1	IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF MISSISSIPPI	
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4	GRAND JURY 11-06	
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	IN RE: DICKIE SCRUGGS, ET AL. vinh rank mod annual accentive was brille to	
8	aware by the companion of the farmed large was	
,	TRANSCRIPT OF TESTIMONY	
10	OF TIMOTHY R. BALDUCCI SMER IIII THEY SISTE SALETY MAM-ISLAY AND	
11		
13	The following proceedings were had before the United States Grand Jury for the Northern District of Mississippi on November 27, 2007.	
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15	APPEARANCES:	
	ROBERT H. NORMAN, ESQ.	
16	Assistant United States Attorney	
17		
18		
19	ALPHA REPORTING CORPORATION	
20	Polly Woods Bassie  236 Adams Avenue	
21	Memphis, Tennessee 38103 901-523-8974	
- 1	O ' Presently what's the name of your firm and general	
22		

23 24 25 PROCEEDINGS 2 TIMOTHY R. BALDUCCI, 3 Called as a witness, having been first duly 5 sworn by the Foreperson of the Grand Jury, was 6 examined and testified as follows: MR. FOREMAN: Please state your full name 8 and spell your last name. THE WITNESS: Timothy Reece Balducci, 10 B-A-L-D-U-C-C-I. **EXAMINATION** 12 BY MR. NORMAN:

13 Q. Sir, would you tell the Grand Jury what you

16 Q. And how long have you been practicing law?

18 Q. Presently what's the name of your firm and

14 do for a living, please.

15 A. I'm an attorney.

17 A. Since 1991, 16 years.

- 19 where is it located?
- 20 A. Patterson Balducci, New Albany, Mississippi. In the last the second state of the second second
- 21 Q. And before that I believe you were with the many sould be the local season.
- 22 Langston Law Firm in Prentiss County, is that want to be designed and the state of the state
- 23 correct?
- 24 A. Yes, sir.
- 25 Q. And then at one time I believe you were here and a so sould end be such and beginning

- 1 in Oxford in practice?
- 2 A. Yes, sir.
- 3 Q. Sir, you and I have talked as recently as
- 4 this morning and you know what we're doing here this
- 5 morning. But I want to cover a couple of basic manufacture and the second sec
- 6 things with you first. You know that you don't have
- 7 to be here.
- 8 A. Yes, sir.
- 9 Q. And you're a lawyer and a very intelligent
- 10 one, so you know that if you don't want to testify
- 11 before the Grand Jury we would respect that, and the property well as a scale and the second seco
- 12 there would be no hard feelings.
- 13 A. Yes, sir.

- 15 are not going to be pleasant. And the Grand Jury
- 16 has a right to know how this got started and where a good A well pouls a possession A 16
- 17 we stand at this point. They have a right to know are well as a standard land.
- 18 about any deals or agreements that we have with you, how I assumed in mail and assessed 12
- 19 And we'll talk about that.
- 20 But I want to begin by putting a date on
- 21 the record, the date of the filing of a lawsuit that who wouldn't be und upon to good back
- 22 I believe you're not involved in. And that is,
- 23 Jones and others versus Scruggs and the Scruggs Law
- 24 Firm and others filed in the Circuit Court of
- 25 Lafayette County, Mississippi March 15th of this
- 1 year 2007. Are you familiar with that lawsuit, sir. In addition it was a laws of laws 1 laws and some a
- 2 A. Yes, sir.
- 3 Q. And you are not a party to that lawsuit or do
- 4 you represent any party to that lawsuit; is that
- 5 correct?
- 6 A. That's correct.
- 7 Q. Sir, a few days or a few weeks -- two or dad transpare black or well based and add and all
- 8 three weeks I guess before that lawsuit was filed do
- 9 you recall having a discussion with Sid Baxtrum of
- 10 the Scruggs Law Firm about the Jones Law Firm? and and through all the contract and the second state of the second state of

- 11 A. Yes, sir.
- 12 O. What was the nature of that discussion, but of palent but assign but as a larger but but
- 13 please?
- 14 A. Mr. Baxtrum and I had a conversation wherein on active study and trail appears a supply of
- 15 he told me that the Scruggs Katrina group of which mental bottom told bottom and bottom to the second bottom and the second botto
- 16 his firm was a member -- Scruggs Katrina Group is a locally to the analysis and the state of the state of
- 17 consortium of about five law firms that got together and all the months and the law in the law i
- 18 to prosecute cases against insurance companies for a set of the second secon
- 19 denial of benefits to homeowners after Hurricane
- 20 Katrina. And that the Jones Law Firm was a member and bottom of the same and the
- 21 of the Scruggs Katrina Group.
- 22 And I was generally aware that after the analysis and the application region of the second second
- 23 Scruggs Katrina Group had secured a significant
- 24 settlement with State Farm insurance company that a settlement with State Farm insurance company that a
- 25 dispute had arisen amongst the members of the local and make the local and the loca

- 1 Scruggs Katrina Group relative to how they were
- 2 going to distribute the attorney fees that came
- 3 about as a result of that settlement. Specifically
- 4 Jones Law Firm was making a demand for a larger
- 5 portion of the fees than the Scruggs Law Firm than bolt analogo land guides of the land and the scruggs and the land and the scruggs are the scruggs the
- 6 the other members of the Scruggs Katrina Group in helf available or any helf amounted his o

- 7 thought the Jones Law Firm was entitled to.
- 8 And that dispute had gotten to the point and assembly soft to surpose actions as the second soft and the second soft as the s
- 9 where it was obvious to the members of the Scruggs
- 10 Katrina Group that their dispute was not going to be assessed a health has represent the
- 11 resolved amicably and that some litigation was going
- 12 to be brought as a result of that dispute. A morally annually appears a second of the second of t
- 13 Q. Did Sid Baxtrum intimate to you that there was task arrest used sould interest the continuous section of the continu
- 14 might be a place for your firm on the Scruggs
- 15 Katrina Group?
- 16 A. Yes. He related to me that because of the
- 17 dispute that had arisen with the Jones Law Firm,
- 18 that the other members of the Scruggs Katrina Group
- 19 were going to expel, I guess, for lack of a better make the suppose that guess are supposed to the suppose that the suppose the suppose that the suppose that the suppose that the suppose that the suppose the suppose that the suppose the suppose the suppose that the suppose the suppose that the suppose the
- 20 word, the Jones Firm from their group. And that the game and the state of the st
- 21 Scruggs Katrina Group had a number of other the anadment and temporal state of the state of t
- 22 settlements that they were anticipating were going
- 23 to come about in the near future with other
- 24 insurance companies. And that the nature of their
- 25 litigation group was such that they would need

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- 1 another firm to step up and replace the Jones Firm.
- 2 And Sid Baxtrum led me to believe that me and a national assemble and he and means and a series are a series and a serie

- 3 personally, my firm, could fill that role after the
- 4 Jones firm was out of their group.
- 5 Q. If that had come to pass what would it have
- 6 meant to your firm?
- 7 A. Potentially millions of dollars in fees.
- 8 Q. Okay. By the way this dispute over the legal
- 9 fees in the case of Jones versus Scruggs, what
- 10 amount of money are we talking about? How much was
- 11 at stake in terms of legal fees?
- 12 A. My understanding was that the approximate
- 13 total of the fees from the State Farm settlement to
- 14 the Scruggs Katrina Group was approximately 26
- 15 million dollars.
- 16 Q. So that lawsuit was filed on March 15th. You
- 17 had already had some awareness of the lawsuit
- 18 because of your conversation with Sid Baxtrum?
- 19 A. Yes, sir.
- 20 Q. On March 28th you met with Judge Henry
- 21 Lackey. But I only use that date to frame a period
- 22 of time. Between the filing of the lawsuit, March
- 23 15th, and your first meeting with Judge Lackey on
- 24 March 28th, what occurred at the Scruggs Law Firm?
- 25 A. There was a meeting that was held at the

- 1 Scruggs Law Firm -- their office is on the square
- 2 here in Oxford -- where myself, my partner Steve
- 3 Patterson and Dick Scruggs, his son Zach Scruggs,
- 4 his law partner, and Sid Baxtrum, their law partner,
- 5 where we all met. And the issue of the litigation
- 6 that had been filed against them by the Jones Law
- 7 Firm came up.
- 8 During the course of that discussion about
- 9 that litigation, Zach Scruggs or Sid Baxtrum -- I'm
- 10 not sure which one -- initially brought up the fact
- 11 that the case was -- had been assigned here in the
- 12 Circuit Court of Lafayette County to Judge Henry
- 13 Lackey, Circuit Judge. And both Zach Scruggs and
- 14 Sid Baxtrum knew that I had a long history of a
- 15 close both professional and personal relationship
- 16 with Judge Lackey.
- 17 Judge Lackey is from Calhoun County. He
- 18 and I have been friends for going on better part of
- 19 15 to 20 years. We were very close. And during the
- 20 course of that meeting members of the Scruggs Firm
- 21 approached me and asked me if I thought it would be

- 22 possible for me to use my personal relationship with
- 23 Judge Lackey to influence him to assist them in
- 24 something that they wanted done in the case.
- 25 Q. You said members of the Scruggs Law Firm.

