

09/22/08 11:03am  
1D24\_0922\_110329

DeAnne  
Anderson: (UI) Bob White?

Deanna  
Coleman: Okay.

Tom  
Petters: How are you?

Coleman: Good, how are you?

Petters: This seven hundred billion dollar bailout, how come we're not in that?

Coleman: Yeah really. Huh? No kidding.

Petters: How are ya?

Coleman: Good, how are you?

Petters: Good. Where, did you find Bob?

Coleman: Yeah, he's here.

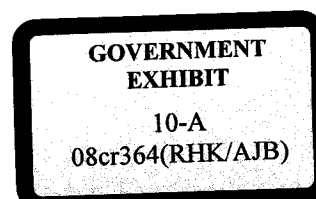
Petters: How is he?

Coleman: He, um, he's okay.

Petters: Look it's. We need to have a different conversation, the three of us. I think. I don't wanna, you know. I think, I think that, that we're all at a point, a breaking point. We can't count on holding, giving each other pep talks cuz we both all get knocked down so bad.

Coleman: Mm-hm.

Petters: And you know, I, I just wanted to tell, we should, we should go up to Bob's office in a little while, and go sit down and talk (UI), the one thing that I, that I um, I get the distinct feeling both of you guys think like I'm going to use you for an excuse or something, like and I'm just laying it on the table. Cuz we've known each other all these years.



Coleman: Mm-hm.

Petters: That um, I definitely, if that was my strategy I'd have done it a long time ago and I can't stand where we are.

Coleman: I know.

Petters: And, and you know, and that's not even a thought in my mind, but I know I talk fast and I got a hundred things going on and I don't always remember stuff, and it's like those things with Bob. But Bob doesn't remember everything either. None of us do. And you know, I think in the, in the, the thing is we just gotta face the facts where we are and what we can do to get this cleaned up. And even with the point with Larry coming in, if we're gonna come up with some fucking story about we got defrauded or whatever it is, then. Um, you know, I just got done talking with John Koneck, who is a really, a good friend of ours. And John said, I just want to make sure you're okay and I just want to make sure. And I said I'm not okay. None of us are okay.

Coleman: Right.

Petters: I said we got problems, John, and I'm just kinda here to tell you that the problems are, you know, big, but I said I think that there are ways we can work out of them. And he said, well I just wanna make sure that, you know, you and Deanna and, look, I don't go out there saying stuff to people. Bob, Bob is the one who blew up at Stewart Cohen and people about me. Telling, telling people all the time he blew up at Mike Catain, he blew up at people and telling them that, you know, he had stuff over me and over you. I know you don't believe that, but he that's what he did. He said, you know, he told Stewart Cohen who was at my house yesterday, didn't even respond, but he goes Bob White's still with you? And he's here working on the Circuit City deal and the Value Vision deal.

Coleman: I talked to him this morning.

Petters: Yeah, and you know, people bring this up all the time, all the time about Bob. It's not like he doesn't have a checkered past. John Koneck came to see me this morning because he told people that I'm raising money for the Brainerd International Speedway. Have you ever heard about this?

Coleman: No. That's a new one.

Petters: Yeah, well there's a document being circulated by Scott Long with my name on it that he says I'm involved in it, and Bob told him to go ahead and do it. I'm just saying Deanna, there's something about this with Bob. I'm not gonna get angry with Bob because it will never win the war.

Coleman: I know. You won't. He'll just.

Petters: He'll just kind of go crazy.

Coleman: Right.

Petters: But remember how he went crazy on, his son went crazy on us?

Coleman: Oh yeah. When we wouldn't give him money.

Petters: Right. So, so, so just, just between you and me. It's not like everybody didn't know what was going on. I've had my share of hits. I'm trying as hard as I can to figure out how to get out of this. I may not be able to get us out of it, but I think I can. And I don't think you know where the purchase orders were made or something like that when I ask questions. I just, it's like, I don't think we all can think clearly anymore, including me.

Coleman: Mm-hm.

