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	
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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
- 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 small A word populated normality. A 16 17 we stand at this point. They have a right to know a real part and a standard bank and the 18 about any deals or agreements that we have with you. The deals are seen as a second of the second 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 not ago to good bard 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 to be you be laused by the same and the sam 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 Judi (129gaar blance we would be will add and od 11 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 at the page that All

Yes, sir. 11 A. What was the nature of that discussion, belog add at passage had enough and land 13 please? 14 A. Mr. Baxtrum and I had a conversation wherein on active study and the language and the 15 he told me that the Scruggs Katrina group of which the late to the late to the state of the late to 16 his firm was a member -- Scruggs Katrina Group is a local to the state of the st 17 consortium of about five law firms that got together 18 to prosecute cases against insurance companies for a solution and the s 19 denial of benefits to homeowners after Hurricane 20 Katrina. And that the Jones Law Firm was a member 21 of the Scruggs Katrina Group. 22 And I was generally aware that after the analysis and two persons as a second s 23 Scruggs Katrina Group had secured a significant of a state of the second secured as a significant of a state of the second secured as a significant of the second secon 24 settlement with State Farm insurance company that a 25 dispute had arisen amongst the members of the look and make a had greatly and a second as 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 1911 and 1911 the grant and 1911 the fees than the Scruggs Law Firm than 1911 the fees than the Scruggs Law Firm than 1911 the fees than the Scruggs Law Firm than 1911 the fees than the Scruggs Law Firm than 1911 the fees than the Scruggs Law Firm than 1911 the fees than the Scruggs Law Firm than 1911 the fees than the Scruggs Law Firm than 1911 the fees than the Scruggs Law Firm than 1911 the fees than 1911 the 6 the other members of the Scruggs Katrina Group and leaf availed or am hel manuscal his a

7	thought the Jones Law Firm was entitled to.	
8	And that dispute had gotten to the point and dispute had gotten to	
9	where it was obvious to the members of the Scruggs	
10	Katrina Group that their dispute was not going to be an account full I but research that I but research that	
11	resolved amicably and that some litigation was going	
12	to be brought as a result of that dispute, at question and the page 200 and and and and	
13	Q. Did Sid Baxtrum intimate to you that there was task armit was seen unada to unattend to	
14	might be a place for your firm on the Scruggs	
15	Katrina Group? Sunstruft 1911 a sensya smod of affrened in Islands	
16	A. Yes. He related to me that because of the and many well ented only to the angular transfer of	
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 main a hornoon bound of a better main a hornoon bound of the second of the se	
20	word, the Jones Firm from their group. And that the	
21	Scruggs Katrina Group had a number of other. In endurant add togramm could had attempt to	
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	
	6 gust a not bromain a gradum a ser until a a Lorent	
1	another firm to step up and replace the Jones Firm. and against add not and and and another firm to	
2	And Sid Baxtrum led me to believe that me and analysis assume and to and many main and	

- 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 panellals and property assume 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 laterally restricted
- 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 and takes of raid sometime of verball regular to
- 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

9.

- 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 was a summore that said that if a dispute arose
- 8 among those members that the members agreed that
- 9 that dispute should be resolved by way of amilion gill growth assistant and solve to too
- 10 arbitration.
- 11 And arbitration is a process where you
- 12 essentially don't go to Court. You go in front of a roll base now avoided base and a sealed
- 13 mediator or an arbitrator. And it's an alternative

14 way to resolve a dispute without filing a lawsuit as basis as a most especial and it real and to 15 and going to Court. And that's what they wanted both had radiograms as great bagged 1 16 done. The Jones Firm had filed the lawsuit against and Julia an 17 the group. And the Scruggs Firm wanted that case to the standard base of the standard stan 18 be sent to arbitration rather than to be heard in Talkula a state group and blad group back 19 the Circuit Court in front of Judge Lackey. Table data making and me are a table attracted at 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 happened to arbitration and take it out of his court. 23 when they asked me that if I thought based on my 12 illum bardages had vada upit transferred 24 relationship with him if I could do that, I told Well half more beginned the real beginning as a second 25 them that I was willing to try. And that I would will add on a said bloss of has such as small 10 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. Semilard grift had an autora area thank assumption 6 Q. That's what I would like for you to tell 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 have been led to believe by the members of the Scruggs

