

matter up . Ans., Ans., Yes. Q., And didn't you and Mr. Hoyland  
 and I go over the matter in your court room, and weren't we all  
 in accord that the British were trying to stall for time? Ans., Yes  
 Q., Did you also turn over to Mr. Hoyland the wires that you  
 received in Dec., . Ans., Most of them were telephoned down to me,  
 and then Mr. Hoyland picked them up at the telegraph office .  
 Q., Didn't you make copies? Ans., Yes, I saw that Mr. Hutch got  
 one and I gave one to you. Q., Didn't we have a free and full  
 discussion of matters regarding the corp., and the British at our  
 meeting, and didn't you ask me to draw up a cablegram to the  
 British? Ans., Yes we agreed on that. Q., Wasn't there accord  
 on that board to the effect that what we put in the cablegram was  
 correct and should be sent to the British? Ans., after Mr. Sap  
 came down and talked to us about this we felt that we had complied.  
 We had not had any legal advice until then. Q., Didn't everyone  
 of us feel that the corp., had complied? Ans., Yes, at that time  
 we did. Q., Didn't everyone there say that the corp., had complied  
 up to date? Ans., I don't recall <sup>anyone</sup> ~~any~~ making objection. Q., Do  
 you remember my asking if anyone present knew of any breach of  
 contract and that no one said anything? Ans., Yes, but there  
 was the matter of the frequencies. Q., That didn't occur in my  
 presence did it? Ans., I don't know. Q., You knew that you could  
 get the frequencies from Dr. Rife didn't you? Ans., Well, I  
 assumed that Dr. Rife had them, but I never asked them for them.  
 Q., You knew that he had worked them out for his machine? Ans., I  
 assumed that he had, and found out since that he did. Q., You  
 say that you had two envelopes from Mr. Hoyland, one for the lawyer  
 and one with the frequencies. Ans., Yes. Q., Was there a lawyer's  
 name on one. Ans., Yes, Mr. Clen ~~xxxxxxx~~ (?) Q., You

www.rife.org

wouldn't want to indicate that it was my name. Ans., No. Q., How did you find out that the assilograph was owned half by Hoyland and half by the corp? Ans., There was a note about it. Q., Did you ever ask Mr. Hoyland about that assilograph? Ans., No, I don't think I did. Q., At the meeting of Jan 10, of this year was there a plan presented for trying to get everyone together? Ans., Yes. Q., Did all of them favor the plan. Ans., We expressed ourselves in favor of presenting the plan. Q., What is the location of the corp., officers. Ans., Between Washington and University on 5th St. Q., Is that both the factory and headquarters? Ans., Yes. Q., Has there been any changed in the officers. Ans., No.

Compray took the witness -- Q-- Going back to the meeting of Jan 10, From what did you get the idea that the company had complied with the wishes of the British, was it from what Mr. Sapiro told you? Ans., Yes. Q., Who presented the plan to avoid litigation? Ans., Mr. Sapiro. Q., Of what did the plan consist, was it a plan whereby Mr. Hutch was told that he would have to give up his interest in the company? Ans., Yes, I believe that he was left out in that plan. Q., Was it further suggested that if he did not agree that a number of law suits would be started against him? Ans., Yes, Mr. Sapiro suggested that. Q., And what was said about that? Ans., The plan was that I should file a suit and the Ernsteins should file one, and Mr. Reynolds should have an investigation of the corp., set up and Mr. Hoyland was going to file a law suit himself. Q., And what else? Ans., I think that was all. Q., And by means of all these law suits you were going to avoid litigation? Ans., I guess so. Q., Wasn't Mr. Hutch expected to give up his interest in the Rife Ray machine? Ans., Yes, that has been the whole trouble.

Judge Kelley--Q-- Mr. Compray have the English received the frequencies or have they not? Compray ans , They have not.

www.rife.org

Kelley -- How do you expect that? Ans., Mr. Hoylands admits that in one letter he said that he gave them to them but that he never actually did. Kelley -- Have you gotten the correspondence files of the British group? Ans., I have not been able to get them. Kelley -- I would like to know what there is in the corp., that is worth fighting over, since the machines could not be patented. Compray-- well the frequencies are still secret. Sapiro then said -- that the machines coming from Dr. Rife would have very great value because of the doctor's reputation and his long record of work. Kelley -- Assuming that this machine is a great boom to humanity what actually has the corp., got? I am not talking about the instrument. I want to know what good will exists. It doesn't look to me as if there is any. You say that the British could build the machines and that you couldn't stop them. Sapiro -- That's right, we couldn't stop them. Compray -- I think they could be stopped. Kelley -- I am wondering why we should have such a tremendous law suit here, there seems to be no basis for it, well go on, finish it, you started it. Compray-- Q-- I show you Mr. Edwards, a document headed , proposal to C.R. Hutch. Jan 11 , 1939. That he surrender all his interest in the corp., and in the machine . Is that the plan that was presented at that time? Ans., Yes. Q., who drew up that plan? Ans., I think this was drawn up by Mr. Sapiro , in Mr. Gordon Gray's office. Q., I note that the first thing stipulated is that he surrender to the corp., all his rights in the machine as owner or otherwise, also that he surrender all rights in the stock in B-R no matter in whos name the stock may stand. Did Mr. Hutch agree to be so frozen out of the co. Ans., No. Q., So then the plan didn't prevent litigation? Ans., No.

www.rife.org

Q., When this plan was discussed did they specify and expect that this would intimidate. Ans., Yes. Q., What was said and by whom. Ans., As I remember it Mr. Sapiro said that if Mr. Hutch got all of these law suits slapped on him at about the same time that he would just want to run. Q., Now going back to your assumption that Dr. Rife knew the frequencies, had Mr. Hoyland ever told you that Dr. Rife knew them? Ans., No, he told me that Dr. Rife only thought he had them. Q., What did you think that means? Ans., Well, Mr. Hoyland told me about that time, that Dr. Rife measured the frequencies only by the length of the wire and that he did not take other factors into consideration. Q., Were were the letters from the British mailed to the shop? Ans., Yes, after Mr. Hoyland left we had a post-office box. Q., Why? Ans., So that the board of directors could get all of the mail. Q., Before this had you found it hard to get the mail? Ans., Yes, it was taken up to the shop and we wouldn't know what was going on. Sapiro then took the witness.--- Q--- I show you plaintiffs exhibit 11 and I ask you if there was anything said about litigation that was not sent to all the members later? Ans., I think there were some things said. Q., Were you certain in saying that I suggested that by bringing all these suits I expected litigation? Compray objected and Kelley sustained him. Sapiro -- Q-- Did you say that I said so? Ans., I didn't say that, I was referring to the proposal to Hutch. Q., Did you and the board think that this was the right think to do? Ans., At that time I did. Q., Was it not planned at that meeting that Mr. Gray should see Mr. Hutch and offer him a cash settlement in return for his rights? Ans., Yes, there was supposed to be a consideration. Q., Was Mr. Williams present at that meeting. Ans., Yes. Q., Do you recall that he

www.rife.org

www.rife.org

www.rife.org

www.rife.org

was very favorable to Mr. Hutch? Ans., Yes. Q., Do you remember any statement to the effect of what would happen if the suits were started against Hutch? Ans., No. Q., Was there anything that I suggested with which you were in disagreement? Ans., No, at that time we were perfectly in accord all the way down the line. Q., You state that you based your opinion of the British question on what I said? Ans., Yes, as soon as I knew the British had the frequencies I felt that the company had complied with the terms of the contract. Q., In answer to the suit filed against the corp., by the British has your board of directors taken any action to authorize counsel what to do? Ans., No. Q., Did they authorize counsel to file action against Hoyland as a cross complaint against the suit brought by the British. Compray objected, there was much bickering and Judge Kelly adjourned until Thursday.

www.rife.org

www.rife.org

Thursday, June Morning session. Hutchison on the stand.

Compray interirigating -- Q-- What is your occupation? Ans., For the past ~~of~~ six or eight months I have been making an investigation into the conditions of the D-R corp. Q., Were you one of the original incorporators of the company which is now known as B-R?

Ans., I was. Q., Trace the changes in the name of the corp. Then Hitch commenced involved exclamation which Compray interrupted.

Q-- Can you just trace the development of the company into B-R in your own words. Ans., About Oct of 1935 Mr. Cullen came to me with a contract for the organization of a correspondence school of aeronautics, and asked me to either join him or advise him how he could put over and operate this school. At that time I was associated with Roscoe Turner in connection with an Aero device. I was also associated with Amelia Barnhardt. I discussed this with them after many meetings. Mr. Cullen stated that he was willing to go along as our legal advisor if I would accept the active management. We closed a contract for five Western states for sales rights. We formed a California corp., through Pickerson of L.A., He was our attorney and handled the legal details. The Organization consisted of Olmstead, Cullen and myself. That corp. was known as Aero Reserve School Western division. The necessary perments were taken out and I made a trip east and contacted the then Virginia corp., Aero Reserve School officers. I secured for Cullen, an additional contract showing and advising the Virginia corp., officials that it was to the best interest of all that the sales organization from the west coast if divided up would be better, if the additional 6 western states were included. They gave such a contract

Before I go any further your Honor, and in order

www.rife.org

to establish a vital point I am waiving my constitutional rights, and offer my evidence without reservation. In order that I may set right for your Honors benefit things that have been brought out in this court I would like to have exhibit "Z" of the defendants and the minutes books of the corp., to refer to certain items that will verify statements that I will make.

Q., I show you exhibit "Z" which is an application for a permit to transfer stock and I show the minute book of the corp.

Ans., Under exhibit Z acting under authority of the meeting of Aug, 21, 1936, in application for the permit on Page 4, quotes  
 Par 9, reads as follows, // he ~~XXXXX~~ to effect that, C. R. Hutch paid all fees etc., . Referring to the meeting of the board of the Aero Corp., Nov 2, 1936, Par 5., "The sect presented the itemized count of Fickerson and Richardson, attorneys for the co., coverings legal costs of the organization and franchise taxes for 1935 and 1936 as follows, in account with Fickerson and Richardson to services \$150.00, to cost sect of state filing articles \$ 29.18, State treasurer franchise tax \$25.00, Minutes book \$5.00, sale \$ 5.50, county clerk \$1.00 . commission corp application \$15.00, State treas franchise tax 1936 \$27.45, title \$ 258.13, credits Nov 26, by check \$120.00, Aug, 19, \$110.65, Sept 4th by check \$27.45, total credits \$250.00. On motion duly made and seconded this account was approved and the sect., was instructed to set this amount to the credit of C. R. Hutch., on the books of the corp., to be paid when funds are available. In my statements to follow I will refer ~~xxxxxx~~ to these as they arifer particularly to the set up of the corporate securities charter. Kelley--Q--  
 Dr. Rife was not interested in any of this Aero corp., he designed a machine and he assigned certain interests in it to

www.rife.org

certain people . How was this divided? Ans. , One third to me,  
 one third to Hoyland , one third to Dr. Rife. Kelley--Q-- And  
 the forming of the corp., followed? Ans. , Yes. Sapiro ~~xxxx~~ the  
 corporation was in existence and the name was changed. Kelley--  
 Q-- When you incorporated you first had a permit from the  
 corp., comm., to issue three shares of stock , one each to Cullen  
 Olmstead and Hutch. Ans. , Yes. Kelley --Q-- then you procured  
 a permit for the issuance of ~~xxxx~~ 4496 of stock which brought  
 it to 5000 shares <sup>all</sup> ~~xt~~together and these were issued to whom?  
 and in what proportion? Ans. , I prefer to consult the minute  
 book to be accurate. Saperio head the division of stock and  
 Hutch confirmed it by the minutes. Kelley--Q-- Let me see the  
 defence exhibit Z. Compray --Q-- Were you three , Olmstead,  
 Cullen, and yourself holders of all stock in the corp? Ans. , We  
 were. Q. , There were no other stock holders. / Ans. , No.  
 Kelley--Q-- Was there ever any modification to this permit or  
 is this the last permit issued exactly as it now stands? Ans. , Yes.  
 Kelley-- Where is it. Compray -- Do you refer to the permit  
 to transfer shares to various other persons from you three original  
 stock holders? Ans. , Yes. Compray-Q-- I show you an application  
 to transfer shares subject to escrow. Kelley --Q-- I am not  
 consirned about the application, what I want to know is what the  
 corporation commission did ( to Sapiro, do you admit that the  
 application was granted ? ) Sapiro., Oh, Yes. Kelley-- Have  
 you a copy or the original permit that was issued in response  
 to this application? Compray produced one , it was a modification  
 of the document asked for. Kelley-- Now I think we have a record  
 of the permits of the corp commission. Compray,-Q-- I show you  
 defendents exhibit being an order of commission for transfer of  
 shared. Hutch -- In the original application there is a



request included in it for the transfer from me to R. C. Bertol, of 100 shares. He was Pres., of the organization. Before the transfer could be filed he died and the corp commissioner on presentation of that statement to him by our attorney, allowed it to stay in my name for the affairs of the estate. That was not transferred to them but belonged to the estate of Dr. Bertol.

Kelley--Q-- "What did you understand that you own when Dr. Rife conveyed to you? Ans., We had the rights to a machine reported to be used for the benefit of sick people. It was not patented.

It was worked out by Dr. Rife in his laboratory, over a long period of years. He had been able to find frequencies which he states will give relief in various diseases. Kelley--Q-- The

important part of this research was the discovery of these frequencies. Ans., He has microscopes which have gone far beyond any others. Kelley--Q-- Did you have an interest in the microscopes?

Ans., No. Kelley--Q-- Was Dr. Rife working for you? Ans., No.

Kelley-- What did you have? Ans., The possession of the frequencies through Dr. Rife and Hoyland. Kelley-- Did they give them to you?

Ans., They promised to give them to the company. Kelley-- I am talking about you. What did you thinkk you were buying? Ans., No, thi

Kelley--Q-- But you thought you had something valuable? Ans., Yes.

Kelley-- It wasn't exclusive or protected in any way. Ans., No.

Kelley-- But whatever ~~xxxx~~ it was you had you transferred to the corp? Ans., Yes. Kelley-- But you don't know what it is. Ans., No,

I wish I did. Compray --Q-- An application was made for a permit to transfer shares to various persons named in application.

Edwards, Hoylands etc., and you got the order authorizing it.

Were these transfers made? Ans., They were. Q., They charge

that the contract was transferred from B-R to this Nevada corp,

and you received consideration, did this happen. Ans., No.

Q., How did the corp., and the Rife Ray invention get together?

Ans., About April 1st 1938, Mr. Cullen came to me and told me about the extensive work being done by Dr. Rife with the machine and wanted us to take it over and put it on the market. I declined.

He made an appointment with Dr. Rife, took me to the lab., and we discussed it with Rife. I suggested to him that this machine be put on the market and that I organize a group to put it over.

Dr Rife, at that time, said that if Cullen would benefit by it as a friend of 25 years standing he would be glad to do it.

About a week later Mr. Henderson brought Hoyland to the office.

