

COMMONWEALTH OF MASSACHUSETTS
MIDDLESEX, SS. SUPERIOR COURT DEPARTMENT
JOHNSON GOLF MANAGEMENT, INC.,
Plaintiff,

V. C.A. NO.: MICV2008-04641

TOWN OF DUXBURY, and NORTH
HILL ADVISORY COMMITTEE,
consisting of MICHAEL
DOOLIN, CHAIRMAN, SCOTT
WHITCOMB, ROBERT M.
MUSTARD, JR., MICHAEL
MARLBOROUGH, ANTHONY
FLOREANO, MICHAEL T. RUFO,
THOMAS K. GARRITY,
RICHARD MANNING,
W. JAMES FORD, AND GORDON
CUSHING (EX OFFICIO),
CALM GOLF, INC., CHARLES
LANZETTA,
Defendants.

~~~~~  
DEPOSITION OF BRYAN MORRISSEY, Volume 2,  
taken on behalf of the Defendant, pursuant to the  
applicable provisions of the Massachusetts Rules of  
Civil Procedure, before Jennifer M. Rapoza,  
Professional Shorthand Reporter and Notary Public  
within and for the Commonwealth of Massachusetts, at  
the offices of Follansbee and McLeod, LLP,  
536 Granite Street, 3rd Floor East, Braintree,  
Massachusetts 02184, on September 10, 2012, at  
10:15 a.m., as follows:

1 APPEARANCES:

2 ON BEHALF OF THE PLAINTIFF:  
3 STEPHEN R. FOLLANSBEE, ESQ.  
Follansbee and McLeod, LLP  
4 536 Granite Street  
3rd Floor East  
5 Braintree, Massachusetts 02184  
781.848.1500  
6 steve@fmlaw.us

7 ON BEHALF OF THE DEFENDANT:  
8 LEONARD H. KESTEN, ESQ.  
Brody Hardoon Perkins & Kesten, LLP  
9 One Exeter Plaza  
Boston, Massachusetts 02116  
10 617.880.7100  
lkestn@bhpklaw.com

11 ON BEHALF OF THE DEFENDANT:  
12 ARTHUR P. KREIGER, ESQ.  
akreiger@andersonkreiger.com  
13 NINA PICKERING COOK, ESQ.  
npickeringcook@andersonkreiger.com  
14 Anderson & Kreiger LLP  
One Canal Park  
15 Suite 200  
Cambridge, Massachusetts 02141  
16 617.621.6500

17 ALSO PRESENT:  
18 DOUGLAS JOHNSON  
19 PAUL CHERNOFF  
20  
21  
22  
23  
24

1 INDEX PAGE

2 DEPOSITION OF BRYAN MORRISSEY

3 EXAMINATION REEXAMINATION

4 BY MR. KESTEN 4  
5 BY MS. COOK 33 43  
6 BY MR. FOLLANSBEE 42

8 EXHIBIT INDEX

9 EXHIBIT DESCRIPTION PAGE

10 5 Independent Auditor's Report on 18  
Supplemental Information, 2008 and 2007

11 6 Independent Auditor's Report on 23  
Supplemental Information, 2009 and 2008

12 7 Independent Auditor's Report, 2010 23  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24

1 DEPOSITION OF BRYAN MORRISSEY  
2 SEPTEMBER 10, 2012  
3 PROCEEDINGS:

4 (Mr. Chernoff was not present at  
5 the commencement of the deposition).

6 STIPULATIONS

7 It is hereby stipulated and agreed by and  
8 between counsel for the respective parties that the  
9 deposition transcript is to be read and signed under  
10 the pains and penalties of perjury within 30 days of  
11 receipt;

12 That the sealing and filing thereof are  
13 waived;

14 And that all objections, except as to form,  
15 and motions to strike are reserved until the time of  
16 trial.

17 BRYAN MORRISSEY, the deponent, having  
18 been satisfactorily identified and duly sworn by the  
19 Notary Public, was examined and testified as follows:

20 EXAMINATION

21 BY MR. KESTEN:

22 Q. How are you?

23 A. I'm well. Thank you.

24 Q. My name's Lenny Kesten. I work with Evan.

1 Evan's busy on another Duxbury case this morning so  
2 I'm going to give it a shot. I said, how much more  
3 exciting could this be rather than this deposition.

4 What have you done since the last deposition  
5 with regard to this case?

6 A. The -- I read over the letters that we had  
7 provided to Attorney Follansbee; that's it.

8 Q. The two reports?

9 A. Yes.

10 Q. What's your educational background?

11 A. I am a CPA in Massachusetts.

12 Q. Where'd you go to high school?

13 A. North Quincy.

14 Q. Then what?

15 A. Nichols College.

16 Q. What year did you graduate?

17 A. Nichols was 1981.

18 Q. Then what?

19 A. Then I went to work for an environmental  
20 research firm for three years and then went into  
21 public accounting.

22 Q. Then what?

23 A. Went into public accounting.

24 Q. What training have you had as an accountant?

1 A. First year was with a local firm and then I  
2 went to BDO Seidman where I worked for three years I  
3 believe and then started my own practice.

4 Q. When was that?

5 A. In 1987, end of '87 I believe.

6 Q. And that's what you've been doing since?

7 A. Yes.

8 Q. What certifications do you have?

9 A. CPA and CVA.

10 Q. What's a CVA?

11 A. Certified evaluation analyst.

12 Q. What do you have to do to become a CPA?

13 A. Presently you need your fifth year, but when  
14 I got my license, it was undergrad degree, three years  
15 of experience, and the exam.

16 Q. What's your undergrad degree in?

17 A. Accounting.

18 Q. How long have you done work for this  
19 derelict over here?

20 MR. JOHNSON: I missed that.

21 MR. FOLLANSBEE: That's all right.  
22 It was a bad question. He's referring to you as a  
23 gentleman.

24 MR. KESTEN: And the word derelict

1 came out.

2 A. I'm not sure. I'll say ten years.

3 Q. When you first started doing work for  
4 Johnson Golf, how many golf courses did they manage?

5 A. I believe the highest number they have  
6 managed was, maybe, nine.