- 1 When that suggestion was posed, was Richard Dickie
- 2 Scruggs present?
- 3 A. Yes, sir.
- 4 Q. Was Zach Scruggs present?
- 5 A. Yes, sir.
- 6 Q. And was Sid Baxtrum present?
- 7 A. Yes, sir.
- 8 Q. So when you say a member of the Scruggs Law
- 9 Firm did you say it that way because you're simply and panellab tark represents a second a least
- 10 not sure which one did the talking?
- 11 A. Well, honestly Mr. Norman, it was a group along all a Trifield base both a result of the property of
- 12 discussion from them. It was presented to me in
- 13 sort of a free form discussion during the meeting laws and be allowed and the laws and the la
- 14 with all three of them interacting with me on that
- 15 issue.
- 16 Q. Okay. And I believe you said there was a
- 17 fifth individual present?

- 18 A. Steve Patterson, my partner.
- 19 Q. Now, in fairness, money was not mentioned all belong of mini as appulled by social and all the
- 20 initially; is that true?
- 21 A. That's correct.
- 22 Q. All right. How did you respond to their
- 23 inquiry about whether or not you thought you might
- 24 be able to influence Judge Lackey?
- 25 A. Well, what they wanted done was they believed

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- 1 that pursuant to their original agreement in the
- 2 Scruggs Katrina Group, the agreement where these
- 3 five law firms came together to jointly prosecute
- 4 these cases against the insurance companies, they
- 5 had a written agreement that defined the various
- 6 member firms' duties, obligations. And there was a
- 7 provision in there that said that if a dispute arose seems to a seem the seems of the seems of
- 8 among those members that the members agreed that
- 9 that dispute should be resolved by way of
- 10 arbitration.
- 11 And arbitration is a process where you
- 12 essentially don't go to Court. You go in front of a sold base and available to the court.
- 13 mediator or an arbitrator. And it's an alternative

- 14 way to resolve a dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and associated and the dispute without filing a lawsuit as basis and the dispute without filing a lawsuit as basis and the dispute without filing a lawsuit as basis and the dispute with the di
- 15 and going to Court. And that's what they wanted both had real grandous or great bagged 1 11
- 16 done. The Jones Firm had filed the lawsuit against and distance are sent as a sent and a sent as a sent
- 17 the group. And the Scruggs Firm wanted that case to add a real bases of bulleting and black of bulleting and the scruggs Firm wanted that case to add a real bases of bulleting and the scruggs Firm wanted that case to add a real bases of bulleting and the scruggs Firm wanted that case to add a real bases of bulleting and the scruggs Firm wanted that case to add a real bases of bulleting and the scruggs Firm wanted that case to add a real bases of bulleting and the scruggs Firm wanted that case to add a real bases of bulleting and the scruggs Firm wanted that case to add a real bases of bulleting and the scruggs Firm wanted that case to add a real bases of bulleting and the scruggs of bulleting and the
- 18 be sent to arbitration rather than to be heard in Tallouin a stock around and blad good bank
- 19 the Circuit Court in front of Judge Lackey. India data making and me stage that attraments and
- 20 And what they were asking me to do was to
- 21 influence Judge Lackey and get him to send that case
- 22 to arbitration and take it out of his court. So that impa said in any a same arms a some that a said
- 23 when they asked me that if I thought based on my 12 10 w basicasa had vada tant transfer to
- 24 relationship with him if I could do that, I told and I had model begins I be reduced and I leg & us
- 25 them that I was willing to try. And that I would will off or stade bloom I have read in same of

- 1 approach Judge Lackey and that I would ask him if he
- 2 would be willing to do that.
- 3 Q. Why would you take that on? Why would you be
- 4 willing to put yourself at risk by doing that?
- 5 A. Well, there were a couple of reasons. Seattled gift there of unity law I but a resonance in
- 6 Q. That's what I would like for you to tell the the land grant and believe I would make the
- 7 Grand Jury, please.
- 8 A. Well, one was obviously the fact that I had
- 9 been led to believe by the members of the Scruggs and land and land and land

- 10 Firm that if the Jones Firm was replaced and that if
- 11 I helped them to accomplish that feat and to get was a last to get a graph and the get and the get
- 12 that done, if they were successful, that me and my available for both both my applied and a successful,
- 13 firm would essentially take their place.
- And they told me there were a number of hand and or and radius made make as present as
- 15 settlements that were on the horizon with other
- 16 insurance companies. Namely, Nationwide and Austin.
- 17 And they expected that they would reach settlement and they are also become a settlement of the set
- 18 with those companies soon at lease equal to the
- 19 settlement that they had reached with State Farm.
- 20 And I believed that if I helped them that I would a property of the second property of t
- 21 share in that, and I would share in the attorney's a local back and a gamba acres a part position
- 22 fees that would be derived from that.
- 23 And I was at a time in my law practice
- 24 where I had just left the Langston Firm and got out
- 25 on my own in New Albany. And I did not have any

- 1 resources. And I was trying to start this business appears to almost a many many of the
- 2 and, you know, I needed the money and I didn't have
- 3 it. And it was the lure of that in large part that
- 4 convinced me to do it.
- 5 And then there was a second part also.

- 6 Prior to this when the State Farm settlement was a month of the state of the settlement was a settlement w
- 7 being negotiated by the Scruggs Katrina Group, there and modes all to see the second second
- 8 was a significant issue that was impeding that
- 9 settlement. And it was the fact that the Attorney and a supplied that the Attorney
- 10 General of the State of Mississippi, Jim Hood, was
- 11 investigating and threatening to criminally in large of the state o
- 12 prosecute State Farm as a result of their denials of
- 13 policy owners' benefits on the coast. All of the badde does award be and I beg. Is self to see a second
- And so what was happening was a real
- 15 strange dynamic at the time. You had on the one
- 16 hand the Scruggs Group which was suing State Farm
- 17 and aggressively pursing them in civil litigation. A conclude the second solution and aggressively pursing them in civil litigation.
- 18 And at the same time you had the Attorney General
- 19 who was investigating and threatening to indict the
- 20 company and prosecute them criminally. And from the least time us they got the second transfer to the second transfer transfer to the second transfer transfer to the second transfer tr
- 21 what I was told by the Scruggs Group that they could
- 22 not settle their civil cases with State Farm unless
- 23 State Farm got essentially world peace. Two died as we made a stage pair discussions and
- State Farm was not going to settle these will a book leasened or spaces leavened by
- 25 civil cases unless they could be assured that the

1 Attorney General was not going to prosecute them

- 2 criminally. And so the Scruggs settlement was being
- 3 held up because of the investigation that was quant) arrived against an entire transfer and the investigation that was quantity arrived against a second testing and a second testing at the second testing at
- 4 ongoing by the Attorney General's office.
- Well, both me and my partner Steve
- 6 Patterson have had a long relationship with the made and an analysis and a second se
- 7 Attorney General. And the Attorney General in fact
- 8 is distantly related to Steve, my partner. And many transfer and the steven step and the step and
- 9 General Hood and I have known each other for a long
- 10 time going back to when he was the DA here and when
- 11 I was a practicing lawyer here. We had a close of the bank on the part of the same and the sa
- 12 relationship.
- So before this issue with the Jones suit was an area of a second suit was a second suit and a second suit a second suit a second suit as a
- 14 came up, the Scruggs Firm approached Steve and I and
- 15 essentially hired us as lobbyists. And what they are an increased the continuous and t
- 16 told us was if you will go and meet with the back and a complete the second second
- 17 Attorney General and if you will help him to resolve
- 18 his issues with State Farm and try to craft some
- 19 settlement with that issue -- there was both civil
- 20 and criminal aspects to General Hood's involvement
- 21 with State Farm. And Scruggs asked us to go and
- 22 work with the Attorney General, work with the
- 23 lawyers who are representing the Attorney General,
- 24 who we knew personally and worked with before, to

