

time high, though the year ended with a deficit of \$2,996,016 due to a \$3,167,235 “cost of goods given away.” See Exhibit I at line 1 and statement 2.

3. I have examined the 2003 through 2005 audited financial statements of 3ABN in connection with 3ABN’s Form 990’s for those years. (The audited financial statements are readily obtained from the Illinois Attorney General’s website.) In 2003 3ABN reported the sales of inventory other than “satellites” as “Other sales” (part of “Gross sales of inventory” on the Form 990), with the cost of that inventory reported as “Cost of goods sold and given away – Other” (part of “Less: cost of goods sold” on the Form 990). See Exhibits K at page 4 and F at line 10. Beginning in 2004, 3ABN reported sales of such inventory as “Cost of goods given away - Other” (“Cost of goods given away” on the Form 990), with gross sales revenue being reported presumably as “contributions.” See Exhibits L, and G at statement 2. It is therefore impossible to determine after 2003 from 3ABN’s figures for gross contributions how much is attributable to donations and how much is attributable to gross sales revenue.

4. During the first half of 2006, 3ABN and Plaintiff Shelton conducted a massive promotional campaign for his book, *Ten Commandments Twice Removed*, in which people paid 25¢ apiece to cover the cost of shipping. See Exhibit M for a receipt from this campaign from an individual who claims he received 300 copies of this book. The receipt calls the buyer a “donor” and his payment a “contribution,” and acknowledges that 100% of the “contribution” paid for shipping. Reports of the number of books distributed start at 4.8 million, explaining the high “cost of goods given away” for 2006. Since the shipping charges for this large volume of books was reported as contributions, this would likely account for the rise in donations in early 2006 that Larry Ewing referred to in his Affidavit of May 9, 2007, filed in the instant case.

5. I have examined the Form 990’s filed by Remnant Publications, the publisher of Plaintiff Shelton’s book, *Ten Commandments Twice Removed*, spanning the years 1999 through

2006. A source has claimed that the bulk of royalties currently paid by Remnant Publications go to Plaintiff Shelton. Total reported royalty payments for 2006 were \$508,767, a figure 337% or \$392,211 higher than that of 2005. See Exhibits N–O at lines 43d and 93a. Because the *Ten Commandments Twice Removed* campaign reportedly distributed at least 4.3 million copies, and given the proportionately higher printing costs, postage and shipping costs, and sales of literature revenue also reported on the 2006 Form 990, one might easily conclude that the large increase in royalty payments in 2006 is largely attributable to Plaintiff Shelton’s book. But Plaintiff Shelton’s financial affidavit filed in July 2006 in his case with Linda Shelton does not report any income attributable to such royalties. See Exhibits I at statement 9 (for Plaintiff Shelton’s wages from 3ABN) and P.

6. Besides financial allegations, the Plaintiffs’ complaint refers to moral and ethical allegations, the question of whether or not Plaintiff Shelton had biblical grounds for divorce and remarriage, and the proposed fact-finding Adventist-laymen’s Services and Industries (ASI) tribunal that was expected by some church leaders to investigate, among other things, the allegations of child molestation against Tommy Shelton.

7. The only time that Plaintiffs’ counsel personally conferred with me regarding a need for a Protective Order was in correspondence with Attorney Hayes regarding the Plaintiffs’ Rule 26(a)(1) materials. Attorney Hayes claimed that these materials of less than 500 pages consisted of “extremely sensitive, confidential business and commercial information,” but did not elaborate further. Do these materials really substantiate the Plaintiffs’ non-commercial claims, the actual figures for donation losses, and that visitors to Save3ABN.com are confused into thinking that 3ABN sponsors that website? Or is the designation of these materials as “extremely sensitive, confidential business and commercial information” simply wrong?

8. On February 15, 2007, Plaintiff Shelton made the claim on a globally televised

broadcast that regular donor funds were not going to pay for a pending lawsuit.

9. In June 2007 I obtained records from the Franklin County Courthouse documenting how Plaintiff Shelton bought a house from 3ABN on September 25, 1998, for \$6,139, and sold it one week later on October 2, 1998, for \$135,000. See Exhibits Q–R. 3ABN’s 1998 Form 990 denied that any section 4958 excess benefit transaction had taken place that year. See Exhibit A at line 89b.

