



40-8989

UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D.C. 20555-0001

February 26, 1998

Mr. Joseph R. Egan  
Mr. Martin Malsch  
Mr. John Kyte  
Egan and Associates, P.C.  
2300 N Street, NW  
Washington, DC 20037

Gentlemen:

On December 12, 1997, the Natural Resources Defense Council (NRDC) filed a petition with the U.S. Nuclear Regulatory Commission pursuant to 10 CFR 2.206, requesting that the NRC take certain actions concerning Envirocare of Utah, Inc. (Envirocare), a licensee of the Commission engaged in the radioactive and mixed waste disposal business. A copy of the petition is enclosed as Enclosure 1. As part of its petition, the NRDC alleges that Envirocare has egregiously violated Section 211 of the Energy Reorganization Act of 1974, as amended, 42 U.S.C. 5851, and NRC regulations (10 CFR 19.16, 19.20, and 40.7) that protect employees in the nuclear industry from discrimination for engaging in protected activities. More specifically, the NRDC claims that current or former employees of Envirocare, who have provided information to governmental authorities adverse to Envirocare's interests, fear for their lives or the safety of their families.

By letter, dated January 16, 1998, the NRC acknowledged receipt of the NRDC's petition. The letter requested that the NRDC provide to the NRC the identities of the individuals referenced in the petition, so that the NRC could pursue the allegations raised in the petition. A copy of the letter is enclosed as Enclosure 2. By letter dated January 21, 1998, the NRDC responded to the NRC's letter. A copy of that letter is enclosed as Enclosure 3.

The NRDC's January 21, 1998, letter identifies you as individuals who may have knowledge of former or current employees of Envirocare who have been intimidated or feel threatened by Envirocare management. The purpose of this letter is to request that you inform the NRC whether you have such knowledge and, if so, provide the NRC with the identities of such individuals. In this regard, the NRC is prepared to protect the identity of any such individuals consistent with its allegation program. Further, we request that you provide us with any additional information you may possess that is relevant to the allegations raised in the NRDC's petition.

To protect the confidentiality of any information you may provide, we request that you contact by telephone one of our allegation coordinators. Please call either Robert O'Connell, Allegation Coordinator, Office of Nuclear Material Safety and Safeguards, at (301) 415-7877,

9803f 60145 980226  
PDR ADOCK 04008989  
C PDR

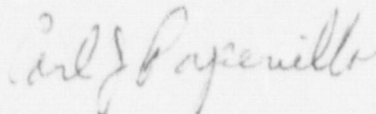
N41371  
NRC FILE CENTER COPY



or Russell Wise, Allegation Coordinator, Enforcement and Allegation Coordination Staff, NRC Region IV, at (817) 860-8245. If you have any questions regarding our request, please contact either me or Mr. Joseph J. Holonich, Chief of the Uranium Recovery Branch. I can be reached at (301) 415-7800, and Mr. Holonich can be reached at (301) 415-7238.

Thank you for your cooperation in this matter.

Sincerely,



Carl J. Paperiello, Director  
Office of Nuclear Material Safety  
and Safeguards

Enclosures: As stated

cc: C. Judd, Envirocare of Utah, Inc.  
T. Cochran, Natural Resources Defense Council  
W. Sinclair, Utah Division of Radiation Control



Russell Wise, Allegation Coordinator, Enforcement and Allegation Coordination Staff, NRC Region IV, at (817) 860-8245. If you have any questions regarding our request, please contact either me or Mr. Joseph J. Holonich, Chief of the Uranium Recovery Branch. I can be reached at (301) 415-7800, and Mr. Holonich can be reached at (301) 415-7238. Thank you for your cooperation in this matter.

Sincerely,

Carl J. Paperiello, Director  
Office of Nuclear Material Safety  
and Safeguards

Enclosures: As stated

cc: C. Judd, Envirocare of Utah, Inc.  
T. Cochran, Natural Resources Defense Council  
W. Sinclair, Utah Division of Radiation Control

Identical letters sent to:

John F. Waldo, Thomas W. Bachtell  
Pruitt, Gushee, & Bachtell  
1850 Beneficial Life Tower  
Salt Lake City, UT 84111

Henry W. Ipsen, Bruce F. Black, Mary H. Stuart,  
Adam R. Eaton  
Holme Roberts & Owen LLP  
1700 Lincoln Street, Suite 4100  
Denver, CO 808203

**DISTRIBUTION:**

File Center	NMSS r/f	URB r/f	ACNW
PUBLIC	RBangart	CNWRA	WKane
MFederline	JHickey	DMurphy	SChidakel
BRearmer	RO'Connell	CABrams	MLayton
GDeegan	SGreene	RScarano/RIV	LHowell/RIV
LWilliamson/RIV	CCain/RIV	WVanCleave/RIV	RWise/RIV
JMcGurren			RRothstein

DOCUMENT NAME: A:EGAN.211

OFC	URB	URB	C	OE	OGC
NAME	HLefevre	JHolonich		JLieberman	JGoldberg
DATE	2/12/98	2/12/98	H	2/17/98	2/17/98
OFC	DVM	NMSS			
NAME	SGreeves	CPaperiello			
DATE	2/19/98	2/ /98			

February 26, 1998

or Russell Wise, Allegation Coordinator, Enforcement and Allegation Coordination Staff, NRC Region IV, at (817) 860-8245. If you have any questions regarding our request, please contact either me or Mr. Joseph J. Holonich, Chief of the Uranium Recovery Branch. I can be reached at (301) 415-7800, and Mr. Holonich can be reached at (301) 415-7238. Thank you for your cooperation in this matter.

Sincerely,

[Original signed by]  
 Carl J. Paperiello, Director  
 Office of Nuclear Material Safety  
 and Safeguards

Enclosures: As stated

cc: C. Judd, Envirocare of Utah, Inc.  
 T. Cochran, Natural Resources Defense Council  
 W. Sinclair, Utah Division of Radiation Control

Identical letters sent to:

John F. Waldo, Thomas W. Bachtell  
 Pruitt, Gushes, & Bachtell  
 1850 Beneficial Life Tower  
 Salt Lake City, UT 84111

Henry W. Ipsen, Bruce F. Black, Mary H. Stuart,  
 Adam R. Eaton  
 Holme Roberts & Owen LLP  
 1700 Lincoln Street, Suite 4100  
 Denver, CO 808203

DISTRIBUTION: (REF: G970<sup>863</sup>46)

File Center	NMSS r/f	URB r/f	ACNW	PUBLIC
GCaputo	RBangart	CNWRA	CPoland	MFederline
JHickey	DMurphy	SChidakel	RFonner	BReamer
RO'Connell	CAbrams	MLayton	ARamirez	GDeegan
SGreene	RScarano/RIV	LHowell/RIV	REvans/RIV	LWilliamson/RIV
CCain/RIV	VVanCleave/RIV	RWise/RIV	RRothstein	JMcGurren
NMSS DO r/f	DWM r/f	EDO r/f		

DOC: A\EGAN.211 \* see previous concurrence **CP/PROOFED/FEBRUARY 20, 1998**

OFC	URB*		URB*		OE*		OGC*	
NAME	HLefevre		JHolonich		JLieberman		JGoldberg	
DATE	2/12/98		2/12/98		2/17/98		2/17/98	
OFC	DWM*		NMSS		<i>EJP</i>			
NAME	JGreeves		CPaperiello		<i>THOMPSON</i>			
DATE	2/18/98		2/23/98		2/26/98			

OFFICIAL RECORD COPY



**ENCLOSURE 1**

Natural Resources  
Defense Council



1200 New York Ave  
Suite 400  
Washington, DC 20005  
202 289-6868  
Fax 202 289-1060

December 12, 1997

Mr. Joseph K. Callan  
Executive Director for Operations  
U.S. Nuclear Regulatory Commission  
Two White Flint North  
11545 Rockville Pike  
Rockville, MD 20852-2738

**Petition Pursuant to 10 CFR 2.206 for NRC to Take Appropriate  
Enforcement Action to Avert Death Threats and Other Retaliatory  
Actions Against Employees of Envirocare of Utah, Inc.**

Dear Mr. Callan:

It is, thankfully, not very often that the Nuclear Regulatory Commission ("NRC") must be asked to step in to protect the lives of whistleblowers and their families. This is such a case.

On January 8, 1997, the Natural Resources Defense Council ("NRDC") filed a petition under 10 CFR § 2.206 requesting enforcement action against Envirocare of Utah, Inc. ("Envirocare"), which is both an NRC licensee and a Utah agreement state licensee. The petition was based on Envirocare's involvement in a corrupt scheme to facilitate agreement state licensing of its Clive, Utah radioactive waste disposal facility.

Specifically, Envirocare admitted, in publicly available court documents, to complicity in a corrupt scheme of apparent bribery or extortion in connection with receiving its approvals to dispose of radioactive wastes under NRC's Agreement State Program. This scheme involved the very highest management levels of both the licensee and the agreement state licensing agency: Khosrow Semnani, the owner and former CEO of Envirocare, and Larry Anderson, the former Director of the Utah Bureau of Radiation Control. As owner and CEO, Semnani paid some \$600,000, including gold coins and a ski resort condo, to Anderson in connection with Anderson's personal facilitation and approval of Envirocare licenses, amendments, exemptions, and other NRC agreement state approvals for disposal of radioactive waste. Even before the \$600,000 scheme became known, the Utah Office of Legislative Auditor General concluded that Anderson's staff, who did not appear to have been involved in the scheme, felt that their role had changed from regulator to facilitator of Envirocare.

100% Post-Consumer  
Recycled

40 West 20th Street  
New York, New York 10011  
212 727-2700  
Fax 212 727-1771

71 Stevenson Street  
Suite 1825  
San Francisco, CA 94105  
415 777-0770

6310 San Vicente Blvd.  
Suite 250  
Los Angeles, CA 90048  
310 914-6000

Visit us at:  
<http://www.nrdc.org>

980430420 GAPP



The NRC staff reaction to this corrupt scheme, developed in response to a 10 CFR § 2.206 petition filed by NRDC on January 8, 1997, was to cite previous staff reviews which failed to find any serious problem, and to adopt the view that apparent bribery or extortion at the highest management levels is of no immediate safety concern.

NRDC disagrees strongly with this decision. However, it is not the purpose of this new 10 CFR § 2.206 petition to request staff reconsideration. Instead, this petition addresses a separate and grave problem confronting any current or former employee of Envirocare. First, it is apparent from sworn court documents that those who have provided information to governmental authorities adverse to Envirocare's interests fear for their very lives and for the lives of their families. These filings, supported by sworn affidavits, relate to information compiled in a State of Utah Legislative Auditor General investigation of Envirocare and the state's licensing of Envirocare's Clive, Utah disposal facility. These filings include the statement that "[m]any of the requested [state] documents contain the identities of individuals who feared that public disclosure would lead to the *loss of safety or their lives or that of their families* should their identities become known to an officer of Envirocare." [Emphasis added.] [See Exhibit No. 1]

Second, Envirocare has and still is threatening to destroy the financial well-being of any employee who provides any information about operations under its NRC or state license, including radiological safety information, to the NRC or other proper authorities. Envirocare's standard employment contract with its employees [see Exhibit No. 2], which essentially all employees are required to sign, provides that an "[e]mployee shall not at any time, while employed by the Company or thereafter, except as expressly authorized by the Company in writing, disclose to any person or entity or use in any manner whatsoever any confidential or proprietary information of the Company." The operative term "confidential or proprietary information" is then defined broadly to include not only the usual pricing information and other trade secrets (as might be expected), but also "all other information involving or reasonably related to the business or prospective business of the Company," including "operation methods or techniques," "research data," "test results," "environmental monitoring information," and all information specifically (and ominously) referred to as "radiologies." Thus, information about unsafe practices and violations under the NRC license is expressly included in the non-disclosure agreement.

To further strike terror into the hearts (and pocketbooks) of any employee even *thinking* of contacting NRC, the employment contract provides further that "[i]n the event of such a breach [of the foregoing non-disclosure 'covenant'], the Company shall also be entitled to recover from Employee the sum of \$30,000.00 for each breach as liquidated damages," which each employee is required to agree "is a reasonable estimation of the actual damages which the Company would suffer as a result of such breach." This \$30,000.00 is probably as much as, if not more than, most Envirocare employees earn in an entire year, and is clearly calculated to threaten financial ruin to any employee considering disclosure. Moreover lest it be thought that this extremely onerous non-disclosure provision is just some "boilerplate" not actually intended to be enforced vigorously, Envirocare actually used the provision to threaten a former Envirocare employee during a recent deposition. [See Exhibit No. 3, Tr. pp. 13-17]

We believe these threatening practices and contractual provisions by Envirocare constitute the most outrageous violations of 42 U.S.C. § 5851 and NRC's whistleblower protection regulations (see 10 CFR §§ 19.16, 19.20, and 40.7) ever seen in the nuclear industry.

More than the usual NRC "chilling effects" slap-on-the-wrist letter to Envirocare is required. We request an immediate NRC investigation and suspension of Envirocare's NRC license. Given the obvious willfulness and outrageous nature of the practices and provisions, we also believe that an investigation of criminal violations of section 223 of the Atomic Energy Act is required.

Utah must have known of these Envirocare practices and provisions for some time. In addition, we know that some previous allegations about Envirocare were referred by NRC to the Utah Bureau of Radiation Control, where they were promptly dispositioned under the direction of the very same Larry Anderson who was receiving payments, at the same time, from Envirocare CEO Semnani. It is, therefore, no wonder that one individual, who originally contacted NRC about safety problems at Envirocare and was referred by NRC to the Utah Bureau, refused to provide information to the Utah Bureau, stating that "he doesn't believe he would receive a proper hearing in Utah because Mr. Semnani is 'too powerful.'" [See Exhibit No. 4] This observation appears to have been all too correct.

Accordingly, because of Utah's apparent knowledge of the problem and its lack of effective action to date, and because of the grave and immediate safety problem posed by the practices and provisions described above, we request that NRC order the immediate suspension of the Envirocare state license under section 274j(2) of the Atomic Energy Act, in addition to the enforcement action requested above. At a minimum, NRC must investigate the adequacy of the Utah agreement state program, to protect whistleblowers. Under section 274 of the Atomic Energy Act, an agreement state program must be adequate to protect public health and safety and be compatible with NRC's program. This requires adoption and vigorous enforcement of state whistleblower protection provisions which are at least as stringent as those of NRC. Based on the above, the Utah program does not even come close.

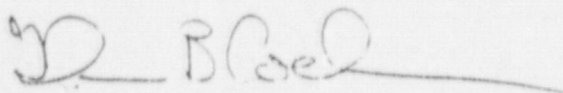
Finally, given the unique and outrageous nature of the violations, and their apparent breadth, we believe that special additional remedies are warranted. We request that NRC contact each current and former Envirocare employee personally, on a confidential basis, to advise them of their rights to inform NRC of unsafe practices and violations, to inform them of the protections available to them, and to ask them if they have any information which they wish to disclose, on a confidential basis or otherwise. Moreover, we believe that NRC should order a special independent review of Envirocare's relationships with its employees, along the lines of the one ordered by NRC for the Millstone site.

NRC denied our last 10 CFR § 2.206 petition on Envirocare in part on the ground that NRC staff's paper review of the NRC and Utah Bureau files revealed no specific safety problems. This shows an alarming naiveté regarding how official corruption will necessarily reveal itself in an agency's official files. We now know of another reason why NRC's limited review and inspection efforts to date regarding Envirocare have been so unproductive. Clearly, people are



afraid, even deathly afraid, to talk.

Sincerely,

A handwritten signature in dark ink, appearing to read "T B Cochran", with a long horizontal line extending to the right.

Thomas B. Cochran  
Director, Nuclear Program

cc: Dr. Carl A. Paperiello, (Director, NMSS, U.S. Nuclear Regulatory Commission)  
The Hon. Federico Peña (Secretary, U.S. Department of Energy)  
The Hon. John C. Layton (Inspector General, U.S. Department of Energy)  
The Hon. Hubert T. Bell (Inspector General, U.S. Nuclear Regulatory Commission)

# Did Envirocare Make Death Threats?

by Christopher Smart

As many as six people interviewed as part of a state audit of the Utah Division of Radiation Control said if they disclosed information relating to dump mogul Khosrow Semnani, their lives could be in danger.

According to a memorandum accompanied by a motion to quash evidence filed in 3rd District Court, a number of people, whose identities remain undisclosed, said that they feared for their lives and the lives of family members from "an officer of Envirocare."

Envirocare is the low-level radiation dump that was owned and operated by Khosrow Semnani. Semnani still owns the operation but recently stepped down from his position as company executive after serious questions were raised following a recent scandal.

Larry F. Anderson, former director of the Division of Radiation Control, filed suit last year against Semnani, claiming the dump operator hadn't paid him for services rendered. Semnani then went public, alleging that Anderson extorted \$600,000 from him.

Either way, it was clear to onlookers that Envirocare was not properly regulated during Anderson's tenure at Radiation Control. Anderson retired in 1993.

Long before the suit was filed, insiders felt the relationship between Anderson and Semnani was too cozy. The rumors persisted until the Legislative Auditor General's Office launched an audit at the request of the Legislature.

During the research that went into that audit report, a number of people, perhaps as many as six, told auditors that "an officer of Envirocare" who remains unidentified in court papers, had threatened their lives and the safety of their families if they disclosed information.

The documents came to light in a civil suit filed by the Maryland-based Nuclear Fuel Services, Inc. in Utah's 3rd District Court. Nuclear Fuel alleges that Semnani and Anderson kept the Maryland company out of the Utah market.

As part of the suit, attorneys for Nuclear Fuel requested documents from the audit. But the Legislative General Council denied access to six documents:

"The Legislative Auditor General's motion to quash should be granted because the disclosure of these records will jeopardize the lives and safety of the individuals who disclosed information ..., the memorandum states.

"Several of the individuals who spoke with members of the Legislative Auditor General's team did so on the condition that their identities be protected. They claimed to fear physical, violent action against them or their families should the individuals about whom they spoke become aware of their cooperation with the auditor's



request "

Tim Osterstock, state audit supervisor, said the Utah Attorney General's Office was approached with information concerning the threats. The AG's Office instructed him to take the information to the Office of the U S Attorney for Utah.

No one in the U S Attorneys Office could be reached for comment as of press time. But Reed Richards, chief deputy Utah attorney general, said he had no knowledge of the threats. In March, Attorney General Jan Graham passed the investigation into the relationship between Semnani and Anderson off to federal investigators.

OFFICE OF LEGISLATIVE RESEARCH AND GENERAL COUNSEL

M. Gay Taylor, General Counsel (3205)

Robert H. Rees, Associate General Counsel (4125)

436 State Capitol

Salt Lake City, Utah 84114-1202

Telephone: (801) 538-1032

Attorneys for Legislative Auditor General

IN THE THIRD DISTRICT COURT IN AND FOR SALT LAKE COUNTY

STATE OF UTAH

NUCLEAR FUEL SERVICES, INC., a  
Maryland corporation,

Plaintiff,

v.

KHOSROW B. SEMNANI, an individual  
residing in the State of Utah, LARRY F.  
ANDERSON, an individual residing in  
the State of Nevada, ENVIRONMENTAL CARE OF  
UTAH, INC., a Utah corporation, and  
LAVICKA, INC., a Utah corporation,

Defendants.

LEGISLATIVE AUDITOR  
GENERAL'S MOTION TO QUASH

Civil No. 970901677CV

Judge Sandra Peuler

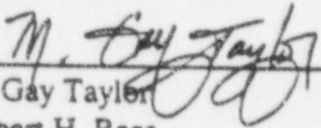
Pursuant to Utah R. Civ. P. 45(c)(2)(C) and 45(c)(3)(A) and (B), the Legislative Auditor General objects to plaintiff's Motion to Compel Inspection and Copying of Records from the Legislative Auditor General and moves to quash plaintiff's Motion to Compel. The requested documents are protected documents and cannot be released except pursuant to a court order that



has balanced the competing interests under Utah Code Ann. § 63-2-202(7) (1994). These competing interests favor protection of records that identify confidential informants, that contain trade secrets or protected commercial information, that would jeopardize the lives or safety of the individuals who disclosed the information to the Legislative Auditor General, and that will interfere with the Legislative Auditor General's ability to obtain information from confidential sources to conduct future audits. These reasons favoring protection of the records are set forth in the accompanying memorandum in support of the Motion to Quash.

Dated this 2nd day of June, 1997.

Respectfully submitted,

  
\_\_\_\_\_  
M. Gay Taylor  
Robert H. Rees  
Attorneys for Legislative Auditor General

MAILING CERTIFICATE

I hereby certify that on the 2<sup>nd</sup> day of June, 1997, a true and correct copy of the foregoing Legislative Auditor's Motion to Quash was sent by first class mail, postage prepaid, to the following:

**PRUITT, GUSHEE, & BACHTTELL**

John F. Waldo (3354)  
Thomas W. Bachtell (0162)  
1850 Beneficial Life Tower  
Salt Lake City, UT 84111

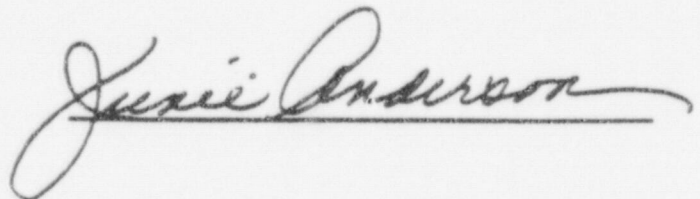
**ANDERSON & KARRENBURG**

Thomas R. Karrenberg (3726)  
Scott A. Call (0544)  
50 West Broadway, Suite 700  
Salt Lake City, UT 84101

Gary A. Weston, Esq.  
**NIELSEN & SENIOR**  
60 East South Temple, #1100  
P.O. Box 11808  
Salt Lake City, UT 84147

Harold G. Christensen, Esq.  
**SNOW, CHRISTENSEN & MARTINEAU**  
10 Exchange Place #1100  
P.O. Box 45000  
Salt Lake City, UT 84145

James C. Haskins, Esq.  
**HASKINS & ASSOCIATES**  
357 South 200 East, Suite 300  
Salt Lake City, UT 84111

  
Julie Anderson



OFFICE OF LEGISLATIVE RESEARCH AND GENERAL COUNSEL

M. Gay Taylor, General Counsel (3205)

Robert H. Rees, Associate General Counsel (4125)

436 State Capitol

Salt Lake City, Utah 84114-1202

Telephone: (801) 538-1032

Attorneys for Legislative Auditor General

IN THE THIRD DISTRICT COURT IN AND FOR SALT LAKE COUNTY

STATE OF UTAH

NUCLEAR FUEL SERVICES, INC., a  
Maryland corporation,

Plaintiff,

v.

KHOSROW B. SEMNANI, an individual  
residing in the State of Utah, LARRY F.  
ANDERSON, an individual residing in  
the State of Nevada, ENVIROCARE OF  
UTAH, INC., a Utah corporation, and  
LAVICKA, INC., a Utah corporation,

Defendants.

MEMORANDUM IN OPPOSITION  
TO MOTION TO COMPEL AND IN  
SUPPORT OF MOTION TO QUASH

Civil No. 970901677CV

Judge Sandra Peuler

Movant Wayne L. Welsh, the Legislative Auditor General of Utah, by and through  
counsel, submits the following memorandum in support of his Motion to Quash filed herewith.  
Plaintiff's Motion to Compel should be denied and the subpoena quashed on the grounds that the  
records and work papers requested in the subpoena are protected governmental records and

should not be disclosed. The court should not compel the inspection and copying of the records because disclosure will result in revealing the identities of confidential informants who gave information to the auditors on the condition that their identities remain protected, will result in the revealing of trade secrets and commercial information, will reveal the identities of individuals who asked the legislative auditors to protect and keep confidential their names as they feared for their lives and safety, and will impair the ability of the Legislative Auditor General to conduct future audits and otherwise carry out his constitutional duties.

#### STATEMENT OF FACTS

1. On April 17, 1997, a subpoena duces tecum issued from the Third District Court of Salt Lake County, State of Utah, commanding Wayne Welsh, the Legislative Auditor General, to produce various documents and other items for inspection and for copying on May 7, 1997.

(Attachment A)

2. On April 30, 1997, M. Gay Taylor, counsel for the Office of Legislative Auditor General, sent a letter to plaintiff stating that certain records requested by the plaintiff are protected "because they contain commercial, proprietary information and also disclose the identity of informants who communicated a suspected violation of state or federal law, and the information was disclosed on the condition that the identity of the person be protected from public disclosure." (Attachment B)

3. "All papers generated in a formal audit that relate to informants, trade



secrets/commercial information, and records the disclosure of which would jeopardize the life or safety of an individual are considered protected by the Office of the Legislative Auditor General. Identities of informants are kept protected at all times and in every case." (Welsh Aff. ¶ 11.) These documents are not sent to the State Archives for storage, nor do they become part of the public records of audits. The Office of Legislative Auditor General's practice of maintaining protected records is customary and necessary to protect the identity of informants, the integrity of the formal audit, and to prevent interference with the audit process. (Osterstock Aff. ¶ 10; Welsh Aff. ¶ 11)

4. The records sought by plaintiff contain information obtained by the Legislative Auditor General from individuals who voluntarily disclosed the information on the condition that their identities be protected from public disclosure. (Osterstock Aff. ¶¶ 5, 7; Welsh Aff. ¶ 10.)

5. One record requested by the plaintiff contains private, commercial information classified by the Legislative Auditor as protected. (Osterstock Aff. ¶ 9.)

6. Six of the records requested contain the identities of certain informants who feared that they may face sanctions or retaliation which could hurt their careers if their identities were to become known, and in some cases, the informants feared for their life and safety and for the lives and safety of their families should the information be brought to the attention of an Envirocare officer. (Osterstock Aff. ¶ 8.) Envirocare of Utah, Inc. is a defendant in this lawsuit.

7. The disclosure of these protected records would impair the ability of the Legislative

Auditor General to obtain protected information in future audits and renders his office "ineffective in carrying out the mandates given it by the Legislature." (Welsh Aff. ¶ 12; Osterstock Aff. ¶ 11.)

### ARGUMENT

#### **POINT I. THE REQUESTED DOCUMENTS ARE PROTECTED RECORDS AND CANNOT BE RELEASED EXCEPT PURSUANT TO A COURT ORDER.**

The documents which plaintiff seeks from the Legislative Auditor General in this Motion to Compel are protected records under the Government Records Access and Management Act (GRAMA), Utah Code Ann. § 63-2-304 (1996), and the statute creating and directing the Office of The Legislative Auditor General, § 36-12-15(8) (1992), and cannot properly be released to plaintiff absent a specific order as required in Utah Code Ann. § 63-2-202(7) (1994) and Rule 45(c) of the Utah Rules of Civil Procedure.

When an individual requests discovery of records which are classified as protected under GRAMA, the records are privileged from discovery and cannot be disclosed until a court of competent jurisdiction has considered the merits of the request for access to the record, and where appropriate, limited

the requester's use and further disclosure of the record in order to protect privacy interests in the case of private or controlled records, business confidentiality interests in the case of records protected under Subsections 63-2-304(1) and (2), and privacy interests or the public interest in the case of other protected records.

Utah Code Ann. § 63-2-202(7)(a)-(c) (1994). The court is also required to make a determination



that "to the extent the record is properly classified private, controlled, or protected, the interests favoring access, considering limitations thereon, outweigh the interests favoring restriction of access . . . ." Utah Code Ann. § 63-2-202(7)(d) (1992). Additionally, the Utah Rules of Civil Procedure state in Rule 45(c)(3)(A)(iii) that the court, on timely motion, shall quash or modify the subpoena if it "requires disclosure of privileged or other protected matter and no exception or waiver applies," and Rule 45(c)(3)(B)(i) states that the court shall quash or modify the subpoena if it "requires disclosure of a trade secret or other confidential research, development, or confidential information."

These protected documents identify confidential audit sources and private, commercial information that should not be disclosed. Based on the significant public purpose principles for protecting these documents from public disclosure, the interests favoring restriction outweigh the interests favoring access.

**POINT II. THE COMPETING INTERESTS FAVOR THE PROTECTION OF RECORDS IDENTIFYING CONFIDENTIAL INFORMANTS.**

Plaintiff's Motion to Compel Inspection and Copying of Records from the Legislative Auditor General seeks protected information that was obtained by the Legislative Auditor General on the condition that the identities of the informants not be disclosed. The motion should be denied.

The greatest number of documents requested by plaintiff are records and audit work papers containing the identity of and information from individuals who were willing to disclose

the information only on the condition of anonymity. (Osterstock Aff. ¶ 7.) These documents fall squarely under the category of protected records under GRAMA. The statute governing the Office of Legislative Auditor General explicitly sets forth which records in the possession of the Auditor General shall receive protected status. They include work papers and records which would disclose the identity of persons who communicated about "waste of public funds, property, or manpower, or a violation or suspected violation of a law . . ." on the condition that their identities be protected. Utah Code Ann. § 36-12-15(8)(b) (1992). The documents requested in plaintiff's Motion to Compel are protected documents containing this type of confidential information and should not be disclosed. Disclosure of the records would reveal the identity of persons who cooperated with the audit on the condition that their identities be and remain protected.