Hen said that the machine was very valuable to humanity. He insisted as one of our Aero School group, that it be taken on as a part of our activities. I refused. Henderson told of the benefit received from the machine by his wife and I agreed to go to the lab again with them, and with the balance of our associates and give them the benefit of such experience as I had previously had in order that they might put it over. A few days later Hen and Hoyland advised me that there would be a meeting at Rife's lab that evening to discuss this plan, or any plan that I might propose or suggest to them. Present at that meeting were Dr. Rife, Hoyland, Dr. Couch, Mr. Winter, Mr. Cullen possibly one or two others and myself. After much talk about the machine itself I was asked how it could be put on the market and also if I would be interested in the organization of a group to do it.

I positively stated at that meeting that I was not interested in this promotion. Compray I think we are taking too much time for these details. After some of these meetings did you finally agree to work with them? Ans., At that meeting I outlined the ideas of the corp., which we now have and I suggested that they

www.rife.org  
 an Angel  
 that they get ~~xxxxxxx~~ to provide finance for their organization.  
 Kelley --Q-- I see. So they went out and started looking for

Angels? Compray--Q-- Your Honor no doubt understands the theatrical  
 term Angel? ~~Kxxxx~~ Kelley-- Oh, yes, I know all about Angels,  
 spiritual and otherwise. Court is now recessed. *June 29.*

XX  
 Court resumed. Judge Kelley-- Q-- Gentlemen, is it your understanding  
 that anyone with a knowledge of science could take this finished  
 produce, this instrument that Dr. Rife designed, and by ex-  
 amination and tests, without any information, supply could ~~xxxxxx~~  
 ascertain these frequencies. Do you know whether this could be done  
 Mr. Sapiro, you'r pretty wise? Sapiro --Ans., I seem to detect  
 a bar in that remark, my interest in this is naturally for Mr.

Hoyland. He says that anyone who reads the numbers on that dial  
 and then sees the band and the code letters can tell these  
 specific frequencies. Kelley--Q-- But suppose someone should  
 break a band, would there be anyway that a scientist could  
 figure out these frequencies. Sapiro, I don't understand.

?  
 Kelley--Q-- Could anyone without the dial and the code discover  
 the frequencies of the machine. Hoyland --Ans., They could  
 discover what the frequencies of that machine were, the whole  
 secret of the machines was the frequencies. Kelley-- Q-- Was  
 the great secret the frequencies that would heal a certain disease.

Compray --Ans., Yes. Hoyland--Ans., Each disease has its own  
 particular frequency. Kelley--Q-- Then what was it that these  
 people wanted to guard so fiercely? Sapiro --Ans., then explained  
 rather vaguely about the bands of frequencies. Kelley -- Could  
 anyone do it? Sapiro -- No, a person who has not the key to these  
 dials and bands could not make the machine work properly.

Kelley -- But anyone could duplicate the machine itself?

Compray -- Yes. Kelley-- The corp., had no exclusive right to

www.rife.org

make these machines. Sapiro -- No. Kelley -- The only secrecy then, was regarding the frequencies, since anyone could have copied the machine. Compray -- Anyone copying it would have to experiment until they found the right frequencies. Kelley -- Apparently several people have and know these frequencies, Hoyland Rife, Carson, and how many of the English have it? Sapiro -- at least three, Parsons, Gonin, and Brewett. Kelley-- It doesn't look to me as if we are fighting over very much here, but go ahead, get on with it. Compray -- Q-- There is nothing over except that the plaintiff asked the receivership to do this, to cancel the old contract with the owners and to negotiate for some new contract with the English. Kelley-- You understand that the receiver would have the right to demand and receive the code for the frequencies? Compray -- Would the receiver have a greater right than the company. Sapiro -- Yes, They certainly would. Kelley-- Then the receiver would have the secret. Well go on, if you want to litigate it proceed, but I have 've been sitting here trying to find out what this is all about, apparently the only secret is what the frequencies are. I want to know if any test can be given the machine that will reveal the secret. It seems to me, you might as well try to sell the moonlight to lovers, or an earthquake to destroy your enemies. I must find out the importance of the produce to the stockholders. I can understand that a trade name has value but it does not seem to have gone that far. Sapiro,-- Dr. Rife's name if valuable. Kelley-- Well, all you would have to do is dig up another fellow named Rife. Sapiro -- I think that could be stopped. Hutchinson -- I think I can clarify this question. Kelley -- I am not at all sure that you can, but go

www.rife.org

www.rife.org

www.rife.org

www.rife.org

*Ray. note your position.  
 Also note what Kelly is trying to find out*

www.rife.org

ahead, you have my permission to try. Hutch -- There are about 40 frequencies discovered by Dr. Rife that have not yet been released to the public, and have not been included in the machine. Even if there are other machines the company would still have a tremendous advantage in that they have research to prove that Dr. Rife is still bringing out new frequencies.

Kelley-- Do you think the company has a claim on all further discoveries of Dr. Rife along this line? Ans., Hutch-- I think our contract with Dr. Rife says so. Kelley-- Let me see that contract ( after reading it ) I don't see that you have any claim on the ingenious Dr. Rifes future experiments and discoveries.

Compray -- ~~at~~ Q-- At that confrence at the lab, you said that you gave those present there some explanation of a plan to market the machine. Ans., Hutch. Yes, I suggested that Dr. Rife and th se he desired to give an interest to have an agreement among themselves and secure a group interested in putting this instrument on the market, and that they form a California corp., similar to the corp., that we had used, that is, the U.P.I. and that figure out the proportional parts that each of the group would be entitled to and make an application to the corp., own, as we had done. And operate under that plan. And that they secure in their group or through it someone that would secure the money to make it possible to build the necessary machines to operate a small business. I aofferred to give them the benifit of our organizing experience in getting it in motion. and any advice that I could give. Kelley -- Did you understand that Dr. Rife bound himself to keep the frequencies sceret from anyone? Ans., I understood him well enough to know that when he said he would put this information in the hands of the right people he would do so. Kelley-- You knew that he was interested

www.rife.org

www.rife.org

www.rife.org

www.rife.org

*Kelley wants to know what value the Co. has, or what the machine has that the Co. can get its teeth into. (So far it has nothing)*

primarily in humanity and the benefit his machines could give to the sick and that if he felt that humanity needed it he would give the information to anyone who would help him in his good work.

Hutch-- I guess so. Compray -- Q-- Was the decision finally reached to take over the U.P.I. Corp., to be used as a corp., to release the machines? Ans., Later, when Mr. Gordon Gray, rep., of Mr. Rife, this was decided upon. Q., what was the final agreement in this regard? Ans., When Rife, Hoyland, Henderson and one or two others came into the office and they asked me to organize they stated that speed was necessary, because the English group were expecting soon. Within a few weeks. And that quick action was wanted, and that none of them had had any experience in organization or any business ability. They asked what was the quickest way we could get the machines on the market and be prepared to deal with the British and get the million dollars that the British were supposed to pay. Kelley-- Where did you hear about the million dollars. Hutch -- From Hoyland and Dr. Couch. Kelley-- Did you see any correspondence to this effect? Hutch -- No, but I saw a letter saying they had ten thousand pounds to be put into the machine. Dr Couch had sold them on the value of the machine. Compray -- Well, how did you come to use the U.P.I., corp? Ans., I suggested that as the contract that we had was for eleven western states for the school, and as I doubted if we could deliver the course, and I had formed a Nevada corp., based upon this new contract, and which contract and corp., expected to offer to me a contract similar to the contract held from the Aero Reserve School, that for the sake of speed in the organization of their group we drop all ideas of carrying on the school and form among ourselves, a group to operate the organization and own and control the same.

www.rife.org

www.rife.org

www.rife.org

www.rife.org

www.rife.org

*This is terrible  
but it's the way  
Hutch said it - Only name!*

*[Handwritten notes on the right margin, partially obscured]*

That was to put this machine on the market and deal with the British and that we applied to the corp., comm., to transfer stock owned at that time by Cullen, Olmstead and myself to these parties. And that this stock be transferred and impounded ~~XXXXXXXXXXXX~~ at that time without consideration and that we use the present corp., for the new organization and that we set up a fund to be paid to the group who had paid the expenses of the organization of the U.P.I., not exceeding \$1500.00, to reimburse such sums or pay such accounts as might be designated at that time. The majority of our U.P.I., directors were either present or were approached and approved. Olmstead had advised Cullen and myself that he was, because of his contracts, going to be forced to withdraw from active part in the work and that he would give and assign when approved by the corp., comm., any interest that he might have in our organization. <sup>It</sup> ~~That~~ was agreed upon at that time, that due to the speed necessary this would be the move, and Cullen and myself, approved by Olmstead, stated that we would make such an application for transfer of this stock to any of the parties designated, in amounts to which they would agree, and that when that was done we would freely give our stock if and when approved. All agreed that was the thing to do and we proceeded to prepare for our million dollars. Compray -- Q -- What was done about determining the relative interests of the parties as it got underway on its new business. Ans., No agreement had been made at that time, with any group other than the division of the interests which Dr. Rife gave to Hoyland and myself. I suggested that Dr. Rife have their % of whatever the corp., would be and his statement and that of Hoyland to me at the time, was that because of the fact that Dr. Couch had made

the contact with the British he was entitled to divide with them. The statement was made that Hoyland, Couch and Rife would receive \$5000.00 of the \$50,000.00 and that the others would receive ~~PERCENT~~ proportionally small amounts. Hoyland objected to Couch receiving \$5000.00 and suggested that it should be \$6000.00 to Rife, \$6000.00 to Hoyland and \$3000.00 to Couch. The other divisions were made accordingly. It finally ended up that Mr. Hoyland asked for and received \$7500.00 or 15% of the entire stock. Sapiro -- Has this witness been talking about money or stock? Kelley -- I don't know, perhaps I am not supposed to know. Sapiro -- Are they talking about two different things, that is the witness and the counsel? Hutch -- They were to get these sums in stock, not money. At the time, the permit was applied for the application was made out, there was considerable dissention in the organization, and Mr. Cullen and Mr. Lyle, dealing with Hoyland, Henderson and their associates set up and presented amounts in which they wanted this stock delivered. That list was made out as shown and presented to their attorney, Mr Glenn who approved it. It was forwarded to Ficherson and the application was filed. Recess called until 2 p.m.

Afternoon session. Compray -- Q -- Hutch on stand.

Q., Who is Larry Belger mentioned during this trial, is he a stock holder in the B-R corp? Ans., I know him and he is not.

Q., Did you contemplate giving him some stock? Ans., I did.

Q., What were the dealings? Ans., Reiger wanted to hold some stock and I told him that I would give him 20 shares of my stock if I could get permission so to do. Q., Did he pay any money to you or the corp., for the stock? Ans., No sir.

Q., Did he ever get this stock? Ans., No. Q., Why not? Ans., Mr. Van Wort agreed to buy that from me if I would agree, subject to the agreement

*Note from Hoyland  
they in*

*Kelley*



of the corp., comm., Q., Did Mr. Van Wort ever tell you  
 that he had obtained from Belger whatever ~~xi~~ rights Belger might  
 have to the stock? Ans., He did. Q., I show you here a letter  
 addressed to yourself, signed Larry B. Belger. Did he send or  
 deliver that letter to you telling you that the stock should be  
 given to Van Wort instead of to himself? Ans., Yes, he did.  
 Q., Exhibit 00., an order from corp., comm., consenting to the  
 transfer of stock in escrow from C.R. Hutch to certain persons,  
 including 20 shared to Van Wort, were these 20 shares that were  
 to have gone to Belger? Ans., They are. Q., I call your attention  
 to the fact that this letter, exhibit pp., says, " I want you  
 to acknowledge receipt of diamond rigg etc., together with any  
 and all claims Mr. Van Wort might have against me. Did either  
 the ring or the money come to you? Ans., No sir. Q., Calling  
 your attention once more, to the statement made in the application  
 to the corp., comm., that you had agreed to furnish corp., ~~xxxx~~  
~~axxxxx~~ a loan with money on which to get started on production,  
 you did furnish some money did you not. Ans., I did. Q., When  
 the corp., changed its business to the mfg of Rife Ray machines  
 was it your plan then to furnish the company as a loan, money  
 with which to get under way? Ans., Not personally. Q., How?  
 Ans., Will you explain what you mean by How? Q., With regard  
 to the money that was paid by Ernstein, Reynolds, and Edwards,  
 what was to be done with it? Ans., That money was to be put in  
 as a loan, strictly to be used for the building of machines and  
 to be repaid before any salaries or dividends were paid.  
 Q., Did you so state to these parties prior to the time they gave  
 you the money? Ans., I did. Q., A total of \$ 3500.00, was paid  
 by these three, what was done with that money? Ans., ~~xxxx~~ \$3000.00

of it was turned into the company. \$500.00 I kept for my own use with the approval of the company. Q., Why did you keep this money?

Ans., Because I could not handle this deal with the British or the business for America unless I was financed. It was charged to expenses. Q., Were these expenses in connection with the British.

Ans., Part of them. Q., That's the same \$500.00 for which you gave the corp., a promisory note and your assignment of your royalties?

Ans., It is. Q., I call your attention to plaintiffs exhibits 3 and 4. Pages of the minute book of the corp., dealing with stock holders and board of director meetings June 7th, 1937, held in Los Angeles. At the time of these meetings were you a stock holder and a member of the board of directors? Ans., I was.

Q., Will you examine these minutes, particularly those of the meeting of the board of directors exhibit 4, now in connection with these have you discovered that there is an inaccuracy, in your statements and will you explain it? Ans., The minutes reflect what was done at the two meetings, they are combined under one meeting as shown by the minutes. Q., Were you present at all three meetings? Ans., I was. The first was a meeting of the board of

directors and offer of Mr. Cullen was made, the offer was accepted, and a resolution adopted to make an application for a permit to transfer the 4799 shares of stock for Mr. Cullen. ~~xxxx~~ Such a motion was seconded and passed. Q., What was done after that?

Ans., The meeting was adjourned and the stock holders meeting followed.

Q., What did you do at the second meeting of the board of directors? Ans., We elected additional members to

the board of directors. Q., Besides yourself and Olmstead who was present at these three meetings? Ans., Cullen, Fickerson and Mrs. Willman. Q., Who prepared the application for the permit?

