
3 enterprise. In fact, we formed that in September of  
4 2001.

5 Q. All right. During -- all right. Let me --  
6 now that you have mentioned it, let me ask you about  
7 that. You formed or were -- or participated in forming  
8 All Star Entrepreneur in September of 2001; is that  
9 right?

10 A. Correct.

11 Q. Who was involved in forming All Star  
12 Entrepreneur with you?

13 A. I had three partners. One was Eli Dafesh.  
14 That's D-a-f-e-s-h. Claudia Cawley, C-a-w-l-e-y, and  
15 Elizabeth Knudson, K-n-u-d-s-o-n.

9:39A

16 Q. What was the -- was that an LLC?

17 A. Yes. Uh-huh.

18 Q. Was All Star Entrepreneur when you formed it  
19 in September 2001 a Texas LLC?

20 A. Yes.

21 Q. Is it currently a Texas LLC, do you know?

22 A. I think it's a -- you know, I may be wrong on  
23 that. It may have formed as an Arizona LLC and became  
24 a Texas LLC. I am blanking on how that went.

25 Q. Do you still have copies of the LLC

1 agreements?

2 A. Yes, yes.

3 Q. What was the business of All Star  
4 Entrepreneurs when it was formed in September 2001?

5 A. Educational conferences. Same -- same thing.

6 Q. Same thing as Advantage Conferences?

7 A. Yeah. Well, same thing -- similar to  
8 Advantage Conferences. We have tweaked all of that  
9 since. But in essence, yes, educational conferences.

9:40A 10 Our focus is different at this point, and I can talk  
11 about that later if need be.

12 Q. Yeah. How is the focus different, briefly,  
13 right now?

14 A. What we did before, we would hire known  
15 speakers. Martin Victor Hanson, Sandy Botkin, Jeffrey  
16 Combs, people -- Bob Proctor was a great speaker.  
17 Really, really good speakers. But the problem with  
18 that, in my opinion, is that they really deliver good  
19 at the conferences -- goods at the conferences, but  
20 they are not unique to Advantage Conferences.  
21 Virtually anybody can hire them. And so we decided not  
22 to do that. With Advantage Conferences, what we do  
23 here, is we find little known, obscure millionaires,  
24 and their job is to give their best advice, their past  
25 history, their success story, their failures. Anything

1 Dynamics? Did you find it on the Internet?

2 A. No. We had a -- a friend of mine called me  
3 and said it was a great company, that I ought to take a  
4 look at it. They had a great product, good potential  
5 for income. And that's what I was doing at the time,  
6 independent repping. So I took a look at it and liked  
7 what I saw.

9:52A

8 Q. When you say you were doing independent  
9 repping, that was through Portfolio Marketing Group?

10 A. Yes, that was the entity that I -- I would rep  
11 through.

12 Q. Okay. And who else other than Tru Dynamics  
13 were you an independent rep for?

14 A. We had a brief run with -- with a company  
15 called Nu Skin, a company called Global Prosperity for  
16 a brief period of time. But I really -- I really did  
17 not like their product.

18 Q. What was their product?

19 A. They did educational conferences as well.  
20 Nu Skin was more consumables, makeup, nutrition.

21 Q. Who else did you -- when was -- you said you  
22 formed Portfolio Marketing in 1998; is that right?

23 A. Uh-huh.

24 Q. Yes?

25 A. Yes. Sorry.

1 Q. Who else did you rep for through Portfolio  
2 Marketing Group?

9:53A

3 A. I repped for a -- a -- briefly for a  
4 nutritional company. I'm trying to think of the name  
5 of it. They had spray vitamins. Out of -- I want to  
6 say Phoenix. I think it is Phoenix. I can't remember  
7 the name of them.

8 Q. All right. Prior to 1998 when you formed  
9 Portfolio Marketing Group, what were you doing?

10 A. Really singing, primarily pretty full-time  
11 singing. I had been involved in marketing part time,  
12 but my main emphasis and main income was derived from  
13 singing.