**POINT III. THE PRODUCTION OF DOCUMENTS IS IMPROPER BECAUSE THEY ARE PROTECTED RECORDS CONTAINING TRADE SECRETS AND COMMERCIAL INFORMATION.**

Plaintiff's Motion to Compel seeks a protected record which contains trade secrets and other commercial information specifically protected under Utah Code Ann. § 63-2-304(1) and (2) (1996). (Osterstock Aff. ¶ 9.) As a protected record under GRAMA, this court should not order its disclosure. Under Utah Code Ann. § 63-2-202(7) (1994), the court is required to consider, and where appropriate, limit the use and further disclosure of business confidentiality interests in order to protect the privacy interests of the business record. Disclosing this information may



2  
1  
4  
result in a competitive business injury to the informant.

**POINT IV. THE DISCLOSURE OF THESE RECORDS WILL JEOPARDIZE THE LIVES AND SAFETY OF THE INDIVIDUALS WHO DISCLOSED THE INFORMATION TO THE LEGISLATIVE AUDITOR GENERAL.**

The Legislative Auditor General's Motion to Quash should be granted because the disclosure of these records will jeopardize the lives and safety of the individuals who disclosed information to the Legislative Auditor General. Some informants feared sanctions or retaliation which could hurt their careers. Many of the requested documents contain the identities of individuals who feared that public disclosure would lead to the loss of safety or their lives or that of their families should their identities become known to an officer in Envirocare. (Osterstock Aff. ¶ 8.) Envirocare of Utah, Inc., is a defendant in this litigation, and if the information requested is given to plaintiff, in fairness it should also be given to the other parties in the litigation. But one of the parties has an officer whose real or perceived threat to informants caused them to extract a promise from the Legislative Auditor General's staff not to reveal their names for their own life and safety concerns. Records created or maintained for audit purposes are protected records under GRAMA if their disclosure would jeopardize the life or safety of an individual. Utah Code Ann. §63-2-304(9) (1996). Several of the individuals who spoke with members of the Legislative Auditor General's audit team did so on the condition that their identities be protected. They claimed to fear physical, violent action against them or their families should the individuals about whom they spoke become aware of their cooperation with

the legislative auditor's requests. (Osterstock Aff. ¶ 8.) The disclosure of these records would substantially jeopardize these individuals' lives or safety, which is a substantial interest at stake in this litigation. The court, in weighing these interests in life and safety, should give strong weight to the informants' concerns and grant the Legislative Auditor General's Motion to Quash. Utah Code Ann. § 63-2-202(7)(d) (1994).

**POINT V. THE PRODUCTION OF DOCUMENTS IS IMPROPER BECAUSE DISCLOSURE WILL INTERFERE WITH THE LEGISLATIVE AUDITOR GENERAL'S ABILITY TO OBTAIN INFORMATION FROM CONFIDENTIAL SOURCES TO CONDUCT FUTURE AUDITS**

The plaintiff's motion to compel disclosure of all drafts, notes, interviews, work papers, and documents relating to A Performance Audit of the Utah Department of Environmental Quality should be denied because it will render ineffective the Legislative Auditor General's ability to carry out his constitutional functions of conducting audits of governmental entities. The Legislative Auditor General's Motion to Quash should be granted because the records sought by plaintiff through its Motion to Compel Inspection and Copying of Records from the Legislative Auditor General are protected records under §63-2-304(8)(b) (1996). This section protects records created or maintained for audit purposes if release of the records "reasonably could be expected to interfere with audits . . . ." Release of these records will substantially interfere with the Auditor General's ability to conduct and carry out his statutory duty to perform future audits and obtain protected information from individuals for future audits. (Welsh Aff. ¶ 12; Osterstock Aff. ¶ 11.) The auditors made a commitment to individuals with information



relevant to the audit in question: they pledged not to reveal the names of those who voluntarily provided information. (Osterstock Aff. ¶ 5.) Essential to the audit process and the very integrity of the Office of the Legislative Auditor General is the ability to ensure the confidentiality of work papers and sources. The importance of the legislative audit functions to effective state government cannot be overestimated. As part of the legislative branch of state government, the office is vested with the constitutional authority to conduct audits of "any funds, functions, and accounts in any branch, department, agency or political subdivision of this state . . . ." Utah Const. art. VI, § 33. In order to stem corruption and inefficiency in state government or with the use of state funds, the Legislative Auditor General must be able not only to make promises that assure confidentiality, but also to keep these promises in order to obtain information vital to these legislative audits and maintain the integrity of the audit process.

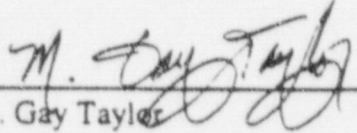
### CONCLUSION

The Legislative Auditor General respectfully requests the court to deny plaintiff's Motion to Compel Inspection and Copying of Records from the Legislative Auditor General on the grounds that the requested documents are properly protected and that a balancing of interests requires that the documents not be disclosed. The Legislative Auditor General's Motion to Quash should be granted to reinforce the important principle of informant confidentiality, to maintain business confidentiality, to tide the personal fears of retaliation or physical harm to confidential informants, and to avoid negative ramifications to the Office of the Legislative

Auditor General in gathering confidential information in future legislative audits.

In the alternative, the Legislative Auditor General requests the court to hold an in camera review of these protected records and either deny the motion to compel based on this specific review or limit the disclosure of the records to the public as well as to the parties.

DATED this 2nd of June, 1997.

  
\_\_\_\_\_  
M. Gay Taylor  
Robert H. Rees  
Attorneys for Legislative Auditor General



MAILING CERTIFICATE

I hereby certify that a true and correct copy of the foregoing was mailed to the following,  
postage prepaid, this 24 day of June, 1997.

PRUITT, GUSHEE, & BACHTELL

John F. Waldo (3354)  
Thomas W. Bachtell (0162)  
1850 Beneficial Life Tower  
Salt Lake City, UT 84111

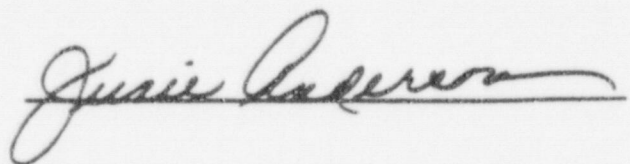
ANDERSON & KARRENBORG

Thomas R. Karrenberg (3726)  
Scott A. Call (0544)  
50 West Broadway, Suite 700  
Salt Lake City, UT 84101

Gary A. Weston, Esq.  
NIELSEN & SENIOR  
60 East South Temple, #1100  
P.O. Box 11808  
Salt Lake City, UT 84147

Harold G. Christensen, Esq.  
SNOW, CHRISTENSEN & MARTINEAU  
10 Exchange Place #1100  
P.O. Box 45000  
Salt Lake City, UT 84145

James C. Haskins, Esq.  
HASKINS & ASSOCIATES  
357 South 200 East, Suite 300  
Salt Lake City, UT 84111



## EMPLOYMENT AGREEMENT

This Employment Agreement is entered into between Envirocare of Utah, Inc. ("the Company"), and \_\_\_\_\_ ("Employee").

## RECITALS

WHEREAS, the Company is engaged in the radioactive and mixed waste disposal business; and

WHEREAS, the Company desires to employ or continue to employ Employee; and

WHEREAS, Employee desires to become employed or continue to be employed by the Company;

NOW THEREFORE, in consideration of the Company's employment or continued employment of Employee, and the promises and covenants contained herein, the parties agree as follows:

1. Employment. The Company hereby employs Employee, and Employee hereby accepts employment with the Company, upon the terms and conditions set forth herein.
2. Position and Duties. Employee shall hold the position of \_\_\_\_\_ with the Company. Employee shall be responsible for performing the duties of that position, as set forth in the current or any revised written job description for the position, or as orally explained to Employee by the Company. Employee also shall be required to perform such additional duties as may be assigned to Employee from time to time by the Company. Employee shall at all times faithfully, industriously, and to the best of Employee's ability, experience, and talents perform all of the duties that may be required of and from Employee pursuant to the express and implied terms hereof.
3. Exclusive Services. While employed by the Company, Employee shall devote his or her full business time and efforts to the Company, and shall not directly or indirectly in any manner or in any capacity engage in an outside business endeavor of any kind that would adversely affect the performance of Employee's assigned duties with the Company or would be in competition with, or would be to the detriment of, the Company, without the prior written consent of the Company.



4. At-Will Employment. Employee and the Company acknowledge and agree that this Agreement does not create any obligation on Employee's part to work for the Company for any fixed period of time, or for the Company to employ Employee for any fixed period of time. Employee's employment may be terminated without notice at any time by either Employee or the Company, with or without cause. Termination of Employee's employment hereunder shall not relieve Employee of his or her obligations under the covenant not to disclose confidential information or the covenant not to solicit employees or customers, as set forth in this Agreement.

5. Benefits. Employee shall receive such employee benefits as are provided by the Company to its regular, full-time employees, including medical insurance, vacation leave, paid holidays, sick leave, or any other benefits that are given to other employees having a similar position and tenure with the Company.

6. Bonuses. From time to time, bonuses may be paid by the Company to Employee, in the Company's sole discretion.

7. Adherence to Policies and Procedures. Employee agrees to comply with the policies and procedures of the Company, as set forth in the Company's policy and procedures manuals or in other written memoranda or directives that may be issued by the Company from time to time. Employee acknowledges the receipt of a copy of the Company's current policy and procedures manual.

8. Goodwill. Employee acknowledges that the Company has a good reputation and extensive goodwill with its customers and in the industry. Employee will not do anything to adversely affect the Company's reputation or goodwill nor will Employee attempt to benefit from the Company's reputation or goodwill at any time other than as an employee acting within the scope of his or her employment for the Company.

9. Inventions and Discoveries. Employee acknowledges that the Company is engaged in an ongoing program of research, development, testing, analysis, production and marketing in connection with its business and that Employee will or may be involved in such endeavors. Any invention, discovery, improvement, concept or idea (whether or not patentable or copyrightable) relating to any aspect of the Company's techniques, technology, products, production methods, testing methods, services, research, or development, or any other aspect of the Company's business, made, conceived, developed, or first reduced to practice by Employee (alone or with others) during his or her employment with the Company, is the exclusive property of the Company. Employee agrees to promptly disclose any such invention, discovery, improvement, concept or idea to the Company at the earliest possible time. For the consideration mentioned above, Employee agrees to assign and does hereby assign to the Company all of Employee's right, title and interest in and to all inventions, discoveries, improvements, concepts and ideas and any patent or copyright applications or patents or copyrights granted thereon. It is

agreed that Employee will not assert any right in the inventions, discoveries, improvements, concepts and ideas of the Company.

10. Covenant Not to Disclose Confidential Information. Employee, while employed by the Company, will occupy a position of trust with respect to the confidential or proprietary information which may be originated by or imparted to Employee from time to time in the course of his or her employment. It therefore is agreed that Employee shall not at any time, while employed by the Company or thereafter, except as expressly authorized by the Company in writing, disclose to any person or entity or use in any manner whatsoever any confidential or proprietary information of the Company.

For purposes of this provision, "confidential or proprietary information" shall include, without limitation, all of the Company's trade secrets, technology, engineering or operation methods or techniques, research data, test results, environmental monitoring information, radiologies, analytical results of customers' waste materials, marketing plans, service plans, patents, names of customers or potential customers, customer lists, customer files, vendor lists, vendor files, information obtained from or relating to customers or vendors, government private contracts, pricing information, cost information, bidding information, sales information, financial information and all other information involving or reasonably related to the business or prospective business of the Company, and any tangible article which embodies such confidential or proprietary information.

Upon the request of the Company while Employee is employed by the Company, or upon the termination of Employee's employment, Employee will turn over to the Company all documents, computer disks, papers or other materials in his or her possession or under his or her control which may contain or be derived from confidential information of the Company. It is understood and agreed that Employee shall have no proprietary interest in any work product developed or used by Employee in connection with his or her employment with the Company.

11. Remedies for Breach of the Covenant Not to Disclose Confidential Information. Because a breach of the foregoing covenant not to disclose confidential information will result in irreparable damage to the Company, the amount of which is difficult to measure, the Company, at its election, shall be entitled, in the event of a breach or threatened breach by Employee of the provisions of this covenant, to an injunction enjoining Employee from engaging in such conduct. In the event of such a breach, the Company also shall be entitled to recover from Employee the sum of \$30,000.00 for each such breach as liquidated damages. The parties acknowledge and agree that the amount of such liquidated damages is a reasonable estimation of the actual damages which the Company would suffer as a result of such a breach. Nothing contained herein shall be construed as prohibiting the Company from pursuing, or any court from awarding, any other remedy available to the Company for such breach or threatened breach.



including the recovery of damages, and no action by the Company in pursuing a given remedy shall constitute an election to forego other remedies.

12. Attorneys' Fees and Costs. The parties agree that if any action or suit is brought to enforce the terms of this Agreement, or to obtain injunctive relief, damages or any other relief for any alleged violation of this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party his/her costs and expenses incident to such action or suit, including reasonable attorneys' fees, expert witness fees, and court costs.

13. Paragraph Headings. Headings have been inserted herein solely for convenience and reference and shall not be construed to affect the meaning, construction, or effect of this Agreement.

14. Unenforceable Provisions. In the event that any part of this Agreement is held to be invalid or unenforceable by a court of competent jurisdiction, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included herein.

SHEET 1 PAGE 1

Page 1

IN THE DISTRICT COURT OF ANDREWS COUNTY, TEXAS  
COUNTY CLERK'S OFFICE

ATTORNEYS SPECIALISTS, INC.

Plaintiff,

Civil No. 14,585

ENVIROCORE OF TEXAS, INC.,  
ENVIROCORE OF UTAH, INC.,  
JENNIFER S. JENNANI, CHARLES A.  
FRANK T. THORLEY, GEORGE  
W. HELLSTROM, BILLY W. CLAYTON,  
AND RANDI M. MCLELLAN,

Defendants.

DEPOSITION UPON ORAL EXAMINATION

OF

JENNIFER MCKEAN

Taken Pursuant to Notice and the Utah Rules  
of Civil Procedure  
Wednesday, October 29, 1997, 9:10 a.m.

At the offices of:

Double Tree Hotel,  
Salt Lake City, Utah

By: Peggy Grover, RPR, Notary Public, License # 801

PAGE 2

APPEARANCE

For the Plaintiff: Frank W. Mitchell, Esq.  
JIMMY, MARTIN & MITCHELL  
Attorneys at Law  
1701 Two Houston Center  
Houston, Texas 77002  
713-512-1111John W. Lawrence, Esq.  
EGAN & ASSOCIATES, P.C.  
Attorneys at Law  
2301 N Street, N.W., Suite 601  
Washington, D.C. 20037

Also Present: Jeff Compton

For the Defendant: Roy C. Minton, Esq.  
Martha S. Doble, Esq.  
MINTON, BURTON, FOSTER & COLLINS  
Attorneys at Law  
1100 Guadalupe Street  
Austin, Texas 78701Also Present: Frank C. Thorley  
Regulatory Affairs Manager  
Envirocare of TexasJennifer McKean  
Examination by Mr. Mitchell  
Examination by Mr. Minton

Page

No.	Description	Page
1	Notice of Deposition & Subpoena	1
2	Employment Agreement	2

PAGE 3

Page 3

SALT LAKE CITY, WEDNESDAY, OCTOBER 29, 1997, 9:10 A.M.  
JENNIFER MCKEAN,having first been duly and legally sworn,  
was examined and testified on her oath as  
follows:

EXAMINATION

Q. Mr. Mitchell: Could you state your name for  
the record, please?

A. Jennifer McKean.

Q. Ms. McKean, I am going to go ahead and attach  
Exhibit No. 1, which is the subpoena that we had  
filed through the court. And spelled M-c-k-e-a-n.

A. Right.

Exhibit 1 marked for identification.

Q. All right. I just want to ask you to look at  
Exhibit No. 1 and tell us if that in fact appears to be  
the subpoena that was issued to compel your attendance  
at this deposition?A. It appears to be the same one. Mine is  
rather but it--

All right.

It's the same one.

Q. All right. And I'm going to go this for the  
record. I really didn't anticipate you producing any

PAGE 4

Page 4

documents, but in the subpoena we asked, and I will just  
read, you to produce for inspection and copying all  
documents and all materials in the possession of Ms.  
Jennifer McKean that refer to, relate to Envirocare of  
Utah, Inc., or Envirocare of Texas, Inc., or any of  
company's directors, officers, employees or  
representatives. Do you have any such documents in your  
possession?A. No documents whatsoever. I didn't even take a  
pencil with me.Q. All right. Could you tell me where you live,  
your current residence.A. My residence is 864 East South Lake Drive in  
Salt Lake City, 84117.Q. Okay. And how long have you lived in Salt  
Lake City?

A. Seven years.

Q. All right. And where did you live before you  
moved to Salt Lake City?

A. Vero Beach, Florida.

Q. All right. I think this will save a little  
bit of time if you could just sort of-- if you have a  
college degree?

A. Yes.

Q. What is your college degree in?



PAGE 5

Page 5

A. Accounting.

Q. And did you receive your degree in accounting?

A. 1983-1st, 1984.

Q. Now, I think this will save some time. I'm going to ask you a little bit more about your accounting degree and just sort of describe what your employment history has been since then?

A. Well, I-- Let's see. After receiving my degree I worked for several years for what was then called American Hospital Supply Corporation which then turned into Baxter Travenol. And then that company was divested and it spun off into another company with the same group of manufacturers into a company called Tronomed and I worked for Tronomed--

Q. I'm sorry. How do you spell that?

A. T-r-o-n-o-m-e-d. And I worked for Tronomed until 1986. And then I took about six or seven years off to fly commercially, and so then I was a pilot until 19-- full time pilot until 19-- my brain is not working fast this morning-- until about 1992.

Q. All right.

A. And then I worked for about a year for a company called Hudson General.

PAGE 6

Page 6

A. Hudson General.

A. Hudson General. They're also in the aviation business.

Q. All right.

A. And then I was picked up by Envirocare around 199-- I don't remember Four? I don't remember. 1994 to 1995 I believe. I am not going to swear to that one. I will have to go back and work on that. I only worked for Envirocare for a little less than a year, probably about ten months.

Q. Okay. Well, I mean maybe it's easier. Do you remember when you left Envirocare?

MS. DICKIE: If it will help--

THE WITNESS: Refresh my memory.

MS. DICKIE: The employment records show

12-4-95.

THE WITNESS: Through September.

MS. DICKIE: To some time in '96.

THE WITNESS: Thank you. September '96.

Q. Mr. Mitchell? All right.

A. End of September of '96.

Q. All right. And then after leaving Envirocare--

A. And now I work for a company called Tool Design and Engineering.

PAGE 7

Page 7

Q. All right. And what sort of job do you have with Tool Design and Engineering?

A. I'm their controller.

Q. All right. Have you completed your CPA, and have you become a certified CPA?

A. I completed the examination in 1984 but I never became certified.

Q. All right.

A. Baxter didn't require it.

Q. All right.

MS. WINTON: You never became-- Well, I'll ask you later but are you a certified public accountant?

THE WITNESS: No. Baxter required that we pass the examination but they didn't require that we become certified.

Q. Mr. Mitchell? All right. So when you went to work for Envirocare you went to work for Envirocare in what capacity?

A. Ostensibly by name as their controller.

Q. All right. Why do you say ostensibly?

A. Because I am a controller at Tool Design in every sense of the word but at Envirocare the controller position is what other companies would refer to as an accounting manager position. They had-- They may still have but at the time they had a CFO who was acting in

PAGE 8

Page 8

the capacity as controller. In my capacity as, quote controller, I had responsibility for all of the accounting functions, payables, receivables, cash flow, publication of financial statements, but I had, other than that which occurred in the Accounting Department I had almost no managerial capacity whatsoever. So that's why I say ostensibly. Because most of the times in most companies the controller position has controller functions.

Q. All right.

A. And that didn't happen in Envirocare.

Q. All right. Well, you mentioned that there had been-- that there was a CFO. Who would the CFO have been?

A. A man by the name of Mr. Larry Shelton.

Q. All right. Do you know if he still works for Envirocare?

A. I have no clue.

Q. All right. Would he have been your immediate supervisor?

A. He was.

Q. All right. And do you know who was Mr. Shelton's supervisor?

A. He reported to Mr. Semmari, Khos Semmari.

Q. All right. Who at that time was the

statement of the company?

A. Yes.

Q. All right. Okay. All right. I'm going to ask you a little bit because you said sort of a mouthful and I want to make sure I understand. You said that you were responsible for certain accounting functions and I just want to get you to slow down and let me get you tell me what accounting functions you were responsible for?

A. Okay. Accounts payable, accounts receivable, payroll, profit planning, cash flow, to whatever extent when necessary, collection. Essentially that was it, and then I would have ... and sundry projects to work on but effectively that was it.

Q. All right. And if we were to ask what Mr. Shelton's responsibilities were, could you tell me some of his responsibilities back during that time frame?

A. They shifted about three months after I was hired. Between the time that I was hired and I would say around February of 1996, he spent about 60 to 70 percent of his time with Envirocare things and getting me up to speed in my position. I was fully up to speed probably by March of 1996, and around 1996, around that time, he transitioned his focus away from Envirocare and over to Zhagrus, their remediation section of Semman's empire, holdings rather.

including Texas and California.

Q. All right.

A. But I was involved in those in absolutely no way whatsoever.

Q. All right. Okay. So the companies that you were responsible for, financial responsibilities for, accounting responsibilities for, would have been Envirocare of Utah. Did you have anything to do with Zhagrus?

A. And Zhagrus.

Q. Zhagrus.

A. At the time Zhagrus was rolling into Envirocare's financials and I published separate financials for both companies and then a consolidated statement for the two every month.

Q. All right. When you say rolling into financials, is that what you mean?

A. Yes. Yes.

Q. Consolidating the data, the two financial statements?

A. Yes. Envirocare was 99.9 percent of it all. At the time that I left Zhagrus was just starting to get on its feet so they had relatively little financial impact on the company. That was starting to change as I left but they were reported separately and then

MR. MINTON: I'm sorry. I heard that name but I'm not sure I'm hearing the same one.

THE WITNESS: Zhagrus. It is Zhagrus.

MR. MINTON: Okay.

THE WITNESS: Zhagrus is the name of a mountain range in Iran and he named his remediation firm Zhagrus. And so Larry moved over with full intention of becoming president of Zhagrus and he moved the operational focus over to Zhagrus almost completely, and by the time I left there in September he had his fingers almost exclusively out of the Envirocare pie to work on Zhagrus.

Q. Mr. Mitchell: Okay. Well, you had referenced Mr. Semman's holdings and you had mentioned Zhagrus and Envirocare of Utah. What other companies or entities were you aware of when you were working there?

A. There were several but in Salt Lake in addition to that there was-- how would I refer to it? I don't want to call it an engineering company although I was told that that's what it was. Oh, F. K. Hart, and he had some real estate holdings and that's the extent of it in Utah, that's what he had, and then he had--

Q. All right.

A. And then he had his fingers in some other pies in various other parts of the country at the time

consolidated at month end.

Q. When you say reported separately, reported separately to who?

A. Well, operationally Zhagrus reported to Larry. It was a little nebulous when I left there but Larry was trying to extract total control over Zhagrus. I just did the financial reporting and then everything that had to do with Zhagrus operationally reported through to Larry.

Q. All right. And what was your understanding of the purpose of Zhagrus?

A. Remediation.

Q. All right. Remediation of nuclear waste?

A. Yes.

Q. Low-level waste?

A. Uh-huh.

Q. What about the Semman Foundation was that an entity that you were familiar with or had some accounting responsibility for?

A. When I first came to Envirocare, we were getting ready for our fiscal year end, which escapes me now exactly when it was, but I know we were getting ready for it, and it was my responsibility at first to pull together the income and the outgo for Semman Foundation. I do not have what I would consider by any



stretch of the imagination a strong accounting background in foundation accounting.

A. Or nonprofit accounting, but I was extremely uncomfortable with what I saw based on what I knew. I pulled together the numbers that the CPA firm had requested in behalf of Semman Foundation. We-- I submitted those numbers to the accountants, they had quite a bit of heartburn with it and at that point I realized that the Semman Foundation-- And I don't, I have to back up here. I need to-- I need to say that I don't think at the time that, from my understanding that there was anything malicious going on or anything sub-rosa going on. It was just that there were mistakes made and donations made to charitable organizations that may not have qualified. Anyway, I let the CPA know, whose name now escapes me, because I know they were looking to get a new firm, that some of these donations were not kosher, and--

MR. MINTON: Excuse me just a minute. This has stuff to do with your employment for Envirocare, Ms. McKean?

THE WITNESS: Yes. Yes and no.

MR. MINTON: Okay. Let me take a moment here to take this a matter of record. I believe that you

have a contract with them which includes a confidentiality provision. Is that generally correct?

THE WITNESS: That is generally correct.

MR. MINTON: And under that-- under that contract you have promised Envirocare that you will keep certain things, information that you received while you were there, to yourself--

THE WITNESS: Right.

MR. MINTON: And not discuss or give any information to others.

THE WITNESS: During the term of my employment, that's correct.

MR. MINTON: No, it's from the term of your employment or at any time after that.

THE WITNESS: I don't remember how that's worded. I knew it was during the term of my employment.

MR. MITCHELL: Well, let's--

MR. MINTON: Let me get you to take a moment and let her read this, just for the record.

MR. MITCHELL: All right. I'll have a record, fine.

MR. MINTON: Why don't you read this part right in there so I'm being fair with you and we can get all of this out of the way and you can go on.

MR. MITCHELL: Yeah. I would like to see a

copy of it at--

MR. MINTON: We gave you a copy.

MR. MITCHELL: Well, we have an unsigned copy. We have an unsigned copy, we don't have a signed copy.

THE WITNESS: I will be glad to read this but I can tell you just by looking at the print that this is not the one I signed. This is not-- the one that I signed, I mean I can remember this extremely well because I typed it. That's the print of the one that I signed. This is different so I will be glad to read this for you but I cannot--

MR. MINTON: Read it for yourself.

THE WITNESS: Okay. I will be glad to read it for myself. "Covenant not to disclose confidential information."

MR. MINTON: No, you don't need to read it out loud.

THE WITNESS: Okay.

MR. MINTON: You can just read it so you can understand what it says.

THE WITNESS: Okay. I've read it.

Interesting but this is not the one that I signed.

MR. MINTON: These three. Right? That's

THE WITNESS: That's correct. I read that.

MR. MINTON: Okay. And you understand it?

THE WITNESS: I understand that, that's correct.

MR. MINTON: Okay. On the basis that you signed this, executed this, we feel you have an obligation to abide by it.

THE WITNESS: I reiterate, that's not the one I signed.

MR. MINTON: Well, whatever you signed had the same confidentiality agreement that one does.

THE WITNESS: I can't swear to that.

MR. MINTON: Well, I want to be candid, but I don't want to take up your time or all our time. We are all interested in, and I know you are.

THE WITNESS: Okay.

MR. MINTON: To get through with this, but I want to be certain that the record shows that I've been utterly fair in telling you to begin with that this provides for sanctions, you could be sued over it if you give out information which is proprietary and belongs to that corporation. It doesn't make any difference whether it's bad or good, or whether you think it's harmful or not harmful at all. I don't assign to you any malicious intent, certainly not at this time. I only

18 And I do know that if you do that, we may well finish  
19 through with what we can find from this contract and attempt  
20 to have damages against you. So, aside from that, I  
21 am not really interested in this deposition as  
22 an exercise, information which the Court will take on  
23 at a later time. That really has very little to do with  
24 the agreement that we have between us and you. The  
25 difference between the admissibility of what you are  
26 saying and your contractual ability to talk about it are  
27 two different things. So that when I make those  
28 statements, I'm not going to be admonishing you, I'm  
29 admonishing you at this time for your sake, and for the  
30 sake of the company, that if you discuss these things  
31 which we believe to be proprietary, that we believe  
32 you're exposing yourself to a lawsuit.

THE WITNESS: I--

MR. MINTON: Do you understand that?