25 try to help them almost mediate that dispute and try laterages be a back middle and appropriate

- 1 to get that dispute between the Attorney General and
- 2 State Farm resolved.
- 3 And in exchange for that if we were
- 4 successful in doing that, then that would pave the
- 5 way for Scruggs to settle his State Farm cases. And Mand the second all the second set of the second seco
- 6 they told us that if we were successful in lobbying and salt of recommendation as alternative and
- 7 and working with the Attorney General's lawyers to but a sentend a page of order
- 8 bring that to a resolution that they would pay us
- 9 \$500,000.
- 10 Q. And in short you were successful? how doi not bereformed but over soful that are the
- 11 A. We were successful.
- 12 Q. So in your view Dickie Scruggs owed you will took you at a game of allow and allow and took of
- 13 \$500,000.
- 14 A. Yes, sir.
- 15 Q. Did you take it?
- 16 A. Well, sort of. Once that occurred we went as you findule of most back afternoon and an in-
- 17 back to Mr. Scruggs and we had a discussion with him
- 18 about the fact that we had completed the job that he
- 19 had hired us to do and that in our view he owed us that an appear made page and by double
- 20 \$500,000. And the agreement was that he was going being being the state of the s

- 21 to pay us \$500,000. And we desperately needed that
- 22 money. As I said we had just started our law firm
- 23 in January of '07 this year. And this was in early
- 24 March of this year, late February, early March. And
- 25 we had just really gotten started. And we needed

- 1 that money to hire staff, to get out building, to would be all and a little at a superior at a little at a little at a superior at a little at a superior at a little at a littl
- 2 buy computers, infrastructures, do the things that
- 3 you need to do to start a business. And we were
- 4 counting on that money.
- 5 And when we went to Mr. Scruggs and told
- 6 him that we felt like we had completed our job and library and l
- 7 that he owes us the money, he told us then for the
- 8 first time, yeah, I'm going to pay you but I'm not
- 9 going to pay you up front. I'm going to pay you
- 10 \$100,000 a month for five months until I pay it off,
- 11 which was not what we had agreed to. And he did pay
- 12 us one month. And then he didn't pay for us the weak and a second leaves the last a second leaves the last and the last a second leaves the las
- 13 next month.
- 14 Q. And you were approached sometime in late and hard-guess had see and rest and agent at
- 15 March of this year about trying to influence Judge walk and as talk how which are house had a pro-
- 16 Lackey. Were you concerned about ever collecting at a see to make you said the at the collecting at the collection at

- 17 the other \$400,000.
- 18 A. Yes, sir. I knew then that he owed us to a helpeson I had some him expense of the least the second of the second of the least the second of th
- 19 \$400,000, the money that we were counting on to a believe I had a property that the second second
- 20 operate our business. And I was nervous and it of some genil and I have a serious and
- 21 suspicious that if I didn't do this for him that he
- 22 had already renigged on the deal once that we made. It is a second of the second of
- 23 I was nervous and suspicious that he might renig
- 24 altogether and not pay us the money that he had
- 25 promised.

- 1 Q. So is that a succinct summary of the two
- 2 reasons that you were motivated to help the Scruggs
- 3 Law Firm when they asked for your assistance?
- 4 A. Yes, sir.
- 5 Q. Did you in fact meet with Judge Lackey on or do one at a few for frequency 1 to 1/2
- 6 about March the 28th of this year? how good against and how believed but hered by
- 7 A. Idid.
- 8 Q. Where sir?
- 9 A. I met with him at his office, his personal delegate by the state of the state
- 10 office in Calhoun City.
- 11 Q. And would you tell us please what occurred at 1 hand, the second of the second o
- 12 during that meeting?

- 13 A. Prior to that meeting I placed a call to
- 14 Judge Lackey and just told him that I needed to come award tarli medi warrd 1 are active.
- 15 see him, that I had a matter that I needed to I are grounded strong on the last version and tubic groups and
- 16 discuss with him. He told me fine, come to his an appropriate bow I but a secretarily and absente the
- 17 office in Calhoun County. So I did in the next and and gid ship by Public a heads according to
- 18 couple of days. Met with him on the day that you had some look off no becomes unessed bard as
- 19 referenced.
- 20 And at that meeting I told him that I was I all made general add an angle for their meeting and
- 21 there about a case that was pending in front of him.
- 22 And I told him that I was not a party to the case
- 23 and I was not a lawyer and not representing anybody
- 24 involved in the case but that I had an interest in
- 25 the outcome of that case.

- And I explained to him the issue that a o year and of the learning that a second real of the second real of
- 2 lawsuit had been filed against The Scruggs Group and Vissy suffice distinct productions of the second production of the
- 3 that they had filed in response to that a request
- 4 asking that the case be sent to arbitration and that
- 5 I was there to advise him of that and to ask him if any and sport to said as mid days som I A
- 6 he would take the case and submit it to arbitration
- 7 rather than keep it in his court. And I told him if lands was legal that may blurge bear and a second
- 8 he did that, that that would be a personal favor to

- 9 me and that there would be an advantage to me that
- 10 would come about from that, if he would do that. Issued to succeed the succeed to be a succ
- 11 O. And I know that you believed -- and it's not work ob down word angil many ni landa eilance
- 12 related, but I want to ask you about another part of
- 13 that conversation. Did you discuss with Judge
- 14 Lackey becoming of counsel with your law firm? The state of the sta
- 15 A. Yes, sir.
- What is of counsel? 16 O.
- 17 A. Of counsel is a -- it's just sort of a status amove transported a processed to the second status.
- 18 that's usually held by retired lawyers. Many times described and the state of th
- 19 retired judges become of counsel to a firm. They
- 20 serve as advisors, mentors. They help a law firm
- 21 like mine with marketing. You know, it's good for a vertex leader to be a second of the second of
- 22 your reputation as a lawyer. It's good for your west one organisation as a lawyer and make the
- 23 stature. It's good for business if you can
- 24 represent yourself as having distinguished members
- 25 of the bar as retired members of your firm. And in the land to the bar as retired members of your firm.

- 1 fact, I had been successful already in securing
- 2 several of counsel members in my firm.
- 3 Q. Those people draw regular salaries in the
- 4 firm, don't they?

- 5 A. Yes, sir.
- 6 Q. For example, the average of counsel and so bling word is study and a study at the soul study of t
- 7 individual in your firm, how much do they get a li bus beyond use but around I limb carre
- 8 month from you of counsel?
- 9 A. About a \$1,000 month stipend.
- 10 Q. And they might or might not do anything for the state of the form of the state of the stat
- 11 that \$1,000; is that correct?
- 12 A. That's correct essentially.
- 13 Q. So at least in a person's retirement years and the man had alternative as the property of the
- 14 that might be a lucrative situation for the unit would arrowall between vel blan of the particular as
- 15 individual who is of counsel?
- 16 A. Sure it would.
- 17 Q. Can you see why Judge Lackey might have all award and annual search and the supply of the
- 18 thought that would be a quick pro quo here in the soft borgas it segmed as a military property to
- 19 exchange for helping you out?
- 20 A. In retrospect, yes, I can see how he would be deliberately make the least the large transfer and the second second
- 21 have, could have construed that in that manner, yes.
- 22 Q. And of course at that time you didn't know
- 23 that he picked up the phone and called the U.S.
- 24 Attorney's Office as soon as you walked out?
- 25 A. No, sir.

- 1 Q. Did you report back to the Scruggs Law Firm?
- 2 A. I did.
- 3 Q. Who did you talk with if you remember?
- 4 A. Sid Baxtrum after my initial meeting with the
- 5 judge. And I essentially told him that I had met
- 6 with the judge and advised him of what they wanted
- 7 and that the judge appeared to me to be -- well, the
- 8 judge had told me that he would look into it and
- 9 that he would consider it. And then I told Sid
- 10 Baxtrum just that, that I felt optimistic that the
- 11 judge was going to take a look at it and try to help
- 12 us.
- 13 Q. On or about May 4th did Sid Baxtrum email
- 14 something to you?
- 15 A. Yes, sir.
- 16 O. What was it?
- 17 A. He emailed me a proposed order in the case
- 18 for the judge to sign which would have sent the case
- 19 to arbitration. It was essentially what they wanted
- 20 done.
- 21 Q. It would have accomplished what the Scruggs
- 22 Law Firm needed to accomplish?
- 23 A. Yes, sir.

