

EXHIBIT B

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

ENTRAL GROUP INTERNATIONAL, LLC,)
)
Plaintiff,)
)
vs.) CV-05-1912
)
YHCL VISION CORP., and JEFF)
CHEN,)
)
Defendants.)
-----)

(CONTAINS ATTORNEY'S EYES ONLY PORTIONS)

VIDEOTAPED DEPOSITION OF SAM CHAN
New York, New York
Thursday, May 25, 2006

Reported by:
Philip Rizzuti
JOB NO. 7393

1 Chan
2 don't go to the bar, they want to go to
3 karaoke.
4 How we can promote that, how we
5 can educate the customer, how to educate
6 people outside the karaoke business, or how to
7 educate people that doesn't know karaoke. So
8 we want to send this message to everybody that
9 we have a karaoke, and not each -- not a
10 traditional karaoke fashion, is it maybe a
11 next step of the karaoke fashion.

12 **Q. On the press release one of the**
13 **purposes of NAKWTA listed under item D is to**
14 **provide free resources and supports to members**
15 **of the karaoke business or industry.**

16 **What type of free resources?**

17 A. Resources, we just provide
18 something like how to apply a liquor license
19 and how to not violate any violations for the
20 Health Department and how to select better
21 server component, so to make sure that the
22 server has a more robust, that it is supposed
23 to be so the downtime will be close to zero.

24 And also, we also provide like
25 lawyer. At that moment we tried to get a

TSG Reporting - Worldwide 877-702-9580

1 Chan
2 legal consultant for our club. So I tell them
3 if we get one of these and everybody, if they
4 have a legal problem, they can call this legal
5 counselor to represent to our club. So that
6 is resources that we like to give. Actually
7 it is more.

8 **Q. When you met with the members or**
9 **people who were going to become members back**
10 **before December did you offer to get them new**
11 **karaoke works from a new source?**

12 A. No. At that time we didn't even
13 think about how we put together with these
14 resources. All we just focussed before
15 December 8th, we just know what -- actually we
16 talk about how we can help them out in another
17 way. So that, you know, everybody would be
18 happy about, and also people also bring up the
19 questions of how can they reduce the cost.
20 That is really important to people doing
21 business, how can we reduce costs.

22 And so first of all they thinking
23 about, is anyway that we can produce our own
24 karaoke works, and I told them there is a way,
25 but it is a very hard way to do it because

TSG Reporting - Worldwide 877-702-9580

1 Chan
2 making a video, VCD is a very, very hard --
3 first of all you have the right skilled
4 people. Even though I know -- I know how to
5 make it, but if I make it I will be totally
6 off for the quality for a synchronization for
7 the music together.

8 So you have to have a very
9 specific skill of people, know how to make and
10 create this kind of karaoke works. And so I
11 told them it is not ease okay, but I am
12 concerned to find out. So we asked a lot of
13 people inside our members and tell them does
14 anyone have any related, you know, friends or
15 cousins, whatever, that have this specific
16 skills.

17 So we just spread the message out
18 to our members at that moment, and during a
19 couple of meeting that we talked about. And
20 also we tender in the meantime -- also in the
21 meantime during the meeting I told them saying
22 that, you know, everybody have to comply,
23 require the license to play your own video
24 works in your premises.

25 As for example EGI, okay, if you

TSG Reporting - Worldwide 877-702-9580

1 Chan
2 don't have any alternative way to commercially
3 play this karaoke works and all you have to
4 do -- I mean I am not saying audio -- I am not
5 saying all -- let me withdraw.

6 Only for the publishing, Hong Kong
7 record -- only for the Hong Kong record
8 company publishing, and the works you guys
9 have to buy licenses from EGI. So I told
10 them, the message is really clear to my
11 members saying that don't play any
12 non-licensed copyright song in your premises,
13 okay. So make sure you guys comply with all
14 the licenses you are required.

15 And then, you know, people just
16 saying, well, this is so expensive. I said
17 well, expensive is expensive, if you cannot
18 pay for license, then you have to talk to EGI,
19 hopefully he can help you out to make an
20 installment payment plan, whatever it is, and
21 maybe EGI can help you out to give you a
22 little bit of discount, and if you signed a
23 little bit longer license agreements,
24 something like that I suggested to them.

