

stapleton

00001

1 IN THE MATTER OF AN ARBITRATION
2 BETWEEN

3 LANCE ARMSTRONG AND)
4 TAILWIND SPORTS, INC.,)
5 Claimants,)
6 VS.) ARBITRATION BEFORE THE
7 SCA PROMOTIONS, INC. AND) HONORABLE RICHARD
8 HAMMAN INSURANCE SERVICES,) FAULKNER, RICHARD
9 INC.,) CHERNICK, AND TED LYON
10 Respondents.)

11 * * * * *

12 ORAL AND VIDEOTAPED DEPOSITION OF
13 WILLIAM J. STAPLETON

14 SEPTEMBER 1, 2005

15 * * * * *

16 ORAL AND VIDEOTAPED DEPOSITION OF WILLIAM J.
17 STAPLETON, produced as a witness at the instance of
18 the RESPONDENTS, and duly sworn, was taken in the
19 above-styled and numbered cause on the 1ST of
20 SEPTEMBER, 2005, from 9:30 a.m. to 2:20 p.m., before
21 Brenda J. Wright, RPR, CSR in and for the State of
22 Texas, reported by machine shorthand, at the Law
23 Offices of Herman, Howry & Breen, 1900 Pearl Street,
24 Austin, Texas, pursuant to the Texas Rules of Civil
25 Procedure and the provisions stated on the record or
attached herein.

¶00002

1 APPEARANCES

2 For the Claimants:
3 Mr. Timothy J. Herman
4 -and-
5 Mr. Sean E. Breen
6 HERMAN, HOWRY & BREEN, L. L. P.
7 1900 Pearl Street
8 Austin, Texas 78705
9 (512) 474-7300

10 For the Respondents:
11 Mr. Jeffrey M. Tillotson
12 LYNN, TILLOTSON & PINKER
13 750 N. St. Paul Street
14 Suite 1400
15 Dallas, Texas 75201
(214) 981-3800
Mr. Chris Compton
-and-
Mr. John Bandy
SCA Promotions
8300 Douglas Avenue
6th Floor
Dallas, Texas 75225
(214) 860-3729

stapleton

16
17
18
19
20
21
22
23
24
25

Videoographer:
Mr. Stephen Calusio
LEGAL VIDEO SPECIALISTS
805 West 10th Street
Suite 400
Austin, Texas 78701
(512) 476-1945

00003

1	INDEX	
2	Appearances.....	2
3	WILLIAM J. STAPLETON	
4	Examination by Mr. Tillotson.....	4
5	Signature and Changes.....	172
6	Reporter's Certificate.....	174

7
EXHIBITS

8	NO.	DESCRIPTION	PAGE MARKED
9	1	State Bar information.....	16
10	2	July 31, 1998 letter.....	21
11	3	July 2, 1999 letter.....	21
12	4	October 10, 2000 letter.....	21
13	5	October 1 PRNewswire article.....	76
14	6	August 26, 2005 transcript.....	97
15	7	July 13, 2004 USA Today article.....	104
16	8	September 21, 2004 letter.....	115
17	9	Affidavit of Leon Schattenberg.....	118
18	10	CSE Dear Colleagues letter.....	127
19	11	Emails.....	135
20	12	Emails.....	135
21	13	Emails.....	143
22	14	Emails.....	146
23	15	Dallas Morning News article.....	148

24
25

00004

1 THE VIDEOGRAPHER: This is the
2 deposition of William Stapleton. Today's date is
3 September the 1st, 2005. The time, 9:46.

4 Will the court reporter please swear in
5 the witness.

6 WILLIAM J. STAPLETON,
7 having been first duly sworn, testified as follows:

8 EXAMINATION

9 QUESTIONS BY MR. TILLOTSON:

10 Q. If you'll state your full name for us, sir.
11 A. William J. Stapleton.
12 Q. Who is your current employer?
13 A. Capital Sports & Entertainment.
14 Q. What kind of business or venture is that?
15 A. We do a number of things. We manage
16 athletes. We manage artists. We produce live events.
17 We do marketing and consulting. A number of different
18 things like that.
19 Q. What is your title with that entity?

stapleton

20 A. I founded the company, and I'm a principal.

21 Q. Are you an owner?

22 A. Yes.

23 Q. Do you have any job affiliation with
24 Tailwind Sports?

25 A. Yes. I'm the CEO of Tailwind Sports.

¶00005

1 Q. So you have at least two jobs, one with
2 Capital Sports Ventures and one with Tailwind?

3 A. Capital Sports & Entertainment and Tailwind
4 Sports, yes.

5 Q. Okay. My mistake. I'm sorry.

6 I'm going to refer to the Capital
7 company as CSE?

8 A. Yep. Correct.

9 Q. And from time to time, I'll refer to the
10 Tailwind as either Tailwind or TSI. Do you understand
11 that?

12 A. Okay. Uh-huh.

13 Q. Now, tell me again your job title with
14 Tailwind.

15 A. CEO.

16 Q. How long have you been CEO of Tailwind?

17 A. For probably about a year and a half.

18 Q. Do you have an ownership interest in
19 Tailwind?

20 A. Yes.

21 Q. Can you tell me what ownership percentage
22 you have of Tailwind?

23 A. About 11 and a half percent. Capital
24 Sports, CSE, has an ownership, not me personally.

25 Q. So the ownership interest of Tailwind is

¶00006

1 owned by CSE, of which you are an owner?

2 A. Right.

3 Q. You are not a direct -- you personally are
4 not a direct owner of Tailwind?

5 A. Correct.

6 Q. Okay. How many owners are there of
7 Tailwind?

8 A. There are probably 10 or 15.

9 Q. Is Lance Armstrong one of the owners of
10 Tailwind?

11 A. Yes.

12 Q. What percentage of Tailwind does
13 Mr. Armstrong own?

14 A. The same as CSE. I think it's 11 and a half
15 percent.

16 Q. How long has he been an owner of Tailwind?

17 A. I think probably for about a year.

18 Q. At the time the contract with Disson Furst
19 and my client was entered into, SCA Promotions, Inc.,
20 did Mr. Armstrong have any ownership interest of
21 Disson Furst?

22 A. No.

23 Q. Did Mr. Armstrong acquire ownership interest
24 in Tailwind from some other individual or individuals?

25 A. No.

¶00007

1 Q. He just made an investment and became an
2 owner?

3 A. No. There was -- when we became -- so CSE
4 has ownership in Tailwind, and there is a management

stapleton

5 service agreement between CSE and Tailwind. When that
6 process occurred, Tailwind needed to raise money. So
7 there has been two or three rounds of private equity
8 investment in Tailwind, two which preceded our
9 involvement, one which coincided with our involvement.
10 And when that third round of capital was raised, as we
11 moved into a -- a management position, an ownership
12 position, at the same time Lance did, the owners as
13 they existed then were diluted, and ownership was
14 given to Lance and to CSE.

15 Q. Prior to CSE's ownership interest in
16 Tailwind, did you have any ownership interest, either
17 your -- either directly or indirectly, in Tailwind?

18 A. Did I personally?

19 Q. Yes?

20 A. No.

21 Q. Through any business venture did you have an
22 owner interest in Tailwind, prior to CSE acquiring its
23 interest?

24 A. No.

25 Q. Now, you said CSE has a management contract
¶00008 1 with Tailwind?

2 A. Uh-huh. Yes.

3 Q. And when did it enter into that arrangement?

4 A. At the same time.

5 Q. Can you tell me again what year that was?
6 Was that '03?

7 A. No. It was -- I'm trying to remember
8 correctly. It's '05 now, so it would have been --
9 yeah, it would have been 0 -- the winter, spring '03,
10 '04.

11 Q. Did Mr. Armstrong acquire his ownership
12 interest in Tailwind prior to the 2004 Tour de France
13 race?

14 A. I -- I don't think he did. Our contract
15 with the -- with the -- with Tailwind and Lance's
16 involvement -- it was certainly intended by the summer
17 of 2004. I don't think it was executed.

18 Q. So there was a -- an agreement in principle
19 or an understanding that Mr. Armstrong would acquire
20 ownership interest in Tailwind, but it had not been
21 formally documented by the 2004 Tour de France?

22 A. I think that's accurate.

23 Q. But when he raced in the 2004 Tour de
24 France, you understood that Mr. Armstrong was going to
25 have an ownership interest in Tailwind?

¶00009 1 A. Yes.

2 Q. How about for the 2003 Tour de France, was
3 it contemplated that Mr. Armstrong would have an
4 ownership interest in Tailwind?

5 A. No. I think the discussions about that were
6 after the 2003 Tour.

7 Q. Do you draw a salary from Tailwind?

8 A. CSE draws a management fee. I don't draw a
9 salary.

10 Q. And then do you draw a salary or have some
11 sort of compensation from CSE?

12 A. Yes.

13 Q. What is Tailwind's business?

14 A. They own and operate a professional cycling
15 team. They operate a master cycling team and are a

stapleton

16 part owner -- or when I took over, they were a part
17 owner of the San Francisco Grand Prix, which is a
18 bicycle race. They no longer own a piece of that.

19 Q. Okay.

20 A. But it's primarily bike racing.

21 Q. From the '01 to '04 time period, would it be
22 fair to say that the majority of Tailwind's revenues
23 came from its ownership of a professional cycling
24 team?

25 A. Yes.

¶00010

1 Q. Did you have any job title or job at
2 Tailwind in 2001?

3 A. No.

4 Q. 2002?

5 A. No.

6 Q. 2003?

7 A. No.

8 Q. So 2004 is when you took your job at
9 Tailwind?

10 A. (Nods head.)

11 Q. Did you consider yourself in a position
12 adverse to Tailwind in '01, '02, '03? By adverse, I
13 mean that your interests were not aligned with or
14 different from Tailwind.

15 A. In -- in '01, '02, '03, I was primarily
16 Lance -- Lance's agent, business manager. So to the
17 extent that we negotiated his employment contract with
18 Tailwind, you know, when that process occurred, we
19 were -- it's fair to say it was adverse to the extent
20 that my job was to get as much money as I could for
21 Lance and the best deal I could. But I think the
22 interests of Lance were always sort of in concert with
23 the team, which were to provide an environment where
24 there was adequate sponsorship and adequate funding to
25 create a bike racing team. So the reason I sort of

¶00011

1 developed that nuance is, if Lance -- if I -- if I did
2 a contract with Lance, where the team was going to pay
3 him \$10 million a year, they would have never been
4 financially able to do that. So he potentially could
5 have bankrupted the team if I did too good of a job.
6 So the -- the -- I think the -- the interests aligned
7 for the most part.

8 Q. Okay. Was the goal of Tailwind in 2001 for
9 Mr. Armstrong to win the Tour de France?

10 A. Certainly.

11 Q. 2002?

12 A. Yes.

13 Q. '03?

14 A. Yes.

15 Q. And '04?

16 A. Yes. One of -- I mean, the -- the primary
17 goal, I would say, yes.

18 Q. To -- to have Mr. Armstrong prevail in and
19 win the Tour de France?

20 A. That was probably the primary sports goal of
21 the team, yes.

22 Q. And did Tailwind -- to your knowledge, did
23 Tailwind undertake activities to help Mr. Armstrong
24 accomplish that goal of winning the Tour de France in
25 '01 through '04?

¶00012

stapleton

1 A. Yes.

2 Q. To your knowledge, was it beneficial for
3 Tailwind to have Mr. Armstrong win the 2001 to 2004
4 Tour de Frances?

5 A. Yes.

6 Q. Now, you mentioned that you are -- you were
7 during that time period the agent and business manager
8 for Mr. Armstrong. Is that right?

9 A. Yes.

10 Q. Was that pursuant to a written agreement?

11 A. Yes.

12 Q. A management agreement of some sort?

13 A. Yes.

14 Q. And as agent, were you responsible for
15 negotiating sponsorship arrangements or endorsements
16 for Mr. Armstrong?

17 A. Yes.

18 Q. And as business manager, what were your
19 responsibilities?

20 A. Not in the traditional sense that you
21 probably define the word business manager. I don't
22 manage Lance's money. We -- CSE is involved in
23 managing people, helping Lance manage professionals
24 who might manage his money, whether those are
25 accountants, investment advisors, people like that.

¶00013

1 When I say business manager, I refer more to sort of
2 the day-to-day relationships he would have with
3 sponsors, with -- potentially with his foundation,
4 with other things that he would do.

5 Q. And -- and how much of your income that you
6 derive personally, Mr. Stapleton, is either directly
7 related to Mr. Armstrong or connected in some way to
8 Mr. Armstrong?

9 A. The income I derive or the income Capital
10 Sports derives?

11 Q. Well, let's start first with Capital Sports.
12 What -- what percentage of the income -- and you
13 may be -- you can approximate. What percentage of
14 that income is either directly related to
15 Mr. Armstrong's activities or based upon things
16 related to Mr. Armstrong?

17 A. Probably 20 to 30 percent of the income of
18 CSE is Lance-related.

19 Q. And from --

20 A. Probably closer to 20.

21 Q. From the '01 to '03 time period, was the
22 substantial amount of your personal income related to
23 Mr. Armstrong?

24 A. Well, my personal income is related to the
25 income and profit of CSE, so those numbers would be

¶00014

1 consistent.

2 Q. But when you were his -- before CSE had an
3 ownership interest in Tailwind and you were
4 Mr. Armstrong's agent or business manager, did you
5 have direct compensation arrangements with
6 Mr. Armstrong?

7 A. CSE did.

8 Q. Okay. So you always operated as his agent
9 and business manager through CSE?

10 A. Yes. It was -- it was CSV from 1998 to
11 2001, Capital Sports Ventures. And from 2001 on, it's

stapleton

12 been CSE.

13 Q. So any -- any agent or business manager
14 agreements were between CSV or CSE and Mr. Armstrong?

15 A. Way back -- '97, '98 -- they were
16 probably -- it probably had my name on them, but,
17 yeah, from '98 on, they were between a corporate
18 entity for whom I was an employee and Lance.

19 Q. Okay. And -- and I'm -- all I'm trying to
20 do is distinguish -- some agents have personal
21 services contracts with -- with their clients. At
22 least for '98 or '99 time period forward, your
23 arrangement with Mr. Armstrong was, he had his
24 agreements with CSV or CSE?

25 A. Yes.

¶00015

1 Q. But at -- at one point in time you may have
2 had personal agreements with Mr. Armstrong regarding
3 being his agent or manager?

4 A. No. I worked at a -- Lance became a client
5 of Brown McCarroll, which is a law firm here in
6 Austin, in 1995, early '95. So his contract would
7 have been between me, as his lawyer, and Lance. But
8 the income derived from that was the firm's. I left
9 the firm in early '98 and formed CSV, and I had a
10 personal agreement with Lance that flowed through CSV
11 and then CSE.

12 Q. Is -- did you meet Mr. Herman at Brown
13 McCarroll law firm?

14 A. Yes.

15 Q. When you left Brown McCarroll to form CSV,
16 CSV was not a law firm?

17 A. No.

18 Q. Are you an active member of the Texas State
19 Bar?

20 A. I am a -- I can't remember the title. I
21 don't do CLE. I'm a member of the bar, but I'm a
22 nonactive -- inactive member of the bar.

23 Q. Okay. Let me -- let me ask it in a -- in
24 a better way. You -- you remain a licensed lawyer in
25 the State of Texas?

¶00016

1 A. I don't know what -- I have a law license in
2 Texas. I -- I'm not trying to be difficult. I don't
3 know exactly what the --

4 Q. That's all right. I know you're not.

5 A. -- nuance of my -- I -- I have an --
6 inactive with the State Bar, so I -- I assume that
7 means I'm still licensed with the State Bar of Texas.
8 I still have a bar number. I'm not required to do
9 CLE.

10 Q. Okay. Hang on one second. Let me show you
11 what we'll mark as Exhibit 1 to your deposition.

12 (Deposition Exhibit No. 1
13 (marked for identification).

14 Q. (BY MR. TILLOTSON) Exhibit 1 is a print-off
15 from the State Bar of Texas. And is this your
16 information? Do you recognize your bar card number?

17 A. Yeah. That's correct. Yep.

18 Q. And if you'll -- if you'll look down in the
19 middle, where it says, current member status,
20 inactive. Do you see that?

21 A. That's accurate.

22 Q. Okay.

23 A. Yes.

24 Q. So you are -- you are -- you are licensed
25 but inactive. How -- how long have you been inactive?

¶00017

1 Do you know?

2 A. I think two to four years. I can't remember
3 exactly when I did it.

4 Q. Did you effectively stop practicing law when
5 you formed CSV?

6 A. I think so.

7 Q. And did CSV hire outside lawyers to -- to --
8 to represent it in various matters?

9 A. Yes.

10 Q. Was one of those lawyers a Mr. Lawrence
11 Temple?

12 A. Yes.

13 Q. Okay. Were -- were you the person
14 responsible for helping negotiate Mr. Armstrong's
15 contracts with Montgomery Sports? Does that name ring
16 a bell?

17 A. Yes. Yes. His first contract -- contract
18 was with Montgomery Sports.

19 Q. Okay. And so, for -- for context,
20 Mr. Armstrong has entered into a series of agreements
21 with entities that own a cycling team which he has
22 been a part of. Is that fair to say?

23 A. That's correct. Uh-huh.

24 Q. And my understanding, initially, is, is that
25 the initial contract was with a venture called

¶00018

1 Montgomery Sports?

2 A. Yeah. I think that's accurate.

3 Q. And then later he entered into a contract
4 with a -- a -- a company called Disson Furst? Is that
5 right?

6 A. Correct.

7 Q. And Disson Furst was -- had a couple of
8 contracts with Disson Furst. Is that right? I will
9 show you documents --

10 A. At least one. Yeah, at least one. Yeah.
11 Yeah. Yeah.

12 Q. I'm not trying to test your memory, but --

13 A. Yeah.

14 Q. And then Tailwind acquired Disson Furst?

15 A. Or merged or something. Yes. Yes. I
16 can't -- I wasn't involved in that transaction, but it
17 went from Montgomery Sports to Disson Furst to
18 Tailwind, and they were all sort of, for us, the same
19 entity that owned and operated the team.

20 Q. And is Mr. Armstrong still under contract
21 with Tailwind today?

22 A. Yes.

23 Q. And the sponsor -- the -- the primary
24 sponsor of the team now is -- is Discover rather than
25 U. S. Postal Service?

¶00019

1 A. Discovery Channel.

2 Q. Discovery Channel.

3 And were you responsible for
4 negotiating the contract with the Discovery Channel?

5 A. I was.

6 Q. And was the Discovery Channel contract that
7 you negotiated more lucrative for Tailwind than the

stapleton

8 prior agreement with the U.S. Postal Service? More
9 money?

10 A. Well, you -- you know, if you threw in
11 inflation and everything, it was probably a little bit
12 more, not -- not super substantial.

13 Q. Did the fact that Mr. Armstrong had won a
14 series of Tour de France races allow you to negotiate
15 a better arrangement with Discovery Channel for the
16 sponsorship?

17 A. I don't know if it's fair to say "a better."
18 It certainly was helpful. But there were a number of
19 sponsors that were interested in sponsoring a
20 professional team that was good at winning bike races.
21 Lance's --

22 Q. What do you mean by that?

23 A. Well, I mean, when we -- when we -- when the
24 Postal Service decided that they were going to move on
25 and out, that's about the same time we became involved

¶00020

1 in the team. And when we sought sponsors, title
2 sponsors, for that, there were a number that were
3 interested. There was a price tag that had to be
4 paid, and there was a record of achievement that
5 included, you know, at that time, I guess five Tours,
6 four or five Tours, but, also, other big wins in bike
7 racing like the Tour of Spain, big one-day events,
8 which are called world cups, which to a -- a sponsor
9 like the Discovery Channel, were very, very important.

10 Q. So the -- the overall performance of the
11 team, including Mr. Armstrong, led to making the team
12 more attractive to title sponsors?

13 A. Yes.

14 Q. But certainly the -- the historic number of
15 Tour de Frances Mr. Armstrong had won was a big factor
16 in being able to -- to lure someone like the Discovery
17 Channel as a title sponsor?

18 A. Yes.

19 Q. Did you help negotiate the -- the -- any of
20 the contracts, sponsorship contracts, between Disson
21 Furst and the United States Postal Service?

22 A. No.

23 Q. Did you have, as Mr. Armstrong's agent or
24 business manager, input into those arrangements?

¶00021

25 A. Only to the extent that I believe Lance's --

1 the contract that he is under right now was contingent
2 on the Postal Service agreeing to be the title sponsor
3 again.

4 Q. Okay.

5 A. And also, I believe that document with the
6 Postal Service had appearance requirements for Lance
7 that passed through to his contract that he had with
8 Tailwind that I would have been involved in.

9 Q. Okay. I'm going to mark a series of the
10 agreements as I have them, and we'll go through them.

11 MR. TILLOTSON: If you'll mark these 2,
12 3, and 4. This is 2. This is 3. This is 4.

13 (Deposition Exhibit Nos. 2-4

14 (marked for identification.

15 Q. (BY MR. TILLOTSON) Before you -- before
16 we -- you look at them, I'm just going to alert you
17 that apparently my -- my legal assistant has copied
18 things I wrote on Exhibit 4 on this one page. So

stapleton

19 we'll remove that. If you can make heads or tails out
20 of it, you're welcome to help me, but that's not part
21 of the original. Okay.

22 MR. BREEN: That costs extra, Jeff.

23 MR. TILLOTSON: Yeah, if you just
24 answer the questions I wrote.

25 Q. (BY MR. TILLOTSON) Okay. We've put in

¶00022

1 front of you what we've marked as Exhibits 2, 3, and
2 4, Mr. Stapleton. I'll ask you first to look at
3 Exhibit 2. Can you identify that?

4 A. This is July 31, 1998, letter agreement
5 between Montgomery Sports and Lance Armstrong.

6 Q. Okay. And I -- I notice, if you'll look at
7 the third page, it's -- it's -- it says, very truly
8 yours, from Lawrence Temple, General Counsel of CSV.

