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FILED
SUPERIOR COURT of CALIFORNIA
COUNTY of SANTA BARBARA

MAR 17 2005

GARY M. BLAIR, Executive Officer
BY *Carrie L. Wagner*
CARRIE L. WAGNER, Deputy Clerk

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 FOR THE COUNTY OF SANTA BARBARA
10 SANTA MARIA DIVISION

REDACTED PURSUANT
TO CRC 2073
(EXHIBIT A)

11
12 THE PEOPLE OF THE STATE OF CALIFORNIA, }
13
14 Plaintiff, }
15 v. }
16 MICHAEL JOE JACKSON, }
17 Defendant. }
18
19

No. 1133603

STATUS REPORT ON
AGREEMENT BETWEEN
PARTIES REGARDING
DEFENDANT'S FINANCES

DATE: March 17, 2005
TIME: 9:30 AM
DEPT.: SM2 (Melville)

20
21 INTRODUCTION

22 To explain the devastating impact of the television show, *Living with Michael*
23 *Jackson* on defendant's current and future finances, the People seek to introduce the fact that
24 Jackson was already facing an enormous financial crisis at the time. This evidence serves two
25 relevant purposes. First it will show that defendant had a unique financial motive to control
26 the damage created by Gavin Arivizo's appearance on the Bashir program by manipulating and
27 controlling the entire Arvizo family. Second, it will show the enormity of the financial
28

1 problem facing defendant by showing that 100s of millions of dollars were at stake. Because
2 defendant's assets had been almost completely collateralized to cover his enormous debt, he
3 faced a delicate balancing act to avoid falling into bankruptcy when these debts became due. If
4 this were to happen, defendant could lose everything. Only in the context of this evidence can
5 the jury fully understand the level of panic that had engulfed defendant and his employees
6 which drove them to commit the offense charged in count one of the indictment.

7
8 **I.**
9 **THE PEOPLE HAVE MADE GOOD FAITH EFFORTS TO MEET AND**
10 **CONFER WITH DEFENDANT REGARDING EVIDENCE ON**
11 **DEFENDANT'S FINANCIAL CONDITION**

12 Pursuant to the court's order that parties meet and confer regarding the admission of
13 financial evidence, the people prepared exhibit "A" from information provided by forensic
14 accountants. This document was e-mailed to defense counsel Robert Sanger at 6:28 AM,
15 Monday, March 15, 2005 and a hard copy was provided the later that day. After several
16 attempts to confer with Mr. Sanger the next day, Mr. Sanger indicated he was too busy to deal
17 with this issue and attorney Brian Oxman would be in charge of meeting and conferring on this
18 matter. In fairness to Mr. Sanger, it is worth noting that he was handling cross examination of
19 several witnesses that day and was preoccupied with that task. On Wednesday, March 16,
20 2003, defense counsel Brian Oxman was contacted concerning the proposal provided to him
21 and he indicated that the defense had conferred on the subject and would not agree on any
22 statement of Mr. Jackson's financial condition because of the scope of defendant's finances. It
23 was explained to Mr. Oxman that the People would be happy to adjust the figures in Exhibit
24 "A" provided the defense could justify such changes with trustworthy documentation. Mr.
25 Oxman declined this offer.

26 Exhibit "A" identifies defendant's primary assets to be two catalogues of music
27 copy writes. The first is known as the Sony/ATV catalogue and includes copy writes to the
28 Beatles' and Elvis Pressley's music. The second catalogue is known as the MIJAC catalogue
and is primarily a collection of copy writes to defendant's own music. Based upon financial

1 records provided by the defense and other sources, it is an established fact that in February of
2 2003, defendant's spending had been outstripping his earnings by millions of dollars for years.
3 The result of this was that defendant had accrued an enormous amount of debt approaching 300
4 million dollar. Defendant's financial crisis will climax on December 20, 2005 when virtually
5 all of this debt comes due and payable. Based upon records provided to the prosecution,
6 defendant's financial liabilities exceed his assets by a considerable margin. If defendant is
7 unable to service this enormous debt at that time he will lose all of his major assets and be
8 forced into bankruptcy. At the time of the charged conspiracy, it was absolutely critical for
9 defendant to maintain a positive public image in order to tip the financial scales in his favor.

10
11 CONCLUSION

12 The People have no choice but to ask the court to deny defendant's motion to quash
13 and to proceed with the financial analysis of defendant's assets by a forensic expert. As
14 promised, the People will commit to the court that this expert testimony will require less than
15 one hour of direct testimony.

16
17 DATED: March 17, 2005

18 THOMAS W. SNEDDON, JR.
19 District Attorney

20 By: 
21 Gordon Auchincloss,
22 Senior Deputy District Attorney

1 DECLARATION OF GORDON AUCHINCLOSS

2 I, GORDON AUCHINCLOSS, say:

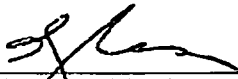
3 1. I am a lawyer admitted to practice in the State of California. I am a Senior
4 Deputy of the District Attorney of Santa Barbara County. I am one of the lawyers of record for
5 the People, Plaintiff in this action.

6 2. Pursuant to the court's order that parties meet and confer regarding the
7 admission of financial evidence, the people prepared attached exhibit "A" from information
8 provided by Ben Sheffield of ALIX PARTNERS forensic accountants.

9 3. On Monday, March 14, 2005 I e-mailed this document to defense counsel, Robert
10 Sanger and provided him with a hard copy the following day. After several attempts to confer
11 with Mr. Sanger the next day, Mr. Sanger indicated he was too busy and attorney Brian Oxman
12 would be in charge of meeting and conferring. In fairness to Mr. Sanger, it is worth noting that
13 he was handling cross examination of several witnesses that day and was preoccupied with that
14 task.

15 4. On Wednesday, March 16, 2003, I contacted defense counsel, Brian Oxman
16 concerning the proposal I provided to him and he indicated that the defense had conferred on
17 the subject and would not be able to agree on any statement of Mr. Jackson's financial
18 condition because of the scope of defendant's finances. I explained to Mr. Oxman that the
19 People would be happy to adjust the figures in Exhibit "A" provided the defense could justify
20 such changes with trustworthy documentation. Mr. Oxman declined my offer.

21 I declare under penalty of perjury under the laws of California that the foregoing is
22 true and correct, except as to matters stated upon my information and belief, and as to such
23 matters I believe it to be true. I execute this declaration at Santa Barbara, California on March
24 17, 2005.

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27 _____
28 Gordon Auchincloss

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PROOF OF SERVICE

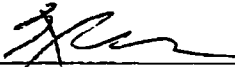
STATE OF CALIFORNIA }
COUNTY OF SANTA BARBARA } SS

I am a citizen of the United States and a resident of the County aforesaid; I am over the age of eighteen years and I am not a party to the within-entitled action. My business address is: District Attorney's Office; Courthouse; 1105 Santa Barbara Street, Santa Barbara, California 93101.

On March 17, 2005, I served the within STATUS REPORT ON AGREEMENT BETWEEN PARTIES REGARDING DEFENDANT'S FINANCES; on Defendant, by THOMAS A. MESEREAU, JR., ROBERT SANGER and BRIAN OXMAN by personal service in court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed at Santa Barbara, California on this 17th day of March, 2005.



Gordon Auchincloss

EXHIBIT A REDACTED
PURSUANT TO CRC 2073