7 Q. And how many do they manage now?

8 A. Far less, two or three I believe today.

9 Q. Have you provided audited financial  
10 statements for all these golf courses in the last ten  
11 years?

12 A. We provided a companywide audit and then we  
13 provided certain sites with financials on that  
14 particular site.

15 Q. And how did you determine which sites needed  
16 their own financial?

17 A. As requested by the company's management  
18 which I believe was driven by a requirement of the  
19 contract.

20 Q. Who's the company's management now?

21 A. Primarily Doug.

22 Q. Back when they had -- let's say, three, four  
23 years ago, who was the management?

24 A. Primarily Doug.

1 MS. COOK: Do you have the marked  
2 exhibits from last time?

3 MR. FOLLANSBEE: I think Evan took  
4 them.

5 MR. KESTEN: They're attached to  
6 the transcript. Do you have one he can look at?

7 MR. FOLLANSBEE: Yeah. Which one?  
8 Exhibit 4?

9 MR. KESTEN: Yeah.

10 MR. FOLLANSBEE: I don't know if  
11 there are any handwritten notes, but Exhibit 4 was the  
12 December 10th, two oh seven auditor's report.

13 Q. Yeah. Actually, before you start looking,  
14 let me ask when were you first asked to prepare an  
15 expert report in this case or a letter for the  
16 lawsuit?

17 A. I believe it was the fall of '11, October  
18 '11.

19 Q. Who asked you?

20 A. Doug Johnson.

21 Q. What'd he tell you?

22 A. He asked me if I could prepare a calculation  
23 of gross profits and loss profits.

24 Q. And is that what you did with regard to the

1 first letter?

2 A. I believe it is represented as a loss -- as  
3 a gross profit calculation.

4 Q. Just gross?

5 A. Correct.

6 Q. You said he asked you to do gross profits  
7 and loss profits, just -- did you mean to -- is that  
8 the same thing to you?

9 A. I believe what he asked was for a gross  
10 profit calculation for a five-year period going  
11 forward.

12 Q. Did you look at the -- of the five years  
13 going forward, two of which Johnson Golf managed the  
14 golf course; right?

15 MR. FOLLANSBEE: Objection to the  
16 form.

17 You can answer. Go ahead.

18 A. Yes.

19 Q. Did you look at the actual numbers for those  
20 years in calculating projected profits?

21 A. I did.

22 Q. Did you factor those in?

23 A. I did not.

24 Q. How come?

1 A. The discussion with Johnson indicated that  
2 they were operating without a contract as such they  
3 were not operating the golf course in the same fashion  
4 as they would have been had they had a contract.

5 Q. Did you learn any further information as to  
6 what effect that had on their numbers?

7 A. I'm not sure I understand the question.

8 Q. Well, Doug Johnson told you to ignore those  
9 two years because they were operating it without a  
10 contract?

11 A. I wouldn't say that he told me to ignore  
12 it. The letter is my letter. Based on the knowledge  
13 provided -- the knowledge obtained, excuse me, we  
14 based the going forward projections on the historical  
15 information.

16 Q. And you didn't factor in at all the actual  
17 information?

18 A. No. We held revenue -- if you're referring  
19 to the first letter of October '11, I believe we held  
20 revenue constant based on averages.

21 Q. Based on its three-year average?

22 A. Two- and three-year average, right.

23 Q. And you projected that revenue would stay  
24 constant based on your -- by taking your two- and

1 three-year average from the past?

2 A. Yes.

3 Q. And you ignored the fact that revenue  
4 actually dropped?

5 A. Yes.

6 Q. Now, why did you prepare a second letter?

7 A. We were provided with the request for  
8 proposal from the Town of Duxbury. We were provided  
9 with that RFP from Johnson Management.

10 Q. After the first letter?

11 A. Yes, recently.

12 Q. Okay.

13 A. And based on the rate increases included in  
14 that RFP we once again held the number of rounds  
15 constant, the number of cart rentals, and just rolled  
16 it forward incorporating the rate increases as -- were  
17 included in the RFP.

18 Q. So that's the only change is the rate change  
19 or did you also factor in the lower rent?

20 A. We had factored in the lower rent.

21 Q. You factored it in in the second letter?

22 A. In both letters I believe.

23 Q. In both?

24 A. (Deponent nodding).

1 Q. Did you ever ascertain why Doug Johnson was  
2 offering a lower lease payment to the town in his  
3 price proposal in 2008 than he had in his previous?

4 A. I did not.

5 Q. Did you review his rationale -- did you have  
6 any information as to why Mr. Johnson was offering the  
7 town less money for the 2009 through 2013 period than  
8 he had in the past?

9 A. No.

10 Q. You just counted that as pure profit, that  
11 differential between the previous payment and the  
12 current payment in your projections is called pure  
13 profit?

14 A. Yes.

15 Q. Now, I've been trying to get my arms  
16 around -- it's a terrible term -- but I'm trying to  
17 figure out what in God's name you guys were talking  
18 about last time.

19 So as I understand the -- if you look at  
20 Page 05695, those little black numbers at the  
21 bottom -- and the revenue number that's course  
22 specific in this report; right?

23 A. (Deponent viewing document). That's  
24 correct.

1 Q. And it's the actual cash that came in during  
2 the fiscal year?

3 A. (Deponent viewing document). Correct.

4 Q. Now, when you do cost of revenue -- let's go  
5 to the next page, cost of revenue is the direct cost  
6 which directly guarantees revenue that is the people  
7 who work there on the course and their expenses;  
8 correct?

9 A. (Deponent viewing document). Correct.

10 Q. And the administrative costs on the next  
11 page on the far right column are the total  
12 administrative costs for Johnson Golf; right?

13 A. (Deponent viewing document). Correct.

14 Q. And when you allocated them by location as  
15 to salaries and wages, did you -- is it your testimony  
16 that the salaries and wages for North Hill are the  
17 actual salaries and wages extended by people who  
18 worked at North Hill?

19 A. (Deponent viewing document). My testimony  
20 said that the direct payroll on Page 14 or 05696 those  
21 payrolls are all by category. I'm not sure I  
22 testified regarding the payroll in the general  
23 administrative expense by location, but I --

24 Q. Don't worry about what you testified the

1 last time. Let's --

2 A. Okay. I believe that all payroll is by  
3 site.