14 Q. With the Dreamers?

15 A. Uh-huh. Dreamer. Yeah.

16 Q. Dreamer. I'm sorry.

17 A. That's all right. It happens all of the time.  
18 Don't worry.

19 Q. All right. Were you -- have you been involved  
20 in any other network marketing or multilevel marketing  
21 or direct sales companies other than Nu Skin, Global  
22 Prosperity, Tru Dynamics?

9:55A

23 A. '92 through '98 I repped for Amway.

24 Q. And what happened there? Why did you stop  
25 that?

1           A.     Terrible compensation plan. Horrible  
2 compensation plan. Just an undoable situation. Their  
3 saturation in the marketplace, et cetera. Good people,  
4 good training, but very difficult to make money.

5           Q.     Okay. You were -- you were -- but you were a  
6 rep for six years?

7           A.     Uh-huh.

8           Q.     Yes?

9           A.     Yes. I'm sorry.

10          Q.     That's another thing, you need to answer out  
11 loud so the court reporter can take down what the  
12 answer is.

13          A.     Okay. All right.

14          Q.     And what level did you get in Amway?

15          A.     I got to the direct level which is 7500 points  
16 for six months. It's about 15,000 volume per month for  
17 six months.

9:56A 18          Q.     Prior to 1992 what were you doing?

19          A.     I had a few multilevel -- before that was '87  
20 to '92 was NSA, National Safety Associates.

21          Q.     National Safety Associates?

22          A.     Uh-huh. NSA out of Memphis, Tennessee.

23          Q.     And what did -- what does that company do?

24          A.     They did water filtration and air filtration.  
25 Today they are doing more nutritional. A product

11:55 1 your employment history --

2 A. Me personally?

3 Q. -- or lack -- yeah, or lack of employment  
4 history.

11:55 5 A. Yeah.

6 Q. You -- if I understand, from '92 to '98, you  
7 were a representative through Portfolio Marketing Group  
8 for Amway?

9 A. Correct.

11:55 10 Q. All right. And then you left Amway in '98 and  
11 went to True Dynamics?

12 A. Also I have a -- I don't know that this is in  
13 the record or if I need to be in here, but I'm a  
14 professional musician.

11:56 15 Q. Yeah, we talked about that.

16 A. Okay. So you know about that. So that's where  
17 a lot of my income came during the --

18 Q. Yeah, I'm -- okay. I understand. And Dreamer  
19 is the name of your --

11:56 20 A. Correct.

21 Q. All right. So after you left Amway, you went  
22 to True Dynamics, correct?

23 A. Correct. There was Global Prosperity, a very  
24 quick experience with them and --

11:56 25 Q. When was Global Prosperity?



11:56 1 A. I could look up records. I went to Aruba for a  
2 convention they had in Aruba in I want to say -- oh, me.  
3 I want to say '97, the end of '97.

4 Q. All right. And Global Prosperity put on  
11:56 5 educational wealth-type conferences?

6 A. Loosely defined, yes.

7 Q. Okay. And you were -- you were a  
8 representative of Global Prosperity?

9 A. For a very brief period of time, yes.

11:57 10 Q. What's a very brief period?

11 A. I would say three months possibly. I went to  
12 their conference and, based on that conference, I -- I  
13 did not want to do that anymore.

14 Q. Is that where you got your -- your idea for  
11:57 15 your tax affidavit?

16 A. Some of the ideas in there, yes. Not really,  
17 just some of the -- the inequities that we -- that were  
18 brought out. More of just the knowledge, not the -- not  
19 the affidavit itself.

11:57 20 Q. But Global Prosperity promoted taking the  
21 positions that you took in that affi -- tax affidavit?

22 A. They took the position of renouncing your  
23 Social Security number and all -- it was a totally  
24 different tactic that I disagreed with, I didn't think  
11:57 25 was valid.

11:57 1 Q. All right. And did you -- did you recruit  
2 anyone into Global Prosperity?

3 A. I think maybe one -- one person possibly.

4 Q. Okay. And then from Global Prosperity, you  
11:58 5 went to where?

6 A. To Travel Dynamics. Travel Dynamics later  
7 became True Dynamics. They changed -- they had a name  
8 change to Travel Dynamics.

