

BEFORE THE INTERNATIONAL CENTRE FOR THE SETTLEMENT OF
INVESTMENT DISPUTES ADDITIONAL FACILITY BETWEEN:

**Gordon G. Burr; Erin J. Burr; John Conley; Neil Ayervais; Deana Anthone;
Douglas Black; Howard Burns; Mark Burr; David Figueiredo; Louis Fohn;
Deborah Lombardi; P. Scott Lowery; Thomas Malley; Ralph Pittman; Daniel Rudden;
Marjorie “Peg” Rudden; Robert E. Sawdon; Randall Taylor; James H. Watson, Jr.;
B-Mex, LLC; B-Mex II, LLC; Oaxaca Investments, LLC; Palmas South, LLC;
B-Cabo, LLC; Colorado Cancun, LLC; Santa Fe Mexico Investments, LLC;
Caddis Capital, LLC; Diamond Financial Group, Inc.;
Family Vacation Spending, LLC; Financial Visions, Inc.; J. Johnson Consulting, LLC;
J. Paul Consulting; Las KDL, LLC; Mathis Family Partners, Ltd.;
Palmas Holdings, Inc.; Trude Fund II, LLC; Trude Fund III, LLC; Victory Fund, LLC**

Claimants

and

United Mexican States

Respondent

REPLY ON THE MERITS

December 6, 2021

CLAIMANT RANDALL TAYLOR

English Version

This Reply on the Merits is submitted in both Spanish and English. In the event of a conflict, the English Version shall be the controlling document.

TABLE OF CONTENTS

I.	Introduction.....	1
II.	B-Cabo, LLC and the Cabo Project.....	2
III.	Colorado Cancun and the Cancun Project.....	8
IV.	Recordings and Claims by B-Mex Board Members of Malfeasance by the Companies and Fellow Board Members.....	20
V.	Why Taylor is Changing Positions from Previous Pleadings and Going Pro Se.....	53
VI.	Specific Claims In The April 21, 2020 Memorial On The Merits Taylor Did Not Approve of And Believe Were False and/or Misleading.....	60
VII.	Damages as to Specific Taylor Interests and Request for Relief.....	67

I. INTRODUCTION

1. This Reply on the Merits by Claimant Randall Taylor (“Taylor”) arises under unusual circumstances. Claimant Taylor was formerly represented by David Orta (“Orta”) of Quinn, Emanuel, Urquhart and Sullivan (“QEU&S”) until May 15, 2020. Orta and QEU&S drafted and filed the April 21, 2020 Claimants Memorial on the Merits (“Memorial on the Merits”) purportedly representing Claimant Taylor’s claims.

2. Taylor does not dispute, and therefore accepts as his own, most of the claims and representations contained in the 2020 Claimants’ Memorial on the Merits. However, there were several claims and representations in the Memorial on the Merits which Taylor did not authorize to be made on his behalf, which did not reflect Taylor’s positions, and which Taylor disavows.¹ Not only did Taylor not authorize these specific claims and representations, by letter dated March 24, 2020,² he specifically instructed his attorney, Orta, not to make any such claims or representations on his behalf. Those claims and representations involved three main issues dealt with in the Memorial on the Merits, those being 1) B-Cabo, LLC (“B-Cabo”) and the Cabo Project 2) Colorado Cancun, LLC (“Colorado Cancun”) and the Cancun Project 3) representations that “Claimants made their initial investments in Mexico, the Mexican Enterprises, including E-Games operated their casino businesses in accordance with Mexican law.”³ Similar claims were made in the Claimants’ July 25, 2017 Counter-Memorial on Jurisdictional Objections which Taylor did not authorize to be made on his behalf, which did not reflect Taylor’s positions, and which

¹ Randall Taylor Statement, CRTWS-1, ¶¶ 19, 86

² This March 24, 2020 letter, Document Log Number 868, Document ID Number 6162, was deemed privileged in October 22, 2021 Privilege Expert Jeremy Sharpe Report and is thus not produced as an exhibit

³ Claimants’ Memorial on the Merits (April 21, 2020) ¶¶ 7, 8

Taylor disavows.⁴ These issues regarding representations and claims being made without Taylor's authorization will be explained and addressed below.

3. Taylor does not have direct knowledge regarding many of the representations and claims made by QEU&S in previous filings. He relied on fellow claimants and QEU&S to make and support those claims and representations. Taylor does have direct knowledge and information regarding the Cabo Project, the Cancun Project, and whether "Claimants made their initial investments in Mexico, the Mexican Enterprises, including E-Games operated their casino businesses in accordance with Mexican law."⁵ Respondent challenged Claimants' Memorial on the Merits on these claims in its Counter-Memorial. This Reply on the Merits will be limited to dealing solely with those particular issues to which Taylor can provide his personal independent knowledge and information to the Tribunal, plus an amended claim for damages.

4. The revised claim for damages contained herein are necessary to segregate Taylor's individual claim from the joint claim (which included Taylor's claims) previously made in Claimants' Memorial on the Merits. Taylor's claims that the Casinos were shut down illegally and/or subject to confiscation are virtually identical to the claims made by the other Claimants. Should the Tribunal find in favor of the other Claimants on these issues, it should also find in favor of Taylor.

II. B-Cabo, LLC and the Cabo Project

5. B-Mex et al, through David Orta and QEU&S, made the following claims regarding B-Cabo and the Cabo project in these proceedings:

a) **From Claimant's April 21, 2020, Memorial on the Merits:**⁶

1) Paragraph 7: They (meaning B-Cabo) "were substantially advanced

⁴ Randall Taylor Statement, CRTWS-1, ¶¶ 19, 86

⁵ Ibid

⁶ Claimants Memorial on the Merits (April 21, 2020) ¶¶ 7, 8, 65, 69

in those projects, having made substantial investments, with the expectation to open them when Mexico precipitously canceled their gaming permit and later illegally closed their Casino.”

- 2) Paragraph 65: “Claimants invested an additional US\$ 250,000 into the Cancun Project and US\$ 600,000 into the Cabo Project. These investments are comprised of loans not fully repaid, option payments and related investments, capital expenditures for the purchase of permits and down payments on property.”

and

“B-Cabo, LLC invested US\$ 600,000 through loans to Medano Beach, S. de R.L. de C.V., who used the majority of these funds to purchase property for the Cabo Project.”

- 3) Paragraph 69: “Claimants negotiated various draft agreements, which were in advanced stages when our Casinos were closed.”

(emphasis added)

b) From **July 25, 2017 Claimants’ Counter-Memorial of Jurisdictional Claims,**⁷

- 1) Paragraph 43: “Claimants were in the process of finalizing terms with their partners, including having a finalized agreement with the Cabo partners, and were about to begin accepting capital investments into the casino resort projects when Mexico unlawfully revoked Claimants’ casino permit.”

- 2) Paragraph 274: “When Claimants moved under E-Mex’s permit, they negotiated and received the right to open two additional gaming facilities in recognition of the unused equity. Since

⁷ Claimants’ Counter-Memorial on Jurisdictional Claims, July 25, 2017, ¶¶ 43, 274

Claimants only operated 5 dual-function casinos, and had remaining rights to open gaming facilities, they planned to use their licenses on the casino resort ventures. B-Mex II, LLC was in the process of selling those licenses to Colorado Cancún, LLC and B-Cabo, LLC for their respective casino resort projects, when Mexico unlawfully revoked E-Games' permit.”

(emphasis added)

6. Taylor is quite familiar with the B-Cabo efforts to open the Cabo casino/hotel because he was the person who provided \$500,000 of the \$600,000 funds which were loaned to Medano Beach S. de R.L. de C.V. (“Medano Beach”) and its partners Stanhope, LLC, Tim Brasel and Farzin Ferdosi.⁸ In March of 2013, Gordon Burr (“Gordon”) and Erin Burr (“Erin”) requested he wire \$500,000 to B-Cabo, LLC for their use in the Medano Beach venture and he did so on March 21, 2013.⁹

7. Because of Taylor contributing this \$500,000 loan and because as part of the consideration for the loan Taylor was supposed to receive a part of the deal,¹⁰ he was kept generally informed of the progress, or lack thereof, in the proposed Cabo project.¹¹ Taylor was not participating in the day to day negotiations or plans but he was definitely knowledgeable of and kept informed of the general direction of the negotiations.¹²

8. B-Cabo repaid \$50,000 of Taylor’s \$500,000 loan by April 2, 2013.¹³ The

⁸ Randall Taylor Statement, **CRTWS-1**, ¶¶ 23, 24

⁹ 3.21.2013 \$500,000 wire transfer, Taylor to B-Cabo, **CRT- 17**; Randall Taylor Statement, **CRTWS-1**, ¶ 23

¹⁰ 10.17.13 Erin Burr emails 10.17.13 Farzin Ferdosi signed agreement regarding 1% in BCABO hotel, **CRT-22**

¹¹ 1.7.2014 Ayervais Letter to Jon Sawyer re B-CABO demand for repayment, copy to Taylor, **CRT-23**; 10.17.13 Erin Burr emails 10.17.13 Farzin Ferdosi signed agreement regarding 1% in BCABO hotel, **CRT-22**

¹² Randall Taylor Statement, **CRTWS-1**, ¶¶ 23, 24

¹³ 6.18.2016 Burr to Taylor email listing all B-Cabo repayments, **CRT- 21**

\$50,000 was provided to B-Cabo by Ferdosi as a repayment on the previous loan.¹⁴ Between April 2, 2013 and October of 2013, Gordon indicated to Taylor that he was hopeful of finalizing a deal with Medano Beach, Farzin Ferdosi, and Tim Brasel. On October 17, 2013, Erin Burr emailed to Taylor the agreement signed by Farzin Ferdosi acknowledging that Taylor would be entitled to a 1% interest in the Cabo Hotel Venture should Ferdosi and his affiliates execute the “Investment Agreement” referenced in the agreement.¹⁵ This email and contract were part of the B-Cabo efforts to keep Taylor apprised of the ongoing negotiations. The proposed “Investment Agreement” was a major restructure of the deal, almost a new start. The “Investment Agreement” never was put into effect.¹⁶

9. Over the next six weeks Taylor was repaid by B-Cabo a total of an additional \$350,000.¹⁷ The source of this money was repayment by Stanhope, LLC, Farzin Ferdosi, and Tim Brasel (principals and partners in Medano Beach) of the \$500,000 B-Cabo advanced to Medano Beach.¹⁸ At that point in time, Taylor had now been repaid \$400,000 of his \$500,000 loan.

10. By early January of 2014, Taylor was aware negotiations were breaking down between Medano Beach et al and B-Cabo.¹⁹ B-Cabo was trying to get Stanhope, LLC, (“Stanhope”), Farzin Ferdosi, (“Ferdosi”) and Tim Brasel (“Brasel”) to repay the last \$100,000, which they, the three of them, had guaranteed on behalf of Medano Beach.²⁰ On January 6, 2014, Neil Ayervais, counsel for B-Cabo, wrote a letter to counsel for Stanhope, Ferdosi and Brasel,²¹ forwarding the letter to Taylor by email,

¹⁴ Ibid

¹⁵ 10.17.13 Erin Burr emails 10.17.13 Farzin Ferdosi signed agreement regarding 1% in BCABO hotel, **CRT-22**

¹⁶ Randall Taylor Statement, **CRTWS-1**, ¶ 25

¹⁷ 6.18.2016 Burr to Taylor email listing all B-Cabo repayments, **CRT- 21**

¹⁸ Ibid

¹⁹ Randall Taylor Statement, **CRTWS-1**, ¶ 27

²⁰ Ibid

²¹ 1.7.2014 Ayervais Letter to Jon Sawyer re B-CABO demand for repayment, copy to Taylor, **CRT-23**; Randall Taylor Statement, **CRTWS-1**, ¶ 27

again keeping him apprised of the negotiations. The letter acknowledges the repayment of a total of \$500,000 out of \$600,000 advanced (Taylor's \$500,000 plus another \$100,000 advanced on January 25, 2013 by B-Cabo) and seeking payment of the unpaid \$100,000. In this letter, Ayervais details the frustrations of his client, B-Cabo and acknowledges that no deal had been reached. A little more than three months before the closing of the casinos, this letter shows B-Cabo's counsel requesting the return of the remaining funds advanced to Medano Beach et al and admitting no deal had been reached to proceed with the Cabo Project and with building a casino or hotel in Cabo San Lucas.

11. After other fruitless efforts were made by B-Cabo to obtain repayment of the outstanding \$100,000, B-Cabo, after consulting with Taylor and obtaining his approval of the complaint, filed suit to collect against Stanhope, Ferdosi and Brasel, in State District Court, Arapahoe County.²² Taylor was informed by Gordon that the deal with Ferdosi, Stanhope, and Brasel for a casino/hotel was dead and they were suing to get Taylor his money back.²³ The Complaint is of record in Arapahoe County and available to the public, Case Number 2014CV030178, Case Caption B-Cabo LLC v. Brasel, Timothy, et al, filed January 21, 2014.²⁴

12. The January 21, 2014 B-Cabo complaint, filed only three months before the Casinos were closed, contains the following admissions and statements by B-Cabo,²⁵

“35. After numerous communications and demands, by email from Mr. Burr on November 3, 2013, B-Cabo demanded that an agreement be finalized, in the absence of which all

²² 2014.01.21 Complaint, Case Number 2014CV030178, Case Caption B-Cabo LLC v. Brasel, Timothy, et al, **CRT-24**

²³ Randall Taylor Statement, **CRTWS-1**, ¶ 28

²⁴ 2014.01.21 Complaint, Case Number 2014CV030178, Case Caption B-Cabo LLC v. Brasel, Timothy, et al, **CRT-24**

²⁵ 2014.01.21 Complaint, Case Number 2014CV030178, Case Caption B-Cabo LLC v. Brasel, Timothy, et al, **CRT-24**, ¶¶ 35-38

outstanding loans must be returned. *No final Investment Agreement or any other agreement was ever executed.*

36. To date, of the \$600,000 lent by B-Cabo to Medano Beach, \$500,000 has been repaid to B-Cabo.

37. In numerous communications, one or more of the Defendants regularly reaffirmed their obligation to repay the entire \$600,000. On several occasions, B-Cabo did not-initiate suit based on those promises.

