

2-19-2010

Taylor v. AIA Services Corp. Clerk's Record v. 26 Dckt. 36916

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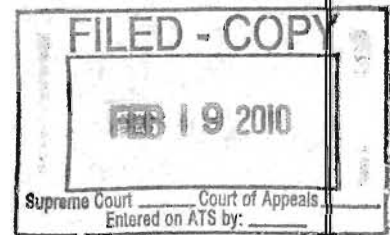
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In the
SUPREME COURT
of the
STATE OF IDAHO

Reed J. Taylor,
Plaintiff-Appellant,

v.

AIA Services Corporation, et al,
Defendants-Respondents.



CLERK'S RECORD ON APPEAL
VOLUME XXVI

Appealed from the District Court of the
Second Judicial District of the State of Idaho,
in and for the County of Nez Perce

The Honorable Jeff M. Brudie

Supreme Court No. 36916-2009

RODERICK C. BOND
ATTORNEY FOR PLAINTIFF-APPELLANT

GARY D. BABBITT
ATTORNEY FOR DEFENDANT AIA CORP-RESPONDENTS

36916

Affidavit of David R. Risley filed January 22, 2009	4963-4983
Affidavit of Charles A. Brown filed January 22, 2009	4984-5025
Motion for Protective Order filed January 26, 2009	5026-5029
Defendants Bryan Freeman and Jolee Duclos' Joinder in Motion to Shorten Time for Hearing re: Motion for Stay of Discovery Pending Decisions on Partial Summary Judgment, Motion to Intervene and Motion for Reconsideration filed January 26, 2009	5030-5034
Motion for Protective Order Pursuant to IRCP 26(C) filed January 26, 2009	5035-5039
Amended Motion for Protective Order Pursuant to IRCP (C) filed January 27, 2009.....	5040-5044
Order filed January 28, 2009	5045-5047
Response in Opposition to Defendant's Motions re: Discovery filed January 28, 2009.....	5048-5060
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Reed Taylor's Reply to Counterclaim(s) of Connie Taylor, James Beck and Corrine Beck filed January 28, 2009	5066-5076
Intervenor's Proposed Pleadings if Granted Permission to Intervene filed January 28, 2009.....	5077-5109
Order on Motion for Stay of Discovery filed January 30, 2009	5110-5113
Joinder filed February 2, 2009.....	5114-5117
Order on Motion to Increase Injunction Bond filed February 5, 2009	5118-5121
Order Regarding Case Administration filed February 5, 2009.....	5122-5124
Plaintiff's Amended Response in Opposition to Motion to Intervene filed February 6, 2009.....	5125-5154

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE STATE OF IDAHO,
 IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
)
 Plaintiff-Counterdefendant-Appellant-)
 Cross Respondent,)

v.)

AIA SERVICES CORPORATION, an Idaho)
 Corporation; AIA INSURANCE, INC., an)
 Idaho corporation; R JOHN TAYLOR,)
 CONNIE TAYLOR individually and the)
 Community property comprised thereof;)
 BRYAN FREEMAN, a single person; JOLEE)
 DUCLOS, a single person and JAMES BECK)
 And CORRINE BECK,)

SUPREME COURT # 36916-2009

Defendants-Counterclaimants-)
 Respondents-Cross Appellants-Cross)
 Respondents,)

INDEX
 VOLUME XXVI

and)

CROP USA INSURANCE AGENCY, INC.,)
 an Idaho corporation; and)

Defendant-Respondent-Cross Respondent,)

and)

401(k) PROFIT SHARING PLAN FOR THE)
 AIA SERVICES CORPORATION,)

Intervenor-Cross Appellant-Cross)
 Respondent.)

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Affidavit of Charles A. Brown filed January 22, 2009 4984-5025

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Intervenor's Proposed Pleadings if Granted Permission to Intervene filed January 28, 2009	5077-5109
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Memorandum in Support of Motion for Stay filed January 22, 2009	4954-4962
Motion for Protective Order filed January 26, 2009	5026-5029
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CV
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9 ISB No. 1789

FILED

2009 JAN 22 PM 4 32

[Handwritten signature]

10 IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
11 STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

12 REED J. TAYLOR, a single person,

CASE NO. CV07-00208

13 Plaintiff,

DEFENDANTS CONNIE TAYLOR,
JAMES BECK AND CORRINE BECK'S

14 v.

and

15 AIA SERVICES CORPORATION, an Idaho
16 Corporation; AIA INSURANCE, INC., an
17 Idaho Corporation; R. JOHN TAYLOR and
18 CONNIE TAYLOR, individually and the
19 community property comprised thereof;
20 BRYAN FREEMAN, a single person; JOLEE
21 DUCLOS, a single person; CROP USA
22 INSURANCE AGENCY, INC., an Idaho
23 Corporation; and JAMES BECK and
24 CORRINE BECK, individually and the
25 community property comprised thereof,

COUNTERCLAIMANTS
CONNIE W. TAYLOR
AND
JAMES BECK'S

26 Defendants.

MEMORANDUM IN SUPPORT OF
MOTION FOR STAY OF DISCOVERY
PENDING DECISION
ON
MOTION FOR PARTIAL SUMMARY
JUDGMENT, MOTION TO INTERVENE
AND MOTION FOR RECONSIDERATION
PURSUANT TO IRCP 26(c)

27 CONNIE W. TAYLOR and JAMES BECK,

AND

28 Counterclaimants,

FOR AN ORDER ESTABLISHING
THE SEQUENCE AND TIMING OF
DISCOVERY UNDER IRCP 26(d)

v.

REED J. TAYLOR, a single person,

(ORAL ARGUMENT REQUESTED)

Counterdefendant.

1
2 COMES NOW, the Defendants, Connie Taylor, James, Beck and Corrine Beck, and the
3 Counterclaimants, Connie W. Taylor and James Beck, by and through their attorney of record,
4 David R. Risley of Randall, Blake & Cox, PLLC, and provides the Court with the following
5 memorandum in support of its *Motion For Stay of Discovery Pending Decision on Motion for*
6 *Partial Summary Judgment, Motion To Intervene and Motion For Reconsideration Pursuant to*
7 *IRCP 26(c) and for an Order Establishing the Sequence and Timing of Discovery Under IRCP*
8 *26(d)*:
9

10 I.

11 FACTS

12
13 The depositions of Connie Taylor and Jim Beck were unilaterally set by Plaintiff's
14 counsel for the entire week of February 2, 2009, and without stipulation or agreement by
15 Connie Taylor and Jim Beck.

16 These depositions were also scheduled by the Plaintiff at a time when Charles A.
17 Brown, as the attorney for the Intervenor and the 401(K) Profit Sharing Plan for the AIA
18 Services Corporation, is not yet involved in this case, and has a pending *Motion by the 401(K)*
19 *Profit Sharing Plan of AIA Services Corp. to Intervene and Memorandum of Law in Support*
20 *Thereof* before the Court.
21

22 In addition, there still remains a pending *Motion to Reconsider Admission of*
23 *Plaintiff's Counsel Pro Hac Vice* filed by Defendants AIA Services, AIA Insurance Inc. &
24 Crop USA, with respect to attorney Roderick C. Bond's admission in this case.
25

26 Most importantly, there is a *Motion for Partial Summary Judgment* filed by
27 Defendants and Counterclaimants Connie Taylor and James Beck.
28

1
2 II.

3 SUMMARY OF DISPUTES

4 a. Discovery Prior to the Decision on the Motion to Intervene Risks Duplicative

5 Discovery and Expense.

6
7 Defendants, Connie Taylor, James Beck and Corrine Beck's, and the
8 Counterclaimants, Connie W. Taylor and James Beck's, primary concern is the role and
9 participation of attorney Charles A. Brown (who has petitioned for the right to intervene) and
10 attorney Roderick C. Bond (who has a reconsideration motion before the Court with respect to
11 his admission to practice) during the discovery process.
12

13 It appeared last week that the conflict with Mr. Brown's participation had been
14 resolved by stipulation between the parties. See, the *Affidavit of Chuck Brown* filed
15 concurrently herewith. However, on or about January 21, 2009, Plaintiff's counsel refused to
16 stipulate for Mr. Browns' participation. See, *Affidavit of Chuck Brown* filed concurrently
17 herewith.
18

19 Since Mr. Brown refuses to take part in the deposition without a Court order, this
20 situation will likely lead to duplicative and additional discovery to the expense of all parties
21 herein.
22

23 This creates a situation where Connie Taylor and James Beck will need to be deposed
24 a second time if they are forced to a deposition before decisions with respect to the parties and
25 representation are fully decided by the Court.
26
27
28

1
2 b. Multiple and Pending Discovery Disputes Make It Necessary for the Court to
3 Enter an Order.

4 A complicating factor is a mare's nest of other discovery disputes (completely in
5 keeping with the pleadings and prior motion practice that the Court has endured). A
6 discovery conference was held between counsel for the parties herein and had the effect of
7 creating more problems rather than resolving them despite the best efforts of defense counsel.

8 This situation, in the context of an extraordinary broad and complex range of other
9 discovery disputes, makes it highly likely that the depositions of Connie Taylor and James
10 Beck will be technically defective and will likely have to be done again.

11
12 c. The Court Should Limit Discovery to Issues Relative to the Pending Motion
13 for Partial Summary Judgment on the Grounds of Illegality.

14 The other major factor is the pendency of Defendants and Counterclaimants Connie
15 Taylor and James Beck's *Motion for Partial Summary Judgment*. This motion was halted by
16 the actions of Plaintiff's counsel who initially sought a delay in the hearing of the motion, and
17 caused further delay by the initiation of Plaintiff's actions seeking to disqualify various
18 defense counsel by *Plaintiff Reed J. Taylor's Motion to Disqualify the Attorneys and Law*
19 *Firms of Hawley Troxell Ennis & Hawley, LLP; Clements, Brown & McNichols, P.A.; and*
20 *Quarles & Brady LLP* ("DQ Motion") filed September 4, 2008, and were bootstrapped on the
21 Plaintiff's lawsuits against defense counsel; specifically, the cases filed August 18, 2008 in
22 the District Court of the Second Judicial District of the State of Idaho, in and for the County
23 of Nez Perce, entitled *Reed J. Taylor v. Michael E. McNichols, et al.*, Case No. CV08-1763
24 and *Reed J. Taylor v. Garry Babbitt, et al.*, Case No. CV08-1765.

1
2 As a result of the Plaintiff's actions, this Court stayed all motion practice by its *Order*
3 *Setting Hearing on Motion to Disqualify and Order of Stay* of September 24, 2008.

4 All of the same factors that made normal motion practice unworkable in this case
5 apply with equal validity to create a need for the Court to control and schedule the discovery
6 process.
7

8 III.

9 LEGAL AUTHORITY

10 The Court has the discretion to stay, schedule and sequence discovery. *See, Chambers*
11 *v. NASCO, Inc.*, 501 U.S. 32, 43, 111 S.Ct. 2123 (1991) and *Landis v. North American Co.*,
12 299 U.S. 248, 254, 57 S.Ct. 163 (1936):
13

14 It has long been understood that certain implied powers must
15 necessarily result to our Courts of justice from the nature of
16 their institution, powers which cannot be dispensed with in a
Court, because they are necessary to the exercise of all others.

17 *Chambers v. NASCO, Inc.*, 501 U.S. 32, 43, 111 S.Ct. 2123
18 (1991) (citations and internal quotation marks omitted).

19

20 These powers are governed not by rule or statute but by the
21 control necessarily vested in courts to manage their own affairs
22 so as to achieve the orderly and expeditious disposition of
23 cases." *Id.* The United States Supreme Court has expressly
24 held that "the power to stay proceedings is incidental to the
power inherent in every court to control the disposition of the
causes on its docket with economy of time and effort for itself,
for counsel, and for litigants.

25 *Landis v. North American Co.*, 299 U.S. 248, 254, 57 S.Ct. 163 (1936).

26 In a U.S. District Court case from the Eastern District of Wisconsin, a similar set of
27 issues was discussed in a fashion that may provide guidance to the Court:
28

In addition to their motions to dismiss, the SCJ and JDI Plans
MEMORANDUM IN SUPPORT OF MOTION FOR STAY—Page 5

Randall, Blake & Cox, PLLC
ATTORNEYS AT LAW
Post Office Box 446
Lewiston, ID 83501

4958

1
2 filed a joint motion to stay discovery pending the adjudication
3 of the motions to dismiss the amended complaint. Under
4 Federal Rule of Civil Procedure 26(c), the court has the
5 discretion to issue an order regarding discovery for the purpose
6 of avoiding “oppression or undue burden or expense.”
7 Fed.R.Civ.P. 26(c)(1). In addition, under Rule 26(d), the court
8 may order the sequence of discovery for the convenience of the
9 parties. Fed.R.Civ.P. 26(d). On this basis, the district court has
10 “broad discretion and inherent power to stay discovery until
11 preliminary questions that may dispose of the case are
12 determined.” *Estate of Enoch v. Tienor*, No. 07-C376, 2008
13 WL 410656, at 1 (E.D.Wis. Feb.11, 2008) (quoting *Gettings v.*
14 *Building Laborers Local 310 Fringe Benefits Fund*, 349 F.3d
15 300, 304 (6th Cir.2003)). The court may appropriately limit
16 pretrial discovery when claims may be dismissed “based on
17 legal determinations that could not have been altered by further
18 discovery.” *Id.* The SCJ and JDI Plans moved to dismiss all
19 claims based on the plaintiff's failure to exhaust administrative
20 remedies. A grant of this motion would have resulted in
21 dismissal of the plaintiffs' amended class action complaint in its
22 entirety. If the court had granted the defendants' motion, any
23 discovery conducted prior to issuance of the order would
24 constitute needless expense and a waste of attorney time and
25 energy. Therefore, the court grants the motion to stay discovery
26 pending the adjudication of the motions to dismiss, though
27 issuance of this order effectively ends the period of stayed
28 discovery.

See, *Thompson v. Retirement Plan for Employees of S.C. Johnson & Sons, Inc.*, 2008
WL 4964714 (E.D. Wis).

This case is the right matter for the exercise of the Court's discretion.

Idaho law clearly supports the Court's discretion in fashioning discovery orders to
promote judicial economy and the reasonable interests of the parties. See, *Bailey v. Sanford*,
139 Idaho 744, 86 P.3d 458 (2004); *Jen-Rath Co., Inc. v. Kit Mfg. Co.*, 48 P.3d 659 (2002);
Selkirk Seed Co. v. Forney, 134 Idaho 98, 996 P.2d 798 (2000); *Pearce v. Ollie*, 121 Idaho
539, 826 P.2d 888 (1992); *Cosgrove v. Merrel Dow Pharmaceuticals, Inc.*, 117 Idaho 470,
788 P.2d 1293 (1989).

1
2 IV.

3 CONCLUSION

4 To save all the parties undue burden, costs and expense, and to avoid having
5 technically defective discovery and depositions, Defendants, Connie Taylor, James, Beck and
6 Corrine Beck's, and the Counterclaimants, Connie W. Taylor and James Beck, request the
7 Court:
8

9 1. Exercise its discretion under IRCP 26(c) to stay the depositions of
10 Connie Taylor and Jim Beck now set for the week of February 2, 2009; or, in the
11 alternative,
12

13 2. Exercise its discretion under IRCP 26(c) to stay all discovery pending
14 decisions on the *Motion to Reconsider Admission of Plaintiff's Counsel Pro Hac Vice*
15 and *Motion by the 401(K) Profit Sharing Plan of AIA Services Corp. to Intervene*; or,
16 in the alternative,
17

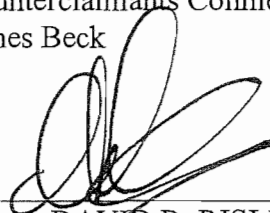
18 3. Exercise its discretion under IRCP 26(c) and IRCP 26(d) to limit
19 discovery to issues related to the support and opposition to the *Motion for Partial*
20 *Summary Judgment*; or, in the alternative,
21

22 4. Exercise its discretion under IRCP 26(d) to enter an order establishing
23 the sequence and timing of discovery and staying all discovery pending the entry of
24 such an order.
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DATED this 22nd day of January, 2009.

RANDALL, BLAKE & COX, PLLC
Attorneys for Defendants Connie Taylor,
James Beck and Corrine Beck, and
Counterclaimants Connie W. Taylor and
James Beck

By: 

DAVID R. RISLEY
ISB No. 1789

CERTIFICATE OF MAILING

I certify that on January 22, 2009, at my direction, the foregoing *Memorandum in Support of Motion For Stay Of Discovery Pending Decision On Motion To Intervene And Motion For Reconsideration Pursuant To IRCP 26(c) and For An Order Establishing The Sequence and Timing of Discovery Under IRCP 26(d)* was served on the following in the manner shown:

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Boise, ID 83701-1617		

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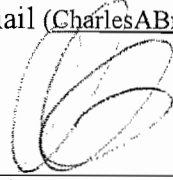
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DAVID R. RISLEY

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9 ISB No. 1789

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7 IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
8 STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

9 REED J. TAYLOR, a single person,)

CASE NO. CV07-00208

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11 Plaintiff,

AFFIDAVIT OF DAVID R. RISLEY
IN SUPPORT
OF

v.

DEFENDANTS CONNIE TAYLOR,
JAMES BECK AND CORRINE BECK'S

13 AIA SERVICES CORPORATION, an Idaho)
14 Corporation; ALA INSURANCE, INC., an)
15 Idaho Corporation; R. JOHN TAYLOR and)
16 CONNIE TAYLOR, individually and the)
17 community property comprised thereof;)
18 BRYAN FREEMAN, a single person; JOLEE)
19 DUCLOS, a single person; CROP USA)
20 INSURANCE AGENCY, INC., an Idaho)
21 Corporation; and JAMES BECK and)
22 CORRINE BECK, individually and the)
23 community property comprised thereof,)

and

COUNTERCLAIMANTS
CONNIE W. TAYLOR
AND
JAMES BECK'S

Defendants.

MOTION FOR STAY
OF DISCOVERY PENDING DECISIONS
ON
MOTION FOR PARTIAL SUMMARY
JUDGMENT, MOTION TO INTERVENE
AND MOTION FOR RECONSIDERATION
PURSUANT TO IRCP 26(c)

22 CONNIE W. TAYLOR and JAMES BECK,)

23 Counterclaimants,)

AND

v.

25 REED J. TAYLOR, a single person,)

FOR AN ORDER ESTABLISHING
THE SEQUENCE AND TIMING OF
DISCOVERY UNDER IRCP 26(d)

26 Counterdefendant.)
27)
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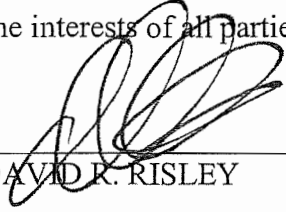
STATE OF IDAHO)
 : ss.
County of Nez Perce)

DAVID R. RISLEY, being first duly sworn on oath, deposes and says:

1. I am the attorney of record for the Defendants, Connie Taylor, James Beck and Corrine Beck, and Counterclaimants, Connie Taylor and James Beck.

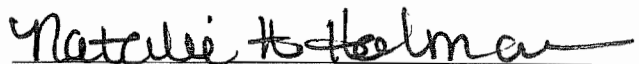
2. Attached hereto as Exhibit "A" is a true and correct copy of an email I received from Roderick C. Bond, one of the attorneys for the Plaintiff, on Wednesday, January 14, 2009. This exhibit is not submitted herein to admit its accuracy but only to illustrate the likelihood that no agreement on the sequence and timing of discovery is likely without help from the Court.

3. Substantial discovery and extraordinary discovery disputes are outstanding between all the parties and intimately effects the interests of all parties herein.

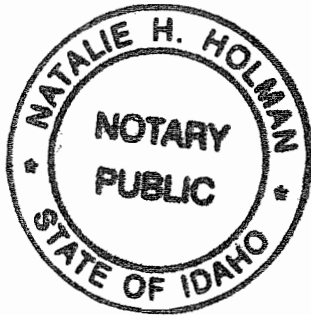


DAVID R. RISLEY

SUBSCRIBED AND SWORN to before me this 22nd day of January, 2009.



Notary Public, in and for the State of Idaho
Residing at: Lewiston, therein.
My Commission Expires: 09/01/2010



4964

CERTIFICATE OF MAILING

I certify that on January 22, 2009, at my direction, the foregoing *Affidavit of David R. Risley in Support of Motion For Stay Of Discovery Pending Decision On Motion To Intervene And Motion For Reconsideration Pursuant To IRCP 26(c) and For An Order Establishing The Sequence and Timing of Discovery Under IRCP 26(d)* was served on the following in the manner shown:

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P.O. Box 1510	[]	Overnight Mail/Federal Express
Lewiston, ID 83501	[✓]	Email (mmnichols@clbrmc.com)

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CERTIFICATE OF MAILING (continued)

Counsel for Duclos and Freeman: (copy)

David A. Gittins [] U.S. Mail, Postage Prepaid
Attorney at Law [] Hand Delivery
843 Seventh Street [] Facsimile (509) 758-3576
Clarkston, WA 99403 [] Overnight Mail/Federal Express
[] Email (david@gittinslaw.com)

Counsel for AIA Services 401(K) Plan: (copy)

Charles A. Brown [] U.S. Mail, Postage Prepaid
Attorney at Law [] Hand Delivery
P. O. Box 1225 [] Facsimile (208) 746-5886
Lewiston, ID 83501 [] Overnight Mail/Federal Express
[] Email (CharlesABrown@cableone.net)



DAVID R. RISLEY

4966

EXHIBIT A

Natalie Holman

From: Natalie Holman
Sent: Thursday, January 22, 2009 2:22 PM
To: Natalie Holman
Subject: FW: Taylor v. AIA Services, et al. Discovery Conferences
Attachments: Discovery Conference Documents List.doc

From: Roderick C. Bond [mailto:rod@scblegal.com]
Sent: Wednesday, January 14, 2009 3:28 PM
To: Gary Babbitt; jjj@hljlawyers.com; John Ashby; jdl@elamurke.com; CharlesABrown@cableone.net; David Risley; Harper, Charles E.; david@gittinslaw.com; JJG@quarles.com
Cc: Reed Taylor; Mike Bissell; Ned A. Cannon; Jack R. Little
Subject: Taylor v. AIA Services, et al. Discovery Conferences

Counsel:

Attached is a document that we drafted to give a flavor of what we are lacking in discovery. As you can see, it is extensive what has not been produced. Also, it is noteworthy that everyone is pounding the table on the defense side for hearing Beck and Connie's summary judgment motion when we have received NO discovery responses whatsoever from Mr. or Mrs. Beck after almost 1 year of waiting and Connie has provided little, if anything. The attached document is not exhaustive of all issues. There are many requests that have never been answered or responded to. Most importantly, the defendants' failure to comply with discovery impedes Reed's ability to respond to the defendants' discovery requests propounded to him. We tried to put discovery request numbers by many of the items, but time did not permit a complete list. Also, the failure to respond is so widespread that getting technical is unnecessary. Finally, the discovery request numbers are also not inclusive of all requests or all defendants, but rather a sample.

As a side note, for the record Hawley Troxell is purportedly representing AIA Services, AIA Insurance and CropUSA. Reed Taylor has requested that you all make the record clear during all matters and hearings that Hawley Troxell is counsel of record for all three corporations as Quarles and Brady is admitted Pro Hac Vice through Hawley Troxell and Hawley Troxell remains responsible for everything and the signing of all pleadings, discovery and the like (i.e., at all hearings Hawley Troxell must make clear who it represents as has not been the case in the past). I realize that we have been through a lot on this case and I am not trying to through gas on the fire, but merely complying with my client's request.

Rod

By: Roderick C. Bond
 Smith, Cannon & Bond PLLC
 508 Eighth St.
 Lewiston, ID 83501
 Tel: (208) 743-9428
 Fax: (208) 746-8421
rod@scblegal.com

This email and any attachments may contain confidential and/or legally privileged information, which only the authorized recipient may receive and/or view. If you are not an intended recipient, please promptly delete this message and contact the sender at the above address. Thank you.

AFFIDAVIT OF DAVID R. RISLEY

1/22/2009

4968

Unexhaustive List of Discovery Items Due From Defendants

The Following are a sample of requests that need to be answered and responded to in full, along with responsive documents produced by all applicable defendants. To the extent that the following and all responses and answers to discovery requests (including production of documents) to CropUSA, AIA Services and AIA Insurance remain incomplete, the individuals who are the purported directors are also responsible for ensuring full and complete responses, along with full the production of documents. **Please note that most discovery requests have been duplicated to all defendants in an exact or substantially similar form and the definition of “documents” is extensive for all requests to all defendants.**

1. All documents that support or relate in any way to the illegality alleged by the defendants. Reed specifically requested documents and interrogatory responses pertaining to defenses, affirmative defenses and counterclaims (including the value of AIA’s assets and debts as of the date of the purchase of Reed’s shares and a list of all creditors with amounts owed as of the date of Reed’s redemption and the date of the restructure of the redemption). (*See e.g., Rog 10 & RFP 191 to AIA and J.T.—10-4-07; ROG 2, RFP 44 to Beck---3-26-08; ROG 6, RFP 64 to Connie Taylor---10-21-07; ROG 12, RFP 183 and 217 to J.T.---10-19-07; ROG 9, RFP 31-40, 125 to CropUSA---11-28-07*)
2. All up-to-date Financial Statements, including, without limitation, those on AIA Services, AIA Insurance and Crop USA. (*See e.g., RFP 31 to AIA and J.T.---3-23-07; RFP 89 to AIA and J.T.---7-20-07; RFP 87, 101, 149 to CropUSA---11-28-07*). All information used to determine each line item on each and every financial statement. Reed needs to know what each item is comprised of and how it was determined. John and others keep disingenuously testifying that the financial statements tell you everything, but they tell you little to nothing.

- No Financial Statements for Crop USA when it was called AIA Crop Insurance.
- No future projections or forecasts.
- The financial statements have supported schedules and documentation. Reed wants it all and is entitled to it.

3. All Email. Only an agreement for part of the emails and we need others. Also need to have expert look at additional emails backed up on John's hard drive that were auto archived (**See e.g., RFP 10 to AIA and J.T.---3-23-07; RFP 10 to CropUSA---11-28-07; all RFPs to all defendants regarding communications and document; see also, definition for "documents" in all discovery requests to all defendants, including, CropUSA).**

- The emails produced thus far only include up to the date that the hard drives were imaged. All emails need to be supplemented after that date.
- The emails produced to date only include emails sent, received and/or carbon copied to or from John Taylor, JoLee Duclos and Brian Freeman. We need all other pertinent officers (CFOs, etc), managers, and accounting personnel.
- Update all emails for Mike Cashman, James Beck, Connie Taylor, JoLee Duclos, Bryan Freeman and John from the time of extraction to the present time.
- All emails received from or sent to James Beck, Michael Cashman, Randal Lamberjack, Adrian Johnson, Connie Taylor or any Preferred C Shareholder to or from any employee, officer, director or shareholder of AIA Services, AIA Insurance, or Crop USA.
- All emails that support, reference, or relate to any of the defenses or counterclaims alleged by Crop USA, AIA Insurance, AIA Services, John Taylor or any of the other individual defendants.

- All emails that reference or relate in any way to the alleged oral modification.
 - All emails that reference or relate in any way to allocations or non-allocations of expenses between Crop USA and AIA Insurance or AIA Services.
 - All emails between each individual defendant and the specific parties or entities named in specific discovery requests.
 - All emails to and from all officers and accounting personal in CropUSA, AIA Services and AIA Insurance (i.e., Kent Peterson, Marcus McNabb, Jerry Anderson, Aimee Gordon).
 - All emails must be updated at least each month.
4. Up to date list of all officers and directors and employees of the corporations going back to 1995. **(See e.g., RFPs 27, 28, 33 to AIA and J.T.---3-23-07)**
 5. No information has been provided on any counterclaims against Reed Taylor. Information and damage calculations need to be provides immediately or the counterclaims dismissed. **(See e.g., ROG 1, RFP 9 to Beck---3-26-08; ROG 9, RFP 131 to AIA---10-4-07; ROG 3, RFP 12 to Connie Taylor---10-21-07; ROG 3, RFP 128 to J.T.---10-19-07; ROG 6, RFP 31, 42, 43, 82 to CropUSA---11-28-07)**
 6. All correspondence, emails and documents exchanged with Mike Cashman (including, without limitation, everything from any attorney to or from Mike Cashman as he enjoys no privilege status). **(See e.g., RFP 10, 11, 79, 123, 126, 128 to CropUSA---11-28-07; RFP 189, 192 to AIA---10-4-07; RFP 181 to J.T.---10-19-07; RFP 42 to Beck---3-26-08; RFP 62 to Connie Taylor---10-21-07)**
 7. All correspondence, emails and documents exchanged with James Beck before he was purportedly appointed to the board of AIA

Services and AIA Insurance. (including, without limitation, everything from any attorney to or from James Beck as he enjoyed no privilege status before being a member of the board of AIA). (See e.g., RFP 10 to CropUSA---11-28-07; RFP 60 to Connie Taylor---10-21-07; RFP 128, 188, 192 to AIA---10-4-07; RFP 10, 11, 59, 79, 122, 126, 128 to CropUSA---11-28-07; RFP 178 to J.T.---10-19-07)

8. All correspondence, emails and documents exchanged with Connie Taylor before she was purportedly appointed to the board of AIA Services and AIA Insurance. (including, without limitation, everything from any attorney to or from Connie Taylor as she enjoyed no privilege status before being a member of the board of AIA and has never been a member of the board of CropUSA). (See e.g.,
9. No documents or information has been provided regarding the defendants' damages. (See e.g., ROG 8 and RFP 128 to J.T.---10-19-07; ROG 9 and RFP 131 to AIA---10-4-07; ROG 6, RFP 42, 43, 82 to CropUSA---11-28-07; ROG 3, RFP 8, 12 to Connie Taylor---10-21-07; ROG 1, RFP 9 to Beck---3-26-08)
10. John Taylor needs to submit to an IPE (Independent Psychological Examination) for his counterclaim or dismiss it. Same with JoLee Duclos and Bryan Freeman. Reed needs dates for all to schedule the IPEs.
11. All check registers (including, without limitation, itemization of all electronic payments and receipts). (See e.g., RFP 4 to AIA and J.T.--3-23-07; RFP 104 to CropUSA---11-28-07;)
12. All documents regarding funds or assets advanced to or owed by John Taylor or Connie Taylor. (See e.g., RFP 14 to AIA and J.T.--3-23-

07; RFP 101-102 to AIA and J.T.---7-20-07; RFP 107 to Connie Taylor---10-21-07)

- No information on \$307k owed by John and backed off of Reed's note.
 - No information on John's salary accrual account before 2002.
 - John's up-to-date salary and salary accrual information.
13. All documents pertaining to the Series C Preferred Shares, both redemption or purchases and conversion of shares. **(See e.g., RFP 12 & 25 to AIA and J.T.--3-23-07; RFP 20, 23, 25, 84, 85, 95, 126 to CropUSA---11-28-07)**
- No letters to the other Series C Shareholders regarding the right to convert.
 - No stock certificates issued to the Series C Shareholders in addition to Crop USA shares.
14. All remaining resolutions or meeting minutes relating in any way to Crop USA, AIA Insurance, or AIA Services, including, without limitation the board resolution approving the pledge of the Washington Bank Properties Mortgage to Crop USA. **(See e.g., RFP 24 to AIA and J.T.---3-23-07; RFP 1, 10, 11, 19, 21, 24, 134 to CropUSA---11-28-07)**
15. Documents pertaining to advisory boards and committees of AIA and CropUSA and communications related thereto. **(See e.g., RFPs 26, 30, 47, 66 to CropUSA---11-28-07;)**
16. All non-privileged documents in Quarles Brady and Hawley Troxell's files relating to John Taylor, AIA Services, AIA Insurance, Pacific Empire Radio, Pacific Empire Communications, Pacific Empire Holdings, Crop USA, Michael Cashman, James Beck, or any of the

other named defendants. (Note: We can schedule a records deposition and will do so, if necessary).

