

EXHIBIT C

R. Leonard, C.S.R., Inc.
Certified Shorthand Reporters
818.995.2449

SHEET 1 PAGE 1

1 IN THE STATE COURT OF DEKALB COUNTY
2 STATE OF GEORGIA
3
4
5 PATRICK C. DESMOND AND MARY C.)
6 DESMOND, INDIVIDUALLY, AND)
7 MARY C. DESMOND, AS) CIVIL ACTION
8 ADMINISTRATRIX OF THE ESTATE) NO. 10A28641-2
9 OF PATRICK W. DESMOND,)
10 PLAINTIFFS,)
11 VS.)
12 NARCONON OF GEORGIA, INC.,)
13 BELGADO DEVELOPMENT, INC.,)
14 SOVEREIGN PLACE LLC, SOVEREIGN)
15 PLACE APARTMENT MANAGEMENT, INC.,)
16 LISA CAROLINA ROBBINS, M.D.,)
17 THE ROBBINS GROUP, INC., AND)
18 NARCONON INTERNATIONAL,)
19 DEFENDANTS.)

20 DEPOSITION OF CLAUDIA ARCADASCIO
21 TUESDAY, JULY 10, 2012

22 R. LEONARD, C.S.R., INC.
23 CERTIFIED SHORTHAND REPORTERS
24 4142 MEADOW RIDGE PLACE
25 ENCINO, CALIFORNIA 91436
(818) 995-2449
FILE NO.: 37158-2

REPORTED BY:
ROBIN LEONARD
CSR NO. 3334

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PAGE 3

1 APPEARANCES CONTINUED
2
3
4 FOR DEFENDANT NARCONON INTERNATIONAL:
5
6 CARLOCK, COPELAND & STAIR, LLP
7 BY: DAVID F. ROOT, ESQ.
8 191 PEACHTREE STREET, NE
9 SUITE 3600
10 ATLANTA, GEORGIA 30303
11
12 MOXON & KOBRIN
13 BY: HELENA K. KOBRIN, ATTORNEY AT LAW
14 3500 W. OLIVE
15 SUITE 300
16 BURBANK, CALIFORNIA 91302
17
18 FOR DEFENDANT NARCONON OF GEORGIA, INC.:
19
20 DREW, ECKLE & FARNHAM, LLP
21 BY: LISA RICHARDSON, ATTORNEY AT LAW
22 880 W. PEACHTREE STREET
23 P.O. BOX 7600
24 ATLANTA, GEORGIA 30357
25
3

PAGE 2

1 THE DEPOSITION OF CLAUDIA ARCADASCIO,
2 WITNESS, TAKEN ON BEHALF OF PLAINTIFFS,
3 AT 7000 HOLLYWOOD BOULEVARD, BARCELONA ROOM,
4 HOLLYWOOD, CALIFORNIA 90028,
5 AT 1:38 P.M., TUESDAY, JULY 10, 2012,
6 BEFORE ROBIN LEONARD, CSR NO. 3334, A
7 CERTIFIED SHORTHAND REPORTER WITHIN AND FOR
8 THE COUNTY OF LOS ANGELES AND
9 STATE OF CALIFORNIA, PURSUANT TO NOTICE.
10
11
12
13
14
15 APPEARANCES OF COUNSEL:
16
17
18 FOR PLAINTIFFS:
19
20 FRANKLIN LAW LLC
21 BY: REBECCA FRANKLIN, ATTORNEY AT LAW
22 400 COLONY SQUARE
23 1201 PEACHTREE STREET
24 SUITE 900
25 ATLANTA, GEORGIA 30361

2

PAGE 4

1 APPEARANCES CONTINUED
2
3 FOR DEFENDANT BELGADO DEVELOPMENT, INC.:
4
5 DOWNEY & CLEVELAND, LLP
6 BY: CALVIN P. YAEGER, ESQ.
7 288 WASHINGTON AVENUE
8 MARIETTA, GEORGIA 30060
9 (APPEARING TELEPHONICALLY)
10
11 ALSO PRESENT: DENNIS DAVIS (VIDEOGRAPHER)
12 CLARK CARR
13
14
15
16
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SHEET 5 PAGE 17