4 Q. So the forty-one three three six that we see  
5 on Exhibit 4 for the year ending September 30th, 2007  
6 is payroll to people who worked at North Hill?

7 A. (Deponent viewing document). Without having  
8 the reports in front of me, I believe, yes, that's  
9 true.

10 Q. And the payroll taxes are related to that  
11 number obviously?

12 A. (Deponent viewing document). Correct.

13 Q. Now, is advertising done for North Hill?

14 A. Advertising is an allocated expense.

15 Q. So you get a lump sum for advertising for  
16 the whole company and allocate it by using the revenue  
17 number?

18 A. Yes. It's -- yes, it's -- because there are  
19 some golf courses that they're paid a management fee  
20 for, the revenue number that we use is revenue minus  
21 lease cost, so, yes.

22 Q. But you take the lump sum, the company spent  
23 \$15,811 on advertising, and then you divide it up by  
24 using some formula by allocating certain things to

1 certain golf courses?

2 A. Correct.

3 Q. On the assumption I take it that if there's  
4 less golf courses, there'd be less advertising?

5 A. I'm not sure about that.

6 Q. That's not within your area of expertise;  
7 right?

8 A. Logically I would say if you went from seven  
9 golf courses to six, probably, not. If you went from  
10 seven golf courses to three, probably, yes.

11 Q. Well, did you ever look to see what actually  
12 happened as the golf courses went down? Have you  
13 looked at that yet? Because we will.

14 A. I have not.

15 Q. Now, dues and subscriptions allocated?

16 A. (Deponent viewing document). I believe so.

17 Q. Insurance?

18 A. (Deponent viewing document). I believe so.

19 Q. Office expense?

20 A. (Deponent viewing document). Yes.

21 Q. Allocated. Professional fees?

22 A. (Deponent viewing document). Yes.

23 Q. What's amortized professional fees? What is  
24 that? What's he paying in Beverly? Lawyers?

1 A. (Deponent viewing document). That was --  
2 yes, yes.

3 Q. Settlement charges what is that?

4 A. (Deponent viewing document). I'm not sure  
5 what that is.

6 Q. How about telephone, is that by location or  
7 is that also allocated?

8 A. That would be allocated.

9 Q. And going back to the previous page -- oh,  
10 wait a minute -- well, depreciation that is  
11 depreciation of the value of the equipment on the  
12 previous Page 5696, 14?

13 A. (Deponent viewing document). Yes, that is  
14 the depreciation of equipment. And in the case of  
15 North Hill that is the depreciation of the clubhouse  
16 as well.

17 Q. That's site specific; right? Everything on  
18 this page is site specific? It's not an allocation;  
19 correct?

20 A. Depreciation is site specific.

21 Q. Is there anything on this page that's not  
22 site specific?

23 A. (Deponent viewing document). There are some  
24 allocated costs here, yes.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: right;">Page 17</p> <p>1 Q. What?</p> <p>2 A. (Deponent viewing document). It might be</p> <p>3 easier if I tell you what is specific to the site.</p> <p>4 Q. Either way.</p> <p>5 A. (Deponent viewing document). Direct payroll</p> <p>6 and payroll taxes are site specific. The leases are</p> <p>7 site specific. Depreciation is site specific.</p> <p>8 Q. Restaurant purchases are not site specific?</p> <p>9 A. (Deponent viewing document). Restaurant</p> <p>10 purchases are allocated to those locations that have</p> <p>11 restaurants.</p> <p>12 Q. But I take it you could do it site specific?</p> <p>13 The information's there, right, somewhere?</p> <p>14 A. (Deponent viewing document). Yes.</p> <p>15 Q. Repairs and maintenance are allocated?</p> <p>16 A. (Deponent viewing document). Yes.</p> <p>17 Q. Pro shop purchases are allocated?</p> <p>18 A. (Deponent viewing document). Yes.</p> <p>19 Q. Now, how come telephone is allocated on both</p> <p>20 pages? Which -- how come you put one on one page and</p> <p>21 one on the other page?</p> <p>22 A. (Deponent viewing document). That is a fair</p> <p>23 question.</p> <p>24 Q. I'm a professional.</p> | <p style="text-align: right;">Page 19</p> <p>1 A. I don't know that he told me anything.</p> <p>2 Q. Now, looking at the comparison -- do you</p> <p>3 have that one before you, I see that the fees and dues</p> <p>4 jumped by about 80,000, 76,000 from '07 to '08. Pro</p> <p>5 shop sales stayed about the same. Food and beverage</p> <p>6 dropped at North Hill. Do you have any idea why?</p> <p>7 A. (Deponent viewing document). No.</p> <p>8 Q. Cost of revenues, is that a -- went down,</p> <p>9 right, '08 by about 40,000? That's a 542, right, on</p> <p>10 the '07, the fees and dues number, cost of revenue.</p> <p>11 A. (Deponent viewing document). Five oh two</p> <p>12 nine five seven.</p> <p>13 Q. No. I'm sorry. In '07.</p> <p>14 A. Oh, I don't have that in front of me.</p> <p>15 Q. Oh.</p> <p>16 A. (Deponent viewing document). I have the '08</p> <p>17 in front of me.</p> <p>18 MR. FOLLANSBEE: Which one was it?</p> <p>19 MR. KESTEN: Exhibit 4.</p> <p>20 MR. FOLLANSBEE: '07, yeah, is that</p> <p>21 Bates 5699?</p> <p>22 MR. KESTEN: No. 5714. I'm sorry.</p> <p>23 '07 is 5695.</p> <p>24 MR. FOLLANSBEE: 95.</p> |
| <p style="text-align: right;">Page 18</p> <p>1 A. I don't have the answer to that question.</p> <p>2 MR. FOLLANSBEE: Off the record.</p> <p>3 (Discussion off the record).</p> <p>4 (Exhibit-5, Independent Auditor's</p> <p>5 Report on Supplemental Information, 2008 and 2007,</p> <p>6 marked for identification).</p> <p>7 Q. (BY MR. KESTEN) It's Exhibit 5. You can just</p> <p>8 write 5. So the -- oh, by the way, in your second</p> <p>9 letter, you don't do averages; you just work off the</p> <p>10 2008 results; right?</p> <p>11 A. That is correct.</p> <p>12 Q. How come? Because it's better for Doug. We</p> <p>13 can stipulate it is.</p> <p>14 MR. JOHNSON: Well, I can tell you</p> <p>15 what I told him.</p> <p>16 MR. FOLLANSBEE: No. You don't</p> <p>17 testify.</p> <p>18 MR. KESTEN: That's okay with me.</p> <p>19 A. Why did we choose '08 as the jump-off point,</p> <p>20 we did not have the rounds information for prior</p> <p>21 years. We had the revenue, but we didn't have the</p> <p>22 rounds information and so we used '08.