17. AIA Services, CropUSA, John Taylor, Connie Taylor and the others can provide us information, financial statements, tax returns and applications (including, those provided to banks and others) or Reed will subpoena the banks and others at greater expense to all. Reed would need certification from a bank representative that he has been provided all information. **(See e.g., ROG 8, RFP 45, 73, 74, 104, 106, 149 to CropUSA---11-28-07; ROG 10, RFP 121,142, 155 to J.T.---10-19-07; RFP 4, RFP 6, 26, 28, 57, 67 to Connie Taylor---10-21-07)**
18. All financial statements and tax returns for John Taylor, Connie Taylor, James Beck, JoLee Duclos and Bryan Freeman. **(See above)**
19. No opinion letters have been produced. We know they exist and we have 2 pages of one that was provided by Hawley Troxell to AIA's auditors. Opinion letters relied upon others (including auditors) are not privileged and must be produced. In any event, even if they are going to withhold opinion letters, they need to produce a detailed privilege log of the date of each letter, the purpose of the letter, and a description of the letter pending our motions to compel. **(See e.g., RFP 80, 92, 95, 112, 113, 114 to CropUSA---11-28-07;**
20. Privilege logs for accountants, auditors and attorneys (including, without limitation, all email). This request is not a waiver of any of the defendants waiver of privilege. Also, the date, description of document and parties involved (and other requirements) must be disclosed in the log.
21. Updated copies for all year-end accounting notebooks for AIA and Crop USA.

22. All year-end, quarterly and monthly accounting information.
23. Breakdowns of the calculation of all expenses paid by AIA for CropUSA and vice versa (including, without limitation, salaries, electrical expenses, phone expenses, advances, etc.).
24. All information provided to Lancelot and communications to and from Lancelot (and any of their representatives and attorneys). (**See e.g., RFP 90 to CropUSA---11-28-07**)
25. All responsive electronic files (Word, Excel, etc.) as we have requested them all and know they exist because of the document stamps on the bottom of certain documents and JoLee Duclos' testimony. Of particular interest, is all accounting information and correspondence of any type in Excel and Word. Reed wants and is entitled to all electronic files to be produced in electronic form. (**See e.g., RFP 71, 148, 149 to CropUSA---11-28-07; RFP 198, 199 to AIA---10-4-07**)
26. All stock certificates, stock ledgers, minute books and related documents of AIA Services, AIA Insurance, AIA Crop Insurance, or Crop USA.
 - Other than the Crop USA certificates issued to Duclos and Freeman, no Crop USA stock certificates have been issued.
 - No stock certificates for AIA Crop Insurance.
 - No stock certificates for AIA Services.
27. All correspondence and documents sent by AIA Services, AIA Insurance, or Crop USA to Lancelot Investors Fund or any related party (including the required monthly reports and any waivers of covenants or defaults and sale of the loan, etc.). (**See e.g., RFP 90 to CropUSA---11-28-07**)

28. All correspondence and opinion letters issued by Hawley Troxell or Erbilee Berlin pertaining to Crop USA, AIA Services, or AIA Insurance (including opinion letters to auditors). **(See e.g., RFP 112 to CropUSA—11-28-07)**
29. All past and current account year-end closing notebooks for AIA Services, AIA Insurance and Crop USA (we have not been provided quarter ending notebooks or the 2007 year-end for any of the corporations). **(See e.g., RFP 58 to CropUSA---11-28-07; see also, definitions of “documents” in requests to all defendants)**
30. Present balance of Crop USA’s current line-of-credit (updated monthly) including information on any past and new loans. **(See e.g., ROG 4, RFP 4, 73, 74, 90, 104 to CropUSA---11-28-07)**
31. All documents on the parking lot, including, 1099s sent to 17 State Street Partners LLC for parking lot rent. **(See e.g., RFP 22 to AIA and J.T.--3-29-07)**
32. All documents on funds lent or advanced from AIA Services’ 401(k) Plan and all other documents (including everything provided to Charles Brown and payments to Charles Brown. **(See e.g., RFP 25 to AIA and J.T.—3-23-07; RFP 197 to AIA---10-4-07)**
33. We know that the CropUSA financial statements were revised to show John and Lamberjack purchased the mortgages owned by CropUSA and made money off of them and borrowed money from AIA’s 401(k). Provide the documents and how much John and Lamberjack made. **(See e.g., RFP 25 to AIA and J.T.—3-23-07; RFP 197 to AIA---10-4-07)**

34. All documents on the preferred shares of Woodcom owned by AIA Services or KATW FM. **(RFP 31 to AIA and J.T.—3-29-07)**
35. 2007 and 2008 Tax Returns for AIA Services, AIA Insurance and Crop USA.
36. Complete salary and breakdown of salary accounts and related accounts and payments for John, Beck, Cashman, JoLee and Bryan going back to 1996.
37. Copies of all payments to Jim Beck and Connie Taylor and stock certificates (including, without limitation, those purportedly paid for director fees).
38. Copies of all statements for attorneys' fees paid by all the defendants and copies of the checks or payments (including updates for JoLee, Bryan and John). **(See e.g., RFP 1 to AIA and J.T.---3-23-07; RFP 107 to AIA---7-20-07)**
 - Nothing on James Beck(or Connie Taylor since Risley became her attorney) and nothing on Connie Taylor since the first production.
 - No updated information since the last documents.
 - Nothing on shareholder approval of the payment of Connie or the Becks' attorney fees.
 - Nothing on Crop USA
 - Need to know who paid the fees and costs and where the money came from.
39. All documents that relate to, support or negate counterclaims alleged by AIA Insurance, AIA Services, or Crop USA. **(See e.g., RFP 64-88 to AIA---7-20-07)**

40. Leases for Sound Insurance. **(RFP 111---7-20-07)**
41. John has not provided the lease agreement between his entity and Global Travel. **(RFP 112---7-20-07)**
42. Full and complete answers to all interrogatories and requests for production, including, without limitation, specific answers regarding claims, defenses and damages. **(See e.g., RFPs 50-87 to AIA---7-20-07)**
43. All documents sent or received by any officer, director, employee or shareholder of Crop USA, AIA Insurance, or AIA Services to or from James Beck, Connie Taylor, Michael Cashman, Adrian Johnson, Randall Lumberjack, John Taylor, or any other shareholder (common or preferred) of Crop USA, AIA Services, or AIA Insurance. **(See e.g., RFP 189 to AIA---10-4-07)**
44. The various documents, memos, emails and etc. that Reed has produced and have not been produced by the corporations. **(See Deposition Exhibits for John Taylor's deposition)**
45. All documents pertaining to the 401(k). **(See e.g., RFP 197 to AIA---10-4-07)**
46. All appraisals or valuations for any shares of AIA Services, AIA Insurance or Crop USA. All appraisals or valuations on AIA Services, including for divorce purposes.
47. Interrogatory on employees of AIA Insurance or AIA Service who have provided services or work for any other person or entity and not been paid by the respective person or entity. **(ROG 3 to AIA---7-10-07)**

48. All documents relating to purchases of Crop USA stock, AIA stock, and other valuations, including, without limitation, subscription agreements or contracts pertaining to Adrian Johnson and Randal Lamberjack. **(See e.g., RFPs 20, 84, 96, 138 to CropUSA---11-28-07; RFPs 133, 149, 161 to AIA---10-4-07)**
49. Electronic Excel, related spreadsheets, Word documents, and other electronic files. **(See e.g., RFP 198-199 to AIA---10-4-07; see also definition of “documents for all defendants)**
- Many of the account summaries have Excel stamps on the bottom of the page.
 - We want them all the way back to 1995.
 - John has created such spreadsheets or word documents.
 - Spreadsheets of monthly expenses and categories of expenses.
 - Spreadsheets used to compile data for financial statements.
50. Premium reports generated monthly, including, those reports showing the total premium placements as John has alleged under the terms of the alleged oral modification. These documents support AIA’s defenses also as AIA must prove the revenue targets have not been met, including the \$30-\$35M required before paying Reed all accrued interest.
51. Monthly accounting reports of all types (including, income and payables).
52. Correspondence and documents as requested for each individual person identified in Reed’s discovery requests.
53. All documents referencing Connie Taylor. **(RFP 91---7-20-07)**

54. All documents pertaining to the sale to Hudson (including emails and letters regarding the sale or offers to purchase other assets).
55. All documents and emails exchanged with Hudson and agreements with Hudson. **(See e.g., RFP 153, 155, 156 to CropUSA---11-28-07)**
56. All documents and emails exchanged with Trustmark. All payments from Trustmark.
57. All documents and emails exchanged with any other insurer or prospective insurer.
58. All up to date meeting minutes and resolutions for all board meetings of AIA Services, AIA Insurance, CropUSA and the growers associations and co-ops. **(See e.g., RFP 47 to CropUSA---11-28-07; RFP 24 to AIA and J.T.—3-23-07)**
59. All information on payments, salaries, advances and reimbursements to John Taylor and all entities he owns a stake in (and the other individual defendants). **(See e.g., RFP 95-102 to AIA and J.T.---7-20-07)**
60. All correspondence and email to Dick Riley regarding drafting documents for the \$1.2 Million Mortgage (he said that he was only a scrivener so no attorney-client privilege applies to this transaction whatsoever. Reed also wants the billing statements describing work on this transaction. **(See e.g., RFP 171 and 173 to AIA---10-4-07)**
61. Year end and quarter end accounting information and notebooks. **(See e.g., RFP 198-199 to AIA---10-4-07)**

62. All privileged and non-privileged documents from Eberle Berlin regarding purchase of Reed's shares and everything else. Reed was chairman of the board and CEO and is entitled to see all privileged documents and other documents and email for that time period. **(See e.g., RFP 171 and 173 to AIA---10-4-07)**
63. No expert witness information or reports provided by any of the defendants. Moreover, Connie and Beck have not even provided any expert information or named any experts. Reed is not waiving any objections by demanding this information as Connie and Beck failed to name expert witnesses. **(See e.g., RFP 88 to AIA---7-20-07; ROGS and RFPs to all Defendants)**
64. All documents pertaining to all actions taken by the board of directors. **(See e.g., RFP 92 to AIA---7-20-07)**
65. Bank statements on accounts where Reed Taylor's monthly payments are purportedly being paid. Also, where is the money being paid that was paid to Donna Taylor? If in an account, we want those statements as well. **(See e.g., RFP 194 to AIA---10-4-07)**
66. All information required to be provided to Reed under the terms of the Amended Stock Pledge Agreement. (i.e., the failure to provide the information is ongoing breaches to the agreement). **(See e.g., Amended and Restate Stock Pledge Agreement)**
67. Documents and correspondence on money owed to, or borrowed from, any associations and co-ops. We know AIA has owed money to some. **(See e.g., RFP 160 to AIA---10-4-07)**
68. Documents pertaining to AIA advancing money for co-ops and associations. We know AIA funded Growers National. **(See e.g., RFP 7 to AIA and J.T.---3-23-07)**

69. Documents and payments received for GGMIT settlement. (*See e.g., RFP 127 to AIA---10-4-07*)
70. Meeting minutes and documents pertaining to trust boards and membership associations (co-ops). (*See e.g., RFP 21 to AIA and J.T.--3-23-07*)
71. AIA and CropUSA contracts with all insurers and related providers, including renewals and amendments. (*See e.g., RFP 151-156 to CropUSA---11-28-07;*
72. All cell phone and telephone records. (including, without limitation, cell phone and home phone records). (*See e.g., RFP 9 to AIA and J.T.---3-23-07*)
73. Documents pertaining to John Taylor and Connie Taylor's divorce, including, without limitation, settlement agreements, division of assets, payments, financial statements, appraisals, expert witness reports and the like. (*See e.g., RFP 176 to J.T.---10-19-07; RFP 116 to Connie Taylor---10-21-07*)
74. Supplemental production of documents on all prior discovery requests to all defendants. This needs to be timely done from this point until trial. Reed's damages are ongoing, i.e., every dollar of income to AIA Insurance has not been authorized by Reed to be used for anything (subject to his security interests and vote of the shares).
75. We need to schedule other days to go back to AIA's offices and review receipts and documents.

76. There needs to be guarantees and a mechanism for the defendants providing updated information in a timely manner so that Reed can prepare for trial and provide timely updates to his responses and answers to discovery requests. The flow of information from the defendants has been nothing short of terrible. Reed needs a written agreement that Information, responses and answers will be updated at least monthly or we will seek an order to compel, if necessary. It will be difficult enough to get reports and damages and claims updated before trial. What actions or agreement can be made or taken to ensure money is not transferred before, during or after trial. Does Reed need to get a preliminary injunction or will the defendants agree to special protections?
77. Reed cannot provide full and complete answers and responses and documents until the information is provided to him. When they finally provide the information, we can provide a more detailed issue on claims.
78. REED WANTS ALL FURTHER DOCUMENTS PRODUCED IN THE FILES IN WHICH THEY ARE LOCATED FOR INSPECTION AND COPYING AS PROVIDED UNDER THE IDAHO RULES OF CIVIL PROCEDURE. (i.e., Hawley Troxell doesn't get to determine which documents we copy).
79. REED WANTS DOCUMENTS SEGREGATED. THE DEFENDANTS KNOW WHAT HAS TRANSPIRED AND WHERE THE MONEY HAS GONE, REED DOESN'T. AIA, CROPUSA, JOHN TAYLOR, JOLEE DUCLOS AND OTHERS KNOW THE DOCUMENTS THAT SUPPORT LABOR, SERVICES, FUNDS, ETC. THAT HAVE BEEN ADVANCED OR UTILIZED BY CROPUSA. SEGREGATE THESE DOCUMENTS. FULL ACCESS TO ALL DOCUMENTS (EVEN IF FULL ACCESS GIVEN) WOULD NOT PERMIT REED TO IDENTIFY ALL IMPROPER TRANSACTIONS.

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CLERK OF THE DIST. COURT
Heather Rogers

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Attorney for Intervenor, 401(k) Profit Sharing Plan
for the AIA Services Corporation.

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
Plaintiff,)

v.)

Case No. CV 2007-00208

AIA SERVICES CORP., an Idaho)
corporation; AIA INSURANCE INC., an Idaho)
corporation, R. JOHN TAYLOR and CONNIE)
TAYLOR, individually and the community)
property comprised thereof; BRYAN)
FREEMAN, a single person; JOLEE DUCLOS,)
a single person; CROP USA INSURANCE)
AGENCY, INC., an Idaho Corporation; and)
JAMES BECK and CORRINE BECK,)
individually and the community property)
comprised thereof;)

Defendants.)

AFFIDAVIT OF CHARLES A. BROWN

AIA SERVICES CORPORATION, an Idaho)
corporation; and AIA INSURANCE, INC., an)
Idaho corporation,)

Counter-Claimants,)

v.)
)
 REED J. TAYLOR, a single person,)
)
 Counter-Defendant.)
)
 _____)
 CONNIE W. TAYLOR and JAMES BECK,)
)
 Counterclaimants,)
)
 v.)
)
 REED J. TAYLOR, a single person,)
)
 Counterdefendant.)
)
 _____)
 401(K) PROFIT SHARING PLAN FOR)
 THE AIA SERVICES CORPORATION)
)
 Intervenor.)
 _____)

STATE OF IDAHO)
 : ss.
 County of Nez Perce)

CHARLES A. BROWN, being first duly sworn on his oath, deposes and says:

1. Your affiant is the attorney for the 401(k) Profit Sharing Plan of the AIA Services Corporation, the Intervenor herein, and makes the following statements upon his own personal knowledge and belief.
2. Plaintiff's counsel desires to go forward on discovery apparently on all issues including illegality. Your affiant is willing to do so but cannot and will not participate without a Court order which would provide your affiant and his client the protection and powers afforded by I.R.C.P. to which any party would normally be entitled.
3. That attached hereto is a true and correct copy of an e-mail dated January 15, 2009, sent to your affiant by Michael S. Bissell, one of the attorneys for the plaintiff herein, which states, in part:

There has been discussion about delaying discovery and depositions until the order on the Motion to Intervene has been entered by the Court. We view this as simply more delay tactics by the defendants with your assistance. To be clear for the record, Reed Taylor agrees to allow you to participate in all discovery and depositions as if you were a party until the Motion to Intervene is decided. We welcome written requests for information and documents as well, subject to all objections, protections and privileges under the Idaho Civil Rules of Procedure and Evidence. **You will be permitted to attend and participate in all depositions.** This should satisfy any concerns that you may have and also protect Reed Taylor's rights and interests to get this matter to trial. **We would agree to enter into any reasonable stipulations should you or the other attorneys feel it necessary.** In exchange for the foregoing we expect like consideration and cooperation from you.

(Emphasis added.)

4. That attached hereto is a true and correct copy of your affiant's responsive e-mail to Mr. Bissell, dated January 15, 2009, wherein your affiant indicated he would prepare a stipulation and order for counsel's approval.

5. That attached hereto is a true and correct copy of your affiant's e-mail to all counsel, dated January 16, 2009, with the proposed stipulation and order attached for their review. Said attachment is included herewith.

6. That attached hereto is a true and correct copy of the responsive e-mail by Roderick C. Bond, another attorney for the plaintiff herein, dated January 16, 2009, which attached a revised stipulation and order. Said attachment is included herewith.

7. That some of the revisions to the stipulation and order as requested by the plaintiff's attorneys were not acceptable to your affiant, and on January 18, 2009, your affiant responded as such, especially that the revised language would allow the stipulation to be terminated at will. A true and correct copy of said e-mail is attached hereto.

8. That on January 19, 2009, Michael S. Bissell sent a responsive e-mail to your affiant indicating that their proposed language "obviously protects everyone. We will see what you propose." A true and correct copy of said e-mail is attached hereto.

9. That on January 20, 2009, your affiant's office e-mailed a revised stipulation to all counsel for their signature and return. This revised stipulation was a compilation some of the

requested changes by the plaintiff's counsel and your affiant's requested language. A true and correct copy of that e-mail, with attachment, is attached hereto.

10. That the plaintiff's attorney, Michael S. Bissell, provided an e-mail to your affiant on January 21, 2009, and indicated the following:

Upon further reflection, it is my view that a stipulation and order to allow you to participate in discovery is not necessary (and certainly not as you propose), nor does the Court have authority over a non-party. You can participate in depositions as you please (i.e., attend and ask questions), and we will respond to your requests for information.

A true and correct copy of said e-mail is attached hereto. Thus, the plaintiff's counsel is now changing their minds as to the process which they originally proposed.

11. That on January 22, 2009, your affiant sent a responsive e-mail to Michael S. Bissell indicating he would require the protection and authority granted by a court order. A true and correct copy of said e-mail is attached hereto.

12. That Mr. Bissell responded by e-mail on January 22, 2009, indicating that "You won't agree to our stip, so there is no point in discussing." A true and correct copy of said e-mail is attached hereto.

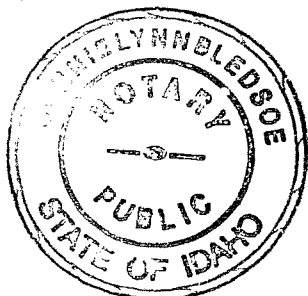
13. All counsel in this matter have agreed to sign the proposed stipulation and order provided by your affiant on January 20, 2009, with the exception of plaintiff's counsel, Mr. Bissell and Mr. Bond.

DATED on this 22nd day of January, 2009.

Charles A. Brown
Charles A. Brown

SUBSCRIBED AND SWORN to before me on this 22nd day of January, 2009.

(SEAL)



Connie Lynn Bledsoe
Notary Public for Idaho
Residing at Orofino
My Commission Expires on: October 22, 2011

To: CharlesABrown@cableone.net
From: "Mike Bissell" <mbissell@cbklawyers.com>
Received: 1-15-09 2:03pm
Subj: 401(k) Involvement

There has been discussion about delaying discovery and depositions until the order on the Motion to Intervene has been entered by the Court. We view this as simply more delay tactics by the defendants with your assistance. To be clear for the record, Reed Taylor agrees to allow you to participate in all discovery and depositions as if you were a party until the Motion to Intervene is decided. We welcome written requests for information and documents as well, subject to all objections, protections and privileges under the Idaho Civil Rules of Procedure and Evidence. You will be permitted to attend and participate in all depositions. This should satisfy any concerns that you may have and also protect Reed Taylor's rights and interests to get this matter to trial. We would agree to enter into any reasonable stipulations should you or the other attorneys feel it necessary. In exchange for the foregoing we expect like consideration and cooperation from you.

Please let me know how you want to handle document requests. Also, please provide dates for JoLee Duclos' deposition.

I look forward to hearing from you as soon as possible. In the meantime, we will continue to carbon copy you on all correspondence and pleadings (to the extent we would have had you been a party) and include you in everything applicable to you and the case in general.

I am still awaiting your response to Rod's letter pertaining to your proposed Tolling Agreement.

Michael S. Bissell

Campbell, Bissell & Kirby, PLLC

7 S. Howard, Ste 416

Spokane, WA 99201

Tel: (509) 455-7100

Fax: (509) 455-7111

AFFIDAVIT OF CHARLES A. BROWN

4988

CC:

"Charles Harper" <charper@quarles.com>, "D. John Ashby" <jash@hteh.com>, "David Gittins" <david@gittinslaw.com>, "David Risley" <David@rbcox.com>, "Gary Babbitt" <gdb@hteh.com>, "James Gatziolis" <JJG@quarles.com>, "James LaRue" <jdl@elamburke.com>, "John Janis" <johnjanis@aol.com>, "Michael McNichols" <mmcnichols@clbrmc.com>

AFFIDAVIT OF CHARLES A.BROWN

4989

E-MAIL

To: "Mike Bissell" <mbissell@cbklawyers.com> 1-15-09 2:41pm
From: CharlesABrown@cableone.net
CC: "Roderick C. Bond" <rod@scblegal.com>, "Michael E. McNichols" <mmcnichols@clbrmc
BCC: Connie,Debbie
Subj: Re: 401(k) Involvement

Dear Mike: Thank you for the courtesy of your email. I will prepare a stipulation and order for your review. I have drafted the response to Rod's inquiry, and I should have it to you and Rod by tomorrow via fax and or email. Chuck

Charles A. Brown
Attorney At Law
P.O. Box 1225
324 Main St.
Lewiston, ID 83501
(208) 746-9947 phone
(208) 746-5886 fax
email: CharlesABrown@cableone.net
CharlesABrownEsq.com website

The above is confidential, privileged, or attorney work product for the sole use of the intended recipient. Any review, distribution, or forwarding without express permission is prohibited. If you aren't the intended recipient, please contact sender.

<< Original message from, "Mike Bissell" <mbissell@cbklawyers.com>:
Date: Thu, 15 Jan 2009 14:06:24 -0800
To: CharlesABrown@cableone.net

There has been discussion about delaying discovery and depositions until the order on the Motion to Intervene has been entered by the Court. We view this as simply more delay tactics by the defendants with your assistance. To be clear for the record, Reed Taylor agrees to allow you to participate in all discovery and depositions as if you were a party until the Motion to Intervene is decided. We welcome written requests for information and documents as well, subject to all objections, protections and privileges under the Idaho Civil Rules of Procedure and Evidence. You will be permitted to attend and participate in all depositions. This should satisfy any concerns that you may have and also protect Reed Taylor's rights and interests to get this matter to trial. We would agree to enter into any reasonable stipulations should you or the other attorneys feel it necessary. In exchange for the foregoing we expect like consideration and cooperation from you.

4990

Please let me know how you want to handle document requests. Also, please provide dates for JoLee Duclos' deposition.

I look forward to hearing from you as soon as possible. In the meantime, we will continue to carbon copy you on all correspondence and pleadings (to the extent we would have had you been a party) and include you in everything applicable to you and the case in general.

I am still awaiting your response to Rod's letter pertaining to your proposed Tolling Agreement.

Michael S. Bissell

Campbell, Bissell & Kirby, PLLC

7 S. Howard, Ste 416

Spokane, WA 99201

Tel: (509) 455-7100

Fax: (509) 455-7111

>>

FULL CC

"Roderick C. Bond" <rod@scblegal.com>, "Michael E. McNichols" <mmcnichols@clbrmc.com>, "Garry D. Babbitt" <gdb@hteh.com>, "D. John Ashby" <jash@hteh.com>, "James J. Gatzolis" <jjg@quarles.com>, "Charles E. Harper" <charper@quarles.com>, "David A. Gittins" <david@gittinslaw.com>, "David R. Risley" <David@rbcox.com>

E-MAIL

To: "Roderick C. Bond" <rod@scblegal.com>, "Michael S. Bissell" <mbissell@cbklawyers 1-16-09 10:54am
From: CharlesABrown@cableone.net
Subj:

Dear Gentlemen: I told you yesterday that I would prepare a stipulation. You will find it attached. If it meets with your approval I will circulate it for signatures. Chuck

Charles A. Brown
Attorney At Law
P.O. Box 1225
324 Main St.
Lewiston, ID 83501
(208) 746-9947 phone
(208) 746-5886 fax
email: CharlesABrown@cableone.net
CharlesABrownEsq.com website

The above is confidential, privileged, or attorney work product for the sole use of the intended recipient. Any review, distribution, or forwarding without express permission is prohibited. If you aren't the intended recipient, please contact sender.

ATTACHED FILES

401k.stipulation.doc

FULL TO

"Roderick C. Bond" <rod@scblegal.com>, "Michael S. Bissell" <mbissell@cbklawyers.com>, "Michael E. McNichols" <mmcnichols@clbrmc.com>, "Garry D. Babbitt" <gdb@hteh.com>, "D. John Ashby" <jash@hteh.com>, "James J. Gatziolis" <jjg@quarles.com>, "Charles E. Harper" <charper@quarles.com>, "David A. Gittins" <david@gittinslaw.com>, "David R. Risley" <David@rbcox.com>

Charles A. Brown
 Attorney at Law
 324 Main Street
 P.O. Box 1225
 Lewiston, ID 83501
 208-746-9947
 208-746-5886 (fax)
 ISB # 2129
 CharlesABrown@cableone.net
 Attorney for Intervenor, 401(k) Profit Sharing Plan
 for the AIA Services Corporation.

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF
 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
 Plaintiff,)

v.)

Case No. CV 2007-00208

AIA SERVICES CORP., an Idaho)
 corporation; AIA INSURANCE INC., an Idaho)
 corporation, R. JOHN TAYLOR and CONNIE)
 TAYLOR, individually and the community)
 property comprised thereof; BRYAN)
 FREEMAN, a single person; JOLEE DUCLOS,)
 a single person; CROP USA INSURANCE)
 AGENCY, INC., an Idaho Corporation; and)
 JAMES BECK and CORRINE BECK,)
 individually and the community property)
 comprised thereof;)

STIPULATION ALLOWING
 INTERVENOR TO PARTICIPATE
 IN DISCOVERY PROCESS
 AND ORDER

Defendants.)

 AIA SERVICES CORPORATION, an Idaho)
 corporation; and AIA INSURANCE, INC., an)
 Idaho corporation,)

Counter-Claimants,)

v.)
)
 REED J. TAYLOR, a single person,)
)
 Counter-Defendant.)
)
 _____)
 CONNIE W. TAYLOR and JAMES BECK,)
)
 Counterclaimants,)
)
 v.)
)
 REED J. TAYLOR, a single person,)
)
 Counterdefendant.)
)
 _____)
 401(K) PROFIT SHARING PLAN FOR)
 THE AIA SERVICES CORPORATION)
)
 Intervenor.)
 _____)

COME NOW the above-named parties, by and through their respective attorneys herein below set forth, and enter into the following Stipulation:

Even though the Intervenor’s motion to intervene is still pending in this matter, the plaintiff desires to pursue discovery on the illegality issues raised by the Intervenor’s motion.

In order to facilitate said discovery, it is hereby stipulated by the parties hereto that Charles A. Brown, as attorney for the Intervenor and thus (the 401(k) Profit Sharing Plan for the AIA Services Corporation), shall be allowed to participate in the discovery process and any related motions in regard thereto as if the Intervenor was a named party in the above-entitled matter. Said involvement in discovery and related motions shall be governed by the IRCP.

DATED on this ____ day of January, 2009.

SMITH, CANNON & BOND PLLC

 Roderick C. Bond & Ned A. Cannon
 One of the Attorneys for Plaintiff

DATED on this ____ day of January, 2009.

CAMPBELL, BISSELL & KIRBY, PLLC

Michael S. Bissell
One of the Attorneys for Plaintiff

DATED on this ____ day of January, 2009.

HAWLEY TROXELL ENNIS & HAWLEY LLP

Gary D. Babbitt & D. John Ashby
Attorneys for Defendants AIA Services
Corporation, AIA Insurance Inc. &
CropUSA Insurance Agency Inc.

DATED on this ____ day of January, 2009.

QUARLES & BRADY LLP

James Gatziolis & Charles E. Harper, Jr.
Attorneys for Defendant CropUSA
Insurance Agency Inc.

DATED on this ____ day of January, 2009.

CLEMENTS, BROWN & McNICHOLS, PA

Michael E. McNichols
Attorneys for Defendant R. John Taylor

DATED on this ____ day of January, 2009.

RANDALL BLAKE & COX, PLLC

David R. Riskey
Attorney for Defendants Connie Taylor,
James Beck and Corrine Beck

DATED on this ____ day of January, 2009.

LAW OFFICE OF DAVID A. GITTINS

David A. Gittins
Attorney for Defendants Brian Freeman
and JoLee Duclos

DATED on this ____ day of January, 2009.

Charles A. Brown
Attorney for Intervenor, 401(k) Profit Sharing
Plan for the AIA Services Corporation

ORDER

Based upon the above, IT IS SO ORDERED.

DATED on this ____ day of January, 2009.

Jeff M. Brudie
District Judge

CLERK'S CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing was:

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to:	Roderick C. Bond, Esq. @ 746-8421 Ned A. Cannon, Esq. Smith, Cannon & Bond, PLLC 508 Eighth Street Lewiston, ID 83501 [Attorneys for Plaintiff]
<input type="checkbox"/> sent by facsimile to:	
<input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to:	
<input type="checkbox"/> sent by Federal Express, overnight delivery	
<input type="checkbox"/> hand delivered to:	
<input type="checkbox"/> Emailed to: rod@scblegal.com	

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: mbissell@cbklawyers.com	Michael S. Bissell, Esq. @ 509-455-7111 Campbell, Bissell & Kirby, PLLC 416 Symons Building 7 South Howard Street Spokane, WA 99201 [Attorneys for Plaintiff]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery to: <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: mmcnichols@clbrmc.com	Michael E. McNichols, Esq. @ 746-0753 Bentley G. Stromberg, Esq. Clements, Brown & McNichols, P.A. 321 13th Street P.O. Box 1510 Lewiston, ID 83501 [Attorneys for Defendant R John Taylor]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: gdb@hteh.com & jash@hteh.com	Gary D. Babbitt, Esq. @ 208-342-3829 D. John Ashby, Esq. Hawley Troxell Ennis & Hawley LLP 877 Main Street, Suite 1000 P.O. Box 1617 Boise, ID 83701-1617 [Attorneys for Defendants AIA Services Corporation, AIA Insurance, Inc., and CropUSA Insurance Agency]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: jjg@quarles.com & charper@quarles.com	James J. Gatziolis, Esq. @ 312-715-5155 Charles E. Harper, Jr. Esq. Quarles & Brady LLP Citigroup Center, Suite 3700 500 West Madison Street Chicago, IL 60661-2511 [Attorneys for Defendant CropUSA Insurance Agency]

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: david@gittinslaw.com	David A. Gittins, Esq. @ 758-3576 Law Office of David A. Gittins 843 Seventh Street P.O. Box 191 Clarkston, WA 99403 [Attorney for Defendants Duclos & Freeman]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: David@rbcox.com	David R. Risley, Esq. @ 743-1266 Randall, Blake & Cox, PLLC 1106 Idaho Street P.O. Box 446 Lewiston, ID 83501 [Attorney for Defendants Connie Taylor & James and Corrine Beck]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: CharlesABrown@cableone.net	Charles A. Brown @ 746-5886 Attorney at Law 324 Main Street P.O. Box 1225 Lewiston, ID 83501 [Attorney for Intervenor]

on this ____ day of January, 2009.