Ans., Mr. Fickerson. Q., Among the shares that were transferred in

www.rife.org  
 escrow after the company became B-R were some shares to Mr. Blewett.  
 Did he pay for these shares? Ans., No he did not. Q., Did he  
 pay the copr., or Olmstead or Cullen anything for them? Ans., He  
 did not. Q., If the transfer of one hundred shares to Dr. Bertol  
 had been made how many shares would you have had left of the corp.,  
 stock? Ans., One. Q., This order authorizing transfer of shares  
 in escrow says that you can transfer to Winter 47 99, Did he buy  
 these from you? Ans., No. Q., Did Edith Henderson buy her shares?  
 Ans., She did not. Q., Did Beth Willman buy hers? Ans., She did  
 not. Judge Kelley--Q-- Where are all these shares? Ans., Mr.  
 Fickerson has records of the fact that these people own stock, but  
 the people mentioned do not have the stock. Kelley-- Have any of  
 these shares ever passed out of escrow? Ans., No. Compray --Q--  
 Did Dr. Bertol pay anything for these shares? Ans., He did not.  
 Q., Did Dr. Rife, or Hoyland, or Edwards, or Reynolds buy any?  
 Ans., No. Q., Or did Ernstein or Miss Ernstein buy any? Ans.,  
 They did not. Judge Kelley--- Q-- What did these various people  
 do to deserve the gift of these shares of stock, they all testify  
 that they did nothing. Ans., Mr. Winters allowed us to use his  
 name for credit. He was reported as treasurer. Kelley -- You  
 gave him a block of stock for that small favor? Ans., It was other  
 things that he could do. Kelley-- What did Mr. Henderson do?  
 Ans., Nothing. Kelley-- What did Mr. Hen do? Ans., He was out  
 boosting the company. Kelley-- Miss Ernstein put up money didn't  
 she. Ans., Yes. Kelley-- And others also put up money. Ans., Yes.  
 Kelley-- Did you consider it fair to issue stock to some wxx people  
 who did not put any money? Ans., At that time we did not think  
 about it. Kelley-- Did you have a lawyer then? Ans., Mr. Fickerson  
 handled it, and Mr. Glenn represented the other people. Kelley--  
 Did you personally ever have any experience with the corp. caurities

act? Ans., Some. Compray-- Q-- The application to transfer etc., was drawn up in Aug 1938! Was that the matter that was brought to Mr. Fickerson? Ans., Yes. Q., The money paid by Reynolds and the Ernsteins was paid the previous May. Ans., Yes. Q., Referring to the transfer to Hutch from Rife and Hoyland of one third interest in the Rife Ray machine saying "We appoint you to act as ~~xx~~ our manager and to act in our behalf in all matters", Did you ever receive a document supposed to cancel this authority? Ans., Yes. Q., I show you a letter dated Nov 4, 1938, attached to which is an envelope addressed to yourself, bearing the return address of Hoyland, being First Marked Jan 10, 1939. Have you seen these before. Ans., I have. Q., Did you receive that letter? Ans., Yes, I received it on that date or the following day. Q., This letter which ~~purports to cancel your authority to act as manager~~ purports to cancel your authority to act as manager is dated Nov 4th. Did you see that, before you received it in Jan of this year? Ans., (didn't get ans)

Q., About when did you and Hoyland leave for N.Y. to meet Dr. Conin? Ans., Nov 11, 1938. Q., That would be a week after this letter had been written. Ans., Yes. Q., Did Hoyland tell you that he and Dr. Rife had taken steps to cancel your authority to act as their manager? Ans., He did not. Q., --consider defendants exhibit x., One of the modifications of the contract with the English, This letter refers to Hutch's authority to act for Rife and Hoyland saying that he, Hutch, approved of the ~~amendments~~ amendments. That is signed by Hutch and Hoyland. Did you show that letter to Hoyland before you signed it and did you discuss the contents with him? Ans., I did. Q., Did it have to do with the reduction of the royalties? Ans., Yes. Q., Did you go over that letter with Hoyland and did he read it, and did he make any objection to the terms? Ans., Yes. Q., Did he say that you had

www.rife.org

no authority any longer to act as business manager or did he tell Gonin such a thing? Ans., No he did not. Q., After Hoyland joined the company as technical director did you ever ask him to give the company the design of the machines or the frequencies? Ans., Yes, many times, but he always refused. Q., At the time of the deal between the owners and the company regarding the licence to B-R corp., did you take part in these negotiations? Ans., I did. Q., Was anything said as to whether the licence was to be exclusive? Ans., They said that the group were to organize and put over the sale of the machines and that we would have the right to sell where ever we saw fit. Q., Mr. ~~XXXXXXXX~~ Hoyland said that it was expressly discussed that there would be other companies licensed in the U.S., and Canada, did this take place in your presence. Ans., No. Q., Did Dr. Rife or Mr. Hoyland say that he proposed to permit other companies to compete with B-R in the mg of the machines? Ans., No. Q., Was it your intention that the licence was to be an exclusive one and that the owners were not to give licences to other companies to compete with B-R? Ans., Yes. Q., Was that the understanding of the other owners? Ans., I thought it was. Q., Did you know that the language used in the agreement between the owners and the corp., was not sufficient in itself to confer an exclusive licence. Sapiro objected and was sustained. Q., At the time you signed this was it your understanding that you were conferring an exclusive licence to B-R at that time? Ans., It was. Q., That was your intention. Ans., Absolutely. Q., Did Hoyland at any time during the negotiations state to you that he did not intend to make ~~an~~ this an exclusive licence? Ans., He did not. Q., Did you take part in the deal with the British regarding their licence? Ans., I did. Q., Did Hoyland ~~fix~~ sit in on these ~~conferences~~ conferences? Ans., He did.

www.rife.org

www.rife.org

www.rife.org

www.rife.org

Q, Was anything said as to whether the licence that the British were to receive should be an exclusive one within the territory it covered? Ans., Yes, it was agreed that they should get an exclusive one. Q, Was this agreed in Mr. Hoyland's presence? Ans., It was.

Q, Did Hoyland object to this in anyway? Ans., He did not.

Q, I call the courts attention to the agreement between B-R Inc., and the three Englishmen. This instrument fails to say that the licence is exclusive. Kelley-- Does it say anywhere in the contract that the licence is not exclusive. Ans., No. Kelley-- Who drew up the contract. Compray -- It was drawn up in the office of Steiner but everybody and his dog had a hand in it. That was the trouble. Kelley-- I was wondering with whom that first licence first originated. Didn't the licence to the corp., precede the deal with the British group? Compray -- A paper dated the first day of June 1938 sets out the division of interests in the machine, Rife 33, Hoyland 36 and 2/3, H. Tech 33 and 1/3. That is not signed however, by the corp., it does not use the word licence, it says that the company agrees not to sell the machine but to lease it and that any improvements will belong to the owners. Sapiro -- I think the law is fixed on matters of patents, that they are not exclusive unless so stated, or unless it so states it is not. Kelley-- We will have to consider the circumstances, I think that they imply an exclusive right in this agreement between the owners. Compray -- The term licence, is not used in that paper, but the agreement between the B-R and owners and bet B-R and the British uses the word licence. Kelley-- You say both of these documents were finally drafted in the offices of Sloan and Steiner. Have you checked with these attorneys as to any conversation concerning this? Compray --

www.rife.org

I checked with Mr. Willman, who told me that she typed a number of drafts and that after that they took it to the office of the attorneys and even after that they had to make changes on the last three pages. It was a matter of unskilled labor, I would say. I will call your attention to defendant's exhibit E. A contract between B-R and the British, it says, "Whereas the B-R corp., holds an exclusive licence etc.," Ex Compray ~~xxxxx~~ goes on questioning Hutch -- Did Mr. Hoyland object to that language and did he read it? Ans., He read it and he did not object. Q., When you and Hoyland went to N.Y., and dealt with Gonin did Hoyland then say the B-R had no authority to grant an exclusive licence to the British? Ans., He did not. Q., Did he say that B-R did not have an exclusive licence. Ans., No. Q., At that conference with Gonin did Gonin then deliver a letter and two memorandums from him complaining that the British had not received what they bargained for? Ans., Yes, he did. Q., You and Mr. Hoyland took part in these conferences with Gonin? Ans., We did. Q., I call your attention to cablegrams signed by Dr. Gonin and addressed to yourself, dated Oct, 31, 1938., "Distressed no reply to our cables, can you sent representative etc.," and another saying "All convinced you do not get our cables and letters etc.," --Did Gonin refer to these matters that he mentioned there. Ans., Yes he did. Q., Did Mr. Hoyland give him any explanation as to why the company had not gotten these cables, Did he say, I have that correspondence? Sapiro objected and was sustained. Compray rephrased the question. Ans., No he did not. Q., I call your attention to a letter addressed to yourself from Blewett, Did Dr Gonin deliver that letter to you in N.Y.? Ans., He did. Q., I call your attention to Hoyland's testimony, he said he had seen the letter at that time. This letter complains about the condition

www.rife.org

Did Hoyland give any explanation in reply to these complaints when he read the letter? Ans., Only about the frequencies., he told them that they had them in code. Q., Did he say to whom he had given them in code. Ans., I can't say. Q., Did Hoyland say anything as to giving them any further information about the frequencies. Ans., He ~~sax~~ stated that he had given them the frequencies in code, and that by using the instructions they had they should be able to figure it out, but Dr Conin asked for the frequencies in figures, and Hoyland said again no, I gave them to you in code. Kelley-- Did Conin deny that he got them in code? Ans., No, he denied that he could read the code. Compray--Q--

During the time of the trip in Nov., had it been brought to your attention that the British were complaining? Ans., Yes, many times. Q., Did you take this up with Hoyland? Ans., Yes, and he always replied, "I gave it to them in code". Q., Did you ask him to send them the frequencies. Ans., Yes, many times. Q., What did Hoyland reply. Ans., "I gave it to them in code." Sapiro took the witness-- Q-- Will you find the minutes of Nov 2nd, 1936 regarding the expenses of the corp., will you show me the list. Hutch did so. Q., You paid this money to Dickerson and Richardson yourself? Ans., I did. Q., This contains an item, minute book five dollars. Ans., Yes, I see it does. Kelley-- Is that the minute book you bought. Ans., It is. Sapiro --Q-- You signed this affidavit. Ans., Yes. Q., Did you file this, knowing what the issues in this case were? Ans., I thought I did.

Sapiro showed him the item regarding the minute book of the corp., and showed that the book was an old one used to save expenses. Q -- now turn to the minutes of the meeting of June 1st, in the upper right hand corner is a number in your hand writing, what does that say? Ans., No 22, that is a series of numbers that I put

www.rife.org



www.rife.org

on the pages to see that there were no changes made in the minutes after I left the organization. Q., What time does it say that that meeting took place. Ans., June 1st at ten o' clock. Sapiro then took him through several pages , getting Hutch to read the headings , bringing out that the minutes were not accurate , the minutes imply that there was only one meeting , but it was actually broken up into two meetings, Q-- Now Mr. Hutch when you said in your affidavit that you had carefully studied the minutes did you mean it? Ans., I did. Q., Did you ever get paid \$ 258.00 . Ans , Yes, from a new group moving through the gorp. Q., How much did the organization collect in tuition? Ans., I would say perhaps \$225.00. Q., Is there a record of that? Ans., I presume so, in the records of the corp. Q., I would like to see that. Compray -- I don't see the materiality of this anyway. Sapiro -- Suppose I sm just disproving the creditability of the witness. Kelley-- called recess , saying, Lets see what the sect., can do during the recess.

www.rife.org

www.rife.org

After recess. Sapiro questioning Hutch on witness stand

I show you a book that has been delivered to us from Mr. Edwards.

Is this <sup>the</sup> first book of accounts of the old corporation. Ans., No, Its my personal ledger. Q-- Is it in your handwriting? Ans--- No.

Q-- Can you tell from that book what amounts were paid as tuition fees? into the organization? Ans -- This book has no connection with those accounts, it is my personal ledger taken from my personal files without my consent. Q-- Don't blame me, it was given to me by Edwards.

Compray tried to have this book kept out of evidence, and Kelley sustained his objection. Q-- Sap -- Did you receive \$4300.00 in cash from Mr. Winters May 25 1937? Ans-- If I may have my personal ledger so

that I can ~~xxxxxxx~~ check up, I will see. Compray wanted to have the ledger returned to Hutch, but Judge Kelley ruled otherwise. Ans., Hutch-- I received as a personal gift some money but I ordered it set up in my personal ledger, it was a loan from Winter, some \$5300.00. Kelley--

Were these shares of stock given to Winter in return for that money?

Ans-- Absolutely not. Kelley-- Was that money used in the corp., for anything? Ans-- No. Sapiro--Q-- Will you look at the top of the next

page, does it show a loan to Mr. J.W. Finch? Did he give you that money for a personal consideration? Ans-- He didn't give me the money.

Q -- To whom then? Ans-- To Mr. Cullen. Q-- Was he promised 50 shares of stock for that money. Ans-- No. Q-- Was the ~~xxxx~~ \$500.00

returned to Finch six months ago. Ans-- It was, in June, by myself.

Q-- Why did you do this, what were the circumstances? Ans-- He presented a note signed by Mr. Cullen and indorced by me. I have it with me. Q-- May I see it? Ans-- (giving it to him) You may.

Q-- Your item here states that the loan was made April 7th 1937, but the note is dated April 3rd 1938. Was there a personal thing which Finch had done which caused hi to give him this note? Ans-- As

www.rife.org

I remember it, it was a renewal of the previous note from Mr. Cullen, he asked for an indorsement of the note. Q-- Who put up the money to pay him? Ans-- It was the five hundred dollars charged on the books of the corp., as part of the repayment of \$1500.00 Q-- Wasn't ~~ix2x~~ it set up as an account of the Aero school? Ans-- Yes, I had advanced money for the school. Q-- When did you organize U.A.S., ? Ans-- Feb of 1938. Q-- For what purpose? Ans-- The promotion of a correspondence school in aviation, and the protection of myself against other contracts. Q-- Did it teach the same course as the U.P.I., was supposed to teach? Ans-- It was supposed to, it hasn't started yet. Q -- Did you receive money from Henderson in connection with the Nevada corp? Ans., Yes. Q -- Is Van Wort's name on that list? Ans-- It is. Q -- Did he put money up for the expenses of the corporations. Ans., Yes. Q -- Isn't that what you said you did? Ans -- He paid attorneys fees and expenses to trips to Reno, about \$ ~~ixx~~ 1014.00, I am doing this from memory. Q-- Did he ever get it back? ~~Hxxxxxxxixyx~~ Ans-- He hasn't yet. Q-- How many shares of U.Aero stock did he get for this money? Ans-- I am not sure. Q-- Of the stockholders mentioned in this list the following were likewise connected with the Nevada Corp, Winter, Henderson, Van Wort, Cullen and yourself, from the time that corp., was set up to the time B-A took over the corp., was anything done to get these courses going? Ans-- I couldn't say. Q -- Could there have been activities of the corp., that you would ~~ix~~ not have known about? Ans-- There most certainly could. Q-- How could have this have been? ( This testimony was too fast to get) Hutch just ~~ixix~~ alibied that he didn't know what was being done by the others. Sap--Q-- At that time that ( Winter, or Williams) made these loans or gifts, did he indicate any reason for this generosity? Ans -- No, I asked him for money. Q-- Was it due to his interests in the youth of the country. Ans-- Yes. Q - What was that interest? Ans-- All I can

www.rife.org

www.rife.org

www.rife.org

state is heresay. Q-- Did he say that these gifts were to enable you to give Aero courses to the youth of S.D., etc. Ans-- Yes. Q-- How many students did you have at that time? Ans-- At that time we didn't have any. Q-- I will show you the books, will you look in them and see if you can find out how much the co., received for tuition? Kelley--- I want this ledger that Mr. Hutch says is his personal property to be left in the hands of the court, but not entered as evidence. Ans--Hutch-- (After looking through books) I don't find any record of any payments of tuition. These books start with the organization of the Rife Ray machine. Sap--Q-- The book I hold in my hands starts much sooner. Will you look at page eleven of exhibit 38 for identification. Can you tell at what time and in what amount Mr. Bertol made you a loan. Ans-- July 26 1937 for \$300.00. Q-- Have you ever paid him. Q-- Did you ever pay him? Ans-- No. Q-- Was he on the list of persons who were to receive stock in B-R corp. Ans--- Yes. Judge Kelley (after looking at the book in question) ----calling your attention to page 1, Mr. Hutch, These entries are not in your hand writing, is that right? Ans-- That's right. Kelley-- You did not supervise these entries, and they have nothing to do with B-R? Ans-- That's right. Kelley-- Do you know who wrote the items on page 1? Ans-- No I can't say. Kelley --- Were any of these items made under your supervision? Ans-- It looks to me as if its been copies from something else, its looks like a copy of my personal ledger. Kelley-- Do you know how this book got into the possession of Mr. Edwards? Ans-- No. Kelley-- Have you ever seen this book before? Ans-- No. Kelley-- Is that a true copy of your accounts? Ans-- I would say it reflects the accounts that I owe. Kelley-- You received how much money from Winters? Ans-- \$5500.00. Kelley-- Did you know Mr. Winter before the first of these loans was made? Ans-- Yes. Kelley-- How

long had you known him prior to that time? Ans-- I don't recall, about a year at the most. Kelley-- Had you been in any business with him?