THE WITNESS: I appreciate your concern for  
33 me. I will once again reiterate that's not  
34 the contract that I signed and I'm not as you don't  
35 have the contract that I signed, I am here to tell you I  
36 don't reiterate the contract but that is not the one that  
37 I signed. However, now I will defer to your judgment as  
38 to

MR. MITCHELL: Well, I'm going-- I need to

39 do something for the record here. And, to talk with  
40 this attempt to intimidate a witness I find to be a very  
41 hostile, very attacking thing to do. This is not  
42 similar to what was attempted, I mean, quite frankly, I  
43 do not find any legal justification in this at all. If  
44 you are going to assert this agreement and threaten this  
45 woman with a lawsuit with an agreement that is  
46 apparently not the agreement that she signed, that  
47 rather than going through all of that, and I point out  
48 that there may be whistle blower statutes that are  
49 involved that completely protect her, because this is a  
50 highly regulated industry, and if you are going to take  
51 the position in this case that a woman who has been  
52 subpoenaed in a lawsuit that we filed against Texas, and  
53 let me point out that one of the reasons that we are  
54 taking this woman's deposition is because although we  
55 have asked for financial information and have asked for  
56 other information in this case, that is certainly  
57 relevant for a lot of different reasons, not just for  
58 the fact that we are seeking punitive damages. I point  
59 out that this defendant has produced very financial  
60 information in this case. I might be sympathetic to what  
61 you are talking about in terms of this agreement if, if  
62 you produce the correct agreement, this agreement, is  
63 not. So, this is not a lawsuit and to assert an

64 agreement and to assert agreement when we have filed a  
65 lawsuit, I don't think there is any justification for  
66 that. And I'm telling to point out to this woman that she  
67 has a contract, she's protected under whistle blower  
68 statutes, I think it's unfair and if you are going to  
69 threaten this witness and unjustifiably intimidate this  
70 witness, it's an attempt to intimidate her, by suggesting  
71 that if she testifies in this matter that you are going  
72 to sue her it might sue her under the provisions of that  
73 agreement I find to be ridiculous. I understand your  
74 position and if you continue to maintain that position,  
75 then through we have gone to great cost and time to  
76 obtain this witness for subpoena, I would prefer to  
77 have the agreement, attach it as an exhibit to  
78 the deposition and go before the judge and find out  
79 what the judge's view of this, particularly in light of  
80 the fact that as a financial information has been  
81 produced. That's the end of my record.

MR. MINTON: Well, of course, we are only  
82 attempting to answer the answers based on these records  
83 and these documents, immaterial, rules under the  
84 Texas rules of evidence.

MR. MITCHELL: I have a problem if that's  
85 the case, deposition--

MR. MINTON: That's a totally different

86 thing than what we're talking about here.

MR. MITCHELL: I agree, I agree.

MR. MINTON: And I understand that you want to  
87 do a good job of giving a speech for the record, just  
88 like I do, and I don't have any problem with anything  
89 that you're saying out of all of what we're doing, based  
90 on Texas law.

MR. MITCHELL: I understand.

MR. MINTON: And we're not ashamed of that.

MR. MITCHELL: I understand.

MR. MINTON: And you do, you're going to go  
91 through as you wish. I'm not--

MR. MITCHELL: Yeah.

MR. MINTON: But I want to have it very clear  
92 to the witness exactly what I said. And as I have  
93 already told her, and I don't need to tell you with the  
94 experience that you have got, there's two different  
95 things as to what is admissible in court and what her  
96 contractual obligations are as to this contract.

MR. MITCHELL: You're making the point the  
97 fact that we filed a lawsuit and the fact that there are  
98 whistle blower statutes that protect her under that  
99 agreement immaterial.

MR. MINTON: You're talking about--

MR. MITCHELL: And not enforceable. That's



MR. MINTON: Unfortunately, you're talking to a witness who's not a lawyer and I'm fully aware of where those statutes exist, what the exemptions are, and what the exceptions are too, and it is that second place that I'm not an attorney, so good luck to you.

MR. MITCHELL: Well, we will go ahead and ask the questions.

MR. LAMARCA: I do want a copy of that full statement.

MS. DICKIE: Certainly.

MR. MITCHELL: Why don't we just attach it as an exhibit to it-- Why don't we mark it and attach it as an exhibit to the deposition.

MS. DICKIE: That will be great. Just mark the whole thing. It has got her resignation letter and everything.

MR. MINTON: We will mark this as Deposition Exhibit-- You have already got one, don't you?

MR. MITCHELL: Exhibit No. 1.

MR. MINTON: Okay.

Exhibit 1 marked for identification.

Q. Mr. Mitchell: All right. And we have gone through all that and I just want to make sure that you feel comfortable going forward.

A. I have no problems whatsoever.

A. I don't work well under intimidation.

Q. All right. And I certainly did not, I mean if you at all felt uncomfortable I was--

A. No. And I'm here to say regarding Semani Foundation, it is not uncommon at all with foundations to donate money that may or may not be for Internal Revenue Services purposes deductible. It's their money, he can do whatever he wants to with it to a certain extent. But I also know that when Khosrow Semani hired in 1996 an accountant CPA by the name of Timothy Blackmar, Tim took over full custody of the Foundation and he was intimately involved with not only the Foundation but Khos's personal and other holdings other than Envirocare and so the Semani Foundation custody went to Tim.

Q. All right.

MR. MINTON: Object as non-responsive, that entire statement.

Q. Mr. Mitchell: All right.

A. Okay.

Q. Let me back up a little bit and--

MR. MINTON: Let me be sure that we have got--

MR. MITCHELL: Well, I do have a question.

MR. MINTON: I know that, and I'm not interrupting your question. Let me be sure that we have got an agreement. I think that we have an agreement that all objections, it's taken in accordance with the rules which are that all objections are reserved until the time of trial, except, except for responsiveness or leading form of the question.

MR. MITCHELL: Oh, sure.

MR. MINTON: And under Rule 507 we have, we believe we have a particular objection which is privilege, and so I specifically have an understanding that I do not need to raise that objection throughout this trial, that that is the same as any other objection.

MR. MITCHELL: I would certainly agree with that.

MR. MINTON: All right.

MR. MITCHELL: I certainly would agree with that.

MR. MINTON: All right. So that.

MR. MITCHELL: And I am familiar with Rule 507 and if it makes you feel comfortable, I will stipulate that other than form and responsiveness, and by form I generally assume--

MR. MINTON: Leading questions.

MR. MITCHELL: Okay. That any other objection to the admissibility or use of this at the time of trial that you may have, you will not have waived it by failing to make the objection at this deposition.

MR. MINTON: Thank you.

MR. MITCHELL: All right. I do have a question for you all, though. This letter was in the middle of this, is--

MS. DICKIE: I think it's--

MR. MITCHELL: Should I separate out this letter?

MR. MINTON: It's certainly all right with us to, but that's the way it is in our files and we weren't-- We just left it like that.

MR. DICKIE: That's the way we received the copy. I don't know whether it goes like that or not, Frank. You can leave it like that.

MR. MITCHELL: Well, I'll, J-- If that's the way it was in your files, we'll go ahead and read this.

Q. (Mr. Mitchell) And before I go back and follow up on some questions about this Semani Foundation, Ms. McKean, I want to go ahead and show you this Exhibit No. 2, which was produced with the suggestion that it was an employment agreement that you signed, and simply ask you if this was in fact the

employment agreement that you signed and if it wasn't that is what you believe it was not.

A. Because I typed the employment agreement that I signed and the one that I signed came out of a booklet that they put together for employees and there were mistakes in it and I finally signed the copy some months after I was hired there, so I didn't sign it. The one that I signed, the version that I signed, was a 1994 version.

Q. All right.

A. The only one, the only page out of the employment agreement that I signed that is in fact in the package right here is-- are the last two pages. The first pages I have never seen before.

Q. All right.

A. The wording may be similar but this is not the one that I signed.

Q. All right. Just so that we are clear, it is your testimony that if I'm looking at Exhibit No. 1, pages 1, 2, 3, 4 of Exhibit No. 1, you do not believe were part of the employment agreement that you eventually signed?

A. No. That first part there is much, much nicer, much more professionally done than the one that I signed.

But I did not see anything there that struck a cord as being illegal.

Q. Okay.

A. As opposed to non-tax deductible.

Q. All right. Anything else about the Sennani Foundation that gave you feel uncomfortable other than that?

A. Very poor record keeping but other than that.

Q. All right. All right. You had indicated earlier in your testimony that you did not have any accounting responsibilities for the Texas part of the company?

A. That's correct.

Q. Did you ever have any discussions with Mr. Shelton or other people at the company about the Texas operation?

A. Numerous.

Q. Just talk on for just a second.

Off the record.

Q. Mr. Mitchell. Tell me what you remember about conversations about the Texas operation?

A. To what extent?

Q. Well, do you remember any comments that were made about my client, WCS?

A. Up until two months prior to my separation

Q. All right. And the only parts of Exhibit No. 1 that would have been part of the agreement that you originally signed would have been the last two pages of the exhibit, one page that has August 1994 in the upper right-hand corner and another page that is called Agreement Appendix A?

A. That's correct.

Q. Okay. Very good. All right. I want to pick up a little bit. And you have been telling us about the Sennani Foundation, and had indicated to me that there were some things about what you saw with the Sennani Foundation that made you feel uncomfortable. And can you explain to me what the things were that made you feel uncomfortable about the way it was being operated?

A. When I say uncomfortable, I am talking in terms of Internal Revenue Service regulations and the tax deductibility of them. I did not see any inappropriate donations to individuals, organizations-- Let me back up. I didn't blurt-- I didn't see any blurt-- There were organizations, small outfits in the Salt Lake area. I remember there was one, an organization, they were building a bridge or something for historical preservation, and by tax law that would not have been, according to the foundation law from what I was told, a tax deductible expense for the foundation.

from Envirocare I had a fairly social relationship with Larry Shelton.

Q. All right.

A. The comments that were made about Texas and other competitors, I am not sure I could repeat here. They were non-financially they were non-specific they are extremely inflammatory and profane.

Q. Okay.

Q. I am not-- if I relay to you my comments about what Larry said about WCS and other competitors including EC/DC, et cetera, et cetera, everyone is going to be throwing their hands up in the air and going, "Oh, speculation, hearsay," you know, et cetera. I don't know what you want me to tell you because it was not nice.

Q. Well, let me ask--

A. And it was not specific.

Q. Well, let me ask you this. Did Mr. Shelton ever tell you that Envirocare was intending to sue against WCS in some manner, or prevent their free business in some manner, or comments to that extent?

A. Yes.

Q. Testify for me what you remember about those conversations?

A. All right. Now, this is coming from Larry



PAGE 29

Page 29

Shelton.

A. I have not heard this from Khosrow Sennani.

A. Larry repeatedly said to me and to everybody within his employ that the fun of business is crushing competitors. anybody can conduct business he says, but--

Q. Did Mr. Shelton ever indicate or suggest that Envirocare is ever intended to crush WCS, or prevent WCS from doing business, or words to that effect?

A. All right. I am going way back and I am terrified to tell you what I remember because over the months or over the years since it has been there my memory has coagulated into-- into generalities.

Q. All right.

A. But generally what he would-- what he would iterate is that Khosrow Sennani had some political clout in the various counties or a county in Texas in which licenses were to be obtained and that it would be difficult for licenses to be procured by a competitor if he put his mind to it.

Q. Did he indicate or suggest that that had been done to potential competitors in the past?

MR. MINTON: Object to leading the witness.

Q. Mr. Mitchell: Did he ever discuss whether

PAGE 30

Page 30

if any such things had been done to competitors in the past.

MR. MINTON: I am objecting as leading.

Q. Mr. Mitchell: If you recall.

MR. MINTON: You can take your chances on these. These leading questions always worry me worse in a deposition than anywhere in the world.

MR. MITCHELL: I hear you.

MR. MINTON: I sympathize with you.

THE WITNESS: Would you like to rephrase that?

Q. Mr. Mitchell: Sure, I'll be happy to.

MR. MINTON: Tell me what you--

Q. (Mr. Mitchell) Did you-- you had indicated to me that if Mr. Sennani wanted to prevent someone from getting a license or if we wanted someone-- you had indicated that he could make it very difficult for potential competitors to get licenses. And my question to you is: Did Mr. Shelton ever discuss what Envirocare had done or not done in connection with other potential competitors other than WCS?

A. That's a two part question. Excuse me. That's a two part question and to both parts of that question the answer is yes.

Q. All right. And what did he say about Envirocare's actions towards prior competitors?

PAGE 31

Page 31

A. Honestly, I need you to be a little more specific in your questions. He said-- he said many things, most specifically relative to Laidlaw/ECDC, but Larry was continually popping off and I frequently struggled to separate fact from fiction with Larry and that's why I hesitate to even bring it up because in the rush of competitive battle Larry would say sometimes some things that I was not entirely sure were grounded in fact so I hesitate to repeat them here.

Q. All right. Well, let me specifically talk about WCS. Did Mr. Shelton or anyone else at Envirocare, for that matter, ever suggest a particular plan that they were-- or plan of action or act that they intended with respect to my client?

MR. MINTON: I am going to object as leading. When I make these objections, they are just for the record.

THE WITNESS: I understand.

MR. MINTON: And you can just ignore me. I didn't mean to be rude to you.

THE WITNESS: That's fine.

MR. MINTON: If I don't make objections--

THE WITNESS: That's fine. No offense taken.

MR. MINTON: --concerning leading or response.

THE WITNESS: I understand.

PAGE 32

Page 32

MR. MINTON: Then I can't make it at trial.

THE WITNESS: I understand your situation.

MR. MINTON: But you go right ahead.

THE WITNESS: WCS was only a factor that was brought to my attention very close to my separation with Envirocare-- was a matter of fact, it wasn't until I was fairly heavily interrogated by the F.B.I., some months after my separation from Envirocare, and it wasn't until I met with them that I even knew your name. You were referred to as a company in Texas.

Q. Mr. Mitchell: All right.

A. And from Larry's point of view it was extremely general and he almost referred to it in a joking manner, you know, as to your hutzpah, you know, of what you were doing. So it was extremely general at best, it was totally nonspecific and, again, I left around the time that they were gearing up there so--

Q. All right. Well, did Mr. Shelton or anyone in Envirocare ever describe for you what the purpose of Envirocare's Texas operations were to be?

A. They were twofold and, again, this is coming from Larry Shelton.

Q. All right.

A. One, of course, was to go down and make money.

A. And the second was to engage in a competitive dueling, which is where Larry indicated that Khos got the most fun out of life, so--

Q. When you say what Larry referred to, were you referring to the earlier comment that what was fun was making competitors?

A. MONTANA: That's leading. I object to it.

THE WITNESS: Let me put it this way. On the day that I was hired Larry gave me a book, which I still have. The author's name escapes me, but the name of the book was "Winning Through Intimidation."

Q. All right.

A. It was a silly book but that was his-- their motto.

Q. Why would he have given you that book?

A. He wanted to make sure that we were singing off the same sheet of music effectively.

Q. All right.

A. It's a corporate cultural thing.

Q. All right.

A. Now, I am not-- He also gave about three other copies of that book to other members of my department and I, you know, I don't know why because members of my department, I can be very intimidating but

is from the salaried managers down to the hourly non-exempts and the hourly exempt employees, and they make promises to their employees which they will not keep regarding rewards and bonuses and company participation, et cetera, et cetera. My biggest problem, of course, was with Larry himself. Larry is a-- he participates in the what we call the AS program, or management by screaming program, and I personally don't take much offense when my boss screams at me. I was in the military long enough to learn how to deal with that, but the continual obscenities and the screaming at my employees in front of other employees and the screaming at me in front of employees, it was unnecessary, it's a testosterone based company in my opinion and I just don't like the way they do business--period--and so and so.

Q. All right. One of the things you had referenced was that the company was obscenely profitable. What did you mean by that?

A. I am going to let that stay on as it stands.

Q. All right. Can you tell us how much money the company made in the year or ten months that you were there?

A. I can but I don't think I should, to be perfectly honest. I really don't think that's

the members of my staff were about the least intimidating people I have ever met and so I don't understand why he did that. But it is kind of like, "Okay, Larry, I catch your point." So--

Q. All right. Why did you end up leaving this company, Envirocare?

A. I have-- I am not really sure how to word this. I thoroughly enjoyed working for Envirocare. I really liked the business and immediately after I left Envirocare I was offered a similar position with Laidlaw, but the reason why I left Envirocare was because I was continually at odds with Larry Shelton and Envirocare's management style.

Q. All right.

A. And I cannot work in an environment where there is-- we were effectively screaming at each other all day and I was continually put in positions that I did not want to be put in and I--

Q. Can you give me some examples of the Envirocare management style that you disagreed with or philosophically disagreed with, if that's a better way of putting it?

A. It is my opinion that Envirocare abuses its employees. The company is almost obscenely profitable and they underpay and overwork their employees, and that

necessarily pertinent.

Q. Okay.

A. To this.

Q. All right.

A. It wasn't so much their gross, anyway, it was their net--

Q. Well, would you give me the same answer if I asked you what their net was?

A. I would have to give you the same answer.

Q. All right. Were there any and, again, I am talking about the management style, was there anything about the management style that you would have considered to be improper from an accounting standpoint?

A. Yes.

Q. What can you tell me about those? Can you give me some examples of some accounting, some problems you had with the way they did their accounting?

A. Let me just give you one example.

Q. All right.

A. And the reason I will give you this example is because it's pretty well documented over there and several other employees were privy to this. But there were several occasions when I first started working there, and later I would say, "I'm not doing this any more," one, because it was stupid, and the other because



I was uncomfortable with it, where I was told that Khos wanted a check for "X" amount of money, generally in five to six digits, and leave the payee blank. And I told them from a bookkeeping point of view, I really need a payee, because I need to know how to charge this particular cash expenditures. And I was told it was none of my business, et cetera, et cetera, and I am looking at the person who gave me this particular order thinking, "You must think I'm particularly dumb because this check will come back from the bank with a payee filled in and I will know who it goes to." Anyway, this occurred about two or three times and the third, about the third time it happened I went in to Larry and I said, "I can't do this anymore. I can't just cut checks anymore with no payee. I mean it's a waste of time." and et cetera, et cetera. He says, "I understand what you're saying." So the next time the request would come down Khos would take money out of the company via transactions through his, effectively his owner's equity.

Q. I am not sure I understand.

A. It is a balance sheet issue. If money comes out of the company, it either has to be charged against expense or it has to be taken out of an owner's -- the owner's equity, the --

Q. All right.

A. Now, Khos was a 100 percent owner of the company, it's his money, effectively he can do with it as he wishes once the money goes to him, but -- and in that case we could just simply make a check out payable to Smith Barney, or whoever, whatever stock company, or wherever he wanted it to go. But then it was a balance sheet issue and not a P&L issue.

Q. All right. Were you involved in any financial audits of the company when you were there?

A. Yes, I was.

Q. What financial audits were you involved with?

A. Oh, my swan song. And I knew you were going to ask this and I forgot to bring the name of it. The very last month I was there, Khos had ordered on his own an internal audit by a CPA firm out of California, a very competent firm, the name of which now escapes me, a company that specializes in waste, not just radioactive or nuclear, but just waste in general.

Q. All right.

A. And so they were pretty familiar with remediation and anything that has to do with the waste business and he did so, I think, wisely because I think he was concerned about maybe there wouldn't be some Internal Revenue Service exposure and he wanted to make

sure that ostensibly that he was doing the right thing. So he calls in this company to perform an audit and it was a very -- it was a very -- I don't want to say superficial because it is wasn't superficial, but it was a very top heavy type of an audit; in other words, they weren't getting down into the nitty-gritty details and auditing my accounts receivable, my accounts payable. Basically they were taking a look at sales and the way that we dealt with the remediation and inventory, fixed assets, big things, big things.

Q. All right.

A. And they, we have found a lot, Larry Shelton was gone this entire time during the audit and so the audit completely rested on my shoulders, and I worked intimately with these guys, and my orders were through Khos. "Give these guys whatever they need. Whatever they need, they have got open free reign of the books. Just give them whatever they need."

Q. All right.

A. Fully cooperate, which I did.

Q. All right.

A. And I worked -- one of the gentlemen was a CPA slash lawyer who is a tax attorney, and the other guy was one of the CPAs, one of the partners of the company. And they found, they found a lot and made pages and

pages of recommendations to Khos and Larry, they also made some inappropriate recommendations to Larry which just set him off and this was the end for me. They, without my knowledge or my permission they suggested that Larry pull himself out of Envirocare completely and concentrate on Khagrus one hundred percent, because they said with his attention split, that neither Envirocare or Khagrus was getting the attention from him that they needed.

Q. All right.

A. Khagrus was struggling. And they made the suggestion to him that I take over the financial control of Envirocare. He went through the roof and things got very, very profane and I basically told him to do something which is anatomically impossible and I left.

Q. Okay. Did you have an opportunity to review the final audit that they did?

A. Yes, I did.

Q. Okay. Any other financial audits that you were involved with while you were there?

A. We were continually being audited by every state and federal agency that had any regulatory control over Envirocare. We were continually being audited and generally our audits were coming up very clean, at least from the accounting point of view anyway.

Q. ... was there, in terms of audits that were done, in terms of audits that were done by state and federal entities of the books, are you aware of any information that would not have been provided to those entities that you believe should have been provided?

A. No, I was never told specifically by anybody to withhold information or make it difficult to obtain. My question was, Why these audits were so short? I mean agencies or agents would come in to audit our books and they were there extraordinarily short periods of time. An audit that I would have thought would have taken a day or two days would take fifteen or twenty minutes tops. And which, from a managerial point of view, is lovely for me, I can get back on with life, but I was always very curious about why they didn't take very long. And that can be standard operating procedure, I don't know this business very well, so I don't know what's normal and what's not normal. But that was the only thing that was curious so--

MR. MITCHELL: All right. Can we take a short break?

THE WITNESS: We can.

MR. MITCHELL: We have been going about an hour and I do need to run to my hotel room to make one last phone call.

Recess

EXAMINATION, continued

Q. Mr. Mitchell, I think I'm now back for the rest of the day. For everybody whose been there, I think Ms. McKean, I want to go back and just ask you to tell me there what-- and you may not remember any of the specific financial information, but the categories of financial documents that you worked with, for example, did you prepare a package at the end of the month to summarize what had happened for the company during that month?

A. Uh-huh, in detail.

Q. All right. What would have been included in that package, what sort of documents or types of documents?

A. Well, the P&L, the profit and loss statement for both Inagrus and Envirocare, balance sheet for both companies, statement of cash flow for both companies, and a controller's letter which I attached to the top to each package summarizing, I did variance analysis to explain. We had a budget and so I would provide a variance analysis and then a controller's letter explaining the variances, to whatever extent that were possible, and the impact thereof, and I did that every month.

Q. All right. Did you ever get to the point to where you actually prepared a year end statement that summarized those monthly statements or put all those monthly packages into one large package?

A. I did. I am struggling now to remember when their fiscal year ended, it may have been on a calendar year. I don't remember, but I know I went through a fiscal year end. I don't think so, I think it was at the beginning of the year, I think their fiscal year ends in the spring but I remember I went through one year end, so I put together a full package and then provided the documentation to the CPA firm for the tax purposes because I didn't do taxes.

Q. All right. Were the annual financial statements, would they have been prepared by you or an outside CPA, do you know?

A. They were prepared, they were prepared by me and any, with the exception of any-- sorry. Again, I'm thinking slowly. With the exception of any tax adjustment entries that needed to be made and then the CPA would throw the adjusting entries back at me, and I would throw them and then I would finalize the statements. But 80 percent, 99.9 percent of the statement was completed by me.

Q. And then would there have been an

outside CPA who prepared tax returns for them for them--

A. Yes.

Q. All right.

A. Yes.

Q. And then would those tax returns come back to you for filing?

A. Yes.

Q. All right. Was the system organized through a computer or was it a paper system?

A. No, it was a computer system. They used Great Plains Dynamics.

Q. All right. Is that an operating system?

A. Yes. It's a-- well, let's see. They were Windows, it wasn't a DOS operating, they were Windows based and Dynamics is a system that's pretty much designed for manufacturing, it worked well with this particular business.

Q. All right. Were back up tapes made?

A. Yes.

Q. All right. Other than what-- all that described, you had told us a little bit about this outside accounting firm coming in to do a bit of everything?

A. Uh-huh.

Q. And that the CPA, the CPA that is outside



Q. Now, was it an essential part of all the work that was done?

A. During my tenure there, yes, that was the only one. That was the only outside private firm.

Q. And who would have been responsible for the software package?

A. Me.

Q. And when you say that hesitatingly because when I was just hired there they had just installed the new computer system and Larry was the one that had chosen the software package.

Q. All right.

A. And it had just gotten up and running. This particular software package had just gotten up and running and then I was primarily responsible for the operation of the-- of this computer system. And when I say, "this computer system," we had a woman at the company who operated-- who worked in the capacity of Khos's secretary slash--

Q. Management information supervisor?

A. Craig would know what her title was, what Debbie did there, but she was in charge of the network. Network administrator is the word I am looking for. She was the network administrator, but I was in charge of

accounting, the accounting software itself, and we contracted with an outside firm to provide backup support as necessary but--

Q. And what were her-- you said Debbie. What was her last name, do you remember?

A. No, Craig would know. I forget Debbie's last name. She was Khos's personal secretary.

Q. Debbie Forrester or Debbie?

A. No, that's Lisa Forrester. That was Craig's-- not Craig's--

Q. Debbie Pearsall?

A. Pearsall, Pearsall?

MR. THORLEY: Pearsall, I think that's her name.

Q. Mr. Mitchell: All right. Who would have been there-- was there a separate person who was responsible for maintaining the computers, separate and apart from her or was she the person?

A. When you saw maintaining the computers, are you talking--

Q. I mean--

A. Are you talking about the system--

Q. Yes, the system.

A. Or the hardware.

Q. Yes, the system, the system.

A. It was a cooperative effort. Debbie did the purchasing and the coordination of the network stuff and when PCs had to be purchased she did that but she had no control or anything to do with the accounting function.

Q. All right. If, for example, I wanted to pull up the types of financial information that you have discussed, balance sheets?

A. Uh-huh.

Q. Profit and loss statements, financial statements, those sorts of things, was the computer system set up in a such a way that it was easy?

A. Yeah.

Q. To retrieve the information?

A. It was a very user friendly system.

Q. All right. And if, for example, you wanted to find out financial information about the two companies, Ensigns and Envirocare, it wouldn't take very long to retrieve that information?

A. Uh-huh. It was all right there.

Q. All right. As far as-- I think I-- what would the financial package that you described at the end of the month, how would you send that to?

A. I would send the copy to Khos and to Larry and to, for crying out loud, what was the Veep's name?

MR. DICKER: Charles Judd.

THE WITNESS: Thank you. Thank you. Charles Judd. I would send complete packages to those three guys and then I would send abbreviated packages to the respective managers of their departments; in other words, I would send information that, the P&L information only that had to do with their operating capacities and not bottom line information.

Q. All right.

A. Top line information either.

Q. All right. Now, were there also-- you described sort of an end of the month statements that you would prepare and that would be available?

A. Uh-huh.

Q. Can you tell me what other accounting records would have been-- I mean I assume there would have been payroll records.

A. We used a payroll service, to be perfectly honest, and so payroll-- but the payroll records fed in through journal entries into my accounting system but, yes, obviously all the prerequisite payroll records were on hand, inventory, inventory control records. I worked a lot with the engineers on--

Q. Their cost of processing?

A. On basic cost accounting.

Q. All right.

A. Systems. And but most all of those records were kept down into my office.

Q. I hear also they have a set of records that would identify each month how much product had come into their facility for treatment and disposal?

A. Sure. Those records are kept in parallel because there would be an accounting set and then there would be the operational set that, you know, that the customers would sign off on, and the engineers and the operations folks would keep their copies of all the records.

Q. All right. And I assume those documents would also estimate the cost versus the revenue for whatever is coming into the site to be processed and disposed of; would that be fair?

A. In a--

Q. I'm thinking of cost of goods sold--

A. In a very crude way.

Q. But I know it's not cost of goods sold?

A. Yes. It's cost of operations, right.

Q. Cost of operations. All right. And then would you prepare in addition to cost of operation, I mean would there be documents setting out allocation of general overhead? Was that done, do you know?

A. Not exactly. We did not charge the

departments like you would in a manufacturing operation. We would not charge the departments, they were not responsible for their overhead.

Q. Okay.

A. At that time. So it wasn't necessary. I mean I did it internally and to keep, to keep a handle on costs but the managers were not responsible for their share.

Q. All right. So you--

A. Penalized.

Q. So you would for accounting purposes at the end of the month--

A. Right.

Q. --allocate general overhead?

A. Right. They were basically responsible for their direct expenses.

Q. Okay. I see. Was there a step where you reconciled bank accounts?

A. Uh-huh. Uh-huh.

Q. All right. Who was the one who did that?

A. Well, when I first got there, the same person who was reconciling the bank accounts was the same person who was cutting the checks and, consequently, when I was there about two months one of our former employees was arrested for embezzlement and then after

that I took over the-- I took over the responsibility for the reconciliation of the bank accounts.

