

CV 02-01026 #00000042

THE HONORABLE ROBERT S. LASNIK

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FEB 04 2003 MR

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
BY _____ DEPUTY

CC: TO JUDGE MR

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

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PATRICIO SALINERO ARRIGORRIAGA,

Plaintiff,

v.

PW ARM'S INC., DAN'S SPORTING
GOODS, INC ,

Defendants

NO. C02-1026L

**DECLARATION OF LINDA J.
MERELLE IN SUPPORT OF
PLAINTIFF'S OPPOSITION TO
DEFENDANTS' MOTION TO
COMPEL DISCOVERY**

**Noted on Motion Calendar:
February 7, 2003**

Linda J Merelle declares as follows:

1. I am one of the attorneys for the plaintiff, Patricio Salinero Arrigorriaga, and I am competent to testify and make this declaration based upon personal knowledge.

2. Attached hereto as Exhibit 1 is a true and correct copy of the Contract of Sale and Purchase for the IMBEL Material Between Patricio Salinero A and Dan's Sporting Goods dated July 7, 2000

DECLARATION OF LINDA J MERELLE IN
SUPPORT OF PLAINTIFF'S OPPOSITION TO
DEFENDANTS' MOTION TO COMPEL - 1

SAVITT & BRUCE LLP
1305 Fourth Avenue Suite 414
Seattle, Washington 98101-2406
(206) 749-0500

1 3 Attached hereto as Exhibit 2 is a true and correct copy of the Contract of Sale
2 and Purchase for the Imbel Material Between Patricio Salinero A. and PW Arms, dated
3 July 7, 2000.

4 4. Attached hereto as Exhibit 3 are true and correct copies of excerpts of the
5 Deposition of Daniel Tobin, dated January 13, 2003.

6 5. Attached hereto as Exhibit 4 are true and correct copies of excerpts of the
7 Deposition of Stacy Prineas dated January 14, 2003.

8 6. Attached hereto as Exhibit 5 is a true and correct copy of the website of Dan's
9 Sporting Goods, Exhibit 11 to the Deposition of Daniel Tobin.

10 7. Attached hereto as Exhibit 6 is a true and correct copy of Defendants' Answer
11 dated, July 12, 2002

12 8. Attached hereto as Exhibit 7 is a true and correct copy of the parties' Joint
13 Status Report filed with this Court on August 16, 2002


14 9. Attached hereto as Exhibit 8 is a true and correct copy of correspondence from
15 the Department of the Treasury to Dan Tobin, Defendants' document production number
16 000484

17 10 Attached hereto as Exhibit 9 is a true and correct copy of the Complaint filed
18 on May 18, 2001.

19 11 Attached hereto as Exhibit 10 are true and correct copies of excerpts to the
20 Deposition of Patricio Salinero Arrigornaga, dated January 16-17, 2003

1 I declare under penalty of perjury and the laws of the State of Washington that the
2 foregoing is true and correct.

3 DATED this 3rd day of February, 2003.

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6 Linda J. Merelle, WSBA #22775

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THE HONORABLE ROBERT S. LASNIK

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

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Plaintiff,

v.

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GOODS, INC ,

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DATED this 3rd day of February, 2003

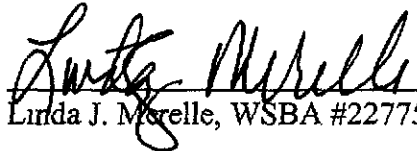

Linda J. Merelle, WSBA #22775

EXHIBIT 1

CONTRACT OF SALE AND PURCHASE FOR THE IMBEL MATERIAL

BETWEEN PATRICIO SALINERO A

AND PW ARM'S INC.

APPEARANCE

In Santiago of Chile, on July 7 of the year two thousand, PATRICIO SALINERO ARRIGORRIAGA, Identity Card N° 3 967 424-6, with residence in Santiago Almirante Barroso 08, for one side as the "Seller" and PW Arm's Inc , represented by STACY. N PRINEAS, Identity Card N° 073462203, with residence in 8525 152nd Ave Ne , Redmond, WA 98052, USA, the following Sale and Purchase Contract has been agreed

FIRST DECLARATION

PATRICIO SALINERO ARRIGORRIAGA has purchased the material indicated in the second clause of this Contract to the Army of Chile

SECOND OBJECT OF THE CONTRACT

Hereby, PATRICIO SALINERO ARRIGORRIAGA later on "The Seller", sells, gives and transfers to PW ARM'S INC, the following armament.

- 24 582 Assault rifles LIV M964 CAL 7,62 IMBEL brand
- 24 457 Bayonets f/rifle M964
- 66 357 Magazines for 20 rds
- 1.300 Manuals (aprox.)
- Accesorios

The material, object of the present contract, must be exported, deactivated, taking out the receiver or making it unusable, being exported as "Parts and Kits"



[Handwritten signature]
SNP

000246

THIRD PRICE AND PAYMENT CONDITION

The price of each rifle is of US\$ 84 FOB Chile, price which includes cutting and packaging all the material, according to specifications in enclosed annex.

Three shipments will be made to be paid in the following way

First shipment.

In two containers which will not exceed the maximum limit weight allowed
This will be paid with US\$ 300 000 in advanced, to be paid immediately where is indicated by the seller. Balance will be paid against shipping documents. This shipment will be made at 45 days, the latest, after signing the contract.

Second shipment

In three containers

Payment condition. The same procedure as the first shipment

This shipment will be made at 90 days the latest from the signing of the contract

Third shipment

Balance of the material

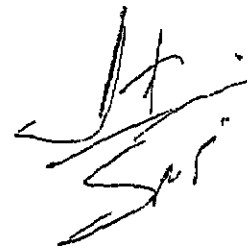
Payment conditions just like the above

This shipment will be made at 150 days the latest from the signing of the contract

FOURTH: DELIVERY

The Buyer will provide the corresponding End User Certificates for the material the soonest possible and according to the Seller's request. These End User Certificates must be legalized before the corresponding Consulate of Chile in USA.

The Seller has the right to use Dan's Sporting Goods Form 6 & IIC to export the material if desired.

A handwritten signature in black ink, appearing to be 'J. S. S.', located in the lower right quadrant of the page.

FIFTH. SELLING CONDITION

The material of this contract is sold in the condition that it is at this moment, that is known and accepted satisfactorily by the buying part, without later complaints

SIXTH. CONTRACT VALIDITY Contract depends on current USA laws, if laws change this contract is null & void

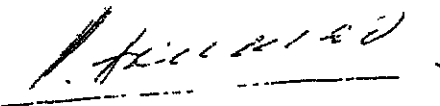
OBLIGATIONS OF THE SELLER AND BUYER

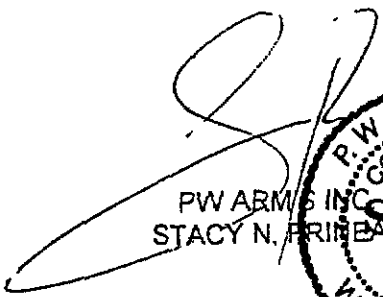

If one of the parts involved in this contract, the Buyer or the Seller, retracts this Contract, he will be forced to pay to the other part , as a matter of Indemnification, the amount of US\$ 500 000

SEVENTH. PERSONALITY OF THE SELLER

Here it is put in record that the representative of the Seller acts in accordance to the faculties corresponding to his position or by power for the firm PW Arm's Inc , USA

AS PROVE SIGN HERE, IN FOUR SETS, STAYING ONE IN POSSESSION OF THE BUYER AND ONE IN POSSESSION OF THE SELLER


PATRICIO SALINERO ARRIGORRIAGA
RUT 3.967 424-6


PW ARMS INC
STACY N. PRINTERS


000248

RECEIVER

cutting recommended over dismantling save time and man-hours
integrity of kit kept intact, saving the loss of
small parts

cocking handle to be kept intact
parts #'s 30,31,32,33,34,35,36

replace sear and take down pin in lower receiver
parts # s 108,109,110,111

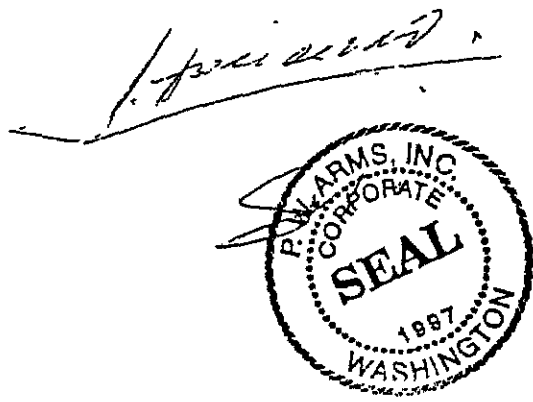
middle portion of receiver to be kept intact
parts #'s 25,26,27,28,29,37,38,39,40,41,42
{care to be taken to insure receiver portion along with bolt & carrier (46&53) receiver
cover(104) cocking handle be kept with corresponding kit it was removed from}

PACKING

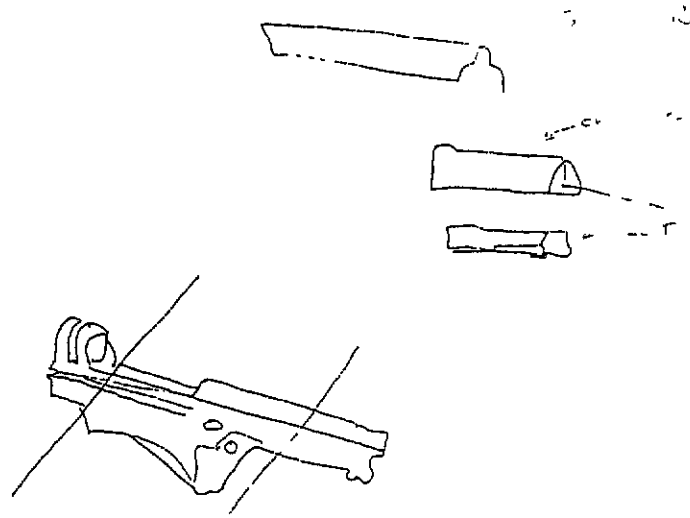
Each unit or kit consisting of complete lower, complete barrel assembly/front end,
cocking handle, receiver cover and mid-section of receiver to be bagged individually in
bag strong enough to with stand rigors of shipping

Units or kits to be packed in crates (50 per crate) able to be loaded & unloaded with fork
truck

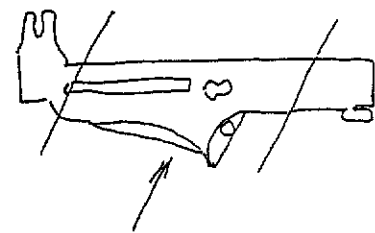
Accessories to be boxed or crated and to be loaded & unloaded with fork truck



CUTTING



COCKING HANDLE



MID PORTION TO
BE KEPT INTACT WITH
LOCKING SHOULDER, EJECTOR BLOCK AND
OTHER PARTS



EXHIBIT 2

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BETWEEN PATRICIO SALINERO A

AND DAN'S SPORTING GOODS

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FIRST DECLARATION

PATRICIO SALINERO ARRIGORRIAGA has purchased the material indicated in the second clause of this Contract to the Army of Chile

SECOND OBJECT OF THE CONTRACT

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- 24 582 Assault rifles LIV M964 CAL 7,62 IMBEL brand
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- 66.357 Magazines for 20 rds
- 1 300 Manuals (aprox)
- Accesories

The material, object of the present contract, must be exported, deactivated, taking out the receiver or making it unusable, being exported as "Parts and Kits"



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The price of each rifle is of US\$ 84 FOB Chile, price which includes cutting and packaging all the material, according to specifications in enclosed annex

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Second shipment

In three containers

Payment condition The same procedure as the first shipment

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Third shipment

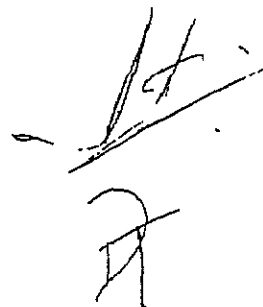
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The Buyer will provide the corresponding End User Certificates for the material the soonest possible and according to the Seller's request. These End User Certificates must be legalized before the corresponding Consulate of Chile in USA

Handwritten signature and initials in the bottom right corner of the page.

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SIXTH CONTRACT VALIDITY Contract depends on current USA laws, if laws change this contract is null & void


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SEVENTH PERSONALITY OF THE SELLER

Here it is put in record that the representative of the Seller acts in accordance to the faculties corresponding to his position or by power for the firm Dan's Sporting Goods, USA

AS PROVE SIGN HERE, IN FOUR SETS, STAYING ONE IN POSSESSION OF THE BUYER AND ONE IN POSSESSION OF THE SELLER



PATRICIO SALINERO ARRIGORRIAGA
RUT 3 967.424-6


DAN'S SPORTING GOODS
DANIEL TOBIN

RECEIVER

cutting recommended over dismantling save time and man-hours
integrity of kit kept intact, saving the loss of
small parts

cocking handle to be kept intact
parts #'s 30,31,32,33,34,35,36

replace sear and take down pin in lower receiver
parts #'s 108,109,110,111


middle portion of receiver to be kept intact
parts # s 25,26,27,28,29,37,38,39,40,41,42
[care to be taken to insure receiver portion along with bolt & carrier (46&53), receiver
cover(104), cocking handle be kept with corresponding kit it was removed from]

PACKING

Each unit or kit consisting of complete lower, complete barrel assembly/front end
cocking handle, receiver cover and mid-section of receiver to be bagged individually in
bag strong enough to with stand rigors of shipping

Units or kits to be packed in crates (~~50 per crate~~) able to be loaded & unloaded with fork
truck

Accessories to be boxed or crated and to be loaded & unloaded with fork truck

Approved


CUTTING

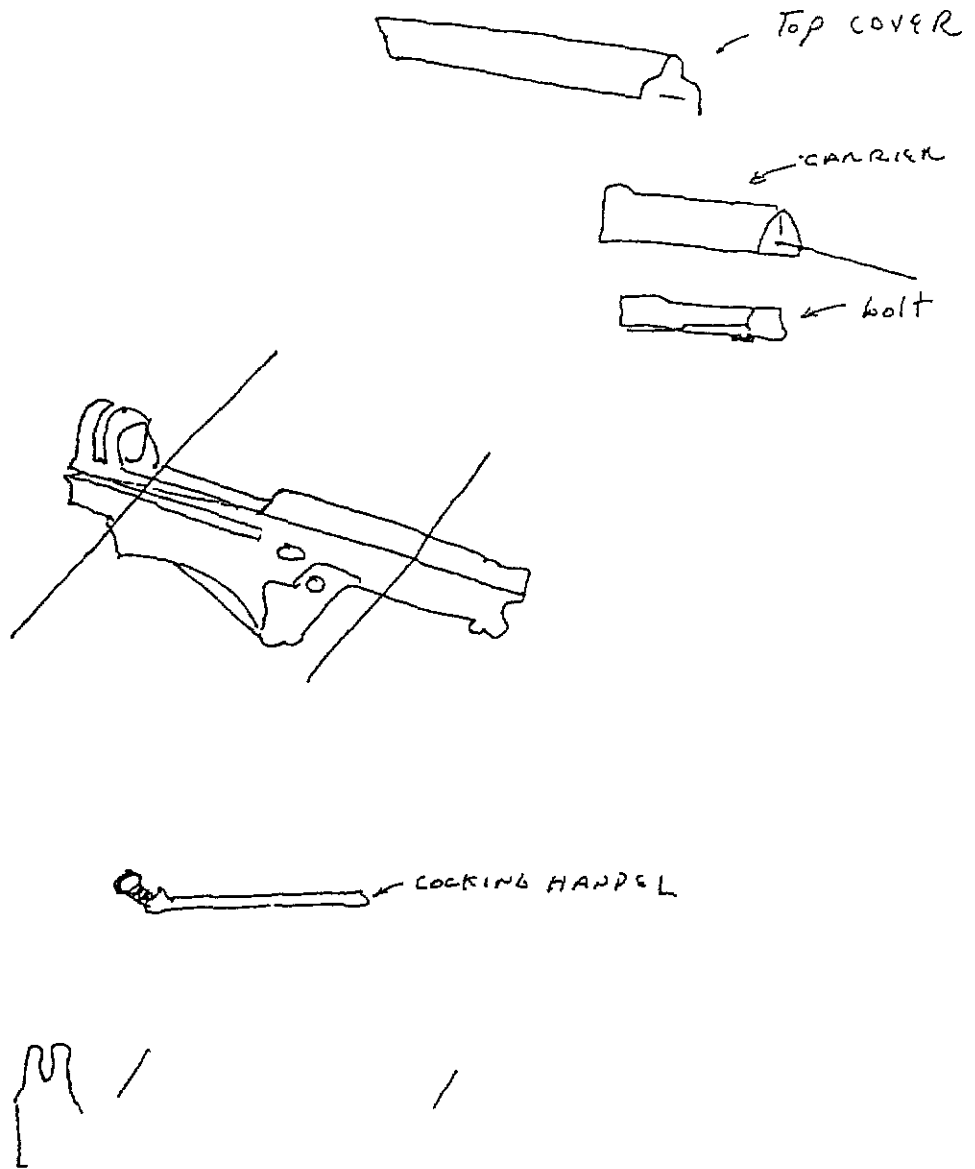


EXHIBIT 3

SAVILL & BRINTON, P.
JAN 24 2003

Condensed Transcript
Deposition
of
DANIEL WAYNE TOBIN
Arrigorriaga
v.
PW Arms Inc.

Date Taken. January 13, 2003

Reported by: Ronald Cook
CCR, RMR, CRR

QUAIL & COOK REALTIME REPORTERS
1326 FIFTH AVENUE, SUITE 722
SEATTLE, WASHINGTON 98101
(206) 389-9321

Page 49

1 your counsel
 2 Can you identify that document?
 3 A Yes
 4 Q And what is that?
 5 A It says it's a contract of sale and purchase
 6 for the Imbel material
 7 Q Can I look at that just for one moment?
 8 Okay
 9 And --
 10 MR MCKAY Excuse me
 11 MS MERELLE Go ahead I think I gave you a
 12 different document
 13 MR MCKAY Yeah So --
 14 MS MERELLE I apologize
 15 MR MCKAY No problem
 16 MS MERELLE I'll take this back
 17 MR MCKAY Thank you
 18 Q BY MS MERELLE Okay
 19 So this is -- it says "Contract of Sale and
 20 Purchase for the Imbel Material between Patricio Salnero
 21 and Dan's Sporting Goods?"
 22 A Yes, it does
 23 Q Now, at some point there was a con -- this is
 24 a contract that Mr Prineas and you signed at some point?
 25 A Could you repeat that?

Page 50

1 Q I will
 2 At -- at some point this is a contract that
 3 you signed, and Mr Salnero?
 4 A That's two different ones
 5 Q Just so I'm -- just for clarification, the
 6 contract that you have says between Mr Salnero and Dan's
 7 Sporting Goods, right?
 8 A Yes
 9 Q And at some point you and Mr Salnero signed
 10 that agreement, that contract?
 11 A Yes
 12 Q That's all I was asking
 13 A Okay
 14 Q I would like you -- I would like to refer you
 15 to --
 16 Now, this contract has got a number of
 17 what's -- paragraphs For example, the first one says
 18 "Appearance," and then there's a "First" and "Second," and
 19 then on the third page it says -- there's a "Thrd" and a
 20 "Fourth" paragraph, and then on the third page it says
 21 "Fifth" and "Sixth," and "Obligations" and "Seventh", is
 22 that right?
 23 A Yes
 24 Q What I would like to direct your attention to
 25 is the Page 3 and the fifth paragraph

Page 51

1 A Page 3?
 2 Q Are you there? Yes And the fifth
 3 paragraph
 4 A Yes
 5 Q And that refers to selling condition, is that
 6 right?
 7 A Yes
 8 Q Okay
 9 And it -- it -- it talks -- and I will just
 10 read it word for word It says, "The material of this
 11 contract is sold in the condition that it is at this moment,
 12 that is known and accepted satisfactorily by the buying
 13 part, without later complaints "
 14 Is that what that says?
 15 A It says that
 16 Q And -- and it says it on -- on the document
 17 that you're looking at, right?
 18 A Yes, it does
 19 Q Now, when you went to inspect these rifles in
 20 Chile, were you -- was your understanding that they were
 21 going to be purchased in the condition that they were in?
 22 A Yes
 23 Q Okay
 24 And would it be fair to say that that would
 25 be -- they would be being purchased as is?

Page 52

1 A Yes
 2 Q So once you -- whatever condition they were
 3 in when you purchased them, no one was going to -- at least
 4 Mr Salnero wasn't going to do anything more to them before
 5 you purchased them, is that right?
 6 A You -- you said that when I purchased them?
 7 Q When -- when they were -- when the tran --
 8 when PW Arm's and Dan's Sporting Goods entered into this
 9 contract
 10 A Yeah, there's a little bit of confusion with
 11 this contract that I --
 12 Q And we'll -- we'll talk about the contract in
 13 a moment All I want to talk about right now, though, is
 14 the condition of the firearms that you inspected Okay?
 15 That's what -- okay So the only thing I'm asking right now
 16 is, your understanding is that you were going to purchase
 17 the firearms in the condition that they were in?
 18 A I wasn't going to purchase them
 19 Q Okay
 20 The firearms were going to be purchased in
 21 the condition that they were in, is that right?
 22 A Yes
 23 Q And the only thing that Mr Salnero was
 24 going to do was to remove the receivers, is that right?
 25 A Yes

Page 53

1 Q Now -- you can -- you don't have to hold onto
 2 that
 3 A Okay
 4 Q So when you went to look at the rifles, you
 5 went down there so that you could tell Mr Prineas what
 6 condition they were in?
 7 A Yes
 8 Q And Mr Prineas chose you because you knew
 9 something about rifles, is that right?
 10 A Yes
 11 Q And you felt confident that you could go down
 12 to Chile and look at these firearms and report back to him
 13 about their condition?
 14 A The firearms, and I believe I wanted to meet
 15 Mr Salerno in person also
 16 Q So you -- you went down there to meet
 17 Mr Salmero and also you went down to look at the condition
 18 of the firearms?
 19 A Yes
 20 Q Now, when you looked at the condition of the
 21 firearms, did you distinguish between their mechanical
 22 condition and their cosmetic condition or did you just --
 23 how did you determine what condition they were in? What
 24 criteria did you use?
 25 A Cosmetically and mechanically

Page 54

1 Q Did you ever, for example, test fire any of
 2 the firearms?
 3 A No.
 4 Q Okay.
 5 And your inspection consisted of what
 6 specifically?
 7 A A general inspection of the rifle
 8 Q Does that -- does that just mean picking it
 9 up and looking at it?
 10 A We picked one up and we took it apart and
 11 looked at the internals
 12 Q Okay
 13 And -- and forgive me if I've -- if I've been
 14 vague enough to -- right now we're still talking about the
 15 first warehouse
 16 A Okay
 17 Q So in the first warehouse, did you take
 18 anything apart in that warehouse?
 19 A We took one rifle apart
 20 Q Okay
 21 And what were you looking for when you took
 22 it apart?
 23 A Internal wear
 24 Q Okay
 25 And where -- where would you have found that

Page 55

1 or discovered that? What part of the rifle?
 2 A The barrel
 3 Q Now, was it important, given the -- the size
 4 of this shipment, the size of this -- number of rifles under
 5 this contract, was it important to have some kind of an
 6 accurate view of what the shipment contained?
 7 A Could you ask that again?
 8 Q Sure
 9 Was it important to you to have -- to be able
 10 to give Mr Prineas an accurate view of what kinds of rifles
 11 were in these -- in this shipment that were going to be
 12 shipped under this contract?
 13 A Yes
 14 Q And when you went down there to look at them,
 15 you specifically wanted to be able to tell him what they --
 16 what condition they were in?
 17 A Yes
 18 Q How many rifles did you look at at the first
 19 warehouse?
 20 A I couldn't give you an exact number
 21 Q Okay
 22 You can give me an approximate number
 23 A Generally we -- the crates went on the floor
 24 A few hundred guns
 25 Q So when you -- for example, the crates that

Page 56

1 were on the floor, you said about 40 guns per crate
 2 A Mm-hmm
 3 Q Did you go through each one gun by gun?
 4 A No
 5 Q How did you go through them?
 6 A We looked into a few crates
 7 Q Okay
 8 Approximately how many guns per crate?
 9 A 40 guns
 10 Q No, no That you looked at per crate
 11 A Well, if there were 40 guns per crate,
 12 there's probably about 10 crates that were open and
 13 accessible
 14 Q When you say "open and accessible," what do
 15 you mean?
 16 A That you could actually look down and see the
 17 condition of various rifles
 18 Q Did you -- without doing anything? Did
 19 you -- I mean, I'm not sure what you mean by "accessible "
 20 A That you could just look at these rifles It
 21 wasn't necessary to pick every single one up and look at
 22 every one
 23 Q Okay
 24 So if you were looking at an open crate that
 25 was on the floor, just by looking you could see most of the

Page 57

1 40 rifles and what condition they were in?
 2 A Yes
 3 Q Is that what you mean by "accessible"?
 4 A Mm-hmm
 5 Q Okay
 6 Of the rifles that weren't lying on the
 7 floor, did you look at any of those?
 8 A It wasn't necessary, as -- as I was told that
 9 the rifles had very little firing and very little use, and I
 10 believe there were documents that would -- presented how
 11 much the guns were fired
 12 Q Okay
 13 So you determined that it wasn't necessary to
 14 look at the rifles?
 15 A At every rifle?
 16 Q Yes
 17 A It wasn't necessary for me
 18 Q Okay
 19 And what documents did you have that showed
 20 you or that somehow indicated to you how much the firearms
 21 had been fired?
 22 A I didn't see those exactly, but Mr Salerno
 23 said the rifles were only fired maybe 200 times on the
 24 average
 25 Q But there was no, for example, piece of paper

Page 58

1 in any of the crates or anything that was with the rifles
 2 that would have shown you how much they were fired?
 3 A No, I heard of -- of logs existed but I
 4 didn't see them
 5 Q Now, when you looked -- is that what -- one
 6 of the things that you were looking at, to see whether or
 7 not they had been fired a lot?
 8 A It wasn't that I was just looking at
 9 individual rifles I wanted to look -- just a general look
 10 at the whole lot It wasn't my duties or -- or intent to
 11 inspect every single rifle
 12 Q Okay
 13 How many did you intend to inspect?
 14 A I had no specific number that I was going to
 15 look at
 16 Q When you were inspecting these rifles was it
 17 your understanding that if you did not look at the rifle and
 18 you purchased it, that it was yours, with no complaints?
 19 A I wasn't the purchaser
 20 Q Okay
 21 When you looked at the rifle -- you were
 22 pur -- you were looking at them on behalf of Mr Prineas?
 23 A Yes
 24 Q Okay
 25 And was it your understanding that when you

Page 59

1 told Mr Prineas that he should pur -- that he should
 2 purchase these rifles or --
 3 Let me rephrase that
 4 Is it your understanding that when you
 5 selected these rifles to be purchased, that if you didn't
 6 look at them, they were yours, irrespective of the
 7 condition?
 8 A Can you ask that again?
 9 Q Sure
 10 Is it your understanding that when these
 11 rifles were purchased, even though they were not inspected,
 12 even though they were not looked at by you, that they were
 13 yours or Mr Prineas's, whoever was the purchaser? Is that
 14 right?
 15 A I can't answer that
 16 Q It wasn't your understanding that they
 17 weren't as is?
 18 A Can -- can you explain that again?
 19 Q Sure
 20 Was it your understanding that -- for
 21 example, that you could return the rifles if you didn't like
 22 the condition?
 23 A No
 24 Q Okay
 25 Is it -- was it your understanding that if

Page 60

1 you purchased -- if you -- if Mr Prineas purchased rifles
 2 or if you purchased rifles and you had not looked at them,
 3 that that was on you, that was your problem?
 4 A No
 5 Q What was your understanding?
 6 A It was between Mr Prineas and Mr Salerno
 7 Q And was it your understanding that if you --
 8 that if Mr Prineas purchased rifles that you had not looked
 9 at, and they turned out to be in some condition that he did
 10 not like, that that was fair under the contract?
 11 A The impression I had from the beginning was
 12 Mr Salerno was acting as an agent for Mr Prineas in -- in
 13 some kind of capacity
 14 Q Let's go back to the as-is clause in the
 15 contract, all right?
 16 A Mm-hmm
 17 Q Your understanding is that these rifles were
 18 going to be purchased as is?
 19 A Yes
 20 Q And there was -- and knowing that,
 21 Mr Prineas purchased these rifles knowing that you had not
 22 looked at many of them, is that right?
 23 A Yes
 24 Q And did he ever communicate to you that he
 25 was aware --

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1 First of all, did you tell him that you
 2 didn't look at all of the rifles?
 3 A Yes
 4 Q And did he ever communicate to you that it
 5 was unacceptable for you to not have looked at all of the
 6 rifles?
 7 A No, because I believe that he thought as time
 8 went on each rifle would have been inspected individually
 9 before it was shipped from the country
 10 Q Would it have been inspected by you before it
 11 was shipped from the country?
 12 A No
 13 Q And the purpose -- and you went to inspect
 14 them before the contract was signed so you could tell him
 15 the condition before the contract was signed, is that right?
 16 A Not the sole purpose
 17 Q That was one of the purposes?
 18 A One of the purposes
 19 Q And when you told him that you did not look
 20 at all of the rifles, he did not object to that?
 21 A No As I mentioned before, each rifle would
 22 have been looked at individually before it was shipped
 23 Q It would not have been looked at by
 24 Mr Prineas, is that right?
 25 A Not him nor I

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1 Q Okay
 2 And it would not have been looked at by any
 3 agents of PW Arm's, is that right, before it was shipped?
 4 A Other than Mr Salerno
 5 Q Mr -- and what -- let's -- let's answer that
 6 question It would have not have been looked at by any
 7 agent of PW Arm's; is that right?
 8 A Any agent?
 9 Q Yes
 10 A I thought Mr Salerno was acting agent of
 11 PW Arm's
 12 Q And what is your basis for that
 13 understanding?
 14 A He was an in-between for PW and the Chilean
 15 Army
 16 Q So when Mr Prineas signed a contract with
 17 Mr Salinero, you believed that Mr Salinero was acting as
 18 an agent of PW Arm's?
 19 A Yes
 20 Q And when you signed that contract that's been
 21 marked as Exhibit 1 you believed that Mr Salinero was
 22 acting as an agent of PW Arm's?
 23 A In some kind of capacity
 24 Q In what kind of capacity?
 25 A I -- I can't give an answer to that I don't

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1 have knowledge of that
 2 Q Was there any documentation that he was
 3 acting as an agent of PW Arm's?
 4 A Not that I know of, other than -- no, I --
 5 not that I know of
 6 Q Did Mr -- did Mr Prineas tell you that he
 7 was acting as an agent of PW Arm's?
 8 A No, I just imagined he would be
 9 Q Did Mr Salinero tell you that he was acting
 10 as an agent of PW Arm's?
 11 A I can't recall
 12 Q You can't recall whether or not he told
 13 you --
 14 A No
 15 Q -- that he was acting as an agent?
 16 A No
 17 Q Is there anything -- anything in any of the
 18 documentation that you have seen that says that Mr Salinero
 19 was acting as an agent of PW Arm's?
 20 A No
 21 Q In the first warehouse what percentage of
 22 rifles would you say that you looked at?
 23 A Less than one percent
 24 Q How long did your inspection last?
 25 A A few hours

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1 Q So you got there maybe about 10 00 or so in
 2 the morning?
 3 A Yes
 4 Q What time did you break?
 5 A One o'clock
 6 Q Did anybody -- was anybody rushing you?
 7 A No
 8 Q Did anybody tell you that you couldn't look
 9 at any more rifles?
 10 A No
 11 Q Did anybody tell you that there were some
 12 rifles available that -- you know, that -- that you couldn't
 13 get to?
 14 A Yes
 15 Q Okay
 16 Who told you that and what rifles were they
 17 talking about?
 18 A There was one building that rifles were
 19 stored in, we couldn't get to 'em because it was -- the
 20 lights -- there was no lights
 21 Q And -- and -- and this is -- this occurred
 22 when you were in the first warehouse?
 23 A The third warehouse
 24 Q We'll -- we'll get there in a second, but I'm
 25 talking about the first warehouse

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1 Were there any rifles that people referred to
 2 that -- at that time that said you could not get to them?
 3 A No
 4 Q Did you ask Mr Salinero anything about the
 5 rifles during your inspection?
 6 A A little history of the rifle
 7 Q Okay
 8 What did you ask him?
 9 A Anything he knows about this particular
 10 rifle's use and -- general history of it
 11 Q And what was the general history?
 12 A That they were bought in 1975 from the --
 13 from Imbel of Brazil, intended to be used in a border war
 14 with Argentine that never came about
 15 Q Is there anything else about the general
 16 history that --
 17 A They were probably issued and maybe used for
 18 training for a short while and then put away
 19 Q Was it your understanding that these --
 20 Let me ask you this What was your
 21 understanding of what had happened to these rifles from the
 22 time that they were purchased beyond the initial training
 23 that you've just described and the time that you were
 24 looking at them?
 25 A Very little use It seems that -- that

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1 somewhere down the line the Chileans switched from using the
 2 FAL rifles that -- as their general rifle and to a -- a
 3 different kind of rifle, and the FALS were just put away in
 4 storage
 5 Q Did you have any information how they were
 6 stored? For example, if they were stored in any kind of
 7 solvent or if they were just stored in --
 8 A It's typical of the military, they grease 'em
 9 and put 'em in a crate
 10 Q Was that evident when you looked at them,
 11 that they had been greased?
 12 A Yes
 13 Q Let's talk about -- when you -- when you --
 14 when you broke at about 1 00 or so in the afternoon, did you
 15 tell them, "I'm done, I'm through, I've seen what I" --
 16 "what I wanted to see"?
 17 A Not specifically
 18 Q Do you remember what you said?
 19 A No
 20 Q Did you indicate that you were done?
 21 A Yes
 22 Q Did you see everything you wanted to see?
 23 A Yes
 24 Q Did you go directly to the second warehouse
 25 or did you go someplace else after that inspection?

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1 A We walked from the first warehouse to the
 2 second warehouse
 3 Q Okay
 4 So it was within walking distance?
 5 A Walking distance, yes
 6 Q Okay
 7 Please describe the -- the second warehouse
 8 A Just a slightly smaller building Maybe a
 9 slightly less number of crates
 10 Q Okay
 11 Now, in either of the first or the second
 12 warehouse did you have any difficulty seeing? Was there a
 13 problem with any of the lighting, in the first or the second
 14 warehouse?
 15 A No
 16 Q And it was -- it was daylight and -- was it
 17 sunny?
 18 A Cloudy day
 19 Q But you didn't have any problems seeing?
 20 A First or second warehouse, no
 21 Q Okay
 22 Now, you had just come in from the east coast
 23 the night before, right?
 24 A Yes
 25 Q Were you suffering from jet lag or anything?

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1 A No
 2 Q Did you express to anyone that you needed to
 3 rest or anything like that?
 4 A No
 5 Q Did you have any medical condition that
 6 prevented you from inspecting the firearms?
 7 A No
 8 Q Do you -- do you know about how many fire --
 9 excuse me -- how many crates were in the second warehouse?
 10 A Exactly, no
 11 Q And you said it was a little bit smaller than
 12 the first warehouse?
 13 A Yes
 14 Q Which you estimated at approximately 10,000
 15 square feet?
 16 A Yes
 17 Q Was -- and -- and I believe you thought --
 18 excuse me I believe your recollection was that that
 19 warehouse was approximately -- was -- was almost full with
 20 crates, is that right? The first warehouse
 21 A Two-thirds
 22 Q Two-thirds
 23 How would you describe how full the second
 24 warehouse was?
 25 A One-half

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1 Q Did you inspect any crates in the second
2 warehouse?
3 A We looked in two or three crates
4 Q When you say "we," who is that?
5 A Mr Salerno and
6 Q Okay
7 Where were these crates? Were they on the
8 floor, did you have to reach up off of a stack or how did --
9 where were they situated?
10 A I believe they were stacked but not quite as
11 high as the other one, the first warehouse
12 Q Did you need the assistance of a -- of a
13 forklift or any other person to help you get access to those
14 crates and look at them?
15 A I'm not sure, but maybe one crate was lifted
16 down with a fork truck or -- I just can't recall
17 Q Okay
18 How many firearms or how many rifles did you
19 look at in the second warehouse?
20 A We looked through one crate
21 Q So that would be about 40?
22 A Yes
23 Q What were the condition of those firearms
24 that you looked at in the second warehouse?
25 A Same condition as the first

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1 Q Which was?
2 A Good condition
3 Q Okay
4 And when you say good, is -- is that -- is
5 that just a general term or is that --
6 A Very general
7 Q -- an industry standard?
8 A That's a very general term
9 Q So that -- when you say they were in good
10 condition, you were expressing your opinion of how they
11 looked to you?
12 A Yes
13 Q Okay
14 And is there anything specific about that?
15 When you say good, is there something that you were focusing
16 on to make that determination?
17 A No, it's a very broad general term
18 Q Okay
19 A Functional rifle
20 Q You did not test fire any rifles, right?
21 A No
22 Q Is there a way to determine their
23 functionality by looking at them?
24 A Yes
25 Q How is that?

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1 A Just a -- a rifle that's been in storage
2 Q For example, was there anything in particular
3 about the barrel?
4 A No
5 Q Is there anything particular about any other
6 part of the rifle that you would look at and say, A, it's
7 functional, and B, that it's good?
8 A It's functional or not functional
9 Q Okay
10 And how -- and how do you determine that by
11 just looking at it?
12 A It's a very good indication they looked like
13 functional rifles Good rifles
14 Q Does that mean they're in one piece? I'm
15 still not clear
16 A One complete rifle, yes
17 Q Okay
18 And they have a -- a trigger or they have
19 some point -- part that you can file the rifle when you look
20 at it?
21 A Yes
22 Q And they have a barrel?
23 A Yes
24 Q And you're looking at that?
25 A Yes

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1 Q Okay
2 What would be an example of something that
3 you thought was not -- when you looked at it you said it's
4 not functioning?
5 A Broken -- broke stock, hand guards bent
6 Q Did you see any of those during your
7 inspection?
8 A No, I've seen minor things, but -- but
9 something I really wasn't looking for detail
10 Q Did you ask about -- I'm talking about the
11 first and second warehouse Did you ask or did anyone say
12 anything to you or make a representation about what was in
13 the crates -- the condition of what was in the crates that
14 you didn't look at?
15 A I probably was told that this is -- what we
16 see right here is what's in every other crate
17 Q Is that something that you -- who would have
18 said that to you?
19 A Mr Salerno or the Army gave me that
20 impression that -- that what I'm looking at is a general
21 representation of everything that's in the crates
22 Q Did you have conversations with the members
23 of the Army that were there?
24 A Some minor talk
25 Q And what did you discuss?

