

1 (Court was called to order.)

2 THE COURT: All counsel are present, all parties are  
3 present. Please have a seat for a moment before we bring in  
4 the jury.

5 MR. POLENBERG: Your Honor, just to mention,  
6 Mr. Ayala is not present. He's fallen ill this morning.

7 THE COURT: I hope he doesn't have the bad stuff that  
8 Ms. Webb had.

9 MR. POLENBERG: Hopefully not. I would like to  
10 introduce Mr. Prado, Edwin Prado. He is an attorney from  
11 Puerto Rico. And he is pro hac vice in this case. He was  
12 supposed to be here with me during trial, but he's in a  
13 wheelchair because he destroyed his right leg. And with him  
14 helping is his paralegal, Pedro Diaz, and that's the gentleman  
15 right behind.

16 THE COURT: Welcome, Mr. Prado and Mr. Diaz. And how  
17 did you injure your leg, Mr. Prado?

18 MR. PRADO: I broke my ankle in a river in Puerto  
19 Rico right before trial and I went to surgery. And today was  
20 the first day that I was able to come here.

21 THE COURT: I hope that you -- that the recovery  
22 prognosis is good and that you're not in too much pain. And I  
23 thank Mr. Diaz that's helping you.

24 MR. DIAZ: Thank you, Your Honor.

25 THE COURT: Okay. I received your reliance damages

1 Your Honor, is that when they start assessing, for example,  
2 compensatory damages as it relates to defamation or as they  
3 consider damages as it relates to injurious falsehood, I want  
4 them to understand that they are all liable.

5 THE COURT: We just had one line there, and they put  
6 in one line.

7 MR. POLENBERG: Not just that, Your Honor, what  
8 Mr. Bloom just said is, they are all liable. Well, the  
9 verdict was pretty clear. They found them all liable, so why  
10 do we have to relitigate that in this trial?

11 THE COURT: We don't. We don't have to do that.

12 MR. POLENBERG: Thank you, Your Honor.

13 THE COURT: Okay.

14 See you all back here at 1:00.

15 MR. POLENBERG: Thank you.

16 THE COURT: How much longer on your case?

17 MR. BLOOM: We're expecting to call Ms. Gonzalez or  
18 continue her testimony, which I would expect to be about maybe  
19 35 minutes. And then depending on the information we get from  
20 her, we would like to be able to call Daddy Yankee, who is not  
21 in the courtroom.

22 MR. POLENBERG: He won't be here today, Your Honor.

23 THE COURT: What's his condition?

24 MR. POLENBERG: Your Honor --

25 THE COURT: You can use his deposition, if he's not

1 present.

2 MR. BLOOM: I'm sorry?

3 THE COURT: You can use his deposition if he is -- do  
4 we have a doctor's note?

5 MR. POLENBERG: I do, Your Honor. I have it here.

6 THE COURT: Let me see it.

7 MR. POLENBERG: May I approach?

8 THE COURT: Why don't you just read it into the  
9 record, then everybody can see it.

10 MR. POLENBERG: All right. It's on Pulmonary  
11 Physicians of South Florida, LLC letterhead. It's dated  
12 November 19th, 2012 (sic). It's addressed "To Whom It May  
13 Concern."

14 "Ramon Ayala Rodriguez is currently under my medical  
15 care and may not return to work at this time. Please excuse  
16 Ramon for five days. He may return to work on November 25th,  
17 2013. Activities restricted as follows: Avoid contact with  
18 people or crowds. If you require additional information,  
19 please contact our office." And it's signed by Dr. Javier  
20 Perez Fernandez, MD.

21 So I've read it into the record, Your Honor.

22 THE COURT: Okay.

23 MR. BLOOM: Your Honor, we're obviously concerned.  
24 There are certain issues that we wanted to explore with him  
25 here. Our understanding was that all the parties would be

1 here. We know the Latin Grammys are tomorrow. The timing of  
2 this concerns us, it concerns us greatly.

3 THE COURT: What do you want me to do about it? Have  
4 him come here on a gurney? Do you want me to bring the doctor  
5 in and cross-examine the doctor?

6 MR. BLOOM: I think we will consider it at the lunch  
7 break, Your Honor.

8 THE COURT: Okay. The other is that you can use the  
9 deposition of a party -- of any witness that is not available.  
10 But tell me what you want me to do, okay?

11 MR. BLOOM: Very well. Thank you.

12 THE COURT: See you all back here at 1:00.

13 MR. POLENBERG: Thank you, Your Honor.

14 (Court recessed at 12:17 p.m., and proceedings continued  
15 as follows at 1:02 p.m.)

16 THE COURT: All counsel are present, all parties  
17 except for Mr. Ayala are present, the interpreters are  
18 present, and --

19 MR. BLOOM: One question.

20 THE COURT: Yes.

21 MR. BLOOM: There will be certain excerpts of  
22 Mr. Ayala's deposition that we would like to put into the  
23 record. I've had judges do this different ways. Do we put  
24 someone on the stand and just read that? Do you want us just  
25 to read it into the record?