Q. When you say the same person was cutting the checks and reconciling the bank accounts?

A. Uh-huh.

Q. Who was that person?

A. His name was Lance Davis. I think his last name was.

Q. All right.

A. But there's some question about that because he had some aliases as we would find out.

Q. Okay.

A. That's how I knew him.

Q. All right. When you say embezzlement, you mean embezzlement from the company?

A. Uh-huh.

Q. All right. And do you know if he was just fired or prosecuted, or how that was solved?

A. As a matter of fact, I fired him for incompetence the week prior to my discovering this. See, what I did that the controller, I mean it's not that I'm the world's greatest accountant, or anything, this was just standard operating procedure for a controller, is every month you do a variance analysis and the guy that was there before me wasn't doing

variance allowances, and so the minute you do a variance analysis then you can see, "Hey, I'm ten dollars over, or a hundred, or a thousand, or \$10,000 over in this particular line item." You would see that there were charges going against it, which you investigate, and then you find-- Anyway, I fired him for incompetence and a week later found some handwritten checks written to his bank account, I mean there was-- it was a kindergarten embezzlement effort. It was extremely easy to check.

Q. All right.

A. And so he was picked up.

Q. Okay. You just needed somebody to look for it, I guess. What about accounts receivable? How were they maintained?

A. In what way?

Q. Were they maintained in the computer records?

A. Uh-huh.

Q. Was there a general ledger?

A. Yes. There's-- they were all the standard accounting controls. I mean the accounting department was, by the time I left it was very, very well-- very well defined with all the appropriate controls and there was a separate AR system.

Q. All right. And there just the set of



10-29-97

A. As far as the accounting system, there was effectively one set.

A. Bells and whistles go off. What do you mean, effectively? Some of the numbers that had to be reported to various federal agencies or state agencies came off of my accounting records. Some of the numbers would come off of operation records. And this was another concern of mine and Larry's. Larry was very involved in this, too, because the records did not necessarily jibe and so that was a big effort of mine toward the end to try to get the engineering slash operation records to jibe as far as-- It's difficult in this business, if you know this business, and I am sure you probably know quite a bit about it by now, when you take a big hole and you put stuff in it, the amount of stuff that you have put in it comes from receiving records off of trucks or off of trains, and it is generally measured in cubic feet or cubic yards. Well, then you fill up a hole and you say, "Okay. By engineering standards this hole will hold 'I' number of cubic yards or cubic feet and you put stuff in it. A. stuff settles, so you can put more stuff in it.

PAGE 14

So there are adjustments that have to be made to the capacity to the hole. So the numbers that we would be reporting as far as the amount of waste received or the amount of waste in, you know, in a cell would vary, and for some years there had been no steps taken to reconcile the-- what accounting said. "This is what we have got on hand," vis-a-vis what the engineers say. "This is what we have on hand." And, again there was no maliciousness, there was no bad stuff going on, it was just basic incompetence on the part of accounting department about why this had not been reconciled. And that, as far as that is concerned, that's why those differences occurred.

Q. All right. Were those-- Basically what you are telling me is that information reported to what agencies?

A. Well, the various agencies, you had to report your wastes, both in terms of quantity and dollars to Tooele County, to the State of Utah, and to the various federal agencies who all wanted to know about how much waste you are taking in for different reasons, you know.

Q. Right.

A. Tooele is taking money, the state is taking money, and then they are trying to regulate it at the same time, so--

PAGE 15

Page 15

Q. All right. I guess what you are telling me is that sometimes the information that was reported to the agencies in Tooele would come from the engineering records and sometimes that information would come from the accounting records?

A. Right. Depending on what the agency using the information wanted to use the information for.

Q. All right. And who would make the decision? We're going to report the information that's in the operation records versus the accounting records? Who would make that decision, if anybody made that decision?

A. Well, it wasn't haphazard. It would depend. For example, we had to pay fees to Tooele County based on cash receipts, which is an unusual way of paying fees.

Q. All right.

A. We would pay fees to the State of Utah based on-- based on our waste streams and based on the quantity taken in during that particular month, not on cash receipts.

Q. All right.

A. And so it depended, again, if, see, Utah was interested into it for two reasons: A. They wanted their money out of it. Those were my reports. B. They were keeping their hands on the regulation of this, and

PAGE 16

Page 16

those would come from engineering reports or operation reports.

Q. Okay.

A. So that's how that was defined.

Q. All right. Were the differences between the engineering or operational records and the accounting records ever reconciled while you were there?

A. I was doing that toward the end of my tenure there.

Q. All right.

A. And I was working hand-in-hand with the Director of Operations, a guy by the name of Greg Copeland, and--

Q. All right.

A. So Greg and I were working non-stop on trying to figure out what the differences were.

Q. All right. Would you have any information-- and I think the answer will probably be no, but do you have any information about the personal financial records of the owner of the company?

A. No, those are all done by the accountant I referred to before, Tim Blackmer.

Q. All right. And so those records were kept separate from the company records?

A. Very separate.

Q. All right. And I think just so that I can clear about that, if I had any questions about the financial records, letters, financial statements, internal accounting, about Envirocare of Texas operation, that was not something that you had any knowledge of, is that true?

A. The Texas operation?

Q. Yes.

A. That's correct. I had no knowledge of it.

Q. All right. One thing on the comments that you made, the things that you had heard about my client, all, did anyone at Envirocare ever say anything to you about comments that someone from my client might have made about Envirocare; in other words, reported to you comments that were attributed to somebody associated with my client that you know of?

A. Not to my recollection.

Q. All right. Who ended up taking over your job when you left, do you know?

A. I'm clueless. I know that it went unfilled for some time but I have no idea.

Q. All right.

MR. MITCHELL: Give me just a moment. She wants to take a break.

MR. MINTON: She said you are going to take a

break. She didn't ask me what I was going to do.

MR. MITCHELL: I'm fixing to take the witness unless these guys tell me that I've got--

MR. MINTON: I understand.

MR. MITCHELL: Anything else that they want me to-- Let me get Jeff a second.

Q. Mr. Mitchell, you had talked to us a little bit about this month end package that you prepared for Envirocare of Utah and Innapus. Did you ever prepare a financial-- those types of financial statements for other entities that Mr. Bennett might have owned; for example, if he had an interest in the K. Engineering or the Sonnsht Foundation, or any other company that he owned, were you-- did you ever have access to financial information for those entities? Did you ever prepare financial statements or accounting documents for those entities?

A. The answer is I had some but limited access to some of the information for those entities and I never prepared financial statements for them. They were completely out of the realm of my jurisdiction.

Q. All right. And did you ever have access to the accounting records, the complete accounting records of those entities?

A. No.

Q. All right. Did you know someone named Victor--

A. Romero.

Q. Romero?

A. Uh-huh.

Q. What is your understanding of the role that he had in the company?

A. He had several capacities there in the accounting function. He was terminated-- I was hired to replace him.

Q. Okay.

A. And Larry worked with him for some months and to-- did not get along. Victor worked-- this is hearsay. Okay. This was what was told to me, but I was told that Victor had worked for Khos for some years, for a few years, and had worked first for Envirocare, and then for Khos directly, and then back for Envirocare, and he was just kind of trying to find a niche and Victor was charged with the responsibility of doing everything. Consequently, nothing got done well and that was the problem-- that's the reason that I-- he was replaced and I was brought in because he, first of all, I don't think that he had a degree. I know he wasn't a CPA, I don't think he had a degree, and his accounting background was almost more of a

bookkeeping.

Q. Okay.

A. Accounting manager type of thing and he had no manufacturing background and that's what I brought to the table. And so he hadn't prepared any financial statements. When I got there, when I was hired at the end of 1995 there had been no financial statement prepared the entire year before. Bless you. So there had been no financial statements and so my charge when I first got there was to publish a whole year's worth of financial statements and so Victor was more intimately involved with Khos personally than I ever was.

Q. Okay.

A. And then Khos, that portion was taken over by Tim.

Q. Where were the main accounting files stored?

A. The current files were kept on the premises there in the building in the Accounting Department which when I left was on the first floor of the Towers building and then prior records were kept in what I would refer to as the morgue or referred to as the crack house in a house that was taken over by Envirocare and they had thrown some of engineers over in that building which is like 3rd West or somewhere around there here in Salt Lake City.



A. So that's where all the old records were kept.

Q. And then after-- I assume that at some point after the bank accounts were reconciled that the checks would go off-- would they go off and be stored at that time or what would happen to the cancelled checks?

A. Uh-huh. The current period, current year, were kept on site and then the rest were deposited in the morgue.

A. All right. Was there any kind of a document retention policy there, and by document retention policy, I mean were the accounting records destroyed after a certain period of time or did they just maintain the accounting records?

A. The accounting records were for the most part all there present and accounted for. During the audit prior to when the accountants came in from Los Angeles we had difficulty laying our hands on some really old records, some backup for prior financial-- for prior income tax returns, and I was having a lot of difficulty getting my hands on some of the records. I attributed that to carelessness on Victor's part, but what I did was let my accounting department know that the basic retention policy was seven years for the accounting records per se.

Q. All right. Was there any kind of a document retention policy there, and by document retention policy, I mean were the accounting records destroyed after a certain period of time or did they just maintain the accounting records?

A. The accounting records were for the most part all there present and accounted for. During the audit prior to when the accountants came in from Los Angeles we had difficulty laying our hands on some really old records, some backup for prior financial-- for prior income tax returns, and I was having a lot of difficulty getting my hands on some of the records. I attributed that to carelessness on Victor's part, but what I did was let my accounting department know that the basic retention policy was seven years for the accounting records per se.

Q. All right. Was there any kind of a document retention policy there, and by document retention policy, I mean were the accounting records destroyed after a certain period of time or did they just maintain the accounting records?

Q. All right.

A. And so that's--

Q. Is at least as far as the accounting records were concerned, that policy or the policy in your firm-- would be we need different these records for seven years?

A. Right.

Q. All right. Was there any other document retention policy that you are aware of that was operated at the company, we need to destroy records, or memos, or e-mail within a certain period of time?

A. Larry had an industrial strength shredder down in his office but it wasn't-- that was as far as stuff that was going on then but as far as records go, to the best of my knowledge I have no clue what engineering records or operations records were-- what their policies were. All I knew is what affected the Accounting Department per se.

Q. All right. You had indicated there was a time period for which documents were hard to find. Do you remember what time period that would have been for?

A. No, it was sporadic. I know Khos had some concern with his tax returns from the previous three filings and by and large the cause for his concern was due to the incompetence of the CPA firm that had been

retained here in Salt Lake. It was an individual, he was not geared up to handle a company as big as Envirocare and he made a lot of mistakes and so the mistakes on the tax returns would have left Khos in what we refer to-- the Accounting Department--as sort-of a red light kind of a status and he was afraid some of the mistakes were so large that he would have been susceptible to an audit and so that's why he pulled those guys in. So my awareness of records being difficult to get my hands on was the three or four weeks prior to the auditors coming in and taking a look at them and I mean I was just-- I was cursing nonstop because I had difficulty laying my hands on stuff. But, again, I blame that on incompetence more than anything else.

Q. Okay. Fair enough. Were there any non-American or foreign bank accounts that you were aware of?

A. Oh, none for the company. None for the company.

Q. Any that you were aware of for Mr. Bemann?

A. Well, Khos had residences in many places and I know he spent a fair amount of time in England and I remember hearing something very, very vaguely about in England but to my knowledge there were no bank accounts

A. You were never asked to transfer money into any foreign bank accounts?

A. No, no.

Q. All right. Do you know if-- were the Envirocare offices, were they in the same place that the-- are there?

A. I can't tell you that because--

Q. That's the building right next to ours?

A. Yes, I know Khos moved his office here some time ago but the offices for Envirocare were located in this building, in the crack house, the building on 3rd West and the Clive operations so--

Q. Okay. Do you know if-- What do you call the complex that's right next to the hotel? Is it the Commercial Towers?

A. Huh-uh. The Commercial sector, there's condominium residences on the top how many ever floors and then the bottom few floors are the commercial.

A. Do you know if those buildings are owned by any of the Semman entities?

A. S. K. Hart owns the-- owned the Commercial sector of a portion of those buildings.

Q. All right.

A. And was integral, of course, they had a

board, and so there was definitely a presence there by S. K. Hart.

Q. Okay. Other than the London residence that you referenced--

A. I don't know, I have to back up. I don't know that that was a residence. I am not sure--

Q. Oh, okay.

A. But that was Khos and I kept my fingers out of his pies, I don't know if that was a residence. I know he has relatives there.

Q. Okay. Well, let me just ask you, had you heard of residences that he had other than in Salt Lake?

A. Khos had vast real estates holdings.

Q. All right. And why do you say that?

A. Why do I say that? Because he had vast real estate holdings. I don't know what were residences and what was leased property or, et cetera, et cetera. I don't know and I was never particularly interested enough to pursue that. He had relatives that were in England. He-- I know he had property in California and property in Park City, and I just-- but I don't know what was a residence for him and what wasn't other than the one up here.

Q. Do you know the extent of his real estate holdings?

A. No.

MR. MITCHELL: Pass the witness.

MR. MINTON: If we can take about a ten or fifteen minute break. Let's hope that we can get through by twelve or twelve-thirty. Can you go through with me get through, like even if we went to twelve-thirty or one?

THE WITNESS: Yes.

MR. MINTON: Well, sometimes people who don't eat breakfast faint at lunch and I ate breakfast so I don't faint.

MR. MITCHELL: If Roy thinks that we can be done, and I have no reason to doubt him, I think it's best just to go straight on through and we'll finish it.

MR. MINTON: If that's okay.

THE WITNESS: I would prefer.

[Recess].

EXAMINATION

Q. Mr. Minton. Good morning, Ms. McKean. I am Roy Minton, and we have talked off the record but you and I have not met until today; is that correct?

A. That's correct.

Q. I represent Envirocare and several

individuals who were sued by WCI in addition to the

corporation of Envirocare of Utah and Envirocare of Texas, and I want to ask you a few questions about the testimony that you have given on direct. And I want to break it down into categories as I go along. The first thing that I want to find out from you is if I may, as who you have talked to about any of the sort of things that you talked about this morning or any other time about your experiences with Envirocare other than just conversations that you have among friends or such as that. I am talking about talking to the lawyers for the other side, or any investigators, or any law enforcement agencies or such as that. Do you understand?

A. Uh-huh.

Q. Beginning with after you left. Let me pick up. Prior to the time that you left there did you have any occasion to talk to any state or federal agency or any investigators or lawyers that so far as you and Envirocare was not aware of those conversations?

A. No, none whatsoever. None whatsoever during my term of employment and since then only two entities. Some months after my termination with Envirocare I got a phone call from an investigator that I would later find out represented WCI and I spoke with him in an extremely cursory fashion and--

Q. What was the date of that call?



PAGE 66

A. I do not remember. I--

Q. Did he call Bieri?

A. Yes, it was Paul Bieri.

Q. Did he come to him in a business discussion?

A. Yes, we spoke for 20 minutes in a very general sort of way and what he was looking for I could not give him and at that time I am not sure I would have given it to him anyway because I just wanted to wash my hands of Envirocare but he was looking for something very, very specific. Everything hit the newspapers a few months after I left and Envirocare was on the front page of the newspaper for weeks and weeks and weeks.

Q. About what we call the Anderson situation?

A. It started with the Larry Anderson situation and then, you know, various entities were suing Khos and you would read about that in the paper and so most of the questions that he would-- was asking me was trying to substantiate what I had read in the newspaper so--

Q. Give me an idea of what he was asking you, the subject if you can. I am not holding you to any specific answers, just what you recall.

A. I can't give to you specifics.

Q. I agree.

A. In a general sort of way he wanted to know whether or not-- it was more blatant than these

PAGE 67

questions. "Has anybody," you know, "talked to you about my-- the company I represent in Texas, what they were planning on doing to us," et cetera, et cetera. And the answer to all this was basically, "No." And he got some general information about how long, well, he confirmed some information. He knew a lot about me and would not divulge from whom or from where he learned this, but he knew how long I had been there, what I did there, where I was before. He knew all this stuff and so basically I was confirming or denying some of the stuff that he had

Q. Let me ask you this: I am not sure I know what you mean when you say he was more blatant and was saying, "Do you know something about," and I inferred it to be what Envirocare was doing to WCS but perhaps I misunderstand you.

A. Well, when WCS -- When WCS lawyers ask me a question they couch it in terms so that they don't lead. He had no aversion to saying: "Did you know that they were doing this?" Or "Did you know that they were doing that?"

Q. That Envirocare was? I'm sorry.

A. Yes, Envirocare was doing that.

Q. In other words, telling you things about Envirocare's conduct?

A. He-- Yes, he would make these comments and

PAGE 71

Page 71

then ask me to confirm them or deny them. And--

Q. Do you remember what things he was telling

A. No, I can't. Most of it had to do with Larry Anderson and then there was the name of a woman whose name was remotely familiar to me, and did I know her? She was a lobbyist for Envirocare and I knew her by name only. I had no contact with her. And he asked me if I had ever written a check to her and the answer was no. He had asked me if I had ever written a check to Larry Anderson and the answer was no. I mean he was asking those kinds of questions.

Q. All right.

A. And the conversation didn't last particularly long but he particularly knew quite a bit about me already and I mean he wasn't offensive, just doing his job. But, so I had a conversation with him for 20 or 30 minutes some weeks maybe months after I left and then he called me back about a month prior to the subpoena asking me if I would object to being, you know, having being deposed. And I said there are other things that I would rather do. I wouldn't fight it but I wasn't looking forward to it, I would rather they not and I said the reason I would rather not be deposed is because my memory after a year was not particularly clear on

PAGE 72

Page 72

detail and anyway. And I-- And that was over the phone and I never heard from him again so that was twice. However, in about four or five weeks after I briefly spoke with Bieri the F.B.I. called me and they called me to their office and I spent--

Q. Do you remember the name of the agent or agents?

A. There were many agents there.

Q. Can you remember any name?

A. No. I have all their cards at home but I don't remember their names right off.

Q. Did they mention anything about Bieri or just four or five weeks after you talked with Bieri they asked you--

A. No, they didn't mention his name at all. What their interest was in a completely different direction than Bieri's interest, so--

Q. All right. They asked you to come to their offices here in Salt Lake?

A. Yes.

Q. And did you do that?

A. Yes, I did.

Q. Do you mind telling me what they talked to you about?

A. Their questioning was very much along the

lines of the questioning here today. They were more interested in what I would consider would be-- or let me back up, in what I might have considered to be improprieties with officials, with state, county or federal officials. They briefed me on a state investigation which was ongoing up until the time that they got involved with it and apparently they told me that the state investigation had been superseded by their investigation and was briefing me along the lines of that.

Q. Was it something different or in addition to what I will refer to as the Anderson investigation?

A. Both.

Q. Both the Anderson and--

A. And they wanted to know about Khos's business dealings, his competitive nature. The time that I was called into the F.B.I. it had hit the newspapers that there were death threats attributed to Khos against former employees and they asked me whether or not such death threats had been made against me and the answer was no. He asked me if I had been contacted up to that point by former employees of Envirocare and with the exception of Debbie for a little while after I left, the secretary, the answer was no, and they were more interested again in what I would refer to as political

improprieties.

Q. By political improprieties, I think I understand what you mean, but so I am not guessing, so you were telling me what you think they were talking about in political improprieties?

A. They wanted to know had Khos made payments or given large gifts to federal, state or county officials.

Q. Okay.

A. They wanted to know whether or not he had made threats, death or otherwise, against competitors and that sort of thing.

Q. What did you tell them?

A. Well, regarding the death threats, I have never heard of such a thing.

Q. Right. I'm pleased to hear that since I'm his employee, too.

A. Yes, I don't think it's his modus operandi to threaten you once you have left. I think the best that I can do at this point is say that I have personal strong feelings about things that went on in Envirocare. I have absolutely no proof to that regard except strong feelings and, therefore, I would rather not say.

Q. All right. Now, then, after you talked to the F.B.I., and now has Mr. Bierly not gotten back in touch with you since the telephone call some--

A. No.

Q. Several weeks ago?

A. No, he just asked me about the deposition.

Q. And--

A. He tried. I should say he tried many times but I wasn't returning his phone calls.

Q. Okay. About how many times did he call?

A. He probably called three or four times.

Q. All right. Do you have--

A. An answering machine.

Q. Answering machine, thank you.

A. Yes.

Q. And he would leave messages on it?

A. Uh-huh.

Q. And you just wouldn't return the calls?

A. Uh-huh.

Q. Okay. Now, then, so we know that you talked to Walter-- I understand that you have talked to Mr. Bierly.

A. Uh-huh.

Q. And that you talked with the officers with the Federal Bureau of Investigation. Have you talked to any of the lawyers or--

A. No.

Q. Any other investigators?

A. That's it.

Q. Is that it?

A. No, I take that back, that's not true. That's not true. I called Washington, Egan, about two weeks ago to find out if there was any way I could weasel out of this today.

Q. And did you talk to Mr. Minton?

A. Who did I talk to? Did I talk to you?

MR. LAWRENCE: Yes.

Q. (Mr. Minton) Did they let you weasel?

A. I'm here.

Q. All right. Did Mr. Bierly ever in any way suggest to you that your personal safety might be in danger?

A. No, not directly. He was-- When I first met him, what he had done was, he had driven up to my home when I was out flying one afternoon and my husband was in the front yard and so he goes up to Kelly and he said, "I'm Paul Bierly and I'm an investigator." It was very cloak and daggerish, so when I got home that night Kelly was just blanched. You know, because the guy had come up. And there was a little-- it was a little theatrical. And then when he made contact with me over the telephone, "I really need to talk to you. This is extremely important and I understand that you may be



PAGE 77

1 fearful for your safety. "I'm not fearful for my  
2 safety. I fly airplanes." I mean I'm not afraid of  
3 Khos Semmani, not from a personal, you know, not from a  
4 tissue damage point of view.

5 Q. So he was a little theatrical but, again, I--  
6 there is nothing there that I have to be afraid of.

7 A. That I know of from Khos Semmani.

8 Q. Was this meeting that he had with your  
9 parents after he had talked to you and talked to you on the  
10 telephone for 10 or 15 minutes or before?

11 A. Oh, no. He was trying to find me.

12 Q. And Kelly and I had been married only a few  
13 months before and so the name that he had for me wasn't  
14 even my married name. The name that he had for me was  
15 Chytraus.

16 Q. And that was the name that he was trying to  
17 find me under and so then I'm not really sure. I'll  
18 never know or care how he found out that I was a McKean.  
19 He found out I was a McKean, he found out where I lived  
20 and then he went to go approach Kelly to find out if  
21 this Jennifer McKean former Chytraus lived here so

PAGE 78

Page 78

1 Q. And, you know, she had gotten input and maybe  
2 from Craig, I'm not really sure, but-- and it was on--  
3 it was on our computer system, it was on our network.  
4 And what she would do is she e-mailed me, worked me  
5 down the copy that I was to sign and it was full of  
6 spelling mistakes, and this and that, and that. So what  
7 I did was I corrected spelling mistakes, corrected  
8 essence mistakes, and then she printed it off and the  
9 one-- this is kind of confusing but the original one  
10 was-- I was given some, about a month after I was hired  
11 I was given a book, a little booklet.

12 Q. What was the book?

13 A. It was just a blue paper, like a sheet  
14 protector kind of a thing, and inside it talked about  
15 what Envirocare was, what they did, you know, the normal  
16 propaganda sheets that companies give you, and at the  
17 back of it was an old form of the employment agreement.  
18 And Larry said, "Don't sign this one because we are in  
19 the process of revising it, there's some things we want  
20 to-- some additions and changes we want to make." And  
21 so the one that I signed was-- eventually came down  
22 from-- to me from Lisa, I signed it, and then it was put  
23 in the back of that book that I had.

24 Q. All right.

PAGE 79

Page 79

1 that's the only contact he had with Kelly.

2 Q. It was after that that he talked to you  
3 in the phone?

4 A. Yes, it was after that.

5 Q. Two times?

6 A. Yes.

7 Q. And that's all?

8 A. Yes.

9 Q. Okay. You talked earlier about this  
10 agreement that you signed when I was talking to you  
11 about it. Let me have a copy of that there to make sure  
12 I know what I'm talking about. I think these are both--  
13 Are these both the same thing?

14 A. This is the subpoena.

15 MS. DICKIE: That's it, Day.

16 Q. Mr. Minton. This one right here, Day.  
17 Tell me a little more, Mrs. McKean, about the  
18 preparation of the document that you signed. You've  
19 explained to us that this is not the agreement that you  
20 signed, that you signed the first-- it sounded to me as  
21 though you had typed it for the most part, yourself, is  
22 that accurate?

23 A. No, that's not entirely true. The original  
24 employment agreement had been prepared by, my  
25 understanding, by Lisa Forrester some years before.

PAGE 80

Page 80

1 A. So, and the print, and the reason that I know  
2 this is not it, because this looks very nice, this is  
3 not what the one that I signed looked like, it was this.  
4 This was what--

5 Q. And you're pointing to the page that's got  
6 signature on it.

7 A. Yes.

8 Q. Right?

9 A. Yes. Page 5. This was the type of thing that  
10 I signed. Now, in essence, this is very similar, and in  
11 essence, I mean it talked about-- Khos is very, very  
12 concerned about confidentiality.

13 Q. Right.

14 A. His personal affairs, he is phenomenally  
15 secretive about it, and he is-- he was almost manic  
16 about making sure that if you worked for the company  
17 that you were not going to divulge any secrets which, of  
18 course, is entirely appropriate. And it talked  
19 basically about intellectual property, I remember, which  
20 I don't see in here right offhand, and I remember there  
21 wasn't a section in there about remedies for breach.

22 Q. Right.

23 A. But I do remember talking to Larry who told  
24 me that, "Yeah, we can put the remedies for breach in  
25 here but it wouldn't withstand a court of law," he said.

because, you know, you can put anything in there you want, he said, "It won't necessarily hold up." But it was in there. But this is not, on the face of it, this is not the one that I signed, so, anyway

Q. All right. I understand. I appreciate your explanation. There's some other things I wanted to be sure that I understood. You talked at -- I won't say a procedure, a habit that either Khos had or -- someone did of taking checks which would be, I would call them generally speaking expense checks. In my law firm we have checks that we call operating that anything that we write on what generally speaking is going to be an expense of operating a business. Do you understand me?

A. Uh-huh.

Q. We have exceptions. People go in there and make a loan to themselves for a hundred dollars, or give their wife money to pay the whatever, and write it all in there, and then they've got to reimburse it, but nonetheless that account is for that. And I got the impression that they were asking you to hand out checks where the payee wasn't listed in the check. Is that correct?

A. No and yes.

Q. Okay, give me -- you tell me.

A. All right. The so portion is that's not how

we operated there. There was a basic check stock for the operating account.

Q. Right.

A. And the -- a hand cut check, which would be ripped off the top of the check stock and typed out, and so there wasn't a separate expense checking account per se.

Q. All right.

A. And the sizes of these checks, the few, these few checks were, by my estimation, everything being relative, they were large.

Q. How much?

A. Somewhere between four and five digits.

Q. Well, let me --

A. And I can't be more specific than that but --

Q. Four digits would be in the thousands, five digits could be up to 99,000.

A. In the tens of thousands. That's --

Q. All right. Do you remember the size -- you say there were about three?

A. I remember there were two checks that I let go that way and the third check I pitched a fit about. I mean at this point I go into Larry's office and I said, "I am not -- I can't do this anymore." And so Larry, he agreed with me and he said, "You shouldn't be put into

this position," and he said "I will handle it." And so then what he did was he took the check up to Khos, there was a conversation to which I was not privy, and he brought it downstairs and he said, "Khos is going to make a withdrawal of equity."

Q. Okay --

A. And at that point, fine, that's all I needed to know.

Q. All right. Let me go back and be sure that I understand what you're saying both as to the inappropriateness that you seem to feel that it was.

A. Uh-huh.

Q. And as to, as you point out, the checks come back.

A. Uh-huh, they come back.

Q. And when those came back did you see who the payee was?

A. Yeah, yes.

Q. Who were they made out to?

A. I don't remember. I don't remember. They were made out to -- both times the checks came back made out to individuals whose names I did not recognize at the time and I don't remember at this time.

Q. Okay. Do you remember approximate time frame?

A. Well, they were early on in my hire so I would guess that they would have been somewhere between December and February, December of '95 and February of '96. They were early on.

Q. I'm looking for when it was. Yeah, you started working there December of '95, and you think these were within the first several months, three or four, or five months?

A. Uh-huh. The first, the first couple of months.

Q. And that they were checks that would have been somewhere in the thousands of dollars?

A. Uh-huh.

Q. Okay. And there were two of them?

A. There were two that I released that way.

Q. Okay.

A. Knowing, of course, that they were going to come back, and I would see -- I mean I had to know where they were going to go.

