

EX A
TX 13: William Schonberg

1 this entire continuum of time from February through
2 May, I was very sporadically approached by Mark
3 Schlachet who would tell me that requests were being
4 made that certain things happen or requests were being
5 made that we do things or not do things in the context
6 of how we're representing the company. And I can't be
7 specific because I really don't remember but they were
8 all over the board. Some of them made no sense. Some
9 of them were questions about how we need to, you know,
10 understand that the pre-buys have to be done. I mean,
11 and I remember one meeting saying to Mark, Mark, what
12 you're suggesting is that we countenance what we have
13 determined to be inappropriate conduct. And he would
14 of course say, oh that's not right because Bill Maloof
15 said it's not right.

16 BY MR. WARNER:

17 Q These requests were coming from whom?

18 A Mark relayed to me that they were coming from
19 either Bill Maloof or other people because Mark --

20 Q Other people at Level?

21 A Yes.

22 Q Or other people from other sources?

23 A Other people at Level primarily. Now when I say
24 other people at Level, and that's -- I should answer
25 your question carefully -- I don't know that these

1 the time was working on the matter. And I may have
2 recorded some time that I was helping doing something
3 with it, but I was not negotiating it. I was not doing
4 anything of any substance with it.

5 Q It's my understanding that Mike Primrose had some
6 involvement with that. Do you recall whether Mike
7 Primrose ever spoke to you about that subject?

8 A He may have been one of the people that would ask
9 a question of me.

10 Q Okay. And you don't recall what types of
11 questions he may have asked?

12 A No, I don't specifically recall.

13 Q Okay. Do you recall anything at all about that
14 issue?

15 A Other than there were negotiations concerning, if
16 I'm not mistaken, more than one agreement. I believe
17 they were -- there was one or there was one that was
18 renewed and renegotiated -- that's all I remember. The
19 only other point, and I'm trying to be as clear in
20 answering your question as I can, is that I
21 participated on a phone call, probably in that time
22 period, with the counsel for the bank group and the
23 bank officers. I don't remember any of their names.
24 And Michael Primrose was also with me. And I don't
25 remember if John Rudd was on the call or not. But the

1 Q Okay. And then if you could look at the very
2 final item on that, the last paragraph. Would you
3 please read that?

4 A Gee, bankruptcy filings. We are in the process of
5 preparing all the documentation necessary to file for
6 Chapter 7 bankruptcy for the Level Propane and the Park
7 Place businesses. We have nearly completed these
8 filings but are still awaiting certain necessary forms
9 from the company (reading quickly to himself) blank.

10 Q And do you have any awareness of what Mr. Gale
11 might have been referring to?

12 A Absolutely not. This is completely contrary to my
13 understanding of the facts as they existed at the time.
14 In fact, on June 4th, which would have been two days
15 before the letter was dated, I believe, that we
16 withdrew, I had no knowledge that we were doing
17 anything. In fact, I assumed we had shut down all
18 representation because of the determination that was
19 made that we could not -- it was either probably the
20 day or two right within that range that we had never
21 been -- we had never been formally asked to do any
22 bankruptcy work and, you know, to my knowledge, after
23 the all hands meeting we had shut everything down at
24 that point and were preparing to disengage the
25 engagement. This is completely contrary to what I

1 involvement, that the Level Propane companies were in
2 financial distress?

3 A In May of 2002 I was aware that the Level Propane
4 companies were in financial distress. I was aware that
5 they were in financial distress well before that
6 because of the problems with the bank loans.

7 Q And I think you've indicated now after looking at
8 the previous E-mail that we provided that you also had
9 been aware that Mr. Maloof was interested in pursuing
10 some debtor-in-possession financing in around May --

11 A I didn't know what he was interested in pursuing,
12 Ray.

13 Q But you were --

14 A There was a message sent to me about DIP financing
15 alternatives or who we should tell him to talk to. Mr.
16 Maloof or the companies had every ability to go out and
17 talk to anybody they wanted, but we were being asked to
18 refer in a DIP lender name or names, as I understood
19 the E-mail requests, and my recommendation at the time
20 was no, we don't want to refer in a DIP lender name to
21 Mr. Maloof personally for him to use. And that's the
22 best context I can give to it.

23 Q Now at this point in time, this May 23rd point in
24 time, Mr. Rudd was also involved as the CRO of the
25 company, correct?

1 understand it, we have no comfort with the information
2 provided to us via Salvagni, et al. -- that the
3 information provided to us via Salvagni, et al. is
4 accurate enough that the first day papers are
5 acceptable. Let's discuss so I can get back with Bill
6 with our response.

7 Q What do you think he's referring to there in terms
8 of a preemptive strike?

9 A Commencement of a bankruptcy case.

10 Q So a voluntary bankruptcy case filed by Level
11 Companies?

12 A Presumably.

13 Q And at this point in time since Mr. Rudd was out,
14 Bill Maloof would be an appropriate company official --

15 A Ray, I don't know. I don't know what his
16 officorial role was, but --

17 Q But from having dealing with him before Mr. Rudd,
18 correct?

19 A Correct.

20 Q And during the time of Mr. Rudd he still had
21 continual dealings with --

22 A Apparently, he still did, correct.

23 Q Okay.

24 A But it's fair to say to your question that he
25 could have been viewed as someone speaking on behalf of