</p> <p>23 Q. Now, what did Doug tell you as to why you</p> <p>24 should use '08?</p>                                                          | <p style="text-align: right;">Page 20</p> <p>1 THE DEPONENT: I can probably find</p> <p>2 it quicker seeing as I did it.</p> <p>3 MR. FOLLANSBEE: Okay. Find it.</p> <p>4 Q. You have 5695?</p> <p>5 A. (Deponent viewing document). 5695.</p> <p>6 Q. We were just looking at it.</p> <p>7 A. (Deponent viewing document). 5695, yeah.</p> <p>8 Q. Let's have them next to each other.</p> <p>9 MR. FOLLANSBEE: Did you bring your</p> <p>10 stapler, Art?</p> <p>11 Q. In '08, the revenue went up and the cost of</p> <p>12 revenue went down?</p> <p>13 A. (Deponent viewing document). Yes.</p> <p>14 Q. Right?</p> <p>15 A. (Deponent viewing document). Yes.</p> <p>16 Q. Do you have any idea why?</p> <p>17 A. (Deponent viewing document). More rounds of</p> <p>18 golf.</p> <p>19 Q. That would account for the revenue going</p> <p>20 up. How come the cost of revenue went down? I wish I</p> <p>21 could do that. If I could do that, I could live in</p> <p>22 Wellesley. That's right. I do live in Wellesley.</p> <p>23 MR. JOHNSON: I lived in Weston.</p> <p>24 MR. KESTEN: Lived. Now, you're</p>                                         |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: right;">Page 21</p> <p>1 living in a van.</p> <p>2 MR. JOHNSON: No.</p> <p>3 A. (Deponent viewing document). Well, labor</p> <p>4 went down by it looks like \$29,000.</p> <p>5 Q. So the gross profit went up about 95 grand?</p> <p>6 A. (Deponent viewing document). Yes.</p> <p>7 Q. Pretty good. No wonder you're using 2008</p> <p>8 and not averaging. That would explain it.</p> <p>9 Now, general expenses go up in 2008. Now,</p> <p>10 let's look at -- if you look at Exhibit 4, take a look</p> <p>11 at Page 5697 also known as 15. If you find the</p> <p>12 comparable one for 2008, then we'll talk.</p> <p>13 A. (Deponent viewing document). Which is 5716.</p> <p>14 Q. That's it.</p> <p>15 A. (Deponent viewing document). For 2008.</p> <p>16 Q. Okay.</p> <p>17 A. (Deponent viewing document). Yeah.</p> <p>18 Q. Now, let us note that in -- we lose a golf</p> <p>19 course in 2008; right? We go from seven to six?</p> <p>20 A. (Deponent viewing document). Correct.</p> <p>21 Q. We lost South Shore; right?</p> <p>22 A. (Deponent viewing document). Yes.</p> <p>23 Q. And we see that the administrative costs</p> <p>24 drop by 58 grand total?</p> | <p style="text-align: right;">Page 23</p> <p>1 of you guys have it.</p> <p>2 MS. COOK: I do not have it.</p> <p>3 MR. KESTEN: I don't have it.</p> <p>4 THE DEPONENT: It wasn't discussed</p> <p>5 at the last deposition.</p> <p>6 MR. KESTEN: I know it wasn't</p> <p>7 discussed.</p> <p>8 THE DEPONENT: I don't know if we</p> <p>9 have it.</p> <p>10 MR. KESTEN: I have it.</p> <p>11 MR. FOLLANSBEE: Do you need</p> <p>12 copies?</p> <p>13 MR. KESTEN: Yeah, yeah, because I</p> <p>14 know I have copies somewhere, but hang on. Hang on.</p> <p>15 Take that. Let me find 2010 too.</p> <p>16 (Exhibit-6, Independent Auditor's</p> <p>17 Report on Supplemental Information, 2009 and 2008;</p> <p>18 Exhibit-7, Independent Auditor's Report, 2010, marked</p> <p>19 for identification).</p> <p>20 Q. (BY MR. KESTEN) Let's look at Exhibit 6 as</p> <p>21 compared to Exhibit 5. We're going to compare 2008 to</p> <p>22 2009.</p> <p>23 A. (Deponent viewing document). I'm ready.</p> <p>24 Q. Okay. Now, you see we go down from six to</p>                                                                                                                                                                                                                                                                                                         |
| <p style="text-align: right;">Page 22</p> <p>1 A. (Deponent viewing document). Yes.</p> <p>2 Q. Losing one golf course 58,000 comes off your</p> <p>3 general administrative costs that you allocate;</p> <p>4 correct?</p> <p>5 A. (Deponent viewing document). Yes.</p> <p>6 Q. That's blowing up your theory that if you</p> <p>7 only lose one, not much happens.</p> <p>8 MR. FOLLANSBEE: Objection.</p> <p>9 Q. You don't have to answer that.</p> <p>10 MR. FOLLANSBEE: Because it wasn't</p> <p>11 a question.</p> <p>12 Q. Because it's true.</p> <p>13 Let's see the payroll taxes go down. The</p> <p>14 advertising goes down by 33 percent; do you see that?</p> <p>15 A. (Deponent viewing document). Yes.</p> <p>16 Q. Dues and subscriptions down, insurance down,</p> <p>17 office expense down. What's the big one here? Those</p> <p>18 lawyer fees are still there. We have the</p> <p>19 administrative expenses in '08 at which time it's one</p> <p>20 less golf course go down by \$71,000 about. Ha. Let's</p> <p>21 go to '09. Do you have '09 somewhere, Steve?</p> <p>22 MS. COOK: I don't think we got to</p> <p>23 '09.</p> <p>24 MR. KESTEN: Do you have it? One</p>          | <p style="text-align: right;">Page 24</p> <p>1 three golf courses; right?</p> <p>2 A. (Deponent viewing document). Yes.</p> <p>3 Q. Revenue at North Hill drops by about a</p> <p>4 hundred thousand; right? I mean, fees and dues -- I'm</p> <p>5 sorry -- fees and dues drop by a hundred?</p> <p>6 A. (Deponent viewing document). Yes.</p> <p>7 Q. Pro shop sales drop, food and beverage drop</p> <p>8 but not as big of a percentage. So we have about</p> <p>9 \$140,000 loss in revenues; right?</p> <p>10 A. (Deponent viewing document). 113.</p> <p>11 Q. I'm sorry. 113. The cost of revenues only</p> <p>12 drops by 11,000; right?</p> <p>13 A. (Deponent viewing document). Correct.</p> <p>14 Q. And gross profit -- okay. We got that.</p> <p>15 General administrative expenses also drop. Let's go</p> <p>16 to the next page. Okay. That's a total. That's not</p> <p>17 broken down. So let's go to the following page, next</p> <p>18 Page 5732 is the total for the whole operation; right?</p> <p>19 A. (Deponent viewing document). That looks</p> <p>20 like what you're looking at, yes.</p> <p>21 Q. Well, let's look at the whole operation.</p> <p>22 You see that -- let's look at that Page 5732 as</p> <p>23 compared to 5715 -- I'm sorry -- not 57 -- as opposed</p> <p>24 to 5716. Let's look at administrative expenses, take</p> |

1 a look at 5716.