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1 A Just rifles in general
 2 Q And these -- these members of the Army, they
 3 spoke Spanish?
 4 A Yes I could -- we could just point and talk
 5 and -- no real conversation
 6 Q What happened when you went to the third
 7 warehouse?
 8 A Nothing
 9 Q When you say nothing, does that mean you
 10 didn't go there or you didn't go in?
 11 A We opened up the door and it was dark
 12 Q Okay
 13 Do you have any idea what was -- did anybody
 14 tell what you was in there?
 15 A Remainder of the rifles
 16 Q Did they tell you about how many were there?
 17 A No
 18 Q Okay
 19 Were you able to see anything?
 20 A No
 21 Q So no one went in, you simply opened up the
 22 door, couldn't see, and you left?
 23 A Mm-hmm
 24 Q Okay
 25 Did you do all warehouses in the first day?

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1 A Yes
 2 Q And what -- about what time were you through?
 3 A I'd estimate one o'clock in the afternoon
 4 Q For all three?
 5 A Yes
 6 Q Did you report back to Mr. Prineas about what
 7 you'd found?
 8 A Yes
 9 Q When did you -- did you speak to him?
 10 A On telephone, yes
 11 Q Okay
 12 When did you speak to him?
 13 A A little bit later that afternoon
 14 Q What was your conversation?
 15 A I don't recall exactly Very general
 16 Q Did you --
 17 Go ahead I'm sorry
 18 A Just general conversation
 19 Q Did you talk about what you'd found?
 20 A Yes, I mentioned the -- the rifles are in
 21 good condition, functional rifles
 22 Q Did you tell him how many that you'd looked
 23 at?
 24 A I can't recall
 25 Q So you don't know if you told him that you

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1 only looked at about one percent of the rifles?
 2 A Yes, I -- it was a small number that I looked
 3 at
 4 Q Did you tell him that it was about one
 5 percent?
 6 A No, I didn't say exactly one percent
 7 Q Did he ask you how many you looked at?
 8 A No
 9 Q Did you have conversations about whether or
 10 not he would purchase the parts kits?
 11 A Yes
 12 Q And what was that con -- what -- what were
 13 those discussions?
 14 A I can't recall the exact discussions but that
 15 was the general impression of the purpose
 16 Q The purpose of your inspection?
 17 A Yes
 18 Q And based on what you reported back to him,
 19 he agreed to purchase the firearms?
 20 A Yes
 21 Q And -- and it was your understanding that
 22 those firearms would be purchased as they were?
 23 A Yes
 24 Q And do you know if Mr Prineas expressed that
 25 that was his understanding, as well?

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1 A Yes
 2 Q And when he purchased those firearms, both
 3 you and Mr Prineas knew that you had not looked at the vast
 4 majority of them?
 5 A Yes
 6 Q You, I believe, said that you were in
 7 Santiago from approximately July 4th to July 8th?
 8 A Yes
 9 Q And so your inspection would have occurred on
 10 July 5th?
 11 A Yes
 12 Q Did you look at anything on July 6th or -- or
 13 any of the remaining dates that you were there?
 14 A No
 15 MR MCKAY By that -- so I understand the
 16 question, by that were you asking if he inspected any other
 17 rifles?
 18 MS MERELLE That's right
 19 MR MCKAY All right
 20 Q BY MS MERELLE Did you inspect any other
 21 rifles on the remaining dates?
 22 A No The inspection of the rifles was over
 23 Q Okay
 24 Did you request any further inspection?
 25 A No

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1 Q Did you have any more -- on the remaining
 2 dates, and I -- I believe it's July 6th, 7th, and you left
 3 on the 8th, did you have any discussions with Mr Salinero?
 4 A Yes
 5 Q Tell me about what your discussions were
 6 A Business or personal?
 7 Q Let's start with business
 8 A Discussed, as -- as mentioned here, the
 9 cutting -- the demilling of the rifles was the main agenda
 10 that -- of our conversation
 11 Q Okay
 12 And were you giving Mr Salinero instructions
 13 on how to demill the rifles?
 14 A Yes
 15 Q Okay
 16 And how did that -- tell me how that -- how
 17 that went
 18 A. According to our -- our government
 19 regulations, a rifle has to be demilled in a certain manner
 20 Q Okay
 21 And you were instructing him on that manner?
 22 A Yes
 23 Q Okay
 24 Was there anyone else involved in -- or
 25 participating in how those would be demilled?

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1 A Mr Salerno and I talked about it, and I --
 2 he's got one of his employees to demill the actual rifle
 3 Q Did -- was there any sample rifle that was
 4 cut according to the standards?
 5 A Yes
 6 Q And can you describe how they are cut?
 7 A There's a diagram at the end -- end of this
 8 contract which describes how the receiver was cut
 9 Q Okay
 10 A. Or will be cut
 11 Q And in that diagram it -- it looks as if
 12 there's simply a piece cut out of the middle of the
 13 receiver, is that right? Is that a fair statement of what
 14 that diagram represents?
 15 A That's a fair statement
 16 Q Okay
 17 And how -- how big would that piece be?
 18 A Three inches by two inches by three inches
 19 Q And that's the piece that's actually cut out?
 20 A Yes
 21 Q Three inches by two inches by three inches?
 22 A Mm-hmm
 23 Q So when -- when the cutting is done you have
 24 essentially this piece that's three-by-two-by-three --
 25 A Yes

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1 Q -- somewhere that's -- that's been removed?
 2 A Yes
 3 Q Now, this contract, what we've been talking
 4 about, that's been marked as Exhibit 1, you -- there's one,
 5 two, three, four, five pages to this contract, right? To
 6 this document
 7 A I have five pages, yes
 8 Q And the last page of that document is a -- is
 9 what you and I were discussing, a diagram of how the
 10 receivers should be cut?
 11 A Yes
 12 Q And then on each page there is -- let's go
 13 page by page On the first page there are some set of
 14 initials on the bottom right-hand corner, is that right?
 15 A Yes
 16 Q And are -- are -- is any of those initials --
 17 are any of those initials yours?
 18 A Yes
 19 Q Okay
 20 And your initials would be DT?
 21 A Yes
 22 Q And on the second page, your initials are on
 23 that page?
 24 A Yes
 25 Q And on the third page, there's actually a

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1 signature line for Mr Salinero that's signed and a
 2 signature line for Dan's Sporting Goods, is that right?
 3 A Yes
 4 Q And your signature is on that --
 5 A Yes
 6 Q -- space?
 7 There's also another page that is -- talks
 8 about the receiver and packing; is that right?
 9 A Yes
 10 Q And that's got your -- that's got your
 11 signature on it?
 12 A Yes
 13 Q Excuse me Your initials
 14 A Yes
 15 Q This was initialed and signed by you on
 16 July 7th?
 17 A Yes
 18 Q And that's approximately the day before you
 19 left?
 20 A Yes
 21 Q Now, did you have -- on July 7th did you have
 22 con -- any conversations or discussions with Mr Prineas
 23 about signing this contract?
 24 A Yes
 25 Q What were those conversations?

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1 A It was a conversation almost like a
 2 conference call, because I was in Mr Salerno's office
 3 This contract was probably put together in -- on the 6th and
 4 7th, both days, actually, back and forth and phone calls and
 5 agreements and details
 6 Q Okay
 7 When you say "back and forth and phone
 8 calls," who -- who would those phone calls have been
 9 between?
 10 A Myself, Mr Salerno, his secretary, Pamela,
 11 and Mr Prineas
 12 Q Okay
 13 Would -- during those phone calls would --
 14 would every one of those four people that you just named
 15 always have been involved, or would there have been, for
 16 example, just a call between you and Mr Prineas or a call
 17 between Mr Prineas and Mr Salnero?
 18 A Just a combination of all that
 19 Q Okay
 20 Now, in the appearance paragraph on this
 21 contract it indicates, among other things, that there is
 22 Patricio Salnero, whose residence is in Santiago
 23 A Yes
 24 Q And then it says Dan's Sporting Goods,
 25 represented by Daniel Tobin, and it gives other identifying

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1 information, such as an identity card number and an address,
 2 is that correct?
 3 A Yes
 4 Q Did you have a chance to review this contract
 5 before you initialed and signed it?
 6 A Yes
 7 Q And this contract, in -- in the "Second"
 8 paragraph, describes what is being purchased under the
 9 contract, is that right?
 10 A Yes
 11 Q And that is 24,582 assault rifles, Imbel
 12 brand?
 13 A You're talking the first or second -- first
 14 declaration?
 15 Q The -- under the "Second" paragraph, the
 16 first line There's a listing of items that are the subject
 17 of the contract
 18 A The second and third There's a -- I'm a
 19 little confused here
 20 Q Sure
 21 A The first declaration --
 22 Q Right
 23 A -- says that Mr Salerno has purchased the
 24 material and the third paragraph gives a detail of the
 25 material

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1 Q Okay
 2 And that -- that third paragraph that you're
 3 referring to is actually entitled "Second Object of the
 4 Contract"?
 5 A Yes
 6 Q Is that right?
 7 Okay
 8 And in that -- in that paragraph there's a
 9 listing of the items that are to be purchased under the
 10 contract?
 11 A Yes
 12 Q And there's the rifles, right? Over 24,000?
 13 A Yes
 14 Q And then there's bayonets, and over 66,000
 15 magazines, and 1,300 manuals, approximately?
 16 A Yes
 17 Q Now, can -- if -- if you would, could you
 18 please turn to the second page of this document
 19 And at the top of that it -- there's a
 20 heading that says "Third Price and Payment Condition "
 21 A Yes
 22 Q Now, there's a listing of -- it says, "Three
 23 shipments will be made to be paid in the following way " Is
 24 that on your copy?
 25 A Yes

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1 Q And it lists the first, second shipment and
 2 the third shipment
 3 A Yes
 4 Q Did you have any discussions about how these
 5 shipments would be made?
 6 A Yes
 7 Q Okay
 8 What were those discussions?
 9 A It's fairly self-explanatory First shipment
 10 was two containers I would believe that the amount of
 11 firearms in them, which I believe is somewhere -- supposed
 12 to be 2,000 kits per container
 13 Q Now, do -- is there one size for a container?
 14 A 20- and 40-foot
 15 Q Okay
 16 And the 2,000 would fit in which size?
 17 A You could probably put 'em in either size
 18 Q Does it matter when you're shipping them
 19 which size you use?
 20 A There's a lot of variables there
 21 Q Okay
 22 A What's available, for one Could be other
 23 things too
 24 Q Can you put the same amount of weight in --
 25 if you filled up a 40-foot container and you filled up a

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1 20-foot container, could you put the same amount of weight
 2 in each?
 3 A Well, theoretically you could put --
 4 Q Why do you say theoretically?
 5 A You could put twice the amount of weight in a
 6 40-foot, but there's -- you get into other stipulations No
 7 matter how big, 20, 40, a hundred foot long, there's a limit
 8 in how much weight you could actually put in a container
 9 Q So irrespective of the --
 10 That's the length, right, 40 feet and
 11 20 feet?
 12 A Yes, mm-hmm
 13 Q Irrespective of the length, the -- another
 14 limiting factor is the weight?
 15 A Yes
 16 Q Is there a limiting factor on the number of
 17 items? Other than the capacity that it will contain, is
 18 there -- is there any other rule regarding how many you
 19 could put in it?
 20 A No
 21 Q Do you know why it was sent out in three
 22 shipments?
 23 A Maybe because the --
 24 Do I know why?
 25 Q Yes

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1 A Maybe because of the size of the -- the --
 2 the volume of the material, the number, of which I mean the
 3 25,000 There's probably a lot of other reasons which
 4 weren't really available to me
 5 Q So it's fair to say that you didn't draft
 6 these provisions of the contract, right?
 7 A These provisions here? No
 8 Q And did you have any discussions with
 9 Mr Salnero about those provisions?
 10 A Yes
 11 Q Okay
 12 And what were your discussions with him?
 13 A I -- if I can recall, maybe lining up
 14 containers He was calling shipping companies to see what
 15 was available 20, 40 shipment dates Then I imagine he'd
 16 communicate with Mr Prineas on the finer details of this
 17 Q Okay
 18 But your -- your conversations with him --
 19 A Very general Just general Trying to
 20 figure out what's going on, what's available, and when and
 21 how
 22 Q Had you lined up anything with Mr Salnero
 23 before you left Chile regarding the shipment?
 24 A I believe there were plans already made
 25 Q Do you know what those plans were?

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1 A There were certain dates that I -- I can't
 2 recall that -- that ships leave Santiago for the United
 3 States
 4 Q Did you have -- were there any specific plans
 5 about the size of the container that would be used?
 6 A I know there was some debates between 20 and
 7 40, but I -- for some reason something was odd Maybe the
 8 20-foot containers cost more than the 40-foot Could be
 9 something like that I'm not sure
 10 Q Do you know what -- did Mr Salnero say
 11 anything to you about which containers he was going to use
 12 for that first shipment?
 13 A I know we talked about containers but I can't
 14 recall the exact details
 15 Q Do you know whether or not it's significantly
 16 more --
 17 Strike that
 18 Do you know whether or not it's more
 19 expensive to ship a 40-foot container than a 20-foot
 20 container?
 21 A There was something odd there It could have
 22 been the 20-foot ones were more expensive than the 40-foot
 23 ones, for some reason I'm -- I'm not sure
 24 Q Had you ever done that kind of shipping
 25 involving those size containers? In your business Using

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1 40-foot or 20-foot containers
 2 A Have I?
 3 Q Yes
 4 A Can you explain that?
 5 Q Sure
 6 Have you ever been involved in a shipment
 7 that involved either the 20-foot or 40-foot containers?
 8 A Yes, I'm familiar with container deliveries
 9 of 20-foot and 40-foot
 10 Q And was it your understanding that the -- did
 11 you have an -- an understanding about how many rifles would
 12 fit in the 40-foot container, given what you had seen?
 13 A I know we -- we talked about it but I can't
 14 remember exactly
 15 Q Was there any particular reason to ship two
 16 containers on the first shipment, three containers on the
 17 second, and then -- is there any reason for the difference
 18 between those two, that you were aware of?
 19 A Other than this was supposed to be done in an
 20 orderly fashion
 21 Q So if it -- if it was done --
 22 A There's constraints on how much people can
 23 handle at one time
 24 Q And what do you mean by "people can handle"?
 25 A Just logistics Volume or -- I'm sure

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1 there's a lot of things that come into play
 2 Q So when you say people, are you mean -- are
 3 you talking about the people actually shipping the
 4 documents, the people in the shipping industry, or the
 5 people receiving them?
 6 A Everybody
 7 Q And do you know if there was any specific
 8 constraints involving PW Arm's or Dan's Sporting Goods or
 9 Mr Salinero that required them to be -- be set out in this
 10 fashion?
 11 A It was just agreed to ship two containers
 12 and -- just like it says -- two containers the first time,
 13 it was agreed to ship three containers on the second
 14 shipment, and the remainder on the third shipment
 15 Q But did you know of any particular
 16 constraints that related to Mr Prineas's business,
 17 Mr Salinero's business or yours that dictated that they be
 18 shipped in this fashion?
 19 A It was probably out of common sense that as
 20 he demills so many rifles, and you can only -- I don't know
 21 the exact -- I imagine you could figure it out how many
 22 rifles you could demill in a certain time, and demill the
 23 rifles and load 'em up for the first shipment and get it --
 24 get it moving. Supposedly that was supposed to get to the
 25 United States and taken care of and inspected and shipped to

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1 wherever it's going, and the second shipment was to follow
 2 in -- in a nice orderly fashion, and eventually the third
 3 shipment
 4 Q Did you know if there was any reason that
 5 there should be two containers in the first shipment and
 6 three specifically in the second? Do you know of any
 7 constraints that were mentioned to you by Mr Salinero or by
 8 Mr Prineas?
 9 A It was just the way it was agreed upon,
 10 two -- two containers first time, three containers the
 11 second, and the balance the third.
 12 Q So you weren't aware of any constraints that
 13 required two containers the first time and three containers
 14 the second time? You weren't aware of any constraints that
 15 were expressed to you, so that it couldn't be in any other
 16 combination?
 17 A No
 18 Q Did you have any discussions with
 19 Mr Salinero about the "Fourth" paragraph?
 20 MR MCKAY Excuse me for interrupting
 21 MS MERELLE Certainly
 22 MR MCKAY I believe Mr Tobin has expressed
 23 some level of confusion. When you reference the "Fourth"
 24 paragraph, I think he's going to the fourth paragraph into
 25 the contract, and I believe -- based on your questions, I

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1 understand you're referencing Section 4, in this case the
 2 bottom of -- of Page 2, so if we could clarify that I'd
 3 appreciate it
 4 MS MERELLE That is correct
 5 Q When I say the "Fourth" paragraph I mean the
 6 paragraph that is entitled "Fourth Delivery," and that is
 7 at the bottom --
 8 A Okay. Could you ask your question again?
 9 Q Sure
 10 Did you have any conversations or discussions
 11 with Mr Salinero regarding that paragraph?
 12 A Did I have dis --
 13 Q Yes, did you have -- before you signed the
 14 contract or initialled it, were there -- did you have any
 15 discussions about that paragraph?
 16 A Yeah, I'm -- I don't want to be confusing
 17 here everything but there's -- this is a -- the vagueness of
 18 this is confusing in a way. As it states, the buyer, and I
 19 know my signatures are on there but -- but I'm really not
 20 the buyer of this
 21 It's self-explanatory
 22 Q And all I'm asking is whether or not there
 23 was any negotiations or conversations between the parties
 24 about what was going to go into that -- that paragraph
 25 entitled "Fourth Delivery"

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1 A No
 2 Q We have discussed the paragraph at the top of
 3 the next page that's entitled "Fifth Selling Condition,"
 4 and then the paragraph following that is entitled
 5 "Sixth Contract Validity"
 6 A Yes
 7 Q Now, did you see that -- did you read that
 8 section of the contract prior to signing it?
 9 MR MCKAY Which section? You referenced
 10 "Fifth" and "Sixth." Which one are you asking about?
 11 Q BY MS MERELLE The paragraph section that
 12 is entitled "Sixth. Contract Validity"
 13 A That was a very big part of our discussion in
 14 writing this document.
 15 Q Okay
 16 Now, I'll just -- I'll just read that
 17 paragraph out loud for the record
 18 A Okay
 19 Q It says, "Contract depends on current USA
 20 laws, if laws change this" -- "current USA laws, if laws
 21 change this contract is null & void"
 22 A That was one part of the contract that we
 23 very specifically talked about
 24 Q Okay
 25 So when you -- when you say "we," who are you

Deposition of Daniel W. Tobin

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1 speaking of?
 2 A Again, conversation between Mr Salerno,
 3 Pamela and Mr Prineas
 4 Q Okay
 5 Now, there were some conversations --
 6 Let me back up just a little bit You
 7 indicated earlier that there were a combination, for
 8 example, of your -- you having conversations with
 9 Mr Salnero individually and then you having conversations
 10 with Mr Prineas individually, and there were some occasions
 11 where you had conversations with Mr Salnero and
 12 Mr Prineas present, and also Ms Comejo present, is that
 13 right?
 14 A Yes
 15 Q Did you ever have any conversations with
 16 Ms Comejo individually, without the other parties present
 17 by telephone or in person?
 18 A Yes
 19 Q Okay
 20 About this -- this contract
 21 A Maybe Mr Salerno might have left the room
 22 and we continued to talk about this or change the language
 23 or type it up, in that capacity
 24 Q Do you remember that specifically?
 25 A Not specifically I'm sure moments have

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1 occurred
 2 Q Let's go back to focusing on the "Sixth" --
 3 what is entitled "Sixth Contract Validity "
 4 A Yes
 5 Q Now, did you have discussions -- and let's --
 6 let's break this down about who you talked with specifically
 7 and -- and when, if we can
 8 A Okay
 9 Q Before the contract was signed did you
 10 discuss this independently with Mr Prineas?
 11 A Yes
 12 Q Okay
 13 What were your discussions --
 14 First of all, what were you concerned
 15 about -- or what was -- what were you or Mr Prineas
 16 concerned about with regard to that --
 17 A Well, in this industry there's -- it's hard
 18 to -- it's hard to say what was going on Our concern
 19 was -- I believe PW Arm's wanted their -- their goal was to
 20 import these kits and -- and build rifles with these But
 21 we couldn't -- we -- we were not -- we weren't sure at the
 22 time of -- anything could change As -- the last couple of
 23 years the U S laws were changing all the time
 24 Q Was there any particular law that may have
 25 been pending or that you knew about that may affect this

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1 contract?
 2 A At that time, no
 3 Q Was there any particular law that Mr Prineas
 4 expressed to you that he was concerned about?
 5 A Other than a very general reasoning that
 6 imports can be stopped of this particular products
 7 Q What -- how many discussions did you have
 8 about this, do you remember?
 9 A This went on for two days
 10 Q So this is -- and when you say it went on for
 11 two days, this is while you were in Chile?
 12 A Yes
 13 Q Do you know if Mr Prineas had a copy of a
 14 contract --
 15 A I'm sure --
 16 Q -- during your discussions with him?
 17 A This could have been faxed back and forth
 18 Q Okay
 19 So it's your understanding that he was able
 20 to look at these provisions, as well?
 21 A Yes
 22 Q During the course of --
 23 Actually, since I only have five minutes, why
 24 don't we -- why don't we stop here
 25 THE VIDEOGRAPHER Okay One second

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1 We're going off record The time is 11 36
 2 This is the end of Tape 1
 3 (Discussion off the record)
 4 (Short recess)
 5 THE VIDEOGRAPHER We are back on record
 6 The time is 11 43 This is the beginning of Tape 2 in the
 7 deposition of Dan Tobin
 8 Q BY MS MERELLE Okay Mr Tobin, we were
 9 talking about Exhibit 1, which is a contract, and we were
 10 talking about the paragraph that's entitled "Sixth Contract
 11 Validity "
 12 Now, you indicated, I believe, that you
 13 had -- there were some general concerns of change in the
 14 U S law, and that Mr --
 15 Is that right? You nodded your head
 16 A Yes
 17 Q And that Mr Prineas didn't express to you
 18 any specific law but that he was concerned about laws
 19 changing in general
 20 A Yes
 21 Q And was that your -- that was your
 22 understanding of why that clause was in the contract, as
 23 well?
 24 A Yes
 25 Q Now, during the course of your involvement in

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1 this purchase of these Imbel parts kits from Salnero, did
 2 the law change? Was it your understanding that the law
 3 changed?
 4 A Yes
 5 Q Please -- what was that change?
 6 A It's -- there was a ruling sometime in August
 7 that banned further importation of barrels, receivers and
 8 frames
 9 Q And how did you hear about this ruling?
 10 A Just through the industry
 11 Q You didn't hear it from any particular
 12 person?
 13 A No
 14 Q For example, you did not hear it from
 15 Mr Prineas?
 16 A No There was a change that -- as I look
 17 back, that -- that was dated sometime in August, and we've
 18 discussed it through the month of September, and I believe
 19 there was written -- something in writing was sent to all
 20 the importers later on
 21 Q When you say you discussed it in September,
 22 who is "we"?
 23 A Everybody we could talk to, to find out the
 24 details of this -- these new rulings
 25 Q Did you discuss it with Mr Prineas?

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1 A Yes
 2 Q Did you discuss it with Mr Salnero?
 3 A Generally, yes
 4 Q When did you discuss it with Mr Salnero?
 5 A There must have been some phone conversations
 6 that -- between Mr Salerno or Pamela that we might have
 7 mentioned this
 8 Q When was that?
 9 A Could have been through the month of
 10 September or October
 11 Q And what -- would you have any documentation
 12 of those phone calls?
 13 A No
 14 Q And what did you say in those phone calls?
 15 A Described the current situation that was
 16 going on in this country
 17 Q And what was that?
 18 A No one was really sure of the -- what was
 19 going on
 20 Q Did you tell Mr Salnero that that would
 21 affect this contract?
 22 A Yes
 23 Q What specifically did you say to him?
 24 A I can't recollect that
 25 Q How do you know you specifically told him?

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1 A I could -- a point as important as this, I
 2 imagine we might have said something There were just phone
 3 communications
 4 Q How do you specifically know that you told --
 5 you said you imagine you might have said something How do
 6 you specifically know that you told him this?
 7 A I -- other than being something very
 8 important -- there was many things we -- well, there was a
 9 few conversations on various things I just can't recollect
 10 something I talked about on the phone a couple years ago
 11 exactly
 12 Q So did you tell Mr Salnero that this
 13 contract was null and void?
 14 A In those exact words?
 15 I -- I -- I couldn't say
 16 Q Did you tell him that the contract could not
 17 be complete because of this change -- could not be completed
 18 because of this change?
 19 A I -- I -- if I talked about anything, it was
 20 the nature of the law in general
 21 Q Did you tell him that the contract could not
 22 be completed because of this change?
 23 A In those exact words?
 24 Q Did you tell him that somehow you could not
 25 perform or go through with the contract because of the

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1 change?
 2 A I didn't
 3 Q What did you tell Mr Salnero?
 4 MR MCKAY About the change in the law?
 5 MS MERELLE That's right
 6 MR MCKAY Thank you
 7 THE WITNESS It's probably what I talked
 8 about, the change in the law
 9 Q BY MS MERELLE And you said that this is
 10 probably in September of 2000?
 11 A Could have been September through October
 12 Q September through October
 13 Now, if this -- if -- this contract says --
 14 this paragraph, called "Sixth Contract Validity," says that
 15 if there is a change the contract is null and void, is that
 16 right?
 17 A Yes
 18 Q And you do not have a recollection of telling
 19 that to Mr Salnero?
 20 A I'm sure I would just assume that he
 21 understood that
 22 Q You do not have a recollection of telling
 23 that to Mr Salnero?
 24 A Not exactly like that I -- I don't want to
 25 be confusing but I never regarded -- regarded this as a

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1 contract between myself and Mr Salerno
 2 Q So you did not tell Mr Salnerero that this
 3 contract was null and void?
 4 A No
 5 Q Did you tell him that this contract was not
 6 valid for any reason?
 7 A I didn't think I had to express that because
 8 there was really never no validity between this contract
 9 between me and Mr Salerno
 10 Q Did you tell Mr Salnerero that this contract
 11 was not valid?
 12 A No
 13 Q Did you tell Mr Salnerero when you signed it
 14 that you did not think this contract was valid?
 15 A No
 16 Q There were -- there was a shipment of
 17 firearms -- excuse me -- parts kits sometime after the
 18 contract was signed That was the first shipment
 19 A Yes
 20 Q And that shipment went to Houston?
 21 A Yes
 22 Q And then there was a second shipment sometime
 23 in October?
 24 A Yes
 25 Q And you were aware that that second shipment

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1 was coming?
 2 A Maybe after it was shipped
 3 Q To your knowledge did anyone tell
 4 Mr. Salnerero not to ship the second shipment?
 5 A I didn't
 6 Q To your knowledge did anyone tell him?
 7 A Not to my knowledge
 8 Q When you heard about this change of law in
 9 September or October --
 10 Is that -- those are the right dates, right?
 11 A Yes
 12 Q That you heard about it
 13 What was your understanding of who had
 14 changed the law?
 15 A The US Government
 16 Q Was it -- was it your understanding that the
 17 Congress had changed the law?
 18 A No
 19 Q Was it your understanding that a department
 20 of -- of the government?
 21 A Yes
 22 Q And what department was that?
 23 A ATF
 24 Q And what was your understanding of how they
 25 changed the law?

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1 A Cut off farther imports of certain barrels,
 2 frames and receiver
 3 Q Was it your understanding, for example, that
 4 there was a new regulation in place?
 5 A Yes
 6 Q And how did you get that understanding?
 7 A Eventually I seen it in writing
 8 Q And I'm -- and excuse me if I've been vague,
 9 but when I ask you that I mean when you found out in
 10 September or October You indicated that that's when you
 11 found out about a change in the law
 12 A Yes
 13 Q And in September or October what was your
 14 understanding of what specifically had changed in terms of
 15 whether or not there was a law in Congress or a regulation?
 16 A I heard that there's -- farther importation
 17 of barrels, frames and receivers have been stopped
 18 Q And at that time your understanding was that
 19 that was a regulation?
 20 A Yes
 21 Q And at that time was it your understanding
 22 that that regulation changed the validity of the contract or
 23 affected the validity of the contract?
 24 A I assume that that affected the contract
 25 Q And that -- you -- and that -- assuming that

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1 it affected the contract, you did not tell Mr Salnerero
 2 that?
 3 A I'm sure we discussed it
 4 Q When would you have discussed it?
 5 A I don't know exact date Can't recollect
 6 Q So this contract that involved over 24,000
 7 parts kits, involving the section that you thought was one
 8 of the most important sections in the contract, you did not
 9 discuss that or cannot recall discussing that with
 10 Mr Salnerero?
 11 A I didn't really feel obligated to -- for
 12 really any discussion It was more or less out of -- my
 13 conversations were more or less out of courtesy
 14 Q But my -- my question is that you cannot
 15 recall under those circumstances, the size of the contract
 16 and the importance of that provision -- you cannot recall
 17 having a discussion with Mr Salnerero?
 18 A I can't recall exactly what we said or the
 19 exact date, but I would -- I would imagine we've mentioned
 20 the subject
 21 Q But you cannot recall, is that right?
 22 A Exactly what -- I can't recall exactly what I
 23 said or the exact date
 24 MS MERELLE Let's see
 25 Could you please mark -- please mark that

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1 THE WITNESS I understood that he understood
 2 that I wasn't bound by this contract
 3 Q BY MS MERELLE. And my question, which has
 4 not been answered, did he say to you that he agreed that you
 5 were not bound by this contract?
 6 A I can't recall
 7 Q You can't recall what he said to you or
 8 whether he said that to you?
 9 A I can't recall if he said that to me
 10 Q You said that your understanding is that you
 11 were not -- that he understood that you were not bound by
 12 this
 13 A I assumed that
 14 Q And what was your basis for that assumption?
 15 A I assumed he knew perfectly well that I
 16 wasn't the buyer or bound to this contract. It was written
 17 for a specific reason, not as in a sales agreement with me
 18 Q And what was that reason?
 19 A He needed to present to the Army a document
 20 that he has this deal finished
 21 Q Was -- was Mr. Prineas able to fax a copy of
 22 this contract, to your knowledge, at the time that it was
 23 signed?
 24 A Yes
 25 Q And did Mr. Prineas fax in a copy with his

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1 signature?
 2 A Yes
 3 Q And did he fax in that copy on July 7th?
 4 A Yes
 5 Q And that faxed copy of the contract would not
 6 have sufficed for Mr. Salnero?
 7 A Would you ask me that again?
 8 Q And that faxed copy would not have sufficed
 9 for Mr. Salnero?
 10 A I don't understand that
 11 Q If Mr. Prineas was the buyer --
 12 A Yes
 13 Q -- and he sent to Mr. Salnero a signed copy
 14 of the contract, how come that was not enough?
 15 A At that moment Mr. Prineas did not have a
 16 valid Form 6 or Mr. Salerno did not have a valid Form 6 from
 17 Mr. Prineas, for 25,000 kits. I had one
 18 Q And so did you sign the contract as an agent
 19 of Mr. Prineas?
 20 A No
 21 Q There is a clause in the contract that
 22 indicates in the "Seventh" -- the paragraph that is entitled
 23 "Seventh Personality of the Seller," it says, "Here it is
 24 put in record that the representative of the Seller acts in
 25 accordance with the faculties corresponding to his position

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1 or by power for the firm Dan's Sporting Goods " What does
 2 that mean to you?
 3 A I've read that over and over and over, and I
 4 have no understanding what that means
 5 Q You signed this contract because Mr. Prineas
 6 did not have -- excuse me -- that PW Arm's or Mr. Prineas
 7 did not have a Form 6 application to import them. You
 8 stated that, right?
 9 A To import 25,000 kits?
 10 Q Yes. To report the -- all of the items that
 11 are listed in this contract
 12 A Yes
 13 Q And your permit allowed all of those items to
 14 be imported?
 15 A Yes
 16 Q Okay
 17 The language contained in this contract
 18 indicates that it is a contract between Patricio Salnero
 19 and Dan's Sporting Goods, --
 20 A Yes
 21 Q -- is that right?
 22 And you signed this contract?
 23 A Yes
 24 Q It is -- is it your opinion --
 25 Strike that

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1 Do you believe that based on the clause that
 2 is entitled "Sixth Contract Validity," that this contract
 3 is null and void?
 4 A Yes
 5 Q And why is that?
 6 A There was a change in laws that prohibited --
 7 the US laws did change, prohibited importation of certain
 8 frames, barrels and receivers
 9 Q It did not affect your ability to import
 10 anything under the permit that you had, is that right?
 11 A When I answered that, there was -- what that
 12 law did stop, it stopped the importation of further -- not
 13 my kits -- or parts kits but it stopped the further
 14 importation of Imbel receivers into the United States
 15 Q So it did not affect your ability to import
 16 the parts kits under your permit?
 17 A No
 18 Q And it did not affect the ability for you to
 19 sell parts kits that had been assembled with receivers?
 20 A No
 21 MS MERELLE I don't have any further
 22 questions
 23 MR. MCKAY I don't, either
 24 THE VIDEOGRAPHER Okay One second
 25 Number of tapes used in today's deposition

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1 were three This concludes the deposition of Dan Tobin We
 2 are going off the record The time is 3 05 p m
 3 THE REPORTER Counsel, how do you want to
 4 handle signature?
 5 MR. MCKAY We'll want to review the
 6 transcript
 7 THE REPORTER Are you ordering, Counsel?
 8 MS MERELLE Yes
 9 THE REPORTER Counsel, do you need a copy?
 10 MR MCKAY Yes
 11 (The deposition of Daniel Wayne
 12 Tobin was concluded at
 13 3 05 p m)
 14 ---0---

1 CERTIFICATE
 2
 3 STATE OF WASHINGTON }
 4 COUNTY OF KING } ss
 5
 6 I, the undersigned officer of the Court, under
 7 my commission as a Notary Public in and for the State of
 8 Washington, hereby certify that the foregoing deposition
 9 upon oral examination of the witness named herein was taken
 10 stenographically before me and thereafter transcribed under
 11 my direction,
 12
 13 That the witness before the examination was
 14 first duly sworn by me to testify truthfully, that the
 15 transcript of the deposition is a full, true and correct
 16 transcript of the testimony, including questions and answers
 17 and all objections, motions, and exceptions of counsel made
 18 and taken at the time of the foregoing examination,
 19
 20 That I am neither attorney for nor a relative
 21 or employee of any of the parties to the action, further,
 22 that I am not a relative or employee of any attorney or
 23 counsel employed by the parties hereto, nor financially
 24 interested in its outcome
 25
 IN WITNESS WHEREOF I have hereunto set my hand
 and seal this 24th day of January, 2003

 NOTARY PUBLIC in and for
 the State of Washington,
 residing at Redmond My
 commission expires 4-6-06

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1 AFFIDAVIT
 2
 3 STATE OF WASHINGTON }
 4 COUNTY OF KING } SS
 5
 6 I have read my within deposition, taken
 7 on Monday, January 13, 2003, and the same is true and
 8 correct, save and except for changes and/or corrections, if
 9 any, as indicated by me on the "CORRECTIONS" flyleaf page
 10 hereof
 11
 12 _____
 DANIEL WAYNE TOBIN
 13
 14
 15 SUBSCRIBED AND SWORN to before me
 16 this _____ day of _____, 2003
 17
 18
 19
 20 _____
 NOTARY PUBLIC in and for
 the State of Washington,
 residing at _____
 My commission expires _____
 21
 22
 23
 24
 25

QUAIL & COOK REALTIME REPORTERS
 1326 Fifth Avenue, Suite 722
 Seattle, Washington 98101
 (206) 389-9321
 January 24, 2003
 To: Michael D McKay
 McKay Chadwell
 600 University Street
 Suite 1601
 Seattle, Washington 98101
 Re: Arrigorriaga v PW Arm's, Inc
 Deposition of Daniel Wayne Tobin
 Date Taken Monday, January 13, 2003
 Cause No C02-1026L
 PLEASE TAKE NOTICE THAT
 Enclosed please find your copy of the above
 transcript, including the original correction sheet and the
 affidavit. Please instruct the deponent to review the
 deposition, record any corrections over his signature on the
 correction sheet, and sign the affidavit before a Notary
 Public. If there are corrections, please furnish other
 counsel with copies
 The deposition should be read and signed within
 30 days from the date of this notice or before the date of
 the trial, whichever occurs first. If the witness elects to
 waive signature or refuses to sign the deposition, please
 state so in writing
 Please return the signed correction sheet and
 affidavit to our office for inclusion in the original
 transcript. If the correction sheet and affidavit are not
 received within the time period noted above, signature will
 be for all purposes waived and the deposition will be sealed
 unsigned
 Ronald L. Cook
 CCR, RMR, CRA
 cc. Linda J Merelle

EXHIBIT 4

Condensed Transcript

Deposition

of

STACY N. PRINCAS

Arrigorriaga

v.

PW Arms

Date Taken: January 14, 2003

**Reported by: Ronald Cook
CCR, RMR, CRR**

**QUAIL & COOK REALTIME REPORTERS
1326 FIFTH AVENUE, SUITE 722
SEATTLE, WASHINGTON 98101
(206) 389-9321**

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1 Barroso 8" -- excuse me -- "08, for one side as the 'Seller'
 2 and PW Arm's Inc , represented by STACY N PRINEAS, Identity
 3 Card No 073462203, with residence in 8525 157th Avenue" --
 4 excuse me -- "152nd Avenue Northeast, Redmond, Washington
 5 98052, USA, the following Sale and Purchase Contract has
 6 been agreed "
 7 Is that what that document says?
 8 A Yes, ma'am
 9 Q Okay
 10 And this document is five pages long as it's
 11 represented in Exhibit 23
 12 A Yes, ma'am
 13 Q And on Page 4 -- excuse me On Page 3, which
 14 is dated -- No 000248, there are some signatures on this
 15 document
 16 A Yes, ma'am
 17 Q And there's a signature for Patricio Sahnero
 18 and there's a signature for PW Arm's, and then under
 19 PW Arm's stated "Stacy N Prineas", Is that accurate?
 20 A Yes, ma'am.
 21 Q Okay
 22 And also by that signature there is a seal
 23 that says a corporate seal for PW Arm's, Inc , 1997,
 24 Washington Is that -- is that accurate?
 25 A. Yes, ma'am

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1 Q Now, is this your signature on this document?
 2 A. Yes, ma'am.
 3 Q Okay
 4 And is this the seal of PW Arm's on this
 5 document?
 6 A. Yes, ma'am
 7 Q And on each page of this document there are,
 8 in the lower right-hand corner, some what appear to be
 9 initials; is that accurate?
 10 A. No, ma'am.
 11 Q On Page 1 there is a set of initials on the
 12 bottom right-hand corner?
 13 A Yes, ma'am
 14 Q And is one of -- is one of those set of
 15 initials yours?
 16 A Yes
 17 Q Do you know who the other set belongs to?
 18 A. I can't read that. I assume it's Patricio's.
 19 Q And on Page 2, is your initial on the -- on
 20 that page, on the bottom right-hand corner?
 21 A. Yes, ma'am.
 22 Q And on Page No. 248, that has your signature?
 23 A It has my signature.
 24 Q And then on Page 249, does that have either
 25 your initials or your signature?