Petters: You know? And I think when people ask us questions, we don't know what to say. And I border on, you know, more of a salesman telling more story and I shouldn't. You, Bob borders on never telling anybody a fucking thing about anything, he just gets mad when he can't get his way, and you don't know what to say, and you're in the middle, you know? And the truth is, um, no matter how anything happened yesterday, it doesn't matter. And what I said a year or two, three years ago, it just as aggravated as you get about me telling them they'll get money. I wish we all would have taken two or three days and sat down and figured out how just not to tell them we're giving them any more purchase orders. Because that'll be our death.

Coleman: Mm-hm.

Petters: If there is one. And I mean, we got all these wonderful companies, and they're losing money and some are making money and we got plans for them. I just blew off my flight at 11 o'clock. (UI). I've got to get Ted Deikel his money and I've got to get Sabeses their money tomorrow, and the rest of the hedge funds and everything else we can make our way through. I got a plan. I can't think anymore.

Coleman: Mm-hm.

Petters: Ted Deikel sent me the most fucking awful weepy letter that we promised him six times and today has to be the day and it came out of his kid's trust account, and that he's going to get, you know, I have all of his help. If you read the book that I have on the Sabeses, you will know how much trouble Jon Sabes is in.

Coleman: Why is he in trouble?

Petters: Oh, he registered this Life Settlement Insurance Company. Guess where he did his, they tried to get approved in Minnesota. I have a book that's in my car, Have Joe give it to you, if you want to read about the Sabeses. Jon, they can't get approved in Minnesota because they think they're part of the mob.

Coleman: Which Bob White's always told me they were part of the mob, but I'm not, I don't know that, but.

Petters: Well, Bob, I mean, GE Capital told us there was, we were dealing with less than reputable people. I didn't know who they meant. But when you read through this book,

Coleman: Probably Frank and Bob Sabes.

Petters: I, I honestly never knew how bad Bob was. I didn't, I told, you know me, we'd go to breakfast with my, I know what a mean fucker he was to you a couple of times and that really made me mad, but I didn't know. Thought he just had a temper. So, I listened to what Bob said, you know. Bob thinks I don't listen to him ever, I do. Bob is very, very smart. Bob is also very dangerous, um.

Coleman: I believe that.

Petters: I mean, Bob's the kind that like with the time bomb

goes off, you know. He's not going to be there for us.

Coleman: He's not involved in the mafia today, do you think he is?

Petters: Who Sabes?

Coleman: Sabeses.

Petters: I don't know. Mike Hatch has a 3-ring binder like this. But anyway, the kid filed for insurance, registered insurance in Colorado, used my address on my house in Keystone.

Coleman: He did?

Petters: Paid a guy up there. They got all this stuff on him. They're ready to blow him sky high. He's got this life, Jon Sabes needs to calm down a little bit. See, but I'm not, I'm gonna get him paid, and then we're gonna, I, I won't do anything. You'll watch his company go like a sky rocket into the sky.

Coleman: Wow.

Petters: Um, David Baer went and asked Mike Hatch and Lori Swanson, and they hired this person for the state and they did all the security (UI) to see what they could find out. They have stuff on Janet Sabes. They have stuff on Bob. And all their company has paid to make their name look good in this town and how they were in the mob, and how his father was in the mob and how he had Shieks and all this stuff, and how they paid lobbyists to try to overturn things when they happened. Bad people, bad, bad people. And Bob's right.

Coleman: Bob's (UI)

Petters: And I didn't, see, see, I, I, when I was going to get money from them, um, he also, see this is where Bob confuses me. If he's known all this and how bad the guy was, I mean, I've heard him say it the last few months, six months or something or nine months but I've never really heard him say much to me ever before. Maybe he said it to you. Whether he did or didn't doesn't matter. He is what he is and I just want to get him paid off. The reason I want to get him paid off is I think he'd kill me.

Coleman: Yeah, I um, well.

Petters: I think. No, I think. No, no I think...

Coleman: If you had said that six months ago when we owed him 50, 60 million dollars...

Petters: 150 million.

