

EXH. RR

In The Matter Of:
Heartland Recreational Vehicles, LLC v.
Forest River, Inc.

John Leonard
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1 A -- to let us know.
2 Q On October 22nd and 23rd, with regard to the
3 Forest River showing in 2008, did any dealers
4 beforehand call Heartland and say they're gonna
5 be in town and would like to meet with you?
6 A Oh, I'm sure they did, yes.
7 Q Who?
8 A The only one dealer that I can recollect would be
9 a dealer that I'd been working, Wichita RV.
10 Q And who at Wichita called you?
11 A Kent.
12 Q Kent who?
13 A I -- I don't know his last name. I'm sorry.
14 Q How long have you been working with him?
15 A At that time, probably a couple of months.
16 Q And before that time, you had never met him?
17 A I might've --
18 MR. IRMSCHER: Before what time?
19 I'm sorry.
20 BY MR. FOUNTAIN:
21 Q Before October 22nd, 2008, had you met him?
22 A Yes. I met him at his dealership.
23 Q In Wichita?
24 A Yes, sir.
25 Q And this was a couple months before the show?

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1 A Yes, sir.
2 Q Okay. You don't recall his last name?
3 A No, sir, I don't.
4 Q Does he own the company?
5 A Yes, sir. I think his son-in-law owns it and he
6 just kind of carries the note on it, one of those
7 kind of deals where him and his wife are slowly
8 stepping out of it.
9 Q Prior to October 22nd, 2008, how much product had
10 you sold him?
11 A Me personally, none.
12 Q When you say, "Me personally," as
13 distinguished -- did someone else at Heartland
14 have sales with him?
15 A Yeah. He's a Heartland -- he was a current
16 Heartland dealer.
17 Q How was it that you had occasion to first meet
18 with him?
19 A Just the fact that he had said he was gonna be
20 down in that area. So, I was prospecting in the
21 Kansas, Nebraska, Missouri area, so just went out
22 and saw him.
23 Q So, he was already a Heartland dealer?
24 A Correct.
25 Q And you hadn't sold him any product prior to

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1 October 22nd, 2008?
2 A No, sir.
3 Q Have you sold him any product since?
4 A Yes.
5 Q How much?
6 A I think his initial order was five units that we
7 had negotiated prior to him coming out.
8 Q You had negotiated. But he didn't place the
9 order, did he?
10 A It was just -- he just wanted to look at it
11 first.
12 Q So, he didn't place the order before October
13 22nd?
14 A It was tentatively, yeah. But there was nothing
15 on paper.
16 Q And when was it on paper?
17 A It would've been probably a couple of weeks after
18 the showing.
19 Q Do you know if he attended the Forest River show?
20 A I'm sure he did.
21 Q Why are you sure he did?
22 A That's why he was here, to see everybody.
23 Q To see everybody or to see Forest River?
24 A Probably to see Forest River, Heartland and
25 Keystone, whatever product lines they carried.

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1 Q Do you know if he actually went to see Keystone?
2 A Didn't ask. I -- I don't know, sir.
3 Q So, the only one you know that he saw was Forest
4 River, right?
5 A And Heartland, correct.
6 Q Right. And how do you know he saw Forest River?
7 A I just assumed that's why he was there, so he was
8 gonna go see them.
9 Q Why do you assume that?
10 A Generally, dealers do that when they -- you know,
11 someone will have a showing. They will come and
12 see all their manufacturers.
13 Q Prior to the morning of October 22nd, 2008, did
14 you know Forest River was going to have a dealer
15 show?
16 A Yes.
17 Q How did you find out?
18 A Just through the vine, the grapevine, you just
19 always hear it. I'm sure some dealer called and
20 said, "Oh, by the way, I --" in fact, I just had
21 a dealer call this weekend. They're gonna be
22 here in town and wanted to come by and see me
23 while they were looking at other -- other
24 manufacturers.
25 Q Prior to the Forest River show, Heartland

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1 obtained a copy of the list of dealers who were
2 coming and what hotels they were staying at. Do
3 you know anything about that?
4 A I do.
5 Q And how did you find out about it?
6 A I had heard about it.
7 Q From whom?
8 A Just the sales guys at the office.
9 Q Did you hear about it before the show?
10 A It might have been the night before possibly.
11 Q And that's the first you saw that list or heard
12 about that list; is that right?
13 A Heard.
14 Q Did you ever see the list?
15 A No, sir.
16 Q Do you know Bryan Walczak?
17 A Walczak, yes.
18 Q Walczak?
19 A Yes.
20 Q How do you know Bryan?
21 A He's a product manager for Big Country and Eagle
22 Ridge.
23 Q Did you ever work with him?
24 A No, sir.
25 Q Were you aware that Bryan was circulating that

