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6	SECOND JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA
7	IN AND FOR THE COUNTY OF WASHOE
8	THE HONORABLE BRENT ADAMS, DISTRICT JUDGE
9	00
10	WHITTEMORE PETERSON INSTITUTE
11	FOR NEURO-IMMUNE, Case No. CV11-03232
12	Dept. No. 6 Plaintiff,
13	vs.
14	JUDY A. MIKOVITS,
15	Defendant.
16	
17	IN-CHAMBER CONFERENCE MARCH 14, 2012, RENO, NEVADA
18	APPEARANCES:
19	For the Plaintiff: BOWEN HALL,
20	Attorneys at Law By: Ann O. Hall, Esq. 555 S. Center Street
21	Reno, Nevada 89501
22	For the Defendant: DENNIS NEIL JONES, ESQ. 3500 Lakeside Court
23	Reno, Nevada 89509
24	Reported by: JULIE ANN KERNAN, CCR #427, CP, RPR Computer-Aided Transcription

1	RENO, NEVADA; WEDNESDAY, MARCH 14, 2012; 11:34 A.M.
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5	THE COURT: What are we here for?
б	MS. HALL: So your Honor, I understand your
7	concerns about this morning and I believe I can address
8	all of them or things that I thought about that I'm
9	prepared for, but I also you're the boss, it's your
10	call. We were looking for additional dates. I just
11	I would like my objection, my strong objection to be on
12	the record and I don't want to go through all my outrage
13	that I did this morning, but.
14	THE COURT: You can do it twice if you want
15	to.
16	MS. HALL: It's okay. I'm sure Mr. Jones is
17	one of those dog ate my home work type of people all the
18	time so I just - no. Anyway
19	THE COURT: Now see, there you are.
20	MS. HALL: So anyway, but I would like to
21	flush out the recusal issue.
22	THE COURT: I want to look at the
23	disqualification issue first. Dennis, did you have an

opportunity to talk to your client about it?

MR. JONES: I did. I was hoping to not have to take a position today on that.

THE COURT: Well, let me just tell you both my observations about it. We'll just start with that, and we're on the record, you're welcome to share that with your client, and as I told you earlier, we have the facility to get her on the telephone if you'd like, and I can go through the process with her.

But let me just follow it through with both of you. I think you both now have the sheets from the campaign disclosures that show the contributions. And I also want to tell you that those contributions were made at the first campaign event which was for young lawyers, but two older lawyers showed up, Harvey Whittemore and Ross de Lipkau. And Harvey had, I know, one of his sons there, I'm not sure if he had another son, and either a daughter or a daughter-in-law, but in any event, he made a contribution of \$5,000, which was on his behalf, \$5,000 on behalf of the Redfield company, and then each of the others made a much more modest contribution, I don't have the sheet in front of me.

MS. HALL: \$200.

THE COURT: It was \$250?

MS. HALL: 200.

THE COURT: \$200, okay. And then and now, I can tell you the following facts. Number one, neither Mr. Whittemore, his wife or any member of his family have ever contacted me directly or indirectly about any case, ever, in my 23 years in this position. I've never been at their homes, they've never been to my home. I've known Harvey for many years, I clerked for Mr. Lionell in the summer of 19 -- I think it was 1972 and 1973, and I don't remember if I was at the firm then or not, but he was -- he came into the law firm in that area somewhere. And I clerked exclusively with Mr. Lionell, but I did develop a close relationship with that man in the picture, Grant Sawyer, and I know that at some point later, Harvey was very close to Governor Sawyer, and developed his practice, his lobbying practice with Governor Sawyer.

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Now, there are two matters -- oh, and I don't know if I mentioned this, but I should mention it. I know nothing about the structure or ownership of this Redfield -- Redhawk, I'm sorry, company, or the institute, the plaintiff in this proceeding, absolutely zero. I did assume at the time of the contribution that Harvey was the executive officer of this Redhawk company. He was the only name I'd ever heard associated

with.

As we all know, our community has just been flooded with media attention in this, and I've read many of those stories. They have discussed a grand jury proceeding that's still occurring. I do believe in the presumptions of innocence that applies to every citizen. I know nothing about those investigations. I know that the Whittemores are engaged in a very public legal battle with the Senos, who I think is the father and son.