Ans-- No. Kelley-- It was more social matter, was it casual or close?

Ans--, it was not social, but it was close. Kelley-- In what way were you associated , through clubs or anything like that? Ans-- I knew

him in a business way. Kelley-- Did you know him well enough to call him by his first name? Ans-- Yes. Kelley-- Did you give him any

security for these loans, or did he ask for any? Ans-- No. Kelley-- Did you sign anything , any promisory notes. Ans-- No. Kelley--How

much were you worth when you borrowed this money , what were your assets, give yourself all the best of it? Ans-- The liquid assets were

nothing, the ownership in rights would run into money , many thousands of dollars, I owned an interest in an item called " Nofog", it was

used Amelia Earhart in S.F., for the purpose of fighting fog., I also had the assurance of an interest in B-R. Kelley-- in writing?

Ans-- No. Kelley-- What else did you won? Ans-- I had an ownership in s device for lowering aéroplanes by parachute , I own stock in that.

Kelley-- How much stock did you own in that? Ans-- I think about 7 or 8 thousand dollars worth. Kelley-- Did this stock have any market

value? Ans-- No. Kelley-- Did you tell Winters what your assets were. Ans-- He knew. Kelley-- Do you mean to say you went to this

man and ~~borrowed~~ borrowed \$5500.00 without a scratch of the pen, or any agreement between you? Ans Yes, he gave me the money in cash.

Kelley-- Did you tell him when you would pay it back? Ans-- No.

Kelley-- What did you want the money for? Ans-- to go back east and get additional rights in the Aero corp. Kelley-- Did you give him to

understand that he would have an interest in what you acquired?

Ans-- I don't believe I did. Kelley-- Are you sure about that?

Ans-- I can't say, its so long ago. Kelley-- When you saw to it that Mr. Winters got shares of stock in the B-R corp., you had in mind that

you owed him money didn't you? Ans-- No. Kelley-- Were you ~~xxxx~~ attempting to pay your debts in any instance, when you made these transfers of stock in B-R? Ans-- No, I still owe the money. Kelley-- And these people gave it to you, without any security. Ans-- That's right. Kelley-- And some people say money is tight!

Sapiro--Q-- Just what did you mean when you said that you considered this money you got from Winters as a gift. Ans-- Because that was our understanding. Q-- Aren't these pages that I show you written in your own handwriting? Ans., they are. Q-- Then of course, you have seen that book before, although you just testified that you hadn't? Ans-- I hadn't gone that far in it. Q-- You received some money from Reynolds on May 7th 1938, didn't you? Ans-- Yes I think it was about that date. Q-- You accepted this check? Ans-- I did, under protest.

Q-- When did you deposit that check? Ans-- I think about the next day.

Q-- May I show you the deposit slips and let you refresh your memory, they show the depositing of the \$500.00 represented ~~xxxx~~ by the Reynolds check. Compray objected and was sustained, and Sapiro went about it in another way. Sap-Q-- What date did you receive \$500.00 from Edwards? Ans-- About one week after that. Q-- Will you look at the book and show when that amount of money was credited to the corp? Ans-- That book don't mean anything to me. Q-- I'm showing you the account of Edwards in the book of the B-R corp. Ans-- If my memory is correct, the two deposit slips you showed me are the transfers from Edwards account. Q-- Look in the Bank book for the record of that deposit. Ans-- It wasn't deposited, I used it. Sapiro then showed

him a book in which Hutch ~~name~~ had been written over Edwards.

Ans-- I don't set up these books, I am not sure they are accurate.

Q-- When you took Reynolds check did he get any receipt for it?

Ans-- No. Q-- Did Edwards get a receipt? Ans-- No. (dito Bernstein dito C.W. Ernstein) Ans-- Not that I recall.

Q-- Did you put into this book the item of \$500.00 which was the money from Reynolds? Ans-- No. Q-- That money was taken from these people early in May of 1938. There was a meeting of the board of directors on May 11, 1938. Will you look at the minutes of that meeting and tell me if there is anything stated in there about your receiving these monies? Compray objected and was sustained. Q-- Sap---- (showing the minute book) Did you report the taking of these checks to the directors at that meeting. Ans-- I did not. Q-- There was another meeting of the directors on May 25, did you report it at that time? Ans-- (after studying minutes) It isn't in there if I did. Sapiro named dates of later meetings of June and July. Did you report it then? Ans-- No. Q-- When did you finally report it? Ans-- I think it was at the first meeting after the return from the east, sometime in Aug. Q-- You were present at a meeting on July 12, it is so recorded in the minutes, would you believe the minutes? Ans-- Certainly I was there. Sapiro then showed that Hutch was present at all the meetings and signed the minutes. Q-- At the Aug 12 meeting you received authority to issue some notes for these amounts. Ans-- That's right. Q-- Did you present these notes to the various people yourself? Ans-- No. Q-- Did you at any time ask for a return of the receipt from Edwards in place of the note? Ans-- The paper returned from Edwards was not a receipt. Q-- What was it? Ans-- A letter addressed to Edwards stating that I was the owner of so many shares of stock impounded by Pickerson, and that this stock could not be transferred or sold without the permission of the corp., comm. Kelley-- Was anything said about money that you got from him. Ans-- No. Kelley-- Did you purpose leave it out of the letter? Ans-- No sir. Court adjourned for the day.

Friday June 30. Morning session. Compray informed the court that he was anxious to finish the suit this day as Judge Kelley would be absent for the month of July. Also that if the fight went on there would be nothing left of fight over. He said that the innocent stockholders had to suffer through the actions of Joyland and ~~Hutch~~ Hutch. He said further that if Hutch was guilty of any criminal action as regards stock manipulations that was a matter for the district attorney. Judge Kelley declared that he wanted to know just which of stock holders were innocent. Sapiro said that he thought he was entitled to complete the case. Judge Kelley said, that it certainly would be completed and that Sapiro would be given every opportunity to cross examine the witness fully. Hutch then took the stand. And Sapiro started cross examination.

Sap--Q-- You have just stated that while you have not given a receipt to Reynolds and other people you had given a letter. Ans-- That's right. Q-- Was the same letter given to all of them? Ans-- Yes.

Q-- Will you please repeat the contents of that letter. Ans-- As near as I can remember, it stated that it was impounded with a representative of the corp., co.,, a saa a certain number of shares of stock in my name and that these would be given to them as a gift, if and when the permission of the corp., scomm, was secured.

Q-- Have you got these letters? Ans-- No. Q-- Do these letters make any mention of the fact that you received money from these people. Ans-- Not that I remember. Q-- Did it mention the number of shares? Ans-- Yes. Q-- Was the number computed at the value of the stock. Ans-- Yes. Q-- Who signed these notes. Ans-- I did.

Q-- Then they did not have any signed by the corp., from the date when they gave you the money in May until Aug? Ans-- Nothing that I recall. Judge Kelley-- I understand that these shares were gifts yet it seems that with regard to the Arnsteins the number of shares



www.rife.org  
 shares ~~xxxx~~ was proportionate to the amount of money they put in,  
 was that accidental? Ans-- I would say that it was. Q-- Sap-- Do  
 you have in mind what Mr. Reynolds had on his check where it was  
 indorced, and said for fifty shares of stock. Ans-- I do. Q-- Now  
 regarding application no., 6, do you recall what that is? Ans-- No  
 I do not. Q-- That's my mistake, its exhibit DD, in this application  
 how many shares are allotted to Mr. Winter? Ans-- 500. Q-- And he  
 had paid you \$5500.00. Ans-- No \$6250.00 (\$6250.00). He made  
 me a loan. Q-- Well, it went to you personally. Q-- I received it  
 personally. Q-- Did you put any of it in the treasurer of the corp.?  
 Ans-- Only indirectly. Q-- Have you put it in indirectly? Ans-- I was  
 doing work for the organization, traveling around the country trying  
 to arrange for the courses. Q-- At the time Winters gave you the money  
 did the corp., own any courses? Ans-- No. Q-- No contracts was  
 turned over to that corp., until the first of June, 1937, is that  
 correct? Ans-- I can't say until I see the contract. Q-- Out of  
 your own memory you can't say that. Ans-- No. Q-- Just when did  
 the directors authorize you to keep the 500.00 you held out. Ans-- Well  
 it was sometime prior to accepting the money, sometime prior to May, as  
 individuals. Q-- I mean the directors as a board, and you know very well  
 what I mean. Ans-- Officially at the Aug meeting, I should say.  
 Q-- You said that they said that was to enable you to entertain the  
 British. Ans-- Yes. Q-- but the British had already left the country  
 over two months ago, when did you leave for your vacation? Ans-- some  
 time toward the middle of June. Q-- But they left before you did  
 didn't they? Ans-- Oh, they went visiting around. Q-- You knew  
 they were not here where you could entertain them. Ans-- That's right.  
 Q-- When did you get your note? Ans-- I think that was the note  
 that was approved by the board of directors. Q-- Who drew up the  
 application you have before you? Ans-- Mr. Flickerson.

Q-- Under instructions from you. Ans-- No, at the request of Mr. Glenn.

Q-- Did you give him the data. Ans-- Part of it. Q-- You mentioned

Mr. Henderson, who to act as Vice Pres, so you allocated some stock to his wife for this reason. Ans-- No, that was not the reason.

Q-- You said that you could not get any lessons from the Virginia Aero corp., and you had to drop it. Ans-- No, we got them from the other series. Q-- You say that you didn't testify that you didn't drop these Virginia lessons. Ans-- I said that we dropped trying to get the course.

Q-- You never got any Virginia fees for lessons did you? Ans-- We received some signed contracts and some deposits which were either all returned or waived. Q-- You spoke of money advanced by you to Mr.

Fickerson, weren't you to be paid from tuition fees when received?

Ans-- I don't remember that. Q-- according to the little book the Finch loan was made to whom. Ans-- Mr. Cullen. Q-- Was that the item as + read it, (marked here \$437.27 cash D.R.H., initials). a loan made

by Finch \$500.00, is that correct? Ans-- Yes, with this explanation, I had endorsed the note and assumed the obligation. Q-- Why was the note made to Cullen and not to you? Ans-- Because I was in Kansas

City waiting for Cullen to join me to go back to Virginia to try and secure the additional territory we wanted and some money was needed for personal expenses, money that he had for the trip, he paid part of the bills. Q-- How much did you get of this money?

Ans-- None. Q-- So that where it says that in the book that's not correct? Ans-- I didn't set up that item in the books, I did not

receive cash, and I accepted in its place the responsibility of the obligation. Q-- You testified regarding the transaction on

the Belger stock, in connection with that, I show you a letter addressed to Mr. Van Wart, and + ask you if that is your signature on that letter. Ans-- Yes. Q-- What interest in stock had you

conveyed to Mr. Belger, or rather, you had made an agreement to give

certain stock to Belger. Ans-- I did. Q-- Did you know that Mr. Belger  
 was selling that stock to Mr. Van Wort? Ans-- No, ~~it was~~ <sup>he was</sup> transferrédg ,  
 subject to the conditions under which it had been given to him, any  
 rights that he might have had. Q-- I show you this letter , is that  
 your signature? Ans-- Yes. Q-- In this letter there is a portion  
 signed by Hutch, I now show you a check payable to you in the amount of  
 \$20.00 endorsed by you , signed by Van Wort, have you seen that before?  
 Ans-- Yes. Sapiro--Q-- To the court -- We are showing the court that  
 Hutch did get some money through those transactions, Now Mr. Hutch,  
 would you look at the application to transfer stock that mentions  
 Mr. Van Wort. How many shares to be transferred by you ? Ans-- 20.  
 Q-- Did Mr. Van Wort lend you any money after that? Ans-- No.  
 Q-- Did he lend any to the U.P.I.? Ans-- I don't think so. Q-- I show  
 you a receipt received Van Wort, \$200.00 ~~xxx~~ U.P.I. San Diego Calif,  
 Jan 28, 1937 , signed by C. H. Hutch, is that your signature. Ans-- Yes.  
 Q-- Isn't that date wrong, shouldn't it be 1938? Ans-- It has been  
 changed . ~~xxxxx~~ Sapiro then showed a check made out to Hutch for \$200.00  
 signed by Van Wort and indorced by Hutch. Q-- Yesterday morning you  
 said you made a mistake in your affidavit , when did you find this out?  
 Ans-- When my attention was called to the minutes of the June first meeting.  
 Q-- Who did this and when? Ans-- I am not sure but I believe Mr.  
 Compray did, after reading parts of the original complaint . Q-- When  
 did this happen? Ans-- Sometime after I had filed my affidavit.  
 Q-- When? Ans-- Between the date of filing and the time Mr. Olmstead  
 Cullen , Rickerson and myself went to Mr. Compray's office to see the  
 minutes in trying to find out what had caused the error. Q-- Are  
 you sure that it wasn't after the testimony of Mr. Olmstead?  
 Ans-- Positive. Q-- What was your mistake? Ans-- When I said that  
 the minutes were absolute correct, the first error was the ~~mis~~  
 mention of the time of the stock holders meeting on June 1, together

with the statement of the prepared minutes, of the Aug meeting in Fresno. Q-- Was one of the errors that all of the pages were wrong?

Ans-- What do you mean. Q-- Never mind. Q-- You stated that Beth Willman was at the meeting of June 1st, was that an error?

Ans-- She was present of course, . Q-- Then Olmstead was wrong, he said that she wasn't there. Look in the book please, and see if

there is any record of the presence of Miss Willman. Ans-- After looking in the book, there is nothing in the minutes. Q-- You

signed the minutes didn't you. Ans-- Yes. Q-- And you never noticed these errors until it became an issue in the court room. Ans-- I

never thought of it. Q-- You heard them read in Fresno, and heard

that there were vital mistakes in them. Ans-- It was the content of the minutes themselves as near as I could remember them, I didn't go

back and figure out any of these meetings, or try to remember how they were held. Q-- Wouldn't you have noticed the presence of Miss Willman

at the second meeting if she had really been elected at the first?