10	Firm that if the Jones Firm was replaced and that if						
11	I helped them to accomplish that feat and to get w years sed w which had them to accomplish that feat and to get w years sed w which had been a group to a						
12	that done, if they were successful, that me and my awall and ball marily sound and it much						
13	firm would essentially take their place. The same will be be written and approved the barren out of the same same and the same same same same same same same sam						
14	And they told me there were a number of hound and analy radius made units on passe and						
15	settlements that were on the horizon with other was the regular to the most as remain as a settlement of the settlements and the settlements are remainded as the settlements and the settlements are remainded as the settlements are						
16	6 insurance companies. Namely, Nationwide and Austin.						
17	And they expected that they would reach settlement of and long lane and as a region approximation						
18	with those companies soon at lease equal to the state of the last the last three last means the same						
19	settlement that they had reached with State Farm.						
20	And I believed that if I helped them that I would be a supported by the support of the support o						
21	share in that, and I would share in the attorney's a land back of a manufacture of a manufa						
22	fees that would be derived from that.						
23	SECOND DEPOSIT OF THE POSITION OF THE POSITION OF THE SECOND OF THE SECO						
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						
	ed wow blucow that one? Why would you be						
2	The Court group you start in Haction that at gottless						
1	resources. And I was trying to start this business agrees to algue a mass man until						
2	and, you know, I needed the money and I didn't have now and said blance I pulse that I						
3	it. And it was the lure of that in large part that						
4	convinced me to do it. Leaf I had I had self who are saw and 1150/2 A						
5	And then there was a second part also, not add to medium and set availed of not medium.						

- 6 Prior to this when the State Farm settlement was a more of the state of the state
- 7 being negotiated by the Scruggs Katrina Group, there and modes all the supposed an orbital
- 8 was a significant issue that was impeding that
- 9 settlement. And it was the fact that the Attorney was been seen than 11-15
- 10 General of the State of Mississippi, Jim Hood, was
- 11 investigating and threatening to criminally in larger and but and but here are a supported in the second and the second are also as a support of the second are also as a s
- 12 prosecute State Farm as a result of their denials of
- 13 policy owners' benefits on the coast. All of the third of the proposal search benefits as the coast.
- 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.
- 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 as the good to be a second to
- 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 diod as we made a stage path discussions and
- 24 State Farm was not going to settle these will a book leading to a species leading to
- 25 civil cases unless they could be assured that the

- 2 criminally. And so the Scruggs settlement was being
- 3 held up because of the investigation that was quant) arrived appared are set testerlusare general
- 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 a long relationship with the
- 7 Attorney General. And the Attorney General in fact
- 8 is distantly related to Steve, my partner. 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 from had any and the same and the
- 12 relationship.
- So before this issue with the Jones suit was all the same and the same suit was a suit with the same suit was a suit was a suit with the same suit was a suit w
- 14 came up, the Scruggs Firm approached Steve and I and
- 15 essentially hired us as lobbyists. And what they are sufficient and the second supplies the second supp
- 16 told us was if you will go and meet with the was a selection or any transfer of the selection of the sele
- 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

- 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 Mandana and Allaham and
- 6 they told us that if we were successful in lobbying mis admire emission as a successful in lobbying
- 7 and working with the Attorney General's lawyers to have accounted 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 not move you at a private and allowed and the second sec
- 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 middle of
- 17 back to Mr. Scruggs and we had a discussion with him
- 18 about the fact that we had completed the job that he same had become a second by the second by th
- 19 had hired us to do and that in our view he owed us affect or grand produced by the plant of
- 20 \$500,000. And the agreement was that he was going hands become a second to be a second to be

- 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 a state of the state o 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. And when we went to Mr. Scruggs and told 6 him that we felt like we had completed our job and the second s 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 sea because the responsible representations. 13 next month. 14 Q. And you were approached sometime in late and hard-many had see that a see a second see that the second see that the second see that the second second see that the second s
- 16 Lackey. Were you concerned about ever collecting at any transcript and tark 1000,000 2 01