1 THE COURT: How much is it?

2 MR. BLOOM: It's not voluminous at all.

3 THE COURT: But sometimes it's easier with two  
4 different voices reading.

5 MR. BLOOM: I had a case, and the judge insisted we  
6 do it that way, and there was actually a fair amount. I'm  
7 happy to do it any which way, Your Honor.

8 I agree with you. I think typically it's easier for  
9 the jury to understand it.

10 THE COURT: If it's a couple of pages, I would  
11 suggest you do it that way. If it's just --

12 MR. BLOOM: No.

13 THE COURT: -- you know, short excerpts, that's two  
14 questions, I would just go ahead and read it.

15 MR. BLOOM: I think it's probably five or six  
16 questions. Right. Five or six questions, not consecutive.

17 THE COURT: I leave it up to you.

18 MR. BLOOM: Very well. We will put someone on.

19 MR. POLENBERG: We are okay with it, whichever way  
20 plaintiffs want to put it on.

21 THE COURT: Okay. Let it be known that if Mr. Ayala  
22 shows up at the Latin Grammys tomorrow, given the doctor's  
23 report, I may have to grant a mistrial.

24 MR. POLENBERG: You may have to --

25 THE COURT: Grant a mistrial.

1 MR. POLENBERG: Okay.

2 THE COURT: I don't know how I will do it if they  
3 come back, but we will see.

4 MR. POLENBERG: Okay.

5 THE COURT: Please, Ms. Gonzalez. Please bring in  
6 the jury.

7 (Jury enters the courtroom at 1:05 p.m.)

8 THE COURT: Good afternoon, members of the jury.  
9 Please have a seat.

10 Ms. Gonzalez, you are still under oath. Please have  
11 a seat.

12 And where we were was in the direct examination of  
13 Ms. Gonzalez.

14 DIRECT EXAMINATION (continued)

15 BY MR. BLOOM:

16 Q. Good afternoon, Ms. Gonzalez.

17 A. Good afternoon.

18 Q. Now Mr. Baldiri had total authority to speak on behalf of  
19 Daddy Yankee, did he not?

20 A. Exactly about what?

21 Q. About the Argentine tour?

22 A. Well, he had authority to speak on the negotiations  
23 pursuant to the contract that he himself signed.

24 Q. And he also had authority to comment on the cancellation  
25 of the tour, isn't that correct?

1 A. Yes.

2 Q. And El Cartel gave him that authority, isn't that correct?

3 A. He had the authority because he was the one who signed the  
4 contract. It was his company.

5 Q. So, El Cartel freely gave him that authority as part of  
6 his responsibilities for handling the Argentine tour?

7 A. I don't understand the question.

8 Q. Ms. Gonzalez, after the cancellation of the Argentine  
9 tour, you believed that Diego was entirely responsible for  
10 that cancellation. Isn't that correct?

11 A. Yes.

12 Q. You believed that Diego owed more than \$500,000, all of  
13 which you believed had to be paid to the artist before he left  
14 for Argentina?

15 A. Correct.

16 Q. And you made a decision that your husband would not go  
17 forward, would not go to Argentina, unless every dollar was  
18 paid on the two contracts, correct?

19 A. Yes.

20 Q. So you believed Diego was entirely responsible, correct,  
21 for the cancellation?

22 A. That he had not paid the full balance before the artist  
23 traveled.

24 Q. And it was important to you to protect the image of your  
25 husband. Isn't that right?

1 A. It has always been so.

2 Q. I'm sorry?

3 THE INTERPRETER: It has always been so.

4 BY MR. BLOOM:

5 Q. Thank you.

6 And you worked together with Mr. Baldiri on a press  
7 release blaming the cancellation of all ten shows on Diego.  
8 Isn't that right?

9 A. I did not work in the press release.

10 Q. You wanted Mr. Baldiri to be aggressive in defending the  
11 artist's reputation, am I correct?

12 A. I wanted Baldiri to let the fans know, who were waiting  
13 for the artist to arrive to Argentina, what was the reason why  
14 the artist didn't travel to Argentina.

15 Q. And the reason, in your view, was because of Diego,  
16 correct?

17 A. Only to a breach of contract.

18 Q. Now, you wanted the local producers to have a press  
19 conference blaming Diego for the cancellation of the entire  
20 tour, did you not?

21 A. I never met with local producers from Argentina.

22 Q. No, but you spoke to Mr. Baldiri about the local  
23 producers, correct?

24 A. Yes, we discussed that they were coming to Miami to meet  
25 with him.



1 Q. And you and Mr. Baldiri, together, decided to make any  
2 deal with the local producers conditioned on a press  
3 conference where they blamed Diego for the cancellation?

4 A. Like I said before, I did not meet with the local  
5 producers such that Baldiri already knew what he had to do,  
6 based on the working relationship that was previously  
7 established.