Ans-- Not necessarily. Q-- As sect., you were responsible for the minutes

Ans-- Yes. Q-- When shouldn't you have done that, shouldn't you

have seen that they were right? Ans-- Not necessarily. Q-- Who read the minutes of the Fresno meeting. Ans-- Mr. Olmstead. Q-- Yet

you signed the minutes, saying that Miss Willman read them, didn't you ever suggest that they correct these minutes. Ans-- I didn't

notice the difference. Q-- You knew that that meeting of June 1st, was a matter concerning this case when you made your affidavit.

Ans-- Yes. Q-- You spoke of costs that had been advanced in the amount of \$1500.00. Ans-- Estimated. Q-- There is an item in the

minutes about \$1500.00 owed to the U. A. S. Inc, was that for organization?

Ans-- That was for an agreement of the group that were going to take it over to assume any obligations to that amount that might be presented.

Q-- You had already set up Aero school in Nevada? Ans-- Right.

Q-- Didn't Mr. Van Wort pay over a thousand dollars into that, and also Mr. Henderson? Ans - Yes, we needed money for advertising etc.

Q-- ~~xxxx~~ Y.A.S. was owned merely by you personally wasn't it?

Ans-- Yes. Q-- Did you draw money out of this account for yourself personally? Ans-- No, for the organization. Morning recess called  
Recess.

Friday June 30. Hutch on the stand. Sapiro-cross examining.

Sap--Q-- It was about Feb., of 1938 that you had your Aero schools inc., in Nevada? Ans-- That's right. Q-- At that time the U.P.I., was carrying on its books assets to the amount of \$5100.00 ?

Ans-- I can't say ~~xxxxxxx~~ what the amount was at that time.

Q-- Show ng record book which contained pay revealing value of contracts at \$ 49970.00 , were these the contracts with the Virginia Aero School. Ans-, Yes. Q-- When these were B-R's did you change your

listing of assets? Ans-- The contract was never abandoned.

Q--(after reading from record of applicati n to coop., comm., stating that the corp., was no enlonger enrolling students and that Hutch was resigning from the company to a tend to other business) Does't

that indicate that there must have been an abandoment of the Aero school venture. Ans-- Not necessarily. Q-- You say that Cullen told you about the Rife machine and wanted you to take it over, and you refused, what is the approximate date of that first refusal?

Ans-- Sometime between the first and fifteenth. Q-- Then you went to the lab a week later and again refused , when would be? Ans-- I would say around the 6th and 7th. Q-- And then you went again with

a larger group and refused again, when was that? Ans-- That was about the 15th or 16th. Q-- Then you finally yielded between the 16th and the 30th, is that correct? Ans-- Somewhere aboug that time.

Q-- And then Dr. Rife and Hoyland signed an assignment to you on April 30th, is that correct? Ans-- Right. Q-- What time did the

British get there? Ans-- About the 23rd of May. Q-- You stated that it was important to operate very fast, beacuse the British were coming, and speed was ~~xxxxxxx~~ essential, and it was therefore necessary to get together with the corp. First you suggested anew corp., and later ~~xxx~~ because quick action was necessary you made an arrangement under which they were to get some contract done , \$30 to go to Rife, Couch

www.rife.org

was to get something, and Hoyland also. You said that there was a discussion ending with Rife getting \$6000.00, Hoyland \$6000.00 and Couch \$3000.00, what did Couch get? Ans-- Nothing, he was supposed to get it but he didn't. Q-- Was he supposed to get anything out of the American Company. Ans-- He was supposed to get something in accordance to the division agree upon between Rife, Hoyland and himself. Q-- How did you know that? Ans-- Because they told me so themselves. Q-- What was the next step in reference to your connection with the company. Ans-- Well, we called a series of conferences in which Hoyland and I were acting principals and Mr. Henderson, Cullen and Mrs. Willman sat in. It ~~finally~~ finally came to a contract in June of 1938. Q-- The owners then came to an agreement with U.P.I? Ans-- Yes, after they had come to an agreement among themselves. Q-- You were a part owner since the 15th. Ans-- Yes. Q-- There had been no disposition of the rights of the owners between April 30th and June 1st. Ans-- No, except, by mutual understanding. Q-- Is this part of the affidavit which was signed by you, Feb 20th, 1939. Ans-- Yes. Q-- Does it say that Cullen had been given an option to arrange for the ~~fgx~~ mfg and distribution of the machines, and that Cullen on May 2nd gave to the corp., these rights under his contract for the mfg and distribution and that said defendant corp., accepted these rights, is that true? Ans-- before I answer I will look at the minutes of that meeting. Q-- We are not asking about the minutes we are asking if the statement in the affidavit is true? Ans-- (after reading it) To the best of my belief it is true with the exception that it should be owner instead of owners. Q-- Do you think that one owner could give this option. Ans-- At the time that Mr. Rife spoke of this to Mr. Cullen in my presence he was the sole owner. Q-- about three days before that Dr Rife had given you and Hoyland and interest in the machine hadn't he. ~~Yxxx~~ Ans-- Yes. Q-- So on April first Rife gave

www.rife.org

www.rife.org

an oral promise to Cullen. Mr. Rife denied on the stand that he ever gave this option to Cullen. Ans-- I heard him say it. Q-- You wrote out the first form of the assignment that Rife and Hoyland signed later? Ans-- I did not. Q-- You read it didn't you? Ans--Yes. Q-- You didn't mention the fact that you had heard Rife give this oral promise to Cullen? Ans-- No. Q-- You were present at one meeting of the board of directors of the U.P.I., on May 2nd 1938, and you signed the minutes as present? Ans-- Yes. Q-- Who was the chairman of that meeting? Ans-- I was. Q-- I will read a portion of the minutes, " The chairman then advised that a proposition had been stated by Cullen that he held an option on the B-R machines and wanted to give the corp., the rights to this option in further payment, for his stock in the corp. A vote of thanks and acceptance was extended to Cullen" -- You pronounced ~~the~~ <sup>these</sup> minutes correct didn't you? Ans--Yes. Q-- Didn't Mr. Cullen state at that meeting that he had an option with Hoyland and Rife and Hutch? Ans-- Yes. Q-- Did you correct him, and tell him that he only had an option with Rife? Ans-- No. Q-- Did you just ~~so~~ casually deceive the directors? Ans-- I didn't deceive them at all. Kelley-- Well which is true. Ans-- Both, your Honor. Sqp--Q-- But at that time you had a written agreement with these men under which you would ~~not~~ have the right to deal with the corp? Ans-- Yes. Q-- You knew that you had that in writing and that no one else had it? Ans-- Yes. Q-- Yet you told the board of directors that Cullen had this right, while all the time you knew only you had the right, is that correct? Ans-- It would seem so. Q-- What was the agreement. Ans-- What agreement? Q-- The one was turning over <sup>that Cullen</sup> to you? Ans-- He agreed to release the statement of Dr Rife's that he could have the option. Q-- He gave it up then. Ans-- He agreed to give it up to the corp., in lieu of a contract we had. Q--

www.rife.org



Q-- The corp., didn't have a contract with the owners then. (Sap then read from the minutes regarding Cullen's release of the option) Wasn't this record of the minutes prepared much later than the date stated?

Ans-- No. Q-- You were present at a meeting on May 11, 1938. Ans-- Yes.

Q-- Were you chairman of the meeting. Ans-- I was. Sapiro then quoted from the minutes to the effect that the fact., said, that

Hutch had negotiated a valuable contract with the owners of the Rife Ray, for the corp., to lease the machines. Is that correct? Ans-- Yes.

Q-- What did you do about the Cullen meeting? Ans-- Nothing, apparently.

Q-- Well, he gave over his option in return for any additional payment for the issuance of stock, what did you do about that? Ans-- My thought was that Cullen had given us this right and I was instructed to get a written contract with the owners. Q-- Instructed by Cullen? Ans-- I

don't remember. Q-- What did Cullen say were the terms of his option from Rife, Hoyland and Hutch. Ans-- He didn't mention the terms.

Q-- Did you advise the board of directors what the terms of that option were? Ans-- Only indefinitely, that he had the right we took over.

Q-- You didn't state any terms. Ans-- No. Q-- Did you know what the value of that right was. Ans-- No, I still ~~didn't~~ don't.

Noon recess

Afternoon session June 30. Hutch on stand. Sap., questioning.

Q-- You testified that you went to N.Y., with Hoyland where you dealt with Dr. Gonin. Ans-- I did. Q-- You likewise identified a letter

from the British containing complaints, and you testified that these things were gone over with Gonin. Ans-- That's right. Q-- After

that you executed two contracts with Dr. Gonin, are these papers

I show you here copies of those contracts? Ans-- That are. Q-- These were reached after consideration of the complaints? Ans-- Yes.

Q-- Do these contracts mention frequencies. Ans-- No sir

www.rife.org

Q-- Did Dr. Gonin insist upon putting into the agreement anything regarding frequencies? Ans-- No sir. Q-- Did he pay you seven hundred and odd dollars in payment of balance due on British lab machines, and in addition did he give you checks totaling \$10,000.00, which was over due, and later on was that check canceled, and did he substitute another check. Ans-- Yes. Q-- Who prepared the minutes of the meeting of August 28, 1938? Ans-- They were prepared in Fickerson's home in Los Angeles, after a conversation between Cullen, Mr. Willman, myself and Fickerson. Q-- And you signed them? Ans-- I did. Q-- Contained in those minutes there is a resolution by Olmstead in ten parts, some of them are as follows, That the board make a demand upon Rife, Hoyland, and Hutch for full and complete information concerning design and frequencies of Rife Ray machine, and that they take action to insure the secrecy of the frequencies? ~~xxxxxxx~~

Ans-- I recall that. Q-- Hoyland was not present at that meeting? Ans-- No. Q-- You were? Ans-- Yes. Q-- You were present at the next meeting as general manager? Ans-- I don't think I was, I am not sure. Q-- What did you do to carry out that resolution, did you ever make a demand upon Rife for the frequencies? Ans-- I didn't. Q-- You said that he had them, and forty more that he did not reveal? Ans-- He only said he had them. Q-- We credit Dr. Rife's word here, you signed one of these contracts in N.Y., as agent for the owners. Ans-- That's correct. Q-- Did you show this contract to Dr. Rife when you returned? Ans-- Yes sir. Q-- Did he approve of it. Ans-- He didn't object. Kelley-- What did he say when you showed it to him? Ans-- He didn't say anything, he just nodded his head. Q-- Sap-- When did you show it to him? Ans-- About the first week in Sept. Q-- Did you ever tell him what you had done about approving what Cullen had done. Ans-- No. Q-- The agreement said that the two shall have the right to over rule you in the decision, didn't you tell them of each

www.rife.org

www.rife.org

decision as you made it? Ans-- I don't think I did. Q-- I'll show you minutes of a meeting of Dec, 6th, in which you make a motion to make Hoyland technical advisor. At any time after he was separated from the corp., did you demand the frequencies from Dr. Rife? Ans-- I asked hi to ~~xxxx~~ teach them to some one so that we could dorrectly care for the machines that were now outstanding? Q-- Did he give them to the corp? Ans-- Not to my knowledge. Q-- How much did you get from the British contracts as a whole. Ans-- About \$2960.00, in % of payments , and royalties of \$200.00 on the four machines. Q-- Did you get other royalties as one of the owners. Ans-- Yes, \$50.00 a machine. Q-- Then how other many other loans or other acquisitions were there made, which you received from May 1938 to Nov. Ans-- I wouldn't be able to answer that without checking up. Q-- What has been your occupation . Ans-- For the past four or ~~xx~~ five years I have ~~xxxx~~ been trying to get this Aero school in operation. Q-- As a promoter? Ans-- It's always promotional until its in operation. Q-- What did you do before this ? Ans-- In 36 I spent my time in trying to get under way, waiting for correspondence from the east , making a trip east to get the proper contracts for the school. Q-- Your work in the last 4 or 5 years has been primorially promotional? Ans-- Yes. Sapiro-- That's all. Compray took the witness.

www.rife.org

Q-- I call your attention to the \$200.00 receipt given to Mr. Van Wort which is dated Jan 28, 1937, and the \$200.00 check from Mr. Glenn. Do these two represent one and the same transaction? Ans-- I think they are different . Q-- The receipt then was not given for the check or money paid when the check was cashed? Ans-- It was not. Q-- Here is p<sup>l</sup>aintiff's exhibit 25, a letter sent from theB-R to the British Oct, 4, 1938, and which begins with a paragraph , ~~xxxxxx~~ " At least certain letters seemed to have been sent to them on certain

dates," Was the matter of these letters discussed with Gonin in N.Y.?

Ans-- These were a good many letters or lack of letters discussed, mainly to the effect that we promised to do things and to send information which we didn't do. Aompray-- Q-- That's all.

Kelley-- You say that these people who put out the money Ernsteins and others, did not receive a receipt, but a form letter. How many of these letters in all did you issue? Ans-- Five. Kelley-- Were these letters uniform in content. Ans-- Yes, one was copied from the

other. Kelley-- Was the form suggested by an attorney, or did you consult the lawyer about them at all? Ans-- No. Kelley-- Will you tell me your best recollection of the form of these several letters?

Ans-- I am the holder of blank number of shares in U.P.I., a Calif corp., this stock is impounded by order of state crop., comm., state of Calif., with Mr. Fickerson, if and when it is approved by the crop., comm., I will order the transfer to you of blank shares of stock as a personal gift from me etc.,. Kelley-- Now you have left blank

the amount of stock that you own and the amount to be conveyed, were the blanks filled in in each letter, and you signed the letter, and was each letter delivered to the address of these people following the payments of moneys to you? Ans-- I can't say. Kelley-- You did not

deliver any of these letters before you got the money? Ans-- I don't think so. Q-- Kelley-- Did you give any other documents to each of these parties or any memorandum. Ans-- Not at that time, No. Q-- Kelley--

Later these four letters were surrendered to you? Ans-- They were surrendered to the office, to the stenographer. Kelley -- When they were

delivered to the office who received them, and into whos hands did they come? Ans-- All I have is heresay. They were delivered there and put into the files of the office. Kelley-- Have you ever looked for them?

Ans-- No. Kelley-- Did you ever see them in the files? Ans-- Yes, about three weeks after they were delivered.

www.rife.org

Kelley-- Were they delivered there on demand of anyone, I mean, did they come to the office because of a telephone call or letter?

Ans-- I was away, all I have is heresay. Kelley-- Did you ever hear anyone say that they were not in the files? Ans-- No. Kelley-- Did the corp., ~~any~~ commissioner ask for them when he investigated?

Ans-- As far as I know he has made no official investigation. Kelley-- As far as you know they are still in the files? Ans-- Yes. Kelley-- Have you been questioned about them by the corp., comm? Ans-- No sir.

Kelley-- Have you read the corp., cerurities act? Ans-- No sir.

Kelley-- Were you advised by any lawyer in this transaction. Ans-- No.