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1 Forest River dealer list around Heartland?
2 A Maybe to management, but not to the salespeople
3 that I'm aware of.
4 Q Are you aware that Heartland's salespeople were
5 requested to contact those dealers?
6 A I was never asked to contact them, so I -- I
7 can't speak for anybody else. But I wasn't, no.
8 Q Were you aware of anyone who was asked to contact
9 them?
10 A I'm sure the managers were.
11 Q Were you aware of any salespeople who were asked
12 to contact the dealers on that list?
13 A No, sir.
14 Q Why are you sure the managers were?
15 A That would probably be their -- their thing. I
16 mean, these showings are -- they're all the time.
17 At a certain time of the year, every
18 manufacturer's having some kind of a showing.
19 It's just, you know, if you're prospecting every
20 day, every day, you're gonna know if a dealer's
21 gonna be there or not.
22 A lot of them tell you, "Hey, we want to
23 come by," but they never show up. You know, they
24 get tied up with dinner or -- or whatever and
25 they never show up.

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1 So, it's really not -- you know,
2 Louisville's our big, big showing. But these lot
3 shows, it's not really that -- that big of a
4 deal, to me anyways. I'm sorry.
5 Q Was the Forest River show in 2008 that big of a
6 deal?
7 A I'm sure it was to Forest River.
8 Q Was it to Heartland?
9 A I don't think it was. We didn't put a lot of
10 time and preparation into it. I mean, I just
11 know that morning we just had units laying out
12 there.
13 Q How many units were laying out there?
14 A I couldn't tell you an exact number, but pretty
15 much everything we had.
16 Q A sample of all the products you had?
17 A Pretty much, yes.
18 Q If I go over there today, are all your products
19 laid out there, too?
20 A Yes, sir. They're against the fence.
21 Q Are they laid out the same way they were at the
22 show?
23 A No, sir. No slide -- not all of them will have
24 slides out.
25 Q So, you had all your products out for display at

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1 the front of of your facility at the time of
2 Forest River's show; is that right?
3 A That is right.
4 Q Now, getting back to this dealer list that
5 Heartland obtained, you said that you were sure
6 the managers were asked to contact the people on
7 that list, right?
8 A Yes, sir.
9 Q Okay. And you said that you were sure because
10 shows happen all the time, right?
11 A Yes.
12 Q Okay. How many other shows of other
13 manufacturers has Heartland gone and obtained a
14 list of the dealers coming to that show from
15 those manufacturers beforehand?
16 A I'm not aware of any.
17 Q Other than the Forest River list for that show in
18 2008, are you aware of any dealer list belonging
19 to other manufacturers that was ever circulated
20 around Heartland?
21 A None. None that I'm aware of.
22 Q Now, you've been selling RVs for a long time,
23 haven't you?
24 A Yes.
25 Q How many years?

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1 Q Okay. What is the ship date?
2 A The ship date is when the product is actually
3 floored and it's ready to go. It's cleared the
4 yard. If there was any repairs or anything that
5 was missing, everything has cleared and it's
6 ready to leave the lot.
7 Q But that's not the date that it actually leaves
8 the lot, is it?
9 A That's the day it leaves our -- our lot. A
10 shipper could take it to their yard, and it could
11 set for -- you know, I've seen as much as 60, 90
12 days.
13 Q How long a period of time typically elapses from
14 the time that the dealer places an order with you
15 until the ship date?
16 A I would say we're normally around five weeks out,
17 four weeks out.
18 Q Now, that changes depending upon the time of
19 year, doesn't it?
20 A Correct. Correct.
21 Q In the fall, the ship dates are much shorter,
22 aren't they?
23 A Yes, sir.
24 Q And why is that?
25 A Just demand is slower. Everybody's waiting for

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1 Louisville to place the big orders.
2 Q So, normally, business slows down in the fall; is
3 that right?
4 A Correct.
5 Q What has your experience been as far as the worst
6 month of the year for sales?
7 A The worst month? Probably December.
8 Q You don't get any sales in December?
9 A Because I've gotten them all at Louisville.
10 Q Louisville's in December, isn't it, first week?
11 A Well, it's -- yes. End of the November, first
12 week of December, correct.
13 Q Okay. So, even with Louisville, that's the worst
14 month of the year?
15 A Yeah. Because, I mean, I pretty much get all my
16 orders that week. And it's a short month, so
17 it's usually two weeks, three weeks. And it's
18 just -- you know, your January check is nothing.
19 Even though you put all the orders in,
20 they don't get built 'til January, February,
21 March, April.
22 Q You put an order in in December, and it doesn't
23 get built until April?
24 A Yes, sir.
25 Q I thought you said normally it's, what, four,