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1 A Yes, ma'am
 2 Q And does it -- is that -- is it your
 3 initials?
 4 A My initials That's what I thought you asked
 5 me about
 6 Q I was asking either one
 7 A Okay
 8 Q And on Page 250, does it have your initials?
 9 A Mm-hmm Yes
 10 Q The contract in the first paragraph, that's
 11 entitled "Appearance," indicates that "the following Sale
 12 and Purchase Contract has been agreed " Does your signature
 13 represent that you accept that paragraph of this document?
 14 A Say that one more time
 15 Q Sure
 16 The contract under -- that is entitled
 17 "Appearance," on the last --
 18 A Could you -- can I ask you one quick
 19 question?
 20 Q Sure
 21 A Are you talking about the con -- this
 22 contract as a contract or the piece of paper?
 23 Q I'm talking about what -- what has been
 24 marked as I believe Exhibit 23 Is that what it is?
 25 A Okay

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1 Q And the head of that -- the title of that
 2 document begins "Contract of Sale and Purchase" --
 3 A. Mm-hmm
 4 Q -- "for the Imbel Material "
 5 A Yes
 6 Q Okay
 7 And on the last line of the paragraph that is
 8 entitled "Appearance," it says, "the following Sale and
 9 Purchase Contract has been agreed "
 10 A It says that, yes
 11 Q Okay
 12 Now, does your signature on --
 13 First of all, does your initial on this page
 14 represent that you accept that paragraph?
 15 A Yes
 16 Q And does your initial on this page represent
 17 that you accept the other statements that are on this page?
 18 A Yes I guess
 19 Q Does it or does not?
 20 A Does that represent --
 21 Q That you accept what is written on this page
 22 A. I assume so I don't know.
 23 Q Is it -- could your initials represent
 24 anything else?
 25 A. Could represent that I viewed the document

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1 Could represent a lot of things I don't -- I can't
 2 remember why my initials -- those are my initials
 3 Q So at a minimum you reviewed this -- this
 4 page?
 5 A Oh, yes I -- I've reviewed this many times
 6 Q I would refer you to the second page of this
 7 document, and the top paragraph is entitled "Third Price
 8 and Payment Condition " Is that an accurate reading of
 9 what -- the document that you have?
 10 A Yes
 11 Q And your initials are on this page, as well
 12 A Yes
 13 Q And what do your initials represent on this
 14 page?
 15 A I would assume the same as the first
 16 Q And if you could please state that
 17 A Well, I don't know -- I think you stated it
 18 for me
 19 Q Okay.
 20 And if you could -- what do your
 21 represents -- initials represent on this second page?
 22 A I don't know I initialled either I noted it
 23 or -- or whatnot. I don't have a clue why I initialled it,
 24 but I'm sure I initialled it for a certain reason
 25 Q I'll refer you to the page of this document

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1 that is Bates numbered 248 -- 000248
 2 A Yes
 3 Q And there is your signature there
 4 A Yes, ma'am
 5 Q And what does your signature represent?
 6 A Represents me signing something
 7 Q It represents you signing this document?
 8 A That's correct
 9 Q Does it represent that you agreed to the
 10 terms of this document?
 11 A At one time, yes
 12 Q When you signed this document did you agree
 13 to those terms?
 14 A Yes
 15 Q And when you signed this document, when was
 16 that?
 17 A I can't really tell you honestly It would
 18 be sometime between July -- sometime between July 5th and
 19 8th, I believe, of 2000
 20 Q Okay
 21 The document itself is dated July 7th
 22 That's -- is that accurate?
 23 A Yeah, but there was a lot of fax copies going
 24 back and forth.
 25 Q And I'm not disputing that I'm just saying

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1 that the document itself is dated July 7th, 2000
 2 A Your document here is -- is dated July 7th,
 3 2000, on the first page under "Appearance," yes
 4 Q And that doesn't mean that that's the date
 5 that you signed the document?
 6 A Correct
 7 Q Okay
 8 And you could have signed the document
 9 sometime before July 7th?
 10 A Could have
 11 Q Okay
 12 And you could have signed the document
 13 sometime after July 7th?
 14 A Could have
 15 Q Okay
 16 At the time that you signed the document you
 17 agreed to the terms that are in this document?
 18 A Yes
 19 Q And you agreed that those terms were binding
 20 on PW Arm's?
 21 A No
 22 Q Okay
 23 Why not?
 24 A Well, this document was submitted because
 25 Salinero needed to go to the Army to convince the Army to

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1 contractually get a deal for the Imbel FAL rifle, the parts
 2 kits, as I understood it
 3 Q Are you saying that this is not an agreement
 4 between PW Arm's, represented by Stacy Prineas, and Patricio
 5 Salinero?
 6 A What I'm telling you is what you asked me
 7 I'm telling you that when I signed this document, it was for
 8 Mr Salinero to go to the Army to show him that he had an
 9 agreement with someone so he could enter into some type of
 10 agreement I was given another document that was similar in
 11 context but not like this, that was some other type of
 12 contract also So this particular one went to the Army so
 13 he could just show them that, hey, he's got a deal, this is
 14 going to happen, et cetera, et cetera
 15 Q What I'm asking you, then, is that you're
 16 saying that this document, Exhibit 23, that has your
 17 signature on it, is not an agreement between you -- are
 18 you -- is that what you're saying, that it is not an
 19 agreement between you and Mr Salinero?
 20 A Yes
 21 Q Why did you sign it?
 22 A Well, second of all -- second of all, not
 23 only did -- it wasn't an agreement, second of all, he didn't
 24 want to use PW Arm's nor me, period He wanted to use Dan's
 25 Sporting Goods because he was down there with Dan I didn't

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1 have a license for all the FAL parts kits I didn't have
 2 access to Chile because the only reason I sent Dan Tobin
 3 down there was I couldn't be there at the time, and he
 4 didn't want me, he wanted Dan's Sporting Goods, he didn't
 5 want PW Arm's So that's why he drew up another contract
 6 and had Dan sign it in original there
 7 Q My question is Why did you sign it?
 8 A Because in the very beginning we were
 9 discussing purchasing parts kits Mr Salinero needed to go
 10 to the Army and have a -- some type of deal with the Army
 11 that he knew that he was ready to go with his -- his client
 12 Q On the page that is numbered 248 it says --
 13 right above the signatures, it says, "As prove sign here, in
 14 four sets, staying one in possession of the buyer and one in
 15 the possession of the seller "
 16 Is that what that states?
 17 A It states -- yeah -- it states that, yes
 18 Q What is your understanding of who the buyer
 19 is in that statement?
 20 A In that statement?
 21 Q Yes
 22 A Who the buyer is for this -- this piece of
 23 paper that you're talking about or what?
 24 Q In this statement in this document -- you
 25 have read this page, is that right?

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1 A This whole page? The whole contract? What
 2 are you talking about?
 3 Q You have read this page that is numbered 248?
 4 A I've read it, yes
 5 Q And you have read this last sentence that is
 6 above the signatures?
 7 A "As prove sign here" -- as proof? Is that
 8 what it is? -- "in four sets, staying one in possession of
 9 the buyer and one in possession of the seller "
 10 So what are you asking me?
 11 Q What is your understanding of what is meant
 12 by the buyer in that statement?
 13 A I don't know I don't even understand the
 14 statement
 15 Q You do not what is -- understand what is
 16 meant by the buyer?
 17 A "As prove sign here" -- I guess "as prove" --
 18 I don't even know what -- "As prove sign here," to prove
 19 that -- this entire document? I'm not understanding
 20 Q You do not know what is meant by the buyer,
 21 is that what you're saying?
 22 A No, not really
 23 Q Okay
 24 And you -- do you know what is meant by the
 25 seller?

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1 A Sort of
 2 Q What is your understanding as what is meant
 3 by the seller?
 4 A Well, again, I don't know He took -- he
 5 says he took little things just out of a contract that he
 6 had with the Army to throw something together so he could
 7 run to the Army and get this deal before Century Arms or
 8 somebody else It was more of a -- I guess something that
 9 he needed for the Army so he could get in a contract so he
 10 could get the deal so he wouldn't lose some deal down there
 11 Q What is your understanding of the meaning of
 12 the term seller in that statement?
 13 A Well, seller is someone who's selling and
 14 buyer is someone who's buying
 15 Q And was it your understanding that Patricio
 16 Salinero was the seller represented within this contract?
 17 A Within this contract?
 18 Yes, within this contract, I guess
 19 Q Was it your understanding that PW Arm's was
 20 the buyer within this contract?
 21 A No
 22 Q Who was the buyer?
 23 A In this contract?
 24 Q Yes
 25 A At the time -- oh, excuse me In this

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1 contract, at the time -- PW Arm's
 2 Q I would refer you to the first page of
 3 Exhibit 23
 4 A Okay
 5 Q There is a paragraph entitled "Second
 6 Object of the Contract." Do you see that paragraph?
 7 A Yes, ma'am
 8 Q And there is a listing of four items on
 9 that -- under that -- excuse me -- under that paragraph on
 10 the first page, is that -- is that fair?
 11 Four -- four lines of items
 12 A Seems like there's five to me.
 13 MR. MCKAY Excuse me. I don't understand
 14 the question Is that fair? Are you asking him if that's
 15 what it says?
 16 MS MERELLE That's right I'm asking is
 17 that -- is that what it says
 18 THE WITNESS Is that what what -- what says?
 19 The object?
 20 Q BY MS MERELLE Under that paragraph there's
 21 a listing of --
 22 A You said four Three's -- I see five things
 23 Q Okay Okay You see five things. All
 24 right.
 25 A Mm-hmm.

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1 Q And the first one is -- it says, "24," and
 2 there's a period, "582 Assault rifles LIV M964 CAL," and
 3 then there's two periods, then "7,62, IMBEL brand "
 4 Do you see -- see what I'm referring to?
 5 A I see that, yes
 6 Q Okay
 7 Do you know what that refers to?
 8 A Yes
 9 Q What does it refer to?
 10 A It refers to an Imbel rifle
 11 Q Okay
 12 And the number that is -- that precedes the
 13 words "Assault rifles," what -- what amount is that?
 14 A Precedes? You mean the bayonets?
 15 Q That comes right before the words "Assault
 16 rifles," that number 24 582
 17 A That is the -- I -- I would assume that's the
 18 quantity
 19 Q And would you agree that that quantity
 20 represents 24,582?
 21 A Yes
 22 Q Okay
 23 And even though it has a period, that's a --
 24 a different custom than what we would normally use in the
 25 United States?

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1 A. Yes
 2 Q Okay
 3 So it would actually take the -- it would
 4 actually mean the same thing as if there were a comma,
 5 24,582?
 6 A. I can't tell you about someone else, just
 7 what I -- what I think it is
 8 Q But your understanding is it's 24,582?
 9 A Yes
 10 Q And the second item indicates 24,457
 11 bayonets?
 12 A Yes
 13 Q And would these bayonets be bayonets for the
 14 assault rifles listed above?
 15 A. Yes
 16 Q And also there's a listing for 66, 357
 17 magazines Would those magazines be accessories or parts
 18 for those rifles listed above?
 19 A. Are you asking me about that line or are
 20 you -- you just say -- what that line says is 66357
 21 magazines for 20 rounds
 22 Q Yes Yes
 23 A. What that statement says is true
 24 Q Okay
 25 Does it have any relationship to the rifles

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1 that are also identified in this document, just above?
 2 A It could
 3 Q Would -- would -- could you use those
 4 magazines on those rifles?
 5 A Could
 6 Q Okay
 7 And so you could use them and they would
 8 work?
 9 A Yes
 10 Q And then the second -- excuse me -- the line
 11 after that says "1 300 Manuals," and then in the parentheses
 12 it says "approximate "
 13 A Yes, it says that
 14 Q And then underneath that it says
 15 "Accessories"?
 16 A It says that
 17 Q Okay
 18 And these are the items that are covered by
 19 this document, Exhibit 23, is that your understanding of
 20 what that is?
 21 A I think it's more your understanding than
 22 mine, but --
 23 Q And that's why I'm asking you, what is your
 24 understanding?
 25 A Those are just numbers that he took off of

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1 another contract and put 'em there because it was there in
 2 his contract at the time So I just assumed those numbers
 3 were somewhat correct
 4 Q Okay
 5 And those are the numbers that are
 6 represented as the amount of firearms, bayonets and
 7 magazines that are within this agreement?
 8 A. Yes
 9 MS MERELLE The videographer has given me
 10 notice so let's stop here
 11 THE WITNESS Sure
 12 MR. MCKAY Take about a five-minute break,
 13 then?
 14 MS MERELLE Certainly
 15 THE VIDEOGRAPHER We're going off record.
 16 The time is 11 16 This is the end of Tape 1
 17 (Short recess)
 18 THE VIDEOGRAPHER We are back on record.
 19 The time is 11 28 This is the beginning of Tape 2 in the
 20 deposition of Stacy Prineas
 21 Q BY MS MERELLE Mr Prineas, we were talking
 22 about Exhibit 23
 23 Now, there are a number of -- of paragraphs
 24 that have titles in this document, is that right?
 25 A Yes

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1 Q And some of them -- for example, the first
 2 paragraph in the document says "Appearance," and then the
 3 paragraph after that actually is entitled "First" and then
 4 colon, "Declaration," right?
 5 A Yes
 6 Q And then there's one that's entitled "Second
 7 Object of the Contract," and then on the next page one
 8 entitled "Third Price and Payment Condition," and then at
 9 the bottom of that page there's one entitled "Fourth
 10 Delivery," and the next page is "Fifth Selling Condition,
 11 and "Sixth Contract Validity," "Obligations of the Seller
 12 and Buyer," and then -- which is the following paragraph,
 13 and then the next paragraph is "Seventh Personality of the
 14 Seller" -- "of the Seller " Is that -- is that accurate?
 15 A Yes
 16 Q Now, you have indicated before that you
 17 actually have read this contract before
 18 A Yes.
 19 Q At -- and at the time that you signed it you
 20 had read the contract?
 21 A Yes
 22 Q Okay
 23 And what I would like to refer to you is the
 24 paragraph that is -- refer you to, excuse me, is the
 25 paragraph that is entitled "Fifth Selling Condition," on

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1 Page 3 of this document, Exhibit 23 And I would just read
 2 that paragraph into the -- into the record. "The material
 3 of this contract is sold in the condition that it is at this
 4 moment, that is known and accepted satisfactorily by the
 5 buying part, without later complaints "
 6 Is that -- is that an accurate reading of
 7 what that's in that doc -- that paragraph in this document?
 8 A Yes
 9 Q Okay
 10 Now, did -- did you have -- what is your
 11 understanding as to what this paragraph means?
 12 A My understanding of what it means is the
 13 material in this -- in this contract is still in the
 14 condition at the moment
 15 Q Okay
 16 Is that the same as being as is?
 17 A Could, yes
 18 Q So when it says "condition at the moment,"
 19 you mean that the moment that it -- excuse me, not you, but
 20 your understanding is that it's at the moment that the
 21 contract is signed?
 22 A Yes
 23 Q Okay
 24 Now, it also refers to the buying part What
 25 is your understanding of who that is referring to?

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1 A Oh, the buying -- by the buying part The
 2 buying party, I would assume
 3 Q Okay
 4 And who would that be?
 5 A In this document it would be Stacy -- it
 6 would be PW Arm's
 7 Q Okay
 8 And it also says "without later complaints",
 9 is that right?
 10 A That's what it says, yes
 11 Q What's -- what's -- how do you interpret that
 12 phrase?
 13 A Well, I interpret it as -- as as is, like you
 14 just said, as-is material As is
 15 Q Okay
 16 So is it fair to say that once the -- the
 17 items that are in this contract are purchased under this
 18 contract, the person who is -- or the entity that is
 19 purchasing them accepts them as they are, in that condition?
 20 A Yes
 21 Q Okay
 22 Now, did you have any discussions regarding
 23 this contract with Mr Salnerio?
 24 A Yes
 25 Q And -- and specifically regarding this

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1 paragraph, "Fifth Selling Condition," with Mr Salnerio?
 2 A Yes
 3 Q Okay
 4 Did -- do you know if you had discussions
 5 around the time of the signing of the contract?
 6 A I believe it was during -- when we were -- it
 7 was during when we were going back and forth while Dan was
 8 in Chile, at his office.
 9 Q Okay
 10 And that's when -- over the telephone you
 11 were discussing this -- this contract as a whole?
 12 A I believe so
 13 Q And in particular the individual paragraphs?
 14 A Yes
 15 Q Okay
 16 Now, this -- the amount that's listed in this
 17 contract is over 24,000 rifles and -- and various parts
 18 A Yes
 19 Q Is -- now, did you view that as being a large
 20 amount of merchandise?
 21 A Yes
 22 Q Okay
 23 For example, you -- you are an importer and
 24 you've imported other sets of goods from other people,
 25 right?

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1 A Yes
 2 Q And compared to those, was this considered by
 3 you to be a large amount?
 4 A Yes
 5 Q Okay
 6 So was it important to you that you really
 7 get what you're paying for?
 8 A Yes
 9 Q Okay
 10 That was important?
 11 A Yes
 12 Q Okay
 13 And one of the things that you wanted to do
 14 is have someone look at these items before you bought them?
 15 A Yes
 16 Q Okay
 17 Because you knew that once you purchased
 18 them, that was it, they were your responsibility?
 19 A Yes
 20 Q Okay
 21 And so what did you do in order to have
 22 someone look -- look at those items before you purchased
 23 them?
 24 A These specific ones?
 25 Q That's right.

1 A Well, one of my points, yeah
 2 Q Okay
 3 So when he was -- so when -- and all I'm
 4 trying to saying is when he was look -- inspecting them, he
 5 was inspecting them on your behalf, on PW Arm's's behalf?
 6 A He was acting for us, yes
 7 Q Okay
 8 When you got these --
 9 Strike that, please
 10 When Mr Tobin went down to Chile, he went
 11 down there the week of July 4th, right?
 12 A Yes
 13 Q 2000?
 14 A I believe so, yes
 15 Q Okay
 16 And he -- he did an inspection and reported
 17 back to you about that?
 18 A Yes
 19 Q Okay.
 20 Do you remember -- what did he say to you?
 21 A The whole conversation?
 22 Q Actually, let's back up just a little bit
 23 A He said -- he said a lot of conversations to
 24 me over the few days
 25 Q Okay

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1 A The items were somehow relayed to me, the
 2 condition from Mr Salnero or Pamela or whoever in his
 3 office, and in whether brief or negotiations or talks or
 4 whatnot and correspondence, we sent down -- because I
 5 couldn't go down there, I sent down Dan Tobin to take a look
 6 and see if -- somewhat the quantity was there, what -- what
 7 the whole situation was, and to sit there and talk to
 8 Patricio and -- and come to a conclusion of what everything
 9 is and see what -- see what we could do
 10 Q Okay
 11 So you -- you arranged for some -- for
 12 Mr Tobin to go and essentially inspect it?
 13 A Yes
 14 Q On -- on your behalf?
 15 A Yes
 16 Q Was he acting as an agent of PW Arm's's?
 17 A No, not -- well, you -- I mean, you could
 18 call it that He was -- Dan -- he's knowledgeable in the
 19 FAL a little bit, he knows a little bit about condition and
 20 he's a -- he's a good guy, easy to talk to I figured he'd
 21 talk softly and he could converse with Patricio pretty well
 22 and communicate and relay back.
 23 Q Okay
 24 And so when he was talking to Patricio he
 25 would be representing your point of view?

1 Do you know how many times he -- he called
 2 you over those days?
 3 A It was a few times
 4 Q Okay
 5 And do you know whether or not you called him
 6 during that time, as well?
 7 A I -- I could have, yes
 8 Q Okay
 9 What did he tell you about the rifles that
 10 he'd inspected?
 11 A He said that he inspected the -- that
 12 Patricio took him to the Army and he inspected a few rifles
 13 that they had laid out for him I asked him the condition,
 14 he says average rifles, they're good rifles, and he said
 15 they had good bluing, didn't look like they were dragged
 16 through the jungle
 17 He says he didn't get a chance to go through
 18 all the crates or -- he said he could have said one or two
 19 warehouses but he didn't have a chance They were -- the
 20 Army, as they went there, had everything laid out for him
 21 and Patricio, and he looked -- just viewed. They showed him
 22 one little box of magazines Didn't get a chance to view
 23 any accessories, spares, whatnot. That was pretty much it
 24 on his inspection
 25 Q Now, did you have any conversations with

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1 Mr Tobin before he went down to Chile about the inspection?
 2 A Yes
 3 Q Okay
 4 Did you give him any kind of criteria as to
 5 what to look for?
 6 A Well, I was -- the main thing, I told him to
 7 meet Patricio I says, You'll probably, you know, get to
 8 like him He seems like a, you know, all right guy He
 9 screwed us on the 308 but, you know, it's South America for
 10 you You know, I mean, they have their ways and we have
 11 ours, but all in all he's been trying to make up the -- the
 12 problem that we had with the 308, and he says he's viewed
 13 these rifles and to the best of his knowledge these things
 14 have been -- weren't fired.
 15 Patricio relayed that to Dan, and he relayed
 16 that to me on a quick conversation, and said that -- you
 17 know, so mainly was down there to try to figure out this --
 18 this whole situation, because when Patricio called it was
 19 like a -- a rush -- type of a rush thing It was -- it was
 20 very strange because it was so -- everything had to be done
 21 before it had to be done, and -- so -- so Dan went down
 22 there to talk to him, and I told him he's been acting
 23 like -- you know, Patricio's been trying to act like our
 24 agent down there, you know, trying -- I'd given him
 25 correspondence from numerous things that Patricio's asked me

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1 for to quote or to help or assist, and I've asked Patricio
 2 to assist back and forth
 3 He assured me that pretty much everything was
 4 there and in excellent condition, so -- so it was mainly
 5 like a -- a frame of inspection and a powwow, as I call it
 6 Q So did you give Mr Tobin any criteria to
 7 look for regarding the inspection?
 8 A Well, I told him the basic thing, get the --
 9 get the list of everything They might serial numbers You
 10 know, take a look at the merchandise, see what it really is,
 11 you know And, you know, dig in Patricio's head and figure
 12 out really what's going on, what really the condition is,
 13 what's there, and what kind of deal if -- if a deal can be
 14 done
 15 Q So at this point there -- there -- you were
 16 considering a deal but no deal was done?
 17 A True, yes
 18 Q And you wanted to inspect the rifles before
 19 you did any kind of deal?
 20 A Well, wanted to make sure everything was --
 21 you know, that it was there and what we were talking about,
 22 yes
 23 Q Right And you wanted to have that done
 24 before you, you know, entered into any agreement with him?
 25 A. That was one thing, yes

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1 Q Did you tell -- did you relay to Mr Tobin
 2 what your expectations were that you would find?
 3 For example, did you -- did you say, I'm
 4 expecting those rifles to be in excellent condition or very
 5 good condition?
 6 A No, I would assume that they'd be in very
 7 good condition, with all the accessories, because Patricio
 8 intimated to me that these things weren't fired more than
 9 200 rounds, and they'd been in storage in cosmoline for a
 10 long time, and they were purchased for something The Army
 11 purchased them and really didn't use 'em, so -- pretty much
 12 about it.
 13 Q Okay
 14 But you didn't -- you didn't specifically say
 15 to Mr Tobin that there -- that you expected them to be any
 16 particular condition? That was just what you thought they
 17 would be in? You didn't tell him that they would be in that
 18 condition?
 19 A I guess, yes
 20 Q And essentially did you send him down there
 21 just to see what he -- see what it was?
 22 A Yes
 23 Q Okay
 24 Now, I just want to -- your -- in your
 25 understanding before you sent him down there was that you

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1 thought they were in -- in excellent condition?
 2 A I thought they -- as they were indicated to
 3 me, slightly used rifles
 4 Q Let's go -- let's -- let's talk about that
 5 What do you -- do you have a criteria, for example, within
 6 PW Arm's or yourself personally, a criteria for judging
 7 firearms?
 8 A I do, yeah
 9 Q Okay
 10 So if you say that -- that something is -- is
 11 excellent, what do you mean by that?
 12 A. Something that's not been dragged through
 13 the -- worn stocks, hand guards, grips, barrels are --
 14 the -- you know, you could -- you could examine the barrels
 15 and the rifle -- the rifling would be very sharp You can
 16 bring a gauge down and gauge the barrel, you know, to know,
 17 you know, pretty much what's what, to see that the -- the
 18 rifles were stored properly, you know, corrosion-wise,
 19 et cetera
 20 Q So if -- if something is in excellent -- and
 21 when you talk about something being in a particular
 22 condition, fair, good, excellent, whatever, are you talking
 23 about the mechanical condition or are you talking about the
 24 cosmetic condition?
 25 A. The overall

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1 Q Okay

2 So you're talking about both?

3 A Yes

4 Q Do you ever distinguish when you're talking

5 about -- let's say, you know, this firearm is in excellent

6 mechanical condition but in poor cosmetic condition?

7 A. Some people -- some people do but, you know,

8 I -- for myself, I -- I judge a rifle for what it is

9 Q Okay

10 So you blame those two together -- you --

11 A Sure

12 Q You take those two components together?

13 A Sure

14 Q Okay

15 So if -- if there was a -- a rifle that was

16 in, let's say, excellent mechanical condition and poor

17 cosmetic condition, how would you -- what would you

18 characterize that rifle? Would you just say it was in good

19 condition?

20 A Well, it's different -- you know, us being an

21 importer and -- and being in the U S commercial market,

22 we're a little different than the world. The world itself

23 is good or bad, and they don't care whether something is in

24 very good or excellent or something else In the United

25 States it's used because you're dealing with -- it's like a

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1 used car. So, you know, does it look good, does it have

2 bondo, has it been hit, been totalled? Does it have the

3 same engine? I mean, there's a lot of criterias So I use

4 the criteria of just an overall general of -- of something,

5 no matter what it is.

6 Q So, for example, if you are looking for a

7 used car, it can probably be pretty beat-up looking, but

8 let's say the engine is good Would that be important?

9 A Depends on --

10 Q I mean, that would be one of the things that

11 would be important?

12 A. In a -- it just all depends, you know I --

13 I don't judge a car and -- and a -- and a rifle as the same

14 but --

15 Q Agreed. But let's say -- this is just as an

16 analogy If you had a car that looked really, really

17 beautiful but the engine didn't work, it wouldn't be of

18 no -- it would be of no use to you, right?

19 A. Depends on the price

20 Q If you wanted to drive it

21 A. It would depend on the price.

22 Q Okay.

23 But if you wanted to drive it, it would be no

24 use to you?

25 A I guess if I wanted to drive it, it

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1 wouldn't -- unless I fixed it up

2 Q Okay Okay

3 On a rifle, let's say the Imbel FAL rifles --

4 which is what's in this contract, right?

5 A Mm-hmm

6 Q And what we're -- what we're talking about in

7 terms of what Dan Tobin inspected. Is, for example, the

8 condition of the barrel important?

9 A It's one criteria, yes

10 Q Okay

11 Is it an important criteria?

12 A It's one of the criterias, yes

13 Q Okay

14 Is it important?

15 A Of course

16 Q Okay

17 What other -- other important criterias, in

18 your view?

19 A Functionability

20 Q Okay.

21 And functionability means being able to be

22 fired?

23 A Mm-hmm

24 Q And is being able to be fired with accuracy?

25 A Mm-hmm

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1 Q Okay

2 It doesn't mean anything else?

3 A Well, it means that all the parts are

4 working You know, all the internals

5 Q Okay

6 How do you -- how do you determine that? Can

7 you determine it by looking at it?

8 A. By -- by looking at a rifle, by taking off

9 its protective covers, you know, taking out the bolt You

10 know, certain things

11 Q Okay

12 Is that one of the things that Mr Tobin was

13 looking for, in terms of whether or not the rifles were in

14 good functioning order?

15 A I'm not sure

16 Q Did you ask him to do that?

17 A No

18 Q Did he ever -- did he report back to you that

19 that was one of the things that he'd looked at?

20 A He said he'd looked at just a few rifles that

21 they had on the ground

22 Q Okay

23 But he didn't say whether or not he looked at

24 them with regard to whether or not they were functional?

25 A He -- he said that Patricio told him that

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1 these were all functionable rifles
 2 Q Okay
 3 But he didn't indicate that he checked
 4 himself?
 5 A I think he checked -- he -- he might have
 6 said he picked up one or two and, you know, did like a
 7 function test, pulled back the bolt, you know, take out
 8 whatever, magazine or -- you know, take a good look at it,
 9 open it up The FAL kind of opens up You can kind of open
 10 it up and take a -- you know, a general inspection I think
 11 he took a quick general inspection
 12 Q Okay
 13 Getting back to your criteria, we talked
 14 about what you would consider to be an excellent firearm
 15 What would you consider to be very good?
 16 A In a firearm?
 17 Q Yes
 18 A Very good would be a used -- a used weapon
 19 that still has its bluing
 20 Q Still has its what?
 21 A Its bluing
 22 Q Okay
 23 A Very good -- very good barrels, very sharp
 24 barrels, all the hand guards and the stocks aren't beat up,
 25 you know, no scratches and, you know, things like that

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1 Q Okay
 2 A Everything that would function in the rifle
 3 Q Okay
 4 A. Pretty much all his accessories would be
 5 there, and extra magazines, and things like that That's
 6 what I would judge a -- a very good condition
 7 Q Okay
 8 And what about something that's just in good
 9 condition?
 10 A. Good condition would be the rifle's been shot
 11 and used a little bit but still has its rifling, functions
 12 perfectly, parts are a little more worn, still no gouges
 13 and -- sometimes you'll see just a little bit of the bluing
 14 gone More of a used -- used type
 15 Q Okay.
 16 And what about fair?
 17 A I consider fair as a -- a very used rifle or
 18 a very used weapon.
 19 Q Is -- is a fair weapon functional?
 20 A Functional.
 21 Q And is -- is fair -- if it's functional,
 22 would fair also refer to cosmetically what it looked like,
 23 if it was worn or it was scratched?
 24 A. It would be more worn, maybe a few little
 25 scratches and things.

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1 Q And -- and what would you consider to be a
 2 poor rating?
 3 A Bent barrels, missing parts, the rifle
 4 wouldn't function properly
 5 Q So any -- any one of those?
 6 A. Mm-hmm
 7 Q Okay
 8 Now, did you convey your -- your idea of what
 9 the excellent, good and fair and very good -- did you convey
 10 that to Dan Tobin?
 11 A Well, Dan has a knowledge of what something
 12 is I mean -- on -- on a rifle I don't have to convey
 13 that to him
 14 Q Okay
 15 So you'd trust his judgment if he said
 16 something was in very -- very good condition?
 17 A I trust his judgment, yeah
 18 Q. Okay
 19 And did -- before the contract was signed and
 20 before Dan Tobin went down to Chile, did you have
 21 discussions with Mr Salinero about the condition of the
 22 rifle? Rifles
 23 A Yes
 24 Q Okay
 25 And do you remember when those began?

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1 A I believe we talked -- the first time we ever
 2 talked about rifles was at an Italian restaurant with him
 3 and his wife When I was in Chile, I believe
 4 Q Okay
 5 And this is before the year 2000?
 6 A Yes, ma'am
 7 Q I'm going to refer you to --
 8 If you could mark this, please
 9 (Deposition Exhibit 24 was marked
 10 for identification)
 11 Q BY MS MERELLE Okay
 12 Mr Prineas, I would -- I'm handing you
 13 what's been marked as Exhibit 24
 14 A Okay
 15 Q And -- now, that's a fax cover sheet, right?
 16 A. Yes, ma'am
 17 Q And that's a fax cover sheet from PW Arm's
 18 and indicates a -- a -- a fax from you to Patricio Salinero?
 19 A Yes, ma'am.
 20 Q. Okay
 21 And that's dated on April 4th, the year 2000?
 22 A Yes, ma'am
 23 Q Okay
 24 You -- in this document one of the things
 25 that you say, and -- and you don't -- obviously you want a

Page 109

1 chance to read it before you answer this, but one of the
 2 things you say in the first paragraph is that, "if these
 3 rifles" -- and this is the second part of the sentence --
 4 "if these rifles are in excellent condition as you" -- I
 5 believe the word is "mentioned" -- "I don't have any problem
 6 with purchasing these rifles for \$75/Each "
 7 A That's what it says, yes, ma'am
 8 Q Okay
 9 And that's your communication to
 10 Mr Salnero?
 11 A Yes, ma'am
 12 Q Okay
 13 Now, when you say "as you mentioned" --
 14 MR. MCKAY Excuse me
 15 Did you get enough time to read through this
 16 before you --
 17 THE WITNESS No
 18 MS MERELLE I'm sorry
 19 MR. MCKAY If you would just allow him an
 20 opportunity to read through it
 21 THE WITNESS I was just reading the line
 22 that she said that I just agreed to
 23 MR. MCKAY I think it's -- if you don't
 24 mind, ask him to read through the whole thing, give him a
 25 chance to read through the whole thing, and then he'll be

Page 110

1 happy to answer any questions that you have.
 2 MS MERELLE Would you mark this, please
 3 (Deposition Exhibit 25 was marked
 4 for identification)
 5 THE WITNESS Okay
 6 Q BY MS MERELLE Now, what is your
 7 recollection of -- going back to the paragraph that I -- I
 8 mentioned, regarding the condition -- excuse me -- the
 9 sentence that I mentioned, regarding the condition of the
 10 rifles, what is your recollection of when that
 11 representation was made to you that they were in excellent
 12 condition?
 13 A I assume since I'm -- I put reply there, I'm
 14 replying to Mr Salnero "As you mentioned." Are we
 15 talking about that paragraph?
 16 Q Yes
 17 A Well, it's in some type of reply, obviously
 18 Q Okay
 19 And you're -- you -- you're saying that that
 20 would have occurred in a telephone conversation or a fax?
 21 A I -- I don't know
 22 Q Or some previous communication?
 23 A It must be something because I said reply, so
 24 I must be replying to something
 25 Q Okay

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1 A I don't -- I mean, I -- I under -- I see the
 2 fax and I -- I obviously sent it but, you know, I -- I don't
 3 know what I -- I think I'm replying to something
 4 Q That's fair, and I -- and I'm not asking you
 5 to set a sequence
 6 A Yeah. I don't know, to tell you the truth.
 7 Q So your understanding of the condition of the
 8 rifles was based on a previous communication with
 9 Mr Salnero?
 10 A Yes
 11 Q I will also show you what has been marked as
 12 Exhibit 25, and if you could take your time to read that
 13 document
 14 You've had a chance to read that?
 15 A Yes, ma'am.
 16 Q Okay
 17 And is that an e-mail from Mr Salnero to --
 18 to you, Stacy Prineas?
 19 A Mm-hmm.
 20 Q Okay
 21 And in that -- that e-mail is dated
 22 March 15th of 2000, right?
 23 A Mm-hmm.
 24 Q And in that e-mail --
 25 I know it's real easy to do but -- to say --

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1 if you can answer audibly or the word no or yes as opposed
 2 to shaking your head
 3 A Mm-hmm. Yes
 4 Q The court reporter can't take that down
 5 A Okay
 6 Q In that e-mail from Mr Salnero, he's
 7 telling you that the rifles are in good condition
 8 A. That's what he's saying, yes
 9 Q Okay
 10 And that's -- in your -- in your
 11 communication to him -- and I'm not implying that your
 12 communication that's demonstrated in Exhibit 24 is in
 13 response to this, but in your communication to him in
 14 Exhibit 24, you indicated that he mentioned that the rifles
 15 were in excellent condition
 16 A Well, I think you're -- I don't read the
 17 paragraph like you do
 18 Q Okay
 19 A. But I'm not as educated as you It just says
 20 the rifles are in good condition It says, "Thank you for
 21 your email today " So obviously I sent an e-mail
 22 Q Sure
 23 A. Okay Or -- or there was correspondence
 24 "The Imbel rifles are in good condition."
 25 Q What was your understanding of that -- what

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1 he meant -- what was your understanding of what he meant in
 2 that e-mail when he said the rifles are in good condition?
 3 A Good condition
 4 Q Okay
 5 A I mean, like good condition
 6 Q Okay
 7 Does that mean excellent condition?
 8 A To me it means in very good to excellent
 9 condition
 10 Q Okay
 11 It doesn't mean good like it says on its
 12 face?
 13 A No
 14 Q And so is that one of the bases for your
 15 conclusion that -- or your -- your recollection that you
 16 thought the rifles were in excellent condition?
 17 A Yeah, especially after reading this, because
 18 it says, "The Imbel rifles are in good condition," and they
 19 were in good operating condition too So he's talking about
 20 two different -- if what I'm reading right, he's talking
 21 about two different things there with the rifle He could
 22 have been talking about something that's -- cosmetically, he
 23 could talk about barrels, we could be talking about a lot of
 24 things
 25 Q Did he ever say to you the words that they

Page 114

1 were in excellent condition? In this e-mail
 2 A Not in this e-mail, no
 3 Q Did he ever say that to you?
 4 A I believe so
 5 Q Okay
 6 When was that?
 7 A I can't recollect at this moment, but, I
 8 mean, we -- we've discussed it Mr Salnero -- his views
 9 of excellent and -- and good, at the time that we were
 10 talking -- I don't think they have the same standards as --
 11 as we do in the United States for certain things And I
 12 think we talked about it when we were in Chile about --
 13 talking about things, because we went out to inspect some --
 14 God, I believe it was some old German tanks or German Panzer
 15 things, and -- and when we were out there he was -- he was
 16 talking that they were in good condition And -- and there
 17 was a couple there that -- I mean, phenomenal, and then he
 18 said this is bad condition and those things were horrible
 19 There weren't like -- but, I mean, to me they were in, you
 20 know, very good -- could be excellent condition So I kind
 21 of got a feeling from there of what he liked on -- on
 22 certain items, is what I'm saying So I -- I'm just going
 23 on his slang
 24 Q But he -- he never actually said the word
 25 "excellent" to you when he talked about the firearms?

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1 A I believe he mentioned it a couple times
 2 Q Okay
 3 And when was that?
 4 A I believe on a conversation -- I believe that
 5 he'd say that you'll find -- in fact, once we talked I know
 6 he said you'd find some that were never even -- completely
 7 unissued
 8 Q And he said that those rifles were in
 9 excellent condition?
 10 A Yeah, he says overall general -- he said very
 11 good to excellent condition
 12 Q Okay
 13 And you're saying that this is before the
 14 contract is signed?
 15 A Yes
 16 Q And this is in a telephone conference --
 17 telephone call, rather?
 18 A I can't remember if it was a telephone call,
 19 I can't remember if we were talking in Chile about 'em, I
 20 can't remember -- I -- I'm sure it was a telephone call,
 21 though.
 22 Q Okay
 23 Does it exist in writing? Have you seen
 24 anything in writing where he's represented to you that these
 25 firearms are in excellent condition?