15 March of this year about trying to influence Judge walk and as the last board as board had a last

17 the other \$400,000. 18 A. Yes, sir. I knew then that he owed us to a habesen I make that he are her expended on the 19 \$400,000, the money that we were counting on to be been blank as the basis and the basis are the basis are the basis and the basis are the 20 operate our business. And I was nervous and all of arms and land the state of th 21 suspicious that if I didn't do this for him that he 22 had already renigged on the deal once that we made. 23 I was nervous and suspicious that he might renig 24 altogether and not pay us the money that he had 25 promised. 15 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 not a first or frequency I tong 6 about March the 28th of this year? how good against 100 page 100 to 100 page 100 to 100 page 100 to 100 page 100 to 100 page 10 7 A. Idid. 8 O. Where sir? 9 A. I met with him at his office, his personal delegate him and the many services as a service of the 10 office in Calhoun City. 11 Q. And would you tell us please what occurred at I have a sent on the result of the sent and the sent of the se 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 tall mediaward 1 up and 15 see him, that I had a matter that I needed to I are grouped arraw level half version and quoting and 16 discuss with him. He told me fine, come to his an appropriate bowl but appropriate the absence of 17 office in Calhoun County. So I did in the next and and gid ship has been been appeared fit 19 referenced. And at that meeting I told him that I was all talk general add as the first sealing and the se 20 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. 16 And I explained to him the issue that an explain fally leave that a second fall of the leave t 2 lawsuit had been filed against The Scruggs Group and Vissy suffice dist and distributed against The Scruggs Group and 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 souther and to ask him if any and souther and the middle and the souther and the southern the south 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 passed and I told him if 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. Exercise to success all sales as a second 11 O. And I know that you believed -- and it's not work ob down word and begin and leading the 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? 17 A. Of counsel is a -- it's just sort of a status among the desired a processed user leading to the second secon 18 that's usually held by retired lawyers. Many times 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 seal our can dolor and bloom until instance at 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 before a season before a 17 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 to bling wead by their most mode stops bling or
- 7 individual in your firm, how much do they get a li him heavilled use bart around that are
- 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 a most diese because he served as se
- 11 that \$1,000; is that correct?
- 12 A. That's correct essentially.
- 13 Q. So at least in a person's retirement years applied to be tree that the most retirement at a second of the se
- 14 that might be a lucrative situation for the and would provide be be the offen of the later of
- 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 body and the second to be a professional to the
- 19 exchange for helping you out?
- 20 A. In retrospect, yes, I can see how he would be dained in the land of the
- 21 have, could have construed that in that manner, yes.
- 22 O. 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 product and the product of the pr

- 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? (John 1998)
- 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 of the state of the st 21 Firm, their client, demonstrating that Judge Lackey (demonstrating that Judge Lackey) 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 1 didn't know. That was the first I had heard of it. The learned learn 2 The conversations I had had with the judge none of the least the same because the same and the 3 that was contemplated. And he told me essentially that they were 5 very upset. That I needed to get control of the of should be a sense of the sense and the sense of the sens 6 situation with Judge Lackey and find out what was 7 going on. And so I placed a call to Judge Lackey a Judge I smit sell to transde would reliable 8 and asked him judge, what's going on here. You are havisces had adverted as the second 9 know, I haven't talked to you in a while. Now, this arrows a men't again a soft most have the 10 recusal Order has come down. And he said to me at the time that he had 11

- 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 load among all a load and a load a load a load and a load and a load a load a load a load and a loa
- 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 began and
- 19 period of time went by where again I thought okay
- 20 everything's okay again. The judge has straightened in when the party of the par
- 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 that sell 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 any model has a second part of the 9 point? 10 A. No, sir, I did not know that. 11 O. And how did you react to his inquiry? and shop of great to be sensed back with back and have 12 A. Well, I was a little surprised. But I said, helles I be box when severy James I of the se 13 well, Judge, I don't know. What kind of help are an a make I have a head was been proported to 14 you talking about? And he said, well, not anything ode now most appropriate group of the all 15 unreasonable. I knew he was talking about money. 16 But he said not anything unreasonable. Well, I square treasonable and said not anything unreasonable. 17 didn't know what that meant. When you talk about 26 months and suite and a swok arrows at 18 million dollars I don't know what's reasonable or any patricipal production of the 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 grant work had been 22 out, but let me just do some checking and get back an add to assure and gurant hill a wi 23 to you. 24 O. Who did you talk to first? 25 A. I talked to my partner, Steve Patterson, hubbarn and Land, doubted bulleting and hada been as