9 A. Yes.

10 Q. Was he actually an employee of CSV, or was
11 he just operating as general counsel?

12 A. Operating as general counsel.

13 Q. So he's the lawyer for CSV, helping
14 negotiate this agreement. Is that fair to say?

15 A. Uh-huh.

16 Q. Okay. Then Mr. Armstrong signs. And is
17 that your signature down there at the bottom?

18 A. Yes.

19 Q. Attorney-in-fact for Lance Armstrong?

20 A. Uh-huh.

21 Q. Okay. Are -- are you still attorney-in-fact
22 for Mr. Armstrong?

23 A. Yes.

24 Q. All right. Now, when you enter into this
25 agreement, or when you entered into this agreement, or

¶00023

1 Mr. Armstrong did, in '98, did -- did you make any
2 assessment or determination as to whether or not
3 the -- the company you were contracting with had the
4 wherewithal to make the payments in the contract?

5 A. In '98 -- I'm trying to remember. He -- his
6 contract -- we did a contract in '97 for '98 and '99.
7 I guess we don't have that one.

8 Q. I don't.

9 A. Yeah. So this would have been the second
10 one. But we -- we would have -- we would have not
11 looked at the books of the company. At the -- at this
12 time, especially, this company was really backed
13 personally by Thom Weisel. So there was probably an
14 assumption that, were there a problem, Thom would have
15 helped as a backstop.

16 Q. Okay. If -- if you'll look on page two,
17 there -- there -- well, page one, I -- I -- there is
18 some base salary, and then page two, there are some
19 bonus or incentive schedules. Is that right?

20 A. Uh-huh. Yes.

21 Q. And I take it that this -- this sort of
22 arrangement where there is bonuses paid by an owner of
23 a team or a management company is a -- is a fairly
24 standard arrangement in the business?

25 A. Yes.

¶00024

1 Q. Okay. Now, if -- my understanding is, if
2 Mr. -- Mr. Armstrong won the '98 -- or the '99 and
3 2000 Tour de Frances, that he would receive bonuses of

stapleton

4 half a million dollars for each win. Is that right?

5 A. Yes.

6 Q. Okay. And -- and although Montgomery Sports
7 would have to pay a bonus to Mr. Armstrong for winning
8 the Tour de France, that would be a good thing for
9 Montgomery Sports for Mr. Armstrong to win the Tour de
10 France?

11 MR. BREEN: Object to form.

12 A. Well, that's a -- that's a good question.
13 You know, one of the reasons that -- that -- I don't
14 know -- I don't know if Montgomery did this. I know
15 that Disson Furst did it, that Tailwind did it -- is
16 the reason that insurance is sought for these bonuses
17 are, especially in a sport like cycling, where these
18 are big numbers for small-budget teams, especially
19 American teams, that insurance would be sought and
20 paid for so that many -- in many ways this could be
21 considered a loss. So the -- the team's interests
22 sometimes might be adverse to the riders' to the
23 extent that the team wouldn't be able to pay the
24 riders or a rider winning -- whether it's
25 Paris-Roubaix or the Tour of Spain or the Tour de

¶00025

1 France, it could be viewed, from a financial
2 standpoint for the team as -- as not a good thing.

3 Q. (BY MR. TILLOTSON) Well, was -- do you know
4 if the people at Montgomery Sports were rooting
5 against Mr. Armstrong to win the '99 or 2000 Tour de
6 France because they didn't want to have to pay him the
7 half million dollars?

8 A. I -- I don't know that. I -- I don't know
9 if this -- I don't know if these bonuses were insured
10 either. They may have been.

11 Q. In fact, Montgomery Sports was actively
12 helping Mr. Armstrong to try and win the '99 and 2000
13 Tour de Frances?

14 A. Right. And they may very well have insured
15 these for that reason.

16 Q. Okay. Well, and in fact, one of the things
17 that is going on here is that Montgomery Sports hopes
18 Mr. Armstrong will win the Tour de Frances so it can
19 negotiate more lucrative title sponsorship agreements.
20 Correct?

21 A. Yes. But they'll always -- if he wins one
22 Tour, they are going to have to pay him bigger and
23 bigger bonuses. And in order to incentivize a -- a
24 rider like Lance or any rider, they're always going to
25 seek outside insurance to try to cover those losses.

¶00026

1 Q. Well, there is no requirement in this
2 agreement, as I see it, that Montgomery get insurance
3 or obtain coverage or contractual protection for the
4 bonuses. Correct?

5 A. No.

6 Q. You don't know if they did or didn't do it?
7 A. I think they did. But we -- you would have
8 to ask Mark Gorski that.

9 Q. But that was not something you were
10 personally involved in, as Mr. Armstrong's business
11 manager or agent, negotiating insurance, negotiating
12 contractual coverage for --

13 A. At this time?

14 Q. -- Montgomery? Correct.

stapleton

15 A. No. At this time I probably would have
16 relied on Thom Weisel's ownership as sort of the
17 insurance for us.

18 Q. Okay. Now, if you'll look at what we've
19 marked as Exhibit 3. And the same question. Can you
20 identify this arrangement? What we're looking at?

21 A. Yeah. This would have been the agreement
22 between Lance and Disson Furst that was entered into
23 right before the '99 Tour de France.

24 Q. Okay. And if you'll turn to the fourth
25 page. This time you sign it. Is that right?

¶00027

1 A. Yes.

2 Q. And did you also sign for Mr. Armstrong?

3 A. Oh, I signed for Mr. Armstrong.

4 Q. But I mean -- okay. You signed it on behalf
5 of CSV, and you signed it as his attorney-in-fact?

6 A. Oh, correct. Yes.

7 Q. Okay. Now, one thing I noticed. Right
8 above your signature, it says -- the last sentence,
9 once we have this binding letter agreement executed,
10 we can begin working on a more detailed team agreement
11 that incorporates the terms of this letter agreement.

12 Was the -- the thought that this would
13 be -- Exhibit 3 would be a letter agreement, and there
14 would be a more comprehensive agreement?

15 A. I think it was, yes.

16 Q. Okay. Was there, in fact, a more
17 comprehensive agreement negotiated and executed?

18 A. I don't think so.

19 Q. Is there a reason why the parties never got
20 around to fulfilling that part of this agreement?

21 A. Not really. This was a -- this -- the
22 document was working, and there was an intention to
23 put it into long form, and we never did it.

24 Q. Okay. Were there -- were there -- were
25 there terms that you can recall that were supposed to

¶00028

1 be in the more comprehensive agreement that -- that
2 weren't reflected in this letter agreement, for
3 example?

4 A. Well, is there a venue provision in here? I
5 mean, things that -- there is a venue provision. So
6 I -- no, there is no term I can think of.

7 Q. Okay. Did Mr. Armstrong have approval over
8 who the title sponsor would be --

9 A. No.

10 Q. -- under his agreement? Okay.

11 But he did have extensive input into
12 what -- who would be on the team?

13 A. Well, that was ultimately a decision for
14 Mark Gorski, but as the lead rider, yes, he would have
15 had input.

16 Q. Look at -- look at page three, paragraph
17 seven. Armstrong will have extensive input into rider
18 and staff composition. Do you see that?

19 A. Yeah. Uh-huh.

20 Q. And -- and was one of the purposes of the
21 composition of the team, the cycling team, to put
22 together a team that would help Mr. Armstrong win the
23 Tour de France?

24 A. Uh-huh.

25 Q. Okay. You need to answer out loud.

¶00029

1 A. Yes.

2 Q. Thank you.

3 Now, if you'll look at paragraph ten,
4 which is on page four, and if you'll read that
5 provision for us.

6 A. If Armstrong is -- is the subject of a
7 verified positive drug test, DF and P may terminate
8 this letter agreement.

9 Q. Who asked for that provision in this letter
10 agreement?

11 A. Well, we drafted it. So, I mean, that's
12 always been understood. I imagine Disson Furst asked
13 for that.

14 Q. And when you say, it's always been
15 understood, what is it that's always understood?

16 A. I think it's been understood that if Lance
17 had a positive test or if any rider had a positive
18 test, I believe the contract that they -- that -- or
19 that Disson Furst would have had with the Postal
20 Service would have allowed for a termination or an
21 alteration. I know that the contract with the Postal
22 Service later, that I did see, had that provision in
23 it. So the rider agreements -- and I think they
24 represent in that document that the rider agreements
25 will include a provision like this.

¶00030

1 Q. And -- and -- and why is that? Why does the
2 team -- the owner of the team have the -- want the
3 right to terminate a rider who may test positive?
4 What is the adverse consequences of testing positive,
5 for the team?

6 A. Well, the rider is not going -- the team is
7 not going to support paying a salary to a rider who is
8 cheating.

9 Q. Does it also have to do with adverse
10 negative publicity for the team?

11 A. Yes.

12 Q. Now, I -- I -- this says, subject of a
13 verified positive drug test. What -- what if there
14 are allegations that a rider on the team was using
15 performance-enhancing drugs?

16 A. Well, I mean, I don't know what sort of
17 hypothetical you are talking about. There -- I mean,
18 allegations don't equal a verified positive test.

19 Q. Okay. Was it your understanding that the
20 owner of the team, Disson Furst, could terminate a
21 rider of the team if there were substantial
22 allegations of drug use?

23 A. Well, I don't know about other riders. I
24 know what Lance's contract said.

25 Q. Okay. So is the answer for Mr. Armstrong,

¶00031

1 no, that they could not terminate him?

2 A. They could terminate Lance if there was a
3 verified positive drug test.

4 Q. Okay. Let me ask more specifically. You're
5 obviously aware of the article that ran in L'Equipe
6 magazine --

7 A. Uh-huh.

8 Q. -- over the last two weeks. Correct?

9 A. Uh-huh. Yes.

10 Q. Under this contract or the subsequent

stapleton

11 contract that he signed with Disson Furst or Tailwind,
12 does the team have the right to terminate
13 Mr. Armstrong, based upon the story that ran?

14 A. Absolutely not.

15 Q. Why not?

16 A. It's not a positive test. There is a number
17 of reasons. We can get into all of those now if you
18 want, but that was, you know, not in compliance with
19 WADA code. We have no idea if that was even Lance's
20 urine. If that was Lance's urine --

21 Q. I'll -- I'll give you the opportunity to --

22 MR. BREEN: Hold on -- hold on a
23 second.

24 A. Can I finish?

25 Q. (BY MR. TILLOTSON) I'm going to give --

¶00032

1 MR. BREEN: You -- you need to let him
2 finish his answer.

3 A. So if that was Lance's urine, then somebody
4 else put EPO in it. There is no A -- there is no A
5 sample. There is no B sample confirmation. The lab
6 leaked the -- the lab leaked the -- the anonymous
7 results, which is a felony in France. I mean, there
8 is a thousand reasons why that's not a verified
9 positive drug test.

10 Q. (BY MR. TILLOTSON) Are you sure the lab
11 leaked the anonymous results?

12 A. I am sure, yeah.

13 Q. How -- how do you know that?

14 A. How else would they -- how else would they
15 be released to the media?

16 Q. Okay. So your basis for the statement that
17 the lab leaked the anonymous results is, you can't
18 think of any other reason how it could have got into
19 the media?

20 A. Well, we're investigating.

21 Q. Okay.

22 A. But my assumption at this point is, if a lab
23 does anonymous testing in the -- on B samples, and the
24 B samples are only identified by codes, and the only
25 people who have the codes and the samples and the

¶00033

1 results are the lab, and they fall into the hands of
2 the media, then, yes, my assumption would be that the
3 lab leaked the results or someone in the lab.

4 Q. How do you know the lab had the code?

5 A. From what I've read, from the L'Equipe
6 article itself, in which the lab had the -- the -- the
7 B sample tests and the -- and the codes attached to
8 them.

9 Q. As I understand it, the -- that the B
10 samples, any B samples, in the circumstance we're
11 talking about, would be identified by a numerical
12 control number. Is that your understanding?

13 A. That's the code I'm talking about.

14 Q. Okay. And then to know what that numerical
15 control number -- who that is, you would need some
16 other document. Is that right?

17 A. You would have to have two leaks.

18 Q. Okay.

19 A. Yes. The lab did not -- the lab could not
20 identify the -- couldn't take a code number and
21 identify it to an athlete's testing form.

stapleton

22 Q. Okay. Okay. Now, I'm going to give you
23 full opportunity to -- to -- to discuss that, and I'm
24 going to ask you some more questions about it, but I
25 want to return to -- to the agreement we were talking

¶00034

1 about for a second. I apologize for interrupting you.

2 When this agreement says a verified
3 positive drug test, in your mind does that mean that
4 the drug test must be in compliance with, for example,
5 WADA rules?

6 A. Yes.

7 Q. Okay. Anything else other than it must be a
8 verified positive drug test in compliance with WADA
9 rules? Anything else to -- to trigger this particular
10 provision?

11 A. Well, WADA didn't exist at the time of this
12 agreement. So whatever the UCI rules and protocols
13 were for drug testing that would protect both the --
14 the sport and the athlete's rights, if those were
15 followed, and there was an A sample positive and a B
16 sample positive, confirmed, and there was an
17 opportunity for a hearing, and a right of appeal. If
18 all of those things were to occur, then you have a
19 verified positive drug test.

20 Q. Okay. If you'll look at what we've marked
21 as Exhibit 4. And other than the -- the chicken
22 scratch on page CL 128, can you identify this for us?

23 A. This is Lance's contract with Disson Furst
24 and Partners that was entered into in October of 2000
25 that I believe he is still under -- or not. No.

¶00035

1 Q. Is there a new one for '05?

2 A. I don't know.

3 Q. It looks to me like this terminated or
4 ended, unless it was extended, on December 31st,
5 2004 --

6 A. Yeah. Yeah.

7 Q. -- if you look at paragraph one. So do you
8 know if there is another one?

9 A. There must be.

10 Q. He got some money in '05, I bet, Didn't he?

11 A. Yeah. I -- yeah. I'm just -- I'm wondering
12 along with you.

13 Q. Okay. Fair enough.

14 My understanding of the way this
15 contract works is he was to be paid a -- a minimum
16 base salary for a series of years and then incentive
17 bonuses based on performance. Is that correct?

18 A. Uh-huh. Yes.

19 Q. Okay. And I take it you were the person
20 that, on his behalf, helped negotiate some of these
21 numbers and arrangements?

22 A. Uh-huh. Yes.

23 Q. Now, I notice between the two years, between
24 '99 and 2000, agreements three and four, the base
25 salaries increased substantially. Is that correct?

¶00036

1 A. Yes.

2 Q. And the bonus amounts increased
3 substantially. Is that correct?

4 A. Yes.

5 Q. Is -- is that because of his increased
6 visibility, having won several Tour de Frances by that

7 point in time?
8 A. Yes.
9 Q. When this agreement was signed, he had won
10 two Tour de Frances. Is that right? '99 and 2000?
11 A. Yes.
12 Q. Okay. And -- and at the time this agreement
13 was being negotiated, Disson Furst was also
14 negotiating a new sponsorship arrangement with U. S.
15 Postal Service. Correct?
16 A. I believe so, yes. I think it --
17 Q. Okay. And, in fact -- I'm sorry. Go ahead.
18 A. I think this agreement was contingent on
19 that agreement coming into -- in -- being executed.
20 Q. Okay. That was my next question, that --
21 that Disson Furst wanted to make sure that its
22 agreement with Mr. Armstrong was contingent upon them
23 getting the sponsorship arrangement with the title
24 sponsor, USPS?
25 A. That's correct.

¶00037

1 Q. And, in fact, do you know if the 2001
2 sponsorship agreement with USPS was more lucrative to
3 Disson Furst than the prior sponsorship agreement they
4 had with U. S. Postal Service?
5 A. I don't know.
6 Q. Was it your impression that it was going to
7 be a better deal for Disson Furst?
8 A. The -- the one they entered into in 2000?
9 Q. Correct.
10 A. I don't know on an annual basis. I -- I
11 think it was, but I'm not sure.
12 Q. Okay.
13 A. I mean, I know Lance's salary went up.
14 Q. Now, let -- let -- let me ask you about
15 that. Did -- did Mr. Armstrong draw any salary or
16 bonus directly from USPS?
17 A. No.
18 Q. Okay. I have noticed in the agreement that
19 there were some bonus pools paid by USPS. Do you know
20 what those are?
21 A. Paid to who?
22 Q. Paid to -- well, we'll look at it in a
23 second. How about that?
24 A. All right.
25 Q. And you can see if you can help me.

¶00038

1 In connection with reviewing this
2 agreement and -- and -- and in deposing Mr. Gorski, I
3 was unable to find and he was unable to find a
4 provision similar to the one we saw in Exhibit 3, that
5 if Mr. Armstrong had a verified positive drug test,
6 DFP could terminate this agreement.
7 A. It's not in here?
8 Q. Feel free to look.
9 MR. BREEN: Are you asking in that
10 form, Jeff?
11 MR. TILLOTSON: Yeah. It -- well, let
12 me -- let me put a clean question to the witness.
13 Q. (BY MR. TILLOTSON) Is there a provision
14 similar to what paragraph ten is in Exhibit 3, in
15 Exhibit 4?
16 A. I don't see one, no.
17 Q. Do you know -- did you ask that that -- that

stapleton

18 there be no such provision in this agreement?

19 A. No. I think there's a -- no, I didn't.

20 Q. This agreement was dated -- is dated in
21 October of 2000, and is signed October 11th, 2000, by
22 Mr. Armstrong and by Mr. Gorski.

23 A. Uh-huh.

24 Q. Do you know if at that -- if at the time
25 of -- of negotiating and entering into this agreement,

¶00039

1 if you or Mr. Armstrong were aware of any
2 investigation by the French authorities during that
3 time period?

4 A. No, we weren't. We found out about that on
5 Thanksgiving Day.

6 Q. 2000?

7 A. Yes.

8 Q. So provisions regarding verified positive
9 drug tests were not removed or taken out of Exhibit 4
10 here because there was some investigation ongoing that
11 you were aware of?

12 A. No. And I -- just because it's not in here,
13 I think it -- it's implied because it was in every
14 other agreement we had had. It -- it's omission
15 doesn't mean anything.

16 MR. BREEN: Object to form.

17 Nonresponsive.

18 MR. TILLOTSON: But I'll -- no,
19 kidding.

20 MR. BREEN: Just answer his question.

21 THE WITNESS: Okay.

22 MR. BREEN: He is smart enough to ask
23 you the question.

24 THE WITNESS: All right.

25 Q. (BY MR. TILLOTSON) Let me ask you this way.

¶00040

1 You certainly understood, as Mr. Armstrong's agent and
2 business manager, that if there was a verified
3 positive drug test, Disson Furst had the -- had the
4 right to terminate him from the team?

5 A. Yes.

6 Q. Regardless of what this contract says, you
7 understood that?

8 A. Yes.

9 Q. And thought it was part of your agreement
10 with Disson Furst?

11 A. Yes.

12 Q. And, in fact, if -- let me ask it this way.

13 If Mr. Armstrong, in fact, did use
14 performance-enhancing drugs in connection with the
15 2001 Tour de France, would Disson Furst have the right
16 not to pay him the bonuses under this agreement?

17 MR. BREEN: Object to form.

18 A. I'm not going to enter into any
19 hypotheticals in which Lance used
20 performance-enhancing drugs because he didn't.

21 Q. (BY MR. TILLOTSON) Okay. So --

22 A. So I don't have an opinion about -- about
23 that.

24 Q. All right. If Mr. Armstrong did not have a
25 verified positive drug test in connection with the

¶00041

1 2001 Tour de France --

2 A. Did not have.

stapleton

3 Q. Right. Did not have. Is it your
4 understanding that the bonus for winning the 2001 Tour
5 de France under this agreement is -- was due and
6 owing?

7 A. Assuming he was the certified winner of the
8 Tour de France.

9 Q. Okay. Let's talk about another rider on the
10 team, not Mr. Armstrong. If another rider on the team
11 used performance-enhancing drugs in connection with
12 the 2001 Tour de France, would the team have the right
13 to terminate him?

14 A. Terminate that rider?

15 Q. Yes.

16 A. If the -- I would have to read the rider's
17 contract.

18 Q. Okay. You understand and are aware that
19 there are allegations regarding whether Mr. Armstrong
20 did, in fact, use performance-enhancing drugs during
21 the 2001-2004 time period. Correct?

22 A. There have been allegations since -- yes,
23 since '99.

24 Q. Okay. If, in fact, those allegations
25 were -- are true, from '01 to '04 -- and I understand

¶00042

1 that you reject those allegations without any
2 hesitation -- would Disson Furst have the right to not
3 pay bonuses under this contract?

4 MR. BREEN: Object to form.

5 A. Yeah. Again, I'm not going to answer
6 hypotheticals in which Lance is presumed to have taken
7 drugs. If -- for Tailwind, if Lance is the certified
8 winner of the Tour de France, Tailwind has an
9 obligation to pay a bonus.

10 Q. (BY MR. TILLOTSON) Even if -- in connection
11 with being the certified winner, even if Mr. Armstrong
12 did not follow the rules of the Tour de France?

13 MR. BREEN: Object to form.

14 Q. (BY MR. TILLOTSON) Is there still an
15 obligation by Tailwind or Disson Furst to pay?

16 MR. BREEN: Same objection.

17 A. Again, Lance has always followed the rules
18 of the Tour de France, and he has won seven times.
19 Every time he wins and he is the certified winner, he
20 has followed the rules, and Tailwind has had an
21 obligation to pay him.

22 MR. TILLOTSON: Object as
23 nonresponsive.

24 Q. (BY MR. TILLOTSON) Can you answer my
25 question?

¶00043

1 MR. BREEN: Same objection.

2 A. I answered it.

3 Q. (BY MR. TILLOTSON) Now, under this
4 agreement, as I understand it, this agreement,
5 Exhibit 4, it says nothing about a verified positive
6 drug test. So, hypothetically, if there was a
7 verified positive drug test, I don't see anything in
8 Exhibit 4 that says that Tailwind still doesn't have
9 to pay him a bonus?

10 MR. BREEN: Is that a question?

11 MR. TILLOTSON: Yes.

12 MR. BREEN: What's the question?

13 Q. (BY MR. TILLOTSON) Is your -- is that your

14 understanding?

15 A. I don't see anything in this document that
16 has the drug testing clause in it.

17 Q. Okay.

18 A. Tailwind has an obligation to pay if Lance
19 wins.

20 Q. You're the head of Tailwind Sports, TSI, in
21 connection with this arbitration. Correct? I mean,
22 you're here as the head of that company?

23 A. Yes.

24 Q. And you have brought an arbitration against
25 my clients in connection with seeking payments of as

¶00044

1 much as 15 million dollars. Correct?