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1 A Not that I can recollect at this moment
 2 Q Okay
 3 I want to look at another document
 4 Referring you to what was previously marked
 5 as Exhibit 21
 6 A Okay
 7 Q We've looked at that document with regard to
 8 the fax numbers
 9 A Can I read it?
 10 Q Sure
 11 A Okay I didn't read it. Sorry
 12 Q Sure
 13 Have you had a chance to read that?
 14 A Yes, ma'am.
 15 Q That is an e-mail -- excuse me That is a
 16 fax from -- from someone, says "for Patricio Salnero," to
 17 you, Stacy Prineas?
 18 A Yes, ma'am
 19 Q And is your understanding of this e-mail that
 20 it's from Mr Salnero?
 21 A Yes
 22 Q Okay
 23 And in that he's discussing the sale of the
 24 Imbel rifles that are actually listed in the contract that
 25 we discussed earlier

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1 A Yes, ma'am

2 Q And in that -- there's one -- there's one

3 rather long paragraph, and within that he indicates that the

4 rifles have already been inspected by Michael, either

5 Sucher -- S-u-c-h-e-r

6 A Sucher

7 Q -- Sucher and his technician, and, "they

8 found them in good condition, reason why he wanted them too,

9 therefore, I would appreciate if you could come down do

10 Santiago, by June 10th the latest, or at least authorize

11 initial payment."

12 So in that document he represents to you that

13 someone else looked at them and found them in good

14 condition

15 A Well, yeah, especially after the -- found 'em

16 in good condition, and the reason he also wanted 'em,

17 because they were in good condition, which it's either good

18 or bad I mean, I take that as very good to excellent

19 When -- coming in -- from Patricio

20 Q But he -- he -- he indicates to you, though,

21 in his own language that it's in good condition?

22 A Exact --

23 Q In his own words Excuse me

24 A In his own words And he's also saying

25 exactly what the Century people -- they obviously concurred

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1 with Mr Salinero in this doc -- in this document

2 Q And that document is on June 5th, before the

3 contract is signed, is that right?

4 A. On my birthday I know that

5 Q Is that right?

6 A. Yeah

7 MS MERELLE If you could mark this, please

8 (Deposition Exhibit 26 was marked

9 for identification)

10 Q BY MS. MERELLE I'm handing to you what's

11 been marked as Exhibit 26, and again, this is a fax from

12 Patricio Salinero dated October 23rd, 2000 I'll give you

13 an opportunity to read that.

14 A Thank you

15 Q Have you had a chance to read that?

16 A. (No audible response)

17 Q Okay

18 This is a -- this is from Mr Salinero to

19 you, Mr Prineas, is that right?

20 A. Mm-hmm.

21 Q And in this fax document he talks about the

22 condition of the rifles that are the subject of the contract

23 between PW Arm's and Mr Salinero, is that right?

24 A He's -- yes

25 Q And he says, "I'm very concerned about what

Page 119

1 you say of the condition of the rifles, magazines and

2 bayonets when you got them First I would like to point out

3 that I never talked of very good to excellent condition

4 rifles but good condition rifles all the time "

5 Is that what that says?

6 A That's what that says

7 Q And so Mr Salinero, at least in this

8 communication, is clearly distinguishing between his view of

9 what is good and what is very good and what is excellent?

10 A In this document, yes

11 Q And he's representing to you in October that

12 he never said that they were in good or excellent condition,

13 that they were just in good condition?

14 A That's what the document says

15 Q Okay

16 Do you remember receiving this -- this

17 communication?

18 A Yes

19 Q And did you respond to this communication?

20 A Can't remember

21 Q Okay

22 Do you remember what your response was just

23 internally?

24 MR. MCKAY Object to the vagueness

25 MS MERELLE Certainly

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1 Q Do you remember what your response was when

2 you read this document?

3 A Truthfully? 100 percent?

4 I didn't understand it because I thought it

5 was going back -- it -- it kind of frustrated me because I'm

6 not sure at this point whether we received the first

7 shipment or not or my people got to view it, and I didn't

8 view the first shipment per se when it arrived out of

9 Customs in -- in Liberty, Texas I had the manufacturer

10 receive the containers and go through all the containers and

11 tell me what was there, condition of everything to make --

12 you know, to document everything in there because they were

13 going to -- those rifles were going to start the

14 manufacturing process, so we wanted to make sure everything

15 was what we purchased. And their report to me wasn't -- if

16 this is the time, I think their report to me was very

17 unsatisfactory, and I think -- I -- I intimated that to

18 Mr Salinero, and I think this -- if I'm correct, I think

19 this is a reply from my comments to Mr Salinero

20 Q Expressing your -- your unsatisfac --

21 dissatisfaction with the condition of the firearms?

22 A Yes

23 Q As you sit here you cannot recall if -- a

24 written document where Mr Salinero expressed to you that

25 the materials were in excellent condition?

Arrigoriaga v. PW Arms

Condensell!™

Deposition of Stacy N. Prineas

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1 A You know, I seem to remember but I don't -- I
 2 mean, I -- I can't tell you whether I have it still or -- or
 3 it might be somewhere, because we get so many documents from
 4 so many places on so many things that -- I mean, things get
 5 misplaced, we -- sometimes it's not our principles to keep
 6 everything A lot of faxes and transmissions or e-mails or
 7 whatnot, we'll just -- we'll shred because of our business
 8 and things, you know, and it's just our principle that way
 9 So, I mean, I can't tell but I -- I believe that a couple
 10 different times we talked about condition, and I think it
 11 was in -- even in a condition that I had with him, a very
 12 brief conversation with Patricio, and I believe it was
 13 Pamela also, about the condition
 14 Q When you heard back from Dan Tobin --
 15 First of all, this is a large amount of
 16 firearms that you were purchasing, and you were going to
 17 use -- what were you going to use them for?
 18 A To build Imbel -- Imbel rifles
 19 Q Okay
 20 So you -- you were using a manufacturer in
 21 Liberty, Texas to build -- to -- out of those parts kits
 22 that you received --
 23 A We --
 24 Q -- to build rifles?
 25 A We were going to have I.A.I. and Liberty

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1 Armory build M-444 Imbel -- assemble Imbel rifles on Imbel
 2 kits
 3 Q And you -- and you were going to sell those
 4 to consumers?
 5 A Distributor wholesalers
 6 Q Okay
 7 And would those also be dealers?
 8 A. No
 9 Q Okay
 10 They would not -- not -- dealers would not be
 11 included in that?
 12 A Not really, no I mean, there's some that we
 13 would send samples out to or -- or certain things, but not
 14 really Mostly -- most wholesalers
 15 Q Well, you were going to give them to someone
 16 so that someone could distribute them to -- to consumers?
 17 A Actually, we -- it was in the -- we put it in
 18 the I A I catalog and on the I.A.I Web site, and
 19 I A I goes to trade shows which were marketing the rifle
 20 with the I A I line, because I A I has M-888s, M-666s,
 21 M-676s, a whole line of rifles, and this was going to be set
 22 into the line at I A I
 23 Q The bottom line was that you were going to
 24 sell these goods to someone?
 25 A Of course

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1 Q Okay
 2 And you wanted to sell quality goods, is that
 3 right?
 4 A. Well, our -- our rifles that we were
 5 manufacturing we were completely -- how do you say it?
 6 We weren't -- I wasn't selling -- I was
 7 redoing these kits I was completely having these things
 8 remanufactured
 9 Q Okay
 10 And you wanted them to be in good condition?
 11 A Of course
 12 Q Okay
 13 And so when you made this purchase of almost
 14 25,000 rifles, that was a big investment for you, is that
 15 right?
 16 A Of course
 17 Q That's a significant amount of money
 18 A Significant
 19 Q Okay
 20 And it's -- it exceeds a million and
 21 approaches maybe even \$2 million for those purchases, right?
 22 A Yes
 23 Q Okay
 24 So you wanted to make sure that you got what
 25 you paid for, right?

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1 A I was -- yes I was --
 2 Q That was important to you?
 3 A. I was under that impression, yes
 4 Q Okay
 5 So when Mr Tobin went to in -- inspect them,
 6 I mean, he was inspecting them for that very purpose, right?
 7 A That was one of the reasons, yes
 8 Q Okay
 9 So when he reported back to you that he'd
 10 only looked at a few rifles, were you satisfied with that?
 11 A I was satisfied because Salmero -- Patricio
 12 was giving his word to me, he gave his word to Dan, he said,
 13 "Listen, this is what we're selling," and he intimated
 14 exactly what was there, and so we -- sometimes you have to
 15 take men at their word. I take people at their word. I
 16 don't -- when I sit down and I try to work with someone, I
 17 don't think everyone's a crook. I try to work with them
 18 And at the time Patricio was acting like a -- somewhat of an
 19 agent He'd fax us some things all the time, Could you help
 20 me out, could you do this I'd try to help him out as much
 21 as I could
 22 Q An agent of what?
 23 A Excuse me?
 24 Q You said he was acting as somewhat of an
 25 agent.

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1 A Well, yeah, he was acting as an agent pretty
 2 much for me He -- when we first met we discussed that,
 3 about him acting as our agent down in Chile, about all the
 4 surplus goods coming out of the military, the different --
 5 different military agencies
 6 Q When you signed the contract with
 7 Mr Salnero, did you sign the contract with him as your
 8 agent?
 9 A No
 10 Q He was the seller in that contract, right?
 11 A In -- in that contract, yes
 12 Q He wasn't your agent?
 13 A Well, I -- he was my agent down in Chile I
 14 considered him my agent in Chile
 15 Q Did he consider himself to be your agent in
 16 Chile?
 17 A When he told me -- we sat at dinner he wanted
 18 to be, yes
 19 Q And when was that?
 20 A The first time we went down there, we started
 21 talking about doing a -- the first transaction
 22 Q And when was that?
 23 A '98, I want to say
 24 Q So in this transaction regarding these Imbel
 25 firearms, he was not acting as your agent?

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1 A I assume he was
 2 Q Why did you assume that? In -- in 2000 why
 3 did you assume that he was acting as your agent?
 4 A He knew -- he knew two things One, that we
 5 were interested in purchasing and acquiring surplus from the
 6 Chilean government, all the military branches, and that was
 7 our main objective for me first going down to Chile, is --
 8 you just don't go down and buy something from someone,
 9 you -- you -- you enter into a -- somewhat of a -- a
 10 contractual mutual kind of agreement that you're going to
 11 start working together, and I just assumed, we spent a
 12 little time together, that this was going to, you know, take
 13 place
 14 Well, after the first transaction it got a
 15 little hairy there for a while
 16 Q So when a wholesaler buys from you, they're
 17 not acting as -- you're not acting as their agent, are you?
 18 A No
 19 Q And they're not acting as your agent, are
 20 you -- are they?
 21 A No
 22 Q So you were purchasing goods from
 23 Mr Salnero. How was he acting as your agent in that -- in
 24 that transaction?
 25 A Well, I don't know He kept telling me that

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1 he's working with -- with the Army to do something for me
 2 I mean, that's what he intimated I can buy these for you,
 3 I can do this for you, I can have this happen for you
 4 Q So if you're purchasing goods from another
 5 party and they have to get them from elsewhere, does that
 6 make the party you're purchasing from your agent?
 7 A Oh, I have agents all over the world
 8 Q My question is If you go to the store -- if
 9 you -- if you go to QFC and you purchase something off the
 10 shelf and it's something that they've bought for their
 11 customers, does that make -- is QFC your agent?
 12 A Are you talking about QFC or are you talking
 13 about something else?
 14 Q I'm asking you as an example If you are a
 15 customer and you --
 16 A I don't think that's a -- no offense I
 17 don't want to -- I'm here to answer questions Your QFC
 18 question I don't -- I don't understand your QFC question
 19 Q So if you purchase something from a seller
 20 and that seller has to go to another source to get that item
 21 that you have asked for or, let's say, ordered, that seller
 22 is your agent?
 23 A In the terms in our industry -- if you're
 24 asking me about my industry --
 25 Q Yes

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1 A -- and you're asking me about my relationship
 2 with the people that I deal with in all these countries,
 3 usually I consider 'em all agents Everyone that I work
 4 with, they're usually my agents because they would like to
 5 work. Mr Salnero is not going to go out and by twenty --
 6 he's not going to spec on 24,000 kits unless he can sell 'em
 7 to somebody that he's working with He's not going to go
 8 out and buy 10 of 20 million rounds of ammunition unless
 9 he's going to sell 'em to someone he's working with. He --
 10 he intimated to me for years that he was working with
 11 Century and did these deals and he was Century's agent down
 12 there for a long time, and we discussed that, and he had
 13 some problems with Century and he was looking at moving on
 14 Q Did he intimate to you in this transaction
 15 that he was the same kind of agent to you that he was to
 16 Century?
 17 A Yes, he was trying -- he intimated a couple
 18 different things He intimated on this transaction that he
 19 was working for me and he didn't want Century to get the
 20 deal.
 21 Q Doesn't that make you a customer?
 22 A You could -- you could make it in that sense,
 23 yes
 24 Q And weren't you Mr Salnero's customer?
 25 A You can say it -- you can say it in any --

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1 any means you want I mean, you can -- you can call an
 2 agent an attorney You can call an agent a manager You
 3 can call an agent a lot of things
 4 Q In this transaction you were the buyer or the
 5 customer, is that right?
 6 A I thought he was acting on somewhat my best
 7 behalf, if you want to call it that
 8 Q He represented to you that these firearms
 9 were in as-is condition, that once you purchased them they
 10 were your responsibility, is that right?
 11 A Of course They have to be my responsibility
 12 after I purchase 'em
 13 Q And you specifically went down there, even
 14 after you'd been told that someone else had inspected them,
 15 you wanted to have someone look on behalf of PW Arm's
 16 independently, is that right?
 17 A That was one of the criterias for Dan going
 18 down, yes
 19 Q That's right You wanted to look at them
 20 irrespective of what the representations had been made
 21 A Okay, yes
 22 Q And you wanted to look at them because you
 23 wanted to make your own judgment?
 24 A Yes and no
 25 Q You didn't want to make your own judgment?

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1 A. I wasn't there Sent Dan Tobin down there to
 2 get a -- an agreement done Dan Tobin was down there to see
 3 what was really going on It was more of a fact-finding
 4 mission to really see what was going on Because sometimes
 5 it's very difficult to relay what people from South America
 6 and people -- I don't speak fluent Spanish. I think he
 7 speaks fluent -- doesn't speak fluent English, I don't think
 8 she speaks fluent English, but they speak very good English,
 9 and sometimes you have that communication gap, and I thought
 10 it was better to send my representative down there on a
 11 one-on-one to intimate certain things
 12 Q And you went down there to have your
 13 representative, Mr Tobin, look at them, to give you an
 14 independent evaluation from what people were telling you?
 15 A. Yes
 16 Q You did not take what Mr Salnero said on
 17 just face value When he told you they were in good
 18 condition you just didn't order 24,000 Imbel rifles, right?
 19 A. No
 20 MS MERELLE. This may be an appropriate time
 21 to break for lunch
 22 THE VIDEOGRAPHER. We're going off record
 23 The time is 12 20
 24 (A luncheon recess was taken at
 25 12 20 p.m.)

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1 SEATTLE, WASHINGTON, TUESDAY, JANUARY 14, 2003
 2 1 36 P M
 3 --o0o--
 4
 5 THE VIDEOGRAPHER. We're back on record. The
 6 time is 1 36
 7
 8 EXAMINATION (CONTINUED)
 9 BY MS MERELLE.
 10 Q Mr Prineas, we were talking about sending
 11 Dan Tobin down to inspect the rifles before your purchase of
 12 them, and that he came down in July of 2000 That's about
 13 what -- that's where we left off
 14 A Yes
 15 Q And we also -- you indicated -- I also asked
 16 you whether or not one of the reasons you sent Mr Tobin
 17 down there was to make an independent evaluation of what the
 18 goods were, and what was your response?
 19 Let me just ask you
 20 A Okay
 21 Q Did you send him down there to make an
 22 independent evaluation?
 23 A I sent him down there for an evaluation, yes
 24 Q Okay
 25 Now, when he reported back to you, he told

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1 you he'd only looked at a few rifles, right?

2 A He looked at -- in some -- in some crates

3 that were already set aside for him in one warehouse, yes

4 Q Did he tell you that he had wanted to look at

5 more but wasn't -- wasn't able to?

6 A No

7 Q Did he indicate to you in any way that anyone

8 prevented him from looking at the number of rifles that he

9 wanted to look at?

10 A No

11 Q Okay

12 And when he told you the -- the -- the number

13 that he looked at, did he -- did he say, "I only looked at

14 one percent," or, "I only looked at 10 percent"? Did he

15 phrase it in that way?

16 A No

17 Q Okay

18 Was it your understanding, though, that he'd

19 looked at only a small fraction of the 24,000 rifles?

20 A No, he looked at just a few crates that they

21 had ready for him to inspect, is how he put it

22 Q Okay

23 But in -- in your understanding of how many

24 of the entire shipment that were actually looked at, was

25 your -- is it your understanding that it was a very small

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1 number as compared to the entire shipment?

2 A Yes

3 Q Okay

4 So if he -- if he -- for example, if he

5 looked at 2,400 rifles, that would be 10 percent

6 A Correct.

7 Q And if he looked at 240, that would be one

8 percent

9 A Correct

10 Q Okay

11 So did you convey -- did you indicate to him

12 based on his inspection that you did not want to go forward

13 with the contract?

14 A Contract or the purchase?

15 Q With entering into a contract to purchase

16 those firearms

17 A No

18 Q Okay

19 And did you indicate to him that it was okay,

20 even though he had not looked at all of them, to go forward

21 with the purchase?

22 A Yes

23 Q Okay

24 Now, were you concerned at all at the time

25 that you signed the contract that if you got them and -- and

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1 you purchased them on an as-is basis, that they might not be

2 up to what -- they may not be in the condition that you

3 hoped they would be in?

4 A Salnero and Tobin, during our conversation

5 in talking before we even entered into a -- an agreement or

6 this contract, as you're talking about, I believe that

7 Mr Salnero indicated to him as well as me that -- that all

8 the rifles were exactly the same and they've only been shot

9 a couple hundred times, that everything is there, that he

10 will make sure that all the rifles upon inspection when him

11 or his person were there, when the Army would be demilling

12 these receivers, and he would make sure that they were all

13 good condition. If something was bad he'd -- he'd note it

14 If all the parts weren't there he'd note it He'd tell us

15 everything So we were -- you know, we were under his

16 guidelines, as well

17 Q And that -- but that's not what you agreed to

18 in the contract, right?

19 A Are you -- the one you're -- you're talking

20 about, yes

21 Q The contract that has your signature on it

22 and Mr Salnero's signature on it, that is not contained in

23 that contract, is that right?

24 A No

25 Q Okay

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1 And what's in that contract is that the

2 buyer, PW Arm's, purchased them as is at the time of the

3 signing of the contract?

4 A Could be, yes

5 Q Okay

6 And so they were purchased before they

7 were -- the receivers were removed and that they were

8 shipped to the United States?

9 A I don't know that

10 Q Okay

11 This contract was signed before the receivers

12 were removed, right?

13 A I don't know that

14 Q The contract was signed in early July, right?

15 A I don't -- I do not think that the

16 contract -- I -- I can tell you that the con -- according to

17 Mr Salnero, but he obviously has a different point of view

18 than everyone else, that the rifles were never deactivated

19 until after the contract was signed

20 Q And you knew that when you signed the

21 contract you had not seen all of them?

22 A Of course

23 Q Do you know, without referring to any

24 documents as we sit here, when the first shipment was made

25 of the -- of the parts kits?

Arrigorriaga v. PW Arms

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Deposition of Stacy N. Prineas

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1 A An approximate time or the exact date?
 2 Q An approximate time
 3 A I'm assuming August, is it, of 2000? I'm not
 4 sure
 5 Q Okay
 6 A Yeah.
 7 I'd have to see a bill of lading for that.
 8 Contract
 9 MS MERELLE Would you mark this, please.
 10 (Deposition Exhibit 27 was marked
 11 for identification)
 12 Q BY MS MERELLE. Mr Prineas, I'm going to
 13 show you what's been marked as Exhibit 27 Would you take a
 14 moment to look at that and read that
 15 A Mm-hmm.
 16 Okay
 17 Q And this is a -- a fax from you to
 18 Mr Salnero?
 19 A Mm-hmm
 20 Q And it's regarding when the first shipment
 21 was received in Houston, is that right?
 22 A Mm-hmm That's what it says
 23 Q And the date of the fax is August 29th,
 24 right?
 25 A Mm-hmm Yes

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1 Q And -- and the first sentence in that
 2 indicates that, "Our first shipment arrived last week in
 3 Houston and we're waiting for the customs release "
 4 A. Correct
 5 Q Okay
 6 So somewhere in the week prior to
 7 August 29th, that's when you received the first shipment?
 8 A. That's when it arrived in Houston, I guess
 9 Q Okay
 10 When it arrived --
 11 A Yeah.
 12 Q And you -- and you personally -- you weren't
 13 physically there to receive it when it was in Houston?
 14 A. No No
 15 Q When did you actually first see the -- the
 16 contents of the first shipment?
 17 A I can't recollect the date, to -- the date,
 18 but I believe it was sometime -- I want to say October of
 19 2000 I -- I don't have the date, but somewhere around
 20 there, I think.
 21 Q. Okay
 22 This shipment, when it first came into the
 23 US -- and actually, when it says it arrived last week in
 24 Houston, does that mean that it arrived in the -- in the --
 25 went into the possession of Customs?

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1 A No
 2 Q Okay
 3 Did Customs have to review it before it was
 4 released to you -- someone on this end?
 5 A No, what -- I think what I was -- what I
 6 think I was relaying to Mr Salnero was that we received an
 7 arrival notice that the -- that the shipment was getting
 8 ready to arrive in Houston and we received a notice, and
 9 then we submit paperwork to Customs
 10 Q Okay
 11 And that paperwork is for what?
 12 A Importation
 13 Q Okay
 14 And that is -- is that a -- to allow you to
 15 actually receive the shipments in hand or in your warehouse?
 16 A Well, we would have a Customs broker who
 17 handles all the paperwork who we submit our licenses -- or
 18 submit licenses for importation and for release, and it
 19 would either come back as released or, you know -- and
 20 imported or come back as exam, intensive exam or whatnot
 21 Q Okay
 22 And do you recall what happened on this
 23 particular shipment?
 24 A I believe Customs wanted to examine it
 25 Q Okay

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1 And was that -- was that something that you
 2 were accustomed to, is having Customs examine shipments that
 3 you'd received?
 4 A They -- Customs has a right to examine any
 5 shipment at any time, so it's -- it's not -- it's on a
 6 case-by-case basis They make the determinations, not the
 7 importer
 8 Q Have you experienced that before, where
 9 Customs wanted to examine goods?
 10 A Couple times, yes
 11 Q Do you know -- now, there is a -- you
 12 indicated that you work with a broker to submit paperwork so
 13 that you can -- and one of the reasons is so that you can
 14 get these items out of Customs
 15 A Correct.
 16 Q Now, the paper -- one of the forms that you
 17 submit is called a Form 6A, is that right?
 18 A Yes
 19 Q Okay
 20 And that form -- the purpose of that form is
 21 to allow you to -- is a form that indicates that they are
 22 being released from Customs, whatever the goods are.
 23 A Correct
 24 Q Okay
 25 Do you remember whether or not there was a

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1 Form 6A for that first shipment?
 2 A I would assume so
 3 Q Okay
 4 Do you --
 5 A But I -- I haven't seen it personally, my
 6 knowledge, but, I mean, I assume so, yes
 7 Q Okay
 8 As an importer, would you be able to get them
 9 out of Customs if you didn't have a Form 6A issued?
 10 A Well, let me -- let me correct you A Form
 11 6A -- a Form 6 is all you need to get something released A
 12 Form 6A is just a signature release from Customs that shows
 13 what goods that you've brought in for what reasons,
 14 et cetera, et cetera, where you would keep a copy and send a
 15 copy in to BATF
 16 Q And so that's issued -- that Form 6A is
 17 actually issued by Customs?
 18 A No It's issued by your Form 6 It's a
 19 blank piece of paper It's just an A off of the Form 6
 20 It's -- it's like a piece of paper that either -- either an
 21 importer or Customs broker would fill out and they'd put the
 22 value -- I think the value, the commodity, et cetera,
 23 et cetera, what the -- what the goods are, and the
 24 descriptions, you know, everything, and then if an examiner
 25 would release it for whatever reason, they'd sign off on it,

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1 and then you'd have the original signature and the date, and
 2 they'd give it to you It's usually in -- a broker either
 3 faxes it to you or sends it in themselves to BATF Usually
 4 our brokers send it directly, never send it to us
 5 Q But that -- but that -- that form accompanies
 6 a release from Customs, right?
 7 A Usually, yes
 8 Q And it -- and it -- it says, for example,
 9 when the documents were released from Customs? The form
 10 itself is a date that they were released?
 11 A There would be a date, yes
 12 Q Okay
 13 Do you remember the date that the shipment
 14 for -- that the goods in the first shipment were released?
 15 A No
 16 Q And that would be on that Form 6?
 17 A I would assume so
 18 Q 6A Excuse me
 19 A Mm-hmm I would assume so
 20 Q Okay
 21 We have the earlier exhibits I'm showing
 22 you, Mr Prineas, what was marked -- previously marked at
 23 Mr Tobin's deposition as Exhibit 13
 24 A Okay
 25 Q Is that a -- a Form 6A?

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1 A This is a Form 6A
 2 Q Okay
 3 And this -- can you tell what ship -- first
 4 of all, whether or not it applies to the shipment that you
 5 received from Mr Salnero?
 6 A I believe this looks like a second shipment.
 7 Q Okay
 8 So it's a second shipment of 10,000 pieces?
 9 A I -- I believe so, because looking at port of
 10 entry, Seattle, and we were -- I think we were previously
 11 talking about Houston.
 12 Q I agree
 13 And --
 14 A Okay
 15 Q And --
 16 A But this -- this is a 6A It's not -- it's
 17 not signed here, though, on the bottom, which is
 18 interesting
 19 Q Not signed by the importer?
 20 A Yeah
 21 Q Okay.
 22 It's signed by a signature of a Customs
 23 official?
 24 A Yes
 25 Q Okay

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1 And that's in Box 15?
 2 A Yes
 3 Q Okay
 4 And this ship -- this Form 6A references
 5 10,000 parts kits of Imbel rifles and 25,000 FAL rifle
 6 magazines
 7 A That's what it says
 8 Q Okay
 9 It also references that these were -- it says
 10 date released in Box 13 of November 2nd, 2000
 11 A Yes
 12 Q Okay
 13 So the shipment -- the first shipment -- and
 14 this -- and this represents -- I don't mean to confuse you
 15 but this represents the second --
 16 A No, no I'm just trying to listen
 17 Q Sure
 18 This represents the second shipment, so that
 19 the fact that this was issued or released on November 2nd,
 20 2000, the contents of the first shipment were re -- were
 21 probably released before November 2nd, 2000
 22 A Say that one more time
 23 Q Sure
 24 Given that this --
 25 A I'm a little lost there

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1 Q Sure
 2 This represents the date that the second
 3 shipment was released from Customs, right?
 4 A Released from Customs
 5 Q Okay
 6 A. On 11-2-00 2000, yes
 7 Q So it's very likely, even though I know you
 8 don't remember the exact date, that the first shipment was
 9 released from Customs prior to 11-2-2000?
 10 A. I would assume so, yeah
 11 Q Do you know if you saw the contents of the
 12 first shipment before you saw the contents of the second
 13 shipment?
 14 A To tell you -- like I said, I -- I don't
 15 know, to tell you the truth I really don't
 16 Q What is your recollection of when you be --
 17 when you began to look at
 18 A. You know, it was somewhere around where I
 19 left for Nicaragua, and I can't remember the exact date I
 20 just know -- I'd swear October, November, December I don't
 21 know Somewhere in there October, November, somewhere in
 22 there I'm -- if I can -- you know, it's been a couple
 23 times back in 2000 I was going to Nicaragua so I'm trying to
 24 think of which time that I saw and examined the shipment
 25 after release from Customs, but, I mean, if you want to show

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1 me the first one, which I'm pretty sure you have, then I'll
 2 tell you the exact date I was down there or try to find my
 3 ticket to Nicaragua, but I can't tell you the exact date
 4 Q I have not received the Form 6A and that's
 5 why I was asking if you had seen it.
 6 A. Well, why don't you ask the importer
 7 Q No, I'm ask -- I'm asking you if you have
 8 seen it That's what I was asking
 9 A No, I haven't seen the first form
 10 Q Okay
 11 So and -- and when you say, "Why don't you
 12 ask the importer?," you mean Dan Tobin?
 13 A I'm looking at this It says Daniel Tobin is
 14 an importer I would think if he's the importer it's --
 15 it's -- it would be sent to his address, I would think
 16 Q Okay
 17 When you did look at the -- look at the parts
 18 kits, could you describe your -- your inspection?
 19 A Yes Larry had a couple guys out there, and
 20 we were with Ben Shney, who -- from L.A.I., who I'm sure you
 21 know, have talked to Larry Horner, myself I'm not sure
 22 if Dan Tobin was with me on that one or not But -- because
 23 we had to get a forklift. And I believe we -- Liberty --
 24 Liberty Armory is a smaller facility so I believe Ben Shney
 25 leased some containers, because the containers that came

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1 from Chile had to go back to the shipping company, and that
 2 was -- so we transferred the goods to -- while they were
 3 counting 'em, to other containers which we kept those parts
 4 in, underneath these dry storage places And as they went
 5 through 'em and they did this, we were opening up crates
 6 and -- and visually looking through things, and I got a
 7 chance to see how they were packed, how they were -- you
 8 know, what was all -- what it all entailed, et cetera, and
 9 got a better examination for myself
 10 Q Okay
 11 And how long did you -- did you examine them?
 12 How long were you there examining the shipment?
 13 A All -- all day
 14 Q Okay
 15 Now, when you got a better examination --
 16 were you taking rifles actually out of the crates themselves
 17 or were you just kind of opening them up and looking them
 18 in -- look -- looking at them?
 19 A No, we would take rifles out of the crates
 20 Most instances all the bags were cut anyway so we just, you
 21 know, looked through, take things, open up crates if they
 22 had magazines, I believe, in 'em, and there was -- one place
 23 had a -- what are those plastic buckets, round buckets?
 24 Full of what -- cleaning things, just sitting there, just in
 25 there And they were all over the whole container

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1 Q When you say "cleaning things," what do you
 2 mean?
 3 A They were a string with a little rod, it's
 4 like a part of the cleaning kit that goes -- you know, that
 5 you clean barrels with.
 6 Q Okay
 7 A Well, they were all over the container,
 8 and -- and -- in these buckets, you know, with tape on 'em,
 9 and there was -- what else was there?
 10 Oh, there were some crates -- crates and
 11 crates -- the first shipment had crates of bayonets that
 12 were just moldy, pretty much garbage That's -- that's what
 13 I noticed
 14 I says, "You're kidding me " We had --
 15 why -- why did they put so many of these things -- it
 16 just -- it was -- I was trying to figure out why they would
 17 even waste their time of putting it in the container They
 18 were just garbage
 19 Q So these crates were just -- excuse me
 20 These bayonets were also in crates alongside the crates --
 21 A No, actually, these were a different type of
 22 crates They were kind of tall, larger, older crates
 23 Q I just want to say, they were in -- they were
 24 in different size crates but they were in the same container
 25 as the parts kits were?

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1 A Yes, no question
 2 Q Okay
 3 A But in more of a -- a large like wooden --
 4 old wood built out of something In fact, I have 'em at my
 5 warehouse in Redmond here And they're just stacked, just
 6 nothing but bayonets and scabbards were just thrown
 7 everywhere, just -- you know, just junk That's what they
 8 were
 9 Q Are these bayonets part of the parts kits?
 10 A Yes
 11 Q Okay
 12 What -- currently what do you have in terms
 13 of what was shipped to you in those parts kits? In those
 14 two shipments of parts kits
 15 A The first shipments?
 16 Q Of both -- yeah
 17 A Pretty much of it Out of -- out of the
 18 first shipment, a lot of it.
 19 Q Do you know --
 20 First of all, do you know how many were in
 21 the first shipment?
 22 A Oh, 6,000
 23 Q Okay
 24 And how many of those 6,000?
 25 A Do we still have of the six?

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1 Q Sure
 2 And if -- and if it's easier, we can talk
 3 about the two shipments combined.
 4 A Yeah, I mean, I think I have the numbers
 5 roughly I can give you, you know, a good -- if you --
 6 Q Okay
 7 A You want analysis of -- breakdown of how many
 8 kits we have?
 9 Q Yes
 10 A Okay Maybe close to 12,000
 11 Q Okay
 12 Total?
 13 A 11-, 12,000, yeah.
 14 Q Okay
 15 So the -- the two shipments combined were
 16 16,000, right?
 17 A I believe so
 18 Q And you have remaining 11- to 12,000?
 19 A Yeah
 20 Q And they are in your warehouse?
 21 A I know it's over 10 and I don't think it's
 22 over 12, so, I mean, it's right -- somewhere in there
 23 Q Okay
 24 Now, what happened --
 25 A I have two warehouses

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1 Q Two warehouses Where are they located?
 2 A Redmond, Washington, and Apollo,
 3 Pennsylvania.
 4 Q How many are in Redmond?
 5 A Roughly 8,800 pieces
 6 Q And then the remainder in Apollo?
 7 A Yes
 8 Q Of the shipments that you received -- what --
 9 what did you pay for in the shipments? What
 10 shipments did -- did you pay for the first shipment?
 11 A What do you --
 12 Q And I'm not asking you the specific amount
 13 A What am I paying for?
 14 Q I'm asking did you -- when you received the
 15 shipment sometime in August of -- the shipment that you
 16 received in August of 2001 --
 17 A The shipping? What are you talking about?
 18 Q No, for the goods themselves
 19 A I believe we put -- if I re -- the first
 20 shipment we're talking?
 21 Q Yes
 22 A I believe we put a -- we paid in advance so
 23 much, and then we paid the balance on cash to documents I
 24 think it was something like that
 25 Q So you paid for the first shipment in full?

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1 And I mean just the goods themselves I'm
 2 not talking about shipping costs
 3 A I think so
 4 Q But -- but that's your recollection?
 5 A My recollection, yes
 6 Q Okay.
 7 And what about the second shipment?
 8 A No
 9 Q Okay
 10 Did you pay for any part of the second
 11 shipment?
 12 A Yes
 13 Q Okay
 14 Could you please tell me, what part did you
 15 pay for?
 16 A Paid for the exact amount that we -- that we
 17 agreed to.
 18 Q Which was what?
 19 A 6,000
 20 Q Okay.
 21 MR MCKAY I guess it wasn't clear to me
 22 It could be confused that's \$6,000 and --
 23 THE WITNESS Oh, for 6,000 pieces
 24 MR MCKAY Sorry to interrupt.
 25 Q BY MS MERELLE Now, on the -- so the second

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1 shipment was 10,000 pieces altogether, right?
 2 A Salnero shipped 10,000 pieces
 3 Q Right And that -- so it contained 10,000
 4 pieces?
 5 A Yes
 6 Q And you paid for 6,000?
 7 A Correct
 8 Q And what happened to the remaining 4,000?
 9 A They're in storage
 10 Q Did you ever offer to return those?
 11 A Oh, yes. Even -- even to pay
 12 Q Okay
 13 When did you offer to return them?
 14 A. To Mr Salnero, I think Pamela once, and
 15 also his attorney, Martin Bale, is it?
 16 Q Okay
 17 So you --
 18 A Or Bell, Bale Out of New York.
 19 I can probably get it through my attorney,
 20 but -- name and number, but I believe I had a long
 21 discussion with him after receiving a fax from him -- or
 22 a -- a letter, I think
 23 Q So you offered after you had contact with
 24 Mr Bale?
 25 A Yes.