PATTY O. WEEKS, Clerk

By _____
Deputy

To: CharlesABrown@cableone.net, "Gary Babbitt" <GDB@hteh.com>, "John Ashby" <JASH@HTEH.COM>, "Michael McNichols" <mmc
From: "Roderick C. Bond" <rod@scblegal.com>
Received: 1-16-09 3:02pm
Subj: Taylor v. AIA Services, et al.

Counsel:

Attached is the revised Stipulation and Order for your review. A hard copy will not be forthcoming. Thanks.

Rod

By: Roderick C. Bond

Smith, Cannon & Bond PLLC

508 Eighth St.

Lewiston, ID 83501

Tel: (208) 743-9428

Fax: (208) 746-8421

rod@scblegal.com

This email and any attachments may contain confidential and/or legally privileged information, which only the authorized recipient may receive and/or view. If you are not an intended recipient, please promptly delete this message and contact the sender at the above address. Thank you.

Attachments:

Revised 401k stipulation re Discovery.doc

Full To:

CharlesABrown@cableone.net, "Gary Babbitt" <GDB@hteh.com>, "John Ashby" <JASH@HTEH.COM>, "Michael McNichols" <mmcnichols@clbrmc.com>, "David Risley" <David@rbcox.com>, "David Gittins" <david@gittinslaw.com>, JJG@quarles.com, "Harper, Charles

AFFIDAVIT OF CHARLES A.BROWN

4999

E." <CHARPER@quarles.com>

CC:

jdl@elamburke.com, jjj@hljlawyers.com, "Mike Bissell" <mbissell@cbklawyers.com>, "Ned A. Cannon" <ncannon@scblegal.com>, "Reed Taylor" <rjt@lewistondsl.com>

Charles A. Brown
 Attorney at Law
 324 Main Street
 P.O. Box 1225
 Lewiston, ID 83501
 208-746-9947
 208-746-5886 (fax)
 ISB # 2129
 CharlesABrown@cableone.net
 Attorney for Intervenor, 401(k) Profit Sharing Plan
 for the AIA Services Corporation.

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF
 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)

Plaintiff,)

v.)

Case No. CV 2007-00208

AIA SERVICES CORP., an Idaho)
 corporation; AIA INSURANCE INC., an Idaho)
 corporation, R. JOHN TAYLOR and CONNIE)
 TAYLOR, individually and the community)
 property comprised thereof; BRYAN)
 FREEMAN, a single person; JOLEE DUCLOS,)
 a single person; CROP USA INSURANCE)
 AGENCY, INC., an Idaho Corporation; and)
 JAMES BECK and CORRINE BECK,)
 individually and the community property)
 comprised thereof;)

Defendants.)

STIPULATION ALLOWING
 INTERVENOR TO PARTICIPATE
 IN DISCOVERY PROCESS
 AND ORDER

_____)
 AIA SERVICES CORPORATION, an Idaho)
 corporation; and AIA INSURANCE, INC., an)
 Idaho corporation,)

Counter-Claimants,)

v.)
)
 REED J. TAYLOR, a single person,)
)
 Counter-Defendant.)
)
 _____)
 CONNIE W. TAYLOR and JAMES BECK,)
)
 Counterclaimants,)
)
 v.)
)
 REED J. TAYLOR, a single person,)
)
 Counterdefendant.)
)
 _____)
 401(K) PROFIT SHARING PLAN FOR)
 THE AIA SERVICES CORPORATION)
)
 Intervenor.)
 _____)

COME NOW the above-named parties, by and through their respective attorneys herein below set forth, and enter into the following Stipulation:

The 401(k) Profit Sharing Plan For The AIA Services Corporation (“Intervenor”) has filed a Motion to Intervene in the above-entitled action, which has not been decided by the Court and therefore Intervenor is presently not entitled to engage in discovery in this action. Intervenor has asserted that the redemption of Plaintiff Reed Taylor’s shares violated I.C. § 30-1-6 and/or I.C. § 30-1-46, and was consequently an illegal transaction. Plaintiff Reed Taylor has asserted that no violation of the foregoing statutes occurred, and even if AIA Services Corporation was insolvent and such violations occurred, Intervenor is barred from asserting claims and/or intervening because shareholders of AIA Services Corporation (including the 401(k) Plan) consented to and/or acquiesced in the redemption of Plaintiff Reed Taylor’s shares, among other applicable defenses.

Based upon Intervenor’s pending Motion to Intervene in the above-entitled action, the defendants have asserted that certain discovery and depositions should be delayed until the Motion to Intervene has been decided by the Court. Plaintiff Reed Taylor does not wish to waste

resources or delay discovery or trial in the above-entitled action based upon the assertions by the defendants that discovery and depositions should be delayed.

Even though the Intervenor's Motion to Intervene is still pending in this matter, has not been fully briefed by Plaintiff Reed Taylor and is not presently set for hearing, the parties wish to allow Intervenor to participate in discovery in the above-entitled actions as if Intervenor was a named party for the purpose of preventing delays in discovery and depositions without prejudicing Plaintiff Reed Taylor's defense that Intervenor's Motion to Intervene should be denied. Plaintiff Reed Taylor's agreement to allow Intervenor to participate in discovery and depositions shall not be construed as any evidence or an admission that Intervenor should be a party or that Intervenor's Motion to Intervene should be granted. Furthermore, this Stipulation shall not be considered by the Court (or any resulting discovery and depositions) as a basis or reason to permit Intervenor to intervene. .

Accordingly, in order to facilitate said discovery and depositions and to prevent delays or redundant discovery and/or depositions, it is hereby stipulated by the parties hereto that the Intervenor and counsel for the Intervenor shall be allowed to participate in the discovery process and any related discovery motions in regard thereto as if the Intervenor was a named party in the above-entitled matter. Said involvement in discovery and related discovery motions shall be governed by the IRCP as if Intervenor was a party in the above-entitled action for purposes of discovery only. This Stipulation and Order shall terminate and be null and void as of the date that Intervenor's Motion to Intervene is denied or granted by the Court, unless earlier terminated by any party to this Stipulation as provided below.

This Stipulation and Order may be terminated for any reason, without cause, and without prior notice to any other party by any party to this Stipulation by filing a Notice of Termination with the above-referenced Court and serving all parties through counsel of record; and said Notice of Termination shall make this Stipulation and Order entered by the Court null and void effective the date and time the Notice of Termination is filed by any party to this Stipulation.

DATED on this ____ day of January, 2009.

SMITH, CANNON & BOND PLLC

Ned A. Cannon

Attorneys for Plaintiff
DATED on this ____ day of January, 2009.

CAMPBELL, BISSELL & KIRBY, PLLC

Michael S. Bissell
Attorneys for Plaintiff

DATED on this ____ day of January, 2009.

HAWLEY TROXELL ENNIS & HAWLEY LLP

Gary D. Babbitt & D. John Ashby
Attorneys for Defendants AIA Services
Corporation, AIA Insurance Inc. &
CropUSA Insurance Agency Inc.

DATED on this ____ day of January, 2009.

CLEMENTS, BROWN & McNICHOLS, PA

Michael E. McNichols
Attorneys for Defendant R. John Taylor

DATED on this ____ day of January, 2009.

RANDALL BLAKE & COX, PLLC

David R. Risley
Attorney for Defendants Connie Taylor,
James Beck and Corrine Beck

DATED on this ____ day of January, 2009.

LAW OFFICE OF DAVID A. GITTINS

David A. Gittins
Attorney for Defendants Brian Freeman
and JoLee Duclos

DATED on this ____ day of January, 2009.

Charles A. Brown
Attorney for Intervenor, 401(k) Profit Sharing
Plan for the AIA Services Corporation

ORDER

Based upon the above Stipulation, IT IS SO ORDERED.

DATED on this ____ day of January, 2009.

Jeff M. Brudie, District Judge

CLERK'S CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing was:

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: rod@scblegal.com	Roderick C. Bond, Esq. @ 746-8421 Ned A. Cannon, Esq. Smith, Cannon & Bond, PLLC 508 Eighth Street Lewiston, ID 83501 [Attorneys for Plaintiff]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: mbissell@cbklawyers.com	Michael S. Bissell, Esq. @ 509-455-7111 Campbell, Bissell & Kirby, PLLC 416 Symons Building 7 South Howard Street Spokane, WA 99201 [Attorneys for Plaintiff]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: mmcnichols@clbrmc.com	Michael E. McNichols, Esq. @ 746-0753 Bentley G. Stromberg, Esq. Clements, Brown & McNichols, P.A. 321 13th Street P.O. Box 1510 Lewiston, ID 83501 [Attorneys for Defendant R John Taylor]

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: gdb@hteh.com & jash@hteh.com	Gary D. Babbitt, Esq. @ 208-342-3829 D. John Ashby, Esq. Hawley Troxell Ennis & Hawley LLP 877 Main Street, Suite 1000 P.O. Box 1617 Boise, ID 83701-1617 [Attorneys for Defendants AIA Services Corporation, AIA Insurance, Inc., and CropUSA Insurance Agency]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: jjg@quarles.com & charper@quarles.com	James J. Gatziolis, Esq. @ 312-715-5155 Charles E. Harper, Jr. Esq. Quarles & Brady LLP Citigroup Center, Suite 3700 500 West Madison Street Chicago, IL 60661-2511 [Attorneys for Defendant CropUSA Insurance Agency]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: david@gittinslaw.com	David A. Gittins, Esq. @ 758-3576 Law Office of David A. Gittins 843 Seventh Street P.O. Box 191 Clarkston, WA 99403 [Attorney for Defendants Duclos & Freeman]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: David@rbcox.com	David R. Risley, Esq. @ 743-1266 Randall, Blake & Cox, PLLC 1106 Idaho Street P.O. Box 446 Lewiston, ID 83501 [Attorney for Defendants Connie Taylor & James and Corrine Beck]

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: CharlesABrown@cableone.net	Charles A. Brown @ 746-5886 Attorney at Law 324 Main Street P.O. Box 1225 Lewiston, ID 83501 [Attorney for Intervenor]
---	---

on this ____ day of January, 2009.

PATTY O. WEEKS, Clerk

By _____
Deputy

E-MAIL

To: "Roderick C. Bond" <rod@scblegal.com> 1-18-09 6:21pm
From: CharlesABrown@cableone.net
CC: "Michael E. McNichols" <mmcnichols@clbrmc.com>, "Gary D. Babbitt" <gdb@hteh.com>
BCC: Connie,Debbie,JDuclos@CropUSAinsurance.com
Subj: Re: Taylor v. AIA Services, et al.

Damn you boys use a lot of words. The language of your stip. isn't acceptable, especially the part about being able to terminate at will. Thus, once I started in on some discovery in areas that you weren't comfortable about you could terminate?

I don't think sooo.. When I get back I will draft a stip that will incorporate a couple of your valid points without all the verbiage. Chuck

Charles A. Brown
Attorney At Law
P.O. Box 1225
324 Main St.
Lewiston, ID 83501
(208) 746-9947 phone
(208) 746-5886 fax
email: CharlesABrown@cableone.net
CharlesABrownEsq.com website

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<< Original message from, "Roderick C. Bond" <rod@scblegal.com>:

Date: Fri, 16 Jan 2009 15:05:36 -0800

To: CharlesABrown@cableone.net, "Gary Babbitt" <GDB@hteh.com>, "John Ashby" <JASH@HTEH.COM>, "Michael McNichols" <mmcnichols@clbrmc.com>, "David Risley" <David@rbcox.com>, "David Gittins" <david@gittinslaw.com>, JJG@quarles.com, "Harper, Charles E." <CHARPER@quarles.com>

Counsel:

Attached is the revised Stipulation and Order for your review. A hard copy will not be forthcoming. Thanks.

Rod

By: Roderick C. Bond

Smith, Cannon & Bond PLLC

508 Eighth St.

Lewiston, ID 83501

Tel: (208) 743-9428

Fax: (208) 746-8421

rod@scblegal.com

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>>

FULL CC

"Michael E. McNichols" <mmcnichols@clbrmc.com>, "Gary D. Babbitt" <gdb@hteh.com>, "D. John Ashby" <jash@hteh.com>, "James J. Gatziolis" <jjg@quarles.com>, "Charles E. Harper" <charper@quarles.com>, "David A. Gittins" <david@gittinslaw.com>, "David R. Risley" <David@rbcox.com>, mbissell@cbklawyers.com

E-MAIL

To: CharlesABrown@cableone.net, "Roderick C. Bond" <rod@scblegal.com> 1-19-09 9:20am
From: "Mike Bissell" <mbissell@cbklawyers.com>
CC: "Michael E. McNichols" <mmnichols@clbrmc.com>, "Gary D. Babbitt" <gdb@hteh.
Subj: RE: Taylor v. AIA Services, et al.

Date: Mon, 19 Jan 2009 09:22:49 -0800

To: CharlesABrown@cableone.net, "Roderick C. Bond" <rod@scblegal.com>

That language obviously protects everyone. We will see what you propose.

-----Original Message-----

From: CharlesABrown@cableone.net [mailto:CharlesABrown@cableone.net]
Sent: Sunday, January 18, 2009 6:22 PM
To: Roderick C. Bond
Cc: Michael E. McNichols; Gary D. Babbitt; D. John Ashby; James J. Gatziolis; Charles E. Harper; David A. Gittins; David R. Risley; mbissell@cbklawyers.com
Subject: Re: Taylor v. AIA Services, et al.

Damn you boys use a lot of words. The language of your stip. isn't acceptable, especailly the part about being able to terminate at will. Thus, once I started in on some discovery in areas that you weren't comfortable about you could terminate?

I don't think sooo.. When I get back I will draft a stip that will incorporate a couple of your valid points without all the verbiage. Chuck

Charles A. Brown
Attorney At Law
P.O. Box 1225
324 Main St.
Lewiston, ID 83501
(208) 746-9947 phone
(208) 746-5886 fax
email: CharlesABrown@cableone.net
CharlesABrownEsq.com website

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<< Original message from, "Roderick C. Bond" <rod@scblegal.com>:

Date: Fri, 16 Jan 2009 15:05:36 -0800

5011

To: CharlesABrown@cableone.net, "Gary Babbitt" <GDB@hteh.com>, "John Ashby" <JASH@HTEH.COM>, "Michael McNichols" <mmnichols@clbrmc.com>, "David Risley" <David@rbcox.com>, "David Gittins" <david@gittinslaw.com>, JJG@quarles.com, "Harper, Charles E." <CHARPER@quarles.com>

Counsel:

Attached is the revised Stipulation and Order for your review. A hard copy will not be forthcoming. Thanks.

Rod

By: Roderick C. Bond

Smith, Cannon & Bond PLLC

508 Eighth St.

Lewiston, ID 83501

Tel: (208) 743-9428

Fax: (208) 746-8421

rod@scblegal.com

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>>

FULL CC

"Michael E. McNichols" <mmnichols@clbrmc.com>, "Gary D. Babbitt" <gdb@hteh.com>, "D. John Ashby" <jash@hteh.com>, "James J. Gatzolis" <jjg@quarles.com>, "Charles E. Harper" <charper@quarles.com>, "David A. Gittins" <david@gittinslaw.com>, "David R. Risley" <David@rbcox.com>

E-MAIL

To: "Roderick C. Bond" <rod@scblegal.com>, "Michael S. Bissell" <mbissell@cbklawyers.com> 1-20-09 3:43pm
From: "Connie Bledsoe, PLS" <cbledsoe@cableone.net>
BCC: Chuck
Subj: Taylor v. AIA Services et al.

Gentlemen:

Mr. Brown has asked me to provide the attached Stipulation Allowing Intervenor to Participate in Discovery Process and Order concerning the Taylor v. AIA Services Corporation et al. matter. Would each of you please sign where appropriate and return that page to me to be attached and formed into one document to be presented to Judge Brudie. Should you encounter any problem with the PDF, please advise. Thank you.

Connie Bledsoe, Certified PLS
Paralegal to Charles A. Brown
Attorney at Law
P.O. Box 1225
Lewiston, ID 83501
208-746-9947

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ATTACHED FILES

401k.stipulation.intervenor.discovery.pdf

FULL TO

"Roderick C. Bond" <rod@scblegal.com>, "Michael S. Bissell" <mbissell@cbklawyers.com>, "Michael E. McNichols" <mmnichols@clbrmc.com>, "Gary D. Babbitt" <gdb@hteh.com>, "D. John Ashby" <jash@hteh.com>, "James J. Gatzolis" <jjg@quarles.com>, "Charles E. Harper" <charper@quarles.com>, "David A. Gittins" <david@gittinslaw.com>, "David R. Risley" <David@rbcox.com>

Charles A. Brown
 Attorney at Law
 324 Main Street
 P.O. Box 1225
 Lewiston, ID 83501
 208-746-9947
 208-746-5886 (fax)
 ISB # 2129
 CharlesABrown@cableone.net
 Attorney for Intervenor, 401(k) Profit Sharing Plan
 for the AIA Services Corporation.

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF
 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
 Plaintiff,)
)
 v.)
)
 AIA SERVICES CORP., an Idaho)
 corporation; AIA INSURANCE INC., an Idaho)
 corporation, R. JOHN TAYLOR and CONNIE)
 TAYLOR, individually and the community)
 property comprised thereof; BRYAN)
 FREEMAN, a single person; JOLEE DUCLOS,)
 a single person; CROP USA INSURANCE)
 AGENCY, INC., an Idaho Corporation; and)
 JAMES BECK and CORRINE BECK,)
 individually and the community property)
 comprised thereof;)
 Defendants.)
)
 _____)
 AIA SERVICES CORPORATION, an Idaho)
 corporation; and AIA INSURANCE, INC., an)
 Idaho corporation,)
)
 Counter-Claimants,)

Case No. CV 2007-00208

STIPULATION ALLOWING
 INTERVENOR TO PARTICIPATE
 IN DISCOVERY PROCESS
 AND ORDER

v.)
)
)
 REED J. TAYLOR, a single person,)
)
 Counter-Defendant.)
)
 _____)
 CONNIE W. TAYLOR and JAMES BECK,)
)
 Counterclaimants,)
)
 v.)
)
 REED J. TAYLOR, a single person,)
)
 Counterdefendant.)
)
 _____)
 401(K) PROFIT SHARING PLAN FOR)
 THE AIA SERVICES CORPORATION)
)
 Intervenor.)
 _____)

COME NOW the above-named parties, by and through their respective attorneys herein below set forth, and enter into the following Stipulation:

The 401(k) Profit Sharing Plan for the AIA Services Corporation (“Intervenor”) has filed a Motion to Intervene in the above-entitled action, which has not been decided by the Court and, therefore, Intervenor is presently not entitled to engage in discovery in this action. Intervenor has asserted that the redemption of Plaintiff Reed Taylor’s shares violated I.C. § 30-1-6 and/or I.C. § 30-1-46, and was consequently an illegal transaction. Plaintiff Reed Taylor has asserted that no violation of the foregoing statutes occurred, and even if AIA Services Corporation was insolvent and such violations occurred, Intervenor is barred from asserting claims and/or intervening because shareholders of AIA Services Corporation (including the 401(k) Plan) consented to and/or acquiesced in the redemption of Plaintiff Reed Taylor’s shares, among other applicable defenses.

Plaintiff Reed Taylor’s agreement to allow Intervenor to participate in discovery and depositions shall not be construed as any evidence or an admission that Intervenor should be a party or that Intervenor’s Motion to Intervene should be granted. Furthermore, this Stipulation

5016

shall not be considered by the Court (or any resulting discovery and depositions) as a basis or reason to permit Intervenor to intervene.

In order to facilitate said discovery and depositions and to prevent delays or redundant discovery and/or depositions, it is hereby stipulated by the parties hereto that the Intervenor and counsel for the Intervenor shall be allowed to participate in the discovery process and any related discovery motions in regard thereto as if the Intervenor was a named party in the above-entitled matter. Said involvement in discovery and related discovery motions shall be governed by the I.R.C.P. as if Intervenor was a party in the above-entitled action for purposes of discovery only. This Stipulation and Order shall terminate and be null and void as of the date that Intervenor's Motion to Intervene is denied or granted by the Court, or by order of the Court.

DATED on this ____ day of January, 2009.

SMITH, CANNON & BOND PLLC

Roderick C. Bond & Ned A. Cannon
One of the Attorneys for Plaintiff

DATED on this ____ day of January, 2009.

CAMPBELL, BISSELL & KIRBY, PLLC

Michael S. Bissell
One of the Attorneys for Plaintiff

DATED on this ____ day of January, 2009.

HAWLEY TROXELL ENNIS & HAWLEY LLP

Gary D. Babbitt & D. John Ashby
Attorneys for Defendants AIA Services
Corporation, AIA Insurance Inc. &
CropUSA Insurance Agency Inc.

DATED on this ____ day of January, 2009.

QUARLES & BRADY LLP

James Gatziolis & Charles E. Harper, Jr.
Attorneys for Defendant CropUSA
Insurance Agency Inc.

DATED on this ____ day of January, 2009.

CLEMENTS, BROWN & McNICHOLS, PA

Michael E. McNichols
Attorneys for Defendant R. John Taylor

DATED on this ____ day of January, 2009.

RANDALL BLAKE & COX, PLLC

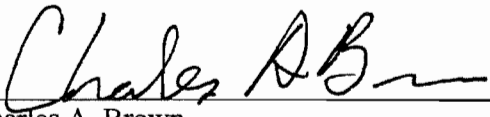
David R. Risley
Attorney for Defendants Connie Taylor,
James Beck and Corrine Beck

DATED on this ____ day of January, 2009.

LAW OFFICE OF DAVID A. GITTINS

David A. Gittins
Attorney for Defendants Brian Freeman
and JoLee Duclos

DATED on this 20 day of January, 2009.


Charles A. Brown
Attorney for Intervenor, 401(k) Profit Sharing
Plan for the AIA Services Corporation

ORDER

Based upon the above, IT IS SO ORDERED.

DATED on this ____ day of January, 2009.

Jeff M. Brudie
District Judge

CLERK'S CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the foregoing was:

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: rod@scblegal.com	Roderick C. Bond, Esq. @ 746-8421 Ned A. Cannon, Esq. Smith, Cannon & Bond, PLLC 508 Eighth Street Lewiston, ID 83501 [Attorneys for Plaintiff]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: mbissell@cbklawyers.com	Michael S. Bissell, Esq. @ 509-455-7111 Campbell, Bissell & Kirby, PLLC 416 Symons Building 7 South Howard Street Spokane, WA 99201 [Attorneys for Plaintiff]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery to: <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: mmcnichols@clbrmc.com	Michael E. McNichols, Esq. @ 746-0753 Bentley G. Stromberg, Esq. Clements, Brown & McNichols, P.A. 321 13th Street P.O. Box 1510 Lewiston, ID 83501 [Attorneys for Defendant R John Taylor]

STIPULATION ALLOWING INTERVENOR TO
PARTICIPATE IN DISCOVERY PROCESS AND ORDER - 5

AFFIDAVIT OF CHARLES A. BROWN

5019

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: gdb@hteh.com & jash@hteh.com	Gary D. Babbitt, Esq. @ 208-342-3829 D. John Ashby, Esq. Hawley Troxell Ennis & Hawley LLP 877 Main Street, Suite 1000 P.O. Box 1617 Boise, ID 83701-1617 [Attorneys for Defendants AIA Services Corporation, AIA Insurance, Inc., and CropUSA Insurance Agency]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: jjg@quarles.com & charper@quarles.com	James J. Gatziolis, Esq. @ 312-715-5155 Charles E. Harper, Jr. Esq. Quarles & Brady LLP Citigroup Center, Suite 3700 500 West Madison Street Chicago, IL 60661-2511 [Attorneys for Defendant CropUSA Insurance Agency]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: david@gittinslaw.com	David A. Gittins, Esq. @ 758-3576 Law Office of David A. Gittins 843 Seventh Street P.O. Box 191 Clarkston, WA 99403 [Attorney for Defendants Duclos & Freeman]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: David@rbcox.com	David R. Risley, Esq. @ 743-1266 Randall, Blake & Cox, PLLC 1106 Idaho Street P.O. Box 446 Lewiston, ID 83501 [Attorney for Defendants Connie Taylor & James and Corrine Beck]

STIPULATION ALLOWING INTERVENOR TO PARTICIPATE IN DISCOVERY PROCESS AND ORDER - 6

AFFIDAVIT OF CHARLES A. BROWN

5020

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input type="checkbox"/> Emailed to: CharlesABrown@cableone.net	Charles A. Brown @ 746-5886 Attorney at Law 324 Main Street P.O. Box 1225 Lewiston, ID 83501 [Attorney for Intervenor]
--	---

on this ____ day of January, 2009.

PATTY O. WEEKS, Clerk

By _____
Deputy

E-MAIL

To: "Charles A. Brown" <CharlesABrown@cableone.net> 1-21-09 12:53pm
From: "Mike Bissell" <mbissell@cbklawyers.com>
CC: "Charles Harper" <charper@quarles.com>, "D. John Ashby" <jash@hteh.com>, "David
Subj: Discovery

Date: Wed, 21 Jan 2009 12:56:45 -0800
To: "Charles A. Brown" <CharlesABrown@cableone.net>

Chuck:

Upon further reflection, it is my view that a stipulation and order to allow you to participate in discovery is not necessary (and certainly not as you propose), nor does the Court have authority over a non-party. You can participate in depositions as you please (i.e., attend and ask questions), and we will respond to your requests for information.

Please let me know when JoLee is available (in the near future) for her deposition.

Michael S. Bissell

Campbell, Bissell & Kirby, PLLC

7 S. Howard, Ste 416

Spokane, WA 99201

Tel: (509) 455-7100

Fax: (509) 455-7111

This email may contain attorney-client and/or work product privileged information. If you are not the intended recipient, please notify me via email and delete this email.

FULL CC

"Charles Harper" <charper@quarles.com>, "D. John Ashby" <jash@hteh.com>, "David Gittins" <david@gittinslaw.com>, "David Risley" <David@rbcox.com>, "Gary Babbitt" <gdb@hteh.com>, "James Gatziolis" <JJG@quarles.com>, "James LaRue" <jdl@elamburke.com>, "John Janis" <johnjanis@aol.com>, "Michael McNichols" <mmnichols@clbrmc.com>

E-MAIL

To: "Mike Bissell" <mbissell@cbklawyers.com>

1-22-09 9:11am

From: CharlesABrown@cableone.net

CC: "Roderick C. Bond" <rod@scblegal.com>, "Michael E. McNichols" <mmcnichols@clbrm

Subj: Re: Discovery

Dear Mike: I would require the protection and authority granted by a Court order. If Judge Brudie doesn't have jurisdiction or "authority" I sure don't know who would. Your email implies that you have some innate authority greater than the Court, but I would feel much more comfortable with the Court having signed an order. Chuck

Charles A. Brown

Attorney At Law

P.O. Box 1225

324 Main St.

Lewiston, ID 83501

(208) 746-9947 phone

(208) 746-5886 fax

email: CharlesABrown@cableone.net

CharlesABrownEsq.com website

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<< Original message from, "Mike Bissell" <mbissell@cbklawyers.com>:

Date: Wed, 21 Jan 2009 12:56:45 -0800

To: "Charles A. Brown" <CharlesABrown@cableone.net>

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Please let me know when JoLee is available (in the near future) for her deposition.

E-MAIL

To: CharlesABrown@cableone.net

1-22-09 9:35am

From: "Mike Bissell" <mbissell@cbklawyers.com>

CC: "Roderick C. Bond" <rod@scblegal.com>, "Michael E. McNichols" <mmnichols@cl

Subj: RE: Discovery

Date: Thu, 22 Jan 2009 09:37:53 -0800

To: CharlesABrown@cableone.net

You won't agree to our stip, so there is no point in discussing. Also, please do not "imply" anything from what I state - I clearly state what I mean, and I do not "imply" anything.

-----Original Message-----

From: CharlesABrown@cableone.net [mailto:CharlesABrown@cableone.net]

Sent: Thursday, January 22, 2009 9:12 AM

To: Mike Bissell

Cc: Roderick C. Bond; Michael E. McNichols; GBabbitt@hawleytroxell.com; D. John Ashby; James J. Gatziolis; Charles E. Harper; David A. Gittins; David R. Risley

Subject: Re: Discovery

Dear Mike: I would require the protection and authority granted by a Court order. If Judge Brudie doesn't have jurisdiction or "authority" I sure don't know who would. Your email implies that you have some innate authority greater than the Court, but I would feel much more comfortable with the Court having signed an order. Chuck

Charles A. Brown

Attorney At Law

P.O. Box 1225

324 Main St.

Lewiston, ID 83501

(208) 746-9947 phone

(208) 746-5886 fax

email: CharlesABrown@cableone.net

CharlesABrownEsq.com website

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✓clw

FILED

2007 JAN 26 PM 2 28

Michael E. McNichols
CLEMENTS, BROWN & McNICHOLS, P.A.
Attorneys at Law
321 13th Street
Post Office Box 1510
Lewiston, Idaho 83501
(208) 743-6538
(208) 746-0753 (Facsimile)
ISB No. 993

PATTY O. WEEKS
CLERK OF THE DIST. COURT
P. O. Swamson
DEPUTY

Attorneys for Defendant R. John Taylor

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person;)
)
Plaintiff,)
)
vs.)
)
AIA SERVICES CORPORATION, an Idaho)
corporation; AIA INSURANCE, INC., an)
Idaho corporation; R. JOHN TAYLOR and)
CONNIE TAYLOR, individually and the)
community property comprised thereof;)
BRYAN FREEMAN, a single person; and)
JOLEE DUCLOS, a single person; CROP USA)
INSURANCE AGENCY, INC., an Idaho)
Corporation; and JAMES BECK and)
CORRINE BECK, individually and the)
community property comprised thereof;)
Defendants.)

Case No: CV 07-00208
MOTION FOR
PROTECTIVE ORDER

Defendant R. John Taylor moves the Court, pursuant to Rule 26(c) I.R.C.P.,
for an order (1) determining what discovery is related to dispositive motions, (2) staying all
discovery unrelated to dispositive motions and (3), pursuant to Rule 16, I.R.C.P., for an order

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staying the service of notices of hearing of all pending motions until the Court has entered an order establishing the sequence and timing of hearing pending motions.

There is presently pending one motion which, if granted, would result in the disposition of all or almost all of the claims of the plaintiff. That motion is the Motion for Partial Summary Judgment filed by Connie Taylor and Jim Beck.

In addition to the Taylor and Beck Motion for Partial Summary Judgment, the AIA Services Corporation 401(k) Profit Sharing Plan has filed a Motion to Intervene. If the 401 Profit Sharing Plan is permitted to intervene, it is anticipated that the 401(k) Profit Sharing Plan will file a motion for partial Summary Judgment.

The pending motion of Taylor and Beck and the anticipated motion of the 401(k) Profit Sharing Plan will show that the redemption of plaintiff's common stock by AIA Services Corporation violated Idaho statutory law and is therefore illegal and unenforceable.

If the Court rules in favor of Connie Taylor, Jim Beck or the 401(k) Profit Sharing Plan, the Promissory Note sued upon by plaintiff will be unenforceable. The Idaho Supreme Court has, as recently as last week, ruled that, in ordinary circumstances, a party may not obtain judicial enforcement of an illegal contract. Farrell v. Whiteman, (2009) Idaho Supreme Court Opinion No. 12, filed on January 22, 2009.

While these dispositive motions are pending and anticipated, a substantial volume of discovery is planned, pending and contemplated which does not relate to either of the dispositive motions. If this discovery is conducted, and the dispositive motions are later granted, the cost of the discovery will have been totally wasted. Discovery relating to the dispositive motions will be expensive enough.

There are a number of other motions currently pending before the Court. It would be of benefit to the litigants for the Court to enter an order determining the sequence and dates for hearings on those pending motions.

For these reasons, defendant John Taylor requests the Court (1) to determine

what discovery is related to the dispositive motions, (2) to stay all discovery unrelated to the dispositive motions until the dispositive motions are heard and decided, and (3) to stay the service of notices of hearing on all pending motions until the Court has entered an order establishing the sequence and timing of hearing pending motions.