Q. Right.

A. First of all, I mean how do you -- you know, where on the P&L would you charge an expense?

Q. Right.

A. And --

Q. Tell me what you felt was the



PAGE 85

Page 85

Q. So, it's a threat, because you are the CPA--

A. I'm not a CPA.

Q. And I'm a CPA, correct?

A. I'm not a CPA.

Q. Well, I'm a CPA, is that right?

A. Passing an exam does not a CPA make but--

Q. Well, all right.

A. But thank you for--

Q. All right. But-- But I won't tell you what I have in mind. Tell me, I am not a tax lawyer, I know the what I am see me, I guess I can say that, but I do not understand the inappropriateness of that and that's sort of a personal thing with me, because in my affidavit I have an operating check that I took from the business and I carry it around with me and if I ever need it, I'm going to fill it out and sign it, and I won't even tell them what it was for. And he gets to back me up. He says, "What's that, and he does know about it." But when I've said, "What is wrong with that?" he just says, "It takes more work for me."

A. All right.

Q. Now, what else is there inappropriate--

A. I have no aversion to work whatsoever, however, one of the checks came back and I was told to

PAGE 86

Page 86

charge it against donations.

Q. Yes.

A. Charitable donations.

Q. Yes.

A. A charitable donation.

Q. A charitable donation?

A. Right.

Q. And you did not-- you did not know how it could be a charitable donation, is that correct?

A. I did not know to whom it went and I had some internal problems with that. First of all, donations in my estimation should have been handled through the Foundation, that's my personal opinion.

Q. Okay. But there's certainly nothing wrong with the corporation making a donation, is there?

A. That's correct, however, as the controller if money goes against something that is charged to a donation and we undergo an audit and they come back and they say, "Hey, this check that's made out to such and such or to so and so for \$5,000 charitable donation, is this a tax deductible expense? If it's proper, yes, it is. If it's not proper, no, it isn't. Now, as a controller what I am there to do is, of course, to protect his assets, so to speak, and to be able to tell the IRS, "I stand behind what I have done here. I made

PAGE 87

Page 87

this charge against donations and I stand behind the fact that it's a donation." I couldn't do it. I could not have sworn.

Q. Okay. I understand that accounting procedure and I respect it. Any other reason that you thought of was being improper?

A. That was sufficient. I did not know if it was a donation.

MR. MINTON: Okay. Two minutes to change. We will just sit here and watch you, to see if you do a good job.

[Off the record.]

Q. Mr. Minton: Let me talk to you a little bit about your, you call it management by screaming or was that--

A. That's not my management style.

Q. No. Tell me what you said because I wrote it down but I'm not going to go back through--

A. That was Larry's management style. He was a very, very-- how would you say? He has a very emotional individual.

Q. I have been given to understand that. Has Craig ever screamed at you?

A. Craig?

Q. Yes.

PAGE 88

Page 88

A. I don't think Craig has ever screamed at anybody in his entire life. No, Craig has never screamed at me.

Q. How about Khos?

MR. MITCHELL: I definitely disagree with that.

THE WITNESS: Now, that I think about it, No, Khos is also not-- Khos is not a screamer. Khos is an intimidator but Khos is not a screamer.

Q. Mr. Minton: All right. Well, who, I'm not quarreling with you about it, this is truly discovery. I'm trying to find out if I'm going to have to hear this, I would rather hear it and know something about it now rather than for the first time in Andrews, Texas next April. August it is. They wanted April, we got August.

A. Uh-huh.

Q. Give me a little better idea as to who engaged in this screaming at you or at your people, your employees. Who?

A. My situation at Envirocare was that I was developing ulcers from working with Larry Shelton. I mean it was just, I was sleepless for months and I am not-- I am not a wimpy, emotional type, and when somebody can drive me to tears, I've gone over the edge.

Basically Larry was continually threatening me with my job. "You either do it this way or you find another job." And I go, "Screw you, I'll find another job." And he would never fire me, he continually threatened to fire me. He was continually threatening to fire me but he never did. And he would-- I had an office in the-- I had an office that was separate in the accounting office, you know, with a door on it, and he would come in and throw stuff on my desk and the obscenities would flare without the benefit of having a closed door which wouldn't matter too much anyway. But I don't mind being screamed at but it is very demoralizing for my staff when he would come in and call me these-- these interesting names and, you know, he would tell me, you know, "You're an idiot," and he knew I wasn't an idiot. He knows I wasn't incompetent. He knew I had done a good job for him. And he knew, that was the one place where he could get to me, was to tell me I was incompetent but he knew that I wasn't. And, you know, and then he would leave and he would scream, he would dash out and slam the door and, you know, then the rest of my staff would come in and they're all hangdog, "Are you okay?" "Yeah, I'm okay. Everything is fine. Go back to work." But they were terrified of him and-- that's not true. The women were. There was-- we had--

can't handle this anymore. I don't have to work in an environment like this." And Charles said, "I will talk to him." He said, "You're right. You don't have to work in this kind of environment." Charles went down and talked to Larry, told Larry, "Cool it." And Larry let Charles leave the office and then he exploded. "How dare you go talk to Charles Judd." And I said, "Larry, if... things don't change like this, you're going to find yourself another controller." And he goes, "That suits me fine." Well, anyway, he left on a trip, on a business trip for Zhagrus and then the auditors came in and I worked with the auditors. Larry came back and he was very, very unhappy about, I mean at this point there was nothing that I could do to please him. I mean the accounting department was working extremely well, there was no problems in the accounting area. I don't know, I'm speculating. I don't know if it was a threat issue, I don't know whether everything, you know, sometimes, I don't know, maybe I just rubbed him the wrong way, I don't know, but two days before I turned in my final resignation I went up to Khos and I said, "Khos," I said, "This has gone as far as it can go." And I went to go talk to Khos at the suggestion of my peer, Tim Blackmer, who was the accountant working for Khos at the time, and Tim and I-- I think I was the only person in

I had a male employee that-- and Larry had screamed at this male employee quite a bit, too, and it was altogether an uncomfortable working situation. Now, when I first started working there it was not that way. We were very tight, we were drinking buddies, et cetera, et cetera. Then he moved over to Zhagrus and then things started happening, pressure started building on him on the business side, and Zhagrus was giving him a lot of trouble, customers were giving him a lot of trouble, compounded by the fact that he was trying to quit smoking, compounded by the fact that he was drinking a lot, compounded by the fact he was having problems at home, and he was working huge, I mean inordinate numbers of hours a day. I would go in on a Saturday or a Sunday and he was there and he was just nonstop working. And so when our-- the breakdown in our relationship started to occur I was attributing this to maybe personal things that were going on and Khos was continually unhappy with him, and he would take that and he would just explode on me and I was okay, that was okay with me for awhile, because he and I were fairly tight, but then about two months prior to my leaving there when he was fully enveloped in the Zhagrus stuff, his temper tantrums were becoming unbearable and a month before I left I went up to Charles Judd and I said, "I

the company that Tim got along with, probably too well, but-- No, No, not like that, Craig. But, anyway, Tim told me, "Go talk to Khos. Go talk to Khos. Khos will make it right," you know, "Khos will get you out of the situation with Larry." But, hey, business is business. Larry was his CFO, I was the controller that reported to his CFO. If a decision had to be made, I knew where that decision was going to go and I am a big boy, figuratively speaking, and I was prepared to be-- I was prepared to be let go, because at any-- you know, Larry was threatening me on a daily basis. So I went up to talk to Khos two days before the end and Khos says, "Oh, I can't believe this about Larry. Larry is so even tempered, Larry is so this, and Larry is so wonderful."

Q. He sees a different side of him.

A. Well, yes, I mean, you know, but-- and he says, "I will talk to him." He says, "I will talk to Larry." He says, "But," and then he added a caveat which I knew was going to come, and was expecting it, he goes, "But I can't armchair quarterback," and that wasn't his words, but he said, "I don't want to armchair quarterback my senior management and if they make this decision, if Larry has made this decision he can't work with you, he can't work with you." And I go, "That's cool with me. That's fine with me." And the next day



Larry exploded at me again for the last time in front of the auditing staff and the auditors told him that his behavior, they told him, "Your Behavior is inappropriate." And Larry said, "I don't care if she work for me." And I went downstairs and packed up my stuff, some of my stuff, and I split and I never went back.

A. That was it--

Q. I don't fully understand--

A. It was ugly.

Q. What you're saying and that was too bad.

A. Yes, it was sad.

Q. Were there any others, you know, you and I did sit there and feel like, "Why didn't Khos do more?" And I don't know if anybody, I hear--

A. I don't even ask those questions.

Q. I'm the latest guy in our place, too, and they're probably lots of people that say, "Why doesn't that old man do more?" And I should do more. But were there any others in between you and top management that were doing any screaming at you?

A. No, I had continual-- I had a continual personality conflict with Lisa Forrester but she--

Q. I am sorry.

A. Lisa Forrester--

Q. Regarding what her position is, I would like to know.

A. That's a good question. I'm not really sure what her position is. Her title was secretary to Charles Judd.

Q. Okay.

A. But she had worked for Charles for a long time and I don't think that their relationship was sexually intimate but it was extremely intimate and Lisa-- there was an attempted power struggle when I first got there and I don't engage in power struggles. I mean it was just-- And so Lisa and I were continually at odds with each other and she would go to Charles, who would then go to Khos saying, "I can't get along with Jennifer." And so Charles would say, "Why can't you get along with her?" I mean it's like, "I want to do this. Just, you know, I want to do my work. Let me go fly this damn plane and let Lisa go do her thing." But that was it. I had an extremely tight working relationship with Greg Copeland, who is manager of operations, and he was the person that I worked with most of the time outside of my immediate department.

Q. Did you have much to do with Craig Thorley? I know he's sitting here and you hate to start screaming

immediately in the room, but feel free.

A. Craig was really tough to work with. No. Craig-- I enjoyed working with Craig. Craig and I had an off the record sort of a comic relationship with each other and I-- Craig wrote my will. I mean, you know, it was that kind of relationship.

Q. Okay.

A. Craig and I did not spend much time engaging spend in verbal jostling.

Q. Is that pretty much insofar as-- and I'm not screaming-- I'm not trying to minimize your unhappiness, Jennifer McKean, with your situation there. I just want to be sure that I understand it. And is that pretty much it?

A. As far as what?

Q. As far as the complaints that you had about working for them, why you left, and the people?

A. I enjoyed working with the people there. Khos, one thing that Khos did very well was he, and for the most part he employed well, he didn't pay well but he employed-- employed quality people to work for him.

Q. Right.

A. One of the things I was always astounded at was the quality of the people that he had working for him, that would settle to work for him for the salaries

that he paid them. His staff was to a man grossly underpaid with the exception of Charles Judd. And so my unhappiness was for the most part completely wrapped up with Larry. I did, however, and I have to be perfectly honest, I would go home with a lot of heartburn about the way that Envirocare did business as an entity. I did not, I do not like the way Envirocare does business. That's personal.

Q. What about the way they did business did you not like?

A. It is my feeling Khos Semmani plays dirty pool.

Q. If you are going to say that I have to ask you--

A. Okay.

Q. What facts that you know of?

A. Okay. There are-- There is a continual battle going on with Khos Semmani and the owner of EDC Environmental, Laidlaw Environmental, there were continual lawsuits about money that was royalty money, for lack of a better word that Khos was supposed to have paid for on a contract with Laidlaw and I do not feel that Khos was honorable and I'm using that in a very generic sort of word here but I don't think that he was honorable. The conversations that I heard, the limited

contact that I had with him, and I really had extraordinarily little contact with Khos directly, but he was very, very much taken with the fight, the battle, the competition. For him it wasn't so much a matter of making money, which he did a lot of, but it was the battle. And now, what I am getting ready to tell you now is secondhand information. Most of what Khos said I heard through Larry and Larry, you know, let us know, let the entire staff know, Khos would do whatever is necessary to win.

Q. All right.

A. Period.

Q. What conversations did you have with anybody else, and you described those conversations at the beginning of your testimony today, and I think I understand what you're talking about. Anybody else that gave you that kind of information within the company?

A. There was a lot of conjecture at Envirocare. Management, most of the senior level managers that worked for Khos, they like their jobs and they liked their company, but there was-- and I don't-- I don't want to get into, you know, the melodramatics here, but as I say that there was a reign of terror there. They, the employees, especially the senior management, I know a lot of the guys working for him would like to go

somewhere else but had spent so long working in that particular-- in this particular niche that they were afraid that they wouldn't be able to find a job somewhere else.

Q. Tell me who you talked to in that area of management that told you that, and if no one, I understand you can still have that understanding about it. Naturally, when you say that to me, if I said something like that to you, you would say--

A. Who?

Q. Who told you that?

A. Let me think if they're going to get in trouble if I tell you this.

Q. Well, we've got enough problems without worrying about going back and--

A. And getting-- Greg Copeland, for example, was, he was a tremendously underpaid employee, considering what his responsibilities were in the Operations Department. Some of the design engineers were tremendously unemployed-- and each one of these--

Q. Underpaid, you mean?

A. Well, underpaid. I'm sorry. And the problem was not so much a matter of being underpaid as being continually terrorized and the terror may have been self induced, they may have said, "Oh, you know, Khos is

going to-- Khos is going to yell at me. Khos is going to do this, Khos is going to do that." But it's like every time you turn around you were afraid of Khos and--

Q. Were you afraid of him?

A. Afraid of him? Not like they were because my skills in accounting were more transportable than theirs were. I hadn't spent the last 10 years of my career working in--

Q. Right.

A. --waste remediation. So if he fired me tomorrow, you know, who wants to be fired? Who wants to go through that, but if they fired me, I would be employed day after tomorrow.

Q. What I'm really getting at, so you described in your dealings with Khos did he leave you with a fear of him or did you feel like you were terrorized by him?

A. Personally or professionally? Personally,

Q. Professionally?

A. Professionally, to a certain degree. To a certain degree I would have to-- I would come downstairs and I would find that my adrenaline is up or my pulse is pounding or then sometimes you wonder, well, I don't know. I've always had good working relationship

with my bosses, so I guess the last time I was subjected to this was when I was a cub weather forecaster in the military and the first time I ever got slammed by a general that I passed in walking that I failed to salute and, yes, I was terrified of him. I didn't think he was going to hit me.

Q. I found generals didn't care, it was more-- second--

A. Little second lieutenant.

Q. Some second lieutenants just go to pieces.

A. Yeah, they care, but--

MR. MITCHELL: Boy, you talked that.

THE WITNESS: But to that extent, yes, I was terrified. I guess I was terrified of him because at first, at first I was in awe of him. The more I knew about him, I am not impressed by people that have titles and a lot of people are and he has a lot of titles, but that didn't terrify me. I just wanted to be a good job for him. But where it became and for me to be afraid of him was somewhere along the line I started to have respect for him and what I just respect for him I don't really think of him as being.

Q. From any dealings that you had with him personally, did that respect for him, if I understand you, and -- respect for him was it a result of it?



A And his employees

PAGE 100

333

PAGE 104

133

A. Ken Alkerm was not when-- Ken Alkerm was

hired after I was there and I had no-- was not there for very long when I left.

Q. Did I already mention Vern Andrews?

A. No, you haven't mentioned Vern Andrews.

Q. Vern Andrews?

A. I didn't have very much-- Vern is-- was an older guy, a very placid individual, and I had very little interaction with-- What? What did I do wrong?

Q. No, you didn't do anything.

Q. WITNESS: This is a Martina Roy deal.

Q. You say, my attention to it.

Q. WITNESS: Oh, okay.

Q. Mr. Martin, you said an older guy. Since he would probably be my son.

A. Relative to Greg Copeland, Vern has been around the block once or twice. Now, Vern and I had very, very, very little interaction. Most of the interactions that I had were with-- And, see, these are the names I am missing right now were-- I have a terrible memory for names.

Q. I understand.

A. Craig, who was the tall sweetheart nerdy guy that had the really could laugh that taught me all about the atom structure when I first got there, had the office right next to Greg's.

Q. See, that you were really, understand?

A. Grossly.

Q. Okay, why did you work there then? You are an experienced, attractive, capable, 33-34 year old woman.

A. Thank you, I needed that.

Q. Why would you stay there? You only quit because-- was directly abusing you in a way that--

A. Because of promises that Larry had made me. What had happened was, and this was another sense of general demoralization for the company. I was hired in December like a couple of weeks before Christmas. I had been there about a week or so and Khos holds-- he rents a room downstairs here in whatever the name of this used to be before it was the Double Tree and has a company-wide meeting and he is talking about all kinds of new management techniques that's going to increase productivity and it's going to-- I mean all kinds of new compensation packages for not just the managers and the non-exempts but the direct employees as well. "Oh, you're going to get bonuses of ten-- We're not talking small bonuses here, people, we're talking big bonuses. If you make your-- If you make those quotas," however, they were stipulated. "Your compensation will be ten, maybe 25 percent of what your salary was." And

Q. WITNESS: Oh, yes.

Q. WITNESS: Thank you, yes, yes.

Q. Mr. Martin, yes, yes.

A. Yes.

Q. He was terrorized or demoralized?

A. Not terrorized but very demoralized.

Q. Okay. I've gone over what I have put and we have got Vance and Copeland.

A. Yeah.

Q. That's demoralized.

A. Yeah, you know--

Q. And I'm not, believe me, I'm not going to press you to give me more names or who it is, but I want to get an understanding the best that I can, not quarrelling with you.

A. Even his secretary was, Debbie Pearsall.

Q. Are you talking about whose secretary?

A. Khos's secretary, that's his personal secretary.

Q. Well, I would like to.

A. Oh, man.

Q. I am just checking you. She has been with me 15 years so I haven't demoralized her to the point where maybe she's in the deal you're talking about. She's not too much invested. How about your compensation? Did you

everybody leaves the meeting that day and they're all excited and they're going to be given a portion of their bonus at the end of the year and then another portion of their bonus in mid-year, which would have been April or May, or whatever their fiscal year was over. And so everybody is all excited, they are all puffed up. "We're going to go kick butt," and we all have goals. So I took my staff back and laid out all the goals before them because I had brought in, and, "Okay, you're part of management so you're going to lay out the goals." And we laid out the goals and everybody is looking at their substandard salary packages and going, "If I can augment with a 10 or 25 per cent bonus, that is a liveable wage." And I was in this, too.

Q. You were being paid what when you started?

A. Thirty-five.

Q. And you were there how long?

A. Altogether I was there nine or ten months.

Q. And what were you making when you left?

A. Forty.

Q. If you went to five thousand dollars a year,

Q. WITNESS:

A. Yeah, which is approximately fifteen to twenty thousand dollars less than Larry said I would be making but he said the reason--



A. Yes, I did.

A. Fifty-eight.

A. Where?

A. Well, that company has-- they have retired and they're long since gone away, but that was a construction company called Mountain American Tile but--

A. A very short period of time. I was only there six months and then the owner retired.

A. Where I am.

A. And what are you being paid now, I hate to be personal.

A. Right now I'm being-- I'm paid forty-eight, so--

A. But now I'm working 38 hours a week for 48 grand, too, so I mean it's like a cush job. So, anyway, so I was not working 38 hours a week for Envirocare. So the first time the bonus comes around to be paid and my staff is paid an average of two percent and I'm going--

I went in and said, "Larry, I can't do this. I can't go face my staff and say, 'You were promised 10 to 25 percent, you're being paid 2 percent.'" And he goes, "Jenn," I don't know what to tell you to do. They don't think the Accounting Department is important at Envirocare, it doesn't contribute to the bottom line. He said, "It's a negative." And he said, "And that's the way they see it. So the people that would get paid good bonuses will be Al Rafati and Sue Rice, they get good bonuses." Sue Rice was some sales person there. And the Sales Department got good bonuses and everybody else got screwed. The hourly went through the roof, they just went through the roof.

Q. By hourly, you mean people paid by the hour?

A. Yes, the folks out at Clive.

Q. Okay.

A. And they hit the ceiling, they just-- they were livid. My department was livid and the day that the bonuses were paid, I took my department out for lunch and all I could say is, "I'm sorry. I'm sorry. I mean I am just sorry." I said, "I'm in the same boat that you're in and I don't know why he promised you one thing and delivered another, because we've not only made-- we've made our entire annual goal, what he said were our stipulators, our annual goal, we had made that two

PAGE 111

Page 111

months into the package. So we had far surpassed our expectations and this was the reward we get and all I can say is, I'm sorry." So I mean that was an extremely demoralizing thing. And what was worse for the Accounting Department is every month after I closed the books I would sit down with the entire accounting staff and I go, "You know, Guys, you bust your butts during close this month and we closed." Normally they were closing the books two to three months after the fact and my goal for my department was to close the books seven working days after the end of each month, which we were making just like that and those guys are in there just busting their butt, and we're getting everything done, and I would go over the financial statements with these guys, because they were contributing to the manufacturing of the accounting statements, they knew how much money we were making. They knew that our profit margins were extraordinary. And then they're sitting there trying to swallow a two percent bonus. So it was not a good situation.

Q. Okay. I think I understand the salaries and bonus concerns. You have told me and you believe was demoralized there. Is there anything else that you can tell me as to why you left? My basic understanding is that you left was a terrible relationship with--

PAGE 112

Page 112

A. With Larry.

Q. With Larry?

A. And then the general sense that-- the business itself. I had friends that worked for Laidlaw and I just--

Q. When you left there you wrote a letter and what you said in that letter to--

A. To Larry?

Q. To Charles Judd?

A. Oh, to Charles. I don't remember.

Q. You've read it, have you not?

A. Let me read it again.

Q. Why don't you read it and then let me see it a minute.

A. Uh-huh. That's absolutely true.

Q. What's in there was true?

A. Every word.

Q. Okay.

A. I chose my words extremely carefully.

A. "It has been a pleasure working--"

A. --with.

Q. --with you here at Envirocare. I leave behind the talented and dedicated staff."

A. "In the Accounting Department."

Q. "And it has been an honor to work with them as

Waste Control vs. Envirocare, Deposition of Jennifer McKean, 10/29/97

#	13 14 15 16 17	A	Alkema [1] 104:24 25 25	41:9 11 44:22 45:1 62:16 64:9 80:18
#7801 1:19			allocate [1] 50:14	audited [1] 40:21 23
\$			allocation [1] 49:23	auditing [1] 39:7 93:2
\$10,000 1:52:3			allowances [1] 52:1	auditors [1] 64:11 91:11 12 93:2
\$5,000 1:86:20			almost [1] 8:6 10:9 10 32:13 34:24	audits [1] 38:10 12 40:19 24 41:1 28
1			59:25 61:10 80:15	augment [1] 108:13
1 4 3 11 15 17 25 20			already [1] 20:16 21:18 71:16 101:7 105:3	August [1] 26:4 88:15 16
10 4 108:13 110:2			although [1] 10:19 18:16	Austin [1] 2:12
100 1:38:2			altogether [1] 90:3 108:18	author's [1] 33:11
101 1:114:5			American [1] 5:12 109:10	available [1] 48:12
113 1:115:11			among [1] 68:9	average [1] 109:25
12-4-95 1:6:16			amount [1] 37:2 53:18 54:3 4 64:23	aversion [1] 70:18 85:24
12:20 1:113:7			analysis [1] 42:20 22 51:24 52:2	aviation [1] 6:2
19 2:5:21 21			anatomically [1] 40:15	aware [1] 10:16 21:2 41:3 63:9 64:18 21 68:18
1983-ish 1:5:4			Anderson [1] 69:13 14 71:5 11 73:12 14	awareness [1] 64:9
1984 2:5:4 7:6			ANDREWS [1] 1:1 88:14 105:3 4 5	away [1] 9:23 109:9
1986 1:5:19			Angeles [1] 62:17	awe [1] 100:15
199 1:6:6			annual [1] 43:14 110:24 25	awhile [1] 90:21
1992 1:5:22			another [1] 5:14 26:5 53:11 85:2 3 91:9 102:8 107:10 108:3 110:23	B
1994 1:6:6 25:8 26:4			answer [1] 30:23 36:7 9 56:18 58:18 70:4 71:9 11 73:20 24	back [1] 42:6 8 9:4 16 13:11 22 22 24 20 26:6 19 29:11 37:10 41:14
1995 2:6:7 60:7			answering [1] 75:10 11	42:5 43:21 44:5 18 59:17 61:19
1996 1:9:19 22 22 22:11			answers [1] 19:20	66:5 68:14 71:19 73:3 74 24 76:3
1997 1:1:15 3:1 113:7			anucipate [1] 3:25	79:10 24 83:9 14 15 16 21 84:10
1999 1:115:21			anybody [1] 29:7 41:6 55:11 70:1 88:2 97:13 16 101:23	82:5 86:18 87:18 89 24 91:12
2			Anyway [1] 13:16 36:3 37:11 40:25 52:6 69:8 72:1 81:4 89:11 91:10 92:2 109:22	93:7 98:15 102:22 22 108:8
2 2:21 21:19 21 24:23 25:19 30:20 26:2 110:3			apart [1] 46:18	background [1] 5:6 13:2 59:25 60:4 101:14
20 2:69:5 71:17 77:12			appalling [1] 18:3	backup [1] 46:2 62:19
21 1:2:21			apparently [1] 18:8 24 73:7	bad [1] 16:23 54:9 93:12
2300 1:2:7			appears [1] 3:17 20	badmouthing [1] 94:25
25 4:106:23 107:25 108:13 110:2			appreciate [1] 17:18 81:5 113:6	bail [1] 85:4
29 1:1:15 3:1 113:7			approach [1] 77:24	balance [1] 37:22 38:7 42:17 47:1 100:19
3			appropr. [1] 53:23 80:18	bank [1] 37:10 50:18 22 51:2 4 52:8 61:23 62:2 4 64:17 25 65:3
3 2:17 1 25:20 114:5			approx. [1] 18:3	Barney [1] 38:6
3 2:71:17 77:12			approximately [1] 108:23	based [1] 10:13 5:19 20 20:6 35 14 44:15 55:13 17 18 18 20
3 2:109:21 23			April [1] 88:15 15 108:4	basic [1] 48:24 54:10 62:23 82:1 111:24
39-1/2 1:107:4			AR [1] 52:24	Basically [1] 10:19 8 40:14 50:15 54:14 70:4 9 80:19 89:1 102:4 103:14
3rd 2:60:24 65:12			area [1] 28:21 91:16 98:5	basis [1] 16:5 92:11
4			areas [1] 101:17	battle [1] 31:7 96:18 97:3 6
4 1:25:20			armchair [1] 92:20 21	Baxter [1] 5:13 7 9 13 10
48 1:109:21			around [1] 16:5 9:19 22 22 32:17 60:24 85:16 99:3 102:24 105:16 109:24	Beach [1] 4:20
5			arrested [1] 50:25	became [1] 7:7 11 100:19
5 1:80:9			ashamed [1] 20:9	become [1] 7:5 15
507 2:23:9 22			aside [1] 17:3	becoming [1] 10:8 90:24
6			assert [1] 18:6 25	begin [1] 16:19 18:1
6 1:102:25			assets [1] 39:10 86:24	beginning [1] 43:9 68:14 97:15
60 1:9:19			assign [1] 18:24	behalf [1] 13:7
600 1:2:7			associated [1] 57:15 115:15	behavior [1] 93:3 3
7			ASSOCIATES [1] 2:6	behi 1 [1] 86:25 87:1 112:22
7 1:115:21			assume [1] 23:24 48:15 49:12 62:3	beli 1 [1] 16