- 20 A. Yes, sir.
- 21 Q. Why is that?
- 22 A. I'm not sure. But there was a period of time
- 23 after I met with Judge Lackey and gave him the
- 24 proposed Order where at the time in my belief I assumed and the wheel and the least and the
- 25 thought everything was okay. I thought the judge but radio unternament and produced to the produced the produced to the pro

- 1 was reviewing the case, looking at it, looking at
- 2 the Order, considering it, thinking about whether or
- 3 not he was ultimately going to do it.
- 4 Then there was period of time there where
- 5 Judge Lackey actually recused himself from the case.
- 6 That means that he removed himself from the case. In the last the best basis a manage of the case.
- 7 O. Did that cause any consternation at the
- 8 Scruggs Law Firm?
- 9 A. Quite a bit. It was a red flag I think to add to lentings top at hebreau I fail To town when
- 10 everybody involved that something wasn't right. And
- 11 I didn't know about it at the time. I got a call all aghet of flave beyeld I as how manager of
- 12 from Sid Baxtrum who had received an Order in the
- 13 mail from the Scruggs Firm's lawyers who were
- 14 representing them in the Jones case.
- 15 Q. A law firm in Jackson?

- 16 A. They are from Jackson, but I believe the
- 17 specific lawyers that were representing them were
- 18 from their Oxford office.
- 19 Q. Okay.
- 20 A. They had sent an Order to the Scruggs Law advanced and a sent as sent a sent as sent as
- 21 Firm, their client, demonstrating that Judge Lackey demonstrating the demonstration of the Judge Lackey demonstration of the
- 22 had removed himself from the case. And in response
- 23 to that Sid Baxtrum called me and told me hey we
- 24 just got a copy of an Order where Judge Lackey
- 25 recused himself. What's going on? I told him I

21 and was per roll of bone there where 12

- 1 didn't know. That was the first I had heard of it.
- 2 The conversations I had had with the judge none of the least the second secon
- 3 that was contemplated.
- 4 And he told me essentially that they were
- 5 very upset. That I needed to get control of the of short I gell has a least 1 life a supply A
- 6 situation with Judge Lackey and find out what was an analysis and beginning the street of the stre
- 7 going on. And so I placed a call to Judge Lackey a so I smit sell to it more project called
- 8 and asked him judge, what's going on here. You are having a hard and women and the same and th
- 9 know, I haven't talked to you in a while. Now, this arrowed a mind segured and most have
- 10 recusal Order has come down.
- And he said to me at the time that he had

- 12 had some contact at a social event with one of the
- 13 lawyers in a law firm who was representing the Jones 1000 to remain and a heart world
- 14 Firm in the case. So in other words lawyers on the Medical and the selection of the case.
- 15 other side of the case. And that one of those about mode among out no slight resides I among that
- 16 lawyers had had a discussion with him, the judge,
- 17 about the merits of the Jones case. And the judge
- 18 felt that that was improper, that that lawyer should
- 19 not have been basically earwigging him about the all and small a small to be a small and a small an
- 20 case.
- 21 And in response to that the judge felt like with a silanged many an increase and a second silanged to the silanged silanged to the silanged silanged to the silanged silang
- 22 the best thing for him to do was just get out of the and and a sed among the land and a sed a
- 23 case and recuse himself.
- 24 Q. Now, I mean, just real bluntly, did that seems and agong ad I minut was a supply and
- 25 odd to you since you had been earwigging the judge?

- 1 A. Sure. But you know frankly I thought at the
- 2 time that -- I didn't really think anything, too
- 3 much about it because of my personal relationship
- 4 with Judge Lackey. The fact that I was talking to
- 5 him improperly I didn't think was that surprising.
- 6 But the fact that somebody who didn't have the kind
- 7 of relationship I did with him and was talking to

- 8 him didn't surprise me.
- 9 O. Okay. That's the summer of 2007. Let's fast
- 10 forward to September the 21st, this fall. Did you would be september the 21st, this fall.
- 11 and Judge Lackey talk on the phone about Judge and to any talk the same and the
- 12 Lackey needing some help?
- 13 A. Yes, sir.
- 14 O. Tell us about that please.
- 15 A. After the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of time where the judge had a mad grant to the period of th
- 16 recused himself, shortly after that he got back in
- 17 the case and issued an Order basically setting aside
- 18 the recusal. He came back in the case. And a min log page may refer that any lost appell bear and
- 19 period of time went by where again I thought okay
- 20 everything's okay again. The judge has straightened in when the page 1800 and 1800 are the page 1800 and 1800 are the page 1800 are the
- 21 out this issue in his mind and he's considering and an arrangement of the second se
- 22 this. He's probably going to do this. I just need
- 23 to give him some time to sort through all of this.
- 'And then I got a call from him on the date 24
- 25 that you referenced and he told me, he said, Tim,

23 another seed I had test self the seed and as but after the

- 1 I've been looking at this case, Jones versus Scruggs and was stand falled an engage and
- 2 case, and this is a really big case. There's about and the state of the state of
- 3 26 million dollars at issue here in fees from what I) and has mid-died talk I quies manufacture.

- 4 can tell. And that's a lot of money. And I'm
- 5 wondering if I help Mr. Scruggs with this, do you
- 6 think he would help me?
- 7 Q. And of course you did not know that Judge
- 8 Lackey was acting in an undercover capacity at that
- 9 point?
- 10 A. No, sir, I did not know that.
- 11 Q. And how did you react to his inquiry? The shop of the street has small back with his has have
- 12 A. Well, I was a little surprised. But I said, helles I be been man strong dated to 2 min a
- 13 well, Judge, I don't know. What kind of help are an analysis based to be a feet of
- 14 you talking about? And he said, well, not anything add not much appropriate and a said, well, not anything add not much appropriate and a said, well, not anything add not appropriate and a said, well, not anything add not appropriate and a said, well, not anything add not appropriate and a said, well, not anything add not appropriate any appropriate and a said, well, not anything add not appropriate any appr
- 15 unreasonable. I knew he was talking about money.
- 16 But he said not anything unreasonable. Well, I loung treat off unline until sea arrange fallerer (c)
- 17 didn't know what that meant. When you talk about 26 months and sufficient of gwoh arrows at
- 18 million dollars I don't know what's reasonable or any patricipal production of the second second
- 19 unreasonable.
- 20 And so I said, well, look, let me find out.
- 21 I think that yeah probably we can work something to applicate a support the board
- 22 out, but let me just do some checking and get back an add to assure and gursus hills a wi
- 23 to you.
- 24 Q. Who did you talk to first?
- 25 A. I talked to my partner, Steve Patterson, heboen and Load, doi: 0.00 to a believe and held box

- 23 other half at least by the end of that upcoming
- 24 month, or essentially 30 days later. And this was a second of the language manual and the language
- 25 right at the end of the month. So when he told me

- 1 that, that he had to have 20 by the first of the
- 2 month, there was just a period of a few days there
- 3 to react to that.
- 4 And so I told him during that meeting that
- 5 I would deliver the message, essentially, and that I had been seen bland been bland bland been bland bland been bland bland been bland bland
- 6 would find out if Mr. Scruggs was willing to help
- 7 him.
- 8 Q. When you left his office at 10:08 that
- 9 morning and you placed a phone call, who did you
- 10 call please?
- 11 A. Immediately when I left the judge's office I
- 12 was in my truck heading home and I placed a couple was an undow year at group as I have to
- 13 of phone calls on my cell phone to Sid Baxtrum at
- 14 the Scruggs Law Firm, and I reported to him what I
- 15 had just learned from the judge and that the judge
- 16 wanted \$40,000 to essentially enter the Order
- 17 compelling the case to arbitration. And that he had
- 18 to have 20 by the first of the month which was just

- 19 a few days from then.
- 20 Q. Did Sid Baxtrum respond what are you talking the state grade the state are stated as a substance of the state of the stated are stated as a substance of the sta
- 21 about, that's illegal?
- 22 A. No.
- 23 Q. How did he respond?
- 24 A. He told me that he would have to get back to
- 25 me. He was going to discuss it with Dick and Zach,

26 tailt unitsom tall amerik and blar Los base

- 1 and that he would get back to me and let me know if
- 2 they were going to pay it.
- 3 Q. Did he get back to you?
- 4 A. He did.
- 5 Q. Can you approximate how long it took him to the property a housing way then proved the
- 6 get back to you? I know you don't know exactly.
- 7 A. I'm not certain exactly, but it was shortly. The glogbal and that I make yield the more in the state of the state of
- 8 And I'm going to say within the next 48 hours. Decaded I but mount graphend about on an enter of
- 9 Q. Do you remember where you were when he called
- 10 you?
- 11 A. Yes.
- 12 Q. Where were you?
- 13 A. I was standing -- I don't remember where I have good writing or seem self and longers at 1
- 14 was when the call came in, but the conversation on a dinormed in tenth added the ward or