I had a settlement conference years ago in a dispute between the Atlantis Hotel & Casino and the Peppermill Hotel & Casino. And in that mediation, the Peppermill was represented, Peppermill personnel were represented by Mr. Caraselli, Mr. Paganetti, and one or both of the Mr. Senos, I don't remember any more who it was. And that's the only time I've had any dealings of any kind with the Senos. And that settlement conference resulted in the settlement agreement which resolved that case.

Several years ago, there was a lawsuit in this department concerning the development of a project in Sparks, and I don't remember the name of it, but maybe you do, it was the Lazy 5 or the Lazy --

MS. HALL: Eight.

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THE COURT: The Lazy 8. What was it?

MS. HALL: It was either five or eight.

THE COURT: Whatever it is, it was the Lazy something in Sparks. And that was a dispute with the city. My only contact with that lawsuit was one day during another proceeding there was a recess, and the lawyers in that case appeared and they had a stipulated agreement to end the lawsuit. I don't believe I ever entered an order that there was any proceeding, nothing. And you're welcome to check the file, but I just don't remember anything. And when that occurred, I did ask the city attorney of Sparks who was Chet Adams, to tell me he was completely confident that the members of the city council, or at least a majority of them, approved that agreement, because as we all know, unlike some other parties, public institutions have boards or commissions or council, councils that must make decisions, and the resolution of actions is always subject to the approval of the governing agency. And he said yes, they had agreed, and I signed the judgment or whatever it was. I think it was a judgment, but whatever it was, I signed it. And then later there was some sort of a dispute about whether the city attorney

had the authority to do that. And it had something to do with one of the members of the council, whether or not there'd been a publicly noticed meeting to take that action or some action, and I don't know anything else about that dispute. It never arrived in the department, I don't know if it was resolved or when or where, under what terms. And now we have this action. And this action is brought by an entity which, I think, is a non-profit organization, right?

MS. HALL: Yes.

THE COURT: And, obviously, it's called the Whittemore Peterson -- off the record.

(Discussion held off the record.)

THE COURT: Back on the record. Institute, and I assume that the Whittemore family has some interest in this institute.

MS. HALL: I don't want to interrupt you, but there is no interest. Harvey is not a party.

THE COURT: There isn't a witness.

MS. HALL: He's not a witness, he's not the lawyer, it's a non-profit, he doesn't have any ownership interest.

THE COURT: What about Mrs. Whittemore, is she involved?

MS. HALL: She is the president of the company and she will be a witness, but --

THE COURT: All right. I didn't receive any contribution from her, I don't know --

MS. HALL: And she's also not under grand jury investigation for campaign contributions of any type. She's never even been subpoenaed. But with respect to Harvey Whittemore, he is not involved, as I said before, no witness, no party.

THE COURT: Do you know anything about that, Dennis, one way or the other?

MR. JONES: Well, I -- it's my understanding that the Whittemores contributed five million dollars to start up the Whittemore Peterson Institute, so I'm not aware of Mr. Whittemore being an officer in the corporation. I was aware that Mrs. Whittemore is a -- is the president, and I don't even recall from the bar whether this is a community property state.

THE COURT: It is a community property state.

MR. JONES: I thought so, I mean that would presumably apply to the extent contributions are being considered the fact that it's a community property state.

THE COURT: Well, the -- I just don't know. I

mean, if you have -- let's say you have one of the spouses that invests community property money in a company or endeavor, that might be a community obligation, and likewise, if one of the spouses contributes to the campaign candidate, the source, or that money itself might be deemed community property. But in neither of those instances does it necessarily mean that for the purposes of the campaign law or the purpose of the laws that govern the company or foundation that there are other consequences. I'm not sure I've made that clear. Do you see what I'm saying? In other words, if you do something -- if you and I are married and you do something with community funds, that may have consequences in regard -- because of the fact that it is community funds. The fact that it's community funds may or may not have consequences in connection with third parties.

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As a quick example, let's suppose a driver of an automobile is married, the driver is found to be legally responsible for damages incurred to a third party, there is something called the family purpose doctrine that may apply and may result in liability to the other spouse, even though the other spouse had nothing to do with driving the automobile.