9 Q. Okay. And that was educational conferences?

11:58 10 A. Yes.

11 Q. All right. Then you went to Travel Dynamics  
12 to --

13 A. Well, if you consider True Dynamics a different  
14 company, it's really the same thing.

11:58 15 Q. Travel Dynamics/True Dynamics --

16 A. There you go.

17 Q. -- you were with for how long?

18 A. Through -- let's see -- '98 -- I'm not sure  
19 what month I joined. 1998 through September of 2001.

11:58 20 Q. And from September of 2001 -- and September of  
21 2001, you went where?

22 A. We formed All Star Entrepreneur.

23 Q. So you didn't go anywhere between Travel  
24 Dynamics/True Dynamics and All Star Entrepreneur?

11:59 25 A. Yeah, it was straight to -- straight there.

11:59 1 Q. So you were not ever a representative --

2 (Cell phone ringing)

3 Q. -- of Liberty League International?

4 A. We talked with them. There was no official  
11:59 5 documents or anything like that. I was with them and  
6 they had invited me on as a partner with them for a brief  
7 period of time. There was nothing officially done with  
8 that, but I was unofficially a partner for I'm going to  
9 guess two months, and that was just a -- just a joke.

11:59 10 Q. What does -- what does that mean, unofficially  
11 a partner?

12 A. There's no documentation. They had accept --  
13 accepted me in. We'd agreed upon a percentage, and --  
14 and we worked under that basis for a while. Then one day  
12:00 15 I called them. I said, guys, we just don't have a match  
16 here, and that's when we formed All Star.

17 Q. And Claudia Cawley, Elizabeth Knudson and Eli  
18 Dafesh went with you from True Dynamics, to Liberty  
19 League, to All Star?

12:00 20 A. Correct. We were looking for a home after True  
21 Dynamics.

22 Q. Okay. And -- all right. So the initial  
23 thought was -- after True Dynamics was to form Liberty  
24 League or go to --

12:00 25 A. Was to join with them. They were already

12:00 1 established at that point.

2 Q. And who established them?

3 A. That's Brent -- Brent Payne, P-a-y-n-e, I  
4 believe. I can see the guy's face -- I can't think of  
12:01 5 his name -- and his -- his partner.

6 Q. Did -- so the idea after they -- Brent and his  
7 partner -- Brent Payne and his partner formed Liberty  
8 League is that you were going to join as a partner?

9 A. Yes.

12:01 10 Q. Okay. And that lasted two months?

11 A. Yeah.

12 Q. Okay. Now, did --

13 A. Yes.

14 Q. -- did Liberty League promote educational  
12:01 15 conferences?

16 A. Yes.

17 Q. And their conferences ranged in price from  
18 what, 1400 and something to 14,000?

19 A. I think at the time it may have been 1450 to  
12:01 20 a -- I think they had a \$13,000 conference. I'm not  
21 sure.

22 Q. And did it -- did the compensation plan of  
23 Liberty League involve paying commissions of 50 percent  
24 and greater on certain levels of conference?

12:02 25 A. Yes.

12:02 1 Q. Okay. That's the same concept, at least, or  
2 similar concept at least to the reverse margin?  
3 A. Giving the majority to the rep, yes.  
4 Q. All right. So with Liberty League, if you  
12:02 5 bought a \$13,000 conference, a rep would get up to a  
6 70 percent commission?  
7 A. I'm not sure what -- I don't remember the  
8 commission, but yes, that --  
9 Q. More than 50 percent?  
12:02 10 A. Probably, yes.  
11 Q. Okay. And then Liberty League also had -- or  
12 also used in its compensation plan the -- the two-up  
13 compensation model; is that correct?  
14 A. Yes, training sale.  
12:02 15 Q. And they also had the concept of if -- if a rep  
16 purchased the conference, that counted as one of the  
17 qualifiers?  
18 A. I believe so, yes.  
19 Q. And did Liberty League also marketed on the  
12:03 20 Internet and used a similar three-step process?  
21 A. No.  
22 Q. Is that not --  
23 A. No.  
24 Q. They didn't market on the Internet?  
12:03 25 A. They marketed on the Internet, but no