Kelley-- Did you ever make a statement to anyone that while you could not sell them stock you could give it away? Ans-- I said that it could be sold, but that I could make an application to the corp., comm., for a transfer. Kelley-- Were you told by anyone that you could take money from people on the representation that they in some event might get some stock, and when you took the money from the Ernsteins and Reynolds, you represented to each of them that when and if that was permitted certain stock would be assigned to them. Were you told by anyone that you could do that? Ans-- No. Q-- You had no legal advice

on it, but weren't you consulting some attorney as you went along with this transaction. Ans-- Not in regard to this, I was in a position where speed was necessary, the British were coming. We had to have money from somebody to build the machines. My personal opinion was that as none of the stock had been divided that each was ~~giving~~ given something for what he did, and that what had been awarded to me I could turn over to anyone who would assist me or the group in making a success of the organization. Kelley-- Mr. Oimstead testified that this stock was assigned to you to be held by you and transferred by you to those who might render service to the vopr. Ans-- That was not my understanding of it. Kelley-- Did you understand that this stock was

www.rife.org

issued to you to be used for the good of the organization? Ans-- No.

Kelley-- You thought you could use it as you wished, subjected to escrow restrictions? Ans-- Yes.

Kelley-- Why were you impelled to give this stock away to these people? Ans-- I felt that I would receive

my share or more from royalties if the machine was marketed properly and that the others deserved it for what they were doing, and if there had been a success with the English group I would be more than repayed and I wanted to get back to the school.

Sapiro--Q-- The receipt which was shown to you was actually signed by you on Jan 28, 1938 was it not?

Ans-- I can't say, Mr. Van Wort said he gave me cash. Sap--Q-- What was the other \$200.00 for? Ans-- I think that was advance money that

he was putting up for attorneys fees for forming the Nevada corp.

Q-- And he made it payable to you? Ans-- There was no one else to make it payable to.

Q-- Why did you form a corp., in Nevada. Ans-- On ~~xxxx~~ advice of our attorney.

Q-- Didn't you tell Mr. Van Wort that you were doing it so that you could get the stock issued to certain

people in Nevada where you couldn't get it done in Calif.? Ans-- No.

Kelley-- During all the time that you were issuing these letters to the parties that had given you the money you were general manager

of the corp., were you? Ans-- Yes sir. Hutch was excused and Fickerson took the stand.

Fickerson was identified as an attorney of law in L.A., had been an attorney for 25 years & was deputy commissioner of corp, 4 years.

Compray question -- Did you have anything to do with the working of the draft of the initial corp., securities act ( Fickersons answer was rather involved, but it brought out the fact that he had helped in this work).

Q-- When the Aero ~~xxxx~~ reserve school western division, was first incorporated, did y u have anything to do with it? Ans-- I supervised the incorporation of the company and prepared the by-laws.

www.rife.org

Q-- I show you the permit for the sale and issuance of three shares of this stock, to Cullen, Olmstead and Hutch, for cash. Did you prepare the application for that permit? Ans-- I did. Q-- Do you know if the three shares thus called for were issued? Ans-- I can't say that they were. Q-- I call your attention to the meetings of stockholders and directors of the A.R.S., held June 1, 1937 in L. A., whos office was it? Ans-- My own. Q-- Were such meetings held there, that particular day and were you present? Ans-- Yes. Q-- How many meetings were held on that day? Ans-- Three, the directors meeting was held first, then the stockholders meeting was held, and then a second directors meeting. Q-- What was done at the first directors meeting. Ans-- Two contracts which had been ~~executed~~ executed between A.R.S., and Cullen were presented together with an offer from Cullen to transfer or assign these two contracts to the corp., in exchange for all unissued shares of stock, 4997 shares. The offer was made, read and accepted by a resolution which was addepted. Olmstead and Hutch were to get this stock along with Cullen.

Q-- Did that acceptance of contracts and resolutions to ask permission to issue stock take place prior to the share holders meeting?

Ans-- It was the first thing that was done when the officers of the corp., arrived at my office. Q-- Now I show you an application for a suplimental permit, who prepared it? Ans-- I had it prepared before the directors and stockholders arrived at my office. Q-- When did they sign that application? Ans-- Within an hour of the time they arrived at my office. Q-- Was it prior to the share holders meeting at which an increase of the board of directors was made.

Ans-- It was. Q-- I call your attention to the application and ask you to look it over, is there anything in there which further clears this in your memory? Sapiro objected and was denied. Q-- Look at the paragraph beginning on Page one, with names and addresses of

www.rife.org

officers, Cullen, Olmstead and Hutcherson, then the paragraph includes, " The board of directors is to be increased from three to nine members , but before this is done their names will be submitted etc." Sapiro objected and was sustained. Compray again question-- Where did you get the information you put in there? Ans-- From Hutch in the later part of May. He gave me information concerning what he wanted to have done as to the meetings to be held in my offices on June 1st, 1937.

Q-- Did you send in to the corp., comm., the original of the application for a sub<sup>pple</sup>mental permit . Ans-- I did. Q-- I show you here a

carbon copy of a letter, you signed it? Ans- I did. Q-- The names of six new members of the board are given in this letter with their addresses, after that, what next took place? Ans-- The stockholders

meeting took place. Q-- And after that what ? Ans-- A directors meeting was held. Q-- What was done then? Ans-- Three persons were

voted to replace ( didn't get what was muttered). Kelley-- Are you reading from the minutes? Ans-- Yes, but I recollect it perfectly.

Kelley-- but why go by the minutes? Compray-- we are trying to show that the minutes are not correct. Kelley-- You prepared the minutes

before the meeting. Ans-- Yes, your Honor, I only expected one meeting.

Compray -- I call your attention to the following page, you will note the difference in the typewriting on the two pages. Ans-- These minutes on page 23 were not written in my office or on my typewriter.

They were written later, not on that day. Q-- Going back to the minutes of the stockholders meeting , on the last page, notice the last sentence on that page, " No further business coming before the meeting

it was adjourned". Ans-- That sentence was not typed in my office.

Sapiro -- I move for the exclusion of the testimony in the difference of typewriters. You say that Mr. Hutch spoke to you and told you what to prepare for these minutes, so that you knew they would be an



increase in the board of directors and at the same time you knew that there would be a \_\_\_\_\_ to take the stock for the three.

Ans-- Yes I knew that. Q-- You prepared the minutes for a meeting of directors at 11 and for a meeting of stock holders at 10. Ans-- The

information that I had had was that a meeting was to be held for the purpose of having stock gotten from Cullen, and for increasing the number of directors from three to nine but the names of the new directors were not given to me. Q-- I asked you if you prepared these

with stockholders at ten and directors at 11. Ans-- No. Q-- That's the way ~~xxxx~~ it is in the book. Ans-- If I ever knew anything about

corp., I wouldn't do it, my dictation to my stenog., was that the directors meeting should be held at ten and that the stockholders

at 11. I didn't know any new members were to be added to the board of directors, except as for Mr. Willman. I advised them to put a new

caption here showing that there were two separate meetings and that the time should be corrected, I never noticed that there was this

mistake until I read the complaint. Mr. Compray asked me to explain it but I could not do so, except that there had been a mistake made by my

stenog. Q-- You said that that application was signed after the first directors meeting. Ans-- Yes. Q-- Weren't you called in to

pull them out of this hole because they are in a position that makes it look as if you made a mistake? Compray objected and was sustained.

Q-- Sapiro-- Is the issue of stock invalid if this transaction was carried through as it is set forth in the minutes. Compray objected

and was sustained. Kelley-- What is motivating your testimony Mr Fickerson? Ans-- To show clearly how this mistake was made. Sapiro--

Q-- Where were the minutes of the meeting of the stock holders signed?

Ans-- I don't know, not in my office. Question-- If they were not signed in your office then Mr. Olmstead testified wrongly. Compray objected

and was sustained. Fickerson excused. Afternoon recess called

After the recess. Compray ---- The defendents will rest, as I do not see any point in prolonging this , we could kkep going for another week. Sapiro -- I would like to put Mr. Van Wort on the stand. Kelley-- Go ahead.

Mr. Van Wort takes the stand. Sapiro-- Please I don't think I am yelling at the witness. He is quite deaf. Sapiro questions -- Give your name and address. Did you know Hutch before Aug 1937? And-- No sir. Q-- I show you a receipt , will you state to the c urt when you got it from Mr. Hutch. Ans-- I received ~~fr~~ it from Mrs Willman on Jan 28, 1938 and not in 1937. Q-- Did you know Hutch in Jan 1937. Ans-- No. Q-- At the time you got that receipt had you turned over \$200.00 to H<sub>u</sub>tch? <sup>Compray takes witness</sup> Ans-- I had. Q-- The \$200.00 that you gave and for wh<sup>h</sup> you got a receipt was that in cash. Ans-- Yes. Q-- Then this check is for andifferenc item? Ans-- Yes. Q~~xxx~~ Compray --Q-- You didn't ask for ~~the~~ receipt for the check. Ans-- No, the check itself was a receipt. Van Wort excuised. Kelley-- Do you think you can finish the argument before five. Sapiro -- I don't think so. It will be an argument of fact as well as law, I couldn't finish my argument before five. Kelley-- This department will be dark for a month and I will be busy for a month. ~~t~~ it will be impossible to hear you further until the month of Aug, so that we will have to continue this meeting until the ~~month~~ 7th of Aug. ~~Compray~~ Compray -- then asked to have it put off until the 14th of Aug., and this was agreed upon.

Kelley- I want to hear ~~comix~~ counsel marshall the evidence and I want to know the effect upon a court of equity upon a corp., acting through its agents and these agents acting in a manner that is inequitable. And I want to hear what your views are as to the importance of the assets of the corp. I want to know what you think

www.rife.org  
 what this corp., owns. It doesn't seem to me at the moment, that it  
 owns anything. It doesn't seem to have a claim on Dr. Rife, ~~xxxxxxx~~  
~~xxxxxxx~~ Who owns the 40 or more frequencies that Dr. Rife has.  
 What has the corporation other than the licence to mfg these machines.  
 And what is the value of that licence, if any. Frankly, the court  
 believes that Mr. Hoyland could have given the British group more of  
 what they asked for and that he showed too ~~xxxxx~~ great a reluctance  
 to give them this information. On the other hand the court is inclined  
 to believe that when money was raised by Hutch and when he issued these  
 letters to the people who put that money up, he was issuing securities  
 and selling interests in certain stock in escrow and collecting money  
 for them. What effect did that have on the issues here if he was  
 violating the corp., securities act? The important objective of the  
 act is to protect any money in the possession of the victims, not so  
 much with the issuance of stock. It seems to the court that a  
 representative of a corp., goes out and gives a promise of delivery  
 of stock for money, and if the corp., acting through its general manager  
 has come into court of equity without clean hands and the plaintiff  
 has done the same, what should the court do. But primarily the  
 question of the innocent people who put their money up and stand to  
 lose it comes first. I want these people protected at any event.  
 People have come here before the court, who were without guilt, and  
 who parted with their money, thinking they were to have an interest  
 in an instrument of great value. I don't know whether it has value or  
 not. It appears to be something that cannot be patented. The  
 assignment was made to the corp., but that means nothing, because  
 the instrument is not subject to patent. Perhaps it was a valuable  
 assignment, in spite of that. I want your views on it. I am not  
 personally impressed with Mr. Hutch or Mr. Hoyland, but I am impressed  
 with the victims who have put up their money and got nothing for it.

www.rife.org

I will be inclined to protect them in any way that I can. Now, if you can convince me that I am wrong in anything that I have ~~says~~ said, my opinions are subject to change.

Compray -- I think we understand the issues..

www.rife.org

www.rife.org

www.rife.org

www.rife.org

www.rife.org

Monday Aug 14th 1939. Arguments.

Judge Kelley-- I would like to pay attention to the evidence that has been produced, and I would also like to be reminded of the facts of the case. ( This is a summing up by M.B. of this particular part). Sapiro brought out the fact that Hutch dominated the corp., that he spoke so frequently of how often he did this and that, it was obviously a Hutch promotion from the start. Olmsteads testimony bore this out and showed also that Olmstead payed no attention to the affairs of the corp. Sapiro then made an issue of the meetings of June 1st 1937 when Cullen offered to sell out his course for practically all the stock of the corp. After having done this they elected their new director . If the meetings were held improperly ~~then~~ as they seem to have been , everything that took place was invalid. He referred to the fact that the markings in the books implied that the order of the pages were fixed deliberately to make it look as if the meetings took place properly. Sapiro -- They tried to prove that the meetings took place in proper order by putting Olmstead on the stand, and they hope in this way to validate the applications for the issuance of stock" . No word is found of the meeting having been split , but the ptypwritten changes that occur on the last page. ( Narrative again) Sapiro referred to Olmsteads testimony pointing out that when Sapiro showed him his affidavit saying that he had carefyllly read the minutes and that they were correct, he then denied that the minutes were correct. He changed his statement under oath because he saw that his stock was invalidated. Fickersons testimony disagreed with Olmstead in many respects . Hutch then said on the stand that he ~~was~~ examined the minutes and that they were correct. ( still Sapiro) No, he said that in his affidavit. but he changed his statement on the stand-- Just as Olmstead did. At the Fresno meeting the defendants say that they approved all the

www.rife.org

www.rife.org

minutes as they were read at that meeting. They therefore knew that the meetings came in a different order than that showing in the minutes. This it would seem should discredit the witnessed. Sapiro wondered why Cullen and Mrs. Willman did not appear to testify. He considered that the court should rule that the meetings took place as the minutes state. He pointed out that Hutch's very strange manipulations of stock in regard to the Nevada corp., and the A.S.C. courses should be considered, and that Hutch had taken most of the stock for himself and had sold it to various people, even though the corp., had abandoned the idea of carrying on the courses. Later the corp., set about to get control of the Life Ray machine. Hutch fixed himself firmly in contract with Hoyland and Rife and with the British, and used his defunct corp., in the negotiations. Hutch then set about to get money. He had <sup>been</sup> borrowing from people, to use his own phrase, and as the book showed. He got in touch with Edwards, Reynolds and the Ernsteins and sold them some stock using all his tricks as a promoter. (His own testimony proved that all his work was in the capacity of a promoter) and knowing what is in the law he told Viola Ernstein (and I believe she was completely innocent as was her father) that he could not sell her the stock but that he could give it to her. She gave him \$500.00 and he gave her a receipt. Later he said he could not find a receipt, but when your Honor quised him about it he quoted it perfectly, Almost word for word. This action of Hutch of taking the money before the stock was released from the corp., comm., was criminal. Reynolds gave him a check which says, "received for 500 shared of stock U.P.I. etc., " and was signed by Hutch. Hutch disregarded the ~~at~~ law in reference to these three people. (It is my contention that this money should be returned to them by Hutch). I call your attention to the fact that no <sup>mention</sup> ~~money~~ is ever made at the meetings