- 15 the phone when I had, I was standing in my driveway
- 16 at my home in New Albany. And I remember because I will be the wall and I have a second and the second and t
- 17 had just gotten home from work. I had pulled up in the state of the
- 18 my driveway from work and I had gotten out of my
- 19 truck.
- 20 And I'm not certain if my cell phone rang
- 21 or if I went in the house and the house phone rang and hard season and the house phone range.
- 22 and I picked it up, but it was -- right when I got
- 23 home I received a call from Sid. And I realized
- 24 then that it was a call that I needed to separate
- 25 myself from my wife and children and go outside in

- 1 privacy. So I walked outside into my driveway, and
- 2 I had the conversation in my driveway.
- 3 Q. And your question had been whether or not the
- 4 Scruggs Law Firm wanted to cover you for the
- 5 \$40,000. Did you get an answer?
- 6 A. Yes.
- 7 O. What was Sid Baxtrum's answer?
- 8 A. You're covered. Do it.
- 9 Q. And by the way I will tell you that five days will be a succession to be a succession of the succ
- 10 later on the 26th we got a court order to wire tap

- 11 to listen to your phone conversations from that
- 12 point forward. The day after that wire tap went up, and I but a good or smooth wan be all
- 13 September 27th, do you recall a conversation with a hard 1 store and patron hard bad 71
- 14 Steve Patterson about a conversation he had had with to be had I be show most versually size \$1.
- 15 someone named P.L.?
- 16 A. Yes.
- 17 Q. Tell us about that, please. And we're an anorth period self-box period self-bit many like at 1
- 18 referring to I think the 27th of September, but I madve there are to be a september and the second transfer and transfer and the second transfer and tran
- 19 don't want to put dates in your mouth. Would you I had the most lieu a present a supple
- 20 agree that that was approximately right, the 27th of and balance is a large than the same than th
- 21 September?
- 22 A. If you will indulge me one moment.
- 23 Q. Sure.
- 24 A. My best recollection, Mr. Norman, is that
- 25 conversation that I had with Steve Patterson was on

at Services Law litter wanted to cover you for the 82

- 1 or about September the 27th.
- 2 Q. Okay. Who is P.L. Blake?
- 3 A. P.L. Blake is an individual who lives in
- 4 Birmingham, Alabama. And he was a, for lack of a
- 5 better word, an operative that Mr. Scruggs used it had been feel those forms and and bank.
- 6 during the tobacco litigation.

- 7 Q. Someone close to Dickie Scruggs?
- 8 A. Very close.
- 9 Q. And does this person -- if you know, does
- 10 this person receive funds as a result of that
- 11 relationship?
- 12 A. Receives from my understanding and based on
- 13 what I personally reviewed about a million dollars a
- 14 year from the tobacco settlement.
- 15 Q. What was it that Steve Patterson was saying and an analysis and are a state of the same and a st
- 16 about P.L.?
- 17 A. Steve related to me that Steve had had allow you be another trees he served a form replace of the
- 18 conversation with P.L. prior to me and Steve talking
- 19 where Steve had told P.L. that he and I, Steve and
- 20 I, were working on something for Dick Scruggs and
- 21 that Dick knew what we were doing. And it was going
- 22 to cost \$40,000 to get it going. And that Steve had
- 23 asked P.L. to talk to Dick and relay that www and sufficient goes bearing as good bearing as good based
- 24 information and to find out from Dick if he, Dick, which is a second second
- 25 wanted Steve and I to go forward and accomplish that

- 1 task. And that if he, Dick, would pay the \$40,000
- 2 to accomplish that task.

- 3 Q. But you'd already had confirmation from Sid
- 4 Baxtrum, so why were you and Steve interested in
- 5 talking to P.L.?
- 6 A. Well, two reasons. First of all because we tank to the series and overcome agreement to the
- 7 had not -- Steve and I had not had a direct
- 8 communication from Dick Scruggs on that issue. But an all the state of the state
- 9 also because -- it's hard to explain and it's hard because -- it's hard to explain and it's hard because
- 10 to understand. But Mr. Scruggs and Mr. Blake have a
- 11 pattern, a practice of relaying information through
- 12 that means. Mr. Blake has served for many years as
- 13 a conduit and a layer of separation, if you will, but had some some or hoursest agents
- 14 between Mr. Scruggs and other people on sensitive
- 15 issues. And Steve and I both knew that. And Steve
- 16 knew that an appropriate way to approach Scruggs
- 17 about that would be to go through P.L. because it
- 18 had happened before.
- 19 And keep in mind too, during this time we, had very true stand or district 19 be de-
- 20 Steve and I were very concerned about how we The state more for the base more research as a
- 21 approached this issue with Mr. Scruggs based on what
- 22 had been told to us about our role in assuming the
- 23 Jones Firm role in the Scruggs Katrina Group and
- 24 also because he owed us \$400,000 too. We didn't
- 25 want to upset any of that. So we were trying to

- 1 sort of play by the rules that we knew Mr. Scruggs
- 2 normally played by.
- 3 Q. So Steve Patterson is telling you that he's
- 4 talked to P.L., P.L. knows you've got a problem the
- 5 size of which is 40. And what do you take from that does have the small because a linear state of the same than the same that the same than the same than
- 6 conversation? What's the result of that
- 7 conversation with Steve Patterson?
- 8 A. Steve ultimately told me that he had a
- 9 subsequent conversation with P.L. where P.L. told
- 10 Steve that P.L. had relayed that information to Dick
- 11 Scruggs and that Dick Scruggs had said for us to go
- 12 ahead finish the job and that he would cover the
- 13 \$40,000.
- 14 Q. That same day did you have occasion to meet
- 15 with Sid Baxtrum at the Scruggs Law Firm?
- 16 A. Yes.
- 17 Q. Did he give you something?
- 18 A. He gave me a proposed Order to take to the
- 19 judge.
- 20 Q. Okay. He had already emailed you one on May Color and the same a
- 21 4th and you had faxed that to the judge. I take it

- 22 this was a slightly different order?
- 23 A. It was. By this time six months had gone by
- 24 from the time that I had originally brought that
- 25 first Order to the judge. And then he had

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- 1 subsequently recused himself and got back in. And a root at and a back in the second second
- 2 we had all of that sort of controversy. And I think and in three and a limit of the controversy at
- 3 the thinking at the time was we need to just make
- 4 this short and simple.
- 5 Q. Did you take that Order to Judge Lackey? I 9 and a 1 9 days not provide a large state of
- 6 A. I did.
- 7 Q. That day?
- 8 A. Yes.
- 9 Q. And did you give Judge Lackey anything else
- 10 besides that Order?
- 11 A. I gave him \$20,000 in cash.
- 12 Q. And at the time you didn't know that was
- 13 being videotaped?
- 14 A. No, sir.
- 15 Q. What did you do after you left Judge Lackey
- 16 after you gave him the Order and \$20,000? Where did decree of the state of the s
- 17 you go?

- 18 A. I went back to the Scruggs Law Firm. tankaga and air revise amount of modification and and the law to
- 19 Q. Okay. And do you recall why you went back, a some used medianomic of an action of
- 20 who you talked to, what it was about? To start have a post-page of starting the starting of the starting of
- 21 A. I went back and reported to Sid Baxtrum I lead of the land and length and electronic state of the state
- 22 essentially what had just occurred.
- 23 Q. At 11:44 you called Steve Patterson and management as a second of the second of
- 24 basically told him what?
- 25 A. Basically told him what had happened, that I

- 1 had met with the judge, given the Order and had
- 2 given him \$20,000.
- 3 Q. All of that was on or about September 27th.
- 4 A few days later, I don't think you or I know
- 5 exactly how many days later, did you and Steve
- 6 Patterson have an occasion to be in the Scruggs Law
- 7 Firm and talk with Dickie Scruggs?
- 8 A. Yes.
- 9 Q. About something else?
- 10 A. Well, we were there for a meeting with Dick to a more taged home and the bendles are true.
- 11 Scruggs because Dick Scruggs was heavily involved in the state of t
- 12 a campaign at the time for Gary Anderson for
- 13 Insurance Commissioner. And Scruggs had spent about the about the second sec

- 14 a half million dollars on some advertising against
- 15 George Dale, the incumbent insurance commissioner at
- 16 the time. It was called independent expenditure for Vanoda and a total and beginning and a second of the control of the con
- 17 t.v. commercials and print ads to try to beat Dale.
- 18 And he had. Anderson had defeated
- 19 Democratic primary. And Steve Patterson, my us assessment seems belong the seems as a second second seems as a second se
- 20 partner, is an old politician. He was State Auditor
- 21 for two -- twice elected to State Auditor. And has
- 22 been involved in state politics basically all of his
- 23 life. So Scruggs had reached out to Steve to try to
- 24 assist in this issue that he was working on about
- 25 trying to help Gary Anderson get elected.