- 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 blan
- 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 supposed as all process are supposed by 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 tail surrem add more to und blar I as bare 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 allege provides thousand the provides the p 6 get back to you? I know you don't know exactly. 7 A. I'm not certain exactly, but it was shortly. The alogbut out that I results yield the small of the 8 And I'm going to say within the next 48 hours. Doonlog I but stand graphend strong on the say 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 to the land of season and profilegers as a season of the season of th 14 was when the call came in, but the conversation on a dinomination to the last and the word or the

- 15 the phone when I had, I was standing in my driveway and the same an
- 16 at my home in New Albany. And I remember because I and the wall and the same and
- 17 had just gotten home from work. I had pulled up in
- 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 which was also make the phone range with the house and the house phone range with the house phon
- 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 and address the separate and a separate and
- 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 Q. 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 successor to be a succe
- 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 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

28 and follow from the state of 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 the same an
- 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
- 7 had not -- Steve and I had not had a direct
- 8 communication from Dick Scruggs on that issue. But
- 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 a rest not be to be the acceptance of the second seco
- 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 water took stated on all as an in the dealers.
- 20 Steve and I were very concerned about how we The state more for the base more result at 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 another who have the same the same the same the same the same than the same that the same than the sam
- 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 37 hours and the same and the sam
- 21 4th and you had faxed that to the judge. I take it

22	2 this was a slightly different order?							
23	A. It was. By this time six months had gone by							
24	fror	m the time that I had originally bro	play by the rules that we knew Mr. Scrupper bught that					
25	firs	t Order to the judge. And then he	had gd beynig yt					
			31 random a reg se'uny awant 14 , f q al					
1	subs	sequently recused himself and got	back in. And a gov up below but, the articular					
2	we ł	nad all of that sort of controversy.	And I think mail for those sett a mall of manus					
3	3 the thinking at the time was we need to just make Thomas I would be a supply of the							
4	this	short and simple.	myculinosiely told one that he had a					
5	Q.	Did you take that Order to Judge	Lackey? I 9 mode of 9 door not party up a besser					
6	Α.	I did.						
7	Q.	That day?						
8	A.	Yes.						
9	Q.	And did you give Judge Lackey a	4:					
10	bes	ides that Order?						
11	A.	I gave him \$20,000 in cash.	and Baxtonian at the Scroggs Law Frien?					
12	O.	And at the time you didn't know						
	201	ng videotaped?	Find the give you something?					
		No, sir.						
			Ha gavernie a proposed I tider to take to the					
		What did you do after you left Ju						
16	16 after you gave him the Order and \$20,000? Where did discress the state of the st							
17	you	go?		dil.	II.			

18 A. I went back to the Scruggs Law Firm. rankaga and airrevia a small of modification and and analysis analysis and analysis analysis and analysis analysis and analysis analysis and analysis and analysis analysis and analysis and analysis and analysi 19 Q. Okay. And do you recall why you went back, a some used made used and of collections and an action of the collection of the collectio 20 who you talked to, what it was about? To start have a posterior of the start and th 21 A. I went back and reported to Sid Baxtrum I had at our at any legic line state of the state 22 essentially what had just occurred. 23 Q. At 11:44 you called Steve Patterson and management event has a comment of the 24 basically told him what? 25 A. Basically told him what had happened, that I 32 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 g move top I box and I to be be less as a second 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

- 14 a half million dollars on some advertising against and the leading of the same and the same a
- 15 George Dale, the incumbent insurance commissioner at
- 16 the time. It was called independent expenditure for Manual and the time at his least the control of the time.
- 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 were believed as a part of
- 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 & firm you like soul was a second soul and the second soul and th
- 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 amount and appear and a second and the seco
- 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 agreed to be a sense of the sense