2 Now, we see that the -- he's lost about half  
3 his golf courses and his salaries and wages under the  
4 general administrative expenses have dropped by more  
5 than 50 percent; right?

6 A. (Deponent viewing document). Yes.

7 Q. Advertising has dropped. Everything has  
8 dropped, even officer life insurance has plummeted.  
9 Everything except traveling entertainment which is a  
10 fake. I've done it myself. And depreciation has  
11 dropped quite a bit.

12 So, in fact, don't the records show that as  
13 you lose golf courses your administrative costs drop  
14 almost proportionally?

15 A. (Deponent viewing document). In a closely  
16 owned business, there are certain expenses that you  
17 control, primarily, your own costs.

18 Again, I don't have the records in front of  
19 me, but I would suggest to you that a big piece of the  
20 reduction here is in what the owner took as his own  
21 salary and benefits.

22 Q. So are you saying that the administrative --  
23 that you now think that the salaries and the wages --  
24 the administrative salaries and wages are what Doug

1 Q. So under any calculation it lost money?

2 It's not putting any money into Doug Johnson's  
3 pocket; right?

4 A. (Deponent viewing document). Yes.

5 Q. And let's go back to Exhibit 4, please, this  
6 one. Can you tell from anywhere in Exhibit 4 how much  
7 money Doug Johnson would have been able to put in his  
8 pocket as a result of the operation at North Hill?

9 MR. FOLLANSBEE: Which year is  
10 this, Lenny?

11 MR. KESTEN: 2006.

12 A. (Deponent viewing document). 2006 or 2007?

13 Q. Exhibit 4 I'm looking at.

14 A. (Deponent viewing document). Exhibit 4 has  
15 both six and seven on it.

16 Q. Okay. Let's start at 2006. How much money  
17 would Doug Johnson have put in his pocket in 2006 from  
18 his operations at North Hill; can you tell?

19 A. (Deponent viewing document). 2006 indicates  
20 that North Hill had a profit of, approximately,  
21 \$52,000, and if we were to add back the depreciation  
22 of about \$58,000, you would have a profit of 110,000  
23 net.

24 Q. How about in 2007?

1 Johnson paid himself?

2 A. Partially.

3 Q. What else could it be?

4 A. There could be other administrative wages.

5 Q. In your last deposition, August 31st, you  
6 thought that it might be site specific. Earlier, you  
7 said it might be site specific that it might be for a  
8 general manager or somebody who's site specific. Do  
9 you now think it's not site specific; it might be just  
10 Doug Johnson?

11 A. I think it's probably both. I think there  
12 is site specific wages and then Doug's wage was  
13 probably allocated so it's probably both components.

14 Q. Do you have this paperwork that could answer  
15 this question in your possession somewhere?

16 A. In my office, I do. I don't have it here.

17 Q. Now, on Page 5733 of Exhibit 6, am I right  
18 in looking at this that under any calculation North  
19 Hill was a losing proposition in 2009?

20 A. (Deponent viewing document). The statement  
21 of operations for North Hill shows a gross profit of  
22 25,000 and a loss from operations of 59,000 and a loss  
23 before state income taxes of 80,000 and a net loss of  
24 80,000.

1 A. (Deponent viewing document). 2007 indicates  
2 a North Hill loss of, approximately, 59,000 and there  
3 is depreciation in 2007 of, approximately, 60,000  
4 indicating a break even or slight profit.

5 Q. And 2008?

6 A. (Deponent viewing document). 2008 has net  
7 earnings of 5600 and depreciation of 42,000, so,  
8 approximately, 48,000 would be the --

9 Q. The actual money he got; right?

10 A. (Deponent viewing document). Assuming that  
11 the allocations of the G&A are all reasonably or  
12 properly allocable.

13 Q. Do we have any information to think that  
14 they're not?

15 A. No.

16 Q. Did you give him Exhibit 10 -- I mean 2010?

17 MS. COOK: No. That's here.

18 MR. KESTEN: Yeah.

19 MS. COOK: Year ending  
20 September 30th, 2010. This is Exhibit 7? 8?

21 THE DEPONENT: 7.

22 (Whereupon Mr. Chernoff joined the  
23 proceedings).

24 (Discussion off the record).

1 Q. (BY MR. KESTEN) Let's compare the '09 to  
2 2010 if you could get that out. In '09 -- from '09 to  
3 2010 his revenues dropped by \$36,000; right?

4 A. (Deponent viewing document). Yes.

5 Q. Cost of revenues dropped by over a hundred  
6 thousand dollars, \$117,000. Wow.

7 A. (Deponent viewing document). Can I give you  
8 a little information?