1 THE WITNESS: NO. BECAUSE I JUST ASK PEOPLE TO
 2 TAKE CARE THE NARCONON NAME.
 3 Q BY MS. FRANKLIN: OKAY.
 4 AND IN THIS CASE, YOU DIRECTED NARCONON OF
 5 GEORGIA TO PAY A REFUND BECAUSE THAT WOULD AFFECT THE
 6 IMAGE, IT MAY AFFECT THE IMAGE OF NARCONON, RIGHT?
 7 A YEAH. BECAUSE I SAID HERE VERY CLEAR THAT IT
 8 MAY GO TO MEDIA.
 9 Q OKAY.
 10 A I DON'T WANT THAT.
 11 Q RIGHT.
 12 AND THEN YOU ASK FOR AN UPDATE, DON'T YOU?
 13 A YES.
 14 Q OKAY.
 15 AND THEN YOU ASK AGAIN FOR AN UPDATE OF THE
 16 STATUS OF THE REFUND, SPECIFICALLY REQUESTING THAT YOU
 17 NEED IT THAT DAY, CORRECT?
 18 A I'M SORRY. DON'T UNDERSTAND WHAT YOU SAID
 19 BECAUSE YOU SAID I ASK TWO TIMES FOR UPDATE. NO.
 20 ACCORDING TO THIS I ASK ONCE.
 21 Q OKAY.
 22 SO YOU ASKED FOR AN UPDATE ONCE, REQUESTING
 23 THAT YOU GET THAT UPDATE BY THE END OF THE DAY, RIGHT?
 24 A I SAY BY -- YEAH. I NEED THAT BECAUSE I WANT
 25 TO MAKE SURE THAT WAS END.

17

PAGE 19

1 SURE.
 2 Q OKAY.
 3 AND NARCONON INTERNATIONAL CONDUCTED
 4 INSPECTIONS OF NARCONON OF GEORGIA IN THIS TIME FRAME,
 5 RIGHT?
 6 A YEAH.
 7 Q OKAY.
 8 AND THEY DID THAT ANNUALLY; IS THAT RIGHT?
 9 EVERY YEAR?
 10 A NOT NECESSARILY.
 11 Q HOW OFTEN DID NARCONON INTERNATIONAL CONDUCT
 12 INSPECTIONS OF GEORGIA IN 2007/2008?
 13 A I DID ONCE.
 14 Q YOU DID ONCE PERSONALLY?
 15 A YEAH. LEGAL RUDIMENTS INSPECTION. I DON'T
 16 KNOW WHAT ELSE.
 17 Q OKAY.
 18 WELL, TELL ME ABOUT THE LEGAL RUDIMENTS
 19 INSPECTION. WHAT IS THAT? FIRST OF ALL, WHAT IS LEGAL
 20 RUDIMENTS?
 21 A OKAY. IT'S SOMETHING THAT YOU MAKE SURE THE
 22 CENTER IS OPERATING RIGHT UNDER THE FOLLOWING THE LAWS.
 23 Q OKAY.
 24 A BASICALLY, IT'S PART OF THE MAKE SURE I CAN GET
 25 THAT CENTER LICENSE, RIGHT, BECAUSE IT'S A TRADEMARK

19

PAGE 18

1 Q OKAY.
 2 AND NARCONON OF GEORGIA PROVIDED -- AND I'M
 3 TALKING ABOUT IN 2007/2008 -- NARCONON INTERNATIONAL
 4 WITH WEEKLY REPORTS, DIDN'T THEY?
 5 A I'M SORRY. SAY AGAIN.
 6 Q NARCONON OF GEORGIA PROVIDED NARCONON
 7 INTERNATIONAL WITH WEEKLY REPORTS, DIDN'T THEY?
 8 A YEAH.
 9 Q OKAY.
 10 AND THEY WERE REQUIRED TO MAKE REPORTS ON
 11 THURSDAY AFTERNOON ABOUT THE STATISTICS, WEREN'T THEY?
 12 A NARCONON OF GEORGIA, ALL THE CENTERS AROUND THE
 13 WORLD DO THE SAME THING.
 14 Q OKAY.
 15 AND NARCONON INTERNATIONAL WOULD AT TIMES
 16 RECEIVE COMPLAINTS FROM SPONSORS OR STUDENTS ABOUT
 17 VARIOUS ISSUES RELATING TO NARCONON OF GEORGIA, RIGHT?
 18 A WHAT KIND OF COMPLAINT ARE YOU TALKING ABOUT?
 19 Q WELL, I'M ASKING YOU THE QUESTIONS.
 20 DO YOU KNOW WHETHER NARCONON INTERNATIONAL EVER
 21 RECEIVED ANY COMPLAINTS FROM ANY STUDENTS OR SPONSORS OR
 22 FORMER STUDENTS ABOUT ANY ISSUE AT NARCONON OF GEORGIA?
 23 A PROBABLY TWO OR THREE BY PHONE, ALSO.
 24 Q BY PHONE?
 25 A THAT'S WHAT I REMEMBER. PROBABLY. I'M NOT