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1 five weeks?
2 A It does. But --
3 Q What's --
4 A But you have, you know, 15, 20 sales guys. They
5 all put in all their orders. And we're only
6 allotted so many a week. Like I might only get
7 ten, fifteen units a week. And if I -- last
8 Louisville, I wrote over 200 orders. And, you
9 know, you just can't build them all that day.
10 So, I -- I have to take my turn and get my
11 allotment.
12 Q Okay. Well, then I should clarify that. When I
13 say the worst month for sales, I'm not talking
14 about your commissions.
15 A Okay.
16 Q I'm talking about -- because you do work on
17 commission, don't you?
18 A I do, sir.
19 Q I'm talking about the worst month in terms of the
20 sales that you get.
21 A Okay. That would probably be early -- early
22 spring and it would be in the fall, those two.
23 Because in January/February, you're really not
24 out trying to get orders because you just loaded
25 up 200 orders, you know, in November/December.

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1 So, those will carry you.
2 So, you're really not out -- unless it's
3 just a retail sale that you got, you're really
4 not out getting orders. My order count is very
5 low in January and February, as it is in
6 September; August, September.
7 Q What about October?
8 A October?
9 Q Is October typically one of your worst months?
10 A Actually, in my experience, it's usually been
11 my -- my -- one of my better months. Not my
12 best, but it's been a decent month.
13 Q And why is that?
14 A Because I use the shipping for my dealers. I
15 tell them, "You know, if you order your product
16 now, in October, we build it in November. You'll
17 get it hopefully the first two weeks of January.
18 And if you have a January, February, March show,
19 you're pretty much guaranteed to have your
20 product at the show."
21 Q So, in October, you're selling for these winter
22 and spring trade shows? Is that it?
23 A Correct.
24 Q And the rest of the year, are you selling for
25 consumer sales?

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1 A Usually, yeah.
2 Q So --
3 A And if it's a current dealer, I may have a copy
4 of it and I may not.
5 Q So, if it's a dealer that someone signed before
6 you, you may not have it in your file?
7 A Yes, sir.
8 Q But if it's a dealer you signed, it would be in
9 your file, right?
10 A Yes, sir.
11 Q What about this dealer inventory list that you
12 were talking about earlier?
13 Would that indicate when you first signed up
14 a dealer?
15 A To a degree, because it would show his -- his --
16 his initial order with a ship date.
17 Q Now, you mentioned that sometimes you take a
18 dealer off that list, right, because they stop
19 selling your product?
20 A Yes, sir.
21 Q How many of the dealers you work with have been
22 with you since Keystone?
23 A Actually, two.
24 Q Okay. Of the original five that you signed up in
25 the first five hours?

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1 A None of them.
2 Q None of them?
3 A Three of them went out of business.
4 Q Three went out of business. Okay. So, there's
5 two people that have been with you a long time,
6 right?
7 A Yes, sir.
8 Q Has it been your experience all the years you've
9 been selling that dealers typically stay with a
10 company for a certain period of time, then they
11 rotate into something else, move on?
12 A Typically, yes.
13 Q How long, in general, would you say a dealer
14 typically stays with a company?
15 A I -- I don't know, sir.
16 Q Well, let me put it another way. You've signed
17 roughly 40 dealers in the last five years, right?
18 A Yes, sir.
19 Q How many have you lost in the last five years?
20 A 15.
21 Q Okay. And the 15 that you lost, how long on
22 average had they been with Heartland?
23 A No more than four or five years.
24 Q When a dealer signs on with you typically, is
25 that the point in time when he buys the most

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1 units he's gonna buy from you?
2 A No.
3 Q Usually buys the most units after he's tested you
4 out, right?
5 A Correct.
6 Q And how long does a dealer typically take to test
7 you out?
8 A It's all about timing. You know, if he does that
9 in early spring, then you've got all summer for
10 him to do it. If he buys in end of fall, again,
11 you got 'til -- you know, six, seven, nine
12 months. I mean, it could be up to a year.
13 Q So, a dealer typically wants to wait through the
14 summer season; is that right?
15 A Yes, sir.
16 Q Okay. Getting back to this show, October 22nd
17 and 23rd, 2008, did you hear anything about the
18 so-called hotel incident?
19 A I had heard it, yes.
20 Q Okay. And what did you hear about it?
21 A Just that someone had a list. I believe it was
22 Bryan had the list for where the dealers were at.
23 Q Brian Brady?
24 A Bryan Walczak.
25 Q Walczak. And what did he do with that list?