biggest 35:5	cancelled 11:62:6	76:22 81:13 15 84:18 86:18 89:8	continue 11:19:11
billfold 85:15	candid 11:16:13	13 22 92:19 99:22 102:22 22	continued 11:42:2 104:10
bit 11:4 22:9 4 13 9 22 22 26:9 44	cannot 11:15:12 34:15	comes 11:37:22 53:19 109:24	contract 11:14:1 5 17:2 20 21 98
21 53:17 58:8 71:15 87:14 90:2	capable 11:107:4	comfortable 11:21:24 23:22	22
103:24	capacities 11:48:7 59:8	comic 11:105:4	contracted 11:46:2
Blackmer 11:22:12 56:22 91:24	capacity 11:7:18 8:1 1 6 45:19 54	coming 11:28:25 32:21 40:24 44	contractual 11:17:9 20:19
blame 11:64:14 107:8	2 101:9	22 49:14 64:11	contribute 11:110:6
blanched 11:76:21	cards 11:72:10	comment 11:33:6	contributing 11:111:15
blank 11:37:3	care 11:77:22 93:4 100:7 11	comments 11:27:23 28:4 9 21 57	control 11:12:6 40:12 22 47 4 48
blatant 11:26:19 20 69:25 70:12	career 11:99:8	10 13 15 70:25	21
Bless 11:60:8	carefully 11:112:19	Commercial 11:65:16 17 19 22	controller 11:17:3 19 21 22 8:1 2
block 11:105:16	carelessness 11:62:22	commercially 11:5:20	8 8 51:21 24 86:16 23 91:9 92:6
blower 11:18:10 19 4 20 22 21:2	carry 11:85:16	companies 11:7:23 8:8 10:15 11	101:9
blue 11:79:14	case 11:18:13 18 22 38:5	5 14 42:18 18 47:17 79:17	controller's 11:42:19 22
board 11:66:1	cash 11:8:3 9:10 37:6 42:18 55:14	company 11:6:13 14 15 25 6:24	controls 11:52:21 23
boat 11:110:21	20	9:1 10:19 11:24 17:13 20:19 27	conversation 11:17:14 17 83:3
bondsman 11:85:4	catch 11:34:4	12:15 32:10 34:6 24 35:4 14 18 37	conversations 11:27:21 28 24 68
bonus 11:108:3 4 13 109:24 111	categories 11:42:7 68:4	18 23 38:3 6 10 18 39:2 24 42:10	9 18 96:25 97:13 14
19	cause 11:63:24	45:1 19 51:15 56:20 24 58:14 63	Cool 11:91:5 92:25
bonuses 11:35:4 107:21 22 22	caused 11:115:10	10 64:2 19 20 70:2 80:16 92:1 97	cooperate 11:39:20
110:9 10 11 19	caveat 11:92:18	17 21 107:11 109:8 10 113:1	cooperative 11:47:1
book 11:33:10 12 14 16 23 79:12	ceiling 11:110:17	company's 11:4:6	coordination 11:47:2
13 24	cell 11:54:4	company-wide 11:107:16	Copeland 11:56:13 94:21 98 16
bookkeeping 11:37:4 60:1	cent 11:108:13	compel 11:3:18	104:4 13 105:15 106:8
booklet 11:25:4 79:12	certain 11:9:6 14 6 16:18 22:9 62	compensation 11:106:25 107:19	copies 11:33:23 49:10
books 11:39:17 41:3 9 45:2 111:6	13 63:11 99:21 22	24	copy 11:15:1 2 4 4 5 21 8 24 16
9 10	certainly 11:16:25 21:10 22:3 23	competent 11:38:17	25:6 47:23 78:11 79:6
boss 11:35:9	15 18 24:12 86:14	competition 11:97:4	copying 11:4:2
bosse 11:100:1	CERTIFICATE 11:115:1	competitive 11:31:7 33:2 73:16	cord 11:27:1
both 11:11:14 30:22 42:17 17 18	certified 11:47:5 7 12 15	competitor 11:29:20	corner 11:26:5
54 18 73:13 14 78:12 13 83:10 21	certify 11:115:4	competitors 11:28:5 10 29:7 23	corporate 11:33:20
bottom 11:48:7 65:19 110:6	cetera 11:28:11 11 35:5 5 37:7	30:1 17 20 25 33:7 74:10 101:4	Corporation 11:5:12 16 22 68
box 11:61:14 17	16 16 66:17 17 70:3 3 90:5 6	complaints 11:95:16	86:15
boy 11:92:8 100:12	CFO 11:7:25 8:13 93:6 7	complete 11:48:2 58:23	correct 11:14:2 3 12 16:1 4 18 24
brain 11:15:21	chances 11:30:5	completed 11:7:4 6 43:24	26:7 27:13 57:9 67:22 23 81 22
breach 11:80:21 24	change 11:11:24 87:9 91:8	completely 11:10:9 18:11 19:4 39	86 9 16 115:12
break 11:41:21 57:24 58:1 67:4 68	changes 11:79:21	14 40:5 58:21 72:16 96:3	corrected 11:73:8 8
104:7 12	charge 11:37:5 45:23 25 49:25 50	complex 11:65:15	Correction 11:114:8
breakdown 11:90:16	2 60:9 84:22 86:1 87:1	compounded 11:90:10 11 12	cost 11:19:12 48:23 24 49:13 17
breakfast 11:67:10 10	charged 11:37:23 59:19 86:17	computer 11:44:9 10 45:6 11 17	19 20 21 22
bridge 11:26:22	charges 11:52:5	18 47:10 52:17 79:4	costs 11:50:7
briefed 11:73:5	chantable 11:13:15 86:3 5 6 9 20	computers 11:46:17 19	couch 11:70:17
briefing 11:73:9	Charles 11:47:25 48:1 90:25 91:2	concentrate 11:40:6	couldn't 11:87:2 101:20 102:10 10
briefly 11:72:3	4 6 7 94:6 8 14 16 96:2 112:9 10	concern 11:17:18 53:11 63:23 24	17 18
bring 11:31:6 38:14	check 11:37:2 10 38:5 52:10 61	concerned 11:38:24 54:12 63:4	counties 11:29:18
brought 11:32:5 59:22 60:4 83:4	13 71:9 10 81:21 82:1 4 5 23 83:2	80:12	country 11:10:25
108:9	85:15 86:19	concerning 11:31:24	COUNTY 11:1:1 29:18 54:19 55
buddies 11:90:5	checking 11:82:6 102:24	concerns 11:111:22	13 73:4 74:7 115:3
budget 11:42:21	checks 11:37:14 50:23 51:4 52:7	concluded 11:113:9	couple 11:61:13 84:9 107:12
building 11:26:22 60:18 20 23 65	61:4 18 21 22 62:4 6 81:9 10 11	condominium 11:65:18	course 11:19:19 32:24 35 6 65 25
9 12 22 90:7	20 82:9 10 21 73:13 27 84:11 85	conduct 11:29:7 70:24	80:18 84:17 86:23
buildings 11:65:20 23	25	confidential 11:14:1 15:15	COURT 11:1:1 3:12 17:5 20 18 80
Bureau 11:75:22	chiding 11:106:22	confidentiality 11:16:11 80:12	25
business 11:6:3 28:21 29:6 7 10	chose 11:112:19	confirm 11:71:1	Covenant 11:15:15
34 9 35:15 37:7 38:23 41:17 44	chosen 11:45:11	confirmed 11:75:1	CFA 11:7:4 5 13:6 16 22:11 38:16
17 53:16 16 73:15 81:13 90:8 91	Christmas 11:107:12	confirming 11:70:10	39:22 43:12 16 21 44:1 59:24 63
11 92:5 5 95:6 7 9 101:2 3 112:4	Chytraus 11:77:18 25	conflict 11:93:24	25 85:2 3 5 7
113:4	City 11:17:3 1 4:14 16 19 60:25	confusing 11:79:10	CPAs 11:39:24
bust 11:111:7	66:21 115:6 17	conjecture 11:97:18	crack 11:60:21 65:12
busting 11:111:13	clean 11:40:24	connection 11:30:13	Craig 11:45:22 46:6 79:3 87:23
butt 11:108:7 111:13	clear 11:20:14 25:18 57:2 71:25	consequently 11:50:23 59:20	24 88:1 2 92:2 94:24 95:2 3 3 3 5
butts 11:111:7	client 11:27:24 31:14 57:11 13 16	consider 11:12:25 73:2	8 103:17 21 23 104:1 105:22
	clients 11:61:5	considered 11:36:13 73:3	Craig's 11:46:10 10
	Clive 11:65:13 101:5 110:15	considering 11:93:18	cross 11:101:18
calendar 11:43:5	cloak 11:78:20	consisting 11:113:5	crude 11:45:18
California 11:11:1 32:16 86:20	close 11:32:5 111:8 10	consolidated 11:11:14 12:1	crush 11:29:9
call 11:13:10 19 35:7 41:25 65:14 68	closed 11:89:10 111:5 8	Consolidating 11:11:19	crushing 11:29:6 33:7
22 69:13 74:25 75:7 15 81:9 11	closing 11:111:9	constantly 11:101:12 13	crying 11:47:24
87 14 89:13	clout 11:25:17	constitutes 11:115:12	cub 11:100:2
called 11:5:12 15 25 6:24 26:5 71	clue 11:8:18 63:15	construction 11:109:10	cubic 11:53:21 21 24 24
7 72:4 4 73:17 75:8 76:4 77:11	clueless 11:57:20	contact 11:71:8 76:23 78:1 97:1 2	cultural 11:33:20
01 19 102:12 109:10	coagulated 11:29:14	contacted 11:73:21	curious 11:41:15 19
calls 11:39:2 75:6	collections 11:9:11	continual 11:35:11 93:23 23 96	current 11:4:12 60:17 62:7 7
came 11:12:20 25 4 45:1 53:9 61	college 11:4:23 25	17 20 104:1	curtsey 11:68:24 69:4
13 62:17 79:22 83:16 21 85:25 91	come 11:4:37:10 17 41:9 44:5 49:4	continually 11:31:4 34:12 17 40	cush 11:109:22
11 12	53:10 55:3 4 56:1 61:8 19 72:18	21 23 89:1 4 5 90:19 94:13 96:24	cussing 11:64:12

custody 22:12:15  
customers 49:9 61:5 22:22 90:  
37:14 82:4  
tting 50:23 51:3  
nical 18:3

## D

daggerish 76:20  
daily 92:11  
damage 77:4  
damages 17:2 18:20  
damn 94:19  
danger 76:14  
dare 91:6  
dash 89:21  
data 11:19  
Davis 51:7  
day 33:10 34:17 41:12 42:4 90:  
14 92:25 99:13 101:18 108:1 110:  
18 114:20  
days 41:12 91:20 92:12 111:11  
deal 35:10 105:10 106:24  
dealings 73:16 99:15 100:23  
101:1  
dealt 39:9 101:4  
death 73:18 20:74 10:13  
Debbie 45:23 46:4 8:8 11:47:1  
73:23 106:16  
Debbie's 46:6  
December 84:3 3:6 107:12 115:  
21  
decision 55:8 11:11 92:7 8:23  
23  
dedicated 112:23  
deductibility 26:17  
ductible 22:8 26:25 27:4 86:

endant 18:21  
Defendants 1:9  
defer 17:23  
defined 52:23 56:4  
definitely 66:1 88:5  
degree 4:23 25:5 2:8 11:59:23  
24 99:21 22  
delivered 110:23  
demeaning 95:11  
demoralization 102:24 103:4  
104:2 107:11  
demoralized 103:9 17:22 23:  
46:5 102:106:4 10:22 111:23  
demoralizing 89:12 111:4  
deny 71:1  
denying 70:10  
Department 8:5 33:24 25:52:  
21 54:11 60:18 61:10 62:23 63:5  
18 64:5 91:15 94:23 98:19 110:5  
11 18:19 111:5 10:112:24  
departments 48:4 50:1 2  
depend 55:12  
depended 55:22  
Depending 55:6  
deposed 71:21 24 115:13  
deposit 61:22 62:1  
deposited 61:19 21 62:8  
Deposition 2:1 3:19 17:4 18:  
16 19:15 21:13 17:24 30:7 75:3  
113:8 115:5  
deposits 61:16  
describe 5:8 28:23 32:19  
scribed 44:21 47:21 48:11  
7:14  
Design 6:25 7:2 21 98:19  
designed 44:16  
desk 89:9  
destroy 83:10

destroyed 62:12  
detail 42:12 72:1  
details 39:6  
developing 88:22  
Dickie 2:10 6:13 15 18 21:10  
14 24:9 15 47:25 78:15  
difference 16:22 17:8  
differences 54:13 56:5 16  
different 15:11 17:10 18:19  
19:25 20:17 53:2 54:21 72:16 73:  
11 92:15  
difficult 29:20 30:16 41:7 53:  
15 64:10  
difficulty 62:18 20 64:13  
digits 37:3 82:13 16:17  
direct 50:16 38:3 107:20  
direction 172:17  
directly 59:17 61:8 16 76:15 97:  
2 102:2  
Director 56:12  
directors 14:6  
dirty 96:11  
disagree 88:5  
disagreed 34:20 21  
disclose 15:15  
disclosure 19:1  
discovering 51:20  
discovery 88:11  
discuss 14:9 17:13 29:25 30:  
18  
discussed 47:7  
discussions 27:14  
disposal 49:5  
disposed 49:14  
DISTRICT 11:1  
divested 15:14  
divulge 70:7 80:17  
document 21:9 62:10 11 63:8  
78:18  
documentation 43:12  
documented 36:21  
documents 4:1 3:7 9 42:8 14  
15 49:12 23 58:17 63:20  
doing 20:6 28:20 29:10 36:24  
39:1 51:25 56:8 59:19 70:3 14 19  
19 22 71:16 85:1 93:22 101:10 13  
dollars 52:2 54:18 81:16 84:12  
108:21 24  
donation 86:9  
donate 22:7  
donation 86:5 86:5 18:20 87:2-  
8  
donations 13:15 18 26:18 86:1  
3 11 87:1  
done 25:24 29:23 30:1 19 19  
31:2 2 49:24 56:21 59:20 67:13  
76:16 86:25 89:16 111:13  
door 89:8 10:21  
DOS 44:14  
Double 107:15  
doubt 67:13  
down 14:9 7 32:24 35:1 37:18 39:  
6 49:2 63:13 68:4 79:6 22 87:18  
81:4 104:4 111:6  
downstairs 83:4 93:5 99:23  
107:14  
drew 103:9  
drinking 90:5 12  
Drive 4:13 62:2 88:25  
driven 78:16  
due 63:25  
dueling 33:3  
duly 3:3  
dumb 37:9  
during 9:16 14 11 16 39:13 42:  
10 45:3 55:19 62:16 68:19 111:7

Dynamics 44:11 15

## E

e-mail 63:11  
e-mailed 79:5  
each 34:16 42:20 49:4 94:14 95:  
4 98:20 111:11  
earlier 27:10 33:6 78:9  
early 84:1 4  
easier 6:11 103:10  
East 4:13  
easy 47:11 52:10 100:19  
eat 67:10  
EC/DC 28:11  
ECDC 96:18  
edge 88:25  
effect 29:10  
effectively 9:13 33:18 34:16  
37:19 38:3 53:4 7  
effort 47:1 52:9 53:13  
EGAN 2:6 76:4 7  
either 37:23 48:9 81:8 89:2  
embezzlement 50:25 51:14 15:  
52:9  
emotional 87:27 88:24  
empire 19:25  
en play 29:6  
employed 95:20 21 21 99:13  
employee 74:16 90:1 2 98:17  
103:11  
employees 9:4 6 25:5 34:24 25  
35:2 3 12 12 13 36:22 50:25 73:19  
22 88:20 97:24 101:5 7 102:21  
107:20  
Employment 2:21 5:8 6:15  
13:21 14:12 14 16 19:1 24:24 25:  
1 3 12 21 68:20 78:24 79:18 101:  
12 14  
End 6:21 12:1 21 19:18 34:5  
40:3 42:9 43:2 8 10 47:22 48:11  
50:12 53:14 56:8 58:8 60:7 52:12  
102:13 108:3 111:11  
ended 43:6 57:18  
ends 43:9  
enforceable 20:25  
enforcement 68:11  
engage 33:2 94:12  
engaged 88:19  
engaging 95:8 107:4  
Engineering 6:25 7:2 10:19  
53:14 23 55:56:1 6 58:13 63:16  
engineers 48:22 49:9 54:7 60:  
23 61:7 98:19  
England 64:23 25 66:20  
enjoyed 34:8 95:3 18  
enough 35:10 64:16 66:19 98:  
14  
entre 22:19 39:13 60:8 88:2 97:  
9 110:24 111:6  
entirely 31:8 78:23 80:18  
entities 10:16 41:3 5 58:11 15:  
17 19 24 55:21 68:20 69:15  
entity 12:18 96:6  
entries 43:20 21 48:19  
enveloped 90:23  
ENVIROCARE 9:1 6 2:14 4:4 5  
6:5 9 12 23 7:17 17 22 8:11 17 9:  
20 23 10:11 15 11:8 21 12:20 13:  
21 14:5 22:15 28:1 19 29:9 30:18  
31:12 32:6 8 19 34:6 8 10 11 20  
23 40:5 7 13 23 42:17 47:17 57:4  
12 14 58:9 59:7 16 17 60:22 61:6  
64:3 65:6 11 67:24 68:1 1 8 18 21  
69:9 11 70:14 21 22 71:7 73:22  
74:20 78:16 89:6 96:6 97:18  
103:2 3 109:23 110:6 112:22

Envirocare's 5 11 13 30 25 35:  
20 34 13 70:24  
environment 34:15 91:2  
Environmental 96:19 19  
equity 37:20 25 83:5  
escapes 12:21 13 17 33:11 38:  
17  
especially 97:24  
Esq 2:2 10  
essence 79:9 80:10 11  
essentially 9:11 45:1  
estate 10:21 66:16 24  
estates 66:13  
estimate 49:13  
estimation 82:10 86:12  
et 28:11 11 35:5 5 37:7 7 16 16  
66:17 17 70:3 3 90:5 6  
even 4:9 19:12 31 6 32:9 67:5  
77:17 85:18 92:13 93:17 106:16  
eventually 25:22 79:22 101:15  
102:14  
everybody 28:11 29:5 42:4  
102:24 108:1 6 11 110:11  
everything 12:7 21:16 44:23  
59:20 69:10 82: 89:23 91:18  
111:13  
Evidence 19:22  
exactly 12:22 20:15 49:25  
exam 85:  
Examination 2:17 3:6 7:6 14:  
42:2 67:19 104:10  
examined 3:4  
example 36:18 20 42:8 47:5 15  
55:13 58:12 98:16  
examples 34:19 36:16  
except 23:6 6 74:21  
exception 43:18 19 73 23 96:2  
114:6  
exceptions 61:11 81:15  
excited 108:2 6  
exclusively 10:11 61:11  
Excuse 13:20 30:21  
executed 16:6  
exempt 35:2  
exemptions 21:3 4  
Exhibit 43:11 15 17 19:14 21:  
12 13 18 19 21 24:23 25:19 20 26:  
14  
exist 21:3  
expectations 111:2  
expecting 92:19  
expenditures 37:  
expense 26:25 37:24 81:10 13  
82:6 84:22 86:21  
expenses 50:16  
experience 20:17 21:5 113:3  
experiences 68:8  
explain 26:13 42:21  
explained 78:19  
explaining 42:23  
explanation 81:6  
explode 90:20  
exploded 91:6 93:1  
exposing 17:15  
exposure 38:25  
expression 102:25  
extent 9:10 10:21 22:10 27:22  
28:21 42:23 66:24 100:13  
extract 12:6  
extraordinarily 41:10 97:2  
extraordinary 111:18  
extremely 13 4 15:9 28 7 32  
13 15 52:9 68:23 76:25 91:15 94:  
10 20 104:5 111:3 112:19

## F



Waste Control vs. Envirocare. Deposition of Jennifer McKean, 10/29/97

FBI 32 72 4 73 74 24  
face 31 3 110 2  
facility 49 5  
fact 3 3 17 18 20 19 20 21 21  
24 25 25 12 31 5 9 32 5 51 19 87  
2 90 10 11 12 111 9  
factor 32 4  
facts 96 16  
failed 100 4  
failing 19 3 24 4  
faint 67 10 11  
fair 14 23 16 15 49 15 64 16 23  
fairly 28 32 90 21  
familiar 12 18 23 21 38 21 71 6  
family 101 22  
far 47 20 53 3 15 54 3 12 63 3  
13 14 68 17 91 22 95 15 16 111 1  
fashion 68 24 69 4  
fast 5 22  
fatter 13 21  
fear 99 16  
fearful 177 1 1  
February 19 19 84 3 3  
fed 48 18  
federal 40 22 41 3 53 8 54 20  
68 16 73 5 74 7 75 22  
feel 16 6 21 24 23 22 26 12 14  
27 5 83 11 93 15 95 1 96 22 99  
15 107 1  
feeling 96 11 102 23 103 4 18  
21 23  
feelings 74 20 22  
fees 55 13 15 17  
feet 11 23 53 21 24  
felt 22 4 84 25 104 21  
few 59 16 65 19 68 2 69 11 77  
15 82 9 10 103 5  
fiction 31 5  
field 102 9  
fifteen 41 12 67 4 108 23  
fifty-eight 109 4  
fight 71 22 97 3  
figuratively 92 9  
figure 56 16  
filed 18 14 19 1 20 21  
files 24 13 19 60 16 17  
filing 44 6  
filings 63 24  
fill 53 22 85 17  
filled 37 11  
final 40 17 91 20  
finalize 43 22  
finally 25 6  
financial 8 4 11 6 19 23 12 7  
18 17 21 19 17 38 10 12 40 12 19  
42 7 8 43 14 47 6 9 16 21 56 19  
57 3 3 4 58 10 10 15 16 20 60 5 7  
9 11 62 19 111 14  
financially 28 6  
financials 11 13 14 17  
find 18 2 5 19 10 15 47 16 81  
11 52 6 59 18 63 20 66 5 22 76 5  
77 13 21 24 88 12 89 2 3 91 8 98  
3 99 23  
fine 14 21 31 21 23 83 7 89 23  
91 10 92 25  
fingers 10 10 24 66 8 101 16  
finish 67 14  
fire 89 4 5 5  
fred 5 51 18 19 52 6 99 10 11 12  
rm 10 6 13 6 18 38 16 17 43  
12 44 22 45 4 46 2 63 25 81 10  
first 3 3 12 20 23 25 14 23 36  
23 50 21 59 16 23 60 10 19 61 12  
68 5 76 15 84 7 9 9 21 86 11 86  
14 90 4 94 12 100 3 15 15 105 24

109 24  
fiscal 12 21 43 6 8 9 108 5  
fit 82 22  
five 37 3 61 12 72 3 13 82 13  
16 84 8 108 21  
fixed 139 9  
fixing 58 2  
flare 89 10  
floor 60 19  
floors 65 18 19  
Florida 14 20  
flow 8 3 9 10 42 18  
fly 5 20 77 2 94 18  
flying 76 17  
focus 19 23 10 9  
folks 49 10 110 15  
follow 17 1 24 21  
follows 13 5  
forecaster 100 2  
foregoing 115 5  
foreign 64 17 65 3  
forget 146 6  
forgot 138 14  
form 23 7 23 24 79 18  
former 50 24 73 19 22 77 25  
Forrester 46 8 9 78 25 93 24  
94 1  
Forty 108 20  
forty-eight 109 18  
forward 21 24 71 23  
found 39 12 25 25 52 7 77 22  
23 23 100 7  
Foundation 12 17 25 13 2 7  
10 22 6 12 14 15 24 22 26 10 12  
24 25 27 6 58 13 86 13  
foundations 22 6  
Four 6 6 64 10 72 3 13 75 8 82  
13 16 84 8  
frame 19 16 83 25  
FRANK 11 7 2 2 13 24 17  
frankly 118 4  
free 39 17 95 1  
frequently 31 4  
friendly 47 14  
friends 68 9 112 4  
front 35 12 13 69 11 76 18 93 1  
full 5 21 10 7 21 8 22 12 43 11  
79 6  
fully 19 21 21 2 39 20 90 23 93  
10  
fun 29 16 33 4  
function 47 4 59 9  
functions 4 8 3 9 9 6 8

G

gave 15 2 33 10 22 37 8 97 17  
geared 164 2  
gearing 32 17  
General 5 25 6 1 2 32 13 15  
38 19 48 24 50 14 52 19 69 6 24  
70 5 100 4 102 23 103 4 107 11  
112 3  
generalities 29 14  
generally 14 2 3 23 24 29 16  
37 2 40 24 53 21 85 10 12  
generals 100 7  
generic 96 24  
gentlemen 39 22  
GEORGE 11 7  
gets 85 18  
getting 19 20 12 21 22 30 15  
39 6 40 8 62 21 97 6 98 16 99 14  
111 13  
gibe 53 13  
gifts 74 7  
give 14 9 16 21 34 19 36 7 9

16 18 20 39 16 18 57 23 69 7 19  
22 79 17 81 16 24 88 18 104 3  
106 13  
given 3 3 68 3 69 8 74 7 79  
11 12 87 22 108 2  
giving 20 4 90 8 9  
glad 15 6 11 14  
goal 110 24 25 111 10  
goals 108 7 8 10 11  
goods 49 17 19  
got 20 17 21 5 15 18 22 24 23  
3 33 3 39 17 40 13 50 21 54 7 58  
3 59 20 60 6 10 68 21 70 4 73 7  
76 20 80 5 81 18 19 88 15 92 1  
94 12 98 14 100 3 102 3 105 24  
106 7 8 24 110 11 12  
gotten 45 14 15 74 24 79 2  
grand 109 22  
great 19 12 21 14 44 11 113 3  
greatest 51 22  
Greg 56 12 15 94 21 98 16 104  
5 13 105 15  
Greg's 105 25  
gross 36 5  
grossed 35 22  
grossly 96 1 107 1 2  
grounded 31 9  
group 5 15  
Grover 11 19 115 4 19  
growl 85 19  
guess 52 14 55 1 84 2 85 12  
100 1 14  
guessing 74 3  
guy 39 23 51 25 56 12 76 21 93  
18 102 12 105 7 13 22  
guys 39 15 16 48 3 58 3 64 9  
97 25 111 7 12 15

H

habit 81 8  
hand 48 21 54 7 8 81 20 82 4  
101 11 115 17  
hand-in-hand 56 11  
handcut 52 7  
handle 50 6 64 2 83 1 91 1  
handled 61 9 86 12  
hands 11 6 28 12 55 25 62 18  
21 64 10 13 69 9  
hangdog 89 22  
haphazard 55 12  
nappen 11 62 6 101 15  
happen 37 13 42 10 107 10  
happening 90 7  
happy 30 11  
hard 63 20  
hardware 46 24  
harmful 16 24 24  
hart 10 20 65 22 66 2  
hate 94 25 109 16  
hear 30 8 74 15 88 12 13  
heard 10 1 29 3 57 11 66 12 72  
2 74 14 96 25 97 8  
hearing 10 2 64 24  
hearsay 28 13 59 14  
heartburn 13 9 96 5  
heavily 32 7  
heavy 39 5  
Heck 83 18  
help 16 13  
helpful 104 3  
hereby 115 4  
herein 115 5  
hesitate 31 6 9  
hesitatingly 45 9  
highly 18 12  
himself 35 6 40 5

hire 84 1  
hired 9 18 18 22 25  
45 10 59 9 60 6 79 105  
11  
historical 26 23  
history 5 9  
hit 69 10 73 17 10 10 17  
hold 27 18 53 23 81 2  
holding 69 20  
holdings 9 25 10 14 21 22 14  
66 13 16 25  
holds 107 13  
hole 53 18 22 23 54 2  
home 72 10 76 16 20 90 13 96  
5 101 22  
honest 35 25 48 18 96 5  
Honestly 31 1  
honor 112 25  
honorable 96 23 25  
hope 67 4 106 20  
Hospital 5 12  
hotel 41 24 65 15  
hour 41 24 110 14  
hourly 35 1 2 110 12 14  
hours 90 14 109 21 23  
house 60 22 22 65 12  
Houston 12 4  
However 11 23 72 3 85 25 86  
16 96 4 107 23  
Hudson 5 25 6 1 2  
huge 90 13  
Huh-uh 47 19 65 17  
hundred 40 6 52 3 81 16  
husband 76 17 77 11  
hutzpah 32 14

I

idea 57 21 69 19 88 18  
identification 3 15 21 21  
identity 49 4  
idiot 89 15 15  
ignore 31 19  
illegal 27 2  
imagination 13 1  
immaterial 20 23  
immediate 8 19 94 23  
immediately 34 9  
impact 11 24 42 24  
important 76 25 110 5  
impossible 40 15  
impressed 100 15  
impression 81 2 103 9  
improper 36 13 87 6  
improprieties 73 4 74 1 2 5  
inappropriate 26 18 40 2 85  
23 93 4  
inappropriateness 83 11 85  
1 13  
inasmuch 17 20  
INC 11 6 4 5 5  
incident 101 8  
included 42 13  
includes 14 1  
including 11 1 28 11  
inclusive 115 11  
income 12 24 62 20  
incompetence 51 20 52 5 54  
10 63 25 64 14  
incompetent 89 16 19  
increase 107 17  
indicate 29 8 22  
indicated 26 10 27 9 30 13 15  
33 3 63 19  
individual 64 1 87 21 105 7  
individuals 26 18 67 25 83 22  
induced 98 25

industrial 63:12  
industry 18:12  
inferred 70:13  
inflammatory 28:7  
information 14:25 10:15:16  
16:21 17:5 18:17 18:22 19:17 41:  
4 42:7 45:21 47:6 13:16 18:48 5:  
5 9:54 15:55 24:7 7:9 56:17 19:  
58 15:19 70:5 5:97 17:  
inordinate 90:14  
input 79:2  
inside 79:15  
insofar 95:10  
inspection 4:2  
installed 45:10  
instituted 61:14  
integral 65:25  
intellectual 80:19  
intended 29:9 31:14  
intending 28:19  
intent 16:25  
intention 10:7  
interaction 105:8 17:  
interactions 105:18  
interest 58:12 72:16 17:  
interested 16:15 55:23 66:18  
73:2 25:  
interesting 15:23 89:14  
internal 22:7 26:16 38:16 86:  
11  
internally 50:6  
interrogated 32:7  
interrupting 23:2  
interval 38:25  
intimate 94:10 10:  
intimately 22:13 39:15 60:11  
intimidate 18:2 19:6 7:  
intimidating 33:25 34:2  
intimidation 22:2 33:12  
intimidator 88:9  
inventory 39:9 48:21 21:  
invested 106:25  
investigate 52:5  
investigation 73:6 8:9 12:75:  
22  
investigator 68:22 76:19  
investigators 68:11 17:75:25  
involved 11:13 18:11 22:13 38:9  
12 40:20 53:12 60:12 73:7  
Iran 10:6  
IRS 86:25  
isn't 86:22  
issue 4:37 22:38 8:8 91:17  
issued 4:3 12:18  
item 52:4  
iterate 29:17  
itself 46:1 112:4