8 Q. He knew what he had to do -- he had the confidence that he  
9 knew what El Cartel wanted, correct?

10 A. He had it clear that he had to let the public in Argentina  
11 know the reason why the artist wasn't going, and that was  
12 because of the breach by Diego De Iraola.

13 Q. You had the comfort level, did you not, that Mr. Baldiri  
14 knew what to say in public?

15 A. He knew what he had to say, based on the violation of the  
16 contract.

17 Q. Getting back to the local producers, you advised  
18 Mr. Baldiri that El Cartel would not agree to do any shows  
19 with them unless they publicly blamed Diego for cancellation  
20 of the tour?

21 A. Unless it was clear -- I repeat once again -- that Diego  
22 De Iraola had not fulfilled the contract.

23 Q. And the local producers never did the press conference?

24 A. As far as I know, no.

25 Q. And you found that unfortunate?

1 A. I don't know what you mean by that.

2 Q. You were disappointed?

3 A. No. Simply, we didn't do anything then to go on to  
4 Argentina.

5 Q. You didn't see the press conference as an opportunity to  
6 help clean up the image of the artist?

7 A. No, because the press conference was to let the public  
8 know the reason why the artist had not arrived.

9 MR. BLOOM: Your Honor, if I may ask you to turn on  
10 the ELMO for us.

11 THE COURT: Okay.

12 MR. BLOOM: And we're going to be showing Exhibit 94.

13 MS. CIAVARELLA: Is the book still up there? Or  
14 should I approach with the Spanish?

15 THE COURT: I don't think the book is there.

16 MS. CIAVARELLA: May I approach with the Spanish?

17 THE COURT: Yes.

18 Is there a black notebook -- a big, thick notebook  
19 there?

20 THE WITNESS: No.

21 THE COURT: Okay. This is in evidence --

22 MR. BLOOM: It's already in evidence.

23 THE COURT: You can put it on the -- you're going to  
24 put the English version on. Okay.

25 BY MR. BLOOM:

1 Q. And this is an email from you to Mr. Baldiri dated  
2 December 1?

3 A. Yes.

4 Q. And you say, "Unfortunately, they never did the press  
5 conference."

6 Am I correct therefore that you were in fact  
7 disappointed that the press conference did not happen?

8 A. You're taking the word out of context.

9 Q. Were you disappointed that they did not do the press  
10 conference?

11 A. You're taking the word out of context.

12 Q. Okay. Now, you received Mr. Baldiri's email the night  
13 before, November 30th, 2010. Do you see that?

14 A. Yes.

15 Q. And in that email, he forwarded to you his exchange with  
16 Jose Palazzo? Leonardo Figoli?

17 A. Let me read the email.

18 MS. CIAVARELLA: I'm going to move it so you can see  
19 the whole email.

20 THE WITNESS: Which one are you talking about? The  
21 one from 11:56 or the one from 10:58?

22 BY MR. BLOOM:

23 Q. I just want to show you that Mr. Baldiri forwarded to you  
24 the email that he had with Mr. Figoli, Mr. Geneyro, at 10:56.

25 A. Okay.

1 Q. So in the first paragraph, where he begins by saying,  
2 "Listen, Jose," you see that Mr. Baldiri also told them,  
3 quote, "I demonstrated to Leo Figoli and Leandro and Marcela  
4 that Diego is a swindler." Do you see that?

5 A. Yes.

6 Q. And do you see in the first paragraph where there's a  
7 number one? That Mr. Baldiri says, and I quote, "I showed  
8 them that Diego was the one who swindled them, not us, with  
9 papers and wire transfers. So we did a press release letting  
10 everyone know the situation and clarifying that neither you  
11 nor the artist nor Icaro have any responsibility here."

12 Do you see that?

13 A. I don't see it here -- oh, here it is. Yes.

14 Q. Now, I'm going to go back to your response to Mr. Baldiri,  
15 which begins with the word "unfortunately."

16 Am I correct that, in your response to Mr. Baldiri,  
17 you did not criticize him for calling Diego a swindler?

18 A. To Baldiri?

19 Q. The top email is an email of December 1, from you to  
20 Mr. Baldiri. And you don't say in here, Edgar, don't call  
21 Mr. De Iraola a swindler.

22 You didn't say that, did you?

23 A. No, I do not say it.

24 Q. You did not tell him, Edgar, you're going too far.

25 A. Edgar had his reasons to say what he said.

1 Q. And as a consequence, you never told him to stop. Is that  
2 correct?

3 A. No.

4 Q. When Mr. Baldiri told Mr. Geneyro and Mr. Leandro that  
5 Diego was a swindler, you understood that Mr. Baldiri was  
6 acting in the best interest of Daddy Yankee, isn't that  
7 correct?

8 A. No.

9 Q. To this day, have you ever reprimanded Mr. Baldiri for  
10 calling Diego a swindler?

11 A. Baldiri is a grownup. He takes responsibility and he  
12 knows what he says.

13 Q. But you understood he was doing this on behalf of Daddy  
14 Yankee, isn't that right?

15 A. What he said was based on what the producers presented to  
16 him, and on the evidence that he had and on the lack of  
17 payment by Mr. De Iraola.