that followed that Hutch got this money from these people. Later at the meeting of Aug 12 these transactions are referred to as loans. Then Hutch asked for receipts saying that they could not receive the stock until they surrendered them. In return for the receipts thus surrendered he gave them notes, they all thought that they were buying stocks. Hutch ascion was a criminal violation of the corp., securities act, which was designed to protect the innocent victims of such transactions. I think the very slickness of the manner in which <sup>he</sup> did all this manipulations proved him a criminal, and that he knew what he was doing. Hutch held out the money he got from Edwards in May, and in Aug he gave a note for it. We say that the corp., had no right to issue these notes to these people to protect Hutch who had done a crooked piece of work. Edwards knows the law. He knew about the things that Hutch was trying to do, and I think he may have been in pari delicto with Hutch. Reynolds is naive. I think he was in good faith. I think that only Edwards may have been a guilty party to the transactions, that is for your Honor to decide. Fickerson fixed everything up for them by ratifying all the criminal actions. Stock that had been considered privately owned by Hutch Cullen and Olmstead became a matter of corp., business. You have a whole series of transactions with Hutch showing that he collected money here and there in exchange for these gifts of stock. Beth Willman was getting a salary for her services to the corp., but she gets over seven hundred shares of this stock. The records do not show that Earnstein, Reynolds and Edwards paid for their shares. It says merely that they received the stock for services rendered to the corp. The money ~~then~~ changed hands in every case, long before the stock ~~did~~ moved into the corp. When you asked them what services they had rendered none could recall any. It is quite obvious that all of this was one complete fraud. That Hutch sold ~~stock~~ stock in the corp., and

www.rife.org

received a lot of money. Some of which was put into the corp., but most of which Hutch kept. They all failed to tell the truth about the transaction which nullified the application. The plaintiff did not know that all this was criminal action until I so advised him. We alleged that the books are very irregular, particularly as regards the Nevada corp., and the A.R.S., assets. The complaint tells that Hoyland served notice on the board of directors, that all of the transactions, stock issues, etc., were illegal. And that the contracts were improper, ~~and~~ Nothing was done. Hoyland told them that they must change the British contract. ~~He said~~ He says that he did what was required to do, for the British, and that the British contracts say nothing about frequencies. We showed in court Hoylands letters to the British telling of what he had sent the British, but they were not paying the money they owed. They kept complaining, it was a stall to delay the payments. At the meeting in N.Y., of Hoyland, Hutch and the British, two new agreements were made, with no reference to the frequencies. But with all items concerning the financial side of the question. Quite obviously the British were satisfied, since they paid what was in arrears and put up ten thousand dollars <sup>more.</sup> ~~more.~~ Soon they were ~~\$50000~~ \$5000.00 over due and so they started to yell again, and to kick about Hoyland. As a stock holder Hoyland tried to get the corp., to take steps against the British who were still trying to get out of paying out of what they owed. There was certainly cause for them to revise the contracts with the British.

Noon recess.

Afternoon session. Sapiro summing up.

Sapiro. The directors of the corp., did nothing in accordance with the plaintiff's demand and hence this action. We think that this shows that the directors failed to take the proper action to protect the corp. We therefore ask that the 4779 shares of corp., stock



www.rife.org

be declared void and that all activities of the corp., be declared void. Also, the notes to Edwards, Reynolds, and Ernestines. ~~xxx~~ That an examination of all the ~~xxxxxx~~ accounts of the corp take place. That a receiver be appointed to collect amounts from Hutch -- that permits be ~~xxx~~ considered to decide which are valid -- that the owners of the Rife Ray machine be considered to eliminate Hutch as an owner. -- and that Hoyland and Rife as owners make a new arrangement with the British -- that the Ernestines become creditors of the corp., also Reynolds and Edwards if the court thinks this is ~~xxxx~~ fair. That it be decided who has exclusive rights to the Rife Ray machine.

www.rife.org

Sapiro then ~~sitaxax~~ cited a number of cases and read law applying to this case. He pointed out that by law Hutch was guilty of a felony in acting against the requirements of the corp., sec., act. Judge Kelley interrupted to say -- that he thought the law had been violated flagrantly by Hutch. Sapiro then outlined the numerous frauds done by Hutch. -- that where stock has been issued without a proper permit it becomes null and void and that where the parties who took part in the transactions without knowing illegal should be provided for. Judge Kelley-- wanted to know what kind of relief could be offered them. Sapiro said, that the receiver would decide that. Kelley asked, if Sapiro held the corp., responsible for Hutch criminal actions. Sapiro said, Yes, decidedly. Sapiro said that he would answer Judge Kelley's direct question as to what are the assets of the corp. Kelley-- well what are the assets? Sapiro-- Outstanding contracts for machines out on lease, also, rights to collect funds from Hutch. Kelley-- Would the corp., collect anything from Hutch? Sapiro-- Yes, certainly. Compray -- Well, Hutch has nothing. Sapiro-- If it is possible to collect from him it should be done. To continue with the assets leaving aside the question of the void contract if

www.rife.org

www.rife.org

we thought that it conveyed rights, they could not be exclusive ones. But there are certain rights undoubtedly. The prestige of the machine would be valuable. I don't know what rights actually exist, but the contract between the owners and B-R must be straghtened out. There is tremendous confusion in these contracts, your big assets here are Dr. Rifes name and experience. The receiver would have to make new arraggements with Dr. Rife and I think Dr. Rife would be <sup>goad</sup> gald to do this. I think also that the knowledge of the frequencies must not be divided. Judge Kelley-- I wonder if Dr. Rife retained any rights in this contract? Sapiro-- I don't think he did.

Afternoon recess. ( middle recess)

www.rife.org

www.rife.org

www.rife.org

Afternoon recess.

Sapiro still summing up.

Sapiro— Dr. Rife, Hoyland, the British and men working at the factory all know the frequencies, and could use them on other instruments.

Your Honor asks how I interpret Hoylands position. He is a stock holder of the corp. He was their technical advisor, he is an owner of the machine. He brings this action as a stock holder. Even if he had a fault there was no misconduct on his part as a stock holder. Hoyland had nothing to do with Hutch improper stock transactions. I doubt if he could have given any more information to the British than he did give. The Board could have certainly made him give it. The fact that the British were completely silent during the N.Y. meetings as regard frequencies proves that he did what he should do for the British.

He might have given more information, I don't know all that he knows. I think that the value of a going contract with Rifes name attached to it can be made important. I think the Hutch actions are a criminal infraction of the corp., sec., act., and that the corp., is definitely guilty along with Hutch and that all the things done regarding the application for transfer of stock are done equally by the corp. I think the meeting of June first is completely void as the actions authorized this meeting were illegal and therefore void. I don't believe that all the people who bought this stock are innocent, Edwards knew or should have known better. It is difficult for me to believe that he could have been deceived, Reynolds and the Ernsteins I think are totally without guilt, and were taken in completely by Hutch. I think Mr. Henderson and Mrs. Henderson are in a good class, they put some money into the Aero schools, but they were interested in the B-R machine, and I think they deserve some consideration. Winters should also get consideration, altho he said it was just a gamble with him.

www.rife.org

I think he was persuaded to say this being rather fearful to talk in his defence. I think a wise receiver should adjust all of this though he would find it hard to get hold of any money. He might get an issue of stock that would be legal. Judge Kelley--- Has the court the power to declare certain victims as preferred stockholders?

www.rife.org

Sapiro-- Yes, I think too, the stock in regard the owners is void and a new arrangement should be made of the shares held by the owners. I think Mr. Hutch should be out entirely, as he did many criminal things, and that he has no place in the organization at all. He has exploited everybody. Judge Kelley-- You are expecting a lot of work from the receiver. Sapiro-- Yes, because I believe there is a great deal of profit to be got from the wise handling of this machine and of Dr. Rife's name. Sapiro finished on this note -- to the effect that the receiver should be appointed to clear up the mess, and that Hutch is the villain of the piece and should be kicked out entirely.

www.rife.org

Compray in his summing up for the corp., drew diagrams on the black-board by which he showed that B-R had ~~\$5000~~ \$5000.00 in stock. Three were sold for \$10.00 each to Olmstead, Hutch and Cullen. Then you have a later transfer split up into three large blocks, then you have the last transfer, by which the large blocks were split up among the numerous stockholders. When a man is dangling over an abyss it makes no difference whether you cut the rope above him or below him. Mr. Hoyland says that the transfer to him was void, and incapable of ratification, and he therefore cuts the rope and lets himself drop. And to make it a cleaner cut he cuts it again for good measure, thus and says he is not a stockholder. He has one more connection with the corp., because there are three owners of an invention who have a contract with the corp. Mr. Hoyland says that this contract is void, so he cuts that last connection with +

with the corp. Upon that basis he assumes to direct the course of the corp., and says that there shall be a receiver appointed, taking it out of the hands of the remaining valid stockholders, and that it shall be run according to his ideas. He never paid anything for the stock which he claims is void. He was paid for his technical advice on a basis of commissions. Judge-Kelley--- It one who accepts shared through a transfer that was illegal enabled to bring such an action as this. Compray-- He is not. (This was argued back and forth by Compray and Sapiro, the decision seemed to be a draw for the time being) Kelley wanted to know what was the status of Hoyland. They could not agree upon this. Compray pointed out that Hoyland was not fleeced out of anything and that he admits as much, but that if the transactions had been fraudulent only the Ernsteins, Reynolds or Edwards would have the right to sue since they gave their money and got nothing in return. Judge Kelley-- What would be their form of action against the corp? Compray-- I am not sure. Kelley-- They want to get the corp., out of the hands of the swindlers. Compray-- Hoyland is not in the position of the others, and he is not bringing this action on their behalf. His position is adverse to theirs. They have filed affidavits saying they are against his action. The only thing he ever gave the corp., is that contract that he says is void. We have here a particular type of action, a representative suit, but it is important to note who is represented. Hoyland must represent the corp., as he does not represent the other stockholders. Compray then ~~six~~ cited cases similar to the Hoyland versus B-R suit. Judge Kelley-- ~~It is~~ Isn't the corp., injured when agents acting for the corp., issue stock with an improper permit? Compray-- It depends upon the circumstances. Where every existing shareholder consents to the issuance of stock the corp., is not then considered to be injured. I think it should be

www.rife.org

be kept in mind this adverse position of Hoyland on one side and all the others on another. I said at the first that Hoyland's desire is to break up the corp. Judge Kelley-- I still am waiting to find out whether a de facto stock holder can bring such an action. If he has not the right why do we go on with the action. Compray then read from some other cases and Sapiro contradicted him. Judge Kelley-- Can one holding void stock proceed against the corp., and ask for a removal of the officers of the company. Compray-- There seems to be nothing very definite along these lines in the law. Court adjourned. ~~until Thursday~~ Tuesday

Tuesday Aug. 15. Morning session.

Compray -- We have one fundamental point to consider first. Whether a man who by his own position in the case is not a stockholder never has been and never could be, is able to maintain this action. Judge Kelley-- Why cannot the innocent victims maintain such an action? Compray-- Their remedy would be a different thing. They would then be creditors, if the thing is so void that they can't be stockholders there only remedy would be bankruptcy. Judge Kelley-- It seems the victims do not want the thing finished. It appears they want to kick out the directors who swindled them and name other directors and keep the thing alive. Arguments followed along former lines by Compray and Sapiro. Judge Kelley said that he was determined to settle the point of Hoyland's right to bring the action. Sapiro maintained that Hoyland was not bringing the action just for himself but for the benefit of the corp. He merely sets the machinery of the court in motion. He opens the door to the court of Equity. It becomes a representative action in the name of the stockholders, who don't know how to protect themselves, for those who won't do so, and for the corp., as a unit. Compray produced legal evidence that a person holding sheared of stock that are void is not a st

is not a stockholder and therefore cannot sue the corp. Kelley--  
 that that was  
 declared ~~the~~ the stock was issued upon its face valid, though the  
 corp., comm., had not permitted it, and that the persons who received  
 the stock that was issued without fraud took it in good faith. It  
 seems that we must determine the right of Hoyland to proceed, it being  
 contended by the defendant that the stock issued to him, if void,  
 gives him no right to maintain this action. Under section 310 of the  
 civil code, if that contention is true then the innocent ~~victims~~  
 victims of fraudulent transfers of stock and the victims of illegal  
 issue voided because not issued in accordance with the corp., ~~sec.~~  
 sec., act though apparently valid could not avail themselves of the  
 remedial provisions of sect., 310. It would seem unfair and unjust  
 to deprive such victims of such rights as they might otherwise have  
 under sect., 310. Because of the very fraud and the illegality of  
 a transaction by which they have been victimized it is not enough to  
 say they have another remedy. The law gives to share holders xx  
 certain rights in addition to all other rights and victims should not  
 be deprived. Other rights might not be sufficient to protect them,  
 If they are innocent and some directors or officers of the corp., are  
 dishonest the innocent victims should not by reason thereof be  
 deprived of any part of their rights, whether or not there are other  
 remedies. There is a provision for such an action as is here brought.  
 He then quoted a statute saying that the ~~directors~~ directors could be  
 removed in case of fraud etc., and could be disbarred permanently.  
 A fraudulent or dishonest director whose fraud or dishonesty has made  
 the stock void should not be protected. Unquestionably, the innocent  
 victim of an illegal transfer of stock is a de facto shareholder,  
 altho it may appear that the stock is void. A statute is remedial,  
 it can't be denied. All innocent shareholders have the fullest rights  
 to proceed under no., 310, because of a violation of the corp., sec., act.

www.rife.org

by an officer or officers of a corp., unless that very fraud which they  
attact also excludes them from the remedy. I cannot conceive it to be  
a principal of equity that a stockholder within the definition as I  
have now announced it is under the circumstances which I have indicated.  
A corp., can act only through its agents, the agents only produce  
the dynamic ~~qua~~ consequences of the corp., and it can hardly be  
conceived that a corp., could be more greatly injured and its very  
rights to existence impaired to a greater extent than by the dishonesty  
if its agents. That therefore an innocent party holding a share of stock  
valid upon its face, essays to condemn that fraud and proceeds to  
remove these officers. It would seem to the court that he or they  
should have that right to the fullest extent. The court will hold at  
this time that the word shareholder include an innocent transferee of  
shares of stock valid on their face. Recess.

www.rife.org

Compray-- The only persons who are in the positions of innocent victims  
are those whom the action ~~seek~~ seeks to remove. The only ones who put  
a copper cent into the company are Edwards, Reynolds, and the Ernsteins,  
who are directors. If the stock were for some reason voided merely  
the remedy would be simple. But if the thing is beyond "of reviving"  
what then? Judge Kelley-- I am presuming that the plaintiff is  
~~is~~ appearing on behalf of the corp. Compray-- I made the statement  
that Hoyland's desire is to wreck the corp., and I think he has proven  
this. We start out with a corp., under taking the business of the mfg  
and distribution of Rife Ray machines. From the beginning Hoyland was  
in the place of business of the company. He saw all that went on.  
He says that certain directors stated that the purpose of the co.,  
was to put over a course of aviation. The statement was simply a matter  
of personal opinion. We come to the matter of the validity, or in-  
validity of the stock. We have in the first place the valid issue of  
three shares. Because the three shares

www.rife.org



remained with Olmstead, Hutch, and Cullen. We have the June transaction here, that's the point in which the question comes up whether the number of directors was increased and the vacancies left unfilled, and then the resolution passed for application to issue additional shares, or whether original board of directors before the increase voted the increase. I think it should be noted in this that the corp., internal difficulties are due to action taken without legal guidance. But at this particular time they had the advice of Mr. Fickerson. And he would not permit it to go astray upon a point so easily recognizable as that. The application for a subliminal permit shows that the increase of the board of directors was something yet to be done. It was so simple to do it the right way, nothing could be gained by doing it the other way. It seems reasonable to assume that it was done as Mr. Fickerson says it was. He would not be a party to such misrepresentation. Judge Kelley-- He may have been misadvised. Compray-- But this all took place in his office. The meeting was held there. He guided them through the action. The increase was made for the sole purpose of getting a quorum for the meetings. Noon recess.