Coleman: I would have, I would definitely have said yes, but now that we owe him 17 million, I think he'd be...

Petters: If I don't pay him.

Coleman: I think he'd be very, very upset and I think he would do everything to lock you up. But um I don't think...

Petters: No, I don't think he wants to lock me up.

Coleman: You think he would still go after you? Even for 17 million, when they've made...

Petters: No, Jon would.

Coleman: How many millions?

Petters: Jon's, Jon's the next generation of the mob, not Bob. Bob is telling Jon to back off on this. Jon keeps going forward. Jon hates me. Jon is jealous of me. Jon's their rep, family reputation, he wants it to be like ours. See what they hate about me, now I know, is that people like me so much. And that we have such a good reputation and that after all the things that have happened. Notice they didn't support Jon's deal this year.

Coleman: No.

Petters: They talk about how they sprinkle their money around to various organizations trying to get support. They talk about the University of Minnesota saying we will not take a million dollar donation from you guys and we're returning the money.

Coleman: Really?

Petters: Yeah. But it's, there's a lot of stuff. The, there, there, you read, I got sick reading it last night

because I was like, oh my god, and, and uh, they wouldn't kill you, they wouldn't kill Bob, and when I say kill I mean kill. I mean, just have somebody for \$5,000 come to my house and shoot ya.

Coleman: Do you think they would hurt Jenny or anyone else in your family, or Nicholas or?

Petters: I just want to get um...

Coleman: You are worried about that, aren't you? Tom, don't, don't even, I know you have to think that way but don't. You're gonna make me cry if you keep.

Petters: Sorry. God. You're the only one here I sit and cry in front of. Fuck. Look. What I want. Listen, nobody is paying us. I have a plan to get us out. Either we're all gonna get on or Bob can out. I mean this with all my heart. I, we can't have discord between us. We can all get beat up. And you can't be talking to these people all day everyday. It's gonna kill you. It's killing me what I'm doing and it's killing Bob, okay. And what it has to be is, we can't live in a world of shit anymore. We have to come up with a plausible reason and get the fuck out of this. Cuz I, this is where it differs between you and I. See if Bob could get away with it, he wouldn't mind. I can't stand it. I can't stand lying to people everyday. I mean that. I'm not saying that cuz I'm such a good soul.

Coleman: I know, Tom, I can't.

Petters: I just, I can't stand the fucking lies. Like Nis and those goddamned lies. And I mean I love Nis and, and it's all these people, I just want to get them out and see and the thing that bothers me about Bob, it's like with those letters, that's a stone cold lie or he has a bad memory, it's a stone cold...

Coleman: See, I don't, I wasn't there, and that's. I don't know why he got so upset about it. But I mean, it's just...

Petters: I know, I know, and I don't care. See, I don't even want to tell him. I don't even want to say that anymore. You know what it is? I'm extra sensitive to, as I said to you one day when we were on the phone, you know, I, we all are. We all have our. We all are scared, so. I know that. Listen, if I don't pay

Sabeses, um, it's just sorta the way they work.

Coleman: Mm-hm. So don't mention that to Bob. Because I know Bob is afraid of Sabeses. So don't have this conversation with Bob because he would really...

Petters: They're never gonna go after Bob. Bob's a gnat on their ass. They don't care about Bob. They, they love to. See Jon Sabes thinks he like the, the um, replacement to Bob now. But he's not gotten his, his stripes, you know what I mean. He's trying to earn his stripes. In his business, I mean Hatch is...

Coleman: Jon is just a wanna-be. You can tell by being around him.

Petters: Hatch is gonna blow up his business and Lori Swanson and seriously they, they applied for insurance in Colorado, tried to transfer it to the Department of Texas, called Colorado, Colorado, they got turned down in Minnesota. Their whole portfolio in Minnesota is illegal. They lose everything. All Bob's money that he's invested in, Bob, Bob is gonna go ape shit with Jon.

Coleman: Wow.

Petters: And you can read about it. What he did, where he applied, what he did. 321 Elk Circle. Or 31 Elk Circle, that's my log cabin right in Keystone.