DATED this 26th day of January, 2009.

CLEMENTS, BROWN & McNICHOLS, P.A.

By: 
MICHAEL E. McNICHOLS

CERTIFICATE OF SERVICE

I hereby certify that on the 26th day of January, 2009, I caused to be served a true and correct copy of the foregoing by the method indicated below, and addressed to the following:

Roderick C. Bond
Ned A. Cannon
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Michael E. McNichols

CV 07

David A. Gittins
Law Offices of David A. Gittins
Attorneys for Defendants
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Clarkston, WA 99403
Telephone: (509) 758-2501
ISB #6514

FILED

2009 JAN 26 PM 4 14

J. Gittins

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
Plaintiff,)

vs.)

AIA SERVICES CORPORATION, an)
Idaho corporation; AIA INSURANCE, INC.,)
an Idaho corporation; R. JOHN TAYLOR)
and CONNIE TAYLOR, individually and)
the community property comprised thereof;)
BRYAN FREEMAN, a single person;)
JOLEE DUCLOS, a single person;)
CROP USA INSURANCE AGENCY, INC.,)
an Idaho corporation; and JAMES BECK)
and CORRINE BECK, individually and)
the community property comprised thereof,)
)
Defendants.)

CONNIE W. TAYLOR and JAMES BECK,)
)
Counter-Claimants,)
)

Case No. CV-07-00208

DEFENDANTS BRYAN FREEMAN
AND JOLEE DUCLOS' JOINDER IN
MOTION TO SHORTEN TIME FOR
HEARING RE: MOTION FOR STAY OF
DISCOVERY PENDING DECISIONS ON
PARTIAL SUMMARY JUDGMENT,
MOTION TO INTERVENE AND MOTION
FOR RECONSIDERATION PURSUANT
TO IRCP 26(c) AND FOR AN ORDER
ESTABLISHING THE SEQUENCE AND
TIMING OF DISCOVERY UNDER
IRCP 26(d)

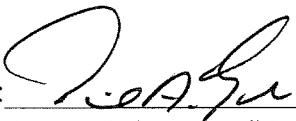
DEFENDANTS BRYAN FREEMAN AND
JOLEE DUCLOS' JOINDER IN MOTION TO
SHORTEN TIME FOR HEARING RE: MOTION
FOR STAY OF DISCOVERY PENDING
DECISIONS ON PARTIAL SUMMARY JUDGMENT,
MOTION TO INTERVENE AND MOTION FOR
RECONSIDERATION . . .

vs.)
)
REED J. TAYLOR, a single person,)
)
Counter-Defendant.)
_____)

COME NOW Defendants Bryan Freeman and JoLee Duclos, by and through their attorney, David A. Gittins, and join in the motion and join in and adopts the supporting memorandum. This motion is further based upon the annexed affidavit of counsel.

DATED this 26th day of January, 2009.

LAW OFFICES OF DAVID A. GITTINS

By:  _____
David A. Gittins, ISB #6514
Attorney for Bryan Freeman and JoLee Duclos

STATE OF WASHINGTON)
) : ss
County of Asotin)

David A. Gittins, being first duly sworn on oath, deposes and states:

I am the attorney for Defendants Bryan Freeman and JoLee Duclos in their individual capacities. In addition, Charles A. Brown represents JoLee Duclos as Trustee of the 401(k) Profit Sharing Plan for the AIA Services Corporation. In that capacity, Mr. Brown has filed a motion to intervene.

DEFENDANTS BRYAN FREEMAN AND
JOLEE DUCLOS' JOINDER IN MOTION TO
SHORTEN TIME FOR HEARING RE: MOTION
FOR STAY OF DISCOVERY PENDING
DECISIONS ON PARTIAL SUMMARY JUDGMENT,
MOTION TO INTERVENE AND MOTION FOR
RECONSIDERATION . . .

Notice of Service by Electronic Mail

Vonda K. Gittins, being first duly sworn on oath, deposes and says:

I am a person over the age of eighteen (18) years and am not an interested party to the above-entitled action.

On January 26, 2009, I emailed the within document to the persons named below at the email addresses set forth under each name.

Roderick C. Bond
Ned A. Cannon
Smith, Cannon & Bond, PLLC
Attorney for Plaintiff
Email: rod@scblegal.com

Michael S. Bissell
Campbell, Bissell & Kirby, PLLC
Attorney for Plaintiff
Email: mbissell@cbklawyers.com

Michael E. McNichols
Clements, Brown & McNichols
Attorney for R. John Taylor
Email: mmnichols@clbrmc.com

David R. Risley
Randall, Blake & Cox, PLLC
Attorney for Defendants C. Taylor & Becks
Email: david@rbcox.com

James J. Gatziolis
Charles E. Harper
Quarles & Brady, LLP
Attorney for Crop USA Insurance
Email: JJG@quarles.com
charper@quarles.com

Gary D. Babbitt
D. John Ashby
Hawley Troxell Ennis & Hawley
Attorneys for AIA Services and AIA
Insurance
Email: gdb@hteh.com
jash@hteh.com

Charles A. Brown
Attorney at Law
Attorney for JoLee Duclos, Trustee
Email: CharlesABrown@cableone.net

DEFENDANTS BRYAN FREEMAN AND
JOLEE DUCLOS' JOINDER IN MOTION TO
SHORTEN TIME FOR HEARING RE: MOTION
FOR STAY OF DISCOVERY PENDING
DECISIONS ON PARTIAL SUMMARY JUDGMENT,
MOTION TO INTERVENE AND MOTION FOR
RECONSIDERATION . . .

I declare under penalty of perjury that the foregoing Notice of Service is true and correct.

Signed at Clarkston, Washington this 26th day of January, 2009.



Vonda K. Gittins

DEFENDANTS BRYAN FREEMAN AND
JOLEE DUCLOS' JOINDER IN MOTION TO
SHORTEN TIME FOR HEARING RE: MOTION
FOR STAY OF DISCOVERY PENDING
DECISIONS ON PARTIAL SUMMARY JUDGMENT,
MOTION TO INTERVENE AND MOTION FOR
RECONSIDERATION ...

✓ *clw*

2009 JAN 26 PM 4 32

PATTY J. WEEKS
CLERK OF THE DIST. COURT
[Signature]
DEPUTY

Gary D. Babbitt, ISB No. 1486
D. John Ashby, ISB No. 7228
HAWLEY TROXELL ENNIS & HAWLEY LLP
877 Main Street, Suite 1000
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Facsimile: (208) 342-3829
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jash@hteh.com

Attorneys for AIA Services Corporation,
AIA Insurance, Inc

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)

Plaintiff,)

vs.)

AIA SERVICES CORPORATION, an Idaho)
corporation; AIA INSURANCE, INC., an)
Idaho corporation; R. JOHN TAYLOR and)
CONNIE TAYLOR, individually and the)
community property comprised thereof;)
BRYAN FREEMAN, a single person; JOLEE)
DUCLOS, a single person; CROP USA)
INSURANCE AGENCY, INC , an Idaho)
Corporation; and JAMES BECK and)
CORRINE BECK, individually and the)
community property comprised thereof,)

Defendants.)

AIA SERVICES CORPORATION, an Idaho)
corporation; and AIA INSURANCE, INC , an)

Case No. CV-07-00208

MOTION FOR PROTECTIVE ORDER
PURSUANT TO I.R.C.P 26(c)

Idaho corporation,)
)
Counterclaimants,)
vs.)
)
REED J TAYLOR, a single person,)
)
Counterdefendant.)
)

COMES NOW AIA Services Corporation and AIA Insurance, Inc. by and through its counsel of record Hawley Troxell Ennis & Hawley LLP and move this Court for a protective order pursuant to I.R.C.P. 26(c) limiting discovery as follows:

1. That discovery may not be had; and
2. That discovery may be had only in specified terms and conditions, including the designation of time and place

This motion is based on the ground and for the reasons:

A. There is presently pending a Motion for Partial Summary Judgment filed by Connie Taylor and Jim Beck which raises the legality of the 1996 Stock Redemption Restructure Agreement. This motion, if granted, would declare the Promissory Note held by Reed J. Taylor void and moot all other claims of Reed J. Taylor in this case.

B. There is presently pending a motion by the 401(k) Profit Sharing Plan of AIA Services Corporation for intervention into this case. The Profit Sharing plan likewise will have a motion for summary judgment also attacking the legality of the 1996 Stock Redemption Restructure Agreement.

C. All facts which are irrelevant to the motion filed by Connie Taylor and Jim Beck and the prospective motion to be filed by the 401(k) Profit Sharing Plan have been produced. The issue of legality of the 1996 Stock Redemption Restructure Agreement focus exclusively on

the Idaho Statute in effect in 1995 and 1996 and the financial statements of AIA, all of which have been produced

D Plaintiff has indicated that numerous depositions are necessary on this issue. These depositions are unneeded and will only cause undue burden or expense. Any depositions taken now will be a waste of time and money if the motions by Taylor and Beck and the 401(k) Plan are granted. Moreover, the Idaho Supreme Court last week sustained its prior rulings on the unenforceability of illegal contracts in the case of *Farrell v. Whiteman*, (2009) Idaho Supreme Court Opinion No. 12, filed January 22, 2009.

Finally, there are a number of motions pending before the Court awaiting a Scheduling Order. The sequencing and dates for these motions are critical and would benefit the parties in determining when and if depositions are necessary. It, however, is the position of AIA Services Corporation and AIA Insurance, Inc. that all depositions should be stayed until the Taylor-Beck motion and the 401(k) Plan motions are heard and resolved.

For these reasons AIA Services and AIA Insurance, Inc. request this Court and order that:

- 1 No discovery be had; and
- 2 Determine what discovery is necessary for disposition of the pending Taylor-Beck motion and the perspective 401(k) Plan motion.

DATED THIS 26th day of January, 2009

HAWLEY TROXELL ENNIS & HAWLEY LLP

By 

Gary D Babbitt, ISB No 1486
Attorneys for AIA Services Corporation,
AIA Insurance, Inc., and CropUSA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 26th day of January, 2009, I caused to be served a true copy of the foregoing MOTION FOR PROTECTIVE ORDER PURSUANT TO I.R.C.P. 26(C) by the method indicated below, and addressed to each of the following:

Roderick C. Bond
Ned A. Cannon
SMITH, CANNON & BOND PLLC
508 Eighth Street
Lewiston, ID 83501
[Attorneys for Plaintiff]

- U.S. Mail, Postage Prepaid
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- Email

Michael S. Bissell
CAMPBELL, BISSELL & KIRBY, PLLC
416 Symons Building
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[Attorneys for Plaintiff]

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[Attorneys for Defendant R. John Taylor]

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 [Attorneys for Crop USA Insurance]

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Charles A. Brown, Esq
 324 Main Street
 Lewiston, ID 83501
 [Intervenor, 401(k) Profit Sharing Plan]

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- Hand Delivered
- Overnight Mail
- E-mail
- Telecopy



Gary D. Babbitt

Handwritten marks: checkmark and initials

FILED

2009 JAN 27 PM 2 45

PATTY O. WEEKS
CLERK OF THE DIST. COURT

Handwritten signature of Patty O. Weeks

DEPUTY

Gary D. Babbitt, ISB No. 1486
D. John Ashby, ISB No. 7228
HAWLEY TROXELL ENNIS & HAWLEY LLP
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jash@hteh.com

Attorneys for AIA Services Corporation,
AIA Insurance, Inc

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT
OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
Plaintiff,)

vs.)

AIA SERVICES CORPORATION, an Idaho)
corporation; AIA INSURANCE, INC , an)
Idaho corporation; R. JOHN TAYLOR and)
CONNIE TAYLOR, individually and the)
community property comprised thereof;)
BRYAN FREEMAN, a single person; JOLEE)
DUCLOS, a single person; CROP USA)
INSURANCE AGENCY, INC , an Idaho)
Corporation; and JAMES BECK and)
CORRINE BECK, individually and the)
community property comprised thereof,)

Defendants.)

Case No CV-07-00208

AMENDED MOTION FOR
PROTECTIVE ORDER PURSUANT TO
I.R.C.P. 26(c)

AIA SERVICES CORPORATION, an Idaho)
corporation; and AIA INSURANCE, INC , an)
)

Idaho corporation,)
)
 Counterclaimants,)
 vs.)
)
 REED J. TAYLOR, a single person,)
)
 Counterdefendant.)
)

COMES NOW AIA Services Corporation and AIA Insurance, Inc. by and through its counsel of record Hawley Troxell Ennis & Hawley LLP and move this Court for a protective order pursuant to I R C P. 26(c) limiting discovery as follows:

1. That discovery may not be had; and
2. That discovery may be had only in specified terms and conditions, including the designation of time and place; and

This motion is based on the ground and for the reasons:

A. There is presently pending a Motion for Partial Summary Judgment filed by Connie Taylor and Jim Beck which raises the legality of the 1996 Stock Redemption Restructure Agreement. This motion, if granted, would declare the Promissory Note held by Reed J. Taylor void and moot all other claims of Reed J. Taylor in this case.

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C. All facts which are relevant to the motion filed by Connie Taylor and Jim Beck and the prospective motion to be filed by the 401(k) Profit Sharing Plan have been produced. The issue of legality of the 1996 Stock Redemption Restructure Agreement focus exclusively on

the Idaho Statute in effect in 1995 and 1996 and the financial statements of AIA, all of which have been produced.

D. Plaintiff has indicated that numerous depositions are necessary on this issue. These depositions are unneeded and will only cause undue burden or expense. Any depositions taken now will be a waste of time and money if the motions by Taylor and Beck and the 401(k) Plan are granted. Moreover, the Idaho Supreme Court last week sustained its prior rulings on the unenforceability of illegal contracts in the case of *Farrell v. Whiteman*, (2009) Idaho Supreme Court Opinion No. 12, filed January 22, 2009.

Finally, there are a number of motions pending before the Court awaiting a Scheduling Order. The sequencing and dates for these motions are critical and would benefit the parties in determining when and if depositions are necessary. It, however, is the position of AIA Services Corporation and AIA Insurance, Inc. that all depositions should be stayed until the Taylor-Beck motion and the 401(k) Plan motions are heard and resolved.

For these reasons AIA Services and AIA Insurance, Inc. request this Court and order that:

1. No discovery be had; and
2. Determine what discovery is necessary for disposition of the pending Taylor-Beck motion and the perspective 401(k) Plan motion.

DATED THIS 27th day of January, 2009.

HAWLEY TROXELL ENNIS & HAWLEY LLP

By 

Gary D. Babbitt, ISB No. 1486
Attorneys for AIA Services Corporation,
AIA Insurance, Inc., and CropUSA

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 27th day of January, 2009, I caused to be served a true copy of the foregoing AMENDED MOTION FOR PROTECTIVE ORDER PURSUANT TO I.R.C.P. 26(C) by the method indicated below, and addressed to each of the following:

Roderick C. Bond
Ned A. Cannon
SMITH, CANNON & BOND PLLC
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Lewiston, ID 83501
[Attorneys for Plaintiff]

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 Overnight Mail
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 Email

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[Attorneys for Plaintiff]

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[Attorney for Defendants Duclos and Freeman]

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Lewiston, ID 83501
[Attorneys for Defendant R. John Taylor]

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 Overnight Mail
 Telecopy
 Email

David R. Risley
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P.O. Box 446
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Lewiston, ID 83501
[Attorneys for Defendants Connie Taylor, James Beck
and Corine Beck]

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James J Gatziolis
 Charles E. Harper
 QUARLES & BRADY LLP
 500 West Madison Street, Suite 3700
 Chicago, Illinois 60661-2511
 [Attorneys for Crop USA Insurance]

U.S. Mail, Postage Prepaid
 Hand Delivered
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Charles A. Brown, Esq.
 324 Main Street
 Lewiston, ID 83501
 [Intervenor, 401(k) Profit Sharing Plan]

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Email
 Telecopy



Gary D. Babbitt

FILED

2009 JAN 28 PM 4 06

CLERK OF DISTRICT COURT

John K. ...

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE STATE OF IDAHO IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR,
Plaintiff,

vs.

AIA SERVICES CORP., an Idaho corporation; AIA INSURANCE INC., an Idaho corporation; R. JOHN TAYLOR and CONNIE TAYLOR, individually and the community property comprised thereof; BRYAN FREEMAN, a single person; JOLEE DUCLOS, a single person; CROP USA INSURANCE AGENCY, INC., an Idaho corporation; and JAMES BECK and CORRINE BECK, individually and the community property comprised thereof;

Defendants

) Case No.: CR 07-208
) ORDER SCHEDULING HEARINGS

The Court hereby establishes the following schedule for hearing of pending motions in the above-entitled matter:

Thursday, February 12, 2009 at 10:00 a.m.

- 1) Motion to Reconsider Order Allowing Pro Hac Vice Admission

2) Motion to Intervene by 401K Holders

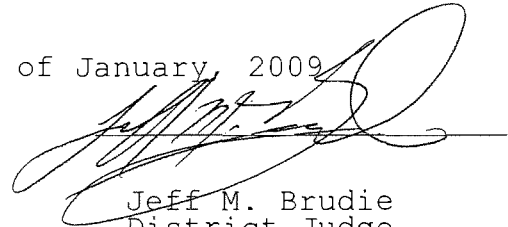
Thursday March 12, 2009 at 1:30 p.m.

1) Motion for Partial Summary Judgment (filed by Connie Taylor, et.al.)

2) Motion to Dissolve Preliminary Injunction and to Relinquish Collateral (filed by Reed Taylor)

Any party wishing to attend any hearing by phone must request permission of the court at least two days prior to the hearing, to enable AT&T conference call scheduling, if necessary.

Dated this 28th day of January, 2009



Jeff M. Brudie
District Judge

CERTIFICATE OF MAILING

I hereby certify that a true copy of the foregoing ORDER SCHEDULING HEARINGS was
✓ FAXED, by the undersigned at Lewiston, Idaho, this 28 day of January 2009, to:

Roderick Bond
508 Eighth St
Lewiston, ID 83501

Gary Babbitt
John Ashby
PO Box 1617
Boise, ID 83701-1617

James Gatziolis
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David Gittins
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Clarkston WA 99403

Charles Brown
PO Box 1225
Lewiston, ID 83501

PAZ Q. OFFER
CLERK

By 
AUDITOR
AND
RECORDER
Deputy
STATE OF IDAHO
CLERK OF DISTRICT COURT - NEZ PERCE COUNTY

CW CLK

FILED

2009 JAN 28 PM 4 34

Harry Rogers

RODERICK C. BOND (*Pro Hac Vice*)
NED A. CANNON, ISBA No. 2331
SMITH, CANNON & BOND PLLC
508 Eighth Street
Lewiston, Idaho 83501
Telephone: (208) 743-9428
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MICHAEL S. BISSELL, ISB No. 5762
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Tel: (509) 455-7100
Fax: (509) 455-7111

Attorneys for Plaintiff Reed J. Taylor

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,

Plaintiff,

Case No.: CV-07-00208

v.

AIA SERVICES CORPORATION, an Idaho corporation; AIA INSURANCE, INC., an Idaho corporation; R. JOHN TAYLOR and CONNIE TAYLOR, individually and the community property comprised thereof; BRYAN FREEMAN, a single person; JOLEE DUCLOS, a single person; CROP USA INSURANCE AGENCY, INC., an Idaho Corporation; and JAMES BECK and CORRINE BECK, individually and the community property comprised thereof;

Defendants.

REED TAYLOR'S RESPONSE IN OPPOSITION TO CONNIE TAYLOR, JAMES BECK AND CORRINE BECK'S MOTION TO STAY AND/OR SEQUENCE DISCOVERY; RESPONSE IN OPPOSITION TO R. JOHN TAYLOR'S MOTION FOR PROTECTIVE ORDER; RESPONSE IN OPPOSITION TO AIA SERVICES, AIA INSURANCE, AND CROPUSA'S MOTION FOR PROTECTIVE ORDER; AND RESPONSE IN OPPOSITION TO JOLEE DUCLOS AND BRYAN FREEMAN'S JOINDER

RESPONSE IN OPPOSITION TO
DEFENDANTS' MOTIONS RE: DISCOVERY - 1

ORIGINAL 5048

Plaintiff Reed J. Taylor (“Reed Taylor”) submits this Response in Opposition to Connie Taylor, James Beck and Corrine Beck’s Motion to Stay and/or Sequence Discovery; Opposition to R. John Taylor’s Motion for Protective Order; Opposition to AIA Services, AIA Insurance, and CropUSA’s Motion for Protective Order; and Opposition to Bryan Freeman and JoLee Duclos’ Joinder:

I. INTRODUCTION

The Defendants have moved to stay and/or limit discovery pending a decision on Connie Taylor and Becks’ Motion for Partial Summary Judgment, which has been filed for almost 1 year. The Defendants request is not surprising in light of the delay after delay taken by them over the course of this case. The Defendants request is also not surprising in light of their complete failure to comply with discovery rules. In fact, James and Corrine Beck have not responded to a single discovery request after almost 1 year.

Contrary to the Defendants’ assertions, Connie Taylor and Beck’s pending Motion for Partial Summary Judgment is not dispositive of this case. Besides the fact that the pending motion fails on its own weight, the pending motion would not dispose of this case. Even if Connie Taylor and Becks’ motion was successful, there remains many unanswered questions—all of which would require further discovery, i.e., Reed could allege claims of Quantum Meruit, Federal and State Securities Fraud, Fraud and other claims and would granting such a motion result in Reed Taylor’s shares being returned to him, etc., etc.

In sum, the pending motions are no different than many other motions made by the Defendants—delay at all costs, delay having a jury see Reed Taylor’s claims, make the litigation

as expensive as possible for Reed Taylor, and ignore discovery requests and rules.

II. LEGAL ANALYSIS AND ARGUMENT

A. The Defendants' Motions Should Be Denied.

Although there are numerous reasons to deny the Defendants' Motions, the Court should deny the Motions for any one or more of the following reasons:

1. A motion to stay discovery must not be used as a vehicle to stall or delay the inevitable search for the truth as provided by discovery rules.

2. Motions to stay or delay discovery are not favored because when discovery is delayed or prolonged it can create case management problems which impede the Court's responsibility to expedite discovery and cause unnecessary litigation expenses and problems.

3. The Defendants bear the burden to show good cause and reasonableness for an order staying general discovery and have failed to make a showing.

4. Motions to stay discovery are not favored and are not appropriate where resolution of a pending motion will not dispose of the entire case.

5. It is an abuse of discretion of discretion to stay general discovery if a party opposing a motion for summary judgment has been denied discovery which relates to the summary judgment motion.

6. Motions to stay discovery should not be granted when it is necessary for a party to gather facts in order to defend against a pending motion and discovery may yield information relevant to the motion.

All of the preceding "numbered points" illustrates principles of law are specifically discussed in the case authorities discussed below. In summary, it is an abuse of discretion to stay

discovery in a case pending resolution of a motion which will not be dispositive of the entire case, i.e., the granting of the motion will not result in a termination of the case. It is particularly an abuse of discretion to stay discovery where a party opposing a motion has been denied discovery and/or needs to conduct discovery to oppose the pending motion. Staying discovery in a case which has been ongoing for a period of time relative to a non-dispositive motion promotes rather than prevents additional litigation expense. See e.g., *Hovermale v. School Bd. of Hillsborough County Fla.*, 128 F.R.D. 287 (M.D.Fla. 1989); *Cohn v. Taco Bell Corp.*, 147 F.R.D. 154 (N.D.Ill. 1993); *Simpson v. Specialty Retail Concepts, Inc.*, 121 F.R.D. 261 (M.D.N.C. 1988); *Frederick v. Federal-Mogul, Inc.*, 2008 WL 4372635 (E.D.Mich. 2008); *Thompson v. Retirement Plan for Employees of S.C. Johnson & Sons, Inc.*, 2008 WL 4964714 (E.D.Wis. 2008).

Hovermale v. School Bd. of Hillsborough County Fla., 128 F.R.D. 287 (M.D.Fla. 1989) was a §1983 action. The defendant school board moved to stay discovery pending disposition of a motion for summary judgment. The District Court denied the motion to stay discovery and held that plaintiff was entitled to pursue discovery during pendency of the motion for summary judgment. The court stated:

A magistrate has broad discretion to stay discovery pending the decision on a dispositive motion. (Citation omitted). It is an abuse of that discretion, however, to stay general discovery if “plaintiff [has] been denied discovery which relates to the summary judgment motion.” In addition, motions to stay discovery are not favored and are rarely appropriate where resolution of the dispositive motion may not dispose of the entire case.

* * *

In addition, the undersigned finds that even if the court grants defendants' motion for summary judgment, this still may not dispose of the case. . . . Plaintiff has alleged at least fraud, defamation, and negligence as pendent claims in his 66 page Amended Complaint. To the extent that the discovery sought, including deposition testimony

directed at discovery of the facts concerning plaintiff's employment and his separation, may enable plaintiff to make his claims on these theories, he is entitled to discovery. A stay of all discovery would be overly broad under the circumstances.

Therefore, the undersigned finds that it would be improper and an abuse of discretion to stay general discovery in this case pending a determination on defendants' motion for summary judgment. Accordingly, because defendants have failed to show good cause and reasonableness for an order staying general discovery, defendants' motions should be denied.

Hovermale, 128 F.R.D. at 289-290 (internal citations omitted) (emphasis added).

Cohn v. Taco Bell Corp., 147 F.R.D. 154 (N.D.Ill. 1993) was a contract action. The Defendant filed a motion to dismiss some but not all of plaintiff's claims and also moved for an order staying discovery pending consideration of the motion to dismiss. The District Court denied the motion to stay discovery and stated:

We turn now to consider defendant's motion to stay, which we find not well-taken. Defendant seeks a stay by reason of its filing of a motion to dismiss, under Fed.R.Civ.P. 12(b)(6), as to three of the four counts contained in plaintiff's complaint. We do not favor defendant's motion because it would essentially delay or prolong discovery, thereby causing management problems which would impede the court's responsibility to expedite discovery and cause unnecessary litigation expenses and problems. Moreover, we simply do not find any justification in delaying discovery because of defendant's motion to dismiss since, among other things, the likelihood of the motion's total success is somewhat speculative.

Finally, staying discovery is particularly inappropriate in this case because even if defendant were successful, defendant's motion would not be dispositive of the entire case. We hold to the principal that 'motions to stay discovery are not favored and are rarely appropriate where the resolution of the dispositive motion may not dispose of the entire case.' Here, defendant's motion to dismiss is directed to three of the four counts of the complaint. While each count is founded upon a distinct legal theory, all of the counts sound in the same alleged basic factual scenario earlier described. We view defendant's motion for a stay purely as a vehicle to stall or delay the inevitable search for the truth, as provided by the federal discovery rules. For these reasons, defendant's motion for a stay will be denied.

Cohn, 147 F.R.D. at 161-162 (internal citations omitted) (emphasis added).

Simpson v. Specialty Retail Concepts, Inc., 121 F.R.D. 261 (M.D.N.C. 1988) was a securities fraud action. The defendants filed a motion to stay discovery pending resolution of a motion to dismiss. The District Court held that a stay of all discovery pending resolution of the motion to dismiss was not appropriate where the court could not “perceive an immediate and clear possibility” that the defendants’ limited motion would “terminate the action.” The court stated:

A court has broad inherent power to stay discovery until preliminary issues can be settled which may be dispositive of some important aspect of the case. Motions to stay discovery may be granted pursuant to Rule 26(c), Fed.R.Civ.P., and the moving party bears the burden of showing good cause and reasonableness. Such motions are not favored because when discovery is delayed or prolonged it can create case management problems which impede the Court's responsibility to expedite discovery and cause unnecessary litigation expenses and problems. As a result, a request to stay all discovery pending resolution of a motion is rarely appropriate where resolution of the motion will not dispose of the entire case. Finally, the Court ordinarily should not stay discovery which is necessary to gather facts in order to defend against the motion.

* * *

Next, the Court does not, at this point, perceive an immediate and clear possibility that the motions to dismiss will be granted and that this will terminate the action.

Simpson, 121 F.R.D. at 263 (internal citations omitted) (emphasis added). In *Frederick v. Federal-Mogul, Inc.*, 2008 WL 4372635 (E.D.Mich. 2008) the defendant’s motion to stay discovery was denied in relation to a pending motion to dismiss which motions were filed two years after the commencement of the case. The court stated:

Based on these considerations, the Court does not find that a stay of discovery is justified. While concerns regarding the use of the parties' resources are legitimate, Defendant has brought its 12(b)(1) motion to dismiss at a rather late point in the proceedings, and Plaintiff believes additional discovery may yield information relevant to the motion. Thus, the Court will deny Defendant's motion to stay discovery.

Frederick, 2008 WL 4372635*2.

It is interesting to note that a brief perusal of the case cited by the defendants in support of their motion to stay discovery, *Thompson v. Retirement Plan for Employees of S.C. Johnson & Sons, Inc.*, 2008 WL 4964714 (E.D.Wis. 2008), actually articulates the principles reviewed above. The court specifically notes that the pending motion to dismiss, if granted, would resolve the plaintiffs' "complaint in its entirety." The court discusses its discretion to stay discovery "until preliminary questions that may dispose of the case are determined." In the context and under the facts and circumstances of the instant case where a resolution of defendants' motion for partial summary judgment will not be dispositive of the case, *Thompson* supports the reasoning and the application of principles of law that must be used by the court in this case to deny the defendants' motion to stay, i.e., Reed Taylor's shares could be returned thereby he would be pursuing virtually identical claims, Reed Taylor could assert Quantum Meruit claims and other claims related to the claims already pending.

Reed Taylor asserts that full discovery is warranted, regardless of any pending motions in order for him to fully respond to any pending motions.

B. The Defendants Have Failed To Meet The Burden Required For a Protective Order.

I.R.C.P. 26(c) governs the entry of protective orders, which states in part:

Upon motion by a party or by the person from whom discovery is sought, and for good cause shown, the court in which the action is pending...may make any order which justice requires to protect a party or person...

I.R.C.P. 26(c) (emphasis added). "This puts the burden on the party seeking relief to show some plainly adequate reason therefor." 8 Fed. Prac. & Proc. Civ.2d § 2035 (2007) (emphasis added).

The Defendants have not and cannot meet the required burden necessary for a protective order. They have not shown why they should be granted a carte blanche to refuse to comply with discovery requests and refuse to have their clients attend depositions. The Defendants Motions should be denied.

C. Discovery Should Not Be Delayed By Disingenuous Timing and Sequence Requests.

In certain circumstances, it is appropriate for the Court to sequence discovery. *See* I.R.C.P. 26(c). However, this is not an appropriate case to sequence discovery.

Here, this action has been pending for almost 2 years, with substantial discovery issues which are unresolved. In fact, there are many documents that have not been produced and discovery requests that have remain unanswered or objected to without a legitimate basis. Moreover, this impedes Reed Taylor from providing full and complete answers to discovery propounded by the Defendants because virtually all of his responses and documents are based upon information received from the Defendants—much of which remains outstanding.

James Beck and Corrine Beck have failed to produce a single document or answer a single discovery request after almost 1 year. The other defendants have failed to produce substantial documents or comply with many requests. *See* Affidavit of David Risley, Ex. A. Indeed, the Defendants are requesting a stay in discovery when they have provided no information on Counterclaims, no information on defenses and no information on damages. *Id.*

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D. The Court Should Compel The Defendant To Provide Full and Complete Discovery Responses, Produce All Responsive Documents, and Attend Depositions.

I.R.C.P. 26(b)(1), provides as follows in pertinent part:

Unless otherwise limited by order of the court in accordance with these rules, the scope of discovery is as follows: (1) Parties may obtain discovery regarding any matter, not privileged, which is relevant to the subject matter involved in the pending action, whether it relates to the claim or defense of the party seeking discovery or to the claim or defense of any other party... It is not ground for objection that the information sought will be inadmissible at the trial if the information sought appears reasonably calculated to lead to the discovery of admissible evidence.