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1 Q Did you offer before that?
 2 A Yes
 3 Q When did you offer?
 4 A I don't know It was when we were
 5 discussing -- there were some faxes back and forth. There
 6 was communications back and forth I believe there's even a
 7 document that said -- after the whole contract was null and
 8 void and we changed the contract, something else happened,
 9 and then we signed a document saying, This is all over, I'll
 10 pay you if you give me the rest of the parts, or something
 11 like that, and -- it's noted somewhere, but don't ask me
 12 what date or if I have it
 13 Q But essentially you're saying that you
 14 offered to return them --
 15 A I know for a fact I offered to return 'em to
 16 Patricio, and he was quite upset In fact, I talked to
 17 Pamela on --
 18 Q Hold on just --
 19 A -- a couple of occasions
 20 MS MERELLE I just wanted to finish my
 21 question
 22 MR MCKAY Okay Sorry
 23 THE WITNESS I was trying to finish my first
 24 answer
 25 MR MCKAY If you don't mind, let him answer

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1 his first question -- your -- his -- complete his answer to
 2 your previous question, and then you can ask your question
 3 MS MERELLE How about if we just start
 4 over
 5 MR MCKAY That sounds great
 6 THE WITNESS Perfect
 7 MR MCKAY That sounds great
 8 Q BY MS MERELLE So essentially you -- you
 9 said you offered to pay him sometimes -- sometime toward the
 10 end of -- before the third shipment was made Excuse me
 11 You offered to return them I apologize You offered to
 12 return them sometime before the third shipment was made?
 13 A The second shipment?
 14 Q Okay
 15 A The first -- I'm -- I'm getting -- I'm
 16 getting lost here
 17 Q You're saying that you offered to return the
 18 pieces -- the remaining pieces of the second shipment before
 19 any further shipment was made, is that right?
 20 A Can I have a chance to think? I just want to
 21 refresh -- try to refresh my memory
 22 I believe it's either before or right after
 23 we had a -- it was actually a heated discussion with Pamela,
 24 and I think Patricio had Pamela call me up, and we discussed
 25 that because that was a time that he was getting more and

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1 more heated because I believe around that time I told him
 2 that the -- you know, all the contracts were pretty much,
 3 you know, null and void, and we pretty much were on a whole
 4 new program and agreement, I thought, and the -- we were
 5 supposed to be receiving all these parts, these new parts
 6 that were -- because you -- and I don't mean to ramble here
 7 for a second but you -- you've -- you've slipped from one
 8 time all the way to another time, what we're talking is a
 9 lot of in between So -- and I'm trying to get to your --
 10 your question And your particular question -- the answer
 11 to your particular question is that I did tell Mr Salnero
 12 100 percent, it was either right before, during or right
 13 after, on a couple of occasions, about, I'll send 'em back
 14 to you, I'll send 'em to one of your other people in -- your
 15 agents in the United States, whether you want Century to
 16 have these or InterOrdinance to have these or who else you
 17 want to have 'em, I'll send 'em there free of no charge,
 18 I'll send 'em right back to you. And he got a little heated
 19 about that
 20 Q And you're saying that this is kind of the
 21 tail end of your communications with Mr Salnero?
 22 A Somewhere around then, yeah
 23 Q Is there a point where essentially there was
 24 no more communication with you and Mr Salnero?
 25 A I believe so

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1 Q Okay
 2 And do you --
 3 (Deposition Exhibit 28 was marked
 4 for identification)
 5 Q BY MS MERELLE Mr Prineas, I'm showing you
 6 what's been marked as Exhibit 28 --
 7 A Okay
 8 Q -- for your review
 9 A. Thank you
 10 Okay
 11 Q You've had a chance to look at that exhibit?
 12 A Mm-hmm
 13 Q Okay
 14 Now, does this -- this is dated
 15 February 12th, 2001
 16 A Mm-hmm.
 17 Q And in --
 18 That's yes?
 19 A Yes. I'm sorry
 20 Q And in this document you indicate, among
 21 other things, and I'm just reading a -- a phrase from it,
 22 that "we've tried to work with you to resolve this matter,
 23 but you've refused to try to work out this situation that
 24 you and the Army caused, not to mention the serious problem
 25 with the last transaction "

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1 Now, do you -- do you know whether or not
 2 this was your last fax to Mr Salneros?
 3 A I -- I don't think so
 4 Q Do you know if you faxed something after
 5 that?
 6 A Could have, because I was getting -- at that
 7 time I think I was getting a couple calls from Pamela
 8 Q Okay
 9 And do you know when that -- when that would
 10 have been?
 11 A I -- I -- I can't recollect the time.
 12 Q Okay
 13 Do you -- is this -- can you tell whether or
 14 not this is toward the end of your communications?
 15 A. I'm not if this is the end or during We
 16 talked about -- we -- we couldn't import receivers,
 17 everything was frozen, you know, null and void, and, you
 18 know, I mean, the condition of everything, and we were going
 19 into a different matter I mean, it -- it just kind of all
 20 gelled into one kind of at the end
 21 Q Do you know if -- whether or not this was the
 22 end of your -- tail end of your communications with
 23 Mr Salneros?
 24 A. I don't think so because all the way up --
 25 somehow they were contacting me or Dan and somehow or some

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1 way or calling and I'm not sure if that was the end The
 2 end I think was after I received something from -- I'm not
 3 sure if the name is correct Martin Bale or Bell or -- from
 4 a New York law firm
 5 Q The only -- the only thing -- I'm -- I'm not
 6 asking you about whether or not you had any communications
 7 with his attorney but I mean with Mr Salneros directly
 8 A Towards the end it was more Pamela because I
 9 think the last time -- I mean, that -- she would call
 10 Q Okay
 11 But your communications -- this particular
 12 communication, Exhibit 28, is to Mr Salneros
 13 A Of course
 14 Q Okay
 15 And all I'm asking is when your last
 16 communication with Mr Salneros was Was this toward the
 17 end of your communications with him?
 18 A I -- honestly, I can't remember
 19 Q Okay
 20 A Or I'd tell you
 21 Q So if there were further communications, are
 22 they -- would you have them at your office?
 23 A Towards --
 24 MR. MCKAY Are you talking about written
 25 communications?

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1 MS MERELLE Yes
 2 THE WITNESS I think we've handed most of
 3 everything we could find that wasn't destroyed or -- or when
 4 he would call up and -- and get heated or throw away I
 5 mean, it was one of those things where we -- we tried to
 6 find everything that we could on these fax -- usually we
 7 don't keep too many of these fax -- after -- we take 'em, we
 8 usually shred 'em or throw 'em away
 9 Q BY MS MERELLE But as you sit here today
 10 you cannot point to a specific fax or written communication?
 11 A I'd have to see it
 12 Q But you cannot point to one right now?
 13 A. At this -- at this particular time?
 14 Q That's right.
 15 A I can't point to it, no
 16 Q Okay
 17 Now, there was a point where there was
 18 discussions back and forth about how to resolve the issue of
 19 the shipments and your dissatisfaction with the parts kits
 20 A Correct
 21 Q And at some point Mr Salneros would make a
 22 proposal and then you would respond and then Mr Salneros
 23 would respond to that?
 24 A Sort of
 25 Q But there were communications going back and

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1 forth?

2 A. On what specific thing?

3 Q On trying to resolve the contract after the

4 second shipment

5 A We were trying to resolve the -- the

6 agreement -- the -- the second agreement We made a second

7 agreement kind of in verbally So, I mean, I'm not sure of

8 the timing like you're asking me about the time, if this was

9 the last communication, so I'm kind of not on the time

10 period there, unless I see something that I could relate to

11 Q What was your second agreement?

12 A Well, after -- after Mr Salnerero -- I -- I

13 informed him that the law changed in the United States

14 He -- he -- he understood that, obviously He has his

15 communications with people -- other people in the United

16 States, I -- I would imagine, and we wanted to move -- we

17 told him that, "Listen, we understand you have this contract

18 with" -- "with the Army, and we don't want to leave you

19 hanging, but at the same time we can't import receivers, and

20 if we can't import Imbel receivers we're pretty much" --

21 "our program's pretty much done, so we're not in the parts

22 kits per se business, and" -- "but we will still go along

23 and see if we can work this thing out, but the condition and

24 what" -- "what you sent us is not exactly what you intimated

25 to me and Dan, and I'm kind of disappointed," and he dangled

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1 these parts He sent me a complete list of parts He said

2 that these were completely brand-new parts, that he wanted

3 to -- to give us part of the whole deal if we went through,

4 that would kind of make up for it, and I says, "Well, let's

5 play it on a case-by-case basis " Never -- I've only seen a

6 list of parts, never received 'em, never -- never saw 'em,

7 and it was kind of fishy because in the very beginning when

8 we dealt with him he said that that was the whole package,

9 there was no parts And I intimated to him on numerous

10 occasions they must have spare parts No Army buys 24,000

11 rifles without spares I mean, it's just crazy He

12 intimated, he says, "Absolutely not There's not one spare

13 to be had in Chile " And then all of a sudden he comes up

14 with a list and they're going to throw this in and then

15 faxes me another day or calls me and says now he wants

16 \$200,000 or 250,000 for the list, and I just said, "This is

17 just getting ridiculous," and maybe that's what you're

18 talking about in one of our future communications that got

19 cut off

20 Q So your second agreement was for spare parts?

21 A Our second agreement was try to make sure

22 Mr Salnerero could go through the deal to fulfill his deal

23 with the Army, on a case-by-case basis, but if he would give

24 us spare parts -- and the -- and the rest of the parts

25 weren't junk, we would try to fulfill our obligation, but

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1 the worse we got into the parts, the worse condition the

2 parts were, and then I asked him very kindly, "Where are the

3 new parts that you've been promising?"

4 Q So the second agreement that you're talking

5 about involved spare parts?

6 A The -- exactly

7 Q Now, you said that you informed Mr Salnerero

8 that the law had changed

9 A Yes

10 Q When did you inform him of this?

11 A On a conversation with Pamela, and he was

12 right there

13 Q Did you ever inform him in writing?

14 A I can't remember

15 Q When was the conversation with Pamela and he

16 was right there?

17 A I believe right around -- before or right

18 around the second shipment, either right after it arrived or

19 during or right before it arrived I think it's before it

20 arrived, the second shipment

21 Q Before the second shipment arrived?

22 A Arrived, yes

23 Q And at that --

24 First of all, when you say change in law,

25 what are you referring to?

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1 A I'm referring to the law that had to do with

2 receivers and barrels

3 Q And what is the change in law that you are

4 referring to?

5 A We could not import Imbel receivers from

6 Imbel, and I'm an importer, that's my -- that was why -- I

7 mean, Mr Salnerero knew the -- the whole reason for this

8 whole project, to get involved with Patricio and the Army

9 with the Imbels, was to build an Imbel -- authentic Imbel

10 rifle and authentic Imbel receiver

11 Q Now, you said you found out about this change

12 before the second shipment

13 A Somewhere before the -- somewhere right

14 before the second shipment, yes

15 Q And you told Mr Salnerero about this change

16 in law?

17 A Yes

18 Q And you told him -- you told Mr Salnerero

19 commence -- about the same time that you found out about the

20 change in law?

21 A I told him, yes

22 Q You told him at about the same time that you

23 found out?

24 A I think it was before I can't -- I think it

25 was before the second shipment, somewhere in there Because

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1 there was a -- a lull in the second shipment because we
 2 were -- we had problems in the second shipment because he
 3 shipped more than he was supposed to and we -- we -- we told
 4 him, "Listen, we want to see these things now " In fact, I
 5 know I told him before the second shipment because I -- I
 6 remember the argument we had on the number of rifles in the
 7 second shipment So yes, it was before
 8 Q But what I'm saying is that you told him
 9 about the same time that you found out -- at the time that
 10 you found out about the change in law, that's when you
 11 conveyed it to him?
 12 A Well, we speculated on finding out I -- I
 13 reiterated that to him on -- things were frozen -- on -- on
 14 a couple instances I told Pamela too I didn't know for a
 15 fact until I could get -- you know, either BATF would send
 16 me a letter or BATF -- I -- I called them -- a number of
 17 times I called BATF, every day almost, and I tried to get
 18 updates, I tried to get updates from Federal Registry, I
 19 mean, on different Government Treasury Web sites We do
 20 everything we can to find out about changes in law
 21 Q So you said that you found out before the
 22 second shipment
 23 A I believe so, yes
 24 Q And my question to you is. At that time, is
 25 that when you told Mr Salinero?

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1 A. I told him before the second shipment, yes
 2 Q Okay
 3 So between the time that you found out and
 4 before the second shipment, somewhere in there you told
 5 Mr Salinero about the change?
 6 A. Yes
 7 Q Now, how did you find out --
 8 A. We couldn't --
 9 Q -- about the change in law?
 10 A. We put in some -- for some licenses, we
 11 called BATF I wanted to -- I think sometime in August, you
 12 know, after we were getting this deal sealed up with
 13 Mr Salinero, we wanted to start getting some -- we had some
 14 agents in -- in Europe that deal with the factory in Chile,
 15 and we wanted to buy a number of Imbel receivers from the
 16 Imbel plant, and at that time we were told that at -- at the
 17 moment they weren't going to accept any licenses, that if
 18 you -- if you submit it they're not going to go anywhere
 19 They're just going to throw 'em away, put 'em in a pile,
 20 boom, because they're taking a different -- they're taking a
 21 look at this whole thing
 22 I figured maybe it was magazines I didn't
 23 know at the time But I knew I could now import -- import
 24 these receivers at that particular time So I believe we
 25 bought a thousand receivers from a company around -- I think

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1 we bought a thousand receivers, Imbel receivers, original
 2 ones, at I think \$125 apiece, and still submitted some
 3 licenses, because that was our whole thing We were, you
 4 know, trying to figure out what was going to happen, but no
 5 one really knew And -- until something came out or was
 6 faxed to me or the Fair Trade or -- I talked to David
 7 Johansen or -- or something Then when I was told, I told
 8 Patricio But all along I told Patricio, I says, you know,
 9 the changes -- and that was -- when I -- when I did the --
 10 the contract with Patricio, that was strictly what I put in
 11 that contract, that you talk about this agreement contract
 12 And because he was rushing, and I says, "Listen, things
 13 change all the time in this business, and I'm trying to
 14 build an Imbel rifle, and if I can't get my Imbel receivers,
 15 any change like that and this thing is null and void because
 16 I" -- "I don't have the time to come down there, Dan's
 17 there, you guys want to get this deal done on Dan's license,
 18 and I don't feel comfortable using Dan's license We'll let
 19 it happen "
 20 Q So did you get any notice yourself from ATF?
 21 A. Yeah, I believe -- I think we -- my attorney
 22 gave you that. We've got a -- we got a notice sometime,
 23 and --
 24 Q And you got a -- did you get a notice before
 25 the second shipment from ATF?

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1 A I can't remember what -- what letter it was
 2 It was one letter I think I faxed one down to Patricio
 3 In fact, I know Dan did I says, "Send him one down too so
 4 he doesn't say we didn't get one "
 5 Q Is this a -- is this a notice that is
 6 addressed to PW Arm's?
 7 A I think it's a notice just to an importer or
 8 an advisory or something like that
 9 Q When you say "to an importer," are you saying
 10 just an anonymous importer or some specific importer?
 11 A. Importers They -- sometimes the Treasury,
 12 BATF, will send out a -- the same type of form to people who
 13 submit Form 6s, so it's a uniform -- you know, a uniform --
 14 Q It's a form letter?
 15 A Yeah, it's a uniform letter
 16 Q All right
 17 So before the second shipment you were
 18 concerned, you're saying, that you couldn't -- you could not
 19 import receivers?
 20 A. That's right
 21 Q And that you could not -- you could not
 22 assemble the parts kits rifles that you were importing with
 23 receivers?
 24 A I could not import Imbel receivers from
 25 the -- no one could -- at that time you could not import an

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1 Imbel receiver or any receiver outside the United States to
 2 the United States
 3 Q When you say "at that time," at what time are
 4 you referring to?
 5 A The time you just asked me about, before the
 6 second shipment
 7 Q Okay
 8 So you're saying at that time, when -- when
 9 you understood that the law had changed, that's when you
 10 could not import receivers?
 11 A At that time it was considered frozen
 12 Q Now, you're saying that you gave this
 13 information to Mr Salinero
 14 A Yes
 15 Q And you gave that information to him before
 16 September of -- excuse me -- before the second shipment?
 17 A I believe what we got we faxed down to him.
 18 If I didn't I had Dan do it
 19 Q You had some communications with
 20 Mr Salinero -- a significant number of communications after
 21 the second shipment, right, with him? You continued to
 22 communicate with him?
 23 A Oh, no question
 24 Q Okay
 25 And in those communications -- in those

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1 written communications you never mentioned anything about
 2 the change in law?
 3 A I told him once it was done Do I -- I don't
 4 need to keep repeating myself
 5 Q In those written communications you never
 6 mentioned anything about the change in law?
 7 A I'm not sure if I did or not
 8 Q Can you point to a written communication
 9 where you mentioned the change in law to Mr Salinero?
 10 A Not right this second.
 11 Q Okay
 12 Did you ever tell Mr Salinero in a written
 13 communication that the contract was null and void?
 14 A I told him verbally I told Pamela verbally
 15 also
 16 Q Okay
 17 You continued to discuss how to resolve the
 18 contract after the second shipment, is that right?
 19 A That's right
 20 Q So at that point you were not behaving as if
 21 the contract was null and void
 22 A I think I -- most of the time, if you look at
 23 it, I'm -- if there's some faxes that I remember I took a
 24 look at or I wrote We're talking about Mr Salinero's
 25 contract with the Army We were trying to play damage

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1 control with his contract with the Army when this
 2 agreement -- to get -- to go through with this whole thing
 3 We -- we told him, "Listen, we'll try to do our best " We
 4 wanted to But the game has changed and now we have parts
 5 kits that we have to sell and we can't import Imbel
 6 receivers, and he knew that very well
 7 And he says, "Ah, the Army's going to" -- he
 8 was very upset because he says he has a problem with the
 9 Army, and then I says, "Well," you know, -- and he -- this
 10 is when he started initiating all the parts and we'll do
 11 this and we'll do that and -- that's when all the -- I mean,
 12 we tried to the best of our ability to -- to work, because,
 13 as you said earlier, he wasn't my agent but he says,
 14 "Listen, we want to work together There's a lot of
 15 material that the Army has that they'd like to sell "
 16 MS MERELLE Would you mark this, please
 17 (Deposition Exhibit 29 was marked
 18 for identification.)
 19 Q BY MS MERELLE This is an exhibit,
 20 Mr Prineas, I'm showing you that's marked as Exhibit 29
 21 A Okay
 22 Q And this is a fax from you to Patricio
 23 Salinero
 24 A Right It seems that way Can I read it?
 25 Q Sure

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1 A Okay
 2 Okay
 3 Q Now, this is January of 2001, is that right?
 4 That's the date on it, January 9th, 2001?
 5 A Yes
 6 Q And this is your -- one of your
 7 communications to Mr Salinero?
 8 A Yes
 9 Q And in this communication you -- you tell
 10 Mr Salinero that there are a number of discrepancies, is
 11 that -- that's beginning of the second paragraph.
 12 A Yeah, I was going -- I -- I was reiterating
 13 what I had -- me and Pamela had talked about earlier
 14 Q Okay
 15 And you say, "one major problem is the
 16 overall condition of the units, not only excessive wear, but
 17 we're finding more and more poor to very poor condition,"
 18 right?
 19 A Yes
 20 Q And there -- nowhere in this document do you
 21 mention that the contract is null and void?
 22 A I believe I told him before this
 23 Q Nowhere in this document do you mention that
 24 the contract is null and void?
 25 A Nowhere in this fax transmission It wasn't

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1 what we were talking about
 2 Q But it's not in this transmission In this
 3 particular communication
 4 A I'm just going over it --
 5 In this -- yes, you're right
 6 Q And also, you don't tell Mr Salinero that --
 7 that there's been a change in law and that that's why you
 8 have a problem with completing the contract, is that right?
 9 A I told Pamela in our conversation I
 10 remember -- I remember this vividly, this -- this exact
 11 transmission Vividly
 12 Q So in this transmission you say nothing about
 13 the change in law?
 14 A He knew that We discussed it on a number of
 15 times This was -- what we discussed on the change of law,
 16 we had a complete conversation just about change of law, and
 17 then we forgot -- then it was over with It was done Now
 18 we talked about damage control, and different type of
 19 agreement, like I was trying to tell you, and I talked to
 20 Mr Salinero and he says, "Listen, I got a" -- "I'll have a
 21 big problem with the Army" --
 22 Q The only question I have is whether or not
 23 it's a change of law in this document
 24 A In this document, no
 25 Q You also --

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1 (Deposition Exhibit 30 was marked
 2 for identification)
 3 MS MERELLE I'm going to stop because the
 4 videographer needs time to change the tape
 5 THE VIDEOGRAPHER We're going off record
 6 The time is 2 26 This is the end of Tape 2
 7 (Discussion off the record)
 8 THE VIDEOGRAPHER We're back on record The
 9 time is 2 30 This is the beginning of Tape 3 in the
 10 deposition of Stacy Prineas
 11 Q BY MS MERELLE I have handed you what's
 12 been marked as Exhibit 30, Mr Prineas
 13 A Mm-hmm
 14 Q Have you had a chance to look at that?
 15 A Yeah, briefly
 16 Q Okay.
 17 Have you had a chance to read it?
 18 A. Mm-hmm Yes
 19 Q Do you need any more time to read the
 20 document?
 21 A No
 22 Q This is a fax transmission to Patricio
 23 Salinero from you, is that right?
 24 A. Yes
 25 Q This is a fax transmission of January 17th,

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1 2001, is that right?
 2 A Yes
 3 Q Okay
 4 And there -- it's a relatively long fax
 5 transmission, it's approx -- it's about one and a half
 6 pages
 7 A Yes
 8 Q And in this your are -- you are talking to --
 9 you're communicating with Mr Salinero what are some of your
 10 concerns about the Imbel parts, is that right?
 11 A Yeah, I think I was in response to -- I was
 12 in response to one of his faxes or a conversation or
 13 something
 14 Q Right, and this is a part of an ongoing
 15 communication between you and Mr Salinero?
 16 A. Could be
 17 Q No, I mean in terms of -- if it's in response
 18 to a previous communication, you and he had communications
 19 back and forth?
 20 A Yes
 21 Q Okay
 22 Now, on the first page there is a paragraph,
 23 I believe it's the third paragraph, where you state to
 24 Mr Salinero, "It's my understanding that you would stand
 25 behinds this IMBEL FAL agreement We have already hashed

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1 over these points in previous transmissions as well as
 2 conversations, I now consider it a slap in the face when you
 3 talk about conditions, missing parts and shortages "
 4 At that point you were still referring to an
 5 agreement that you had between you and Mr Salinero?
 6 A. Talking about the agreement -- I -- I'm not
 7 sure I think this might even be the -- we're talking about
 8 agreement that he had with the Army
 9 Q You said "this IMBEL FAL agreement."
 10 A Mm-hmm
 11 Q What agreement were you referring to?
 12 A. See, he had an agreement -- he was worried
 13 about the agreement he had with the Army There's a --
 14 there's a previous contract agreement that he had with the
 15 Army
 16 Q So that's what you're referring to in this
 17 fax?
 18 A I think so I -- I'd have to go back and
 19 look at the fax that he sent me and what I said in -- in
 20 response, but -- because I -- I tried to in -- I'm -- I'm
 21 not totally a scholar but I -- in some of my faxes that I --
 22 I responded to Mr Salinero, I would try to make it as easy
 23 as English possible so he could understand this
 24 Q So when you say, "We have already hashed over
 25 these points," you were talking -- you were not talking

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1 about the agreement between you and Mr Salnero?
 2 A We've already hashed over those things That
 3 thing was hashed over a long time ago
 4 Q So when you talk about conditions and missing
 5 parts and shortages --
 6 A This is a new agreement that we had
 7 Q Are you talking about -- you're not talking
 8 about your agreement that you signed with Mr Salnero in
 9 July of 2000?
 10 A No
 11 Q On the second page you refer -- you say,
 12 "This is simply not true, some of the rifles have been
 13 dragged through the jungles, there is extensive ware and
 14 use, you can look all you like at Shotgun news ads, we've
 15 taken the" -- "ads, we've taken the absolute best of what is
 16 there, and are trying to get some of our investment."
 17 A Exactly
 18 Q Does that not -- does that not talk about --
 19 or does that -- that not refer to the agreement between you
 20 and Mr Salnero?
 21 A Could I read that again?
 22 Q Go ahead
 23 A "This is simply not true, some of these
 24 rifles have been dragged through" -- I am responding to him
 25 because Mr Salnero would fax us up saying that Dan

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1 Tobin -- in -- in reference -- I believe he faxed me a
 2 Shotgun News thing that I saw yesterday, and he'd say, "Dan
 3 Tobin's getting \$250 and you're getting \$750 for an M-444
 4 What's going on?" Well, look at the cost, what it costs for
 5 an M-444 We told him that We can't import any more
 6 receivers We -- we got a thousand receivers We built a
 7 thousand guns It cost us 450 to \$500 to -- to build a
 8 rifle, not including product liability
 9 So I was explaining to him -- now that we're
 10 in the parts -- the gun part -- the parts set business or
 11 the gun parts business, which we've never been -- really
 12 wanted to get into, he's telling us, "You're getting 250 for
 13 something " No, no, no We took exactly, out of everything
 14 that PW -- or Dan's Sporting Goods purchased, what was
 15 12,000, out of the 16,000, we went through our 12,000, said
 16 how many decent ones are there We pulled out I believe a
 17 total of less than 600 and sold those to Dan only
 18 Q Those 600 --
 19 A And those 600 were considered excellent out
 20 of the whole lot Other than that everything else was just
 21 normal
 22 Q The parts kits that you were referring to in
 23 this transmission are the parts kits that you purchased from
 24 Mr Salnero, is that right?
 25 A Yes

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1 Q And so this trans -- this transmission is
 2 referring to the parts kits under the contract that you had
 3 with Mr Salnero?
 4 A This -- what I'm -- you're asking me what I'm
 5 talking about in this paragraph Correct me if I'm wrong
 6 Maybe I -- I misinterpreted I'm sorry You asked me about
 7 this paragraph I am responding to a fax or a conversation
 8 with Mr Salnero telling me that I'm getting X amount of
 9 money, and I believe he faxed me a copy of Shotgun News and
 10 says, "Dan is selling this for 250 You're" -- "he's
 11 selling this rifle for 750 And you're telling me that my
 12 stuff is junk " And I was trying to explain to him, these
 13 rifles have been totally -- the thousand rifles are totally
 14 reconditioned with a brand-new Imbel authentic receiver that
 15 we have \$500 in, and we're going on and on and on They're
 16 different than what you think these parts kits -- the
 17 99 999 percent of your stuff, a lot of it that we're finding
 18 has been dragged through the jungles, you can look at it,
 19 and we're sitting here, how are we supposed to sell these
 20 things? We're not in the parts kits business to sell
 21 We -- we were in the importing business, to import, give
 22 this stuff to L.A.I to market and sell to distributor
 23 wholesalers
 24 Q When you're talking about the parts kits,
 25 you're talking about the parts kits that were purchased

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1 under the agreement with Mr Salnero, not under any
 2 agreement that you had with the Army, is that right?
 3 A I'm not too sure about that
 4 Q You did not have an agreement -- we're not
 5 discussing an agreement with the Army, is that right?
 6 A I'm not sure You went off -- you went off
 7 three different ways Maybe we could have him repeat it
 8 Q We're discussing an agreement that you had
 9 between -- the contract that you had between Mr Salnero
 10 and PW Arms; is that right?
 11 A Could I ask you a question, so I don't -- I
 12 don't want to seem rude or -- can I just ask you a question?
 13 I thought you just asked me about this
 14 paragraph, and you asked -- I thought you asked me what does
 15 this paragraph mean, and I was trying to tell you what I was
 16 in response to And it -- this paragraph, I was -- I was
 17 telling you exactly what I -- Mr Salnero either faxed me,
 18 and I believe he both faxed me or Pamela faxed me, called me
 19 or e-mailed me, and we were halfway into discussions and
 20 were talking about these "Well, why can't you take these?
 21 I don't understand" -- "I understand" -- he's told me, "I
 22 understand the law's changed Forget about that We" --
 23 "we've said we're going on with the parts kits now And I
 24 told him, "On a case-by-case basis we would go through with
 25 this thing if you can get us these parts, you can guarantee

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1 me these things aren't junk " And then he's questioning me
 2 like I was trying to fool him, and I was trying to the best
 3 of my ability to say, "Listen, I don't think" -- "you're
 4 seeing something in Shotgun News that you're not
 5 understanding," and I wanted to make that clear to him
 6 Whether I did it here and on the phone or half and half,
 7 that was my point of this paragraph that you're asking me
 8 That's all
 9 Q And I am not asking you at this point what
 10 your understanding of this paragraph is What I'm asking
 11 you is when you're referring to the rifles and you're
 12 referring to an agreement, you're referring to the agreement
 13 between you and Mr Salinero
 14 A I'm referring to -- you see, this is where
 15 I'm trying to tell you The agreement -- our -- our verbal
 16 agreement that we had after this thing was -- blew up in our
 17 face -- the agreement that he had with the Army, he didn't
 18 want to lose face in his own country He didn't want -- he
 19 said he was going to be in huge trouble
 20 Q You did not have an agreement with the Army,
 21 right?
 22 A I had personally never met the Army I
 23 didn't have a -- I didn't have a -- I'm talking his
 24 agreement
 25 Q So when you say "this agreement," you're

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1 talking about an agreement in which you're involved, right?
 2 A. Or it could be his I -- I'm not sure I
 3 think that we might be talking about his agreement with the
 4 Army
 5 Q You had an agreement with Mr Salinero for
 6 rifles, right?
 7 A. A couple different times Of course
 8 Q For the parts kits, is that right?
 9 A No question
 10 Q So when you're discussing the parts kits
 11 you're discussing the agreement with you and Mr Salinero,
 12 is that right?
 13 A Could be
 14 Q And when you talk about "this agreement,"
 15 you're talking about the agreement that you had between
 16 Mr. Salinero and PW Arm's?
 17 A. You're saying that
 18 Q That's my question to you
 19 A Which -- I don't even see that in this
 20 paragraph. Which paragraph are we on?
 21 Q I'll strike that question
 22 A Maybe it's my mistake I mean -- yeah
 23 Which -- paragraph are we on?
 24 Q I'll strike that question
 25 A. I thought you were telling me about --

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1 maybe -- I'm sorry It's probably me I'm -- I'm talking
 2 about this paragraph.
 3 Q I will -- I will strike my question
 4 MR. MCKAY Let her ask another question
 5 THE WITNESS Yeah
 6 Q BY MS MERELLE Let's refer to Page 2 of
 7 this Exhibit 30
 8 A Page 2 That's the second page?
 9 Q Right.
 10 A Okay
 11 Q You referred to M-44 rifles that you are
 12 producing, is that right?
 13 A Yes
 14 Q Okay
 15 Those were M-44 -- M-444 rifles are produced
 16 from parts kits that were purchased from Mr Salinero?
 17 A Yes
 18 Q So when you were talking about those rifles
 19 you were talking about the -- the contents of the contract
 20 between you and Mr Salinero?
 21 A Please ask the question again, because
 22 maybe -- maybe -- I thought I answered the first one --
 23 you're asking me are these the rifle kits that the M-44 I'm
 24 talking about Yes
 25 Q On the second para -- excuse me -- the

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1 second-to-the-last paragraph of the fax cover
 2 A Okay
 3 Q Excuse me Of this fax transmission from
 4 January 17th, 2001
 5 You indicate that you are concerned about
 6 missing parts of magazines and the condition of the
 7 bayonets, is that right?
 8 A Oh, yes
 9 Q You also indicate on the last line that you
 10 have all along "wanted to work out a solution to this
 11 problem, but it seems as though you are num to our
 12 predicament", is that right?
 13 A Yes
 14 Q And when you talk about "solution to this
 15 problem," you're talking about the solution to your
 16 agreement or your contract with Mr Salinero, is that right?
 17 A No
 18 Q What are you talking about?
 19 A All my parts that I'm supposed to get
 20 Q All your spare parts?
 21 A All my spare parts
 22 Q And that -- and that was not an agreement
 23 with Mr Salinero?
 24 A. That was a verbal agreement between me and
 25 Mr Salinero

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1 Q So you -- there was an agreement between you
 2 and Mr Salnero?
 3 A And I believe somewhere along the line it was
 4 even put in writing somewhere or something -- we were back
 5 and forth Again, I can't put my finger on it but I think
 6 even Pamela was involved in something that was written down
 7 and notarized and went back and forth
 8 Q In this document, which is a transmission fax
 9 dated -- which is Exhibit 30, January 17 --
 10 A Are we on the first page again?
 11 Q Yes
 12 A Okay
 13 Q On January 17th, 2001
 14 A Okay
 15 Q You did not mention anything about the change
 16 in law?
 17 A Again, I'm responding to a conversation or a
 18 fax
 19 Q And in that document you do not mention
 20 anything about a change in law?
 21 A No
 22 MS MERELLE. Would you mark these two,
 23 please
 24 (Deposition Exhibits 31 and 32
 25 were marked for

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1 identification)
 2 MS MERELLE Would you mark this also
 3 (Deposition Exhibit 33 was marked
 4 for identification)
 5 Q BY MS MERELLE Mr Prineas, I am showing
 6 you what's been marked as Exhibit 31 And is this a letter
 7 from you to Patricio Salinero?
 8 A Yes
 9 Q Excuse me Let me give you an opportunity to
 10 read it
 11 A Okay Thank you
 12 Okay
 13 Q Okay, you've had a chance to read that?
 14 A Mm-hmm
 15 Q Okay
 16 And this is a letter to -- from you to
 17 Mr Salnero dated October 15th, 2000
 18 A Mm-hmm
 19 Q Is that -- is that yes?
 20 A Yes I'm sorry
 21 Q And this is after you have received -- this
 22 is referencing after you've received the second shipment, is
 23 that right?
 24 A I would think this is right when I've
 25 received the first shipment

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1 Q And there's a paragraph in this that says,
 2 "Another disturbing issue is that you have shipped five
 3 containers instead of three, our agreement was for three!"
 4 A Yes
 5 Q And that -- when five containers were
 6 shipped, that was on the second shipment, is that right?
 7 A I believe so
 8 Q So we're talking about the second shipment?
 9 A No Well, I -- would you like me to explain
 10 this so you -- I think you're -- you're wrong but -- I'm
 11 writing something to tell him I just inspected the first
 12 shipment, and then he's telling me I think that he has --
 13 the other shipments already left and on its way and there's
 14 five containers He -- I think he -- I'm responding to a
 15 fax here also, and I'm not sure -- this is on different
 16 letterhead so I would assume it was something I conveyed to
 17 somebody to write, because either -- I'm not sure if this is
 18 the time he was supposed to meet me in Houston and he didn't
 19 show up and I was there and I had my secretary write this or
 20 I said -- or I wrote it or, "Fax me down something and I'll
 21 sign it." But it was something to that effect
 22 Q But this is a -- is a communication from you
 23 to Mr Salnero?
 24 A Yes
 25 Q Okay

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1 And in that communication October of 2000 you
 2 are talking about what is -- how many containers are shipped
 3 in the second shipment, whether there's three or whether
 4 there's five?
 5 A I said, yeah, "Another disturbing issue" --
 6 Q Right
 7 A -- "is that you have shipped five containers
 8 instead of three containers, our agreement was for three "
 9 Q Right
 10 And you raised that issue with this document?
 11 A Yes
 12 Q And also you indicate that -- you -- at this
 13 point you have an agreement with Mr Salinero, is that
 14 right?
 15 A Where does that say?
 16 Q You say "our agreement was for three "
 17 A Exactly
 18 Q And you're talking about the agreement that
 19 you made on July 7th, 2000
 20 A No, I think I'm talking about the agreement
 21 was -- he told me he was going to send three containers of
 22 2,000 rifles apiece
 23 Q Right, and that agreement is contained in the
 24 contract dated July 7, 2000?
 25 A The agreement -- sometimes -- you're --

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1 you're telling me that Please don't put words in my mouth
 2 I'm just telling you what I said
 3 Q I will refer you to Exhibit 23
 4 A Okay
 5 Q Is that the contract between PW Arm's and
 6 Salinero?
 7 A That is, but you're asking me what I'm saying
 8 here Does that say Contract No da, da, da, da, on
 9 July 7th, da, da, da, da? No It says -- it says
 10 agreement Agreement can mean like I think I'm -- I know
 11 for a fact because I had a conversation because he was going
 12 to meet me in Houston, never showed up, I said, "Listen, the
 13 agreement we had, you were going to ship only three " That
 14 means the agreement "You said you were going to ship
 15 three, you shipped five " It doesn't say it's a contract or
 16 agreement Is it agreement, is it contract? No The
 17 agreement Agreement to me is having a conversation with
 18 him and saying, "I'm shipping three or five containers "
 19 That's all
 20 Q Are you saying the source of the agreement is
 21 just a conversation between you and Mr Salinero?
 22 A In this -- in this text that's what I'm
 23 telling you
 24 Q Okay
 25 I am again referring you to Exhibit 23, and

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1 the second page, under the heading "Third Price and Payment
 2 Condition " Does it set out in that contract --
 3 A Okay, which -- where are you talking about?
 4 MR. MCKAY Let her -- let her complete the
 5 question
 6 Q BY MS MERELLE Under the heading of "Third
 7 Price and Payment Conditions," there are several paragraphs
 8 regarding shipments under that heading, is that right?
 9 A Yes
 10 Q And one of those -- and a couple of those or
 11 actually three of those paragraphs refer to the number of
 12 containers per shipment, is that right?
 13 A In this agreement?
 14 Q That's right
 15 A Correct
 16 Q And the first talks about two containers
 17 being shipped, is that right?
 18 A Correct
 19 Q On the first shipment
 20 A Correct
 21 Q And the second talks about three containers
 22 being shipped, is that right?
 23 A In this agreement?
 24 Q That's right
 25 A Correct.