10. The Defendants published an analysis of 3ABN’s 2003 through 2005 audited financial statements as they pertain to the percentage of annual revenue spent on corporate jets. 3ABN reported a figure of \$857,528.60 for “airplane operation” in 2003, which was about 7.5% of their total reported revenue. See Exhibit F at line 12, Exhibit K at page 12. After publishing this analysis, a source claiming to be a former employee alleged that the 2003 figure for jet travel did not include an additional \$500,000 spent to repair or replace a blown jet engine. This allegation coincided with other allegations that 3ABN’s expenses are not always properly reported.

11. Former 3ABN Board member Attorney Nicholas Miller informed me about mid-September 2007 that the IRS had contacted him regarding 3ABN, and that he had passed on the contact info of that agent to the 3ABN Board chairman a little before September 6. (The Defendants have been aware of this criminal investigation for over a year.) On September 6, 2007, Plaintiff Shelton stated the following in a 3ABN Today Live broadcast:

We did a program, people said, “Oh well, we hear the IRS is secretly checking you.” There’s no truth to that. IRS doesn’t go behind people’s back. They come right to your front door and say, “We’re checking you out.” I mean, some of these things are just ludicrous, but people that are enemies of the gospel. It doesn’t make any difference what name they call themselves or what church they say they belong to, or that they’re Christians, they’re enemies of the gospel.

In contrast, I have endeavored not to make unverifiable claims, but have instead tried to only make statements which I could back up with solid documentation.

12. The Plaintiffs and their allies through globally televised broadcasts, email, internet postings, and word of mouth have repeatedly accused their critics of lying and even crime. See Exhibits S–T. According to the relative of a 3ABN employee, after that employee had accused the Defendants of lying, his relative asked what lies we were telling, and that employee couldn't identify any.

13. The Defendants have been in possession of Plaintiff Shelton's 2001 through 2003 tax returns since the spring of 2007 and have not published them. These tax returns were prepared by 3ABN's independent auditor, Alan Lovejoy, who also prepared 3ABN's Form 990 for at least 1999 and 2000.

14. I corresponded with Melody Shelton Firestone, Plaintiff Shelton's daughter, in August 2006, and she confirmed that she was pregnant out of wedlock in the fall of 2005. I have not published this correspondence. I am also in possession of correspondence regarding the alleged moral improprieties of Tammy Shelton Chance, sister of Plaintiff Shelton, and have not published this correspondence.

15. I have tabulated by the month internet posts and forums critical of the Plaintiffs on ClubAdventist.com, BlackSDA.com, and Maritime-SDA-Online.org. See Exhibit U. Based on my tabulation, months in which combined, total posts surpassed 100 include July through November 2004 (attributable to discussion about Plaintiff Shelton's divorce and the Plaintiffs' handling of the matter), November 2005 (attributable to Linda Shelton's pending church discipline and her attempts to transfer her church membership), and February 2006 through almost the present (attributable to the *Ten Commandments Twice Removed* campaign, Plaintiff Shelton's remarriage, Linda Shelton's daughter issuing a signed statement alleging sexual assault by Plaintiff Shelton against her, evidence of the cover up of the child molestation allegations against Tommy Shelton, etc.).

16. I have no intention of indiscriminately publishing donor names. But I do intend to locate donors who ceased donating prior to Mr. Joy or myself becoming involved in August 2006. And I intend to secure affidavits from former donors who are willing to testify that it was the actions of Plaintiff Shelton, not the Defendants, that influenced them to cease donating.

17. Attorney Hayes has never conferred with me regarding any of my internet postings, and has never explained, except with one possible exception, how I misunderstood anything. Yet I do question the propriety of the justification of the Plaintiffs' proposed purchase of domain names from Defendant Joy in bankruptcy proceedings on the basis of mere, unproven allegations while this litigation is ongoing.

18. I have no intention of willfully aiding 3ABN's competition, but I do intend to aggressively defend myself against the outrageous and unconstitutional claims of this lawsuit.

FURTHER DEPONENT TESTIFIES NOT.

Signed and sealed this 28th day of December, 2007

Bob Pickle
Bob Pickle

Subscribed and sworn to me
this 28th day of December, 2007.

Deanna M. Zimmerman

Notary Public