Coleman: Really?

Petters: Where it's reported. With the guy's address, with the address in Minnesota.

Coleman: Wow.

Petters: Yeah. Well, I ended up calling the guy in Colorado, and the guy in Colorado got really scared and said that Jon Sabes paid him some money to use his license out there, you know, and palmed the guy, the insurance agency to help him out and just say, then they talk about how the family's so afraid of their name being ruined and people talking bad about them, cuz of their connections to the mob, that they paid lobbyists and all these people, and then they had city councilman that was a gambler, this woman, and then Bob loaned her all this



money and, cuz she was a drunk and she was an addict and stuff. And then finally they caught her stealing and embezzling going to Mystic Lake that they said, well you just, Bob Sabes just kept giving her the money cuz she kept voting for him for Shieks, for his liquor licenses and stuff, and then the whole thing blew up, the lady got arrested, you know, then she turned states evidence on Bob.

Coleman: Oh really?

Petters: Yeah, so anyway, oh my god. You read this thing and just. I don't even want you to read it. But all I want to do is get Ted Deikel 10 million dollars and then I can get, can get the money back, we can buy Value Vision. Ted's not a mean guy. Ted just wants, Ted wrote me the most. If you read the letter.

Coleman: Oh, it's just a friend and you can't pay him back, then you feel bad, you know.

Petters: It's like he took the money out of his kid's trust account. And he told me that if, his wife told him that they would put in the emergency room last week because they think his heart was pounding so bad. And I was like, oh god.

Coleman: Wow.

Petters: You know, and so, I don't care if I gotta rob a fucking bank today to pay him, and then just get Sabeses paid and after that, I tell you what. I can handle Frank, I can handle, I got Fortress, I got these other two or three deals and if I can get Bob in the wagon, you know. The problem with Bob is, he scares everybody and I don't how to tell him that.

Coleman: He does. He just...

Petters: He gets mad at people, too. And he tells them off before he thinks about anything, cuz you think like, the stories that I heard from my brother. Ah god, about that Robin, she's fuckin dangerous.

Coleman: That's his. I was trying to think of his wife's name the other day. Robin. I can never remember.

Petters: She's more dangerous than Bob. You know what Fred said?

She's after all Bob's money and everything you got.

Coleman: Oh.

Petters: She said she thinks Bob's a billionaire and she will do exactly what she did to her ex-husband, she took everything, went to court, she spent \$350,000 on the divorce, she tried to get everything out of him she could. Told the guys (UI) and said they have pictures of Bob and her, which is disgusting, screwing in the boat.

Coleman: Yeah, you don't have to tell me that. That's really gross. Kind of gives me the creeps already.

Petters: But anyway, look ah I'm sorry about the crying episode.

Coleman: No, that's...

Petters: I'm just telling ya, I think about my kids more than anything.

Coleman: Well, I mean, you need to.

Petters: They're ruthless people, ruthless. I mean...

Coleman: I didn't realize they were that bad of people. I guess...

Petters: Um, can I tell you what. I don't think I'm gonna get killed, okay. I think you're right. Six months ago if I didn't pay them, and by the way, I just think that uh, that uh.

Coleman: I mean we still have to pay them. There's no doubt about it. We owe them about seventeen, but...

Petters: Fifteen now.

Coleman: Is it fifteen?

Petters: Yeah, they added all of these other charges and shit.

Coleman: But I mean, look it, but they made probably 50 times that on us. At least.

Petters: Yeah, oh, probably was two or three hundred million, right?

Coleman: Oh, at least, yeah.

Petters: Hm (UI).

Coleman: This year alone. Um. And this is not at the last notes that we've paid, or the money that we sent to them. So this is kind of old notes paid.

Petters: Um.

Coleman: Well, this year they made 16 million. Um, but like I said, that's not...

Petters: Well yeah, not like a normal year.

Coleman: Well, and that's old, I mean, that's 2007.

Petters: By the way, when Bob told me he wanted to go all the way down to nothing, do you remember that a couple of years ago?