18

PAGE 20

1 LICENSE.
 2 Q OKAY.
 3 SO WHAT IS A LEGAL RUDIMENTS INSPECTION?
 4 A IT'S A CHECKLIST.
 5 Q A CHECKLIST OF WHETHER THEY'RE OPERATING
 6 LEGALLY, RIGHT?
 7 A SORRY?
 8 Q OF WHETHER THE CENTER IS OPERATING LEGALLY?
 9 A NO. IT'S BASICALLY THAT CAN MEASURE ME IF THE
 10 PERSON IS IN COMPLIANCE WITH THE LICENSE AGREEMENT SO
 11 THEY CAN -- AGAIN, MY POSE IS TO MAKE SURE OF THE
 12 NARCONON TRADEMARK.
 13 Q ALL RIGHT.
 14 AND A LEGAL RUDIMENTS INSPECTION WILL ALSO DEAL
 15 WITH WHETHER THE CENTER IS LEGALLY OPERATING UNDER A
 16 STATE'S LICENSE; IS THAT RIGHT?
 17 A CAN YOU SHOW ME WHAT YOU'RE READING?
 18 Q CAN YOU ANSWER THE QUESTION?
 19 A ASK ME AGAIN.
 20 MS. FRANKLIN: ROBIN, CAN YOU READ IT BACK, PLEASE.
 21 (QUESTION READ).
 22 THE WITNESS: THIS IS NOT FOR NARCONON AND THIS IS
 23 A TOOL THAT THE CENTERS CAN USE.
 24 Q BY MS. FRANKLIN: OKAY.
 25 AND YOU DID USE THAT WITH NARCONON OF GEORGIA,

20

NARCONON GEORGIA INSPECTION PROJECT

Personnel: I/C Claudia Arcabascio, DLA NN Int
2nd Craig Silver, D/DLA NN Arrowhead

Purpose: To do a thorough inspection of Narconon Georgia prior to a final licensure inspection by the Georgia Dept of Human Resources to ensure that all prior inspection deficiencies have been addressed and to ensure that the center is in 100% compliance with all DHR standards.

MAJOR TARGETS:

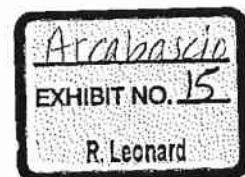
1. NN Georgia 100% ready for a final licensure inspection by Georgia Dept of Human Resources.
2. All legal rudiments in at NN Georgia.

PRIMARY TARGETS:

1. Fully review most recent DHR inspections and plans of corrections submitted by NN Georgia.
2. Get fully briefed on the previous history with the licensing agency to duplicate the importance of having all DHR standards and legal rudiments in 100%.

OPERATING TARGETS:

1. D/DLA NN Arrowhead to fly to Atlanta, Georgia.
2. DLA NN Int to fly to Atlanta, Georgia.
3. Get set up in a nearby hotel with reliable transport provided so you can get back and forth from the hotel to the center without any delays.
4. Set up a secure office space either in NN Georgia or the hotel from which you can work.
5. Brief ED NN Georgia that you have come to help her prepare for this very important inspection.
6. Pjt 2nd to do a physical inspection of the center to determine status of health & safety standards.
7. Pjt 2nd to review personnel files of staff to ensure these meet the DHR standards and have addressed all prior deficiencies in this area.



8. Pjt 2nd to review student program files to ensure these meet the DHR standards for treatment planning, record keeping and have addressed all prior deficiencies in this area.
9. Pjt I/C to do a complete legal rudiments inspection of NN Georgia.
10. Pjt I/C to collect evidence of each legal rudiment for an overall compliance binder.
11. CONDITIONAL: If Pjt 2nd completes his actions before Pjt I/C completes hers, he is to help her complete her inspection, and vice versa.
12. Project Personnel to inspect the sauna delivery area which is operated by a different entity but will be the responsibility of NN Georgia to manage.
13. Project Personnel to inspect the student berthing area which is operated by a separate entity to ensure safety and security of Narconon students is kept in.
14. Project Personnel to ensure that any outnesses found are corrected on the spot by the NN Georgia personnel.
15. Once all inspections have been completed and outnesses handled, return to respective orgs and do debriefs.