2 A. That's correct.

3 Q. Okay. Do you understand that my clients
4 allege that Mr. Armstrong used performance-enhancing
5 drugs during the 2001 to 2004 Tour de France? Do you
6 understand we're -- that they've alleged that.
7 Correct?

8 A. I do.

9 Q. All right. If, in fact, those allegations
10 are true, do you believe my clients -- is it your
11 position my clients still have liability under their
12 contract with Disson Furst?

13 A. Well, I have liability. Lance is the
14 certified winner of the Tour de France. He won in
15 '01. He won in '02. He won in '03. He won in '04.
16 We owe Lance five million bucks right now.

17 Q. Have -- have you paid him?

18 A. No. We can't.

19 Q. Have you made arrangements to work out a
20 payment with him?

21 A. No.

22 Q. So your -- your -- your --

23 A. He expects to be paid.

24 Q. You're waiting for the results of this
25 arbitration before you pay him?

¶00045

1 A. The only way we can pay him is for SCA to
2 pay us the money that they owe us.

3 Q. Okay. I'm not sure still you've answered my
4 question. Maybe you have answered it, and I just
5 haven't heard it. But if the allegations made by my
6 client are true -- let me -- let me rephrase it.

7 If the allegations made by my clients
8 in this arbitration turn out to be true, is it your
9 belief that Tailwind still has an obligation to
10 Mr. Armstrong under its contract with him to pay him a
11 bonus for winning the 2004 Tour de France?

12 MR. BREEN: Form. Asked and answered.

13 A. Tailwind has an obligation to pay Lance
14 if -- if he's the certified winner. If that were to
15 change, that obligation might change. But until it
16 does or if it ever does, we owe Lance five million
17 bucks, and we expect you to pay us the money you owe
18 us so we can pay Lance the money we owe him. That's
19 why we bought the insurance.

20 Q. (BY MR. TILLOTSON) At one point -- and I
21 may quote you inaccurately. If I do, correct me --
22 I -- I believe I read an article where -- where you
23 stated about this dispute that if Mr. Armstrong had
24 won the Tour de France riding a motorcycle, but was

stapleton

25 the certified winner, we would still owe the money.
¶00046

1 Have I got that -- the substance of that quote or the
2 sentiment of it accurately?

3 MR. BREEN: Hold on. Let me just
4 object to form.

5 You can answer if you can.

6 Generally speaking, we've asked for any
7 kind of statements that you have, if you have
8 statements that you want to show Mr. Stapleton that
9 he's made. I'm not fussing with you. If he can
10 answer it --

11 MR. TILLOTSON: If he knows. And he
12 doesn't understand that, that's fine if he doesn't. I
13 understand.

14 MR. BREEN: I just want to be clear
15 that we don't have a whole stack of things that hadn't
16 been produced to us to say, hey, I want to ask you --

17 MR. TILLOTSON: I -- I don't -- I don't
18 have it. That's why I'm asking.

19 MR. BREEN: Okay.

20 A. I remember the quote. I -- I think you're
21 fairly accurate in it -- its substance. I don't know
22 what sentiment you're inferring. What I meant was
23 that if Lance follows the rules of the Tour de France,
24 and the rules include motorcycles, and he wins, and
25 they certify that as the winner, then SCA owes

¶00047
1 Tailwind the money because we have the same obligation
2 to Lance.

3 Q. (BY MR. TILLOTSON) Okay.

4 A. I did not infer or mean to infer that Lance
5 could cheat.

6 Q. Okay. It is not your position that
7 Mr. Armstrong could cheat and win the Tour de France
8 and still be owed a bonus. Correct?

9 A. I don't have a position -- the only position
10 I have is that if Lance is named the official winner,
11 I, the CEO of Tailwind, owe him ten million bucks;
12 five million that somebody else paid, five million
13 that you guys owe him. I can't change the rules. I
14 can't control the Tour de France. I can't make the --
15 I can't make any of the -- the protocols about it. I
16 only know that there is a bike race that has existed
17 for a hundred years. And what -- what we agreed to
18 with you was if he won it and he was named the
19 official winner, you were going to insure our loss,
20 which was five million bucks, in 2004.

21 Q. I understood your quote to -- to -- to mean,
22 regardless of how Mr. Armstrong won, so long as he was
23 certified as the official winner, he was owed the
24 bonus. Am I mistaken in that understanding?

25 MR. BREEN: Okay. Now you can answer.

¶00048
1 You shouldn't -- you need to let him finish his
2 question before you answer it.

3 THE WITNESS: Okay.

4 A. What I meant -- you were mistaken.

5 Q. (BY MR. TILLOTSON) Okay.

6 A. Again, I don't have an opinion on what
7 you're trying to infer there. My point was that
8 Lance's obligation to SCA -- or to Tailwind, and that
9 Tailwind -- and then SCA's obligation to Tailwind was

stapleton

10 that Lance was going to go race a bike race called the
11 Tour de France. He was going to win or not win. If
12 he won and they named him the winner, then we owe
13 him -- we owe him \$10 million. We've paid him five of
14 it. You owe us five, and when we get that five, we'll
15 pay him five. Very simple.

16 Q. Okay. And help me out in understanding
17 the -- the statement you made. If -- if under the
18 rules, as you understand them, for the Tour de France,
19 Mr. Armstrong won and was certified the original
20 winner, even though he rode a motorcycle, is it your
21 belief or understanding that a bonus is owed under
22 Exhibit 4?

23 MR. BREEN: Objection. Form. Asked
24 and answered. He has already explained his answer to
25 you, Jeff.

¶00049

1 MR. TILLOTSON: I'm not sure I
2 understand what he is saying, so --

3 A. Again, what I'm saying is --

4 MR. BREEN: Hold on a second. If -- it
5 didn't -- is -- is that a question? I mean, I -- I
6 don't know how he can help you understand that, with
7 all due respect. He answered the question.

8 MR. TILLOTSON: I -- I mean, you can
9 instruct him not to answer, you can make an objection
10 to form.

11 MR. BREEN: Would you answer it any
12 differently --

13 A. I wouldn't answer it any differently.

14 MR. TILLOTSON: Well, that's -- that's
15 not my question. My question wasn't would he answer
16 my question any differently.

17 MR. BREEN: Well, I'm not sure yours
18 was a question. It was, help me understand something.
19 That's not really a question. I'm not trying to fuss
20 with you, but he answered the question about the
21 motorcycle quote.

22 Q. (BY MR. TILLOTSON) I -- as context, I'm
23 confused about your -- what you meant with your public
24 statement. And you will agree that the statement you
25 made about the motorcycle was to discuss the dispute

¶00050

1 you had with SCA. Correct? You were publicly talking
2 about it. Correct?

3 A. Yes.

4 Q. You wanted the public to know that you
5 believed very strongly this money was owed. Correct?

6 A. Well, I do believe -- I -- I mean, I don't
7 remember, you know, the -- when I said it or how I
8 said it. I know what I meant by it, and I've already
9 answered that question.

10 Q. Okay.

11 A. Which is, Lance won the Tour de France. The
12 Tour de France makes the rules. He follows the rules.
13 He is certified the winner. We owe him ten million
14 bucks.

15 Q. But -- but -- but surely you know that
16 motorcycles aren't permitted in the Tour de France.
17 Right?

18 A. They aren't today.

19 Q. They weren't in 2004, were they?

20 MR. BREEN: We'll stipulate to that.

stapleton

21 Q. (BY MR. TILLOTSON) Okay. So when you used
22 the motorcycle example, were you suggesting if the
23 rules were changed, that he complied with it, or were
24 you saying, even if he didn't comply with the rules
25 but was the official winner, the bonus is owed?

♀00051

1 A. I'm saying --
2 MR. BREEN: Form.

3 A. I'm saying that if -- if the Tour de France
4 made a rule that everyone could ride motorcycles and
5 Lance won -- that was -- that was the new Tour de
6 France --

7 Q. (BY MR. TILLOTSON) Okay.

8 A. -- then if he won that way, then he is the
9 official winner, and we owe him five million bucks.

10 Q. Okay. Thank you.

11 Exhibit 4 also contains, Mr. Stapleton,
12 the same provision that a more comprehensive agreement
13 will follow. If you want to familiarize yourself,
14 it's there on page four in the paragraph above your
15 signature.

16 A. Uh-huh. Yes.

17 Q. Was a more formal or more extensive
18 agreement prepared?

19 A. No --

20 Q. Is there --

21 A. -- I don't think so.

22 Q. Is there a reason why?

23 A. Same reason as in the past.

24 Q. You and Mr. Armstrong and -- and Mr. Gorski
25 were comfortable with Exhibit 4?

♀00052

1 A. Yes.

2 Q. No need for anything else?

3 A. Yes.

4 Q. Are there any provisions you recall that
5 were supposed to be in the bigger agreement that --
6 that -- that wound up not coming into existence
7 because of it?

8 A. Not that I can think of.

9 Q. Okay. If you'll turn to the last two pages,
10 that's the -- that's the -- what is titled the
11 addendum. Do you see that?

12 A. Yes.

13 Q. Okay. This addendum is dated August -- no,
14 I'm sorry. It's an addendum to the letter agreement,
15 dated August 10th. I'm not sure if this has a date on
16 it.

17 MR. BREEN: Dated October 10th?

18 Q. (BY MR. TILLOTSON) Well, the letter
19 agreement is dated October 10th, but I'm not sure the
20 addendum is dated.

21 MR. BREEN: Well, that's --

22 MR. TILLOTSON: Let me -- let me -- let
23 me ask the question.

24 Q. (BY MR. TILLOTSON) Do you recall when this
25 addendum was agreed to?

♀00053

1 A. It must have been June of 2000.

2 Q. I'm going to -- I'm going to help you. I --
3 I -- the letter agreement is dated October of 2000,
4 and this is an addendum to it, so I --

5 A. It must have been June of -- it was at the

stapleton

6 same time that we --

7 Q. Let me -- let me try and lead you. Was it
8 around the same time that Disson -- Disson Furst
9 entered into arrangements with SCA, Lloyd's of London,
10 and Chubb?

11 A. I believe so.

12 Q. Okay. So if I represent to you that those
13 took place in January 2001, does that help refresh
14 your recollection that this addendum was during that
15 time period?

16 A. I believe that's right.

17 Q. Okay. Now, the purpose of this addendum was
18 to increase the bonuses that would be paid to
19 Mr. Armstrong for winning a series of Tour de Frances?

20 A. Correct.

21 Q. Was that something you were pushing for?

22 A. Yes. I think both Mark Gorski and I wanted
23 to -- that was the point of asking Tailwind to reserve
24 money, was to buy insurance premiums to incentivize
25 Lance to win six times.

¶00054

1 Q. And -- and, obviously, the larger the bonus,
2 that would provide some incentive to Mr. Armstrong to
3 continue to race and continue to -- to -- to work hard
4 to win?

5 A. Correct.

6 Q. If you'll look at the -- the paragraph that
7 begins with, this also confirms. Do you see that?

8 A. Yes.

9 Q. What were you told regarding Disson Furst's
10 agreements with SCA Promotions during this time
11 period? If anything?

12 A. I didn't know who SCA was.

13 Q. Okay. Did Mr. Gorski or anyone at Disson
14 Furst tell you anything about the arrangements they
15 had entered into with SCA Promotions, beyond what is
16 in this paragraph?

17 A. I don't think so.

18 Q. So you didn't know what SCA's business was?
19 You hadn't received any marketing materials from them
20 or anything like that?

21 A. Well, I assumed that all three of these were
22 insurance companies, and I knew that Mark was working
23 through an insurance broker who I had made the
24 acquaintance of in the past, Terry Michelitch
25 in Atlanta, and that he was working with Mark to

¶00055

1 secure the most insurance we could get for Lance to
2 win six times.

3 Q. Okay.

4 A. So that's -- my understanding was that SCA,
5 although I didn't know it by name, was an insurance
6 company, just like Lloyd's of London and just like
7 Chubb.

8 Q. And -- and you drew that from either what it
9 says in the agreement or whatever limited contact you
10 had with Mr. Gorski or --

11 A. Or experience I had had in my career,
12 insuring golf bonuses or other things. I knew there
13 were insurance companies that did this sort of thing.

14 Q. But in your career you had never either come
15 across or done business with SCA Promotions?

16 A. No.

stapleton

17 Q. And other than what you have told me about
18 what you knew, your -- your -- either your experience
19 or what you were -- you were told by Disson Furst or
20 Mr. Michelitch, do you have any other independent
21 knowledge regarding whether SCA Promotions is, in
22 fact, an insurance company or is not?

23 A. Well, to the extent that I know that
24 Tailwind paid a premium, incurred a loss, and is due a
25 payment, I mean, it's insurance to me. It was

¶00056

1 insurance to me when we entered into it. It -- it
2 walks and talks like insurance. I've always assumed
3 it's insurance. I've seen -- since this dispute
4 arose, I've seen Bob Hamman standing in front of a
5 sign that says, SCA Insurance Specialists. So, you
6 know, lots of information that would lead me to
7 believe that SCA is an insurance company, just like
8 Lloyd's of London or Chubb.

9 Q. At the time you entered into this
10 arrangement, this arrangement being the addendum, did
11 you care whether SCA Promotions was, in fact, an
12 insurance company?

13 A. Well, I cared to the extent that I had in
14 Lance's contract that we were going to buy insurance
15 premiums because I wanted them to be paid, and I knew
16 that we were insuring a risk. So I assumed it was
17 insurance, and I -- therefore, I did care. What I
18 really care -- cared about the most was that somebody
19 insured the risk that Tailwind was taking that I knew
20 they couldn't afford to pay and that we didn't end up
21 in a situation where the insurance company wouldn't
22 pay.

23 Q. Is it fair to say that your biggest concern
24 was to make sure that Disson Furst and/or Tailwind
25 could make the payments under this contract?

¶00057

1 A. Yeah.

2 Q. Whether it was with --

3 A. Yes.

4 Q. -- Lloyd's of London or some other business
5 or company, so long as they could pay, that was your
6 concern?

7 A. Yes. I -- and I assumed that was an
8 insurance company.

9 Q. Who was responsible for obtaining the
10 insurance? Was that Mr. Gorski and Disson Furst?

11 A. I think so, yes.

12 Q. You didn't --

13 A. Well, actually, Mr. Michelitch did it on
14 behalf of Mr. Gorski, is what I remember.

15 Q. Okay. Okay. So if -- if what -- you
16 understand there is a dispute, obviously, as to
17 whether -- SCA is disputing as to whether or not the
18 arrangement they entered into with Disson Furst and
19 Tailwind is, in fact, insurance?

20 A. I do.

21 Q. If it's not insurance but you expected
22 insurance, who did not fulfill their responsibility?
23 Would that be Mr. Michelitch?

24 A. I expected an insurance broker to buy
25 insurance. I had in Lance's contract that it was to

¶00058

1 buy insurance premiums. So I -- I don't know who

stapleton

2 didn't do -- I mean, I -- I -- this is, to me, very
3 simple. Tailwind insured a loss, paid a premium, and
4 contingencies arise that triggered the loss, and
5 payment needs to be made. That is insurance.

6 Q. Okay.

7 A. For -- for me, that is. I think that was
8 for Gorski. I think that was for Michelitch, who is
9 an insurance broker. This was brokered through an
10 insurance broker. I think any common sense
11 understanding of what this is, is that it's insurance.

12 Q. Okay. Were you relying on Mr. Michelitch to
13 obtain insurance from SCA?

14 A. I didn't talk to Mr. Michelitch. I relied
15 on the contract that Lance had with Tailwind, that I
16 did with Mark Gorski, that said that insurance was
17 going to be paid in order to insure their losses.

18 Q. But you didn't --

19 A. So to the extent that I relied on it being
20 insurance, yes.

21 Q. Okay. What I want to make sure I understand
22 is, you didn't rely on anything SCA said to you to
23 determine that was insurance because you didn't talk
24 to them?

25 A. Never talked to them.

¶00059

1 Q. All right. There is a provision in here at
2 the end that says that if the insurance is not
3 collectible, the parties agree to discuss in good
4 faith modification to their respective rights. Do you
5 see that provision down there?

6 A. Uh-huh.

7 Q. Could you tell me, if you know, the origin
8 and purpose of why that found its way into this
9 agreement?

10 A. Well, if SCA doesn't pay Tailwind, then the
11 modification that was considered here might be
12 something like we have done in the past with Lance
13 when Tailwind has had financial problems, where Thom
14 Weisel -- the -- the modification I can think of that
15 is most likely is that we would go to Thom and ask him
16 to pay the money or ask for another way for it to be
17 paid. But this provision just recognizes that if
18 Lance forces Tailwind to pay the money, he is going to
19 bankrupt them.

20 Q. Okay. What was it you understood or
21 believed might lead to the insurance not being
22 collectible?

23 A. I was -- that was just, you know, in my
24 mind, a contingent possibility three years down the
25 road that we wanted to make sure that we could protect

¶00060

1 against.

2 Q. Were you -- were you -- did you have a
3 specific concern about one of the companies not -- not
4 being able to --

5 A. I didn't even know who the companies were.

6 Q. Okay. So --

7 A. Sometimes insurance companies don't pay.

8 Q. Okay. Is it fair to say, then, this was
9 a -- just a general provision to protect the parties
in case payment wasn't made?

11 A. Yes.

12 Q. All right. Has Mr. Armstrong made a formal

stapleton

13 demand on Tailwind to pay the -- the remainder of the
14 bonus under Exhibit 4?

15 A. Not a formal one.

16 Q. Has Tailwind or CSE written Mr. Armstrong to
17 explain what arrangements it's going to make to pay
18 the bonus?

19 A. No. I mean, it's very clear right now that
20 Tailwind owes Lance five million dollars, that
21 Tailwind acknowledges they owe him that money, and
22 that Lance expects to be paid. There has been no
23 arrangements or modifications or anything discussed.

24 Q. Okay.

25 A. We expect SCA to pay the money, and then

¶00061

1 we're going to pay Lance.

2 Q. I appreciate that. I -- I -- what I'm
3 asking is, has Tailwind written Mr. Armstrong in
4 saying these things, in any format I could look at?

5 A. Well, I already answered that, and the
6 answer is no.

7 Q. Okay. And I think you answered this, but
8 I'm not sure, so I apologize. You haven't made any
9 amendments, modifications, or agreements to Exhibit 4
10 because the insurance hasn't been collectible?

11 A. Exhibit 4?

12 Q. This agreement?

13 A. Oh, no.

14 Q. I mean, the addendum says you can, but you
15 haven't?

16 A. No.

17 Q. All right.

18 MR. BREEN: When you get to a good
19 spot, Jeff, it's been about an hour.

20 MR. TILLOTSON: This is a -- this is a
21 fine stopping point.

22 THE VIDEOGRAPHER: Going off the
23 record, 10:49.

24 (RECESS.)

25 THE VIDEOGRAPHER: Back -- back on the

¶00062

1 record, 11:15.

2 Q. (BY MR. TILLOTSON) Mr. Stapleton, we're
3 back. You understand even though we take breaks
4 during the course of your deposition, you remain under
5 oath the entire time in which you answer questions.
6 Correct? We don't re-swear you in --

7 A. Oh, yes. Yes.

8 Q. -- you understand that? Okay.

9 A. I wanted to clarify one thing.

10 Q. Certainly, sir.

11 A. When we went through this -- the -- the
12 addendum.

13 Q. Yes.

14 A. I went back and looked at it. The Lloyd's
15 and Chubb policies, I don't think they were in place
16 'til later that spring or summer before the Tour. So
17 I think I may have answered this -- that this was done
18 in, you know, about the same time the SCA contract was
19 in place. I think it's probably closer to late
20 spring, early summer when this addendum was actually
21 entered into.

22 Q. Thank you for that.

23 Did you get copies of the SCA contract

stapleton

24 from Disson Furst or Tailwind, you personally?

25 A. No.

¶00063

1 Q. Or the Lloyd or Chubb's agreements or
2 contracts?

3 A. Not that I remember, no.

4 Q. Now, as head of Tailwind, you have access to
5 those documentation?

6 A. Yes.

7 Q. But not previously, at the time they were
8 happening?

9 A. Not that I remember, no.

10 Q. Okay. Thank you.

11 Is it your testimony that in connection
12 with the 2001 through 2004 Tour de Frances, that
13 Mr. Armstrong did not use any performance-enhancing
14 drugs?

15 A. Yes.

16 Q. For the '99 and 2000 Tour de Frances, is it
17 your testimony that Mr. Armstrong did not use any
18 performance-enhancing drugs?

19 A. Yes.

20 Q. Mr. Armstrong has been quoted numerous times
21 in public papers, saying he has never used any
22 performance-enhancing drugs in connection with his
23 professional cycling career. Are you aware of
24 those --

25 A. Yes.

¶00064

1 Q. -- public statements?

2 And do you believe them to be true?

3 A. Yes.

4 Q. Mr. Armstrong has also been quoted as saying
5 that he has a zero tolerance policy regarding the use
6 of performance-enhancing drugs. Are you aware of
7 those statements?

8 A. Yes.

9 Q. And do you believe that to be true?

10 A. Yes.

11 Q. In connection with your role as business
12 manager and agent of Mr. Armstrong, have you publicly
13 stated, on Mr. Armstrong's behalf, that he has never
14 used performance-enhancing drugs?

15 A. I think so.

16 Q. Have you also stated either the actual words
17 or words to the effect that he has a zero tolerance
18 policy for drugs?

19 A. I don't know that I've ever said that.

20 Q. But you believe --

21 A. If you want to show me a statement where I
22 did --

23 Q. I can't find one --

24 A. Yeah.

25 Q. -- so I'm asking if you recall one.

¶00065

1 A. It wouldn't be surprising.

2 Q. But you have -- but you have from time to
3 time said publicly that Mr. Armstrong does not and has
4 never used performance-enhancing drugs. Correct?

5 A. Yes.

6 Q. And do you know if you made such statements
7 prior to the 2001 time period, in '99 and 2000?

8 A. I don't know.

stapleton

9 Q. Do you accept that my client,
10 SCA Promotions, Inc., has the right to rely on those
11 statements in entering into a business relationship
12 with Disson Furst or Tailwind?

13 MR. BREEN: Object to form.

14 A. Statements that I make?

15 Q. (BY MR. TILLOTSON) Well, first, statements
16 that Mr. Armstrong made.

17 MR. BREEN: Object to form.

18 A. What do you mean by "rely"?

19 Q. (BY MR. TILLOTSON) That they could take
20 them as true and count on them in entering into a
21 business relationship with Disson Furst?