I.R.C.P. 26(b)(1) (emphasis added). Federal Courts interpreting the identical Federal Rule have consistently held that the rule allowed the broadest possible discovery. *See e.g., Hickman v. Taylor*, 329 U.S. 495, 67 S.Ct. 385, 91 L.Ed. 451 (1947). In *Hickman*, the U.S. Supreme Court discussed the scope of discovery under this rule and observed that:

No longer can the time-honored cry of ‘fishing expedition’ serve to preclude a party from inquiring into the facts underlying his opponent’s case.

Hickman at 392. The only limitation on discovery of unprivileged material under the rule is that it could lead to the discovery of admissible evidence, which is such a broad standard that at the discovery stage a party may in fact engage in a fishing expedition. *See* 8 Wright & Miller, Federal Prac. & Proc., § 2008 (2007).

Under the broad I.R.C.P. 26(b)(1), evidence is discoverable even if it is not admissible at trial, if the “information sought is reasonably calculated to lead to the discovery of admissible evidence.” I.R.C.P. 26(b)(1) (emphasis added).

I.R.C.P. 26(c) expressly authorizes the Court to require the party moving for a protective order to compel discovery and award attorneys’ fees to the responding party:

If the motion for a protective order is denied in whole or in part, the court may, on such terms and conditions are just, order that any party or person provide or permit discovery. The provisions of Rule 37(a)(4) apply to the award of expenses incurred in relation to the motion.

I.R.C.P. 26(c). In other words, it is unnecessary for Reed, the party responding to the Motion for Protective Order, to contemporaneously file a motion to compel. *Id.*

The Court is well aware of the long standing discovery disputes in this case. The Court is well aware that Reed Taylor has filed previous motions to compel (whether argued or pending). The Defendants are well aware of their failure to comply with discovery. *See e.g.*, Affidavit of David Risley, Ex. A (an incomprehensive list of discovery issues). Finally, the Court is well aware of how the Defendants requested “discovery mediation” and then utilized it as a vehicle to avoid and delay discovery. Accordingly, it is appropriate that the Court should enter general order compelling the Defendants to fully answer all pending discovery, produce all responsive documents in the manner in which they are stored in the applicable files, and order all defendants to attend depositions as requested by Reed Taylor.

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III. CONCLUSION

The Court should deny the Defendants' Motions to Stay, Motions to Sequence, Motions for Protective Orders and Joinders. Moreover, the Court should enter a general order compelling the Defendants to fully answer all discovery, produce all responsive documents and require their clients to attend depositions.

DATED: This 28th day of January, 2009.

SMITH, CANNON & BOND PLLC
CAMPBELL, BISSELL & KIRBY PLLC

By: 

Roderick C. Bond

Ned A. Cannon

Michael S. Bissell

Attorneys for Plaintiff Reed J. Taylor

CERTIFICATE OF SERVICE

I, Roderick C. Bond, declare that, on the date indicated below, I served a true and correct copy of Plaintiff Reed J. Taylor's Response in Opposition to Connie Taylor, James Beck and Corrine Beck's Motion to Stay Discovery and/or Sequence Discovery; Response in Opposition to R. John Taylor's Motion for Protective Order; Response in Opposition to AIA Services, AIA Insurance, and CropUSA's Motion for Protective Order; and Bryan Freeman and JoLee Duclos' Joinder AND Affidavit of Roderick C. Bond on the following parties via the method(s) indicated below:

David A. Gittins
Law Office of David A. Gittins
P.O. Box 191
Clarkston, WA 99403
Attorney for Defendants JoLee Duclos and
Bryan Freeman

Via:

- U.S. Mail, Postage Prepaid
- Hand Delivered
- Overnight Mail
- Facsimile
- Email (pdf attachment)

Michael E. McNichols
Clements Brown & McNichols
321 13th Street
Lewiston, ID 83501
Attorney for R. John Taylor

Via:

- U.S. Mail, Postage Prepaid
- Hand Delivered
- Overnight Mail
- Facsimile
- Email (pdf attachment)

David R. Riskey
Randall, Blake & Cox
1106 Idaho St.
Lewiston, ID 83501
Attorney for Connie Taylor, James Beck and
Corrine Beck

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- Overnight Mail
- Facsimile
- Email (pdf attachment)

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877 Main Street, Suite 1000
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Boise, Idaho 83701-1617
Attorneys for AIA Services, AIA Insurance, and
Crop USA Insurance Agency

Via:

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Quarles & Brady LLP
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Chicago, IL 60661-2511
Attorneys for Crop USA Insurance Agency

Via:

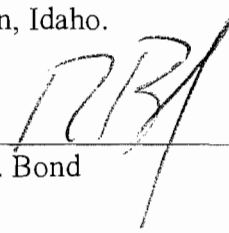
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- Email (pdf attachment)

Charles A. Brown
Attorney at Law
324 Main Street
Lewiston, ID 83501
Attorneys for AIA Services 401(k) Plan

Via:

- U.S. Mail, Postage Prepaid
- Hand Delivered – Via Messenger
- Overnight Mail
- Facsimile
- Email (pdf attachment)

Signed this 28th day of January, 2009, at Lewiston, Idaho.



Roderick C. Bond

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Attorneys for Plaintiff Reed J. Taylor

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,

Plaintiff,

v.

AIA SERVICES CORPORATION, an Idaho
corporation; AIA INSURANCE, INC., an
Idaho corporation; R. JOHN TAYLOR and
CONNIE TAYLOR, individually and the
community property comprised thereof;
BRYAN FREEMAN, a single person; JOLEE
DUCLOS, a single person; CROP USA
INSURANCE AGENCY, INC., an Idaho
Corporation; and JAMES BECK and
CORRINE BECK, individually and the
community property comprised thereof;

Defendants.

Case No.: CV-07-00208

AFFIDAVIT OF RODERICK C. BOND IN
OPPOSITION TO CONNIE TAYLOR,
JAMES BECK AND CORRINE BECK'S
MOTION TO STAY AND/OR SEQUENCE
DISCOVERY; RESPONSE IN OPPOSITION
TO R. JOHN TAYLOR'S MOTION FOR
PROTECTIVE ORDER; RESPONSE IN
OPPOSITION TO AIA SERVICES, AIA
INSURANCE, AND CROPUSA'S MOTION
FOR PROTECTIVE ORDER; AND
RESPONSE IN OPPOSITION TO JOLEE
DUCLOS AND BRYAN FREEMAN'S
JOINDER

STATE OF IDAHO)
) ss:
COUNTY OF NEZ PERCE)

ORIGINAL 5061

I, Roderick C. Bond, being first duly sworn on oath, deposes and says:

1. I am over the age of eighteen years, competent to testify in court, one of the attorneys for the plaintiff Reed Taylor ("Reed") in this action, and make this Affidavit based upon my personal knowledge.

2. Attached as Exhibit A is a true and correct copy of an email that I sent to Charles Brown dated January 22, 2009, in which Reed Taylor consented to allow the 401(k) Plan of AIA Services to participate in discovery pending its motion to intervene, so long as Reed Taylor reserves all rights and defenses. Reed Taylor still consents to the 401(k) Plan of AIA Services attending all depositions, asking questions at any depositions and otherwise participating so as to not delay this action.

3. The Exhibit A attached to David Risley's Affidavit dated January 22, 2009, was drafted by me and is true and correct to the best of my belief. The discovery number and responses, and the applicable failure to comply are also true and correct to the best of my knowledge. Exhibit A to David Risley's Affidavit does not include all discovery issues. The Defendants have delayed and thwarted discovery from day one, used discovery mediation to delay this action and impede discovery and otherwise delayed discovery in all respects. This also harms Reed Taylor's ability to respond to the Defendants' discovery requests as most all of the information is obtained from the defendants. Finally, counsel held a discovery conference and no information has been produced by the defendants since the discovery conference and no promises have been made to produce further discovery (except David Gittins).

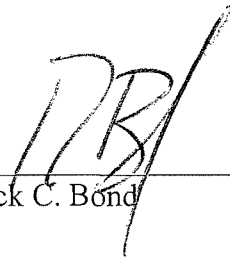
4. James Beck and Corrine Beck have not complied with or responded to any of Reed Taylor's Requests for Production or Interrogatories, including, without

limitation, the discovery requests relating to Counterclaims and defenses (which is the subject of their pending motion for partial summary judgment).

5. Our office noted the depositions of James Beck and Connie Taylor after David Risley advised Mike Bissell that they would be available the week of February 2, 2009. Later, David Risley demanded that Reed Taylor be deposed first. We have stated that we will make Reed Taylor available anytime after the week of February 2, 2009, subject to all counsels' schedules.

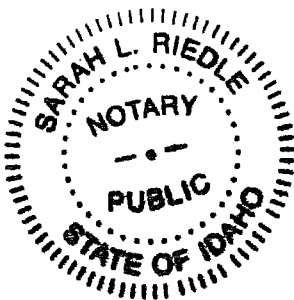
6. A motion to compel should be entered to order the Defendants to comply with discovery. I have never been involved in a case where discovery has been thwarted and denied by the Defendants such as this case. Staying discovery would only reward the Defendants for their intentional refusal to comply with discovery rules and their obligations to provide information to Reed Taylor.


DATED: This 28th day of January, 2009.



Roderick C. Bond

SUBSCRIBED AND SWORN to before me this 28th day of January, 2009.





Notary Public for Idaho
Residing at: Lewiston
My commission expires: 6/11/2014

Roderick C. Bond

From: Roderick C. Bond
Sent: Thursday, January 22, 2009 10:17 AM
To: 'CharlesABrown@cableone.net'
Cc: Mike Bissell; Ned A. Cannon; Jack R. Little; 'Reed Taylor'
Subject: Taylor v. AIA Services, et al.

Hi Chuck:

I want to step back from the recent emails and be clear on the following:

1. The Plan's Motion to Intervene is pending and has not been fully briefed by Reed Taylor. Reed Taylor's opposition to the Motion to Intervene will not be fully briefed until certain discovery is obtained, including, without limitation, the depositions of JoLee Duclos, James Beck, Connie Taylor and John Taylor.
2. We maintain the Plan's intervention is being sought for inappropriate purposes. Fine sue Reed Taylor, subject to his defenses and claims. A proper intervention would be targeting John Taylor, Connie Taylor, James Beck, JoLee Duclos, CropUSA and others. But again, go ahead and make your claims against Reed Taylor. It is interesting to note that if the Plan's legal action was legitimate, the very same defense counsel seeking to avoid/stay discovery would be opposing the intervention because they would not want another innocent party breathing down their necks.
3. We have stated since the discovery conference that the Plan would be permitted to attend deposition and Reed Taylor would respond to discovery, subject to the Rules of Civil Procedure and any objections. You will be permitted to ask questions at any depositions you so chose. The only condition is that this matter is not delayed, which has been the ongoing defense of the defendants (while the corporations' funds are expended, something you should be opposed to). Meanwhile, your motion will either be granted or denied in the near future.
4. You have been carbon copied on all pertinent correspondence and pleadings and we will continue to do so.
5. Plus, how much discovery are you going to conduct anyway? You have access to everything at AIA. You have the ear of all defense counsel. Not to mention the Plan is not even making any new arguments.
6. We agreed to enter into some sort of stipulation. We did not agree to enter into a stipulation and court order and any stipulation that would be filed must meet Reed Taylor's approval. A stipulation has not been agreed upon, and to make matters worse, even if one had, we question the jurisdiction of the court and affect of such an order when the Plan has not been served a Summons and Complaint and is not a party.
7. What is the problem with just proceeding? It seems to me that we are arguing over things that should not be argued over. Also, it seems that you would want JoLee deposed as soon as possible and the others so that there is no delay in your motion. I think that we are wasting time on an issue that time and money should not be wasted on. Everyone agrees to allow the Plan to participate in discovery. There is no problem. Discovery will proceed as planned and as will be scheduled further.

We look forward to seeing you at the depositions scheduled for the week of February 2. Also, please get us dates for JoLee. Otherwise, we will note her deposition up and serve a subpoena and subpoena duces tecum on her and do it the hard way. Reed Taylor (and the other Plan participants) have a right to ask JoLee Dulcos what is going on and why certain actions are being taken, while others are not. Not to mention why the Plan is aligning itself with the people who have harmed the very corporation whose shares the Plan participants own shares.

AFFIDAVIT OF RODERICK C. BOND

1/28/2009

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EXHIBIT A

Tensions appear to be growing again in this case and this issue is not helping. We have an agreement that protects your client. There is no issue. If a problem comes up in the future, we can address it at that time. Moving forward on stopping the madness on this issue is in the Plan's best interests so that its Motion to Intervene can be heard and decided as soon as possible. It is also in the best interests of all counsel. As always, I apologize if anything in this email appears offensive or is taken as such. Thanks.

Rod

By: Roderick C. Bond
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This email and any attachments may contain confidential and/or legally privileged information, which only the authorized recipient may receive and/or view. If you are not an intended recipient, please promptly delete this message and contact the sender at the above address. Thank you.

✓ CCW

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Attorneys for Plaintiff Reed J. Taylor

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,

Plaintiff,

v.

AIA SERVICES CORPORATION, an
Idaho corporation; AIA INSURANCE,
INC., an Idaho corporation; R. JOHN
TAYLOR and CONNIE TAYLOR,
individually and the community property
comprised thereof; BRYAN FREEMAN,
a single person; JOLEE DUCLOS, a single
person; CROP USA INSURANCE
AGENCY, INC., an Idaho Corporation; and
JAMES BECK and CORRINE BECK,
individually and the community property
comprised thereof;

Defendants.

Case No.: CV-07-00208

PLAINTIFF REED TAYLOR'S REPLY TO
COUNTERCLAIM(S) OF CONNIE
TAYLOR, JAMES BECK AND CORRINE
BECK

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REPLY TO COUNTERCLAIM(S)

Plaintiff Reed J. Taylor (“Reed Taylor”) replies to the counterclaims of Defendants Connie Taylor, James Beck and Corrine Beck (collectively “Defendants”) as follows:

1. With respect to Paragraph 1 of Defendants’ Counterclaim, Reed Taylor denies the allegations and inferences contained in the paragraph. Reed Taylor is and was the only director of AIA Insurance, Inc. (“AIA Insurance”) since he voted the shares on February 22, 2007, and has been wrongfully enjoined from being the duly elected and appointed director and officer of AIA Insurance. All actions taken by the purported board of AIA Services Corporation (“AIA Services”) are not authorized because Reed and Donna Taylor have not been members of the board as required and any other purported directors have not been properly elected or appointed.

2. Reed Taylor admits the allegations contained in Paragraph 2 of Defendants’ Counterclaim.

3. Reed Taylor admits the allegations contained in Paragraph 3 of Defendants’ Counterclaim.

4. Reed Taylor admits the allegations contained in Paragraph 4 of Defendants’ Counterclaim.

5. Reed Taylor admits the allegations contained in Paragraph 5 of Defendants’ Counterclaim.

6. Reed Taylor admits the allegations contained in Paragraph 6 of Defendants’ Counterclaim.

7. With respect to Paragraph 7 in Defendants’ Counterclaim, Reed Taylor admits that he was a member of the board of AIA Services in 1995 and a member of the

board of AIA Insurance during a portion of 1995. Reed Taylor admits that he owned approximately 613,494 common shares of AIA Services prior to the redemption and cancellation of the shares in 1995. Reed Taylor denies all other allegations contained in Paragraph 7 of Defendants' Counterclaim.

8. Reed Taylor admits the allegations contained in Paragraph 8 of Defendants' Counterclaim.

9. Reed Taylor admits the allegations contained in the first sentence of Paragraph 9 of Defendants' Counterclaim. Reed Taylor denies the allegations contained in the second sentence Paragraph 9 of Defendants' Counterclaim.

10. Reed Taylor admits the allegations contained in Paragraph 10 of Defendants' Counterclaim.

11. Reed Taylor lacks sufficient information to admit or deny the allegations contained in Paragraph 11 of Defendants' Counterclaim and therefore denies all such allegations. Reed Taylor further denies the allegations in this Paragraph 11 because the term "capital surplus" is inapplicable to the redemption of Reed Taylor's shares.

12. Reed Taylor denies the allegations contained in Paragraph 12 of Defendants' Counterclaim for lack of information and asserts that the fair-market-value of AIA Services' assets (including the value of the stream of commissions and related revenues) on the date of the redemption of Reed Taylor's shares (including, without limitation, the assets of its subsidiaries) exceeded its debts (including the debt and consideration paid for the redemption of Reed Taylor's shares).

13. Reed Taylor lacks sufficient information to admit or deny the allegations contained in Paragraph 13 of Defendants' Counterclaim and therefore denies all such allegations.

14. Reed Taylor lacks sufficient information to admit or deny the allegations contained in Paragraph 14 of Defendants' Counterclaim and therefore denies all such allegations.

15. Reed Taylor lacks sufficient information to admit or deny the allegations contained in Paragraph 15 of Defendants' Counterclaim and therefore denies all such allegations.

16. Reed Taylor denies the allegations contained in Paragraph 16 of Defendants' Counterclaim.

17. Reed Taylor admits and denies the allegations incorporated by reference into Paragraph 17 of Defendants' Counterclaim as expressly admitted and/or denied in the preceding paragraphs (which such admissions and denials are incorporated by reference into this paragraph). Any allegations not expressly admitted are denied.

18. Reed Taylor denies the allegations contained in Paragraph 18 of Defendants' Counterclaim and denies that the Defendants are entitled to any relief.

19. Reed Taylor denies that the Defendants are entitled to any of the requested relief or damages.

20. Reed Taylor denies any remaining allegations and inferences contained in Defendants' Affirmative Defenses, Counterclaim(s), Declaratory Judgment(s), and Prayer for Relief (including, without limitation, Paragraphs 1-6 in the Prayer for Relief) which are not expressly admitted.

AFFIRMATIVE DEFENSES

The Defendants' Counterclaim(s), Declaratory Judgment, Prayer for Relief and Damages (if any) are barred by any one or more of the following affirmative defenses:

1. Even if AIA Services was/is insolvent at the time Reed Taylor's shares were redeemed in 1995, Defendants lack standing to attack the redemption of Reed Taylor's shares in AIA Services because they are not innocent parties, innocent creditors or innocent shareholders.

2. Even if AIA Services was/is insolvent and Defendants had standing to attack the redemption of Reed Taylor's shares in AIA Services in 1995, the Defendants acquiesced and/or consented to the redemption of Reed Taylor's shares and therefore do not have standing to attack the redemption and are barred from attacking the redemption.

3. The Defendants' Counterclaim, Declaratory Judgment and Prayer for Relief are barred by the statute of limitations, specifically, I.C. § 5-237 and I.C. § 5-224.

4. The Defendants' are barred from utilizing stock redemption and/or stock distribution/dividend statutes from avoiding liability for their wrongful and/or unlawful acts and/or omissions.

5. Even if the redemption of Reed Taylor's shares was a violation of applicable statutes as alleged by the Defendants, Reed Taylor would still be entitled to all funds owed to him under the theories of Unjust Enrichment and/or Quantum Meruit thereby barring them from any relief.

6. The Defendants' allegations, if proven at or before trial, constitute violations of state and federal securities laws as they misrepresented and/or omitted material facts when they persuaded Reed Taylor to have his shares redeemed in AIA Services thereby barring them from any relief.

7. The Defendants' allegations, if proven at or before trial, constitute fraud upon Reed Taylor in that they represented to Reed Taylor that the redemption of his shares was legal, Reed Taylor had a right to rely upon such representations, Reed Taylor

in fact relied upon such representations and such representations were in fact false (including, without limitation, the representations referenced in the opinion letter provided to Reed Taylor, representations made in the redemption agreements, and the certification provided to Reed Taylor by R. John Taylor dated August 16, 1995 (including, without limitation, Schedule III thereto)).

8. The Defendants are not entitled to any relief because they have conspired with others to defraud Reed Taylor, a secured creditor of AIA Services.

9. Defendants are not entitled to any damages or relief because, even if there allegations are proven to be true at trial, AIA Services and R. John Taylor certified in a separate document dated August 16, 1995, that Reed Taylor was indemnified by AIA Services “from all claims, causes of action, demands, rights, damages, expenses, fees, compensation...” which would result in AIA Services being required to indemnify and return any alleged damages sought and/or recovered against Reed Taylor by returning such funds and/or damages to Reed Taylor as a result of the redemption of his shares in AIA Services.

10. Defendants’ Counterclaims are barred by the doctrine of unclean hands.

11. Defendants’ damages, if any, were caused by Defendants’ own improper and wrongful actions and/or omissions.

12. Defendants’ Counterclaims are barred by the doctrines of estoppel, waiver and laches.

13. Defendants’ Counterclaims are barred by their own fraud and misrepresentation.

14. Defendants’ Counterclaims are barred because they would be unjustly enriched if permitted to avoid liability.

15. To the extent Defendants have incurred any counterclaim damages, Defendants have failed to mitigate their damages, and therefore their counterclaims are barred.

16. To the extent Defendants have incurred any counterclaim damages, these damages are subject to offset and/or alternative recoveries.

17. Defendants' Counterclaims are barred because they have failed to state a claim or affirmative defense upon which relief can be granted.

18. Defendants' Counterclaims are barred for failure to obtain the necessary consent(s).

19. Defendants' Counterclaims are barred by contract provisions.

20. Defendants' Counterclaims are barred from the failure of condition precedent(s).

21. The Defendants lack standing to bring any Counterclaims or allege any Affirmative Defenses against Reed Taylor on behalf of AIA Insurance as Reed Taylor is the only authorized officer and director of AIA Insurance and he is being wrongfully enjoined by the Defendants from conducting his duties as the sole duly appointed director and officer of AIA Insurance.

22. The Defendants' Counterclaim damages, if any, were caused by the Defendants' own fault or the fault of others over whom Reed Taylor was not responsible.

23. Defendants' Counterclaims are barred from the doctrine of unconscionability.

24. Defendants' Counterclaims are barred by ratification and/or acquiescence.

25. Defendants' Counterclaims are barred because they owe fiduciary duties to Reed Taylor and the actions taken and relief sought is not in accord with those fiduciary duties.

26. Defendants' Counterclaims are barred by power of attorney.

27. Defendants' Counterclaims are barred because of breaches of fiduciary duties of the past and present members of the boards of directors of AIA Services Corporation and AIA Insurance.

28. AIA Services Corporation's Counterclaims and Affirmative Defenses are barred because the Defendants have failed to appoint Reed Taylor to the board of AIA Services as required, and, therefore, they have no authority to allege such Affirmative Defenses on behalf of the corporation and are not duly elected or appointed directors of AIA Services.

29. Defendants' Counterclaims are barred by the breaches of their duties to act in good faith and with fair dealing.

30. Reed Taylor may not be restrained from voting the shares of AIA Insurance because he voted the shares before the Defendants' sought injunctive relief preventing him from voting the shares, i.e., a party cannot be restrained from doing something that has already been done.

31. Reed Taylor reserves the right to amend its affirmative defenses as warranted by discovery and as this action progresses.

PRAYER FOR RELIEF

WHEREFORE, Reed Taylor requests judgment as follows:

1. Judgment as requested in Reed Taylor's Fifth Amended Complaint, as may be further amended in the future and/or as requested at trial.

2. Defendants' Counterclaim(s) be dismissed with prejudice.
3. Defendants' request for a Declaratory Judgment be dismissed with prejudice.
4. An award of Reed Taylor's attorneys' fees, costs, expenses and interest to the fullest extent allowed by I.C. § 12-121, I.C. § 12-123, contract, Idaho Code, law and/or equity.
5. For such further relief the Court deems just and equitable at or before trial.

DATED: This 28th day of January, 2009.

SMITH, CANNON & BOND PLLC
CAMPBELL, BISSELL & KIRBY PPLC

By: 

Roderick C. Bond
Ned A. Cannon
Michael S. Bissell
Attorneys for Plaintiff Reed J. Taylor

CERTIFICATE OF SERVICE

I, Roderick C. Bond, declare that, on the date indicated below, I served a true and correct copy of Reed Taylor's Reply to Counterclaim(s) of Connie Taylor, James Beck, Corrine Beck on the following parties via the method(s) indicated below:

David A. Gittins
Law Office of David A. Gittins
P.O. Box 191
Clarkston, WA 99403
Attorney for Defendants JoLee Duclos and
Bryan Freeman

Via:
 U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Facsimile
 Email (pdf attachment)

Michael E. McNichols
Clements Brown & McNichols
321 13th Street
Lewiston, ID 83501
Attorney for R. John Taylor

Via:
 U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Facsimile
 Email (pdf attachment)

David R. Risley
Randall, Blake & Cox
1106 Idaho St.
Lewiston, ID 83501
Attorney for Connie Taylor, James Beck and
Corrine Beck

Via:
 U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Facsimile
 Email (pdf attachment)

Gary D. Babbitt
D. John Ashby
Hawley Troxell Ennis & Hawley LLP
877 Main Street, Suite 1000
P.O. Box 1617
Boise, Idaho 83701-1617
Attorneys for AIA Services, AIA Insurance, and
Crop USA Insurance Agency

Via:
 U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 Facsimile
 Email (pdf attachment)

James J. Gatziolis
Charles E. Harper
Quarles & Brady LLP
Citigroup Center, 500 West Madison Street
Suite 3700
Chicago, IL 60661-2511
Attorneys for Crop USA Insurance Agency

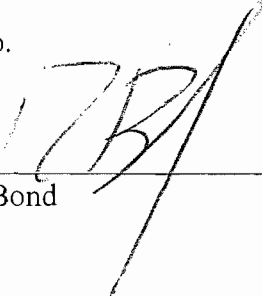
Via:
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 Overnight Mail
 Facsimile
 Email (pdf attachment)

Charles A. Brown
Attorney at Law
324 Main Street
Lewiston, ID 83501
Attorneys for AIA Services 401(k) Plan

Via:

- U.S. Mail, Postage Prepaid
- Hand Delivered – Via Messenger
- Overnight Mail
- Facsimile
- Email (pdf attachment)

Signed this 28th day of January, 2009, at Lewiston, Idaho.



Roderick C. Bond

clw

FILED

2009 JAN 28 PM 3 30

HARRY ROGERS

Charles A. Brown
Attorney at Law
324 Main Street
P.O. Box 1225
Lewiston, ID 83501
208-746-9947
208-746-5886 (fax)
ISB # 2129
CharlesABrown@cableone.net
Attorney for Intervenor, 401(k) Profit Sharing Plan
of the AIA Services Corporation.

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF
THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
Plaintiff,)

v.)

Case No. CV 2007-00208

AIA SERVICES CORP., an Idaho)
corporation; AIA INSURANCE INC., an Idaho)
corporation, R. JOHN TAYLOR and CONNIE)
TAYLOR, individually and the community)
property comprised thereof; BRYAN)
FREEMAN, a single person; JOLEE DUCLOS,)
a single person; CROP USA INSURANCE)
AGENCY, INC., an Idaho Corporation; and)
JAMES BECK and CORRINE BECK,)
individually and the community property)
comprised thereof;)

INTERVENOR'S PROPOSED
PLEADINGS IF GRANTED
PERMISSION TO INTERVENE

Defendants.)

AIA SERVICES CORPORATION, an Idaho)
corporation; and AIA INSURANCE, INC., an)
Idaho corporation,)

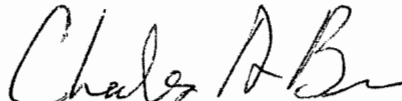
Counter-Claimants,)

5077

v.)
)
 REED J. TAYLOR, a single person,)
)
 Counter-Defendant.)
)
 _____)
 CONNIE W. TAYLOR and JAMES BECK,)
)
 Counterclaimants,)
)
 v.)
)
 REED J. TAYLOR, a single person,)
)
 Counterdefendant.)
)
 _____)
 401(K) PROFIT SHARING PLAN FOR)
 THE AIA SERVICES CORPORATION)
)
 Intervenor.)
 _____)

COMES NOW the Intervenor, 401(k) PROFIT SHARING PLAN OF AIA SERVICES CORPORATION, by and through its attorney of record, Charles A. Brown, and attached hereto are its proposed pleadings if its motion to intervene is granted.

DATED on this 28th day of January, 2009.



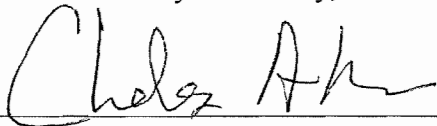
 Charles A. Brown
 Attorney for Intervenor, 401(k) Plan
 of AIA Services Corporation

I hereby certify that a true and correct copy of the foregoing was:

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on this 28th day of January, 2009.



Charles A. Brown
 Attorney at Law
 324 Main Street
 P.O. Box 1225
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 208-746-5886 (fax)
 ISB # 2129
 CharlesABrown@cableone.net
 Attorney for Intervenor, 401(k) Profit Sharing Plan
 of the AIA Services Corporation.

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF
 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
 Plaintiff,)
)
 v.)
)
 AIA SERVICES CORP., an Idaho)
 corporation; AIA INSURANCE INC., an Idaho)
 corporation, R. JOHN TAYLOR and CONNIE)
 TAYLOR, individually and the community)
 property comprised thereof; BRYAN)
 FREEMAN, a single person; JOLEE DUCLOS,)
 a single person; CROP USA INSURANCE)
 AGENCY, INC., an Idaho Corporation; and)
 JAMES BECK and CORRINE BECK,)
 individually and the community property)
 comprised thereof;)
 Defendants.)
)
 _____)
 AIA SERVICES CORPORATION, an Idaho)
 corporation; and AIA INSURANCE, INC., an)
 Idaho corporation,)
)
 Counter-Claimants,)

Case No. CV 2007-00208

INTERVENOR'S MOTION FOR
 RECONSIDERATION OF
 OPINION AND ORDER ON PLAINTIFF'S
 MOTION FOR PARTIAL SUMMARY
 JUDGMENT

INTERVENOR'S PROPOSED PLEADINGS IF
 GRANTED PERMISSION TO INTERVENE

Charles A. Brown, Esq. 5081
 P.O. Box 1225/324 Main St.
 Lewiston, Idaho 83501
 208-746-9947/208-746-5886 (fax)

v.)
)
 REED J. TAYLOR, a single person,)
)
 Counter-Defendant.)
)
 _____)
 CONNIE W. TAYLOR and JAMES BECK,)
)
 Counterclaimants,)
)
 v.)
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 REED J. TAYLOR, a single person,)
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 401(K) PROFIT SHARING PLAN FOR)
 THE AIA SERVICES CORPORATION)
)
 Intervenor.)
 _____)

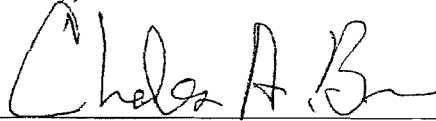
COMES NOW the Intervenor by and through its attorney of record, Charles A. Brown, and moves the Court, to pursuant to I.R.C.P. 11(a)(2)(B), to reconsider its Opinion and Order on Plaintiff's Motion for Partial Summary Judgment and Motion for Injunction dated February 8, 2008, which granted the plaintiff's Motion for Partial Summary Judgment on Promissory Note.

Said motion is made on the basis that since the time said Opinion and Order was entered in the above-entitled matter certain facts have been discovered which necessitate the reconsideration of the facts and, thus, applicable law which the Court reviewed in its granting of the Plaintiff's Partial Summary Judgment on the Promissory Note.

This motion will be based upon briefing and affidavits to be filed after Intervenor's Motion to Intervene has been heard and decided upon by the above entitled Court.

Oral argument is requested.

DATED on this 28 day of January, 2009.



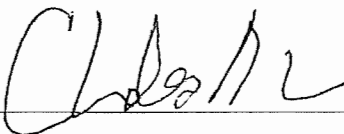
Charles A. Brown
Attorney for Intervenor, 401(k) Profit Sharing
Plan of AIA Services Corporation

I hereby certify that a true and correct copy of the foregoing was:

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on this 28 day of January, 2009.



Charles A. Brown
 Attorney at Law
 324 Main Street
 P.O. Box 1225
 Lewiston, ID 83501
 208-746-9947
 208-746-5886 (fax)
 ISB # 2129
 CharlesABrown@cableone.net
 Attorney for Intervenor, 401(k) Profit Sharing Plan
 of the AIA Services Corporation.