10 Steve Patterson to you on your cell p	phone. And he in broken bits spilled yet to be what I and
11 asked if the Order had been signed.	Do you recall average our blaints health but not most
12 that conversation?	
13 A. Yes.	
14 Q. Did that prompt you to do anyth	O conversations with him. And as I walked in Steve Sprid
15 A. It prompted me to make a call to	to Judge Lackey a hare liber stated of among adding bins. I
16 to check on the status. Sort of a gen	ttle prodding sub sull lo lin mui llol tent, en hosila e 1001 C
17 to let him know that	
18 Q. Did you tell him you needed to	pick up
19 something?	to send I preked the phone up and he said it's
20 A. I told him I needed to pick up a	bushel of this sound will no until be some time. Starts of
21 sweet potatoes.	
22 Q. Now, I think it's clear, but just f	for the human topolarsh had at the past essential after the
23 record you weren't actually interested	d in potatoes; a land game and and la your purpose
24 is that fair to say?	
25 A. Yes, sir.	11 20 m soff because of the timing. As I told you
	babean aghaj ad l'oradi ayab wat a haj asaw arab 20 34
1 Q. October 16 or 17 do you recall g	23 the mancy, and I didn't have the time to coordinate oning into
2 Steve Patterson's office and getting o	at all of this with the Semens firm. They had already not no
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 back smooth they may no may at many they sweet at
- 7 front door and walked straight into Steve's personal of hearth need hearth after a door and training at the state of the
- 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 Canality as ob place I gipping left block
- 11 said on the phone to Dick, well, wait a minute, Tim Lord land a safety of oran benginses of the
- 12 just walked in. Just tell him all of this directly, bong almost a to make subject to the state of the stat
- 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 and the least the leas
- 17 said what's up. And during that conversation Dick
- 18 Scruggs told me that he had developed essentially a not part and problem that he had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially a not part and problem to the had developed essentially and problem to the had developed essentially a not part and problem to the had developed essentially and the had developed essentially a not part and the had developed essentially a not part and the had developed essentially and the had developed essential
- 19 cover story of how he was going to get me the long of house story of how he was going to get me the long of house story of how he was going to get me the long of house story of how he was going to get me the long of house story of how he was going to get me the long of house story of how he was going to get me the long of house story of how he was going to get me the long of house story of how he was going to get me the long of house story of how he was going to get me the long of house story of how he was going to get me the long of house story of hou
- 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 restroic years or payed at the course of that
- 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.
- 15 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.

- 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 and and another well to associations at
- 23 you give anything? Did he give anything? The bad I had an results but members and real ex-
- 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 attack to a box attack and travellate to
- 6 A. Yes.
- 7 Q. Were those the Orders that they had proposed?
- 8 A. No. They were different. And the judge all the mini blood that A make to ask the assence is the
- 9 explained to me that he had changed the Order that
- 10 Sid Baxtrum had sent me that I had previously given
- 11 him. Judge explained to me that he didn't use that leaded lead and lead the land and leaded leaders.
- 12 Order, that he had drafted a different Order still had a mid more part to the last assessment of the last asses
- 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 Bearing and Books secretary and Harling 19 that Sid Baxtrum had given me that I had given him. The state of the Company o 20 Q. Were those two copies stamped copies? voidous against drive using a guidance healt and 21 A. No. 22 Q. 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 38 1 deliver the Orders. And I got there and the only are arrive to a support of the last and the 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 went had a second separate 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 your had a made on the local most back to 7 Court file, and that this was just basically a court fability and made appear to be supply that 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 the sense and amide impresses at 10 days. 11 Q. How did Zach Scruggs react? 12 A. He was very happy. And he told me, he said as still a save to have a state of the said and a save to have a state of the said as a save to have a save

13 good job. You've been a good friend to us. Its makes allow have a live a second more than the 14 Q. Okay. 15 A. And the other Order I had -- it was two and still have participated as a second of the state of the sta 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 at the large season and the same season and the same season are same season. 24 to know that it in my mind it was done. That the large brokes lead to come from the large 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. And I explained to him that the original 8 would be filed in the next few days. And I told be regarded to the decrease of the second and the second and