22 MR. BREEN: Same objection.

23 A. Well, I mean, I think they're obviously true
24 if I said them or Lance said them. To the extent that
25 you want to say that you relied on them in entering

♀00066

1 into a business transaction is a completely different
2 issue. They could be something you consider, but, you
3 know, it's my belief that if you were going to spend
4 potentially nine and a half million dollars, you would
5 look at a lot of different things before you insured
6 that risk. It's no different than -- if -- if I say
7 it, it's true, and I have said it, and it's true.
8 We've entered into a lot of contracts since 1999, when
9 Lance was first alleged to have taken
10 performance-enhancing drugs by the same French
11 newspaper. But the people who have entered into those
12 contracts, I don't think they would say that they
13 solely relied on statements I made or Lance made in
14 order to enter into those agreements.

15 Q. (BY MR. TILLOTSON) Well, Mr. Armstrong --
16 to -- to your knowledge, Mr. Armstrong's public
17 statements have always been unequivocal about his
18 nonuse of performance-enhancing drugs. Correct?

19 A. Of course they have.

20 Q. And -- and your statements about him and his
21 nonuse have always been unequivocal as well. Correct?

22 A. Yes.

23 Q. You've never said, well, it's an open
24 question, but we don't think it's right. You have
25 always completely and firmly denied any allegations of

♀00067

1 drug use by Mr. Armstrong. Correct?

2 A. We've told the truth.

3 Q. Okay. Well, the answer to my question, I
4 think, is yes. I'm not asking you whether those
5 statements are true or not. I'm asking if you've --
6 if they're unequivocal. And the answer to that is
7 yes?

8 A. The answer to that is yes.

9 Q. I also understand that you say they are true
10 as well. Right?

11 A. They are true.

12 Q. You stand behind those statements?

13 A. I do.

14 Q. Okay. And sometimes statements you have
15 made have been in response to a specific allegation or
16 allegations made about Mr. Armstrong. Correct?

17 A. Well, again, I -- I think we've talked
18 generally about the statements I've made, and -- and
19 if you want to show me statements, I can respond to

stapleton

20 them.

21 Q. Well, let me talk specifically. Did -- did
22 you make public statements regarding Mr. Armstrong's
23 nonuse of performance-enhancing drugs when it was
24 revealed in the media that there was an ongoing
25 investigation of Mr. Armstrong on Thanksgiving Day of

¶00068

1 2000?

2 MR. BREEN: Do you -- hold on. Let me
3 just clarify. I don't mean to interrupt your
4 question. Do you mean Bill personally?

5 MR. TILLOTSON: Yes. I'm sorry.

6 MR. BREEN: Okay.

7 Q. (BY MR. TILLOTSON) Did you personally make
8 statements to the public or the press, regarding
9 Mr. Armstrong's nonuse of performance-enhancing drugs
10 in response to the revelation that there was a French
11 investigation ongoing, which you say you learned in
12 Thanksgiving of 2000?

13 A. I don't know if I did or not.

14 Q. Do you know if -- do you know if
15 Mr. Armstrong did?

16 A. I know Mr. Gorski did on behalf of Tailwind.
17 And if you want to show me statements Lance made, I --
18 it wouldn't surprise me.

19 Q. Okay.

20 A. But I don't remember specific statements
21 that were made.

22 Q. Mr. Stapleton, I'm not trying to trick you.
23 If you remember them, fine. If you don't, and if I
24 have them and I want to refresh your recollection or
25 ask you if you said that, I'll -- I'll show them to

¶00069

1 you. So it's -- it's not a trick. I'm not trying to
2 get you to say you didn't say it and then show you
3 one. Okay? So -- so if you remember, that's fine.
4 If you don't, that's fine.

5 How about in connection with the news
6 article that ran, disclosing Mr. Armstrong's
7 relationship with Michele Ferrari, did you make public
8 statements regarding Mr. Armstrong's nonuse of
9 performance-enhancing drugs in connection with that
10 news story?

11 MR. BREEN: I'm sorry, Jeff. I didn't
12 mean to interrupt your question. I was just
13 getting -- trying to get you to talk -- which one are
14 you talking about? The '97 one or the '01 article?
15 Which article?

16 MR. TILLOTSON: Okay. Well, let me ask
17 foundation.

18 Q. (BY MR. TILLOTSON) Was there a -- did a
19 story run regarding Mr. Armstrong's relationship with
20 Michele Ferrari, a news story?

21 A. More than one, yes.

22 Q. Okay. When was the first that you recall?

23 A. '97, I think.

24 Q. What publication was it in, if you recall?

25 A. Cycle Sport magazine.

¶00070

1 Q. What kind of publication is that?

2 A. It's a European, I think, English cycling
3 magazine.

4 Q. Do you know if it was available in the U.S.

stapleton

5 in '97?

6 A. I'm sure it was. I mean, I don't -- you can
7 get it now. So I am sure you could get it then. You
8 could subscribe to it anywhere in the world.

9 Q. Okay. Other than subscription, do you know
10 if it was available generally on newsstands in the
11 U.S. in '97?

12 A. I'll bet it was. If you went to like -- you
13 know, if you went to 7-Eleven, no. If you went to a
14 bookstore, probably.

15 Q. Okay.

16 A. Where they have lots of, you know, different
17 magazines and they might even have foreign magazines,
18 yeah.

19 Q. Did you ever -- did you ever buy it at a
20 newsstand here in Austin, for example, in '97?

21 A. I don't remember.

22 Q. Okay. Who was the author of the story? Do
23 you remember?

24 A. I don't. I know that David Walsh was a
25 contributing editor to that magazine.

¶00071

1 Q. Was he the author of the story, though, or
2 co-author?

3 A. I don't remember.

4 Q. And how long had Mr. Armstrong had a
5 relationship with Mr. Ferrari at the time this article
6 ran?

7 A. I don't know.

8 Q. When is the first time you met
9 Doctor Ferrari?

10 A. I met him at a U.S. Postal training camp
11 here in Austin in '01 or '02, I think '02, at Barton
12 Creek Country Club.

13 Q. Prior to that time, had you ever personally
14 met Doctor Ferrari?

15 A. No.

16 Q. Did you know who he was prior to that time?

17 A. Yes.

18 Q. Did you know that Mr. Armstrong was using
19 him as a coach or trainer prior to meeting him at the
20 Barton Creek Country Club?

21 A. I did.

22 Q. How did you learn that?

23 A. Well, I mean, I've been -- I've been, you
24 know, involved with Lance since '95. I am not very
25 involved in coaching or training or gear ratios or

¶00072

1 altitude or any of that stuff. But I knew long ago
2 that there was a relationship with Ferrari. You know,
3 probably -- it -- it wasn't a secret.

4 Q. Okay. Well --

5 A. So, I mean, it was probably -- you know,
6 Lance got sick in October of '96. I don't know if I
7 was aware of it before that. Probably after he got
8 sick.

9 Q. Did -- did Mr. Armstrong have a professional
10 relationship with Doctor Ferrari prior to October of
11 '96?

12 A. You would have to ask him. I -- to my
13 recollection --

14 Q. I'm asking you. Either you know or you
15 don't.

stapleton

16 A. I don't -- I don't know.
17 MR. BREEN: Hopefully that's what he
18 meant.

19 THE WITNESS: Yeah. Yeah.

20 Q. (BY MR. TILLOTSON) Okay. Hopefully, I
21 will, but I'm sure -- so the answer is, you don't
22 know?

23 A. I don't think I know. I mean, I think it --
24 I'm trying to be -- I mean, I -- I wasn't very
25 involved in this, but I -- I think it was prior to

¶00073

1 that, but I'm not sure.

2 Q. Okay. And did you learn it from
3 Mr. Armstrong? And by "it," I mean his relationship
4 with Doctor Ferrari. Did Mr. Armstrong tell you?

5 A. Probably.

6 Q. Okay. Is there any other way you think you
7 could have learned it?

8 A. You know, maybe from Chris Carmichael, maybe
9 from Johan Bruyneel. I don't remember when I first
10 became aware of his involvement with that group.

11 Q. Did -- did you supervise payments to
12 Doctor Ferrari --

13 A. No.

14 Q. -- for the training?
15 Do you know who did?

16 A. No.

17 Q. Do you know how the payments were made?

18 A. No.

19 Q. Do you know if Mr. Armstrong made them
20 personally?

21 A. No, I don't know.

22 Q. Did the U.S. Postal team make payments to
23 Doctor Ferrari, as part of the team?

24 A. I don't know.

25 Q. Did Tailwind ever make any payments to

¶00074

1 Doctor Ferrari for training?

2 A. Not since I've been CEO and not to my
3 recollection, no.

4 Q. Has Tailwind made any payments of any kind
5 to Doctor Ferrari?

6 A. Not to my knowledge.

7 Q. Either while you've run the company or
8 before, do you know if Tailwind has made any payments
9 to Doctor Ferrari?

10 A. Again, not -- not to my knowledge.

11 Q. Has Tailwind made any payments to anyone
12 associated with Doctor Ferrari?

13 A. Not to my knowledge.

14 Q. Do you know if Doctor Ferrari was being paid
15 for his services that he provided to Mr. Armstrong?

16 A. I assume he was.

17 Q. You don't know personally, though?

18 A. I don't know how. I don't know who. I
19 don't know, you know.

20 Q. Do you know the amount?

21 A. No.

22 Q. Does Mr. Armstrong still have the
23 relationship with Doctor Ferrari?

24 A. No.

25 Q. Does he still talk to him?

¶00075

stapleton

1 A. I don't know if they've talked. I mean,
2 they were -- they were friends and, obviously, had a
3 professional relationship, and you obviously know that
4 he was convicted in Italy last year, and the
5 professional relationship ended. If there has been
6 any conversations, they would have been merely on a
7 personal level.

8 Q. So is it your understanding that
9 Doctor Ferrari did not help Mr. Armstrong in
10 connection with his training for the 2005 Tour de
11 France?

12 A. I don't think so.

13 Q. Okay. And there was no help by
14 Doctor Ferrari to Mr. Armstrong in connection with the
15 actual 2005 Tour de France race?

16 A. We severed our relationship with him
17 professionally -- when was the conviction? Do you
18 remember?

19 Q. Yeah. I can help you.
20 When you say -- while I find that
21 particular document, when you say "sever," what do you
22 mean? Like we won't talk to him, or we won't let him
23 train us? What -- what actually does sever mean?

24 A. It means that we don't have a professional
25 relationship, which we had for a long time.

¶00076

1 (Deposition Exhibit No. 5
2 (marked for identification.

3 Q. (BY MR. TILLOTSON) I'm going to hand you
4 what we have marked as Exhibit 5 to your deposition.
5 I'll give you a second to take a look at that.

6 Is this a statement issued by
7 Mr. Armstrong in connection with Doctor Ferrari's
8 conviction?

9 A. Yes, it is.

10 Q. And this is actually issued by CSE, is it
11 not?

12 A. Yeah. It's -- I don't see the date. I
13 mean, I see October 1. What year is it? Is it last
14 year?

15 Q. Yes.

16 A. Yeah. Uh-huh.

17 Q. Okay. So on October 1st, 2004, CSE, on
18 behalf of Mr. Armstrong, issued a press statement
19 severing Mr. Armstrong's relationship with
20 Doctor Ferrari. Is that correct?

21 A. Yes.

22 Q. Why did Mr. Armstrong and CSE or -- well,
23 strike that.

24 Why did Mr. Armstrong sever his
25 relationship with Mr. Ferrari?

¶00077

1 A. He was convicted of a couple of the counts
2 that were brought against him in Italy, not all of
3 them. Probably not the most severe one, but he was
4 convicted of sporting fraud, as I remember. And we
5 had said all along that if you were convicted, we were
6 going to sever that relationship.

7 Q. Is that because Mr. Armstrong does not
8 associate with individuals who are known to dope or
9 have doping connections?

10 MR. BREEN: Object to form.

11 A. It's because we had never had any

stapleton

12 experience -- and when I say "we," I'm speaking for
13 Lance -- in which there was anything illicit, illegal
14 with Doctor Ferrari. But we took the position that if
15 he was convicted in a criminal court, that we would
16 end that professional relationship.

17 Q. (BY MR. TILLOTSON) I mean, I -- I
18 understand that. And your testimony is that, to your
19 knowledge, Doctor Ferrari never either did or
20 suggested anything to Mr. Armstrong regarding the use
21 of illegal substances or performance-enhancing drugs.
22 Correct?

23 A. Yes.

24 Q. And Mr. Armstrong has stated that publicly,
25 I believe, has he not?

¶00078

1 A. Yes, I believe he has.

2 Q. Okay. I -- I think -- I think it's actually
3 in the statement that you issued, is it not, that
4 we're looking at here, Exhibit 5?

5 A. Yes.

6 Q. So he gets convicted for something that had
7 nothing to do with Mr. Armstrong, obviously. Correct?
8 Doctor Ferrari?

9 A. Yes.

10 Q. Okay. But Mr. Armstrong still severs his
11 relationship with Doctor Ferrari because of his
12 conviction with respect to something else. Correct?

13 A. Yes.

14 Q. And the reason Mr. Armstrong did that is
15 because his public position is, I don't associate with
16 people who are convicted of doping. Correct?

17 A. His public statement was that I believe in
18 him. I'm going to stand by him. If he is convicted,
19 I will sever my relationship, pending appeal.

20 Q. Is the reason for severing the relationship,
21 even though he -- he -- Doctor Ferrari got convicted
22 for something that had nothing to do with
23 Mr. Armstrong, that just simply hanging around people
24 who might be involved in doping is -- gives rise to
25 suspicion that -- that Mr. Armstrong doesn't want?

¶00079

1 A. Well, I mean, you're trying to draw this
2 guilt by association line, and the -- the answer is
3 what I've already stated, which is, Lance is not going
4 to have a professional relationship with someone who
5 has been convicted of sporting fraud.

6 Q. I'm going to offer context, and then I'm
7 going to ask you a different question. I'm -- I'm not
8 trying to suggest or get you to agree that Mr.
9 Armstrong must be doing something untoward because he
10 is associated with someone convicted. That's not the
11 premise of my question. The premise of my question is
12 to -- to find out why Mr. Armstrong does not want to
13 be associated with people who are convicted for
14 something that has nothing to do with him. Okay? And
15 all I'm trying to find out is, is that -- does he
16 believe -- in your -- in your understanding, believe
17 that that would bring a bad light on Mr. Armstrong
18 somehow publicly if he is associated with people who
19 have done something that Mr. Armstrong had no
20 connection to?

21 A. Well, it's an interesting question. It --
22 there -- there was a lot of press around this. We

stapleton

23 had -- we didn't believe that he had ever done
24 anything untoward with Lance or with anyone else. So
25 when a court convicts him of doing something untoward

¶00080

1 with someone else, we took the position that we were
2 going to not have a professional relationship with
3 that person, whether it's true or not. Whether he
4 wins his appeal or not, at that point it wasn't
5 appropriate.

6 Q. Okay.

7 A. I don't know that it's -- you know, I don't
8 know that I can give you an answer that's better than
9 that.

10 Q. I appreciate that. I -- I understand.

11 In his deposition, Mr. Gorski testified
12 that -- that he also met Doctor Ferrari at this
13 training camp at Barton Creek Country Club. And he
14 testified words to the effect of that he told
15 Mr. Armstrong that he was concerned about the
16 relationship with Doctor Ferrari. Were you aware of
17 that?

18 A. Was I aware of what?

19 Q. That Mr. Gorski had expressed concern to
20 Mr. Armstrong at this training camp regarding
21 Mr. Armstrong's relationship or association with
22 Doctor Ferrari. Were you aware of it at the time it
23 happened?

24 A. No.

25 Q. Did you ever learn it prior to me telling

¶00081

1 you this or in connection with this lawsuit, I should
2 say?

3 A. I reviewed Mark's deposition. That was the
4 first time.

5 Q. So that's the first time you ever heard or
6 read that Mr. Gorski had expressed concern about
7 Mr. Armstrong's relationship with Doctor Ferrari?

8 A. Yes.

9 Q. Did you ever express concern to
10 Mr. Armstrong about his relationship or association
11 with Doctor Ferrari?

12 A. Did I ever?

13 Q. Yes, sir. Did you --

14 A. No. I wasn't concerned about it.

15 Q. Why not?

16 A. Because I understood the -- I understood the
17 relationship Ferrari had with Lance, Carmichael had
18 with Lance, Bruyneel had with Lance, various people
19 like Jeff Spencer. They were all sort of in this
20 group of people that helped Lance, whether it was
21 nutrition or diet or gear ratios or altitude training,
22 things that I don't pretend to know a lot about. And
23 I didn't think there was anything inappropriate about
24 the relationship.

25 Q. Did you investigate Doctor Ferrari, his

¶00082

1 reputation or any allegations about him, to come to
2 that conclusion?

3 A. Well, no. I mean, to the extent that I was
4 told that by various people, you could say that I did
5 my due diligence.

6 Q. Because there -- obviously, you're aware
7 there have been allegations that Doctor Ferrari either

stapleton

8 helped or suggested to people they should dope.
9 You're aware of those, aren't you?

10 A. I'm aware of those with respect to Filippo
11 Simeoni's allegations in the case against
12 Doctor Ferrari in Italy, yeah.

13 Q. And did you investigate those allegations at
14 the time they were made to determine whether or not
15 there was anything to be concerned about with respect
16 to Doctor Ferrari's relationship with Mr. Armstrong?

17 A. To the extent that I was told that they
18 weren't true by either Lance or Johan or the people
19 that don't -- don't believe that Ferrari did that and
20 people that think Simeoni is not truthful. But did I
21 do a formal investigation? No.

22 Q. Did Mr. Armstrong communicate to you why he
23 thought Mr. Simeoni was lying about these allegations
24 concerning Doctor Ferrari?

25 A. Well, I think Lance had had experience with

¶00083

1 Ferrari over a period of time that never included
2 anything like Simeoni was alleging and, therefore,
3 didn't believe him.

4 Q. Anything else?

5 A. With respect to Simeoni?

6 Q. Yes. That -- why Mr. Armstrong -- you've
7 testified and I -- and maybe Mr. Armstrong said
8 publicly that he -- he believes that Filippo Simeoni is
9 not being truthful about what he says Doctor Ferrari
10 did. Correct?

11 A. Will you ask me the question again?

12 Q. Certainly.

13 MR. BREEN: Sorry about that.

14 MR. TILLOTSON: That's all right.

15 Q. (BY MR. TILLOTSON) Mr. Armstrong has said
16 that he believes Filippo Simeoni is lying about what
17 Doctor Ferrari supposedly did. Correct?

18 A. Yes, he has said that.

19 Q. In fact, there is a -- there is a legal
20 dispute between Simeoni and Mr. Armstrong regarding
21 this very point, isn't there?

22 A. Well, there's a couple of legal disputes
23 between Simeoni and Armstrong. One is -- Simeoni has
24 filed a defamation action in Italy. Armstrong has
25 counterclaimed against him. There was a case in which

¶00084

1 Simeoni claimed that Lance tried to alter the -- a
2 sporting result in the 2004 Tour de France -- I
3 believe it was '04 -- that is -- the judge is throwing
4 out because he believes Lance's testimony over
5 Simeoni's. So those are the two that I know of.

6 Q. Is that latter one the -- the -- I'll call
7 it the incident that Mr. Simeoni alleges that
8 Mr. Armstrong chased him down in connection with the
9 race?

10 A. Can I just say one thing? It would be
11 easier if, when I was answering, if the gallery over
12 here wasn't commenting on what I have to say.

13 Q. I respect that, and I apologize. I can't
14 see them. I'm not --

15 A. I can, unfortunately.

16 Q. I'm not paying attention to them. So why
17 don't we take a short -- will you give me two seconds
18 to chat with them, and we'll make some arrangements to

stapleton

19 fix that?

20 A. That would be great. Yeah.

21 Q. Okay.

22 THE VIDEOGRAPHER: Going off the
23 record, 11:39.

24 (RECESS.)

25 THE VIDEOGRAPHER: Back on the record,

¶00085

1 11:40.

2 Q. (BY MR. TILLOTSON) Okay. We were talking
3 about Doctor Ferrari and -- and his association or
4 relationship with Mr. Armstrong. Do you know if
5 anyone else expressed concern to Mr. Armstrong -- let
6 me strike that. Rephrase it.

7 Did anyone else within Mr. Armstrong's
8 team express concern to him about his relationship
9 with Doctor Ferrari, that you're aware of?

10 A. I don't know.

11 Q. Nothing you heard of?

12 A. I don't know.

13 Q. Now, you say you weren't involved really in
14 the -- in the -- the nuts and bolts in training of
15 Mr. Armstrong. Is that -- is that fair?

16 A. Yes.

17 Q. You didn't oversee the nutrition or the
18 training regimen or the equipment. Is that fair?

19 A. Yes.

20 Q. Okay. Who -- who is his nutritionist? Does
21 he have one? Did he have one?

22 A. There have been a few. I wouldn't -- I
23 don't know that he has one right now. I --

24 Q. For the '05 Tour de France, do you know if
25 he had a nutritionist?

¶00086

1 A. I don't know.

2 Q. Okay. Who -- who assembles these
3 individuals, the nutritionist, the -- the team doctor,
4 that kind of thing?

5 A. Primarily Lance and Johan.

6 Q. Do you have any input to any of that?

7 A. Well, from a budget standpoint, I guess I
8 do.

9 Q. Are -- are there documents --

10 A. I mean, assuming they were on -- assuming
11 they were not people that Lance was paying on his own.
12 So the riders sometimes will have -- you know,
13 Jonathan Vaughters might have had a relationship with
14 a nutritionist that he paid hourly to take care of
15 him, and I wouldn't have anything to do with that. To
16 the extent that there is a team doctor who is an
17 employee of Tailwind, I would have, you know, budget
18 approval and things like that.

19 Q. Now, we had gotten into this a little bit
20 earlier, but I want to go into a little bit more
21 detail. Within the last couple of weeks, the French
22 magazine L'Equipe has published an article in which it
23 asserts or alleges that Mr. Armstrong tested positive
24 for EPO in connection with the 1999 Tour de France.
25 You are aware of, obviously, these allegations?

¶00087

1 A. Yes.

2 Q. Have you read a translated version of the
3 article?

stapleton

4 A. Parts of it.

5 Q. Do you speak French?

6 A. Not very well.

7 Q. Okay. So have -- have you been able to --

8 have you been able to read the entire article or the

9 allegations in the entire article?