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1 Q And the third paragraph talks about the
 2 remainder of the firearms or the parts kits, is that right?
 3 A In this agreement?
 4 Q The document that you're looking at,
 5 Exhibit 23
 6 A This agreement?
 7 Q That's right
 8 A Yes
 9 Q And that's the agreement that you signed?
 10 A Yes, ma'am
 11 Q Okay
 12 And when you talk about "per our agreement,"
 13 that's the agreement that you're referring to in your fax of
 14 October 15
 15 A No, you're saying that
 16 Q I'm asking -- that is my question to you
 17 A Oh I don't think so I just said the
 18 agreement that you had when we talked -- or -- if I'm in
 19 response to him. The agreement, he says, "Now, listen, I'm
 20 shipping you three containers " Or -- or -- he said he was
 21 going to ship three, he ships five I'm just saying, the
 22 agreement that we had over the phone or a conversation or
 23 response to a fax I don't know that that means that this
 24 is the agreement that we're talking about I have no --
 25 I don't -- I doubt it

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1 Q You wrote this document and you do not know
 2 what agreement you're talking about?
 3 A I guess maybe next time I'll -- I'll have to
 4 put this and fax it with it so he understands, or I'll just
 5 say, "Listen, you said you were shipping three, shipped" --
 6 "you shipped five " I just used the word "agreement"
 7 because you agreed to do something and then he didn't do it
 8 That's all I'm saying
 9 Q But my question is When you wrote this you
 10 did not know what agreement you were referring to?
 11 A The agreement we had a conversation with We
 12 had a conversation, and he agreed to ship three containers
 13 He ships five I -- am I wrong?
 14 Q Okay
 15 I will show you what's been marked as
 16 Exhibit 32
 17 Oops, I'm sorry That's the one I wrote on
 18 I'll give you an opportunity to read that
 19 A Okay
 20 Q So you've had a chance to read that?
 21 A Yes
 22 Q This is a letter from you, Mr Prineas, to
 23 Patricio Salinero
 24 A Yes
 25 Q And that letter is dated October 16, 2000

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1 A I guess It's --
 2 Q That 16 -- that's a written -- that number is
 3 written in there, is that right?
 4 A Okay It's written in there so I don't know,
 5 because it's not my handwriting
 6 Q Okay
 7 Just on -- but on the face of the document it
 8 says October 16?
 9 A On this document it says that, and -- and
 10 noted up here at the fax -- fax note
 11 Q Okay
 12 And in this document -- in this -- in this
 13 letter to Mr Salnero, the first sentence says, "First, our
 14 agreement has always been three containers for the second
 15 shipment, this is extremely misleading and you have taken
 16 advantage of the situation "
 17 In that sentence what agreement are you
 18 referring to?
 19 A Me and -- me and Patricio always had a verbal
 20 agreement on what we were going to do, and never at any time
 21 was I going to ship five containers in the second shipment
 22 or -- he had a minimum of what he was going to send The
 23 first shipment was supposed to be 4,000 rifles He shipped
 24 6,000 rifles I just let it go The second shipment he was
 25 supposed to ship three containers, and before I had a chance

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1 to inspect, before anything happened, he said, "Oh, they're
 2 already left," which they didn't, and he -- you know,
 3 another thing, because they didn't leave Whether he -- but
 4 he intimated that to me So I am just telling him, this --
 5 I do my deals with business usually on a one-on-one If I
 6 can't trust or -- or get into a deal with someone in a
 7 handshake deal I don't get involved. I have a different
 8 type of business Being in this type of venue, importing
 9 weapons and ammunition and these things, you have to have
 10 trust with one another
 11 And Patricio knows, most of our discussions
 12 were we together agreement that we have on a verbally issue
 13 at all times That's what I'm talking about with talking
 14 about agreements And he agreed to ship 2,000 per container
 15 at all times The first one came, I called him up, I says,
 16 "Why do we have six?"
 17 "Well, I had a deposit up "
 18 After you have a deposit up and the cash on
 19 documents, he gets a little bit of money He was
 20 accelerating the shipments And he was accelerating the
 21 shipments now because I think I had a conversation with him
 22 and I told him that the law changed and all of a sudden
 23 things are hip hip hooray, boom, boom. He -- he knew from
 24 Century, he knew from InterOrdinance, and he knew from a
 25 number of people, and he was trying to shove 'em down my

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1 throat, and I didn't appreciate that.
 2 Q So shipping three containers, as indicated in
 3 Exhibit 32, is con -- three containers on the second
 4 shipment is consistent with the contract that's in
 5 Exhibit 23?
 6 A I guess
 7 Q And it -- it's consistent with that contract?
 8 A It says that, yes
 9 Q And so in that contract there's also an
 10 agreement to ship on the second shipment three containers?
 11 A Yes
 12 Q You also refer to in Exhibit 32, in -- in the
 13 paragraph that starts with the word "Third" --
 14 A Yes
 15 Q You indicate, "Third, I understand that Tobin
 16 inspected - viewed the rifles in general, but our Agreement
 17 was for very good to excellent, cosmetically 'On the outside
 18 ware' these are poor to average very worn, not as
 19 advertising!"
 20 You're talking about the parts kits that are
 21 the subject of this agreement that was signed on July 7th,
 22 2000?
 23 A I'm talking about the agreement I had with
 24 Patricio
 25 Q And you're talking about the parts kits that

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1 were subject to the agreement that was signed on July 7th,
 2 2000?
 3 A I'm talking -- if -- if you really wanted to
 4 talk -- here you go again And -- and this explains exactly
 5 what I've been trying to tell you to make it easier for
 6 our -- you know, this to go through. Our agreement -- I am
 7 talking about the agreement I had with Patricio Not this
 8 agreement right here The agreement that we had, that we
 9 talked about all along about these rifles, about these
 10 parts, about everything that transpired at each time, that's
 11 what this is talking about It's not even talking about
 12 this thing
 13 Q Okay
 14 So you're saying that Exhibit No 23 is not
 15 an agreement between you and Mr Salnero for the sale of
 16 24,582 parts kits?
 17 MR MCKAY Can I -- I will object to the
 18 form of the question in that it is not clear If I could
 19 ask you, are you asking whether or not it was an agreement
 20 at the time or if it's recognized as an agreement now? Or
 21 are you asking both?
 22 MS MERELLE This -- this is a -- I will
 23 rephrase my question
 24 MR MCKAY Thank you
 25 Q BY MS MERELLE This is a -- Exhibit 23 is a

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1 document that is signed you, Mr Prineas, and also by
 2 Mr Salinero
 3 A Yes
 4 Q And that document is signed by both parties,
 5 and it indicates that it's on the 7th of July, 2000,
 6 although it's not clear as to whether or not it was signed
 7 on that exact date, is that right?
 8 A Yes
 9 Q But the date of the agreement, at least on
 10 the face of the document, is July 7, 2000
 11 A Yes
 12 Q And that's an agreement where you and
 13 Mr Salinero entered into agreement regarding the sale of
 14 24,582 parts kits?
 15 A Yes
 16 Q With some -- and some additional items?
 17 A Yes
 18 Q And that is an agreement that PW Arm's
 19 entered into with Mr. Salinero?
 20 A Yes
 21 Q So my question is that on this Exhibit 32 --
 22 and maybe you've answered it, I just want to make sure that
 23 we've gotten to this point
 24 A Okay
 25 Q In the last paragraph, when you discuss what

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1 Mr Tobin inspected and what the rifles were that you had a
 2 chance to look at, you're referring to the rifles that were
 3 purchased under that agreement or the parts kits that were
 4 purchased under that agreement?
 5 A No, I'm actually talking about the agreement
 6 that we had that he'd sit there and watch every single one
 7 of these rifles get deactivated, demilled, and make sure
 8 that they weren't junk Either he would be there or his --
 9 one of his assistants from his gun store, office would be
 10 there And that's the agreement that I was talking about
 11 Q Okay
 12 And that is an agreement that is not in
 13 writing anywhere?
 14 A Yes
 15 Q And that is an agreement that is inconsistent
 16 with the agreement on July 7, 2000, which says that you will
 17 take the rifles or the parts kits as is?
 18 A That's inconsistent? Could you rephrase the
 19 question or repeat the question, please?
 20 Q Is the -- is the agreement that -- the
 21 agreement that you are talking about where Mr Salinero
 22 would inspect each part himself before shipping them to you,
 23 is that consistent with the agreement that was signed that's
 24 dated July 7th, 2000?
 25 MR. MCKAY I'm going to object. I'm not

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1 sure if I understand the question Are you asking him
 2 whether or not there's a provision in Exhibit 23 whereby
 3 Mr Salinero would promise to inspect each -- each weapon or
 4 demill each weapon?
 5 Q BY MS MERELLE I'm asking whether or not
 6 that is -- this agreement that you're speaking of that
 7 Mr Salinero would inspect each firearm or each parts kit
 8 before it was shipped -- if that is consistent with the
 9 clause entitled "Fifth Selling Condition," of the
 10 agreement that was signed on July 7th, 2000, wherein it
 11 indicates that the parts kits would be sold as is
 12 MR. MCKAY Well, I think I'm getting punchy
 13 because I don't understand what you're -- what you're asking
 14 for I don't know if you're asking for a legal conclusion,
 15 but -- and my objection relates to ambiguity I don't
 16 understand your question, and if I don't understand it
 17 I'm -- I'm assuming Mr Prineas doesn't. I really don't
 18 understand what you're asking
 19 Q BY MS MERELLE There's nothing in that
 20 paragraph regarding the condition of firearms that indicates
 21 that Mr Salinero would inspect them on your behalf?
 22 A No
 23 Q And so a statement that they -- that
 24 Mr Salinero would inspect them on your behalf is not
 25 consistent with what is written in that contract?

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1 MR. MCKAY Again, I'm going to object to
 2 that I mean, if you -- I -- I don't understand your
 3 question I mean, whether it's consistent or
 4 inconsistent -- I mean, is it in the contract or not? I
 5 think that's something that's more understandable But
 6 consistent or inconsistent I think calls for a legal
 7 conclusion
 8 If you're asking for his interpretation, if
 9 it's in this contract, I think that's appropriate, but I'm
 10 having trouble understanding what you mean by "consistent "
 11 MS MERELLE If we can have a moment, I'll
 12 just get some -- I need to get some water
 13 MR. MCKAY Okay
 14 And -- and if you don't mind, I'd propose,
 15 since it is three o'clock, we've been at this for an hour
 16 and a half Perhaps we can take a 10-minute break
 17 MS MERELLE Okay
 18 MR. MCKAY Thank you
 19 THE VIDEOGRAPHER Going off the record The
 20 time is 3 02
 21 (Short recess)
 22 THE VIDEOGRAPHER We are back on record
 23 The time is 3 16
 24 Q BY MS MERELLE You have in front of you
 25 Exhibit 32, right?

Arrigorriaga v. PW Arms

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Deposition of Stacy N. Prineas

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1 A Yes
 2 Q Most recently
 3 I'm also going to show you what's been marked
 4 as Exhibit 33
 5 A Okay
 6 Q This is -- is this a letter from --
 7 A Can I read it real quick?
 8 Q Sure
 9 A Okay
 10 Okay
 11 Q Exhibit 33 is a letter from you to
 12 Mr Salnero?
 13 A Yes
 14 Q And it's also -- it's dated October 31st,
 15 2000?
 16 A Mm-hmm
 17 Q And in that letter you are also -- you are
 18 discussing, as in an earlier exhibit, the number of
 19 containers that were shipped with the second shipment under
 20 the contract?
 21 A Yes
 22 Q And one of the -- and the last sentence of
 23 the first paragraph says, "It is extremely obvious that you
 24 could care less about the cosmetic condition, of what we" --
 25 "of which we had numerous discussions on, and why you

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1 look" -- "why you took it upon yourself to ship five
 2 containers instead of three" -- "instead of the three that
 3 was structured in the contract"
 4 When you say "structured in the contract," to
 5 what are you referring?
 6 A This
 7 Q And that -- when you say "this," you're
 8 referring to Exhibit 23?
 9 A Yes
 10 Q Now, at the time of this -- this letter to
 11 Mr Salnero did you consider the contract to be null and
 12 void?
 13 A Yes
 14 Q And after this -- the date of this letter --
 15 excuse me -- this letter, October 31st, you continued
 16 discussing how to resolve problems with the goods that you
 17 had received and also potentially getting spare parts with
 18 Mr Salnero? After the date of this letter
 19 I'm not referring to this letter at all I'm
 20 just saying after the date --
 21 A I'm sorry
 22 Q After the --
 23 A After this date we did what? Excuse me?
 24 Q After October 31st, 2000 you had further
 25 discussions about resolving problems that you and

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1 Mr Salnero had regarding the parts kits
 2 A Yes
 3 Q Now, did you have -- since you considered the
 4 contract null and void, did you have any -- was there any
 5 other agreement between you and Mr Salnero regarding the
 6 parts kits?
 7 A Yes
 8 Q Okay
 9 And there was an agreement regarding spare
 10 parts -- there was an agreement regarding spare parts,
 11 right?
 12 A. There was a couple things, yes
 13 Q Okay
 14 A That was one issue
 15 Q And the agreement that you're talking about,
 16 is that a written agreement?
 17 A No
 18 Q And in addition to spare parts, what were the
 19 other terms of that agreement?
 20 A The agreement was since -- this contract -- I
 21 mean, we -- we're moving on trying to play damage control
 22 This contract was pretty much done We wanted to fulfill
 23 his agreement, contract with -- with the military so
 24 Mr Salnero wouldn't be in a bad position with the
 25 military, and that we would not hunder future deals with the

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1 military, so we told him that on a case-by-case basis if we
 2 start seeing the kits that he's telling us we're going to
 3 see after we open up every single crate and go through every
 4 single rifle, he has a list of -- he's -- he faxed us or
 5 he's telling us that he had this huge list of spare parts,
 6 that they were completely brand new, and we said okay
 7 I looked at the whole list, and there was
 8 phenomenal parts on there, great parts, and he could have
 9 made -- made up for all the -- I would assume with the
 10 quantities that were there, could have made up for a lot of
 11 the problems on the rifles Said fine We'll try to get
 12 this thing done Because we want future deals We try to
 13 play damage control We'll work with you
 14 Then somewhere along the line Mr Salnero --
 15 either Pamela or Mr Salnero or by fax or all three, tries
 16 to charge me for these parts separately, and I just -- I --
 17 I -- it was starting to get a little aggravating after that
 18 because I was putting my best foot forward to try to keep
 19 this thing going, make sure Mr Salnero doesn't get in
 20 trouble with the Army, and try to resolve something and --
 21 and make it all work for everybody, because, one -- at one
 22 time I think I was going to have 10- or 16,000 or 14,000
 23 kits here Well, you know, I got to get in the kit business
 24 now If I have these parts, I can make these things maybe
 25 work Or if Mr Salnero -- and there is some faxes and

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1 there are some communications that Mr Salinero is even
2 talking to Century now, and InterOrdinance, and he's -- he
3 says, "I'm going to sell these," and at all times I told
4 Pamela, "By all means, do as you please, because we're on a
5 case-by-case basis, but if you do as you say we're going to
6 try to fulfill this deal and get this thing done "

7 Q Did you ever -- okay, so one -- one of the
8 issues under your oral agreement was spare parts Was there
9 anything else besides the spare parts?

10 A Well, he was guaranteeing these -- the
11 condition He didn't understand about condition He says,
12 "Listen," I mean, "I don't understand I see" -- and he --
13 that was -- we -- he -- he even questioned our credibility
14 by saying that -- and we had the guy go through each and
15 every crate that was ours, to see what exactly was there
16 right after this first shipment, and when all the stuff
17 started coming down and when I knew the laws changed, I
18 says, "We better see what the heck we really got here
19 because we can't import any more receivers, we can't build
20 these M-44s original things anymore We're going to be in
21 the spare parts business, we got to see what we have "

22 Mr Salinero -- I said, you know, one crate
23 has 40, one crate has 45 I said, "Mr Salinero, we've had
24 crates that have 42, some crates 36 "

25 "That's impossible "

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1 Pamela reiterated on the phone one day and I
2 think Mr Salinero, he got very heated, "It's impossible "
3 He said, "Why am I going to try to beat you up for a hundred
4 and something" -- I think it was 37 or 99 kits or something
5 ridiculous, and somewhere along the lines you'll see this
6 "Why would I try to cheat you off of 99 account? Why would
7 I tell you something so ridiculous as that? If they're
8 there they're there If they're not there they're not
9 there "

10 And when we went through this we found
11 exactly less than 600 -- less than 600 really -- the kits
12 that Mr Salinero said that they were there Very good to
13 excellent condition kits That was it

14 Q When you found these kits did you have to go
15 through most of the crates?

16 A We had to go through all of 'em

17 Q Okay

18 Getting back to the earlier question, you --
19 so you were -- there was an agreement spare parts, there was
20 an agreement of guaranteeing the condition Was there any
21 other item under the agreement?

22 A I -- I told him, I says, "You're" -- "you're
23 going to have to slow this thing down " I -- I also told
24 him, I says, "If it continues we're going to have to figure
25 out one of two things Either" -- "you're telling me the

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1 list of these parts, I'm going to get 'em Great, if I get
2 'em, that's wonderful And if this will make up for it, the
3 numbers" -- because -- at this time, you know, I'm talking
4 to Dan and Dan's saying, "Well, you know what, when I was
5 there they wouldn't show me parts, they said there was no
6 parts Patricio told you a number of times there was
7 absolutely no spare parts whatsoever that" -- "that Chile
8 has in the country " All of a sudden he's coming up with
9 27, 17, 50, I don't know, pages -- a ton of items, and he's
10 telling me these are brand new, out of the blue And then
11 he's saying, "You're going to get all these "

12 And then somewhere along the line before
13 we -- he gives me a price of 200 or 250,000 that I'm going
14 to have to pay for these after -- I mean -- and I'm not sure
15 if it's before or after I accepted the second shipment in
16 total, and in good faith I tried to deal with -- with your
17 client, and beyond means, I don't understand what the
18 problem is He never shipped the parts "I'll ship the
19 parts " Never seen anything "We're going to ship you so
20 many parts There's new magazines in this thing " There's
21 not one new magazine -- out of every magazine he sent me,
22 there's not even a very good condition magazine The
23 magazines that we sent in those kits -- those Grade 1s that
24 I'm talking about that we went through every single kit, we
25 had a mix-mash, little parts that take a lot of labor time

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1 and things, Dan had to switch all these little parts over,
2 covers Some bolts would be worn but the outside would be
3 good Butt stock would have to be changed, one side of the
4 brush guard would have to be changed, flash -- we did all
5 these things to make 600 kits that I sold Dan for 149 or 150
6 that Dan was selling for 250, putting all this advertising
7 out, then getting a letter from the guy saying, "You're
8 making all this money " Yeah, I got 12,000 kits sitting
9 there I'm making a fortune

10 Q I want to go back to something you mentioned
11 in your last answer

12 A Sure

13 Q A couple of things

14 You said that you accepted the -- you second
15 a second shipment, right?

16 A After we signed something or went on with
17 something It -- it was accepted upon back-and-forth
18 And -- again, I can't put my finger on it but I believe I
19 had something with Pamela, and Pamela e-mailed me back, or
20 maybe it wasn't -- or a conversation or something that we
21 signed, and finally they said no acceptance, okay,
22 acceptance, and then Patricio signed it or someone signed it
23 and sent me back, and I guess at that time it was the end of
24 our agreement, and I pay for the 6,000 units that I was
25 supposedly supposed to get, which I -- I did, and I told

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1 him, "If you would ship us those parts" -- all right? Or
 2 something to that effect, we would get the parts or
 3 reimbursement on the kits -- you know, a reimbursement in
 4 cash -- I can't remember the document, but I know it must
 5 exist, or they must know it verbally, that we would end this
 6 whole situation
 7 And that's the time that you were asking me
 8 before, "Did you tell him that you wanted to ship back the
 9 kits?" I told him I'd pay for 'em to come back. My
 10 expense Or to his other distributors or agents or
 11 affiliates in the United States Free of charge And not
 12 only did I tell him, I told her and I told their attorney at
 13 a later instance
 14 Q Okay
 15 I'm -- I'm just asking you just a really
 16 basic question about whether or not you accepted the second
 17 shipment You accepted the second shipment?
 18 A I accepted the second shipment with terms and
 19 conditions, and I don't have it in front of me --
 20 Q Right, and I understand that there are terms
 21 and conditions, but you -- you accepted the shipment
 22 That's all I'm asking I'm not asking if there were
 23 extraneous circumstances
 24 A Yes, ma'am
 25 Q Okay

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1 And you -- and that was -- and that was
 2 after -- and I know we've talked about this before but I
 3 just want to make sure that I've got what you -- what you
 4 said correct That was after you found out that there was a
 5 change in law?
 6 A No question
 7 Q Okay
 8 Going back to something else you said in your
 9 earlier answer when you were talking about the spare parts
 10 You indicated that Dan Tobin told you that they would not
 11 show him spare parts
 12 A That was one thing that -- when Dan went down
 13 there, Dan asked -- Dan mentioned to me that the military
 14 people that were there just chitchatting really didn't speak
 15 English that well but broken English, you know, they
 16 understand sometimes a little bit, and he asked Patricio and
 17 I believe he asked Pamela about spare parts, and they
 18 mentioned every -- to Dan's knowledge, which Dan told me --
 19 getting this secondhand now, but what Dan told me, as
 20 Patricio did, there's absolutely no spare parts in the
 21 country whatsoever that they purchased with those 24,000,
 22 because in the very beginning, when we first talked about
 23 this, Mr Patricio said, "You'll get the whole Imbel
 24 package, everything to do with this package you'll get if we
 25 do the deal " I said, "Fine " I says, "Well, how" -- and I

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1 think one of my faxes before reiterated what spare parts
 2 there I'm asking and everything else
 3 Q But I'm just asking you about what Dan Tobin
 4 said to you in terms of -- did he tell you that he asked to
 5 look at parts and he was --
 6 A I believe he did, yes
 7 Q -- and he was not allowed to look at them?
 8 A I don't know if he wasn't allowed They said
 9 they didn't exist
 10 Q Okay
 11 So he -- essentially he asked and was unable
 12 to, for whatever reason?
 13 A If you'd like to say that He asked the
 14 question --
 15 Q And somebody told him they didn't exist?
 16 A There's no parts that existed
 17 Q Okay
 18 Now, let's -- we have jumped around in -- in
 19 time
 20 A Mm-hmm
 21 Q And I would like to go back to the time
 22 period before this contract on July 7, 2000 was signed, and
 23 go back to the issue of the change in law
 24 A The issue before the contract?
 25 Q I -- I would like to go back to the time

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1 period before the --
 2 A This contract?
 3 Q Before the contract was signed
 4 A The agreement that we had or contract or --
 5 I'm not sure --
 6 MR. MCKAY Just let her ask a question
 7 THE WITNESS Oh Okay
 8 Q BY MS MERELLE Just -- I'm just trying to
 9 orient you in terms of what time period that we're talking
 10 about, before July 2000
 11 You did have, as we talked about before, some
 12 initial discussions with Mr Salnero about the parts kits?
 13 A I think we talked about magazines
 14 Q Okay
 15 A Nothing about receivers or barrels We
 16 talked about part -- I -- I believe so I mean, again, I --
 17 I remember discussing with Mr Salnero about there might be
 18 a magazine issue about high-capacity magazines that we saw
 19 in the Federal Registry that was trying -- or something --
 20 trying to be put in the Federal Registry or something,
 21 trying to be initiated through Diane Feinstein --
 22 Q I actually don't have a question I'm
 23 just -- I was just orienting you as to the time period that
 24 I was going to -- I don't have a question at -- at -- yet
 25 Okay We've looked at this a number of

Deposition of Stacy N. Prineas

CondenseIt!™

Arrigorriaga v. PW Arms

Page 213

1 times, Exhibit 23 There is a clause -- I'll show you
 2 On -- it's open to I believe the third page of that exhibit,
 3 and it's numbered 248 on the bottom, and there's a clause
 4 that -- I'll call it "Sixth Contract Validity"
 5 A Yes
 6 Q All right
 7 And that clause -- what's that clause mean to
 8 you?
 9 A I'm the one that put the clause there
 10 Q Okay
 11 And so what does that mean to you?
 12 A When they -- what does this clause mean to
 13 me? Any type of change whatsoever in any type of U S law,
 14 that this contract would be null and void
 15 Q Now, did you have any discussions with
 16 Mr Salnerio about putting that clause in the contract?
 17 A Yes
 18 Q Okay
 19 And what were your discussions about -- with
 20 Mr Salnerio about what that clause meant?
 21 A Dan Tobin, Patricio Salnerio and Pamela, we
 22 were -- I believe when we first discussed this, faxed me
 23 over a contract or a contract that Mr Salnerio had with the
 24 Army, and then he faxed -- he says -- then he said they
 25 would be sending me the next day, I believe, or it could

Page 214

1 have been later on in the day, a contract because he needed
 2 to provide something to the Army Everything had to be a
 3 rush, Century's going to do this, the Army's going to do
 4 that I only have -- I can -- Mr Salnerio intimated to us
 5 that this has to be done while Dan's here, it has to be done
 6 now, and I said, "Listen," you know, "when you jump to
 7 conclusions for all this thing," and I told -- I told
 8 Patricio, I says, "I insist, you got to put something in
 9 there Any type of change whatsoever, this thing's null and
 10 void, because you're" -- "you're taking this to the Army,
 11 and I understand you only need this for the Army, but I just
 12 want to make sure that I'm covered because I know how
 13 volatile U S A laws are, I know when they change,
 14 reinterpret," and I -- and I mentioned this a number of
 15 times I says, "Listen, you can have a change, you can
 16 reinterpret something, it doesn't matter It's the
 17 government, I don't want to fight 'em, just so that covers
 18 me," and he says, "No problem I just need this for the
 19 Army," and that was it So he didn't -- he didn't mind.
 20 Q Okay
 21 So -- so you're saying that when you had the
 22 discussions you said that any change whatsoever?
 23 A When I talked to him I says any type of
 24 change whatsoever in -- in my laws I don't care about
 25 Chilean laws I says my laws

Page 215

1 Q So -- but you -- is it fair to say that when
 2 you were talking about them you were talking about laws that
 3 actually affected your contract?
 4 A He asked -- how this all came up is how
 5 you're asking, I take it, correct?
 6 Q Let me ask a more specific question
 7 A Okay
 8 Q Let me more carefully say -- state the
 9 question
 10 When you said any change in the U S , for
 11 example, you didn't care if a law under healthcare changed
 12 if it didn't have anything to do with your contract, right?
 13 A I told him this whole contract, me purchasing
 14 X amount of units, would be because I got to go back and I
 15 got to get licenses to get Imbel receivers He had had this
 16 thing done and I says, "I need Imbel" -- "Imbel receivers to
 17 make these things into rifles " Without this I got a bunch
 18 of parts, and I'm not in the part business, I'm in the
 19 import business
 20 Q So that's one of the things you
 21 specifically -- you're saying that you specifically --
 22 A Specifically --
 23 Q -- mentioned to him?
 24 A Exactly
 25 Q So when you say a change in law, again,

Page 216

1 I'm -- I'm getting back to my earlier question You're not
 2 talking about, for example, if there was a change in the --
 3 I don't know, the -- the code regarding --
 4 A Oh, I'll make it real simple for you.
 5 MR. MCKAY Let her finish asking the
 6 question
 7 THE WITNESS Oh, okay
 8 Q BY MS MERELLE For example, if there is a
 9 change in the code regarding healthcare or employment law,
 10 you weren't concerned about that if it didn't have any
 11 effect on you and how you were able to -- to complete this
 12 contract?
 13 A Anything that would affect me to produce an
 14 Imbel rifle in the United States, to import parts, import
 15 these kits, import receivers In fact, we discussed people
 16 that he might even know over at the Imbel plant in Brazil
 17 We discussed that a number of -- issues In fact, I had Dan
 18 discuss that with him in a number of occasions
 19 Q Okay That's a fair statement Anything
 20 that affected your ability to produce an Imbel rifle
 21 A Exactly
 22 Q Okay
 23 Now, you had these conversations -- you
 24 actually did specifically mention in writing to Mr Salnerio
 25 some concerns that you had about the volatility in the

Page 217

1 US law?
 2 A I always do that with everybody
 3 Q Okay
 4 Would you mark this, please
 5 (Deposition Exhibit 34 was marked
 6 for identification)
 7 Q BY MS MERELLE Mr Prineas, I'm giving you
 8 Exhibit 34 There's a front and a back
 9 A Okay
 10 Q And if you could take the opportunity to read
 11 that
 12 A Okay
 13 Q You've had a chance to read the back, as
 14 well?
 15 A Oh, yes
 16 Q Okay
 17 This is a transmission -- excuse me -- a
 18 transmission or a fax from you to Mr Salnero on July 6,
 19 2000, is that right?
 20 A Yes
 21 Q Okay
 22 And this is the date -- again, I'm not trying
 23 to -- to say exactly when you signed the contract, but this
 24 is a date that is just before the date of the contract which
 25 is in Exhibit 23?

Page 218

1 A Yes
 2 Q Okay
 3 And this is -- at this time you are in the
 4 United States Are you in Redmond, Washington?
 5 A Correct
 6 Q Okay
 7 A I -- I assume so
 8 Q Okay
 9 And Mr Tobin is in Santiago and Mr Salnero
 10 is in Santiago, as well?
 11 A Yes
 12 Q Okay
 13 And in this fax you do mention to him that
 14 you are concerned about a change in law For example, I
 15 believe in the -- in the second paragraph, the second
 16 sentence, it says, "The only real issue in Congress at this
 17 moment is the high capacity magazines, so these should
 18 depart A S A P, because at this time" -- "because at this
 19 time this could be banned any moment, and if these magazines
 20 are on the water, their would not be a problem, anything
 21 else would be a problem "
 22 So you were specifically concerned at that
 23 time about the magazines?
 24 A Yes
 25 Q About the high-capacity magazines, and that

Page 219

1 there was something in Congress that may affect your ability
 2 to import those?
 3 A I -- I believe I saw a -- oh, it was put into
 4 some -- you know, the -- I -- I don't know the exact legal
 5 terminology but it was -- one of the senators was trying to
 6 put some language in one of the bills, I think it was, and
 7 someone at the Fair Trade or someone faxed me something that
 8 says that it doesn't mean it's going to happen, it was -- it
 9 was just put in there And I believe I got that and I was
 10 trying to tell Mr Salnero about that, and I believe he
 11 answered me on this also and told me that that couldn't
 12 happen, with regard to the magazines But it was something
 13 like that We just discussed it That's all
 14 Q Okay
 15 But -- bu I'm -- but you -- at that point
 16 that's the specific -- one of the specific concerns that you
 17 expressed regarding the change in law, was regarding the
 18 magazine -- potential magazine ban
 19 A I -- I expressed that because I told him, I
 20 says -- it was a -- it was a push He kept pushing me on
 21 price One day it's 70, one day it's 60, now -- now we got
 22 all the way up to \$84 We -- we got into -- things were
 23 changing He was -- he kept pushing We have to do this,
 24 we have to do that, and I'm telling him, "Well, listen, in
 25 order for me" -- I mean, what I'm -- what I'm trying to say

Page 220

1 is -- is in order for me to do something, go forward, sign
 2 this contract, do what you want to do, I got to put anything
 3 in there that -- anything that affects my ability to perform
 4 for me in -- in the United States This thing is null and
 5 void. He -- he knew that very well going in And he knew
 6 the volatility -- he says, "I understand the volatility,"
 7 because he -- also we had a conversation that he got stuck
 8 with a whole bunch of 50-caliber Tracer or something else,
 9 or some type of ammunition from Century when the law
 10 changed He knew it
 11 Q And you also indicate in -- in this
 12 document -- this letter that's marked as Exhibit 34, you had
 13 some concerns about doing things quickly, as well, when you
 14 refer to the high-capacity magazines should depart as soon
 15 as possible, ASAP
 16 A If we were going to do the deal
 17 Q Right
 18 So you were concerned about the timeliness,
 19 as well?
 20 A Sometimes you get concerned about these
 21 things You do, yeah No question
 22 Q Okay
 23 A But at this time he was telling me that he
 24 had so many magazines and a lot of new ones, and I figured
 25 the value would be there

Page 221

1 Q Okay

2 Also, there is -- if you refer to the back of

3 this document, there is a last paragraph before the end In

4 addition to the magazines you also talk about parts kits, as

5 well

6 A. Are we talking about the last paragraph?

7 Q Yes

8 A Okay

9 Q Just above "Sincerely "

10 A. Can reread it? Because it's really tough to

11 read

12 Q Okay "So if you would like to move forward,

13 it would be advantageous to ship the magazines first in" --

14 I don't know what that word -- "right away because of the

15 volatility after," and I don't know the next word, "the

16 contract You are also looking at" -- it's hard to read

17 It looks like "3,500 'Parts Kits' per container instead of

18 2,000, this will also be more advantageous for you and the

19 Army "

20 A Yes

21 Q Okay

22 So in this transmission you actually tell

23 Mr Salnerio that you would like him to do 3,500 parts kits

24 per container and not 2,000?

25 A. Yeah, if the -- all the magazines were going

Page 222

1 to be attached to the whole thing I mean, that was -- that

2 was one of the things we were discussing We were just

3 throwing things out Dan was there, I was throwing faxes,

4 Dan was back on the phone, Pamela was calling for Patricio,

5 and we're throwing things back out in front. This is --

6 when I sent this down to Patricio, a lot of this was sent

7 down also to Dan to -- to review and to talk to him to see

8 what we're doing This is what we're doing, this is what --

9 we want to throw things out. We were like putting things on

10 the table trying to get the contract done

11 Q So at least there's some discussion about how

12 much would go in each shipping container?

13 A. Well, that -- that was the other thing

14 We -- we talked about weights, and there was no --

15 there's -- there's absolutely no way you can get 3,500 kits,

16 accessories and everything he's talking about with magazines

17 into one container It's just impossible

18 Q But that's one of the suggestions that you

19 made, right? That's a suggestion that you make in this

20 document

21 A In the document it's -- the 3,500 -- I'm not

22 sure if we were talking the total of 3,500 Not per

23 container, maybe 3,500 total

24 Q But it says per container, doesn't it?

25 A I know, but it might be a missed -- a missed

Page 223

1 thing that I -- I might have wrote down, because we always

2 had 2,000 max would fit in a container, we knew that because

3 we've done it before, and the way Dan was sub -- they were

4 describing to me the weight and dimensions of their crates

5 of what they had, because this is the only way they could

6 ship these in So then we were trying to figure out the

7 weight of those crates, the dimension of those crates, and

8 what we could get in twenties And then we were discussing

9 that the -- the price on twenties to forties Well, at one

10 time he tells -- he -- wait This is what he intiated to

11 me on the phone, is forties were cheaper than twenties, and

12 then he comes back and says, "No, no, I can get twenties

13 cheaper than I can get forties " It was like a lot of

14 mix-match going around So I -- I -- I think that's -- what

15 I -- what I meant was 3,500 pieces, and to do the magazines

16 not per container, if you really want to know

17 Q But without doesn't say that, right? It --

18 it does say 3,500 per container, and that this will be more

19 advantageous?

20 A. Exactly

21 Q All right

22 A But most of the faxes on the 5th -- excuse

23 me The 5th and 6th, most of the faxes I sent to Patricio's

24 place in reply -- as you see, everything says reply -- is

25 replying to him and Dan calling me, and -- and I think not

Page 224

1 only I -- I faxed but as you see, e-mailed him on some other

2 things also And most of these are going to Dan to explain

3 to him

4 MR. MCKAY Could we get some more water,

5 please?

6 MS MERELLE Sure

7 Oh, there's none over there

8 MR MCKAY I'll be happy to walk out and get

9 some if it's --

10 MS MERELLE It's actually not convenient.

11 It's -- I'll have to ask my assistant to get some If we

12 could just --

13 MR. MCKAY Yeah

14 THE VIDEOGRAPHER Going off record. The

15 time is 3 47

16 (Discussion off the record)

17 (Deposition Exhibit 35 was marked

18 for identification)

19 THE VIDEOGRAPHER. We are back on record

20 The time is 3 51

21 Q BY MS MERELLE Okay I'm going to show --

22 so in -- going back to Exhibit 34, you expressed some

23 concerns about the change in law, which is why you put in

24 the paragraph which is "Sixth Contract Validity," and you

25 expressed that in that transmission to Mr Salnerio on

Page 225

1 July 6th?

2 A I just -- I just told him that anything -- I

3 didn't want to be -- you see how vague -- I mean, you're an

4 attorney, way beyond me You see how vague -- he took parts

5 of a contract from he had with the Army and put it in this

6 thing just so he can give the -- the Army, and I said,

7 "Listen, if" -- "I can't have my counsel review this thing

8 and do all this deal, you have to do this thing pronto, and

9 you got to do it with Dan, you can't do it with PW or

10 whatever," I says, "Listen, I got to be protected, and I

11 says any little thing, I don't care what it is, just so you

12 know "

13 Q I understand you said that

14 A And made that point, and it was specifically

15 put there because we had no time This document wasn't for

16 my attorney to review or his attorney to write or anything

17 else, it was for him to show the Army, "Listen, I got a

18 deal, this thing's going to get done," boom, boom, boom.

19 That's all it was for

20 Q And in reference to Exhibit 34, the only

21 thing I'm asking you is whether or not you mentioned any

22 other -- anything other than a bill in Congress regarding

23 high-capacity magazines?

24 A. Just high-capacity -- that's the only thing I

25 was -- I was known about at the time

Page 226

1 Q Okay

2 I will also show you what is in -- what's

3 been marked as Exhibit 35

4 A Okay

5 Q Now, this is a --

6 I'll give you a chance to read that

7 A Mm-hmm.

8 Okay

9 Q. And this is a fax from you to Patricio

10 Salmero dated May 15th, 2000

11 A Mm-hmm.

12 Q And this is approximately two months before

13 the -- the contract was signed?

14 A. Approximately

15 Q Just a little bit less than two months

16 A Sure Mm-hmm

17 Q And in that you also express some concern

18 about a bill being submitted in Congress for a ban on

19 high-capacity magazines; is that right?

20 A Yes, mm-hmm

21 Q And so that was an issue that was forefront

22 in your mind even be -- long before you signed the contract?

23 A Yes

24 Q Okay

25 And so at that time that's the only -- that's

Page 227

1 the only issue that you knew about that might have been

2 percolating or might have been susceptible to change in

3 Congress?

4 MR MCKAY "At that time," you mean

5 May 15th?

6 MS MERELLE At the time of this document,

7 that's right

8 MR MCKAY Thank you

9 THE WITNESS It was the only thing to my

10 knowledge, yes

11 Q BY MS MERELLE Okay All right

12 That's all I have about that exhibit

13 A Okay

14 Q Now, with regard to the change in law that

15 you learned about after the first shipment and before the

16 second shipment --

17 A Okay

18 Q Was that a change based on something in

19 Congress, that you -- and I'm asking you your understanding

20 A. Based -- my understanding, it was -- BATF

21 Treasury makes the laws, most of the, you know, gun laws or

22 reinterprets gun laws, and they work -- it -- it all works

23 together, whether Congress changes it or -- or doesn't

24 change it There's laws put on the books, they're

25 reinterpreted and changed every day You must be aware of

Page 228

1 'em, and -- and we try to keep up with what we can

2 Q But -- and I'm -- and I'm just -- I'm asking

3 you just in terms of what you understand You didn't

4 understand, for example, that the two -- that the House of

5 Representatives and the Senate actually enacted something?

6 A He -- we -- if you're asking me what I

7 thought of the law?

8 Q That's all I'm asking, what you thought

9 A Okay

10 As I thought of the law I interpreted it to

11 Mr Salmero At -- before and after, I told him what my --

12 what my -- you know, my -- why I wanted -- he didn't

13 understand why I wanted that in there, and I said, "Listen,

14 anytime Imports Branch, BATF, Congress, it can be Customs,

15 if someone changes something, just changes it, and I can't

16 do what I want to do with regards to this agreement, it's

17 null and void."