Coleman: Yeah.

Petters: Only wanted, didn't want any more money in the business, you go down to fifteen, we do the tops. Well they raised it right back up, you know why? They needed the money for their insurance business, and they were getting it from us.

Coleman: Thought I did, last year, actually last year was even kinda slow, that was sixteen million last year.

Petters: So that's 32 million.

Coleman: Um, 2006. There we go, 127 million, 2007...

Petters: There's a 150, 160 million.

Coleman: 2005, what is wrong with that number? (UI). In 2005 I only shows 6.5 million, but you know what, that's that's kind of when we had them paid down quite a bit, slightly I think so, maybe. Like 6.5 million, that's doesn't sound right. 1.4 in their foundation. 2004, yeah, interest paid 2004 7.9 million, 1.9.

Petters: Hm. Are my eyes all red?

Coleman: Not bad right now, no.

Petters: No, if they are, tell me. I need drops.

Coleman: No, they're not. No, you're fine.

Petters: Sorry, about that.

Coleman: No, that's fine. We all go through that, so.

Petters: Sometimes when I think about my kids, and I think about John. And, anyways, so we got enough stuff to deal with, but.

Coleman: So you're not going to San Francisco at all now? Or...

Petters: No, I'm gonna go tonight.

Coleman: You're gonna go tonight.

Petters: I just wanna get this...

Coleman: Should we meet with Bob now and?

Petters: Yeah, I mean, um, Gregg Colburn.

Coleman: Craig Oberlander, I don't know what to tell him.

Petters: I know, I know what to tell him. I'll answer that I'm just gonna say, Craig we're experiencing the worse cash flow we ever have, alright, and um...

Coleman: He said he needs to know by noon. Um, I wish we could send him a million but I now that's not possible right now.

Petters: Cord has been calling me, he wants me to call him, says he's close to getting this fund done, is that true?

Coleman: He has a couple of notes now that are due, so he's asking about that.

Petters: Well, his, his call yesterday sounded like he wanted to know everything was okay and then he gets these people a bunch of money.

Coleman: I think that's mainly it. He's um, his one investor heard about Acorn lawsuit.

Petters: Right. He said he talked to you.

Coleman: But he, he. Yeah, he talked to me briefly about it and I just, I just can't explain it all, so I know he called David Baer. I asked him to call David Baer, so he could explain it to him.

Petters: I'll call Cord.

Coleman: When does Tracy got out completely?

Petters: Hm?

[ ]

Petters: You know what, get your head clear. I did it four years a long time ago. It's like, the worst time of my life, I couldn't afford the booze. But anyway, uh, you know, sorta like I feel like I'm back there again. But, I, I tell ya, there's a lot of good possibilities for the future. We gotta focus on two things keeping busy and, you know, getting things in line and then figure out what we gotta do to make things work out. And I gotta get, I don't know what to do with Bob, because he goes. Here's my quandary that I don't want to insult him, you know, but I think he thinks I make this stuff up, or I say things about him. He, he, you don't have to say anything about him, he does it himself.

Coleman: He does, I know.

Petters: Like, like when he was in Boston, doesn't he think Stewart Cohen's told everyone in this building about what happened.

Coleman: Yeah.

Petters: Stewart Cohen asks. He told Dave Baer.

Coleman: He's gotta, uh, he's gotta, he's gotta temper.

Petters: Fuck Tom Petters. I tell him what, I tell him what to do. I have something over him and I'll tell ya, this is what he told him about Zink. I have something over him. I can blackmail him. He tells this to Stewart, blackmail him. Blackmail me. That's really smart, Bob. That's really smart. You've seen him when he gets angry.

Coleman: Yeah. Well, I guess he just needs a pep talk um. You

know, the three of us just get together and whatever and...

Petters: Alright.

Coleman: Just for five minutes or ten minutes, or whatever and just um, he needs to know what's going on, and. Should I call him down here?

Petters: What?

Coleman: Should I have him come down?