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. The way is a bent I reshed to be the book of the case. 12 And don't be surprised -- I mean, actually be and big realists along the service at the servi 13 surprised. Act surprised when you get it. Make a flow of the state of the same and the same a 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 19 work out for all of us like we wanted it to mid believe I so is sed unit solls to k believe I as it 20 Q. And I don't know that I asked you this, but I south the same as a second 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 40 to a sweet the second of the line was below as the ball of the second 1 1st, probably the darkest day in your life I would make the August I had a least a second of the last the las 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 the great response to the later of the second se

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 none as here so the said to mis heating to 8 business. I had paid him 30. I owed him another and an about the state of the sta 9 10. We needed to finish our business. And that agood visibility many of the property of the 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 Asmoul A 2 U and at particular to a 13 explain to me what had happened and to work it out. It is also upgated and there are a 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 subject to the second state of the second s 19 to change that original order slightly, that he had 20 given me previously that I had given to Zach. He assign the filler recent may hill on W 21 needed to change that by one paragraph to reflect a less seasons and the seasons are seasons as a season of the 22 some recent event that had happened in the filing of 23 the case.

41

25 you?

24 Q. Did he give you an amended Order to take with

1 A. He did. 2 O. And what did you do with it? Ded goolsal exhall had goolsal exhall monthly and a 3 A. I walked out of his office and as soon as I to quidalinit at helpon swearch his additional of the language of 4 walked outside I was confronted by the FBI. from and boxes I do may been been a confronted by 5 Q. To your credit you immediately cooperated; is 6 that correct? 7 A. I immediately cooperated, yes, sir. amud sittif a most had seed had seed had some particle and it 8 Q. And came to the U.S. Attorney's Office and the same of the below 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 wear a body wire, and you much have good to wear a body wire. 12 did that; is that correct? 13 A. Yes, sir. 14 Q. Where did you go wearing that body wire? and that how some soft at second in the soul at the sou 15 A. I went to the Scruggs Law Firm. 16 Q. Who did you meet with first, please? I what of moving had I mit visuolyang surveying 17 A. I met first with Zach Scruggs and Sid Baxtrum 18 sort of in combination. 19 Q. And with the wire recording, what was being 20 said, what did you discuss with Sid Baxtrum and Zach 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 review back verbox and back to the
- 25 that morning and that there had been a little hitch. I won bemiles and and refer the page 100.

- 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 minwapow to the angle of the first property of the state of the state
- 6 bit different.
- And the judge was still inclined to do it; form of smile of all waves we get give means that I
- 8 but that the judge wanted now an additional \$10,000
- 9 to do it because he felt a little exposed on the same and the same a
- 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 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 proposed of the same and the same and

20	that the judge had given me and told them that this him term had I feet much like I make 1814	
21	was the Order that he was inclined now to sign that he misd bed great took but goornee to the	
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	
	herte haf. And man that heighered before the	
	stage gun to the sequenal Order that I had 4.84	
1	conclusion that it was fine as it was written. It a snow again were said but the most of the snow	
2	And during the course of that conversation	
3	I told them, you know, now is the time to make any or femilear this year entire after the A	
4	changes that you want made because we're paying for the manufacture to be a set and a set	
5	it. So get it like you want it because we're paying no because will a slat set agreement in the	
6	for it. Ad good for some of the record of the source of th	
7	Q. Is it possible that you might have used the	
8	term sweet potatoes again referencing the amount of this time appearant again the same	
9	money involved?	
10	A. I think I did. orbito atmosphere and more than any built as a	
11	Q. Then did you meet with that was Zach and gesteelines and too an endead whom the resident a	
12	Sid Baxtrum. Then did you meet with Dickie Scruggs	
13	in his office?	
14	A. I did. no destruction and to the part the deal of the conversation.	
15	Q. Did you go over this with him? Tabato bearing will must be beat all authorisms.	