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF
 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
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 Plaintiff,)
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 v.)
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 AIA SERVICES CORP., an Idaho)
 corporation; AIA INSURANCE INC., an Idaho)
 corporation, R. JOHN TAYLOR and CONNIE)
 TAYLOR, individually and the community)
 property comprised thereof; BRYAN)
 FREEMAN, a single person; JOLEE DUCLOS,)
 a single person; CROP USA INSURANCE)
 AGENCY, INC., an Idaho Corporation; and)
 JAMES BECK and CORRINE BECK,)
 individually and the community property)
 comprised thereof;)
)
 Defendants.)
)
 _____)
 AIA SERVICES CORPORATION, an Idaho)
 corporation; and AIA INSURANCE, INC., an)
 Idaho corporation,)
)
 Counter-Claimants,)

Case No. CV 2007-00208

INTERVENOR'S MOTION
 FOR PARTIAL SUMMARY
 JUDGMENT

INTERVENOR'S PROPOSED PLEADINGS IF
 GRANTED PERMISSION TO INTERVENE

Charles A. Brown, Esq.
 P.O. Box 1225/324 Main St.
 Lewiston, Idaho 83501
 208-746-9947/208-746-5886 (fax)

5085

v.)
)
 REED J. TAYLOR, a single person,)
)
 Counter-Defendant.)
)
 _____)
 CONNIE W. TAYLOR and JAMES BECK,)
)
 Counterclaimants,)
)
 v.)
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 REED J. TAYLOR, a single person,)
)
 Counterdefendant.)
)
 _____)
 401(K) PROFIT SHARING PLAN FOR)
 THE AIA SERVICES CORPORATION)
)
 Intervenor.)
 _____)

COMES NOW the Intervenor by and through its attorney of record, Charles A. Brown, and moves the Court, pursuant to I.R.C.P. 56, for partial summary judgment and to issue an order that the plaintiff take nothing by way of his complaint for the reason that the 1995 Stock Redemption Agreement and the 1996 Stock Redemption Restructured Agreement, upon which the Fifth Amended Complaint is based, are illegal and unenforceable.

This motion will be based upon briefing and affidavits to be filed after Intervenor's Motion to Intervene has been heard and decided upon by the above entitled Court.

Oral argument is requested.

DATED on this 28 day of January, 2009.



Charles A. Brown
 Attorney for Intervenor, 401(k) Profit Sharing
 Plan of AIA Services Corporation

I hereby certify that a true and correct copy of the foregoing was:

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: rod@scblegal.com	Roderick C. Bond, Esq. @ 746-8421 Ned A. Cannon, Esq. Smith, Cannon & Bond, PLLC 508 Eighth Street Lewiston, ID 83501 [Attorneys for Plaintiff]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: mbissell@cbklawyers.com	Michael S. Bissell, Esq. @ 509-455-7111 Campbell, Bissell & Kirby, PLLC 416 Symons Building 7 South Howard Street Spokane, WA 99201 [Attorneys for Plaintiff]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery to: <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: mmcnichols@cibrmc.com	Michael E. McNichols, Esq. @ 746-0753 Bentley G. Stromberg, Esq. Clements, Brown & McNichols, P.A. 321 13th Street P.O. Box 1510 Lewiston, ID 83501 [Attorneys for Defendant R John Taylor]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: GBabbitt@hawleytroxell.com & jash@hteh.com	Gary D. Babbitt, Esq. @ 208-342-3829 D. John Ashby, Esq. Hawley Troxell Ennis & Hawley LLP 877 Main Street, Suite 1000 P.O. Box 1617 Boise, ID 83701-1617 [Attorneys for Defendants AIA Services Corporation, AIA Insurance, Inc., and CropUSA Insurance Agency]

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<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: david@gittinslaw.com	David A. Gittins, Esq. @ 758-3576 Law Office of David A. Gittins 843 Seventh Street P.O. Box 191 Clarkston, WA 99403 [Attorney for Defendants Duclos & Freeman]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: David@rbcox.com	David R. Risley, Esq. @ 743-1266 Randall, Blake & Cox, PLLC 1106 Idaho Street P.O. Box 446 Lewiston, ID 83501 [Attorney for Defendants Connie Taylor & James and Corrine Beck]

on this 28 day of January, 2009.

Charles A. Brown

INTERVENOR'S PROPOSED PLEADINGS IF
GRANTED PERMISSION TO INTERVENE

Charles A. Brown, Esq. **5088**
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208-746-9947/208-746-5886 (fax)

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 208-746-9947
 208-746-5886 (fax)
 ISB # 2129
 CharlesABrown@cableone.net
 Attorney for Intervenor, 401(k) Profit Sharing Plan
 for the AIA Services Corporation.

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF
 THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
 Plaintiff,)

v.)

Case No. CV 2007-00208

AIA SERVICES CORP., an Idaho)
 corporation; AIA INSURANCE INC., an Idaho)
 corporation, R. JOHN TAYLOR and CONNIE)
 TAYLOR, individually and the community)
 property comprised thereof; BRYAN)
 FREEMAN, a single person; JOLEE DUCLOS,)
 a single person; CROP USA INSURANCE)
 AGENCY, INC., an Idaho Corporation; and)
 JAMES BECK and CORRINE BECK,)
 individually and the community property)
 comprised thereof;)

INTERVENOR'S ANSWER WITH
 AFFIRMATIVE DEFENSES TO
 FIFTH AMENDED COMPLAINT
 FILED BY REED J. TAYLOR

Defendants.)

_____)
 AIA SERVICES CORPORATION, an Idaho)
 corporation; and AIA INSURANCE, INC., an)
 Idaho corporation,)

Counter-Claimants,)

INTERVENOR'S PROPOSED PLEADINGS IF
 GRANTED PERMISSION TO INTERVENE

Charles A. Brown, Esq.
 P.O. Box 1225/324 Main St.
 Lewiston, ID 83501
 208-746-9947/208-746-5886

5089

)
v.)
)
REED J. TAYLOR, a single person,)
)
Counter-Defendant.)
_____)
CONNIE W. TAYLOR and JAMES BECK,)
)
Counterclaimants,)
)
v.)
)
REED J. TAYLOR, a single person,)
)
Counterdefendant.)
_____)
401(K) PROFIT SHARING PLAN FOR)
THE AIA SERVICES CORPORATION)
)
Intervenor.)
_____)

COMES NOW the Intervenor, 401(k) Profit Sharing Plan for the AIA Services Corporation, by and through its attorney of record, Charles A. Brown, submits this Intervenor's Answer With Affirmative Defenses to Fifth Amended Complaint Filed by Reed J. Taylor. This Intervenor responds to Plaintiff's Fifth Amended Complaint (hereinafter referred to as the "Complaint") as follows:

PARTIES, JURISDICTION, AND VENUE

1. This Intervenor admits the allegations contained in paragraph 1.1 of the Complaint.
2. This Intervenor admits the allegations contained in paragraph 1.2 of the Complaint.

3. This Intervenor admits the allegations contained in paragraph 1.3 of the Complaint.

4. This Intervenor admits the allegations contained in paragraph 1.4 of the Complaint.

5. Answering paragraph 1.5 of the Complaint, this Intervenor admits that R. John Taylor (hereinafter referred to as "John Taylor") and Connie Taylor were husband and wife until on or about December 16, 2005, and at all relevant times were residents of Lewiston, Nez Perce County, Idaho. This Intervenor denies all other allegations contained in paragraph 1.5 of the Complaint not otherwise specifically admitted herein.

6. This Intervenor admits the allegations contained in paragraph 1.6 of the Complaint.

7. This Intervenor admits the allegations contained in paragraph 1.7 of the Complaint.

8. This Intervenor admits the allegations contained in paragraph 1.8 of the Complaint.

9. Answering paragraph 1.9 of the Complaint, this Intervenor admits that James Beck and Corrine Beck are residents of the State of Minnesota and denies all other allegations contained in paragraph 1.9 of the Complaint not otherwise specifically admitted herein.

10. Paragraph 1.10 of the Complaint states a legal conclusion to which no response is required.

11. Paragraph 1.11 of the Complaint states a legal conclusion to which no response is required.

FACTUAL BACKGROUND

12. Answering paragraph 2.1 of the Complaint, this Intervenor admits that John Taylor was, at all relevant times, an officer and director of AIA Services, AIA Insurance, and CropUSA, and that he owns approximately 40% of the outstanding shares of CropUSA. This Intervenor denies all other allegations contained in paragraph 2.1 of the Complaint not otherwise specifically admitted herein.

13. Answering paragraph 2.2 of the Complaint, this Intervenor admits that John Taylor and Connie Taylor were divorced through an interlocutory decree on or around December 16, 2005, but this Intervenor denies all other allegations contained in paragraph 2.2 of the Complaint.

14. Paragraph 2.3 of the Complaint does not state any allegations against this Intervenor to which a response is required. To the extent a response is required, this Intervenor denies the allegations contained in paragraph 2.3 of the Complaint.

15. This Intervenor denies the allegations contained in paragraph 2.4 of the Complaint.

16. Answering paragraph 2.5 of the Complaint, this Intervenor admits that JoLee Duclos (hereinafter referred to as "Duclos") is presently an officer of AIA Services, AIA Insurance, and CropUSA, and that she is a shareholder and director of CropUSA. This Intervenor denies all other allegations contained in paragraph 2.5 of the Complaint not otherwise specifically admitted herein.

17. Answering paragraph 2.6 of the Complaint, this Intervenor admits that Bryan Freeman (hereinafter referred to as "Freeman") is presently an officer of AIA Services, AIA Insurance, and CropUSA, and that Freeman is a shareholder and director in CropUSA.

This Intervenor denies all other allegations contained in paragraph 2.6 of the Complaint not otherwise specifically admitted herein.

18. This Intervenor admits that CropUSA cooperated with AIA pursuant to certain agreements and denies all other allegations contained in paragraph 2.7 of the Complaint not otherwise specifically admitted herein.

19. Answering paragraph 2.8 of the Complaint, this Intervenor admits John Taylor owns CropUSA stock but said shares are not in the name of Connie Taylor.

20. Answering paragraph 2.9 of the Complaint, this Intervenor admits that James Beck is a shareholder of CropUSA (but not AIA Services) and that, during certain times, James Beck was a member of the boards of directors for AIA Services, and CropUSA. This Intervenor denies all other allegations contained in paragraph 2.9 of the Complaint not otherwise specifically admitted herein.

21. Answering paragraph 2.10 of the Complaint, this Intervenor admits the first and third sentences. The second sentence of said paragraph is denied.

22. Answering paragraph 2.11 of the Complaint, this Intervenor admits that AIA Insurance is a wholly owned subsidiary of AIA Services and that AIA Insurance is a lessee of the office building located at 111 Main Street, Lewiston, Idaho. This Intervenor denies all other allegations contained in paragraph 2.11 of the Complaint not otherwise specifically admitted herein.

23. This Intervenor admits the allegations in paragraph 2.12 of the Complaint, with the exception that the down payment of \$1.5 million was originally to be paid in cash “upon closing,” and thereafter AIA Services was unable to pay said amount at closing and the payment terms were then changed by the Addendum to the Stock Redemption Agreement with

said amount to be paid in 90 days. Again, said amount was not timely paid within said 90 day time period.

24. This Intervenor admits the allegations in paragraph 2.13 of the Complaint with the exception that (i) any payments due to Reed J. Taylor were not lawfully due and payable, nor were any payments lawfully due and payable to Donna Taylor; and (ii) denies that in 1995 Donna Taylor subordinated all her rights to payment in favor of Reed J. Taylor. Said subordination by Donna Taylor did not occur until 2006.

25. This Intervenor denies all allegations contained in paragraph 2.14 of the Complaint.

26. This Intervenor admits the allegations in paragraph 2.15 of the Complaint, with the exception that if said paragraph implies that said restructured agreement was properly brought before the shareholders or the board of directors of AIA Services then such did not occur.

27. Answering paragraph 2.16 of the Complaint, this Intervenor states that the agreements speak for themselves, and this Intervenor denies all other allegations contained in paragraph 2.16 of the Complaint not otherwise specifically admitted herein.

28. Answering paragraph 2.17 of the Complaint, this Intervenor states that the Amended Stock Pledge Agreement speaks for itself, and this Intervenor denies each and every allegation contained in paragraph 2.17 of the Complaint not otherwise specifically admitted herein.

29. Answering paragraph 2.18 of the Complaint, this Intervenor states that the Amended Stock Pledge Agreement speaks for itself. This Intervenor admits that AIA Services

did not post bonds for the payment of the Promissory Note and denies all other allegations contained in paragraph 2.18 of the Complaint not specifically admitted herein.

30. Answering paragraph 2.19 of the Complaint, this Intervenor states that the Amended Stock Pledge Agreement speaks for itself and denies all other allegations contained in paragraph 2.19 of the Complaint not otherwise specifically admitted herein.

31. Answering paragraph 2.20 of the Complaint, this Intervenor states that the Amended Stock Pledge Agreement speaks for itself and denies all other allegations contained in paragraph 2.20 of the Complaint not otherwise specifically admitted herein.

32. This Intervenor admits the allegations contained in paragraph 2.21 of the Complaint, but denies the legitimacy of the alleged debts to Reed J. Taylor and Donna Taylor.

33. Answering paragraph 2.22 of the Complaint, this Intervenor denies that Plaintiff was, during certain relevant times, the largest creditor of AIA Services, but admits that AIA Services has failed to timely and properly pay creditors as required during certain relevant times and/or was insolvent, but denies that any type of fiduciary duty was owed to Reed J. Taylor and denies that Reed J. Taylor would properly be categorized as a creditor.

34. This Intervenor admits the allegations contained in paragraph 2.23 of the Complaint, but the period of insolvency is not limited to only 7 years, and it is specifically denied that Reed J. Taylor is "owed" any amounts.

35. In answering paragraph 2.24 of the Complaint, Intervenor admits that, during certain relevant times, AIA Services and/or AIA Insurance was insolvent and was unable to timely pay any alleged obligation to Reed J. Taylor and/or other creditors. During relevant times, AIA has been unable to comply with the terms of the Promissory Note. Due to the fact that said agreements were illegal at their inception, it is specifically denied that AIA Services

and/or AIA Insurance was in “default”, but Intervenor does admit that AIA Services and/or AIA Insurance did not have the ability to timely pay amounts contemplated by the 1995 or restructured 1996 agreement, and Intervenor denies each and every allegation contained in paragraph 2.24 not otherwise expressly admitted herein.

36. This Intervenor denies the allegations contained in paragraph 2.25 of the Complaint.

37. Answering paragraph 2.26 of the Complaint, this Intervenor admits that Plaintiff claimed that AIA Services was in default, and this Intervenor denies all other allegations contained in paragraph 2.26 of the Complaint not otherwise specifically admitted herein.

38. This Intervenor admits the allegations in the first sentence of paragraph 2.27 of the Complaint, and denies the remaining allegations contained therein.

39. Answering paragraph 2.28 of the Complaint, this Intervenor states that the Amended Stock Pledge Agreement speaks for itself, and this Intervenor denies each and every other allegation contained in paragraph 2.28 of the Complaint.

40. Answering paragraph 2.29 of the Complaint, this Intervenor admits that Plaintiff attempted to schedule a special shareholder meeting for December 26, 2006, admits that no special shareholder meeting was held on that date, denies that Reed J. Taylor had a right to call a meeting to vote AIA Insurance shares, and denies each and every other allegation contained in paragraph 2.29 of the Complaint.

41. Answering paragraph 2.30 of the Complaint, this Intervenor admits that the quoted words are part of one of the sentences of a letter from John Taylor to Plaintiff’s legal counsel and denies each and every allegation contained in paragraph 2.30 of the Complaint.

42. Answering paragraph 2.31 of the Complaint, this Intervenor admits that Reed J. Taylor demanded a special shareholder meeting for February 5, 2007, admits that no special shareholder meeting was held on that date, denies that Reed J. Taylor had a right to call a meeting to vote AIA Insurance shares, and denies each and every allegation contained in paragraph 2.31 of the Complaint not otherwise specifically admitted herein.

43. This Intervenor denies the allegations contained in paragraph 2.32 of the Complaint.

44. Answering paragraph 2.33 of the Complaint, this Intervenor admits that Reed J. Taylor executed a document entitled Consent in Lieu of Special Shareholder Meeting of AIA Insurance, and this Intervenor denies each and every allegation contained in paragraph 2.33 of the Complaint not otherwise specifically admitted herein.

45. Answering paragraph 2.34 of the Complaint, this Intervenor admits that AIA Insurance paid \$1,510,693.00 to purchase Series C Preferred Shares in AIA Services from CropUSA. This Intervenor admits that the 401(k) Plan held Preferred C shares. This Intervenor denies all other allegations contained in paragraph 2.34 of the Complaint not otherwise specifically admitted herein.

46. Answering paragraph 2.35 of the Complaint, this Intervenor admits that John Taylor purchased a parking lot and denies each and every allegation contained in paragraph 2.35 of the Complaint not otherwise specifically admitted herein.

47. This Intervenor denies the allegations contained in paragraph 2.36 of the Complaint.

48. This Intervenor denies the allegations contained in paragraph 2.37 of the Complaint.

49. Answering paragraph 2.38 of the Complaint, this Intervenor admits that Reed J. Taylor executed a document captioned Consent in Lieu of Board Meeting on or around February 22, 2007, and that Defendants refused to recognize the Consent as binding on them. This Intervenor denies all other allegations contained in paragraph 2.38 of the Complaint not otherwise specifically admitted herein.

50. This Intervenor denies the allegations contained in paragraph 2.39 of the Complaint.

51. Answering paragraph 2.40 of the Complaint, this Intervenor admits that Freeman and Duclos resigned as members of the Board of Directors of AIA Insurance and AIA Services, admits that John Taylor, as Chairman of the Board of Directors, appointed Connie Taylor and James Beck as directors, and denies all other allegations contained in paragraph 2.40 of the Complaint not otherwise specifically admitted herein.

52. This Intervenor denies the allegations contained in paragraph 2.41 of the Complaint.

53. Answering paragraph 2.42 of the Complaint, this Intervenor admits that the Amended and Restated Security Agreement speaks for itself, admits that Plaintiff has demanded that no funds in which he has a security interest should be used to pay the legal fees of any defendant, but denies all other allegations contained in paragraph 2.42 of the Complaint not otherwise specifically admitted herein.

54. This Intervenor denies the allegations contained in paragraph 2.43 of the Complaint.

55. Answering paragraph 2.44, this Intervenor admits that CropUSA purchased Sound Insurance and denies all other allegations contained in paragraph 2.44 of the Complaint not otherwise specifically admitted herein.

56. Answering paragraph 2.45 of the Complaint, this Intervenor admits that Global Travel was a tenant in AIA Insurance's office building and that Global Travel has relocated to a different office building, but this Intervenor denies all other allegations contained in paragraph 2.45 of the Complaint not otherwise specifically admitted herein.

57. This Intervenor denies the allegations contained in paragraph 2.46 of the Complaint.

58. This Intervenor denies the allegations contained in paragraph 2.47 of the Complaint.

59. Answering paragraph 2.48 of the Complaint, this Intervenor alleges that AIA Service and AIA Insurance are and were being operated for the benefit of AIA Services and AIA Insurance and denies all other allegations contained in paragraph 2.48 of the Complaint not otherwise specifically admitted herein.

60. This Intervenor denies the allegations contained in paragraph 2.49 of the Complaint.

61. This Intervenor denies the allegations contained in paragraph 2.50 of the Complaint.

62. This Intervenor denies the allegations contained in paragraph 2.51 of the Complaint.

63. This Intervenor denies the allegations contained in paragraph 2.52 of the Complaint.

64. This Intervenor denies the allegations contained in paragraph 2.53 of the Complaint.

65. This Intervenor denies the allegations contained in paragraph 2.54 of the Complaint.

66. Answering paragraph 2.55 of the Complaint, this Intervenor states that the Executive Officer's Agreement speaks for itself, and this Intervenor denies all other allegations contained in paragraph 2.55 of the Complaint not otherwise specifically admitted herein.

67. This Intervenor denies the allegations contained in paragraph 2.56 of the Complaint.

68. This Intervenor denies the allegations contained in paragraph 2.57 of the Complaint.

69. This Intervenor denies the allegations contained in paragraph 2.58 of the Complaint.

70. Paragraph 2.59 does not state any allegations against this Intervenor to which a response is required. To the extent a response is required this Intervenor denies the allegations contained in paragraph 2.59 of the Complaint.

FIRST CAUSE OF ACTION
Breaches of Contract

71. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

72. Answering paragraphs 3.2 through 3.4 of the Complaint, this Intervenor states that the Promissory Note, Amended Stock Pledge Agreement, Amended Security Agreement, and Restructure Agreement speak for themselves, and this Intervenor denies all

other allegations contained in paragraphs 3.3 through 3.4 of the Complaint not otherwise specifically admitted herein.

**SECOND CAUSE OF ACTION
Fraudulent Transfers**

73. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

74. This Intervenor denies all allegations contained in paragraphs 4.2 through 4.4 of the Complaint.

**THIRD CAUSE OF ACTION
Misrepresentations/Fraud**

75. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

76. This Intervenor denies all allegations contained in paragraphs 5.2 through 5.4 of the Complaint.

**FOURTH CAUSE OF ACTION
Conversion**

77. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

78. This Intervenor denies all allegations contained in paragraphs 6.2 through 6.3 of the Complaint.

**FIFTH CAUSE OF ACTION
Alter Ego/Piercing Corporate Veil**

79. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

80. This Intervenor denies all allegations contained in paragraphs 7.2 through 7.5 of the Complaint.

SIXTH CAUSE OF ACTION
Constructive Trust

81. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

82. This Intervenor denies all allegations contained in paragraphs 8.2 through 8.4 of the Complaint.

SEVENTH CAUSE OF ACTION
Director Liability

83. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

84. This Intervenor denies all allegations contained in paragraphs 9.2 through 9.4 of the Complaint.

EIGHTH CAUSE OF ACTION
Specific Performance

85. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

86. This Intervenor denies all allegations contained in paragraphs 10.2 through 10.4 of the Complaint.

NINTH CAUSE OF ACTION
Breach of Fiduciary Duties

87. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

88. This Intervenor denies all allegations contained in paragraphs 11.2 through 11.4 of the Complaint.

TENTH CAUSE OF ACTION
Breach of the Implied Covenant of Good Faith and Fair Dealing

89. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

90. This Intervenor denies all allegations contained in paragraphs 12.2 through 12.3 of the Complaint.

ELEVENTH CAUSE OF ACTION
Civil Conspiracy

91. This Intervenor incorporates by reference its answers and denials set forth in the preceding paragraphs of this Answer With Affirmative Defenses.

92. This Intervenor denies all allegations contained in paragraphs 13.2 through 13.3 of the Complaint.

PRAYER FOR RELIEF

93. Answering paragraphs 14.1 through 14.41, this Intervenor denies that Plaintiff is entitled to any of the relief prayed for in his Complaint.

FIRST DEFENSE

Plaintiff's Fifth Amended Complaint, and each and every claim and allegation thereof, fails to state a claim against the Defendants upon which relief can be granted.

SECOND DEFENSE

Intervenor denies each and every allegation contained in Plaintiff's Complaint unless expressly and specifically admitted herein.

THIRD DEFENSE

Plaintiff is estopped from asserting his claims against the Defendants.

RULE 11 STATEMENT

Intervenor has considered and believes that it may have additional defenses but does not have information at this time to assert such additional defenses under Rule 11 of the Idaho Rules of Civil Procedure. Intervenor does not intend to waive any such defenses and specifically asserts its intention to amend this Answer With Affirmative Defenses if, pending research and after discovery, facts come to light giving rise to such additional defenses.

AFFIRMATIVE DEFENSES

COMES NOW the 401(k) Profit Sharing Plan of the AIA Services Corporation, hereinafter referred to as the 401(k) Plan or Intervenor, and does set forth affirmative defenses as follows:

The 401(k) plan was initiated in 1978. As alleged in the Plaintiff's Fifth Amended Complaint, the transaction as entered into regarding the redemption of Reed J. Taylor's stocks initially occurred in 1995. At that time, Reed Taylor had 613,493.5 shares of common stock of AIA Services Corporation, John Taylor had 186,611.5 shares of common stock, and the other shareholders had 173,228.5 shares of common stock.

Said transaction contemplated payment of \$1.5 million upon closing which was later revised to a Promissory Note to pay Reed J. Taylor \$1.5 million in 90 days (down payment note) and \$6 million plus accrued interest due and payable at the rate of 8.25% (Promissory Note) over a period of time, and said transaction also contemplated transfer of other assets and forgiveness of debt and assumption of liabilities all of which has resulted in the Plaintiff having

received to date approximately \$9,709,366.00 which includes some interest payments on the \$6 million promissory note but none of it is principle.

Said transaction was not submitted to the shareholders of AIA Services Corporation.

As alleged by the Plaintiff in the Fifth Amended Complaint, said transaction was restructured in 1996. The \$6 million promissory note remained unchanged and was not modified. Said restructured transaction was not submitted to shareholders or the board of directors for approval of AIA Services Corporation.

In 1995, when the initial transaction occurred, and when it was restructured in 1996, AIA Services Corporation had neither "earned surplus" nor "capital surplus" (as defined in the Idaho General Business Corporations Act) and was insolvent or rendered financially insolvent by the redemption obligations to Reed J. Taylor.

In 1995, Reed J. Taylor was serving as President of AIA Services Corporation, was on its board of directors, and was a majority shareholder. Reed J. Taylor had or should have had intimate knowledge of the financial state of the company.

On December 31, 1995, AIA Services Corporation's total liabilities exceeded its total assets by approximately \$17,018,838.00.

In his capacity as President, a member of AIA's board of directors and the majority shareholder, Reed J. Taylor owed fiduciary duties to AIA Services Corporation, all minority shareholders and to the Intervenor.

AIA Services Corporation, in July 1995 and July 1996, did not have "earned surplus" or "capital surplus" to redeem Reed J. Taylor's common stock in AIA Services

Corporation. Instead, AIA Services Corporation was operating under a shareholder deficit and increased that deficit when it agreed to redeem Reed J. Taylor's common shares.

This redemption of Reed J. Taylor's shares when AIA Services Corporation did not have any earned surplus or capital surplus was in direct violation of Idaho statutes restricting corporations from purchasing their own stock. Due to the status of Idaho common law, and statutory law at the time and since, the entering into of the contract by Reed J. Taylor with AIA Services Corporation in 1995 rendered the contract illegal, unenforceable, and void. The pertinent statutes in effect in 1995 were Idaho Code § 30-1-2, § 30-1-6, and § 30-1-46.

Attached to the affidavits of JoLee Duclos, the trustee, as filed with this Court with the Motion to Intervene, are listings of the participants of the 401(k) plan presently and as they existed in 1995. The participant lists set forth the shares of AIA Services Corporation that each participant holds, and the percent of said shares with said percent being a reflection of the total number of shares owned by the 401(k) plan. Said pleading and attachments are incorporated herein by reference.

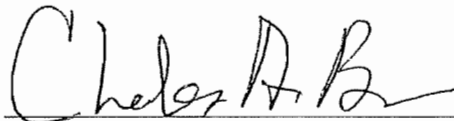
The value of said shares as held by said participants would be rendered irretrievably valueless if Reed J. Taylor is allowed to proceed on his cause of action as set forth in his Fifth Amended Complaint.

The cause of action for collection on the above referenced Promissory Note and Stock Redemption Agreement should be declared unenforceable, void, and/or illegal, and all portions of Reed J. Taylor's claims which set forth "fiduciary duties" owed to him as being a major creditor of AIA Services should also be declared to be void, unenforceable, and or illegal because a shareholder, officer, and/or director who has entered into an illegal, unenforceable, and void contract is not owed any duties of any nature whatsoever.

WHEREFORE, having answered the Plaintiff's Fifth Amended Complaint and having set forth its Affirmative Defenses thereto, the Intervenor respectfully requests that the Court grant it the following relief:

1. Dismissal of Plaintiff's Fifth Amended Complaint with prejudice.
2. That the Plaintiff, Reed J. Taylor, take nothing by his Complaint.
3. That the Intervenor be awarded attorney fees and costs incurred in having to intervene in this matter.
4. All other relief which the Court deems just.

DATED on this 26 day of January, 2009.



Charles A. Brown
Attorney for the Intervenor

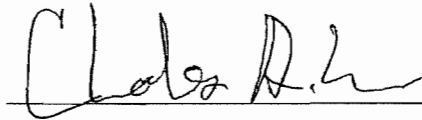
I, Charles A. Brown, hereby certify that a true and correct copy of the foregoing was:

<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: rod@scblegal.com	Roderick C. Bond, Esq. @ 746-8421 Ned A. Cannon, Esq. Smith, Cannon & Bond, PLLC 508 Eighth Street Lewiston, ID 83501 [Attorneys for Plaintiff]
<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: mbissell@cbklawyers.com	Michael S. Bissell, Esq. @ 509-455-7111 Campbell, Bissell & Kirby, PLLC 416 Symons Building 7 South Howard Street Spokane, WA 99201 [Attorneys for Plaintiff]
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<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: GBabbitt@hawleytroxell.com & jash@hteh.com	Gary D. Babbitt, Esq. @ 208-342-3829 D. John Ashby, Esq. Hawley Troxell Ennis & Hawley LLP 877 Main Street, Suite 1000 P.O. Box 1617 Boise, ID 83701-1617 [Attorneys for Defendants AIA Services Corporation, AIA Insurance, Inc., and CropUSA Insurance Agency]

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<input type="checkbox"/> mailed by regular first class mail, and deposited in the United States Post Office to: <input type="checkbox"/> sent by facsimile to: <input type="checkbox"/> sent by facsimile and mailed by regular first class mail, deposited in the United States Post Office to: <input type="checkbox"/> sent by Federal Express, overnight delivery <input type="checkbox"/> hand delivered to: <input checked="" type="checkbox"/> Emailed to: jjg@quarles.com & charper@quarles.com	James J. Gatziolis, Esq. @ 312-715-5155 Charles E. Harper, Esq. Quarles & Brady LLP Citigroup Center, Suite 3700 500 West Madison Street Chicago, IL 60661-2511 [Attorneys for Defendant CropUSA Insurance Agency]
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on this 28 day of January, 2009.



DEFENDANT
INTERVENOR'S PROPOSED PLEADINGS IF
GRANTED PERMISSION TO INTERVENE 21

Charles A. Brown, Esq.
P.O. Box 1225/324 Main St.
Lewiston, ID 83501
208-746-9947/208-746-5886

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2009 JAN 30 PM 4 03

PATRICIA WEEKS
CLERK OF THE DIST. COURT

JAMES BECK
DEPUTY

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,

Plaintiff,

v.

AIA SERVICES CORPORATION, an Idaho
corporation; AIA INSURANCE, INC., an
Idaho corporation; R. JOHN TAYLOR and
CONNIE TAYLOR, individually and the
community property comprised thereof,
BRIAN FREEMAN, a single person; JOLEE
DUCLOS, a single person; CROP USA
INSURANCE AGENCY, INC., an Idaho
corporation; and JAMES BECK and
CORRINE BECK, individually and the
community property comprised thereof,

Defendants.

CONNIE W. TAYLOR and JAMES BECK,

Counterclaimants,

v.

REED J. TAYLOR, a single person,

Counterdefendant.

CASE NO. CV07-00208

OPINION AND ORDER ON
MOTIONS TO STAY DISCOVERY
PENDING HEARING AND RULING
ON MOTION FOR PARTIAL
SUMMARY JUDGMENT

This matter is before the Court on the following Motions: (1) Defendants Connie Taylor's and James Beck's Motion for Stay of Discovery Pending Decisions on Motion for Partial Summary Judgment, Motion to Intervene and Motion for Reconsideration Pursuant to IRCP 26(c); (2) Defendants AIA Services' and Insurance's Motion for Protective Order; (3) Defendants Duclos's and Freeman's Motion for Protective Order; and (4) Defendant John Taylor's Motion for Protective Order. Hearings on the motions were held January 29, 2009. Plaintiff Reed Taylor was represented by attorneys Michael S. Bissell and Roderick C. Bond. Defendants AIA Services Corporation and AIA Insurance, Inc. were represented by attorneys Gary D. Babbitt and John Ashby. Defendant R. John Taylor was represented by attorney Michael E. McNichols. Defendants Connie Taylor and James Beck were represented by attorney David R. Risley. Defendants Bryan Freeman and Jolee Duclos were represented by attorney David A. Gittens. The Court, having read the motions, briefs, and affidavits submitted by the parties, having heard oral arguments of counsel and being fully advised in the matter, hereby renders its Order.