38. Most recently, by email on December 2, 2013, Ferdosi stated: "There is no need for litigation. We assure you that you will receive your funds."

(emphasis added)

13. On September 23, 2015, another \$15,000 on this debt was repaid by Stanhope, Brasel and Ferdosi, and forwarded to Taylor, reducing the unpaid debt to \$85,000.²⁶ It should be noted that this payment to Taylor was routed through B-Mex II and did not come through B-Cabo.²⁷

14. At no time did Gordon, Erin, or counsel for B-Cabo, Neil Ayervais, ever indicate to Taylor that they or B-Cabo had a finalized deal or were even close to a finalized deal with Medano Beach, Stanhope, Ferdosi or Brasel for a casino or hotel in Cabo.²⁸ B-Cabo admitted as much in the above referenced complaint filed January 21, 2014.²⁹ On the date the casinos were closed by the Mexican Government, April 24, 2014, only \$85,000 of the \$600,000 in total that were advanced to Medano Beach et al by B-Cabo remain unpaid, therefore, there was no outstanding \$600,000 investment in the Cabo

²⁶ Randall Taylor Statement, CRTWS-1, ¶ 31;

²⁷ Ibid

²⁸ Randall Taylor Statement, CRTWS-1, ¶ 32

²⁹ Ibid

Project but, at best, something much less.³⁰ At no time, despite Taylor having been kept abreast of the negotiations during the entire negotiating process, did Gordon, Erin, or counsel for B-Cabo, Neil Ayervais ever indicate to Taylor that they or B-Cabo “were in the process of finalizing terms with their partners, including having a finalized agreement with the Cabo partners, and were about to begin accepting capital investments into the casino resort projects when Mexico unlawfully revoked Claimants’ casino permit.”³¹

15. If B-Cabo’s situation had changed after the filing of the Complaint in B-Cabo LLC v. Brasel, Timothy, et al, filed January 21, 2014, where B-Cabo claimed, “*No final Investment Agreement or any other agreement was ever executed*,”³² and they were indeed “in the process of finalizing terms with their partners, including having a finalized agreement with the Cabo partners,”³³ there should be produced by B-Cabo much documentation of communications, letters, emails, drafts of contracts, etc., dated after January 21, 2014, supporting such a claim. B-Cabo has not provided such documentation.

16. B-Cabo claimed B-Mex II, LLC was in the process of selling those licenses to Colorado Cancún, LLC and B-Cabo, LLC for their respective casino resort projects, when Mexico unlawfully revoked E-Games’ permit.³⁴ B-Cabo has not produced any proper written documentation indicating B-Mex II was in such a process. There were only three members on the Board of B-Mex II, Conley, Rudden and Burr. With the control of the company vested in these three, any legitimate assignment of those licenses should have been a quick process.

III. Colorado Cancun and the Cancun Project

³⁰ Ibid

³¹ Ibid

³² 2014.01.21 Complaint, Case Number 2014CV030178, Case Caption B-Cabo LLC v. Brasel, Timothy, et al, **CRT-24**, ¶ 35

³³ Claimants’ Counter-Memorial of Jurisdictional Claims, July 25, 2017, ¶ 43

³⁴ Claimants’ Counter-Memorial of Jurisdictional Claims, July 25, 2017, ¶ 274

17. The following claims were made in Claimant's April 21, 2020, Memorial on the Merits³⁵ some of which are shown above in the section on B-Cabo and the Cabo Project but for convenience are duplicated below:

“7. Claimants also later formed B-Cabo, LLC to pursue the opening of a gaming and hotel facility in Los Cabos (“Cabo”), Mexico, and Colorado Cancun, LLC to pursue the opening of a gaming and hotel facility in Cancun, Mexico.⁶ They were substantially advanced in those projects, having made substantial investments, with the expectation to open them when Mexico precipitously canceled their gaming permit and later illegally closed their Casinos.” (emphasis added)

65. In addition to the significant time and effort put into the pursuit of the resort projects, Claimants invested an additional US\$ 250,000 into the Cancun Project and US\$ 600,000 into the Cabo Project. These investments are comprised of loans not fully repaid, option payments and related investments, capital expenditures for the purchase of permits and down payments on property. Specifically, with respect to the Cancun project, Colorado Cancun, LLC invested US\$ 250,000 towards an option to purchase a gaming license from B- Mex II under our permit.¹⁷⁴ B-Cabo, LLC invested US\$ 600,000 through loans to Medano Beach, S. de R.L. de C.V.,¹⁷⁵ who used the majority of these funds to purchase property for the Cabo Project. (emphasis added)

66. In Cancun, Mr. and Ms. Burr worked on and discussed

³⁵ Claimants' Memorial on the Merits (April 21, 2020) ¶¶ 7, 65, 66

various alternatives with prominent developers who were eager to work with the Claimant group. In April 2013, Mr. and Ms. Burr had solidified a business plan for a casino in Cancun and were trying to find the right partner. Claimants had developed plans with the Marcos family, a very wealthy family and large landowner in Mexico. The Marcos family owns numerous 5-star resorts across Mexico and Latin America. Specifically, the Marcos family wanted Claimants to build out a Casino in a new hotel that they planned to build in Cancun.¹⁷⁶ For purposes of this project, the Marcos family would have raised all necessary funds.¹⁷⁷ In the business plan, Claimants estimated that net profits would be \$19 million annually after 5 years of operations.¹⁷⁸ The Marcos family, along with Mr. and Ms. Burr, selected a location for the Cancun project that would have been just off the beach and in the midst of the prime hotel zone in Cancun.¹⁷⁹ This hotel and casino complex would have been luxurious, modern, and the first of its kind in the area.”

18. Gordon Burr made the following claim regarding Cancun and investments by Colorado Cancun in his third witness statement.³⁶

69. “In addition to the initial US\$ 2.5 million B-Mex II paid to secure the initial right to open two new locations and the significant time and effort put into the pursuit of the resort projects, we invested a substantial sum of money into the Cabo and Cancun projects. These investments are comprised of loans

³⁶ CWS-50 Gordon G. Burr, ¶ 69

not fully repaid, option payments and related investments, capital expenditures for the purchase of permits and down payments on property. Specifically, with respect to the Cancun project, Colorado Cancun, LLC invested US\$ 250,000 towards an option to purchase a gaming license from B-Mex II under our permit.⁴⁴ B-Cabo, LLC invested US\$ 600,000 through loans to Medano Beach, S. de R.L. de C.V.,⁴⁵ who eventually used the majority of these funds to purchase property for the Cabo hotel and casino project.”

(emphasis added)

19. The B-Mex claims made in Claimant’s July 25, 2017, Memorial on Jurisdiction,³⁷ on the topic of its efforts to establish a hotel in Cancun were identified previously but for convenience, are duplicated again below:

“43. Claimants also formed B-Cabo, LLC and Colorado Cancún, LLC as Colorado limited liability companies to pursue the development and operation of casino and hotel facilities in the Mexican resort towns of Cabo San Lucas and Cancún, respectively.⁴⁴ Through Gordon and Erin Burr, Claimants formed these companies to develop these projects and dedicated significant time and effort preparing subscription agreements, performing due diligence, and negotiating with business partners.⁴⁵ Claimants were in the process of finalizing terms with their partners, including having a finalized agreement with the Cabo partners, and were about to begin accepting capital investments into the

³⁷ Counter Memorial of Jurisdictional Claims (July 25, 2017) ¶¶ 43, 273, 274

casino resort projects when Mexico unlawfully revoked

Claimants' casino permit." (emphasis added)

273. "Mr. Burr and Ms. Burr also invested significant sweat equity in the casino resort expansion plans. Mr. Burr, as the manager of the casino resort projects, was actively involved in all aspects of the projects, including selecting potential sites, managing efforts to obtain local permitting, and conducting negotiations with partners, landowners, and new investors.⁴⁴¹ Ms. Burr performed market research, prepared financial models, helped draft agreements, and met with and presented to prospective investors and partners.⁴⁴² Mr. Burr and Ms. Burr formed Colorado Cancún, LLC and B-Cabo, LLC, both Colorado limited liability companies, to develop these projects.⁴⁴³ Mr. Burr and Ms. Burr had dedicated significant time and effort preparing subscription agreements, performing due diligence, and negotiating with business partners, and were in the process of finalizing terms with partners to begin accepting capital when Mexico unlawfully revoked E-Games' permit.⁴⁴⁴"

(emphasis added)

274. "B-Mex II, LLC invested US\$ 2.5 million of equity in relation to gaming licenses intended for the expansion projects in Los Cabos and Cancún. Earlier, in 2006, B-Mex II had purchased rights for the operation of machines for the Puebla and the DF Casinos. As the Puebla and DF locations

opened with half of the permitted number of machines, part of B-Mex II's investment, amounting to US\$ 2.5 million of equity, was unused.⁴⁴⁵ When Claimants moved under E-Mex's permit, they negotiated and received the right to open two additional gaming facilities in recognition of the unused equity.⁴⁴⁶ Since Claimants only operated 5 dual-function casinos, and had remaining rights to open gaming facilities, they planned to use their licenses on the casino resort ventures. **B-Mex II, LLC was in the process of selling those licenses to Colorado Cancún, LLC and B-Cabo, LLC for their respective casino resort projects, when Mexico unlawfully revoked E-Games' permit.**⁴⁴⁷

(emphasis added).

20. Taylor is quite familiar with the Colorado Cancun efforts to open a Casino resort in Cancun because he is the person who provided the \$250,000 in funds which were utilized by Colorado Cancun “towards an option to purchase a gaming license from B- Mex II under our permit” as claimed by B-Mex in Paragraph 64 of Claimant's April 21, 2020, Memorial on the Merits.³⁸ Gordon solicited Taylor to participate in the project as an investor/partner and kept Taylor apprised of developments in the negotiations. Not only did Gordon keep Taylor apprised in the negotiations, but he also solicited Taylor's input on the contract proposals.³⁹ Taylor even traveled to Cancun to look at potential locations and meet with potential partners.⁴⁰

³⁸ 4.27.11 \$250,000 Wire Transfer, Taylor to B-Mex II and repayment wires , **CRT-16**; Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, **CRT-12**, ¶ 17; Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 36

³⁹ 8.8.2011 Erin and Taylor reviewing Cancun Venture Contract, **CRT-25**; Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶¶ 41, 42 ,43

⁴⁰ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶¶ 41, 42 ,43

21. Taylor had loaned Gordon \$1,030,000, personally, between October 29, 2010 and April 20, 2011. The unsecured loans were unpaid on April 20, 2011 (and remain unpaid through today).⁴¹ Rather than repay the loans, Gordon wanted to convert the loans to equity in a series of ventures he was developing in Mexico. On April 20, 2011, Gordon emailed Taylor the outline of a proposal to convert his debt to Taylor into equity interests in several ventures and also have Taylor bring him into a couple of oil and gas deals. CRT-13 shows the email and includes Taylor's handwritten notes.⁴² The handwritten notes were added by Taylor in a face to face meeting with Gordon that same week when he and Taylor discussed his proposal.

22. At this same time, Gordon mentioned to Taylor that he would like to borrow \$250,000 for Colorado Cancun and its efforts to put in a casino. He indicated he would use it to purchase a license. Gordon did not go into detail as to who was selling the licenses or any terms of the transaction. Taylor agreed to loan them the money, "just send the wiring details."⁴³

23. On April 26, 2011, Erin Burr emailed Taylor wiring instructions, saying they were unable to register the new company (that being Colorado Cancun) and asked Taylor to wire \$250,000 to B-Mex II to "secure the license".⁴⁴ On April 27, 2011, Taylor wired \$250,000 to B-Mex II. Erin acknowledged receipt via email that same day and mentioned she hoped to finalize the setting up of Colorado Cancun by the second week of May.⁴⁵

24. On that very same day, April 27, 2011, B-Mex II, sold Colorado Cancun a

⁴¹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 37; Burr Taylor 10.26.2015 Loan Agreement, **CRT-14** at 1

⁴² 4.20.2011 Burr bullet point email of debt conversion proposal, **CRT-13**. The handwritten notes are by Taylor.