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1 A I believe he showed it to upper management.
2 Q Did you ever hear anything about an envelope
3 stuffing?
4 A They did that. I believe -- I believe Bryan was
5 looking for information on products to stuff into
6 an envelope.
7 Q And what did he do with those envelopes?
8 A I didn't do anything with them.
9 Q No. What he do with them?
10 A Oh, I -- I -- I don't know. I was told he gave
11 them to the hotel.
12 Q We saw some e-mails from Bryan asking for people
13 to help with that. Did you get any of those
14 e-mails?
15 A I probably did.
16 Q How did you respond to them?
17 A No.
18 Q Why?
19 A It was late in the afternoon, 5 o'clock, and
20 I'm -- you know, again, I don't -- if my dealers
21 are coming into town, I would think that I have a
22 good enough rapport that they're gonna call they
23 tell me that, "Hey, I'm gonna be there, you know,
24 on such and such a date. You know, if I have
25 time, I'm gonna come by and see you."

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1 You know, I don't have time to -- to stuff
2 packets and drive all over town and -- and, you
3 know, I'm on the road a lot. So, I don't -- it
4 just really wasn't that big of a deal to me.
5 Q You mentioned you had a couple dealers come in
6 and talk to you at that time, right?
7 A Yes, sir.
8 Q But you also mentioned you do a lot of
9 prospecting, right?
10 A Yes, sir.
11 Q Well, why didn't you take that as an opportunity
12 to go prospect new customers?
13 A It's so chaotic and -- and when -- when that is
14 going on. You only get a certain amount of time
15 to be with these dealers because they're there on
16 their lunch break, they're there for a dinner
17 break, they're there just for whatever. They
18 have a very limited amount of time. And I
19 should've done my work prior to them coming down.
20 Q When you say, "when these things are going on,"
21 what are you referring to?
22 A Like we'll have our rallies. And like when all
23 the other manufacturers, Keystone, Forest River,
24 Jayco, Dutchmen, when they have their rally days
25 or they're showing days whatever, the dealers go

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1 out and see all their manufacturers because
2 it's -- you know, it's expensive for them to fly
3 in here and see everybody individually.
4 Q Well, in the case of the Forest River show,
5 Forest River was paying for that, weren't they?
6 A I didn't know that, sir.
7 Q You didn't know that --
8 A No, sir.
9 Q -- at the time?
10 A No, sir, I didn't.
11 Q Kent didn't say to you, "Hey, I'm here on Forest
12 River's nickel."?
13 A No. No. No. He would never say that to me.
14 I -- I don't know why he would say that to me.
15 Q How many times has Kent come to Heartland?
16 A I'm gonna say five, six times.
17 Q When was the last time?
18 A Last year.
19 Q He came last year during Forest River's show,
20 didn't he?
21 A No.
22 Q He didn't?
23 A Actually, he came -- he brought his sales guys.
24 He has his own plane, so he flies in. So, yeah.
25 I mean, it -- he just came in for training.

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1 Q And you say it gets chaotic when these things
2 happen. Did you mean that, okay, in that '08
3 trade show, when Forest River was having its
4 show, the dealers had only a limited amount of
5 time that they could spend with you?
6 A Yes, sir.
7 Q But you said your dealers -- Kent was only there
8 for 25 minutes with you, right?
9 A Uh-huh.
10 Q And you had a couple other people?
11 A Uh-huh.
12 Q How much time did they take up?
13 A Probably no more than that.
14 Q Okay.
15 A It's just, I mean --
16 Q So, an hour and a half out of two days, it would
17 seem that you had a lot of extra time you
18 could've been prospecting.
19 A And that's what I was doing.
20 Q How were you prospecting on those days?
21 A In my office.
22 Q You were calling people?
23 A Absolutely.
24 Q Were you calling people who were in town for the
25 show?

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1 A If I did, I never got ahold of them.
2 Q Are you --
3 A I mean, if I called dealership and they said,
4 "Oh, John, he's -- he's there in Elkhart right
5 now." "Oh, okay. Just let him know I called.
6 If he calls in, just let him know I called.
7 Here's my phone number."
8 Q But you never actually talked to anybody else who
9 was in town at that point?
10 A No.
11 Q Don't you have their cell numbers?
12 A I don't -- a lot of the dealers don't give you
13 their cell numbers, especially if they're a
14 prospect. You know, I have very few cell phone
15 numbers. And those that I do are guys I talk to
16 Sunday afternoon about the Bears game.
17 Q Now, when Bryan was asking for people to help
18 with the envelope stuffing, some people did help
19 him, didn't they?
20 A Yes.
21 Q Do you know who any of them were?
22 A I do not.
23 Q Did you see it happen?
24 A No, sir.
25 Q It happened in the offices in the afternoon,