# J

Jay 106:1 2:3 5:  
Jeff 58:6  
Jenn 110:4  
JENNIFER 3:2 9:4 4:7:  
16 95:12 113:8 114:19  
jibe 53:15  
job 7:1 20:4 57:18 71:17 87:11  
89:2 3:3 17:98:3 100:19 101:25  
102:8 109:22  
jobs 97:20  
joking 32:14  
jostling 95:9  
journal 48:19  
JUD 1:17 47:25 48:2 90:25 91:  
93 16:94 6:96:2 103:15 16:112:  
9  
judge 19:15

judge's 19:16  
judgment 117:23  
jurisdiction 58:21  
justification 18:5 19:2

# K

keep 14:5 35:4 49:10 50:6 6:  
keeping 27:8 55:25  
Kelly 57:6 18:21 77:15 24:78:1  
Ken 104:24 25:25  
kept 49:2 6:56:23 60:17 20:61:3  
62:8 66:8  
Khos 69:8 24:33:3 37:1 18:38:2  
15 39:16 40:1 47:23 59:15 17:20  
60:12 14:63:22 64:4 22:65:10 66:  
8 13:69:15 73:18 74:6 77:3 9:80:  
11 81:8 83:2 4:88:4 8:8 8:9 90:18  
91:21 21:23 24:92:3 3:3 4:12:12  
93:15 94:15 95:19 96:11 18:21  
23 97:2 7:9 20:98:25 99:1 1:2 3:15  
100:21 101:24 102:1 2:5 107:13  
Khos's 22:14 45:20 46:7 73:15  
102:5 106:18  
Khosrow 22:10 29:3 17:  
kick 108:7  
kids 101:23  
kind 101:34:3 59:18 62:10 64:6 79:  
10 15:91:4 95:6 97:17 101:25  
kindergarten 52:9  
kinds 71:12 107:16 18:  
Knowing 84:17  
knowledge 40:4 57:6 9:63:15  
64:25  
knows 89:16  
kosher 113:19

# L

lack 96:21  
laid 108:8 11:  
Laidlaw 34:11 96:19 22:102:9  
112:4  
Laidlaw/ECDC 31:3  
Lake 151:17 3:1 4:13 14:16 19:  
10:17 26:21 60:25 64:1 66:12 72:  
19 115:3 6:17  
Lance 51:7  
large 43:4 63:24 64:7 74:7 82:  
11  
Larry 67:8 15:10 7:12:5 6:9 28:2  
10 25:29:5 31:4 5:7 32:22 33:3 5:  
10 34:4 12:35:6 6:37:13 39:12 40:  
1 2:5 45:11 47:23 53:11 59:15 63:  
12 69:14 71:4 10:7 9:80:23 82:  
24 88:22 89:1 90:1 91:5 5:5 7:12  
92:5 6:10 13:13 14:14 18:23 93:1  
4 96:4 97:8 8:102:1 3:6 107:9 108:  
24 110:1 112:1 2:8  
Larry's 32:12 53:11 82:23 87:  
19 102:5  
last 101:25:13 26:3 38:15 46:5 6:  
51:7 71:14 93:1 99:7 100:1  
later 7:12 17:6 36:24 52:7 68:  
22  
laugh 105:23  
Law 112:3 11:11 20:7 26:23 24:  
68:11 80:25 81:10 101:12 14:  
LAWRENCE 21:8 78:9  
lawsuit 17:15 18:7 14:25 19:2  
20:21  
lawsuits 96:20  
lawyer 21:2 39:23 85:11  
lawyers 68:10 17:70:16 75:23  
lay 108:10  
laying 62:18 64:13  
lead 70:17  
leading 23:7 25:29:24 30:3 6:

31:15 24:33:8  
learn 105:10  
learned 70:7 113:4  
learning 113:3  
leased 106:17  
least 34:1 40:24 63:3  
leave 24:17 37:3 75:13 89:20  
91:6 99:15 112:22  
leaves 108:1  
leaving 6:22 34:5 90:22  
ledger 52:19  
ledgers 57:3  
left 29:6 12:10 10:11 22:25 12:5  
24:14 32:16 34:9 11:40:15 52:22  
57:19 60:19 61:13 64:4 68:14 15:  
69:11 71:18 73:23 74:18 90:25 91:  
10 95:17 105:2 108:19 111:24 25:  
112:6  
legal 118:5  
legality 113:3  
less 216:9 108:24  
letter 21:15 24:7 11:42:19 22:  
112:6 7:  
level 97:19  
License 21:19 30:15  
licenses 29:19 20:30:17  
lieutenant 100:9  
lieutenants 100:10  
life 33:4 41:14 88:2  
light 19:16 64:6  
limited 58:18 96:25  
line 48:7 9:52:4 100:20 110:6  
114:8  
lines 73:1 9:  
Lisa 101:46 9:78:25 79:23 93:24  
94:1 11:13 19:101:10 11:  
list 103:11  
listed 81:21  
little 261:4:21 5:6 6:9 9:4 11:23 12:  
5 17:6 22:22 26:9 31:1 44:21 58:8  
73:23 76:22 22:77:6 78:17 79:12  
87:13 88:18 97:2 100:9 102:20 21:  
105:8 17:  
live 4:11 18:  
liveable 108:14  
lived 4:15 77:23 25  
livid 110:18 18:  
loan 81:16  
lobbyist 71:7  
located 65:11  
lock 61:14 17:  
London 66:3  
long 31:4:15 35:10 41:16 47:18  
70:5 8:71:15 94:8 98:1 105:2 108:  
17 109:9 11:  
look 4:16 39:8 52:13 64:11  
looked 80:3  
looking 101:13:18 15:7 25:19 37:8  
45:24 69:6 9:71:23 84:5 108:11  
looks 80:2  
loop 104:23  
Los 62:17  
lose 100:20 101:25  
loss 42:16 47:9  
lost 100:21 24:  
lot 18:19 39:12 25:48:22 62:20  
64:3 70:6 90:9 9:12 96:5 97:5 18:  
25 100:17 17:101:11 14:16 103:20  
113:4  
lots 93:19 102:21  
loud 15:18 47:24  
lovely 41:14  
Low-level 12:15  
luck 21:5  
lunch 67:10 110:19

# M

Mc-Kee-a-n 103:12  
machine 75:10 11:  
made 33:13 15:15 26:12 10:2:  
24 28:4 39:25 40:2 11:43 20:44  
18 54:1 55:11 57:11 14:64 3:73  
20 74:6 10:76:23 83:19 21:21 85:  
11 86:19 25:92:7 23:107:9 110:23  
24 25:  
mailed 61:16  
main 60:16  
maintain 19:11 62:13  
maintained 52:15 17:  
maintaining 46:17 19:  
male 90:1 2:  
malicious 13:13 16:25  
maliciousness 54:9  
man 48:15 93:20 96:1 106:21  
manage 101:10  
management 34:13 20:35 8:  
36:11 12:45:21 87:14 16:19 92:22  
93:21 97:19 24:98:6 101:15 17:  
107:17 108:10  
manager 7:24 60:3 94:21  
managerial 8:6 41:13  
managers 35:1 48:4 50:7 97:  
19 103:3 8:11 13:107:19  
manic 80:15  
manner 28:20 21:32 14:  
manufacturers 15:15  
manufacturing 44:16 50:1 60:  
4 111:16  
many 31:2 64:22 65:18 72:8 75:  
5 7:  
March 9:22  
margins 111:18  
mark 21:12 14:17  
marked 3:15 21:21  
married 77:15 17:  
Martha 112:10  
Martha/Roy 105:10  
materials 4:3  
matter 13:25 19:8 31:12 32:6  
51:19 89:11 97:4 98:23  
MBS 35:7  
McKEAN 3:2 9:10 4:13 22:  
24:22 42:5 67:20 77:22 23:25 78:  
17 95:12 113:8 114:19  
mean 50:6 11:11 17:15 9:18 4:22  
3:31:20 35:19 37:15 41:9 46:21  
48:15 49:3 23:50:5 51:15 21:52 5:  
21 53:6 61:6 21:62:12 64:12 70:  
12 71:11 16:74:3 77:2 80:11 82:  
23 84:18 21:88:23 90:13 91:13 14:  
92:16 93:16 94:13 17:95:5 98:21  
102:10 103:14 104:20 107:18 109:  
22 110:14 20:111:3  
measured 53:21  
meeting 77:10 107:16 108:1  
melodramatics 97:22  
members 33:23 25:34 1  
memory 4:6 14:29 14:71 25:105:  
20  
memos 63:10  
mention 72:12 15:105:3  
mentioned 48:12 10:14 104:12  
105:4  
messages 75:13  
met 32:9 34:2 67:22 76:15  
mid-year 108:4  
middle 24:8  
might 16:18 22:19 9:57:13 58:11  
73:3 76:13  
military 35:10 100:3 102:25  
mind 29:21 72:23 74:3 89:11



Mine 13 20 53:11 13 minimize 195:11 MINTON 59 7 11 10 1 4 13 20 24 14 4 9 13 18 22 15 2 13 17 20 24 16 2 5 10 13 17 17 19 19 25 20 39 1 4 24 21 1 17 20 22 18 23 23 1 9 17 20 25 24 5 12 29 24 30 35 9 12 31 15 19 22 24 32 1 3 33 8 57 25 58 4 67 3 9 16 20 21 76 10 78 16 87 9 13 88 10 104 8 11 105 13 106 3 113 5 minute 13 20 52 1 67 4 112 14 minutes 1 41 13 69 5 71 18 77 12 87 9 missing 1 20 20 105 19 mistakes 1 13 14 25 6 64 3 4 7 79 7 8 9 Mister 175:18 misunderstand 170:15 Mitchell 12 2 17 3 7 6 20 7 16 10 13 14 17 20 25 15 3 17 25 19 23 20 2 8 10 13 20 25 21 6 11 19 22 22 20 25 23 8 15 18 21 24 1 6 10 18 20 27 26 29 25 30 4 8 11 13 32 11 41 20 23 42 3 46 15 57 23 58 2 5 7 67 2 12 88 5 100 12 104 6 105 10 modus 174:17 MOLLEDA 11:8 moment 1 13 24 14 18 57 23 85 2 money 122 7 8 32 25 35 21 37 2 18 22 38 3 4 54 23 24 55 24 65 2 81 17 86 17 96 20 20 97 5 100 16 17 111 17 month 19 11 15 12 1 38 15 42 9 1 25 47 22 48 11 49 4 50 12 51 24 55 19 58 8 71 19 79 11 90 24 11 5 8 11 monthly 143:3 4 months 126 6 10 9 17 25 6 27 25 29 13 32 7 35 22 50 24 59 12 61 12 12 13 68 21 69 11 71 18 77 16 84 7 8 10 88 23 90 22 108 18 22 109 13 111 19 morgue 160 21 62 6 9 morning 1 5 22 67 20 68 7 most 19 8 7 7 21 5 31 3 33 4 49 1 62 15 69 16 74 4 78 21 94 22 95 20 96 3 97 7 19 105 17 motto 133:15 mountain 1 10 6 109 10 mouthful 19 4 moved 1 4 19 10 7 6 65 10 90 6 Ms 1 3 10 4 3 6 13 15 18 13 21 21 10 14 24 9 22 42 5 47 25 67 20 78 15 95 12 much 122 25 23 23 24 35 9 21 36 5 44 15 49 4 54 20 72 25 82 12 89 11 94 24 95 8 10 14 97 3 4 98 23 105 6 106 25 111 17 multiple 153:1 music 133:18 must 137:9 myself 115:15	5 104 4 11 105 19 20 106 13 NANCY 111:8 Naturally 1198:8 nature 173:16 nebulous 112:5 necessarily 1136 1 53 13 81 2 necessary 119 11 46 3 50 5 97 10 need 18 13 11 11 15 17 17 25 20 16 23 12 31 1 37 5 5 39 16 17 18 41 24 63 5 10 76 24 85 16 103 11 needed 1140 9 43 20 52 13 83 7 107 5 negative 11110 7 neither 1140:7 nerdy 11105 22 net 1136 6 8 network 1145 23 24 25 47 2 79 4 networked 1179:5 never 1147 7 11 25 14 41 6 58 20 65 2 66 18 72 2 74 14 77 22 88 2 89 4 6 93 6 new 1113 18 45 10 104 25 107 17 18 newspaper 1169 12 18 newspapers 1169 10 73 17 next 1137 17 65 9 15 88 15 92 25 105 25 nice 1128 15 80 2 nicer 1125 24 niche 1159 18 night 1176 20 nine 11108 18 nitch 1198 2 nitty-gritty 1139 6 nobody 11107 8 non 1128 6 non-American 1164 17 non-exempts 1135 2 107 20 non-responsive 1122 18 non-specific 1128 6 non-stop 1156 15 non-tax 1127 4 none 1137 7 64 19 19 68 19 19 nonetheless 11181 19 nonprofit 1113 4 nonspecific 1132 16 nonstop 1164 12 90 16 normal 1141 18 18 79 16 Normally 11111 8 Notary 1111 19 nothing 1159 20 77 7 86 14 91 14 115 8 Notice 11114 2 1 nuclear 1112 13 38 19 number 1153 23 numbered 11114 5 numbers 1113 6 8 53 7 9 54 2 90 14 Numerous 1127 17	obviously 118 18 48 20 occasion 1168 16 occasions 1136 23 occur 1190 17 occurred 118 5 37 12 54 13 October 111 15 3 1 113 7 odds 1134 12 94 14 offense 1131 23 35 9 offensive 1171 16 offered 1134 10 offhand 1180 20 office 1129 2 63 13 65 10 72 5 82 23 89 6 7 8 91 6 102 23 105 25 115 17 officers 114 6 75 21 offices 1111 16 65 6 11 72 19 officials 1173 4 5 74 7 Okay 1171 4 15 6 11 9 3 9 10 4 13 11 5 13 24 15 14 19 22 16 2 5 16 20 25 21 20 22 1 21 24 1 26 8 27 3 28 8 34 4 36 2 40 16 19 42 3 43 25 50 4 17 51 12 52 13 53 22 56 3 59 11 14 60 2 13 61 4 64 16 65 14 66 3 7 11 67 16 74 8 75 7 17 77 14 78 9 16 81 24 83 6 24 84 14 16 86 2 4 14 87 4 9 89 23 25 90 20 21 93 8 94 7 95 7 96 15 17 102 15 19 103 5 21 25 104 3 24 105 12 106 7 107 3 108 9 12 109 5 20 110 16 111 21 112 18 old 1161 2 62 18 79 18 93 20 107 4 older 11105 7 13 oldest 1193 18 once 1117 19 38 4 74 18 101 9 105 16 one 1160 3 20 23 6 7 10 2 15 8 8 10 23 16 8 11 17 22 18 15 21 18 25 4 7 11 17 24 26 4 21 32 24 35 17 36 18 25 39 22 24 24 40 6 41 24 43 4 10 45 4 11 50 20 24 52 25 53 4 57 10 66 23 67 7 76 17 78 16 20 79 10 10 19 22 80 3 81 4 85 12 12 25 89 17 95 19 23 98 6 20 101 18 102 23 110 22 ongoing 1173 6 only 1121 6 8 16 25 19 19 22 13 25 11 11 26 1 32 4 41 19 44 25 45 4 4 48 6 68 20 71 8 77 15 78 1 91 25 107 6 109 12 110 23 oo00oo 112 15 open 1139 17 oner 1151 7 operandi 1174 17 operated 1126 14 45 19 63 9 82 1 operating 1141 16 44 12 14 48 6 51 23 81 11 13 82 2 85 15 operation 11210 8 27 16 21 45 17 49 22 50 1 53 10 15 55 10 56 1 57 5 7 operational 1149 8 56 6 operationally 11212 4 8 operations 1132 20 49 10 20 21 56 12 63 16 65 13 94 21 98 19 opinion 1134 23 35 14 88 13 opportunity 1140 16 113 2 posed 1127 4 order 1137 8 ordered 1138 15 orders 1139 15 organization 1126 22 organizations 1113 15 26 18 20 organized 1144 8 original 1178 23 79 10 originally 1126 3	Ostensibly 17 19 20 8 7 39 1 other 19 7 23 8 4 10 15 24 25 18 18 19 21 22 14 14 23 13 23 24 1 27 6 8 15 28 5 10 30 19 20 33 23 23 34 16 35 12 36 22 25 39 5 23 40 19 44 20 48 4 14 57 14 58 11 13 63 8 66 3 12 22 68 7 8 11 70 23 71 21 75 25 81 6 87 5 94 14 95 5 101 7 others 1114 10 93 14 21 otherwise 1174 10 out 1110 11 14 24 15 18 16 21 18 9 15 21 19 3 15 24 10 25 4 11 33 4 37 18 23 24 38 5 16 40 5 47 16 24 49 23 51 11 55 24 56 16 58 21 66 8 68 5 23 76 5 5 17 77 22 23 23 24 81 20 82 5 83 13 15 21 21 85 17 86 19 88 12 89 21 92 4 100 20 101 8 9 18 104 23 108 8 10 11 110 15 19 outfits 1126 20 outgo 1112 24 outside 1143 16 44 1 22 25 45 4 46 2 94 23 over 1109 24 10 7 9 12 6 16 20 22 12 29 12 13 36 21 40 12 23 51 11 52 2 3 57 18 60 14 22 23 62 2 72 1 76 23 88 25 90 6 101 17 18 104 11 106 7 108 5 111 14 overhead 1149 24 50 3 14 overtime 1101 20 21 21 24 102 17 18 overwork 1134 25 own 1128 15 owned 1158 12 14 65 20 22 owner 1138 2 56 20 96 18 109 13 owner's 1137 19 24 25 owns 1165 22
--	---	---	--

payable 3 9 9 38 5 39 7	23	Public 1 19 7 12	62 4
payables 1 8 3	position 11 7 23 24 8 8 9 21 18	publication 11 8 4	reconciliation 1 51 2
payee 5 37 3 5 10 15 81 21 83 17	13 19 11 11 34 10 83 1 94 2 5	publish 11 60 10	reconciling 1 50 22 51 4
paying 1 55 14	positions 11 34 17	published 11 11 13	record 1 3 8 25 13 25 14 1
payments 1 74 6	possession 11 4 3 8	puffed 11 108 6	16 18 18 1 19 18 20 4 27 8 1
payroll 5 9 10 48 16 17 18 18 20	possible 11 42 24	pull 11 12 24 40 5 47 5	17 67 21 87 12 55 4
PCs 1 47 3	potential 11 29 23 30 17 19	pulled 11 13 6 64 8	records 1 51 6 15 48 14 16 18 2
Pearsall 1 46 11 12 12 13 106 16	pounding 11 99 24	pulse 11 99 24	21 49 1 3 6 11 52 17 53 1 2 9 10
peer 1 91 23	power 11 94 11 12	punitive 11 18 20	12 15 20 55 4 5 10 10 56 6 7 20
Peggy 1 1 19 115 4 19	prefer 11 19 13 67 17	purchased 11 47 3	23 24 57 3 58 23 23 60 20 61 2
Penalized 1 50 10	premises 11 60 17	purchasing 11 47 2	62 12 14 15 19 21 25 63 3 5 10 14
pencil 1 4 10	preparation 11 78 18	purpose 11 12 11 32 19	16 16 64 9
people 1 27 15 34 2 67 9 81 15	prepare 11 42 9 48 12 49 22 58	purposes 11 22 8 43 12 50 11	red 11 64 6
88 19 93 19 95 17 18 21 24 100	10 16	Pursuant 11 11 14	refer 11 4 4 7 23 10 18 60 21 64 5
15 17 107 22 110 8 14	prepared 11 43 2 15 17 17 44 1	purue 11 66 19	73 12 25
per 1 62 25 63 18 82 6 101 10	58 9 20 60 5 8 62 1 78 24 92 9 10	put 11 25 5 29 21 33 9 34 17 18	referenced 11 10 14 35 18 66 4
108 13	prerequisite 11 48 20	43 3 11 53 18 19 24 25 79 23 80	referred 11 32 10 13 33 5 56 22
percent 1 9 20 11 21 38 2 40 6	presence 11 66 1	24 81 1 82 25	60 21
43 23 23 107 25 109 25 110 3	Present 11 2 13 62 16	putting 11 34 22	referring 11 33 6
111 19	preservation 11 26 23		Refresh 11 6 14
percent 1 110 3	president 11 9 1 10 8		regard 11 74 21
perfectly 11 35 25 48 17 96 4	press 11 106 13		regarding 11 22 5 35 4 74 10
perform 11 39 2	pressure 11 90 7		regulate 11 54 24
perhaps 11 70 14	pretty 11 36 21 38 21 44 15 95 10		regulated 11 18 12
period 11 62 7 13 63 11 20 21 97	13		regulation 11 55 25
12 109 12	prevent 11 28 20 29 9 30 14		regulations 11 26 16
period-and 11 35 15	previous 11 63 23		regulatory 11 40 22
periods 1 41 10	primarily 11 45 16		reign 11 39 17 97 23
permission 1 40 4	print 11 15 7 10 80 1		reimburse 11 81 18
person 1 37 8 46 16 18 50 21	printed 11 79 9		reiterate 11 16 8 17 19
23 59 3 6 91 25 94 22 110 10	prior 11 27 25 30 25 51 20 60 20		relate 11 4 4
personal 11 22 14 46 7 56 19 74	62 17 19 19 64 11 68 15 71 19 90		relationship 11 28 1 90 17 94 20
19 76 13 77 3 80 14 85 14 86 13	22		95 4 6 99 25 111 25
90 18 96 8 106 18 109 17	private 11 45 4		relative 11 31 3 82 11 105 15
personality 1 93 24	privilege 11 23 11		relatively 11 11 23
personally 11 35 8 60 12 99 15	privy 11 36 22 83 3		relatives 11 66 10 19
18 18 100 24 101 1	probably 11 6 9 9 22 53 17 56 18		relay 11 28 9
personnel 1 101 10 15 17	75 8 92 1 93 19 105 14		released 11 84 15
pertinent 1 36 1	problem 11 19 23 20 5 35 6 59 21		relevant 11 18 19
phenomenally 1 80 14	98 22 102 4 103 7		remediation 11 9 24 10 6 12 12
philosophically 11 34 21	problems 11 21 25 36 16 86 11		13 38 22 39 9 99 10
philosophy 11 102 5 6	90 13 91 16 98 14		remedies 11 80 21 24
phone 1 41 25 68 22 72 1 75 6	procedure 11 41 17 51 23 81 8		remember 11 6 6 6 12 14 15 15
78 3	87 4		9 17 22 26 21 27 20 23 28 23 29
picked 1 6 5 52 12	process 11 79 20		12 42 6 43 5 7 10 46 5 63 21 64
pie 1 10 11	processed 11 49 14		24 69 1 71 2 72 6 9 11 80 19 20
pieces 1 100 10	processing 11 48 23		23 82 19 21 83 20 20 23 24 101 8
pies 1 10 25 66 9 101 16	procured 11 29 20		112 10
pilot 1 5 20 21	produce 11 4 2 18 24		Remind 11 94 2
pitched 1 82 22	produced 11 18 21 19 19 24 23		remotely 11 71 6
placid 1 105 7	producing 11 3 25		render 11 20 22
place 1 21 4 65 6 89 17 93 18	product 11 49 4		rents 11 107 3
103 8 109 7 115 6	productivity 11 107 18		repeat 11 28 5 31 9
places 1 64 22	profane 11 28 7 40 14		repeatedly 11 29 5
Plains 1 44 11	professionally 11 25 24 99 18 20		rephrase 11 30 10
Plaintiff 1 2 2	21		replace 11 59 10
plan 1 31 13 13	profit 11 9 10 42 16 47 9 111 18		replaced 11 59 22
plane 1 94 19	profitable 11 34 24 35 19		report 11 54 17 55 9
planning 1 9 10 70 3	program 11 35 7 8		reported 11 8 24 11 25 12 2 2 4
played 1 59 7	projects 11 9 12		8 53 8 54 15 55 2 57 14 92 6
plays 1 96 11	promised 11 14 5 110 2 22		REPORTER'S 11 115 1
please 1 3 8 91 14	promises 11 35 3 107 9		reporting 11 12 7 54 3
pleased 1 74 15	proof 11 74 21		reports 11 55 24 56 1 2
pleasure 1 112 20	propaganda 11 79 17		represent 11 67 24 70 2
point 1 13 9 18 9 15 20 19 3 20	proper 11 86 21 22		representatives 1 4 7
20 32 12 34 4 37 4 40 25 41 13	property 11 66 17 20 21 80 19		represented 11 68 23
43 1 62 3 73 22 74 19 77 4 82 23	proprietary 11 16 21 17 5 14		request 11 37 17
83 7 13 91 13 106 23	prosecuted 11 51 18		requested 11 13 7
pointing 1 80 5	protect 11 18 11 20 22 86 24		require 11 7 9 14
policies 1 63 17	protected 11 19 4		required 11 7 13 101 20
policy 1 62 11 11 24 63 4 4 9	protector 11 79 15		reserved 11 23 5
political 1 29 17 73 25 74 2 5	provide 11 42 21 46 2		residence 11 4 12 13 66 3 6 9 22
pool 1 96 12	provided 11 41 4 5 43 11		residences 1 64 22 65 18 66 12
poor 1 27 8	provides 11 16 20		16
popping 1 31 4	provision 11 14 2		resignation 1 21 15 91 21
portion 1 60 14 65 23 81 25 108	provisions 1 19 9		respect 1 31 14 87 5 100 21 21