10 A. Not every word. I know the gist.

11 Q. Okay. First, you said this before, but I

12 want to make sure we do it in connection with this bit

13 of testimony. Are the allegations true?

14 A. No.

15 Q. Did Mr. Armstrong use EPO in connection with

16 the 1999 Tour de France, to your knowledge?

17 A. No.

18 Q. You had mentioned previously that there were

19 protocol or rules not followed in connection with the

20 work that had been done. Okay? I'm not asking you to

21 accept that as your sole answer, but I want to orient

22 you to that. Can you tell me what rules you believe

23 were not followed in connection with the lab work?

24 MR. BREEN: Let me -- let me just,

25 if -- if I can, Jeff, say one thing here, too.

¶00088

1 MR. TILLOTSON: Yeah.

2 MR. BREEN: Obviously, this is very

3 recent, and, obviously, you've seen the other reports

4 that it is under investigation and there may even be

5 litigation or other type of things that happen. I

6 want to strike a balance between allowing

7 Mr. Stapleton to answer your questions, but also

8 represent that this is -- he is not an expert on it.

9 It's not exhaustive. And I don't want it to -- to,

10 you know, inhibit the fact that we may have current or

11 other positions regarding it as information becomes

12 available. Okay?

13 MR. TILLOTSON: Okay.

14 MR. BREEN: With that said, I don't

15 mind Mr. Stapleton asking your questions based on what

16 he knows now, personally.

17 MR. TILLOTSON: Okay. I -- I

18 understand that.

19 Q. (BY MR. TILLOTSON) If I -- if I --

20 Mr. Stapleton, if I -- if I stray into areas that are

21 the subject of litigation or possible litigation which

22 you have consulted with attorneys, alert me. I'm not

23 intending to -- to -- to draw those out.

24 You had given me sort of a laundry list

25 of -- of problems or issues with respect to the

¶00089

1 allegations. And I wanted now to focus on that and go

2 through that if I could. I understand that you are

3 not necessarily an expert in the matters and that

4 these are recent allegations.

5 So with that introduction, my first

6 question is, what -- you had testified earlier that

7 protocols and rules were not followed. What -- what

8 protocols or rules were not followed in connection

9 with this?

10 A. Well, it was reported that Lance tested

11 positive for EPO. Drug testing is the fundamental --

12 sort of tenets of drug testing are fair and reliable

13 tests that are scientifically proven, laboratories

14 that are unbiased and professional, and two samples

stapleton

15 for every test, an A sample and a B sample that are
16 collected at the same time, and anonymous notification
17 to an athlete of an A sample positive, and a right to
18 be present for the opening and testing of a B sample
19 confirmation. And then, assuming the B sample is
20 consistent with the A sample, which it isn't all the
21 time, a right to have a hearing and an appeal process
22 to question protocol, to question the reliability of
23 the test, to question chain of custody, any of the
24 things that are sort of part of that process. That is
25 the WADA code at the -- 1999, that was incorporated

♀00090

1 into the UCI rules. That's the foundation on which we
2 drug test athletes. It strikes a balance between
3 evening out sport and catching cheaters and protecting
4 the rights of athletes and giving them due process to
5 defend themselves if mistakes are made or tests aren't
6 reliable. And it's worked.

7 What happened last week is completely
8 different. This is an alleged research project into
9 the EPO test that was done on anonymous B samples from
10 the 1998 and 1999 Tour de France to refine the EPO
11 test that was entered into between WADA and the lab
12 near Paris. The samples had been frozen for a period
13 of -- we don't know exactly, but four to five years.
14 There is no record of chain of custody. The fact that
15 these were B sample -- B samples just begs the
16 question of, where is -- there is no C sample, so
17 there is no ability to confirm a result.

18 There is lots of question about whether
19 or not -- by renowned scientists, about whether or not
20 you can freeze urine and EPO will remain stable in
21 that urine for any period of time, especially for five
22 years. And there is a renowned scientist in Montreal
23 who runs a WADA lab who has gone on record there.
24 There is the matter of an anonymous research project
25 with codes attached to B samples that were somehow

♀00091

1 leaked by the lab, which is a felony under French law.
2 There is the question of how a newspaper might have
3 gotten athlete testing forms. And the bottom line is,
4 if a lab is willing to leak -- if a -- if a lab is
5 willing to -- to do research that could end up not
6 being anonymous, which is doing research with codes
7 attached, which could potentially bring you to a place
8 where the athletes could be identified, positive or
9 negative, they have violated WADA procedures. They've
10 violated what I think most scientists would agree is
11 proper procedure for anonymous testing. Then the fact
12 that they would leak that leads you to have very
13 little confidence in, A, that lab, the people in that
14 lab. If you will leak a result, why wouldn't you
15 spike a result? Why wouldn't you sabotage a sample?
16 So beyond that, the fact that L'Equipe is owned by the
17 same company that owns the Tour de France, and there
18 has been a clear intention, since 1999, by that
19 newspaper to attack Lance, to try to defame Lance,
20 shows you that there are agendas here.

21 So, first of all, it's not a positive
22 test unless it goes through proper protocol and
23 procedure. Second of all, the bottom line is, there
24 was no EPO in that urine when Lance put it into that A
25 and B sample in 1999. There is no way they unfroze it

¶00092

1 and found EPO in it, and if they did, they put it in
2 there, or it's not his sample. We'll never be able to
3 answer those questions. There is no sample to go
4 test. And even if there was, there is no chain of
5 custody that we could trust.

6 Q. Anything else that you want to add at this
7 time? You can obviously supplement your answer.

8 A. Sure. Not that I can think of.

9 Q. Okay. Let -- let me ask you about a couple
10 of those things first. I want to pick up on one of
11 the last things you said, which was that you had very
12 little confidence in the lab because if they leaked a
13 result, then why not spike the result. Is that a
14 fair --

15 A. My -- my statement is, if a lab will do what
16 they did here, there is no reason to have confidence
17 that they will stop at nothing to get Lance.

18 Q. This isn't a guilt by association principle,
19 though, is it?

20 MR. BREEN: Form.

21 A. Not at all.

22 Q. (BY MR. TILLOTSON) That if someone in the
23 lab leaked results, then, obviously, they probably
24 spiked results?

¶00093

25 A. They had to do something. If that -- if

1 that urine is Lance's, then -- and it has EPO in it,
2 then they did something to either mix the codes up or
3 put EPO in it or to -- or to produce an unreliable
4 result on the test.

5 Q. Do -- do you know --

6 A. Those are the only answers.

7 Q. Do you know if, in fact, the test results
8 that we've seen in the paper were, in fact, tests of
9 Mr. Armstrong's urine?

10 A. I don't believe anything I have read in that
11 paper. So I don't know if that's Lance's urine. I
12 don't know if they spiked his urine. I have no way to
13 know anything other than it's not true.

14 Q. Okay. When -- when you say you know his
15 urine didn't have EPO at the time, is that based upon
16 your belief in Mr. Armstrong, or do you have some
17 other factual basis for that?

18 A. It's -- it's -- it's based on what my
19 experience with Lance over a long period of time and
20 his representations and the two or three hundred
21 doping tests that he has passed, whether they were
22 done by that lab or a number of labs around the world.

23 Q. Well, any -- any tests he did in '99 and
24 2000 would not have revealed the presence of EPO
25 because they didn't have a test for EPO?

¶00094

1 A. Well, but actually there was a -- there were
2 frozen samples in the 2000 Tour that were subject of a
3 French investigation, were unfrozen within three
4 months of the collection of the samples. They were
5 tested over and over and over again, using that EPO
6 test, and the French government announced that they
7 were clean.

8 Q. This -- it wasn't the same EPO test that
9 they're -- they were -- that they used for these most
10 recent tests, though, was it, sir?

stapleton

11 A. Well, the -- the EPO test has been refined
12 over time. But that -- exactly. That begs the
13 question. If you're going to cheat in '99 --
14 right? -- and there is no EPO test, why not cheat in
15 2000? There is no EPO test.

16 Q. Okay.

17 A. And we didn't know our samples were being
18 frozen in 2000.

19 Q. In connection with the -- either the UCI or
20 WADA rules, does the rider consent that his B samples
21 can be used for purposes of refining tests?

22 A. I don't think so. I think recently there is
23 a box you can check on the form, maybe in '04 and '05,
24 but I'm not sure about that. But I don't believe
25 you -- you -- there is a formal consent to use those

¶00095

1 samples. And even if there is, it was to be done
2 anonymously.

3 Q. I -- I understand. I'm just asking you.

4 A. Yeah. I -- I think that's the answer.

5 Q. Because WADA must have approved the use of
6 the B samples for the experimental tests.

7 MR. BREEN: Form.

8 Q. (BY MR. TILLOTSON) Didn't they?

9 A. Well, we're trying to answer -- answer those
10 questions right now.

11 Q. Let -- let me ask it a better way. Do you
12 know who approved and gave the lab the B samples?

13 A. We have no idea where those samples went
14 after they were test -- A samples were tested and they
15 were all negative in '99. They could have been in
16 somebody's garage for all we know.

17 Q. Well, I guess, that's not my question. I'm
18 sorry.

19 MR. TILLOTSON: Object as
20 nonresponsive.

21 Q. (BY MR. TILLOTSON) Do you -- do you know
22 who gave -- the lab didn't hold the samples, were --
23 did they? They obtained the samples from someone for
24 the testing that they did in 2005?

25 A. I have no idea.

¶00096

1 Q. Okay.

2 A. I believe, though, they had the samples.

3 Q. All right. And so do you know if the lab
4 obtained permission from anyone to do testing on these
5 frozen samples?

6 A. I believe they got it from WADA, but I don't
7 know that.

8 Q. Have you spoken to anyone at WADA about that
9 issue?

10 A. I have spoken to Dick Powell.

11 Q. And what has he told you about that?

12 A. I -- I think that's part of --

13 MR. BREEN: If that's part of the
14 investigation, then we're not going to talk about it,
15 respectfully. I'll instruct you not to answer.

16 MR. TILLOTSON: Thank you. Thank you.

17 Q. (BY MR. TILLOTSON) Have you spoken to
18 anyone at UCI about this matter?

19 A. Yes, I have.

20 Q. Can you tell me, first, who you have spoken
21 to?

stapleton

22 MR. BREEN: Same instruction.

23 A. Same.

24 MR. BREEN: If -- if it's part of the
25 investigation that's going on in the contemplated

¶00097

1 litigation, then I'm going to instruct you not to
2 answer.

3 MR. TILLOTSON: Would -- would you
4 object to him revealing the names of the individuals?

5 MR. BREEN: Yes.

6 MR. TILLOTSON: Okay. And so with
7 respect to anything you have spoken to about UCI,
8 would you instruct him not to answer?

9 MR. BREEN: With regard to this lab and
10 these tests that we're talking about?

11 MR. TILLOTSON: Yes. Yes.

12 MR. BREEN: I would instruct him not to
13 answer.

14 Q. (BY MR. TILLOTSON) Let me have a clean
15 question, then.

16 MR. TILLOTSON: Are you instructing him
17 not to answer any questions regarding any
18 conversations he has had with UCI, concerning the
19 L'Equipe matter?

20 MR. BREEN: Yes.

21 MR. TILLOTSON: Thank you.

22 Q. (BY MR. TILLOTSON) Let me show you what --
23 what we'll mark as Exhibit 6.

24 (Deposition Exhibit No. 6
25 (marked for identification.

¶00098

1 Q. (BY MR. TILLOTSON) Exhibit 6 is a -- is a
2 transcript of Mr. Armstrong's appearance on the Larry
3 King Live show, from August 25th, 2005. I printed it
4 off from the Paceline Web site. Are you familiar with
5 that?

6 A. Yes.

7 Q. Is that Mr. Armstrong's site, or is that a
8 sponsor site? What kind of --

9 A. It's Tailwind owned. It's the team site.

10 Q. And I should probably tell you so your
11 counsel knows, I -- I had to sign up for it to -- to
12 get this. So I didn't know if it was your site or
13 not. You're free to kick me off.

14 A. You're welcome.

15 Q. I clicked on all of your sponsors, so you'll
16 get credit for clicks. This is --

17 A. Appreciate that.

18 Q. -- a way of repaying you for that.

19 In -- in connection with this
20 transcript, were you involved in preparing
21 Mr. Armstrong for his appearance on Larry King Live?

22 A. Yes.

23 Q. Did you use a PR firm or publicist as well
24 to help you?

25 A. No.

¶00099

1 Q. So -- so no professional PR person was used
2 in connection with his appearance on Larry King Live?

3 A. No.

4 Q. How about in connection with managing the
5 press regarding the L'Equipe article, have you used a
6 professional publicist?

stapleton

7 A. No.

8 Q. Does Mr. Armstrong maintain an ongoing
9 relationship with a professional PR or publicist?

10 A. I've done most of that over the years.
11 We've had some. We have a -- we -- we have an
12 as-needed relationship with a firm out of Seattle
13 called Waggener Edstrom. He has used others, but
14 for -- typically, I do most of that.

15 Q. So generally, you -- you would help him
16 prepare about the kinds of things he should say or
17 what questions might be anticipated?

18 MR. BREEN: Form.

19 A. I would speak with Lance before he goes on
20 Larry King, and we might think through a few things.

21 Q. (BY MR. TILLOTSON) Were you actually there
22 in the green room when he was on the show?

23 A. I was.

24 Q. Did you develop talking points with him for
25 the show?

¶00100

1 A. Nothing formal.

2 Q. Anything written?

3 A. No.

4 Q. Okay. I just want to ask about a couple of
5 things that Mr. Armstrong said. And I -- I printed
6 this transcript off your Web site. I don't know if
7 you actually got it from Larry King Live or not, but I
8 assume it's a reasonably accurate transcript.

9 If you'll turn to page three, at the
10 very bottom, Mr. Costas says, but they were stored and
11 then supposedly newer, more sophisticated techniques
12 come along. They test the B samples, and they found
13 the B sample to be positive from 1999. That's what
14 they're alleging. They're not saying any other time.

15 And Mr. Armstrong responds, right. But
16 for starters, the test is in question itself. Take
17 all of this aside, me and these new allegations.
18 Forget about all that. The actual test for EPO, what
19 they call electrophoresis is actually being questioned
20 on a pretty serious level right now. Why do you think
21 they're still working on it? Because it doesn't work
22 that well.

23 Do you agree with that?

24 A. I -- I think there are some serious
25 questions being asked about the EPO test right now.

¶00101

1 The Belgian and the Germans are, from what we
2 understand, creating a new test. So to the extent
3 that the EPO tests may generate false positives, I
4 think there may be some issues there. I'm not a
5 scientist, but I think it's a fair statement to make.
6 There's a triathlete in Belgium right now who has won
7 a case with the EPO test in question. And it may be
8 appealed to the Court Of Arbitration For Sport. It
9 may go other places. If you talk to renowned
10 scientists who do this test, they will tell you it is
11 a tricky, subjective test, yes.

12 Q. Do you believe that --

13 A. This is not -- let me finish.

14 Q. Oh, I'm sorry.

15 A. This is not a pregnancy test. This is not a
16 test for anabolic steroids. EPO is endogenous in the
17 body. So the EPO test attempts to separate endogenous

stapleton

18 EPO from exogenous EPO with an electrophoresis method
19 where you separate the polarity of the two substances.
20 It's not simple. It's very complicated. And a lot of
21 scientists have asked questions about it for a long
22 time.

23 The other thing to know is that this is
24 not like a test that you would get -- employment test
25 for marijuana. In the Olympic sport and in situations

¶00102

1 like this, a lab comes up with a test, and it doesn't
2 go through the sort of rigorous scientific
3 longitudinal studies that you would see in -- in --
4 under sort of American procedures or under employment
5 law. So this test, while they're administering it on
6 athletes, is actually being refined in research.

7 I'm not questioning the test itself.
8 I'm only pointing out that the statement Lance made
9 here is legitimate to the extent that smart people are
10 asking questions about whether it works or not. And
11 the main question really is, does it generate false
12 positives, not does it generate false negatives, but
13 does it generate false positives.

14 THE VIDEOGRAPHER: We have five minutes
15 on the tape.

16 MR. TILLOTSON: Oh. Let him switch the
17 tapes if we would.

18 THE VIDEOGRAPHER: Going off the
19 record, 12:01.

20 (OFF THE RECORD.)

21 THE VIDEOGRAPHER: Back on the record.
22 12:05.

23 Q. (BY MR. TILLOTSON) Okay. Mr. Stapleton,
24 we're -- we're back. I wanted to ask you a couple of
25 questions in regard to some of the matters that you

¶00103

1 had said.

2 In your mind, is the -- is the EPO test
3 that's being administered and has been administered
4 from '01 through the '04 Tour de Frances reliable?

5 A. Again, I'm not an expert. To the extent
6 that my experience has been that Lance doesn't take
7 drugs and it has never said he was positive, it's
8 reliable. And every other lab that's ever tested him,
9 it's been the same result. So it's reliable as far as
10 I'm concerned in the experience that I deal with every
11 day. The -- the riders on Tailwind, Lance, it's never
12 produced a false positive. That potentially could be
13 the case now. So there are people who are asking
14 legitimate questions about it. There are people you
15 could depose that would say, no, it doesn't work. But
16 to the extent that Lance doesn't take drugs, and it's
17 never had a false -- false positive for him, it's been
18 reliable.

19 Q. Well, Mr. Armstrong has -- has publicly
20 stated that he is one of the most tested athletes and
21 has never failed a drug test. You are aware of that,
22 aren't you?

23 A. Yes, I am.

24 Q. And, in fact, in this arbitration Tailwind
25 has submitted affidavits from UCI individuals, saying

¶00104

1 that Mr. Armstrong passed various drug tests in
2 connection with the '04 Tour de France. Correct?

stapleton

3 A. Yes.

4 Q. Are the passing of those tests meaningful in
5 the sense that they provide assurance that the
6 particular person being tested is not using drugs,
7 or are they not reliable, as was suggested by
8 Mr. Armstrong in the Larry King Live show?

9 MR. BREEN: Object to form.

10 A. And, again, the question is not, does the
11 EPO test produce false negatives. The question is,
12 does it produce false positives. So I believe it -- I
13 believe that his -- his position -- my position is
14 entirely consistent here.

15 Q. (BY MR. TILLOTSON) Okay. Are -- are you
16 aware that Doctor Ferrari has -- has publicly stated
17 that you cannot tell the difference between, as you
18 called it, an EPO your body makes versus artificial
19 EPO?

20 A. I don't know that he has ever said that.

21 Q. Let me show you what we've marked as -- as
22 Exhibit 7 here to your deposition.

23 (Deposition Exhibit No. 7
24 (marked for identification.

25 Q. (BY MR. TILLOTSON) Exhibit 7 is an article

¶00105

1 taken from the USA Today sports from their Web page,
2 which was published in July 2004, entitled Armstrong's
3 Advisor Taints Tour Efforts. Do you remember having
4 seen this article at the time it came out?

5 A. I don't.

6 Q. Does -- do -- do you on behalf of
7 Mr. Armstrong maintain a press clipping service where
8 you collect newspaper articles, magazine articles
9 about Mr. Armstrong?

10 A. No.

11 Q. How -- how is it you learn of what is in the
12 press, just by reading it and seeing it?

13 A. Yeah.

14 Q. No one gets these and provides them to you?

15 A. No.

16 Q. Okay. If -- if you'll look, you're free to
17 read the entire article. But I just want to point
18 your attention to -- point to -- direct your attention
19 to one particular quote. It's on page four of five.
20 Just there at the top, page four of five. And you can
21 see at the top it begins with, in an e-mail interview
22 with USA Today, Ferrari said that his work with the
23 champion takes up almost half of Armstrong's year.
24 And he details some of the training regimen. Do you
25 see that?

¶00106

1 A. Uh-huh.

2 Q. Now, you're not involved in the mechanics of
3 that particular training regimen?

4 A. No.

5 Q. Okay. And by "not involved," I mean you're
6 not saying it should be a second 12 to 14-week period.
7 You're not helping -- have input into it. Correct?

8 A. No.

9 Q. Okay. But are you aware that these things
10 are ongoing?

11 MR. BREEN: Form.

12 A. What things?

13 Q. (BY MR. TILLOTSON) Well, a first winter

stapleton

14 part of about eight to ten weeks focused on strength
15 work. A second ten- to twelve-week period centered on
16 aerobic work. A subsequent part is usually that of
17 fitness refining with race tempos. He also hosts
18 three to four pre-Tour altitude training camps. Are
19 you aware that that is ongoing with Mr. Armstrong and
20 Mr. Ferrari?

21 MR. BREEN: Form.

22 A. And -- no, I'm not really. I mean, I don't
23 involve myself in -- if he does an altitude camp and
24 he is in, you know, Colorado Springs, I know where he
25 is, but I don't know that he is doing eight, ten weeks

¶00107

1 focus on strength work, and ten to 12 of aerobic work.
2 I'm not his coach.

3 Q. I understand. Thank you.

4 If you'll look down now at the bottom,
5 right before the part saying, learning through vast
6 experience. The second to last paragraph there says,
7 but he does note that altitude training, quote, be it
8 natural or simulated, stimulates the natural
9 production of EPO?

10 A. Can you -- hold on. Can you show me where
11 you are again?

12 Q. Yes, sir. I'm sorry. I'm going to focus on
13 these two sentences, if you want to read those.

14 A. Sure.

15 Q. Okay.

16 A. Yeah.

17 Q. The last sentence, which is a quote
18 attributed to Doctor Ferrari, says, quote, it is
19 impossible to distinguish between an artificial
20 increase in -- and I'll pronounce this wrong, but
21 hematocrit.

22 A. Hematocrit.

23 Q. Hematocrit from a natural one. Do you see
24 that?

25 A. Uh-huh.

¶00108

1 Q. Are you aware that Doctor Ferrari was quoted
2 saying that?

3 A. No.

4 Q. And do you believe that's true, or do you
5 know?

6 A. Well, again, I'm not a scientist, but I
7 think what he is saying is if somebody measures your
8 hematocrit, and it's 42, and you go to altitude for
9 six weeks, and you come down, it's 46. Or if you sit
10 on your couch, and you try to do it artificially and
11 it's 46, I think his point is, it's still 46. I don't
12 think what he is saying is -- I mean, that's what I
13 think he is saying that hematocrit changes in all of
14 us every day. There are different ways to do it.
15 Altitude tents, altitude training, which Lance is
16 famous for, EPO, and there is different ways to do it,
17 but they all increase your hematocrit. There is no
18 way to tell that -- there is a way to tell if -- there
19 is a test that would tell you if it's done
20 artificially, but I think his point here -- that I can
21 only imagine because I didn't say it -- is that it
22 goes up. It just goes up.