Petters: Yeah, I should go talk to. Maybe I, maybe the three of us should go to lunch or something.

Coleman: I don't know if we wanna go in the cafeteria though.

Petters: No, go to the learning center.

Coleman: Could do it there.

Petters: I gotta just see if there is any possibility that Tom Salmen (UI) to get this money for Ted today.

Coleman: What is Tom working on with who?

Petters: Huh?

Coleman: Who is Tom working with?

Petters: Well, now he's trying to get Dean's loan redone working with another bank.

Coleman: Will Signature Bank redo Dean's loan?

Petters: Signature Bank won't redo it. They're out of money. The guy wants the loan out of there. So one of the things is, um, if we know that John Koneck was there at the meeting, if we know there's a problem and we don't do anything about it, and you guys have a real problem with like Frank, or somebody blows up. Um. Bob could ah end up, because of his own self, not anything, I mean, I don't know where he would ever think, the last fucking thing I would want to do in retrospect try to cover for Bob's shortcomings, you know, when he, when he, when he doesn't answer or when he doesn't follow up ever with anybody. I gave up doing that a long time ago

because you just don't give him stuff, cuz you know he doesn't follow up.

Coleman: Mm-hm.

Petters: But he's just not reliable, so that you just accept and know that's where he is, kinda, right? And then you go from there and say, alright so, alright, do I have him around here? And well the reason I didn't want him around here is I think he's making it more, making it worse and yet I know having, we need to have him around here, the way we're running it right now, so. And I think it's making all of us get, none of us want to fucking be around here.

Coleman: Speaking of, um, Bob White, you decided about Greg Bell, he hasn't called me yet today, but I'm sure he will shortly.

Petters: He's in London.

Coleman: I didn't understand, Bob said that he's talked to Greg a couple of times over the weekend and that he was in London, um...

Petters: He just left last night.

Coleman: But I didn't understand about the PO stuff. I didn't get that part.

Petters: Here's one thing that he, he called me ah one call and said, alright, how about if we just update all the current purchase orders with new dates.

Coleman: So what does he...

Petters: And I said Greg, I don't know if, I said, and then he said, I have too much BJ's in there on, uh, if the insurance people look, they're gonna say BJ's doesn't have that much on their balance sheet, remember what he said.

Coleman: Right.

Petters: He goes, so, if I could change some out to Sam's and then get some updated that would be great. I said, okay. I said, well, I said to be honest with you now, Are you asking me, I said, I can't just make up 3 hund,

you know, a billion one in purchase orders. I said, um, I can, you know, I can do something, I said, but you're asking me is to do fraud.

Coleman: What did he say?

Petters: I have to do something to make the fucking thing right, for right now.

Coleman: So, he's asking us to make up purchase orders, basically.

Petters: Well, yeah. I don't, I don't have the documentation of that phone call, you know what I mean, I don't...

Coleman: Well, you don't want one either, do you? That's what I'm saying.

Petters: No, no, but I'm saying, you know what I mean, if somebody said did he ever ask me to, I wouldn't want to. But I'm saying no one would believe me if I told them that.

Coleman: Right.

Petters: But, I'm just saying, you know, he doesn't, he doesn't want to know, look these guys have so much money out, do you think they want to know, fuck no, they don't want to know. Look it, they're in as much trouble as we are in.

Coleman: You know they know, but they don't want to, yeah.

Petters: Do you know what I mean? Their, so their, their, their incentive is to work with us. What's Bob doing anyway?

Coleman: I don't know.

Bob

White: Hello.

Coleman: Hi Bob.

White: Hi.

Coleman: I have Tom down here in my office.

White: Okay.



Coleman: Do you want to come down?

Petters: Hi Bob.

White: Sure, I'll come on down there and see ya.

Coleman: Okay, bye.

Petters: Okay. Let me go talk to them and let's just go down and have lunch or something, fifteen or ten minutes, I just want to see if get on this ten million cuz if I don't get it today I will, huh. I will, uh...

Coleman: Okay.

Petters: (UI)

Coleman: Okay.