9 Q. Sure.

10 A. (Deponent viewing document). This report  
11 that is Exhibit 7.

12 Q. Yeah.

13 A. (Deponent viewing document). Is the  
14 divisional statement.

15 Q. Which means?

16 A. (Deponent viewing document). Which is --  
17 it's just the one North Hill location.

18 Q. Yeah.

19 A. (Deponent viewing document). It does not  
20 have depreciation as an expense in it. This one does,  
21 so the full financial statement for '09 does. So in  
22 the cost of sales -- cost of revenue in '09 you have  
23 41,000 of depreciation expense which in this --

24 Q. You don't?

1 A. (Deponent viewing document). You don't.

2 Q. So if it stayed about the same, then the  
3 cost of revenue still goes down but not as much?

4 A. With depreciation, cost of revenue in the  
5 year ending September '10 would be, approximately,  
6 four twenty.

7 Q. So -- okay. And when you look at the  
8 administrative expenses, drop precipitously in  
9 2010; right?

10 A. (Deponent viewing document). Yes. It looks  
11 like they went almost in half.

12 Q. Do you know if the number of golf courses  
13 that they operated in 2010 were half the ones they  
14 operated in 2009?

15 A. (Deponent viewing document). No. I don't  
16 think the number of golf courses changed.

17 Q. So do you have any idea why the  
18 administrative expenses went down so much?

19 A. (Deponent viewing document). His traveling  
20 entertainment went down.

21 Q. Oh, no, no, 6,652 -- I'm sorry -- 13,000  
22 to --

23 A. (Deponent viewing document). Five.

24 Q. -- to five?

1 A. (Deponent viewing document). Again,  
2 everything went down.

3 Q. Yeah.

4 A. (Deponent viewing document). Salaries and  
5 wages went down.

6 Q. So the fifty-six five seven six is what Doug  
7 Johnson put in his pocket for 2010 out of North Hill?

8 A. (Deponent viewing document). That's fair to  
9 say.

10 MR. KESTEN: If you give us a  
11 couple of minutes.

12 (Brief break from 11:21 a.m. to  
13 11:42 a.m.).

14 (Discussion off the record).

15 Q. (BY MR. KESTEN) Can you take a look at --  
16 let's compare the -- the 5714, which is in Exhibit 5,  
17 for 2008 and 5733, which is Exhibit 6. Got it?

18 A. (Deponent viewing document). Yes.

19 Q. Now, you're telling -- you told me earlier  
20 that you have -- you're projecting for 2009 in your  
21 opinion rather than looking at the actuals because  
22 Doug Johnson told you he was operating without a  
23 contract which affected his revenues for 2009?

24 A. Correct.

1 Q. Let's look at the -- the percentage drop in  
2 revenues for North Hill is about 20 percent, would you  
3 say? You tell me. You're the accountant.

4 A. (Deponent viewing document). Slightly less,  
5 I would say, yes, for discussion purposes, that's  
6 good.

7 Q. Why was the percentage drop -- let the  
8 record reflect that Mr. Follansbee is trying to help  
9 you with a calculator even though you're an  
10 accountant. What is the percentage drop?

11 A. You want to know?

12 Q. No. Forget it. No need to waste our time.  
13 How about Whaling City, that dropped?

14 A. (Deponent viewing document). Yes, it did.

15 Q. By what percentage?

16 A. (Deponent viewing document). Looks like,  
17 approximately, 20 again.

18 Q. The great depression of 2008 happened in  
19 October, right, that's when it hit?

20 A. Correct.

21 Q. Isn't it just as likely that the drop in  
22 revenue is related to the depression versus operating  
23 without a contract or not?

24 A. Could be.



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: right;">Page 33</p> <p>1 MR. KESTEN: Your witness. Do you<br/>2 have a pen?<br/>3 MS. COOK: I do, thank you.<br/>4 MR. FOLLANSBEE: For the record, I<br/>5 have absolutely no objection to Nina asking any<br/>6 questions, but if Art tries, I'm drawing the line at<br/>7 two.<br/>8 MR. KESTEN: Do you have a law<br/>9 license?<br/>10 EXAMINATION<br/>11 BY MS. COOK:<br/>12 Q. Mr. Morrissey, my name is Nina Pickering<br/>13 Cook, and I am here representing the Town of Duxbury<br/>14 as well, and I just have a few follow-up questions for<br/>15 you from Day 1 as well as this morning.<br/>16 During Day 1, you testified that the method<br/>17 of allocation was based on the percentage of total<br/>18 revenue as compared to the other sites that Johnson<br/>19 Golf owned or managed; is that right?<br/>20 A. That is correct.<br/>21 Q. And then you revised that toward the end of<br/>22 the day and you said that it might be total revenue<br/>23 minus lease expenses, but you weren't sure. Do you<br/>24 remember that testimony?</p>                      | <p style="text-align: right;">Page 35</p> <p>1 rebuilt the clubhouse and the cost of that<br/>2 construction is spread over the life of the contract.<br/>3 Q. And is that a standard accounting practice?<br/>4 A. Yes, it is.<br/>5 Q. You testified we looked -- when looking at<br/>6 the 2008 financial statements as compared to 2007 that<br/>7 one of the major differences is that the South Shore<br/>8 Golf Course was no longer within Johnson Golf's<br/>9 portfolio let's call it. Do you know how big south<br/>10 shore -- the South Shore course is as compared to<br/>11 North Hill?<br/>12 A. As in number of holes?<br/>13 Q. As in percentage of revenue minus lease<br/>14 expenses. You're free to look at any of the exhibits<br/>15 if you need to.<br/>16 A. I would say it's -- North Hill is -- revenue<br/>17 after leases North Hill is, maybe, 60 percent the size<br/>18 of South Shore.<br/>19 Q. Looking at Exhibit 7 which I believe is the<br/>20 North Hill specific auditor's report for the year<br/>21 ending 2010.<br/>22 A. (Deponent viewing document). Yes.<br/>23 Q. You testified that this is different than<br/>24 the other auditors' reports we looked at because it is</p> |