24	90:1	4 6 8 8 12 17 22 25 26 3 78 10 18	standard 3:41:16 51:23 52:20
respectively 48:4	screamer (R) 88:8 9	20 20 79:22 23 80:3 10 81:4	standards 11:53:23
response 31:24	screaming (R) 34:16 35:8 11:12	silly (R) 33:14	standpoint (R) 36:13
responsibilities 9:9 15:16 11:6	87:14 88:19 93:22	similar (R) 18:4 25:16 34:10 80:10	stands (R) 35:20
27:11 98:18	screams (R) 35:9	simply (R) 19:14 24:25 38:5	start (R) 5:7 94:25
responsibility 8:2 12:19 23:51	Screw (R) 89:3 102:7	since (R) 5:9 29:13 68:20 74:15 25	started (R) 36:23 69:14 84:6 90:4
59:19	screwed (R) 110:12	105:13 109:9	7:7 17:100:20 108:10
responsible 9:6 8:45 5:16 46:	seal (R) 62:25 63:18 82:7 101:10	singing (R) 33:17	starting (R) 11:22 24
50:3 7:15	second (R) 21:4 27:18 33:2 58:6	sit (R) 87:10 93:15 111:6	state (R) 3:7 40:22 41:2 53:8 54
responsiveness 2:23 6:23	100:8 9:10	site (R) 49:14 62:8 101:9 19	19:23 55:17 68:16 73:4 5 8 73:7
rest 42:4 62:8 89:21	secondhand (R) 97:7	sitting (R) 94:25 111:19	104:1 115:2
rested 39:14	secretary (R) 45:20 46:7 73:24 94:	situation (R) 32:2 69:13 14 88:21	statement (R) 11:15 22:19 42:16
result 100:25	5:106:16 17:18 19	90:3 92:5 95:12 111:20	18 43:2 24 60:7
retain 63:5	secretive (R) 80:15	six (R) 5:19 37:3 61:12 109:13	statements (R) 8:4 11:20 43:3 15
retained 64:1	secrets (R) 19:20 80:17	size (R) 82:19	23 47:9 10 48:11 57:3 58:11 16 20
retention 62:11 11:24 63:9	section (R) 9:24 80:21	sizes (R) 82:9	60:6 9:11 111:14 16
retired (R) 109:8 13	sector (R) 65:17 23	skills (R) 99:6	status (R) 64:6
retrieve (R) 47:13 18	see (R) 5:10 14:25 26:17 19 27:1	siam (R) 89:21	statutes (R) 18:10 19:5 20:22 21:3
return 75:15	38:1 44:13 50:17 51:21 52:2 4 55	slammed (R) 100:3	stay (R) 35:20 107:6
returning 75:6	22 80:20 83:16 84:18 85:12 87:10	slash (R) 39:23 45:20 53:14	Stenotype (R) 115:10
returns 44:1 5 62:20 63:23 64:	105:18 110:8 112:13	sleepless (R) 88:23	step (R) 50:17
4	seek (R) 17:3	slow (R) 9:7	steps (R) 54:5
revamping 79:20	seeking (R) 18:20	slowly (R) 43:19	still (R) 7:24 8:16 33:10 98:7
revelationship (R) 94:9	seem (R) 83:11	small (R) 26:20 107:22	stipulate (R) 23:23
Revenue (R) 22:8 26:16 38:25 49:	seen (R) 25:14	Smith (R) 38:6	stipulated (R) 107:24
13	sees (R) 92:15	smoking (R) 90:11	stipulators (R) 110:25
review (R) 40:16	self (R) 98:24	social (R) 28:1	stock (R) 38:6 82:1 5
reward (R) 111:2	Semnani (R) 8:24 24 12:17 24 13:	software (R) 45:12 15 46:1	stored (R) 60:16 62:5
rewards (R) 35:4	7:10 22:5 10:15 24:21 26:10 11 27:	sold (R) 49:17 19	story (R) 102:13
Rice (R) 110:9 10	5 29:3 17 30:14 58:11 13 64:21	solved (R) 51:18	straight (R) 67:14
ridiculous (R) 19:10	65:21 77:3 9 96:11 18	somebody (R) 52:13 57:15 88:25	streams (R) 55:18
right-hand (R) 26:5	Semnani's (R) 9:24 10:14	93:16 95:1 107:7	Street (R) 2:7
ripped (R) 82:5	send (R) 47:22 23 48:2 3 5	someone (R) 30:14 15 57:13 59:1	strength (R) 63:12
RMR (R) 1:19 115:4 19	sending (R) 61:5	81:8	stretch (R) 13:1
role (R) 59:6	senior (R) 92:22 97:19 24	someplace (R) 98:1 4 102:8	strong (R) 13:1 74:20 21
rolling (R) 11:12 16	sense (R) 7:22 107:10 112:3	sometimes (R) 31:8 55:2 4 67:9	struck (R) 27:1
Romero (R) 59:3 4	separate (R) 11:13 24:10 31:5 46:	91:18 99:24	structure (R) 105:24
roof (R) 40:13 110:12 13	16 17 52:24 56:24 25 82:6 89:7	somewhere (R) 60:24 82:13 84:2	struggle (R) 94:11
room (R) 41:24 95:1 107:14	separately (R) 11:25 12:2 3	12 100:20 109:1	struggled (R) 31:5
Roy (R) 67:12 21 78:15 104:7	separation (R) 27:25 32:5 8	son (R) 105:14	struggles (R) 94:12
royalty (R) 96:20	September (R) 6:17 19 21 10:10	song (R) 38:13	struggling (R) 40:11 43:5
rubbed (R) 91:19	Service (R) 26:16 38:25 48:17	sorry (R) 5:17 10:1 43:18 70:21	stuck (R) 101:16
rude (R) 31:20	Services (R) 22:8	93:25 94:3 98:22 110:20 20 21	stuff (R) 13:21 47:2 53:18 19 24
rule (R) 17:5 23 9:21	set (R) 40:3 47:11 49:3 7 8 52:25	111:3	25 25 54:9 63:14 64:13 70:9 10
Rules (R) 1:14 19:21 22 23:5	53:4	sort (R) 4:22 5:8 7:1 9:4 42:14 48:	89:9 90:23 93:6 6
run (R) 41:24	setting (R) 49:23	11 64:5 68:6 69:6 24 74:11 85:14	stupid (R) 36:25
runner (R) 61:24 62:1	settle (R) 95:25	95:4 96:24	style (R) 34:13 20 36:11 12 87:16
running (R) 45:14 16	settles (R) 53:25	sorts (R) 47:10	19
rush (R) 31:7 7	Seven (R) 4:17 5:19 62:24 63:6	sounded (R) 78:20	sub-rosa (R) 13:14
	111:10	South (R) 4:13	subject (R) 69:20 104:20
	several (R) 3:11 10:17 36:22 23 59:	speaking (R) 61:10 12 92:9	subjected (R) 100:1
	8 67:24 75:2 84:7	specializes (R) 38:18	submitted (R) 13:8
	sexually (R) 94:10	specific (R) 28:17 31:2 42:7 69:10	Subpoena (R) 2:1 3:11 18 4:1 19
	share (R) 50:8	21 82:15	13 71:10 78:14
	she's (R) 106:24 24	specifically (R) 23:11 31:3 10 41:	subpoenaed (R) 18:14
	sheet (R) 33:18 37:22 38:8 42:17	6	SUBSCRIBED (R) 114:20
	79:14	specifics (R) 69:22	substandard (R) 108:12
	sheets (R) 47:7 79:17	speculating (R) 91:17	substantiate (R) 69:18
	Shelton (R) 8:15 27:15 28:2 18 29:	speculation (R) 28:13	sue (R) 19:9 9 110:9 10
	1 8 30:18 31:11 32:18 22 34:12	speech (R) 20:4	sued (R) 16:20 67:25
	39:12 88:22	speed (R) 9:21 21	sufficient (R) 87:7
	Shelton's (R) 8:23 9:15	spell (R) 5:17	suggest (R) 29:8 22 31:12 76:13
	shifted (R) 13:17	spelled (R) 3:12	suggested (R) 40:4
	short (R) 41:8 10 21 104:6 109:12	spelling (R) 79:7 8	suggesting (R) 19:7
	shoulders (R) 39:14	spend (R) 95:8 9	suggestion (R) 24:24 40 12 9:1 23
	shouldn't (R) 82:25	spent (R) 9:19 64:23 72:5 98:1 99:	suing (R) 69:15
	show (R) 8:15 24:22	7	Suite (R) 2:7
	shown (R) 115:6	split (R) 40:7 93:6	suits (R) 91:9
	shows (R) 16:18	spoke (R) 68:23 89:4 5 72:4	summarize (R) 42:10
	shredder (R) 63:12	sporadic (R) 63:22	summarized (R) 43:3
	side (R) 68:11 90:8 92:15	spring (R) 43:10	summarizing (R) 42:20
	sign (R) 25:7 49:9 79:6 19 85:17	spun (R) 5:14	Sunday (R) 90:15
	signature (R) 80:6	staff (R) 34:1 89:12 22 93:2 96:1	sundry (R) 9:12
	signed (R) 15:4 8 9 11 23 16:6 9	97:9 108:8 109:25 110:2 111:6	superficial (R) 39:4 4
	10 17:20 21 23 18:8 24:25 25:1 4	112:23	superseded (R) 73:8
		stand (R) 86:25 87:1	supervisor (R) 8:20 23 45 21 101

Supply 115:12  
support 1146:3  
supposed 1196:21  
surpassed 1111:1  
susceptible 1164:8  
tallow 1111:19  
wan 1138:13  
swear 1167:16,12  
sweetheart 1105:22  
sworn 1133:87,3 114:20  
sympathetic 1118:22  
sympathize 1130:9  
system 1144:8 9 10 12 15 45:6  
117:18 46:22 23 25 25 47:11 14  
48:19 52:24 53:3 79:4  
Systems 1149:1

T

T-r-o-n-o-m-e-d 115:18  
table 1160:5  
talented 11112:23  
talked 1158:7 67:21 68:6 7 70:1  
72:13 23 74 23 75:17 18 21 22 77:  
11 78:2 9 79:15 80:11 18 81:7 91:  
5 98:5  
tall 1105:22  
tantrums 1190:24  
tapes 1144:18  
taught 1105:23  
tax 1126:17 23 25 39:23 43:12 19  
44:1 5 62:20 63:23 64:4 85:11 86:  
21  
taxes 1143:13  
tears 1188:25  
techniques 11107:17  
telephone 1174:25 76:24 77:12  
temper 1190:24  
tempered 1192:14  
6:10 35:22 52:2 67:3 99:7  
7:21 24 108:18 21  
tens 1182:18  
tenure 1145:3 56:8  
term 1141:11 13 16 68:20  
terminated 1159:9  
termination 1168:21  
terms 1118:23 26:16 41:1 2 54:18  
70:17  
terrible 1105:20 111:25  
terrified 1129:12 89:24 100:5 14  
14  
terrify 11100:18  
terror 1197:23 98:24  
terrorized 1198:24 99:17 106:5 6  
testified 113:4  
testifies 1119:8  
testify 11115:8  
testimony 1125:19 27:10 68:3 97:  
15 114:5 6  
testosterone 1135:14  
TEXAS 1111:1 2 4 12 14 4:5 11:1  
18 14 19:22 20:7 27:11 15 21 28:  
4 29:18 32:10 20 57:4 7 68:2 70:2  
88:14  
theatrical 1176:23 77:6  
their's 1199:7  
themselves 1181:16  
there's 1120:17 51:10 52:20 65:  
17 79:20 81:6 86:14 103:7  
thereafter 11115:10  
therefor 11114:7  
therefore 1174:22  
thereof 1142:24 115:16  
they've 1181:18  
thinking 1137:9 43:19 49:17  
thinks 1167:12

third 1137:12 13 82:22  
Thirty-five 11108:16  
THORLEY 111:7 2:13 46:13 94:  
24 103:21 106:4 13 106:1  
thoroughly 1134:8  
though 1119:12 24:7 78:21  
thousand 1152:3 108:21 24  
thousands 1182:16 18 84:12  
threat 1191:17  
threaten 1118:6 19:6 74:18  
threatened 1189:4 101:23  
threatening 1189:1 5 92:11  
threats 1173:18 20 74:10 13  
three 1119:17 15:24 33:22 37:12  
48:2 63:23 64:10 75:8 82:20 84:7  
111:9  
throughout 1117:4 23:12  
throw 1143:21 22 89:9  
throwing 1128:12  
thrown 1160:23  
tight 1190:5 22 94:20  
Tile 11109:10  
Tim 1122:12 16 56:22 60:15 91:23  
25 92:1 2  
Timothy 1122:11  
tissue 1177:4  
title 1145:22 94:5  
today 1165:7 67:22 73:1 76:6 97:  
15  
together 1112:24 13:6 25:5 43:11  
tomorrow 1199:11 13  
Toole 1154:19 23 55:13  
took 115:19 22:12 51:1 83:2 85:  
15 104:12 108:7 110:19  
Tool 116:24 7:2 21  
top 1139:5 42:19 48:9 65:18 82:5  
93:21  
tops 1141:13  
total 1112:6 19:24  
totally 1119:25 32:16  
touch 1174:25  
tough 1195:2  
toward 1153:14 56:8  
towards 1130:25  
Towers 1160:19 65:16  
trade 1119:20  
trains 1153:20  
transactions 1137:19  
transcription 11114:6  
transfer 1165:2  
transitioned 1119:23  
transportable 1199:6  
Travenol 1111:3  
treatment 1149:5  
Tree 11107:15  
tremendously 1198:17 20  
trial 1123:6 13 24:2 32:1  
tried 1175:5 5  
trip 1191:10 11  
Tronomed 115:16 16 18  
trouble 1190:9 10 98:13  
trucks 1153:20  
true 1157:6 78:3 4 78:23 89:25  
112:15 16 115:12  
truly 1188:11  
truth 11115:8 8  
try 1153:14 60:3  
trying 1121:12 6 54:24 58:15 59:18  
69:17 77:13 20 88:12 90:10 95:11  
106:12 111:19  
turn 1199:3  
turned 115:13 91:20  
twelve 1167:5  
twelve-thirty 1167:5 7  
twenty 1141:12 108:24  
twice 1172:2 105:16

two 1111:15 19 17:10 20:17 25:  
13 26:3 27:25 30:21 22 37:12 41:  
12 47:16 50:24 55:23 68 20 76:4  
78:5 82:21 84:14 15 87:9 90:22  
91:20 92:12 109:25 110 25 111:9  
19  
twofold 1132:21  
type 1139:5 60:3 80:9 88:24  
typed 1115:10 25:3 78:21 82:5  
types 1142:14 47:6 58:10

U

ugly 1193:11  
ulcers 1188:22  
unbearable 1190:24  
uncomfortable 1113:5 22:4 26:  
12 14 15 27:6 37:1 90:3  
uncommon 1122:6  
under 1114:4 4 19:4 9 21 22:2 23:  
9 77:21 103:4  
undergo 1186:18  
underpaid 1196:2 98:17 21 22 23:  
107:1  
underpay 1134:25  
understand 119:5 15:21 16:2 3  
17:17 19:10 20:3 8 10 31:18 25  
32:2 34:3 37:16 21 58:4 68:12 75:  
18 76:25 81:5 13 83:10 85:13 87:  
4 22 93:10 95:13 97:16 98:7 100:  
24 105:21 111:21  
understanding 1112:10 13:12  
23:11 59:6 78:25 98:7 106:14 111:  
24  
understood 1181:7  
unemployed 1198:20  
unfilled 1157:20  
Unfortunately 1121:1  
unhappiness 1195:11 96:3  
unhappy 1190:19 91:13  
unjustifiably 1119:6  
unless 1158:3  
unnecessary 1138:13  
unsigned 1115:3 4  
until 115:19 20 21 22 23:5 27:25  
32:6 8 67:6 22 73:6  
unusual 1155:14  
up 1191:6 5 9:4 21 21 13:11 18:14  
22:22 24:21 26:9 19 27:25 28:12  
31:6 32:17 34:5 40:24 44:18 45:  
14 15 47:6 11 52:12 53:22 57:18  
64:2 66:5 23 67:15 68:15 73:3 6  
21 76:16 18 22 81:2 82:17 83:2  
90:25 91:21 92:11 93:5 96:3 99:  
23 101:19 102:14 23 108:6 21  
upper 1126:4  
user 1147:14  
using 1155:6 96:23  
UTAH 1171:6 14 17 4:5 10:15 22  
11:8 29:9 54:19 55:17 22 58:9 68:  
1 101:11 13 115:2 6  
utterly 1116:19

V

vaguely 1164:24  
Vance 11106:1 2 3 8  
variance 1142:20 22 51:24 52:1 1  
variances 1142:23  
various 119:12 10:25 29:18 53:8  
54:17 19 68:15  
var 1154:4  
vast 1186:13 15  
Veep's 1147:24  
verbal 1195:9  
Vern 11105:3 4 5 6 15 16  
Vero 114:20  
version 1125:8 9

versus 1149:13 55:10  
via 1137:18 61:13  
Victor 1159:2 13 15 19 60:11  
Victor's 1162:22  
VIDEOTAPED 11110:  
view 1119:16 32:12 37:4 40 26 31  
14 77:8  
violation 11101:13  
vis-a-vis 1154:7

W

wage 11108:14  
waived 1124:3  
walked 11102:24  
walking 11100:4  
wanted 1130:14 15 32:15 33:17  
37:2 38:7 25 47:5 15 54 20 55:7  
23 69:8 24 72:15 74 6 9 81:6 88  
15 100:18  
wants 1122:9 37 24 99:11 11  
wash 1169:8  
Washington 1176:4  
waste 1121:12 13 15 37:15 38:18  
19 22 54:3 4 21 55:18 61:5 99:10  
wastes 1154:18  
watch 1187:10 101:23  
watching 11101:2 3  
way 1111:4 14 24 24 13 15 19 26  
14 29:11 33:9 34:21 35:15 36:17  
39:8 47:11 49:18 52:16 55:14 59  
6 24 75:12 82:22 84:15 89 2 90  
4 91:19 96:6 7 9 101:3 107:7 110  
8  
WCS 11427:24 28:10 20 29 9 9 30  
20 31:11 32:4 57:12 67:25 68 23  
70:14 16 16  
weasel 1176:5 10  
weather 11100:2  
Wednesday 11115:3 1  
week 1151:20 52:7 107:13 109 21  
23  
weeks 1191:64 10 69:12 12 12 71  
15 72:3 13 75:2 76 4 107:12  
weepy 1188:24  
weird 11105:23  
West 1160:24 65:13  
whatever 1149:10 16 10 19 20 22  
9 38:6 39:16 16 18 42:23 49:13  
81:17 97:9 107:14 108:5  
whatsoever 1149:8 6 11 4 21 25  
68:19 19 85:24  
wherever 1138:7  
whether 1116:23 23 24 15 29 25  
69:25 73:19 74:10 71:16  
whistle 1118:10 19 4 20 22 21:2  
whistles 1153:6  
whoever 1138:6  
whole 1121:15 60:10 115:8  
whom 1170:7 86:10  
wife 1181:17  
y 1137:4 1 21 5:5 6 8 13 14 5 15 6  
1 14 17:4 5 19 23 21:6 14 17 23  
22 24:3 35:3 36:20 37:10 11 53  
23 56:18 63:3 73:12 83:1 85 19  
87:10 91:2 92:3 4 17 17 95:5 107  
24 110:9  
win 1197:10  
Windows 1144:14 14  
Winning 1133:12  
wisely 1138:23  
wish 1120:12 113:1  
wishes 1138:4  
withdrawal 1183:5  
withhold 1141:7  
within 1129:6 63:11 84 7 97 17  
without 1140:4 89 10 98 14



withstand 80:25  
WITNESS 49:6 14 17 19 7:13 10:  
3 5 13:23 14 3 8 11 15 15:6 14 19  
22 16 1 3 8 12 16 17 16 18 18:2  
19 5 7 13 20 15 29 24 30 10 31:  
19 21 23 25 32 2 4 33:9 41:22 48:  
58:2 67:2 8 17 88:7 100:3 105:  
12 106:2 113 5 115 13 17  
woman 6 18 7 13 19 3 45 18 71:  
5 107:4  
woman's 18:16  
women 89:25  
wonder 99:24  
wonderful 92:14  
word 7 22 34 7 45 24 96:21 24  
112:17  
worded 14:16  
wording 17:22 25:16 69:21  
words 29:10 39:5 48:5 57:14  
70:23 92:21 112:19  
work 30:6 8 24 7:17 17 9:13 10:  
11 22:2 34:15 61:6 85:21 24 89:  
24 91:1 3 92:23 24 94:18 95:2 21  
25 101:20 20 21 24 102:9 107:3  
109:1 3 14 112:25  
worked 22:5 11 16 18 24 6:8 39:  
14 22 42:8 44:16 45:19 48:22 59:  
12 13 15 16 80:16 91:12 94:8 22  
97:20 112:4 113:2  
working 28:5 21 10:16 34:8 36:  
23 56:11 15 84:6 88:22 90:3 4 13  
16 91:15 24 94:20 95:3 17 18 24  
97:25 98:1 99:8 25 109:5 21 23  
111:11 112:20  
works 21:8 16 93:5  
world 11:30 7  
world's 51:22  
worry 21:30 6 101:6  
worrying 98:15  
orse 21:30 6 111:4  
worth 11:60 10  
wound 11:102:14  
wrapped 11:96:3  
write 21:81:12 17  
written 21:52:7 71:9 10  
wrote 21:87:17 95:5 112:6

Y

yard 11:76 18  
yards 21:53 21 24  
year 11:5 24 6 9 12:21 35:22 43:2  
5 7 8 9 9 10 60:8 62:7 71:25 107:4  
108:5  
year's 60:10  
years 12:4 17 5:11 19 29:13 54:5  
59:15 16 62:24 63:6 78:25 99:7  
106:23  
yell 99:1  
yourself 15:14 7 15:13 17:15 78:  
21 91:9

Z

zero 18:21  
Zhagrus 29:9 24 10:3 3 5 7 8 9  
12 15 11:9 10 11 12 22 12:4 6 8  
11 40:6 8 11 42:17 47:17 58:9 90:  
6 8 23 91:11

March 27, 1991

NOTE FOR: Carlton Kammerer

FROM: Mike Tokar

SUBJECT: POTENTIAL ALLEGATION CONCERNING ENVIROCARE

I spoke by telephone yesterday to a [REDACTED] who called me to convey some concerns he had about Envirocare, Inc. [REDACTED]

[REDACTED] said that "I am very concerned about their (Envirocare) burying source material..." [REDACTED]

[REDACTED] had any recourse."

He asked whether he

I responded by saying that I did not know what his legal rights or options were regarding this matter, but that I believed that what he had told me sounded like it might be (in NRC parlance) an "allegation", which NRC had procedures for handling. I suggested that he talk to Carlton Kammerer, who as Director, State Programs, would be in a better position to know what actions the NRC could or should take vis a vis (a) the handling of the potential allegation and (b) responsibilities and interactions with the State of Utah. Inasmuch as (1) the Envirocare facility is in the State of Utah and (2) Utah is an "Agreement State," I presume that Utah would have the ultimate responsibility for dealing with the allegation. On the other hand, it is my understanding that there is some current controversy over the State's handling of the Envirocare application. In any case, I felt that you would be the best source of information concerning what future actions to take, including entering any relevant information into the NRC allegation system.

[REDACTED] sounded very pleased and receptive to my suggestion that he speak to you, and our brief conversation ended on that note.

  
Mike Tokar



April 9, 1991

Mr. Larry Anderson, Director  
Bureau of Radiation Control  
State Department of Health  
288 North 1460 West  
Post Office Box 16690  
Salt Lake City, UT 84116-0690

Dear Mr. Anderson:

This is to confirm Joel Lubenau's telephone call to your office on April 9, 1991. On March 26, 1991 MRC staff received a potential allegation concerning the operations at the Envirocare, Inc. site (enclosed). We are forwarding it to you for follow-up, and we request being informed of the results of your inquiries.

Sincerely,

Original signed by:  
J. O. Lubenau

Carlton Kammerer, Director  
State Programs  
Office of Governmental and Public Affairs

Enclosure:  
As stated

9210060397 1P



# State of Utah

DEPARTMENT OF HEALTH  
DIVISION OF ENVIRONMENTAL HEALTH

Norman H. Bongrove  
Governor  
Julius D. Dwyer, M.D., M.P.H.  
Secretary  
K. Michael L. Anderson  
Director

200 North 1400 West  
P.O. Box 10000  
Salt Lake City, Utah 84110-0000  
(801) 538-6121

May 10, 1991

Carlton Kammerer, Director  
State Programs  
U.S. Nuclear Regulatory Commission  
Washington, D.C. 20555

Dear Mr. Kammerer:

On April 9, 1991, I received a phone call from Joel Lubenau regarding an allegation against Envirocare of Utah by a former employee. Mr. Lubenau correctly forwarded the allegation to the Utah Bureau of Radiation Control since Envirocare was, at the time, authorize to dispose of NORM.

On April 9, 1991, I assigned Dane Finerfrock to investigate the allegation. On that day, he contacted the alieger. A copy of this telephone record conversation is enclosed.

Additionally, on May 8, 1991, Mr. Finerfrock again contacted the alieger to close out the investigation. A copy of that telephone conversation record is also enclosed.

The Utah Bureau of Radiation Control considers this matter closed. We would appreciate this information be communicated to appropriate staff in State Programs and the Low-Level Waste Programs.

Sincerely,

  
Larry F. Anderson, Director  
Bureau of Radiation Control

Enclosures

91 MAY 29 AM 10:53

CFR/SLIP

9106100386-2 GPP



TELEPHONE OR VERBAL CONVERSATION RECORD		DATE 4/9/91	
		TIME 15:10	
<input type="checkbox"/> INCOMING CALL		<input checked="" type="checkbox"/> OUTGOING CALL	
<input type="checkbox"/> VISIT			
PERSON CALLING Dana Pinerfrock	OFFICE/ADDRESS Radiation Control	PHONE NUMBER 538-6734	EXTENSION
PERSON CALLED [REDACTED]	OFFICE/ADDRESS N/A	PHONE NUMBER [REDACTED]	EXTENSION [REDACTED]

CONVERSATION

ALLEGATION CONCERNING ENVIROCAPRE LICENSE # UT 2300249

SUMMARY

I spoke to [REDACTED] about his call to Mike Tokar, NRC; the NRC had referred his call to Larry Anderson, I was calling on behalf of the Utah Bureau of Radiation Control.

[REDACTED]. The reasons given were:

- (1) Difference of opinion with his management on "sales issues" and
- (2) His assertions to management that "they just don't know what they are doing."

Beyond those two comments, [REDACTED] would not provide more specific information

[REDACTED] stated that he doesn't believe he would receive a proper hearing in Utah because Mr. Serrani is "too powerful." I assured him I would investigate the situation carefully and completely. Again, [REDACTED] would not provide specific information regarding the allegation(s). I mentioned that there might be a way in which the NRC could conduct the investigation if we asked, but I was not certain of this. [REDACTED] told me he would phone back after he decided on a course of action.

REFERRED TO:	<input type="checkbox"/> ADVISE ME OF ACTION TAKEN.
ACTION REQUESTED <i>N A</i>	
ACTION TAKEN	INITIALS <i>[Signature]</i>
	DATE 4/9/91
	INITIALS
	DATE

TELEPHONE OR VERBAL CONVERSATION RECORD		DATE 5/6/91	
		TIME 09:00	<input type="checkbox"/> A.M. <input type="checkbox"/> P.M.
<input type="checkbox"/> INCOMING CALL <input checked="" type="checkbox"/> OUTGOING CALL		<input type="checkbox"/> VISIT	
PERSON CALLING D Finerfrock	OFFICE/ADDRESS ERC	PHONE NUMBER	EXTENSION
PERSON CALLED [REDACTED]	OFFICE/ADDRESS n/a	PHONE NUMBER [REDACTED]	EXTENSION [REDACTED]
SUBJECT CONVERSATION			
SUMMARY Allegations Concerning Envirocare UT 2300249			

I called [REDACTED] to inform him that I needed to close the inquiry into his allegations against Envirocare. [REDACTED] stated he wanted to "drop the matter" and "forget about it!" He further stated "that he didn't have enough to go on." I again offered our services or the NRC's but there was no interest. I told him that this matter was closed.

*[Handwritten signature]*





UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20582

JUL 09 1991

MEMORANDUM FOR: Robert L. O'Connell  
NMSS Allegation Coordinator  
Division of Industrial and  
Medical Nuclear Safety, NMSS

FROM: Richard L. Bangart, Director  
Division of Low-Level Waste Management  
and Decommissioning, NMSS

SUBJECT: STATUS OF ALLEGATION REGARDING ENVIROCARE FACILITY IN  
AGREEMENT STATE OF UTAH BURYING SOURCE MATERIAL  
-- ALLEGATION NUMBER - NMSS-91-A-0001

My staff has made every effort to track the above cited allegation since the initial telephone call by an individual on March 27, 1991, who expressed concern about the disposal of source material at the Envirocare facility at Clive, Utah. As discussed below, I do not believe that the Division of Low-Level Waste Management and Decommissioning (LLWD), however, should make a determination as to whether the allegation is closed.

The Envirocare facility is licensed by the State of Utah pursuant to Sec. 274b. of the Atomic Energy Act of 1954, as amended. The cognizant Nuclear Regulatory Commission (NRC) organization for Agreement State Sec. 274b. issues is State Programs (SP) within the Office of Governmental and Public Affairs.

On March 26, 1991, Dr. Tokar, Section Leader within LLWD, received a telephone call in which the individual expressed concern about Envirocare burying source material. Dr. Tokar wrote a note, dated March 27, 1991, to Mr. Carlton Kammerer, Director, SP, concerning this potential allegation. Dr. Tokar stated in his note that he believed Mr. Kammerer would be the best source of information concerning what future actions are to be taken, including entering any relevant information into the NRC allegation system.

On April 5, 1991, I sent a note to Mr. John Surmeier, Chief, Uranium Recovery Branch, LLWD, requesting that he track the Envirocare allegation by working with SP. This he did. On June 5, 1991, Mr. Surmeier provided me with a memorandum that transmitted correspondence from the State of Utah to SP that indicated the Utah Bureau of Radiation Control considered the matter closed after two telephone conversations with the individual.

Subsequent to the June 5, 1991, memorandum to me, Mr. Surmeier met with you to ascertain whether SP had entered the individual's concern into the NRC allegation system. He also provided you with the June 5, 1991, memorandum. Based on your review, the allegation concerning the Envirocare facility in the Agreement State of Utah was entered into the NRC allegation system.

9210060343 2pp



UNITED STATES  
NUCLEAR REGULATORY COMMISSION  
WASHINGTON, D. C. 20545

JUL 12 1991

MEMORANDUM FOR: Vandy L. Miller, Assistant Director  
for Agreement State Programs, SP

FROM: Robert L. O'Connell  
Allegation Coordinator, NMSS

SUBJECT: ALLEGATION RE: ENVIROCARE

You recently informed us of the status of an allegation forwarded to your office by NMSS concerning Envirocare, a licensee of the State of Utah. You referred the allegation to the state and received a report from the state indicating that after two unsuccessful attempts to obtain further information from the alleged, the state had closed the matter. As discussed in the enclosed memorandum dated July 9, 1991, from Dick Bangart, NMSS is not in possession of sufficient facts at this point to determine whether all concerns have been dealt with and the matter closed from NRC's standpoint. Therefore, pursuant to my conversation today with Lloyd Bolling of your staff, NMSS is referring the allegation to SP for further coordination with the state and for determination of whether any additional action is needed or whether the allegation should be closed.

*Robert L. O'Connell*  
Robert L. O'Connell  
Allegation Coordinator, NMSS

Enclosure: As stated

9240060392 1p



**ENCLOSURE 2**