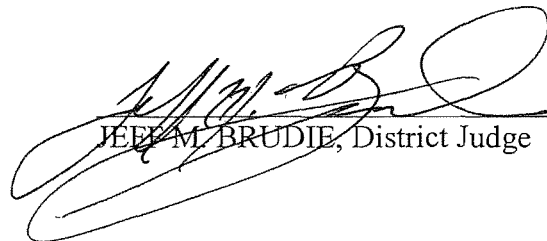
ORDER

IT IS HEREBY THE ORDER OF THE COURT:

- (1) That the depositions of Connie Taylor and James Beck shall not be delayed but shall occur as scheduled.
- (2) General Discovery shall otherwise be stayed except that Discovery:
 - (a) Relevant to Defendants Connie Taylor's and James Beck's Motion for Partial Summary Judgment shall be allowed, including the following:
 - (1) The financial status of AIA Services and AIA Insurance in 1995 and 1996.

- (2) The source of funds received by Reed Taylor in 1995 and 1996 pursuant to the 1995 and 1996 Stock Redemption Agreements between Reed Taylor and the AIA Corporations.
- (3) The Corporate accounting for all funds paid to Reed Taylor pursuant to the 1995 and 1996 Stock Redemption Agreements between Reed Taylor and the AIA Corporations.
- (4) The negotiation and approval process of the 1995 and 1996 Stock Redemption Agreements between Reed Taylor and the AIA Corporations.

Dated this 30th day of January 2009.



JEFF M. BRUDIE, District Judge

CERTIFICATE OF MAILING

I hereby certify that a true copy of the foregoing OPINION & ORDER was:

hand delivered via court basket, or faxed

_____ mailed, postage prepaid, by the undersigned at Lewiston, Idaho, this 30th day of January, 2009, to:

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Quarles and Brady LLP
500 W Madison St., Ste 3700
Chicago IL 60661-2511

Michael E. McNichols
Clements, Brown & McNichols
PO Box 1510
Lewiston, ID 83501

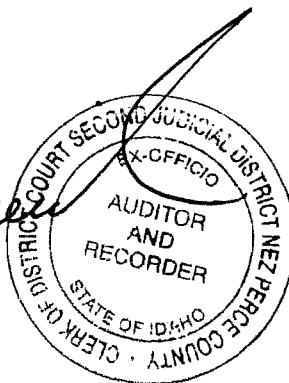
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Gary D. Babbitt
D John Ashby
Hawley, Troxell Ennis & Hawley LLP
PO Box 1617
Boise, ID 83701-1617

PATTY O. WEEKS, CLERK

By: [Signature]
Deputy



Taylor v. AIA, et al.
Order on Motion for Stay of Discovery

CV

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2009 FEB 2 PM 2 43

PATTY O. WEEKS
CLERK OF THE DIST. COURT
P. O. Weeks
DEPUTY

Gary D Babbitt, ISB No. 1486
D. John Ashby, ISB No. 7228
HAWLEY TROXELL ENNIS & HAWLEY LLP
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Email: gbabbitt@hawleytroxell.com
jashby@hawleytroxell.com

Attorneys for AIA Services Corporation,
AIA Insurance, Inc

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT

OF THE STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)

Plaintiff,)

vs.)

AIA SERVICES CORPORATION, an Idaho)

corporation; AIA INSURANCE, INC., an)

Idaho corporation; R. JOHN TAYLOR and)

CONNIE TAYLOR, individually and the)

community property comprised thereof;)

BRYAN FREEMAN, a single person; JOLEE)

DUCLOS, a single person; CROP USA)

INSURANCE AGENCY, INC., an Idaho)

Corporation; and JAMES BECK and)

CORRINE BECK, individually and the)

community property comprised thereof,)

Defendants)

AIA SERVICES CORPORATION, an Idaho)

corporation; and AIA INSURANCE, INC., an)

Case No. CV-07-00208

JOINDER

5114

Idaho corporation,)
)
Counterclaimants,)
vs.)
)
REED J TAYLOR, a single person,)
)
Counterdefendant.)

Defendants AIA Services Corporation and AIA Insurance, Inc. hereby join in the Motion for Summary Judgment filed on April 17, 2008 by Connie Taylor and James Beck and all subsequent amendments, supplements, and filings relating to said Partial Summary Judgment Motion made by Connie Taylor and James Beck.

DATED THIS 2 day of February, 2009

HAWLEY TROXELL ENNIS & HAWLEY LLP

By 

Gary D. Babbitt, ISB No. 1486
 Attorneys for AIA Services Corporation,
 AIA Insurance, Inc.

5115

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 23 day of February, 2009, I caused to be served a true copy of the foregoing JOINDER by the method indicated below, and addressed to each of the following:

Roderick C. Bond
Ned A. Cannon
SMITH, CANNON & BOND PLLC
508 Eighth Street
Lewiston, ID 83501
[Attorneys for Plaintiff]

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 Overnight Mail
 Telecopy
 Email

Michael S. Bissell
CAMPBELL, BISSELL & KIRBY, PLLC
416 Symons Building
7 South Howard Street
Spokane, WA 99201
[Attorneys for Plaintiff]

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David A. Gittins
LAW OFFICE OF DAVID A. GITTINS
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[Attorney for Defendants Duclos and Freeman]

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CLEMENTS BROWN & MCNICHOLS
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Lewiston, ID 83501
[Attorneys for Defendant R. John Taylor]

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RANDALL, BLACK & COX, PLLC
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[Attorneys for Defendants Connie Taylor, James Beck and Corrine Beck]

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5116

James J. Gatziolis
 Charles E. Harper
 QUARLES & BRADY LLP
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 Chicago, Illinois 60661-2511
 [Attorneys for Crop USA Insurance]

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 Email

Charles A. Brown, Esq.
 324 Main Street
 Lewiston, ID 83501
 [Intervenor, 401(k) Profit Sharing Plan]

U.S. Mail, Postage Prepaid
 Hand Delivered
 Overnight Mail
 E-mail
 Telecopy


 Gary D. Babbitt

FILED
2009 FEB 5 PM 1 59

PATTI WEEKS
CLERK OF THE DIST. COURT

James Beck
DEPUTY

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
 Plaintiff,)

v.)

AIA SERVICES CORPORATION, an Idaho)
corporation; AIA INSURANCE, INC., an)
Idaho corporation; R. JOHN TAYLOR and)
CONNIE TAYLOR, individually and the)
community property comprised thereof,)
BRIAN FREEMAN, a single person; JOLEE)
DUCLOS, a single person; CROP USA)
INSURANCE AGENCY, INC., an Idaho)
corporation; and JAMES BECK and)
CORRINE BECK, individually and the)
community property comprised thereof,)
)
 Defendants.)

CASE NO. CV07-00208
OPINION AND ORDER ON
PLAINTIFF'S MOTION TO
INCREASE SURETY BOND

CONNIE W. TAYLOR and JAMES BECK,)
)
 Counterclaimants,)

v.)

REED J. TAYLOR, a single person,)
)
 Counterdefendant.)

This matter is before the Court on Plaintiff's Motion to Increase the Amount of the Preliminary Injunction Bond. Hearing on the motion was held December 30, 2008. Plaintiff Reed Taylor was represented by attorney Roderick C. Bond. Defendants AIA Services Corporation and AIA Insurance, Inc. were represented by attorney John Ashby. Defendant R. John Taylor was represented by attorney Michael E. McNichols. Defendant CropUSA was represented by attorney James Garziolis. The Court, having read the motion, briefs, and affidavits submitted by the parties, having heard oral arguments of counsel and being fully advised in the matter, hereby renders its Opinion and Order.

OPINION

On May 31, 2007, the Court Ordered Defendants AIA Services and AIA Insurance to post a \$200,000.00 preliminary injunction bond after the Court granted Defendants' motion for preliminary injunction. Plaintiff recently filed a motion seeking to have the amount of surety bond increased. Plaintiff argues in part that the Court, in setting the amount of bond, should consider as a factor that Plaintiff subsequently prevailed on the issue of default on the \$6 million promissory note and should set the amount of bond at not less than the \$6 million owed on the note.

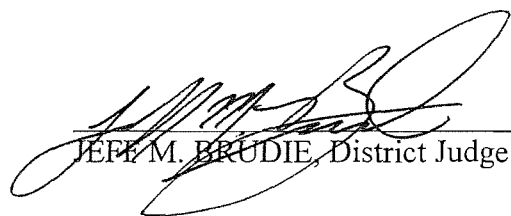
Rule 65(c) of the Idaho Rules of Civil Procedure provides in relevant part, "No restraining order or preliminary injunction shall issue except upon the giving of security by the applicant, in such sum as the court deems proper, for the payment of such costs and damages including reasonable attorney's fees to be fixed by the Court, as may be incurred or suffered by any party who is found to have been wrongfully enjoined or restrained." In the instant case, Plaintiff has failed to cite any legal authority for his premise that a preliminary injunction bond

should be increased based on a subsequent grant of partial summary judgment on a contract claim. Neither has the Court found such authority. Therefore, the Court will not take into consideration its subsequent ruling that Defendants AIA are in default on the \$6 million promissory note at issue in the above-entitled matter. However, the Court does find the current bond of \$200,000.00 to be inadequate. After taking into consideration the reasonable efforts of Plaintiff to defend against the motion for preliminary injunction and reasonable efforts to have the preliminary injunction dissolved, the Court finds the amount of bond should be increased pursuant to the discretionary authority of the Court in setting such bonds.

ORDER

IT IS HEREBY THE ORDER OF THE COURT that the preliminary injunction bond posted by Defendants AIA Services and AIA Insurance be increased to \$600,000.00 pursuant to I.R.C.P. 65(c).

Dated this 5 day of February 2009.


JEFF M. BRUDIE, District Judge

CERTIFICATE OF MAILING

I hereby certify that a true copy of the foregoing OPINION & ORDER was:

_____ hand delivered via court basket, or faxed

mailed, postage prepaid, by the undersigned at Lewiston, Idaho, this 5th day of February, 2009, to:

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Chicago IL 60661-2511

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Clements, Brown & McNichols
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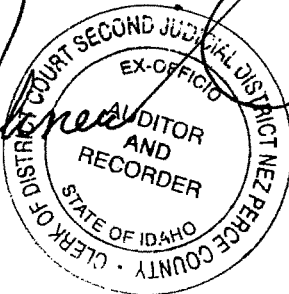
Charles Brown
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*Messenger
Service*

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D John Ashby
Hawley, Troxell Ennis & Hawley LLP
PO Box 1617
Boise, ID 83701-1617

PATTY O. WEEKS, CLERK

By: *James G. [Signature]*
Deputy



Taylor v. AIA, et al.
Order on Motion to Increase Injunction Bond

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2009 FEB 5 PM 1 59

PATTI J. BECKS
CLERK OF THE DIST. COURT

DEPUTY

James Beck

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

REED J. TAYLOR, a single person,)
)
Plaintiff,)

CASE NO. CV07-00208

v.)

ORDER REGARDING CASE
ADMINISTRATION

AIA SERVICES CORPORATION, an Idaho)
corporation; AIA INSURANCE, INC., an)
Idaho corporation; R. JOHN TAYLOR and)
CONNIE TAYLOR, individually and the)
community property comprised thereof,)
BRIAN FREEMAN, a single person; JOLEE)
DUCLOS, a single person; CROP USA)
INSURANCE AGENCY, INC., an Idaho)
corporation; and JAMES BECK and)
CORRINE BECK, individually and the)
community property comprised thereof,)
)
Defendants.)

CONNIE W. TAYLOR and JAMES BECK,)
)
Counterclaimants,)

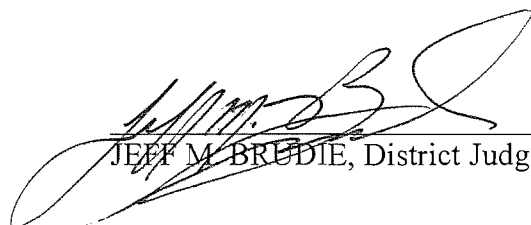
v.)

REED J. TAYLOR, a single person,)
)
Counterdefendant.)

IT IS HEREBY THE ORDER OF THE COURT that the administration of the above-entitled matter shall proceed as follows:

- 1) HEARINGS ON CONTESTED MOTIONS: Scheduling of hearings on contested motions shall hereafter be set by the Court. Upon the filing of any motion, a party may request a hearing and suggest convenient and available dates. The filing party shall also submit to the Court a blank Notice of Hearing of the motion for completion by the Court.
- 2) SEPARATE TRIALS: Due to the nature of the case and the number of parties, claims and counterclaims, the Court finds that separate trials will be conducive to expedition and economy. By Friday March 6, 2009, each party shall submit to the Court (copied to all parties) a suggested trial schedule identifying the parties and claims/counterclaims to be resolved at each stage and the order in which each should proceed.

Dated this 5 day of February 2009.


JEFF M. BRUDIE, District Judge

CERTIFICATE OF MAILING

I hereby certify that a true copy of the foregoing OPINION & ORDER was:

_____ hand delivered via court basket, or faxed

✓ mailed, postage prepaid, by the undersigned at Lewiston, Idaho, this 5th day of February, 2009, to:

Roderick C. Bond
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Boise, ID 83701-1617

PATTY O. WEEKS, CLERK

By *Samela Schmeck*
Deputy



Taylor v. AIA, et al.
Order Regarding Case Administration

CLW

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2009 FEB 6 AM 8 39

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Attorneys for Plaintiff Reed J. Taylor

IN THE DISTRICT COURT OF THE SECOND JUDICIAL DISTRICT OF THE
STATE OF IDAHO, IN AND FOR THE COUNTY OF NEZ PERCE

<p>REED J. TAYLOR, a single person,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>AIA SERVICES CORPORATION, an Idaho corporation; AIA INSURANCE, INC., an Idaho corporation; R. JOHN TAYLOR and CONNIE TAYLOR, individually and the community property comprised thereof; BRYAN FREEMAN, a single person; JOLEE DUCLOS, a single person; CROPUSA INSURANCE AGENCY, INC., an Idaho Corporation; and JAMES BECK and CORRINE BECK, individually and the community property comprised thereof;</p> <p style="text-align: center;">Defendants.</p>	<p>Case No.: CV-07-00208</p> <p>PLAINTIFF REED TAYLOR'S AMENDED RESPONSE IN OPPOSITION TO AIA SERVICES 401(k) PROFIT SHARING PLAN'S MOTION TO INTERVENE</p>
--	--

Case No.: CV-07-00208

PLAINTIFF REED TAYLOR'S
AMENDED RESPONSE IN
OPPOSITION TO AIA SERVICES
401(k) PROFIT SHARING PLAN'S
MOTION TO INTERVENE

ORIGINAL
5125

I. INTRODUCTION

The motion to intervene of the AIA Services 401(k) Profit Sharing Plan (“Plan”) should be denied. The Plan has no standing. The shareholders have all consented and acquiesced in the redemption of Reed Taylor’s shares. Moreover, even if the Plan had standing, its asserted counterclaim is barred by the statute of limitations thereby making intervention futile.

Even if the Plan had standing and the Plan’s claims were not futile, the Plan’s intervention is untimely under both I.R.C.P. 24(a) and (b), being pursued by the same person who was a named defendant almost two years ago. Significantly, the Plan’s intervention involves asserting the same alleged “illegality” defense which is already being asserted by the defense in virtually every pleading and motion. The Plan’s intervention is improper and clearly being pursued for the interests of the individual defendants in this action, rather than the Plan.

II. STATEMENT OF FACTS

John Taylor, James Beck, Mike Cashman and Richard Campanaro Wanted Reed Out

Richard Campanaro, James Beck and Michael Cashman were an investor group who desired to redeem Reed Taylor’s shares in AIA Services, along with R. John Taylor. *See* Affidavit of Reed Taylor dated May 9, 2008, Ex. A. In the letter from Richard Campanaro to Reed Talor and John Taylor dated April 14, 1995, Mr. Campanaro stated the following when negotiations were faltering to repurchase Reed Taylor’s shares:

[F]ollowing the Board of Director’s and Stockholder’s meetings held in Boise, Idaho in early March, Mr. Michael Cashman, myself, Mr. Jim Beck...expected a response from Mr. Reed Taylor detailing the sale of his stock in AIA...that, in fact, [Reed Taylor] had retained the services of an attorney for the purpose of attempting to finalize the details of our sale and purchase agreement...

...Mr. Reed Taylor has refused to negotiate an agreement [for the purchase of his shares]....Mr. Reed Taylor addressed issues with his attorney, Scott Bell, that, as the

Chairman of the Board of Directors, he should have known were heretofore resolved. This indicates to me a lack of seriousness on his part or a complete lack of understanding of the structure we were attempting to avail ourselves of in order to effectuate this purchase [of Reed's shares]. It appears that Mr. Reed Taylor was attempting to sabotage, for whatever reason, the entire purchase agreement....

...I was, and continue to be, a sincere purchaser of Reed Taylor's stock and the restructuring of AIA...

...I am also sending Dick Riley a copy [of this letter] so that he might appropriately respond to the letter of intent drafted by Scott T. Bell, which, in my opinion, is another indication of Reed Taylor's lack of seriousness concerning the sale of his stock....

...If you both [Reed and John Taylor] wish to pursue this matter [the purchase of Reed's stock], please advise me as soon as possible...

See Affidavit of Reed Taylor dated May 9, 2008, Ex. A, pp. 1-5 (emphasis added). Mr. Campanaro's letter clearly demonstrates that Mr. Campanaro, on behalf of himself and the other members of the Investor Group (Michael Cashman and James Beck) were pressuring Reed Taylor to sell his shares. *Id.*

On June 30, 1995, James Beck, Michael Cashman, Richard Campanaro and R. John Taylor entered into an Investment Agreement. See Affidavit of Reed Taylor dated May 9, 2008, Ex. E. Under the terms of the Investment Agreement, R. John Taylor, James Beck and Michael Cashman specifically agreed that the redemption of Reed Taylor's shares was a condition precedent to them purchasing the Series C Preferred Shares in AIA Services:

9. Conditions To Investors Obligations at the Closing. The obligations of [Beck, Cashman and Campanaro] are subject to the fulfillment, prior to or on the Closing Date, as indicated below, of each of the following conditions...

(d) Reed Taylor Buyout. The Company shall successfully negotiate and conclude its transaction with Reed Taylor for the purchase of all of his stock and stock rights in and to Company stock, in form and substance satisfactory to [Beck, Cashman and Campanaro].

See Affidavit of Reed Taylor dated May 9, 2008, Ex. E, p. 10, ¶¶ 9 and 9(d).

All The Shareholders Knew About The Terms of Reed's Redemption

On June 27, 1995, a Notice of Special Meeting of Shareholders was sent to all shareholders of AIA Services advising them of the details of the redemption of Reed Taylor's shares:

Redemption of all of Reed J. Taylor's 613,494 common shares of Company's common stock for \$7.5 million and certain other consideration, pursuant to the terms of a Stock Redemption Agreement, a Consulting Agreement and related documentation; application of the proceeds of the sale of 150,000 shares of Series C Preferred Stock and attendants Series C Warrants to the \$1.5 million down payment of the redemption price for Reed J. Taylor's Common Stock; issuance of the Company's \$6 million promissory note for the balance of the redemption price for Mr. Taylor's common stock; and related transactions with Mr. Taylor, including (without limitation) the Consulting Agreement and certain documents pursuant to which, to secure the payment of the promissory, Mr. Taylor is granted a security interest in the stock and the commission income of Company's operating subsidiaries.

See Affidavit of Reed Taylor dated May 9, 2008, Ex. B, pp. 1-2, ¶ 5. The Notice of Special Meeting of Shareholders was signed by JoLee Duclos.¹ *Id.*

On July 10, 1995, John Taylor sent a letter to AIA Services' shareholders detailing the restructuring of the company and the purchase of Reed Taylor's shares:

...The transactions comprising the reorganization are detailed in the enclosures. The reorganization includes the Company's purchase of all Reed Taylor's shares of Common Stock; issuance of a 10 year promissory note to Mr. Taylor, interest-only payable for 10 years with the \$6 million balance due at maturity and secured by security interests in the stock and commission income of Company's operating subsidiaries; discharge of approximately \$480,000 of Mr. Taylor's indebtedness to the Company; transfer of the airplanes and related debt to Mr. Taylor; and other related transactions.

¹ It is noteworthy that the very same person who signed the Notice is the same JoLee Duclos who is serving as Trustee of the 401(k) Plan, who is disingenuously seeking to intervene in this action. JoLee Duclos' name is on almost as many documents as R. John Taylor and she has had full knowledge since the time before Reed Taylor's shares were redeemed.

See Affidavit of Reed Taylor dated May 9, 2008, Ex. C, p. 1. In addition, John Taylor advised the shareholders that “...the Company does not intend to offer to purchase any of your shares at this time.” See Affidavit of Reed Taylor dated May 9, 2008, Ex. C, p. 2 (emphasis added). John Taylor ended the July 10, 1995, letter by making clear his support to purchase Reed Taylor’s shares:

I urge you to support and ratify the transactions proposed in these documents. I believe this is the best possible scenario for the ultimate survival and continued prosperity of the Company and all of us as shareholders.

See Affidavit of Reed Taylor dated May 9, 2008, Ex. C, p. 3 (emphasis added). John Taylor’s letter fails to corroborate the Plan’s spin on this case that Reed Taylor was only in it for himself. *Id.* In fact, John Taylor emphasized that the ownership interest of the minority shareholders would increase from 13.4% of the company to 21.15% of the company. *Id.* at p. 2.²

Along with the letter dated July 10, 1995, AIA Services sent a Confidential Private Placement Memorandum to all shareholders also detailing the terms of the redemption of Reed Taylor’s shares and the related security interests in the stock and commissions of the operating subsidiaries. See Affidavit of Reed Taylor dated May 9, 2008, Ex. C, p. 3 and Ex. D, p. 17 and 34. The Private Placement Memorandum detailed the specific terms of the redemption of Reed Taylor’s shares and the consideration for the redemption. *Id.*

Reed Taylor’s Shares Are Redeemed and He Becomes a Secured Creditor

On July 22, 1995, AIA Services and Reed Taylor entered into the Stock Redemption Agreement, Stock Pledge Agreement, Security Agreement, among other agreements. See Hearing, Ex. Z, AA and AB. AIA Services executed the \$6M Note on August 1, 1995. See

² The letter to shareholders dated July 10, 1995, was typed by JoLee Duclos. See Affidavit of Reed Taylor dated May 9, 2008, Ex. C, p. 3.

Hearing, Ex. A. Reed Taylor's shares were canceled effective July 22, 1995, at which time he transitioned from a shareholder of AIA Services to a secured creditor of AIA Services. *See* Hearing, Ex. A-F, Z, AA and AB; Affidavit Reed Taylor dated May 9, 2008, Ex. H. In other words, all of Reed Taylor's shares were canceled after the transaction to redeem his shares had closed in 1995. *Id.*

Reed Taylor Receives an Opinion Letter Stating the Redemption Was Legal

On August 15, 1995, an opinion letter was issued to Reed Taylor verifying many requirements had been met by AIA Services, including, without limitation, that the purchase of Reed Taylor's shares was a legal transaction and that shareholder approval was obtained. *See* Affidavit of Reed Taylor dated May 9, 2008, Ex. I. The opinion letter was based upon the knowledge of R.M. Turnbow and Richard Riley. *Id.* at p. 2. The opinion letter makes no reference to any violations of I.C. § 30-1-46 or I.C. § 30-1-6, but instead merely contains the standard language contained in virtually any opinion letter that the enforceability of the documents could be effected by bankruptcy or insolvency. *Id.*

The Redemption Give John Taylor, Jim Beck, Mike Cashman and Campanaro Control

On August 1, 1995, R. John Taylor and AIA Services entered into an Executive Officer's Agreement, the recitals of which state "AIA proposes to purchase the Common Stock of Reed J. Taylor, majority shareholder of AIA, so that [R. John Taylor] and Richard W. Camponaro, will obtain operational and financial control of AIA." *See* Supplemental Affidavit of Roderick C. Bond dated September 3, 2008, Ex. 45.

Indeed, "operational and financial control of AIA" meant redeeming Reed Taylor's controlling ownership interest in AIA Services premised on the payment of \$6 million in 10

years so that John Taylor, James Beck, Michael Cashman and Richard Campararo would obtain operational control of over \$65,664,000 in commissions and associated revenues for the ten year period from 1995 through 2005.^{3 4} In 1995, the redemption agreements were modified, although Reed Taylor's shares had already been redeemed, the \$6 Million Promissory Note remained unchanged, and Reed Taylor's security interests remained unchanged. *See* Hearing, Ex. A-E.

Notes to AIA Services' Consolidated Financial Statements Detailed the Terms for Years.

For many years, AIA Services' Consolidated Financial Statements have specifically outlined the terms of the redemption of Reed Taylor's shares and the associated promissory notes:

In July 1995, the Company acquired all outstanding shares (613,494 shares) of its former majority stock holder...[for] \$7.5 Million [and other consideration]...

A down payment of \$1.5 million originally due on October 22, 1995 was renegotiated in July 1996 to be due October 31, 1996. Interest on this note (as renegotiated in July 1996) is 9.5% (14% while in default) and principal and interest payments of \$33,750 per month are due beginning August 1, 1996. The remaining \$6 million is payable in the form of a note with interest at 8.25%, monthly payments of interest only, principal due and payable August 1, 2005. These notes are secured by the Company's stock and commission income. An escrow agreement was signed in July 1996 providing payments on these notes to be transferred directly from the Company's lock box. In addition, in July 1996, the Company agreed to reimburse the former majority stockholder for attorney's fees related to the restructuring...⁵

³ *See* Hearing, Ex. AL, p. 6 (Consolidated Statement for 1996 and 1995); Hearing AN, p. 5 (Consolidated Statement for 1998 and 1997); Hearing Ex. AO, p. 5 (Consolidated Statement for 1999 and 1998); Hearing Ex. AQ, p. 5 (Consolidated Statement for 2001 and 2000); Hearing, Ex. W, p. 5 (Consolidated Statements for 2005); Hearing Ex. AS, p. 3 (Consolidated Statement for 2004); Hearing, Ex. AR, p. 3 (Consolidated Statements for 2003 and 2002).

⁴ Reed Taylor is unable to set forth the exact amount of commissions and related receivables through 2008 because such financial information has never been produced to Reed Taylor. Moreover, the over \$65,664,000 in commissions and related receivables do not include the millions dollars in commissions and related revenues received by CropUSA, which should have been revenues included in AIA Services' Consolidated Financial Statements but were not because the defendants unlawfully spun off CropUSA from AIA.

⁵ *See* Hearing, Ex. AL, pp. 37-38 (Consolidated Statement for 1996 and 1995); Affidavit of Connie Taylor dated April 16, 2008, Ex. A, pp. 36-37 (Consolidated Statement for 1995 and 1994); *see also* Hearing Ex. AM, pp. 37-38 (Consolidated Statement for 1997 and 1996); Hearing AN, pp. 20-21 (Consolidated Statement for 1998 and 1997); Hearing Ex. AO, p. 21 (Consolidated Statement for 1999 and 1998); Hearing Ex. AQ, pp. 18-19 (Consolidated Statement for 2001 and 2000); Hearing, Ex. X, p. 17 (Consolidated Statements for 2002 and 2001).

The idea that AIA Services' business declined under the direction of John Taylor, James Beck, Mike Cashman and JoLee Duclos was nothing new to the shareholders of AIA Services and occurred with the full knowledge and acquiescence of all shareholders.⁶

The Plan Did NOT Purchase The Preferred C Shares Until 1996 and 1997

The Plan acquired Series C Preferred Shares in AIA Services in the following amounts and dates: (1) 10,000 shares on March 18, 1996; (2) 40,000 shares on March 28, 1996; (3) 6,500 shares on March 28, 1996; (4) 25,000 shares on November 27, 1996; and (5) 11,000 shares on September 15, 1997; *See* Affidavit of JoLee Duclos, Ex. J; *see also* 2nd Supplemental Affidavit of Roderick Bond in Support of Motion to Disqualify, Ex. 59. All of the Preferred C Share Certificates were signed by R. John Taylor and not a single certificate was signed or approved by Reed Taylor. *Id.* No information has been submitted by JoLee Duclos as to where the Plan's funds were used, but there are no records submitted by JoLee Duclos that the funds went to Reed Taylor or that Reed Taylor had absolutely anything to do with the sale of the shares to the Plan. *See* Affidavits and Briefing submitted by the Plan.

The first 81,500 Series C Preferred Shares acquired by the Plan were purchased through a Subscription Agreement signed by R. John Taylor, as Trustee of the Plan. *See* Affidavit of Roderick C. Bond dated February 5, 2009, Ex. B. The Subscription Agreement was not approved or signed by Reed Taylor and contained significant information on the risk of investing in the shares. *Id.* The final 11,000 Series C Preferred Shares acquired by the Plan were not even sold for cash, but were issued in place of AIA Services 150% cash match for employees. *See* Affidavit of Roderick C. Bond dated February 5, 2009, Ex. A.

⁶ *See* Footnote 4 above.

The evidence is overwhelming that the purchase of the Series C Preferred C Shares was engineered by John Taylor and others over whom Reed Taylor had not control. The evidence is also void of a single document or any other evidence demonstrating Reed Taylor was involved in the Series C Preferred Share sales to the Plan, let alone any evidence that Reed Taylor even had any knowledge of the sales. Finally, the record is void of any evidence or proof that any of the funds received by AIA Services from the Plan were even paid to Reed Taylor. *See* Court File.

It Was No Secret That The Intent Was To Go Public After Reed's Shares Were Redeemed.

In a Private Placement Memorandum dated June 1, 1995, investors were informed of certain disclosures pertaining to going public:

[T]here can be no assurances that the Company will ever effect a public offering of its securities. Even if the Company does effect a public offering of its Common Stock, there can be no assurance that any of the Shares offered hereby, or the Warrants included, therein will be included in such public offering..."

See Affidavit of Reed Taylor dated May 9, 2008, Ex. D, p. 15. In a letter to shareholders dated July 10, 1995, John Taylor emphasized how the minority shareholders' ownership interest would substantially increase if Reed Taylor's shares were redeemed and specially discussed the ownership interest of the minority shareholders "...based upon a minimum offering. *See* Affidavit of Reed Taylor dated May 9, 2008, Ex. C, p. 2.

In the "exit strategy" letter sent to the Series C Preferred Shareholders on June 18, 2001, John Taylor again discussed going public:

Over the last few years, AIA's management and directors have been looking for ways to create an exit strategy for your investment in AIA. We had originally planned to take AIA public, but it is unlikely in the foreseeable future. Market conditions may change, but here can be no assurance for a public market.

See Second Supplemental Affidavit of Roderick C. Bond dated September 9, 2008, Ex. 53, p. 1. Numerous board meeting minutes of AIA Services reference going public as well. See e.g., Affidavit of JoLee Duclos, Ex. B.

The Resignation of John Taylor Days Before the Intervention

John Taylor purportedly resigned as Co-Trustee of AIA Services' 401(k) Plan ("Plan") on August 4, 2008, Connie Taylor and James Beck waived the 30-day advance notice requirement on August 7, 2008, and just four days later JoLee Duclos, the remaining sole Trustee (whose conflicts of interest bar her from being the Trustee of the Plan), retained Charles Brown to intervene in this action. See Affidavit of Roderick C. Bond dated August 28, 2008, Ex. 41, p. 1; Duclos Aff. As the Court file clearly demonstrates, the Plan has been inappropriately aligned with John Taylor and the other defendants.