⁴³ Burr Taylor 10.26.2015 Loan Agreement, **CRT-14**

⁴⁴ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 38

⁴⁵ 4.27.2011 \$250,000 Wire Transfer, Taylor to B-Mex II and repayment wires, **CRT-16**

⁴⁵ Ibid

Right of First Refusal” (sometimes referred to as an “option”) for that \$250,000.⁴⁶ Gordon advised Taylor that controlling a license to operate a casino was necessary to attract investors; that investors would never commit without being assured that the license was possessed by the operator and that the casino license was legal and valid for the games the casino would employ.⁴⁷ Taylor relied on his assurances that the venture had a license for the casino and never worried about it during this time nor bothered to investigate the details.⁴⁸

25. Just the same as in the Cabo Project with B-Cabo, because Taylor was the source of the \$250,000 loan to secure the license for this project and the fact Gordon was attempting to obtain Taylor’s participation in the project, Taylor was kept abreast of the negotiations with various potential developers in Cancun and Mexico.⁴⁹

26. In May or June of 2011, Taylor traveled to Cancun to meet with Gordon and some potential partners on the Cancun location. Taylor’s records indicate the trip was in May but his records on the exact date are incomplete. Taylor met with Gordon and one of the adult Marcos family sons on the trip.⁵⁰ The group visited a Marcos hotel project they were developing on the main Cancun hotel strip, Kukulcan Blvd, and visited a shopping mall the Marcos’s owned or controlled on that same strip.⁵¹ The group identified a tract adjoining that shopping mall and determined that might be a place that was acceptable to all parties.⁵²

27. Not only was Taylor kept abreast of the negotiations in a general manner, Gordon and Erin sought Taylor’s input on potential contracts.⁵³ As an

⁴⁶ Right of First Refusal Agreement between Colorado Cancun, LLC and B-Mex II, LLC (Apr. 27, 2011), **C-88**

⁴⁷ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 40

⁴⁸ *Ibid*

⁴⁹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶¶ 41, 43

⁵⁰ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 42

⁵¹ *Ibid*

⁵² *Ibid*

⁵³ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 43

example, Exhibit CRT-25 shows Taylor's input was solicited in August of 2011 on a potential contract with the Marcos family for the facility in Cancun and that Taylor provided multiple suggestions and thoughts.⁵⁴ Erin also acknowledged receipt of the Taylor red-line.⁵⁵

28. There was some legitimate interest with the Marcos family and negotiations proceeded far enough for a rendering of a Hotel, which provided for a casino, to be produced by the Marcos family.⁵⁶

29. It should be noted that on various occasions Burr has claimed that the subject \$250,000 Taylor wired on April 27, 2011 "to secure the license" was an investment rather than a loan and that Taylor purchased the "option"⁵⁷ or that Colorado Cancun and Taylor purchased the "option" together. Gordon then claimed that Taylor was not entitled to repayment because it was an investment and not a loan.⁵⁸ The issue was basically resolved via AAA Arbitration, Case No. 01-19-0001-3949,⁵⁹ conducted in 2019 and 2020, with an Award issued on March 19, 2020, in which Taylor was awarded repayment in the amount of \$374,692 from B-Mex II, which included the repayment of the loan plus accumulated interest.⁶⁰

30. From 2011 through mid-2013, Gordon would keep Taylor apprised of the process of trying to put a deal together for a casino in Cancun. The reports got progressively bleaker and Gordon eventually indicated no deal was likely and that the Marcos family were realistically no longer interested.⁶¹

31. By late 2013, since the Cancun deal with the Marcos family was

⁵⁴ 8.8.2011 Erin and Taylor reviewing Cancun Venture Contract, **CRT-25**, at 14-26; Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 43

⁵⁵ 8.8.2011 Erin and Taylor reviewing Cancun Venture Contract, **CRT-25**, ¶ 27

⁵⁶ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 44

⁵⁷ 3.15.16 Burr to Taylor email, re \$250K purchase of option, **CRT-32**;

⁵⁸ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 45

⁵⁹ Final Award, AAA Arbitration, Case No. 01-19-0001-3949, B-Mex, B-Mex II v. Ponto and Taylor, **CRT-26**, ¶ 8

⁶⁰ *Ibid*

⁶¹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 46

basically dead, Taylor wanted his loan repaid by Colorado Cancun and Gordon rather than continue to wait.⁶² According to B-Mex II and Gordon in their pleadings in the previously referenced AAA Arbitration with Taylor, at that time, per Gordon, “there was no longer a need to tie up the license.”⁶³ More on this B-Mex II representation in the pleading is shown below. To facilitate the repayment of the \$250,000, the Right of First Refusal on the license was sold back to B-Mex II by Colorado Cancun.⁶⁴ This resale was done in the months just before the April 24, 2014 closure of the casinos.⁶⁵ The rationale for the sale of the “license” was shown in Gordon’s claim that there was “no need longer a need to tie up the license.”⁶⁶

32. Evidence of the resale of the Right of First Refusal back to B-Mex II are the three payments of \$25,000 Taylor received from B-Mex II in the three months just prior to the closure of the Casinos.⁶⁷ Taylor received those three payments on January 30, 2014, February 9, 2014, and April 9, 2014. These payments were confirmed in the above referenced AAA Arbitration pleadings filed by B-Mex II.⁶⁸

33. In the B-Mex and B-Mex II AAA Arbitration filing of February 26, 2020, Claimants More Definite Statement Regarding Basis of Its Claims, they made two admissions of interest to this Arbitration in paragraphs 17 and 19.⁶⁹

17. In April 2011, the Managers granted Burr a right of first refusal¹¹ on one of the B-Mex II licenses to develop a property in Cancun for \$250,000 ("**Option For Cancun**")¹² and Taylor advanced the funds to "secure the license"¹³ (the "**2011 Advance**").

⁶² Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 47

⁶³ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, **CRT- 12** ¶ 19

⁶⁴ 3.15.16 Burr to Taylor email, re \$250K purchase of option, **CRT-32**

⁶⁵ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, **CRT- 12** ¶ 19

⁶⁶ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 47

⁶⁷ 4.27.2011 \$250,000 Wire Transfer, Taylor to B-Mex II and repayment wires, **CRT-16**

⁶⁸ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, **CRT- 12** ¶ ¶ 20-23

⁶⁹ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, **CRT-12**, ¶ ¶ 17, 19

(emphasis added)

19. Towards the end of 2013, Taylor told Burr that he needed funds for other projects he was pursuing. Burr mentioned that there was no longer a need to tie up the license, and Burr and Taylor verbally agreed that B-Mex II would repurchase the Option For Cancun and would make monthly payments of \$25,000 beginning in 2014.

(emphasis added)

34. In this 2019/2020 AAA Arbitration pleading, B-Mex and B-Mex II (and Gordon Burr) are arguing that, at the end of 2013, Gordon Burr claimed there was no longer a need to tie up the license.⁷⁰ This obviously contradicts and refutes the claim made in this arbitration that “B-Mex II, LLC was in the process of selling those licenses to Colorado Cancún, LLC and B-Cabo, LLC for their respective casino resort projects, when Mexico unlawfully revoked E-Games’ permit.”⁷¹ It is not logical or credible that the project in Cancun that was not proceeding and dead in late 2013⁷² and for which “there was no longer a need to tie up the license,”⁷³; yet, according to Colorado Cancun, B-Mex II and the other Claimants in this arbitration, less than four months later, suddenly “B-Mex II, LLC was in the process of selling those licenses to Colorado Cancún, LLC and B-Cabo, LLC for their respective casino resort projects, when Mexico unlawfully revoked E-Games’ permit.”⁷⁴ The claim is especially dubious when combined with the testimony of Taylor that Gordon informed Taylor that no deal was coming together for a hotel or casino.⁷⁵ There is also a notable lack of any written documentation supporting the claim that B-Mex II

⁷⁰ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, **CRT-12**, ¶ 19

⁷¹ Claimants’ Counter Memorial of Jurisdictional Claims (July 25, 2017) ¶¶ 43, 273, 274

⁷² Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 47

⁷³ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, **CRT-12**, ¶ 19

⁷⁴ Claimants Counter-Memorial of Jurisdictional Claims, July 25, 2017, ¶ 274

⁷⁵ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 51

was in the process of selling the license to Colorado Cancun between the end of 2013 and April 24, 2014, the date of the casinos closure.

35. In Paragraphs 17 and 19 of Claimants More Definite Statement Regarding Basis of Its Claims, B-Mex⁷⁶ and B-Mex II confirm and admit that Taylor did indeed provide the \$250,000 to purchase the “Option for Cancun” which is the “Right of First Refusal” discussed above and that they received payments for the resale of that license. This resale eliminates the \$250,000 claimed as an investment in the Cabo Project.

36. After the fall of 2013 and prior to the casinos being closed on April 24, 2014, at no time did Gordon ever indicate to Taylor that he or Colorado Cancun had any viable possibilities or plans or expectations of opening a casino in Cancun.⁷⁷ Gordon informed Taylor of the opposite; that no deal was coming together for a hotel or casino with the Marcos family or any other candidates.⁷⁸ The lack of prospects for opening a casino in Cancun is why the license was resold to B-Mex II.

37. In summary, by late 2013, the Cancun deal was dead, there was longer a need to tie up the license. B-Mex II had repurchased the option from Colorado Cancun, and Colorado Cancun no longer had \$250,000 invested in the license. The claims to the contrary made in the April 21, 2020 Claimants’ Memorial on the Merit regarding the Cancun Project are false and misleading.

38. As will be detailed further below, the false and misleading claims regarding the Cancun Project which were made in Taylor’s name in the April 21, 2020 Claimants’ Memorial on the Merits, were made even though Taylor gave Orta and QEU&S specific instructions not to make such a claim on Taylor’s behalf. It was Orta and QEU&S’ failure to honor Taylor’s directions that forced Taylor to

⁷⁶ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, **CRT-12**, ¶¶ 17, 19

⁷⁷ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 51

⁷⁸ Ibid

proceed Pro Se and forced Taylor to repudiate those claims.

IV. Recordings and claims by B-Mex Board Members of malfeasance by the Companies and fellow Board Members

39. Taylor initially began recording the B-Mex II Board Members in an attempt to get repaid for the \$250,000 loan he made to B-Mex II on April 27, 2011, on behalf of Colorado Cancun, that is discussed above in the section “Colorado Cancun and the Cancun Project.”⁷⁹ The recordings were all done in the State of Colorado which is a one party consent state.⁸⁰ This means the recordings were legally done as Taylor was a participant in the recordings.⁸¹ Under Colorado State Law, Taylor did not need consent from any other party to make the recordings.⁸² The issues and troubles suffered by Taylor regarding obtaining documentation and repayment are described above in the Colorado Cancun and the Cancun Project section.

40. To explain why Taylor began recording, the following is provided. Taylor had no intention of doing any recordings but was forced to do so when his other primary option became limited to merely walking away and not pursuing collection of a \$250,000 loan.⁸³ Prior to beginning the recordings, on numerous occasions, Taylor felt Gordon was not dealing with him and the situation in an honest and forthright manner. Gordon’s refusal to give Taylor any documentation and acknowledgement of the \$250,000 loan, despite the fact B-Mex II had made three \$25,000 payments to Taylor in early 2014, was baffling to Taylor.⁸⁴ But one example (out of many) of Gordon and Erin’s lack of being forthright with Taylor regarding the Loan is the following exchange from the January 6, 2016 recording, to

⁷⁹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 54

⁸⁰ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 53; Colo. Rev. Stat. § 18-9-304
Eavesdropping prohibited – penalty, **CRTL-2**

⁸¹ Ibid

⁸² Ibid

⁸³ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 54

⁸⁴ Ibid

wit:⁸⁵

Page 00097 (*CRT-38 approximate times 2:26:14 thru 2:26:57*)

11 RANDALL TAYLOR: Your to-do list, I know
12 this is going nowhere, but your to-do list is
13 Ernest, find out what's going on with the sale
14 and with the refinance on the, that deal. BCABO,
15 and I want to go talk to Erin. I want that other
16 loan documented.

17 GORDON BURR: What loan?

18 RANDALL TAYLOR: The 250 --

19 GORDON BURR: On the income property.

20 But wait a minute --

21 RANDALL TAYLOR: Gordon, my initial
22 email calls it a loan.

23 GORDON BURR: I don't -- it's -- Randy,
24 it's not a loan. If you leave it alone, I'll get
25 it fixed. They have to come to me with [UNINTEL].

00098

1 RANDALL TAYLOR: They're paying me back
2 as a loan.

3 GORDON BURR: I know. Erin's booked it
4 as a loan and told them it's a loan, but it was -
5 - all the paperwork, the original paperwork was a
6 purchase of an option.

⁸⁵ Recording Transcript 01.06.16 Taylor, Gordon and Erin Burr, **CRT-3**, 97 line 11 thru 98 line 6;
Recording 01.06.16 Taylor, Gordon and Erin Burr, **CRT-38**;

(emphasis added)

41. The above conversation occurred after Taylor had begun recording the conversations but Taylor had heard similarly confusing statements in the previous couple of years.⁸⁶ This conversation is provided because it is one Taylor can fully document. The conversation is relevant for two reasons 1) it deals with the repayment of the \$250,000 “investment” B-Cabo/B-Mex II is claiming in the Cabo Project 2) evidence of the lack of honesty in representations made by Gordon Burr. Since this supposedly was a straightforward business transaction, Taylor failed to understand exactly what Gordon would need to “fix”.⁸⁷ Gordon and B-Mex II knew the background of the transaction and the initial \$250,000 wire transfer was in B-Mex II records. Gordon subsequently claimed they resold the “Right of First Refusal” at Taylor’s request and sent Taylor \$75,000 (3 X \$25,000). That is a partial falsehood and neither Gordon nor B-Mex II have ever produced documents to support such a claim. Taylor never made such a request, he merely asked to be repaid from B-Mex II or Colorado Cancun from any source of funds.⁸⁸ Taylor’s assumption was all elements of this transaction would be in the B-Mex II records. Taylor did not understand what was needed to be fixed in order for the “Board to acknowledge” the debt or why anything would need to be fixed.⁸⁹ Taylor felt it important for the Tribunal to understand the reasons why he began to make the recordings.⁹⁰

42. Between December 23, 2015 and May 17, 2016, Gordon made several claims of Conley and Rudden attempting to usurp company opportunities,⁹¹ illegally remove

⁸⁶ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 54

⁸⁷ Ibid

⁸⁸ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 55

⁸⁹ Ibid

⁹⁰ Ibid

⁹¹ Recording Transcript 03.018.16 Taylor, Gordon and Erin Burr, **CRT-4**, 16 line 4 thru 21, 69 line 15 thru 70 line 25, 71 line 15 thru 76 line 19, 77 line 9 thru 80 line 6; Recording 03.08.16 Taylor, Gordon and Erin Burr, **CRT-39**;

equipment after the casinos were closed,⁹² selling company assets without authorization,⁹³ and working against the interests of the shareholders, even commit fraud against the shareholders.⁹⁴ Taylor had heard some of these claims before but usually in a more generalized manner. Gordon provided no documentation to support his claims.⁹⁵ Nonetheless, Gordon and Erin's statements in this regard were often quite detailed. Gordon also represented that he would address these issues on behalf of the membership when the time was right⁹⁶. As Gordon was on the Board and Taylor believed he would address the issues.⁹⁷ Prior to September of 2016 Taylor made no personal effort to investigate or address the issues described by Gordon and Erin. Following in the next paragraph is a detail showing one of the more egregious charges of Erin and Gordon. More such claims against Rudden and Conley are detailed in Exhibits CRT-1 thru 5 and in Taylor's witness statement, CRTWS-1.

43. Gordon's claim of fraud on the shareholders by fellow Board Member Conley was made in the March 18, 2016 recording, to wit:⁹⁸

00046 (*CRT-39, approximate time 1:02:37 thru 1:03:13*)

21 GORDON BURR: Yeah. And I think he's
22 real fed up with Alfredo. So John did admit that
23 he paid those guys and they never worked. And so
24 that, so he admitted that in the board meeting.