18 Q. So to be clear, El Cartel never asked Mr. De Iraola to  
19 stop calling Diego a swindler?

20 MR. POLENBERG: Objection. Asked and answered.

21 THE COURT: Overruled.

22 THE WITNESS: No.

23 BY MR. BLOOM:

24 Q. And I take it you're not aware of your husband ever asking  
25 Mr. Baldiri to stop calling Diego a swindler?

1 A. I really do not know.

2 Q. And we know that Mr. Baldiri was making these statements  
3 on behalf of El Cartel and Daddy Yankee. Is that correct?

4 A. The statements he was making on behalf of his company,  
5 Icaro Services.

6 Q. And his company was acting on behalf of Daddy Yankee,  
7 correct?

8 A. Correct. But I have that El Cartel has records that we  
9 have a communication office in charge of the person, Nevarez,  
10 whom you deposed, who is in charge of the communication on  
11 behalf of Daddy Yankee.

12 Q. So let me ask you about that. Did you have the  
13 communications office of El Cartel publicly retract the  
14 statement that Mr. Baldiri made on Daddy Yankee's behalf, that  
15 Diego was a swindler?

16 MR. POLENBERG: Objection, Your Honor. That's a  
17 compound, confusing question.

18 THE COURT: Overruled.

19 THE WITNESS: Baldiri, in every press release, he  
20 quoted Icaro Services.

21 BY MR. BLOOM:

22 Q. Let me ask you this question. Why didn't the  
23 communications department of El Cartel issue a press release  
24 saying that Diego is not a swindler, that Mr. Baldiri is  
25 wrong?

1 A. Because the negotiations were not with us, but rather with  
2 Icaro Services.

3 Q. And he's negotiating on behalf of El Cartel and on behalf  
4 of Daddy Yankee, isn't that right?

5 A. Yes.

6 Q. So El Cartel never retracted, you've testified to that.  
7 I'm not sure I asked you this: Did you ever ask Mr. Baldiri  
8 to retract his statement?

9 MR. POLENBERG: Objection, Your Honor. Asked and  
10 answered.

11 THE COURT: Overruled.

12 MR. BLOOM: You can answer.

13 THE WITNESS: No.

14 BY MR. BLOOM:

15 Q. Nor did you ask Mr. Baldiri ever to take any corrective  
16 action?

17 A. Baldiri was the one who handled the negotiations.

18 Q. And El Cartel never took any corrective action?

19 A. It had no reason to do so --

20 THE COURT: Let's stop for a moment so one of our  
21 jurors can -- are you okay? Do you need somebody to go back  
22 with you?

23 THE JUROR: It's in my throat. I'm sorry.

24 (Pause.)

25 THE COURT: Everyone can stand up and stretch.

1 Do you want to have a glass of water?

2 THE JUROR: I have some, thank you.

3 THE COURT: Do you need Kleenex?

4 THE JUROR: No, I have some. Thank you. I'm sorry.

5 THE COURT: No, that's okay.

6 Everyone else okay? We're all being beset by germs  
7 in the air.

8 Okay. You may proceed.

9 BY MR. BLOOM:

10 Q. So you accepted Mr. Baldiri's statement that Diego is a  
11 swindler, correct?

12 A. What do you mean by, that I accepted?

13 Q. You condoned it?

14 A. I did not approve Baldiri's press release.

15 Q. I know you didn't approve it. I'm not talking about the  
16 press release, either. And -- my fault. Let me make it  
17 easier.

18 In this document, Plaintiffs' Exhibit 94, you see  
19 Mr. Baldiri calling Diego a swindler, correct?

20 A. Yes.

21 Q. And you're aware that he has, on other occasions, accused  
22 Diego of being a swindler or a forger? You're aware of that,  
23 are you not?

24 A. Yes, I've seen documents.

25 Q. And you didn't have a problem with him doing that because



1 you believed that those statements were accurate, isn't that  
2 correct?

3 A. I had no problems because Baldiri is an adult and he knows  
4 what he's saying.

5 Q. So you approved him saying it?

6 A. At no time whatsoever have I said that I approved it.

7 Q. You could have asked him to retract the statement, isn't  
8 that correct?

9 MR. POLENBERG: Asked and answered, Your Honor.

10 THE COURT: Overruled.

11 THE WITNESS: I did not understand that he should  
12 have done it.

13 BY MR. BLOOM:

14 Q. But he did it?

15 A. What?

16 Q. He made the statements that Diego was a forger, that Diego  
17 is a swindler. Correct?

18 A. Yes.

19 Q. And you could have, but chose not to do anything about it?

20 A. I didn't have to ask him that.

21 Q. And what I'm trying to understand is, why didn't you?  
22 Because you didn't have any problem with what he said, isn't  
23 that right?