Now, I haven't had any time to even think about the application of those principles to this case, but I want to mention a few other things and then suggest how we approach it. I have reviewed the judicial conduct, I have reviewed several cases, and I've conferred this morning with David Sarnowski, who is the Counsel and Executive Director for the Nevada Commission on Judicial Conduct on which I sat for approximately eight years. And I just make these observations. Let me just run through them briefly with you. Okay?

Let me add this. Many of these provisions are adopted verbatim from the Model of Judicial Code. About 20 years ago Justice Stefan chaired a commission to decide whether to recommend to the Nevada Supreme Court adoption of the model code or some of its provisions. I was the only judge in the state of Nevada to testify that receipt of significant campaign contributions from a lawyer or a party in a case should be a ground for disqualification. And I've argued that publicly for decades since. I've written on the subject, I've been interviewed by the media on the subject, I've debated it as recently as two years ago with James Bach who was counsel in the Citizens United case and the Republican

Party of Minnesota case. And I very strongly believe that that's the standard that should be applied.

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In the Nevada Revised Code of Judicial

Conduct, the preamble states, "An independent fair and impartial judiciary is indispensable to our system of justice. The United States legal system is based upon the principle that an independent, impartial and competent judiciary will interpret and apply the law that governs our society. Thus, the judiciary plays a central role in preserving the principles of justice and the rule of law. Inherent in all the rules contained in this code are the precept that judges, individually and collectively must respect and honor the judicial office as a public trust and strive to maintain and enhance confidence in the legal system".

Paragraph 3 of the Preamble states, "The Code of Judicial Conduct establishes standards for the ethical conduct of judges and judicial candidates. In Rule 1.2, of Canon 1 of the code, judges are admonished to act at all times in a manner that promotes public confidence in the independence and integrity and impartiality of the judiciary and shall avoid impropriety and the appearance of impropriety".

Comment 3 to that provision states, "Conduct

that compromises or appears to compromise the independent integrity and impartiality of a judge undermines public confidence in the judiciary. Because it is not practicable to list all such conduct, the rule is necessarily cast in general terms".

Comment 5 states, "The test for appearance of impropriety is whether the conduct would create in the reasonable mind a perception that the judge violated this code or engaged in other conduct that reflects adversely on the judge's honesty, impartiality, temperament or fitness to serve as a judge".

The Nevada Supreme Court held in the case of City of Las Vegas versus Downtown Redevelopment Agency at 116 Nevada 645 Pacific 3rd 105, 9, that as a matter of law, receipt by a judge of campaign contributions from a party or counsel in a pending case does not constitute a conflict of interest.

I disagree with that result in the case. I always have. Don Campbell and I as members of the Nevada Commission on Judicial Discipline filed a minority decision in a case involving a Las Vegas family court judge who, in the context of a divorce action involving substantial financial assets, received \$48,000 from counsel for one of the parties. He had received

nothing prior to that time from anyone, did not disclose to anybody the contribution, and refused to disqualify himself. To me, that is outrageous. I would have removed the judge from office and I just think that is a horrible situation. I also think that, objectively, a party to that lawsuit adverse to the party whose lawyer made the contribution would have grave reservations about the capacity of that judge to be fair and impartial. All of us may have feelings or reservations about a judge because of some fact concerning the judge and another party or a lawyer. That doesn't necessarily constitute the undermining of the judge's impartiality. But on the other hand, our society's interest and the impartiality of judges, and that they be seen to be impartial is extremely strong in supporting respect for the law and for the institutions of government.

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In that City of Las Vegas Development,

Downtown Redevelopment agency case, the District Judge

was Judge Mark Danton, who I've known since he was born.

I was married in his parents' home. And he felt, as I

did, that under those circumstances, he should be

disqualified, and he disqualified himself. And one the

parties, I believe it was the city, appealed that

decision to the Nevada Supreme Court and judge Danton

was ordered to sit on the case.

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The Code of judicial conduct also contains in Canon 2, Rule 2.7, the following language.