25 RANDALL TAYLOR: He paid which guys and

⁹² Recording Transcript 03.018.16 Taylor, Gordon and Erin Burr, **CRT-4**, 18 line 1 thru 21 line 11; Recording 03.08.16 Taylor, Gordon and Erin Burr, **CRT-39**

⁹³ Recording Transcript 06.16.16 Taylor and Rudden, **CRT 6**, 10 line 1 thru 11 line 2; Recording 06.16.16 Taylor and Rudden, **CRT-41**

⁹⁴ 2016.7.29 Burr email to Board forwarded 16.7.30 to Taylor by Rudden, **CRT-15** at 4; Recording Transcript 03.018.16 Taylor, Gordon and Erin Burr, **CRT-4**, 45 line 6 thru 47 line 11, 10 line 1 thru 12 line 9; Recording 03.08.16 Taylor, Gordon and Erin Burr, **CRT-39**

⁹⁵ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 56

⁹⁶ Ibid

⁹⁷ Ibid

⁹⁸ Recording Transcript 03.018.16 Taylor, Gordon and Erin Burr, **CRT-4**, 46 line 21 thru 47 line 11; Recording 03.08.16 Taylor, Gordon and Erin Burr, **CRT-39**

00047

1 they never--

2 GORDON BURR: Matt and Gabo.

3 RANDALL TAYLOR: Oh, okay.

4 GORDON BURR: I mean, it amounts to

5 about a million one, by the time you get done

6 with it. Now, the statute of limitations is over

7 on it, but he's admitted it and it's something we

8 can use on him. So--

9 RANDALL TAYLOR: When that goes to fraud

10 on the shareholders.

11 GORDON BURR: Exactly. Exactly so.

(emphasis added)

Gordon repeats this claim that Conley put his step-son and employees of his other companies on the B-Mex payroll while they performed no work for the company in his July 29, 2016 email to the Board.⁹⁹

44. Taylor did not sign the Engagement Agreement with David Orta and QEU&S for representation in this NAFTA Arbitration until May 23, 2016.¹⁰⁰ It was afterward, in mid-June of 2016, the next month, that Taylor contacted B-Mex Board Member Rudden to schedule a meeting to discuss getting repayment and documentation of the \$250,000 April 27, 2011 loan.¹⁰¹ Taylor contacted B-Mex Board Member Conley four days after contacting Rudden for that same reason. It was then, June of 2016 through September 1, 2016, that Taylor became aware of the accusations of Rudden and Conley against Gordon. This was after Taylor signed the

⁹⁹ 2016.7.29 Burr email to Board forwarded 16.7.30 to Taylor by Rudden, CRT 15, at 4

¹⁰⁰ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 58

¹⁰¹ Ibid

Engagement Agreement; yet Orta and QEU&S, who knew of these accusations, failed to warn Taylor prior to his signing.¹⁰²

45. On June 16, 2016, Taylor met with Board Member Rudden to discuss the referenced \$250,000 loan made “to secure the license” and recorded the conversation.¹⁰³ While discussing this loan, Rudden claimed that B-Mex, in another series of loan transactions borrowing money from its shareholders in June of 2014, had offered as collateral a first lien on certain B-Mex owned machines that was unavailable because another party already had the first lien.¹⁰⁴

46. On June 20, 2016, Taylor met with Conley to discuss the \$250,000 loan issue and recorded the conversation. Without prompting,¹⁰⁵ Conley, who, keep in mind is a Member of the Board of Managers of B-Mex, B-Mex II, and Palmas South, and it is believed several if not all of the casino companies, made the following statements which indicated millions of dollars were being taken out of the companies illegally by management¹⁰⁶ and that taxes were not being paid properly by those companies.¹⁰⁷ Conley also stated that B-Mex accountants from Mexico had traveled to Denver, held meetings and revealed this information to the other Members of the B-Mex, B-Mex II, and Palmas South Board members.¹⁰⁸

a) 0006 (***CRT-42, approximate time 09:08 thru 09:26***)

22 JOHN CONLEY: “Well, let me tell you

23 something. I really had reservations about

24 meeting with you, because of your connection with

25 Gordon. And I'm going to tell you, this is

¹⁰² Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 58

¹⁰³ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 59

¹⁰⁴ Recording Transcript 06.16.16 Taylor and Rudden, **CRT-6**, 10 line 1 thru 12, line 7; Recording 06.16.16 Taylor and Rudden, **CRT-41**

¹⁰⁵ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 60

¹⁰⁶ Recording Transcript 06.20.16 Taylor and Conley, **CRT-7**, 12 line 12 thru line 25, 17 line 1 thru 18 line 18; Recording 06.20.16 Taylor and Conley, **CRT-42**;

¹⁰⁷ Recording Transcript 06.20.16 Taylor and Conley, **CRT-7**, line 2, 15 line 21 thru 16 line 3; Recording 06.20.16 Taylor and Conley, **CRT-42**;

¹⁰⁸ Recording Transcript 06.20.16 Taylor and Conley, **CRT-7**, 17 line 1 thru 18 line 18; Recording 06.20.16 Taylor and Conley, **CRT-42**;

00007

1 exactly how I feel about him: Gordon is a lying
2 son of a bitch.

(emphasis added)

b) 00012 (*CRT-42, approximate time 17:04 thru 18:08*)

12 RANDALL TAYLOR: I appreciate your time.

13 If you have a question, you've got my phone

14 number, right?

15 JOHN CONLEY: Yeah, I got--

16 RANDALL TAYLOR: You have a question

17 about it, and want to ask me something, you can

18 always pick up the phone and call.

19 JOHN CONLEY: Sure. Are you aware of the

20 amount of cash that was taken out of that company

21 in 2013 by Gordon, Jose Ramon and Jose Miguel?

22 RANDALL TAYLOR: No, I am, I am--Danny

23 said something about it.

24 JOHN CONLEY: In the millions, in the

25 millions.

(emphasis added)

c) 00015 (*CRT-42, approximate time 22:32 thru 23:10*)

JOHN CONLEY SPEAKING

21 When I was negotiating with Televisa, they told

22 me SEGOB thought we were still associated with

23 Rojas and that there were major tax issues, which

24 there are--and tax issues aren't like Gordon says

25 there are, we didn't pay our fucking taxes.

00016

1. didn't pay them. He said we didn't have to, but

2. now [UNINTEL]. We didn't pay period. They are due

3. every month. We didn't pay.

(emphasis added)

d) 00017 (*CRT-42, approximate time 24:45 thru 27:28*)

1 JOHN CONLEY: I was--I don't think I was

2 to well received at that meeting, just because, I

3 mean there is plenty of evidence our people would

4 [UNINTEL] take out money and not account for it,

5 or not claim it, or whatever. Arturo Velasco, was

6 our vault manager, fortunately he recorded

7 everything, they had to sign a chit, which he

8 kept in a separate log. One morning when he came

9 to work, all the chits were gone that Gordon had

10 signed, and Jose Ramon had signed, and Jose

11 Miguel so they thought they had everything. But

12 he had itemized several things, who it was, what

13 the date and the amount. And the reason for that

14 is, Televisa and whatnot, we didn't want to blow

15 everything up, while we were trying to negotiate,

16 And I got taken a little bit by uh Televisa they

17 just wanted to get the [UNINTEL] they just wanted

18 to get the meat of the landlord stuff, when it's
19 taken over. that's what they were [UNINTEL]. But
20 they hadn't got [UNINTEL].

21 RANDALL TAYLOR: Is Terry Larue aware of
22 all this, about the chits and everything?

23 JOHN CONLEY: Yeah. I brought Alfredo,
24 and Jorge our bookkeeper, accountant in-house up
25 to Denver, to meet with Terry, Danny and Gordon

00018

1 RANDALL TAYLOR: And what did Gordon say
2 was going on?

3 JOHN CONLEY: Gordon said that he denied
4 it, and that he'd take a lie detector test, okay?
5 So then when it comes time for the lie detector
6 test he said well, I'm not taking a lie detector
7 test unless I get to ask the questions.

8 RANDALL TAYLOR: What?

9 JOHN CONLEY: I'm not going to take a
10 lie detector test unless I get to ask the
11 questions. That's what he [UNINTEL] I'll ask
12 myself questions. "Gordon, are you honorable or
13 dishonorable?" "Oh, Well I'm honorable." Yeah.

14 RANDALL TAYLOR: That's not a lie
15 detector test.

16 JOHN CONLEY: No, it's not. But he says
17 he'll take one, and then no, he won't, only if he

18 can ask the questions.

(emphasis added)

47. On July 29, 2016, in an attempt to secure permission from the Board to pursue NAFTA claims against Mexico and also to negotiate his and Erin's compensation for handling the arbitration, Gordon sent an email to the B-Mex, B-Mex II and Palmas South LLC Board members. The email was forwarded to Taylor by Board Member Rudden on July 30, 2016.¹⁰⁹ In that email Gordon made several revealing claims that show illegal acts or acts in violation of the operating agreements, to wit:

(a, page 1) “ I spent 60% of my time in Mexico. This was not the original plan - it was only after realizing that the group entrusted with managing the business, in a very short period of time, had engaged in self-dealing and other actions harmful to our investors and simply did not perform any services despite being paid handsomely, that I had to restructure management and take a more hands-on approach. In an effort not to point fingers, I will stop here. But, as you might imagine, I would be most happy to provide details and written proof if needed.”

(b, page 4) “Please note that when the company was formed, John and I set aside stock for employees. John was in charge of the original management team. He issued employee stock to Conley Equipment Company employees. This stock was half mine. These people included Matt Roberts (John's stepson), Gabo, Antonio (who at the time was a employee of the Conley battery company) and Alfredo (who was working for both Conley and The Casinos). With the exception of Alfredo, the other three never worked a day for the

¹⁰⁹ 2016.7.29 Burr email to Board forwarded 16.7.30 to Taylor by Rudden, CRT-15, at 1, at 4

companies until the battery company was sold and Antonio went to work in Puebla.

Having never worked a day (though at John's insistence they received salaries for 18 months that were each double Erin's initial salary and a combined eight times what she was being paid) and after being granted stock (which was employee stock), the three that never worked a day now stand to collect more than three times collectively what Erin would receive in the event a \$100,000,000 award. She will only collect \$650,000 in a \$100,000,000 award. Is this fair? Is this right? And no, Danny, this was never agreed to by anyone.”

The claim in the email regarding Conley putting personnel from his other companies and his step-son on the B-Mex payroll and allowing them to draw a salary while performing no work was also made by Gordon in the March 18, 2016 recording.¹¹⁰

48. On August 9, 2016, Taylor met with Board Members Rudden and Conley to again discuss repayment of the \$250,000 loan and recorded the conversation.¹¹¹ The following statements were made by Conley and Rudden, members of the Board of Managers of multiple B-Mex group companies, claiming millions of revenue had not been reported on the books, taxes were not being properly paid, that millions had been removed from the company vaults without the proper documentation, that company financial records had been removed or destroyed. Conley admits that he went to Mexico wherein several B-Mex financial personnel or former personnel explained to him exactly how this was accomplished.¹¹²

a) 00011 (*CRT-43, approximate time 11:08 thru 11:55*)

¹¹⁰ Recording Transcript 03.018.16 Taylor, Gordon and Erin Burr, **CRT-4**, 46 line 21 thru 47 line 11; Recording 03.08.16 Taylor, Gordon and Erin Burr, **CRT-39**;

¹¹¹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 62

¹¹² Recording Transcript 08.09.16 Taylor, Rudden and Conley, **CRT-8**, 11 line 7 thru 12 line 2, 13 line 21 thru 18 line 21, 26 thru 29 line 4; Recording 08.09.16 Taylor, Rudden and Conley, **CRT-43**

7 DAN RUDDEN: Yeah. But I'm going to ask
8 her for the ledger, just to see how it all
9 matches up. And, you know--I mean, you know she
10 keeps meticulous records. So, we'll see if
11 [UNINTEL PHRASE] and get those, you know. And if
12 she's not--you know, she's not fucking dummy.
13 Anything that's not there is they don't want it
14 there. You know. I mean, that I understand.

15 RANDALL TAYLOR: What's the ballpark of
16 what you're thinking maybe this misapplied?

17 DAN RUDDEN: Don't know. Well, I don't
18 know if there's a dime in this kind of account.

19 All the money that we had missing was out of the
20 vault, cash. Yeah, there's not [UNINTEL]--

21 RANDALL TAYLOR: So, this won't get you
22 to the vault?

23 DAN RUDDEN: No.

24 JOHN CONLEY: No.

25 DAN RUDDEN: No, the only thing--
00012

1 JOHN CONLEY: They were just taking
2 straight cash out of the vault.

b) 00013 (*CRT-43, approximate time 13:55 thru 19:15*)

21 DAN RUDDEN: Okay? Now, it's misuse of
22 company money. I mean, you know, it's not the way

23 you do business in a--you know, say in a public
24 company. But--auditors would, you know, smack you
25 around. But as far as actual money in/money out,
00014

1 who the fuck knows?

2 JOHN CONLEY: Yeah. Well, Arturo claims
3 he borrowed 200,000 from the vault, too.

4 DAN RUDDEN: Well.

5 RANDALL TAYLOR: Who did?

6 JOHN CONLEY: Gordon.

7 DAN RUDDEN: I mean, we had all kinds of
8 documented where money went. And, I mean, you
9 know, I have it here I know. But to have somebody
10 spend the time to go back through this--and, like
11 I say, the answer on Aneeka, you know, we've--
12 well, I'll--around that time period, I'll look
13 and see. It would come out of these statements.
14 That's what kind of money there could--if he
15 wired 175,000 to Mexico around that time, then
16 how do you refute the fact that he got paid back?

17 RANDALL TAYLOR: Well, shouldn't there
18 be some documentation?

19 DAN RUDDEN: Well, you're--I mean, in
20 theory, yeah. But if truly you saw the money in,
21 and it didn't come back, that 175,000, then it's
22 either owed to him or it was paid out according

23 to his--you know, what he's saying.

24 Now, all that, we may be able to follow

25 some of that, because, for example, if we get the

00015

1 ledger from Erin, it should show, at some point,

2 some money going down to Mexico. And then when

3 did it ever come back? You know, I don't know

4 that money--you know, I haven't--I just looked at

5 one month's statement.