18 Again, I -- you're -- that is exactly how I

19 interpret that position and that's why I put it in there

20 Q And I -- I -- I understand that, but

21 I'm just -- what I -- I'm asking you a more narrow question

22 for a particular time period, that when -- after -- when you

23 learned of the change in law that you referred to be -- and

24 I believe you stated that that was before the second

25 shipment

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1 A I believe so
 2 Q Okay
 3 It wasn't your understanding that that change
 4 in law was an enactment of Congress?
 5 A It was enactment of the United States
 6 Treasury Bureau of Alcohol, Tobacco and Firearms
 7 Q Okay
 8 Which is not Congress?
 9 A No, not Congress
 10 Q Okay
 11 So --
 12 A But what that was was a change in what
 13 Congress did Congress put down a bill some other time,
 14 1994, 1985 -- it doesn't matter when that bill is If BATF
 15 wants to reinterpret it all of a sudden, they're changing
 16 the law as Congress put down
 17 Q And was it -- was it your understanding -- so
 18 we -- we're not saying that Congress acted, but was it your
 19 understanding that there was some regulation that actually
 20 changed?
 21 A It's my understanding there was a change, and
 22 when there's a change that affects my ability in some type
 23 of law, that affects my ability, that's a change
 24 Q Okay
 25 And I -- and I -- and I understand that

Page 230

1 that's the statement that you're making, but all I'm asking
 2 is In terms of what the change was, did you understand it
 3 to be a change in a regulation?
 4 A Yes
 5 Q Okay
 6 Did you receive any written notice from ATF
 7 of a change in a regulation?
 8 A Yes
 9 Q And do you recall what that was?
 10 A I think we submitted it to you A couple
 11 different things I'm -- I mean, I don't have it in my -- I
 12 mean, I -- I know it exists and I know we submitted it to
 13 you If -- if you can show me I'll try to tell you when I
 14 knew about it or whatever I know that they've -- they
 15 faxed me things and I know that they sent out a newsletter,
 16 an advisory or something
 17 Q Now, knowing that there was this change --
 18 A Mm-hmm
 19 Q You had some permits in existence that were
 20 in effect during that time?
 21 A Yes
 22 Q And also Dan Tobin had at least one permit in
 23 effect, which was the permit under which the parts kits were
 24 imported?
 25 A Yes

Page 231

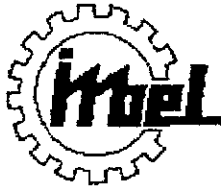
1 Q Okay
 2 Now, and just for reference, we've marked
 3 those permits as exhibits in yesterday's deposition They
 4 were marked as Exhibit 2, 3, 4, 5 and 6 in -- excuse me --
 5 in -- in Dan -- Dan Tobin's deposition
 6 A Okay
 7 Q Now -- hold it for just a moment
 8 A I'm sorry
 9 Q Exhibits 2 and 3 are identical
 10 A Okay
 11 Q Now, --
 12 A I remember when you talked to Dan about that,
 13 and one's a lighter copy than the other Wasn't that it?
 14 Okay, I understand
 15 Q So given that Exhibit 2 is an exhibit for the
 16 importation of 25,000 FAL rifle parts with no receiver --
 17 A Exhibit No 2, Dan Tobin, Patricio, large
 18 capacity, da, da, da, da, 80,000 units, 25,000, I think --
 19 believe, FAL rifle parts Is this the one we're talking
 20 about right here?
 21 Q That's right
 22 A This one right here?
 23 MR. MCKAY Yeah
 24 THE WITNESS Yeah, I see it
 25 Q BY MS MERELLE Okay

Page 232

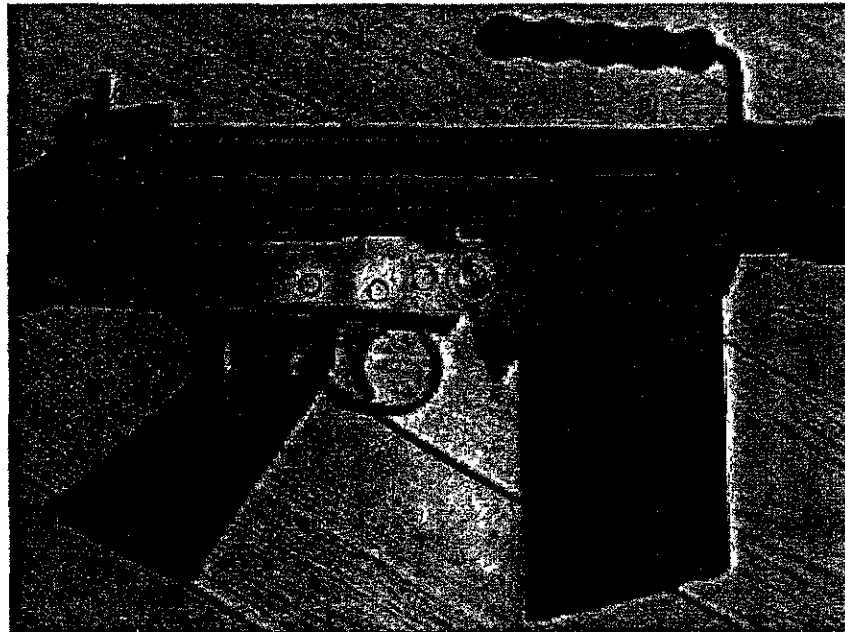
1 And that's a permit that was issued to --
 2 actually Permit No. 00-05532, issued to Dan's Sport --
 3 Daniel Tobin?
 4 A. Yes.
 5 Q Okay
 6 And that was also indicated that the address
 7 of the foreign seller under that permit application was
 8 Patricio Salmero?
 9 A. Correct.
 10 Q Now, to your knowledge was this --
 11 And let me ask you one more thing regarding
 12 this permit That was approved on May 15th, 2000?
 13 A. Correct
 14 Q And based on your understanding of how these
 15 permits work, this permit was valid for one year from
 16 May 15th, 2000?
 17 A The Form 6 or the International Import
 18 Certificate?
 19 Q The first page of Exhibit --
 20 Excuse me Do I have this right?
 21 The first page of Exhibit 2 is a -- is a
 22 Form 6, is that right?
 23 A The Form 6 is good for 12 months from the
 24 bottom -- the signature and the bottom date
 25 Q Okay

EXHIBIT 5

Dan's
SPORTING GOODS
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This site is run by Dan's Sporting Goods and is dedicated to the collectors, hobbyists and shooters of the FAL rifle



- [Home](#)
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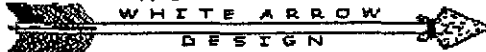
Fair prices and customer service are the cornerstones of our business
Thanks for stopping by, and we hope you enjoy your visit.


FAL Rifles, Parts, and Accessories



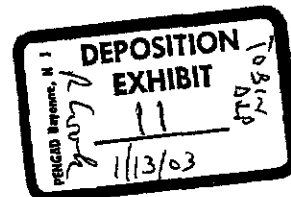
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WHITE ARROW
DESIGN





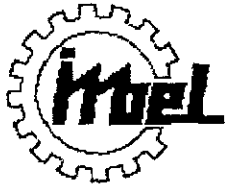
Voice 724 727 2648
Fax 724 727 2649
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Imbel Parts Kits



These particular kits were taken from rifles manufactured by Imbel in 1981 and sold to Chile for use in the anticipated war with Argentina. They show cosmetic and handling wear. Showing very little actual fire, the internals and bores are good to excellent.

Kits are complete minus the upper receiver.

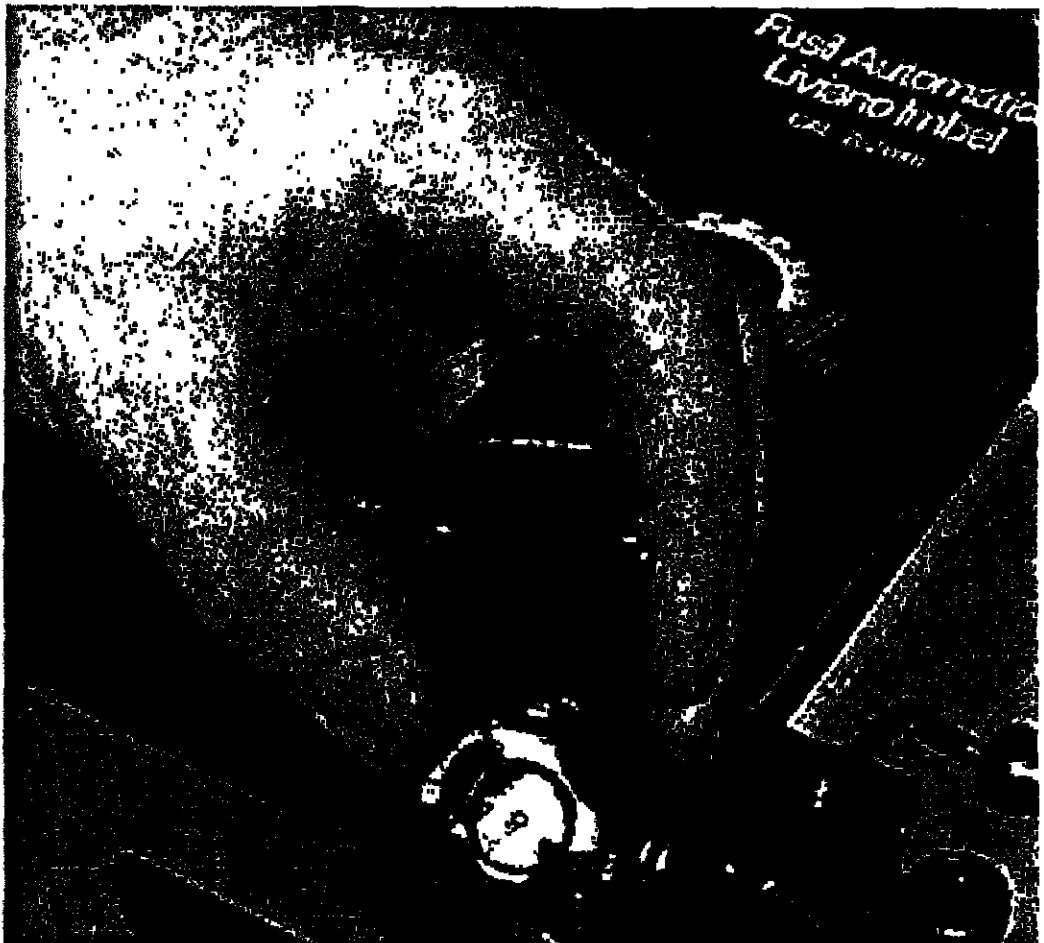
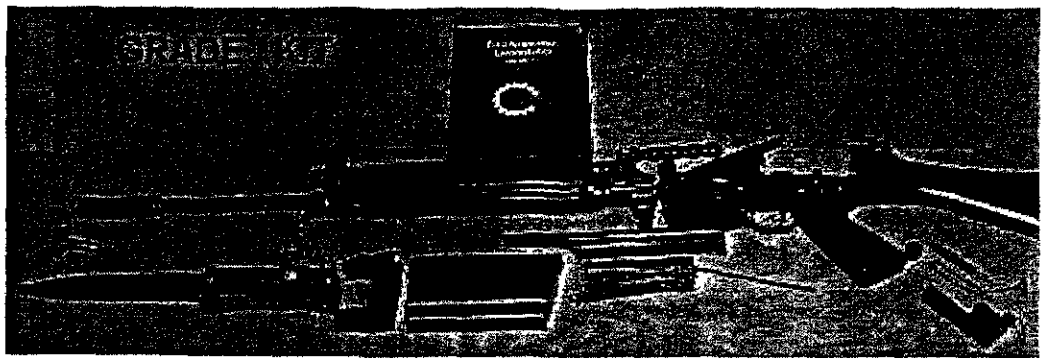
Imbels are metric and compatible with all other metric FALs.


Please note that these particular advertised kits were imported prior to the most recent ATF import regulations and CAN be built/manufactured into a complete rifle, of course being compliant with reg 922(r).
[Present imports can only be used for repair and replacement only and CANNOT be built into a rifle.]
Click [HERE](#) for more details.


Prices include delivery.

Satisfaction guaranteed / 3-day inspection period.
Not all grades may be available at all times.


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GRADE I \$250  Hand select, premium kit Includes bayonet, bfa, manual, loader, magazine, complete pistol grip cleaning kit.

GRADE II \$200  Very good kit Slightly more wear then Grade Includes bfa, bayonet, magazine, cleaning kit (No Picture)




GRADE III \$129  Showing more wear, complete and quite serviceable. Includes. magazine

FAL Pistol Grip \$10

 Made in the USA Selector stop

 Add one with your kit for \$5

FAL Muzzle Break \$10

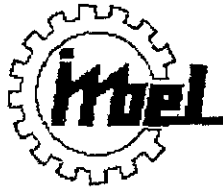
 Made in the USA. In the white

 Add one with your kit for \$5

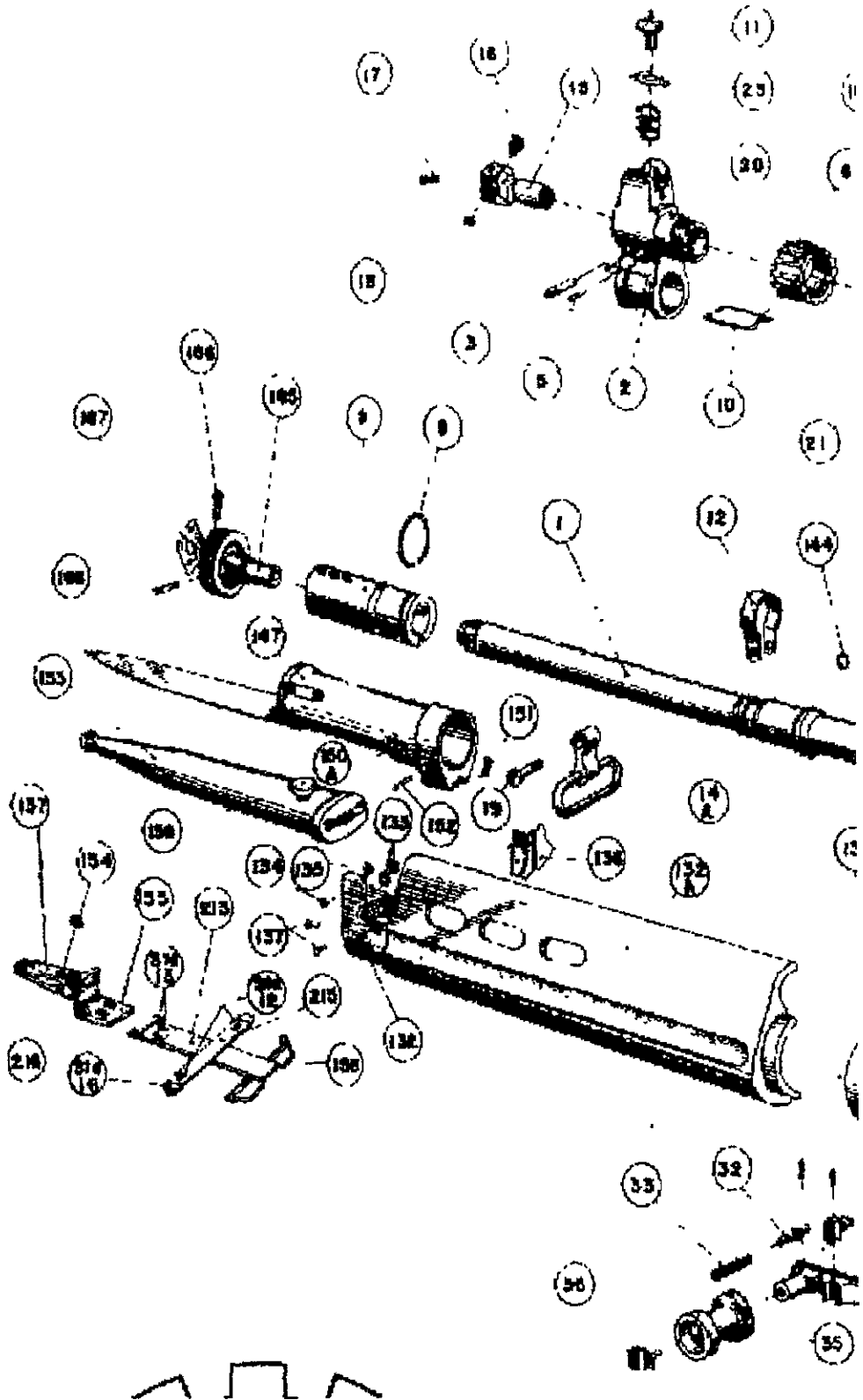
Service \$5

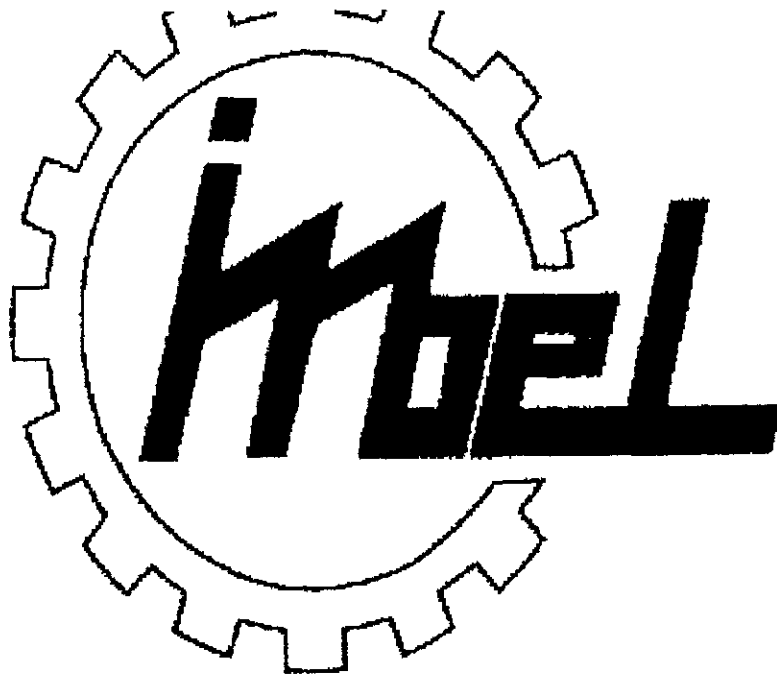
 removal of the receiver stub from the barrel

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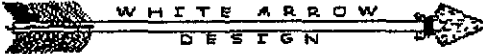

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Part Kits Available
www.falparts.com

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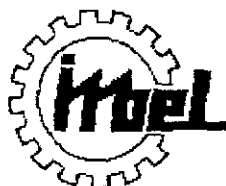
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Links to other sites you may find interesting

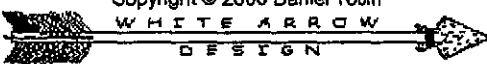



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- [AR15 and M16 Links](#) Thorough list of AR15 related sites
- [AR-15 Homepage](#) A resource for all those interested in the AR-15
- [Barnaul Arsenal \(Russia\)](#) Factory web site for the top Russian Arsenal
- [Barnaul Arsenal \(USA\)](#) Westernized version Product specs, etc
- [Chestnut Ridge Supply](#) Online Gun Parts Catalog
- [DSG Bulk Ammo Pages](#) Bulk ammo with low shipping costs
- [gunindex.com](#) Internet Firearms Industry & Trade Directory
- [GUNS Gun Links](#) Guns and firearm information History and pictures.
- [HollowPoint Firearms Directory](#) Constantly updated.
- [MAKAROV COM](#) Makarov related message board, product reviews, pictures, and more
- [National Rifle Association](#)
- [The FAL Files](#) FAL product reviews, message board, etc Very thorough


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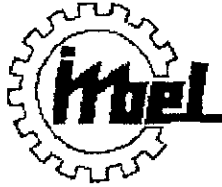
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 For other ammunition offerings direct from our warehouse
 be sure to check out our ammo web site at dansammo.com !!!
 We offer various new and surplus 308 ammunitions

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Portugal

FMN, top quality, very accurate

<u>DESCRIPTION</u>	<u>PRICE</u>	<u>ADD</u>	<u>COMMENT</u>
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Russia

Barnaul Factory, new production, steelcase/berdan 140 gr Soft-point "surprisingly accurate"

<u>DESCRIPTION</u>	<u>PRICE</u>	<u>ADD</u>	<u>COMMENT</u>
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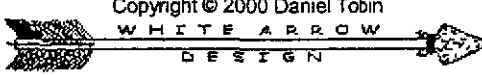

South Africa

Military surplus, 80's production, brass/berdan, non-corrosive

<u>DESCRIPTION</u>	<u>PRICE</u>	<u>ADD</u>	<u>COMMENT</u>
<u>140 rds sealed battle pacs</u>	\$25.00		Excellent quality!
<u>420 rds (3) battle pacs</u>	\$65 00		Excellent quality!
<u>1260 rds (9) battle pacs in original munitions case</u>	\$194 00		Excellent quality!

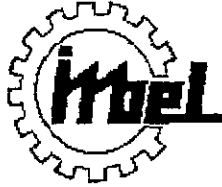
FREE SHIPPING

You must be at least 21 years old to order ammo from us
 Federal Law prohibits the purchase of ammunition by minors, drug addicts, convicted felons, illegal aliens, mentally ill, or those convicted of a misdemeanor crime of domestic violence
 Additionally there may be State, or local laws that prohibit you from receiving ammunition

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Dan's Sporting Goods
400 5th Street
New Kensington, PA 15068

Warehouse Order P

Monday thru Friday 9 00 AM
Call First!!

Phone Lines

Phone: 724 7
Fax: 724 7


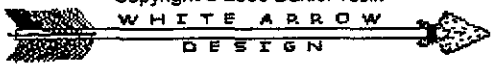

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UPS Delivery / Warehouse

Dan's Sporting Goods
#84, Route380
Apollo, PA 15613

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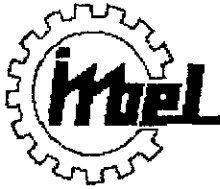
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Please let us know how we are doing
Comments on our web site are welcome
Questions or comments on our service are appreciated
We try to answer all questions promptly



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then click on the Submit button at the bottom
(Tip .. use the tab key or mouse to move between fields)

Contact Method

Company

First Name Last Name

Street

City State Zip


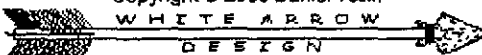

Home Phone

Work Phone

Fax

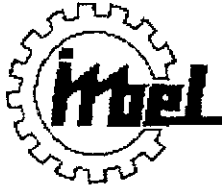
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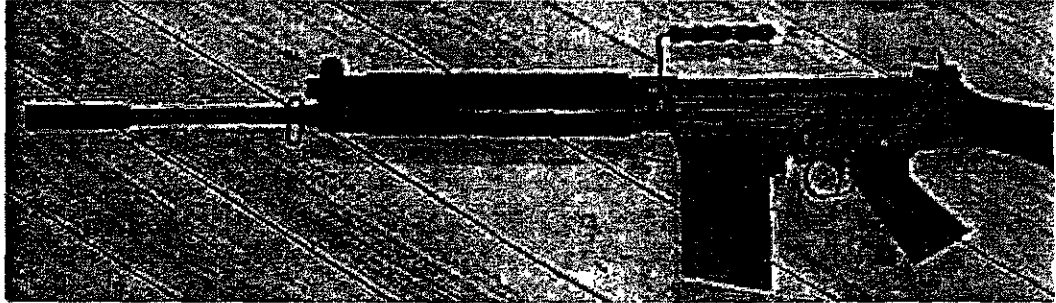


IMBEL

Model M-444 Light Semi-Automatic 308 Cal Rifle

Assembled by IAI Inc

[Click Here](#) for more detailed photos



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\$675 00

Additional Specifications

These are original IMBEL factory rifles that have been assembled with IMBEL factory receivers, precision machined from forged steel; this rifle complies with 922(r) US Mfg Pistol gnp with cleaning kit, sear, hammer, trigger, floorplate, magazine follower and a Zero Climb muzzle break

Manufacture under international standards and rigorous control, guarantees perfect functioning and total replacement parts

Characteristics & Technical Details

Weights

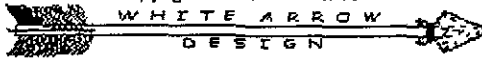
- Rifle without magazine 9 53 lbs
- Magazine (steel) empty 8 5 oz.
- Magazine loaded 1.61 lbs.
 - Barrel 1 765 lbs

Measurements

- Overall length 40"
- Barrel length 21"
- Sight radius 21 75"




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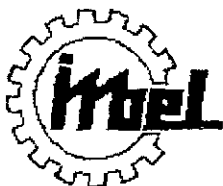
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This page is for Odds and Ends or one of a kinds that don't fit in with the other pages



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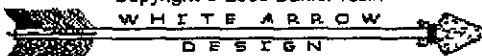
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ADD	DESCRIPTION	PRICE
	FAL Pistol Grip - Made in the USA Selector Stop	\$10 00
	FN/FAL magazines - Excellent condition	\$6 00
	H&K Flare Pistol - m 78 - 26 5mm with holster/pouch shipping included with this item	\$40 00
	SENTRY AMMUNITION - from South Africa see dansammo.com	\$0.00
	ZEISS-JENA Binoculars - DF 7x40 One of the finest military binoculars ever made. 3-day inspection.	\$180 00



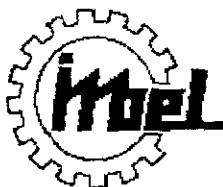
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- We accept Master Card, Visa, American Express, Discover, and Pay Pal for your convenience
- We do not charge you a premium for using your Credit Card
- Satisfaction Guaranteed Please call us immediately if we make a mistake or you are dissatisfied with anything you receive from us
- New firearms must be returned to the manufacturer for warranty work
- Volume buyers call for details
- Some items are very limited in quantity
- PA residents must include 6% Sales Tax, or a valid exemption certificate.
- Order pickups at warehouse acceptable Call First!!

SHIPPING CHARGES

- All ammo is shipped UPS Ground We cannot ship to a PO Box
- COD on firearms or parts add \$6 each package
- No COD on ammunition.
- Prices on ammo and long guns include free shipping for delivery East of the Mississippi
- Parts orders over \$50 shipped free.
- Parts orders under \$50 are charged \$5 S&H
- For deliveries West of the Mississippi add \$10 per package
- Handguns must be shipped UPS Next Day Air, appropriate shipping charges will be added to all orders
- Ammo is shipped with An "Adult Signature Required" sticker, unless certain conditions are met (see Legal Requirements below)

ONLINE ORDER FORM

- For prompt shipment use the Online Order Form Most of these orders are shipped the next day
- Please make sure that we have enough info to

process your order

An email address or phone number is nice to have in case there are any questions

- You can access instructions for the shopping cart by clicking the Help button in the shopping cart window

LEGAL REQUIREMENTS

AMMUNITION

- **Age Requirement** You must be at least 21 years old to order ammo from us
- **Federal Law** prohibits the purchase of ammunition by minors, drug addicts, convicted felons, illegal aliens, mentally ill, or those convicted of a misdemeanor crime of domestic violence
- Additionally there may be State, or local laws that prohibit you from receiving ammunition
- All shipments containing ammunition will be shipped **Adult Signature Required** unless we have a readable copy of your drivers license on file, and you specifically request that the sticker not be used
- We only need this once.
- You can fax or mail this to us, or if you have access to a scanner, you can email it to us.

FIREARMS

- We must have a "signed in ink" copy of your FFL on file before we ship firearms.

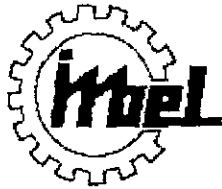
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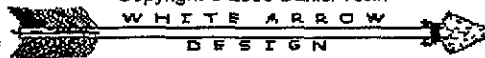
ADD	DESCRIPTION	PRICE
	Accessory Package - includes bayonet and scabbard, blank adaptor, cleaning kit, magazine, mag loader	\$20 00
	Barrel - with gas block only	\$35.00
	Barrel - with flash hider, sights, sling attachment	\$40.00
	Barrel Assembly - complete with gas system assembly	\$60 00
	Bayonet - includes scabbard	\$6.00
	Bolt and Carrier - matching, complete	\$35.00
	Butt Stock -	\$18 00
	Butt Stock Assy - with pad, screw, sling assembly	\$25 00
	Carry Handle -	\$10 00
	Cleaning Kit - empty	\$2.00
	Cleaning Kit Assy - with brush, pull through	\$6.00
	Cocking Handle -	\$20 00
	Flash Hider -	\$5.00
	Gas Assembly - plug, regulator, clip, pin, tube, tube nut, piston spring	\$40 00
	Gas Piston and Spring -	\$15 00
	Gas Plug -	\$10.00
	Gas Regulator -	\$10.00
	Gas Tube -	\$15.00
	Handguard -	\$35 00

	Lower Receiver Assy - complete with all internals, sights, pistol gnp, butt tube and spring	\$50 00
	Lower Receiver Assy, w/ Buttstock - complete with buttstock	\$60.00
	Lower Receiver, Stripped -	\$20 00
	Magazine -	\$5.00
	Magazine & Loader -	\$8 00
	Magazines -(10)- - TEMP OUT OF STOCK	\$50 00
	Magazines -(4)- - TEMP OUT OF STOCK	\$20 00
	Manual - Imbel factory, Spanish TEMP OUT OF STOCK	\$5.00
	Pistol Grip -	\$4 00
	Sights, Front - post, clip, spring	\$10 00
	Sights, Rear - complete assembly	\$20 00
	Spare Parts - trigger, hammer and sear	\$10 00
	Top Cover -	\$5.00

All the above Imbel parts are in good serviceable condition
 Free shipping on orders over \$50
 Orders under \$50 are charged \$5 S&H



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EXHIBIT 6

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

PATRICIO SALINERO ARRIGORRIAGA,

Plaintiff,

v

PW ARM'S INC ; DAN'S SPORTING GOODS,
INC ,

Defendant.

No. C02-1026L

DEFENDANTS' ANSWER

I. ANSWER

COMES NOW defendants P.W. Arms, Inc. and Dan's Sporting Goods, by and through their attorney of record, McKay Chadwell, PLLC , and answers plaintiffs' Complaint as follows

- 1 Defendants deny the allegations set forth in paragraph 1 of plaintiff's Complaint
2. Defendants are without personal knowledge as to the truth or falsity of the allegations set forth in paragraph 2 of plaintiff's Complaint and therefore deny the allegations
3. Answering paragraph 3 of plaintiff's Complaint, defendants admit that P W Arms Inc , is incorporated under the laws of the State of Washington with its principal place of business in Redmond Washington, and that Stacy N Prineas is the president of P W Arms Defendants deny the remaining allegations set forth in paragraph 3 of plaintiff's Complaint

COPY

1 4 Answering paragraph 4 of plaintiff's Complaint, defendants admit that Dan's Sporting
2 Goods has a principal place of business in New Kensington, Pennsylvania and that Dan Tobin is
3 the president and principal owner of Dan's Sporting Goods Defendants deny the remaining
4 allegations set forth in paragraph 4 of plaintiff's Complaint

5 5 Defendants admit the allegations set forth in paragraph 5 of plaintiff's Complaint

6 6 Defendants admit the allegations set forth in paragraph 6 of plaintiff's Complaint

7 7 Answering paragraph 7 of plaintiff's Complaint, defendants admit that the parties entered
8 into a contract for the sale and purchase of "IMBEL" brand rifles, magazines, bayonets and
9 accessories ("Rifles") Defendants deny the remaining allegations set forth in paragraph 7 of
10 plaintiff's Complaint
11

12 8 Defendants deny the allegations set forth in paragraph 8 of plaintiff's Complaint

13 9 Answering paragraph 9 of plaintiff's Complaint, defendants admit that P.W. Arms and
14 Dan's Sporting Goods agreed to import "Rifles" from plaintiff and that defendants would pay
15 plaintiff for the "Rifles" received pursuant to the contract terms Defendants further admit that
16 they communicated a "stop shipment" order to plaintiff due to a change in the law in the United
17 States rendering the terms of the contract null and void, but plaintiff ignored the communication
18 and sent further shipments of said "Rifles" Defendants deny the remaining allegations set forth
19 in paragraph 9 of plaintiff's Complaint.
20

21 10 Answering paragraph 10 of plaintiff's Complaint, defendants admit that a partial
22 inspection of rifles was allowed in Chile in July 2000 Defendants deny the remaining
23 allegations set forth in paragraph 10 of plaintiff's Complaint.
24
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1 11 Answering paragraph 11 of plaintiff's Complaint, defendants admit that defendants
2 entered into a contract with plaintiff to buy "Rifles" Defendants deny the remaining allegations
3 set forth in paragraph 11 of plaintiff's Complaint.

4 12 Answering paragraph 12 of plaintiff's Complaint, defendants admit that, among other
5 terms in the contract, defendants agreed to purchase "Rifles". Defendants deny the remaining
6 allegations set forth in paragraph 12 of plaintiff's Complaint
7

8 13 Answering paragraph 13 of plaintiff's Complaint, defendants admit that, among other
9 terms in the contract, that the proper licenses would be obtained and that the receivers would be
10 deactivated Defendants deny the remaining allegations set forth in paragraph 13 of plaintiff's
11 Complaint
12

13 14. Defendants admit the allegations set forth in paragraph 14 of plaintiff's Complaint.

14 15 Defendants are without personal knowledge as to the truth or falsity of the allegations set
15 forth in paragraph 15 of plaintiff's Complaint and therefore deny the allegations
16

17 16 Defendants are without personal knowledge as to the truth or falsity of the allegations
18 set forth in paragraph 16 of plaintiff's Complaint and therefore deny the allegations
19

20 17 Answering paragraph 17 of plaintiff's Complaint, defendants admit that shipment and
21 receipt of 6000 "Rifles" was accomplished, that the invoice, packing list and bill of lading listed
22 Dan's Sporting Goods as the importer and consignee and that the shipment was paid for.
23 Defendants deny the remaining allegations set forth in paragraph 17 of plaintiff's Complaint

24 18 Defendants deny the allegations set forth in paragraph 18 of plaintiff's Complaint

25 19 Answering paragraph 19 of plaintiff's Complaint, defendants admit receipt of a second
26 shipment of "Rifles" and that payment was made, but deny the remaining allegations set forth in
27 paragraph 19 of plaintiff's Complaint.
28

1 20 Answering paragraph 20 of plaintiff's Complaint, defendants admit instructing plaintiff
2 not to make any additional shipment of "Rifles" after the first shipment due a change in the laws
3 of the United States that rendered the contract void Defendants deny the remaining allegations
4 set forth in paragraph 20 of plaintiff's Complaint

5 21 Answering paragraph 21 of plaintiff's Complaint, defendants admit that a defense exists
6 that the condition of the "Rifles" that plaintiff shipped were inferior and not of the same grade
7 the parties contracted to and defendants further assert that other defenses to the contract exist
8 including, but not limited to, the fact that the contract became null and void due a change in the
9 laws of the United States Defendants deny the remaining allegations set forth in paragraph 21
10 of plaintiff's Complaint
11

12 22 Answering paragraph 22 of plaintiff's Complaint, defendants deny that the "Rifles"
13 shipped were the same grade as the "Rifles" the parties contracted to sell and purchase.
14

15 23 Answering paragraph 23 of plaintiff's Complaint, defendants admit that an inspection
16 occurred and that plaintiff forwarded samples Defendants deny the remaining allegations set
17 forth in paragraph 23 of plaintiff's Complaint
18

19 24 Defendants deny the allegations set forth in paragraph 24 of plaintiff's Complaint

20 25 Defendants deny the allegations set forth in paragraph 25 of plaintiff's Complaint

21 26. Defendants deny the allegations set forth in paragraph 26 of plaintiff's Complaint

22 27 Defendants deny the allegations set forth in paragraph 27 of plaintiff's Complaint

23 28 Defendants deny the allegations set forth in paragraph 28 of plaintiff's Complaint

24 29 Defendants deny the allegations set forth in paragraph 29 of plaintiff's Complaint.

25 30 Defendants deny the allegations set forth in paragraph 30 of plaintiff's Complaint.

26 31. Defendants deny plaintiff's Prayer for Judgment in its entirety
27
28

32 Defendants further deny any and all allegations left unanswered

33 Defendants join in plaintiff's demand for a jury trial

II. AFFIRMATIVE DEFENSES

- 1. The contract was voidable and became void when the laws of the United States changed
- 2. There was a failure of consideration in the contract
- 3. Discovery may reveal that plaintiff failure to mitigate damages
- 4. Plaintiff breached the contract

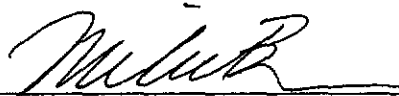
III. DEFENDANT'S PRAYER FOR RELIEF AND JUDGMENT

WHEREFORE defendants pray for the Court to order the following relief

- 1. For dismissal of Plaintiff's Complaint
- 2. For an award to Defendants for attorney's fees and costs incurred as a result of the defense of this case
- 3. For an award for such other and further relief as the Court deems just and equitable

DATED this 12th day of July 2002

McKAY CHADWELL PLLC

By 
 Michael D. McKay, WSBA No 7040
 Michael W Brown, WSBA No 14282
 Attorneys for Defendants P W ARMS, INC
 and DAN'S SPORTING GOODS, INC.

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

PATRICIO SALINERO ARRIGORRIAGA,

Plaintiff,

v.

PW ARM'S INC , DAN'S SPORTING GOODS,
INC.,

Defendant.

No C02-1026L

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 15th day of July, 2002, I caused to be served copies of

(1) Defendant's Answer

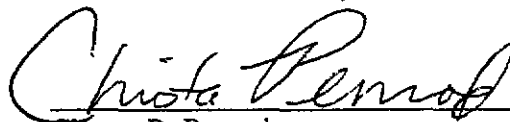
by the methods indicated below, and addressed to each of the following:

Mr James Savitt
Ms Linda J Merelle
Attorneys At Law
1305 Fourth Avenue, Suite 414
Seattle, WA 98101-2406

- () U S Mail, Postage Prepaid
- (✓) Hand Delivered Via Messenger
- () Overnight Mail
- () Facsimile

DATED this 15th day of July, 2002

McKAY CHADWELL, PLLC



Christa R. Penrod
Legal Secretary

COPY

EXHIBIT 7

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THE HONORABLE ROBERT S LASNIK

FILED ENTERED
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★ AUG 16 2002 ★

AT SEATTLE
CLERK U.S. DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
BY DEPUTY

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

PATRICIO SALNERO ARRIGORRIAGA,

Plaintiff,

v

PW ARM'S INC , DAN'S SPORTING
GOODS, INC ,

Defendants

NO C02-1026L

**JOINT STATUS REPORT AND
DISCOVERY PLAN**

Pursuant to the Court's Order dated July 5, 2002, the undersigned parties submit this
Joint Status Report and Discovery Plan responding each of the issues raised by the Court

i. A Statement of the Nature and Complexity of the Case.

Plaintiff Patricio Salnero Arrigorriaga ("Salnero") asserts breach of contract claims
against defendants PW Arm's Inc and Dan's Sporting Goods, Inc The parties entered into
written contracts dated July 7, 2000, for the sale by Salnero and the purchase by defendants

1 of approximately 25,000 IMBEL brand rifles, and specified associated equipment, in three
2 shipments Defendants intended to re-sell the rifles to users for sporting purposes

3 Defendants received and paid for the first shipment Defendants also received the
4 second shipment, but paid for it only in part Defendants instructed Salinero not to make the
5 third shipment, and advised that they would not pay for any of the third shipment

6 The parties are in agreement that there was a contract made Defendants contend that
7 their remaining performance was excused by a change in law Defendants further contend
8 that the product they received was not of the same quality as the product that was inspected
9 and guaranteed Plaintiff contends that, pursuant to the contract's express terms, the goods
10 were sold in an "as-is" condition without any guarantee

11 **2. ADR Method (Mediation, Arbitration or Other).**

12 The parties believe that mediation is the appropriate ADR method

13 **3. When Mediation or Other ADR Proceeding under LR 39.1 Should Take Place.**

14 The parties propose that mediation should take place by December 16, 2002

15 **4. Proposed Deadline for Joining Additional Parties.**

16 The parties submit that the deadline for joining additional parties should be
17 November 15, 2002 At this time, the parties do not contemplate joining other parties

18 **5. Proposed Discovery Plan.**

19 **a. *Date of FRCP 26(f) conference and FRCP 26(a) initial disclosures.***

20 The parties conducted the Fed R Civ P. 26(f) conference on July 24, 2002 The
21 parties will have exchanged initial disclosures by August 16, 2002

22 **b. *The subjects of discovery and whether discovery should be conducted in***
23 ***phases or limited to or focused upon particular issues.***

1 The principal subjects of discovery are likely to include (a) the terms of the contracts
2 between the parties, (b) the making of the contract, (c) the shipment of goods described in the
3 contract, (d) the performance of the parties under the contract, (e) the alleged change in law,
4 (f) plaintiff's damages, and (g) inquiry into mitigation of damages. At this point, the parties
5 do not believe discovery should be conducted in phases or be limited or focused upon
6 particular issues.

7 **c. *Are any changes necessary in the limitations on discovery imposed under***
8 ***the Federal and Local Civil Rules?***

9 The parties do not believe at this time that any changes are necessary in the
10 limitations on discovery imposed under the Federal and Local Civil Rules.

11 **d. *A statement of how discovery will be managed so as to minimize expense.***

12 The parties will attempt to cooperate in the conduct of discovery, and will have
13 discussions about minimizing the travel expenses associated with out-of-town discovery.