| <p style="text-align: right;">Page 34</p> <p>1 A. Yes.<br/>2 Q. And you were going to check to see which was<br/>3 the actual method of allocation that was used to<br/>4 create the various reports that we've looked at in<br/>5 this deposition. Did you, in fact, go back about look<br/>6 at what method was used to calculate your allocations<br/>7 of expenses?<br/>8 A. I went back and confirmed that it is revenue<br/>9 minus leases.<br/>10 Q. Great. Thank you. And I believe you<br/>11 testified on Day 1 that you have other golf course<br/>12 clients; is that right?<br/>13 A. That is correct.<br/>14 Q. Have you ever prepared a loss profit report<br/>15 for any other golf course clients?<br/>16 A. No, I have not.<br/>17 Q. Do you know who owns the clubhouse at North<br/>18 Hill?<br/>19 A. The town.<br/>20 Q. Why would the depreciation of the clubhouse<br/>21 at North Hill be included with Johnson Golf's<br/>22 financial statements in that case?<br/>23 A. They are tenant improvements. When Johnson<br/>24 took the lease or secured the lease, they renovated or</p> | <p style="text-align: right;">Page 36</p> <p>1 for North Hill only not for all of the courses that<br/>2 Johnson Golf manages; is that right?<br/>3 A. That's right.<br/>4 Q. And was the same method of allocating<br/>5 expenses and cost of revenue used to develop this as<br/>6 it was to develop the other auditors' reports?<br/>7 A. Yes.<br/>8 Q. Do we have the 2012 report marked as an<br/>9 exhibit yet?<br/>10 MR. FOLLANSBEE: Oh, that, yes, it<br/>11 was one of the first two exhibits. I'm sorry.<br/>12 MS. COOK: What number is it?<br/>13 Exhibit 2?<br/>14 MR. FOLLANSBEE: Yes, August 23rd,<br/>15 2012 is Exhibit 2.<br/>16 Q. Looking at Exhibit 2, Mr. Morrissey, does<br/>17 your company still have an affiliation with BDO<br/>18 Seidman?<br/>19 A. Yes, we do.<br/>20 Q. What is that affiliation?<br/>21 A. We are a part of their alliance program<br/>22 which is an association of, approximately, 400 firms<br/>23 across the U.S.<br/>24 Q. You testified that you created this report</p>                                                                                                                                                                                               |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: right;">Page 37</p> <p>1 after receiving additional information. Was that --</p> <p>2 was there any other additional information other than</p> <p>3 the RFP from the Town of Duxbury?</p> <p>4 A. We were provided the RFP and the actual</p> <p>5 rounds played in -- for 2008.</p> <p>6 Q. Did you ask for the rounds -- actual rounds</p> <p>7 played for 2006 and 2007?</p> <p>8 A. No.</p> <p>9 Q. Do you know whether Johnson Golf has that</p> <p>10 information?</p> <p>11 A. I would assume they do.</p> <p>12 Q. And that's not information that you would</p> <p>13 have used to create the audited financials in 2006 and</p> <p>14 2007?</p> <p>15 A. We would use the revenue not the rounds.</p> <p>16 Q. Who provided you with the RFP and the</p> <p>17 additional information about the rounds played?</p> <p>18 A. I believe it came from Jason Laramee.</p> <p>19 Q. Do you remember the conversation you had</p> <p>20 with Mr. Laramee?</p> <p>21 A. Not specifically, I believe it came through</p> <p>22 an e-mail.</p> <p>23 Q. And what was -- was his instruction to</p> <p>24 supplement your 2011 report on loss profits?</p>                                                                                                                           | <p style="text-align: right;">Page 39</p> <p>1 Q. Who was at this meeting on --</p> <p>2 A. Myself.</p> <p>3 Q. -- on behalf of your firm?</p> <p>4 A. Sorry. Myself and one of my partners</p> <p>5 Kimberly Gagnon.</p> <p>6 Q. And who actually did the calculations that</p> <p>7 are reflected in Exhibit 2?</p> <p>8 A. Kim prepared them. I reviewed them.</p> <p>9 Q. You stated last time that you had not yet</p> <p>10 been paid for your work because you had not yet</p> <p>11 submitted an invoice for payment. Will you be</p> <p>12 submitting an invoice for payment?</p> <p>13 A. I was -- yes, I will be.</p> <p>14 Q. And roughly what will those -- what would</p> <p>15 the cost of your services be roughly, if you have any</p> <p>16 idea?</p> <p>17 A. Five thousand dollars maybe.</p> <p>18 Q. Are you being paid for your time here today?</p> <p>19 A. It's never been discussed.</p> <p>20 MR. KESTEN: You need a lawyer?</p> <p>21 MR. JOHNSON: Don't forget my</p> <p>22 discount, Bry.</p> <p>23 Q. Are you discounting Mr. Johnson's fees for</p> <p>24 this work?</p>                            |
| <p style="text-align: right;">Page 38</p> <p>1 A. The instructions were to update our letter</p> <p>2 with the additional information provided.</p> <p>3 Q. Was there any other communications with</p> <p>4 anyone at Johnson Golf prior to executing and sending</p> <p>5 Attorney Follansbee Exhibit Number 2?</p> <p>6 A. I believe the -- there was one meeting that</p> <p>7 both Doug and Jason and, maybe, Attorney Follansbee</p> <p>8 were at and that timing was of the essence because</p> <p>9 these proceedings were moving forward.</p> <p>10 Q. Do you remember when that meeting was?</p> <p>11 A. Maybe two weeks prior to this letter being</p> <p>12 issued.</p> <p>13 Q. And what was discussed at that meeting?</p> <p>14 What was the purpose of the meeting? Let's start</p> <p>15 there.</p> <p>16 A. To discuss us developing this letter.</p> <p>17 Q. And what was discussed at that meeting?</p> <p>18 A. We were shown the -- we were shown the RFP,</p> <p>19 but we went through the RFP with the rate increases</p> <p>20 included. We were shown the number of rounds</p> <p>21 information and then asked to assemble it in a fashion</p> <p>22 to account for those rate increases in the RFP.</p> <p>23 Q. When you say we, who do you mean?</p> <p>24 A. My firm.