- So that's what we were there for. We had a first provide a supply and the supply
- 2 gone over there to meet with him about that. And he
- 3 called us into his office. As soon as we walked in
- 4 before we ever sat down, Mr. Scruggs unsolicited
- 5 said I've already talked to P.L. and I know Steve
- 6 you've talked to P.L., and I just want you to know and some sold state of the same of th
- 7 everything's okay. Y'all go ahead and get it done,
- 8 and you're covered.
- 9 Q. October 10th there was a phone call from all agence? In the second second

- 10 Steve Patterson to you on your cell phone. And he is broken to be the best and a second of the se
- 11 asked if the Order had been signed. Do you recall award only beginning healthy bog men more
- 12 that conversation?
- 13 A. Yes.
- 14 Q. Did that prompt you to do anything? avail at hadlaw I as bruk, and down padamayous of
- 15 A. It prompted me to make a call to Judge Lackey a law silow sixed or small and law to
- 16 to check on the status. Sort of a gentle prodding and and to be much that sent on head as a sent of
- 17 to let him know that --
- 18 Q. Did you tell him you needed to pick up
- 19 something?
- 20 A. I told him I needed to pick up a bushel of the small and no and because I have staged as
- 21 sweet potatoes.
- 22 Q. Now, I think it's clear, but just for the historical band and and and and an all and an area and an area and a second a second and a second a second and a second a second and a second a second and a second a
- 23 record you weren't actually interested in potatoes;
- 24 is that fair to say?
- 25 A. Yes, sir.

3/

- 1 O. October 16 or 17 do you recall going into
- 2 Steve Patterson's office and getting on the
- 3 telephone with Dick Scruggs?
- 4 A. Yes, I do.
- 5 Q. What was that about?

- 6 A. I arrived at my office and walked in the Land among they arrive no move at programs and
- 7 front door and walked straight into Steve's personal and heating and to lead to be be a little of the state of the state
- 8 office. And he was on the phone when I walked in
- 9 with Dick Scruggs. And he was in the middle of a
- 10 conversation with him. And as I walked in Steve Confidence of the land to the land of t
- 11 said on the phone to Dick, well, wait a minute, Tim Lor line a soften of our benginger if A ex
- 13 Here he is. And he literally handed me the phone as
- 14 I walked in the office.
- 15 And I picked the phone up and he said it's
- 16 Dick. And I greeted him on the phone and basically
- 17 said what's up. And during that conversation Dick
- 18 Scruggs told me that he had developed essentially a not part and medically a medical section of the second section of the section of the second section of the section of the second section of the section of the second section of the section of the second section of the second section of the section of the second section of the se
- 19 cover story of how he was going to get me the and the least state of the state o
- 20 \$40,000 to pay Judge Lackey. I had already paid the
- 21 20 myself because of the timing. As I told you
- 22 there were just a few days there. The judge needed
- 23 the money, and I didn't have the time to coordinate
- 24 all of this with the Scruggs firm. They had already
- 25 told me that they would cover me, so I went ahead

- 2 So Scruggs knew in the course of that all 81 and reducted assist on rowell A. Market 1997
- 3 conversation that he had to give me 40. And what he
- 4 told me -- what he had been telling Steve and what
- 5 he told me directly on the phone was that he had a
- 6 Hurricane Katrina case coming up for trial in
- 7 December, this coming month, on the coast in State
- 8 Court. And that they were in trial preparation for
- 9 that. And he told me that he was going to send me a
- 10 check for \$40,000 and that he was going to reference
- 11 it as a retainer. And that he was going to
- 12 reference in correspondence to me that he was hiring
- 13 me to prepare a voir dire, which is an examination
- 14 of potential jurors.
- When you have a case and you pick the
- 16 jurors one of the things you have to do as a lawyer
- 17 is you have to ask questions to the jury and try to
- 18 develop that to get the 12 jurors who will
- 19 ultimately serve.
- 20 And so what he was saying was rather than
- 21 just send you \$40,000, I am constructing this cover
- 22 story where I'm going to send you 40 but I'm going
- 23 to say that it's for you preparing my voir dire in
- 24 this upcoming trial.

25 Q. Okay. A day or so later, October the 18th, and the second of grand any and the second of the s

- 1 again of this year, do you recall -- I think you
- 2 were on the road, and I may be mistaken on that.
- 3 But do you recall getting a phone call from Steve
- 4 Patterson indicating that he had just been talking
- 5 with Dickie Scruggs?
- 6 A. Yes.
- 7 Q. What did that prompt you to do?
- 8 A. I knew that they were preparing the check for
- 9 me to get and the related voir dire materials that
- 10 he said he was going to send me. And that it would
- 11 be at his office for me to pick up. And Steve was
- 12 calling to relate to me that he had spoken with, I
- 13 think, Dick Scruggs, or at least someone in his
- 14 office. And that that package was ready for me to
- 15 pick up.
- 16 Q. Were you also instructed to leave something
- 17 for Mr. Scruggs?
- 18 A. Copies of the Orders that I had picked up
- 19 from the judge.
- 20 Q. Did you then go to meet with Judge Lackey?

- 21 A. Yes, sir.
- 22 Q. And tell us please about that meeting. Did and and add and politic well to associate the
- 23 you give anything? Did he give anything? The bad I had an results had mustous had results and results had results had results had results and results had resul
- 24 A. At that meeting I met with Judge Lackey again
- 25 and I brought \$10,000 in cash. And of course at

- 1 that meeting Judge Lackey gave me two copies of an
- 2 Order. The copies were identical. One Order, just
- 3 two copies of a proposed Order sending the Jones
- 4 versus Scruggs case to arbitration.
- 5 Q. Is that what the Scruggs Law Firm wanted? all box at all look at all look at a lo
- 6 A. Yes.
- 7 Q. Were those the Orders that they had proposed?
- 8 A. No. They were different. And the judge will be made block to be be a substitute of the second o
- 10 Sid Baxtrum had sent me that I had previously given
- 11 him. Judge explained to me that he didn't use that
- 12 Order, that he had drafted a different Order still
- 13 accomplishing the same thing, but the language was a
- 14 little bit different because he wanted it to reflect
- 15 more the way he did things, more of the way he
- 16 styles his Orders. And it was a little more and am plot ad but wagged your according

- 17 substantive with findings of fact and some
- 18 conclusions of law rather than the bare bones Order about mode people on that have
- 19 that Sid Baxtrum had given me that I had given him. The same and bell tartificens are a unit of
- 20 Q. Were those two copies stamped copies? Verlag 1 applied that the land applied to the copies of the copies of
- 21 A. No.
- 22 O. What did you do with one or both of those
- 23 Orders?
- 24 A. I left that meeting with the judge. I went
- 25 straight to Oxford to the Scruggs Law Firm to

- 1 deliver the Orders. And I got there and the only are arrive was I supposed by the fact of
- 2 person who was there of the three was Zach Scruggs.
- 3 And I went into his office, and I gave him one of the land would had a solution and a solution of the land of th
- 4 the copies of the Order. And I told him at the time
- 5 that I had just left the judge and here was the stand and bounds bound but and as beautifus a
- 6 Order that the Judge was sending to be filed in the and had a most back and must said back up
- 7 Court file, and that this was just basically a seem the bit and the country of bornel gate and the
- 8 preview that I had gotten from him. And that the and the hard th
- 9 real Order would be filed within the next couple of and and another and another account to
- 10 days.
- 11 Q. How did Zach Scruggs react?
- 12 A. He was very happy. And he told me, he said as still a growth happy and and assists at