16 A. Essentially the same thing. Advised him of or an instance and the leading of the same thing. 17 what the hitch was, that the judge was willing to an about an amount of the amount of the second 18 sign the new Order but that it was going to cost him or of some and linear and several to the second severa 19 an additional \$10,000 to do it. And I needed to not had ad but a small sea a second of the sea 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? 44 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 manufacture and the backing to 7 suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him that he could pay me another bloods a book of suggested to him the suggest 8 \$10,000 in this same case that he had supposedly 9 retained me in. And that that could be for me if at 000,000 and become at second or at 10 preparing the jury instructions in that case. 11 Q. The next day, November 2nd did an email come

12	om the Scruggs Law Firm forwarding you jury of bestviste and annea and willedgeness	
13	estructions and mentioning the check for \$10,000? we are explained and and and	
14	There was an email that came to me from one going age it had not of warr and	
15	f Mr. Scruggs's assistants. And he had forwarded an I find the at 1000,012 leadings	
16	ot jury instructions but just some reference	
17	naterial and some things that I turned over to the	
18	He sudiscribe And he said he would pay the	
19). All right. Were there any instructions in	
20	nat email about the 10,000? Sunds way sten ad bib to word attention by G	
21	That I could come and pick up the check at	
22	neir office.	
23). Monday, November 5th did you go to the	
24	cruggs Law Firm?	
	he should get one the additional \$10,000 because at the should get one the additional \$10,000 because	
	rented a career for it the child want to just	
	the the noney. He wanted a cover like he li 24	
1	. What did you pick up first?	
2	. I picked up the original documents that had a stood bad swyaw and the adversaria bod	
3	een emailed to me previously and a check for dong has you falsoo and such mind at house	
4	10,000 with a cover letter. Vibratorqua bad ad tadt association abits are constant.	
5	. And safely turned over the \$10,000 to the ar not ad bluco bady half back an ann benin	
6	BI; is that correct?	
7	. Yes, I did. Smoother 2nd did no cineri come	

8	Q.	All right. November the 13th did	you phone seeds to Husen a	
9	Sid 1	Baxtrum to discuss this entire matt	er?	
10	A.	I did.		
11	Q.	And did he discuss with you the	scheme and Thompsons Is	
12	arti	fice to defraud?		
13	Α.	Yes, he did.		
14	Q.	Did he discuss with you the mone	ey?	
15	Α.	Yes, he did. We essentially durin	ng that	
16	con	versation recounted the whole seri	es of events all a state and rest	
17	fron	n step one to where we were that d	lay. Idair a and you'l Loss 2 a	
18	Q.	He did not deny knowledge of an	y of that, is	
19	that	not fair to say?		
20	A.	That's fair to say.		
21	Q.	Mr. Balducci, are you concerned	for your of it belt may seemed	
22	safe	ety now that you cooperating with t	the away your address you	
23	gov	emment?	ud ad; the judge to consider	
24	A.	Yes, sir.		
25	Q.	And are you concerned about the	safety of	
			46	
1	VOU	family?	Tun, Just a couple of	
		Primarily, yes, sir.		
		Have you asked for protection and	d help in	
			4 449/44/ 444	

- 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 lambard and stall and seepen 10
- 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? has again som addition and 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.	
19 THE WITNESS: I ultimately did get paid the lead visit between the sense puls	
20 remainder of the money over time.	
21 GRAND JUROR: During this same month period of all long to the colored to the c	
22 you got the 400,000?	
23 THE WITNESS: Yes, sir.	
24 MR. NORMAN: Thank you, sir.	
CARLING THE Work that you suppusedly	
25 (WHEREUPON, THE WITNESS WAS EXCUSED.)	
produce anything in soverthis, or did they give 00	
1 CERTIFICATE Show will bill only 10. Yeard or shied wary or one or	
2 If _emili very a was never date. If _emili very emili _emili	
3 STATE OF MISSISSIPPI: ground and to referred entry of the reservated particular and	
COUNTY OF DESOTO: 4 bodes saven saw 1 box saws the ground as the saven to be	
5 I, Polly V. Woods, Court Reporter and	
Notary Public, DeSoto County, Mississippi, CERTIFY: 6 Show and anological statement of the	
The foregoing proceedings were taken 7 before me at the time and place stated in the wood fool 1 will 223 1/11 2/11 2/11	
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 or have fault for last remain and may be 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