25 They said well, then they said,

TSG Reporting - Worldwide 877-702-9580

Page 70

1 Chan
2 well, it is still expensive. I said, putting
3 this way, our club, they are trying to help
4 everybody out, but in the legal way, not in an
5 illegal way. So --

6 **Q. Make sure you got that.**

7 A. Then everybody said okay, they
8 understand. So, you know, this karaoke
9 business people is very, very -- they are not
10 really highly educated people like you, Mr.
11 Hanlon. They are very like middle class
12 people and their mind is --

13 **Q. I am a pretty middle class person?**

14 A. You are very highly intelligent
15 people. Anyway so I am saying that when you
16 deal with these karaoke owners or managers,
17 they are not a -- normal person that you can
18 deal with. They say this is funny language, I
19 don't understand sometimes. Finally I
20 understand it, as long as we get along.

21 So to put it in short form,
22 finally we say okay, and then eventually I
23 believe on June -- actually we tried to
24 locate -- okay, supposedly EGI can -- let me
25 withdraw, there is no suppose.

TSG Reporting - Worldwide 877-702-9580

Page 71

1 Chan
2 I think I tell the member if EGI
3 can go to get those license from Hong Kong
4 publishing company and he got seven of them by
5 the time that we have license agreement, I
6 believe that maybe there is some other Hong
7 Kong publishing company that have their own
8 artists, that EGI have no license agreement
9 with them. So, but I don't know who and I
10 don't know where.

11 So we told our members, is anybody
12 knew, anyone knew about this industry, and
13 then somehow Ray --

14 MR. HANLON: Excuse me,
15 Mr. Hoffman, please take your feet off
16 the furniture.

17 MR. HOFFMAN: I don't have my
18 shoes on.

19 MR. HANLON: I really don't care.
20 Please take your feet off our furniture,
21 I have asked you now three times.

22 MR. HOFFMAN: Ask your next
23 question.

24 MR. HANLON: Mr. Hoffman, take
25 your feet off our furniture.

TSG Reporting - Worldwide 877-702-9580

Page 72

1 Chan
2 MR. HOFFMAN: Ask your next
3 question. Or what; ask your next
4 question. I am bored to tears with this.
5 MR. HANLON: You are going to
6 persist and not take your feet off the
7 furniture, is that what you are telling
8 me?

9 MR. HOFFMAN: I don't think I am
10 doing anything wrong.

11 MR. HANLON: This is my office and
12 you are here as a guest in our offices,
13 and it is highly inappropriate and
14 unprofessional of you to put your feet up
15 on our furniture. In the last deposition
16 you put your feet on the furniture with
17 your shoes on and I asked you to take
18 them off, and you now have your feet on
19 the furniture again. I really don't care
20 whether your shoes are on or off, your
21 feet do not belong on our furniture, and
22 I ask you to take them off.

23 MR. HOFFMAN: If this is what you
24 want to spend your deposition time --

25 MR. HANLON: Are you refusing to

TSG Reporting - Worldwide 877-702-9580

Page 73

1 Chan
2 do that, sir?
3 MR. HOFFMAN: I am not refusing or
4 not refusing --
5 MR. HANLON: But you are keeping
6 your feet on the furniture?
7 MR. HOFFMAN: I am not refusing
8 or not refusing.
9 MR. HANLON: But you are leaving
10 your feet on the furniture.
11 MR. HOFFMAN: I am not refusing
12 or not refusing.
13 MR. HANLON: I note for the record
14 that your feet remain on the furniture
15 and we will deal with that at a later
16 time with the court. This is really
17 outrageous behavior.

18 **Q. I am sorry, Mr. Chan.**

19 A. So that members still complaining,
20 you know, anyway we can reduced the cost. So
21 that is the end of our discussions in one
22 session. Actually a couple of meeting that we
23 have, still going around same question, how
24 they reduce the cost for running the karaoke
25 business. And I believe in -- I think in

TSG Reporting - Worldwide 877-702-9580

Page 74

1 Chan

2 March that Ray, around the time, timeframe,
3 March, April, Ray Yim is our vice president
4 and he went to Hong Kong, talk to the CASH
5 people, the CASH is like ASCAP here, and also
6 talk to IFPI, I believe that is Ricky Fung, I
7 forget the name of the CASH people, so you can
8 find in the web-site.