6 RANDALL TAYLOR: Sure.

7 DAN RUDDEN: So, you know, you have to

8 see. And I've got a guy, Dave Nottingham, who may

9 go through this for us if we can get, you know,

10 the stuff from Erin, because and get through it.

11 RANDALL TAYLOR: Well, you got 200,000

12 in, is--and that's--

13 JOHN CONLEY: [UNINTEL] It's millions.

14 RANDALL TAYLOR: That are missing, or--

15 DAN RUDDEN: [UNINTEL]

16 RANDALL TAYLOR: You're kidding.

17 DAN RUDDEN: Well, that was sent

18 somewhere, in other words, *it was never put on*

19 *the books.* It came into the vault. And it was

20 taken out of the vault. Jose Miguel, Jose Ramon.

21 JOHN CONLEY: And Gordon.

22 DAN RUDDEN: And Gordon are the only

23 three that had access. They're the only three
24 that [UNINTEL]--

25 RANDALL TAYLOR: And it's not
00016

1 documented?

2 JOHN CONLEY: If it was done legally.

3 DAN RUDDEN: It's all documented.

4 JOHN CONLEY: If it was documented, it
5 would--they have to sign [UNINTEL]--

6 RANDALL TAYLOR: No, I mean documented
7 that it came out. I mean--

8 JOHN CONLEY: It came out of the vault.

9 Is that what you mean?

10 RANDALL TAYLOR: Yeah, I mean--

11 JOHN CONLEY: Yeah, they were supposed
12 to sign a Chit.

13 RANDALL TAYLOR: Okay.

14 JOHN CONLEY: Which they did. And Arturo
15 was the vault manager. He came to work one day
16 and all of his chits were gone, [UNINTEL].

17 Fortunately, he'd kept a separate log of who he
18 gave the money to. They called me and wanted to
19 have a meeting with me if I'd come down to
20 Mexico. This was six, eight months ago, Danny, or
21 a year or--

22 DAN RUDDEN: Probably longer than that.

23 JOHN CONLEY: Longer than that, anyway.

24 And our CFO and Arturo and all the accounting

25 people were in this meeting. And they showed me

00017

1 how they were taking--Gordon and Jose Ramon and

2 Jose Miguel were taking money out of the vault.

3 This is how they did it.

4 Now, I brought that up to Gordon at one
5 of our meetings here. And my lawyer was here with
6 me. And he said that Arturo wasn't the vault
7 manager. He was a fucking flunky so far down--
8 Arturo was the vault manager.

9 DAN RUDDEN: Well, now, the next
10 question is who was the vault--I would--I
11 should've--who was the vault manager?

12 JOHN CONLEY: Yeah.

13 DAN RUDDEN: Because they're all

14 basically in on it together. These guys were

15 trying to protect themselves, the Mexicans,

16 because they felt vulnerable.

17 JOHN CONLEY: Yeah, they--he's the CFO,

18 and Arturo was in charge of the vault. All this

19 money was coming out. I mean, if you know the

20 handle and you know the drop, you know what, you

21 know you were making before expenses, what the

22 machines were doing and you know what expenses.

23 DAN RUDDEN: Well.

24 JOHN CONLEY: When I was working with

25 Televisa, they couldn't understand how our

00018

1 locations only paid 20 percent. They said all

2 their good locations pay 40 percent. *Well, ours*

3 paid 20 because there was fucking money coming

4 out of them.

5 DAN RUDDEN: I mean, you know, but

6 there's--yeah. And I'll pull up the--

7 RANDALL TAYLOR: I'm just--I'm taking

8 all this in. I'm not trying to--

9 DAN RUDDEN: Yeah. Yeah. No, but--and I

10 had kind of told you that I mean.

11 RANDALL TAYLOR: Yeah, but I--this is

12 the first time I've really heard the numbers.

13 DAN RUDDEN: Oh, yeah, no, there was--I

14 mean, underneath that, those, the file on top

15 there, I pulled it out the other day and was

16 going through some of the stuff that I thought

17 was meaningful. And so, you know, we got to pull

18 that back up at some point. That's--you know, in

19 other words, where did--and the answer is going

20 to be: it went to Pepe; it went to--

21 JOHN CONLEY: Yeah.

(emphasis added)

c) 00026 (CRT-43, approximate time 26:11 thru 28:10)

1 DAN RUDDEN: Yeah, there's no--I mean,

2 there's no--

3 JOHN CONLEY: Yeah. You know. [UNINTEL

4 PHRASE]

5 DAN RUDDEN: And trying to piece it

6 together now is really a joke, other than what

7 this stuff may or may not expose.

8 JOHN CONLEY: The reason I [UNINTEL] it

9 even came up at all *is we didn't pay our*

10 *individual income taxes on the different juegos*

11 *on the five companies, for 2013.* And I asked

12 Arturo, "What the fuck? We don't pay our taxes?"

13 I mean, they can shut us down for that. Why not,

14 Arturo?

15 RANDALL TAYLOR: And Arturo's the CFO?

16 JOHN CONLEY: Arturo was vault manager.

17 RANDALL TAYLOR: Oh, vault manager, oh,

18 okay.

19 JOHN CONLEY: And he said, "Well, you

20 need to come down and meet with Jose Ventura and

21 me and the rest of the financial"--we didn't have

22 the money to pay the taxes. [UNINTEL PHRASE]

23 DAN RUDDEN: *And because, in theory, it*

24 *was going out to all this other payola wherever*

25 *it was going. And, you know, Gordon's comment*

00027

1 was, "You guys don't want to know where it's

2 going."

3 JOHN CONLEY: Yeah.

4 DAN RUDDEN: "Because then you're

5 liable." You know, basically that's what he's

6 saying. Well, you know, that's--unless you've

7 been there, being through--going through the

8 whole thing, he could tell you any fucking thing

9 he wanted. They could have been giving the money-

10 -because I said, "Well, how many judges did you

11 pay?" He said, "[UNINTEL PHRASE]," he said. Well.

12 RANDALL TAYLOR: And why wouldn't you

13 want to know?

14 DAN RUDDEN: Well, because, at the time,

15 that--I don't think that comment was--I forget

16 what--do you remember what it was they were

17 paying the--

18 JOHN CONLEY: No.

19 DAN RUDDEN: Oh, well, yeah, this stuff,

20 I don't want to go there right now. But, you

21 know, security type stuff, and people getting

22 killed, and all kinds of shit, you know. And it's

23 just--

24 JOHN CONLEY: First Gordon --

25 WOMAN 1: [UNINTEL PHRASE]

00028

1 JOHN CONLEY: Said he didn't take a dime
2 from the vault. And then he told me he did. Said,
3 "Sorry, I lied to you. I did take money out of
4 the vault for that."

(emphasis added)

49. On August 22, 2016, Taylor had a telephone conversation with Rudden to again discuss repayment of the \$250,000 loan and recorded the conversation.¹¹³ The following statements were made by Rudden claiming revenue had not been reported on the books, that company financial records had been removed or destroyed, and referenced that certain items were never documented such as the bribing of judges.¹¹⁴ Rudden also confirmed that certain records documenting money removed from the vault were now located in the United States.¹¹⁵

(CRT-44, approximate time 6:52 thru 8:54)

00007

3 RANDALL TAYLOR: All right, well, I'm –
4 - before I go to that topic, you know, you said
5 they had removed a ledger from the vault; is that
6 correct?

7 DAN RUDDEN: They had -- no, the guys
8 that work down there were told to [UNINTEL] it
9 up, but, you know, so maybe a ledger, whatever,
10 that was documenting all of the money movement.

¹¹³ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 63

¹¹⁴ Recording Transcript 08.22.16 Taylor and Rudden, CRT-9, 7 line 3 thru 8 line 16; ; Recording 08.22.16 Taylor and Rudden, CRT-44;

¹¹⁵ Ibid

11 RANDALL TAYLOR: And they were told
12 that by who, Gordon?

13 DAN RUDDEN: Gordon.

14 RANDALL TAYLOR: Okay.

15 DAN RUDDEN: So that, I think, you
16 know, I think we could get somebody to testify to
17 that, you know. Now, but what happened was, the
18 guy did keep another list of everything. So
19 basically, if he got rid of one, he still had
20 one, a copy or something.

21 RANDALL TAYLOR: And have you seen
22 that?

23 DAN RUDDEN: Yes.

24 RANDALL TAYLOR: Is it in the United
25 States?

00008

1 DAN RUDDEN: Yes, yeah, we've got that.
2 And that's why I say, the ultimate proof of any
3 of this where it went, in other words, Jose
4 Miguel might have taken out \$200,000 just for a
5 number, okay. Well, yeah, I gave that to Pepe,
6 he's say. I mean, how do you say no? I mean,
7 see what I'm saying? It's just -- all that stuff
8 was acceptable. Was it documented at some level?
9 Maybe, maybe not.
10 You know, some things Gordon would say

11 you don't want documented. Because, you know,
12 just saying you're bribing a judge, okay, that
13 can come back to -- I mean, that kind of shit
14 that, you know, paying for a political
15 contributions or whatever things going on over
16 the years.

(emphasis added)

50. On September 1, 2016, Taylor met with B-Mex Board Members Rudden and Conley to again discuss repayment of the \$250,000 loan and recorded the conversation.¹¹⁶ The following statements were made by Conley and Rudden; that revenue had not been reported on the books over a three year period (and providing a report prepared by the CFO and Vault manager in support of the statement);¹¹⁷ that money had been removed from the company vaults without the proper documentation (and providing a report prepared by the CFO and Vault manager in support of the statement);¹¹⁸ that company financial records had been removed or destroyed,¹¹⁹ and that Conley had gone to Mexico wherein B-Mex financial personnel, and/or former personnel explained to him how this was accomplished.¹²⁰

a) 00008 (*CRT-45, approximate time 7:49 thru 8:47*)

3 DAN RUDDEN: What'd I tell--Randy, what

4 did I tell you I'd get you? What were you looking

¹¹⁶ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 64

¹¹⁷ Cash not reported on Books summary provided by Rudden 9.1.16 **CRT-18**; Recording Transcript 09.01.16 Taylor, Rudden and Conley, **CRT-10**, 8 line 3 thru line 19, 12 line 24 thru 13, 44 line 4 thru line 20; ; Recording 09.01.16 Taylor, Rudden and Conley, **CRT-45**;

¹¹⁸ Cash from vault 2013 GB info from Arturo provided by Rudden 9.1.16, **CRT-19**; Recording Transcript 09.01.16 Taylor, Rudden and Conley, **CRT-10**, 12 line 24 thru 13, 44 line 4 thru line 20; ; Recording 09.01.16 Taylor, Rudden and Conley, **CRT-45**;

¹¹⁹ Recording Transcript 09.01.16 Taylor, Rudden and Conley, **CRT-10**, 9 line 23 thru 11 line 22; ; Recording 09.01.16 Taylor, Rudden and Conley, **CRT-45**;

¹²⁰ Ibid

5 for from me? Here's money from the machines.

6 RANDALL TAYLOR: You were going to get
7 me some information on what money was missing.

8 DAN RUDDEN: Okay. So this is--that's
9 money over about a three year period that was not
10 put on the books. ¹²¹

11 RANDALL TAYLOR: This money was not put
12 on the books?

13 DAN RUDDEN: Correct.

14 RANDALL TAYLOR: Are these American
15 dollars?

16 DAN RUDDEN: Yeah.

17 RANDALL TAYLOR: So in 2013 we're seeing
18 \$5.8 million were not put on the books?

19 DAN RUDDEN: Correct.

b) 00009 (*CRT-45, approximate time 10:09 thru 12:43*)

23 JOHN CONLEY: That came from the vault
24 manager, one of them provided that.

25 RANDALL TAYLOR: Oh, is it--and so the
00010

1 cash tracking system in the vault--

2 DAN RUDDEN: Was good.

3 RANDALL TAYLOR: Well, but I mean at--

4 DAN RUDDEN: [UNINTEL].

5 RANDALL TAYLOR: --one time--all right,

¹²¹ (At this time looking at) Cash not reported on Books summary provided by Rudden 9.1.16, CRT-18

6 there's been two sets of books, the vault manager

7 kept a set of books.

8 JOHN CONLEY: Well, the vault manager

9 had everybody sign a chit to get cash out of

10 there. He came to work one day, the chits were

11 all missing from his desk. In addition to the

12 chits he kept a running log of the dates and who

13 took money and how much.

14 RANDALL TAYLOR: And who took the chits?

15 JOHN CONLEY: I don't know.

16 RANDALL TAYLOR: When did that happen?

17 JOHN CONLEY: I don't--I found out about

18 it I don't know six or eight months ago. They

19 called me, the CFO and the vault manager called

20 me asking if I could come in and see them when I

21 was in Mexico. I was going down there quite a

22 lot and they wanted to explain it to me because

23 they didn't want it to look like--to come back on

24 them that they would take the money out of the

25 vault. They explained exactly how they did it.

00011

1 And when I asked Gordon about it he

2 said he didn't know anything about it and he

3 didn't take any money. And we weren't accusing

4 him. But there's signatures--he doesn't know

5 this, but there's signatures in there that he did

6 get a substantial amount of money.

7 But anyway, to make a long story short,
8 he--we were in a meeting in this office with my
9 lawyers, Danny, Gordon, Neil, and we brought it
10 up and, you know, Gordon made the remark that
11 Arturo Velasco wasn't the vault manager. He
12 wasn't the vault manager, he was a flunky down--
13 way down low in accounting. That's just a bald-
14 faced fucking lie. You know, why would he say
15 something like that? Everybody knows he was the
16 vault manager.

17 RANDALL TAYLOR: And y'all had those
18 records up here in the United States then?

19 JOHN CONLEY: Of the money that came out
20 of--

21 RANDALL TAYLOR: Yeah.

22 JOHN CONLEY: Yeah.

(emphasis added)

c) 00012 (*CRT-45, approximate time 14:18 thru 15:28*)

24 RANDALL TAYLOR: So Danny was saying

25 something about the table game money was not on

00013

1 the books either?