24 A. Baldiri spoke on according to what was presented to him.

25 Q. And that's what you understood?

1 A. Correct.

2 Q. And so you didn't have any problem with him saying it?

3 A. No.

4 Q. Let me turn to a different subject. You're the treasurer  
5 of El Cartel, correct?

6 A. No.

7 Q. What is your position? Could you remind me?

8 A. Vice president.

9 Q. And as vice president, do you have access to all of  
10 El Cartel's financial records?

11 A. Yes.

12 Q. Does your husband -- is your husband's income -- does all  
13 of it come through El Cartel?

14 A. Yes.

15 Q. So all the money from all the shows go to El Cartel, is  
16 that correct? Except for the commissions?

17 A. Yes.

18 Q. Does your husband get paid or El Cartel get paid every  
19 time one of his CDs is sold?

20 A. No.

21 Q. Does he get nothing from all the sales of his CDs?

22 A. Yes.

23 Q. Does he get paid every time someone downloads his music  
24 on iTunes?

25 A. Yes.

1 Q. Every time music is played -- every time his music is  
2 played on the radio, does he get any money for that?

3 A. Yes.

4 Q. Does he get paid for the use of his image?

5 A. What are you referring to?

6 Q. Licensing issues.

7 A. I don't know what you mean by use of image.

8 Q. Endorsements.

9 A. We haven't endorsed any product.

10 Q. He has sold over 10 million albums, isn't that correct?

11 A. At one point, yes.

12 MR. PRADO: Objection, Your Honor.

13 MR. POLENBERG: Your Honor, I don't speak Spanish.

14 MR. PRADO: The question from the Counsel was whether  
15 he had sold over 10 million records, and the translation was  
16 whether he had sold 10,000.

17 THE COURT: Okay. Please correct the translation.

18 THE WITNESS: Yes.

19 BY MR. BLOOM:

20 Q. And ElCangri.com was Mr. Ayala's first album with  
21 international success, is that correct?

22 THE INTERPRETER: Excuse me?

23 BY MR. BLOOM:

24 Q. His first album that got critical acclaim was ElCangri,  
25 E-LC-A-N-G-R-I.com?

1 A. Yes.

2 Q. Do you know how many CDs or albums were sold of that?

3 A. No.

4 Q. Barrio Fino was released in 2004?

5 A. Yes.

6 Q. And that album received numerous awards, is that correct?

7 A. Yes.

8 Q. Including the Lo Nuestro awards?

9 THE INTERPRETER: Including what?

10 MR. BLOOM: Lo Nuestro.

11 A. Yes.

12 Q. And he received the Latin Billboard for that?

13 A. I'm not sure if he received the Latin Billboard.

14 Q. Do you recall if he received the Latin Grammy for that?

15 A. He could have.

16 Q. You don't recall that?

17 A. No.

18 Q. Do you recall him receiving an MTV Video Music award?

19 A. No.

20 Q. You don't recall that? Okay.

21 And in your view, Barrio Fino did well in the sales  
22 charts in the United States, did it not?

23 A. Yes.

24 Q. And in Latin America?

25 A. I really wouldn't know about Latin America.

1 Q. And it also won the Reggaeton Album of the Year award in a  
2 Latin Billboard, isn't that correct?

3 A. Yes.

4 Q. And in 2006, Mr. Ayala was named one of the 100 most  
5 influential people by Time magazine, isn't that right?

6 A. Yes.

7 Q. And he also obtained a \$20 million contract with  
8 Intrascop Records and with his Pepsi endorsement, isn't that  
9 correct?

10 THE INTERPRETER: With what?

11 MR. BLOOM: Intrascop Records and Pepsi.

12 THE WITNESS: I know that a contract was signed, but  
13 I would have to review to see how much the contract was for.

14 BY MR. BLOOM:

15 Q. And does he currently endorse a distilling company or a  
16 distilling product?

17 A. What's a distillery company?

18 Q. I'll have to get back to you on that one.

19 Mr. Baldiri testified that he endorsed a brewery -- a  
20 brewery company. Are you aware of that?

21 A. In some country. I don't know.

22 Q. Do you know approximately how many sales of his single,  
23 Gasolina, has been sold?

24 A. No.

25 Q. Do you recognize that he established record attendance

1 when he performed in Ecuador?

2 A. No.

3 Q. He performed in Ecuador, correct?

4 A. Yes.

5 Q. And he also performed in Santa Cruz de la Sierra?

6 A. I don't know where that is.

7 Q. He also -- he also has another album, El Cartel: The Big  
8 Boss?

9 A. Yes.

10 Q. And that's done very well, has it not?

11 A. I really couldn't say.

12 Q. How about Mundial? He has an album called Mundial?

13 THE INTERPRETER: What?

14 MR. BLOOM: Mundial. Mundial.

15 And how has that done?

16 A. I really couldn't say.

17 Q. And in 2012, he released an album called Prestige, isn't  
18 that correct?

19 A. Yes.

20 Q. And he recently released an album just last month, is that  
21 correct?

22 A. Digitalmente.

23 Q. That's the name of it?

24 A. No. That it was released digitally.

25 Q. I see. That was called El Imperio Nazza?

1 A. King Daddy Heavy Show (sic) -- King Daddy Edition.

2 Q. Let's turn to one last subject. If you can turn to -- we  
3 can put it on screen. It's the second contract; it is only in  
4 English.