23 Q. Did -- did Mr. Armstrong take efforts to
24 conceal his relationship with Doctor Ferrari prior to

25 2001?

¶00109

1 A. Not to my knowledge. I mean, to my
2 knowledge, it was in Cycle Sport in '97, and Ferrari
3 was part of a group of people. And David Walsh tried
4 to make a big scandal out of it and sent us some
5 questions that I'm sure you know about, by e-mail,
6 that he was going to make a big story about Ferrari,
7 about all these things that he has alleged for years
8 about Lance and doping that have never added up to
9 anything. And we preempted that in order to -- to --
10 to put it out there, outside of his publication. But
11 the fact is, people knew about it. It was in a '97
12 Cycle Sport article. There were -- there were
13 reporters that knew about it, that just chose to never
14 write about it. It wasn't scandalous. He tried to
15 make it scandalous, and he has -- he has -- he has
16 tried to do that over and over again. But the reality
17 is, there was -- I can -- there were a number of
18 people who knew about this. Anyone could have written
19 about it that chose to.

20 Q. Do you think members of the -- of the
21 general public in the U.S. that followed cycling knew
22 about it prior to 2001?

23 A. I think that today most people don't know or
24 care about it in the U.S. public.

25 Q. When -- when -- you have met -- or you

¶00110

1 physically met Doctor Ferrari in Austin, in 2001, did
2 Doctor Ferrari stay with the team at the same hotel?

3 A. I met him at the hotel. I don't -- I mean,
4 I didn't -- I was, you know, not the person that
5 booked his rooms, but I had a meeting in the bar or
6 outside the bar at Barton Creek with Ferrari and
7 Carmichael and Lance that -- nobody was hiding
8 anything. So I assumed he was staying there, but I
9 don't know for sure.

10 Q. I just -- I wasn't suggesting you were
11 trying to hide where he was. I just wanted to know
12 where he stayed.

13 A. Yeah.

14 Q. Did -- did you help or contribute to -- to
15 any of the books Mr. Armstrong has written?

16 A. Yeah. That's fair to say. I did the deals.

17 Q. Okay. How about the writing? I mean, did
18 you edit manuscripts or give input into certain
19 chapters or things like that?

20 A. Small pieces.

21 Q. Is there a reason why, prior to 2001, none
22 of Mr. Armstrong's books disclose his training
23 relationship with Doctor Ferrari?

24 A. It -- it -- no. I mean, it's -- there is no
25 reason why it was -- why it wasn't or was. There are

¶00111

1 a number of people that weren't included in those
2 books that have worked with him on training. You
3 know, it's always -- his training has always been
4 centered around Carmichael and Bruyneel. There have
5 been people that come in and out, who have been --
6 been, you know, credited in different places. And
7 it's not surprising to me that he was or wasn't. I
8 don't even know if he was included in the book or not.

9 Q. Okay. Do you know where Doctor Ferrari is

stapleton

10 today?

11 A. Like today?

12 Q. Yeah. I mean, where does he live, if you
13 know?

14 A. I don't know. I mean, he is Italian, so I
15 assume Italy, but I don't know.

16 Q. When was the last time you had contact with
17 him?

18 A. I've only met with him once. That was at
19 Barton Creek Country Club.

20 Q. Is Tailwind willing to facilitate contact
21 between SCA Promotions and Doctor Ferrari for purposes
22 of investigating its claim in this case?

23 MR. BREEN: Hold on.

24 If you make a request to me, we'll take
25 it under advisement, Jeff.

¶00112

1 MR. TILLOTSON: Okay. We request you
2 facilitate us being able to contact Doctor Ferrari.

3 MR. BREEN: We'll take it under
4 advisement.

5 MR. TILLOTSON: Thank you.

6 Q. (BY MR. TILLOTSON) Do -- do you allege in
7 this case, Mr. Stapleton, that SCA did not properly
8 investigate what Tailwind alleges is an insurance
9 claim?

10 A. I don't have any idea what that question is.

11 Q. Okay. Well, you are -- you -- you
12 understand that one of the claims in this case by your
13 company is that SCA is an insurance company and has
14 failed to properly handle the insurance claim?

15 A. I do understand that, yes.

16 Q. Okay. And is one of the bases of that, that
17 SCA did not really conduct a good investigation of the
18 claim? It just refused to pay it?

19 A. I think that's fairly accurate. Yeah.

20 Q. And is -- is the basis of that that SCA
21 didn't really try and contact the right kind of people
22 to investigate its claim?

23 A. Well, again, I -- the -- the basis for it
24 is, there is a document, a contract, between Tailwind
25 and SCA in which the four corners of the document make

¶00113

1 it very clear that if Lance is the certified winner of
2 the Tour de France, Tailwind owes him money and you
3 owe us money. And you owed it to us on August 24th,
4 and you haven't paid it. And there is nothing in that
5 document that gives you the right to not pay that
6 money. So that's my position. We owe him five
7 million bucks. We want the money from you.

8 Q. Is it your position that SCA had no right to
9 request, for example, Mr. Armstrong's medical records
10 to determine whether or not it should pay the claim?

11 A. That is my position.

12 Q. Is it your position that SCA had no right to
13 request test results from the 2004 Tour de France in
14 order to investigate whether or not it should pay the
15 claim?

16 A. That is -- we provided them, but that is my
17 position, yes. He won the Tour de France. The
18 contract says --

19 Q. I --

20 A. -- certified winner -- can I finish?

stapleton

21 Q. I'm sorry. Yes, you can.

22 A. Certified winner of the Tour de France.

23 Tailwind owes him five million bucks. SCA owes

24 Tailwind five million bucks. We owe -- we're sitting

25 here. We owe him five million bucks. We can't pay it

♀00114

1 to him. We insured that risk with you guys. It's
2 that simple.

3 Q. Is it your position that Tailwind -- is it
4 your position that SCA had no right to interview or
5 contact various people connected with the 2004 Tour de
6 France for purposes of investigating whether or not it
7 should pay Tailwind's claim?

8 MR. BREEN: Form.

9 A. My view --

10 MR. BREEN: Go ahead.

11 A. -- is that you have -- you can do whatever
12 you want. You can -- don't talk to us. You owe us
13 the money if he wins. We owe him money if he wins.
14 And if you want to go talk to the Tour de France
15 people or you want to go talk to the UCI, and you want
16 to investigate, you're free to do that. But you need
17 to pay us the money and then go do whatever
18 investigation you want, and if they want to overturn
19 the result, then we'll deal with that when the time
20 comes. But nothing in that contract gives you the
21 right to not pay him and enter into an investigation,
22 when we owe him the money. We have a liability to
23 him, you have a liability to us. So that's the --
24 that's the position that we take.

25 Q. Okay. Let me show you what we'll mark as

♀00115

1 Exhibit 8 to your deposition.

2 (Deposition Exhibit No. 8
3 (marked for identification.

4 Q. (BY MR. TILLOTSON) I'll ask you if you
5 recognize this.

6 A. Okay.

7 Q. Okay. Do you recognize this letter?

8 A. I -- I recognize it on Herman, Howry &
9 Breen's letterhead. I don't particularly remember it.

10 Q. Okay. Do you recognize this as a letter
11 from Mr. Herman, Tailwind's lawyer in this matter, to
12 Mr. Compton at SCA Promotions?

13 A. Yes.

14 Q. Sent in September of 2004?

15 A. Yes.

16 Q. If you'll look at the third paragraph, it
17 says, quote, demand is hereby made upon SCA, its
18 agents, employees, consultants and representatives to
19 immediately cease and desist from any further
20 communications with anyone relating to Mr. Armstrong
21 and alleged impermissible performance-enhancing
22 chemicals, drugs, procedures, or other conduct.

23 Do you see that?

24 A. Yes.

25 Q. Okay. And so as of September 21st, 2004,

♀00116

1 was it Tailwind's belief that SCA should not have any
2 contact with anyone to determine or investigate
3 whether or not there was alleged impermissible
4 performance-enhancing chemicals, drugs, or procedures
5 used by Mr. Armstrong?

stapleton

6 MR. BREEN: Object to form. I'm going
7 to instruct you not to answer that question as asked
8 because it takes that paragraph out of context of the
9 letter.

10 So if you want to answer -- ask him the
11 question in the context of a letter, that's fine. He
12 said he hadn't seen the letter. The letter speaks for
13 itself. But I think it's a misleading question as
14 asked.

15 Q. (BY MR. TILLOTSON) Well, did you have any
16 understanding, as of September 21st, 2004, that your
17 lawyer, on behalf of your company, had told SCA not to
18 contact anyone regarding the claim -- investigation?

19 A. I don't remember this.

20 Q. Okay. Now, are you okay on time, or are you
21 hungry?

22 A. I'm easy, guys.

23 MR. BREEN: What -- what do you --

24 MR. TILLOTSON: I'll be the judge of
25 that.

¶00117

1 MR. BREEN: I mean, our sandwiches are
2 here. So, yeah, whenever you want to --

3 MR. TILLOTSON: Okay. Give -- why
4 don't you give me five more minutes.

5 MR. BREEN: Sure. Five minutes is
6 fine. Is that all right with you, Bill?

7 THE WITNESS: That's fine.

8 MR. BREEN: Okay.

9 Q. (BY MR. TILLOTSON) One of the things that
10 you told me about the -- the -- the problems or the
11 issues that you identified with the L'Equipe article
12 was whether or not it's appropriate to freeze urine
13 for some period -- lengthy duration and then test it
14 sometime after that. Is that --

15 A. No.

16 Q. Is that fair?

17 A. No. I didn't -- I didn't question the
18 appropriateness of it. I -- I -- I questioned the
19 scientific reliability of that.

20 Q. Okay.

21 A. They can freeze it all they want. The
22 question is, if you unfreeze it, okay, what is
23 scientifically reliable -- chemically reliable in that
24 urine at that point, and does any product, whether
25 it's protein, DNA, EPO, testosterone, whatever -- does

¶00118

1 it degrade over time even if it's frozen. I have
2 never seen a study that answers that question. That
3 was my point.

4 Q. Okay. I only have one copy so you'll have
5 to share with Mr. Breen, but I'm marking as Exhibit 9
6 the affidavit of Leon Schattenberg that was provided
7 to us by your counsel in connection with this matter.

8 (Deposition Exhibit No. 9
9 (marked for identification.

10 Q. (BY MR. TILLOTSON) Do you see that?

11 A. Okay.

12 Q. Okay. Do you recognize this affidavit?

13 A. No. That's why I read it. I don't.

14 Q. You know who the individual is, though --

15 A. I do. Yeah.

16 Q. Do you know how -- how it is that your

stapleton

17 lawyers came to be in possession of this affidavit?

18 MR. BREEN: Hold on a second. Are you
19 asking him if we've told him how we got it, Jeff? I
20 mean, obviously -- what do you mean, how -- how we
21 came into possession of it?

22 MR. TILLOTSON: Well, I'll rephrase.

23 MR. BREEN: Thank you.

24 MR. TILLOTSON: Just simply object.

25 MR. BREEN: Sorry.

¶00119

1 Q. (BY MR. TILLOTSON) Did you contact anyone
2 at UCI and ask them to give an affidavit in connection
3 with this matter?

4 A. No.

5 Q. Do you know who did?

6 A. Yes.

7 MR. TILLOTSON: Okay. I'll ask and you
8 can object.

9 Q. (BY MR. TILLOTSON) Was it one of your
10 lawyers?

11 MR. BREEN: I'm going to instruct you
12 not to answer, Bill. You don't need to talk about
13 stuff that went on between us.

14 Q. (BY MR. TILLOTSON) Well, can you tell me
15 how you learned who it is that asked for this
16 affidavit? Did you learn that from your lawyers?

17 A. Yeah, there is no secret here. Yeah.

18 Q. Okay. I -- I --

19 A. I mean, I don't know what the big deal is.

20 Q. Yeah, he -- the questions are -- I don't
21 want you to reveal any attorney-client communications
22 you've had with your lawyers. I'm just trying to find
23 out how this affidavit came into -- to -- to
24 Tailwind's possession.

25 Do you know if Mr. Armstrong made a

¶00120

1 request to the UCI to provide these affidavits?

2 A. No, I don't think he did.

3 Q. Has Mr. Armstrong given money to the UCI?

4 A. Has he given money to the UCI.

5 Q. Made a donation to the UCI?

6 A. He -- yes, he gave a donation to the UCI
7 three or four years ago. I think he's done that maybe
8 once or twice, with a -- with a request to refine
9 the -- I believe -- we'd need to look at the letter,
10 but I believe it was to further do research into the
11 EPO test. And I think that was maybe before it was --
12 before it was used in competition because, for Lance,
13 a level playing field was always the -- the best way
14 to win the Tour.

15 Q. Do you know when the last time he gave money
16 to the UCI was?

17 A. I don't.

18 Q. Do you know if it was after this arbitration
19 commenced and that -- or this lawsuit got started,
20 which I'll represent to you --

21 A. I don't.

22 Q. -- was in September or October of 2004?

23 A. I don't know.

24 Q. One of the -- one of the -- the things
25 stated in this affidavit, stated there -- I believe

¶00121

1 it's on page two, and their -- it's a double-sided

stapleton

2 copy, and so I apologize. It says because the new
3 testing procedures and protocols for EPO --

4 A. Where -- where are you at?

5 Q. I'll have to find it for you because I'm --
6 I'm not looking at it.

7 MR. BREEN: Thank you.

8 Q. (BY MR. TILLOTSON) Okay. I'm going to pick
9 up right here where it says, because. Do you see
10 that?

11 A. Okay.

12 Q. Because the new testing procedures and
13 protocols for EPO were unavailable at the time of the
14 Tour de France race in 2000, all urine test samples
15 were frozen and subjected to the new EPO testing
16 procedures when they were perfected.

17 Do you see that?

18 A. Yes.

19 Q. Thus, had any competitors utilized EPO in
20 conjunction with the 2000 Tour de France, the French
21 authorities would have discovered such when they
22 tested the frozen urine samples in early 2001.

23 Do you see that?

24 A. Uh-huh.

25 Q. Okay. Do you know if, in fact, that

¶00122

1 happened? That there was testing in '01 of 2000 urine
2 samples?

3 A. We were told that.

4 Q. Okay. Have you ever seen the results of
5 those?

6 A. Only to the extent the investigation was
7 dropped and we were told the samples were found to be
8 clean.

9 Q. Okay. And -- and do you know if they tested
10 both A and B samples in '01 of -- from 2000?

11 A. I don't.

12 Q. Okay. And, obviously, they must have frozen
13 the urine and then did the testing sometime later.
14 Correct?

15 A. Uh-huh. Right.

16 Q. And do you have any understanding as to
17 whether or not the UCI believes using frozen urine for
18 later testing is appropriate?

19 A. Well, Doctor Schattenberg says here that
20 they were tested at the 2000 Tour de France, which
21 would have been July. They were unfrozen and tested
22 in early 2001. So let's say it was seven or eight
23 months. So I, again, don't believe there has ever
24 been a study in which it has been proven that you can
25 freeze a urine sample and test it later. He obviously

¶00123

1 is of the opinion that it works.

2 Q. Okay.

3 A. But there is a difference in my mind between
4 six months and six years, in terms of unfreezing a
5 sample. And, again, the question here was -- we
6 weren't surprised that they tested negative because
7 Lance doesn't dope, but when they unfreeze them and
8 they say they're positive, it's a whole different
9 issue.

10 Q. Of course.

11 MR. TILLOTSON: Okay. We're going to
12 break for lunch if that's all right, maybe 30 minutes?

stapleton

13 MR. BREEN: Sure.
14 THE VIDEOGRAPHER: Going off the
15 record, 12:30.

(LUNCH RECESS)

17 THE VIDEOGRAPHER: Back on the record,
18 1309.

19 Q. (BY MR. TILLOTSON) Have you spoken,
20 Mr. Stapleton, to -- to any individuals not employed
21 by Tailwind who might be potential witnesses in this
22 case about the facts of this case?

23 A. I don't think so.

24 Q. That was a bad question. Let me be more
25 specific.

¶00124

1 Have you spoken to -- for example, have
2 you spoken to Mr. Greg LeMond about this case?

3 A. No.

4 Q. Cathy LeMond?

5 A. No.

6 Q. Betsy Andrew?

7 A. No.

8 Q. Frankie Andrew?

9 A. No.

10 Q. Okay. Chris Carmichael about this case?

11 A. No.

12 Q. Have you spoken to any of those five
13 individuals at all over the last year?

14 A. Carmichael.

15 Q. Okay.

16 A. The rest -- I saw Frankie at the Tour, you
17 know, on and off outside the bus, say hello. The
18 other three, no.

19 Q. No discussions, phone calls, meetings,
20 in-person visits from any of those individuals --

21 A. No.

22 Q. -- over the last year?

23 MR. BREEN: Relating to the case?

24 MR. TILLOTSON: Well, I think I asked
25 that, and then I broadened it.

¶00125

1 A. Oh, for Carmichael --

2 Q. (BY MR. TILLOTSON) You have?

3 A. Yeah. We -- yeah.

4 Q. Okay. Put Mr. Carmichael aside, because I
5 would expect you would speak to him frequently.

6 But -- but the Andrews or the LeMonds, other than
7 saying hello to Frankie Andrew at the Tour --

8 A. Yeah, that would be it.

9 Q. -- you've not had any discussions with them?

10 A. No.

11 Q. Okay. Have -- have you yourself asked for
12 statements from any potential witness in this case,
13 written statements?

14 MR. BREEN: Well, hold on a second.

15 Are you talking about before litigation ensued or
16 after, or what?

17 MR. TILLOTSON: Since August of 2004.

18 Q. (BY MR. TILLOTSON) But I'll just rephrase
19 it.

20 Have you -- have you personally
21 yourself asked any individual to give a statement, a
22 written statement --

23 MR. BREEN: That's fine.

stapleton

24 Q. (BY MR. TILLOTSON) -- or affidavit, in
25 connection with this case?

¶00126

1 A. I don't think so.

2 Q. So you don't -- you say you don't think so.
3 Is there some possibility that you spoke to someone
4 about that subject matter?

5 A. No, I don't -- I don't think so.

6 Q. Have you reviewed the -- the witness list
7 provided by SCA Promotions in connection with this
8 case?

9 MR. BREEN: Do you mean that A, B, C
10 deal? Is that a witness list?

11 MR. TILLOTSON: Yes. Yes.

12 MR. BREEN: Okay.

13 A. Very briefly.

14 Q. (BY MR. TILLOTSON) After reviewing that,
15 did you attempt to contact any individuals on that
16 list to discuss this case?

17 A. No.

18 Q. Would it be fair to say that when this
19 dispute arose in -- in August, September, 2004, that
20 you were upset with SCA and their failure to pay?

21 MR. BREEN: Form.

22 A. Well, I have an obligation to pay
23 Lance Armstrong five million bucks, and he wants to be
24 paid. So, you know, at that time, you know, I don't
25 know if it was SCA directly. It was -- you know,

¶00127

1 somebody wasn't paying Lance five million bucks. I
2 got a letter from Bob Hamman -- I don't know -- eight
3 or nine days after the payment was due. And -- yeah.

4 Q. (BY MR. TILLOTSON) You still seem upset
5 about it today. Is that fair?

6 A. I think it's outrageous.

7 Q. Okay. Did you -- based upon what happened,
8 did you decide to undertake a media campaign against
9 SCA to put pressure on them to force them to pay?

10 A. No.

11 Q. Did you ever threaten to do so?

12 A. Did I ever threaten to do so?

13 Q. Yes, sir.

14 A. I don't think so.

15 Q. Did you authorize anyone to tell SCA that
16 they would get adverse publicity, based upon this,
17 because Tailwind or you would go to the media?

18 A. I believe our general counsel wrote a letter
19 in which he said that one of the possible options we
20 would weigh would be public relations, and a filing of
21 a lawsuit, you know, was probably going to create a
22 story.

23 Q. Okay. Let me mark as Exhibit 10, this
24 advertisement.

25 (Deposition Exhibit No. 10

¶00128

1 (marked for identification.

2 Q. (BY MR. TILLOTSON) I'll ask you to take a
3 look at that. You recognize that, don't you?

4 A. Yes.

5 Q. That's an ad that was run in -- do you
6 remember the name of the publication?

7 A. Sports Business Journal.

8 Q. What is Sports Business Journal?

stapleton

9 A. It's like the American Bar Journal for
10 people that work in sports.

11 Q. Why did you pick that --

12 A. It's an industry publication.

13 Q. Did you pick it because it was an industry
14 publication?

15 A. Yeah. I mean, if you read what I styled it,
16 dear colleagues, they are people that work in the
17 sports business that we made aware of what was going
18 on.

19 Q. Okay. Why?

20 A. Well, Mr. Compton was interviewed by the USA
21 Today and made some false statements that we felt like
22 we had to respond to.

23 Q. Were you attempting to -- to put pressure on
24 SCA?

25 A. No. This was -- this was just an attempt to

♀00129

1 defend the facts, which were that you owe us five
2 million bucks, we're not the ones that started sort of
3 putting this in the public eye, and we wanted our
4 money. And Mr. Compton claimed -- you can read his
5 quote -- that we had not provided documents that we
6 provided a month before that to try to position, in my
7 view, us as trying to hide something or unwilling to
8 cooperate, which was the farthest thing from the
9 truth.

10 Q. Were you trying to portray SCA as being
11 unreasonable?

12 A. I didn't have that intent.

13 Q. Were you hoping that this would injure SCA
14 in their business and put pressure on them?

15 A. No. This was an attempt to defend
16 ourselves.

17 Q. Did you believe it would have that effect on
18 SCA?

19 A. No.

20 Q. Why the photo of Mr. Armstrong?

21 A. Well, he is the person who I owe five
22 million dollars, and he is a beneficiary of the
23 payment that SCA owes Tailwind.