2 DAN RUDDEN: That's on that stuff.

3 Yeah.

4 RANDALL TAYLOR: Oh, was this all table

5 game money on this? ¹²²

6 DAN RUDDEN: No, it's everything. It

7 tells you what it is.

8 RANDALL TAYLOR: Oh, it does? Okay.

9 Sorry, I hadn't had a chance to look. Who

10 prepared this thing?

11 JOHN CONLEY: Jose Ventura.

12 RANDALL TAYLOR: Oh, this is the cash

13 out of the books overview?

14 DAN RUDDEN: Right.

15 RANDALL TAYLOR: It was prepared by the

16 CFO down in Mexico?

17 DAN RUDDEN: See and here was money

18 taken out of the vault and the dates that that

19 [UNINTEL]. That's in pesos. ¹²³

20 RANDALL TAYLOR: And you've got--so

21 you've got all these Gordon names.

22 JOHN CONLEY: We've got signatures.

23 RANDALL TAYLOR: Oh, you've got Gordon's

24 signatures?

25 DAN RUDDEN: Correct.

d) 00044 *(CRT-45, approximate time 46:11 thru 47:06)*

4 JOHN CONLEY: You know, for example, he

¹²² (At this time examining) Cash not reported on Books summary provided by Rudden 9.1.16, **CRT-18**

¹²³(At this time, examining) Cash from vault 2013 GB info from Arturo provided by Rudden 9.1.16, **CRT-19**

5 was paying his guys 300,000 a year, in Mexico.
6 The CEO of Wal-Mart doesn't make 300,000 a year.
7 You know?
8 RANDALL TAYLOR: Really?
9 JOHN CONLEY: No. Salaries shit you make
10 \$100,000 a year in Mexico that's a lot of money.
11 A lot of money. Like when I was negotiate--or
12 talking to Televisa they want that--you know, we
13 pay our top guys at the casino 60,000 a year.
14 RANDALL TAYLOR: Sixty thousand?
15 JOHN CONLEY: Yeah. And also, they
16 questioned, which really didn't get to me at the
17 time, why our numbers, like in 2013, we only
18 netted 20 percent and their casinos net 40. Well,
19 I'll tell you, you've got so much money going out
20 of them, you know, it brings the percentage down.

51. The Cash from the Vault document referenced above is Exhibit CRT-19.
The Cash out of Books Overview referenced above is Exhibit CRT-18.

52. Based on the conversations Taylor had with Board Members Conley and Rudden between June 16, 2016 and September 1, 2016, Taylor was under the impression that they would be addressing and investigating the issues regarding the revenues being kept off the books, the money illicitly being removed from the vaults by the Managers, and taxes being improperly reported and paid, and revealing such to

the B-Mex Group Members and owners.¹²⁴ Taylor was wrong.

53. On September 16, 2016, Erin emailed the Members of B-Mex, B-Mex II and others “Consent Resolutions of the Members of B-Mex LLC, B-Mex II LLC and Palmas South LLC, Investor Consent,” seeking approval of an outrageous compensation package to Gordon and Erin for handling the NAFTA litigation and included a clause regarding repayment of any funds advanced by an insider providing for an exorbitant, possibly usurious, rate of return.¹²⁵ Taylor would provide the exact details but that information was deemed privileged/confidential. There was no mention in the Consent Resolution of the claims made by Rudden and Conley, listed above, regarding money being removed from the vault, revenues not being reported on the books, or taxes not being paid properly. The membership was uninformed as to the allegations by Board Members Conley and Rudden against Gordon and Erin when they voted.¹²⁶

54. On September 28, 2016, Taylor attempted to begin to notify the members of the issues described above and begin an investigation by sending a demand letter to Gordon Burr as Manager of B-Mex, B-Mex II, Palmas South and related entities, and Neil Ayervais, as their registered agent, requesting access to “all accounting records and financial statements for each BMEX and related Mexican entity for fiscal year 2013”.¹²⁷ Taylor also sought “Full and complete accounting of all table game revenues at all locations, including poker All vault records regarding cash in and cash released to officers, managers or their representatives All cash payments made to Gordon Burr or his representatives in 2013.” Additionally, Taylor sought the Membership lists. Taylor received no response that day.

¹²⁴ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 66

¹²⁵ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 67

¹²⁶ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 68;

¹²⁷ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 69; 9.28.2016 Taylor Request for information from B-Mex, B-Mex II et al , **CRT-27**

55. After receiving no reply to the September 28th letter, Taylor followed up on September 29, 2016 by email addressed to Boards of B-MEX LLC, B-MEX II LLC, and Neil Ayervais, as agent for B-MEX LLC and B-MEX II LLC, alerting them to the below and asking that the vote regarding the above referenced “Consent Resolutions of the Members of B-Mex LLC, B-Mex II LLC and Palmas South LLC, Investor Consent” be delayed pending an investigation.¹²⁸ The email included a request for the Member Lists of B-Mex and B-Mex II which Taylor was entitled to under state law, CRS 7-80-408.¹²⁹ Taylor also wrote them:

“This information, all from BMEX insiders or Board Members, indicates:

1. That the equivalent of millions of dollars of revenue were never placed on the official books of at least some of the BMEX and Mexican related entities....

2. That Gordon Burr took the equivalent of several hundred thousand dollars (US) from at least one of the cash vaults and has failed to account for these sums....

3. That Gordon Burr admitted to other BMEX insiders to taking money from BMEX or related companies without authority and has yet to account for it....

4. That cash was used in certain activities but not reported and was kept off the books....

5. I have been told that some records regarding cash and disposition of cash in one of the BMEX vaults has been removed and are missing. Insiders have alleged that money is missing from

¹²⁸ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 69; 9.29.2016 Taylor demand email to B-Mex, B-Mex II **CRT-28**

¹²⁹ CRS 7-80-408 **CRTL-1**

the cash vault.....

6. That the 2014 loans that were supposedly to be secured by slot machines in Mexico were probably not properly securitized....

7. That people were being compensated by BMEX and/or related entities without performing work and that Board members were aware of this and have not remedied the situation nor brought it to the attention of the LLC owners.....

8. That Gordon Burr and Neil Ayervais have failed to timely release highly pertinent information to other board members, despite repeated requests.

9. Gordon Burr alleges that Danny Rudden and John Conley have company books but will not share them with him.....

10. Despite repeated requests by Conley and Rudden, Gordon Burr and Neil Ayervais have refused to provide documents related to the wiring of \$250,000 into BMEX II, LLC accounts by Randall Taylor on April 27, 2011.....

11. That Jose Ventura and Arturo Velasco (or Arturo Velasquez, not sure on spelling of last name), allege that at least some taxes in 2013 went unpaid.....

Accurate and complete books of account have not been kept by the Managers as has been acknowledged by Board Members. Managers have not provided Members with financial statements reflecting the Company's operations for its Fiscal Years as soon as possible after receipt from the Company's accountants"

56. B-Mex Group's October 5, 2016 response to Taylor's September 29, 2016 letter has been deemed privileged so Taylor cannot produce the document.

However, rather than open their books to inspection and show that no wrong doing had occurred, as one might anticipate a wrongfully accused, innocent party would do, they denied virtually everything and claimed they were investigating, did not stop the vote, and claimed they had not received requested documents from Conley or Rudden.¹³⁰ Taylor will testify to that effect.¹³¹ The refusal to openly share information books and records in the face of these claims from their Board Members is in and of itself an indicia of fraud and illegal activity.

57. At this time, while trying to instigate an investigation, Taylor was unaware that back in the January 14, 2016 joint meeting of the B-Mex, B-Mex II, and Palmas South Board of Managers meeting, the minutes show Rudden had “initiated a discussion of concerns that he believed may be pertinent to the NAFTA litigation and that should be disclosed to Quinn Emanuel prior to approval and execution of any retainer agreement”.¹³² According to the minutes, if not pertinent to the litigation, he (Rudden) stated that all are matters requiring the attention, investigation and resolution by the managers. He stated that he would “provide greater, written specificity to the managers for purposes of that consideration.”¹³³ Taylor was also unaware that in that same meeting, per the minutes, “Mr. Burr also indicated that he may have other matters to be considered in the same vein” and that “Mr. Ayervais stated that, as he had stated before, the managers should establish a protocol for detailing all such matters and addressing them. He indicated that the managers should set forth all matters of concern in the form of a bill of particulars, if that would speed the process, and then determine the most effective means by which to investigate and resolve them. All relevant documents should be

¹³⁰ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 70

¹³¹ *Ibid*

¹³² Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 71; 1.14.2016 Minutes B-Mex, B-Mex II, Palmas South, **CRT-20**

¹³³ 1.14.2016 Minutes B-Mex, B-Mex II, Palmas South, **CRT-20**

provided to all managers from all sources.”¹³⁴

58. Taylor was also unaware that Rudden provided a laundry list of such issues in a January 18, 2016 email addressed to outside Counsel that was subsequently provided to David Orta of QEU&S.¹³⁵ Taylor cannot provide the January 18, 2016 email as it was deemed privileged but Taylor has seen the emailed list of issues and will testify regarding its contents. Taylor will also testify that David Orta had knowledge of these claims before Taylor signed the Engagement Agreement and never alerted Taylor about the allegations.¹³⁶ More on this later.

59. Board Member Rudden confessed to running a multi-million dollar Ponzi scheme in June of 2018.¹³⁷ This led to his “resignation” from the B-Mex, B-Mex II, and Palmas South Boards of Managers and subsequent criminal conviction.¹³⁸ Multiple Members, including but not limited to Ponto and claimant Taylor, then requested both an election and the Member List of the companies to campaign for the position.¹³⁹

60. On May 3, 2019, official AAA arbitration was initiated by B-Mex and B-Mex II with multiple claims but a primary claim being to deny Ponto and Taylor access to the Member List.¹⁴⁰ Taylor and Ponto counterclaimed seeking, among other things, repayment of the April 27, 2011 \$250,000 loan to B-Mex II, a detailed accounting, holding of an election to replace former Board Member Rudden, and other matters regarding corporate governance.¹⁴¹ The process allowed for only

¹³⁴ 1.14.2016 Minutes B-Mex, B-Mex II, Palmas South, **CRT-20**

¹³⁵ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 72

¹³⁶ Ibid

¹³⁷ Board Member Rudden Confesses to Ponzi Scheme, **CRT-29**, retrieved from <https://denver.cbslocal.com/2018/07/11/businessman-confesses-55m-ponzi-scheme/>

¹³⁸ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 75

¹³⁹ Ibid

¹⁴⁰ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 76

¹⁴¹ Ibid

extremely limited discovery. Only 8 interrogatories, including subparts, 10 discovery requests and 5 requests for admissions were allowed in the AAA Arbitration and no depositions.¹⁴²

61. After nine days of arbitration, the final AAA award, dated March 19, 2020, was issued and B-Mex and B-Mex II failed in all of their claims, including the false claim that the recordings had been tampered with.¹⁴³ B-Mex II was ordered to re-pay Taylor the \$250,000 loan plus interest.¹⁴⁴ B-Mex and B-Mex II were ordered to repay two other debt claims unrelated to this arbitration in the amounts of \$50,000 and \$40,000. Taylor and Ponto were awarded attorney fees and costs¹⁴⁵. The total award reached just over \$1,000,000.¹⁴⁶ B-Mex and B-Mex II were also ordered to provide the member lists and provide a detailed accounting.¹⁴⁷ The award was confirmed in Denver District Court but subsequent orders issued by the Court to command enforcement of the award regarding elections have been appealed.¹⁴⁸ The election to replace Rudden has been delayed pending the appeal¹⁴⁹. Thus far neither B-Mex or B-Mex, II have properly or fully complied with any portion of the award, including paying the cash award or providing the detailed accounting which could prove their innocence of the claims made by Board Members Conley and Rudden.¹⁵⁰

¹⁴² Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 76; Operating Agreement of B-Mex, LLC (May 20, 2005), **C-69** ¶ 12.23.4

¹⁴³ Final Award, AAA Arbitration, Case No. 01-19-0001-3949, B-Mex, B-Mex II v. Ponto and Taylor, **CRT-26**, ¶ ¶ 1, 2, 3

¹⁴⁴ Final Award, AAA Arbitration, Case No. 01-19-0001-3949, B-Mex, B-Mex II v. Ponto and Taylor, **CRT-26**, ¶ 8

¹⁴⁵ Final Award, AAA Arbitration, Case No. 01-19-0001-3949, B-Mex, B-Mex II v. Ponto and Taylor, **CRT-26**, ¶ 15

¹⁴⁶ Final Award, AAA Arbitration, Case No. 01-19-0001-3949, B-Mex, B-Mex II v. Ponto and Taylor, **CRT-26**, ¶ ¶ 8, 11, 13, 15

¹⁴⁷ Final Award, AAA Arbitration, Case No. 01-19-0001-3949, B-Mex, B-Mex II v. Ponto and Taylor, **CRT-26**, ¶ 7

¹⁴⁸ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 77

¹⁴⁹ *Ibid*

¹⁵⁰ *Ibid*

V. Why Taylor Is Changing Positions from Previous Pleadings and Going Pro Se

62. As noted previously, Taylor signed the Engagement Agreement with QEU&S and David Orta on May 23, 2016. This was before Taylor had any conversations with Board Members Rudden and Conley about collecting the \$250,000 loan and before he was aware of any of their claims of malfeasance or illegal activity against their fellow Board Member Gordon Burr who is also the main Manager of the B-Mex Group Companies, including the Mexican Casinos.¹⁵¹ The actual Engagement Agreement Taylor signed has been deemed confidential and privileged. Without going into specific details, per the agreement, even though Taylor was also QEU&S's client, QEU&S and Orta were going to rely primarily, but not exclusively, on Gordon and Erin for information in support of the claims to be made in this Arbitration.¹⁵² With Gordon and Erin providing the information for this Arbitration, QEU&S was able to avoid Taylor's input and completely avoid discussing with Taylor the initial claims made in the July 25, 2017 Claimant's Counter Memorial on Jurisdictional Objections.¹⁵³ The standard in most joint representation agreements of its type is that all of the parties must maintain common positions on all issues. Taylor's disagreements with this filing and the subsequent April 21, 2020 Memorial on the Merits are not ones of litigation strategy but are rather disagreements regarding factual claims made and positions taken.¹⁵⁴ Taylor and the remaining QEU&S represented clients did not and do not have common positions on several key matters at issue.¹⁵⁵