5 Let me just read this and ask the interpreter to  
6 interpret it.

7 "If for any reason attributable to artist, artist  
8 does not perform the engagement as set forth in this  
9 agreement, artist shall refund to purchaser the total of  
10 compensation to purchaser.

11 "If, however, the performance is unfeasible for  
12 reasons not attributable to artist, artist will keep all  
13 amounts deposited."

14 My question for you, Ms. Gonzalez, is: In other  
15 instances where a party breached the contract, am I correct  
16 that the artist --

17 MR. POLENBERG: Your Honor, this -- objection, Your  
18 Honor.

19 THE COURT: Let me hear what the question is first.  
20 BY MR. BLOOM:

21 Q. Am I correct that the artist has kept the monies paid to  
22 him?

23 MR. POLENBERG: Objection, Your Honor.

24 THE COURT: Overruled.

25 MR. POLENBERG: This is a motion in limine.

1 MR. BLOOM: I'm not going there.

2 THE COURT: I'm going to overrule the objection as to  
3 this particular question.

4 THE WITNESS: Correct. If the other party breached  
5 the contract, yes.

6 BY MR. BLOOM:

7 Q. Would you also agree with me that El Cartel has never  
8 demanded the full contract price from a party who has  
9 breached, but chose instead simply to keep the monies already  
10 paid to it?

11 MR. POLENBERG: Objection, Your Honor. Same  
12 objection, Your Honor.

13 THE COURT: Overruled.

14 THE WITNESS: In which context is that question being  
15 asked?

16 BY MR. BLOOM:

17 Q. In other instances in which another party breached. I  
18 just want to understand, what's the remedy that you sought?

19 MR. POLENBERG: Same objection.

20 BY MR. BLOOM:

21 Q. Is it correct --

22 THE COURT: Come up here, because I don't understand  
23 the objection.

24 Gives you an opportunity to stand and stretch. I  
25 thought we took care of all these things this morning.



1 heard.

2 THE COURT: She is for El Cartel.

3 MR. POLENBERG: I understand, and she's talking about  
4 this particular contract, or other iterations which aren't in  
5 front of her, for tours that weren't canceled. This is only  
6 being introduced for the purpose that it was supposed to be  
7 excluded.

8 I've said my case; I understand your ruling.

9 THE COURT: I disagree with you and therefore I'm  
10 ruling against you.

11 MR. POLENBERG: Understood.

12 (End of sidebar discussion.)

13 BY MR. BLOOM:

14 Q. Ms. Gonzalez, would you agree with me that El Cartel has  
15 never demanded the full contract price from a party who has  
16 breached, but instead chose instead to keep the monies already  
17 paid to it?

18 A. Your question is quite confusing.

19 Q. Well, then let me try to make it less confusing.

20 When a party breaches a contract with El Cartel, do  
21 you sue, or have you sued, to recover the full contract price?

22 A. No.

23 Q. And what you've done in the past instead is to keep the  
24 monies that have been paid to El Cartel, isn't that right?

25 A. Correct.

1 MR. BLOOM: No further questions, Your Honor.

2 THE COURT: Okay.

3 MR. POLENBERG: Your Honor, may I have one moment,  
4 please?

5 THE COURT: Certainly.

6 (Pause.)

7 THE COURT: Mr. Polenberg for cross-examination.

8 MR. POLENBERG: Thank you, Your Honor, may I proceed?

9 THE COURT: Yes, you may.

10 MR. POLENBERG: Thank you.

11 CROSS-EXAMINATION

12 BY MR. POLENBERG:

13 Q. Hi, Miredmys.

14 A. Hi.

15 Q. Earlier, you were talking about the communications  
16 department. Do you recall that testimony?

17 A. Yes.

18 Q. Okay. Who is Mayna?

19 A. Mayna Nevarez is the public relations officer for Daddy  
20 Yankee.

21 Q. And the plaintiffs have deposed her?

22 A. Yes.

23 Q. Where does she work?

24 THE INTERPRETER: Excuse me?

25 BY MR. POLENBERG:

1 Q. Where does she work?

2 A. Nevarez Communications.

3 Q. Oh, she's not -- strike that. Does she get a paycheck  
4 from El Cartel?

5 A. Monthly.

6 Q. How is that determined?

7 A. Approximately, because we hire her to serve as the  
8 communications office for the artist.

9 Q. Is that with a contract?

10 A. I'm not sure if it's with a contract, but she has been  
11 working with us since 2004.

12 Q. Does she work with you through Nevarez Communications?

13 A. Yes.

14 Q. Does she punch a time clock with El Cartel?

15 A. No.

16 Q. Does she receive a salary from El Cartel?

17 A. No. She receives a monthly check for her professional  
18 services.

19 Q. A monthly check similar to the one -- strike that.

20 Mr. Bloom went through a bunch of questions about the  
21 success Daddy Yankee has had over the years. I want to ask  
22 about that now.