24 Q. Okay. I notice Capital Sports &
25 Entertainment ran this. Was this run on behalf of

♀00130

1 Tailwind?

2 A. I don't know.

3 Q. Because --

4 A. I don't know.

5 Q. -- Capital Sports & Entertainment didn't owe
6 Mr. Armstrong five million dollars, did they?

7 A. No.

8 Q. Tailwind did. Right?

9 A. Tailwind does, yeah.

10 Q. But it's CS&E that's running the ad. Do you
11 see that?

12 A. Yeah, I do.

13 Q. And you signed it as the CEO of CS&E. Right?

14 A. Yes.

15 Q. And you don't actually say in this
16 article -- you don't distinguish between CS&E and
17 Tailwind, do you?

18 A. I don't know. I would have to read it
19 again.

stapleton

20 Q. Well, the purpose of this ad, as you've told
21 me, was to defend Mr. Armstrong and -- and -- and
22 bring light to the facts. Correct?

23 A. Yes.

24 Q. And the facts are, CSE didn't actually owe
25 Mr. Armstrong any money?

¶00131

1 A. No. The facts are that CSE represents Lance
2 and did his contract, in which he is owed five million
3 dollars by Tailwind, and that's the facts.

4 Q. Is there -- is there a reason why
5 Tailwind -- you didn't sign this on behalf of
6 Tailwind, but just CS&E?

7 A. Not that I can think of.

8 Q. Okay. Was this -- the -- the statements you
9 made in this article, were they true?

10 A. I believe they were, yes.

11 Q. Let me ask you about a couple of them if I
12 could. Who actually wrote the copy for the ad? Was
13 it you?

14 A. I was involved in it.

15 Q. Who else?

16 A. Mr. Herman reviewed it.

17 Q. Did Mr. Armstrong review it?

18 A. I don't remember.

19 Q. Did he know you were going to run the ad?

20 A. I don't remember.

21 Q. If you'll look at the third paragraph, it
22 says, the bonuses were insured by three companies,
23 including SCA, a Dallas-based company that is
24 responsible for five million of the payment to Lance.
25 Do you see that?

¶00132

1 A. Uh-huh.

2 Q. Two other companies, Chubb and Lloyd's,
3 promptly sent payment along with congratulations and
4 kudos to Lance. We thank them.

5 Do you see that?

6 A. Yeah.

7 Q. At the time this ad had run, had Lloyd's, in
8 fact, paid?

9 A. I believe so.

10 Q. Do you remember when this ad ran?

11 A. I believe it was the October 11th issue --
12 October 11-17 issue of the Sports Business Journal.

13 Q. Isn't it true that -- that -- that Lloyd's
14 paid sometime in October?

15 A. They paid in early October.

16 Q. Okay.

17 A. Substantially all of the payment was made in
18 early October.

19 Q. They hadn't fully paid, though, had they?

20 A. Their --

21 Q. Wasn't 50,000 dollars missing at the end?

22 A. I don't remember. I mean, that could be
23 possible, but we never had any reason to believe,
24 if -- if that happened, it wasn't coming. So it
25 would -- would have been sent.

¶00133

1 Q. Okay. When you say -- when you say,
2 promptly sent payment, isn't it true that for a while
3 you had to sort of dun Lloyd's to get them to pay in
4 full?

stapleton

5 A. I don't think that's fair to say, no.

6 Q. Okay.

7 A. I mean, I think we had to go back and forth
8 to try to get the wire from Lloyd's. It took a little
9 bit longer than Chubb, but we never had any reason to
10 believe it wasn't coming. And it was substantially
11 paid in early October.

12 Q. If you look down on paragraph -- it starts
13 with, on September 23rd -- it's the fifth paragraph
14 down -- and there you -- you -- you make reference to
15 the quote from an SCA attorney. Do you see that?

16 A. Uh-huh.

17 Q. Okay. I take it that's the quote you have
18 attributed to Mr. Compton?

19 A. Yes.

20 Q. Okay. Underneath that, you say, the truth
21 of the matter is that on August 16th, 2004, we
22 provided SCA CEO Bob Hamman with documentation from
23 the UCI that included all of the data on the actual
24 testing protocols, consisting of 52 detailed pages and
25 the following statement from Christian Varin, the

¶00134

1 UCI's anti-doping manager.

2 Do you see that?

3 A. Uh-huh.

4 Q. Did you provide the actual test results?

5 A. I believe we did. We -- this statement
6 here -- this statement here was the test results.
7 They were all negative.

8 Q. Okay. But -- but hadn't SCA asked for the
9 tests, the actual tests themselves?

10 A. SCA asked for drug tests to disprove
11 allegations. We provided them with a statement from
12 the anti-doping manager of the UCI that all of the
13 tests were negative.

14 Q. Isn't it true that what was actually
15 provided to SCA was a pasted in e-mail from UCI,
16 saying the test results were negative?

17 A. It was this statement.

18 Q. Okay. This -- this --

19 A. Along with the 52 pages of protocols.

20 Q. Okay. The protocols are just the testing
21 protocols, like the rules about how you do it.
22 Correct?

23 A. I believe so, yeah.

24 Q. Okay. So my question is, the actual test
25 results that we could look at, those were not

¶00135

1 provided. Is that correct?

2 A. I believe they were in this statement.

3 (Deposition Exhibit No. 11

4 (marked for identification.

5 Q. (BY MR. TILLOTSON) I'll mark as e-mail --
6 as Exhibit 11. If you'll take that, you can put these
7 two side by side because we're going to continue to
8 look at the article as well as this e-mail.

9 (Deposition Exhibit No. 12

10 (marked for identification.

11 Q. (BY MR. TILLOTSON) Do you recognize this
12 e-mail chain?

13 A. I recognize that I'm on it. I don't really
14 remember it.

15 Q. Okay. You're at the top there. Right? Who

stapleton

16 is Laura Hundley?

17 A. She is our controller.

18 Q. Okay. And this looks like you sent this
19 from your BlackBerry, which I've seen you carry around
20 here today. Is that right?

21 A. Yes. That's what it says.

22 Q. Okay. And if you'll -- if you'll look at
23 the second page, there is an e-mail from you starting
24 on September 24th to Laura Hundley, saying, can you
25 request that test results we provided to Chubb be sent

¶00136

1 to us ASAP. Do you see that?

2 A. Yes.

3 Q. And she responds by saying she doesn't think
4 they gave Chubb any kind of test results. Correct?

5 A. Uh-huh.

6 Q. And further says, we did try to provide a
7 UCI contact and test results from the Tour to SCA
8 early on. Is that what you're referring to? Do you
9 see that?

10 A. Uh-huh.

11 Q. Okay. And then you -- you say, hmm. Do you
12 see that? Do you know if the test results were ever
13 given to SCA? Is that the company that was asking for
14 them? Is that right?

15 A. That's what it says.

16 Q. Okay. So towards the end of September,
17 you're not sure what has been given to SCA, based on
18 this e-mail. Is that right?

19 A. Well, I don't know.

20 Q. Well, you say, hmm. Do you know if the test
21 results were ever given to SCA?

22 So you -- at this particular point in
23 time, you -- you didn't know if SCA had actually
24 gotten test results. Is that right?

25 MR. BREEN: You mean him personally?

¶00137

1 MR. TILLOTSON: Yeah, him personally.

2 MR. BREEN: Okay.

3 A. That's what it says.

4 Q. (BY MR. TILLOTSON) Well, I know that's what
5 it says. My question is, based upon this, can you
6 tell us -- testify whether you knew on September 24th,
7 at about 10:00 a.m., whether SCA had gotten test
8 results?

9 A. Well, I -- I'm trying to get the time line
10 straight in my mind. This was -- in August we sent
11 this, so I don't know why I would have said that.
12 Now, maybe -- it looks like I'm getting Chubb and SCA
13 and other people confused, too.

14 Q. Okay. Okay.

15 A. So I knew that we had provided this to SCA
16 in August.

17 Q. Okay. Then Ms. Hundley responds a few -- a
18 few minutes later that says, yes, SCA was the one
19 which was asking for them, and we gave them a clear
20 contact to the US -- UCI to get hold of the testing
21 results. Do you see that?

22 A. Uh-huh. Uh-huh.

23 Q. I am not sure if they ever pursued it,
24 though. At any rate, Christian Varin, from the UCI,
25 is sending us the results today so we will have them.

¶00138

stapleton

1 And if SCA wants to see them, we can make them
2 available as we did the first time.

3 Do you see that?

4 A. Uh-huh.

5 Q. Okay. And your response is, cool. I wonder
6 if we could find out if they were provided to SCA
7 already. Am hoping that is a card we can play next
8 week.

9 What do you mean, am hoping that is a
10 card we can play next week?

11 A. I don't know. I think I'm getting -- I -- I
12 think I may be getting companies mixed up here because
13 I say here, as we did the first time, which would make
14 sense, because I knew that we had sent the -- this
15 statement in August. So I may be confused about who
16 we gave what, but I knew that we gave SCA this
17 statement and the protocols in August.

18 Q. Well, at this particular point in time, do
19 you know if Chubb had paid?

20 A. I don't remember when they paid. I know
21 that -- I know that everybody had sent payment except
22 for you guys when I wrote this. I do know that.

23 Q. You -- them, SCA. Right?

24 A. Who's -- who's them?

25 Q. Well, you said, you guys. You mean SCA?

¶00139

1 A. Well, I'm kind of putting you guys all
2 together.

3 Q. Okay. Well, that's dangerous.

4 All right. Let me show you Exhibit 12.

5 And I'll ask you if you recognize this particular
6 e-mail?

7 A. I think I remember this.

8 Q. Okay. Now, this is an e-mail chain from
9 Kelly Price to Bob Hamman, Chris Hamman, and Todd
10 Overton, dated August 16th, 2004, and then Kelly Price
11 forwarding that on to Tailwind through Ms. Hundley.

12 A. Uh-huh.

13 Q. Approximately a month and a week later. Is
14 that right?

15 A. This is the e-mail on August 16th that I
16 reference here in which the protocols and the test
17 results are provided on August 16th. And then this
18 is, then, an e-mail from Kelly Price to Laura Hundley
19 later that says, this is what I did on August 16th, I
20 suppose, and let me know if you need anything else.

21 Q. Okay. So I got it right. The first e-mail
22 chain I showed you, which was the 24th, it looks like
23 in response to the e-mail chain going back and forth
24 between you and Ms. Hundley, she must have asked
25 Ms. Price for a copy of whatever Ms. Price had sent

¶00140

1 SCA. Is that right? And Ms. Price forwards you the
2 e-mail here we've marked as Exhibit 12?

3 A. Forwarded to Laura Hundley.

4 Q. Forwarded Laura Hundley. Okay. And so the
5 Exhibit 12, the e-mail below that from Kelly Price to
6 Bob Hamman on August 16, 2004, is the information
7 provided to SCA about the test results. Is that
8 right?

9 A. I believe so.

10 Q. Okay. With an attachment which would
11 contain the testing protocol information. Is that

12 right?

13 A. Right.

14 Q. Okay. Is there a reason why the actual test
15 results, not just how the test came out -- that is,
16 this individual's discussion of what happened -- but
17 the actual physical documentation showing the test
18 results was not provided to SCA?

19 A. I -- I considered this test results. So
20 maybe we have a semantic disagreement. I don't know
21 what it is that you're saying wasn't provided.

22 Q. Well, don't they -- isn't there some paper
23 record showing the results of the test that is made at
24 the time they do the tests?

25 A. I suppose there is. But this -- this

¶00141

1 confirms that all of those were negative. That's what
2 Mr. Compton was referring to that we didn't provide.
3 I mean, when you have a statement from the anti-doping
4 manager of the testing authority that says, all
5 negative, that's the test results.

6 Q. I'm not quarrelling with you on the
7 qualitative difference between the information. I'm
8 just trying to focus on the physical aspect of the
9 information for a second. Okay? I'm not asking you
10 to accept that this doesn't mean something because
11 whatever your testimony is, it is. Is there some
12 reason why the actual physical documentation, showing
13 what the results were, were not provided to SCA?

14 A. Not that I know of.

15 Q. Do you know if the UCI was asked for that
16 actual physical information?

17 A. I don't know.

18 Q. Do you know why the actual e-mail from
19 Christian Varin was not provided, why it was pasted in
20 by Ms. Price into her e-mail?

21 A. No.

22 Q. Why is it that Ms. Price provided this
23 information rather than Tailwind?

24 A. Because she was the insurance broker that
25 brokered the -- the insurance for Tailwind. And I

¶00142

1 believe it was proper procedure and protocol, when
2 there is a dispute, generally the insurance broker
3 steps in. And I believe at one point they were told
4 that they didn't want to deal with -- I think it was
5 Brown and Brown, was the name of the insurance
6 brokerage or Essex. I can't remember. But my point
7 is that she was the appropriate person to be -- we had
8 never talked to SCA. So she was the appropriate
9 person to be communicating with SCA and us about what
10 SCA wanted and what we were providing them.

11 Q. Did you -- did you tell the insurance
12 broker, Ms. Price, that Tailwind was planning on
13 running an ad?

14 A. I don't remember.

15 Q. In connection with -- you say she was the
16 insurance broker, and I notice in here in the ad
17 itself you talk about SCA insuring the bonus payment.
18 Did you ever talk with Ms. Price about whether or not
19 what had been purchased from SCA was in fact
20 insurance?

21 A. I never talked with Ms. Price.

22 Q. So she never told you about any conversation

stapleton

23 she had with SCA about whether they're in the
24 insurance business or not?

25 A. No. I believe Terry Michelitch and I had a
¶00143 1 conversation at one point about that.

2 Q. When was that?

3 A. Probably around this time.

4 Q. What do you remember him saying?

5 A. That the insurance companies were -- they
6 were working on collecting money from the insurance
7 companies, and I lumped SCA into that group. It was
8 sort of like there is three insurance companies that
9 insured 14 and a half million dollars, and they're
10 Chubb, Lloyd's and SCA.

11 Q. Let me show you what we'll mark as Exhibit
12 13, which was an e-mail provided to us by SCA -- by
13 Tailwind, who got it through Essex, in connection with
14 a document production.

15 (Deposition Exhibit No. 13
16 (marked for identification.

17 Q. (BY MR. TILLOTSON) If you'll look at it,
18 the BB1 number means it came from -- I guess this was
19 Brown and Brown now or whoever the successor to Essex
20 is. And the CL means it was in -- re-given --
21 reproduced by the claimants in this case. Have you
22 ever seen Exhibit 13 before?

23 A. I don't know.

24 Q. Do you know if this e-mail was ever provided
25 to anyone at your company -- at Tailwind, in 2002 time
¶00144 1 period?

2 A. I don't know why it would have been, but I
3 don't think so. This is between SCA and the insurance
4 broker. And I don't see anybody in our company copied
5 on it.

6 Q. Okay. Well, if you'll look at the original
7 e-mail from Kelly Price to -- to -- to Mr. Todd
8 Overton -- do you know who he is, by the way? Todd
9 Overton?

10 A. (Shakes head.)

11 Q. Okay.

12 A. I mean, I know the name because I believe he
13 was deposed or something --

14 Q. Okay. If you'll see that the subject matter
15 was regarding payment of the -- of the contract bonus
16 after the 2002 Tour de France win. And Ms. Price
17 says, could you explain to me again why you can't pay
18 Lance the bonus he has earned.

19 Do you see that?

20 A. Uh-huh.

21 Q. And above it is a response from someone
22 named Tom to Todd, and forwarded to Kelly Price on
23 August 26th, 2002, from SCA. And the first sentence
24 of the response says, I think Kelly misunderstands.
25 The payment is not insurance, and he is not an

¶00145 1 insured. He is an individual who has earned an
2 incentive bonus.

3 Do you see that?

4 A. I see that.

5 Q. Did -- did Ms. -- did anyone at the
6 insurance broker ever communicate to you that SCA had
7 said the payment was not insurance during the 2002

stapleton

8 time period?

9 A. No. Who is Tom?

10 Q. Tom Floerchinger, CFO of SCA.

11 Is this something that the insurance
12 broker should have brought to your attention?

13 A. This doesn't change my -- just because SCA
14 says it's not insurance doesn't mean it's not
15 insurance. So this doesn't mean anything to me.

16 Q. But wouldn't you have wanted to know from
17 the insurance broker that the discussions they're
18 having with one of the companies that they have gotten
19 a contract on your behalf is saying this is not
20 insurance?

21 A. At the time I assumed it was insurance. It
22 wouldn't have made any -- I wouldn't have understood
23 at the time the difference.

24 Q. Wouldn't you have wanted to know from --
25 from Ms. Price, before you ran this ad in 2004, saying

¶00146

1 SCA provided insurance, that at some point in time SCA
2 had told her it wasn't insurance?

3 A. Well, I -- number one, I wasn't told that.

4 Q. Okay.

5 A. And number two, I don't think it's important
6 because I believe it's insurance.

7 Q. Okay. Do you remember if there was -- if
8 there was -- I'll strike that.

9 Now, during the same time period as the
10 dispute came on, did -- did you seek Ms. Price's help
11 in connection with this case?

12 A. Did I?

13 Q. Yes.

14 A. No.

15 (Deposition Exhibit No. 14
16 marked for identification.)

17 MR. BREEN: What do you mean "case"?
18 Do you mean the case, or give him the money, or what?
19 Pardon me for interrupting.

20 MR. TILLOTSON: Lawsuit, litigation,
21 arbitration.

22 MR. BREEN: Okay.

23 A. Oh. Oh. I don't know. I've never talked
24 to her, I don't think, myself.

25 Q. (BY MR. TILLOTSON) Okay. Let me show you

¶00147

1 what has been marked as Exhibit 14. This is an e-mail
2 from Laura to Ms. Price. You are cc'd on it, along
3 with Mr. Herman. Is that right?

4 A. Yes.

5 Q. Okay. She says, Kelly, in an effort to
6 assist Lance and Tailwind Sports in the collection of
7 the bonus money owed to him for his 2004 Tour de
8 France victory, secured by the insurance policy with
9 SCA, I include some requests from our legal counsel,
10 Tim Herman. And then they -- they make some requests.
11 Do you see that?

12 A. Yeah.

13 Q. Okay. Was that done at your direction, or
14 are you just cc'd on this as a matter of course?

15 A. I think I'm just cc'd.

16 Q. Do you even remember this e-mail?

17 A. Vaguely.

18 Q. And does this refresh any recollection of

stapleton

19 any communication you had with Price, Micheliitch,
20 anyone else at Essex or Brown and Brown that they were
21 aware that SCA was not an insurance company and was
22 not selling insurance?

23 A. No.

24 Q. Okay.

25 (Deposition Exhibit No. 15

¶00148

1 (marked for identification.

2 Q. (BY MR. TILLOTSON) Let me show you what
3 we're marking as Exhibit 15 to your deposition.

4 MR. BREEN: Hold on a second. I
5 thought I asked at the lunch break if there were going
6 to be any other articles shown than you had given to
7 me.

8 MR. TILLOTSON: I forgot. I'm sorry.

9 MR. BREEN: Can you just take a
10 second -- can we just take a second and read it?

11 MR. TILLOTSON: Yeah. Let me just show
12 you what it is. This is from yesterday's Dallas
13 Morning News.

14 MR. BREEN: Okay.

15 MR. TILLOTSON: That's why it looks
16 like it's been carried around in a briefcase.

17 MR. BREEN: Okay.

18 A. Okay.

19 Q. (BY MR. TILLOTSON) Okay. Did you see this
20 article?

21 A. No.

22 Q. Okay. I -- I just want to focus your
23 attention on -- on -- on one part of it, which is in
24 the middle column, the full paragraph that says, the
25 UCI said it regretted the breach of confidentiality in

¶00149

1 the disclosure of samples but said it was pressing
2 ahead with its own assessment. Cycling's world body
3 said it would communicate its conclusions on this case
4 within the next ten days.

5 Do you see that?

6 A. Uh-huh.

7 Q. Have you had any discussions with UCI,
8 regarding their own assessment or what conclusions
9 they're working on and will be releasing?

10 A. No.

11 Q. Have you made any request of UCI, regarding
12 performing any assessment or conclusion in connection
13 with this?

14 MR. BREEN: And -- and let me just
15 caution you that if it involves anything having to do
16 with communications with attorneys or the strategy
17 that we discussed before, I'm going to instruct you
18 not to answer.

19 Q. (BY MR. TILLOTSON) Can you answer?

20 A. The answer is no.

21 Q. Okay. Are you on or have you ever been on
22 any committees regarding anti-doping or testing?

23 A. Well, I was the vice-president of the U.S.
24 Olympic Committee for -- for six years. I was the
25 chairman of the Athletes Advisory Council when the

¶00150

1 WADA code was developed and a vice-president of the
2 USOC when that was happening. So I've been involved,
3 you know, in the Olympic movement for a long time.

stapleton

4 Q. What years were you vice-president of the
5 USOC?

6 A. 2000 until probably 2004 or five -- four.

7 Q. And then you -- you mentioned some other
8 title you had at the USOC --

9 A. I was the chairman of the Athletes Advisory
10 Council from '96 to 2000.

11 Q. What -- what -- what does that council do?

12 A. It's -- I swam in the Olympics in '88.

13 Q. Okay.

14 A. It's one athlete from each of the Olympic
15 sports that constitutes the AAC, the Athletes Advisory
16 Council, which is a subcommittee of the U.S. Olympic
17 Committee. And I served as the swimming

18 representative to that from '92 to '96, and as the
19 chairman from '96 to 2000, and then was elected
20 vice-president of the organization in 2000.

21 Q. And you were -- you were a -- a member of
22 the United States Olympic team for the '88 games?

23 A. Yes.

24 Q. Were those the ones in Korea?

25 A. Yes.

¶00151

1 Q. And did -- did you actually participate, or
2 were you an alternate or a member of the team?

3 A. I participated.

4 Q. What -- what event?

5 A. 200 individual medley.

6 Q. Okay. As a member of these committees
7 that -- that you have described for me, were you given
8 access to the development or status of new testing
9 protocols for doping or anti-doping?

10 A. No.

11 Q. Were you apprised on where the testing was
12 going, what was being developed?

13 A. No more than anyone else would have been.

14 Q. Well, certainly more than me --

15 A. Yeah.

16 Q. -- obviously, but when you say no more than
17 anyone else, you mean no more than other athletes? No
18 more than professionals?

19 A. I'm not -- I'm not sure where you're going
20 with that or what you're asking me. Did I have
21 special information or...

22 Q. Well, I don't know where I'm going here
23 either. I'm just trying to find out the facts. My --
24 my understanding is -- is that the testing is improved
25 and changed from time to time. Is that a fair

¶00152

1 assessment for doping?