63. At no time prior to May 23, 2016 did Taylor have any personal

¹⁵¹ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 78

¹⁵² Ibid

¹⁵³ Ibid

¹⁵⁴ Ibid

¹⁵⁵ Ibid

discussions with Orta regarding the NAFTA claims.¹⁵⁶ Taylor asked a couple of questions of Orta at one group, joint meeting of the Members of B-Mex, B-Mex II and Palmas South held in Denver in the Fall of 2015. Those two questions were the total extent of Taylor's communications with Orta and QEU&S prior to signing the Engagement Agreement.¹⁵⁷ Taylor was solicited into joining the group seeking NAFTA Arbitration by Gordon and Erin.¹⁵⁸ At no time prior to Taylor's signing of the Engagement Agreement did Erin or Gordon seek any input or ask Taylor any questions regarding his position on the issues that are the subject of this Arbitration.¹⁵⁹ At no time prior to May 23, 2016 did Orta or QEU&S solicit information from Taylor regarding even one of the NAFTA claims.¹⁶⁰ At no time did Orta or QEU&S attempt to confirm that Taylor and their other clients held common positions on the matters material to this arbitration.¹⁶¹

64. Despite being solicited by Erin and Gordon, on behalf of QEU&S, to sign the Engagement Agreement to pursue NAFTA, at no time did QEU&S or David Orta attempt to make Taylor aware of the claims described above against Gordon and the B-Mex Group managers.¹⁶² Had Taylor known of the claims against Gordon made by his fellow Board Members prior to being solicited, Taylor would not have agreed to such an arrangement or signed the Agreement giving so much power to Gordon and Erin to shape the NAFTA presentation.¹⁶³ It was unconscionable for Orta and QEU&S to not make full disclosure of Board Member Rudden and Conley's claims of malfeasance both to Taylor and the other clients in

¹⁵⁶ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 79

¹⁵⁷ *Ibid*

¹⁵⁸ Recording Transcript 05.17.16 Taylor, Gordon and Erin Burr, **CRT-5**, 11 line 22 thru 13 line 17; Recording 05.17.16 Taylor, Gordon and Erin Burr, **CRT40**;

¹⁵⁹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 79

¹⁶⁰ *Ibid*

¹⁶¹ *Ibid*

¹⁶² Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 80

¹⁶³ *Ibid*

this Arbitration.¹⁶⁴ As written previously, on January 18, 2016, by email, Rudden, via outside counsel Ayervais, had provided Orta with a laundry list of concerns and allegations of malfeasance. Taylor would provide this document but it has been deemed privileged. Those concerns and allegations are many of the same concerns Rudden and Conley described to Taylor in the recorded conversations mentioned above that occurred in the summer of 2016. It is known that Orta and QEU&S received the Rudden January 18, 2016 email as Orta, after multiple requests, finally provided a copy to Taylor in 2019.¹⁶⁵ Proof of this is contained in communications that have been deemed confidential or privileged.¹⁶⁶ Orta and QEU&S knew of and had the emailed Rudden claims of malfeasance in their possession four months before Taylor signed the Engagement Agreement and failed to disclose that information to Taylor before he signed the Engagement Agreement.¹⁶⁷

65. The July 25, 2017 Counter Memorial on Jurisdiction contained numerous statements that Taylor felt were false, incomplete or misleading.¹⁶⁸ The Counter Memorial was prepared and filed without any input by Taylor and Taylor was unaware beforehand of the claims being made in that pleading.¹⁶⁹ Many of those statements to which Taylor disagreed were discussed in the above Section II, B-Cabo and the Cabo Project, and Section III, Colorado Cancun and the Cancun Project. Additionally, Taylor did not accept the representations in the July 25, 2017 Memorial that the B-Mex Group companies operated in compliance with Mexican Law.¹⁷⁰

66. Between August 21, 2017 and March 24, 2020, Taylor wrote David

¹⁶⁴ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 80

¹⁶⁵ *Ibid*

¹⁶⁶ *Ibid*

¹⁶⁷ *Ibid*

¹⁶⁸ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 81

¹⁶⁹ *Ibid*

¹⁷⁰ *Ibid*

Orta, a minimum of nine times, alerting him to the fact that 1) multiple claims regarding B-Cabo and Colorado Cancun in the July 25, 2017 Counter Memorial on Jurisdiction were false and misleading and 2) those claims did not represent his position or belief on those issues.¹⁷¹ Taylor also wrote him in many of those same communications that claims made that the B-Mex Group companies operated in accordance with all applicable Mexican laws were contradicted by the Board Members themselves and he had recordings to prove it.¹⁷²

67. In these communications, particularly the March 24, 2020 letter, Taylor clearly informed Orta and QEU&S regarding B-Cabo and Colorado Cancun were not close to having a finalized agreement with partners, and that they were not close to beginning to accept capital investments when the casino permits were revoked.¹⁷³ Taylor also clearly informed Orta to not make any representations to the contrary in future pleadings on his behalf.¹⁷⁴ Taylor would provide these communications with Orta but basically all such communications but one have been deemed confidential or privileged. The March 24, 2020 letter contains a great deal of probative value to this arbitration and it is recommended that it be reviewed by the Tribunal.

68. The one communication that Taylor can provide clearly shows his informing Orta and QEU&S that it was Taylor's position and belief that the B-Mex Group companies did not conduct their operations in Mexico in accordance with all applicable laws, including applicable Mexican law. That letter was sent by Taylor to David Orta April 3, 2019.¹⁷⁵ The following is from that letter:

“In any event, based on information provided by several B-MEX

¹⁷¹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 82

¹⁷² *Ibid*

¹⁷³ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 83

¹⁷⁴ *Ibid*

¹⁷⁵ 4.3.2019 Taylor to Orta Letter regarding not common positions, **CRT-32**

insiders, I do not believe B-Mex and their operating companies did conduct their operations in Mexico in accordance with all applicable laws, including applicable Mexican law. Rudden alluded to most of the below but was perhaps not sufficiently clear in the Rudden Memo.

I was told by Conley and Rudden, (paraphrase)

1. That Gordon Burr and others had removed money from the B-MEX vault without authorization for their personal use
2. That personal money was commingled with company moneys.
3. That financial records were removed and possibly destroyed.
4. That taxes were not paid properly and that not all revenue was reported to the government.
5. That cash was used to assist in tax avoidance schemes.

I was told by the Burrs that (paraphrase)

1. Conley admitted to having his stepson and others on the B-MEX payroll at the beginning of the company and paid them \$1,100,000 while they performed no work. Gordon further says Neil Ayervais was a witness to Conley's statement. Gordon also made reference to this in an email dated July 8, 2016.
2. That B-Mex equipment was removed and sold without authorization by John Conley.
3. In 2014 B-MEX solicited loans from the Members

to keep operations going. B-MEX Member/Lender Doug Moreland was defrauded by Dan Rudden and aided and Rudden usurped a B-MEX corporate opportunity. Basically, instead of loaning money to B-MEX, Rudden put Doug Moreland's money into a subscription agreement with Benjamin Chow's company, Grand Odyssey. Rudden then kept 10% of the proceeds for himself.”

“Neil Ayervais, the attorney for the B-MEX entities has recently written me that "My clients have and soon will have sworn statements by each person you surreptitiously recorded and others mentioned in the recordings refuting and retracting each and every statement you assert as proof of mismanagement, including the information you highlighted in your most recent email which you have previously shared with us. Mr. Burr stands ready to do so in the continued Bankruptcy Court proceeding."

“John Conley signed an affidavit on July 17, 2018,¹⁷⁶ in which he basically "retracts" all of the statements referenced above. It is my understanding that Gordon Burr and Erin Burr now recant as being inaccurate most if not all of the statements referenced above.

It is my opinion that the original statements by Conley, Rudden, Gordon Burr and Erin Burr were the factually correct statements and the "recantations" and "retractions" are not.”

¹⁷⁶ 7.17.2018 Conley Affidavit, CRT-31

(emphasis added)

Taylor's other letters, regarding B-Cabo and the Cabo Project and Colorado Cancun and the Cancun Project, which have been ruled privileged, were equally specific and clear.¹⁷⁷

69. Regarding the above referenced July 17, 2018 Conley Affidavit¹⁷⁸ retracting and recanting many of the claims he made in the above referenced recordings; the retractions and recantations do not appear to be true or accurate. The affidavit was provided in connection with the above referenced AAA Arbitration, Case No. 01-19-0001-3949, B-Mex, B-Mex II v. Ponto and Taylor. In the Conley affidavit, he attempts to retract basically all of the claims made in the recording by claiming those statements were based largely on lies and fabrications originating from Jose Benjamin Chow del Campo and associates.¹⁷⁹ However, in the Affidavit, Conley never denies or explains away, among other things 1) why he had a meeting with multiple B-Mex financial personnel in Mexico where they explained to him “exactly how they did it” (meaning how Burr and others removed money from the vaults without authorization)¹⁸⁰ and why all of those B-Mex financial personnel would lie; 2) why he brought “Jorge” an in house bookkeeper/accountant to Denver to meet with Board Members Terry, Danny and Gordon to discuss the missing chits and money removed from the vault,¹⁸¹ and why Jorge would lie about such a thing; 3) why and how he and Rudden admitted to possessing records in the USA that document the missing chits¹⁸² which recorded money being removed from the vault

¹⁷⁷ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 84

¹⁷⁸ 7.17.2018 Conley Affidavit, **CRT 31**

¹⁷⁹ 7.17.2018 Conley Affidavit, **CRT 31**, ¶ 6

¹⁸⁰ Recording Transcript 08.09.16 Taylor, Rudden and Conley, **CRT 8**, 15 line 11 thru 17 line 3; Recording 08.09.16 Taylor, Rudden and Conley, **CRT-43**; Cash not reported on Books summary provided by Rudden 9.1.16 **CRT-18**; Recording Transcript 09.01.16 Taylor, Rudden and Conley, **CRT-10**, 8 line 3 thru 11 line 22, 12 line 24 thru 14 line 13; Recording 09.01.16 Taylor, Rudden and Conley, **CRT-45**;

¹⁸¹ Recording Transcript 06.20.16 Taylor and Conley, **CRT-7**, 17 line 1 thru 18 line 18; Recording 06.20.16 Taylor and Conley, **CRT-42**;

¹⁸² Recording Transcript 09.01.16 Taylor, Rudden and Conley, **CRT-10**, 10 line 5 thru 11 line 22; Recording ¹⁸² ¹⁸²

and how they could possess these records if this was all a fabrication 4) he does not recant that Gordon revealed to him that “sorry” he “did take money out of the vault”¹⁸³ which shows clearly that money was being removed from the vault without proper authorization.

VI. Specific Claims In The April 21, 2020 Memorial On The Merits Taylor Did Not Approve Of And Believe Were False and/or Misleading

70. David Orta and QEU&S filed the April 21, 2020 Memorial on the Merits without Taylor having seen it beforehand or having any input or chance to review.¹⁸⁴ The filing clearly contradicted Taylor’s very clearly communicated and specific instructions regarding B-Cabo and Colorado Cancun.¹⁸⁵ A few paragraph examples¹⁸⁶ from the April 21, 2020 Memorial on the Merits which Taylor clearly feels were false or misleading and with which Taylor did not agree with prior to their filing are shown below with comments regarding Taylor’s disagreement for each:¹⁸⁷

“7. Claimants also later formed B-Cabo, LLC to pursue the opening of a gaming and hotel facility in Los Cabos (“Cabo”), Mexico, and Colorado Cancun, LLC to pursue the opening of a gaming and hotel facility in Cancun, Mexico.⁶ They were substantially advanced in those projects, having made substantial investments, with the expectation to open them when Mexico precipitously canceled their gaming permit and later illegally closed their Casinos.”

^{continued} 09.01.16 Taylor, Rudden and Conley, **CRT-45**;

¹⁸³ Recording Transcript 08.09.16 Taylor, Rudden and Conley, **CRT 8, 27** line 24 thru 28 line 16; Recording 08.09.16 Taylor, Rudden and Conley, **CRT-43**

¹⁸⁴ Second Witness Statement of Randall Taylor, **CRTWS-1, ¶ 86**

¹⁸⁵ *Ibid*

¹⁸⁶ Claimants’ Memorial on the Merits (April 21, 2020) ¶¶ 7, 8, 9, 65, 69

¹⁸⁷ Second Witness Statement of Randall Taylor, **CRTWS-1, ¶ 86**

(emphasis added)

Taylor Disagreement: By April 24, 2014

there were no realistic expectations to

open on either project. See above

sections on 1) B-Cabo and the Cabo

Project 2) Colorado Cancun and the

Cancun Project

8. At all times since Claimants made their initial investments in Mexico, the Mexican Enterprises, including E-Games, operated their casino businesses in accordance with Mexican law and pursuant to valid authorizations and/or permits issued by the Government through its *Secretaría de Gobernación* (“SEGOB”), the Ministry of the Interior of the Government of Mexico and its *Juegos y Sorteos* (“Games and Raffles”) Division.⁷

(emphasis added)

Taylor Disagreement: They did not

operate their casino business in

accordance with Mexican law, as shown

above and described in Section IV,

Recordings and claims by B-Mex Board

Members of malfeasance by the

Companies and fellow Board Members;

revenues were kept off the books, taxes

were improperly paid, money illegally

removed from the vaults. It should be

noted that they did make their initial investments in accordance with Mexican law.

9. Following the defeat by the PRI of the ruling PAN, Mexico engaged in a systematic, politically-motivated campaign against Claimants and their investments, which culminated in the final taking and destruction of the highly profitable casino businesses they had worked over approximately nine years to build.⁹ Mexico's various actions and omissions also destroyed Claimants' plans to finalize developing two gaming facilities and broader resort projects in Cabo and Cancun that were in development.¹⁰

(emphasis added)

Taylor Disagreement: By April 24, 2014, the date of the casino closures, there were no realistic expectations to open on either project.¹⁸⁸ See the above sections on 1) B-Cabo and the Cabo Project 2) Colorado Cancun and the Cancun Project.