"A judge shall here and decide matters assigned to the judge, except where — except when disqualification is required by Rule 2.11 or other law." This is the judicial concept known as the duty to sit. It's an ancient concept. It has existed in our country for generations. The vast majority of courts in the United States have decided to replace this concept of duty to sit by giving greater value to the public appearance of impartiality, and I agree with those decisions. I think the duty to sit should yield to the important value of a legal system that is conducted with integrity and is seen to be so.

Nevertheless, I tell you again that's the provision of the Revised Judicial Code in the State of Nevada.

There is now, according to Mr. Sarnowski, a case pending before the Nevada Supreme Court concerning the role of campaign contributions to judges and judicial candidates. And one of the lawyers in that case is David Chernoff. And according to Mr. Sarnowski, substantial briefs have been submitted. And the

approach suggested in that case is that the Nevada Supreme Court, instead of the categorical rule that I've just given you, apply a more flexible approach that looks at the context of the entire case, the amount of the contribution, how much the contribution bears to the total contributions received by the candidate, and other considerations.

I did do a rough calculation, and so did Mr. Sarnowski, and the contributions received from members of the Whittemore family to my campaign three years ago, and the Redhawk company are approximately three percent of the total contributions received by the campaign that year.

There's another case of interest, which is

Towbin, T-o-w-b-i-n, Dodge versus District Court, 121

Nevada, 251, 112 Pacific 3rd, 1063. I haven't had

occasion yet to read that case, I haven't had the

opportunity, but Mr. Sarnowski says that case does

discuss the duty to sit doctrine and also the process by

which these questions are raised to the court.

Then finally, I wanted to discuss that process for just a moment. I believe that in any case where a judicial officer believes that there is an issue of conflict of interest or an issue of impropriety or an

issue of the appearance of impropriety, the first step is for the judge to disclose the facts of the situation, and I've done that with you both this morning on the telephone and now on the record.

The second step in the process for you each to confer with each other and with your clients.

The third step, as I understand it, under the Towbin decision, is if the lawyers and the parties, themselves, agree that notwithstanding an issue of conflict, that issue would be waived, then the judge proceeds.

Now, that, of course, occurs with the full knowledge and understanding and the consent of the parties and the lawyers. The judge may not participate in any way, shape or form in that process, so that any decision made by the parties or their lawyers is uninfluenced by the judge.

And then if the parties can not agree, several alternatives occur. Number one, the judge can just recuse as the presiding judge and the matter's submitted to the clerk for random reassignment. And that, of course, ends the matter in this department.

The second alternative is for any party who believes that the judge should be disqualified, to file

a motion to that effect with points and authorities and any appropriate affidavits. The other party would oppose that, and that matter would be submitted to another judge selected randomly to decide.

Now, finally let me just give you my observations about this. First, as I mentioned, I'm completely confident that I could preside in this case and that the campaign contributions I have mentioned would have no influence of any kind directly or indirectly by any manner or means in my service as the presiding judge. As a quick example, in that same campaign, three years ago --

MS. HALL: I wanted you to tell this story.

THE COURT: Pardon me?

MS. HALL: This is the Morabito story?

years ago in the campaign, and of course all these contributions we're talking about are well within the legal limit of contributions, but in that campaign three years ago, I received a contribution of \$5,000 each from people I had no knowledge of at all. In fact, some of them or all of them lived in other states, and they were brought to me by a lawyer. And I said who are these people? And he said, "Well, you don't know them, but

here are their contributions", so they made the contribution; a total of \$20,000. And later, it turns out that these four people is a party in a very significant action involving the sale and purchase of 20 convenience markets and development sites for convenience markets in Reno. The party on the other side of the case was Mr. Jerry Herbst and his children and company, Mr. Herbst owns the second largest gas and cil distributorship in the State of Nevada. And so we went through exactly the process we're doing now. I disclosed those contributions. I disclosed the facts I've just stated to you. The parties and lawyers conferred, and they decided that they would waive any conflict or potential conflict of interest, and then I could further preside in the lawsuit. The lawsuit was very complex. We had a nonjury trial for many weeks. We had what I've been told is the largest number of exhibits in a lawsuit in the courthouse, I think in the neighborhood of 5,000 exhibits. They stretched from the bench to the wall of the courtroom. And the evidence consisted principally of the testimony of fraud examiners, forensic accountants and other professional experts. At the conclusion of the case, and for one of the few times in my 23-year tenure in this job, I found

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that the sellers of these properties had committed fraud, and entered judgment in approximately the sum of a hundred and 40 million dollars, and approximately ten million dollars in attorney's fees, and several million dollars in costs and fees. And that judgment was entered against the contributors of the \$20,000.