- 13 good job. You've been a good friend to us. To not sold for factors and the Blood secret not good or
- 14 Q. Okay.
- 15 A. And the other Order I had -- it was two and add in two professors are approximately an analysis.
- 16 copies. I left one with Zach. Neither Sid nor Dick
- 17 were there, so I took the other copy with me and I
- 18 destroyed it.
- 19 Q. Did you thereafter call Sid Baxtrum from your
- 20 cell phone?
- 21 A. I did.
- 22 Q. And tell us please about that conversation.
- 23 A. I called Sid after that because I wanted him
- 24 to know that it in my mind it was done. That the
- 25 judge had signed an Order and had given me a copy of

- 1 the Order that was going to be entered. And I
- 2 wanted him to know that I had done what he wanted me
- 3 to do. And I told him that. That I had been by the
- 4 office and he wasn't there. I believe Sid was on
- 5 the coast when I talked to him. And that I had left
- 6 a copy of the Order with Zach.
- 8 would be filed in the next few days. And I told being again to the standard and as a second

- 9 him, you know, you'll get formal notification of
- 10 this Order through your attorneys. The Order will
- 11 go to your attorneys representing you in the case. At any 11 bed I rabed radio and buy. A 21
- 12 And don't be surprised -- I mean, actually be and bit realists along the second of the surprised -- I mean, actually be
- 13 surprised. Act surprised when you get it. Make
- 14 sure you don't let the cat out of the bag that you
- 15 knew it was coming.
- 16 Q. Did he respond what are you talking about?
- 17 A. He responded, he said, great. Essentially
- 18 that that was great and that everything was going to make the state of the state
- 19 work out for all of us like we wanted it to mid belong the second part as the first sealer than
- 20 Q. And I don't know that I asked you this, but I small asked you are a small asked you this, but I small asked you this, but I small asked you this you have a small asked you thin you have a small asked you have a small asked
- 21 did you in fact pick up the \$40,000 at the Scruggs
- 22 Law Firm?
- 23 A. Yes. It was in a package that Steve had told
- 24 me that would be there waiting for me.
- 25 Q. All right. So we move now to November the

4 office and he wasn't theree. The lieve Sid was on 04

- 1 1st, probably the darkest day in your life I would make the A complete had been a great as a second of the complete the
- 2 imagine. Let's begin before we get to the bad part
- 3 though, let's begin with another meeting with Judge
- 4 Lackey on November 1st. What happened? for I long week was rean action had a later at the second

- 5 A. I had gotten a call just a couple of days
- 6 before that from Judge Lackey. And Judge Lackey had
- 7 essentially said that we needed to finish up our as agone as hem soill a said to mis heating 1 1 2
- 8 business. I had paid him 30. I owed him another and an abstraction are a second seco
- 9 10. We needed to finish our business. And that approximately all the second s
- 10 there had been a little bump in the road. He told
- 11 me nothing major, but there had been a little bump also say believe to a little bump.
- 12 in the road and he needed me to come down there and remout A 2 U and at particular to a
- 13 explain to me what had happened and to work it out.
- 14 And so on November the 1st I went to
- 15 Calhoun and met with him. And during the course of the state of the
- 16 that meeting I paid him the remaining \$10,000 that
- 17 was owed. And he explained to me that there had
- 18 been a recent filing in the case and that he needed and and surprise to the second and second and surprise to the second and second and surprise to the second and sec
- 19 to change that original order slightly, that he had
- 20 given me previously that I had given to Zach. He said the reason was his or wi
- 21 needed to change that by one paragraph to reflect
- 22 some recent event that had happened in the filing of
- 23 the case.
- 24 Q. Did he give you an amended Order to take with
- 25 you?

- 1 A. He did.
- 2 Q. And what did you do with it? Ded gooland against hat a species I such a more bent and a second second as
- 3 A. I walked out of his office and as soon as I to quidalinit at helicon see until his office and as
- 4 walked outside I was confronted by the FBI. I was a find the base ball a separate at
- 5 Q. To your credit you immediately cooperated; is a segment good plant as belong a William Cooperated.
- 6 that correct?
- 7 A. I immediately cooperated, yes, sir. amud shall a most ball people and some portugues and 11
- 8 Q. And came to the U.S. Attorney's Office and the base of the ba
- 9 met with Mr. Dawson and myself; is that correct?
- 10 A. That day.
- 11 Q. And you agreed to wear a body wire, and you much have good to be a second as a secon
- 12 did that; is that correct?
- 13 A. Yes, sir.
- 14 Q. Where did you go wearing that body wire?
- 15 A. I went to the Scruggs Law Firm.
- 16 Q. Who did you meet with first, please? I what of moving had I not visualizate surrouse of
- 17 A. I met first with Zach Scruggs and Sid Baxtrum
- 18 sort of in combination.
- 19 O. And with the wire recording, what was being
- 20 said, what did you discuss with Sid Baxtrum and Zach before and a second sec
- 21 Scruggs?
- 22 A. Well, I told them -- at this point I was
- 23 cooperating with the U.S. Attorney's Office and the

- 24 FBI. And I told them that I had met with the judge and blot box son new is back entropy and back to the
- 25 that morning and that there had been a little hitch. I won bemiles and and refer to any early and the

- 1 That there had been a recent filing by Mr. Jones's
- 2 attorneys that changed the complexion of the case a
- 3 little bit. And that that had happened before the
- 4 judge got to file the original Order that I had
- 5 brought to them. And that now things were a little minute and the state of the st
- 6 bit different.
- And the judge was still inclined to do it; have of smile of all waves the gas mean than a
- 8 but that the judge wanted now an additional \$10,000
- 9 to do it because he felt a little exposed on the constraint of the second by the sec
- 10 facts now because of this recent filing by
- 11 Mr. Jones's attorneys.
- 12 Q. How did Zach Scruggs and Sid Baxtrum react?
- 13 A. It was not a problem.
- 14 Q. Did you discuss with them the contents of the
- 15 Order and whether or not the contents of the Order
- 16 pleased them?
- 17 A. Yes.
- 18 Q. Tell us about that part of the conversation.
- 19 A. I essentially showed them the proposed Order and the god to a god to a god to a

- 20 that the judge had given me and told them that this live term had I feet much take them.
- 21 was the Order that he was inclined now to sign that it mised bad great used bag great and a sign that
- 22 was reflective of the new filing and the change.
- 23 And that he wanted an additional \$10,000 to do that.
- 24 They reviewed it, discussed it at length and
- 25 essentially after that discussion came to the

- 1 conclusion that it was fine as it was written. It is show a made were said to be a second and the said of the sa
- 2 And during the course of that conversation
- 3 I told them, you know, now is the time to make any or familiar flats severe action and least
- 4 changes that you want made because we're paying for
- 5 it. So get it like you want it because we're paying no because shall a sled set expressed as a second
- 6 for it.
- 7 Q. Is it possible that you might have used the
- 8 term sweet potatoes again referencing the amount of the land again to the same and the same an
- 9 money involved?
- 10 A. I think I did.
- 11 Q. Then did you meet with -- that was Zach and a strained and the second sec
- 12 Sid Baxtrum. Then did you meet with Dickie Scruggs
- 13 in his office?
- 14 A. I did.
- 15 Q. Did you go over this with him? habaO beganging add made be book allowances.

- 16 A. Essentially the same thing. Advised him of the analysis and the Leaguest of the same thing.
- 17 what the hitch was, that the judge was willing to the desired and the second second
- 18 sign the new Order but that it was going to cost him or of some and linear and serve most?
- 19 an additional \$10,000 to do it. And I needed to not had all but a small seed of the same and the same and
- 20 know from him if he wanted that done.
- 21 Q. And what did he say?
- 22 A. He said he did. And he said he would pay the
- 23 money.
- 24 Q. Did he indicate how or did he ask you about
- 25 how to get the \$10,000 to you?

- 1 A. Yes. He asked me if I had a suggestion on
- 2 how he should get me the additional \$10,000 because
- 3 he wanted a cover for it. He didn't want to just
- 4 give me the money. He wanted a cover like he had
- 5 had a cover for the 40 originally. And so because
- 6 we had done the 40 the way we had done it before, I
- 7 suggested to him that he could pay me another bloods a book all and the suggested to him that he could pay me another bloods a book all another bloods as the suggested to him that he could pay me another bloods a book all another bloods as the suggested to him that he could pay me another bloods a book all another bloods as the suggested to him that he could pay me another bloods a book all another bloods as the suggested to him that he could pay me another bloods as the suggested to him that he could pay me another bloods as the suggested to him that he could pay me another bloods as the suggested to him that he could pay me another bloods as the suggested to him that he could pay me another bloods as the suggested to him that he could pay me another bloods as the suggested to him that he could pay me another bloods as the suggested to him that he could pay me another bloods as the suggested to him that he could pay me another bloods as the suggested to him the suggested to him that he could pay me another bloods as the suggested to him the
- 8 \$10,000 in this same case that he had supposedly
- 10 preparing the jury instructions in that case.
- 11 Q. The next day, November 2nd did an email come

- 12 from the Scruggs Law Firm forwarding you jury a bestylk a print some salt effectives at the
- 13 instructions and mentioning the check for \$10,000? was a way be just just and a saw dated and just will
- 14 A. There was an email that came to me from one writing agos it had not been sufficiently at
- 15 of Mr. Scruggs's assistants. And he had forwarded and I find all object the first legional design of
- 16 not jury instructions but just some reference
- 17 material and some things that I turned over to the
- 18 FBI.
- 19 Q. All right. Were there any instructions in
- 20 that email about the 10,000?
- 21 A. That I could come and pick up the check at
- 22 their office.
- 23 Q. Monday, November 5th did you go to the
- 24 Scruggs Law Firm?
- 25 A. I did.