2 A. Yeah.

3 Q. I mean, new tests come out. Right?

4 A. Yeah.

5 Q. And as a member of these committees, did you
6 gain information that there are these certain tests on
7 the horizon or were there -- a test is being developed
8 for this or in connection with the '96 or 2000
9 Olympics? This kind of thing is going to be tested
10 for?

11 A. Yeah, you might sit on the USOC Executive
12 Committee, and the head of USADA might make a report
13 that, you know, tests are being developed. But the
14 press is in the room there. So it's not like we were

stapleton

15 getting information other people weren't. People that
16 were concerned about Olympic sport and drug testing
17 would know exactly what I knew.

18 Q. Okay. What about for cycling? Are --
19 are -- are you -- are you or have you been a member of
20 any similar type committees or organizations for
21 cycling?

22 A. No.

23 Q. Like members of subcommittees of UCI or WADA
24 or --

25 A. Never.

¶00153

1 Q. Okay. In connection with your service on
2 the U.S. Olympic Committee, USOC, were you ever made
3 aware of whether or not USOC keeps a list of U.S.
4 Olympic athletes who have tested positive for
5 performance-enhancing drugs or substances?

6 A. Keeps a list of -- of athletes that tested
7 positive that weren't announced?

8 Q. Correct.

9 A. No.

10 Q. In connection with training or other things,
11 athletes who have tested positive in connection with
12 USOC training, do you know if the USOC keeps a list of
13 those individuals?

14 A. No.

15 Q. Have you ever discussed with Mr. Armstrong
16 any testing he did in connection with the 1992
17 Olympics?

18 A. No.

19 Q. Did you know Mr. Armstrong prior to '95,
20 when he became your client?

21 A. No.

22 Q. Can you tell me how you met him?

23 A. He was looking for an agent.

24 Q. Who was his agent before --

25 A. He didn't have one.

¶00154

1 Q. Did he manage his own affairs?

2 A. He had a lawyer here in town who did some of
3 it. But he had never had a formal relationship with
4 an agent.

5 Q. Did you ever manage or represent Tyler
6 Hamilton?

7 A. I was his agent for probably three years.

8 Q. From when to when?

9 A. From -- maybe four. I think it started in
10 2000, and it ended in early August 2004.

11 Q. What was the reason for the ending of the
12 relationship?

13 A. Well, he had just won a gold medal, and we
14 had always had an issue with Tyler that, you know,
15 most of our attention was focused on Lance. He had
16 won a gold medal. He wanted to capitalize on that,
17 and he didn't feel like and we didn't feel like we had
18 the bandwidth at the time to really give him what he
19 needed. So he came to us and asked to be released,
20 and we did that. It was very -- very amicable.

21 Q. He -- he raced in the 2004 Tour de France?

22 A. Yeah.

23 Q. And were you his -- you were his agent in
24 connection with the 2004 Tour de France?

25 A. 2004 Tour de France?

¶00155

1 Q. You said you repped him --

2 A. Yeah. Yeah.

3 Q. -- from 2000 to 2004?

4 A. Yeah. I'm just trying to remember when the
5 Olympics were.

6 Q. Were those the games in Australia that were
7 in September?

8 A. No. Those were the games that were in
9 Athens in early August. So right after the games. I
10 may have been wrong about early August. I think
11 the -- the Tour de France ended, and the -- the
12 Olympics were like three weeks later. So it would
13 have been late August when our relationship ended,
14 but, yes, I represented him in -- in 2004 Tour de
15 France.

16 Q. Did he test positive in connection with the
17 Tour de France in 2004?

18 A. No. Not that I know of.

19 Q. The Olympics in 2004?

20 A. Well, again, it depends on how you define
21 positive. He had -- he was -- he had an -- a blood
22 doping violation on his A sample in the Olympic Games.
23 It was not confirmed by the B. So, technically, it's
24 not a positive test.

25 Q. But then subsequent to that he did have a

¶00156

1 positive blood doping?

2 A. He had an A and a B positive, I believe, in
3 the -- well, the Tour of Spain.

4 Q. Do you believe he was, in fact, blood doping
5 during the Olympic Games but just didn't test
6 positive?

7 A. I have no idea. I -- I have had nothing to
8 do with that case. I don't know what the facts are.

9 Q. Well, it happened while you were his agent.
10 Correct? Those particular tests in the Olympic Games?

11 A. Well, I mean, to the extent that the -- the
12 result wasn't even announced when our relationship
13 ended. So I didn't know anything about it at all.
14 Tyler and I went our separate ways, and it may have
15 been a week later that there was an announcement that
16 he had had these positives.

17 Q. Up until he had the positive, did you
18 believe that Mr. Hamilton did not engage in any
19 performance-enhancing drugs or substances?

20 A. Yeah, I assumed that. Yeah.

21 Q. Did you assume it, or did you believe it?

22 A. I believe it. And Tyler's case is on
23 appeal. You know that?

24 Q. I assume so.

25 A. Yeah.

¶00157

1 Q. I mean, I don't know any more facts probably
2 than you know. I mean, I -- I assume it's on appeal.

3 Do you know who is representing him
4 now?

5 A. No. I just know that there is a case in
6 front of the Court Of Arbitration For Sport on it.
7 I've never talked to his attorneys.

8 Oh, who the agent is now?

9 Q. Yes.

10 A. Oh. I believe it's Octagon.

stapleton

11 Q. When you say it's on appeal, does that, in
12 your mind, leave open some doubt as to whether or not
13 he, in fact, was cheating?

14 A. I believe until a -- a -- a positive test is
15 fully adjudicated, there is some doubt, yeah. I
16 believe that just like the rest of us, athletes
17 deserve a right of due process and of appeal.

18 Q. Is that -- is the basis for that belief due
19 process related -- in other words, want to make sure
20 he is treated fairly in the process -- or some
21 underlying uncertainty about the testing itself? Or
22 both?

23 A. It would depend on the case and the tests
24 that were -- you know, we're talking about.

25 Q. Well, was the blood doping test that

¶00158

1 Mr. Hamilton failed, was that a relatively new test?

2 A. I don't know.

3 Q. You don't recall if that was a test that was
4 being administered for the first time in connection
5 with the 2004 Olympics?

6 A. I don't know.

7 Q. Do you know if that blood doping test was
8 given in connection with the 2004 Tour de France?

9 A. I don't know.

10 Q. Okay. You -- you had testified earlier
11 that -- that -- that you believe there was an
12 adversarial relationship between Mr. Armstrong and
13 L'Equipe magazine. Would -- would you characterize
14 the relationship between L'Equipe and Mr. Armstrong as
15 adversarial?

16 A. I would characterize L'Equipe as having an
17 agenda with Lance.

18 Q. Okay. And what -- what --

19 A. And -- but to say it's adversarial is unfair
20 because there -- there is a reporter at -- at L'Equipe
21 who had, you know, Lance's cell phone number, during
22 the Tour de France, had access to interviews. You
23 know, they were by no means excluded from media
24 interviews or things like that.

25 Q. Well, what -- what -- what is your -- what

¶00159

1 is your belief as to what the agenda is? What is it
2 you think L'Equipe is trying to do?

3 A. Well, I think, given last week, they're
4 trying to destroy Lance.

5 Q. Okay.

6 A. From the top down, now. For a newspaper to
7 report what they reported, without B sample
8 confirmation, without chain of custody, without
9 documentation, is evidence to me that they're out to
10 get him. The fact that they're owned by the same
11 company that owns the Tour de France, and they -- they
12 worked in concert here with a French lab, the French
13 government, it's pretty clear to me that they have an
14 agenda.

15 Q. Well, you're not suggesting the existence of
16 a conspiracy among all these --

17 A. I'm not -- I'm not suggesting that anything
18 is out of the question here.

19 Q. Okay. So in your mind it's possible that --
20 that the Tour de France is cooperating in a conspiracy
21 with L'Equipe magazine, the lab, the French support

stapleton

22 ministry to -- to bring down Mr. Armstrong?

23 A. I think that's a possibility.

24 Q. Even though it would obviously bring great
25 disrepute upon the sport and the event that he has won

¶00160

1 so many years in a row for them to do it?

2 A. I think that's a possibility.

3 Q. And -- and do you believe this is being done
4 out of an injured national pride, because they have
5 not had a winner in several decades?

6 A. I -- I didn't say that it was being done. I
7 said it's a possibility. I don't know what their
8 intentions are, but I think there are a lot of
9 questions to be asked and answered there.

10 Q. Do you think you're entitled to the answers
11 to those questions?

12 A. Yeah.

13 Q. Do you plan on conducting an investigation
14 to get those answers?

15 A. I would put that in the same category of --

16 MR. BREEN: Hold on --

17 MR. TILLOTSON: Okay.

18 Q. (BY MR. TILLOTSON) Well, do -- do -- this
19 notion of a conspiracy, do you consider this to be
20 farfetched or possible?

21 A. I said, I believe it's a possibility.

22 Q. And it's enough of a possibility to mention
23 it on national TV, is it not?

24 A. I didn't mention it on national TV.

25 Q. Did Mr. Armstrong?

¶00161

1 A. Yes. I -- well, I don't know exactly what
2 he said. We would have to go back through the Larry
3 King transcript.

4 Q. Well, you prepped him. Don't you -- you and
5 he talked about, as one of the things to say, is that
6 there is a possibility that there is a conspiracy here
7 by the French people?

8 MR. BREEN: Form.

9 A. Is that what he said? I don't remember him
10 saying there was a --

11 Q. (BY MR. TILLOTSON) Why don't you look at
12 the transcript, and we'll see. I don't want to put
13 words in your mouth.

14 MR. BREEN: What's the question, Jeff?

15 MR. TILLOTSON: I'll tell -- let me
16 find it for him, and then I'll -- I'll reference him
17 to specific testimony.

18 Q. (BY MR. TILLOTSON) If you'll look on --
19 it's not page numbered, but I'll show you mine and you
20 can -- direct your attention to that portion.

21 MR. BREEN: Hold on a second. Let me
22 find it.

23 Q. (BY MR. TILLOTSON) Mr. Armstrong says --
24 first of all he says, exactly. I mean, it's been --
25 as I've said, this has been seven years, and what is

¶00162

1 interesting about this last thing, they have samples
2 from 20, 25, 30 years ago, but they just happened to
3 pick that year, 1990, to do the experimentation.

4 First of all, do you know if that's
5 true? Do they actually have frozen samples from 25
6 years ago?

stapleton

7 A. I don't know.

8 Q. So they could have tested Miguel Indurain
9 and Greg LeMond. We could have tested his samples,
10 but of course not.

11 Do you know what that is a reference
12 to?

13 A. Well, I believe Lance believes and I believe
14 he is a target. So that's probably what he is saying
15 there.

16 Q. He wasn't suggesting that Miguel Indurain or
17 Greg LeMond doped, was he?

18 A. I don't think so.

19 Q. Okay. Then he says, you know, when you win
20 their race seven times, which six was the record, but
21 then to go on and win it a seventh time, they don't
22 love it.

23 Do you see that?

24 A. Yes.

25 Q. Okay. And so was he inferring or implying

¶00163

1 through this that there was some animosity by the
2 French because he continues to win their race?

3 MR. BREEN: Object to form.

4 Q. (BY MR. TILLOTSON) And that somehow this
5 big conspiracy got together and planted EPO --

6 A. Well, you're making a big leap from there to
7 conspiracy.

8 MR. BREEN: Form.

9 Q. (BY MR. TILLOTSON) Okay. And the next
10 page, he says, it depends -- Mr. King erroneously
11 tries to compare them to the hated Notre Dame team,
12 and he says, it depends. I mean, I think certain
13 parts, if not a lot of the parts of the French media,
14 yeah, they absolutely hated me.

15 Do you see that?

16 A. I see that.

17 Q. And was there some discussion between you
18 and Mr. Armstrong that a good media strategy would be
19 to play off anti-French sentiment in the U.S. public
20 as a way of creating -- casting doubt on these -- on
21 the L'Equipe story?

22 MR. BREEN: Form.

23 A. No.

24 Q. (BY MR. TILLOTSON) That was not discussed
25 at all?

¶00164

1 A. No.

2 Q. All right.

3 MR. TILLOTSON: Mr. Stapleton, I would
4 like to take just a short five-minute break, collect,
5 see what other items I have to try and expedite the
6 process.

7 A. Okay.

8 THE VIDEOGRAPHER: Going off the
9 record, 1357.

10 (RECESS.)

11 THE VIDEOGRAPHER: Back on the record,
12 1406.

13 Q. Mr. Stapleton, in -- in -- in 2001, when
14 Disson Furst entered into the sponsorship agreement
15 with U.S. Postal Service, did you actually get a copy
16 of the sponsorship agreement?

17 A. I don't think so.

stapleton

18 Q. So would the first time you've seen that
19 agreement when you became active in the management of
20 Tailwind?

21 A. Probably.

22 Q. Okay. I -- I'm just trying to determine
23 whether or not I -- I need to ask you questions
24 regarding a document, but it doesn't sound like you
25 had any role in -- I know you didn't have any role in

¶00165

1 negotiating it, but -- but sounds like you didn't even
2 maybe even see it for some period of time until after
3 it was signed?

4 A. I think that's right.

5 Q. Okay. I had asked you a -- a series of
6 questions regarding if you had talked to people about
7 the -- the facts involved in this case, and I just
8 want to broaden that a little bit. Have you -- have
9 you asked anyone or spoken to anyone about not
10 revealing information that may raise a question about
11 whether or not Mr. Armstrong used
12 performance-enhancing substances?

13 A. No.

14 Q. So you've never had any conversation with
15 anyone where you said, you shouldn't say things like
16 that because that would raise questions about
17 Mr. Armstrong -- that would be bad for Mr. Armstrong?

18 A. Well, to the extent that I -- I -- your
19 question is not very clear. Lance doesn't take drugs,
20 so I would never tell somebody to say something
21 because if -- there would never be anything to say.
22 I -- I don't know where you're going. I don't know
23 what you're asking me.

24 Q. Okay. Well, I guess what I'm asking you is
25 if you ever asked anyone that they should not disclose

¶00166

1 certain information because it would not be positive
2 for Mr. Armstrong, regarding his statements that he
3 has never used drugs?

4 A. Again, I mean, I -- no, because I -- he has
5 never taken drugs. So there is no reason for me to
6 ask somebody to -- to not say something.

7 Q. Have -- have you spoken to anyone and
8 encouraged them to issue statements contradicting some
9 of the allegations in Mr. Walsh's book?

10 A. Not that I remember.

11 Q. Have you ever gone to Europe to meet
12 Mr. Verbruggen? Do you know who that is?

13 A. Mr. Verbruggen?

14 Q. Verbruggen. Yes.

15 A. Have I ever gone to meet him?

16 Q. Yes, gone to Europe for the purpose of
17 meeting him?

18 A. I had lunch with him one time in Lausanne
19 years ago.

20 Q. Okay. Other than that one lunch, have you
21 had any other meetings with him?

22 A. Well, you know, he is a member of the IOC.
23 I was the vice-president of the Olympic Committee. So
24 I would see him at various events, the Olympics --
25 primarily, the Olympics. He would come to the Tour de

¶00167

1 France, and I might say hello. That's about it.

2 Q. Would you ever discuss with him testing for

stapleton

3 doping or dope testing?

4 A. No. Well, that's not exactly accurate. I
5 might have said to him, you know, just generally, that
6 I support what cycling has done, which is, I think,
7 more than most sports have done in terms of policing
8 themselves and attempting to clean up a sport that we
9 all know in 1998 had a big crisis. But that would
10 probably be the extent of our conversations about
11 that.

12 Q. Would he discuss with you what steps had
13 been undertaken by cycling regarding testing of
14 athletes?

15 A. No.

16 Q. Would you ever discuss with him the status
17 of testing?

18 A. No.

19 Q. How advanced it was? How effective it was?
20 What other testing might be coming down the pipeline?

21 A. No.

22 Q. Has Mr. Armstrong, to your knowledge, ever
23 missed a drug test?

24 A. What do you mean by missed?

25 Q. Failed to show up. Been asked to give a
¶00168 1 test and said no.

2 A. Never asked to do a test and said no. When
3 you're an out-of-competition member of USADA, you fill
4 out a form that tells people where you're going to be.

5 Q. Uh-huh.

6 A. And I remember one test when -- I think it
7 was last year, Lance -- somebody came to the house
8 here in Austin. Lance was out of town. The form was
9 not accurate. I called Lance. They called Lance
10 to -- got voice mail. They called me, I think. And
11 they'll only wait -- they told us they only wait two
12 hours for him to be back, and so the drug tester left.
13 And I believe -- yeah, that -- well, actually,
14 technically, that was a missed test, but it was
15 appealed because the drug tester -- if we -- we -- we
16 had offered to fly Lance home within six or eight
17 hours, to be tested. And the drug tester wouldn't
18 wait. And I didn't know at the time that they had to
19 wait if you asked them to. So that's the only one I
20 can think of.

21 Q. Any others?

22 A. I suppose it's not technically a missed test
23 because it -- it was appealed and overturned.

24 Q. Do you remember when that was?

25 A. It was in the winter because he was not on
¶00169

1 the bike much. I would imagine December -- October,
2 November, December. But athletes miss tests all the
3 time. It's -- it's nothing that you can read into
4 that. It's -- if you miss three tests within 12
5 months, then you have a problem.

6 Q. I'm not reading anything into it.

7 A. I'm just educating.

8 Q. Thank you.

9 Has Frankie Andrew ever told you
10 that -- that he believes Mr. Armstrong used
11 performance-enhancing substances?

12 A. No.

13 Q. Has he ever suggested to you that he

stapleton

14 believes that?

15 A. No.

16 Q. I didn't ask at the beginning, but I just
17 wanted some background information on yourself. I --
18 I understand you're a graduate of the University of
19 Texas School of Law?

20 A. Yes.

21 Q. Do you have your MBA from UT as well?

22 A. Yes.

23 Q. Class -- law school class of?

24 A. '94.

25 Q. And then your undergrad is where?

¶00170

1 A. UT.

2 Q. UT? Practiced law for a period of time with
3 Brown McCarroll out of law school?

4 A. Yep.

5 Q. Business lawyer? Trial lawyer?

6 A. Trial lawyer. Then business lawyer.

7 Q. Okay. And then left to start CSE?

8 A. CSV, at the time.

9 Q. CSV. I apologize.

10 A. Yep.

11 Q. Married? Currently married?

12 A. Currently married.

13 Q. Children?

14 A. Two.

15 Q. Live in Austin?

16 A. Yep.

17 Q. Homes anywhere else?

18 A. No.

19 MR. TILLOTSON: Mr. Stapleton, I
20 appreciate your time, and I'd like to tell your
21 counsel thanks for accommodating us. I pass the
22 witness at this time.

23 MR. BREEN: Reserve our questions.

24 THE VIDEOGRAPHER: This is the end of
25 the deposition of William Stapleton. Going off the

¶00171

1 record, 1414.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

stapleton

25
¶00172

1	2	3	4
PAGE	LINE	CHANGES AND SIGNATURE CHANGE	REASON
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			

I, WILLIAM J. STAPLETON, have read the foregoing deposition and hereby affix my signature

¶00173

1 that same is true and correct, except as noted above.

2
3

WILLIAM J. STAPLETON

4
5

6 THE STATE OF _____)
7 COUNTY OF _____)

8
9

Before me, _____, on this day personally appeared WILLIAM J. STAPLETON, known to me (or proved to me under oath or through _____) to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that they executed the same for the purposes and consideration therein expressed.

16
17

Given under my hand and seal of office this ____ day of _____, ____.

19
20

NOTARY PUBLIC IN AND FOR THE STATE OF _____

21
22

23
24
25 JOB NO. 050901BJW

¶00174

1 IN THE MATTER OF AN ARBITRATION BETWEEN

2

3 LANCE ARMSTRONG AND)
TAILWIND SPORTS, INC.,)
4 Claimants,)

VS.) ARBITRATION BEFORE THE

5) stapleton
6) HONORABLE RICHARD
7) FAULKNER, RICHARD
8) CHERNICK, AND TED LYON
9)
10)
11)
12)
13)
14)
15)
16)
17)
18)
19)
20)
21)
22)
23)
24)
25)

SCA PROMOTIONS, INC. AND
HAMMAN INSURANCE SERVICES,
INC.,
Respondents.

REPORTER'S CERTIFICATION
ORAL AND VIDEOTAPED DEPOSITION OF
WILLIAM J. STAPLETON
SEPTEMBER 1, 2005

I, BRENDA J. WRIGHT, RPR, Certified Shorthand
Reporter in and for the State of Texas, hereby certify
to the following:

That the witness, WILLIAM J. STAPLETON, was
duly sworn by the officer and that the transcript of
the oral deposition is a true record of the testimony
given by the witness;

That \$ _____ is the deposition
officer's charges for preparing the original
deposition transcript and any copies of exhibits,
EXCLUDING CHARGE FOR ORIGINAL VIDEOTAPE, charged to
Respondents;

That the deposition transcript was
submitted on September 14, 2005, to the attorney for
the Claimants for examination, signature and return to
Mr. Jeffrey M. Tillotson by October 14, 2005;

That the amount of time used by each party at
the deposition is as follows:

Mr. Jeffrey M. Tillotson - 3:12;
That pursuant to information given to the
deposition officer at the time said testimony was
taken, the following includes all parties of record:
For the Claimants:

Mr. Timothy J. Herman
HERMAN, HOWRY & BREEN, L. L. P.
1900 Pearl Street
Austin, Texas 78705
(512) 474-7300

For the Respondents:
Mr. Jeffrey M. Tillotson
LYNN, TILLOTSON & PINKER
750 N. St. Paul Street
Suite 1400
Dallas, Texas 75201
(214) 981-3800

I further certify that I am neither counsel
for, related to, nor employed by any of the parties or
attorneys in the action in which this proceeding was
taken, and further that I am not financially or
otherwise interested in the outcome of the action.

Certified to by me this 14th day of September,
2005.

stapleton

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

BRENDA J. WRIGHT, RPR, CSR #1780
Expiration Date: 12/31/06
WRIGHT WATSON & ASSOCIATES, L. L. C.
Firm Registration No. 225
Expiration Date: 12/31/05
1801 N. Lamar Blvd., Mezzanine
Austin, Texas 78701
(512) 474-4363

JOB NO. 050901BJW

♀