In this particular case today, here's what I'm concerned about. Here are the values that concern me.

Number one and most importantly is the integrity of our legal system.

Number 2 is the issue of the appearance of impropriety. I've taught judges all over the world, in Moscow, in Siberia, in Kazakhstan, in Tajikistan, in Columbia, in Quam, I've taught judicial ethics at the National Judicial College at least once a year for the past 24 years, a year before I became a member of the judiciary. And the number one value that the college and the United States agencies for national development, the state department and other institutions I've been asked to teach for is transparency.

In the country of Columbia, as an example, there are no live witnesses in a legal case. All the testimony is submitted on pieces of paper to a judge who decides the case.

President Bush, Senior, allocated the financing for the first public courthouse in the country of Columbia. President Clinton, his successor, planned to open the courthouse in a public setting. The court never opened. It still hasn't opened.

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The criminal conviction rate in the United

States is over 95 percent. In the country of Columbia?

It's two percent. Because in Columbia, if the judge

decides a decision that's adverse to the members of the

Medellin cartel who control the cocaine distribution,

then there are consequences to the judge.

I taught a group of Columbian judges, under very tight security conditions, and my colleague, who also taught them, was an appellate judge from Columbia. She rendered a decision against a criminal narcotics conspiracy. Her son was kidnaped and she was shot in the neck.

I taught judges from Tajikistan, in Omari
Kazakhstan, and my colleague in that experience was an
appellate judge from Tajikistan, he rendered a decision
adverse to radical Islam forces in that country, and
both of his sons were murdered.

And I can tell you firsthand that judges all over the world who must operate in a system of tyranny

or in a context in which there is a corrupt legal system love our country. They desperately want their country to have a system like ours.

In Olm, Siberia I met with judges who were trained in the previous Soviet system. And they told me firsthand, if a case was pending, they would get a telephone call from the kamazar, he would tell them how to decide the case, and that was the legal process.

If people with a legal dispute can not have a considered and decided with integrity in the United States, then they can't get justice anywhere in the world. It is that simple. So my number one concern is the integrity of our process.

My number two concern is the appearance of impropriety, and if there is a reasonable basis under the circumstances to conclude that I or any other judge presiding in the case would present the appearance of impropriety, then that judge should be removed.

And then the third consideration that troubles me is this. And it's the subject of the easy versus the hard thing to do. I can't live in this community without being aware that in recent weeks there is what I've called this flood of publicity about the Whittemore family. As far as I can tell, any politician who ever

received any -- any money from a person named Whittemore or whoever brushed by them in the supermarket at Raley's or whoever wrote a word that began with W is desperately anxious to disavow any sort of contact.

I read one statement by one public officer on this subject which seemed coherent. And it was from the late Senator Raggio. And all he said was two things.

One, he reported his personal dealings with Mr.

Whittemore at the legislature, and he said as far as he knew, he was a good person, he was a fine lobbyist, I'm not aware of anything he did wrong. And number two, he said, "I believe in the legal system of our country and unless and until it's proven otherwise, I don't have any criticism of him". It was actually a coherent, appropriate legal thing to say which reported his experience and honored the legal process by which we decide disputes.

And the easiest thing in the world for me to do would say you're happy to go elsewhere on a few occasions during my tenure when someone has filed a motion to disqualification, I've simply directed the clerk to reassign the case. Because the very process of deciding issues of disqualification can disrupt the process of the case itself.

For instance, in one case, there was a motion for a disqualification, which, frankly, I felt was meritless, but involved governments of a corporation which the following week in New York was to have a meeting and a vote on a six million dollar issue. And it was my observation in that case that whatever the merits of disqualification, the legal system would be paralyzed if the case wasn't heard very promptly under an expedited process, and so without considering the merits of the disqualification issue, I felt it was important and more important to simply disqualify myself, have the case reassigned.