</p> | <p style="text-align: right;">Page 40</p> <p>1 A. No.</p> <p>2 Q. Do you play golf?</p> <p>3 A. I do.</p> <p>4 Q. Do you play golf at Mr. Johnson's courses?</p> <p>5 A. Not any that he presently operates. I have</p> <p>6 played at North Hill. I have played at South Shore.</p> <p>7 Q. Do you pay for your rounds of golf when you</p> <p>8 play at Mr. Johnson's courses?</p> <p>9 A. Absolutely.</p> <p>10 MR. JOHNSON: No freebies for him.</p> <p>11 MR. FOLLANSBEE: For clarity,</p> <p>12 lawyers pay for their rounds of golf too. Although --</p> <p>13 off the record.</p> <p>14 (Discussion off the record).</p> <p>15 Q. (BY MS. COOK) Were there any drafts of this</p> <p>16 Exhibit 2 that were prepared?</p> <p>17 A. I don't believe so.</p> <p>18 Q. So this is the only version of that report</p> <p>19 that exists and that you passed on to Johnson Golf to</p> <p>20 the best of your knowledge?</p> <p>21 A. Yes.</p> <p>22 Q. If I can have you look at the third page of</p> <p>23 Exhibit 2, Exhibit 2 -- Page 3 of Exhibit 2 shows</p> <p>24 actual and pro forma numbers -- actual numbers for</p> |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p style="text-align: right;">Page 41</p> <p>1 2008 and then pro forma numbers for 2009 through 2013;<br/> 2 is that right?<br/> 3 A. (Deponent viewing document). That is<br/> 4 right.<br/> 5 Q. And this report was provided based on<br/> 6 calendar year calculations, is that right, Exhibit 2?<br/> 7 A. (Deponent viewing document). That is<br/> 8 correct.<br/> 9 Q. And it says at the top of Page 3, based on<br/> 10 2008 revenue per audited financial statements; do you<br/> 11 see that?<br/> 12 A. (Deponent viewing document). I'm not sure<br/> 13 where it says that.<br/> 14 Q. I'm sorry. I'm looking at -- on the third<br/> 15 page top in the header.<br/> 16 A. (Deponent viewing document). Yes.<br/> 17 MS. COOK: That's all I have,<br/> 18 Mr. Morrissey.<br/> 19 THE DEPONENT: Okay.<br/> 20 MS. COOK: Thank you very much.<br/> 21 MR. FOLLANSBEE: Do you have any<br/> 22 questions, Art? I'm not going to --<br/> 23 MR. KREIGER: That's tempting, but,<br/> 24 no.</p>                                                                                                                                                                                                                                              | <p style="text-align: right;">Page 43</p> <p>1 MR. FOLLANSBEE: I have nothing<br/> 2 further.<br/> 3 REEXAMINATION<br/> 4 BY MS. COOK:<br/> 5 Q. Just to follow up on that briefly. You<br/> 6 thought you were done.<br/> 7 When a course is a contract management<br/> 8 course versus a RFP with a lease, how is their<br/> 9 percentage allocation of cost calculated? Nothing is<br/> 10 detracted from that --<br/> 11 A. That revenue number.<br/> 12 Q. Right.<br/> 13 A. That's correct.<br/> 14 MS. COOK: That's all I have.<br/> 15 Thank you.<br/> 16 MR. KESTEN: Mr. Johnson, any<br/> 17 questions?<br/> 18 (Discussion off the record).<br/> 19 (Deposition of BRYAN MORRISSEY<br/> 20 concluded at 12:08 p.m.).<br/> 21<br/> 22<br/> 23<br/> 24</p>                                |
| <p style="text-align: right;">Page 42</p> <p>1 MR. FOLLANSBEE: I have a few.<br/> 2 EXAMINATION<br/> 3 BY MR. FOLLANSBEE:<br/> 4 Q. Can you just explain the distinction between<br/> 5 contract management and an RFP that includes a lease?<br/> 6 A. The contract manager piece is you're paid a<br/> 7 fee to manage the golf course. You have certain<br/> 8 aspects of that that you have to cover, maintaining<br/> 9 the golf course, cutting greens, rigging traps, mowing<br/> 10 fairways, et cetera, but that is -- the ownership of<br/> 11 the course in this case the town has other<br/> 12 responsibilities to manage the restaurant, the pro<br/> 13 shop, et cetera.<br/> 14 In a lease environment, you have full<br/> 15 responsibility for all aspects of the golf course for<br/> 16 a rental payment for the course.<br/> 17 Q. And from your memory, which category did the<br/> 18 contract with the Town of Hingham and South Shore<br/> 19 Country Club which way did that fall? Was that<br/> 20 contract management or lease?<br/> 21 A. That was contract management.<br/> 22 Q. And as far as the Highland Golf Course in<br/> 23 Attleboro was that contract management as well?<br/> 24 A. Yes, I believe it was.</p> | <p style="text-align: right;">Page 44</p> <p>1 C E R T I F I C A T E<br/> 2 I, BRYAN MORRISSEY, hereby certify under the<br/> 3 pains and penalties of perjury that I have read the<br/> 4 foregoing transcript of my testimony and further<br/> 5 certify that said transcript is a true and accurate<br/> 6 record of my testimony (with the exceptions of the<br/> 7 corrections, additions, and deletions noted below).<br/> 8 PAGE LINE CORRECTIONS, ADDITIONS AND/OR DELETIONS<br/> 9 _____<br/> 10 _____<br/> 11 _____<br/> 12 _____<br/> 13 _____<br/> 14 _____<br/> 15 _____<br/> 16 _____<br/> 17 _____<br/> 18 _____<br/> 19 _____<br/> 20 Signed under the pains and penalties of<br/> 21 perjury this ____ day of _____ 2012.<br/> 22 _____<br/> 23 _____<br/> 24 BRYAN MORRISSEY</p> |

COMMONWEALTH OF MASSACHUSETTS  
SUFFOLK COUNTY

I, JENNIFER M. RAPOZA, Professional  
Shorthand Reporter and Notary Public in and for the  
Commonwealth of Massachusetts, do hereby certify that  
the deponent whose deposition is hereinbefore set  
forth was duly sworn and that such deposition is a  
true record of the testimony given by the deponent.

I further certify that I am neither related  
to or employed by any of the parties in or counsel to  
this action, nor am I financially interested in the  
outcome of this action.

In witness whereof, I have set my hand and  
seal this 17th day of September, 2012.

---

Jennifer M. Rapoza, Notary Public in and  
for the Commonwealth of Massachusetts.  
My Commission Expires July 8, 2016.