Noon Recess.

Judge Kelley-- Do you consider that this stock was issued validly.

Compray-- Yes. There are two things to consider, the transfer and the issue. The issue was entirely valid. Kelley-- Do you consider

that these three hold the stock as agents of the corp.? Compray-- That was the testimony of Olmstead and we have against it the testimony of Hutch. Kelley-- Frankly, I prefer the testimony of Mr. Olmstead.

Compray-- I can well appreciate that position. Kelley-- In what way would the innocent investors be prejudiced by the appointment of a receiver? Compray-- ~~xxxxxxx~~ In many ways. This company faces a \$50,000.

law suit. I can't see how they can hope to win against the British. The corp., agent Hoyland, caused this suit to be brought. The British were duped into signing a new contract and they parted with \$1500.00. Hoyland says the receivers should negotiate a new contract with the British. The British will have nothing to do with any group in which Hoyland figures. Sapiro then called upon Compray to prove this. Kelley-- Are these people on the board capable of carrying on the business of the corp? Compray-- If they are left alone, certainly. Hoyland has decided that he would like to compete with this company by his own activities, and he will ask the British to pay much more for an exclusive licence which he claims they do not have. Kelley-- Were the receiver an honest man and skillful, do you think that could be accomplished by Hoyland? Compray-- What can a receiver do? We have a company that is just about broke, I have no doubt, that in his closing argument Mr. Sapiro will say that he will lend the company the money necessary to carry it on. Sapiro objected violently. Kelley-- laughed and said he thought that that was a good suggestion. Kelley-- Where would the receiver get his compensation? Compray-- I wonder! The corp., has some machines set up. Mr. Sapiro has said that the only assets that the corp., has is the use of Dr. Rife's name, but Hoyland has said that the design and the frequencies of the machine itself is not that of a Rife Ray machine, and that the machine is in fact different. The company must have these machines junked, must draw up new designs according to Dr. Rife's ideas, must have Dr. Rife OK these designs etc.,. I don't think that Dr. Rife would permit Hoyland to do this. Sapiro objected volubly. Compray-- The board of director cannot be changed just because the fly in the ointment doesn't happen to like them. The British situation resulted from Hoyland's actions and his failure to cooperate with them. Kelley-- If the directors are just going to go to sleep and let Hutch or Hoyland run things how

www.rife.org

far can they be expected to carry on the business of the company satisfactorily? Compray -- Where have these innocent victims been guilty of a fraud? Kelley-- I think they should all have prosecuted Hutch. Does he owe money to the corp. The suit should be vigerously pressed. Compray-- I agree, but where the money will come from for that I don't know. Kelley-- Maybe Mr. Sapiro will put it up. We don't often get a rich Los Angeles ~~law~~ attorney down here. Well, it isn't enough to have the board of directors honest. They must have ability. Take bank officials. Their responsibilities are tremendous. They have a great deal to consider and so have the directors of this organization. They must act, they must be dynamic. What have they done? Compray---- The corp., is broke, they are going to have to secure permission from the corp., comm., to finance themselves by some sale of ~~stock~~ stock for cash. It will take enough money to carry them through the activities that will put the real Rife Ray machines on the market. We will have to get a new engineer and start all over again.

Kelley-- Would anyone invest in a corp., about to be sued by the British group? Compray-- Worse of all, would they invest in a corp., that was in receivership? As regards the British suit we filed a cross complaint naming Hoyland as defendant. If the British can make any case against the corp we can make a case against Hoyland. I have told the British this, if they succeed in getting a judgment against us we will assign to them our judgment against Hoyland. Sapiro -- This is conniving of the weirdest kind, I have ever heard about, Its outrageous. Compray-- Not at all, we say that the debt to the British shall be payed by the ~~xxx~~ one who did the wrong. If they don't get ~~xxxx~~ a judgment against us they won't get one against Hoyland. If that's conspiracy Mr. Sapiro you make the most of it. Now Mr. Hoyland is the only one who felt that he was free to licence other corporations. he knew that the B-R was getting an exclusive licence, everyone else

www.rife.org

testified that they knew it. If there are to be any number of licences handed out we might as well close up shop. Mr. Hoyland waited until it suited him to decide that the licence was not exclusive. Dr. Rife is not going to be a party to a fraud, and if the machines we sell are not the true Rife machines they are a fraud. Judge Kelley-- How long will the directors carry on these plans you have outlined.

Compray-- We are ready to go as fast as we can. Compray called upon Mr. Williams who said that as far as he knows 85% of the directors have agreed to follow Compray's advice. Judge Kelley however, seemed to feel that the 15% was a definite consideration. Judge Kelley-- Do they all now appreciate the fact that a promoter is not a lawyer?

Compray-- they have had an expensive lesson. Kelley-- Most of these people seem to think that a promoter is a very clever man. Recess  
Afternoon recess.

Compray-- There are one or two other things that rate a reply. I cannot take time to go into detail unless you want to take another day?

Kudge Kelley-- I would like to finish this today. I want to know what will be the consequences to the innocent investors. Compray-- We have those who put their money into the thing in order to make these machines according to Hoyland's design. These machines with which we are now stuck, because we can't use them. I think that Edwards, Reynolds and the Ernestines are most entitled to protection. I want to call the courts attention to the fact that this application for transfer of stock is also signed by Hoyland. He deserves any discredit, if there is any, along with the others. The directors were not guilty of any mismanagement. They put up their money and their work, and in spite of Hutch and Hoyland they have gone on as best they could. They have put the machines out, but these machines are not what we claim they are. Hoyland is not in a position of an innocent victim. He paid no money into the company. He was paid for his work. If a receivership is

www.rife.org

appointed we are finished. We can take of the suit with the British. If the British win from us they will have to try to collect from Hoyland. By refusing to pay him his royalties as one of the owners of the machine, the one who did the damage can only be reached indirectly through the corp. Our people can't be harmed through the British suit, since they can't collect any other way, they will have to talk turkey with us. We have now the evidence of Mr. Olmstead as a clear guide to us in any steps that may be necessary to recover such stock as should go back there. We can return to the corp., treasury the shares that belong there. I think we can secure from the corp., comm., the return of these shares for which nothing of value was paid. Sapiro -- I think the validity of this June meeting should be discussed. Judge Kelley-- It seems it was most irregular. Sapiro -- I don't think there was any meeting. And the whole stock arrangement is void. Compray produced papers proving that the application was dated June 1st. Sapiro -- I think that all of them realized that their affidavits were wrong. They realized the falsity of that June meeting and so they worked up a new story. All their testimony was contrary to their affidavits. The cross examination proved that. Kelley-- I think the whole thing is corrupt and polluted by the actions of Hutch. I believe that there are directors who are honest, but who know nothing about the organization or its running. Can they carry it on without the burden of a receiver? Sapiro-- I think they are not the proper persons to develop this machine. They've all known for months how things were going. They are decent men who as a group do not act. The corp., needs somebody who will act. This lack of activity might destroy the corp., entirely. They all were paralysed. Dr. Rife said that he knew there were changes made in his machine and that they were not changes that would make any difference. Dr. Rife is a genius but he didn't know how to put the machines in a form that could be used in officers of Drs.

www.rife.org

Couch  
These machines are perfectly good, they are just the same as the Couch-machine and the one that gave Mrs. Henderson such relief. The receiver should re-negotiate contracts that will stand up and won't be exploiting innocent stockholders. We need a really good business man in here. The Ernsteins should be paid off first, then Reynolds, then Edwards. I think we have assets in spite of Mr. Compray's sneering remarks about the machines we have. A receiver could collect what money is owed on these machines or he could recoup the machines and resell them. Then make a new contract with the owners for B-R leaving Hutch out. Then make a new contract with the British. If they knew that it would be brought out that we know they were merely stalling for time when they talk so much about frequencies, they would compromise. The British are very clever at that, they can always have a Munich. Mr. Compray says everyone is against Hoyland, but they accuse Hutch of fraud also. Edwards, Reynolds and the Ernestines testified in such a way that they actually took sides with Hoyland. Hoyland doesn't ask for a judgment for himself, he wants the corp., to carry on properly. He hasn't a ghost of a chance if these people continued to run things. I think the contracts and the stock issued in fraud must be handled somehow by the court. Judge Kelley-- Can the corp., comm., validate the void document? Sapiro -- No. Kelley-- Can he authorize the issuance of stock to these people in lieu of the void stock they hold? Sapiro-- I think they might arrange some method under which through a new application a stock arrangement can be worked out, and a new contract might be worked out. These victims might prefer to be creditors. But for myself I would prefer to be a stockholder. It would rest with them. All of this would be worked out by a receiver, but I don't believe it could be done by the present directors. The receiver would have to arrange new contracts between the owners and the corp. The court should

www.rife.org

www.rife.org

www.rife.org

www.rife.org

www.rife.org

~~www.rife.org~~  
 declare void all the agreements made , all stock issued ~~xxxxxx~~ etc.  
 The court should indicate what should be done about Hutch. It is  
 some question now as to who are the legal directors, they were not  
 elected by legal stock, but they are the de facto board. The director  
 should be put in control of the voting power of the corp. Outstanding  
 contracts should be canceled by law, ditto the void stock.  
 Compray-- The directors are now in control of the voting power.  
 Kelley-- It seems that they were illegally elected. I have expressed  
 my views on Hutch heretofore. I don't quite know whether he did this  
 deliberately or not. He may have believed that he had ~~that~~ thought  
 out a plan to escape its effect by taking money from  
 people on a promise of delivering stock. There are always some people  
 who think they can beat the law or circumvent it. It is hard to conceive  
 that anyone would be so ignorant as to believe that he could get ~~away~~  
 away from the effect of the corp., sec., act by so doing. But he may  
 be just that ignorant, in which case he certainly knew the object of  
 the law and what it was invented for. It is apparent that Hutch was  
 acting in violation of the law. Since I made some remarks as to my  
 views of Hutch it has been reported to me that Mr. Van Worp has stated  
 that Mr. Hutch came to him after this action was started and offered  
 him a consideration for withholding certain checks and receipts  
 which Mr. Van Wort later produced in court. If that is true it  
 exposes fully Mr. Hutch as having a low impression of the law. I want  
 this matter reported to the D.A.'s office. And it is my wish that  
 the proper procedure should be taken against Hutch. We have here  
 an instrument designed by Dr. Rife, who seems to have no idea of  
 business and not much regard for money or property. He is the type of  
 an inventor who seeks to discover something that will benefit humanity,  
 thoughtless of his own interests. He gave the impression on the witness

stand that he didn't care much what the financial transactions were. He may have produced an instrument of great value to the world, The court is not called upon to pass on the merits of this machine. But the people here before the court, have great confidence in its powers, both curative and money making. Now as to Mr. Hoyland I am not persuaded that he wholly ignored his own interest. I think he could have been more diligent in responding to the complaints of the British and is showing all of the correspondence that he received. I am not at all sure that he is without blame. I am not convinced of his blameless character in these transactions as to find that he is in court with that degree of manual cleanliness that the court insists upon. He stands alone and opposed to the directors of the corp. The court has confidence in their honesty and integrity, including Mr. Edwards. I have had occasion to have frequent contact with him. He is not a suspicious man, his mind works slowly. I believe he had confidence in Hutch. A layman cannot understand things like the corp. sec., act. He had confidence in this machine. He evidently had confidence in the set-up of the corp. He even tried to sell some of these instruments. He is not a business man or a lawyer. I think all of these people thought they could take a short cut and do without the services of a lawyer to keep things going right. People think lawyers make their money easily, just grabbing off big fees and doing no work. People who tell others that they know as much as a lawyer are always saying that they are going to make millions without incurring much expense. They needed good advice and they didn't have it. I think the directors are honest, but are they guilty of willful, gross, misuse of authority. They did not fully understand the burdens and responsibilities of directors. They needed most of all a wise, careful, cautious counsel. Now should a receiver be appointed its customary



to let the machinery function as it may under the law. There's often more harm done by receiverships than good. They are all expensive. I could name a receiver who I think has sound business ability and integrity, but such a man is expensive. He would have to be compensated for his time. Is there any possibility of the present directors working out a solution of the problem under careful legal guidance, I would favor that method, in spite of all the irregularities. They were all mistakes as far as these people who invested money are concerned. There were criminal agencies at work. I can not exonerate Hutch and apparently these directors haven't very much confidence in Mr. Hoyland. There is no doubt that a minority of stockholders may protect themselves against a fraudulent majority. If the directors persist in gross indiscretion Equity could interfere at once and take the meetings out of the hands of the directors. It isn't that picture I get. I see them stumbling around trying to make good, being victimized. I think if it were presented to the corp., comm., in the light in which the court sees it a solution could be worked out without too great an expense. These people are not on any black list. The court is inclined to refuse to appoint a receiver and to throw the matter back into the hands of the directors. It may be that this enterprise is doomed. There is this law suit against them. No one likes to put money into an organization that is in litigation and without assets unless it's some ~~fixing~~ foolish lawyer. That, I think, is the main object of the complaint. The main desire of the complaint is denied. Now we have to do with the validity of contracts, and other things. I am ready to hear the councils if they wish me to dispose of other issues. Compray-- What about the exclusive licence? Kelley-- I think the B-R has an exclusive licence. It was a mutual mistake that it was not so drawn in the contract. Sapiro -- Does your Honor believe that the stock

is valid stock and that therefore the contract is good? I think the law on that is quite clear. Kelley-- What do you think about that Mr. Compray? Compray -- I don't agree that the stock is void. The stock in the hands of those who paid for it should be allowed to stand, also Dr. Rifles and perhaps Hoylands. Kelley-- I am denying that plaintiff has clean hands, I am denying him the relief he demands because I don't believe he was ~~trying to get~~ above trying to get an advantage for himself in every transaction. Sapiro-- There was a false statement in the application and therefore the stock must be void and the contract is void in itself. Kelley-- The corp., comm., can work this out. Sapiro-- These cases cannot be revalidated by the corp., comm. Kelley-- He can do it, if he is properly approached. I am holding that the man who asked relief here is not in Equity with clean hands, and I say again I'll not give him relief. All these points are so closely interconnected that I won't consider them differently. There are innocent people here and I am going to protect them if I have to go to the extreme limits of Equity. All these things can be handled properly through the corp., comm. The accounts should be considered. Sapiro-- Considering the rest of what is happening we will wave that, it would be foolish to ask for an accounting. Kelley-- The plaintiff will not be allowed council fees. Each side will bear its own costs. The contract is to be referred as the court indicated. I think that is all.