14 **e. *Other potential Orders of the Court re Case Management.***

15 The parties do not at this time suggest that the Court enter other case management or
16 discovery orders.

17 **6. The Date by which the Remainder of Discovery Can Be Completed.**

18 The parties believe that the remainder of discovery can be completed by January 24,
19 2003.

20 **7. Utilization of a Full-Time Magistrate.**

21 The parties do not agree that a Magistrate may conduct all proceedings in this matter.

22 **8. Bifurcation.**

23 The parties do not believe that this case should be bifurcated.

24 **9. Utilization of Pretrial Statements and the Pretrial Order.**

1 The parties do not believe that pretrial statements or the pretrial order should be
2 dispensed with in whole or in part

3 **10. Other Suggestions for Shortening or Simplifying the Case.**

4 At this time, the parties do not have other suggestions for shortening or simplifying
5 the case

6 **11. The Date the Case Will Be Ready for Trial.**

7 The parties believe that the case will be ready for trial by May 27, 2003

8 **12. Whether the Trial Will Be Jury or Non-Jury.**

9 Defendants have demanded a trial by jury

10 **13. The Number of Trial Days Required.**

11 The parties believe that this case will require four (4) trial days

12 **14. The Names, Addresses, and Telephone Numbers of All Trial Counsel.**

13 For the Plaintiff Patricio Salinero Arrigorriaga:

14 James Savitt
15 Linda Merelle
16 Savitt & Bruce LLP
17 1305 Fourth Avenue, Suite 414
18 Seattle, WA 98101-2406
206/749-0500 telephone
206/749-0600 facsimile

19 For the Defendants PW Arm's, Inc and Dan's Sporting Goods, Inc

20 Michael D. McKay
21 Michael W Brown
22 McKay Chadwell, PLLC
23 701 Fifth Avenue, Suite 7201
24 Seattle, WA 98104
206/233-2800 telephone
206/233-2809 facsimile

1 15. Status of Service of Process

2 All parties have been served

3 16. Need for Scheduling Conference Prior to Entry of a Scheduling Order.

4 The parties do not request a scheduling conference prior to the Court's entry of a
5 scheduling order in this case


6
7 DATED August 16, 2002

8 SAVITT & BRUCE LLP

9
10
11 By 
12 James P. Savitt, WSBA #16847
Linda L. Merelle, WSBA #22775

13 Attorneys for Plaintiff
14 Patricio Salinero Arrigorriaga

15 MCKAY CHADWELL, PLLC

16
17
18 By 
19 Michael D. McKay, WSBA #7040
20 Michael W. Brown, WSBA #14282

21 Attorneys for Defendants P W Arm's, Inc. and
22 Dan's Sporting Goods, Inc

EXHIBIT 8

Sep 07 01 10:23a
AUG-25-2001 09 12P FROM

P M ARMS INC

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P. 1
P 1/1



DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS

JULY 3, 2001

901030 BAN
5330

Daniel Tobin
400 5th Street
New Kensington, PA 15068

Dear Mr Tobin

This is in response to your letter dated May 24, 2001, concerning our policy regarding the importation of receivers for commercial sale

There have been no recent changes made to our policy regarding the importation of nonimportable receivers, frames, or barrels. Please understand that the law at Title 18, U S C , section 925(d)(3) prohibits the importation of complete firearms or firearm's receivers, frames or barrels that are not generally recognized as particularly suitable for or readily adaptable to sporting purposes

In August 2000, we suspended the processing of ATF Form 6 permit applications received to import barrels, frames, and receivers of nonimportable firearms for unrestricted commercial sale, while we conducted a review, in order to further clarify section 925(d)(3). For example, the frames, receivers and barrels of any of the rifles identified by the 1998 study, which may be found in the 2000 edition of the Federal Firearms Regulations Guide (page 126), are nonimportable.

As a result of the review, ATF has recognized that certain barrels, frames and receivers that otherwise would not be importable may be imported for repair or replacement purposes. In such cases, Block 10 of the ATF Form 6 should identify that the importation is for repair or replacement only.

Should you have further questions or concerns, please do not hesitate to write or call us at (202) 927-8320

Sincerely yours,


David B. Johansen
Chief, Firearms and Explosives Imports Branch

WWW.ATF.TREAS.GOV

000484

EXHIBIT 9

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF PENNSYLVANIA

PATRICIO SALINERO ARRIGORRIAGA

No

01 0892

Plaintiff,

-against

PW ARM'S, INC., DAN'S SPORTING
GOODS, INC ,

Jury Trial Demanded

Defendants

COMPLAINT

Plaintiff Patricio Salinero Arrigorriaga ("Salinero"), by his attorneys, for his complaint, avers as follows:

1. This is an action seeking monetary damages for defendants' breach of contract

The Parties

2. Plaintiff Salinero is a citizen of Chile and resides in Santiago Chile. He is a businessman and, among other things, is a registered purveyor for the Army of Chile

3. Defendant PW Arm's, Inc ("PW Arm's"), upon information and belief, is incorporated under the laws of the State of Washington with its principal of business in Redmond, Washington. Stacy N. Prineas ("Prineas"), upon information and belief, is the president and a principal owner of PW Arm's.

4. Defendant Dan's Sporting Goods, Inc. ("Dan's Sporting Goods"), upon information and belief, is incorporated under the laws of the Commonwealth of Pennsylvania with its principal place of business in New Kensington, PA. Daniel Tobin ("Tobin"), upon information and belief, is the president and principal owner of Dan's Sporting Goods

5. The defendants are engaged, among other things, in the import and export of guns, rifles and related goods into and from the United States and in the sale of such items throughout the United States.

Jurisdiction

6. The Court has jurisdiction over this action under 28 U.S.C. § 1332(a) as there is complete diversity of citizenship and the amount in controversy exceeds \$75,000 exclusive of interest and costs.

The Facts

7. In February 2000, Prineas informed Salinero of his interest in purchasing firearms in Chile or elsewhere in South America for importation into the United States. Thereafter, Salinero learned that the Chilean Army wanted to sell approximately 25,000 used IMBEL brand rifles, magazines, and bayonets (collectively, the "Rifles"), and Salinero and PW Arms entered into negotiations for the purchase and sale of the Rifles.

8. When the parties were close to concluding an agreement, Prineas informed Salinero that he had a partner in this transaction, Dan's Sporting Goods, who would be the actual importer of record for the Rifles.

9. Upon information and belief, defendants entered into a co-venturer or partnership agreement between them concerning the purchase of the Rifles. The agreement, not disclosed to plaintiff, appears to have provided, among other things, that Dan's Sporting Goods would be the importer of record for the Rifles under an import license it obtained from the United States government and that PW Arms would effect the payment to Salinero for the goods.

5 The defendants are engaged, among other things, in the import and export of guns, rifles and related goods into and from the United States and in the sale of such items throughout the United States

Jurisdiction

6 The Court has jurisdiction over this action under 28 U.S.C. § 1332(a) as there is complete diversity of citizenship and the amount in controversy exceeds \$75,000 exclusive of interest and costs

The Facts

7 In February 2000, Prineas informed Salinero of his interest in purchasing firearms in Chile or elsewhere in South America for importation into the United States. Thereafter, Salinero learned that the Chilean Army wanted to sell approximately 25,000 used 'IMBEL' brand rifles, magazines, and bayonets (collectively, the "Rifles"), and Salinero and PW Arms entered into negotiations for the purchase and sale of the Rifles.

8 When the parties were close to concluding an agreement, Prineas informed Salinero that he had a partner in this transaction, Dan's Sporting Goods, who would be the actual importer of record for the Rifles

9 Upon information and belief, defendants entered into a co-venturer or partnership agreement between them concerning the purchase of the Rifles. The agreement, not disclosed to plaintiff, appears to have provided, among other things, that Dan's Sporting Goods would be the importer of record for the Rifles under an import license it obtained from the United States government and that PW Arms would effect the payment to Salinero for the goods

10 Pursuant to the on-going negotiations, now involving Salnero, Prineas and Tobin, in early July 2000, Tobin traveled to Sannago, Chile on behalf of the defendants to inspect the Rifles at the Chilean Army warehouse where they were stored.

11 Following Tobin's inspection of the goods and further negotiations among Salnero, Tobin and Prineas, Salnero entered into two identical written contracts, each dated July 7, 2000, one with PW Arms and one with Dan's Sporting Goods, for the sale of the Rifles.

12 Defendants agreed in the contracts to purchase "24,582 Assault rifles LIV M964 CAL. 7,62 IMBEL brand," with "24,457 Bayonets/f/rifle M964," "66,357 Magazines for 20 rns," "1,300 Manuals (approx.)" and "Accessories," at a cost of US \$84 FOB Chile for each rifle set. The total price came to \$2,064,888.

13 The contracts provided that, after the automatic firing mechanism (the "receiver") was deactivated on each rifle, the goods were to be sent to the United States in three shipments. The parties were also required to obtain the necessary export and import licenses from the Chilean and United States government. The shipments were to be completed within 150 days from the signing of the contract.

14 Tobin left Chile after the contracts were signed with one sample rifle he selected from the Army warehouse. Shortly thereafter, Salnero sent a sample package of 2 rifles with receivers deactivated, 2 bayonets & scabbards, 2 magazines, 2 blank firing devices, and cleaning kits as instructed, to defendants at Dan's Sporting Goods' New Kensington, Pennsylvania store. The method of deactivating the receivers was approved by the defendants.

15 As he had informed defendants and relying upon the contracts on July 11, 2000, Salnero signed a contract with the Chilean Army for the purchase of the Rifles. He also began the process of deactivating (removing) the receivers, the automatic firing mechanisms

16 As required, Salinero has paid the Chilean Army in full for all the Rifles

17. All governmental approvals having been received, the first shipment under the contracts of approximately 6,000 rifle kits was sent, as instructed by defendants, to Houston, Texas in August 2000. At Princeas' instructions, the invoice, packing list and bill of lading listed Dan's Sporting Goods as the importer and consignee. The first shipment was paid by wire transfers from PW Arm's to Salinero in accordance with the contracts.

18. Defendants requested that the second shipment, of approximately 10,000 rifle kits, be sent to Dan's Sporting Goods via the port of Seattle, Washington. Before the shipment was released from Chile, PW Arm's wired to Salinero US\$300,000 as required by the contracts. The balance, \$540,000, was to be paid "against shipping documents," that is, upon the shipment arriving in the United States.

19. Defendants took possession of the second shipment but, despite repeated demands from Salinero, have refused to pay for the second shipment. Defendants only paid \$204,000 and still owe \$336,000.

20. Defendants instructed Salinero not to make the third shipment, and have refused to pay for the unshipped balance of the contracted order (8,578 rifle kits costing \$720,552).

21. Defendants have given as the reason for their refusal to pay for goods accepted and for unilaterally attempting to cancel the balance of the contract that the condition of the Rifles they received is not to defendants' liking.

22. Defendants, however, agreed to purchase the Rifles (which are approximately 25 years old) in "as is" condition. Paragraph Fifth of the contracts provides, "The

material of this contract is sold in the condition that it is at this moment, that is known and accepted satisfactorily by the buying part, without later complaints ”

23. Before signing the contracts, defendants had the opportunity to -- and in fact did -- inspect the goods in Chile. In addition, defendants received and approved samples of the Rifles before any shipments were made

24. Although not obligated to do so, Salinero offered to allow the defendants to inspect the third shipment before it was sent from Chile. Defendants initially agreed to inspect the shipment, but never scheduled the inspection visit.

25. Defendants have also, upon information and belief, advertised nation-wide and sold a number of the Rifles they received and accepted at a substantial mark-up of several times the contract price

Breach of Contract Claim

26. Defendants PW Arm's and Dan's Sporting Goods have refused to pay for the second shipment in full and to accept or pay for the third shipment of Rifles in breach of the parties' July 7, 2000 contracts

27. Defendants' breach of contract has caused considerable injury and damage to plaintiff, to wit

28. Defendants have failed to pay the remaining contract amount of \$1,056,552

29. Defendants, by breaching the contract, are required to pay to plaintiff the indemnification amount of \$500,000 as required by paragraph Sixth of the contracts, which provides "If one of the parts involved in this contract, the Buyer or the Seller, retracts this

Contract, he will be forced to pay to the other part, as a matter of indemnification, the amount of
US\$ 500 000 .

30 Defendants have caused Salinero to suffer additional injuries and damages
incidental to and as a consequence of their refusal to honor their contractual obligations

WHEREFORE, plaintiff respectfully requests judgment be entered against the
defendants, jointly and severally, as follows.

- a) Damages in an amount to be determined by the Court but in no event less
than \$1,056,552 for breach of contract, \$500,000 pursuant to the
indemnification provision in the contract, all additional incidental and
consequential costs flowing from defendants' breach, plus interest to the
fullest extent permitted by law;
- b) The costs and disbursements of this action, including attorneys fees; and
- c) Such other and further relief as this Court may deem just and proper

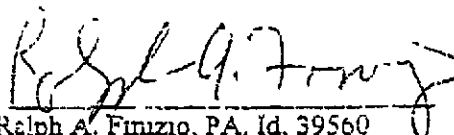
JURY DEMAND

Plaintiff hereby demands a trial by jury of all issues and claims so triable.

Dated: May 18 2001

Respectfully Submitted,

By



Ralph A. Finizio, P.A. Id. 39560
Houston Harbaugh, P.C.
12th Fl Two Chatham Center
Pittsburgh, Pennsylvania 15219
(412) 281-5060

-and-

EXHIBIT 10

Compressed Transcript & Word Index

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UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON

PATRICIO SALINERO ARRIGORRIAGA,)
)
Plaintiff,)
)
vs.)
)
PW ARM'S INC.; DAN'S SPORTING)
GOODS, INC.,)
)
Defendant.)

No. C02-1026L

COPY

VIDEOTAPED DEPOSITION UPON ORAL EXAMINATION OF
PATRICIO SALINERO ARRIGORRIAGA

Volume I

Via Spanish Interpreter

Taken Thursday, January 16, 2003

Seattle, Washington

Melissa J. Watkins & Associates
Certified Court Reporters

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1/16/2003 Videotaped Deposition of Patricio Salinero A.

1 MR SAVITT I wouldn't have -- I wouldn't be
 2 able to give that legal advice over a five-minute break
 3 MR LeMAY Well, I'm kind of curious how we can
 4 conclude this deposition if we don't know the fundamental
 5 fact of the amount of mitigation damages by plaintiff
 6 MR SAVITT Watch your tone Conduct yourself
 7 civilly That's not Sarcasm has no place here I think
 8 your questions are wildly inappropriate I actually think
 9 you're wasting tremendous amounts of time, but it's your
 10 right to conduct your deposition as you deem fit I
 11 actually think you're dead wrong on the law, dead wrong on
 12 damages, dead wrong on all of that Now, the judge will
 13 determine that
 14 MR LeMAY Well, obviously --
 15 MR SAVITT If you have an issue and you want to
 16 get the judge on the phone, please do
 17 MR LeMAY I don't need to get the judge on the
 18 phone if you're instructing him not to answer the question
 19 MR SAVITT I haven't I've told him I think he
 20 needs to get legal advice before he can answer the
 21 question I've said it in front of everybody
 22 MR LeMAY Why don't we take a break and try and
 23 get Judge --
 24 MR McKAY What time is it now?
 25 MR LeMAY It is 12 15 He'll probably be at

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1 whether he should answer any questions regarding that
 2 Judge Lasnik ruled that he does not know about the case
 3 to make a ruling at this point regarding this issue, that
 4 it appeared complicated to him, and that, in his words, "we
 5 needed to muddle through it," "we" referring to me and also
 6 Mr Savitt And so that is the position that we are
 7 currently at
 8 MR SAVITT Okay Yeah I don't know if the --
 9 if the issue has been quite accurately described, so I
 10 don't want to buy into that All I want to say for the
 11 record is the judge clearly stated that he was not ordering
 12 the witness to answer any particular questions about the
 13 terms or conditions of the contract with the government of
 14 Chile at this time
 15 MR LeMAY And I also want this to reflect that
 16 our conference regarding this discovery dispute, I'm
 17 assuming that we discussed this position adequately enough
 18 where we could bring -- now bring a motion to the court
 19 that Judge Lasnik had requested? Is that fair to say?
 20 MR SAVITT No
 21 MR LeMAY Did I hear you say that you actually
 22 had this contract in your possession?
 23 MR SAVITT No
 24 MR LeMAY So you don't have this contract that
 25 you know -- I'm just trying I mean --

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1 lunch
 2 MR McKAY He'll probably be at lunch Why
 3 don't we take a lunch break We will make arrangements
 4 with the Court to address this with the judge at 1 15
 5 MR SAVITT I don't want any call to the Court
 6 that we're not participating on
 7 MR McKAY Then we can -- we are going to go
 8 ahead and call the Court to find out when he'd be
 9 available
 10 MR SAVITT Fine
 11 MR McKAY And let's plan to resume at 1 15
 12 THE VIDEOGRAPHER The time is now 12 18 p m We
 13 are going off the record
 14 (Recess taken from 12 18 to 1 46 p m)
 15 (Ms Merelle did not return to the
 16 conference room)
 17 THE VIDEOGRAPHER We are back on the record
 18 This is the beginning of Tape Number 2 in the continuing
 19 deposition of Patricio Salinero The time is now
 20 approximately 1 46 p m
 21 MR LeMAY We just had a conference call with
 22 Judge Lasnik of the United States District Court, who is
 23 handling this case in the court, regarding the issue which
 24 appears on the transcript of whether a secret contract
 25 exists between Mr Salinero and the Chilean Army and

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1 MR SAVITT Right I --
 2 MR LeMAY We got into this before We just got
 3 into it now We had a conference with the judge I'm
 4 trying to figure out what else we need to do before we
 5 could file our motion tomorrow, and while Mr Salinero is
 6 here, to get, you know, some sort of prompt ruling from the
 7 Court
 8 MR SAVITT All right I certainly -- you
 9 may -- I will not -- I will not take the position that you
 10 have violated Rule 37 by filing any motion at any time, so
 11 you should feel free to go ahead and do that I'm eager to
 12 find out more about what the law of Chile actually is I
 13 don't know what it is That may affect our position
 14 So, I don't know how fast we can do it I would
 15 certainly, in a Rule 37 conference with you, address that
 16 issue, address a protective order, all sorts of issues that
 17 relate to this, but I'm not taking the position that if you
 18 want to go to the court tomorrow and file your motion, go
 19 right ahead and file the motion I won't say you've broken
 20 the rules
 21 MR LeMAY I appreciate that And, Mr Savitt,
 22 if for some reason we do get an order that this needs to be
 23 discussed and the document needs to be produced, I think
 24 the rules provide that we'll probably have to incur -- you
 25 know, there will be costs incurred in trying to ascertain

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1 the truth and that Mr Salinero may have to come out for
2 another deposition So if that does come to that, and I'm
3 not saying it will, will you provide some assurances, if
4 the Court so directs, that Mr Salinero come back for a
5 deposition, another deposition?
6 MR SAVITT Well, I certainly can tell you that
7 if the Court issues -- I don't agree that that will be
8 appropriate under any circumstances If the Court were to
9 order it, we would either -- Mr Salinero would be
10 confronted with the decision of honoring the Court's order,
11 seeking reconsideration, seeking appeal, suffering the
12 conferences
13 MR LeMAY Okay
14 MR SAVITT Which of those he may choose at that
15 time, depending upon what his legal situation is in Chile,
16 I don't want to -- I don't want to prestate
17 MR LeMAY Okay Thank you I think the record
18 has been made, and we can continue with the deposition
19
20 EXAMINATION - (Continuing)
21 BY MR. LeMAY
22 Q Mr Salinero, I'm going to continue with this line of
23 questions, just to kind of flesh out what exactly there is
24 about this -- this contract you had with the Chilean Army
25 Is it your position that this contract is secret because

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1 there's a provision in the contract which deems it secret?
2 A Yes
3 Q So is it your fear that you might be in breach of that
4 contract if for some reason you were to disclose --
5 disclose the contents of that information?
6 A Yes
7 Q So are you willing to disclose to us the price that you
8 paid per unit from the Army to obtain these arms?
9 A I cannot -- I cannot -- I cannot say anything that has to
10 do with the -- the contract I cannot mention prices or
11 anything I cannot mention anything that the contract
12 states, and that's what the contract states.
13 Q Would you be willing to tell us who from the Chilean Army
14 signed the contract?
15 MR SAVITT Object to form Object to the
16 phraseology "are you willing "
17 THE WITNESS That -- that -- it's part of the
18 contract, therefore, I can't
19 Q Do you have this contract in your possession?
20 A Of course
21 Q Have you ever given this contract to your counsel, either
22 the individuals that you had retained before Mr Savitt and
23 Savitt & Bruce or ?
24 MR SAVITT Why isn't that an attempt to seek a
25 communication between client and counsel?

Page 55

1 MR LeMAY Well, any interrogatory responses
2 are -- and request for production of documents go to the
3 individual, the plaintiff, who has a duty to respond, and
4 to provide those documents So the existence of the
5 documents, whether they've been provided, is simply not
6 protected by the attorney-client privilege I'm just
7 asking whether it's been provided
8 Q You may answer
9 A I've never given anybody the contract
10 Q And are there other documents related to your contract with
11 the Army to purchase the arms at issue in the contract
12 between you and Mr Prineas and Mr Tobin?
13 MR SAVITT Objection The question is
14 unintelligible
15 THE WITNESS I did not understand it
16 Q Do you have any other documents that pertain to your
17 contract, what you refer to as a secret contract between
18 you and the Chilean Army?
19 A I think that everything is stated in the contract
20 Q But do you have any other documents related to that
21 contract?
22 A No
23 Q You don't have any initial communications, drafts or
24 anything like that?
25 A No

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1 Q If I wanted to discuss your negotiations of that contract
2 with the Army, would you answer my questions?
3 A I don't know what those questions might be
4 Q For example, is there a legal department for the Chilean
5 Army?
6 A Yes
7 Q And when you go to that legal department, who do you talk
8 with?
9 A With the attorneys
10 Q And who are the attorneys?
11 A There are several
12 Q When -- in this secret contract that we're talking about,
13 who was the attorney that assisted you with that contract?
14 A That helped me? That assisted me?
15 Q That you sat down with
16 A At the Army? With the Army?
17 Q With the Army legal department
18 A I believe -- I'm not sure It's a gentleman whose name is
19 Gluzman, G-l-u-s-m --
20 (Interpreter conferring with the witness)
21 THE WITNESS G-l-u-z-m-a-n
22 Q Does the Chilean Army only sell its arms or its arms
23 surpluses to licensed purveyors?
24 A Yes
25 MR SAVITT Objection, no foundation

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1/16/2003 Videotaped Deposition of Patricio Salinero A.

1 Q I'm sorry What was the answer?
2 A Yes
3 Q And if PW ARM'S wanted to purchase these arms directly from
4 the Chilean Army, they would not be able to do that?
5 MR SAVITT Objection, no foundation, calls for
6 speculation
7 Q To your knowledge? You may answer
8 MR SAVITT Same objections
9 THE WITNESS No
10 Q How many other licensed purveyors are there?
11 A I don't know
12 Q How did you -- how long have you had your license?
13 A I don't know exactly
14 Q Has it been -- I believe -- and I don't want to
15 mischaracterize Is it true that you've been in the arms
16 business, what, 27 years, about?
17 A Yes
18 Q And for how many years have you had a license?
19 A It's not the same, what you're asking me There are two,
20 two or three licenses
21 Q Will you just tell me what those are?
22 A One that allows me to import arms, another one to sell arms
23 within the country, another one to purchase arms from the
24 Armed Forces and to export
25 MR SAVITT Mr Salinero, you should probably --

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1 approached to sell these arms through?
2 MR SAVITT Objection Directly contrary to
3 prior testimony
4 THE WITNESS I don't know
5 Q You've been in this -- you've had this license to purchase
6 arms for, well, less than 10 years, but you're not aware of
7 any other individuals who also hold that license?
8 A No
9 Q Did you serve in the Chilean Army?
10 A Never
11 Q Who did you approach from the Army to obtain your license?
12 THE INTERPRETER The interpreter -- well, the
13 interpreter would like to -- I don't know The name in
14 Spanish is "Comandancia Guarnicion " I'll give you the
15 spelling (indicating to the court reporter) That's
16 difficult I don't have it here The authorities, I'd
17 say, the interpreter would say, yes
18 Q Would it be -- are you familiar with generally the United
19 States military?
20 A No
21 Q Would this individual be referred to as a mayor?
22 A Which individual?
23 Q Not a particular individual, I'm just trying to determine
24 their title or position
25 A Which? Which people? I don't know

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1 you're blocking yourself from the camera You should keep
2 your hands down
3 Q Let's talk about the license to purchase the arms When we
4 discuss or mention a license purveyor, are we talking about
5 that license to purchase arms?
6 A What kind of arms or ? What arms?
7 Q Any arms that the Army wants to sell
8 A Yes
9 Q So how long -- you've been in the business for 27-some
10 years How long do you -- to your knowledge, did you have
11 this license to pur -- have you had this license to
12 purchase arms?
13 A I don't remember, but less than 10
14 Q What did you have to do to obtain this license to purchase
15 arms?
16 A You have to fulfill many requirements I don't remember
17 right now
18 Q Were -- the arms that you entered into the contract to sell
19 to Mr Prineas and Mr Tobin, did the Army, to your
20 knowledge, ever offer those to another licensed purveyor in
21 the sense of being able to purchase arms?
22 MR SAVITT Objection to the form It's
23 ambiguous
24 THE WITNESS I suppose so I don't know
25 Q You suppose that you were the only individual that the Army

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1 Q Did you -- let's -- we'll go on to a different line of
2 questioning Did you receive any commission from the Army
3 for obtaining this deal to sell their arms to PW?
4 A That's in the contract
5 Q So you received some sort of payment from the Army for
6 obtaining this deal with --
7 A I had the same answer as before I haven't said such a
8 thing I haven't said anything, and I say that it's stated
9 in the contract
10 Q Is it stated definitely in the contract that you are
11 entitled to a commission?
12 A I have not said that
13 Q Would we be able to find the answer to that question by
14 looking at this secret contract you've mentioned?
15 A Could be
16 Q Are you aware of the answer to that question?
17 A I cannot answer because that's in the contract and the
18 contract is secret
19 Q Are there any provisions in that contract that state that
20 you would have to purchase the whole lot of 20,000 IMBEL
21 rifles or parts or IMBEL -- excuse me, IMBEL rifles from
22 the Army?
23 THE INTERPRETER IMBEL?
24 MR LeMAY I-M-B-E-L
25 THE INTERPRETER 20,000?

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1/16/2003 Videotaped Deposition of Patricio Salinero A.

1 MR LeMAY 25,000
 2 THE WITNESS That's in the contract And I will
 3 repeat again that what's stated in the contract, for the
 4 moment, I'm not going to tell you about
 5 MR LeMAY Can I get this marked as an exhibit,
 6 please? Can you please refresh me?
 7 THE COURT REPORTER 34
 8 MR LeMAY 34 I didn't mark on that, did I?
 9 THE COURT REPORTER No
 10 (Exhibit Number 34 marked for
 11 identification)
 12 MR LeMAY Counsel (referring to exhibit copy)?
 13 MR SAVITT Thank you
 14 Q This has been marked Exhibit 34 It appears to be a fax
 15 from Mr Salinero to Mr Prineas, dated February 6th of
 16 2001 Will you please read this?
 17 THE INTERPRETER The Interpreter needs to
 18 interpret this (indicating to Exhibit Number 34)
 19 (Interpreter translates Exhibit Number 34
 20 for the witness)
 21 Q You state in here, "You know what my commission is for this
 22 business " So did you communicate that at some point in
 23 time to Mr Prineas or Mr Tobin?
 24 A I think so
 25 Q So this contract was not secret as to the amount of your

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1 Mr Prineas started to say that the rifles were not in good
 2 condition, in spite of the fact that Mr Tobin had checked
 3 them and had accepted the quality of them And I was
 4 trying to obtain from the Army spare parts if it was
 5 possible
 6 Q When you allege that this contract was breached and you
 7 decided to sell some of the arms to Inter Ordnance, did
 8 you -- did you already own the arms that you wanted to
 9 sell?
 10 A Of course
 11 Q So you would not have represented that you needed to
 12 discuss with the Army how many you could sell?
 13 A No
 14 Q So you could have said, if there were, I believe -- you
 15 can -- let me rephrase
 16 How many arms, to your knowledge, remained to be sold to
 17 Inter Ordnance?
 18 MR SAVITT Objection to the form of the
 19 question
 20 THE WITNESS 8,000-some-odd
 21 Q And did you -- were you obligated to sell that entire
 22 amount to Inter Ordnance?
 23 A Yes
 24 Q And why were you obligated to sell the entire amount?
 25 A Because we made a contract

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1 commission?
 2 A Well, that's not the commission
 3 Q What do you mean by this?
 4 A My profit My profit And then I argued about that
 5 commission And it's not the same
 6 Q So your commission that you're referring to in this
 7 document is your profit margin?
 8 A Exactly
 9 Q And if they knew, if Mr Prineas and Mr Tobin were
 10 communicated what your profit margin was, what was that?
 11 A What they knew was a draft that I had It was not the
 12 final contract
 13 Q So they didn't actually know what your profit margin was?
 14 A No
 15 Q And you won't tell us what that is?
 16 A No
 17 Q And you won't tell us that because it's included in the
 18 secret contract with the Army, is that correct?
 19 A Exactly
 20 Q Okay The remainder of this document, the last paragraph,
 21 says, "I could see what I could work out with the Army
 22 concerning the spare parts that they have "
 23 A Exactly
 24 Q Okay What does that mean?
 25 A In the contract, we never talked about spare parts And

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1 Q Before the contract, would you have represented to Inter
 2 Ordnance that you needed to sell the entire lot of weapons
 3 that you then had available?
 4 A Yes
 5 Q But that would have been untrue?
 6 A I don't understand
 7 Q Did you -- is your answer that you needed to sell the
 8 entire -- you told Inter Ordnance that you needed to sell
 9 the entire lot of 8,500-some arms?
 10 A Not by necessity, but I needed to sell those weapons to
 11 mitigate the damages
 12 Q But you didn't need to sell those weapons because of any
 13 obligations imposed by the Army, correct?
 14 A No
 15 Q And you would not have represented that you were going to
 16 receive any sort of commission from the Army, correct?
 17 A No I haven't mentioned the word "commission " Here, it
 18 says "commission," but what I meant to say was my profit
 19 Q Well, "commission" seems to have two meanings One is your
 20 profit margin, and the second, what I would refer to as a
 21 kickback from the Army Do you understand that?
 22 MR SAVITT That's a very proximate translation
 23 of the word "kickback," which arguably has negative
 24 connotations which weren't in the translation
 25 THE INTERPRETER They were in the translation

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1 MR SAVITT Okay Thank you
2 THE WITNESS That's in the contract And as
3 long as the issue of the contract is not resolved, I'm not
4 going to say anything
5 Q But you would not have represented to either Inter Ordnance
6 or Century Arms that you were owed a commission from the
7 Army in the sense of some sort of kickback?
8 MR SAVITT Objection to the form of the
9 question
10 THE WITNESS A kickback?
11 Q Instead of "kickback," any payment from the Chilean Army
12 A (Question was not interpreted) I never -- I never attach
13 the issue of the Army with Inter Ordnance or with Century
14 I've never talked of the issue of the Army with them
15 Q And real quick, Mr Salinero, do you understand English?
16 A I understand somewhat
17 Q How many words do you understand?
18 A I cannot answer that question How many?
19 Q I'm going to say a sentence, and the sentence is, "This
20 contract is to ship three containers " Do you understand
21 what I said?
22 A (Question was not interpreted) (Through the interpreter)
23 That in this shipment, three containers are to be shipped
24 Q Did you have personal conversations with either Mr Dan
25 Tobin or Mr Prineas?

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1 A With Mr Tobin, yes
2 Q Did you -- were you able to negotiate this contract with
3 Mr Prineas and Mr Tobin in English?
4 A Mr Tobin talked with Mr Prineas over the phone, and then,
5 together with my secretary, the three of us talked
6 Q Was Mr Prineas, during these contract negotiations, and
7 I'll limit that in time from July 5th through July 7th, was
8 he ever on a speakerphone with you?
9 A Sometimes, and sometimes he would talk directly with Mr
10 Tobin, and sometimes he would talk to Mr Tobin, to his
11 hotel
12 Q So did you go out to -- have you ever gone out to dinner
13 with Mr Prineas?
14 A I think so, when he came to Chile I think so I don't
15 remember very well, but I think so
16 Q Did you first meet Mr Prineas in relation to a deal for
17 ammunition?
18 A Exactly
19 Q Was there eventually a problem that occurred in that deal,
20 to your knowledge?
21 A No
22 Q Did Mr Prineas ever tell you that there were problems with
23 the ammunition, the case on the ammunition exploding?
24 A Never.
25 Q So you're not aware of any potential legal problems that

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1 Mr Prineas has encountered because of the purchase of that
2 ammunition?
3 A Never
4 Q And you did not approach Mr Prineas or Mr Tobin with this
5 deal for the rifles because of the prior problems with the
6 308 ammunition?
7 MR SAVITT Objection to the form of the
8 question
9 THE WITNESS 308 No, I had no idea as to that
10 problem
11 Q And so, just so I'm clear, how did Mr Prineas or Mr Tobin
12 find out that you had some arms that you could obtain from
13 the Chilean Army?
14 MR SAVITT No foundation
15 THE WITNESS I said that before, that Mr
16 Prineas asked me whether there was any surplus in Chile--
17 MR LeMAY So just to make it clear --
18 THE WITNESS --during the first days of the year
19 2000, I think
20 Q So, just to make it clear, you did not approach Mr Prineas
21 or Mr Tobin with this deal for the arms at issue in the
22 contract?
23 MR SAVITT Objection to the form of the
24 question, and asked and answered
25 Q You may answer

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1 A I gave the answer previously
2 Q But you can give it again
3 MR SAVITT Same objections
4 THE WITNESS That I think that Mr Prineas got
5 in touch with me in the first days of the year 2000 to find
6 out whether there was any surplus in Chile
7 Q Did you ever say to Mr Prineas or Mr Tobin that you
8 wanted to make things right, or words to that effect,
9 because of the prior -- the prior deal with the ammunition?
10 A At first, Mr Tobin, I met him when he came to Chile I
11 had no idea who he was, therefore, I have never talked
12 about those things with him And the question is ?
13 Q You answered it How many financial accounts do you have?
14 A One
15 Q And what is the name of that account?
16 A The account or the bank?
17 Q Both
18 A Banko Santander
19 Q And is that bank in Chile?
20 A Yes
21 Q And is that an account which you keep both personal and
22 business funds?
23 A Everything together When we are -- I don't know I don't
24 remember the name, no There is no need to have a separate
25 business account when the business name is the same as the

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1 person's name
2 Q So your -- what is the name of the business that you
3 operate?
4 A Patricio Salinero Arngornaga
5 Q So it's the same as your name?
6 A Yes
7 Q And so when you deposit funds into your account, you're
8 depositing both your personal funds and also your business
9 funds in this one account?
10 A Yes, yes
11 Q Have you -- in the year 2000, was this the only account
12 that you maintained?
13 A In Santiago, yes
14 Q Anywhere What accounts did you maintain in the year 2000?
15 A You are aware of the Black Swan, but it was from another
16 company outside of Chile
17 Q So in the year 2000 you had an account for Black Swan
18 Investments and also an account for yourself in Chile?
19 A Yes
20 Q And were those the only two accounts?
21 A I have another account, but it's very old that I hardly
22 ever use in another bank in Chile, which is Bank of Chile,
23 Banko de Chile
24 Q In this group, Black Swan Investments, Incorporated, who --
25 tell me about that corporation

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1 know about that account, possibly what type of money is in
2 that account Of course it is also relevant to an issue of
3 whether we are entitled to damages from Mr Salinero So
4 I --
5 MR SAVITT You have no claim for damages
6 MR LeMAY You may think that, but I really
7 think you should state your objection and let him answer
8 You know, Ms Cornejo answered these questions yesterday.
9 There was no objection as to relevance at that time
10 MR SAVITT You know, I'd prefer not to discuss
11 yesterday I'm just -- it seems to me that you're very far
12 afield and we're going to be back in front of the Court on
13 a -- on a harassment issue here any moment
14 MR LeMAY I -- I -- I don't think I'm harassing
15 him by asking these questions And I'm frankly perturbed
16 that you're characterizing me as being argumentative or
17 trying to find inadmissible evidence I'm merely asking
18 questions about accounts that were used in the transaction
19 That is very much at dispute in this case
20 MR SAVITT I -- you still haven't come close to
21 explaining how this is going to lead to the discovery of
22 admissible evidence, but proceed I haven't instructed him
23 not to answer Proceed
24 MR LeMAY Thank you
25 Q Mr Salinero, this group Black Swan Investments,

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1 MR SAVITT What is the relevance of this? How
2 does this relate to the subject matter of this action or is
3 reasonably calculated to lead to the discovery of
4 admissible evidence?
5 MR LeMAY You're stating your objection,
6 correct?
7 MR SAVITT No I'm asking a question
8 MR LeMAY Well, you can state your objection
9 There's no need to ask that question Are you objecting on
10 the grounds of relevance? You have two options You can
11 object on the grounds of relevance
12 MR SAVITT Please don't be a jerk If it's
13 relevant -- I'm really asking, is it relevant, because I'm
14 trying to avoid us having a big fight over questions -- you
15 seem to be getting into an area of real personal matters
16 here
17 MR LeMAY Mr Savitt --
18 MR SAVITT It seems to me it has--
19 MR. LeMAY --if you're --
20 MR SAVITT --nothing to do with the case and
21 it's not an appropriate subject of discovery
22 MR LeMAY. Mr. Savitt, you're extending this
23 deposition If you looked at the records that you
24 produced, the money that we paid to Mr Salinero went to
25 Black Swan Investments Of course we have the right to

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1 Incorporated, will you tell me about it?
2 A It's a company whose headquarters are in Panama, I think
3 I'm not sure
4 Q And are you an employee of this company?
5 A No I'm one of the partners
6 Q So is this company still in existence?
7 A Yeah, the company exists
8 Q Then when you say you're a partner, how many partners are
9 there?
10 A I don't know Five or four I don't know
11 (Exhibit Number 35 marked for
12 identification)
13 Q Mr Salinero, this has been, excuse me, marked as Exhibit
14 35 It appears to be a communication from a bank called
15 EFG Capital International, dated August 8th of 2000 Will
16 you please read that?
17 A (Witness complies)
18 THE INTERPRETER Could you please -- what did
19 you say? What was the question?
20 MR LeMAY Just ask him to read it
21 Q Oh, you don't have to read it out loud And really what
22 I'm asking is to direct your attention to the indented
23 portion right above "sincerely " So this account for Black
24 Swan Investments was an account in Zunch, Switzerland, is
25 that correct?

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