4 give the the anomes. He wanted a cover like he l 44

- 1 Q. What did you pick up first?
- 2 A. I picked up the original documents that had a mobile of the second of the second
- 3 been emailed to me previously and a check for along that you follows and much mild or hestarganger
- 4 \$10,000 with a cover letter.
- 5 Q. And safely turned over the \$10,000 to the or not ad blues took and but but a supply beginning
- 6 FBI; is that correct?
- 7 A. Yes, I did.

- 8 Q. All right. November the 13th did you phone people to there a cts reas out to guo grange 4.
- 9 Sid Baxtrum to discuss this entire matter?
- 10 A. I did.
- 11 Q. And did he discuss with you the scheme and Management before a way and the
- 12 artifice to defraud?
- 13 A. Yes, he did.
- 14 Q. Did he discuss with you the money?
- 15 A. Yes, he did. We essentially during that was languaged to be seen as a second of the second of
- 16 conversation recounted the whole series of events all at 21st mathematical parts and recount
- 17 from step one to where we were that day. It shall and would be a supported by the same and th
- 18 Q. He did not deny knowledge of any of that, is also appeared and late to the product of the late o
- 19 that not fair to say?
- 20 A. That's fair to say.
- 21 Q. Mr. Balducci, are you concerned for your of head now demonstrate we have been as the
- 22 safety now that you cooperating with the
- 23 government?
- 24 A. Yes, sir.
- 25 Q. And are you concerned about the safety of

- 1 your family?
- 2 A. Primarily, yes, sir.
- 3 Q. Have you asked for protection and help in

- 4 getting out of the area as a result of those and a way his diff and and a suppose of the state of the second state of the se
- 5 concerns?
- 6 A. I have.
- 7 Q. And have we reached an agreement? Although a off the garden and the same of the same
- 8 we have not signed anything yet, have we reached an
- 9 agreement about what's going to become of you in
- 10 this case?
- 11 A. We have an agreement in principal, yes, sir. It mirrul elletteneous all the bed any
- 12 Q. I guess for your protection let's talk about to grant start to be the st
- 13 that protection. Also, the Grand Jury has a right
- 14 to know about it. Did Mr. Dawson offer you a plea made application of great man believed to the second of the s
- 15 to a criminal conspiracy to bribe Judge Lackey?
- 16 A. Yes, he did.
- 17 Q. And did we also promise you that if you are not become one are described and
- 18 continued to substantially assist the way you've and draw and transport the last way to like the
- 19 been doing that we would ask the judge to consider
- 20 leniency in your case in an amount that's totally up
- 21 to him?
- 22 A. Yes, sir.
- 23 MR. DAWSON: Tim, just a couple of
- 24 questions.
- 25 BY MR. DAWSON:

- 1 Q. Of course that plea to a criminal conspiracy and all a shall and a small and a small
- 2 would be a felony, would it not?
- 3 A. Yes, sir.
- 4 Q. And that would cause you to lose your law
- 5 license; is that correct
- 6 A. Yes, sir. I have already prepared a letter.
- 7 I'm licensed in five jurisdictions: Mississippi,
- 8 Alabama, Tennessee, Texas, and the District of
- 9 Columbia. And I've prepared a letter that I'm going
- 10 to send as soon as this testimony is over
- 11 voluntarily surrendering my law license in those
- 12 jurisdictions and agreeing to a voluntary
- 13 disbarment.
- 14 Q. And one clarification. In the November the
- 15 2nd email, the second email, the last one that
- 16 Mr. Norman asked you about, was the 10,000-dollar
- 17 figure actually mentioned in the email, or was it
- 18 the cover letter that the \$10,000 was mentioned?
- 19 A. I'm not certain if it was mentioned in the
- 20 email or not. I know in the materials that I picked
- 21 up the check was there, and it was referenced in the
- 22 cover letter with the materials. I'm not certain

- 23 that it was the email. If I said that I misspoke.
- MR. DAWSON: That's all. Let me make sure an interest and account of the sure account of the sure and account of the sure account o
- 25 that Mr. Norman doesn't have anything else.

- 1 BY MR. DAWSON:
- 2 Q. Mr. Balducci, we've covered a lot of
- 3 territory here in an eight-month period
- 4 investigation. And certainly you did not know what
- 5 was going on until within the last -- I guess
- 6 November the 1st was the first time. And then you
- 7 began cooperating at that time.
- 8 A. That's correct.
- 9 O. And since we have covered a lot of ground
- 10 rather quickly, there may be other details of the
- 11 various meetings and telephone conversations that we
- 12 have not completely covered because we were trying
- 13 to give a summary of hitting the high points of this
- 14 investigation as you knew. Is that correct?
- 15 A. That's correct, yes, sir.
- 16 Q. So if in fact you have to testify at any
- 17 subsequent proceeding under trial, you understand
- 18 and the Grand Jury must understand that it may be in

- 19 much more detail about the various meetings and
- 20 telephone calls. Is that correct?
- 21 A. Yes, sir.
- 22 MR. DAWSON: I think that's all we have at
- 23 this time. I know the Grand Jury has been working the visus with a 22 10 TIW TITE
- 24 through the lunch hour. But if you have any
- 25 questions to ask or you want us to ask any more

- 1 questions, we'll be glad to do that.
- 2 GRAND JUROR: The work that you supposedly
- 3 done, did you actually turn anything in? Did you
- 4 produce anything to cover this, or did they give it
- 5 to you to give back to them? Or who did the work?
- 6 THE WITNESS: The work was never done. It
- 7 was a complete cover for the transfer of the money.
- 8 I never did any of the work, and I was never asked
- 9 again about it.
- 10 GRAND JUROR: Nobody else done the work?
- 11 THE WITNESS: That I don't know.
- 12 BY MR. DAWSON:
- 13 Q. This was just a ruse, was it not, to
- 14 reimburse you the money that you had paid to Judge

- 15 Lackey on the alleged bribe scheme?
- 16 A. That's correct.
- 17 GRAND JUROR: What about the \$400,000? Was
- 18 any of that paid besides the 100,000. The avoid ow the about 1 abou
- 19 THE WITNESS: I ultimately did get paid the dead word bears of seeing to be
- 20 remainder of the money over time.
- 21 GRAND JUROR: During this same month period and least the same and the same month period and t
- 22 you got the 400,000?
- 23 THE WITNESS: Yes, sir.
- 24 MR. NORMAN: Thank you, sir.
- 25 (WHEREUPON, THE WITNESS WAS EXCUSED.)

4 produce anythms in savaruhmous different and one

1 CERTIFICATE

2

3 STATE OF MISSISSIPPI: COUNTY OF DESOTO:

4

6

5 I, Polly V. Woods, Court Reporter and Notary Public, DeSoto County, Mississippi, CERTIFY:

The foregoing proceedings were taken

- 7 before me at the time and place stated in the foregoing styled cause with the appearances as
- 8 noted.
- 9 Being a Court Reporter, I then reported the proceeding in Stenotype, and the
- 10 foregoing pages contain a true and correct of base (and tray lead) remains all may be a transcript of my said Stenotype notes then and there

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- I am not in the employ of and am not related to any of the parties or their counsel, andI have no interest in the matter involved.
- I further certify that in order for this document to be considered a true and correct
  copy, it must bear my signature seal, and that any reproduction in whole or in part of this document is
  not authorized and not to be considered authentic.
- 17 Witness my signature, this the 2nd day of January 2008.

19 Polly V. Woods

20

21 Notary Public at Large For the State of Mississippi

22

23 My Commission Expires: July 29, 2009

24