There was one case in which under NRS 1.235, I did file an affidavit opposing a motion to disqualify. I felt then and I feel now that there wasn't a basis for disqualification. The matter was assigned to another judge who, by the way, received substantial campaign contributions from one of the lawyers in the case. It was taken under advisement for over a year and the decision was I should be disqualified, and it wasn't randomly assigned to another judge, it was kept by the judge who decides the disqualification issue.

So I guess my final observation is kind of a personal observation and that is, I don't have any

reservation about presiding in the case. I have a very strong commitment to the integrity of the system, and a very strong commitment to the principle that those who participate in it must believe that it is transparent, that it is fair, and that it is impartial.

On the other hand, if every judge, every court assumes ipso facto that if a party says the judicial officer can't be impartial, the case could be reassigned, then that, of course, can be used as a tool to disrupt the legal process, to delay proceedings, and to otherwise manipulate the system. And I guess that's about all I can tell you on this subject.

Ordinarily, I would say let's not spend any of our time, effort and money, our client's time, effort and money on who the presiding judge is, if someone has a reservation, go to a different department. But I am concerned in this case that — that somehow or other, if I do that, it might not be because I have a reservation about presiding in the case, but that I would just be vending to the huge public controversy about the Whittemores, and I think that's wrong, too. Because I don't want to give a minute's consideration to what the public thinks. Just yesterday, I instructed a jury, as I always do in any case, that their decision should be

made without regard, and this is verbatim, should be made without regard to sympathy, prejudice, passion, or public opinion.

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If whatever decision I would make about disqualification in this case should be based on the principles, the provisions of the Nevada Code of the Judicial Conduct and the cases I just discussed, and should have absolutely nothing to do with the regrettable political process we have in our state with the contribution anybody has or has not made, or the public controversy concerning people who may or may not be associated with the case, and frankly, I've been alarmed at the fact that there have been all these newspaper stories about the war between the Whittemores and the Senos, and person after person who holds political office sends the contributions back, whatever that means, I don't know how they send them to the same people that gave them to them.

MS. HALL: Send them to charity, they have to

THE COURT: Or send them to charity. And the only sense I can make of it is that the office holder thinks that because there is potential of some civil or criminal liability that might be embarrassing to the

office holder, or put the office holder in a bad public light or diminish the office holder's chance of being reelected, that the office holder says I don't want any of this person's money, I didn't know him, I never had anything to do with him, which I think has the potential of being corrupt as corruptive to our government as does conduct which undermines the impartiality of judges. We don't want corrupt judges, we don't want corrupt members of Congress, or the legislature or the executive branch, and the principles I talked about apply to all of those people, all of those people. So that's the best I can tell you.

I'm going to ask the reporter to produce a transcript of this proceeding as soon as possible, I want to give you each the opportunity to discuss the matter with your clients, advise the administrative assistant of the department as to how you wish to proceed, and we'll take it from there. Since it's now 12:20, the hearing at 1:30 will be vacated and we'll wait upon events.

Court is in recess. Thank you.

MR. JONES: Thank you.

(Proceedings concluded.)

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STATE OF NEVADA ) COUNTY OF WASHOE)

I, JULIE ANN KERNAN, official reporter of the Second Judicial District Court of the State of Nevada, in and for the County of Washoe, do hereby

That as such reporter I was present in Department No. 6 of the above court on Wednesday, March 14, 2012, at the hour of 11:34 a.m. of said day, and I then and there took verbatim stenotype notes of the proceedings had and testimony given therein upon the In-Chambers conference of the case of WHITTEMORE PETERSON INSTITUTE FOR NEURO-IMMUNE DISEASE, Plaintiff, vs. JUDY MIKOVITS, Defendant, Case No. CV11-03232.

That the foregoing transcript, consisting of pages numbered 1 through 26, both inclusive, is a full, true and correct transcript of my said stenotype notes, so taken as aforesaid, and is a full, true and correct statement of the proceedings of the above-entitled action to the best of my knowledge, skill and ability.

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DATED: At Reno, Nevada, this 14th day of March, 2012.

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/s/ Julie Ann Kernan

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