9 So that he talked about how we
10 contact other Hong Kong publishing company
11 that have no license agreement with EGI. And
12 then the question come back is, very briefly
13 answer our questions, answer Ray's question
14 is, that is Ray told me that afterward, he
15 come back from Hong Kong, he said, you know,
16 they don't give us any hints or point of where
17 we can locate those Hong Kong, other Hong Kong
18 publishing companies that have no license with
19 EGI.

20 So then I said okay, then we have
21 to go -- then I said why don't we -- that is
22 during the meeting.

23 **Q. That is during a meeting?**

24 A. Then I said why don't we, all the
25 members, why don't we go to another way, maybe

TSG Reporting - Worldwide 877-702-9580

Page 75

1 Chan

2 this is hard way and maybe take a much longer
3 time to have our own creative works, okay.
4 The question is none of us know, none of us
5 has expertise on that. As I said before you
6 have to have a real specific skill to create
7 those karaoke works.

8 So that is why I keep asking
9 people. I know one of our members and now his
10 business already closed down because I don't
11 know how he runs the business, and now he went
12 back to China to open another karaoke business
13 in China, and I am sure he opened up
14 successfully or not, but that is the last I
15 heard.

16 Then his name is Jimmy, and he has
17 a connection with a guy, I don't know the
18 name, everybody called him Cheng.

19 **Q. The name that we were, that
20 Mr. Yim gave us we phonetically are writing in
21 English as C-H-E-N-G, does that sound close to
22 the English version?**

23 A. Because is -- he really pronounce
24 in Mandarin way, so I pronounce --

25 **Q. You pronounce Cheng?**

TSG Reporting - Worldwide 877-702-9580

Page 76

1 Chan

2 A. Cheng.

3 **Q. Cheng?**

4 A. Like cleaning, as in my
5 prospective, in Cantonese way we call
6 cleaning, Cheng.

7 **Q. If we are spelling it as C-H-E-N-G
8 is how we spelling it now?**

9 A. Yes.

10 **Q. I think we will know who are
11 talking about. We are going to use that word
12 just to keep track of it.**

13 **Let me back up and see if I
14 understand. Jimmy is not Mr. Cheng; Jimmy is
15 someone who new Mr. Cheng?**

16 A. Yes. Jimmy knew Mr. Cheng.

17 **Q. Do you know what Jimmy's last name
18 is?**

19 A. We always call him Jimmy, I don't
20 know.

21 **Q. Do you know what club he was
22 connected with?**

23 A. His business only run very
24 briefly, he just closed down. He just came to
25 the meeting a couple of times. He said oh, I

TSG Reporting - Worldwide 877-702-9580

Page 77

1 Chan

2 know this guy, maybe he help you out. I said
3 that is great. And then he said, he said how
4 we contact this guy and he said, well, then he
5 contacted this guy and then talked to Ray.
6 And then -- at same time Ray, I believe Ray
7 also has a trip to Hong Kong and in June or
8 July I believe, I don't remember the time
9 frame.

10 And then we say if you are on the
11 way there why don't you pay a visit for this
12 guy and see how he works. Is he -- is he
13 capable of doing it. Then Ray called me back,
14 he said, Sam, looks like this guy is very --
15 had skill for that. And then I say, well, ask
16 him can we -- what kind of stuff we can
17 provide him so that they can willing to
18 provide these karaoke works at minimum cost,
19 because our owners are very, very poor. We
20 don't have that much money.