23 A. Yes.

24 Q. He didn't ask you about any of your overhead, did he?

25 A. No.

1 Q. What is -- well, let me ask it this way. How do you and  
2 Daddy Yankee account for your money?

3 A. We have an accountant.

4 Q. And have you learned what your net worth is?

5 A. Whose net worth, specifically?

6 Q. Do you know what Daddy Yankee's net worth is?

7 A. Well, I have an idea.

8 Q. Okay. What is it?

9 MR. BLOOM: Objection, Your Honor. An idea?

10 THE COURT: It is what it is. Overruled. You have a  
11 chance on redirect.

12 THE WITNESS: He -- Daddy Yankee earns between  
13 350,000 and 400,000.

14 Q. Okay. Why so little, given his success? Do you  
15 understand the question?

16 A. No.

17 Q. Okay. Are there any extraordinary overhead items in  
18 your -- for Daddy Yankee?

19 A. Well, a lot.

20 Q. Like what?

21 A. We pay all the employees. We pay the promotion for each  
22 record album that is published. There are a lot of expenses.

23 Q. What about the net worth for El Cartel?

24 A. That's -- belongs to El Cartel.

25 Q. Okay. So do you know what the value is for El Cartel?

1 A. Around \$400,000.

2 Q. Okay. And what is some of the contributing factors that  
3 decrease the value of El Cartel?

4 A. I don't understand your question.

5 MR. PRADO: I'm sorry, I have to object with respect  
6 to the translation, again.

7 THE COURT: Okay.

8 MR. PRADO: The question was decrease, and the  
9 translator told Ms. Gonzalez increase, instead of decrease.

10 THE INTERPRETER: My misunderstanding on  
11 Mr. Polenberg's question. Please excuse me.

12 MR. POLENBERG: Could you read back my question?

13 (Transcript was read.)

14 THE WITNESS: One of the maximum features is piracy.

15 BY MR. POLENBERG:

16 Q. Okay. What about costs?

17 A. Well, as I said before, we are an independent record  
18 label. And we have to cover all the costs from the promotion  
19 of every record that is released, as to what received from our  
20 earnings.

21 MR. POLENBERG: Excuse me one second, I need to get  
22 an exhibit, Your Honor.

23 THE COURT: Okay. Is it in evidence?

24 MR. POLENBERG: It is, Your Honor.

25 THE COURT: And what's the exhibit number?

1 MR. POLENBERG: This is the same one, Exhibit 94 --  
2 it's the same one plaintiffs just referred to.

3 THE COURT: Okay.

4 MR. POLENBERG: May I approach to give the witness  
5 the exhibit?

6 THE COURT: Yes.

7 THE INTERPRETER: We have it.

8 MR. POLENBERG: You have it.

9 THE INTERPRETER: Yes. 94 is here.

10 MR. POLENBERG: Okay.

11 Q. Miredrys, I'm going to ask you questions about the email  
12 Mr. Bloom was asking you about. Okay?

13 When you responded to Mr. Baldiri, what were you  
14 responding to?

15 A. I was responding to the email that he sent me, 11:58 p.m.  
16 on November 30th.

17 Q. When you got this email, were you analyzing the email that  
18 was lower in the string?

19 A. No, I was answering the one that Baldiri wrote to me.

20 Q. The statements that Mr. Baldiri made, how many times --  
21 strike that.

22 Did you ever confirm Mr. Baldiri's statements?

23 A. What do you mean by verify?

24 Q. Okay. Did you verify any of Mr. Baldiri's statements?

25 THE COURT: I think she just asked you what you meant

1 by verify.

2 MR. POLENBERG: I know, so I'm using that word  
3 instead of confirm, because --

4 THE COURT: But she's asking, what do you mean.

5 MR. POLENBERG: Okay. Let me rephrase.

6 Q. Mireddys, have you adopted any of Mr. Baldiri's  
7 statements?

8 A. No.

9 Q. Did you make them your own statements?

10 MR. BLOOM: Objection.

11 THE COURT: The answer calls for a yes or no.  
12 Overruled.

13 THE WITNESS: No.

14 BY MR. POLENBERG:

15 Q. Did you give Mr. Baldiri the information to make the  
16 statements?

17 A. No.

18 Q. Did you tell him to make the statements?

19 A. No.

20 Q. Did he ask you for permission to make the statements?

21 A. No, he didn't have to do that.

22 Q. Were you involved in any way with making those statements?

23 A. No.

24 MR. POLENBERG: Your Honor, if I may have one second?

25 THE COURT: Yes.

1 (Pause.)