The characterization of “highly profitable casino businesses” is not a position Taylor shares.¹⁸⁹

While somewhat profitable, the casino operations were not a particularly good

¹⁸⁸ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 86

¹⁸⁹ Ibid

investment to the Class A (outside) investors.

The B-Mex outside investors were issued Class A ownership interests. In all of the B-Mex LLCs or the Mexican casino companies, the Class A ownership investors were promised basically 100% of the free cash flow until they had been returned 100% of their investment.¹⁹⁰ The initial projections provided by the companies in B-Mex and B-Mex II were that this would be accomplished within two years or less. The casinos were all opened between 2006 and 2008. Per B-Mex and B-Mex II, the total amount raised to open the casinos was \$42.5 million¹⁹¹ and the investors had received only \$30.4M¹⁹² in distributions, meaning that after 6-8 years of operations (depending on the casino), the investors as a group had only been returned 71.5% of their money. As of the date the Casinos were closed, April 24, 2014, Taylor, personally, after 8 years, had not received a return of his invested capital in the very first casino to open, Naucalpan; Naucalpan is owned 100% by B-Mex, LLC, and opened in late

¹⁹⁰ Operating Agreement of B-Mex, LLC (May 20, 2005), C-69, ¶ 11.2.1

¹⁹¹ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, CRT-12, Claimant's Statement Of Facts In Support Of Claims ¶ 3

¹⁹² Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, CRT-12, Claimant's Statement of Facts In Support of Claims ¶ 28

December of 2005.¹⁹³

**B-Mex/Naucalpan was the largest of the casinos
and ranked as the most valuable in the claims
put forth by B-Mex et al in the April 21, 2020,
Memorial on the Merits.¹⁹⁴ Additionally,
Taylor's personal distributions peaked in 2012
and declined in 2013.¹⁹⁵**

65. In addition to the significant time and effort put into the pursuit of the resort projects, Claimants invested an additional US\$ 250,000 into the Cancun Project and US\$ 600,000 into the Cabo Project. These investments are comprised of loans not fully repaid, option payments and related investments, capital expenditures for the purchase of permits and down payments on property. Specifically, with respect to the Cancun project, Colorado Cancun, LLC invested US\$ 250,000 towards an option to purchase a gaming license from B- Mex II under our permit.¹⁷⁴ B-Cabo, LLC invested US\$ 600,000 through loans to Medano Beach, S. de R.L. de C.V.¹⁷⁵ who used the majority of these funds to purchase property for the Cabo Project.

69. In 2012, Mr. Burr was introduced to Farzin Ferdosi (“**Mr. Ferdosi**”) and Chris Erikson (“**Mr. Erikson**”) who had already been working together to build a luxury hotel/casino in Cabo which was to be called the Medano Beach Hotel.¹⁹² Shortly thereafter, Claimants executed an agreement in which Mr. Burr agreed to

¹⁹³ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 86

¹⁹⁴ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 86

¹⁹⁵ Ibid

provide \$500,000 to be applied towards the purchase price of interests in a Mexican company that owned the land on which the Cabo hotel and casino were to be constructed.¹⁹³ Claimants negotiated various draft agreements, which were in advanced stages when our Casinos were closed.

(emphasis added)

Taylor Disagreement: The negotiated draft agreements were not in advanced stages when the Casinos were closed. See the above sections on 1) B-Cabo and the Cabo Project 2) Colorado Cancun and the Cancun Project.

Regarding Colorado Cancun, the Option to purchase a gaming license (the April 27, 2011 Right of First Refusal) was resold to B-Mex II. The pleading fails to mention that at least a portion if not all of the \$250,000 investment was recaptured in the sale of the option.¹⁹⁶

The pleading fails to mention that B-Mex II, in its own pleadings in the AAA arbitration with Ponto and Taylor, claimed Gordon Burr said in late 2013 “there was no longer a need to tie up the license”.¹⁹⁷ The fact is, there were no realistic expectations to open on

¹⁹⁶ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 86

¹⁹⁷ Claimants Statement of More Definite Claim, AAA Arbitration 01-19-0001-3949, CRT- 12, Claimant's Statement Of Facts In Support Of Claims ¶ 19

either project.¹⁹⁸

Regarding B-Cabo, the pleading claims a \$600,000 investment (a loan), while failing to mention that over \$500,000 had been repaid by the parties to whom the loan was made.¹⁹⁹ The pleading also fails to mention that B-Cabo had sued their supposed potential partners on January 21, 2014, just three months prior to the closing of the Casinos, to collect the \$100,000 that remained outstanding (at that time) while admitting in support of their collection claim in their own complaint that “No final Investment Agreement or any other agreement was ever executed.”²⁰⁰

71. After having provided his attorney, David Orta and QEU&S, with very specific instructions on how to submit his position to the Tribunal and Orta’s refusal to do so in the April 21, 2020 B-Mex et al Memorial on the Merits, it was clear the terms of the Engagement Agreement had been violated.²⁰¹ These were not differences of opinion in litigation strategy but were rather a failure to maintain common positions.²⁰² Because of the violation of the terms of the Engagement

¹⁹⁸ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 86

¹⁹⁹ 2014.01.21 Complaint, Case Number 2014CV030178, Case Caption B-Cabo LLC v. Brasel, Timothy, et al, CRT-24, ¶¶ 35-39

²⁰⁰ Ibid

²⁰¹ Second Witness Statement of Randall Taylor, CRTWS-1, ¶ 87

²⁰² Ibid

Agreement by Orta and QEU&S, they could no longer represent Taylor.²⁰³ For that reason, Taylor was forced to file to proceed in this Arbitration Pro-Se. Taylor was unwilling to walk away from his claims in this arbitration but was unable to afford the fees that would be entailed with hiring a lawyer to represent him.²⁰⁴

72. Taylor fully understands that many of the above statements are against his own interests and will possibly lead to his receiving a lesser award in this arbitration.²⁰⁵ Nonetheless, Taylor recognizes the obligation to be truthful before the Tribunal and has done his best to do so.²⁰⁶

VII. Damages As To Specific Taylor Interests And Request For Relief

73. Most of Taylor's ownership in Mexico and many of his claims to damages flow through B-Mex and B-Mex II. Taylor should share in any awards those entities receive; therefore it is not necessary for him to specify damages as to his ownership in those entities. Orta and QEU&S should represent those entities adequately.

74. Taylor claims, and B-Mex and B-Mex II agree, that he owns 2.5% interest in B-Mex and 0.25% interest in B-Mex II.²⁰⁷ He also own several interests in the Mexican Casino Companies.

75. In Juegos y Videos de México, S de R.L. de C.V. ("JyV Mexico"), which owns the Cuernavaca Casino, Taylor individually owns 1 Class A interest and 1 Class B interest representing approximately 2.3% of the interests.²⁰⁸ In Juegos de

²⁰³ Ibid

²⁰⁴ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 87

²⁰⁵ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 88

²⁰⁶ Ibid

²⁰⁷ Claimants Closing Argument, AAA Arbitration 01-19-0001-3949, **CRT-11**, ¶¶ 8, 9, 10

²⁰⁸ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 4; Claimants Closing Argument, AAA Arbitration 01-19-0001-3949, **CRT-11**, ¶¶ 8, 9, 10; Erin J. Burr Witness Statement, **CWS-2**, ¶ 116, Annex C pages 3-14; Taylor purchase 1 Class A unit subscription agreement Cuernavaca plus half B unit, **CRT-35**; Subscription Agreement between Juegos y Videos de Mexico de R.L. de C.V. and Randall Taylor (July 1, 2011) **C-39**;

Video y Entretenimiento del Sureste, S de R.L. de C.V. (“JVE Sureste”), which owns the Villahermosa Casino, Taylor owns 0.75 Class B Interests representing approximately 1.3% of the interests.²⁰⁹ In Juegos de Video y Entretenimiento del Centro, S. de R.L. de C.V. (“JVE Centro”) which owns the Puebla Casino, Taylor owns 0.50 Class B interest representing approximately 0.7% of the interests.²¹⁰ In Juegos de Video y Entretenimiento del D.F. S de R.L de C.V. (“JVE DF”) owns the Distrito Federal, or DF, Casino. Taylor owns 1.5 Class B interest representing approximately 1.6% of the interests²¹¹. In total, Taylor invested \$840,000 in direct investments in B-Mex, B-Mex II, and JyV Mexico.²¹² Taylor invested another \$100,000+ in purchasing Class B interests directly from previous owners of B-Mex, JVE DF and JVE Sureste.²¹³

76. In the years prior to the casinos being closed, Taylor was receiving cash distributions from Juegos y Videos de México, S de R.L. de C.V (JyV Mexico, the Cuernavaca casino) for his one Class A interest.²¹⁴

Distributions	2012	2013	2 year average distribution
One Class A Unit JyV	\$57,681	\$28,188	\$42,934,50

After the Class A group of units received 100% return of their investment, his one Class B interest would have begun to also receive distributions.²¹⁵

77. In the years prior to the casinos being closed Taylor was also receiving distributions from Juegos de Video y Entretenimiento del Sureste, S de R.L. de C.V

²⁰⁹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 4; Claimants Closing Argument, AAA Arbitration 01-19-0001-3949, **CRT-11**, ¶¶ 8, 9, 10; Erin J. Burr Witness Statement, **CWS-2**, ¶ 116, Annex C pages 3-14

²¹⁰ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 4; Claimants Closing Argument, AAA Arbitration 01-19-0001-3949, **CRT-11**, ¶¶ 8, 9, 10; Erin J. Burr Witness Statement, **CWS-2**, ¶ 116, Annex C pages 3-14
²¹¹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 4; Claimants Closing Argument, AAA Arbitration 01-19-0001-3949, **CRT-11**, ¶¶ 8, 9, 10; Erin J. Burr Witness Statement, **CWS-2**, ¶ 116, Annex C pages 3-14

²¹² Ibid

²¹³ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 4;

²¹⁴ Ibid

²¹⁵ 2012, 2013 Taylor Tax K1s from Juegos y Videos de México, S de R.L. de C.V (Cuernavaca), **CRT-33**; Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 91

²¹⁶ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 93; Erin J. Burr Witness Statement, **CWS-2**, ¶69

(JVE Sureste, the Villahermosa casino) for his 0.75 Class B unit.²¹⁶ The Class A investors had already received 100% return of their cash invested, therefore the Class B interests had begun to receive distributions.²¹⁷

Distributions	2012	2013	2 year average distribution
0.75 Class B Unit JVE Sureste	\$13,625	\$18,813	\$16,219

78. As noted in Paragraph 4, Taylor also owned 0.50 Class B interests in Juegos de Video y Entretenimiento del Centro, S. de R.L. de C.V (JVE Centro, the Puebla casino) and 1.5 Class B interests in Juegos de Video y Entretenimiento del D.F. S de R.L de C.V. (JVE DF, the Distrito Federal casino) which would, in the future, have begun to receive distributions after the Class A interests received 100% return of their cash invested.²¹⁸

79. It should be noted that the referenced distributions from JVE Sureste and JyV Mexico were partially tax sheltered from US Taxes and would have continued to be into the future.²¹⁹

80. Over the last two full years of operations, 2012 and 2013, Taylor received total cash distributions of \$118,307, which is an average of \$59,153.50 per year.²²⁰ Had the casinos not been closed, there is a substantial possibility that these distributions, would have increased in the future, particularly after Juegos de Video y Entretenimiento del D.F. S de R.L de C.V. (JVE DF, the Distrito Federal casino) reached payout to the Class A Interests.

81. Another form of valuation of an asset is as a multiple of cash flow and fair market value. In this instance, with Taylor receiving an average annual, US tax

²¹⁶ 2012, 2013 Taylor Tax K1s Juegos de Video y Entretenimiento del Sureste, S de R.L. de C.V (Villahermosa), **CRT-34**

²¹⁷ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 92; Erin J. Burr Witness Statement, **CWS-2**, ¶ 69;

²¹⁸ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 91; Erin J. Burr Witness Statement, **CWS-2**, ¶¶, 69, 116, Annex C pages 3-14

²¹⁹ Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 94

²²⁰ 2012, 2013 Taylor Tax K1s from Juegos y Videos de México, S de R.L. de C.V (Cuernavaca), **CRT-33**; 2012, 2013 Taylor Tax K1s Juegos de Video y Entretenimiento del Sureste, S de R.L. de C.V (Villahermosa), **CRT-34**

advantaged, cash flow of \$59,153.50, with the chance of significant increases in the future, a multiple of 10X is appropriate. This 10X multiple would mean a current yield of 10% to a purchaser with the possibility of significant increases going forward due to the Class B units in Puebla and District DF beginning to receive distributions as well as increases due to the casinos growing their net income and cash flow.²²¹ This is an entirely reasonable valuation of the damages.

82. Taylor seeks damages and an award on personal claims for the non-B-Mex and non-B-Mex II ownership interests, those interests being

JyV Mexico, 1 Class A interest and 1 Class B interest

JVE Sureste, 0.75 Class B interest

JVE Centro, 0.50 Class B interest

JVE DF, 1.5 Class B interest

in the amount of **\$591,535.00, net of taxes** (\$59,153.50 X 10). Taylor believes this amount represents the Fair Market Value of these owned interests as of the date of the closure of the casinos, April 24, 2014.²²²

83. Taylor seeks as damages and an award of interest both before and after the Award is issued and until payment in full by Mexico. Taylor requests a commercially reasonable interest rate be applied to the award and compounded annually.

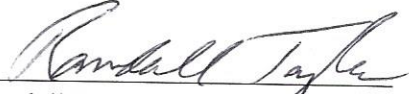
84. To secure the finality of the Tribunal's Award in this arbitration, Taylor requests that the Tribunal declare that: (i) its Award is made net of all applicable taxes; and (ii) Mexico may not tax or attempt to tax the Award.

85. Taylor requests the Tribunal order Mexico to pay all of Taylor's costs and expenses of these arbitration proceedings.

²²¹ Erin J. Burr Witness Statement, **CWS-2**, ¶¶ 69, 116, Annex C pages 3-14

²²² Second Witness Statement of Randall Taylor, **CRTWS-1**, ¶ 97

Respectfully Submitted,

x 
Randall Taylor, for himself