21 So because we were newly formed in
22 less than a year at that time. So the guy
23 said, well, you know, that guy has a very
24 friendly attitude. He said oh, all they need
25 is a hardware. And then he said, hardware,

TSG Reporting - Worldwide 877-702-9580

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

ENTRAL GROUP INTERNATIONAL, LLC,)	
)	
Plaintiff,)	
)	
vs.)	CV-05-1912
)	
YHCL VISION CORP., and JEFF)	
CHEN,)	
)	
Defendants.)	
-----)	

(CONTAINS ATTORNEY'S EYES ONLY PORTIONS)

VIDEOTAPED DEPOSITION OF RAY YIM
New York, New York
Tuesday, May 23, 2006

Reported by:
Philip Rizzuti
JOB NO. 7392

1 **Yim**
 2 A. I never seen any writing.
 3 **Q. Did Mr. Cheng ever give you a**
 4 **written license or written permission to use**
 5 **these works?**
 6 A. No.
 7 **Q. What did Mr. Cheng tell you about**
 8 **the rights of the lyricists or the composers**
 9 **concerning the creation of these works?**
 10 MR. HOFFMAN: If any?
 11 A. Can you repeat the question.
 12 **Q. Sure, can you read it back,**
 13 **please.**
 14 **(Record read.)**
 15 A. He didn't tell me anything about
 16 the lyricists, composer's rights, but I know
 17 the rights.
 18 **Q. What do you know those rights to**
 19 **be?**
 20 A. If you have to play in public, you
 21 have to obtain the right. That is what I
 22 know.
 23 **Q. How do you obtain those rights?**
 24 A. Through ASCAP.
 25 **Q. Did Mr. Cheng tell you anything**

1 **Yim**
 2 **about the publisher's rights about these works**
 3 **in connection with karaoke videos?**
 4 A. Can you repeat, please.
 5 (Record read.)
 6 A. I asked him, okay, that has any
 7 right, and he told me they tape themselves.
 8 **Q. They tape --**
 9 A. On all those pictures, they tape
 10 themselves.
 11 **Q. What did he tell you about**
 12 **creating karaoke videos from those musical**
 13 **works as far as the rights go?**
 14 MR. HOFFMAN: Wait a minute, what
 15 do you mean by that?
 16 **Q. He can answer the question?**
 17 A. I didn't get it.
 18 MR. HOFFMAN: How do you create a
 19 video from a musical work, I don't
 20 understand the question. If you
 21 understand it you can answer it.
 22 A. I don't understand.
 23 **Q. I will try it again.**
 24 **Mr. Cheng took musical**
 25 **compositions, he then arranged to have them**

1 **Yim**
 2 **recorded, and then he arranged to combine**
 3 **those musical recordings with video**
 4 **recordings; correct?**
 5 MR. HOFFMAN: Only testify to your
 6 own knowledge, but you can answer that.
 7 MR. HANLON: He already testified
 8 to that effect, I am trying to review it.
 9 A. I don't know how they make it, but
 10 the thing is that is what shows on what they
 11 made. It has a picture, it has people
 12 singing. So I believe that is what they put
 13 them together.
 14 **Q. Let's go back and review just to**
 15 **make sure that we get it right. I think you**
 16 **told me before, correct me if I am wrong, that**
 17 **it is your understanding that Mr. Cheng**
 18 **arranged to have singers perform and arranged**
 19 **to have musicians perform, and Mr. Cheng**
 20 **arranged to have that recorded, the audio**
 21 **portion, the musical portion recorded; is that**
 22 **correct?**
 23 A. I don't know if he does it
 24 himself, but he has --
 25 **Q. I understand, I don't know if he**

1 **Yim**
 2 **is pushing the buttons on the recorder, I**
 3 **don't care. He arranged it as far as you**
 4 **know?**
 5 A. Yes.
 6 **Q. At your request, you requested him**
 7 **to get this material?**
 8 A. I requested him to do it, but --
 9 **Q. Well, you asked whether he could**
 10 **do it. He said yes, I can do it. You said**
 11 **please go ahead, we would like this stuff,**
 12 **right?**
 13 A. I said show me the sample.
 14 **Q. Right. After he showed you the**
 15 **sample you said please do it and we will take**
 16 **as much as you can do?**
 17 A. I said this is good.
 18 **Q. You asked him to do it and you**
 19 **would take it, right?**
 20 A. Yes.
 21 **Q. You also indicated before, you**
 22 **also said before that you believed that**
 23 **Mr. Cheng created the videos or arranged to**
 24 **have them created, the visual part of this?**
 25 A. Yes.