Claudia Arcabascio,
DLA NNI

RE: NN GA

Subject: RE: NN GA
From: Isaac Zrihen <opssupnneus@hotmail.com>
Date: 3/7/2008 2:51 PM
To: Claudia Arcabascio <locarcabascio@narconon.org>

OK. I'll get you all the info when Mary comes back.
ARC, Isaac

From: locarcabascio@narconon.org
To: opssupnneus@hotmail.com
CC: production@narconon.org; y4yvonn@aol.com; enhancement@mindspring.com
Subject: Re: NN GA
Date: Fri, 7 Mar 2008 11:34:12 -0800

Dear Isaac,

Thank you.

Please suggest to Mary that she include in the Program Targets the phase-out of Delgado, as you suggested.

Also, please give me more data on the situation of there being no money even to furnish one apartment. If funds are needed to get out from under the Delgado scene, lets put some attention on how those could be generated, and perhaps that needs to be part of the Program, as well.

Understood that Maria is staff at the Org. What is her post? Which Org? And does HCO at the Org know of this B of I cycle? I do understand that she may have allies there, but she is, at the same time, bound by the ethics and justice codes--and those can and should be standardly applied to her regardless.

Keep me well informed on how things are going with this cycle, and I look forward to receiving the contracts.

ML,
Claudia

----- Original Message -----
From: Isaac Zrihen
To: Claudia Arcabascio
Cc: NNEUS, Yvonne ; NNGA, Mary
Sent: Friday, March 07, 2008 3:57 AM
Subject: RE: NN GA

Dear Claudia.

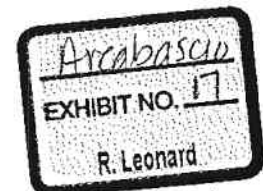
OK. I will read the PL.
I already acked Mary.

I've been telling her for 5-6 months now to start phasing out Delgado with one apartment at a time. She agreed but there's NO money even to furnish one apt. and begin doing this. Delgado is the one that has to get under GARR and the purpose of the current B of I is exactly to get rid of Maria. (owner of Delgado Development). We have to let the B of I develop as Maria is Staff at the Org. and has allies there. Currenty Mary is in ARRH. She'll be back on post Tuesday. I'll have her send you the contracts you require for the lawyers to study and any financial agreement, service contracts, etc. OK?
ARC, Isaac

From: locarcabascio@narconon.org
To: opssupnneus@hotmail.com
Subject: NN GA
Date: Thu, 6 Mar 2008 17:38:34 -0800

Dear Isaac,
The original email I sent to you bounced back, so this is a re-send.
The original send of the email went to all the terminals listed below.

OPS SUP NN EUS
7 March, 2008



CONFIDENTIAL
DESMOND - D - INTL 1966

RE: NN GA

Info: OPS SUP NN INT
ED NN EUS
ED NN GA
DLA NN INT
Re: NN GA

Dear Isaac,

Thank you very much for the data on the housing situation with NN GA, and for giving me the opportunity to work with you on a terminated handling which will result in a win for all of us. We will handle this situation with existing LRH policy. To start, I would like you to study *HCO POLICY LETTER OF 23 APRIL 1965 Issue III PROBLEMS*, which you can find in OEC VOL 7, page 673; with of view of how we can apply this LRH data to this situation which we want to resolve.

I want to acknowledge and thank Mary for her proposal of 6 March, 2008, which she outlined in her email to you, and which you forwarded to me. Basically, the points needing to be handled are: 1) Find housing, 2) Get under GARR (Georgia Addiction Recovery Residence), putting that back in as a successful action and 3) Get rid of the Delgados. What is needed now is for Mary to write-up a short Program of 10 or so targets to get the above points in and handled, and send it to me for review. I will run the Program from my post here, while keeping in good communication with OPS SUP NN INT, and keeping all involved terminals on this line informed.

On an immediate basis, please have Mary fax me the current housing/service contract(s) with the Delgados including financial arrangements/agreements, and the current service contracts and releases that students are signing when they enroll in the NN GA program.

Thank you for all your help, and let me know if any additional points arise which need to be addressed.

ML,
Claudia Arcabascio
DLA NN INT

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