III. AUTHORITIES AND ARGUMENT

Intervention is governed by I.R.C.P. 24, which sets forth the requirements which must be met in order for a party to intervene. See I.R.C.P. 24(a)-(b).

For the reasons stated below, the Plan's Motion to Intervene should be denied.

A. The Plan Has No Standing To Intervene Because It Did Not Become A Shareholder Until After The Redemption Of Reed Taylor's Shares.

1. The Plan Did Not Purchase Shares or Become A Shareholder Until After Reed Taylor's Shares Were Redeemed in 1995.

A party must be a creditor at the time of all alleged illegal distribution in order to have standing to sue on the theory of an illegal corporate distribution. *In re Lake Country Investments, LLC v. Noyes*, 255 B.R. 588, 601-02 (Idaho Dist. Ct. 2000) (quoting *LaVoy Supply Co. v. Young*, 84 Idaho 120, 127, 369 P.2d 45 (1962)) ("A corporation itself cannot have a stock

repurchase agreement declared illegal, nor can creditors who are not injured have a right to complain.”). See also *Peoples-Pittsburgh Trust Co. v. Pittsburgh United Corp.*, 12 A.2d 430, 433-34 (Pa. 1940) (“If a corporation has performed its promise to redeem and has actually cancelled the shares in circumstances in which existing creditors are not prejudiced, a subsequent creditor will not be heard to complain.”).

An “[intervenor] had no right of intervention because there was no obligation due it” on the date of the transaction in question. *Noyes*, 255 B.R. at 601-02 (quoting *LaVoy Supply Co.*, 84 Idaho at 127); see also *Swafford v. Berry*, 152 Colo. 493, 499, 382 P.2d 999, 1002 (Colo. 1963) (“a shareholder who, with knowledge of the material facts, has consented or acquiesced in the transaction of which he complains ordinarily cannot attack the transaction on behalf of the corporation”).

Here, and most importantly, the Plan did not acquire its Preferred C Shares until 1996 and 1997, well after the redemption of Reed’s shares on July 22, 1995. See 2nd Supp. Bond Aff., Ex. 59. Moreover, John Taylor was the Co-Trustee of the Plan at the time the Preferred C Shares were purchased by the Plan. Thus, the Plan has no standing to intervene and the Plan does not represent innocent shareholders. Moreover, not only is the Plan’s intervention inappropriate and being pursued to further the interests of John Taylor and other interested parties as demonstrated in the Plan’s proposed pleading. Finally, the Plan is ignoring the true bona-fide claims against John Taylor, JoLee Duclos, Connie Taylor, James Beck, Michael Cashman, CropUSA and the other responsible parties to the detriment of Reed and the other innocent participants of the Plan.

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2. The Plan Did Not Become Shareholders Until After the Redemption of Reed Taylor's Shares in 1995 as Required By I.C. § 30-1-741.

A shareholder may not commence or maintain a derivative proceeding unless the shareholder “[w]as a shareholder of the corporation at the time of the act or omission complained of...” *See* I.C. § 30-1-741.⁷

Here, it is clear that the Plan is asserting a derivative claim because it is requesting that the Court rule that the redemption of Reed Taylor's shares was illegal and that the Court should require him to pay back the money to AIA Services. However, the Plan did not purchase Preferred C Shares in AIA Services until 1996 and 1997, well after the redemption of Reed Taylor's shares on July 22, 1995. The Plan has no standing and intervention should be denied.

3. The Plan Has Failed to Provide Any Proof That It Has Complied With I.C. § 30-1-742.

A shareholder may not commence a derivative action until written demand has been made on the corporation, ninety days has expired from the date of the demand, or irreparable injury can be shown to the corporation. *See* I.C. § 30-1-742. In addition, a shareholder must

Here, the Plan has failed to submit any evidence that it has complied with the demand requirements set forth in I.C. § 30-1-742 or the circumstances warrant otherwise. Indeed, the Plan is aligned with the very corporation it seeks to assist, along with the individual defendants who have improperly operated AIA Services over the past several years. The Plan has failed to show that it has made a demand on AIA Services for the mandatory redemption of the Series C Preferred Shares in the Plan (which would be the proper remedy and method of damages, rather

⁷ The requirement that the Plan is fairly and adequately representing the interests of the corporation need not be considered because the Plan does not have standing since it purchased the Preferred C Shares after Reed Taylor's shares were redeemed. The Affidavit of JoLee Duclos contains sealed documents listing various shareholders in the ESOP, however, this is irrelevant because the ESOP is not a party and the ESOP would be barred for most of the reasons set forth in this Response.

than seeking an illegality ruling that will not place any funds in the Plan). Rather, the evidence only shows that the Plan is aligned with AIA Services and the individual defendants who have wrongfully misappropriated AIA Services and AIA Insurance's assets.

4. The Plan Has Provided No Proof That It Will Comply With I.R.C.P. 23(f).

Derivative actions must be pursued for the benefit of all shareholders and must be demonstrated to not be collusive. I.R.C.P. 23(f).

Here, the Plan's proposed pleading merely demonstrates that it is supporting the present management of AIA Services—the same management that has unlawfully transferred millions of dollars of funds, assets and trade secrets from AIA Services and AIA Insurance. The Plan has not and cannot show that it can represent the interests of all shareholders.

5. Reed Taylor Is Entitled to An Award of Fees and Costs.

In a failed derivative effort, a court may award attorney fees to the party defending the derivative action, which includes derivative actions brought for improper purposes. *See* I.C. § 30-1-746(3).

Here, the Plan's intervention was brought for improper purposes and not well grounded in fact. Not only should the Court deny intervention, but the Court should award Reed Taylor attorneys' fees and costs and order the fees to be paid by the individual defendants in this action after an inquiry as to the individuals behind the intervention, or, in the alternative, from the Plan.

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B. Assuming the Plan Was a Shareholder at the Time of the Redemption of Reed Taylor's Shares and Assuming AIA Services Was Insolvent At the Time, the Plan Has No Standing to Attack the Redemption of Reed Taylor's Shares Because It Has Acquiesced in the Transaction for Over 13 Years.

In deciding a motion to intervene, a trial court may consider whether the intervention would be futile. *See Stotts v. Memphis Fire Dept.*, 679 F.2d 579, 582 (6th Cir. 1982) (trial court rejecting intervention properly considered that relief sought was unavailable as a matter of law).

1. Even if a Transaction Was Improper, a Shareholder Who Acquiesced in the Transaction Has No Standing To Attack the Transaction.

“Stock redemption statutes are designed to protect innocent creditors and minority stockholders from corporate mismanagement of assets.” *See The Minnelusa Company v. A.G. Andrikopoulos*, 929 P.2d 1321, 1324-25 (Col. 1996) (citing *Naples Awning & Glass, Inc. v. Cirou*, 358 So.2d 211, 213 (Fla. 1978)); *Lewis v. Powell*, 203 So.2d 504, 506 (Fla. 1967); *American Family Care, Inc. v. Irwin*, 571 So.2d 1053, 1060 (Ala. 1990); *Hawkins v. Mall, Inc.*, 444 S.W. 2d 369, 386 (Mo. 1969); *see also* 40-APR Advocate (Idaho) 24 (1997) (by Richard Riley) (“The current statute imposes legal capital requirements which were originally intended to protect creditors and senior security holders...”); 19 C.J.S. Corporations § 824 (2008) (“The purpose of a statute prohibiting a corporation from redeeming its own shares of capital stock when its capital is or would become impaired is to protect creditors...”).

In *The Minnelusa Company*, the Colorado Supreme Court explained the purposes of stock redemption statutes:

Similarly, [a shareholder] raised the Florida stock repurchase statute as a defense to his obligations under the promissory notes. A shareholder who is fully aware of, and consents to, a questionable transaction may not thereafter attack that transaction by requesting it be declared illegal...Gower is not an intended beneficiary of the Florida stock repurchase statute, we hold that Gower may not use the Florida stock repurchase statute to relieve him of his personal guarantee on the promissory notes.

The Minnelusa Company, 929 P.2d 1321, 1324-25 (Col. 1996) (internal citations omitted) (emphasis added); *see also Swafford v. Berry*, 382 P.2d 999, 1002 (Colo. 1963) (“a shareholder who, with knowledge of the material facts, has consented or acquiesced in the transaction of which he complains ordinarily cannot attack the transaction on behalf of the corporation”).

Here, all of the shareholders and employees of AIA Services had intimate knowledge of the terms of the redemption of Reed Taylor’s shares in 1995. They all were willing to risk everything to take AIA Services public. For any shareholders who may have opposed the redemption of Reed Taylor’s shares, they should have complained a decade or more ago—not after it appears AIA Services days are numbered. Nevertheless, whether shareholders approved the redemption of Reed Taylor’s shares or opposed the transaction, the time to act was long ago. Instead, the shareholders have all acquiesced in the redemption of Reed Taylor’s shares.

C. Assuming The Plan Had Standing To Intervene, Its Intervention Should Be Denied Because It Would Be Futile Based Upon The Statute of Limitations Running.

In deciding a motion to intervene, a trial court may consider whether the intervention would be futile. *See Stotts v. Memphis Fire Dept.*, 679 F.2d 579, 582 (6th Cir. 1982) (trial court rejecting intervention properly considered that relief sought was unavailable as a matter of law).

Actions against directors and stockholders of a corporation are governed by the three year statute of limitations set forth in I.C. § 5-237, while actions for other relief are governed by the four year statute of limitations set forth in I.C. § 5-224. Specifically, I.C. § 5-237 provides:

This chapter does not affect actions against directors or stockholders of a corporation to recover a penalty or forfeiture imposed, or to enforce a liability created by law; but such actions must be brought within three (3) years after the discovery by the aggrieved party of the facts upon which the penalty or forfeiture attached, or the liability was created.

I.C. § 5-237 (emphasis added). In addition, I.C. § 5-224 provides:

An action for relief not hereinbefore provided for must be commenced within four (4) years after the cause of action shall have accrued.

I.C. § 5-224. Idaho Code has a savings provision that require the provision in place as of the date of the transaction to govern transactions occurring prior to the repeal of the Idaho Business Corporations Act:

(1) Except as provided in subsection (2) of this section, the repeal of a statute by this chapter does not affect:

* * *

(c) Any violation of the statute, or any penalty, forfeiture or punishment incurred because of the violation, before its repeal.

I.C. § 30-1-1703. Thus, I.C. § 30-1-6 (1995) and I.C. § 30-1-46 (1995) are the only possible applicable code sections (copies of which have been submitted by the Plan).

The Plan's proposed claims and defenses are barred by the applicable statute of limitations.

1. The Plan's Claims and Defenses for Violations of I.C. 30-1-46 Are Time Barred.

The statute of limitations applies to claims alleging an illegal distribution under I.C. § 30-1-46. *In re Lake Country Investments, LLC v. Noyes*, 255 B.R. 588, 601-02 (Idaho Dist. Ct. 2000).

I.C. § 30-1-46 (1995) governs distributions to shareholders if the corporation is insolvent and this section remained unchanged in 1996 as well. *See* I.C. § 30-1-46 (1995). Reed Taylor's shares were redeemed in 1995 in exchange for certain consideration and \$7.5 Million in promissory notes. Thus, assuming AIA Services was insolvent as a result of the transaction that transitioned Reed Taylor from a shareholder to a creditor, the statute of limitations has run long ago under I.C. § 5-237 and I.C. § 5-224, regardless of whether or not the 1995 redemption date is

used as the accrual date of the claim or the 1996 restructure date.

2. The Plan's Claims and Defenses for Violations of I.C. § 30-1-6 Are Time Barred.

The statute of limitations applies to claims alleging an illegal corporate act. *In re Lake Country Investments, LLC v. Noyes*, 255 B.R. 588, 601-02 (Idaho Dist. Ct. 2000). I.C. § 30-1-6 provides:

A corporation shall have the right to purchase, take, receive or otherwise acquire, hold, own, pledge, transfer or otherwise dispose of its own shares, but purchases of its own shares, whether direct or indirect, shall be made only to the extent of unreserved and unrestricted earned surplus available therefor, and, if the articles of incorporation so permit or with the affirmative vote of the holders of a majority of all shares entitled to vote thereon, to the extent of unreserved and unrestricted capital surplus available therefor.

To the extent that earned surplus or capital surplus is used as the measure of the corporation's right to purchase its own shares, such surplus shall be restricted so long as such shares are held as treasury shares, and upon the disposition or cancellation of any such shares the restriction shall be removed pro tanto.

Notwithstanding the foregoing limitation, a corporation may purchase or otherwise acquire its own shares for the purpose of:

- (a) Eliminating fractional shares.
 - (b) Collecting or compromising indebtedness to the corporation.
 - (c) Paying dissenting shareholders entitled to payment for their shares under the provisions of this act.
 - (d) Effecting, subject to the other provisions of this act, the retirement of its redeemable shares by redemption or by purchase at not to exceed the redemption price.
- No purchase of or payment for its own shares shall be made at a time when the corporation is insolvent or when such purchase or payment would make it insolvent.

I.C. § 30-1-6 (1995). This Section is unchanged in 1996. *See* I.C. § 30-1-6 (1996).

Assuming I.C. § 30-1-6 is the applicable code section and assuming AIA Services was insolvent when it redeemed Reed Taylor's shares, then a cause of action for the violation of the state accrued no later than August 1, 1995. After the redemption of Reed Taylor's shares, he was no longer a shareholder, but was instead a secured creditor. The 1996 restructure has no

application because Reed Taylor's shares were redeemed in 1995 and the \$6 Million Note remained unchanged. Thus, assuming AIA Services was insolvent as a result of the transaction that transitioned Reed Taylor from a shareholder to a creditor, the statute of limitations has run long ago under I.C. § 5-237 and I.C. § 5-224, regardless of whether or not the 1995 redemption date is used as the accrual date of the claim or the 1996 restructure date.

D. Assuming The Plan Had Standing And Its Claim And Defenses Were Not Futile, The Plan Has No Right To Intervene Under Either I.R.C.P. 24(a) or (b).

A mere interest in the outcome of litigation is insufficient for intervention under Rule 24(b). 67A C.J.S. Parties § 99 (2008). Intervention is governed by I.R.C.P. 24, which sets forth the requirements which must be met in order for a party to intervene:

Rule 24(a). Intervention of right.

Upon timely application anyone shall be permitted to intervene in an action: (1) when a statute of the state of Idaho confers an unconditional right to intervene; or (2) when the applicant claims an interest relating to the property or transaction which is the subject of the action and the applicant is so situated that the disposition of the action may as a practical matter impair or impede applicant's ability to protect that interest, unless the applicant's interest is adequately represented by existing parties.

Rule 24(b). Permissive intervention.

Upon timely application anyone may be permitted to intervene in an action: (1) when a statute confers a conditional right to intervene; or (2) when an applicant's claim or defense and the main action have a question of law or fact in common. When a party to an action relies for ground of claim or defense upon any statute or executive order administered by a federal or state governmental officer or agency or upon any regulation, order, requirement, or agreement issued or made pursuant to the statute or executive order, the officer or agency upon timely application may be permitted to intervene in the action. In exercising its discretion the court shall consider whether the intervention will unduly delay or prejudice the adjudication of the rights of the original parties.

I.R.C.P. 24(a)-(b) (emphasis added).

Here, the Plan's intervention is both untimely and inappropriate under Rule 24 under any possible scenario, and should be denied. *See* I.R.C.P. 24(a)-(b).

1. The Untimeliness of PLAN's Application To Intervene.

This action was filed January 29, 2007, and the Plan did not file its motion until August 21, 2008, i.e., nearly nineteen months later. Notably, the Plan has been aware of this action from its inception, as JoLee Duclos, the sole trustee of the PLAN, was an officer and director of AIA Services when the action was filed, and has been an individual defendant in this action since February 5, 2007. The PLAN has failed to explain its unreasonable delay seeking to intervene.

In reviewing the timeliness of an application, courts consider factors such as:

- a. The stage of the proceedings at the time the applicant seeks to intervene (*U.S. v. Washington*, 86 F.3d 1499, 1503 (9th Cir. 1996); *Engra Inc., v. Gabel*, 958 F.2d 643, 644-45 (5th Cir. 1992));
- b. The prejudice to existing parties from the applicants delay in seeking leave to intervene (*Id.*);
- c. The reason for the delay, i.e., how long the prospective intervenor reasonably should have known of its interest in the litigation (*Id.*); and
- d. The existence of unusual circumstances militating against or in favor of intervention (*Stotts v. Memphis Fire Dept.*, 679 F.2d 579, 582 (6th Cir. 1982));

Although courts may consider all of the foregoing factors, "any substantial lapse of time weighs heavily against intervention." *League of United Latin Am. Citizens v. Wilson*, 131 F.3d 1297, 1302 (9th Cir. 1997) (motion filed 27 months after action commenced faces an "uphill battle").

Here, the Plan has waited almost two years to intervene, all the while JoLee Duclos, the sole Trustee of the Plan, was a defendant in this action and an officer of AIA Services from before the date of the redemption of Reed Taylor's shares through today's date. The Plan's intervention and timing of intervention is nothing short of suspect.

a. Stage of the Proceedings. The fact that a court has already addressed substantially engaged issues in the case (e.g., through pretrial proceedings, injunctive relief, and interlocutory appeal) weighs heavily against intervention. *Wilson*, 131 F.3d at 1303 (upholding denial of intervention based upon substantial pretrial proceedings, grant of injunctive relief and an interlocutory appeal, despite the lack of a trial date). The "critical inquiry is: what proceedings of substance on the merits have occurred?" *Mountain Top Condominium Ass'n. v. Dave Stabbert Master Builder, Inc.*, 72 F.3d 361, 369 (3d Cir. 1995). "This is because the stage of the proceeding is inherently tied to the question of the prejudice the delay in intervention may cause to the parties already involved." *Id.*, 72 F.3d at 370.

Here, Reed Taylor has been granted partial summary judgment on the \$6 Million Note in a long and hard fought battle involving a lengthy Motion to Reconsider and Motion for Interlocutory Appeal to the Idaho Supreme Court. Moreover, Reed Taylor believes that he has been wrongfully enjoined and any further delays only assist the wrongful parties.

b. Prejudice to Existing Parties. This factor pertains to prejudice resulting from the would-be intervenor's failure to promptly request intervention. *Stallworth v. Monsanto Co.*, 558 F.2d 257, 265 (5th Cir. 1977).

Here, the Plan's intervention would not only prejudice Reed Taylor as a result of waiting almost two years to intervene, but the intervention would equally prejudice the Plan itself. Why

would the Plan want to align itself with the very people who have unlawfully taken and transferred AIA Services and AIA Insurance's assets and funds? The prejudice runs both ways.

c. The Reason for The Delay. The issue here is *why* the proposed intervenor waited as long as they did before attempting to intervene. *Wilson*, 131 F.3d 1302. Any substantial length of time "weighs heavily against intervention." *Id.* The relevant circumstance is when the would-be intervenor first became aware that its interests were not being adequately protected by the existing parties. *United States v. Alisal Water Corp.*, 370 F.3d 915, 923 (9th Cir. 2004).

Here, there is no reason for delay. JoLee Duclos was a Co-Trustee of the Plan for years. She has had full knowledge of all of the intimate details of the redemption of Reed Taylor's shares before the redemption documents were even signed. Moreover, Ms. Duclos' hands are unclean and the delay cannot be explained.

d. Unusual Circumstances Militating For or Against A Determination of Timeliness.

The timing of the intervention is nothing short of peculiar. John Taylor purportedly resigned as Co-Trustee of AIA Services' 401(k) Plan ("Plan") on August 4, 2008, Connie Taylor and James Beck waived the 30-day advance notice requirement on August 7, 2008, and just four days later JoLee Duclos, the remaining sole Trustee (whose conflicts of interest bar her from being the Trustee of the Plan), retained Charles Brown to intervene in this action. *See* Affidavit of Roderick C. Bond dated August 28, 2008, Ex. 41, p. 1; Duclos Aff.

As with many other actions taken by the Defendants, the purpose for intervening is clearly improper and the intervention is being pursued protect the interests of John Taylor, JoLee

Duclos and other defendants and unnamed parties, not the interests of the participants to the Plan.

2. Adequacy of Representation.

"A presumption of adequacy of representation arises where the proposed intervenors and a party to the suit have the same ultimate objective." *American Nat'l Bank & Trust v. City of Chicago*, 865 F.2d 144, 148 n.3 (7th Cir. 1989). "Where the party seeking to intervene has the same ultimate goal as a party already in the suit, courts have applied a presumption of adequate representation." *Moosehead San. Dist. v. S.G. Phillips Corp.*, 610 F.2d 49, 54 (1st Cir. 1979). *See also Kneeland v. Nat'l Collegiate Athletic Ass'n.*, 806 F.2d 1285, 1288 (5th Cir.) *cert. denied*, 484 U.S. 817, 108 S. Ct. 72, 98 L. Ed. 2d 35 (1987) (When a proposed intervenor possesses the same ultimate objectives as an existing litigant, the intervenor's interests are presumed to be adequately represented absent a showing of adversity of interest, collusion, or nonfeasance.) "To overcome that presumption, petitioner ordinarily must demonstrate adversity of interest, collusion, or nonfeasance." *Moosehead San. Dist.*, 610 F.2d at 54.

Based on the PLAN's proposed pleading, it plans on asserting a claim that the stock redemption agreement between AIA Services and Reed Taylor is illegal and void. This is precisely the same claim being asserted by AIA Services, James Beck and Connie Taylor. AIA Services is vigorously defending the claims of Reed Taylor and asserting counterclaims against Reed Taylor by able counsel. The Plan has made no showing whatsoever that its interests are not being adequately represented by AIA Services or any of the other defendants.

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3. Intervention Would be A Futile Act.

In deciding a motion to intervene, a trial court may consider whether the intervention would be futile. *See Stotts*, 679 F.2d at 582 (trial court rejecting intervention properly considered that relief sought was unavailable as a matter of law).

For the reasons articulated in this Response, the Plan's intervention is futile and should be denied.

E. The Plan's Proper Course of Action Is ERISA Claims Against The Trustee of The Plan.

Under the equitable doctrine of unclean hands, the court has the discretion to evaluate the relative conduct of both parties and to determine whether the party seeking equitable relief should in light of all the circumstances be precluded from such relief. *Thomas v. Medical Center Physicians, P.A.*, 138 Idaho 200, 210, 61 P.3d 557 (2002).

Idaho law specifically addresses a trustee's duty of loyalty in I.C. § 68-505, which provides:

Loyalty. --- A trustee shall invest and manage the trust assets solely in the interest of the beneficiaries.

I.C. § 68-505 (emphasis added). The Official Comment to I.C. § 68-505 makes a specific reference to ERISA and states:

The duty of loyalty is perhaps the most characteristic rule of trust law, requiring the trustee to act exclusively for the beneficiaries, as opposed to acting for the trustee's own interest or that of third parties. . . .

The concept that the duty of prudence in trust administration, especially in investing and managing trust assets, entails adherence to the duty of loyalty is familiar. ERISA § 404(a)(1)(B), 29 U.S.C. § 1104(a)(1)(B), extracted in the Comment to Section 1 of this Act, effectively merges the requirements of prudence and loyalty. A fiduciary cannot be prudent in the conduct of investment functions if the fiduciary is sacrificing the interests of the beneficiaries.

The duty of loyalty is not limited to settings entailing self-dealing or conflict of interest in which the trustee would benefit personally from the trust. The trustee is under a duty to the beneficiary in administering the trust not to be guided by the interest of any third person.

I.C § 68-505, Official Comment.

Standards of fiduciary conduct for ERISA fiduciaries are to be governed, interpreted and judicially determined both in light of common-law trusts, and special nature, purpose and intent of employee benefit plans. *See e.g., Martin v. Walton*, 773 F.Supp. 1524 (S.D.Fla. 1991).

Under ERISA, the obligations of trustees of pension funds are to be interpreted under principles applicable to trustees under common law of trusts, with view toward establishing uniform standards. *Marshall v. Teamsters Local 282 Pension Trust Fund*, 458 F.Supp. 986 (E.D.N.Y. 1978).

The fiduciary's duties under ERISA are based both on the standards set forth in ERISA and on the common law of trusts. *Ream v. Frey*, 107 F.3d 147 (3rd Cir.1997). In *Bruun v. Hanson*, 103 F.2d 685 (9th Cir. 1939), the Ninth Circuit Court of Appeals applied Idaho common law relative to trusts when it held in that in administering a trust, the trustee must act for the beneficiaries and not for himself in antagonism to the interests of the beneficiaries, and is prohibited from using the advantage of his position to gain any benefit for himself at the expense of beneficiaries or from placing himself in any position where his self-interest will, or may, conflict with his duties as trustee. The court also stated that a trustee is required to protect at all hazards, even to his own personal loss, the estate under his administration, where his personal and individual interest conflict with those of the trust estate. *Id.*; *see also* 29 U.S.C. § 1104 (the statutory fiduciary duties provided by ERISA).

For example, in *Walsh v. Northrop Grumman Corp.*, 871 F.Supp. 1567 (E.D.N.Y. 1994), an ERISA action, the court held that in event of unavoidable conflicts of interest, the options available to trustees of an employee plan, in order to meet their fiduciary duty under ERISA, included appointing an independent trustee or allowing the court to appoint an independent trustee. *Id.* An excellent illustration of the discussion of conflicts of interest was discussed in *In re Fairchild Industries, Inc. and GMF Investments, Inc. ERISA Litigation*, 835 F.Supp. 603 (N.D.Fla.1993), where the court stated in an ERISA action:

When a fiduciary finds itself in such a position of divided, or conflicting, loyalties, a proper course of action may be to step aside in favor of a neutral, competent referee.

Id. at 615 (internal citations omitted) (emphasis added).

In *Mertens v. Kaiser Steel Retirement Plan*, 744 F.Supp. 917 (N.D.Cal.1990) the court observed that “an independent trustee...may be the most vigorous advocate for the plan.” *Id.* at 922. The court further stated:

The Plan was represented throughout the entire proceedings by the same counsel as other defendants, some of whom were charged as breaching trustees. That is an unacceptable conflict of interest. Defendant trustees in fiduciary duty actions alleging injury to the plan obviously have interests potentially adverse to those of the plan itself. In common law trust actions, trustees are not allowed to represent trust funds where that conflict exists. G. Bogert, *Trusts and Trustees*, § 871 at 137-141.

Mertens, 744 F.Supp. at 924 (emphasis added).

Here, it is obvious that the Plan is truly not pursuing intervention to recover any funds for the Plan. Rather, the Plan is intervening for the sole purpose of defrauding Reed Taylor and keeping the same defendants in control of AIA Services—the same defendants who have unlawfully transferred millions of dollars from AIA Services to the detriment of Reed Taylor (a secured creditor), Donna Taylor (the Preferred A shareholder with priority over the shares held

by the Plan) and the participants in the Plan. Indeed, the Trustee of the Plan, JoLee Duclos, is breaching her fiduciary duties to the Plan by expending Plan funds to assist the individual defendants in this action and CropUSA.

1. Under Any Legal Action Against Any Party, The Maximum Recovery of The Plan Would Be The Face Value of The Preferred Shares.

The Series C Preferred Shares of AIA Services held by the Plan are in essence a debt instrument. Thus, the maximum funds the Plan would be entitled to recover from any party would be the \$10 per share value, plus possible accrued dividends. In other words, the Plan should be suing for damages against the responsible parties to make the Plan whole, including John Taylor and JoLee Duclos. Even if the Plan's claim against Reed Taylor had merit, obtaining a ruling from the Court that the redemption was illegal simply allows the same individual defendants in this action to retain control of AIA Services and never pay the Series C Preferred Shareholders, as they have done to the higher priority Series A Shareholder

2. JoLee Duclos' Conflicts of Interest and The Plan's Proposed Pleadings Mirror The Other Defendants and Assert Nothing New But Another Attempt to Disingenuously Mislead the Court.

The conflicts of interest of JoLee Duclos and the inappropriate attempt to intervene can be best illustrated by reviewing the proposed pleadings submitted by JoLee Duclos, the purported Trustee of the Plan. *See* Proposed Answer and Counterclaim; Proposed Motion for Reconsideration of Partial Summary Judgment Granted to Reed Taylor. The pleadings proposed by JoLee Duclos asset the same alleged illegality argument asserted by Connie Taylor, James Beck, Corrine Beck, AIA Services, AIA Insurance, and John Taylor.

JoLee Duclos, the Trustee, is a named defendant in this action and her name is found on most every board meeting held by AIA Services and CropUSA, among substantially more documents.

3. Reed Taylor Holds Over \$300,000 of the Worthless Preferred C Shares.

The Trustee of the Plan, JoLee Duclos, owed Reed Taylor and the other Plan participants fiduciary duties. Such fiduciary duties do not include assisting John Taylor, CropUSA, and the other individual defendants with unlawfully transferring millions of dollars to CropUSA, Pacific Empire Radio Corporation, John Taylor and others. Who are the shareholders of CropUSA? John Taylor, Connie Taylor, James Beck, Corrine Beck, Bryan Freeman, and JoLee Duclos—the very same people asserting the illegality argument to defraud Reed Taylor and the same people teamed up with the Plan for obvious reasons. The Plan is doing nothing to represent Reed Taylor's interests as can be seen by the proposed pleadings. The Plan is not seeking to recover any funds from anyone.

This case has involved numerous conflicts of interest and related issues unseen by the Court or the undersigned counsel. These conflicts should end now by denying the Plan's Motion to Intervene.

4. The Plan's Goal Is To Assist the Defendants In Disingenuously Arguing the Redemption of Reed Taylor's Shares Was Illegal to Undo the Transaction and Leave the Defendants With the Millions of Dollars of Unlawfully Transferred Assets and Reed Taylor With Nothing.

As demonstrated in Connie Taylor and the Becks' Motion for Partial Summary Judgment, the defendants wish to void the redemption of Reed Taylor's shares after their failed efforts to take AIA Services public and the fact that they have been caught misappropriating

millions of dollars of funds and assets. JoLee Duclos, the trustee of the Plan, is looking after herself and the interests of the other defendants and her actions should not be rewarded.


The Plan's trustee is not neutral and has substantial conflicts of interest. As discussed above, such conflicts require a neutral trustee to be appointed. As such, the Plan should be forced to pursue litigation against the responsible parties and not delay this action by forcing the court to deal with conflicts of interest and proceedings to remove the Plan's trustee, which will be forthcoming should the Plan's intervention be granted. Moreover, a federal court action is the proper venue so that all claims, both federal and state can be resolved.⁸

IV. CONCLUSION

For the reasons articulated above, the Plan's Motion to Intervene should be denied and Reed Taylor should be awarded fees and costs.

DATED: This 5th day of February, 2009.

SMITH, CANNON & BOND PLLC
CAMPBELL, BISSELL & KIRBY PLLC

By: 
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⁸ The undersigned is confident that a federal court action against the true wrongdoers would never occur. Regardless, federal court has exclusive jurisdiction over ERISA actions pertaining to breaches of fiduciary duties, which such valid claims should be brought against John Taylor and JoLee Duclos, the same people who disregarded the 401(k) Plan's interests when they engineered the unlawful purchase of Preferred C Shares from CropUSA without purchasing a single share from the Plan and without first redeeming the Series A Preferred Shares held by Donna Taylor (which have priority over the Preferred C Shares).

CERTIFICATE OF SERVICE

I, Roderick C. Bond, declare that, on the date indicated below, I served a true and correct copy of Plaintiff Reed J. Taylor's Amended Response in Opposition to the 401(k) Plan of AIA Services' Motion to Intervene and the Affidavit of Roderick C. Bond (w/ Exhibits A-B) on the following parties via the method(s) indicated below:

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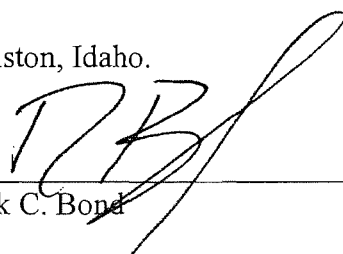
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- Email (pdf attachment)

Signed this 5th day of February, 2009, at Lewiston, Idaho.



Roderick C. Bond