2 MR. POLENBERG: I have one more question.

3 THE COURT: Yes.

4 BY MR. POLENBERG:

5 Q. Mireddys, how much money does Daddy Yankee owe the IRS  
6 right now?

7 A. When you say Daddy Yankee, are you meaning on a personal  
8 basis, or El Cartel?

9 Q. Well, let's start with Daddy Yankee on a personal basis.

10 A. About a million dollars.

11 Q. And what about El Cartel?

12 A. About 2 million.

13 Q. So overall between Daddy Yankee and El Cartel, there is  
14 owed about \$3 million?

15 A. It could be a little bit more. I don't know. But that's  
16 more or less the amount.

17 Q. Are there IRS liens over the assets for El Cartel and  
18 Daddy Yankee?

19 A. Yes.

20 Q. For the full amount of the money owed to the IRS?

21 A. Yes.

22 MR. POLENBERG: I have nothing further.

23 THE COURT: Okay. Redirect.

24 REDIRECT EXAMINATION

25 BY MR. BLOOM:



1 Q. In order to owe the IRS a million dollars, doesn't that  
2 mean that net income had to be close to 3 million dollars?

3 MR. POLENBERG: Objection, Your Honor.

4 THE COURT: Grounds?

5 MR. POLENBERG: Well, that's speculative.

6 MR. BLOOM: She has testified that she knows all the  
7 financial --

8 THE COURT: Overruled.

9 THE WITNESS: Can you repeat the question?

10 BY MR. BLOOM:

11 Q. In order to owe the IRS \$1,000,000, isn't it your  
12 understanding that that means that the taxpayer had to have  
13 earned income of close to \$3,000,000?

14 A. What happened is that that debt is for several years.

15 Q. And in order to owe \$2,000,000, whether it's for more than  
16 one year or no, we're talking about income that's about  
17 \$6,000,000, isn't that right? Or more?

18 A. My accountant would have to answer that for you.

19 Q. You don't know?

20 A. I know that it belongs to several years.

21 Q. Is it your testimony that El Cartel had earnings of  
22 between 350- and \$400,000 in 2012?

23 MR. POLENBERG: Objection. Mischaracterizes the  
24 testimony.

25 MR. BLOOM: I'm asking a question.

1 THE COURT: Overruled.

2 THE WITNESS: What I answered to was the value.

3 BY MR. BLOOM:

4 Q. Do you know what El Cartel's earnings were in 2012?

5 A. Right now I do not remember.

6 Q. Do you remember what the taxes were, if any, that  
7 El Cartel paid in 2012?

8 A. I really don't know. I would have to go to the tax  
9 return.

10 Q. Do you know approximately what the net earnings were?

11 A. No.

12 Q. And how did you estimate -- let me ask you this.

13 When did you look to determine what the net worth was  
14 of El Cartel?

15 A. Since I have been working with the IRS.

16 Q. And how did you determine the net worth?

17 A. My accountant determined that.

18 Q. You did not determine that?

19 A. No.

20 Q. Did you review the accountant's work?

21 A. No. That's what I have them for.

22 Q. So how do you know what the net worth is? Because your  
23 accountant told you?

24 A. Well, because of the finances that he presents me at a  
25 given time against the liabilities that I have.

1 Q. Right. And I'm asking you, did you look at all of your  
2 assets with your accountant, or was this by way of phone?

3 A. I don't remember. I mean, we sit down and we meet, but  
4 that was in Puerto Rico.

5 Q. Okay. And he told you this was your net worth when?

6 A. Around August, September. July and August.

7 Q. Of 2013?

8 A. Yes.

9 Q. So, can you identify for me the major assets that go into  
10 El Cartel's net worth?

11 A. The masters.

12 Q. I'm sorry?

13 A. The masters.

14 Q. What is that?

15 A. I don't know how to say it. The master of the recording,  
16 of the albums.

17 Q. And how much is that worth?

18 A. Well, that depends on when they are released.

19 Q. As of right now, how much is it worth?

20 A. Well, approximately the total of everything, about  
21 \$350,000.

22 Q. That's the total assets -- strike that.

23 That's the total of the worth of the value of the  
24 masters?

25 A. More or less.

1 MR. BLOOM: One moment, Your Honor.

2 THE COURT: Okay.

3 BY MR. BLOOM:

4 Q. And just to make sure that we're clear, your determination  
5 as to what the net worth is came from a conversation with your  
6 accountant, is that correct?

7 A. Yes.

8 MR. BLOOM: No further questions.

9 And Your Honor, we would move to exclude certain  
10 evidence, in light of the fact that it appears to be hearsay.

11 MR. POLENBERG: I don't even -- Your Honor, can we  
12 come sidebar?

13 THE COURT: Yes. Do you have any other witnesses?

14 MR. BLOOM: Just the one. Mr. Ayala's deposition  
15 testimony and that's it.

16 (Sidebar discussion on the record as follows:)

17 MR. POLENBERG: Your Honor, that shouldn't have been  
18 said in front of the jury, number one. He should have asked  
19 can he come sidebar. The motion to exclude the evidence.  
20 That's number one.

21 Number two, I warned Mr. Bloom about this when we  
22 were going to give the instruction on this. So he's allowed  
23 to ask his question and when I ask mine and to establish a  
24 basis, he didn't conduct discovery. That's not the  
25 defendant's problem.